

RACIAL EQUITY AND SOCIAL JUSTICE TOOL

FAST TRACK VERSION



Racial Equity
& Social Justice Initiative





Racial Equity and Social Justice Initiative Racial Equity Analysis Tool Fast-Track Version

INSTRUCTIONS

This abbreviated version of the Comprehensive RESJI Racial Equity Analysis Tool is intended for issues on a short timeline or without a widespread impact.

Examples:

- single piece of legislation already drafted and introduced.
- creation of a single position description and job posting for an open position
- development of a single budget item proposal

For broader policies and legislation in its beginning phase, please use the full version of the RESJ Toolkit.

This tool should be completed by people with different racial and socioeconomic perspectives. When possible, involve those directly impacted by the issue. Include and document multiple voices in this process. The order of questions may be re-arranged to suit your situation.

Mission of the Racial Equity and Social Justice Initiative (RESJI): To establish racial equity and social justice as core principles in all decisions, policies and functions of the City of Madison.

Equity is just and fair inclusion into a society in which all, including all racial and ethnic groups, can participate, prosper, and reach their full potential. Equity gives all people a just and fair shot in life despite historic patterns of racial and economic exclusion (www.policylink.org).

Purpose of this Tool: To facilitate conscious consideration of equity and examine how communities of color and low-income populations will be affected by a proposed action/decision of the City.

The “*What, Who, Why, and How*” questions of this tool are designed to lead to strategies to prevent or mitigate adverse impacts and unintended consequences on marginalized populations.

BEGIN ANALYSIS

Name of topic or issue being analyzed:

Land Banking Policy

Main contact name(s) and contact information for this analysis:

- Linette Rhodes, Community Development Grants Supervisor
- Dan Johns, Housing Development Specialist, Office of Real Estate Services/CDA Redevelopment

Names and affiliations of others participating in the analysis:

- Kurt Paulsen, UW-Madison URPL
- Matt Frater, MSA Professional Services
- Kingsley Gobourne, UnityPoint
- Kaba Bah, Real Estate Developer
- Maria Davila, Common Wealth Development

Have stakeholders from different racial/ethnic and socioeconomic groups—especially those most affected—been informed, involved and represented in the development of this proposal or plan? Who is missing and how can they be engaged?

A diverse group of housing and community development professionals have been engaged to consider the draft LB policy through the RESJI lens and discuss any potential unintended consequences for BIPOC and low-income communities. To the extent that land banking funds have been used to acquire and fund redevelopment of specific properties since the program's start over 10 years ago, any lessons learned by the lead development entities or impacted/displaced neighbors could be insightful, even if specific data points are not available.

1. WHAT

a. What is the policy, plan or proposal being analyzed, and what does it seek to accomplish?

Land banking is a strategy to acquire, hold, manage, and develop properties such as vacant lots, abandoned buildings, or foreclosures, and transition them to productive uses, including affordable housing development. The City or a related authority could buy and hold land, selling it to developers via a request for proposal for residential development. Land banking has been used successfully by the City to encourage redevelopment of the Capitol East District and other areas, and gives the City the ability to require the inclusion of affordable housing options in development.

Upon further consideration by the Plan Commission, Common Council, and other stakeholders, strategies and actions such as the following could be further considered by the City of Madison to reduce the time and costs necessary to approve and develop new residential subdivisions:

- Establish and fund a City-run land-banking program to hold and distribute land for affordable housing development
- Explore establishing land banking partnerships with other government entities and non-government organization partners to encourage additional affordable housing development.

b. What does available data tell you about this issue? (See page 3 for guidance on data resources.)

According to [Census ACS data](#), Madison has evolved into a majority renter city (47% owner-occupancy rate, 2015-2019). Even with the progress made to deliver more affordable housing – and more housing units in general – vacancy remains low (3.68% in Q1 2021 – [MGE service area data](#)). Both rents (average over \$1,200 per unit marketwide, and over \$1,500 in central city – CoStar Q42020) and home sale prices (Dane County median of \$334,900 – [WRA, Feb 2021](#)) continue to rise in the area.

Housing cost burden is a challenge for many households, particularly renters; as of 2017, 53% of renters (over 27,000 households) spent at least 30% of their incomes on housing; 30% of renters (~15,400) spent more than 50% each month ([HUD – CHAS/Consolidated Data](#), 2013-2017 ACS).

Further, the cost per acre of developable land and for new home construction labor and materials continue to increase in tandem, further constraining the market's ability to deliver naturally affordable housing in Madison. An influx of more than 26,000 new residents (+11% from 2010-2019, [Census](#)) over the past decade has continue to drive housing demand that outstrips the supply of available for-sale or rental units. The City's use of a land banking strategy allows it to have some measure of control over development proposals that are consistent with its affordable housing goals, including densities and product types that are accessible to low and moderate incomes, and provide land write downs and other financial assistance to offset the accelerating costs of new development.

c. What data are unavailable or missing?

While much data is available about household demographics, composition and incomes, and the kinds of units they inhabit, the City does not have data on individual units and who inhabits them based on demographics. Therefore, it is difficult to analyze how a policy or specific development will affect neighborhoods in detail.

2. WHO

a. Who (individuals or groups) could be impacted by the issues related to this policy, plan or proposal?

The City, when applicable and feasible, expects applicants seeking to acquire land-banked property to demonstrate prior consultation with neighborhood associations; the alder in whose district the subject property is located; nearby alders whose districts lie within 500 feet of the subject property; and nonprofit entities and other stakeholders in the geographical vicinity of the property (e.g. neighbors and/or property owners) who may benefit from its (re)development. The City will also solicit and consider public input in deciding to purchase/sell properties with land banking funds.

The City's focus on Land Banking opportunities will be to secure land for future affordable housing developments, creating more low cost units in Madison, and impacting the increase supply of income/rent restricted units for lower income households.

b. Who would benefit?

Local non-profits, small for-profit developers, and first-time developers of color may be able to acquire properties from the City who are otherwise unable to compete against larger market-rate developers for the most desirable sites. Negotiated amenities under a community benefits agreement may help offset impacts from development in underserved neighborhoods.

Low-income households impacted by the current lack of units will benefit with focused expansion of new supply of affordable units.

c. Who would be burdened?

Potential sales of land banked parcels to for-profit entities will likely be subject to heavier scrutiny than a purely market-rate transaction of other surplus City property. However, small for-profit developers and those led by minorities without significant project experience in City's desired end uses may be unintentionally crowded out from competitive bid processes.

City could be competing with other developers in the market at the time of securing land causing burden on developers seeking to get access to transit-oriented properties.

d. Are there potential disproportionate impacts on communities of color or low-income communities?

To the extent that land banked properties are located in lower-income or heavily BIPOC areas of the City, end uses that are not relevant to those communities (or for affordable housing, do not actively draw residents from the area) may be seen as intrusive, off-limits and a form of gentrification. Investments in public amenities in these areas, like improved transit and food access, for example, may unintentionally raise housing prices and encourage market speculation. Long-term affordability of housing supported through land banking program (through ground leases or land use restriction agreements) should be tied to other proposed public improvements.

3. WHY

a. What are potential unintended consequences (social, economic, health, environmental or other)?

Available parcels along planned BRT lines are highly desirable under the land banking policy. However, City acquisitions and other investments in these corridors may unintentionally drive market activity and increase prices for existing residents, limiting the long-term supply of truly affordable housing if City regulations do not keep up and ensure unit replacement (if not an increase in affordable unit density around BRT hubs). Ideally, the City could acquire properties before lines become operational and ensure transit-rich locations for housing affordable to low and moderate-income (LMI) households. City must also take care to ensure that developers – non-profit or otherwise – actively seek income-qualified residents from surrounding area and future market-rate transactions (affordable housing and/or other economic development) avoid unintentional displacement of current residents.

4. HOW: RECOMMENDATIONS SECTION

a. Describe recommended strategies to address adverse impacts, prevent negative unintended consequences and advance racial equity (program, policy, partnership and/or budget/fiscal strategies):

- Promote wealth-building strategies for LMI households – opportunities for homeownership, shared equity, rent-to-own, loan forgiveness, etc.
- Ensure long-term affordability. For land banked properties conveyed to non-profits, provide long-term (up to 99 years) ground leases, or a community land trust model to allow development while City or nonprofit holds land.
- Implement proposed zoning code changes to allow and encourage more small multifamily and “missing middle” housing projects by-right in low-density residential neighborhoods.
- Require community benefit agreements that explicitly identify the amenities to be provided and impact mitigation strategies to be employed by developers of land banked properties.
- Clarify City relocation policies as they may apply to land banking.
- Continue to build relationships with Milwaukee LISC’s ACRE program for real estate developers of color, including possible standalone program for Madison area. Consider special consideration/preference for proposals from ACRE grads or other BIPOC development entities to develop land banked properties.

DATA RESOURCES FOR RACIAL EQUITY AND SOCIAL JUSTICE IMPACT ANALYSIS

City of Madison

- Neighborhood Indicators (UW Applied Population Lab and City of Madison):
<http://madison.apl.wisc.edu>
- Open Data Portal (City of Madison):
www.cityofmadison.com/data
- Madison Measures (City of Madison):
<https://www.cityofmadison.com/finance/documents/MadisonMeasures-2016.pdf>
- Census reporter (US Census Bureau):
<http://censusreporter.org/profiles/06000US5502548000-madison-city-dane-county-wi>

Dane County

- Geography of Opportunity: A Fair Housing Equity Assessment for Wisconsin's Capital Region (Capital Area Regional Planning Commission):
www.capitalarearpc.org
- Race to Equity report (Wisconsin Council on Children and Families):
<http://racetoequity.net>
- Healthy Dane (Public Health Madison & Dane County and area healthcare organizations):
www.healthydane.org
- Dane Demographics Brief (UW Applied Population Lab and UW-Extension):
www.apl.wisc.edu/publications/Dane_County_Demographics_Brief_2014.pdf

State of Wisconsin

- Wisconsin Quickfacts (US Census):
<http://quickfacts.census.gov/qfd/states/55000.html>
- Demographics Services Center (WI Dept of Administration):
www.doa.state.wi.us/section_detail.asp?linkcatid=11&linkid=64&locid=9
- Applied Population Laboratory (UW-Madison):
www.apl.wisc.edu/data.php

Federal

- American FactFinder (US Census):
<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>
- 2010 Census Gateway (US Census):
www.census.gov/2010census