

A Sustainability Analysis of Workforce Housing Development Tools

Executive Summary

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Elizabeth Van Horn

The State of Arizona and Maricopa County have an established reputation for being unaffordable when it comes to housing costs to income ratios. A number of factors are contributing to this growing divide between incomes and housing costs including an underproduction of units, stagnant wages, and instability of key affordable housing funding sources (Kingsella, 2019; NLIHC, 2019a; NLIHC, 2019b). As housing affordability has decreased, a parallel trend has emerged—residents, particularly millennials, are increasingly demanding walkable, livable, transit-oriented neighborhoods (Pfeiffer, Pearthree, & Ehlenz, 2019). In response to demands, local governments are reinvesting in urban cores through capital improvement and large-scale infrastructure projects such as new transit lines, bicycle infrastructure, and green infrastructure. These investments can provide economic and environmental benefits. However, while they seem ecologically and socially conscious, they often co-opt sustainable development practices to increase profits at the expense of communities, driving economic and cultural neighborhood change, or gentrification (Zuk et al. 2018; Checker, 2011). Without an intentional focus on equity, these projects often displace low-to-middle-income and minority households currently living in newly desirable areas, depriving them of any economic and environmental benefits. This is a process coined as environmental gentrification (Checker, 2011).

The purpose of this project is to extract displacement from the environmental gentrification process by identifying workforce housing solutions that contribute to holistically sustainable outcomes. By developing workforce and affordable housing in areas undergoing environmental gentrification, two problems central to the housing crisis can be addressed at once—residential displacement and the limited supply of affordable housing for low-to-middle-income households. My client for this project, the Urban Land Institute (ULI) Arizona Task Force for Health, Equity, and Housing Affordability, opted to focus on workforce housing development, serving households earning 60 to 120 percent of the area median income (AMI). Housing typologies for this income range are often neglected because they are considered less profitable and are largely ineligible for government subsidies, earning them the title the “missing middle” (OD, 2020). The idea of addressing the missing middle with tools for creating naturally affordable, market-rate development resonated with the Task Force. It also aligns with ULI’s goals, the interests of their membership base, and therefore, their scope of influence.

To address Arizona’s housing shortage and affordability crisis and to mitigate displacement in Valley cities, I produced a set of viable workforce housing development tools for the Valley and assessed them using a simplified version of Gibson’s (2006) core criteria for sustainability. First, I created an extensive inventory of workforce housing tools based on conversations with local stakeholders during the Task Force’s Solutions Round Table event. I presented the inventory to the Task Force leadership to collect feedback and select six tools for

focused research and expert interviews. The selected tools include off-site construction, cohousing, land banks, missing middle infill models, community land trusts combined with limited equity cooperatives, and public-private partnerships. A minimum of one expert per topic was consulted in addition to several local housing experts. The research focused on identifying best practices and guidance on tool development and implementation for the public and private sectors, as well as best practices for embedding health and equity.

Based on my research, I assessed each tool using evaluative questions informed by the four key components of healthy and equitable housing solutions as defined by the Task Force—regulations, financing, location and land, and partnerships—and the four sustainability dimensions derived from Gibson’s (2006) core criteria for sustainability. The four dimensions of sustainability are environment, social, economic, and holistic. The tools and sustainability assessments will be presented in a white paper for the Task Force, ULI Arizona, and ULI National to share with stakeholders. In addition to best practices for implementing and developing each tool, I discovered several other issues of note. First, a widely used term for “workforce housing” should be established so a common language is used by all of the stakeholders involved in its production. Second, there is a general need for more research on the topic of workforce housing, particularly with regard to financing tools and cost reduction measures. Third, the stakeholders in the Valley are well aware of the barriers to workforce housing development and the potential tools that could be used to remove them, but the barriers often seem insurmountable. Last, while each of the tools described in the white paper is valuable, they will be much more impactful if they are implemented in combination.

In light of my findings, there are several other actions the Task Force, ULI, or future students could take to better address the housing affordability crisis and prevent displacement. They could continue to research other workforce housing development tools identified during the round table event, in particular those related to financing. They could reach out to knowledgeable partners locally and nationwide to redesign these tools for the Arizona context. They could use covid-19 as an example to illustrate the need for safe and healthy housing for all. Last, and most importantly, they should begin the arduous task of engaging the public, building awareness, and organizing around regulatory solutions as regulations and planning processes present some of the greatest barriers.