Leveraging Opportunity Zones to Promote Inclusive Development

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Policy Summit 2019

LOCUS | Smart Growth America
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Vice President of Land Use and Development, Smart Growth America, and Director of LOCUS
“Smart Growth America empowers communities through technical assistance, advocacy, and thought leadership to create livable places, healthy people and shared prosperity.”
Community development program that encourages long-term private capital investment in America’s low-income urban and rural communities
At a glance, these designated Opportunity Zones:

➢ Account for nearly 12 percent of America’s land mass.
➢ Are home to over 30 million Americans, 56% of which are demographic minorities.
➢ Have an average 30% poverty rate and house residents earning, on average, 59 percent of AMI (Area Median Income).
➢ Employ 73% of residents in commercial jobs and 27% in industrial ones.
➢ Only 9% of already-designated Opportunity Zones have at least one transit station.
➢ 42% are located in rural census tracts, 35 percent in urban, and 23 percent in suburban.
➢ On average, residents spend 53.2% of their income on housing and transportation in these zones.
Basic Model for Rental Real Estate

- **Investor(s)**
- **QOF**
  - **within 180 days of original gain**
  - **6 mos & EOY**
  - **(or direct ownership of QOZ business property)**
- **QOZ Partnership**
- **General Partner**

**Operating Business**
- New business
- Existing business expanding into Opp. Zone
- Improving existing business

**Rental real estate**
- New construction
- Substantial improvement (100%)
<table>
<thead>
<tr>
<th>Date</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>180 Days After Sale of “Old” Asset</td>
<td>Deadline to timely reinvest gain in order to be eligible for QOF tax benefits</td>
</tr>
<tr>
<td>5 Years After QOF Acquisition</td>
<td>10% basis increase on deferred gain</td>
</tr>
<tr>
<td>7 Years After QOF Acquisition</td>
<td>5% basis increase on deferred gain</td>
</tr>
<tr>
<td>December 31, 2019</td>
<td>Last day to invest in QOF to be eligible to receive ALL potential tax benefits (including the 5% basis increase on deferred gain)</td>
</tr>
<tr>
<td>December 31, 2021</td>
<td>Last day to invest in QOF to be eligible to receive 10% basis increase on deferred gain</td>
</tr>
<tr>
<td>December 31, 2026</td>
<td>Last day to recognize prior gain timely reinvested into QOF (for which a basis increase has not been received)</td>
</tr>
<tr>
<td>Sale/Exchange of QOF 10+ Years After Acquisition</td>
<td>Basis eligible to be stepped-up to FMV of QOF</td>
</tr>
<tr>
<td>December 31, 2028</td>
<td>QOZs expire</td>
</tr>
</tbody>
</table>
It’s possible to **make the most** of the Opportunity Zones program today and ensure **big payoffs** tomorrow.

- Affordable Housing
- Infrastructure
- Commercial Development
- TOD
- Master-Planned Development
- Small Business Retention
WalkUPs:

- A form of development with higher density, multiple real estate product types in close proximity or within the same property, and multiple modes of transportation to move people and goods to the place.

- Within the WalkUP, nearly everything is within walking distance.

**METROPOLITAN LAND USE OPTIONS:**

- **REGIONALLY SIGNIFICANT**
  - **WALKABLE URBAN**
    - Metro Area Acreage: 1%
  - **WALKUP:**
    - Metro Area Acreage: 3-4%

- **LOCAL SERVING**
  - **NEIGHBORHOOD**
    - Metro Area Acreage: 2-6%
  - **EDGE CITY**
    - Metro Area Acreage: 3-4%
  - **BEDROOM COMMUNITY**
    - Metro Area Acreage: 90-94%
Foot Traffic Ahead

Ranking Walkable Urbanism in America’s Largest Metros 2016
Key Findings

- **Walkable urban real estate product** in the 30 largest metros commands a **72% rent-per-square-foot premium** over rents in drivable sub-urban areas.
  - **Office Space**: 90%
  - **Retail Space**: 71%
  - **Multi-Family Rental**: 66%
- **All 30 metros** have a walkable urban rent premium, ranking from 4-191% (most 20-97%)
- And, these **premiums have grown between 2010-2015**
- **All 30 metros** for walkable urbanism gaining market share: 28 metros growing 77% to 4X faster over 6 yrs.
- **Walkable urban absorption** in metro Boston over 6 years absorbing 93% of new space in 1.2% of land
Methodology – Smart Growth Potential (SGP)

**Smart Growth Potential Index.** SGP Index is based on quantitative research and data from both Foot Traffic Ahead and The WalkUP Wake-Up Call report series, which have established the concept of regionally significant walkable urban places (WalkUPs) — clusters of economic activity that are dense and mixed-use and have demonstrated dramatic recent and rapidly growing demand for commercial and residential space in these areas, as measured by leasing activity and rising rents. The **four components** of the SGP index are based on the defining characteristics of WalkUPs:

1) **Walkability** – WalkUPs are very walkable, and this is a high and absolute threshold.
2) **Job Density** – WalkUPs are centers of economic activity.
3) **Housing Density** – The highest-performing WalkUPs are typically active day and night, which means a concentrated residential population.
4) **Distance to a top 100 metropolitan center** – As centers of economic activity, WalkUPs are situated within the centers of the US economy, which are metropolitan areas, as opposed to rural areas.

Table 1: WalkUP Characteristics and Opportunity Zone Scoring

<table>
<thead>
<tr>
<th>Percentile of WalkUPs</th>
<th>Points</th>
<th>National Walkability Index</th>
<th>Jobs/Acre</th>
<th>Housing Units/Acre</th>
<th>Miles to CBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>&gt;15.23</td>
</tr>
<tr>
<td>20%</td>
<td>1</td>
<td>14</td>
<td>12.6</td>
<td>3.8</td>
<td>15.23</td>
</tr>
<tr>
<td>40%</td>
<td>2</td>
<td>16</td>
<td>21.7</td>
<td>6.4</td>
<td>6.90</td>
</tr>
<tr>
<td>60%</td>
<td>3</td>
<td>17</td>
<td>36.1</td>
<td>9.8</td>
<td>3.21</td>
</tr>
<tr>
<td>80%</td>
<td>4</td>
<td>18</td>
<td>65.4</td>
<td>17.7</td>
<td>1.40</td>
</tr>
<tr>
<td>95%</td>
<td>5</td>
<td>19</td>
<td>183.7</td>
<td>44.3</td>
<td>0.46</td>
</tr>
</tbody>
</table>
Social Equity and Social Vulnerability (SEVI) index. We use a four-part SEVI index to rank places by the following elements:

1. **Transit Accessibility** – what percentage of the region’s population can reach the place by mass transit (bus or rail)?

2. **Housing and Transportation Affordability** – what percentage of income must a household earning 80% of the region’s area median income spend on the combination of housing and transportation if they live in the place?

3. **Diversity of Housing Tenure** – can both renters and owners live in the place?

4. **Social Vulnerability Index** – a metric produced by the Centers for Disease Control measuring social vulnerability by fifteen components:

   - Poverty
   - Unemployment
   - Income
   - No High School Diploma
   - Age 65+
   - < Age 18
   - Disability
   - Single-Parent Households
   - Minority Status
   - Speak English “Less than Well”
   - Multi-Unit Housing
   - Mobile Homes
   - Crowding
   - No Vehicle
   - Group Quarters

Unlike “WalkUP”/“Smart Growth Investment” potential, which is purely relative, social equity and social vulnerability criteria are meaningful because, we rank an Opportunity Zone not by whether housing costs are lower or higher there compared to WalkUPs, but by our own standards of what location affordability should be.

Table 2: Social Equity + Social Vulnerability Metrics and Scoring

<table>
<thead>
<tr>
<th>Points</th>
<th>Transit-Accessible Population</th>
<th>Housing + Transportation Cost</th>
<th>Renter Ratio</th>
<th>Social Vulnerability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%</td>
<td>&gt;50</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>1%</td>
<td>45</td>
<td>10%</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>6%</td>
<td>40</td>
<td>20%</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>11%</td>
<td>35</td>
<td>30%</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>18%</td>
<td>30</td>
<td>40%</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>27%</td>
<td>&lt; 25</td>
<td>&gt;50%</td>
<td>5</td>
</tr>
</tbody>
</table>
Understanding the Types of Opportunity Zones

Established WalkUPs (High Risk of Accelerated Displacement)

- Demonstrate a high capacity for creating and supporting walkability, livability, and job, transportation, and housing choice.
- Scores high in walkability
- Demonstrate high job and housing density.
- Very Close proximity to a Top 100 Metro Central Business District (CBD).

Emerging WalkUP or Bubble Community

- Demonstrates average Smart Growth Potential and Social Equity scores
- Has limited pedestrian-friendly infrastructure Demonstrates average job and housing density.
- Could experience the fastest rapid change in social equity (i.e., declining housing affordability) or economic performance (loss of anchor institutions) if they’re not intentional about their investment and policy frameworks.

Potential WalkUP

- Do not support walkability, livability, and job, transportation, and housing choice.
- Score low on Smart Growth Potential (SGP) and walkability
- Demonstrates low job and housing density.
- Far from a Top 100 Metro Central Business District (CBD).
Smart Growth Investment Potential Rankings

This study ranks each Opportunity Zones based on their walkability, job and housing density, and proximity to centers of economic activity to determine their smart growth investment potential.

Top 50 Opportunity Zones for Smart Growth Potential Investment

<table>
<thead>
<tr>
<th>Ranking</th>
<th>State</th>
<th>Census Tracts</th>
<th>SGP</th>
<th>OZ Location</th>
<th>WalkUP Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Oregon</td>
<td>41051010600</td>
<td>17</td>
<td>Downtown — CBD</td>
<td>Portland</td>
</tr>
<tr>
<td>1</td>
<td>California</td>
<td>06001402800</td>
<td>17</td>
<td>Downtown Oakland</td>
<td>San Francisco Bay</td>
</tr>
<tr>
<td>1</td>
<td>Washington</td>
<td>53033009200</td>
<td>17</td>
<td>Downtown Seattle</td>
<td>Seattle</td>
</tr>
<tr>
<td>1</td>
<td>Pennsylvania</td>
<td>42101000200</td>
<td>17</td>
<td>Center City East</td>
<td>Philadelphia</td>
</tr>
<tr>
<td>1</td>
<td>Maryland</td>
<td>24510040100</td>
<td>17</td>
<td>Inner Harbor</td>
<td>Baltimore</td>
</tr>
<tr>
<td>2</td>
<td>New Jersey</td>
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<td>16</td>
<td>Downtown Newark</td>
<td>New York</td>
</tr>
<tr>
<td>2</td>
<td>Oregon</td>
<td>41051005100</td>
<td>16</td>
<td>Downtown — CBD</td>
<td>Portland</td>
</tr>
<tr>
<td>3</td>
<td>Michigan</td>
<td>26163520700</td>
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<td>Downtown Detroit</td>
<td>Detroit</td>
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<tr>
<td>3</td>
<td>New Jersey</td>
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<td>15</td>
<td>Journal Square</td>
<td>New York</td>
</tr>
<tr>
<td>3</td>
<td>Minnesota</td>
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<td>Downtown St. Paul</td>
<td>Minneapolis-St. Paul</td>
</tr>
<tr>
<td>3</td>
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<td>06037212101</td>
<td>15</td>
<td>Wilshire Central BID</td>
<td>Los Angeles</td>
</tr>
<tr>
<td>4</td>
<td>Washington</td>
<td>53033009100</td>
<td>14</td>
<td>International District</td>
<td>Seattle</td>
</tr>
<tr>
<td>4</td>
<td>California</td>
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<td>Downtown</td>
<td>Sacramento</td>
</tr>
<tr>
<td>4</td>
<td>California</td>
<td>06037212303</td>
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</tr>
<tr>
<td>4</td>
<td>Oregon</td>
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<td>Portland</td>
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<td>Westlake</td>
<td>Los Angeles</td>
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<tr>
<td>5</td>
<td>Ohio</td>
<td>39035107802</td>
<td>13</td>
<td>Campus District</td>
<td>Cleveland</td>
</tr>
</tbody>
</table>
Social Equity + Smart Growth Investment Potential Rankings

We ranked the top 50 scoring SEVI Opportunity Zones according to their Smart Growth Potential. These communities are considered some of the best places for smart potential investments given their walkable urban characteristics and location relative to the regional economy. These communities are also considered on the frontlines of ensuring Opportunity Zone investments — or any investment — don’t force out the very populations that have benefited from the relative affordability and access to opportunity.

<table>
<thead>
<tr>
<th>RANKING</th>
<th>STATE</th>
<th>Census FIPS</th>
<th>SGP</th>
<th>SEVI</th>
<th>OZ LOCATION</th>
<th>WalkUP Region</th>
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<tbody>
<tr>
<td>1</td>
<td>Oregon</td>
<td>41051010600</td>
<td>17</td>
<td>18.44</td>
<td>Downtown — CBD</td>
<td>Portland</td>
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<tr>
<td>2</td>
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<td>18.40</td>
<td>Downtown Oakland</td>
<td>San Francisco Bay</td>
</tr>
<tr>
<td>3</td>
<td>Washington</td>
<td>53033009200</td>
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<td>18.12</td>
<td>Downtown Seattle</td>
<td>Seattle</td>
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<td>New Jersey</td>
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<td>Seattle</td>
</tr>
<tr>
<td>6</td>
<td>California</td>
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<td>Cleveland</td>
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<td>18.47</td>
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<td>Honolulu</td>
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<td>Maryland</td>
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<td>18.44</td>
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<td>11</td>
<td>Massachusetts</td>
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<td>17.47</td>
<td>Mission Hill</td>
<td>Boston</td>
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<tr>
<td>12</td>
<td>New York</td>
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<td>16.29</td>
<td>East Village</td>
<td>New York</td>
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<td>Kentucky</td>
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<td>15.97</td>
<td>Downtown Louisville</td>
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<td>14</td>
<td>California</td>
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<td>15.89</td>
<td>Industrial District</td>
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<td>Los Angeles</td>
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<td>California</td>
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<td>Wisconsin</td>
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<td>12</td>
<td>15.15</td>
<td>Juneau Town/Lower East Side</td>
<td>Milwaukee</td>
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<tr>
<td>18</td>
<td>California</td>
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<td>15.13</td>
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<td>Los Angeles</td>
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<td>19</td>
<td>Ohio</td>
<td>39061001000</td>
<td>12</td>
<td>15.08</td>
<td>CBD</td>
<td>Cincinnati</td>
</tr>
</tbody>
</table>
## Opportunity Zone Classification Matrix

<table>
<thead>
<tr>
<th>Potential WalkUPs</th>
<th>Established WalkUPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census tracts whose economic, geographic, and real estate indicators do not support walkability, livability, and job, transportation, and housing diversity.</td>
<td>Census tracts whose economic, geographic, and real estate indicators support walkability, livability, and job, transportation, and housing diversity.</td>
</tr>
</tbody>
</table>

### Low Smart Growth Potential (0-6) vs. High Smart Growth Potential (12-20)

#### High Social Equity (12-20)
- **Low National Walkability Index score (<14)**
- **Low job density**
- **Low housing density**
- **Distance from Top 100 metro area central business district**
- **High transit accessibility**
- **Low H + T (<45%)**
- **High percentage of rental units (>50%)**
- **Total Population: 9.9 million**

#### Low Social Equity (0-6)
- **Low National Walkability Index score (<14)**
- **Low job density**
- **Low housing density**
- **Distance from Top 100 metro area central business district**
- **High transit accessibility**
- **High H + T (>45%)**
- **Low percentage of rental units (<50%)**
- **Total Population: 20 million**

#### Emerging WalkUPs or Bubble Communities
These communities’ social equity (7-11) and smart growth potential (7-11) fall in the middle of the pack; they are most in control of their future, but could experience the fastest rapid change in social equity or economic performance if they’re not intentional about their investment and policy frameworks.

- **Total Population: 494,928**

#### High National Walkability Index score (14-20)
- **High job density**
- **High housing density**
- **Proximity to Top 100 metro area central business district**
- **High transit accessibility**
- **Low H + T (<45%)**
- **High percentage of rental units (>50%)**
- **Total Population 494,928**

- **Total Population: 15,554**
**Investment and Policy Framework**

Any Opportunity Zone investment or policy framework should recognize and foster the empowerment of groups who have been historically excluded from decision-making and asset building. This approach will lead to more equitable returns, particularly when projects focus on addressing racial disparities, improving the social determinant of health, building more energy efficient and climate resilient communities.

To better understand the policy and investment strategy and implications for each Opportunity Zone, we have developed a simple investment and policy framework/matrix to highlight various scenarios investors and policymakers may approach Opportunity Zones.

**POTENTIAL INVESTMENT STRATEGY:**

<table>
<thead>
<tr>
<th>HIGH EQUITY, LOW OPPORTUNITY</th>
<th>HIGH EQUITY, HIGH OPPORTUNITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Upside, High Risk</td>
<td>High Upside, Low Risk</td>
</tr>
<tr>
<td>Top Investments: Office, Retail</td>
<td>Top Investments: Multifamily, Office, Retail</td>
</tr>
<tr>
<td>Low Upside, High Risk</td>
<td>Low Upside, Low Risk</td>
</tr>
<tr>
<td>Top Investments: Agriculture, Energy, Affordable Housing</td>
<td>Top Investments: Multifamily</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOW EQUITY, LOW OPPORTUNITY</th>
<th>HIGH OPPORTUNITY, LOW EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAMPLE PUBLIC POLICY FRAMEWORK:</strong></td>
<td><strong>HIGH OPPORTUNITY, LOW EQUITY</strong></td>
</tr>
<tr>
<td>HIGH EQUITY, LOW OPPORTUNITY</td>
<td><strong>HIGH EQUITY, HIGH OPPORTUNITY</strong></td>
</tr>
<tr>
<td>Downtown Revitalization without Displacement</td>
<td>Do No Harm (Anti Displacement Strategies) for vulnerable residents and businesses</td>
</tr>
<tr>
<td>Local Workforce Development</td>
<td>Encourage Maximum Housing Supply</td>
</tr>
<tr>
<td>Attainable Housing Strategy for Workforce and Low-Income</td>
<td>Increase Affordable Housing for Low Income</td>
</tr>
<tr>
<td>Zoning Reform, Catalytic Development</td>
<td>Transportation/Mobility</td>
</tr>
<tr>
<td>Major Public/Philanthropic Investments, Anchor Institutions</td>
<td>Increase Transit Funding</td>
</tr>
<tr>
<td>Increase Transit Funding</td>
<td><strong>HIGH OPPORTUNITY, LOW EQUITY</strong></td>
</tr>
</tbody>
</table>
Opportunity Zones in Atlanta Compared to Georgia

- Atlanta Opportunity Zones
- Georgia Opportunity Zones

- Low Smart Growth Potential
  - High Social Equity
  - Atlanta University Center
  - GSU Government Center
- High Smart Growth Potential
  - High Social Equity
  - Centennial Olympic Park
- Low Smart Growth Potential
  - Low Social Equity
- High Smart Growth Potential
  - Low Social Equity
Not all Opportunity Zones are created equal. Investors should choose communities that:

- Articulate a clear **strategic investment strategy and framework**
- Provide a path of **least resistance (zoning and regulatory)**.
- Effectively **align** state and local development incentives.
- Have easily identifiable and underwritable **project pipelines**.
- Are interested in **TOD and infill development**.
- Promote strong **coordination** amongst local residents and businesses.
- Seek to encourage **equitable development investment**
What principles and priorities should Opportunity Fund investments in Opportunity Zones be founded upon?

1. **Location** is important.

1. Leverage public and non-profit controlled land

1. **Protect** existing affordable housing stock and effectively place new housing.

1. Make the most of and advocate for improved federal and state funding programs.

2. Engage non-traditional stakeholders and community to close the “gap”.
Step 1: Understand the gap

How much subsidy is it going to take to close a project’s funding gap?
Step 2: Protect existing housing stock

- Take an inventory existing affordable housing.
- Work with owners to revitalize housing stock without displacement.
- Protect existing (vulnerable) homeowners from property tax increases.
Step 3: Amend local land use and development policies to allow multi-family, affordable housing near town centers

- **Density bonuses** allow developers to build more units per square foot in exchange for addressing community needs and priorities.

- **Repurpose abandoned or underutilized buildings** by passing properties to developers.

- **Incentive Housing Zones** offer exceptions to regulations in exchange for providing a public improvement in development.
What can cities do now?

- Convene an Opportunity Zones task force to establish priority projects
- Align state, local and philanthropic resources and incentives.
- Create one-stop shop and project pipeline database
- Reduce regulatory process for project approval
- Create an Opportunity Fund accessible to local residents and business
- Institute “do no harm” policies
- Create measurable, people-based social equity outcomes (real-time monitoring)
- Develop a real attainable housing strategy
- Build cross-sectional coalition in support of transit & equitable development
- Establish equitable development scorecard to direct local investment

Ensure equitable development outcomes in Opportunity Zone areas
Created to capture the opportunity of catalytic regional investments, so that people of all races and incomes benefit.

SPARCC Regions
- Atlanta | The Transformation Alliance
- Chicago | Elevated Chicago
- Denver | Mile High Connects
- Los Angeles | LA Thrives, ACT-LA, California Community Foundation
- Memphis | Neighborhood Collaborative for Resilience
- San Francisco Bay Area | Bay Area for All

Resources
- Policy
- Capital Finance
- Technical assistance
- Data access and tools
- Learning Community

We all benefit when everyone thrives...
SPARCC Theory of Change & Approaches

SPARCC is working to make sure that when we invest in places, people of all races and incomes benefit.

SPARCC’s goal is to influence the institutions, practices and policies that shape our cities and regions to create more just economic, health and environmental outcomes.

SPARCC’s Values & Components

- Catalytic moment
- Diverse, cross-sector tables
- Systems change
- Data-informed decision making
INVESTMENT WITHOUT DISPLACEMENT
Solutions for Equitable, Healthy, & Vibrant Communities

#WeAllThrive

Our Values

What we’ve learned through SPARCC is that community innovation is not driven solely by reactive forces – as in the case of displacement. Our power is fueled by the vision of a more equitable and healthy future for everyone.

We recognize that racial disparities exist and implicitly racist systems have created unequal access to investment and disparities in health outcomes, energy use, and climate vulnerability.

We stand together in pushing for a new chapter in community development centered on “Inclusive Investment,” which:

• **Centers on racial inclusion** and deciphering the power dynamics of who benefits, who pays, and who decides.

• **Involves multiple tools and strategies** that cut across capital, community engagement, local leadership development, data analysis, and policy change.

• **Elevates integrated approaches** that result in better racial, health, and climate outcomes rather than just a focus on the fiscal bottom line or financial return on investment.

• Inherently recognizes that all of these systems are interconnected and that, to truly achieve systems change, cross-sector approaches are necessary.

WE BELIEVE

All people have the right to live healthy, safe, and prosperous lives, so that all can **thrive**.

The **legacy** of racism that shaped America’s cities and regions has created deep disparities that persist today, and have led to unequal health outcomes, greater vulnerability to climate change, and fewer opportunities of prosperity for people of color.

Low-income communities and communities of color need equitable access to investment that preserves and strengthens current residents, businesses and cultures, reinforcing **value** in people rather than displacing them.

As a society, we should take **responsibility** for and acknowledge past wrongs to communities of color, and actively work to reduce disparities.

Community-informed and community-driven investment should support investment decisions that realize the community’s **vision** for its own future, regardless of class, color, ability, or income.

#WeAllThrive
**Spotlight on Community Driven Development**

**Inclusive Investment**

- The **West Denver Renaissance Collaborative** is piloting a new approach to Accessory Dwelling Units (ADUs) to target the threat of involuntary displacement.

- The **WDSF+ Initiative** provides funding and other services to homeowners to undertake weatherization, rehabilitation, or refinancing opportunities that allow low-income homeowners to remain in the community while improving health outcomes and energy use.

- Qualified homeowners receive support to build an ADU for family members or neighborhood residents.

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**WDSF+ INITIATIVE**

**ACCESSORY DWELLING UNIT (ADU) PILOT PROGRAM**

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**Imagine owning a second home on your property!**

You can use your zoning and home equity to build an ADU (accessory dwelling unit) on your property.

The WDSF+ ADU Pilot Program has resources that reduce the cost of ADUs, making it possible for moderate and low-income homeowners to build an ADU.

**RENT IT/LIVE IN IT. PROFIT.**

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**BENEFITS AND WEALTH BUILDING POTENTIAL OF AN ADU / TANDEM HOUSE**

- **Income** - ability to rent the second unit and supplement monthly income and ability to grow equity by increasing property value.

- **Family Support** - ability to house multi-generational families and extended family for aging-in-place, savings on senior-living and/or childcare costs, and to support long-term household stability.

- **Neighborhood Strength** - homeowners can gain income from their rental units and renters can gain access to new single family rental options.
Spotlight on Community Driven Development: Inclusive Investment

- The Oakland Community Land Trust (OakCLT) focuses on community involvement and empowerment to preserve, restore, and reclaim economic opportunity for low-income residents.

- OakCLT supports the development of open space, agricultural, commercial, and retail facilities that stabilize neighborhoods.

- Community interests are represented on the Land Trust’s board of directors, of whom one-third live in low-income communities and another third live in neighborhoods served by the land trust.
Spotlight on Community Driven Development: Inclusive Investment

• The Los Angeles Regional Open Space & Affordable Housing Collaborative (LAROSAH) is working with public sector and other non-profit partners in the LA region to promote proactive strategies to address displacement in the wake of 2016’s Measure A, which provided much-needed funding to build, maintain, and improve local parks, beaches, and open spaces.

• The Los Angeles Neighborhood Land Trust was founded in 2002 to address Los Angeles's park inequities. They focus their efforts exclusively in communities of color that have little to no access to green space.

• Groups like the Southeast Asian Community Alliance (SEACA) are organizing youth and local residents to make sure investment to support Park Equity and don’t displace low-income residents.
Spotlight on Community Driven Development: Leverage Community Assets

Naturally Occurring Cultural District

• A catalyst for economic development that builds on existing community assets, celebrates the cultural of a community, and anchors a community through investment

Little Tokyo in Los Angeles

Little Africa in Minneapolis
Implementation of strong Anti-displacement policies

Anti-Displacement Policies are explicitly created with the intention of mitigating displacement. Policies include:

- Affordable housing preservation
- Neighborhood stabilization
- Community ownership
- Equitable development
- Tenant Protection

A critical component to any policy is enforcement.

Learn More at https://www.antidisplacementtoolkit.org/
Equitable Development Toolkits

PolicyLink

Affordable Housing

**Affordable Housing**
Based on a workshop, this is an umbrella tool that introduces advocates to affordable housing strategies and helps them match their goals with appropriate tools. (Created January 2007)

**Cooperative Ownership Models**
Co-op models targeted to low-income residents can offer financial benefits and experience in running a democratically-controlled enterprise. (Created February 2002)

**Just Cause Eviction Controls**
Implement these laws to protect renters against being unfairly evicted by landlords who want to capitalize on the rental/housing market. (Created March 2002)

**Code Enforcement**
Can be an important tool for protecting tenants. (Created March 2002)

**Expiring Use: Retention of Subsidized Housing**
Preserve affordable rental units by protecting subsidized housing units with expiring contracts. (Created August 2002)

**Rent Control**
Protections to slow the pace of rapidly escalating rental prices. (Created December 2001)

Implementing Equitable Transit-Oriented Development (eTOD)

Viewing transit-oriented development (TOD) through an equity lens through every step along the process is essential. eTOD invites and prioritizes community voices whether in efforts to avoid or stop displacement of community residents, local businesses, and culture or to ensure that transit is affordable, reliable and accessible. It supports investments and policies that close the socioeconomic gaps between communities in which the majority of residents are people of color and those that are majority white.

**eTOD Starts with Equitable Transit**

1) **Fund Transit**: It may seem obvious, but reliable, convenient, accessible, and affordable transit is the cornerstone of TOD. Even though some communities are funding transit, most struggle to provide adequate service. On-demand ride services like Uber or Lyft and bike sharing and ride sharing systems are complimentary, not substitutes for a vital regional transit network. Federal transit funds are an increasing risk, which may further challenge the ability of cities to expand, modernize, or even maintain service. Cross-sector collaboration and advocacy is essential to local, state, and federal efforts to fund transit.

2) **Ensure Adequate Housing**: Housing of all kinds is critical to the success of transit-oriented development. As TOD begins to attract people to transit-rich areas, it will be vital to ensure that the new residents have access to housing that is affordable and within their budget. This is critical to ensuring that transit-oriented development is truly equitable.

3) **Promote Livable Neighborhoods**: TOD neighborhoods should be walkable, bikeable, and pedestrian-friendly. They should also be safe and welcoming to all residents. Promoting livable neighborhoods will also help attract more people to transit and reduce the demand for private vehicles.

4) **Develop Local Expertise**: For TOD to succeed, local government, community leaders, and advocates need to develop the expertise to lead these efforts and address the challenges that may arise.

5) **Protect Public Interests**: TOD is a complex process that requires careful planning and coordination. It is critical that public interests are protected throughout the process.

6) **Encourage Public Participation**: Public participation is essential to ensuring that TOD is truly equitable. Community leaders, advocates, and residents should be involved in decision-making and have a say in how their communities are developed.

7) **Support the Right to Counsel**: The right to counsel is essential for tenants to fully participate in the TOD process and to protect themselves from displacement.

8) **Ensure Inclusionary Zoning**: Inclusionary zoning is a tool that can be used to ensure that new developments include a mix of housing options, including affordable housing.

9) **Promote Affordable Housing**: Affordable housing is critical for TOD to succeed. It is important to ensure that new developments include units that are affordable to people with lower incomes.

10) **Support Local Businesses**: Local businesses are vital to the success of TOD. They help create a vibrant and dynamic community that is attractive to new residents.

11) **Develop Workforce Housing**: Workforce housing is critical to ensuring that TOD is truly equitable. It is important to ensure that new developments include units that are affordable to people with middle incomes.

12) **Ensure Access to Public Transportation**: Access to public transportation is critical for TOD to succeed. It is important to ensure that new developments are located near public transportation hubs.

13) **Support Small Businesses**: Small businesses are critical to the success of TOD. They help create a vibrant and dynamic community that is attractive to new residents.

14) **Ensure Access to Health Care**: Access to health care is critical for TOD to succeed. It is important to ensure that new developments are located near health care facilities.

15) **Promote Livable Neighborhoods**: TOD neighborhoods should be walkable, bikeable, and pedestrian-friendly. They should also be safe and welcoming to all residents. Promoting livable neighborhoods will also help attract more people to transit and reduce the demand for private vehicles.

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Tenant Protection

Tenant Protections ensure vulnerable renters have legal right and protected from displacement through rent stabilization policies, code enforcement, reduce displacement and unjust evictions.
Emerging Preservation Proposals & Funds

The **606 Affordable Housing Preservation Ordinance Proposal** in Chicago would raise the demolition and deconversion in a pilot area around the 606 Trail. The funds would be deposited into an affordable housing trust managed by a board of trustees. The trust would be utilized to push more affordable housing in the area, as well as preserve existing housing.

**Atlanta Anti-Displacement Tax Fund**

The Westside Future Fund (WFF), will pay for property tax increases of qualifying homeowners (making area median income or below), in historic neighborhoods along the Beltline in its western border.

The tax fund is supported completely by philanthropic donations. As area real estate values and appraisals go up, the Fund will pay the difference, allowing owners to keep their family homes, ensuring that current homeowners are not displaced due to rising property taxes. The fund operates as a grant program, which will not require residents to pay back funds received.
What critical steps can advocates take to understand the impact of Opportunity Zones?

- **Identify the qualified opportunity zone(s) in your community and neighborhood boundaries.** Since qualified opportunity zone are based on eligible federal census tracts it may not correspond with jurisdictional boundaries, local demarcations, or city limits.

- **Map community assets and public investment** in and AROUND the opportunity zone boundaries that may impact land use values and/or attract investment.

- **Research available incentives, review zoning restrictions, and current land use policies** for the area.
How can Opportunity Zones Benefit My Community?

Opportunity Zones present the opportunity to guide development, ignite new business investment, and leverage public investment.

- Develop an inventory pipeline of community driven projects and plans in qualified opportunity zones (QOZ) with strong anti-displacement policies that can promoted and accessible to investors.
- Determine the neighborhood readiness for investment and resource gap for potential project & plan in the QOZ. Focus on areas that can bear the long-term market pressure and support local community needs.
- Consider the alignment of projects with local, regional, state, and federal public investment, such as infrastructure improvements, transportation projects, housing, parks and open space.
- Identify resources, potential grants, subsidies, and federal funding that could be leveraged with qualified opportunity funds (QOF) investment.
- Monitor and report outcomes of the Opportunity Zone investments, according to performance indicators such as: living wage jobs created, number of dedicated affordable housing units created or preserved (60 percent of area median income or less), and investments in minority/disadvantaged/women-owned businesses.
Equitable Development Checklist

It’s important that city officials and advocates use the Opportunity Zones designation to demonstrate long-term community benefits, alternative community development models, and performance measures that ensure better outcomes for communities. The Equitable Development checklist provides leaders with guiding questions to consider that can result in more equitable outcomes and benefits for both residents, businesses and neighborhoods in Opportunity Zones.

- How are you co-creating and integrating equity considerations into the project, plan, and/or process?
  - Does your investment align with local neighborhood plans?
  - Have you engaged the appropriate community voice?
  - Have you ensured that neighbors and others who might be impacted and/or influential in the process or project included?

- What is the social impact of your project who benefits and who is burdened by your investment?
  - Can the burden be decreased to increase shared benefits?
  - What groups or stakeholders are left out in favor of others?
  - What are the potential unintended consequences?

- In what ways will the project advance greater social equity opportunity?
  - Improve local affordability?
  - Improve health outcomes?
  - Increase sustainability?