SPARCC

Strong, Prosperous, and Resilient Communities Challenge

An initiative of Enterprise Community Partners, the Federal Reserve Bank of San Francisco, the Low Income Investment Fund, and the Natural Resources Defense Council

SPARCC ISSUE SPOTLIGHTS

These briefs provide an overview of the current landscape of policies, practices and literature on issues related to SPARCC's work.

Implementing Equitable Transit-Oriented Development (eTOD)

Viewing transit-oriented development (TOD) through an equity lens through every step along the process is essential. eTOD elevates and prioritizes community voice whether in efforts to avoid or stop displacement of community residents, local businesses, and culture or to ensure that transit is affordable, reliable and accessible. It supports investments and policies that close the socioeconomic gaps between communities in which the majority of residents are people of color and those that are majority white.

eTOD Starts with Equitable Transit

Fund Transit. It may seem obvious, but reliable, convenient, accessible, and affordable transit is the cornerstone of TOD. Even though more communities are funding transit, most struggle to provide adequate service. On-demand ride services like Uber or Lyft and bike sharing and ride sharing systems are compliments, not substitutes for a viable regional transit network. Federal transit funds are at increasing risk, which may further challenge the ability of cities to expand, modernize, or even maintain service. Cross-sector collaboration and advocacy is essential to local, state, and federal efforts to fund transit.

Prioritize All Transit Modes. Transit serves different purposes and different riders. eTOD regions don't cannibalize one form of transit in favor of another, i.e. cutting bus service to transit-dependent communities while expanding rail service to more affluent suburban communities. Federal civil rights and environmental justice provisions, along with federal transportation planning requirements, provide powerful levers to ensure that transit investments support equity and environmental goals, as we've seen in places like **Oakland** and **Los Angeles** where advocates successfully sued on behalf of low-income communities and bus riders.

Provide Affordable Fares. Transit is costly to provide and most agencies struggle to meet operating costs. A commitment to ensure affordable fares for those most in need – low-income riders, students, or riders with disabilities -- not only ensures that transit's public service mission is achieved, but also supports ridership goals. Advocates with Mile High Connects have been working with Denver's Regional Transit District (RTD) under an Affordable Fares program. Transit agencies in other communities are also piloting these programs, or partnering with major employers, health care providers, and health and human service agencies to help subsidize service.

Plan for People. Considerable political attention and resources are devoted to planning a new light rail, streetcar or bus rapid transit line. Federal planning requirements, including specific consideration of affordable housing policies, and tight competition for federal funding provide a powerful impetus for advocates to elevate strategies to address residential and small business displacement concerns, preserve and expand affordable housing, and to ensure that proposed transit serves the needs of existing neighborhoods and riders. Yet, these same dynamics can be used by transit agencies to steamroll community voices given the technical nature of transit planning and the pressures to deliver projects "on time and on budget."

eTOD Requires Equitable and Healthy Development

Know Your Facts. A growing number of advocates are partnering with government, academia and philanthropy to develop metrics, maps and establish baselines focused on community assets, housing supply, and various development indicators including potential for gentrification, historic red-lining trends, public health risks, public lands and vacant or underutilized properties and brownfields. This is powerful information to influence elected officials, policymakers, public stakeholders and the development community with an eye toward creating and strengthening policies to address issues beyond a TOD site-specific project. Incorporating racial equity in this kind of analysis spotlights historic inequities and disparate challenges faced by specific communities of color. In the **San Francisco Bay Area**, the Urban Displacement Project at UC Berkeley has developed a series of maps and indicators to track displacement while the Portland State University has created similar gentrification metrics. Both are powerful tools being used by local and regional policymakers as they consider future transit expansions, housing policies and TOD projects. In **St. Paul, MN**, a multi-year data tracking effort managed by Twin Cities LISC was established to track public and private investments in affordable housing and other community goals to stabilize adjacent neighborhoods along a new transit corridor.

St. Paul, MN

St. Paul, MN, is one place where equity advocates fought back to ensure that the $1 billion light rail line along University Avenue included stops that served low-income neighborhoods and that public agencies empowered community organizations to have a voice throughout the planning and construction process. Philanthropic partners invested in efforts to support local businesses, preserve and expand affordable housing along the corridor, and engage with major employers along the line, including several hospitals and universities. The success of this work led Metro Transit in 2016 to fund 11 local community groups to lead community engagement with transit riders in historically underrepresented communities to shape a better strategy for bus stops.

Act Locally. As TOD has become more mainstream, station area planning has become a standard practice for engaging local residents, business owners, employers and other community stakeholders in a process to envision a more transit-friendly future. Station Area Planning, when done well, utilizes a variety of community engagement methods, localized data and visualization techniques that build upon community assets and identity in ways that benefit existing residents while planning for new ones. This process is the backbone for updating local zoning and building codes and design standards, and for setting the table for community benefits that must be part of future development. For many years, the Great Communities Collaborative in the San Francisco Bay Area supported station area planning in a range of communities and developed a toolkit for advocates that have been a model for many other regional collaboratives.

Atlanta, GA

The Atlanta City Council recently passed an inclusionary zoning ordinance that requires developers along the 22-mile BeltLine, a former railway corridor under development as a multi-use trail, to dedicate a portion of new multifamily units to people making 60 to 80 percent of area median income. Developers can choose between making 10 percent of units available to 60 percent area median income or 15 percent of units to 80 percent area median income. Units must remain affordable for 20 years, and in exchange developers may receive property tax, parking and density incentives.

Require Affordability. Local policies need to be aligned with community plans and the goals of TOD. One critical policy response is to adopt inclusionary zoning policies that will ensure long-term affordability. Some places have adopted policies specific to individual transportation corridors while others take a citywide approach. For example, St. Louis Park, a suburban community outside Minneapolis, MN, in preparing for light rail, requires any city-assisted rental project of 10 units or more to make 8 to 10 percent of its units affordable to families making less than $51,960 a year. For-sale developments must include at least 10 percent of units that are affordable to families making $65,800 or less.

Go Beyond Housing to Create Healthy Communities. Affordable housing is a foundation of eTOD, but it's also only a starting point. Local leaders and stakeholders should seek opportunities to partner with health providers, private sector innovators, and public-sector agencies to develop projects that go beyond providing shelter. In 2015, the city of Redmond, WA, entered an agreement with Providence Health & Services, a nonprofit health organization, to lease a city-owned parcel for 75 years with $1 annual lease payments and develop it as the Providence John Gabriel House for Senior Housing. Completed in 2017, this development includes 74 units for seniors age 62 and older whose household income does not exceed 60 percent of the area median income, and a health and wellness facility that serves the community at large. The subsidy to facilitate affordability came in the form of leasing the city-owned parcel at a nominal cash cost, in addition to public funding from A Regional Coalition for Housing (ARCH), King County and an allocation of Housing Credits.

Jointly Develop with Transit Agencies. Transit agencies and other public agencies hold substantial real estate assets that can be potential eTOD sites. These publicly owned lands can be leveraged as sites for eTOD either through direct development, through discounted land costs for affordable housing projects or through disposition policies whereby transit agencies give priority to affordable housing or community-serving uses. Joint development is a collaboration between a transit agency and one or more partners to build TOD with a specific eye toward growing ridership and generating additional revenue to help fund transit through real estate sale, lease or rental agreements. Joint development can be incorporated into an existing transit facility or coordinated with a planned transit expansion project. In general, all FTA-assisted property or funding from all FTA capital grants programs can be used for eligible joint development activities.[1]

City of Tyler, TX

In 2005, the **City of Tyler, TX**, acquired a building near its downtown transit station with FTA assistance. In 2016, the building was no longer needed for transit and in need of renovation. To spur jobs and entrepreneurial activities, the city's Innovation Pipeline Program agreed to renovate the building and lease it from the Transit Department. In addition to a new waiting area for transit patrons, the building is now home to a 3,000-square foot **"Innovator's Lab"** (also known as a "Makerspace"), for public and non-profit use. The public space provides access to electronics and equipment that can foster ingenuity and entrepreneurship.

Commit to the Sustainability of the Building and the Surrounding Neighborhood. Communities of low-income, elderly, disabled and people of color are disproportionately exposed to greater levels of air pollution, environmental toxins, harsh effects of natural disasters, and contaminants. When designing eTOD initiatives, commit to a development model that considers both low-emitting and energy efficient transit vehicles and facilities, and also green and healthy buildings and materials. Such a development model supports the health and well-being of people, and when developed with energy efficiency measures, can reduce overall household utility costs. In the **Bronx, the Via Verde** housing project blends green and healthy building design and materials with affordable rental and ownership options near transit. In the

South Bronx, high asthma rates, obesity and limited access to fresh food were some of the concerns that led to a building design that provided a 40,000-square foot roof top garden and open space, used healthy building materials and energy efficient appliances, provided a community gathering space and offered stormwater reclamation systems.

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[1] FTA and other capital grants programs that can support joint development include: Urbanized Area Formula Grants; Fixed Guideway Capital Investment Grants; Enhanced Mobility of Seniors and Individuals with Disabilities; Formula Grants for Rural Areas; State of Good Repair Grants; Buses and Bus Facilities Grants; Federal Highway Administration (FHWA) Flex Funds; FHWA Surface Transportation Program (STP); FHWA Congestion Mitigation and Air Quality Improvement Program (CMAQ)

Set Goals and Commit to Action. In **Los Angeles, LA Metro** adopted new guidelines and performance measures requiring that Metro's joint development portfolio include a minimum of 35 % affordable housing units. Metro encourages residential developers to create a range of housing types to serve a diversity of household incomes, sizes and ages. Metro also encourages the creation of affordable housing by lowering the overall cost of development. Metro's 2015 Joint Development Guidelines allow the agency to "discount the land value of its joint development sites to up to 30% of the fair market value on sites accommodating affordable housing" with the discount proportional to the amount of affordable housing provided relative to market rate housing. Metro also launched the **Metro Affordable Transit Connected Housing Program (MATCH)**, a public-private partnership with an estimated loan capitalization of $75 million. These funds support land acquisition and pre-development financing for rental housing.

Balance Needs of Current and Future Residents. TOD planning and policy interventions often focus on ways to attract new residents or land uses and create additional density within neighborhoods. These are both important strategies to increasing transit ridership and generating economic development. However, enacting policies that **protect the rights of existing renters and business tenants** is equally important. Tenant protection efforts are underway in many communities with groups such as Right to the City and Cause Justa advocating community ownership models, rent control, just cause evictions, the right to organize and a reframe of housing policy to focus on people-driven alternatives to the current housing system. There has been a range of tenant protection strategies in cities in recent years, such as New York City's allocation of $155 million to support a right to counsel for tenants facing eviction. This funding has led to a decrease in the eviction rate of tenants who previously could not afford counsel.

Bay Area, CA

In March 2018, after advocacy by 15 cities and numerous affordable housing and community organizations, the Bay Area Preservation Pilot (BAPP) launched to help nonprofit developers finance the acquisition & preservation of existing multifamily housing properties located in areas that have high-frequency transit service and are considered affordable for lower- and moderate-income renters. BAPP will be capitalized with $10 million from the regional transportation agency, the Metropolitan Transportation Commission (MTC), and with $39 million from Enterprise Community Loan Fund and the Low Income Investment Fund (LIIF), for a total of $49 million in available debt financing.

Protect what you have. Often the cheapest way to provide affordable housing is to preserve that which currently exists. Beyond publicly assisted affordable housing, most regions have a sizable amount of unrestricted affordable housing, i.e. privately-owned housing that offers affordable market rate rents either because of age, location or other factors. Analysis by CoStar on behalf of the ULI Terwilliger Center for Housing estimates that over 5.5 million unrestricted units exist around the country. Finding ways to acquire or work with landlords to preserve these units is an emerging eTOD best practice. In 2017, the Greater Minnesota Housing Fund launched the NOAH Impact Fund, which in just a few months has already preserved over 800 units. Hennepin County and the City of Minneapolis are contributing additional resources to help preserve unrestricted units near existing and proposed transit corridors.

Leverage Public Real Estate Assets. Publicly owned parcels can provide lower-cost land for affordable housing and other community benefits. In a constrained financial environment, these properties can be an asset, regardless of market strength. In strong markets, creative use of public sites can expand opportunities for affordability in an environment in which mission-driven developers struggle to compete for sites against better-funded market-rate developers. In struggling markets or neighborhoods, publicly owned parcels offer an important opportunity to catalyze development and seed revitalization activities. These parcels do, however, come with their own planning, solicitation and development challenges. The **Seattle region** is on the leading edge of using public sites for community benefit. The City of Seattle's Housing Affordability and Livability Agenda (HALA) identifies vacant and underutilized publicly owned parcels as a public asset that must be utilized for developing affordable housing, especially in key locations near transit and job centers. King County's Surplus Property policy aims to build and preserve 700 affordable and workforce housing units around transit centers over eight years (including on publicly owned parcels) and allocates $83 million in funds to the construction and preservation of these units. In November 2016, regional voters approved Sound Transit 3 (ST3) legislation, requiring that at least 80% of the agency's surplus land "be offered for either transfer at no cost, sale, or long-term lease first to qualified entities that agree to develop affordable housing on the property, consistent with local land use and zoning laws."[2]

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[2] A detailed 2017 case study of the Seattle region's Public Lands work is provided by Enterprise Community Partners in the paper "*Public Benefit from Publicly Owned Parcels: Advancing Implementation in the Puget Sound Region*" by Ahmad Abu-Khalaf and Michael A. Spotts. https://www.enterprisecommunity.org/resources/puget-sound

eTOD Happens Through Equity in Implementation

Create and use an ETOD score card. A diverse group of community leaders came together in Minnesota to create an Equitable Development Scorecard to evaluate proposed projects, plans and policies to make sure that the principles and practices of equitable development, environmental justice, and affordability are available to all communities as they plan for economic development and wealth creation that benefits everyone. The ETOD Score Card includes a set of principles for equitable community engagement, transportation, housing, land use and economic development, including evidence that policies and programs work to prioritize community-based financial intelligence, sustainable wealth creation, and high-quality job opportunities that prevent unwanted displacement of residents and small businesses from low-income communities and communities of color. In Chicago, eTOD evaluation efforts are also being deployed. The Metropolitan Planning Council created the Grow Chicago calculator and piloted the Corridor Development Initiative as a new data-informed community engagement model. The Center for Neighborhood Technology created an eTOD social impact calculator applicable to sites along Chicago's transit system, and more broadly.

Incorporate Community Benefits into ETOD projects, procurements and policies. Community benefits agreements (CBAs) can maximize the contribution of TOD to urban equity. Local advocates, working with city staff and developers, are succeeding in their effort to include local hiring programs, affordable housing, and a commitment to provide good jobs for residents in TOD projects seeking public financing resources, density bonuses or other incentives. Affiliates of Partnership for Working Families have been involved in a number of successful TOD CBAs including the Cherokee-Gates Project in Denver, the Atlanta BeltLine, and NoHo Commons in Los Angeles. A growing number of transit agencies are developing local hire programs and updating procurement policies to intentionally provide workforce development, job training and local hiring opportunities that benefit low-income communities. At the Chicago Transit Authority, a second chance apprenticeship initiative was launched with various local social service agencies for formerly incarcerated felons to clean transit buses and trains. According to the CTA, 76 apprentices have been hired to full-time positions at the transit agency, offering a promising career for ex-felons. Additionally, in 2016, the City of Detroit passed a proposal to create the first city-wide CBA ordinance in the nation.

Los Angeles, CA

In **South Los Angeles,** the Lorenzo Community Benefits Agreement includes a range of commitments such as:

- establishing a small business revolving loan fund and discounted rent for retail space
- a medical clinic and health outreach,
- affordable housing and local hiring goals,
- and an on-going community oversight process.

Denver, CO

Denver's TOD Fund is considered a model. In 2010, Enterprise and Denver-area partners launched a first-of-its-kind fund to create and preserve affordable housing along current and future transit corridors in the City of Denver. As the region's transit system extended beyond the City, the fund expanded to meet new demand. Today, the $24 million Denver Regional Transit-Oriented Development Fund is available to qualified borrowers in seven Metro Denver counties to acquire property for affordable housing and supportive commercial space. As of May 2016, the Fund had provided nearly $20 million for the creation or preservation of more than 1,100 affordable homes and 100,000 square feet of community space at 13 transit-accessible properties across the region.

Establish acquisition goals and strategies. Several regions have established TOD acquisition funds specifically to acquire land for affordable housing purposes. These include the Denver Regional TOD Fund; the Bay Area Transit-Oriented Affordable Housing (TOAH) Fund; the Regional Equitable Development Initiative (REDI) Fund serving the Seattle-Tacoma Puget Sound region and the Southland Community Development Loan Fund in Chicago. Community land banks and land trusts are also critical resources to acquire, hold and redevelop sites for affordable housing and other community uses.

Invest in Local Assets. Vibrant community assets, flourishing local businesses, and a diverse mix of retail, office, art, culture, service, health and education opportunities are fundamental to successful eTOD. Funds have been identified – sometimes as part of the overall transit budget or transportation planning project – to mitigate local businesses impacted by construction. This can include shuttle services for lost parking, free marketing, mitigation loan funds. Art funding is no longer a specific eligible use for federal transit funds, but many communities are investing in local artists and incorporating art into transit projects, including community engagement work, and as part of larger TOD economic development strategy. WonderRoot is an Atlanta non-profit using the arts to engage civic organizations and individuals around a social change agenda. This includes work with MARTA and other Transformation Alliance Partners to use art as a tool for community engagement and strengthening cultural identity around transit stations. Environmental assets and challenges also can be addressed in ways that strengthen communities and build value for local residents. For instance, in Dallas and Salt Lake City environmental, transportation and community partners are connecting stormwater management efforts with TOD planning.

Equitable Transit Oriented Development Resources

Climate/Environment/Sustainability and TOD

- "Why creating and preserving affordable housing near transit is a highly effective climate protection strategy," Transform and the California Housing Partnership Corporation. http://www.transformca.org/transform-report/why-creating-and-preserving-affordable-homes-near-transit-highly-effective-climate
- "TOD: Linking Equity with Environmental Sustainability," Federal Reserve Bank of San Francisco. http://www.liifund.org/wp-content/uploads/2011/05/Equitable-Transit-Oriented-Development_Reid.pdf
- "Step by Step" Guide to Integrating Community Input into Green Infrastructure Projects, Environmental Law Institute and Amigos Bravos. https://www.eli.org/sites/default/files/eli-pubs/step-step-guide-integrating-community-input-green-infrastructure-projects.pdf

Equitable Transit-Oriented Development: Best Practices

- Promoting Opportunity through Equitable Transit-Oriented Development (eTOD): Barriers to Success and Best Practices for Implementation, Enterprise Community Partners. https://www.enterprisecommunity.org/resources/promoting-opportunity-through-equitable-transit-oriented-development-etod-barriers
- TOD University Users Guide, Enterprise Community Partners. https://www.enterprisecommunity.org/sites/default/files/media-library/solutions-and-innovation/tod/tod-university-users-guide.pdf
- "Steps to Avoid Stalled Equitable TOD Projects," Living Cities. https://www.livingcities.org/resources/259-steps-to-avoid-stalled-equitable-tod-projects
- Public Parcels for Homes. http://publicparcelsforhomes.org/
- ETOD: Increasing Connectivity and Mobility for All, Federal Reserve Bank. https://bsr.stlouisfed.org/connectingcommunities/Home/GetArtifact/43?resourceId=266

Financing and Investment

- Filling the Financing Gap for Equitable TOD: Lessons from Atlanta, Denver, the San Francisco Bay Area and the Twin Cities," Enterprise Community Partners. https://www.enterprisecommunity.org/resources/filling-financing-gap-equitable-transit-oriented-development-14204
- LIIF and Federal Reserve Bank Issue Paper on CDFIs and TOD. http://www.liifund.org/news/post/liif-federal-reserve-issue-paper-on-cdfis-tod/
- Equitable Transit-Oriented Development: A New Paradigm for Inclusive Growth in Metropolitan America, LIIF. http://www.liifund.org/justgoodcapital/2016/10/11/equitable-transit-oriented-development-new-paradigm-inclusive-growth-metropolitan-america/

People and Place

- "Equitable TOD: Examining the progress and continued challenges of developing affordable housing in opportunity and transit-rich neighborhoods," PRRAC. http://www.prrac.org/pdf/EquitableTOD.pdf
- TOD connects people to place. http://www.lisc.org/our-resources/resource/lisc-transit-oriented-development-connects-people-to-place
- Putting Equity in TOD, LISC, http://www.lisc.org/our-stories/story/putting-equity-in-transit-oriented-development

- Development Without Displacement, Causa Justa: Just Cause. https://cjjc.org/publication/development-without-displacement-resisting-gentrification-in-the-bay-area/
- Communities Over Commodities: People-Driven Alternatives to an Unjust Housing System, Homes for All. https://homesforall.org/wp-content/uploads/2018/03/Communities-Over-Commodities_Full-Report.pdf?eType=EmailConfirmation&eId=ee87b388-4ae5-49ab-8784-367c064498a9

Policy Inventories and Toolkits

- "Communities are Embracing Development Near Transit: A Snapshot of TOD Support Across the United States," AARP. https://www.aarp.org/ppi/info-2017/communities-are-embracing-development-near-transit.html
- "What about housing? A Policy Toolkit for Inclusive Growth," Grounded Solutions Network. http://groundedsolutions.org/housing-policy-toolkit/
- Partnership for Working Families resources. http://www.forworkingfamilies.org/resources/policy-tools-transit-oriented-development-tod
- Search for TOD to see work supported across all Federal Reserve Bank branches. http://www.fedcommunities.org/
- Rise of the Renter Nation: Solutions to the Housing Affordability Crisis, Homes for All. http://homesforall.org/campaign/wp-content/uploads/2014/06/RENTER_NATION_FULL_REPORT_WEB.pdf
- Strengthening Communities Through Rent Control, Urban Habitat. http://urbanhabitat.org/sites/default/files/UH%202018%20Strengthening%20Communities%20Through%20Rent%20Control_0.pdf
- PolicyLink Equitable Development Toolkit. https://www.policylink.org/sites/default/files/transit-oriented-development_0.pdf

Public Health and Transportation

- At the Intersection of Public Health and Transportation: Promoting Healthy Transportation Policy, APHA.https://www.apha.org/~/media/files/pdf/factsheets/at_the_intersection_public_health_and_transportation.ashx
- "Healthy Development without Displacement: Realizing the vision of healthy communities for all," Prevention Institute. https://www.preventioninstitute.org/publications/healthy-development-without-displacement-realizing-vision-healthy-communities-all

Transit-Oriented Development Guides and Networks

- Center for Transit Oriented Development. http://ctod.org/
- "Transit-Oriented Development and The Potential for VMT-related Greenhouse Gas Emissions Reduction," CTOD. http://reconnectingamerica.org/assets/Uploads/cnttodpotentialghgemissions031110.pdf
- Mixed-Income TOD Action Guide. http://mitod.org/home.php
- National Resource & Technical Assistance for Transit-Oriented Development Resource. https://todresources.org/
- "Building a national equitable TOD Network," Federal Reserve Bank. http://www.frbsf.org/community-development/blog/equitable-transit-oriented-development-network/
- "Mobility Equity Framework: How to make transportation work for people," Greenlining Institute. http://greenlining.org/publications/2018/mobility-equity-framework/