Memorandum

To: Joel Carrasco, Petra Falcon, Krista Shepherd
From: Center for Neighborhood Technology and Scott Bernstein
Date: May 21, 2020
Re: Equitable Transit-Oriented Development (eTOD) Land Strategies for the Phoenix South Central Avenue Light Rail Transit Corridor

Executive Summary

Public transit investment can bring substantial benefits to a neighborhood, but may also bring a risk of displacement for the neighborhood's existing residents and businesses most vulnerable to such impacts, including renters, those with low or fixed incomes, and people of color.[1] As Phoenix invests in the South Central Corridor with light rail, it must pursue strategies to mitigate associated displacement risk, preserve affordability, and ensure existing residents and businesses benefit from public and private investments in their neighborhood.

The study team identified strategies that can protect land and existing "naturally occurring" affordable housing (housing that is affordable to residents, perhaps because of age and condition, and that is not being publicly subsidized) from rapid increases in value that can result in diminished affordability and displacement.

The strategies we identified address well-known barriers in Arizona law that prevent the use of strategies utilized elsewhere. These include without being limited to:

- Prohibitions on the use of area-wide tax increment financing; limits borrowing against future likely real estate, sales, and income taxes resulting from development; limits rate at which responsible reinvestment can occur
- Lack of enabling authority for governments to establish and operate public land banks; limits ability to assemble and responsibly transfer land for meeting redevelopment goals at planned levels
- Lack of transparency in the provision of data on property ownership trends and on associated tax delinquent property trends on a neighborhood and corridor level basis to accompany the current availability on a single-parcel basis in the current year; risks loss of property by current owners, represents lost opportunities to assemble land for responsible redevelopment
- Lack of authority to use Development Impact Fees to cover public realm investments in redevelopment areas, as opposed to newly developing areas; limits ability to cover costs for necessary public improvements intended to meet health, safety, quality of life and economic standards

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[1] The literature documenting these issues is well summarized in: Zuk, Miriam, et al. *Gentrification, Displacement and the Role of Public Investment: A Literature Review*, Federal Reserve Bank of San Francisco, Working Paper 2015-05 (2015). https://www.frbsf.org/community-development/files/wp2015-05.pdf

- State policy limiting local government and public access to sales tax revenue collected from businesses on a small area basis; along with property tax yield information constraints, limits ability of local government to plan for optimum net revenue from different types and mixes of redevelopment

To address these constraints, we examined and recommend that the City act to:

1. Establish and use pre-development funds to provide the necessary working capital to buy land and service it with improved infrastructure;
2. Use community land banks and temporary land transfer through revolving loan funds to remove land and buildings from precipitous and displacement-causing market purchases;
3. Explore the use of a special district in combination with pre-development financing to accelerate the upgrade of the public realm generally and infrastructure specifically;
4. Establish a set of specialized information services to provide advance warning to community stakeholders and to the City of trends that may run counter to established corridor goals, e.g. in the 2018 Transit Oriented Development Strategic Policy Framework on preventing displacement, which can be addressed by establishment and use of an Early Warning System[2]; and in general by building knowledge and competency to use knowledge that can help maximize the achievement of the intended benefits from improved mass transportation and related community improvements.

To get started, we've identified key steps throughout this memorandum, including specialized service providers who can immediately guide the City and community leaders in the initial planning and execution to quickly make these essential services available.

[2] Reinvent Phoenix Transit Oriented Development Strategic Policy Framework, adopted 2013, amended for South Central Light Rail Corridor TOD Planning by City Council Resolution 21623, adopted April 4 2018, final revised version published January 30, 2019; see displacement risk factor and tracking indicator on page 23.

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Purpose

Public transit investment can bring substantial benefits to a neighborhood, but may also bring a risk of displacement for the neighborhood's existing residents and businesses most vulnerable to such impacts, including renters, those with low or fixed incomes, and people of color.[3] As Phoenix invests in the South Central Corridor with light rail, it must pursue strategies to mitigate associated displacement risk, preserve affordability, and ensure existing residents and businesses benefit from public and private investments in their neighborhood.

An important consideration in preserving affordability is timing. Speculative investment and displacement may start occurring in a neighborhood long before the construction of a new transit line starts.[4] In that regard, the study team was mindful of how long it could take to implement a new policy or program when making recommendations for action intended to achieve development that minimizes displacement.[5] We declined to recommend reliance on any strategy that could not be implemented under current authority; for example, the state of Arizona does not provide local government with the authority needed for use of tax increment financing nor for land banking; but there are no barriers to use of existing district level service providers or to use of private land holding, assembly and transfer mechanisms, such as community land trusts which are currently in use in nearby jurisdictions (e.g. in Tempe and Tucson). We identified opportunities to bring tested methods to Phoenix, the public sector equivalent of "franchising," which brings with it the value of achieving a reliable and competent method of launching new services quickly.

Current Practice Nationally

Equitable Transit Oriented Development (eTOD) seeks to achieve the best outcomes of transit oriented neighborhoods, but with an equity lens that has been missing from some purely market-oriented TOD approaches: engaging existing residents, preserving and producing affordable housing, creating opportunities for residents and businesses, supporting health and resilience, and managing growth and change in keeping with a community's vision. The eTOD approach is growing around the country and many of its strategies overlap with those that seek to mitigate displacement risk associated with public or private investment in a community.

There are a variety of policy tools available to help stabilize households and existing businesses and preserve affordability, such as tenant protections, rent controls, property tax freezes or even code enforcement, and many of them are worthy of consideration to preserve affordability in the South

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[3] The literature documenting these issues is well summarized in: Zuk, Miriam, et al. *Gentrification, Displacement and the Role of Public Investment: A Literature Review*, Federal Reserve Bank of San Francisco, Working Paper 2015-05 (2015). https://www.frbsf.org/community-development/files/wp2015-05.pdf

[4] Bates, Lisa K., Aaron Golub, Devin Macarthur and Seyoung Sung. Planning Ahead for Livable Communities along the Powell–Division Bus Rapid Transit: Neighborhood Conditions and Change. NITC-RR-912. Portland, OR: Transportation Research and Education Center (TREC), 2017. Also Southwest Corridor Light Rail Extension Analysis of Naturally Occurring Affordable Housing Market with an Equity Lens, both at https://www.urbandisplacement.org/psu-case-studies#section-114

[5] ClimatePlan's multi-stakeholder platform is a good resource on this issue. "ClimatePlan's Commitment to Investment without Displacement," (2019). https://d3n8a8pro7vhmx.cloudfront.net/climateplan/pages/348/attachments/original/1554421571/ClimatePlan's_Commitment_to_Investment_without_Displacement_4.4.2019.pdf?1554421571

Central Corridor.[6] However, in this analysis we are looking at several specific potential programmatic approaches:

Land trusts are an ownership structure that enable affordability and discourage speculation by holding land in trust and separating land value from the value of the structure on it. Community land trusts can be a tool to counteract displacement pressures, especially in hot real estate markets, and preserve affordability long term.[7] A policy that gives a land trust the right to purchase a property on behalf of tenants before it goes on the market can preserve affordability of rental property that might otherwise be purchased by real estate speculators or "flippers" looking to maximize return on their investment at the cost of existing residents.[8]

Most land trusts are operated as non-governmental organizations; some were capitalized with funds made available to local government through the American Reinvestment and Recovery Act's Neighborhood Stabilization Program (for example, Newtown's Community Land Trust is based in Tempe, utilized NSP funds to help with capitalization, and provides services in Tempe, Chandler, Glendale and Scottsdale; the Pima County Community Land Trust is based in Tucson; both are organized as community-based non-profit organizations).

An example of a city choosing to operate certain programs through a community land trust is the Chicago Community Land Trust. First organized in 2006, but needing a steady source of capital, a $3 million Chicago Community Land Trust (CCLT) pilot program to create affordable housing and prevent displacement in six gentrifying neighborhoods across the city was approved on October 16, 2019 by the Chicago City Council. The CCLT pilot program ordinance marks a significant new chapter for the Chicago Community Land Trust. For the first time since the CCLT was formed in 2006, the city will commit $3 million so that the Trust can acquire new properties. In consultation with analysts at the Voorhees Center at the University of Illinois at Chicago, the Trust has identified six "target areas" to begin acquisition where new affordable housing can best help low- and moderate-income Chicagoans stay in their neighborhoods in the face of gentrification. The ordinance also allows Chicago homeowners to "opt-in" to the Trust--an option that will be open to homeowners in any neighborhood, not just the target areas. In exchange for a legal commitment that their home will be sold at an affordable price when they choose to sell it, homeowners will qualify for substantial property tax savings and, for the first time, up to $30,000 in home improvement grants.[9]

Community ownership comes in many forms and is a way of operationalizing community decision making and capturing economic benefits for community members. Transit investments and TOD can raise property values and create significant returns, and community ownership can help make sure that

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[6] For a good discussion of policy options see: Cash, Anna and Miriam Zuk, Investment Without Displacement: From Slogan to Strategy, *Shelterforce*, (June 21, 2019). https://shelterforce.org/2019/06/21/investment-without-displacement-from-slogan-to-strategy/

[7] Axel-Lute, Miriam and Dana Hawkins-Simons, "Community Land Trusts Grown from Grassroots: Neighborhood Organizers Become Housing Developers," Lincoln Land Institute, (July 2015). https://www.lincolninst.edu/publications/articles/community-land-trusts-grown-grassroots

[8] See Tenant Opportunity to Purchase Acts and Community Opportunity to Purchase Acts https://allincities.org/node/57486 More information on recent proposals in Oakland, CA and Berkeley, CA at https://nonprofitquarterly.org/tenant-opportunity-to-purchase-bills-advance-in-san-francisco-bay-area/

[9] The pilot program target areas are: Woodlawn, East Garfield Park, Hermosa, Humboldt Park, and Pilsen/Little Village.

some of that value goes to existing residents and the neighborhoods they live in. Community ownership applied to specific housing units can preserve affordability and give residents control over their homes. There are many structures community ownership can utilize, including cooperatives, public ownership or community development corporations (CDCs).[10] One community foundation in San Diego even created a community initial public offering (IPO) to enable neighborhood ownership of a shopping development.[11]

Well-known Community Development Financial Institutions (CDFIs) in Phoenix support community development, including without being limited to Raza Development and Phoenix Local Initiatives Support Corporation, and "bank CDFIs" are operated within well-known money-center banks operating in Phoenix including Citi, Bank of America (which has a significant presence near Broadway and South Central) and Wells Fargo.

CDFIs are organizations that operate revolving loan funds for targeted community development purposes in specific locations within States. They can be of several forms--

- The CDFI is only dedicated to such purposes, in which case it could be a not-for-profit organization, or an operating unit within a money center bank; the large banks operating in Phoenix, B of A, Wells Fargo, Citi, all have "bank CDFI's" operating, and their primary beneficiaries include both CDCs and developers dedicated to affordable housing and economic development purposes.
- The CDFI is dedicated to multiple services intended to improve disadvantaged communities. In this case a multipurpose CDC can operate a CDFI along with other investment, development, enabling services (e.g. housing counseling, credit counseling) and property management purposes. The two largest such non-profits with CDFI status are Raza Development and Phoenix LISC; another significant one is the Phoenix Community Development and Investment Corporation formed by the City of Phoenix.

One example of a CDC in Phoenix is Tanner Chapel AME Church, which describes its work as follows:

"Tanner Chapel AME Church is the oldest African American Church in the state of Arizona (130 yrs.). Its non-profit outreach arm, Tanner Community Development Corporation (TCDC) founded in 2001, provides a number of social service supports to families and individuals residing in poverty areas from prenatal to high school and senior communities. TCDC assists in removing barriers to communities matching needs to services…in the areas of housing, food, health & wellness and education."[12]

One particular community ownership opportunity for the Corridor is "rent-to-own" opportunities,[13] in which a building, usually multi-family or a set of smaller buildings which are in a managed development,

[10] The majority of linked case studies from EcoDistricts.org and from the eTOD program later in this memorandum are led or co-led by CDCs.

[11] Stuhldreher, Anne, "The People's IPO: Lower-income patrons of Market Creek Plaza can now invest in the shopping center," *Stanford Social Innovation Review*, (Winter 2007). https://ssir.org/articles/entry/the_peoples_ipo

[12] https://www.tcdccorp.org/

[13] Any rent-to-own system must include protections for residents to ensure fair purchase prices, interest rates, and fees and must ensure that late payments don't result in eviction or loss of equity—strategies that less-than-

such as in a mobile home "park," is purchased by a non-profit organization with the intent of eventually deeding out fractional ownership to the development's tenants. The Urban Homesteading Assistance Board has operated such a program in New York City and provided assistance nationally for over four decades; similar programs operate around the country; a case study of a non-profit, Resident Owned Communities USA, created to prevent displacement of mobile home development tenants, is presented below. There are two such mobile home developments within the South Central TOD Corridor, and several more to the south of Baseline Road, in the aggregate those developments within and adjacent to the Corridor currently house approximately 1,200 households affordably, potentially at risk of displacement.

An **early warning system** is a dataset that would help to identify displacement risk in the corridor. Many studies of gentrification and displacement occur after-the-fact and document damage already done to a community. By identifying displacement as it is happening, interventions can be pursued to staunch the impacts.

Early examples of such programs were launched in New York City, Chicago, Los Angeles, Minneapolis and Philadelphia, supported largely by foundation and corporation grants, lasting on average two decades and helping community stakeholders and city officials intervene to prevent displacement and/or abandonment and demolition. In Chicago the Neighborhood Early Warning System was developed by a Housing Abandonment Prevention Task Force that helped generate custom-designed programs to meet goals ranging from a one-stop energy conservation finance and retrofit service, to a Chicago Mutual Housing Corporation that helped thousands of renters become homeowners, among other approaches. Case studies from these earlier and more recent programs are included below.

Pre-development Financing Funds enable acquisition of property by a non-profit entity on a temporary basis. This kind of fund provides an "off-balance-sheet" channel for acquiring and helping finance a property intended to be developed for affordable housing or mixed use development in an affordability context; property can be held for a period sufficiently long to enable the developing entity to complete redevelopment and full occupancy, and then take full title, helping the developer to complete its mission and the Fund to revolve the use of capital returned for additional projects. Fund investors do get their money back, and include foundations, banks, corporations, and social impact investors. Such Funds have been created and tested the Bay Area (investing in San Francisco, San Jose and Oakland); Seattle; Denver and Los Angeles, in each case with a focus on eTOD.

To address the need to meet the challenge of incomplete infrastructure in many of Phoenix's planned TODs, and mindful of the legislative prohibition against the use of Tax Increment Financing in Arizona, the Reinvent Phoenix project identified the use of a pre-development fund as a possible solution, and developed a specification for its establishment with respect to the Gateway TOD District; see case later in this memorandum.

Land banking can be used to acquire or assemble parcels for the purposes of creating eTOD. Typically, vacant, underutilized, abandoned or tax-delinquent properties are acquired by a land banking entity and made available for development. This may include environmental cleanup or removal of tax liens. While land assembly to enable large private developments is a common use of land banking, it may not be

reputable programs have deployed in the past. The organizations recommended here would help establish a program with resident protections.

appropriate in the South Central Corridor where a focus on community affordability and mitigating displacement risk is crucial. The land banking approach can enable affordability by acquiring land at a lower cost than is found on the open market. While the other strategies discussed here can be created today under current law and/or municipal authority, land banking is by definition a strategy carried out by State or local governments requiring State statutory approval, which does not currently exist in Arizona. It's included here for longer-term consideration.

Current Practice and Issues in Phoenix

Publicly Operated Land Banks. There is currently no public agency explicitly operating a land bank in Phoenix; there is neither State enabling legislation nor City statute addressing the creation & operation of an entity or fund to carry out public land banking tasks. Our assumption is that this will not be pursued with the Arizona Legislature in the near future, and that the functions public land banks conduct in other states can be matched by the operation of community land trusts and by intentionally temporary land transfer actions through specialized revolving loan funds including the predevelopment fund mechanism described in this paper.

Ownership Transfer Resulting from Delinquent Taxes. State law delegates the collection of property taxes to Maricopa County, which includes taking actions as necessary to encourage collection through annual tax lien auctions; these occur on an extended schedule (within 2 years of delinquency and up to 10 years thereafter); they can result in tax foreclosure and ownership transfer to either a tax lien purchaser or to the State of Arizona, which can choose to hold or sell the property, or transfer ownership to the City of Phoenix. The City can informally choose to assemble ownership of multiple adjacent parcels; the one location within the Corridor where this is the case is within the SW and SE corners of Broadway and South Central Avenue, which is marked on the NSP public viewer, "Under Review," as opposed to "For Sale" or "Sold".

A review of the properties listed for sale at the February 4 annual tax lien sale by the Maricopa County Treasurer's office discloses a significant intensity of tax delinquent properties within and adjacent to the Corridor and its planned transit station locations; the largest concentrations of within-Corridor tax lien properties listed for sale at the recent sale as shown on the public viewer maintained by the Treasurer were near Buckeye and South Central; Broadway and South Central, and Roeser and South Central, all areas identified in the 2019 briefing papers as potentially at risk for gentrification and displacement (relatively low household incomes, significant percentages of rental households, significant percentage of owner households without mortgages thereby having constrained borrowing ability; also noted in the Valley Metro review as "susceptible to redevelopment").

Privately developed affordable housing projects, as indicated by use of Low-Income Housing Tax Credits, exist near all 7 planned station areas (mapped using AllTransit http://alltransit.cnt.org), indicating that affordable housing developers have been able to acquire land for individual projects. Not-for-profit intermediaries located in Phoenix with a past and currently stated interest in Corridor affordable housing development include Raza Development the Local Initiatives Support Corporation.

Large financial services institutions in the U.S. also operate such intermediaries styled as "Bank Community Development Financial Institutions." The Community Reinvestment Act requires such lenders to annually disclose actions taken affirmatively to meet the credit and other needs of their primary service territories; such lenders in Phoenix include Bank of America, Wells Fargo, JP Morgan Chase and BMO Harris, plus several lenders based in Arizona large enough to meet the minimum size criteria set out in the CRA.[14]

Early Warning Information Systems. Ideally, open access systems could track and signal changes in conditions that could lead to displacement. Here are three examples that have been highlighted over the past year by the briefing papers, interviews, public engagement sessions and the Promise Arizona surveys:

- **Mobile Home Developments *aka* Trailer Parks**. A special concern is with the significant concentration of mobile home developments, both within the Corridor and nearby. From a marketplace point of view, these developments are already-aggregated parcels with potentially high future value, currently occupied by lower-value homes; from an equity and development-without-displacement perspective, the current growth in purchase of these developments nationally portends a very high risk of displacement of over 1,000 households.
- **Commercial Shopping Strips**. Similarly, shopping strips located near Roeser, Southern and Baseline stations are occupied largely by independently-owned small retail businesses, who (according to the Business Assistance Team) overwhelmingly rent and even before the current recession, have been squeezed by rents increasing faster than sales. As with the mobile home developments, these also are already aggregated larger parcels of land at significant risk, in this case of locally-owned business displacement.
- **Large Format and National Retailing**. A third category of already-aggregated lands potentially available for redevelopment exists in the area between the Salt River down to Buckeye, covering areas to be served by the Audubon and Buckeye LRT stations. There is a shortage of retail shopping in South Phoenix; much of which is done by residents by driving to large retail centers in Tempe and in Ahwatukee. The public engagement sessions and the Promise Arizona surveys did indicate overwhelming support for local markets and proximity, but there was also some stated interest in attracting “big box” and national retailers; the concern here is the development standards those chains and franchises use do not usually conform to a “walkable urban” format, and are likely to include automobile-oriented features such as frontage devoted to automobiles not pedestrians and large parking areas, contributing to safety, flooding and urban heat island issues, and underperforming net tax yield to the City.

Alternatives to Land Banks—Community Land Trusts. While Phoenix currently lacks land banking authority, there are no apparent barriers to the establishment of a privately controlled Community Land Trust to perform necessary land acquisition, holding and responsible disposition functions. There are Community Land Trust projects operating in Chandler, Scottsdale, Glendale and Tempe, all sponsored by the Newton Community Land Trust based in Tempe; and in Pima County (Tucson) sponsored by the Pima County Community Land Trust. There is no apparent community land trust focused on locations within Phoenix, but the presence of the land trusts based in Tempe and in Tucson indicate lack of barriers to their establishment.

[14] B of A operates a relatively large “financial center” just north of Broadway and South Central.

Early Warning Systems. Currently, there are no systems operating in Phoenix for providing advance warning of conditions that could be signaling risks due to rising costs (increased cost of living and of doing business in excess of ability to pay); increased average incomes (gentrification and its effects) or displacement (ownership transfer resulting in relocation of existing population and/or businesses and institutions).

There are sources of information and methods of acquiring them for individual indicators (for example, the City of Phoenix Neighborhood Services Program viewer and database for city-owned property, and the Maricopa County Treasurer's Office viewer and database for property tax payment status). These sources are set up to provide answers to inquiries regarding the ownership and status of individual parcels at the time of inquiry, as opposed to the planning need to have a clear picture of trends over time for neighborhoods within the Corridor.

The nature of an early warning system is that it can act as a one-stop portal serving both community interests (preservation, stability, manageable rate of growth, inclusion and livability) and administrative or agency interests (resilience and ability to respond to changes in indicators). We examine precedents and options for program design at the end of this memorandum.

Case Studies of Best Practices

Strategies for Banking Land and Keeping Land Transfer from Undercutting Affordability

Resident-Owned-Communities

Context & Background: ROC's are manufactured home communities owned by a cooperative of homeowners. It is estimated that 18 million people making less than $28,000 a year live in manufactured homes[15]. Approximately 2% of all manufactured homes are resident owned currently. One of three ownership models – market rate co-ops (owners buy shares and the co-op provides down payment for bank loans), limited -equity co-ops (share prices are low, non-profits provide gap funding between bank loan & owner share), home associations (individually-owned sites and associated-owned common land)

Design/program: Pasadena Trails in the Houston metro area, was formed in 2009 and has 105 manufactured homes in the community. The residents elect the Board which manages operations of the ROC. Residents buy a member share into the community which owns the land and pay monthly fees/dues. The Board makes decisions on capital improvement projects, like a redesign of the drainage and stormwater management infrastructure which helped the community brave Hurricane Harvey with minimal impacts[16].

Financing: ROC USA Capital, a non-profit national lender to resident-owned communities provided the finance for purchase of Pasadena Trails from an Arizona-based property company. Monthly membership dues provide a steady source of revenue for operations and services.

[15] https://thenextsystem.org/learn/stories/resident-owned-community
[16] https://rocusa.org/news/texas-rocs-forethought-keeps-harvey-flooding-bay/

Outcomes/Impact: Displacement pressures overcome; limited-equity co-ops are within reach for low-income households; wealth building.

Homestead Community Land Trust (HCLT), Seattle

Context & Background: HCLT has served the Puget Sound Area for over 25 years to create permanently affordable housing. The land trust acquires and holds the land, charges a ground lease and maintains affordability of homes for future buyers. Homes are typically leased for a period of 99 years with renewable options and

Design/program: Works with modest income households making less than 80% of area median income. Provides counseling, education, down payment assistance in the pre-purchase phase, and ongoing support and stewardship post purchase.

Financing: HCLT added its first home in 2002 with $65,000 in public grants and $30,000 in-kind donations of labor and materials. In 2004, they assembled $4.2 million in grants and deferred loans. HCLT's 2016 revenue came from home sales, private and public grants, individual and corporate contributions and program fees.

Outcomes/Impact: 214 owner-occupied homes (48% single-family detached & 52% townhomes & condos) in portfolio, pre-home buying counselling for 300 families each year. 52% of households are households of color, average area median income (adjusted for household size) is 57% AMI consisting of individual and family households. Three developments in the pipeline are all designed to be energy-efficient homes with high quality.

Michigan Land Bank Authority

Context & Background: Created in 2003 by the Michigan Land Bank Fast Track Act, to permit land banks in cities and counties along with a state land bank, it is considered to be the most progressive land banking laws in the US. Local land banks are created as an intergovernmental agreement between a County and the Michigan Land Bank Fast Track Authority.

Design/program: Under the law, land banks are permitted to borrow money, issue tax-exempt financing, and acquire tax delinquent properties. The law has led to the creation of 42 county-level land banks in the state, ranging from smaller counties such as Benzie County to Wayne County, home to Detroit. The Wayne County Land Bank currently holds title to over 1,000 properties, mostly vacant residential properties.

Financing: Michigan land banks have multiple sources of funding beyond local government general revenue funding. These include property tax recapture (50% for 5 years) of properties disposed, service fees, grants and gifts, rental payments, payments from property sales, borrow and invest money, and procure insurance for payment of debt. Michigan Land Bank Redevelopment Loan program provides short term loans to local land banks for capital to redevelop properties for sale.

Outcomes/Impact: The success in large part is due to the reformed tax foreclosure laws that permit expeditated quiet loan process (elimination of liens and past claims on property) on vacant, tax-delinquent properties and enabled land banks to acquire all tax delinquent properties, not just those that do not have a third party investor.

eTOD Land Strategies That Can be Implemented Under Current Authority

Pre-Development Financing Funds as an Alternative to Tax Increment Financing or TIF.

Tax increment financing is a policy that allows State or local government, whether general purpose or special purpose in nature, to borrow against the public revenues generated by enhanced economic activity. These revenues can be taxes on property, income, sales or gross receipts, or utility services. Arizona uniquely prohibits this practice, but the legislature reserves the right to enable its use for individual developments, as opposed to all activity within a designated area. Relevant projects for which this has been done include the Tempe Town Lake development in Tempe, and the Rio Nuevo District development in Tucson. Efforts to change this State policy or to bring the kind of special legislation achieved in Tempe and Tucson to Phoenix, conducted over a long period of time have not borne fruit. Interviews conducted with City officials and with leading market-focused and community-focused developers during the Reinvent Phoenix planning (through an Innovative Finance Working Group) and over the past two years during the South Central TOD planning are not encouraging for a near-term reversal.

The Reinvent Phoenix planning identified and specified an alternative method for up-front financing of public realm amenities such as utilities and infrastructure through the use of a predevelopment fund to make capital available "off balance sheet" to be refunded as developments in a target area achieve occupancy; this was illustrated for the two LRT station areas in the Gateway District, 38th- Gateway Community College and 44th-Skytrain-Sky Harbor. There is no apparent barrier to the establishment of such funds.

The scenario created for such a strategy included several components—

- The fund, tentatively labeled the Walkable Urbanism Fund, to be capitalized by city agencies, other public agencies, public utilities, banks, and foundations. Enabling documents governing the use of investment dollars, term sheets and governance were created using the experience of seasoned program operator, The Low Income Investment Fund;
- Infrastructure intended to conform to the "sustainable communities" theme of Reinvent Phoenix. "Service bundles" of infrastructure were identified- Service Bundle 1 specified standard civil infrastructure including roads, water supply, sanitary sewer, and stormwater management including green infrastructure, and certain area enhancements ranging from tree canopy restoration to a canal-scape/multi-use path including a pedestrian bridge; Service Bundle 2 specified "deep green infrastructure" adding high performance energy efficiency and the creation of a combined heat and power system to provide electrical, thermal and cooling services efficiently, much as is done in downtown Phoenix; Service Bundle 3 specified emerging services to enhance performance in the District, including shared use mobility (car-sharing and bicycle-sharing and efficient pickup and delivery services), and community wi-fi or enhanced broadband and IT communications; and
- A service corporation, possibly structured as a Community Facilities District, to coordinate the delivery of these services in an overall package for building occupants.

Special service/special utility districts. State law provides for the establishment of special purpose districts that serve a spatially circumscribed area. These can be supported by taxes for such purposes as flooding protection (there are 115 such districts within Maricopa County) or by fees. Within that targeted area, a fee can be levied upon current property owners to help pay for services that are in addition to those provided by local government or its franchisees that provide utility services. These districts are specifically authorized by two statutes, one that supports an Enhanced Municipal Services District (more commonly known as a Business Improvement District), and a Community Facilities District.

Enhanced Municipal Services District. The Downtown Phoenix Partnership operates under Enhanced Municipal Services District authority, and provides a broad range of services, including:

- Hospitality + Homeless Outreach (Ambassadors)
- Streetscape + Urban Design (Clean + Green Team)
- Transportation + Parking Coordination
- Marketing + Advertising
- Branding
- Public Relations
- Event Facilitation
- Economic Development
- Community Development
- Public Policy Facilitation

Fees are levied through assessments controlled by the City; governance is through a board broadly representative of property owners, tenants, cultural & non-profit and local government interests. The 2020 expense budget for the Partnership is $4.1 million, supported by special assessment fees.

Community Facilities District. The Maricopa County Stadium District was formed under ARS 48-4202 in 1991 to support the enhancement of sports baseball, including the construction of major venues and spring training facilities. The District's boundaries are coterminous with the county. Large facilities constructed and owned or owned in partnership with baseball organizations include Chase Field. As large as this is, total net assets at the end of FY 2019 were $235 million, total revenues were $6.6 million after a one time charge due to accounting rules change, and total expenses were $12.5 million. Revenues include service charges and receipt from an automobile rental tax.

Other Kinds of Districts. Other CFDs have been created outside of Phoenix to support the funding and operation of utility-type infrastructure services; bonds are issued against the promise of assessment receipts and paid back over a suitable period, typically 25 years.

- In downtown, a different type of district, a privately owned and operated service corporation, delivers chilled water services to 44 buildings with 12 million square feet of space via a network of chillers connected by 4 miles of chilled water distribution; the current owner-operator, Clearway Energy Thermal, succeeded NRG Energy and before that services created in 1999-2001 by APS (Arizona Public Service) in partnership with the City.
- Nationally, new types of service arrangements have supported the emergence of multi-user "community solar" services; which can be jointly owned by users, owned by a utility, leased or jointly owned by a cooperative with the benefits paid in dividends instead of in reduced utility bills. The bulk of such services installations have been made in Massachusetts, Minnesota, California, Colorado and Illinois; the recently concluded 3-year inventory and analysis of these did not highlight Arizona as having a supportive environment for independently owned (non-utility) service providers.

Authority to Collect Taxes and Auction Liens & Arizona/Maricopa County/COP laws/rules on disposition of tax delinquent properties. The State statute and rules on property taxation delegate collection to Maricopa County, which assigns this to the office of the Treasurer; set out in Arizona Revised Statutes, Title 42, Chapter 18. If taxes are judged delinquent, the enforcement mechanisms include auctioning the right to collect those amounts owned through a tax lien auction, with the buyer allowed to charge up to 16 percent annual interest (compounded), along with the threat of tax foreclosure. Lien sales (auctions) are held annually; the nature of these is focused on individual parcels not on planning areas or corridors. One way in which significant amounts of vacant property can occur is through the effects of such collection and enforcement; the current Treasurer's web site gives a flavor of the pressures around this concern, on a web page entitled "Advocacy," offering advice on lowering taxpayer obligations by paying only the oldest delinquent taxes owed, a form of forbearance, and noting a change in law reducing interest charged from 16 percent to the amount bid by tax lien purchasers, resulting in a claimed reduction of 85% in interest charges; that said, while this is a current posting (2020), that change in law was in 2015, and continued tax foreclosures were documented by the Arizona Republic in a series published in 2016 and 2017.

Legal authority for value capture. Arizona statutes address 3 alternatives:

- **Enhanced Municipal Utility Districts** operate under Arizona State Statute 48-575 as an Enhanced Municipal Services District.
- **Special Taxing Districts** operate under Arizona State Title 48 statutes generally, of which there are 38 separate district purposes allowed (none of which specifically authorize land banking). Allowed purposes and chapters covering these in Title 48 include:

Chapter 2. Antinoxious Weed Districts
Chapter 3. Pest Control Districts
Chapter 4. Municipal Improvement Districts
Chapter 5. Fire Districts
Chapter 6. County Improvement Districts
Chapter 7. County Television Improvement Districts
Chapter 8. Community Park Maintenance Districts
Chapter 9. Cotton Pest Control Districts
Chapter 10. Special Road Districts
Chapter 11. Power Districts
Chapter 12. Electrical Districts
Chapter 13. Hospital Districts
Chapter 14. Sanitary Districts
Chapter 15. Pest Abatement Districts
Chapter 16. Health Service Districts
Chapter 17. Agricultural Improvement Districts
Chapter 18. Drainage and Flood Protection Districts
Chapter 19. Irrigation and Water Conservation Districts
Chapter 20. Irrigation Water Delivery Districts
Chapter 21. Flood Control Districts
Chapter 22. Multi-County Water Conservation Districts
Chapter 24. County Free Library District
Chapter 25. County Jail Districts
Chapter 26. Stadium Districts
Chapter 27. Groundwater Replenishment Districts
Chapter 28. Active Management Area Water District
Chapter 29. Regional Public Transportation Authority
Chapter 30. Regional Transportation Authority
Chapter 31. Special Health Care District
Chapter 32. Agriculture Preservation Districts
Chapter 33. Public Health Services Districts
Chapter 34. Multijurisdictional Water Facilities Districts
Chapter 35. Recreational Corridor Channelization Districts
Chapter 36. Theme Park Districts
Chapter 37. Upper San Pedro Water District
Chapter 39. Revitalization Districts

- **Community Facilities Districts**. One of these special districts (Chapter 1 is general provisions) is the most commonly mentioned along with Enhanced Municipal Services Districts, namely Community Facilities Districts, the powers of which are described at https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/48/00709.htm . These are utilized in Phoenix and in the cities of Scottsdale, Goodyear, Surprise, Peoria, Buckeye and Mesa. In Phoenix they are utilized to support services in conjunction with the operation of sports stadiums, and other services supporting Arizona State University facilities. In all examples, the statute allows for the capture of value through either "ad valorem" taxation or through special assessments that generate fees. The inability to tax or assess against future value due to legislative prohibition means these sources generate targeted revenue on a year-to-year basis only; by contrast, borrowing against the incremental revenue from future years could by contrast generate up to 50 years' worth of revenue, respectively. Alternative financing opportunities are discussed elsewhere in this memo.

Land Banking Strategy Summary Recommendations

Resident-Owned Communities--The City and community partners should directly explore a relationship with Resident Owned Communities, d/b/a www.rocusa.org . The priority for this relationship is to engage competent and experienced assistance in exploring methods for preventing displacement from the two mobile home parks within the South Central Corridor boundaries and the additional such developments just to the south of the corridor, which in the aggregate house an estimated 1,200 households. The organization does help organize potential ownership structures in the form of community land trusts for each development so served, as distinguished from our recommendation below to explore a corridor-wide community land trust. Based in New Hampshire, it operates through a network of 10 non-profit affiliates operating in 21 states. This strategy requires no change in State legislature authority.

Establish a Corridor Wide Community Land Trust to Carry Out Land Banking Functions—The City and community partners should directly explore a relationship with the Grounded Solutions Network, which was recently created by mergers of organizations practicing community land trust establishment over the past five decades. The priority for this relationship is to engage competent and experienced assistance in customizing design of a land trust mechanism that can be operated under Arizona law and be flexible enough to assemble and transfer land in a manner otherwise expected of public land banks. To the extent that there is interest on the part of existing property owners in "opting in" to a structure through a land trust that also supports resident ownership, we'd recommend exploring that both with Resident Owned Communities and with the Urban Homesteading Assistance Board based in NYC.

Explore and design a "district" structure for potential ownership and/or operation of infrastructure serves in Corridor communities. The City and community partners should consider establishing an organization for this purpose. The priority for this relationship is to ensure that both existing households and businesses and future additional occupants receive public realm services that are health-promoting, result in pedestrian and traffic safety, help adapt to severe weather and a changing climate, and support the vision for equitable TOD throughout the corridor. Existing services are provided by many public agencies and by private utilities, and to date no coordinating budget, let alone oversight entity, exists for such a purpose. The Reinvent Phoenix Gateway District planning team identified a similar challenge for a not-dissimilar portion of that district, and working with an “Innovative Finance Working Group” determined that a pre-development fund could fill the gap in infrastructure financing and a special services district could provide planning, oversight and governance of the services provided. Working documents to facilitate delivery of a pre-development fund including investor agreements and governance were created based on analogous experience across the US. A Community Facilities District could under Arizona law house the governance and services delivery functions needed, much as these currently do in many communities across Maricopa County, and as one large one, the Maricopa Stadium District, does for facilities and programs devoted to a particular purpose, exhibition baseball, both downtown and countywide. We recommend re-establishing a working group to guide city actions in updating and adapting the pre-development fund designed for Reinvent Phoenix, and in considering the establishment of a special district. There are no apparent barriers to the establishment of either a pre-development fund for these purposes nor for establishment of a special services district to address Corridor infrastructure needs.

Information Strategies—

- **Using Early Warnings of Potential Risk**
- **Identifying and Using Measures of Potential Benefits from eTOD and Land Strategies**

Using Early Warnings of Potential Risk -- Early Warning System Design

Importance of timing in mitigating displacement

Displacement in areas along planned transit investments in proximity to urban cores can trigger, and be triggered by, speculative buying from property developers that make the area attractive choice for higher-income residents. Often the changes occur slowly initially and are brought to the attention of city planners long after they have already begun. Residents in these previously affordable areas face pressures from landlords as they get priced out and slowly get pushed out of their neighborhoods. The same is true for small businesses that must compete with larger retail establishments that move in.

Early detection of change in neighborhoods is important to design interventions to prevent displacement, but change can be hard to discern. Monitoring a series of local and census data sources and measuring their change over time can assist in detecting changes as they occur. In the section below, a discussion on available data sources is presented for the City to evaluate on how best to create an early warning system. Recommendations for immediate actions are provided at the end of this section.

As noted in the South Central TOD Briefing Paper 1 on Equity and Affordability[17]

- Housing costs in the South Central Corridor are $7,220 per year for homeowners and $8,474 for renters, which is much less than the citywide average of $14,368 for owners and $11,128 for renters and the region-wide average of $14,121 for owners and $12,008 for renters.
- But the full cost of location includes both housing and transportation. The combined cost of housing and transportation averages $17,843 per year for owners (41% of incomes) and $14,359 for renters (67% of income).
- 60% of corridor households rent, paying two-thirds of their income on housing and transportation, which leaves too little to meet the full cost of living or to build savings and wealth. The risk of displacement from rising costs is highest for renters but is also high for owners with limited access to lower cost secured improvement loans, such as the 49% of corridor homeowners without a mortgage.

Data sources for identifying neighborhood change

Neighborhood change factors are specific and differ between cities and even neighborhoods within cities. Hence, there is a need to track several different data types due to the lack of a comprehensive dataset to detect change.

Socio-economic factors: Change should be measured at smaller geographic levels and we suggest using the American Community Survey data at the census block group level. While the ACS data is a robust dataset, the most recent year of data available in 2018 and needs to be layered with more real-time data to identify change within neighborhoods. Adopting the methodology used by the Voorhees

[17] http://www.todphx.org/wp-content/uploads/2019/07/01_Affordability-Equitable-TOD_strategies.pdf

Center's work at the University of Chicago, Illinois, six ACS variables have been identified that influenced change in Phoenix neighborhoods.

Table 1. Early Warning US Census ACS Data

ACS Table Number	Field	Formula	Variable
B19113	Median family income in the past 12 months	Median family income	Median Family Income
B15003	Total, Bachelor's degree, Master's degree, Professional school degree, Doctorate degree	100 * [(Bachelor's degree + Master's degree + Professional school degree + Doctorate degree) / Total)]	% People with a bachelor's degree or more
B25088, B25064	Selected Monthly Ownership Costs: Total (A), Median gross rent (B)	[(A*C) + (B*D)]/(C+D)	Avg. Housing Cost
B25003, B25003	Owner occupied (C), Renter occupied (D)		
B03002	Total, Not Hispanic or Latino: White alone	100 * (Not Hispanic or Latino: White alone / Total)	% Non-Hispanic White People
B17021	Total, Income in the past 12 months below poverty level	100 * (Income in the past 12 months below poverty level / Total)	% People Living Below Poverty
B11001	Total Households, Female householder, no husband present	100 * (Female householder, no husband present / Total)	% of Single Female Headed Households

Proximity/access factors: A neighborhood's proximity to amenities can accelerate change and lead to an influx of new residents who desire accessibility. A change in transit quality and make-up of educational facilities can indicate change as it happens.

- Jobs accessible by transit – the increase in number of jobs accessible by transit in areas with improved or new transit lines can drive up its desirability. Data available through 2019 through All Transit, http://alltransit.cnt.org
- Availability of high frequency transit – frequent transit service is attractive to households drawn to urban areas; All Transit or through direct arrangement with Valley Metro.
- School enrollment – changing composition of schools can be an early indicator of demographic changes in the neighborhood.[18] Data should be available from the Phoenix Central School District.

[18] https://www.civilrightsproject.ucla.edu/research/k-12-education/integration-and-diversity/school-integration-in-gentrifying-neighborhoods-evidence-from-new-york-city/NYC-031019.pdf

Market factors: Market factors such as increasing home sales prices and rents are representative of change as they are occurring. Layering the ACS data with data such as sales records and rental listings can more accurately detect changes in early stages. Neighborhood change can also be marked by a change in demand for city services. Market factors and sample sources that can be considered include:

- Rent increases—HUD Fair Market Rents for (a) zip codes and (b) metropolitan area updated annually through 2020 for metropolitan Phoenix-Scottsdale-Mesa, https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020summary.odn and through HUD regional office; through local listings on Realtor.com; through communications with affordable housing assistance agencies, counselors and advocates
- Home sales and sales price increases – Recorded Deeds through the Maricopa County Recorder, which can be augmented by MLS data or data from other home listing platforms
- Changes in tax payer, assessed valuation, taxes paid, tax delinquencies and tax lien sales-through the Maricopa County Office of the Treasurer
- Evictions—City of Phoenix Department of Housing, Maricopa County Sheriff's Office
- Foreclosures – Tracked in real time by bank regulators and financial institutions through a fee-for-service formerly known LoanPerformance.com and now as CoreLogic.com; individual actions are recorded through the Recorder's Office
- Bankruptcies—Actions are filed with the local U.S. District Bankruptcy Court for Arizona; Phoenix Court is at 230 North 1st Avenue Suite 101. Actions are public records, accessible for a "copying" fee electronically from the court's "PACER" system, see http://www.azb.uscourts.gov/
- Small business closings—often are accompanied by bankruptcy filings; can be monitored in local newspaper and in the Business Journal; possibly could be monitored by the Arizona Department of Revenue
- 311 calls—Provided daily by City of Phoenix Open Data since November 2015 at https://phoenixopendata.com/dataset/calls-for-service
- Increased parking tickets—City of Phoenix Police Department
- Increases in building and renovation permits https://phoenixopendata.com
- Water bill delinquencies and shutoffs—City of Phoenix Water Services Department
- Electricity bills delinquency and shutoffs—Corridor mostly served by the Salt River Project, portions at north end served by Arizona Public Service; possibly could be arranged directly with utilities; may require intervention by the Arizona Corporation Commission
- Gas bills delinquency and shutoffs-Service provided by Southwest Gas, possibly could be arranged directly; might require intervention by the Arizona Corporation Commission

The indicators selected for the early warning system can be combined to create an index within each Census Block Group using an average of each Z-score. The Z-score, sometime called the "standard score" is simply the number of standard deviations a variable is from its mean.[19] This allows for the different scales of each indicator and can be simple stated as:

$$Z = \frac{\bar{x} - x}{\sigma}$$

[19] See for example: https://www.statisticshowto.com/probability-and-statistics/z-score/

Where x is the value of a variable for a given block group, is its mean value within Phoenix, and is the standard deviation of the variables for all the Block Groups in Phoenix. The z-score can tell you where that Block Group's variable is compared to the average block group mean within Phoenix. So, by taking the average Z-score for all the variables Block Groups that have a high value are the ones that have non-minority, wealthy, well educated, residents. The change in these variables indicate where displacement has happened or where it is currently trending.

For an early warning system to be most effective, it is important to choose the appropriate geographic scale (blocks, block groups) and a timeframe to measure the change. By setting a baseline, changes over a time period can be measured and evaluated in a meaningful manner. In addition to data trends, it is important to ground truth the quantitative data with qualitative inputs from the community. Residents are more likely to be aware of evictions, foreclosures, landlords neglecting maintenance, or any other change in their neighborhood sooner than any database. Listening to qualitative neighborhood experience can identify issues associated with displacement with more nuance than quantitative data alone. City planners can create an early warning system that incorporates qualitative and quantitative data to build a comprehensive tool to detect change in neighborhoods.

What Might a Neighborhood Early Warning System Look Like?

Example One-The Chicago City NEWS Portal, 1984-2004

In 1984 the Chicago Housing Abandonment Prevention Task Force issued over 30 recommendations for conserving Chicago's affordable housing, yielding programs and organizations that addressed equity financing, energy conservation financing, housing cooperatives and public access to housing information. As members of the task force the Center for Neighborhood Technology took responsibility for designing systems to implement several of these recommendations.

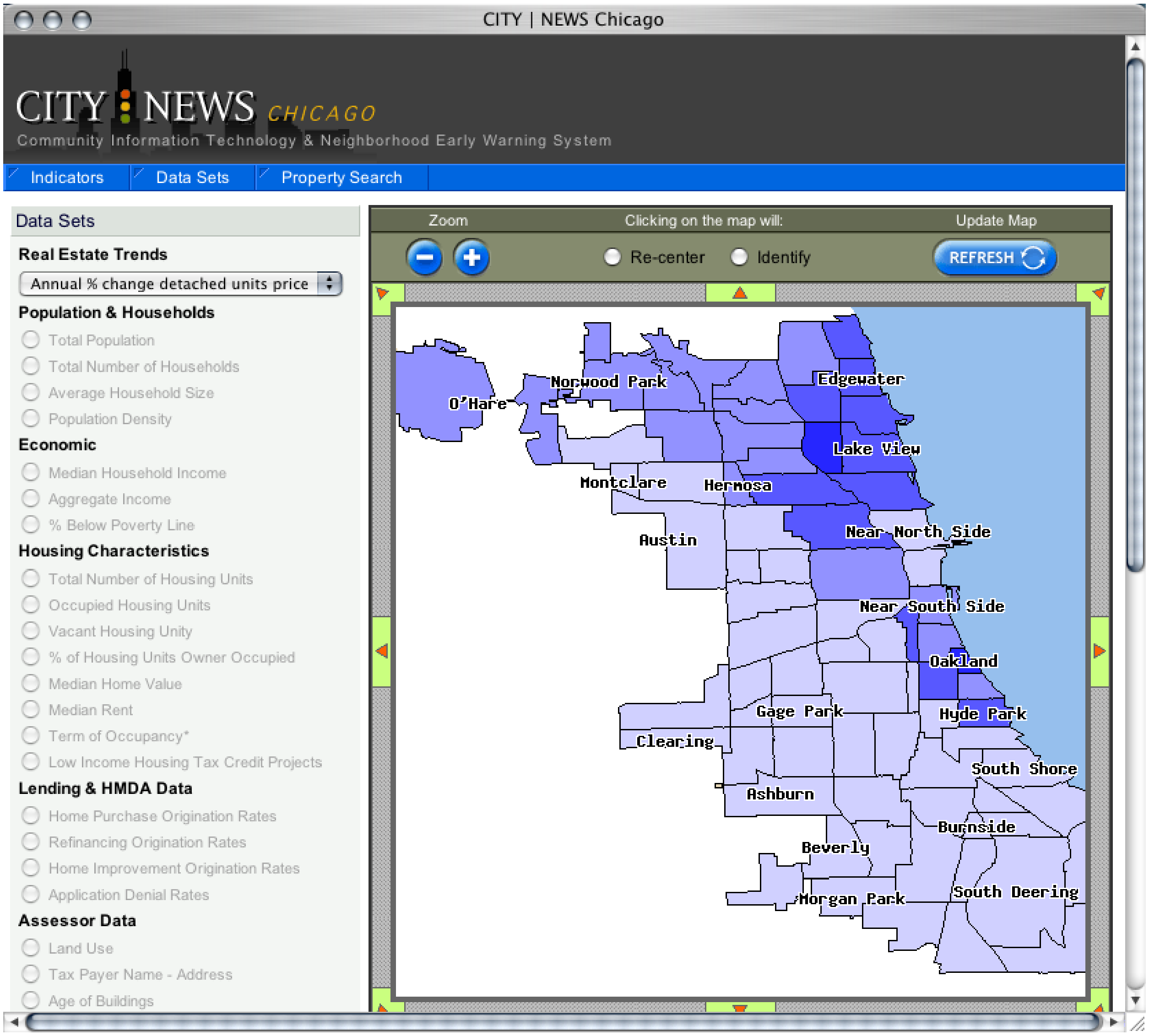
The Neighborhood Early Warning System (NEWS) was developed to address the lack of transparent information of housing and building conditions. NEWS was created as an alert system for residents where they could see "at risk" buildings in their area. Housing was being abandoned and buildings were getting torn down and NEWS provided a way for community organizations and citizens to be aware of underlying information about buildings in their community.

Examining all the data that was produced by city and county agencies, and looking at what would be useful and available, CNT developed a set of seven "problem indicators": code violations, housing court cases, water arrears, current and longer term property tax delinquencies, fire records, and real estate sales.

NEWS became an important tool for Chicago and eventually Cook County. Buildings were easily searchable and branded with a green, yellow, or red light based on the data. By the early 2000s, you could also search for nearby schools, shared cars, public transportation, and much more. This tool was recognized nationally and was reproduced on several occasions, the most high profile was Neighborhood Knowledge Los Angeles (NKLA) run out of UCLA planning department.

Information on neighborhood indicators and their change over time could be searched by data set and community area. Figure 1 shows a screenshot of the City NEWS tool and more information is provided in an Appendix.

Figure 1. Screenshot of City NEWS Chicago



Example Two: Gentrification and Displacement Tracking System, University of California[20]

The Regional Early Warning system is a more recent tool out of UC Berkeley. The project's creators describe it as follows:

"As regions across California plan for and invest in transit oriented development (TOD), in part as a response to SB 375 [one of California's climate action laws] and the implementation of their Sustainable Communities Strategies, communities are increasingly concerned about how new transit investment and related new development will affect the lives of existing residents, particularly low-income communities of color. Locals are likely to benefit from improved mobility, neighborhood revitalization, lower transportation costs, and other amenities that spill over from the new development (Cervero 2004). However, more disadvantaged communities may fail to benefit if the new development does not bring appropriate housing and job opportunities, or if there is gentrification that displaces low-income and/or minority residents (Chapple 2009; Pollack, Bluestone, and Billingham 2010).

The Regional Early Warning System for Displacement (REWS) is a project of the Center for Community Innovation at UC Berkeley that is supported by the Bay Area Regional Prosperity Plan[1] and the California Air Resources Board[2]. The REWS involves extensive qualitative and quantitative regional analysis to better understand the nature of neighborhood change and displacement in the Bay Area and its relationship to TOD. This report presents the results of the typology analysis that characterizes Bay Area neighborhoods (census tracts) according to their experience and risk of displacement. Through this analysis a number of factors have been related to the processes of gentrification and displacement[3] including the nature of a neighborhood's existing housing stock (% of prewar buildings), its proximity to jobs and rail transit, as well as changes that may provide early signs of displacement such as the loss of market rate affordable housing units, housing price appreciation, and market rate development in the area. This analysis combines information on early signs of displacement and gentrification with information of the current and past transformations of neighborhoods to paint a comprehensive picture of the extent and nature of displacement in the Bay Area."

The program developed a typology of gentrification and displacement conditions and applied it to all Census Tracts within the 9 County Bay Area:

[20] Regional Early Warning System for Displacement: Typologies Final Project Report, 7/23/15, (Updated from 5/29/15 version), Prepared by Miriam Zuk (mzuk@berkeley.edu)
https://www.urbandisplacement.org/sites/default/files/images/rews_final_report_07_23_15.pdf

Table 2. REWS Displacement/Gentrification Typologies

Lower Income Tracts (> 39% of HH are considered Low Income)	Moderate to High Income Tracts (<39% of HH are considered Low Income)
Not losing low income households or very early stages • Does not fall within any of the below categories	***Not losing low income households or very early stages*** • Does not fall within any of the below categories
At risk of gentrification or displacement • Strong market • In TOD • Historic housing stock • Losing market rate affordable units • Employment center	***At risk of displacement*** • Strong market • In TOD • Historic housing stock • Losing market rate affordable units • Employment center
Undergoing displacement[2] • Already losing low income households, naturally affordable units, and in-migration of low income residents has declined • Stable or growing in size	***Undergoing displacement***[2] • Already losing low income households • Decline in either naturally affordable units or in-migration of low income residents • Stable or growing in size
Advanced Gentrification • Gentrified[3] between 1990 and 2000 *or* between 2000 and 2013 based on: ○ Neighborhood vulnerability ○ Demographic change ○ Real estate investment	***Advanced Exclusion*** • Very low proportion of low income households • Very low in-migration of low income households

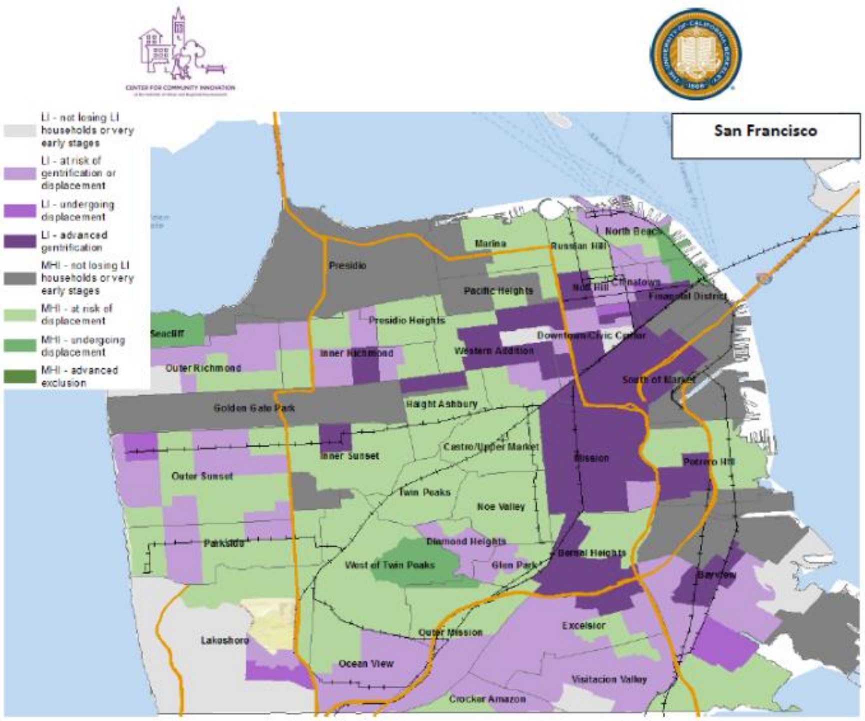
They then determined what percentage of tracts fit each risk profile.

Table 3. REWS Distribution of Displacement/Gentrification Types in the San Francisco Bay Area

Displacement type	Number of tracts	Population
Low Income (LI) – not losing LI households (HH) or very early stages	329	1,528,330
LI – At risk of gentrification and displacement	290	1,324,550
LI – Undergoing displacement	63	279,821
LI – Advanced gentrification	149	660,038
Moderate-High Income (MHI) – not losing LI HH or very early stages	476	2,259,243
MHI – At risk of displacement	132	570,934
MHI – Undergoing displacement	102	465,156
MHI – Advanced exclusion	28	119,329

And then mapped it in each of the region’s 9 counties:

Figure 2. REWS Map of Displacement/Gentrification Types in San Francisco, CA



The analysts were concerned with the extent to which the designation by a planning agency of communities as “Priority Development Areas,” which are intended to facilitate TOD, could lead to or accelerate displacement. This system was designed in 2015, and much of the designers’ research since then has focused on the relationship between market-oriented TOD activity and the measured loss of lower-income households as an indicator of displacement.

Comment—The research work started in 2015 has taken on life as the Urban Displacement Project based at the University of California. The work has been applied to the evaluation of equity concerns raised in SB375, which is used to set planning targets for urban infill in California cities and regions, and in related air quality planning. The sophistication of the data collection and analysis addresses the needs of professional researchers, and the analysis of apparent impacts on areas targeted for TOD addresses the needs of agency officials charged with such tracking. As has been noted, demand for housing has exceeded supply in California and the rate at which housing costs grow faster than incomes for low- and moderate-income households is well-known. The research team has been engaged with community stakeholders seeking help in this situation, and case studies of intervention efforts with various levels of success are presented for the Chinatown SF, East Palo Alto, and Diridon Downtown Station – San Jose’ communities, among others at https://www.urbandisplacement.org/case-studies/ucb . The project has also begun tracking the use of similarly sophisticated data analytics and mapping tools used in Los Angeles, New York City and Portland OR.

Recommendation for Early Warning System Implementation

The City of Phoenix should help assemble key stakeholders and researchers with a community preservation and development without displacement mission. This convening should illuminate the goals sought by various parties in tracking gentrification and displacement risks in the Corridor, and design program features to satisfy each.

An Early Warning System should enable support of decisions for preventative actions. The three most obvious user groups to be engaged should include—

- Community leaders and stakeholders;
- Elected and appointed public officials from the City of Phoenix, Maricopa County, the Maricopa Association of Governments, and Valley Metro;
- Professional researchers from Arizona State University, civic organizations such as Downtown Phoenix Inc., and intermediaries such as Raza Development.

The Early Warning System needs to be designed for a quick start, and in that regard, we'd recommend a system that functions much like the Chicago City News system did for two decades. Data is identified by users; a searchable data base is specified and assembled from existing sources; the data feeds a web-based system operated by intuitive user interfaces; and provides sufficient information for an initial audit or diagnosis of displacement risks to meet the needs of both community residents and public agencies.

The System also needs to support the increasingly sophisticated need for enhanced planning conducted by the City and by regional agencies including Valley Metro, Maricopa County and the Maricopa Association of Governments. The full analysis of those needs is beyond the scope of this assignment; however it could be stipulated that the issues of concern have been continuously revealed in formal plans for this corridor's communities for over a decade, and span issues of equity, health and safety, environmental protection and community preservation concerns.

We recommend that professional researchers in Arizona be part of the recommended startup design effort, and also be involved in an expanded effort to meet emerging planning needs so as to shorten the cycle time between changes in public policy and planning requirements, and the availability of increasingly sophisticated analytics and auditing tools.

These programmatic histories reveal that information systems function best when legitimate community demand is being served. Strategies to better meet those demands include the recommendations in this paper for better land strategies, and those for improved infrastructure investment. With land strategies in place, if a home in the area is identified as at risk of sale to speculative investors the residents can be connected to a land trust or CDC to mitigate displacement risk. Similarly, a community area that is showing signs of displacement can be linked to the affordability solutions described here and in the 2019 briefing papers by CNT.[21]

[21] See, for example Paper III. Building Affordable & Sustainable Communities through eTOD

Identifying and Using Measures of Potential Benefits from eTOD and Land Strategies

The Phoenix Transit Oriented Development Strategic Policy Framework was updated in April of 2018 by City Council Resolution to include the South Central Corridor Light Rail Extension and its station areas, and published January 30 2019, at
https://www.phoenix.gov/villagessite/Documents/pdd_pz_pdf_00380.pdf

On page 18, a set of recommended Place Types for each of the South Central line's 7 stations is illustrated, and these were used by the planning team in developing the illustrative plans for each (see Infrastructure memo below for more detail on those plans).

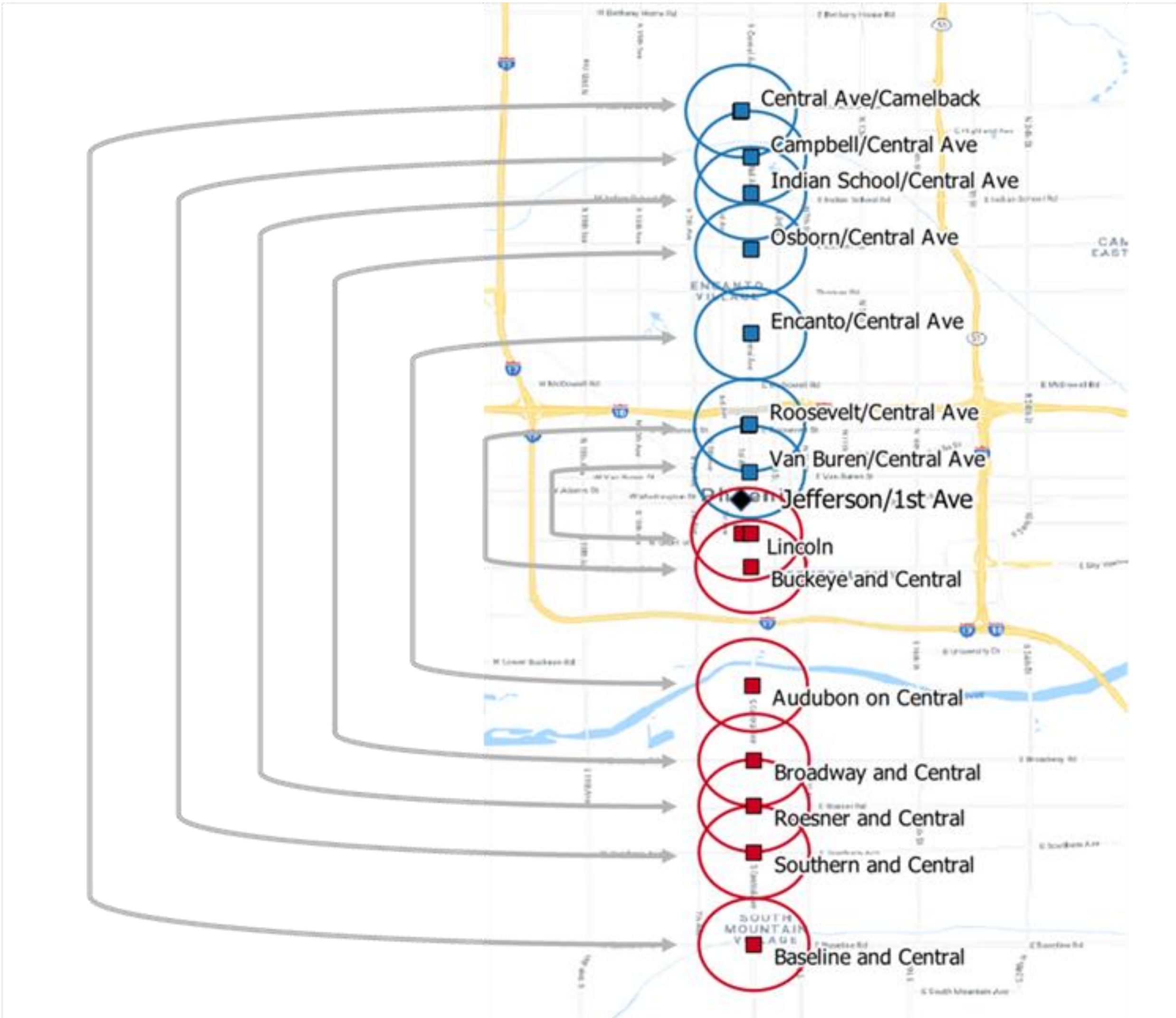
On pages 22 and 23, a set of recommended planning and implementation policies are listed; the planning policies helped guide the overall South Central TOD Planning process. On page 23, a list of suggested factors for prioritizing investments along with indicators is provided, one of which directly addresses displacement—Displacement Risk, for which the indicator is " % increase in property values in District's low income census tracts over 10 years (Affordable Housing Investments Only) % * 100. "

The other Factors identified are Consistency with Community Vision (Required); Investment Risk; Solution Multiplier; Public/Private Partnership; and Current TOD Readiness. While the discussion in the Land Strategies paper has been largely regarding development without displacement, the context is Transit Oriented Development; this section provides an analysis of the apparent relationship between transit level of service, jobs accessibility, and ridership, based on an analysis of these same factors for neighborhoods that have been receiving light rail services over the past decade. We believe this analysis has relevance for the measurement of "TOD Readiness" and offer recommendations.

To conceptualize the potential benefits of eTOD and the land strategies discussed here we used CNT's AllTransit tool to analyze future South Central Corridor light rail station areas as they are today and compared them to existing rail station areas on the north side of Phoenix. To compare station areas, we aggregated AllTransit block group data proportionally to a half mile radius around existing and proposed stations.

As Figure 3 shows, we created matched station pairs based on their distance from downtown (as defined by the Jefferson Street /1st Avenue station). While the station pairs are imperfect corollaries—the community's vision for eTOD on the south side is not the same as the north side today—and a more in-depth modeling of the corridor under different eTOD and transit service scenarios is recommended, this approach gives a general sense of the potential of eTOD in the South Central Corridor.

Figure 3. Proposed stations south of the Jefferson/1st Ave station (red) paired with existing stations north of Jefferson/1st of approximate equal distance (blue) for comparison.[22]



As Table 4 shows, all of the north side stations areas have more households living in them than their south side counterparts. North side station areas also have significantly greater access to jobs in 30 minutes or less than the south side station areas do today. Thus, if the Baseline and Central station area were to perform more like Central Ave / Camelback station area, 3,000 additional households would live near the Baseline and Central station and residents of the Baseline and Central station area would have access to 200,000 more jobs on a 30 minute or less transit trip. A gain in access to jobs by transit would create benefits for regional employers as well by increasing the pool of potential workers.

[22] Existing light rail stations between Central Ave/Camelback and Jefferson/1st Ave were used for comparative purposes, but only those most closely matching a distance to Jefferson/1st as a proposed station to the south. The Thomas/Central, McDowell/Central, and Washington/Central were omitted deliberately.

This potential increased job access demonstrates some of the significant potential benefits of eTOD in the South Central corridor. However, the makeup of the households in the north and south side station areas is quite different, with the south side having a much larger share of households earning $25,000 per year or less, further emphasizing that the eTOD on the south side must be carefully designed to preserve affordability and prevent displacement.

Table 4. Households and Jobs Access by Station Area

	Distance from Jefferson / 1st (miles)	Households	Share of Households with Income Less than $25,000	Jobs Accessible in 30 Minute Transit Ride
Van Buren / Central Ave	0.3 North	1,862	51%	438,614
Lincoln	0.4 South	726	47%	413,570
Roosevelt / Central Ave	0.8 North	4,409	41%	431,412
Buckeye and Central	0.7 South	705	62%	362,063
Encanto / Central Ave	1.8 North	1,545	16%	434,790
Audubon on Central	2.0 South	403	47%	321,548
Osborn / Central Ave	2.7 North	2,314	31%	436,448
Broadway and Central	2.8 South	1,318	46%	314,560
Indian School / Central Ave	3.3 North	2,130	24%	441,647
Roesner and Central	3.3 South	1,831	46%	295,291
Campbell / Central Ave	3.7 North	1,756	21%	444,111
Southern and Central	3.8 South	1,341	40%	257,338
Central Ave / Camelback	4.2 North	3,954	19%	433,215
Baseline and Central	4.8 South	995	33%	220,379

Recommendations

There is existing transit service in the South Central corridor today and residents rely on it. While there is no light rail, there is an extensive bus network, and as shown in Table 5 in some of the south side station areas a larger share of workers commute via transit today than their counterparts on the north side do. This highlights the importance of preserving bus transit connectivity in the corridor as part of the larger transit network going forward.

Table 5. Commute Mode by Station Area

	Distance from Jefferson / 1st (miles)	Share of Workers Commuting by Public Transportation	Share of Workers Commuting by Walking or Bicycle
Van Buren / Central Ave	0.3 North	8%	32%
Lincoln	0.4 South	14%	28%
Roosevelt / Central Ave	0.8 North	6%	23%
Buckeye and Central	0.7 South	17%	22%
Encanto / Central Ave	1.8 North	5%	5%
Audubon on Central	2.0 South	7%	4%
Osborn / Central Ave	2.7 North	12%	7%
Broadway and Central	2.8 South	9%	7%
Indian School / Central Ave	3.3 North	9%	6%
Roesner and Central	3.3 South	12%	8%
Campbell / Central Ave	3.7 North	6%	6%
Southern and Central	3.8 South	8%	6%
Central Ave / Camelback	4.2 North	6%	8%
Baseline and Central	4.8 South	5%	2%

It is also notable in Table 5, that while bicycling and walking to work is slightly higher on the north side, the share of workers in the South Central station areas walking and biking to work largely track the trends of the north side station areas. This may indicate that parts of town on both the north and south sides could benefit from additional pedestrian and bicycle infrastructure.

Existing and proposed conditions reports were prepared for South Downtown (aka Mobility Area 1) and South Mountain (aka Mobility Area 2) as part of the T2050 planning process for prioritizing use of T2050's allocation of mobility enhancement funds.

We reviewed the Capital Improvements Program adopted for 2019-2024 and the draft introduced covering 2020-2025 published in March 2020. We could easily identify the significant increase in capital allocated for "transit" capital projects of over $1 Billion in the newer document. Although the T2050 mobility area plans and both their existing conditions and proposed conditions identified along with specific enhancement projects and estimated costs, we could not identify specific allocations for capital improvements in the draft CIP plan to support investment in these projects which have been made available since August of 2019. There are several lines to support citywide implementation of bicycling goals. Similarly, the draft updated 2020 Key Corridors Master Plan supports these same goals identified in the Mobility Area plans.

We recommend that the City amend the proposed CIP to include the mobility enhancements identified in these T2050 and Key Corridor Master Plan documents, and that the TOD Readiness Factor include indicators of capital availability. Strategies for capital availability are discussed further in the accompanying memo on Infrastructure.

Appendix

A) Additional Examples of Community Based Efforts to Achieve Development Without Displacement

- Atlanta Land Trust, Amanda Rhein, Executive Director, http://atlantalandtrust.org supported by and a member of The Transformation Alliance, https://atltransformationalliance.org/ , the Atlanta affiliate of SPARCC www.sparcchub.org , Odetta Macleish-White, Managing Director Atlanta Beltline, https://beltline.org/the-project/affordable-housing-on-the-beltline/goals-progress/

The Atlanta Belt Line is a right of way for a former railroad acquired by the city of Atlanta to provide access to new recreational, cultural and transportation assets along its 22 mile length. It has become a flashpoint for anti-displacement organizing leading to new development without displacement efforts. From 2011-2014 real estate values soared as much as 80 percent, versus 20 percent in the balance of the City. Yet by the 4th quarter of 2019, 3,039 units of affordable housing have been produced within ½ mile of the Beltline; through efforts of Atlanta's vibrant community-based redevelopment organizations and their "hub," The Transformation Alliance.

The Transformation Alliance is a citywide organization formed in response to the national call for proposals by a coalition of foundations and community innovation promoters known as SPARCC, which stands for Sustainable Prosperous Resilient Connected Communities. SPARCC and such local coalitions in 6 cities (Atlanta, Denver, Memphis, Chicago, Oakland and Los Angeles) are dedicated to achieving equitable TOD and to supporting innovations toward that goal. the Transformation Alliance through programs such as the Atlanta Land Trust is working to accelerate that progress.

The Atlanta Land Trust was formed to address this challenge with a strategy of implementing the community land trust model to—

"Protect positive benefits: ensure residents are able to realize the benefits of the assets created by public investment •Mitigate negative externalities: provide a hedge against private speculation, the loss of lower-priced housing, and the displacement of lower-income people •Engage community: vest residents in the development and maintenance of their neighborhoods"

A presentation covering this work and similar work in Oakland and in Chicago was made at SPARCC's Investment without Displacement in December 2018; the proceedings of that meeting are at http://www.sparcchub.org/displacement/iwd-2018/ and the Community Land Trust presentation is at https://app.box.com/s/6rzjj1p87nobb3d5uqpmxu1un7k4tymd. A short video explaining the functions of a CLT was prepared by Grounded Solutions Network at https://www.youtube.com/watch?v=iWzmZjym8d4&feature=youtu.be

Descriptions of similar work being conducted around equitable TOD being conducted in each of the six cities supported by SPARCC are at www.sparcchub.org

The standard reference work providing detailed instructions of forming a Community Land Trust is available on the Grounded Solutions Network web site at https://groundedsolutions.org/tools-for-success/resource-library/community-land-trust-technical-manual and a toolkit for startup CLTs is at https://groundedsolutions.org/start-upclthub

A recent review resident owned communities, community land trusts and community benefit agreement strategies from the Democracy Collaborative is available at https://democracycollaborative.org/sites/default/files/downloads/CommunityControlLandHousing.pdf by Jarrid Green and Thomas Hanna.

Community-Based or City-Based?

The City of Chicago formed the Chicago Community Land Trust in 2006 to provide capital and an ownership transfer mechanism to result in resident owned housing, described at https://www.chicago.gov/city/en/depts/doh/provdrs/developers/svcs/chicago-community-land-trust-for-developers.html. From 2006 – 2019, production was a modest 200 units; in December of 2019, the City Council voted to recapitalize the CCLT with an initial $3 million appropriation, and in April, the city advertised for an executive director. While the functions are identical with a community-based land trust, the board is appointed by the City.

The Chicago Community Loan Fund is a community development financial institution (CDFI) that has committed to forming a CLT in partnership with the Chicago SPARCC affiliate, Elevated Chicago and member organizations working in the south side communities of Bronzeville and Woodlawn, where major investments such as the planned Obama Presidential Center threaten wholesale displacement. CCLF has also recently partnered with the Chicago Rehab Network, a coalition of 40 non-profit community developers who wish to augment their considerable abilities to produce large scale portfolios of permanently affordable housing with ownership conversion tools including limited equity cooperatives and community land trusts.

The parties to these conversations believe that the high costs of meeting federal boiler-plate requirements have driven the costs of housing rehabilitation and production to unaffordable levels, and that the reintroduction of rent-to-own and cooperative housing is both prudent and urgent. The new partnership is operating under the name Center for Shared Ownership.

Chicago Community Loan Fund, Calvin Holmes, President, www.cclfchicago.org

Chicago Rehab Network, Kevin Jackson, Executive Director, www.chicagorehab.org

The case for public ownership of land banks is that in theory, they should be able to more quickly get to scale, and that as public entities, they could more easily coordinate with both cities and counties, where the disposition of properties made available through settlement of tax delinquencies reside. Where this has been paid attention to, for example, the case study provided of Michigan land banks in this paper highlights such inter-agency coordination, the benefit is clearly occurring.

The case for community control of land assembly mechanisms is that they are more flexible and are likely to be more trusted to be able to act in real time. In Chicago alone, the private sector put the bulk of considerable investment in through community-based channels acting in partnership with both private sector lenders and with the city and county, amounting to tens of billions of dollars in reinvestment.

The proposed mechanism for a city-initiated, corridor-wide CLT is that with appropriate design of governance, it can leverage public authority to create a special district that provides a reliable and budgeted identity to assemble coordinated resources, much as the Maricopa Stadium District and the Downtown Phoenix Inc. enhanced benefit district do.

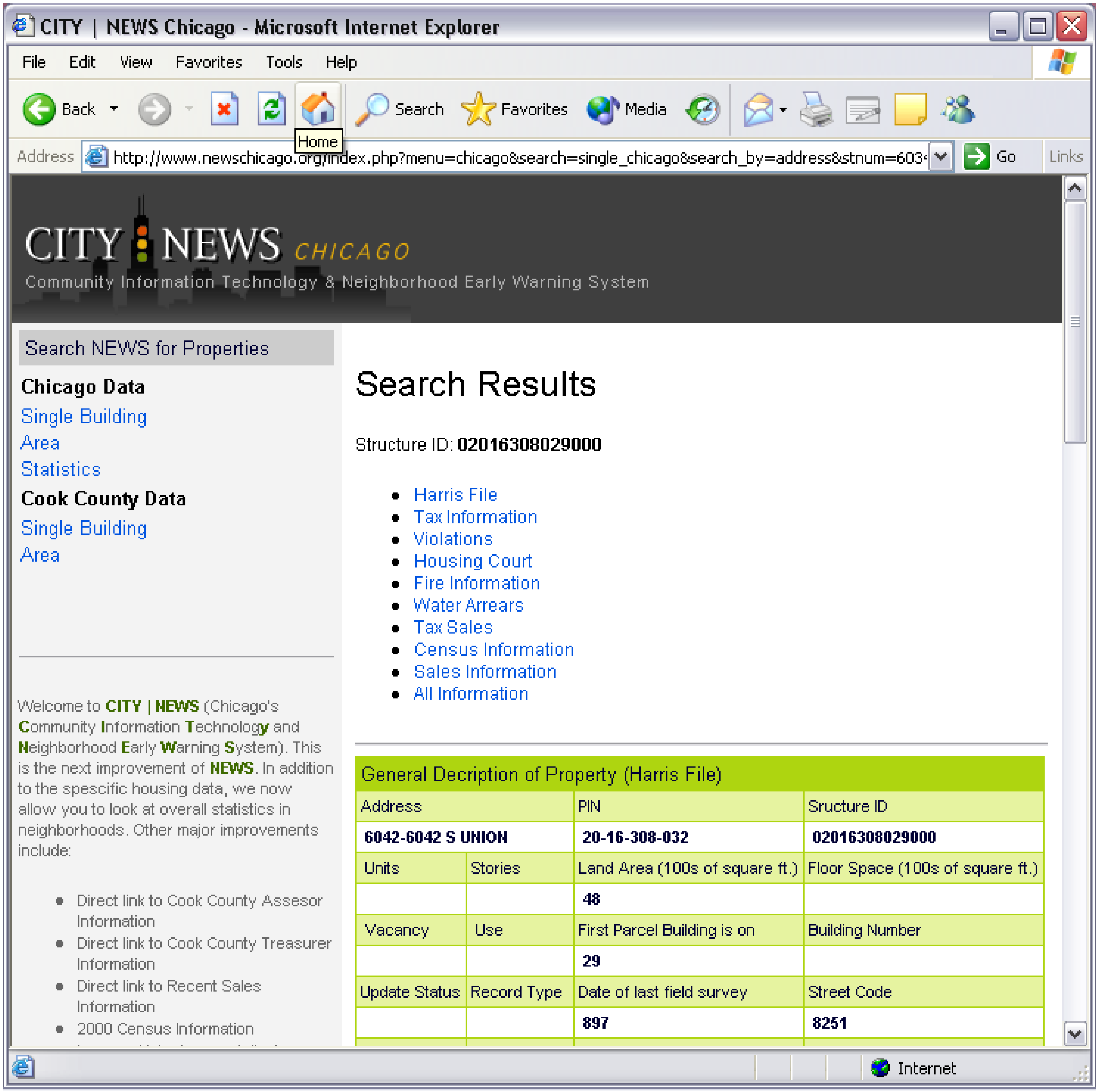
We recommend that in considering this mechanism, the City engage experienced advisors in the pursuit of such a high impact, focused and accountable mechanism.

B) Additional Detail on Chicago City NEWS Early Warning System Example

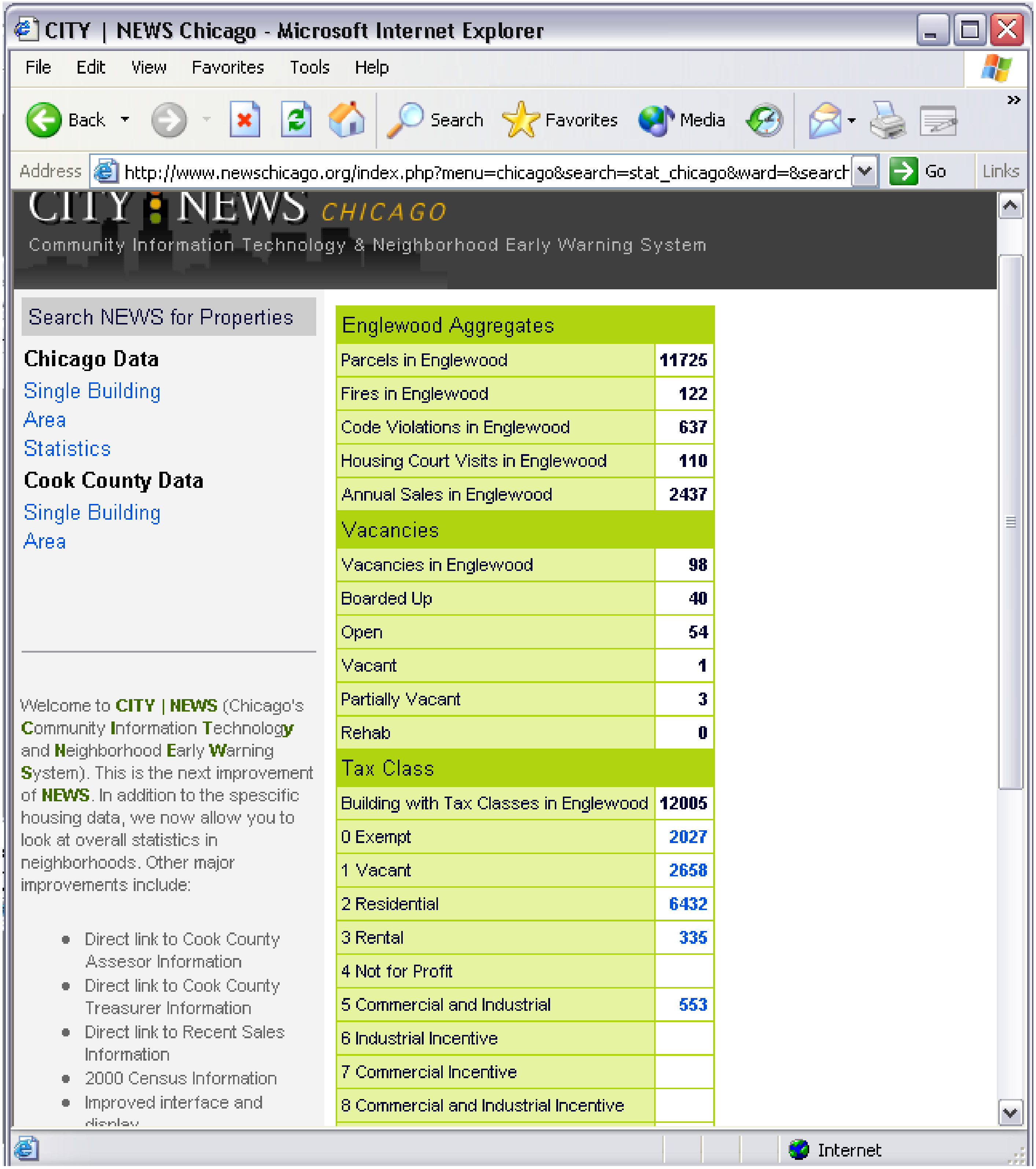
Initially operated as a dial-up "electronic bulletin board," the service was migrated to the Internet and mapping capabilities were added, along with a series of neighborhood condition indicators similar to what's recommended here from the American Community Survey (which did not exist until 2005).

Here's what the landing or home page looked like—note that location could be explored using an address, a Property Identification Number or PIN, or a community area.

The results of a property search would then take the user to a list of searchable data items.



Which could then be used to compile aggregated information of problem indicators within a neighborhood, as demonstrated by the results of this query regarding properties within the Englewood community area on Chicago's South Side.



Englewood Aggregates	
Parcels in Englewood	11725
Fires in Englewood	122
Code Violations in Englewood	637
Housing Court Visits in Englewood	110
Annual Sales in Englewood	2437
Vacancies	
Vacancies in Englewood	98
Boarded Up	40
Open	54
Vacant	1
Partially Vacant	3
Rehab	0
Tax Class	
Building with Tax Classes in Englewood	12005
0 Exempt	2027
1 Vacant	2658
2 Residential	6432
3 Rental	335
4 Not for Profit	
5 Commercial and Industrial	553
6 Industrial Incentive	
7 Commercial Incentive	
8 Commercial and Industrial Incentive	

The site also allowed for direct linkage to publicly available records as in this example of for a property tax record identified by Owner and Address, Property Address and PIN, Tax Owed and Payment Status.

Current Cook County Treasurer's Information

This table comes directly from the Cook County Treasurer's Web Site.
If you want to go directly there click here.

Office of the Cook County Treasurer - Maria Pappas

Cook County Property Tax & Payment Information

Printed copies of this information may not be used as a tax bill. Payments must be submitted with original tax bill.

Property Index Number (PIN): 20-16-308-030-0000

2002 Tax Year Information - Payable in 2003

Tax Year: 2002 **Tax Type: Current Tax** **Volume: 422** **PCL: 1-00**

Property Location

6034 S UNION AVE CHICAGO, IL 60621-2859

Mailing Information

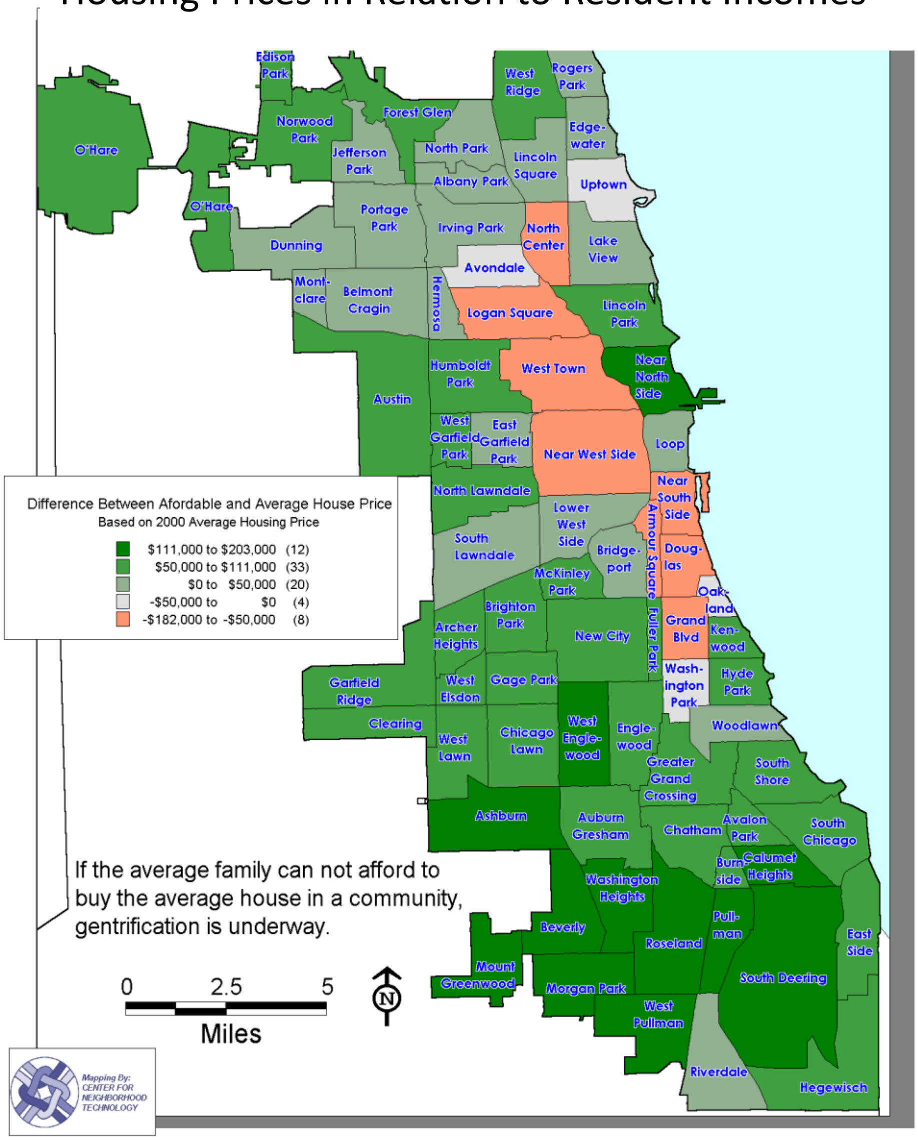
MICHAEL WASHINGTON 8815 S BLACKSTONE AVE CHICAGO, IL 60619-7104

Tax Payment Information

Installment	Tax Amount Billed	Tax Due Date	Last Payment Received	Date Received
1st	$ 60.85	03/04/2003	$ 0.00	
Balance Due	$ 65.40	This information is as of: 07/17/2003		

And relationships were established visually between these trends, as in this map showing the relationship between Housing Prices and Resident Incomes.

Housing Prices in Relation to Resident Incomes



Indicators help predict what the market will look like in the future. In this map, the average selling price of homes in some neighborhoods has already exceeded what the average family can afford. Community groups can use this information to intervene and help slow gentrification.

Comment: The City NEWS system was designed for and in partnership with users, which generally included both community stakeholders, and public officials. Although in many ways the presentation seems simplistic by current web design standards and potential functionality, getting started with a system that can meet the usability, maintainability, and closer-to-real-time early warning functionality called for is recommended.

The impacts of this system can be judged in part by its support for successful efforts to reform the rules by which disposition of tax delinquent properties were carried out; a parallel organization, the Campaign for Responsible Ownership, used data generated by City NEWS to generate legislative redesign and 63 administrative reforms enacted by Cook County and the City of Chicago. It also supported efforts by an additional parallel coalition, the Ownership Transfer Working Group, which utilized the data to launch a resident ownership conversion service, called the Chicago Mutual Housing Corporation, which over a decade helped convert 10,000 units of rental property to cooperatively owned property. The support of the business and civic community for these efforts was also enhanced by the availability of the data provided by this system, who along with local government had a strong stake in a tax system that supported local development without displacement. This history is documented in Land Reform Chicago Style, published by the Brookings Institution in 2002.