



May 30, 2019

The Honorable Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

RE: Guiding principles for conditioning transportation funding on housing performance

Dear Governor Newsom:

We, the undersigned organizations representing housing, climate, equity, and transportation interests, applaud the Governor and legislature for their commitment to address our State’s housing crisis. In particular, we support integrated housing and transportation strategies—today’s challenges of climate change, inequality, and the housing affordability crisis are interconnected, and thus the solutions must also be cross-sector.

Specifically, we appreciate the Governor’s proposal in the January Budget and in the May Revision to better align the state’s transportation investments with its housing goals by conditioning streets and roads funds on housing performance. **However, we believe that our housing goals should not be defined by production numbers alone; the State’s housing goals must also align with the State’s goals for climate, health, and equity**, as established in legislation including SB 32, SB 375, SB 535, AB 857, and SB 743. Achieving these goals holistically requires consideration of the location of the housing and who that housing will serve, not solely the sheer number of units produced. The new focus on infill development and legal aid for renters in the May Revision exemplifies our suggested approach.

We offer here some initial principles to guide the on-going discussion on conditioning transportation funding on housing performance:

- **Prioritize the needs of low income households.** California’s housing affordability crisis is most acute for households with low, very-low, and extremely-low incomes. A focus on production of more market-rate housing alone will not solve the housing crisis for most of California’s residents. The metrics for receiving conditioned transportation dollars should include production of housing affordable at all income levels and prioritize the preservation of existing affordable housing.
- **Build new housing near existing jobs, transit, or other infrastructure in both rural and urban areas.** We are in a housing affordability crisis and a climate crisis. In both the [2017 Climate Change Scoping Plan Update](#) and the [2018 Progress Report](#) on Sustainable Communities Strategies, the California Air Resources Board found that to meet our 2030 and 2050 climate goals we need to significantly reduce vehicle miles travelled (VMT) through more efficient land use and increased transportation options. Infill and location-efficient housing reduces the need to drive often and long distances, as measured by VMT. In addition, more efficient land use not only reduces greenhouse gas emissions, but also preserves natural resources, improves public health, reduces household costs, and can offer more equitable access to transportation options, essential services, jobs, and opportunity.
- **Couple infill investments with inclusionary and anti-displacement protections.** Targeted investments towards infill can add to gentrification and displacement pressures on the low-income residents in these existing communities. Investments and policies must proactively guard against the perpetuation of historical patterns of segregation, ensure that vulnerable residents equitably reap the benefits of investments, and affirmatively further fair housing. Building and preserving affordable housing and protecting against displacement are proven strategies to meet our state’s climate goals and to improve social equity and economic outcomes. Metrics focused on market-rate production that fail to include anti-displacement components could undermine all of these goals by fueling displacement and keeping low-wage workers (who are much more likely than others to ride transit) trapped by long drives to jobs. Priority should be given to jurisdictions that have such inclusionary and anti-displacement policy protections in place.¹
- **Tailor strategies to meet the unique needs of different geographies, including rural communities.** The needs and solutions to affordable housing, densification, and low-VMT land use development differ widely across California’s varying geographies, and across urban, suburban, and rural community types. Special attention must be given

¹ ClimatePlan’s Commitment to Investment without Displacement, a separate platform of recommended principles to protect against displacement, is attached as an Appendix.

to these differences to ensure chosen metrics for the conditioning of transportation funding do not unintentionally further disadvantaging rural low-income unincorporated communities.

- **Do not condition transit and active transportation dollars.** Transit and active transportation funds are already severely limited and are relied upon disproportionately by low-income communities and communities of color—the same groups who are suffering disproportionately from a lack of affordable rental housing.

We thank you for your consideration and look forward to working together to identify the appropriate mechanisms to align our transportation and land use investments in a way that meets all of California's goals, and that benefits all Californians.

Sincerely,

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Jared Sanchez, Senior Policy Advocate
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CC:

Senator Mitchell, Chair, Senate Budget Committee
Senator Wieckowski, Chair, Senate Budget Subcommittee 2 on Resources,
Environmental Protection, Energy, and Transportation
Senator Durazo, Chair, Senate Budget Subcommittee 4 on State Administration and
General Government
Assemblymember Ting, Chair, Assembly Budget Committee
Assemblymember Bloom, Chair, Assembly Budget Subcommittee 3 on Resources and
Transportation
Assemblymember Cooper, Chair, Assembly Budget Subcommittee 4 on State
Administration
Assemblymember Chiu, member, Assembly Budget Subcommittee 4 on State
Administration
Tia Boatman-Patterson, Senior Advisor on Housing, Office of Governor Newsom
Ben Metcalf, Director, Department of Housing and Community Development
David Kim, Secretary, California State Transportation Agency
Kate Gordon, Director, Office of Planning and Research



ClimatePlan’s Commitment to Investment without Displacement

The ClimatePlan network’s vision is to create a healthier, more sustainable California, where people of all backgrounds and incomes have the opportunity to thrive. We can create a California in which all of us, especially lower-income and people of color, have the option to live in communities where we can find and stay in a home we can afford, close to good jobs and schools; where it is convenient, safe, dignified, and affordable to get around on public transit, on foot, by bike, or by scooter; where there is plentiful clean air and water; where public parks are accessible and farmland and natural lands are protected. We can build development and invest in infrastructure that reduces greenhouse gas emissions. As a multi-sector network, we advance policies and leverage the resources and partnerships necessary to realize this vision.

California is in the midst of an affordability crisis. Without careful planning and policies, new investment in existing neighborhoods or ongoing disinvestment in areas where low-income people live can push lower-income and people of color out of their own communities and away from jobs and transit. This exacerbates historical inequities, forces more driving and climate pollution from those who have the highest propensity to ride transit, re-segregates our towns and cities, and destroys natural and agricultural lands. ClimatePlan recognizes that displacement threatens to undermine all of our network’s priorities including climate, equity, health, active transportation, and conservation; it is a central challenge to building a more sustainable and equitable California.

Displacement harms people and communities and worsens the climate crisis. Recognizing these profound impacts, beginning in April 2018, ClimatePlan convened partners from housing, transportation, land use, equity, conservation and climate organizations to develop a shared policy platform on *Investment Without Displacement* for guiding the ClimatePlan network’s advocacy. Over 20 participants worked collaboratively to develop the approach and solutions outlined below.

Our Goal

Ensure that investment in communities provides direct and meaningful benefits to residents and does not displace them.

Our Approach

What “displacement” means to us in this context: A forced or responsive move due to changes in one's home or neighborhood.

- A “forced” move can also be referred to as “physical” or “direct” displacement.
- A “responsive” move is also known as “economic” or “indirect” displacement and occurs when a resident unwillingly leaves his or her home due to rising rents, habitability or similar issues.

Displacement is related to systems of power and oppression, including racism and classism and patterns of investment, disinvestment, and exclusion. America’s history of segregation and redlining has contributed to historical exclusion of households from a neighborhood due to race, income, or other factors. This further limits neighborhood access and housing choices.

Who we are most concerned about displacing: Renters, low-income people of color, and other vulnerable populations who have little to no resources to stay in their communities.

Secondarily, we are concerned about losing neighborhood-serving small businesses and community institutions that bind neighbors together and create a distinct sense of place.

Which types of “investment” are we most concerned about?

1. *Public dollars for infrastructure and financing*
2. *Private market rate real estate development*
3. *Government actions that create windfall value for private entities, e.g., upzoning sites and streamlining regulations.*
4. *Any combination of the above*

Public and private investments can shape and influence communities in negative ways. For example, federal and state transportation dollars have built roads and highways through many cities, destroying the fabric of the community and increasing climate pollutants for residents. Public and private investments can also be a stabilizing and empowering force for communities if structured appropriately and designed in collaboration with communities. ClimatePlan promotes investments that reduce greenhouse gas emissions, are shaped by residents, and provide direct benefits and support to communities, specifically those that have been historically underserved and neglected.

Our Recommendations

The following nine principles guide our analysis of proposed policies to ensure they achieve investment without displacement. The signatory organizations to this document endorse these principles as overall goals which campaigns, legislation, investments, and policy proposals should strive to incorporate based on context, scope, and specific situations. The organizations signing onto this document commit to giving these recommendations weight as they evaluate such proposals and arrive at specific positions.

1. All renters should be protected from excessive rent increases through local, regional, and/or statewide rent stabilization.
2. Market-rate housing developers should not receive a public incentive (such as streamlining, reduced parking requirements, reduced open space requirements, etc.) for housing development that displaces existing households or demolishes homes occupied by or affordable to lower-income tenants. The state should not displace existing households or demolish them.

However, exceptions should be considered where:

- a. New development results in a *significant increase* in the number of homes affordable to lower-income renters, and
 - b. Existing residents are fairly relocated at the developer's cost to comparable housing in near proximity and given the right to return to the new development in comparable units at their original rent level.
3. All renters should be protected from unwarranted eviction through a statewide "Just Cause" law. The Ellis Act, which allows landlords to evict residential tenants under the premise of "getting out of the rental business," must also be reformed.
 4. The state needs to significantly increase state funding to preserve existing homes affordable to very low-income Californians and build new homes they can afford.
 5. Any residential developer who takes advantage of public incentives that increase a property's value or decrease development costs must use a portion of that financial windfall to benefit the community by including extremely and very low-income affordable homes in the new development.
 6. Major public investments should provide capacity-building and technical assistance for local community-based nonprofit organizations and institutions, so they can compete for contracts or grants related to the investment.
 7. Major public investments should also provide assistance to local and disadvantaged residents in the form of career development, apprenticeship, and employment opportunities in both construction and any permanent jobs created by the investment.
 8. All major investments should include meaningful community participation in every aspect of project design.

9. All new multifamily housing of 10 units or more developed near transit or benefitting from other public resources should include extremely and very low-income affordable homes, on site or off site in near proximity.

May 20, 2019