Financing Transit Oriented Districts

“Getting It Done”

Workshop IV

Dena Belzer

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Presentation Overview

1. Fundamentals of Financing Transit Oriented Districts
2. Current National Discussion on Financing TOD
3. Quick Case Studies
4. Concluding Thoughts, Lessons, Next Steps for the Twin Cities
1. Transit Districts Have Many Moving Parts:

- Transit
- Connections to stations for buses, bikes, pedestrians, and cars from the larger area
- Gray infrastructure (sewer, water, storm)
- Green infrastructure (parks, street trees)
- Community infrastructure (libraries, day care health clinics)
- Existing Buildings
- Development opportunity sites
2. There Are More Moving Parts:

- Market Conditions
  - Station Area
  - Corridor
  - Region
  - National
3. Even More Moving Parts:

- Local, regional, statewide, federal policy
  - Local zoning
  - Regional transportation investment policies
  - State enabling legislation for local finance
  - Federal support for local projects
4. One More Moving Part:

- Local Implementation Capacity
  - Can come from many sources, but leadership and political will must emerge
Successful TOD District Implementation is Composed of the Interaction Among All of these Parts

- Physical Context
- Proactive Leadership
- Market Conditions
- Policy Framework
Financing Transit Oriented Districts is Driven By Context, Not by Tools

Always use the right tool for the job!
While Every TOD is Slight Different, Certain Patterns in TOD Development Have Emerged
Proximity to Employment Drives Development Activity

Hiawatha Line
(Minneapolis)

Southeast Corridor
(Denver Region)

Blue Line
(Charlotte)
Development “Opportunity” Determines TOD Activity

Fairmont Corridor (Boston)
• Limited Opportunity for New Dev.

Blue Line (Charlotte)
• Extensive Opportunity for New Dev.
Public Policy and Public Investment Can Affect Development Feasibility

- Townhome
- 4 Stories over Podium
- "Dallas Donut"
- 6 Stories +

Residual Land Value per SF

Units per Acre
II. Some Case Studies In Matching Opportunities and Tools
Case Study #1

Prioritizing TOD investments at the regional scale – Portland Metro TOD Program
Metro Planning Department’s Transit-Oriented Development Implementation Program - Direct Investment in TOD Projects

- Foster construction of higher density and mixed use housing connected to transit through partnerships with the private sector
- Develop urban style buildings that minimize parking and maximize floor area ratio
- Decrease auto trips and increase transit, bike, and ped. trips in station areas
- Leverage and focus public expenditures within station areas to support Metro’s 2040 Growth Concept.
Sort the Opportunities by Market Strength and Urban Form

TOD Station Area Typology
(market + urban form readiness)

- Transit oriented
- Transit related
- Transit adjacent

- Static
- Emerging
- Strong

market activity (sales per square foot)
Places for Investing and Places for Planning

Invest in Projects

Plan and Partner

Invest in Place Making
Case Study #2

Regional Investment in Affordable TOD – Bay Area Acquisition Fund
BAY AREA DEMAND FOR AFFORDABLE TOD

• High cost of living – So strong imperative for putting housing near transit

• Demand for housing near transit projected to increase 40% between 2000 and 2030 – 248,000 potential households

• Half of demand for housing in TOD will come from low income households

• 41% of existing subsidized housing is near transit
REGIONAL DEVELOPMENT OPPORTUNITIES

Limited Number of Potential Infill Development Sites

Bay Area Developable Land

Vacant or Underutilized Property – Less than 3% of total

Millions of Acres

0.00 0.20 0.40 0.60 0.80 1.00 1.20 1.40

CENTER FOR TRANSIT-ORIENTED DEVELOPMENT

CTOD
REGIONAL DEVELOPMENT OPPORTUNITIES

Scarcity of Development Sites Near Transit

14% of Vacant Land is Near Existing or Planned Transit

Vacant or Underutilized Land

Thousands of Acres
The MPO (MTC) Has Put Up $10 million to “Seed” Acquisition Fund
Case Study # 3

Fruitvale Transit Village – Oakland, California
Long Term Project With Many Phases

- Neighborhood revitalization
- New construction
  - Streetscape improvements (1999-2002)
  - *Dense Housing “Phase II”* – 275 units (2009-2012)
  - *Cultural & Performing Arts Center* (2010)
  - Façade and Street Improvement (Main Street/PBID)
  - Graffiti Abatement and Crime Reduction
  - Inviting, Safe, Walkable Public Spaces
Many Financing Sources

Main Buildings and BART Parking Garage
- **A. Equity/Grants (Buildings/Plazas)** - $26.0 million
  - FTA $5.7 million
  - City of Oakland Prepaid Leases $7.4 million
  - City of Oakland Pass through grants $5.3 million
  - Tax increment financing $4.0 million
  - Foundations $2.3 million
  - Unity Council/FDC equity $1.3 million

- **B. Debt (Buildings/Plazas)** - $28.0 million
  - 501c3 Bonds $19.8 million
  - City of Oakland HUD 108/EDI $3.3 million
  - Citibank $1.4 million
  - City of Oakland Home $0.7 million
  - Unity Council loan $1.8 million

- **C. Equity/Debt (BART Parking Structure)** - $12.5 million
  - FTA $7.6 million grant
  - Alameda County (ACTIA) $4.1 million
  - Unity Council loan to BART $0.8 million
Case Study #4

Financing Mixed Income Housing – Denver and Lakewood Colorado Housing Authorities
Denver/Lakewood Housing Authorities

- Strategic land acquisition along West Corridor (currently under construction)
- Redevelopment of existing public housing into mixed income development
Case Study #5

Financing Streetcars – Seattle, Portland, Tampa
Portland: Streetcar Funding

- Construction of 2.4 mi alignment began in 1997, opened in 2001
Seattle: Streetcar Funding

- As a local property owner initiative, the largest funding source came from a LID.
Tampa: Streetcar Funding

- Diverse array of funding sources covered implementation costs

<table>
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<th>Funding Source</th>
<th>Amount</th>
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<tr>
<td>Federal CMAQ (4x)</td>
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<td>Tampa Direct Contribution (Gas Taxes)</td>
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<td>Federal 5307 Urbanized Area Formula (6x)</td>
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<td>Federal 5309 New Starts/Capital Transit (4x)</td>
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<td>Local Land Sale Proceeds</td>
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<td>Local Port Authority</td>
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TOTAL CAPITAL COST $57,628,744.47

*(4x): The Number of Grants Received in Specific Category
Current National Discussion on Financing TOD
Improving the Federal Partnership for Equitable TOD – CTOD Recommendations

Expand Federal Financing And Tax Incentive Programs

• RECOMMENDATION #1: Modify and Expand the Transportation Infrastructure Finance and Innovation Act (TIFIA) to work better for transit and TOD

• RECOMMENDATION #2: Create a Livable Communities Credit Enhancement Program

• RECOMMENDATION #3: Modify US Tax Code to Create Location Efficiency Incentives
CTOD Recommendations (con’t)

Expand Public Transportation Investment

• RECOMMENDATION #4: Establish a “Self Starts” Companion Program to Section 5309

• RECOMMENDATION #5: Create a Multimodal Access Program for New Capacity
CTOD Recommendations (con’t)

Modify Existing Federal Surface Transportation Programs

• RECOMMENDATION #6: Support Integrated Long-Range Regional Planning

• RECOMMENDATION #7: Expand eligibility of transportation funds for TOD

• RECOMMENDATION #8: Create Multimodal Office of Livable Communities at USDOT

• RECOMMENDATION #9: Modify the Federal New Starts and Small Starts Program

• RECOMMENDATION #10: Establish affordable housing replacement requirement for all transportation projects
Concluding Thoughts and Lessons Learned
Lesson 1

There is no silver bullet or perfect tool kit for financing Transit Oriented Districts
Financing follows a vision, which can be “fixed,” but the implementation strategy has to be flexible and dynamic.
Lesson 3

Resources need to be deployed to maximize leverage and maximize impact.
Lesson 4

Proactive leadership is essential
Lesson 5

Partnerships are essential
Next Steps for the Twin Cities
Keep Working on the Tools

• Identify which tools work best in what contexts
• Build a better understanding of timing into the information
Do Corridor Assessments to “Sort” Opportunities

• Find those places where the market is working and invest

• In locations with longer term markets, enhance transit connections so people really use the transit
Invest in the Low Hanging Fruit

- Small scale projects
- Affordable housing
- Pedestrian improvements
- Other place making
Be Patient

- Transit Oriented Districts will build out over long periods of time, 10 to 20 years