EQUITY PLANNING

Equity = OpportunityLA
Los Angeles Planning Commission
August 14, 2014

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Outline

1) What is Equity Planning? Examples

2) Emphasize capturing value from the development process to create affordable housing and integrated communities
What is Equity Planning?

• A city engaged in “Equity Planning” strives to take into account the interests of “those who have few, if any, choices” guiding public investment and regulation to produce equitable outcomes

• Norm Krumholz, Planning Director, City of Cleveland 1969-1979
Together with Advocacy Planning, it influenced mainstream planning, so that in the 1970s, The American Planning Association (APA) in their code of ethics included this principle for planning:

“Strive to expand choice and opportunity for all persons, recognizing a special responsibility to plan for the needs of disadvantaged groups and persons”

“Plans for sustainable places advocate for the needs of other affected groups, especially those who lack the power or resources to ensure that their needs are met, by imposing criteria for fairness and equity in the development process.”

“This principle is increasingly important as socioeconomic gaps between the ‘haves’ and ‘have nots’ widen”
So, what public investment & regulatory activities can move Los Angeles in a more equitable direction?

1) Ensure an equitable distribution of public facilities and services in all neighborhoods

2) Plan for one-on-one replacement of existing affordable housing lost to densification

3) As land and housing costs explode in a context of increasing poverty and a shrinking middle-class, extract benefits from the development process
Most importantly, establish Inclusionary Housing (IH) and a Commercial Linkage Fees (CLFs) to create affordable housing and socially integrated communities.

Inclusionary Housing

• The outlier case of the City of Los Angeles
• 500+ IH Programs in the nation – 160 plus in CA
• Many large cities

Commercial Linkage Fees

• About 25 Programs in CA
Arguments against IH & CLFs

Who pays the costs of IH & CLFs?

- The developer
- The home/commercial space buyer/renter
- The seller of raw land
- The public (incentives)
Nevertheless, IH & CLFs are highly controversial

Alternative:
“Market-based regulatory approaches”

1) Land Value Recapture

2) Plan-based incentive zoning/density bonus/density sales
Land Value Recapture

Government actions (value creation)

Increases in land value

Community benefits (value recapture)
So, how do we capture, at least a portion, of this increase?

At the time of a plan change (the approval of a community plan, for example) or, upzoning, the locality negotiates/requires: public/community benefits

Such as...
Possible community benefits (Santa Monica)

- Affordable/workforce housing
- Transportation Demand Management
- Historic Preservation – TDRs
- Social Services/Creative Arts
- Enhanced open space and streetscape
- Quality pedestrian and biking connections
- Shared parking solutions

The community benefits, the land owner benefits (not as much), the developer benefits
With Land Value Recapture IH & CLFs can be utilized to recapture land value through rezonings or land use changes.

Planning is a dynamic process.

Now IH is superimposed on an existing framework:
- IH cost-offsets and incentives implicitly assume a static view of urban planning.
Alternative to LVR: Density Bonus-Incentive Zoning – FARs for Sale

Inclusionary Upzoning: Tying Growth to Affordability

By Robert Hickey
July 2014

SUMMARY
Cities and older suburbs are growing again. To accommodate rising demand for urban living, localities are relaxing height and other zoning restrictions in transit-served neighborhoods, along old commercial corridors, and in formerly industrial areas, creating valuable new development potential for residential and commercial builders. An increasing number of local governments are linking this growth with affordability expectations. They are creating inclusionary housing policies that condition upzoning on the provision of affordable housing.

This emerging trend is noteworthy for at least two big reasons. First, tying affordability to upzoning can be an effective means for cities and urban suburbs to harness the renewed energy of the housing market to help address growing affordability challenges. Second, the often voluntary nature of these policies may be a way to introduce inclusionary housing policies in places where political, legal, and/or market barriers have historically impeded the policy’s broader adoption.

Over the past decade, inclusionary housing policies that have linked affordability requirements to upzoning have been making inroads in new places such as New York City and Washington State. Significantly, these policies are producing (or are poised to produce) significant numbers of affordable housing units — even when designed as voluntary policies reliant on incentives.

This paper profiles six localities that have adopted inclusionary housing policies tied to upzoning, referred to here as “inclusionary upzoning.” Each profile provides a sketch of how the policy is structured and how effective it has been. Drawing on these examples, the paper explores how neighborhood context, market context, and policy design may affect the success of inclusionary upzoning policies and their potential for adoption in new areas of the country where inclusionary housing has not yet been implemented. The paper concludes with a discussion of areas for future research.

Key findings from case studies:
• Inclusionary upzoning is especially well suited to communities that have hot housing markets, low base zoning restrictions, and districts where residents are supportive of greater development intensity.
• The most impactful inclusionary upzoning policies will apply to a broad geography, and a broad range of development types, including new office and retail uses.
• Even under broad policies, jurisdictions may find it helpful to customize affordability standards and incentives for some neighborhoods.
Do they work always and everywhere?

No, it needs places and times with a healthy market

• But how do cities, land owners and developers know what level of community benefits is feasible?

• “Community benefits cannot be calculated or negotiated without using development economics and real estate analysis, and the question is not whether but how” (Cameron Gray, former Director of Vancouver Housing Center)
Final exhortation

Don’t upzone or change your plans willy-nilly. Recapture some of the increases in land value for the building of the public city.