February 21, 2017

The Honorable Matt Rodriquez
Secretary, California Environmental Protection Agency (CalEPA)
1001 I Street
P.O. Box 2815
Sacramento, CA 95812-2815

Dear Secretary Rodriquez,

The Metropolitan Transportation Commission appreciates the opportunity to comment on CalEPA's proposal for defining California's disadvantaged communities (DACs) for the purpose of prioritizing Cap-and-Trade auction proceeds pursuant to Senate Bill 535 (De León, 2012) and Assembly Bill 1550 (Gomez, 2016). MTC supports the goal of prioritizing funding for disadvantaged communities and has been a leader among regional agencies in supporting social equity analysis as part of the development of our long-range transportation plan. However, MTC does not support the recommendation to rely on the single CalEnviroScreen (CES) composite score as the sole method for defining DACs for the purpose of Cap-and-Trade funds.

Since 2014, MTC, along with our partner regional agency, the Bay Area Air Quality Management District, has identified concerns about the state's reliance on CES as the sole method by which to define DACs due to its weak relationship to socioeconomic disadvantage, especially in the San Francisco Bay Area. While we appreciate and support the changes made by the Office of Environmental Health and Hazard Assessment (OEHHA) to Version 3.0 of the tool (particularly the new variable that identifies census tracts with a high share of households economically burdened by high housing costs), far too many of the state's socioeconomically disadvantaged and vulnerable communities continue to be excluded by a definition based solely on the top 25% CES3.0 score, while a large share of those census tracts that are identified as DACs are *not* low-income. Even under the improved tool, 41 percent of DACs in the Bay Area are *not* low-income, while dozens of low-income tracts are excluded.

Statewide, 1,226 low-income census tracts are excluded from the definition of a DAC under the proposed top 25% CES3.0 definition. This includes 144 communities that are *the most vulnerable in the state,* ranking in the top 10% of CES3.0's population-characteristics score.[i] These neighborhoods can be found across California; 40 are located in the Bay Area; 42 are in Los Angeles County, 24 are in the Inland Empire and nine are

located in the Central Valley. Among these omitted neighborhoods are:

- Census tracts in the Central Valley with poverty rates over 70 percent and unemployment rates over 20 percent
- Neighborhoods in Oakland with poverty rates over 50 percent that are among the most housing-burdened in the state
- Parts of Vallejo where the unemployment rate exceeds 25 percent
- Parts of Antioch with a poverty rate over 70 percent

In our view, any DAC definition that excludes tracts such as these, while including hundreds of tracts not classified as low-income (*including tracts with median incomes greater than $100,000*) is flawed, not to mention neglectful of the very communities that SB 535 advocates assumed they were helping. Specifically, Health & Safety Code 39711 provides CalEPA the option to define DACs on the basis of areas with high concentrations of environmental pollution or socioeconomic/population-based criteria. While we appreciate that the goal of CalEnviroScreen was to develop an environmental justice tool that identifies communities bearing the most cumulative impacts, we urge you to take a more expansive approach to defining DACs that incorporates multiple definitions so as to ensure that areas with extreme socioeconomic disadvantage are included.

As you know, the Greenhouse Gas Reduction Fund (GGRF) supports a diverse array of programs, ranging from transit improvements to affordable housing to water and renewable energy projects. The variables that comprise CES3.0 may be highly relevant for one program but irrelevant, or even counterproductive, for another. (Hopefully, most observers would agree that proximity to poor water quality, a solid waste facility and hazardous waste would not be selling points when deciding where to invest affordable housing funds). By broadening your definition from just the CES composite to give greater weight to socioeconomic-population-based factors, you will not only broaden the pool of applications, but also help target funds to areas most in need of economic investment.

We recommend that instead of using a single variable to determine whether or not a community qualifies as a DAC, allow a census tract to qualify based on a few different options. Below are a couple of alternative approaches we'd recommend for consideration, with the first preferred due to its stronger nexus to low-income.

1) Alternative Approach #1: Include CES3.0 census tracts scoring in the top 30% but only if they are have a median income below 80% of the statewide median. This would reduce the total number of DACs from 2,379 to 1,669 statewide. Allow tracts to also qualify if they score in the top 80% of the CES3.0 population-based composite variable. This would bring the statewide total to 1,945, just slightly less than the 1,982 tracts that would qualify under CalEPA's top 25% recommendation.
2) Alternative Approach #2: Include all CES3.0 census tracts scoring in the top 25%, as recommended, *plus* all tracts scoring in the top 10% of CES3.0 population-based variable. This would increase the total number of tracts to 2,126, still less than 30% of tracts statewide, a reasonable target now that AB 1550 targets 30% of funds to geographies defined by DACs.

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With respect to the question about how to treat communities with high pollution, but which have low population resulting in unreliable population data (or none), we recommend they be dealt with on a case-by-case basis. To the extent that such areas are promising locations for GGRF program investments, program applicants can highlight their pollution burden score in their application for funding. Allowing high-pollution (top 80%) areas to qualify as DACs regardless of their population factors should only be done if CalEPA applies a parallel approach on the population side, such as one of the approaches outlined above.

We look forward to continuing to work with CalEPA and the Air Resources Board to ensure that GGRF funds are prioritized to produce meaningful greenhouse gas reductions and to benefit the Bay Area's disadvantaged communities. I appreciate your willingness to meet with MTC staff, along with staff from our partner regional agency, the Bay Area Air Quality Management District, and understand the inherent challenges of this important task. Please don't hesitate to contact me or my staff, Rebecca Long, Manager of Government Relations, at 415-778-5289 or rlong@mtc.ca.gov with any questions.

Sincerely,

Alix A. Bockelman
Deputy Executive Director, Policy

cc: The Honorable Kevin de Leon, Senate President Pro Tempore
       The Honorable Anthon Rendon, Assembly Speaker
       The Honorable Phil Ting, California State Assembly
       The Honorable Brian Kelly, Secretary, California State Transportation Agency
       Ms. Mary D. Nichols, Chair, California Air Resources Board
       Dr. Lauren Zeise, Acting Director, OEHHA
       Ms. Kate White, Deputy Secretary, California State Transportation Agency

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[i] The CES3.0 population characteristics score is comprised of socioeconomic factors, such as educational attainment, unemployment, poverty, and housing burden as well as sensitive population indicators, such as rates of asthma, low birth weight and cardiovascular disease.