SOUTH CENTRAL TRANSIT ORIENTED DEVELOPMENT (TOD)

RESPONSIBLE DEVELOPMENT WITHOUT DISPLACEMENT KEY FINDINGS

Significant Displacement Risk for Households and Businesses

- Displacement risk from gentrification (increasing incomes will likely increase property value and therefore taxes—already shows in the Warehouse District where "owner" incomes are 2-2.5 times renter incomes)
- Risk from new Opportunity Zone designation–new report from Smart Growth America and LOCUS[1] highlights Phoenix as an opportunity to the entire investor/developer sector
- Risk to non-mortgage households who need but have limited access to secured affordable financing (e.g. second mortgages, equity loans–all require a first mortgage)
- Renter households are at risk from rents rising faster than income; as many as 20% of households are in mobile home parks which could be sold, undocumented renters have additional exposure
- Risk to independent and traditional businesses–few of whom own their properties

Development Opportunities Must be Managed to Avoid Displacement

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

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

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

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Strategies for planning and developing responsibly include:

- **Incrementally invest in land control**. Utilize the analysis of displacement risk areas; identify strategically important land and re-purpose an existing, capable revolving fund such as those operated by Phoenix LISC, Raza Development and the Sustainable Communities Collaborative to option or acquire land (quickest solution); build specific new capacity to do an additional "pre-development fund" as described in the Reinvent Phoenix plan (already designed); graduate this effort to a Community Land Trust as a responsible land transfer mechanism; issue new guidelines for public sale of tax delinquent properties to prioritize responsible development without displacement in the corridor; modify state law to create permanent capacity for responsible land banking.
- **Help renters become owners and stabilize their cost of living affordably**. Partner with organizations such as Renter Owned Communities and the Urban Homesteading Assistance Board to build this capacity in Phoenix.
- **Help independent small business owners own their properties**. Provide affordable assistance to redevelop their currently automobile-oriented (parking in front) properties as part of a walkable and livable community with safe streets. Secure financial assistance from utilities (APS, Salt River Project, SW Gas) to lower and stabilize air conditioning expense.
- **Explore a shared prosperity fee to help support these commitments**. In Chicago for example, linked development fees on large development generates revenue that can be used to support affordable housing in mixed used TOD or core investment in independent businesses in "emerging markets."
- **Structure the "walkability/green infrastructure" strategy (Briefing paper 3) around value creation and value capture**–reducing risk from heat, flooding, energy costs and capturing jobs and economic opportunity.
- **Adopt the "ecodistrict" concept for coordinated and pre-development financed lean infrastructure** to reduce the post development cost of occupancy for residents and businesses (ref. Reinvent Phoenix).
- **Brand and market the corridor as "Downtown South Phoenix."** Work with Downtown Phoenix Inc. to do this collaboratively and with the City and County to support the necessary associations and corridor enhancement programming, including place-making and with Valley Metro to support effective transit marketing and patronage.
- **Work with Valley Metro and employers to support pre-paid discounted employee transit benefits; create a "neighborhood transit pass"** similar to what was created in Boulder Colorado that can be purchased at a deep discount.
- **Adopt strategy (City of Phoenix and Maricopa County) to support reduced parking requirements in the corridor near transit.** Enabling higher densities and development yield from taxation and setting the table for a "virtual tax increment financing" type of revenue support for local activity.
- **Support workforce development in partnership with capable providers** such as South Mountain Community College and with employers.
- **Support small business entrepreneurship, incubation and growth support programs in the corridor; focus on the productive sector. A** significant amount of local industrial activity can support a larger "supply chain" of activity. Consider adopting a "Production-Distribution & Repair" zoning similar to that in place in San Francisco.

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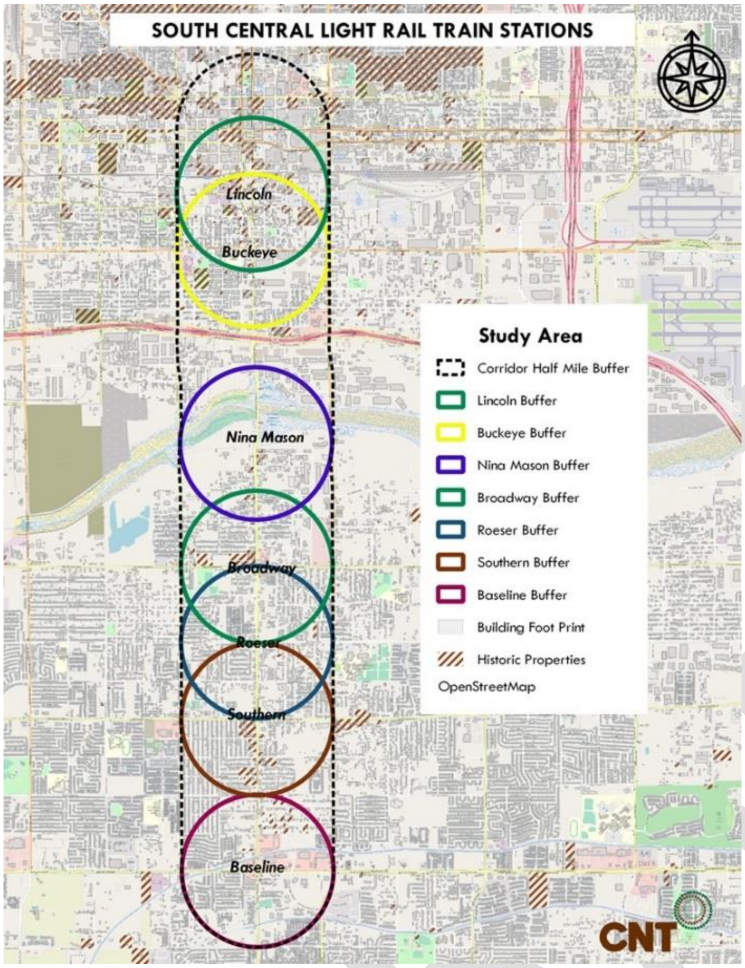

[1] Coes, Christopher A. Loh, Tracy H. *National Opportunity Zones Ranking Report*. Washington DC: LOCUS, 2018.

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