Planning fundamentals for public officials and engaged citizens

QUICKNOTES

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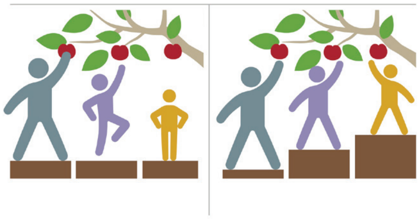
Inclusive Growth



Inclusive growth requires an equitable distribution of community benefits.

Increases in economic activity often lead to physical and demographic changes in communities as businesses expand and housing markets respond to rising demand. These changes have typically disproportionately benefited investors and higher-income households. In contrast, *inclusive growth* refers to economic growth that provides equitable benefits to all community members.

Local planning—through its influence over the location, timing, and nature of land use and development—has a considerable effect on the distribution of community benefits. Through careful analysis and community engagement, public officials, planners, and community stakeholders can use plans, discretionary approval processes, and regulations to support inclusive growth.

Background

Since the late 20th century, technological changes and global competition have led to increases in income inequality as automation and outsourcing decreased the demand for lower-skilled labor in the United States and placed a premium on highly educated and skilled workers. Meanwhile, chances for upward mobility have remained about the same. These conditions mean that higher-income residents and their children are more likely to benefit from increases in local economic activity.

Typically, physical changes associated with economic growth occur disproportionately in neighborhoods and business districts where the gap between current property values or rents and the potential property values and rents after new investments are highest. In many cases, these areas have suffered from disinvestment but have locational advantages that increase the potential for gains.

Because communities of color have higher concentrations of poverty and lower rates of educational attainment, they are more likely to be displaced by, rather than benefit from, physical changes that lead to increased property values and rents. Consequently, physical changes associated with economic growth often lead to a decrease in racial, ethnic, and economic diversity in these areas. This loss of diversity can limit a community's economic resilience and potential for economic growth.

Plan for Inclusive Growth

Planning for inclusive growth begins with analyzing neighborhood and business district conditions and trends. A community analysis can help planners and local officials classify areas based on their likelihood and potential for growth-related physical and demographic changes that would lead to the displacement of existing residents and businesses. It can also help identify areas where high property values and rents present a barrier to entry for lower-income households.

Next, local officials and planners should engage community stakeholders to learn more about how new land-use and development activities could better serve existing residents and businesses in areas with lower incomes and levels of educational attainment. This engagement process must provide opportunities for all segments of the community to participate equally and make special efforts to involve organizations that can connect local leaders with traditionally underrepresented populations. A robust community engagement process can help local officials and planners formulate communitywide and area-specific goals, objectives, and policies that promote inclusive growth.

Finally, it is important to incorporate the community analysis and policy recommendations into the local comprehensive plan and any relevant subarea plans. This establishes a fact and policy basis for public investments, regulatory changes, and discretionary land-use and development decisions aimed at supporting inclusionary growth.

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IMPROVE DISCRETIONARY APPROVALS

Large development projects often require discretionary land-use and development or contractual approvals. In these cases, the local government and the developer have an opportunity to negotiate project details—including what the developer will build; whether the local government will support the project through land sale or lease, tax benefits, financing, infrastructure investment, or relief from existing zoning requirements; and whether the developer will provide affordable housing or commercial space, parks, jobs or training for local residents or other community benefits.

Generally, local governments have more latitude to negotiate for community benefits when they are project participants and are establishing a contractual relationship with a developer. In contrast, when local governments and developers are negotiating in the context of discretionary land-use and development decisions, courts require all conditions of approval to be connected and roughly proportional to the project's impacts on the community.

When the local government is not a project participant, local officials can still encourage developers to negotiate a private community benefits agreement (CBA) with community representatives. This technique is most effective when community stakeholders have identified specific, realistic benefits that would be inappropriate to include as conditions of discretionary land-use and development approvals. While it is typically inadvisable to condition any land-use and development approval on the existence of a private CBA, local officials can make it clear to the developer and the community that they will consider the level of community support for the project in their deliberations.

ADOPT STANDARDS AND INCENTIVES

Beyond negotiating for community benefits on a project-by-project basis, local officials can adopt regulatory standards and incentives that apply evenly to all projects of a certain type. Thresholds for compliance with these standards or eligibility for these incentives may be based on the type or amount of public assistance offered to the project, the scale or land-use mix of the project, or other project characteristics.

Common examples include mandatory inclusionary housing standards that require developers to reserve a certain percentage of dwelling units in a residential project for affordable housing and incentive zoning standards that permit additional project density in exchange for affordable housing. Other examples include requirements for developers to submit community impact reports detailing the positive and negative effects of certain types of projects that require discretionary use permits, reduced or waived impact fees for projects that provide specific community amenities, and local hiring or living-wage requirements for all projects that receive certain types of public benefits.

This approach makes the most sense in cases where local officials, planners, or community stakeholders have identified recurring issues associated with specific types of development projects. Before adopting new standards or incentives that require community benefits, it is important to assess whether the local government has the appropriate staff capacity to administer these regulations and to maximize opportunities for community-based enforcement of requirements.

CONCLUSIONS

The benefits associated with land-use and development projects often accrue disproportionately to investors and higher-income households. An inclusive growth strategy aims to equitably distribute community benefits associated with these projects across all segments of the community. Local officials, planners, and community stakeholders can use plans to establish a policy basis for changes to public partnership, investment, and regulatory priorities to minimize displacement of existing residents and businesses and promote upward mobility.

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FURTHER READING

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