

Promoting Equitable Development in Communities

An Overview of Five Promising Strategies

Joseph Schilling, Samantha Fu, and Yonah Freemark

June 2024

CONTENTS

Increasing [Access to Affordable Housing](#) and Opportunity-Rich Neighborhoods

Promoting Economic and Community Development by [Supporting Small Businesses](#)

[Equitable Transit-Oriented Development](#) That Benefits Residents and Local Businesses

Green Community Development through [Ecodistricts](#)

Building Community Power, Housing Affordability, and Local Stewardship through [Community Land Trusts](#)

EQUITABLE DEVELOPMENT PRINCIPLES AND PRACTICES: A COLLABORATIVE FRAMEWORK FOR POLICYMAKERS AND COMMUNITY LEADERS

A number of contemporary policy and planning challenges are converging on communities across the country—such as climate change, environmental injustice, economic and health disparities, and a lack of affordable housing. As communities assess current conditions and plan for the future, these challenges test the mindsets and capacities of local governments, private actors, and communities and residents. In response, some communities are beginning to revamp their land use and development processes and plans to ensure that new growth and investments center equity and inclusivity, and revitalize neighborhoods instead of ravaging them. Equitable development (EQD) is one model that has emerged within policy and planning circles as a possible antidote to traditional development models, which have historically prioritized sprawling growth over denser, infill development that have fewer environmental impacts and greater community benefits.

As part of our engagement with nonprofit, public, and private sector organizations and leaders in Fresno, California, through the Shared Prosperity Partnership (SP2), we undertook a scan of emerging policy and program frameworks that can advance more inclusive and equitable development. Below we synthesize these frameworks into a core set of equitable development principles and then identify five strategies that may each help advance one or more of the principles. The following overview offers policymakers and community leaders a good starting place—though by no means a comprehensive roadmap—for elevating and adapting EQD principles and practices in their communities.

What Is Equitable Development?

Our research uncovered multiple definitions of equitable development that often reflect the perspectives of particular organizations and professions. The US Environmental Protection Agency (EPA), PolicyLink, and the Government Alliance on Race and Equity were among the first actors to define EQD and outline its parameters:

- EPA: “Equitable development is an approach for meeting the needs of underserved communities through policies and programs that reduce disparities while fostering places that are healthy and vibrant.”¹
- PolicyLink: “Equitable development is a positive development strategy that ensures everyone participates in and benefits from the region’s economic transformation—especially low-income residents, communities of color, immigrants, and others at risk of being left behind. It requires an intentional focus on eliminating racial inequities and barriers, and making accountable and catalytic investments to assure that lower-wealth residents: live in healthy, safe, opportunity-rich neighborhoods (and are not displaced from them); connect to economic and ownership opportunities; and have voice and influence in the decisions that shape their neighborhoods” (PolicyLink 2016, 4).
- Government Alliance on Race and Equity: “Quality of life outcomes, such as affordable housing, quality education, living wage employment, healthy environments, and transportation are equitably experienced by the people currently living and working in a neighborhood, as well as for new people moving in. Public and private investments, programs, and policies in neighborhoods that meet the needs of residents, including communities of color, and reduce racial disparities, taking into account past history and current conditions” (GARE 2016, 1).

Most definitions and frameworks have a common focus on the built environment, placemaking, land development, and ensuring that current and future land use decisions are inclusive and equitable. Arguably, recent environmental justice initiatives, such as President Biden’s Justice40 Initiative, can be thought of as the latest manifestation of these frameworks and principles.

Equitable Development Principles

Other organizations and agencies have since devised their own sets of principles and practices to help communities apply and refine equitable development based on community context and local dynamics. These EQD principles typically speak to one or more of three areas: (1) planning and development policies, (2) people and diverse communities, and (3) community power and decisionmaking processes.

As part of our scan, we found the EQD principles promoted by The Alliance, a regional equity organization from Minneapolis, particularly compelling because they embody the dimensions and perspectives from several EQD frameworks, make the principles accessible for community leaders and local residents, and provide a scorecard for applying the principles to specific development projects.² The principles and scorecard rest on this simple proposition: “*How can development repair past harms and contribute to a stronger, more inclusive and thriving community?*” As part of our ongoing SP2 engagements in Fresno, we brought together 20 local leaders from nonprofits and community-based organizations to explore how the future redevelopment of downtown and its surrounding core neighborhoods could be done in a more equitable and inclusive way that benefits all Fresnoans. During the half-day workshop, participants shared their communities’ connections to these places and raised concerns about traditional development processes. Using The Alliance’s equitable development framework, they identified community priorities and brainstormed strategies that city officials, developers, and property owners could implement to elevate and activate the principles of equitable development. Through these conversations, the group made subtle changes to the principles to more closely align with the current Fresno context, such as adding climate and sustainability, expanding economic development to include community development, and refining community power through stewardship of place. Informed by our engagement with local nonprofit organizations and leaders in Fresno, we adapted The Alliance’s equitable development principles into the following ones:

- **Housing and Neighborhoods** includes access to safe, affordable, and quality housing and neighborhoods for everyone to live and thrive in while allowing existing residents to remain in their chosen communities by minimizing the risks of displacement and neighborhood gentrification. This principle further protects

tenants, enables opportunities for homeownership, provides quality public amenities, and supports diverse community-scale businesses.

- **Environment-, Climate-, and Sustainability-Friendly** development protects the communities' natural assets so everyone and every neighborhood has access to clean land, water, air, and green space that can promote good health and general well-being and minimize harm from past and present environmental injustices.
- **Community Power and Stewardship** strives to ensure that residents have a say over the places in which they live and the services they use, and asserts that local leaders should share power and help communities build their power.
- **Equitable Community and Economic Development** prioritizes development projects that improve the economic well-being and quality of life for everyone in a community or neighborhood, provide opportunities for wealth building (including by supporting local entrepreneurs and business owners) and jobs, and prevents and mitigates displacement of locally owned businesses.
- **Equitable Transportation** integrates different transportation modes (including bikes, buses, and trains) with land use and housing policy to develop walkable neighborhoods that provide easy access to transportation so people with low incomes can get to school, to their jobs, and back to their homes.
- **Livability** is the sum of the factors that make up a community's quality of life and ensure new developments will benefit the community as a whole, including the physical and natural environments, public safety, health and well-being, economic prosperity, social stability and equity, educational opportunity, and multicultural placemaking, entertainment, and recreation possibilities.

Emerging Equitable Development Policies and Practices

Beyond these diverse EQD frameworks and principles, the perennial policy challenge is how local governments and their community-based partners, together with developers, property owners, and civic institutions, put these principles into action. How can communities adopt and implement policies and programs that can activate equitable development projects on the ground? Our work in Fresno helped us identify five strategies that can advance one or more of the six EQD principles above. We describe these five strategies below.

BUILDING COMMUNITY POWER, HOUSING AFFORDABILITY, AND LOCAL STEWARDSHIP THROUGH COMMUNITY LAND TRUSTS

The equitable development principle of community power and stewardship asserts that local residents should have a say in the governance of the places they live and the services they use, and that local leaders should share power as well as help community members build their power (USC Dornsife 2020). Fostering community stewardship of this kind can ensure that all community members—particularly those belonging to disadvantaged or marginalized groups—benefit from new development projects (Cohen 2021).

There are many ways to foster community stewardship, such as by establishing cooperatives (e.g., housing cooperatives, employee cooperatives, or producer cooperatives) in which community members can be co-owners and stewards or by creating smaller-scale community governance structures like neighborhood advisory commissions that allow elected community members to represent their neighborhoods in local decisionmaking processes. Below we spotlight community land trusts as one way to help build community power while also improving access to affordable housing and reducing displacement that may result from new development and increasing land values.

What Are Community Land Trusts?

Community land trusts (CLTs) are nonprofit organizations that steward land in perpetuity for the benefit of the community. They can be created for a range of purposes, including to provide affordable rental housing and homeownership opportunities and to support local businesses and other organizations serving the community. CLTs not only enable individual community members to build wealth but also stabilize neighborhoods by preventing displacement and contributing to the maintenance and rehabilitation of vacant or blighted properties (Zonta 2016).

Key elements of community land trusts include the following:

- **Permanent affordability.** CLTs preserve permanent affordability by removing land and property from the speculative market. They do so by purchasing parcels of land—generally with a combination of loans and grants, some of which may be subsidized by public sources—and then either selling or renting the properties on the land to community members at below-market rates. CLTs retain control of the land by leasing it on a long-term basis to community members and preserve permanent affordability by enforcing restrictions on the resale value of properties. Because the cost of land is a major contributor to the increasing unaffordability of housing and other real estate, removing land from the equation can dramatically lower costs for community members who only purchase or rent the properties and not the land.³
- **Democratic governance and community stewardship.** CLTs are typically governed by nonprofit boards with equal representation from residents of CLT properties, residents of the wider community, and public representatives.⁴ This governance structure builds community power by enabling residents to participate in stewarding land for the public interest and in crafting solutions that meet the community's needs.

What Are Some Examples of How Community Land Trusts Have Been Applied in the US?

The 2022 census of CLTs by the Lincoln Institute of Land Policy identified more than 300 CLTs in 46 states, including nonprofits operating shared equity programs, with the greatest number of CLTs in the state of California, followed by Washington and New York. The census estimates that CLTs collectively own or operate more than 40,000 housing units (Wang et al. 2023).

One example is the Irvine Community Land Trust, which was created in 2006 with initial financial support from the City of Irvine in response to growing concern from local officials about the increasing imbalance between jobs and available housing units.⁵ The city was able to donate surplus property to the Irvine CLT as well as provide low-interest, long-term loans. Irvine CLT is now a self-sustaining nonprofit that stewards—meaning owns, manages, and maintains with the goal of keeping projects in community hands—nearly 500 housing units, both rental and owner-occupied.⁶

What Are Some Key Considerations for Creating Community Land Trusts?

Land Acquisition

In order to steward land, CLTs must first acquire the resources to purchase it or partner with local governments and economic development authorities to acquire vacant or abandoned properties. Acquiring land may be difficult in cases where public subsidies or private financing are limited or unavailable. Financing limitations can also pose a challenge to scale, which may limit the effectiveness of CLTs on increasing affordability and stability in communities.

Scope, Type, and Location

Other considerations for CLTs include whether to pursue a scattered-site strategy (i.e., purchase properties throughout the city) or focus on a specific neighborhood or area, whether to acquire properties for housing or commercial purposes, and what eligibility restrictions (e.g., income limits) to place on community members wishing

to purchase or rent CLT properties.⁷ For instance, many CLTs require residents to have incomes less than 80 percent of the area median income to comply with federal funding restrictions; CLTs that do not rely on federal funds are often able to set higher income limits. While setting lower income limits would allow CLTs to serve community members most in need, serving those residents would require CLTs to provide greater subsidies, thus—unless additional funds can be secured—limiting the number of residents they can serve.⁸

Resources for Further Exploration

- Grounded Solution Network's [Startup Community Land Trust Hub](#)
- The Othering and Belonging Institute's [Community Land Trusts as Stewards of Public Land: A Guide for Local Governments in California](#)
- Local Housing Solutions' [brief on Community Land Trusts](#)
- The National League of Cities' [Community Land Trusts: A Guide for Local Governments](#)

GREEN COMMUNITY DEVELOPMENT THROUGH ECODISTRICTS

Transportation and buildings contribute more than 40 percent of US greenhouse gas emissions—and while the nation's overall pollution is trending downward, emissions from these two sectors have stayed largely flat for the past two decades.⁹ The sources of these emissions are by-products of the ways cities and regions are built and the ways people live; the more people drive and the larger their homes become, the greater the pollution.¹⁰ People who live in denser areas generally pollute less than people who live in suburban areas. This is to a large degree because they drive less and tend to live in smaller homes that are grouped together and insulate one another. Despite polluting less, however, they are still subjected to the effects of climate change, such as worsening exposure to heat and an increasing number of deadly storms.¹¹

Ecodistricts, or climate-resilient development, can help communities transform the ways neighborhoods minimize their carbon footprints while adapting to severe weather conditions caused by climate change. The ecodistrict concept provides city and community leaders with a policy and planning framework for implementing development that not only cuts down on greenhouse gas emissions but also reduces vulnerability to stormwater runoff, lowers the severity of urban heat islands, encourages a broader set of transportation options, increases housing affordability, and improves quality of life.

What Are Ecodistricts?

Ecodistricts are neighborhood-scale development plans that promote and pilot a range of environmentally sustainable strategies. They incorporate sustainability practices related to new construction or retrofits of buildings in existing neighborhoods to create green neighborhoods that reduce environmental impacts and increase social equity. The city may enact complementary zoning and building code regulations that support development of an ecodistrict.

The ecodistrict concept has been around for more than two decades. There are many examples of ecodistricts in Europe that promote strengthening economic prosperity, promoting equity, and protecting the environment (Flurin 2017). In some cases, ecodistricts incorporate new green technologies and new ways of thinking about the planning process and community governance (Fitzgerald and Lenhart 2016).

The definition of an ecodistrict is somewhat broad; it could encompass many different sustainability concepts simultaneously. Even so, contemporary ecodistricts are designed to incorporate a mix of the following components (Poli, Ravagnan, and Ricci 2022):

- Ecological elements, such as preparations for stormwater runoff (e.g., bioretention, bio-infiltration, and permeable pavements), provisions to reduce the urban heat island effect (e.g., tree cover, green space and

open space, and green roofs), and protection of biodiversity (e.g., through specific programs designed to protect local species).

- Intentional measures to reduce carbon emissions, such as implementing public transportation lines in the heart of neighborhoods; constructing low-energy-consumptive buildings, including retrofitting buildings to LEED or Passivehaus standards (i.e., so that buildings contribute as much energy to the grid as they consume); integrating renewable energy systems; creating district energy infrastructure; and using heat pumps in new and renovated buildings.
- Provisions to increase quality of life and affordability, such as having subsidized housing on-site and a mix of retail and service developments within walking distances to save on transportation costs.

A successful ecodistrict is one that achieves a reasonable combination of these elements. This requires a different way of thinking about urban development schemes. While most development planning in the US is typically undertaken by rezoning a district and then expecting private-market developers to arrive with concepts for new projects, the ecodistrict framework proposes a more substantial role for the public and nonprofit sectors, notably in leading innovative and inclusive development planning. This is necessary because ecodistricts require coordination between infrastructure and buildings that goes beyond the basic utility access standard needed for most new US urban projects.

Generally, to develop an ecodistrict, the local government—perhaps through quasi-government agencies, such as land banks or development authorities—acquires and/or takes control of (or has significant management over) large parcels of land on which it can plan for building construction, utilities, integrated parks, and more. Publicly owned land can reduce development costs, enabling more affordable housing on site. In many cases, ecodistricts are most feasible on brownfield sites, which has the advantage of encouraging infill growth rather than growth on the suburban edge, which is more environmentally damaging because it requires destroying natural ecosystems. (In some cases, where ecodistricts are implemented in existing neighborhoods, publicly owned land can be interspersed with private land.)

What Are Some Examples of How Ecodistricts Have Been Implemented in the US?

In 2009, Portland, Oregon, began planning for one of the first ecodistricts in its Lloyd area, which is just east of downtown and within easy public transit access to the rest of the city. The area's transformation is being led by a local nonprofit, Lloyd EcoDistrict.¹² The city has focused on retrofitting existing buildings to LED lighting, taking advantage of reduced costs through mass purchasing while increasing energy efficiency. At the same time, the nonprofit has encouraged biking in the neighborhood, supported residents' goal of having more green spaces in the area, and increased ecological diversity, such as through a program that supports pollinating bees.

Ecodistricts are very popular in Europe, as noted earlier. The French government, for example, has developed an "EcoQuartier" charter designed to help cities throughout the country achieve low-carbon emissions neighborhoods with a mixed group of residents. There are now more than 300 ecodistricts in France, in which almost 300,000 housing units are planned.¹³ One particularly innovative ecodistrict in Paris is in the Clichy-Batignolles area on a brownfield industrial site. The project, which is almost completed, will have 3,400 housing units, half of which will be dedicated to affordable housing, and include a 25-acre park, access to two new subway stations, on-site renewable energy production, vacuum waste collection, and Passivhaus-standard building designs.¹⁴

What Are Some Key Considerations and Potential Limitations of Ecodistricts?

To make the vision of an ecodistrict a reality, its proponents must inventory potential sites and assess their feasibility for accommodating a range of aligned projects and buildings. Based on this initial assessment, communities then need to adopt a formal neighborhood or district plan and incorporate ecodistrict elements (and possible certification) into that site. Undertaking an ecodistrict requires considerable collaboration and

coordination between many public officials working across multiple agencies and building strong partnerships with community residents, nonprofits, green businesses, and developers. This effort is time-consuming and can result in a dead end. It may require a green intermediary—in essence, a local “champion”—to promote the project and bring together stakeholders from across public agencies. And, in some cases, a nonprofit or institutional intermediary organization may need to continue to staff and facilitate the eventual governance of the ecodistrict.

Because ecodistricts are ambitious, encompassing a wide range of plans, some projects may fall short of meeting all proposed goals. This can make it difficult to argue for undertaking an initiative as large and complex as a neighborhood-wide development plan (Bottero et al. 2019).

Resources for Further Exploration

- Partnership for Southern Equity’s “[Just Communities Protocol, v. 1.0](#)”
- Lloyd EcoDistrict’s “[2030 Roadmap](#)”
- Center for Neighborhood Technology’s “[EcoDistricts](#)”
- The Urbanist’s “[Urbanism 101: What Is an EcoDistrict?](#)”

EQUITABLE TRANSIT-ORIENTED DEVELOPMENT THAT BENEFITS RESIDENTS AND LOCAL BUSINESSES

Over the past three decades, as part of a broader strategy to revitalize their downtowns and commercial corridors, dozens of communities across the US have adopted transit-oriented policies and plans, which are development strategies that invest in a mix of walkable and dense residential and commercial uses.¹⁵ Such transit-oriented development (TOD) can improve quality of life for residents and make neighborhoods more attractive for private investment—thus generating new vitality for communities and areas.

Recent evidence suggests, however, that without intentional anti-gentrification efforts, TOD—especially in walkable neighborhoods—can result in less housing affordability and even displacement (Duncan 2011; Padeiro, Louro, and da Costa 2019). Therefore, a critical question for policymakers is how they can ensure that transportation investments and other TOD strategies will maximize benefits for residents and local businesses while minimizing harms like displacement. Equitable TOD is one way.

What Is Equitable Transit-Oriented Development?

Equitable TOD is designed to address some of the negative aspects of private investment that can result from public transportation improvements. It is founded on the principle that people of all incomes and backgrounds should directly benefit from the convenience of living and working near quality rail and bus service—and that the communities near transit should be designed to meet a broad variety of local needs and desires.¹⁶ It also has the potential to concurrently generate placemaking and livability in the context of transportation and affordable housing.

Equitable TOD is different from standard TOD, because it acknowledges that development driven only by what the private real-estate market would produce could result in transit areas that only serve people with the means to afford new, market-rate buildings. It also acknowledges that keeping the cost of living near public transportation affordable can save residents money, as well as reduce their carbon footprint and other negative environmental impacts from car dependence.

Major elements of equitable TOD include the following:

- Adjacency to a transit system that provides affordable, frequent, and reliable service to other parts of the metropolitan area, thus offering effective access to employment, services, and other needs so that local residents can live without relying on an automobile.

- Safe and well-designed infrastructure, including accessible sidewalks and protected bike lanes as well as green spaces and other public spaces.
- Anchor facilities that fulfill important daily needs, such as grocery stores, day care centers, schools, libraries, and pharmacies.
- Opportunities for small business creation, including in retail spaces and small-scale industrial or manufacturing facilities, particularly by diverse people in the local community so that they can provide a mix of relevant products and services.
- Diversity of housing types at different price points. Housing should be designed to serve families of all types, including people who are single, people who have physical or mental disabilities, people who need living assistance, and people who have suffered from chronic homelessness. And units should be designed to have a range of bedrooms and be affordable to everyone in the community at large.

Having the right mix of uses and activities for the building stock requires an integrated approach to planning and financing as well as interventions by different levels of government. To achieve equitable TOD outcomes, municipalities must develop collaborative, cross-agency, and cross-sector partnerships that span the nonprofit, public, and private spheres. Collectively, these actors are in an ideal position to make equitable policy, planning, and project decisions. A critical element of equitable TOD is involving community members directly in the planning processes and development decisions.

What Are Some Examples of How Equitable Transit-Oriented Development Has Been Implemented in the US?

A good starting place for local government is to adopt an equitable TOD plan or strategy that sets a strong foundation for guiding investments and development projects; the plan can apply throughout the entire city or in certain districts or corridors. The local government can then adopt more specific ordinances and practices to facilitate its implementation.

The city of Austin, Texas, recently completed an equitable TOD policy plan, with the goal of ensuring that the city's new transit system, now under construction, would provide "new economic opportunities for residents of all income levels" (City of Austin 2023, 12). The plan specifies areas of the city where residents are facing risk of displacement and categorizes the city's future transit stations around those areas most in need of additional investments. The city will use the plan to identify potential interventions that support affordable housing and include people of color in the planning processes.

Following the completion of its equitable TOD policy plan in 2020 (City of Chicago 2021), the Chicago City Council adopted a Connected Communities Ordinance in 2022,¹⁷ making several changes to the city's zoning code to produce more equitable neighborhoods around transit stations. The revised rules require new housing projects to incorporate more affordable units in high-income and gentrifying neighborhoods. They also limit the number of parking spaces needed for new projects to reduce overall development costs.

What Are Some of the Obstacles to Implementing Equitable Transit-Oriented Development?

Equitable TOD is difficult to achieve in neighborhoods with little market demand for new development. It can be difficult to attract investors to build new housing projects in those areas, let alone open grocery stores or other types of retail. This can threaten a city's ability to create viable neighborhoods where people of all backgrounds want to live.

Moreover, to create communities that are filled with essential public services, such as libraries and parks, around transit, local officials must often prioritize investing in those areas instead of in other parts of the city. This can be difficult for some elected officials who want to spread the resources around the entire community and not just concentrate them to equitable TOD.

Resources for Further Exploration

- PolicyLink’s All-In Cities Policy Toolkit, “Equitable Transit-Oriented Development”
- SPARCC’s (Strong, Prosperous, And Resilient Communities Challenge) “Equitable Transit-Oriented Development”
- Center for Neighborhood Technology’s “All Transit Map and Metrics”
- Smart Growth America’s “Equity Is Not an Afterthought: How to Advance Equity within the Community”
- Poverty & Race Research Action Council’s *Equitable Transit Oriented Development: Examining the Progress and Continued Challenges of Developing Affordable Housing in Opportunity and Transit-Rich Neighborhoods*

INCREASING ACCESS TO AFFORDABLE HOUSING AND OPPORTUNITY-RICH NEIGHBORHOODS

Affordable, stable housing is a key component of individual and community well-being. Increasing access to affordable housing is not only the most cost-effective strategy for reducing childhood poverty, but it can also result in better health, educational, and economic outcomes for both children and adults (Giannarelli et al. 2015). Ensuring that community members have access to affordable, high-quality housing—whether to rent or to own—in their chosen neighborhoods is a core component of any equitable development strategy.

There are many strategies that communities can consider to increase the supply of affordable housing, from establishing incentives for developers to build affordable housing (e.g., density bonuses) to creating dedicated funding streams for the development or preservation of affordable housing (e.g., housing trust funds).¹⁸ Recently, zoning reform has started to gain traction as a way to increase supply, along with the conversion of vacant office buildings and underused hotels.¹⁹ City and county housing agencies can also help expand the supply of affordable housing by building new public or social housing (Fischer, Acosta, and Bailey 2021). Below we focus on the strategy of establishing incentives by exploring a policy known as inclusionary zoning.

What Is Inclusionary Zoning?

Inclusionary zoning (IZ) refers to policies that either incentivize or require developers to include units affordable to moderate- or low-income families in new, multifamily housing developments that would be otherwise affordable only to people who can pay market prices. The goal of IZ is to increase housing affordability while also expanding economic opportunity, so that low-income households have equitable access to opportunity-rich neighborhoods.²⁰

Key elements of IZ policies include the following:

- **Type of law.** IZ policies can be mandatory or voluntary, though some states preempt local governments from adopting mandatory policies (Melton-Fant 2021). When policies are mandatory, local governments generally require that a specific percentage of affordable units be included in new housing developments. These policies generally apply to rental housing, but they sometimes have relevance for homeownership. When the policies are voluntary, incentives are offered for developers to include a certain proportion of affordable units, such as in the form of density bonuses, which allow developers to build more units than would ordinarily be allowed under the locality’s zoning code.
- **Coverage.** IZ policies can apply to all or only a subset of new developments. For instance, they may apply only to rental properties, homes for purchase, or both. They may also apply only to developments with a certain number of units, developments in a certain area, or other locally determined criteria.
- **Affordability.** IZ policies generally include a target percentage of units in a development that must be set aside as “affordable,” and they also specify what affordability means.²¹ For instance, a locality can mandate that 10 percent of all units in a new development be affordable to households earning up to 60 percent of

the area median income. The specific affordability and income thresholds should be tailored to each community's housing market and environment.

What Are Some Examples of How Inclusionary Zoning Has Been Applied in the US?

IZ policies have been adopted in many localities across the nation. According to a database compiled by the Grounded Solutions Network, as of 2019, there were more than 1,000 state and local IZ programs in the US, which together are responsible for creating more than 100,000 affordable units per year.

In 2003, the City of Chicago implemented an early and robust IZ policy known as the Affordable Requirements Ordinance. It was revised in 2021 to require that certain residential developments with 10 or more units (including those that receive a zoning change or financial assistance from the city) make a portion of their units affordable to people with low and moderate incomes.²²

In Chicago, the portion of affordable units set aside varies by the type of development and the neighborhood in which it is proposed. For example, for rental projects in city-designated low-to-moderate-income areas, developers must set aside 10 percent of the units as affordable to households earning, on average, 60 percent of the area median income.²³ For rental projects in city-designated community-preservation areas, inclusionary areas, or the downtown district, developers must set aside 20 percent of the units as affordable, also at a weighted average of 60 percent of the area median income. Developers may choose not to comply with the IZ policy and instead pay a higher in-lieu fee.

What Are Some Key Considerations for Implementing Inclusionary Zoning?

Despite the relative widespread adoption of IZ policies, research on their effectiveness suggests somewhat mixed results. While some IZ policies, such as those in Massachusetts, New Jersey, and parts of California, have been successful in producing new affordable housing units, others have produced very few or even none. Opponents of IZ policies question their effectiveness in promoting housing affordability in the long term, arguing that they may disincentive housing production and increase housing prices overall.

The evidence suggests that the impact of IZ policies depends on the specific policy design, including whether it establishes appropriate incentives for developers and whether it is mandatory or voluntary; the dynamics of the neighborhood in question; and the housing market in the area (for example, IZ policies have been found to be most effective in "strong," appreciating housing markets) (Stacy et al. 2021). Their success also hinges on robust monitoring, administration, and enforcement (Ramakrishnan, Treskon, and Greene 2019). And while there is some evidence that IZ policies can contribute to increasing economic opportunity and reducing racial disparities, it is important to consider whether they are the most effective means of meeting these goals. Some argue that IZ policies unfairly place the costs of creating affordable housing exclusively on new developments (Armstrong et al. 2008).

Resources for Further Exploration

- Local Housing Solutions' [brief on Inclusionary Zoning](#)
- Results for America's Economic Mobility Catalog, "[Creating Affordable Housing](#)"
- PolicyLink's All-In Cities Policy Toolkit, "[Inclusionary Zoning](#)"
- The Urban Institute's "[Inclusionary Zoning: How Different IZ Policies Affect Tenant, Landlord, and Developer Behaviors](#)" and [other relevant research](#)

PROMOTING ECONOMIC AND COMMUNITY DEVELOPMENT BY SUPPORTING SMALL BUSINESSES

The US Small Business Administration defines “small businesses” as independent businesses with fewer than 500 employees—and has called them the “lifeblood of the US economy” and the “driving force behind US innovation and competitiveness” (Kobe and Schwinn 2018, 1). According to the administration, small businesses account for nearly half of all economic activity in the US and generate two-thirds of net new jobs; this share of economic activity has been declining in recent years, however, partly as small businesses have struggled to recover from the 2008 recession (Kobe and Schwinn 2018).

Supporting small businesses can have large benefits for local economies. Research suggests that every dollar spent at locally owned, small businesses has a multiplier effect on the local economy, because these businesses recirculate a much larger proportion of revenue within their communities than large, multinational corporations.²⁴ New and thriving small businesses not only help individual residents build wealth but also contribute to overall community well-being and quality of life by increasing access to services and amenities and creating stronger and more stable local economies.

What Are Some Ways to Support Small Businesses?

Government agencies and nonprofit business alliances or partnerships can provide small businesses with many supports that cover the business life cycle, from starting or launching the business to scaling and sustainability. These programs can range from technical assistance, coaching, and mentorship to financial assistance and access to funding.

Some examples of programs that support small businesses—and thus the economic well-being of communities as a whole—include the following:

- accessible offerings for small businesses by banks and other lending institutions
- forgivable loans and grants to small businesses that provide essential services to local communities
- technical assistance to small-business owners on how to secure and use funding appropriately

Policymakers can also support small businesses through various policy levers, including preferencing small businesses in public procurement practices, funding business development activities for small and local businesses, and generally creating a supportive policy environment that minimizes hurdles for small-business owners.

What Are Some Examples of Programs that Support Small Businesses?

Many programs, from federal and state programs to smaller programs created by nonprofits, exist to help small businesses access and use capital. Most support businesses in the real estate, rental, and leasing industry, because they comprise the largest share of small businesses in the US (Kobe and Schwinn 2018). For instance, the Community Preservation Corporation, a national nonprofit lender and investor based in New York, created a \$20 million initiative known as ACCESS: Acquiring Capital and Capacity for Economic Stability and Sustainability. The initiative provides “flexible capital to create opportunities for people of color in real-estate development” and empowers Black and minority entrepreneurs to compete in the development industry.²⁵ It offers predevelopment and acquisition loans, debt and recoverable grants, and capacity-building programs (e.g., borrower training and financial literacy) to help first-time entrepreneurs navigate the development process.

There are also many programs that help small businesses outside the real-estate industry. For instance, the National Trust for Historic Preservation distributes grants to small or independently owned restaurants every year through its Backing Historic Small Restaurants program, which aims to help restaurants address critical needs, such as supply chain issues, staffing shortages, inflation, and other challenges.²⁶

What Are Some Key Considerations for Supporting Small Businesses?

There are many types of small businesses in many different industries, and each may have different needs. For instance, there are significant differences between businesses with 500 employees and those with 5, and the demands and opportunities of small businesses located in central business districts are different from those located along commercial corridors and arterial highways. Therefore, any effort to support small businesses must consider the type of business in question, its history, and its location, among other factors. It should also engage with business owners, workers, and residents to determine how to effectively support the broader community.

In addition, when a district or neighborhood undergoes significant reinvestment, it can result in higher rents and business displacement. This can be especially challenging for businesses owned by people of color. It is therefore critical to identify and implement protections and investments to mitigate the risks of displacement for small businesses (Alvarez, Andrews, and Lung-Amam 2021).

Resources for Further Exploration

- The US Small Business Administration's "SBA Resources to Help Entrepreneurs Start and Grow Their Business"
- The Institute for Local Self-Reliance's "Report: 26 Actions Local Leaders Can Take to Help Small Businesses Weather the Pandemic"
- The American Independent Business Alliance's "Resource Library"
- The Local Initiatives Support Corporation's *Tactical Guide: Inclusive Small Business Support*

NOTES

- ¹ "Equitable Development and Environmental Justice," US Environmental Protection Agency, accessed April 22, 2024, <https://www.epa.gov/environmentaljustice/equitable-development-and-environmental-justice>.
- ² "Equitable Development Principles & Scorecard," The Alliance, accessed April 25, 2024, <https://thealliancetc.org/equitable-development-scorecard/>.
- ³ Alexander Hermann, "Increasing Land Prices Make Housing Less Affordable," *Housing Perspectives* (blog), Joint Center for Housing Studies of Harvard University, July 22, 2019, <https://www.jchs.harvard.edu/blog/increasing-land-prices-make-housing-less-affordable>.
- ⁴ "Community Land Trusts," Grounded Solutions Network, accessed March 22, 2024, <https://groundedsolutions.org/strengthening-neighborhoods/community-land-trusts>.
- ⁵ "Our Mission," Irvine Community Land Trust, accessed March 22, 2024, <https://www.irvineclt.org/our-mission>.
- ⁶ "Quick Facts," Irvine Community Land Trust, accessed March 22, 2024, <https://www.irvineclt.org/quick-facts>.
- ⁷ Local Housing Solutions, "Community Land Trusts," accessed March 22, 2024, <https://localhousingsolutions.org/housing-policy-library/community-land-trusts>.
- ⁸ Local Housing Solutions, "Community Land Trusts."
- ⁹ US Environmental Protection Agency, "Sources of Greenhouse Gas Emissions," accessed March 22, 2024, <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>.
- ¹⁰ Ananya Hariharan and Yonah Freemark, "What Are the Emissions and Climate Implications of Land-Use Regulations?" *Urban Wire* (blog), Urban Institute, May 24, 2022, <https://www.urban.org/urban-wire/what-are-emissions-and-climate-implications-land-use-regulations>.
- ¹¹ CoolClimate Network, "CoolClimate Maps," accessed March 22, 2024, <https://coolclimate.berkeley.edu/maps>.
- ¹² "Home," Lloyd EcoDistrict, accessed March 22, 2024, <https://www.ecolloyd.org/>.
- ¹³ "Approach," Ministère de la Transition Écologique, accessed March 22, 2024, <http://www.ecoquartiers.logement.gouv.fr/demarche/>.
- ¹⁴ Paris & Métropole Aménagement, "Clichy-Batignolles (Paris 17th): A New Urban Quality for Northwest Paris," accessed March 22, 2024, <https://www.paris-metropole-amenagement.fr/en/clichy-batignolles-paris-17th>.
- ¹⁵ "What Is TOD?" Institute for Transportation & Development Policy, accessed March 22, 2024, <https://www.itdp.org/library/standards-and-guides/tod3-0/what-is-tod/>.

- ¹⁶ "What Is ETOD?" Equitable Transit-Oriented Development, accessed March 25, 2024, <https://etod.cnt.org/about/>.
- ¹⁷ "Connected Communities Ordinance," City of Chicago, accessed March 25, 2024, <https://www.chicago.gov/city/en/sites/equitable-transit-oriented-development/home/connected-communities-ordinance.html>
- ¹⁸ "Incentives," Inclusionary Housing, Grounded Solutions Network, accessed March 24, 2024, <https://inclusionaryhousing.org/designing-a-policy/land-dedication-incentives/>; and "Dedicated Revenue Sources," Local Housing Solutions, accessed March 25, 2024, <https://localhousingsolutions.org/housing-policy-library/dedicated-revenue-sources/>.
- ¹⁹ California HOME Act, or Senate Bill 9, which passed in 2021, gave homeowners in single-family zones the right to divide their lots into two, on which they can build up to three additional homes, bypassing local zoning regulations. See Jon Healey and Matthew Ballinger, "What Just Happened with Single-Family Zoning in California?" *Los Angeles Times*, September 17, 2021, <https://www.latimes.com/homeless-housing/story/2021-09-17/what-just-happened-with-single-family-zoning-in-california>.
- ²⁰ Opportunity-rich neighborhoods are those that provide good schools and access to jobs, services, and healthy environments. See, for example, the Bay Area Equity Atlas, "Neighborhood Opportunity: In an Equitable Region, Access to Opportunity-Rich Neighborhoods Would Not Vary Systematically by Race," accessed March 25, 2024, https://bayareaequityatlas.org/indicators/neighborhood-opportunity#.
- ²¹ Housing is generally considered "affordable" if a household spends less than 30 percent of its gross income on housing costs. In contrast, market-rate housing generally describes unsubsidized housing that is priced competitively, at rates comparable to other units on the market. In many cities and regions, market-rate housing is unaffordable to a large proportion of residents. From 2017 to 2021, over 40 percent of renter households in the US spent more than 30 percent of their incomes on housing costs. See Office of Policy Development and Research, "Defining Housing Affordability," *PD&R Edge*, August 14, 2017, <https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081417.html>; and US Census Bureau, "More Than 19 Million Renters Burdened by Housing Costs," press release, December 8, 2022, <https://www.census.gov/newsroom/press-releases/2022/renters-burdened-by-housing-costs.html>.
- ²² "Affordable Requirements Ordinance (ARO)," City of Chicago, accessed March 25, 2024, <https://www.chicago.gov/city/en/depts/doh/provdrs/developers/svcs/aro.html>.
- ²³ In Chicago, 60 percent of the area median income for a family of four is \$66,180. Using the 30 percent affordability threshold, a unit affordable to a family making 60 percent of the area median income would cost no more than \$1,654 per month. By comparison, in October 2023, the median rent for a three-bedroom property was \$2,300. See "Area Median Income (AMI) Chart," City of Chicago, accessed March 25, 2024, https://www.chicago.gov/city/en/depts/doh/provdrs/renters/svcs/ami_chart.html; and "Chicago, IL Rental Market," Zillow, accessed March 25, 2024, <https://www.zillow.com/rental-manager/market-trends/chicago-il/?bedrooms=3>.
- ²⁴ "The Local Multiplier Effect," American Independent Business Alliance, accessed March 25, 2024, <https://amiba.net/project/local-multiplier-effect/>.
- ²⁵ "CPC Announces \$20 Million ACCESS Initiative to Empower Minority Real Estate Entrepreneurs and Invest in Communities of Color," Community Preservation Corporation, accessed March 24, 2024, <https://communitycp.com/access-launch/>.
- ²⁶ "Backing Historic Small Restaurants," National Trust for Historic Preservation, accessed March 25, 2024, <https://savingplaces.org/historicrestaurants#.YpYoDe7MI2w>.

REFERENCES

- Alvarez, Nohely T, Bi'Anncha T. Andrews, and Willow S. Lung-Amam. 2021. *Small Business Anti-Displacement Toolkit: A Guide for Small Business Leaders*. College Park, MD: Small Business Anti-Displacement Network.
- Armstrong, Amy, Vicki Been, Rachel Meltzer, and Jenny Schuetz. 2008. "The Effect of Inclusionary Zoning on Local Housing Markets: Lessons from the San Francisco, Washington DC and Suburban Boston Areas." New York: Furman Center for Real Estate and Urban Policy; and Washington, DC: Center for Housing Policy.
- Bottero, Marta, Caterina Caprioli, Giancarlo Cotella, and Marco Santangelo. 2019. "Sustainable Cities: A Reflection on Potentialities and Limits Based on Existing Eco-Districts in Europe." *Sustainability* 11 (20): 5794. <https://doi.org/10.3390/su11205794>.
- City of Austin. 2023. *Equitable Transit-Oriented Development Policy Plan*. Austin: City of Austin.

- City of Chicago. 2021. *The City of Chicago Equitable Transit-Oriented Development (ETOD) Policy Plan*. Chicago: City of Chicago.
- Cohen, Mychal. 2021. "Building Community Power for Equity: A Discussion Paper for Year 4 of the 11th Street Bridge Park Equitable Development Evaluation." Washington, DC: Urban Institute.
- Duncan, Michael. 2011. "The Impact of Transit-Oriented Development on Housing Prices in San Diego, CA." *Urban Studies* 48 (1): 101–27.
- Fischer, Will, Sonya Acosta, and Anna Bailey. 2021. *An Agenda for the Future of Public Housing*. Washington, DC: Center on Budget and Policy Priorities.
- Fitzgerald, Joan, and Jennifer Lenhart. 2016. "Eco-Districts: Can They Accelerate Urban Climate Planning?" *Environment and Planning C: Politics and Space* 34 (2): 364–80. <https://doi.org/10.1177/0263774X15614666>.
- Flurin, Claire. 2017. "Eco-Districts: Development and Evaluation; A European Case Study." *Procedia Environmental Sciences* 37:34–45. <https://doi.org/10.1016/j.proenv.2017.03.012>.
- GARE (Government Alliance on Race and Equity). 2016. "Equitable Development as a Tool to Advance Racial Equity." N.p.: GARE.
- Giannarelli, Linda, Kye Lippold, Sarah Minton, and Laura Wheaton. 2015. *Reducing Child Poverty in the US: Costs and Impacts of Policies Proposed by the Children's Defense Fund*. Washington, DC: Urban Institute.
- Kobe, Kathryn, and Richard Schwinn. 2018. "Small Business GDP, 1998–2014." Research Summary No. 444. Washington, DC: US Small Business Administration.
- Melton-Fant, Courtnee. 2021. "The Relationship Between State Preemption of Inclusionary Zoning and Health." Washington, DC: National League of Cities.
- Padeiro, Miguel, Ana Louro, and Nuno Marques da Costa. 2019. "Transit-Oriented Development and Gentrification: A Systematic Review." *Transport Reviews* 39 (6): 733–54. <https://doi.org/10.1080/01441647.2019.1649316>.
- Poli, Irene, Chiara Ravagnan, and Laura Ricci. 2022. "A Planning Framework for Urban Resilience toward Climate Adaptation and Mitigation: Potentials and Limits of 'Eco-Districts.'" *Urban Science* 6 (3): 49. <https://doi.org/10.3390/urbansci6030049>.
- PolicyLink. 2016. "Equitable Development: The Path to an All-In Pittsburgh." Washington, DC: PolicyLink.
- Ramakrishnan, Kriti, Mark Treskon, and Solomon Greene. 2019. "Inclusionary Zoning: What Does the Research Tell Us about the Effectiveness of Local Action?" Washington, DC: Urban Institute.
- Stacy, Christina Plerhoples, Jorge Morales-Burnett, Owen Noble, Timothy Hodge, and Timothy Komarek. 2021. "Inclusionary Zoning: How Different IZ Policies Affect Tenant, Landlord, and Developer Behaviors." Washington, DC: Urban Institute.
- USC Dornsife. 2020. *A Primer on Community Power, Place, and Structural Change*. Los Angeles: USC Dornsife, Equity Research Institute.
- Wang, Ruoniu, Celia Wandio, Amanda Bennett, Jason Spicer, Sophia Corugedo, and Emily Thaden. 2023. "The 2022 Census of Community Land Trusts and Shared Equity Entities in the United States: Prevalence, Practice and Impact." Working Paper WP23RW1. Cambridge, MA: Lincoln Institute of Policy Impact.
- Zonta, Michela. 2016. *Community Land Trusts: A Promising Tool for Expanding and Protecting Affordable Housing*. Washington, DC: Center for American Progress.

ACKNOWLEDGMENTS

This overview was funded by the Kresge Foundation as part of the Shared Prosperity Partnership. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not

determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at urban.org/fundingprinciples. Copyright © June 2024. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.