

Health Impacts of Initiative Ordinance JJJ: Affordable and Transit-Oriented Housing Policies for the City of Los Angeles

HIA Brief | October 2016

Overview

This brief summarizes the findings and recommendations of a Health Impact Assessment (HIA) conducted by the Los Angeles County Department of Public Health's Health Impact Evaluation Center. The main goal of the HIA is to assess the potential health and health equity impacts of affordable and transit-oriented housing policies in Initiative Ordinance JJJ (Measure JJJ). We did not assess the potential impacts of Measure JJJ's labor provisions on the health of construction workers.

Our assessment is designed to inform and educate the public and policy makers about the health implications of affordable and transit oriented housing policies and not to promote a particular position on Measure JJJ. Based on our findings, we make general recommendations to decision makers considering similar policies and specific recommendations for those who would be responsible for implementing this Initiative, if it passes.

HIA Research Questions

The HIA is guided by five primary research questions, posed in a logical sequence, to connect the immediate effects of the Initiative on affordable housing (Question #1) with longer term health impacts through intermediate effects on social determinants of health (Questions #2-#5):^a

- **Research Question #1:** How would Initiative Ordinance JJJ affect access to affordable housing in Los Angeles?
- **Research Question #2:** How would changes in access to affordable housing affect rent burden, housing stability and overcrowding among lower-income residents, and how would these changes affect health in Los Angeles?
- **Research Question #3:** How would changes in affordable and/or market rate housing stock near major transit stations affect public transit ridership, air quality and physical activity, and how would these changes affect health in Los Angeles?
- **Research Question #4:** How would changes in affordable and/or market rate housing stock impact displacement and neighborhood segregation, and how would these changes affect health in Los Angeles?
- **Research Question #5:** How would changes in affordable housing stock impact housing quality and how would these changes affect health in Los Angeles?

^a Social determinants of health are conditions in the environments in which people are born, live, learn, work, play, worship, and age that affect a wide range of health and quality-of-life outcomes. The underlined items in the research questions are social determinants of health relevant to this HIA.

Background on Measure JJJ

Measure JJJ has two provisions intended to increase the production of affordable housing in the City of LA:

- The **“Transit-Oriented Communities Affordable Housing Overlay (TOC Overlay)”** provision would allow housing developers to build more densely near major transit stops^b in return for including minimum percentages of affordable units in those developments. The *TOC Overlay* enhances the existing State density bonus law^c to incentivize housing construction near transit.
- The **“Value Capture”** provision would apply similar affordability standards to all new residential developments with 10 or more units that seek certain discretionary zoning entitlements^d in order to increase allowable density. These projects would be required to include 5% of units affordable to extremely low-income households and 6% to 20% of units affordable to very low or low-income households.^e This provision also requires replacement of existing affordable and rent-stabilized units lost as a result of new residential construction (called “non-net-loss”). Developers would have the option to build affordable units off-site, or pay a fee in-lieu of building affordable units.

Projects covered by both of these provisions would be required to comply with certain construction labor standards, including payment of the area prevailing wage, and a good-faith effort to hire 30% local workers, including 10% transitional workers with life circumstances that act as barriers to employment.^f

1. Projected Effects on Access to Affordable Housing

Housing developers in Los Angeles disagree about how Measure JJJ would affect housing production based on the perceived potential for increased construction costs to drive down production. Research on the effects of similar policies in other jurisdictions shows no evidence that inclusionary housing policies^g have a dampening effect on municipal or regional housing markets.¹ However, the labor standards in Measure JJJ may add additional construction costs not found in most inclusionary housing policies studied. To account for a potential increase in overall construction costs, our projections assume that JJJ will have a modest dampening effect on housing production.

^b A major transit stop is defined in the California Public Resources Code as any rail station or major bus station with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

^c The State density bonus law allows developers up to a 35% increase in density in return for the inclusion of minimum percentages of affordable units. The percentage of required units depends on the amount of additional density desired.

^d Developers request these entitlements and the City either approves or denies them. The Value Capture provision would apply to the following approved entitlements: Zone Changes, Height District Changes, and/or General Plan Amendments.

^e Extremely low-income households have incomes below 30% of the median for LA County. Very low-income households have incomes between 30-50% of the median, and low-income households have incomes between 50-80% of the median.

^f Some of these barriers include: receiving public assistance, being a veteran, being emancipated from the foster care system, having a criminal record, lacking a GED or high school diploma and/or being a custodial single parent.

^g Inclusionary housing policies encourage the inclusion of affordable (i.e., below market-rate) housing units in market-rate housing developments. These policies can be voluntary (as in the case of Measure JJJ’s Value Capture provision applicable only to projects seeking discretionary entitlements) or mandatory (i.e., required for *all* developments—often referred to as *inclusionary zoning*).

To project the impacts of Measure JJJ on future production of affordable housing in the City of LA, we analyzed data from the Department of City Planning and the Department of Building and Safety.^h

Summary of TOC Overlay^j Effects

- Over 10 years, we project a gain of approximately 8,000^j very low-income or approximately 14,000^k low-income *units*, or some combination of the two.
- This is equivalent to housing up to approximately 24,000^l very low-income or up to approximately 43,000^m low-income *people*.
- These projections are conservative—they are based on the assumption that current production trends will level off rapidly over the next 10 years rather than continuing to climb.

Summary of Value Capture Effects

- Over the next 5 years, the number of potentially affected projects built is likely to double, and project size is likely to increase by up to 50% compared to the past 5 years.
- These projections are conservative—they are based on the assumption that current production trends will level off rapidly over the next 5 years rather than continuing to climb.
- Of the 2 affordable housing provisions in Measure JJJ, *Value Capture* has the potential for a greater absolute impact on access to affordable housing because it would add affordable housing units to projects that would have had few to none to begin with.

2. Potential Health Impacts of Decreases in Rent Burden, Housing Instability, and Overcrowding

Housing costs directly influence the portion of household income available for health-promoting needs: rent burden can impact access to food, health care, and prescription medications.

- A \$1,000 annual rise in rent for poor families is associated with a 20% increase in food insecurity.²
- People living in cost-burdened housing are 3 times more likely to forego health care and medications due to cost—and 75% more likely to report themselves to be in poor health.³
- Children experiencing housing instability and overcrowding are more likely to be food insecure and at risk for developmental problems. Children with greater residential instability also have lower emotional and behavioral functioning and cognitive skills.^{4,5}

Current Conditions: Rent Burden, Housing Instability, and Overcrowding in the City of LA

- The City of LA has one of the highest shares of renters in the US (nearly 2 in 3 residents). It also has one of the most unaffordable rental markets among large cities in the nation: 1 in 3 renters paid more than half of their income on rent in 2014.⁶

^h The data allowed us to make quantitative projections of the effects of the *TOC Overlay* provision, but due to limitations of the data we were not able to make precise numerical projections for the *Value Capture* provision.

ⁱ Our estimates are based on two future program scenarios: 50% and 65% maximum density bonus (i.e., an increase of 15% and 30% from current 35% maximum under State density bonus law).

^j Actual projection: 7,692 to 8,058 additional very low-income units.

^k Actual projection: 13,735 to 14,390 additional low-income units.

^l Actual projection: 21,945 to 24,174 very low-income people with access to housing.

^m Actual projection: 39,222 to 43,170 low-income people with access to housing; assumes 3 people per unit.

- The City of LA has one of the highest rates of rental overcrowding among large cities in the nation: 18% of renter households are overcrowded, compared with just 3% of US renter households.⁷
- The City of LA suffers from housing instability related to unaffordability: 5% of City of LA residents (141,000 people) have been homeless or not had their own place to sleep in the past 5 years.⁸

Potential Measure JJJ Impacts on Health via Rent Burden, Housing Instability, and Overcrowding

Measure JJJ explicitly aims to ease rent burden among low-income households in the City of LA. If Measure JJJ passes, over 10 years, up to 43,000 low-income renters could experience the health benefits of stable, affordable housing through the TOC Overlay, and tens of thousands more could experience similar health benefits through *Value Capture*.

3. Potential Health Impacts of Increases in Public Transit Ridership, Air Quality, and Physical Activity

People living near public transit, especially those in low-income households, are more likely to use it and less likely to drive. This helps to reduce vehicle emissions linked to respiratory diseases. People who use public transit also get more physical activity, which reduces the risk of heart disease and other chronic health conditions.

- There is evidence that Transit-Oriented Development (TOD)—housing and commercial development near transit stops—leads to gentrificationⁿ and lower transit ridership.⁹
- If wealthier residents displace lower-income residents near transit stops, there is a risk that this could actually increase vehicle miles travelled (VMTs) and worsen air quality.
- All other things equal, creating opportunities for low/very low-income households to move into neighborhoods close to transit could reduce VMTs and improve air quality for all.¹⁰

National health guidelines recommend that adults get at least 30 minutes of moderate physical activity per day to reduce the risk of heart disease, stroke, and other chronic diseases.¹¹

- Public transit users walk an *additional* 8 to 33 minutes per day. Increasing the proportion of people who commute to work via public transit could increase physical activity and reduce chronic disease.¹²

Current Conditions: Public Transit Ridership, Air Quality, and Physical Activity in the City of LA

- Low-income LA area workers living near transit are over 3 times more likely to use transit than high-income workers living near transit. High-income LA area households near transit have 2 times more VMTs than low-income households near transit.¹³
- There is evidence for potential air-quality related health benefits from creating and preserving affordable homes near rail stations in LA County.¹⁴
- In the City of LA, 1 in 3 adults don't meet national standards for aerobic physical activity⁸, and only 1 in 10 commute to work via public transit.⁷ Increasing public transit ridership could increase compliance with national physical activity standards.

ⁿ Gentrification is the term commonly used to describe a change process through which a once poor or neglected neighborhood becomes more affluent as a result of public and/or private investment and/or the in-migration of wealthier residents.

Potential Measure JJJ Impacts on Health via Public Transit Ridership, Air Quality and Physical Activity

Measure JJJ aims to increase the proportion of new residential developments near major transit stops and the proportion of affordable housing units with access to transit. According to our estimates, the *TOC Overlay* could result in up to 58,000 new housing units near transit over the next 10 years, with up to 14,000 of them affordable to low-income residents.

- By increasing the proportion of all Los Angeles residents living near transit, this aspect of the Proposition has the potential to increase physical activity and reduce exposure to harmful emissions among people of all income levels.
- By incentivizing the development of both market rate and affordable housing near transit, the Proposition would constitute an important component of a region-wide strategy for promoting greater use of public transit, which would have positive long-term effects on reducing a variety of chronic diseases.
- By ensuring that the benefits of transit-oriented development are extended to low and very-low income households, Measure JJJ may help avoid the potential for a gentrification-induced increase in vehicle miles travelled (VMTs), which would have adverse health effects and exacerbate climate change.

4. Potential Health Impacts of Decreased Displacement and Neighborhood Segregation

Gentrification and displacement^o can have negative impacts on health by contributing to the concentration of lower-income residents in neighborhoods with less resources and opportunities.

- Aspects of a neighborhood's physical and social environments affect health, including access to healthy foods, employment, parks, quality schools, social capital, and collective efficacy^p.¹⁵
- Displacement also has negative health effects at the individual level through disruptions in social support networks and disintegration of place attachments.¹⁶
- Children and families who move from low-income to mixed-income communities experience positive health benefits through increased feelings of safety and security and better educational and employment opportunities.¹⁷

Current Conditions: Displacement and Neighborhood Segregation in the City of LA

- One hundred sixty three LA County census tracts (2 of 3 of those in the City of LA) gentrified between 1990 and 2013.¹⁸
- TOD areas (within ½ mile of rail transit stations) experienced higher losses of affordable rental units and higher numbers of condo conversions than other areas.¹⁸
- While the County as a whole saw increases in the use of Section 8 housing vouchers, there was no increase in downtown TOD areas and a decrease in other TOD areas.¹⁸
- There is also evidence that TOD areas experienced exclusionary displacement^q.¹⁸

^o Displacement refers to the involuntary movement of residents out of neighborhoods where they once lived. Researchers have identified a number of ways that displacement can occur, both directly and indirectly. Displacement is a potential negative consequence of gentrification.

^p Social capital refers to value gained through enhanced social networks. Collective efficacy refers to the ability of members of a community to come together to solve common problems or address common concerns, such as safety, and/or norms of behavior.

Potential Measure JJJ Impacts on Health via Decreased Displacement and Neighborhood Segregation

In an effort to minimize the displacement effects of residential developments subject to *Value Capture*, Measure JJJ would require these projects to replace all existing affordable and rent-stabilized units lost in the demolition and/or construction process on a one-for-one basis.^r Measure JJJ would also promote increased neighborhood integration by creating voluntary inclusionary housing incentives for a new category of developments seeking increased density through discretionary zoning entitlements.

- Measure JJJ's inclusion of a no-net-loss policy would expand the potential health benefits of this anti-displacement policy beyond the current State density bonus program.⁵
- By incentivizing mixed-income communities, Measure JJJ would use land use policy to increase access to affordable housing while also promoting health-enhancing neighborhood integration.
- By allowing developers the option of off-site (but nearby) construction of affordable units, Measure JJJ would offer flexibility in the production of affordable units while preserving the neighborhood-level health benefits that those units would confer.

5. Potential Health Impacts of Improved Housing Quality

New housing constructed in compliance with local building codes can provide higher quality living environments than units that are older and suffer from a lack of maintenance and repair. Key elements of quality housing include the safety of structural features, the absence of pests, vermin, and molds and the use of non-toxic building materials. Housing quality has been shown to impact a variety of health outcomes, including asthma and other respiratory illnesses, rashes and skin infections and child development outcomes.

- Families living in substandard housing built before 1980 are at higher risk of lead poisoning, which increases childhood risk of developmental and cognitive delays.¹⁹
- Families in substandard housing are at higher risk of injuries.²⁰
- Children with asthma in substandard housing are more likely to be exposed to triggers that lead to asthma exacerbations and hospitalizations, which impact school absenteeism.²¹

Current Conditions: Housing Quality in the City of LA

- From 2006-2012, the LA Department of Building and Safety (DBS) reported over 800,000 building code violations. Almost all of them (98%) were classified as owner violations.²²
- Code violations are concentrated in LA's lower-income neighborhoods.²²
- In the City of LA, low-income children with asthma are more likely to have potentially preventable emergency room visits than higher income children with asthma, despite similar rates of asthma.⁸

^q Exclusionary displacement refers to displacement resulting from factors that prevent certain classes of individuals from moving into a neighborhood (e.g., through discrimination or the "pricing out" of low-income households).

^r This required replacement of affordable units is referred to as "no-net-loss".

⁵ A 2014 amendment to the State density bonus law added a "no-net-loss" policy to that program.

Potential Measure JJJ Impacts on Health via Housing Quality

Measure JJJ is not designed to improve the condition of existing housing, but it does promote new affordable housing construction.

- Measure JJJ could provide thousands of low-income residents with the opportunity to move from sub-standard to new health-promoting home environments.
- Measure JJJ's no-net-loss policy would help to replace older affordable units with newly constructed ones, increasing the proportion of high-quality affordable units that promote health.

Recommendations

- Policymakers and advocates should highlight the ways that affordable housing can benefit the physical and mental health of its occupants when they communicate with constituents about initiatives intended to increase access to affordable housing, particularly near transit.
- Local and state governments should explore the ways that land-use and zoning laws can promote health through equitable development, including:
 - Inclusionary housing policies
 - Non-profit community land trusts
 - Affordable housing trust funds
 - Long-term affordability covenants to ensure maximum health benefit over time
- As part of an overall plan for using land-use and zoning laws to promote equitable development, local governments should explore ways to integrate data collection and data management activities across local planning and building departments.
- Local and state policymakers should consider strategies to mitigate the potential negative health consequences that arise from displacement of existing residents when developing policies to encourage housing production for people of all income levels.

If Measure JJJ passes...

- Incorporate pathways for civic participation into all aspects of the initiative's implementation process through work with relevant stakeholders, e.g., impacted community residents, non-profit and for-profit developers, community organizations, public health experts and others.
- Consider current variation in residential density and ridership across major transit station areas in the design of the *TOC Overlay* density bonus program.
- Explore best practices for efficient and effective monitoring and enforcement of no-net-loss provisions, designation of affordable units, and criteria for tenant selection.

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