

# **Inclusionary Sustainability:**

## **Anti-Displacement Recommendations for California's Climate Investments**

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## Abstract

This study explores stakeholder concerns about the risk of gentrification and economic displacement in connection with California's Climate Investments. Through analysis of 22 stakeholder interviews as well as the Program Guidelines for California's high-speed rail program and seven competitive grant programs funded through Cap-and-Trade, I make recommendations for improving the effectiveness of these programs while minimizing the risk of resident displacement. The programs chosen as the objects of analysis for this research include the Cap-and-Trade funded investments that support transit and active transportation infrastructure, housing development, and urban greening, all of which have been found to trigger increased land values in certain contexts.

Interviews carried out in the scope of this study elevated three main themes: (1) Setting in place a suite of anti-displacement strategies that address this complex phenomenon from a variety of angles is the most effective way to combat it; (2) Understanding local context is critical to setting effective anti-displacement strategies that meaningfully address community need; and (3) Lack of collaboration and communication between administering state agencies hinders program success in terms of coordinating outreach and technical assistance, sharing best practices, and ability to creating holistically sustainable communities. The Strategic Growth Council's Affordable Housing and Sustainable Communities and Transformative Climate Communities programs emerged as best practices in terms of anti-displacement, workforce development, and community engagement requirements and incentives, although improvements could be made in order to strengthen existing strategies and sharing of best practices with other agencies.

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## **Introduction**

California's Climate Investments (CCI) represent a remarkable initiative, seeking to reimagine land and resource use to reduce greenhouse gas emissions while providing substantial benefits to the communities that have suffered from pollution and inequity the most. To date, over 50% of the funds generated through Cap-and-Trade auction proceeds have been funneled into sustainability projects designed to benefit communities that are considered at a "disadvantage" according to a host of environmental and socio-economic indicators (ARB, 2017). This represents a step forward towards equity and sustainability in California, but the programs have not been without controversy. Investment in amenities such as transit infrastructure, transit-oriented housing development, urban greening, urban forestry, and high-speed rail provide substantial health benefits and economic opportunities for local residents, but may have the unintended side effect of increasing property values in the surrounding community. Especially in the midst of a severe housing shortage in California, in which the state is experiencing a 1.5-million-unit shortfall of affordable housing, the risk of causing gentrification and economic displacement is a genuine concern (HCD, 2017).

This study provides recommendations for avoiding economic displacement in connection with the CCI programs specifically, but is relevant to all other public and private investments in infrastructure and amenities that have been found to increase property values. My methods for this research include conducting 22 stakeholder interviews and analyzing Program Guidelines for California's High-Speed Rail program and seven competitive grant programs funded through Cap-and-Trade. Developing a comprehensive literature review of theory, empirical research, and policy

toolkits related to gentrification and displacement, environmental justice, and political ecology was also instrumental in developing this report's recommendations.

I used purposive and snowball sampling methods to reach out to interviewees who are considered to be experts in the fields of housing policy, transportation policy, urban planning, anti-displacement activism, public health, workforce development, and the Climate Investment programs themselves. Interviewees were asked to explain their definitions of gentrification and displacement, knowledge about housing issues in their regions, concerns about gentrification in relation to the California Climate Investments, and recommendations for how best to address these concerns.

While a great deal of rich information came to light through interviews, three main themes were particularly revelatory. (1) Setting in place a suite of anti-displacement strategies that address this complex phenomenon from a variety of angles is the most effective way to avoid displacement; (2) Understanding local context is critical to setting effective anti-displacement strategy that meaningfully addresses community need; (3) Lack of collaboration and communication between administering state agencies hinders program success in terms of coordination of outreach and technical assistance, sharing of best practices, and ability to create holistically sustainable communities.

The recommendations for tackling the challenges of gentrification and economic displacement generated through this research are made on three scales: statewide, across the Climate Investment programs, and for individual programs. The Strategic Growth Council's Affordable Housing and Sustainable Communities and Transformative Climate Communities programs emerged as potential best practices in terms of anti-displacement, workforce development, and community engagement requirements. While I do make some recommendations



to improve these two programs, the conclusions of this research suggest that it would be beneficial for other infrastructure grant programs to draw inspiration from these examples.

## **Chapter 1: Literature Review**

This literature review explores theory and empirical research related to the complex phenomena of gentrification and displacement. It situates the current housing challenges in California within existing literature on housing policy, environmental justice, and political ecology. Through an overview of scholarly literature and policy toolkits I highlight the factors that contribute to gentrification and displacement, potential solutions to addressing these challenges, and key theories that have informed this work.

### **Gentrification**

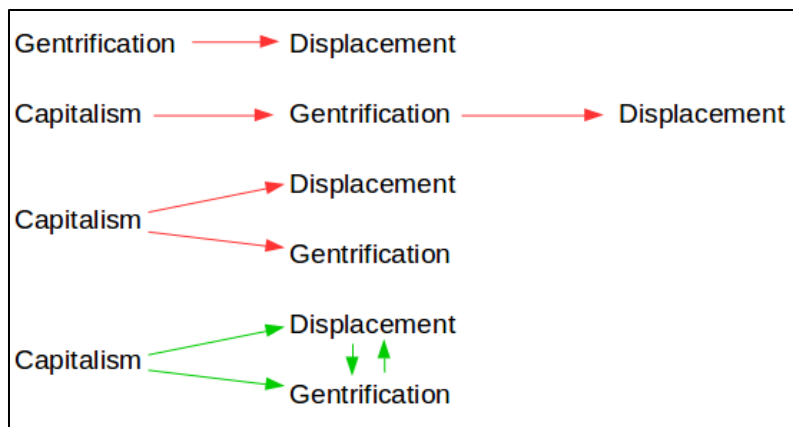
The term gentrification was first coined by British sociologist Ruth Glass in 1964 to describe the changing economy, demographics, and character of traditionally working class neighborhoods in London. In her much-cited introduction to *London: Aspects of Change*, she observes that, “one by one, many of the working class quarters of London have been invaded by the middle classes—upper and lower. [...] Once this process of ‘gentrification’ starts in a district, it goes on rapidly until all or most of the original working class occupiers are displaced, and the whole social character of the district is changed.” (p18). Glass diagnoses this phenomenon as a negative effect of *laissez-faire* capitalism, which she argues exacerbated income inequality in mid-twentieth century London. Interestingly, she ascribes changes in the cityscape to the “Americanization” of London, highlighting the increased affluence of some Londoners and new amenities available in the city.

Since Glass’ essay, much has been written about gentrification and its causes and effects, with scholars coming to understand more about the patterns that lead to it. It remains challenging, however, to predict which factors will result in gentrification and in which contexts, and solutions to the negative effects of this phenomenon are a source of much debate. In fact, not all academics,

practitioners, and community members maintain that gentrification is an inherently negative occurrence. Some authors equate gentrification with neighborhood ascent, arguing that the phenomenon coincides with economic growth and crime reduction, thereby deconcentrating poverty and creating higher paying jobs and better services for residents. Duany (2001), for example, calls gentrification “the tide that raises all boats,” pointing out that gentrification can deconcentrate poverty and lead to what he calls a “rub-off work ethic.” In spite of this claim, most scholars and community groups agree that the benefits of gentrification do not benefit all residents equally, and that it may cause a host of negative unintended consequences for low-income communities, communities of color, and renters in particular (powell and Spencer, 2002; Bates, 2013; Causa Justa, 2015; Chapple et al., 2017; Moskowitz, 2017).

Yet the extent to which gentrification is positive or negative for residents is fraught with complexity. For example, Freeman (2006) explores the reactions of Harlem and Clinton Hill residents in New York City to gentrification in their communities. He was surprised to find that some residents cited improved amenities, more economic opportunity, and increased wealth for homeowners in connection with the changes in their neighborhoods, while others pointed to displacement and cultural exclusion. Freeman points to the “chaotic nature of gentrification” (Beauregard, 1986; Lees, 1996), explaining that gentrification “means different things, under different circumstances, to different people. This chaos results from the differing manifestations of gentrification and its differing ways of impacting people in its wake. Therefore, gentrification must be examined from a multitude of angles and perspectives if we wish to understand this dynamic” (p.3). Schlichtman et al. (2017) push this argument even further, contending that it is imperative to move past the “good/bad” dichotomy of gentrification debates in order to produce understandings of this process that are “insightful, inclusive and actionable” (p.201).

One of the most commonly cited outcomes of gentrification is involuntary displacement. While the terms gentrification and displacement are often conflated in common usage, scholars and advocates make a clear distinction between the two processes (Freeman, 2006; Marcuse, 2015; Schlichtman et al., 2017; Zuk et al., 2017). In fact, Grier and Grier (1978) explain that displacement may well occur independently of gentrification, as a result of lack of maintenance or disinvestment, while Freeman and Braconi (2004) found that poor residents and those without a college education were less likely to move if they lived in gentrifying neighborhoods. Furthermore, a study funded by the United States Department of Housing and Urban Development (HUD) on “Market Generated Displacement” (NIAS, 1981) also points to the fact that displacement can occur as a result of a range of different factors, making it difficult to determine a singular or even principal cause.



Schlichtman et al. (2017) propose *Figure 1. Schlichtman et al., 2017*

a useful model for conceptualizing the relationship between gentrification and displacement, showing the various ways this relationship has been characterized in the past, and offering an alternative understanding in which neoliberal capitalism has a causal relationship to both displacement and gentrification independently, and in which these two processes may influence one another (see Figure 1).

## Causes of Neighborhood Change

Zuk et al. (2017) posit that there are three important determinants of neighborhood change: (1) movements of people, (2) public policies and investments, and (3) flows of private capital (p.3),

but warn that these catalysts may not have the same effects across all market types. Indeed, the effect of each of these factors depends greatly on context, as the effect of a new amenity, like a fixed rail station, may have different outcomes depending on if it is constructed in an area with a hot housing market or one that is largely considered to be a less desirable place to live. Factors such as housing tenure and type, racial and income demographics, the type and extent of investment or infrastructure, the strength of the housing market, and the nature of existing development in the neighborhood can influence whether or not a community will gentrify following new investment or demographic shifts in a given community (Pollack et al., 2010; Zuk et al., 2017, Wardrip, 2011).

Neil Smith (1979) has theorized gentrification to be the result of a “rent gap” between the current and potential rent charged for a given unit of housing. He argues that disinvestment and depreciation of property values in American inner cities during the early- to mid-twentieth century paired with the subsequent increased demand for housing in these areas created a substantial gap between actual and potential rent in American cities. This rent gap presents an opportunity for “some form of collective social action,” i.e. a combination of financial institutions, developers, and individual consumers, to take advantage of this discrepancy for economic gain. Thus, Smith argues that contrary to common belief, the “back to the city” movement is not as much a result of a cultural movement, but rather a capitalistic response to the economic opportunity created by the rent gap. However, Schlichtman et al. (2017) warn that using the rent gap to predict displacement imposes a form of geographical determinism on cities and neighborhoods. While it may be a useful tool to understand how gentrification occurs, they argue that it should not be used to forecast economic displacement, since perceptions of land value depend on a variety of nonlinear and unpredictable factors.

## **Displacement**

Displacement is defined by Grier and Grier (1978) as the situation “when any household is forced to move from its residence by conditions which affect the dwelling or immediate surroundings, and which: (1) are beyond the household’s reasonable ability to control or prevent; (2) occur despite the household’s having met all previously-imposed conditions of occupancy; and (3) make continued occupancy by that household impossible, hazardous or unaffordable” (p.8). While displacement is frequently defined as “involuntary” in the literature, the line between voluntary and involuntary is not always clear. As Newman and Owen (1982) point out, “low-income households who experience extremely large rent increases may technically ‘choose’ to move, but the likelihood that they had any real alternative is very small” (p.137). Since low and extremely low-income households have a much higher likelihood of being rent-burdened and may spend so much of their income on housing that they have little money left for other necessities, even relatively small changes in housing costs can make them vulnerable to displacement. Stone (2004) calls this occurrence “shelter poverty,” arguing that defining rent burden as spending more than 30% of income on housing does not account for the fact that 70% of a very low-income may still not be sufficient to cover necessities.

Marcuse, Rasmussen and Engler (1988) distinguish between on-site and off-site displacement, defining “on-site” as displacement that is caused by factors directly related to the housing itself, such as highway construction, urban renewal, public works, or damage due to natural disaster. They refer to “off-site” as displacement triggered by an exterior catalyst that leads to changes in the housing market, making living in the neighborhood unaffordable for existing residents. They argue that “off-site displacement is a quieter, less visible consequence of developmental activities; it functions through the market and its direct connection to governmental action is not as clearly visible or well recognized” (p.1354). This is not to say, however, that the

government is not implicated in off-site displacement. While households are not displaced as a direct result of government action, public sector investment in desirable amenities can have a positive effect on the housing market, rendering the neighborhood unaffordable for some residents (Bridge, Butler and Lees, 2012).

Marcuse, Rasmussen and Engler also indicate that gentrification may induce “exclusionary displacement,” a phenomenon in which housing costs in gentrified neighborhoods are so prohibitively high that low-income households cannot afford to move into them, thereby perpetuating racial and income segregation. This can leave poorer households at a significant disadvantage in terms of access to jobs, education, health services, healthy food, clean air, and clean water and can even measurably affect life expectancy (Briggs 2005, Park and Pellow, 2011, Anguelovski 2016, Chetty et al., 2016). Briggs (2005) refers to disparate access to such amenities as “uneven geographies of opportunity,” while Park and Pellow (2011) call the ability to access these spaces “environmental privilege.”

### **Rent Burden and Displacement Vulnerability**

Displacement is not the only negative effect of gentrification, however. While some households may be displaced to cheaper housing markets, others struggle to remain in their existing neighborhood against all odds. Some households may decide to incur substantial and even extreme rent burdens in order to remain in their current neighborhoods (Pearsall, 2010). Those who remain may also experience social and cultural exclusion in a neighborhood that no longer feels like their own (Freeman, 2006; Lees, 2008; Pearsall, 2012). A great deal of community development literature touts the importance of relationship building and community ties to create a sense of belonging and resilience (Jacobs, 1961; Putnam, 1993; Adler and Kwon, 2002). Displacement can

disrupt important neighborhood relationships and support systems, eroding this sense of community belonging and connection.

### **Effects on Public Health**

Gentrification and displacement can also have a significant effect on public health. Longtime residents in gentrifying neighborhoods have been found to experience financial distress, loss of community services and institutions as well as overcrowded and substandard housing conditions. Displaced residents frequently endure high relocation costs, longer commutes, disruptions to health care, fragmentation of community support networks, and direct impacts on their mental and psychological wellbeing (Atkinson, 2000a, Causa Justa, 2014). A 2017 UC Berkeley study of the consequences of displacement among former residents of San Mateo County found that they had been forced to make difficult and precarious decisions when searching for housing, including accepting substandard housing conditions and overcrowding as well as moving far away from their jobs, schools, and support networks. Approximately one third of households reported experiencing some period of homelessness or marginal housing in the two years following their displacement, which is known to have significant physical and mental health implications.

Clearly gentrification and economic displacement can have a myriad of effects on incumbent residents that are difficult to characterize in dichotomously positive or negative terms. There are inevitably both winners and losers in these processes. While the revitalization of communities that have long experienced disinvestment is clearly necessary in the interest of equity, sustainability, and public health, this reinvestment is not likely to benefit all residents equally, and may even cause harm. In order to better understand the origins of the uneven investment in communities that underpins gentrification and displacement, it is important to better understand



the history of housing policy in the United States and the role it has played in instigating and exacerbating housing segregation and urban sprawl.

### **Discriminatory Housing Policy and Gentrification**

While gentrification is hardly unique to the United States, the history of land use and housing policy in the United States provides crucial insight into how this process has manifested itself in this country. Racially discriminatory housing policies such as redlining, urban renewal, exclusionary zoning and racial covenants all contributed to the systematized housing segregation of white and black communities in the United States (Rothstein, 2017). The construction of suburbs in the post-war era that were largely open only to white households unambiguously led to “white flight” in which middle class whites left cities for the suburbs en masse, leaving black and low-income populations in the inner cities (Jackson, 1987; Rothstein, 2017).

Meanwhile, the US policy of “urban renewal” outlined in the 1949 Housing Act cleared urban spaces that were considered “blighted” in order to build highways, high-rise buildings and other infrastructure. As van Hoffman (2008) explains, this policy became synonymous with slum clearance and resulted in the loss of hundreds of thousands of homes, largely belonging to people of color. In fact, the policy gained the nickname “Negro Removal” due to its infamous displacement of African Americans (Zuk et al. 2017). Venkatesh (2000) argues that urban renewal exacerbated segregation as middle- and upper-class whites moved into redeveloped slum areas, leaving blacks to move to remaining ghettos or into new spaces that had been abandoned by fleeing whites. While this state-led neighborhood change would most accurately be called on-site displacement, which is distinct from the main focus of this paper, this historical context is crucial to understanding the roots of contemporary land use and racial segregation as well as distrust of government revitalization policies among communities of color.

In fact, powell and Spencer (2002) call white flight and gentrification a “one-two knockout for urban dwellers of color.” According to them, the legacy of white flight and housing discrimination makes the inherent racial implications of gentrification impossible to ignore. They connect these systems of oppression to Smith’s rent gap theory, explaining that the historical undervaluing of communities of color has led directly to creating the same lucrative opportunities for developers and speculators that have fueled gentrification. Freeman (2006) further posits that the unique experience of redlining, spatial isolation, and urban renewal gives black communities a “unique vantage point on gentrification.” He explains that this history brings black residents to feel both cynicism and hope when confronted with gentrification, since they have been jaded by hardship in the past, but are also eager for their neighborhoods to finally benefit from economic opportunity.

There is also a good deal of environmental justice literature that connects discriminatory land-use policy, past and present, to current environmental and public health inequities (Bullard 2007; Kurtz 2009; Pulido et al. 2016). This body of literature helps situate contemporary gentrification and displacement challenges within the racialized history of urban planning, delving into the strong correlation between hazardous waste siting and industrial zoning in communities of color in the United States. In addition to coping with locally unwanted land uses in their communities, communities of color are also unlikely to have equal access to parks, open space or urban agriculture as their white counterparts (Anguelovski, 2013). However, the challenge is that constructing these greenspaces and other desirable amenities in low-income communities of color may cause land values to rise, perhaps resulting in economic displacement. This phenomenon, called environmental gentrification, creates a catch-22 for communities that wish to revitalize their

communities after a long period of disinvestment, but are concerned that such changes may have negative impacts on incumbent residents.

## **Environmental Gentrification**

The body of literature that has been written on environmental gentrification is relatively new, but has received a good deal of attention in recent years. Melissa Checker coined the term “environmental gentrification” in 2011, defining it as follows: “Environmental gentrification describes the convergence of urban redevelopment, ecologically-minded initiatives and environmental justice activism in an era of advanced capitalism” (p.212). Checker argues that while the efforts of low-income communities to improve their neighborhoods have been co-opted by capitalistic interests before, the era of climate change and sustainability discourse has provided a new opportunity for cities to practice social exclusion under the guise of urban greening. Dooling and Simon (2012) define what they call “ecological gentrification” slightly differently, describing it as “the uneven distribution of benefits associated with a planning effort driven by ecological agendas or environmental ethics” (p.104). This definition focuses more on the potential outcome of investment on local residents rather than the intentions behind the investment. Similarly, this study is principally concerned with the impact of California’s climate investments on low-income communities and communities of color rather than the intention behind them.

Many other scholars, including Quastel (2009), Quastel et al. (2012), Curran and Hamilton (2012), Gould and Lewis (2012), Anguelovski (2016), and others have explored this concept of environmental gentrification, although sometimes using different terminology to describe it. For example, Quastel refers to this phenomenon as “political ecologies of gentrification” pointing to a “sustainability-as-density” discourse in Vancouver, Canada to describe how the concept of

sustainability is being framed in a way that accommodates the interests of investors, developers, and urban elites, rather than taking a more holistic view that values social sustainability as well. In his 2012 publication, Quastel et al. point out that “considerable evidence suggests that dense and walkable central city redevelopments are marketed to urban elites and lead to the subsequent takeover of former working class districts by the ‘new’ middle class of quaternary sector and university educated gentrifiers. Insofar as sustainability initiatives were located in the center of the city and were growth oriented, they coincided with, and at times helped exacerbate, increasing land values and gentrification” (p.1060).

A significant amount of research exploring the link between transit investments and gentrification is also pertinent to this study. There is a robust body of literature devoted to this topic, with most studies finding that transit investments are likely to spur increased land values, with some variation in results depending on local context and the type of transportation investment (Cervero and Landis, 1997; Wardrip 2011; Knaap, Ding, and Hopkins 2001; Chapple 2009; Kahn 2007; Diaz and Mclean 1999; Cervero and Duncan 2002; Dominie 2012). For example, Pollack et al. (2010) explore the extent to which transit improvements and expansions can cause displacement and found that a great deal depends on context. Specifically, they found that in the 42 neighborhoods in 12 cities across the United States that they studied, a higher initial proportion of renters correlated with a larger change in demographic makeup and median household income while areas inhabited mostly by homeowners remained more stable.

### **Just Sustainabilities**

In their book *Just Sustainabilities: Development in an Unequal World*, Agyeman, Bullard and Evans (2003) make the argument that “a truly sustainable society is one where wider questions of

social needs and welfare, and economic opportunity, are integrally connected to environmental concerns” (p.2). This is the framework on which this paper rests—that in order to reach the sustainability sought by climate legislation in California, it is necessary to consider the social, economic, and environmental implications of Cap-and-Trade programs, and that these three elements of sustainability are inextricably linked. At times these connections are direct and demonstrable, in cases in which economic or social inequality can be directly linked to increased greenhouse gas emissions. Sometimes, however, the link is subtler, resting principally on the importance of addressing all three elements in order to create a society that is safe and equitable for all, now and into the foreseeable future.

Some research has been carried out investigating the link between displacement and greenhouse gas emissions, but there are few studies that have addressed this topic and results have been inconclusive. For example, in a study of gentrified areas around Metro transit stops in Los Angeles County, Dominie (2012) found that gentrification was associated with increased driving and decreased public transit use. Yet in a 2017 UC Berkeley and UCLA study, Chapman found “little evidence” that gentrification and displacement had led to increased auto use in the Bay Area and Los Angeles. However, the methodology for this study consisted of comparing vehicle miles traveled for high- and low-income households living near and far from station areas, but does not include any longitudinal data following individual in-mover and out-mover households. This may skew the results of the study because it does not take into account factors outside of income. Indeed, high income households that have long chosen to live in transit rich areas may be more likely to use transit than new in-movers from the suburbs that may already own cars and be more accustomed to driving. Similarly, low-income households that have been displaced to suburban areas may be more likely to drive to reach existing employment located far from their new homes

and to maintain connections in their former neighborhoods. Thus, while the Chapman study provides useful information about the driving practices of high and low-income households near and far from transit, more research is needed in order to fully understand the effects of gentrification and displacement on vehicle miles traveled (VMT).

### **Anti-Displacement Policies**

Many scholars and practitioners have written about how gentrification and displacement can best be addressed, offering a variety of recommendations to tackle the issue from different angles. Zuk et al. (2017) separate these strategies into four categories: (1) affordable housing production, (2) preservation, (3) tenant protections and support, and (4) asset building and local economic development (see Figure 2). Causa Justa's *Development Without Displacement* report (2014) argues that a variety of anti-displacement policies must be implemented at once in order to effectively address the issue, ideally bringing together strategies from each category. The report makes a strong case that displacement is not an inevitable outcome of economic development, but is the result of unjust housing policies, both currently and in the past, that can and should be rectified in order to protect vulnerable residents. Causa Justa presents six key principles for preventing displacement, including (1) baseline protections for renters and homeowners, (2) preservation and production of affordable housing, (3) ongoing and equitable investment in all homes and neighborhoods, (4) non-market based approaches to housing and community development, such as cooperative housing structures, (5) addressing displacement as a regional priority, and (6) planning as a participatory process.

<b>Affordable Housing Production Strategies</b>
<i>Fiscal Strategies</i>
Affordable housing impact fees
Jobs-housing balance or commercial impact fees
Community benefits agreements
Housing production trust funds
<i>Taxing Powers</i>
Tax exemptions for non-profit affordable housing
Levying parcel taxes, tax-increment financing districts
Bonds
<i>Land Use Controls</i>
Expedited permitting processes for affordable housing
Reduced parking requirements for affordable housing
Inclusionary housing/zoning
Density bonus in exchange for building affordable units
Accessory dwelling units
<i>Assets and Investments</i>
Public land dedicated to affordable housing
Land banking
<b>Preservation Strategies</b>
Rent stabilization/control
Condominium conversion ordinances
No-net-loss, one-for-one replacement strategies
Single-room occupancy hotels rent and conversion controls
Mobile home rent controls
<b>Tenant protections and support</b>
Rental assistance
Tenant counseling
Proactive code enforcement
Just-Cause eviction policy
Tenant right to purchase laws
<b>Asset Building and Local Economic Development</b>
Minimum wage
Wage theft protections
Local or first source hiring ordinances
Individual development accounts
Homeowner assistance programs
Housing rehabilitation funds

Figure 2. Zuk et al. 2017

## **Eligibility and Scoring Best Practices**

With regard to how government entities can reduce the risk of displacement when investing in amenities such as transit infrastructure, there are a few notable best practices from which to draw guidance. First, on the national level, the Federal Transit Administration's New Starts Program, which funds rail and bus rapid transit projects around the country, has integrated affordable housing requirements into its scoring processes, with the inclusion and preservation of affordable housing along the proposed transit corridor directly impacting 10% of the project's overall score (Leahy, 2014).<sup>i</sup> This provides an interesting model for a way to score competitive grant applications by taking into account anti-displacement strategies.

In California, the One Bay Area Grant program, which provides transportation funding to Bay Area jurisdictions, requires applicants to have adopted housing elements that have been certified by the California Department of Housing and Community Development (HCD) in order to be eligible for funding. This makes funding awards for investments contingent on the city setting a plan for meeting their affordable housing needs. In round two of the program, funding recipients were also required to adopt a resolution affirming that they are in compliance with the Surplus Lands Act, which requires cities to prioritize land that they lease or sell for affordable housing development, and applications were prioritized based on the applicant's implementation of anti-displacement strategies. Cities with a high risk of displacement according to UC Berkeley's Displacement Project will also be given priority for Naturally Occurring Affordable Housing funds, a \$10 million set-aside to support existing affordable housing.

## **Data and Monitoring**

Bates (2013) argues that data collection and monitoring for early signs of displacement vulnerability is crucial to effective anti-displacement policy. She points out that since the housing



market and demographics of communities are always in flux, implementation of an anti-displacement strategy must be keyed into the stage of gentrification in a neighborhood and thus requires frequent data tracking (p.35). She argues that the following indicators should be tracked to serve as warning signals of neighborhood change to identify “hot spots:” (1) home sales, (2) new development and remodeling or rehabilitation, (3) code violations, which may indicate conflict over property use as new residents engage the city to enforce codes, (4) vacancy rates and increasing rent and (5) homebuyer demographics.

Bates also calls for a neighborhood equity analysis “drilldown” to be carried out when major development projects are being proposed to assess the impact the project could have on housing prices. The drilldown data she proposes includes indicators on household types, homeowners and renters, construction and community economic development, infrastructure investment, demographic data, and the status of community organizations. Russak (2015) also advocates for a similar analysis prior to investing in major development projects, which he calls a “resiliency analysis.” He indicates that such an assessment should be similar to an environmental impact report in that it would be necessary to demonstrate that a project shows “no realistic likelihood of direct or economic displacement or provide[s] significant mitigation measures” in order to be approved, but does not include details on what kind of data should be included.

Most academic research that currently exists on the topics of gentrification seeks to identify the factors that trigger this process through mostly quantitative methods or to understand whether it causes economic displacement or other negative effects. Such studies tend to analyze specific neighborhoods or cities and sometimes metropolitan areas, but rarely cover the scope of an entire region or state. In order to assess the potential effects of the Greenhouse Gas Reduction (GGRF) Programs on housing affordability in jurisdictions across the state, it is helpful to understand how

gentrification is viewed by a diverse set of stakeholders from a variety of regions. The State of California is vast, with a diverse range of physical, economic and social geographies, and understanding the differences between regions is necessary in order to set in place relevant anti-displacement strategies for statewide funding sources. This study aims to respond to this need, making the assumption that interviewees who are experts in housing policy, planning and local government are well-equipped to make anti-displacement recommendations for their own communities, while state agency staff would have better insight into the feasibility of eventual changes to these programs' policies.

Generally, policy toolkits that propose anti-displacement strategies tend to focus on recommendations that are relevant to local actors, such as city governments or community organizers. They rarely include recommendations for public or private organizations that are supporting local revitalization initiatives and that wish to ensure that their investments will not lead to economic displacement. Thus, this paper suggests interventions that can be implemented at the state level to help protect vulnerable populations from economic displacement as the GGRF investments improve the livability of communities across the state, thereby making them more attractive to speculators, developers and in-movers.

As described earlier, Agyeman's concept of "just sustainabilities," namely the idea that tackling social justice and environmental protection concurrently is necessary in order to achieve a truly sustainable society, is a central theory underpinning this work. In my estimation, the California Climate Investments must address both in order to facilitate a transition towards a greener California economy, and this research aims to provide guidance on how to move towards just sustainability through the GGRF programs. The study also rests upon the work of Checker (2011), Quastel (2009, 2012), Pollack et al. (2010), Curran and Hamilton (2012), Dominie (2012),

Chapple et al. (2017) and other scholars who have contributed to better understanding of the phenomenon of environmental gentrification, which I consider relevant to gentrification that may result from the California Climate Investments.

## **Chapter 2: The State of Housing in California**

The state of California is currently experiencing a severe housing shortage, which plays a significant role in exacerbating gentrification and displacement. According to a 2016 McKinsey study, California grew by 544,000 households between 2009 and 2014, but only added 467,000 net housing units. The study argues that the short supply of housing resulted in real estate prices increasing by more than 15% since 2009, while median income rose by only 5%. The authors estimate that California needs to build 3.5 million homes by 2025 in order to satisfy existing demand and meet the needs of the state's growing population.

Unsurprisingly, the most significant burden of this housing crisis falls on the poorest and most vulnerable populations in the state. According to the California Department of Housing and Community Development's 2025 Statewide Housing Plan, released in 2016, 90% of extremely low-income households are rent-burdened (paying more than 30% of their income on housing) and 80% are severely rent-burdened (paying more than 50% of their income on housing). For very low-income households, 87% are rent-burdened and 51% severely so (see Figure 3). Clearly low-income households of varying degrees are already struggling to pay housing costs in California and in the context of a gentrifying housing market, economic displacement may be inescapable for many.

Income	Total Renter Households (million)	% Rent Burdened	% Severely Rent Burdened
Extremely Low-Income	1.27	90%	80%
Very Low-Income	.95	87%	51%
Low Income	1.11	65%	18%
All Lower-Income Renter Households (80% AMI and below) <b>Subtotal of above</b>	3.33	81%	51%
Moderate-Income	1.03	35%	4%
Above Moderate-Income	1.54	8%	0%
<b>All Renter Households Total</b>	<b>5.9</b>	<b>54%</b>	<b>30%</b>

Figure 3. 2014 American Community Survey Public Use Microdata Sample. Source: HCD 2017.

While the limited housing supply is an important factor in increasing housing costs, it is important to acknowledge that other factors may also have affected housing prices during this time. The 2008-2009 economic crisis had a significant impact on the housing market in California. The State also has a unique set of housing policies, funding constraints and environmental regulations that contribute to its affordability struggles. While some of these policies and limitations are widely considered to be politically impossible to change, it is helpful to understand how these factors contribute to the low supply of affordable housing in the State.

### Proposition 13

Proposition 13 is a ballot box measure passed in 1978 that limits property taxes to just 1% of assessed value, with a maximum annual increase of 2%. It also establishes a requirement that all State tax increases be approved by a two-thirds legislative vote. This law has had an immeasurable effect on local government budgeting, planning and development patterns in California because it has significantly limited the ability of jurisdictions to fund a variety of activities, including building affordable housing. It has also created an incentive for jurisdictions to favor commercial

developments in lieu of residential developments because of the opportunity to maximize sales tax revenue, which is far more lucrative for cities than property tax revenues in a post-Prop 13 California (Fulton and Shigley, 2012). This disincentive to build housing has contributed to an overall housing shortage in the State, all in the context of increasing demand as California's population grows.

### **Redevelopment**

The loss of Redevelopment Agencies in California starting in 2012 was another significant blow to local government coffers. Previously, Redevelopment Agencies, which were funded through tax-increment financing, invested in a variety of development projects meant to revitalize cities, including a 20% set-aside for affordable housing (Fulton and Shigley, 2012). Redevelopment Agencies were criticized for a variety of missteps and unintended consequences of their investments, including displacing low-income residents by clearing old apartment buildings to replace them with newer and less affordable developments as well as causing gentrification (Lefcoe and Swenson, 2014). However, when Redevelopment Agencies were dissolved in 2012, this considerably limited the funds that cities could depend on to finance and leverage federal funds for affordable housing.

### **Economic Crisis**

The Great Recession of 2008 hit California hard. Bardhan and Walker (2010) point out that the State was a pivotal site of the housing bubble, the crashing of financial markets, and of the economic crisis that followed. They argue that due to California's central role in the crisis, the State has experienced the effects of the recession more intensely than other places, pointing out that California was among the states with the highest foreclosure rates in the country.

In a 2010 study of foreclosure rates in 100 U.S. metropolitan areas, Rugh and Massey found that racially segregated areas had the highest foreclosure rates. Multiple studies have also shown that subprime lending activities were especially targeted to low-income communities of color (Immergluck, 2002; Scheessele, 2002; Bradford, 2002; Rugh and Massey, 2010; Hernandez, 2012), which helps explain why households of color were disproportionately financially burdened by the great recession (Taylor et al., 2011; Shapiro et al., 2013). Hernandez (2012) even argues that these predatory lending practices were so racially discriminatory that they should be considered a mere replacement of the mortgage redlining of the past.

Hernandez also points out that in many cases, investors bought recently repossessed homes, leading to a troubling shift from resident- to investor-owned properties in many low-income neighborhoods. For example, he found that between 2007-2008, investors bought 25-50% of foreclosed properties in low-income areas of Sacramento. This is a concern because it signals a reduction in resident homeownership, and thus an increase in demand for rental units. This increased demand can exacerbate rent affordability challenges, and since renters are more vulnerable to housing price increases caused by gentrification, it can also augment displacement risk. Furthermore, investors buy homes in order to resell them or rent them at a profit, which can also increase gentrification pressures by increasing the market rate for rentals and homes for sale. In a study of foreclosed property sales in Georgia, Immergluck (2011) found that in addition to the fact that investors dominated recession era foreclosure sales, they also tended to keep them off the market while waiting for housing prices to recover after the housing bubble burst. While this study focuses on Georgia, it is likely that similar practices were employed by at least some investors in California, thereby contributing to reducing housing supply.

Lastly, the dramatic drop in home values after the housing bubble burst created a disincentive for developers to build housing. As shown in Figure 4, housing production plummeted after the booming late 1990s and early 2000s. Housing production still has not been able to reach post-recession highs, all while the population of California continues to increase rapidly. This lack of housing production has been an important contributor to the State's current housing crisis. Thus, the Great Recession has had an immeasurable effect on the current landscape of California housing that has exacerbated affordability challenges, increased racial wealth disparities and increased displacement risk for many households.

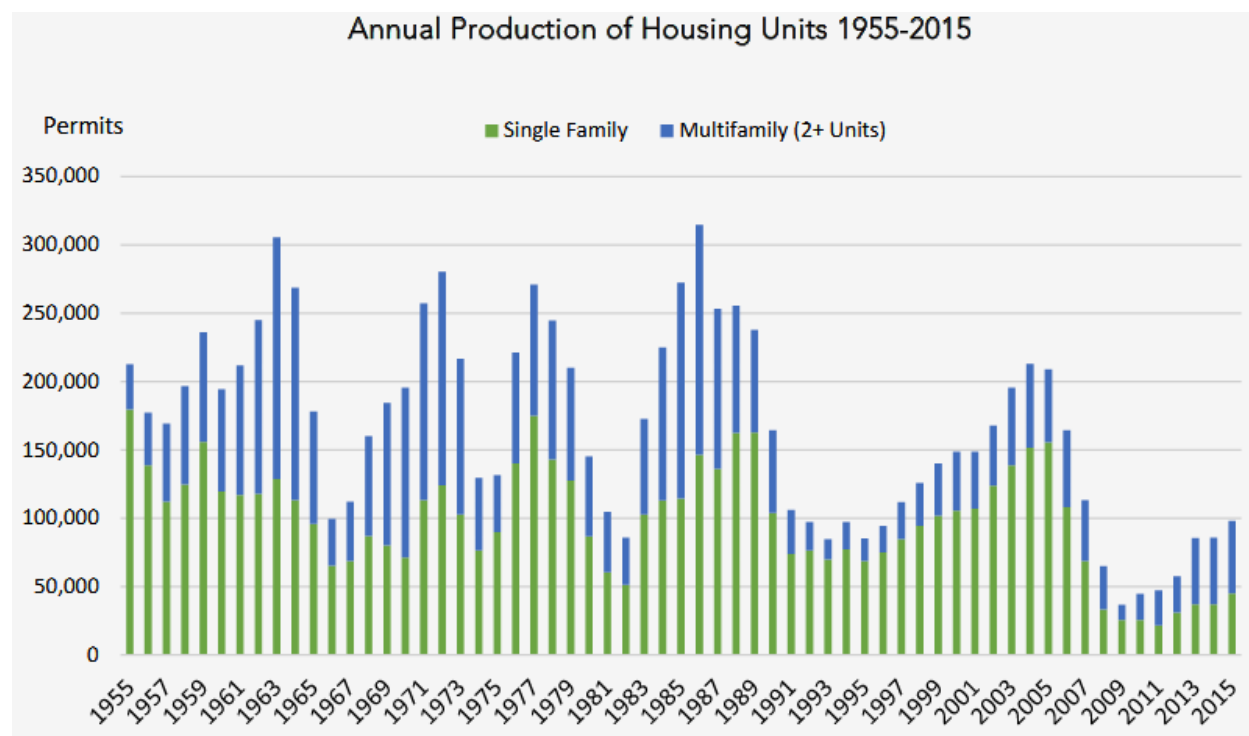


Figure 4. Source: HCD, 2017

## Costa Hawkins

Passed in 1995, the Costa Hawkins Rental Housing Act prevents local governments in California from setting rent for vacant units, which means that rent-controlled units must be restored to market



value when vacated. This law creates an incentive for landlords with rent-controlled or rent-stabilized units to vacate these homes frequently in order to be able to raise the rent. When the prospect of pushing out tenants becomes especially desirable, landlords may resort to faultless evictions or harassing tenants to pressure them to leave. The correlation between gentrification and both harassment and evictions is both intuitive and empirically true (Atkinson 2000a, 2000b, 2002; Newman and Wyly, 2006). As housing prices rise, landlords have even stronger incentives to push out old tenants and raise the rent. Just cause eviction laws, which require landlords to prove that they have defensible reasons for evicting tenants, and anti-harassment laws, which impose strong penalties on landlords that are found to be harassing tenants, exist in some California jurisdictions, but not everywhere. These policies are considered to be anti-displacement strategies by academics and practitioners alike (Bates, 2013; Chapple et al., 2017; Causa Justa, 2015) because they make it harder and more risky for landlords to evict tenants.

### **Ellis Act**

The Ellis Act gives California landlords the unconditional right to evict tenants to “go out of business.” This law is frequently used to convert rental units to condominiums, which exacerbates gentrification by removing affordable units from the market—including rent-controlled units. This is a particular challenge in gentrifying neighborhoods, where developers may be especially interested in converting low-income rental units into luxury condominiums in order to cater to wealthier in-movers. While there have been efforts to reform this law in the past, it is politically challenging to achieve because this law is popular with powerful realtor groups in the State (Li, 2015).

## **Housing Element Law**

In the State of California, Metropolitan Planning Organizations must develop Regional Housing Needs Assessments every eight years to assign the number of housing units that each jurisdiction must accommodate to fulfill regional housing needs. Each jurisdiction is then required to develop a housing element every four to eight years (depending on its attainment designation), setting a plan to meet existing and projected housing needs for people of all income levels. Each City's Housing Element must be certified by the California Department of Housing and Community Development. However, there are few enforcement tools currently in place to ensure compliance and a small percentage of jurisdictions (6.3% as of August 2017) have not adhered to this law. This is problematic because cities are less likely to build affordable housing that they have not planned for, and it is difficult for residents to hold the jurisdiction accountable for their plans to build affordable housing if no such plans have been made. While the existence of a Housing Element is far from a guarantee that a jurisdiction will meet its housing needs, it is certainly a step in that direction.

## **Community Opposition**

NIMBYism (Not In My Backyard) is a significant challenge to development plans in California, and particularly to the construction of affordable housing. Anti-development sentiment in many jurisdictions, including ones that are considered politically "progressive," has been a meaningful contributor to California's housing shortage. Because the financing for affordable housing developments often comes from a wide range of funding sources, many of which are time-sensitive, NIMBYs can be especially effective at slowing these projects down through litigation. Furthermore, racism and classism compounded with anti-development sentiment can garner considerable community opposition to affordable housing developments in many communities.

Any effort to address California's housing shortage and the challenge of racial and income segregation in the State will need to contend with NIMBYism, either by winning hearts and minds or streamlining the development process, or ideally, a combination of the two.

### **California Environmental Quality Act**

Passed in 1970, the California Environmental Quality Act (CEQA) sets requirements for the environmental impact analysis of proposed public and private projects. This law is intended to limit impacts on local natural habitats, such as those exacerbated by traffic and parking, rather than assessing broader impacts on greenhouse gas emissions or resource use. Thus, it tends to hinder infill development and even green infrastructure such as bike lanes if these changes are expected to increase traffic (Fulton and Shigley, 2012). Furthermore, the law has been frequently utilized by NIMBYs in order to block unwanted development projects through CEQA claims that can tie projects up in litigation for years (Monkkonen, 2016). In order to address these undesirable consequences of CEQA, Senate Bill 35 was passed in 2017, creating a streamlined approval process for infill development in jurisdictions that have failed to meet their regional housing needs assessment. Additionally, the Governor's Office of Planning and Research released proposed amendments to CEQA later in the same year, which would change the way environmental impact reports are carried out, requiring that vehicle miles traveled be taken into account rather than level of service (OPR, 2017).

### **Chapter 3: California's Climate Investments**

The state of California has long been a leader in environmental policy in the United States and on the world stage. As early as the 1950s and 1960s, the state began to establish itself as a “laboratory of innovation in emission control technology and regulation” for the country by setting the nation’s first emissions controls for vehicles (Hanemann, 2007). California has continued to push the envelope on environmental protections on a variety of fronts and in recent years has been a forerunner on climate change policy in the US.

The California Global Warming Solutions Act of 2006 (Assembly Bill 32) was a flagship piece of legislation that set the ambitious goal of reducing greenhouse gas (GHG) emissions to 1990 levels by 2020, a reduction of approximately 15% compared to a “business as usual” scenario. AB 32 requires the creation of a Scoping Plan to steward the state’s attainment of this goal, which must be updated every five years. It also establishes an Environmental Justice Advisory Board to advise on this Plan and other matters related to AB 32. This legislation was followed by a series of executive orders by Governor Jerry Brown that specify targets beyond 2020, including EO B-16-2012, which mandates an 80% reduction in transportation sector GHG emissions compared to 1990 levels by 2050.

These aggressive objectives have been supported by programs and requirements that aim to reduce GHG emissions through a variety of strategies. This paper focuses on the state’s Cap-and-Trade program, which provides the funding for a suite of competitive grant programs that support GHG reduction interventions in jurisdictions across the state. California’s Cap-and-Trade Program is a market-based regulation system that came into effect in 2012. It is designed to reduce GHG emissions by setting a limit or cap on emissions that declines approximately 3% each year beginning in 2013. Carbon allowances are then sold and traded through an online auction process

and the proceeds from that auction are funneled into a Greenhouse Gas Reduction Fund (GGRF) that are used to fund the California Climate Investments (CCI), which are also known as the GGRF programs. There are nearly 30 GGRF programs administered across 12 different state agencies, providing grants for everything from home weatherization for low-income households to wood smoke reduction and dairy digesters. This study is principally concerned with the programs that fund housing, transportation infrastructure and urban greening projects, which research has shown may lead to gentrification in some contexts. This research will be discussed in more detail in Chapter 1. A short description of each of these eight programs is provided below.

In 2012, Senate Bill 535 (de León) was passed, requiring that 25% of the GGRF funds be used to benefit “disadvantaged communities” (DACs) as defined by the CalEnviroScreen mapping tool, which quantifies levels of socioeconomic, health and environmental burden in census tracts across California. DACs represent those tracts that are at or above the 75th percentile of CalEnviroScreen scores. In 2016, Assembly Bill 1550 (Gomez) was passed, setting more ambitious equity goals for the climate investments by requiring that (1) at least 25% of GGRF funds be invested *within* DACs, as opposed to simply benefitting them, (2) an additional 5% be invested to benefit low-income communities that are outside of but located within ½ mile of DACs, and (3) an additional 5% be invested to benefit low-income communities located anywhere in the state. So far, the GGRF programs have largely exceeded these requirements, with the Air Resources Board’s (ARB) 2017 Annual Report showing that 51% of GGRF projects (excluding high-speed rail) benefitted DACs, of which 39% were located inside of DACs themselves. While this is an important and necessary initiative, reinvesting in communities that have often long-suffered from disinvestment and that need this infrastructure the most, it may also heighten the risk of gentrification and economic displacement. Low-income communities tend to be the most

rent-burdened, and thus the most vulnerable to housing cost increases (HCD, 2017). In order to ensure that “disadvantaged” residents are able to benefit from climate investments, it is imperative that they be able to remain in the communities where those improvements have been made.

Considering that many of the advocates that were interviewed for this study spoke most knowledgably of the Affordable Housing and Sustainable Communities (AHSC) and Transformative Climate Communities (TCC) programs, the findings of this research center particularly around these programs. Reasons for this focus will be explored in Chapter 6 of this report. In spite of interviewees’ focus on these programs, they are not the only ones that should be considered in connection to economic displacement risk. The findings of this study provide useful lessons for all the GGRF programs that have raised concerns among community members and advocates about the threat of gentrification and displacement, and are more broadly applicable to any place-based programs that invest in infrastructure and that may have gentrifying effects.

The following identifies the GGRF programs that were considered as part of this research, pointing out the goals and administrative particularities of each one. See Table xx for a basic information on each program.

### **Active Transportation Program (ATP)**

Administered by the California Department of Transportation (Caltrans), this program has been allocated \$10 million through California’s Cap-and-Trade program to invest in bike and pedestrian facilities. The goals of the program include: increasing the use of active transportation modes, improving safety for these modes, advancing the active transportation efforts of regional agencies and benefiting disadvantaged communities. The Guidelines for this program make no reference to gentrification or displacement, although 10 points out of 100 are allocated to public participation

and planning. However, it is unclear how many points are given for a project-specific public participation process versus being included in a city or county plan.

### **Affordable Housing and Sustainable Communities (AHSC)**

The AHSC program is administered by the Strategic Growth Council (SGC) and implemented by the Department of Housing and Community Development (HCD). This grant program funds affordable housing and transportation infrastructure projects, requiring that housing be built near transit and encouraging collaboration between traditionally siloed professionals in the creation of joint housing and transportation projects. The program receives a 20% set aside of Cap-and-Trade auction proceeds, amounting to a total of \$570 million across three funding cycles. In addition to reducing greenhouse gases, the stated goals of this program include reducing air pollution, benefitting disadvantaged communities, improving connectivity and access to jobs, increasing mobility options, increasing transit ridership, preserving affordable housing for low-income households and protecting agricultural lands.

This program was the first of the GGRF programs to include anti-displacement points in its scoring system. AHSC allocates a maximum of five points out of 100 to applicants in jurisdictions with anti-displacement ordinances and programs in place, ascribing one point for each strategy. Points are split between strategies that address residential and business displacement, with a maximum of three points allocated for residential displacement measures and two for business displacement ones. A list of eligible strategies is included in the end notes of this paper<sup>ii</sup>. Two additional points are allocated for applicants that have partnered with workforce development programs or signed community workforce agreements. The full scoring rubric for the program is shown in Figure 5.

<b>Figure 5 AHSC Scoring Elements and Criteria</b>	
<b>Criteria</b>	<b>Points</b>
<b>GHG Quantification Methodology Scoring</b>	
GHG Efficiency	15
GHG Total	15
<b>Quantitative Policy Scoring</b>	
Active Transportation Improvements	10
Green Buildings and Renewable Energy	10
Housing and Transportation Collaboration	10
Location Efficiency and Access to Destinations	5
Funds Leveraged	5
Programs	3
Anti-Displacement Strategies	5
Local Workforce Development and Hiring Practices	2
Housing Affordability	5
<b>Narrative-Based Policy Scoring</b>	
Collaboration & Planning	6
Community Benefit & Engagement	6
Community Climate Resiliency	3
<b>Total Scoring</b>	<b>100</b>

Figure 5. Source: SGC 2017

## High-Speed Rail

California's high-speed rail is a long-standing project to connect the mega-regions of California by bullet-train, thereby reducing passenger flights and vehicle miles traveled. Administered by the California High-Speed Rail (HSR) Authority, the project receives a continuous appropriation of 25% of Cap-and-Trade proceeds, equaling over \$800 million so far. The HSR Authority aims to connect San Francisco and Los Angeles by 2029, eventually planning to reach Sacramento and San Diego as well. Its stated goals include contributing to economic development and a cleaner environment, creating jobs and preserving agricultural and protected lands (High-Speed Rail Website).



## **Low Carbon Transit Operations Program (LCTOP)**

LCTOP, which is administered by Caltrans, was established by SB 862 of 2014 to reduce greenhouse gases by enhancing or expanding transit service, increasing transit mode share and buying zero-emission buses and the equipment needed to run them. The program is funded by a continuous appropriation of 5% of the annual Cap-and-Trade auction proceeds, receiving \$255 million thus far. The Guidelines for this program include no transparent scoring metrics; instead primary and secondary evaluation criteria are listed with no indication of how each factor is weighted. While the Guidelines do mention that LCTOP projects should be designed to avoid physical or economic displacement of low income residents and businesses, there is no explanation of how such displacement should be avoided or how anti-displacement strategies will be scored when evaluating project proposals.

## **Transformative Climate Communities (TCC)**

Administered by the SGC this program was established by Assembly Bill 2722, to “...fund the development and implementation of neighborhood-level transformative climate community plans that include multiple, coordinated greenhouse gas emissions reduction projects that provide local economic, environmental, and health benefits to disadvantaged communities as described in Section 39711 of the Health and Safety Code.” Thus, it is a unique program that aims to bring together many of the different projects that are funded through the various GGRF programs in the same location. Created in 2016, funds have yet to be disbursed for the program, but the legislature has already designated \$70 million to Fresno, \$35 million to L.A. and another \$35 million to another location that will be determined through a competitive process. This program requires applicants to develop a Displacement Avoidance Plan, including a “comprehensive description of displacement vulnerability among existing households and small businesses” and a proposal to

address that issue. Displacement Avoidance Plans are scored on a ten-point scale out of a total 100 points. The program also requires a Community Engagement Plan to describe the methods that will be used to engage residents and key stakeholders during the development and implementation of the program. Like Displacement Avoidance Plans, Community Engagement Plans are scored on a ten-point scale. The TCC scoring methodology also includes 20 points for community engagement through a Collaborative Stakeholder Structure comprised of a “diverse representation of residents and key stakeholders.” The Lead Applicant must sign a Memorandum of Understanding with members of the Collaborative Stakeholder Structure, who are considered Co-Applicants on the TCC proposal. The full scoring rubric for TCC is shown below (Figure 6).

<b>Transformative Plan: Program Objectives</b>	<b>30 points</b>
Criteria: GHG emission reductions	20 points
Criteria: Program goals, strategies and project types	10 points
<b>Transformative Requirements</b>	<b>30 points</b>
Criteria: GHG monitoring and tracking plan	5 points
Criteria: Displacement Avoidance Plan	10 points
Criteria: Community Engagement Plan	10 points
Criteria: Climate Adaptation and Resiliency	5 points
<b>Capacity to Implement</b>	<b>40 points</b>
Criteria: Financial	10 points
Criteria: Management and Organization	10 points
Criteria: Community engagement	20 points

Figure 6. Source: SGC 2017.

### **Transit and Intercity Rail Capital Program (TIRCP)**

TIRCP is administered by the California State Transportation Agency and Caltrans. This program funds intercity rail, bus, ferry and rail transit systems, with the express goals of reducing GHG emissions, expanding and improving transit service and increasing ridership, integrating rail service to connect to HSR and improving transit safety. To date, \$381 million of Cap-and-Trade funding have been appropriated to this program, which will be supplemented with \$1.4 billion of

Senate Bill 1 (2017) funding over a five-year period. While previous Guidelines for this program have not mentioned gentrification or displacement, the 2018 Program Guidelines do mention that “consideration will be given to station communities with HCD-certified housing elements, high-density zoning, affordable housing, and strategies for avoiding the displacement of local residents.” However, this is included in a list of secondary evaluation criteria, with no indication of how projects are scored.

### **Urban and Community Forestry**

Administered by the California Department of Forestry and Fire Protection, this program seeks to optimize the benefits of trees and related vegetation in urban contexts by generating a long list of co-benefits, including GHG reductions, clean air and water, improved public health, reduced energy supply, flood and wastewater management, among others. The program has been allocated \$33 million so far. The Guidelines for this program mention that projects designed to benefit disadvantaged communities must avoid “substantial burdens,” of which displacement is listed as one. However, there is no mention of how applicants should avoid such burdens or any indication that they will need to describe their anti-displacement strategies in the program application. There is also no scoring rubric included in the Guidelines.

## Urban Greening

Funded through Prop 84 grants since 2010, the Urban Greening program is now funded through Cap-and-Trade proceeds. In 2016, the legislature allocated \$80 million to fund projects that reduce GHG emissions by sequestering carbon, decreasing energy consumption and reducing vehicle miles traveled (VMT). Projects funded by this program may include establishing, enhancing or expanding parks, “greening” public lands and structures, green streets and alleyways, non-motorized urban trails or urban heat island mitigation efforts. The Program Guidelines mention that projects should avoid displacement and require applicants to describe their anti-displacement strategies “if applicable,” but such strategies are not accounted for in the program’s scoring rubric. The table below shows a summary of each of the programs (Figure 7).

Program	Agency	% of Allocations	Investments to date
High Speed Rail	High Speed Rail Authority	25%	\$800 million
Affordable Housing and Sustainable Communities Program	Strategic Growth Council	20%	\$570 million
Transit and Intercity Rail Capital Program	CalSTA	10%	\$381 million
Transformative Climate Communities	Strategic Growth Council	N/A	\$140 million
Low-Carbon Transit Operations Program	CalTrans	5%	\$135 million
Urban Greening Program	California Natural Resources Agency	N/A	\$80 million
Urban and Community Forestry Program	CalFIRE	N/A	\$33 million
Active Transportation Program	CalTrans	N/A	\$10 million

## **Chapter 4: Methodology and Positionality**

The findings and recommendations outlined in this study are based on a combination of qualitative methods, including interviews and ethnographic observation, as well as an analysis of policy documents (guidelines) related to the administration of each of the studied grant programs and a review of relevant academic and grey literature. These methods were chosen in an effort to gain a better understanding of the GGRF programs and how they are administered as well as to draw upon the knowledge of a variety of experts whose experiences and expertise could shed light on gentrification and economic displacement in connection with the California Climate Investments (CCI) in regions across the state. The study is not meant to be a comprehensive assessment of opinions about GGRF statewide, but rather a selective sampling of perspectives from as many professions, knowledge bases and regions as possible.

A combination of purposive and snowball methods was used to reach out to a diverse range of interviewees that were chosen in order to gather a wide breadth of perspectives around gentrification and economic displacement and the GGRF programs. Due to the methodological design of this study, which prioritized interviewees with heterogeneous rather than homogeneous experiences, data saturation was not achieved in the course of this research as is the common rule of thumb in social science methods (Guest et al., 2006; Fusch and Ness, 2015). While common themes were certainly raised, interviewees continued to share rich and new data with me through the last interview. Had time permitted, it would have been useful to expand the pool of interviewees considerably in order to reach a deeper sample size of respondents from each profession and region of the state. However, this study provides a useful sampling of perspectives and recommendations from around the state, with some compelling themes that are relevant to state policymakers and those that wish to better understand attitudes towards gentrification in the Californian context.

This research began through an internship at the Strategic Growth Council (SGC), a State Agency established in 2008 that administers the following GGRF programs: the Affordable Housing and Sustainable Communities (AHSC) program, the Transformative Climate Communities (TCC) program, the Sustainable Agricultural Lands Conservation (SALC) program and the Technical Assistance Program that aids disadvantaged communities looking to apply for GGRF funds. In addition to other work, I was tasked with researching anti-displacement policies for the new AHSC guidelines and assembling a policy brief. It was through this work that I began to understand the complexity of the gentrification and displacement processes and the need for more detailed research and a broader variety of perspectives in order to make more robust recommendations.

## **Interviews**

I conducted interviews with 22 stakeholders that I considered to be experts on a variety of topics, including housing policy, transportation policy, urban planning, anti-displacement activism, public health, workforce development and the GGRF programs themselves. I selected them based on recommendations from my committee members and other academics at UC Davis, SGC Staff members and other interviewees. Interviewees included professionals from a variety of sectors and backgrounds, including advocates, state agency staff, affordable housing developers, academics, foundation staff, community organizers and activists, planners and local elected officials. Since preliminary research revealed that challenges related to housing diverge significantly among the many geographies of California – and within them as well – I made an effort to interview

stakeholders from as many different regions as possible. Unfortunately, it was impossible to speak with stakeholders representing all the unique contexts that exist statewide, or to speak with an equal number of stakeholders from each region, but interviewees were chosen with the goal of representing the most varied set of perspectives possible. Figures 7 and 8 break down the interviewees by region and profession. In order to encourage frankness and relaxedness for interviewees, and to satisfy Institutional Review Board requirements, I decided to keep all study participants anonymous.



Figure 7

Interviews typically lasted about 45 minutes, although they ranged from 30 minutes to over two hours. I held as many in-person interviews as possible but slightly more than half took place over the phone due to geographical distance or time constraints. Interviews were recorded and transcribed, and I also took notes during and after interviews with observations and listing out key themes. The interview guide for the study comprised 10-12 questions that sought to understand interviewees' definitions of gentrification and displacement, knowledge about housing issues in their regions, concerns about

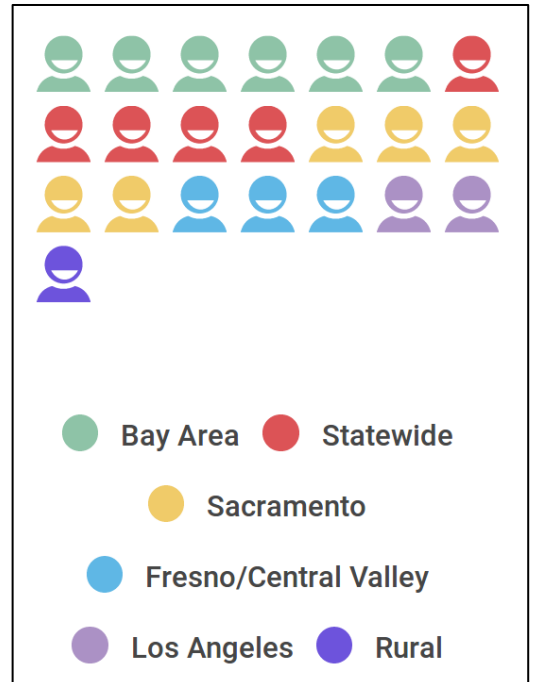


Figure 8

gentrification in relation to the California Climate Investments and recommendations for how best

to address these concerns. The interview guide is included in the appendix of this report. While this interview guide provided useful inspiration for interview questions, I tailored my questions considerably to be relevant to the expertise of each interviewee, and followed the guide only loosely in order to focus on topics of interest that arose during interviews.

### **Observation**

As an intern at the Strategic Growth Council it was possible to observe the everyday implementation of the programs administered by this state agency, particularly the AHSC program. In this capacity, I participated in staff meetings, AHSC steering committee meetings, and AHSC listening sessions held in Merced and Oakland and worked closely with SGC staff working on the AHSC program. This was helpful in gaining a clearer understanding of how decisions related to these programs are made, how staff members working on AHSC define the goals of the programs and what potential changes are likely to be feasible and infeasible, both politically and practically. This experience was also particularly valuable because it made it easier to connect with interviewees who held in-depth knowledge of the GGRF programs, including advocates with specific recommendations about how best to address displacement concerns related to these investments.

### **Positionality**

As a white female from rural Maine, it is important to recognize that I personally have never experienced involuntary displacement and that my only experiences with gentrification have been observational, during times that I lived in New York City and Paris, France. Having never directly experienced displacement, dire economic precariousness or homelessness make it impossible for



me to fully understand the lived experience of displacement. Matthew Desmond's ethnography "Evicted," which follows the stories of impoverished housing-insecure families in Detroit and the WNYC podcast "There Goes the Neighborhood," which explores a variety of perspectives on gentrification in New York City through a variety of interviews, have helped me better understand the effects that displacement and eviction can have on communities and individuals. Such influences, in addition to interviews and interdisciplinary academic literature, have inspired me to look beyond technocratic solutions to housing challenges and to think more broadly about creating policies that not only produce more affordable housing, but also address these issues holistically, from the perspectives of public health, racial inequality and economic well-being.

Regardless, keeping in mind that in qualitative research, the researcher is the research instrument (Patton, 2002), the lens through which this study was carried out is not objective, but is colored by my own experiences and perspectives. While my lack of personal experience and strong emotional connection to this topic may have made some interviews easier to conduct, it may also have affected the data that some interviewees felt comfortable sharing with me. However, I have done my best to remain humble and open to new information and ways of understanding gentrification and its human impacts throughout the research process.

## **Chapter 5: Findings**

### **Conceptions of Gentrification**

Preliminary research into definitions and conceptions of gentrification and displacement and their causes showed that these processes can be understood and experienced in many different ways. For example, Palen (1988) pointed to five theoretical categories through which one could approach gentrification: demographic-ecological, socio-cultural, economic-political, community networks, and social movements. Thus, in an effort to clarify the perspective from which each interviewee approaches gentrification and economic displacement, one of the first interview questions asked respondents to explain how they understand these two processes. While there were commonalities across most interviewees, there were differences in which aspects would be highlighted first, or discussed in most depth, and many interviewees described perspectives that were not shared by others. There did seem to be strong commonalities between interviewees of the same profession, coming from the same sector or who shared the same subject of expertise, demonstrating the strong influence that interviewees' professional identity has on their views related to the topic. This highlights the complexity and multi-faceted nature of gentrification and economic displacement and the variety of causes, effects and possible solutions that may be ascribed to them.

Most interviewees expressed that it was important to distinguish between gentrification and displacement, explaining that while they may be associated with one another, they are separate processes. As one state agency staff member explained, "I think the terms gentrification and displacement are often used interchangeably, and that's not appropriate." However, while involuntary displacement was generally described as a negative outcome by all interviewees, attitudes towards gentrification varied more substantially.

Some interviewees, particularly those working in the public sector, characterized gentrification as a positive phenomenon, describing it as simply a pejorative word for revitalization or redevelopment. They pointed to gentrification as a source of positive change in impoverished neighborhoods that struggled with crime, unemployment, failing school systems, and run-down buildings. According to this understanding, gentrification can be a way for low-income populations to reap the benefits of living in mixed-income communities, such as increased economic opportunity and better amenities. As one housing advocate pointed out:

*A lot of people are excited about their neighborhood getting better. There's a coffee shop; that's great. Everybody loves coffee. The problem is when your neighbors have to move out or you have to move out. You're losing the community character that you had.*

This understanding of the distinction between gentrification and displacement was shared by a variety of stakeholders, including state agency staff and advocates, although it did not predict their recommendations regarding how to address gentrification and displacement, which varied significantly across this group.

Other interviewees spoke about gentrification on more negative terms, either equating it with displacement or pointing to the ways in which the cultural shift that comes along with gentrification can cause longtime residents to feel uncomfortable or unwelcome in their own neighborhoods. As one state agency employee described:

*I think there's a sense of belonging that's at stake, and a sense of looking at the history of migration and forced migration, especially of low-income communities and communities of color in the US, and them being made to feel like outsiders in the community where they settled. I think [...] even if anti-displacement policies are put in place, even if there's things in place that make it so long-term residents can afford to stay, there are probably impacts to their health and wellbeing.*

Others explained that there are always winners and losers in gentrification, and while some will undoubtedly benefit from increased investment in their communities, others will not. For example, even if displacement does not occur, low-income households are not likely to be able to participate in the new economy of hip coffeeshops, fancy restaurants, yoga studios and health food stores that stereotypically coincide with gentrification because of the relatively high costs of these services.

### **Conceptions of Economic Displacement**

Interviewees also described economic displacement from a variety of perspectives. Some described these processes through a public health lens, pointing out the potential effects of higher rent burdens or long commutes as a result of displacement. For example, a state employee pointed out:

*Displacement on a human body means so many things, [...] but it means on a very basic level, the burden of disease in California is chronic diseases that are about sedentary lifestyle, and a longer commute is going to convert into obesity and chronic diseases -- diabetes, cardiovascular diseases -- and those are low-income communities that are already facing the burden of health outcomes in California today.*

Others spoke about these processes from a policy perspective, focusing on the legal protections that could prevent residents from being displaced or the mechanisms that could help provide more affordable housing. Still, others began by evoking the history of segregation, redlining, predatory lending and destructive land use policies such as urban renewal that had led to disinvestment in cities in the first place. One health advocate from LA spoke about the psychological effects of displacement, explaining how it could be experienced as “banishment” from society:

*[Some of our partners who work with homeless populations in LA] actually characterize displacement as being more of a banishment because displacement implies that you actually have a place to go to whereas with banishment you are essentially banished from a community or society and you end up on the streets.*

Most respondents focused on the effects that these phenomena may have on renters, but some pointed to how increasing property taxes and stricter enforcement of housing codes can displace homeowners as well, or how pressure to sell a family home can cause turmoil among relatives. Finally, many interviewees alluded to the anxiety that gentrification can raise in low-income households and the continual feeling of vulnerability to displacement that many rent-burdened households in gentrifying areas face. Figure 9 provides a graphic representation of the many lenses through which interviewees understood displacement.

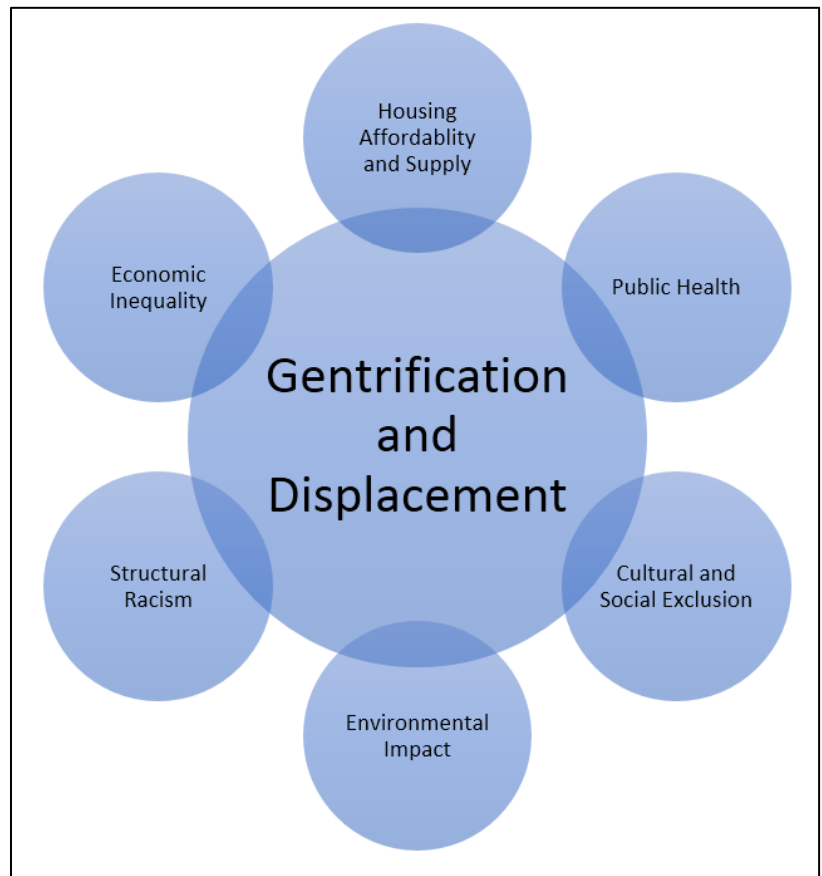


Figure 9

## Causes

Interviewees cited a variety of explanations for California's struggle with gentrification and economic displacement. A commonly cited reason was the current housing crisis in California due to the low supply of housing in comparison to need that has been well- documented by various

studies (HCD, 2017; McKinsey, 2016). However, respondents differed in whether they saw the main challenge to be a lack of housing in general, or of subsidized housing specifically.

This highlights a significant ideological divide between advocates and policymakers attempting to address California's housing crisis. While one side argues that high housing costs are principally caused by low supply and that building more market-rate housing will address this problem through filtering, the other side contends that market-rate housing will never be affordable for low and extremely-low-income households in hot housing markets. As one affordable housing developer explained:

*One of the narratives that I think we're really hearing now is the idea that we need more market rate development and then rentals start depressing when you've built enough supply, but you'd have to build a hell of a lot of supply -- more than we could build -- and I don't really buy that.*

Respondents working in the public sector (at the state or local level) were considerably more likely to hold the former view, while affordable housing developers, advocates, and activists were more likely to express the latter. Various barriers to development were also cited as reasons for California's lagging housing supply, including the stringency of the California Environmental Quality Act, the State's complicated entitlement process, and especially NIMBY (Not In My Backyard) activism and anti-development ideologies that are particularly strong in many wealthy communities.

Nearly all interviewees agreed, however, that the lack of funding for affordable housing was a major factor in causing displacement and homelessness in California. Many pointed to the loss of redevelopment starting in 2012 as a particularly painful blow for the development of affordable housing in California, since 20% of the monies generated from tax increment financing under this program was set aside for affordable housing (Fulton and Shigley, 2012). Since then,

affordable housing developers have struggled to piece together the financing needed to build affordable homes from a variety public and private sources.

An affordable housing developer explained that the recent election of President Donald J. Trump and his appointment of Dr. Ben Carson as head of the US Department of Housing and Community Development has amplified anxiety about the availability of funding for affordable housing from the federal government. The prospect of sweeping cuts to the federal tax code has also raised concern about the availability of Low-income Housing Tax Credit (LIHTC) funds, one of the most significant sources of funding for affordable housing in the State. This is because large companies invest in LIHTCs largely in order to reduce their taxable income; thus their incentive for investing in affordable housing is much less compelling when corporate tax rates shrink. The economic recession was also frequently cited as a cause of California's low housing supply, since the plummeting housing market post-2009 created a disincentive to build.

Many interviewees also expressed the importance of establishing anti-displacement policies during the early stages of gentrification, suggesting that a lack of tenant protections is a significant cause of displacement. Multiple experts highlighted the need to implement a variety of anti-displacement policies in order to protect vulnerable residents, mentioning rent stabilization, just cause and anti-harassment laws, homeownership programs, workforce development programs, living wage laws, financial education programs and more. These strategies will be discussed in more depth in the "Proposed Solutions" section of this chapter. State policies such as Costa Hawkins, which limits the efficacy of rent control ordinances and Proposition 13, which significantly limits property tax rates, were also cited as barriers to protecting residents from displacement, even when local policies would otherwise have done so. These policies will be explored in more depth later in this chapter.

Another important factor that was highlighted by advocates and public sector officials alike is the role of discriminatory housing and land use policies that have resulted in segregation and disinvestment in communities of color. Racially restrictive covenants, redlining, urban renewal, predatory lending and failure to enforce the Fair Housing Act of 1968 were called out by name, in addition to more general statements about “the unfortunate history of many public programs and much investment.” This finding is consistent with academic literature documenting the impact of public sector policies that were directly responsible for segregation through exclusionary zoning, displacement of African Americans through urban renewal, denial of minority households from becoming homeowners through redlining and failure to effectively regulate the financial sector around predatory lending practices (Rothstein, 2017). Interviewees who mentioned these histories pointed out that, particularly in light of this history, the public sector has an obligation to actively avoid involuntary displacement, especially for communities of color. This history was also raised as a reason for the lack of trust that many communities of color have in government.

Another frequent theme was that of “the back to the city movement” or the trend, among millennials in particular, to choose to live in urban spaces, using public transportation, bicycle commuting and other forms of active transportation. While there has been a considerable amount of speculation by academics and journalists alike about whether or not this will be a lasting trend, or if millennials will largely decide to move back to the suburbs as they grow older (Pendall, 2012; Dowell, 2016), there is currently an unmistakable movement towards urban spaces all across the country (Furman Center, 2016; Smith, 1996). Interviewees pointed to this trend as a significant contributor to gentrification in urban areas across the state, while others expressed fear that this may be a temporary trend, causing strong housing markets in Californian cities to eventually crash.



In response to a question about whether the GGRF programs could lead to gentrification and displacement, one state agency staff member argued that the reason gentrification is happening around transit infrastructure and in dense urban areas is because there is not a high enough supply of transit-oriented neighborhoods to meet current demand. She suggested that building more transit-oriented development could actually fulfill demand, putting a downward pressure on housing prices. This argument is similar to the one made by other interviewees about addressing the housing crisis by increasing housing supply across the board. Affordable housing advocates would likely respond to this argument similarly, pointing out that increasing supply may help bring down housing costs, but not enough to be attainable for low and extremely low-income households.

### **Early Indicators**

The importance of monitoring housing costs and of heeding early indicators was also expressed during interviews. For example, one community organizer and advocate criticized studies that focused exclusively on rent and property values. She argued that it would be more useful to track early indicators of gentrification because by the time rents have spiked, it is already too late to protect the most vulnerable households from displacement. She suggested that looking at the neighborhoods that have been redlined and where there had been a high concentration of foreclosures would be useful, because “these are the places where you can buy up the empty building and turn it into a multi-unit apartment complex and make a million dollars off of it.” Implicitly referring to Smith’s rent gap theory, she argued that developers were taking advantage of low property values in historically black and low-income neighborhoods because the gap between actual rent and potential rent provided a wide profit margin.

Another commonly mentioned early indicator of gentrification is reduced crime. This advocate argued that new policies to increase policing of certain areas may be a useful indicator that gentrification is taking place. She pointed to the anti-gang injunction in West Sacramento<sup>iii</sup> as an example of this phenomenon, explaining:

*It's just the ultimate criminalization zone to try to prevent this activity, but I'm noticing that a lot of these vacant houses and lots are getting bought up and [the injunction will soon be lifted] and then immediately what's going to happen? Well probably you're going to start seeing houses getting flipped and people starting to build new buildings.*

Another interviewee who works in the public sector described how the reduced crime in Oak Park neighborhood of Sacramento coincided with gentrification in the area, describing, “once that safety threshold is cleared in a lot of poorer neighborhoods, they begin to gentrify, and then people get bought out of their family homes and then they move to the places they want to be or maybe rents go up and they get displaced.” In addition to increased policing and reduced crime, tracking commercial displacement and the cropping up of new businesses like coffee shops and cocktail bars were also mentioned as potential early indicators.

## **Proposed Solutions**

Despite the fact that many interviewees seemed skeptical about the ability to prevent all involuntary displacement in the context of a capitalist housing market, they recommended a variety of strategies to “stop the hemorrhaging,” as one Bay Area activist called it. Most, if not all interviewees seemed motivated by a moral imperative to protect vulnerable households from displacement, and some additionally cited improved public health, maintaining diversity in urban spaces, more effective use of GGRF funds or GHG emission reductions as additional rationales for addressing this challenge. As one environmental justice advocate pointed out:

*Displacement doesn't just impact that individual or that family; in the context of GGRF it has an impact potentially on how beneficial your investments are. And frankly, that applies to the transit investment, outside of the GHG reduction aspect of it, but if the transit system wants farebox recovery and they want to keep their ridership high, then preventing displacement around transit should be a huge interest to them.*

Whatever the motivation, most respondents agreed that no one strategy would fully address the problem and that it would be necessary to set in place a variety of policies, programs and investments in affordable housing in order to effectively quell displacement. Most interviewees also agreed that the state agencies administering GGRF programs, and other public and private actors investing in infrastructure and environmental improvements in Californian cities, should take steps to avoid spurring economic displacement through their investments.

Increasing the supply of affordable housing was the most common recommendation from nearly all interviewees. Many called for the creation of a permanent statewide source for affordable housing funding<sup>iv</sup>, citing the end of redevelopment agencies and the lack of predictability at the federal level as key reasons for this need. The two affordable housing developers interviewed both attested to the challenge of cobbling together financing to build affordable units, explaining how the challenge of applying for funding from multiple public and private sources constrained their ability to build affordable housing rapidly and effectively.

### Affordable Housing

While the AHSC program is one of the most significant sources of funding for affordable housing currently available in California, many interviewees described it as a GHG reduction program rather than a housing program, pointing to its scoring system that weighs GHG reductions above depth of affordability or serving vulnerable populations. As one developer explained:

*I'm glad that there's a piece of cap-and-trade that's gone to [funding affordable housing] because I think that's a big win in itself, but it does feel kind of*

*challenging to me to try to have a housing decision that's based in many parts on how you're going to reduce greenhouse gas, and we had some experiences this round where your point score really has to do with that more than other things.*

This was a common criticism among housing and environmental justice advocates who praised the AHSC program for funding innovative affordable housing projects but lamented that the program could not adequately address the vast need for affordable housing and wraparound services in the state. While the statute establishing this program (Public Resources Code, Division 44, Part 1, Section 75210) does list “preserving and developing affordable housing for lower income households” and “improving conditions in disadvantaged communities” as two of eight main objectives of the program, the principal goal of AHSC and all other programs funded by GGRF funds is to reduce GHG emissions and improve ecological sustainability. Many of the advocates and affordable housing developers interviewed valued the ecological sustainability goals of AHSC, but expressed concern about how the needs of extremely low-income, formerly homeless, disabled, veteran, and aging populations would be met when one of the main sources of funding for affordable housing in the state prioritized GHG reductions above all else. One interviewee also pointed out that CalEnviroScreen<sup>1</sup> had not been created to represent housing need in the state and many communities that have low scores according to this tool, such as Lake or El Dorado County, actually have deep affordable housing needs.

Inclusionary housing ordinances were a frequently mentioned strategy for building more affordable housing units and were considered to be an especially valuable tool in the absence of adequate public funding. One Bay Area advocate argued that many cities in the Bay Area would be more inclusionary if given the chance, referring to the impact of the 2009 “Palmer Decision”

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<sup>1</sup> CalEnviroScreen is a mapping tool uses environmental, health and socioeconomic information to produce scores for every census tract in California. It helps identify California communities that are most affected by many sources of pollution, and where people are often especially vulnerable to pollution’s effects.

by the California Court of Appeals, which ruled that Los Angeles' inclusionary housing ordinance violated state law. The impact of this decision has been ambiguous since it did not definitively outlaw inclusionary zoning, but has cast doubt on the legality of these ordinances for rental housing. Many cities have scaled back these ordinances or have stopped enforcing them as a result and housing advocates have largely called for an amendment to the Costa Hawkins Act that explicitly allows inclusionary zoning (League of California Cities, 2014; Public Interest Law Project, 2010). Since the completion of this interview, Assembly Bill 1505 was passed into law, which allows local governments to adopt inclusionary zoning, thereby superseding the Palmer Decision.

One Sacramento housing advocate lamented the loss of the city's inclusionary zoning ordinance in 2015, which she called "a model ordinance," in favor of an in-lieu fee requirement that does not raise a comparable amount of funding for affordable housing and for which she argues there are too many exemptions. Another interviewee who is a researcher in the Bay Area suggested setting in place a statewide inclusionary housing ordinance. She recommended that this type of policy be tiered, "so it's not a blanket 25% all around, because that might prohibit construction in some areas, but so there's some calculation to determine what the percentage is by area. I think there's ways of designing state level policy that can accommodate local context."

Housing element law was also cited by two interviewees as a way to pressure jurisdictions to build enough low-income housing to meet the needs of their residents. One public sector interviewee mentioned that the Transit and Intercity Rail Capital Program (TIRCP) gives preference to applicants that have a housing element that has been certified by the Department of Housing and Community Development (HCD) as a secondary criterion, suggesting that this was meant to be an anti-displacement measure for the program. However, preference does not have a

measurable impact on project selection since the program has no formal scoring process, so the extent to which secondary criteria affects the final decision is unclear.

The One Bay Area Grant program was also elevated by one interviewee as a best practice because it fully conditions receiving these competitive grants on having an HCD-certified housing element in place. While not discussed during interviews, it is important to note that the 2017 Guidelines for the AHSC program set housing element compliance as a requirement for funding eligibility. One environmental justice advocate did share concern about this idea, arguing that this would not be a sufficient incentive for communities without certified housing elements to pass into compliance since many of them have failed to do so expressly due to their unwillingness to build low-income housing. She argued that the high-income jurisdictions that had chosen not to pass a housing element were the most in need of affordable housing and feared that this restriction could block developers from securing funding to build in those cities. It is too early to assess the effects of this policy, but hopefully future program evaluation will reveal the extent to which the requirement was effective in incentivizing housing element compliance.

### Rent Stabilization

Another common topic of discussion was rent control and rent stabilization, which were often the first measures mentioned in response to questions about anti-displacement policies. Interviewees held a range of views on this topic, ranging from arguing that these policies are indispensable strategies for fighting displacement, to believing that they distorted the market and would lead to increased housing costs in the long run. On the pro-rent control side, one housing advocate asserted that many people in Oakland tell her “the only reason I am here is because I have a rent-controlled apartment.” A Sacramento community organizer also argued that “every jurisdiction should have some form of rent stabilization, not necessarily rent control in the traditional sense, where it

freezes, but you say like 5% or 10%, that's the most you can increase rent year to year." It is worth noting that 5-10% represents a significant rent increase. Most rent stabilization measures follow the Consumer Price Index, which rarely increases by more than 5% annually (Bureau of Labor Statistics).

Those who showed skepticism about rent control tended to be affiliated with the public sector. One elected official in Sacramento argued that rent control "distorts the market quite a lot and there are some real clear winners in that, but overall it's just a burden to other people who may not have access." Still, others referred to rent control as a "micro-control" that would not effectively address displacement or argued that while rent control seems like it would help in the short term with anti-displacement, "in the long term it could potentially increase housing costs by further restricting the supply."

Several interviewees also recommended repealing Costa Hawkins, a state law that they argue infringes on the efficacy of local rent control and rent stabilization ordinances due to its vacancy decontrol mandate. This means that whenever a rent-controlled unit is vacated, rent can be increased to market rate. Thus, the law undermines cities' ability to keep many rent-controlled units affordable, and interviewees argued that it made these policies less effective over time. This law is discussed in more depth in Chapter 2. Condominium conversion restrictions were also cited by one housing advocate as another important anti-displacement strategy, while a public health advocate called for no-net-loss of affordable housing policies in order to ensure at least a baseline quantity of affordable units.

## Tenant Protections

Tenant protections such as just cause and anti-harassment ordinances were mentioned by a number of interviewees, including academics and advocates, as a crucial part of any anti-

displacement strategy. One Sacramento advocate lamented the absence of a just cause requirement in her city, while a Bay Area housing advocate said, “I am heartened by tenant protection movements growing and I think we need to have more of those so it becomes more of the default, understanding that different local jurisdictions have to tailor things for their market and for their community.” The interviewee went on to explain that these protections would be more effective on a regional scale so that developers would not opt for jurisdictions with weak regulations in place. A Bay Area academic who focuses on housing policy suggested that setting in place statewide baseline tenant protections such as a just cause requirement for evictions would be beneficial.

Several interviewees, housing advocates and state agency staff alike, pointed out that it is important to set in place tenant protections such as anti-harassment laws and just cause ordinances in addition to, not instead of, other anti-displacement protections. As one housing advocate explained, “we are just very conscious that you need both kinds of strategies, to have really any hope of really stopping the bleeding and restabilizing communities.” She later argued:

*You can have all of the tenant protections in the world and in 10 years we’re still going to have almost everybody displaced if we don’t build more housing that people can afford. Because every single time someone moves that apartment is gone; that apartment goes up to market rate.*

This interviewee pointed out the importance of viewing inclusionary housing, homelessness prevention programs and funding affordable housing as anti-displacement strategies, in addition to the more traditionally cited protections such as tenant protections, just cause ordinances and rent stabilization. This is consistent with the recommendations of Causa Justa (2015) and Bates (2013), which point out that displacement needs to be addressed through a variety of strategies to maximize effectiveness.



## Community Engagement

The importance and challenge of meaningfully engaging community members in the planning process was a recurrent theme in interviews. Interviewees had varying opinions about how community engagement should be carried out and what roles residents should and should not play in planning and project design. While activists and advocates tended to encourage the involvement of residents in every stage of the planning process, a state agency employee and an affordable housing developer argued that this was unnecessary. As the state agency housing expert argued, “the perspective of community members is not the only perspective. Just because they’re lower income doesn’t make their perspective more valid.” This interviewee continued by sharing concerns about NIMBYs interfering with the construction of much needed housing through the community engagement process and argued that residents should be involved in the visioning process for housing elements and general plans, but not in planning for each individual project.

An affordable housing developer agreed with this point, explaining that community engagement in design is “somewhat important,” but that California overreaches in this regard. She pointed out that, “if you have to go back and recreate [the community engagement process] every time, you’re never gonna get there. That’s really the goal of the housing element, you look at needs, you look at constraints, you do public outreach.” She acknowledged that not all jurisdictions meaningfully engage community members in developing their housing element, but seemed to regard that as a separate issue.

A planner in Sacramento also expressed frustration at how time-consuming community engagement is and while he argued that his city does a good job with community engagement, he was not convinced that it always provided useful results. He described a community engagement process in which he had been involved that had provided translators to help explain a “very heady policy concept.” He explained, “I think [the community members] were really enjoying it, but at

the end of the day, did I get anything that really moved the needle? I don't know. It helped people feel involved I guess but they were just asking for the moon." He did believe that community engagement had been useful however in hearing from residents that were concerned about gentrification and displacement in their communities, but explained that he felt so overwhelmed by his heavy workload that it was difficult to make time for resident outreach and community engagement.

Environmental justice and housing advocates that were interviewed tended to have a different perspective on the importance of community engagement. Many argued that robust community engagement is itself a key element of good anti-displacement policy, giving community members the opportunity to stand up against a project that they fear may cause gentrification and displacement in their community. As one transportation equity advocate argued:

*Community members want to stay where they are, so if they're consulted and they actually have power to change how investments are made, they will make sure that the investments are made the way that benefits them and not harm them. [...] People are often surprised that there are community members who are already leaders and they bring the best solutions to the table when they're actually being asked to provide a solution.*

For this advocate, local residents are the most appropriate decisionmakers about questions of development and investment in their communities because they have both the incentive and the local knowledge required to make informed decisions to benefit their neighborhoods. Furthermore, they are also likely to suggest creative solutions that other non-local actors may not have imagined.

Building community leadership was frequently mentioned as an argument for resident engagement and the absence of community organizing capacity or local community-based organizations (CBOs) was described as a barrier to setting anti-displacement regulations in place. For example, one Sacramento housing advocate regretted the lack of civil society in her city, arguing that this made it challenging to pressure the local government to put in place anti-

displacement policies. An environmental justice advocate from the same city also described the feeling of powerlessness that may accompany struggles with gentrification and displacement in a given community, and suggested that community engagement may serve as a means of reclaiming power. However, the lack of community organizations in some areas was also cited as a barrier to carrying out meaningful community engagement, which raises the question of whether resident engagement can effectively support the development of community leadership in all jurisdictions statewide.

Developing partnerships between state agencies and local CBOs in order to facilitate community engagement and ensure that the right people are at the decision-making table was a common recommendation, particularly among equity and environmental justice advocates. It is worth noting that the TCC program requires that cities partner with CBOs in order to develop their project proposals partially due to the advocacy of community organizations across the state. As one Environmental Justice advocate from LA pointed out, CBOs are valuable partners for administering agencies because they “should have outreach capacity, should have leadership development, should have a bunch of characteristics including facilitation of participatory development activities.” He saw these strengths as crucial to developing a legitimate project proposal and building community leadership. Yet an environmental justice activist shared concern that state agencies need to be selective in choosing which CBO to partner with, because it may be difficult for agency staff to grasp local dynamics in jurisdictions across the state. In order to address this issue, she suggested that the Environmental Justice Action Committee would be an appropriate body to make recommendations and approve CBO partnerships, since it is made up of EJ advocates that are well-connected in regions the across the state.

While establishing formal partnerships with CBOs was a key topic of discussion during interviews, many respondents also referred to the best practice of developing more informal relationships with CBOs that can help bring the appropriate people to planning meetings, charettes and listening sessions. A community organizer from Berkeley lamented the lack of people of color present at most planning meetings that he attends and suggested that reaching out to or partnering with the right CBOs, particularly ones that support people of color, would be a useful strategy to ensure that these meetings reflect the diversity of the community.

A Bay Area equity advocate argued that it is especially important to ensure that traditionally underserved populations are involved in the planning process because they are the most likely to be affected by displacement. As she pointed out:

*When you do that broad outreach to community members, you run into the problems of the usual suspects showing up. And it's usually the upper-middle-class white person who is already in some capacity doing some kind of advocacy. It doesn't really get at that cross-section of the people that need it. The less education you have, the less likely that you're going to be involved and the more likely you're going to be kicked out first of your neighborhood.*

She also argued that there is a marked difference between simply documenting process and engaging in a resident-led community engagement process. For her, GGFRF program guidelines that give process-based guidance and require a headcount of the number of participants is not sufficient if community members are not allowed to participate meaningfully in the decision-making process. While she admitted that encouraging resident-led planning was “mind-boggling” for agency staff, she expressed a desire to change the culture of how agencies interact with communities, particularly with underserved residents.

Interviewees agreed that quality community engagement processes are time-consuming and can be challenging to organize, especially for professionals with little experience in this capacity. Many interviewees discussed the challenge of getting residents, who are often busy and

leading full lives, to engage in planning processes, and advocates provided best practices of how to make planning meetings as convenient and amenable to resident needs as possible. The importance of providing translation services, food and childcare as well as holding meetings at convenient times and in places that would be considered safe spaces for undocumented residents such as schools and community centers were highlighted. Tailoring meetings to residents by presenting ideas in a way that is easy to understand and avoids jargon or technical language was also viewed as essential. Compensating residents for their time, either with gift cards, useful household items or legal informational sessions, was also mentioned as a best practice and a particularly useful tool in bringing underserved residents to the table.

Many interviewees, including a planner, an affordable housing developer and a number of advocates referred to community engagement processes that had been poorly executed by other entities, sharing stories of planning meetings with zero attendees, that were held at inconvenient times, that were “half-assed,” etc. This gave the impression that the standard for community engagement practices in California is poorer than many interviewees would like, and is often carried out as a rote requirement rather than a meaningful and iterative process. In order to counteract this tendency, advocates argued that the GGRF programs should have strict guidelines on community engagement, ensuring that the opinions expressed by community members have actually influenced the final project design.

### Building Economic Resilience

Workforce development, local hire and living wage ordinances are often recommended by advocates as strategies to counteract displacement by building wealth among local residents that may be vulnerable to displacement. The AHSC and TCC program guidelines both provide scoring incentives for projects that employ any of these strategies and interviewees were asked about their

views on these actions and their efficacy in addressing displacement. This method of addressing affordability at the level of income, as opposed to housing cost, was one of the most controversial strategies among interviewees, prompting a wide range of responses. Most interviewees highlighted that these kinds of strategies work best in connection with other methods to address affordability. Workforce development was the most frequently discussed of this category of strategies.

While many advocates and some state agency staff saw workforce development as a useful tool for counteracting the negative effects of gentrification, one agency staff member, an affordable housing developer and an academic were more skeptical. The Bay Area academic who specializes in labor policy argued that workforce development was challenging to do well and that its scale is too small to be effective in helping a critical mass of local residents stay in their homes in the midst of rising housing costs. She pointed out that it is difficult to ensure long-term employment for trainees and that many of the jobs that workforce development is geared towards are relatively low-income jobs that may still not make it possible for them to live in cities with expensive housing markets. She also argued that creating a higher supply of skilled laborers is not likely to help if there is not enough labor demand, suggesting that it would make more sense for these programs to implement local hire requirements for GGRF dollars as a way to increase the demand for labor in the area, rather than the supply.

*Well I actually think [workforce development] is a very, very weak tool. Even on its own grounds of, you know, not trying to change the whole housing market, but even in terms of helping people move up career ladders, our workforce development system isn't very effective because it only operates on the supply side of the labor market. It may help prepare workers better, but if the jobs that use those skills and that pay people to reward them for acquiring those skills aren't there, then workforce development programs are really just a big waste of money.*

This interviewee also criticized state agencies' focus on workforce development, arguing that they wanted to "throw money at the problem" rather than using their investments to create local high-wage jobs supported by workforce development. She suggested that requiring community workforce agreements would be the most useful strategy to help ensure that the local community is reaping the most possible benefit from the GGRF investment.

An advocate from the Sacramento area also questioned the authenticity of some workforce development programs, criticizing the claims made by a contractor that was used for the Low-Income Weatherization Program that they were providing workforce development for local communities. According to her account:

*Grid Alternatives actually had the audacity to say they were training people for jobs, when really what they were doing is giving them maybe a one-hour class beforehand and then a one-day volunteer install, so they were really just using communities for free labor so that they could reduce the cost per install so that they could remain competitive for their contract... A lot of the stuff that claims to be workforce development is really pretty meaningless.*

An agency staff member who specializes in housing was also critical of workforce development as an anti-displacement tool for the GGRF programs, sharing her concern about it overburdening applicants. While she is in favor of workforce development programs and "would sign up for more [of these programs] all the time," she was concerned about how applicants would be able to find funding for these programs within the short timeframe they have to file applications, all while under pressure to maximize GHG emission reductions per dollar spent. She also seemed to be concerned about the high cost of these programs, arguing that GGRF dollars could not be used for workforce development in most cases and that another significant funding source would need to be available in order to support workforce development programs.

With regard to this challenge, this interviewee suggested that Proposition 47<sup>v</sup> funding could be utilized to support workforce development for GGRF-funded projects. She believed that

agencies needed to improve connections between the State's various funding sources in order to support applicants in financing aspects of their projects that cannot be funded using GGRF dollars.

As she explained:

*Someone should be aligning all of this money and all of these programs, so where there's re-entry populations, the AHSC is somehow aligning that funding and saying, for these communities we will pair some AHSC development with the prop 47 workforce development—so it's not coming out of the developer, because I acknowledge it's hard on the developer.*

An affordable housing developer from a popular outdoor tourism destination in the State was also skeptical of workforce development being an effective strategy in her locality. She explained that the short-term rental market had exploded in her area and was making it difficult for people who had found jobs there to secure housing they could afford. She pointed out that housing scarcity made it difficult for companies to find local labor and that many people had to commute long distances in order to find affordable housing. “We don't have an issue with finding people for the workforce,” she explained, “we have a workforce shortage, our workforce can't find housing.”

In this case, workforce development does not address the true needs of the area. This points to a central challenge in setting policy for the entire state of California-- there is such a diversity of landscapes, housing and job markets and demographics across the state that finding a policy that is flexible enough to be relevant in each context is a considerable challenge. While workforce development is sorely needed in some areas of the state, in others it may have the effect of preparing trainees for jobs that they will not be able to find locally, or barriers like housing cost could limit the effectiveness of such programs if trainees cannot afford to live locally.

However, advocates in Fresno, LA, Sacramento and the Bay Area mentioned workforce development as a viable strategy for addressing gentrification pressures that may arise from GGRF



investments. One LA advocate argued that addressing short-term and long-term housing affordability, workforce development and local business supports would “maximize the economic resilience of communities.” Many others also included it in the anti-displacement strategies that recommended to counteract any potential gentrification caused by the California Climate Investments.

When asked about her response to the argument that workforce development was not an effective strategy to prevent displacement, a state agency staff member responded that she agreed that workforce development is very complex, but maintained it could be effective if done correctly. This State employed interviewee argued that community development tended to be too “bricks and mortar-oriented” and didn’t invest enough in people. She argued that this focus on infrastructure spending in the absence of investment in human capital could leave local communities vulnerable to displacement. She explained:

*If I was an administering agency, I would want to put a chunk of this money aside and say we’re going to make a decision to put in less infrastructure and invest more in the economic development and labor and workforce development pieces of this investment, and that means a really robust program that is literally a prison to journeyman pipeline, and it’s not cheap, but it’s prevention.*

Ideas about gentrification and displacement can be convoluted and even contradictory at times. While most interviewees acknowledged the opportunity for gentrification to have positive outcomes for incumbent residents, many seemed skeptical about whether or not that would truly benefit the most vulnerable residents. Some interviewees even pointed out the difference between gentrification and displacement in the beginning of the interview, only to use the terms interchangeably later on or to point out the potentially positive effects of gentrification and then talk about it negatively throughout the rest of the interview. This is likely due to the complex and

chaotic nature of these processes and the fact that the causes of gentrification are not fully understood even in academic literature. Furthermore, effects can vary greatly depending on context and perspectives on the positive or negative nature of these effects are likely to vary greatly depending on personal experiences.

While interviewees did not all agree on the most effective strategies to address displacement, it was generally accepted that the most effective way to address this issue is a combination of strategies that aim to create economic resilience to housing market fluctuations. As one LA advocate pointed out, “Cross-cutting interventions is how you deal with anti-displacement. You have to have multiple issues being addressed. You have to have economic and social stability—or economic and social strengthening—in order to provide resilience against displacement.” The key is discerning which combination of strategies will be the most effective and setting in place statewide policies that are flexible enough to be adaptable to the variety of geographic, economic and political contexts that exist across the state of California. The next section aims to analyze the breadth of understandings, experiences and suggestions shared during these interviews and to make recommendations about how these findings can be applied to statewide policy related to the GGRF programs.

## **Chapter 6: Discussion and Recommendations**

The interviewees selected for this research were diverse in their professions, subject specializations, and geographic-focuses, which unsurprisingly led to a variety of attitudes, understandings, and proposed solutions to the challenge of economic displacement. Three central themes were particularly recurrent across the interviews, namely: (1) a combination of strategies is necessary to effectively address displacement; (2) the threat of displacement and appropriate strategies to combat it vary significantly across geographic, economic and political contexts; and (3) the disjointed and siloed nature of the GGRF programs, and state funding in general, is a barrier to creating cross-cutting interventions that can improve environmental, economic, and social sustainability in communities. The recommendations generated through this research take these three key findings into consideration, while also drawing from specific recommendations of individual interviewees and the researcher's own understanding of the issue after having conducted this research and worked within one administering agency for nearly a year.

### **Discussion of Findings**

#### **Combination of Anti-Displacement Strategies**

Consistent with research and policy recommendations by Lisa Bates (2013) and Causa Justa (2015), many interviewees pointed out that there is no silver bullet to address gentrification and displacement. Since these processes are complex and are symptomatic of a variety of factors, including a lack of affordable housing; an increased demand for and limited supply of housing; a history of segregation, redlining and disinvestment in communities of color; a capitalist housing market and a lack of resident protections, the solutions to this challenge must be cross-cutting. Some interviewees focused most fixedly on the need to increase the housing stock in California,

particularly in hot housing markets like LA and the Bay Area, where demand is especially high. This is doubtless a critical element of the solution to avoiding displacement, but it is unrealistic to expect that increasing the supply of housing will ever bring costs down to a level that is affordable for low and extremely low-income households.

Building more subsidized and “naturally-occurring” affordable housing, especially in hot housing markets is crucial to avoiding the displacement of low-income populations in gentrifying areas. “Naturally-occurring” affordable housing includes units that are affordable to low-income residents even in the absence of public subsidy. These units may be affordable for a variety of reasons, including size, design, location or lack of maintenance. Obviously, cities should aim to increase the number of units that are affordable by design, not due to poor location or substandard conditions. Some communities in California, particularly in the Bay Area and LA, have already reached advanced stages of gentrification, meaning that there is little available “naturally-occurring” affordable housing. Land costs in such areas can be prohibitively high for affordable housing developers. For this reason, land banking and community land trusts are invaluable strategies for preserving affordability, particularly in the early stages of gentrification. Furthermore, while the AHSC program has been a crucial source of funding for affordable housing in California over the past few years, the state is in dire need of a permanent source of affordable housing funding that can fill the gap left by the end of Redevelopment Agencies. The housing package passed by Governor Jerry Brown in September 2017 is a momentous step in the right direction, but is unlikely to be a cure-all for California’s deep housing needs.

The ideological divide between the YIMBY (Yes In My Backyard) pro-development movement, which maintains that an increased supply of housing alone will resolve affordability challenges, and the argument of advocates and community organizers who are wary of the potential

for market-rate developments to cause displacement in certain contexts, is a challenging one to navigate due to the complex nature of gentrification. This is a debate that is sometimes raised in connection to the AHSC program, which can theoretically be used to fund housing developments for which up to 80% of the total residential units are market-rate, although in practice most AHSC funded projects have a considerably higher percentage of affordable units (the majority are 100% affordable). These projects are also necessarily located near transit, which research has shown can trigger gentrification (Lin, 2002; Cervero et al., 2003; Chapple, 2009; Kahn, 2007; Pollack et al., 2010; Dominie, 2012; Chapple et al., 2016). For this reason, some advocates have voiced concern that such projects could lead to gentrification.

Yet, while it may be logical that a market-rate development with few affordable units could speed up the gentrification process and contribute to displacement in an area where the housing market is heating up, there is no conclusive evidence in academic literature suggesting that this will necessarily occur. The same development could have a vastly different effect on the local economy depending on the place in which it is built and how vulnerable the local residents are to being displaced.

### Context is Key

The ways in which interviewees referred to gentrification and economic displacement also differed considerably according to the region in which they lived and worked. This reveals the importance of understanding local context in assessing displacement risk and developing appropriate strategies to address it. Interviewees from the Bay Area and LA characterized gentrification and displacement as a major problem and seemed concerned that nearly any kind of investment could lead to displacement. They also tended to speak more confidently about the lived experience of displacement. As one Bay Area housing advocate explained, “You know pretty

much at this point, everyone who has lived in the Bay Area for a decade or two or a generation or two has family members who have been displaced. So, they get it, and they care about it.” Advocates from these metropolitan areas pushed for more stringent GGRF program guidelines that would increase requirements that applicants take actions such as conducting an economic impact assessment for their project, partnering with workforce development programs, conducting meaningful community engagement and building in jurisdictions that have anti-displacement protections in place, such as rent stabilization and inclusionary housing policies.

Advocates in Sacramento also showed concern about gentrification, but seemed less concerned that transit or parks would lead to displacement. Interviewees from this city talked about gentrification happening relatively slowly in comparison to other Californian cities, starting with a “whimper” rather than a “loud bang.” Public sector interviewees tended to be more concerned about the lack of GGRF funds that Sacramento has received to date than about the effect they would have on the housing market. A Sacramento planner explained that Sacramento is very pro-development, but that he struggled to get developers interested in building in the city. He conjectured that investors saw Sacramento housing as risky because the market is not as strong as in the Bay Area. However, all interviewees from the city acknowledged that gentrification was happening in some areas of Sacramento, although they did not think the City was likely to pass anti-displacement measures such as rent stabilization. One interviewee also mentioned the lack of civil society organizations in Sacramento that focused on local issues, explaining that this was a barrier to ensuring meaningful community engagement and pressuring the City to pass anti-displacement policies.

Respondents from Fresno tended to see displacement as just one in a list of challenges that faced disadvantaged communities in that city and the region. Many shared concerns that the money

allocated to the City through the TCC program would be spent downtown and not benefit residents in South and West Fresno that needed it the most. While housing affordability was definitely seen as a concern, displacement was only mentioned briefly by some interviewees as a possible challenge for residents living downtown, but a more significant concern was that plans to revitalize the downtown area in Fresno could result in new residents being the principal beneficiaries of new infrastructure funded by TCC, rather than the Disadvantaged Community (DAC) residents who need it the most. Since this research was conducted, the Collaborative Stakeholder Structure in Fresno voted in support of a proposal that includes significant investments in Southwest Fresno, after months of community organizing work by local advocates.

While the scope of this research made it possible to only speak with one interviewee from a rural community, this interview with an affordable housing developer in Mammoth Lakes was instrumental in demonstrating the wide range of contexts that the GGRF programs are meant to serve. As her community is a major tourist destination, where over 50% of homes are owned by secondary homeowners and the explosion of short-term rentals is “wreaking havoc” on the housing market, housing affordability is a real concern. Although economic displacement is most often ascribed to urban contexts, it seems to be a concern in Mammoth Lakes and likely in other rural tourist destinations in the state. This interviewee referred to the challenges her community experienced as being similar to other tourist destinations like Lake Tahoe, Napa or Truckee, explaining that her town is “not a typical rural community.” She described how high housing prices in Mammoth Lakes made it difficult to house the low and middle-income service workers that the town needs to function properly. For this reason, strategies such as workforce development didn’t seem appropriate to her, because as she explained:

*It's not really something where we see that people don't have jobs or don't have the skill sets to perform the jobs, it's more that we can't recruit enough to fill the jobs because there's not enough units, or the units are too expensive, or they're so dilapidated that nobody would want to spend their money on them if they are available*

Local hire also seemed infeasible to this affordable housing developer, who explained that her company had hired local contractors in the past, but that “there just aren’t enough people to go around,” especially for larger projects. She also explained that it was sometimes much more cost effective to hire outside contractors.

This is just a sampling of the varied socioeconomic and political contexts that exist around the state, and a cursory one at that, but it shows that a blanket diagnosis of viable anti-displacement strategies is not appropriate for the entire state. While there are many notable similarities across all of these jurisdictions, namely a lack of affordable housing and concern about the threat of rising housing costs, some strategies that are relevant to areas like the Bay Area and LA may not be as effective in other contexts. However, more research is necessary to definitively ascertain in which areas of the state strategies such as workforce development and local hire requirements are the most appropriate. While it may be argued that workforce development programs can help develop human capital in any place, it may do a disservice to trainees if they are unable to find sustainable work in their community or affordable housing near their place of work. Therefore, such interventions should be implemented thoughtfully and in partnership with established workforce development organizations, which have the skills and experience to train workers for viable employment.

### Need for Communication and Collaboration

The fact that the GGRF programs are spread across 12 different administering agencies appears logical, since these programs span a variety of project types and require specialized expertise in



order to be properly implemented. However, this structure has made the programs disjointed, inconsistent and difficult for applicants to navigate. While each of the programs is doubtless making positive contributions to communities across the state, assuming that they do not spur economic displacement, the California Climate Investments as a whole could be considerably more effective through increased communication and collaboration between administering agencies, and the sharing of strategies and objectives.

The TCC program was created with the goal of cultivating this synergy between various GHG reduction projects focused on the same place. While it is still a very young program (at the time of writing funds have yet to be disbursed) TCC is promising in its attempt to remedy the disjointed nature of GGRF investments by incorporating various types of climate infrastructure projects into one local plan for Fresno, LA and another yet-to-be-selected jurisdiction. The process and outcomes of this program should be closely followed by other administering agencies in an effort to draw lessons on how to better coordinate GGRF projects across programs.

It is important to note that concentrating infrastructure investment in specific places, particularly in DACs, where residents may be especially vulnerable to displacement, has the potential to increase the desirability of such locations and could lead to gentrification. For this reason, it is critically important to be intentional about the ways in which those investments are administered and to ensure that jurisdictions that are receiving significant investment have strong anti-displacement policies in place. Investing in workforce development programs and other strategies to support the economic resilience of both residents and local businesses in the area is crucial to ensuring that the populations that these funds are meant to support actually benefit from them. SGC staff working on TCC have been mindful of this challenge and have set in place

requirements for a Displacement Avoidance Plan and a Community Engagement Plan in order to address this concern.

The disjointed nature of the GGRF programs is exemplified in the guidelines for each of the programs, which outline significantly different selection processes with various levels of transparency in their scoring metrics. For example, while AHSC and TCC have clear and detailed scoring rubrics in their guidelines, Low Carbon Transportation Operations Program (LCTOP) and the Transit and Intercity Rail Capital Program (TIRCP) have no scoring system at all, simply highlighting the main objectives of the program. The Urban Greening, Urban and Community Forestry and Active Transportation Program (ATP) programs do have scoring mechanisms, but the guidelines provide less specificity about how projects are evaluated. It is true that there is a trade-off between transparency and leaving more discretion to reviewers, who may recognize creative elements of a project proposal that the scoring may not account for. However, scoring transparency is important for ensuring a fair selection process and to provide clear feedback to applicants. The guidelines for most of these programs also make little or no mention of displacement or anti-displacement strategies. The only ones that do meaningfully address displacement are TCC and AHSC, the two programs administered by the Strategic Growth Council. A description of relevant differences between the Guidelines for each of these programs is included in Chapter 3.

Inconsistency between program guidelines highlights the issue of best practices not necessarily being shared across GGRF programs. AHSC and TCC have innovative scoring processes and anti-displacement requirements, many of which would be beneficial if applied to other programs. High-Speed Rail (HSR) has a community benefits policy that prioritizes hiring local and economically disadvantaged workers that may be a useful model for other GGRF-funded

projects as well. Considering that these programs all share the goals of reducing GHG emissions across the state while providing robust community co-benefits, particularly to disadvantaged communities, it is likely that they would have much to learn from increased communication. The programs that were explored in this study also have in common that they have raised concerns about the potential for displacement in the communities they serve. Sharing best practices could lead to creative solutions, or at the very least, raise awareness among agency staff about potential strategies for avoiding displacement.

Furthermore, since the GGRF programs, and AHSC and TCC in particular, require applicants to develop partnerships across housing, transportation, public works, workforce development and potentially other domains that may not normally work together, it is imperative that agency staff be able to break down silos and gain knowledge of these different domains as well. An important element of developing and ensuring the success of holistic community development projects is providing information to applicants that facilitates their navigation of agencies and funding sources that remain largely siloed. By sharing information and communicating more frequently across agencies, staff can better support funding applicants who need to leverage funds to cover workforce development or other projects that are not typically eligible uses of GGRF funds.

Lastly, coordination among administering agencies on outreach and community engagement would reduce the burden on those that wish to attend informational or technical assistance sessions to learn about the GGRF funds that are available. Currently, agencies plan workshops and listening sessions entirely separately and perform varying degrees of public outreach and community engagement in developing their guidelines. Planning joint listening sessions for multiple GGRF programs and publicizing them collectively would be a useful strategy

for engaging more stakeholders and receiving more feedback. This kind of collaboration could also reduce the burden on individual agencies to plan and publicize such events.

Based on these three themes and other study findings, including my review of academic literature and my personal experience working at the Strategic Growth Council, I have made the following recommendations for the State of California, the California Climate Investments as a whole, and for specific GGRF programs.

## **Statewide Recommendations**

### **Statewide Tenant Protections**

When the rental market heats up, landlords have an incentive to oust longtime tenants in order to benefit from the increased value of their real estate, especially in areas where rent control or rent stabilization are in place. Because the Costa Hawkins law implements vacancy decontrol statewide, landlords can raise the rent to match market value as soon as a unit is vacated. This loophole invites harassment and faultless eviction in gentrifying areas, which should be tempered by Just Cause and anti-harassment laws across the state. Just cause ordinances implement basic protections for tenants by requiring landlords to give a “just cause,” such as non-payment of rent or breach of contract to justify an eviction. Anti-harassment laws render landlord harassment of tenants a punishable offense. Just cause for evictions and anti-harassment laws are already in place in many California jurisdictions, but not in all of them. They are vitally important anti-displacement measures and are difficult to argue against because they prevent two common side-effects of gentrification that nearly everyone can agree are negative: tenant harassment and faultless eviction.

## Repeal Costa Hawkins, Prop 13 and the Ellis Act

Three existing state laws hinder the efficacy of local anti-displacement strategies or have arguably exacerbated the housing crisis and, while politically challenging to achieve, would be beneficial to repeal. Although there may be others, the three that were raised most in interviews and that seem to have the most significant impact on anti-displacement efforts are the Costa Hawkins Rental Housing Act, Proposition 13, and the Ellis Act. Costa Hawkins prevents local governments in California from setting rent for vacant units, which means that rent-controlled units are restored to market value when vacated. Multiple interviewees mentioned this law as a hindrance to maintaining affordability in gentrifying areas, and one housing advocate pointed to it as a cause of the perceived failure of rent control and rent stabilization policies in California cities.

Advocates argue that the Ellis Act, which gives California landlords the unconditional right to “go out of business,” is often abused by speculators who buy multi-family buildings only to flip them or convert them to condos soon after, thus displacing many residents at once. Furthermore, since enforcement of the law’s requirement that the landlord must be going out of business is not always strong, the law is sometimes misused to remove low-income tenants and increase rent prices. While there have already been multiple unsuccessful attempts to modify this law, it is an important step towards slowing displacement in gentrifying areas and the movement to pass a statewide legislative solution to this challenge should be continued.

As discussed in Chapter 2, Prop 13 significantly reduced local government revenue and made it more difficult to support planning staff on a skeleton budget. It has also resulted in the “fiscalization of land use,” in which local governments have resorted to making land use decisions that are heavily influenced by budgetary considerations. For example, Prop 13 indirectly provides an incentive for jurisdictions to zone for and approve the construction of retail developments,

which bring in sales taxes, rather than housing with its miserly property tax revenue. It has also resulted in cities asking for weighty exactions and impact fees from developers, which has had a huge impact on the per unit cost of housing construction.

Unfortunately, Prop 13 is considered by many to be impossible to overturn. Due to the political appeal of low taxes and the requirement the bill itself set in place – that State tax increases must be approved by two-thirds of the legislature – it is not an easy law to overturn. However, it is worth considering a path to reforming it.

### Invest in Local Planning Departments

Proposition 13 and the economic recession have largely resulted in the shrinking of planning departments across the state. This makes it more challenging for local governments to be proactive in producing and implementing plans to both reduce greenhouse gas emissions and preserve affordability for local residents. Lack of funding and staff hours in planning departments can also make applying for GGRF grants and carrying out proper community engagement difficult as well. As a Sacramento planner explained during an interview, “pursuing grants is really time consuming and even in this relatively large planning office, it’s too much. Measurable outcomes are so hip right now and everybody wants them, but who has the time to do that work?”

Technical Assistance programs can help aid planning departments in putting together competitive applications, but they cannot remedy short-staffed and underfunded planning departments. Temporary grant programs like the Sustainable Communities Planning Grant and Incentives Pilot Program (SCPGIP), administered by the Governor’s Office of Planning and Research and SGC, are certainly helpful, but would need to be scaled up considerably in order to make a meaningful impact. To solve this challenge, state funding to local planning departments

should be increased and a more permanent and better funded version of SCPGIP should be set in place to expressly incentivize sustainable planning efforts.

### Invest in Workforce Development for Green Jobs

In order to meet the State’s ambitious climate goals, a concerted effort must be made to transition California to a green economy. Investing in workforce development in the green jobs sector would enable the State to do so equitably, by reducing poverty and economic displacement risk at the same time. Furthermore, research has shown that socioeconomic status is among the most important determinants of health outcomes (Marmot et al. 2008; Woolf et al., 2011; Chetty et al., 2016), adding another powerful argument for investing in economic development. Creating a robust economic development plan that can help transition California to a greener economy will help the State meet its climate goals equitably, while improving health and housing outcomes on a large scale.

While “improving conditions in disadvantaged communities” is currently framed as an important co-benefit of the Climate Investments, none of the GGRF programs directly fund economic development efforts, such as workforce training for green jobs. The AHSC program, for example, incentivizes partnering with workforce development programs, but GGRF grant money cannot be used for those ends. For TCC, these initiatives may be funded on a case-by-case basis, but are not normally considered an eligible cost. Programs such as the Low-income Weatherization Program (LIWP) and the Urban and Community Forestry Program also cite workforce training as a co-benefit for their programs, but one interviewee from Sacramento was skeptical of the efficacy of the LIWP workforce training in her city. She argued that it was a short training to prepare participants for volunteer installation of solar panels, but was not sufficient to lead them to gainful employment in the field. While this is the opinion of only one Sacramento advocate, it does suggest

that setting workforce trainings as an unfunded co-benefit of these programs does not constitute meaningful economic development and will not effectively connect disadvantaged communities with green job opportunities.

This points to the challenge of proper monitoring and enforcement as well as the importance of partnering with established workforce development professionals who have experience training and properly preparing trainees for sustainable careers. Acknowledging that workforce development is a complex initiative, and that doing it properly requires a significant amount of knowledge, skills and experience, is crucial to developing a program that meaningfully implements these tools. The methods suggested in the guidelines of AHSC and TCC more adequately address this need by requiring partnerships with established training or pre-apprenticeship programs.

### Place Equity at the Center of State Policymaking

In her recommendations for avoiding displacement, Bates (2013) advocates for establishing “an inclusive development paradigm with a racial/ethnic equity lens,” explaining how important it is for governments to acknowledge the potential role of public investments in causing displacement and therefore ensuring that equity considerations are central to all government decision-making. This means acknowledging the role of government in causing segregation and racial disparities in wealth, education and health outcomes and making a concerted effort to restore equity. It also means recognizing that increasing housing supply alone will not address the problem of affordability for very low-income residents and that government has a role to play in ensuring that those residents are not displaced as gentrification occurs. As one agency employee explained:

*The idea that it's just about market forces is really prevalent. I think we are continually up against that, and I think we need to continue to talk about*



*government's responsibility to stabilize communities while we do investment in communities and that we have an obligation to do that.*

Considering the history of discriminatory housing and land use policies in California (Rothstein, 2017), making a concerted effort to place equity at the center of contemporary policymaking is necessary to building trust of government among communities of color. This could be done in a variety of ways, one of which is to better educate agency staff about the history of discriminatory land use policy and the ongoing effects of structural racism through programs like the Government Alliance on Race and Equity (GARE). This initiative convenes cohorts of government staff to follow an intensive training that aims to build awareness of and cultivate leadership on racial equity among government staff. A number of state agencies, including the California Department of Public Health and the California Department of Housing and Community Development have already organized GARE cohorts composed of staff members, and SGC's Health in All Policies Task Force is in the process of organizing a cross-agency staff cohort.

Another way to place equity at the center of policymaking is through carrying out a racial equity impact assessment in policy and investment decisions. This tool is used to systematically examine how different racial and ethnic groups are likely to be impacted by a given policy or investment decision. While this is still a relatively new tool, it has been successfully implemented in Seattle and Kings County, Washington and in the United Kingdom (Keleher, 2009).

## **GGRF-wide Recommendations**

### **Create a Collective Impact Framework for the Climate Investments**

Many interviewees cited the lack of cohesion in GGRF programs as a barrier to creating synergies between the programs and maximizing efficiency among them. The fact that these programs are spread across 12 administering agencies with no formal mechanism in place for collaboration and

sharing of best practices is indicative of this problem. While each program invests in different types of GHG emission reduction strategies and is implemented by administering agencies that specialize in different domains, the overarching goals of the California Climate Investments are common across all of the programs. Collaboration on these goals would be beneficial, at the very least in order to learn from best practices. Currently, the GGRF programs remain relatively disjointed. While they all share the same GHG reduction quantification methodology, which is determined by the Air Resources Board (ARB), they have disparate requirements with regard to anti-displacement and community engagement requirements. Furthermore, agency staff members working on these programs are often unaware of the functioning of programs administered outside of their agencies.

As an anecdotal example, in a meeting with TIRCP staff during my internship at SGC, it became clear that these staff members were not aware that the AHSC and TCC programs accounted for anti-displacement strategies in their scoring and they seemed surprised to learn of it. They showed interest in learning more and requested that the language be sent to them for review. This demonstrates the potential benefits that agencies could gain from increased communication and relationship building. Many staff hours and resources have been devoted to developing AHSC and TCC's innovative guidelines, and it is unfortunate that these best practices are not being shared.

Some programs do have goals that are not shared by all agencies, such as AHSC's goal to improve housing affordability, or TIRCP's goal to increase connectivity to High-speed Rail, but these different goals provide a special opportunity for collaboration and synergy. For example, areas where TIRCP infrastructure has been built could be prioritized for affordable housing development to minimize displacement risk and increase ridership on TIRCP-funded lines.

Encouraging the development of affordable housing near transit also means meeting environmental justice goals by ensuring that low-income residents have access to better mobility. It could also be a useful strategy for improving farebox recovery, since low-income residents are more likely to use public transit than their wealthier counterparts (Dominie, 2012). This is but one example of the synergy that could be created among GGRF programs through increased collaboration between administering agencies, but there are doubtless other interesting opportunities. Additionally, implementing cohesive anti-displacement requirements and incentives for relevant GGRF programs, such as requiring housing element compliance, and incentivizing inclusionary housing ordinances, rent stabilization, and workforce development programs, among other strategies would send a much more powerful message to local governments than if only one or two of the programs do so.

In order to facilitate this kind of cooperation, administering agencies need a framework that holds them to common goals and sustained communication. The collective impact framework developed by Kania and Kramer (2011) is designed for multiple organizations to collaborate around a common goal and would be a useful model for the California Climate Investments (CCI). The five conditions of collective success according to this model are as follows:

1. *Common Agenda*
2. *Shared Measurement Systems*
3. *Mutually Reinforcing Activities*
4. *Continuous Communication*
5. *Backbone Support Organizations*

All of these conditions are relevant to the GGRF programs and taking the time to develop a framework that includes each of these elements would significantly improve the efficacy of the programs. The GGRF programs already have achieved some of these conditions, such as a common agenda to achieve GHG emission reductions (provided by the Scoping Plan and the ARB

Funding Guidelines) and a shared GHG reduction measurement system defined by ARB. However, infusing these existing documents with a common agenda of priorities related to co-benefits like public health, air quality, equity and economic development would strengthen the collective impact of the programs on these fronts.

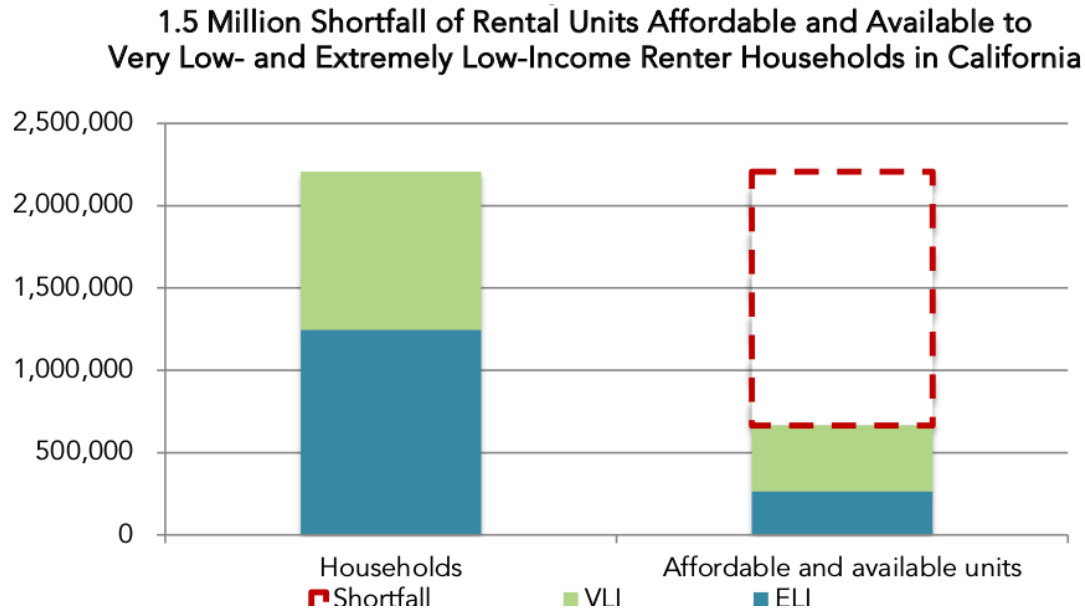
Furthermore, robust monitoring and evaluation systems that are shared across the programs would also improve their efficacy and make it easier to analyze data generated from these efforts. Communication between administering agencies related to best practices and the creation of mutually reinforcing synergies between them is sorely lacking in the case of the climate investments and may be the most important condition for the programs to work and improve. The creation of a GGRF steering committee or working group with regular meeting times would be an important first step in this direction. Lastly, considering the existing structure of the GGRF programs, it seems the most logical that ARB should act as the backbone organization for these programs, taking the role of facilitating collaboration and communication among administering agencies – a necessary step in order to ensure sustained efficacy in working together.

Taking advantage of the expertise of the Environmental Justice Advisory Committee, an advisory body convened to counsel ARB on the Scoping Plan and other matters related to AB 32 implementation, and creating a common network of Community-Based Organizations (CBOs) and advocacy organizations to give feedback on the programs would also help continue to improve them. Sharing these connections across administering agencies would be a useful way to enhance outreach and community engagement efforts, get feedback on program guidelines and implementation and help in monitoring and evaluation of the programs. While some state agencies are well-connected with outside organizations and get frequent feedback from these groups, others

are more isolated from advocacy efforts and could benefit considerably from building stronger relationships with outside contacts.

### Require Housing Element Compliance

Fulfilling affordable housing needs is one of the most fruitful strategies for avoiding displacement, and in California, the housing element is the mechanism used to plan out how each jurisdiction will meet that need. It is important to point out that having an HCD-certified housing element is no guarantee that a jurisdiction will meet its affordable housing needs. In fact, according to a 2017 HCD report, the state of California is currently in a 1.5 million shortfall of units that are affordable to low and extremely low-income renters (see Figure 10). Yet setting in place a plan to meet these needs is a first step in the right direction, and rogue jurisdictions that opt out of housing element compliance are less likely to meet resident needs than those that do. Adding funding incentives, such as eligibility to receive GGRF funding for those jurisdictions that are in compliance could be the impetus needed to achieve statewide compliance.



The success of the One Bay Area Grant (OBAG) in encouraging all jurisdictions in the nine Bay Area counties to enter into compliance is a particularly exemplary best practice. This competitive grant program, designed to help Bay Area local governments fund transportation and other infrastructure projects to implement the region’s Sustainable Communities Strategy, conditions eligibility to receive this funding on housing element compliance. All of the region’s jurisdictions are now in compliance, which was not the case before this program, according to a Bay Area advocate interviewee. The second round of OBAG funding also conditions eligibility on compliance with the Surplus Lands Act, which requires local governments to give first priority to affordable housing developers when disposing of surplus land. It will be interesting to follow the success of this new requirement and potentially consider it for GGRF funds as well.

### Scoring Incentives for Anti-Displacement Strategies

Strategic Growth Council staff working on both the AHSC and TCC programs have collaborated extensively with advocates to develop guidelines that address community concerns around

displacement. The two programs set different requirements adapted to the nature of each program, and could be used as models to design anti-displacement strategies for other GGRF programs. AHSC allocates a maximum of five points out of 100 to applicants in jurisdictions with anti-displacement ordinances and programs in place, ascribing one point for each strategy<sup>vi</sup>. Strategies to address both residential and business displacement are counted. Two additional points are allocated for applicants that have partnered with workforce development programs or signed community workforce agreements.

In contrast, the TCC program, which invests in a smaller number of jurisdictions at a larger scale than AHSC has developed a different method. This program requires applicants to develop a Displacement Avoidance Plan, including a “comprehensive description of displacement vulnerability among existing households and small businesses” and outlining a proposal to address that issue. While the TCC program requirements are more robust, they may be overly burdensome for many GGRF programs that provide considerably smaller grants to a larger swath of applicants. For the majority of GGRF programs for which displacement risk is a concern, such as TIRCP, Urban Greening and others, the AHSC model may be more appropriate. However, the TCC model of creating a Displacement Avoidance Plan would likely be a useful model for High-Speed Rail station area planning and other investments in large-scale infrastructure.

While it is tempting to push these programs to set stronger anti-displacement requirements, it is important to find a delicate balance between encouraging jurisdictions to set anti-displacement measures in place and ensuring that the application process does not become too burdensome for applicants. A gradual tightening of scoring requirements on anti-displacement measures could be a gentle way to encourage local governments to set in place such policies. For example, from round 2 to round 3 of the AHSC program, anti-displacement measures and workforce development

jumped from counting for 4 points to 7 points in the new guidelines. While the current point scores for anti-displacement policies may seem low out of a total of 100 points, they can have a meaningful effect on the overall score of a project in some cases and also send a message to local governments that there may be financial incentives to implementing anti-displacement policies. In interviews, advocates and affordable housing developers explained that these kinds of scoring incentives could be used as leverage in encouraging local governments to pass such policies. A Sacramento planner also approved of this method, saying, “As a planner, sometimes it’s nice to point to some things and say this really helps us – besides this is a good thing to do – it adds an additional reason.”

### Community Engagement Planning

Both the TCC and AHSC programs also have robust community engagement requirements, which, as described in the findings section, are considered by advocates to be an important element of an anti-displacement framework. As is the case for anti-displacement requirements, AHSC uses a scoring system to encourage meaningful and well-documented community engagement, while the TCC program requires applicants to propose a Community Engagement Plan, which must engage a diverse group of local community organizations. The TCC program also requires applicants to provide translation services for meetings and materials and to schedule meetings at times that are convenient for community members. These are the only two GGRF programs of those studied that explicitly score applicants based on community engagement. While TCC sets more robust community engagement requirements that could be a useful best practice for AHSC to follow in future years, both programs should serve as models for other GGRF programs to ensure that proposed projects are adequately fulfilling community needs. As recommended by multiple advocates during interviews, requiring that applicants prove that they have reached out to and



included historically oppressed groups in the planning process would be a significant step towards equitable community planning.

### Technical Assistance and Support to Applicants

A major challenge for the GGRF programs is that they seek to support disadvantaged communities, but often have complex application processes that are difficult for small and underfunded planning departments to successfully carry out. Yet in order to ensure that the programs fund high quality projects that will generate the highest GHG reductions and community benefits, a rigorous application process is necessary. This is why significant investment in technical assistance for disadvantaged communities is crucial. The Strategic Growth Council rolled out a pilot technical assistance program for the AHSC program in 2015-2016, which was expanded into a more comprehensive technical assistance program to help jurisdictions apply for a broader range of GGRF programs the following year. Technical assistance activities for these programs include partnership and capacity-building, project/application development and direct application assistance. While this is a step in the right direction, there is only \$2 million in funding for this program, which is not likely to be sufficient to fill the need of underfunded and understaffed planning departments across the state.

An illuminating example of the need for TA is demonstrated in the controversy around how TCC funding will be spent in the city of Fresno. Many advocates from that region discussed their concern that funds would be spent in Fresno's downtown area rather than in the south and west portions of the city, which have the highest Disadvantaged Community (DAC) scores according to CalEnvironScreen 3.0. However, state agency employees and advocates cite the lack of shovel-ready projects in this area of Fresno as a major barrier to funding climate infrastructure in those neighborhoods, although it is ironically the portion of the city that needs this investment

the most. Providing robust technical assistance to communities that do not yet have viable projects to be funded by GGRF, but that sorely need investment to improve health, environmental and economic outcomes in their communities, would result in a more equitable use of GGRF funds.

Aside from direct technical assistance, administering agencies can also work towards providing applicants with more information to help bolster their success in the application process. Setting in place clear and transparent scoring processes and producing case studies and reports on best practices of past grant recipients can help applicants make informed decisions during the application process. Producing brochures that provide detailed best practices on community engagement, anti-displacement strategies and workforce development in particular could help applicants to develop proposals that will avoid displacement and respond directly to community-identified needs.

### Monitor and Evaluate Impacts

Setting in place a strong monitoring and evaluation framework is also central to ensuring that projects have the intended impact on the communities in which they are implemented. This is true for tracking actual VMT reduction and air quality, but also for social and economic indicators such as racial and economic integration, housing affordability and income levels. Although monitoring cannot itself prevent displacement, it can help inform decision-making about what kinds of strategies should be implemented to ensure that projects are actually benefitting the populations they are meant to serve. It can also provide useful information to better understand which GGRF projects, if any, may be more likely to cause gentrification and displacement, and in which contexts. In order to achieve this, it is important to invest time in analyzing monitoring results in an effort to evaluate the success of GGRF projects and the effect they have had on the local economic context. Partnering with state universities and institutes to track and analyze economic

indicators and displacement vulnerability around place-based initiatives such as the GGRF programs would be an opportunity to gather information about the effect of public infrastructure investments on disadvantaged communities across the state while also providing useful economic monitoring statistics for evaluation purposes. The new Climate Change Research Program that was created by the legislature in 2017 to be administered by the Strategic Growth Council and funded through Cap-and-Trade auction proceeds could provide a fortuitous opportunity to invest in this type of research.

## **GGRF Program Specific Recommendations**

### **AHSC and TCC**

The AHSC program is innovative in its pairing of affordable housing and transportation infrastructure into one grant program and its strong incentives for community engagement, anti-displacement strategies and workforce development. Now in its third round of funding, the program's scoring has evolved each year to favor more inclusive planning processes and to prevent displacement. While the program provides many useful best practices for other programs to consider, it could continue to push the envelope in encouraging equitable development in the State.

For example, requiring a community engagement plan for AHSC projects, much like the one that is requisite for the TCC application, would encourage a more inclusive planning process. Including Environmental Justice Advisory Committee members, who are well-connected with local advocates in their respective regions, in guidelines development and the project selection process would also help ensure that applicants have connected with appropriate CBOs and community groups in their community engagement process. Furthermore, in order to address displacement risk, applicants should be asked to assess economic and affordability challenges in

the project area, citing indicators like vacancy and homeownership rates and rent burden, as well as unemployment and poverty rates, and explaining how their project will address these concerns.

Investing more significantly in robust technical assistance to aid in project development and assessment of community needs would be necessary to ensure that these requirements do not overburden applicants. The program should also increase the number of points devoted to anti-displacement strategies, but provide more flexibility for applicants to develop an anti-displacement plans that are relevant to their locality rather than separating out points for workforce development and residential and business anti-displacement strategies. Such plans may include building in areas that already have rent stabilization or other anti-displacement policies in place, carrying out workforce development or workforce benefit agreements, direct marketing to low-income and minority populations or providing financial and legal literacy programs or legal services for tenants.

Additionally, the program should require that a given percentage of AHSC funds be invested in areas that are considered to be “high opportunity” according to the UC Davis Center for Regional Change Regional Opportunities Index or another opportunity mapping tool. This would help AHSC align with the new Affirmatively Furthering Fair Housing Rule, which requires jurisdictions to assess concentrations of poverty and racial segregation in their cities and set plans to address them, which often means building affordable housing in areas of “high opportunity.” While NIMBYism could be a significant challenge for building affordable housing in some of the State’s wealthiest communities, the fact that many AHSC projects are environmentally-friendly, aesthetically pleasing and are often paired with transportation improvements might help calm community opposition. Building affordable housing in high opportunities areas of the State may help address problematic exclusionary practices in some of California’s wealthiest communities.

Lastly, if current research into displacement vulnerability by UC Berkeley's Urban Displacement Project were to expand to cover the entire state, it may be worth considering an AHSC set-aside for communities experiencing gentrification pressures. Currently, the tool uses a variety of socioeconomic and housing data to determine areas that are experiencing varying levels of gentrification and exclusionary gentrification. Exclusionary gentrification is the phenomenon in which housing in a certain area becomes so expensive that low-income households cannot afford to move in. Currently, this mapping tool covers the Bay Area, the Los Angeles Metropolitan area and, as of recently, the Sacramento Area. Setting aside affordable housing funds especially for communities that are in the process of gentrifying could provide relief for rent-burdened households, preserve racial and income diversity and take advantage of relatively low land costs in that area before they become prohibitively high for affordable housing developers.

Transformative Climate Communities (TCC) is a new program for which funds have yet to be disbursed. However, it has already set a strong example for responsible public investment, requiring significant community engagement, partnership with CBOs, an anti-displacement plan and economic co-benefits such as workforce development. It will be important to closely monitor economic indicators related to housing affordability in connection with this program to ensure that the infusion of approximately \$140 million across three disadvantaged communities does not result in rapid gentrification and displacement.

So far, most advocates included in this research spoke positively of the program, although many were concerned that city politics in Fresno and the lack of shovel-ready projects in the truly needy Southwest segment of the city would keep GGRF funds from benefiting the communities that need it most. Partially due to the robust community engagement requirements for the program, local advocates and community members from Southwest Fresno were deeply engaged in the

decision-making process for the TCC funding proposal, and the Collaborative Stakeholder Structure nearly unanimously voted for a proposal that invested significantly in Southwest Fresno. However, this may not have been the case in a community without a strong advocacy and community organizing infrastructure in place. In order to avoid TCC funds being directed away from the communities that need investment the most, it is worth considering setting a requirement that at least 50% of TCC funds be spent in the census tracts within the applicant's city that are in the top 5<sup>th</sup> percentile of CalEnviroScreen Scores.

The bulk of advocacy work in GGRF programs has focused on the AHSC and TCC programs, likely because the Strategic Growth Council seems to be the administering agency that is the most receptive to outside input. However, it is important to keep in mind that these are not the only major infrastructure investments being funded by the Cap-and-Trade programs, and are not necessarily likely to present the most danger of gentrification and displacement. Both include affordable housing components in their funding and have considerable anti-displacement incentives and requirements in place that should mitigate such effects. It would be beneficial for advocates to begin expanding their efforts towards a sharper focus on the other programs listed here.

### **TIRCP, LCTOP and ATP**

These three programs focus on transit and active transportation infrastructure, and considering the robust body of literature connecting transportation investments with economic displacement, these programs make little to no reference to this risk in their guidelines. In fact, LCTOP, which invests in operations, expansion or improvement of transit services, is the only one of the three programs that mentions displacement in its guidelines at all. However, it only briefly mentions that projects should avoid economic and physical displacement of residents, but does not

set in place any scoring mechanism to incentivize the inclusion of anti-displacement strategies in applications or to prioritize awarding funds to jurisdictions that already have such strategies in place. This is an unfortunate omission and one that should be remedied through collaboration with advocates and inspiration from the TCC and AHSC programs.

It is ironic that the GGRF programs funding infrastructure for which there is the most conclusive academic research showing a link to gentrification and displacement have the laxest – or even non-existent – anti-displacement requirements. In asking advocates who have focused their efforts on the AHSC or TCC programs about this paradox, two main reasons were offered. One is that they had limited capacity to provide comments and engage with agencies, and that they had chosen to focus on the programs that they deemed would have the most impact on disadvantaged communities. One advocate had communicated with staff to make a range of recommendations on the LCTOP program, but none had provided specific comments on the TIRCP or ATP programs. Another advocate explained that focusing advocacy efforts on the programs administered by SGC had been a tactical decision, since staff at that agency tend to be more receptive to advocates suggestions. This advocate shared her hope that once the AHSC and TCC programs had incorporated progressive requirements and scoring processes into their practices and had proven the viability of such policies, it would be easier to encourage other agencies to follow suit. While these are both understandable reasons, it may be worthwhile for advocates to reorient their focus to other GGRF programs, putting pressure on other agencies to consider the best practices of other grant programs. Without outside pressure, they are unlikely to make such changes on their own.

Two of these programs also lack transparent scoring mechanisms. ATP is the only program that provides an itemized scoring rubric, but even this program could afford more clarity in its scoring sections, some of which count for 25-35 points out of 100, with little explanation of the

criteria upon which these points are based. LCTOP and TIRCP provide no scoring chart however, only providing lists of primary and secondary objectives upon which applications will be judged. The TIRCP program sets housing element compliance as a secondary objective for its program, but this is not a particularly meaningful provision, considering that there is no clear scoring system to ascertain the weight that it holds in project selection. Scoring transparency is important because it can help transit agencies plan better projects and give them increased certainty of their competitiveness to receive GGRF funds. Most transit projects are funded through a variety of funding sources, and so being able to predict the likelihood of receiving funding is important.

Lastly, while 95% of TIRCP projects thus far are considered to benefit disadvantaged communities, according to the Air Resources Board's (ARB) 2017 Annual Report, the program has invested very little in the San Joaquin Valley (See Figure 11). This is particularly surprising because one of the primary objectives of the program is to improve connectivity to the planned high-speed rail line, which will traverse this region. Thus, it is imperative that outreach and technical assistance efforts for this program be focused intensively on the San Joaquin Valley, where CalEnvironScreen 3.0 scores are particularly high and there are ample opportunities to connect to high-speed rail.





Figure 11 ARB, 2017

## High-Speed Rail

Although High-speed Rail staff were contacted for interview multiple times over the course of this study, none responded to these attempts. However, an agency staff member whose work is funded through the California High-speed Rail Authority explained that she was unaware of any explicit anti-displacement strategies being implemented around this major transportation

investment. She explained that station area planning efforts were focused on development, transportation and conservation planning rather than on provisions to ensure housing affordability.

While low-income populations may not be target clientele for High-Speed Rail, particularly due to its prohibitively high cost, it is important to consider the effect that these massive infrastructure improvements may have on surrounding property values. Particularly in light of skyrocketing housing prices in Los Angeles and the Bay Area, housing demand could increase considerably in cities along the High-Speed Rail alignment as they become viable commute away from more expensive cities. Programs like Transformative Climate Communities are investing significantly in improving the livability of cities like Fresno, which could also add to their appeal. Station area planning should include provisions for building and preserving affordable housing to avoid the displacement of local residents.

While lacking affordable housing provisions, the High-Speed Rail Authority has done a good job of supporting local economic development. The Fresno Regional Workforce Investment Board invested \$1.5 million in a workforce development program for the construction of high-speed rail. Furthermore, the Authority set in place a robust community benefits policy, requiring that a minimum of 30% of all hours of labor must be carried out by workers from “economically or extremely economically disadvantaged areas” and that 10% of these workers must additionally face one of nine barriers to employment, such as homelessness, being a veteran, having a criminal record or lacking a high school degree. This is an exemplary targeted hiring program that may be an appropriate anti-displacement strategy for other GGRF programs.

Although the Authority’s hiring requirements are likely to have a positive economic impact on many low-income households, a central finding of this research is that a combination of anti-

displacement strategies is necessary to effectively address displacement risk. Thus, it is important to consider anti-displacement strategies in these areas, such as land banking of vacant lots in these areas for future affordable housing development and including anti-displacement provisions in station area plans. Furthermore, it would likely be beneficial for local CBOs and advocates to begin campaigning for policies such as rent stabilization, just cause laws, inclusionary zoning, condominium conversion ordinances, housing element compliance and other anti-displacement measures in anticipation of this increased demand.

### Urban Greening, Urban and Community Forestry

These two programs, administered by the California Natural Resources Agency and CalFIRE, respectively, both mention the importance of avoiding displacement of existing residents in their guidelines, but do not connect their scoring metrics to any kind of anti-displacement strategies. The Urban Greening program is the more stringent of the two, requiring applicants to describe how their project uses anti-displacement strategies “if applicable,” includes workforce training as one of ten eligible community benefits (the project must demonstrate use of at least two), requires a memorandum of understanding or letters of support from community organizations describing how the project meets a community need, and provides a scoring rubric. However, the program’s scoring rubric could be clearer, awarding 30-40 points out of 100 for some categories without a clear explanation of how they will be scored, and anti-displacement strategies are not included in a proposed project’s score. Without setting aside points for anti-displacement policies and workforce development, it is difficult to know if such strategies would have any effect on the competitiveness of an application. Also, providing a letter of support from a CBO does not mean that a meaningful community engagement process has necessarily taken place.

The Urban and Community Forestry program has even more relaxed guidelines related to displacement and less transparency on the project selection process. While the guidelines mention that projects designed to benefit disadvantaged communities must avoid “substantial burdens,” of which displacement is listed as one, there is no mention of how applicants should avoid such burdens or of the application requiring them to explain how they have done so. The guidelines also lack any mention of workforce training or community engagement and do not give a rubric for how proposed projects are scored. The only explanation the document gives is that after a concept application phase, during which funding eligibility is determined, full applications are evaluated according to a “pre-determined set of prioritization criteria to determine which projects are of the highest priority for funding.”

Both parks and urban forestry have been found to increase property values (Krueger and Gibbs, 2007; Pearsall, 2010; Brander and Koetse, 2011; Chen, 2012; Curran and Hamilton, 2012; Wolch et al., 2014), and in a conversation with an agency staff member working on the Urban Greening program prior to beginning this research, I was told that advocates had begun to voice concern about the risk of economic displacement due to the program’s investment in their communities. During interviews, an advocate from Sacramento described that newly planted trees have been destroyed in the gentrifying Oak Park neighborhood, an act of vandalism that she attributed to community members’ anger and concern about gentrification. She saw the trees as a symbol of neighborhood change, and explained that long-time community members see such initiatives as ways of attracting higher income in-movers, not as improvements that are meant to benefit locals. For these reasons, it is important that urban greening initiatives, such as those funded by these two programs, engage community members and employ anti-displacement strategies to ensure that incumbent residents are able to benefit from such changes, not be displaced by them.

By taking inspiration from the AHSC and TCC program guidelines, these programs can encourage applicants to organize inclusive planning processes that meaningfully benefit local communities and provide economic benefits such as workforce development as well.

<b>Summary of Recommendations</b>		
<b>Strategy</b>	<b>Examples</b>	<b>Key Actors</b>
<b>Overall Themes</b>		
<b>Combine a variety of anti-displacement strategies</b>	<ul style="list-style-type: none"> <li>- Increase funding for affordable housing</li> <li>- Encourage developers to build more housing that is affordable by design</li> <li>- Preserve affordability through land banking and community land trusts, especially around new transit and urban greening investments</li> <li>- Set policies that protect tenants from harassment and faultless evictions</li> <li>- Implement policies to slow rent increases</li> <li>- Invest in programs that build economic opportunities and wealth accumulation among low-income and minority communities</li> </ul>	State Legislature and Local Governments
<b>Context is key</b>	<ul style="list-style-type: none"> <li>- Take into consideration local context in setting anti-displacement policies</li> <li>- Invest in more research to better understand how to preserve affordability in different contexts</li> </ul>	Local Governments, State Legislature, State Agencies
<b>Increase communication and collaboration</b>	<ul style="list-style-type: none"> <li>- Share best practices across GGRF programs</li> <li>- Collaborate with other agencies on creating coherent (not necessarily identical) standards and requirements across the climate investments</li> </ul>	State Administering Agencies
<b>Statewide Recommendations</b>		
<b>Implement statewide tenant protections</b>	Set in place a statewide just cause eviction law and an anti-harassment law, drawing inspiration from local measures	State Legislature
<b>Repeal Costa Hawkins, Prop 13 and the Ellis Act</b>	<ul style="list-style-type: none"> <li>- Reverse vacancy decontrol</li> <li>- Increase property taxes for wealthy homeowners</li> </ul>	State Legislature

	- Close the loophole in the Ellis Act for condominium conversion	
<b>Invest in sustainable planning</b>	Increase State funding for local planning departments	State Legislature
<b>Invest in workforce development for green jobs</b>	Create a robust workforce development program that is able to support workforce development initiatives around the California Climate Investments, and to support economic development throughout the state	State Legislature
<b>Place equity at the center of State policymaking</b>	The State of California should make a commitment to formally consider equitability in all of its decisions – similar to the concept of a triple bottom line	State Legislature and State Agencies
<b>GGRF-wide Recommendations</b>		
<b>Create a collective impact framework for the Climate Investments</b>	<p>Create a working group with representatives from each administering agency to develop a collective impact framework that includes:</p> <ol style="list-style-type: none"> <li>1. A Common Agenda</li> <li>2. Shared Measurement Systems</li> <li>3. Mutually Reinforcing Activities</li> <li>4. Continuous Communication</li> <li>5. A Backbone Support Organization</li> </ol>	ARB and Administering State Agencies
<b>Require housing element compliance</b>	Require that jurisdictions have an HCD-certified housing element in order to be eligible to receive funds from any of the GGRF programs	ARB and Administering State Agencies OR the State Legislature
<b>Scoring incentives for anti-displacement strategies</b>	<p>Set in place scoring incentives for anti-displacement strategies, using a version of either the AHSC or TCC models for all GGRF programs studied in this report. Anti-displacement strategies that should be eligible to additional points include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Just cause eviction or tenant anti-harassment policies</li> <li>- Inclusionary zoning ordinances</li> <li>- Density bonus ordinances that expand on state requirements</li> <li>- Job-housing linkage fee</li> <li>- Affordable housing linkage fee</li> <li>- First right of return ordinance</li> <li>- Source of income non-discrimination ordinances</li> </ul>	ARB and Administering State Agencies OR State Legislature

	<ul style="list-style-type: none"> <li>- Policies to preserve SRO units and/or mobile home parks</li> <li>- Condominium Conversion Restrictions</li> <li>- Requirements and/or incentives for contributions to local community land trusts</li> <li>- Land banking programs</li> <li>- Community benefit zoning and/or other land value recapture strategy</li> </ul>	
<b>Community engagement</b>	Set in place robust and consistent community engagement requirements across GGRF programs and help fund the public engagement process through GGRF funds	ARB and Administering State Agencies OR State Legislature
<b>Increase technical assistance</b>	Expand current technical assistance activities to reach more jurisdictions and provide assistance to communities that need it for all GGRF programs	State Legislature
<b>Monitor and evaluate impacts</b>	Monitor housing affordability around Climate Investment projects	State Legislature, the ARB OR the SGC through its new Climate Change Research Program
<b>Program-specific Recommendations</b>		
<b>Affordable Housing and Sustainable Communities (AHSC) Program</b>	<ul style="list-style-type: none"> <li>- Consider including Environmental Justice Advisory Committee members in project proposal evaluations</li> <li>- Consider requiring applicants to develop a community engagement plan</li> <li>- Require 10-25% of AHSC funds be invested in “high opportunity” areas according to the CRC’s Regional Opportunity Index or another opportunity mapping tool</li> </ul>	SGC
<b>Transformative Climate Communities (TCC) Program</b>	<ul style="list-style-type: none"> <li>- Closely monitor housing affordability in communities that receive TCC funds</li> <li>- Require that at least 50% of TCC funds be spent in the most disadvantaged census tracts of the applicants’ city</li> <li>- Consider requiring anti-displacement strategies as a threshold for eligibility</li> </ul>	SGC
<b>Transit and Intercity Rail Capital Program (TIRCP)</b>	<ul style="list-style-type: none"> <li>- Develop a clear and transparent scoring rubric</li> <li>- Set aside points for anti-displacement strategies and community engagement</li> </ul>	Caltrans and CalSTA

	<ul style="list-style-type: none"> <li>- Require housing element compliance for funding eligibility</li> </ul>	
<b>Low Carbon Transportation Operations Program (LCTOP)</b>	<ul style="list-style-type: none"> <li>- Develop a clear and transparent scoring rubric</li> <li>- Set aside points for anti-displacement strategies and community engagement</li> <li>- Require housing element compliance for funding eligibility</li> </ul>	Caltrans
<b>Active Transportation Program (ATP)</b>	<ul style="list-style-type: none"> <li>- Provide clearer explanation of scoring rubric</li> <li>- Set aside points for anti-displacement strategies</li> <li>- Require housing element compliance for funding eligibility</li> </ul>	Caltrans
<b>High-Speed Rail (HSR) Program</b>	<ul style="list-style-type: none"> <li>- Invest in land banking around HSR stations</li> <li>- Plan for preserving housing affordability in HSR station area plans</li> <li>- Implement anti-displacement policies in HSR station cities</li> </ul>	California High Speed Rail Authority (HSR)
<b>Urban Greening</b>	<ul style="list-style-type: none"> <li>- Provide clearer explanation of scoring rubric</li> <li>- Set aside points for anti-displacement strategies and community engagement</li> <li>- Require housing element compliance for funding eligibility</li> </ul>	The California Natural Resources Agency (CNRA)
<b>Urban and Community Forestry</b>	<ul style="list-style-type: none"> <li>- Develop a clear and transparent scoring rubric</li> <li>- Set aside points for anti-displacement strategies and community engagement</li> <li>- Require housing element compliance for funding eligibility</li> </ul>	The California Department of Forestry and Fire Protection Services (CalFIRE)

Figure 12



## **Conclusion**

The California Climate Investments present a momentous opportunity to implement “just sustainability” through discerning and innovative grant administration paired with strong technical assistance. While the specter of climate change can feel all-encompassing at times, it is important to ensure that the social and environmental components of sustainability are not lost in the charge to reduce greenhouse gas emissions. Investing in disadvantaged communities in a way that provides social and economic benefits in addition to reducing greenhouse gases is possible, but it requires that the State set strong requirements to ensure that its investments have sustainable and equitable outcomes. This requires a combination of carrots, sticks, and support through technical assistance, especially for struggling planning departments in disadvantaged communities.

Realistically, in the context of a severe housing shortage in California, changing the requirements or the scoring of these programs will not solve the affordability problem in the State, and will not keep all economic displacement from taking place. However, these kinds of changes can move the needle towards creating diverse, mixed-income, transit-oriented communities statewide, helping the State meet a range of environmental, health, economic, and social goals at once. Perhaps most importantly, it can set a precedent for prioritizing equity in State policy-making and funding decisions, increase pressure on local jurisdictions to implement policies to protect their most vulnerable residents.

This study revealed a range of fundamental themes related to gentrification and economic displacement in California, but more research is necessary to assess displacement risk and appropriate interventions in contexts across the state. Such fine-grained quantitative and qualitative local-level research is necessary to better understand local challenges and develop an action plan to address them. Furthermore, more research is needed in determining what kinds of

infrastructure and amenities are likely to cause gentrification and in what contexts. Finally, rigorous policy analysis evaluating the efficacy of policies such as rent stabilization, just cause, inclusionary housing, and other anti-displacement strategies is needed in order to facilitate informed decision-making.

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## **Appendix**

### **GGRF and Displacement Interview Guide**

Thank you for agreeing to do this interview with me today. This interview will contribute to the data I gather for my master's thesis, which focuses on the extent to which Californian's Cap-and-Trade grant programs risk causing displacement, and if so, which strategies would be the most effective strategies to address this challenge. I am interested in hearing your thoughts on both the potential positive and negative effects of these programs, and to hear any thoughts you have about ways to improve these programs, particularly by mitigating the risk of displacement.

In addition to informing my master's thesis work, the results of this research will also inform a report for the Strategic Growth Council and other state agencies with recommendations for how best to avoid causing displacement in the communities where they invest.

Unless you indicate that you would prefer otherwise, your identity will not be shared with anyone, so please feel free to answer these questions as honestly as you can.

I would like to record this interview to ensure better accuracy in our analysis. Do you agree to being recorded?

Interview questions:

1. How do you understand displacement?
  - a. What causes it?
  - b. What effects does it have?
  - c. Who does it affect? How?
  - d. Is it linked to gentrification? If so, how so?
    - i. Resident vs business displacement?
2. What experiences have you had with gentrification/displacement?
3. What is your experience with the GGRF programs?
4. Do you think the programs could potentially cause unintended consequences?
  - a. If yes, which ones?
  - b. Why/why not?
  - c. If yes, which programs pose the most risk for gentrification/displacement?
    - i. TIRCP – Transit and Intercity Rail Capitol Program
    - ii. AHSC – Affordable Housing and Sustainable Communities Program
    - iii. LCTOP – Low Carbon Transportation Operations Program
    - iv. TCC – Transformative Climate Communities Program
    - v. HSR – High-Speed Rail
    - vi. Urban Greening
    - vii. Urban and Community Forestry
    - viii. ATP – Active Transportation Program
    - ix. Others

5. How do you think this challenge could best be addressed?
  - a. On the state level?
    - i. What could administering agencies do?
      1. Requirements for community engagement?
        - a. Challenges?
      2. Incentives for workforce development?
        - a. Challenges?
      3. Incentives for jurisdictions with anti-displacement measures in place?
        - a. Challenges?
      4. Other?
    - b. On the local level?
      - i. Anti-displacement measures
        1. Which ones work best?
          - a. Affordable housing production/preservation?
          - b. Tenant protections
          - c. Rent stabilization/rent control
          - d. Others
          - e. Any specific best practices?
        2. Challenges?
6. Which institutions/organizations would be best suited to implement these measures?
  - a. State Agencies?
  - b. Nonprofits?
    - i. Advocacy organizations?
    - ii. Community groups?
  - c. Private sector?
7. How feasible do you think these measures would be?
  - a. Economically?
  - b. Politically?
  - c. Socially?
  - d. Organizationally?
  - e. Other challenges?
8. What would have to happen for these strategies to work?
  - a. Short term?
  - b. Long term?
9. Thinking more broadly about the state of housing in California, are there other problems that need to be addressed in order to address gentrification/displacement pressures?
  - a. If yes, how do you think these problems should be addressed?
10. Do you have anything else that you would like to share with me?
11. Who else do you suggest I speak with?

## **List of Acroynms**

AHSC – Affordable Housing and Sustainable Communities Program

ARB – Air Resources Board

ATP – Active Transportation Program

CalFIRE – California Department of Forestry and Fire Protection

CalSTA – California State Transportation Agency

Caltrans – California Department of Transportation

CBO – Community-Based Organization

CCI – California Climate Investments

CNRA – California Natural Resources Agency

GARE – Government Alliance on Race and Equity

GGRF – Greenhouse Gas Reduction Programs

GHG – Greenhouse Gas

HCD – California Department of housing and Community Development

HSR – High-Speed Rail

LCTOP – Low Carbon Transportation Operations Program

LIHTC – Low Income Housing Tax Credit

LIWP – Low Income Weatherization Program

NIMBY – Not in my Backyard

SCPGIP - Sustainable Communities Planning Grant and Incentives Program

SGC – Strategic Growth Council

TCC – Transformative Climate Communities

TIRCP – Transit and Intercity Rail Capital Program

VMT – Vehicle Miles Traveled

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<sup>i</sup> Applicant scores are determined by the percentage of existing restricted units within a ½-mile radius of all proposed transit project stations as well as the percentage of existing restricted units in the county through which the project travels. Applicants are also required to complete an affordable housing needs assessment for the project corridor and surrounding region that takes into account both quantitative and qualitative measures of affordability. The FTA also gives points for anti-displacement policies, including: inclusionary zoning, density bonuses; employer assisted housing policies; rent controls or condominium conversion controls, zoning to promote housing diversity, including measures to reduce the disincentive to build smaller units, tenant right of first refusal laws; and affordability covenants.

<sup>ii</sup> Anti-Displacement Strategies – 5 Points Maximum

(1) Up to 3 Points (1 Point per strategy) for Projects that either implement strategies or programs, or are located in jurisdictions with policies, strategies or programs that currently exist to prevent the displacement of local community residents from the area surrounding the Project. Strategies should be selected from this following list:

- Just cause eviction or tenant anti-harassment policies
- Inclusionary zoning ordinances
- Density bonus ordinances that expand on state requirements
- Job-housing linkage fee
- Affordable housing linkage fee
- First right of return ordinance
- Source of income non-discrimination ordinances
- Policies to preserve SRO units and/or mobile home parks
- Condominium Conversion Restrictions
- Required and/or incentives for contributions to local community land trusts
- Land banking programs
- Community benefit zoning and/or other land value recapture strategy
- Affirmative marketing strategies or plans targeting a Disadvantaged Community or Low-Income Community
- Residency Preference Plan prioritizing occupancy for Disadvantaged Community or Low-Income Community residents
- Providing the sale of discounted transit passes available for low-income individuals who live in the Project Area

(2) Up to 2 Points (1 Point per strategy) for Projects demonstrating policies, strategies or programs that either currently exist or will be implemented through this Project to prevent the displacement of locally - owned businesses from the area surrounding the Project Strategies should be selected from this following list:

- Implementation of an overlay zone to protect and assist small businesses;
- Establishment of a small business advocate office and single point of contact for every small business owner;
- Creation and maintenance of a small business alliance;

- 
- Increased visibility of the jurisdiction’s small business assistance programs;
  - Formal program to ensure that some fraction of a jurisdiction’s purchases of goods and services come from local businesses;
  - Prioritization of Minority and Women Business Enterprises (MWBE) for public contracting.

Local Workforce Development and Hiring Practices - 2 Points Maximum (1) Up to 2 Points for Projects that implement at least one workforce development strategy. Examples of workforce development strategies include:

- Establishing a partnership with a community-based workforce development and job training entities that have a track record of success serving disadvantaged populations and/or have demonstrated a high job placement rate among trainees from disadvantaged communities;
- Partnerships with pre-apprenticeship programs, state certified community conservation corps programs, “earn-while-you-learn” programs, YouthBuild programs, and/or registered apprenticeship programs that lead to industry recognized credentials, certifications and/or references for long term employment;
- Partnerships with local Workforce Investment Board programs serving disadvantaged populations.
- Projects that have developed project labor, community workforce, or high - road agreements with targeted local hire specifications OR that are located in jurisdictions with local hire ordinances that directly apply to the proposed project.

<sup>iii</sup> West Sacramento’s anti-gang injunction implements a curfew for alleged members of the Broderick Boys gang and prohibits them from a variety of activities within a designated “safety zone”

<sup>iv</sup> Since carrying out these interviews Senate Bill 2 has been passed into law, which imposes a \$75 fee on the recording of every real estate instrument, paper or notice to be used for planning and building affordable housing. This was passed as part of a comprehensive housing package that included a variety of bond measures and requirements related to housing streamlining and housing element compliance.

<sup>v</sup> Proposition 47 was a voter-approved ballot passed in November 2014, which provides grant funding for mental health services, substance use disorder treatment and misdemeanor diversion programs for people in the criminal justice system. The grant program may also provide housing-related assistance and other community-based supportive services, including job skills training, case management and civil legal services.

<sup>vi</sup> Anti-Displacement Strategies – 5 Points Maximum

(1) Up to 3 Points (1 Point per strategy) for Projects that either implement strategies or programs, or are located in jurisdictions with policies, strategies or programs that currently exist to prevent the displacement of local community residents from the area surrounding the Project. Strategies should be selected from this following list:

- Just cause eviction or tenant anti-harassment policies
- Inclusionary zoning ordinances
- Density bonus ordinances that expand on state requirements
- Job-housing linkage fee

- 
- Affordable housing linkage fee
  - First right of return ordinance
  - Source of income non-discrimination ordinances
  - Policies to preserve SRO units and/or mobile home parks
  - Condominium Conversion Restrictions
  - Required and/or incentives for contributions to local community land trusts
  - Land banking programs
  - Community benefit zoning and/or other land value recapture strategy
  - Affirmative marketing strategies or plans targeting a Disadvantaged Community or Low-Income Community
  - Residency Preference Plan prioritizing occupancy for Disadvantaged Community or Low-Income Community residents
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Local Workforce Development and Hiring Practices - 2 Points Maximum (1) Up to 2 Points for Projects that implement at least one workforce development strategy. Examples of workforce development strategies include:

- Establishing a partnership with a community-based workforce development and job training entities that have a track record of success serving disadvantaged populations and/or have demonstrated a high job placement rate among trainees from disadvantaged communities;
- Partnerships with pre-apprenticeship programs, state certified community conservation corps programs, "earn-while-you-learn" programs, YouthBuild programs, and/or registered apprenticeship programs that lead to industry recognized credentials, certifications and/or references for long term employment;
- Partnerships with local Workforce Investment Board programs serving disadvantaged populations.
- Projects that have developed project labor, community workforce, or high - road agreements with targeted local hire specifications OR that are located in jurisdictions with local hire ordinances that directly apply to the proposed project.

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