

HEARTLAND

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FROM: Ben Wharton, Heartland
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RE: Heartland South Logan Strategies Memorandum – Housing & Anti-Displacement

I. Project Background

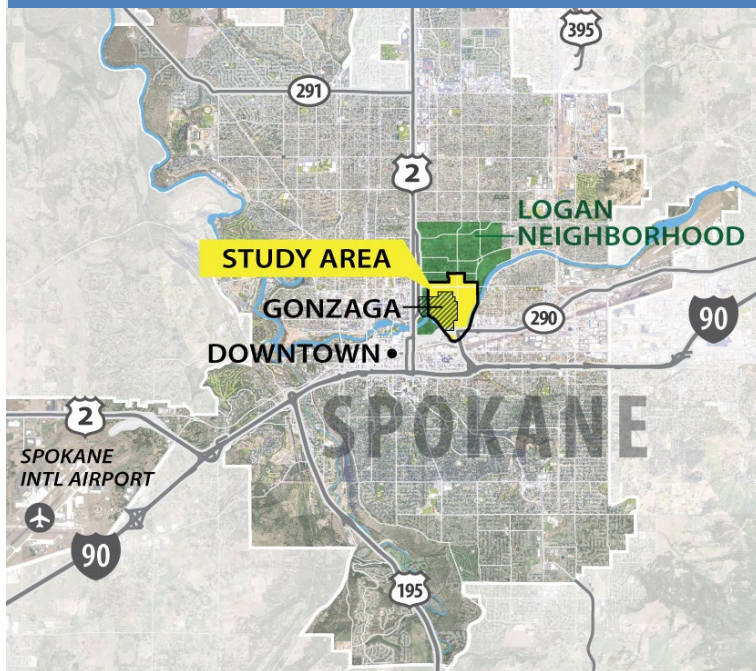
In the summer of 2022, Heartland, as part of a consulting team including Makers Architecture, SCJ Alliance, and Parametrix, supported by a grant from the Department of Commerce, collaborated with the City of Spokane Planning Department in studying the South Logan area in Spokane, Washington.

The South Logan study area (“South Logan”) represents a substantial portion of the Logan Neighborhood and is bounded roughly by Mission Avenue to the north, Lidgerwood Avenue to the west, and the Spokane River to the south and east, as depicted below (see “Exhibit 1 – South Logan Area Map”). As part of our scope of work, we have analyzed the real estate context, conducted market research, toured the study area during a site visit, and participated in public engagement sessions in Fall 2022 as part of a broader South Logan Transit-Oriented Development (“SLTOD”) study. The intent of the project is to ensure that future development in South Logan supports the investment by the City of Spokane (the “City”) in the new City Line Bus Rapid Transit (“BRT”) line which will feature three stations in South Logan.

South Logan benefits from multiple unique community assets, including Gonzaga University and Mission Park, as well as from proximity to the Spokane River and adjacency to downtown Spokane. Residents of South Logan have access to the connectivity provided by the Centennial Trail multi-use path which threads through the southern boundary of the study area along the Spokane River. The area is well-positioned to build upon these existing community assets with thoughtful planning and we are honored to contribute to the area’s continued growth and vitality.

In recent years, the City of Spokane has invested in substantial research related to zoning reform, transit-oriented development, housing policy, and anti-displacement measures which might be adopted either citywide or in particular districts, including research which focused on the South Logan area. The analysis in this memo benefits from and expands upon this past work. In addition, there is substantial literature produced by other cities in the state of Washington and nationally which outline transit-oriented development, housing, and anti-displacement strategies and policies which might be applied and tested in South Logan. Several of the policies identified and described in this memo have been implemented in other cities in Washington. These similar initiatives should be monitored closely, with any measurable outcomes helping to shape and guide future decision-making which may result from this study.

Exhibit 1 – South Logan Area Map



Our recommendations are informed by a guiding philosophy of “pairing” (a) contributions from landowners and real estate developers in the form of public benefits – with (b) concessions which can serve to incentivize economic behavior in support of pre-identified policy priorities. One example might be to offer an increase in allowable height for a particular parcel or zone of parcels in return for a developer setting aside a certain percentage of affordable housing in a new housing development.

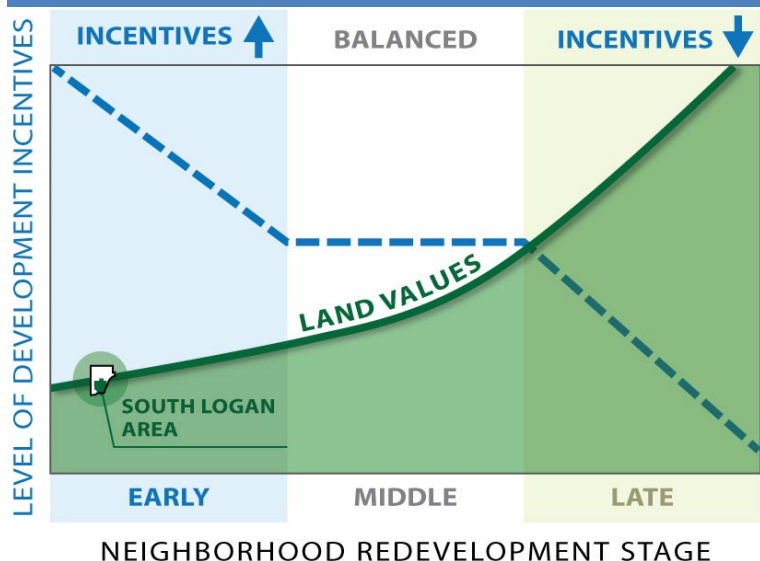
Our recommended stance is towards *optional* or voluntary programs structured as incentives rather than requirements. In the early stages of neighborhood redevelopment, as is currently the case in South Logan, incentives can be a catalyst to guide the path of future development in a way

that is aligned towards pre-defined policy goals. Requirements, by contrast, however carefully conceived, can risk challenging or preventing new development altogether, especially during periods of rapid growth and change. Exhibit 2 illustrates the stages of neighborhood redevelopment and the way in which government incentives can play a role as a neighborhood matures and evolves. There may be a role in later stages of development for more exacting requirements along with better opportunities to effectively generate revenue through development without stifling it.

To create maximum flexibility, we recommend that the City consider utilizing a “menu” of options for developers to create the possibility for multiple policy goals to be advanced simultaneously.

This work is intended to augment and enhance work already done following investment by the Spokane Transit Authority and City of Spokane in the City Line Bus Rapid Transit (“BRT”) line, which is projected to serve more than one million riders per year. Transit-oriented development lends itself to more equitable development in that it focuses on directing private investment towards uses which are well-served by transit, and ensuring the benefits of a walkable, vibrant and affordable community are experienced by all. It is important that policies and plans in this area leverage the relationship between transportation and development to prevent displacement and ensure that new investment benefits

Exhibit 2 – Incentives and Neighborhood Redevelopment



existing residents and businesses in addition to accommodating new ones.

The goal of this memorandum is to provide a guiding framework for selecting policies which have been introduced in previous studies, contextualize some of the more appropriate policies for South Logan, and finally to introduce new policies which may not yet have been considered. Throughout, we will endeavor to address the following identified planning priorities:

1. **Housing** – Analyze tools and suggest dedicated policies to promote housing at a range of income levels in the area. Identify development incentives which support outcomes that lead to the production of additional low- and moderate-income housing. This memorandum outlines strategies which might be implemented following the City Council adoption of the Housing Action Plan in July 2021. The Action Plan laid out four goals which are to be addressed citywide: ¹
 - Increase housing supply, options, and affordability for all incomes
 - Preserve housing affordability and quality to help people thrive where they live
 - Enhance equitable access to housing and homeownership
 - Leverage and grow partnerships to support housing initiatives across the region
2. **Anti-Displacement** – Involuntary displacement, both physical and economic, accompanies growth and development in any context. South Logan as it continues to grow and change is no exception. The City conducted a displacement risk assessment as part of the Housing Action Plan, and identified that the Logan Neighborhood is at moderate-to-high risk of displacement based on socioeconomic and housing factors. ² To the extent any zoning changes or policies are enacted subsequent to the completion of this memorandum which would expand development capacity in South Logan, avoiding or mitigating the impact of displacement on existing residents and businesses will become a priority. We will discuss anti-displacement and “equitable TOD” strategies, which are strategies intended to channel growth and development around a substantial transit investment, in this case the City Line BRT line, such that it benefits all stakeholders and community members irrespective of socioeconomic status. Such policies might be used to preserve and expand affordable housing, protect residents from rising costs, connect people to jobs and economic opportunities, and support local businesses.
3. **Equity** – Identify social equity considerations, and the most important benefits and burdens to analyze. Incorporate equity indicators in how data is collected, analyzed, and reported by assessing and measuring existing disparities, whether along racial, ethnic, gender identity, national origin, income level, disability, or other dimensions. Local and minority-owned businesses along with seniors and the disabled have been identified as particularly vulnerable populations in South Logan.

This memorandum (the “Heartland South Logan Strategies Memorandum”), will incorporate use of up-to-date local, regional, state and national data as available. It will culminate in a “Strategies Matrix,” included hereto as Exhibit 7. The matrix summarizes potential planning tools, economic incentives, business and resident anti-displacement measures, along with equitable strategies in TOD for the study area. We will consider and document best practices for the City to integrate into future planning efforts.

¹ “[Housing Action Plan](#),” City of Spokane, July 2021.

² “[Displacement Risk Assessment](#),” Housing Action Plan, May 2021.

Our overall guiding principles informing these policy recommendations are as follows:

- Pair policies which encourage targeted policy outcomes with mitigants for unintended but predictable consequences.
- Create optional inducements instead of fixed requirements.
- Utilize a “menu” of options whenever possible to enable maximum flexibility for the community in achieving multiple policy goals.

II. South Logan Background

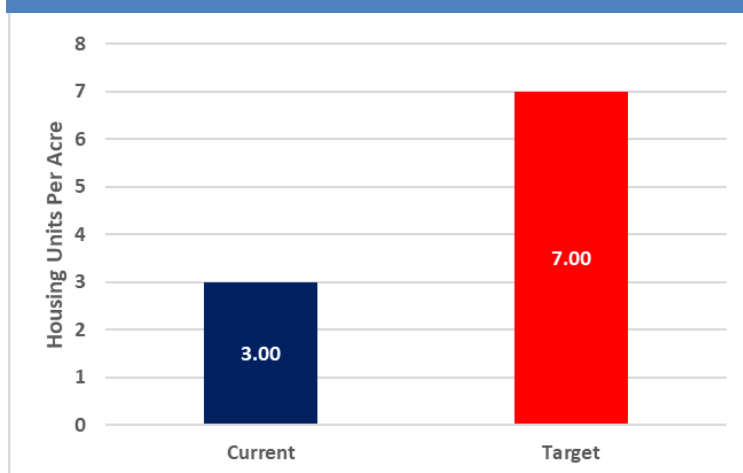
The South Logan area is home to key community assets – including proximity and access to the Spokane River, connection to the Centennial Trail, and Mission Park. To the extent these assets can be highlighted or accentuated by changes made to the planning process in service of the public realm, so much the better for the neighborhood and its future growth and prosperity.

Currently, Hamilton Avenue experiences a high volume of through traffic, at over 30,000 vehicles per day (“VPD”) as described in further detail in the Existing Conditions Report. Certain freeway enhancements, specifically the US 395 extension, which expands the North Spokane Corridor project, extend south from its current end location at Columbia Avenue through to the Spokane River. This extension, when complete, should relieve congestion along Hamilton Avenue in the coming years.⁵ Nevertheless, the presence of continuous, high-speed traffic through the study area has led over time to a challenged pedestrian environment along Hamilton Avenue. Improved walkability, stronger multi-modal transportation options and connections, especially with the investment in BRT, should enhance access to South Logan, benefiting residents and businesses.

Exhibit 3 – South Logan Housing Stock

| | |
|----------------------------------|-------|
| Total Housing Units ³ | 1,025 |
| Total Acres ⁴ | 342 |
| Housing Units Per Acre | 3.0 |

Exhibit 4 – South Logan Housing Density



Excluding the Gonzaga University campus, the South Logan area comprises 342 acres and 1,025 existing housing units, representing a density of 3.0 units per gross acre, inclusive in this case of all land in the study area, including, streets, sidewalks, and parks (see Exhibit 3 – South Logan Housing Stock). According to the literature, investment in BRT should be supported by a target of at least 7.0 units per acre of housing.⁶ This suggests that the housing density in the South Logan area must more than double relative to today’s levels, increasing from 3.0 units

³ “[Address Count Listing Database](#)”, 2020 U.S. Census, U.S. Census Bureau.

⁴ “South Logan TOD Existing Conditions Report,” MAKERS, et al., November 2022.

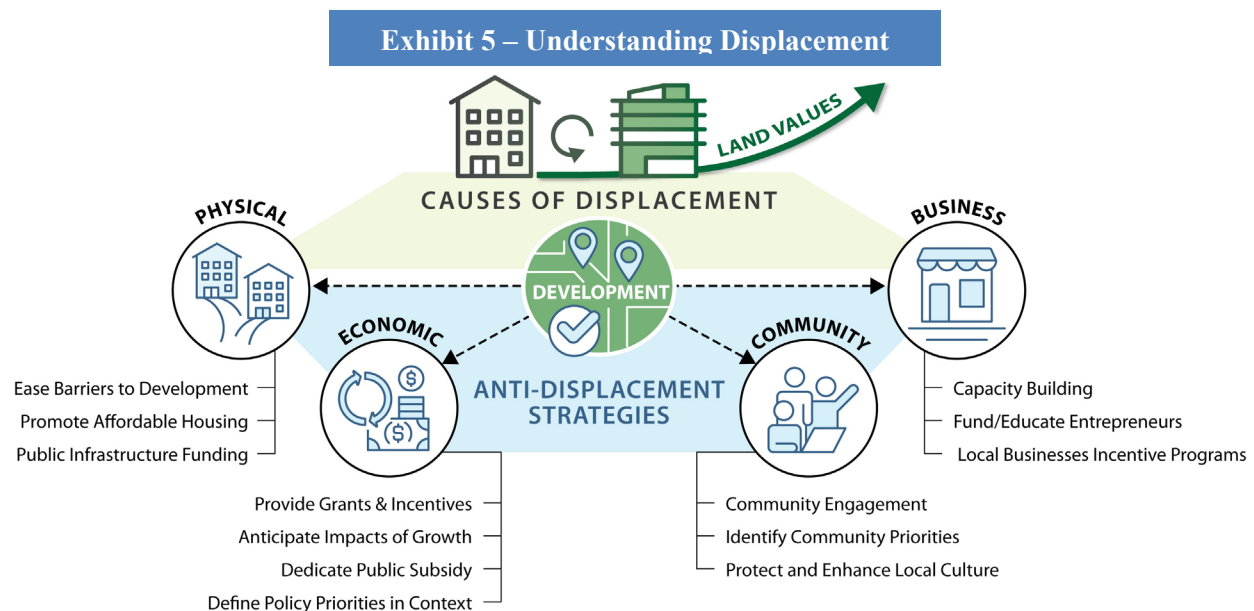
⁵ “[US 395 - NSC Spokane River to Columbia - New Segment](#),” Washington State Department of Transportation (WSDOT)

⁶ “[Transit-Supportive Densities and Land Uses](#),” Puget Sound Regional Council, February 2015.

per acre to 7.0 units per acre, to appropriately leverage the investment in BRT (see Exhibit 4 – South Logan Housing Density).

III. Understanding Displacement

What is displacement? Displacement in its various forms – physical, economic, and cultural – has multiple, often interrelated causes and is an inevitable consequence of growth and development. However, the impacts of displacement can be mitigated. The focus of our analysis is on mitigation measures related to involuntary displacement of the most vulnerable residents and businesses of the South Logan community. Given the South Logan context – certain demographic groups have been identified as most vulnerable to the pressures of displacement (1) non-student, low-income residents, particularly the elderly and/or the disabled, and (2) locally owned businesses and therefore these groups and related policies are the focus of our analysis. Residents over age 65 represent approximately 13% of the population in the study area while 34% of households in the South Logan area are home to at least one disabled person.⁷ This is likely due to the presence of several group homes and assisted living facilities in the study area.



Lack of housing which is affordable to low- and moderate-income residents has been identified as a critical factor driving displacement of people. Similarly, lack of affordable commercial space is a key driver affecting the displacement of businesses.⁸ Displacement has risen to the forefront of the public consciousness in Washington and its impacts are worth understanding more fully in an effort to preserve and enhance communities statewide. Displacement can be understood and its impacts mitigated

In South Logan, the two demographics which have been identified as most vulnerable to the pressures of displacement are (1) non-student, low-income residents, particularly the elderly and/or the disabled and (2) locally owned businesses.

⁷ ESRI, 2022.

⁸ “[Rethinking Local Affordable Housing Strategies: Lessons from 70 Years of Policy and Practice](#),” The Brookings Institution.

along physical, economic, community and business dimensions (see “Exhibit 5 – Understanding Displacement”). Accommodating and encouraging growth and investment while mitigating the impacts of displacement is a challenging and worthy objective and one we will endeavor to support with this memorandum. The City of Spokane has begun to study displacement as part of other reports and we will attempt to parse those studies, interpret their findings in the context of South Logan, and hopefully add new concepts to the conversation.^{9 10}

The following is a “menu” of options the City could consider to address housing and anti-displacement in South Logan, with consideration for Citywide implementation.

IV. Housing Strategies

Housing cost and availability was highlighted as the single most important social & political issue facing real estate markets nationally in the Urban Land Institute 2023 Emerging Trends in Real Estate report.¹¹

Increasing density is the key driver in adding housing to support investment in transit, enabling people to live closer to where they work. As a reminder, research suggests targeting a density of at least 7.0 units per acre to support investment in Bus Rapid Transit. Target density can vary depending on the cost of the transit investment, with larger investments suggesting the need for higher density levels.

We have identified the following strategies which can directly or indirectly support the creation of new housing and are worthy of consideration for the South Logan context.

Use of Development Agreements.

For development sites of key strategic importance, development agreements can be a useful tool to document an agreement between the City and the property owner to guide development towards certain policy goals, including the creation of housing. A development agreement is a contract between a city and a property owner which summarizes responsibilities associated with redevelopment of land. Development agreements are highly customized and specific to a particular site. While development agreements allow for a high degree of flexibility in how a trade-off might be structured between a landowner and the community, such agreements can be challenging to negotiate on a one-off basis. To reduce administrative burden and complexity, we suggest creating and using a template agreement, perhaps borrowed from a previous transaction in the City of Spokane, and adding to this template as an exhibit a checklist of priorities specific to South Logan which might be addressed during future negotiation. This checklist document could be revisited as needed from time to time but would be of great benefit to City staff in focusing negotiations with developers related to a particular site. A checklist of this kind would also be appreciated by the development community in offering some predictability to the negotiation. The counties of King, Snohomish, Clark, and Pierce, in the state of Washington have codified a process for using development agreements. Clark County, Washington has published a sample application form and standard form development agreement which may be useful to planning staff.¹²

One example of how a development agreement might be used in the South Logan context is to offer (a) meaningful amendments to code requirements for a particular site, such as an increase to allowed building heights, waiver of ground-floor retail requirements, or reduction in parking requirements (b) in exchange

⁹ [“Understanding Housing Displacement Risk in Spokane,”](#) City of Spokane Planning Department.

¹⁰ [“Appendix E – Displacement Risk Assessment,”](#) City of Spokane Housing Action Plan, July 2021.

¹¹ [“2023 Emerging Trends in Real Estate,”](#) Urban Land Institute.

¹² [“Development Agreements in Clark County,”](#) Clark County, February 2019.

for a corresponding and related concession, for example a contribution either directly or a payment in lieu for affordable housing, a contribution to a business improvement district, or an investment in streetscape improvements or to public transit.

Not all sites in South Logan would need to be governed by a development agreement. Given the complexity involved in negotiating development agreements, we suggest limiting their use to sites which meet certain thresholds, for example size (ex: ½ acre minimum), potential density (ex: 100 units or more), or strategic importance to the neighborhood due to location or visibility or some other metric as determined by the Planning Department.

| Use of Development Agreements | |
|-------------------------------|--|
| Opportunities | <i>Development agreements offer a high degree of control and the ability to tailor policies to time and context.</i> |
| Challenges | <i>Development agreements can be challenging to negotiate and enforce and so should be used selectively,</i> |
| Risks | <i>Without clear guidance on how development agreements will be used, the perceived cost and time associated with such agreements could deter development.</i> |

Public-Private Partnerships (“PPP”).

South Logan benefits from the unique presence of Gonzaga University as a hub of economic activity and vibrancy. Cultivate partnerships with institutional stakeholders like Gonzaga, but also with other institutions like the University District Partnership, Eastern Washington University and the University of Washington, along with key private sector stakeholders, in support of business and economic development in South Logan.

Explore partnerships with Community Development Financial Institutions (CDFIs), for example, Local Initiatives Support Corporation, Impact Capital, or Enterprise Community Development Fund. These organizations provide capital in support of affordable housing. They tend to be focused on large cities and rural areas and may need proactive outreach in order to be encouraged to venture into a smaller city like Spokane.

Explore private sector partnerships with dominant employers in the area, for example – Avista or Providence Health. One recent example of a successful partnership between an employer and the community in support of affordable housing was the Orenda mixed-use development project in Seattle, Washington, where Seattle Children’s Hospital invested equity to double the number of units from 20% to 40% of the total project available to residents earning less than 80% of AMI.¹³

| Facilitate Public-Private Partnerships (“PPP”) | |
|--|---|
| Opportunities | <i>South Logan benefits from concentrated ownership of land, particularly by Gonzaga University, who is a motivated constituent. Strengthening ties between the University, businesses, and families who have significant presence in South Logan is more easily coordinated when there are fewer decisionmakers.</i> |
| Challenges | <i>How to bring the community in to the conversation?</i> |

¹³ “[South Seattle development named one of world's best affordable projects](#),” Puget Sound Business Journal, July 2023.

| | |
|--------------|--|
| Risks | <i>Siloed efforts result in inward-facing projects which serve a small number of constituents rather than the community more broadly. The City can play a key role as facilitator and connector.</i> |
|--------------|--|

Dedicate subsidy to less-common home ownership models.

Uncommon forms of real estate ownership including Community Land Trusts (“CLTs”) and co-operatives suffer from lack of capital and would benefit from dedicated efforts from the community towards capacity-building, in order to generate the legal and structural knowledge required to make these forms of ownership more common, as well as education and outreach to local lenders, investors, and community members. A land bank, like the one recently created by the Spokane Low Income Housing Consortium, is a powerful way for the City to participate directly in facilitating these less common ownership models.¹⁴

| Dedicate subsidy to uncommon ownership models. | |
|---|---|
| Opportunities | <i>Land trusts, limited-equity cooperatives, and co-housing are relatively rare in the United States, but can be powerful models for long-term affordability and might be implemented in South Logan as powerful anti-displacement strategies.</i> |
| Challenges | <i>Lack of technical expertise among lenders, attorneys, and developers limits widespread adoption.</i> |
| Risks | <i>Funds are set aside which might have been better dedicated to other uses if there is not a meaningful amount of new development which is spurred by the public commitment. They may be too “niche” and unfamiliar to real estate developers and land use professionals to practically be adopted on even a reasonably broad scale.</i> |

Credit support.

An underappreciated factor which constrains significantly the production of housing is the requirement for unlimited personal guaranties for construction loans from most bank lenders. For those relying on financing from the private sector, the requirement for an unlimited personal guaranty represents a substantial hurdle to developing a new real estate project. To the extent that the City of Spokane could either (a) set aside a loan guaranty fund dedicated to projects which pursue targeted levels of affordability or (b) support the creation of a Community Development Financial Institution (CDFI), new housing dedicated to below-market rates could see more volume. The Bay Area Transit-Oriented Affordable Housing program came into being with \$10 million in first-loss seed capital which led to an additional \$40 million in private investment into the program.¹⁵ The CDFI Bond Guarantee program is one of the more well-known programs of this kind nationally.¹⁶ In Washington, see also the Affordable Housing Land Acquisition Revolving Loan Fund Program.¹⁷ C-PACER is a new financing tool which can support investment in property retro-fits, in this context relevant for the recapitalization and renovation of pre-existing but aging affordable housing properties.¹⁸

¹⁴ [“Innovative ‘Land Bank’ Could Bring More Affordable Housing to WA”](#), Public News Service, August 10th, 2022.

¹⁵ [“TOAH”](#), Bay Area Transit-Oriented Affordable Housing.

¹⁶ [“CDFI Bond Guarantee Program – A Gateway to Capital,”](#) CDFI Fund.

¹⁷ [“RCW 43.185A.110,”](#) Washington State Legislature.

¹⁸ [“Spokane County’s C-PACER Program,”](#) City of Spokane Economic Development.

| Provide credit support to small-scale housing developers. | |
|---|--|
| Opportunities | <i>Lack of sufficient financial capacity is typically the primary barrier to financing of small projects and stands in the way of a citizen-developer corps who can do the hard but valuable work of locally-led, tactical, small-scale development.</i> |
| Challenges | <i>Education and capacity-building – for those interested in building a small project but who are not professional real estate developers, they may face too steep a learning curve in what is a complex and risky process. The cost-benefit analysis of such a program would be worthwhile to study on a small scale.</i> |
| Risks | <i>Less sophistication amongst small-scale developers may shift too much risk and potential for loss onto the taxpayer to be worth the benefit of the incremental amount of development such a policy would encourage.</i> |

Building Heights.

Support increasing allowable building heights along transit corridors, in South Logan particularly along Hamilton Avenue and Mission Avenue. Consider pairing with neighborhood Design Standards, especially in critical, high visibility areas.

Building Opportunities and Choices for All (“BOCA”).

The Building Opportunities and Choices for All (“BOCA”) pilot zoning program, passed in July 2021, allows for construction of townhomes, duplexes, triplexes, and quadplexes in single family zones citywide, and is one of the most broad-based zoning reform measures we have observed nationally. The state of Oregon passed a similar measure in 2019, HB 2001, to address housing choice and affordability in the state of Oregon but it allows for some discretion in how it is administered city by city. At the city level, Spokane should be recognized as a leader in liberalizing its code with respect to single family zoning and sets an admirable example for others to follow. We hope and believe that BOCA will be a success, recognizing that it is a bold step towards reversing historical inequities inherent to single family zoning while encouraging development of more diverse housing types.¹⁹ Change will likely be fairly slow and incremental under BOCA but we support a patient, committed, long-term approach to evaluating this bold zoning reform measure.

V. Anti-Displacement Strategies

The following strategies address anti-displacement in a direct way and are relatively low-cost to implement. We evaluated anti-displacement strategies which address both (a) resident and (b) business displacement with priority for those which directly target equitable outcomes.

a. Equity

Evaluate the potential for a “Community Preference” program.

¹⁹ [“Single-family zoning: Can history be reversed?”](#) Joint Center for Housing Studies, Harvard University, October 2021.

Consider a “community preference” policy which establishes preference for existing residents of the community in applications for affordable housing units.²⁰ Community preference provides a mechanism for disadvantaged residents of high displacement areas to access priority to new affordable housing units which could directly address displacement. The intent of a community preference policy is to ensure new development is inclusive of those who, without such a policy, may be at high risk of displacement.

Create a Rental Assistance Fund.

A Rental Assistance Fund is a relatively low-cost way to minimize the impacts of displacement on the most economically vulnerable populations. The Fund could be capitalized through development-related fees or through government or grant subsidy. The Fund would be available to those residents needing relocation cost assistance or to cover security deposit requirements or moving expenses.

Community Engagement.

Engage early and often with neighborhood stakeholders to ensure all voices are heard. Maintain multiple formats for communication (ex: website, mail, periodic community meetings) to ensure the broadest possible participation. Engaging with a broad swath of the South Logan community will be essential in working towards a goal of equitable transit-oriented development.

b. Business Displacement

Business Improvement District (BID).

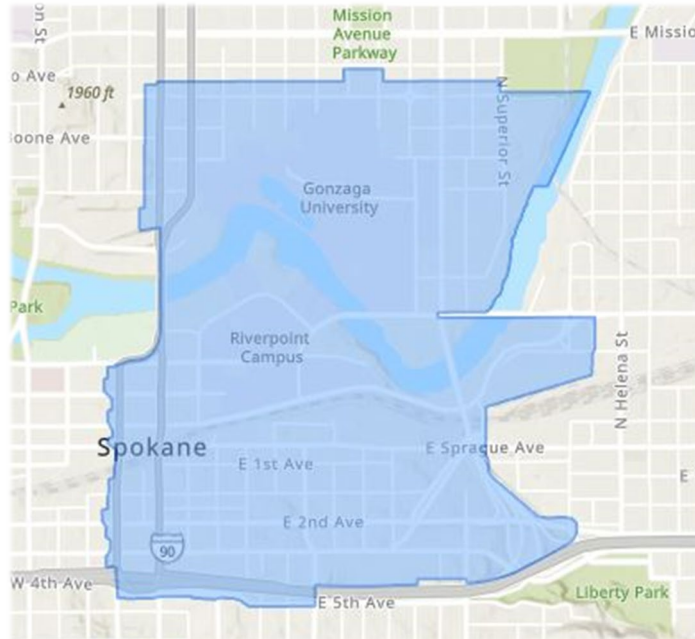
Explore the possibility of forming a South Logan Business Improvement District (BID), a governmental agency which has the power to collect revenues and directly support initiatives which mitigate displacement of local businesses. Such a district could have as a guiding philosophy the support of new and preservation of existing local businesses, along with provision of funding programs, advisory services, and political advocacy. Business Improvement Districts do not impact other property tax-based funding programs and can be layered with TIF and Revenue Districts. All new organizations which have the ability to generate revenue in service of pre-defined policy goals must be coordinated carefully – lest they cannibalize one another to the extent they draw from the same revenue sources.

c. Resident Displacement

Public Development Authority (PDA).

²⁰ [“Community Preference,”](#) Seattle Office of Housing.

Exhibit 6 – University District Partnership Area



Ensure South Logan is in continuous dialogue with the University District Partnership (“UDPDA”) and is engaged on any significant new development projects. Since the UDPDA already encompasses most of the South Logan area, perhaps all that is needed is renewed engagement with leadership to focus on the South Logan area and work to identify near-, mid-, and long-term initiatives which might be done collaboratively which are specific to South Logan.

Tax Increment Financing (TIF).

In 2021, the Washington State Legislature passed RCW 39.114, authorizing tax increment financing (TIF), a public financing tool enabling municipalities to sell bonds to finance broadly defined “public improvements” in targeted areas to catalyze and influence future development.²¹ “Public

improvements” as a definition includes many kinds of public infrastructure as well as “Purchasing, rehabilitating, retrofitting for energy efficiency, and constructing housing for the purpose of creating or preserving long-term affordable housing.”

TIF is most commonly used as a public financing tool to unlock development sites constrained by upfront infrastructure costs. TIF can be used to amortize the cost of otherwise prohibitively expensive upfront infrastructure over the long-term, though it does require initial capital from some source. In Washington, given the broad definition of “public improvements,” including contributions in support of the creation or preservation of affordable housing, the power of this mechanism cannot be understated.

Tax Increment Financing (TIF) can be used for the “purchasing, rehabilitating, retrofitting for energy efficiency, and constructing housing for the purpose of creating or preserving long-term affordable housing,” RCW.39.114.

If successful, surplus cash generated within a TIF district can be used to reinvest in other civic priorities, including to fund the creation of affordable housing, as in the “TIF Set-Aside” program in Portland, Oregon.²² Notwithstanding the potential benefits of TIF, new TIF districts need to be underwritten conservatively. If a district reaches the end of its life with a deficit, the risk and cost of that deficit ultimately is borne by taxpayers. However, given the typically very long life of TIF districts, risk can more easily be managed over a long period of time.

Why dedicate TIF funds to South Logan? The rationale for TIF in South Logan is due to the outsized investment, over \$175 million, the area has received in recent years – but which has not yet translated into broad-based property redevelopment. To the extent TIF can serve as a tool to unlock key sites which might be constrained by upfront infrastructure costs or other factors but which can follow upon and

²¹ Washington State Legislature, [RCW 39.114](#)

²² “[History of TIF Set-Aside Policy](#),” Portland Housing Bureau.

amplify these substantial investments outlined below, so much the better. South Logan is an employment hub, particularly to a valuable concentration of locally owned businesses, so to the extent that TIF can be used in exchange for developer-led commitments to preserving high-quality, affordable space for South Logan businesses, the investments outlined below will prove to have been well-considered and worthwhile.

- City Line – \$92 million
- UW/GU Regional Health Partnership Building – \$60 million
- WSDOT Trent Bridge – \$25 million

Land Banking.

One more powerful tool is the creation of a “land bank,” a publicly funded and managed entity which acquires property in service of the public good.²³ Land banks are most commonly used in other states to revitalize properties which are trapped in cycles of neglect and abandonment. However, land banks can also be used in service of other forms of public benefit, which might include in this context both the creation of affordable housing and the development of properties which offer below-market commercial space, both of which contribute directly to anti-displacement goals.

While there is currently a “land bank” statute in existence in the state of Washington, it is specific to a program related to natural resource land.²⁴ The state of Washington will need to pass enabling legislation before land banks become a possibility for use outside of this specific purpose. Land banks are more common in other states, notably in Michigan, Ohio, New York, Pennsylvania, and Georgia, which have the highest number of land banks nationally.²⁵ A land bank can be funded through a variety of mechanisms, including but not limited to bonds, state or federal grants, fees related to new development, or sale of surplus property.²⁶

Land banks can be created in partnership with specific organizations which are aligned with the stated public benefit which gives rise to the land bank. One such potential partnership in South Logan might be between faith-based groups with significant land holdings. Recent legislation in Washington lends credence to this sort of partnership in service of the creation of affordable housing (see HB 1377, RCW 35A.63.300, and RCW 36.70A.545).²⁷ ²⁸

Reducing or Eliminating Minimum Parking Requirements.

Consider offering to reduce or eliminate parking requirements, in exchange for a contribution in lieu which furthers the public benefit, as determined by the Planning Department, through, for example, the provision of affordable housing or the provision of below-market rate commercial space. One example

²³ [“Report: A land bank could increase affordable housing in Spokane, but there are some major hurdles,”](#) The Spokesman-Review, September 13th, 2021.

²⁴ [Chapter 79.19 RCW](#)

²⁵ [“Preliminary Analysis of Land Banking and other tools to Address Vacant and Abandoned Properties and Create a Pipeline for Affordable Housing,”](#) Center for Community Progress, September 2021.

²⁶ [“Sound Investments, Sound Communities: An Action Guide to Securing Land for Affordable Homes Near Transit in the Puget Sound Region,”](#) Sound Communities Steering Committee, Maul Foster & Alongi, Inc., ECONorthwest, 2022.

²⁷ [HB 1377](#): Concerning affordable housing development on religious organization property.

²⁸ [RCW 35A.63.300](#): Increased density bonus for affordable housing located on property owned by a religious organization (see also [RCW 36.70A.545](#)).

currently in use in Spokane in the Centers and Corridors zone is actually part of existing Multifamily Tax Exemption (“MFTE”) program language – it allows developers in the Centers and Corridors zone to eliminate parking requirements provided they opt in to the MFTE program.

| Reduce or eliminate minimum parking requirements. | |
|---|--|
| Opportunities | <i>Reducing or eliminating parking significantly reduces the cost of development and should encourage construction of additional housing. In South Logan, developers would likely continue to provide parking for the foreseeable future, given prevailing dependence upon cars. Eliminating the requirement provides developers with the flexibility and discretion to reduce or eliminate parking for sites which are especially well-served by transit or for smaller projects which may not have as great a need or for projects where the primary tenant demographic may use transit or walk to work or school.</i> |
| Challenges | <i>To the extent developers provide fewer parking spaces than are demanded by the market as part of a new development, access to and mobility through the neighborhood could be hampered by the resulting increase in congestion or through reduced parking availability. This issue is of particular concern in South Logan due to high variability in parking demand driven by events hosted by Gonzaga University and by athletic training facilities which are located in the neighborhood.</i> |
| Risks | <i>Projects delivered with parking counts which with the benefit of hindsight turn out to be too low can increase congestion.</i> |

Minimum Density Requirements.

As suggested in a previous study, the City may wish to consider requiring a minimum residential density, at least for identified key parcels in South Logan, particularly those which are in close proximity to the BRT line.²⁹ Critically, such a minimum density threshold ought to be structured as an incentive rather than as a requirement. If the density requirement is set at too high a level, a level which is not yet realistic given the prevailing economic environment, development could be discouraged in the near- and medium-term, a counterproductive and unintended consequence. If the requirement is too low, opportunities to add density in strategic locations could be squandered. Setting a right-sized minimum density requirement is a challenging exercise which would require further study, but in any case should be an “opt in” provision.

Ground Floor Retail Requirements

Ground floor retail requirements challenge developers in all markets. E-commerce has challenged traditional “bricks and mortar” retailers and while there are many examples of successful retailers who have adapted to and are thriving in the current environment, demand for retail space is difficult to predict and highly dependent upon context. South Logan is particularly challenged as it relates to retail as it relies heavily upon a transient student population, a significant segment of which leaves the area for part of the year.

Developers today do not typically attribute much if any value to ground-floor retail and must budget for periods of sustained vacancy, particularly in situations where retail is required but where market demand

²⁹ “TOD Framework Study, [Appendix A-1: Code Evaluation](#),” Angelo Planning Group, March 8th, 2022.

for retail space is minimal. For example, consider a large site which is located in the middle of a block without pedestrian-friendly streetscape improvements, but which has a requirement for retail on the entire ground floor. Flexible ground floor standards that permit but do not require retail, or require a smaller portion of the ground floor (e.g. corner space of buildings at intersections), would allow opportunities for retail to flourish in the right locations without also creating an impediment to new housing construction. Certain ground floor design or construction standards such as minimum floor heights can be employed to ensure flexibility to convert residential or “flex” space to convert to retail over time should demand for retail space increase in a particular location.

Similarly, consider designating retail as an allowed use in areas which are currently predominantly residential, especially if located along a high-visibility or well-trafficked thoroughfare. Many thriving business districts in Washington state exist in areas where homes formerly occupied as a residential use have been converted to small-scale retail operations.

Expand upon anti-displacement research.

Continue to research displacement to better understand and manage its impacts, while monitoring progress of ongoing studies in other cities in Washington and across the country. Awareness of the impacts of displacement on communities has risen to the forefront of the public consciousness relatively recently and emerged as a policy priority. As a result, the body of research and educational materials related to displacement is expanding rapidly so regular updates may be prudent. A displacement risk mapping tool, similar to the one created by the Puget Sound Regional council, specific to Spokane, could be a valuable tool for the City to fund and develop, and will help identify and monitor the highest-risk areas in Spokane.³⁰

Address displacement in Comprehensive Plan update.

In the upcoming periodic comprehensive plan update in 2026, consider identifying anti-displacement research and policymaking as a priority for the next planning cycle.

³⁰ [Displacement Risk Mapping Tool](#), Puget Sound Regional Council.

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Exhibit 7 – Housing & Anti-Displacement Strategies Matrix

| # | Policy Strategy | Policy Category | Implementation | Priority Level |
|----|---|-----------------|----------------|----------------|
| 1 | Expand upon anti-displacement research | AD | Easy | High |
| 2 | Address displacement in Comprehensive Plan | AD | Easy | High |
| 3 | Community Engagement | AD | Easy | High |
| 4 | Public Development Authority (“PDA”) | H, AD | Easy | High |
| 5 | Flexibility for Ground Floor Retail Requirement | H | Medium | High |
| 6 | Tax Increment Financing (“TIF”) | H, AD | Medium | High |
| 7 | Reduce or Eliminate Minimum Parking Requirements | H, AD | Medium | High |
| 8 | Facilitate Public-Private Partnerships (“PPP”) | H, AD | Hard | High |
| 9 | Building Heights | H | Easy | Medium |
| 10 | Community Preference | AD | Easy | Medium |
| 11 | Rental Assistance Fund | AD | Medium | Medium |
| 12 | Business Improvement District (“BID”) | AD | Medium | Medium |
| 13 | Create Land Bank | H, AD | Hard | High |
| 14 | Development Agreements | H, AD | Hard | Medium |
| 15 | Minimum Density Requirements | H, AD | Hard | Medium |
| 16 | Credit support for small-scale developers. | H, AD | Hard | Medium |
| 17 | Subsidy for less common ownership models | H, AD | Easy | Low |
| 18 | Building Opportunities and Choices for All (“BOCA”) | H, AD | N/A* | N/A* |

AD = Anti-Displacement

H = Housing

*Not applicable, implemented in July 2021.