STAKEHOLDER ASSESSMENT

Feasibility to Convene a City of Santa Cruz Rental Housing Task Force

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Introduction

This document presents the findings, analysis, conclusions and recommendations from the Stakeholder Assessment for the proposed City of Santa Cruz, Rental Housing Task Force. The assessment was conducted by the California State University Sacramento (University), College of Continuing Education, Census and Collaboration Program (CCP), serving as a third-party neutral and stakeholder process design specialist. The purpose of the assessment was to provide a neutral analysis of conditions regarding the feasibility to convene a stakeholder task force as directed by the Santa Cruz City Council (Council) to address rental housing challenges in the City.

Background

CCP was founded in 1992 and is a fee-for-service, not for profit unit of the University. CCP specializes in providing neutral, third-party services to diverse and oftentimes conflicted stakeholders on a wide range of policy topics. Most of CCP's cases are multi-party, multi-interest collaborative efforts wherein diverse stakeholders and the organizations that convene them, work to achieve mutually supported outcomes through structured, interest-based methods. A common first step in such work is to conduct an assessment wherein a neutral party from CCP meets with a representative (but not exhaustive) set of stakeholders with a relationship to the policy issue at hand. The purposes of the assessment are myriad and include the following:

- It provides an invaluable diagnostic tool describing / confirming what the key issues are for each stakeholder and giving that stakeholder a chance to express this in a confidential, neutral setting.
- It provides a powerful predictive tool describing whether a proposed stakeholder process is feasible.
- Related to #2, if a process is deemed feasible, assessment outcomes can directly inform a project workplan and associated process recommendations.
- It presents a "mirror" to a community about where they are coming from collectively, particularly regarding issues that are highly conflicted.
- If a stakeholder process is deemed feasible, the assessment informs data needs and thus provides project and cost efficiency by knowing early what these needs are.

Assessment Process

Between February and April 2019, Mr. David Ceppos (Managing Senior Mediator and principal investigator [PI] for this assessment) conducted two sets of interviews.

The first set of interviews was conducted in person with each of the City's councilmembers. Questions posed in each interview were from a standardized document (Attachment A). The purpose of these interviews was to individually discuss councilmembers' perspectives about:

- Rental housing challenges;
- Conditions associated with a recent ballot initiative in November 2018 (Measure M);
- The content of Measure M regarding rent control and a set of associated proposals related to rental costs, including Just Cause Eviction (JCE) and similar;
- A subsequent effort by the Council regarding a follow up JCE ordinance; and
- The Council's decision to table the JCE ordinance and instead propose a task force approach to address these topics.

Also included in the interview was a question about whom the respective councilmembers would recommend to be interviewed in a subsequent stakeholder assessment.

Each councilmember provided the PI with a recommended list of stakeholder names, prioritized to describe who the councilmember recommended be interviewed. The PI ensured each councilmember that their recommending someone to be an interview participant (participant) would not in any way mean that said participant would therefore serve on a task force (if deemed feasible and ultimately convened by the City). Further, to maintain complete neutrality, the contract agreement between the City and CCP explicitly vested the decision authority of who to interview to CCP, with no editorial oversight nor override authorities vested to councilmembers, City staff, etc. Once the councilmembers recommendations were received, CCP similarly asked staff from the City's Department of Planning & Community Development to also provide stakeholder interview recommendations. Ultimately, there was very little overlap between councilmember recommendations for participants. Therefore, the PI employed the following decision sequence.

1. Unless a priority recommendation from a councilmember did not make sense (in the context of apparent applicability, associated background to the rental housing topic, and similar), said priority recommendation was included by CCP. *Note: In one occasion, the PI did feel compelled to contact a councilmember to discuss said member's priority recommendation. This took place and based on that discussion, the recommendation was honored.*
2. Any stakeholder recommended by two or more councilmembers and similarly seeming applicable was included.

3. Stakeholders recommended by just a single councilmember were then cross-referenced for overlaps with staff recommendations and overlapping names were also added to the interview list.
4. Based on web-based research, CCP identified other stakeholders not recommended by councilmembers or staff but otherwise seeming involved in the Santa Cruz rental housing topic and therefore appropriate to interview.
5. Lastly, CCP requested to interview a subset of City staff.

In total, 20 public stakeholders (not including City staff) were identified by CCP with a focus to create numeric balance between stakeholders that seemed to represent renter and tenant's rights, and stakeholders that seemed to represent landlord and private property rights, as well as a small number of additional stakeholders that seemed generally neutral on the topics. Attachment B presents the master list of target interview participants including the Council, staff and the public participants.

The PI subsequently interviewed all but one identified stakeholder using a standard questionnaire (Attachment C). Based on assessment timing and emergent conclusions from the first 19 interviews, the PI ultimately deferred interviewing Ms. Jennifer Panetta because by the date said interview could have been scheduled, the PI had largely determined CCP's assessment recommendations.

At the beginning of each interview, the PI explained the purpose of the assessment process. He described that each interview was confidential and that notes from each interview are proprietary to CCP. He further explained that there is no attribution of comments to any individual and that all information would be aggregated to identify themes and trends among the interview participants. He explained that the outcome of the process would be an Assessment Report that would present the "findings" (e.g. verbatim aggregated data from the interviews), "analysis, and "conclusions and recommendations" (e.g. CCP's summary assessment and proposal for next steps [if warranted]). He described that each assessment process is different and that in some cases CCP recommends that stakeholders proceed with a collaborative process and that in other cases, CCP determines the conditions are not appropriate to start such an effort.

Regarding the content of this report, it is important to note that this assessment is not an analysis of, nor a referendum about Measure M. Similarly, while Measure M represents a snapshot in time and an undeniable marker of recent conditions, it is not the bellwether about the topic of rental housing in Santa Cruz. The issues and people associated with rental housing and rent control in Santa Cruz are not easily distilled into binary categories of "for" and "against" anything; the topics and people involved are more complex than that. However, there is also a need for efficiency in this report. Therefore, throughout this report, readers will see the following types of terms, purposefully stated in quotations: "both sides", "each side", "other side", "one "side" and similar. This reflects that at some level, there is a binary nature to the current conflict, AND that such terms reflect how participants refer to themselves, not that CCP perceives this circumstance to be that way.

Stakeholder Interviews: Findings and Analyses

Regarding the following section, as previously described, CCP used a standard set of questions for each interview participant. The questions were prepared solely by the CCP PI. No representative nor affiliate of the City (e.g. the Council, staff, staff leadership, etc.) were provided the questions for review, nor did any party have editorial oversight of what was asked. While the Council had provided staff with the direction to convene a task force, CCP nonetheless stated from the outset that to avoid any pre-decisional outcomes, the assessment process needed to be treated as a "feasibility assessment" wherein CCP would provide a neutral analysis of conditions and would provide recommendations as to whether convening a task force seemed feasible or not. The specific questions and sequence of how they were asked was deliberate and strategic to test and assess stakeholder perspectives related to feasibility.

Findings below are presented as verbatim, excerpted summaries of feedback from interview participants. Given the conflicted, nuanced, and dynamic nature of the rental housing and rent control debate in Santa Cruz, readers will undoubtedly read comments in the Findings Section that they agree or disagree with. In that regard, it is EXCEPTIONALLY IMPORTANT for readers to recognize that information in the Findings Sections DOES NOT represent CCP's opinions. Associated with each Findings Section is an "Analysis Section". The Analysis Section is where CCP applies its best professional judgement to assess the question of "what's going on here?". Analysis Sections are therefore one of the places in this report where CCP does present professional opinions (in addition to the Conclusions and Recommendations Section).

Related to the above, common themes and differences among interview participants are reported in summary form. Participants did not necessarily respond to each question and the findings are not quantified statistically. Rather, responses are aggregated and emphasis is given to topics reflecting common interests and perspectives of the interviewees or conversely, a lack of common perspectives. Therefore, the following summary describes participant perspectives in qualitative terms (e.g. "a majority of participants said "X", or "a small minority of participants believe "Y").

Using the list of questions presented in Attachment C, the following presents the Questions asked by the PI, as well as Findings and Analyses for each question. In some circumstances, commonalities and linkages between successive questions lends themselves to have the summaries for some questions grouped in pairs.

Questions 1 and 2
- Regarding the topic of rental housing and the associated challenges, what do you need as an outcome(s) to support you and your constituents' interests?
- Are there stakeholders you think you don't agree with and if so, what do they need?

Findings

At a macro scale, participants from both "sides" have very similar interests. Almost all participants stated a need for "security" and "control" (or similar terms) and on reflection for the second question, most participants stated that they would expect stakeholders from the "other side" to need the same. A secondary yet common set of other responses by several participants was a need for "trust" and "communication".

The specifics of the above terms were further explained and at times were similar across diverse stakeholders, but sometimes had different interpretations. From a common perspective, "security "reflected in part, a financial context. Landlords and property owners describe having made financial investments on properties and needing confidence that they will receive a return on that investment. For renters and tenants, "security" was more linked to a sense of housing stability and at times, associated financial contexts re; affordability, and a related fear that such housing could be lost quickly due either to housing costs, and/or perceived arbitrary decisions by a landlord forcing eviction. This then was directly related to "control" as these advocates described conditions they and/or people they know have lived or live in regarding a sense of fear that they could lose their housing and thus lose a significant level of control in their lives and the lives of family members.

For landlords, "control" was more directly tied to an ability to manage a property as they deem necessary, and to have the latitude to remove a renter if said tenant poses challenges (e.g. destructive to the property or self, threatening to other tenants or neighbors, etc.). Almost all landlords expressed a desire for consistency in their tenants, describing how such consistency helps create better landlord / tenant relationships and a more consistent return on investment. Tenants advocates stated similarly that they seek, and know that others seek, a solid, compatible relationship with landlords. This then was a common segue to the topics of "trust" and "communication". Almost everyone stated in some way that that they want to be thought of in a positive light; trusted to be a good person; to "do the right thing" and not be "demonized". Similarly, several participants said that they've experienced the most positive relationships when there is regular, collegial, transparent communication between a landlord (and/or property manager) and renter, and that problems most often occur when such communication breaks down.

On a broader scale, several participants from "each side" discussed the challenges about rental inventory and the needs of various types of tenants. Quite a few participants from "each side" mentioned the challenges that working families have versus university students and the mutual frustration they have with the City and the University of California Santa Cruz (UCSC) that these institutions have not seemed able to broker better agreements regarding the growth of the student population. A few stakeholders on "each side" further stated that while they are sympathetic to the housing plight of students, their greater concern goes to working, low income families that are trying to make ends meet and have a productive life in Santa Cruz but are constrained by housing costs when set against average wages. Several of these participants

expressed frustration that such housing decisions shouldn't be so "mercenary" and that everyone should have access to reasonable housing but that at the end of the day, workers and working families often need the community's help more, and similarly play a bigger role maintaining a balanced economic structure for the community.

Related to this, several stakeholders complained that the City has not done its part to invest in more housing inventory. Almost all these participants (from "both sides" of the issue) expressed frustration that some of the current and past Council members have seemed to advocated for progressive pro-housing stances but have then been inclined to reject various housing proposals when brought to the full Council for a vote.

Another area of similarity is that several private property advocates described a life story of remembering very clearly, how challenging it was to be renter at other times in their life. These participants empathized with the current concerns of tenants. Similarly, several participants that are tenants' advocates are also landlords and expressed understanding for the associated challenges of maintaining property and ones' investments.

Regarding differences in perspectives, as a result of the Measure M public conversation, a very small number of participants think poorly of each other and/or claim to know others that feel that way. A few tenant advocates assume that landlords think only about their property and not about the people living there. Likewise, a few landlord advocates assume that tenants want unfettered control and access to a property with no constraints on whether said conditions pose an impact to the landlord. In reality, among the remaining large majority of participants interviewed, none actually spoke like this. Yet this was an expectation expressed by these small minorities from "each side".

Several of the tenant advocates describe the relationship between tenants and landlords as analogous to (but worse than) an employer / employee relationship. They describe the difference being that employees can organize and create some level of parity with an employer in order to protect their interests, but that tenants have less ability to do that (save for organizing into a tenant union which has been done in some housing markets in the United States).

A small minority of tenant advocates expressed a fundamental belief that there needs to be a redistribution of wealth in society, and that once private property is used for a public domain service such as rental housing, it should cease to be held to the same standards of "sovereignty" as private properties are often considered. These advocates feel that the use of such property for other persons' housing should put that property into a new class of somewhat restricted rights as a means to protect the interests of tenants.

Analysis

As stated in the Introduction section, an assessment offers a glimpse at a representative but not exhaustive cross section of stakeholders. Therefore, it is not feasible to speak in absolutes about the results from an interview process. That said, as a predictive tool, there is a very clear

dynamic at play on the rental housing topic, one that is common to emotional policy conflicts: principally, several stakeholders are "talking past each other". The narrative of the Measure M campaign and counter campaign seems to have inflamed perceived disagreements rapidly and said differences seem to be commonly anticipated from each other, even if there may in fact be space for more common dialogue and perhaps even mutual agreements.

> Question 3
> - To the extent there are differences in your answers above, what has stood in the way of reconciling these differences and what could reconcile things now?

Several participants on "each side" stated that in retrospect, Measure M was likely too extreme and went "too far." A large number of participants stated that if some parts of the ballot initiative had been authored differently or left out entirely, the Measure M outcome might have been different. Several participants were influenced by some of the anticipated / publicized costs and perceived impacts of Measure M regarding property control and costs, and therefore voted against it, even though they consider themselves highly progressive voters and dedicated to the well-being of tenants.

Regarding the tone and tenor of the process and the manner in which it escalated negatively, several contributing factors were stated by participants. Several people pointed to the basic emotional nature of the topic and the fear it created on both "sides". Several people pointed to the behavior of "bad apples" on each "side" and how certain examples of extreme behavior inflamed emotions further and that likewise, certain personalities inflamed things more than the content of the ballot measure.

Related to the above, several people expressed concern that there was and is, a lack of rational discussion between advocates. Several private property advocates stated that they "didn't see Measure M coming" and that they felt they were not consulted or asked to be in a dialogue as the measure was being authored. Several tenants' rights advocates state the opposite and describe events and opportunities for discussion that took place both in early stages of authoring Measure M, and as it was nearing final stages to be recorded on the ballot. From the interviews, it is unclear how this difference of perception came about.

A majority of participants stated that they were discouraged by watching several elected officials and candidates "grandstand" about the topic of rental housing, rather than attempt to find common ground. Similarly, several participants principally representing tenant's rights, expressed surprise and concern about the amount and sources of money that were entered into the Measure M campaign.

Several people again pointed to the dynamic between the City and UCSC and the perceived lack of leadership and problem solving. A common sentiment amongst several people on "both sides" of the topic was that this would not be an "us and them" debate if the City and UCSC "did their job" but because of the limited housing supply, there is a heightened sensitivity in the

community. Conceptually related to this and a common statement from several participants on "both sides", was frustration expressed about the City's Rental Inspection Service, the way rules are imposed that can take a property off the rental market, the way City inspectors find items that are code violations, and whether certain items should even be considered a code violation. Related to this were comments made by some people acknowledging that health, safety and welfare variables may or may not be at the discretion of the City and may instead reflect State codes that the City enforces.

A comment made several times from diverse participants about the ballot initiative experience was essentially, "Now we know how bad it can get". With this and similar comments, several participants expressed almost a form of appreciation for having learned that lesson, despite how painfully the Measure M experience is described by many participants.

Regarding the question of what could reconcile things, a very diverse and at times conflicting range of responses were made including the following:

- Increased and thoughtful communication by people from each "side" who are willing and able to do so.
- Rewriting and reconsidering aspects of the previous Measure M as a means to find common, albeit imperfect middle ground
- Changes in City's Rental Inspection Service that affect rental housing stock and frustrate parties on "both sides".
- Proactive and effective problem solving between City and UCSC leaders regarding student body numbers, recent and projected growth and associated housing needs for these students.

Conversely, several other participants gave responses that there is no reconciliation to be had, such as:

- Measure M failed, a mandate is reflected in its loss, and this should not even be a further discussion.
- The City has a housing crisis and rapid and protective steps should be taken to protect the interests of impacted tenants despite the outcomes of Measure M.
- Private property rights are of paramount importance in our society and should be unassailable.
- Private property rights should not apply as they have historically when said property is used for a public service like housing and further, the financial disparity between private property owners and needful tenants reflects the need for a re-distribution of wealth in this country.

Analysis

In many ways, the time-period in which Measure M was written, placed on the ballot, campaigned for and against, and voted on, appears to have created a perfect storm.

Related to topics discussed under questions 1 and 2, factors such as security and control (and the loss thereof) are classic conditions that instill fear in people. Fear motivates many emotional responses; anger in particular. Anger becomes the outward response as a form of self - protection to a perceived threat. In this context it is easy, if not unfortunate, to see how behavior became rapidly and increasingly negative and irreconcilable.

Further, as was directly mentioned by several participants, Measure M took place against a backdrop of national conditions. Given the general progressive nature of Santa Cruz, there was and is a pronounced fear and frustration in the political climate at the national scale. When asked why conditions escalated rapidly to such irreconcilable levels, several people stated that many progressives felt a compelling need to "do something" in the face of conditions in the larger national political context. Measure M became a rallying framework for people that felt the need to stand up for their values. Likewise the tenor of discourse mirrors a combination of related factors, and fear and emotion created a heightened set of conditions. Under that circumstance, extreme behavior by a minority of individuals on both "sides" inflamed conditions as people were understandably disturbed by what they heard and saw. Whereas such conditions might at other times have been met with disdain and perhaps a general reluctance to replicate such behavior, in this circumstance (and possibly again as a mirror of larger conditions nationally), this behavior seems to have "lowered the bar". Thus indirectly giving a minority of advocates on "both sides" permission to "go low"; in no small measure due to the collective fear, anger and frustration.

The expressed frustrations about the level of money that entered into the campaign further exacerbated this volatile dynamic. When asked about this factor and the need to analyze why the influx of money created such an emotional reaction, particularly amongst tenants advocates, the prevailing response was that in retrospect, many people had simply never seen a local issue draw so much attention and associated campaign funds. It was, to many people, an unexpected new threshold, and to these advocates, the influx of such money was a symbolic representation of the competing forces in the debate.

As is often the case in political campaigns, nuance and complexity are drowned out by simple, convenient messages. Regarding rental properties and rent control there are myriad types of landlords ranging from highly financed corporate entities to individual property owners that perceive themselves as "the little guy" (and oftentimes as political progressives). Tenant advocates were similarly representing the needs of a wide range of tenant classes ranging from students, to special needs renters like seniors and disabled people, to lower income working families and entry level professionals that have higher incomes but nonetheless still have difficulty finding housing. Against this complex backdrop of real conditions, fueled by related statewide and county initiatives on the same fall 2018 ballot, and the precedent that a Santa

Cruz outcome might make for other cities, the influx of money became symbolic of the "fight". The campaigns became a battle, framed accurately or not as the "haves" versus the "have nots".

Many participants recognize and advocate that some middle ground should be and potentially could be created, thus setting a stage for some reconciliation. However, against the backdrop of the recent election and continued advocacy behavior, as well as related conditions about homelessness and behavior by and between Council members, these same people are skeptical about the prospects of reconciliation.

Question 4
- How do you feel about the idea to create a Rental Housing Task Force?
  Do you support it? Why or why not?

Findings

The overwhelming majority of participants have mixed feelings about the proposed task force. Almost all participants feel change is needed, but they are skeptical about the prospects of success and are reluctant to launch what is understood to likely be a lengthy process. While many participants stated a belief and/or hope that some common ground can be created, individually they are not able to describe specifics of what that common ground can be. Participants often described it as a "feeling". They do have clear perspectives about topics that are "non-starters" and this usually centered on JCE.

Similar to responses in Question 3, a majority of participants stated that a sincere and dedicated sense of compromise and a rational approach is needed, but that they are not sure this can happen. Several people described conditions as being on "heightened alert" and similar.

The biggest concerns expressed by a large majority of participants is that a stakeholder process will take a lot of time and money and may not achieve anything, either because participants won't reach common ground, or they will but the Council will ignore task force recommendations and defer to more specific, albeit conflicted ideological advocates. Most participants referred to the timing of creating a task force and the pragmatic need to assess even iterative successful outcomes against a backdrop of timing for the next election cycle and the balancing act of trying to support task force efforts while also preparing for a potential new election "battle" in 2020.

Related to timing was the keen awareness of work taking place on housing by the new Governor and the State Legislature. Almost all participants are tracking the suite of legislation currently being authored. They expressed uncertainty about what said legislation will say, when it will be finalized, how such legislation might make aspects of a local task force moot or conversely, emboldened, and how the timing of all these variables can play out against the previously mentioned backdrop of a pending 2020 local election.

With all that said, a very large majority of participants stated that the issue "won't go away" and several people said it will get more complex and harder as economic conditions in Santa Cruz continue to be impacted by the economy of the Bay Area region and as public communications from "each side" continue to be heated.

Several participants stated that they have become more skeptical about the task force idea since the Council first suggested it in January 2019. The behavior of some advocates and the Council, and the tone of communication in traditional and social media is troubling to many (as referred to above). Several people referred to other stakeholder efforts tried by the City in the past, some resulting in successful outcomes that were supported by the Council at the time; others that were successful due to the work of the stakeholders but were politically rejected by such Councils. Several people also said that this topic feels different. They described the emotional and behavioral conditions as worse than they have ever seen in Santa Cruz and that the dynamics of this topic are more conflicted than other conditions for which prior stakeholder groups were formed.

A majority of people closed their comments with an acknowledgement that neither "side" will get everything they want and that has to be mutually understood. However, they also stated a lack of confidence that such an awareness can be achieved under the current climate.

Analysis

Similar to prior analyses, the community seems stuck between a fairly shared desire to improve conditions, and a significant lack of awareness for potential common ground. This lack of awareness makes potential successes seem implausible and minimizes stakeholder confidence that mutually beneficial changes can occur. There also continues to be an inclination by "each side" to ascribe instigating behavior to the "other side", rather than assess and intervene on conditions amongst themselves.

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<u>Question 5</u>
- What are some ideas you have for balanced outcomes? Are there reasonable outcomes that each side can get out of a structured discussion process like a task force?

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Findings

Most participants stated that they do not know if this can work, yet they are exasperated that it has gotten to where it has gotten. As similarly stated above, these same participants "feel" that solutions are "out there". Some people point to solutions attempted in other locations (e.g. Los Gatos, etc.) and describe them alternatively as a success, while others point to the same examples as being ineffective. The most common theme for potential solutions involved a revised and balanced approach to set boundaries on rental rate escalations however, several participants also said this has been done already and does not need to be revised as much as it

needs to be implemented. JCE is a "hot button" with some participants saying such a discussion is a "non-starter" and others saying the lack of addressing it is a non-starter.

Some participants describe the challenges and solutions as being uniquely local and not well served by looking to other examples because of the unique social, economic, and geographic nature of Santa Cruz (e.g. limited in expansion options due to the ocean and mountains on either side). Other people describe this as being fundamentally a regional problem because of the current and anticipated land value pressures from the Bay Area.

Several participants said that mutually beneficial outcomes can likely only come if there is a way to rationally begin a new, focused effort to educate the general public (or at least educate a task force) and allow stakeholders to "start from scratch" using de-emotionalized education as a starting point to reframe the discussion. Regarding JCE, several participants stated that they understand the values embedded in "both sides" of the argument and that they believe there must be some way to have a discussion that somehow honors these different values in a workable solution.

Another topic that was raised several times (as discussed above) was frustration with and opportunities for, "reforming" the City's Rental Inspection Service.

Analysis

As is likely emerging from prior analysis sections, the participants are struggling with a desire to make a better outcome, while burdened with a lack of data and mutual understanding between each other about topics where there might be opportunity for reconciliation. This has led many to believe that solutions are unachievable. In the spirit of "hope springs eternal", there is a profound need being expressed for a different way to do things, and a pragmatic awareness that under current political conditions, there is an aspect of "mutually assured destruction" (MAD). Each "side" claims a political mandate from the last election and also acknowledges that said mandate is tenuous. Neither "side" seems confident that they can prevail if they push an agenda that is uniquely serving their interests. Almost all the participants know that there are countervailing political forces with which they can match each other "blow for blow".

Questions 6 and 7
- Are there stakeholder leaders on the different sides of this issue that you feel can work together and achieve mutually supported outcomes? Who are they (including yourself if desired)?
- Are there people that could negatively impact a stakeholder group?

Findings

A very large majority of all participants answered "yes" to Question 6. For confidentiality purposes, names suggested are not presented in this report however several people were

repeated several times from various participants; reflecting a potential subset of stakeholders that are commonly believed to have collaborative capacity and that could be effective on a task force. *Note: Should the Council decide to proceed with a task force, this list of names can be made available from CCP*

Regarding Question 7, several participants also listed people that they feel would be ineffective on a task force and similarly, there was a pattern of certain names being repeated. Related to this, a large majority of participants stated that there are "influencers" in the community on "both sides" that can have a disproportionate impact and that while said persons would be unreasonable to have on a task force, there would still be a great deal of concern that said persons were "pulling the strings from behind the curtain" in terms of conversations and financial influence. These influential people were identified by several participants as likely making attempts (and having a track record of already doing so) to speak regularly to councilmembers and to likewise attempt to provide guidance and direction to others that might serve on a task force. The further implication from some participants was that these influencers would try to impact the opinions and efforts of task force members, including efforts for said members to avoid being collaborative.

A cautionary sentiment expressed by several participants was the concern about whether a group of people, convened because they are believed to have collaborative capacity, can "carry" their follow advocates. The concern is whether they can be accepted as avowed leaders, speak on behalf of their various interests and ensure the groups they represent stay engaged with the collaborative process. Or conversely, whether a dynamic would emerge wherein the "influencers" seek to control the conversation on certain topics and task force members' commitments and efforts are rendered ineffective.

Analysis

Similar to previous questions, the outcome of these questions reflects opportunities, a sentiment that "all is not lost", and an almost begrudging acknowledgement that there could be reason for cautious optimism; countered with fear that there are too many variables negatively impacting the potential success of a task force.

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Question 8
- Are there any topics that should be off the table for a stakeholder process like this?

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Findings

Generally speaking, most participants affirmed that rental housing needs to be the focus. Some participants brainstormed a bit about related topics and/or variations about the rental housing topic but for the most part, they returned back to advocating that a task force needs to be very focused and that expanding into other topics would only create the need for a larger task force

and more time; neither of which was deemed appropriate. A small minority expressed a desire for a more broadly scoped effort and that difference was also reflected amongst some of the councilmembers in their interviews, even though the formal Council direction is explicitly focused on rental housing.

That said, a number of participants on "each side" returned to the topic of rules applied by the City's Rental Inspection Service and a belief that some solutions could be achieved that might incrementally help the housing inventory.

Analysis

A majority of participants are clearly sensitive to the costs, timeframe, and feasibility of a potential task force and notwithstanding their skepticism, would seek to not further burden such a group with anything extra that would limit the likelihood of successful outcomes. The frequency with which the topic of the City's rental inspections was raised, reflects a potential "low hanging fruit" for a stakeholder group. This topic could be something such a group could address with common perspectives and on which they perhaps could conduct some positive and productive work.

Question 9
- Is there anything that threatens the ability to have an effective stakeholder process (state legislation, local politics, relationships, time, etc.)?

Findings

This question received a very large number of responses with a high level of commonalities. An overwhelming majority from "each side" focused on the behavior and functionality of the Council. They described in detail, the recent and ongoing conditions between some councilmembers and described it using terms like "dysfunctional", "theatrical", "childish", "disrespectful", "embarrassing", and similar. These participants stated that in the context of this condition, they are not optimistic that the Council would accept collaborative outcomes from a task force, nor are they confident that councilmembers, on all ideological sides, will not try to influence the work of a task force through public and/or private means.

Related to this is a fairly well known sentiment that some local interests might seek a recall on one or more councilmembers. Such a situation would at a minimum, create a new political dimension to layer on top of the existing dynamics between the Council and stakeholders. It will also call into question whether parties affiliated with a recall might simultaneously try to serve on a task force or actively seek to influence other like-minded stakeholders.

Beyond the conditions of the current Council is the general state of relationships between stakeholders who are active on this issue. Several participants described strained relationships and outright severing of some relationships between people that were formerly friends. Several

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participants referred again to extremist behavior on "both sides" and the toll and magnification such behavior has had on others trying to maintain a civil and constructive discourse. As previously stated, several people that have lived in Santa Cruz for many years again described conditions as the worst they have ever seen regarding politically influenced relationships.

Similar to prior findings, a different but similarly compelling condition is the current activity of the State legislature. Almost all participants are tracking the legislative efforts closely. The combination of the Governor's May budget revise, in concert with ongoing committee work, reflects that some form legislation and associated State funding may emerge that will have a bearing on this topic and potentially on the work of a task force. The overarching question raised by several participants is whether such legislation might make a task force moot or if not, would it at least warrant a delay in convening a task force until there is better clarity on the scope and scale of final legislation. Similarly, several of the same interviewees raised the question of whether the City can afford to wait to take action on landlord-tenant relationships, given that should it become clear later that a task force would be useful, a window of opportunity relative to the timing of the 2020 election will have closed.

Analysis

As is likely self-evident, the relationship damage created by the campaigns for and against Measure M is profound. The community seems to want an opportunity to heal but lacks trust and confidence that peers and elected officials can "stand down", despite the range of people that are believed to be collaborative problem solvers.

Similarly, as stated above, the "MAD" dynamic is in play. The political dimensions reflect the countervailing claims of a political mandate that in practice, appear to be more like an impasse. These collective conditions appear to be very pronounced and likely to have a large impact on the feasibility of a successful task force process.

<u>Questions 10 and 11</u>
- The City Council has committed that a stakeholder process be "data-driven", what does that mean to you?
- If an issue regarding data is "credibility" what would make data credible or not credible?

Findings

Similar to Question 9, these questions engendered a significant number of responses. Regarding Question 10, the term "data driven" meets with a fairly common range of responses and conversely, some divergent perspectives. Several variations of similar comments were provided that "data-driven" means the collection and use of reputable, defensible information that can be reproduced and is unbiased.

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The caveat to that definition, and related to Question 11, is that a significant number of participants are dubious that data can be collected, accepted and used by "either sides". Furthermore, data was described by some people as taking a broader form, particularly regarding narratives and stories from people affected by all aspects of the rent control debate.

More specifically, almost everyone interviewed has one or more stories of what they've "heard" from someone. In some cases these are stories of arbitrary evictions, intimidation and eviction if a tenant went public with their support of Measure M, substandard living conditions in a rental unit where the tenant is scared to raise an issue for fear of eviction, episodes of dramatic rent increases beyond a level of affordability, students living in their cars while attending UCSC and similar. From the landlord advocates side, they similarly have stories of renters severely damaging private property, persons with mental illness or addictions living in an accessory dwelling unit and threatening the single family residents, or similarly living in a rental unit and posing a perceived or real threat to neighbors, tenants subletting a rental unit to one or more persons unknown to the landlord and said landlord having no say over such habitation. The point being that a large number of people seem to have compelling, albeit difficult to document stories that illustrate dire situations and that are currently anecdotal.

Several participants described data as fact-based evidence that is somehow mutually acceptable to people with very different ideologies. Still other people scoffed at the notion of "data driven" and described it as a "farce" and/or "meaningless jargon", or simply unavailable in a format that can support the proposed task force. Lastly, some people offered examples of data they feel is solid and defensible and prepared by reputable organizations aligned with either housing research and/or housing industry organizations, yet knowing that even this data will likely be challenged by others.

Regarding Question 11, several participants questioned whether the Council means what they say and is sincerely dedicated to using data. These participants citied examples where some current councilmembers have requested data on this and other topics and then refuted what is provided to them. Several participants cited the current national discourse about "fake news" and how the dynamic of current councilmembers refuting reputable data that does not uphold the outcome they already want achieved, is conceptually no different.

That said, and despite sentiments described under Question 10, many of the same participants provided examples of what they think could be credible and that they hope others could similarly accept or at least consider. Several participants stated advance frustration at the prospect of a task force making recommendations, and a Council making policy from said recommendations, without said recommendations having a factual basis; describing this as untenable, indefensible and ill advised. In this context, several participants strived to give examples of factors that would need to be in place for data to be credible including: who collected it, the purpose of the collection, the purpose of the use, the methods of analysis with an emphasis on avoidance of intentional or accidental bias, the interpretative nature (or lack thereof) of certain terms used in surveys, descriptions, etc. and similar. Participants named various academic programs and organizations regarding housing that they feel can achieve these factors. Some participants

raised the prospect of City staff collecting data but largely second-guessed themselves about the feasibility of that approach. Other participants proactively described staff having a role developing data as unacceptable either because such work would be at the direction of the Council which currently doesn't engender much trust, and/or would be at the direction of staff leadership which has similar credibility issues. Some people said that for cost efficiency purposes, they could be comfortable having City staff collect existing data (at a task force's direction) and then compiling that for task force use, as long as staff isn't responsible for any analysis and reporting of data interpretation.

Analysis

Questions 10 and 11, (in addition to Question 9) represent the crux of the challenge for this community. Participants seem almost desperate to achieve some level of credibility; some level of middle ground that could be a mutual starting place for a different type of community discussion. However, they simultaneously seem functionally unable to believe this can be done either through their own skepticism, and/or their hardened beliefs that others are similarly incapable.

Further, there is a dynamic that is common to conflicts like this, wherein stakeholders seek, and have not seemed to receive, validation for their truths from the "other side". Each "side" has its stories of suffering and fear and dissatisfaction yet seems to be stuck in a cycle of "my suffering is worse than yours" not because this is accurate or even important but rather because "each side" has been so caught in telling its stories, it has failed to validate the legitimacy of the others' as well. Such a cycle is usually destined to repeat itself unless it can be interrupted, and the dialogue is restructured. Collaborative methods are highly successful to achieve such mutual dialogue but only if there are participants that are willing to provide "active listening"; validating what has been said, and then using that as a basis to move to next steps. In such a process, stakeholders are not asked to agree with the stories of others, but they are expected to not challenge said stories.

Questions 12 and 13
- Videos of Council meetings in the fall and early this year reflect very volatile behavior by members of the public. How do you feel about that kind of behavior at Council meetings?
- If there is a task force and there is a commitment to ensure that task force activities are in the public eye, can you also support an opportunity for the task force to work in private?

Findings

CCP asked these questions in sequence to test perspectives about public behavior and to assess if a task force could / should be subject to such public behavior.

Regarding Question 10, a small number of participants from each "side" described public behavior at Council meetings as "'social theater". Some described it as akin to behavior observed in the House of Commons in the British Parliament wherein it is tradition and acceptable for members to express opinions vocally. Similarly, several of these participants stated that such behavior while prone to get out of hand, is a reflection of citizens "caring loudly" (as quoted from the television show Parks and Recreation). They used terms like "cathartic" or "irrelevant" when describing this vocal dynamic.

A large majority of interviewees from "each side" had a more negative perception of this behavior. Terms commonly used were "disrespectful, "abhorrent", "threatening", "hypocritical", "ugly", "appalling", "snide", "uncivil", "shocking" and similar. A large majority of participants expressed frustration that said behavior is not controlled by the Mayor and seems to be tolerated and perhaps encouraged in a passive way by some councilmembers. Perhaps most telling is that within this significant majority of negative perceptions about this behavior, participants from "each side" were certain that said behavior has been instigated by the "other side". While several (but not all) of these interviewees acknowledged negative actions that someone from "their side" may have taken, not a single person interviewed stated knowledge of an initial level of responsibility from "their side". Each interviewee was firm in their conviction that the "other side started it".

Regarding Question 13, CCP asked this question for the following reason. Ordinarily, an assessment is structured such that each question represents no pre-decisional perspective by the neutral. In this situation, the PI felt, having watched numerous videos of Council meetings, and applying that to extensive professional experience working with stakeholder groups, that expecting a potential task force to conduct its work completely in the public domain and subject to similar behavior as is exhibited at Council meetings, is untenable. Therefore, CCP asked Question 12 to set the context for the subsequent question.

In response to Question 13, an overwhelming majority of participants (including all Council members) stated that they believe a task force must have an opportunity to do some of its work in private as a means to build trust and security, be candid, avoid being verbally attacked, and have the space to be creative. That said, the interviewees and the interviewer (in the context of the interview discussion) were resolute that such private conditions could ONLY be acceptable if there were robust, consistent, transparent opportunities for the public to engage with a task force and for said task force members to be held collectively accountable for their work.

Several participants from "each side" expressed a lack of confidence that discussions held in private would remain such. Rather, they stated with certainty that despite any form of commitment, comments made in private would be repeated externally to local media, on social media, and in private strategic settings with like-minded advocates and that if such disclosures were extreme enough, they would likely "blow apart" any level of trust gained behind closed doors.

Analysis

As with several prior discussions, this set of questions uncovers the dichotomous nature of current conditions. Some of the interviewees take a pragmatic view of recent public behavior or to quote the movie The Godfather, "it's not personal…it's strictly business". They seem comfortable and unthreatened by the dynamic and similarly, think that such behavior would be unlikely to occur at task force meetings because Council meetings are the understood venue for such "theater". A very large majority of interviewees see the behavior as an insult to their sensibilities and a reflection of increasing intolerance in the community. Perhaps more importantly, they recognize that a group of dedicated stakeholders on a task force must have periodic secure spaces to "be human". That said, they unwittingly acknowledge a contrary nature of being human, the "I know something you don't know" dynamic. This behavior is common, whether played out between friends and colleagues, or as manifested on tabloid and magazine headlines. Consciously or subconsciously, information is construed to be influence and is peddled as currency. Therefore, the question is whether a collection of stakeholders can overcome this common human trait and honor each other and a process, more than a personal desire to be influential or "in the know".

Question 14
- How do you think the task force should be selected?

Findings

Several participants seemed to struggle with this question and the responses were quite diverse. There was general agreement that a task force needs to be balanced but even within that perspective, a small minority from "each side" said that their advocates should represent a majority because they "don't trust the others". Beyond the expressed goal of balance, the means to achieve said balance were varied.

A few participants said that each Council member should appoint 1 – 2 members plus some members selected "at large" (the method to do so was not described) to achieve a numeric balance. Still others stated strongly that giving each councilmember an appointment authority will perpetuate a non-collaborative dynamic and that under current conditions they can't see that being effective because of the dysfunctional behavior and ideological differences between several of the councilmembers.

Some people proposed that a subset of the Council select task force members. In some suggestions, this was identified as two councilmembers, one identified as aligned with tenant advocates, another identified as aligned with landowner advocates. A variation on this was for said primary representatives to also meet with like-minded other councilmembers to discuss suggested appointments (as long as said discussions do not violate the Brown Act). Another variation on this was to have three councilmembers make appointments, including the structure

described above but to also include a councilmember deemed as neutral. Several participants said that a third party neutral should be involved somehow but did not have specific ideas on how to do that. A few participants suggested that a third party neutral have the sole responsibility to select members on behalf of the process. When that suggestion was made, the PI informed the participant that such a role for a neutral would be infeasible and inappropriate, as it would place an exceptional decision-making authority on someone that does not represent the City.

Several people suggested that a selection process should include an application method wherein applicants answer questions and describe their goals and commitments. Lastly, a few people suggested that given the Council's current challenges, they attempt to appoint a few people from the community that can be mutually deemed neutral and that said community members perhaps serve on a task force and also recommend other appointees.

Lastly, two participants, one from "each side" recommended similar processes that the CCP PI had independently considered and has opted to recommend if a task force is deemed desirable by the Council. Therefore, see the recommendations section below for this proposed approach.

Analysis

As with several prior factors, the selection of a task force is saddled with a combination of a lack of trust amongst stakeholders, a lack of confidence in the Council, and a compelling hope that somehow, a process can be successful and balanced.

<u>Question 15</u>
- What will happen if a task force is not convened?

Findings

In the context of anticipated discussions, CCP intentionally saved this question to the end. The purpose was to have stakeholders express the range of their perspectives, concerns, aspirations and similar, as a basis to then test the "no action alternative".

Responses fell into five distinct categories with no prevailing majority of opinion:

1. A small number of participants said that absent any action by the Council or some formal effort to address this, the issue will continue, several advocates will remain in extreme behavior, but some might take it upon themselves to organically proceed with something similar to a task force, simply because taking no action is unsustainable.
2. A slightly larger number of participants stated that if a task force is not convened, then this almost certainly becomes another political issue in 2020. Tellingly, several of the people that described this scenario used illustrative terms like "battle", "war", and "fight".

3. The third largest number of respondents collectively from both sides" answered that they expect the Council to take direct action and try to capitalize on the current progressive majority. A number of these people expressed pessimism about this alternative and stated that were that to happen, they do not think that the Council will withstand the political fallout and that the "MAD" dynamic previously described would likely be set in motion.
4. The largest number of participants (albeit not a majority) had various answers around the theme of "a task force has to happen…we can't do nothing". Various versions of this included some people saying that their "heart tells them to go for it but their gut says it won't be successful".
5. Related to #4, a few other people said that now is the time for leaders on the Council and in the community to step forward and address this is a more constructive way, even if it proves to be hard and even if it proves to be unsuccessful. The similar theme from some remaining advocates is that despite their pessimism, "we have to try".

Rather than provide a final "Analysis" section here, please see the next section: Conclusions and Recommendations

Conclusions and Recommendations

In summary, the proposal to convene a rental housing task force is characterized by strong dichotomies.

1. A very significant number of participants independently and confidentially believe that there are reasonable, middle ground solutions that might be mutually acceptable.

   <u>However,</u>

   A similar number of participants express a significant lack of trust in participants on the "other side", and a significant lack of confidence in a task force achieving any agreements.

   •————————————•

2. Almost all participants express dismay, frustration, sadness and embarrassment in how stakeholders have behaved in City Council meetings, social media, public gatherings, private encounters and similar. Many of these participants acknowledge that a minority of stakeholders on their "own side" have behaved inappropriately.

   <u>However</u>,

   Almost all the participants are inclined to blame the "other side" for "starting it".

   •————————————•

3. Landlords and private property advocates claim to have an unassailable "mandate" reflected in the Measure M outcome.

   <u>However</u>,

   Renters and tenants' rights advocates claim to have an unassailable "mandate" reflected in the progressive majority recently seated on the Council.

   •————————————•

4. There appears to be a reasonable rationale to claim that there is a progressive majority on the Council.

   <u>However</u>,

   The progressive majority does not seem inclined to take a unilateral approach on some form of rent control and/or associated protections for renters and tenants, and would rather delegate this work to the proposed task force.

5. Many participants and the Council express a need for rental housing policies to be supported by defensible, mutually acceptable data.

   However,

   Many of the same participants express uncertainty about, and/or unwillingness to consider, data if offered from "the other side".

   ———————————————

6. Most participants are reluctant to support convening a task force and are skeptical about a task force's chances of success.

   However,

   Most participants see little likelihood that current conditions will improve on their own (in terms of civic relationships and mutually agreed on solutions) and largely express that something different has to be done.

   ———————————————

7. Several participants feel that time is of the essence and that solutions protecting their interests be acted on rapidly (or in the case of landlord advocates that the outcomes of Measure M be left alone).

   However,

   Several participants feel that the City should wait to see how housing-related legislation turns out and that it is premature to take local action through a task force.

   ———————————————

8. Many participants express a lack of trust in the "other side" to provide rational participants and engage in a thoughtful dialogue.

   However,

   Almost all participants expressed an ability to identify people on the other "side" that they trust or have heard can be trusted.

   ———————————————

9. Almost all participants support and acknowledge the need for a task force to do some of its work behind closed doors.

    However,

    Many of these same participants question whether said task force members will be trustworthy and honor confidentiality commitments.

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10. Some participants describe the challenges and solutions as being uniquely local and not well served by looking to other examples because of the unique social, economic, and geographic nature of Santa Cruz.

    However,

    Other people describe this as being fundamentally a regional problem because of the current and anticipated land value pressures from the Bay Area.

In the context of the above, CCP provides the following conclusion and recommendations.

Under current circumstances and using the Council's current goals as a target,
it is very unlikely that a task force will be successful.

Absent several key conditions falling into place amongst residents and between Council members, the pressures and conflicts described above appear to be too great to overcome. That said, there are in fact, several key conditions that do seem to exist that if capitalized on, in concert with the changes alluded to above and described further below, could create the framework for an important, beneficial process that could provide badly needed healing within the community, and tangible, mutually acceptable negotiated solutions.

Regarding these difficult to achieve changes, immediate questions are:

1. Can such change and the associated work of a task force happen at a pace acceptable to the Council and community?
2. Is the Council willing to let a task force do its work absent public and private politicizing and influences by the councilmembers?
3. Can advocates on "both sides" "stand down"? Can various groups' advocates self-police extreme behavior from their own corners and give a task force space to start their work, gain some traction, build some trust, and negotiate some solutions, even if said solutions

are not exactly what "each side" wants? Similarly, will advocates be able and willing to support a group of representative individuals that are tasked with negotiating mutually acceptable recommendations, or will said advocates challenge these people and their outcomes from "within"?

4. Will a process that might offer relational and policy successes be worth it to the Council if it cannot happen in the manner and time frame currently envisioned?
5. If a stakeholder group is convened and creates mutually acceptable solutions, will the Council support those outcomes, even if some influential stakeholders express dissatisfaction?

The following paragraphs analyze these challenges and provide potential process recommendations if the Council were to proceed with convening a task force.

Question 1: Notwithstanding that in local social media, there have been repeated misstatements about the potential cost and duration of a task force process, there is no denying that such an effort will take many months and could potentially cost between $100,000 and $250,000 over a 12 – 15 month period. These estimated costs are based on CCP 's not-for-profit experience on other similarly sized cases with a similarly high degree of complexity where a senior-level third party neutral and support staff are actively involved:

- Facilitating stakeholder group meetings
- Working in-between meetings with the stakeholders collectively and at times individually to discuss outcomes, data needs, strategic next steps and similar
- Preparing meeting summaries and after action reports
- Maintaining and updating a project work plan / critical path including negotiation strategies for key decision-milestone meetings
- Developing data and associated negotiation materials between meetings
- Scheduling and working with subject matter experts for presentations and work with the group (if needed)
- Facilitating subcommittees (if needed) and associated summarization of said subcommittee work
- Planning and facilitating public engagement components of a stakeholder group's process
- Preparing and presenting periodic updates to the Council
- And similar tasks.

As described above, whether stated explicitly or not, a variable that many participants have weighed is the cost and time to achieve collaborative successes, versus the cost and time to prepare for another ballot initiative (likely in 2020). Perhaps more importantly, whether potential successful outcomes from a taskforce can occur in time to be included in the next election cycle.

CCP believes that under the adage of "go slow to go fast", there are some slow, structured, early discussions that need to happen at the outset of a task force process. These will take some time as participants that have been engaged in the current conflict find a way to work together. This rarely happens immediately and the Council and community must let a thoughtful

process play out (see below for more specific recommendations).CCP believes that there is the possibility that within a timeframe necessary for the next election cycle, a stakeholder group could create some meaningful solutions. However, analysis of the next two questions identify actions that must be taken in order for this proposed timeframe to reap positive benefits.

<u>Question 2</u>: The current Council is engaged in actions and discourse that is unsatisfactory to almost all the interview participants. While it is undoubtedly true that said behavior is "in the eyes of the beholder" and different stakeholders ascribe the responsibility of current conditions to various councilmembers, on the whole, the dynamic is described as not productive. Further, as is the prerogative of an elected official, councilmembers have the right and responsibility to express their opinions and represent the interests that elected them. That said, the proposed task force cannot do its work in a vacuum; it will not be sequestered like a jury. It will be made up of local, well-intended citizens that are willing to give up their time, serve long and potentially frustrating hours, risk accusations and acrimony from stakeholders on "all sides" of the issues, and continue to serve for a common good. Such work will be difficult to do and more difficult to be successful at, if the very councilmembers that elected to create a task force publicly and/or privately take actions or make comments that serve to tear those efforts down.

<u>Question 3</u>: Similar to #2 and common to such conflicts, any side of a policy debate will have people that choose to be centrists and people that choose to be more extreme. Neither is good or bad; wrong or right. Passionate public issues like rental housing, need all points of view and engagement. However, for a task force to be successful, it must do so as served by people that are committed to stand firm for their interests AND be willing to collaboratively problem solve with other interests. There is no other way for the collaborative process to work. For similar reasons as described in #2, and in the context of what was described in the Findings and Analysis section, ineffective and inappropriate actions have been taken and observed by "both sides". The community seems to have a "hair trigger" right now and the slightest provocation, regardless of whether it is representative of a majority of stakeholders or not, is likely to be magnified. A task force should do its best to be shielded from such conditions but there are reasonable limits about how that can happen. Therefore, the advocate communities must strive for their "better angels". They must disavow extremist behavior that might threaten the collaborative work of a task force. They must build an atmosphere of, and that advocates patience and tolerance, rather than disruption and intolerance. In addition, the advocate communities must accept from the outset that they will not get everything they want. There must be compromise, even if it is an incremental means to an end.

<u>Question 4</u>: The Council has expressed a vision of expedited, effective solutions from a task force. In the context of the factors described above and the actions recommended below, the Council will need to decide if such a process can achieve some outcomes but not exactly as expressed so far, nor in the timeframe preferred, is it worth it to the community to make the investment. Conversely, the Council should weigh the cost to the community of taking no collaborative action.

<u>Question 5</u>: Lastly, it is impossible for the Council to commit unconditional support to outcomes that have not been created yet. To do so would be inappropriate. However, many stakeholders

stated serious concerns, based on personal experience and civic observations, that various past stakeholder efforts have amounted to nothing because they ultimately lacked past Councils' support. While there have been some examples of stakeholder process success, the large majority of participants are wary of the current councilmembers' commitment to provide final, unified support given the recent conditions on the Council, and the political backdrop of recent elections, upcoming elections, influencers and advisors. Somehow, this Council must achieve a "sweet spot" between providing preemptive, unfounded support, versus dispensing with mutual outcomes from a task force if said outcomes are inconsistent with personal ideologies of the elected official and/or some of his/her constituents. This will be difficult.

RECOMMENDATIONS

The following is a preliminary set of recommendations that will ONLY be feasible if the above questions and factors are comprehensively addressed. Absent resolution of these issues, CCP remains committed to the conclusion that a task force is unlikely to be successful.

Regarding a full workplan, CCP feels that until the Council weighs the questions above and considers the overall breadth of this report, preparing a full-scale work plan is premature and an ineffective use of City funds.

Step 1 – Task Force Selection

CCP believes (along with similar, independent feedback from two interview participants), that task force member selection will require some "checks and balances", and a level of corroboration regarding target participants. Therefore, we recommend the following:

1. Each "side" should be requested by the Council to convene somehow and prepare two lists.
   - One list should be of people on the "other side" that are believed to be collaborative, thoughtful, rational, interest-driven, dedicated and feasible to work with (more specific, standard criteria can be prepared by a neutral advisor in the future if deemed beneficial).
   - Another list should be prepared of their "own people" that are believed to similarly best achieve these same criteria.

2. Each "side" should submit these lists to the City Council.

3. The Council should appoint a time limited, ad hoc committee of two councilmembers; specifically colleagues that are believed to be effectively aligned with respectively, the tenant advocates and the landlord advocates. The committee members should independently prepare their own lists of stakeholders using the same criteria as used by the two "sides".

4. The committee should then compare and contrast the three sets of lists and work with a third-party neutral to identify a common and balanced list of potential task force members.

5. The committee and neutral should prepare a template application and commitment letter that is provided to the target membership to be filled out. The application would allow each candidate an opportunity to consider and answer key questions, and the commitment letter would articulate specific expectations of every member and require said potential members to commit to a set of standards, behavior, accountabilities, and level of effort to effectively participate in the task force.

6. Upon completion of these steps, the committee should submit to the full Council, a complete packet of recommended members, their applications and commitment letters, and the background original listing materials for discussion and ideally a unanimous vote of approval and selection by the Council.

Step 2 – Task Force Convening

Working with support of a neutral, a task force should prepare and approve the following:

1. A "Charter" or similar that defines the expectations of the task force including roles and responsibilities for themselves, a facilitator, City staff, consultants (if warranted) and similar; a reiteration of commitments (from the commitment letter); decision-making protocols; communication and confidentiality protocols; and similar. The Charter should memorialize multi-interest, collaborative methods that the task force members will use and of particular note, the following:

    a. Inherent in a collaborative stakeholder process are the following co-equal commitments. Participants must spend focused time defining to themselves and then to their colleagues, their interests (i.e. their needs / motivators that influence the outcomes they seek, distinctly different from "wants" / "positions"). Each participant must commit to stay true to their interests and do everything feasible to achieve said self-interests.

        AND

    b. Each participant must listen to the same interest-based descriptions from all other participants, describe their understanding of the different interests and similarly commit to do everything possible to achieve outcomes that are either neutral to, or beneficial to other members interests while seeking to achieve self-interest as well. Such dual commitments are the hallmarks of a collaborative, interest-based model.

2. A set of Guiding Principles. The Guiding Principles would likely be the first major milestone of the group. Based on #1 above, the Guiding Principles would reflect the

unique but compatible interests and values of all members and must be written in a way that each member "sees him/ herself" represented in said Principles. While Guiding Principles can be prepared in a variety of formats and text, they should ultimately be "we hold these truths to be self evident" type statements. They must reflect an initial framing wherein the member authors are confident that they have considered each other's interests and can commit to uphold said interests. In doing so, the Principles become an invaluable functional tool for the task force's work, and a public document that commits to a set of shared values in which many stakeholders can see some opportunity that their perspectives will be considered by the task force.

Step 3 – Initial Task Force Work Planning and Meetings

The task force should prepare a phased workplan with distinct, go / no-go milestones (some of which are preliminarily described below) that illustrate a set of time certain goals, and conversely, "opt out" clauses or similar if the task force proves early on, incapable of achieving said goals. The workplan should include a concise, consistent sequence of meetings that covers the following:

A. Internal Private Meetings to address internal work
B. Public Meetings to report on internal activities (potentially agendized with Council agendas)
C. Public Workshops to allow brainstorming and problem solving on iterative topics
D. Repeat.

Task force members will be expected to be consistently accountable for their collective work and to attend all associated public meetings such that they are readily available for public input. Regarding an initial workplan, CCP recommends the following set of substeps as early milestones:

1. Education: Task force members begin a focused education phase. The education phase will include "internal education" about respective members' interests, backgrounds, values, stories, concerns, etc. and proposed "external education" about data / information that members would like provided for review.

    •   Regarding external education, the task force should convene a process known as "joint fact finding". Joint Fact Finding is a method that is often used on technical conflicts where data can be used as a form of "combat science" to create wedges, rather than as a tool to bring participants together. Joint Fact Finding requires a group to articulate not the specific data they want, but rather to articulate the attributes of what they need data to do, the necessary quality of the data, etc. For instance, a task force could memorialize a set of qualifiers and conditions that data must meet, sources that are considered mutually credible, etc. The point being that the task force must methodically and in a partnered way, define their mutual needs

and levels of data acceptability as a basis to then collect said data, rather than roll out competing versions of data.

2. Initial Target Milestones: Using the outcomes of this assessment, the task force can identify the initial target milestones it hopes to achieve as it starts its work. As stated throughout this report, several interview participants described opportunities to revise the City's Rental Inspection Service. This topic is not specifically about rent control and has recently been the subject of Council discussions and staff actions and therefore might not be an optimal item to direct early attention on. However, it can be considered an illustrative example of how a group of stakeholders that have built a pattern of speaking past each other, can potentially coalesce around heretofore undiscovered shared ideas which can then lead to mutually beneficial discussions. Similarly and likely more applicable, work could be done on early, potentially acceptable factors for rent stabilization, etc. The goal being that the task force methodically works together (rather than in opposition) to incrementally tackle certain milestones and perhaps does so in a way that allows them to approach increasingly challenging topics over time, in alignment with the mutual trust built by the group..

In closing, the steps described above would likely take up to 3 months and would clearly be subject to a more detailed workplan if a task force is convened.

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Attachment A

**City of Santa Cruz
Rental Housing Task Force
City Council Assessment Questions**

1. What do you want this Task Force to address?

2. Are there any topics that should be off the table for the Task Force?

3. Do you feel those perspectives are shared by the other Council members? If not, how do your propose these differences be reconciled?

4. Will the current conditions on the Council have an impact reconciling these differences?

5. What would a successful outcome for a Task Force look like?

6. What has stood in the way of success on this topic(s) in the past?

7. How have recent outreach efforts such as the Blueprint effort benefited or not benefited the topics you would like addressed by a stakeholder process?

8. If this Task Force is created, what will be the most challenging situation(s) to address?

9. Videos of Council meetings in the fall and early this year reflect very volatile behavior by members of the public. How do you feel about that kind of public behavior at Council meetings?

10. Some of these stakeholders are clearly supporters of various members of the Council? Is there anything that respective Councilmembers can or should do to encourage a change in this dynamic by their supporters?

11. Are there stakeholders you recommend be interviewed in this assessment process?

12. What role do you expect the Council to play with the Task Force process?

13. What role do you expect staff to play with the Task Force process?

14. Anything else?

Attachment B
Assessment Participants

Santa Cruz City Council Participants
- Mayor Martine Watkins
- Vice-Mayor Justin Cummings
- Councilmember Sandy Brown
- Councilmember Drew Glover
- Councilmember Chris Krohn
- Councilmember Cynthia Matthews
- Councilmember Donna Meyers

Stakeholder Participants
- Anil Babbar
- Josh Brahinsky
- Cynthia Chase
- Jessica Chouidian-Ingersoll
- Charlie Eadie
- Darrell Darling*
- Faz Fazilat
- Alison Guevera
- Zav Hershfield
- Nora Hochman
- Susan Karon
- Jennifer Panetta (not interviewed)
- David Plumlee
- Carol Polhamus
- Micah Posner
- Curtis Reliford
- Lynn Renshaw
- Ernestina Saldana
- Robert Singleton
- Mary Tustin

City of Santa Cruz Staff
- Martin Bernal
- Lee Butler

* Interview not completed in person. Several communication attempts were made by CCP to complete the discussion by phone but no response was received.

Attachment C
City of Santa Cruz
Rental Housing Task Force
Stakeholder Assessment Questions

1. Regarding the topic of rental housing and the associated challenges, what do you need as an outcome(s) to support you and your constituents' interests?

2. What do stakeholders on the other side of this topic need?

3. To the extent there are differences in your answers above, what has stood in the way of reconciling these differences and what could reconcile things now?

4. How do you feel about the idea to create a Rental Housing Task Force? Do you support it? Why or why not?

5. What are some ideas you have for balanced outcomes? Are there reasonable outcomes that each side can get out of a structured discussion process like a task force?

6. Are there stakeholder leaders on the different sides of this issue that you feel can work together on this and achieve mutually supported outcomes? Who are they (including yourself if desired)?

7. Are there people that could negatively impact a stakeholder group?

8. Are there any topics that should be off the table for a stakeholder process like this?

9. Is there anything that threatens the ability to have an effective stakeholder process (state legislation, local politics, relationships, time, etc.)?

10. The City Council has committed that a stakeholder process be "data-driven", what does that mean to you?

11. If an issue regarding data is "credibility" what would make data credible or not credible?

12. Videos of Council meetings in the fall and early this year reflect very volatile behavior by members of the public. How do you feel about that kind of behavior at Council meetings?

13. If there is a task force and there is a commitment to ensure that task force activities are in the public eye, can you also support an opportunity for the task force to work in private?

14. How do you think the task force should be selected?

15. What will happen if a task force is not convened?