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Defining Sensitive Communities Under SB 50

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April 24, 2019 Update:

Today, lawmakers made significant revisions to SB 50's proposed definition of "sensitive communities," as well as to how transit-rich areas along bus routes would be identified. This brief and accompanying map do not yet reflect these changes. Because many of the issues and definitions highlighted in this brief remain relevant to the conversation, the project team has decided to make these resources available now. We will update the maps as soon as possible to reflect the new proposed language.

As California's housing crisis worsens, policy-makers are increasingly exploring new ways to expand housing supply, particularly in areas with access to public transit and in cities that have a jobs/housing imbalance. One idea on the table is "upzoning," which would increase the allowable density of housing in certain areas.¹ Senate Bill 50 is one of the bills in the current legislative session that proposes upzoning in two types of places: high-quality transit neighborhoods and job-rich/high-opportunity areas. If passed, SB 50 could increase the state's housing supply, while at the same time ensuring that land use patterns align with the state's climate change mitigation goals. Importantly, SB 50 would limit the ability of affluent and job-rich communities to block new housing, as well as increase the supply of affordable housing units through its inclusionary provisions. SB 50 also includes significant tenant protections to ensure that upzoning does not result in the direct displacement of renters. SB 50 explicitly lays out restrictions on the demolition of buildings that are affordable, have been occupied by renters in the last seven years, or have had an Ellis Act eviction in the last 15 years.

Additionally, SB 50 proposes to delay the implementation of its upzoning provisions in "sensitive communities" for five years, allowing these places to opt-in to a community-led planning process. This provision acknowledges that due to longstanding patterns of exclusionary zoning and residential segregation, high frequency or fixed rail transit stops are often located in lower-income, communities of color. In addition, these communities' voices have often been marginalized in planning processes. The goal of delaying SB 50 implementation in sensitive communities

is to allow for greater participation in developing local strategies to meet housing needs and protect vulnerable residents from displacement. At the same time, delaying implementation of SB 50 in these places may limit the potential of the bill to increase housing supply at a time when more housing is needed.² Finding the right balance in defining sensitive communities is critically important, as is thinking through how to support sensitive communities in developing local plans and ensuring that the designation is meaningful.

In this brief, we analyze the coverage of the definition of "sensitive communities" that was included in the March 2019 revisions to the SB 50 bill language – we call this the "SB 50 Sensitive Communities" definition. We also present analysis of two alternative metrics – California SB 535's definition of "Disadvantaged Communities" and the U.S. Department of Housing and Urban Development's "Racially/Ethnically Concentrated Areas of Poverty" (R/ECAPs) – as comparison points. We present these comparisons as a way to discuss how different definitions influence which places would be designated as sensitive communities, rather than to recommend one definition over another. Developing an empirical metric to identify sensitive communities is complicated, as there is no one factor that perfectly measures vulnerability to displacement and marginalization, especially when one considers the diversity of places in California. This brief is thus designed to provide stakeholders with information about the currently proposed definition, as well as to highlight questions related to the provision's implementation. The brief is accompanied by [an interactive map](#), which allows stakeholders to see how the different definitions play out in their own communities.

Methodology

As noted above, the goal of delaying SB 50 implementation in sensitive communities is to allow for greater participation in developing local strategies to meet housing needs and protect vulnerable residents from displacement. The current proposed definition—which we refer to as SB 50 Sensitive Communities—measures marginalization and risk for displacement by identifying neighborhoods with high levels of poverty and racial segregation. Throughout the brief and interactive map, we explore how this definition would play out in places across the state.

In looking for other metrics to serve as comparison points, we similarly sought to capture the idea of neighborhood marginalization. We selected two comparison metrics. The first, SB 535 Disadvantaged Communities, is used by California’s Environmental Protection Agency to identify tracts that have greater concentrations of environmental harms, as well as populations that may be particularly vulnerable to those exposures (for example, households in poverty or young children). While not designed to explicitly measure vulnerability to displacement, it integrates physical, demographic and socio-economic factors in identifying disadvantage. The second metric we consider, HUD R/ECAPs, is defined at the federal, rather than state, level. It was developed by HUD to help affirmatively further fair housing by identifying which tracts are subject to high levels of racial and economic segregation.

Many other existing definitions are possible: for example, California’s Department of Water Resources has created a “Disadvantaged Community” index, which identifies disadvantaged (less than 80% of the State’s median household income) and severely disadvantaged communities (less than 60% of the State’s median household income).³ The federal government also identifies “Qualified Census Tracts (QCT)”, which must have 50 percent of households with incomes below 60 percent of the area median income or have a poverty rate of 25 percent or more.⁴ We chose not to analyze these definitions for this brief because they do not include consideration of racial segregation, an important component underlying the idea of marginalization in planning decisions. But, it is important to emphasize that by showing two comparison definitions, we are not suggesting that these are the only other possible approaches, nor are we suggesting that the current proposed definition under SB 50 is either right or wrong.

In the next section of the brief, we begin by providing the context for each definition and what it includes, and present data on the share of a region’s population that fall within each of the definitions, irrespective of whether they would be impacted by SB 50 upzoning.⁵ Because the legislation focuses on transit corridors and areas proximate to jobs and opportunity, we only focus on urban census tracts within each of California’s eight regions.

We then present comparative analysis across the three definitions, analyzing what share of SB 50’s “high-quality transit” areas in each region would be covered. As per SB 50, a transit station is considered high-quality if it is served by any kind of fixed rail or if it is a bus station with higher frequency service. SB 50 also

provides density bonuses for projects in job-rich areas, but the definition of these areas has yet to be determined. As a result, this brief only investigates the relationship between potential definitions of “sensitive communities” and “high-quality transit areas.” We use a case study approach to highlight the point that definitions matter, and raise questions related to how this provision in the bill will be implemented on the ground. As with our case study analysis in our brief, “Upzoning Under SB 50: The Influence of Local Conditions on the Potential for New Supply”, the goal of these examples is to illustrate local nuance, rather than suggesting that these neighborhoods are representative of all of California’s diverse places. We conclude with a discussion of the implications of this analysis for ongoing discussions about SB 50.

Metric Definition and Coverage

In this section, we present background information on the three definitions covered in this brief and the interactive map, and show what percent of the state’s population would be covered by each definition.

SB 50 Sensitive Communities

The original text of SB 50 did not specify how sensitive communities would be defined, though it did include placeholder language to signal that the bill’s intent was to protect lower-income households vulnerable to displacement. In March of 2019, SB 50 was amended, and its authors proposed the following definition:

In the majority of the state (excluding only the nine-county Bay Area Region⁶), sensitive communities must meet both of the following qualifications:

- » 30 percent or more of the census tract population lives below the poverty line, provided that college students do not compose at least 25 percent of the population.
- » The location quotient of residential racial segregation in the census tract is at least 1.25. Location quotients are ratios that can help to measure the level of clustering of a certain demographic group within a census tract—in this case, persons of color—relative to the wider region.

This proposed definition resembles that of the “High Segregation and Poverty” category of the California Tax Credit Allocation Committee and California’s Housing and Community Development Department (TCAC/HCD) Opportunity Mapping Initiative.⁷ This category is designed to capture “racially segregated areas characterized by concentrated poverty, higher levels of environmental and social risk, and fewer resources or opportunities for educational and economic advancement (particularly for African-Americans),” resulting from the unequal distribution of resources and access to opportunity by jurisdiction.⁸ One difference between the TCAC/HCD High Segregation and Poverty indicator and SB 50’s Sensitive Communities definition is that SB 50 excludes high-poverty tracts with large student populations.

The biggest difference, however, between the SB 50 Sensitive Communities definition and the neighborhoods identified in

Figure 1: Percent of Regional Population Included in SB 50 Sensitive Communities Definition

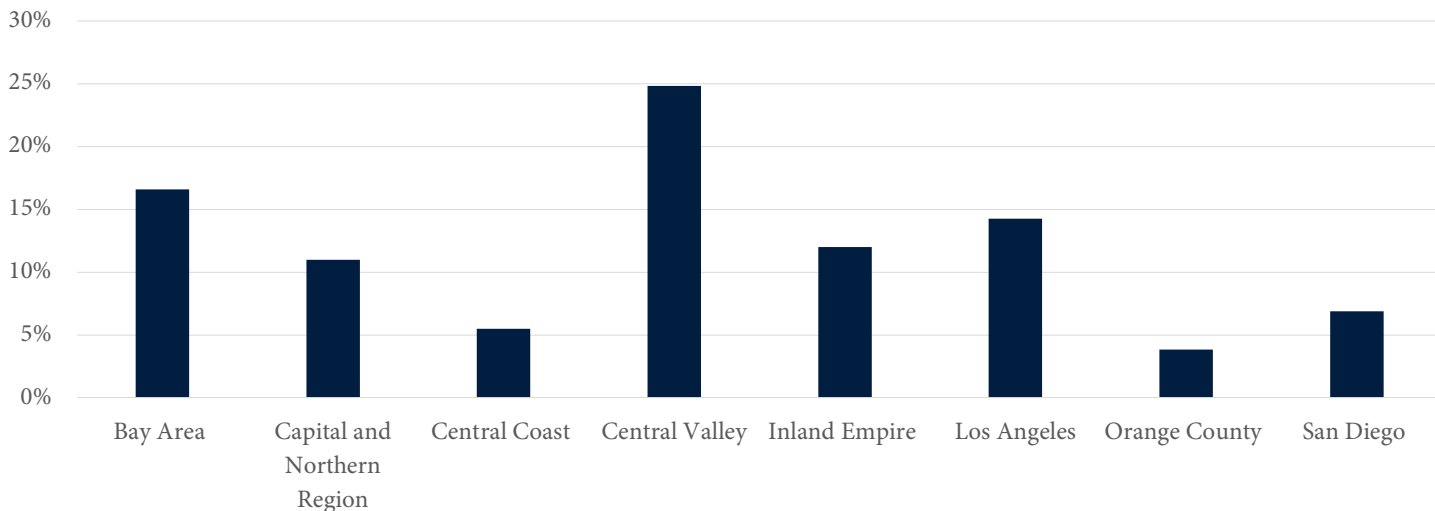


Figure 2: Percent of Regional Population Included in SB 535 Disadvantaged Communities Definition

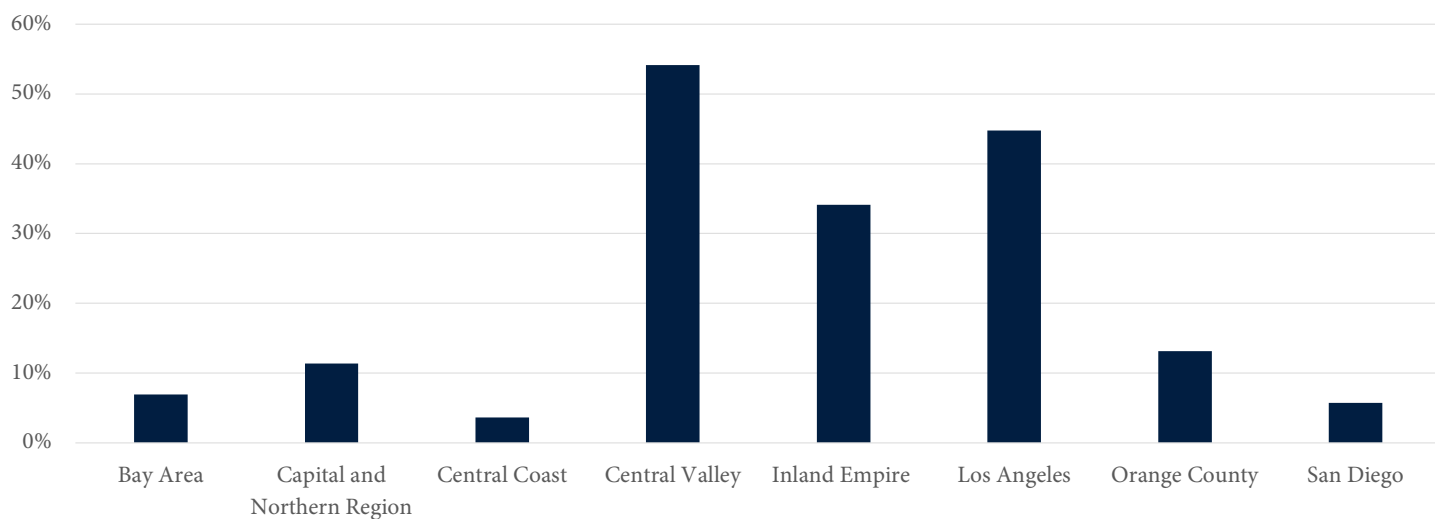
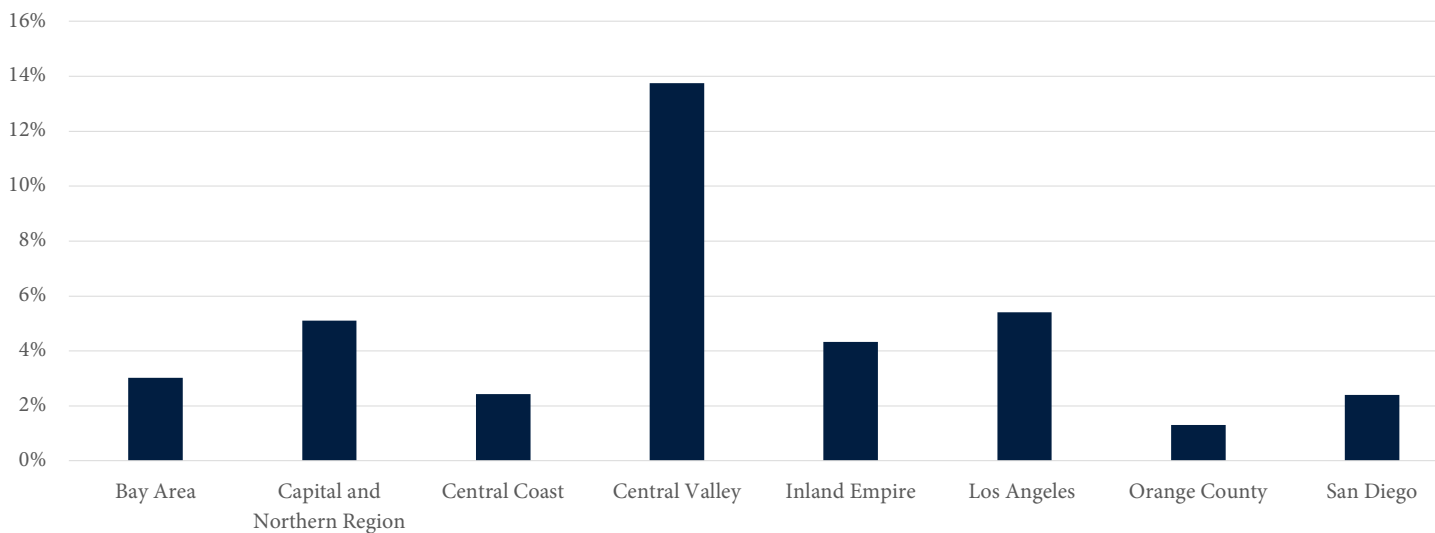


Figure 3: Percent of Regional Population Included in HUD R/ECAP Definition



TCAC/HCD High Segregation and Poverty category is that there is a different methodology applied in the Bay Area. In the Bay Area, SB 50 proposes to adopt the definition of “sensitive communities” geography identified by the Bay Area Metropolitan Transportation Commission (MTC) as part of the CASA initiative.⁹ CASA, or the Committee to House the Bay Area, was a regional collaborative process spearheaded by the Metropolitan Transportation Commission, and was designed to identify a package of policies that would help to address the region’s severe housing shortage. As part of this process, CASA identified areas it would consider “sensitive” and that should be subject to enhanced protections. The language in the March revisions to SB 50 defers to this local definition for the Bay Area.¹⁰

Figure 1 shows the proportions of each region’s population that would be included under the proposed SB 50 Sensitive Communities definition. Nearly 25 percent of the Central Valley region’s total urban population is located in SB 50 Sensitive Communities, compared to less than four percent of the total population in the Central Coast region.

SB 535 Disadvantaged Communities

The first comparison metric we analyzed is the designation of “Disadvantaged Communities” under SB 535, the California Global Warming Solutions Act of 2006. SB 535 specifies that 25 percent of proceeds from the state’s Greenhouse Gas Reduction Fund go to “projects that provide a benefit to disadvantaged communities.” The metric seeks to identify places that have been subject to the negative effects of land use policies, including residential segregation and uneven exposure to environmental pollutants, as well as to protect community members who may be more vulnerable to environmental harms.

Under SB 535, Disadvantaged Communities are identified using the CalEnviroScreen tool. Regularly updated by the California Environmental Protection Agency, CalEnviroScreen identifies which tracts are disproportionately “burdened by multiple sources of pollution and with population characteristics that make them more sensitive to pollution,” including not only environmental factors such as water contamination, but also socio-economic and demographic factors such as poverty, race, housing cost burdens, and access to educational opportunities.¹¹ These variables are indexed and tracts are ranked across the state, with the worst scoring 25 percent of the state’s census tracts are identified as “Disadvantaged Communities.” The strength of this definition—as with the TCAC/HCD High Segregation and Poverty definition outlined above—is that it is already in place as part of other state policies, and it is regularly updated. It also incorporates more dimensions into its definition of vulnerability than poverty and racial segregation, making it an interesting point for comparison.

Figure 2 shows the share of the population that would be covered by the SB 535 Disadvantaged Communities definition. It covers more than half of the Central Valley Region’s urban population, as well as 45 percent in Los Angeles and 35 percent in the Inland Empire. In contrast, only seven percent of the urban population in the Bay Area and six percent of the San Diego Region would be included.

HUD R/ECAPs

The third definition we analyzed was formalized by the U.S. Department of Housing and Urban Development to promote fair housing as part of its Affirmatively Furthering Fair Housing (AFFH) mandate. The U.S. Department of Housing and Urban Development (HUD) has identified census tracts throughout the country that it considers to be “Racially/Ethnically Concentrated Areas of Poverty” (R/ECAPs).¹² To qualify as a R/ECAP, census tracts must meet the following criteria:

- » Have a poverty rate three or more times the average tract poverty rate in the metropolitan region or a poverty rate greater than or equal to 40 percent.
- » Have a non-White population percentage of 50 percent or more, or greater than 20 percent if the tract is not located in a core-based statistical area (CBSA).

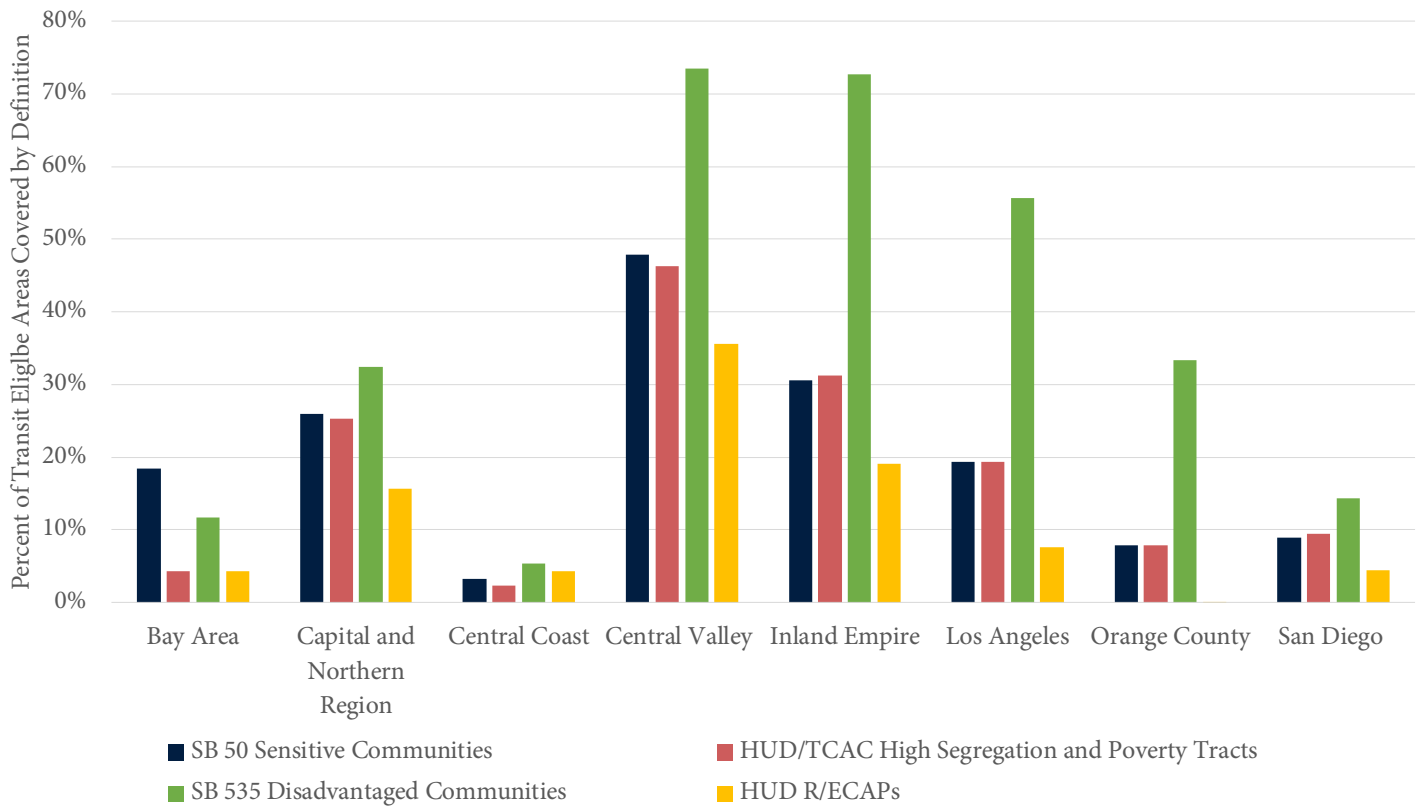
Because California’s population is more racially and ethnically diverse than that of the U.S. as a whole, HUD R/ECAPs cover a much smaller part of the state: of the 7,044 urban census tracts, only five percent (365) qualify as HUD R/ECAPs. Figure 3 shows the population in HUD R/ECAPs aggregated by region. In the Bay Area, only three percent of the population is located in tracts designated as HUD R/ECAPs. The Los Angeles Region has nearly three times as many HUD R/ECAP census tracts as the Bay Area, but still only five percent of its population falls under this definition.

Comparing Definitions and Their Impact on SB 50 Eligibility

The previous section presented an overview of the three different metrics we analyzed for this brief, and highlights the ways in which different definitions cover a greater share of the population than others. In this section, we analyze the implications of these different definitions with respect to SB 50’s proposed upzoning around high-quality transit areas. Because the current bill language provides for a different definition for the Bay Area than for the rest of the state, we present the results for both the proposed SB 50 Sensitive Communities definition, as well as the TCAC/HCD High Segregation and Poverty metric applied to the whole state. As noted above, areas targeted for upzoning under SB 50 that are designated as “sensitive communities” would have the ability to opt-out of the upzoning provisions for five years, and develop a local community plan.

Figure 4 shows the percent of each region’s transit-rich area that would fall within the different definitions of sensitive communities described above. We find that SB 535 Disadvantaged Communities would delay SB 50 implementation in a greater share of neighborhoods than would more restrictive definitions, such as HUD R/ECAPs. The SB 50 Sensitive Communities definition falls somewhere between the two. However, the SB 50 Sensitive Communities definition—by adopting CASA’s definition for the Bay Area—means that a larger percentage (18 percent) of the transit-rich area in the region would be included in the community plan option than would be if the TCAC/HCD High

Figure 4: Percent of Region’s Transit-Rich Area Covered by Different Definitions of Sensitive Communities



Segregation and Poverty definition were applied instead (which covers just 4 percent of the Bay Area’s transit-rich communities). Because the Bay Area is on average higher income and less racially segregated, the TCAC/HCD statewide definition doesn’t cover as many neighborhoods. This reveals the challenge of measuring gentrification and displacement risk using statewide metrics.

These differences also play out at the local level. Using Zillow neighborhood boundary data, we selected four case studies that help to illustrate how definitions matter.¹³ Table 1 shows the impact of different definitions at the neighborhood scale. These neighborhoods include high-quality transit stops, suggesting that they would be affected by upzoning.

In some neighborhoods, the definition of “sensitive communities” has considerable impacts on the number of tracts that would be eligible for delayed upzoning. For example, 12 of the 20 tracts (60 percent) in the Downtown San Jose neighborhood fall under the current proposed definition, but only five of 20 (25 percent) would if the SB 535 Disadvantaged Communities definition was used. In Fresno’s Roosevelt neighborhood, in contrast, SB 535’s definition would cover more of the tracts: 24 of the 38 tracts (63 percent) would be subject to delayed implementation using the proposed SB 50 Sensitive Communities definition, but 34 (89 percent) would using SB 535 Disadvantaged Communities. In San Diego’s Barrio Logan, however, the share of the neighborhood captured does not vary much across definitions. The interactive map accompanying this brief allows stakeholders to turn on and off these different

definitions to see how the areas impacted might differ based on alternative metrics.

Focusing in on the local scale also shows how much variation there can be even within tracts in the same neighborhood. Figure 5 shows a map of the Southeast and South Los Angeles neighborhoods using the SB 50 Sensitive Communities definition. This section of LA has high transit access, so could be eligible for upzoning (though it is unclear how SB 50 will apply to LA’s Transit Oriented Communities areas).¹⁴ The resulting tracts show that while many of the qualifying tracts are surrounded on all sides by other sensitive communities, there are instances where the qualifying tracts form a checkerboard pattern, or even cases where a single tract that does not meet the proposed SB 50 Sensitive Communities definition is bordered on all sides by tracts that do. This creates a donut shape where the surrounding tracts would be able to opt-into a community-led planning process, but the tract in the center would not. Given that communities often extend beyond the boundaries of a single census tract, policy-makers should consider how this will affect implementation of the community planning process.

Interestingly, while coverage differs considerably across the definitions, all four definitions do cover communities with a higher share of low-income households, renters, as well as people of color. Table 2 compares the definitions examined in this brief along a number of demographic, socio-economic, and built form variables. We find that for all definitions, sensitive communities have higher proportions of residents of color and greater poverty rates than the

Table 1: Impact of “Sensitive Communities” Definition Choice on SB 50 Implementation at the Neighborhood Scale

	SB 50 Sensitive Communities (current proposal including Bay Area CASA designation)	TCAC/HCD High Segregation and Poverty (applied to all areas, including Bay Area)	SB 535 Disadvantaged Communities	HUD R/ECAPs	Total Tracts
Downtown San Jose	12	0	5	3	20
Southeast Los Angeles	33	33	37	19	38
Logan Heights, San Diego	5	5	6	5	6
Roosevelt, Fresno	24	25	34	23	38

state as a whole. Given that all definitions use race and poverty criteria in determining which areas qualify, this finding is to be expected. However, we also find that these definitions capture tracts that have a greater share of renters and a higher proportion of renters that are cost burdened, suggesting that these metrics are identifying populations that may be more vulnerable to displacement. Notably, while the SB 535 Disadvantaged Communities definition may cover more of the state’s population, it extends that coverage to areas that may be less vulnerable compared to the other definitions, including a lower share of renters, a lower poverty rate, and more single-family homes.

Conclusion

Each of the definitions of “sensitive communities” explored in this brief was created to address inequities resulting from policies that have created higher-poverty, racially segregated neighborhoods, but with different methodologies and underlying policy goals. The analysis shows that definition does matter: although there is considerable overlap between the definitions presented here, each includes a number of tracts (or block groups) that are not included in the other definitions, and that coverage varies across California’s diverse regions.

Identifying sensitive communities is difficult, and any potential empirical definition of “sensitive communities” under SB 50 will come with tradeoffs. More inclusive definitions mean that a greater proportion of a region’s communities would see delayed implementation of SB 50. While this expands local communities’ ability to participate in the planning process and gives voice to communities concerned about displacement, it also means that these neighborhoods could see lower housing supply in the next five years, including the affordable units that would be built through SB 50’s inclusionary requirements. It is also hard to predict which areas would be most vulnerable to the potential negative impacts of upzoning: while high-poverty and racial segregation are often used as proxies for vulnerable populations, they do not always accurately capture areas facing the intersection of market forces, new housing demand, and displacement pressures.

The inclusion of a Bay Area-specific definition in the March 2019 language of SB 50 also raises questions about the tradeoffs in developing region-specific definitions. Regional definitions may be better suited to capturing local conditions that a single statewide definition would otherwise miss. However, regional definitions would add administrative complexity, could take a long time to develop, and would allow regions a considerable amount of leeway in defining sensitive communities.

The analysis also raises other important questions that policy-makers should consider. As our research shows, definitions of sensitive communities don’t always identify all the tracts in a neighborhood area: how will neighborhoods that include both “sensitive” and “not sensitive” tracts be treated? How will the state work to build the capacity of places that opt-into the community planning process to effectively develop local plans? It is important to clarify the goal of this provision as well as its implementation to ensure that it achieves its desired outcomes.¹⁵

Finally, in thinking through the tradeoffs of how best to define sensitive communities, it is also worth exploring other ways to balance the goals of tenant protections and adding new housing supply. For example, the incorporation of high-opportunity and jobs-rich areas in SB 50, which expands where the densification of housing can occur, is a promising policy development that could help to shift the share of added capacity under SB 50 away from lower-resource neighborhoods and towards cities that often resist new housing supply, including inclusionary units. In addition, thinking about ways to bundle SB 50 together with other bills that include stronger renter protections could be more effective than broadly delaying implementation of SB 50 at a time when more housing supply is needed.

The urgency of California’s housing crisis requires new approaches, and the bills currently under consideration in Sacramento—including SB 50—allow for public dialogue about the best ways forward. It is our hope that broader access to data and analysis will inform the development of those solutions, and help to ensure that policies produce positive outcomes while guarding against unintended consequences.

Figure 4: Example of Discontinuous Sensitive Communities

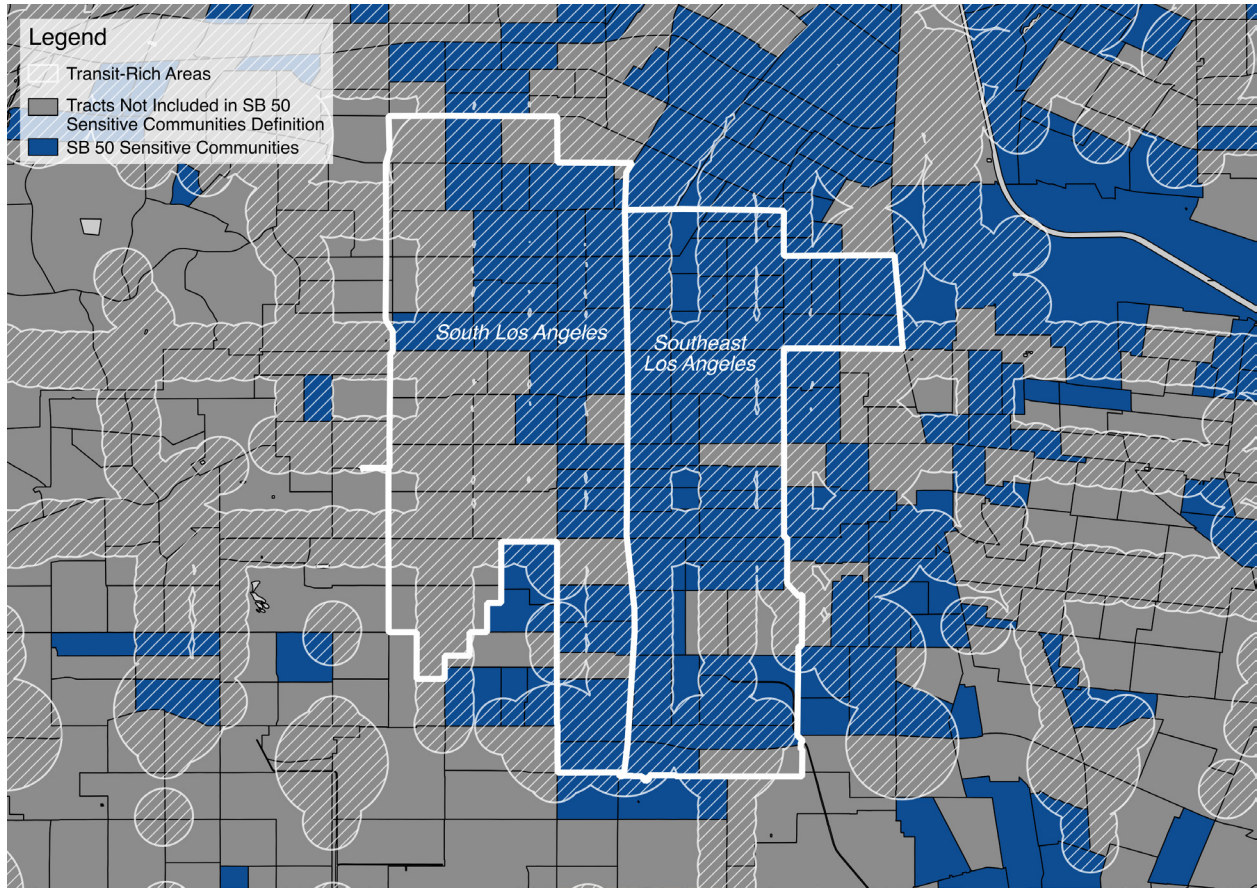


Table 2: Demographic, Socio-Economic, and Built-Form Characteristics

	Statewide	SB 50 Sensitive Communities	TCAC/HCD High Segregation and Poverty Tracts	SB 535 Disadvantaged Communities	HUD R/ECAPs
Share of Total Population		20%	15%	35%	8%
Race/Ethnicity					
Non-Hispanic White	31%	11%	9%	13%	11%
Black	8%	13%	13%	11%	13%
Hispanic	42%	62%	68%	64%	63%
Asian	16%	12%	8%	9%	10%
Other	4%	3%	2%	3%	3%
Percent Renters	57%	75%	77%	67%	81%
Poverty Rate	18%	34%	38%	27%	41%
Percent Households Rent Burdened*	54%	62%	64%	61%	64%
Percent Single-Family Homes	52%	44%	42%	50%	37%

*Paying more than 30% of their income for housing.

Source: Author's calculation of transit rich areas. Data from 2016 5-year American Community Survey.

Endnotes

1. For the full SB 50 bill text and revisions, see https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB50.
2. Uncertainty about what will be allowed in the future may deter developers from starting new projects now, when housing market conditions are strong and could allow for added supply, including affordable units through the inclusionary provisions.
3. For more details about the Disadvantaged Communities designation as defined by California's Department of Water Resources, see: <https://www.adaptationclearinghouse.org/resources/california-disadvantaged-communities-mapping-tool.html>.
4. For more information about Qualified Census Tracts and how they are used in administering the Low Income Housing Tax Credit program, see <https://www.huduser.gov/portal/datasets/qct.html>.
5. For discussion of how we determined the region and urban status of each tract, please see the methodology document accompanying the interactive map.
6. The Bay Area region includes Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano, and Sonoma counties.
7. For a complete explanation of the methodology underlying TCAC/HCD's Opportunity Mapping Initiative, including more information about how the "High Segregation and Poverty" filter is calculated, see: <https://www.treasurer.ca.gov/ctcac/opportunity/final-opportunity-mapping-methodology.pdf>
8. California Fair Housing Task Force, Opportunity Mapping Methodology. (2018). p. 14. Retrieved from: <https://www.treasurer.ca.gov/ctcac/opportunity/opportunity-mapping-methodology.pdf>.
9. To learn more about the CASA compact, see https://mtc.ca.gov/sites/default/files/CASA_Compact.pdf
10. Because the methodology for selecting sensitive communities under CASA has not been shared, we could not replicate that definition for other parts of the state.
11. The full methodology for the SB 535 Disadvantaged Communities composite index is available online at <https://oehha.ca.gov/media/downloads/calenviroscreen/report/ces3report.pdf>.
12. For more information about R/ECAPs, see https://hudgis-hud.opendata.arcgis.com/datasets/56de4ed-ea8264fe5a344da9811ef5d6e_0.
13. Tracts with any overlap with the Zillow neighborhood boundaries are counted as part of that neighborhood, even if a share of the tract falls outside the boundaries. Because the Bay Area CASA "sensitive communities" designation is defined at the block group and not the census tract level, we count any tract as SB 50 "sensitive" if it includes any block group with that designation.
14. Nolan, J. (2019). "Upzoning Under SB 50: The Influence of Local Conditions on the Potential for New Supply." Turner Center and Urban Displacement Project, University of California, Berkeley, April 2019.
15. Cash, A., Zuk, M., and Carlton, I. (2019). "Upzoning California: What are the Implications of SB50 for Bay Area Neighborhoods?" Policy Brief, Urban Displacement Project. Retrieved from: http://www.urbandisplacement.org/sites/default/files/images/sb50_udp_mapcraft_policybrief.pdf

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