



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

NALCAB Strategies and Tools for Equitable Development¹ Along Tucson's South 12th Avenue

The Department of Housing and Urban Development (HUD) assigned the National Association for Latino Community Asset Builders as a Technical Assistance Provider to assist the City of Tucson to assess economic and social conditions of the South 12th Avenue commercial corridor and create an equitable redevelopment strategy and implementation plan. In this context, equitable redevelopment refers to development that builds wealth and assets for low- and moderate-income communities.

Over the course of this engagement, NALCAB has collaborated with staff from a variety of City of Tucson departments; the Tucson Ward 1 office; multiple community based organizations, including business development and asset-building non-profits; and business owners and residents, to understand the opportunities for equitable revitalization along the South 12th Avenue corridor.

The objective of this assignment was to build the City of Tucson's capacity to implement economic development projects along the S. 12th Avenue corridor. This report summarizes NALCAB's work to date, outlines overarching principles, demonstrates the market potential along the corridor, and provides potential project recommendations to promote revitalization that enhances economic opportunity. Included as attachments are specific technical assistance deliverables intended to serve as tools to aid in implementation. Additional tools, as outlined in NALCAB's initial technical assistance workplan, are included as templates to guide the City of Tucson as they choose a strategic direction to move forward.

Principles

Tucson's City government has established a clear long range vision in Plan Tucson, the City's General and Sustainability Plan. In this plan, corridor revitalization was mentioned as a strategy, and specific future growth areas were designated, including S. 12th Avenue. Given the convergence of the UNESCO designation; Plan Tucson; the La Doce Barrio Foodways Project by the Southwest Folklife Alliance, Community Food Bank, Community Foundation of Southern Arizona, Tierra y Libertad Organization, and the City of Tucson Planning and Development Services; the anticipated YWCA commissary kitchen project, and various City of Tucson Departments, the City of Tucson has the opportunity to create a policy framework for equitable growth and serve as the catalyst for private investment that benefits the community as a whole.

NALCAB's conversations with the various stakeholders listed in the opening paragraph have raised several key points:

¹ Equitable development seeks to promote economic development that positively impacts and builds wealth for low and moderate-income communities.



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

- The importance of affirming and amplifying the corridor's clear cultural identity;
- The need to calibrate investments in a way that values and respects area residents and business owners;
- The importance of leveraging community partners to achieve sustainable results; and
- The need to utilize and leverage Federal dollars to implement simultaneous goals.

There is a clear desire to strengthen the corridor as a cultural amenity on the part of the City of Tucson and business owners, who are eager to see additional resources, including technical assistance and loan capital. Residents have made clear that they would like to see infrastructure investment and to reconcile the feeling that they are ignored relative to other parts of the city, although there are concerns about the potential for involuntary displacement.

A desire to balance cultural preservation and attracting investment has prompted NALCAB to propose the following guiding principles to shape the community development efforts the City of Tucson pursues along S. 12th Avenue:

- *Invest in area residents and businesses that have given South 12th Avenue its unique cultural character.*
- *Protect and leverage the unique local identity and business mix along this corridor.*
- *Public investment should recognize and reinforce the role small businesses play in stimulating a local economy and fostering a resilient community through asset building and job creation.*
- *There is immense economic opportunity to be leveraged along S. 12th Avenue. Commercial corridor revitalization is a promising strategy here, and city-wide.*
- *This revitalization effort should use thoughtful communication as a means to rebuild and repair trust between southside residents and City government.*

Conversations with City of Tucson staff, community based non-profits, and engagements with residents and business owners, made clear the need for improved communication and trust between the City and communities in the southern part of the city. The history of urban renewal is still a raw wound. Feelings of distrust and fears of displacement persist and hung over many conversations about revitalization. This distrust and fear were articulated as the largest barriers to successful community development along the corridor. These feelings and concerns are important to address head-on. Given the demographics and identity of the corridor, as well as the high levels of housing cost burden (described below) it would go a long way to clearly acknowledge that minor changes in value and price could have severe ramifications for residents and businesses.

Additionally, successful revitalization - and successful technical assistance - requires close collaboration across City departments. At various points, NALCAB has met with City of Tucson staff and received substantive input. Members of NALCAB's team can provide input on project design, but City of Tucson staff have deep and meaningful experience to bring to bear, and ultimately will be responsible for advancing any projects along the corridor.



Corridor Opportunity & Economic Impact

The convergence of the UNESCO World Heritage designation, the City's strategic direction to treat S. 12th Ave. as a future growth area, and the corridor's status as a high stress area make a case for strengthening the corridor's cultural identity to create a resilient economy and cultural destination. The S. 12th Avenue market assessment analyzes the competitive advantages and relative weaknesses of the corridor, documents the economic importance of the corridor, provides insight into some of the opportunities and challenges facing the corridor, and suggests potential projects.

Through the market assessment, the following competitive advantages and opportunities were identified:

1. Corridor businesses have strong ties to the community.
 - a. The provision of products and services that serve the needs of the Hispanic community promote an identity for the corridor that is unattainable by large scale regional malls. The clustering of similar businesses within the corridor creates an identity that benefits all area businesses.
 - b. According to a small business inventory done as part of the University of Arizona College of Architecture, Planning and Landscape Architecture report, *La Doce*, over half of all business owners said they lived in the community.
2. Many of the products sold are made by hand, with skills passed down from generation to generation, ensuring the continued operation of these types of speciality businesses.
3. Almost 90% of the corridor businesses are small businesses, with legacy businesses in operation for the last 30 to 40 years.
 - a. According to data from ESRI (a GIS and Data Analytics company), 72 percent of jobs on the corridor are provided by employers with 5 or fewer employees, and 94 percent of jobs are provided by employers that have fewer than 50 employees.
4. The corridor businesses benefit from a readily available supply of local labor.
5. Retail Trade and Services are the dominant types of businesses, at 31.8% and 39.4% of all businesses on the corridor, respectively. These businesses contribute to the corridor's popularity as a regional culinary destination.
6. The corridor contributes to the local economy through significant tax contributions. Business data aggregator Infogroup, and ESRI, reported total sales in 2017 of \$122,496,711 from businesses located in the South 12th Avenue Corridor.² With the current City of Tucson sales tax rate at 2.5%,³ the Corridor is generating \$3,062,418 in sales tax revenue to the City.
7. A leakage analysis identified the following industry areas as opportunities for growth along the corridor: automotive dealerships, home furnishings, lawn & garden stores, general and used

² Infogroup and ESRI-2017 Businesses are listed based on their proximity to the study area location.

³ City of Tucson sales tax rate was raised 0.5% through a recent initiative to fund public services infrastructure and road maintenance.



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

merchandise, electronics, vending machines, direct sales, special food services and drinking places.

The market assessment also revealed the following competitive weaknesses and challenges for the corridor:

1. Product marketing can be difficult.
2. Infrastructure deficiencies in the corridor detract from the appeal of the area, thereby potentially impacting business traffic.
3. Lack of a balanced business mix results in potential business diversion or leakage to other areas.
4. Lack of capital to help small businesses grow.
5. The majority of the small businesses rent their space (79 percent according to the *La Doca* report, mentioned above). This can create challenges for businesses if revitalization efforts create a hotter commercial real estate market and push up property values and rents.

One of the major challenges facing the corridor, which City investment can be a means to addressing, are high levels of socioeconomic stress and comparatively lower incomes in the surrounding neighborhoods.

ESRI data for the S 12th Avenue study area show stagnant or low growth in incomes. In 2017, median household income was \$26,052, and ESRI projects median household income to be \$27,542 in 2022. This compares with a city-wide median household income level of \$38,331 in 2017, and a projected city-wide median income level of \$41,642 in 2022.

Educational attainment in the study area reflects a higher percentage of residents with less than a high school diploma in the study area, 42.9%, compared to 15.8% for the City of Tucson.

Housing affordability along the corridor is also a concern. Households are considered cost-burdened when they pay more than 30 percent of their income for housing. The 2011-2015 American Community Survey 5-Year Estimates show 62% of renters and 56% of homeowners are cost burdened. As the City pursues development, real estate appreciation of even a modest amount is likely to have an impact on already cost burdened residents.

Recommendations

The South 12th Avenue Corridor study area has been the subject of multiple studies and extensive outreach to determine community interests. Data has been gathered and analyzed to determine potential commercial business targeting, infrastructure conditions have been assessed, and property conditions have been reviewed to determine improvements needed.

To reinforce the concept of the City as catalyst, any strategy to implement corridor enhancements requires a consideration of available resources and a clear articulation of priorities. U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) have



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

already funded various activities along the corridor. However, for a strategic and comprehensive revitalization to take place the level of resources and commitment required for major corridor improvements warrants careful consideration of which resources the City of Tucson is willing to dedicate.

What follows are suggested potential projects. In order to conduct more detailed analyses of feasibility and implementation, NALCAB's technical assistance team needs direction from City staff and leadership to conduct in depth analysis of priority projects, and specifically to discuss entitlement fund project design.

Recommended short term corridor enhancement efforts should include:

1. Establishing Key Intersections as Gateways

In facilitated conversation with City of Tucson staff, and based on analysis of the S. 12th Avenue corridor, NALCAB has proposed two major intersections along S. 12th that present multiple opportunities for focusing corridor improvement efforts, and for serving as gateways that anchor the identity of the corridor: the intersection of S. 12th Avenue and W. Ajo Way, and the intersection of S. 12th Avenue and Nebraska

Ideally, efforts will be concentrated in the areas immediately surrounding these specific intersections, taking advantage of concentrated nodes for City of Tucson investment, and by extension, facilitating opportunities for development in between. To the extent possible, the City of Tucson should consider strategically assembling land at these key intersections, particularly at S. 12th Ave. and Ajo, and thus providing the ability to implement development in keeping with the vision the City and community establish for the corridor. The following examples, illustrate potential approaches at each of these two intersections:

S. 12th Avenue and W. Ajo Way

The intersection of S. 12th Avenue and W. Ajo Way is anchored at the northwest corner by St. John's Evangelist Catholic Church, which has been serving the area since 1949, as well as the adjacent St. John's Evangelist Catholic School. On the northeast corner, a Circle K gas station-convenience store is in operation in addition to a strip commercial center; while on the southwest corner, there is a Walgreens pharmacy. The southeast corner contains an auto lender, a vehicle registration service, and a tire shop.

As the northernmost intersection of two arterial streets along the corridor, the intersection of S. 12th Avenue and W. Ajo Way provides unique opportunities that can establish a gateway at the northern end, and enhance and benefit the broader S. 12th Avenue corridor. The average daily estimated traffic count is between 14,355 to 30,868 vehicles. There are also two Sun Tran Core Bus routes that run on S. 12th Avenue and on W. Ajo Way. The high traffic volume contributes to high visibility and accessibility, and an ideal location for destination identification as part of a larger wayfinding effort.



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

Potential development options include development of new senior housing with community space at the Southeast corner of the intersection of S. 12th and Ajo Way. Doing so would establish complimentary uses in keeping with the current fabric of the community. As a first investor, the City could use a development of this kind to stimulate market demand, while ensuring development is reflective of the current population and provides clear community-benefit.

S. 12th Avenue and Nebraska

The intersection of S. 12th Avenue and W. Nebraska Street is anchored at the northwest corner by La Estrella Bakery, which has been operating since 1986. On the northeast corner, there is a small commercial building located on a sizable commercial lot. Business licensing for this property was not available, however, a food-truck business, Tacos De Cabeza Estilo Cajeme, is operating on the open undeveloped portions of the property. 12th Ave Rent-All, an equipment rental firm, is located on the southwest corner, with Alejandro's Tortilla Factory located directly south of the rental yard. On the southeast corner is J.G. Plaza, an older commercial strip center housing a number of commercial tenants.

In addition to Alejandro's Tortilla Factory, a number of other landmark local food businesses also operate in close proximity to the intersection: El Guero Canelo, BK Tacos, and El Herradero, a specialized grocery store and butcher catering to Hispanic households, are all destinations for visitors to the corridor.

Both of these intersections feature a number vacant or underdeveloped parcels in close proximity to these intersections, as well as older commercial structures within close proximity which could benefit from upgraded facades and improvements, better parking configuration and circulation, and improved signage.

2. Promote Community Based Small Business Development Services

Facilitating the expansion and formalization of existing businesses and development of new businesses is a critical factor in enhancing the business climate of the corridor. Coordinating with lenders and lending programs, and technical assistance non-profits, including the YWCA, Acción, Prestamos, PPEP Microbusiness and Housing Development Corporation, and Pima Community College, among others, can help entrepreneurs along the corridor realize their business goals. It is critical to ensure that small business lenders, Community Development Finance Institutions (CDFIs), and technical assistance providers offer culturally relevant support and a range of loan products to fit entrepreneurs' needs. Culturally relevant support should include identifying sources of capital, assessing business viability, developing business plans, building financial management skills and credit, tax planning, marketing, and governmental compliance. These efforts should cover the life-cycle of a business, from start-up or formalization, to expansion or adaptation.

3. Supporting Development of a Commercial Kitchen/incubator.

NALCAB member asset-building non-profits have successfully launched commercial kitchens and



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

mercados in communities across the country. These types of developments can serve multiple ends, including incubating food and craft-based small businesses, cutting down on overhead costs for the entrepreneurs, and fostering a distinct cultural character and sense of place. The work done by the Southwest Folklife Alliance, the Community Foodbank of Southern Arizona, the Community Foundation of Southern Arizona, Tierra y Libertad Organization, and the City of Tucson Planning and Development Services Department speaks to the prevalence and cultural importance of food-based businesses along the corridor, and the need to address the challenges small scale home cooks or entrepreneurs face in either scaling or formalizing their business.

La Cocina in San Francisco, California, is a well-known non-profit, operating a commercial kitchen while offering sustained one-on-one technical assistance and coaching targeted to low-income women and immigrant entrepreneurs to formalize and scale their businesses. La Cocina was created to reflect the Mission District in San Francisco, and the diverse and economically vulnerable informal businesses serving the community. La Cocina helps turns inconsistent and informal home businesses into formal small businesses and has an extensive list of graduates that sell their merchandise locally, regionally, nationally, and internationally.

Hacienda Community Development Corporation in Portland, Oregon, operates the Portland Mercado, which is both a commercial/commissary kitchen and an indoor/outdoor food market and community center. Hacienda's vision, borrowing directly from La Cocina, was the result of a grassroots effort to respond to regional wealth disparities and the desire to establish a nucleus of Latino commerce. Both La Cocina and Hacienda CDC take it as part of their mission to educate other asset-building non-profits interested in establishing a similar model. The Portland Mercado boated impressive outcomes in their first year of operation, including \$2.5 million in sales for 19 small businesses, the creation of 114 new jobs, and an average of 580 visitors a day.

NALCAB members have successfully applied for and used Department of Health and Human Services Office of Family Services Community Economic Development (CED) grant funds, to seed the creation of their commercial kitchen/*mercado* models. In pursuing a model like this, it is important to consider who could operate and manage the facility long term. In conducting interviews, NALCAB learned the WYCA is preparing to launch a commercial/commissary kitchen in close proximity to the S. 12th Avenue corridor. This is an exciting opportunity that should be supported with local resources, and could benefit from contact with either of the two organizations mentioned above.

4. Marketing Corridor Assets

It is a rare honor to be declared a World City of Gastronomy by the United Nations Educational, Scientific, and Cultural Organization (UNESCO), and more significantly, to be the very first city in the United States to receive such a designation. Because of the strength of the culinary experience



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

along the South 12th Avenue Corridor, this designation sets it apart from competing markets and should be emphasized through events, marketing, and promotions. Currently, inadequate signage, infrequently placed in the community and missing from the gateways to the city, reduces the ability of the Corridor to leverage the City of Gastronomy designation.

UNESCO's designation of Tucson as a City of Gastronomy is an asset that should be built upon. A wayfinding program should be implemented to identify corridor eateries, with signage placement at all major high visibility intersections and destination signage at all landmark corridor businesses. Additional marketing efforts might also include events that tap into the theme of gastronomy, such as conducting food festivals, heritage day events, or themed cook-off events.

5. Funding a District Manager position

Provision of initial seed funding for a manager position would ensure that all corridor efforts are implemented as programmed and on schedule. Given the anticipated magnitude of the improvement effort, a dedicated manager would be responsible for coordinating all aspects of improvement efforts while serving as a direct liaison to the City, the business community, and residents. Various interviews and conversations have made clear that there are several informal point people along the corridor, who are asked a host of questions on subjects ranging from real estate development and building improvements, to business development, to updates on street improvements. A district manager housed in an existing or newly established non-profit or business association like the structure of the North 4th Avenue group, would allow for more efficient flow of information between the City and residents. On-going funding for the position could be obtained from programmed resources, like events, once mid-range and long-term activities are implemented.

6. Maintain Residential Repair Programs that provide assistance to area property owners

The City has experience with residential rehabilitation programs that assist in the repair of owner-occupied properties. Providing resources for housing rehabilitation will assist in maintaining the stock of housing within the corridor. This will allow residents to leverage the benefits of any investments that take place along the corridor.

Recommended mid-range corridor enhancement efforts should be directed toward:

1. Performing Infrastructure Improvements

The physical assets of a community are one of the primary means for effecting economic development outcomes. Communities whose physical assets are run-down, worn, or functionally obsolete often fail to attract investment.

Significant stretches of the Corridor lack a completely connected network of handicap accessible walkways, marked pedestrian street crossings, street lighting, and covered bus shelters, all of which



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

enhance pedestrian safety and address the needs of a community that largely uses alternate modes of transportation.

The *La Doce* report described the pedestrian experience of walking along South 12th Avenue as dangerous. From 2009 to 2013, Tucson Police Department reported there were 3 pedestrian fatalities, 9 hit-and-run accidents with bikes and pedestrians, and 16 injury accidents with pedestrians and cyclists along the Corridor. Pedestrian right-of-ways exist from 44th Street to Ajo Way, and a few blocks north of Drexel Road have sidewalks on both the east and west sides of the streets. However, sidewalks are sparse, interrupted by un-improved walkways, and are often non-existent between Ajo Way and south of Nebraska Street. Walkways are also broken up by vehicle pullouts, making pedestrian safety a concern. Parking lots and vehicle pullout pavement often merge together. Walkways are also often interrupted by signs and utility poles that block pedestrian passage between the street and businesses.

Along the 4.8 mile stretch of South 12th Avenue running from 40th Street to Los Reales Road, there are 31 bus stops on the east and west sides of the road. However, 39% do not offer covered places to sit while waiting for the bus.

The *La Doce* report also shows the surrounding neighborhoods have multiple streets with bike lanes and multi-use paths. However, the entirety of S. 12th Avenue between 44th Street and Drexel Road (with the exception for a small length of bike lane that runs south of 44th Street) has no bike lane. This contributes to a car-centric environment that is hazardous for cyclists.

Infrastructure investment should be made in sidewalks, bus shelters, street improvements, bicycle lanes, and other such capital projects. Limited right-of-way conditions will require innovative solutions, potentially including lane reductions or road re-channelization, to complete sidewalk installations and improve vehicular access to businesses.

2. Leveraging investments in anchor businesses to create job training opportunities.

Assess which businesses along the corridor who would be interested and have capacity to scale up the size of their business and absorb additional employment. A review of business data via ESRI shows micro-enterprise businesses with 5 or fewer employees provide 72% of the jobs along the Corridor. Small businesses with 6 to 49 employees provide 22% of the jobs on the Corridor, and three businesses employ more than 50 employees, providing 1% of all jobs in the Corridor. These employers include Alejandro's Tortilla Factory with 94 employees, A & S Paving Inc. with 70 employees, and Peter Piper Pizza with 50 employees; El Guero Canelo's two businesses along the corridor have a combined 47 employees, falling just shy of 50. Other businesses, like La Estrella Bakery, Guero Canelo, and BK's, have established franchises in other parts of the city, pointing to additional employment or job training opportunities both on and off the corridor. Approaching these businesses to understand their capacity and willingness to host this kind of programming would be a good first step.



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

3. Relocation of Public Service Providers

The availability of commercial space in the corridor, as well as the availability of vacant land, offers opportunities for the placement of municipal services and public service providers. Encouraging the relocation of public and non-profit providers to the corridor would assist in reducing vacancy rates, expand commercial traffic potential in the corridor, and form a local core of services providers in a centralized location.

Recommended long-term corridor enhancements should be directed toward:

1. Continue to build non-profit capacity

Efforts to revitalize this and other corridors will be limited without the participation and support of active and high-capacity non-profit partners. Savvy community based organizations can leverage funds received by local government and provide culturally relevant service delivery to residents and business owners, and can be strong partners in sharing pressing community needs. NALCAB has included a memorandum outlining non-profit capacity building best practices as an attachment to this document.

2. Targeting the large-scale vacancies around the corridor

The South 12th Avenue Corridor and surrounding areas contain a number of large-scale vacant and vacant-adjacent under-utilized properties which could potentially represent prime development opportunities for enhancement of the commercial district. The ability to assemble land provides expanded options relative to the scale of development and makes a greater impact on the community.

Tools to Guide Equitable Revitalization

The attachments at the conclusion of this document are intended to help guide city staff as they pursue revitalization that builds wealth for low and moderate income communities along the S. 12th Avenue corridor. These attachments include:

- South 12th Avenue market assessment (Final version forthcoming);
- A summary of economic and social goals articulated in past City of Tucson planning efforts;
- Spanish and English bilingual small business survey to assist in determining local small business needs;
- NALCAB's guide to Equitable Commercial Revitalization: Strategies for Anticipating Gentrification and Preserving Small Businesses, including policy recommendations to promote equitable outcomes along the South 12th corridor;
- A list of potential community-based project partners and a non-profit capacity building plan (Final version forthcoming); and
- A facilitation guide for structuring focus groups and meetings to gather public input and build trust.



Additional tools to be developed with city input include the following:

- Potential funding sources and leverage sources to implement designated priority projects;
- Review of Section 108 program design, and suggestions and templates for program modifications to align with direction from City of Tucson staff;
- A near-term planning and implementation timeline for economic development projects. An example chart attached illustrates what this planning and implementation timeline might look like, but would require input from the City of Tucson in terms of priorities and resources; and
- A detailed project implementation plan, including a detailed feasibility analysis of two identified priority projects. To conduct this analysis, NALCAB requires direction from City of Tucson staff, and the selection of two priority projects to be assessed.