

March 27, 2019

The Honorable Scott Wiener
Chair, Senate Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

RE: SB 50 – Significant Concerns

Dear Senator Wiener and members of the committee,

On behalf of the below signed organizations, we write to express our significant concerns with SB 50, as currently drafted. Our organizations are dedicated to ensuring that all Californians have a healthy and stable home that they can afford. Over the last several months we have valued your work to solicit our input and review the detailed feedback we have provided. However, SB 50, as drafted, does not yet address our most serious concerns and will further exacerbate the housing challenges experienced by low income people, people of color, and other vulnerable people, the very populations being hit hardest by California's affordability crisis. Our concerns reflect input we have gathered from dozens of tenant organizing groups, non profit developers, legal service organizations, local, state, and national equity organizations, and other community based institutions, and fall into three broad categories: affordable housing, protections for sensitive communities, and preservation of local affordable housing policies and plans.

SB 50 does not generate affordable housing at a level commensurate with the incentives it provides.

SB 50 developments must include meaningful on-site affordable housing to mitigate indirect displacement pressures, advance environmental objectives by creating affordable housing near transit, and ensure inclusive housing opportunities for all Californians. SB 50 falls short of this important standard. The bill includes a provision making sites ineligible for "equitable communities incentives" if they have been occupied by tenants in the past 7 years or had Ellis Act evictions in the last 15 years, and this is essential to decrease direct displacement. However, this single provision on its own is insufficient to address the harm that the bill could cause. SB 50 must go further to protect vulnerable communities and increase affordable housing opportunities.

On February 5 – well before the most recent amendments to the bill – several of the undersigned organizations provided your office with comprehensive affordable housing policy recommendations for SB 50 that would promote inclusive development near transit. This proposal balances the needs of low-income families with feasibility for developers. It adjusts affordability obligations based on the new density created by SB 50 on a project-by-project basis - recognizing that the greater the density increase, the more value is being given to the developer. It does so by building off an existing statewide model, the Density Bonus Law, and by creating a simplified system of tiers with minimum and maximum required affordability at different density increases. This proposal will create new units for people most burdened by our state's housing crisis, Extremely Low Income households, and ensure affordable housing options for those most vulnerable to homelessness. This proposal draws on the lived experiences in low-income communities, and applies lessons from successful programs like LA's Transit Oriented Communities (TOC) program. If SB 50 had included this proposal, it could have been a tool for addressing the needs of those most impacted by California's housing crisis.

As currently drafted, however, SB 50 does not adequately ensure that new developments will provide affordable homes at a level commensurate with the benefit they receive through the new incentive program.

- SB 50 currently rejects a value capture framework – affordable housing standards aren't tied to density increase, creating arbitrary outcomes and leaving significant affordability on the table. Unlike State Density Bonus Law, SB 50 breaks the connection between the value of the incentives and the amount of affordable housing required. A 50 unit project might receive a substantial density increase where existing height limits are low, while a 300 unit project might receive a lower density increase where existing height limits are relatively higher.
- SB 50 undermines the state's density bonus law by awarding triple the density increase (or more) of state density bonus law, without any increase in affordability for most projects. It also remains unclear whether the bill would offer additional incentives to SB50 projects under density bonus law that could further dilute the already inadequate affordable housing provisions.
- SB 50 makes Extremely Low Income units optional, which could leave the most vulnerable families left out altogether, or pit their needs against those of Low Income households.
- SB 50 provides no guarantee that projects would provide any additional affordable units in jurisdictions with local inclusionary housing requirements, despite conferring significant additional value to a project.
- SB 50 includes a major loophole by offering a fee option that would allow any development to avoid onsite affordability. This will create delays in new affordable

housing, less affordability near transit, more pollution, and more segregated communities.

- As currently drafted, SB 50 does not include any affordability contributions for projects under 10 units.
- The new amendments to SB 50 also deleted a provision that would have helped close a major loophole where projects can bypass the incentive program entirely and gain density without affordability through a zone change.

Despite these serious concerns, we are encouraged that your office has re-engaged with us on this important issue in the last week. We sincerely hope that these conversations lead to amendments to SB 50 that address our concerns prior to its next committee hearing. To highlight some of our key asks (as detailed in Attachment A), SB 50 must:

- Apply a value capture model where affordable housing requirements are appropriately scaled to the amount of value and density created by the bill.
- At each tier of density increase, projects should provide a required subset of units affordable to Extremely Low Income households, along with a choice between additional Very Low Income units or a higher amount of additional Low Income units.
- DO NOT allow SB 50 projects to avoid inclusivity by paying an in-lieu fee.
- Projects utilizing “equitable communities incentives” should provide additional affordable housing beyond what would otherwise be required by a local inclusionary zoning policy.

SB 50 provides inadequate protections for sensitive communities at risk of displacement.

Every community in the state has a role to play in addressing the affordable housing crisis. But our cities, towns and communities have been shaped by different histories, economic drivers and present-day conditions. State policy must be responsive to these differences. Race and class inequality and top-down policies that excluded people of color and low income people, such as redlining and Urban Renewal, have had devastating, multi-generational consequences on these communities while further concentrating wealth and opportunity in others. SB 50’s preemption of local zoning and planning must not repeat and exacerbate the deliberate harms of the past.

To protect sensitive communities, SB 50 must accurately identify all sensitive communities *and* preserve meaningful self-determination in those communities so that they can plan for an inclusive future. Some of our key asks to accomplish these objectives (as detailed in Attachment B) include:

1. Vulnerable communities in each region must be engaged in developing sensitive communities maps to ensure that *all* sensitive communities are protected. Dramatic

variation in demographics and displacement dynamics means that a top-down statewide approach to mapping will inevitably fail to reflect the reality on the ground. Vulnerable populations, including low-income people, people of color, renters, and others, must have the power and flexibility to use their real world expertise to ensure that *all* at-risk neighborhoods are fully reflected in sensitive communities maps. Implementation of SB 50's equitable communities incentives must be delayed for this mapping process.

SB 50 does not currently meet this standard, instead relying on a crude top-down approach to identifying sensitive communities. This is flawed in numerous ways: it provides no way for vulnerable communities to ensure the maps fully identify their neighborhoods; it identifies only the poorest census tracts, excluding areas at high risk where gentrification is already under way; and it relies on census tract level data, which creates problems both in urban areas – where this can leave single neighborhoods as a patch-work of protected and unprotected areas – and in rural areas where geographically large census tracts can hide sensitive communities altogether. One example of the flawed nature of the current methodology is the almost complete lack of identification of any sensitive communities between Merced and Modesto, despite the fact that this area, comprised of a number of high poverty predominantly Latino neighborhoods and communities, is facing rapid housing cost increases and housing instability due to the influx of coastal Californians.

SB 50's reliance on MTC's "CASA" maps is also problematic. MTC disrupted CASA's months-long stakeholder mapping efforts at the very end of the CASA process, rejecting the work done by community stakeholders in favor of an entirely new methodology and maps. These MTC maps do not reflect the expertise of vulnerable communities or realities on the ground, and fail to accurately identify sensitive communities in the region. More work is needed to get the Bay Area's sensitive communities maps right.

2. Sensitive Communities should enjoy full self-determination about whether to opt-in to SB 50's "equitable communities incentives" or to adopt an alternative neighborhood plan. Decisions about opting-in or planning should be made with neighborhood-level control, not simply by municipal governments, and this decision-making process should prioritize engagement of low-income people, renters, and other vulnerable community members.

SB 50 currently vests local government bodies with the sole authority to make decisions about sensitive communities, which could leave neighborhoods that often lack political power with little meaningful self-determination. Mechanisms are necessary to ensure that low-income people, renters, and other vulnerable groups that call sensitive communities home are able to exercise decision-making authority about their

neighborhoods. Moreover, the bill currently leaves open the window within which communities may opt for local plans rather than SB 50 default zoning standards.

3. Neighborhood plans in sensitive communities, whenever they were adopted, should take precedence over SB 50 defaults, as long as they meet basic minimum community engagement, affordable housing, and labor standards.

This appears to be the current intent of SB 50, as currently drafted, but the bill text should make affordable housing and labor standards more explicit. Language about existing community plans may need to be clarified as well.

SB 50 must fully protect local affordable housing policies and strong local plans.

Across California, local jurisdictions are grappling with the dual challenge of increasing income inequality and rising housing prices. To tackle these problems, communities have adopted a range of strategies aimed at increasing the supply of housing affordable to their most vulnerable residents, and protecting existing residents from displacement. These strategies include incentive programs such as the Transit Oriented Communities program in Los Angeles and the HOME-SF program. They also include neighborhood plans that balance the need for new multi-family housing development with preservation of existing community assets.

SB 50 does not include clear guidance as to how these local policies and plans will be treated. The bill should be amended to fully protect and build on these local initiatives – including authorizing local governments to modify or adopt new programs after bill enactment – and ensure that it does not supplant them.

In closing, we hope that over the coming days and weeks we can work with you and your bill sponsors to address our serious concerns and craft a policy that will truly protect and benefit our most vulnerable Californians.

Sincerely,



Laura Raymond
Director
Alliance for Community Transit - Los Angeles



Tiffany Eng
Green Zones Program Manager
California Environmental Justice Alliance



Brian Augusta
Legislative Advocate
CA Rural Legal Assistance Foundation



Gen Fujioka
Policy Director
Chinatown Community Development Center



Maricela Morales
Executive Director
Central Coast Alliance United for a
Sustainable Economy (CAUSE)



Jeffrey Levin
Policy Director
East Bay Housing Organizations



Isela Gracian
President
East LA Community Corporation (ELACC)



Rabeya Sen
Director of Policy
Esperanza Community Housing Corporation



Sonrisa Cooper
Environmental Equity Fellow
The Greenlining Institute



Tyrone Buckley
Policy Director
Housing California



Alexandra Suh
Executive Director
KIWA (Koreatown Immigrant Workers
Alliance)



Ashley Werner
Senior Attorney
Leadership Counsel for Justice and
Accountability



Sabina Crocette
Policy Manager
Legal Services for Prisoners with Children

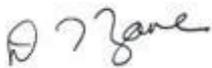


Grant Sunoo
Director of Planning
Little Tokyo Service Center (LTSC)

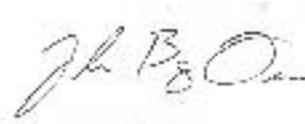
Mindy Garland
Lead Organizer
Los Angeles Black Worker Center



David Levitus, Ph.D.
Executive Director
LA Forward



Denny Zane
Executive Director
Move LA



Flor Barajas Tena
Deputy Director
Orange County Communities Organized for
Responsible Development (OCCORD)



Tamie Dramer
Board Chair
Organize Sacramento



Maryann Aguirre
Project Director
People for Mobility Justice (PMJ)



Jazmine Johnson
Land Use and Health Program Associate
Physicians for Social Responsibility-Los
Angeles



Chione Flegal
Managing Director
PolicyLink



Sam Tepperman-Gelfant
Deputy Managing Attorney
Public Advocates



Doug Smith
Staff Attorney, Community Development
Public Counsel



Michael Rawson
Director
Public Interest Law Project



Stan Keasling
CEO
Rural Community Assistance Corp.



Cynthia Strathmann
Executive Director
SAJE (Strategic Actions for a Just Economy)



D'Artagnan Scorza, Ph.D.
Executive Director
Social Justice Learning Institute

Sissy Trinh
Executive Director
Southeast Asian Community Alliance



Alan Greenlee
Executive Director
Southern California Association of NonProfit
Housing



Jim Mangia
President & CEO
St. John's Well Child & Family Center



Chanchanit Martorell
Executive Director
Thai Community Development Center



Oscar Monge
Community Development Manager
T.R.U.S.T. South LA



Becky Dennison
Executive Director
Venice Community Housing



Anya Lawler
Policy Advocate
Western Center on Law and Poverty

Attachments:

- A. Proposal from Equity Groups on Affordable Housing
- B. Proposal from Equity Groups on Sensitive Communities

Attachment A: Proposed SB 50 Affordability Standards

PROPOSED SB 50 AFFORDABLE HOUSING STANDARDS

SUMMARY

On February 5, 2019, a statewide network of organizations working on affordable housing and equitable development submitted a proposal to Senator Wiener's office for a meaningful affordable housing program in SB 50.

Our February 5th proposal is balanced, adjusting the affordability obligations depending on the actual new density created by SB 50 on a project-by-project basis. It accounts for the challenges in applying affordability standards across different regions and markets in California by building off of an already existing statewide model. It also ensures simplicity and feasibility by establishing tiers with minimum and maximum required affordability. And it will create new units affordable to Extremely Low Income households, resulting in new housing not being produced by any other state zoning program and ensuring affordable housing options for those most vulnerable to homelessness. This proposal complements accompanying recommendations that can further ground SB 50 in equity, through anti-displacement measures and provisions protecting sensitive communities.

PROBLEM:

California is in the midst of an unprecedented and unconscionable affordable housing crisis.

California is facing a shortfall of 1.5 million affordable rental homes, and the state's lowest-income renters spend 66% of income on rent, leaving little left for food, transportation, health care, and other essentials. (California Housing Partnership Corporation, April 2018). In many parts of the state, speculative real estate investment and gentrification pressures are catalyzing the displacement of low-income residents and the complete destabilization of low-income communities and communities of color. This affordable housing and displacement crisis is fueling a growing homelessness crisis. More than 134,000 people experience homelessness in California on a given night – nearly one-quarter of the entire nation's homeless population. Market rate housing, alone, will not solve this problem, and in many communities, building exclusively market rate housing without corresponding affordability and tenant protections will exacerbate the crisis. To ensure that our communities are developed for *all* Californians, upzoning policies must be paired with significant affordability provisions that strengthen and don't undermine local programs, along with full protections against displacement for renters.

The current version of SB 50 falls short on affordability and fails to meet basic value capture principles.

On March 12, 2019, SB 50 was amended to include new affordable housing provisions. However, these amendments are very different from, and fall well short of the standards in our February 5 proposal, as described below. Unlike the March 12 amendments, our proposal is grounded in proven value capture principles and builds from existing state law. ***The current version of SB 50 does not include adequate affordable housing standards and fails to meet basic value capture principles.***

SB 50 would grant eligible projects an "equitable communities incentive," which includes a waiver of any maximum controls on density, reduced or eliminated parking requirements, and additional incentives and concessions. Depending on proximity to rail, certain eligible projects would also receive a waiver of maximum height requirements up to 45 or 55 feet, and a waiver of maximum FAR requirements up to 2.5

or 3.25. Allowable height could be increased even further with the use of an incentive and concession. Put simply, SB 50 would enable a significant increase in the number of allowable housing units and a much larger overall building envelope for many properties across the state. This would confer enormous new value to covered properties.

Sound public policy requires that these density increases come with meaningful affordable housing. In the midst of an unprecedented and devastating affordable housing crisis, the state must ensure that any upzoning legislation will contribute to solving the problem, not worsening it.

The current version of SB 50, as amended March 12, 2019, does not meet this standard. There are numerous problems with the affordability provisions in the March 12 amendments, including:

- In most scenarios, the affordability standards are lower than LA's TOC program and other successful affordable housing incentive programs.
- NOT a value capture program - affordability isn't tied to value conferred through density increase, leaving significant affordability on the table. For example, under this proposal, a project receiving a 200+% density increase could have the same affordable housing obligation as a project receiving a 40% density increase.
- Undermines state housing law – in many cases SB 50 would give triple the density (or more) for the same affordability as density bonus law.
- Unclear if a development could add a density bonus on top of SB 50 for even greater density without corresponding affordable housing.
- Despite creating new value for covered properties, there is no guarantee SB 50 would exceed local inclusionary requirements.
- No affordability contribution at all for projects under 10 units
- Includes a major loophole by providing a fee option that allows any development to avoid onsite affordability, creating delays in new affordable housing, less affordability near transit, more pollution, & more segregated communities.
- Does not require any housing for extremely low income populations hardest hit by the housing crisis.

SOLUTION

ACT-LA and other affordable housing and equity organizations from across the state have developed a better affordable housing program for SB 50, which is both consistent with core values of equity and inclusion, *and* builds from existing statewide value capture programs, as follows:

Guiding Principles

- An “equitable communities incentive” must lead with equity and include meaningful affordability.
- As a value capture policy, the affordability required under SB 50 should correspond to the amount of additional value conferred to a project. Because SB 50 provides for an increase in height and FAR up to a limit, but does not alter the *base* density, the additional value created by SB 50 will vary from project to project. Therefore, there should be different levels of affordable housing requirements depending on the actual density increase created by SB 50 for each project.
- State density bonus law is the only existing *statewide* law that aligns density increases with affordable housing. SB 50 should build off this existing sliding scale formula.
- Because SB 50 enables new development to leverage the value of public investment in transit infrastructure, while providing even more generous parking incentives than existing state density bonus law, SB 50 inclusionary rates should exceed density bonus requirements.

- Because many California families do not make enough to afford LI and VLI housing costs, and because there is a dramatic shortfall in housing options for this growing population, SB 50 inclusionary rates should include a required set-aside for ELI households.

Proposal

1. Every SB 50 project of 10 or more units will have a particular “density increase” - the percent increase in the number of units proposed within the SB 50 standards, over the number of units that would be allowed by the underlying zoning (a percent increase in the number of allowable units).
2. Establish three tiers of density increase: (1) up to 50%; (2) 51%-80%; and (3) greater than 80%.
3. In each tier, the required minimum set-aside will be: (a) the amount of affordable units that would be required if the density bonus law sliding scale percentages are extended by formula upwards beyond 35%; plus (b) an additional 5% of the total project for ELI units.

| Density increase | On-site Affordable Housing Contribution |
|---|--|
| Up to 50% | 11% VLI OR 20% LI*; AND 5% ELI** (total: 16% or 25%) |
| 51% - 80% | 16% VLI OR 28% LI*; AND 5% ELI** (total: 21% or 33%) |
| Greater than 80% | 18% VLI OR 30% LI*; AND 5% ELI** (total: 23% or 35%) |
| * These percentages are derived from the existing state density bonus law sliding scale formula, converted to an equivalent percentage of total project (see methodology steps 1 and 2). ** This represents an additional affordability contribution, beyond state density bonus law, commensurate with the additional value created by the SB 50 super density bonus. | |

4. Nothing prevents a project from voluntarily providing more affordability (e.g., 100% AH projects).
5. To qualify for SB 50, projects of less than 10 units will provide a fee, dedicated for affordable housing.
6. Affordable housing contribution should exceed what is already required by a local inclusionary ordinance. *Proposed language forthcoming.*

Methodology

Our SB 50 affordable housing proposal is grounded in a logical approach that draws on existing proven statewide programs, addresses pressing statewide needs, and ensures certainty and feasibility. We arrived at the above proposal through the following four steps:

Step 1. Extend Density Bonus Law Sliding Scale. Because state density bonus law (DBL) already applies in every jurisdiction in the state, it is a logical starting point when creating a new statewide value capture program. DBL aligns density with affordability along a sliding scale. The scale starts with a 20% density increase, which can be accessed by providing either 5% Very Low Income (VLI) units, or 10% Low Income (LI) units. From there, a project would receive a 2.5% density increase for each additional 1% increase in VLI units, or a 1.5% increase in density for each 1% increase in LI units. DBL is capped at a 35% density increase, but using this formula, we can easily extend the sliding scale.

Step 2. Convert to a Percent of Total Project. DBL applies the affordability percentage to the base project, before any extra density is added. As a result, the percentages under DBL do not reflect the actual percentage of the final project. To convert the DBL sliding scale from percent of base to percent of total, we simply divide the DBL percent of the base by 1.XX, where XX = the percent density increase.

Step 3. Simplify the DBL Sliding Scale into Tiers. Any density increase could be assigned a corresponding affordability requirement using the sliding scale formula described above. However, a tier system is easier to understand and implement. By creating tiers in SB 50, developers and stakeholders can look at the law and know how much affordable housing will be included in a project without doing a series of calculations. A Tier system also creates a de facto minimum and maximum required affordability contribution. We propose three tiers of density increase: (1) 0-50%; (2) 51-80%; and (3) greater than 80%. For any SB 50 project, the “density increase” would be the percent increase in the number of units proposed under SB 50 over the number of units that would be allowed under the base zone. For any SB 50 project, this “density increase” would situate the project within one of the three tiers above.

Step 4. Enhance the Affordable Housing Rates in Each Tier to Account for the Additional Value Created by SB 50. SB 50 confers significantly more value to a project, especially in the form of parking reductions, than does DBL. Therefore, SB 50 affordability standards should be greater. But rather than just increasing the percentages, SB 50 should also address the increasing need for units affordable to Extremely Low Income (ELI) households. Adding an ELI contribution *in addition to* the DBL sliding scale percentages achieves several key objectives: (a) it gives developers some flexibility in meeting affordability standards; while (b) ensuring an ELI contribution in each project; and (c) establishing overall affordability rates that slightly exceed the DBL formula. To do this, in each tier, we simply require that a project provide 5% of the total units affordable to ELI households, and provide the corresponding state DBL sliding scale contribution for that tier in either VLI or LI units.

Examples

Project A: Assume site with a base zone that allows 56 units, and SB 50 standards allow 100 units

Project B: Assume site with a base zone that allows 100 units, and SB 50 standards allow 188 units.

Project C: Assume base R2 (duplex) zone, but SB 50 standards allow 18 units.

| | SB 50 affordability rate | Total affordable units |
|------------------|---------------------------------|---|
| Project A | 16% VLI or 28% LI ; and 5% ELI. | 16 VLI units or 28 LI units; and 5 ELI units (21 ELI+VLI units or 33 ELI+LI units total) |
| Project B | 18% VLI or 30% LI; and 5% ELI. | 34 VLI units or 57 LI units; and 10 ELI units (44 ELI+VLI units or 67 ELI+LI units total) |
| Project C | 18% VLI or 30% LI; and 5% ELI. | 4 VLI units or 6 LI units; and 1 ELI unit (5 ELI+VLI units or 7 ELI+LI units total.) |

SB 50 Affordable Housing

Core principles

- Any “equitable communities incentive” must lead with equity and maximize affordability.
- Because SB 50 enables new development to leverage the value of public investment in transit infrastructure, while providing more generous incentives than existing state density bonus law, SB 50 inclusionary rates should exceed density bonus requirements.
- Because many California families do not make enough to afford LI and VLI housing costs, and because there is a dramatic shortfall in housing options for this growing population, SB 50 inclusionary rates should include a required set-aside for ELI households.
- As a value capture policy, SB 50 inclusionary rates should correspond to the amount of additional value conferred to a project (density, height, parking restrictions, other incentives). Because SB 50 provides a limit on height and FAR, but does not alter the base zoning, the additional value created by SB 50 will vary from project to project. SB 50 inclusionary rates should vary accordingly.
- Because SB 50 applies across different jurisdictions and markets, the inclusionary rate should build off of the existing sliding scale formula in state density bonus law, but with a maximum requirement.
- Because SB 50 is creating additional value beyond what any local inclusionary ordinance provides, SB 50 inclusionary rates should always exceed local inclusionary requirements.
- As a value capture policy, SB 50 should include affordability contributions from all projects that benefit from the policy, including smaller projects with fewer than 10 units.

Policy points

SB 50 on-site inclusionary (10+ units)

- Every SB 50 project will have a particular “density increase” - the percent increase in the number of units proposed within the SB 50 standards, over the number of units that would be allowed by the underlying zoning (a percent increase in the number of allowable units).
- Establish three tiers of density increase: (1) up to 50%; (2) 51%-80%; and (3) greater than 80%.
- In each tier, the required minimum set-aside will be: (a) the amount of affordable units that would be required if the density bonus law sliding scale percentages are extended by formula upwards beyond 35%; plus (b) an additional 5% of the total project for ELI units.

| Density increase | On-site Affordable Housing Contribution |
|--|---|
| Up to 50% | 5% ELI; AND: 11% VLI OR 20% LI <i>of total</i> * (16% or 25% total) |
| 51% - 80% | 5% ELI; AND: 16% VLI OR 28% LI <i>of total</i> * (21% or 33% total) |
| Greater than 80% | 5% ELI; AND: 18% VLI OR 30% LI <i>of total</i> * (23% or 35% total) |
| * Percentages converted from DBL percent of base to equivalent percentage of <u>total</u> project. | |

- Nothing prevents a project from voluntarily providing more affordability (e.g., 100% AH projects).

SB 50 small project affordability contribution

- To qualify for SB 50, projects with fewer than 10 units will provide a fee, to be set aside for affordable housing.

Interaction with local inclusionary zoning policies

- Projects taking advantage of SB 50 incentives should provide affordable housing in addition to what is already required by a local inclusionary ordinance.

Attachment B: SB 50 Sensitive Communities Proposal from Equity Groups

Every community in the state has a role to play in addressing the affordable housing crisis. But our cities, towns and communities have been shaped by different histories, economic drivers and present-day conditions: state policy must be responsive to these differences. Specifically, race and class inequality and top-down policies that ignored the voices of people of color, such as redlining and Urban Renewal, have burdened specific communities while concentrating wealth in others. As the Bay Area’s CASA Compact observed, “segregated housing patterns — both by race and by income — are a legacy of decades of discriminatory government policies and private sector lending practices” and therefore there must be “protections for neighborhoods and residents most affected by that horrible history.”

As applied to SB 50, the “equitable communities incentives” that would override local zoning and planning should be deferred in sensitive communities that are vulnerable to displacement. This is a common-sense middle-ground - recognizing that these communities can grow and change, but that they deserve sufficient time and self-determination to plan for an inclusive future for their neighborhoods.

The fundamental purpose of deferring state preemption of local zoning and land use authority in sensitive communities is to ensure communities vulnerable to displacement have an opportunity for self determination so that they can thrive rather than being displaced. To accomplish this purpose, it is essential that impacted communities be engaged in all aspects of the process - from the mapping of sensitive communities through decisions about “opting-in” or adopting alternative local plans.

Core Principles for SB 50 Sensitive Communities Policy

1. **Low-income communities and communities of color in each region must be engaged in ground-truthing sensitive communities maps.** Statewide data can help identify parameters to guide sensitive communities mapping, but the enormous diversity in local conditions around the state means that local input from community-based organizations and community members is essential to get the maps right. We recommend the identification of general data to inform sensitive communities mapping (see comments on data below), with a robust process for regional refinement of these maps to ground-truth them based on local knowledge and conditions.
 - a. **Community Process.** To ensure meaningful community involvement, we recommend:
 - i. A working group in each region to shape the maps for each region. The work groups should be representative of vulnerable populations in the region, such as renters, low-income people, and people of color.
 - ii. A public hearing process in low-income communities throughout the region, held at accessible times, locations, and manners. Ideally community-based organizations should be resourced to help plan and run these meetings.
 - b. **HCD Oversight.** HCD should review regional maps and be the arbiter of edge cases, as opposed to local governments. Its greater distance from local political pressures should result in less mis-identification of neighborhoods. An appeal process to HCD should rest with a neighborhood, rather than requiring action by a local city council or board of supervisors, because sensitive communities often lack political power with these bodies.
 - c. **Geographic Units.** For urban areas, a sensitive community may comprise one or more contiguous census tracts. For rural areas, census block group data may be necessary since lower population density means tract-level data often fails to capture local conditions.

- d. **Dynamic vs. Static Data Points.** Data considered for identification of sensitive communities should measure change over time, not simply a static point in time metric, as many vulnerable communities have already experienced some degree of gentrification and displacement and may not appear vulnerable if only on snapshot is considered. Useful data points might include rising property values, and a high (and/or declining) number of low-income renters. Similarly, data should measure *potential* for displacement if SB 50 were to apply, not just actual displacement under non-SB 50 conditions.
 - e. **Tailored Data Analysis.** Data used must be adjusted for variations across regions of income, racial demographics, percentage of renters, etc. Vulnerability to displacement is something that must be examined within the local context, not something that can be measured by fixed statewide standards (e.g. % poverty using a fixed dollar amount for poverty level). Maps should be reassessed periodically.
 - f. **Problems with Bay Area Mapping:** The MTC-generated maps in the CASA compact do not represent the consensus of community groups in the Bay Area and need to be expanded to include additional vulnerable communities, since some areas in more advanced stages of gentrification did not show up in MTC's methodology. The maps may also be over-inclusive of some census tracts with a large percentage of college students.
2. **Implementation of SB 50's equitable communities incentives should be delayed until sensitive community maps have been developed.** We cannot be sure that vulnerable communities are protected until they have been identified, and they cannot accurately be identified without community engagement. We propose, at minimum, a one year delay in implementation of the "equitable community incentives" to allow for this process.
 3. **Application of SB 50 upzoning and development standards should be automatically deferred in sensitive communities** to allow these communities the opportunity to adopt plans for growth that will support rather than displace them. The deferral period shall be indefinite, but shall allow communities to opt-in at any time, see below.
 - a. During this deferral, however, any spot or plan-based upzoning should still be required to meet at least the minimum affordability and anti-displacement provisions in SB50.
 4. **Sensitive Communities should have the option to "opt-in" to SB 50's equitable communities incentives through a neighborhood-level process at any time.** This must involve meaningful neighborhood-level leadership in any decision to opt-in, including but not limited to:
 - a. A Community Advisory Committee (CAC) shall be established by for each jurisdiction and/or for each sensitive community to determine whether to "opt-in" to SB 50 default standards. Each local government shall appoint a CAC that is representative of sensitive community residents by tenure (% renter, % homeowner), income, and other important characteristics of vulnerability to displacement.
 - b. Community Hearings. The local agency with jurisdiction over land use and zoning, in partnership with the CAC, shall conduct substantial public consultation with residents of the identified sensitive communities, with a minimum of three public hearings in the community, to consider a proposal to opt-in.
 5. **Existing or future neighborhood plans should take precedence over SB 50 defaults in sensitive communities, as long as they meet basic minimum standards.** Suggested standards:
 - a. Neighborhood plans must require at least the minimum affordability levels, labor standards, and anti-displacement protections in SB 50. If these standards are lower in a

neighborhood plan, then SB 50 affordability minimums should apply, with the neighborhood plan governing in other respects.

- b. Neighborhood plans must include some residentially zoned capacity for development of multifamily housing at density levels in SB 50.
 - c. Neighborhood plans should be explicitly permitted to include zoning and development standards designed to protect residents and local businesses, historic and cultural resources, and other community assets.
 - d. Neighborhood plans must include a localized assessment of displacement risks to residents, businesses, cultural and community organizations, and other cultural and community assets. The drivers of those risks must be analyzed, and policies put in place to avoid or substantially mitigate those risks.
 - e. Neighborhood plans must be developed through a meaningful public process that facilitates and results in engagement by a significant and diverse subset of the population. Actions taken to engage the public and outcomes shall be demonstrated.
6. **Community planning should be resourced, with funding for engagement, capacity building, and technical assistance specifically earmarked to support participation of low-income residents.** The state should commit meaningful funding to support these local planning processes.

The following organizations share these concerns (sign-ons in process):

ACT-LA

East Bay Housing Organizations

The Greenlining Institute

Housing California

KIWA (Koreatown Immigrant Workers Alliance)

Legal Services for Prisoners with Children

LA Forward

Organize Sacramento

PolicyLink

Public Advocates

Public Counsel

Rural Community Assistance Corporation

Strategic Actions for a Just Economy (SAJE)