

South Central Ave Light Rail Transit Issue Paper IV: Public Policies to Facilitate eTOD

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Purpose and Introduction

The City of Phoenix's South Central Ave Light Rail Corridor has a significant opportunity to achieve equitable transit oriented development (eTOD) outcomes – that is, TOD without displacement – creating more prosperous and sustainable communities that include its current residents and small businesses. Traditional transit-oriented development (TOD) produces a bundle of benefits for households, communities, urban areas, and the environment. However, these local environmental and economic benefits often lead to an increase in property values and subsequent displacement of under-capitalized small businesses and lower-income residents (see Paper I for more discussion). eTOD strategies aim to achieve triple-bottom line benefits: environmental, economic, and societal. This paper will examine public policy strategies for which the South Central Corridor communities could advocate and which the City of Phoenix could adopt to support the implementation of wealth and community building and other societal benefits through eTOD. Specifically, it will explore strategies for sustainable land use, community control, and equitable economic development.

Strategies for Sustainable Land Use

Land use policies that support eTOD are ones that create livable communities. Policies should enable high density and mixed-use developments that promote walkability and access to a variety of services in the development area. The City of Phoenix might consider establishing or revising a set of land use and design policies that support eTOD strategies within the South Central Corridor. Some of the policies that could be created or amended include form-based codes, design standards, neighborhood planning districts, right sized parking, and eTOD overlay zones. These policies could advance eTOD's community building strategies of developing green infrastructure in walkable neighborhoods and using cost-saving, sustainable practices in building construction and maintenance, as discussed in Papers I and III.

Form-Based Zoning Codes and Design Standards

Form-based codes create predictable built environment results and a well-designed public realm by using collaboratively-determined design guidelines as the code's organizing principle. Form-based zoning codes and design standards should promote human-scale urban environments and focus on infrastructure that is well-integrated into an urban environment and oriented towards transit users to create an urban aesthetic and functional eTODs.¹ Form-based zoning codes can also be used to incentivize urban heat island mitigation to make walking more comfortable on hot days. In Pasadena, California, the Duarte Corridor, which runs from Pasadena to Azusa, follows a set of design guidelines including site planning, general building design, design guidelines by building type, and landscape guidelines. Site planning guidelines include following a block pattern to ensure a balance of sidewalks, streets, and alleys. General building design guidelines include strategies to develop neighborhood character, prohibit bare façade walls, include diversity of building materials, orientation to the street, etc. Landscape guidelines include instructions for landscape placement, pavement material requirements, bioretention, and site furnishings.² Arlington, Virginia's Columbia Pike Initiative implemented a form-based zoning code to provide design guidelines for blocks and alleys, building facades, streetscape, parking, and other aspects of the urban corridor. These codes all place emphasis

¹ Land Use Law Center. (2017). "The Practicalities of Form Based Codes: Lessons from Our Region." *Land Use & Sustainable Development Conference*. Presentation accessible here: http://www.wmpf.org/wp-content/uploads/2012/01/12-07-17_WMPF-Practicalities-of-Form-Based-Codes.pdf

² Metro Gold Line Foothill Extension Construction Authority. (2016). "Transit Oriented Development Studies." <https://foothillgoldline.org/default/transit-oriented-development-past-and-present/>

on creating an attractive and enjoyable space near transit to encourage its use.³ Form-based zoning codes should also outline design guidelines for a diversity of mixed-income housing types. Form-based codes can also set forth guidelines that encourage developers to avoid using high cost building materials, which can help promote affordable development. See this document's [section on how form-based codes facilitate affordable housing developments](#).

For additional examples of well-developed form-based codes and design standards, see the [Bay Area Rapid Transit's TOD Guidelines](#) and [Denver, CO's Strategic Plan](#).

Addressing Urban Heat Island and Water Scarcity

One of the challenges identified in creating a more “walkable urban form” through form-based codes is the perception from storeowners that walking anywhere during spring and summer months won't happen because of Phoenix's extreme temperatures, in part due to urban heat island impacts (see Briefing Paper III for more discussion). Identifying ways to mitigate urban heat island (UHI) impacts would likely improve the walkability of the South Central Corridor and benefit Phoenix's water scarcity issue as well. One method is by encouraging UHI mitigation practices through incentives or requiring specific practices in new developments. UHI mitigation practices include reflective roofs, vegetated roofs, reflective pavement, porous pavement, shade trees, or re-vegetation of paved areas. Incentives could include rebates, tax abatements, preferential permitting, or other development bonuses for the construction of UHI mitigation practices.⁴

Phoenix might also consider exploring an air condition retrofit program for existing buildings within the South Central Corridor, which would also mitigate urban heat island impacts. The City should explore potential joint funding with the State of Arizona and the area's three utilities: The Salt River Project, Arizona Public Service, and Southwest Gas to implement district cooling centers. Local models for innovative district cooling practices already exist: downtown Phoenix has three circulating chilled water cooling districts⁵ and Arizona State University's campus in Tempe has its own combined heat and power district energy setup.⁶

Neighborhood and Corridor Planning Districts

Neighborhood and Corridor Planning Districts provide an opportunity for community members to take initiative in the planning and development of their neighborhoods. These planning approaches allow community members to be engaged in the planning and development of local amenities, like transit and housing. Washington D.C. has a strong Neighborhood Planning District model, through which city planners work with a local neighborhood commissions, a citizens' association, residents, local businesses, elected officials, and district agencies to develop small area planning studies and plans, coordinate plan implementation, monitor and review development projects, and act as liaisons to

³ City of Arlington. (2010). “Form Based Codes.” <https://formbasedcodes.org/content/uploads/2014/02/columbia-pike-regulating-plans.pdf>

⁴ Hewitt, V., Mackres, E., and Shickman, K. (2014). “Cool Policies for Cool Cities: Best Practices for Mitigating Urban Heat Islands in North American Cities.” *ACEEE and GCCA*. <https://aceee.org/sites/default/files/publications/researchreports/u1405.pdf>

⁵ Garcia, N. (2017). “Keeping downtown Phoenix cool: A look inside the underground water-chilling plant.” *Fox10 News*. <http://www.fox10phoenix.com/news/arizona-news/nrg-energy>

⁶ ASU News. (2016). “Tunnel vision: Examining the secret of ASU's underground network.” *ASU News*. <https://asunow.asu.edu/20151123-asu-news-tunnel-vision-examining-secret-asus-underground-network>

elected officials and community stockholders on land use.⁷ This planning model ensures that all perspectives are voiced and considered when planning for new infrastructure and codes to support eTOD.

Phoenix has several special planning districts and neighborhood plans. Where they overlap with the eTOD corridor, the districts and plans should be adjusted to accommodate and promote practices policies that support eTOD development – e.g., higher density buildings, narrower setbacks, enabling of mixed use and affordable housing development.

Right Sized and Shared Parking

Right sizing parking means finding a balance between parking supply and utilization. Generally, city codes require far more parking than is efficiently used, especially in areas adjacent to transit.⁸ Excessive parking allowances not only encourage driving, but also use up valuable land, increase stormwater runoff, degrade water quality, and exacerbate urban heat island impacts. Currently, Phoenix requires 1.5 spaces per 1 or 2 multifamily dwelling unit and 2 spaces per 1 single family dwelling unit.⁹ Reducing parking requirements allows for greater development potential and increases the demand for efficient public transit. In multifamily buildings, requiring “unbundled” parking that is purchased or rented separately from the housing unit can bolster affordability. Shared parking programs help maximize use of the reduced amount of parking by allowing for different users at different times during the day. Some shared parking best practices include enabling sharing between a group of employees or residents, and encouraging use of off-street lots at different times during the day (e.g, weekday office use, weeknight commercial use, weekend, commercial use).¹⁰ Shared parking can also offer a solution to the desire to traditional community businesses that might rely on shoppers to drive and park. Parking policy adjustments should be paired with programs to prevent commercial displacement, such as [land banks](#) and [community benefits agreements](#).

Ann Arbor, Michigan reduced its downtown office building parking requirements from four spaces to three per 1,000 square feet to promote an increase in use of public and active transit.¹¹ Similarly, Berkeley, California reduced parking requirements for developments within a 1/3 mile from a transit station, and implemented a Commuter Benefit Service for Employers, requiring companies with ten or more employees to provide a commuter program encouraging the use of public transit, car pools, or bicycles for employees.¹²

⁷ DC Office of Planning. (2018). “Neighborhood Planning.” <https://planning.dc.gov/page/op-neighborhood-planning>

⁸ Rowe, D. (2013). “Right Size Parking in King County, WA.” *2013 Sustainability and Public Transportation Workshop*. Presentation available here: <https://www.apta.com/mc/sustainability/previous/2013/presentations/Presentations/Rowe-right-size-parking-King-County-WA.pdf>

⁹ City of Phoenix. (2018). Zoning Ordinance 702 Off-Street Parking and Loading. <https://www.codepublishing.com/AZ/Phoenix/?PhoenixZ07/PhoenixZ0702.html>

¹⁰ Reconnecting America. (2009). “Briefing Report Number 3: Case Studies for Transit Oriented Development.” Prepared for LISC Phoenix and retrieved from: <http://www.liscphoenix.org/wp-content/uploads/2015/10/Case-Studies-for-TOD.pdf>

¹¹ City of Ann Arbor. (2007, June). “Ann Arbor Downtown Parking Study – Phase II.” https://www.a2gov.org/departments/planning/a2d2/parking/Documents/2007-06_PhaseII_FinalReport.pdf

¹² City of Berkeley: Transportation Division. (2018). “Commuter Programs and Public Transportation.” <https://www.cityofberkeley.info/commute/>

For more information on parking requirement adjustment models, review CNT's 2016 report, [Stalled Out](#).

eTOD Overlay Zones

Overlay zones are planning districts applied over previously established zoning districts in order to establish new development criteria for parcels within the zone. Overlay zones are especially helpful in enabling specific development projects, like mixed-use development, affordable housing, or some combination of goals. An eTOD Overlay Zone would incorporate the above identified policies to promote human-scale urban environments and focus on infrastructure that is well-integrated into an urban environment and oriented towards transit users to create an urban aesthetic and functional eTODs. Sacramento, CA adopted a [transit overlay zone for mixed use and commercial properties](#) within a half mile of transit, and Prince George's County in Maryland uses [transit station-area overlay tools](#) to reduce parking requirements.

Strategies for Community Control

Community control strategies help promote include those that combat resident and small-business displacement by building community wealth, improving access to affordable housing, and expanding and diversifying ownership of land, which is critical to lower income residents who would benefit from living in proximity to transit.¹³ According to a 2009 study done by the Center for Transit Oriented Development, the average household living in an auto-dependent neighborhood spends approximately 25 percent of its income on transportation. In location efficient areas, this percentage can drop to 9 percent (see Figure 1). This 16 percent savings on transportation can help to lower income households increase their ability to spend income on other priorities.

Some of the policy options and tools outlined include targeted funding to create affordable housing near transit, affordable housing incentives and zoning protocols, limited equity cooperatives, land trusts, land banks, and development tracker tools. These strategies would support eTOD's community building strategies of developing amenities that residents want to use regularly and establishing a sense of place rooted in residents' heritage and positive experiences, as discussed in Papers I and III.

Target Funding to Preserve and Create Affordable Housing Near Transit

According to a recent Arizona Republic article, Phoenix's lack of affordable housing is "becoming a crisis situation."¹⁴ The state's affordable rental shortage is approaching 160,000 units, with the majority of that shortage concentrated in metropolitan Phoenix. There are several state, county, and local affordable housing and community development programs that could be engaged in the development of sufficient affordable housing near the South Central Corridor development areas. The Arizona Department of Housing's 2017 National Housing Trust Fund Annual Allocation Plan includes transit-

¹³ Green, J. and Hanna, T. (2018). "Community Control of Land & Housing: Exploring strategies for combating displacement, expanding ownership, and building community wealth." *The Democracy Collaborative*. <https://thenextsystem.org/sites/default/files/2018-08/CommunityControlLandHousing.pdf>

¹⁴ Fifield, J. (2018). New apartments aim to meet dire affordable housing need, lift Phoenix-area neighborhoods." *Arizona Republic*. <https://www.azcentral.com/story/news/local/surprise/2018/09/17/new-affordable-housing-projects-lifting-up-neighborhoods-countywide/1260962002/>

oriented design elements as one of its project scoring categories (see [pages 8 and 9](#)).¹⁵ The [Housing Authority of Maricopa County](#) should be engaged in new affordable housing developments. The Authority just implemented an affordable redevelopment project in Phoenix that allowed 800 residents to stay in their homes. The redevelopment project was a \$49 million initiative and multi-partner effort, engaging a private developer, the Arizona Department of Housing, the Authority, the City of Phoenix, and HUD.¹⁶ The Sustainable Communities Collaborative is a collective of groups (including LISC, Raza Development Fund, and others) that promotes mixed-income housing, improved public health outcomes, and the development of a “Total Transit Network.” The Collaborative also has a Sustainable Communities Fund, which leverages existing financial tools to improve the way in which community development occurs. Since 2011, the Fund has used \$20M in loan funds to leverage over \$375 M in additional investment for several development projects related to the light rail corridor (for more discussion on Collaborative’s impact on eTOD projects in Phoenix, see Paper I).¹⁷ This group should be engaged closely when affordable housing policies are developed for the light rail corridor.

Strengthen Affordable Housing Incentives

Arizona state law prohibits mandatory inclusionary zoning¹⁸ (which would enable programs like Chicago’s Affordable Requirements Ordinance¹⁹), but Phoenix can strengthen its incentive programs aimed at encouraging affordable housing units. Some incentives include impact fees, reduced parking requirements, tax abatements, fee waivers, and density bonuses. It’s worth noting that some of these incentives could be instituted as development requirements in the eTOD area on their own basis (e.g., higher density developments, reduced parking requirements) and could not then be considered incentives.²⁰

¹⁵ Arizona Department of Housing. (2017). “National Housing Trust Fund Annual Allocation Plan.” <https://housing.az.gov/sites/default/files/documents/files/2017-2018-ADOH-NHTF-Annual-Allocation-Plan-6-30-17.pdf>

¹⁶ Reagor, C. (2018). “Renovation of historic Phoenix Coffelt-Lamoreaux apartments keeps 800 in their homes.” <https://www.azcentral.com/story/money/real-estate/catherine-reagor/2018/05/13/phoenix-coffelt-lamoreaux-homes-renovated-affordable-housing/592199002/>

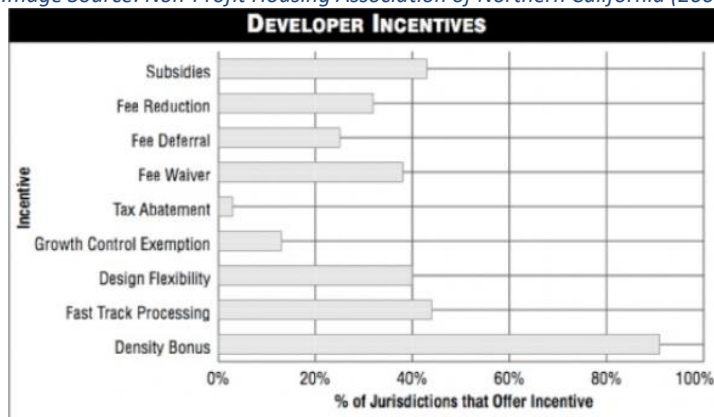
¹⁷ Sustainable Communities Collaborative. <http://www.sustainablecommunitiescollaborative.com/>.

¹⁸ Inclusionary Housing. (n.d.) “Is Inclusionary Housing Legal?” <https://inclusionaryhousing.org/inclusionary-housing-explained/what-are-the-downsides/is-it-legal/>

¹⁹ Burnham, D. (2017). “The Quest for Affordable Housing: Chicago Adopts New Developer Requirements.” *Burnham*. <https://www.burnhamnationwide.com/final-review-blog/affordable-housing-chicago-adopts-new-developer-requirements>

²⁰ Inclusionary Housing. (n.d.) “Developer Incentives.” <https://inclusionaryhousing.org/designing-a-policy/land-dedication-incentives/>

Figure 2 Developer Incentives
Image Source: Non-Profit Housing Association of Northern California (2007)



Establish By-Right Zoning to Promote Affordable Development in TOD Areas

By-Right Zoning is the practice of streamlining the development approval process for certain types of development, like affordable housing units, so that projects receive approval without a discretionary review process. Discretionary review involves approval by a local planning commission and city council and is often where affordable or subsidized housing developments are prevented. To work effectively, cities or town should implement [form-based codes](#) that provide a detailed outline of the character and form of new housing and commercial development. Developments that meet the form-based code requirements can be approved through the “by-right” administrative process and avoid the discretionary process.^{21, 22} Establishing by-right zoning to promote affordable housing development in an eTOD area is particularly helpful because households in neighborhoods with transit access spend only 9 percent of their household budget on transportation, compared to households in auto-dependent neighborhoods, which spend 25 percent of their budget on transportation. This 16 percent savings on transportation is critical for lower income households.^{23, 24}

Property Tax Break Policies

Property tax break policies protect tax payers from becoming too overloaded by property tax bills. When a bill rises above a certain percentage of a taxpayer’s income, the property tax will be capped. There are several ways to implement a tax break policy, including through tax abatements, property value increment exemptions, or tax credits.²⁵ Arizona has a tax break program in place that assesses eligible properties at a 5% rate as opposed to 10%. Eligible participants must be older Americans, over the age

²¹ Parolek, K. (2017). “Getting By-Right Zoning Right for Communities in Crisis.” American Planning Association Magazine.
http://magazine.planning.org/publication/?i=410275&article_id=2796345&view=articleBrowser&ver=html5#%22issue_id%22:410275,%22view%22:%22articleBrowser%22,%22article_id%22:%222796345%22

²² Brinklow, A. (2018). “Law will force 97.6 percent of California cities to build more.” *Curbed – San Francisco*.
<https://sf.curbed.com/2018/2/2/16965222/california-sb35-housing-bill-list-wiener>

²³ Center for Transit Oriented Development. (2009). “Mixed-Income Housing Near Transit: Increasing Affordability with Location Efficiency.” <https://www.scribd.com/document/55267685/Mixed-Income-Housing-Near-Transit-CTOD-09-2009>

²⁴ Center for Neighborhood Technology. (2018). Housing and Transportation Affordability Index.
<https://htaindex.cnt.org/>

²⁵ McGraw, J., Benedict, A., and Bernstein, S. (2014). “Capturing the Value of Location Efficiency for Twin Cities Households.” *CNT*.

of 65, making less than \$35,184 for individuals and less than \$43,980 for couples.²⁶ This program might be expanded to account for low-income residents living in areas that will see a large increase in property value over a short period of time, such as a TOD development area.

Cooperatives and Limited Equity Cooperatives

Cooperatives are operated by state-chartered nonprofits whose “shareholders” live in the building. The nonprofit owns the deed, holds the mortgage, and pays taxes, while the “shareholders” buy and sell shares in the nonprofit.²⁷ A Limited Equity Cooperative (LEC) differs slightly from a standard cooperative in that the “shareholders” can only accumulate some of the equity from the original share price and the share price at resale. This help keeps housing affordable even if area property values are increasing. For example, an LEC in San Francisco saw one-bedroom units sell for \$10,000 with a monthly charge of \$703, making it affordable to lower income individuals.²⁸

Community Land Trusts

Community land trusts (CLTs) are democratic, multi-stakeholder entities that own, sell, and rent land with various resale restrictions to maintain long-term affordability. CLTs are critical in addressing affordability concerns near proposed or existing transit corridors. By allowing for land acquisition before transit stations are constructed, they can help shape neighborhood planning and transit alignment decisions. To address TOD affordability concerns, CLTs may need to expand their role in the stewardship of higher density housing, like affordable condos and rental housing.²⁹

CLTs work on two fundamental principles: first, property within a CLT is a public asset, not solely a private good. Second, the community, which could be a nonprofit or government entity, owns and leases land to residents who purchase the physical building, reducing the initial purchase price by up to 75% and providing the means to long-term owner-occupied housing for lower income or local workforce households. CLTs often have long-term leases and therefore act as generational land stewards not developers, enabling a shared-equity homeownership tool that reduces foreclosure risk, solidifies safe and responsible lending practices, and allows lower income families to build credit and wealth. Regardless of the housing market fluctuations, CLTs are designed to create and protect stable housing and rentals for vulnerable neighborhoods—in 2008, CLT home foreclosure rates were .52% as compared with 3.3% nationally.³⁰ CLT’s can also protect against land value appreciation, which is a likely outcome in TOD areas. A 2010 study conducted by Temkin et al looked at the sale and resale activity of three CLTs

²⁶ Harold Fischer Capitol Media Services. (2018). “Arizona Seniors could be in line for a big property-tax break.” *Herald/Review Media*. https://www.myheraldreview.com/news/business/arizona-seniors-could-be-in-line-for-a-big-property/article_038f8654-28d5-11e8-9fe9-17ad9a774b27.html

²⁷ Green, J. and Hanna, T. (2018). “Community Control of Land & Housing.”

²⁸ Ortiz, L. (2017). “Will Limited-Equity Cooperatives Make a Comeback?” *Shelterforce: The Voice of Community Development*. <https://shelterforce.org/2017/04/25/will-limited-equity-co-ops-make-comeback/>

²⁹ Hickey, R. (2013). “The Role of Community Land Trusts in Fostering Equitable, Transit-Oriented Development.” *Lincoln Institute of Land Policy*. <https://www.lincolninst.edu/publications/working-papers/role-community-land-trusts-fostering-equitable-transit-oriented>

³⁰ Theodos, B., Daniels, R., Pitingolo, R., Braga, B., Latham, S., Stacy C., (2017). “Affordable Homeownership: An Evaluation of Shared Equity Programs.” http://www.urban.org/sites/default/files/publication/88876/affordable_homeownership_0.pdf

and found that each maintained the minimum incomes needed to rent at resale a unit to residents earning less than fifty percent AMI.^{31, 32}

Newtown Community Development Corporation (NCDC) operates a Tempe, AZ-based Community Land Trust, with over 136 homes in Chandler, Glendale, Scottsdale, and Tempe.³³ The Land Trust sells homes at a price below market rate, increasing access to homeownership for buyers that are not able to afford market rate homes. Newtown protects homebuyers from eviction, provides the opportunity to build equity through homeownership, and offers homeowner counseling services. Those involved in the South Central Corridor development should engage with NCDC as it explores options for developing a CLT in the eTOD area.

In Burlington, VT, the Champlain Housing Trust, a merger between a land trust and a housing development corporation, manages 2,200 apartments and 600 owner-occupied, shared-equity homes. The original housing trust has been around and acquiring properties since the early '80s. Merging with a local housing development corporation enabled the two groups to streamline the acquisition and development of land.³⁴ Flagstaff, AZ has developed a land trust program to provide housing for its workforce.³⁵ To learn more about Flagstaff's program, [visit its FAQs page](#).

Land Banks

Land banks facilitate the acquisition of abandoned or tax delinquent properties and prep them for "productive uses" such as affordable housing or commercial redevelopment. Typically owned by a municipal government or nonprofit, properly structured land banks enable the low-cost acquisition of properties, tax lien removal, title clearing, and leasing properties for temporary use or selling them. Land banks are generally created by a local ordinance, allowable by state statute.³⁶ Currently, there are not any publicly or nonprofit owned land banks in the state of Arizona.³⁷ In the late 1970s, Eugene, Oregon established a land bank to address shortages of suitable land for affordable housing. They assembled land near public schools, public transit, and prospective places of employment. Since 1979, almost 90 acres of land has been built with 510 affordable housing units.³⁸ The Cook County Land Bank Authority (CCLBA) was established by ordinance in 2013 to manage a large portfolio of vacant residential, industrial, and commercial property. CCLBA offers several programs to manage the affordability of the properties it manages: CCLBA's homebuyer direct program offers properties in need

³¹ Hickey, R. (2013). "The Role of Community Land Trusts in Fostering Equitable, Transit-Oriented Development: Case Studies from Atlanta, Denver, and the Twin Cities." *Lincoln Institute*.

https://www.lincolnst.edu/sites/default/files/pubfiles/2243_1579_hickey_wp13rh1.pdf

³² Ingram, G., Hong, Y. (2007). "Land Policies and Their Outcomes." *Lincoln Institute*

https://www.lincolnst.edu/sites/default/files/pubfiles/2127_1449_LP2006-ch13-Community-Land-Trusts-and-Housing-Affordability_0.pdf

³³ Newtown Community Development Corporation. (n.d.) "About Newtown." <http://www.newtowncdc.org/about/>

³⁴ Champlain Housing Trust. (2018). "About Us." <http://www.getahome.org/about-us>

³⁵ City of Flagstaff. (n.d.) "Community Land Trust Program."

<https://www.flagstaff.az.gov/DocumentCenter/View/46248/Land-Trust-Rio-Homes-Program-Summary?bidl=>

³⁶ Center for Community Progress. (2018). "Frequently Asked Questions on Land Banking."

<https://www.communityprogress.net/land-banking-faq-pages-449.php#How%20are%20land%20banks%20created?>

³⁷ Center for Community Progress. (2018). National Map of Land Banks and Land Banking Programs."

<https://www.communityprogress.net/land-bank-map-pages-447.php>

³⁸ Harvard Kennedy School: Ash Center for Democratic Governance and Innovation. (2009). "Landbanking Program for Affordable Housing." <https://www.innovations.harvard.edu/landbanking-program-affordable-housing>

of rehab to owner-occupants at below-market prices; its tax certificate program releases vacant, tax-delinquent lots at below-market rates to community-based developers and organizations.³⁹

Phoenix, like the rest of the state, does not have an established land bank, but the city does own large amounts of vacant land – approximately 4,100 individual properties, covering 2.3 square miles throughout the City. Maricopa County parcel data indicate that there are approximately 500 publicly- and privately-owned (residential, commercial, and industrial) vacant properties within the South Central Corridor Boundary. Of the 500 properties, a small portion – about 25 – are owned by the city. According to Steve Betts, a Phoenix resident and the former chairman of the Urban Land Institute – Arizona District Council, the city has the ability to land bank property to accelerate its preparation and sale in high priority areas.⁴⁰ Given the affordability crisis in Arizona, any established land bank should have a top priority of preserving housing affordability.

Development Tracker

Development trackers provide a means for neighborhoods to access information on building status, construction, and other performance metrics throughout different TOD projects. A program first developed by CNT called the Neighborhood Early Warning System (NEWS) provided a way for data regarding code violations, housing cases, property tax, real estate sales, and other records to be accessed by the public.⁴¹ This can be helpful information to have when discussing TOD's impact on housing affordability and availability. NEWS inspired another tool, Center for Neighborhood Knowledge (formerly NKLA), a development tracker from UCLA used in Los Angeles. The Center includes multiple sources of data including, housing profiles, mortgages, investment or disinvestment trends, and mapping that the public can easily access and contribute to.⁴²

Strategies for Equitable Economic Development

The practices and policies outlined below would advance eTOD strategies for building local wealth by connecting community residents to job opportunities and supporting the retention and growth of community businesses, as discussed in Papers I and II.

Workforce Development and Job Creation Programs

Phoenix has a local business and workforce development board that guides federal, state, and local workforce development funds and programs. In its latest strategic plan, the board outlined strategies to improve workforce development coordination and talent creation throughout Phoenix. Some of them include increasing employer engagement to provide meaningful and beneficial services, developing an inclusive talent pool, and leading strategic collaboration among partners. The Board uses a sector-based

³⁹ Cook County Land Bank Authority. (2017). <http://www.cookcountylandbank.org/about/about-us/>

⁴⁰ Gardiner, D. (2016). "Bad Neighbor": Phoenix struggles to manage its vacant city-owned lots." *The Republic*. <https://www.azcentral.com/story/news/local/phoenix/2016/11/24/phoenix-struggles-manage-city-real-estate/86875408/>

⁴¹ Center for Neighborhood Technology. "Spreading Access to Community Data." <https://www.cnt.org/projects/releasing-neighborhood-early-warning>

⁴² Tranquada, J. (1998 September 28). "UCLA Researchers Win Prestigious Federal Grant to Help Income Residents Use Internet to Improve Housing Conditions." *UCLA* <http://newsroom.ucla.edu/releases/UCLA-Researchers-Win-Prestigious-1275>

strategy to connect with employers.⁴³ Working closely with the transportation sector and local developers in the light rail corridor to produce a workforce development strategy for local hiring and training programs will help residents access jobs that are created in the Corridor. Some tools to aid in the promotion of equitable workforce development and job creation are outlined below.

Community Benefits Agreements

A Community Benefits Agreement (CBA) is a contract between community organizations and developers that mandates investment and policies to benefit the community in which a development is occurring and offset negative impacts of development like displacement. A CBA is a flexible tool that can be tailored to local needs and the scale of a project. Benefits may include local and disadvantaged hiring policies, job training, child care, beautification, financial investment and more. Funds generated as part of a CBA can be used to leverage other funds or financing tools to create a larger pool of capital for affordable housing or other community needs.⁴⁴

Equitable Contracting and Procuring

Equitable contracting and procurement programs ensure that underrepresented businesses (minority owned businesses – MBEs - or disadvantaged business enterprises - DBEs) have access to business opportunities. Cities can develop targets for contracting with MBEs and DBEs and decrease financial barriers to their participation. Phoenix has an online certification system that allows businesses to register as DBEs and is committed to engaging DBEs in projects that receive Federal Transportation Authority funding, including the light rail projects. If it hasn't done so, the City might also consider establishing DBE hiring requirements for removing financial barriers to participation. For example, St Paul, MN removed bonding requirements for projects worth over \$10,000, opening up opportunities to small contractors.⁴⁵

Worker Owned Cooperatives

Worker-owned cooperatives (co-ops) are those owned and operated by the employees, who make decisions through a democratic process. Some co-ops prioritize racial equity to improve racial economic inclusion. According to PolicyLink, 60 percent of worker co-ops established since 2010 are owned by people of color. Co-ops can be enabled by local officials through the creation of grants and loans to individuals interested in forming a co-op. Retiring business owners can also support co-ops by selling their business to workers as opposed to new owners or shutting the businesses' doors.⁴⁶

Ban the Box / Fair Chance Hiring

Ban the box hiring practices are those that remove criminal history questions from initial job application forms and encourage employers to focus more on a candidate's job qualifications. According to PolicyLink, "previous incarceration is associated with a 40 percent reduction in earnings, reduced wages, and higher rates of unemployment."⁴⁷ By banning the "box" through ordinances, resolutions,

⁴³ Arizona @ Work. (2017). Phoenix Business and Workforce Development Board Strategic Plan 2017 - 2020." https://arizonaatwork.com/sites/default/files/FINAL%20PBWDB%20Strategic%20Plan%202017-2020_0.pdf

⁴⁴ Green, J. and Hanna, T. (2018). "Community Control of Land & Housing."

⁴⁵ All-In Cities. (n.d.) Toolkit. <http://allincities.org/toolkit>

⁴⁶ *Ibid.*

⁴⁷ *Ibid.*

administrative memorandums, communities can improve and expand hiring practices of vulnerable community members.⁴⁸

Local and Targeted Hiring

Local and targeted hiring policies mandate or incentivize businesses receiving public resources to hire workers who live in a particular geographic region and/or meet criteria for being considered disadvantaged. Cities can enable these hiring practices through executive order, or local ordinances and resolutions. This could be particularly useful in the South Central Corridor development areas, given the un(der)employment rates and jobs created by near- and medium-term development efforts.⁴⁹

Special Service Districts

Special service or taxing districts act as administratively and fiscally independent governmental entities that exist to perform a specific function or set of related functions. Special districts could support the development of a light rail corridor by retaining, growing, and attracting corridor business. In Arizona, several types of special taxing districts are allowed [via State Statute 48](#). District types relevant to the development of light rail corridors include Municipal (and enhanced municipal) Improvement Districts, Community Facilities Districts (CFDs), and Revitalization Districts, which allow cities to create a special taxing district to fund new infrastructure which would presumably benefit those paying the tax. There has been some local pushback to a proposed change to CFDs, which would have given private developers the authority to create CFDs, issue bonds, and set tax rates.^{50,51} The proposal was ultimately vetoed by the governor, but is a reminder that these types of Districts, when employed, should be protective of tax payers.

A local example of an Enhanced Municipal Services District is the Downtown Phoenix Partnership, a nonprofit funded by a tax assessment on property owners within a 90-square-block area in downtown Phoenix.⁵² Revenue supports a variety of services, including economic and community development, transportation and parking coordination, and public policy facilitation. The Partnership has been successful in bringing a surge of commercial activity into the city's downtown area.⁵³

Opportunity Zone

The majority of the Corridor is covered by several of Phoenix's 42 designated Opportunity Zones.⁵⁴ Under a 2017 federal law, investors can target capital gains to investments in Opportunity Zones in exchange for tax benefits. This is intended to create a pool of patient capital that can be used to develop

⁴⁸ *Ibid.*

⁴⁹ *Ibid.*

⁵⁰ Pitz, M. J. (2016). "Arizona House revives and passes bill to allow developers to assess taxes." *The Republic | azcentral.com*. <https://www.azcentral.com/story/news/politics/arizona/2016/05/05/arizona-house-speaker-gets-comeback-win-development-bill-tax/84006392/>

⁵¹ Pitz, M. J. (2016). "Ducey vetoes bill that would allow developers to levy taxes on homeowners." *The Republic | azcentral.com*. <https://www.azcentral.com/story/news/politics/arizona/2016/05/10/ducey-vetoes-bill-would-allow-developers-levy-taxes-homeowners/84186444/>

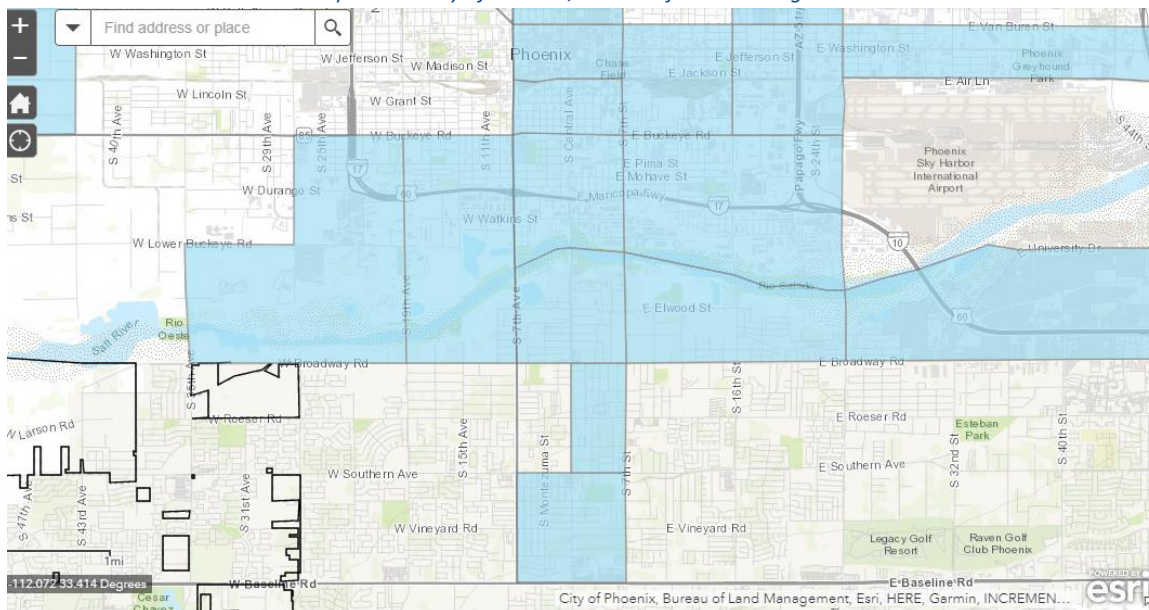
⁵² Downtown Phoenix Inc. (n.d.). "Downtown Phoenix Partnership". Retrieved from: <http://dtpnx.org/about/downtown-phoenix-inc/downtown-phoenix-partnership/>

⁵³ Reagor, C., et al. (2018). Downtown Phoenix's rebirth has been decades in the making. Here's how they did it." *Arizona Republic*. <https://www.azcentral.com/story/news/local/phoenix/2018/10/25/arizona-downtown-phoenix-rebirth-brings-hope-challenges-asu-suns-diamondbacks/1534788002/>

⁵⁴ City of Phoenix. (2018). Opportunity Zones. <https://www.phoenix.gov/econdev/opportunity-zones>

businesses or real estate in communities of need, perhaps with a lower expected return offset by the tax savings. Investors must use Qualified Opportunity Funds to make their investment.⁵⁵ Opportunity Zone investment is a good match for eTOD, but steps should be taken to combine the Opportunity Zone funds with other strategies identified here to prevent local displacement and ensure benefits for existing residents.

*Figure 4 Phoenix Opportunity Zones in Corridor Area
Map Credit: City of Phoenix, Bureau of Land Management*



eTOD Fund

Another vehicle for private investment may be the creation of an eTOD investment Fund. There is a growing interest in investments with social returns, and investors will often accept lower rates of financial return if an investment creates a positive community or environmental outcome. An eTOD Fund could be used to match public or private investment in the Corridor or provide financing that may be missing in the marketplace, such as for affordable housing, sustainable infrastructure, urban heat island reduction, or land banking. Phoenix’s Sustainable Community Collaborative already acts as an eTOD Fund. As mentioned, since 2011, the Collaborative has used \$20M in loan funds to leverage over \$375M in additional investment for several development projects related to Phoenix’s light rail corridor (for more discussion on Collaborative’s impact on eTOD projects in Phoenix, see Paper I).⁵⁶ This group may be interested and able to leverage additional funds for the South Central Corridor development and should be engaged closely throughout the planning process.

⁵⁵ LISC & New Markets Support Company. (2018). Opportunity Zone Fact Sheet.

https://ofn.org/sites/default/files/resources/PDFs/Opportunity_Zone_fact_sheet.pdf

⁵⁶ Sustainable Communities Collaborative. <http://www.sustainablecommunitiescollaborative.com/>.

Conclusion

The City of Phoenix and other groups involved in the South Central Corridor development effort should consider the above policies as they move through the planning process. In doing so, the City will become a regional leader in implementing eTOD policies and practices that produce societal, environmental, and economic benefits. The policies outlined above can be flexibly applied and, if employed properly, could improve and produce equitable economic opportunities and outcomes; mitigate some of Phoenix's most pressing environmental concerns (air pollution, water scarcity, and urban heat island impacts); and enable Phoenix's most vulnerable communities to benefit from the planned investments along the corridor.

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