



SOUTH CENTRAL TRANSIT ORIENTED DEVELOPMENT (TOD)

RESPONSIBLE DEVELOPMENT WITHOUT DISPLACEMENT KEY FINDINGS

Significant Displacement Risk for Households and Businesses

- Displacement risk from gentrification (increasing incomes will likely increase property value and therefore taxes—already shows in the Warehouse District where “owner” incomes are 2-2.5 times renter incomes)
- Risk from new Opportunity Zone designation—new report from Smart Growth America and LOCUS¹ highlights Phoenix as an opportunity to the entire investor/developer sector
- Risk to non-mortgage households who need but have limited access to secured affordable financing (e.g. second mortgages, equity loans—all require a first mortgage)
- Renter households are at risk from rents rising faster than income; as many as 20% of households are in mobile home parks which could be sold, undocumented renters have additional exposure
- Risk to independent and traditional businesses—few of whom own their properties

Development Opportunities Must be Managed to Avoid Displacement

- As density is very low in the corridor there are many development opportunities. Planned “development without displacement” requires new capacity to assemble land. Arizona legislation is needed to authorize this for the City of Phoenix. Unlike many cities, current processes are not organized for transferring tax delinquent properties in Phoenix.
- Spatially, the corridor is in the center of South Phoenix surrounded by neighborhoods whose residents could be business patrons, but who have little reason to shop there.
- Current annual purchasing power within ½ mile of the corridor center is \$250 million; within 2 miles is \$2 Billion, achieving “capture” of adjacent area spending could grow the corridor responsibly. Current transit service allows up to 90,000 potential “customers” to reach retail within a 30 minute or less bus ride, but that figure will increase dramatically with new LRT service.

Exposure to market-based redevelopment forces is high and could grow forcefully absent without intervention. By definition, economic development would include an increase in area income and wealth, but the rate at which this occurs and to whose benefit need attention.

Our findings suggest a suite of activities that allows for time to plan for responsible development and can largely be implemented without new statutory authority.

¹ Coes, Christopher A. Loh, Tracy H. *National Opportunity Zones Ranking Report*. Washington DC: LOCUS, 2018.

