

Financing a Climate-Smart Recovery and Renewing Sonoma County's Economic Vitality

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Overview

1. Portrait of Sonoma County Pre-Fire

2. Impact of October Firestorms

3. Goals and Approaches for Recovery and Beyond



An Economic Cornerstone

- The wine industry generates approx \$13 billion annually and provides 54,297 jobs
- Tourism and hospitality generate \$1.93 billion annually and provides 20,410 jobs
- Together, wine and tourism account for over 10% jobs in Sonoma County
- Provides almost \$150 million in revenue annually to be used for parks, economic development and affordable housing

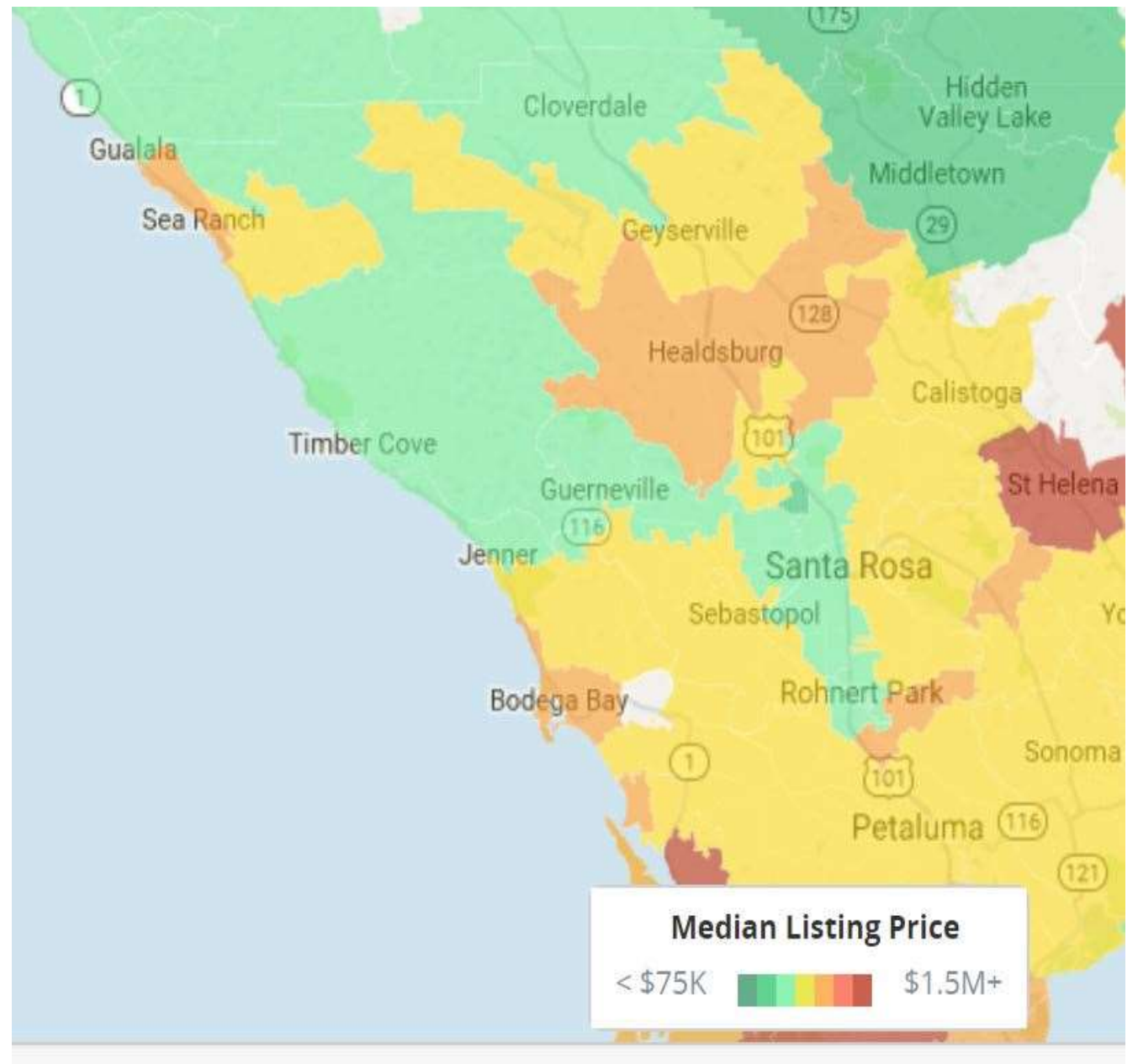
The Economic Base

| <u>Occupation</u> | <u>Average Annual Wage*</u> |
|--------------------------------|-----------------------------|
| ○Education, Library & Training | - \$56,931 |
| ○Farmworkers and Laborers | - \$28,209 |
| ○Food Preparation & Serving | - \$29,839 |
| ○Office & Admin. Support | - \$43,478 |
| ○Social Service | - \$55,533 |
| ○Medical Assistants | - \$44,044 |

* = For FTE
June 2017
US Bureau of Labor
Statistics – Santa Rosa MSA

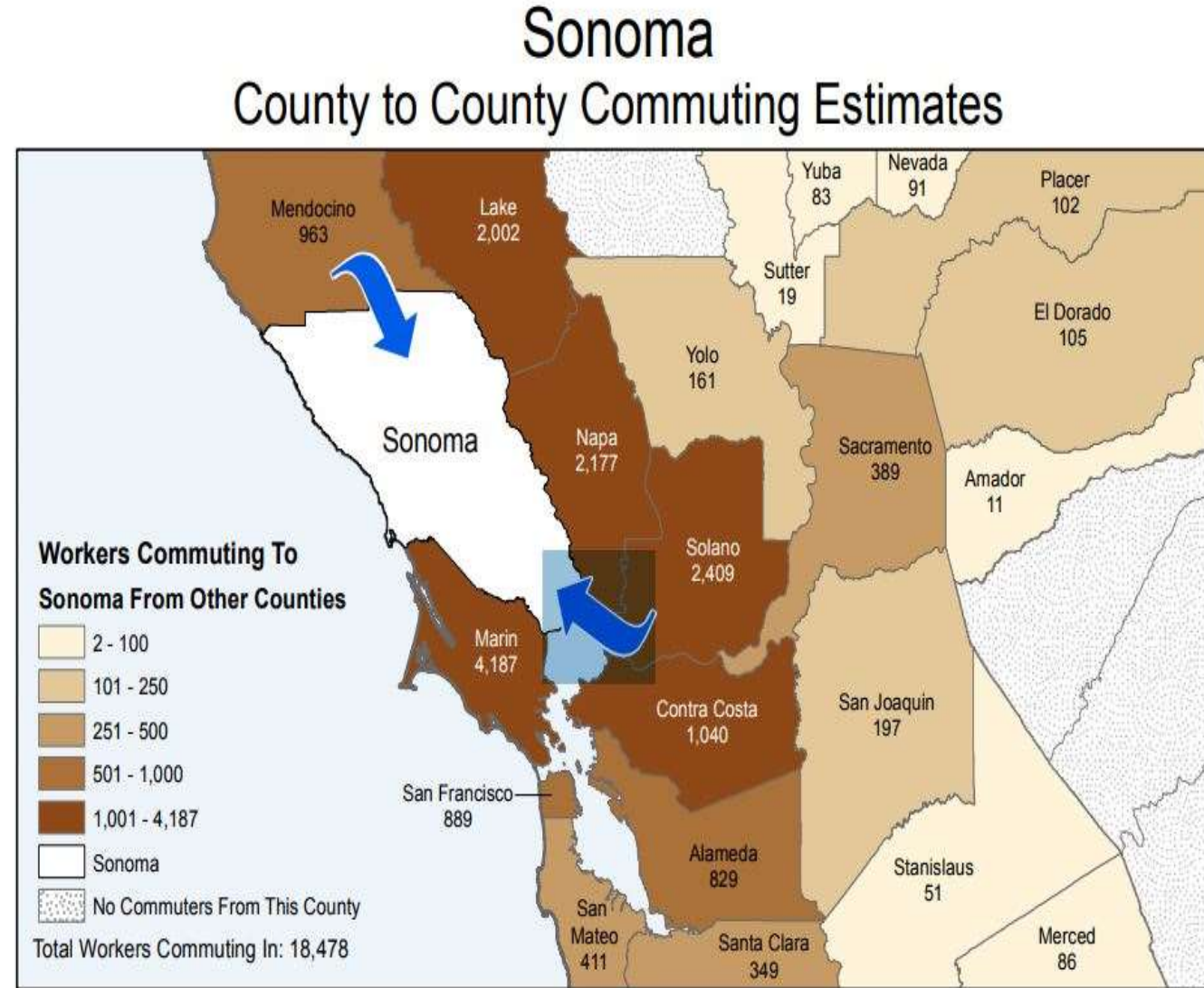
Housing at a Glance

- Median Listing Price: **\$679,000** (As of September 2017)
 - Up 8% since January 2017
- Income needed to afford purchase: \$120,000+
- Median rent was approx. **\$2,364** per month in September 2017
- **\$94,560** annual household income needed to afford median rent



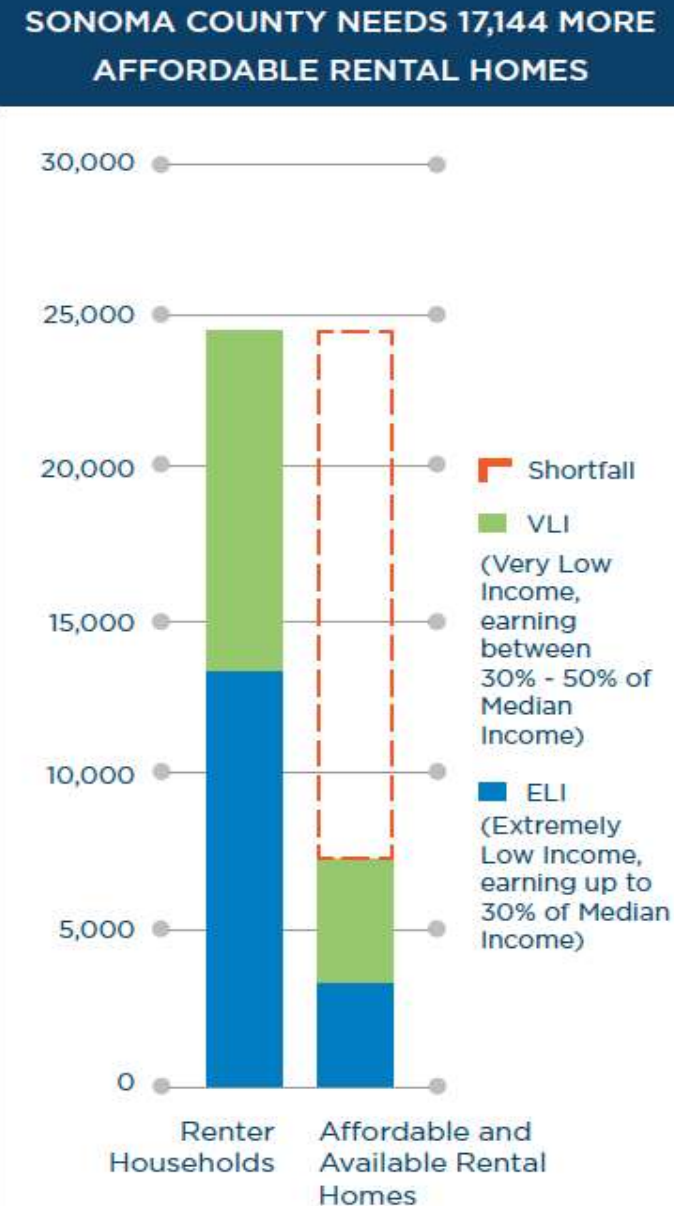
Housing and the Environment

- Number of workers commuting in to Sonoma County from outside Counties increased from **18,478** in 2010 to **57,264** in 2014
- Total increase of 10% to 33.1% of Sonoma County's workforce commuting in from an outside county
- About 73% of Sonoma County commuters drive alone to work



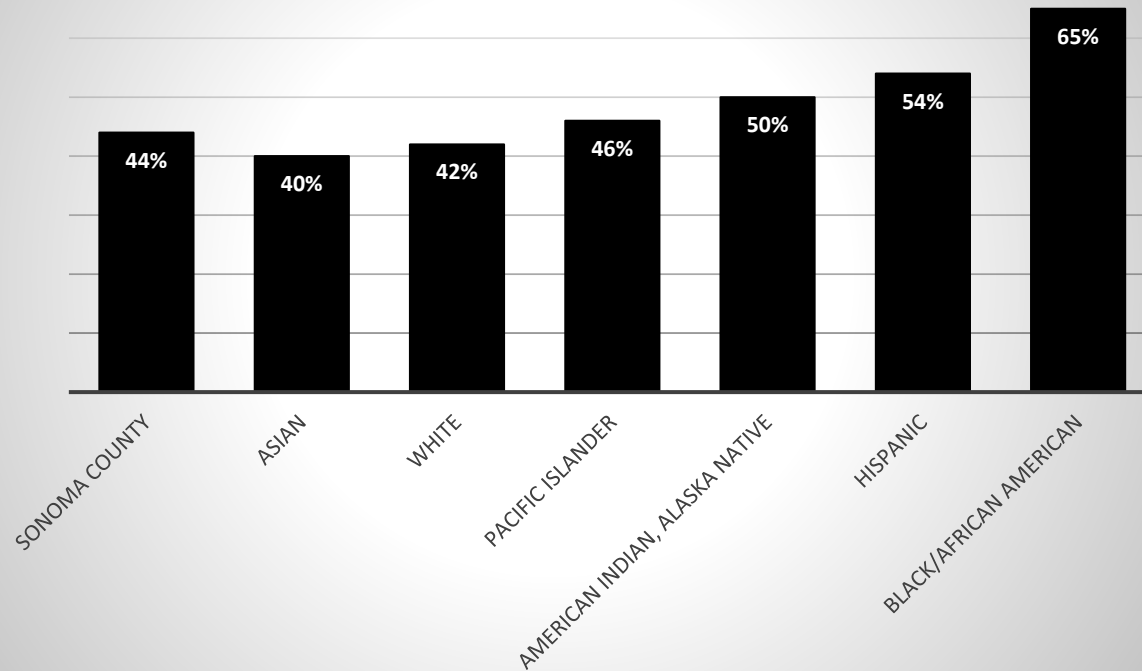
A Housing Crisis

- Rental vacancy rate 1.5%
- Employers struggle to recruit workers
- 17,144 affordable rentals needed to meet needs
- 581 permits for Single Family Homes issued in 2016 (vs 904 pre-recession)

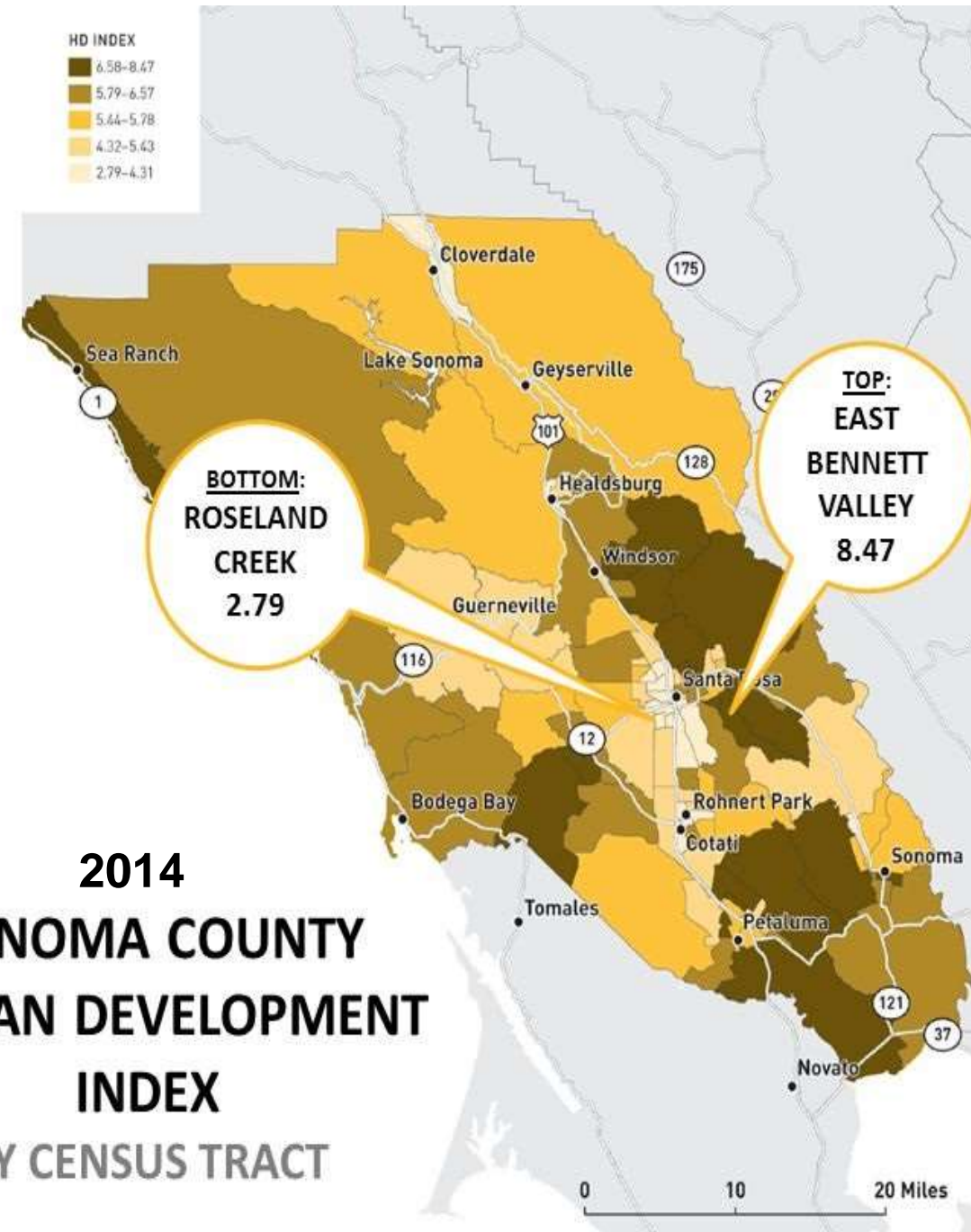


Housing Disparities

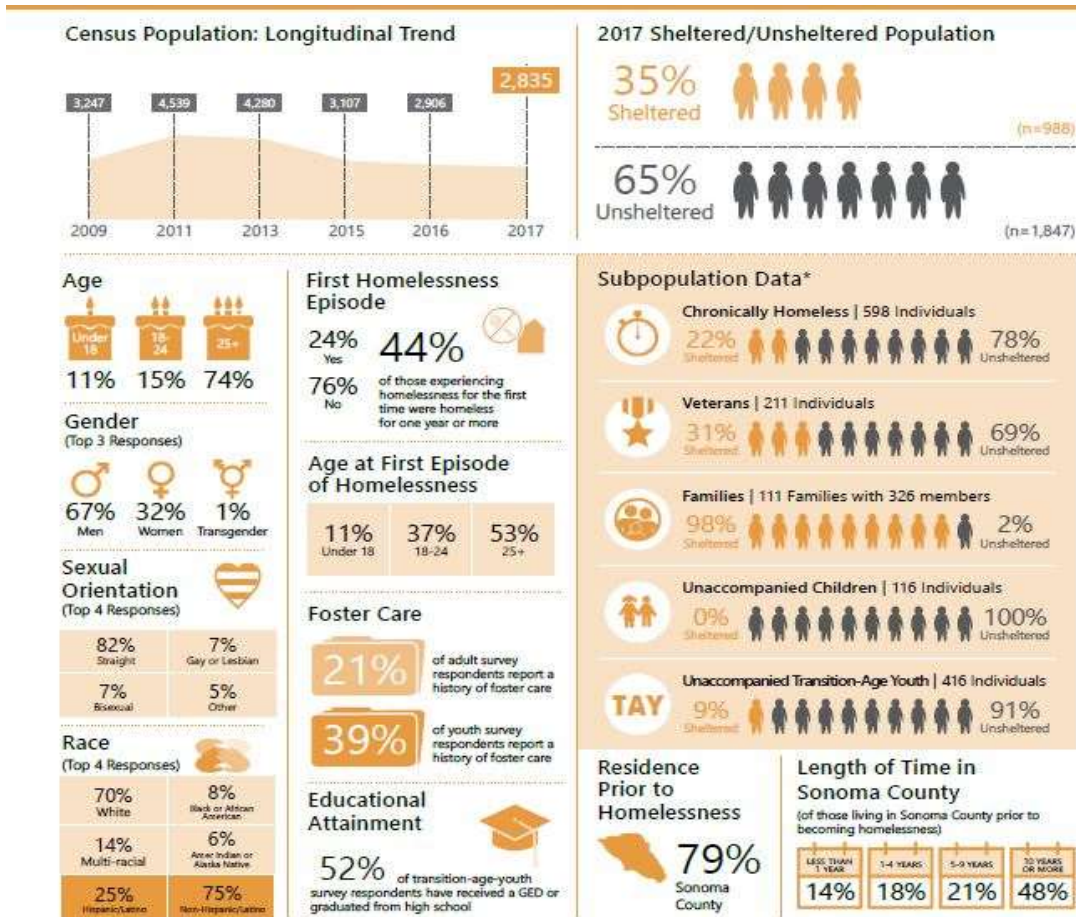
Disproportionate housing cost burden



2014
SONOMA COUNTY
HUMAN DEVELOPMENT
INDEX
BY CENSUS TRACT



Homelessness



- 2,835 homeless people in Sonoma County counted in 2017: 0.5% of population
- California average is 0.3% of population
- 3 times the national average: 0.17%

Statewide Challenges to Building Housing

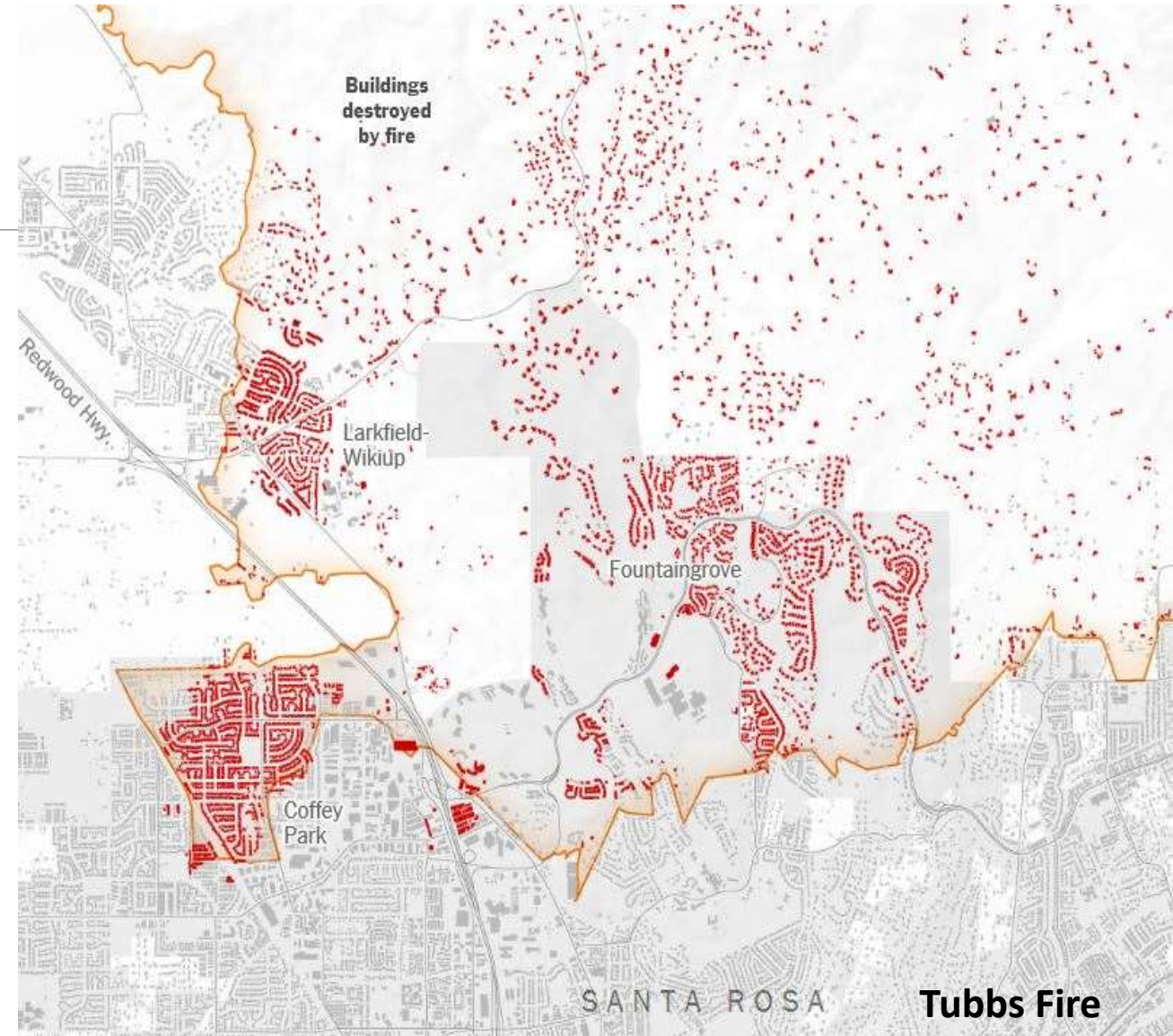
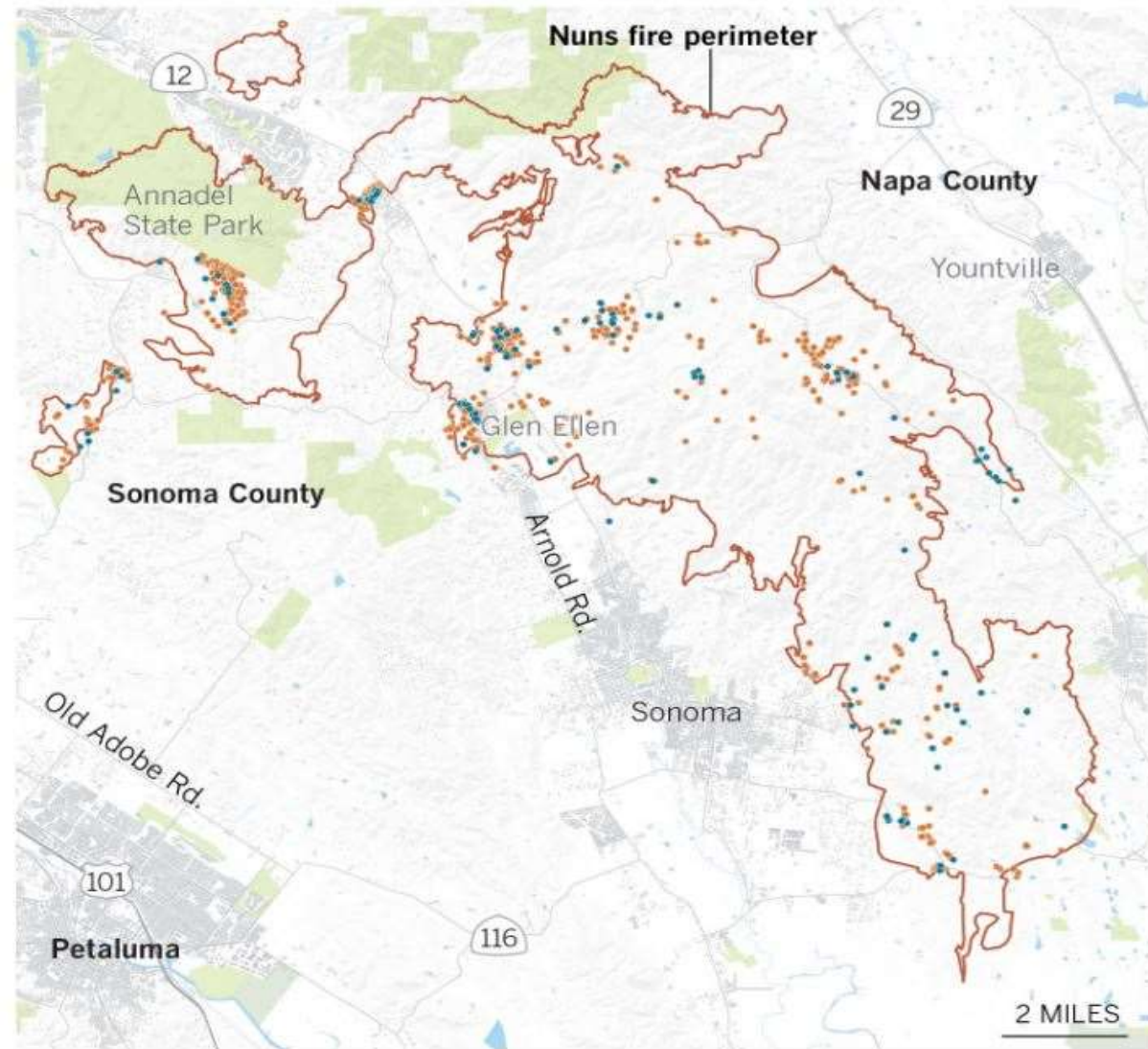
- Land use restrictions in a “slow growth” county
- Prohibitive land, permitting and construction costs
- Local government priorities
- Scarcity of financing for affordable housing
- Banks and equity investors set rules that may be at odds with local priorities



Impact of the Sonoma Complex Fires



■ Buildings **destroyed** in Nuns fire ■ Buildings **damaged** in Nuns fire



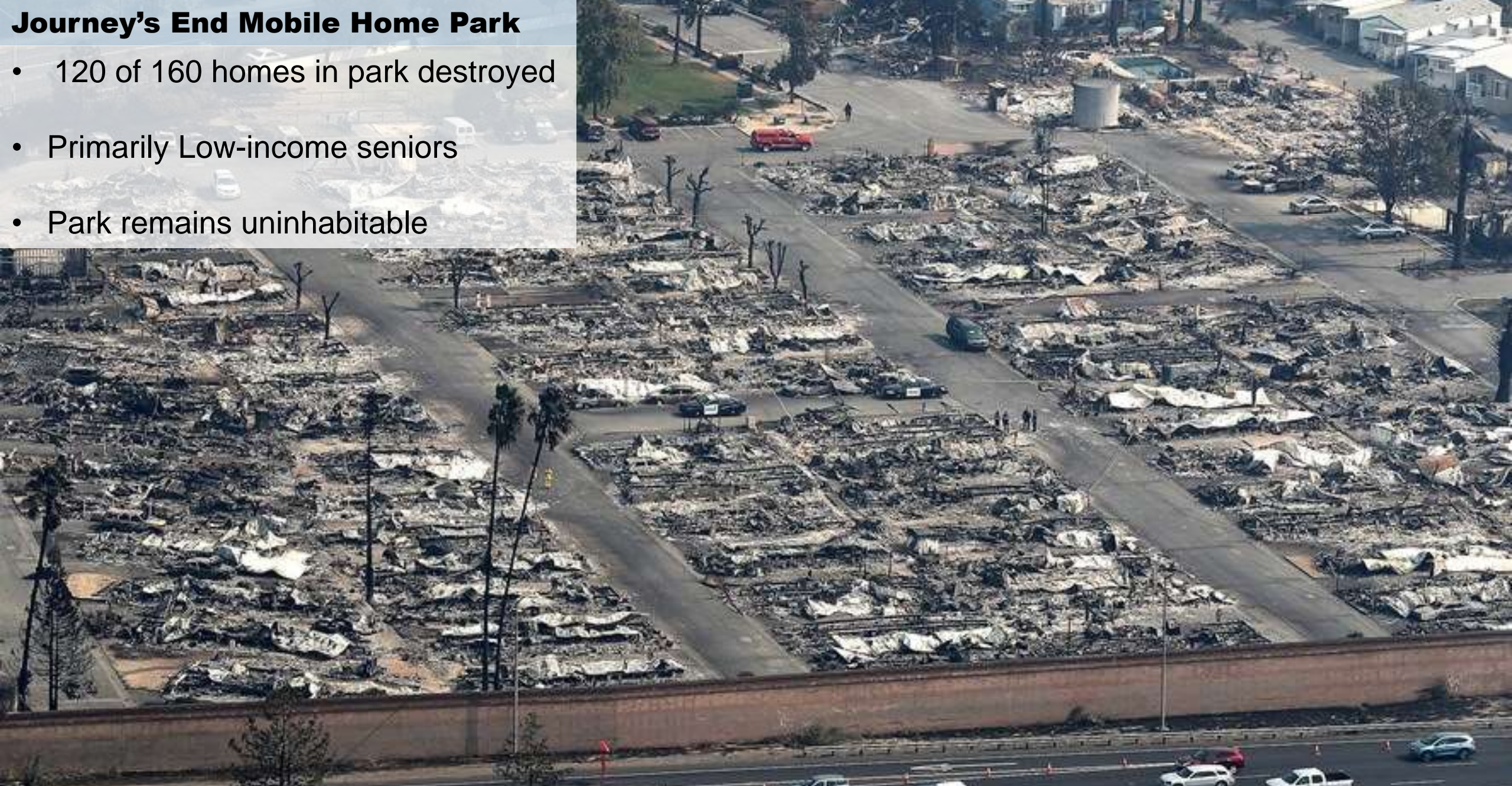
Rebuilding should be sensitive to climate changes and locations prone to disaster.

- The Tubbs Fire – ranked #1 most destructive – was nearly identical in trajectory to the 1964 Hanley Fire
- Five** of the **20** most destructive wildfires in California history have occurred in the last four months



Journey's End Mobile Home Park

- 120 of 160 homes in park destroyed
- Primarily Low-income seniors
- Park remains uninhabitable



Fountaingrove Neighborhood

- Approx. 1,800 homes destroyed
- 2 Senior Living homes damaged or destroyed – 226 units total
- 2 hotels and numerous businesses destroyed



Larkfield Neighborhood

- Approx. 1,500 homes destroyed
- 38% renters
- 9.9% Poverty Rate



Coffey Park Neighborhood

- 1,500 Homes destroyed, 2,907 residents displaced
- 40% renters
- 9.5% Poverty Rate



The Human Toll

- 23 lives lost
- Over 100,000 residents evacuated
- 4,162 displaced to temporary shelters
- 32 households receiving rent subsidies lost homes
- 15 more were evicted
- 2,200 fire survivors are low-income
- Only 189 residents utilizing FEMA temporary housing
- Untold numbers doubling up or planning to leave county



"The disruption of the social fabric of the community is as much a victim of a disaster like this as the disruption of individual health and well-being," – Lawrence Palinkas, USC professor of social policy and health

Impact on Economy

- Insurance data shows that the 2017 Northern California Fires are the costliest fires in U.S. history, costing about \$4.6 billion
- **907** businesses were damaged, destroyed or closed off (primarily in Northern Santa Rosa). These businesses employed **8,211** employees
- **87** businesses were confirmed damaged or destroyed, meaning approximately **1,044** jobs lost
- Displaced workers who were unable to work between October 8th and November 6th lost an average of **\$2,934** per worker. This roughly translates to **\$24 million in lost wages Countywide**
- The commercial retail vacancy rate was **3.6%** (a multi-year low) in early 2017, meaning displaced businesses will have a challenge relocating

Impact on Housing

The fires resulted in the greatest loss of housing from a natural disaster in California's history.

- Approximately **5,297** homes were destroyed in Sonoma County. **7,776** additional homes suffered partial losses
- Homeowners in Sonoma County have filed **14,686** claims with a total loss of almost **\$7 billion**
- **16,492** Sonoma County residents registered with FEMA by the December 11th deadline
- FEMA estimates roughly **61%** of homes destroyed were **owned** and **39%** were **rented**
- **75%** of the renters in destroyed units were **uninsured**, compared to about **32%** of homeowners

The Housing Crisis Second Wave

- Median rent increased to **\$3,224 (36% increase)** while median home prices rose to **\$699,000 (3% increase)**
- Homeowner insurance coverage is typically 20% to 50% short of actual rebuild costs
- Local housing advocacy and legal organizations have heard from approximately **300 households** – a vast majority of whom are renters facing **secondary displacement** or **eviction** to house property owners or their family and friends
- **The total number of those secondarily displaced is still unknown**
- Losing doctors, engineers, teachers, law enforcement and public servants

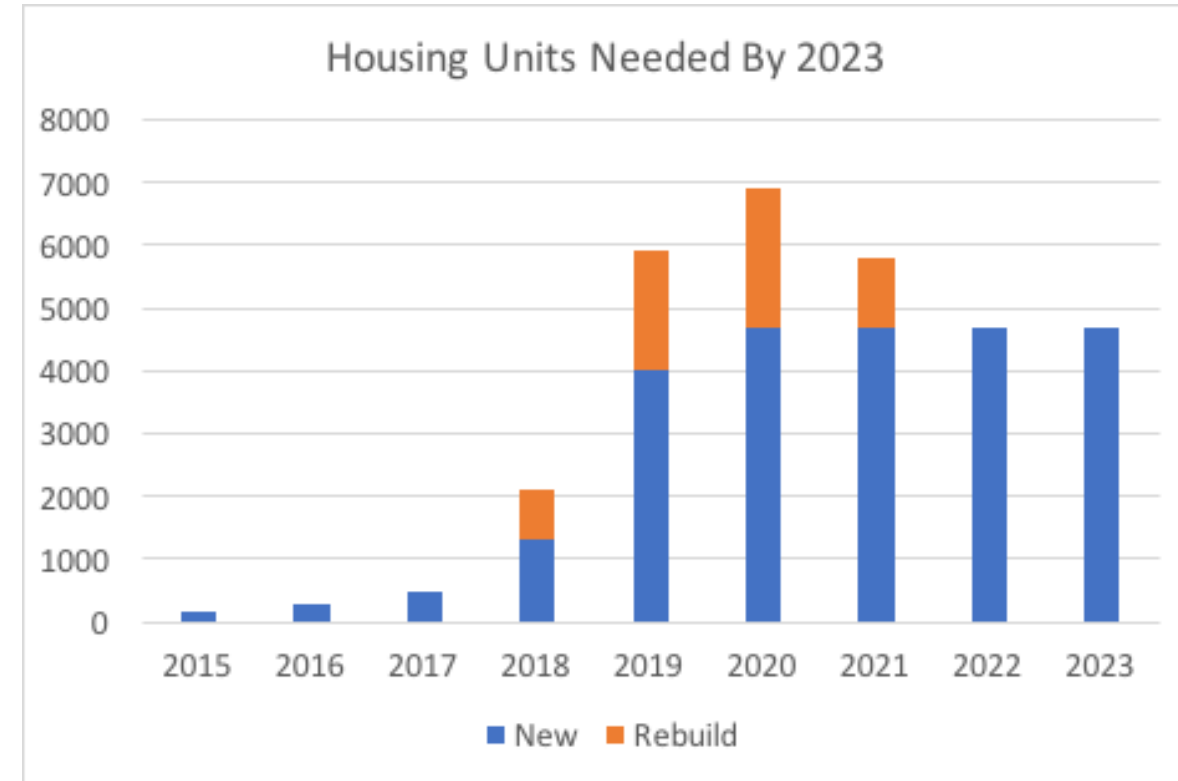
Goals for Recovery



Scale of Housing Need Calls for New Tools

Recovery includes both replacing lost homes and building additional homes affordable to underserved residents and the local workforce, while providing broad economic resiliency and driving climate adaptation through shared leadership and regional planning.

| | Unincorporated | Santa Rosa | Sonoma County |
|--|----------------|---------------|---------------|
| RHNA 2023 Need | 3,500 | 5,000 | 8,500 |
| + Units lost in fire | 3,000 | 3,000 | 6,000 |
| + Units needed to reach 30% affordability threshold | 11,000 | 6,000 | 17,000 |
| Total 5-Yr Need | 17,500 | 14,000 | 31,500 |



Goal: Build 30,000 equitable and resilient homes in five years throughout Sonoma County

Mainstreaming Resiliency into Disaster Response

- It's time for innovative, bold action
- Sonoma County uniquely positioned to pilot new approaches
- Incentivize home construction techniques that are healthy and safe for people and the environment
- Build in town centers and near transit; achieve better jobs-housing balance
- Reimagine the nature of local government investment structures
- Invite significantly more sources of capital and create loan pools and other tools to drive the agenda

Adapting Policy and Financial Tools

Objective: Facilitate development of 30,000 climate-smart, affordable, workforce and market-rate rental and ownership housing over the next five years.

- New sources of private and public capital structured to receive a return on investment
 - Regulated Financial Institutions – FRBSF/CRA
 - Philanthropy
 - Insurance Companies, Employers, CalPERS
 - Local Government as a full equity partner
- Deep collaboration between nine cities and other regional players
- Streamline local permitting and entitlement processes
- Targeted, narrow and temporary exemptions from CEQA
- Deploy publicly-owned property strategically



Create a trusted, replicable, and enduring model for community development that meets the needs of the 21st century

“Let’s recognize the connection between these disasters and climate change. California is leading the way and preparing for increasing wildfires...Natural disasters from fires to hurricanes to floods do not discriminate by region or by party. We must help each other when these travesties hit but also we must prepare for the future.”

– *Kamala Harris, U.S. Senator*

Thank You

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