Land Lines

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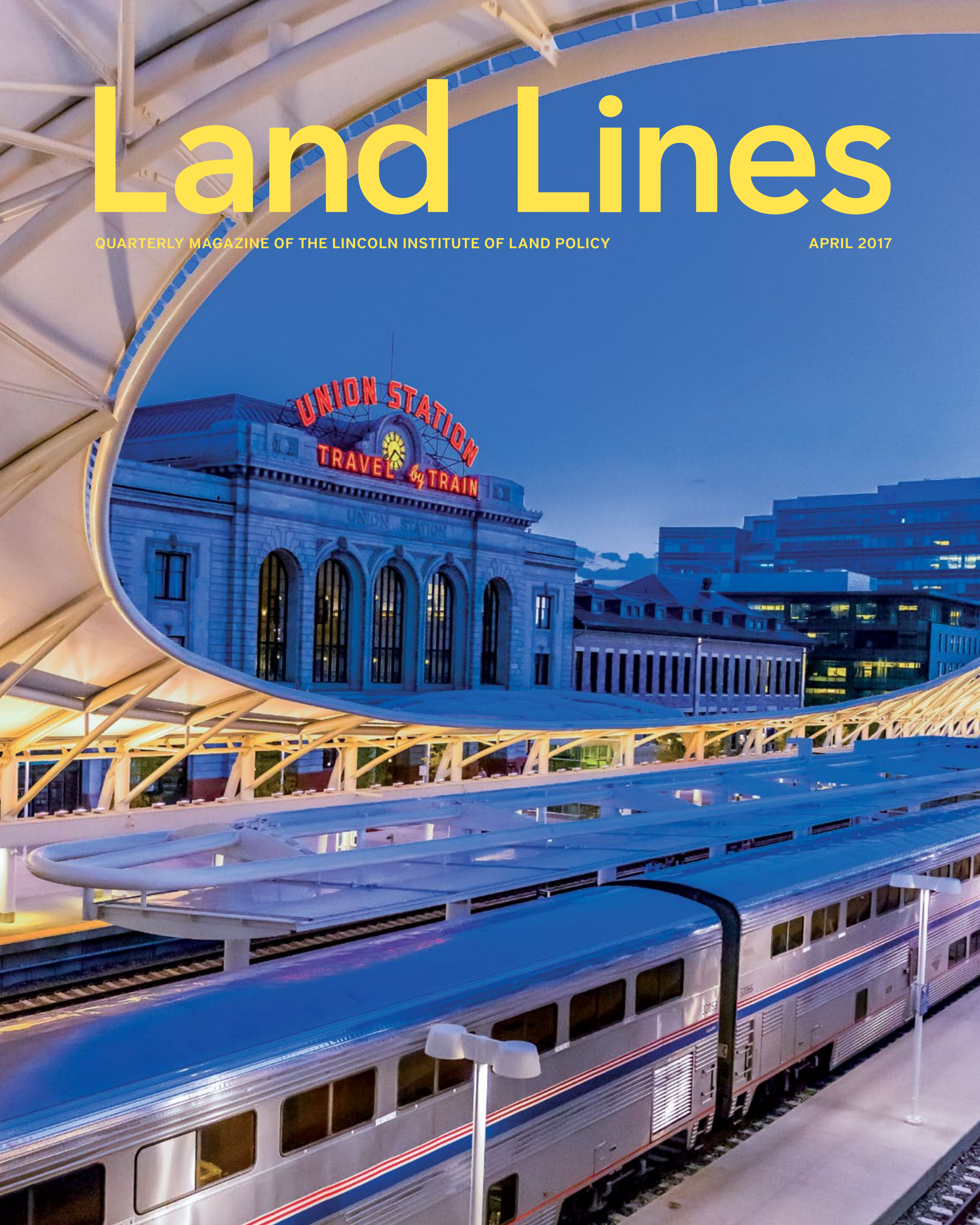

Land Lines

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THE LINCOLN INSTITUTE OF LAND POLICY is an independent, nonpartisan organization whose mission is to help solve global economic, social, and environmental challenges to improve the quality of life through creative approaches to the use, taxation, and stewardship of land. As a private operating foundation whose origins date to 1946, the Lincoln Institute seeks to inform public dialogue and decisions about land policy through research, training, and effective communication. By bringing together scholars, practitioners, public officials, policy makers, journalists, and involved citizens, the Lincoln Institute integrates theory and practice and provides a forum for multidisciplinary perspectives on public policy concerning land, both in the United States and internationally.

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LINCOLN INSTITUTE OF LAND POLICY

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Denver's newly restored Union Station. Credit: Blaine Harrington III / Alamy Stock Photo

MESSAGE FROM THE PRESIDENT GEORGE W. McCARTHY

Values and Land Value Capture

At the Lincoln Institute of Land Policy, our activity centers on policy-relevant research and training. We are nonpartisan, and our work defaults to objective and evidence-based analysis. We pose questions and test hypotheses that can be answered empirically—through dispassionate inquiry and defensible methodology yielding results supported by data. We do not espouse or advocate for a particular ideology.

We are mindful, however, that many policy decisions hinge on normative principles, not dispassionate analysis. And sometimes, especially when land is involved, conflicts arise at the level of principle. At the Lincoln Institute, we are not unwilling to take principle-based positions. Our work has always been driven by an objective economic analysis of land markets and a principled position regarding the just deserts of land ownership.

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Because the supply of land is fixed, demand determines its price. As such, landowners enjoy monopoly power and garner the full amount of price increases generated by higher demand. And over time, demand for land tends to increase. Because landowners do nothing to “earn” the windfalls of price appreciation, many economists and philosophers have considered them ill-gotten gains. This is best expressed by John Stuart Mill in *Principles of Political Economy* (1848):

> The ordinary progress of a society which increases in wealth, is at all times tending to augment the incomes of landlords; to give them both a greater amount and a greater proportion of the wealth of the community, independently of any trouble or outlay incurred by themselves. They grow richer, as it were in their sleep, without working, risking, or economizing. What claim have they, on the general principle of social justice, to this accession of riches? In what would they have been wronged if society had, from the beginning, reserved the right of taxing the spontaneous increase of rent, to the highest amount required by financial exigencies?

This normative view is also fundamental to arguments put forth by Henry George in his most famous work, *Progress and Poverty* (1879). He asserted that it was unfair and inefficient to distribute unearned financial benefits to idle landowners while taxing the incomes of productive labor and entrepreneurs. He considered it a form of slavery that reduced economic growth and generated persistent poverty. George proposed taxing away this unearned land value to support the functions of government and to eradicate the poverty that accompanied the unparalleled opulence produced by the Industrial Revolution.

With some additional nuance, our recent work around land value capture emerges from a similar analysis of the market value of land and a normative view of the just deserts of land ownership. Land value capture is based on the notion that the public is entitled to all, or a portion of, land value increases that result from public investment in land improvements or public actions that increase land value. If a municipality pays for roads, sewers, or public transportation that increase the value of proximate land, the municipality is entitled to recoup some, or all, of this increased value from landowners or developers. Similarly, if a city rezones a neighborhood to permit more dense development, the city is entitled to a share of the resulting land value increase. This recompense is predicated on a basic principle: those responsible for creating value should reap some, if not all, of the benefits.

Land value capture is based on the notion that the public is entitled to land value increases that result from public investment in land improvements or public actions that increase land value. If a municipality pays for roads, sewers, or public transportation that increase the value of proximate land, the municipality is entitled to recoup some, or all, of this increased value.

Today, some form of land value capture is practiced almost everywhere. Some Latin American cities treat development rights as a privilege and auction them in public markets. The cities limit “as-of-right” development for landowners at a low level—at one floor area ratio (FAR), for example. Anyone planning to build above one FAR would need to buy a certificate for each proposed square meter up to the maximum allowed FAR set in the city’s master plan for the land. The proceeds from sales of the certificates pay for transit lines, public parks, or affordable housing. In many other cities around the world, developers are required to offer shares of new housing units at below-market rates through mandatory or voluntary inclusionary housing programs. In other places, special assessments, or betterment contributions, are imposed on landowners to pay for new sidewalks, curbs, or publicly supported façade improvements.

These programs begin with acceptance of the idea that the value of land is determined by many forces that are unrelated to an owner’s efforts or control. They also are grounded on ethical principles of fairness—who gets

The Bridge of Commons (Puente del Común) near Bogotá, Colombia, was financed in 1809 with betterment contributions, a form of value capture. Credit: Klaus Lang / Alamy Stock Photo what and why. But they often run counter to arguments rooted in other basic principles that undergird constitutional law, namely property rights. Those adhering to a narrow view of private property rights might argue that all land value belongs to the owner, regardless of its provenance. According to this view, any attempt by the government to claim even a portion of land value increases would constitute a "taking," which violates constitutional protections of private property. In the end, such principle-based debates are weighed and settled in the courts.

In Latin America, the courts have defended the sale of development rights against claims of property rights abridgement and illegal "takings" by the state. This defense was founded on establishing a clear definition of the rights that landowners acquire when they take possession of land. In essence, owners are not allowed to develop their property in any way they desire. They are permitted to build to a specific density, consistent with a master plan, using prescribed materials and adhering to design standards, described in building codes. The courts decided that since development rights were permitted by the state and conveyed from the state to the landowner, they were not property rights per se. Since they were something that landowners did not possess, they could not be taken from them. Similarly, inclusionary zoning and other forms of value capture have survived constitutional challenges in other countries and U.S. states.

With the exception of formal value capture tools that auction development rights, most value capture mechanisms are ad hoc—negotiated on a deal-by-deal basis with landowners and developers. This is because the actual increase in land value associated with public action is hard to observe or measure. A number of researchers have created tools that can be used to estimate value increases and convert them to specific outcomes, like the number of inclusionary housing units that one could reasonably expect given the financial details of a development project. But these tools are infrequently used to guide negotiations.

In the coming two to three decades, the world will confront the tremendous challenge of accommodating the billions of new residents expected to migrate to cities around the globe. This will require significant investments in new infrastructure—for transit systems, water and septic services, and housing. At the same time, the world will need to address its penchant for deferring costly maintenance of existing critical infrastructure. All in, this will require an annual global investment of $5 to 6 trillion (USD). Without magical new sources of revenue to cover these outlays, many cities and countries are casting around for ideas, and many are finding the answer in land value capture. In nascent formal efforts to compare expenditures on basic infrastructure and land value increases in Latin America, we've seen total land value increases exceeding infrastructure investments by a factor of six. In other words, capturing around 16 percent of land value increases in these cases would repay the full infrastructure investment.

These limited experiments are indicative, but not definitive. For our part at the Lincoln Institute, we recognize the need to deepen our understanding of the intricacies of land value capture and its potential to close infrastructure finance gaps. In the coming weeks, we will launch a new global value capture campaign. We will document the legislative processes that enable land value capture and legal defenses to constitutional challenges. We will study the methods used to determine the value of land before and after public improvements are made. We will document the share of land value increases than can be captured through various instruments. And we will consider the potential unintended consequences of using land value capture as a major public finance tool.

Land policy making, at its best, is a principled discourse driven by facts and grounded in principles. At the Lincoln Institute, we are comfortable with the principle that those who create value deserve at least a share of that value. Studying and spreading the use of tools that capture publicly created land value for public purposes brings us back to our roots.

What App Data Can Do for City Planners

FOUNDED IN 2009 AS A "SOCIAL NETWORK FOR ATHLETES," SAN FRANCISCO–BASED STRAVA IS TODAY BEST KNOWN FOR ITS POPULAR SMARTPHONE APP, used by millions of people all over the world to track and share their biking, running, and walking activity. Some users are serious athletes, but plenty simply track commutes or routine exercise excursions as part of a basic fitness regimen. As a result, Strava has built up a massive data set showing how bikers and pedestrians move through cities. And a couple of years ago, the company decided to do something with this information—"to give back to the people on Strava," says Brian Devaney, the marketing lead for Strava Metro.

On its site, the company released a global "heat map": a visual and interactive presentation of its (anonymized) data. You could zoom in on, say, a San Francisco neighborhood, to see which routes Strava users travel most frequently. Customers seemed to enjoy this. But the company also heard from another audience that it hadn't counted on. "We started to get all these emails from city planning groups and departments of transportation," Devaney explains. They wanted access to Strava's data, which many recognized as potentially useful for planning both short- and long-range transportation and infrastructure projects, or for tracking and demonstrating actual usage and behavior of completed projects.

This was "completely unexpected," Devaney continues, but the company has embraced the development. It formed its new Strava Metro division specifically to help municipalities get the most out of its data. "That was never on a product roadmap or any Strava long-term strategic plan," Devaney says. "It just sort of happened."

It's also one example of a promising convergence of planners' appetite for an emerging category of data—and a perhaps-surprising willingness of for-profit businesses to feed that appetite. Another example is Waze, the map and directions app that relies in part on user-submitted information about traffic conditions to suggest the best driving route between two points in real time. (Waze is now owned by Google, which incorporates some of its data into Google Maps, but also remains a stand-alone app.)

City planning groups and departments of transportation wanted access to Strava's data, which many recognized as potentially useful for planning both short- and long-range transportation and infrastructure projects, or for tracking and demonstrating actual usage and behavior of completed projects.

A couple of years ago, Waze launched its Connected Citizens Program, easing two-way data sharing between its users and various municipal entities. Apart from allowing cities to in effect communicate road closures and other projects to users in real time, the program also helps inform potential planning decisions by revealing locations with frequent traffic congestion or other problems. Last year, Waze partnered with Esri, which makes digital-mapping software for cities. The goal is to use data that Waze generates about traffic patterns to help guide transportation planning—and to reduce reliance on much more expensive data-collection methods involving Internet-connected sensors and the like.

Portland, Oregon, is one of a hundred cities that use anonymized Strava Metro data to inform planning decisions. Credit: RyanJLane/flickr

Most recently, the ride-sharing company Uber has launched Uber Movement, a service that makes available to planners and researchers information about travel times, road conditions, and other data, culled from the billions of rides the company's drivers have made. "We don't manage streets. We don't plan infrastructure," Andrew Salzberg, Uber's chief of transportation policy, told *Wired* earlier this year. "So why have this stuff bottled up when it can provide immense value to the cities we're working in?"

Taken together, such efforts present some fresh opportunities—and some interesting new challenges—for transportation planning. "It's a big leap in terms of quantity of data," says Julie Campoli, founder of the Burlington-based practice Terra Firma Urban Design and author of *Made for Walking: Density and Neighborhood Form* (2012), published by the Lincoln Institute. And on one level, this can be more informative than travel survey data, gathered in an expensive and time-consuming process involving detailed questions about transit behavior.

But as rich as the newer data may be, it can carry biases: any given app's user base may have particular demographic skews. And, as Campoli points out, not everyone has a smartphone. "It's great to have that information," she says. "But it's important to remember that it doesn't represent everyone."

A closer look at how Strava Metro data has been put to real-world use shows how these massive new caches of information can be thoughtfully integrated into existing processes. Data analysts in the Department of Transport and Main Roads (TMR) in Queensland, Australia, took an early interest in Strava's data. Michael Langdon, a senior advisor in the TMR with a focus on cycling and walking, explains that the department had already been gathering and making use of global positioning system (GPS) data for years, but it was a cumbersome process, involving lots of dedicated GPS units and relying on subjects to use them regularly and properly. "When we saw Strava, what hit us was: this actually automates a lot of the processes that we had to do manually," Langdon says.

Devaney of Strava explains that, as a private entity focused on building its user base and business, the company hadn't been collecting, storing, or packaging its data with municipal-planning uses in mind. So it had to devote research and development efforts into making the material easily usable by cities (learning to extract the relevant details, and making them compatible with widely used software and systems), and building out a team to work specifically with planning professionals. Beta partnerships with Portland, Oregon, and Orlando, Florida, honed the process, and by the end of 2016 Strava Metro was working with more than 100 municipalities. It charges annual usage fees to cover costs; these vary depending on details.

Queensland was another early partner. Mindful of precisely the sorts of biases and limitations Campoli cites, and other potential flaws, its TMR set about "analyzing and calibrating" Strava's data, ultimately publishing a detailed study of its assessment. In short, the research concluded that smartphone GPS data is best in conjunction with other data sources but can be particularly useful in evaluating the impact of a specific infrastructure project.

In fact, the department has successfully used Strava data in precisely that manner. One example involved the replacement of a floating bike-and-walk pathway destroyed in a 2011 Brisbane River flood. It took several years for officials to commit to rebuilding the New Farm Riverwalk, and the TMR sought to demonstrate that the new structure was really having an impact. "People question: 'Why are we building this? Are people even going to use this? I've never seen a cyclist on that road or bridge'," Langdon says, referring to transportation infrastructure projects in general. Traditional surveys don't necessarily answer those questions in an empirical way: just because citizens say they'd like a new bike pathway doesn't mean they'll use it.

This time, TMR had hard information to demonstrate impressive usage levels and to detail the impact on cycling behavior on surrounding roads and routes. "The Strava data does allow us to prove what actually happened," Langford says.

And that, in turn, helps new planning initiatives. Langford points to another example involving the creation of new bikeways along a major motorway. Like many big investments, it has rolled out in stages. Analysis of an early phase, using Strava data cross-referenced with official crash data and other sources, showed a 12 percent increase in bike usage over the prior bikeway—as well as a notable deflection of cyclists away from a nearby, car-trafficked road where accidents were common. "That helped us argue: 'this is why we need to complete the other sections,' because we were already seeing this benefit," he says.

The upshot, Lanford concludes, is that having calibrated and learned to use what Strava Metro offers, it's evolved into a regular part of the department's planning toolkit: "it's become pretty stock-standard for us now."

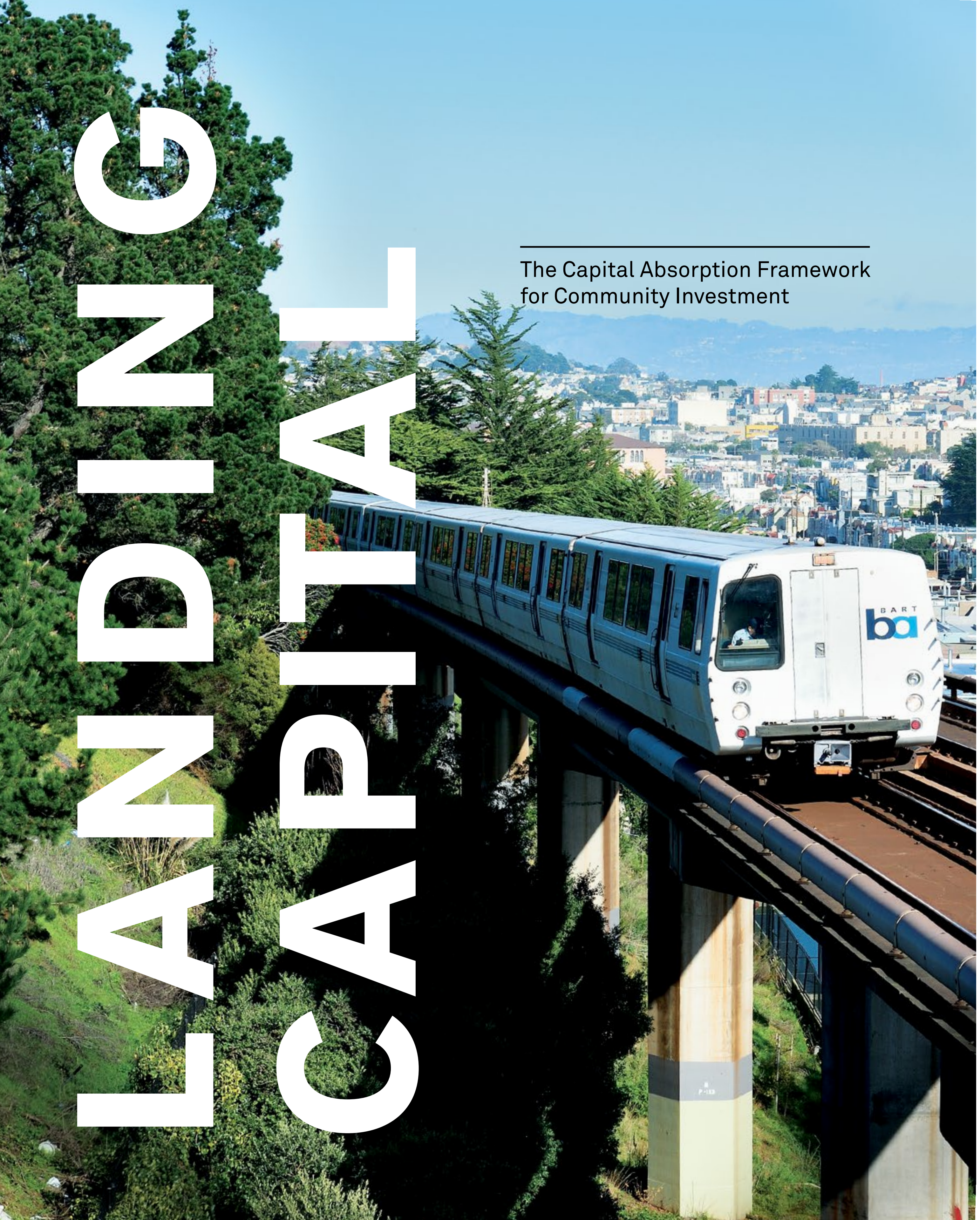
Strava Metro points to other examples in Seattle, Glasgow, London, and elsewhere. The payoff for the company, Devaney says, is that enhanced cycling and pedestrian infrastructure indirectly help encourage the behaviors at the core of its current and potential future user base. For other firms, motives may differ. For example, Waze's end-user experience is directly improved by two-way communication with cities; Uber wants to position itself as more of a partner to municipalities; and so on.

Clearly incorporating such data streams into planning practices takes effort, on both sides. But even if makers of popular apps that rely in part on corralling behavioral data never considered how cities and planners could use that information, it's encouraging that some are taking thoughtful approaches to that possibility. And the same goes for cities looking for fresh insights to guide decisions. As Campoli observes: "it's another piece of a puzzle."

Rob Walker (robwalker.net) is a columnist for the Sunday Business Section of *The New York Times*.

LANDING CAPITAL

The Capital Absorption Framework for Community Investment



By Loren Berlin

SINCE 2015, REPRESENTATIVES FROM VARIOUS PUBLIC AGENCIES, FOUNDATIONS, AND NONPROFIT GROUPS in the San Francisco Bay Area, Los Angeles, and Denver have been jointly participating in "capital absorption" workshops, to forge solutions to local affordable housing shortages through strategies that attract land, capital, and other resources. They represent not just housing, but transit, planning, and economic development organizations—stakeholders that often don't join forces to solve problems, even though they work on overlapping issues in identical geographies.

At one of these meetings in January 2016, Abigail Thorne-Lyman, program manager for transit-oriented development (TOD) at Bay Area Rapid Transit (BART)—a public transportation system that annually shuttles more than 125 million passengers across the region—realized her agency might be able to make a game-changing contribution to solving the local housing crisis, which is among the nation's largest. More than 250,000 of the region's very low-income households lack access to affordable housing. The median home value is San Francisco is $1,147,300, compared to $197,500 nationally; the median monthly rent is a whopping $4,350, more than three times the national median rent of $1,500. Nearly half of local renters spend more than 30 percent of income on rent.

Each six-member team of participants from each region had drafted a spreadsheet of all pending development projects that included affordable housing units. "Staring at our list, we realized that capital wasn't the primary constraint to building more housing," explains Thorne-Lyman. "What we needed—the missing piece, so to speak—was land."

"We realized that capital wasn't the only constraint to building more housing. What we needed–the missing link, so to speak–was land. . . . BART already owned 300 acres across the region."

In San Francisco, the Daly City-bound BART train passes the Outer Mission (opposite, credit: Tim Adams/flickr), and passengers disembark on Market Street near the Montgomery BART station (above, credit: Sharon Hahn Darlin).

In the Bay Area, developers don't buy land until they are confident they can assemble the necessary financing for their project, making it difficult to compete in a hot real estate market, Thorne-Lyman says. But BART already owned 300 acres across the region.

That evening, Thorne-Lyman started imagining scenarios in which BART made all its land available for developments that included affordable housing. She ran the numbers. "I saw that we could produce maybe 30,000 units if we put our land in play," she explains, and 10,000 could be affordable—which is significant, given that the typical affordable housing development in the Bay Area produces 50 to 200 units. "And if we put ourselves out there first, maybe other transit agencies in other counties would come along," as BART serves only four of the Bay Area's nine counties. Together they could make a bigger dent. "The 30,000 units could turn into 60,000 units, all on public land," says Thorne-Lyman.

Thorne-Lyman and the rest of the capital absorption team delivered the analysis to BART's general manager, Grace Crunican. Both Crunican and the BART board of directors decided to increase the agency's commitment to both market-rate and affordable housing on BART land. Then they asked Thorne-Lyman and the team to model scenarios above and beyond any they had privately imagined.

"That conversation with Grace was like a slingshot," says Thorne-Lyman. "We had these ideas and played them out. Then the board asked for an even more ambitious vision for our land. Through our work with the capital absorption team, we had all these willing partners—including the affordable housing advocates, community development financial institutions, and foundations—who backed up the idea and pushed it out to the public."

BART's new TOD development targets, adopted in December 2016, call for production of 20,000 new housing units and 4.5 million square feet of office space on BART land by 2040. At least 35 percent of these units—7,000, to be exact—will be affordable to low- and very low-income households. So far, BART has produced 760 affordable units on its land, meaning the agency has some work to do. Nonetheless, Thorne-Lyman is encouraged by the challenge. "California has this affordable housing crisis, and we can say that BART will be part of the solution," she explains. "We have land. And we are willing to offer it up."

"Someone has to be thinking big about how to address this crisis. We are putting forward something big," she says.

The Capital Absorption Framework

The capital absorption workshops that Thorne-Lyman attended are part of a program designed to help cities attract and deploy community investment and to leverage other critical resources, such as land and expertise, to achieve their goals. Community investment is defined as "investments intended to achieve social and environmental benefits in underserved communities—such as loans, bonds, tax-credit equity, and structured investment vehicles."

The program's chief architect, Robin Hacke, says, "It's a way to make resources go to places where they're not going by themselves, to address the failures of mainstream finance to produce enough affordable housing, reduce health disparities, or minimize the impact of climate change on vulnerable places, among other factors tied to land use."

Hacke, who is the director of the new Center for Community Investment at the Lincoln Institute, is piloting a new "systems change" strategy that she designed in collaboration with colleagues David Wood of Harvard University's Initiative for Responsible Investment, Katie Grace Deane, and Marian Urquilla. Called the Capital Absorption Framework, the model is predicated on this idea that mainstream capital markets frequently fail to address the needs of low-income communities, requiring a systemic approach to repair this breakdown and achieve meaningful outcomes at scale (opposed to one-off projects that are difficult to accomplish and, even when successful, fail to move the needle in a significant way). By "bringing to the table" stakeholders who rarely join forces to solve problems despite having aligned interests, the model also augments available assets and power, helping to identify effective new tools and strategies to address unmet community needs.

The framework is a response to challenges Hacke and Urquilla faced while working on The Integration Initiative, an $80 million program begun in 2010 to improve the lives of low-income residents in five pilot cities—Baltimore, Cleveland, Detroit, Minneapolis/St. Paul, and Newark. Administered by Living Cities, the idea was to align interests across a range of players and invest capital in neighborhoods that traditionally can't access funds.

The Integration Initiative demonstrated that participating cities not only lacked capital; they lacked the capacity to absorb and deploy the funds allotted to them through the program, says Hacke.

"Spatially inequitable distribution of low-income people across the United States is an outgrowth of decades of public policy that basically starved communities of capital, whether through redlining by banks or redlining aided and abetted by the Federal Housing Administration," says George McCarthy, president and chief executive of the Lincoln Institute of Land Policy, who was involved in The Integration Initiative during his tenure at the Ford Foundation.

A transit-oriented development on BART land in Hayward, a city in the East Bay. Credit: BART

SYSTEMS CHANGE

In order to overcome the effects of discrimination and the market's failure to deliver adequate goods, services, and opportunities to disadvantaged communities, we need to ensure that capital can flow to those places. Ensuring that residents can thrive means finding ways to finance affordable housing; developing healthy environments with access to fresh food and safe places to walk, bike, and play; and providing access to quality education and jobs. It is not enough simply to invest in a single project and expect places to be transformed. The Center for Community Investment is committed to strengthening the systems that engage a community in planning for its future, creating a platform and network of relationships that unite the institutions and individuals with the capacity to advance the community's vision; developing and executing investment transactions that implement that vision; and shaping the policies and practices that accelerate how transactions proceed.

—Robin Hacke

The capital absorption workshops are part of a program designed to help cities attract and deploy community investment and to leverage other critical resources, such as land and expertise, to achieve their goals.

"Because we starved communities of capital, we think the way to help them recover is just to provide them with money. But that misses the point that over the years we didn't just strip out the capital but also the capacity of those places to help themselves. Many people in the community development movement believe that if we just find a way to get more capital to places, then good things are going to happen. But one of the hard lessons we have learned is that, even if you can get the money to those communities, they don't necessarily have a way to use it. It may sound like I'm blaming the victim, but that's not it. Rather, it's understanding that when you deny a place critical resources for long enough and then suddenly provide it, the community may not be ready to deploy it. It's like people. If you starve someone for too long and then provide food, that person may not be able to eat it."

Managing the Pipeline

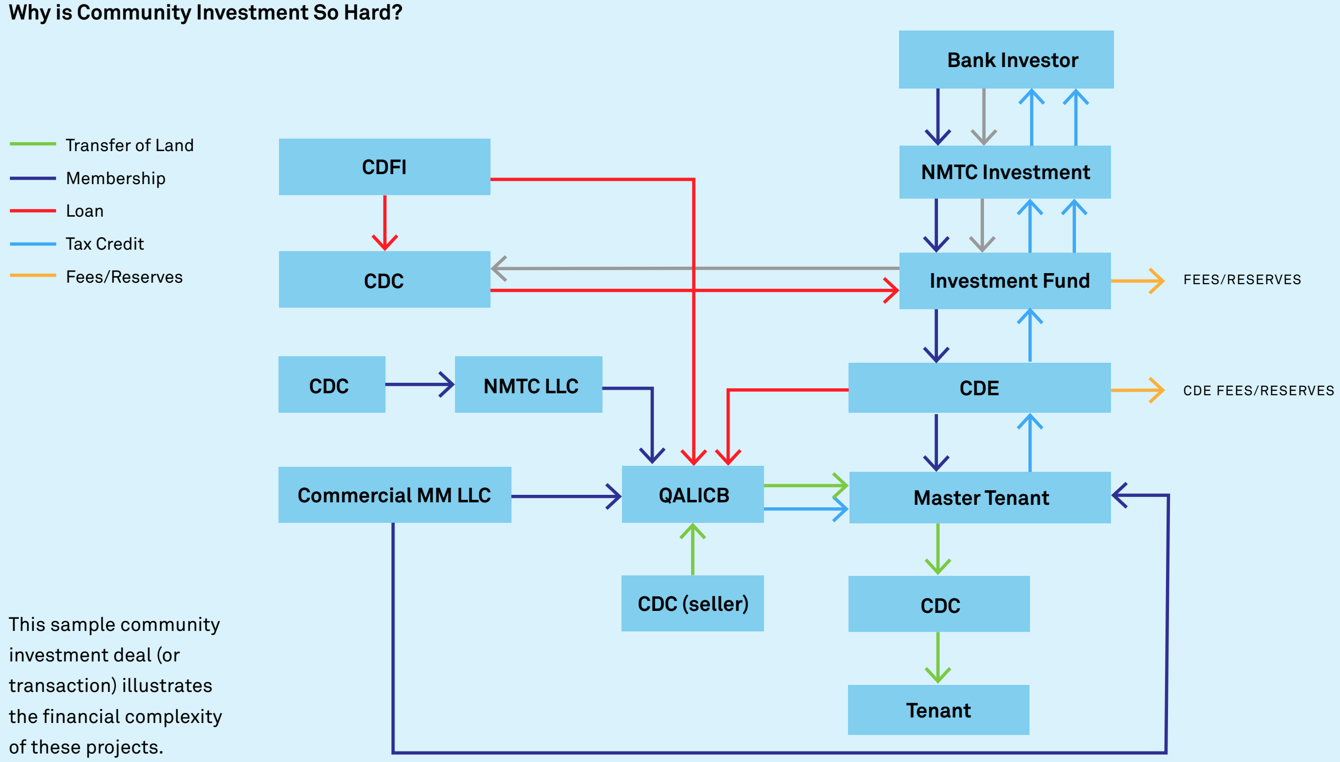
"To deploy capital successfully, places need to identify sources of capital as well as projects that can use it. Proponents of impact investment have focused on organizing capital *supply*; our focus is organizing *demand* for investment," Hacke says. "For example, in Detroit, Baltimore, and Cleveland, they were not primarily looking at housing. They wanted to accelerate all kinds of development, including commercial and mixed-use developments. Getting the right set of deals and the right conditions to supply capacity to those deals required much more than just investment capital. The work both took longer than we expected and required much more upfront arrangement of the plumbing than we had anticipated," she adds.

"Despite the great need in disadvantaged communities, stakeholders have to overcome major obstacles to complete projects," says Hacke. "If people don't believe that the deals have a decent-sized chance, they give up on them. So we organize stakeholders around what is most urgent at that time and organize the resources that way as well to increase the probability and the confidence that the critical deals will get done."

The lack of confidence stems from the cold truth that community development projects are usually difficult to realize (figure 1). Hacke confronts that fact head-on by asking participants to identify what she calls "exemplary community impact deals. The ones that stick

Figure 1

Why is Community Investment So Hard?



This sample community investment deal (or transaction) illustrates the financial complexity of these projects.

Practitioners evoke the language of heroic quests to describe the obstacles they face while completing community investment projects, like the lotus eaters, Cyclops, and sirens encountered by Odysseus on his voyage home to Ithaca after the Trojan War.

out in people's minds as representative of the field tend to be complex, time-consuming, and politically fraught, balancing the interests of many stakeholders and blending many different sources of capital with varied constraints and requirements. Practitioners evoke the language of heroic quests to describe these deals."

Identifying and examining "exemplary deals" is helpful in two ways. First, it highlights the complex and convoluted nature of many community investment projects, clarifying the need for a more efficient, scalable strategy. More importantly, analyzing exemplary deals can help stakeholders determine the potential resources and constraints of the larger community development system, including the engagement level of various players, the availability of an array of skills and resources, and opportunities for collaboration.

3 Components of an Effective Community Investment System

Once stakeholders in a region have used the exemplary deals framework to examine how the community investment system is currently operating, the next step is to identify ways to improve the functioning of that system so that it can deliver impact at greater scale. As organized by the framework, an effective system requires three things, which are the focus of Hacke's work with communities.

IDENTIFY SHARED PRIORITIES

First, stakeholders must articulate a well-defined set of priorities that are widely embraced across the community. Affordable housing is not always the anchor for establishing these priorities, but it has proven the easiest starting point in Hacke's pilots—in part because the field has reliable, effective funding sources, such as the Low-Income Housing Tax Credit, and a robust network of experienced organizations.

"We work really hard to convene and build cross-sector relationships so that we can operate from a set of shared priorities," says Thomas Yee, the Initiatives Officer at LA THRIVES, a nonprofit that works to advance the equity agenda around smart growth and participates in the Capital Absorption Framework pilot.

"There's going to be disagreement among really progressive advocates, elected officials, and private developers, so it takes a lot of working together, building trust, and finding common ground. But that's the way to organize system-level approaches. It allows you to boil down the work to a few principles that excite people and keep them focused on the system instead of their particular neighborhood or project."

One of the shared priorities to emerge out of the Los Angeles work is the importance of ensuring that LA Metro, the public agency responsible for bus and rail services in Los Angeles County, effectively serves low-income residents, who are the agency's core riders.

Prior to joining the workshops, LA Metro knew its core riders were low-income. Based on the findings of a research study the agency had commissioned prior to joining the Los Angeles team, the agency also understood how it could assist those riders to live near transit lines. It was developing aggressive housing targets on agency-owned land when it joined the LA THRIVES collaborative.

"The sea change was coming together to get LA Metro to think about what that means for how the agency runs its business—about the bottom-line question of what happens if those core riders are living farther and farther away from existing transit systems," explains Yee.

According to Yee, LA Metro was interested in additional ways to counter displacement, and joining the collaborative was "really the water needed to grow those seeds."

The idea that low-income riders would be pushed farther afield disturbed the other members of the pilot's Los Angeles team. The transportation planners balked at the cost and inefficiencies of expanding service to outlying areas, while the conservationists worried about the environmental impact. The community advocates were concerned about economic and social isolation, and the housing folk feared there was a lack of affordable housing in the outer ring areas. Resolving this issue correctly would present an opportunity to simultaneously address these seemingly unrelated concerns, and so it became a shared priority among the collaborative. In response, LA Metro adopted a new term for thinking about transit in the context of displacement: the Transit-Oriented Communities frame.

But LA Metro wanted to do more. It was clear that, unlike BART, the agency did not have much additional land that could allow for thousands of new affordable housing units. Instead, LA Metro, in partnership with other members of the team, created a loan fund to support the development of affordable housing and retention of existing low-rent, nonrestricted units near the agency's transit lines. Critically, the units do not have to be on agency-owned land, but they must be close enough to provide easy access to the transit.

"We are so excited that LA Metro is willing to make investments off their property," says Yee. "Making it easier to develop affordable housing on agency-owned land is one thing—and obviously a huge step in and of itself. But for them to go beyond agency-owned land is a big innovation and demonstrates a commitment to limiting the displacement of core riders."

Developed by Abode Communities in partnership with landowner T.R.U.S.T. South LA, Rolland Curtis Gardens—a mixed-use, transit-rich development along Metro's Expo/Vermont rail line—is expected to provide 140 affordable family homes in a culturally rich, historic South Los Angeles neighborhood. Credit: Courtesy of Abode Communities

ESTABLISH A PIPELINE OF DEALS

Once stakeholders identify a set of strategic priorities, they can then focus on establishing a pipeline of deals—the second step in implementing the framework. Stakeholders begin by examining deals in progress, analyzing whether they support the priorities and where there may be gaps.

The practice of examining the deal pipeline also helps to highlight the resources that are necessary for success.

For the Denver team, analyzing the city's pipeline resulted in the recognition that the team needed to focus more on attracting mission-driven private capital, says Dace West, a leader of the Denver pilot and, at the time, executive director of Mile High Connects, a nonprofit with a mission to ensure that the Metro Denver regional transit system fosters communities that offer all residents the opportunity for a high quality of life.

In Denver, Mile High Connects ensures that the Metro Denver regional transit system, including the light rail shown here, opens opportunities for residents from all walks of life. Credit: Evan Semon/City and County of Denver

"We had this powerful moment as a community when we realized that the way we are doing community development work is really driven by specific, restrictive funding sources that are more mature systems—like tax credits, which are oversubscribed—or, in other cases, sources of capital that are not very predictable," says West, referring to the takeaways from the pipeline analysis.

"We realized that we are so often falling short in the developments we are working on because of an inability to be very systematic about the way we draw down and deploy capital. So, going forward, we are very focused now on how we leverage private-sector impact investment capital into the system, looking at traditional capital sources in new ways and at what we need to do to unlock significant capital seeking a place to land," West says.

"We have discovered, from deep and intentional work, that impact means really different things to impact investors. When some say they want impact, what they are really saying is that they want to be able to squint and see something good; that is good enough for them, because what they really want is liquidity and rates of return. We think, 'That's good to know, because we have been wasting our time on these things that aren't real issues.' Now we can focus on questions such as: what is that target rate of return, and where are the right places to leverage that capital versus other kinds of capital? And that's been a real 'aha' moment—this recognition that real estate, which is something we had been thinking of as a more traditional investment, can be an actual community impact investment, which creates new and interesting connections."

One of those connections is to Denver's housing finance agency.

"As we have been thinking about ways this new capital could land, we have discovered that we have a very unusual housing finance agency. It is very creative and flexible and is already managing a huge number of siloed, structured funds that have a community purpose in some way," says West. "We are working to build out a platform that uses the agency as a base to draw in capital that can go to specific sleeves but can also flow across those gaps and allow us to pursue projects driven by the community and its needs. The housing finance agency is not responding merely to existing funding sources any longer; it's acting as a broad-based intermediary that can work across and among agencies in the system."

CREATE AN ENABLING ENVIRONMENT

After building out a pipeline of deals, it's a natural next step to the final piece of the framework—strengthening the "enabling environment." This is defined as "the latent conditions that shape the system's operations," including but not limited to "the presence or absence of needed skills and capacities, political realities, formal and informal relationships among key actors, and the cultural norms and behaviors that manifest differently in different places."

In the capital absorption workshops, participants are asked to figure out which areas of the environment are or are not working well, and which policies and practices directly affect their strategic priorities. In doing so, they can better grasp the opportunities and limitations inherent in the current system.

For Thorne-Lyman and the rest of the San Francisco team, it was analysis of the enabling environment—of what resources are and are not available and functioning well in the ecosystem of affordable housing—that immediately revealed that shortage of land.

The Richmond development provides affordable housing near transit on BART land in the San Francisco Bay area. Credit: BART

Center for Community Investment

Thorne-Lyman is not the only one excited by the work that has come out of the Capital Absorption Framework. McCarthy is also encouraged.

"Land is one of a community's most valuable and scarce resources," he says. "Land policies can play a central role in attracting or generating the investment needed to tackle vacancies and blight produced by dysfunctional land markets or to address the disparate impact of pollution and climate change on poor and disadvantaged families."

For that reason, the Lincoln Institute of Land Policy has recently launched the Center for Community Investment with support from The Kresge Foundation and other major national foundations. The Center is a leadership development, research, and capacity-building initiative to help communities mobilize capital and leverage land and other assets to achieve their economic, social, and environmental priorities. Hacke will direct the new center and use it as a platform to advance the capital absorption model.

"We have seen over and over again that land really is an important part of the solution, whether we are talking about the health of people or green infrastructure and the health of natural ecosystems. Being at the Lincoln Institute, which has such tremendous expertise in the use of land to generate and capture value, is a real boon for us," says Hacke.

At Lincoln, Hacke hopes to expand her work by piloting it in additional communities. Participants in her current cohort encourage those cities to seize on the opportunity. "When we started this work two years ago, it felt like an abstract academic exercise replete with homework assignments. But we hung in there with their approach and have seen such value in the framework," says Christopher Goett, a senior program officer at the California Community Foundation, one of the supporters of the Los Angeles pilot. "Robin, Katie, David, and Marian pulled together a safe space that allowed us to tackle difficult work and created a support system that strengthened over time. In hindsight, these activities have been critical moments for us in our evolution and growth."

"Community and economic development work is often addressed through programs in their own respective silos, but that's not how the world operates," Goett says. "Average Angelenos wake up and use transit to get to work or drop off their children at school. Systems such as housing, employment, and education all interact, and that's how the Center's frame is laid out."

"For someone who manages a smart growth portfolio here at the California Community Foundation, the framework continues to become increasingly useful; smart growth is, by its nature, integrated. We have to think about public health at the same time we think about infrastructure and housing, and with this frame we can walk through the transit-oriented development door and still see the anti-displacement and housing angles." □

Fruitvale Transit Village is about to enter a second phase of development to include more affordable housing near a BART station in Oakland, California. Credit: Peter Beeler

"We have seen over and over again that land really is an important part of the solution, whether we are talking about the health of people or green infrastructure and the health of natural ecosystems."

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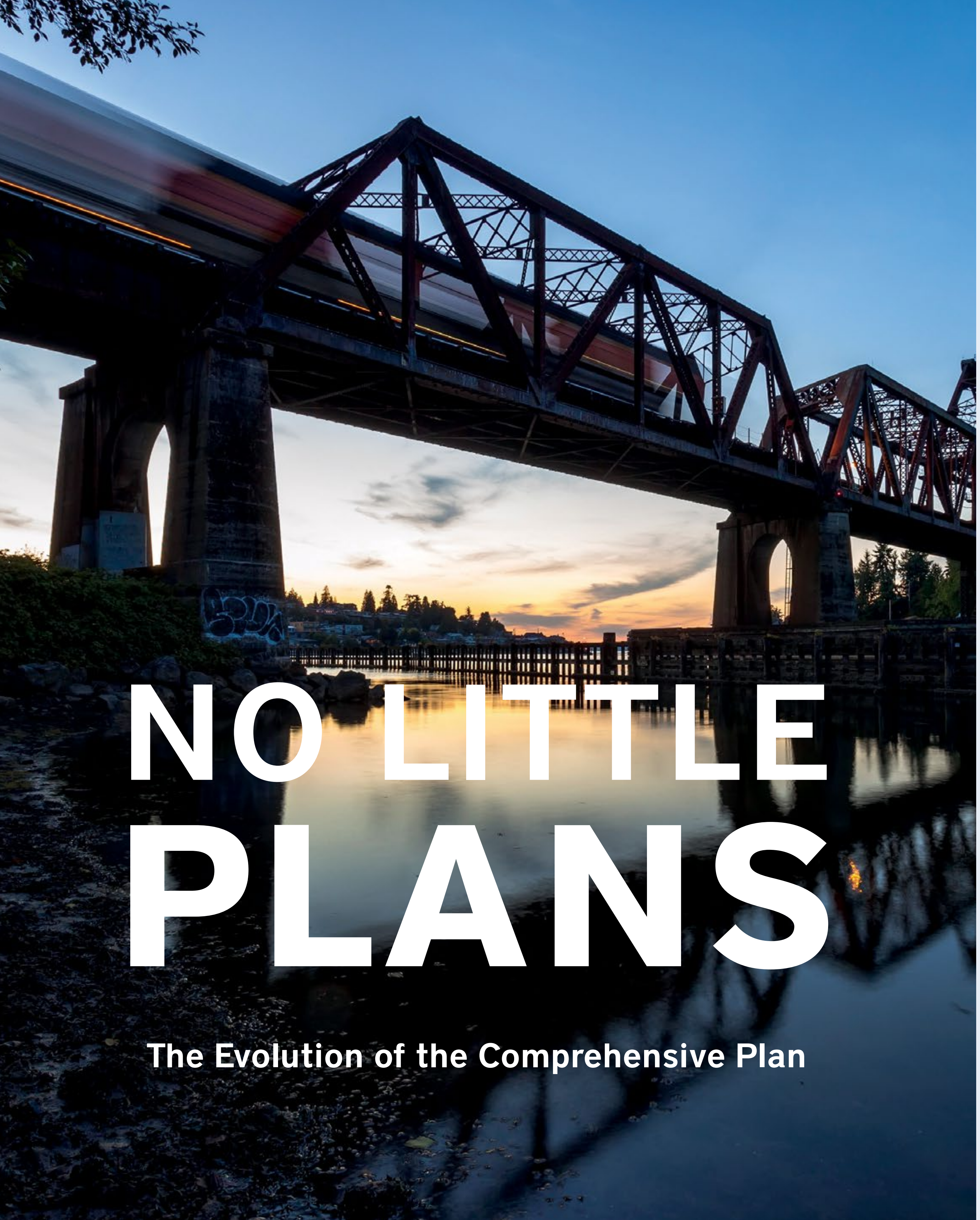


NO LITTLE PLANS

The Evolution of the Comprehensive Plan

By Kathleen McCormick

COMPREHENSIVE PLANS CAN INSPIRE THEIR CREATORS TO TAP THEIR HIGHEST AND BEST PROFESSIONAL SKILLS, TRAINING, AND VISION—or cause them to question their choice of profession. They often take a couple years to produce and can require extensive community outreach, sometimes with rancorous results—if, for example, the community has strong opposing opinions about a vision for future growth and development.

"Comp plans have the unfortunate reputation of being long, cumbersome documents that talk about vision and not the day-to-day situations that affect people," says Peter Pollock, manager of Western Programs for the Lincoln Institute.

But Pollock says today's comp plans are "addressing a much broader range of topics that relate more to people's lives." He says comp plans are being used to discuss issues beyond the traditional land use topics, as "vehicles for sustainability, community resilience, and other unifying concepts that have virtue."

Indeed, sustainability and equity are objectives in recent comprehensive planning efforts in Seattle, Boston, and Denver—all hot-market cities dealing with an influx of knowledge-economy jobs and a dearth of affordable housing. These cities, members of the Big City Planning Directors Institute, sponsored by the Lincoln Institute of Land Policy, the American Planning Association, and the Harvard Graduate School of Design, have other long-range challenges in common, including the need for better multimodal transportation systems and stepped-up climate-change resilience. But their approaches to comprehensive planning vary widely, with one city updating policies every year, another updating after a half-century, and a third finding that integrating multiple detailed master plans may be more helpful than a comprehensive plan for long-range planning.

> "Today's comp plans are vehicles for sustainability, community resilience, and other unifying concepts that have virtue."

"Comp plans," as they're known in the vernacular, have been the linchpin of long-range land use planning and regulation since the City Beautiful Movement early in the last century. Local governments may adopt official comprehensive plan documents by ordinance to serve as policy guides for decisions about physical development in communities. They generally offer a vision and goals for future growth and development, and provide a framework for big-picture decisions, from preservation of natural resources to where to build new homes and locate jobs, improve transportation connections, and make capital investments such as utilities, sidewalks, and libraries. Comp plans analyze demographic information and discuss key community challenges and opportunities. Some focus exclusively on land use and development, while others include transportation, utilities, the environment, housing, education, parks and recreation, and other aspects of the

Better multimodal transit and stronger climate-change resilience are prominent goals in the latest comprehensive plans for Boston, Denver, and Seattle (shown here). Credit: Brent R. Smith/Alamy

Seattle 2035 directs urban growth into the city to preserve the natural landscape beyond the urban perimeter.

life, form, and physical development of the community. Some plans enumerate city policies with lists of objectives and strategies. As "living documents," some are updated every year; others every couple decades. Ideally, they're coordinated with county and regional planning efforts. They often end with implementation ideas for future action.

"There are thousands of comp plans out there, with varying degrees of sophistication," says David Rouse, research director for the American Planning Association and coauthor of APA's 2015 *Sustaining Places: Best Practices for Comprehensive Plans*. The publication provides a framework and standards for creating livable, healthy communities in harmony with nature, with resilient economies, social equity, and strong regional ties. APA also established a recognition program for best practices in comp plans (see p. 27).

So what is new and different about comprehensive plans, and how are they being used? *Land Lines* asked long-range planners for Seattle, Boston, and Denver to share their experiences.

Seattle 2035 Comprehensive Plan

Seattle, one of 10 cities that took part in an APA pilot program to develop best practices for comp plans, has a "landmark sustainability comp plan," says Rouse.

Adopted unanimously by the Seattle city council in October 2016, the *Seattle 2035 Comprehensive Plan* is the city's third generation of comp plans, all focused on sustainability and all directing more urban growth into the city to preserve forests and farmlands beyond. Since it was first adopted in 1994, Seattle's comp plan has guided growth over 20-year periods, with the city council annually adopting resolutions as policies to make sure the plan reflects current community conditions and values.

The Washington State Growth Management Act (GMA), passed in 1990, requires counties and larger cities to create comp plans, and to update them every eight years. The GMA's goals include reducing sprawl and directing growth to areas that already have water, sewer, transportation, and other urban services. Each county must draw an urban-growth boundary beyond which urban-style development is not allowed. Comp plans must show that each city has enough land with the right zoning to absorb growth that is expected to occur over the next 20 years. Cities must also plan for housing, transportation, water, sewer, and other facilities that will be needed, and create plans that are consistent with other plans in the region.

To prepare for the new comp plan, the Seattle Office of Planning and Community Development issued a capacity analysis in 2014 entitled *Seattle 2035: Updating Seattle's Comprehensive Plan*. It noted that Seattle's population since 1994 had increased 20 percent, with nearly 100,000 new residents and much greater racial and ethnic diversity. Current growth projections for the city of 652,000 indicate 70,000 additional households and 115,000 additional jobs by 2035. The planning department also issued the Growth and Equity analysis to determine access to opportunity and risk of displacement throughout the city. The report indicates locations with the highest risks of displacement, as well as areas with the greatest access to education, transit, and employment. It features an equitable development framework for growth, a displacement index, and an analysis of alternative growth scenarios and their impacts on displacement.

Seattle's 2005 comp plan called for the city to embrace growth. The 2016 challenge was different: how could the city leverage growth to build better neighborhoods, create jobs and economic opportunity for all residents, and improve the safety and vitality of the city?

While hundreds of residents participated in the 2005 process, the recent two-year update process, delayed a couple years because of the recession, involved residents in more than 24,000 website visits, 4,800 online open house visits, 2,600 appearances at workshops and meetings, 2,100 online survey responses, and thousands of facebook and Twitter comments. Topping the list of key issues Seattleites expressed was the need for housing that is affordable for middle and lower-income households. Seattle has been facing its worst housing crisis ever, due in part to tech-oriented businesses such as Amazon and Microsoft, which have introduced new residents in the tens of thousands. Mayor Ed Murray has set a goal of building or preserving 50,000 homes in 10 years, with 20,000 of them rent- and income-restricted. Among the new comp plan policies is an amendment allowing for alternative affordable home ownership opportunities that aren't common in Seattle now, such as community land trusts, down payment assistance, mixed-income housing requirements, and limited-equity housing co-ops.

The new plan retains the concept that anticipated growth should be focused in the city's densest areas—the designated urban centers of Downtown, First Hill/Capitol Hill, South Lake Union, Uptown, University District, and Northgate. To maximize public investment in infrastructure and services, the plan also continues to channel growth to 24 urban villages, or mixed-use areas with compact land use and density, such as light-rail station areas. Both urban centers and urban villages are places that already have active business districts, jobs, services, and concentrations of housing, and can accept more, says Tom Hauger, manager of comprehensive and regional planing.

Seattle's previous comprehensive plan included neighborhood plans with specific visions of how and where development should occur, and made a binding commitment to those visions. To match more recent language in the city's zoning code, the new plan removed a requirement that upzones—or changes in zoning to allow for more intensive use—must be approved in neighborhood plans before the whole comp plan is adopted. This change allows "a little more wiggle room" to add some multifamily housing to single-family neighborhoods, which comprise about half the city's 84 square miles, says Hauger. This change now allows for upzoning to occur, even outside the urban villages—if, for example, an area is within the 10-minute "walk shed" of a light-rail station or very good bus service. But Hauger says the city wants to study the issue at greater length and work with the Mayor's Housing Affordability and Livability Agenda (HALA) advisory committee on neighborhood boundaries. Hauger says the upzoning debate features "strong arguments on both sides, though the urban villages have enough capacity for 40 to 50 years of growth. So the need to upzone single-family neighborhoods is not necessary today."

Perhaps the biggest change in the new plan relates to equity. All three of the city's comprehensive plans have expressed the core values of environmental stewardship, community, economic opportunity and security, and equity—though these core values have been reordered with each iteration as community values dictated. A 2015 resolution adopted by city council changed "social equity" to "race and social equity," and this value rose to the top of the list in the recently adopted plan, to emphasize the need to address disparities experienced by people of color, says Hauger.

"We've identified ways in which the city, through growth, could help communities that have been underserved in the past, and could reduce the risk of displacement for those populations," says Hauger. The new comp plan includes over 120 new policies that relate to social and racial equity. It specifies growth will be reduced in high displacement areas and directed to areas with more transit, education, and employment opportunities. The plan also calls for monitoring growth in locations where low-income households and people of color are at risk of displacement. "The shift to equity, especially with rapid growth, is really the focus of the plan," he says, "but that's also a part of sustainability."

Seattle 2035 calls for more multimodal transit, as shown here in the South Lake Union neighborhood. Credit: plainurban/flickr

Imagine Boston 2030

Boston is a good example of a city where the previous comp plan—called a general plan here—was about land use and development. "But it's a new day in Boston," says Pollock, and the new comp plan process has been "about the community, quality of life, and checking on residents' needs and values."

In the two generations since Boston issued its last citywide plan in 1965, the city has changed dramatically. The loss of industrial jobs in the 1960s, racial tensions, and other factors led to the loss of about one-third of Boston's population, which hit a low point in 1980 with 563,000 residents. Since then, the city has rebounded by building a new knowledge-based economy, supported by a legacy of world-class hospitals and universities.

In 2015, anticipating Boston's 400th birthday in 2030, Mayor Martin J. Walsh launched a new comprehensive plan process (the city is not required to create a comp plan, and city council does not have to adopt or approve a plan). The mayor had two major goals for the plan, says Sara Myerson, director of planning for the Boston Planning and Development Agency (formerly the Boston Redevelopment Authority). The first goal was, she says, "to be a true reflection of Bostonians' view of the city in the future, because knowing residents' views about prosperity and shared values would be important when making difficult decisions, and would change the way we govern. The second goal was to move across silos and create a different way to coordinate planning policy."

Imagine Boston 2030: Expanding Opportunity addresses growth, economic opportunity, and resilience—"with equity at the heart of the plan, and a focus on making Boston more innovative while making the city more inclusive," says Myerson. A draft of the plan is under review, and a final plan is due out this summer. *Imagine Boston* is the result of four years of planning and two years of community outreach to create a comprehensive policy framework for the city, says Myerson.

Imagine Boston addresses residents' request for more efficient transportation options. Credit: Denis Tangney, Jr./iStock

Imagine Boston is addressing a broad range of issues—housing, health, education, the economy, energy and the environment, open space, transportation, technology, and arts and culture. Recent changes have prompted the new long-term vision: between 2010 and 2014, Boston grew 6 percent, twice the national rate, adding almost as many residents in four years as in the previous 20. The city's 2016 population of 667,000 is projected to reach 724,000 by 2030, with 15 percent more jobs and a need for 20 million additional square feet of new office, retail, and industrial work spaces. Boston has also become more diverse, with more than a quarter of all Bostonians born outside of the United States. A wide wealth gap exists between white residents and residents of color, who are now in the majority. Neighborhoods have disparities in educational attainment, home ownership, commute times, and access to healthy food and health care that correspond with levels of wealth and poverty. Housing affordability is a critical need, as 46 percent of Boston households are cost-burdened, spending over a third of their income on housing. To accommodate projected growth, Mayor Walsh in 2014 called for 53,000 new homes across income levels by 2030 (10,000 have been built and another 7,000 are under construction).

Another key issue is resilience: as one of the nation's top four cities at greatest risk of flooding, Boston faces increasing temperatures, extreme coastal storms, and climate-change-related sea level rise, which pose significant risks for Boston's highly urbanized neighborhoods and coastal job centers. Boston's sea level rose about 9 inches during the 20th century. Between 2000 and 2030, it's projected to rise at a rate almost three times greater. An estimated $55 billion in assets are exposed to a 100-year flood event. Planners are coordinating the comp plan work with the Mayor's Office of Resilience and Racial Equity, supported by the Rockefeller Foundation's 100 Resilient Cities program, to help Boston plan for and deal with climate-related disasters and other challenges. Boston is planning for climate adaptations with its Climate Ready Zoning, building level adaptations, and district-scale planning.

Imagine Boston planners began extensive community outreach by asking Bostonians to identify their biggest priorities and concerns. Residents responded: housing that is affordable, education that expands opportunity, and reliable and efficient transportation. The community outreach process has yielded responses from 14,000 residents, through traditional open houses, panel discussions, visioning kits, community workshops, online maps, and text-messaging surveys. Some 9,000 responses came from surveys administered by street teams.

"The street teams represented the diversity of Boston," says Rebekah Emanuel, executive director of *Imagine Boston*, with some teams engaging residents more playfully, using building-block exercises at farmers markets, parks, and other gathering places. They discussed trade-offs and "how people thought growth should be guided in their neighborhoods" and other potential development areas, she adds. Community outreach helped identify five goals for the plan: 1) encourage affordability, reduce displacement, and improve quality of life; 2) increase access to opportunity; 3) drive inclusive economic growth; 4) promote a healthy environment and prepare for climate change; and 5) invest in open space, arts and culture, transportation, and infrastructure. The comp plan also directed five main actions: enhance neighborhoods, expand neighborhoods, develop mixed-use job centers, develop a waterfront city for future generations, and create networks of opportunity.

The city of 49 square miles of land is looking to support residents' vision of a more connected mixed-use and mixed-income community by fitting more people and jobs into neighborhoods. The comp plan locates "action areas" with capacity to accommodate Boston's projected growth in existing neighborhoods and commercial cores, and to reduce housing-price pressure, improve access to opportunity, and stitch together the physical fabric of the city.

"Expanded" neighborhoods will vary in size and scale, from development of "neighborhood edges"—or sites on the waterfront, on fringes of stable neighborhoods, or near rail lines—to larger-scale areas with still-vibrant industrial uses that will see significant new mixed-use housing, job sites, and services. These larger, more transformative areas will pilot innovation centers and planning and infrastructure investments to support new office, lab, and industrial spaces. They also will benefit from zoning for climate-change resilience, sustainable building standards, and flood protections, as well as open spaces and places for arts and culture.

Planners reviewed comp plans from a number of other cities, and they found Seattle's equity and displacement elements particularly applicable to Boston, which is developing a displacement tool kit. "The mayors of Boston and Seattle have had many conversations about growth and displacement," says Myerson. "That really resonates with us."

In Boston's new comp plan, "there's a real desire to tackle complex urban challenges with policy solutions that cut across silos," says Myerson. "We're really creating a hybrid of planning and other disciplines, as a reaction to the complex challenges cities are facing. Many cities are thriving right now, so it's not about attracting investments, but figuring out solutions to challenges of growth while continuing to build on investments in an innovative economy."

Imagine Boston also addresses residents' request for more affordable housing and expanded access to opportunity. Credit: Denis Tangney, Jr./iStock

Denver's newly restored Union Station has attracted $2 billion infrastructure and mixed-use development. Credit: tvirbickis/iStock

Denveright/Blueprint Denver

Denver is also taking a different approach to traditional comprehensive planning with a new integrated planning process, called *Denveright*, involving updates in four key areas that will guide local planning for the next 20 years. The city is now halfway through the 18-month *Denveright* process, in which four master plans—the *Blueprint Denver* integrated land use and transportation plan, the parks and recreation plan, the pedestrians and trails plan, and the transit plan—are being updated collaboratively. *Denveright* is an umbrella project for all the plans, bringing the processes together to maximize resources, make the planning process more efficient, and ensure the plans work together holistically to accommodate future growth. *Blueprint Denver* and the parks and recreation plan will be adopted by the Denver city council, but the pedestrians and trails and the transit plans, both overseen by public works, will not.

"The benefit of doing all these plans at once is cross-collaboration and an interdisciplinary approach," says Kimball Crangle, cochair of the *Blueprint Denver* Task Force. City staff and the cochairs for each plan's task force are working together to produce a body of policies that will provide a cohesive vision for where and how growth happens. "We see tremendous opportunity in having the plans speaking in the same language," says Crangle. "They will be dated when we sign them, but at least we'll be on the same page in terms of how we implement goals across our city."

"The *Denveright* process is a significant improvement over the previous approach, doing separate plan updates sequentially," says Brad Buchanan, executive director of Denver Community Planning and Development. The *Denveright* discussions "happen in real time," he says. "The same questions come up week by week with the forces, and they make sure the priorities of all their plans are shared. It's a more robust process than we've ever done before, with a stockpile of deep and rich research in each area."

As in Seattle and Boston, a vision of sustainability has guided Denver's comprehensive planning, and it's evolving through community outreach efforts to include new focuses on social equity and resilience. In 2016, as part of the *Denveright* process, the Lincoln Institute and the Sonoran Institute, in a Western Lands and Communities joint venture, led exploratory scenario planning workshops on future growth and development for the *Blueprint Denver* update. The *Denveright* project is continuing to explore scenario planning with Calthorpe Associates and has created a board game that residents can play at public meetings or online, to weigh in on their choices for where density, transit, and other elements should go in the 155-square-mile city. Denver grew from 468,000 residents in 1990 to 683,000 in 2015, and it's projected to add another 200,000 residents within 20 years. Citing a housing crisis as the city's top priority, Mayor Michael Hancock has proposed spending $150 million over the next 10 years to build more affordable housing.

When Denver city council adopted the 2000 comp plan, the city was a very different place than it is today. The Central Platte Valley's former rail yard had been cleared of its tracks, but redevelopment had not begun on the Denver Union Station neighborhood, which has attracted $2 billion in infrastructure and mixed-use development, with the historic train station restored as a multimodal transit hub for the metro region. Many of the city's transit lines and station areas that would be built as part of the 2006 FasTracks regional light-rail and bus network did not exist. Large master-planned communities within the city, including Stapleton and Lowry, were in the early construction or planning stages.

The *Blueprint Denver* plan was adopted in 2002 to help implement the 2000 comp plan and to ensure that continuing growth and development would be located in the most sustainable places. *Blueprint Denver*'s goals were to direct development to "areas of change," to limit change in "areas of stability," develop multimodal streets, and promote mixed-use development and urban centers. Preserving residential neighborhoods was a big focus of the plan at a time of significant "scrape-offs" and "pop-tops" of existing homes.

Areas of stability, encompassing 82 percent of the city, included residential neighborhoods and were marked for character preservation or new investments. Growth was channeled to much denser areas of change, including downtown, commercial corridors, and areas around transit stations, as well as the city's large redevelopment sites.

Blueprint Denver's role in locating growth, along with a citywide zoning code overhaul in 2010 that introduced form-based and context zoning and allowed over 6,100 acres to be rezoned from single-use to mixed-use zone districts, many of them near existing or planned transit stations, have helped achieve a more sustainable urban form. Since 2002, two-thirds of new housing (67 percent) and jobs (64 percent) occurred in areas of change, according to *Blueprint Diagnostics*, a 2016 analysis report prepared for the *Blueprint Denver* update.

Blueprint Denver is now evolving with more focus on equity issues and resilience in the broadest sense, says Crangle. She says the task force is considering how the city could provide benefits, such as stable affordable housing, parks, trails, transit connections, convenient services, and other healthy infrastructure and amenities, to lower-income neighborhoods undergoing redevelopment and displacement pressures. "In Denver, we have opportunity to spread equity—social, financial, health, general wellbeing. What kinds of benefits do [these neighborhoods] get, and how do we ensure that the people and businesses that have been there for decades can stay?"

Stapleton is Denver's renowned mixed-used, mixed-income community on the grounds of the decommissioned Stapleton Airport. Credit: Forest City Stapleton, Inc.

Denveright incorporates four master plans, including the parks and recreation plan that encompasses Lookout Mountain, final resting place of Buffalo Bill Cody, and other sites in the Denver Mountain Park system. Credit: Bradley Gordon/flickr

AMERICAN PLANNING ASSOCIATION (APA) BEST PRACTICES FOR COMPREHENSIVE PLANS

In 2015, APA published *Sustaining Places: Best Practices for Comprehensive Plans (https://www.planning.org/publications/report/9026901/)* to define the role of comprehensive plans in developing sustainable communities, and to demonstrate how to turn principles into plans and score the results. APA established a set of standards and a recognition program for best practices in which communities submit their completed comp plans, and APA reviewers score them bronze, silver, or gold. Now in the second year of the recognition program, APA will announce its first gold standard comp plan at its annual conference in New York in May 2017. "Even if cities don't want to be scored, they can use this document to assess their own comp plans," says David Rouse, APA research director.

The sun sets over the Mile High City. Credit: nick1803/iStock

"We're attempting to be bold and allow a broad-based land-use guiding document that allows for change and evolution," says Crangle. "Twenty years is a long time, a couple of business cycles, and this document can't be prescriptive. Our job is to provide the foundation for land use to evolve as the city changes and to allow flexibility."

The comp plan itself is not being updated, and it's not clear whether it will be, says Buchanan. "Our comp plan is very high-altitude and more aspirational." *Blueprint Denver* and other specific plans are the primary policy documents for the decision-making process, he says. "When our comp plan was adopted in 2000, these other plans didn't exist, and since these other finer-grained plans have emerged, there is less reliance on it." Buchanan says no decision has been made yet, but the question has been asked: "does *Denveright* become the keeper of this family of plan documents going forward, and does it replace the comp plan?"

Value-add for Communities

What is the value of a comp plan in the end? "Planners' strength is that we know a little about a lot, and we can be great integrators and bring together different elements at play in a city," says Pollock. "You don't do that by regulations about heights of buildings, but by bringing people together to achieve goals."

Although the community process may appear to seek general agreement, comp plans aren't designed to "reach consensus," he says. "It's a huge challenge: how are you using the comp plan to engage the community, and how do you deal with the reality of different goals and visions?" The document will be adopted by the community's representatives, he says, and while everyone does not get a vote, the comp plan ideally values the whole community's goals, hopes, and dreams and provides guidance on how to achieve them.

"Those of us who are more aspirational see the comp plan as a way to bring in broad elements but also to incorporate a vision for community," Pollock says.

Kathleen McCormick, principal of Fountainhead Communications in Boulder, Colorado, writes frequently about healthy, sustainable, and resilient communities.

Making Tax Incentives Work

Lessons from Boston, Massachusetts

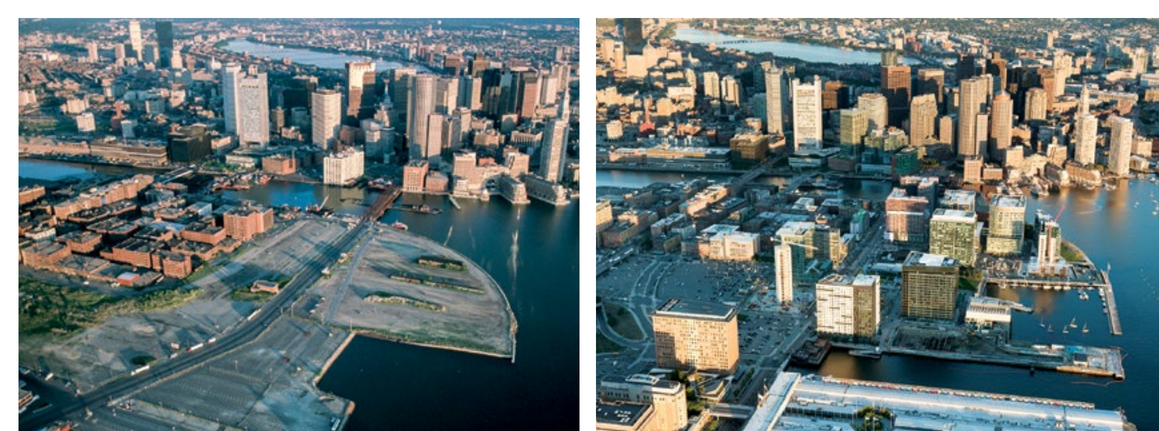
The use of tax incentives to encourage economic growth has increased over the last several decades. Given this escalation, it is important for policy makers to employ techniques that promote growth while avoiding practices that needlessly erode the tax base. Tax incentive policies must balance the desire to stimulate job growth and economic activity with the need for fiscal integrity and performance.

Elected officials understand that a vibrant economy produces jobs, raises incomes, and expands the tax base. In an economic system based on competition, incentive programs provide tangible evidence of a political leader's commitment to attracting businesses and providing economic opportunity to their communities. Many tax incentives, however, are not effective. Academic studies of the economic impact of tax incentive mechanisms conclude that many are either unnecessary or wasteful, often subsidizing businesses for activities they may have undertaken anyway.[1]

Boston's tax incentive policies and tactics attempt to strike the right balance, supporting expansion of the City's tax base, appreciation in property values, and job and income growth in recent years. Property tax revenue is critical to Boston's overall fiscal health, generating nearly 70 percent of revenue; growth of the property tax base is essential for covering escalating municipal costs and funding new initiatives. While Boston's economy grew by 5.3 percent from 2013 to 2014—significantly more than the U.S. or Massachusetts growth rates of 2.4 percent and 2.5 percent, respectively[2]—the City has demonstrated the ability to generate this economic growth while maintaining strong fiscal performance, achieving a AAA bond rating while meeting the public service demands of a growing population and workforce. Tax incentive policies are just one element of many contributing to Boston's favorable economic performance.

It is important for policy makers to employ techniques that promote growth while avoiding practices that needlessly erode the tax base.

Ronald W. Rakow is commissioner of assessing for the City of Boston.



Fan Pier Boston, Before and After

The City of Boston used tax incentives to stimulate development and expand the tax base in Fan Pier, in Boston's Seaport District, shown here in 1987 before redevelopment and in 2014 after the project was complete. *Credit: Steve Dunwell*

Recommendations

The following core practices, drawn from the experience of Boston, Massachusetts, provide lessons from an incentive program that has proven able to maximize economic impact while minimizing the risks of unnecessary subsidies.

ESTABLISH CLEAR GUIDELINES

Communities with clear policies for the use of incentives are less likely to use them when they are not necessary. A community with set guidelines is also unlikely to overextend in the heat of a competition to attract a company or advance a development. The most important factors to consider are the state of the local economy and the community's fiscal condition and tax structure. For example, a community may be more inclined to offer tax incentives when economic conditions are soft, or when real estate development is slow.

Boston's tax incentive policy is driven by its reliance on property tax revenues. New development is expected to proceed without incentives and pay full taxes. Incentives are exceptional, considered only when they are necessary to advance economic development priorities where the market does not support full taxes. Reasons for offering an incentive may include:

- assisting a project with unique economic or construction challenges,
- attracting a key industry or company that will yield many more jobs, or
- stimulating economic development in a strategic location.

Incentives should play only a supporting role in an economic development program. Expedited permitting, infrastructure assistance, and other efforts to highlight Boston's comparative advantages are also important to drive economic development.

ESTIMATE THE FULL TAX BILL FOR ALL PROJECTS

It's important to determine the full taxes that a project would pay without assistance before offering a tax incentive. A firm or developer often requests a tax incentive without knowing the level of taxes without assistance. Determining the full tax level may allow a community to demonstrate that its level of taxation is competitive or that a project is feasible without an incentive. This exercise also demystifies the assessment process, making the tax amount a more certain, predictable cost.

The full tax amount also provides a benchmark for determining the cost of any incentive. When the cost of a potential incentive is known, a community is more likely to stay within its incentive policies and not overextend. A clear cost benchmark also provides transparency, as the value of any incentive offer is established.

REQUIRE COMPANIES AND DEVELOPERS TO PROVIDE DETAILED FINANCIAL DISCLOSURES

In order to make informed decisions on whether to offer or to appropriately size an incentive, policy makers must receive detailed financial information from a proponent considering a facility. A pro forma—including information on the cost of the project, projected revenue and expenses, and the expected return—is necessary to analyze the impact of any incentive. A good rule of thumb is that developers should share information similar in detail to what they would provide a bank or investor considering the project.

It's often difficult to obtain information that businesses may consider confidential and proprietary. To address these concerns, many jurisdictions can collect financial information by using statutory authority that will treat the filing as a confidential tax return. Some might argue that the collection of financial information in this manner runs counter to the need for transparency when providing incentives. While the concern is valid, a community needs to balance the need for detailed financial information with transparency considerations.

Detailed financial information ensures that if an incentive is offered, it is structured to provide only the level of assistance required to make a project feasible.

REQUIRE THAT INCENTIVES RESULT IN AN ECONOMIC RETURN FOR THE COMMUNITY

Incentive programs should lead to measurable economic outcomes. Firms most often commit to adding and maintaining a level of new jobs in return for an incentive. Reporting and auditing provisions are critical to ensuring communities can effectively monitor these benefits.

Incentive agreements may contain provisions for "clawbacks" that allow the community to recoup all or a portion of the incentive if a project performs below promised levels. While clawback provisions are worthwhile, they can sometimes be difficult to implement and enforce.

An alternative model makes the annual incentive amount contingent upon performance benchmarks. For example, a community may offer a tax incentive of $10 million over 10 years to a firm committed to bringing 1,000 new jobs to a new facility. Instead of simply structuring the incentive as a $1 million annual tax credit, the community and firm can agree to a schedule. If the firm meets or exceeds its employment commitment in each year, it receives the full $10 million. However, if during the term the company reduces its employment, the incentive is also reduced to an agreed-upon level. This method matches the value of the incentive with the performance of the firm annually, avoiding the potential angst of a clawback mechanism.

CONSIDER PROVIDING PUBLIC INFRASTRUCTURE SUPPORT INSTEAD OF A TAX SUBSIDY

Public infrastructure is often necessary to support new development. Tight municipal budgets have forced many jurisdictions to shift the responsibility of financing and building infrastructure onto developers. In a classic case of the dog chasing its tail, developers often seek tax incentives to help offset the costs of building the infrastructure. Providing infrastructure support may have several advantages over tax incentives:

- Infrastructure costs tend to be more known—both in terms of direct costs and debt service requirements—while the costs of tax incentives are often less tangible and may vary considerably over the life of the incentive as economic conditions change.
- Infrastructure investments may benefit several development projects or firms, while tax incentives tend to help a single entity.
- Providing infrastructure puts government back into a more traditional, familiar role of providing streets, sewers, and other public amenities.
- New infrastructure will continue to benefit the city even if the subsidized business relocates or goes out of business.

ENSURE THAT GOVERNMENTS COOPERATE ON REGIONAL ECONOMIC ISSUES

Neighboring communities should work together on economic development issues to benefit the entire region. Using tax incentives to lure companies across borders simply erodes local tax bases and does not generate regional economic benefits. For example, Boston has joined with neighboring communities Braintree, Cambridge, Chelsea, Quincy, and Somerville to create the Greater Boston Regional Economic Compact. Members meet several times per year to develop strategies to promote growth in the region.

Local communities must also coordinate with state government. Since the economic benefit of new development accrues to the entire region, local government should leverage state resources to support strategic development opportunities. For example, new office and retail development in Boston often generates significantly more state income and sales taxes than local property tax revenue. When state and local governments equitably share the costs of development incentives, it enables development opportunities while preserving the local tax base.

A coordinated effort between state and municipal government provides greater leverage and a more accurate accounting of benefits, to ensure the public sector does not collectively overextend. Intergovernmental collaboration also creates a favorable impression on businesses considering a major investment in the region. Officials at GE said the cooperative relationship between city and state leaders influenced the company's decision to relocate its headquarters to Boston.[3]

Reviving Fan Pier Boston

The Fan Pier project illustrates how Boston used incentives to stimulate development and expand the tax base to ignite growth in the city's Seaport District.

The Fan Pier—15 acres of vacant land and surface parking lots on prime, waterfront real estate in the heart of the Seaport—was underutilized for decades. In 2010, Boston partnered with the property's owner and state government to use a new infrastructure incentive program called I Cubed, to provide $37.8 million for infrastructure required by the development.[4] Under I Cubed, the state uses new income and sales tax revenues from increased employment and business activity at a new development to pay the infrastructure debt service. If the new revenues are insufficient to pay the infrastructure debt, the developer is assessed an amount to cover the shortfall.

The potential lead tenant for Fan Pier was Vertex Pharmaceuticals, an expanding biotech company that was considering relocation out of state. Vertex committed to transferring 1,700 employees to the site in two buildings containing 1.1 million square feet of office and research lab space. The state offered Vertex $10 million in tax credits from a program established to encourage the growth of the biotech industry. In addition, Boston provided a $12 million property tax incentive to Vertex. The combined value of these incentives made Vertex's occupancy costs at the site more competitive with options in other states, and the company relocated to the Fan Pier.[5]

Vertex's commitment provided the critical mass necessary to get the office and lab space and the required infrastructure built at the site. Today, the Fan Pier is the Seaport's signature mixed-use development. Additional development at the site has resulted in thousands of new jobs, residents, and businesses, and catalyzed the surge of development occurring in the broader Seaport district today. $1.5 billion of new development is under construction, and $850 million is scheduled to break ground soon.[6] Notably, this additional development has occurred without incentives.

In the Keynesian tradition of priming the pump, sometimes extra effort is required to make the first domino fall. The high-quality, mixed-use development—with an art museum, public parks, and a marina—established Fan Pier as a destination. Vertex's move brought 1,700 employees to the area and demonstrated the district's potential as a location for companies in the innovation economy. At the very least, the incentives accelerated the pace of development for the area. In this context, the City's $12 million investment in an incentive appears prudent. The Vertex parcel itself is projected to yield $55 million over the seven-year term of the tax agreement. The development wave noted above also spurred a fourfold increase in annual property taxes from the Seaport District, from $30 million in 2008 to $127 million in 2017. This amount will grow significantly as properties currently under construction reach completion. State government will also see substantial increases in revenues from the new economic activity in the area.

Would the Seaport have developed without the infrastructure investment and tax incentives? It's impossible to know for sure, but the long-standing lack of progress in the area certainly left Boston's policy makers with legitimate concern. Perhaps the better question is this: given the site's potential, would it have been wise to do nothing and risk delaying or even preventing this wave of development?

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1 Daphne A. Kenyon, Adam H. Langley, and Bethany P. Paquin, *Rethinking Property Tax Incentives for Business* (Lincoln Institute of Land Policy, 2012), 2.

2 *Boston Economy 2016*, Boston Planning and Development Agency, www.bostonplans.org/research-maps/research/research-publications (July 29, 2016).

3 Shirley Leung, "An Alliance of Leaders Helped Lure GE to Boston" (*The Boston Globe*, January 16, 2016).

4 The project was authorized for $50 million in I cubed funds, but only $37.8 million was utilized.

5 In 2014 Vertex experienced a short-term setback resulting in a 25 percent workforce reduction. This led to the company returning $4.9 million in life science tax credits to the state and a $3 million reduction in the City tax incentive that was in proportion to the job cuts. Vertex's employment levels have since recovered and continue to grow.

6 Tim Logan and David L. Ryan, "A Waterfront That's Rapidly Transforming" (*The Boston Globe*, January 31, 2017).

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