

III. EQUITABLE TRANSIT ORIENTED DEVELOPMENT STRATEGIES FOR PLANNERS

Transit-oriented development can be a solution to regional and local inequity by reducing segregation and concentrations of poverty, improving public safety and amenities, and unlocking neighborhood development potential. If TOD, promoted to address climate change, ends up displacing low-income or minority residents, there is an environmental justice concern.

Incorporating anti-displacement goals at the beginning of a transit-oriented development planning process can help engage broader political support for planning, maintain neighborhood diversity and character, facilitate new development, and create new housing and job opportunities where they are most needed. Around the Bay Area, regional and neighborhood groups and local agencies have identified tools to make sure that transit-oriented development also improves equity.

Individual developers, neighborhoods, cities, regions, states, and federal government all have a role to play in limiting TOD-related displacement. This section identifies planning and development tools to help cities assess potential displacement impacts and implement equitable development policies. Most jurisdictions have policies in place to address or limit direct displacement and to provide assistance for residents and workers in buildings that are demolished as part of redevelopment. These tools focus on preventing indirect displacement resulting from real estate speculation and increases in property values in transit-oriented areas.

Strategies to Prevent Displacement

Based on the existing planning and urban policy literature and current Bay Area practices, six strategies are offered to prevent displacement in areas where substantial new transit and real estate investment is forthcoming. Each of these strategies is associated with specific tools that can be used to ensure the development of complete communities for the residents who already live within them.

Equitable TOD Resources

As part of the regional FOCUS program, the national research and action institute, PolicyLink, completed a new tool for its online Equitable Development Toolkit on Transit Oriented Development. In addition, the Bay Area's Great Communities Collaborative and Reconnecting America's Center for Transit-Oriented Development also have developed TOD tools that include strategies to promote equitable development and limit displacement.

Review online at:

PolicyLink Equitable Development Toolkit
http://www.policylink.org/site/c.lkIXLbMNJrE/b.5136575/k.39A1/Equitable_Development_Toolkit.htm.

Great Communities Collaborative

"Preventing Displacement" Handout

<http://greatcommunities.org/intranet/library/sites-tools/great-communities-toolkit/PreventingDisplacement.pdf>

Reconnecting America/Center for Transit-Oriented Development Mixed-Income TOD Action Guide

http://www.reconnectingamerica.org/public/display_asset/090304mitodag0109

The strategies are as follows:

1. Understand neighborhood change and displacement potential.
2. Engage residents in creating a vision for the future.
3. Preserve existing units and act quickly to secure land for development of new affordable housing.
4. Protect areas sensitive to displacement from upzoning.
5. Retain and grow good jobs.
6. Plan for neighborhood activity centers (“social seams”) to support integration and secure other community benefits for current residents.

Strategy One — Understand neighborhood change, development impact and displacement potential

Planners can use demographic data to ascertain who lives and works in an area and how it has changed over time, i.e. between decennial Census years, and use this information to assess displacement potential. For example, studies suggest that the area around rail transit stations may be particularly susceptible to rising property values and displacement. Displacement is also more likely in areas where residents pay a disproportionate share of their income on rents. Assessment of migration trends in the area and identification of places where development will have a strong impact can mitigate effects that push these residents out of their homes.

Tools:

- A Health Impact Assessment (HIA) can provide recommendations to increase positive health outcomes

and minimize adverse health outcomes that can be associated with development.²⁸

- Environmental Impact Reports (EIR) can be modified to include socio-economic impacts and displacement analysis.
- Combine Housing + Transportation Affordability. Very few affordable homes with affordable transportation choices are available in the Bay Area. Addressing both housing and transportation costs together from the perspective of a local household budget can strengthen planning efforts for equitable development.

Strategy Two — Engage residents in creating a vision for the future.

Community engagement involves interpersonal trust, communication, and collaboration. Such engagement should focus on, and result from, the needs, expectations, and desires of community members. Community is not solely defined by geographic boundaries and may include residents, users, community organizations and institutions, neighborhood associations, businesses and workers, cultural communities, advocacy groups, students and youth.

With respect to land use decisions, the primary responsibility for community engagement rests with local jurisdictions. By and large over the years, jurisdictions have conducted outreach to communities with a focus on meeting procedural guidelines instead of accomplishing successful engagement. Meetings are noticed and planned in a manner that is bureaucratic rather than designed to facilitate popular input and shape policy.

Jurisdictions and consultants that have not been able to engage low-income residents and workers or do not have the staff resources to handle an inclusive engagement process should consider partnering with a local organization to broaden their engagement strategy. Community-based organizations

²⁸ Federal Center for Disease Control (CDC), Department of Health Services.

(CBOs), as their name connotes, are rooted in or based in a specific community, and geared toward articulating and serving that group's needs. CBOs often act as a liaison between the community and local jurisdictions, resulting in better communication and improved relationships over time between the two entities.

Tools:

- Conduct an *inclusive community engagement process* and ensure that the character and vitality of the neighborhood informs the development vision. The most effective engagement strategies for underserved communities can be characterized by successfully executing the following guidelines:²⁹
 - Know the community
 - Build relationships with key leaders and organizations
 - Overcome language barriers by offering simultaneous translation at meetings
 - Use culturally effective outreach strategies, including location of the meeting, proximity to transit, and child care provision
 - Make public engagement accessible, enjoyable, and rewarding
 - Ensure civic engagement meetings and materials are appropriate for the participants
 - Identify issues the community cares about (i.e. existing small business strategies, preservation of culturally historic landmarks, establishment of new cultural centers, design guidelines)
 - Build the leadership capacity of newcomers
 - Enhance local agency staff capacity for successful engagement in underserved communities
 - Plan collaboratively with the existing community, think long term, and learn as you go.

- *Community Asset Mapping* is one example of a tool to incorporate broad input into a planning document. Asset mapping asks residents to identify the existing and absent resources in an area. Mapping can identify important missing facilities which new development may be able to provide.

Strategy Three — Preserve existing units and act quickly to secure land for development of new affordable housing.

Preservation of housing at existing levels of affordability and building new housing that is permanently affordable is essential for preventing displacement. Although a number of funding streams are available for new affordable housing development, it is resource intensive. In addition, new affordable housing can maintain the income diversity of an area, but not necessarily benefit existing households. Preservation can also be a lower cost strategy, but it requires creative planning and program management.

Tools:

- Identify where the *existing affordable homes* are and how they may be impacted by market shifts to ensure that they remain affordable as long as there is demand for housing at that price level.

San Mateo and Santa Clara Counties have Housing Trust Funds. Visit <http://www.heartofsmc.org/> and <http://www.housingtrustscc.org/> for more information.

²⁹ Ed Everett, former City Manager of Redwood City, FOCUS Community Engagement Conference.

- *Housing Trust Funds* receive ongoing revenues from dedicated sources and direct those funds to affordable housing development that can stabilize communities facing gentrification and displacement pressures.

- *Real Estate Transfer Taxes* (RETTs) (also known as “real property transfer taxes”) are state, county, and/or municipal sales taxes that legislatures can elect to apply to either the seller or buyer of a home. RETTs are common in the Bay Area and often support a city’s General Fund. RETTs can also be devoted to specific uses, such as affordable housing development. They are a form of value recapture, raising additional revenue as investment bolsters land value. RETTs also mitigate the same activities that can lead to displacement: high end real estate sales with rapid turnover.³⁰

Florida, which has an active real estate market, estimated \$1.67 billion in revenue from its transfer tax in 2002-2003. Approximately 14.8 percent of its receipts, or \$249 million, were dedicated to state and local housing trust funds.

- *Community Land Trusts* ensure benefits, such as permanent affordability, while creating homeownership and equity opportunities for individual residents.
- *Rent Control Laws and Rent Boards* help to prevent displacement from privately-owned residential properties in booming economic cycles. Controls are used in several Bay Area cities to protect renters from discriminatory evictions.

- *Development Impact Fees* are a significant opportunity to raise revenue and can be used for a number of equitable benefits, including the creation of a stabilization fund.

The SOMA Community Stabilization Fund, established in San Francisco in 2005, receives stabilization impact fees of \$14 per square foot on certain residential developments in the Rincon Hill Area Plan. According to the ordinance adopted by the City, these funds “shall be used to address the impacts of destabilization on residents and businesses in SOMA, including assistance for affordable housing and community asset building, small business assistance, development of new affordable homes for low-income households, rental subsidies for low-income households, down payment assistance for home ownership for low-income households, eviction prevention, employment development and capacity building for SOMA residents, job growth and job placement, small business assistance, leadership development, community cohesion, civic participation, community based programs and economic development.” http://www.sfgov.org/site/mocd_index.asp?id=44635

- *Limited Equity Housing Cooperatives* are a partnership wherein residents collectively own and control their housing. The limited equity component limits the return on resale, ensuring that housing remains affordable to future residents.

³⁰ PolicyLink Equitable Development Toolkit. www.policylink.org/edtk.

Bay Area LISC has identified 45 active CDCs in the Bay Area. For a list of them, visit http://www.bayarealisc.org/bay_area/resources/publications_8392/development_8812/index.shtml

- *Community Development Corporations (CDCs)* with Resident Shareholders can spearhead a real estate project that offers low-income/low-wealth residents the opportunity to own equity. Owning CDC project stock provides residents with financial benefits and voice in the neighborhood development process. This tool directs profits from development back into the community, ensuring benefit for existing residents.
- *Tax-Increment Financing (TIF)* in redevelopment areas can raise funds for affordable housing development by issuing debt based on future increases in property values. It is one mechanism to capture and distribute land market value that results from public investments.

Design Zoning to Minimize Displacement: the Mission Street Study

In San Francisco, the Mission Street Study found that maintaining height limits on Mission Street while raising them in nearby areas could have significant equitable development benefits. By directing redevelopment off the main commercial street, the City could both preserve the local business corridor and increase the potential number of housing units in the neighborhood.

- *Condo Conversions* can increase affordable homeownership opportunities, but can also decrease affordable rental supply. Condo Conversion Ordinances can guide the ownership conversion process towards maximizing the affordability benefits.

Strategy Four — Design zoning to support neighborhood assets, rather than disrupt them.

A thriving main street can seem like the right place for new development, but that can displace local businesses and landmarks. Upzoning surrounding areas instead can extend commercial activity and add life to isolated streets. Design zoning to direct the highest densities, and therefore largest redevelopment incentives, to areas where it will have minimal disruptive impact. For example, San Francisco and San Carlos have moved the highest permitted heights (and therefore maximum redevelopment incentives) away from local commercial corridors to adjacent streets, in order to preserve functioning local retail environments.

Tools:

- *Inclusionary Zoning* is a land use regulation tool that has particular relevance in gentrifying communities. The addition of affordable units in new development can keep the number of affordable units in a neighborhood constant even as existing home values rise. In-lieu fees can pay for the preservation of neighboring rent levels.
- *Preserve Some Industrial Areas.* Low cost land and low levels of neighborhood engagement can make industrial areas attractive for housing development. However, jurisdictions may benefit more by reserving selected industrial areas for local manufacturing and new job creation. Land use decisions need to weigh the potential for new, transit-oriented housing in existing industrial areas with local access to new job opportunities.

New Federal Funding for Affordable Housing Near Transit

The Federal Housing and Urban Development (HUD) administration has proposed increasing funding for a number of affordable housing programs in its 2010 budget. Bay Area cities and the region may find additional funding for transit-oriented housing through the following new federal programs (<http://www.hud.gov/budgetsummary2010/index.cfm>):

- o A National Affordable Housing Trust Fund, which has \$1 billion for low- and moderate-income housing construction.
 - o A \$550 million increase in funding for the Community Development Block Grant (CDBG) program.
 - o A new \$250 million Choice Neighborhoods Initiative will build on the lessons of HOPE VI, a federal program that sought to revitalize high poverty neighborhoods and created a number of mixed-use communities. Anti-displacement goals should be at the forefront of this program, which seeks to make transformative investments in distressed public and assisted housing, as well as build closer linkages with school reform and early childhood interventions.
 - o \$150 million new Sustainable Communities Initiative to spur a new generation of metropolitan and rural efforts to integrate transportation, housing and land use planning and decisions in a way that maximize choices for residents and businesses, lowers transportation costs, saves energy and improves quality of life.
 - o Funding for Section 8 tenant based rental vouchers is also increasing and is a HUD priority.
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Strategy Five — Retain and grow good jobs.

Healthy local businesses are a basic component of strong, sustainable communities. They generate job opportunities for residents, which keeps money circulating within the neighborhood rather than draining outward. Providing and expanding local access to jobs is essential to limiting displacement because this empowers low income residents to remain and invest in their neighborhoods.

To support the economic health of urban neighborhoods and to level the business playing field, many governments and community organizations have created policies and programs to increase opportunities for minority-owned and other emerging small businesses. Preservation of existing jobs, including in industrial zones and locally-owned businesses, also ensures that residents can continue to build assets while stabilizing neighborhoods through periods of redevelopment.

Tools:

- *Identify important asset-building job bases*, including small commercial districts and manufacturing centers, and how they will fit within a proposed new vision and zoning.
- *Hire locally and provide job training* so that, combined with strategies to draw large employers, area residents can take advantage of future job opportunities and other resources for transit-oriented neighborhoods. New businesses must provide opportunities for ongoing employment.
- *Protect and enhance minority-owned business districts.* Research shows that minority businesses hire much greater percentages of minority employees than majority-owned

Bay Area cities such as Santa Clara use planning tools to evaluate where conversions are or are not appropriate. To see Santa Clara's checklist, visit http://www.bayareavision.org/ta/Santa_Clara_Industrial_Conversion_Checklist_06-09-04.pdf.

firms do.³¹ Small businesses function as default community centers, both giving identity and branding to a neighborhood and providing spaces for the integration of current and future residents. For more details, see the San Francisco Small Business Stabilization case study on page 48.

Bay Area LISC (Local Initiatives Support Corporation) conducts programs around the Bay Area to spur local economic development. http://www.bayarealisc.org/bay_area/programs/neighborhood_5344.shtml.

Strategy Six — Plan for neighborhood activity centers (“social seams”) to support integration and secure other community benefits for current residents.

An important way to incorporate anti-displacement strategies into planning is to continue to connect transit-oriented development to aspects of community building beyond housing or jobs. These include directing resources to cultural

and community centers, including schools, parks, and other important neighborhood entities that help places emerge as diverse and complete communities. Such strategies broaden the perspective of planning beyond individual developments and can help both residents, planning departments, and elected officials identify their values, priorities, and goals.

Useful Tools:

- *Recognize and Enhance Social Seams:* Community centers, certain institutions, schools, and some small businesses function as social seams in diverse neighborhoods. They provide a distinct identity for the neighborhood as well as places for current and future residents to interact and build relationships.³² Many public plazas are designed for this purpose, but private venues can play a similar role.
 - *Use Community Benefits Agreements and in lieu fees* to establish a negotiation process that can add affordability, local hire provisions, or job training to a development project in exchange for agreements or subsidies. Adoption of community benefits agreements can create a better competitive environment between cities for jobs, tax revenue, and economic development opportunities.³³
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In 2008, the East Bay Alliance for a Sustainable Economy published a comprehensive study on Community Benefits Agreements from around the Bay Area. “Building a Better Bay Area: Community Benefit Tools and Case Studies to Achieve Responsible Development” is available at <http://www.workingeastbay.org/>.

³¹ For more information, visit the PolicyLink Equitable Development Tool on Minority Contracting. http://www.policylink.org/site/c.lkIXLbMNJrE/b.5137647k.624D/Minority_Contracting.htm.

³² Spaid, Erika. 2006. “Mixed-Income Defined: An Examination of Income Diverse Neighborhoods and What Keeps Them Stable.” UC Berkeley Center for Community Innovation.

³³ East Bay Alliance for a Sustainable Economy. 2008. “Building a Better Bay Area: Community Benefit Tools and Case Studies to Achieve Responsible Development.”