

# Development without Displacement

## Development with Diversity

December 2009



# FOCUS

 Association of Bay Area Governments

*Front Cover Photo:*

Downtown Oakland Farmer's Market

**December 2009**



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# I. INTRODUCTION – DEVELOPMENT WITHOUT DISPLACEMENT

Over the last decade, Bay Area communities—from dense cities like San Francisco and Oakland to suburbs like Antioch and Pittsburg—have come to recognize the benefits of transit-oriented development (TOD): compact, mixed-use, pedestrian-oriented communities located within a half-mile of transit stations. Transit-oriented development can bring multiple, synergistic benefits, including revitalized neighborhoods, greater public transit use, reduced traffic congestion and carbon emissions, and preserved open space. TOD also provides an opportunity for equitable development. Building affordable homes in new transit-oriented developments can enable low-income working families (predominantly people of color) to lower their transportation costs, live in healthy and walkable neighborhoods with shops and services, and access jobs and economic opportunities throughout the region. Equitable

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**Equitable development is an approach to ensure that low-income residents and communities of color participate in and benefit from regional growth and development.**

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development is an approach to ensure that low-income residents and communities of color participate in and benefit from regional growth and development.

But the benefits of TOD do not automatically flow to the low-income communities and communities of color residing around a new or renewed transit stop. Intentional planning and policymaking, and meaningful community engagement are needed to ensure that new transit investments increase equity and opportunity for existing residents and contribute to a more equitable, sustainable region.

## Concerns

One issue is ensuring there are adequate opportunities for lower income households to live in transit communities. Recent reports by Bay Area and national research and advocacy groups have described the need to put in place mechanisms to build mixed-income TODs.<sup>1</sup> Experience has shown that the market on its own does not adequately produce this type of housing. Although many of the initial successful TODs were created by nonprofit community development organizations like the Unity Council in Fruitvale, most new TOD projects serve upper-income households who can pay a premium to live in them.<sup>2</sup> Despite increasing demand for housing near transit, TOD is still more complex and expensive than conventional developments, making it less likely that affordable homes will be included unless there are government incentives for developers.<sup>3</sup>

Another challenge is maintaining affordability and preventing displacement of lower-income residents in revitalized TOD neighborhoods. New TODs – and sometimes even plans for new transit stops or lines – can spark rapid appreciation in the

<sup>1</sup> Chapple, Karen, et al. Transit-Oriented for All: The Case for Mixed Income Transit-Oriented Communities in the Bay Area, [http://communityinnovation.berkeley.edu/publications/GCC\\_ExecSummary.pdf](http://communityinnovation.berkeley.edu/publications/GCC_ExecSummary.pdf).

<sup>2</sup> The Center for Transit Oriented Development, Fostering Equitable and Sustainable Transit-Oriented Development: Briefing Papers for a Convening on Transit-Oriented Development, available at [http://reconnectingamerica.org/public/display\\_asset/ra\\_ford\\_brief\\_final](http://reconnectingamerica.org/public/display_asset/ra_ford_brief_final)

<sup>3</sup> The higher costs for TOD result from a confluence of factors:

- Expenses associated with changing zoning and building codes to allow higher density, mixed-use buildings.
- Insufficient funds for community engagement, particularly in regions where moderate and high density product did not exist prior to the proposed TOD.
- Increased land price expectations by property owners who see long-term value of TOD.
- Brownfield remediation expenses.
- Coordination with the transit agency to site and construct transit facilities, such as stations, parking or bus transfers.
- Provision of new streets, parks and other place-making amenities that create identity.
- Higher construction costs for dense building types.
- Provision of excess parking spaces in high cost structures in areas where households may not need more than one car.
- Local requirements for community benefits with limited cost offsets for developers.
- General imbalance between the supply of and demand for attractive, walkable neighborhoods.

costs of land and housing in the community. Homes within a five- to ten-minute walk of a transit station typically sell for more than comparable properties further away.

The Center for Transit Oriented Development (CTOD) recently reviewed the research on TOD impacts on property values and found that premiums for single-family homes near transit were two to 30 percent, and rents for apartments near transit were one to 45 percent higher.<sup>4</sup> In some parts of the Bay Area, increased migration into existing transit-oriented neighborhoods (such as San Francisco’s Mission District and West Oakland) is associated with rent increases, evictions, loss of affordable housing units, and disrupted social networks.<sup>5</sup> In these neighborhoods community organizations and activists have worked hard to hold on to their homes and jobs, and development has been extremely contentious. Preventing new development has not stopped home sales or rent increases. However, homewonership and rental assistance programs accompanied by local economic development have increased community stability.

The fear of displacement is potent for residents living in lower-income neighborhoods where TOD is planned. Often the same communities that were the targets of Urban Renewal or other redevelopment projects that were not intended to bring benefits to current residents and led to their displacement. This can create tensions and mistrust between current residents, incoming residents, and government agencies.

All signs suggest that the demand for TOD in the Bay Area will grow in the coming years. CTOD estimates that by 2030 the number of households seeking housing near transit will more than double (from 410,000 to 830,000).<sup>6</sup> Household preferences for walkable neighborhoods and transit are coinciding with planning and policy prerogatives to encourage compact

development and transit use in order to reduce the greenhouse gas emissions that contribute to global warming. In the past year, the California legislature passed two landmark bills to address climate change, one of which, Senate Bill 375, deals specifically with promoting climate-friendly regional development patterns.

### **Actions**

To fully realize the benefits of TOD, it is essential that Bay Area communities take action to ensure that the opportunities created through TOD are available to all, including low-income residents who are most in need of the cost savings and potential health benefits of living near transit.<sup>7</sup> Local planners, policy-makers, and advocates all have enormous roles to play in moving forward equitable TOD.

There are already many examples of equitable TOD in the region. Several city planning and redevelopment departments, including those in areas with a history of urban renewal, have made marked efforts to build trust through inclusive planning processes. San Francisco, San Jose, Oakland, Berkeley, Marin, East Palo Alto, and Dublin all have excellent examples of equitable development. Their development and redevelopment programs reflect extensive community involvement and investment of substantial resources into improved amenities, transit services, and job opportunities for local residents. Local governments have responded to concerns about gentrification and displacement through land use policies and legislation.

### **Regional Growth and Development**

As a public agency that guides regional growth and development, the Association of Bay Area Governments (ABAG) has sought to promote inclusive, equitable development that provides a variety of housing choices for households at all income levels and the creation and

<sup>4</sup>The Center for Transit Oriented Development, *Capturing the Value of Transit*, November 2008. Available at [http://www.reconnectingamerica.org/public\\_display\\_asset\\_ctodvalcapture110508v2](http://www.reconnectingamerica.org/public_display_asset_ctodvalcapture110508v2). The authors note that one study of light rail stations in Santa Clara County in 1995 found that values for adjacent single family homes actually decreased 11 percent, but this was not the norm and might be explained by the economic recession.

<sup>5</sup>Chapple, Karen, et al. *Mapping Susceptibility to Gentrification*. Center for Community Innovation, UC-Berkeley. 2009.

<sup>6</sup>Center for Transit Oriented Development, “2007 Demand Estimate,” [http://www.reconnectingamerica.org/public/display\\_asset/demestctod](http://www.reconnectingamerica.org/public/display_asset/demestctod).

<sup>7</sup>San Mateo County Public Health Department, “Health Benefits of TOD,” available at: [http://www.co.sanmateo.ca.us/vgn/images/portalcit\\_609/30/18/1250073112tod\\_and\\_health.pdf](http://www.co.sanmateo.ca.us/vgn/images/portalcit_609/30/18/1250073112tod_and_health.pdf).

maintenance of diverse neighborhoods. There are regional benefits to creating socially and economically diverse neighborhoods – for the economy and environment as well as for social equity. The lack of affordable housing near transit leads families to look for housing they can afford that is further away, or to trade their housing and transportation costs, contributing to sprawl and congestion.<sup>8</sup> Bay Area households have both driven ‘til they qualified’ for lower-cost homes in the outer suburbs and moved out of the region in search of affordable housing.

The disconnection between housing, transit, and employment facilitates racial and economic segregation and sprawling, unsustainable regional development patterns. At the same time, a lack of development in other urban areas fosters blight, concentrated poverty, and unemployment. Inclusive, equitable development, including a variety of housing choices for workers at all income levels, is essential if the region is going to shift its land use patterns to reduce greenhouse gas emissions.<sup>9</sup> There is evidence that regions that are more equitable perform better economically as well.<sup>10</sup>

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## There are regional benefits to creating socially and economically diverse neighborhoods – for the economy and environment as well as for social equity.

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This report looks beyond efforts to limit displacement to look at positive steps to build regional social equity, moving from development without displacement to development with diversity. This is to emphasize that livable neighborhoods

are those that sustain their social, cultural, and racial/ethnic diversity—and do not lead to displacement as a byproduct of neighborhood improvement—and that this is a critical goal of regional planning. This goal will serve as an even more important guidepost as we seek to reduce greenhouse gas emissions through more compact development that clusters jobs, transit, and housing around existing infrastructure.

With the Metropolitan Transportation Commission (MTC), the Bay Area Air Quality Management District, and the Bay Conservation and Development Commission, ABAG is implementing FOCUS, a development and conservation strategy that promotes a more compact land use pattern for the Bay Area including transit-oriented development.<sup>11</sup> FOCUS encourages the development of complete, livable communities in areas served by transit by providing incentives for local governments who steer growth to designated “Priority Development Areas” (PDAs). Other regional efforts, such as MTC’s Station Area Planning and Transportation for Livable Communities grants, also provide funding for community engagement processes around TOD.

### Evaluating Development without Displacement in the Bay Area

To better understand how to implement equitable TOD and prevent displacement, ABAG used the Environmental Justice Grant from the California State Department of Transportation to conduct an 18-month Development Without Displacement program. Between Spring 2008 and Fall 2009, ABAG worked with the Center for Community Innovation at the University of California at Berkeley, PolicyLink, and three city-community partnerships. The program goal was to provide all jurisdictions with a better understanding of the drivers of displacement in the region and as well as proven local strategies to ensure equitable TOD.

<sup>8</sup>J. Andrew Hoerner and Nia Robinson. 2008. “A Climate of Change African Americans, Global Warming, and a Just Climate Policy in the U.S.”

<sup>9</sup>Environmental Justice and Climate Change Initiative and Redefining Progress. ([www.ejcc.org](http://www.ejcc.org)) Ibid.

<sup>10</sup>Manuel Pastor, Jr. et al., *Regions that Work: How Cities and Suburbs Can Grow Together* (Minneapolis, MN: University of Minnesota Press, 2000).

<sup>11</sup>For more details on the FOCUS program, visit [www.bayareavision.org](http://www.bayareavision.org)

transit, and challenges to addressing displacement;

The program included three primary components:

1. Research to develop indicators of gentrification and displacement in Bay Area neighborhoods
2. Documentation of equitable TOD strategies and resources to provide to cities and community groups
3. Pilot anti-displacement projects in three Bay Area cities: Oakland, San Francisco, and Richmond.

This report shares the findings from the project. It is intended to provide useful information for cities and community groups who want to implement equitable TOD and spark discussion and debate about how best to do that now and into the future. It is organized as follows:

- **Section II** describes development, gentrification, and displacement trends in the Bay Area, their relationship to

- **Section III** presents strategies for ensuring equitable TOD, including community engagement, affordable housing development and preservation, land use (complete communities), and economic development.
- **Section IV** reports on the pilot projects in Oakland, Richmond, and San Francisco.
- **Section V** examines regional TOD policies and their equity implications.
- **Section VI** concludes with recommendations on how regional agencies can promote equitable transit oriented development.



Mission District Mural

## II. TOD DYNAMICS AND DISPLACEMENT IN THE BAY AREA

Many people can describe their neighborhoods in terms of old and new residents, changing income levels, or decreasing affordability. A search for the term “gentrification” in the archives of the San Francisco Chronicle turns up nearly a thousand articles documenting the political tensions of shifting neighborhoods. Metropolitan-scale community displacement, however, is actually very difficult to pinpoint. Individual households move for many reasons. Community investment and migration are not always associated with displacement and often bring positive outcomes for existing residents. Nevertheless, displacement and the segregation that is associated with it have noticeable impacts on regional development, which merits an examination of both regional and local policies to support new development.

### Displacement Types

When considering new development, it is important to distinguish between two types of displacement: the direct displacement that can occur due to the construction of transit infrastructure or related buildings and the indirect and involuntary displacement that can occur due to premiums that can be commanded for rents near the new or revitalized transit station area. When there is a gap between what people will pay for rental housing and what landlords can charge for the unit, this creates a profit motive for landlords to raise rents or evict tenants and replace them with new ones who can pay more or redevelop buildings into upper-income developments. Since most jurisdictions now have policies in place to prevent or address the former, the focus of this report is on indirect displacement caused by changing neighborhood affordability.

Areas around rail transit stations are particularly susceptible to displacement, because new and improved transit stations

(particularly rail stations) have been shown to increase the value of nearby properties.<sup>12,13</sup> Studies of TOD and property values indicate that plans for new stations can lead to speculative investment in real estate around the planned transit line, driving up prices even before construction begins.

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...plans for new stations can lead to speculative investment in real estate around the planned transit line...

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For example, as the Atlanta Metropolitan area moves forward with a large-scale plan for development around the city called the Atlanta BeltLine, a study found that city and school property taxes on homes within an eighth-mile of the planned district increased 68 percent after the announcement of the project.<sup>14</sup>

### Migration and Mobility Factors

Looking at a regional migration and factors tied to household mobility can illustrate where displacement may have occurred. In the first part of this section, a number of important regional trends related to transit-oriented development between 1990 and 2000 are presented. During this period, there was an enormous increase in wealth in the Bay Area, and this had a significant impact on development. These indicators show how displacement affects regional growth patterns.

<sup>12</sup> Center for Transit-Oriented Development, *Preserving and Promoting Diverse Transit-Oriented Neighborhoods*, prepared for the Ford Foundation, 2006, and *Capturing the Value of Transit*, prepared for the US Department of Transportation and Federal Transportation Administration, 2008.

<sup>13</sup> For a comparative list of the impact of types of transit on property values, see *The Effect of Rail Transit on Property Values: A Summary of Studies*, Parsons Brinckerhoff, February 27, 2001, available at [www.reconnectingamerica.org/public/download/bestpractice162](http://www.reconnectingamerica.org/public/download/bestpractice162).

<sup>14</sup> Wheatley, Thomas. “The 22-mile life preserver.” *Next American City*, Issue 21, p. 30.

In addition, a number of neighborhood characteristics are examined, which the University of California at Berkeley Center for Community Innovation has identified as correlated with household mobility and changing neighborhood income levels. These include the number of renters in an area, its diversity, and type of households. Recognizing indicators of displacement can suggest pro-active policies and new approaches to transit-oriented development.

Finally, Public-Use Micro Sample (PUMS) and American Community Survey data (from U.S. Census) allows a closer look at Bay Area populations that have moved between 1990 and 2007. Focusing on low and very low income populations in San Francisco and Alameda counties, we present summary information to examine how this move impacted their overall transit access. This data reveals that most low-income households moved to another, more affordable location within their county, but many also left for more affordable, less transit-oriented areas in the outer Bay. It also suggests that the rate of displacement slowed considerably in the later years.

## Findings

### 1) During the boom years 1990-2000, many Bay Area neighborhoods saw marked cultural and economic shifts.

As has been well documented, housing prices increased rapidly in the Bay Area during the 1990-2000 period. Housing sale prices increased by nearly 25 percent on average, but by more than 30 percent in more transit-oriented areas in San Francisco, Santa Clara, and Alameda counties. In comparison, US median home values increased 18 percent during this time period. Of the ten US cities (with populations of 100,000 or more) with the highest median home values in 2000, seven were in the Bay Area.<sup>15</sup>

Between 1990 and 2000, however, average sale prices declined in Solano County and parts of Contra Costa County. While some of this overall price decline may be due to new construction of public and subsidized housing, it also represents a boom in the construction of moderately-priced homes in formerly low-density suburbs. As the inner Bay transit corridors became less affordable, professional families at starting or lower ends of their pay scale found housing in these areas. *(see map figure 1)*

A large number of new units were constructed in the same parts of Solano and Contra Costa counties between 1990 and 2006, and an influx of college-educated residents followed. During the 1999-2006 housing cycle, Brentwood issued permits for 10,467 new homes; more than the City of Oakland. The city gained substantially in college-educated residents, as did San Ramon and unincorporated parts of Contra Costa County. *(see map figure 2)*

The combination of new construction and changes in population demonstrates regional migration, rather than pure displacement. Homeowners who might have afforded urban neighborhoods could have been motivated to choose suburban areas because of a preference for single family homes, better public safety, or school districts. In areas with little transit service, including Brentwood, Antioch, Fairfield, and Santa Rosa, homeownership became a reality for households who were willing to absorb the high transportation costs of living in the suburbs. *(see map figure 3)*

The region also experienced an influx of upper-income households. Median household income increased from \$41,595 in 1990 to \$62,024 in 2000, and again to \$72,630 in 2007.<sup>16</sup> This growth has led the income distribution in the region to become more bifurcated, as it has nationally, and has affected transit areas more than other parts of the region. For example,

<sup>15</sup> Census brief, "Home Values: 2000," available at <http://www.census.gov/prod/2003pubs/c2kbr-20.pdf>.

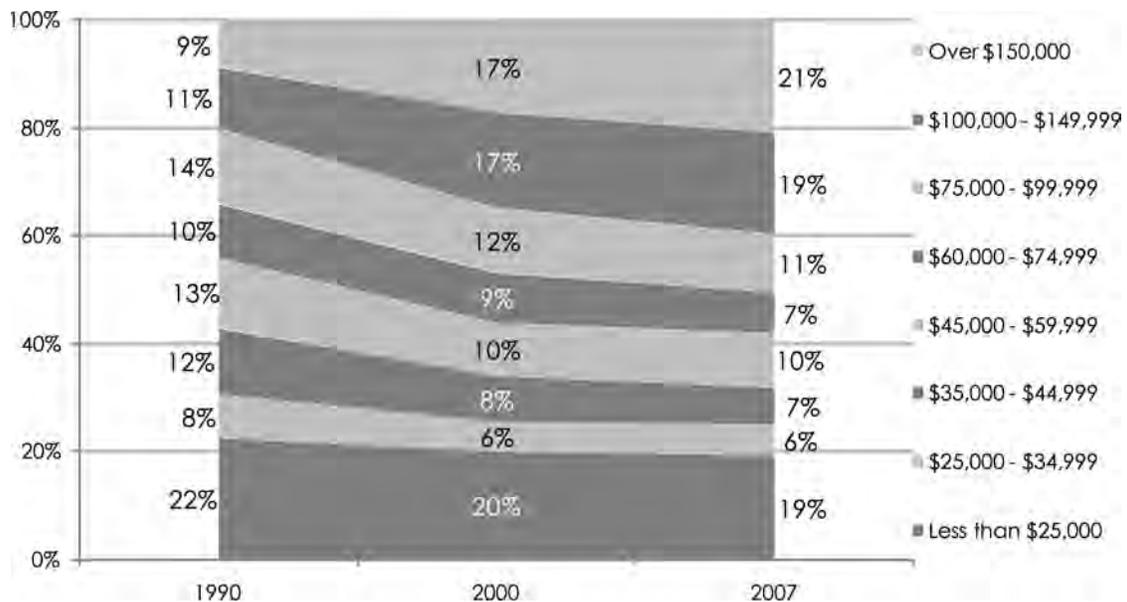
<sup>16</sup> <http://www.bayareacensus.ca.gov/>

between 1990 and 2007, nine percent of those relocating to or within in the Bay Area made over \$150,000, but 21 percent of those moved into San Francisco.

Displacement of families and Latino residents in San Francisco’s Mission District, for example, is associated with this influx of higher-income residents, many of whom were workers that constituted the economic boom in Silicon Valley. The Mission, which is flanked by two BART stations within eight city blocks of each other, also has a Caltrain station and frequent bus service along the Mission Street corridor. However, displacement occurred decades after the BART system opened.

Similarly, growing income levels in census tracts around Valley Transit Authority stations that opened in San Jose in the 1990s are related more closely to the economic growth of the area than to the presence of transit. This suggests that indirect displacement does not happen immediately after the opening of a transit station, but is rather tied to a surge in wealthy residents that choose the area because they find transit an amenity, along with attractive housing options and walkable neighborhoods. For transit-oriented neighborhoods that are home to a relatively large share of low-income households, an increase in wealthy commuters can result in some displacement of existing residents.<sup>17</sup>

*Household Income Distribution of Households that Moved into San Francisco (2007 dollars), 1990-2007.*



*“Pastro, Manuel, et al., State of the Region: Growth, Equity and Inclusion in the Bay Area (2008). Programs for Environmental and Regional Equity (PERE) University of Southern California. Produced for the Social Equity Caucus.”*

<sup>17</sup> Center for Community Innovation, 2009. *Mapping Susceptibility to Gentrification*.

Along with changes in income levels, many Bay Area neighborhoods shifted in their ethnic composition during this decade. The share of African American residents has not changed substantially overall. However, the number of African Americans in inner neighborhoods in San Francisco and Oakland dropped significantly, with many neighborhoods in San Francisco having over a third fewer African American residents at the end of the decade than at its start. The large increases of African Americans in the Oakland Hills, the suburban East Bay, and the North Bay indicate many households moved to these areas.

While the overall population of white residents dropped nearly 8 percent, the few neighborhoods that saw large increases in white households were on transit corridors in San Francisco, Oakland, and Berkeley.

Meanwhile, both the Asian and Hispanic population grew substantially (about 39 percent and 36 percent, respectively), with a more even distribution of household growth throughout the Bay Area. (see map figure 4)

Figures 1-7 illustrate regionwide changes at the census tract level, between 1990-2000. The next two sections will examine how these demographic shifts relate to transit use and transit-oriented neighborhoods. It is important to note that socioeconomic variables, like income and race also have a statistically significant effect on the probability that a commuter will take transit or walk to work. Latino workers have higher rates of transit ridership, while white workers are more likely to drive.

Higher income households have higher rates of automobile ownership, with increased trips and travel by car and a reduction in the number of trips made by transit or walking. Nationally, households in the highest income class (>\$100,000) make about 30 percent more trips, and the average length of those trips is more than 40 percent greater than that of trips made by those in the lowest income class.<sup>18</sup> (see map figure 5)

Furthermore, foreign-born immigrants are more likely to live in multi-family housing and ride transit, though again transit ridership decreases as household wealth increases.<sup>19</sup>

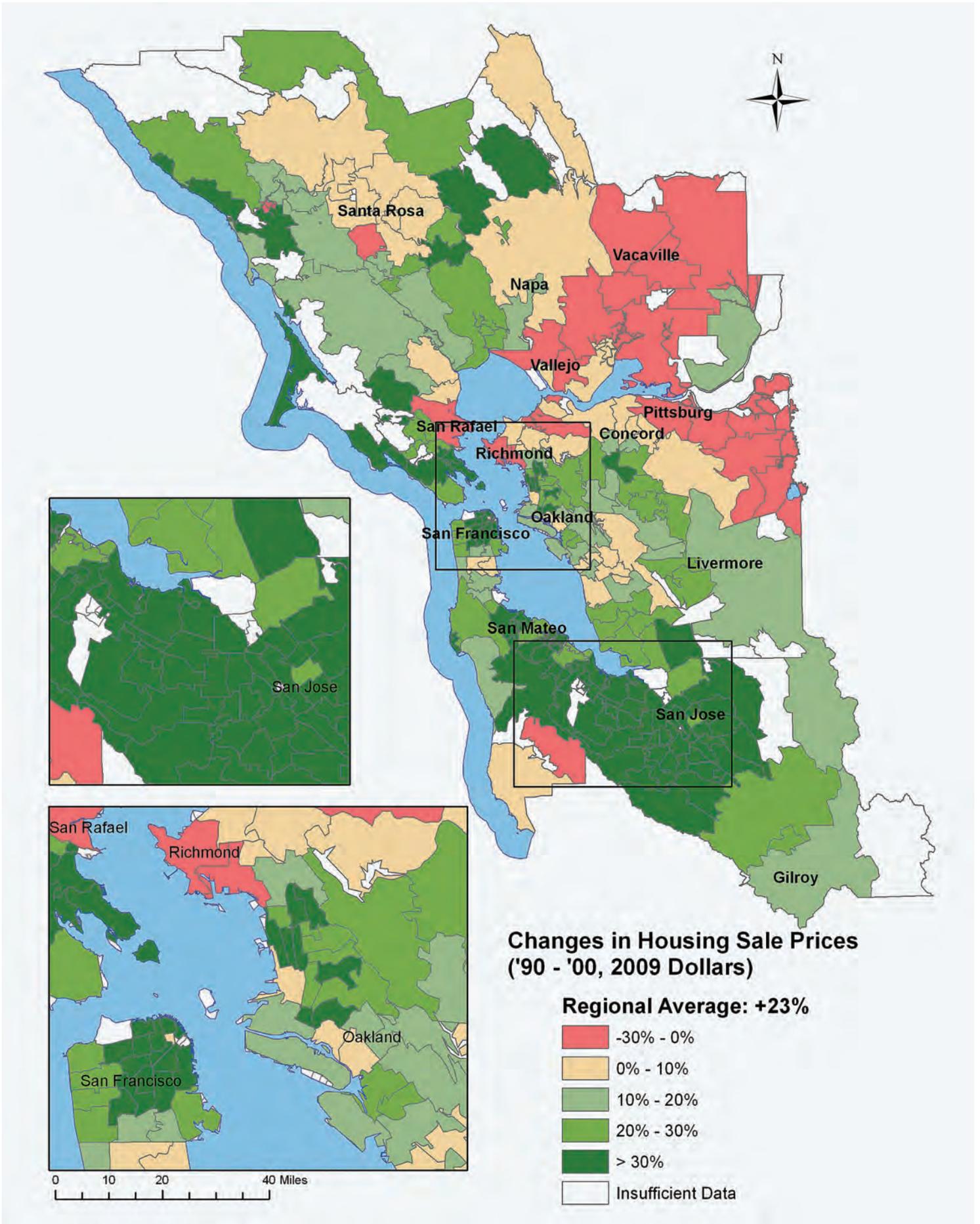
(see map figure 6)

<sup>18</sup> Memmott, J. 2007. *Trends in Personal Income and Passenger Vehicle Miles*. Bureau of Transportation Statistics: Special Report, SR-006. Research and Innovative Technology Administration, U.S. Department of Transportation, Washington, D.C.

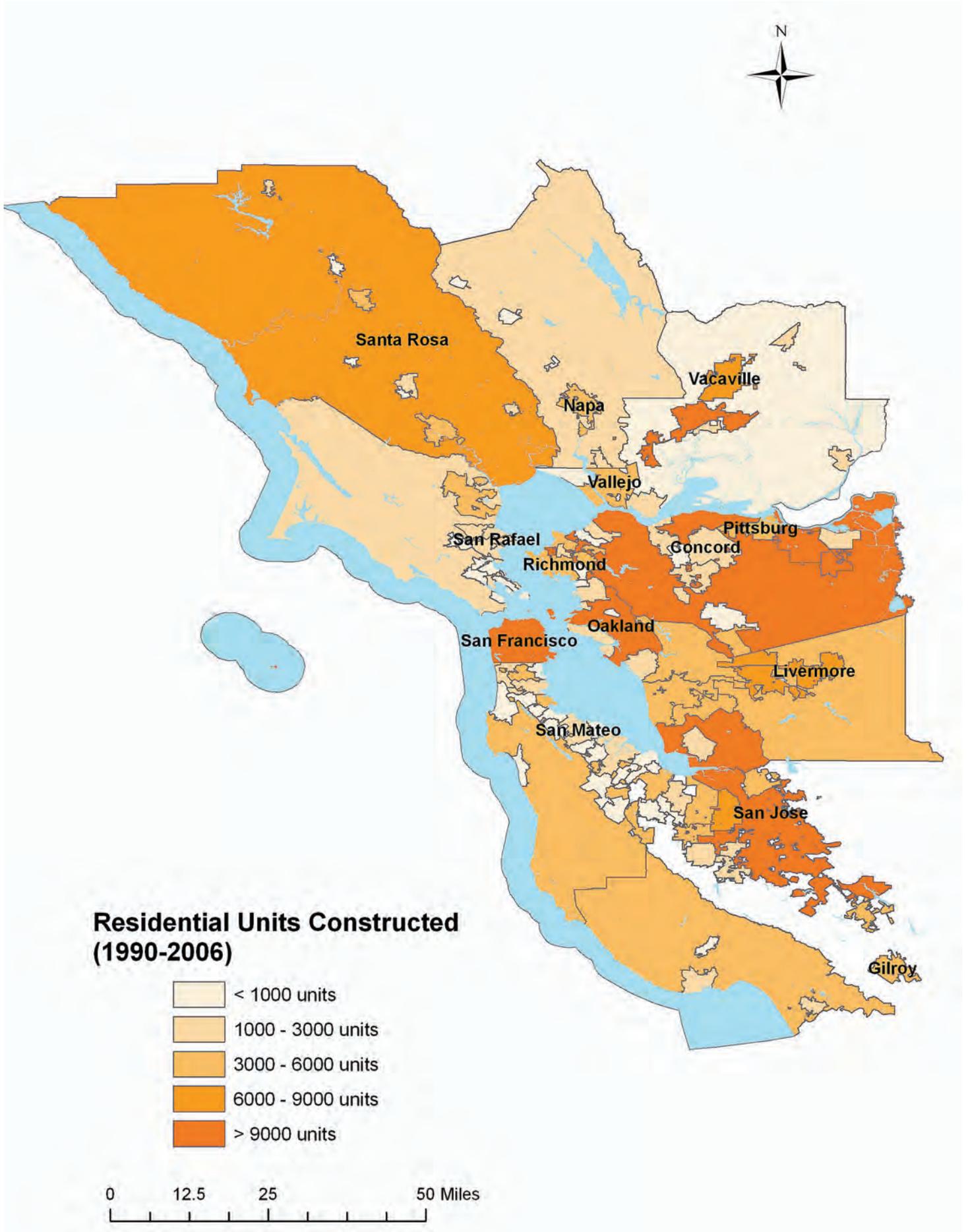
<sup>19</sup> Pitkin, J., and D. Myers. 2008. *U.S. Housing Trends: Generational Changes and the Outlook to 2050*.

Paper commissioned for the TRB Committee for the Study on the Relationships among Development Patterns, VMT, and Energy Consumption and Blumenberg, E., and K. Shiki. 2006. *Transportation Assimilation: Immigrants, Race and Ethnicity, and Mode Choice*. Presented at the 86th Annual Meeting of the Transportation Research Board, Washington, D.C. In the 2007 Metropolitan Transportation Commission (MTC) Passenger Survey, 39% of the Bay Area's transit riders self-identified as White, 21% as Spanish/Hispanic/Latino, 19% as Black/African American, and 18% as Asian. (Godbe Research, 2007. "Transit Passenger Demographic Survey." MTC. Chapter 2, Page 2-4.)

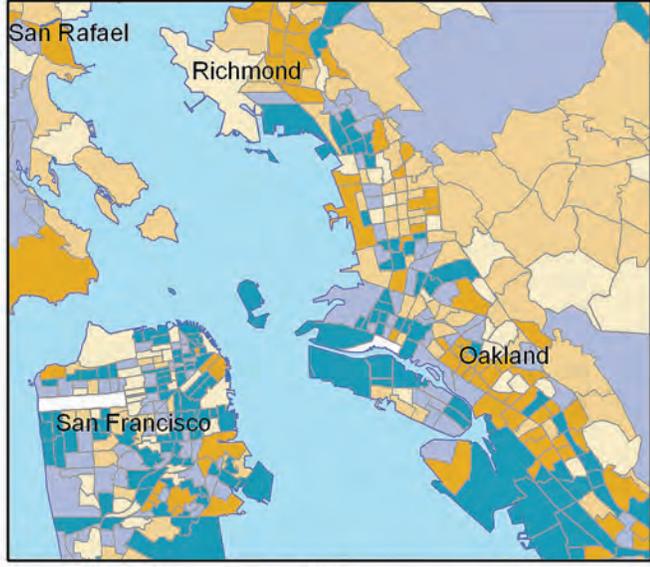
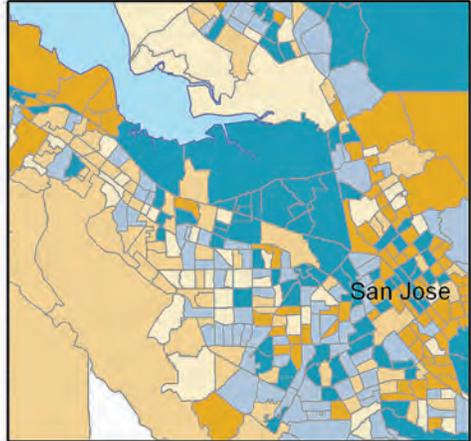
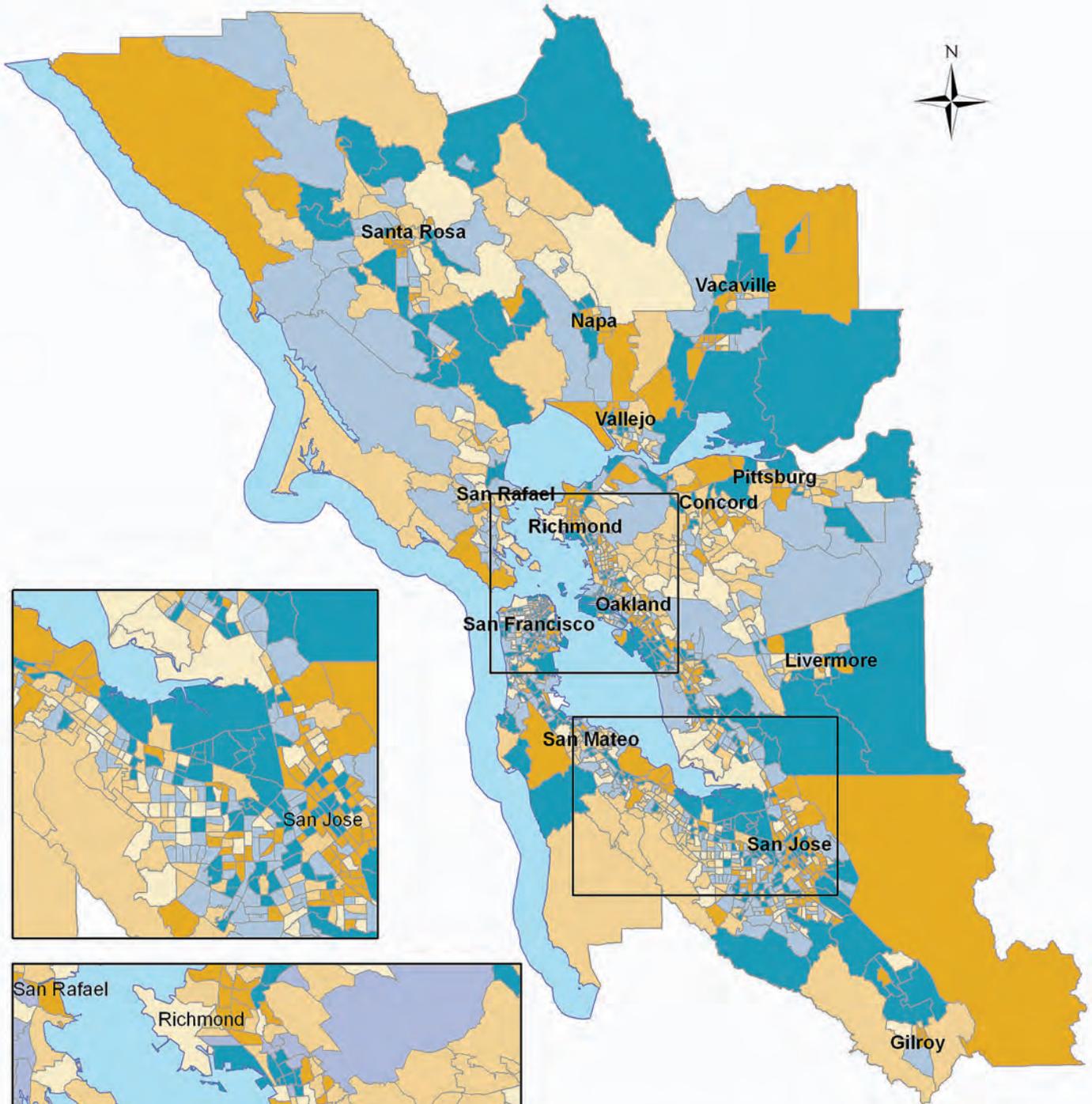
Map Figure #1: Housing Sale Price Changes by Census Tract



Map Figure #2: Residential Units Constructed by Jurisdictions



Map Figure #3: Changes in College-Educated Population by Census Tract



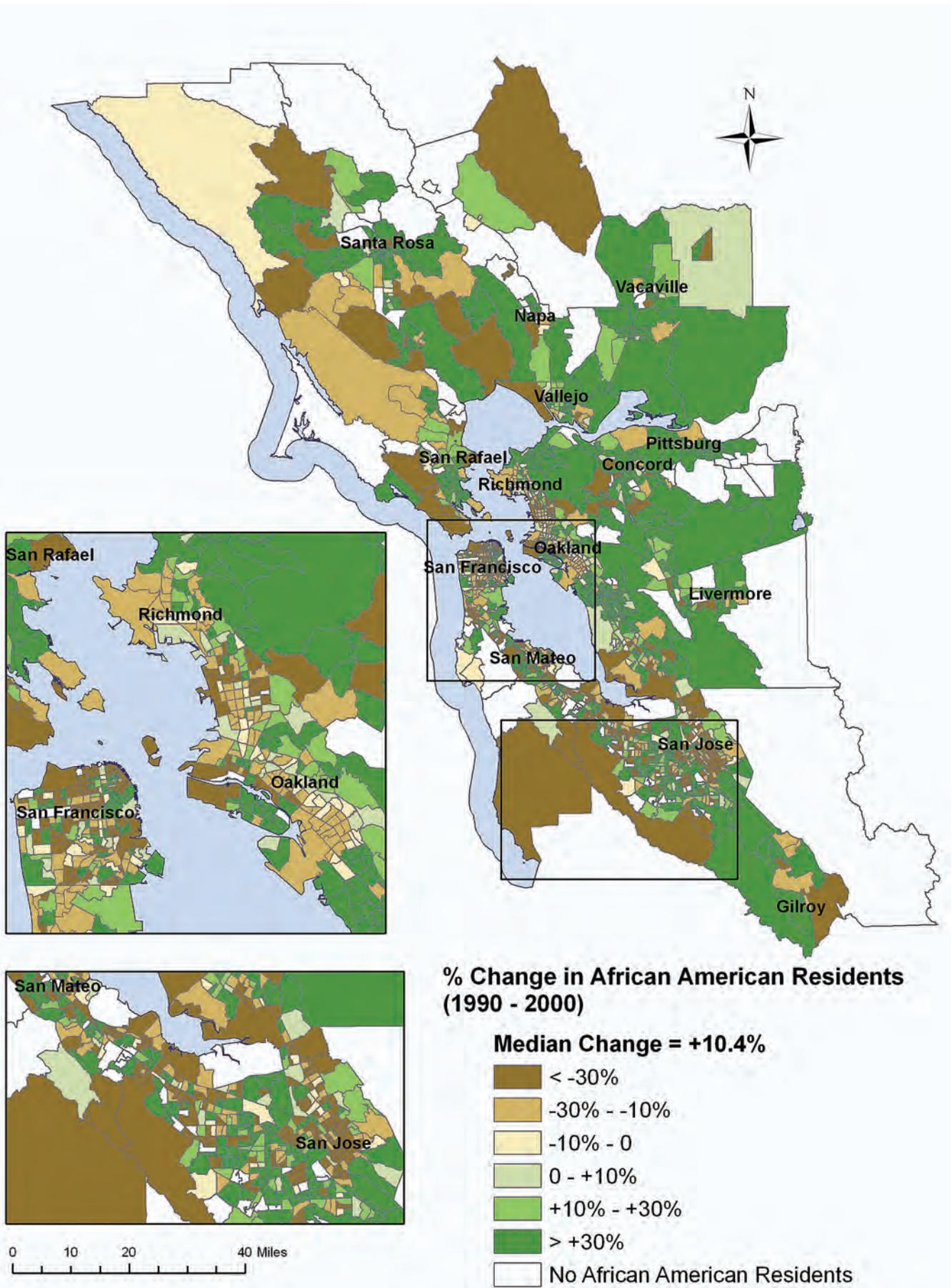
0 10 20 40 Miles

**Changes in College-Educated Population**

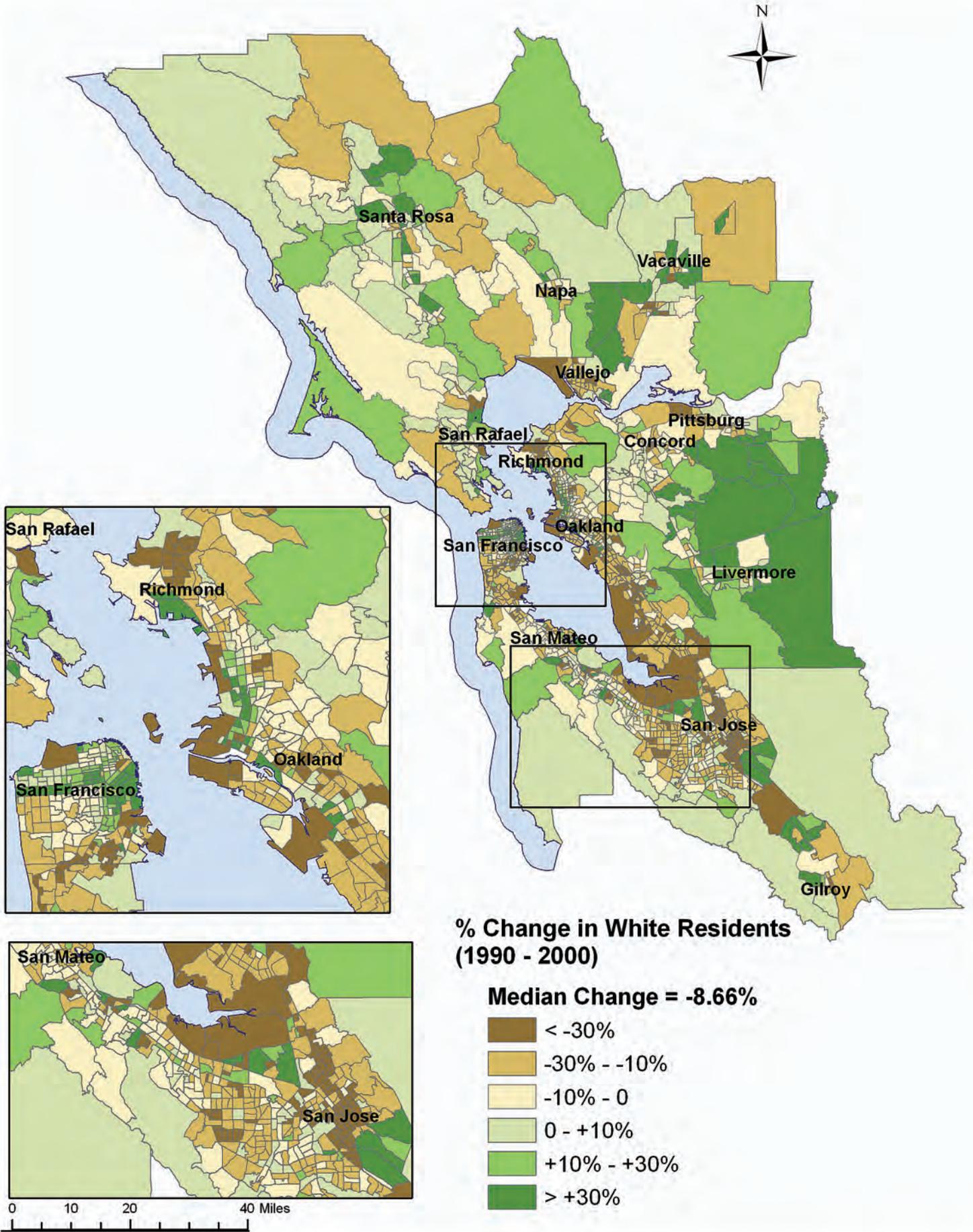
**(1990 - 2000)**

- 8% - 0%
- 0% - +5.9%
- +5.9% - +8.9%
- +9% - +14.8%
- > +14.9%

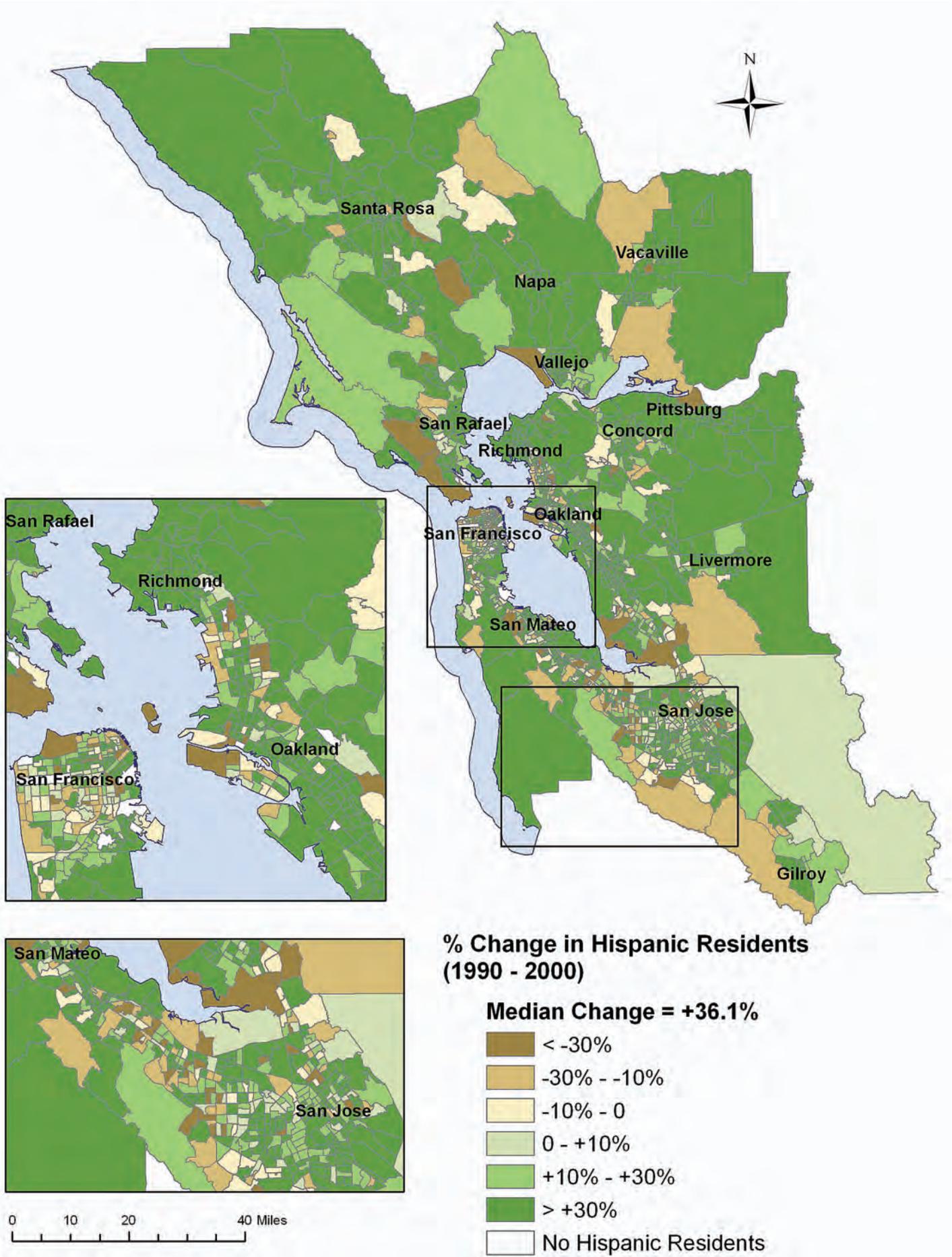
Map Figure #4: Changes in Number of African American Residents by Census Tract



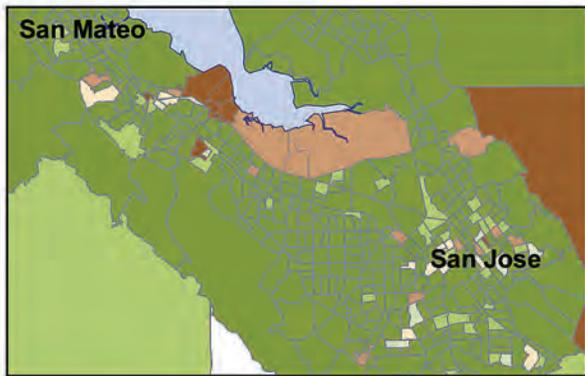
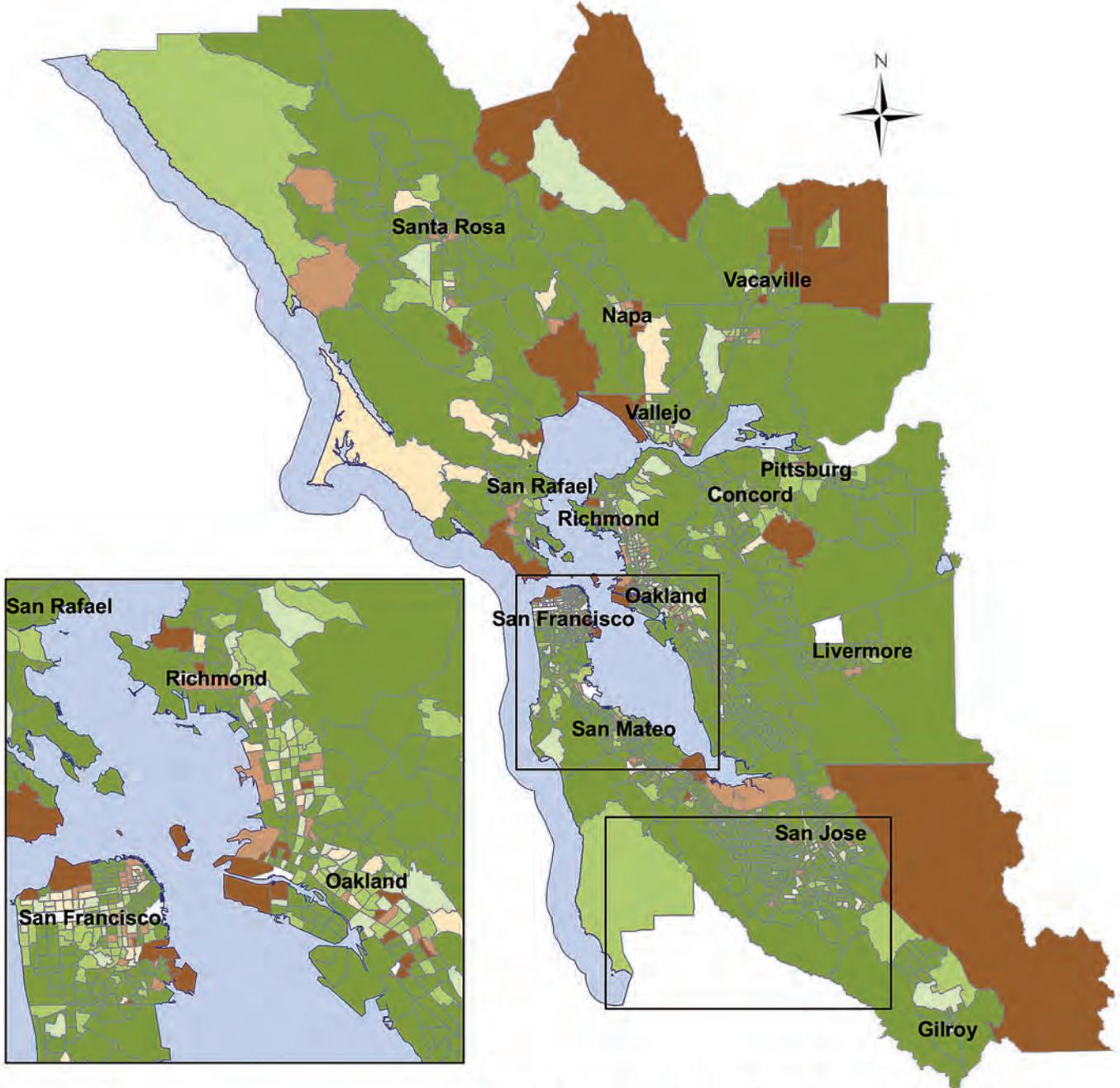
Map Figure #5: Changes in Number of White Residents by Census Tract



Map Figure #6: Changes in Number of Hispanic Residents by Census Tract



Map Figure #7: Changes in Number of Asian Residents by Census Tract



**% Change in Asian Residents  
(1990 - 2000)**

**Regional Median: +53.7%**

- < - 30%
- 30% - -10%
- 10% - 0
- 0 - +10%
- +10% - +30%
- > +30%
- Insufficient Data

0 10 20 40 Miles

**2) Many transit-oriented areas share certain features that make them more likely to attract wealth, both benefiting the local economy and creating the potential for displacement.**

The Center for Community Innovation at UC-Berkeley examined a number of different characteristics of Bay Area neighborhoods in the 2000 census, including income levels, household type, and housing units. They found higher evidence of gentrification, or an increase in income, education, and home price, in transit areas than in non-transit.

This outcome in part reflects the mixed income quality (or high “income diversity”) of many transit neighborhoods, where a shift in the balance of low-, middle-, and upper-income households can change property values across many blocks.

Displacement is more likely to occur in those areas where the household median income is relatively low in comparison to the rest of the region, including in many of these neighborhoods.

*(see map figures 8, 9, and 10)*

Housing variables also indicate displacement potential. CCI found that while a larger percentage of multi-family buildings did not change property values and income levels in and of itself, higher residential densities do correlate with an influx of wealthy households when combined with amenities and a higher share of rental units.

This may be because change can occur more rapidly through turnover of rental units, which tend to be concentrated near transit. The type of household is also correlated with displacement potential, with non-family households more likely to be clustered around transit stations. *(see map figure 11)*

The potential for displacement is also greater when there is a high percentage of residents who put more than 30 percent of their income toward rent. Overburdened homeowners are reflected more in the recent rates of foreclosure. *(see map figure 12)*

In general, owners burdened by their mortgages are concentrated in the core areas of the East Bay (Richmond and Oakland) and suburban areas of the North and East Bay. Recently, the economic downturn has lowered housing costs, but also resulted in foreclosures and job losses.

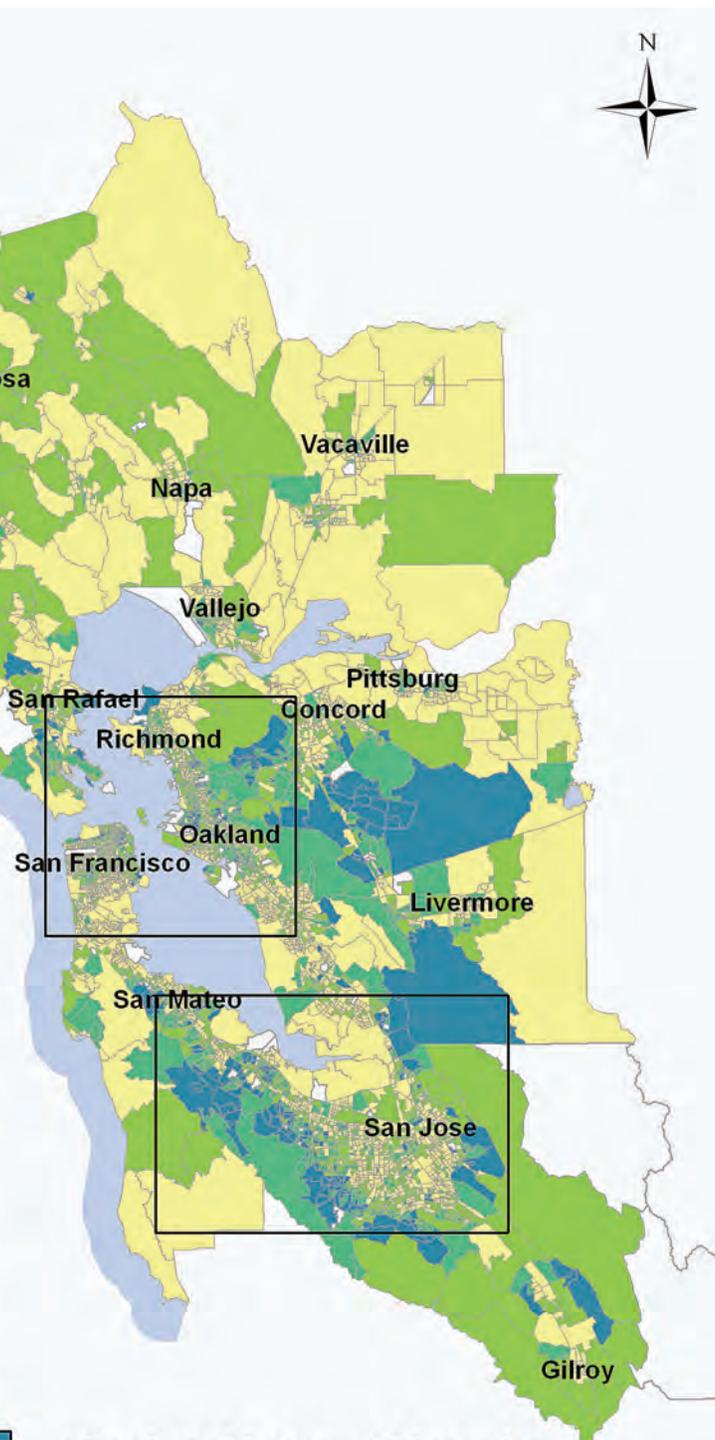
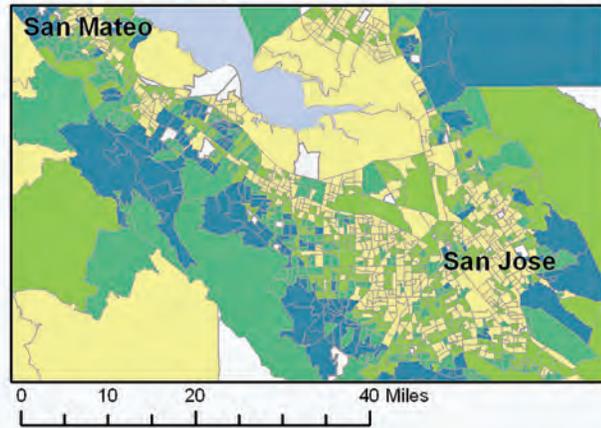
In April of 2009, the median Bay Area home price was \$304,000, a 41 percent drop in home prices from the previous year, which was \$518,000.<sup>20</sup>

These factors together reveal the challenges of maintaining neighborhood diversity as well as potential strategies for limiting displacement.

These patterns also suggest that home ownership opportunities for low- to moderate-income and college-educated families are in undersupply near rail transit stations. *(see map figure 13)*

<sup>20</sup> Data Quick Information Services

Map Figure #8

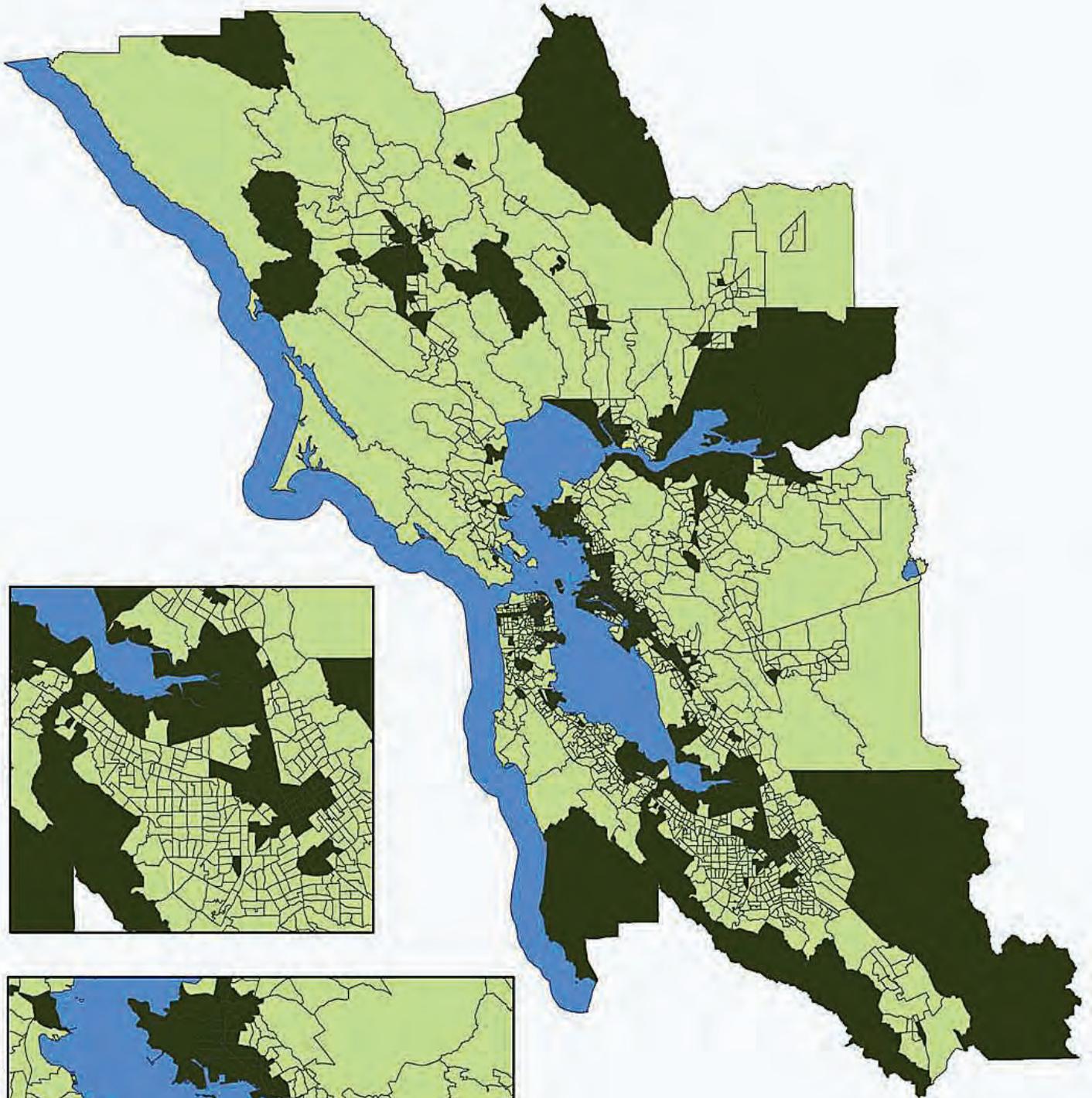


**Regional Income Diversity**

**Regional Median = 0.89**

-  Insufficient Data
-  < 0.65 (Least Diverse)
-  0.65 - 0.80
-  0.80 - 0.90
-  > 0.9 (Most Diverse)

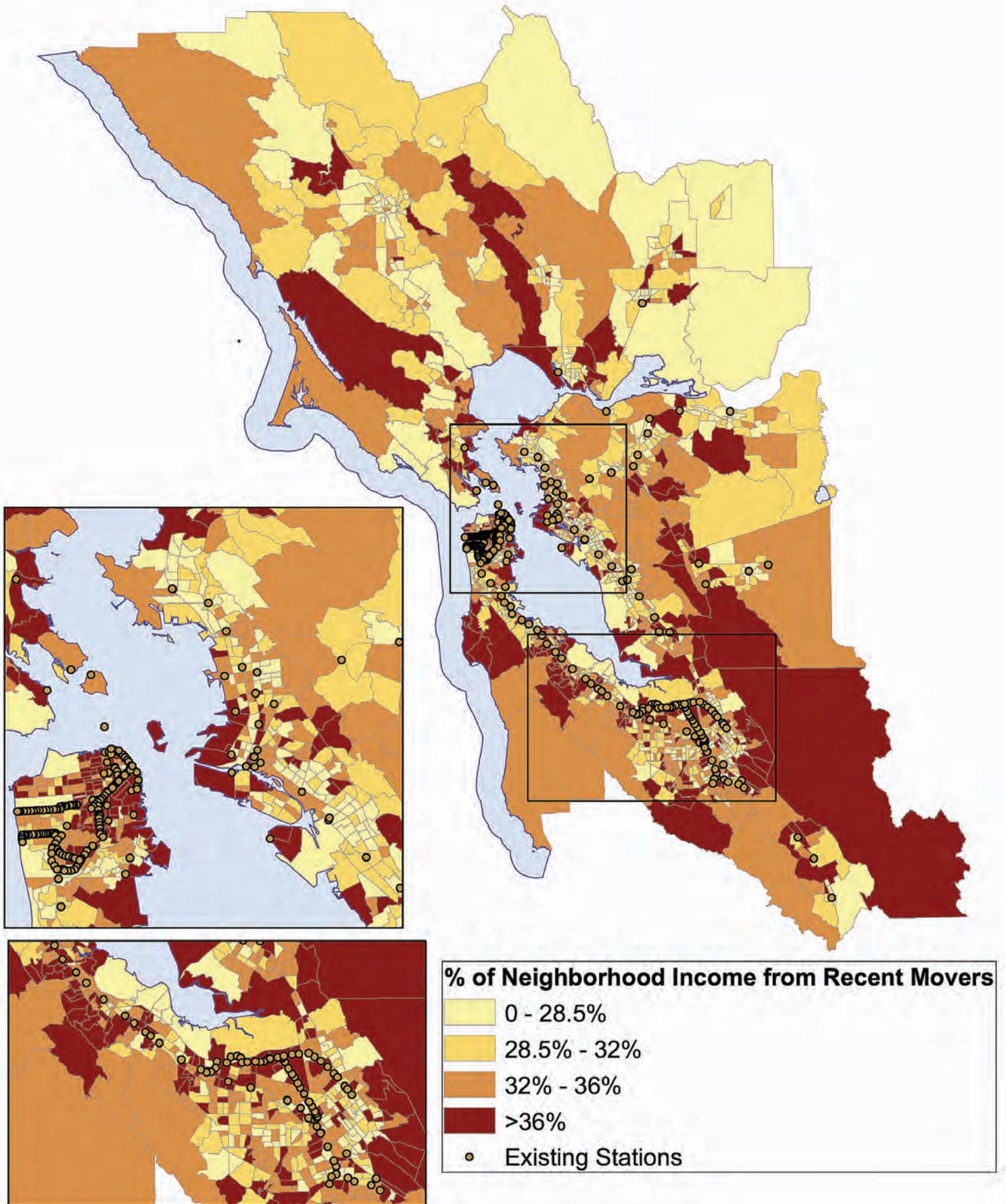
Map Figure #9



**Household Income by Tract**

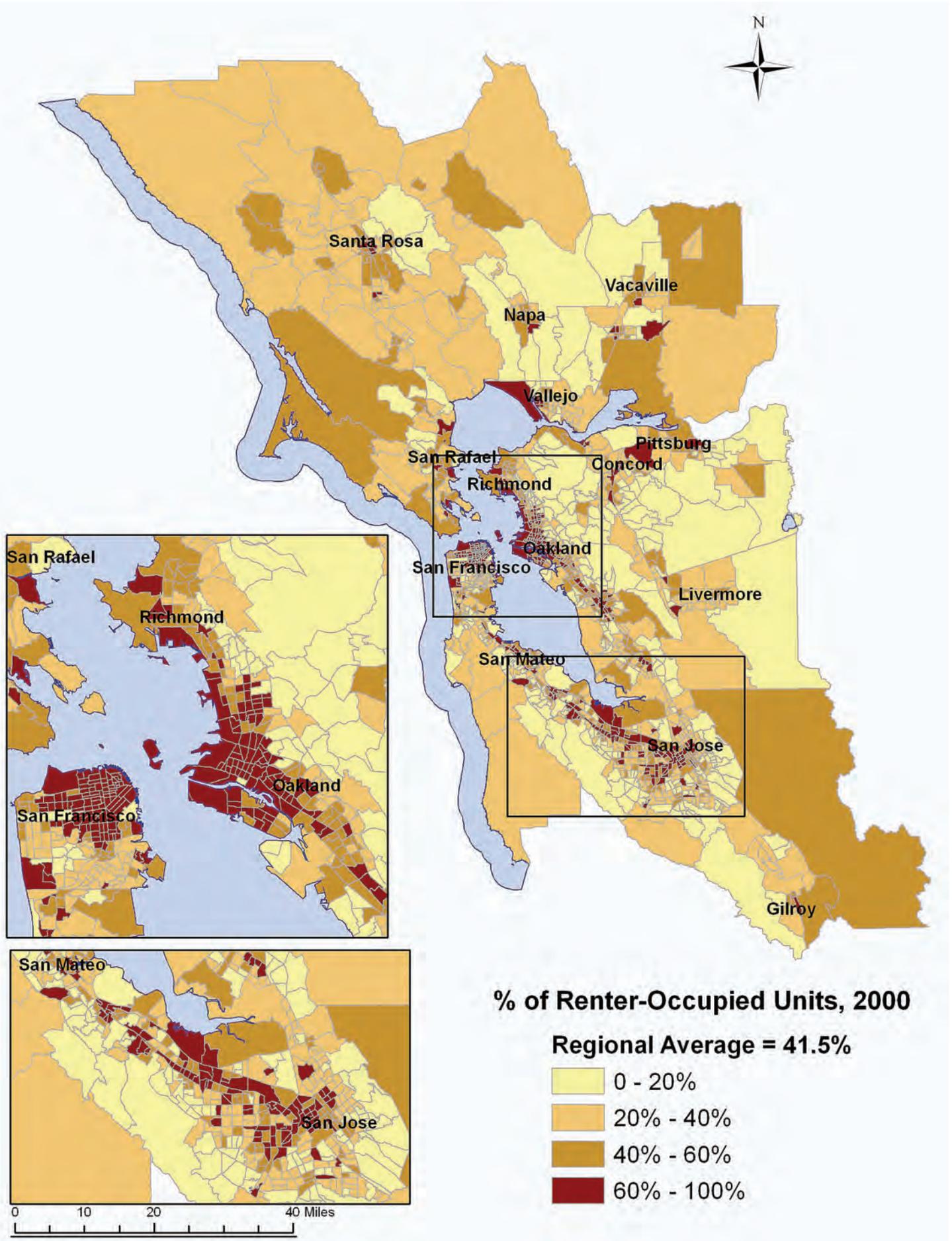
-  Above 40th percentile regionally
-  At or Below 40th percentile regionally

Map Figure #10

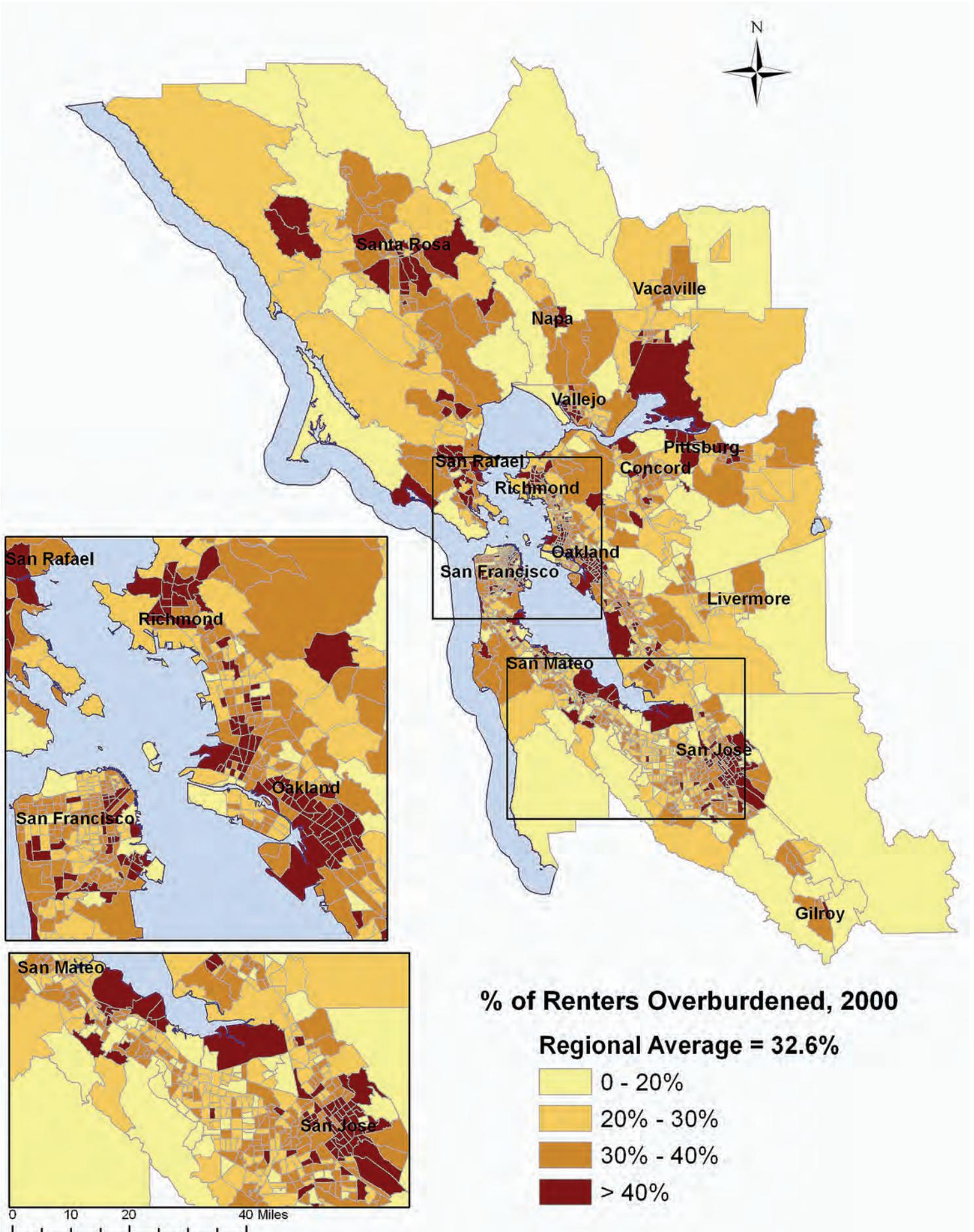


Source: U.S. Bureau of the Census, 2000 Census, Table HCT 16.

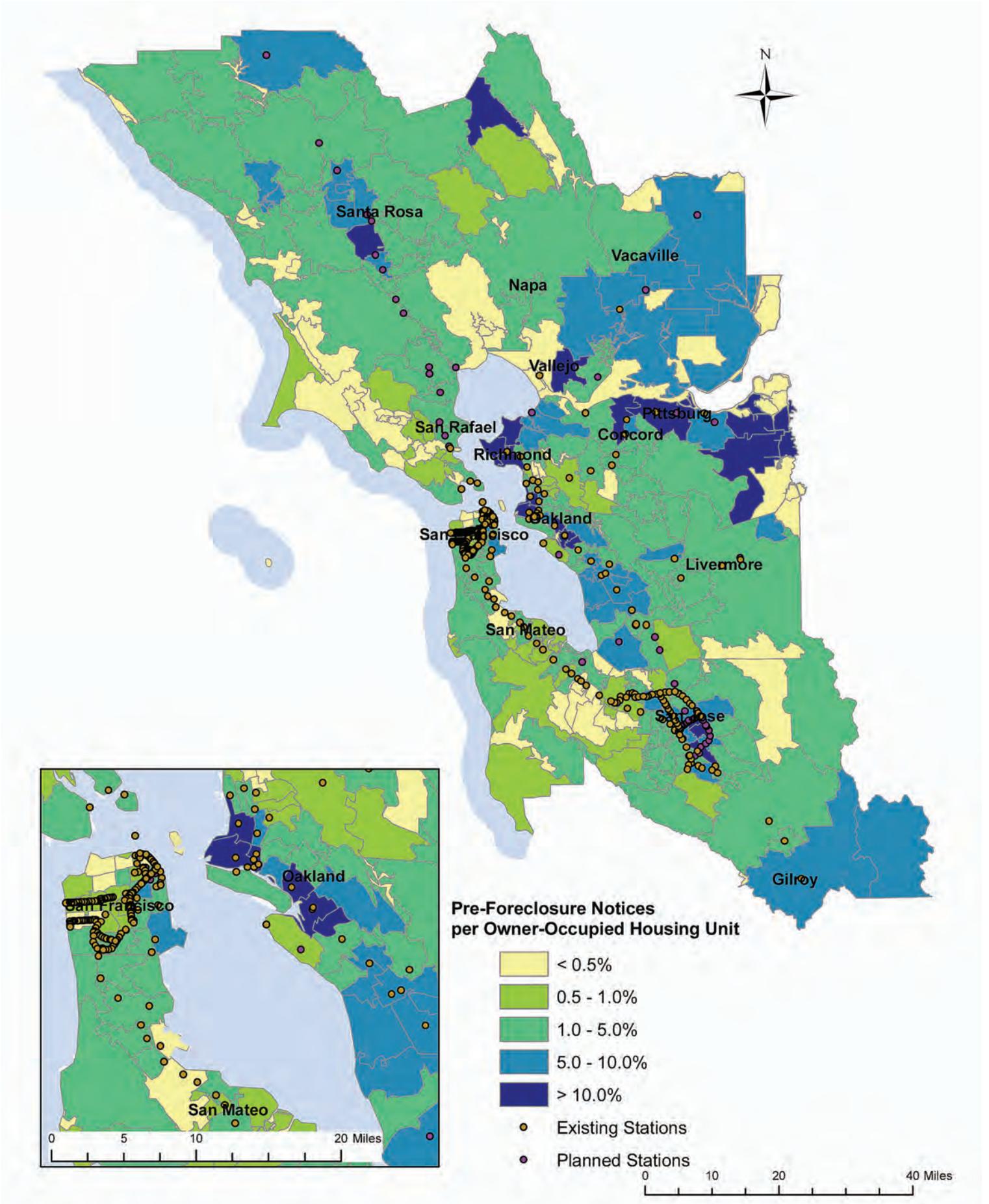
Map Figure #11



Map Figure #12



Map Figure #13



### 3) **Low- and very low-income households have moved to less transit-oriented areas.**

In order to better understand ongoing displacement in the Bay Area, individual households using the U.S. Census Public-Use Micro-Sample (PUMS) and American Community Survey (ACS) were examined by looking at households who resided within two high-transit accessibility Bay Area counties, San Francisco and Alameda, at the start of each Census period.<sup>21</sup>

This group is broken into very low-income households (household incomes of 50 percent of the metropolitan median income or less) and low-income households (household incomes of 50 to 80 percent of the metropolitan median income). These sample groups are scaled up to better understand the characteristics of each group and the types of places to which they moved.

These counties saw some migration away from the central, transit-rich areas to more outlying areas. The data for two time periods (1995-2000 and 2005-2007) shows that migration may have slowed, but is still occurring. The total number of very low-income households in each county saw a small net increase, but low-income households saw moderate and growing decreases. Since the introduction of wealthier residents raises the income at which a household is considered “low income,” the data understates this decrease.

Between 2005 and 2007 around 3,618 very low income households and 1,946 low income households started out in San Francisco and moved somewhere within the United States each year. Just over half of these movers remained in San Francisco and 18 percent left the state, with the rest settling elsewhere in California. Alameda County was a popular destination for those leaving San Francisco, receiving seven percent of all movers, with 10 percent settling in one of the Bay Area’s seven other counties. African Americans and Hispanics were especially likely to move to the Sacramento Delta area, while Asian

Americans were especially likely to move to Silicon Valley. Looking at households that left San Francisco every year between 1995 and 2000 reveals an average annual flow of 5,757 very low income households and 4,078 low income households. During this economically turbulent period, a significantly smaller proportion of these households remained within San Francisco and a somewhat larger proportion left the state. The Bay Area received 21 percent of these movers while 13 percent settled elsewhere in California. African Americans were especially likely to move to Alameda, Contra Costa, or Solano Counties; Hispanics were drawn to the Delta; Asian Americans tended toward Silicon Valley; and Whites were more likely than other groups to leave the state.

Turning to Alameda County between 2005 and 2007, 6,605 very low-income households and 4,172 low-income households started out in the county and moved somewhere within the United States each year. Over 60 percent of these stayed within the county, but only a few households moved across the Bay Bridge to San Francisco. Another 11 percent or so moved elsewhere in the Bay Area; 12 percent headed to other parts of California. Again, African Americans were especially likely to move to the Delta, while Asian Americans had higher probabilities of moving to Silicon Valley. Whites were likely to move to Southern California or other parts of the state, and Hispanics were more likely to head to other parts of California.

Between 1995 and 2005, annually on average, 9,266 very low-income households and 7,060 low income households started out in Alameda County and moved. Around 55 percent of these remained within the county and very few moved to more expensive San Francisco. Ten percent went to other parts of the Bay Area, 15 percent went elsewhere in California, and 19 percent left the state. Ethnic patterns are less visible during this period, but Whites were more likely to move to other parts of California outside the Bay Area or to leave the state than other ethnic groups.

<sup>21</sup> Data for the 1995-2000 shows where households moved annually over a five year period; data for the 2005-2007 period shows where households moved each year. The sample does not include students or the elderly. Households that left the U.S. are not recorded in the Census and are not included in any of this analysis.

*Table 2: Annual Changes in Transit Provisions Quality For Movers*

In order to understand the overall impacts on transit access, neighborhoods were also qualified based on transit provision in order to perform a sketch assessment of the degree to which low income households that moved from more transit accessible counties ended up in places with better, similar, or worse public transit. All Public-Use Micro-Sample Areas (PUMAs) in California were rated poor, moderate, or excellent based on the number of transit vehicles per hour and the presence of a region-serving rail system. In this system, rural areas and newer suburbs often score poor. Denser inner suburbs

or center cities of smaller metropolitan areas generally score moderate, while inner city locations in the Bay Area and Los Angeles score excellent.

For households starting in San Francisco between 2005 and 2007, around 67 percent of the low income movers retained excellent transit quality. The majority of these did so by staying in San Francisco. However, a fair number relocated to central parts of Los Angeles as well. Twenty percent of very low and low income households per year ended up in locations with moderate transit quality. Around 13 percent ended up in area with poor transit or no transit each year.

*Table 1a: Annual Household Movers' Destinations 2005-2007 From San Francisco*

Percentage of Movers To:

Income	Race	% Movers within County	Alameda County	Silicon Valley	Solano/ Contra Costa Co	North Bay	Southern CA	Rest of CA	Another State
Very Low	-	57	7	5	5	1	4	5	16
Low	-	52	7	8	3	3	2	3	21
Very Low & Low	All races	55	7	6	4	2	3	5	18
	White	59	6	3	1	3	4	6	17
	African American	57	10	0	8	0	1	3	21
	Asian American	52	7	17	4	0	0	5	15
	Hispanic	57	8	8	10	1	5	3	8
	Other	57	10	8	0	0	8	5	12

*Table 1b: Annual Household Movers' Destinations 2005-2007 From Alameda County*

Percentage of Movers To:

Income	Race	% Movers within County	San Francisco	Silicon Valley	Solano/ Contra Costa Co	North Bay	Southern CA	Rest of CA	Another State
Very Low	-	64	1	3	6	0	5	7	14
Low	-	61	2	6	7	0	4	7	12
Very Low & Low	All races	63	2	5	6	0	5	7	13
	White	52	2	5	5	1	9	9	16
	African American	69	1	2	11	0	3	6	8
	Asian American	62	2	8	4	0	5	2	17
	Hispanic	70	2	5	3	0	1	10	9
	Other	54	0	2	11	0	0	0	33

During the economic boom of 1995 to 2000, the percentage retaining excellent transit dropped and absolute number of people losing excellent transit service was the highest in recent decades. Twenty-five percent of the very low income and 27 percent of low income households moved to locations with moderate levels of transit provision, and 21 percent of very low income and 17 percent of low income households moved to places with no transit or poor transit quality each year during this time period.

In Alameda County a few hundred households have moved annually to places with better transit provision. In both time periods around 56 percent of households retained moderate levels of transit provision, many by staying in Alameda and others by moving to similar places in the Bay Area. However, 3,855 very low or low income movers have moved to places with poor transit or no transit each year between 2005 and 2007. That annual flow was at 5,549 during the late 1990s.

2a. Starting in San Francisco (Excellent Quality)

<b>2005-2007</b>						
	Still Excellent	%	To Moderate	%	To Poor	%
Very Low	2045	68	616	20	366	12
Low	1019	67	304	20	207	14
Very Low & Low	3064	67	920	20	573	13
<b>1995-2000</b>						
	Still Excellent	%	To Moderate	%	To Poor	%
Very Low	2390	54	1130	25	942	21
Low	1847	56	895	27	581	17
Very Low & Low	4237	54	2024	26	1522	20

Table 2b. Annual Changes in Transit Provisions Quality For Movers Starting in Alameda County (Moderate Quality)

<b>2005-2007</b>						
	To Excellent	%	Still Moderate	%	To Poor	%
Very Low	110	2	3180	56	2405	42
Low	117	3	2113	57	1450	39
Very Low & Low	227	2	5293	56	3855	41
<b>1995-2000</b>						
	To Excellent	%	Still Moderate	%	To Poor	%
Very Low	209	3	4369	59	2871	39
Low	125	2	3052	52	2677	46
Very Low & Low	334	3	7421	56	5549	42

For the two counties examined there is a total annual average rate of very low income and low income households moving to locations with worse transit provision of 5,348 per year in the late 2000s and 9,095 per year during the booming late 1990s. Not all of this is displacement; it is merely the number of households in a particular income category moving from one place to another. However, surveys, anecdotes, and evictions data (like the map on page 36) show that displacement was occurring during these periods. This study represents an initial effort to understand its magnitude and spatial pattern. Future efforts will aim to better understand these households and their members, balance these movers with the inflow of lower income households that also occurred during these periods, and establish benchmark behaviors of wealthier households with greater freedom of choice, in order to better understand those without it.

*Table 3. Population Snapshots for Transit-Oriented Neighborhoods*

A somewhat different way of looking at the movement of lower income households is to compare static snapshots of how many households of a particular income category were residing within a particular area at a point in time. This provides a net result of these types of households moving out, moving in, and, unlike in the other sets, shows households that didn't move—shifting in or out of lower income categories. Table 3 compares changes in composition of seven areas of San Francisco and ten areas of Alameda County between 2000 and the 2005-7 ACS sample.<sup>22</sup>

San Francisco shows a net increase in very low-income 2005-2007 households of 1.9 percent and a net decrease in low-income households of seven percent, for an overall decrease of 1.9 percent. Within the very low-income category decreases were in more central, and transit-rich, neighborhoods, including

Downtown, SOMA, Chinatown, North Beach, the Richmond, the Western Addition, Pacific Heights, and the Marina.

However, this was countered by increases of almost 30 percent in very low-income households in the southeastern portion of the City: Hunter's Point, Visitacion Valley, and Excelsior. The highest decreases in low-income populations are in the southwestern portion of the city and the PUMA containing the Haight, Noe Valley, and the Mission District.

Noting the ethnicity of the householder reveals distinct patterns. Very low-income African American households saw net decreases in neighborhoods stretching from North Beach to Noe Valley (as indicated in bold in Table 3). Hispanic very low income households saw net decreases in the Richmond/Western Addition and the Sunset/Peaks areas, but quite a bit of growth in most other areas. Asian American very low income households declined in the Richmond/Western Addition, Haight/Mission/Noe Valley, and the Southwest, but grew in other locations. For low-income households, all ethnicities except Asian American saw a net decline within San Francisco.

Between 2000 and the 2005-2007 ACS, Alameda County saw a net increase of 8.8 percent in very low-income households and a net decrease of 3.7 percent in low-income households for an overall increase of 3.2 percent.

Overall, a significant number of very low and low-income households have left both San Francisco and Alameda Counties for other locations in the Bay Area and California, and many of those locations have worse transit provision. However, keep in mind that not all of these households are being displaced, but are instead moving for the many economic, social, and personal reasons that all households move. These numbers, therefore, provide a likely upper limit to the number of households displaced during the places and time periods examined.

<sup>22</sup> This analysis uses the same classification system as above in terms of ignoring student- and older-headed household and breaking households into very low and low income categories.



The Bay Area contains many innovative examples of equitable development, and is a national leader in developing new policy and programmatic efforts to build “communities of opportunity” throughout the region. This is driven home by the static comparisons where net change over time is examined. In all locations and time periods, very low income households show a modest net growth at the county level.

This fact is tempered by four factors:

1. Very low-income households shifted away from the most expensive transit-rich locations with San Francisco
2. The number of very low-income households within the region grew quickly during this period so even low positive net growth is notable
3. Public Agencies and non-profits identified ways to provide very low-income housing opportunities in the face of soaring rents
4. Massive increases in wealth at the top of the income spectrum may have resulted in additional non-mover households moving under our regional median income based boundary line.

In the longer term, these additional households have seen their purchasing power decline as regional wealth increases.

The analysis shows a somewhat different picture for the low income group (households making 50 to 80 percent of the regional median household income). This group was shrinking modestly during the 1990s in San Francisco and picked up to a rapid decline of seven percent between 2000 and the 2005-2007 ACS. During the latter period, Alameda County began to see a net loss of this group as well. Based on prior residency data and current neighborhood composition, this decrease in low-

income households likely reflects both income increases and relocation.

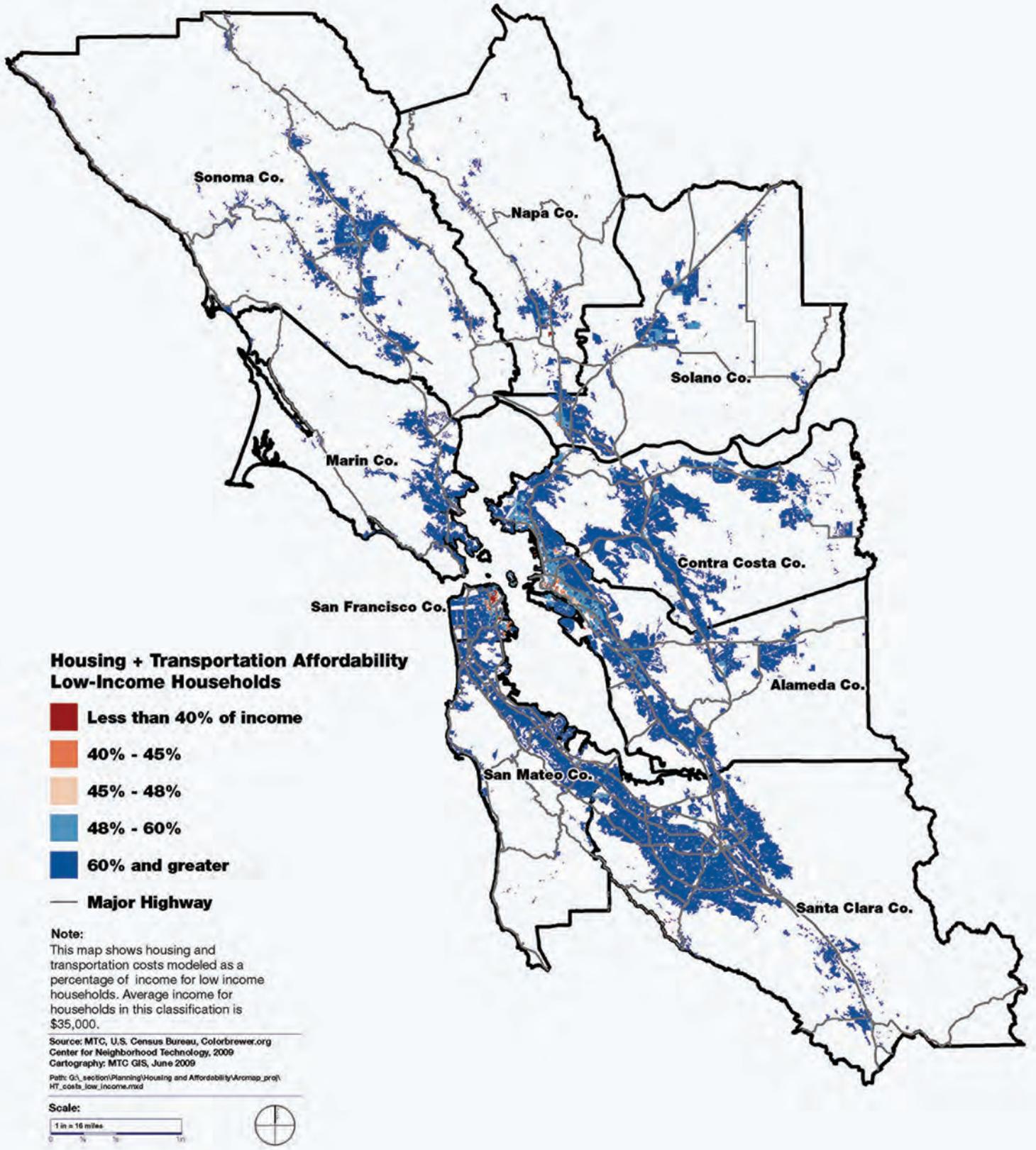
During the last decade, the net loss of low income households was broad both spatially and ethnically. With the exception of the Bay View/Hunter’s Point neighborhoods and the city of Fremont, low-income household loss has been even faster. Most areas saw net decreases in most ethnicities in this income category, with Whites, African Americans, and Others especially likely to show net declines.

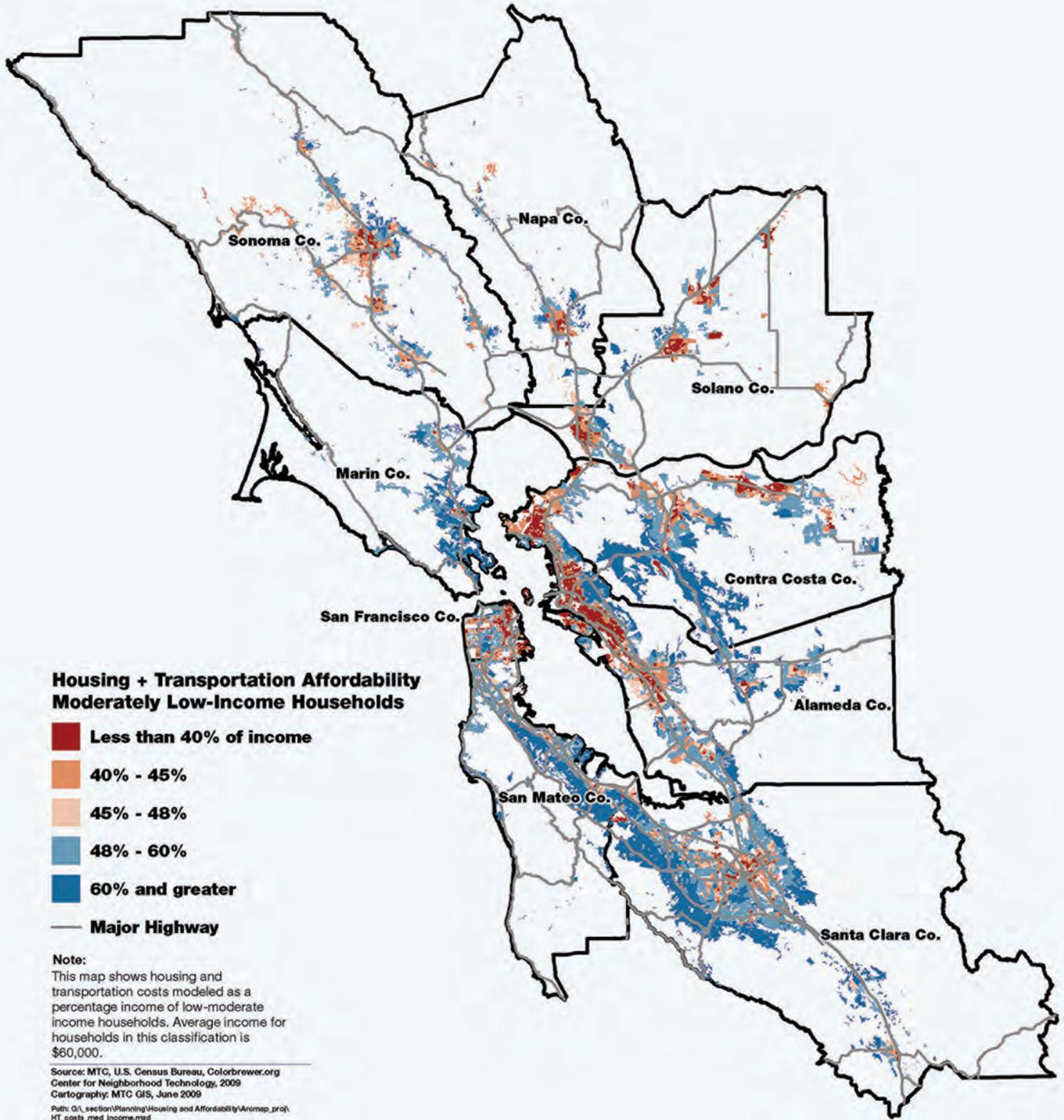
### **Measuring Housing + Transportation Affordability for Low-Income Households**

Displacement-related trends have been unsustainable for both the region and for individuals. Many families exchanged housing affordability for an increase in transportation costs, and saw little improvement to their overall household budget.<sup>23</sup> At an average annual cost of \$5,000 per vehicle, not including gas or repairs, car ownership constitutes the single biggest expense within most families’ transportation budget. Volatile gas prices in 2008 and housing foreclosures in 2009 hit these households particularly hard.

Low-income households in the Bay Area (earning \$35,000 per year or less) have very few location options where their combined housing and transportation costs can stay below 48 percent of their income levels. The map below illustrates the location of these areas, based on average annual incomes of both \$35,000 and \$60,000. For the former category, the most transit-heavy portions of San Francisco, and portions of East and West Oakland are the most affordable locations. In most of the region, these households are spending more than 60 percent of their yearly income on housing and transportation. For households earning an annual income of \$60,000, a much larger portion of the region’s transit-served neighborhoods are affordable, particularly in the East Bay.

<sup>23</sup> Housing + Transportation Affordability in the Bay Area. Prepared by the Center for Neighborhood Technology November 2008. Car expenses covers only auto payments and insurance, not gas or repairs. Annual transit expenses, in comparison, range from \$540 in San Francisco to perhaps \$2,000 or more for a distance rail commuter.





Scale:



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**Overall, a significant number of very low and low-income households have left both San Francisco and Alameda Counties for other locations in the Bay Area and California, and many of those locations have worse transit provision.**

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## Challenges of Addressing Displacement

Indirect displacement is difficult for local governments to address for several reasons:

**1. *There is a weak nexus connecting local and regional policies directly to displacement.***

Zoning that changes heights or densities affects the private real estate market, which in turn affects turnover and instability. Re-zoning an area from industrial to another use may cause some job loss, depending on use terms and vacancy rates, but there are limited tools to analyze the implications of this displacement. Even absent any zoning or public actions, however, market forces can lead to rising values and business and residential turnover.

**2. *There is a lack of data to track involuntary displacement.***

From a data perspective, it is difficult to track those who move by choice from those who would rather stay. The U.S. population is highly mobile: in 2006, seven percent of the U.S. population lived in a different county or country than they did one year before, and 21 percent of the population lived in a different county or country than they did five years before.<sup>24</sup> There is no national or local data source in the Bay Area that

tracks individuals as they move from one location to another and asks people their reason for moving.

One potential data source to track displacement is evictions lists, but these may not provide an accurate picture. For example, while community planners and advocates tracked a large number of evictions in San Francisco during the dot-com boom, studies of evictions data in other transit-served neighborhoods, such as Richmond, found few evictions connected to rental increases.<sup>25</sup>

Different tracking processes between jurisdictions make comparisons difficult. Evictions data can also overstate displacement by including those who are unable to pay rent due to personal hardship, not through any actions on the part of a landlord. It can also understate displacement, if landlords who are responsible for filing claims choose to list other reasons for eviction.<sup>26</sup> For these reasons, anti-displacement initiatives rely heavily on the experiences of residents. Community organizers bring large groups of residents together to testify about their experiences with displacement.

**3. *At the regional level, there is a wide range of real estate markets and corresponding policy needs around the Bay.*** The region's size and diversity means that one city may be trying to create a market for redevelopment while another is trying to reign in rising land costs. Because of past experiences in the neighborhoods they represent, public agencies in older parts of the urban core are more likely to have programs related to minimizing displacement within the context of promoting new economic and real estate development.

Suburban cities that still have “market-rate affordable” housing have not seen significant amounts of displacement, and may either see no need to plan for it or may have already identified anti-displacement strategies, but have not yet needed to implement them. For example, the City of South San Francisco,

<sup>24</sup> Edward L. Glaeser, Matthew G. Resseger, and Kristina Tobio, Urban Inequality. NBER Working Paper No. 14419. October 2008.

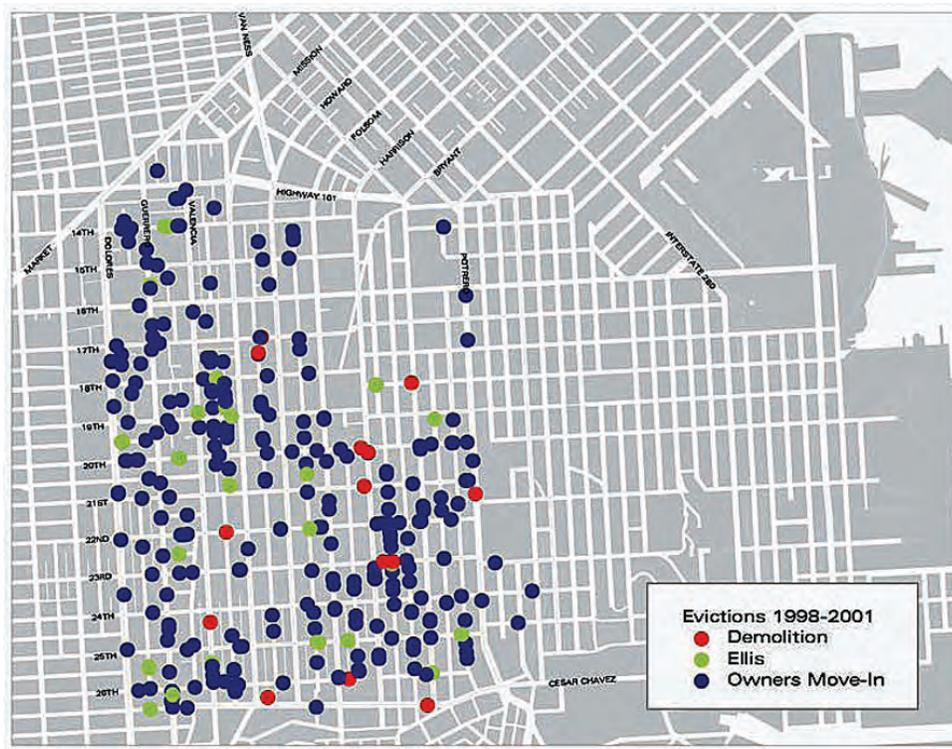
<sup>25</sup> Chapple, Karen, et al. Mapping Susceptibility to Gentrification. 2009.

<sup>26</sup> Ibid.

which did not see significant demographic change when its BART station opened, anticipates that improved accessibility to the Caltrain station will encourage some redevelopment in a low-income neighborhood. Though this is years in the future, the City has already secured several properties for affordable housing construction.<sup>27</sup> From the regional perspective, it is important to help these cities protect their market-rate

affordable housing stock and engage those residents in planning activities. Since elected officials in every area are motivated to attract commercial and market-rate investments to build their local economy, strong anti-displacement policies need to be balanced with efforts to pioneer new markets for TOD and higher density land uses near transit.

*Tracking Evictions in the Mission District, San Francisco, 1998-2001*



**Source:** Compiled by St. Peters Housing Committee from SF Rent Board records, courtesy of Asian Neighborhood Design. Reasons given for evictions include demolition of the building, owner move-in, and Ellis Act. Ellis Act evictions occur when a landlord removes units from the rental property market, often to convert to condominiums or tenancy-in-common.

<sup>27</sup> Interview with planning staff.

### III. EQUITABLE TRANSIT ORIENTED DEVELOPMENT STRATEGIES FOR PLANNERS

Transit-oriented development can be a solution to regional and local inequity by reducing segregation and concentrations of poverty, improving public safety and amenities, and unlocking neighborhood development potential. If TOD, promoted to address climate change, ends up displacing low-income or minority residents, there is an environmental justice concern.

Incorporating anti-displacement goals at the beginning of a transit-oriented development planning process can help engage broader political support for planning, maintain neighborhood diversity and character, facilitate new development, and create new housing and job opportunities where they are most needed. Around the Bay Area, regional and neighborhood groups and local agencies have identified tools to make sure that transit-oriented development also improves equity.

Individual developers, neighborhoods, cities, regions, states, and federal government all have a role to play in limiting TOD-related displacement. This section identifies planning and development tools to help cities assess potential displacement impacts and implement equitable development policies. Most jurisdictions have policies in place to address or limit direct displacement and to provide assistance for residents and workers in buildings that are demolished as part of redevelopment. These tools focus on preventing indirect displacement resulting from real estate speculation and increases in property values in transit-oriented areas.

#### Strategies to Prevent Displacement

Based on the existing planning and urban policy literature and current Bay Area practices, six strategies are offered to prevent displacement in areas where substantial new transit and real estate investment is forthcoming. Each of these strategies is associated with specific tools that can be used to ensure the development of complete communities for the residents who already live within them.

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#### Equitable TOD Resources

As part of the regional FOCUS program, the national research and action institute, PolicyLink, completed a new tool for its online Equitable Development Toolkit on Transit Oriented Development. In addition, the Bay Area's Great Communities Collaborative and Reconnecting America's Center for Transit-Oriented Development also have developed TOD tools that include strategies to promote equitable development and limit displacement.

#### Review online at:

PolicyLink Equitable Development Toolkit  
[http://www.policylink.org/site/c.lkIXLbMNJrE/b.5136575/k.39A1/Equitable\\_Development\\_Toolkit.htm](http://www.policylink.org/site/c.lkIXLbMNJrE/b.5136575/k.39A1/Equitable_Development_Toolkit.htm).

#### Great Communities Collaborative

"Preventing Displacement" Handout  
<http://greatcommunities.org/intranet/library/sites-tools/great-communities-toolkit/PreventingDisplacement.pdf>

#### Reconnecting America/Center for Transit-Oriented Development Mixed-Income TOD Action Guide

[http://www.reconnectingamerica.org/public/display\\_asset/090304mitodag0109](http://www.reconnectingamerica.org/public/display_asset/090304mitodag0109)

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The strategies are as follows:

1. Understand neighborhood change and displacement potential.
2. Engage residents in creating a vision for the future.
3. Preserve existing units and act quickly to secure land for development of new affordable housing.
4. Protect areas sensitive to displacement from upzoning.
5. Retain and grow good jobs.
6. Plan for neighborhood activity centers (“social seams”) to support integration and secure other community benefits for current residents.

### Strategy One — Understand neighborhood change, development impact and displacement potential

Planners can use demographic data to ascertain who lives and works in an area and how it has changed over time, i.e. between decennial Census years, and use this information to assess displacement potential. For example, studies suggest that the area around rail transit stations may be particularly susceptible to rising property values and displacement. Displacement is also more likely in areas where residents pay a disproportionate share of their income on rents. Assessment of migration trends in the area and identification of places where development will have a strong impact can mitigate effects that push these residents out of their homes.

#### Tools:

- A Health Impact Assessment (HIA) can provide recommendations to increase positive health outcomes

and minimize adverse health outcomes that can be associated with development.<sup>28</sup>

- Environmental Impact Reports (EIR) can be modified to include socio-economic impacts and displacement analysis.
- Combine Housing + Transportation Affordability. Very few affordable homes with affordable transportation choices are available in the Bay Area. Addressing both housing and transportation costs together from the perspective of a local household budget can strengthen planning efforts for equitable development.

### Strategy Two — Engage residents in creating a vision for the future.

Community engagement involves interpersonal trust, communication, and collaboration. Such engagement should focus on, and result from, the needs, expectations, and desires of community members. Community is not solely defined by geographic boundaries and may include residents, users, community organizations and institutions, neighborhood associations, businesses and workers, cultural communities, advocacy groups, students and youth.

With respect to land use decisions, the primary responsibility for community engagement rests with local jurisdictions. By and large over the years, jurisdictions have conducted outreach to communities with a focus on meeting procedural guidelines instead of accomplishing successful engagement. Meetings are noticed and planned in a manner that is bureaucratic rather than designed to facilitate popular input and shape policy.

Jurisdictions and consultants that have not been able to engage low-income residents and workers or do not have the staff resources to handle an inclusive engagement process should consider partnering with a local organization to broaden their engagement strategy. Community-based organizations

<sup>28</sup> Federal Center for Disease Control (CDC), Department of Health Services.

(CBOs), as their name connotes, are rooted in or based in a specific community, and geared toward articulating and serving that group's needs. CBOs often act as a liaison between the community and local jurisdictions, resulting in better communication and improved relationships over time between the two entities.

*Tools:*

- Conduct an *inclusive community engagement process* and ensure that the character and vitality of the neighborhood informs the development vision. The most effective engagement strategies for underserved communities can be characterized by successfully executing the following guidelines:<sup>29</sup>
  - Know the community
  - Build relationships with key leaders and organizations
  - Overcome language barriers by offering simultaneous translation at meetings
  - Use culturally effective outreach strategies, including location of the meeting, proximity to transit, and child care provision
  - Make public engagement accessible, enjoyable, and rewarding
  - Ensure civic engagement meetings and materials are appropriate for the participants
  - Identify issues the community cares about (i.e. existing small business strategies, preservation of culturally historic landmarks, establishment of new cultural centers, design guidelines)
  - Build the leadership capacity of newcomers
  - Enhance local agency staff capacity for successful engagement in underserved communities
  - Plan collaboratively with the existing community, think long term, and learn as you go.

- *Community Asset Mapping* is one example of a tool to incorporate broad input into a planning document. Asset mapping asks residents to identify the existing and absent resources in an area. Mapping can identify important missing facilities which new development may be able to provide.

**Strategy Three — Preserve existing units and act quickly to secure land for development of new affordable housing.**

Preservation of housing at existing levels of affordability and building new housing that is permanently affordable is essential for preventing displacement. Although a number of funding streams are available for new affordable housing development, it is resource intensive. In addition, new affordable housing can maintain the income diversity of an area, but not necessarily benefit existing households. Preservation can also be a lower cost strategy, but it requires creative planning and program management.

*Tools:*

- Identify where the *existing affordable homes* are and how they may be impacted by market shifts to ensure that they remain affordable as long as there is demand for housing at that price level.

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**San Mateo and Santa Clara Counties have Housing Trust Funds. Visit <http://www.heartofsmc.org/> and <http://www.housingtrustscc.org/> for more information.**

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<sup>29</sup> Ed Everett, former City Manager of Redwood City, FOCUS Community Engagement Conference.

- *Housing Trust Funds* receive ongoing revenues from dedicated sources and direct those funds to affordable housing development that can stabilize communities facing gentrification and displacement pressures.

- *Real Estate Transfer Taxes* (RETTs) (also known as “real property transfer taxes”) are state, county, and/or municipal sales taxes that legislatures can elect to apply to either the seller or buyer of a home. RETTs are common in the Bay Area and often support a city’s General Fund. RETTs can also be devoted to specific uses, such as affordable housing development. They are a form of value recapture, raising additional revenue as investment bolsters land value. RETTs also mitigate the same activities that can lead to displacement: high end real estate sales with rapid turnover.<sup>30</sup>

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**Florida, which has an active real estate market, estimated \$1.67 billion in revenue from its transfer tax in 2002-2003. Approximately 14.8 percent of its receipts, or \$249 million, were dedicated to state and local housing trust funds.**

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- *Community Land Trusts* ensure benefits, such as permanent affordability, while creating homeownership and equity opportunities for individual residents.
- *Rent Control Laws and Rent Boards* help to prevent displacement from privately-owned residential properties in booming economic cycles. Controls are used in several Bay Area cities to protect renters from discriminatory evictions.

- *Development Impact Fees* are a significant opportunity to raise revenue and can be used for a number of equitable benefits, including the creation of a stabilization fund.

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**The SOMA Community Stabilization Fund, established in San Francisco in 2005, receives stabilization impact fees of \$14 per square foot on certain residential developments in the Rincon Hill Area Plan. According to the ordinance adopted by the City, these funds “shall be used to address the impacts of destabilization on residents and businesses in SOMA, including assistance for affordable housing and community asset building, small business assistance, development of new affordable homes for low-income households, rental subsidies for low-income households, down payment assistance for home ownership for low-income households, eviction prevention, employment development and capacity building for SOMA residents, job growth and job placement, small business assistance, leadership development, community cohesion, civic participation, community based programs and economic development.”** [http://www.sfgov.org/site/mocd\\_index.asp?id=44635](http://www.sfgov.org/site/mocd_index.asp?id=44635)

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- *Limited Equity Housing Cooperatives* are a partnership wherein residents collectively own and control their housing. The limited equity component limits the return on resale, ensuring that housing remains affordable to future residents.

<sup>30</sup> PolicyLink Equitable Development Toolkit. [www.policylink.org/edtk](http://www.policylink.org/edtk).

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**Bay Area LISC has identified 45 active CDCs in the Bay Area. For a list of them, visit [http://www.bayarealisc.org/bay\\_area/resources/publications\\_8392/development\\_8812/index.shtml](http://www.bayarealisc.org/bay_area/resources/publications_8392/development_8812/index.shtml)**

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- *Community Development Corporations (CDCs)* with Resident Shareholders can spearhead a real estate project that offers low-income/low-wealth residents the opportunity to own equity. Owning CDC project stock provides residents with financial benefits and voice in the neighborhood development process. This tool directs profits from development back into the community, ensuring benefit for existing residents.
- *Tax-Increment Financing (TIF)* in redevelopment areas can raise funds for affordable housing development by issuing debt based on future increases in property values. It is one mechanism to capture and distribute land market value that results from public investments.

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### **Design Zoning to Minimize Displacement: the Mission Street Study**

**In San Francisco, the Mission Street Study found that maintaining height limits on Mission Street while raising them in nearby areas could have significant equitable development benefits. By directing redevelopment off the main commercial street, the City could both preserve the local business corridor and increase the potential number of housing units in the neighborhood.**

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- *Condo Conversions* can increase affordable homeownership opportunities, but can also decrease affordable rental supply. Condo Conversion Ordinances can guide the ownership conversion process towards maximizing the affordability benefits.

### **Strategy Four — Design zoning to support neighborhood assets, rather than disrupt them.**

A thriving main street can seem like the right place for new development, but that can displace local businesses and landmarks. Upzoning surrounding areas instead can extend commercial activity and add life to isolated streets. Design zoning to direct the highest densities, and therefore largest redevelopment incentives, to areas where it will have minimal disruptive impact. For example, San Francisco and San Carlos have moved the highest permitted heights (and therefore maximum redevelopment incentives) away from local commercial corridors to adjacent streets, in order to preserve functioning local retail environments.

#### *Tools:*

- *Inclusionary Zoning* is a land use regulation tool that has particular relevance in gentrifying communities. The addition of affordable units in new development can keep the number of affordable units in a neighborhood constant even as existing home values rise. In-lieu fees can pay for the preservation of neighboring rent levels.
- *Preserve Some Industrial Areas.* Low cost land and low levels of neighborhood engagement can make industrial areas attractive for housing development. However, jurisdictions may benefit more by reserving selected industrial areas for local manufacturing and new job creation. Land use decisions need to weigh the potential for new, transit-oriented housing in existing industrial areas with local access to new job opportunities.

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## New Federal Funding for Affordable Housing Near Transit

The Federal Housing and Urban Development (HUD) administration has proposed increasing funding for a number of affordable housing programs in its 2010 budget. Bay Area cities and the region may find additional funding for transit-oriented housing through the following new federal programs (<http://www.hud.gov/budgetsummary2010/index.cfm>):

- o A National Affordable Housing Trust Fund, which has \$1 billion for low- and moderate-income housing construction.
  - o A \$550 million increase in funding for the Community Development Block Grant (CDBG) program.
  - o A new \$250 million Choice Neighborhoods Initiative will build on the lessons of HOPE VI, a federal program that sought to revitalize high poverty neighborhoods and created a number of mixed-use communities. Anti-displacement goals should be at the forefront of this program, which seeks to make transformative investments in distressed public and assisted housing, as well as build closer linkages with school reform and early childhood interventions.
  - o \$150 million new Sustainable Communities Initiative to spur a new generation of metropolitan and rural efforts to integrate transportation, housing and land use planning and decisions in a way that maximize choices for residents and businesses, lowers transportation costs, saves energy and improves quality of life.
  - o Funding for Section 8 tenant based rental vouchers is also increasing and is a HUD priority.
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### Strategy Five — Retain and grow good jobs.

Healthy local businesses are a basic component of strong, sustainable communities. They generate job opportunities for residents, which keeps money circulating within the neighborhood rather than draining outward. Providing and expanding local access to jobs is essential to limiting displacement because this empowers low income residents to remain and invest in their neighborhoods.

To support the economic health of urban neighborhoods and to level the business playing field, many governments and community organizations have created policies and programs to increase opportunities for minority-owned and other emerging small businesses. Preservation of existing jobs, including in industrial zones and locally-owned businesses, also ensures that residents can continue to build assets while stabilizing neighborhoods through periods of redevelopment.

#### Tools:

- *Identify important asset-building job bases*, including small commercial districts and manufacturing centers, and how they will fit within a proposed new vision and zoning.
- *Hire locally and provide job training* so that, combined with strategies to draw large employers, area residents can take advantage of future job opportunities and other resources for transit-oriented neighborhoods. New businesses must provide opportunities for ongoing employment.
- *Protect and enhance minority-owned business districts.* Research shows that minority businesses hire much greater percentages of minority employees than majority-owned

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**Bay Area cities such as Santa Clara use planning tools to evaluate where conversions are or are not appropriate. To see Santa Clara's checklist, visit [http://www.bayareavision.org/ta/Santa\\_Clara\\_Industrial\\_Conversion\\_Checklist\\_06-09-04.pdf](http://www.bayareavision.org/ta/Santa_Clara_Industrial_Conversion_Checklist_06-09-04.pdf).**

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firms do.<sup>31</sup> Small businesses function as default community centers, both giving identity and branding to a neighborhood and providing spaces for the integration of current and future residents. For more details, see the San Francisco Small Business Stabilization case study on page 48.

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**Bay Area LISC (Local Initiatives Support Corporation) conducts programs around the Bay Area to spur local economic development. [http://www.bayarealisc.org/bay\\_area/programs/neighborhood\\_5344.shtml](http://www.bayarealisc.org/bay_area/programs/neighborhood_5344.shtml).**

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**Strategy Six — Plan for neighborhood activity centers (“social seams”) to support integration and secure other community benefits for current residents.**

An important way to incorporate anti-displacement strategies into planning is to continue to connect transit-oriented development to aspects of community building beyond housing or jobs. These include directing resources to cultural

and community centers, including schools, parks, and other important neighborhood entities that help places emerge as diverse and complete communities. Such strategies broaden the perspective of planning beyond individual developments and can help both residents, planning departments, and elected officials identify their values, priorities, and goals.

*Useful Tools:*

- *Recognize and Enhance Social Seams:* Community centers, certain institutions, schools, and some small businesses function as social seams in diverse neighborhoods. They provide a distinct identity for the neighborhood as well as places for current and future residents to interact and build relationships.<sup>32</sup> Many public plazas are designed for this purpose, but private venues can play a similar role.
  - *Use Community Benefits Agreements and in lieu fees* to establish a negotiation process that can add affordability, local hire provisions, or job training to a development project in exchange for agreements or subsidies. Adoption of community benefits agreements can create a better competitive environment between cities for jobs, tax revenue, and economic development opportunities.<sup>33</sup>
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**In 2008, the East Bay Alliance for a Sustainable Economy published a comprehensive study on Community Benefits Agreements from around the Bay Area. “Building a Better Bay Area: Community Benefit Tools and Case Studies to Achieve Responsible Development” is available at <http://www.workingeastbay.org/>.**

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<sup>31</sup> For more information, visit the PolicyLink Equitable Development Tool on Minority Contracting. [http://www.policylink.org/site/c.lkIXLbMNjRE/b.5137647k.624D/Minority\\_Contracting.htm](http://www.policylink.org/site/c.lkIXLbMNjRE/b.5137647k.624D/Minority_Contracting.htm).

<sup>32</sup> Spaid, Erika. 2006. “Mixed-Income Defined: An Examination of Income Diverse Neighborhoods and What Keeps Them Stable.” UC Berkeley Center for Community Innovation.

<sup>33</sup> East Bay Alliance for a Sustainable Economy. 2008. “Building a Better Bay Area: Community Benefit Tools and Case Studies to Achieve Responsible Development.”

## IV. CASE STUDIES OF COMMUNITY PARTNERSHIPS: OAKLAND, RICHMOND, AND SAN FRANCISCO

The Development without Displacement program provided civic engagement grants to fund community-based anti-displacement efforts. The criteria for these competitive grants were as follows:

- A city and community-based organization should apply in partnership
- The area should be a regional Priority Development Area identified through the FOCUS program<sup>34</sup>
- The partnership work with local residents or employers to identify an anti-displacement strategy that could be implemented through a current planning process.

To maximize the impact of limited funds available for engagement, ABAG and MTC directed the Community Engagement grants toward cities that were also applying for regional Station Area Planning grants. The intention was to link engagement efforts to a larger planning process and be better positioned to influence local policy.

Limited resources allowed the funding of only three efforts. The partnerships and their areas of focus are:

1. City of Oakland and Asian Health Services: Community Engagement
2. City of Richmond and the Richmond Equitable Development Initiative: Housing
3. City and County of San Francisco and the Mission Economic Development Agency: Small Business Stabilization.

The City of Oakland is beginning a plan funded through the Station Area Planning program. San Francisco has just adopted a specific plan and is also beginning a Station Area Plan-funded effort for the same area. Richmond conducted anti-displacement engagement in relation to the City's Housing Element update. The Center for Community Innovation (CCI), a project consultant, had ranked all three represented neighborhoods as having high potential for displacement.

### 1. CITY OF OAKLAND AND ASIAN HEALTH SERVICES: COMMUNITY ENGAGEMENT

In Fall 2008, the City of Oakland received funding to develop a station area plan for the neighborhood around the Lake Merritt BART Station. The goals of the planning process included increasing transit use and pedestrian and bicycle connectivity within the area; encouraging mixed-use development to support a more livable and sustainable neighborhood; and connecting the various neighborhoods within the station area, which include Chinatown, Gold Coast, and the Waterfront Warehouse District.

The City's objective is to cohesively plan for the future of the Lake Merritt BART Station area through extensive public participation and community consensus building. The Development Without Displacement grant funded an engagement effort led by partner Asian Health Services.

The initiation of this planning process presented the City of Oakland with an opportunity to engage communities and key stakeholders within one-half mile radius of the Lake Merritt BART Station in guiding their neighborhood's future identity. There are a number of large institutions in the area, including BART, Peralta Community College District, Alameda County, MTC/ABAG, and the Oakland Museum, and it was particularly

<sup>34</sup> Priority Development Areas (PDAs) are locally-identified, infill development opportunity areas within existing communities that were identified through the regional FOCUS program.

important to Oakland to ensure that the planning process incorporate the perspectives of local residents and businesses, as well as those of these institutional stakeholders.

The City is committed to promoting transit-oriented development as a strategy for increasing transit usage, reducing driving, and addressing climate change. In this process, the City also wants to ensure that any changes that occur as a result of the plan benefit existing community members. Some



Both the Jack London Square area, above, and Chinatown, right, are close to Lake Merritt BART.

of the potential impacts to the existing neighborhoods within the Lake Merritt BART Station as a result of development and reinvestment prospects could include displacement of residents and loss of affordable housing, and destabilization of longstanding local businesses and commercial corridors.

Asian Health Services, the City of Oakland, and the Oakland Chinatown Chamber of Commerce partnered to develop a Lake Merritt BART Station Area Community Engagement Plan that would include anti-displacement measures and affordable housing protections while supporting continued growth of neighborhood businesses, residences, recreation opportunities, and cultural institutions.

To develop this plan, the partners sought to engage a diverse representation of the neighborhood that has traditionally not been involved in planning activities. Both of the community-based organizations have extensive connections to residents and business owners in the station area and experience in gathering

community support and identifying community needs. The engagement process also relied on other community groups, such as the Asian Pacific Environmental Network (APEN) and TransForm, who have ties to residents and businesses in the Lake Merritt area.

The goals of the process were to:

1. Ensure that residents and business community members in the Lake Merritt Station Area are engaged in the upcoming Station Area Plan and understand both the planning process and the concepts of equitable transit-oriented development.
2. Adopt several anti-displacement or equitable development strategies for inclusion in the Lake Merritt Station Area Plan.
3. Identify community leaders who will continue to advocate for these measures at future planning meetings and serve as members of the Station Area Plan Community Advisory Committee.

Two-way communication was the essential ingredient of the Community Engagement Process. Four community workshops provided community members with an overview of the Lake Merritt Station Area planning process, an introduction to transit-oriented development concepts, information about the demographics and history of the area, and an opportunity to share their concerns, ideas, and questions. Meetings offered food and simultaneous translation into several languages, drawing a large representation from Chinatown and other neighborhoods that surround the area. In addition to the public meetings, a 19-question survey recorded the views of over 1,100 residents,



workers, visitors, students, businesses and BART users about the strengths and weaknesses of the Lake Merritt area.

With the help of PolicyLink, the input and ideas gathered through these processes were translated into a broad set of guiding principles to be incorporated into the Lake Merritt BART Station Area Plan. Examples of these principles include: create safe public spaces and promote safer streets, increase the number of good jobs that match the community profile, and prevent involuntary displacement of residents due to housing costs or redevelopment activity. As the planning process unfolds, these values should guide choices among alternative development visions and inform planning and design standards.



*Simultaneous translation was one of many tools used to encourage Lake Merritt and Chinatown area residents to participate in the planning process.*

The engagement process also surfaced a shared history within the Chinatown community regarding past planning and redevelopment efforts that replaced neighborhood homes and businesses with large development projects. These projects resulted in the loss of important cultural institutions and disrupted the fabric of the Chinatown neighborhood. As a result of the dialogue around these issues during the engagement process, City staff are now more prepared to conduct the planning process in a way that is sensitive to and addresses the community's concerns about redevelopment in the area.

Finally, the engagement process helped identify several representatives of community and business groups in the Lake Merritt area to be members of a Community Stakeholder

Group that will help guide the development of the Lake Merritt BART Station Area Plan. UC Berkeley's Center for Community Innovation worked with Asian Health Services to produce a short brochure summarizing the guiding principles with a historical timeline that will be translated and distributed throughout the community for use as the planning process moves forward. To stay informed on the progress of the plan, visit <http://www.transformca.org/campaign/great-communities/oakland-lake-merritt-bart-station>.

## **2. CITY OF RICHMOND AND RICHMOND EQUITABLE DEVELOPMENT INITIATIVE: HOUSING**

The City of Richmond began a comprehensive General Plan update in February 2006. Like many cities across the Bay Area, Richmond is currently updating its housing element to reflect changing housing conditions, the new Regional Housing Needs Allocation, and the new community vision for the General Plan. The draft Housing Element identified three key economic challenges:

- 1) A lack of rental housing affordable to low, very-low, and extremely-low income families,
- 2) A lack of homeownership opportunities for lower-income families, and
- 3) A large number of affordable units at-risk of losing low income status.

The FOCUS Development Without Displacement grant funded an effort led by The Richmond Equitable Development Initiative (REDI) to engage residents around housing solutions, including the development of a community land trust and new housing development on congregation-owned land. During the process, REDI and the city needed to turn their attention to the foreclosure crisis, and the grant partners altered their project to include this.

REDI is a collaborative of advocacy, research and grassroots community based organizations working together in Richmond

on environmental and economic justice issues. Convened by regional equity advocacy group Urban Habitat, REDI collectively represents thousands of Richmond families and many research institutions in the Bay Area. Prior to this effort, REDI led a General Plan campaign to advocate for the incorporation of policies and implementation measures to maximize benefits for existing residents and promote an affordable, healthy and sustainable environment for future generations.

For the last five years, REDI has worked in Richmond on public policy issues that directly address the issue of redevelopment and the potential for displacement. The City of Richmond and REDI had also worked together previously in a multi-sector and multi-issue coalition in 2006 to expand the City's local employment program to provide opportunities for Richmond residents to work on local development projects.

Since its inception, REDI has intentionally worked to increase communication and collaboration with city elected officials and staff. However, there have sometimes been differing perspectives amongst community members and city officials on issues of development and equity. The Development Without Displacement program provided an opportunity for REDI partners to work closely with the City's Redevelopment Agency on housing and foreclosures.

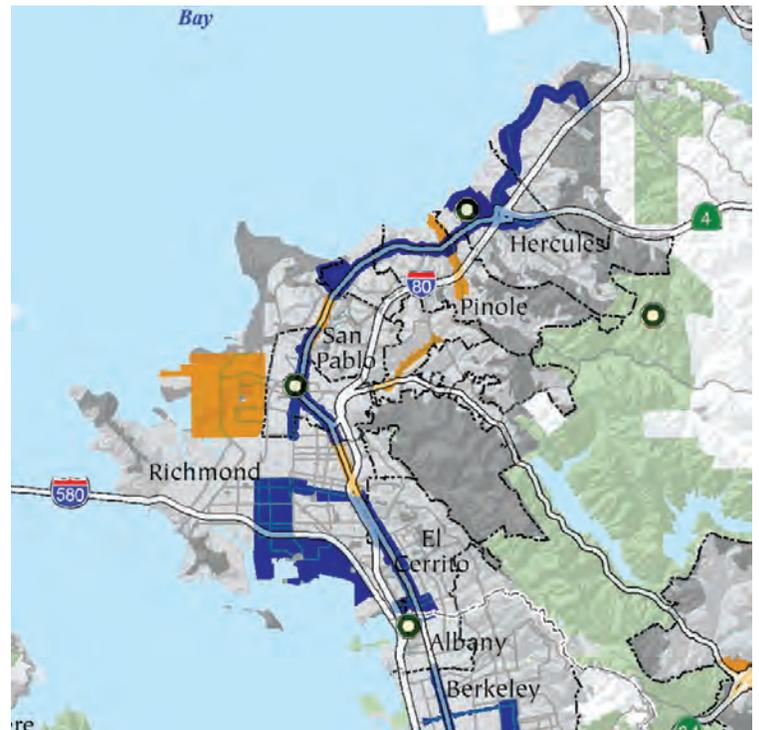
ABAG and consultants CCI and PolicyLink also hosted a West Contra Costa Housing Neighborhood Stabilization Summit where city staff, policy makers, HCD and REDI came together to share ideas, educate each other about pressing issues, programs and policies and to strategize on ways to identify innovative strategies to protect and stabilize local neighborhoods and the city as a whole.

In March 2009, the grant partners, led by the Richmond chapter of Association of Community Organizations for Reform Now (ACORN), held a community forum that was attended by more than 500 community members, allies and other stakeholders, including city staff and the majority of the Richmond City Council.

It was at this forum that City Council members publicly supported REDI's housing platform, which included passing an ordinance supporting the creation of a community land trust in Richmond.

Richmond ACORN is working with other stakeholders, including local community housing organizations, to establish a community land trust in Richmond so that there is long-term, affordable and sustainable housing for low-income households who want to continue to call Richmond home.

In May 2009, the Center for Community Innovation released a report assessing the viability of a community land trust in Richmond through the acquisition of vacant, foreclosed properties. ACORN is using the report to develop a viable strategy given the current economic environment and housing crisis. ACORN has drafted an ordinance supporting the creation of a community land trust that the group hopes the city will soon adopt. ACORN will continue to reach out to community stakeholders, groups and organizations about housing issues and in particular to learn more about their members' interest, thoughts and ideas for a community land trust.



West Contra Costa FOCUS Priority Development Areas include substantial parts of the Cities of Richmond, Hercules, Pinole, El Sobrante and San Pablo, as well as San Pablo Avenue

The Greater Richmond Interfaith Program (GRIP) has also worked with REDI to lead projects that address community stabilization and educate its member congregations about the need for affordable housing. GRIP, which is based in Richmond and provides homeless housing and services in West Contra Costa County, has seen a significant increase in the communities' homeless population, both individuals and families. Its member congregations have begun to actively advocate for state policies and measures to address the need for affordable housing and emergency shelter.

GRIP and its member congregations are currently working on four actions which include state investment in affordable housing development, emergency shelter funding, support for a state bill concerning the interagency council on homelessness and engaging diverse congregations on local housing and homeless issues.

As this work to protect communities from displacement continues, the City of Richmond and other community stakeholders' efforts to directly address these issues have been encouraging. On June 16, 2009, the Richmond City Council unanimously passed an ordinance that was introduced by Council Member Jeff Ritterman to enact a "Just Cause" ordinance protecting tenants from unfair evictions when homes are foreclosed. Richmond was only the second city in the state to enact this type of legislation, which can help keep individuals and families who are renters from becoming homeless and victims of unfair evictions.

### **3. CITY AND COUNTY OF SAN FRANCISCO AND THE MISSION ECONOMIC DEVELOPMENT AGENCY: SMALL BUSINESS STABILIZATION**

In the adoption of the Eastern Neighborhoods Plan for San Francisco, the Board of Supervisors chose not to adopt proposed new heights on Mission Street until the City had addressed the potential displacement impacts on small local businesses. Mission Street is known for a large number of

taquerias, restaurants, stores, and other businesses that provide services for the Latino population of the Mission.

The original zoning proposal for the Eastern Neighborhoods put the area's highest height limits on Mission Street, in order to maximize the potential for transit-oriented development between the two BART stations. Since this policy was intended to encourage redevelopment, some elected officials and citizens were concerned that local businesses would lose their rented spaces and ability to operate. The Development



*New Housing in Richmond, CA*

Without Displacement grant funded a bilingual survey, created and conducted by the Mission Economic Development Agency (MEDA), which identified a need for improved lease agreements for many businesses. MEDA used the funds to hire a Spanish-speaking lawyer to assist businesses in obtaining longer-term, secure leases to ensure they would remain open while parts of the area were redeveloped.

In addition, the San Francisco Planning Department, MEDA, business owners, and other stakeholders examined how to strengthen zoning controls and planning related processes to prevent displacement of community serving businesses.

These longer-term solutions involve broader city policies and programs and complement the outreach and educational activities in the survey phase of the project.

The suggested solutions include:

- A Special Use District under consideration for the Mission District aimed at encouraging small, neighborhood-serving businesses.
- A proposal that any height bonuses be tied to benefits for potentially displaced tenants and for attracting neighborhood-serving businesses.
- Office of Economic and Workforce Development (OEWD) programs and resources tailored to the needs of the corridor.
- A letter to businesses informing them of zoning changes and of the Enterprise Zone Tax Credit program, which gives businesses a credit against their payroll expenses tax for hiring qualified and economically disadvantaged workers. Since the Mission is an Enterprise zone, businesses in the area are eligible for this credit, but some may not be aware of the benefits.
- A fee-deferral program that would allow new construction to defer some of their impact fees if their ground floor businesses register with the Enterprise Zone Tax Credit program.
- A proposal that keeps the current moderate height limits and grants any height bonuses on the condition of enhanced community benefits, such as concessions for potentially displaced tenants, for attracting neighborhood-serving businesses, and for affordable housing.

The team thought it was important to come up with a range of proposals, recognizing the need to vet them with the larger community stakeholders and the agencies that would implement them.

The proposals included some ideas that can be readily implemented, such as sending a letter to property owners

making them aware of zoning changes and tailoring a corridor program from the Office of Economic and Workforce Development (OWED) to the commercial corridors in the Mission. OEWD is currently in conversations with MEDA and the Planning Department about what programs may be appropriate for the corridors. These are measures that can continue to move forward while the others will be reviewed and vetted more thoroughly with the relevant agencies and stakeholders in the community.

The team also explored strategies implemented in other cities. However, it was difficult to find cities that had similar conditions as the Mission District. Most other cities are concerned with business revitalization whereas this project is concerned with stabilization and maintaining and enhancing the currently vibrant and healthy corridor.



*The Mission Street commercial corridor in San Francisco*

The project helped raise awareness of the concerns of small businesses and of general displacement and equity issues. The results of the Business Stabilization project have been informative and have provided a basis for a planning discussion regarding new height proposals along Mission Street. This was an unplanned, but positive outcome.

The project has also further elevated discussions of displacement prevention at the San Francisco Planning Commission, at the Board of Supervisors Land Use Committee, and among those who have followed the debate about heights on Mission Street. A proposal now under consideration is to shift the heights down on the street and up in other areas, where new development could both yield a higher number of housing units and support the commercial corridor.

This project has been successful in raising the profile of equitable development. Given the diversity of the District, implementing specific solutions has often required a lengthy process with unpredictable results. The commitment of the partners to continue to move these ideas forward and work to protect and grow small businesses has been one of the most important community assets for maintaining sources of local revenue and economic diversification.



*Business owners from the Mission District participate in a loan workshop at MEDA's offices.*



*Farmer's Market, City of San Jose*

## V. REGIONAL EQUITY AUDIT: POTENTIAL REGIONAL EQUITY IMPACTS OF EXISTING ABAG AND MTC TRANSIT ORIENTED DEVELOPMENT PROGRAMS

As part of the Development Without Displacement program, regional staff assessed the equity impacts of existing regional programs to promote transit-oriented development. These include the long-standing Regional Housing Needs Allocation, the Metropolitan Transportation Commission’s TOD Housing Policy, the Community-Based Transportation Planning program, the Housing and Transportation Affordability study, and the joint regional agency FOCUS program. Each program has explicit equity goals or incentives.

A common thread through most of these programs is an emphasis on affordable housing. The Community-Based Transportation Planning program is unique among them because it identified access to jobs and services as equity goals. In FOCUS and the region’s Sustainable Communities Strategy, regional agencies will be directing more attention on employment and towards building “complete communities,” including services, urban parks and schools, within Priority Development Areas.

### **Regional Housing Needs Allocation (RHNA) and City Housing Elements**

The Regional Housing Needs Allocation (RHNA) is a state-mandated process for determining how many housing units, including affordable units, each community must plan to accommodate over a seven year period. The California Department of Housing and Community Development (HCD) determines the total housing need for a region.

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**ABAG (and other councils of government throughout the state) works with local governments and others to allocate the total need to individual cities and counties.**

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Once the total regional need is determined, ABAG (and other councils of government throughout the state) works with local governments and others to allocate the total need to individual cities and counties. The allocation methodology assigns units by income category to each city and county in the nine-county Bay Area. Local governments are then required to plan where and how the allocated housing units will be developed within their communities. Local governments do so through the Housing Element of their General Plan.

Housing Elements are one of the best opportunities to plan for diversity. The determination of housing need is based on both existing need and estimated population growth. Need is determined for households in all income categories: very-low, low, moderate and above-moderate incomes. Cities prepare demographic data and housing stock analysis that accounts for community needs and can provide a solid basis for planning mixed-income, transit-oriented neighborhoods. Housing Elements determine at what income levels the housing supply is inadequate, and identify key preservation and development opportunities.

To fulfill regional goals, the Bay Area’s regional allocation methodology seeks to encourage transit-oriented development and to reduce inequities between cities. The allocation is based on existing and projected growth levels of housing and jobs, with an additional five percent weight added for growth near transit stations. It therefore directs an increased amount of new housing and jobs toward cities with transit stations.

The income allocation method, which determines what levels of affordability are allocated to each jurisdiction, gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Conversely, jurisdictions that have a lower proportion of households in an income

category would receive a larger allocation of housing units in that same category. The goal of this allocation is to avoid exacerbating existing concentrations of poverty within the region. Under this formula, the income distribution within each jurisdiction moves closer into alignment with the region-wide distribution of household income.<sup>35</sup> Housing constructed according to this guideline could significantly advance regional equity and help to create more sustainable cities. However, it also increases the need for local and regional agencies to manage potential displacement if higher-value housing units are introduced to low-income neighborhoods.

The Regional Housing Needs Allocation is premised on an equity goal—the creation of a regionally equitable supply and distribution of affordable housing—and the state mandates that Housing Elements include significant public engagement. However, many communities and jurisdictions do not feel that

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**...in the 1999-2007 RHNA cycle, 85 percent of jurisdictions completed a plan and identified sites to house their regional allocation.**

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the process is inclusive or reflective of local needs. Not every jurisdiction has a certified Housing Element. Nevertheless, the San Francisco Bay Area has the highest rate of adopted Housing Elements among California regions: in the 1999-2007 RHNA cycle, 85 percent of jurisdictions completed a plan and identified sites to house their regional allocation. Although adoption of a Housing Element makes a city eligible for state affordable housing funds, cities that complete Housing Elements still lack the programs or resources to implement many of the planned goals.

## **MTC's Resolution 3434/TOD Housing Policy**

To promote cost-effective transit, ease regional housing shortages, create vibrant communities and preserve open space, MTC has adopted a Transit-Oriented Development policy that is applied to transit extension projects in the Bay Area. Each transit extension project must plan for a minimum number of housing units along the corridor in order to receive regional funding. These corridor-level thresholds vary by mode of transit, with more capital-intensive modes requiring higher numbers of housing units. For example, a future commuter rail station has a threshold of 2,200 units, while a future BART station has a threshold of 3,800 units.

An important aim of MTC's TOD policy was to catalyze the development of affordable housing in station areas. To this end, MTC's policy states that new below-market housing units will receive a 50 percent bonus toward meeting the corridor threshold, subject to income thresholds. Although an assessment of the TOD policy was conducted in 2006, it could not determine whether this incentive was having a significant impact on local land-use and affordable housing policies. Since the threshold numbers are based on the potential build-out of plans, rather than actual developments, many local jurisdictions relied on their existing inclusionary housing policies to receive the bonus.<sup>36</sup> Since the TOD policy only applies to future transit extensions, most inner Bay communities were not eligible to participate in the program in its first few years.

## **FOCUS**

FOCUS is a regional development and conservation strategy that promotes a compact land use pattern for the Bay Area. It unites the efforts of four regional agencies into a single program that links land use and transportation by encouraging

<sup>35</sup> San Francisco Bay Area Housing Needs Plan, 2007-2014. ABAG.

<sup>36</sup> MTC's Resolution 3434 Transit-Oriented Development Policy • Interim Evaluation. Prepared by Nelson/Nygaard. 2006.

the development of complete, livable communities in areas served by transit, and promotes conservation of the region's most significant resource lands. Congestion management agencies, transit providers, and local governments throughout the Bay Area are also partners in FOCUS. It is partially funded by a Blueprint Grant from the State of California Business, Transportation, and Housing Agency.

Local governments in the Bay Area are essential partners, since they are responsible for making decisions about land uses and future development in their communities. FOCUS supports local governments who share the goals of encouraging more compact development that offers a range of both housing and transportation choices.

Regional agencies direct existing and future incentives to Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs). Priority Development Areas are locally-identified infill development opportunity areas near transit.

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## **FOCUS supports local governments who share the goals of encouraging more compact development that offers a range of both housing and transportation choices.**

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Priority Conservation Areas are regionally significant open spaces for which there exists a broad consensus for long-term protection. Of the Bay Area's 120 Priority Development Areas, 40 are home to predominantly low-income residents.

Development Without Displacement functioned as an extension of the FOCUS program, providing incentives to interested jurisdictions through the Community Engagement Grants. These grants provided the first regionally-funded opportunity for cities to engage their constituents around PDA planning. The program has also identified tools and technical

assistance which jurisdictions who participate in FOCUS will be able to access. PDAs can apply for technical assistance to support Equitable Development. Finally, for jurisdictions that receive regional funding through the FOCUS program to conduct comprehensive neighborhood-level plans, a required affordable housing component has expanded to include an anti-displacement strategy.

### **Station Area Plans**

The FOCUS program has thus far distributed \$7.5 Million in planning funds to Priority Development Areas through Station Area Planning Grants. These grants are funded through MTC using federal dollars. The Station Area Planning Grant program has an explicit anti-displacement requirement as criteria for spending grant funding.

Cities that receive grants for a full planning effort must include "a housing strategy that promotes housing that will be affordable to low-income residents and attempts to minimize the displacement of existing residents." Grant language also emphasizes engagement of under-served populations and provision of housing at all levels of affordability.

Station Area Plans contain the following criteria aimed at increasing diversity:

1. A significant public outreach and community involvement process targeting traditionally under-served populations
2. A market demand analysis for housing at all levels of affordability, jobs and retail in the station area
3. A housing strategy that promotes housing that will be affordable to low-income residents and attempts to minimize the displacement of existing residents.

FOCUS has not yet created standards to monitor the success of these planning goals. The creation of standards for sustainable TOD that can be incorporated into policy making at all levels of

government, along with support for implementation at the local and regional scale, is a top recommendation from the Center for Transit-Oriented Development.<sup>37</sup>

### **Community Based Transportation Plans**

In 2002, MTC created a collaborative planning process that involved residents in low-income Bay Area communities, community- and faith-based organizations that serve them, transit operators, county congestion management agencies (CMAs). Over several years, this program produced twenty neighborhood transportation plans, nearly all of which also identified recommendations related to land use. Suburban neighborhoods found that there was a significant lack of amenities, access to health care, grocery stores, retail stores, and places for employment. In neighborhoods with large immigrant populations and with significantly lower incomes, most residents relied on their cars to drive because the existing public transportation did not provide the hours or the efficiency they would need for working multiple jobs or jobs with nighttime hours.

One major recurring problem was the lack of entry-level jobs to meet the volume of lower-skilled workers in suburban neighborhoods. Since most of these jobs are outside of their neighborhoods, many residents faced transportation barriers to stable employment.

Similarly, residents in some low-income areas (both rural and urban) also had difficulty accessing ESL classes, WIC or Welfare to Work programs, other social services, and adult education classes.

From a regional equity perspective, the combined recommendations of seven years of Community-Based Transportation Plans highlight a lack of access to jobs and services in many neighborhoods. This suggests that

when Bay Area residents find affordable housing outside of neighborhoods with excellent transit service, they may be losing economic opportunities or finding other decreases in quality of life. This also underscores the importance of conducting transit-oriented development as local economic development.

### **Housing and Transportation Affordability**

With direction from the Minority Citizens' Advisory Committee, MTC undertook a study with the Center for Neighborhood Technology (CNT) on the combined housing and transportation cost burden on Bay Area households. The analysis highlights affordability variations within the Bay Area, and illustrates how few affordable opportunities exist for low-income households in the region. This report makes the following key findings:

- CNT set a target that housing and transportation costs together should amount to no more than 48 percent of a household's spending budget. Screening the Bay Area for combined housing and transportation costs at or below 48 percent of the income level for moderately low-income households reveals that few communities can be considered affordable, see page 28.
- The affordable locations are concentrated in a smaller number of transit-oriented communities than if only housing costs were taken into account. Transportation costs average \$10,219 annually in the Bay Area, but are lower in the region's urban core and along public transportation corridors.
- The combined cost places the vast majority of Bay Area municipalities beyond the reach of low-income households earning less than \$35,000 per year. Low-income families are therefore constrained in their location choices compared to moderately low-income and higher-income families.

<sup>37</sup> Reconnecting America, 2009. Fostering Equitable and Sustainable Transit-Oriented Development. [http://www.reconnectingamerica.org/public/displayasset/ra\\_ford\\_brief\\_final](http://www.reconnectingamerica.org/public/displayasset/ra_ford_brief_final).

- Volatile gas prices most affect the household finances of residents living in the exurbs, where people often live far from work and drive the most miles per year per household. They also affect urban households located in more auto dependent neighborhoods.
- As mentioned above, car ownership constitutes the single biggest expense within most household transportation budgets. Average annual costs of \$5,000 per vehicle cover only auto payments and insurance, not gas or repairs.

One effective way to monitor housing and transportation affordability over time is to track production of affordable housing specifically located near major transit stations and hubs. Currently production is tracked only by municipality.

CNT estimates that, if one in four of low- and moderately low-income homes permitted between 1999 and 2006 in cities with major transit stations had enabled their occupants to reduce car ownership by one car per household, \$132.5 million in disposable income for these lower-income households would have been created just from reduced auto-ownership costs.

### **Meeting the Challenge**

Based on these findings and building on existing regional policies and programs, the following are recommendations for helping the Bay Area meet the challenge of providing

affordable housing and transportation (H+T) choices for its current and future residents. These recommendations include:

1. Pursue an H+T affordability benchmark of 48 percent of median income and use it to track performance measures: for example, households with zero or no cars, or the supply and increase in housing located within areas that meet affordability thresholds for low and moderately low income households.
2. Continue to provide incentives for infill development near transit. Promote new incentives by expanding the allocation of current sources of transportation funds according to criteria in the Transportation for Livable Communities Program, and work toward securing additional new sources of funds to support a range of affordable options within communities.
3. Encourage accessible, affordable alternatives to auto ownership by expanding car-sharing, assessing the TransLink® for TOD pilot program, and promoting safe walking and bicycling.
4. Build complete communities by applying incentives for new and expanding businesses to locate near transit.

These recommendations, in addition to those listed below, can inform the further development of regional programs to promote sustainability.

## VI. RECOMMENDED REGIONAL AGENCY STRATEGIES

This is a critical moment in planning for equitable development. Growing recognition about climate change – and the role of land use and transportation patterns in reducing greenhouse gas emissions – has refocused attention on the need for coordinated regional planning. SB 375 has the potential to dramatically redirect growth toward existing urban centers and transit lines, creating the opportunity to expand transit access for Bay Area residents.

At the federal level, there is renewed interest in coordinated housing, transportation, environmental, and economic development planning and policymaking. The recently-launched Sustainable Communities Partnership between the U.S. Department of Housing and Urban Development (HUD), the U. S. Department of Transportation (DOT), and the U.S. Environmental Protection Agency is an important mechanism for realizing this goal.

The Bay Area contains many innovative examples of equitable development, and is a national leader in developing new policy and programmatic efforts to build “communities of opportunity” throughout the region. Local leaders and the regional agencies should exhibit, and continue to build, their leadership in these areas to demonstrate what can be done and position themselves for federal funding streams related to coordinated planning efforts, climate change emissions reductions, green jobs development, and other national goals.

### Actions Moving Forward

As a part of the Development Without Displacement project, PolicyLink developed the following recommendations regarding what regional agencies (particularly ABAG and MTC) can do over the next several years to prevent displacement and to build inclusive, transit-oriented neighborhoods in the Bay Area. These recommendations are being considered by ABAG Regional Planning Committee.

- 1) Develop an online *Equitable Development Indicators System* to track, monitor and evaluate equity outcomes in PDAs and other geographies in the region over time.
- 2) Establish *specific equity-focused performance measures for Priority Development Areas* and include these measures as criteria for the receipt of capital infrastructure investments and station area planning grants.
- 3) *Continue to fund station area plans and strengthen community engagement* as a condition for receiving funds.
- 4) Promote a *regional affordable housing strategy* that emphasizes the retention and expansion of affordable housing and the prevention of displacement near transit.
- 5) Include an *Equity Innovations Forum* where practitioners can exchange best practices and resources as a part of its new web platform.
- 6) Convene an *Equity Caucus* to engage elected officials representing the PDAs to discuss how to meet equitable development goals.
- 7) *Evaluate current regional investment policies and make recommendations* for how to ensure equitable development and prevent displacement.
- 8) *Modify parking fee structures and policies* to benefit existing communities.
- 9) *Incorporate affordability, transit access, walkability and displacement prevention* in regional sustainable communities planning.

**Recommendation 1: Develop an online regional Equitable Development Indicators System to track, monitor and evaluate equity outcomes in PDAs and other geographies in the region over time.**

ABAG could leverage its role as the regional Census Data Center and its research and data expertise to develop and maintain an Equitable Development Indicators System: a comprehensive, region-wide online GIS database. This database could both make available a wide array of data already collected and maintained by the agency and serve as a repository for data collected by local governments or community groups.

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**The Bay Area contains many innovative examples of equitable development, and is a national leader in developing new policy and programmatic efforts to build “communities of opportunity” throughout the region.**

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The system could incorporate Web 2.0 functionalities to enable users to provide feedback, verify data, and contribute their own data. It could be used for multiple purposes, including but not limited to:

- Tracking and monitoring a set of equity indicators in PDAs and other geographies;
- Measuring the agency’s own progress on equity performance goals;

- Providing data to support local governments and advocacy groups in developing and implementing housing, TOD and other strategies; and
- Fostering regional collaboration and data-sharing.

*Long-term Goal*

A longer-term goal should be to develop a parcel-level regional data system. Parcel-level indicators – land value, ownership, zoning, tax liens, vacancy status, etc. – are essential for understanding neighborhood change. Such a system could distribute agency data and gather an array of local datasets including property files generally maintained by local assessors and make this data available to the public, local governments and other regional agencies.

Local governments are increasingly making their property data available online and several regional systems have been developed. Efficiency is a prime reason for developing larger-scale data systems. The City of Portland decided to develop an institution-wide GIS system ([www.PortlandMaps.com](http://www.PortlandMaps.com)) after a business analysis documented the inefficiencies of running multiple GIS systems. The city’s initial \$7 million investment now saves \$1 million per year. Several regions have already developed such systems and are using them to effectively guide their planning and community development efforts:

- In Minneapolis-St. Paul, the MetroGIS ([www.metrogis.org/](http://www.metrogis.org/)) regional data-sharing platform has served as a one-stop shop for information in the Twin Cities since 1995 and has supported a wide variety of community development efforts. MetroGIS secured data-sharing agreements with each of the region’s seven counties to create a regional parcel layer with a set of common attributes.
- Chicago’s regional planning agency (Chicago Metropolitan Agency for Planning) manages a regional parcel data system and engages communities in regional planning through its

Full Circle Community Mapping Project. Full Circle provides wireless data capture devices to communities to undertake their own data collection and mapping. There have been dozens of application, but the system has been particularly useful for groups working to improve commercial corridors.<sup>38</sup>

One of the signature products and uses of the regional data system could be an Equitable Development Indicators project that would monitor equitable development goals in the PDAs and other geographies in the region. Community indicators are a widely used tool for tracking positive and negative community trends and assessing how well a place is doing. Successful indicators projects lead to community action, policy change and progress toward goals.

Coalition for a Livable Future's Regional Equity Atlas Project ([www.equityatlas.org](http://www.equityatlas.org)), for example, developed a set of equity indicators, shared them with community members and engaged them in the search for solutions, and developed an Equity Action Agenda. One of the actions to come out of the process was the development of the Affordable Housing NOW! Collaborative, which led a campaign that established a 30 percent set aside for the development, preservation, and rehabilitation of affordable housing in the city's urban renewal zones – the equivalent of \$125.5 million over five years.

### *Indicators*

A regional Equitable Development Indicators project undertaken by the regional agencies in collaboration with other stakeholders and residents could provide an ongoing analysis of the state of the region and serve as a roadmap for directing energy and investments in a way that creates more equitable and sustainable communities. A set of equitable development indicators would need to be developed and vetted in partnership with communities and other regional advocacy groups. The

equity indicators would cover critical areas, such as affordable housing, transit service, public investment, access to jobs, gentrification/displacement, healthy communities measures (access to healthy food and safe streets), etc.

Given the unique concerns and conditions across the PDAs, there might be PDA/community-specific indicators in addition to a common set of indicators. Indicators such as those developed by CCI<sup>39</sup> could potentially be incorporated into this data system, providing users with easy access to the information and the ability to analyze gentrification in relation to other data such as public investment. Adding public investments into the system (not only regional agency investments but federal, state and local investments as well) would allow communities to track their equity impacts.

To share the indicators with the public and support decision making and policy debate, regional agencies could regularly produce Scorecards or Progress Reports on the region as a whole, on particular PDAs, or on particular topics of relevance. The system could track development in air quality districts, for example, or evaluate the creation of quality jobs associated with development projects. This system could also be incorporated into the Sustainable Communities planning connected with SB 375 that the regional agencies will undertake over the next several years. A sustainability indicators system for the PDAs that prioritizes equity indicators could serve the same purposes as an equitable indicators system.

<sup>38</sup> See case studies of Chicago and the Twin Cities in *Transforming Community Development with Land Information Systems*, available at [http://www.policylink.org/atf/ct/%7B97c6d565-bb43-406d-a6d5-eca3bbf35af0%7D/TRANSFORMINGCOMMDEVELOPMENT\\_FINAL.PDF](http://www.policylink.org/atf/ct/%7B97c6d565-bb43-406d-a6d5-eca3bbf35af0%7D/TRANSFORMINGCOMMDEVELOPMENT_FINAL.PDF).

<sup>39</sup> See Karen Chapple, *Mapping Susceptibility to Gentrification: The Early Warning Toolkit, 2009*. Available from: <http://communityinnovation.berkeley.edu/reports/Gentrification-report.pdf>.

## Community Indicators Project in Jacksonville, Florida

Since 1985, the Jacksonville Community Council, Inc (JCCI), commonly described as a citizen think tank, has tracked quality of life indicators in the five-county Northeast Florida region. JCCI has been a pioneer in developing and using indicators to measure community progress and is recognized around the world for its work. A community progress report is produced annually with data and technical assistance from the region's MPO. The report includes over 100 indicators that reflect trends in nine areas: education, economy, environment, social wellbeing, arts, culture, and recreation, health, government, transportation, and safety. JCCI is widely recognized for moving the needle on key issues in the region including racial income disparities, pollution, and workforce training. Numerous public-private partnerships have developed out of its activities. Blueprint for Prosperity,<sup>40</sup> for example, was created after JCCI released its annual community progress report which described persistent racial income disparities in the region. The Chamber of Commerce, the local workforce agency, and the City of Jacksonville joined to advance a 15-year effort with the goal of increasing per capita income for all residents.

### **Recommendation 2: Establish specific social equity performance goals for Priority Development Areas and incorporate these goals into criteria for the receipt of capital infrastructure investments and station area planning grants.**

The FOCUS program already has a number of goals to support equity, including limiting displacement, revitalizing neighborhoods, and improving public health and safety. In concert with this and the recommended equity indicators project, ABAG and the other regional agencies (in collaboration with local agencies and organizations working within the PDAs) should define a set of social equity “performance goals” for the PDAs. The establishment of performance goals for the allocation of capital infrastructure funds is already being discussed by MTC, which recommended a 10 percent reduction

in housing and transportation costs as a target for the Regional Transportation Plan.

These goals should be factored into the Sustainable Communities planning process, in addition to its emissions reductions goals. Given the overlap between PDAs and “communities of concern” identified by MTC (more than 70 percent non-white, low-income, or both), it is critical that social equity considerations are not only included as performance measures but also prioritized, as plans for infill development and investment move forward.

Equity goals would need to be determined through a community process, possibly including measures such as: improvements in bus service, change in housing and transportation burden, affordable housing development and preservation targets, community engagement, anti-displacement strategies, and commercial revitalization or stabilization. ABAG's existing knowledge of the PDA communities could be used to create an initial list of equity goals.

Using measures of housing market demand, (the gentrification indicators developed by CCI and transportation/land use characteristics such as the TOD place types in MTC's station area planning manual), it might be possible to create a typology that divides the PDAs into 4-6 community types and indicates the equity issues they are likely to face. This would provide a useful tool for further discussions about equity indicators. A complementary tool would clearly highlight the policy mechanisms or strategies that enable progress in a particular equity indicator. This information could be taken from the PolicyLink Equitable Development Toolkit, the Great Communities Collaborative TOD Toolkit, HousingPolicy.org, and other existing resources.

Equity goals for PDAs should be developed as a part of the SCS process and should include, when possible, “climate

<sup>40</sup> <http://www.coj.net/Mayor/Blueprint+for+Prosperity/default.htm>.

equity” and “green jobs” measures in order to position localities and the agency for federal funding streams related to climate change emissions reductions (for example, EPA’s “Climate Showcase Communities” grants), and green jobs development. Once these equity goals are established, ABAG could encourage innovative efforts to meet these equity goals through:

- Allocating planning funds, technical assistance and capital infrastructure funds based on the ability of a project or a community to make progress on these equity issues.
- Working with MTC to include these equity goals in its Regional Transportation Plan (RTP).
- Encouraging local governments to insert these goals in their general plans, zoning ordinances, and design guidelines, and to adopt, strengthen, or retain policies that promote these equity goals.
- Collaborating with local governments to create incentives for developers to meet goals, for example, creating expedited permitting and processes for development projects that incorporate high levels of affordable housing.

In addition to these particular equity goals, community engagement is an equity component that is essential for all planning processes and should be required as a part of station area planning grants. The process could be made part of a “Diversity” component of the grant application, requiring a solid scope of work that includes working with at least one other partner that is not under the jurisdiction of the Planning Agency.

**Recommendation 3: Continue to fund station area plans and strengthen community engagement as a condition for receiving funds.**

Station area planning is a critical stage for addressing displacement and ensuring that new development aligns with neighborhood aspirations and goals. Additional funding for

good station area planning that incorporates authentic and meaningful community participation would translate to more thoughtful processes and plans. The Development Without Displacement case studies demonstrate the key roles played by community-based organizations in gathering resident perspectives, including diverse voices in planning processes, and devising new and innovative solutions. Station Area Planning Grants already include a requirement for community engagement and the inclusion of a housing strategy that minimizes displacement, but these requirements should be strengthened by incorporating more explicit standards for community participation (for example, demonstrated involvement of community-based groups in the planning process) and incorporating the equity performance measures described above.

**Recommendation 4: Promote a regional affordable housing strategy that emphasizes the retention and expansion of affordable housing and the prevention of displacement near transit.**

The 2007 evaluation of RHNA goals and outcomes shows the stark housing affordability issues in the region. Between 1999 and 2006 the region produced only 35% of needed very low-income housing and 72 percent of needed low-income housing. Despite the nationwide foreclosure crisis, the Bay Area continues to have extremely high housing prices and can expect this to be the case for the foreseeable future. Precedent and the CCI data analysis have shown that communities with transit access are likely to experience rising property values and an influx of wealthier residents. This situation requires a strong regional strategy to promote affordable housing near transit.

This strategy should include not only affordable housing development targets, which are already established through RHNA, but also targets to preserve existing affordable units near transit. Research by Reconnecting American and the National Housing Trust shows there is a strong connection between the location of many subsidized and unsubsidized affordable units and the proximity to public transportation options.

There is an urgent need to preserve existing affordability, as a majority of these units that have government contracts will be expiring over the next five years. In addition, it should seek to ensure permanent affordability through nonprofit rental housing and shared equity homeownership strategies (deed restrictions, community land trusts, or limited equity housing cooperatives).

The strategy could include several components:

- Provide capital funds for transit infrastructure based on the construction or preservation of affordable housing near transit.
- Develop agency capacity (through partnerships with housing groups) to acquire and transfer land for the purposes of affordable housing development or to develop a regional community land trust.
- Provide localities with information and technical assistance about affordable housing and anti-displacement strategies (including sharing the lessons learned from the Development Without Displacement partnerships).
- Encourage and reward localities for adopting measures to increase affordable housing near transit and prevent displacement such as adopting “no net loss” policies, inclusionary requirements, and putting in place value capture mechanisms to link TOD value increases with permanent affordability strategies such as Austin’s Homestead Preservation District (*see text box, above*).
- Develop a housing preservation inventory to guide and track preservation efforts as a part of the Equity Indicators Project described above.
- Promote regional employer engagement in workforce housing strategies.

### **TOD “Value Capture” in Hot Markets**

TOD adds value to a place by increasing the value of nearby land and properties, generating additional tax revenues.

Localities can implement strategies such as tax-increment financing (TIF), business improvement districts, and developer agreements to capture this value and use it to finance additional features that make TOD projects successful, such as streetscape improvements, parks, and historic preservation.

In hot housing markets like the Bay Area, higher home values spurred by TOD can counter community goals for housing affordability and lead to gentrification and displacement. In such markets, TOD value capture strategies can fund efforts to preserve housing affordability or build new permanently affordable housing. Maine, Massachusetts, Portland, and San Antonio have all used TIF to support affordable housing.

Austin, Texas passed legislation in 2007 to enable the creation of Homestead Preservation Districts in TODs that use tax increment financing, land trusts, and land banks to provide affordable housing opportunities to residents. The first tax increment district was approved by the city council in December 2008 and is currently being debated by the county, which is required as an equal funding partner.

**Recommendation 5: Include an Equity Innovations Forum where practitioners can exchange best practices and resources as a part of its new web platform.**

The Bay Area includes some of the highest-capacity equity advocates in the country who have decades of experience working to implement equitable development strategies. At the same time, there are other jurisdictions that have few organizations and little capacity. A web-based platform for sharing best practices, resources, and other information would enable them to exchange information with each other and would also provide ABAG and other regional agencies with a space for gathering feedback and ideas from the field. This forum should have a user-friendly design and sort conversations by equitable development strategy areas (e.g. protecting renters, inclusionary zoning, equitable infrastructure investment, etc.).

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## Preservation Inventories

The early identification of at risk communities can help prevent the loss of subsidized and unsubsidized affordable rental housing units by giving city officials, nonprofits, and others the opportunity to act quickly and offer incentives to private owners who agree to maintain a habitable building and keep all or a portion of units affordable to low- and moderate-income households. Databases that include characteristics about an area's housing stock, including subsidized and unsubsidized units, allow communities to take stock of their preservation challenges and prioritize where action is needed. Data on high-risk properties can be linked to mapping technology, allowing identification of areas where the risk of loss is the greatest.

- In Washington DC, local agencies, nonprofit housing groups, and community developers partnered to track expiring Section 8 units and develop targeted preservation strategies.
- In Florida, administrators of the Florida Housing Data Clearinghouse regularly prepare reports on the characteristics of the state's assisted rental stock and households in need of affordable housing for the Florida Housing Finance Corporation. The 2007 report included a risk assessment based on data from the preservation inventory.
- New York City Mayor Bloomberg and New Jersey Governor Corzine have implemented broad affordable housing plans that include goals related to housing preservation. Preservation inventories provided data explaining why rental housing preservation may be needed to achieve city- and state-wide housing goals.

A nonprofit organization, the California Housing Partnership Corporation, already maintains a database of at-risk affordable properties using HUD data, and is a likely partner for regional agencies on housing preservation.

**Recommendation 6: Convene an Equity Caucus to engage elected officials representing PDAs to discuss how to meet equitable development goals.**

Regional agencies could improve relationships with local elected officials and discuss equitable development strategies and challenges to their implementation by regularly convening an Equity Caucus with these officials. The Equity Caucus could serve to inform the development of a Sustainable Communities Strategy with social as well as environmental goals.

**Recommendation 7: Regional agencies should evaluate their current investment policies and make recommendations for how to ensure equitable development and prevent displacement.**

Regional agencies can examine existing programs to see how they can explicitly incorporate goals or protections related to the displacement of residents. For example, Resolution No. 3434 (*described on page 52*) showcases MTC's commitment to a regional vision for an expanded transit network as well as the goal of developing affordable housing near transit. This policy should be evaluated for its contributions to equitable TOD and modifications that could increase affordability and prevent displacement.

Potential relevant policies include: using the PDA equity performance standards as suggested above; providing incentives for cities modifying existing land use zoning to zone for housing; setting minimum housing requirements for receipt of funds; and requiring an explanation of displacement issues and how they will be addressed in funding proposals. In addition to conducting this self-assessment, regional agencies can help standardize local actions to stabilize businesses and address displacement.

**Recommendation 8: Encourage the use of parking fee structures and policies that benefit existing communities.**

Parking policies are an important component of equitable transit-oriented development. The Bay Area regional agencies have provided resources (such as the *Parking Best Practices & Strategies For Supporting Transit Oriented Development In the San Francisco Bay Area Toolbox/Handbook*) and technical assistance to local jurisdictions to help them develop parking policies and fees that support their broader community planning goals.

Residents, property owners, and small businesses located in TOD areas may support mechanisms (such as “parking benefits districts”) that recirculate the revenues generated by parking fees in the community to fund neighborhood improvements. Regional agencies can encourage localities to invest their parking fees toward community priorities such as affordable housing or small business stabilization.

**Recommendation 9: Incorporate housing affordability, transit access, walkability, and displacement prevention in regional sustainable communities planning.**

Under SB 375, the California Air Resources Board will set regional greenhouse gas emissions targets for 2020 and 2035, and the state’s 18 regions will be developing Sustainable Communities Strategies to meet these targets. This process will provide an opportunity to promote compact development patterns that expand housing and transportation choices and create healthy neighborhoods while reducing climate impacts.

It is essential that Sustainable Communities Strategies explicitly promote community diversity and minimize the

potential for residential displacement. The lessons learned from the *Development Without Displacement* Program, the local policies presented in this report, and the strategies employed by the community partnerships, provide a starting point for discussions about which strategies will be effective in which community.

While it is still early in the process of implementing the legislation (and therefore difficult to make specific recommendations) the following guidelines are offered for consideration by the regional agencies:

- 1) Identify communities that are particularly vulnerable including those that are or have been:
  - Disproportionately impacted by greenhouse gas emissions (e.g., environmental justice communities);
  - At risk of residential or employment displacement and loss of community diversity through higher density development near transit (e.g. San Francisco’s Mission District); and
  - Historically left out of planning processes (e.g., unincorporated communities).
- 2) Incorporate broad and meaningful community participation in developing the Sustainable Communities Strategy and related local plans.
- 3) Identify and prioritize mechanisms and policies to minimize negative impacts, such as displacement or loss of affordable housing units, and maximize co-benefits, such as transit access and walkability.

