

Planning and Conservation League's Equitable Infill Incentives Policy Brief March 2020

In response to California's deepening housing affordability crisis and the state's goals for reducing our climate impacts, the Planning and Conservation League (PCL) consulted and convened cross-interest experts with the aim of identifying an improved standard of criteria for equitable infill incentives. These convenings have brought together environmental and equity advocates, builders, and state and local agencies with the goals of:

- **identifying more effective infill definitions for rural, suburban and urban conditions**
- **identifying the appropriate mechanisms to ensure this infill investment is implemented equitably and protects existing residents from displacement**
- **developing policy guidance for application of these criteria in a range of contexts**

A comprehensive report on this Equitable Infill Incentives Initiative was produced and can be found at [PCL.org/infill](https://pcl.org/infill). Existing infill definitions and equity protections across California code and program guidelines were analyzed, and statewide vehicle miles traveled (VMT) performance research was conducted by the Center for Neighborhood Technology (CNT). The report outlines in detail the draft equitable infill criteria recommendations, multiple outstanding policy questions, as well as various potential policy applications. This brief provides the highlights of these efforts.

Building upon the work and experience of the cross-interest experts we have convened, PCL has aimed to develop a menu of criteria for directing California's housing and infrastructure investment in a way that will achieve our housing, environmental, health, and equity goals simultaneously. To achieve this alignment, we must consider not only the number of units produced, but also where and what that housing is, and whom it serves. With combined input received through this process, PCL finds that our incentives must be directed to low-VMT development that is equitable across income-levels, and does not displace existing residents from their communities and access to opportunity.

A New Approach to Defining Infill

Siting criteria, parameters for appropriate uses, density requirements, and standards for appropriate levels of review vary greatly across areas of California code for incenting smart-growth. There is an extreme lack of consistency in these criteria across our CEQA streamlining mechanisms and financing incentive programs, and the way we prioritize our transportation and land use investment generally. Many of these criteria are outdated, are not aligned with California's current climate laws, and do not adequately protect our natural and working lands or our most vulnerable communities (Report, pg. 8).

Our participants have expressed little faith that solutions can be found to the many conflicts posed by these past approaches that will adequately address widely varying community needs and geographic conditions. There is, however, great cross-sector interest in developing a new approach to appropriately identify areas for development which can achieve California's housing, climate and equity goals together, while allowing greater flexibility to localities on specific siting criteria.

Over the past decade, there has been an emerging notion of "transportation efficiency" or "location efficiency" to gauge the relative proximity of housing to jobs and essential services or access to

transportation options. While there have been various approaches to evaluating location efficiency, a standard definition or methodology has not been firmly established. Yet, a VMT performance-based criterion approach has the potential to be a viable and simple option. “VMT reduction” is a very good proxy metric for GHG reduction from improved land use and transportation, but also for the many co-benefits to natural resource conservation, public health, and social equity that such improved land use can provide.

In 2013, Senate Bill 743 mandated that the Office of Planning and Research (OPR) develop a transportation impact methodology to replace traditional auto-only “Level of Service” analysis. The new CEQA [Guidelines](#) for this new multi-modal VMT-based methodology were adopted in 2018, and OPR offers recommendations in the corresponding [SB 743 Technical Advisory](#) which are calibrated to meet the needed VMT reductions identified by the CA Air Resources Board (CARB) in the [2017 Scoping Plan Update](#) to meet our 2050 GHG reduction goals. These recommendations posit that -15% of regional (or city) per capita VMT performance is the needed threshold for housing and commercial development to meet our 2050 GHG reduction mandates. OPR’s guidance, coupled with CNT’s statewide VMT performance analysis, has provided the basis for our recommendation that VMT performance be established as the standard for defining location efficiency in application of a range of infill incentives.

Investment Without Displacement

Where we *are* seeing quality infill development across the state, we are often also seeing displacement of low-income households and communities of color at a rate faster than census data can track.

In 2018, PCL and many other cross-interest organizations participated in a process conducted by [ClimatePlan](#) to develop an “Investment Without Displacement” policy platform. We first sought shared definitions of what “investment” and “displacement” mean, and then identified a set of guiding principles to protect against displacement with our investments in existing communities (see the full document [here](#)). For PCL’s initiative, we proposed to use the ClimatePlan’s platform as a starting point for the discussion, with an aim to translate the nine policy principles that emerged from that collaborative into specific inclusionary and anti-displacement criteria.

As with infill definitions, there are many approaches to inclusionary requirements and anti-displacement protections for mixed-income and affordable housing that vary greatly across our streamlining provisions, funding guidelines, and local ordinances. In recent years, amid the deepening affordability crisis, the efficacy of these approaches has been debated in earnest. (Report, pg. 33).

Throughout PCL’s consultations, there has been broad recognition that displacement of low-income residents from investments in existing communities is a fundamental problem that has yet to be adequately addressed in our approaches to our housing shortage. Such displacement poses challenges to correcting historical patterns of segregation and inequitable access to opportunity, but there is also an acknowledgement of the challenges that displacement poses to our GHG reduction goals.

Previous research conducted by CNT, which this project built upon, found that “...given [this] formulation of location-efficiency variables at a half-mile radius from the household, there were no statistically significant income and location efficiency interactions.” Yet despite this, CNT also concluded that “This research finds that location-efficient affordable housing is an effective climate strategy. Developing parcels for lower-income households in location-efficient areas is likely to lead to higher reductions in VMT than developing those parcels for higher-income populations. The cause of this difference is not that lower-income households show greater VMT reduction with location efficiency because VMT reduction is consistent across income groups, but that lower-income households live more

compactly in location-efficient areas – allowing each parcel to yield more VMT reduction” ([Income, Location Efficiency, and VMT: Affordable Housing as a Climate Strategy](#), Haas, Center for Neighborhood Technology, 2015, pg.17, 22).

However, CNT’s mapping produced for this initiative illustrates that, when considering household composition and housing type variables, low-income households can produce significantly lower VMT across community types, but even more so in location-efficient areas (Report, pg. 21). This suggests to PCL that both the compactness and travel behavior of low-income households produce a compounded VMT-reducing effect not previously understood, the dynamics of which warrant further exploration.

In either case, it is clear that low-income housing in location-efficient areas has greater potential to reduce VMT than higher-income housing. And while there is acknowledgment that displacement of low-income households from location-efficient areas is a problem, views on how to protect against this displacement vary greatly. There are those that believe that simply accelerating housing supply of any type is the primary solution, but even among those that believe that strict inclusionary requirements and anti-displacement protections are also needed, there is hesitance to try to pin-point a standard one-size-fits-all set of such criteria. Anti-displacement solutions depend heavily on a given community’s specific needs. Yet, PCL remains persistent in the pursuit of establishing a base-standard menu of inclusionary and anti-displacement criteria for infill incentives and investments that can be adaptable to accommodate differing community contexts. We propose the draft criteria recommendations below, largely based on examples from existing code, as a platform for further discussion and refinement.

Combined Equitable Infill Criteria Recommendations

To qualify for the given “infill” incentive, the project must:

- Be located wholly within a regional or city ‘Green Zone’ (areas of -15% of existing average per capita VMT, or within ½ mile of a high-quality transit stop).
-or-
- If not in an existing Green Zone, demonstrate with an Initial Study transportation analysis that the project is projected to have VMT performance of at least -15% of regional or city average.
- Not be in areas excluded from applicability, as governed by objective statewide mapping of sensitive lands essential to protecting public health and safety and the environment, or as determined by an Initial Study.
- Be in conformity to all applicable local code, zoning, and design standards.
- For housing or mix-used projects of ten or more housing units, dedicate deed-restricted units at a minimum of 10% of units affordable to Low Income households, 5% of units affordable to Very Low income households, and 5% of units affordable to Extremely Low income households, unless the given jurisdiction has met its RHNA allocations for Low, Very Low or Extremely Low Income housing, respectively. If Extremely Low Income housing is deemed infeasible within the project itself, the project must directly accommodate an additional project siting for the Extremely Low Income units within no more than a ½ mile radius of the original project site.
-or-
- For multi-project community-wide or jurisdiction-wide special districts or revitalization plan areas, dedicate a minimum of 20% of units affordable to Low Income households, 10% of units

affordable to Very Low-income households, and 10% of units affordable to Extremely Low-income households.

- Not include demolition of:
 - Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.
 - Housing that is subject to any form of rent or price control.
 - Housing that has been occupied by tenants within the past 10 years (or a site which was previously occupied by tenants and was demolished within 10 years).
 - A historic structure that was placed on a national, state, or local historic register.
- Where it is found by the governing agency that demolition is warranted, dedicate at least a 50% increase in deed-restricted units affordable to the income levels of the units being replaced, proportionately, either within the project site itself, or within a ½ mile radius of the project site.
- Provide housing tenants displaced by the demolition with:
 - Assistance in acquiring a comparable housing unit within a 1/2 mile of the project.
 - Funds for the cost of relocation as well as rental assistance at least equal to any difference of the previous rent and the rent of the relocation site for 36 months.
 - Right of first return to occupy a comparable unit in the new development at the same rent.

Further Considerations and Potential Applications

There are many further details outlined in the report on these recommendations, as well as many questions for further consideration (Report pg. 26, 41, and 54). Among these questions, key issues that warrant immediate attention in our next round of consultations include the following:

Rural VMT: CNT’s analysis illustrates that small cities and unincorporated rural communities can have excellent VMT performance when the appropriate mix of uses and incomes is present. Yet, a primary concern is to ensure that the proposed VMT performance-based metric for defining infill can be tailored to address the needs of rural communities, and not exclude them from applicability to infill incentives.

Sensitive Lands: Consensus on the essential list sensitive lands that should be excluded from applicability to incentives needs to be determined, as well as the institution and development of a centralized, iteratively updated, and accountable mapping database of these lands as an objective, open-sourced standard for determining applicability. OPR is currently developing a prototype.

Affordable Housing Green Zone: There is interest in further exploring the dynamics between income-levels and VMT performance in location efficient areas, and the feasibility of establishing a separate low-VMT “Green Zone” for affordable housing, which could potentially provide a greater area of coverage, including increased opportunities for rural communities.

Affordable Commercial Space: Neighborhood scale business is a critical component of creating low-VMT equitable communities. As such, a fundamental element of PCL’s recommendations is the proposal that all of the inclusionary and anti-displacement criteria

proposed here for housing should be similarly extended to affordable commercial space as well. If found feasible, the execution of these small business criteria will first require the determination of standard definitions for what qualifies as “affordable,” “small,” or “local” commercial space. Extension of basic anti-rent gouging and just-cause eviction protections to commercial tenants should also be considered.

General Inclusionary and Anti-displacement Criteria: All of the basic equity criteria proposed here warrant further vetting by stakeholders, but other outstanding issues considered (Report, pg. 47) include: an appropriate methodology for **in-lieu fee** levels that are commensurate with the true impact, potential additional **Tenant (and home-owner) protection** criteria, a standard methodology for **value capture mechanisms** where an increase in density occurs, and an improved standard for **community participation** in the planning of major improvements.

Again, these findings are PCL’s synthesis of the input we have received from many cross-interest stakeholders, and the recommendations presented herein are subject to successive iterations of input and refinement. More work is needed, but PCL presents these draft recommendations as a framework to build upon moving forward.

With refinement, the proposed low-VMT “Equitable Infill Criteria” framework could be adapted across California’s incentive programs including: CEQA streamlining mechanisms; myriad state and local housing and infrastructure funding programs; special financing districts such as EIFDs, CRIAs, and NIFTIs and proposals to reinstitute Redevelopment; Opportunity Zone deployment; zoning reform proposals; SB 743 implementation and VMT mitigation strategies; implementation of the Governor’s Executive Order on Climate, the Pro-Housing Guidelines, and the conditioning of the State’s general transportation and infrastructure investments (Report, pg. 51).

While these views are not necessarily shared by all that participated in this effort, these discussions have solidified PCL’s perspective. To meet California’s environmental and climate goals, **we** must direct as much investment towards infill development and infrastructure as is feasible, but we must also recognize that infill investment inevitably adds to gentrification and displacement pressures on low-income residents in these communities. Thus, these investments must be coupled with inclusionary and anti-displacement requirements to curb the perpetuation of historical patterns of segregation, to ensure existing residents equitably reap the benefits of these investments, and to ensure that our ability to meet our climate goals is not undermined by forcing low-wage workers into long commutes.

The solutions to our environmental and social challenges must be the same. Our incentive programs should be used to promote the very best development that meets all of our environmental, health, and equity goals—creating the right things in the right places. For PCL, this means low-VMT equitable infill.