

Building Communities of Opportunity: Supporting Integrated Planning and Development through Federal Policy

This framing paper was prepared by PolicyLink to inform the September 18, 2009, White House Office of Urban Affairs Tour to Denver, Colorado.

Introduction

To create a fully inclusive nation, we must ensure that all people live in “communities of opportunity”—places with quality schools, access to good jobs with livable wages, quality housing choices, public transportation, safe and walkable streets, services, parks, access to healthy food, and strong social networks.

For this vision to become a reality, we need to shift the way we plan for and build communities. Transportation, land use, housing, economic development, and improvements to the environment all work in concert to shape the character of neighborhoods, cities, and regions. But decisions are generally made within these separate realms of policy and practice, with too little coordination, targeting, or cross-pollination of ideas and investments.

As the federal officials taking part in the White House Office of Urban Affairs tour to Denver already recognize, achieving national goals for economic competitiveness, full inclusion, and energy sustainability requires breaking down historic barriers to integrated and coordinated planning, policy, and development. In a time of limited resources, our strategies must be as efficient and effective as possible. From the local to the national level, efforts being advanced by public agencies, private and nonprofit developers, and community organizations need to work in concert to reach their maximum potential.

Denver’s land use and transportation planning efforts showcase how a growing region is making an unprecedented commitment to integrated planning, and building a transportation infrastructure that supports sustainable, compact growth. Transit oriented development (TOD) is a key implementation strategy for achieving the region’s goals for economic growth, inclusion, and sustainability.

We are at an incredible moment of alignment between local innovation and the policy priorities of President Obama and his administration. There is tremendous wisdom at the local level about what it takes to successfully work across sectors to achieve multiple community goals. And, we have a new administration prepared to help local innovations flourish. The interagency working group being convened by the White House Office of Urban Affairs, the Sustainable Communities partnership between HUD, DOT, and EPA, and the Sustainable Communities Program and Choice Neighborhoods in the proposed 2010 HUD budget all serve as examples of how the Obama administration and federal agencies are reorganizing themselves to more effectively take on these issues. Legislative vehicles on the horizon could also bolster the local innovation here in Denver and around the country. The

Livable Communities Act (proposed by Senator Dodd and co-sponsored by Senators Bennett, Menendez, Merkley, and Akaka) and the upcoming surface transportation authorization are just two examples.

Prepared for the White House Office of Urban Affairs' September 18th visit to Denver, this memo situates Denver's approach in the context of coordinated planning and investment efforts across the country, and offers suggestions on how the President's national urban and metropolitan agenda could support these bold attempts to create communities of opportunity through integrated planning and development.

Denver's Strategies for Integrated Planning and Development

Anticipating significant regional growth over the next several decades, Denver is pursuing a comprehensive urban agenda to steer development in a way that improves quality of life, transportation and housing choices, and sustainability for all residents. Key elements include:

Blueprint Denver, an integrated land use and transportation plan for the city of Denver, adopted in 2002, seeks to: direct development to areas of change (predominantly located in places with existing or planned transportation infrastructure) while preserving the character of stable residential neighborhoods; design streets that accommodate bikes, transit, and pedestrian in addition to cars; and foster mixed-use development. **Greenprint Denver**, the **Climate Action Plan**, and the **Living Streets Initiative** add sustainability elements to this plan. A new **Form-Based Zoning Code** will facilitate implementation of these comprehensive plans. The regional **Metro Vision** plan identifies urban centers where infill and new development should occur. www.denvergov.org/planning/BlueprintDenver

FasTracks is a 12-year, \$6.2 billion public transportation expansion plan for the Denver region that will build six new transit lines and 57 new stations by 2017. The project was largely financed through a region-wide sales tax increase of 0.4 percent that was approved by voters in 2004. A coalition of local officials (including all 31 of the region's mayors), business leaders, and environmentalists, worked for several years to organize public support for FasTracks and the sales tax increase. www.rtd-fastracks.com

Linking Up Transportation, Housing, Economic Development, Land Use, and Environmental Goals to Build Communities of Opportunity

Planning and public investment in infrastructure (transportation, water, utilities, etc.), housing, economic development, and environmental improvements play a large role in shaping neighborhoods, cities, and regions. Historically, planning and policy decisions within these arenas have contributed to sprawling, energy-inefficient, racially- and economically-segregated regions.

While issues such as housing, schools, public safety, and transportation are intertwined for people, in the policy realm they are artificially separated. Decisions about what investments to make, and where, are often made by different public entities and without coordination. Efforts to better integrate approaches are often stymied by the differences in requirements and restrictions across funding streams.

There is growing recognition by communities, and all levels of government, that coordinated approaches are needed. Much has been learned, for example, about the relationship between public transit and housing. Transportation and housing are the two biggest household expenses, and lower income families spend more for both of them, as a proportion of their take-home pay (according to the Center for Housing Policy, 59 percent compared to the national average of 48 percent). By coordinating transit with compact, mixed-income housing development and preservation of existing affordable units, we can reduce both of these costs together. At the same time, transit provides a lifeline to jobs, schools, and services. Clustering transit and affordable homes makes good sense from an efficiency and environmental perspective as well. Low-income households are heavier transit users, making the service more cost-effective, and getting people of all incomes out of their cars and onto mass transit reduces carbon emissions and protects against global warming.

To date, most successful efforts to advance equitable and integrated development have taken place at the individual project level. In several states and regions, initiatives and policies have helped establish a framework to enable such coordinated approaches to occur with greater frequency and at larger scales.

Equitable Development Principles

Equitable development fosters economic revitalization while simultaneously creating and expanding opportunity for everyone, particularly those left behind by traditional urban revitalization and suburban growth policies. Four core principles guide the practice of equitable development.

Integrate strategies that focus on the needs of people and on the places where they live and work to support low-income residents and their families while stabilizing and improving their neighborhoods.

Promote triple-bottom line investments that are equitable, catalytic, and coordinated to achieve inclusive and sustainable growth.

Reduce economic and social disparities throughout the region by leveling the playing field for development and ensuring that all neighborhoods provide their residents with the necessary ingredients for social and economic success.

Include meaningful community participation and leadership in change efforts, in order to reflect the wisdom, voice, and innovation of local leaders.

Mixed-Income Transit Oriented Development is a Fertile Ground for Lessons on Integrated Approaches to Revitalization

Transit oriented development is an area of practice where a broad range of stakeholders are learning how to do the kind of integrated planning needed to build communities of opportunity at the project level. TOD is a planning, design, and development trend that seeks to create compact, mixed-use, pedestrian-oriented communities located within a half-mile of transit stations and along corridors well-served by buses.

TOD can bring multiple, synergistic benefits to residents, neighborhoods, cities, and regions: lower housing and transportation costs; greater mobility; new location-efficient affordable housing; access to jobs; economic revitalization; walkable neighborhoods that promote active living and prevent obesity; and reduced climate impacts.

Multiple stakeholders—transit agencies, private and nonprofit community developers, residents, advocacy and organizing groups, business owners, planners, and government agencies at all levels—play important roles in implementing successful mixed-income TOD. Given the amount of coordination needed to bring these complex and innovative projects to fruition, TOD practice provides many lessons about the challenges of integrated development and strategies to overcome them.

Lessons Learned from Integrated Planning and Development Approaches

There are many considerations for successful implementation of TOD including financing the project, phasing development, acquiring land, building public-private partnerships, and more.

One of the thorniest challenges is undertaking TOD in a manner that expands opportunity for all residents. For example, while creating housing for lower income people around transit could dramatically improve their access to jobs and services while reducing household costs, the market does not adequately produce this type of housing. Although there are several shining examples of economically viable TODs that produced real benefits for lower income residents—such as the ones spearheaded by community development organizations like the Unity Council in the Fruitvale District of Oakland, Calif. and Bethel New Life in Chicago’s Garfield Park—most TOD projects tend to serve upper-income households who can pay a premium to live in them. Despite increasing demand for housing near transit, TOD is still more complex and expensive than conventional development, making it less likely that affordable homes will be included without targeted incentives for developers.

Here we review five successful strategies being utilized in Denver and around the country to implement equitable and inclusive TOD and other integrated planning efforts.

The opportunity to take transit can add up to tremendous financial savings. In the Denver area, residents who use transit instead of driving save \$716 per month in transportation costs—that is over \$8,500 per year.

Source: American Public Transportation Association

- 1. Embed meaningful community engagement in planning processes.** Plans tend to be stronger, yield more equitable results, and have greater community support when area residents, neighborhood groups, and small business owners are involved in their creation. Community members possess invaluable knowledge of neighborhood needs and assets, and have important ideas to contribute. The most inclusive processes engage residents from the beginning, before major decisions are made, and throughout the planning and development process. Community-based organizing groups often catalyze greater involvement and can help government agencies successfully engage diverse community residents.
 - **Denver Example:** In Denver, FRESC and other advocacy groups began an effort to involve residents of the South Lincoln Park Homes in the city's TOD planning and Denver Housing Authority's redevelopment planning processes in 2006. That effort has engaged hundreds of residents in an area where public participation is challenging and resulted in the adoption of a list of Community Principles to guide redevelopment efforts.
 - **National Example:** In Oakland, Asian Health Services and the city planning department collaborated in the summer of 2009 to engage residents in planning for improvements around the Lake Merritt transit station. Working with several community organizing groups, they surveyed over 1,100 residents to gather their perspectives on the neighborhood's strengths and desired changes. The community used the results to draft a set of policy principles to guide the redevelopment of the neighborhood, which will be used as station area planning gets underway in 2010.

- 2. Connect residents to jobs and entrepreneurial opportunities.** TOD and related transportation infrastructure improvements create large numbers of temporary jobs in construction as well as permanent positions. Transit agencies, local governments, and advocacy groups have worked to ensure these are good jobs that pay family-supporting wages, offer benefits, and go to local residents. Mechanisms used to connect these jobs to local residents include: local hiring and minority/disadvantaged business contracting programs; recruitment protocols; priority notification; local recruitment and notification centers; job training programs; contractor standards; and extension of prevailing wage and living wage to privately-funded jobs.
 - **Denver Example:** After the precedent-setting agreement around the Gates Cherokee redevelopment project negotiated by advocacy groups in 2006, the Denver Urban Renewal Authority (DURA) made changes to the implementation of its "First Source" hiring process to better link residents to construction jobs, and passed a policy to require all projects receiving tax-increment financing to dedicate 1 percent of the TIF funds to job training. Residents in the neighborhoods surrounding the new development will receive advance notice of new positions, prior to advertising or hiring from elsewhere, so they have ample opportunity to apply for jobs with contractors.
 - **National Examples:**
 - Portland's regional transportation agency, Tri-Met, has built a nationally-recognized program to engage "disadvantaged business enterprises"

(DBEs) in the build-out of its light rail system. When it built the Interstate MAX rail line in 2004, Tri-Met directed its contractors to devote at least 16 percent of capital spending to subcontractors from the surrounding North-Northeast community, and provided technical assistance and resources to help them meet this goal. 19 percent of that project's total contracting dollars (\$35 million) went to DBEs, and \$8.1 million went to DBE subcontractors from the North-Northeast neighborhoods.

- In Los Angeles, the Valley Jobs Coalition negotiated a community benefits agreement around NoHo Commons mixed-use, mixed-income development next to the North Hollywood subway station in 2001 that created an extensive local hiring system (now being used by 80 percent of the project's residents), ensured that 75 percent of jobs pay a living wage, provided job training programs and a child care center, and assured the inclusion of 162 affordable housing units, including 28 for very low-income residents.

3. Ensure affordable housing is built and preserved, and that existing renters are protected from displacement. Experience has shown that the market on its own does not adequately produce affordable housing in TODs because of the high demand for housing near transit and the expense of building TODs. Another challenge is maintaining affordability and preventing displacement of lower income residents in revitalized neighborhoods near transit. Homes within a five- to ten-minute walk of a transit station typically sell for more than comparable properties further away. Proactive planning and policy development is needed to ensure that some of the benefits of TOD flow to lower income renters and homeowners living near the revitalized stations. There are many model policies and programs at the local and state level to learn from.

- **Denver Example:** The city of Denver has an inclusionary housing ordinance that requires new residential developments of 30 or more units to ensure that 10 percent of ownership units are affordable. A local non-profit, the Urban Land Conservancy (ULC), has worked in partnership with local community development organizations to acquire properties near future stations for mixed-income redevelopment projects. A new \$15 million fund for land banking around transit stations (seeded with funds from the city, the MacArthur Foundation, Enterprise Community Partners, ULC, and others) is expected to preserve and create up to 3,000 affordable homes.

Reconnecting America has analyzed the tremendous growth in the demand for housing near transit. They calculate that between 2000-2030, upwards of nine million additional households will live within a half-mile of transit stations.

The **Center for Transit Oriented Development** (CTOD) recently reviewed the research on TOD impacts on property values and found that premiums for single-family homes were 2 to 30 percent, and rents for apartments near transit were 1 to 45 percent higher.

- **National Examples:**
 - The San Francisco Bay Area’s Metropolitan Transportation Commission (MTC) promotes affordable TOD housing through a Housing Incentive Program, which provides extra transportation funds to jurisdictions that build higher-density housing near transit and ties the amount to project affordability, and a TOD Policy for Regional Transit Expansion Projects, which requires projects to meet housing development targets along transit corridors and gives affordable units a 50 percent bonus toward meeting the target.
 - Austin, Tex. passed legislation in 2007 to enable the creation of Homestead Preservation Districts in TODs that can use tax increment financing, land trusts, and land banks to provide affordable housing opportunities to residents. The first tax increment district was approved by the city council in December 2008 and is currently being debated by the county, which is required as an equal funding partner.

4. Foster commercial stabilization and revitalization to strengthen small, locally-owned businesses. Focused public investment and new development such as TOD can have a significant impact on area businesses. For struggling commercial districts, there is the possibility of new customers and sales. For existing small, neighborhood-serving businesses, particularly in successful districts and corridors, TOD can result in business interruptions (during new construction) and increased competition from new businesses that serve higher-end customers and change the cultural identity of the neighborhood. Depending on the market context and local needs, communities have launched commercial stabilization or revitalization strategies such as small business assistance, commercial lease negotiations, façade improvements, and neighborhood preservation districts to ensure that new commercial and retail development serves the needs of neighborhood residents and supports existing small businesses.

- **Denver Example:** Following a dialogue about community benefits with FRESC and a community coalition, the private developers and public agencies involved in developing Union Station, the hub of the FasTracks regional transit, will set aside at least five permanent retail spaces for small, locally-owned businesses in the development. The city will also work to recruit and connect those businesses to financial assistance opportunities.
- **National Example:** As it builds a new light rail line along the Southeast Transit Corridor through several immigrant neighborhoods, the city of Seattle recognized that small, immigrant-owned, neighborhood-serving businesses along the corridor were anchoring the ethnic and racial diversity of the community and were at risk of being displaced or losing business while the transit line was being constructed. The city created a \$50 million mitigation fund that included \$12 million in business interruption grants to 166 businesses during construction of the light rail and re-establishment payments for 30 businesses that had to move.

5. Strengthen regional planning mechanisms for integrated development strategies. To realize the vision of sustainable communities of opportunity, there is a need to foster connections horizontally across policy areas (housing, transportation, etc.) and vertically among levels of government and community (city, region, state,

etc.). Regional and state governments are launching promising models of integrated planning to enable greater integration across both policy areas and levels of government.

- **Denver Example:** Implementing the land use and transportation plans described above involves coordinating regional agencies including the Regional Transportation District, which is implementing FasTracks, and the Denver Regional Council of Governments (DRCOG), as well as the city and county agencies responsible for housing, planning, public health, environmental health, and redevelopment. The redevelopment of 270 units of public housing into a mixed-income community adjacent to the 10th and Osage station demonstrates how these multiple agencies are working together, along with advocacy groups and residents, to build a sustainable, opportunity-rich neighborhood.
- **National Example:** In the San Francisco Bay Area, the FOCUS program unites the efforts of the four regional agencies responsible for land use planning, transportation, air quality, and water to encourage future growth in existing communities and near transit. In 2009, FOCUS implemented a Development Without Displacement program with environmental justice funding from the state DOT to help community groups and local governments develop strategies to ensure TOD does not lead to displacement of lower income residents. The agencies' efforts are complemented by a regional advocacy and organizing effort, the Great Communities Collaborative, which seeks to ensure that at least half of the region's new homes built between now and 2030 are located in walkable neighborhoods near transit, and a good portion of them are affordable to lower income families.

Federal Considerations

The previous section illustrates the innovative strategies underway in Denver and other cities and regions around the country to achieve transportation, land use, housing, economic development, and environmental goals through coordinated planning and development. These examples also demonstrate the critical need to embed deliberate strategies at the front end of these efforts to ensure that benefits flow to lower income people.

We are at an exciting moment of alignment where White House officials and federal agencies are working to create a more supportive federal policy infrastructure to help these local and regional innovations flourish. As the Obama administration continues its work to reorient federal resources, programs, and administrative policies to support integrated planning and development approaches, we offer the following ideas for consideration.

1. Establish national goals and performance targets for better linking transportation, housing, economic development, and sustainability strategies at the local and state level.

The federal government can play a critical role in establishing a unified vision for equitable and sustainable regional development, and an institutional framework for making coordinated local and regional planning and development easier to accomplish.

Much work needs to be done to enable integrated decision-making among agencies at the federal level, and the same challenge reverberates through other levels of government. Recognizing the need for integrated decision-making across disciplines, the federal government can develop specific performance goals for coordinated actions both among its own agencies and in localities that are receiving their support. These goals can be articulated through executive orders, included in the selection criteria that guide competitive grant programs, and embedded in legislation being debated by Congress.

One important upcoming opportunity is the surface transportation authorization, which will set the stage for future transportation investment. The current bill under consideration, the Surface Transportation Act of 2009, lacks an overarching set of national transportation objectives. Integrating the national transportation objectives outlined in HR 2724—introduced by Representatives Holt, Inslee, and Carnahan with broad public and community support from groups such as Transportation for America—would dramatically strengthen the bill.

2. Provide guidelines, resources, and technical assistance for integrated and equitable planning at the local, regional, and state levels.

Those involved in implementing collaborative approaches to development and revitalization need tools and guidance on how to work in a new, coordinated fashion and how to meet goals for equitable and sustainable development. Providing high-quality, uniform, and timely information and data that local innovators can use as they implement coordinated strategies is another important role for the federal government. Best practices research, program evaluations, and useful tools such as the “Housing and Transportation Affordability Index”, which estimates the location efficiency of various places, can help local actors develop and strengthen their strategies.

It is very promising that a key function of the HUD-DOT-EPA Sustainable Communities Partnership is to enhance integrated planning and investment, undertake joint research, data collection, and outreach, and develop livability measures and tools. These are necessary supports. As the partnership undertakes its work, it would be helpful to local and regional actors to not only get technical support on the development process but also more uniform and strengthened guidelines on successful process issues (e.g., more robust and effective public participation strategies).

3. Create incentives and remove barriers within existing federal programs and agencies to support the implementation of coordinated strategies.

While development projects that integrate concerns for inclusion, sustainability, and economic growth can have major impact, the level of coordination needed among players (all with different funding sources, organizational cultures, and priorities) makes such approaches much more complex and challenging. To encourage more localities to undertake them, and make their replication easier, the federal government can offer incentives and remove regulations identified by practitioners as prohibitive. Some potential mechanisms to do this include:

- Increase the flexibility available to local communities to use funding streams to meet clear policy goals through alternative methods.

- Include incentives such as additional funds or expedited project delivery in the transportation authorization for projects that link affordable housing and transportation access.
- Add location efficiency/transit access to the eligibility or evaluation criteria for funds supporting housing, community development, social services, environmental remediation, and energy efficiency.
- Incentivize and promote linking career-path training such as registered apprenticeship to federally-funded infrastructure development projects.
- Revamp the cost-efficiency index that determines which projects can receive New Starts transportation funding to incorporate the environmental and economic benefits of project proposals, and account for forecasted ridership from planned TOD.
- Remove the prohibition for dense concentrations of affordable units for Low Income Housing Tax Credit projects at TOD sites.

4. Develop new funding programs and revenue streams.

More resources are essential to ensure that plans for integrated development projects move from blueprint to reality. The federal government can plan an important role by developing dedicated funds to support innovative approaches.

- Establish a competitive federal grant program for integrated projects. Passage of the Livable Communities Act would be an important step in this direction. The Act provides small grants to help communities develop comprehensive regional plans, and then \$3.75 billion in challenge grants to implement projects identified in these comprehensive plans.
- Establish a financial mechanism to help cities and regions in developing transit-supportive land uses and ensuring that the access and affordability benefits of TOD are available for households of all incomes.
- Support efforts and provide federal matches to state and local communities that create local housing trust funds that dedicate a portion of funds or prioritize affordable housing near transit.
- Provide resources to help localities acquire land near transit stops early in the development process so that TOD and related projects can be affordable and provide maximum benefits to all residents.

Conclusion

With a new administration that is committed to investing in what works, we have a unique moment as a nation to establish a more robust and supportive policy framework for advancing the vision and promise demonstrated by Denver and other regions that are implementing integrated planning and development strategies to build communities of opportunity.

About PolicyLink

PolicyLink is a national research and action institute advancing economic and social equity in America. The work of PolicyLink is guided by the belief that those closest to the nation's challenges are central to the search for solutions. With local and national partners, PolicyLink is Lifting Up What Works™, spotlighting promising practices, providing support to advance effective policies, using communication strategies to promote change, and helping to bridge traditional divides between local communities and policymaking at the local, regional, state, and national level.

Over the past 10 years, PolicyLink has had the opportunity to work with a range of successful equitable development initiatives and has developed a robust portfolio of tools and publications to support the application of equitable development in a range of community and market contexts. For example see: *Regional Equity and the Quest for Full Inclusion*; *Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities*; *To Be Strong Again: Renewing the Promise in Smaller Industrial Cities*; and the web-based Equitable Development Toolkit. These can be found at www.policylink.org.

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