



An Inclusive Economic Recovery Strategy for the SCAG Region

Final Report & Recommendations

July 2021

ACKNOWLEDGMENTS

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ABOUT SCAG

SCAG is the nation's largest metropolitan planning organization (MPO), representing six counties, 191 cities and more than 19 million residents. SCAG undertakes a variety of planning and policy initiatives to encourage a more sustainable Southern California now and in the future.

VISION STATEMENT

Southern California's Catalyst for a Brighter Future

MISSION STATEMENT

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

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Southern California Association of Governments (SCAG) is deeply committed to building a healthy and inclusive Southern California economy. Following the rise of the novel coronavirus (COVID-19) pandemic in 2020, SCAG leadership recognized the importance in addressing the health, social and economic challenges that were both long-standing and heightened by the pandemic. In July 2020, SCAG's Regional Council made a commitment to advancing justice, equity, diversity, and inclusion throughout Southern California by adopting SCAG Resolution No. 20-623-2. Based upon this racial and social equity resolution and President Rex Richardson's FY20/21 Work Plan, SCAG staff has developed the Inclusive Economic Recovery Strategy (IERS).

With the goal of a region that is healthy, livable, sustainable, and economically resilient, SCAG acknowledges the need to dramatically improve outcomes for low-income families and people of color. To that end, SCAG's core function, its planning work, must directly address the long-standing systemic and institutional barriers that have fostered inequities in health, wealth, and opportunities.

The IERS serves as an important step towards identifying ways that metropolitan planning agencies, such as SCAG, can support economic prosperity and foster an inclusive economy. The IERS plan was developed using FY20/21 President Rex Richardson's strategy of Listen, Convene, and Catalyze. With the input of various business sectors and stakeholders, SCAG's work plan to develop the IERS carefully pairs data, with SCAG levers of work and existing efforts across the region. Developing the IERS is the first, but very important step in identifying new strategies and partnership opportunities to create a vibrant, inclusive economy.



Rex Richardson
Vice Mayor, City of Long Beach
2020-2021 SCAG President



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FOREWORD

Activating Strategies for Inclusion & Equity: *Understanding Our Past and Frameworks for the Future*

While inclusion and equity have often been areas of concern to policy makers and planners alike, there is still some ambiguity about what these mean in practice and how policymakers can make more informed decisions considering a myriad of diverse stakeholders. Key developments during the COVID-19 pandemic and a reckoning over painful and ongoing struggles for racial equity in criminal justice, public safety, education, and housing, have made matters of inclusion and equity much more urgent. The past year has also brought to the fore the importance of resilience¹ and sustainability.²

Given the prospect of a post-COVID recovery and the opportunity to build and redesign systems that can better serve all communities, critical questions for SCAG include:

1. How can governments play a more active role in inclusive economic development?
2. What do equity, sustainability, and resilience mean in practice (e.g., what role can key partnerships play?)
3. How can we more broadly understand the importance of racial and gender equity to fostering sustainable and resilient growth?

A study of economic development and regulatory history illustrates the existence and persistence of structural factors that have harmed or disadvantaged communities of color. Importantly, it also shows gaps in our understanding of key nuances within the historical story that have been buried or sidelined in favor of more dominant narratives. We call for a rethinking of how all these processes interact. Utilizing the framework of DNA: Data, Narrative, Action,³ we see an important opportunity for SCAG stakeholders in Southern California to conceptualize, understand, and take action to create a more sustainable, resilient, inclusive and equitable economy that can provide greater opportunity for all.

How We Got Here: A Brief Historical Background

Urban development and regional planning in Southern California have produced mixed outcomes over time. Commercial enterprise and household wealth rose dramatically with increased lending in the postwar period, but access to these opportunities were severely constrained for communities of color. Land use laws and related regulations (e.g., zoning, urban renewal) have been highly influential in shaping urban and suburban patterns, from their origins as mechanisms of nuisance control to subsequent efforts to promote and exclude certain types of development and populations.⁴

Highway construction played an important role in the past century's housing boom, moving jobs and housing further from the coast and reducing investment in central cities.⁵ Suburbanization in the interstate era was also pivotal in changing the jobs-housing balance⁶ and residents' views of transportation options and commuting. Further, the growing politicization of water rights that came with suburban expansion created an increasingly complex landscape of power in Southern California, where water has always played an important role.⁷

Like other areas nationwide, this interplay of land use, water rights, and financing helped create and exacerbate structural inequities, particularly with respect to race. For years, redlining - a type of lending discrimination - was common practice.⁸ Although the Fair Housing Act outlawed redlining in 1968, many communities of color, especially Black people, continue to have significantly fewer housing options and opportunities.⁹ In addition to the persistence of implicit bias and overt acts of discrimination in housing and lending, factors such as exclusionary zoning policies, and spatial sorting preferences among white residents continue to perpetuate racial segregation.¹⁰ Interstate highway construction also worsened residential segregation by race and class,¹¹ often splitting or completely isolating communities of color, and deliberately excluding on-ramps and off-ramps in poor and minority neighborhoods.¹² Further, residential segregation worsened racial disparities as jurisdictions increasingly relied on harsher policing and criminalization of drug possession that disproportionately harmed communities of color.¹³

In addition to housing discrimination and residential segregation, workplace discrimination has been an additional driver of structural inequities.¹⁴ Just as in the case of housing discrimination, formally outlawing job discrimination has not eliminated its practice, even after passage of the 1964 Civil Rights Act and the creation of the U.S. Equal Employment Opportunity Commission. Workplace discrimination is still prevalent, whether by gender, race, age, disability status, sexual orientation, or other factors.¹⁵ Finally, starting in the 1970s, the decline of labor unions disproportionately harmed communities of color, as did the subsequent emergence of a two-tier labor market. The bifurcated market produced high-wage, high-benefit jobs for workers with college degrees and low-wage, low-benefit jobs for workers without college degrees.¹⁶ A 1990s resurgence of labor unions led by immigrants and community organizers temporarily bucked this trend. Nevertheless, by the 2000s, we saw a growth of subcontracted labor with low wages and no benefits that disproportionately hurt workers of color.¹⁷

The Great Recession of 2008 and the COVID-19 economic downturn have shed a harsh light on the plight of workers of color, many of whom toil at more than one job and work unpredictable hours, with low wages and no benefits. As a result, these workers have little to no safety net when an economic crisis hits.¹⁸ Moreover, COVID-19 also disproportionately harmed communities of color who were more likely to work in essential service industries and have increased exposure to the virus, more likely to have underlying health conditions that can worsen the effects of COVID-19, and more likely to live in crowded and unaffordable housing.¹⁹

While prior laws have been passed to address some inequities and some progress has been made since racial equity became a global rallying cry in the wake of the 2020 murders of Brionna Taylor and George Floyd, much work remains to be done. Understanding and addressing these structural inequities requires commitments to gather data, research, and community narratives that can shed light on disparities in processes and outcomes. It requires us to find ways to consistently push for strategic actions—through resource investments, policy changes, and new practices that advance racial equity in a significant and meaningful way.

Innovative Frameworks to Guide the Future: RISE & Ready Framework

There is mounting evidence that economic inequity harms long-term growth and that racial equity is good for the economy.²⁰ Similarly, greater sustainability and resilience helps ensure long-term economic prosperity. As we emerge from the pandemic and the racial reckoning of 2020 and 2021, the time is ripe to consider ways that various stakeholders can unite and collaborate in creating a sustainable economy that works for everyone. In particular, there is an opportunity to build upon the Biden-Harris Administration's goal of changing the mindset from "shovel ready" to "shovel worthy" projects.²¹ To ensure adequate progress, we need greater clarity about concepts, measures, and aspirational standards of what constitutes resilience, inclusion, sustainability, and equity. The hope is that by getting clarity and precision on meanings, measures, and standards, we can advance policy and conversations about the best means to achieve those standards.

In collaboration with various community, industry, government, and research partners, the Center for Social Innovation is developing a framework of "RISE and Ready" jobs that builds on well-established global standards for sustainable development and emerging standards for the framework's other dimensions of resilience, inclusion, and equity. Defined most broadly, resilience refers to ability of systems to absorb, recover from, and continue after some type of shock. Inclusion refers to the extent that communities are recognized and included in decisions, plans, programs, and projects. Sustainability refers to the environmental, economic, and social conditions that promote long-term individual and community health and well-being. Equity refers to whether investments, policies, and practices intentionally focus on improving outcomes among historically marginalized populations, and whether outcomes actually improve for those populations. Finally, readiness measures the preparedness of a community's workforce and infrastructure (whether physical or social) to absorb new investments and complete projects in a timely manner.

The RISE and Ready Framework proposes going from theory to practice, with ways to monitor, rate, and evaluate programmatic progress and successes. (The evaluation component here is key because evaluation is not a common component of most service provision projects. While much may be learned through implementation, these lessons are not always translatable and often never disseminated.) This Framework could be especially useful when implemented in conjunction with SCAG's Listen, Convene, and Catalyze approach to systematically identify what is needed for inclusive economic growth. The recommendations identified in this report are strongly aligned with the RISE and Ready Framework, and we hope that agencies and other stakeholders in the region will consider how each of the recommendations can help meaningfully advance those core values and priorities.

Authored by S. Karthick Ramakrishnan, Director of the Center for Social Innovation at the University of California, Riverside

INCLUSIVE ECONOMIC RECOVERY STRATEGY

Introduction

Immediately following the onset of the COVID-19 pandemic and the accompanying economic collapse, the vast disparities in our economy became abundantly clear. The differences in economic realities were further magnified as the pandemic progressed, revealing a “K-shaped” recovery.²² March 2021 data show that employment levels for higher- and middle-income segments of California’s economy have increased since the pandemic’s onset, while the state’s employment rates have decreased by 37% among low-wage workers (earning less than \$27,000).²³ As a region, we must take strategic action to lift up the bottom of the “K” and ensure that everyone in Southern California is looking ahead to a brighter future of economic opportunity and mobility.

Acknowledging its role as the nation’s largest metropolitan planning organization (MPO), the Southern California Association of Governments (SCAG) is committed to growing an inclusive region where all residents can thrive.²⁴ To implement SCAG Resolution No. 20-623-2 (regarding racial and social equity) and SCAG President Rex Richardson’s FY20/21 Work Plan, SCAG staff developed the Inclusive Economic Recovery Strategy (IERS) using the President’s work plan phases of Listen, Convene, Catalyze.

The IERS is grounded in data, literature review, and review of best practices from the field. The IERS reflects priorities and needs raised during stakeholder convenings and sets forth strategies for SCAG’s role in advancing equitable regional recovery and growth. SCAG’s strategy development was guided by five core principles, with the primary intent of fostering greater economic opportunity for women and communities of color to narrow the economic disparities existing in our local and regional economies today.

SCAG’s guiding principles for economic recovery:

- Center racial & gender equity in growth strategy
- Rebuild our region’s middle class
- Contribute to a climate-ready region
- Tailor our strategies
- Reflect new & diverse voices

This document organizes recommendations into four focus areas: 1) Housing Production and Preservation, 2) Transportation and Infrastructure, 3) Sector Based, and 4) Human Capital. These four focus areas possess great potential for elevating inclusive, equitable, and robust economic development as the region continues to recover from COVID-19 and align with SCAG’s core work as defined by the 2020 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS), called Connect SoCal.

SCAG’s Role

SCAG seeks to leverage its influence and platforms in regional planning to aid ongoing efforts in regional economic development championed by existing organizations and community partners. This IERS report will serve as a starting place for SCAG’s economic recovery work. Importantly, this report sets a path for SCAG to further explore integration of policy goals related to inclusive economic growth in its core work, which is the development and adoption of the RTP/SCS every four years.

This document will help prioritize and inform the agency’s efforts, as the recommendations shared in this report require varying levels of funding and staffing resources. A portion of the recommendations outlined in this report align with existing SCAG programs and resources. Some of the recommendations presented require additional financial and/or staffing resources that SCAG has not yet identified. Lastly, recognizing the array of work already in progress across the region, this report also includes recommendations that offer ideas for partners to consider for their own work programs.

Economic Opportunity: Pre & Post the Pandemic

Despite being home to a rich diversity of cultures, scenic landscapes, and industries, the SCAG region is also afflicted by long-standing economic disparities across race and gender. Even before the onset of COVID-19 and its accompanying recession, economic disparities in our region were widening over time. Our region’s Black, Indigenous, and Latino populations have experienced this most acutely.

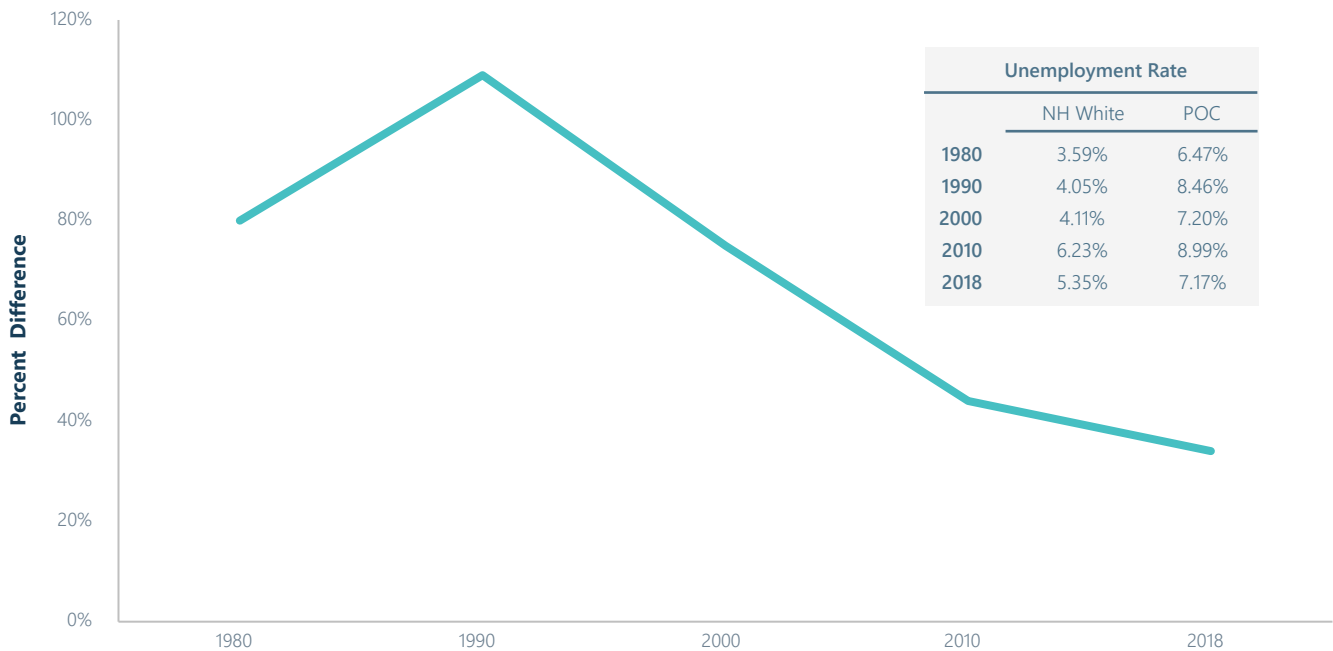
In 2020, SCAG used data from the National Equity Atlas to produce the *Racial Equity: Baseline Conditions Report*. The data looked at a number of economic indicators that help understand access to economic opportunity and mobility over the period of 1980 – 2017. Key findings from this data include:

- (1) The disparity in unemployment rates between the white population and People of Color (POC) has shrunk over time, particularly after 2010 as we started to recover from the recession of the early 2000s. However, despite a shrinking disparity, as depicted in **Figure 1**, the unemployment rate for POC is still 34% higher than the white population.

Figure 1

Comparison of Unemployment Rate & Percent Difference in Unemployment between POC & the White Population in the SCAG Region

1980 - 2018

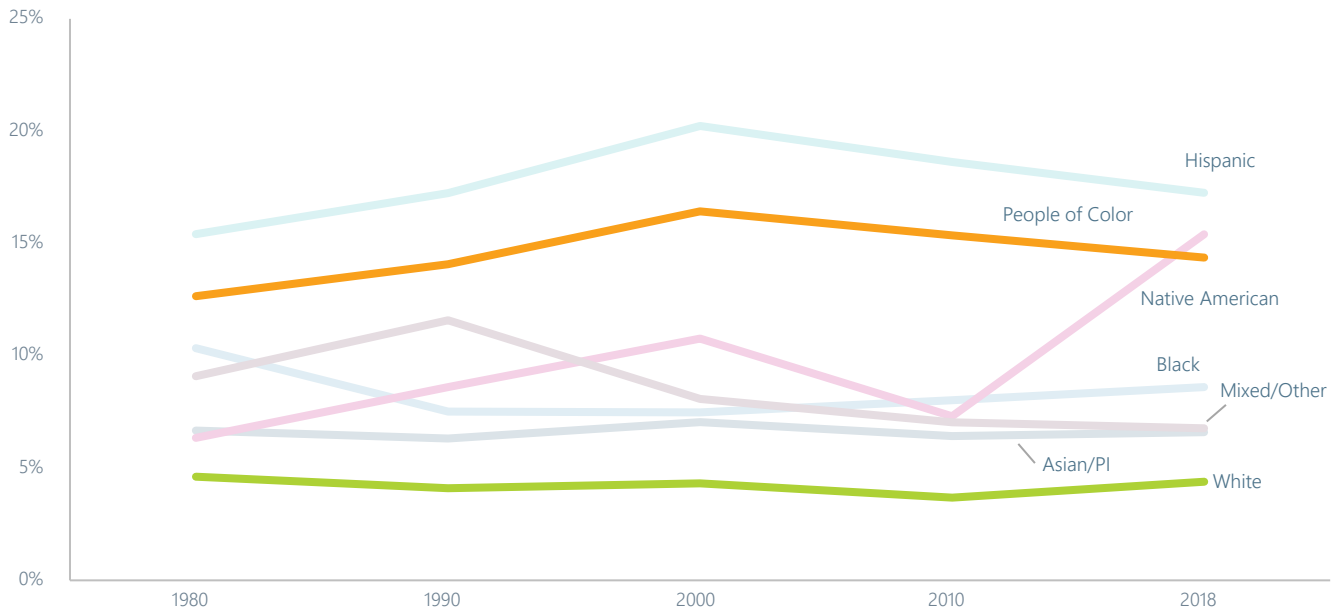


Notes and Sources: Based on data from the National Equity Atlas.

- (2) While there have been some reductions in employment disparities, wages have not increased with the cost of living and all people in the SCAG region have seen a dramatic increase in the percent that qualify as working poor. As shown in **Figure 2** the percentage of working poor people in the SCAG region, meaning employed people who are not paid enough to live above the poverty line, increased by nearly two-thirds between 1980 (6.83%) and 2018 (11%). In 2018, the region’s people of color (14.4%) were considered working poor at rates over three times as high as their white counterparts (4%).²⁵

Figure 2
Percent Working Poor in the SCAG Region by Race and Ethnicity

1980 – 2018

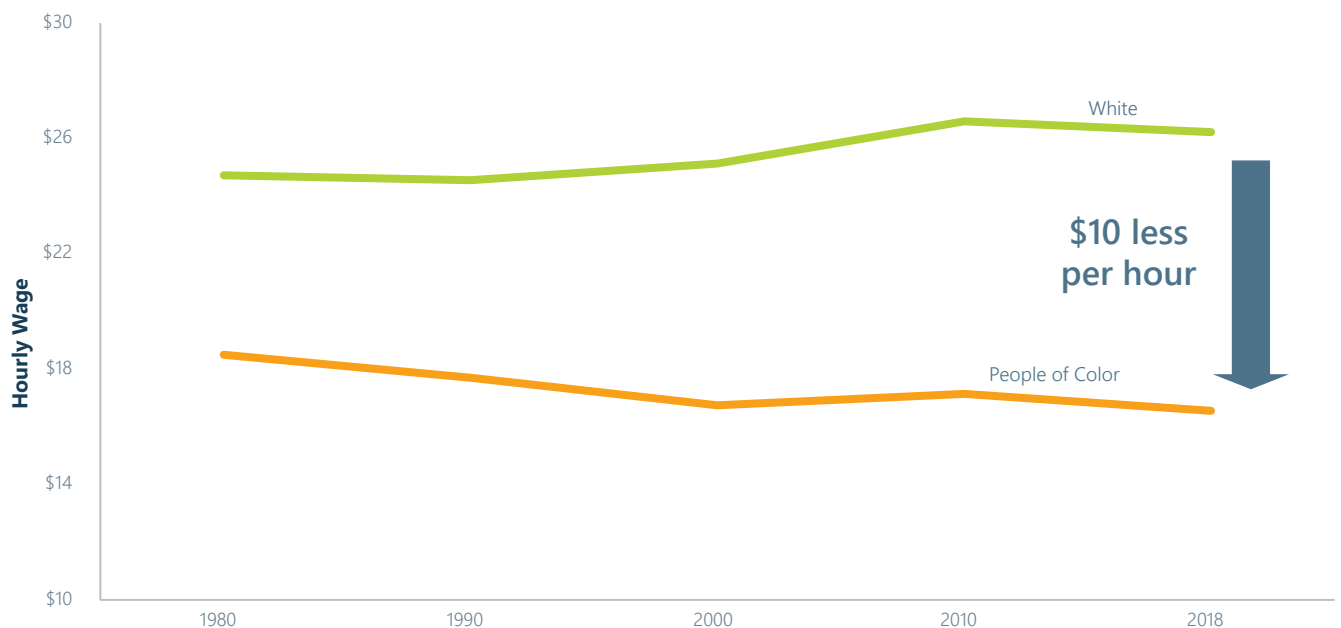


Notes and Sources: Based on data from the National Equity Atlas. White, Black, Native American, Asian/PI, and Mixed Other exclude workers who identify as Hispanic.

(3) Finally, the increase in working poor and the disproportionate number of people of color that are working poor is further understood through disparities in median wages. In 2018, workers of color make nearly \$10 less per hour (\$17) than their white counterparts (\$26), equating to a nearly \$20,000 deficit in pre-tax income.

Figure 3
Median Hourly Wages in the SCAG Region by Race Group

1980 – 2018



Notes and Sources: Based on data from the National Equity Atlas. "White" includes non-Hispanic white workers.

With the pandemic and resultant economic collapse in 2020, the data consistently show that women, people of color and low-income residents in the SCAG region were disproportionately impacted through severe job loss. In a Feb 3, 2021 report from McKinsey & Company entitled *Achieving an Inclusive US Economic Recovery*, analysis showed that:

- Black and Hispanic/Latinx workers faced 1.6 to 2.0 times the unemployment rates of their white counterparts;
- Households with less than \$30,000 in income faced double the unemployment rates; and
- Women made up 56% of the workforce exits, despite making up 48% of the workforce

Waves of shelter-in-place mandates over the past year also took an enormous toll on businesses in the SCAG region, with minority-owned small businesses disproportionately affected by the economic shutdown.²⁶ Nationally, minority-owned businesses report being financially “distressed” or “at risk” of closure at higher rates than white-owned businesses.²⁷ As recovery efforts commenced, financial hardship continued for many business owners of color, as they faced structural barriers to accessing financial assistance.²⁸

Figure 4, below, shows that employment levels for higher- and middle-income segments of California’s economy have increased since the pandemic’s onset, while the state’s employment rates have decreased by 37% among low-wage workers, that is, workers earning less than \$27,000 annually. These differential impacts were named the “K-shaped” recovery. As a region, we must take strategic action to lift up the bottom of this “K” and ensure that everyone in Southern California is looking ahead to a brighter future of economic opportunity and mobility. The data on economic opportunity pre-pandemic, and the “K-shaped” recovery we see today²⁹ makes clear that economic recovery efforts in our region –and economic growth in general—must be targeted to ensure that low-income people in Southern California experience economic benefits from public sector investments and private sector growth. This is crucial to closing the historical disparities we see in economic outcomes across race and gender. Despite the promising national and state-level projections for the economic recovery from COVID-19, the SCAG region is still experiencing a higher unemployment rate than both the state and the national average.³⁰ In particular, lower-income SCAG residents experienced higher employment losses and a slower recovery rate than residents in the rest of the state and the nation.³¹

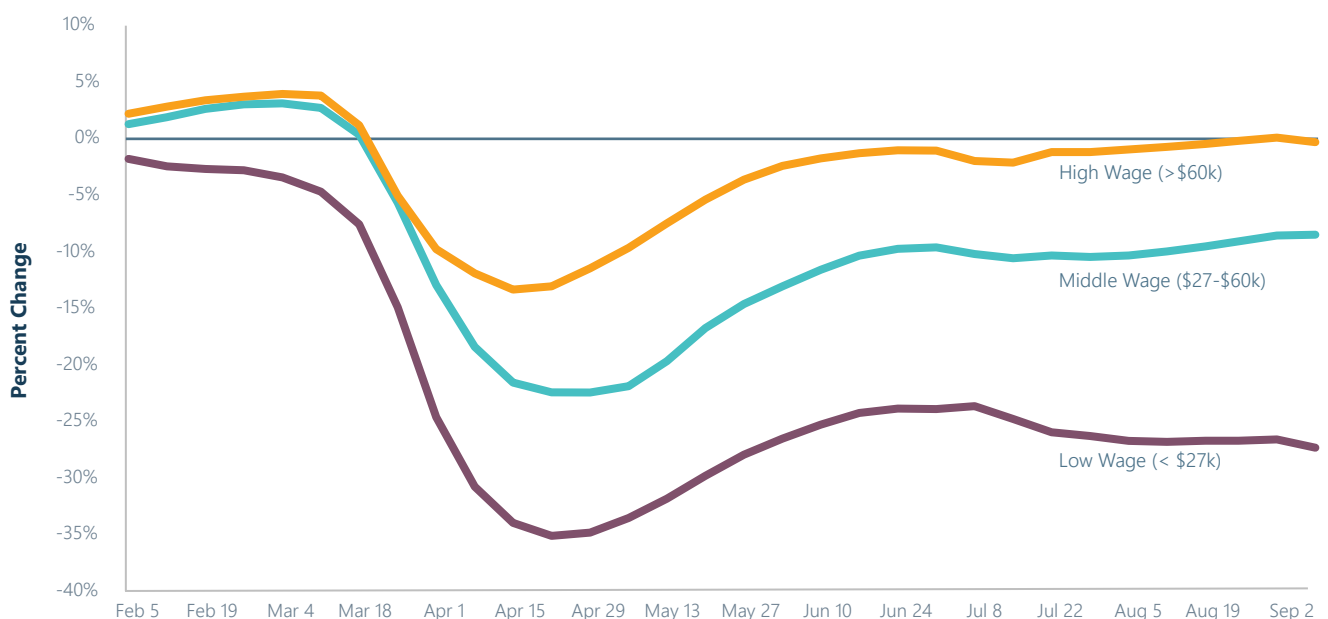
Historic trends and the diverging recovery trajectory clearly indicate that business-as-usual economic strategies have failed to serve all residents equitably and systematic changes in economic development strategies are critical for the region to collectively prosper.³²

Data indicate that people of color have not been able to benefit equally during previous economic recoveries and expansions compared to their white counterparts.³³

Figure 4

SCAG Region Percent Change in Employment by Income Group

February 2020 – September 2020



Notes and Sources: Based on data from Opportunity Insights.

The justification for creating an equitable economy goes beyond the moral imperative of building a just and equitable society. The benefits of closing income and wealth gaps across race and gender redound to a more prosperous economy overall. Analysts project that by addressing the existing earnings gaps, annual spending will increase \$2.6 trillion, resulting in economic benefits spread across the economy, including local taxing entities.³⁴ A study by the Kellogg Foundation found that closing gaps in earnings for people of color would increase federal tax revenues by \$450 billion, and state and local tax revenues by \$150 billion, annually.³⁵ As our economy recovers, the SCAG region must focus on closing economic disparities across race and gender to create a brighter future for everyone who lives here. SCAG has developed the IERS strategy document as a starting place to identify existing efforts and new partners, and to chart a course to incorporating strategies that promote inclusive economic growth into its core work.

Guiding Principles

The following principles guide the IERS recommendations and will play a pivotal role in shaping their implementation.

- A. **Center Racial & Gender Equity** –The IERS focuses on strategies to close the wealth and income gaps across race and gender. The recommendations uplift strategies to improve outcomes for communities of color, who have been hit hardest by the economic crisis stemming from the COVID-19 pandemic. Historically, these same communities are often left behind and excluded from fully accessing the benefits of a growing economy during times of economic recovery and expansion. This IERS must chart a new path so that this recovery does not repeat the field’s prior shortcomings and limitations. As the data suggests, by centering racial and gender equity in our strategies and implementation, we stand to increase the economic impact of our investments and broaden and deepen its enduring benefits.
- B. **Rebuild Our Region’s Middle Class** – A thriving middle class makes for a thriving economy. We want to build an economy in which every individual and family has economic stability and security so that they can more fully participate in local and regional economies. Right now, a substantial segment of our population, predominantly people of color, works full-time yet lives below the poverty line. As the economy grows during our recovery, we must ensure that the region’s workforce benefits from the value it creates.

We can rebuild Southern California’s middle class through income growth and wealth generation. We know that we can help lift people out of poverty and into the middle class by focusing on high road employment – increasing the number of family-supporting jobs, ensuring accessible pathways to jobs, and creating opportunities for families to invest their savings in wealth-generating vehicles.

- C. **Contribute to a Climate Ready Region** – This recovery will be one that respects our workforce and respects our natural resources. As an agency committed to reducing GHG emissions, we must curb the physical, social, and economic impacts of climate change. The IERS will focus on investments that prepare our region for the worsening impacts of climate change such as drought, wildfires, flash floods, and extreme heat. We will seek opportunities such as adopting and advancing clean technologies, maximizing infill development, and investing in green, multi-benefit infrastructure.
- D. **Tailor Our Strategies** – While many of the overarching needs in our subregions are shared – more jobs, growing sectors, updated infrastructure – we know that a “one-size fits all” approach is neither effective nor realistic. The IERS includes strategies that can be further tailored to reflect the unique needs and opportunities of different subregions and industry sectors. During implementation we will work with local stakeholders to understand where we can leverage existing assets and efforts and with whom we can partner to support local sectors and sub-regions most effectively in growing a more equitable and inclusive economy.
- E. **Reflect New & Diverse Voices** – SCAG’s impact on our economy will be most beneficial when we build coalitions and work with partners. The IERS reflects voices from a broad range of stakeholders working across sectors and disciplines to grow a clean and inclusive economy. To most effectively implement the strategies identified in this report, SCAG must bring into this work more voices and partners from historically marginalized communities. Including a broader range of perspectives in the strategy and its implementation will support aligned and sustained impact.

Focus Areas

SCAG identified four focus areas to guide its process of research, collecting feedback, and developing recommendations for the IERS. All findings and recommendations are organized into the four focus areas in this report; however, recognizing that these focus areas are interconnected and equally important.

- A. **Housing Production & Preservation** – The lack of affordable housing is a common concern shared among stakeholders in the region. Recognizing housing as the cornerstone to building economic security and treating housing as vital infrastructure for economic growth, the IERS leverages resources to spur development of a range of housing types. This includes rental and ownership housing for households at all income levels, and the preservation of existing affordable units. Housing production and preservation work also generates high-quality jobs that will further elevate the region’s economic well-being.

- B. **Transportation & Infrastructure** – Transportation and other infrastructure are fundamental in preparing a climate-ready regional economy. The IERS supports projects and strategies that increase mobility options for communities of color and working families and improve the jobs-housing balance in the region.
- C. **Sector Based** – Sector-based strategies identify the top needs of growth sectors that provide the greatest opportunities for middle-class careers. These strategies aim to create more family supporting jobs and shift the demand away from low-wage jobs to middle-income employment. Better-paid, middle-skilled jobs cultivate adaptive and sustainable job skills, and the resultant networks help grow strong regional economies driven by evolving and innovating firms.
- D. **Human Capital** – Addressing the barriers that preclude low-income workers’ access to emerging economic opportunities is an intersectional issue critical to forging an inclusive regional recovery and equitable economic growth. Providing essential resources such as childcare and compensated job training and education is crucial in helping previously resource-strapped groups achieve economic mobility. By lifting up the people who would not otherwise be able to fully participate in the region’s recovery and linking them to resources and tools that provide economic mobility, the IERS aims to expand the scale and breadth of the regional economy.

Methodology

SCAG developed the IERS using a methodology that embodies the Listen, Convene, and Catalyze phases from SCAG’s FY20/21 Work Plan. The strategy’s guiding principles are rooted in data and analysis from the National Equity Atlas, as summarized in SCAG’s recently published Racial Equity: Baseline Conditions Report, and the Briefing Book from SCAG’s 2020 Economic Summit, among others. To support the IERS information gathering and analysis process, SCAG engaged Los Angeles-based firm, Estolano Advisors, and researchers from the Center of Social Innovation at the University of California, Riverside (UCR). Throughout the IERS process, staff shared updates with and collected feedback from various SCAG committees.

Key components in SCAG’s research included: small group convenings, a stakeholder survey, SCAG committee engagement, and a landscape scan of existing efforts in the region.


- A. **Small Group Convenings** – SCAG convened more than 230 stakeholders across 20 virtual focus groups and listening sessions between February and April 2020. Participants hailed from across the region, working across sectors and disciplines, including but not limited to practitioners in community development and advocacy, residential and commercial development, industry and small business development, workforce development and education, philanthropy, municipalities, and more. Through the convenings, staff learned about equity-oriented efforts happening across the region, surfaced local practitioners’ priorities and needs for a more inclusive economy, and generated ideas for SCAG’s role in advancing an equitable economic recovery. Special outreach to SCAG’s Global Land Use and Economic Council (GLUE) included a convening, and two follow up presentations and discussions at regular GLUE meetings.
- B. **Survey** – Staff conducted an online survey that sought to identify priorities for creating a more inclusive regional economy, learn about existing efforts happening to improve equity outcomes, and elicit ideas for how SCAG can support the region in this work. SCAG received 94 survey responses. The top three stakeholder sectors that responded were Nonprofit Advocacy with 32 respondents (34%), Local Government with 25 respondents (26.6%), and Other with 14 respondents spanning higher education, transportation, tribal government, and other types of non-profit organizations (14.9%). Respondents were from all six counties.
- C. **SCAG Committee Engagement** – During the recommendation development stage, SCAG staff presented findings from the convenings and preliminary recommendations for discussion with various SCAG committees. SCAG staff refined the proposed recommendations to reflect feedback from the following SCAG committees and partners:
 - Special Committee on Equity & Social Justice
 - Community, Economic & Human Development (CEHD) Committee
 - SCAG Economist Bench
- D. **Research and Inventory of Existing Resources & Efforts** – The UCR Center for Social Innovation, in collaboration with SCAG staff, led a literature review of best practices and core elements to fostering an inclusive economy. Further, the UCR Center for Social Innovation conducted a landscape scan of economic development organizations, ongoing equitable economic development efforts across the region, and a reference list of public funding sources. The research findings informed the guiding principles and recommendations outlined in this report. Visit SCAG’s website for an online catalog of equitable economic development efforts and funding resources identified in the research.
- E. **Publish Key Findings & Recommendations** – SCAG published the key findings and draft recommendation for public comment from May 6th – June 4th, 2021.

Recommendations

Based on findings from the convenings, listening sessions, and equity best practices research, SCAG has generated a set of policy recommendations, presented in the tables that follow. The detailed findings are provided in the appendix.³⁶ These recommendations serve as a starting place for prioritizing SCAG’s work program on economic recovery and equitable economic growth, and as a set of ideas for partners across the region to consider in their work programs. Importantly, SCAG has developed recommendations that can build on existing efforts underway across the region, with a focus on lifting up best practices, creating opportunities for coordination of separate but mutually supportive efforts and harmonizing across shared regional goals.

The recommendations are organized by the four focus areas: (1) Housing Production and Preservation, (2) Transportation and Infrastructure, (3) Sector Based, and (4) Human Capital. Within each focus area, recommendations are further categorized into the following:

- **Existing Resources** – These are recommendations that SCAG can implement using existing staff and funding resources. In some cases, implementation is already underway using identified resources.
- **Additional Resources & Partners** – These recommendations require SCAG to pursue and secure new funding and/or staffing and partners to support implementation.
- **Additional Recommendations** – These are recommendations which other organizations and entities are encouraged to implement. Although SCAG is not well-positioned to lead their implementation, these recommendations are included in this report to document promising ideas that address important needs within the region. When appropriate, SCAG may support as a collaborative partner.

Based on feasibility and urgency of the recommendation, we identified “top priority” recommendations, denoted with a  symbol in the recommendation tables, below. For each recommendation we indicate which of SCAG’s five “levers of influence” it activates or requires for implementation. SCAG’s five levers of influence are:

1. Data and Research Analysis
2. Policy and Advocacy
3. Convenings and Presentations
4. Technical Assistance
5. Obtaining and Distributing Funding








Focus Area: Housing Production & Preservation

Housing production is an essential component of a thriving region and is a core area of SCAG’s work. Stakeholders across the private and nonprofit sectors consistently identified housing affordability and availability as a priority during the IERS stakeholder convenings, pointing to the importance of housing in growing stronger businesses and communities. In addition, preservation of existing affordable housing – whether naturally occurring through lower rents or rent stabilization or affordable units with expiring covenants – is a key priority across the State. Finally, homeownership was consistently raised as a critical means for economic stability and opportunity.



Homeownership was consistently raised as a critical means for economic stability and opportunity.

As part of the IERS, we consider housing to be equivalent to infrastructure that provides direct and indirect long-term benefits for our region’s communities and economy. Through SCAG’s \$47 million Regional Early Action Plan (REAP) program, the agency is equipped to implement priority IERS recommendations outlined in this section to build local capacity and expertise in land use planning, innovative financing, growing local engagement, streamlining processes, and more. Recommendations in this section call on SCAG and cross-sector partners to deepen critical understandings about housing in Southern California, improve and streamline housing development, and explore models for more equitable and inclusive outcomes.

Recommendations for Housing Production & Preservation — Using Existing Resources

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
 Invest in subregional efforts to expand local capacity and increase housing production through technical assistance and training on use of CEQA streamlining tools and other administrative approval options. Facilitate peer learning across municipalities about best practices in coordinating review and approval by various departments and creating more transparent review and approval processes.			X	X	X
 Support efforts to create regional financing strategies and funding sources for affordable housing for low- and moderate-income renters and advocate for additional funding at the State and Federal level.		X	X	X	X
 Partner with local philanthropy on the Call for Collaboration program to grow Community Based Organizations' (CBOs) capacity to educate and engage communities about housing and land use planning. As part of this, SCAG should regularly convene CBOs working on housing issues to stay apprised of key upcoming policy developments.			X	X	X
 Launch a communications initiative that conveys the value and importance of sustainable, equitable housing. This effort could be similar to SCAG's Go Human campaign.	X	X	X		X
 Provide training and education to local elected officials, department staff, and other community stakeholders to promote understanding of the challenges and opportunities for sustainable, equitable and climate adaptive housing development.			X	X	X
 Support regional efforts to streamline, design, and finance accessory dwelling unit (ADU) development, including facilitating model policy sharing across jurisdictions to create greater consistency.	X		X	X	X
 Establish or partner in the creation of a Housing Innovation Lab that explores new policies and models for accelerating housing production and approaches to delivering both for-sale and affordable housing more efficiently.			X		X

Recommendations for Housing Production & Preservation — Using Additional Resources and Partners

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
 <p>Convene financial sector, CDFI, and other partners to explore opportunities to expand homeownership for lower income communities and communities of color, such as increased production, accessible financing, and identifying barriers to ownership. Within this effort, explore alternative approaches to building wealth through ownership, including community land trusts, tenants in common and other models.</p>	X		X		
 <p>Advocate for new and increased federal and state funding for acquisition and rehabilitation of existing at-risk affordable housing</p>	X	X	X		
<p>Work with member jurisdictions to access state and federal weatherization, home hardening, and energy efficiency retrofit funds to reduce vulnerability to climate-related hazards (e.g., extreme heat, wildfires, sea level rise). Target investments to low-income households and residents in disadvantaged communities to reduce their electricity bills, improve public health outcomes, increase resiliency, and reduce GHG emissions. Prioritize inland and Tribal communities, who are most at risk for extreme heat health impacts.</p>				X	X
<p>Support efforts to include climate-ready strategies in housing construction to minimize the potential loss of housing units stemming from climate-related hazards, including sea level rise, wildfires, landslides, and extreme flooding, among others.</p>		X	X		X
<p>Evaluate the economic costs of not addressing climate hazards in the context of housing supply for the region, including insurance, public health, and loss of life impacts, and tabulate the economic benefit of climate-adaptive housing strategies (including land use and zoning strategies).</p>	X			X	
<p>Understand, discuss, and study the complexities of balancing housing production, sustainability, and land conservation goals (i.e., conserving land for agriculture and other natural resources), including the economic benefits and climate impacts of natural and working lands.</p>	X			X	

Recommendations for Housing Production & Preservation — Additional Recommendations

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
<p>Convene leaders in residential development, workforce development, and community development to coordinate and grow a pipeline of racially and ethnically diverse affordable and market rate housing developers.</p> <p>Further investigate the barriers experienced by developers of color in growing their project portfolios and revenue to determine how SCAG can support this industry via policy advocacy.</p>	X	X	X		
<p>Invest in capacity building for general contractor and subcontractor firms owned by people of color so that they are better equipped to compete for and win projects alongside larger developers.</p>		X	X	X	X
<p>Work with local governments to develop a toolkit of meaningful equity- and inclusion-focused benefits that developers can provide to be guaranteed certain project benefits (e.g., expedited processes).</p>		X	X	X	

Case Study: Call for Collaboration

Lead Organizations: SCAG and California Community Foundation

Focus Area: Housing Production

Counties: Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties

Context: In 2020, Southern California Association of Governments (SCAG) set aside \$1 million of its Regional Early Action Planning (REAP) state grants to develop the Call for Collaboration program. This program aims to support deeper community engagement in planning activities that accelerate housing production and generate community-driven, equitable growth strategies throughout the six-county SCAG region. This program is unique because it allows for a metropolitan planning agency, such as SCAG, to partner with the California Community Foundation, the James Irvine Foundation, and the Chan Zuckerberg Initiative on a shared priority. The Call for Collaboration program supports non-profits with small grants to support community-based policies and plans that help cities and counties reach aggressive housing production targets.

Initiative: The Call for Collaboration program promotes deep non-profit and community-based organization engagement in local housing decisions, and encourages these organizations to facilitate local, community-based conversations in support of housing. The program offers funding through two opportunities: (1) Partnership Programs: grants of up to \$125,000 to support the expansion and/or implementation of existing plans, initiatives, and/or partnerships that promote equitable growth strategies; and (2) Spark Grants: \$50,000 capacity-building grants to seed new community-driven models of collaboration and engagement for promoting equitable growth strategies.

Building on the ideas and successes of housing innovation challenges across the region, the Call for Collaboration focuses on turning ideas into reality through strategic partnerships. With these grants community-based organizations have new resources to bring the voices of people who are most affected by housing policies into the key decision-making processes of which they are often left out. This initiative funds a range of community-driven approaches for shaping and executing a vision for growing our housing supply sustainably and equitably.

Grantees also benefit from training and technical assistance from a team of housing, planning, and legal experts that provide guidance through their work efforts, unique data analysis, advice on legal contracts and other documents, and other organizational support as needed.

Outcome: In 2021, the Call for Collaboration program funded 15 projects, totaling almost \$1.3M awarded across five SCAG counties. Using the program funds, grantees are engaged in a range of planning efforts such as:

- Housing element development and implementation,
- Increasing housing capacity near future Metro rail lines,
- Building support for community land trust formation,
- Addressing barriers to housing development on church-owned land,
- Growing support for mobile home parks,
- Expanding accessory dwelling units (ADU) policies and programs, and
- Identifying new financing sources for affordable housing development.



SOUTHERN CALIFORNIA Call for Collaboration



Focus Area: Transportation & Infrastructure

In a region experiencing worsening climate impacts, SCAG seeks to ensure that large scale infrastructure investments move us into a clean energy economy and provide economic opportunity for the region's workforce. Building and maintaining vital transportation, electricity, and broadband infrastructure presents a generational opportunity to create accessible and good-quality jobs in our region. In addition, infrastructure to support the supply chain is critical to keep goods moving throughout the region. Moreover, these investments will help the SCAG region reduce vehicle miles traveled and greenhouse gas emissions. In this section, recommendations encourage and advance digital inclusion, active transportation investments, transportation electrification, renewable energy generation, and more.

Recommendations for Transportation & Infrastructure — Using Existing Resources

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
 Develop a Broadband Action Plan to lead and support regional efforts in bridging the digital divide. Approach key infrastructure projects with a “dig once” strategy, to incorporate broadband, EV charging and other multi-benefit outcomes.	X	X	X	X	
 Develop a regional blueprint for zero emissions medium- and heavy-duty truck charging infrastructure that can inform local and subregional infrastructure investment and development, provide climate mitigation opportunities, and identify areas for regional coordination and support.	X		X		
 Advance the adoption of zero-emission heavy- and medium-duty vehicles through SCAG's Last Mile Freight Program.		X	X		X
 Identify priority transportation and infrastructure projects across the region that will invest in and directly benefit low-income, communities of color and support job creation and key industry sectors. Advocate for funding at the state and federal level to have targeted hiring and job quality standards written into funding requirements so that project funding creates middle-class jobs.	X	X			
 Identify funding to support subregional and local efforts to study and implement EV infrastructure, with an emphasis on investing in infrastructure that specifically meets the needs of low-income communities. In the near-term, work with state policy makers to ensure that the ~\$1.5 billion included in the State budget for EV infrastructure is distributed equitably to benefit disadvantaged communities and leverages existing advocacy efforts like the Transportation Electrification Partnership led by the Los Angeles Cleantech Incubator.		X	X	X	X
 Support active transportation and first/last mile connections as a priority for connecting communities to jobs and other economic opportunities, as well as for reducing GHG emissions. Continue and expand efforts led by the GoHuman Campaign, Sustainable Communities Program, and Active Transportation Working Group to support and provide funding to local agencies, with an emphasis on projects designed to benefit underserved communities, including those with youth, older adults, and people with disabilities.			X	X	X
 Leverage federal infrastructure financing and use REAP program resources to advocate for infrastructure development tools to facilitate housing production and economic growth in conjunction with transportation projects and consistent with Priority Growth Areas, as defined in the Connect SoCal plan.	X	X	X	X	X

Recommendations for Transportation & Infrastructure — Using Additional Resources and Partners

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
Pursue funding for a study on upgrading the region's electricity grid to meet increasing demand, promote climate adaption and regional resilience, and reduce our region's greenhouse gas consumption. The study should also identify policy solutions for addressing equity impacts.	X	X	X		
Identify brownfield remediation projects that stand to transform communities in ways that align with the Connect SoCal plan's goals. Further, identify funding sources for brownfield remediation and provide cities and subregions with technical assistance in preparing clear and compelling funding applications.	X	X	X	X	
Support local agencies in seeking Federal infrastructure funding to deliver safe, clean drinking water to underinvested communities across the region. Prioritize support for and investments in tribal communities, Colonias in Imperial County, Tribal communities and other high-need communities.		X	X	X	

Case Study: Transportation Electrification Partnership

Lead Organization: Los Angeles Cleantech Incubator

Focus Area: Transportation and Infrastructure

Region: Greater Los Angeles Area

Context: The Los Angeles Cleantech Incubator (LACI) is a non-profit organization with a mission to create an inclusive green economy in the Los Angeles region. In 2018, LACI formed the Transportation Electrification Partnership (TEP) to accelerate transportation electrification in the Greater Los Angeles Area. TEP is a multi-year partnership among local, regional, and state stakeholders aiming to reduce greenhouse gas emissions and air pollution an additional 25% beyond current L.A. Region commitments by 2028, when the Olympics and Paralympics arrive in Los Angeles.

Initiative: In its Roadmap 1.0, TEP developed the Guiding Principles for achieving its pollution reduction goals. Roadmap 2.0 laid out several steps for achieving these goals, including three strategies for achieving its goals by 2028: (1) accelerating the adoption of light-duty passenger electric vehicles; (2) shifting more than 20% of all trips in single-occupancy vehicles to zero emissions public and active transit; and (3) ensuring that all public investments into goods movement, including freight vehicles (i.e., trucks and cargo handling equipment) and related infrastructure, will advance zero-emissions solutions and make the I-710 the first zero-emissions goods movement corridor in the nation.






Outcome: In response to the COVID-19 pandemic and the ongoing global climate crisis, TEP and 47 other organizations submitted a \$150 billion dollar stimulus proposal to Congressional leaders in April 2020. The proposal highlighted electrification and start-up innovation to promote job growth and address the nation's health via clean air. In March 2021, the Partnership reiterated the stimulus investment request in a letter to Congressional leaders, highlighting that the proposed electrification plan aligns with the Biden Administration's Build Back Better Plan and could result in 2.3 million jobs across several sectors.




Focus Area: Sector Based

We must harness the creativity, innovation, and grit that hums through our region to shape and grow industries that both provide accessible opportunities for upward economic mobility and “future proof” the economy. SCAG seeks to grow the number of middle-wage jobs (“well-paying jobs for less-educated workers”).³⁷ We also want to increase wealth in historically marginalized communities by supporting entrepreneurs and small business owners who are women or people of color in launching and expanding their businesses. SCAG also recognizes existing collaboratives, organizations, and in particular subregional economic development corporations (EDCs) that are actively working on sector-based strategies. The recommendations in this section lift-up opportunities for SCAG and partners across the region to foster equity-oriented industry growth, job creation, entrepreneurship and small business success.

Recommendations for Sector Based — Using Existing Resources

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
 Boost local efforts to foster industry clusters by offering support on funding applications and convenings and advocating for supportive policies and funding.		X		X	
 Augment municipalities' capacity to apply for and secure federal funding for local projects, such as US Economic Development Administration grants. SCAG can help to organize funding pursuits in the region and be an engaged government partner.		X		X	
 Lift up examples of industry leaders who have implemented effective diversity-equity-inclusion business practices, including best practices for incorporating curriculum about diversity-equity-inclusion focused business practices into entrepreneurship and small business training programs and best practices for achieving diversity goals within incubator and accelerator portfolios. Encourage industry leaders to adapt and apply these best practices to their own policies and procedures.			X		
 Identify top regulatory reform recommendations for the State of California and work with partners to seek legislative solutions.	X	X	X		
 Work with local jurisdictions and industry leaders to develop a Priority Agricultural Lands (PAL) Program to implement Connect SoCal's agricultural lands conservation strategies.	X		X	X	
Convene CDFIs and other financial investors to share ideas and best practices for increasing access to capital for entrepreneurs of color.			X		

Recommendations for Sector Based — Using Additional Resources and Partners

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
 <p>Become a source of regional data that can support and inform policies around economic development and, in particular, align with the data needs identified in the California Future of Work Commission's March 2021 report, A New Social Compact for Work and Workers. The California Future of Work Commission recommends the creation of a California Job Quality Index, which would analyze monthly wage data to understand growth of quality jobs by industry using a range of measures.</p>	X				
<p>Develop subregional studies on growth sectors that support middle skills jobs and "future proofing" the economy through targeted and accessible job training. The studies should include key data, workforce development and training needs research (including reskilling and upskilling needs), best practices research, recommendations for supporting the growth sectors, and identified subregional-specific partners.</p>	X				
<p>Convene a collaborative of hospitals and universities to diversify their supply chain and grow economic opportunities for minority- and women-owned businesses. Partner with private funders, such as UniHealth Foundation, to support implementation.</p>	X	X	X		
<p>Convene local agency procurement departments to discuss best practices and implementation of policies and practices that reduce or eliminate barriers to small, women, and minority owned businesses. Work with local partners to create a shared set of certifications and contracting templates and materials. Identify funding for jurisdictions to migrate to a common platform.</p>	X	X	X	X	X
<p>Produce county-level economic analyses to determine the local economic impact of racial and gender inequality. Government and community leaders can use the publication findings to inform the terms of community benefits agreements with private sector employers and developers and help ensure that the projected benefits of incoming investments are measured using more holistic factors.</p>	X	X	X		

Case Study: Transforming the Logistics & Supply Chain Industry

Lead Organization: Inland Economic Growth & Opportunity

Focus Area: Sector Based

Counties: Riverside and San Bernardino

Context: The economic impacts of the Great Recession were particularly severe for Riverside and San Bernardino Counties (“Inland Empire”). The rise in regional home prices in the early 2000s spurred housing construction and related economic activity. By 2010, all of these gains had been lost. The Great

Recession depressed vital sectors in the Inland Empire, including the construction, real estate, retail, hospitality, logistics, and manufacturing sectors. Moreover, the Inland Empire saw increased use of temporary employment. Following the Great Recession, new jobs were primarily concentrated in a few sectors, reducing economic diversity and resilience in the Inland Empire, and making the region more vulnerable to recession. Many of the jobs created after the Great Recession were low-paying, and income growth in the Inland Empire lagged behind the national average. Between 2006 and 2016, average annual earnings in the US increased 7.3%, but grew by only 2.8% in the Inland Empire.

Initiative: In response to the loss of higher-paying jobs and increased reliance on temporary employment after the Great Recession, a diverse group of local leaders and regional stakeholders from the public, private, and academic sectors formed the Inland Economic Growth & Opportunity (IEGO) partnership. IEGO focuses on advancing an inclusive economy by identifying “pathways to good jobs, improving educational outcomes, inspiring the region’s brightest young people to stay, and strengthening civic infrastructure” (IEGO website). A core team of IEGO leaders identified growth industries in the Inland Empire, specifically, the logistics and supply chain clusters. They also identified the Inland Empire’s strengths: existing infrastructure and an educated workforce. By supporting these growth industries and leveraging the Counties’ strengths, IEGO strives to build a resilient regional economy, and improve equity and environmental outcomes. Targeted investments in these growth sectors will improve job quality and provide higher-quality career opportunities.



Outcome: In November 2020, IEGO revealed their supply chain consortium investment plan in the report, “Transforming the Logistics and Supply Chain Industry in the Inland Empire: An Investment Plan for the Excellence in Logistics and Supply Chain Management Consortium.” This report rethinks an existing industry and promotes inclusive and equitable growth. IEGO establishes a starting point for transforming a low-wage growth sector into a vehicle for expanding the local economy and creating good-quality job. Moreover, this report includes strategies for reducing air pollution and congestion. As part of its future work in this area, IEGO will identify opportunities to accelerate innovations in clean technology associated with the Indirect Source Rule, which passed in 2021, by the South Coast Air Quality Management District, which aims to regulate emissions from sources associated with warehouses.




Focus Area: Human Capital

To truly improve the lives of Southern Californians, we must ensure that individuals and households have access to the support they need to thrive in their jobs and in pursuit of upward economic mobility. Having access to resources and supports such as job training, affordable transportation choices, affordable childcare and mental/public health services can make a world of difference in someone’s ability to secure and retain a job. This section provides a range of insights that stakeholders shared about investing in the region’s human capital, followed by recommendations for SCAG to lead or where SCAG can highlight and support existing efforts, as well as recommendations that other organizations in the region can lead in implementing.

Recommendations for Human Capital — Using Existing Resources

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
 <p>Join the state in advocating for a federal jobs guarantee. This will allow government to serve as a backstop in case industry does not create high quality jobs to meet its workforce needs. This is in alignment with the State's March 2021 Future of Work report.</p>		X	X		
 <p>Bring greater awareness of workforce development resources (including youth training programs, ETP funds and various community college programs) for employers.</p>			X		
<p>Support the efforts of Caltrans, CALSTA, and CCJPA to implement the California Integrated Travel Program (Cal ITP) which would, among other benefits, create a universal statewide transit benefit platform that can also serve as a basic account for other public benefits for Californians with the greatest need.</p>	X	X			
<p>Work with transit agencies to facilitate the adoption of the US Employment Plan to create high road local jobs through future equipment and supply procurement.</p>		X	X		

Recommendations for Human Capital — Using Additional Resources and Partners

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
 Support the State's effort to develop a California Job Quality Index (JQI) by serving as the lead data and research partner for the Southern California region.	X		X		
Facilitate regional coordination to ensure the region's childcare industry is prepared to utilize federal funding being provided through the American Rescue Plan Act. Partner with organizations like LIIF to expand the childcare industry's capacity and advocate for supportive policies.	X	X	X		
Work with the construction trades and the developer/building industry to identify best practices in construction apprenticeships and training programs and facilitate expansion/application of these practices in housing, transportation, and infrastructure projects.	X		X		

Recommendations for Human Capital — Additional Recommendations

Recommendations	SCAG's 5 Levers for Action				
	Data	Policy Advocacy	Convenings/ Presentations	Technical Assistance	Funding
Work with key partners such as workforce development organizations, economic development corporations, and community colleges, to build awareness and provide technical assistance to local and county governments to establish job training and placement programs that connect residents from low-income neighborhoods to public sector jobs.			X	X	X
Identify state and federal level opportunities to advocate for updates to critical workforce development funding guidelines to address challenges experienced by workforce program administrators. Advocacy should seek to expand youth eligibility for criteria to include current students, ensure that funding can be used for various outreach and advertising activities that are key to reaching target populations, and expand the type of wrap-around services and supports program participants can receiving during and after training.	X	X			X
Conduct targeted engagement to better understand the unique needs of Indigenous communities in Southern California and work with philanthropic and public sector partners to address the communities' identified needs	X		X		X
Work with key partners to advance workforce development that can support a greener economy, including the potential deployment of microgrids, zero net energy implementation strategies, and renewable energy generation and storage.					

Case Study: U.S. Employment Plan Adoption by LA Metro

Lead Organization: Jobs to Move America

Focus Area: Human Capital

County: Los Angeles

Context: Pressure from globalization has reduced the number of US-based manufacturing jobs, and deteriorated wages and working conditions for US workers, particularly immigrant and Black workers. Historically, the manufacturing sector had provided stable, family-supporting jobs and had low educational barriers to entry. More recently, however, the US manufacturing sector has become the largest employer of temporary labor, employing 36% of all temporary workers. Governments and public agencies purchase approximately 20% of all manufactured goods, valued at nearly \$2 trillion. The strategic policy center, Jobs to Move for America, recognized public procurement as an underutilized opportunity to leverage public dollars to build a fairer economy, lift labor standards, and create high-road jobs.

Initiative: Jobs to Move America created the US Employment Plan (USEP) to support effective, democratic workplaces and empower workers. USEP is a federally approved policy tool for building equity into public procurement. USEP strives to create career pathways for historically marginalized people who are often left out of the manufacturing sector, including women, people of color, veterans, and formerly incarcerated people. When public agencies incorporate USEP into their bidding process, companies bidding for contracts must disclose the number, type, and location of jobs the contract will create and retain, as well as salaries, benefits, training programs, and the company's plan for recruiting and training historically marginalized workers.

Outcome: In 2012, the Los Angeles County Metropolitan Transportation Authority (LA Metro) became the first transit agency to adopt USEP for the purchase of rail cars and has since used USEP eight times. Jobs to Move America attributes the creation of over 550 direct jobs and thousands of additional jobs to LA Metro's adoption of USEP. In 2018, LA Metro committed to implementing USEP through the agency's Manufacturing Careers Policy, which applies to equipment purchases of over \$100M. Jobs to Move America estimates that this latest effort through the Manufacturing Careers Policy will support up to 22,000 jobs in the LA region.



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**JOBS TO
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NEXT STEPS & NEW OPPORTUNITIES

The IERS is a starting point for SCAG's work in fostering an inclusive economic recovery. As a next step, the agency will draw on existing resources to begin implementing recommendations with the IERS guiding principles in mind.

In April and May 2021, as SCAG was completing its process of "Listen and Convene" and beginning to draft this final report, the State of California was leading the way with vaccinations and reducing the spread of COVID-19, which will culminate on June 15th with the full re-opening of the economy. On May 14th, 2021, Governor Newsom released his May budget revise, which included a proposed \$267.8 billion state budget and a host of programs targeting an inclusive, equitable and sustainable economic recovery. The \$100 billion proposed "Comeback Plan" is a comprehensive approach to all facets of economic recovery, including homelessness and housing, workforce development, climate resilience, transportation, and closing the digital divide.

This funding proposes to not only address pandemic-related needs, such as stimulus checks and emergency rental assistance, but also to address long-standing issues California faced pre-pandemic. Specific proposals mirror some of the priorities and recommendations in this IERS, including: the California Jobs Initiative; funding for affordable housing to combat homelessness and support home-ownership; a labor and workforce development initiative; funding for coordination of workforce development efforts with Community Colleges; investments in transportation and infrastructure, and specifically to address the digital divide. The proposal also includes a \$750 million Community Economic Resilience Fund to provide financial support to regional and local stakeholder collaboratives to plan and implement region- and industry-specific economic transition strategies, with a specific focus on supporting high-road industries, quality job creation and workforce strategies in those sectors or regions most affected by the state's transition to carbon neutrality.

Within these new funding opportunities, and with this IERS, SCAG will invest in staff resources to pursue new partnerships and funding opportunities that can support implementation of IERS recommendations and the sweeping investment proposals from the State. Through ongoing conversations and partnerships with practitioners across sectors, disciplines, and subregions, SCAG will continue to look for new ways the agency can help to close economic disparities and foster a more inclusive economy in the region.

APPENDIX

Key Findings



In this appendix, we summarize key findings heard in one or more of SCAG’s 20 convenings, in survey responses, and in feedback from SCAG’s Special Committee on Equity and Social Justice, SCAG’s Community, Economic and Human Development (CEHD) committee, SCAG’s Energy and Environment Committee (EEC), SCAG’s GLUE (Global Land Use and Economics) Council, and SCAG staff. We organize these findings by our four focus areas: 1) Housing Production and Preservation, 2) Transportation and Infrastructure, 3) Sector Based Strategies, and 4) Human Capital.

These findings are not exhaustive of all factors that relate to economic recovery. Rather, the findings presented here reflect what SCAG heard through the IERS “listen and convene” process. SCAG staff also shared findings with our bench of economists, who specialize in the economies and core industries across the six counties that SCAG serves.

Focus Area: Housing Production and Preservation

Housing Production and Preservation

- Lack of affordable housing, particularly in the mid-range of cost, is a shared concern across stakeholder groups. Some emphasized the importance of producing new housing and preserving existing affordable housing near jobs centers. Others noted the importance of developing affordable housing across the region to avoid further concentrating poverty.
- We need wealth building tools for communities that have historically been excluded from the benefits and opportunities of home ownership. Connecting people to home ownership is one way to build wealth, but it is not enough to close the ever-growing racial wealth gap. In the meantime, several stakeholders called for a public subsidy to support low-income families’ access to home ownership.
- More attention and investment should be given to community land trusts as a tool to build community wealth and create alternative approaches to ownership housing.
- Acquisition and rehabilitation of existing affordable housing stock is needed to prevent tenant displacement and loss of scarce units.
- Housing production is particularly challenged because when viewed through a narrow fiscal analysis, housing represents a net fiscal loss for municipalities; it does not generate sufficient taxes or resources needed to service it (infrastructure, fire/life safety, etc.). However, housing shortages are a drag on the economy, driving up labor, health, and commuting costs. SCAG could help cities quantify the fiscal cost of not producing housing.
- New housing developments need to incorporate climate-ready strategies to minimize the potential loss of housing units from climate-related hazards, such as sea level rise, wildfires, and landslides, among others.
- The economic costs of not addressing climate hazards in the context of housing supply will heavily affect local governments. Instead, climate-adaptive housing strategies can generate economic benefits for communities.

Land Use and Zoning

- There is an opportunity for economic justice organizations and housing justice organizations to work more closely together to advocate for mixed-use zoning and other land use patterns that bring housing and jobs centers together. Similarly, residents must have access to high quality transit.
- Housing development approval processes should be more transparent and streamlined, particularly through CEQA streamlining and reform.
- The proliferation of single-family homes and some rental properties becoming short term rentals negatively affects housing availability and affordability.
- The complexities of balancing goals related to housing production, sustainability, and conservation need to be better understood by policymakers and the public.
- Land use policy and zoning are important tools for local jurisdictions to lessen the risks and costs from climate-related hazards on residents and housing, especially related to building in areas at risk for wildfires.

Diversity and Inclusion in Delivery of Housing

- The real estate development and financing industries sorely lack diversity. The property management divisions of many development companies are diverse, but few people of color are gaining entry to higher-earning careers in development.
- Housing construction and property operations are opportunities to support local contractors and workers. Housing developers must be intentional about hiring local, community-based business and service providers for their contracting needs (e.g., security, landscaping, preventative maintenance).
- While there is developer interest in having better equity outcomes through targeting contracting and hiring, the transaction costs of identifying qualified contractors and workers who meet targeted categories can become a barrier to a project’s implementation.

Financing

- Developers face serious barriers and challenges in securing the capital needed for affordable housing projects. In particular, low-income housing tax credit (LIHTC) allocations are becoming increasingly competitive. Moreover, restrictive net worth requirements for developers can exclude historically marginalized developers from fully participating in the field.
- More financing is needed for delivery of rental and ownership housing at all levels of affordability (moderate to extremely low income).

Focus Area: Transportation and Infrastructure

Investments in Transportation and Infrastructure

- SCAG's Connect SoCal identifies \$638 billion in transportation investments that rely heavily upon fuel and sales tax revenues that are greatly impacted by COVID-19.
- Stakeholders encouraged SCAG to aggressively organize the region and pursue funding through Federal stimulus and various State programs targeting infrastructure and transportation.

Infrastructure to Support Economic Growth

- Goods movement represents a disproportionate share of transportation emissions, requiring an aggressive strategy to deploy zero-emissions technologies that will reduce harmful emissions, particularly in low-income communities.
- Climate adaptation and mitigation infrastructure has a net economic benefit, both in terms of job creation and for workforce development in transitioning to a greener economy.
- Electricity generation in the power sector is an important aspect of climate mitigation and adaptation; local agencies have an important role to play to promote resilience and reduce costs from future stressors and shocks to the grid.
- Investing in updating water infrastructure will better prepare the region to be climate-ready and meet its future water needs.
- In more rural and industrial areas flexible transit options like on-demand service need to be part of the solution.
- Advocates, labor leaders, and real estate developers noted that complete streets investments provide workers more safe and affordable options for accessing job opportunities. In addition to benefiting the region's workforce, complete streets and transit investments benefit the region's youth and aging populations and contribute to reducing GHG emissions.

Digital Divide

- Workforce, philanthropic, and small business stakeholders highlighted that the digital divide is a critical and top priority to address.
- Many stakeholders noted that the digital divide extends beyond broadband infrastructure to also include lack of access to devices and low levels of digital literacy. During the COVID-19 pandemic these presented barriers to workers looking for job opportunities and resources and posed challenges for small businesses seeking out financial assistance and vital online marketplaces.

Other

- To enhance climate infrastructure conversations and for investments to be successful, advocates are eager to see greater multi-agency collaboration (e.g., public works, legal, transportation, sustainability) within and across jurisdictions.
- Considering society is transitioning to increasingly rely on electricity, it is important for policymakers to ensure that low-income communities are not overburdened by high-cost energy.

Focus Area: Sector Based

Growing Middle Wage Jobs

- Subregional partnerships are working to transform low-wage growth sectors into providing higher wage job opportunities. These industries can be shaped and repositioned towards better paying models. This work would benefit from SCAG's role in supporting local efforts and facilitating partnerships.
- The in-home and direct care industry is an example of a high-demand industry that currently pays low wages but has the potential to offer an accessible career pathway with targeted investment and higher job quality standards.
- Employers are frustrated that even when paying a living wage (\$17/hr. for a single individual in Ventura County), their

lowest-earning employees still cannot afford to rent a nearby unit, let alone become homeowners.

- Several stakeholders raised that Southern California needs to reinvest in growing its manufacturing sector.
- Non-governmental partners rely on local governments to be lead partners in pursuing local economic development grants. However, due to limited capacity and divergent priorities within lead local agencies, community-oriented projects to grow industry and economic opportunity are often left with funding gaps.

Regulatory Reforms

- Stakeholders expressed concern that businesses are choosing to relocate or expand their operations outside of California, due to the state's higher taxes, regulatory requirements, and limited incentives.

Entrepreneurship and Small Business Support

- Small, women and minority owned businesses struggle to compete for government contracts, which help facilitate business growth. Along these same lines, examples of anchor institutions that are committing to diversifying and expanding their supply chains can support small, women and minority business success.
- Local chambers and small business assistance providers surfaced the need for diversity-equity-inclusion trainings and resources designed for small businesses to learn about the issues and how they can advance these principles as employers.
- The unique needs and barriers of workers and entrepreneurs in the informal economy are often overlooked when policies and programs are being crafted. In the instances where these individuals are eligible for support and resources, the process to obtain the resources is overly complicated and discouraging.

Agricultural Production

- Some stakeholders stressed the importance of preserving land for agricultural and other conservation purposes, which also affects increased food security, job creation, and general sustainability outcomes. Others expressed concern about the conflict between land preservation and demands for increased housing production and other economic growth needs. SCAG's Connect SoCal plan identified that implementation of identified agricultural conservation strategies could preserve 8,700 more acres of productive agricultural land and generate \$23 million more in agricultural production when compared to "business as usual" strategies.

Focus Area: Human Capital

Childcare

- The pronounced gender disparities in economic participation since the onset of the pandemic have elevated the long-time need for affordable childcare that is financially accessible and available for any family needing it. Workforce practitioners noted the importance of co-locating childcare with adult training and education centers. Employers in the agriculture industry raised that the childcare needs for their workforce are not typically met by providers, in part because the facilities are not open early enough to align with farmworkers' work schedule.

Workforce Development

- More needs to be done to train and connect youth to workforce opportunities, particularly in high-demand industries with workforce gaps.
- Workforce training providers raised that some of the restrictions placed on workforce development funding programs limit how effective a program can be in supporting target populations' access to and success in training programs.
 - Within the context of youth, there is a misalignment in when the funds are needed and when the funds can be used. Currently, youth programs with certain types of grant funding cannot enroll high school students as participants, and instead must wait until the individuals have graduated. Practitioners note that waiting until a student completes high school risks the student becoming disconnected from resources and makes it difficult for trainers to re-engage young people.
 - Workforce funding cannot typically be used for communications, marketing (e.g., radio ads), and awareness-building to recruit participants. These activities are critical for targeting benefits and opportunities to historically marginalized communities.
 - Some funding sources cannot be used for providing support services such as childcare that trainees need for their success during trainings and after their job placement.
- Community advocates and workforce practitioners noted that industry should offer paid internships and other learning experiences for low-income students or those from underrepresented groups (or incentives should be developed in support of this concept). Students from underrepresented backgrounds in the region's growth industries continue to

face barriers to accessing paid internship experiences, which are critical to applying their skills and unlocking future job opportunities. Employers often overlook California State Universities, community colleges, and universities in the Inland Empire as places from which to recruit bright, skilled talent.

- As industries adopt new technologies and practices that support a greener economy, the region should direct attention to developing workforce development programs through relevant educational and training opportunities. Our workforce should be ready for industries of the future.
- Pairing on-going wrap-around services with workforce training and placement programs help participants' longer-term success. Earn and Learn programs offer a promising model to connect people to opportunities in the workforce. Similarly, providing services to address the mental health and mentorship needs of youth is critical to their successful employment and advancement. Programs that incentivize targeted hiring via subsidies, when done well, can create last benefits for businesses and workers.
- New and innovative apprenticeship programs need to be offered for industries outside of the traditional trades.
- Stakeholders called for a greater awareness and understanding of career technical education as a viable alternative to a four-year degree. Community colleges are key in connecting community members to workforce accreditations and can offer important resources for improving the region's workforce readiness to support a greener economy.

Education

- Few programs and partnerships connect students of color to career pathways in real estate development, and generally urban planning and policy. Curriculum can be developed for any level of education to expose children to these careers and create familiarity with the pathways for realizing those careers. This also goes for STEM – exposing students to STEM coursework and career pathways and building students' critical thinking and problem-solving skills are key to readying future generations for jobs and opportunities with economic mobility.
- In general, the importance of a college education must be stressed early on, and access to financial aid, grants and support is required for lower income communities.

Broader Access to Resources

- Awareness and understanding of entrepreneurship pathways and opportunities in growth industries need to be cultivated in underrepresented communities. Incubator and accelerator leaders raised that systemic changes, such as universal healthcare, can reduce the barriers to entry for low-wealth individuals, who are otherwise likelier to seek traditional employment opportunities that offer steady income and healthcare benefits. The lack of key social safety nets stifles our region's innovation and prevents low-income individuals from pursuing wealth-building entrepreneurship opportunities.
- Employers are generally unaware of the various job creation incentives and training programs available to them locally and at the state level. For employers who do know about available programs, the programs are often difficult to access and navigate.
- Tribal communities continue to be overlooked for resources to meet their needs. In addition, greater investment needs to be made in relationship-building with these communities.

Other

- The growing gig economy is transferring the operating expenses, such as basic benefits, from the employer to the employee without ensuring commensurate compensation.
- People who can work remotely can be recruited to work for firms outside the region. This is an opportunity and threat to local employers who must compete for a local workforce, while also having access to a wider talent pool from outside the region.
- Worker voice and union membership contribute to a growing middle class.
- Guaranteed income programs (a targeted version of Universal Basic Income that provides direct and recurring cash payments to eligible families) are gaining traction and seen as a meaningful social safety net for low-income families. In the SCAG region, the mayors of Compton, Long Beach, Los Angeles, and West Hollywood have all joined the Mayors for Guaranteed Income efforts, which advocates for and advances the policy model.
- Little can replace the impact potential of trusted nonprofit and community organizations. Funders saw this most recently take shape in the need to distribute federal relief funding to local stakeholders.

ENDNOTES

- 1** Resilience is defined here as enabling communities to bounce back from acute crises such as forest fires, economic downturns, and pandemics and ongoing struggles such as harmful air quality.
- 2** Sustainability is defined as ensuring the renewal and distribution of resources that promote and increase individual and community health and well-being. There have been varying perspectives on what sustainability is and encompasses. While the term is most commonly associated with environmental aspects, many within policy circles note its origins with the Brundtland Commission in the 1980s (culminating in the 1987 “Our Common Future”, otherwise known as the Brundtland Report), which focused on sustainability broadly (i.e., not just environmentalism). For instance, Campbell’s 1996 article on the contradictions of sustainable development argued that while the three E’s of sustainability - environmental protection, economic development, and social equity - often seem to be at odds with each other, a reconceptualization of social theory and the role of conflict can help address environmental but also importantly social injustice. Similarly, Bullard (2008) traced the relationship between environmentalism, economics, and equity within the context of social and environmental justice. This idea of economic and social sustainability - including the relationship of both to environmental issues and in particular environmental justice - has been particularly underscored by the COVID-19 pandemic and the 2020 racial justice movement, both of which shed harsh light on what many have acknowledged to be long standing structural inequality. References: World Commission on Environment and Development. (1987). *Our Common Future*. Oxford: Oxford University Press; Campbell, Scott. (1996). *Green Cities, Growing Cities, Just Cities?: Urban Planning and the Contradictions of Sustainable Development*, *Journal of the American Planning Association*, 62:3, 296-312, DOI: 10.1080/01944369608975696; Bullard, Robert D. (2008). *Dumping in Dixie: Race, Class, and Environmental Quality*. 3rd Edition. Boulder, CO: Westview Press.
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- 13** Provine, D. M. (2008). *Unequal Under Law: Race in the War on Drugs*. University of Chicago Press.
- 14** For example, child labor in the United States was formally outlawed only in the 1930s.
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