Creating, Implementing, and Maintaining Equitable Transit-Oriented Development in Hawaii

Tuesday, November 12, 2019
Welcome

Christopher Coes
Vice President, Land Use and Development, SGA
Director, LOCUS
Smart Growth America envisions a country where no matter where you live, or who you are, you can enjoy living in a place that is healthy, prosperous, and resilient.
SGA’s Community of Programs
LOCUS: Responsible Real Estate Developers and Investors

A national coalition of private real estate developers and investors working to meet the country’s pent-up demand for sustainable, equitable, walkable urban places by advocating for local, state, and federal policy change.
Equity

Providing all citizens with the resources they need to be successful

Equality

Equity
Why we need to focus on Equity

Source: David Horsey / Los Angeles Times
What is Equitable Development?
Equitable Development

Compact, **mixed-use** development with **multi-modal** access to jobs, **neighborhood-serving** stores, and other amenities that also serve the needs of low- and moderate-income people.
Transportation: Why It Matters
Transportation is the second-largest expense for U.S. households.
Impact on Communities of Color

Past Transportation Practices Have Created Disproportionate Health Impacts on Disadvantaged Communities:

• Nationwide, 61% of African American children, 67% of Asian American children, and 69% of Latino children live in areas that exceed air quality standards for ozone, compared with 50.8% of white children.

• Hispanics suffer a pedestrian death rate 62% higher than non-Hispanic whites, and African Americans have an even higher rate at almost 70% compared to non-Hispanic whites.
Taking a Closer Look

The area is occupied by unattractive, low slung buildings and surface parking lots.

The narrow, unshaded sidewalk is unfriendly to pedestrians.

The street is wide and designed for the sole purpose of moving lots of fast moving cars.

Denver, Colorado

Images courtesy of Urban Advatage
Step 1: New Development (Zoning)

First, new multi-story mixed-use buildings are built on what was previously a surface parking lot.

...with apartments or offices above

These buildings provide space for neighborhood serving retail shops on the ground floor...
Step 2: Think About Pedestrians and Bicyclists (Complete Streets)

New street trees and attractive lighting fixtures create an inviting environment for pedestrians.

Wider sidewalks and prominently striped crosswalks give pedestrians a high level of safety and comfort.

The narrow street prompts traffic to slow down.

Denver, Colorado

Images courtesy of Urban Advatage
Step 3: Make the Community Vibrant

New buildings and upgraded storefronts complete the transformation of a once marginal area into a vibrant, walkable neighborhood...

...while still accommodating more homes and businesses
Ensure new and existing development includes housing affordable to our neighbors…

...So these changes benefit our community.
Foot Traffic Ahead

2019 Ranking: Walkable Urbanism in America’s Largest Metros
The Old Dichotomy

CITY VS. SUBURBS

If a place isn’t in a city, it’s a suburb (unless it’s rural).
It’s Time for New Lenses

Both of these environments can be found in a city, a suburb, or a rural area.
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.
Walkable urban office space in the 30 largest metros commands a 105 percent rent-per-square-foot premium over rents in drivable suburban areas.

Rental multi-family commands a 61 percent rent-per-square-foot premium over rents in drivable suburban areas.

These price premiums continue to grow.

Walkable urban development is not limited to the revitalization of center cities; it is also the urbanization of suburbs.
Social Equity Index

• At Smart Growth America we believe that at the heart of the American dream lies the simple hope that each of us can choose to live in a neighborhood that’s affordable, lovable, and in which it’s easy to get around.

• In Foot Traffic Ahead, we created a social equity index that examined three measures of social equity within WalkUPs:
  - Housing costs (80% AMI)
  - Transportation costs (80% AMI)
  - Housing mix (a measure of the split between renters & owners)
Metros with the Highest Social Equity Index Scores in their WalkUPs

1. New York City
2. Washington, DC
3. Baltimore
4. Minneapolis-St. Paul
5. Boston

We found that there were several metro areas with high rent premiums that also scored well on the social equity index.
Making of Equitable, Walkable Development a reality
What’s so great about Equitable TOD?

Organizing development around transit hubs...

★ Reduces household spending on transportation, making housing more affordable.
★ Lowers auto dependence, congestion, and traffic accidents.
★ Connects residents to better jobs and life services.
★ Lessens environmental impacts of development.
★ Stimulates economic growth and community revitalization.
First Mover: Transit Agencies eTOD Policy
Sample Transit Agency eTOD Policy (MBTA)

- **Affordable and workforce housing** in transit-oriented properties (usually at least 20%)
- Facilities **employing** large numbers of workers
- Employer shuttle providers ensuring **last-mile work connections**
- Local, state, and federal **mixed-income and affordable housing programs**
- **Economic and workforce development programs**
- Retail, community **services**, and high-quality public **amenities**
- Participation of **for-profit and not-for-profit developers**
- Certification at a level of at least LEED Silver (or its equivalent in a comparable rating system)
If you can’t MEASURE it, you can’t MANAGE it.
Useable Measures to Ensure Equitable Outcomes
Equitable TOD Outcomes

Require evidence that transit is integrated into walkable, livable, and affordable land use practices in order to enhance healthy living within low-income communities and communities of color.

Variables to consider include:

- Land Use
- Housing
- Economic Development
- Transportation, Parking, and Mobility
- Green, Civic, and Open Spaces
- Climate Change / Sustainability
Defining the Universe

Who is most vulnerable to displacement?

- Communities of Color
- People 25 and older without a Bachelor’s Degree
- Renters
- People making at or below 80% Median Family Income
- Households with children in poverty
Managing Gentrification: A Case Study of Union Square in Somerville, MA
2 miles from Downtown Boston
1 mile from Kendall Square, Cambridge
Union Square Overview

• Somerville is on the brink of transformation
• Total acreage: 419 acres with 117 acres in the more immediate development plan.

• In total, City est. 2.3 million sf. of new mixed use development

• Master Developer designated approx. 14 acres incl. goal of 1,800 new jobs, 350 new housing units and 600k sf of new commercial space

• New light rail transit (GLX) station planned with City focus on multi-modal transportation
With all the new development to come, how does Union Square preserve the local character and maintain affordability for their local residents and businesses?
ASHEI Pilot: Somerville

Work with the City of Somerville and Union Square Community Members to:

1. Examine the intersection of economic development and social equity in light of upcoming redevelopment
2. Articulate strategies to protect/enhance public benefits, including resident and business displacement
3. Building off of public benefit strategies outlined by group, develop action plan for implementing these strategies
4. Determine appropriate time of place management organization (BID, CBD, Main Streets Org or other) to
The ASHEI Pilot Process

The ASHEI Pilot in Union Square was designed to arrive at consensus and become ‘actionable’ quickly

- “Strategy Leaders” identified
- Discussions focused around “Strategy Cards”
- 51 strategy cards identified, narrowed down to 9
- 9 Working groups (Economic Development, Housing, Green and Open Space, Civic Space, Parking, Transportation and Mobility, Smart City Infrastructure, Climate Change/Sustainability, Finance & Place Management Organization
- Working groups identify & prioritize goals & action items
- Specific strategies, implementation organizations, partners & financial resources identified to help execute their goals.
- Strategic Community Benefits Action Plan (April 2016)
## Sample Cost Summary

<table>
<thead>
<tr>
<th>Strategy Card</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civic Space/Library</td>
<td>19,000 Sq. Ft. @ $596 per SF = $11.3 million</td>
</tr>
<tr>
<td>Green and Open Space</td>
<td>3 acres at a cost of $725,000 to $2 million = $2.2 million to $6 million</td>
</tr>
<tr>
<td>Economic Development</td>
<td>$1.5 -$2.5 million</td>
</tr>
<tr>
<td>Parking and Transportation</td>
<td>$100,000 to $300,000 depending on structure (e.g., public versus non-profit)</td>
</tr>
<tr>
<td>Smart City infrastructure</td>
<td>$500,000 -$750,000</td>
</tr>
<tr>
<td>Housing</td>
<td>$300,000 to $700,000 annual operating costs $2-5 million start up costs $1.5 million to $4 million annually for capital</td>
</tr>
<tr>
<td>Place Manager</td>
<td>$210,000 assumes place manager, administrative support position, operating costs.</td>
</tr>
</tbody>
</table>
## Sample Funding Breakdowns

<table>
<thead>
<tr>
<th>Strategy Card</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City</td>
</tr>
<tr>
<td>Civic Space/Library</td>
<td></td>
</tr>
<tr>
<td>Green and Open Space</td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
</tr>
<tr>
<td>Parking and Transportation</td>
<td></td>
</tr>
<tr>
<td>Smart City infrastructure</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td></td>
</tr>
<tr>
<td>Place Manager</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
</tr>
</tbody>
</table>
Determining potential social equity impacts

### SOMERVILLE UNION SQUARE SOCIAL EQUITY REPORT

<table>
<thead>
<tr>
<th>Measure of Social Equity</th>
<th>Present</th>
<th>BAU</th>
<th>Partial</th>
<th>Full</th>
</tr>
</thead>
<tbody>
<tr>
<td>All households’ housing and transportation costs</td>
<td>39%</td>
<td>44%</td>
<td>39%</td>
<td>35%</td>
</tr>
<tr>
<td>Percentage of lower-income households spending &gt; 30% of income on housing</td>
<td>39%</td>
<td>34%</td>
<td>30%</td>
<td>27%</td>
</tr>
<tr>
<td>Percentage of regional population that can access WalkUP by transit within 45 minutes</td>
<td>15%</td>
<td>23%</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>Share of Union Square residents commuting by non-car modes</td>
<td>53%</td>
<td>61%</td>
<td>61%</td>
<td>62%</td>
</tr>
<tr>
<td>Jobs per acre</td>
<td>12</td>
<td>14</td>
<td>17</td>
<td>20</td>
</tr>
</tbody>
</table>
Challenges to Implementing eTOD

- No consensus on community leaders / appropriate Strategy Leader Group
- Adversarial group focused on derailing process and gaining control over Community Benefits Agreement negotiations
- Meeting fatigue – community is extremely active and involved
- Anxiety over efficient decision making, short process timeline
- Want to study EVERYTHING
Know your partners:
Capability and responsibility
Decision-making and partnership frameworks for successful eTOD

Examples provided by:
Strong, Prosperous and Resilient Communities Challenge (SPARCC)
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 Africa in Minneapolis

Little Tokyo in Los Angeles
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.
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/
Ensuring Hawaii’s future TOD projects meet community standards for equity
Bill 54 (Honolulu’s Age Friendly Checklist)

- A tool for making all city services in Honolulu more age friendly that allows every municipal department in Honolulu to allocate a portion of its budget to age-friendly projects and initiatives.

- The program will result in more walkable streets, better housing and transportation options, and increased access to key services, civic opportunities, and social activities for city and county residents of all ages and abilities, especially the elderly.

- SGA/LOCUS guidelines and criteria help determine what housing, transportation, outdoor spaces and buildings, health and community services, and opportunities for social and civic participation will look like in an age-friendly city.
In 2018, AARP identified 7 priority areas for eTOD and age-friendly projects:

- Housing
- Safety
- Public Engagement
- Transportation
- Land Use
- Environmental Sustainability
- Neighborhood Character/Place

**Note:** This list has not yet been approved and finalized by AARP Hawaii.

Based on Equitable Development & Principles Scorecard from Twin Cities, MN.
Leveraging Federal Opportunity Zones to Achieve eTOD
How does the Opportunity Zones tax incentive work?

Uses private investment vehicles to funnel up to $8 trillion in public and privately held capital gains towards economic development activities in our nation’s most distressed census tracts.

Qualified Property
Qualified Business
Qualified Business purchasing property

Scalable tax incentives for investing

Temporary Deferral until Dec. 2026
Step-up In Basis: 10% (5 years) or 15% (7 years)
Permanent Exclusion: 10+ years
Place-based Investment: 90% of qualified investments must be in an Opportunity Zone
How do Opportunity Zone investments benefit communities and investors?

- Enhance community access to mission-oriented capital
- Concentrates capital in areas of most need
- Reward patient capital by tying incentives to the longevity of investments
- Give investors a stake in communities’ futures by aligning investor payoff with community success
- Allow anyone with capital gains to invest in the future of America’s cities and towns
What can Opportunity Funds accomplish?

Create attainable, workforce housing

1. A city creates an Opportunity Fund
2. Identifies top corporations in the area interested in developing attainable housing
3. Corporation transfers capital into the city fund
4. Fund buys property in close proximity to corporate site and partners with real estate developers to build attainable housing

Prevent local business displacement

1. Enable redevelopment projects to offer favorable lease agreements for small, local businesses
2. Targets investments to existing small business ready to expand
3. Support businesses that support local entrepreneurship and startup

Build TOD projects

1. Create a state or local TOD Fund from commingled stakeholder assets
2. Engage various constituencies, including:
   - Transit agencies
   - Private developers
   - Philanthropies
3. Commit constituencies to 10-year build-out of transit and other TOD projects
Connecting Responsible Developers to eTOD Projects
LOCUS LinkUps

...Interactive deal-making events highlighting nationwide development opportunities for real estate developers and investors...
We partner with pro-development and investment-friendly cities and regions...

Since 2017, we’ve connected over 15 communities...

Cleveland, OH  
Greensboro, NC  
Albuquerque, NM
... and connect local officials with real estate developers and investors through our live webinar series

- Presentations by local real estate, planning, and economic development professionals
- Development incentives
- Opportunity sites
- Facilitated Q&A sessions
Afterwards, we circulate local points of contact and survey participant interest in in-person meetups.
With sufficient interest, we organize on-ground meetups with local officials and tours of opportunity sites.
Final Observations:
Lay out a clear vision and rational decision-making process.

★ Create a *shared vision and road map*.

★ Define *roles* and *responsibilities*.

★ Build trust amongst key stakeholders

★ Establish consistent and coordinated *leadership*.

★ Understand that *compromise and trade offs are necessary*. 
Conclusion and Q&A
Thank you!

Questions? Contact:

Christopher Coes at ccoes@locusdevelopers.org