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Fairview Terrace Investment Strategy

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Executive Summary

Since its inception, Reinvent South Stockton Coalition (RSSC) has been a key source for local collaboration and coordination. This role has become even more essential during the COVID-19 crisis, as RSSC works to center residents' voices in the conversation about how South Stockton will recover. While creating a neighborhood-focused investment strategy for Fairview Terrace, a strong recurring theme RSSC and the authors of this report heard from stakeholders was the importance of ongoing community engagement, raising up marginalized voices, and building community ownership and household wealth. This sentiment, and the need for community ownership and wealth-building, is strongly supported by both the history of South Stockton and the current demographic and market data.

A close look at the Fairview Terrace neighborhood reveals the extent to which current residents struggle with the burden of decades of inequality, disinvestment and housing instability. Low homeownership rates in a neighborhood of predominantly single-family homes, along with high housing cost burdens and speculative real estate market trends, reflect residents' vulnerability. Taken together, the deep desire for community empowerment and an extreme vulnerability to displacement require an investment strategy centered on building up local ownership and control. Specifically, establishing and capitalizing a community land trust is a central element of this strategy, along with advocating for, leveraging and directing affordable housing capital and healthcare resources toward community- supporting development. Additional steps to ready the neighborhood for investment and recruit investment capital are also detailed herein.

Background

This neighborhood investment strategy has been prepared for the Reinvent South Stockton Coalition (RSSC) as part of the Transform Fairview Terrace Project, which is holistically addressing social determinants of health in the Fairview Terrace neighborhood of Stockton, California. Led by Build Healthy Places Network (BHPN), this project brings together cross-sector partners to strengthen neighborhood resilience, address health challenges and inequities that preceded the COVID-19 crisis, and build a stronger neighborhood after the pandemic. This Fairview Terrace Investment Strategy has been designed based on community needs and seeks to provide RSSC with actionable steps to bring together CDFIs, philanthropy, healthcare and affordable housing investors, alongside residents and community-based organizations, in a holistic revitalization effort. The Transform Fairview Terrace initiative is supported by a Social Innovation Partnership Grant from Dignity Health St. Joseph's Medical Center.

In evaluating strategies to increase investment and remove investment barriers, this strategy has been informed by:

- Research of existing conditions in Fairview Terrace, including land use, real estate market trends and demographic data;
- Interviews with key stakeholders; and
- Feedback gathered during a neighborhood investment convening held virtually on November 2, 2021.

Neighborhood Findings

Neighborhood Demographics and Statistics

The Fairview Terrace neighborhood is home to more than 8,000 residents in approximately two square miles. Census data for Fairview Terrace¹ shown in the table below highlights some of the notable differences between this neighborhood and the larger metropolitan region, which should be considered in evaluating how best to stimulate and direct investment into the neighborhood.

- The population of Fairview Terrace is younger and resides in larger households compared to the average County resident. Approximately 40% of Fairview Terrace residents are 19 or younger, compared to approximately 30% in the metro area.
- Many more people live in poverty than across the County as a whole.
- Far fewer people own their homes, and for those who do own homes their home value is much lower than throughout the metro area.

¹ Fairview Terrace includes the entirety of tracts 06077002201 (census tract 22.01) and 06077002202 (census tract 22.02) in San Joaquin County, and a small portion of census tract 21 (east of S D Street to Pock Lane). The data shown is for census tracts 22.01 and 22.02 only.

Table on Data Comparison

	Fairview Terrace	San Joaquin County	Difference
Population	7,935	742,603	
Median Age (years)	27.7	33	-5.3
% Below Poverty	35%	14%	+21%
Household size	3.7	3.2	+0.5
SF homes as % of Housing Units	87%	78%	+9%
Homeownership Rate	42%	57%	-15%
Median Value, Owner-Occupied Homes	\$141,000	\$342,000	-\$201K
Medicaid Coverage	72%	43%	+29%
Life Expectancy (years)	73	79	-6
% Population High School Grad or Higher	54%	80%	-26%

Additionally, over 60% of Fairview Terrace renters are cost-burdened,² indicating that the majority of renters are not in a position to be able to afford any significant rent increases. Furthermore, the housing stock in Fairview Terrace is much older than the housing stock in the region, indicating that housing (whether renter- or owner-occupied) is more likely to be in need of significant rehabilitation or complete rebuilding.

Taken on the whole, these data point to residents at dire risk of displacement just as investment interest increases. The neighborhood is heavily composed of single-family homes, but the ownership rate is just 42%, well below the 57% regional homeownership rate. Thus, there are a significant number of low-income, cost-burdened, large households renting single-family homes, which the owner-landlords will be motivated to sell as home prices increase. Existing occupants would either be immediately displaced, or likely face significant rent increases forcing displacement. Meanwhile, large rental units affordable to low-income households are scarce throughout the region, leaving displaced families with tremendous housing instability and at risk of homelessness.

² Census tracts 22.01 and 22.02, ACS 2019 5-year.

Neighborhood Development Framework

1. Land Use and Development Opportunities/Constraints

Fairview Terrace is a predominantly residential area, with the exception of the Fairgrounds land, the Airport Way commercial corridor, and a commercially-designated concentration at the northeast corner of the neighborhood (See Appendix for Neighborhood Maps). As noted above, the residential areas are predominantly filled with single-family homes (87% of housing units), with some low- and medium-density multifamily buildings as well. The unincorporated County land within Fairview Terrace is a mix of residential subdivisions and undeveloped tracts, along with public uses such as a library, school and parks. Within the developed residential areas (whether within or outside the irregular City boundaries), there are few vacant plots.

There are multiple vacant parcels of land (some of them large) within the commercially-zoned areas, both along Airport Way and in the northeast segment of the neighborhood around Pock Lane/Mariposa Ave.

The patchwork of unincorporated County land within the Fairview Terrace neighborhood is all designated low-density residential under the [General Plan](#) (with the exception of the existing Community of All Nations affordable housing development, which is medium- density residential, and the public uses noted above), but has no zoning designation. Developers in the area note, however, that it is difficult (and, if even possible, costly) to obtain water and sewer service for properties located in the unincorporated County. Developed single family neighborhoods in unincorporated County blocks also tend to lack curbs and sidewalks. Multiple stakeholders noted the added complexity and difficulty of development in Fairview Terrace due to a lack of coordination between the local jurisdictions (City of Stockton and San Joaquin County), which complicates planning and weakens political support for the neighborhood. The historical lack of coordination is also evident on the ground, with multiple subdivisions having dead-end streets abutting the City/County boundary that cuts throughout the neighborhood.

The City of Stockton planning framework does not focus on Fairview Terrace specifically, but considers it in the context of the South Stockton planning area (one of about a dozen planning areas within the City). In its [South Stockton Neighborhood Overview](#)³ the City notes: “Due to the isolation of various blocks and the large undeveloped tracts separating population centers, South Stockton would benefit from multiple Neighborhood Centers in addition to its prominent thoroughfare, which is South Airport Way. Staff recommends that the primary Neighborhood Center be on Dr. Martin Luther King Jr. Boulevard from I-5 to Airport Way/County Fairgrounds” (i.e., extending to the northwest corner of Fairview Terrace). In addition, City staff recommends a “secondary neighborhood center” on South Airport Way from 6th Street to 12th Street, and two other secondary centers at main intersections along 8th Street to the east and west of Fairview Terrace. **The City’s planning context indicates an opportunity for mixed-use, neighborhood-serving development at an increased density along South Airport Way.** In addition, this planning context highlights opportunities for

³ The neighborhoods within the City of Stockton are further described in the Stockton 2040 General Plan Update Community Character Report (June 28, 2016).

coordinated planning across the region to improve transit services linking the South Airport Way corridor in Fairview Terrace with the “primary Neighborhood Center” on Dr. Martin Luther King Jr. Boulevard, as well as creating connections to the east and west.

2. Real Estate Market and Development Activity

a. Residential

A review of real estate listings for the neighborhood show signs of price speculation, with some properties (including both vacant land parcels and single-family homes) that sold within the last several months being relisted for double or triple the recent sale price (albeit without evidence of those speculative prices being attained). Recent completed transactions include both new and existing home sales, along with land acquisition for single homes or subdivisions.

New single-family home development is underway in the neighborhood, supported by market prices. Sales prices in the \$350,000 to \$400,000 range (or more for new homes) indicate that sales are likely more common for investor-owned homes rather than the owner-occupied homes with much lower values (median of \$141,000 based on census data from 2019). Although some investor-owned homes have been held vacant for sale, low vacancy rates for the neighborhood indicate that many sold homes are likely renter-occupied.

Neighborhood stakeholders note that home “flips” - where a home is purchased, some level of repair or improvement quickly completed, and then the home resold at a much higher price - are increasingly frequent and contributing to price escalation.

b. Commercial

The only recent market activity found for non-residentially zoned property within the Fairview Terrace neighborhood boundary is along S. Mariposa Road. An 8.5-acre vacant parcel zoned for general commercial sold in June 2021 for \$625,000, and was then relisted for sale at a price of \$2.65 million in August 2021. As of December 7, 2021 the property remains on the market at that price (after briefly raising the price to \$3.5 million).

A search of commercial real estate listings (for sale or lease) for Stockton on CommercialSearch.com shows 203 active listings in Stockton, none of which are within the Fairview Terrace neighborhood boundary. The absence of market transactions leaves the neighborhood increasingly susceptible to market speculation, as there are few benchmarks for sales or valuations, and vacant land is especially susceptible to large value fluctuations.

3. Large Development Projects

With the exception of the phased rehabilitation and redevelopment of the Housing Authority’s Sierra Vista development, large-scale development prospects for the Fairview Terrace neighborhood are likely years away from breaking ground. The two such projects that are anticipated for the neighborhood are the Fairgrounds development pursuant to an RFQ issued

by the State of California, and a health center/affordable housing development on South Airport Way at 8th Street. The status of each is discussed below.

a. San Joaquin County Fairgrounds

On July 19, 2021, the California Department of General Services (DGS) released an RFQ for mixed use development including affordable housing on approximately 110 acres of the San Joaquin County Fairgrounds. The land is available pursuant to Governor Newsom’s “excess lands” executive order which seeks to address the statewide housing affordability crisis by accelerating affordable housing development on State-owned land for public benefit.

The timeline set out by DGS established a submittal deadline of September 17, 2021, with an award to be issued the week of October 18, 2021. Several submittals were received, but as of mid-December 2021, no award has been made. DGS has made no public announcement regarding the award status or delay, and thus no development team has yet been selected.

The selection of a development team will be the first step to initiate the planning for this very large development effort, which will likely proceed in many phases and require significant community and City input, along with government approvals.

b. South Airport Way at 8th Street

STAND Affordable Housing has an Option Agreement with the City of Stockton to acquire (for a nominal amount) the approximately two-acre parcel along South Airport Way between 8th and 9th Streets, and bounded by S Phelps Street to the east. STAND intends to develop the site with a community health center and affordable housing, in partnership with Community Medical Centers and Mutual Housing California. The transfer of the property has been delayed by a lawsuit filed by the prior owner of the site who sold the property to the City. With site control contested by this lawsuit, however meritless, the development team has been significantly delayed and any prior progress in obtaining funding and financing commitments has been lost. An initial court date has been scheduled for spring 2022, but there is no firm timeline for full resolution of the lawsuit between the City of Stockton and the prior owner.

In the meantime, STAND reports that it is continuing with site assessment studies using its own funds, noting that without the land to provide as security, they have been unable to obtain predevelopment financing. Regarding financing plans for the development, STAND intends to provide long-term land leases separately to Community Medical Centers and Mutual Housing, and those organizations would take the lead in securing financing for the health center and housing developments, respectively. Those plans are reportedly on hold until site control issues have been cleared.

Community Input and Needs

There were several themes expressed in stakeholder interviews and in discussions during and stemming from the neighborhood investment convening:

- Mission-oriented investors are most interested in investment opportunities that are community-driven.
- Community members want a voice in planning for their community, and stakeholders from multiple disciplines agree that ongoing communication and gatherings of community stakeholders are critical.
- Multiple stakeholders alluded to or noted a cycle of disinvestment with the following theme: the neighborhood lacks community-serving businesses and resources; such businesses perceive a lack of population density and/or purchasing power as a deterrent to locating in the neighborhood; people who gain resources move away to communities with greater community amenities. Meanwhile, the public sector responds to economic incentives and political pressures to invest in portions of the City with greater concentrations of residents and economic activity, such as Downtown Stockton, rather than in the infrastructure and planning to support increased development and density in this area of high need and deeper poverty.
- There has been positive change in the neighborhood. To build on that positive change, the community needs to raise up those positives, and to continue to showcase and point to real action and real change, celebrating and publicizing “wins” for the neighborhood, such as the success and popularity of the Rancho San Miguel market, renovations of Sierra Vista Apartments, and the new Aspire public charter school, among others.

Investment Landscape

Based on conversations with developers and lenders, and as evidenced by recent activity such as the bond financing obtained by Aspire for its new school facility at Sierra Vista, **primary real-estate secured financing for real estate development activity is highly likely to be sufficiently available to support development activity in Fairview Terrace.** Interest from local banks to provide financing for construction or permanent financing on traditional affordable housing deals appears to be strong, and community development lenders continue to express interest for standard CDFI lending products for housing, health care, and food sector development.

The ability of such development to proceed, however, depends upon (a) the overall financial feasibility of the development (which, in turn, is related to site acquisition costs and infrastructure needs), and (b) the availability of private equity, grant funding, or public subsidy to cover the gap between total project cost and primary financing. These two things are the focus of the strategies that follow.

Investment Strategies to Support Neighborhood Revitalization

Based on the neighborhood findings, community input and investment landscape, strategies to expand investment leading to equitable development in Fairview Terrace are presented below. The emphasis of these proposed investment strategies is (a) to keep escalating

acquisition costs and displacement pressures in check as much as possible against real estate speculation; and (b) to attract private lending and equity, philanthropic funding and public subsidy to support development in Fairview Terrace that builds community wealth and breaks the cycle of disinvestment.

A. Ready the Neighborhood for Investment

As noted above, the high rates of poverty and housing cost burden, coupled with low ownership rates and existing land use and real estate market patterns, indicate that Fairview Terrace residents are at high risk of displacement. An increase in investment or even investment potential could easily exacerbate these conditions. **While the delays with the much-needed South Airport Way health center/affordable housing development and mixed use Fairgrounds master plan may be frustrating to those eager for change and improvements in the area, RSSC and its coalition of stakeholders should view these delays as a reprieve and a call to action to better ready the community to protect current residents and increase local control of development activity.** Strategies to ready the neighborhood for investment are described below.

1. Establish a Community Land Trust

In increasing numbers throughout California and the nation, Community Land Trusts (CLTs) are demonstrating their effectiveness in preventing displacement, improving neighborhoods, and increasing community ownership and control. There are more than 25 established CLTs in California, along with numerous emerging CLTs in the state⁴ and over 260 active CLTs in the United States.⁵ **A grassroots Community Land Trust serving South Stockton (or Fairview Terrace specifically, although Fairview Terrace would benefit from greater connection with other South Stockton neighborhoods as well) would bring a proven and established structure to recruit investment and build community ownership and control.** A comprehensive December 2020 report entitled “Increasing Community Power and Health through Community Land Trusts: A Report From Five Movement-Driven California CLTs”⁶ explains the rationale for a CLT strategy in communities very similar to Fairview Terrace, and provides resources, tools and examples to help put this strategy into action. That report is a collaboration of five grassroots CLTs for whom “[the] promise of resident-led development on community-owned land in local contexts of disinvestment and displacement spurred the creation of a community land trust.” Quoting further from the California CLT Report Executive Summary:

This moment of COVID-19 and the movement for community ownership led by Black, Latinx, indigenous, and immigrant people of color further exemplifies the urgency to locate a strategy that is both stabilizing and reparative, presenting a tangible and scalable strategy that builds community power

⁴ California Community Land Trust Network website

⁵ Hernandez, Ashley Camille; McNeill, Sandra; Tong, Yasmin (December, 2020), “Increasing Community Power and Health through Community Land Trusts: A Report From Five Movement-Driven California CLTs”; sponsored by The California Endowment. Also referred to as “The California CLT Report”

⁶ Hernandez, et al. “Increasing Community Power and Health through Community Land Trusts: A Report From Five Movement-Driven California CLTs.”

among those who have been excluded from or displaced by the market. CLTs are positioned not only to address current racial and economic inequalities that have emerged during COVID-19, but to repair historic inequities that for generations have been perpetuated and enhanced through land ownership, land use and development practices. CLTs show the greatest promise to weave these goals together into a viable recovery strategy. (p.24)

In addition to compellingly setting out the why of a CLT strategy, the California CLT Report also explains *what* a CLT can do and *how* a CLT can achieve its goals. A thorough read of that report is warranted, but to cite some key guidance most relevant to Fairview Terrace here:

The classic CLT model is a non-profit organization that acts on behalf of a geographically-defined community to acquire, retain, and steward assets, including land and other resources, in perpetuity.⁷ CLTs can stand alone or in partnership with other non-profit organizations or community development corporations. Through CLTs, communities can remove land from the speculative market and build a variety of community-serving uses on that land through long-term ground leasing. They are incredibly versatile across land uses and societal needs. The buildings on top of the land can take various forms including single-family homes and multifamily housing. CLTs can also accommodate diverse ownership and forms of tenure, including joint tenancy ownership to non-profit management of affordable rental and supportive housing. Other non-residential uses can be incorporated as well, such as small businesses, health clinics, community centers, urban farms, or pocket parks. (p.26)

The [California Community Land Trust Network](#) is a member-based organization that provides a wealth of information and resources, and would be an excellent place to start for research on the options for membership types and structure of a CLT, and next steps toward forming and building the capacity of a new CLT.

Flexibility and responsiveness to local needs are important characteristics of grassroots CLTs, and therefore presuming or directing the specific programs or approach of a CLT serving Fairview Terrace/South Stockton would be premature. Nevertheless, examples detailed in the California CLT Report from communities facing similar pressures and histories point to potential strategies:

- Single-family acquisition with a lease to own model is an effective strategy to remove housing from the speculative market while providing residents with time to stabilize and gather resources through leasing from the CLT. This strategy could prove particularly powerful, depending upon how the recent passage of California SB 9 and SB 10 play out in South Stockton. CLT ownership of single-family homes (and possible future -plexes) could also potentially lead to partnership with the Housing Authority of the County of San Joaquin to improve housing voucher utilization by making such properties available to voucher holders.

⁷ Davis, John E. Line Algoed, & Maria E. Hernandez-Torrales. (2020). In Land We Trust: Key Features and Common Variations of Community Land Trusts in the USA, in *Common Ground: International Perspectives on the Community Land Trust*.

- Multifamily acquisition to rehabilitate and/or preserve existing privately-owned rental buildings with low-income residents is another key strategy, in which the CLT corrals grants, subsidies and financing, and works with a development partner to facilitate the acquisition and rehab. While some jurisdictions with significant stock of small, privately-owned apartment buildings have established “small sites” acquisition financing programs, such programs generally involve active public sector participation and significant time and effort establishing programmatic parameters; given the relatively few privately-owned “small sites” buildings in Fairview Terrace, time and effort would arguably be more effectively targeted through building the capacity of and capitalizing a CLT to do this work.
- Acquisition of vacant or underutilized parcels, either through public land donations or other means to remove key parcels from the speculative market, could be another central role for a CLT in Fairview Terrace.

2. Support Local Developers, Businesses and Service Providers

Having a strong and broad base of local developer, business and service provider partners will best position Fairview Terrace to obtain the community-oriented uses it desires and needs. For example, as the master planning of the County Fairgrounds evolves, local community-serving businesses could seek to lease space in such development. Strategies to this end include:

- *Explore and pursue technical assistance and capacity-building grants for local non-profit developers, as well as childcare and early education service-providers.* Large national CDFIs such as the Low Income Investment Fund (LIIF) and Capital Impact Partners (CIP), among others, have attracted significant grant capital to support their efforts to advance racial equity and support Black and POC-lead businesses and entities. While LIIF’s and CIP’s first new offerings under these initiatives (LIIF’s Black Developer Capital Initiative and CIP’s Equitable Development Initiative) are targeted to other regions of the country, RSSC can engage with these CDFIs as they expand and innovate their offerings, to facilitate the development of funding and financing programs that South Stockton BIPOC organizations can tap into to expand their programming and capacity.
- *Incubate local entrepreneurs, particularly in the restaurant and food sector.* While attracting a Starbucks or similar popular chain would provide a boost to the neighborhood profile, expanding the prevalence of locally-owned cafes, markets, and restaurants will serve the dual purpose of increasing neighborhood amenities and building community wealth. A growing number of resources and support organizations exist in the region to assist local entrepreneurs. RSSC can seek to establish connections with local resources such as the Stockton Community Kitchen, a food enterprise incubator located in Downtown Stockton, and the San Joaquin County Incubator Loan Fund offered through the County Employment and Economic Development Department.
- *Expand financial services and small business lending opportunities within the community.* As the COVID pandemic has raised awareness of the vast racial and economic inequities across the nation, government funding to address these inequities continues to roll out. On December 14, 2021, U.S. Treasury Secretary Janet Yellen and

Vice President Kamala Harris announced the deployment of nearly \$9 billion in direct investments to depository CDFIs and credit unions through the Emergency Capital Investment Program (ECIP) to increase lending to small and minority-owned businesses, and low- and moderate-income consumers in underserved communities. Among the [list](#) of 186 community financial institutions approved to receive these investments are Self-Help Federal Credit Union and two Oakland-based depository CDFIs: Beneficial State Bancorp, Inc. and Community Bank of the Bay. RSSC can seek to build relationships with these organizations to maximize the extent to which their federal assistance can be deployed to benefit Fairview Terrace.

3. Advocate for Coordinated Planning and Investment By and Among Public Agencies

RSSC plays an important role in bringing stakeholders together to support the South Stockton community. An important focus of this engagement will be to encourage coordination by and among public agencies regarding land use and infrastructure planning and investment. To maximize the extent to which such planning and investment responds to and meets community needs, RSSC's advocacy should:

- ***Incorporate as much housing affordable to low- and very low-income households as possible in large-scale development efforts such as on the County Fairgrounds and along South Airport Way.*** Deeply affordable housing (at 30-50% of area median income) is needed both to alleviate current housing burdens and absorb displacement pressures which will result from residential market activity along with a potential increase in investment in the area that these projects may bring.
- ***Encourage large-scale development activity to incorporate community-serving retail, commercial and nonprofit services spaces and spur economic activity and increased population density.*** Such community-serving spaces could include coffee shops, restaurants, childcare facilities, banking/credit union services, food markets, and recreation/entertainment outlets.
- ***Seek to improve connections between planned South Stockton primary and secondary "neighborhood centers" along MLK Jr. Way, South Airport Way and at 8th Street to the east and west of Fairview Terrace.*** If increased infrastructure and/or transit funding becomes available, seek to harness such funding opportunities to expand transit service and stimulate transit-oriented equitable development, focusing on the South Airport Way corridor. For example, current bus service connecting Fairview Terrace with South Stockton destinations such as the County General Hospital and the Amtrak station generally run through downtown rather than via a more direct route. As a result, traveling by bus to such sites - which are only two to five miles from Fairview Terrace - takes approximately 40 to 70 minutes via downtown.

B. Recruit and Direct Investment Capital

Philanthropic funding, mission-oriented investment capital and public support will be needed to leverage private investment in Fairview Terrace. This section identifies strategies to recruit

and direct all types of investment capital which will support the neighborhood revitalization contemplated above.

1. Capitalize the Community Land Trust

Chapter 4 of the California CLTs Report explores a wide range of capitalization strategies in detail, and is an excellent resource. The first and most immediate need, of course, is the initial funding for capacity building, program development and to spur additional investment. The California CLTs Report notes:

Philanthropy has a critical role to play by supporting general CLT operations with multi-year grants during start-up and ramp-up periods, by making capital grants to subsidize acquisitions and development projects, and by providing low cost, patient capital. These funds can be directed to CLTs through a foundation's Program Related Investment (PRI) program, or mixed with other philanthropic and/or public funding in a facility. Key to the latter is that the underwriting process be streamlined so as to lower the ultimate cost to the CLT and its partners in securing the funds, and to make the funding accessible to a range of real estate and land stewardship strategies, including acquisitions of properties in the market. (p. 71)

In California, The California Endowment (TCE) has been a strong partner to land trusts, and is the sponsor of the Build Healthy Communities (BHC) land trust cohort. Community Vision is a key partner in CLT capacity building and capitalization strategies with TCE's BHC cohort. Community Vision has also been an active lender in Stockton and throughout the Central Valley, and RSSC should explore opportunities that Community Vision may have to support a local CLT with capacity building and technical assistance, as well as potential connections with additional philanthropic and public funders for operating support. The goal, as noted in the California CLTs Report, is to secure "long term operating grant commitments and ongoing capital flows that support CLT operations, staff, and technical support necessary for success, and lead to sustainability. Resources must be designated to support and train residents and resident-owners at all stages of development and operations." (p. 101)

2. Advocate for Ongoing Local Funding Sources to Support Affordable Housing

Local public funding can be an exceptionally powerful investment, especially for the development of affordable housing, where local public funds can often be significantly leveraged with state and federal funding.

RSSC should continue its advocacy in support of a San Joaquin County Housing Trust Fund, along with a dedicated revenue source to support it. This advocacy work is being led by the Housing Justice Coalition, which is a group of housing advocates, developers, service providers and residents that RSSC coordinates with the express purpose of promoting policies and solutions that increase access to permanent, affordable housing. The Coalition is building

a broad base of support for a local Housing Trust Fund through stakeholder engagement, community organizing and a strategic communications campaign. Concurrently, the San Joaquin Council of Governments is leveraging Regional Early Action Planning (REAP) dollars to hire a firm to develop an implementation plan, which will include forming a steering committee, conducting a financial feasibility analysis, and drafting an administrative plan, among other activities. This work is slated to begin in April 2022.

Fortunately, there is a new resource to help advance housing solutions in Fairview Terrace and across Stockton. In late 2021, the Chan Zuckerberg Initiative awarded a grant to the Community Foundation of San Joaquin (CFOSJ) to seed a Housing Innovation Fund (HIF). This fund will pool, manage, and align funds from varied sources to invest in solutions and organizations that develop innovative ideas to improve equitable access to local housing and promote the production of local housing units. CFOSJ plans to grow the HIF to \$1 million during 2022.

RSSC has been part of the planning for the Housing Innovation Fund from the beginning, and will facilitate the community-led design process to establish the HIF's shared governance model and grantmaking goals and priorities. Once it begins to solicit proposals for funding in Fall 2022, the HIF will be a key resource for supporting grassroots and institutional ideas to address housing insecurity; mitigate resident displacement; and fuel additional investment in under-resourced areas, including Fairview Terrace.

In addition, RSSC should engage deeply with the City of Stockton in its Housing Element Update for the 2023-2031 cycle to explore additional programs and potential funding sources to “affirmatively further fair housing” and stimulate affordable housing development in historically underserved and disinvested communities such as Fairview Terrace. One possible strategy to advance would be flipping or speculation penalties or taxes, with revenue to be directed to land and property acquisitions by CLTs and other mission-aligned buyers who commit to permanent affordability (or as a funding source for a Housing Trust Fund).

3. Expand Access to Community Development Finance Products

As noted in the Investment Landscape section above, interest among CDFIs to deploy their standard, real-estate secured lending products in South Stockton is strong. However, even as an increasing number of CDFIs are obtaining public and private grant funds to develop deeper-reaching products (including gap or subordinate financing) to address housing affordability, social determinants of health and racial equity, such programs have not served South Stockton. An opportunity exists to continue to build on the community engagement and new relationships formed at the November 2021 investment convening, recruit mission-oriented investors and develop additional community development finance products accessible in or targeted to South Stockton. Possible opportunities and relationships to explore include the Chan Zuckerberg Initiative and Housing Trust Silicon Valley, among others.

In addition, it is possible that new and/or expanded local, state or federal funding for housing and other community development efforts may be announced that could be tapped by a local CLT or other entities in support of Fairview Terrace revitalization efforts. Programs to keep an eye out for include:

- Replenishment of the Golden State Acquisition Fund, which provides access to patient acquisition financing for local non-profits among escalating prices to prevent gentrification and displacement; and
- The federal Neighborhood Homes Investment Act, which has bipartisan support in both houses of Congress and is currently included in the Build Back Better bill. The Neighborhood Homes Investment Act would create a new tax credit program for the construction and rehabilitation of single-family homes, and could be a tool to both help keep low-income homeowners in their homes and expand homeownership opportunities for others.

4. Partner with the Healthcare Sector to invest in Community Land Trusts and Affordable Housing

The healthcare partners in the area, like CommonSpirit Health (formerly Dignity Health), Health Plan of San Joaquin, Kaiser Permanente and Sutter Health, can be co-investors in affordable housing alongside CDFIs, government and other funding sources. There are many motivators spurring the healthcare sector to seek out partnerships, for which RSSC is well-positioned. Health systems are often propelled to invest in community conditions to meet regulatory requirements for Community Benefit, and many are pursuing anchor institution roles to align missions and local investments. Some health systems are expanding into the impact investing space, opening up capital for larger investments to address housing and economic insecurity that affects health outcomes. Others are aiming to achieve cost savings and return on investments, understanding that addressing the social determinants of health will help prevent admission to hospitals and minimize costs in the long run. Health systems are looking to partner for property reuse and construction or co-locating services to coordinate care for residents. The landscape of healthcare policy is also evolving, resulting in new payment models focused less on fee-for-services and more on value-based care that prioritize improved health outcomes. All of these motivators are important to consider for potential partnerships and, ultimately, investments in affordable housing.

For instance, CommonSpirit Health invested into the [Mercy Housing Gap Note Program](#). They also [partnered with UnitedHealthcare and Aetna](#) and committed \$35 million in financing to launch the [Home Matters Arizona Fund](#) for affordable housing projects. This project will invest \$100 million in phase one to finance community development and affordable housing projects that proactively foster connected and healthier lives. They also have a [Homeless Health Initiative](#) and committed to invest a minimum of \$20 million through FY 2024. Lastly, they have a [Community Investment Program](#) that includes affordable housing investments through [below-market interest rate loans](#).

Healthcare philanthropy in particular has been a key partner in providing seed funding for CLTs in several examples across the country, as explained in [a recent article by Build Healthy Places Network](#). As cited by BHPN, Bon Secours, a Maryland-based Catholic health system, was the initial investor in the Maggie Walker Community Land Trust based in Richmond, Virginia. Their \$250,000 seed funding in 2016 has spurred more than \$5 million in additional commitments, and the land trust had constructed 50 owner-occupied homes as of January 2021, with plans for 50 more homes in the next two years. A second example cited in the

BHPN article is that of Saint Alphonsus Regional Medical Center, which provided the LEAP Housing Land Trust in Boise, Idaho with its first investment of \$240,000, leading additional investors, including the Blue Cross Foundation, to commit a total of \$2.1 million.

RSSC has well-established relationships with multiple healthcare partners, and should explore their interest in capitalizing a community land trust and investing in other community-centered revitalization projects.

5. Ensure South Stockton Benefits from Available State and Federal Economic Development and Infrastructure Funding

In addition to accessing expanded public funding for housing and community development, RSSC can use its connections and collaborations to help Fairview Terrace benefit from increased state and federal funding for infrastructure and economic development, particularly any such programs intended for COVID-19 recovery and/or addressing racial, wealth and health inequities. Key to this effort will be participation and representation in California's Community Economic Development Fund (CERF) regional planning process. The CERF, established by California SB 162 last fall and funded by the American Rescue Plan Act, will award \$5 million planning grants this spring to a consortium of diverse partners in each of 13 regions in the State. (Merced, Stanislaus and San Joaquin Counties comprise the Northern San Joaquin Valley region under this initiative.) The CERF planning grants are intended to support communities and regional groups in producing regional roadmaps for economic recovery that prioritize the creation of accessible, high-quality jobs in sustainable industries. Following this planning effort, implementation of these regional plans will be supported by CERF competitive grants totaling \$500 million, as well as potentially leveraging other aligned federal and state funding sources. The CERF Planning Grant Solicitation is expected to be released in February 2022.

Conclusions and Next Steps

This document proposes investment strategies that are designed to prevent displacement while attracting philanthropic capital, health sector investment, public subsidy, and private lending and equity to support community-serving and wealth-building development in Fairview Terrace. Top priorities and next steps to build community control and wealth, and steer investment into the neighborhood include:

- **Establish a Community Land Trust, as the primary vehicle to engage and energize the community, raise up community voice and build community ownership, and harness funding opportunities.**

Priorities for this CLT may include helping homeowners and renters at risk of displacement secure their homes, along with potentially acquiring sites to stabilize the neighborhood and/or explore future development opportunities. But before a community land trust can determine its priorities, its beneficiaries must be engaged, the entity formed, and seed funding secured.

To guide this work, RSSC should consider leveraging its Neighborhood Transformation working group, a collective table of affordable housing developers, health advocates, nonprofit service providers, community development organizations and public agencies that drive strategies to improve economic vitality and quality of life in South Stockton. This group could develop and implement a roadmap for establishing a CLT, by leveraging the skills and resources of its members.

- **Recruit and broker grant funding and private community development investment capital for Fairview Terrace priorities.**

Philanthropic and mission-oriented organizations are increasingly recognizing the extent to which investment in the social determinants of health can vastly improve the vitality of neighborhoods like Fairview Terrace and the lives of its residents, and the power of those investments to reverse cycles of disinvestment and neglect. This investment strategy identifies ways in which RSSC can recruit and broker these investments to support a comprehensive revitalization of Fairview Terrace. Specific actions include:

- Work with healthcare partners to pursue funding to build and capitalize a Community Land Trust and develop more affordable housing. Create a pitch deck making the case for partnership with shared goals and best practices from around the country. Potential partners include: CommonSpirit Health, Health Plan of San Joaquin, Kaiser Permanente and Sutter Health.
 - Work with large, national community development lenders and investors to explore how their well-capitalized programs to advance racial equity and build local capacity can be deployed in Fairview Terrace. Potential partners include Low Income Investment Fund, Capital Impact Partners, Self Help Federal Credit Union and Enterprise Community Partners.
 - Work with regional CDFIs with a geographic interest in the Stockton region, such as Community Vision and Housing Trust Silicon Valley, to explore utilizing or developing innovative and low-cost financing programs that could support the acquisition and development of key sites within Fairview Terrace.
- **Advocate and collaborate to ensure that Fairview Terrace receives its due share of public resources.**

Finally, for Fairview Terrace to experience a robust recovery, build wealth and transform its health outcomes, public sector involvement and the infusion of public

resources will be critically important. RSSC and its community partners will need to continue their advocacy and collaboration to ensure Fairview Terrace benefits from both traditional subsidy sources and new state and federal programs. Specific upcoming priorities should include:

- Ensure the San Joaquin Council of Government’s process to develop a local Housing Trust Fund includes an inclusive community engagement process that reaches low income and marginalized residents so that their needs and interests are incorporated into the fund’s design and programmatic elements.
- Actively engage with the City of Stockton throughout its Housing Element planning process, to advocate for cohesive, coordinated efforts to link up and lift up South Stockton neighborhood hubs. The Housing Element can also be an opportunity to elevate the case for investing in a local Housing Trust Fund by including it as a goal.
- Participate in the CERF regional planning efforts to highlight the needs of South Stockton and advocate for grant funding to ensure that residents of South Stockton can fully participate in a healthy and sustainable regional economic recovery.

Reinvent South Stockton Coalition (RSSC)

RSSC serves as the backbone organization to a unique collective impact project focused on the needs of Stockton neighborhoods most impacted by historic underinvestment, redlining and persistent poverty: the South Stockton Promise Zone. By convening and coordinating more than 60 agency partners, increasing partner capacity, aligning resources and strategies, and engaging residents in advocacy to promote systems change, RSSC aims to drive investments and interventions that will make measurable improvements in housing, workforce access and job creation, community safety and trust, cradle-to-college education and health equity. We envision a future where ALL South Stockton residents are empowered to transform their community and address the root causes of poverty. For more information:

<https://rsscoalition.org/>

Build Healthy Places Network (BHPN)

BHPN’s mission is to transform the way organizations work together across the health, community development, and finance sectors to more effectively reduce poverty, advance racial equity, and improve health in neighborhoods across the United States. BHPN uplifts community-led solutions and accelerates cross-sector investments in persistently marginalized communities to create healthier, more equitable, and thriving places. For more information:

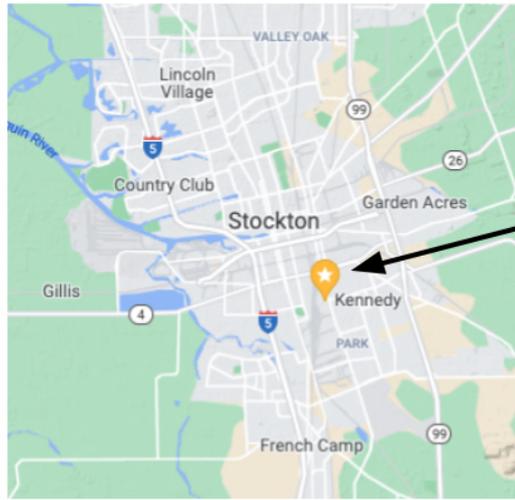
<https://www.buildhealthyplaces.org/>

Appendix

Fairview Terrace Neighborhood



San Joaquin County



Stockton

Fairview
Terrace



Neighborhood Assets

The map displays several key neighborhood assets, each with a corresponding photograph and a callout box:

- STAND Affordable Housing:** A photograph of a two-story, light-colored house with a white garage door.
- San Joaquin County Fairgrounds:** A callout box pointing to the Stockton Dirt Track area on the map.
- Community of All Nations:** A photograph of a yellow, single-story house with a brown roof.
- Visionary Home Builder's Community of All Nations:** A callout box pointing to a residential area on the map.
- STAND Affordable Homes Scattered Site:** A callout box pointing to a residential area on the map.
- South Airport Way Commercial Corridor:** A callout box pointing to a street on the map.
- Housing Authority's Sierra Vista Homes:** A callout box pointing to a modern, multi-story apartment building.
- Sierra Vista Homes:** A photograph of the modern, multi-story apartment building.



Neighborhood Assets continued

A map of a neighborhood in Stockton, California, with a red outline indicating a specific area. Several assets are highlighted with callout boxes: Rancho San Miguel Supermarket, Williams Brotherhood Park, Dorothy L. Jones Community Center, Maya Angelou Branch Library, Hamilton Elementary School, and Van Buren Elementary School. The map also shows streets like E Anderson St, E Dr Martin Luther King Jr Blvd, E Fourth St, E Fifth St, E Seventh St, Spring St, E Ninth St, and Kennedy Park.

Rancho San Miguel Supermarket

Williams Brotherhood Park

Dorothy L. Jones Community Center

Maya Angelou Branch Library

Hamilton Elementary School

Van Buren Elementary School

