

RACE & PLACE IN SACRAMENTO

September 2021



A report for the City of Sacramento to support preparation of the Environmental Justice Element of the Sacramento 2040 General Plan Update



ABOUT THE COVER – THE WEST END

The Downtown Sacramento skyline represents over a century of urban planning dedicated to organizing city life and population growth. However, underneath this pattern of urban growth lies an unseen and overlooked history of ethnic residential settlement that served as the foundation and supportive structure for transforming Sacramento into the economic, political, and cultural center of the region we see today.

To the north, where the Robert Matsui Federal Courthouse now stands, was Chinatown, home to a workforce that contributed to the city's infrastructure needed to support a growing population and economy helping the city shift from a mining support community to a place of commerce. At the turn of the 20th century, nearly 100 Chinese-owned businesses contributed to the growth and stability of the West End before falling to an intense racially motivated public and political campaign to oust them from the city limits.

Just south of Chinatown, lie a few of the well-known anchors for marketing the city: The Golden One Arena, Macy's, the Kimpton Sawyer Hotel, and Downtown Commons. The Emerald Building, the Wells Fargo Building and the Capitol Mall now serve as the entrance to the city. This section of the West End was once the northern part of Japantown. By 1940, Japantown housed nearly 4,000 Japanese residents supported by some 400 Japanese businesses including banks, hotels, schools and churches. But WWII forced incarceration and a second round of displacement from redevelopment brought an end to Japantown.

The Gold Rush and flight from slavery in the South led to the formation of Sacramento's African American community in the West End. As with other groups, a strong community took hold through Black-owned businesses, schools, and community and church organizations. This community solidarity eventually became the root for an important political and civil rights activism the Black community would continue to rely on to fend off racial antagonisms and push for legal reforms that continue to benefit all to this day. But redevelopment and new freeway construction would soon displace and disperse the city's largest Black settlement to places like Oak Park, North Sacramento, and Glen Elder.

Just about everywhere in the West End are signs of a once vibrant Mexican community clustered in small enclaves scattered across the area including Old Sacramento, Alkali Flats, Southside Park, and the SRO hotels making the West End the regional headquarters for agricultural labor. The West End Mexican community supported the shift from family farming to agrarian capitalism. From working the expanding corporate agricultural fields to the canneries that packed fruit and vegetables to the trains and railways that moved produce across the nation, it is the labor of the Mexican community that allowed the city to proclaim itself as the "Farm to Fork Capital." It is also the community that led the fight for labor reforms in the agricultural industry and was a key partner in the city's civil rights movement. But redevelopment and freeway construction dispersed the Mexican community to north and south Sacramento.

The West End is the heart of this important history of racialized land reclamation, redistribution, transfer of wealth, and subsequent displacement of thriving ethnic communities constructing productive lives during a period when racial segregation and disparate treatment were accepted public policy. These lives and their social, cultural, and political histories that served as, and continues to serve as, a critical support infrastructure for city growth must not be forgotten as we view the City's economic success represented in the cover photo.

RACE & PLACE IN SACRAMENTO

This report is submitted by subcontractor JCH Research to meet a portion of the requirements contained in the Supplemental Agreement to Contract #2018-1475-01, the Master Agreement between the City of Sacramento and Dyett & Bhatia, Urban and Regional Planners (D&B) dated October 4, 2018 for the General Plan Update, Climate Action Plan, and Master Environmental Impact Report.

The initial draft was submitted for review to city staff on July 7, 2020. Comments were received from City staff on June 16, 2021 for consideration. As a result of the comments received by JCH Research, a number of editorial revisions were made for clarity but no changes to the initial research findings were made. New information on Adverse Childhood Experiences and the connection to redlined areas of the city was added to Section 3 under the health care subsection.

JCH Research, the sole originator of this report, assumes all responsibility for any errors and omissions as well as the content of this report.

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TABLE OF CONTENTS

About the Cover – The West End i

Executive Summary 1

 How to use this report 1

1. Purpose 4

 Background 4

 Report Approach and Format 6

2. Environmental (In)Justice as a Historical Process 9

 Early Years 1850-1929 10

 The Rise of Restrictive Covenants: Background and Beginnings..... 12

 Sprawl, Race Covenants and Government Housing Policies 15

 Mortgage Redlining in Sacramento – Phase I 18

 Redevelopment and Displacement 1950-1970 24

 Realtor Gatekeeping and Fair Housing: Resisting Integration 33

 Population Trends 39

 Redlining Phase II 44

 Proposition 13..... 47

 Summary 49

3. The Effects of Cumulative Trauma 52

 Social Determinants of Health Defined 52

 Analytical Approach 53

 Population & Income 56

 Housing 59

Subprime Lending 61

Housing and Gentrification 63

 Education..... 73

School Closures and Neighborhood Effects 75

 Employment..... 78

Infrastructure.....	80
Health.....	87
<i>Heat Islands and Tree Canopy</i>	88
<i>Neighborhood Effects and Health</i>	
<i>Care Delivery</i>	98
<i>Test of Randomness</i>	99
Summary	101
4. Best Practices	103
Introduction.....	103
What is a best practice?	104
Location.....	105
Sustainability	106
<i>Elements of Sustainability</i>	107
<i>Analytical Filters</i>	108
Zoning.....	111
<i>Upzoning</i>	112
Builders Face Challenges to Increasing Affordable Housing Production.....	116
<i>Setting Priorities</i>	117
<i>UNIDAD – Los Angeles, CA</i>	120
<i>LUCHA – Chicago, IL</i>	120
<i>Detroit Future City – Detroit, MI</i>	121
<i>Chicago CDFI Collaborative – Chicago, IL</i>	122
<i>The Hope Program/Sustainable South Bronx - New York, NY</i>	122
<i>East Bay Asian Local Development Corporation (EBALDC) – Oakland, CA</i>	123
<i>Dudley Street Neighborhood Initiative (DSNI) – Roxbury, MA</i>	123
<i>The Unity Council – Oakland, CA</i>	125
Local Best Practices	126
<i>Sacramento Community Land Trust – Sacramento, CA</i>	126

Green Technical Education and Employment – Sacramento, CA 127

La Familia Counseling Center – Sacramento, CA 128

Mutual Housing California – Sacramento, CA..... 130

Habitat for Humanity of Greater Sacramento – Sacramento, CA 131

JCH Research Neighborhood-Focused Planning – Sacramento, CA..... 133

Summary of Neighborhood-Focused Best Practices and Recommendations 134

5. Conclusion - Who Decides What is Equitable? 138

References 143

About the Author 154

TABLES AND FIGURES

Figure 2.1: Percent Homes Built in Each Census Block During 1930-1940 in Sacramento. Source: 1940 U.S. Census	17
Figure 2. 2: Map of Census Tracts in Sacramento County with Racially Restrictive Covenants Prior to 1950. Source: Hernandez 2012	17
Figure 2. 3: Data Collection Form for Area No. 4. 1938 HOLC Area Description of Sacramento, CA. Source: T-Races	20
Figure 2.4: 1938 HOLC Residential Security Map for Sacramento. Source: T-Races	22
Figure 2.5: Percent Nonwhite Households by Census Block in Sacramento. 1940. Source: Sacramento City Planning Commission	28
Figure 2.6: Map of Blighted Neighborhoods in Sacramento’s West End. 1949. Source: Sacramento City Planning Commission	28
Figure 2.7: 1950 Map of Proposed Freeways in Sacramento. Source: Sacramento City Planning Commission	32
Table 2.1: Nonwhite Residents in Selected Northeast Sacramento County Areas. Source: 1970 US Census	39
Figure 2.8: Map of Areas with Racially Restrictive Covenants Prior to 1950 and Mortgage Deficient Areas in Sacramento County in 1974. Source: Hernandez 2014.....	46
Figure 2.9: Percent Latino Residency in Sacramento County by Census Tract. 1970. Source: US Census.....	47
Figure 2.10: Percent Black Residency in Sacramento County by Census Tract. 1970. Source: US Census	47
Figure 2.11: Median Home Values in California 1940-2000* Source: US Census Historical Census of Housing Tables	48
Figure 2.12: Percent of Residents in Oak Park Census Tracts by Race. 1950-2017. Source: U.S. Census.....	50
Figure 2.13: Percent of Residents in East Sacramento Census Tracts by Race. 1950-2017. Source: U.S. Census	50
Figure 3.1: Systems Approach to Neighborhood Planning and the Distribution of Social Goods.....	54
Figure 3.2: Black Population by Census Tract. Sacramento County. 1990. Source: US Census.....	56
Figure 3.3: Latino Population by Census Tract. Sacramento County. 1990. Source: US Census	57
Figure 3.4: Black Population by Percentile Rank and Census Tract. Sacramento County. Source: 2016 HDI	57
Figure 3.5: Latino Population by Percentile Rank and Census Tract. Sacramento County. Source: 2016 HDI.....	57
Figure 3.6: Percent Households on Welfare by Census Tract. Sacramento County. Source: 2016 HDI.....	57
Figure 3.7: Number of Households with less than 50 Percent of Adjusted Median Family Income by Census Tract for Sacramento County. Source 2017 AFFH Toolkit.....	58
Figure 3.8: Economic Index by Percentile Rank and Census Tract. Sacramento County. Source: 2016 HDI	58
Figure 3.9: Poverty by Census Tracts in Highest Quartile Percentile Rank. Sacramento County. Source: 2016 HDI	58

Figure 3.10: Percent Black Homeownership by Census Tract. Sacramento County. Source: 2017 AFFH Toolkit 60

Figure 3.11: Percent Latino Homeownership by Census Tract. Sacramento County. Source: 2017 AFFH Toolkit..... 60

Figure 3.12: Percentile Rank for Renter Households by Census Tracts. Sacramento County. Source: 2016 HDI..... 60

Figure 3.13: Percent Households with Severe Housing Cost Burden. Sacramento County. Source: 2017 AFFH Toolkit 61

Table 3.1: Percentage of Nonwhite Residents for Sacramento Neighborhoods with High Rates of Subprime Loans. 2006. Source: Hernandez 2014 62

Figure 3.14: Subprime loan activity by census tract and non-White population concentration for Sacramento County, 2004. Source: Hernandez 2014..... 62

Figure 3.15: Percentage of loan denials by census tract for Sacramento County in 2004. Source: Hernandez 2009..... 62

Figure 3.16: Percentage of subprime loans by census tract for Sacramento County in 2004. Source: Hernandez 2009 63

Figure 3.17: Mean Sales Price for Single Family Homes in Oak Park Census Tracts by Year. Source: Author’s calculation of Sacramento Metrolist Raw Data. 64

Figure 3.18: Percent Distressed Single Family Home Sales in Oak Park Census Tracts by Year. Source: Author’s calculation of Sacramento Metrolist Raw Data. 64

Figure 3.19: Hot Spot Analysis of Distressed Residential Property Sales in Oak Park. 2007-2012..... 65

Figure 3.20: Selling Price for Homes in Oak Park Census Tracts 2015-2019 67

Figure 3. 21: Home prices in Oak Park since 1950..... 67

Figure 3.22: Percent owner occupied homes in Oak Park 67

Figure 3.23: Census tract income as a percent of average city income 68

Figure 3.24: Percent of residents with 4-yr. college degree..... 68

Figure 3.25: Oak Park Census Tracts by Race 2017 69

Figure 3.26: Population by race for Census Tract 18..... 69

Figure 3.27: Population by race for Census Tract 27 69

Figure 3.28: Population by race for Census Tract 28..... 69

Figure 3.29: Population by race for Census Tract 37..... 69

Figure 3.30: Latinos by Census Tract in Oak Park 70

Figure 3.31: Population by Census Tracts in Oak Park..... 70

Figure 3.32: Percentile Rank for Households where no English Spoken by Census Tracts. Sacramento County. Source: 2016 HDI 74

Figure 3.33: Percentile Rank for Population with No High School Diploma by Census Tracts. Sacramento County. Source: 2016 HDI..... 74

Figure 3.34: Percent of Four-Year College Graduates by Census Tract. Sacramento County. Source: American Community Survey 2013-2017 74

Figure 3.35: Percentage of Students Eligible for Free- or Reduced-Price Lunch by Elementary School, 2015. Source: Institute on Metropolitan Opportunity. University of Minnesota Law School 75

Figure 3.36: Census Tracts with 30% or More Households at or below the Poverty Rate and School Closures in Sacramento Unified School District. 2013. Source: US Census; Sacramento Unified School District..... 76

Figure 3.37: Percentage Non-Asian Minority Students. Sacramento Region. 2015. Source: Institute on Metropolitan Opportunity. University of Minnesota Law School 76

Figure 3.38: Labor Force Participation Rate by Census Tract for Sacramento County. Source: 2017 AFFH Toolkit 78

Figure 3.39: Labor Market Index by Census Tract for Sacramento County. Source: 2017 AFFH Toolkit 79

Figure 3.40: Unemployment in Sacramento County by Percentile Rank and Census Tract. Source: 2016 HDI 79

Figure 3.41: Example of regional funding workflow process: Pre- and Post-Redevelopment Agency Dissolution... 81

Figure 3.42: Example of Infrastructure Project Development Process – Pre and Post Redevelopment Agency Closure 82

Figure 3.43: Nonvoters in Sacramento County by Census Tract and Percentile Rank. 2010. Source: HDI 83

Figure 3.44: Nonvoters in Sacramento County by Census Tract and Percentile Rank. 2012. Source: HDI..... 83

Figure 3.45: Party Preference by Voting Districts Based on Election Results for 2016. Sacramento Region. Source: Institute on Metropolitan Opportunity. University of Minnesota 84

Figure 3.46: SACOG 2012 MTP/SCS Project Location and Costs 2008-2035. Source: SACOG MTIP 85

Figure 3.47: Households Without Access to Auto by Percentile Rank and Census Tract. Sacramento County. Source: 2016 HDI 86

Figure 3.48: CalEnviroScreen Census Tracts by Percentile Rank. Sacramento County. Source: 2018 CalEnviroScreen3.0/OEHHA 88

Figure 3. 49: Asthma Rates by Percentile Rank and Census Tract for Sacramento County. Source: 2018 CalEnviroScreen 3.0/OEHHA..... 89

Figure 3.50: Cardiovascular Disease Rates by Percentile Rank and Census Tract for Sacramento County. Source: 2018 CalEnviroScreen 3.0/OEHHA..... 90

Figure 3. 51: Health Disadvantage Index by Percentile Rank and Census Tract. Sacramento County. Source: 2016 HDI..... 90

Figure 3.52: Health Disadvantage Index for Census Tracts in the Highest 25 Percentile Ranks. Sacramento County. Source: 2016 HDI..... 90

Figure 3.53: Percentile Rank for Households Without Health Insurance by Census Tract. Sacramento County. Source: 2016 HDI 91

Figure 3.54: HDI Scores by Census Tract and Zip Code Boundaries for Sacramento County 92

RACE & PLACE IN SACRAMENTO

Figure 3.55: COVID-19 Cases in Sacramento County by Zip Codes on 5-15-2020	92
Figure 3.56: New COVID-19 Cases from 5-15-2020 to 6-23-2020 per 10,000 residents by Zip Code	94
Figure 3.57: Percent of COVID-19 Cases in Sacramento County by Race on July 29, 2020. Sources: Sacramento County COVID-19 Dashboard	95
Figure 3.58: Percent Households with Computer Access by Census Tract. Source: ACS	96
Figure 3.59: Percent Households with Broadband Access by Census Tract. Source: ACS	96
Figure 3.60: Preschoolers Under Stress by Census Tract for Sacramento County. Source: ACS	97
Figure 3.61: Area Deprivation Index by Census Block for Sacramento County. Source: BroadStreet.....	97
Figure 3.62: Opportunity Area Ranking by Census Tract. 2019. Sacramento County. Data Source: State Treasurer’s Office	100
Figure 3.63: Local Moran’s Index for Statistically Significant Clusters of High and Low Resourced Census Tracts in Sacramento County	101

“Undoing over 100 years of racial discrimination in housing and urban planning in Sacramento requires a dedicated political and financial infrastructure just as sophisticated as the infrastructure used to create and support said discrimination.”

EXECUTIVE SUMMARY

To support preparation of the Environmental Justice Element of the Sacramento 2040 General Plan Update, the City of Sacramento has requested a focused study on how past nationwide discriminatory housing and land use practices have impacted the city. This report provides a context for adding an Environmental Justice component to the City of Sacramento’s General Plan as required by Senate Bill 1000. An additional goal of this report is to provide basic essential tools that can support the practice of environmental justice and social equity in Sacramento.

For over 100 years, the City of Sacramento has experienced a racial divide that continues to impact how and where economic productivity occurs. A key question guiding this report is - given the multitude of civil rights laws guaranteeing equal protection and opportunity for everyone in the city, how can extreme differences in income, education, health, wealth, and housing exist between residents in different neighborhoods? What is alarming is that we can measure these outcomes by location. Even more hurtful is the fact that we can continually measure these outcomes by race.

HOW TO USE THIS REPORT

This report documents the nationwide history of racial inequality in housing and planning policy and places the growth of Sacramento within that context. Understanding the 100+ year history of racial divide in the city means recognizing how the intergenerational characteristic of race-based economic development requires an interactive social, political, and financial infrastructure of great magnitude. How this infrastructure continues to generate economic forms of inequity that somehow remain compliant with today’s civil rights laws is the conundrum this report attempts to shed light on.

The report is intended to serve as a reference guide. Due to the size of this report, each section is designed, to the extent possible, to function independently where users can go to specific information that can aid in planning and grant writing activities. However, when taken as a whole, the report provides a clear justification for integrating environmental stewardship and poverty intervention into neighborhood planning.

Section One provides an introduction that describes the purpose of Senate Bill 1000 and its relevance to planning for climate change in disadvantaged communities. Section One also describes the case study research methodology used in creating this report as the primary tool for incorporating multiple sources of qualitative, quantitative, and historical data needed to document intergenerational forms of inequality in the city.

Following the introduction, Section Two provides an extensive history of housing discrimination in Sacramento. It also documents the racial dynamics that shaped the Sacramento housing market during its formative years. Racial restrictions on residency and homeownership interacted with mortgage redlining, urban redevelopment programs, gentrification, and realtor gatekeeping created an intergenerational and spatial pattern of exclusion from housing opportunity and public investment.

This spatial pattern of racialized residential space, similar to the physical shape of an “X,” shows how racial residency and poverty are roughly located in the north and south areas of the city with predominantly White residency and access to opportunity located in a west to east corridor. The map of this intergenerational “X” has explanatory value far beyond the original Federal Housing Administration redlining maps issued in 1938 and is the baseline geography

used here to analyze the racial, social and economic effects housing segregation has on residents in Sacramento today.

Section Three uses an array of data sources to document the extensive socio-economic effects of housing segregation in Sacramento. One key finding of this section is how the distribution of social determinants in the city can be geographically mapped by race and place. A second critical finding reveals how redlined neighborhoods are most vulnerable to disasters and calamities such as environmental conditions, economic recessions, and public health crises. These important findings demonstrate how opportunity as well as vulnerability in the city remain racially and spatially oriented.

Section Four initiates a dialog on how disadvantaged neighborhoods targeted by SB 1000 can begin the task of rebuilding given the missing layer of governance between municipalities and neighborhoods.

The section provides the foundation for developing metrics that can be used in assessing development projects, which can serve to provide neighborhoods and residents with protections not found in the current planning process. Also included is a brief review of best practices that focus on neighborhood-specific planning and a review of zoning changes in municipalities seeking to allow higher density housing (e.g. duplexes, fourplexes) in locations initially zoned for single-family residential housing. Although such a zoning policy has the potential for increasing the housing stock, it is imperative to note here that this anticipated increase in market production must not be falsely conflated with reducing economic and spatial inequality in SB 1000 neighborhoods.

Neighborhood-focused best practices reviewed in Section Four show how practitioners give considerable attention to improving the health and economic well-being of disadvantaged neighborhoods. The priority is on place-based holistic approaches that seek to improve the overall quality of a neighborhood using fully integrated and coordinated strategies that place equal emphasis on neighborhood vision, planning, project implementation, and organizational capacity-building. Several common themes

emerged from the review including planning for neighborhood protections, neighborhood-specific housing and energy planning, health and wellness, and the use of land banks to increase the affordable housing stock. Innovative fund development using securitization models to create a circular flow of capital for neighborhood housing and homeownership opportunities is also essential to meeting the demand for equity.

The reality of resource distribution and public protection means neighborhoods now need to determine what they are entitled to and understand what actions should be taken on their behalf to make their neighborhood economically sustainable. Residents should not have to fight for an equal distribution of public assets they are paying for – public resource distribution must not be based upon levels of community engagement.

The conclusion of the report outlines approaches for neighborhood revitalization that may provide insight on developing strategies for planning and developing solutions to support inclusion of disadvantaged neighborhoods in the region's efforts towards environmental stewardship. These recommendations include:

- Three main themes must guide the development of solutions: the neighborhood is a key unit of analysis in analyzing deficiencies in SB 1000 neighborhoods, designing solutions for intervention, and applying environmental justice policies; solutions must provide for neighborhood stability; and neighborhood planning must be for solutions equal to or greater than the cumulative harm.
- Recognize and acknowledge historical and spatial patterns of government-sponsored housing segregation and public infrastructure disinvestment are essential for repairing the cumulative trauma experienced by SB 1000 neighborhoods.
- Incorporate sustainability principles in the design and evaluation of development projects. Reliability, restoration, regeneration, and resilience are essential principles that must be used in SB 1000 neighborhoods if climate change

intervention is to become a reality in our most disadvantaged neighborhoods.

- Housing planning is needed in SB 1000 neighborhoods to identify the array of housing products – from homelessness to homeownership – that support neighborhood revitalization, the safe sheltering of all residents, and create cradle to career pathways in the housing industry.
- Energy planning is urgently needed in SB 1000 neighborhoods to identify long term energy needs, provide households and neighborhood business corridors with protection against escalating utility rates, ensure an adequate supply of renewable energy, and to create cradle to career pathways for building neighborhood focused energy production and distribution.
- Health care planning is essential to reversing the economic loss in productivity to SB 1000 neighborhoods from suburbanized health care delivery. SB 1000 neighborhoods must be seen as partners in the delivery of health and mental health care services. Public health and population health also means neighborhood health. Cradle to career pathways that integrate education and employment paths into health care delivery systems is essential for revitalizing SB 1000 neighborhoods.
- A dedicated financial infrastructure specifically designed for revitalizing neighborhoods needs to be in place. This does not mean grant programs that terminate when funding is depleted but instead a financially self-supporting infrastructure to fund housing, affordable homeownership, and renewable energy projects in SB 1000 neighborhoods.

In sum, neighborhood-focused sustainability principles can be used as a device to interrupt the race-making processes embedded into traditional urban planning methods and public policy. But this form of place-specific planning must be accompanied by a neighborhood vision and strategies for outcomes that are reached through short-term projects and long-term programs. Each one of these steps must actively incorporate the concepts of reliability, restoration,

regeneration, and resilience. In this manner, neighborhood planning can move in a positive and intentional direction towards a neighborhood-focused economic productivity by design.

Solutions to racial segregation and environmental injustice cannot be piecemeal or concessionary – they must be the result of careful neighborhood-focused planning for interventions that are restorative and regenerative by design. Undoing over 100 years of racial discrimination in housing and urban planning in Sacramento requires a dedicated political and financial infrastructure just as sophisticated as the infrastructure used to create and support said discrimination. We need to understand the cataclysmic levels of public funding and the distribution system that continues to support privilege and prosperity for some but social closure for others. The way we plan is reflective of our priorities. When we see racial differences between our neighborhoods and the quality of life they enjoy, this also reflects our priorities on public investment. The decisions we make today affect the making of race tomorrow.

“To create effective, as well as corrective environmental justice strategies, we must first understand the environmental injustice that has occurred in our neighborhoods.”



1. PURPOSE¹

Senate Bill (SB) 1000 (Chapter 587, Statutes of 2016) directs local governments in California to incorporate Environmental Justice strategies for disadvantaged communities into their General Plan, a long-term planning document that guides the future physical development of each city and county. Cities and counties are now required to develop policies to reduce the compounded health risks in what SB 1000 refers to as “disadvantaged communities.” These policies must promote the reduction of pollution exposure, the improvement of air quality, the promotion of public facilities, and the advancement of food access, safe and sanitary homes, and physical activity. Local governments must also identify ways to promote civic engagement in the public decision-making process and identify ways to prioritize improvements and programs that address the needs of disadvantaged communities.

SB 1000 is an important addition to California’s climate change strategy as it places priority on improving local planning efforts to reduce disproportionate environmental and health impacts on the state’s most vulnerable residents. By ensuring that local governments include an Environmental Justice element or similar goals, policies, and objectives in their General Plans when they are updated, cities and counties will begin to prioritize the tasks of reducing pollution exposure, promoting better food access, building healthier homes, and improving air quality and physical activity in disadvantaged areas.

This report is primarily focused on the SB 1000 requirement to identify ways policies can prioritize improvements and programs that address the needs of disadvantaged communities in Sacramento. The report seeks to understand the origins of environmental injustice in Sacramento and its effects on disadvantaged communities. The goal is to inform the development of future environmental justice strategies initiated by local practitioners of climate change.

The report attempts to contextualize the current conditions SB 1000 seeks to address by seeing inequality through the eyes of the neighborhood, or in other words, making the neighborhood the primary unit of analysis from which to understand the process of environmental injustice. The report documents the nationwide history of racial inequality in housing placing Sacramento within that context to help understand the potential impacts on the city’s neighborhoods and residents. The racial and economic baseline presented here is essential for understanding, developing, and implementing the Environmental Justice component of the 2040 General Plan Update required by SB 1000.

BACKGROUND

The California Legislature recognizes that dangerous greenhouse gas emissions (GHG) from the burning of fossil fuels for electricity, heat, and transportation have an adverse effect on the quality of life of its residents. Long-term reliance on fossil fuel has contributed to a rise in average temperatures with a reduced mountain snowpack accompanied by warmer storms and higher sea levels.² State legislators remain concerned that these adverse environmental effects now threaten

¹ This report relies on a summary of an extensive body of academic research on housing discrimination in Sacramento by Jesus Hernandez, PhD. (see Hernandez 2009a; 2009b; 2012; 2014; 2016; 2018) and also includes data and concepts presented in numerous academic presentations at economic, legal, health, environmental, fair housing, and educational workshops, conferences, public forums, news interviews, and university classrooms throughout the U.S. from 2006 to 2020.

² See for example the Climate Change Scoping Plan: A Framework for Change. California Air Resources Board December 2008.

the social and economic stability of our cities and neighborhoods throughout the state.

The legislative response to this local and global crisis was an array of state laws intended to protect infrastructure, public services, where we live, and the natural environment from the catastrophic effects of climate change. Two key legislative acts guide the state's approach to climate change. The 2006 Global Warming Solutions Act (Assembly Bill 32) set the framework for the state's primary goal of reducing greenhouse gas emissions. Through AB 32, the state now regulates emission sources and establishes goals for reducing emissions. AB 32 specifically requires the California Air Resources Board to prepare and approve a Scoping Plan for achieving the maximum technologically feasible and cost-effective reductions in GHG emissions by 2020. The Scoping Plan will be updated every five years. The Act also allows for market-based compliance mechanisms, such as sale of pollution credits (known as Cap and Trade), that can further the advancement of emissions reduction.

The Sustainable Communities and Climate Protection Act of 2008 (Senate Bill 375) provides the second part of the state's climate change strategy. SB 375 requires Metropolitan Planning Agencies (also known as Metropolitan Planning Organizations or MPOs) across the state to develop Sustainable Community Strategies that align transportation planning with housing, which in turn should reduce greenhouse gas emissions from fossil fuel and vehicle use. Regional plans must now incorporate designs to promote compact development that incorporate a mix of housing types located near transit and employment centers. The approach to regional planning will allow MPOs to maximize the opportunities for reducing vehicle miles traveled and reduce car dependency. This strategy, better known as Transit-Oriented Development (TOD), is seen as providing opportunities for more housing choices for all economic segments of the population. The design, in theory and intent, accommodates anticipated population and employment growth while remaining focused on environmental priorities.

The State Legislature also recognized that climate change will have a potentially disproportionate impact on vulnerable and socially marginalized populations. A 2009 report from the California Climate Change

Center warns that climate change will likely reinforce and amplify current as well as future socioeconomic disparities.³ Their report cautions that environmental damage because of climate change will leave those residing in disadvantaged communities with fewer economic opportunities and more environmental and health burdens. Climate change now must be recognized as an issue of human rights, public health, and social equity.

Two state legislative acts clearly recognize the uneven spatial and social consequences of climate change in our cities. Senate Bill 535 (Chapter 830, Statutes of 2012) directs State and local agencies to make investments in climate change strategies that benefit California's disadvantaged communities. It also directs the California Environmental Protection Agency (CalEPA) to identify disadvantaged communities for the purposes of these investments based on geographic, socioeconomic, public health, and environmental hazard criteria. Assembly Bill (AB) 1550 (Chapter 369, Statutes of 2016) increases the percent of funds for projects located in legislatively recognized disadvantaged communities from 10 to 25 percent of available funds and adds a priority on investments in low-income communities and households. Together, SB 535 and AB 1550 instruct us that climate change is also a problem that affects where people live - some places are more vulnerable to the effects of climate change than others.

These state mandates, along with SB 1000, acknowledge the existence of an injustice experienced by residents of disadvantaged communities. Here, it is important to note that injustice is best viewed as a process that takes form over time in a manner that now presents an unfair cumulative risk to exposure from multiple forms of environmental harm in multiple ways in our most disadvantaged neighborhoods. SB 1000 now requires and provides steps for correction refocusing public attention to long-term patterns of residential segregation and economic divestment that place marginalized populations in the path of environmental harm. This bundle of climate change

³ See Shonkoff, S., Morello-Frosch, R., Pastor, M. and Sadd, J. 2009. Environmental Health and Equity Impacts from Climate Change and Mitigation Policies in California: A Review of the Literature. California Climate Change Center.

legislation clearly acknowledges the need for public intervention in protecting socially and economically segregated neighborhoods.

REPORT APPROACH AND FORMAT

Current civil rights laws in our nation and our state function to deter racial bias in access to resources necessary for any neighborhood and household to thrive. However, government-driven urban policy is often shaped by the faulty assumption that everyone and everyplace is treated equally. This report submits that to create effective, as well as corrective, environmental justice strategies, we must first understand the environmental injustice that has occurred in our neighborhoods. The history of how our neighborhoods took form reflects a process of persistent racial, economic, and environmental inequalities - a process that continues unabated today without explanation.

The research intentionally avoids using the term “community” as a viable tool for documenting socio-economic conditions as the term does not refer to a specific boundary but instead to a process of social cohesion. Since communities have no real defined physical boundaries, it is difficult to use the term when developing metrics for measuring modes of distribution, opportunity, and levels of public infrastructure investment. As a result, the effectiveness of regional and municipal infrastructure investment plans cannot be determined or monitored at the neighborhood level.

In contrast, the term “neighborhood,” as used here, identifies clusters of census tracts that make up locally understood locations. These specific boundaries make it possible to use quantitative data in comparing conditions (e.g. economic, racial, environmental) between locations. For these reasons, the term neighborhood, census tracts closely identified as a publicly recognized location, is used as the primary unit of analysis. This allows us to develop metrics for documenting current conditions as well as assets within a known and accepted geographic boundary (Hernandez 2016).

This report documents the connection between Sacramento’s environmental justice conditions

and intergenerational patterns of race and urban development that now shape the city’s current geography. This connection led to the formation of a distinct geography of race and class that is best characterized or described as the shape of an “X” that now defines how Sacramento is both a city and a region divided socially, racially, economically, and spatially. It is this geographical “X,” exhibited by segregation and poverty in a north/south corridor of the city and county, and a west to east corridor of wealth and opportunity, that helps us identify those residential locations experiencing the intergenerational effects of a cumulative trauma of inequality. These locations are now most vulnerable to climate change and episodes of environmental injustice. For example, it is this noxious mix of race, space, and poverty that now redefines the COVID-19 public health calamity not just as a natural or public health disaster but also as a social disaster.

In Sacramento, the process of how legislatively recognized “disadvantaged communities” took form is best captured by the city’s long history of uneven housing and commercial development. This history was influenced by policies enabling persistent intergenerational racial and economic segregation. Understanding how this geography took form requires an extensive historical analysis of how the city grew from a small town during the gold mining era of the 1800s into the important political and economic regional hub we see today. Section Two of this report summarizes that history.

Placing Sacramento’s current environmental justice conditions within such a historical context goes beyond the traditional technical report format commonly used in the planning industry today.

This report uses a case study methodology to outline environmental (in)justice in Sacramento as a historical process inflicting a cumulative harm - an intergenerational practice taking place over an extended period of time and place. This historical process is interwoven into a broader regional history that demonstrates how city and regional growth over time are indeed interdependent processes that continually inform and impact each other. The case study method allows for multiple forms of data to be included in analyzing four strategies used to promote

economic development in Sacramento. Placing these strategies within a historical context helps us understand the continuum of public policy that has shaped and divided the city and region by race, class and geography.

Section Two documents the use of four strategies in promoting city economic growth: racial restrictions on residency (race covenants), multiple episodes of redlining, urban redevelopment and gentrification, and suburban sprawl. This history reveals the components of the social, political, and financial infrastructure needed to make racial distancing an economic imperative. The findings demonstrate how the public/private implementation of federal housing policy created distinct residential precincts for non-Whites.

Linking race with value became an effective industry strategy for justifying the formal use of racially restrictive covenants and mortgage redlining to maintain strict racial boundaries. Under the pretext of reducing the risk exposure to mortgage default, the use of race by lending institutions to determine eligibility for housing credit and value became both an accepted and expected business practice. Neighborhood level economic productivity became a government-sponsored bifurcated strategy of White opportunity and sprawl, and non-White areas of containment and disinvestment.

It is this cruel history of physically and economically segregating minority residents that establishes a definitive racial baseline as well as a vulnerability to public health and economic calamities. This is the historical and geographical baseline we now can use for determining the public interventions and protections needed for environmental justice and neighborhood stabilization to take place in Sacramento's disadvantaged neighborhoods.

Section Three leverages both geographical and historical data to show the connection between the legislatively defined "disadvantaged community" and the discriminatory housing policies that have produced patterns of residential segregation and disparate impact in Sacramento. Key sources of public data used in developing this section include the U.S. Census and the American Community Survey to

capture housing and population demographics from 1940 to 2018. Raw data used for mapping health, education, and other socioeconomic indicators were obtained from the California Health Disadvantage Index, the Office of Environmental Health Hazards Assessment, and the Department of Housing and Urban Development's Affirmatively Furthering Fair Housing Toolkit. Spatial presentations of commonly used socioeconomic indicators over historical geographies shaped by housing discrimination are used extensively to provide a more comprehensive method for documenting the baseline conditions we must consider in developing solutions that address cumulative harm.

This section shows how the contradictory social processes of residential segregation and the suburbanization of opportunity became increasingly important economic influences in the city. The section documents how mechanisms that prevented access to the social determinants of health (such as education, housing, employment, and health care) ensured that the practice of segregation became accepted as a social and cultural standard. This section documents the continuum of segregation, disparate impact, and cumulative trauma in Sacramento. The outcomes of social determinants are displayed over the county's intergenerational "X" of racial and economic exclusion and reveal a process of organized abandonment.

Data presented in Section Three intentionally captures county-wide conditions, so the process of suburbanization is properly considered and contextualized when attempting to understand the impact of regional growth practices on the formation of racially and economically disadvantaged neighborhoods in the City of Sacramento. The effect of this enduring geography suggests that race remains a factor in every social ill we see today – from poverty and unemployment to who gets public transit and who gets tested for COVID-19.

Section Four provides an outline for assessing potential best practices that can aid in rebuilding and protecting SB 1000 target neighborhoods. The need for a common set of indicators that can effectively capture the changing needs of neighborhoods is vital for agencies and community-based organizations to assess what is a best practice. Indicators are also

needed to prevent negative consequences associated with economic development projects that can create the wrong kinds of incentives and continue to concentrate poverty and displacement, which prevent the economic integration of distressed neighborhoods into the regional economy.

The section outlines the concept of sustainability as the balance between economy, environment, and equity, which always remain at the heart of how human settlement is organized. Applying these concepts when assessing neighborhood level systems of soft and hard infrastructure can help us understand the effects of race and divestment. When analytical filters of reliability, restoration, regeneration, resilience, and Title VI of the Civil Rights Act are added to the neighborhood assessment process, environmental justice becomes a restorative practice.

Three main themes must guide the development of solutions for SB 1000 target areas - the neighborhood is a key unit of analysis in applying environmental justice policies, solutions must provide for neighborhood stability, and neighborhood planning must be for solutions that are equal to or greater than the cumulative harm. This analytical lens is used in reviewing best practices on upzoning and neighborhood-focused sustainability practices. These concepts represent a starting point for building a review protocol for evaluating best practices and proposed development projects affecting SB 1000 target neighborhoods.

Housing discrimination in Sacramento is quite extensive. Documenting its long history and its effects on residents and neighborhoods today is a considerable task requiring much more detail than what can be included in this report. Understanding the real effects of historical race-based policies of exclusion also requires a significant amount of qualitative data that captures the stories of those who experienced first-hand the blatant practices of racial discrimination. It is important to know how such episodes have shaped our everyday life experiences in the schools we go to, where we work, where we shop, and where we pray. In addition, a more thorough analysis of institutional arrangements that govern the distribution and management of public resources

as well as public investment practices that support or destabilize the neighborhoods where we live is long overdue. Such data, beyond the scope of this report, can better help us to understand the decisions of governance that contribute to racial inequality in a legally “colorblind” society.

To begin the hard work of reversing systemic economic disinvestment, neighborhoods are forced to organize to ensure that public resources are fairly allocated and that they receive their fair share. They also must assume the role of protector to ensure that proposed development projects do not favor speculative development, which induce gentrification and displacement. In addition, neighborhoods now need to be aware of how taxation, fee assessments, Tax Increment Financing (now called Enhanced Infrastructure Financing Districts) and other financial techniques related to real estate development and climate change policies are old financial tools that created advantages for some but now stand to repeat old patterns of unequal investment displacement for others. The inability to rely on public agencies to act in the best interests of neighborhoods means that disadvantaged neighborhoods need a new set of tools to ensure that they do not get left behind or displaced in the rapidly changing city and regional economies.

This report provides only a small summary of data that demonstrate a powerful connection between housing discrimination and the current socioeconomic, racial, public health, and environmental conditions taking place in Sacramento’s disadvantaged neighborhoods today. However, despite these limitations, the report provides a solid foundation for environmental justice practitioners to build strategies for diagnostics and solutions for mending the array of longstanding disparities that continue to impact neighborhoods targeted by SB 1000.

“The history of how our neighborhoods took form reflects a process of persistent racial, economic, and environmental inequalities – a process that continues unabated today without explanation.”



2. ENVIRONMENTAL (IN)JUSTICE AS A HISTORICAL PROCESS

During the 19th century, our nation entered a transformative period of industrialization. U.S. cities experienced a rapid growth in population. Factories needed an intensive supply of labor to support economic development, which in turn created the need for new and reliable sources of labor. European and Asian immigration became a key labor source while also contributing to population growth. As cities began to morph into metropolitan centers, urban planners were pressed to solve and manage an array of environmental, economic and social concerns. Rapid population growth resulted in overcrowded housing near industrial centers followed by serious public health and sanitation problems. This growth required new land management policies to control the spread of disease and pollution.

In the early 20th century, immigration policies during World Wars I and II terminated the flow of labor from Europe and Asia and threatened the stability of industry throughout the U.S. The need for cheap labor to support the nation’s growing economy triggered the demand for Mexican labor as well as the Great Migration of African American labor from the South to Northern, Midwest and West Coast cities. Land use policies were created to prevent the spread of illness in our cities and protect residents from public health calamities. They soon became policies to support racial antagonisms and the demands to prevent the racial integration of residential developments in our cities. At a critical stage in the development of U.S. cities, land use policies have separated more than just residents from environmental harm. They were also used specifically to separate people due to the color of their skin.

Today, the intergenerational effects of these policies of separation continue to affect neighborhoods in our cities producing pronounced racial differences in health, employment, education, prosperity, and the environment. Sacramento is no exception to this history as reliance on non-White labor became a necessary component of the city’s economic DNA. Described below, the history of Sacramento is used as an example of how these processes unfolded across the nation to create segregated residential space that in many ways remains present today. The personal, social, and economic effects on Sacramento residents are profound and illustrate the continuum of trauma accumulated over generations of city growth and development.

Given the similarities to larger U.S. cities experiencing racial tensions, Sacramento provides an ideal case study to explain in part why certain residents are more vulnerable to social and environmental conditions that reproduce long-standing patterns of inequality. This case study also provides an opportunity to understand contemporary economic development as part of a larger historical process that takes form socially as well as spatially. This report gives insight into an existing intergenerational pattern of race-based housing inequality and the resulting concentrations of race and poverty we see in Sacramento today.

Four historical processes - racially restrictive covenants, mortgage redlining, urban redevelopment, and suburban sprawl are key to understanding the current racial, economic and environmental geography of Sacramento. The chronology of these processes identifies a baseline or starting point from which to develop strategies for realizing environmental justice in Sacramento’s disadvantaged neighborhoods.

EARLY YEARS 1850-1929

Settlement in Sacramento began in 1841 when settler John Sutter obtained a sizable land grant from the Mexican government that included much of what are now the counties of Sacramento, Sutter, and Yuba. Sutter headquartered his settlement at what is now the corner of 28th and K streets in Midtown Sacramento. Using Native Americans as his indentured labor source, Sutter carved roads to the west and created the embarcadero at the banks of the Sacramento River connecting the settlement with San Francisco traders and merchants.⁴ By 1844, Sutter's settlement, named New Helvetia, had become a stable frontier outpost with the raising of wheat, corn, horses and cattle (Severson 1973).

Sacramento's transformation to urban space intensified during the Gold Rush of 1849. Centrally located between the gold and silver mines in the foothills of the Sierra Nevada Mountains and the state's financial center of San Francisco, Sacramento became a critical supply and exchange link between the mining industry to the east and the banking and investment industry to the west. Waterways were initially the primary transportation routes for commerce and labor imports. But during the 1850s, Sacramento played an important part in railroad expansion becoming the valley's major transportation hub as part of the Transcontinental Railroad that linked California to the rest of the nation.

The discovery of gold in 1848 at Sutter's Coloma sawmill located about 45 miles east of his settlement accelerated the pace of Sacramento urbanization. Waves of gold seekers from all parts of the United States, Mexico, and South America converged on the area to mine for gold. Sutter's workers also left for the gold mines in the hills leaving him without help to tend cattle or farmland (Severson 1973). Crops rotted

in fields while rustlers stole his cattle. Sutter soon found himself in considerable debt and likewise left to the hills in pursuit of riches leaving his enterprise of substantial real estate holdings to be managed by his son, John Sutter, Jr. To cure the debt incurred by his father, Sutter Jr. took approximately four-square miles of the Sutter land grant next to the embarcadero and laid out a nine hundred block grid of city streets naming the new town Sacramento. He then sold lots from the new town for \$200 to \$500 and raised enough money to pay off his father's debts (Leland 1989).

This parceling of lots led to Sacramento becoming urban almost overnight, transforming into a new center of commerce and gold mining industry support activity. The original town site, that space bounded by the Sacramento River to the west, the American River to the north, what is now Alhambra Boulevard to the east and what is now Broadway to the south, was incorporated as a city in 1850 during the peak of the Gold Rush. By 1860, Sacramento was the official state capital and a major railroad transportation hub connecting the San Francisco Bay Area to the east.

The mining industry and the expansion of the Central Pacific Railroad through the Sierra Mountains brought a need for cheap labor pulling non-White immigrants to the Sacramento area. The reliance on cheap labor eventually morphed into the city's intergenerational dependency on immigration-based labor. Sanchez (1993) estimates as many as 20,000 Mexicans migrated to northern California between 1850 and 1860 with many of them settling in the Sacramento area. Leland (1989) notes how the railroad industry imported 15,000 laborers from China during this period. Lapp (1977) describes the early Sacramento settling of a new African American community in search of work while escaping the bonds of slavery in the South.

As the Gold Rush slowed and railroad construction neared completion, thousands of immigrant laborers found themselves without work shifting their attention to the rising labor needs in the agricultural industry. Technological improvements, now accelerated by improved railway transportation and refrigeration in the agricultural and transportation industries, helped turn Sacramento into the economic engine of Northern California. With trains transporting farm produce throughout the nation, the shift in agriculture from

⁴ See *The Native Americans of California and Nevada: A Handbook*, where Professor Jack Forbes describes the rise of Sutter's Fort through the abusive use of local Native Americans many of them captured during raids of more distant villages and were usually sold to rancho owners near the coast, thus supplying Sutter with perhaps his most reliable "crop." The "Indian" made Sutter's success possible at a great cost to their own lives. It is this recently revealed history that resulted in the removal of the statue honoring Sutter in front of the Sutter Hospital Complex near Sutter's Fort on L Street.

family farming to large-scale corporate agriculture heightened the demands for cheap labor. Those not employed in agriculture found work with merchants or served as domestics. Another segment of these immigrants started their own business introducing the laundry trade to the area or establishing small grocery and retail shops (McClain 1994). However, the growing non-White population in Sacramento encountered a strong anti-immigrant sentiment, particularly against Chinese residents.

Groups such as the Sacramento Order of Caucasians and the Workingman's Party promoted "Whites only" labor. They also petitioned for legislation to limit Chinese immigration and employment in Sacramento and across the state (Avella 2003). The resulting changes to the State Constitution along with anti-Chinese legislation of the 1880s and 1890s not only placed strict limits on the hiring of Chinese, but also allowed cities to mandate where they could live (McClain 1994). With punitive law changes and increasing violence towards Chinese residents and their employers, many Chinese families chose to move to rural communities in the Sacramento Delta where agricultural labor was in high demand. The formal restrictions on Chinese residency mark the first organized legal efforts in Sacramento to directly intervene on an individual's property rights based on race.

Concerns with the increasing Chinese population subsided following the Chinese Exclusion Act of 1882. Those that did not flee the city found themselves locked in a small area of Sacramento surrounding 5th and "I" Streets on the northern border of the city's Central Business District known as the West End. The West End, a peninsula shaped by the confluence of the American River to the north, the Sacramento River to the west, what is now Broadway to the south, and what is now 10th Street to the east, formed the northwest corner of the city's original nine hundred block grid mapped by the Sutter family in 1848. By 1880, the West End was home to 97 Chinese business establishments (Tom 2010). Continued harassment, the threat of violence, and legal restrictions on residency initiated a steady decline in the city's Chinese population. However, a growing Japanese community would soon renew anti-Orientalism agitation in Sacramento.

Primarily located in the West End between L and O Streets, Japanese settlers established boarding houses, grocery and provision stores, restaurants, and an assortment of supply and furnishing shops catering to the Japanese community. Japanese businesses conducted their financial affairs with their own neighborhood banks. By 1910, there were 209 Japanese businesses in Sacramento, primarily in the West End.⁵ According to the 1930 U.S. Census, Sacramento's Japanese population grew from a small community of about 100 immigrants in 1883, to over 3,000 by 1930. By 1940, a section of the West End near 4th and M (now Capitol Mall) Streets, appropriately named Japantown, housed nearly 4,000 Japanese residents with some 400 Japanese businesses (Maeda 2000). Sacramento's Japantown was an economically productive mix of schools, churches, hotels, and boarding houses, restaurants, grocery stores and growers' markets, banking and health care facilities. All contributed to create a social life that was an important part of the West End community and cultural milieu.

By all accounts, Sacramento's Japantown was a social and economically vibrant ethnic enclave that provided Japanese residents with many of the amenities that were denied to minority residents. This largely overlooked history of Japantown is important as it demonstrates how West End residents adapted to enforced racial segregation in the city. The history shows how residents effectively created strategies to mitigate the effects of racial antagonisms embedded in Sacramento's social and economic life.

When Japanese settlers sought to acquire land of their own, organizations such as the Anti-Jap Laundry League, the Asiatic Exclusion League of North America and the Anti-Alien League formed chapters in Sacramento.⁶ These groups pushed for legislative action that resulted in the passage of the Alien Land Law of 1913, which excluded "aliens," a term used to define an individual without U.S. citizenship, from owning land or real property. The organized

⁵ See "Japanese in Sacramento 1910." Golden Notes. Sacramento County Historical Society. Vol. 21, No. 1, Spring 1975.

⁶ Ibid.

efforts of local groups intentionally intervened to restrict property rights and market access solely on the basis of race and ethnicity. At the early stages of the city's development, race became an important precondition for gaining access to land and housing markets. As racial antagonisms limited housing options and the area's economy shifted to large-scale commercial agricultural production, the West End became the center for the city's growing ethnic enclaves to take root. The West End was now home to the city's working-class and the region's farmworker and itinerant labor force - an asset long overlooked as essential to stabilizing and growing the regional economy.

Sacramento's population grew from 9,087 in 1850 to 45,915 in 1900 (U.S. Census). But the lack of infrastructure outside the original city grid slowed the ability of residential developers to meet the demands of the growing population. Although developers attempted to build new communities in the Oak Park area on the southeast border of the city, the lack of proper sewage disposal, access to water, and fire and police protection left many homeowners dissatisfied and at-risk to public health problems (Owens 1976). The rapid increase in residential development only worsened these problems.

Responding to resident complaints for more housing options and the desire of the West End's wealthier White residents to expand housing opportunities to the eastern and southern sections of the city, developers and local business leaders organized a campaign for city annexation of Oak Park. In 1911, the city annexed 9.4 square miles of land bordering the original city grid, an area that also included the neighborhoods now known as Land Park, Curtis Park, Tahoe Park and McKinley Park (also known as East Sacramento). The successful annexation campaign allowed developers to shift infrastructure costs to the city while continuing the pattern of growth that increased land sales and the value of suburban properties. This annexation and growth also marked the beginning of the widespread use of racial restrictions on residency in Sacramento.

THE RISE OF RESTRICTIVE COVENANTS: BACKGROUND AND BEGINNINGS

In real property law, restrictive covenants consist of a promise contained in a deed to land that is binding upon the current and future owners of a property. In a sense, covenants act as public land use controls by imposing limitations that dictate how you can and cannot use property. Covenants can constrain who can use the land (residency), place limits on exchange (who can purchase/own) and dictate how the land can be used (e.g., the size and type of a home that can be built on a parcel). Consequently, such restrictions limited ownership by social class. Covenants give residential tracts a more standard appearance and control many of the activities that take place within its boundaries helping to both create and protect certain property rights of owners.

During the late 1800s and early 1900s, the rise of large community builders across the U.S. transformed home construction into a nationwide industry with restrictive covenants used as the primary method by which they implemented their planning and design visions (Weiss 1987:3). Developers of elite residential tracts used restrictive covenants to place controls on lot size, limit property use, impose architectural requirements to enhance home construction and quality, and create amenities such as parks and walkways (McKenzie 1994). Covenants also became a way for the elite to create distinction and distance from other less desirable residents. Not only did large community builders dominate the planning, design, and construction of the new American suburb but they also intentionally created patterns of housing segregation by race and class (McKenzie 1994:36). Covenants, therefore, became important social devices that spatially organized the activities of a neighborhood.

“No persons of any race other than the Caucasian race shall use or occupy any building or any lot except that this covenant shall not prevent the occupancy by domestic servants of a different race domiciled with an owner or tenant.”

The value of covenants to the real estate industry became evident when they were used as a proxy for social controls by placing limits on who could reside in a specific neighborhood. More importantly, when enforced, covenants were, and still are, perceived to protect property values and the social standards of the communities using them. This assumption that covenants preserve property value is critical to understanding the role that racially restrictive covenants played in establishing segregated residential space. While the end of the 19th century brought a rise in large-scale community development across the nation, developers during this time felt that building successful communities required strict long-term building restrictions on all lots. This approach to residential development led to the establishment of uniform building standards and non-Caucasian racial exclusions (Monchow 1928:47; Weiss 1987:45). Prior to 1948, public controls on residency recorded against property deeds in the form of restrictive covenants were the primary method to impose and enforce residential segregation.

As in other U.S. cities, the use of racially restrictive covenants that specifically limited non-White occupancy in Sacramento began with homebuilders associated with the local real estate board, which became affiliated with the National Association of Real Estate Boards (NAREB) in 1918.⁷

Beginning in 1913, NAREB instructed its members across the U.S. not to contribute to race mixing through the sale of property (Meyer 2000:6).

The 1924 NAREB Code of Ethics provides the most compelling evidence of a collective effort to promulgate a racialized housing ideology that called for segregated housing. The code states in part “A realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individual whose presence will clearly be detrimental to property values in the neighborhood” (McMichael 1949:208). The code, along with NAREB recommended templates to be used in drafting restrictive covenants,

⁷ The Sacramento Real Estate Association formed in 1911 and became a member of the NAREB in 1918. Source: Sacramento Association of Realtors Archives.

specifically directed a nationwide network of realtors, community builders, mortgage lenders and appraisers to be race-minded in land development, property exchanges, valuation, and in providing access to housing credit. Consequently, race became an important organizing principle for the real estate industry, its affiliates, and its clients.

During the early 1920s, Sacramento developer J.C. Carly, who also served as the president of the local NAREB affiliate, began using race covenants in new residential subdivisions located just south of the original city grid in what is now known as Curtis Park. Carly, along with several prominent community builders, such as McClatchy, Wright and Kimbrough, and Artz and Cook, followed NAREB directives by placing racial deed restrictions on their residential developments. The recently annexed Curtis Park and East Sacramento neighborhoods became the city’s first legally recognized racial boundaries for residency.⁸

Sacramento’s greatest residential growth during the period 1920-1930 took place in East Sacramento and in Curtis Park. A search of county records shows that during this period developers increasingly used race covenants in these neighborhoods. Prominent local real estate brokers also acted as appraisers, developers, and mortgage brokers. Bound by the NAREB Code of Ethics, it is easy to see how racial restrictions on occupancy and housing finance took hold in the city through local real estate professionals acting as part of a nationally organized real estate support network.⁹

Prior to the creation of federal mortgage programs during Roosevelt’s New Deal administration, well-to-do individuals constituted the greatest source of mortgage funding in Sacramento. Access to mortgage credit for borrowers came through local realtors who, acting on behalf of individual investors, arranged for the majority

⁸ See Hernandez 2012.

⁹ See Report of a Survey of Sacramento, California, Home Owners Loan Corporation, Division of Field Research and Statistics, December 2, 1938. Appendix to Sacramento, California Survey Report. The appendix provides a comprehensive list of Sacramento real estate brokers, the majority of which also acted in multiple capacities as loan brokers, appraisers and builders.

RACE & PLACE IN SACRAMENTO

Examples of advertisements for real estate subdivisions with race covenants

BUILD YOUR NEW HOME IN ARDEN PARK VISTA

This beautiful country residential area has been approved for F.H.A. FINANCING

The importance of protecting your home in the future has been given the first consideration at Arden Park. Complete protective restrictions with architectural control have been established as suggested by F.H.A. This assurance that future development will be carried out along proper lines. The home owner must know that as the district develops there will be protection of natural beauty and artistic theme.

Large lots insure the fact that one's home will never be in a crowded environment. There is a large variation in the size and of these lots. Lots range from approximately one quarter to one acre or larger.

PLANS TYPICAL OF THE MORE MODEST HOMES THAT WILL BE CONSTRUCTED IN ARDEN PARK VISTA

Country Homesites with City Convenience *The Place for a Modern Home or a Large Residence*

FOR FURTHER INFORMATION REGARDING THESE HOMESITES, PHONE OR WRITE OUR OFFICE

WRIGHT & KIMBROUGH

819 J STREET DIAL 2-2991

Wright & Kimbrough THOUSAND OAKS

Beautiful Large Homesites AS LOW AS \$500

Terms - Small Sum Down... Easy Monthly Payments

Thousand Oaks Restrictions Approved by F. H. A. - and Here are Other Advantages of Thousand Oaks

- Improved white hardwoods that take the set with contrast of the lawn, green and park.
- Delicious plants in the shade of the oak that oak for certain all the constant beauty of the immediate area.
- One of the best school properties in the county.
- The other features of this site with a general development available in the upper.
- Location 115 to 120 feet.
- Electricity... telephone service.

Call off the Arden Backwoods—about 20 minutes auto ride from Sacramento, the Thousand Oaks, a new subdivision with 100 lots, a superb view of the town, toward 100% city, and several beautiful homesites available to present to you a new opportunity to secure a truly beautiful setting for the basis of your dream.

Map Showing Location of The Old Golf Links in East Sacramento

The Old Golf Links East Sacramento

(Wright & Kimbrough Tract 24 Annex)

Wright & Kimbrough Tract 24
From the Old Golf Links
This Tract has 24 Homes of an Estimated Value of \$1,000,000

A. Russel Galloway III Says:

"A new home is the most valuable of all material possessions because it has greater influence over life and character, and a greater effect upon success and happiness than any other single thing that money can buy.

LOCATION is the most important influence on home ownership, so while considering this new subdivision, ask yourself the following questions about the location.

—Ask yourself, if home ownership is a general thing in the district —

If the surroundings are desirable.

If there are recreational and educational facilities near at hand.

—Ask yourself about the building restrictions —

If there is adequate transportation —

If the developers have a record of successful subdivisions.

—Ask yourself, if the low cost of the lots will allow you to build the home you desire.

These are the fundamental questions concerning the location of your new home and the answers provided in this folder allow me to make the following statement:

"In this new section, I believe that we have a greater value with a more desirable environment and advantages above that of any subdivision Wright and Kimbrough has presented to the people of Sacramento."

FINE ENVIRONMENT ADDS TO HOME HAPPINESS

NATURE never intended man to live in unattractive surroundings when the earth abounds in so much that is beautiful.

It is man's rightful heritage to live and to rear his family where they may enjoy good environment, where they can reap the benefits of Nature's beauty. In Wright & Kimbrough Tract No. 39 you will find just such a setting for your home. Situated in a section of attractive homes with good transportation service available... the finest educational advantages... beautiful McKinley Park with its recreational facilities just a few steps away... it is indeed the ideal site for a home.

Waste restrictions prevail that will protect your home investment and aid in developing a home section that will be a credit to the community.

Every home should have a garden setting and here you can create landscape effects beyond your fondest expectations for the soil in Wright & Kimbrough Tract No. 39 is wonderfully rich and fertile with excellent drainage.

A perfect home awaits you in Wright & Kimbrough Tract No. 39. Every advantage is here for the betterment of your home life... fine environment... splendid educational facilities... a beautiful scenic park practically at your doorstep. Select your home NOW and start planning your home today.

We sincerely believe you will find Wright & Kimbrough Tract No. 39 will answer every desire for a perfect home at a price and terms that will fit your budget.

We invite your investigation TODAY.

Available For F. H. A. Financing

Sacramento's Most DESIRABLE Homesite Subdivision

Heilbron Oaks is the best of the large, close-knit subdivisions to be placed on the market.

It is close to the business district, yet far enough out to insure the peace and quiet of home life.

Located on the 21st Street car line and only 12 minutes from 7th and K. Sts.

The Sierra School, one of Sacramento's finest and best, is located on the tract, while the new High School is within walking distance.

No one line crosses the tract and the streets will not be used for heavy traffic, thus making Heilbron Oaks a safe place for the children.

A main sewer, part of the city system, is already installed and sewer proper drainage for Heilbron Oaks.

Handsome sidewalks to be installed and paid for by the Heilbron Oaks Co.

The company will also plant Oriental Plane shade trees along all streets at expense to the buyers of lots.

Heilbron Oaks is close to the new Lind Park with its 18 hole golf course and near Arden Park.

Numerous Oak trees of magnificent size are scattered through the tract.

The soil in Heilbron Oaks is exceptionally good for lawns, flowers, trees, etc., as proven by the presence of the Oak trees.

Franklin Boulevard, fully improved without expense to the buyers crossing the east side of Heilbron Oaks.

It is a strictly residential district, property protected by building restrictions which prevent the intrusion of commercial activity from encroachment on your home life.

No Taxes to be paid by lot buyers until November, 1924

Five department houses and one lighting equipment one block from the tract.

Coal bargons from the Sacramento River make Heilbron Oaks a delightful summer vacation spot.

50 foot lots as low as \$700, \$50 down. The terms are so easy that you can own a lot in Heilbron Oaks and never miss the payments.

PLAT OF HEILBRON OAKS LOCATED IN SACRAMENTO CITY, CAL.

50 Ft. Lots \$700^{and up} \$50 Down \$10 per Month

of residential loans in the area.¹⁰ Consequently, housing credit in Sacramento remained contingent upon the screening and sorting of potential borrowers by local NAREB members who were committed to the race-based code of ethics and appraisal guidelines that excluded non-Whites from property transactions and ownership. By 1927, individuals in Sacramento made an aggregate of \$4 million in home loans annually through real estate firms acting as mortgage brokers.¹¹ Eight real estate firms handled 90 out of every 100 mortgage loan transactions, which prior to 1935, were made by individuals.¹² Local NAREB affiliates monopolized residential construction, appraising, lending, and sales activity and played a significant role in determining who had access to housing and mortgage credit in the city. Through this history, we begin to see the formation of a racialized housing market that guided Sacramento through the early years of urban development and public infrastructure investment (Hernandez 2009a; 2012).

SPRAWL, RACE COVENANTS AND GOVERNMENT HOUSING POLICIES

Home mortgages obtained before 1930 were for the most part due and payable in full within five to seven years, a financing characteristic that concentrated housing credit and home ownership to higher income White residents. Consequently, the peak years of the Sacramento housing boom (1925-1929) resulted in many new homeowners needing to refinance their home during the Great Depression – a period when credit was difficult or impossible to obtain. Individuals, real estate brokers and local savings and loan companies halted their mortgage lending activity. The suspension of the local credit market triggered a wave of foreclosures throughout Sacramento's more well-to-do neighborhoods.

By 1932, the annual rate of foreclosures in Sacramento was 710 percent higher than in 1926.¹³ The rollout

¹⁰ Ibid. p.36.

¹¹ Ibid.

¹² Ibid. p26.

¹³ See Summary. Report of a Survey of Sacramento California, Home Owners Loan Corporation, Division of Field Research and Statistics, December 2, 1938.

of federal refinance programs in 1934 helped many homeowners in Sacramento avoid foreclosure. The Federal Home Owners Loan Corporation (HOLC), an agency created as part of Roosevelt's "New Deal" to save homeowners from foreclosure during the Depression, gave many distressed homeowners long-term loans that replaced the short-term, high interest rate financing offered by local real estate credit brokers. These new loans resembled modern day mortgages with long-term amortization schedules that in many cases made payments cheaper than rent and allowed White homeowners to quickly get back on their financial feet. Evidence from a 1937 HOLC report on Sacramento real estate conditions shows a spike in the number of documents recorded with the County Recorder's Office in 1934, a spike HOLC staff attributed to the high rate of federally sponsored refinancing activity in the city.¹⁴

Before 1935, none of the local banking institutions were particularly active in the residential mortgage field. But the creation of the Federal Housing Administration (FHA) in 1934 marked a very pronounced shift in local residential mortgage financing. Created to stimulate the housing industry during the Depression years, the FHA made federally insured long-term, low-interest loans available through local lending institutions. Following the start-up of FHA mortgage programs, banks and trust companies quickly dominated the housing credit market in Sacramento making approximately 60 percent of all loans between 1936 and 1938. More than 85 percent of these loans were FHA Title II loans totaling nearly \$6.5 million, a considerable amount of capital at that time.¹⁵ Banks offering Title II loans quickly supplanted individuals and their real estate brokers as the principal source for mortgage funding in Sacramento.

Borrowers actively sought out banks and trusts where FHA loans with more favorable terms were available and relied less upon credit from individual investors. By December 1937, individual lenders represented by real estate brokers accounted for only 27 percent of all

¹⁴ Ibid. p.4.

¹⁵ See Part III of the Report of a Survey of Sacramento, California, Home Owners Loan Corporation, Division of Field Research and Statistics, December 2, 1938.

mortgages in Sacramento, a decline of over 60 percent in less than three years, reflecting the shift away from brokered loans to institutional lending.¹⁶ Longer payment terms, lower interest rates, and higher loan amounts made access to credit easier for borrowers while mortgage insurance against default effectively shifted the risk of loss from local banks to FHA.

The Federal National Mortgage Association (Fannie Mae), created in 1938 for the sole purpose of purchasing FHA mortgages originated by banks, also hastened the rapid shift to institutional lending. Fannie Mae loan purchasing effectively recycled funds back to local banks and instantly increased the availability of credit. Local banks no longer waited for a loan to mature over the years to realize a return on investment. Thus, the innovation of New Deal programs to stimulate the post-Depression economy quickly reduced the need for the short-term, high-cost alternative credit provided by individuals and their real estate brokers.

In Sacramento, the favorable terms of FHA Title II loans led to a rush on new home construction and financing during the 1930s. In 1933, only 70 building permits for residential construction were recorded in Sacramento County, a significant drop from 456 in 1929, the beginning of the Great Depression years. But as FHA financing became available in 1935, the number of permits jumped dramatically. In 1938, 715 permits were recorded surpassing pre-Depression levels in less than three years. The abundant supply of mortgage credit also led to increases in housing prices and speculation on the part of real estate investors with a surge in new construction occurring between 1936 and 1940.¹⁷

New residential developments appeared in the East Sacramento (McKinley Park) area just north of H Street and also along the Folsom Boulevard corridor between 48th and 58th Streets. New construction also took place in the Elmhurst area east of 39th Street down the T Street park corridor and in the north side of Tahoe Park, just east of Stockton Boulevard. And new developments took root in the Land Park area just to

the west of the Curtis Park subdivisions constructed during the housing boom of the 1920s (see **Figure 2.1**). The Swanston Park and Land Park Drive Terrace subdivisions in the west side of Land Park alone accounted for 25 percent of Sacramento's residential construction in 1937.

Along with the growth of the region's corporate agricultural industry from the farm to the factory, the permanent consolidation, centralizing, and expansion of state government helped fuel a rapid population growth that offset economic declines from the Depression years. Adding to this growth, the national defense industry boom of the 1930s and 1940s brought three military installations to the region. The increase in employment opportunities from centralized state government, food production, and war-related labor triggered a serious housing shortage in Sacramento initiating a period of large-scale suburban growth during the years 1930-1950.

Federal home financing programs proved critical to stabilizing the Sacramento economy and provided the means to sustain rapid suburban growth. An archival search of real estate ads that appeared in local periodicals and in local real estate sales offices revealed that builders and realtors used FHA as a marketing tool to attract buyers. FHA financing triggered new growth beyond the city limits into the northeastern portions of the county transforming the rural communities of Arden Arcade, Carmichael and Fair Oaks into modern suburban residential neighborhoods.

But the boom in FHA financing also meant the increased use of race covenants on new residential development in Sacramento. FHA loan programs used racial categories in valuating properties and mandated the use of racially restrictive covenants as a condition of loan approval to avoid introducing "incompatible" and "subversive" racial groups in White residential enclaves (Hernandez 2012, 2014). In what amounted to the formalizing of NAREB-influenced real estate industry practices, property valuation, occupancy and financing became contingent upon the race of an individual. Consequently, FHA standards became real estate industry standards and, as this study of Sacramento shows, embedded the use of racial categories in all local real estate practices.

¹⁶ Ibid. P 41.

¹⁷ Ibid.

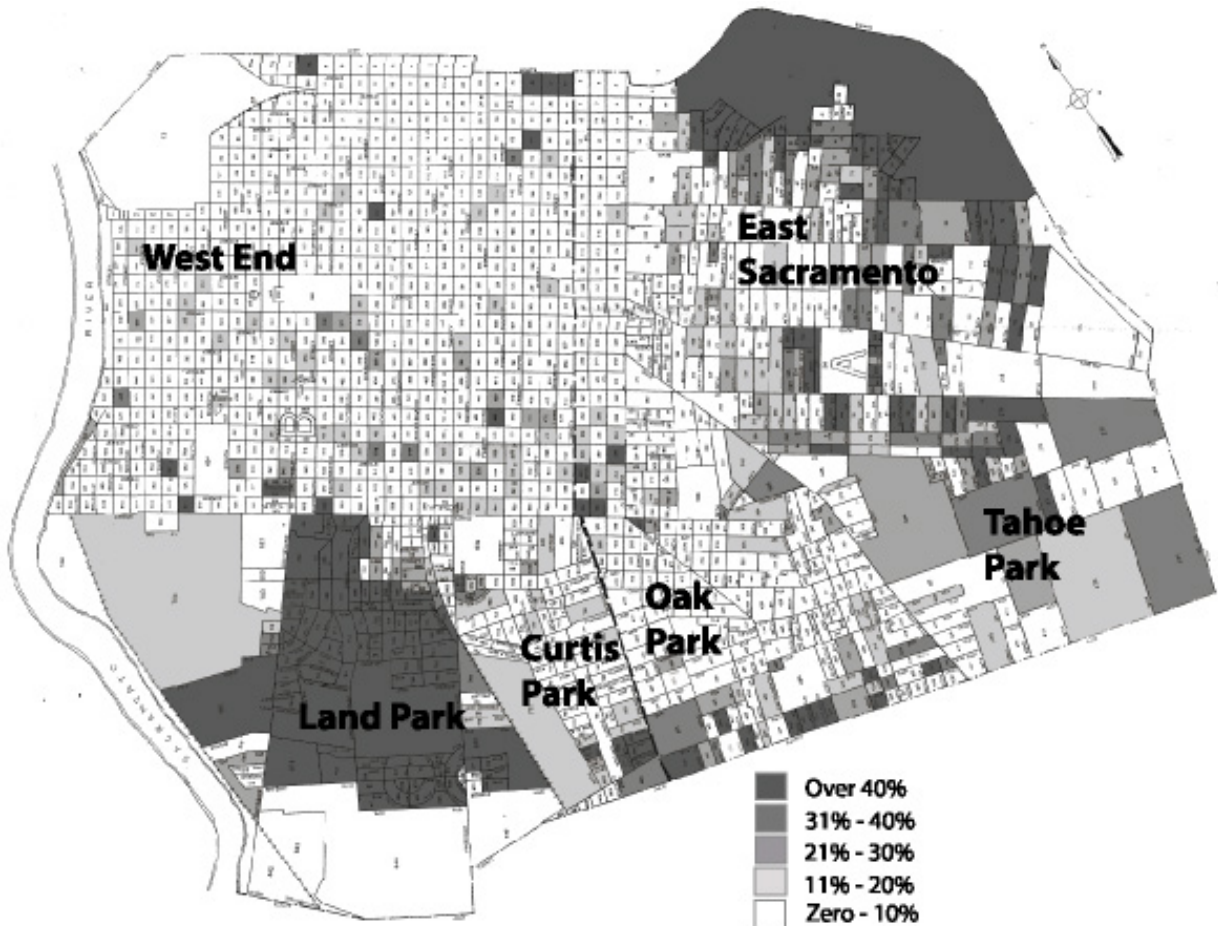


Figure 2.1: Percent Homes Built in Each Census Block During 1930-1940 in Sacramento. *Source: 1940 U.S. Census*

Since FHA financing aided both construction and sales of new homes, developers of new communities in Sacramento during this period readily complied with FHA mandates for racial restrictions on residency. The demand for affordable home financing made possible by the FHA-insured mortgage program created a new market for community builders and expanded the boundaries of racially excluded space beyond the city limits. Developers of new suburban tracts used racial covenants to attract buyers and advertised the use of “wise restrictions” along with FHA Title II financing to assure buyers of the safety of their investment.

Figure 2.2 uses property deeds from the Sacramento County Recorder’s Office to show the geography of race covenants that formed the new racial boundaries of residency in Sacramento. In sum, FHA loan programs during this period helped institutionalize long-standing local realtor practices of racial segregation and played an important role in shaping the city’s residential geography during the 1930s and 1940s.

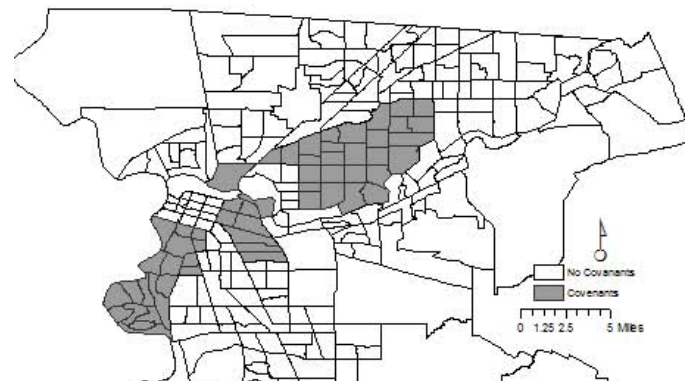


Figure 2. 2: Map of Census Tracts in Sacramento County with Racially Restrictive Covenants Prior to 1950. *Source: Hernandez 2012.*

The mandated use of race covenants by FHA also embedded race in the organizing of Fannie Mae creating a sustainable home lending financing network solely available to White home buyers. Since FHA



FHA financed homes under construction in Land Park. The advertised use of Title II FHA loans during this period indicates the use of racial restrictions on non-White residency. Circa 1942. *Source: Center for Sacramento History*

required the use of race covenants as a condition of loan approval, loan purchasing activities by large-scale investors reinforced the race-minded gatekeeping practices of local real estate professionals and community builders throughout the area. Lenders were unable to sell loans to Fannie Mae unless the mortgaged property had race covenants in place. Consequently, race covenants in property deeds became a standard practice and a necessary condition in the rapidly growing Sacramento housing industry.

The entry of FHA into the mortgage industry marked three critical events in the Sacramento housing market: the shifting of risk for loan default from local banks to FHA, the shift in the source of housing credit from individuals to banks, and the institutionalizing of racial categories by real estate professionals acting as gatekeepers of homeownership opportunities. As a result, there was no formal mortgage market for minority residents who were ruled categorically ineligible for FHA financing. Unless they had access to finance from family or friends or the seller was willing to take a promissory note on a private contract for sale, non-White residents could not become homeowners.

The creation of FHA and the interdependent Fannie Mae secondary mortgage outlet formalized the infrastructure of a nationwide multi-scaled dual credit market. The infrastructure of segregated housing

finance resulted in an abundance of capital available for new home construction and purchase while using race as a primary condition for accessing mortgage credit. The FHA mortgage played an important supporting role in Sacramento's housing boom of the 1930s and 1940s – a boom that produced the racially homogeneous suburban space that remains in place to this day.

MORTGAGE REDLINING IN SACRAMENTO – PHASE I

During the time HOLC and FHA mortgage programs fueled the post-Depression/post-War housing boom in Sacramento's suburban communities, federal housing credit eligibility guidelines also prevented the flow of housing capital to racially integrated neighborhoods. The City Survey Program, a federal assessment of neighborhoods in 239 U.S. cities during the period 1935-1940 provides compelling evidence of a dual credit market in Sacramento. Conducted under the authority of the HOLC, the City Survey Program studied local real estate and economic trends to assess the potential risk for mortgage default for each neighborhood. The survey relied upon local real estate brokers to assist in gathering detailed information regarding the location of residents by race and ethnicity. The results of the survey ranked

RACE & PLACE IN SACRAMENTO

By 1940, City Directories show over 150 Japanese owned businesses in the area known as Japantown. A rich network of grocery and supply stores, restaurants, schools, churches, banks, dental and medical services, hotels, legal and real estate services, and more that supported over 3,500 Sacramento residents of Japanese descent with most of them living in Japantown (Wilde 2013). The demise of Japantown began with incarceration during WWII and concluded with West End redevelopment.



Street scene in 1960 on 4th Street showing the Iris Suki-yaki Restaurant at 1222 4th Street in 1960 located in the heart of a thriving Japantown neighborhood. *Source: Center for Sacramento History*



Street scene in 1955 on the east side of 4th Street looking south from N Street at 1401 and the OK Market on the corner, then Toyo Drugs, the Grand Hotel, and Miura Liquor Store. Across the street is Yamasaki Real Estate office and the Nakamura Brothers Hardware Store. The Japanese American Citizens League was at 1406 4th Street. *Source: Center for Sacramento History*

each neighborhood according to the perceived risk for mortgage default and were cartographically captured on what are now known as the HOLC Residential Security Maps.

The HOLC survey for Sacramento took place in 1937 and was intended to provide an accurate understanding of the general character of local neighborhoods for use by lenders and appraisers in assessing property values. A review of the HOLC survey coding sheets used in collecting neighborhood data revealed the importance federal guidelines placed in using the racial categories of residents to measure the potential risk of mortgage default (see **Figure 2.3**). The coding sheets specifically included sections for surveyors to estimate the percent of foreign-born families and “Negroes” in each neighborhood. Surveyors provided clarifying remarks throughout the forms to indicate the potential risks in granting FHA insurance to borrowers. A sample of these “clarifying remarks” taken from coding sheets include comments such as “the particular hazard is racial;” “infiltration of subversive races has occurred;”

“mixture of Orientals, Mexicans and low-class Italians;” “the area contains the principal Japanese colony and the greatest concentration of Negroes in the city;” “the subversive character of population constitutes the area’s principle hazard;” and “subversive races a definite hazard.”¹⁸

Surveyors also identified which neighborhoods were without deed restrictions noting that population “heterogeneity” (racially integrated neighborhoods) had a potentially adverse effect on present and future home value. The unusually callous language displayed by realtors hired as HOLC area surveyors signifies the continuous actions of a dominant group to define, disparage and segregate non-Whites by defining them as a subordinate group. The final HOLC report

¹⁸ Examples taken from NS FORM 8 coding sheets in the Summary of Economic Real Estate and Mortgage Survey and Security Area Descriptions of Sacramento, California. Federal Home Loan Bank Board, Division of Research and Statistics with the cooperation of the Appraisal Department of the Home Owners Loan Corporation. September 1, 1938.

RACE & PLACE IN SACRAMENTO

NS FORM B
10-1-37

AREA DESCRIPTION - SECURITY MAP OF Sacramento, Cal.

1. AREA CHARACTERISTICS:

a. Description of Terrain. Level with favorable grade and no construction hazards.

b. Favorable Influences. Convenience to transportation, schools, churches, trading and amusement areas. Proximity to city center. Proximity to centers of commercial and industrial employment.

c. Detrimental Influences. Highly congested population whose density greatly exceeds city's average. Presence in large numbers of subversive racial elements. Encroachment of commerce and business.

d. Percentage of land improved 95 %; e. Trend of desirability next 10-15 yrs Declining

2. INHABITANTS: All groups from relief to

a. Occupation Oriental business and professional men & executives b. Estimated annual family income \$ Relief to 2500

c. Foreign-born families 75 %; Latin and Japanese predominating; d. Negro Yes ; 10% ;

e. Infiltration of Orientals has increased; f. Relief families Many

g. Population is increasing _____; decreasing _____; static Yes

3. BUILDINGS: (exclusive of business property)

	FREDOMINATING	45 %	OTHER TYPE	30 %	OTHER TYPE	25 %
a. Type	<u>5 - 6 room</u>		<u>7 - 10 room</u>		<u>Apts. flats, rooming and lodging houses</u>	
b. Construction	<u>Frame</u>		<u>Frame</u>			
c. Average Age	<u>50+</u> Years		<u>50+</u> Years		<u>Mixed</u> Years	
d. Repair	<u>Poor to fair</u>		<u>Poor to fair</u>		<u>Fair to good</u>	
e. Occupancy	<u>95.5</u> % single family					
f. Home ownership	<u>9</u> %					
g. Constructed past yr. <u>None</u>						
h. 1929 Price range	\$ <u>2000-5000</u> <u>100</u> %		\$ <u>3500-5500</u> <u>100</u> %			
i. 1935 Price range	\$ <u>1500-3000</u> <u>60</u> %		\$ <u>2250-3500</u> <u>60</u> %			
j. 1938 Price range	\$ <u>1750-4000</u> <u>80</u> %		\$ <u>3000-4500</u> <u>80</u> %			
k. Sales demand	\$ <u>All prices - fair</u>					
l. Activity	<u>Slow</u>					
m. 1929 Rent range	\$ <u>20 - 30</u> <u>100</u> %					
n. 1935 Rent range	\$ <u>15 - 20</u> <u>60</u> %					
o. 1938 Rent range	\$ <u>17.50 - 25</u> <u>80</u> %					
p. Rental demand	\$ <u>All prices - good</u>					
q. Activity	<u>Good</u>					

4. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase Limited; b. Home building Limited

5. CLASSES OF PROPERTIES: This old area is the heart of Sacramento. It contains the principal Japanese colony and the greatest concentration of Negroes in the city. There are no deed restrictions, and zoning is for general commercial uses. Dwellings are very cheap to medium construction. The quality of maintenance, for a district of this character, is much above the average. It is stated that many buildings in the area violate the State Housing Act and city housing ordinances, and Grand Jury investigation is under way at the present time. Heterogeneity, age and obsolescence of improvements, and predominance of subversive racial elements are the area's chief hazards. Race "low road" grade.

6. NAME AND LOCATION Part of Old City SECURITY GRADE D AREA NO. 4

Figure 2. 3: Data Collection Form for Area No. 4. 1938 HOLC Area Description of Sacramento, CA. Source: T-Races

for Sacramento noted that 11 percent of the city’s population “is composed of what is generally referred to as the ‘colored’ races.” The report states that “this rather large percentage of inferior races” undoubtedly accounted for the city’s high rate of illiteracy when compared to statewide populations, a claim made without any relevant survey data.¹⁹ The report provides an indication of the discourse used in creating categories of market exclusion in Sacramento. The coding of race as a key factor in assessing risk clearly guided and compromised the way market information, an important precondition for market operation, was formulated and expressed publicly. Through the collaboration of realtors and federal managers, we can see how the collective process of racializing market information and rules shaped a public and legal discourse that directly altered the market position of non-White residents.

The HOLC final report for Sacramento identified the West End as the area most unsuitable for mortgage lending. The HOLC area descriptions noted that the “predominance of subversive racial elements” constituted the West End’s principal hazard with “the ‘colored’ races very largely confined to Areas D-4, D-6 and contiguous business areas.” Field agents documented the lack of deed restrictions required by FHA as well as the limited availability of mortgage funds to residents providing evidence that mortgage redlining occurred in the West End prior to the HOLC survey. Although the actual neighborhood coding sheets indicated that much of the West End was in fair to good condition with occupancy rates above 95 percent, the entire area was designated a security grade of “D,” or “Low Red,” a grade that indicated the highest risk of default for FHA mortgage insurance programs. The 1938 Residential Security Map for Sacramento (see **Figure 2.4** on page 22) presents these findings. It is important to note that HOLC appraisers identified only those census tracts with race covenants as low risk. The use of race covenants guaranteed that neighborhoods with White residents would receive the most favorable mortgage credit terms.

¹⁹ See the Report of a Survey of Sacramento California, Home Owners Loan Corporation, Division of Field Research and Statistics, December 2, 1938. p.13.

The redlining of the West End severely altered the ability of property owners to participate in conventional real estate market exchanges and led to a drastic decline in the value of redlined real estate. With redlining preventing buyers from obtaining financing, West End property owners were unable to finance repairs and maintain their property. Owners resorted to converting homes into multiple units obtaining more rent to compensate for lost value.²⁰ These home conversions transformed a neighborhood designed for single-family occupancy to one of multi-family rentals. Converting properties to higher density, coupled with the lack of repairs by absentee landlords, accelerated the deterioration of the area’s residential quality. A letter dated June 10, 1940 from city employee George Lafabreque to city case worker Fred Maloy provides evidence of the overcrowded conditions facing residents in the West End.²¹

A sample of the findings from Lafabreque’s house-by-house West End inspection follows:

- **309 N & O Streets** – Overcrowded. Family of 12 in a bug infested rundown building.
- **326 U Street** – Family of 14 live in this weather beaten, rundown house.
- **714 D Street** – Family of 11 living in 3 or 4 small rooms in the lower floor of a two story, obsolete frame building with rickety floors. Several of the children are underweight.
- **720 D Street** – Family of 10 lives downstairs in a small apartment in an extremely obsolete, weather-beaten frame building. Poor lighting, rickety floors.
- **Alley between 5th & 6th and S & T Streets** – Entire rows of houses are of dilapidated structure badly in need of repair. The houses house large Mexican families and are inadequate for the number of persons in the family.

²⁰ See Sacramento Urban Redevelopment: Existing Conditions in Blighted Areas. City of Sacramento. October 1950.

²¹ The author thanks Damany Fisher, PhD, University of California, Berkeley for access to his personal files on Sacramento history and a copy of this correspondence.

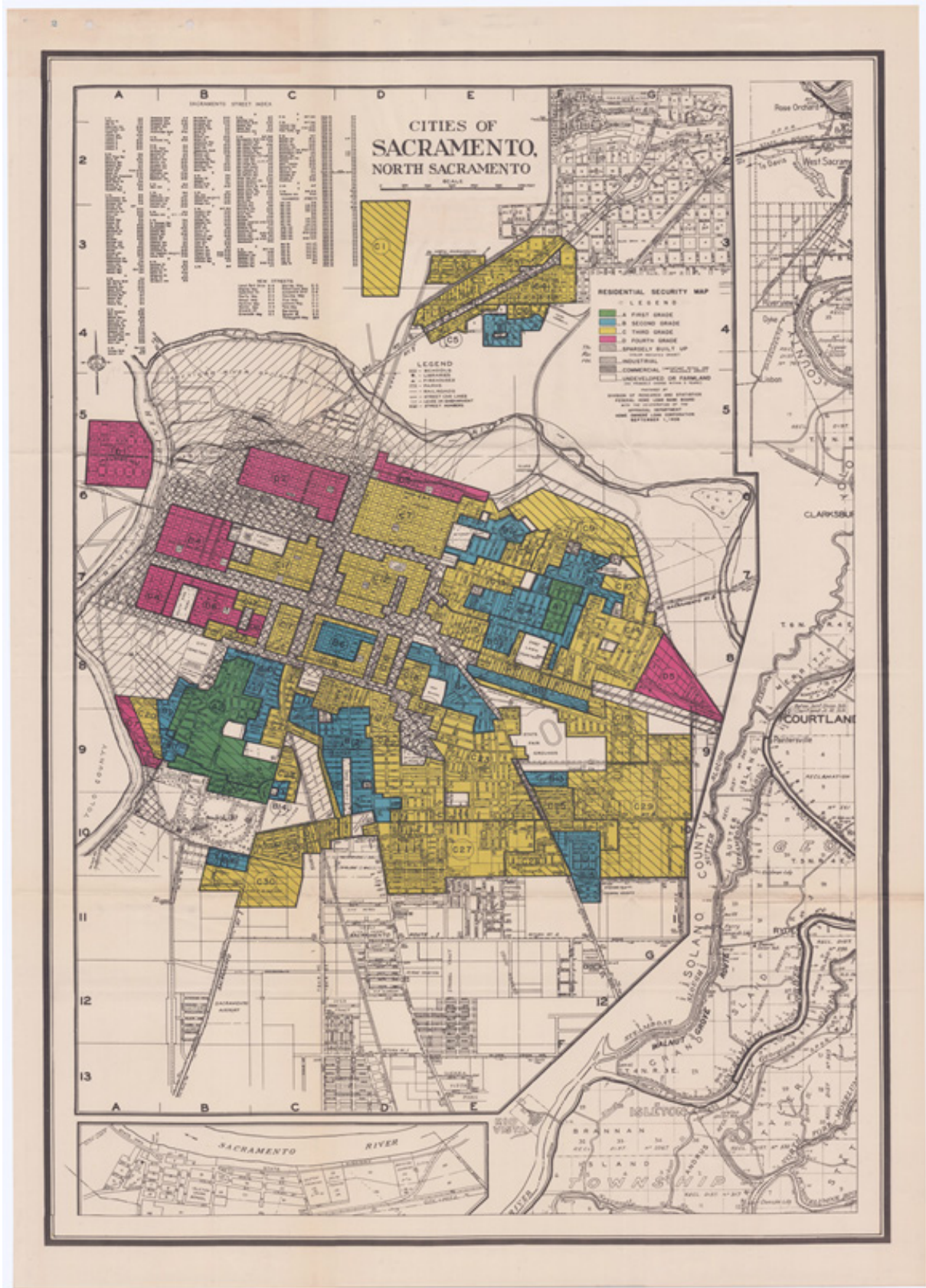


Figure 2.4: 1938 HOLC Residential Security Map for Sacramento. Source: T-Races

- The most miserable area is **between 2d and 3d Streets (east and west) and S and T (north and south)**. This block is represented by numbers 1913, 1923-1927 2d Street and 211-221 T Street. The tenants are mostly negroes and Mexicans. Rent exceeds value received. Families are large.

The overcrowding of non-White West End residents in devalued, neglected properties was also a problem in major cities across the country during this period. Nationally recognized real estate appraisers and educators Hoyt and Weimar (1948:155) observed that “in many large cities minorities have been excluded from the sale and rental markets.” Owners of properties occupied by such groups were in a monopolistic position to command higher rents than could ordinarily be obtainable for equivalent accommodations in other areas. They noted that these higher rents or prices were secured by “crowding the available accommodations to a greater degree than is typical of similar accommodations in the broader market.” In *The Valuation of Real Estate*, May (1942) stated that as a rule, minority groups were poorly housed and many paid a higher cost per room for housing than the cost of shelter for other groups due to the limited availability of space. Consequently, even badly deteriorated property often produced handsome returns.

Confirming HOLC findings, city redevelopment planning documents indicate that the West End housed Sacramento’s greatest concentration of non-Whites. The enforcement of restrictive covenants in the city for the most part worked to contain non-White residents within the boundaries of the West End. Some city blocks in the West End were reported as having 90 to 99 percent of dwelling units occupied by non-Whites in 1940, a fact that redevelopment planning documents attributed in part to the housing restrictions imposed by race covenants.²² These strategically enforced racial restrictions on residency allowed absentee landlords to capitalize on market constraints by renting converted units to

non-Whites unable to leave the neighborhood.²³ At the same time, race covenants promoted White-segregated homeownership in Sacramento’s newest neighborhoods using government-sponsored mortgages that specifically excluded non-Whites from occupancy and housing finance opportunities.

The importing of Mexican labor via the Labor Importation Program of 1942, better known as the Bracero Act, to compensate for labor shortages caused in part by Japanese incarceration during World War II also contributed to the housing shortage in the West End. The increasing scale of agriculture production in California triggered the immediate need for “Braceros” in the food processing and transport industries as agribusiness capitalized on improvements in transportation technology.

Mexican labor accounted for almost 50 percent of all employment in Sacramento canneries during the 1940s. An expanding railway system placed additional demands on Mexican labor. Sacramento’s Southern Pacific rail yards located on the northern border of the city also contributed to the large Mexican presence in the West End (Avella 2003).

The signing of Executive Order 8802 by President Roosevelt in 1942 allowed Blacks to work in military installations during WWII. The act initiated a flow of Black labor to Sacramento and added to the racial concentration in the West End with each episode of military involvement. To this day we still see large populations of Black and other non-White residents surrounding the now closed military properties in this region.

Census data provides further evidence of how racial covenants and redlining helped shape Sacramento neighborhoods. By 1950, almost 70 percent of the city’s minority population was in the West End with 87 percent of the city’s Mexican residents, 75 percent of the city’s Asian population (many of them Japanese returning from relocation camps), and 60 percent of the city’s Black population residing there (Hernandez 2009; 2012).

²² Source: Sacramento Urban Redevelopment: Existing Conditions in Blighted Areas. Sacramento City Planning. October 1950; Sacramento Needs Redevelopment. City of Sacramento. October 1950.

²³ Ibid.

Redlining and the financial abandonment of the West End led to its eventual decline. The formation of ghetto-like conditions in parts of the area provided reason for negligent landlords to let their properties fall into decay. While the FHA actively protected the property rights of the new homogeneous White suburban developments, it prohibited non-White access to wealth accumulation opportunities gained only through housing credit and homeownership. Clearly, constraints on property rights and the manipulation of market information produced a race-based ordering of residents that led to the formation of residential segregated space in Sacramento. Improvements to transportation technology and rapid suburban growth set in motion the movement of business and employment to Sacramento's outer rings. Government-sponsored divestment now set the stage for the devastating urban renewal phase of city building and the forced exodus of thousands of non-White residents from the West End.

The history of racially restrictive covenants and mortgage redlining in Sacramento also reveals the connection of local realtors to a larger, multi-scaled racialized infrastructure actively engaged in anti-competitive conduct. Private interest networks, organized around the protection of housing resources, actively worked to incorporate the use of racial categories as an indicator of future market performance neutralizing opportunity for ethnic groups designated as inferior. The effect was to radically alter market preconditions in a manner that prioritized race in the organizing of residential space in Sacramento.

REDEVELOPMENT AND DISPLACEMENT 1950-1970

The period 1950-1970 marks the intense interaction between the four primary market interventions that produced and subsequently reorganized segregated residential boundaries in Sacramento: race covenants, mortgage redlining, redevelopment, and realtor gatekeeping. The interaction of these four market interventions produced patterns of residency that redirected non-White residents from redevelopment zones into new locations assigned based on race. Non-Whites emigrating to the expanding Sacramento



Women sorting and slicing peaches on the production line at the Del Monte Cannery. *Source: Center for Sacramento History*



Campbell Soup Food Processing Company. *Source: JCH Research*

labor market were also steered away from White residential enclaves. The result was new locations of residential segregation and a second phase of redlining and economic divestment through the 1970s that embedded the geography of segregation into today's urban landscape. The West End remains a most important example of how this historically significant urban transformation took hold across the United States.

Citing the need to take care of the poor and the economically debilitating central-city blight, local officials saw the opportunity to capitalize on state and national urban renewal programs that emerged after 1949. The Federal Housing Act of 1949 focused on eliminating substandard living conditions through the clearance of central-city slum areas and provided federal subsidies for cities attempting to remedy serious housing shortages. The Act originally centered on improving the housing stock in "blighted" communities and stipulated that all redevelopment projects be predominantly residential. But revisions to the Act in 1954 changed the approach to urban renewal by weakening the requirement for predominantly residential construction in redevelopment sites allowing federal funds to be used toward projects more commercial in nature (Gelfand 1975). As a result, neighborhoods in major metropolitan areas that were primarily low-income residential housing tracts before redevelopment would be converted into areas containing an abundance of commercial office space and relatively few residences (Gelfand 1975).

The change in focus to commercial development ultimately became the plan for the West End. Sacramento city planners seized the opportunity to alter proposed housing plans that initially accommodated low-income residents. Instead, private commercial development became the strategy to generate tax dollars and encourage the return of business to the West End. The resulting partnership between the city redevelopment agency and Sacramento's commercial real estate industry functioned to reclaim segregated central-city space, which remained devalued through previous market practices of mortgage redlining and racially restrictive covenants. While covenants and redlining provided the foundation for segregation and divestment, it was federally funded central city redevelopment programs

that provided the means to shift possession of racially segregated space to private development.

Redevelopment was envisioned as a way to improve the quality of life in those areas left behind by the economic and residential growth taking place in suburban tracts. However, when coupled with the creation of the Interstate Highway System, urban renewal resulted in the removal of entire ethnic communities from central-city redevelopment sites. Homes were condemned and bulldozed to make way for commercial development.²⁴ In fact, Blacks and other non-Whites were so adversely affected by displacement across the U.S. that urban renewal became nicknamed "Negro Removal." The focus was clearly on removing non-Whites from de-valued land rather than improving the quality of life and the rehousing of those displaced (Hirsch 1983; Lemann 1998; Massey and Denton 1993; Self 2003).

Key to understanding the push for speculative redevelopment is a concept called the Rent Gap, which describes the difference between the actual rental income of properties in a distressed area and the potentially achievable rental income when conditions are favorable. As the difference between the actual rent and potential rent grows (the Rent Gap), investors seek to purchase properties with the highest potential for rent (profit) and thus trigger a wave of speculative real estate development (Smith 1984). The subsequent influx of public and private capital for development results in a rapid increase of property values, rents, and higher income residents. The effect of this process is displacement of the segregated poor through a shifting of real property to investors, a process better known as "gentrification."

Here, it is important to note how racial antagonisms activated through government housing and finance policies fueled the creation of the Rent Gap in the West End. Property ownership and occupancy is key to understanding how the potential for land devaluation due to racial integration becomes an economic hazard

²⁴ The Interstate Highway System was authorized by the National Interstate and Defense Highways Act of 1956. In addition to facilitating private and commercial transportation, the system of national freeways was envisioned to provide key ground transport routes for military supplies and troop deployments in the event of a national emergency (Petroski 2006).

that harms the stability of residents, neighborhoods, and municipalities. Using racial categories as a foundational rule in lending and appraisals, real estate professionals were able to avoid the racial integration of neighborhoods. They were allowed to justify the denial of homeownership to minorities as an economic rather than a social imperative creating an implicit bias that remains with us to this day.

The redlining of the West End prevented property owners from leveraging the equity in their properties as well as selling their properties to buyers seeking to use FHA financing. Owners could not obtain financing to make repairs or improvements or sell their properties for fair market value. The resulting government-produced Rent Gap, caused by policies used to control where residents could live based upon their race, made the West End the target for large-scale speculative real estate development. This speculation was encouraged and made possible through the political and financial support of federal redevelopment programs.

The period 1940-1959 saw major demographic and social changes take place in Sacramento County. Labor shortages at local military installations and the valley's booming agricultural and food processing industries set in motion a steady flow of non-Whites migrating to Sacramento in search of employment. Racial constraints on housing pushed this new workforce to reside in the West End. By 1953, manufacturing and construction jobs increased by 81 percent and 130 percent respectively, reflecting the demand for low-skilled labor in the city.²⁵ The resulting increases in West End non-White residency during these years kept pace or exceeded the rate of growth for the entire Sacramento area. Meanwhile, the West End's Embarcadero district became outdated as reliance on water transport gave way to new roads, autos, trucking and railways. New forms of transit allowed business and retail to move eastward towards cheaper land beyond the Central Business District. The West End's influence as Sacramento's center of commerce steadily declined while segregationist housing policies continued to push the city's new non-White residents

²⁵ See "Analysis of Potential Commercial Expansion." Report No. 4. The Redevelopment Agency of the City of Sacramento. April 1953.

into the West End's already overcrowded housing stock.

The combination of capital divestment and non-White resident concentration in the West End created several problems for Sacramento city planners. The West End, with only 8 percent of the city's total land, had 26 percent of all building fires, 42 percent of adult crimes, and 76 percent of the city's tuberculosis cases in 1949. Although the area made up only 20 percent of the city's residents, 41 percent of the city's police budget and 50 percent of its health budget were spent there. With property values in a steady decline, the civic load to the city generated by West End blight now far exceeded its contribution to city revenues. In 1949, the city spent \$508,207 in fire, police and health expenses in the West End but collected only \$405,333 in property taxes.²⁶ West End assessed land values declined from \$11.5 million in 1937 to \$8 million in 1949. From 1938, the beginning of West End redlining by the FHA, to 1949, property in Sacramento experienced a 46 percent increase in value. But during this same period, redlined property in the West End decreased in value by 30 percent.²⁷ Some blocks showed depreciation of property values as high as 65 percent.²⁸

Preventing West End property owners from participating in normal market exchanges hastened the decline in value for redlined real estate. Without access to reasonable financing, West End owners and buyers were simply left out of the housing market. In retrospect, the physical and financial segregating of non-Whites along with the flight of business from the West End created slum-like conditions right outside the doorsteps of the State Capitol.

Like Sacramento, racially segregated, blighted central business districts were common among large cities across California. Until 1945, little could be done to remedy troubled urban space. But a coalition of city planners aligned with groups such as the California Real Estate Association, the California Savings and Loan League, and the National Association of Home

²⁶ Ibid.

²⁷ See also "Sacramento Urban Redevelopment: Existing Conditions in Blighted Areas." City of Sacramento. October 1950.

²⁸ See "Sacramento Needs Redevelopment." City of Sacramento. October 1950.

Builders, lobbied for state and federal assistance to remove blight from California cities. Using blight as a way to justify land grabbing and redevelopment in minority neighborhoods was a concept set into motion at the national level in 1935 by NAREB.²⁹

In 1945, California passed the Community Redevelopment Act, which called for the rebuilding of central business districts through the formation of local redevelopment agencies. The Act authorized local redevelopment agencies (RDA) to acquire blighted properties by means of governmental powers or “eminent domain” – the ability of the state to seize private property to serve the greater needs of the public.³⁰ The RDAs would then assemble properties into larger parcels and clear them of existing buildings and residents. Similar to NAREB proposals presented to federal agencies, the land in turn would be offered to private enterprise for redevelopment to rebuild the area for industry or housing in accordance with the local RDA’s general plan. This process of reclaiming devalued space for speculative development became the traditional planning tool for cities attempting to revitalize their urban core and post-riot neighborhoods in distress.

In 1949, Sacramento city planners completed a survey of local conditions making the city eligible for federal redevelopment funds and determined that the West End would be the site for development. **Figure 2.6** shows areas designated as blighted by the Sacramento City Planning Commission for Sacramento in 1949, were located in precisely the same areas previously redlined by the FHA in the 1938 Residential Security Maps (see **Figure 2.4**) and in the census blocks with the highest concentrations of non-White residents (see **Figure 2.5**)

In April 1950, city officials requested federal home finance administrators to reserve funds made available under the Housing Act of 1949 to start redevelopment

planning in Sacramento. The cost of land to be purchased by the Sacramento RDA was estimated at \$12.6 million with resale of the land estimated to bring in \$6 million. Federal urban renewal funds covered up to two-thirds of the loss associated with land acquisition and resale leaving the city to raise \$2.2 million to qualify for federal funds. The RDA then proposed the issuing of a \$1.5 million bond to fund the city’s share of land acquisition.³¹ City planners moved to place Proposition B on the November 1954 ballot, which required support from two-thirds of the voters to authorize the bond needed for purchasing blighted West End land.

West End residents soon became aware of the plan to convert their homes from residential to commercial use - a plan that would result in the loss of their homes and businesses. In the summer of 1954, the Sacramento RDA conducted a series of public hearings that sought community support for Proposition B. The RDA unexpectedly encountered many West End residents who frequented these meetings to express their concern over the lack of information provided to residents and to ask for fair and equitable treatment. Representatives of the Japanese American Citizens League (JACL) complained about the evasiveness of the RDA in providing information and the unwillingness of agency officials to discuss RDA proposals.³²

Nathaniel Colley, a local civil rights attorney with the NAACP, cautioned that relocation settlements should be adequate to keep business owners from going bankrupt during relocation. Colley also pleaded with the city to provide fair housing for non-Whites being relocated from the West End. Quoted in the local newspaper, Colley stated, “A Negro in this community has no chance in this world of going out and buying a tract home for no down payment whether he is a veteran or not. If a Negro is able to buy a house in the city, it must be second hand and with a substantial

²⁹ See Davies 1958: 183-184; also see “Blighted!” Pamphlet No. 10. California State Reconstruction and Reemployment Commission. January 1946.

³⁰ See “Redevelopment Ideas for California’s Capital: Preliminary Ideas and Recommendations.” Sacramento City Planning Commission. June 1950.

³¹ See “The People of Sacramento Plan for 1960 through Redevelopment.” Sacramento City Planning Commission. City of Sacramento. May 1, 1950.

³² See Nichibei Times, “Many Issei, Nisei Express Views on Sac’to Project,” June 16, 1954; Nichibei Times, “Concrete Plans Sought from Sac’to Redevelopment Agency,” July 2, 1954.

RACE & PLACE IN SACRAMENTO

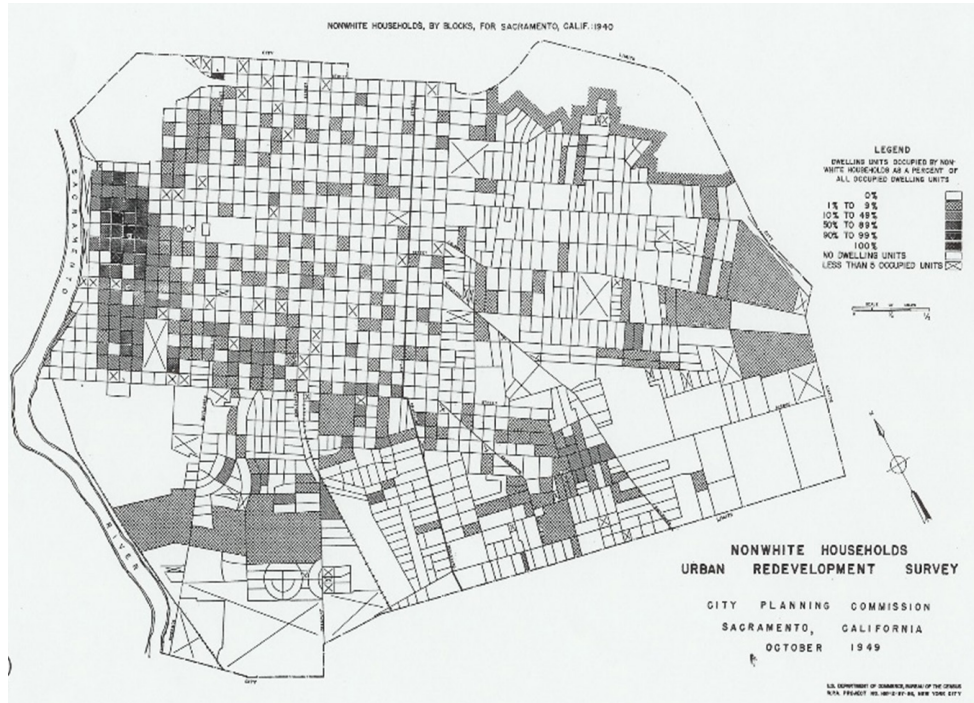


Figure 2.5: Percent Nonwhite Households by Census Block in Sacramento. 1940. Source: Sacramento City Planning Commission.

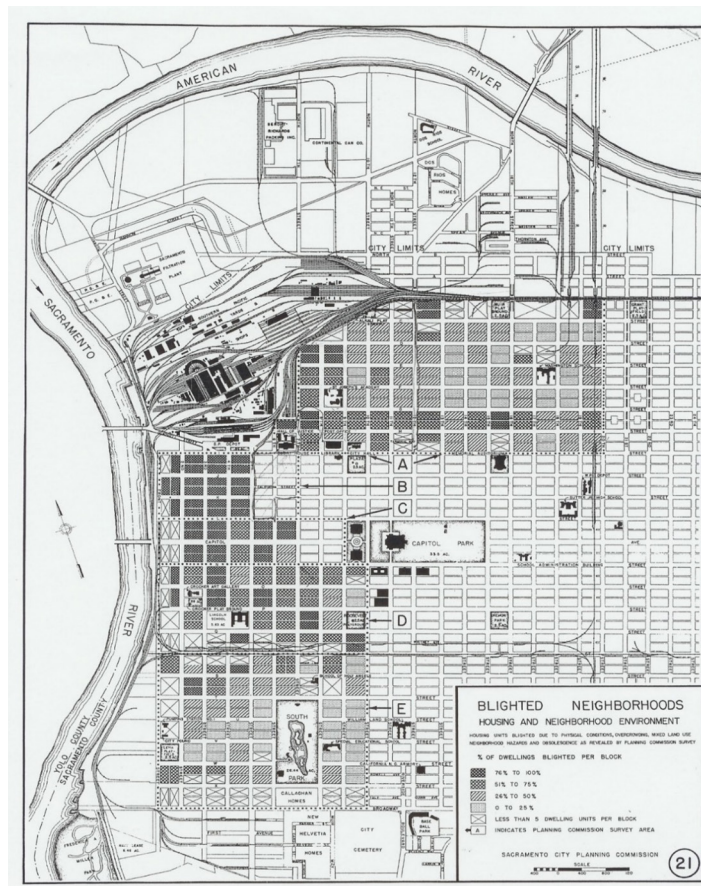


Figure 2.6: Map of Blighted Neighborhoods in Sacramento's West End. 1949. Source: Sacramento City Planning Commission.

down payment,” referring to the land contracts used between minority buyers and White sellers to circumvent the refusal of local banks to extend mortgage credit to non-Whites. Colley concluded by stating that “the housing market is a closed, tight racket and just as closed to us as the Sutter Club is.” Colley asked that the city force tract developers and others to make housing available to non-Whites facing relocation.³³

Well aware of the problems with obtaining housing in a city guided by segregationist practices, groups like The Young Democrats of Sacramento urged adoption of an ordinance to prevent discrimination in proposed redevelopment areas of the city and to provide adequate housing for persons who would be displaced. The group asked that the city council enact appropriate legislation, which would ensure equality of all races and creeds in the purchasing, leasing, and tenancy of property and the employment of persons located within the proposed redevelopment areas of Sacramento. The local chapter of the NAACP sponsored the bill while the Sacramento Real Estate Board opposed the ordinance.³⁴

Leading the campaign for Proposition B was the Citizens Committee for Redevelopment. The group launched a get-out-the-vote campaign for Proposition B and found support from a number of civic groups in the city such as the Sacramento Lions Club, League of Women’s Voters, Chamber of Commerce, the Builders Exchange, the Sacramento Real Estate Board and many other professional organizations.³⁵ But opposition to Proposition B formed quickly when city officials refused to consider alternative proposals from the Japanese American Redevelopment Study Committee

and refused to guarantee fair housing for those West End residents facing relocation.

Residents actively resisted redevelopment plans through a coalition of organizations represented by the Sacramento Business and Taxpayers Association who warned against the lack of compensation for business losses and misuse of eminent domain powers. The campaign called attention to the fact that the proposed “slum clearance” project bypasses the city’s “skid row” district, the area used to justify the need for redevelopment. Rather than a plan to correct the worst social and economic conditions of the area, Proposition B opponents warned that the West End’s valuable labor market would be relocated and that 4,000 residents would be immediately dislocated without any guarantee for affordable and safe housing.³⁶

The organized public awareness media campaign resulted in voters soundly defeating Proposition B in November 1954. Despite the loss, city council members subsequently voted to proceed with redevelopment plans and approved the sale of tax allocation bonds needed to qualify for federal redevelopment funds. The first bonds were sold in August of 1956 and the buying of West End land began in the following month.³⁷

Despite voter objections, Sacramento became the birthplace for this new financing technology called Tax Increment Financing (TIF), which allowed the promise of future tax revenue increases from Downtown development projects to be used in qualifying for federal urban renewal funding for property acquisition in the West End. This new financing technology directly supported projects that disproportionately targeted non-White residents allowing redevelopment, displacement, and gentrification to become a

³³ The Sutter Club, located one block west of the State Capitol, was founded in 1889 by the city’s agricultural, commercial, governmental and societal leaders and is home to the city’s elite business, legal and political networks. Until recently, the Sutter Club was open only to White males. Colley’s reference to the Sutter Club was meant to stress the extent of housing discrimination taking place in Sacramento during the 1950s. See The Sacramento Bee, “City Vows Fair Treatment in Redevelopment,” July 16, 1954.

³⁴ See The Sacramento Union, “Young Democrats Ask Action on Anti-discrimination,” October 20, 1954.

³⁵ See The Sacramento Bee, “Backers of Mall Project Represent 90,000 in City,” July 17, 1954.

³⁶ See the series of open letters to the public published in the Sacramento Union during October 21, 1954 through October 31, 1954.

³⁷ See The Sacramento Bee, “Land Purchase in Blight Area is Set to Begin,” August 8, 1956; The Sacramento Union, “Mall Project Bonds Sold,” August 16, 1956; The Sacramento Union, “Final Hurdle Cleared for Capitol Mall Project” August 16, 1956; The Sacramento Union, “Buying of Land Starts in Rebirth of West End,” September 11, 1956.



View of the demolition in the West End of the buildings at 531 K Street to make room for the new K Street Mall project.



“Land Available for Redevelopment” by the City of Sacramento’s Redevelopment Agency and the West End project. View is looking north toward K Street from 5th and L Streets.

government-sponsored racial antagonism reclaiming redlined West End land for speculative commercial real estate development and the promise of increased property tax revenues to the city.

Following the Sacramento model, Tax Increment Financing became the primary financing mechanism for municipalities to leverage federal urban renewal funds in cities throughout the United States. Although promoted as a self-financing tool to pay for infrastructure projects without raising taxes or diverting resources from other capital needs, TIFs have also served to aggravate and intensify inequities in U.S. cities. TIFs provided the missing layer of capital to facilitate land acquisitions via eminent domain and commercial development projects in redlined areas that displaced tens of thousands of families each year, with families of color displaced at rates far higher than their share of the population. The subsequent displacement of ethnic enclaves and gentrifying of neighborhoods from 1950 to 1970 had devastating consequences—including displacing more than a million people from their homes.³⁸ Sacramento’s TIF model reinforced the expanding role of local

and federal governments in the public and private redevelopment of cities and the perpetuation of racial and spatial inequalities.

During the early years of urban renewal programs, the National Interstate and Defense Highways Act of 1956 and subsequent amendments provided a permanent funding source for expanding the nation’s highway system. In Sacramento, this expansion included connecting the city to the nationwide interstate system. Interstate 5 ran from the Mexico border to Canada except for a break between the northern and southern borders of Sacramento. Closing this break meant carving a cavern that stretched the length of the West End through census tracts 7, 8, and 21. Interstate 80 ran from the Bay Area to the eastern part of the U.S. except for a break between the east and west borders of Sacramento. The proposed East-West Freeway would provide connections from Interstate 80 west to Reno (northeast) and to State Highway 50 (east) headed to Lake Tahoe.

Land acquisition and clearance associated with urban renewal and freeway projects required the mass relocation of non-White enclaves from the West End. According to the 1950 U.S. Census, approximately 7,900 or 75 percent of the city’s 10,700 non-White residents resided in census tracts directly affected by redevelopment and freeway construction. An additional concentration of 2,200 Mexican residents counted as Spanish-surnamed White in the census also

³⁸ See for example the Renewing Inequality Project that documents urban renewal programs in the U.S. Digital Scholarship Lab, “Renewing Inequality,” American Panorama, ed. Robert K. Nelson and Edward L. Ayers, accessed May 29, 2021, <https://dsl.richmond.edu/panorama/renewal/#view=0/0/1&viz=cartogram&city=sacramentoCA&loc=15/38.5990/-121.5096&cityview=holc>



1966 Aerial view looking west from about 19th Street at the lots between W and X Streets that have been prepared for construction of what is now known as the Capital City Freeway. The project destroyed homes and businesses along a 2 mile corridor between W and X Street and resulted in a massive displacement of non-white West End residents. *Source: Center for Sacramento History*

resided in these tracts. By the late 1950s, residents in the path of West End renewal and freeway construction projects reported the push by landlords and the city to relocate. Many residents moved out of the area upon hearing of the proposed evictions while others waited until receiving eviction notices. Some residents moved to available housing at the fringe of redevelopment where construction was scheduled for later years.

Figure 2.7 shows how Interstate 5 was routed going north/south through Chinatown, Japantown, and tracts with high concentrations of Latino and Black residents. It also shows how the proposed East-West freeway project, originally planned for construction along Q Street, was rerouted through census tracts 21, 20, and 19 at the southern border of the original city grid. Regardless of the reason for rerouting, these census tracts contained the largest concentration of Black residents in the city at that time of demolition.

Both freeway and redevelopment projects decimated Sacramento’s Japantown and Chinatown and displaced the bulk of the Black and Mexican residents living in census tracts facing construction. Displacement proved costly for non-White communities. The overwhelming majority of residents were gainfully employed. They relied on their West End contacts to seek out employment opportunities and access to support resources provided by their cultural networks that lessened the effects of segregation. Approximately 70 percent of the West End’s working-age population received its primary source of income from wages or self-employment. But forced relocation effectively dismantled and neutralized the strong support networks for families and non-White businesses that made the West End a vibrant community. Minority entrepreneurs, who constituted 49 percent of the area’s business owners, were forced to relocate to areas of town without race covenants at higher rents. Because they no longer enjoyed access to their West End clientele, most businesses failed upon relocation or just ceased operating.³⁹

The West End demolition also terminated the area’s migrant employment activities as hundreds of non-White single men, many of which were recruited via the federally sponsored Bracero Act, were forced out of their living arrangements. The West End functioned as an employment center for migrant workers filling about 15 percent of California’s agricultural jobs each year and was the cultural center of their social

³⁹ See “Site Occupant Survey Summary Report, Capital Mall Project Area No. 2-a.” Redevelopment Agency of the City of Sacramento. September 18, 1957; “Relocation Plan: Slum Area Labor Market, Sacramento.” Redevelopment Agency of the City of Sacramento. January 1959.

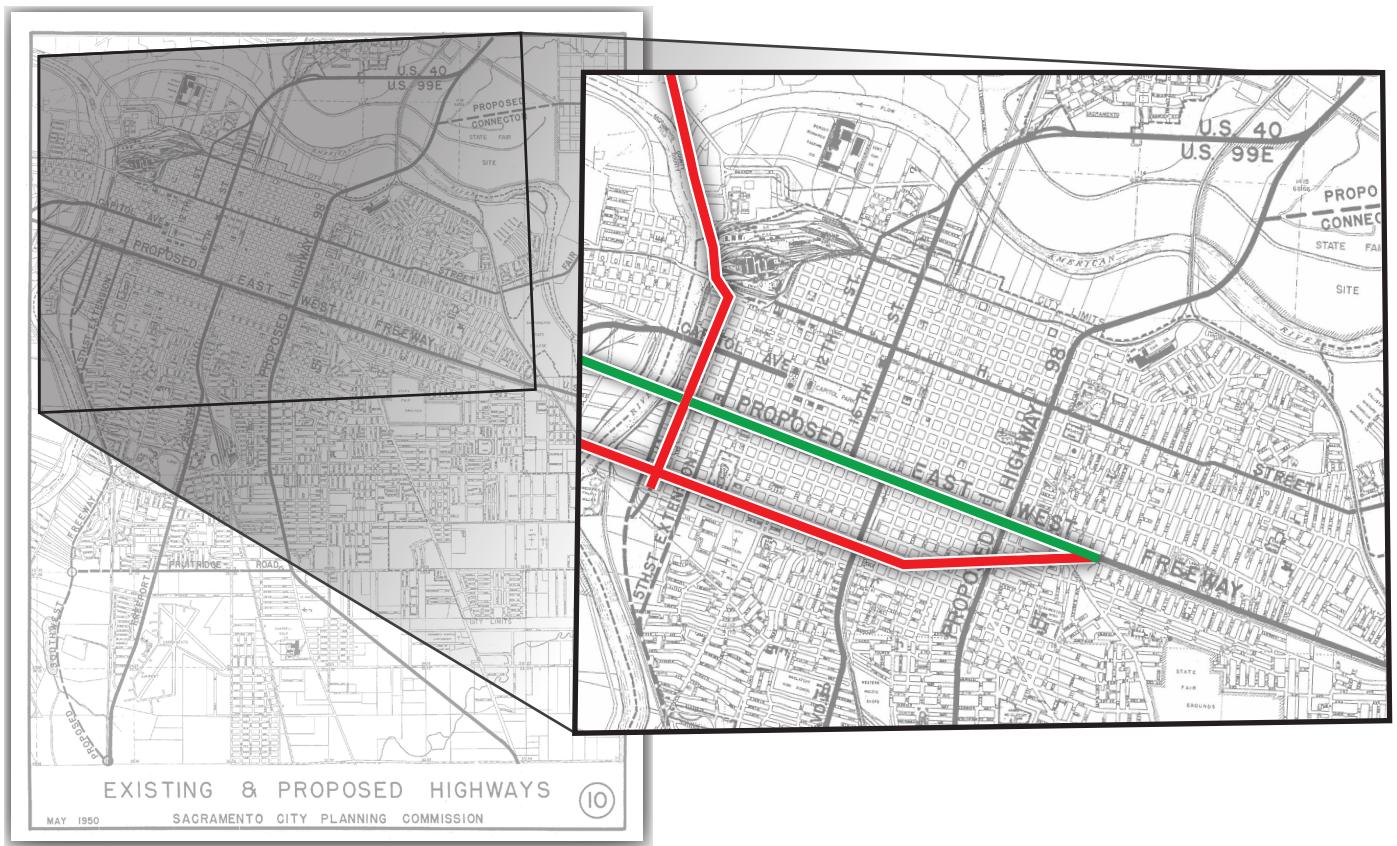


Figure 2.7: 1950 Map of Proposed Freeways in Sacramento. *Source: Sacramento City Planning Commission.* Current freeways are noted in red.

and economic activities.⁴⁰ When asked to justify why housing for the large numbers of single migrant men in the workforce will not be built according to redevelopment plans, RDA director Jerome Lipp, quoted in *The Sacramento Union*, stated “many of these men have just melted away as sections of the area were cleared.” He also argued that it was a mistake to consider the West End as a labor center claiming that the men that were left are the least productive. “One-half of the men are over 60, one-third are incapacitated by alcoholism, tuberculosis, and mental and physical handicaps. Most of them work in bars, restaurants, hotels, and other service trades catering to their own group. The remainder do not represent an important labor group as they once did,”

⁴⁰ See *Redevelopment Ideas for California’s Capital: Preliminary Report and Recommendations*. Sacramento City Planning. June 1960.

stated Lipp⁴¹ setting into motion a pattern of homeless residency in Downtown Sacramento we still see today.

From the mid-1950s to the mid-1960s, West End redevelopment and freeway construction initiated a steady exodus of non-White residents that triggered an immediate need for affordable shelter. Dingemans and Dattel (1995) estimated that 8,500 emigrants vacated the West End as a result of urban renewal projects.

However, Bracero labor continued to flow into the city beyond the official end of the program in 1964 to meet the increasing demands of the agriculture and food processing industries, housing construction, and freeway construction. The military build-up in response to the Korean and Vietnam Wars brought a new civilian and military workforce of approximately

⁴¹ See *The Sacramento Union*, “Missing \$2,000,000 Brings Headaches” October 9, 1957.

25,000 to Sacramento's three military installations. Black employees constituted 10 percent of this new workforce (Mueller 1966). Mather Air Force Base along the Highway 50 corridor was expanded in 1956 to accommodate B-52 Bomber operations. The Sacramento Army Depot in South Sacramento County was expanded for repairing electronic devices and the emergency manufacturing of parts. McClellan Air Force Base in the northeast part of the county became the site for repairing and overhauling defense aircraft prior to their departure for military activity in the Pacific.⁴²

Adding to this flow of new residents was the Aerojet Engineering Corporation, a rocket technology research firm formed in 1942 to support military and aerospace innovation. Aerojet's Sacramento operations began in 1951 in Rancho Cordova in eastern Sacramento County. At its peak in 1963, Aerojet's local operations would employ nearly 20,000 employees.⁴³

The combination of increased military involvement, demand for migrant labor, and government-sponsored redevelopment construction projects that pushed non-Whites out of the West End brought an immediate need to house thousands of non-White residents in a city actively engaged in, and shaped by, segregationist housing policies. Together, these politically produced market pressures threatened the homogeneous quality of traditionally race-restricted neighborhoods throughout the Sacramento area. In a place organized by discriminatory housing practices, the movement of so many non-White residents within the county triggered a series of gatekeeper actions on the part of the local real estate industry that would reconfigure residential space in Sacramento.

REALTOR GATEKEEPING AND FAIR HOUSING: RESISTING INTEGRATION

Despite changes to FHA guidelines in 1950, which no longer permitted the use of race covenants in considering loan approval to home buyers,

Sacramento's new home builders and realtors consistently prohibited non-White military personnel from purchasing homes. In May 1954, Oliver Ming, an employee at McClellan Air Force Base, filed suit against real estate broker Milton Horgan, several local home builders, local real estate firms, and the Sacramento Real Estate Board (SREB). Ming charged that Negroes were unlawfully prohibited from purchasing FHA financed homes. The complaint also charged that the housing built and sold by the defendants constituted practically all of the housing built in Sacramento County under the National Housing Act. Ming argued that builders and realtors enjoyed a monopoly on the construction and sale of local housing developed using FHA financing.⁴⁴

Ming and others charged that builders and realtors refused their purchase offers although they appeared to meet the qualifications for FHA and VA financing. The Ming case revealed how builders and realtors obtained advantages through the FHA mortgage insurance system as they were assured a free flow of credit otherwise unavailable to them. The case illustrated how using FHA financing expanded the market reach of local builders enabling them to offer low down payments and low interest rates sought by prospective buyers. The mere advertising of "FHA Homes" attracted a steady pool of buyers, claimed Ming.

The Ming case shows how builders in Sacramento were able to place themselves in the position to "exercise an unlimited determination as to who may, or may not, enjoy the benefits of government financing." In this manner, builders were able to impose not only credit tests to meet FHA requirements, but also race tests to determine who could submit applications for mortgage credit.⁴⁵ Non-White borrowers were never afforded the opportunity to meet the qualifications of the lender or FHA because builders refused to accept their credit applications. Over 10,000 new homes were

⁴² The California State Military, Preserving California's Military Heritage. California State Military Department. <http://www.militarymuseum.org>.

⁴³ See the Sacramento Bee, "Aerojet to eliminate 1,100 jobs, stop manufacturing in Rancho Cordova." April 10, 2017.

⁴⁴ See The Sacramento Bee, "Suit Charges Race Bias in Area Housing," May 10, 1954.

⁴⁵ See Summary of Ming v. Horgan by Loren Miller, attorney for plaintiff dated August 8, 1958. Summary obtained from the personal collection of Damany Fisher, PhD. University of California, Berkeley.

constructed in all White neighborhoods during the period and not one was sold to a Black buyer.⁴⁶

Horgan and other defendants countered that new homes were available to plaintiffs in two small subdivisions built primarily for Blacks in the Avondale/Glen Elder area near the Army Depot. Because these options were available, defendants argued that their actions should not be construed as rejecting Black applicants.⁴⁷ However, the local Superior Court held that real estate operators uniformly refused to sell to Blacks even though they could qualify for FHA financing. The Court recognized the “various methods of consistent discrimination used by realtors, subdividers, owners and builders in the absolute prohibition of Negroes from buying new housing in the area” and ruled that, as recipients of federal governmental assistance through FHA and VA financing, defendants were required to recognize the federal policy of equal rights established in *Brown v. Board of Education*.⁴⁸ Even with this affirmative ruling, plaintiff Ming was awarded damages in the amount

of just one dollar.⁴⁹ The Ming case demonstrated the continued intervention by the real estate industry on Sacramento’s residential geography, which became a standard business practice in the city as far back as 1900.

By 1960, a new non-White middle-class population began to emerge in Sacramento. The steady growth of statewide administrative agencies, now relocated and consolidated in Sacramento, brought increased civil service employment opportunities to non-Whites protected by enforcement of employee discrimination laws. Military and government agencies paid non-Whites higher wages than those paid by other employers in the area. Aerojet, a rocket engine development company engaged in missile and space propulsion, built one of the world’s largest test and production sites just off the Highway 50 corridor and hired non-White professional-level workers. This new segment of the middle class could afford more expensive housing options and now sought to participate in the housing boom taking place just outside of Sacramento’s segregated neighborhoods.

Despite the Ming decision in 1958, non-Whites continued to be denied access to new homes. In 1960, Edgar Duff, an electronics specialist at McClellan Air Force Base, made an offer to purchase a home in Carmichael, an all-White community in northeast Sacramento County. The sellers accepted Duff’s offer and deposit but soon cancelled the sale after receiving pressure from neighbors not to sell the property to a Black man as “other Negroes will follow.”⁵⁰ Duff filed suit against the sellers and after three years of litigation was allowed to purchase the home.

In a similar 1962 case, Arthur Lyman, a physicist at Aerojet, filed suit against builder Frank Skover and



Billboard advertising homes for sale in Glen Elder, Sacramento’s Most Beautiful Interracial Subdivision. Circa 1957. Source: Willie R. White.

⁴⁶ See Conclusions of Law and proposed Findings of Fact prepared by Loren Miller in *Ming v. Horgan* dated July 17, 1958 obtained from the personal collection of Damany Fisher, PhD. University of California, Berkeley.

⁴⁷ See Memorandum Opinion, *Ming v. Horgan, et al.* dated 1958. California Superior Court, Sacramento County #97130.

⁴⁸ *Ibid.*

⁴⁹ Minutes from Executive Board meetings during 1957 show the SREB asking the National Association of Real Estate Board (NAREB), their parent organization, for financial and technical assistance in defending against Ming. Although the NAREB chose to hold back assistance because the case did not have a more national significance, the correspondence nonetheless demonstrates the ties between local realtors and a national support network.

⁵⁰ Statement from Edgar Duff in “Federal Employee Sues for ‘Blocked’ Home.” Research Bulletin No. 6. Sacramento Committed for Fair Housing. May 1963.

real estate broker William Lyon for refusing to sell a house to Lyman because of his race. In Lyman's case, the Sacramento Committee for Fair Housing (SCFH) held a three-month long protest. Both Black and White picketers marched outside of Skover's South Land Park Hills development, an exclusive all-White community historically off-limits to non-Whites. Skover finally relented to selling a home to Lyman after complaining how demonstrations outside his development discouraged many home buyers from purchasing his homes.⁵¹

During this time, the SCFH also conducted housing audits of 13 subdivisions in the northeast Sacramento area using paired White/Black teams of testers acting as potential home buyers. Black testers were routinely discouraged from attempting to buy homes with unclear statements of the purchase process, lengthy loan applications and questioning, and were told that homes were sold out or unavailable for purchase.⁵² State civil service workers also reported similar experiences with builders refusing the offers of non-White buyers.⁵³

The protests and complaints prompted the State Attorney General's Office to investigate claims of housing discrimination in a number of Sacramento area subdivisions.⁵⁴ Even with these challenges to housing discrimination, new racial boundaries took form to accommodate the city's demand for segregated space lost in West End urban renewal projects. These housing discrimination cases reflect the broader regional approach to homeownership and race that became a standard business practice throughout the area. Between 1940 and 1960, 350,000

new homes were built in Northern California using FHA support; however, fewer than 100 went to Blacks.⁵⁵

Concerned with the growing level of housing discrimination in cities throughout the state, the Democrat-dominated California Legislature passed the state's first set of fair housing laws in 1959. The Unruh Civil Rights Act prohibited discrimination by all business establishments including housing and public accommodations and provided citizens the right to sue for damages. That same year, the Hawkins Fair Housing Act was passed prohibiting discrimination in any publicly assigned housing accommodations and provided access to the courts for injunctive relief. In 1962, the California Supreme Court extended the reach of these new fair housing laws by including realtors and tract developers as businesses subject to the provisions of the Unruh Act.⁵⁶ Although these important legislative changes laid the foundation for fair housing law, aggrieved parties could only seek remedies through private lawsuits. This made fair housing enforcement difficult, if not impossible, as most non-Whites could not afford the cost of litigation, which normally took years to resolve.

Governor Edmund Brown, Sr., pushed the State Legislature in 1963 to correct fair housing enforcement problems in California. In response, the legislature proposed the Rumford Fair Housing Act (Assembly Bill 1240), which provided for administrative enforcement of nondiscrimination in all real estate operations including the sale of land. The bill was hotly contested by Republican legislators and conservative groups across the state (Casstevens 1967). The California Real Estate Association (CREA) began an intense lobbying effort to stop the passage of the Act. In legislative hearings, the CREA testified that forced integration would deprive people of their constitutional rights of freedom of choice and that widespread discrimination in housing did not exist (Casstevens 1967).

While Governor Brown pressured legislators to pass the bill, civil rights demonstrators, such as the Congress for Racial Equality (CORE), staged sit-ins

⁵¹ See The Sacramento Bee, "South Land Tract Racial Picketing Ends," September 10, 1962; The Sacramento Union, "Pickets Off Land Park," September 11, 1962.

⁵² See "Color Makes a Difference at Sacramento Model Homes." Research Bulletin No. 3. Sacramento Committee for Fair Housing. January 1962.

⁵³ See "State Employee Overcomes Housing Discrimination in Sacramento." Research Bulletin No. 5. Sacramento Committee for Fair Housing. February 1963; The Sacramento Bee, "Buying Home in Sacramento is 6 Months of Humiliation," December 12, 1963.

⁵⁴ See The Sacramento Bee, "Mosk is Checking Housing Discriminations in Capital," September 20, 1962; The Sacramento Union, "Race Discriminations in Housing Probed," September 21 1962.

⁵⁵ See Duster, T. The Advantages of White Males. The San Francisco Chronical, January 19, 1995.

⁵⁶ See Lee v. O'Hara, 57 Cal.2d 476 (1962); Burks v. Poppy Construction Co., 57 Cal.2d 463 (1962).

and hunger strikes inside the Capitol in support of the Act. Using a number of technical procedures, Democratic legislative leaders were able to call a vote to pass the Rumford Act just a few minutes before the 1963 session of the Legislature ended.⁵⁷ The Act established the Fair Employment Practice Commission (FEPC) as the agency charged with assisting those parties experiencing housing discrimination. Aggrieved parties now had the opportunity to hold real estate professionals legally accountable for fair housing violations without having to resort to expensive and prolonged private lawsuits.

Many property owners and members of the real estate industry were outraged with the passing of the Rumford Act. They felt that it was too restrictive and represented unfair interference by state government in private affairs. As in the Ming case, the real estate industry contended that they possessed the right as owners, builders, and dealers in real property to sell to any person of their choosing. The CREA, with strong support of its 40,000 members, vehemently opposed the Rumford Act and mounted a statewide counterattack to repeal it. Through the newly formed Committee for Home Protection (CFHP), the CREA sponsored an initiative to repeal all fair housing laws in the state and prohibit any future restrictions on an owner's power to dispose of his property as he saw fit.⁵⁸ The initiative, numbered Proposition 14 when it was certified for the ballot, proposed an amendment to the constitution of California that provided, in part, as follows:

“Neither the State nor any subdivision or agency thereof shall deny, limit or abridge, directly or indirectly, the right of any person, who is willing or desires to sell, lease or rent any part or all of his real property, to decline to sell, lease or rent such property to such person or persons as he, in his absolute discretion, chooses.”

Through Proposition 14, the CREA not only sought to repeal the Rumford Act, but also repeal sections of existing state laws against discrimination in housing matters contained in the Unruh and Hawkins Acts. Moreover, the CREA sought to put into the California constitution a prohibition against all attempts, whether by state, city or county authorities, to act against any sort of housing discrimination. The strategy employed by CREA was to make fair housing a moral issue that took away citizens' fundamental, and constitutionally protected, rights.

Fair housing laws, argued CREA, interrupted the rights of individual tax paying citizens to choose who they can do business with. By arguing that fair housing law constrained an individual's freedom to enter contracts of their choosing, CREA claimed that fair housing endangered the financial freedoms and personal rights of law-abiding citizens. Self (2003:168) explains that CREA and CFHP rarely discussed race during the campaign. Instead, the focus was on rights and the violations of the freedoms to buy, rent and sell and infringement upon the “American way of life.” Self argues that the linking of property to freedom permitted a public forum where Whites could express segregationist politics in a language of private rights, which they could now claim had nothing to do with race - discursive techniques we continue to hear today.

As part of their efforts to gain public support for the initiative, the CREA and the NAREB published the Property Owners' Bill of Rights, which claimed that the rights and freedoms of the American property owner were being eroded and “will destroy the free

⁵⁷ See Time Magazine, “California: Proposition 14,” September 25, 1964. See also Casstevens 1967.

⁵⁸ The CFHP was also strongly supported by the California Apartment Owner's Association, an organization known for refusing rental occupancy to non-Whites. The Sacramento Apartment Owners Association was the local chapter also in support of this statewide organization.

enterprising individual American.”⁵⁹ Promulgating the fear of losing personal rights served as strategy to gain the endorsement of many large conservative political groups, including members of the Republican Party along with more radical far-right groups such as the John Birch Society and the California Republican Assembly (CRA). In *Time Magazine*, Nolan Frizzelle, president of the 20,000-member CRA explained his organization’s stand in favor of Proposition 14: “The essence of freedom is the right to discriminate. Discrimination means free choice. In socialist countries, they always take away this right in order to complete their takeover.”⁶⁰

With support from NAREB, the CREA had many paid employees working throughout the state to assist with selling Proposition 14 to voters.⁶¹ The CREA also recruited actor and “Bedtime for Bonzo” star Ronald Reagan, who had openly opposed the federal Civil Rights Act of 1964, as a campaign spokesman. Speaking on behalf of CREA, Reagan declared to news reporters that “If an individual wants to discriminate against Negroes or others in selling or renting his house, he has a right to do so.”⁶² Meanwhile, opponents of Proposition 14, including the League of Women Voters, the California Labor Federation, the Teamsters Union, church groups, former Kennedy Administration staffer and State Senator Pierre Salinger, and even entertainer Frank Sinatra spoke out against Proposition 14.⁶³ Civil rights groups such

as the NAACP and CORE along with the Japanese American Citizens League, Mexican American Political Association and the Chinese American Citizens Alliance were also strongly opposed to the initiative (Casstevens 1967). The campaign mirrored the racial tensions of the times taking place across the nation with Democrats pushing the Civil Rights Act of 1964 and ultra-conservatives like Alabama governor George Wallace refusing to comply with demands to desegregate schools.

Surprisingly, California, a traditionally Democrat voting state, overwhelmingly passed the initiative with a 65% majority vote in the 1964 California elections. However, two years later the California Supreme Court struck down Proposition 14 concluding that it violated the U.S. Constitution. The U.S. Supreme Court later upheld the decision. The proposition proved to be extremely controversial. Robert Weaver, administrator in charge of the Federal Housing and Home Finance Agency threatened to halt federal funds for urban renewal projects in California cities, a move that served to warn other states against similar efforts to interfere with fair housing laws (Casstevens 1967). But the Republican Party of California pledged its support of repealing the Rumford Act, a party platform that capitalized on voters’ resentment of fair housing laws. CREA spokesman and now Republican gubernatorial candidate Reagan easily defeated Governor Brown in his 1966 bid for re-election.

The discussion on Proposition 14 is important for understanding the racial tensions in Sacramento centered on housing and the extreme efforts of the real estate industry to maintain and control California’s racialized housing market. The SREB voiced strong support of the initiative and along with the Sacramento Apartment House and Property Owners Association and the Associated Home Builders of Sacramento helped form the local chapter of the Committee for Home Protection (CFHP) headed by Army Colonel Forest Paxton. Paxton asserted that the Rumford Act was an infringement of property rights and stated to local news reporters on behalf of the Committee “we agree 100 percent that minorities should be able to buy anywhere they qualify financially, socially and educationally. But we also agree the property owner should have the

⁵⁹ See “Property Owners Bill of Rights.” An undated notice circulated by CREA. Original copy approved on March 16, 1963 by CREA and subsequently approved by NAREB on June 4, 1963. California State Library.

⁶⁰ See Davies, *Real Estate in American History* (1958).

⁶¹ See “Legislator for Fair Housing and Public Health” William Bryon Rumford. Part VII the Fair Housing Bill and Proposition 14, 1963-1964. Oral history obtained by Edward France and Joyce Henderson, University of California, Berkeley: Bancroft Library. September 13, 1971. http://content.cdlib.org/view?docId=hb8n39p2g3&chunk.id=div00040&brand=calisphere&doc.view=entire_text.

⁶² See “California’s Proposition 8 legal challenge harkens back to ‘60s housing measure.” *McClatchy Newspapers (MCT)*. February 24, 2009. <http://www.popmatters.com/pm/article/70899-californias-proposition-8-legal-challenge-harkens-back-to-60s-housing>.

⁶³ See Davies 1958 and Casstevens 1967.

right to negotiate, to select, to choose.”⁶⁴ Ken Stuart, SREB executive vice-president also spoke on behalf of the local CFHP stating “racial inequality is not the point. This [Rumford Act] is an erosion of freedom” and claimed the Act as “un-American.”⁶⁵ Stuart also pointed out for reporters that Proposition 14 had “the overwhelming support” of the real estate profession and “out of 171 California real estate boards, only four have gone on record as opposing the initiative.”⁶⁶

Like the statewide campaign, the local CFHP focused on the loss of personal rights and downplayed the resistance to integrate Sacramento neighborhoods. The organized multi-scaled attack by the real estate industry sold the concept of fair housing as an actual threat to individual rights. In doing so, the industry successfully gained public acceptance for altering market preconditions to exclude non-Whites from access to housing while extending the market privileges gained through race covenants. Sixty-two percent of Sacramento’s residents demonstrated their opposition to integration and voted in favor of Proposition 14.⁶⁷

As the war in Vietnam continued to escalate in the 1960s, an increasing number of military and civilian employees across the country were transferred to the McClellan Air Force Base site during 1965-1966. Again, the refusal of the local housing industry to provide fair housing would become painfully obvious. In the summer of 1965, the State Employees for Equality (SEE), a group of 100 civil servants, conducted a survey of eight census tracts covering approximately 400 blocks of the city’s Downtown grid. Paired White/Black testers were used to survey owners of both apartments and houses listed as available for rent. Only 9.8% of the available units surveyed were open to Black

testers.⁶⁸ In June and August of 1965, the Sacramento Committee for Fair Housing conducted a survey of neighborhoods within a 10-mile radius of McClellan Air Force Base. The survey focused on the rental market in the communities of Citrus Heights, Fair Oaks, Carmichael, Arden, Rancho Cordova, Orangevale and Folsom. Similar to the Downtown survey by SEE, nine out of ten landlords surveyed refused to accept Black renters.

With 90% of the rental market unavailable to Blacks, fair housing became an important issue for Sacramento, one that would have a major impact to the local economy. In 1966, the Atomic Energy Commission (AEC) was considering six sites, including one in Sacramento County, to construct a \$375 million nuclear accelerator facility. The facility would bring an estimated \$60 million annual payroll for 2,400 employees. Access to fair housing was an important requirement in the AEC site selection process. When local civil rights groups informed the AEC that housing discrimination was a problem in Sacramento County, the AEC asked Chamber of Commerce representatives for a report indicating the extent of fair housing problems in their area.⁶⁹ The Chamber’s initial report claimed that very little discrimination existed in Sacramento’s housing market and was immediately attacked by local civil rights groups as a “whitewash” and a “glossing over” of the actual conditions non-Whites faced in obtaining access to decent and affordable housing.⁷⁰ The Chamber, with input from SCFH, subsequently revised the report to more accurately reflect conditions in the area. Sacramento eventually lost the competition for the AEC site to Weston, Illinois as the resistance to population shifts from Downtown redevelopment and the steady flow of non-White military employees to the area brought Sacramento’s ongoing problem with fair housing out in the open.

⁶⁴ See “Rumford Law Foes Base Stand on Property Rights.” The Sacramento Bee. December 12, 1963.

⁶⁵ Ibid.

⁶⁶ See The Sacramento Union, “Rumford Act and the Repealer – What They Do,” December 30, 1963.

⁶⁷ See Supplement to Statement of Vote. General Election November 3, 1964. California State Archives, Secretary of State. State of California.

⁶⁸ See Survey Number One: Racial Exclusion in Houses in Downtown Sacramento. State Employees for Equality 1965.

⁶⁹ See The Sacramento Union, “Racial Study Group Will Continue Effort,” November 30, 1966.

⁷⁰ See The Sacramento Union, “Apartments Available Regardless of Race,” November 2, 1966; The Sacramento Bee, “All Sides Hail Report on Racial Climate,” November 29, 1966.

POPULATION TRENDS

Sacramento census data for the period 1950-1970 helps demonstrate the interdependency between race covenants, redlining, redevelopment and realtor gatekeeping as a long-term practice of altering housing market preconditions on the basis of race. In 1950, only 6% of Oak Park residents were non-White. But by 1970, following the early stages of West End redevelopment, 48% of Oak Park residents were non-White reflecting the large shift of residents from redevelopment sites in the West End to Oak Park. Similarly, 8% of Del Paso Heights residents were non-White according to the 1950 Census. But by 1970, 39% of its residents were non-White. In contrast, 48% of West End residents were non-White in 1950. But following redevelopment in 1970, non-White residents accounted for only 5% of the West End population. The percent of West End non-Whites that owned their home during the same period dropped from 56% to zero.

We can also see how the shifting of West End’s poverty-stricken residents radically altered the socio-economic characteristics of neighborhoods without racially restrictive covenants such as Oak Park. In 1950, the average median income of Oak Park census tracts was approximately 105% of the city’s median income. Following the city’s shift in non-White residency, the average median income for Oak Park census tracts fell to approximately 60% by 1970. But in the West End, we see the exact opposite take place. In census tracts seven and eight, the 1950 median income was 33% and 51% of the city’s median income. Following the eviction of thousands of non-Whites from

redevelopment areas, income for census tracts seven and eight increased to 150% and 113% of the city median income in 1970 (Hernandez 2012). City redevelopment planning essentially reclaimed Downtown space and deposited its poor in non-covenanted neighborhoods like Oak Park and Del Paso Heights.

During this period of redevelopment and military escalation, White residency rates remained consistently high in Sacramento areas with race covenants and in those protected by realtors. Suburban tracts in the northeast portion of the county, where growth relied on a combination of restrictive covenants, FHA financing, and realtor gatekeeping, clearly demonstrate the effects of racial homogeneity. In 1970, Whites accounted for 98.5% of that area’s 200,000 residents, representing approximately 1/3 of the county’s population. **Table 2.1** shows the total Black population for the entire northeast county in 1970, which was less than one-half of one percent.

DECLINE AND TENSION

It is easy to see how the interaction of race covenants, redlining, redevelopment, and realtor gatekeeping shifted racially segregated residents in Sacramento to areas without race covenants. This interaction best demonstrates how direct intervention to alter market opportunity within a particular geography can lead to neighborhood decline. The inner-city neighborhood of Oak Park serves as an example of how external forces and interests can transform a once socially vibrant and economically stable neighborhood to a place of racial isolation and poverty. The transformation of Oak

Area	Residents	Black	% Black	Nonwhite	% Nonwhite
Arden	82,492	342	0.41	1,500	1.82
Carmichael	37,625	129	0.34	482	1.28
Citrus Heights	42,761	169	0.40	638	1.49
Folsom	5,850	2	0.03	53	0.91
Fair Oaks	15,463	43	0.28	168	1.09
Orangevale	16,493	41	0.25	234	1.42
Total	200,684	726	0.36	3,075	1.53

Table 2.1: Nonwhite Residents in Selected Northeast Sacramento County Areas. *Source: 1970 US Census*

Park provides important clues to how racialized space becomes financially fragile and vulnerable to long-term economic calamity.

Freeway projects of the 1950s-1960s throughout the city and the region provided a direct commute route from the new suburbs in the northeast county to financial and employment centers in the redeveloped West End. Sacramento now boasted a modern transportation system improving routes to both Bay Area and Lake Tahoe destinations while connecting residents with new shopping centers such as Florin Mall and Southgate Shopping Center to the south and Arden Fair Mall and Sunrise Mall to the northeast, which in turn supported new suburban development. New schools and transportation routes were now in place to serve the growing suburbs pulling White homeowners away from rapidly integrating neighborhoods like Oak Park and Del Paso Heights. Cataclysmic money, in the words of Jane Jacobs (1962), poured into Sacramento suburbs and produced thriving new neighborhoods of socially mobile wealth-accumulating residents.

Although freeway construction proved to be an economic catalyst for Sacramento, the restructured transportation routes effectively terminated Oak Park's economic activity. The original routes for Sacramento's freeways entered the city through Oak Park surface streets that connected the south county to Downtown and neighborhoods to the east and west. Highway 99 originally entered Sacramento along Stockton Boulevard then proceeded west on 5th Avenue and north on 35th Street through the heart of Oak Park to Sacramento Boulevard (renamed Broadway) with a route to Downtown. Highway 99 also made an important connection to Highway 50, which moved traffic through the city along the Folsom Boulevard business corridor. Commercial and retail shops along 35th Street and the Broadway and Stockton Boulevard corridors depended on clientele from Curtis Park, Land Park, McKinley Park and shoppers from other neighborhoods who stopped in Oak Park on their way to other city destinations. One business owner describes the neighborhood activity in 1960 before freeway construction redirected traffic away from Oak Park.



1960 aerial view of the new Elvas Freeway (currently called Business 80) and Highway 160 interchange. Merging the two freeways connected the Downtown Sacramento employment hub with new residential developments and shopping centers in the Arden Park area. The Arden Way off-ramp is in the lower right corner. *Source: Center for Sacramento History*

“The business was absolutely booming – there wasn’t a – if you weren’t successful on 35th Street, then you didn’t deserve to be in business. And you had stores like Lyon and Darwin Hardware, and then California Apparel.” “... there were a number of stores that were, in fact, the florist shop was so good there that the florist from the Fruitridge [shopping] Center came over and bought the Oak Park store as opposed to being in the Fruitridge Center. At that time, that was, you know, that was really a going deal, so, you can say it was a very, very – very, very successful business street.”⁷¹

⁷¹ See Hernandez, 2012. Pg. 154.

Customers that followed the city’s transportation arteries through the neighborhood were essential to the survival of the Oak Park business district, an active regional retail site. But the completion of Highway 99 brought a cavernous six lane divide between the Oak Park business district and its more well-to-do neighbors in Curtis Park and Land Park. The new system of freeways, completed during the 1960s, now redirected residents to drive to and from Downtown and suburban destinations without driving through Oak Park and consequently bypassing the area’s busy commercial districts. The W/X Freeway now connected the new Highway 50 to Downtown and west-bound Interstate 80 as well as Highway 99 going south and eliminated the need for traveling through Oak Park and down the Stockton Boulevard corridor. The redesign of transportation infrastructure to support new suburban developments and retail shopping centers effectively terminated any hope of retail and commercial survival in Oak Park, leading to the end of its business community.

Following the completion of Sacramento’s new freeway system, the California State Fair, originally located along the Stockton Boulevard business corridor in what is now the University of California, Davis Hospital System, was relocated to the Arden Arcade area in 1967.⁷² The economic impact to the neighborhood from the State Fair’s departure was devastating.⁷³ The loss of revenues from thousands of annual fairgoers coming to Oak Park from across the state meant the closing of many businesses along the Stockton Boulevard and Broadway corridors that once catered to State Fair tourists. The Mercedes



Highway 99 looking north from Oak Park circa 1962. The freeway separated affluent Curtis Park and Land Park shoppers from the Oak Park business district leading to its eventual economic demise. The Freeway also displaced a large Mexican population located between Franklin Boulevard and what is now Martin Luther King Drive. *Source: Center for Sacramento History*

dealership near Parker Avenue and Stockton Boulevard soon closed. Across the street, the upscale Naturwood Furniture relocated to a new home off of Highway 50 and Hazel Avenue, just west of the city of Folsom. Taylor’s, the specialty grocery store on the corner of 33rd Street and 6th Avenue on the west side of Oak Park, found a new home on Freeport Boulevard in the Land Park area.⁷⁴ The State Fair Market and Arata Brothers Supermarket also closed, leaving Oak Park without a supermarket for over 20 years.



California State Fairgrounds. Circa 1957. *Source: Ken Namikawa.*

⁷² The California Department of Food and Agriculture - History of the Fair. See also Farda (2004).

⁷³ Using 2002 data from the California Department of Agriculture, the earliest data available at the time of this report, we can see a glimpse of the economic impact that the State Fair has on a community. At that time, attendee direct spending at fair time and year-round events totaled approximately \$121 million. Full-time equivalent jobs created by the fair organization through direct employment and multiplier impacts reached 2,104. The Oak Park business district has yet to recover from the loss of employment and multiplier impacts resulting from the fair’s 1967 departure. Specific information regarding the economic impact of the State Fair can be found in *Fairs: Exploring a California Gold Mine*. California Department of Food and Agriculture, Division of Fairs and Expositions, 2003.

⁷⁴ See Taylor’s Market meat cutter in his 60th year in the meat, grocery business. *Valley Community Newspapers*. December 22, 2011.

A statewide fiscal crisis in California during the late 1960s also affected the economic stability of Oak Park. In 1967 and again in 1971, then Governor Ronald Reagan initiated massive budget reductions in health services, mental health, and welfare programs. Although much of this funding was restored in later years, a new homeless population emerged in Oak Park from the closing of mental health facilities located along Stockton Boulevard and from General Assistance reductions. With business virtually non-existent after the loss of the State Fair, motel owners converted their rooms to weekly and monthly rental units. Motels down the Stockton Boulevard business corridor became storage facilities for the mentally ill, the destitute, and for migrants transitioning to urban life from the agricultural fields that once circled the city. Prostitution and drug dealers pushed out of the West End also found convenient and made-to-order headquarters at these motels accelerating the decline of Oak Park.

Sacramento's experience with civil unrest in the '60s was centered in Oak Park. As in many cities undergoing urban renewal, tensions between White and Black residents percolated during this period of restructuring neighborhoods by color. The forced concentration of minority residents into redlined areas came with increased police surveillance to neighborhoods like Oak Park, now regarded as "predominantly Black." In May of 1967, a number of unexplained shootings and open harassment of Blacks by law enforcement occurred throughout Sacramento and the Bay Area. In response, the Black Panthers, a neighborhood activist group based in the city of Oakland, marched into the State Capitol building armed with shotguns and assorted rifles to protest the unfair treatment received by Blacks from law enforcement.

The Panthers brought nationwide attention to their cause and to the city of Sacramento.⁷⁵ Both city officials and state legislators were caught off-guard with the demonstration. Black youths openly displayed their weapons and walked the floors of the Legislature bringing an unprecedented fear to

Sacramento residents and especially to White residents. In contrast to today's trends of reducing gun control measures, the state legislature immediately passed gun control legislation while police interventions in Oak Park and random searches of the Panther's Sacramento headquarters for illegal weapons were escalated.



Black Panthers protesting at the State Capitol. May 1967. *Sacramento Bee*.

Unfazed by the daily monitoring of law enforcement, the Black Panthers continued to operate their Sacramento headquarters at 2541 35th Street in the heart of the Oak Park business strip in 1968. Police patrols increased in frequency and many Blacks found themselves "assuming the position" for routine questioning. In the face of this monitored environment, the Panthers operated free breakfast programs for kids in the neighborhood and literacy programs for adults. Despite such programs, the Panthers found themselves continually harassed by police and others in both Sacramento and Oakland and again felt the need to carry firearms as means of protecting themselves.

On Father's Day in June of 1969, police raided the Panther's Sacramento headquarters and ransacked the building that also included the food locker used for the breakfast programs. The riots that followed destroyed what remained of the business district on 35th Street; Oak Park was just never the same after

⁷⁵ See The Sacramento Bee, "Black Panthers Siege Capitol," May 3, 1967.

that.⁷⁶ Although rarely discussed today, the once thriving business district on 35th Street fell victim to the fire and mayhem similarly experienced by other cities throughout the nation then and now.

In many riot-stricken neighborhoods across the U.S., property values have remained the lowest in their metropolitan areas for decades after civil unrest. Collins and Smith (2007), in their study of Cleveland property values from 1950 to 1980, argue that although riots have a negative and long-lasting effect on property values, post-riot economic difficulties experienced in neighborhoods did not start with the riots, which is clearly demonstrated by historical events in Oak Park. Instead, the neighborhood's economic fundamentals were already weak. The destruction and fear associated with riots, often widely televised and reported, only cemented a neighborhood's reputation for violence and mayhem, a reputation that can easily reinforce itself in a declining area of a declining city (Collins and Smith 2007).

In the short span of 20 years, Oak Park morphed from a predominantly White immigrant working-class neighborhood with an active regional business district to a neighborhood of social unrest overwhelmed by economic and racial segregation. As in other cities, a massive investment in Downtown redevelopment and freeway construction reconfigured the social and financial stability of Oak Park. Oak Park became the primary repository for non-White residents forced to vacate the West End. The organized actions of real estate and home finance networks also steered non-White residents towards neighborhoods like Oak Park to avoid integrating White neighborhoods.

The massive public investment in suburban infrastructure effectively triggered both public and private divestment from Oak Park. The relocating of the State Fair, the economic hub of this inner-city neighborhood, to the Arden-Arcade neighborhood following the completion of freeway construction also moved jobs and retail revenue to growing suburban areas. High crime rates inherited from the West End migration, substandard housing, forced busing and school desegregation, and high unemployment

rates resulting from business relocation fueled racial tensions. These tensions were only made worse by increased policing and kept Oak Park constantly on the edge of civil unrest. The economic demobilization of Oak Park left neighborhood social systems in a state of crisis, systematically stripped of every facet of economic productivity from the area.

Public divestment from Oak Park consequently led to private divestment. In Sacramento, the "White Flight" described by many urban scholars was actually a "pull" of inner-city commerce and residents to suburban space now supported with freeway transportation, shopping malls and new schools. The shifting of public infrastructure and economic activity from the inner-city was not the result of a declining business environment but instead triggered by politicized urban planning with its emphasis on privileging development in White suburban space. Whether by design or coincidence, decline in Oak Park was the ultimate result.

In 1973, the City approved a redevelopment plan for Oak Park citing the need to eliminate blighted and hazardous living conditions, provide shopping, and adequate housing. Neighborhood instability was difficult to achieve, according to the redevelopment agency, due to a decline in population, abandonment of the commercial district, and crime and social disorder.⁷⁷

According to staff reports provided to the city council, the population in the Oak Park redevelopment area decreased from a high of 20,672 in 1950 to 14,723 in 1970, an 18 percent loss for the 20-year period,⁷⁸ a period when the remainder of the county experienced significant growth. The average income for households in the Oak Park redevelopment area was only 45 percent of the county household income. Approximately 45 percent of dwellings were substandard to a degree warranting clearance with another 44 percent in need of repairs. Educational

⁷⁶ See The Sacramento Bee, "Violence Ignites in Oak Park," June 16, 1969.

⁷⁷ See Report to Accompany Redevelopment Plan to City Council. Oak Park Project. Project No. 7. Redevelopment Agency of the City of Sacramento. May 14, 1973.

⁷⁸ See Environmental Impact Report. Oak Park Neighborhood Development Plan. Applied Science and Resource Planning, Inc. Submitted to Sacramento Redevelopment Agency, City of Sacramento. March 12, 1973.

attainment for the area was in the lowest 25 percent in the county. Regarding health, the death rate in Oak Park was reported to be higher for most conditions than the rates for all poverty areas in the county combined. The area accounted for more than 14 percent of crimes in the city but only five percent of its population, a story nearly identical to the redlined West End.⁷⁹

Key parts of the 1973 redevelopment plan called for demolishing the south end of the riot-stricken commercial corridor on 35th Street and replacing it with high density public housing. The commercial/retail corridor would be moved to what is now Martin Luther King, Jr. Boulevard and Broadway with the intersection and corridor becoming the major focal point of the neighborhood for services, retail and recreation. The plan discouraged commercial land use along portions of the Broadway corridor and Stockton Boulevard and sought to replace this use with new medium to high density housing.⁸⁰

The plan's call for new housing acknowledged that post-redevelopment housing costs may force some households out of the area given the low-income levels of most residents. The Environmental Impact Report (EIR) accompanying the plan notes a positive outcome from the displacement as "the void left by these individuals, along with the availability of additional housing, is expected to cause an influx of individuals of diverse ethnic backgrounds (in the words of the report "Whites, Chicanos, and others"). This movement will create a more balanced ethnic composition within the community, and stop, or at least slow, the present trend towards rapidly forming ethnic imbalances."⁸¹ The EIR provides some insight on how displacement as a strategy for diversity became incorporated into the neighborhood redevelopment plan without any formal objection; a point that takes on a broader significance given that Blacks constituted 43 percent of the redevelopment area's population at the time.⁸²

Although the business district on 35th street was

⁷⁹ See note 78.

⁸⁰ See note 78, Environmental Impact Report, pg 53.

⁸¹ See note 78, Environmental Impact Report, pg 55.

⁸² See note 78, Environmental Impact Report, pg 54.

replaced by public housing, the new commercial center planned for Martin Luther King, Jr. Blvd. was never built and the new jobs and housing that were to be realized from the plan never materialized, setting back economic development in Oak Park for decades to follow. Both people and business were displaced as the redevelopment plan faced significant barriers with repeated cuts to federal urban renewal and social benefit programs during the 1970s.

Redevelopment in Sacramento was now a bifurcated system of economic development; funding prioritized for Downtown commercial development projects contrasted underfunded plans to stabilize economically depressed, politically created segregated neighborhoods. The racial population shift, resulting from redevelopment and sprawl, created new places for concentrating poverty and race, a cumulative trauma which in turn, led to the problems of gentrification and displacement, which are now taking place in Oak Park at the time of this report.

REDLINING PHASE II

By 1975, a geography of segregated space characterized the Sacramento landscape where White residents remained concentrated in new suburban developments and in those tracts formerly protected by racially restricted covenants. The combination of public housing policy, urban planning and realtor gatekeeping successfully shifted the bulk of Downtown's poor, non-White residents to places like Oak Park, Fruitridge Manor, Meadowview, and Glen Elder to the south and Del Paso Heights, Gardenland, Northgate, and North Highlands to the north.

The displacement of entire ethnic enclaves from Downtown left minority entrepreneurs without a clientele to support their business. The social and financial collapse of Oak Park, now known more for its crime rate and civil unrest, made mortgage redlining rather easy to justify in locations with high concentrations of minority residents. Despite the passage of the Rumford Fair Housing Act and the Unruh Civil Rights Act in the early 1960s, which prohibited racial discrimination in housing and in the financing of housing, racialized lending practices continued in Oak Park and in other non-White neighborhoods throughout Sacramento. This new

geography of segregation became the site for a new wave of mortgage redlining.

Norman Blackwell, Sr., a lifetime resident of Oak Park, owns a home on 8th Avenue just across the street from the fire station on Martin Luther King, Jr. Blvd. He operated a free food program out of his home that gave away bread and pastries to people in need. An excerpt from a 2008 interview with Blackwell underscored the existence of redlining in the neighborhood and how buyers and sellers circumvented racialized housing credit policies to execute property exchanges outside of normal real estate practices.⁸³

JH: So, were the minorities moving into Oak Park as homeowners or renters?

NB: Renters, mostly – there were some homeowners, but what they, you know back then when I was a young man, they had this thing called the red liners. See, yeah, see Blacks couldn't buy out in this area. So what they did, a Black would get a White person to get the home for them, and then they would move in, then they would somehow take the title later.

As Blackwell explained, the practice of mortgage redlining in Sacramento forced home sellers to navigate around the lack of available financing. In neighborhoods like Oak Park, sellers used installment contracts that gave physical possession to buyers but kept legal ownership in the name of the seller. One former West End resident describes her relocation to Oak Park in 1957.⁸⁴

“We were lucky to find our house. We rented a small house in back of our landlord’s house on 3rd Avenue. Mrs. Jackson was her name. When she evicted a renter from the house she owned next door, we asked her if we could buy it. She called her attorney who wrote up some kind of contract and we made payments right to her. I think the payments were about a hundred dollars a month. We thought that was kind of high at the time. That was a lot of money for us. I don’t remember seeing any paperwork until we paid the house off. Then she sent us the papers that said we owned the house.”

“We bought our second house on 11th Avenue the same way. I think it was in 1963. We needed a bigger home. We bought it from a friend of ours. He called up the person he bought the house from because he was making payments to him. He was making his payments straight to him [previous owner]. He [the previous owner] called his attorney and they wrote up some kind of contract turning the loan over to us. We then started making payments to him [the original owner]. He [the informant’s friend] then bought another house from the owner in the same way. He made payments straight to the owner.”

“We had friends in other neighborhoods who bought houses near Southgate, near Florin Road. This was in the 1960s. They got their loans from a bank to buy their home. But everyone we knew in this neighborhood bought their home straight from the owner. They made payments straight to the owner.”

With access to mortgage credit and appraisals of property values still contingent upon borrower racial characteristics and neighborhood racial composition, the rapid ethnic shift in Sacramento’s population brought concern to local mortgage lenders. These fears of high risks for lenders led to a systematic divestment by financial institutions from older neighborhoods such as Oak Park, neighborhoods now racially isolated as a result of West End migration and realtor steering. Although the Supreme Court effectively invalidated the use of race covenants after 1948 (*Shelley v. Kraemer* 334 U.S. 1 1948), it did not

⁸³ See Hernandez 2009a; 2012.

⁸⁴ *Ibid.*

prohibit the use of race in approving mortgage credit. Shelley and the federal civil rights legislation of the 1960s, failed to provide any statutory prohibition to discrimination in housing credit on the basis of neighborhood. Therefore, anti-discrimination and civil rights laws that appeared in the 1960s provided no basis for attacking mortgage redlining. Moreover, the use of race in determining property values for bank appraisals was considered legal until 1977.⁸⁵

In 1976, Donald Burns, California’s Secretary of Business and Transportation testified in legislative hearings on redlining that data collected by the State Department of Savings and Loan (DSL) “...revealed that there were a significant number of neighborhoods [in California] in which savings and loans were making virtually no loans.” Burns also noted the “very strong correlation between such areas and areas of high minority concentration.”⁸⁶ A 1977 report by the DSL identified Sacramento County as one of the metropolitan areas in the state where large-scale redlining was taking place. Data from this report pinpoint census tracts in Sacramento County where an abnormally low volume of loans were made by state licensed mortgage lenders. The data show “Mortgage Deficient Areas” in a north/south pattern where the loan volume per capita was less than ten percent of the county average, an unquestionable indication that redlining indeed took place in the area.⁸⁷ The data identified Oak Park as one such problem area.

The DSL data help uncover how two distinct housing geographies emerged in the Sacramento area during the 1970s. One area consisted of race covenants,

census tracts with unrestricted access to housing credit and protective realtor gatekeeping. And the other, a new area where minority residents displaced by Downtown redevelopment and pushed by realtor gatekeeping, experienced a new episode of mortgage redlining where residents from racially integrated neighborhoods were kept from obtaining mortgage credit. **Figure 2.8** overlays the mortgage deficient tracts in Sacramento identified by the DSL data with census tracts known to have racially restrictive covenants prior to 1950 identified via public records (see also **Figure 2.2**). The map identifies the new boundaries of Sacramento’s racialized housing market in 1974 showing how patterns of segregation moved well beyond the original FHA redlining boundaries of the West End indicating the inadequacy of the FHA map when studying racial inequality in Sacramento. The FHA map merely represents a point in time when redlining was initiated. The use of the FHA map in analyzing today’s patterns of segregation and redlining is faulty as it fails to account for displacement from urban redevelopment, subsequent patterns of mortgage redlining, divestment of public infrastructure, and realtor gatekeeping; processes that contributed to today’s geography of segregation.

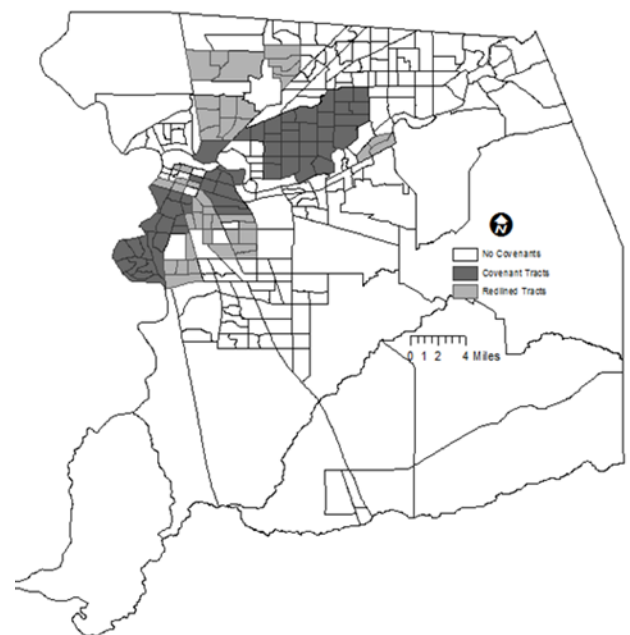


Figure 2.8: Map of Areas with Racially Restrictive Covenants Prior to 1950 and Mortgage Deficient Areas in Sacramento County in 1974. *Source: Hernandez 2014.*

⁸⁵ See *United States v. Am. Inst. of Real Estate Appraisers, Etc.*, 442 F. Supp. 1072 (N.D. Ill. 1977) where appraisers and lenders were prohibited to treat race and national origin as negative factors in determining the value of dwellings and in evaluating the soundness of home loans. In its settlement, the defendants agreed to adopt the policy that it is improper to base a conclusion or opinion of value upon the premise that racial, ethnic or religious homogeneity of the inhabitants of an area or property is necessary for maximum value.

⁸⁶ See Summary of Interim Hearings, Redlining in California. Senate Local Government Committee. California State Legislature. October 12, 1976. Page 6.

⁸⁷ See Fair Lending Report No. 1, Volume II. California State Department of Savings and Loan. October 1, 1977.

The resulting intergenerational “X” of race and housing discrimination in Sacramento is the baseline for understanding the limited affordable housing options and restrictions in wealth accumulating opportunities that characterizes much of the north and south areas of Sacramento County. Conversely, we see a west to east geography of neighborhoods shaped by the race-based privileged access to mortgage credit and public infrastructure investment. Residents in these areas were able to participate in normal real property transactions and wealth accumulating opportunities made possible by easy access to credit and housing location. This new geography takes on considerable importance as opportunity becomes suburbanized. As Squires and Kubrin (2006) point out, the boundaries between White and non-White residency established by housing discrimination and disinvestment play an important contributing role to concentrations of under-employment, poverty, segregated educational systems, increased crime rates, and access to credit. **Figure 2.8** also identifies the location of an economically fragile population now unable to integrate into the mainstream economy and remains vulnerable to financial disaster.

Figures 2.9 and **2.10** show the impact of redlining on non-White neighborhoods with Black and Latino residents concentrated around the north/south corridor. Latinos also resided in rural locations where agricultural production was more active during that time. Racially segregated space in Sacramento is not a location that is permanently fixed but instead a mobile arrangement of residency contingent upon public policy. We can also see that one of the highest concentrations of non-Whites outside of the city limits is in Folsom Prison located in the northeast corner of the county.

PROPOSITION 13

California’s counties, cities, schools, and special districts depend on property tax as a primary source of revenue. But on June 6th, 1978, nearly two-thirds of California’s voters passed Proposition 13, reducing property tax rates on homes, businesses, and farms.⁸⁸

⁸⁸ See California Property Tax: An Overview. Publication 29. State Board of Equalization. December 2018.

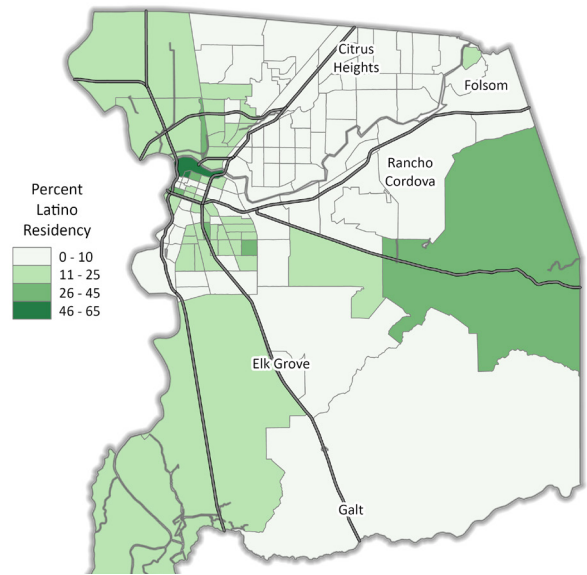


Figure 2.9: Percent Latino Residency in Sacramento County by Census Tract. 1970. Source: US Census.

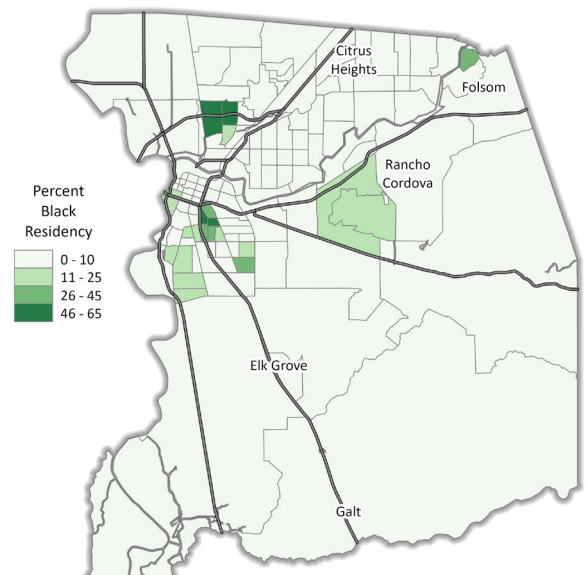


Figure 2.10: Percent Black Residency in Sacramento County by Census Tract. 1970. Source: US Census

Prior to Proposition 13, there were no limits on increases to property taxes. With taxes based on the assessed value of property, properties were reassessed often, resulting in significant and unexpected increases to property tax bills. Given the rapid increase in

housing values between 1970-1980, property taxes for homeowners rose quickly (see **Figure 2.11**). The fluctuating property tax rates hurt homeowners, especially elderly homeowners on fixed incomes, who might be ill-prepared to deal with a sudden rise in their tax bill.

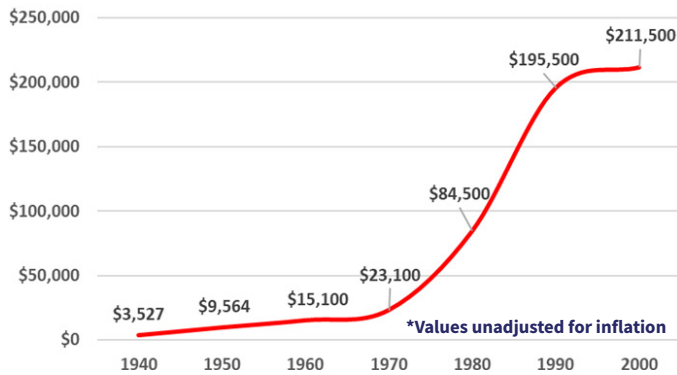


Figure 2.11: Median Home Values in California 1940-2000*
 Source: US Census Historical Census of Housing Tables

The critical point here is that school districts prior to 1974 primarily depended upon the property tax base in their district for funding. Therefore, funding for schools revealed a correlation between the district’s per-pupil assessed valuation, the valuation of property within a district, and the wealth of its residents. Given the history of housing discrimination described above, the per-pupil expenditures between districts varied greatly under this funding system and resulted in inequalities in actual educational expenses per-pupil. To match the expenditures of wealthier school districts, less affluent homeowners would have to tax themselves at higher rates, which of course was not possible. The historical patterns of housing development in Sacramento, as in other cities, also proved to be an indicator of student success, which mirrored the difference in funding between suburban schools and inner-city schools.

In 1971, the California Supreme Court in *Serrano v. Priest* ruled that the state’s public school financing system, which allowed such a disparity in educational disbursements, discriminated against the poor because it makes the quality of a child’s education a function of the wealth of his/hers parents and

neighbors.⁸⁹ Recognizing that the right to an education in our public schools is a fundamental interest which cannot be conditioned upon wealth, the court was unable to discern any compelling state purpose necessitating the present method of financing and therefore concluded that such a system violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution.

Following the *Serrano* decision, homeowners in more expensive areas where properties were increasing in value complained about high tax increases, which they felt were used to subsidize neighborhoods and school districts with lower property values and tax rates. This in part fueled advocacy efforts for tax reform and Proposition 13. The passage of Proposition 13 required that properties be taxed at no more than 1 percent of their full cash value shown on the 1975-1976 assessment rolls. In addition, Proposition 13 limits annual increases of assessed (taxable) value to the inflation rate or 2 percent except when the property changes ownership or undergoes new construction. The proposition also prohibits the state legislature from enacting new taxes on the value or sale of properties.

The immediate effect of Proposition 13 was a dramatic decrease in property tax income to municipalities, triggering struggles for funding between school districts, law enforcement, and other government agencies that relied on property tax revenue to provide public services. Following the proposition, tax revenues as a percentage of total county revenues fell from 33 percent in 1977-78 to only 12 percent in 1995-96 (Chapman 1998). Municipalities were now forced to make up the loss of revenues from Proposition 13 and the continued decline in federal support to cities. Their focus soon turned to commercial and residential development as the strategy for generating new sources of property and sales taxes.

The demand for new tax revenue encouraged public infrastructure projects, such as freeways,

⁸⁹ See *Serrano v. Priest*, 5 Cal.3d 584 (1971) (*Serrano I*); *Serrano v. Priest*, 18 Cal.3d 728 (1976) (*Serrano II*); and *Serrano v. Priest*, 20 Cal.3d 25 (1977) (*Serrano III*).

roads and public transit, making suburban growth more appealing given the abundance of land in and around California cities. The turn towards making land use and public infrastructure decisions based on the potential for tax revenue proved harmful for segregated neighborhoods. This revenue-driven planning strategy widened the economic gap between inner-city segregated neighborhoods and new residential development towards the suburban edges of the county. Job centers, health care facilities and new school construction persistently followed new residential development. The Sacramento Region is an ideal example of how the racial/spatial wealth gap is accelerated by sprawl.

Court decisions before Proposition 13 mandated that property tax revenues be spent equally across school districts. The proposition was drafted with the assumption that all homeowners would benefit equally from protection against escalating property taxes.⁹⁰ However, the Legislative Analyst's Office (LAO) reported that higher-income households with the bulk of home wealth have received the bulk of Proposition 13 relief with two-thirds of the relief going to homeowners earning at least \$80,000 per year. Approximately 50 percent of that relief was concentrated in households earning more than \$120,000 per year.⁹¹

Because income is highly correlated with race and the location of one's home, it is easy to see how the location of those receiving a greater proportion of the financial benefits of Proposition 13 mirrored patterns of housing segregation. The racial differences in educational programs and performance outcomes between inner-city and suburban school districts became painfully obvious as school funding inequities continued to grow. Sacramento serves as a real example of how public policy produces disparate impact that results in a cumulative trauma to our poorest and most segregated neighborhoods.

⁹⁰ Ibid.

⁹¹ See Common Claims about Proposition 13. Legislative Analyst's Office. September 2016.

SUMMARY

The construction of Sacramento's segregated residential neighborhoods shows how long-standing multi-scaled market interventions contributed to the making of race and place. Prior to 1950, the government-sponsored use of race covenants and mortgage redlining led to property devaluation in racially segregated neighborhoods. This laid the foundation for urban redevelopment and realtor gatekeeping to take hold between 1950-1970. Urban redevelopment programs and Tax Increment Financing became a method for cities and private investment to stake claim to undervalued racially segregated real property. When coupled with housing finance programs, urban policy and private implementation of said policy served to redirect investment flows in a manner that provided unfair noncompetitive market advantages to a selected segment of the population.

During the 1950s and 1960s, vast sums of public money were invested in Sacramento's Downtown urban renewal program and in suburban residential developments throughout the region. New transportation routes, schools, and commercial and retail development shaped the prosperous new suburbs bringing along access to new employment, credit, and wealth accumulating opportunities. But credit denial and realtor gatekeeping effectively barred non-Whites from these new neighborhoods shaped by extraordinary amounts of public and private investment. In *Ming*, we saw how realtors, developers and lenders worked together to close market opportunities for non-White homeownership in new residential developments. We also saw how realtors organized to defeat fair housing legislation that permitted non-Whites access to protected housing tracts during an important period of economic growth.

Using 70 years of census data, we can see even more compelling evidence of the lasting effects of race covenants by comparing two inner-city neighborhoods, both incorporated as part of the city in 1911. In the 1950s, Oak Park was populated by predominantly Eastern European families. However, during the 20-year period of Sacramento's first phase of Downtown redevelopment and freeway construction, the data show a rapid increase in Black residency from 5 percent to 44 percent, a movement

triggered both by displacement from Downtown and the lack of racial restrictions on residency in Oak Park. Although race covenants were no longer legally enforceable, realtor and lender gatekeeping ensured their informal but active enforcement. **Figure 2.12** below shows how Black residency in Oak Park, an inner-city neighborhood without race covenants, increases to the point where it is equal or greater than the number of White residents. Years of displacement from Downtown redevelopment and racial limits on housing opportunity produced a dramatic shift in the neighborhood’s racial composition.

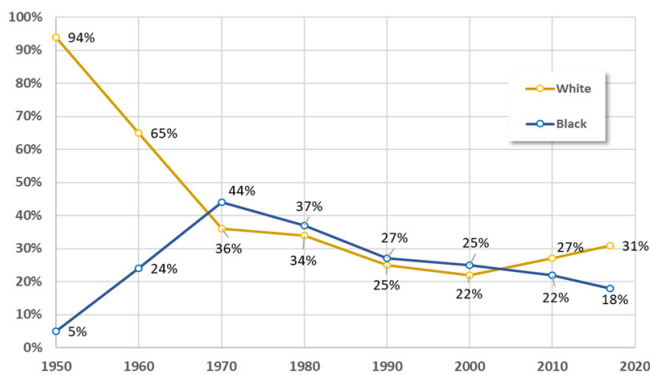


Figure 2.12: Percent of Residents in Oak Park Census Tracts by Race, 1950-2017. *Source: U.S. Census.*

During that same period, we see an equally rapid decline in White residents from 94 percent to 36 percent. New residential developments to the east and south, now supported by freeways, new shopping malls and new schools, pulled well-resourced White residents from Oak Park to suburban space. The urban riots of the 1960s and losing the State Fair brought a rapid decline in retail on business corridors and housing values in the 1970s. The lasting effect was the severe decline in the neighborhood’s economic productivity and a relabeling of Oak Park as a place of racial danger, economic risk, and undereducated residents on public assistance.

It is this history and stigma that set the conditions for economic predation. A wave of FHA foreclosures during the late 1980s and early 1990s along with the subprime foreclosure wave of the 2000’s (discussed in Part 3 of this report) kept home prices depressed creating a Rent Gap that led to the rise in speculative

real estate investment and White residency where White residents are again the majority group of residents in Oak Park.

Conversely, East Sacramento (also known as McKinley Park) remained relatively free of Black residents (**Figure 2.13**). In East Sacramento, a neighborhood with race covenants and incorporated as part of the city at the same time as Oak Park, Whites constituted 99% of the population in 1950 and just over 97% in 1970. Similarly, the neighborhoods of Land Park and Curtis Park combined had a White residency rate of 98% in 1950 and 92% in 1970 – a full twenty years following the invalidation of race covenants in the landmark *Shelley* decision.⁹² The percentage of Black residents in East Sacramento only increased by less than one-half of a percent (0.4%) in 67 years – never exceeding 2 percent and actually declined during the last seven years. The paucity of Black residents in East Sacramento remains remarkably persistent over six decades thus indicating the lasting social effects of race covenants even though they are no longer legally enforceable.

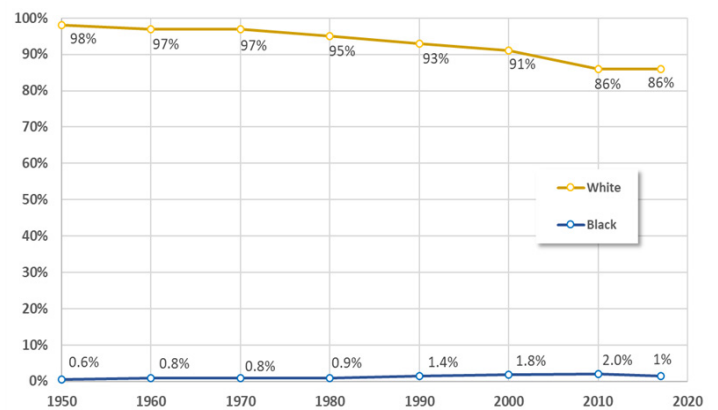


Figure 2.13: Percent of Residents in East Sacramento Census Tracts by Race, 1950-2017. *Source: U.S. Census.*

It is conceivable that income may have also influenced the pronounced racial patterns of residency throughout the region. However, by 1970, state and federal civil service jobs in Sacramento along with military employment provided increased opportunities for Blacks and other non-Whites to gain

⁹² See *Shelley v. Kraemer* 334 U.S. 1 (1948).

a foothold in jobs with middle-class wages, especially with increased monitoring and enforcement of recently enacted fair employment laws. Sacramento County was home to a growing Black and non-White middle-class population that actively sought better housing opportunities. Income differences alone cannot explain these long-standing racialized patterns of residency.

Jacobs (1962) argued that control of credit authority means possessing the power to divert capital flows to create or destroy communities. The neighborhood of Oak Park was used to show how social processes during 1950-1970 redirected capital away from Sacramento's racially integrated neighborhoods and altered market conditions to predetermine property values, access to credit, and ultimately property rights. The denial of capital from these neighborhoods accelerated the deterioration of their social and financial infrastructure creating a new financially fragile population confined to segregated space. The denial of equal access to market opportunity and public resources produced concentrations of poverty and race that continue to stigmatize neighborhoods like Oak Park, Del Paso Heights, Meadowview and Glen Elder 50 years later.

Clearly, Sacramento's racialized geography took shape around the ability of residents to participate in housing and credit markets. Real estate professionals, aided by government agencies, initiated and directed a population shift from the redlined space of the 1930's to the post-redevelopment segregated space of the 1970s. Although redlining and residential segregation are concepts of exclusion tied to a particular place, cumulative events to this point show that such racial boundaries are not permanently fixed but instead remain as effective exclusionary tools for dominant groups to meet their own social and economic needs.

A critical point of this report is that the geography of Sacramento's residential boundaries represents a pattern of market manipulation organized through a continuum of public and private interventions conditioned upon the use of racial categories. This history of housing discrimination acknowledges the importance of race covenants, redevelopment, realtor gatekeeping and patterns of public infrastructure

investment that guided residential segregation to move well beyond the initial redlining geography captured in the original FHA redlining map of the 1930's. The FHA redlining map is no longer sufficient to understand race and housing in Sacramento. It is the intergenerational "X" of north/south residential segregation and west/east cataclysmic public investment that remains the geographical and racial baseline for understanding the patterns and effects of housing discrimination in Sacramento.

“The concern is understanding how certain groups of residents in Sacramento, specifically those populations targeted by SB 1000, continue to be negatively affected by public policies in a “colorblind” regulatory environment.”



3. THE EFFECTS OF CUMULATIVE TRAUMA

The practice of environmental justice depends on important interactions with public health, urban planning, opportunity, and location. Senate Bill 1000 captures California’s efforts to actively intervene in adverse climate change and public health conditions in disadvantaged communities (DACs). These legislatively recognized locations are deemed highly vulnerable to environmental and socioeconomic inequities.⁹³ Social factors are well known contributors to environmental and health conditions in our neighborhoods. They are key to understanding the quality of life and wellbeing in the places we live, which is a primary focus of SB 1000. Health researchers tell us these social factors, better known as the social determinants of health, can account for 80% of health outcomes and have a direct relationship with where we live.⁹⁴

SOCIAL DETERMINANTS OF HEALTH DEFINED

The social determinants of health can be simply defined as the conditions in the places where people live, learn, work, and play.⁹⁵ According to the Federal Office of Disease Prevention and Health Promotion, the health of persons, families and neighborhoods is determined in part by access to social and economic

opportunities. Examples of social determinants include the resources and support available in our homes and neighborhoods, the quality of our schooling, the safety of our workplaces, the cleanliness of our water, access to healthy food, the quality of the air we breathe, and the nature of our social interactions and relationships.⁹⁶ Accordingly, SB 1000 guides us to ask questions about the conditions in which we live to help us to understand why the quality of life is better in some places and why residents of disadvantaged neighborhoods may not be as healthy as they could be. More directly, understanding social determinants and how they interact with public policy decisions that influence neighborhood stability can provide important clues needed by planners and policymakers **before developing solutions** for achieving environmental justice.

Research shows that social determinants affect a wide range of health risks and outcomes. For example, we know that poverty limits access to healthy foods (Walker et al. 2010). We know that safe neighborhoods and higher education are useful predictors of better health (Adler and Newman 2002). In contrast, unstable housing, low income, unsafe neighborhoods, or substandard education create real differences in health, neighborhood stability, and wellbeing (Braverman et al. 2011; Norman et al. 1999).

This section outlines how social determinants are important assets needed to stabilize our neighborhoods. More important, this section shows how the distribution of these public assets remains intrinsically connected to the history and geography of housing market practices and urban planning in Sacramento described in Section Two of this report.

⁹³ See for example AB 32 (Chapter 488 Statutes of 2006); SB 375 (Chapter 728, Statutes of 2008); SB 535 (Chapter 830, Statutes of 2012); AB 1550 (Chapter 369, Statutes of 2016).

⁹⁴ A number of researchers and health care organizations have estimated the effects of social determinants on physical and mental health outcomes. See for example: Braverman et al. 2011; Frazee et al. 2016; Magnan 2017.

⁹⁵ Social Determinants of Health. Healthy People 2020. Office of Disease Prevention and Healthy Promotion. <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>.

⁹⁶ Ibid.

Access to resources that enhance our quality of life directly affect the economic and environmental stability of households and neighborhoods. Therefore, an additional priority of this section is to demonstrate how these social determinants are also linked to the geography of race and poverty in Sacramento in a manner that creates disproportionate economic and social disadvantages for some neighborhoods while leaving others flush with resources.

The unequal advantage to opportunity or unequal vulnerability to social and environmental ills is known as “disparate impact.” Disparate impact involves policies and practices that appear neutral but instead result in disproportionate harm to some groups in a manner that cannot be justified as a business necessity. Disparate impact is about how the outcome of a policy or practice results in discrimination against individuals in a protected class. This includes any practice having a different negative effect on minority groups or other “protected persons.”⁹⁷

Disparate impact focuses not on discriminatory intent or motive but instead on how discriminatory actions or practices resulted in discrimination. The concern is understanding how certain groups of residents in Sacramento, specifically those populations targeted by SB 1000, continue to be negatively affected by public policies in a “colorblind” regulatory environment. The concept of a **cumulative trauma**, or disparate impact experienced over an extended period, is key to understanding the baseline conditions necessary for any environmental justice process to build effective solutions that can revitalize disadvantaged communities.

ANALYTICAL APPROACH

Given the focus of SB 1000 on revitalizing disadvantaged communities, the research for this section relies on recognizing neighborhood needs as well as conditions external to neighborhoods that can affect and constrain future social mobility.

⁹⁷ The term “protected groups” or “protected classes” refers to those categories of people protected by the Federal Civil Rights Act of 1964 and subsequent amendments to that Act. Those categories include race, color, national origin, religion, sex, age, or disability. The contexts for treating members of protected classes fairly include public accommodations, public funding, and employment.

This “triage” approach helps diagnose conditions and factors that contribute to poverty-making and economic uncertainty in disadvantaged neighborhoods.⁹⁸ This strategy benefits neighborhoods facing increasing levels of poverty and isolation as it identifies the greatest needs of a neighborhood when local resources for research and planning are limited.

The research strategy focuses on five important social goods essential for households and neighborhoods to thrive and achieve sustainability in the urban environment: education, employment, health, wealth, and housing. It also considers the multiple forms of hard and soft infrastructure that connect these social goods and investigates how they may contribute to patterns of uneven access to resources. Hard infrastructure can be simply defined as the physical improvements that determine economic development and promote economic organization and growth in a specific location.⁹⁹ This includes the system of basic utilities, water and waste management, and transportation systems (e.g. roads, rail, schools, sewer, broadband). Hard infrastructure also includes neighborhood facilities, public buildings, recreational and public space, where the social and cultural needs of individuals and neighborhoods are met.

Soft infrastructure is about human capital and the institutional relations that cultivate it, such as government agencies, legal and political arrangements, and universities. Soft infrastructure is not simply about providing physical assets but about enhancing skills and knowledge and access to a range of services vital for neighborhood development. Soft infrastructure is about the social relations that guide rulemaking and administrative capacity-building necessary for delivering the resources required for supporting neighborhood development.

⁹⁸ For a more in-depth description and example of how a triage approach is used see Hernandez, J. *The Franklin Plan: Using Neighborhood-Based Energy Efficiency and Economic Development to Implement Sustainable Community Principles*. JCH Research. December 2016.

⁹⁹ See for example: Blair, J. 1995. *Local Economic Development: Analysis and Practice*; Local Economic Development, The World Bank <http://web.worldbank.org>; Collins Discovery Encyclopedia, HarperCollins Publishers 2005.

This definition of soft infrastructure is expanded to include systems of municipal finance and governance that establish conditions for decisions on public investment. Using the recent closure of elementary schools in South Sacramento as an example, hard infrastructure, no matter how well designed or efficient, cannot properly function without effective soft infrastructure that can manage systems and their operations. When overlaid with hard infrastructure, public policy and rulemaking become a powerful public management system that guides how neighborhoods are created and governed.

Figure 3.1 illustrates the interdependent relationship between social goods predictive of socioeconomic status and conditions of poverty. Each social good has a positive or negative effect on the others. For example, it is easy to see the connection between education and employment. When residents have low educational levels, employment pathways with

livable wages are increasingly difficult to access, especially during times of economic recession. Income is constrained and access to goods such as health care insurance, healthy foods, and affordable housing are compromised leaving households in a financially dire situation not only today but in the future. The diagram also shows how multiple forms of infrastructure provide the critical connective tissue that determines not only levels of access to these social goods but also where access to opportunity will be located, which turns our zip codes into unique socio-economic identifiers.¹⁰⁰ This analytical model provides a more comprehensive approach to understanding the number of interactive variables both qualitative and quantitative that are critical to

¹⁰⁰ See for example ERSI's Tapestry interactive website that captures the perception of lifestyles and living conditions for every zip code in the nation. <https://www.esri.com/en-us/arcgis/products/tapestry-segmentation/zip-lookup>.

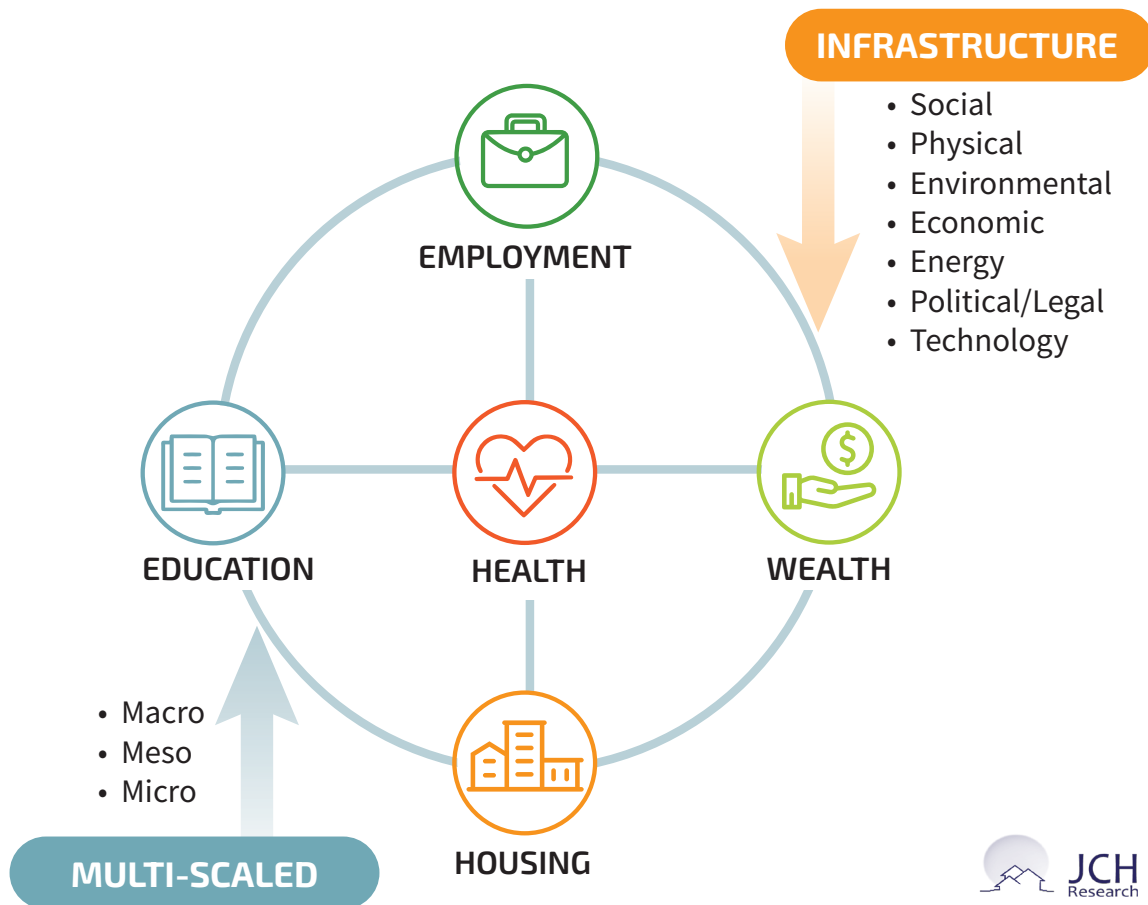


Figure 3.1: Systems Approach to Neighborhood Planning and the Distribution of Social Goods. © JCH Research.

achieving neighborhood stabilization and addressing the intent of legislative mandates related to climate change (Hernandez 2016).

At the heart of SB 1000 is the intention to recognize and revitalize “disadvantaged communities.” However, the term “community” can be somewhat confusing and often misleading, especially when used as a term to define the boundaries of a neighborhood. Developing indicators or criteria for determining what should be considered as a best practice requires that the term be clarified with a working definition. The concept of community most often refers to a perception of shared ideals between groups and/or persons and indicates a degree of solidarity. Because the term is used to infer unity, boundaries are social and emotional, and can identify groups by a particular social designation (e.g. the environmental justice community; communities of color). The mere mention of the term can be misconstrued and is often misrepresented as an act of inclusion towards achieving racial equity. When used in this manner, the term precludes the use of measurement tools that can aid in the monitoring of public resources and as a result, clouds accountability.

In contrast, the term “neighborhood,” as used here, identifies clusters of census tracts that make up locally understood locations. These specific boundaries make it possible to use quantitative data in comparing conditions (e.g. economic, racial, environmental) between locations. Neighborhood boundaries also allow for the use of historical data that capture past practices of redlining and segregation, practices which continue to impact the quality of life where we live. SB 1000 is clear that the physical location of inequality is both consistent and persistent and now requires serious attention. Using the neighborhood as the unit of analysis allows for building metrics that can document current conditions and assets in areas targeted by SB 1000.

The goal of this section is to understand how the spatial footprint created by the historical and spatial processes described in Section Two help define the location of race, poverty, environmental risk, and negative socioeconomic outcomes in the Sacramento

area. Current socioeconomic outcomes captured by the various sources of data used in this section will be compared to this geography, the intergenerational “X” that is characteristic of Sacramento’s socioeconomic conditions. The geography establishes a baseline of neighborhood conditions for environmental justice practitioners to use when developing neighborhood-focused solutions consistent with the intent of SB 1000.

A second goal of this section is to demonstrate the nonrandom persistence of social and economic outcomes associated with Sacramento’s intergenerational “X,” a pattern that continues from one generation to the next, and to demonstrate the interdependence of social determinants, public health, and neighborhoods. We are interested in how the interaction of social determinants also determines who gains opportunity to quality-of-life conditions and where that opportunity occurs. Disparate impact in the City of Sacramento can best be understood as part of a larger geographical phenomenon taking place in conjunction with the economic growth and expansion of Sacramento County and its recently incorporated edge cities; long-term processes of isolation and economic exclusion in one part of the county leads to long-term opportunity and sustainability in another. Data presented below intentionally captures county-wide conditions, so the process of suburbanization is properly considered and contextualized when attempting to understand the impact of regional growth practices on the formation of racially and economically disadvantaged neighborhoods in the City of Sacramento.

Understanding the process of how housing discrimination and racial segregation affect where and how we live today is an enormous task that can easily take volumes of reports to document. Rather than repeat the demographic data previously presented to city staff in previous consulting reports commissioned by the city and county, this section focuses on capturing the interaction between housing discrimination and racial segregation. The maps in this section are used to quickly summarize and display that process.



POPULATION & INCOME

One important mandate of SB 1000 is for local governments to prioritize improvements and projects in disadvantaged communities. This guidance to local government come from two key legislative directives. Senate Bill 535 (Chapter 830, Statutes of 2012) directs State and local agencies to make investments that benefit California’s disadvantaged communities. It also directs the California Environmental Protection Agency (CalEPA) to identify disadvantaged communities (DAC) for these investments based on geographic, socio-economic, public health, and environmental hazard criteria. Assembly Bill (AB) 1550 (Chapter 369, Statutes of 2016), increased the percent of funds for projects in disadvantaged communities from 10 to 25 percent and added a focus on investments in low-income communities and households. Using socioeconomic data helps us connect the legislative concept of disadvantaged communities to the history of housing discrimination in Sacramento.

Two main data points are characteristic of disadvantaged communities: concentrations of both race and poverty. **Figures 3.2** and **3.3** use data from the U.S. Census and the Health Disadvantage Index¹⁰¹

display concentrations of Black and Latino residents by location and income in Sacramento for 1990. Population by race continues to show a north/south concentration of Black and Latino residents quite similar to the “X” shaped geography of race covenants and mortgage redlining in Sacramento County (**Figure 2.8**) as well as the racial concentrations identified in 1970 census data (**See Table 2.1**).

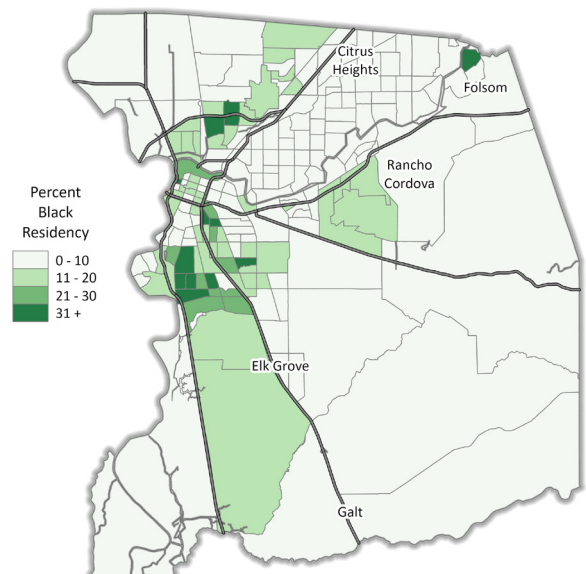


Figure 3.2: Black Population by Census Tract. Sacramento County. 1990. Source: US Census

More recent data on population by location shows how the north/south pattern persisted over decades, not just by race but also by poverty.

¹⁰¹ The California Health Disadvantage Index created by the Public Health Alliance of Southern California integrates 27 economic, social, and environmental indicators available from public data sources in California aggregating measures of economic, social, political, and environmental conditions. Raw data tables from the HDI are used for mapping purposes. <http://phasocal.maps.arcgis.com/apps/Viewer/index.html?appid=e1215eae472a4c458c5e9157d6b8ec8e>

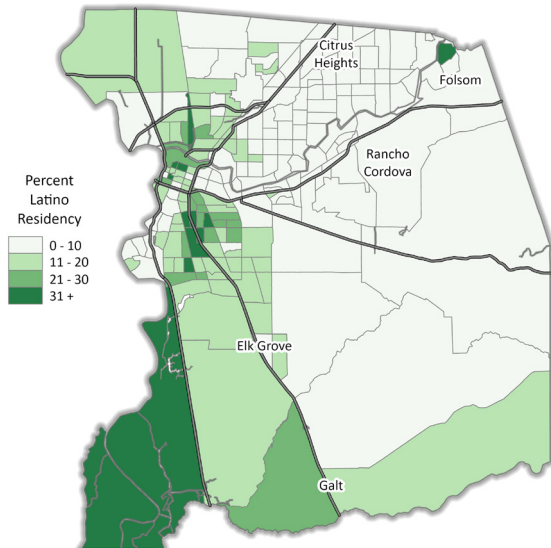


Figure 3.3: Latino Population by Census Tract. Sacramento County. 1990. *Source: US Census*

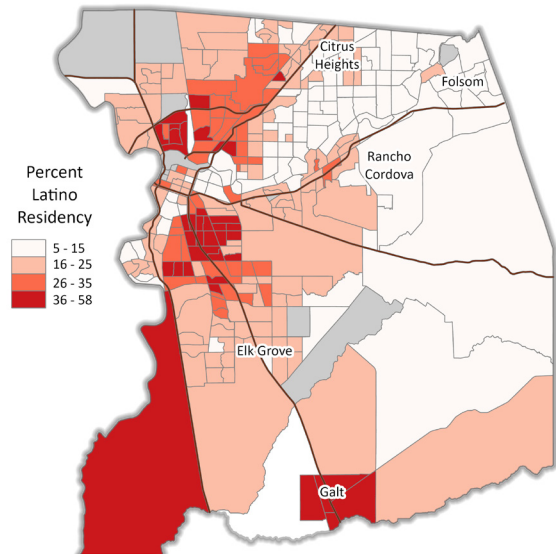


Figure 3.5: Latino Population by Percentile Rank and Census Tract. Sacramento County. *Source: 2016 HDI*

Figures 3.4 and 3.5 show how patterns of racial segregation have remained predictably similar since 1970, or just over half a century.

capture economic characteristics of census tracts in Sacramento County that again reveal trends similar to population data on Blacks and Latinos. Two indicators of financial stability, households receiving public assistance (**Figure 3.6** on the following page) and households with incomes less than 50 percent of the

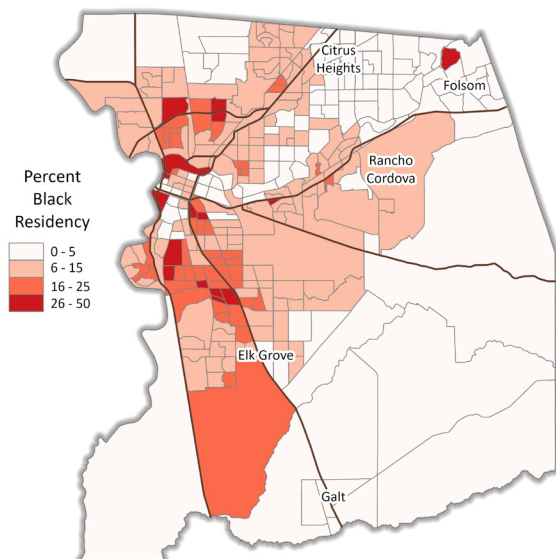


Figure 3.4: Black Population by Percentile Rank and Census Tract. Sacramento County. *Source: 2016 HDI*

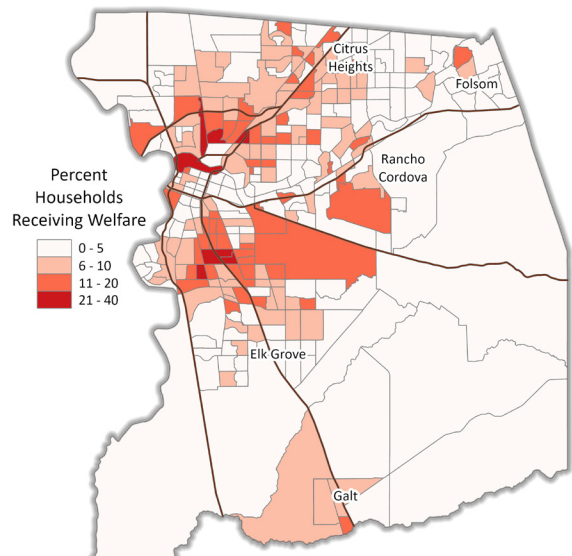


Figure 3.6: Percent Households on Welfare by Census Tract. Sacramento County. *Source: 2016 HDI*

Using HDI data and additional data from the Department of Urban Development’s Affirmatively Furthering Fair Housing Toolkit,¹⁰² these maps

¹⁰² Affirmatively Furthering Fair Housing Data and Mapping Tool v. 4.1. U.S. Department of Housing and Urban Development. September 2017

Adjusted Median Family Income in the county (**Figure 3.7**) demonstrate the enduring north/south conditions of socioeconomic distress in Sacramento. Also, these maps show there is a tendency for such conditions to be concentrated in the city rather than the county.

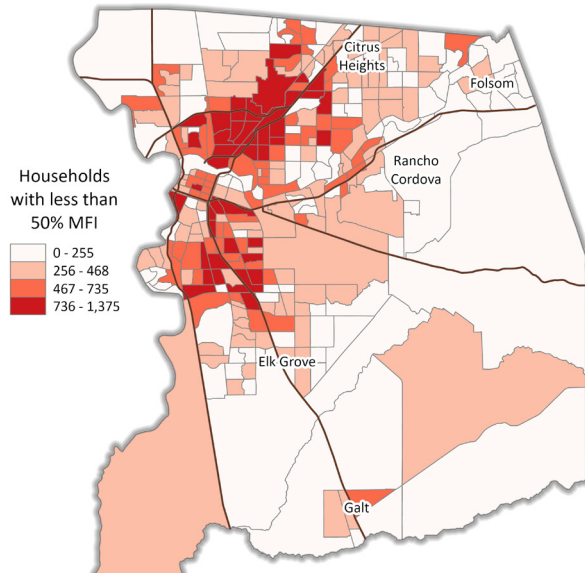


Figure 3.7: Number of Households with less than 50 Percent of Adjusted Median Family Income by Census Tract for Sacramento County. *Source 2017 AFFH Toolkit*

Figure 3.8 uses the HDI Economic Index, which consists of eight economic indicators of household stability to identify those census tracts where household financial stability is weak.¹⁰³ The higher index rank indicates a higher level of economic distress.

Figure 3.9 shows poverty by census tracts in the highest quartile of percentile ranks and identifies the tracts with the highest rates of households experiencing financial instability in Sacramento County. In both of these maps we see high rates of household financial instability near redlined areas including near former military sites: McClellan Air Force

¹⁰³ The percentile rank of a score is the percentage of scores in its frequency distribution that are equal to or lower than it. Using Figure 3.8 as an example, a census tract with a score that is greater than 75 percent means that the census tract has a economic index score greater than 75 percent of all other measured census tracts, or in other words, the tract demonstrates financial instability that is greater than 75 percent of all census tracts.

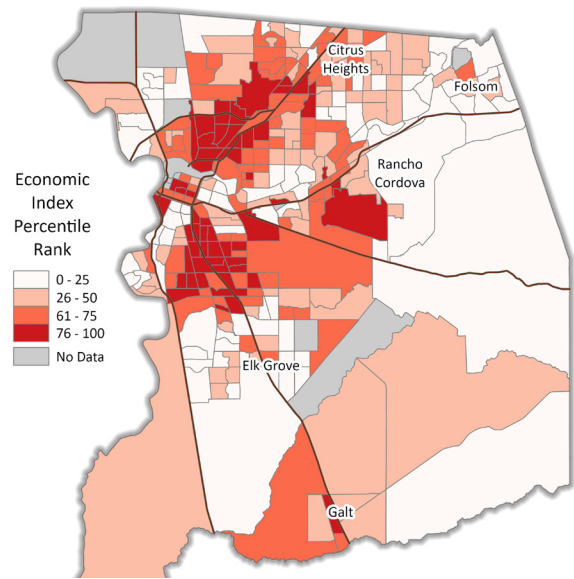


Figure 3.8: Economic Index by Percentile Rank and Census Tract. Sacramento County. *Source: 2016 HDI*

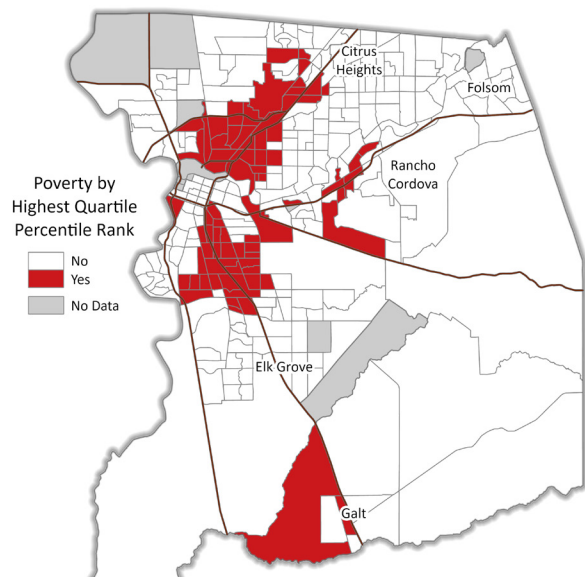


Figure 3.9: Poverty by Census Tracts in Highest Quartile Percentile Rank. Sacramento County. *Source: 2016 HDI*

Base on the east border of Del Paso Heights, Mather Air Force Base on the west border of Rancho Cordova, and the Army Depot on the east border of Avondale/Glen Elder. The most financially unstable households are in the north/south baseline geography of redlining in Sacramento.



HOUSING

In addition to population and income indicators, housing conditions are key economic and social barometers of neighborhood stability. Housing is the most prevalent land use in urban settlements. It is essential for supporting residents and without a strong housing base, neighborhoods cannot be sustained for any length of time (Phillips 2015). Access to social goods like schools and health care is largely influenced by where we live. Our homes, grouped into neighborhoods, “must be viewed as constellations of opportunities” with access to social goods having powerful consequences for both residents and nonresidents (Pulido 2004).

Homeownership also brings substantial social benefits to all families residing in a neighborhood. Owning a home provides opportunities to create a positive sense of self and empowerment, economic stability, and physical security (Bratt 2010). Homeowners move far less frequently than renters and hence are embedded into the social fabric of a neighborhood for a longer period. Less frequent movement by residents acts as a crime deterrent (Squires and Kubrin 2006), strengthens social ties with neighbors (Warner and Roundtree 1997), and builds pathways through which resources for neighborhood building and place-making can be shared (Sampson et al. 1997).

Homeownership also has a positive effect on neighborhood investment and therefore plays a critical role in promoting both neighborhood stability and sustainability. Access to economic and educational opportunities are more prevalent in

neighborhoods with high rates of homeownership and community involvement; positive educational outcomes are further enhanced by neighborhood stability achieved through homeownership (Harkness and Neuman 2003a). Homeownership also raises educational attainment, income earnings, and welfare independence in young adulthood (Harkness and Neuman 2003b).

Comparing housing data to geographical racial concentrations of residency in Sacramento is important because of the role local, state, and federal governments played in determining the location and density of housing. We know that residential segregation has been shown to structure market and economic outcomes like employment and poverty in ways that are independent of individual factors, such as income, family structure, and education (Cutler and Glaeser 1997; Massey and Denton 1993; Sharkey 2013). We also know that decisions on housing also have multiple environmental effects on households (e.g. transportation costs, levels of physical activity, and obesity) and their neighborhoods (e.g. long-term consequences from carbon emissions) (Howden-Chapman and Chapman 2012). Because housing is so intricately linked to both opportunity and climate adaptation strategies, it remains an important part of determining the neighborhood baseline of social and economic conditions needed for developing solutions and implementation strategies for SB 1000 neighborhoods.

Figures 3.10 and **3.11** show how homeownership for Blacks and Latinos in Sacramento remains concentrated in the most impoverished areas of the city and county. Housing values and especially home equity, the most important factors for the future financial stability of minority households, are diminished simply by their location. This is especially important since recent research from the Urban

Institute reveals a decline in Black homeownership in Sacramento that has led to a widening gap between White and Black homeownership rates. Just over 66 percent of Whites in the Sacramento region own homes compared to only 33 percent of Blacks. This represents a troubling 33 percent ownership gap.¹⁰⁴ The significance of this gap is realized only when understanding the long-term impact housing has on other social determinants.

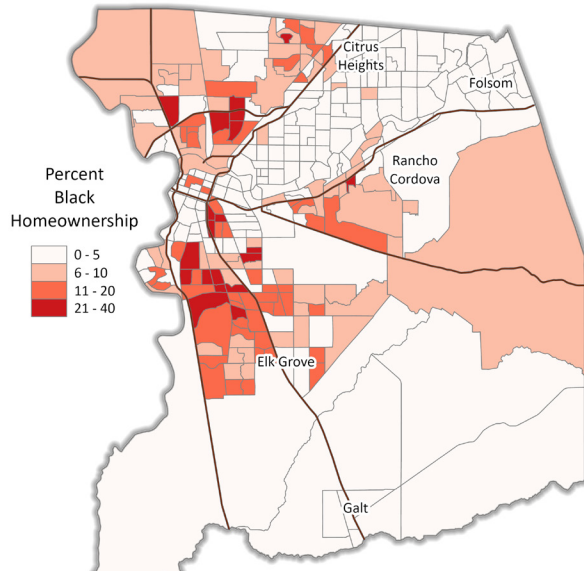


Figure 3.10: Percent Black Homeownership by Census Tract. Sacramento County. *Source: 2017 AFFH Toolkit*

Figure 3.12 shows that the highest proportion of renters in the county are in the City of Sacramento and located primarily along the north/south corridor of redlined census tracts.

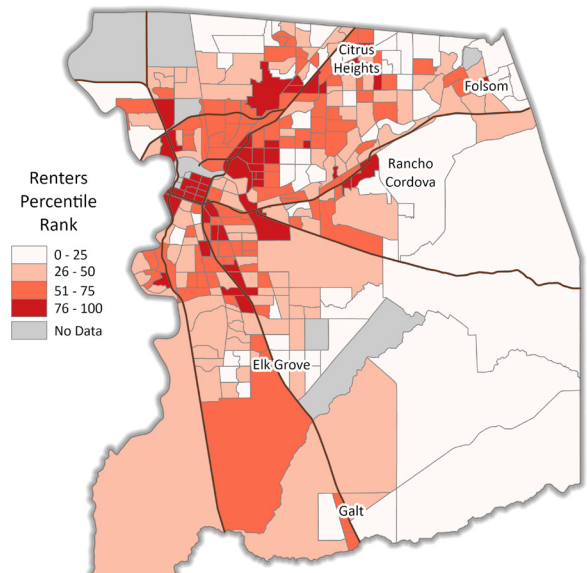


Figure 3.12: Percentile Rank for Renter Households by Census Tracts. Sacramento County. *Source: 2016 HDI*

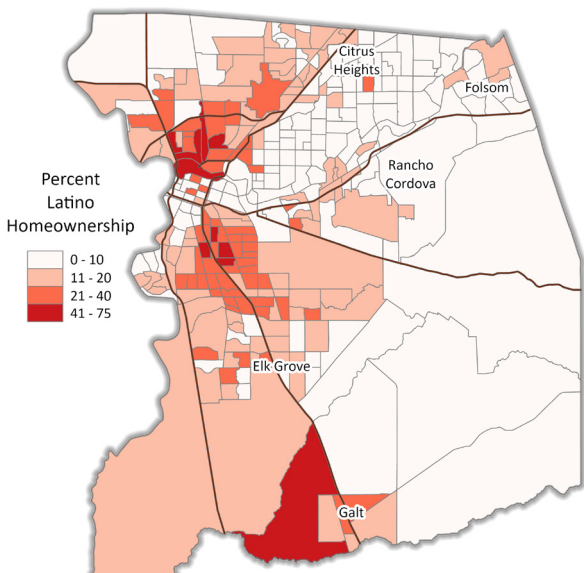


Figure 3.11: Percent Latino Homeownership by Census Tract. Sacramento County. *Source: 2017 AFFH Toolkit*

Figure 3.13 displays the location of households experiencing a severe housing cost burden (spending over 30% of one’s household pre-tax income on housing expenses); redlined census tracts and adjacent tracts contain the bulk of the distressed households in the north/south part of the city. Of concern here is the clear understanding of who can accumulate future wealth and financial stability. Housing is the most important financial tool for minority households to attain financial stability. The geography of renters

¹⁰⁴ See Mapping the Black Homeownership Gap. Urban Wire. The Urban Institute. <https://www.urban.org/urban-wire/mapping-black-homeownership-gap>

and those with severe housing burdens helps us understand where future housing inequities will be located and how these future inequities are connected to patterns of racial residency.

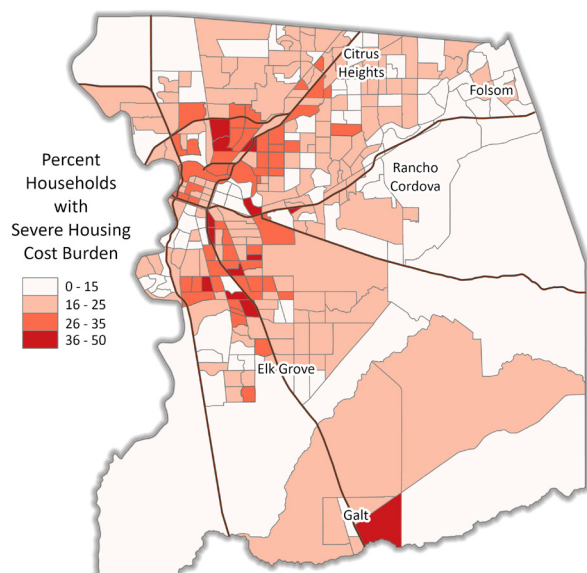


Figure 3.13: Percent Households with Severe Housing Cost Burden. Sacramento County. *Source: 2017 AFFH Toolkit*

Subprime Lending

An important point in the city's history is the Subprime Loan Crisis during 2003-2007 that triggered a wave of foreclosures and property loss for many Sacramento homeowners. Subprime loans are alternative home mortgage products with interest rates substantially higher than conventional financing and bring an unusually high yield to lenders and investors. Because these products feature rapidly adjusting interest rates, high origination fees, and short repayment periods that encourage periodic refinancing of debt, subprime borrowers shoulder a heavy financial burden. Subprime borrowers are six to nine times more likely to experience foreclosure when compared to borrowers with conventional home loans (Renuart 2004; Schloemer et al. 2006; Girardi et al. 2007).

The high income-to-household expense ratio characteristic of subprime mortgage lending led to a rise in foreclosures in Sacramento's most disadvantaged neighborhoods, which led to highly unstable housing conditions (Hernandez 2009a, 2012, 2014). Between 2007 and 2011, following the rapid rise

in subprime lending, one-fourth of American families lost at least 75 percent of their wealth. More than half of all families lost at least 25 percent of their wealth with these large losses disproportionately concentrated among lower-income, less educated, and minority households (Pfeffer et al. 2013). As interest rates and mortgage payments increased on these loans, households faced decisions on what bills to pay and what essentials to do without.

This level of housing instability creates a negative effect on family health and contributes to the ongoing public health crisis in disadvantaged neighborhoods with foreclosure affecting already-vulnerable populations (Pollack and Lynch 2009). Previous research has linked unaffordable housing to reduced spending on household necessities such as health care and a greater likelihood of not having safety net resources like health insurance coverage (Schoenbaum et al. 1997). Tsai (2015) found that living in a neighborhood with a spike in foreclosures is associated with worsened mental health and adverse behaviors, and Currie and Tekin (2011) show that significant increases in urgent unscheduled hospital and emergency room visits are associated with housing instability, including increases in visits that could have been avoided with preventative care. Recent studies also found that mortgage strain and foreclosure can lead to depression, anxiety, and poor mental health (Osypuk et al. 2012; Alley et al. 2011) and demonstrate an important link between housing and family health. Foreclosures from predatory lending have affected families through financial insecurity and economic hardship, housing instability and displacement, and personal and family stress (Kingsley et al. 2009).

The foreclosure problem also affected cities through declining property values, population turnover and displacement leading to crime and social disorder. Foreclosures also led to local government fiscal stress and the deterioration of public services in cities across the U.S. (Kingsley et al. 2009). Sacramento was one such municipality severely affected by the loss of revenues during the wave of foreclosures in 2007-2011. Because of the profound effect on disadvantaged neighborhoods, it is important to examine how predatory mortgage lending is linked to the legacy of housing discrimination in Sacramento.

Table 3.1 identifies Sacramento neighborhoods with high subprime loan activity and high rates of non-White residents. The table captures Home Mortgage Disclosure Act (HMDA) raw data for 2004, a year with high subprime loan activity in Sacramento County. Non-White residency rates for each neighborhood were calculated using Federal Financial Institutions Examination Council (FFIEC) Census Data estimates for 2006 (Hernandez 2014). The five neighborhoods captured in the table at the time were characterized by some of the highest non-White populations in the county and indicate how housing financial products are linked to racial outcomes in residency.

Table 3.1: Percentage of Nonwhite Residents for Sacramento Neighborhoods with High Rates of Subprime Loans, 2006. *Source: Hernandez 2014*

Broader observations of mortgage lending patterns in Sacramento County show that subprime loan activity and non-White residency are closely related. **Figure 3.14** shows how subprime lending consistently increased as non-White residency became more concentrated in a census tract, a pattern that mirrored subprime lending distribution in census tracts across the U.S. (Dymski, Hernandez and Mohanty 2013). This concentration of dangerous credit products in neighborhoods historically denied access to credit, a process known as “reverse redlining,” actually took place as income and wages in these neighborhoods were experiencing a decline (Mian and Sufi 2008) making the racial concentration of subprime loans in Sacramento a predatory event. The 2004 HMDA data, which represent the year with the highest subprime loan activity in Sacramento, show that the percentage of subprime loans in a census tract increases in direct relationship to the percentage of residents who are non-White (Hernandez 2014).

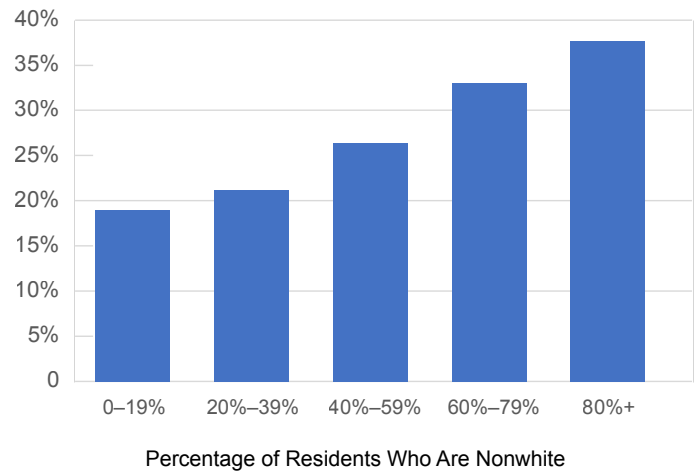


Figure 3.14: Subprime loan activity by census tract and non-White population concentration for Sacramento County, 2004. *Source: Hernandez 2014*

Sacramento’s intergenerational experience with mortgage redlining led to credit-starved neighborhoods in search of safe and affordable mortgage products. **Figure 3.15** uses HMDA data to show the geography of loan denials in Sacramento County in 2004. Mapping loan denials is key to understanding the geography of subprime lending as credit-denied applicants were a primary source for subprime loans as shown in **Figure 3.16**. Subprime loan guidelines have lower credit and income standards for loan approval making places historically excluded from safe consumer-friendly lending

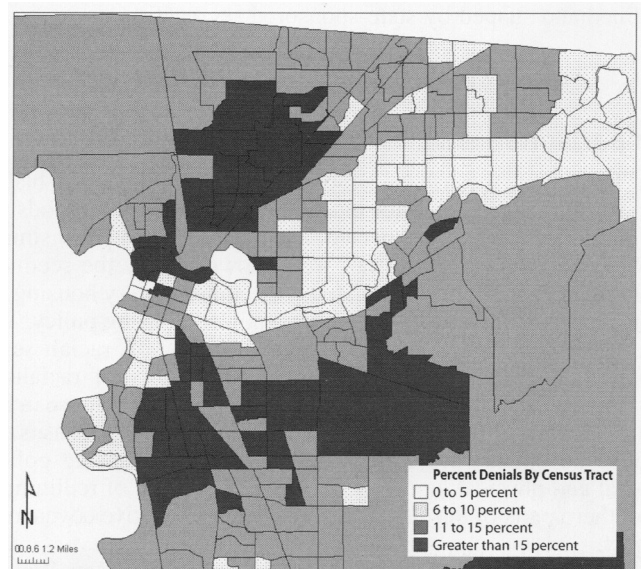


Figure 3.15: Percentage of loan denials by census tract for Sacramento County in 2004. *Source: Hernandez 2009*

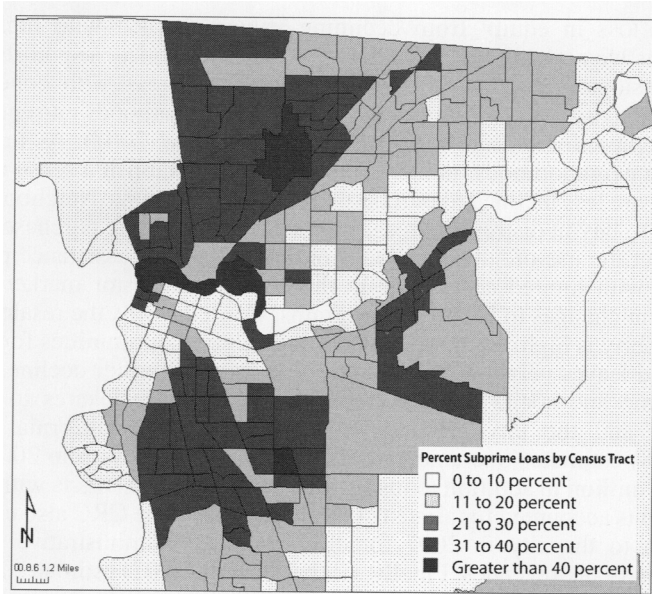


Figure 3.16: Percentage of subprime loans by census tract for Sacramento County in 2004. *Source: Hernandez 2009*

products as the target locations for overinclusion in predatory lending (Hernandez 2009a, 2014, 2018). These financially unsustainable credit products led to high rates of mortgage defaults and foreclosures displacing thousands of families in Sacramento’s poorest neighborhoods.

Distressed properties in Sacramento County were not only concentrated in locations with high denial rates and high subprime lending, but also in the same neighborhoods denied housing credit during the 1960s and 1970s (Hernandez 2014). The patterns of loan denial, subprime lending, and foreclosures mirror the north/south geography of race and poverty produced by historical processes of housing discrimination in Sacramento. Because housing is so connected to education, employment, health and neighborhood stabilization, these financial vulnerabilities exploited by local and national housing lending networks, produced an array of racially disparate social and economic outcomes for Sacramento residents.

The story of subprime lending in Sacramento reveals an important relationship between institutional practices, spatial arrangements, and market outcomes. For most of the 20th century, existing values, laws, and administrative procedures, put minorities at a structured disadvantage in real estate markets and locked them into inferior housing and

segregated neighborhoods. In addition, the “neutral” or “colorblind” lending practices that followed Civil Rights reform allowed predatory mortgage brokers to operate freely and capitalize upon minorities’ historically weakened position in the housing market. Lenders leveraged the securitization infrastructure put in place by federal rulemaking, which provided a financial pathway to bundle and sell the risky mortgages originated through predatory practices to the global mortgage investment market. The all-encompassing Global Recession harmed households, neighborhoods, municipalities, state and federal governments as well as nations across the world reminding us of the power of multi-scaled effects caused by systematic race-based predation. Subprime lending in Sacramento perpetuated and worsened an existing tenuous and racialized housing market (see Hernandez 2014; Roithmayr 2014).

Housing and Gentrification

Mapping mortgage denial and default data by census tract shows the connection between unsustainable subprime loan concentration and past episodes of housing discrimination. Racially concentrated predatory subprime lending also intensified neighborhood destabilization, displacement, and transformation. Using the neighborhood of Oak Park as an example, the rapid decline of property values in the neighborhood from mortgage defaults also fueled the creation of a Rent Gap that helped to accelerate the speed of gentrification in the neighborhood.¹⁰⁵ The Rent Gap describes the difference between the actual rental income of properties in a distressed area and the potentially achievable rental income or property value when conditions are favorable.

Twenty years of property sales data for zip codes 95817 and 95820 were obtained from the Metrolist Multiple Listing Service (MLS), a service that collects transaction data for local real estate boards in the region. The census tracts that make up the boundaries of Oak Park lie within these two zip codes. Transaction addresses were geocoded using ArcGIS to identify the correct census tract for each transaction within the four census tracts that comprise Oak Park (Census Tracts

¹⁰⁵ See also page 25 of this report.

18, 27, 28 and 37). This provides the analytical link of foreclosure clusters to historical patterns of residency found in census data.

Figure 3.17 shows how sales prices in Oak Park rose quickly from 2003 to 2006 when predatory subprime lending was at its peak in Sacramento County. Once the interest rates on these variable rate mortgages adjusted upward, a rapid rise in mortgage defaults initiated an equally rapid rise in the sale of distressed properties, which in turn led to the rise in recorded Notices of Default, property foreclosures, government forfeiture, or short sales (properties sold for less than the existing loan amount) (Hernandez 2014).

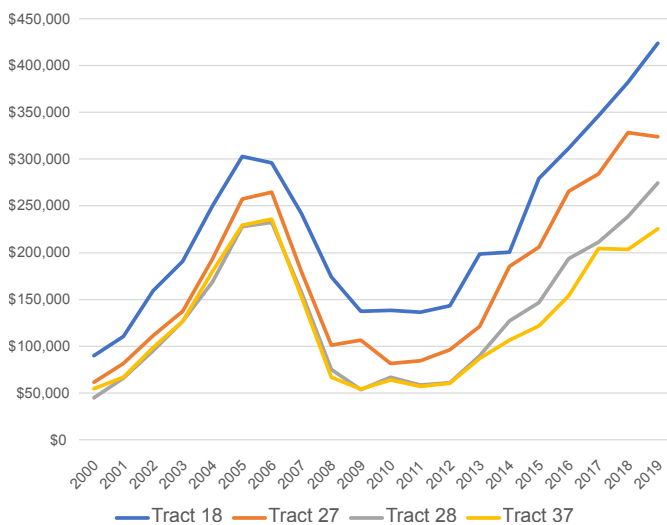


Figure 3.17: Mean Sales Price for Single Family Homes in Oak Park Census Tracts by Year. Source: Author’s calculation of Sacramento Metrolist Raw Data.

The MLS data indicate a total of 2,922 sales or 67 percent of all home sales in ZIP Codes 95817 and 95820 between 2007 – 2012 were distressed sales. In the Oak Park census tracts 18, 27, 28, and 37 there were 1,273 distress sales during this period. When multiplied by the average household size of 3.2 persons in census tract 28 and 37,¹⁰⁶ the possibility exists that approximately 4,000 Oak Park residents may have

¹⁰⁶ Household size obtained from Enterprise Community Partners Community Dashboard 360 Community Profile for census tracts 28 and 37. <https://dashboards.mysidewalk.com/opportunity360-community-dashboard-7045170d02f4/community-profile>

been displaced from their homes because of distressed sales. In 2008 alone, 83 percent, or just over four of every five homes sold in Oak Park, were distressed sales (**Figure 3.18**). This is a conservative estimate as the data on distressed sales shown here only represents those transactions handled by local realtors. The estimate does not include those foreclosures or exchanges transacted directly with lending institutions, such as a Deed in Lieu of Foreclosure when a property owner surrenders the deed to the property to their lender in exchange for being relieved of the mortgage debt. Courthouse auctions and those properties where households simply abandoned their properties are also not included in this count. The critical point here is that the data document an unusually large displacement of homeowners and residents occurring within a relatively short period of time, a small geographic location, and within a specific racialized population created through a continuous process of harmful housing policies and rulemaking.

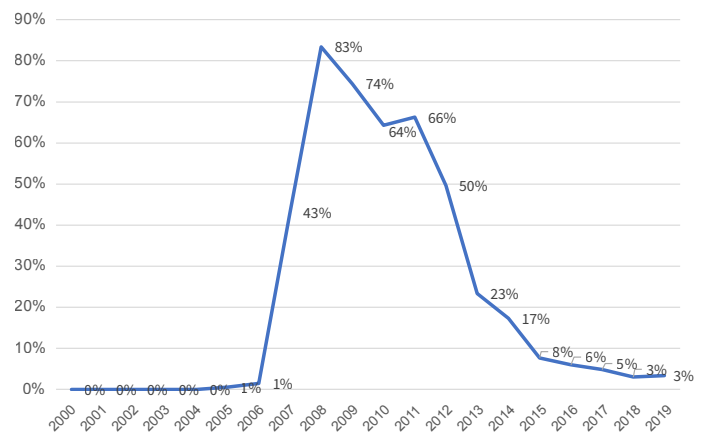


Figure 3.18: Percent Distressed Single Family Home Sales in Oak Park Census Tracts by Year. Source: Author’s calculation of Sacramento Metrolist Raw Data.

To address the concern of whether the high number of distressed sales in Oak Park census tracts is simply a random event, the Getis-Ord GI* Hot Spot Analysis method is used to identify clusters of incidents. The Hot Spot Analysis method statistically tests the null hypothesis that the cluster of distressed sales (hot spot) is a random geographical occurrence (Complete Spatial Randomness). The 2,922 distressed sales for zip codes 95817 and 95820 are the input feature for

this analysis. Distressed sales, represented as points, were aggregated using fishnet polygons to create an attribute value, or count of incidents, that occurred within a distance band of 1,023 feet from each incident within zip codes 95817 and 95820. This distance band was automatically derived from the input data through the Optimized Hot Spot Analysis tool. These parameters were utilized to calculate the Getis-Ord G_i^* statistic for each polygon to identify statistically significant hot and cold spots, or where high or low values of foreclosure clusters are spatially distributed.

Statistically significant clusters are expressed in **Figure 3.19** by confidence levels (the rate of certainty with which we can expect a cluster to be nonrandom). Cold Spots (blue) indicate locations not likely to have a high concentration of distressed sales while Hot Spots (red) indicate clusters with high numbers of distressed sales. The results at the 95 percent confidence level suggest that it is very unlikely the spatial distribution of distressed sales in Oak Park is a random geographical

occurrence but instead conditioned upon social considerations, circumstances, and events. The hot spot analysis identifies the location where many homeowners lost their property and were displaced. This property loss, linked to concentrations of subprime lending in census tracts with the highest population of non-White homeowners, resulted in an investor run on distressed properties (Hernandez 2014) and spurred the transformation of Oak Park from a community of homeowners to a neighborhood of investor-owned properties.

This analysis of distressed sales and loss of homeownership in Oak Park provides some insight on factors leading to gentrification. Freeman (2005) states that gentrifying results from a lack of mobility for residents and higher mobility for those moving in. Following the nonrandom pattern of events that led to the severe loss of homeownership for Oak Park residents, we know that practices of mortgage redlining resulted in the denial of homeownership

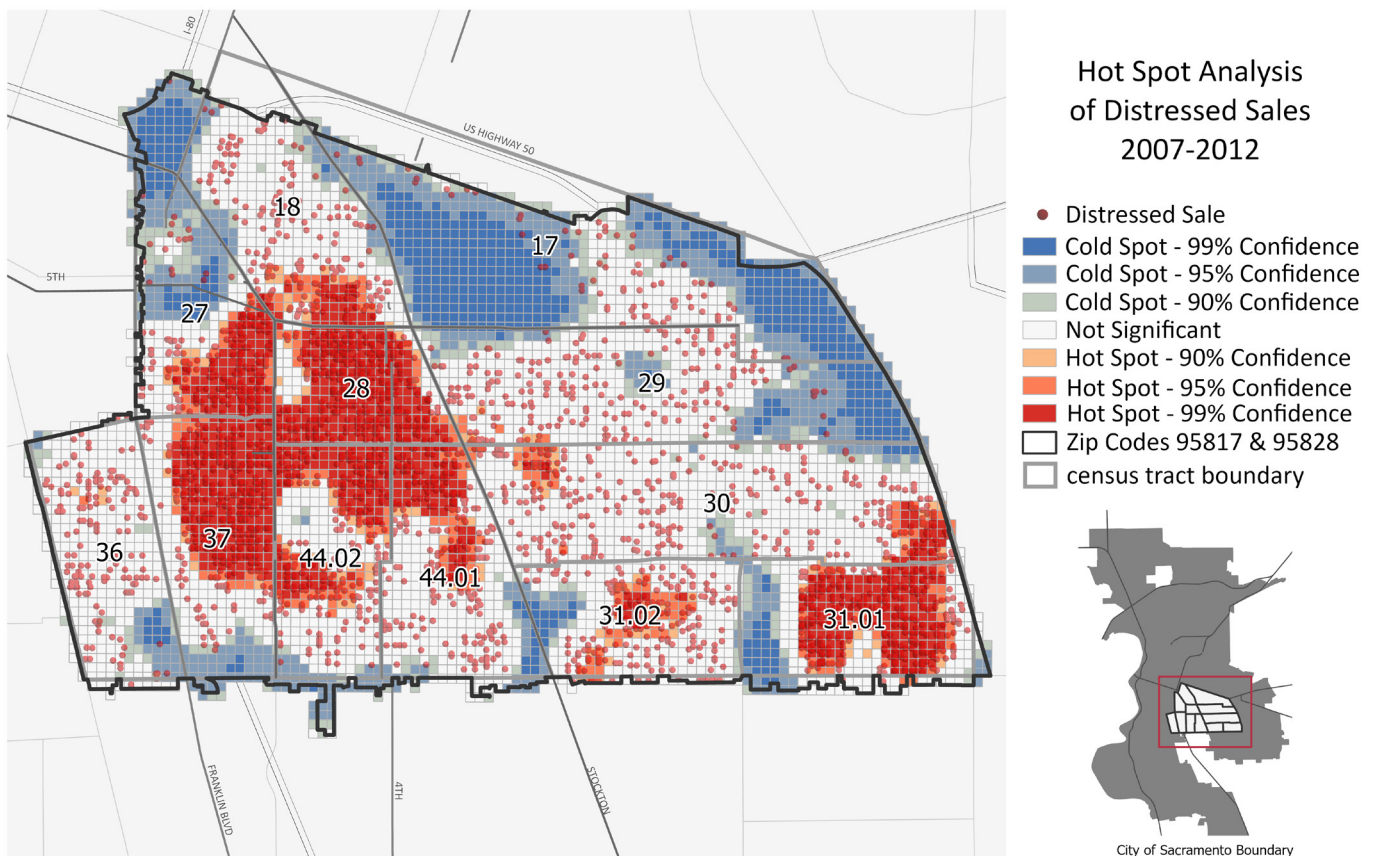


Figure 3.19: Hot Spot Analysis of Distressed Residential Property Sales in Oak Park, 2007-2012.

to minority residents in Oak Park. Then a racially segmented mortgage market resulted in the overinclusion of predatory subprime loans spurring a rise in homeownership (and refinancing). However, rapid increases to interest rates on adjustable-rate mortgages generated unsustainable monthly payments, eventually leading to foreclosures and displacement. The loss of housing for both renters and owners reflects the loss of economic and social mobility characteristic of the gentrification process suggested by Freeman (2005). Through these socially mediated interventions in the local housing market, homeownership, a key factor guarding against displacement, was continually reduced. According to 2017 data from the American Community Survey, only 34 percent of Oak Park residents owned their home at that point in time.

There are numerous research models that attempt to identify patterns of gentrification and displacement in cities throughout the nation ranging from the simple to the complex.¹⁰⁷ There is not one commonly used method that researchers rely upon to show the process of gentrification. However, several indicators are common to most gentrification research models which can help us detect evidence of how gentrification unfolds in Sacramento neighborhoods. These indicators are grouped and summarized below. The indicators are then applied to Oak Park to demonstrate how gentrification is part of the continuum of housing inequality that affects racial patterns of residential settlement – a continuum that impacts access to social determinants and the state of race relations in the city today. Because gentrification, like race, is a dynamic process that takes place over extended periods of time, demographic changes in census tracts also need to be captured. Data from the U.S. Census, American Community Survey and Metrolist Multiple Listing

¹⁰⁷ See the Urban Displacement Project, University of California, Berkeley <https://www.urbandisplacement.org/> and the Furman Center, New York University <https://furmancenter.org/> for comprehensive analysis of gentrification issues and displacement. Governing.com offers a snapshot of neighborhoods in U.S. cities at risk of gentrification <https://www.governing.com/gov-data/census/gentrification-in-cities-governing-report.html>.

Services are used to illustrate six of the most common characteristics of gentrification in the four Oak Park census tracts since 1950.

Central city location: Oak Park, along with Land Park, Curtis Park, Tahoe Park and McKinley Park was one of the original “park” neighborhoods that circled the downtown city grid and incorporated as part of the first wave of city expansion in 1911. The continued growth of the city around these “park” neighborhoods eventually transitioned Oak Park into a central city location. Of these neighborhoods, only Oak Park was subdivided prior to the use of race covenants. And only Oak Park has experienced intentional long-term public disinvestment coupled with the involuntary redirection of low-income non-White households from Downtown redevelopment.

Decline in housing affordability: The age of the neighborhood means few lots remain available for new construction. The low rate of new home construction, coupled with the demand for homes, has resulted in an increase in housing prices. **Figure 3.20** (on the following page) shows five years of home sales prices in Oak Park with the highest-priced sales taking place in census tracts 18 and 27.

Figure 3.21 shows the increase in home prices by census tract with tracts 18 and 27 experiencing significant price increases since 2000. Increases in a tract’s median home value is also one sign of gentrification.

The turnover of property to investors (**Figure 3.22**) also indicates the continued loss of mobility for long-term Oak Park residents and another episode of involuntary displacement.

Increase in household income: Gradual changes in income levels of residents indicate new residents with greater resources. **Figure 3.23** shows income data since 1950 comparing income for all Oak Park census tracts to the average income for Sacramento. The data show that Oak Park was once an economically stable place with incomes higher than the city average. All tracts in the neighborhood experienced a sharp decline during the period of Downtown redevelopment

RACE & PLACE IN SACRAMENTO

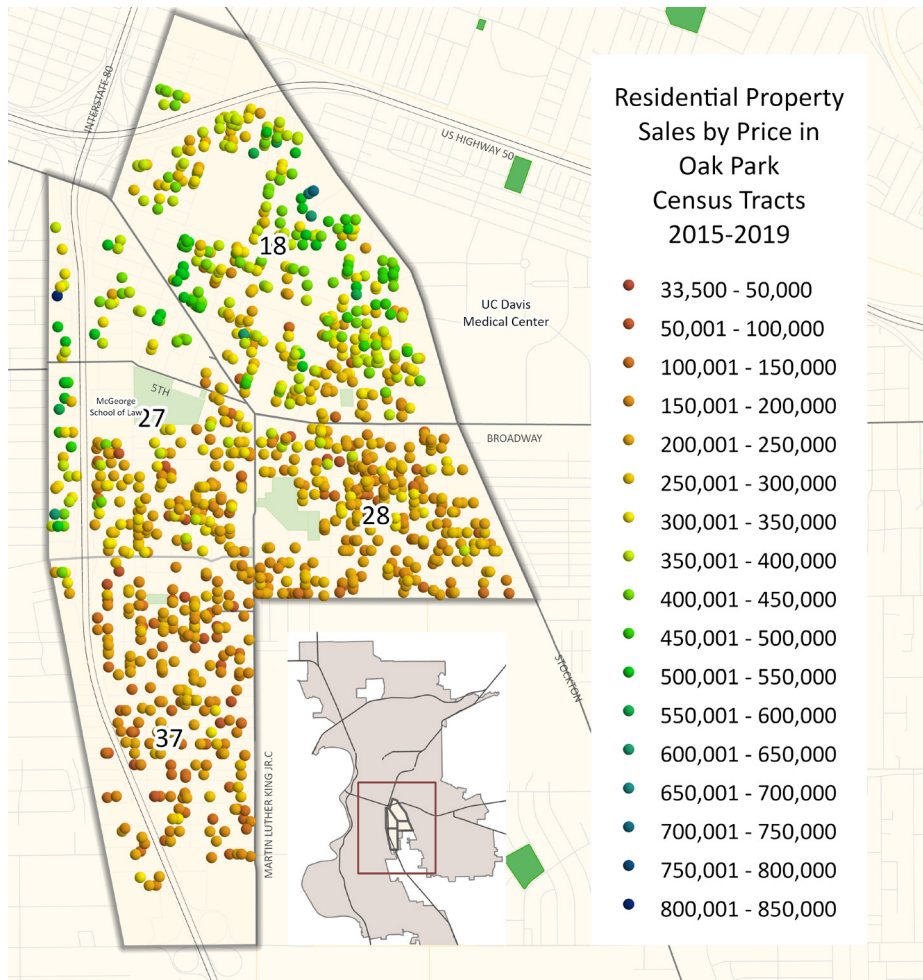


Figure 3.20: Selling Price for Homes in Oak Park Census Tracts 2015-2019

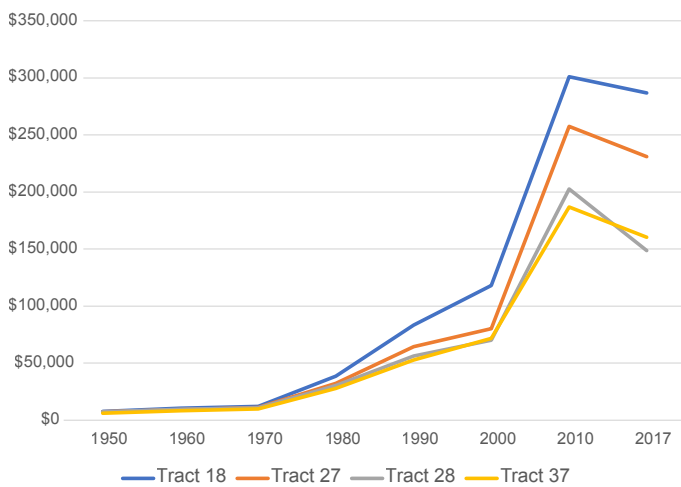


Figure 3.21: Home prices in Oak Park since 1950

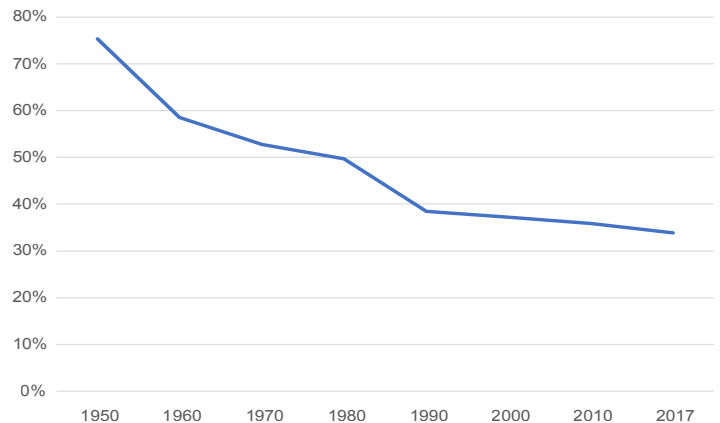


Figure 3.22: Percent owner occupied homes in Oak Park

and displacement during the 1950 -1970 period, a time where racial segregation in the city was at its highest and race relations at their most volatile point. Today, census tracts 18 and 27 show the highest income increases with census tract 18 nearing 120 percent of the city average, an indicator that these tracts are experiencing gentrification. Conversely, income for census tract 28 remains at only 66 percent of the city average and census tract 37 at 54 percent of the city average. These tracts are at risk of rent increases due to the high rate of investor-owned housing units making them vulnerable to displacement as new development for the neighborhood planned by external public/private partnerships moves forward.

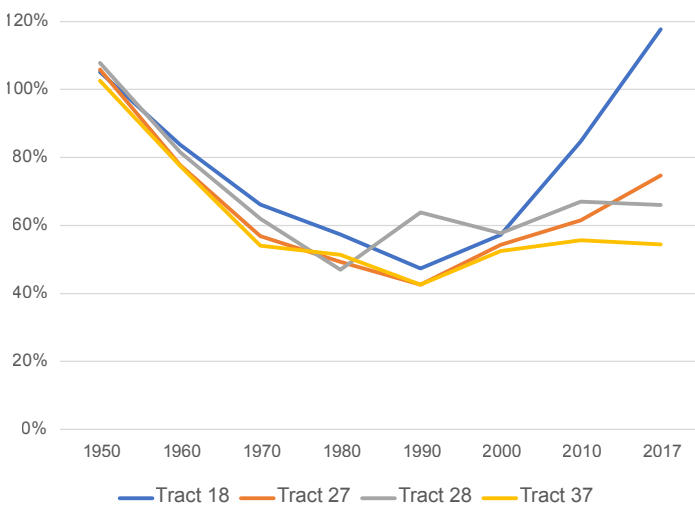


Figure 3.23: Census tract income as a percent of average city income

Increase in educational attainment: A four-year college degree strongly correlates with higher income. **Figure 3.24** shows significant increases in educational attainment in census tracts 18 and 27. Census tract 18 located across the street from the UC Davis Health campus has sprawled over the former home of the California State Fair – one of Oak Park’s economic hubs before 1970. The steady expansion of the UCD campus attracts new students, faculty, and staff to live in the area. Likewise, the University of the Pacific’s McGeorge School of Law serves as an important anchor for census tract 27 attracting law students and staff to live in Oak Park. Conversely, in census tracts 28 and 37, we see a less than 10 percent increase in attainment in over six decades. Educational attainment is highly

correlated with class and mobility, metrics often used to measure the presence of gentrification as well as the vulnerability to gentrification.

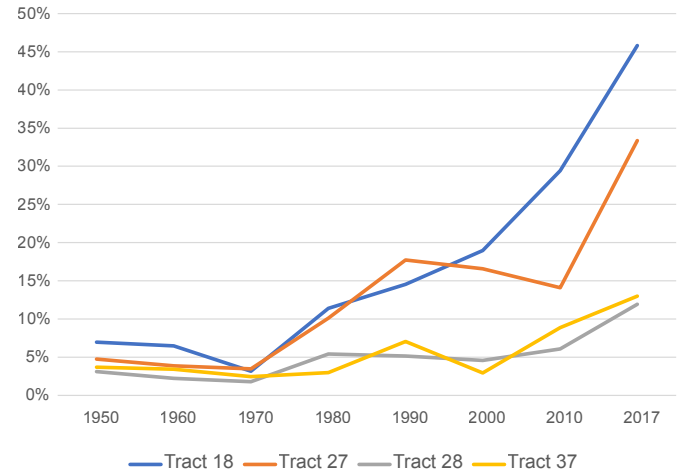


Figure 3.24: Percent of residents with 4-yr. college degree

Increase in White residents: In some gentrification models, race was not used as a metric. However, because of the historically strong relationship between race, housing finance, and housing values, it is included here due to the link between the creation of the Rent Gap in Oak Park and racial concentrations of residency. As Section Two of this report outlines, housing policy was shaped around race, creating differential access to housing in Sacramento. This differential access was a key contributor to the systematic process of economic divestment and disinvestment in Oak Park, which led to the current Rent Gap and racialized residency. The consistent loss of homeownership and displacement opened opportunities for speculative investment and rapid price/rent increases that now reflect a change in racial composition – an indicator of gentrification highly associated with education, income, and class. **Figure 3.25** also shows that Latinos are the primary population of residents in Oak Park most vulnerable to gentrification and displacement.

RACE & PLACE IN SACRAMENTO

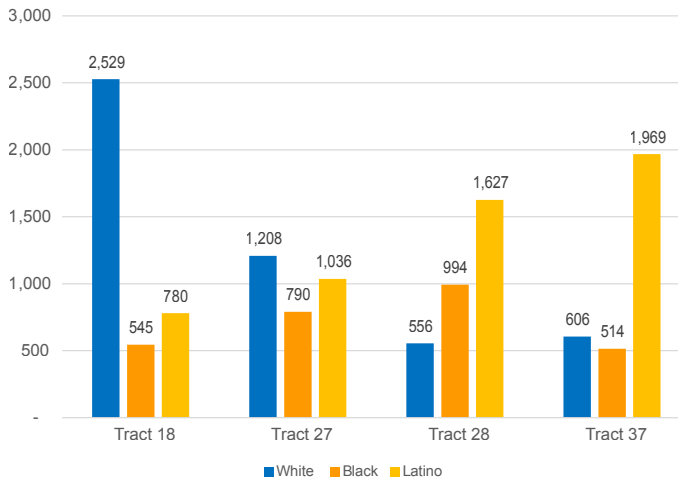


Figure 3.25: Oak Park Census Tracts by Race 2017

Figures 3.26 - 3.29 capture the changes in population by race in Oak Park census tracts since 1950. The data show how decisions in planning and public policy lead to pronounced population shifts. In 1950, Oak Park census tracts show a 90-point difference between White and non-White residents. The displacement from Downtown redevelopment coupled with race-based FHA lending that fueled new residential suburban development led to a decline in White residents and increases in non-White residents. During the 1960s, Oak Park becomes a minority-majority neighborhood where the number of non-Whites outnumber White residents.

The year 2000 represents the peak year for non-White residency in Oak Park. By 2010, following the rise and fall of subprime lending, there is a noticeable

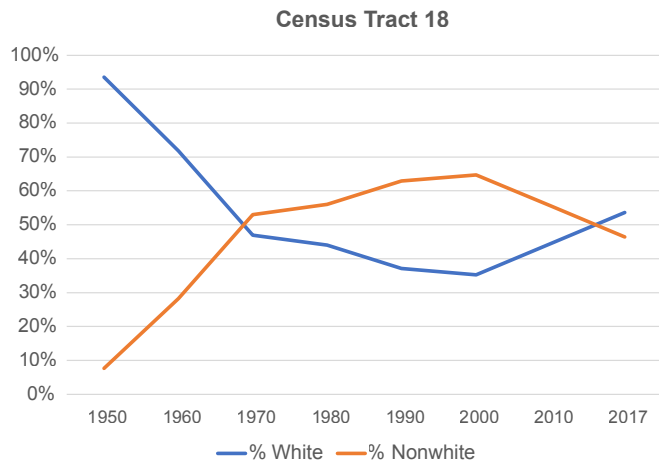


Figure 3.26: Population by race for Census Tract 18

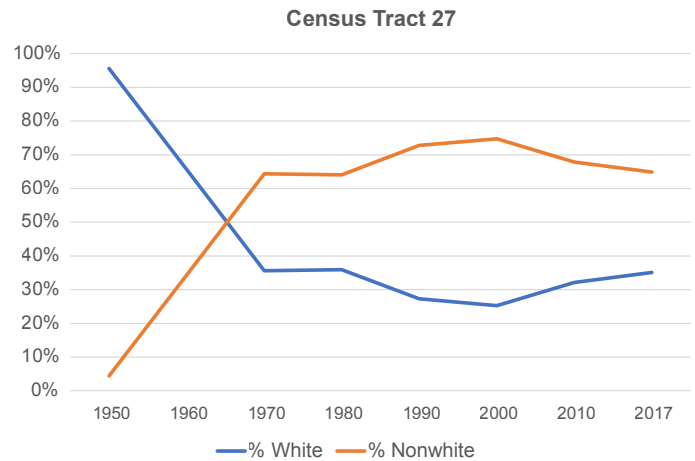


Figure 3.27: Population by race for Census Tract 27

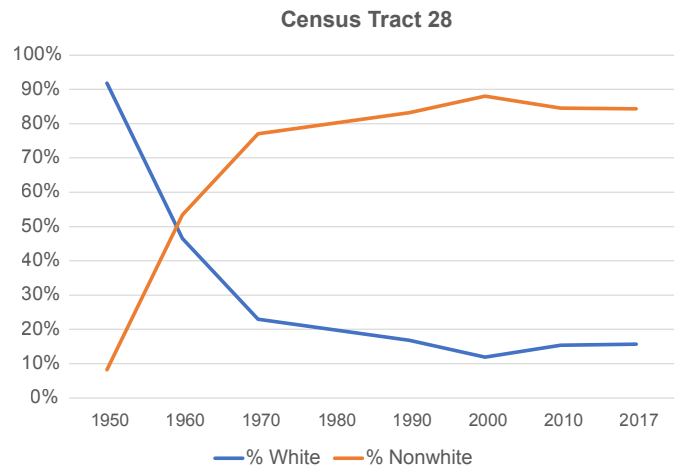


Figure 3.28: Population by race for Census Tract 28

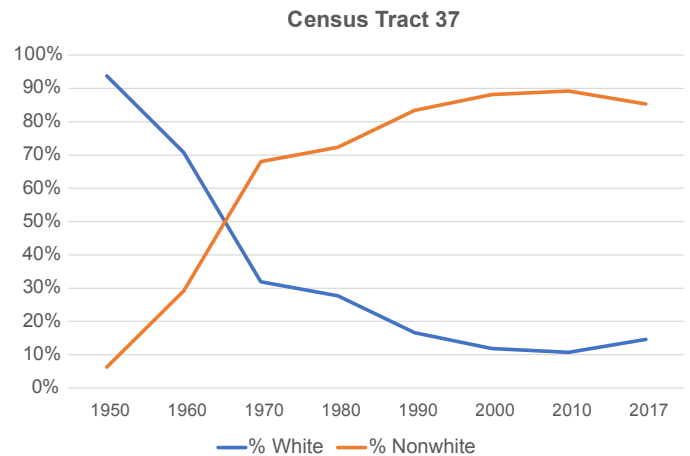


Figure 3.29: Population by race for Census Tract 37

decline of non-White residency in census tracts 18 and 27 indicating signs of gentrification with a majority White population in tract 18. Census tract 27 also experienced a noticeable increase in White residents with the difference of almost 50 points between White and non-White populations in 2000 now decreasing to approximately 30 points by 2017.

Figure 3.30 shows the gradual concentration of Latinos in tracts 28 and 37, the tracts with the lowest level of income, educational attainment, and home values. The tracts now experience a Rent Gap making them vulnerable to displacement triggered by speculative development projects and the rise in rents. As gentrification advances, we can see a rapid decline in Latinos residing in census tract 18.

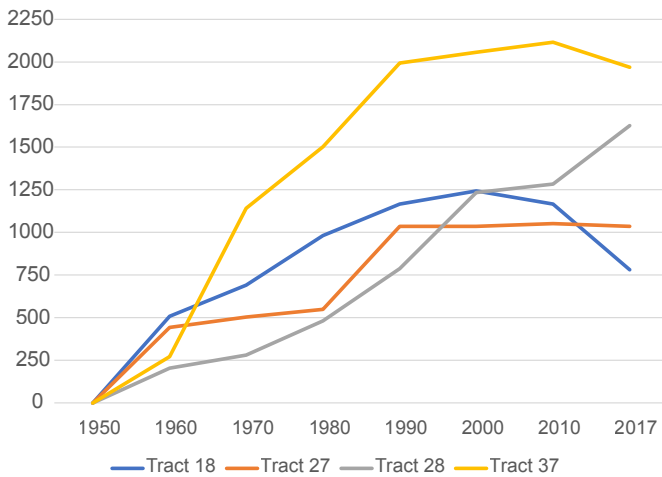


Figure 3.30: Latinos by Census Tract in Oak Park

Enhanced Employment Base: The last key characteristic of gentrification used here is a new employment base that attracts a more educated workforce. This is now amplified with the addition of Aggie Square, the University of California Davis’ (UCD) planned satellite campus anticipated to bring approximately 5,500 employees and students to the Oak Park area. The first phase of this 25-acre development is for 1.15 million square feet of research, wet lab, commercial space, and housing for up to 200 students and staff.

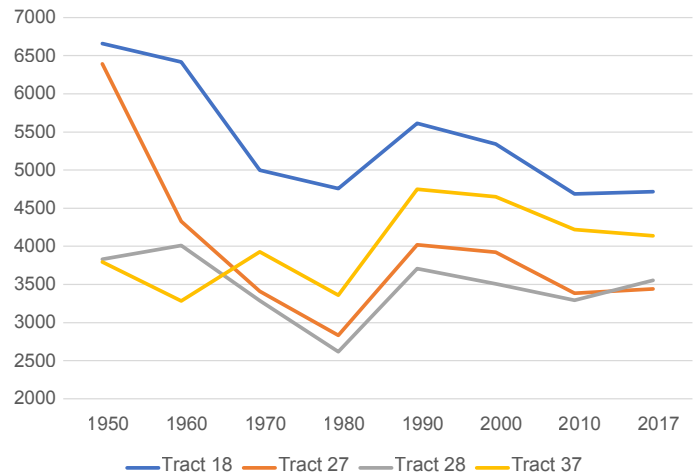


Figure 3.31: Population by Census Tracts in Oak Park

For quite some time, researchers have expressed the symbiotic relationship between local development and universities noting how the construction and expansion of university campuses can also stimulate local development (Logan and Molotch 1987). University construction is often seen as an economic windfall for cities investment to revitalize deteriorated inner-city neighborhoods. The expected return on public investment is then marketed by local governments as justification for public investment in speculative development to stimulate the broader city and regional growth agenda.

Florida and Johnson (2013) link gentrification to the rise and active recruitment of the creative class, which includes people who work in science and technology, business and management, arts, culture media and entertainment, law, and healthcare professions. As the university builds a new physical and financial infrastructure to support the incoming middle- and upper-income classes associated with higher education, financial innovation, technology, and research centers, the unmistakable link between public/private development partnerships, gentrification, and displacement becomes even more pronounced in Oak Park.

Aggie Square has been presented to city residents as a necessary regional innovation hub that will add much needed support to the regional economy. The innovation hub concept works off the traditionally accepted theory that outside investment is key to

neighborhood revitalization – regional growth, in theory, will in turn help stabilize an economically distressed neighborhood. This strategy places the priority of public investment on speculative development as a natural and logical government business practice with external investors first receiving the benefits of public investments intended to spur development. The connection to innovation hubs is noted to illustrate how the target population for growth is not neighborhood oriented but instead oriented to business growth for the region. Important to note here is how the financial infrastructure is put in place to facilitate funding this wave of speculative investment. Financial technologies such as Enhanced Infrastructure Financing Districts are used to prioritize support for private investment and create the financial infrastructure needed for external investment to take place.¹⁰⁸ In turn, community benefits agreements become a negotiated and concessionary process contingent upon the level of legal resources neighborhoods can afford as the bulk of proceeds from EFIDs are earmarked for development support.

With only 200 planned units of housing for over 5000 students, faculty and staff, it is easy to deduce that students who cannot find housing on campus will need to find places to live near Aggie Square – preferably in adjacent areas of the city where rent is low. The difficulty in finding affordable housing in Sacramento, coupled with the surge of students and staff, is unmistakably certain to affect those living in Oak Park. Housing prices will increase along with the cost of living as students and staff migrate to the area. Off-campus student housing in Davis, where the UCD main campus is located, indicate how a university can affect housing prices. Rent increases there can be measured

¹⁰⁸ Enhanced Infrastructure Financing Districts (EIFD), originally called Tax Increment Financing (TIF), have historically been used to finance urban redevelopment projects since the 1950s when the City of Sacramento was the first city in the U.S. to use the financial technology in redevelopment projects. The use of TIF was a key factor in the displacement of thousands of non-White residents from Sacramento’s West End redevelopment projects. The use of such financing technology in a rapidly gentrifying Oak Park raises a number of critical equity issues currently taking place that threaten to repeat the pattern of displacement in the West End. This issue requires further research and attention beyond the time allowed for the completion of this report.

by the price of rent for a room rather than an entire unit of housing. This will inevitably be the case for housing near Aggie Square. University students also have access to resources most neighborhood renters do not have. University students often have parents who can support their living expenses or co-sign credit applications for housing. This makes it even easier for them to afford to live in the city pushing out residents who do not have the financial resources to handle rent increases and resist displacement. This does not even consider the housing needs of faculty and staff relocating to avoid long commutes on Sacramento’s overcrowded freeways.

With only one-third of Oak Park dwellings owner-occupied, Aggie Square will escalate a rental bidding war for the other two-thirds of residential units owned by investors. The existing Rent Gap in census tract 28, located just across the street from Aggie Square, puts the displacement “bulls-eye” on the back of a neighborhood shaped by segregation, redevelopment, and subprime related foreclosures. Census tract 37 will soon incur similar effects. The continued organized loss of affordable housing options, especially the loss of homeownership opportunity, will bring another episode of severe economic hardship leading to displacement of Oak Park’s long-term residents.

The story of Oak Park provides an abundance of clues on how the Rent Gap, a necessary precondition for gentrification to occur, developed through a very public process of race-based disparate treatment. The forced termination of economic productivity through long-term disinvestment and a racialized housing market position imposed on racial groups in the city promoted and invigorated racial and financial exclusion. This process incited multiple forms of civil unrest and unease and led to increased policing. The redefining of social and economic values by public agencies instilled a bias against people and place. The Rent Gap demonstrates how public planning and policy placed Oak Park residents in a position of vulnerability from financial shocks such as subprime lending, public health calamities, and everyday race relations – a vulnerability leveraged in a manner where the Rent Gap renewed public and private investment and accelerated the process of gentrification.



New homes on 1st Avenue in Oak Park designed by Johnsen Schmalig Architects. This project won an American Institute of Architects Housing Award in 2019 and was showcased in Architect Magazine. The homes sold for well over \$500,000 in 2019. Photo courtesy of Johnsen Schmalig.



Strategies for Sacramento’s rapidly changing economy focus on attracting high-tech firms, entrepreneurial startups, research, and other high-skilled professional jobs. These strategies actively seek to create university-industry innovation districts and cultivate economic industry clusters. The vision is to promote an entrepreneurial ecosystem that can attract to the city and support new business to grow high-quality, high-wage and accessible jobs.¹⁰⁹ This effort places new demands for a skilled labor force that can meet the needs of information technology, transportation innovation, clean energy technology, renewable energy production, and health care research. The connectivity between educational programs for low-income/segregated students and their future participation in regional employment pathways designed for Sacramento’s economic development strategies now takes on greater importance. Again, given the data available, there is reason for concern that students and residents from Sacramento’s disadvantaged neighborhoods may not be prepared for participating in the new workforce. Given patterns of racial residency and income differences, how will those marginalized from educational opportunity be incorporated into Sacramento’s future economy?

We know that education is associated with income inequality (Hovhannisyanyan et al. 2020). For example,

¹⁰⁹ See Framework for Inclusive Economic & Community Development. City of Sacramento. October 18, 2019; Criteria and Measurements for City-wide Inclusive Economic and Community Development Strategy, Attachment 1B. Inclusive Economic Development Strategy and Action Plan. City of Sacramento. <https://www.cityofsacramento.org/Economic-Development/Inclusive-Economic-Development/Current-Actions>

children with relatively well-educated parents are more likely to go to college than children with less educated parents. Young students from poor families are on average less likely to go to a university (Crawford et al. 2016). The higher level of academic attainment results in relatively higher wages creating a social multiplier of opportunity (Andersen 2019).

We also know that family background influences education. Rumberger (2010) evaluates how social background affects college completion and finds that students from high socioeconomic status are over six times more likely to complete college than students from a lower social class background. This difference in academic achievement produces differences in young adult earnings. The disparity in educational attainment and impact on wages is carried into future generations. Therefore, educational attainment outcomes can best be seen through an intergenerational framework whereby parents’ education and background affect the scholastic achievement and economic mobility of their children (Andersen 2019).

The ability to speak English is a key factor in measuring educational attainment. English language proficiency has been associated with improved educational outcomes (Genesee et al. 2005). Children learning English as an additional language often experience academic attainment lower than monolingual peers. Academic attainment and social, emotional, and behavioral functioning in children are associated with English language proficiency at school entry (Whiteside et al. 2017). Evidence from educational outcomes in Sacramento suggests this intergenerational interaction

of education, employment and income takes place spatially replicating patterns of redlining.

Figure 3.32 shows the geography of households that speak little or no English in the home indicating where we might expect students from immigrant families to be located. Because of language barriers, they may experience more difficulty in achieving the education to participate in the City’s new economy focused on innovation and the creative class. This outcome is even more important when we realize that Sacramento’s disadvantaged neighborhoods also serve as “ports of entry” for immigrants moving to the area.

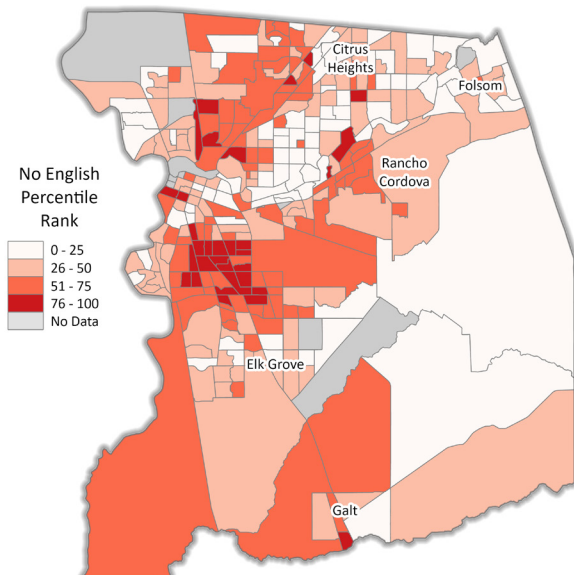


Figure 3.32: Percentile Rank for Households where no English Spoken by Census Tracts. Sacramento County. Source: 2016 HDI

Besides language, income is a major factor in education outcomes. regarding high school attendance (see **Figure 3.33**), students from low-income families drop out of high school at six times the rate of those from wealthy families (Reid 2007). The effect, as Reid points out, is that the wage gap between college graduates and those with a high school diploma has widened. Those in the workforce with a college degree will earn nearly twice as much over their lifetimes as those with just a high school degree; workers with professional degrees will earn almost four times as much (Reid 2007). Again, data from the

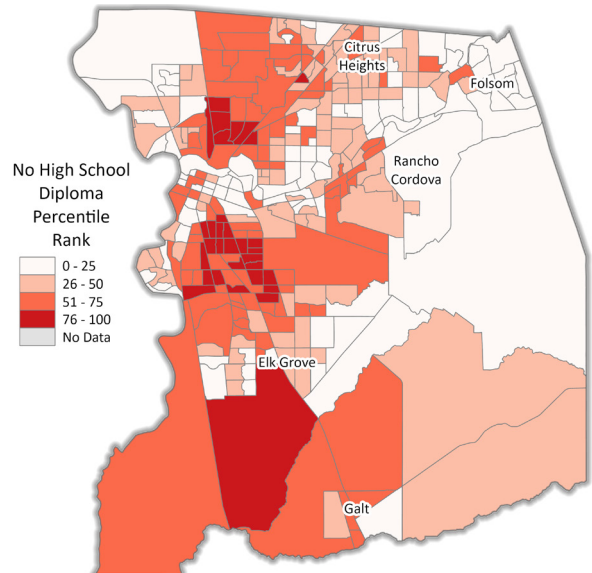


Figure 3.33: Percentile Rank for Population with No High School Diploma by Census Tracts. Sacramento County. Source: 2016 HDI

American Community Survey (ACS) suggest that higher educational levels in Sacramento are also associated with race, income and location as **Figure 3.34** shows how higher rates of those with a four-year college degree irrefutably follow the west/east pattern of opportunity in Sacramento County.

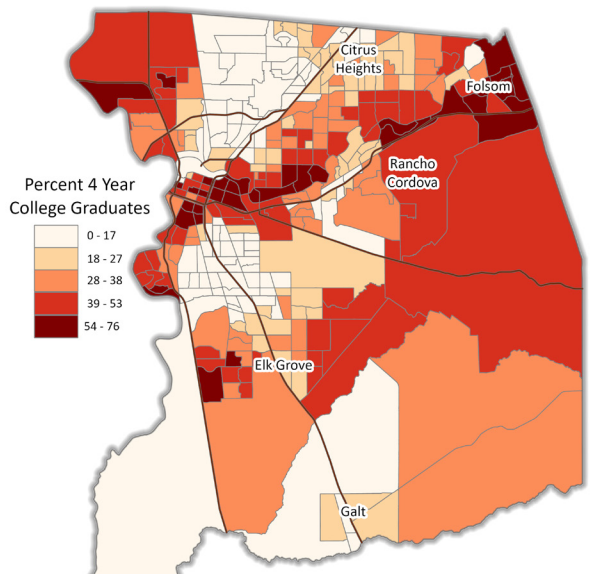


Figure 3.34: Percent of Four-Year College Graduates by Census Tract. Sacramento County. Source: American Community Survey 2013-2017

We can also see the interaction between poverty and academic performance. We know that the provision of subsidized school meals can increase school test scores (Figlio and Winicki 2005; Dotter 2014; Imberman and Kugler 2014; Frisvold 2015). Students at schools that contract with a healthy school lunch vendor score higher on CA state achievement tests, with larger test score increases shown for those students eligible for reduced price or free school lunches (Anderson et al. 2017). Given the connection between nutrition and academic performance, data on students eligible for free or reduced-price lunch requires close attention to the relationship between education, income, health and location. These are also the students likely to be without computers and internet access needed for distance learning during the COVID-19 crisis. Research from the Institute on Metropolitan Opportunity captures the location of elementary schools in the Sacramento Region by the percent of students eligible for free or reduced lunch (Figure 3.35). Again, the connection between education, wealth, and where we live become clear.

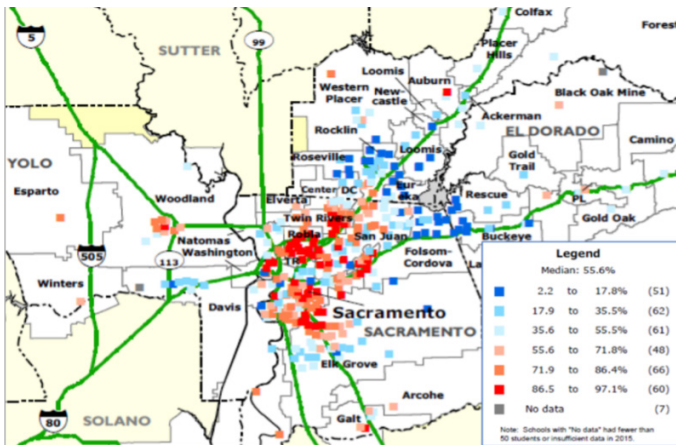


Figure 3.35: Percentage of Students Eligible for Free-or Reduced-Price Lunch by Elementary School, 2015. Source: Institute on Metropolitan Opportunity. University of Minnesota Law School.

School Closures and Neighborhood Effects



Maple Elementary School in North Franklin closed as a result of controversial school budget decisions. Source: JCH Research

Research shows a strong relationship between the presence of a school and the economic stability of a neighborhood. School quality capitalizes into increased home values, which can also determine the likelihood of commercial and business development within a neighborhood (Chung 2005). Grogan and Proscio (2000) argue that a school is probably the most important factor a family considers in remaining in or fleeing an area. Black (1999) notes that an increase in per-pupil expenditures results in increased property values. Rising property values improve and revitalize neighborhoods where investment in school facility maintenance is a priority (Spector 2003; NAR 2002; Byron et al. 2001). Sell and Leistriz (1997) found that neighborhoods losing schools experience a greater loss in retail sales and number of businesses. Schools clearly remain a most important neighborhood asset.

A school must also be seen as an important neighborhood anchor much like a department store in a shopping mall; it remains an essential asset for maintaining a socially and economically healthy neighborhood. But when a school is closed in an already impoverished neighborhood, an economic engine is lost right along with the community's ability to use the school facility as a public space for organizing sports activities, neighborhood afterschool

programs, and maintaining critical connections to youth and parent engagement programs. Given the importance of schools in the community economic development process (Choi 2012; Hall 2012), the recent closure of seven elementary schools in Sacramento provides us with examples on how inequality through public policy can affect neighborhood stability and contribute to racial/spatial wealth gaps.

In 2013, the Sacramento Unified School District (SCUSD) closed seven schools to help resolve budget shortfalls that have consistently challenged the District’s ability to operate. Using school closures in minority neighborhoods as an economic device for district-wide fiscal solvency is an age-old pattern of racial exclusion widely utilized following *Brown v. Board of Education* where district resources are shifted from less to more desirable neighborhoods (Haynes 2001; Hernandez and Galletta 2016).

The SCUSD school closures singled out campuses with predominantly poor, non-White students in neighborhoods with the highest concentrations of poverty-stricken households in the county (see **Figures 3.36 and 3.37**). The data show how the location of these school closures is closely aligned with Sacramento’s redlined spaces. In the schools targeted for closure, 93% percent of the students were non-White. White students in elementary schools targeted for closure comprised only three percent of the total White enrollment in such schools district wide. Ninety-eight percent of students in targeted schools were designated as socioeconomically disadvantaged.¹¹⁰ Because South Sacramento serves as a “port of entry” for immigrant families from Central America and South East Asian countries, countries traditionally with families much larger than U.S. born families, the very neighborhoods where schools were forced to close now serve as the primary source for future district enrollment and its financial stability (Hernandez and Galletta 2016).

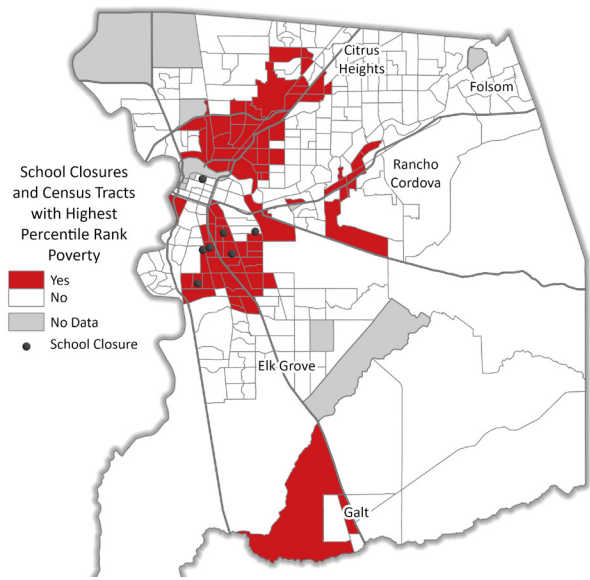


Figure 3.36: Census Tracts with 30% or More Households at or below the Poverty Rate and School Closures in Sacramento Unified School District. 2013. *Source: US Census; Sacramento Unified School District.*

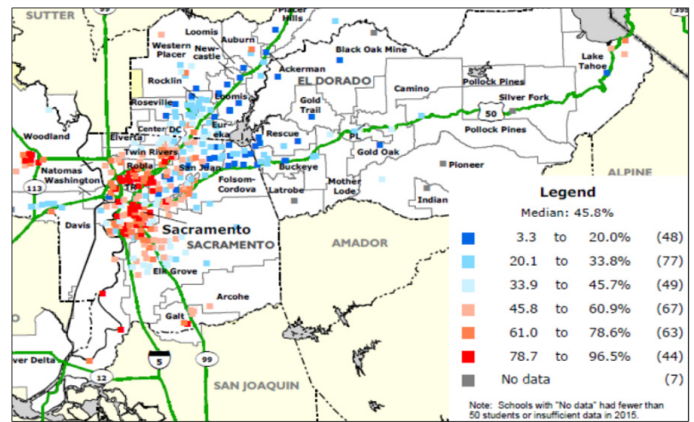


Figure 3.37: Percentage Non-Asian Minority Students. Sacramento Region. 2015. *Source: Institute on Metropolitan Opportunity. University of Minnesota Law School.*

The school closures diverted students and the public funding associated with those students to schools located away from neighborhoods of the poor and working-class. The school district chose instead to support more advantaged older mostly White neighborhoods with declining enrollment but adjacent to proposed housing developments. Saving schools from closure in high-income neighborhoods with low student enrollment, locations where speculative

¹¹⁰ Sources: DataQuest. California Department of Education; Ed-Data. Fiscal, Demographic, and Performance Data on California’s K-12 Schools. Educational Data Partnership. <http://www.ed-data.k12.ca.us>.

housing development for high-income homebuyers is now taking place, repeats the one-way school desegregation patterns of the 1960s; Oak Park and West End students were bused to White neighborhoods to comply with federal mandates to desegregate Sacramento schools (Hernandez and Galletta 2016). With this recent round of school closures, SCUSD again prioritized the future enrollment anticipated in White neighborhoods over the existing enrollment in our poorest neighborhoods, a strategy commonly referred to as “sacrifice zone planning.”

Even though district administrators stated that school closures were sought with the explicit call for equity and stability, school enrollment and expenditures seemed to have moved away from that goal. According to 2013 State Department of Education (DOE) data, overall SCUSD enrollment was declining. However, 17 SCUSD schools outside of the South Sacramento area experienced increased enrollment because of the closures. Approximately 775 students were forced to change schools. These changes led to significant geographical shifts in funding. In 2013, DOE introduced the Local Control Funding Formula (LCFF), which streamlined the administration of educational funding while increasing annual funding per student to \$7,201 per year.¹¹¹ When added to the additional \$1,176 in Federal Title I in funding schools receive for low-income students, an estimated \$6.5 million in funding associated with displaced students was redirected from the schools in our poorest neighborhoods.

The local teacher’s union reported that 252 students from the closed schools were lost to other districts and charter schools – an additional loss of approximately \$2.1 million in annual funding to the school district. Added together, an estimated total of \$8.6 million in annual school funding was diverted from schools in disadvantaged neighborhoods in just the first year following the closures. With the LCFF funding level associated with each student set to increase each year, we have yet to realize the compound and long-term

economic and social impact on South Sacramento neighborhoods. The concentration of educational assets - from facilities maintenance, employment in educational related jobs, STEM and afterschool programs - to the positive impact on property values, demonstrates how the economics of education results in a monotonic wealth accumulation process that benefits our highest resource neighborhoods. School closures in the geographical pattern where access to opportunity and resource distribution in Sacramento are constrained demonstrate how the dual processes of cumulative trauma and disparate impact take hold in redlined space to impede the future mobility of segregated households, their children and the neighborhoods they live in.

¹¹¹ A recent report from the Legislative Analyst’s Office (LAO) regarding the LCFF outlines how the distribution method will increase funding for students in disadvantaged neighborhoods (LAO 2013), yet these were the very students affected by the SCUSD school closures.



Rapid changes to the Sacramento regional economy and local government strategies for economic growth have placed an increasing demand for a skilled and educated workforce in industry clusters such as technology, energy, and health care. For example, the region’s four largest health systems — UC Davis Health, Kaiser Permanente, Sutter Health and Dignity Health — have added 10,176 jobs since 2010.¹¹² Given the trend of educational outcomes for residents in the North/South geography of redlining, it is difficult to see how those residents will participate in the region’s quest to build a new economy targeted at attracting technology, innovation, and the creative class.

The labor force participation rate measures the percent of people who are actively job-hunting and those who are employed. It includes all other people of working age (16 or older) and compares the proportion of those working or seeking work outside the home to those not working or seeking work outside the home. Because it accounts for people who have given up looking for work, this may make the labor force participation rate a somewhat more reliable figure than the unemployment rate. **Figure 3.38** shows how the lowest labor force participation rates are in redlined areas and higher participation rates (shown by census tracts in White) are located outside of the redlined census tracts.

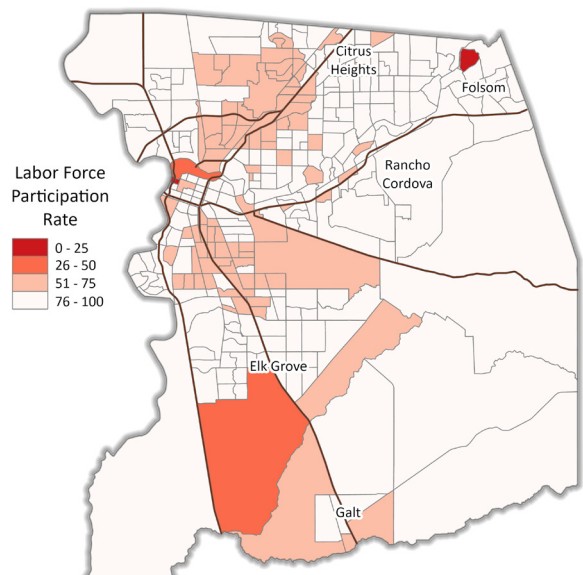


Figure 3.38: Labor Force Participation Rate by Census Tract for Sacramento County. *Source: 2017 AFFH Toolkit*

The Labor Market Engagement Index summarily describes the relative intensity of labor market engagement and human capital in a neighborhood. The index provides a measure of unemployment rate, labor-force participation rate, and percentage of the population ages 25 and above with at least a bachelor’s degree in a census tract (**Figure 3.39**). Darker shaded tracts indicate a higher (better) value or a higher level of “labor engagement” for the households living there. Lighter shaded tracts show lower (negative) values for this index, which are concentrated in the north/south redlined areas.

¹¹² See the article “Local health industry added 10,000 jobs over the last decade.” Sacramento Business Journal. January 6, 2020.

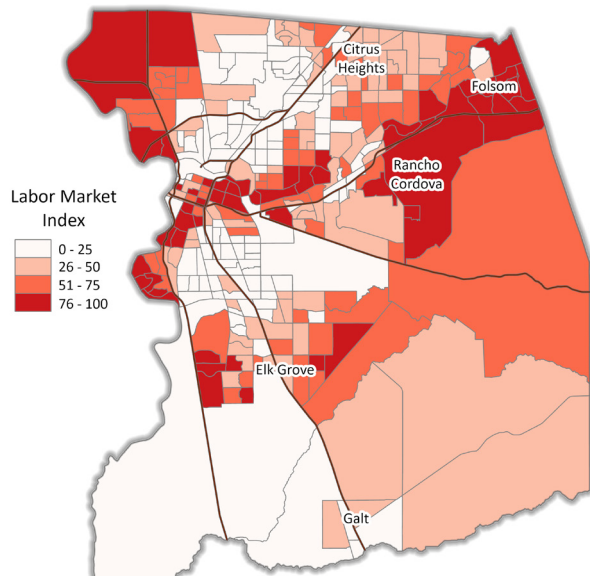


Figure 3.39: Labor Market Index by Census Tract for Sacramento County. *Source: 2017 AFFH Toolkit*

comprehensive picture of the job market. A high labor participation rate combined with a low unemployment rate indicates a robust job market. However, we see the opposite in redlined areas suggesting a connection to the lasting impact of housing policy on employment as a social determinant of health. Employment ultimately affects a household’s future income, which affects where one can access housing, quality schools, and health insurance. The labor sector is by far a much more complex economic indicator of regional, municipal, and neighborhood wellbeing than discussed in this section. However, the three indicators presented here provide sufficient evidence on how employment trends duplicate the negative spatial outcomes in income, housing and education and demonstrate the interconnectivity between opportunity and racial exclusion in Sacramento.

The unemployment rate measures the percentage within the labor force without a job. The unemployment rate considers those only in the labor force. **Figure 3.40** shows how unemployment rates are highest in redlined census tracts. Taken together, the participation rate, labor market index, and the unemployment rate can provide a more

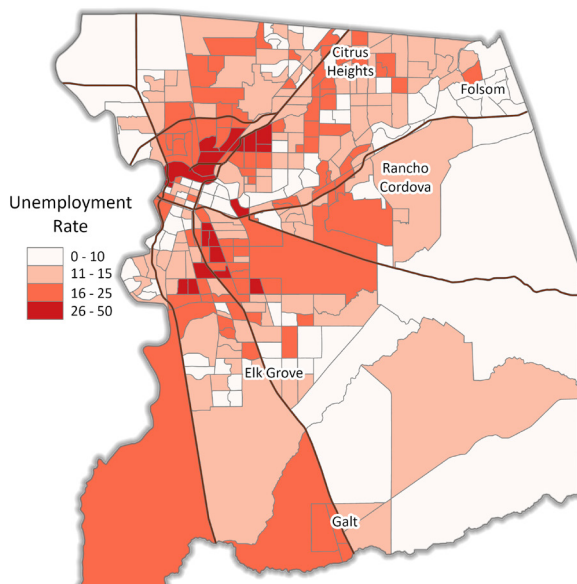


Figure 3.40: Unemployment in Sacramento County by Percentile Rank and Census Tract. *Source: 2016 HDI.*



There exists an increasingly urgent need for environmental justice practitioners to understand the role of public infrastructure investment and public financing activities in equitable neighborhood economic development and environmental stewardship. Population composition and socioeconomic conditions continue to change as local governments promote and prepare for economic growth in our region. However, city and regional plans for attracting new sources of revenue through development do not support all neighborhoods equally, thus emphasizing the need for social reforms and environmental justice strategies.

The continuing transformation of Sacramento's economy calls attention to the simultaneous occurrence of suburbanization and gentrification. As local governments provide place-specific incentives for new development, they also face increased demands to improve the capacity of public infrastructure to support economic growth. Our investments in public infrastructure maintain the capacity of the city's technical and transport substructure. These investments put in place supporting civic amenities and ensure the continual growth and stability of neighborhoods. The bundle of infrastructure invested in a particular place functions monotonically – meaning that economic productivity from such investment continues and multiplies over long periods of time in a strictly positive direction. Given the monotonic functionality of public investment, it becomes easier to understand how the racial and economic differences between neighborhoods have become more pronounced calling into question how public investment works and for whom.

In the Sacramento region, funding for new infrastructure is a competitive process where projects are conceptualized and developed by local governments then submitted to federal, state, and regional agencies entrusted with distributing funds to the local level. Most often, it is local elected officials that make up the Board of Directors for regional agencies acting as funding intermediaries that facilitate the pass through of public funds to projects at the municipal level. The Sacramento Council of Governments (SACOG), the Sacramento Metropolitan Air Quality Management District (SMAQMD), and the Sacramento Transit Authority (STA) are good examples of such regional agencies with governing boards that consist of local elected officials. The level of regional funding provided by such agencies is often used as a match or as one layer of an infrastructure project's funding that can also include funds from multiple public and private funding sources.

The importance of infrastructure in neighborhood economic development cannot be overstated as it is the foundation for housing and business markets to function. Key to successful economic development is the multiple roles elected officials serve in building infrastructure capacity. Infrastructure investment is so closely tied to environmental justice concerns in our neighborhoods and municipalities. Therefore, it is important to point out that elected officials are now the primary entry point into the environmental justice arena where projects are rejected or supported as they move through the regional funding process. Often elected officials assume the role of project initiators, fiscal intermediaries, and as gatekeepers for local infrastructure investment making them an

integral part of the community development process. Their role in neighborhood development takes on greater significance following the dissolution of redevelopment agencies in California.

In 2011, the State Legislature approved the dissolution of over 400 local redevelopment agencies across the state. Before the dissolution, redevelopment agencies played a key role in seeking public infrastructure funding from state and regional agencies. Using the SACOG regional funding process as an example, **Figure 3.41** shows the basic workflow for a typical infrastructure proposal before and after dissolution. In the current post-redevelopment model, we can see that omitting the redevelopment agency from the local governance process leaves neighborhoods without direct contact to planning resources and therefore must rely on an indirect connection with their elected official to move projects through the funding process. This gap in governance negatively affects the distribution of public investment needed for our poorest neighborhoods to become active in our regional economy. More important, the gap in governance shifts the responsibility for neighborhood revitalization to neighborhoods. Revitalization is now contingent upon the ability of neighborhoods to organize and create strategies for identifying

infrastructure needs and convincing the city to provide the planning services needed in their neighborhoods.

Before dissolution, local infrastructure needs would be identified by neighborhood organizations and the local redevelopment agency. Agency staff would then develop project ideas and seek city approvals for moving the project towards funding (**Figure 3.42**). Conceptual plans, preliminary engineering, scope of work and preliminary drawings would then take place. Considerable investment in staff time and consulting costs would have been incurred (**Figure 3.42**). These steps are critical to bringing the project to the stage where grants can be submitted by local governments to regional and state agencies for funding.

Before dissolution, the redevelopment agency would assume responsibility for this initial financial investment needed for the proper planning and managing of a project. Following dissolution, the responsibility for these initial planning steps and the funding needed for these steps to happen have not been replaced by local governments as they complete their recovery from the financial fallout of the Great Recession. The COVID-19 crisis now presents a new financial burden to local governments that will further stall neighborhood revitalization efforts.

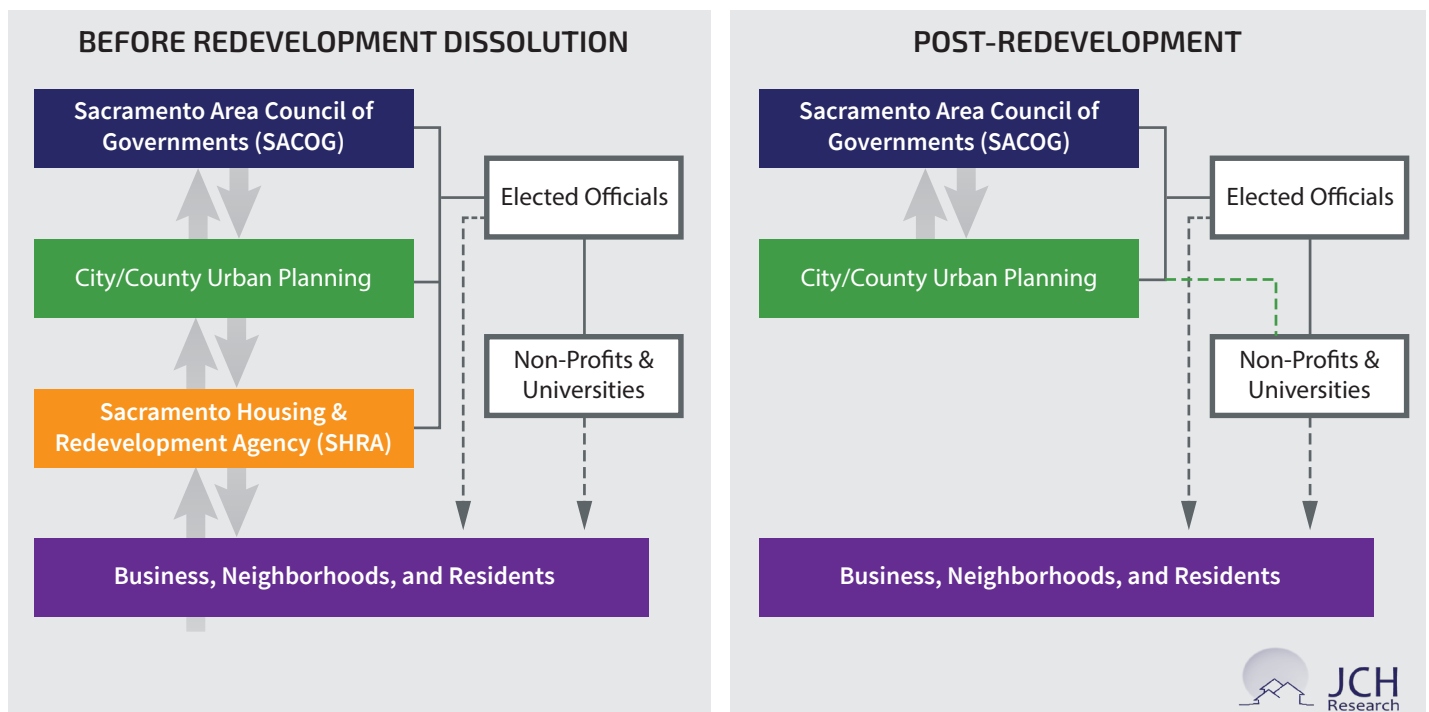


Figure 3.41: Example of regional funding workflow process: Pre- and Post-Redevelopment Agency Dissolution. © JCH Research

Project Steps	Description	Responsible Party	Project Funder	Post – Redevelopment Funding
One	Develop project idea City programming & approvals	Residents, public officials/ agencies/ developers	N/A	N/A
Two	Develop conceptual plan (5-10% drawings)	Redevelopment agency, City or County	Redevelopment agency	?
Three	Preliminary engineering and scoping of work (30% drawings)	City or County	Redevelopment agency	?
Four	100% engineering and construction drawings	City or County	Redevelopment agency Caltrans/SACOG	Caltrans/SACOG
Five	Project construction and completion	City or County	Redevelopment agency Caltrans/SACOG	Caltrans/SACOG
Six	Project monitoring (e.g., maintain new landscaping)	City or County	Redevelopment agency Caltrans/SACOG	Caltrans/SACOG

Figure 3.42: Example of Infrastructure Project Development Process – Pre and Post Redevelopment Agency Closure

Neighborhoods are now responsible for not only filling the funding gap for a project going through the conceptualization stage but also for managing a project to where it captures the attention of local elected officials and government agencies. At this point, neighborhoods are removed from the process of who decides whether to move forward with a project, which now depends on the priorities and budget constraints of municipalities and their local planning agencies. Moving a neighborhood project forward through the development process is a huge financial and management responsibility for a disadvantaged neighborhood to assume with no financial resources, planning experience or technical support. Losing redevelopment agencies left a troubling disconnect between neighborhood revitalization and the capacity for equity in the regional funding process to take place. The ability for local governments to effectively implement climate change policies in neighborhoods targeted by SB 1000 must now be critically reevaluated.

An important point to note here is that regional funding intermediaries such as SACOG can only consider the infrastructure funding proposals

brought to their attention through the competitive grant process. Municipal planning and economic development departments are now forced to assume the duties of the former redevelopment agencies to create new ways to implement state mandates. Local governments, including the City of Sacramento, now seek ways to fill the planning and funding gaps left by the demise of redevelopment agencies. However, the role of local elected officials now increases in importance with both the responsibility to help initiate local projects and the decisions they make while sitting on several regional governing boards that prioritize and authorize funds for local projects. Therefore, how residents vote in local elections has much to do with who sets the funding agenda for public infrastructure investment at both the local and regional level.

For example, SACOG is governed by a thirty-two-member Board of Directors appointed from jurisdictions in the surrounding six-county region. The appointed members consist of elected officials from these jurisdictions but only two members are from the City of Sacramento. The success of funding proposals submitted by the City of Sacramento remains contingent upon the actions of the other 30

board members from the region. It is easy to see that who we vote for has much to do with the infrastructure in our neighborhoods. Housing development patterns and suburbanization are also affected by who is in public office. Therefore, any disconnect between neighborhoods, local government, and regional planning priorities can produce harmful patterns of disinvestment and sprawl. If history is any indication, these patterns have intergenerational cumulative consequences, which for many disadvantaged neighborhoods may well be as irreversible as climate change.

Voting patterns can help us understand the long-term impact of housing policy and the effects of voting on public infrastructure distribution. **Figures 3.43** and **3.44** display nonvoters by census tract and percentile rank. The spatial pattern shows that the highest rate of nonvoters is in redlined space within the Sacramento City limits and demonstrate how political disenfranchisement can also be associated with race and location, patterns set in place by housing policy.

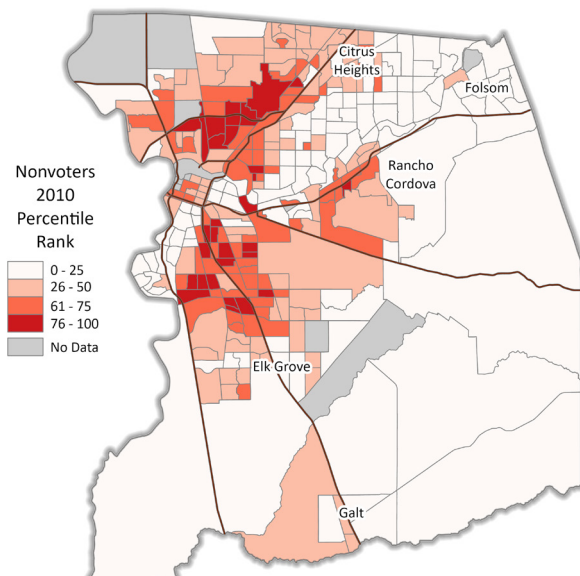


Figure 3.43: Nonvoters in Sacramento County by Census Tract and Percentile Rank. 2010. *Source: HDI*

Suburban development and public infrastructure investment since the 1940s post-war era have affected the geography of social determinants in the Sacramento Region creating inequities in opportunities for homeownership. These housing inequities can also be seen in the voting patterns of residents.

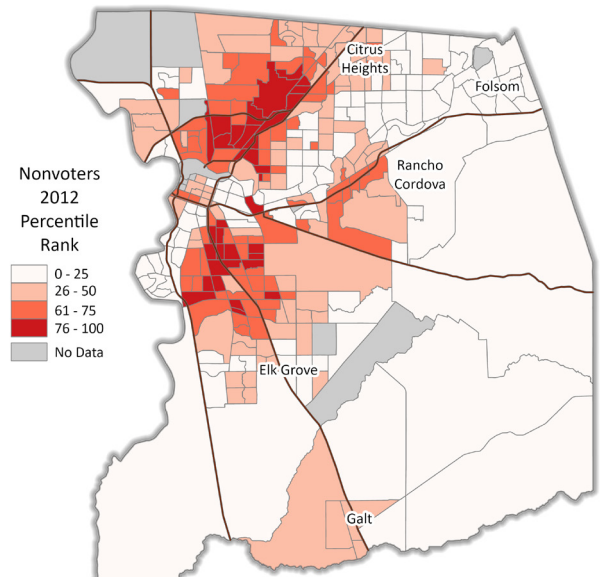


Figure 3.44: Nonvoters in Sacramento County by Census Tract and Percentile Rank. 2012. *Source: HDI*

Figure 3.45 captures the political party preference of residents in the Sacramento Region by voting districts and shows a distinction between the inner-city voters of Sacramento and those in municipalities surrounding the city.

Voting party preferences appear to be shaped along inner-city/suburban lines. These voting patterns are also reflected in public infrastructure funding. Data from the 2012 SACOG Metropolitan Transportation Improvement Plan (MTIP) provides a comprehensive listing of transportation projects that receive federal funds, require a federal action, or are regionally significant. The MTIP is intended to bring legislatively mandated Sustainable Community Strategies into practice throughout the region. The MTIP strategy provides funding for projects that result in more housing and transportation choices, promote integrated land uses, and sustainability-focused design for the Sacramento region in 2050. This direction in the region’s urban planning strategy is intended to reduce greenhouse gas emissions from reduced motor vehicle trips.¹¹³

¹¹³ See the Sustainable Communities and Climate Protection Act of 2008 (SB 375) for more detail on how climate change is now integrated into state, regional and municipal urban planning efforts.

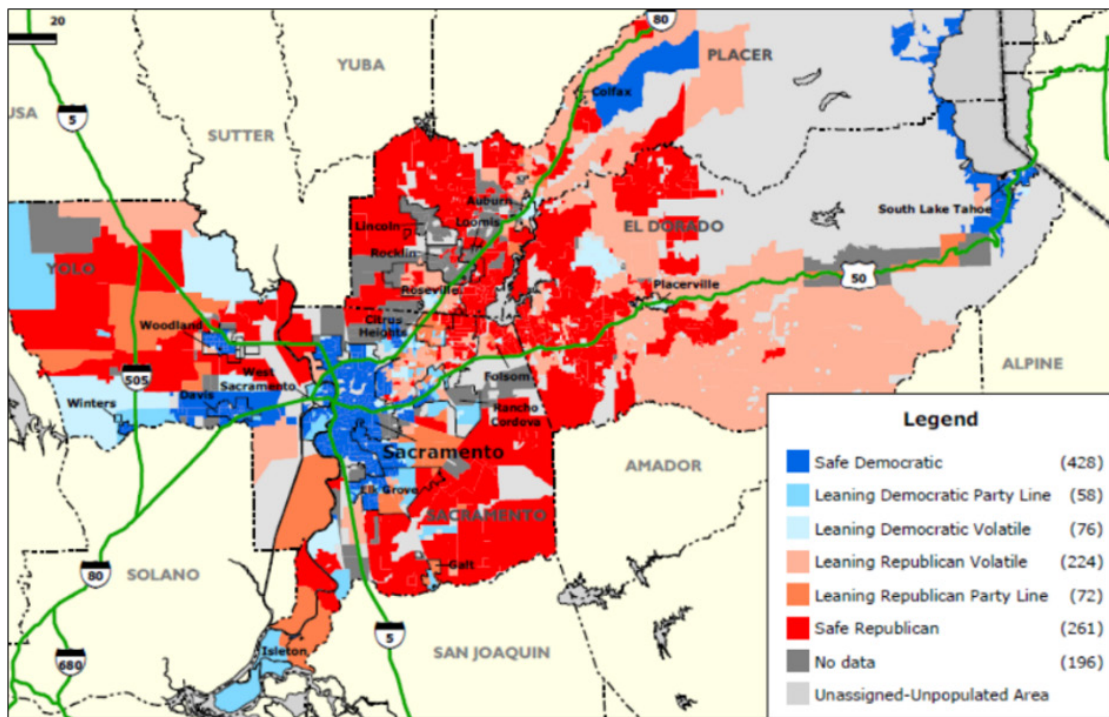


Figure 3.45: Party Preference by Voting Districts Based on Election Results for 2016. Sacramento Region. *Source: Institute on Metropolitan Opportunity, University of Minnesota*

The MTIP provides a good idea of where infrastructure projects developed by local agencies have been funded and gives a snapshot of the infrastructure priorities of local and regional agencies and elected officials throughout the region. **Figure 3.46** (on the following page) shows the location and grant amount associated for projects funded by SACOG for 2012. The smaller circles show projects receiving somewhere between \$10 million to \$50 million dollars. The larger circles show projects receiving funding amounts over \$50 million dollars. It is easy to see that the dollar amount of regional investment in public infrastructure is quite substantial.

Figure 3.46 shows how funded projects are concentrated in growing suburban locations and away from areas with high concentrations of poverty, a pattern that is closely aligned with the suburban voting patterns described above. The tendency for public infrastructure investment in the region is to support new residential developments around recently incorporated edge cities. Planning departments in these edge cities have continually submitted regional funding requests in a manner that best reflects the

interest of their smaller but growing cities. Similarly, SACOG funded projects in the City of Sacramento are primarily in the Downtown area reflecting the City’s long-term priority of revitalizing its business core. At a critical time when municipalities are mandated by state legislation to implement climate change directives and revitalize disadvantaged neighborhoods, public infrastructure investment is located away from the neighborhoods most in need illustrating how economic inequality and political inequality are highly related.

The 2012 MTIP is an important data point because it represents the point in time where local governments were just recovering from the Great Recession. Agencies were carefully planning where future infrastructure should be placed to accommodate new growth as a strategy for fiscal stability and environmental stewardship for future years. This period also marks the point where Redevelopment Agencies were no longer a part of supporting neighborhood driven projects. Important to note here is how the public infrastructure process takes many years from the conceptual design stage to

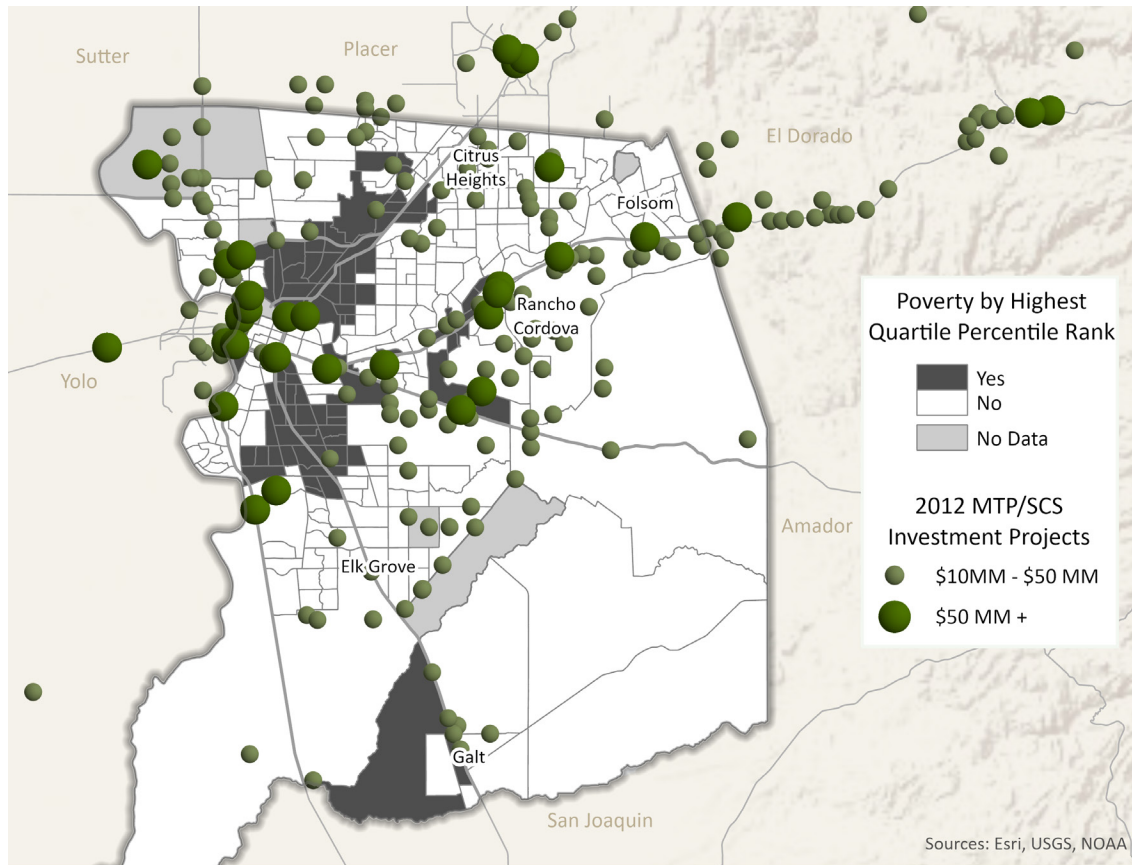


Figure 3.46: SACOG 2012 MTP/SCS Project Location and Costs 2008-2035. *Source: SACOG MTIP.*

engineering and finally to construction - each phase of a project going through a grant application and approval process. Many projects seen in Figure 3.46 are now reaching completion or may still be in the construction phase. Thus, the data provide a glimpse of how inequality and race relations remain prospective processes where the effects of public infrastructure decisions made today are realized years later. The lack of public infrastructure projects in one place today means an economic disconnect from the regional economy in future years, again functioning monotonically, but in this case to produce a persistent and compounding negative economic outcome with the injurious multi-scaled effects lasting for decades into the future.

Compounding the problem of uneven distribution of public investment is the age of the physical infrastructure in disadvantaged neighborhoods - aging sidewalks, roads and utilities presenting significant challenges and unknown costs and liabilities for public works agencies and developers.

Lots are also considerably smaller than suburban/exurban “greenfield” sites. These lots do not bring a rate of return on investment that makes a project economically feasible for developers and housing agencies to consider. Many developers are not willing or are simply not in the position to absorb these hidden extra costs, especially for projects in neighborhoods with higher-than-normal crime activity.¹¹⁴

Disadvantaged neighborhoods do not have the public amenities or “generators” that bring in market-rate residential development and the additional public transit investment needed to

¹¹⁴ For an excellent discussion of these issues as they apply locally, see *Infill Development in a Post-Redevelopment World*, Domas Development, 2014; See also *Sacramento Transit Oriented Development Collaboration*, 2014. *Financing Equitable Transit-Oriented Development in the Sacramento Region*. Enterprise Community Partners, Center for Transit-Oriented Development, Enterprise Low-Income Investment Fund.

create the neighborhood efficiencies sought with new Transit-Oriented Development projects. Such neighborhoods are caught in a classic “chicken and egg” scenario where public investment in efficient transit is discouraged due to a lack of development while developers are hesitant to invest due to a lack of attractive neighborhood amenities including efficient transportation. As public investment follows new development, decaying infrastructure in older segregated neighborhoods discourages development projects needing a return on investment – a problem caused by the diversion of public resources, a redirection that must not be interpreted as occurring solely because of market forces and market demands. This method of public planning is of course reversed when the Rent Gap and low property values in our poorest neighborhoods make development economically attractive for speculative investment, displacement, and gentrification.

of job centers brings an economic vulnerability to legislatively targeted disadvantaged neighborhoods, leaving them highly unstable in times of economic crisis.

While employment opportunities continue to be suburbanized, low-income workers now seek work in the suburban job centers. For those poor without automobiles or confined by racial prejudice to the urban core, the “spatial mismatch” between jobs and homes (Holzer et al. 1994) is now a real concern especially in the new COVID-19 environment. Presumably “colorblind” processes of public infrastructure investment continue to reflect the uneven distribution patterns of wealth in the Sacramento Region. These patterns reflect an intergenerational characteristic of inequality by design. All too often, this phenomenon is erroneously explained today as an “unconscious bias.”

When infrastructure investment is diverted to suburban growth and Downtown development, the effects ultimately are borne by those neighborhoods without public investment. For example, **Figure 3.47** shows how households without access to automobiles are concentrated in redlined neighborhoods lacking sufficient transportation investment. The ongoing pattern of public investment and suburbanization

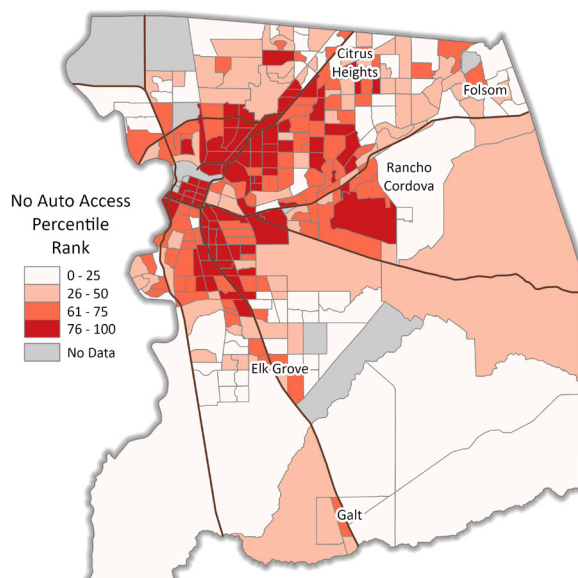


Figure 3.47: Households Without Access to Auto by Percentile Rank and Census Tract. Sacramento County. *Source: 2016 HDI*



The relationship between health and neighborhoods is well known with substantial research emphasizing that where we live has much to do with our wellness (Diez Roux 2001). Therefore, social determinants of health are not solely individual level attributes but instead have much to do with what happens in our neighborhoods. Neighborhood environments can be viewed as structural conditions that shape opportunities for success or failure. Massey et al. (1991) examined how living in areas of concentrated poverty influences individual-level outcomes such as employment and single parenthood, which ultimately affect individual and family health in multiple ways. Through this lens, the physical and social environments of our neighborhoods provide important clues to understanding the distribution of health outcomes (Macintyre et al. 1993; Robert 1999). Given the strong relationship between redlining and social determinants, neighborhood differences may be especially relevant as the geographic clustering of poverty increases when other forms of inequity and lack of opportunity take hold (Gephart 1997). Neighborhoods remain an important unit of analysis to understand the relationship between health and environmental justice.

The array of data presented to this point shows how outcomes for social determinants closely follow Sacramento's intergenerational "X" of redlining and race covenants. These outcomes also provide the most compelling evidence of the connection between environmental conditions, our history of racialized housing policy, and the disparate impact of adverse health conditions. Data from Version 3.0 of the California Communities Environmental Health

Screening Tool (CalEnviroScreen 3.0) are used here to document this connection. Developed by the Office of Environmental Health Hazard Assessment (OEHHA) with the California Environmental Protection Agency (CalEPA), CalEnviroScreen identifies California census tracts disproportionately burdened by, and vulnerable to, multiple sources of pollution.

The CalEnviroScreen model is based on two key components: a pollution burden consisting of an array of indicators that identify exposures to pollution and the environmental effects of such exposure; and population characteristics consisting of an array of socioeconomic factors and indicators to identify sensitive populations (e.g. health status and age). Percentiles are then used to assign scores for each indicator for each census tract. Scores for each indicator are then combined to produce a CalEnviroScreen score for a census tract.¹¹⁵

Over 70 data elements covering socioeconomic data, race, poverty, pollutants and contaminants were used to create this index making it one of the most useful indicators of segregation and environmental problems – two important characteristics of disadvantaged communities targeted by SB 1000. For environmental justice practitioners, CalEnviroScreen is a simple but effective data source to help quickly identify concentrations of racial residency and poverty, and concentrations of those most at risk of exposure to

¹¹⁵ A detailed explanation of the CalEnviroScreen methodology and the indicators used for calculating the CalEnviroScreen score for each census tract in the state can be found at <https://oehha.ca.gov/media/downloads/calenviroscreen/report/ces3report.pdf>.

environmental hazards. **Figure 3.48** uses data from OEHHA to map the 2018 CalEnviroScreen scores for Sacramento County.

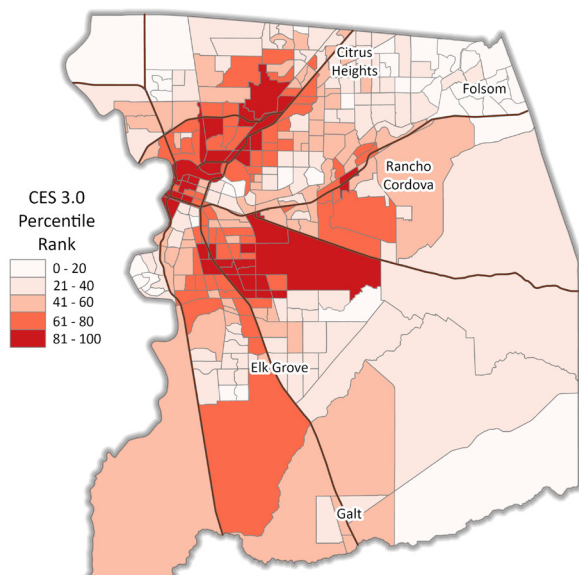


Figure 3.48: CalEnviroScreen Census Tracts by Percentile Rank. Sacramento County. Source: 2018 CalEnviroScreen3.0/OEHHA

The census tracts with scores in the highest percentile ranks are indeed those in or adjacent to Sacramento’s redlined areas. What is important to note here is that the spatial concentration of so many important indicators that make up the CalEnviroScreen index develop over extended periods of time under the influence of political and social factors that establish economic priorities – both public and private. More important, because CalEnviroScreen uses a large array of indicators to identify long-term concentrations of poverty, race, and risk to pollution exposure, it provides compelling evidence of long-term systemic inequality.

Heat Islands and Tree Canopy

In their study on the distributional equity of urban tree canopy in U.S. cities, Schwarz et al. (2015) point out that the association between income, race and tree canopy cover can have important implications in the success of urban sustainability plans. The authors note that in Sacramento and Los Angeles, the percent of Black and Latino residents in a census tract is strongly and negatively correlated with urban tree canopy

cover. In Sacramento, this negative relationship between the lack of tree canopy cover and location is found in redlined census tracts.

In a study of redlined cities and exposure to heat waves, Hoffman et al. (2020) show a strong relationship between the historical practice of redlining and heat events to neighborhoods. They state that such historical housing policies may be responsible for disproportionate exposure to current heat events. Research also points to increases in congenital heart defects associated with more intense and longer-lasting heat events expected due to climate change (Zhang et al. 2019).

“Low-income neighborhoods and communities of color generally experience higher levels of air pollution and suffer higher rates of related health impacts”¹¹⁶

Local investigations show similar findings. An August 14, 2019 study on Sacramento’s heat islands by Portland State University’s Heat Mapping Project aided by local volunteers used GPS-equipped temperature data collection instruments attached to cars and bikes and found that the temperature differentials between neighborhoods can vary by as much as 20 degrees during summer days. The study, reported by Capital Public Radio, found that wealthy, tree-canopied neighborhoods are typically cooler while low-income, asphalt-heavy communities run hotter. Redlined neighborhoods on average were six degrees hotter than the rest of the region turning these locations into a place where outdoor activities are less likely to occur.¹¹⁷

A closer look at tree canopies in Sacramento is presented in a 2018 report prepared by the Davey

¹¹⁶ Quote from Daley, J. 2019. Let’s Commit to Tree Equity in American Cities. *American Forests*.

¹¹⁷ See Randol White. Summer Days Often Feel Much Hotter If You Live In One Of California’s Historically Redlined Neighborhoods. May 26, 2020. Capital Public Radio. <https://www.capradio.org/articles/2020/05/26/summer-days-often-feel-much-hotter-if-you-live-in-one-of-californias-historically-redlined-neighborhoods/>

Resource Group. Researchers found that Sacramento neighborhoods with higher levels of income also have a higher number of trees.¹¹⁸ Conversely, neighborhoods with low- to moderate-income, such as redlined neighborhoods like Meadowview, Del Paso Heights, Parkway and Valley Hi, have noticeably fewer trees and less shade. In an exploratory study on tree cover in the Sacramento California region, results show more neighborhood tree cover was associated with more positive effects on health conditions for adults aged 18 to 64 years. The study, conducted by Urban Design 4 Health and the Sacramento Tree Foundation, showed that higher levels of tree cover in a neighborhood were significantly associated with more vigorous physical activity, less obesity, better general health, less asthma, and better social cohesion (Ulmer et al. 2016).¹¹⁹ Tree cover improved not only residents' physical health but also their social health. Jesdale et al. (2013) are clear that recognizing processes such as segregation remains critical for understanding the social drivers behind distributing heat risk and related land cover across racial groups.

The connection between heat islands and redlined neighborhoods again places spatially isolated minority populations at risk of environment-related health problems. Additional research shows how political and socioeconomic forces have led to systemic racial and ethnic segregation negatively affecting community health outcomes (Morello-Frosch 2002; Morello-Frosch and Lopez 2006); how segregation is crucial to understanding social drivers of environmental health disparities (Gee and Payne-Sturges 2004; Morello-Frosch and Jesdale 2006); and how the potentially disproportionate health burdens of climate change rest on neighborhoods of color (Shonkoff et al. 2011).

¹¹⁸ See Urban Tree Canopy Assessment, Sacramento, CA. 2018. Report Prepared for the City of Sacramento by The Davey Resource Group.

¹¹⁹ Maps from the Sacramento Tree Foundation show a distinct difference between tree canopy in disadvantaged and redlined neighborhoods and more affluent neighborhoods. The maps can be found on the Tree Foundation website at <https://www.sactree.com/pages/519>.

Health and Neighborhoods

Recent research confirms a strong relationship between physical health, environmental risk, and redlining. In their study of emergency room visits, Nardone et al. (2020) found that redlined census tracts in California cities have higher rates of emergency department visits due to asthma. They conclude that redlining might be contributing to racial health disparities. Besides identifying neighborhoods vulnerable to multiple sources of pollution, data from CalEnviroScreen 3.0 helps us understand the spatial relationship between environment and illness. Examples of illnesses commonly associated with socioeconomic and environmental conditions include asthma and cardiovascular disease.

Figure 3.49 shows the age-adjusted rate of emergency department visits for asthma by percentile rank and census tract in Sacramento County. The data shows that the bulk of emergency department visits for asthma-related problems are residents from redlined census tracts and those bordering such tracts. Adding to these concerns, the Federal Center for Disease Control (CDC) warns that people with moderate to severe asthma may be at higher risk of getting sick from COVID-19. The CDC cautions that COVID-19 can

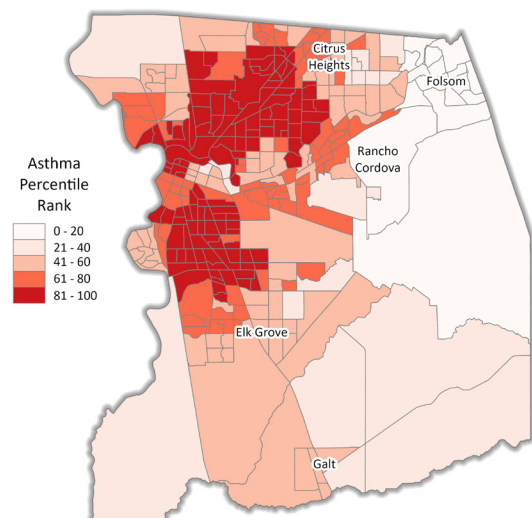


Figure 3. 49: Asthma Rates by Percentile Rank and Census Tract for Sacramento County. *Source: 2018 CalEnviroScreen 3.0/OEHHA*

affect your respiratory tract (nose, throat, lungs), cause an asthma attack, and possibly lead to pneumonia and acute respiratory disease.¹²⁰

Figure 3.50 displays the age-adjusted rate of emergency department visits for heart attacks per 10,000, more commonly called cardiovascular disease. The data show an incidence pattern for patients needing emergency care due to cardiovascular problems identical to the geography of redlined census tracts. Similar patterns can be shown for patients with diabetes and hypertension, all underlying conditions that create vulnerable populations for COVID-19.

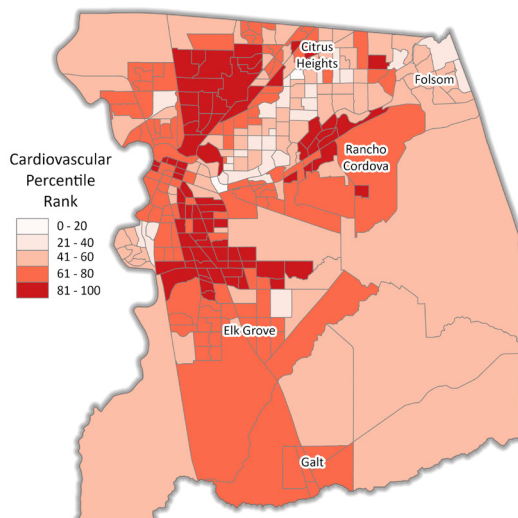


Figure 3.50: Cardiovascular Disease Rates by Percentile Rank and Census Tract for Sacramento County. *Source: 2018 CalEnviroScreen 3.0/OEHA*

The Health Disadvantage Index allows for the visual display of how social determinants affecting health and wellbeing take hold spatially. Because the index captures the results of multiple health and socioeconomic conditions that have developed over an extensive period, it adds to the growing body of evidence on how these spatially oriented outcomes reflect a cumulative trauma experienced by disadvantaged neighborhoods. **Figure 3.51** displays the index by census tract and percentile rank

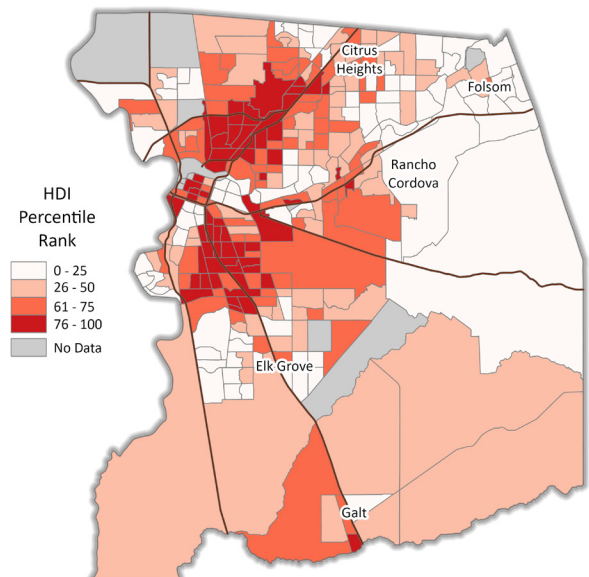


Figure 3.51: Health Disadvantage Index by Percentile Rank and Census Tract. Sacramento County. *Source: 2016 HDI*

in Sacramento County. Those census tracts with the index in the highest percentile ranks, or exposed to the highest rate of adverse conditions, are mostly concentrated in redlined census tracts (**Figure 3.52**).

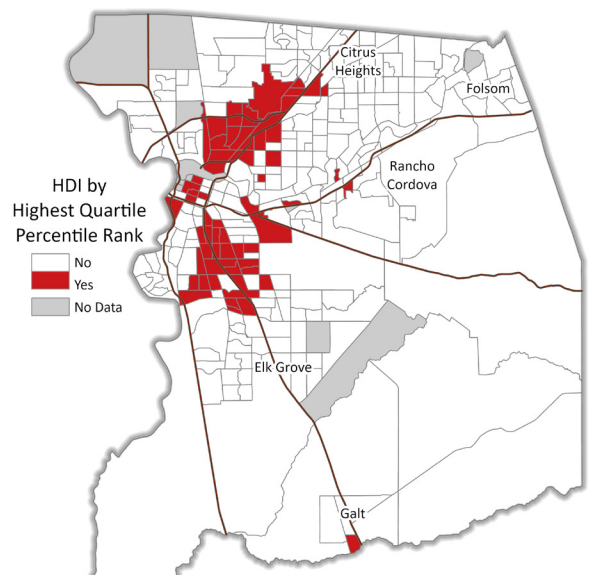


Figure 3.52: Health Disadvantage Index for Census Tracts in the Highest 25 Percentile Ranks. Sacramento County. *Source: 2016 HDI.*

¹²⁰ See the press release from the Center for Disease Control warning that that people with asthma may be at a greater risk of severe illness from coronavirus. <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/asthma.html>

Health insurance is an important social determinant that also brings financial stability to a household. However, spending patterns suggests that the prices

of other goods – most notably housing costs – may be additional important factors causing some households not to purchase health insurance (Levy and DeLeire 2003). Our tax system encourages health insurance through employers because the employer’s share of insurance premiums does not count as taxable income to the employee creating the opportunity for a higher net wage. Those who are underemployed and do not receive health care benefits receive no subsidy for health insurance and often find themselves ineligible for Medi-Cal. Therefore, our system of providing health care through private insurance advantages those with employment and higher wages making health care delivery an infrastructure designed to produce inequities.

It is increasingly apparent how the linkages and synergies between health care delivery, education, and employment promote grave inequalities that can be measured by race and by place. The connection between education, employment and health insurance remains a significant factor in determining who does not get health care. This connection is most pronounced in redlined neighborhoods (**Figure 3.53**) with the effects especially visible during precarious economic catastrophes resulting from recessions and pandemics.

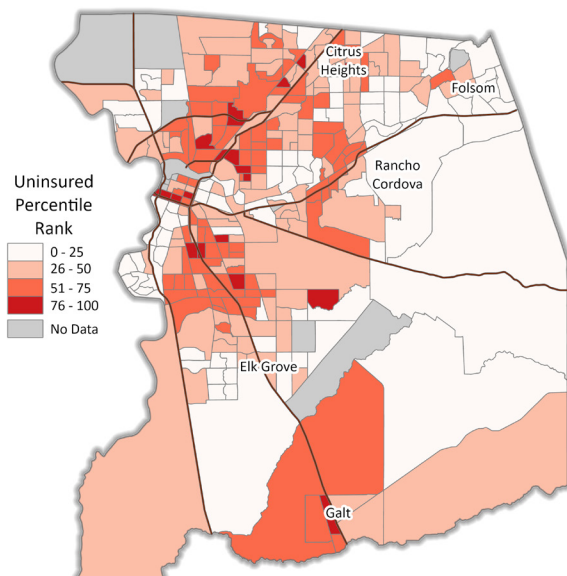


Figure 3.53: Percentile Rank for Households Without Health Insurance by Census Tract. Sacramento County. *Source:* 2016 HDI.

Redlined census tracts with uncertain access to health insurance stand to be the first and most affected by public health calamities. For example, minorities are more likely to have underlying health conditions such as diabetes, hypertension, obesity and asthma, and are more likely to experience comorbidity - the simultaneous presence of two or more chronic diseases or conditions in a patient. This places racially segregated residents at a greater risk of serious illness or death from health problems such as COVID-19. Recent research shows that approximately 90% of hospitalized patients identified through COVID-NET¹²¹ had one or more underlying conditions, the most common being obesity, hypertension, chronic lung disease, diabetes mellitus, and cardiovascular disease (Garg et al. 2020).

In mapping occupational data, Policy Map reveals that in many minority neighborhoods, a high proportion of residents work in healthcare support, which includes jobs such as orderlies, phlebotomists, and nursing assistants. As hospitals fill with COVID-19 patients, these workers may be more likely to become exposed to the virus or to bring the virus home to their families.¹²² Many service jobs and agricultural- and food-related processing jobs also put minority labor on the front line of the crisis exposing other workers and families at home to an “occupational transmission” (Gan et al. 2020). Across the nation, Detroit, Chicago, Los Angeles, Oakland, New York and other cities reported high concentrations of COVID-19 cases in neighborhoods with high rates of non-White residents, low wage workers and poverty.¹²³

Using the most recent data available on COVID-19 cases in Sacramento County at the time of this research, it is possible to see how public health calamities can reflect racial geographies of redlining.

¹²¹ The Coronavirus Disease 2019 (COVID-19). Associated Hospitalization Surveillance Network (COVID-NET)

¹²² See Policy Map. Racial Disparities Magnified by COVID-19 Cases and Deaths. April 8, 2020. <https://www.policymap.com/2020/04/racial-disparities-covid19/>

¹²³ See for example, Lightfoot declares ‘public health red alarm’ about racial disparities in COVID-19 deaths. Chicago Sun Times. April 6, 2020. <https://chicago.suntimes.com/coronavirus/2020/4/6/21209848/coronavirus-covid-19-deaths-racial-disparity-life-expectancy-arwady-lightfoot>

HDI data, the index of 27 variables used to measure public health conditions and outcomes regarding the social determinants of health, is again used here to identify those areas in Sacramento County with residents most vulnerable to COVID-19 exposure. The HDI, with a wide array of social and health indicators, serves as a reasonable proxy for the multiple underlying health and social indicators that characterize COVID-19 risk exposure.

The data are captured by census tracts and displayed here over zip code boundaries for Sacramento County (Figure 3.54). Zip code data, which is how COVID-19 data is captured in Sacramento County, is often problematic to use as it aggregates information in a more general level that can conceal poverty and/or racial concentrations. Placing the HDI census tract data within the zip code boundaries helps to identify the precise locations where the risk for exposure is highest and allows for a more informed method for analyzing COVID-19 data available only at the zip code level. HDI data is measured by percentile rank with the highest 20 percent (80 to 99 percentile rank) of at-risk census tracts noted by a diagonal line and the second highest 20 percent of at-risk tracts (60-79 percentile rank) identified with dots. The HDI data show how the highest rate of conditions leading to COVID-19 risk exposure are in a geography similar to redlined census tracts in Sacramento County.

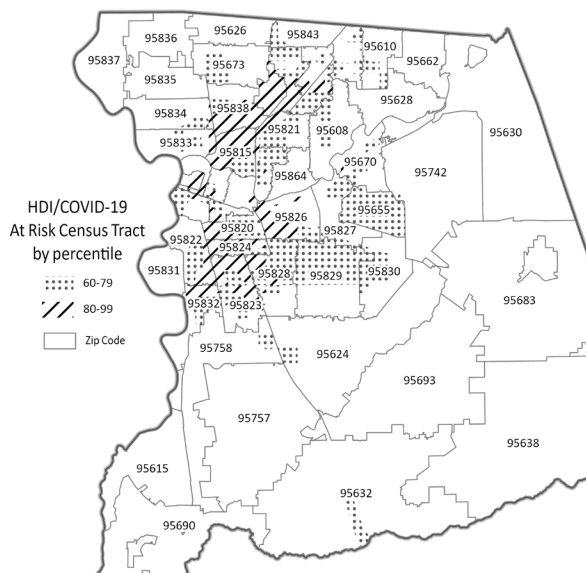


Figure 3.54: HDI Scores by Census Tract and Zip Code Boundaries for Sacramento County.

To meet the immediate need for increased public access to COVID-19 screening and testing, Sacramento County participated in the Baseline COVID-19 Program launched by Verily, a subsidiary of Alphabet and sister company to Google. Since March 2020, Sacramento County has hosted free COVID-19 testing at Cal Expo, the home to the California State Fair, located north of the American River in the Arden-Arcade area of Sacramento. Using data available from the Sacramento County COVID -19 Dashboard, Figure 3.55 below shows the location of positive COVID-19 cases as of May 15, 2020 captured by zip code. Locations with the lowest frequency of positive cases are in light yellow while zip codes in red show a high frequency of cases. Given the known risk factors for exposure and their location, we would expect high rates of COVID-19 cases near census tracts with high HDI scores noted in Figure 3.53. However, the county data shows zip codes containing census tracts with exceptionally low HDI scores exhibiting some of the highest rates for COVID-19 cases while zip codes with low rates of positive COVID cases contained census tracts with the highest HDI scores.

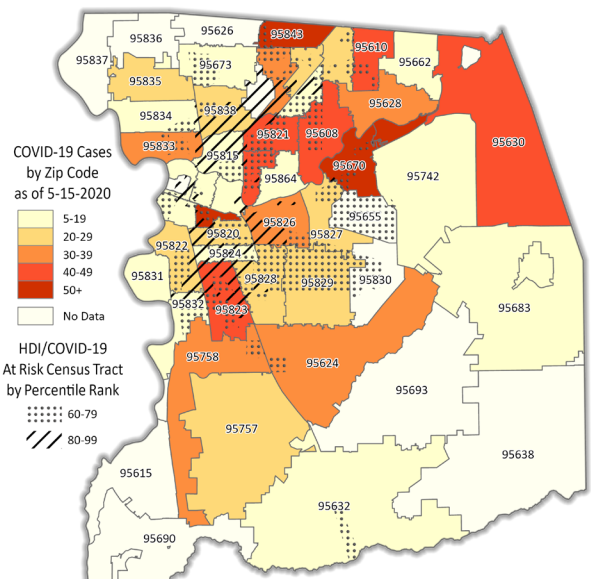


Figure 3.55: COVID-19 Cases in Sacramento County by Zip Codes on 5-15-2020

The Dashboard data also showed that 53 percent of all cases as of May 15, 2020 were White residents. However, only 44% of the county population is White. This overrepresentation may indicate a higher testing rate during the initial four-month

period of the crisis. Latinos represented only 15% of cases but 23% of the overall population. However, Latinos mostly reside in census tracts with high HDI scores, the locations most at risk for COVID-19 exposure. This underrepresentation of positive cases for Latinos suggests a lower testing rate for those in disadvantaged neighborhoods during this period. The data show similar findings for Blacks and Asians although not as high as Latinos.

The lack of transit options, previously shown in **Figure 3.47**, proved even more critical in 2020 when access to the county public testing site for COVID-19 during the initial four months of the outbreak was located miles away from those census tracts most at risk for catching the virus. The initial public testing site for the region required that residents be in their automobile and have a functioning window, testing requirements, that on the surface appear to be reasonable. There were residents turned away from testing as they did not have a car or sometimes, did not have a window in their car that could be lowered.¹²⁴ Dependency on public transit placed these households in a more precarious position for COVID-19 exposure. One interview conducted by a KCRA 3 TV reporter shows the difficulties involving transit and testing. The interviewee describes her situation at the drive thru test site... “He says, ‘Can you roll up your window?’ And I says, ‘My window doesn’t roll up.’ So, I got turned away.” She continues... “We don’t have cars, but that’s the protocol we have to follow in order to get the testing. How are we even going to be able to get the testing done?” Thus, a simple factor like access to quality transportation may have contributed to higher COVID-19 exposure for some more than others.

In May of 2020, both Sacramento City and County sought to reopen following Governor Newsom’s statewide COVID-19 shutdown order. Local governments were required to increase testing to 2,300 persons tests per day to meet the conditions

¹²⁴ See for example: Unsheltered Sacramento woman struggles to get coronavirus test. Woman turned around at testing site because car didn’t meet standards. KCRA News April 17, 2020.

for reopening.¹²⁵ To meet the increased testing order, both city and county opened new walk-up clinics at St. Paul’s Missionary Baptist Church in South Oak Park, La Familia Counseling Center in Franklin and the Robertson Community Center in Del Paso Heights giving people without access to cars the ability to get tested. Targeting underserved neighborhoods with less access to hospital or private lab testing that requires health insurance began well over three months after the start of public testing at Cal Expo. Testing at the Mexican Consulate located in North Natomas, who along with La Familia Counseling Center remain important and trusted resources for Mexican and Latino immigrants in the region, began in June 2020, over four months since the existence of the pandemic in Sacramento County was confirmed. Although testing there was slow initially, the number of tests soon climbed to 100 to 150 persons a day with dozens of people wearing masks and socially distancing while standing in a long line that wrapped around the building.¹²⁶

Sacramento Bee reporters Theresa Clift and Phillip Reese use Sacramento County COVID dashboard data to show the difference in confirmed COVID-19 cases from May 15, 2020, the point where testing was finally expanded to include disadvantaged neighborhoods, and one month later. Rather than just show the number of actual cases in a zip code, a descriptive statistic that can be misleading given the difference in the number of residents for each zip code, the reporters calculated the rate of new cases per 10,000 residents in each zip code to show where the highest rate of increases in positive COVID-19 cases was occurring.¹²⁷ This methodology, a commonly used social epidemiological formula for generating

¹²⁵ See New walk-up coronavirus testing sites coming to Sacramento County next week. Sacramento Bee. May 9, 2020. <https://www.sacbee.com/news/coronavirus/article242608831.html>

¹²⁶ See Hundreds flock to get free COVID-19 tests at Mexican Consulate in Sacramento. Sacramento Bee. June 25, 2020. <https://www.sacbee.com/news/california/article243806087.html>

¹²⁷ See Coronavirus surging in Sacramento’s poor neighborhoods. What can be done to slow it? Sacramento Bee. June 20, 2020. <https://www.sacbee.com/news/local/article243645912.html>

descriptive statistics, and the latest dashboard data (7-29-2020) at the time this portion of the report was written was used to update the rate of increases in positive cases by location.

Fig 3.56 below shows where increases in COVID cases occurred by zip code following one month of expanded testing that included the three new test sites in disadvantaged neighborhoods. Significant higher rates of new cases were recorded in South Sacramento and in Del Paso Heights in addition to other locations where HDI scores indicated higher risk to COVID exposure. Again, these “at-risk” census tracts are displayed in Figure 3.55 by diagonal lines and dots to allow for the presentation of both HDI census tract data and COVID zip code data on the same map. Increases in positive cases mirror the geography of redlined spaces in Sacramento County.

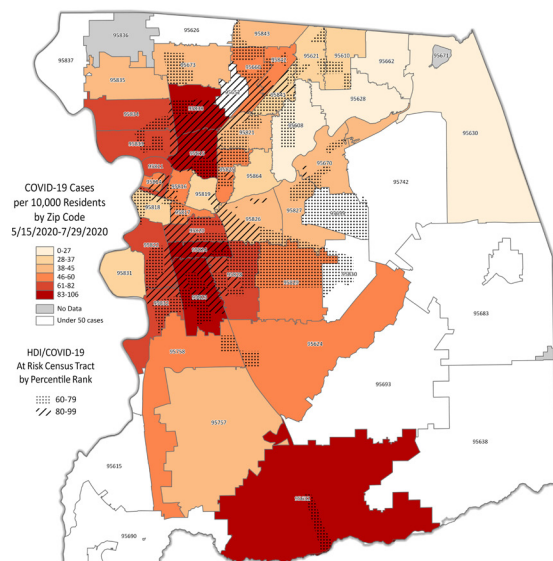


Figure 3.56: New COVID-19 Cases from 5-15-2020 to 6-23-2020 per 10,000 residents by Zip Code

Besides testing, it is safe to assume here that the significant increase in positive cases could also be attributed to risk factors that reflect public health conditions in redlined neighborhoods before the pandemic and not solely to a neglect of social distancing guidelines as suggested by county health officials. Without testing in the early months of the crisis, the rapidly increasing cases in disadvantaged neighborhoods were simply not counted.

The county COVID-19 Dashboard on 7/29/2020 showed the percentage of positive cases for Latinos rising at an alarming rate from 15 percent to 37 percent following the placement of testing sites near at-risk populations. Latinos were overrepresented in positive cases given they make up only 23 percent of the county population (**Figure 3.57**). Conversely, the percentage of cases that are White dropped nearly 20 points from 53 percent to 34 percent and were then underrepresented given the proportion of White residents in the county (44%).

Given the location of indicators for COVID-19 risk exposure, we should not be surprised where the rapid increase in positive cases occurred when testing takes place where those most at risk can access it. We can now see how racial concentrations of residents in or near redlined census tracts can escalate a serious public health problem when racialized outcomes in other social determinants such as employment, education and housing interact with factors that affect public health conditions. The saying “where you live can kill you” is a real concern. More important, racial differences in access to transportation, health insurance, and location can well define who comes first for testing and public benefits during public health emergencies such as COVID-19.

Non-White residents are more likely to live in densely packed areas and in multi-generational housing situations, which create higher risk for spread of highly contagious diseases like COVID-19.¹²⁸ A recent report by the Conservation Law Foundation notes huge issues with housing that impact risks associated with the virus. In addition, the poorer housing stock found in disadvantaged neighborhoods have higher rates of code violations for asbestos, mold and cockroaches increasing the risk and prevalence of respiratory and pulmonary diseases, which heighten the severity of symptoms for those who contract COVID-19. Black and Latino families in urban centers double and triple up when rent is unaffordable, making overcrowded

¹²⁸ See the Healthy Neighborhoods Study by the Healthy Neighborhoods Research Consortium and the Conservation Law Foundation. March 2020. <https://www.clf.org/covid-19-and-healthy-neighborhoods-study-communities/>

RACE & PLACE IN SACRAMENTO

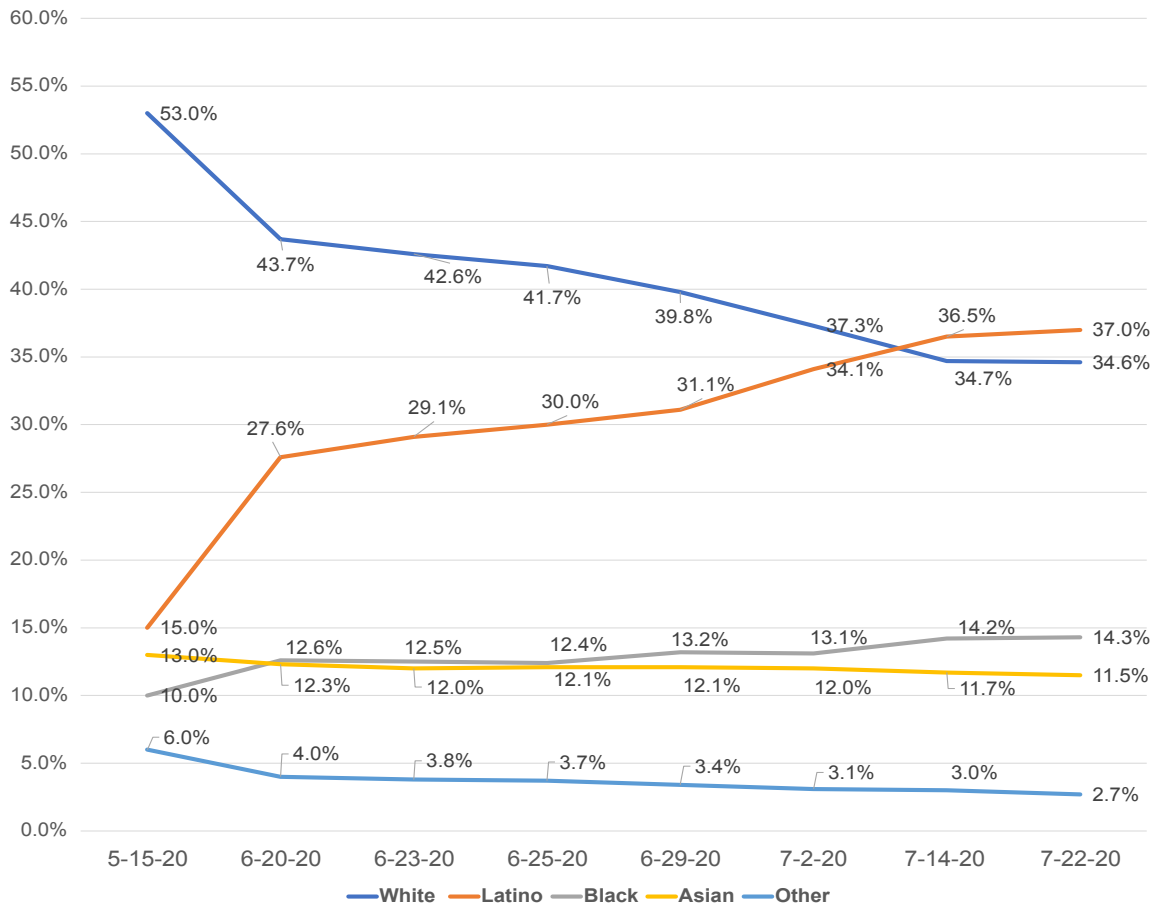


Figure 3.57: Percent of COVID-19 Cases in Sacramento County by Race on July 29, 2020. Sources: Sacramento County COVID-19 Dashboard

living conditions in the home impossible for social distancing.¹²⁹

The disastrous effects of COVID-19 on our neighborhoods again reminds us of the strong link between each social determinant, race, and where we live. The rapid spread of the COVID-19 virus necessitated the closure of schools, public libraries, and many business establishments throughout the region. The Sacramento City Unified School District in their Distance Learning Plan notes how “this pandemic has completely disrupted our school systems.” The plan also describes how the unexpected closure of schools in March 2020 has brought physical, emotional, and social stress and trauma to students

and their families.¹³⁰ This ongoing traumatic episode also provided us with an unexpected view of the city’s racial/spatial wealth gap as schools prepared for the shift to distance learning at home.

Before the COVID-19 situation, students in high poverty neighborhoods, which are more likely to have less access to the internet, could use public and educational settings to gain the access needed to complete their classroom work and research and remain engaged in school. According to the National Telecommunications and Information Administration (NTIA) Digital Nation Data Explorer, schools remain the location where Latinos and African Americans

¹²⁹ Ibid.

¹³⁰ See the Draft Recommendations for Distance Learning: Return to Learn Academic Plan During COVID-19. Sacramento City Unified School District. July, 17, 2020. <https://returntogether.scusd.edu/return-learn-distance-learning>.

experience the highest use of internet services.¹³¹ When Sacramento County became a significant hot spot for COVID -19 cases, many of these public access points were no longer open and available for this large portion of the student community. As job loss and transit access result in an even greater loss of resources – those students with less means were disproportionately excluded from essential educational opportunities. Even more pressing is that the excluded students are overrepresented in terms of class, race, and neighborhood.

Figures 3.58 and 3.59 use census data to show the geography of households without access to a computer and do not have broadband internet access in their home. This digital divide replicates the racial and spatial imbalance of social determinants now even more exacerbated by the public health crisis. For Latinos and African Americans, their lowest use of the internet and computers is at home with the primary reason for the low use being the expense associated with connectivity.¹³² With school access reduced,

this presents a most serious concern for all under-resourced students in our public school districts and those attending our regional community colleges. COVID-19 now forces many of these families to decide whether to pay for internet access or to pay their rent.

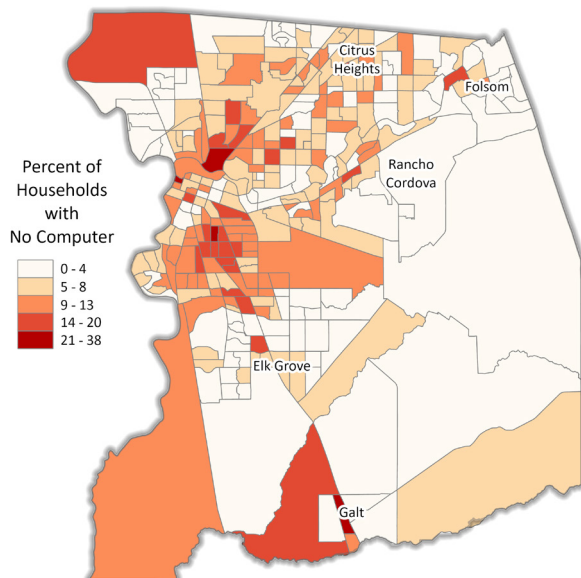


Figure 3.58: Percent Households with Computer Access by Census Tract. *Source: ACS*

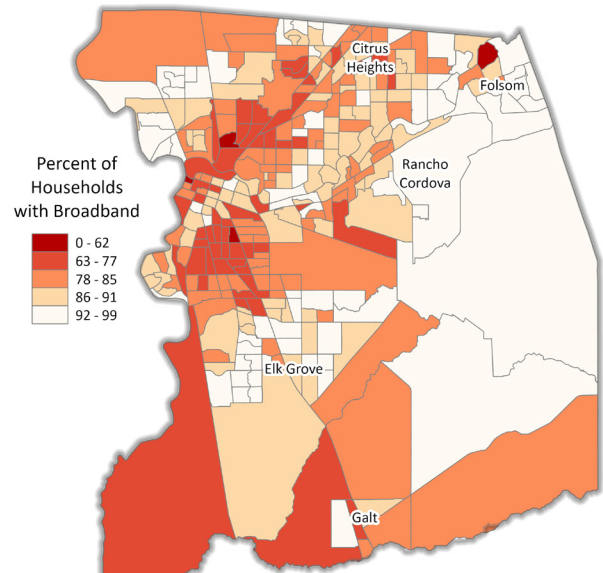


Figure 3.59: Percent Households with Broadband Access by Census Tract. *Source: ACS*

A careful analysis of spatial data to this point indicates a continuum of economic and social events that have produced a series of traumatic effects experienced by students and their families. Spatial characteristics of outcomes for social determinants now raise more public health concerns for neighborhoods and health care systems. The harmful effects of events such as pandemics and economic calamities continue to strike the hardest in Sacramento’s redlined neighborhoods. Losing work, income, and access to health care have led to the displacement of many families from their homes and neighborhoods. The stress of poverty, fears of increased police violence, and deportation for immigrant families are also accompanied by an increase in domestic violence, substance abuse, and mental health issues. The combination of these concerns along with the recent episodes of civil rights protests and violence in the region, has led the County Board of Supervisors to declare racism as a public health crisis in Sacramento County.

¹³¹ See the Digital Nation Data Explorer. National Telecommunications and Information Administration. United States Department of Commerce. June 10, 2020. <https://www.ntia.doc.gov/data/digital-nation-data-explorer#sel=internetUser&disp=map>.

¹³² Ibid.

Figure 3.60 uses data from the 2014-2018 American Community Survey and shows the highest concentrations of preschoolers under stress (children under 5) are residing in Sacramento’s redlined neighborhoods.¹³³ **Figure 3.61** shows data from the Area Deprivation Index (ADI), which is comprised of 17 socioeconomic indicators at the census block group level calculated by BroadStreet. The ADI again demonstrates the persistent concentration of negative public health indicators in redlined areas. The index also uses data on the number of children under 18 years of age by census block group making it an important source of information when anticipating where child-related public health issues are occurring.¹³⁴

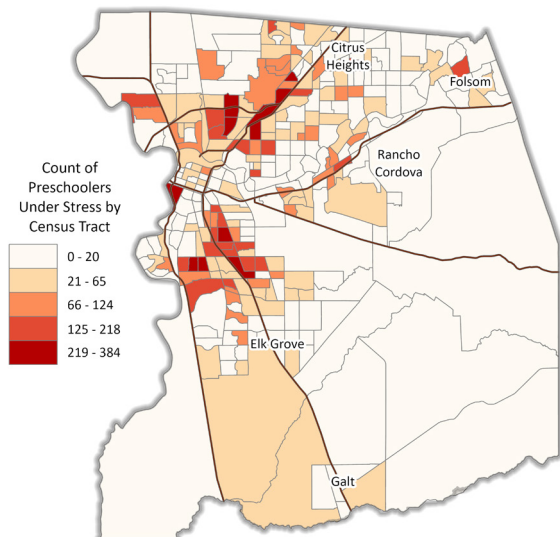


Figure 3.60: Preschoolers Under Stress by Census Tract for Sacramento County. *Source: ACS.*

shows that traumatic experiences during childhood may be associated with health risk behaviors and disease experienced later in adulthood. Pediatricians are especially paying close attention to this occurrence of cumulative trauma, a bundle of symptoms suggesting increases in Adverse Childhood Experiences (ACES). The Federal Center for Disease control describes ACES as inclusive of all types of abuse, neglect, and other potentially traumatic experiences that occur to people under the age of 18 (CDC 2019). The Office of the California Surgeon General and the Department of Health Care Services has made ACES a state priority. The ACES Aware Initiative gives Medi-Cal providers training, clinical protocols, and payment for screening children and adults for ACES.¹³⁵

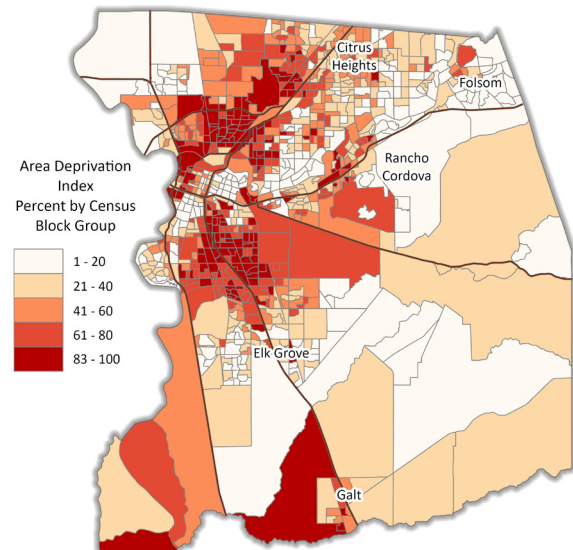


Figure 3.61: Area Deprivation Index by Census Block for Sacramento County. *Source: BroadStreet.*

Physicians are now concerned with the long-term effects of these social and health-related episodes. Besides compromising the health of children, research

Children who experience ACES also experience high levels of chronic stress. Early chronic stress has been shown to alter neurodevelopment, affecting emotional and cognitive function, and stress response. Stressful life events reshape the child’s developing brain and immune system (Anda 2010; CAHMI 2017; Kelly-Irving et al. 2013; NSCDC 2014.) ACES disrupt neurodevelopment with the emotional, social, and

¹³³ ACS 2014-2018 data obtained from health information provider BroadStreet at learn.broadstreet.io.

¹³⁴ The Area Deprivation Index was calculated by BroadStreet to assist in the assessment of neighborhood wellness. The Index is calculated using public health and socio-economic indicators from the American Community Survey collected at the census block group level. See Knighton et al. 2016 and Singh 2003 for detailed documentation on the Area Deprivation Index.

¹³⁵ See the Office of the California Surgeon General ACE information center at <https://www.acesaware.org/>

cognitive impairment of a child leading to a continuum of compromised health. Studies show a graded dose-response relationship between ACEs and negative health and well-being outcomes. In other words, as the frequency of ACEs increase so does the risk for negative social and health related outcomes. The accumulation of early ACEs exposure is also associated with adoption of high-risk behaviors and negative health outcomes that contribute to early mortality in a sequential way (Brown 2009; Felitti et al. 1998; Kelly-Irving 2013).

ACEs are also associated with poor academic performance and peer isolation. Research on the academic success of elementary school children revealed a similar dose-response effect between the number of ACEs and risk of poor school attendance, behavioral issues, and failure to meet grade-level standards in mathematics, reading, or writing. Studies have found a dose-response relationship between ACE and several physical health conditions such as chronic obstructive pulmonary disease (COPD) (Felitti et al. 1998), autoimmune diseases (Dube 2009) heart disease (Dong 2004), and liver disease (Dong 2003). These illnesses occur when the child progresses into adulthood making ACE a prospective illness, or one that occurs in the future.

The racial and spatial characteristics of ACE-related symptoms now make ACEs a neighborhood condition.

Persistent conditions and embedded processes reveal the racial conditions that now define the public health experience of segregated neighborhoods as a prospective process – where a public health inequity takes place today but the effects will be seen tomorrow. Sacramento’s disadvantaged neighborhoods’ long-term racial and spatial characteristics have now become “pre-existing public health conditions” of the future.

Neighborhood Effects and Health Care Delivery

Health care delivery also affects the quality of neighborhood wellbeing in ways that go beyond individual patient health. Rather than viewing health care delivery as an isolated patient-oriented service, health care must be seen as an interactive

social determinant that actively affects outcomes associated with education, employment, housing, wealth - social determinants that affect neighborhood wellbeing. Health care produces financial spinoffs to neighborhoods that support local economic stability in multiple ways. Hospitals and their delivery systems can play a major role in reducing social exclusion at the local level due to their impact on employment, working conditions and household income.¹³⁶

Health systems have a significant impact on economic productivity and are one of the largest group of employers in the Sacramento region that can provide high-quality jobs. According to the Hospital Council of Northern and Central California, hospitals and their health systems in the greater Sacramento area generate \$14.3 billion annually in total economic output along with 86,260 jobs that provide a wide variety of employment opportunities. In 2016, health care practitioners and technical professionals earned, on average, \$98,170 per year in salary, usually including significant benefits such as health insurance. In contrast, the 2016 average wage for all occupations within the Sacramento Metropolitan Area was \$51,970 per year. The wages and salaries for these health care professionals are almost 90 percent higher than the average for the metropolitan area.¹³⁷

How we plan for health care delivery dictates which neighborhood benefits financially and how the racial wealth gap between neighborhoods can intensify. In Sacramento, hospital systems extend their client base by locating services to suburban areas using primary and specialty clinics. This “big box” approach to bundling an array of specialists and services in one large commercial center concentrates such services in middle- and upper-income neighborhoods where patients have higher rates of health insurance. The financial benefits, or spinoffs, from big box health care enhances a neighborhood’s economic productivity in multiple ways including where industry jobs are located.

¹³⁶ Economic and Social Impacts and Benefits of Health Systems. 2019. World Health Organization. ISBN 978 92 890 5395 2

¹³⁷ See the 2016 Report on Economic and Health Impact of Hospitals, Sacramento Region. Hospital Council of Northern and Central California.

Local hospital systems in their recent Community Health Needs Assessments report a move towards creating new partnerships with local Federally Qualified Health Clinics (FQHC). These partnerships help hospital systems serve Medi-Cal and under-insured patients in their service areas. FQHCs specifically target places where medically underserved patients reside - places where the larger big box medical buildings used for suburban clientele would face financial and physical constraints in operating.

In theory, this approach with FQHCs can bring a unique bundle of services to medically underserved areas making partnerships between major hospital systems and FQHCs an important public health strategy. However, despite the medical services FQHCs can provide, they do not bring the level of economic spinoffs that hospital system-sponsored primary and specialty clinics and labs bring to suburban and downtown neighborhoods. Although the economic impact from local FQHCs can be measured in millions of dollars, the economic impact of Sacramento's local hospital systems (including their primary and specialty care clinics) is measured in the billions of dollars.¹³⁸

There is a huge difference between the economic productivity of a regional primary and specialty care clinic in higher income suburban areas like Rocklin or Folsom and an FQHC in redlined South Sacramento. The differential impact on neighborhood stability and sustainability is immense. The failure to recognize disenfranchised neighborhoods as economic partners in health care delivery is puzzling.

How we plan for health has consequences for neighborhoods. For example, placing a patient call center in a suburban job hub may be financially prudent for a hospital system. However, for the disadvantaged neighborhood suffering from disinvestment, the effect is a lost opportunity for employment and economic productivity that can

help stabilize a distressed neighborhood. Because health care is also about economics, it can also produce a widening of the racial spatial wealth gap that ultimately affects public health. When health care systems fail to treat disadvantaged neighborhoods as economic partners, health care becomes an active and punitive social determinant that contributes to disparate impact.

Test of Randomness

Sacramento's intergenerational "X" of redlining and race covenants provides important clues for the practice of environmental justice, which must now recognize the importance of place when formulating local strategies and solutions. To this point, substantial evidence has been provided to demonstrate that the interaction between the social determinants of health, race and location is consistent and persistent in Sacramento. But is this intergenerational geography a random occurrence?

In 2017, The California Fair Housing Task Force was formed to develop an opportunity mapping tool that could demonstrate the spatial dynamics of opportunity in each California neighborhood and region. The mapping tool identifies "Opportunity Areas" to promote private investment in affordable rental housing for low-income Californians. The mapping tool identifies which areas have the greatest and least private and public resources associated with childhood development and economic mobility.¹³⁹ The mapping tool uses an index developed from 21 socioeconomic indicators measured at the census tract level and uses a categorical ranking from "Highest Resource" census tracts to tracts of "High Segregation and Poverty." Shown below in **Figure 3.62**, the data allows us to map and quickly identify census tracts classified as "Low Resource" and "Segregated" in Sacramento County.

¹³⁸ For information on the economic impact of Community Health Centers, see Community Health Centers as Economic Engines. 2017. National Association of Community Health Centers. www.nachc.org

¹³⁹ See the California Fair Housing Task Force, Opportunity Mapping Methodology. November 27, 2018. <https://www.treasurer.ca.gov/ctcac/opportunity/final-opportunity-mapping-methodology.pdf>

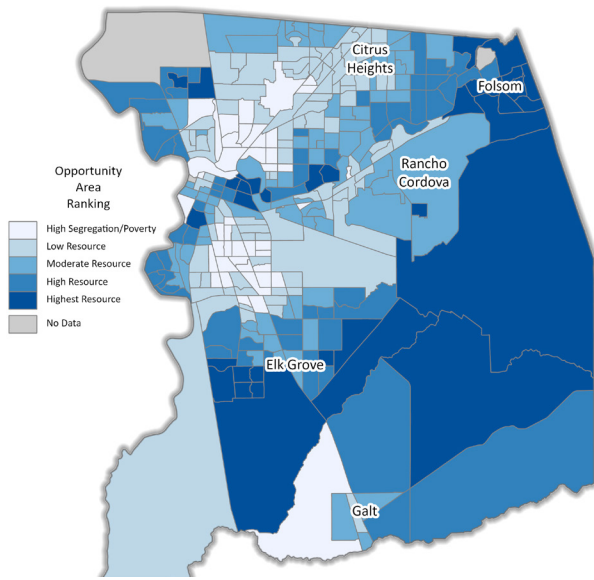


Figure 3.62: Opportunity Area Ranking by Census Tract. 2019. Sacramento County. *Data Source: State Treasurer’s Office*

In Sacramento County, the geography of Opportunity Areas closely resembles the historical patterns of segregation shaped by housing policies described throughout this report and demonstrates how this persistent geography remains an intergenerational process. To test if this geography is statistically random, the Opportunity Area ordinal ranking of census tracts by levels of affluence in Sacramento County (shown in **Figure 3.62**) is used to test for spatial autocorrelation, which occurs when the outcomes of observations in a particular location are related (not random) to their distance from other similar observations.

Spatial autocorrelation is important because the use of explanatory statistics relies on observations being independent from one another. However, if autocorrelation exists in a map, then the observations are not independent from one another and are related in a non-random spatial pattern. Understanding this concept of randomness and independence in observations makes spatial autocorrelation a useful method to identify and analyze spatial clusters of events such as residential segregation. The Global Moran’s Index is the most common statistic of spatial autocorrelation. We test the null hypothesis that the pattern of racially and economically segregated census tracts in Sacramento County are random.

Incremental Spatial Autocorrelation was performed to determine an appropriate distance band (6 miles) which was then used to construct a spatial weights matrix to quantify the spatial relationships among the census tract polygons needed to generate the Global Moran’s Index. The result was an index value of .44282 with a z-score of 25.774 and p-value of 0.000 indicating that the clustering of segregated census tracts is statistically significant at the 99% confidence interval. The findings show that census tracts of segregation and poverty in mortgage-redlined areas are not randomly situated but instead highly connected, an event driven in part by the persistent, intergenerational racialized practices associated with housing finance policies and planning in Sacramento.

Our Cluster and Outlier Analysis (Anselin Local Moran’s Index) distinguishes between a statistically significant cluster of high values (HH), a cluster of low values (LL), an outlier in which a high value is surrounded primarily by low values (HL), and an outlier in which a low value is surrounded primarily by high values (LH). Statistical significance is set at the 95 percent confidence level.¹⁴⁰ While the Global Moran’s Index is focused on identifying the extent of spatial relationships, the Local Moran’s Index illustrates the results of the Global test. Together, the indices provide sufficient evidence to reject the null hypothesis that the pattern of racially and economically segregated census tracts in Sacramento are random.

Figure 3.63 captures the results of the Local Moran’s Index and shows how high-resourced census tracts in Sacramento County are highly clustered and indicate the geographic location of wealth and opportunity, a pattern well documented in Section Two of this report. Low clusters represent locations of high segregation, poverty and low-resourced census tracts – places associated with long-standing patterns of redlining and supported by the array of data sources presented above.

¹⁴⁰ For more information on the methodology for Global and Local Moran’s Index, see Griffith, D. 1987; Anselin, L. 1995; Mitchell, A. 2005; Stopka, T.J. et al. 2014.

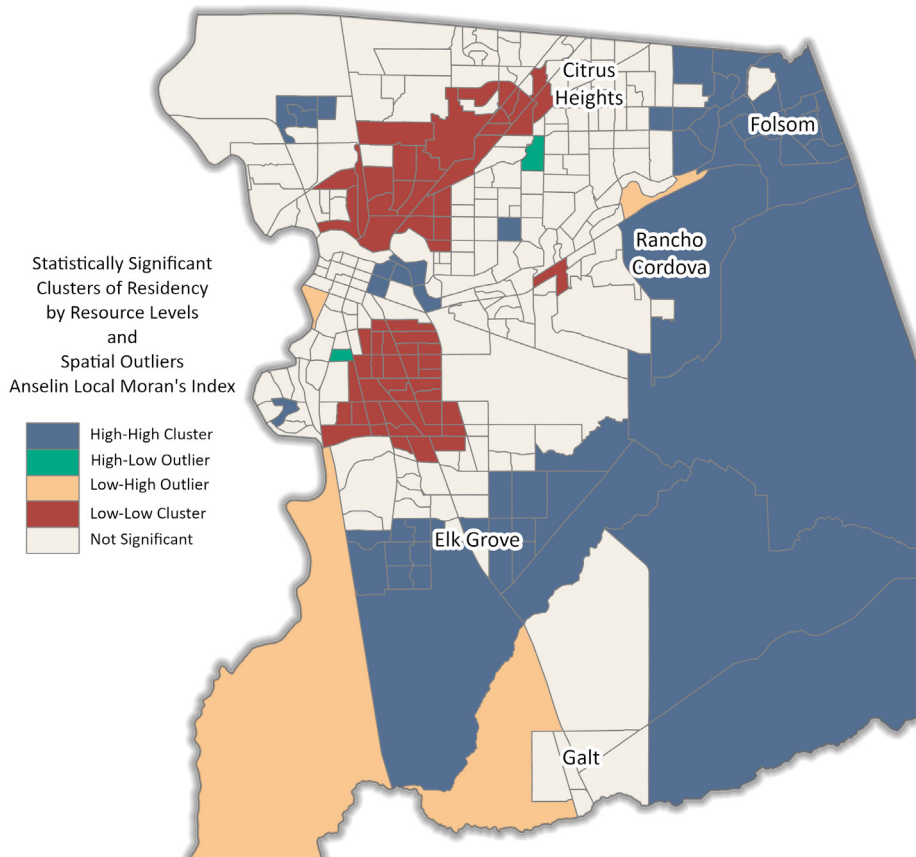


Figure 3.63: Local Moran’s Index for Statistically Significant Clusters of High and Low Resourced Census Tracts in Sacramento County.

SUMMARY

Section Three has documented the interaction between historical patterns of housing discrimination found in Section Two of this report and outcomes related to the social determinants of health – those neighborhood-level assets essential for stabilizing and revitalizing disadvantaged neighborhoods targeted by SB 1000. The geographical pattern of access to opportunity and resource distribution in Sacramento demonstrates how the process of intergenerational cumulative disparate impact takes hold. The fact that neighborhoods historically populated with the highest concentration of non-White residents continually experience the brunt of negative outcomes associated with social determinants demonstrates the long-standing connection between the way we sort who lives in our neighborhoods and the market practices employed in these places.

Massey (2001) informs us that any process which concentrates poverty within racially isolated neighborhoods will simultaneously increase the odds of socioeconomic failure within the segregated group. The conditions of concentrated race and poverty in our disadvantaged neighborhoods did not appear overnight, or even in one year or one decade. Instead, it takes form over extended periods of time and reflects social, political, and economic decisions by public agencies. These decisions ultimately affect how a variety of economic actors, both public and private, interact with and within a particular space. The conditions of poverty experienced in Sacramento’s disadvantaged neighborhoods are not primarily the product of people that live there or because of a “culture of poverty.” Instead, we see how the specific techniques that created racial distance produced “the predictable result of the economic status of minority communities and the degree to which minorities are

residentially segregated from Whites and each other by income” (Jargowsky 1996).

Segregation is central to understanding disparate impact – that persistent unequal outcome by race and place when measuring social determinants needed to achieve quality of life. As in other cities across the U.S., the story of Sacramento shows that segregated residential space is not just a fixed geographical boundary but instead a political space that could be reconfigured and relocated to meet the needs of dominant groups. By acknowledging how urban planning policies and using legal devices such as redlining, racial restrictions on residency, and targeted public infrastructure investment affected market opportunity, we can better understand the social dynamics that continue to produce racially disparate outcomes in a manner that necessitates effective environmental justice strategies. More important is to recognize the intricate and sophisticated multi-scaled economic and political infrastructure built to create and maintain cumulative racial inequality for over a century.

The intergenerational “X” of redlining and race covenants constitutes the legacy baseline for climate change and environmental justice practitioners to use in developing strategies for mending a cumulative trauma of inequity experienced by disadvantaged neighborhoods in Sacramento. Therefore, any analysis pertaining to environmental justice in Sacramento must recognize and consider the region’s long history of disparate impact produced by housing discrimination and unequal economic investment.

“Today, we need to make sure the precision of our solutions matches the precision of that harm, because that harm was precise.”



Jacob Frey, Mayor
Minneapolis, Minnesota

4. BEST PRACTICES

INTRODUCTION

California’s cities and neighborhoods, now operating under severe financial constraints, need help to attain the goals of SB 1000 and related legislative mandates addressing climate change and housing shortages. There are many organizations working on innovative ways to solve the problem of housing shortages and the long-term effects of housing segregation. Many are also working on ways to improve environmental conditions through green energy production and energy efficiency. This section of the report provides examples of best practices by agencies and organizations across the country working to address the housing needs for some of our most disadvantaged neighborhoods. The examples that follow provide a small sample of possibilities that can be used as starting points to trigger ideas for potential policies and projects that can be developed locally.

SB 1000 helps address the gap in governance facing disadvantaged neighborhoods. The connection point between policy and implementation, where public infrastructure and social goods and services are distributed, is at the neighborhood level. The missing layer of governance, due in part to the shutdown of redevelopment agencies, means neighborhoods must actively seek ways for meaningful participation in projects targeting climate change and poverty intervention. Without a layer of neighborhood representation in local governance, it is difficult to set in motion the checks and balances needed on public resources to ensure that each neighborhood receives a share of public investment and support equal to that received in our most stable and affluent places. Realizing this problem, state legislators, through SB 1000, now require local governments to develop

strategies for community involvement. Through this process, General Plan updates will now include policies to address social equity, environmental justice, and community resilience.

As climate change legislation continues to promote community involvement, two basic strategies for engagement are unfolding: people-based strategies of civic engagement, empowerment and economic mobility for all; and place-based strategies of investment for revitalizing entrenched pockets of poverty and addressing local economic and environmental abandonment. People-based strategies invest in individuals with the specific goal of allowing those individuals to move to a better life. Place-based strategies target specific neighborhoods or locations to explicitly revitalize the entrenched pockets of poverty (Davidson 2009). Therefore, any “best practice” applied to an SB 1000 target neighborhood must be carefully designed to holistically address resident needs, provide meaningful entry to markets (such as health care, employment and housing), enhance the neighborhood support infrastructure, and contribute to environmental stewardship.

Having a framework or a commonly understood set of directions for agencies and community-based organizations (CBO) to assess what is a best practice is critical for SB 1000 goals to be met at the neighborhood level. Such a framework can help prevent negative consequences associated with economic development projects that may create the wrong incentives, continue to concentrate poverty, and undermine economic and racial integration. Because a primary purpose of SB 1000 is social impact, a simple set of guidelines can help preserve the very goals to which community development and environmental justice practitioners are dedicated to.

WHAT IS A BEST PRACTICE?

One difficulty facing neighborhoods and CBOs engaged in the practice of climate change and poverty intervention is the confusion surrounding how to evaluate projects. CBOs are asked to use an “environmental justice” lens to assess whether a development project promotes environmental stewardship and neighborhood revitalization. Although we have several definitions for environmental justice, we have less information about how to evaluate development projects proposed for our neighborhoods. For example, the California Environmental Justice Alliance (CEJA) defines environmental justice as: “The basic right of people to live, work, go to school, and pray in a healthy and clean environment—regardless of race, gender, sexual orientation, age, culture, ability, nationality, or income.” However, making this definition operational in evaluating planning and development projects remains inconsistent from one project to the next, from one organization to the next.

Similarly, local governments entrusted with implementing legislative mandates on climate change are operating with minimal direction from state policymakers making it difficult to provide the guidance local groups and residents need to provide constructive feedback. Despite numerous planning guides for the region, city, and county, no real or practical guide to sustainable-oriented planning exists for neighborhoods in this region. Without sufficient guidance on how to move from policy to practice, both agencies and neighborhoods are vulnerable to reliance on community engagement as a proxy for sound urban planning. As a result, community workshops, “pop up” poster board sessions, and “town hall” type forums are offered as evidence of neighborhood participation and that proper evaluation of a proposed development project has been made with community input. Unfortunately, without a set of analytical tools to evaluate the merit of development projects, engagement is often mistaken as consent.

Through the community engagement process, neighborhood residents and CBOs now bear the heavy responsibility to review and make recommendations on highly technical and detailed proposals for development projects that allude to promoting

neighborhood wellbeing but instead can very well repeat patterns of exclusion and displacement. Neighborhoods seldom have a clear understanding of what actually constitutes a development project and whether that project provides real and tangible economic, social and environmental benefits. As a result, neighborhoods cannot determine if a project presents detrimental consequences and mobilize to protect themselves; their effectiveness in the environmental justice process is not fully realized and highly vulnerable to compromise due to the lack of legal resources. Protections remain contingent upon the ability to organize and build coalitions to oppose a perceived harm or injustice.

This form of community engagement includes no detailed instruction for assessing how development proposals can aid or harm neighborhoods in distress. Determining what is good or bad for a disadvantaged neighborhood remains a highly questionable process especially when resident input is routinely reduced to advisory level recommendations. The processing of public comments on projects often produces agency responses that adhere to the letter of the law but neglect the intent or the spirit of the law.

This section begins by using state climate change legislation and the CEJA definition for environmental justice as a starting point to develop a set of indicators that can be used to evaluate what is a best practice. Considerable attention is also given to The Ahwahnee Principles, a set of planning guidelines drafted by a group of architect scholars for the Local Government Commission.¹⁴¹ In sync with state climate change legislation, *Ahwahnee* encourages planning that promotes socially, economically, and environmentally efficient housing, shops, workplaces, schools, parks and civic facilities essential to the daily life of residents. Key goals behind Ahwahnee are poverty

¹⁴¹ The Ahwahnee Principles for Resource-Efficient Communities, written in 1991 for the Local Government Commission, paved the way for the Smart Growth movement and New Urbanism. The Ahwahnee Principles for Economic Development in 1997, the Ahwahnee Water Principles in 2005, and the Ahwahnee Principles for Climate Change in 2008 were added to complement this vision. These principles are expanded in greater detail by the authors in *The Charter of the New Urbanism* by the Congress for the New Urbanism 1999.

reduction and sustainability while encouraging public and private investment. This approach to neighborhood and city planning encourages ways that help create vibrant local economies through long-term investment strategies that concentrate on the needs of residents, workers, and businesses. Stable employment and revenues are realized through these principles by building on local assets and advantages while protecting the natural environment. Through this approach, investment strategies focused on principles of sustainability will also increase social equity and encourage local enterprise by promoting employment paths that improve the job skills of residents. In this way, neighborhood planning can complement regional economic growth plans and promote local entrepreneurship.¹⁴²

Together these sources provide important concepts, values, and clues that can guide local environmental justice practitioners engaged in evaluating local development projects or local agency proposals (e.g. Specific Plans) to determine the potential impact on their neighborhood. The need for a common set of indicators that can effectively capture the changing needs of neighborhoods is vital to the success of partnerships between local agencies, CBOs and the residents they support. Two main concepts that anchor environmental justice legislation, location and sustainability, are described below and represent a starting point for building a review protocol for evaluating best practices and proposed development projects affecting SB 1000 target neighborhoods. The remainder of this section applies these indicators to a small sample of housing and environmental projects and identify practices that can be used locally in developing approaches to addressing environmental justice concerns.

LOCATION

State legislation provides an important baseline indicator for where and how to focus environmental justice strategies. SB 1000, SB 535 and AB 1550 are clear that “disadvantaged communities” (DAC) must be recognized and considered when determining the distribution of public resources needed for

environmentally safe and economically sustainable neighborhoods. The legislation refers to groups of census tracts that exhibit concentrations of racial residency, poverty, and risk to exposure from environmental hazards. Therefore, the legislation refers to a physical location where disadvantages occur – the starting point for environmental justice.

We know that where we live can affect the price of our home, the quality of schools our children will attend, access to jobs and health care, and where we shop. Location also affects many other conditions such as how close we live to toxic waste, air pollution, crime or even the potential for exposure to a pandemic virus. Business owners also give careful thought to locating near their desired client base. Undeniably, location has much to do with how the physical and social aspects of our environment influences our health and wellbeing. It is easy to see why the three most important words to homebuyers, homeowners, businesses, developers, and any other person or group concerned with their successful integration in a market society have always been location, location, location.

Where we live is also where we first interact with the social determinants of health – the bundle of taxpayer-funded social goods local governments have in place to support the neighborhoods we call home. However, as this report shows, all neighborhoods are not created equal. Access to the social determinants means access to opportunity and pathways to social mobility. When support structures for neighborhoods are compromised, these pathways for mobility divide neighborhoods by race, income, and environmental risk. SB 1000 recognizes the harm caused by these differences and now mandates that steps be taken by local governments to correct this harm.

From this perspective, SB 1000 is clear - place matters. Therefore, the first step in evaluating best practices and development proposals is understanding and acknowledging the location/neighborhood of a project. Using the location, or neighborhood, as the unit of analysis, provides a starting point for assessing who the proposed project should benefit and how it will benefit them. If proposed projects rely on public resources or financing and do not support disadvantaged neighborhoods, then it is necessary to consider the multiple ways that community benefit

¹⁴² Ibid.

agreements can offset this omission. But for this to work equitably, both agencies and CBOs must first understand what each neighborhood needs to reach sustainability.

Residents purchase access to the bundle of social determinants through sales tax, property tax, and numerous other public fees and monetary assessments. However, evidence in this report indicates that the level of public goods each neighborhood receives remains unequal. The reality of resource distribution and public protection means neighborhoods now need to determine what they are entitled to and understand what actions should be taken on their behalf to make their neighborhood economically sustainable. **Residents should not have to fight for an equal distribution of public assets they are paying for – public resource distribution must not be based upon levels of community engagement.**

Rather than seeking to empower neighborhood residents to deliver remedies, local organizations and environmental justice advocates need a framework to assess how local governments meet their obligations to support a neighborhood's best interest. Assessments of neighborhoods must go beyond individual needs and also evaluate the systems that manage and guide access to social determinants. From this view, any attempt to understand the conditions of SB 1000 target neighborhoods must also include an assessment of the institutional networks entrusted with providing those social determinants to neighborhoods and where those resources are delivered. This makes location a most important data point to consider when evaluating what is a best practice.

SUSTAINABILITY

The question of what is a “sustainable community” leads to a good amount of confusion as both words are used separately and together in ways that cloud environmental justice efforts. Neighborhoods and CBOs are concerned with how the built environment and the multiple ways tax dollars are converted to public investments to support residents and the places where they live. The intent of organized public investment is ensuring the economic, social,

and environmentally responsible integration of all neighborhoods into society. Therefore, a meaningful project in an SB 1000 target neighborhood must address past patterns of disinvestment and social isolation. This level of planning must also outline steps for moving neighborhood business corridors and residents into tomorrow's regional economy through environmental stewardship without displacement. In addition, projects located in and outside of SB 1000 neighborhoods must not result in inequitable advantages.

Fortunately, direction for neighborhood rebuilding can be found in climate change legislation.

Senate Bill 375 conceptualizes Sustainable Communities Strategies (SCS) as a way for reducing our carbon footprint by aligning land use, housing, and transportation so that the locations of housing and employment centers are near transit. When synchronized with local planning efforts focused on correcting urban sprawl, this regional coordination is expected to result in shorter commutes that reduce vehicle miles traveled (VMT), less fossil fuel consumption, and reduced infrastructure costs. Such planning, often called Transit Oriented Development (TOD), should also help concentrate economic activities in existing communities and provide opportunities for more housing choices for all residents.

In theory, SCS allows for a more efficient way to manage anticipated population increases in a manner that preserves the environment, stimulates economic activity, and addresses concerns of equity. However, the bulk of current municipal and regional SCS efforts are focused on placing new housing developments near public transit such as light rail. Policies that prioritize new high-density housing development near transit all too often exclude transit deficient neighborhoods, such as those targeted by SB 1000, from the TOD process. For example, TOD planning results in new housing near transit and job centers rather than providing real transit options to existing older housing. As a result, the public investment in TOD is focused on projects that mostly benefit downtown revitalization and suburban development. Public infrastructure investment is consistently diverted away from those most in need. Although

municipalities refer to concepts of sustainability in their Climate Action Plans, a broader understanding of the term sustainability is needed for environmental justice policies to become operational in SB 1000 target neighborhoods.

Elements of Sustainability

The concept of sustainability in a community development context refers to the balance between economy, environment, and equity. These foundational pillars are at the heart of human settlement. They are interdependent – constantly interweaving and overlapping to create healthy public space and the opportunity to support the human experience through personal and social enrichment. Without these pillars, states, regions, cities and especially neighborhoods cannot sustain and support our quality of life. When one pillar overrides another, for example, the economy taking priority over the environment, several imbalances are created that lead to compromised public health and inequality. Understanding this necessary balance between economy, environment and equity is essential to determining what should be considered as a “best practice.”

Elements of Sustainability



Economy: Public investment transactions, or the ways we spend our tax dollars and the way we encourage investment, must support economic exchange, productivity, and stability for both region

and neighborhood. Transactions must also work to restore neighborhoods in distress while promoting growth and regeneration. Neighborhoods must not just participate in the regional economy as dependent users or purchasers of goods and services but also as producers of goods and services with the ability to generate revenue that can be reinvested back into neighborhood development. Therefore, public investment transactions and proposals for development must demonstrate how this circular economic activity is encouraged at the neighborhood level.

Environment: Our social infrastructure of laws and policies guide the preservation and protection of our environment. However, these laws and policies are only as good as the level of enforcement. Developing our physical infrastructure, or the built environment, means we operate to preserve, restore, and enhance our natural resources so the natural regeneration process of these resources (e.g. water, air, land) can take place. Planning development with the environment in mind means we provide protections from climate change and other disasters. Public investment transactions and development proposals must demonstrate how environmental risk and harm are mitigated with actions that restore and regenerate healthy environmental conditions.

Equity: Social impact is an important goal of sustainability. Public investment must come with social protections that ensure an equitable (re)distribution process where each neighborhood receives a fair share of resources to move towards a balance between restoration and growth. Our public investments must provide opportunity pathways that allow for social and economic productivity for every neighborhood. If disparity exists, public investment must promote restorative practices that bring neighborhoods historically marginalized from investment into alignment with municipal and regional economic plans and opportunities.

From this view, evaluating a project requires serious consideration of each of these sustainability elements to ensure that each project, by design and intention, promotes the restoration and regeneration of neighborhoods - not just in concept where solutions are promoted as supporting “community,”

but in practice with specific place-based planning and investment. This method of incorporating sustainability concepts into the project review process provides environmental justice practitioners with the foundation for creating neighborhood specific metrics for each of the sustainability elements when evaluating development projects and for identifying best practices that can aid in neighborhood regeneration. This approach makes environmental justice a restorative practice.

Analytical Filters

For environmental justice practitioners, the concept of sustainability means that neighborhoods and cities are socio-ecological systems where the activities of people interact with the environment. In its simplest terms, this interaction is managed through social systems that govern and support the social determinants of health – that bundle of social goods needed to sustain public health and wellbeing. How well we manage this interaction determines our quality of life for today and for tomorrow. Five simple analytical filters can help environmental justice practitioners assess neighborhood support systems and the potential impact of development projects for their neighborhoods. These filters - reliability, restoration, regeneration, resilience, and Title VI of the Civil Rights Act – will also help neighborhoods develop a toolkit for social protections.

RELIABILITY



- Can I depend on it?
- What’s wrong with it?
- Can I afford it?
- Will it cause me harm?
- Will it cause others harm?

Reliability: Residents in SB 1000 target neighborhoods do not always have real options to choose where they live. Their quality of life relies on the delivery of social determinants to their neighborhood. Therefore, the performance of public systems designed to deliver social goods to neighborhoods is important to understanding placed-based inequality. Public

systems such as transportation and housing can be analyzed from a neighborhood-focused lens. For example, does public transportation take me where I need to go? Does public transportation get me there on time? Is it convenient for my work schedule? Does it allow me to function without a car? Can the neighborhood business corridor rely on public transportation to service their client base and to get their employees to work and home safely? Similarly, with housing, residents need to ask if they can depend on their housing conditions for stability. Will my rent go up? Will I be displaced? The reliability filter imposes the question “Can I depend on it?” Applying this filter requires practitioners to question exactly how proposed development projects and best practices inhibit or support the delivery of each social good to disadvantaged neighborhoods and at what cost.

RESTORATION



- What do I fix?
- How do I fix it?
- What can I fix?
- Does it support the environment?

Restoration: When systems for delivering social goods and social protections to neighborhoods falter, pronounced inequalities occur. Public disinvestment and neglect lead to a decline in neighborhood stability. When infrastructure is ignored, the cost for replacement constrains the opportunity for neighborhood development, which can lead to further instability and decline leading to what we now refer to as a disadvantaged neighborhood, a stigma that leads to divestment as well as public disinvestment. The long-term and sometimes unintended consequences of infrastructure systems, whether beneficial or detrimental, frequently go far beyond the physical installations themselves.¹⁴³ Infrastructure has

¹⁴³ See for example Measuring and Improving Infrastructure and Performance. Washington, DC: The National Academies Press. <https://doi.org/10.17226/4929>. National Research Council Measuring and Improving Infrastructure Performance (1996).

persistent economic and social multiplier effects that are lost with neglect, divestment, and disinvestment. How neighborhoods understand these consequences becomes a part of the assessment on what needs to be fixed and how. Applying this filter requires practitioners to question precisely how proposed development projects and best practices will help restore and stabilize the delivery of social goods to disadvantaged neighborhoods while reducing the effects of exposure to environmental hazards.

REGENERATION



- Can it support productivity and growth without harm?
- Can it provide support for future needs?
- Does it create circular economic productivity?

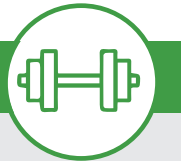
Regeneration: Research from The Ellen MacArthur Foundation shows that neighborhoods, much like the human body, require a group of systems to work effectively with the others.¹⁴⁴ From this view, the neighborhoods where we reside rely on a healthy circulation of resources to ensure social and economic productivity. In a circular economy, economic activity builds and rebuilds overall neighborhood health while minimizing environmental vulnerabilities. Neighborhood planning is aimed at addressing the negative impacts of economic activity such as greenhouse gases and hazardous substances, the pollution of air, land, and water, and structural waste such as traffic congestion.

Planning for improving the quality of life through regeneration means the adaptation of buildings and housing to meet the needs of each neighborhood. Planning is aimed at sustainability principles that benefit both current and future populations to

¹⁴⁴ <https://www.ellenmacarthurfoundation.org/explore/cities-and-the-circular-economy>
<https://kumu.io/ellenmacarthurfoundation/educational-resources#ce-general-resources-map/key-for-general-resources-map>

improve the quality of life in those disadvantaged places targeted by legislative mandates. Planning and allocation become an integrated system of contribution where space, resources, and responsibilities are mutually shared. Applying this filter requires practitioners to question precisely how proposed development projects and best practices can support productivity and growth without harm. How do projects support the future needs of everyone in our neighborhood? Do projects create pathways for a neighborhood-specific circular economic productivity? Through this filter, sustainable development principles become the foundation for all policies and strategies used to rebuild SB 1000 target neighborhoods.

RESILIENCE



- Can I prevent?
- Can I recover?
- How do I recover?
- Can I incorporate climate change into DAC planning?

Resilience: The American Planning Association informs us that resilience in the urban environment is the capacity of individuals, communities, institutions, businesses, and systems within a city to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience. Chronic stresses can refer to episodes of high unemployment, poor or overtaxed infrastructure, droughts, the long-term effects of segregation and disinvestment, and the effects of poor environmental stewardship that weaken the places where we live. Acute shocks can refer to devastating occurrences such as earthquakes, floods, disease outbreaks and terrorist attacks.¹⁴⁵ Applying this filter requires practitioners to ask two basic questions: Can we prevent? And, can we recover? Environmental justice practitioners must question precisely how proposed development projects and presumed best practices contribute to resilience plans

¹⁴⁵ See Planning for Resilience. American Planning Association. <https://www.planning.org/blog/blogpost/9124762/>.

that help disadvantaged neighborhoods prepare for and recover from natural, economic, and public health disasters. Because a primary goal of SB 1000 is social impact, investment must interrupt the long-standing connection between the uneven effects of economic, natural, and public health disasters and the vulnerability to risk caused by racialized patterns of residency in SB 1000 target neighborhoods.

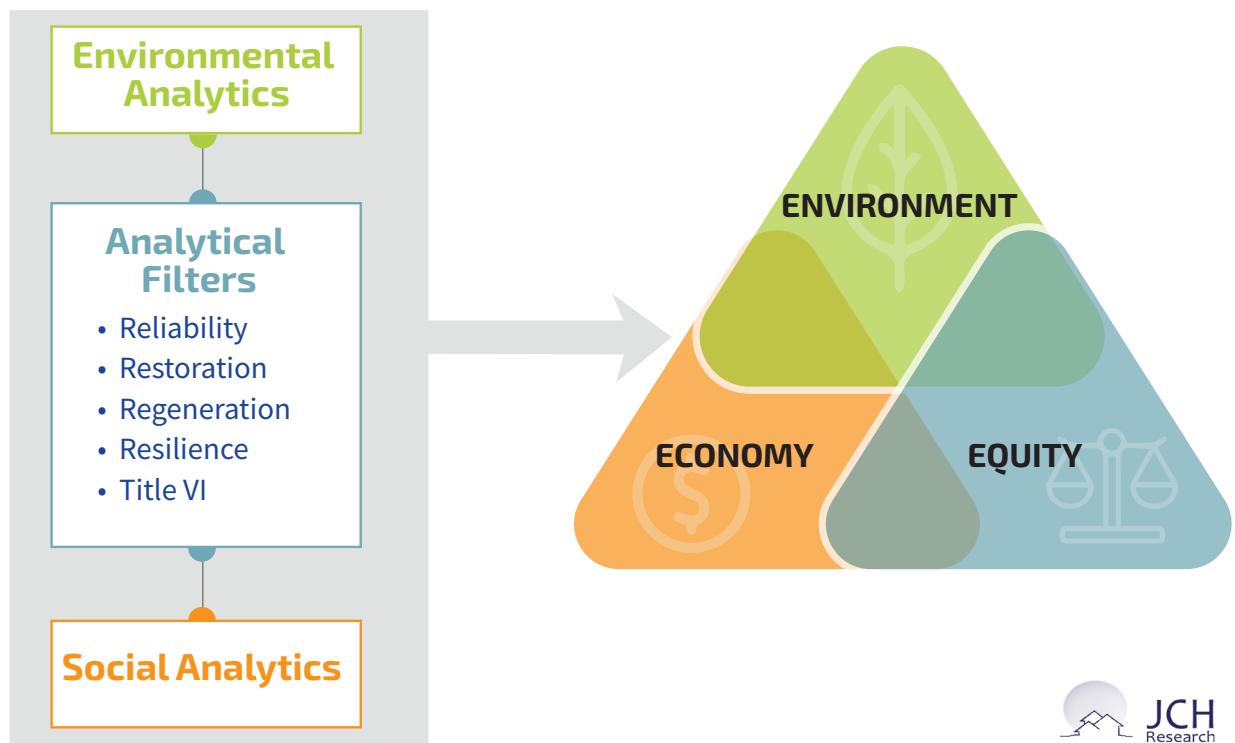
Title VI: Equity is a concept with roots in Title VI of the Civil Rights Act, which outlines nondiscrimination requirements for recipients of federal funds. To further Title VI implementation, the Clinton Administration in 1994 issued Executive Order 12898 directing federal agencies to identify and address the disproportionately high and adverse human health or environmental effects of their actions on minority and low-income populations. The order also directs agencies to develop a strategy for implementing environmental justice with the intent to promote nondiscrimination in federal programs that affect human health and the environment and to provide minority and low-income communities access to public information and public participation. Federal law and policy underscore the importance of race and equity when considering what is a best practice. Applying this filter requires practitioners to assess how proposed development projects or best practices under consideration specifically address Title VI requirements as well as historical patterns of disparate impact.

TITLE VI



- Are resources distributed equally?
- Does planning reflect the needs of the neighborhood?
- Am I preventing disparate impact?
- Am I correcting disparate impact?

Linking Disadvantaged Neighborhoods to Climate Change: Building the Metrics



For environmental justice practitioners, understanding what best practices are appropriate to deploy in a neighborhood requires a reasonable knowledge of the needs of both residents and neighborhood. The combination of sustainability elements and analytical filters provide a solid foundation for developing effective neighborhood needs assessments. Poverty intervention, public health and safety, access to opportunity, and neighborhood rebuilding can be achieved through neighborhood-based energy and economic development planning that embraces the intent and purpose of sustainable community strategies. The long-term effects will be the design and selection of solutions that intentionally result in a more efficient distribution of social goods and supporting infrastructure that contribute significantly to reducing the carbon footprint of the city and neighborhood. Positive social and environmental impact and neighborhood economic productivity are the objectives that must be considered if SB 1000 goals can be met.

The SB 1000 opportunity provides the administrative space to address the historical and persistent conditions of racial segregation, disparate impact, and poor environmental stewardship. Doing so requires innovative holistic approaches to planning solutions. Three main themes must guide the development of solutions: the neighborhood is a key unit of analysis in applying environmental justice policies; solutions must provide for neighborhood stability; and neighborhood planning must be for solutions equal to or greater than the cumulative harm.

Building sustainable neighborhoods is a long-term task and more important, a long-term commitment. The Fruitvale Village effort in Oakland, California, began as far back as 1964 with sustainable-oriented development projects beginning in the early 1990s. A similar project in Boston, Massachusetts, known as the Dudley Street Neighborhood Initiative began over 30 years ago in 1984. It is abundantly clear that revitalizing SB 1000 target neighborhoods is a task that cannot be resolved in one funding cycle. Therefore, sustainability must be seen as a process rather than a quick fix. Mistakes in this process will deepen the layers of racial and spatial inequality experienced in SB 1000 target neighborhoods.

ZONING

California's housing crisis now requires us to re-think the way we plan for housing construction. The significant shortage of housing is now the most important factor driving the escalating price of homes in the state. Data from the Legislative Analyst's Office shows that the recent slowdown in housing permits is the most severe since the Great Recession with municipalities across the state issuing the lowest number of permits since 1994.¹⁴⁶ The insufficient supply of housing cannot keep pace with job growth and continues to make home ownership and even the ability to rent difficult for both lower- and middle-income households. Many municipalities across the country have indicated that traditional zoning restrictions in residential neighborhoods place constraints on increasing their local housing stock and now seek to revise their zoning policies.

What is Zoning? Zoning defines the rules governing what and where people and institutions can and cannot build and operate in our cities, suburbs, and towns (Hirt 2014). Zoning sets the basic spatial parameters of what gets built and where. Zoning guides social behavior by placing "spatial constraints" on how we organize our human environment (Harr and Kayden 1989). From this view, it is easy to see that zoning evolved from the demand for community stability (Fishel 2015). This demand gave birth to the concept of Single-Family Zoning (known as R1 zoning), which prevents building any housing in an area except a detached single-family home.

Zoning creates a complex interdependent relationship between urban development and environmental justice. The restrictions on property rights invoked by R1 zoning are highly associated with sprawl and suburbanization - a process that ultimately created an imbalance across entire regional housing markets in the U.S. (Fishel 2015). And, as we have seen from the data provided in this report, this unwavering and tenacious spatial imbalance impacts neighborhood voting patterns, transportation patterns, employment

¹⁴⁶ See Building Permits Update: July 2019. Legislative Analyst's Office. The California State Legislature. <https://lao.ca.gov/LAOEconTax/Article/Detail/397>.

patterns, racial composition, public health, and education outcomes; all which harshly affect the social and economic productivity of disadvantaged neighborhoods.

Inequality and R1 Zoning: Historically, R1 zoning has been an active form of racial exclusion (Manville et al. 2020). When racial nuisance laws and racial zoning laws prohibiting racial integration of neighborhoods were deemed as violations of the U.S. Constitution, property deed restrictions in covenants were then used to prevent the racial integration of White neighborhoods. However, legal challenges to racially restricted covenants invalidated their use in 1948. Cities and developers then turned to R1 zoning to let home prices discriminate when laws could not; there are no legal constraints preventing discrimination based on income (Trounstine 2018; Weiss 1987). Many people are effectively barred from areas with R1 zoning because access to homes in these areas is sold primarily in large, expensive, and inefficient parcels making housing scarce in desirable places. This scarcity pushes prices beyond what many can afford. R1 zoning is inequitable because it lets a few people amass disproportionate property wealth by excluding many others from high-opportunity neighborhoods (Manville et al. 2020). R1 zoning became a legal form of discriminatory restrictive covenants that protects residents from both undesirable races and classes.

Since the rise of land use regulation in the 1970s, zoning has reduced the movement of low-income residents to higher-income areas contributing to the rise in income inequality during the last 40 years (Ganong and Shoag 2013). Cashin (1999) notes how zoning could reduce potential contact between races, or between high- and low-income people, simply by the superficially neutral requirement of insisting on large lots and single-family homes in residential districts. Exclusionary zoning in the suburbs “bottles up the poor in the central cities” and denies them access to better housing and public services, such as the better public education offered in suburban schools (Fishel 2015).

Rothwell and Massey (2009) show that metropolitan areas with the most liberalized density zoning rules since 1994 experienced the largest drops in segregation from 1990 to 2000. They argue that anti-density zoning

such as R1 is a more fundamental cause of segregation because containment without high-density zoning would condemn an area to housing scarcity. Growth controls contributed to segregation by preventing housing growth in White jurisdictions. The research demonstrates that the greater the allowable residential density, the lower the level of racial segregation. Given the arguments against it, many municipalities across the country are now considering eliminating R1 zoning for more inclusive housing policies.

Upzoning

Several housing advocates and housing agencies across the country are turning to a process called “upzoning” as a strategy to confront housing shortages. Upzoning expands the traditional R1 zoning category by allowing more than one dwelling unit to be built on a previously R1 zoned residential lot. With this change, proponents hypothesize that upzoning can help alleviate both equity and supply concerns. Upzoning would, in theory, encourage new dwellings by permitting homeowners to build in-law quarters, or Accessory Dwelling Units (ADU), on their property that can be used as rentals or to provide housing opportunities for extended family members and seniors. Vacant and larger residential lots can also be used for small multifamily units such as duplexes, fourplexes, 6-unit apartment buildings or similar small-scale multi-family housing structures. Through upzoning, the potential for new housing can increase while finding alternatives to the growing dependence upon high-density private developers to solve housing shortages. California and several other states and municipalities are now considering upzoning legislation to ease housing shortages. The examples that follow represent only a small sample of cases to illustrate how upzoning is used by local governments and planning agencies across the country.

Minnesota: In the city of Minneapolis, housing advocates and coalitions pressured the city for increased affordable housing as one remedy for a history of discriminatory housing practices. They also pushed the city for responsible actions in dealing with climate change and the environmental and economic effects of sprawl. With 70 percent of the city’s residential land set aside for single family homes, public officials were made aware that single-family

zoning made housing unaffordable for young people and that it was used with racist intentions. The lack of affordable housing attributed to R1 zoning also resulted in long commutes from work as families were forced to move further away from job centers to find affordable housing. By putting more cars on the road for longer commutes, R1 zoning in Minneapolis effectively promoted urban sprawl while ignoring policies aimed at climate change.¹⁴⁷

In response, the Minneapolis City Council in 2019 passed Minneapolis 2040, a comprehensive citywide plan that called for eliminating R1 zoning and encouraging building two to three family buildings on lots formerly zoned for single-family homes. The change from R1 zoning also allows for increased housing density near transit stops with three-to-six story buildings along with inclusionary zoning rules that require new apartment developments to set aside 10 percent of units for moderate income households. The plan also sets aside \$25 million in public funding for affordable housing.¹⁴⁸

Oregon: In 2019, the Oregon legislature passed House Bill 2001 eliminating single family zoning across the state. In cities with over 25,000 residents, the law allows for duplexes, triplexes, and fourplexes to be built on parcels reserved for single-family houses. In cities with at least 10,000 residents, “cottage clusters” would be allowed in single-family zones. The law facilitates increasing the housing stock of growing cities without imposing on the state’s existing urban growth boundary law established in 1973 to concentrate growth within established urban areas and prevent sprawl. Lawmakers anticipate that the options for more housing choices will help the increasing younger and senior populations who are unable to afford a detached home of their own to transition into safe and affordable housing units allowing them to be near family, caregivers and support groups.¹⁴⁹

¹⁴⁷ See R. Kahlenberg. Minneapolis Saw That NIMBYism Has Victims: Single-family zoning hurts a lot of people. In Minnesota’s largest city, reformers put them front and center. October 24, 2019. The Atlantic; R. Kahlenberg. How Minneapolis Ended Single-Family Zoning. The Century Foundation. <https://minneapolis2040.com/>.

¹⁴⁸ <https://minneapolis2040.com/>.

¹⁴⁹ <https://www.oregon.gov/lcd/UP/Pages/Housing-Choices.aspx>.

Texas: The City of Austin in 2019 passed the Affordability Unlocked Bonus Program, an ordinance that relaxed site restrictions to promote construction of affordable and mixed-income housing developments. The program applies to developments with a quarter of the project site or less dedicated to commercial use and is extended to all base commercial and residential zoning districts and most special use zoning and overlay districts. To qualify, projects must meet the primary requirement that at least 50 percent of all units are income-restricted (defined as 60 percent median family income or below for rental units and 80 percent MFI for ownership developments). The ordinance requires that all rental units must be safeguarded at those affordable rates for at least 40 years. If the project includes owner-occupied units, they must stay at affordable rates for at least 99 years. In certain single-family residential zones qualifying applicants can build up to 125 percent of its base zoning district height limit and include up to six units. Some projects may be allowed up to 150 percent of the height limit and build up to eight units per lot.

To prevent any loss in existing affordable housing taking place through demolition, developers must provide at least as many affordable units (accessible to families earning 80 percent MFI or below) with at least as many bedrooms as the building being replaced. The ordinance requires developers to prove that a property is essentially beyond repair, with rehabilitation costing over 50 percent of its market value, to gain the right to demolish and rebuild on the site.¹⁵⁰

Washington: The City of Seattle reports that its population increased by almost 19 percent over the past ten years making it one of the fastest growing cities in the nation. Affordable housing development coupled with rising rents in the private market has not kept pace with the need. As the number of affordable units continue to decrease, the cost of housing continues to skyrocket; over the past six years, rents have increased 57 percent. The city has been experiencing a growth wave and an increasing demand for housing. However, much of that growth has been disproportionately concentrated in already

¹⁵⁰ <http://www.austintexas.gov/department/affordability-unlocked-development-bonus-program>.

dense neighborhoods. In 2019, the Seattle city council unanimously approved 27 neighborhoods for upzoning to allow for increased density housing to combat the area's housing shortage. Upzoning was presented as a response to rapid population growth, a widening wealth gap and as a strategy to dismantle zoning practices founded in racial exclusion.

The upzoning policy allows for taller buildings with higher density in the 27 neighborhood hubs and requires developers in those areas to contribute to affordable housing by including low-income apartments in their buildings or by paying fees. Additional housing options will be allowed on about 6 percent of Seattle blocks now reserved for single-family houses, though most of the city's residential land will for now remain off limits to apartments. Along with these upzoning rules, the Seattle city council is also considering policies to monitor and combat the displacement of marginalized communities, connect housing to transit and to protect exceptional trees and historic buildings.¹⁵¹

New York: According to the Furman Center for Housing, in the City of New York, 68.8 percent of residents rent their homes. By 2014, most tenants were “rent burdened,” or paying over 30 percent of their income in rent, and 70 percent of extremely low-income New Yorkers were paying over 50 percent. From 2005 to 2014, median rents rose 14.7 percent citywide, whereas renters' incomes rose just 1.7 percent (NYU Furman Center 2015). Because of this crisis, more New Yorkers than ever are experiencing homelessness, with over 60,000 individuals struggling through the city's sprawling shelter system and living on the streets (Coalition for the Homeless 2017).

In response, the city passed a Mandatory Inclusionary Housing (MIH) program as part of its Housing New York ten-year plan to address the city's affordable housing shortage making the concept of affordable housing both mandatory and permanent. Passed in 2016, MIH requires a share of new housing in medium- and high-density areas that are rezoned to promote new housing production—whether rezoned as part of a city neighborhood plan or a private rezoning application—

to be permanently affordable. MIH requires housing set-asides for all developments over 10 units or 12,500 zoning square feet, or, as an additional option for developments between 10 and 25 units (or 12,500 and 25,000 square feet), a payment into an affordable housing fund.

The MIH provides a set of options for individual neighborhood rezonings, which the Department of City Planning can apply as they see fit. In option one, 20 percent of units in new buildings must be affordable at 40 percent AMI (\$36,240 for a family of four); in option two, 25 percent must be affordable at 60 percent AMI (\$54,360), of which 10 percent must be reserved for 40 percent AMI; in option three, 30 percent must be affordable at 80 percent AMI (\$72,480); and in option four, 30 percent must be affordable at 115 percent AMI (\$104,190).¹⁵²

Upzoning Benefits

The enactment of upzoning policies is recent – most becoming public policies within the last three to five years. Therefore, no real evidence on successful outcomes is available. However, upzoning does provide the opportunity for increasing housing capacity by making more land instantly available for construction of more housing types and of different densities. Upzoning, in theory, also encourages building less expensive housing in desirable neighborhoods. It has the potential to increase density near job centers and transit hubs. Upzoning can also provide small nonprofit developers the chance to expand their offering of housing products to include smaller multifamily housing structures on parcels where it is not feasible for high-density developers to scale down their products.

For families that own their homes, one form of upzoning, accessory dwelling units (ADU), allows property owners to participate in building home equity by adding a second smaller housing unit to their property. Homeowners can avoid impact fees associated with new construction and generate income that can ease the burden of high mortgage of residential properties to build ADUs. State agencies and municipalities across the state are now providing

¹⁵¹ <http://www.seattle.gov/homelessness/the-roots-of-the-crisis>.
<http://www.seattle.gov/opcd/ongoing-initiatives/comprehensive-plan>.

¹⁵² <https://www1.nyc.gov/site/hpd/services-and-information/inclusionary-housing.page>.

the technical support and information homeowners need to make ADUs a part of the solution to the state's housing crisis.

With careful **neighborhood-focused planning and clear policies regarding the array of housing products and protections needed for residents of disadvantaged neighborhoods**, upzoning has the potential to provide balanced and mixed types of housing opportunities for both outpriced seniors and millennials in all neighborhoods. This can help the city move towards a more inclusive economy while avoiding the patterns of displacement and gentrification that devastate neighborhoods with concentrations of racial residency and poverty. Upzoning helps address the pressing business need for quickly increasing the housing stock. However, upzoning as an affordable housing strategy raises many questions when viewed through the lens of neighborhood focused sustainability presented earlier in this section.

Upzoning Concerns

The critique of upzoning practices from academic researchers, housing advocates, and nonprofits is extensive. Before any upzoning ordinance is considered, local governments should be clear on how such practices can move the fragile economy of a disadvantaged neighborhood into further distress and repeat the historical patterns of displacing concentrations of poverty and racialized residency. Given the high number of concerns on how upzoning can compromise the economic and social stability of a disadvantaged neighborhood, key issues are grouped and summarized below to simplify the reading.

Land transfers from neighborhood owners to investors. Upzoning creates a new use for undervalued and underutilized land. The expected rise in land values encourages speculation as investors buy up land and property at relatively low costs in the hopes to leverage new upzoned parcels for higher-density use. Without neighbor-specific housing planning that focuses on the bundle of housing types and sustainable housing finance products needed to advance homeownership, disadvantaged neighborhoods will be vulnerable to an investor land grab. For example, in Brooklyn's East New York, during the 2 years between the announcement of a rezoning

ordinance and its passage, speculators bought and sold land with such frequency that prices jumped 63 percent from an average of \$480,000 to \$1.4 million (Stein 2017). Lower income property owners stand to lose against well-resourced high-density developers who have the economic and political capital to assemble several residential parcels for high density projects especially near light rail transit stops.

Increased rents. The immediate result of upzoning speculation is rising rents. Investor landlords new to a neighborhood will seek to cover their increased debt service while existing landlords capitalize on the rent increases at and near new development sites. As rents increase while wages continue to stagnate, wage loss coupled with high rent burdens will cause displacement. The greatest unmet housing need is for the large portion of residents in disadvantaged neighborhoods who earn 30 percent of an area's AMI or less. This unmet need includes residents like the average working single mother, fixed-income seniors, those on the public housing waiting list, and minimum wage workers. How upzoning can help those households not served by the private market, especially when affordable rent-regulated apartments are rarely vacant, remains highly questionable.

Without intentional housing planning that builds the capacity for revitalizing disadvantaged neighborhoods, for-profit developers will dominate the market which could trigger spiraling prices, unaffordability, and displacement.

Following the current trend in high-density housing, the production of new affordable apartments is linked to an expansion of market rate housing. The number and cost of affordable apartments for each project is now a negotiated ratio of market rate and affordable units; the more market rate units allowed on a project, the more concessions for affordable units are agreed to by developers. However, this process of negotiated inclusionary housing ensures that the number of affordable units constructed will always be less than the demand given the extremely low ratio of negotiated affordable units per project. Because this strategy relies on new development, upzoning coupled with high density housing as an inclusionary housing strategy will create a relatively small number of affordable units. This strategy works as a form of equity by concession rather than equity by design.

Setting aside a few units as affordable so market rate housing products can continue without interruption does not meet the criteria for neighborhood sustainability.

Upzoning only benefits those with the financial means to build on their lot. The effect of upzoning would be increasing the values of homes where homeowners can afford constructing an additional unit on their lot. In contrast, under-resourced households cannot participate in the benefits of upzoning. The rule of allowing the marketplace to discriminate based on income remains in place. Because race and wealth remain highly interdependent, upzoning is likely to perpetuate the racial/spatial wealth gap unless the administrative capacity for supporting housing products and housing finance tools that specifically meet the needs of disadvantaged neighborhoods is established prior to policy changes. This administrative infrastructure must prioritize homeownership.

BUILDERS FACE CHALLENGES TO INCREASING AFFORDABLE HOUSING PRODUCTION

Cities, housing advocates, and environmentalists actively seek practical ways to address the current housing crisis. Besides seeking expedited solutions for the lack of housing options, they also see housing as a key component of any strategy formulated for solving social and environmental concerns and a host of other public ills affecting where people live. Meeting all these demands through upzoning and more housing construction in theory is possible but in practice, it remains increasingly difficult. Housing developers face a combination of fiscal and regulatory constraints that impact their ability to meet the public's demand for safe, environmentally responsible, affordable housing. Understanding even just a small sample of these concerns can help us realize the growing disconnect between advocating for affordable housing and its actual production. Key issues are grouped and summarized below.

Current zoning practices are discriminatory.

R1 Zoning practices prevent building smaller homes in higher income suburban areas and in effect act as exclusionary. Therefore, builders are prevented from offering housing products that can lead to more

racially diverse neighborhoods. Single-family zoning prevents the use of housing to contribute to the economic and social integration of our neighborhoods. Upzoning would allow builders to increase the availability of housing for lower-income homebuyers and, in theory, allow for increased racial diversity in our most segregated neighborhoods – those neighborhoods with higher incomes. Allowing for residential units to be built on commercial property can also encourage more development projects.

Costs associated with affordable housing projects are unsustainable.

The Turner Center at UC Berkeley reports that the cost of building affordable housing using Low-Income Housing Tax Credits (LIHTC) has increased to an average more than \$480,000 per unit with development costs for LIHTC projects in California now the highest in the nation.¹⁵³ Add to that, the higher costs associated with supportive housing projects also means higher operating costs: for example, they require more on-site staff for security or supportive services, require more capital improvements and renovations over time, and incur higher insurance rates. Environmental regulations also increase costs. The Turner Center research shows how projects that include sustainable design features have higher development costs, “adding about 4 percent or \$17,000 dollars per unit”¹⁵⁴ pushing development costs to the decision point where green amenities or density are compromised.

Competition for state tax credits and tax-exempt bonds.

Large banks and insurance companies are the primary investors in tax-credit projects. Affordable housing developers rely a great deal on the sale of tax credits to provide a large part of the equity needed to finance a project. But the COVID-19 crisis has affected corporate balance sheets. It may be now more difficult for projects to sell these credits. There may be fewer buyers for the credits during the public health crisis making it harder to compete for this financing. During 2020, one concern was that several projects in the pipeline may either get delayed or simply could not

¹⁵³ See The Costs of Affordable Housing Production: Insights from California's 9% Low Income Housing Tax Credit Program. Carolina Reid. Turner Center for Housing Innovation. University of California, Berkeley. March 2020.

¹⁵⁴ Ibid. P.22.

proceed.¹⁵⁵ Developers looking for investors at this time may not only find a diminished pool but may also see changes in LIHTC pricing.

The increased complexity in financing affordable projects add to development costs. Subsidies are essential to affordable housing production. Not only does affordable housing make rent manageable, it also provides renters with protection by reducing the rate of displacement.¹⁵⁶ The Turner Center reports that on average, every additional source of funding on a project is associated with an increase of \$6,400 per unit in total development costs. The Turner Center research shows that from a sample of projects between 2008 and 2019, 80 percent needed 4 to 8 sources of funding, with each of these funding sources adding to the costs of development.¹⁵⁷ The need to manage multiple funding sources adds more requirements for funding and delays to projects, which of course adds to the cost per unit.

Local government fees and processing add delays and costs to projects. Development fees are extremely difficult to estimate as they are usually set without oversight or coordination between city departments. The lack of updated zoning codes means that every project requires variances. Also, projects are often subject to additional charges (exactions) not codified in any fee schedule.¹⁵⁸ Developers are routinely asked to revise designs, provide additional amenities or concessions to density or design to get through the permit process. The effect is to limit how many

¹⁵⁵ See for example, LIHTC Investors Hit Pause as Profits Become Unclear: If investors stop investing, deals will not get done, or they will get done at a much slower pace. April 08, 2020. Globe Street. <https://www.globest.com/2020/04/08/lihtc-investors-abandon-market-with-tax-credits-no-longer-viable/>. Affordable housing in California takes hit under GOP tax plan. Bay Area News Group. December 25, 2017. <https://www.mercurynews.com/2017/12/25/affordable-housing-takes-hit-under-gop-tax-plan/>

¹⁵⁶ See Housing Production, Filtering and Displacement: Untangling the Relationships. Miriam Zuk and Karen Chapple. Institute of Governmental Studies Research Brief. University of California, Berkeley. May 2016.

¹⁵⁷ See The Costs of Affordable Housing Production at note 142.

¹⁵⁸ See It All Adds Up: The Cost of Housing Development Fees in Seven California Cities Sarah Mawhorter, David Garcia and Hayley Raetz. Turner Center for Housing Innovation. University of California, Berkeley. March 2018

units they can build on the lot with each concession ultimately increasing the cost per unit to the point where many projects are just scrapped.¹⁵⁹

Setting Priorities

Housing shortages result from long-term planning affecting zoning, housing finance, housing discrimination, predation, and decisions that favor development for profit. The outcome cannot be undone in a day but rather can be undone only with long-term strategies that focus on our neighborhoods. A more diverse and affordable housing stock through upzoning is possible with housing options that specifically benefit SB 1000 target residents in the neighborhoods they live in. However, upzoning must not be viewed as just about housing but instead as an integral part of a neighborhood focused economic development plan designed to revitalize neighborhoods in distress. Without neighborhood specific planning that outlines neighborhood focused strategies to operationalize principles of sustainability and appropriate protections, it is difficult to capitalize on the assets and resources of both residents and investors to develop the bundle of housing products and prices required to stabilize SB 1000 target areas.

A priority of the new zoning regulations is to increase housing market production. However, critically important to note here is that this increase in market production must not be falsely conflated with reducing economic and spatial inequality (Imbrosico 2019). If we apply a regional level analysis of inequality and upzoning (Rodríguez-Pose and Storper 2017) down to the neighborhood scale, it is clear that the average skill and wage levels along with employment benefits have for decades been lower in disadvantaged neighborhoods. These must be viewed as important factors in understanding the rising gap in housing prices between neighborhoods. The racialized underlying conditions of inequality, e.g. spatial differences in infrastructure distribution, increasing polarization of income, jobs, and education, and access to transit, health care, and credit, will not

¹⁵⁹ Affordable housing can cost \$1 million in California. Coronavirus can make it worse. Los Angeles Times. April 9, 2020. <https://www.latimes.com/homeless-housing/story/2020-04-09/california-low-income-housing-expensive-apartment-coronavirus>

change with upzoning and will continue to remain obstinately in place. **Upzoning does little to alleviate these underlying conditions of inequality nor is it designed to provide such a cure.**

The focus on rental units as the primary solution to meet affordable housing needs embeds an imbalance between owner-occupied homeownership and investor-owned property into housing strategies. One of the most important needs in disadvantaged neighborhoods is owner-occupied homeownership. Homeownership has been the principal pathway towards wealth accumulation for minority households. Homeownership is the primary tool to protect households in disadvantaged neighborhoods from gentrification and displacement especially when coupled with safe, consumer-minded fixed rate mortgages. **Upzoning is not designed or intended to address this priority.**

The balance between owner-occupied and rental housing in the central city can provide early warnings of gentrification. Upzoning, as used in the “best practice” examples reviewed above, can move this imbalance towards rental investment property, which is a trigger for gentrification. When rent increases and revenues are externally controlled, wealth accumulation opportunities for residents will be interrupted by investor needs and priorities.

Homeownership is the one factor that can prevent displacement from gentrification. However, this review of upzoning examples sees municipalities having a primary focus on rental units as the strategy for increasing the housing inventory. None of the upzoning projects reviewed above indicate affordable homeownership as a priority strategy in their citywide plans for affordable housing. All of the cities with upzoning projects reviewed in this report are experiencing some form of gentrification at this moment.¹⁶⁰ Without the proper neighborhood protections previously outlined in this section, upzoning will become a process of dispossession from the poorest and most vulnerable. We cannot use the urban housing crisis as a pretext to roll

back environmental protections and circumvent neighborhood-focused planning so that the re-regulation of land use facilitates an economic fix on behalf of developers, investors, and finance capital.

Yes, upzoning is expected to increase the supply of housing. However, the increased supply does not necessarily translate into affordability or increased homeownership in disadvantaged neighborhoods. These are the places where the bulk of existing tenants and homeowners are spending most of their income on housing and transit and remain highly vulnerable to gentrification.

The increased housing opportunities projected to come with upzoning must also come with a permanent financial infrastructure that ensures inclusion and protection for disadvantaged neighborhoods. The current approach of using grants and down payment assistance to mitigate racial inequities in homeownership must not be classified as a permanent financial infrastructure. On one hand, we want controlled growth with equity and sustainability principles as priorities. This requires an increasing amount of legislation and local government checks and balances, which of course come with fees to generate revenues for local government. On the other hand, our desire for controlled responsible growth comes with increased costs and risks to affordable housing builders, which again increases the price of housing for residents. How we balance our housing and priorities for sustainability with the realities of production will dictate the fate of our neighborhoods.

¹⁶⁰ See the report on gentrification in 50 U.S. cities <https://www.governing.com/gov-data/census/gentrification-in-cities-governing-report.html>



Missing bike lanes on Franklin Boulevard. *Source: JCH Research.*

NEIGHBORHOOD-FOCUSED PLANNING

One of the most critical gaps in governance and urban planning today lies at the neighborhood level. Years of recessions, reductions in federal programs, and local budget cuts have taken a severe toll on the connection between local planning efforts and neighborhoods. The closing of California's redevelopment agencies is just one harsh example. The task of this section is to demonstrate how organizations engaged in the practice of community development leverage the use of the neighborhood as the starting point for the type of planning needed to fill in the gaps left behind as local governments pivot quickly to address the numerous social problems that continue to arise – from public health crises to rising unemployment and urban unrest.

In many ways, the organizations highlighted below deploy some degree of neighborhood-focused principles for sustainability to move towards a more holistic form of internal or circular economic productivity. Commonalities between these examples show an awareness of the micro – a focus on identifying neighborhood needs for restoration, regeneration and long-term resilience; the meso – connectivity and coordination between neighborhood residents, groups and local government forming cooperative arrangements to fill the governance gap; and the macro – awareness and advocacy for

the legal, legislative and fiscal capacity needed to facilitate the rebuilding of sustainable neighborhoods. Unfortunately, many of these best practices arose from the need to protect disadvantaged neighborhoods from public and private development, which do not always represent the best interests of residents. Accordingly, the focus of this review is to shed light not on Downtown development but instead those places targeted by SB 1000 removed from investment and are now facing the problem of creating neighborhood economic productivity without displacement.

The movement of neighborhood planning originates from residents and organizations developing plans and programs for themselves. They work to fill the gap in public resources needed to maintain social and economic productivity for the places they live. Neighborhood planning takes much of its strategy from the civil rights movement of the 1960s where the organized actions of minorities led to demands for an equal distribution of public resources. This placed neighborhood residents and groups at the center of planning. Consumer coalitions, neighborhood associations, and other citizen advocacy groups often became more effective in solving neighborhood problems and holding local governments accountable (Checkoway 1984). The strategy ensured that the proper diagnosis of needs and the formulation of solutions were appropriate and would lead to regeneration rather than prioritizing the interests of those outside of the neighborhood (Finn et al. 2006).

The summary of examples that follows demonstrates the variety of ways in which neighborhood-focused planning takes place. This small sample of how neighborhoods attempt to rebuild and regenerate struggling places highlights two important starting points for neighborhood-focused planning: the importance placed on the neighborhood and location; and the need for truthful and transparent communications with residents that lead to trust-based collaborations. Together, these primary starting points for planning can help create an important layer of governance needed for integrating all neighborhoods as essential components of productive regional economies.

UNIDAD – Los Angeles, CA

United Neighbors in Defense Against Displacement (UNIDAD) promotes and supports healthy and equitable neighborhoods through community-engaged planning and land use. UNIDAD's goal is to improve the health and economic well-being of low-income communities of color through responsible development without resident displacement. Because South and Southeast L.A. have some of the least expensive real estate in the city, the areas represent an untapped "Rent Gap" attractive for development. UNIDAD is concerned that new development can force up the cost of living and perpetuate displacement despite the potential for local jobs where unemployment is high.

Over a 10-year period, UNIDAD has been collaborating with neighborhood groups, conducted Mobile Planning Lab community sessions and partnered with Strategic Actions for a Just Economy (SAJE) to sponsor the Peoples Planning School to educate residents about the urban planning process and its effects on neighborhood wellbeing. These teach-ins have made residents aware of the impacts local governments can have on their community through external planning tools such as Community Plan Areas and Community Plan Implementation Overlay Districts.

This neighborhood-focused planning has resulted in The People's Plan: Equitable Economic Development in South Los Angeles. The People's Plan outlines options for local governments to follow to ensure safe investment in South Los Angeles where economic development does no harm to neighborhoods facing economic hardship now ripe for gentrification. Four basic principles guide UNIDAD's work: Create a net gain of affordable housing and stop displacement; promote inclusive economic development that supports local workers and businesses; prioritize environmental justice and enhance community health; and strengthen community leadership in the land use planning process.

The UNIDAD plan calls to preserve affordable housing by ensuring strong replacement and anti-displacement protections by creating "displacement free zones" or "No Net Loss" zones where development does not result in reduced affordable units. Regulating condominium conversions and demolitions will

also minimize the loss of rent-controlled homes. The plan also calls for protections that require new developments to provide existing tenants with the right to return to their previous home and establishing proactive coordination with responsible agencies tenant rights organizations such as a Low-income Renter Advisory Commission. Plan priorities include protections against numerous sources of pollution, the need for public amenities such as parks, and the need for agencies to exercise discretionary power to shape and pace the planning process around community needs.

The People's Plan seeks to link new high-density growth toward transit corridors where new "upzoning" strategies can be meshed with affordable housing needs that allow density increases for 100 percent affordable developments. UNIDAD's "Same Neighbors, Better Neighborhoods" approach is in line with sustainability principles that emphasize neighborhood-specific planning, promoting public and private investments that call for safe and affordable housing with linkage to transit, neighborhood jobs, improving public health in a way that prevents displacement while increasing resources available to residents.¹⁶¹

LUCHA – Chicago, IL

LUCHA organizes community members to improve housing services from both public and private sectors. The LUCHA acronym is the Spanish word for "struggle," which reflects the organization's history of leading the struggle against discrimination, housing displacement, systemic inequity, and patterns of injustice impacting members of Chicago's low- and moderate-income Latinx and African American neighborhoods. LUCHA advances housing as a human right by making accessible an array of housing products and services to ensure that everyone has access to resources enabling their households to thrive. LUCHA is also an affordable housing developer with a focus on environmentally friendly construction. Its use of passive building principles to maximize energy efficiency and lowering energy costs reduces the housing burden making housing more affordable.

¹⁶¹ <https://www.unidad-la.org/>

LUCHA believes that the health and wellness of residents is an essential part of neighborhood stability. Their development projects demonstrate a commitment to neighborhood-oriented planning through four key strategies: advocacy through their Community Law Program and partnering with community organizations, elected officials, and community members to support policies that further fair and affordable housing; education through homebuyer assistance, foreclosure prevention, and financial capacity building; safe shelter through environmentally conscious affordable housing development, home repairs, and responsible property management; and connectivity through resident services and community health and wellness programming. This link between housing and health directly promotes place-based wellness through holistic community programming and serves as an example of connecting planning strategies to neighborhood-focused sustainability principles.¹⁶²

Detroit Future City – Detroit, MI

Since the urban riots of the 1960s, the city of Detroit has been in a state of decline. Over the last 10 years, the decline has steadily increased with a quarter of the population leaving the city. The number of vacant housing units doubled to 79,725 or 23 percent of all dwelling units in the city. Thousands of homes fall to tax foreclosure each year and 33,000 of the city's vacant housing units have been declared open and dangerous buildings.

To begin rebuilding, Detroit Future City (DFC) - a nonprofit independent think tank, policy advocate and innovation engine was formed in 2010. The DFC mission is to move forward the implementation of strategies laid out in their Strategic Framework – a 50-year plan created through an intensive citywide public engagement process that recommends ways on how to best use the abundant underutilize land to create jobs and build economic prosperity. The plan seeks to ensure vibrant neighborhoods, build an infrastructure that serves citizens at a reasonable cost, and maintain the high level of community engagement integral to the city's success.

Although a city-wide plan, a key part of the Strategic Framework is neighborhood revitalization emphasizing the strengthening of all Detroit neighborhoods. DFC stresses that Detroit can no longer withstand well-intentioned investments that may benefit one neighborhood, while ultimately undermining the viability of others. DFC is clear that strategies used must strengthen and reinforce both existing neighborhoods and new neighborhoods for urban living. DFC utilizes “framework zones” to define a range of existing conditions shared by different parts of the city. These typologies allow efforts to use specific strategies to address the real conditions of different neighborhoods and allows for an array of ideas for design. DFC envisions a city of different strategies for different neighborhoods.

Through their intensive community engagement process, DFC identified 13 Quality of Life elements essential for positive change within Detroit's neighborhoods. These elements capture the heart of the social determinants of health concept and can be measured and mapped across the area. Now residents and other stakeholders evaluate their own opportunities and challenges to prioritize their efforts on actions needed to improve their neighborhood. Through this model, DFC encourages a range of potential implementers, from residents to institutions that can customize specific tactics to achieve their goals while operating within a common framework for decision making. This allows for linking overall objectives for land use, economic growth, and city systems with strategies tailored to achieve specific neighborhood results. Each strategy helps DFC to address the unique needs, capacity, and assets of each neighborhood and to maximize the impact of both investment and effort.

The Quality of Life approach incorporates social determinants of health as an essential part of planning – both social and physical infrastructures are prioritized so resources can be organized to buffer neighborhoods against pollutants, provide additional healthy food options, remediate contaminated sites, target conditions such as unemployment or provide recreational opportunities. The DFC plan is an intense and cooperative planning effort that seeks economically and environmentally sustainable and attractive places to live, better quality of life,

¹⁶² <https://lucha.org/>

and affordable living options for a diverse range of households and neighborhoods.¹⁶³

Chicago CDFI Collaborative – Chicago, IL

The Collaborative is a partnership of three community development financial institutions (CDFIs): Community Investment Corporation, Chicago Community Loan Fund, and Neighborhood Lending Services that aims to revive the most economically depressed low-income neighborhoods in the city of Chicago.

The Collaborative partners with small-scale investors, most of whom are minority entrepreneurs holding down full-time jobs and are not connected to any government or nonprofit revitalization programs. The partnership focuses on rehabilitating one-to-four-unit privately owned unsubsidized residential properties, which account for nearly half of the affordable rental stock in Chicago. In 2013, the Collaborative leveraged a \$5 million grant from JPMorgan Chase into \$24 million worth of renovations in disinvested areas.

The strategy behind working with small-scale “mom-and-pop” investors is to recruit and grow the number of small neighborhood-focused investors likely to be residents of the community they work in. These investors have a genuine stake in rehabbing properties that can help revitalize their neighborhoods. The Collaborative also recognizes these small-scale investors are younger, less experienced, and often come with a marginal access to financing resources.

The emphasis on one-to-four-unit buildings means lower capital requirements for accessing operating capital - properties are less expensive and can be acquired, renovated, and leased in shorter periods of time. One-to-four-unit properties allow for multiple investment options depending on the needs of the investor. The investor could rehab the property for rental, creating a steady cash flow; or the investor could rehab and sell the property, extracting capital for a new project. For all these reasons, one-to-four-unit properties provide a good starting point for neighborhood revitalization strategies.

The Chicago CDFI Collaborative is an example of how financing infrastructure can be reconfigured to directly support the multiple needs of economically divested and segregated neighborhoods. Through a logic of direct neighborhood investment - housing, job skills, project management experience, wages and local spending all improve and increase the economic productivity of a neighborhood. These small housing projects encourage more neighborhood focused investment to take place.¹⁶⁴

The Hope Program/Sustainable South Bronx - New York, NY

The Hope Program is concerned with the long-term economic and racial divide that has left the South Bronx in a state of distress. Through their merging with Sustainable South Bronx (SSBx), Hope addresses economic and environmental issues in the South Bronx through green jobs training, community greening programs, and social enterprise. The SSBx targets those who have been disenfranchised by the labor market and face high barriers to employment. Intensive classroom-based and hands-on green jobs training program with projects such as tree surveys, water quality testing and shoreline restoration prepare neighborhood residents to enter the employment sector.

Hope’s NYC CoolRoofs program provides transitional employment with hands-on work experience coating New York City rooftops. The cool roofs increase energy efficiency and reduce energy costs for neighborhood and city businesses. Their Intervine program trains and employs low-income community members to create and maintain green infrastructures establishing the foundation for long, fulfilling careers while building greener neighborhoods.

A partnership with the New York City Department of Small Business Services led to a new solar installation program and expanded green infrastructure training in the Bronx. Hope/SSBx graduates are familiar with environmental issues affecting their neighborhood and are well trained to engage in hands-on environmental justice while contributing to neighborhood economic productivity earning wages through direct

¹⁶³ <https://detroitfuturecity.com/>

¹⁶⁴ <http://www.cicchicago.com/>

neighborhood service. Approximately 77 percent of Hope graduates secure employment annually with \$11 million in wages earned by students and SSBx graduates in 2019 alone.¹⁶⁵

East Bay Asian Local Development Corporation (EBALDC) – Oakland, CA

EBALDC is a nonprofit community development organization committed to bringing people and resources together to build healthy, vibrant, and safe neighborhoods. EBALDC relies on a strategy of working with residents, local leaders, and like-minded groups to co-create neighborhood solutions. Through this strategy, community leaders, business owners and residents all play a role in shaping their future.

EBALDC recognizes that neighborhood and individual health depend on access to an array of interconnected social, economic, and physical factors that impact the environments where people live, learn, work, and play. They are concerned with how residents access these social determinants and how opportunity dictates health inequities experienced at the neighborhood level. EBALDC has developed a Healthy Neighborhoods approach to community development, evaluating each of their target neighborhoods to understand their specific needs and priorities. This allows EBALDC to build strategic partnership and collaboration opportunities and leverage their own knowledge and expertise to impact multiple neighborhood priorities at one time. EBALDC acts as a “neighborhood impact incubator” jumpstarting each collaborative with resources and support and increasing resident and community engagement with institutional partners and industry. These neighborhood focused collaboratives work to address specific social and economic conditions unique to each neighborhood.

EBALDC works to expand affordable rental housing options through real estate development. They develop affordable housing, commercial and mixed-use, mixed-income projects in Oakland and across other cities in the East Bay. Through their Housing Acquisition Fund, they also acquire existing multifamily properties in Oakland and stabilize the

rents for residents. They are committed to developing the neighborhood by providing affordable commercial spaces as homes for community-serving nonprofit organizations, retail businesses and service providers that hire from and serve residents. EBALDC has invested more than \$240 million in assets that have had substantial physical and social impact in the community, including over 370,000 square feet of commercial space that bring street-level vitality and critical services to target neighborhoods.

Part of EBALDC’s vision is to address the social conditions affecting residents’ health and wellbeing in their target neighborhoods. Their goal is to expand income and wealth-building opportunities by connecting residents to a bundle of supportive services designed to promote healthy living and financial prosperity. EBALDC’s Healthy Neighborhoods approach incorporates a spectrum of strategies intended on aligning residents, businesses, community partners and public agencies around a shared vision for neighborhood health and well-being. Project or program specific partnership opportunities are focused on increasing housing options, income and wealth-building opportunities, and resident and community engagement. By focusing on ways to improve neighborhood economic productivity, EBALDC work allows residents to work, shop and play where they live.¹⁶⁶

Dudley Street Neighborhood Initiative (DSNI) – Roxbury, MA

DSNI was created in 1984 as a way for Dudley residents to reclaim to their neighborhood during a period of devastating disinvestment and public neglect. DSNI organized neighbors to create a comprehensive neighborhood plan and shared vision. DSNI also gained eminent domain authority and purchased vacant land, which protected affordability. This ensured safe neighborhood-focused development for protecting residents from displacement.

In 1988, DSNI established Dudley Neighbors Inc., a community land trust (CLT) that now serves as one of the most important examples of an urban CLT in the country. The trust owns over thirty acres of land

¹⁶⁵ <https://www.ssbx.org/home>.

¹⁶⁶ <https://ebaldc.org/>.

with 227 units of affordable housing, an urban farm, a greenhouse, commercial space and several parks. DSNI's nationally recognized model has inspired many other CLT efforts in other Boston area neighborhoods. DSNI uses the land trust model to stabilize the neighborhood with permanently affordable housing. Because land for development is leased from the CLT, the price of a home is significantly decreased removing a huge barrier to homeownership. This also provides protections against foreclosures and displacement.

DSNI is also a member of The Greater Boston Community Land Trust Network, a network of organizations exploring community land trusts to collectively control land for farms, housing, and businesses. The Network aims to preserve affordable housing and diverse neighborhoods while preventing eviction and speculation in areas at risk of gentrification and displacement. Network members also jointly advocate for policy that aids in the creation and maintenance of land trusts. The larger network provides a more unified approach to the increasing pressures of gentrification and displacement in the Boston region providing leadership at a neighborhood and city level to drive policy changes and new anti-displacement strategies.

In 2012, DSNI, The Boston Foundation, and Art Place America launched a pilot to encourage economic activity through culturally oriented placemaking interventions. The pilot began with interactive public art installations, outdoor markets, and complementary business activity near a train stop anchored by a local historic theatre. With increased support from local and national funders, these creative placemaking efforts are being expanded all along an important neighborhood transportation corridor.

The project also trains residents in using oral history and how to collect intergenerational stories of residents that can advance the local cultural assets and ethnic traditions of residents. DSNI's Fairmount Cultural Corridor reflects the collaborative efforts of residents, artists, community organizations and businesses needed to support a neighborhood-focused social and economic productivity that transforms a distressed place into an active local creative economy.¹⁶⁷

¹⁶⁷ <https://www.dsni.org/>.

Columbia University/West Harlem Local Development Corporation – New York, NY

For several years, Columbia University (CU) sought to expand their campus to West Harlem emulating the expansion plans of their Ivy League peers Harvard, Pennsylvania and Yale universities. The expansion was bitterly opposed by many Harlem residents who objected to the potential use of eminent domain and the displacement of some of the last working-class neighborhoods in Manhattan. Residents feared displacement from students and administrators who can pay far more than the typical neighborhood resident. In 2009, after years of legal maneuvers and rezoning efforts to build the Manhattenville Satellite Campus in West Harlem, a 6.8 million square foot facility, the West Harlem Community Benefits Agreement (CBA) was signed between Columbia University and the West Harlem Local Development Corporation (WHLDC).

Highlights of the agreement include \$76 million to fund community benefits and mitigations to the West Harlem community through WHLDC. Also included were \$20 million to an affordable housing fund, up to \$4 million in housing legal assistance for West Harlem residents, \$20 million to the Harlem Community Development Corporation (HCDC) that plans and facilitates community revitalization; and more than \$400 million paid to date to minority, women and locally owned (MWL) construction trade firms.

A key part of this CBA was identifying programs and goals that could benefit the neighborhood. The WHLDC, with West Harlem residents, identified housing, employment and economic development, education, environment, transportation, arts and culture, community facilities and historic preservation as key neighborhood concerns to be addressed by the community benefits agreement through a Benefits Fund. This led new ways for academic departments in CU graduate schools to connect with the neighborhood to provide innovative support systems. Neighborhood access to the School of Arts, School of Business, School of Engineering and Applied Science, School of Architecture, Planning and Preservation, and the Law School were included in the CBA. Internships

were created to encourage graduate students and their advisors to support local businesses and the arts community. Through interconnected programs, CU provides advice and guidance in a range of areas where the neighborhood lacks technical support. For example, the CBA calls for technical assistance in local economic development and the establishment of a high performing neighborhood public school for West Harlem youth that demonstrates best practices in classroom methods and innovative teaching that can support family development.

Guidelines for housing in the CBA focused on the preservation, restoration and creation of sustainable affordable housing units in West Harlem. The university may not invoke any eminent domain powers to acquire residential property or churches or to privatize any houses in the area. An affordable housing fund finances housing products at below market rates and leverages other sources of public and private debt and equity for the development and preservation of affordable housing units in West Harlem. Portions of the fund can also be used for early stage capital needed for pre-development costs associated with affordable housing development projects.

The CBA also requires a living wage for the workforce associated with the construction project with a target of 40 percent of contracts for work, goods and services to minority, women and locally owned businesses. Job readiness and training program along with a career and business center are also a part of the CBA. Regarding retail businesses, the CBA contains requirements for the university to allow local businesses and entrepreneurs to operate on the project site with priority given for any displaced business.

Educational provisions in the CBA address how the university can aid the WHLDC work towards its goals of improving early childhood, pre-school, and primary, middle and high school outcomes to double the percentage of West Harlem students who attend college. Internships, summer STEM programs, and a new education center to educate the neighborhood about diseases that affect the mind and brain are key components of the CBA. A Pilot Jobs to GED Program provides a direct pathway to work and completion of a high school diploma. Adult literacy, GED preparation,

community scholars program, and Pre-K programs also address WHLDC educational concerns.

Finally, the CBA contains a comprehensive environmental stewardship program that integrates goals of protecting the biosphere, the sustainable use of renewable natural resources, waste reduction, energy conservation, GHG emissions reduction, and environmental risk reduction. When seen as a whole, the project demonstrates how the political and economic infrastructure can be created specifically for the long-term planning and development of a disadvantaged neighborhood. The CBA also clearly demonstrates how neighborhood protections can be put in place to prioritize and ensure the stability of disadvantaged neighborhoods in the line of development and gentrification. However, there is evidence that WHLC has encountered substantial difficulties leveraging the benefits of this CBA into increases and protections for affordable housing due to the lack of affordable land.^{168, 169}

The Unity Council – Oakland, CA

The Spanish Speaking Unity Council of Alameda County, now known as The Unity Council, was founded in 1964 as a nonprofit community development organization committed to enriching the quality of life primarily in the Fruitvale District of Oakland. The Unity mission is to promote social equity and improve quality of life by building vibrant communities where everyone can work, learn and thrive. Formed during the height of the Civil Rights Movement in the 1960s, the Unity Council helped to roll out President Johnson’s War on Poverty programs in Oakland focusing on the poverty-stricken neighborhoods of Fruitvale and East Oakland.

During the 1970s, the Council opened a job training employment center and a community resource center to house multiple service agencies for the neighborhood. Services and programs initiated

¹⁶⁸ See for example “Despite millions from Columbia, West Harlem Development Corporation struggles to find affordable housing” Columbia Spectator. September 2, 2019.

¹⁶⁹ <https://manhattanville.columbia.edu/community/benefits-and-amenities>; <https://gca.columbia.edu/content/community-benefits-agreement>.

in the years that followed include the Fruitvale Neighborhood Career & Resource Center, Fruitvale-San Antonio Senior Center, Head Start early childhood education, housing access and navigation services, property management, summer youth employment, the Talent Development Academy, youth achievement programs, and youth career services. The Main Street Program, a business improvement program resulted in façade improvements along International Boulevard, starting up 66 new businesses and over 200 new jobs in six years.

Development projects include the 100-unit Posada de Colores senior housing center; Villa Alegre, a long-term care facility for the Latino elderly, and the Las Bougainvilleas Senior Housing project. The Council also completed Phase I of the Fruitvale Transit Village, the first community-led transit village, with 47 housing units, a health clinic, a child development center, the Cesar Chavez library, and a senior center. In 2017, Phase II-A of the project began. Phase II-A is a partnership between the Council and East Bay Asian Local Development Corporation for developing a 94-unit four-story apartment building designed for families and veterans. It will offer 1, 2, and 3-bedroom apartments for families earning 20 to 60 percent AMI levels in the Fruitvale neighborhood with 21 percent of the units reserved for homeless veterans. Residents will have access to onsite support services including a full-time resident service and workforce coordinator, who will connect residents with economic empowerment services, and a full-time veteran services specialist.

Fruitvale Village Phase II-B is the third and final stage of the award winning mixed-income, mixed-use, transit-oriented development of the Fruitvale Transit Village by The Unity Council. In partnership with BRIDGE Housing, Phase II-B will provide 181 units of affordable family housing to the bustling commercial corridor in Fruitvale Village providing studios, 1, 2, and 3-bedroom apartments to those making 20–80 percent of AMI. 46 of the units will be set aside for the region's chronically homeless, with permanent supportive services provided by Alameda County Health Care Services Agency. The project also includes 7500 square feet of affordable commercial retail space for local nonprofit organizations, the type of organizations now facing displacement, along with the community they

serve, due to rising commercial rents.

The Council participates in local economic development through their Fruitvale Public Market. The 7,000 square foot indoor/outdoor site is a small business incubator that provides attractive, affordable storefront space and professional business technical assistance services to micro-enterprises. The facility expands access to business opportunities for entrepreneurs and small businesses promoting job creation and micro-enterprise development and reflects the neighborhood's long-term reliance and support of family-based small business as an essential part of neighborhood well-being.

The Unity Council's effort is an example of how neighborhood development can work to protect residents and businesses from displacement. Neighborhood regeneration and economic productivity strategies start with providing a bundle of financial and social support services focused on the needs of both people and business.¹⁷⁰

LOCAL BEST PRACTICES

Fortunately, we need not look far for examples that contribute to the practice of neighborhood-focused sustainability principles. This is a very short list of the many positive examples in the area where programs demonstrate a focus on place and people. They are examples of how neighborhoods and organizations are working to fill the gap in governance that municipalities have yet to close. These are the type of efforts that need to be supported and expanded through a new model of governance that incorporates and prioritizes neighborhood-focused planning as the starting point for the planning and funding process needed for revitalizing SB 1000 target areas.

Sacramento Community Land Trust – Sacramento, CA

Initiated in 2016, SCLT's primary objective is to preserve affordability and community cohesion by preventing displacement. SCLT knows the harmful combination of sprawl and gentrification in the Sacramento region causing social and economic harm

¹⁷⁰ <https://unitycouncil.org/>.

to disadvantaged neighborhoods. With Sacramento's rapid price increases in both rents and home values, low- and moderate-income families can no longer afford safe and decent housing. SCLT recognizes how this creates instability in both households and neighborhoods. Through the community land trust model, SCLT seeks to stabilize residents and their neighborhoods by increasing homeownership rates with housing options that minimize the housing burden while providing safe and decent living environments. The land trust model allows for a strong neighborhood control of assets and opportunities while building what SCLT envisions as a shared community wealth. A primary goal of SCLT is neighborhood protection.

SCLT is a relatively new organization that is still attempting to build capacity. However, its emphasis on community-based planning meshed with principles of sustainability along with a transparent shared governance model that promotes accountability shows great potential for success and expansion. This is precisely the type of organization that local government agencies in Sacramento must encourage and support through their property disposition and local planning efforts if the priority for revitalizing and stabilizing SB 1000 target areas is to be realized.¹⁷¹

Green Technical Education and Employment – Sacramento, CA

Green Tech offers innovative workforce skills to youth and young adults in frontline communities, those neighborhoods in the path of experiencing the “first and worst” of climate change. Green Tech places an emphasis on environmental protection, justice and economic development focusing on creating pathways for career opportunities in construction, manufacturing, energy, transportation and environmental management. Green Tech youths reaching graduation are ready to contribute to ongoing regional and neighborhood scaled efforts towards developing sustainable communities.

The Green Tech goal is to help students develop quality

¹⁷¹ <http://www.sacclt.org/>.

business development and workforce skills that can provide hands-on contributions to those organizations and agencies working towards a cleaner environment through smart, social, economic, and human development strategies. Training paths include urban farming, urban forestry, aquaponics, solar technology, weatherization, and energy efficiency.

Besides providing experience in construction trades and landscaping, Green Tech also provides training in computer programming, 3D Printing, and training in Arduino, an open-source electronic prototyping platform enabling users to create interactive electronic objects. Arduino is one of the most widely used tools for STEM/STEAM education. Its use has led to the mass adoption of micro-controller-based electronics projects. Experience with this platform opens employment pathways for students.

Green Tech is also addressing the neighborhood planning gap that exists in Del Paso Heights with its Net Zero Mobility Hub. The Del Paso Heights neighborhood suffers from long-term disinvestment which has led to high rates of poverty and unemployment. With a housing cost burden higher than most in the state, Del Paso Heights also suffers from a gap in basic transportation services, a critical infrastructure problem that impacts neighborhood economic productivity.

Green Tech's Net Zero Mobility Hub is an effort to close the transportation gap by connecting residents with neighborhood destinations through different modes of travel. These travel options, delivered via an integrated suite of mobility services, amenities, and technologies bridge the distance between high-frequency transit and an individual's origin or destination. The planning vision is for the mobility hub to act as a place of connectivity where different modes of travel – walking, biking, transit, and shared mobility – seamlessly converge.

Three key programs highlight the Green Tech plan for increased mobility. A community car share program will provide electric vehicles to community members. Qualified community members can reserve cars and take trips to run errands, doctor visits, to school and leisure activities. If community members cannot drive, program staff can help to provide the ride. Green

Tech's Net Zero Student Ride Hail Program will provide free rides to Green Tech students most in need of transportation giving them access to job training and educational programs along with transportation to medical care centers and workplaces.

Green Tech's Plan, Share, Go program identifies the transportation routes used by community members most in need of transportation to job centers, hospitals, schools, churches, and other places traveled to in the course of daily life. The program matches community members with preplanned routes. Green Tech drivers will pick up members from the Mobility Hub or their predetermined locations and drop them off at the preplanned destinations. Similar services can be used for delivery of groceries, medicine, and other necessities. This approach allows transit-deficient residents to participate in local economic productivity while contributing to neighborhood focused environmental stewardship.

The mobility hub will be home base for 8 hydrogen fuel cell cars, community share electric vehicles, bike/scooter sharing, a digital kiosk, solar canopy for renewable energy generation, and electric vehicle charging stations, all to support a neighborhood focused transportation system. The hub will also employ 8 to 12 residents as EV drivers, security, and maintenance staff. The hub will contribute to reducing transportation costs and travel time. Less reliance on auto use will reduce air pollution and greenhouse gas emissions by providing affordable transportation to work and lowering fossil-fueled vehicle miles traveled at the rate of about 1000 miles per day.

Green Tech's mobility hub transit model is an example of how to design transportation equity for frontline neighborhoods; practicing environmental stewardship is a practical path to improving neighborhood economic productivity through a focus on neighborhood sustainability principles. This neighborhood project that directly addresses transit needs, air quality, access to jobs and training, and neighborhood revitalization, is the type of project focused on neighborhood sustainability principles that needs to be brought to scale across SB 1000 neighborhoods.¹⁷²

La Familia Counseling Center – Sacramento, CA

LFCC has been providing a bundle of social services to low-income, at-risk families in Sacramento County for over 40 years. Because of its strong history of service to those most in need, La Familia has built a reputation for trust within the diverse multi-lingual, multi-cultural neighborhoods across the region. Out of the need to fill the gap in services to at-risk youth, immigrant populations, and those experiencing the long-term effects of neighborhood disinvestment and residential segregation, La Familia has had to morph from a small counseling center into a full-service community hub continuing to expand to meet the rapidly changing needs of the disadvantaged in the region's new economy.

Through its bundle of public health services, La Familia connects the Latino community to suicide prevention resources and mental health intervention training. La Familia works to build a mentally healthy and resilient Latino community through risk awareness workshops, support groups, senior companion groups and events. La Familia provides mental health counseling services for children and youth ages 0 to 21 and their families. Family-driven services are provided through home visitation, at school sites, at the Maple Neighborhood Center, or at other intervention sites as requested by families.

Their Children's Mental Health Services program offers an array of psychiatric services with a strength based, family focused approach with special attention for children and youth experiencing emotional and behavioral concerns and challenges. The Centro de Apoyo Latino Program (CAL) provides Latino adults with short-term crisis intervention services along with navigation to longer term solutions. Spanish speaking Latino adults are a group in dire need of mental health attention that goes unserved due to the lack of public programs for this population. CAL provides one-on-one navigation, support groups and community resources for those in need of immediate mental health intervention but cannot financially or legally access services at critical crisis points in their life.

La Familia's Birth & Beyond Family Resource Centers offer a wide range of free services to Sacramento County families, including pregnant moms and new

¹⁷² <https://www.greentechedu.org/>.

dads. The centers offer nurturing and parenting home visitation, crisis intervention, school readiness, parenting workshops, community referrals, and family-based activities to engage the entire family. The Maple Collaborative, consisting of the Sacramento Adventure Playground, 916 Ink and La Familia Counseling Center, partner to offer a Homeschool Enrichment Program. All programming is on the Maple Neighborhood Center campus.

La Familia is also a Sacramento Works Training Center that provides GED preparation classes in English and Spanish. Their Community Collaborative Charter School offers an Independent Study Program for high school students on site at La Familia, making it possible for those who could not complete high school to get a high school diploma and to meet the basic requirement for gainful employment.

Additional trainings are available for basic computer classes offered in English and Spanish, as well as referrals to outside partners for additional education, training, and classes. Emphasis is placed on closing the digital divide through basic computer training and access to a computer lab. Training is linked with employment services, life skills workshops, assessments, and employer workshops. La Familia's Training Center and Employment Services develops and maintains a pool of employers and matches them with workers for on-the-job training and future permanent hire.

La Familia also partners with the Mexican Consulate to offer educational information and resources for Mexican immigrants and their families. The Window of Educational Orientation or Ventanilla de Orientación Educativa (VOE) provides information on financial aid, universities and colleges, and alternative education for adults including Mexican elementary and junior high education, Mexican high school (Prepa) and universities online, ESL classes, citizenship, GED/high school diploma and trade schools.

Development projects include the expansion of their headquarters for additional office and meeting space and room for physical activities such as basketball and youth martial arts programs. La Familia also completed the refurbishing of the recently closed Maple Elementary School converting it into a full-

service community center. LFCC just closed escrow on a long-distressed vacant lot in the heart of the neighborhood to construct a \$26 million Opportunity Center, a training facility needed to develop the skilled workforce required to attract investment to the community. Training will be in sync with and help turn state and regional climate change policies into local programming. Opportunities in energy and transportation sectors, such as electric vehicle repair, solar installation, technology, and community health jobs are essential to state and local climate change plans while also providing much needed strategies for poverty intervention in one of the most poverty-stricken locations in the city. LFCC is also partnering with the City of Sacramento as a Financial Empowerment Center Partner (FECPP), a program to be implemented at its new Opportunity Center.

La Familia is a certified HUD EnVision Center, one of only two such federally designated sites in California. As an EnVision Center, La Familia's focus on neighborhood-based economic productivity is in sync with HUD's four empowerment pillars: economic empowerment through employment, internships and workforce related skill building; education attainment through direct instruction and linkage with community colleges; health and wellness through counseling and mental health services; and building leadership and character through community service and civic engagement opportunities.

Whether by design or by responding quickly to any public crisis, LFCC builds capacity when needed; collaborating and responding to crisis situations when local governments need support. From COVID-19 testing to food distribution, U.S. Census outreach, health care research, or engaging in climate change planning, La Familia continues to fill the local governance gap. LFCC is a public partner that helps local governments roll out programs and services that government agencies do not have the capacity to provide. This is a program most worthy of local government support as it seeks to expand its capacity to serve.¹⁷³

¹⁷³ <https://lafcc.org/>.

Mutual Housing California – Sacramento, CA

Incorporated in 1988, Mutual Housing was formed as a partnership of neighborhood residents, business representatives, housing advocates, and local government dedicated to improving housing opportunities for lower income families. Its main objective was to create a locally controlled nonprofit focused on activating revitalization of low-income neighborhoods by strengthening two key neighborhood assets – housing and its residents. Mutual Housing envisions neighborhood stabilization taking place through identifying and developing leaders from their residents that actively participate in decision making in their neighborhoods.

Mutual Housing first focused on acquiring deteriorating multifamily structures in some of the most impoverished and crime-stricken neighborhoods in the region turning them around into safe, affordable, and well-functioning residential communities.

Mutual Housing fills in the neighborhood governance gap by encouraging residents to take a key role in overseeing their properties. Residents help develop programs through site-specific resident councils, ensuring that they have a vested interest in where they live. These councils work with management to develop house rules, review financial reports, plan and evaluate resident activities, and encourage outside organizations to host on-site programs. Residents not only become involved in where they reside but also in larger neighborhood concerns and activities. The resident councils provide leadership in identifying both resident and community needs and in raising resources to fill those needs such as youth development programs, education, safety and security programs, and recreational facilities.

Mutual Housing supports resident efforts by using community organizers that guide and provide support to resident leaders active in increasing the participation of other residents. Their team of social workers, under the direction of an MSW professional, also focuses on identifying service programs that can best support vulnerable individuals while helping them to stay involved with resident activities and programs. This involvement leads to positive outcomes in the

health and stability of families with positive impacts on the entire neighborhood in places where high density housing has historically concentrated race and poverty.

Their digital literacy program helps close the digital divide by equipping all properties with free internet access along with computers and training available in on-site computer labs. Their Culture of College initiative creates pathways to college sending the message that education is a realistic option for resident youth. A Green Leaders program educates residents on sustainability practices while resident leaders at each site identify other programs and providers for activities such as senior exercise, community gardening, and nutrition, after-school tutoring and homework clubs, English and citizenship classes, and disease prevention.

Mutual Housing's approach to new construction is to build for the neighborhood. They plan development to meet the needs of residents where they live. For example, Mutual Housing understands that that lesbian, gay, bisexual, transgender, and queer seniors experience discrimination in health and social service delivery and in housing. LGBTQ seniors frequently report being victimized by staff and residents of senior facilities. Mutual Housing responded with the first LGBTQ-welcoming affordable senior housing community now under development in Sacramento's Lavender Heights. The construction of Lavender Courtyard, a 53-unit complex will provide a safe and productive living environment for LGBTQ seniors.

In Woodland, a city that is a port of entry for farmworkers into urban life, Mutual Housing created the Spring Lake affordable housing development specifically targeted at farmworkers and their families, a group with relatively little access to housing. Of the 62 affordable apartment flats and townhomes, 61 are set aside for agricultural workers and their families earning up to 60 percent of the area median income. The project, the first zero-net energy project for rent in the U.S., received a World Habitat Award from United Nations-Habitat. Only two housing projects worldwide receive the World Habitat Award annually. The project demonstrates how the needs of such a marginalized group of people can be supported and enhanced through sustainable development.

Mutual Housing is also developing a seven-acre site with 100+ units of affordable housing on Stockton Boulevard just south of Florin Road. Demonstrating its commitment to people and the places they live, Mutual Housing has been working with a team of graduate students from the Betty Moore School of Nursing at UC Davis to identify neighborhood needs and assets so that development is aimed at supporting residents and their families in the best living environment. At their Highlands site in North Highlands, Mutual Housing partners with Sacramento Continuum of Care agencies reserving units for homeless individuals helping them to transition back into community life. Each Mutual Housing project attempts to rebuild broken parts of neighborhoods while adding to the affordable housing stock.

Mutual Housing owns and operates 1,071 units of housing for over 3,200 residents. Household incomes of MH residents are very low with an average household income of \$25,313 and an average income per adult of \$15,572. A full 79 percent of all resident households have incomes below 50 percent of area median income adjusted for household size. Fifty-two percent of all households have an income below 30 percent of area median income adjusted for household size. The Mutual Housing model provides evidence that it is not race and poverty that results in a neighborhood demise but instead the lack of governance and financial abandonment that fails a neighborhood. Their resident governance strategies have helped to make high density affordable housing a safe and productive living environment in the area's most economically distressed neighborhoods. Mutual Housing residential sites in effect become active community centers that use innovative ways to bring economic productivity and environmental stewardship back to the neighborhood. These successful resident-focused strategies help attract investment opportunities for constructing new housing on vacant in-fill lots, adding to the local supply of safe, affordable housing and eliminate the hazards often associated with blighted locations.¹⁷⁴

¹⁷⁴ <http://www.mutualhousing.com/>.

Habitat for Humanity of Greater Sacramento – Sacramento, CA

Habitat for Humanity of Greater Sacramento is part of a global nonprofit housing organization operating on the conviction that “every man, woman and child should have a simple, durable place to live in dignity and safety.” Habitat contends that decent shelter in decent communities should be a matter of conscience and action for all. The Habitat goal is to break the cycle of poverty through home ownership and financial independence.

The Habitat model for homeownership and home rehabilitation is designed for the very purpose of poverty intervention and acts as a real and practical springboard to social and economic mobility and self-sufficiency. The Habitat homeownership model also creates important “neighborhood effects” where displacement is avoided. Stable and diverse long-term homeowners create safe living environments. A financially stable Habitat homeowner makes steady financial contributions to the local economy by supporting local retail and service providers as well as financial contributions to local governments through property and sales taxes. The Habitat housing model results in increased neighborhood economic productivity simply by turning renters into homeowners.

The average Habitat home is three to four bedrooms and just over 1,200 square feet in size, suitable for a growing family. The average sales price for a Habitat home is approximately \$220,000 or \$183.00 per square foot making homeownership more sustainable than new public housing at approximately \$450,000 per unit. Habitat clients also contribute 500 hours of sweat equity towards constructing their home and other Habitat homes.

The Habitat model specifically focuses on low-income households. Eligibility for a Habitat home is reserved for households earning less than 80 percent of the area median income (AMI). A typical Habitat mortgage is no more than 30 percent of the homeowner's gross income. A low-to-no interest mortgage coupled with solar energy and energy efficient appliances helps keep homeowner housing costs fixed and manageable making homeownership possible even for low-income

households. Habitat provides intensive financial education support to ensure that homeowners understand the financial responsibility that comes with homeownership.

Habitat is a complete real estate service operation taking on the roles of developer, lender, and loan servicer. This means that Habitat is invested in its clients through every step of the homeownership process building lifelong relationships with homeowners. Habitat prepares each client with sufficient financial education to pursue and afford homeownership, includes clients in the design and construction process, and works with the client through any personal and financial problem to mitigate any payment problems once they are in the home. Not surprisingly, Habitat has had no defaulted loans or foreclosures. Habitat reports that since moving in, 76 percent of their families with school-age children saw an improvement in study habits and school, 57 percent have more savings, and 48 percent feel more connected to the community demonstrating the positive effects of homeownership that help stabilize neighborhoods.

Habitat also has a program to repair the homes of seniors unable to fix their homes. The program enables local seniors and military veterans to stay in their already affordable homes and age in place safely. Habitat has helped over 50 seniors stay in their homes since the project started in 2016. The program responds to the housing crisis in California by solving health, accessibility and safety concerns in homes owned by low-income families, veterans, and elderly residents on limited incomes. By fixing the long-deferred maintenance projects, critical repairs and code violations, Habitat keeps families in their already affordable homes and avoids displacement.

Besides single-family projects, Habitat has had the opportunity to acquire larger sites where multiple units could be constructed. In the Avenues, a deeply impoverished neighborhood in South Sacramento, Habitat constructed 5 two-story homes at the corner of Martin Luther King Jr. Boulevard and 43rd Avenue. On Indian Lane just north of Florin Road, Habitat completed a 14-home project. The project took nearly three years of construction, countless donations, and over 4,500 volunteers who put in 37,000 hours helping

build the homes attesting to Habitat's ability to involve the neighborhood and organizations throughout the region for support. The Indian Lane Development was a first of its kind development for Sacramento County with its meshing of housing affordability, Platinum LEED building standards, and Transit-Oriented Development principles with its proximity to the Florin Road Light Rail Station. These homes help transition renter families into homeowners and contribute to neighborhood and local government efforts to stabilize a neighborhood suffering from years of neglect and disinvestment. These South Sacramento project demonstrate the focus Habitat puts not just into homeowners but into distressed neighborhoods.

Habitat's commitment to neighborhood revitalization is seen in its Build for Unity project, a monumental interfaith build program and effort to bring people together of different backgrounds and faiths to put aside differences to build homes and unity. For six months in 2017, Christian, Muslim, Buddhist, Jewish, Sikh, and other interfaith communities came together to fund and build Habitat homes as a permanent representation of unity within the Sacramento community. These homes were made possible through the generosity of faith communities and individuals who raised \$176,000 and worked side by side to build the homes as a symbol of unity. Over 1,000 volunteers from all faiths contributed to building the homes, putting in 10,000 hours of labor alongside the families. Since the pilot Sacramento Build for Unity Project, over 30 cities across the U.S. have started their own Build for Unity projects in their own communities.

Habitat's neighborhood revitalizations effort brings together agencies and partners for collaborative community impact projects in neighborhoods, parks, schools, community centers and collaboratives for bettering the community as a whole. They partner with local governments to rehabilitate illegal cannabis "grow houses" into safe affordable homeownership opportunities. Habitat is now partnering with Mutual Housing on a new housing development in South Sacramento that mixes 18 new Habitat homes for low-income buyers with 108 rental units developed by Mutual Housing. Of these rental units, 88 are projected to serve low- and very low-income families and 20 will provide permanent supportive housing for homeless individuals and families. The Habitat/Mutual Housing

partnership demonstrates how neighborhood specific planning works and that neighborhood planning is an effective process that can improve the quality of life in some of our most distressed neighborhoods.

Habitat's retail outlet, The ReStore, sells new and used donated building materials, fixtures, and home furnishings at a price significantly lower than retail stores. In just this past year, the ReStore diverted 950,000 lbs. of usable materials from landfills generating over \$1 million in sales to support new affordable home construction, which is primarily funded by donations of cash and labor.

It is abundantly clear that the Habitat model for homeownership is a concept that needs to be brought to scale. Homeownership is key to household and neighborhood stabilization and is an effective and practical approach to poverty intervention. The Habitat model further demonstrates that by focusing on repairing neighborhood conditions we actually build community.¹⁷⁵

JCH Research Neighborhood-Focused Planning – Sacramento, CA

Much of the logic and structure for this report has its roots in the Franklin Plan, a neighborhood-focused energy and economic plan completed by JCH Research in 2016 that calls for neighborhood stabilization through circular economic productivity and environmental stewardship. The Plan originated from a request from the local business district to JCH Research seeking ways to recover from the subprime loan crisis and the subsequent economic recession that severely affected the Franklin business corridor. The three-year research project focused on formulating options for revitalization of a distressed neighborhood where residents and businesses and organizations remain under-resourced. The research focused on diagnostics to understand the structural or institutional conditions that resulted in racial and economic isolation, sustainable community strategies to understand state legislative mandates related to climate change, and Title VI of the Federal Civil Rights Act to understand the baseline conditions for operationalizing the equity provisions found in

climate change legislation. The research provided the guide for developing metrics of restoration – restoring economic productivity to levels before freeway construction and divestment; regeneration - creating circular economic productivity for stabilization; and resilience - determining whether solutions would be viable, appropriate, and practical for increasing local economic productivity and disaster recovery.

The plan resulted in creating the North Franklin Neighborhood Development Corporation with a nonprofit status that puts the neighborhood in the legal position for grants and other funding opportunities. The plan's neighborhood assessment recommended a redesign of the Franklin Boulevard business corridor using "complete street" principles as the baseline for neighborhood economic and environmental strategies; the plan encourages affordable housing and transit options that complement and leverage the benefits of the complete streets project. Emphasis is placed on making the business corridor an active living space that connects housing, public space, local entrepreneurship, and the environment. Because of this planning effort, SACOG and the City of Sacramento set aside \$860,000 in funding for planning the Franklin complete streets project. The Franklin plan also was the foundation for a \$5 million energy efficiency and solar installation grant awarded to Community Resource Project, a local energy efficiency nonprofit servicing the area.¹⁷⁶

The research challenge in North Franklin and other similarly situated neighborhoods was to learn how to integrate circular economic principles with environmental economics as a path to address the pronounced racial and economic differences in local economic productivity that creates distinct and visible wealth gaps between our neighborhoods. The research revealed three key attributes needed for redesigning neighborhood-focused economic productivity.

¹⁷⁵ habitatgreatersac.org.

¹⁷⁶ Following the completion of the Franklin neighborhood plan and related grant awards in 2016, JCH Research was no longer involved in the planning activities of the Franklin business district.

Innovation - neighborhood-oriented solutions must stabilize and strengthen local economic productivity, energy efficiency, public health, and environmental conditions in ways that go beyond traditional dependency-oriented planning.

Infrastructure - effective and safe multi-modal transit, energy efficiency and renewable energy options must link neighborhood economic productivity with public health, affordable housing, and environmental responsibility.

Investment - flows of public investment capital must be equitably distributed between traditionally targeted sites for new development and disadvantaged neighborhoods experiencing economic stress from a history of divestment and disinvestment.

Concepts generated from the Franklin research project were also used as a resource in developing concepts for analyzing and summarizing the examples of best practices discussed above.

SUMMARY OF NEIGHBORHOOD-FOCUSED BEST PRACTICES AND RECOMMENDATIONS

Solutions generated by these best practices all focus on improving the health and economic well-being of disadvantaged neighborhoods. The emphasis is on place-based holistic approaches that seek to improve the overall quality of a neighborhood. These best practices for urban revitalization seek to address the most critical environmental, economic, social, political, and cultural challenges confronting a neighborhood through fully integrated and coordinated models that place equal emphasis

on a neighborhood vision, planning, project implementation, and organizational capacity-building. Neighborhood asset inventories help leverage existing strengths and resources into planning activities that address immediate problems and create future development opportunities. These best practices provide examples of how neighborhoods can position themselves for the work of rebuilding local economies in distress.

Planning for Protections. Policies for development in disadvantaged neighborhoods must result in responsible neighborhood-focused economic productivity without displacement. Policies must prevent any economic hardship that leads to gentrification while providing for protections against numerous sources of pollution. Housing development must result in a net gain of affordable housing while halting displacement. Also, affordable housing cannot be solely limited to affordable rental units. The rate for homeownership in disadvantaged neighborhoods must be equal to the rate of homeownership in well-resourced census tracts for long-term stability to take place.

Local governments must strengthen community leadership in the land use planning process by including neighborhood organizations active in land planning and neighborhood development on advisory committees and boards. These entities must create neighborhood-based metrics for reviewing projects and development proposals to ensure compliance with environmental and equity concerns in climate change legislation and local climate change and general plans. Finally, distribution of public infrastructure investment and public services must be equal to all neighborhoods as all residents contribute to property and sales taxes and the numerous fees levied by local government.

Neighborhood Housing Plan. An essential part of neighborhood stability is quality housing. Disadvantaged neighborhoods need a neighborhood-specific housing plan that provides for the array of housing products needed for all its residents. Transitional housing can include rehabilitating distressed small multi-family units with each project linked to organizations providing transitional support services. Small scale multi-family new construction

can be placed on large lots zoned as R1 and help increase the affordable housing stock. “Incremental Housing” concepts can spur self-build projects that reduce costs and increase homeownership opportunities. Removing zoning barriers to splitting large parcels of land will help organizations such as Habitat for Humanity to increase the housing stock for low-income homeownership. Also, small lot subdivision can open up opportunities for building new homes for homeowners in SB 1000 target neighborhoods - but only if a targeted supportive financing infrastructure is present.

New single-family home construction for home ownership must be supported by financing programs specifically focusing on low-income home buyers residing in SB 1000 target neighborhoods. This must go beyond the typical and concessionary down-payment assistance grant programs that do not result in a sustainable strategy for homeownership by long-term residents in SB 1000 neighborhoods. Cooperative housing communities for low-income owners can provide a safe and supportive housing option for seniors. Accessory Dwelling Units in disadvantaged neighborhoods can be incentivized in target areas. Higher-density affordable and supportive housing that consider neighborhood housing strategies with linkage to complete street concepts and business corridors, when possible, can be provided density bonuses. “Smart Forest City” concepts that emphasize self-sufficiency through energy production and carbon sequestration can be used for repurposing outdated shopping malls increasing the affordable housing stock while using environmentally friendly best practices. Best practices provide important clues that housing projects must be designed with the purpose to restore and revitalize neighborhoods. Therefore, serious neighborhood-focused planning must be in place to guide housing development.

Neighborhood Energy Plan. Neighborhoods need local energy planning that addresses economic and environmental inequities through green jobs training, community greening programs, and social enterprise. Disadvantaged neighborhoods must be included as economic partners that can engage in local economies as producers of energy, not just dependent users of energy that rely on utility company stipends for payment reduction. Intensive classroom-based

and hands-on green jobs training programs with projects such as tree surveys, water quality testing and restoration must prepare neighborhood residents to enter the employment sector. Vacant industrial land and parking lots are just two examples of where neighborhood-owned solar energy production can occur with revenue from the sale of energy circulated back to local short-term projects and long-term programs.

Emphasis is needed on neighborhood microgrid systems that provide more opportunities for modernizing local energy production, decentralized distribution, and circular economic productivity at the neighborhood scale while reducing the cost of use. Traditional reliance by municipalities on utility companies to manage electricity generation and distribution forces a dependent relationship with neighborhoods that blocks the potential for building local economic productivity through effective, regenerative energy-focused business partnerships.

Increases in population and energy use along with new ways for property owners and neighborhoods to produce energy signals the trend towards distributive energy strategies. How neighborhoods are integrated into future energy planning informs us on whether disadvantaged neighborhoods are integrated into the regional economy as passive and dependent users of energy or as active and valuable economic partners engaged in the production of renewable energy.

Energy planning is a neighborhood level priority and must no longer be seen as solely a relationship with rate payers. Without neighborhood-scale energy planning and infrastructure financing that allow for a more decentralized and distributive structure for energy production and use, it is inconceivable that municipalities and regions will meet their climate change goals, much less rein in escalating utility rates.

The lack of comprehensive energy planning misses crucial opportunities for building disadvantaged neighborhoods into resilient, economically productive neighborhoods and impedes as well as dictates the future of these neighborhoods.

Health and Wellness. An essential part of neighborhood stability emphasized by all best practices reviewed for this report is the health and

wellness of residents. This requires extensive planning and effort to ensure access to resources reaches those most in need. Best practices above show how neighborhoods promote public health through supportive housing models that incorporate multiple forms of health and wellness programming. Quality of Life approaches recognize and place value on how the social determinants of health remain essential components of planning both neighborhood and individual wellbeing. Health depends on access to an array of interconnected social, economic, and physical factors that impact the environments where people live, learn, work, and play. Neighborhood-focused health planning acknowledges how degrees of opportunity dictate health inequities experienced at the neighborhood level and prioritizes how residents access social determinants.

Safe shelter through environmentally conscious affordable housing development, home repairs and maintenance, responsible property management are also a part of a Healthy Neighborhoods approach to community development. Health and wellness are more than just connecting residents to a bundle of supportive services. Quality of Life and Healthy Neighborhoods approaches require planning for incorporating a spectrum of strategies intended on aligning residents, businesses, community partners and public agencies around a shared vision for neighborhood health and wellbeing. Finally, reshaping health care delivery as a more distributive and decentralized function can provide pathways for formulating cradle to career programming and lead to a more equitable sharing of the financial rewards generated through health care related operations. Neighborhoods must also be included as business partners essential to the public health mission.

Health care delivery must also be seen as an integral part of neighborhood focused economic productivity. The business of health care delivery produces economic spinoffs that contribute to neighborhood stability. Where we plan our health facilities is an important component of urban planning and has been overlooked as a distinct and causal social and economic determinant that is essential for neighborhood health.

Planning for Neighborhood-Focused Economic Productivity. Restoring neighborhood economic productivity requires an infrastructure designed to provide the political and financial support needed to stimulate circular economic action. Neighborhood-focused funding strategies help turn housing and energy planning into short-term projects and long-term programs. Simply put, a neighborhood-focused financial infrastructure is needed to create the flow of capital required to bring neighborhood planning to life. This neighborhood-focused infrastructure must be at the magnitude of the financial infrastructure used to create 100 years of racial segregation and disparate impact.

Fortunately, much of the same financial infrastructure used to inflict such harm can be redesigned for positive use. A comprehensive social impact financial plan is required to attack the disparity in public finance experienced in redlined neighborhoods. This plan can begin with a mortgage securitization program to provide homeownership opportunities specifically for low-income residents of SB 1000 target neighborhoods. The Habitat for Humanity homeownership model clearly shows that mortgages for those with low-income can be accomplished with minimal risk.

Securitization technologies, the same technologies used in predatory lending, when used in a positive way, can create a circular flow of capital that facilitates homeownership for low-income homebuyers creating mortgage underwriting guidelines that specifically target households in SB 1000 areas with income under 80 percent AMI. This will move strategies for affordable homeownership beyond unsustainable down-payment assistance grant programs and remove dependency on short-funded local government programs. Through securitization, the loan pool would be replenished as seasoned loans are sold. A similar revolving fund could be established for other housing types such as accessible dwelling units, home repair/rehabilitation programs, cooperative housing, incremental housing, and small-scale multi-family units that increase the housing stock in SB 1000 areas. Such a fund could also provide affordable housing builders with a small layer of financing for their funding stack. The fund can help the expansion of local land banking activities by providing access to capital needed for home

construction as well as the takeout financing for their low-income buyers.

Using securitization technologies in a nonpredatory way can provide an important financing tool needed for the full spectrum of housing products that meet the needs of all residents – from transitional and supportive housing to homeownership. This type of innovative neighborhood lending infrastructure is essential to reviving our most economically depressed low-income neighborhoods. Similar financial technologies can be used for funding solar farms, microgrids, solar energy storage, and solar parking lot covers allowing neighborhoods to become necessary and productive producers of clean energy needed to achieve the level of environmental stewardship required to impact and reverse climate change.

Fund development can begin with local branches of commercial banks needing Community Reinvestment Act (CRA) credits. Large banks are required to reinvest in low-income areas to demonstrate their commitment to community reinvestment opportunities. Contributing towards such a fund can provide banks with CRA credits. University Community Benefits Agreements should specifically include a significant long-term contribution to the fund. Health foundations and hospital systems can also make significant contributions as safe and affordable housing has a significant impact on public health outcomes. Enhanced Infrastructure Financing Districts (EIFD) can help generate funding through tax increment financing methods which can be matched with other forms of public financing. However, EIFD bond proceeds must be specifically earmarked through binding community benefits agreements with disadvantaged neighborhoods using neighborhood-focused sustainability planning principles prior to any issuance of bonds. Transparent and cooperative decisions on how the funds will be used and for who must be a public process. The use of EIFDs must be a negotiated process where priorities for the use of said funds addresses neighborhood needs first, not as ancillary concessions to facilitate regional needs.

Land Bank Expansion. Local governments must make neighborhood-focused land bank contributions a priority. Land banking meshed with neighborhood-focused housing and energy plans, coupled with

innovative housing finance can increase the affordable housing stock for both renters and homeowners without a total reliance on high-density housing projects. Development through land banking can preserve affordable housing and help stabilize neighborhoods with protections against foreclosures and displacement. When development takes place through a land bank, the price of a home is significantly decreased removing a huge barrier to homeownership. When land for development is leased from the land bank, development takes place with the intention of preserving environmentally friendly affordable housing and diverse neighborhoods as well as preventing eviction and speculation in areas at risk of gentrification.

Local renewable energy projects can also be developed through the land bank making land use affordable for such projects to generate revenues for neighborhood projects and services. Given the protections land banking can bring to a disadvantaged neighborhood, local governments should take inventory of the land available for moving to a local land bank and commit to a land grant process that advances the neighborhood development mission. Vacant and underutilized land in disadvantaged neighborhoods can be shifted to community land bank organizations, which have affordable housing for residents in disadvantaged neighborhoods as a priority. However, land banking will not be successful in Sacramento without a sustainable financial infrastructure that provides the capacity to complete their mission of neighborhood-focused development.

“Planning in our cities must also include planning for our neighborhoods most in need – not as ancillary to city and regional goals, or concessionary to mitigate protest, but instead as a priority that shapes and supports the heart of where human interaction takes place.”



5. CONCLUSION - WHO DECIDES WHAT IS EQUITABLE?

This report seeks to shed light on the origins of housing discrimination in Sacramento and its long-term effects on the city’s disadvantaged neighborhoods we see today. The report attempts to contextualize the current conditions SB 1000 seeks to address by seeing inequality through the eyes of the neighborhood.

Making the neighborhood the primary unit of analysis from which to understand the process of environmental injustice shifts the environmental justice discussion beyond traditional assessment methods that focus solely on individual outcomes. These traditional assessment tools invariably place the cause of social problems on “people deficiencies” with solutions limited to helping the “deficient individuals.”

The danger with this approach is that solutions are then framed for individuals - meaning solutions often take on the form of donations or grants that can stunt long-term economic productivity in our neighborhoods. Through this traditional approach, the individual remains the unit of analysis effectively removing from consideration the larger structural or institutional processes that guide access to social determinants required for economic productivity.

This report provides a baseline of knowledge on how, why, and where we see racialized differences when measuring outcomes of the social determinants needed to support neighborhood wellbeing. This information can be a starting point when developing future strategies for making climate change and environmental justice operational at the neighborhood level.

One question this report attempts to respond to “is how can racial differences continue to separate and divide Sacramento residents for over 100 years?” With a multitude of civil rights laws in place guaranteeing

equal protection and opportunity for everyone in the city, how can we have such differences in income, education, health wealth, and housing between residents in different neighborhoods? Not only can we measure these outcomes by place, but more disturbing is that fact that we can continually measure these outcomes by race.

What is Race? In its simplest form, race is a process. It is not biological. Instead, race is the process of creating distance between groups. Through the process of race making, groups are assigned labels in the form of positive or negative values so that the distance, or inferiority, is clear and profound. This generalization in turn allows for a ranking or separation of groups.¹⁷⁷ It is the collective enforcement of these rankings that turns race into an intergenerational process of power, privilege, and exclusion. The difference is measurable. Income, property values, credit scores, health outcomes, educational attainment become conflated with merit and intellect, which in turn leads to multiple forms of racial bias. This bias is continually leveraged for economic advantage through preference and exclusion.

What is the political and financial infrastructure needed to keep racial distancing operational for over 100 years? Using Sacramento as the case study, Section 2 of this report outlined the components of this infrastructure - race covenants, mortgage redlining, urban redevelopment, gentrification, and urban planning – social processes all interrelated and reinforcing and taking root through decades of city growth.

¹⁷⁷ See for example: Albert Memmi. *Dominated Man*, Chapter 8; Herbert Blumer. *Race Prejudice as a Sense of Group Position*. *The Pacific Sociological Review*, Vol. 1, No. 1 (Spring, 1958), pp. 3-7.; Hernandez 2014.

Section 2 showed how these interdependent components, through public policy, purposively activated racial antagonisms to destroy the economic productivity of Sacramento's ethnic enclaves built in response to segregation. This racial history in Sacramento also has a spatial footprint. Race and poverty follow a north/south pattern of concentration and redlining; opportunity and prosperity follow a west/east pattern initiated by using racially restrictive covenants.

Section 3 uses this intergenerational "X" to document the continuum of segregation, disparate impact, and cumulative trauma in Sacramento. Section 3 then demonstrated how redlining, gentrification, public infrastructure funding, and securitization represent new versions of old racial distancing techniques that repeat each generation, affecting the same populations, and reinforcing and embedding distance into the city's economic DNA.

The best practices and recommendations provided in Section 4 suggest that an opportunity for change does exist. Given the history of segregation and its effects on our neighborhoods across the nation, it should not come as any surprise that the best practices highlighted in this report emphasize and prioritize both services and protections for neighborhoods.

However, deciding what's best for a neighborhood remains a fuzzy process where community engagement required for compliance with civil rights policies and environmental justice legislative mandates is often distorted as evidence of effective community participation in the planning process. Although public meetings on planning issues do comply with the letter of the law, the question remains, do the results comply with the spirit of the law?

Despite the demise of redevelopment agencies, community engagement provides a unique opportunity for neighborhoods to be a true planning partner. But concerns regarding how we can allow for speculative development as a solution in places without neighborhood-scale planning need to be addressed. If our system of community engagement is centered on the review and consideration of city-sponsored development projects, how do we provide neighborhoods with the tools needed for

understanding the process of development and for the proper evaluation of proposals requiring public input? How do neighborhoods decide what is equitable?

Section 4 of this report initiates a discussion on what neighborhoods should consider when evaluating development projects such as specific plans or zoning changes and points out that a common set of metrics is needed for community engagement to be more effective and for ensuring that neighborhood protections are in place. More important, the discussion in Section 4 provides guidelines for neighborhood-focused planning that can advance the conceptualization of projects for the future.

What do our neighborhoods look like in the future? How will housing, transportation, energy distribution, health care, and other forms of infrastructure shape the future of our neighborhoods? In SB 1000 target areas, these questions raise considerable concern given the known history of economic and racial segregation that remains a part of our institutional DNA.

Finn and colleagues (2006) outline basic steps for initiating the difficult work associated with getting neighborhood-focused planning started in the right direction.¹⁷⁸ Neighborhoods must begin with a vision. Given the guidelines for neighborhood-focused sustainability outlined in Section 4, what should a disadvantaged neighborhood look like in the future? Next, what are the specific results to be achieved by implementing the vision? What are the outcomes that can be achieved in 10 years? Or in 20 years? Third, what are the key concepts and strategies formulated to reach neighborhood economic productivity through neighborhood-focused sustainability?

The response to these questions come in defining specific actions in the form of short-term projects and long-term programs designed to reach the neighborhood vision. Each step must now actively incorporate the concepts of reliability, restoration, regeneration, and resilience so neighborhood planning

¹⁷⁸ The Finn model for initiating neighborhood-based planning has been modified here to incorporate the principles of neighborhood-focused sustainability presented in Section 4 of this report.

can move in a positive direction towards economic productivity.

Best practices reveal that housing is a fundamental neighborhood asset essential for neighborhood stabilization. Housing has a multitude of economic and social spinoffs that when nurtured, can help improve the quality of life for residents and the neighborhoods they reside in. Because households come in varying sizes and income levels, an array of housing products is needed to properly transition residents to housing that meets their needs at each significant point in their lives – from homelessness to homeownership. This cannot be accomplished without planning that is specifically intended to meet each neighborhoods' housing needs with protections that prevent displacement. Without a neighborhood-specific housing plan, housing development is reduced to a series of unsynchronized projects that fail to contribute to a neighborhood vision of economic productivity.

Climate change legislation indicates the immediate and absolutely urgent need for reducing reliance on fossil fuels, maximizing energy efficiency, producing renewable energy and conserving our natural resources. Together, these strategies advance environmental stewardship at the state, regional, and municipal levels. However, no real planning is occurring or emerging at the neighborhood level to ensure that neighborhoods enter the green economy as economic partners engaged in the production of renewable energy and as environmental stewards - not just as dependent consumers of energy in constant need of financial assistance from utility companies.

The practice of environmental justice must prioritize neighborhood-focused energy planning - energy use, technology that allows for local energy production and distribution, and environmental stewardship are essential parts of today's urban planning process. Comprehensive neighborhood-focused energy plans are needed to ensure that disadvantaged neighborhoods are included as equal partners in the region's green economy.

Besides the lack of housing and energy planning, neighborhoods are also faced with the problem

of reviewing proposals for development and public infrastructure projects presented by local governments, which by law require public outreach and participation. As previously noted, neighborhoods may be included in the community engagement process but they are seldom certain of what is being proposed and what is represented in the content of the materials presented during the administrative process. They often have no clear way of determining if a proposal is suitable or beneficial for their neighborhood. In addition, public documents such as specific plans and environmental impact reports are extremely technical planning documents that can easily run from 200 to 800 pages.

How do residents evaluate such proposals? What are the specific metrics that neighborhoods can follow to measure equity or sustainability claims in proposals? What tools do residents use to evaluate a specific plan? How do residents determine if the requirements of AB 32, SB 375, SB 535, AB 1550, SB 1000 and other climate change and environmental justice legislative acts are carefully considered when evaluating proposals in disadvantaged neighborhoods?

Section 4 of this report provides fundamental building blocks for understanding the concept of neighborhood-focused sustainability principles that can help not just in evaluating the merits of development proposals, but also in conceptualizing projects for neighborhoods to propose to city planners in their behalf. The concepts of reliability, restoration, regeneration, and resilience are introduced as analytical filters that provide a solid foundation for developing effective neighborhood needs assessments. They also serve as guides for evaluating proposals and for generating projects and programs that can help neighborhoods realize their plans.

Below is a list of questions for neighborhood sustainability practitioners to consider when evaluating projects proposed in disadvantaged neighborhoods. These are examples of basic questions that, when preceded by neighborhood planning, can provide neighborhoods with protections and benefits.

- Is there a neighborhood-specific housing needs assessment and housing plan in place with a 5- and 10-year vision to help neighborhood stakeholders guide housing development decisions?
- Is there a neighborhood-specific energy plan in place with a 5- and 10-year vision for renewable energy production and distribution?
- When projects are proposed for an SB 1000 neighborhood, is it clear what neighborhood problem the proposed project is attempting to resolve and for whom?
- How does a proposed project specifically address the neighborhood-focused principles of sustainability? Is the proposal in sync with neighborhood housing and energy plans?
- Are the metrics used in determining a project's impact on correcting disparate impact clearly defined?
- Are anti-displacement policies detailed with specific and measurable action steps?
- Does the project result in a net loss of affordable housing units?
- In projects with market rate housing units, are there commitments to low-income units equal to the percent of low-income people in the neighborhood. Are these commitments long-term and legally binding?
- Disadvantaged neighborhoods need homeownership to stabilize their households and protect against gentrification and displacement. Does the proposed project specifically help disadvantaged neighborhoods increase the rate of homeownership for existing residents? If not, what remedial financial agreements and amounts are needed for the project to adequately address this neighborhood-specific need?
- Is there a long-term financing infrastructure in place to facilitate affordable homeownership and renewable energy projects in the neighborhood?
- How do proposed upzoning projects help the environmental conditions of the disadvantaged neighborhood? What are the metrics used to determine this?

- What are the specific connections created between housing, education, employment, and public health by projects leveraging upzoning opportunities in disadvantaged neighborhoods?

Many residents see a city that openly talks about racial unity as a priority. However, they are increasingly concerned with the lack of actions to support said priority. The Dudley Street Neighborhood Initiative reminds us that neighborhoods can no longer withstand well-intentioned investments that may benefit one neighborhood, while ultimately undermining the viability of others.

And our reliance on competitive or “first come” grant opportunities puts disadvantaged neighborhoods against each other scrambling for the small set of funds that are loosely dedicated to revitalization and recovery. This is not a sustainable financial infrastructure that can support environmental justice goals. Instead, it retrenches negative race relations even deeper into the city's social and economic DNA.

What's important to note here is that public infrastructure investment in regional and neighborhood transportation, schools, housing, and health care facilities must not be seen as a response to demographic changes in the region. Instead, it must be seen as the driver for demographic change making it an urgency in SB 1000 neighborhoods.

Solutions cannot be piecemeal or concessionary gestures – they must result from careful neighborhood-focused planning for interventions that are restorative and regenerative by design. Environmental Justice now means redesigning administrative systems to address the restoration of disadvantaged neighborhoods with the political and financial infrastructure in place to support legislative mandates intended to revitalize these places.

We must understand and acknowledge the cataclysmic levels of public funding and the distribution system that continues to create and support privilege and prosperity for some but lead to social closure for others. Even more troubling is that those who do not share in the benefits from public investment still have to pay for it through fees, taxes, and other forms of public levies.

An intricate public/private political and economic infrastructure was used to produce a century of racial harm. A neighborhood-focused infrastructure – one as comprehensive and sophisticated as the infrastructure used to create 100 years of disparate treatment and disparate impact - is necessary to undo the harm. If we truly seek to undo the harm, meaningful planning for our neighborhoods must become our priority. Three main themes must guide the development of solutions - the neighborhood is a key unit of analysis in applying environmental justice policies; solutions must provide for neighborhood stability; and neighborhood planning must be for solutions equal to or greater than the cumulative harm.

Neighborhoods are not ancillary to cities. Instead, they are the backbone and foundation to city life. However, when we see racial and economic differences between our neighborhoods and the quality of life they enjoy, this also reflects our priorities. Planning in our cities must also include planning for our neighborhoods most in need – not as ancillary to city and regional goals, or concessionary to mitigate protest, but instead as a priority that shapes and supports the heart of where human interaction takes place. Neighborhoods are sensitive ecosystems that reflect how we choose and whom we choose to support through multiple forms of public infrastructure, which in turn affects the quality of all our lives.

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ABOUT THE AUTHOR

The research of urban sociologist Dr. Jesus Hernandez is dedicated to understanding social problems that affect community cohesion, neighborhood development, and quality of life. His work highlights the importance of equitable urban and environmental planning, housing finance, and public policy in building effective neighborhood-based economic development strategies. The urgency to connect neighborhoods to policy, planning, and funding resulted in JCH Research, a consulting firm he created to provide flexibility in connecting academic research and macro-scale urban policy to the on-the-ground practice of sustainability and climate change at the neighborhood scale.



His research prioritizes the neighborhood as an important unit of analysis emphasizing neighborhood-scale economic development and revitalization to directly address racial/spatial wealth gaps and disparate public investment patterns. His current research centers on using neighborhood-based energy and housing planning to implement climate change and sustainable community strategies in neighborhoods experiencing long-term disinvestment and poverty. He also assists nonprofit agencies with research on housing, neighborhood-based energy planning, public health, and sustainable community strategies.

His parents met in the West End in 1948. His mother was a waitress at the Azteca Mexican Restaurant on K Street, between 2nd and 3rd streets located next door to Dukes Mens Wear (seen at the far left in the photo). His father, who was a cook at the restaurant, arrived in Sacramento via the Bracero Act, a labor agreement with Mexico to provide the state and the U.S. with temporary labor during WWII and the Japanese incarceration.

Redevelopment forced their relocation to Oak Park in the early 1950s, giving their son a firsthand view of the effects of displacement, gentrification, and disinvestment, which led to Sacramento's civil rights movement in the 1960s. These experiences, coupled with academic training in urban sociology, economic geography, and race relations, and over 30 years of experience in the real estate industry provide a unique set of tools for analyzing the effects of race and place in Sacramento.

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