



# Financing Transit Oriented Districts

“Getting It Done”

Workshop IV

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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



# Fundamentals of Financing Transit Oriented Districts



# 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

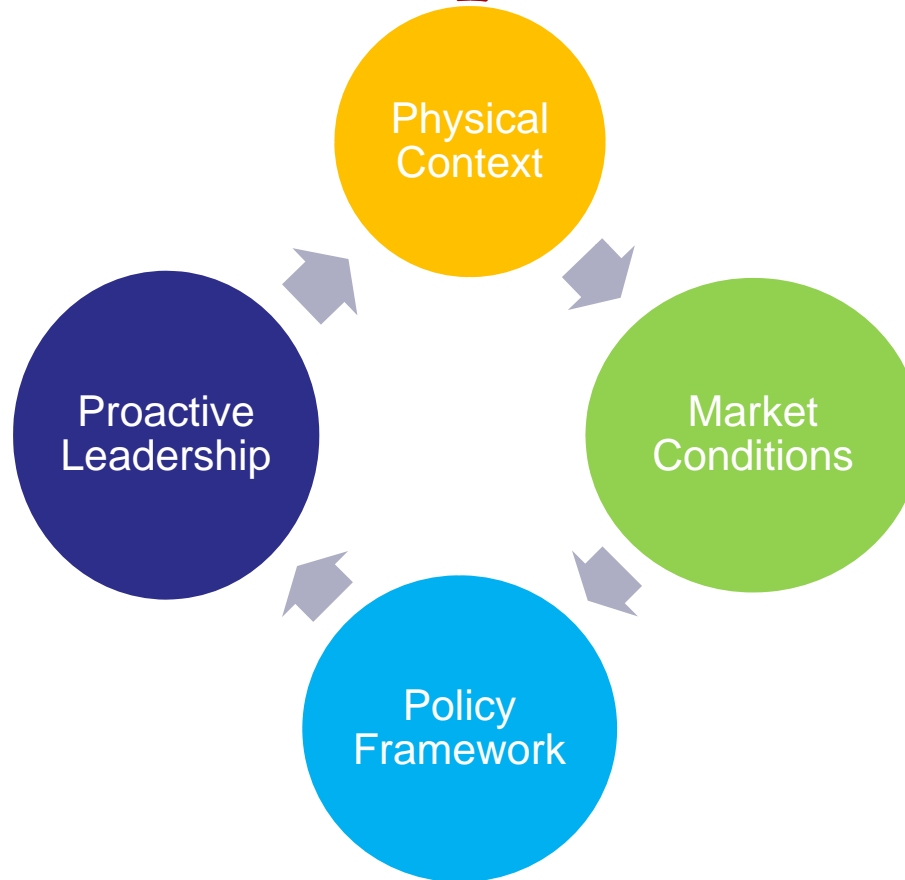
### 3. Even More Moving Parts:

- 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:

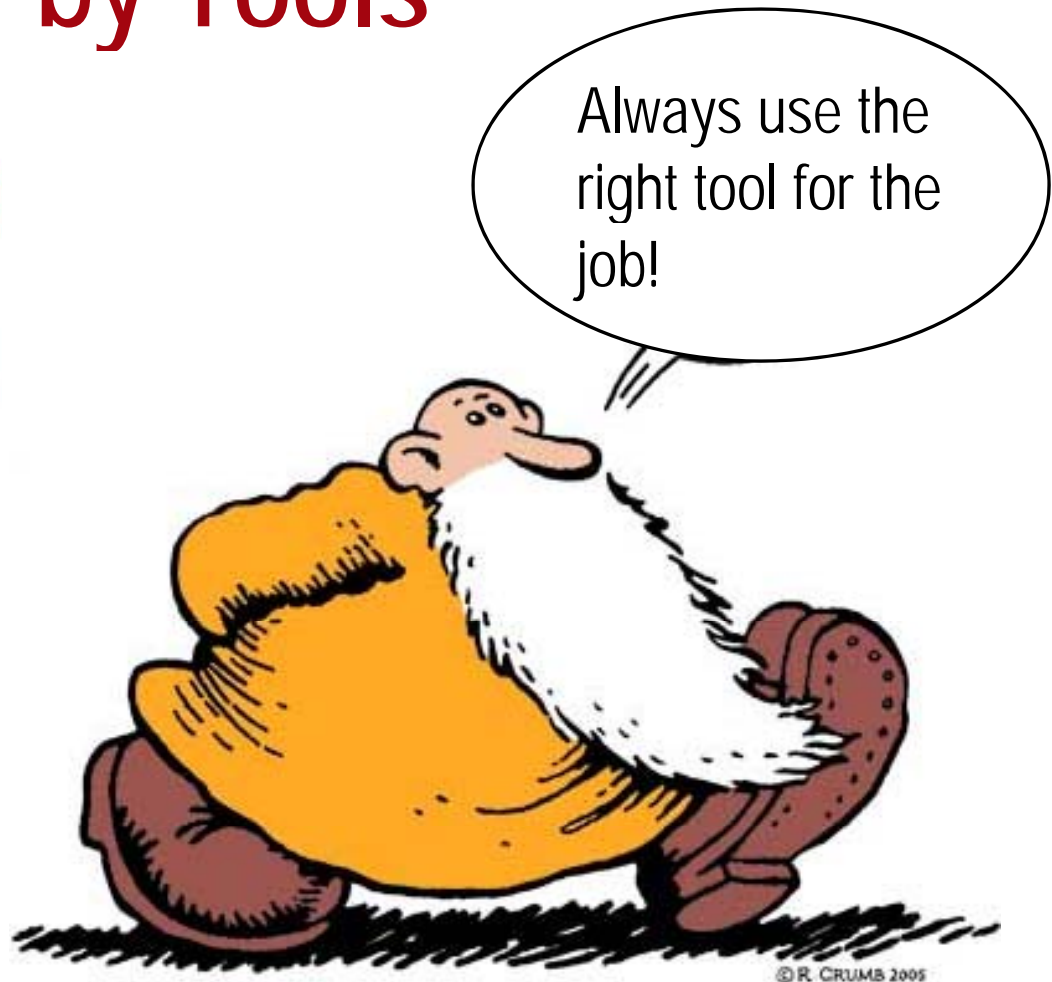
- Local Implementation Capacity
  - Can come from many sources, but leadership and political will must emerge

# Successful TOD District Implementation is Composed of the Interaction Among All of these Parts





# Financing Transit Oriented Districts is Driven By Context, Not by Tools



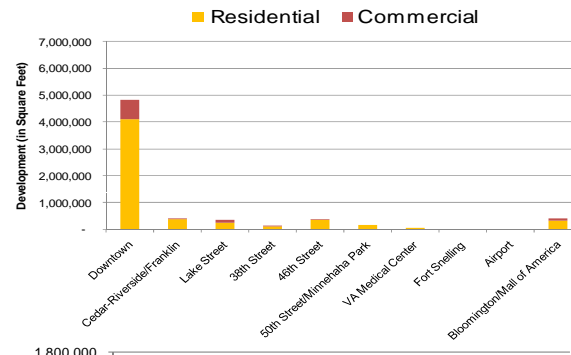
# While Every TOD is Slight Different, Certain Patterns in TOD Development Have Emerged



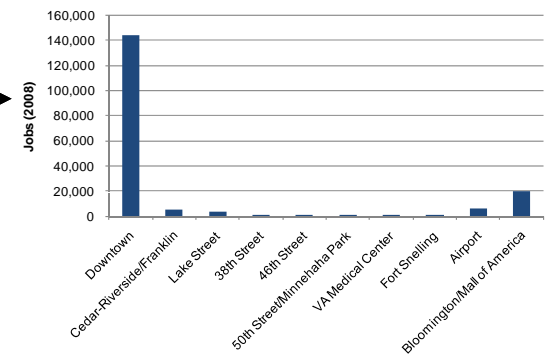
# Proximity to Employment Drives Development Activity

Hiawatha Line  
(Minneapolis)

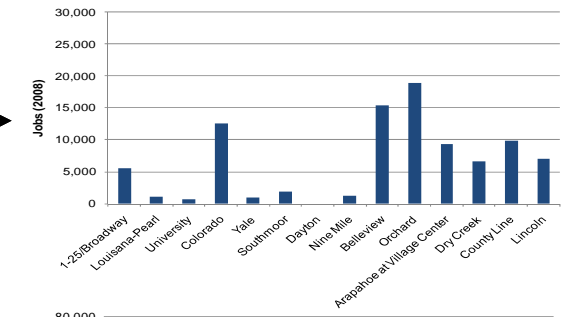
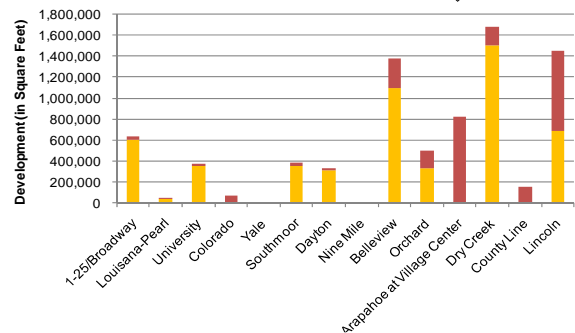
## New Development



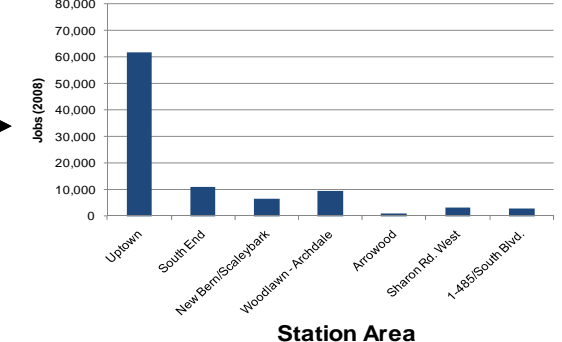
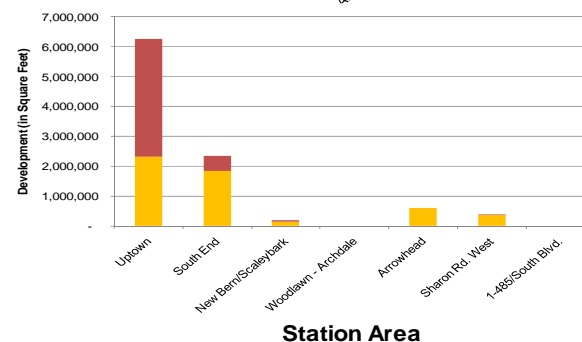
## Total Employment



Southeast Corridor  
(Denver Region)



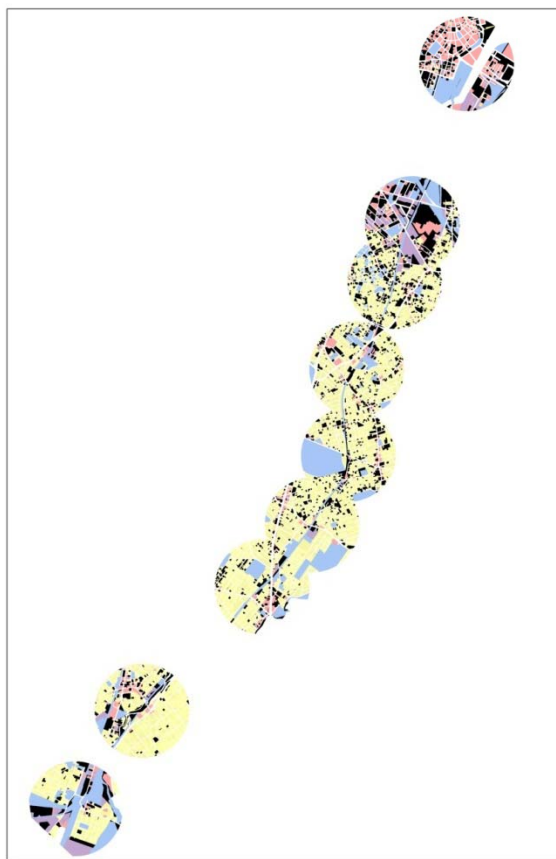
Blue Line  
(Charlotte)



# Development “Opportunity” Determines TOD Activity

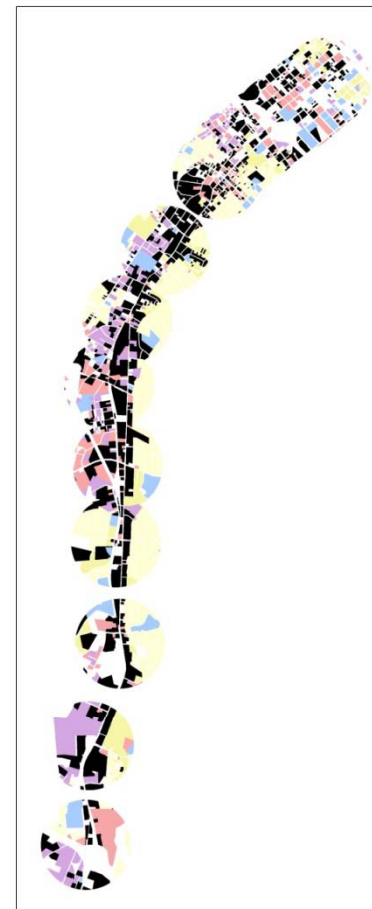
## Fairmont Corridor (Boston)

- Limited Opportunity for New Dev.

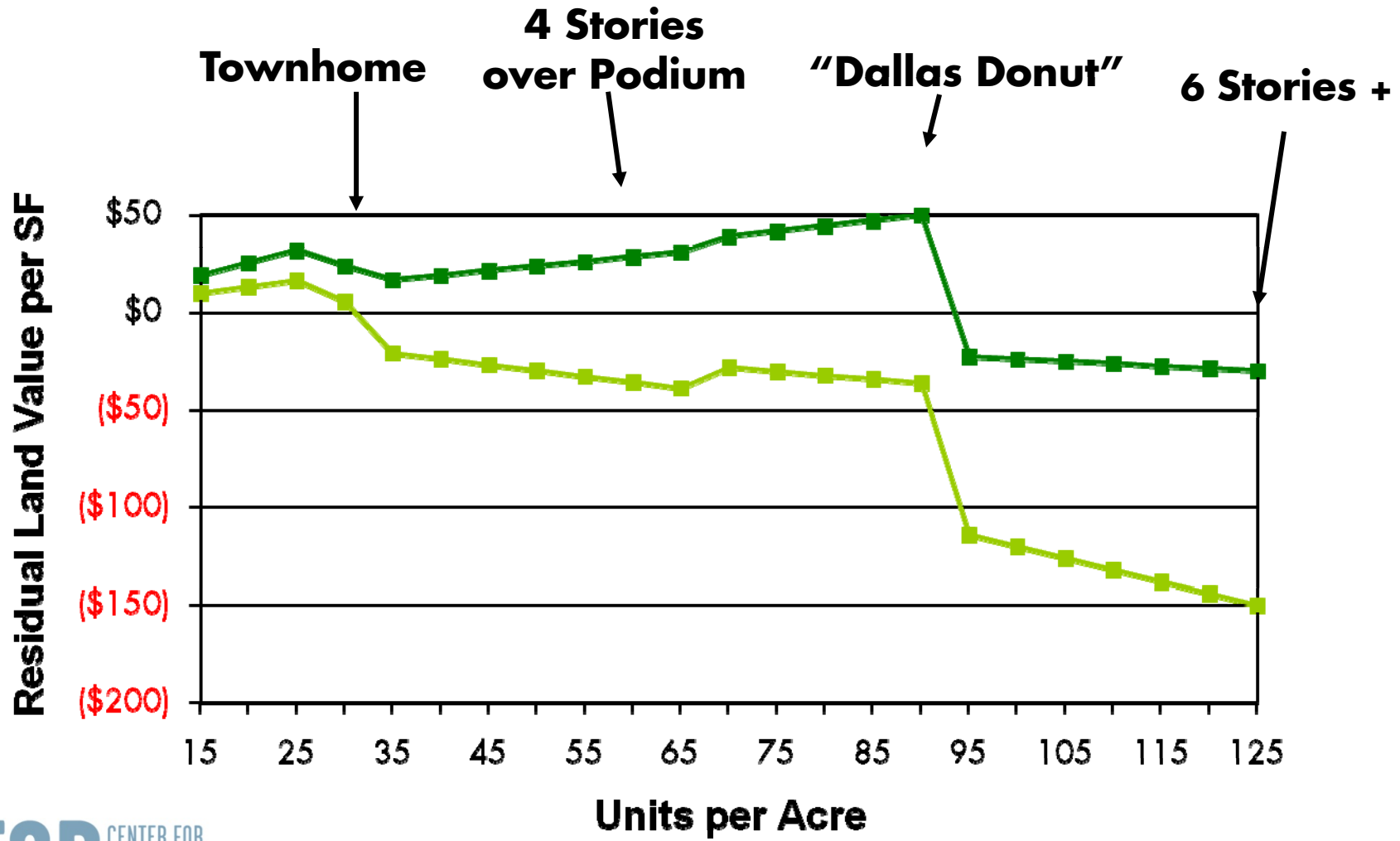


## Blue Line (Charlotte)

- Extensive Opportunity for New Dev.



# Public Policy and Public Investment Can Affect Development Feasibility





## 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

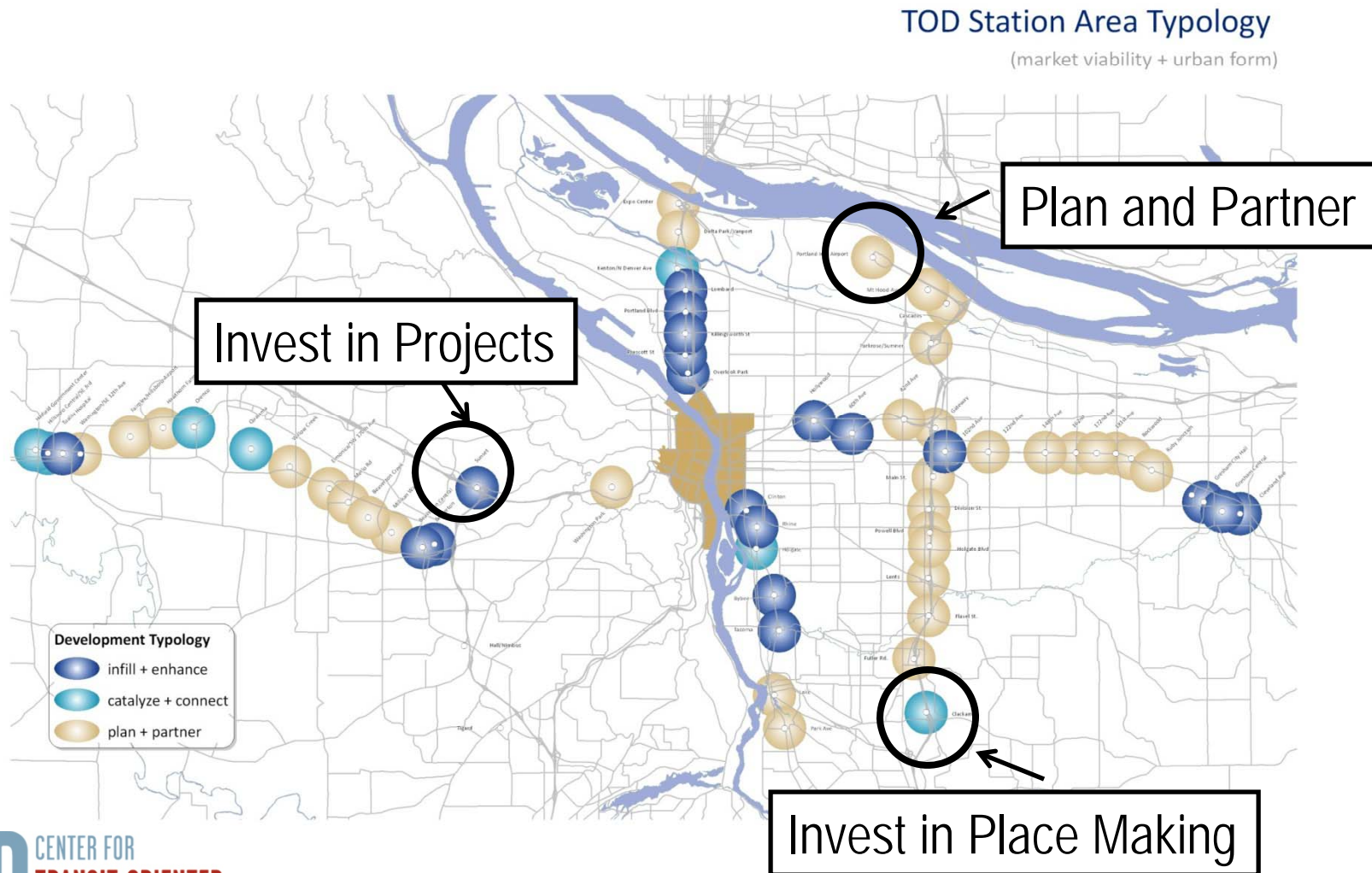
- Foster construction of higher density and mixed use housing connected to transit through partnerships with the private sector
- Develop urban style buildings that minimize parking and maximize floor area ratio
- Decrease auto trips and increase transit, bike, and ped. trips in station areas
- Leverage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



# Sort the Opportunities by Market Strength and Urban Form



# Places for Investing and Places for Planning



# Case Study #2

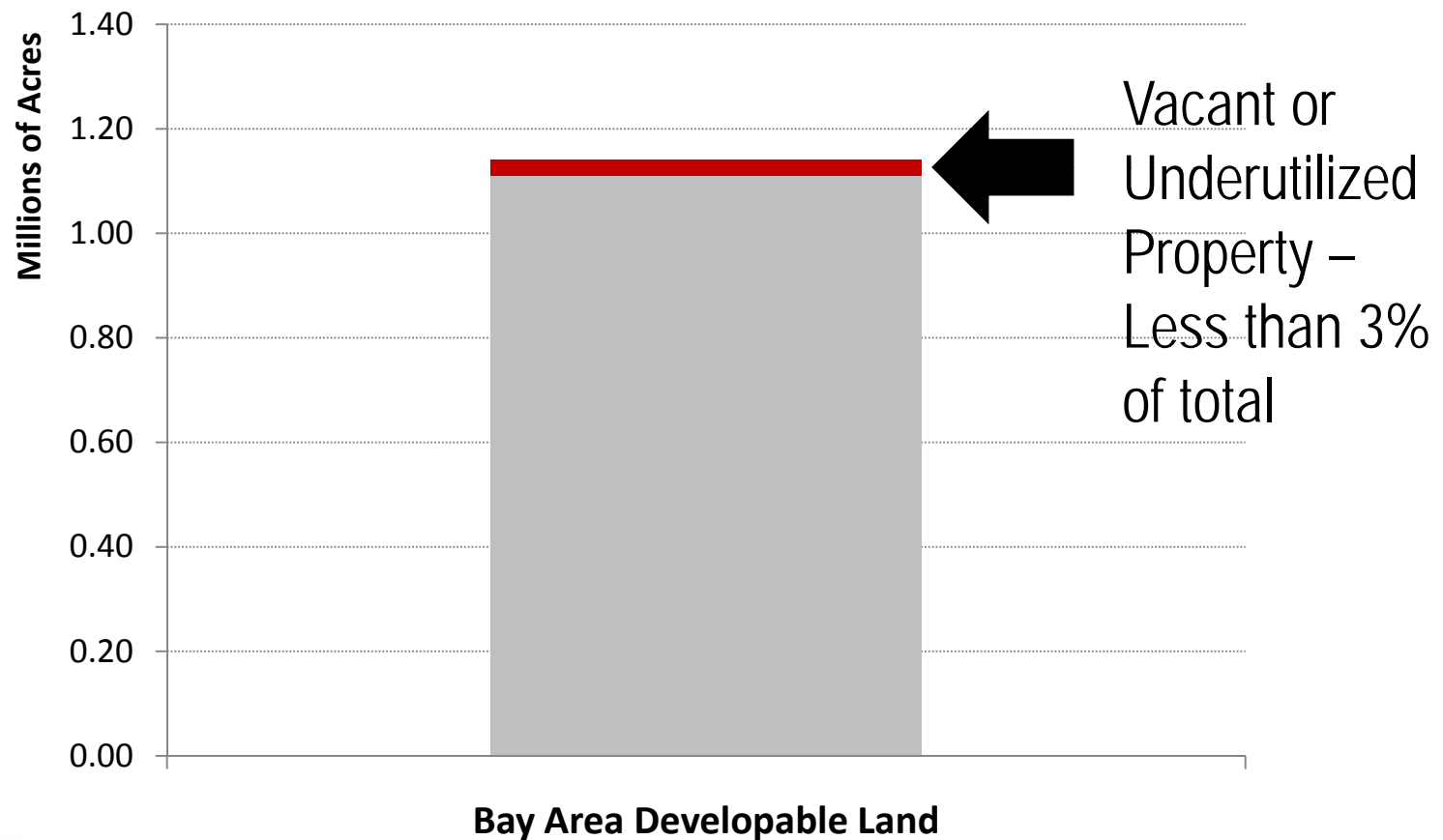
## Regional Investment in Affordable TOD – Bay Area Acquisition Fund

# 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

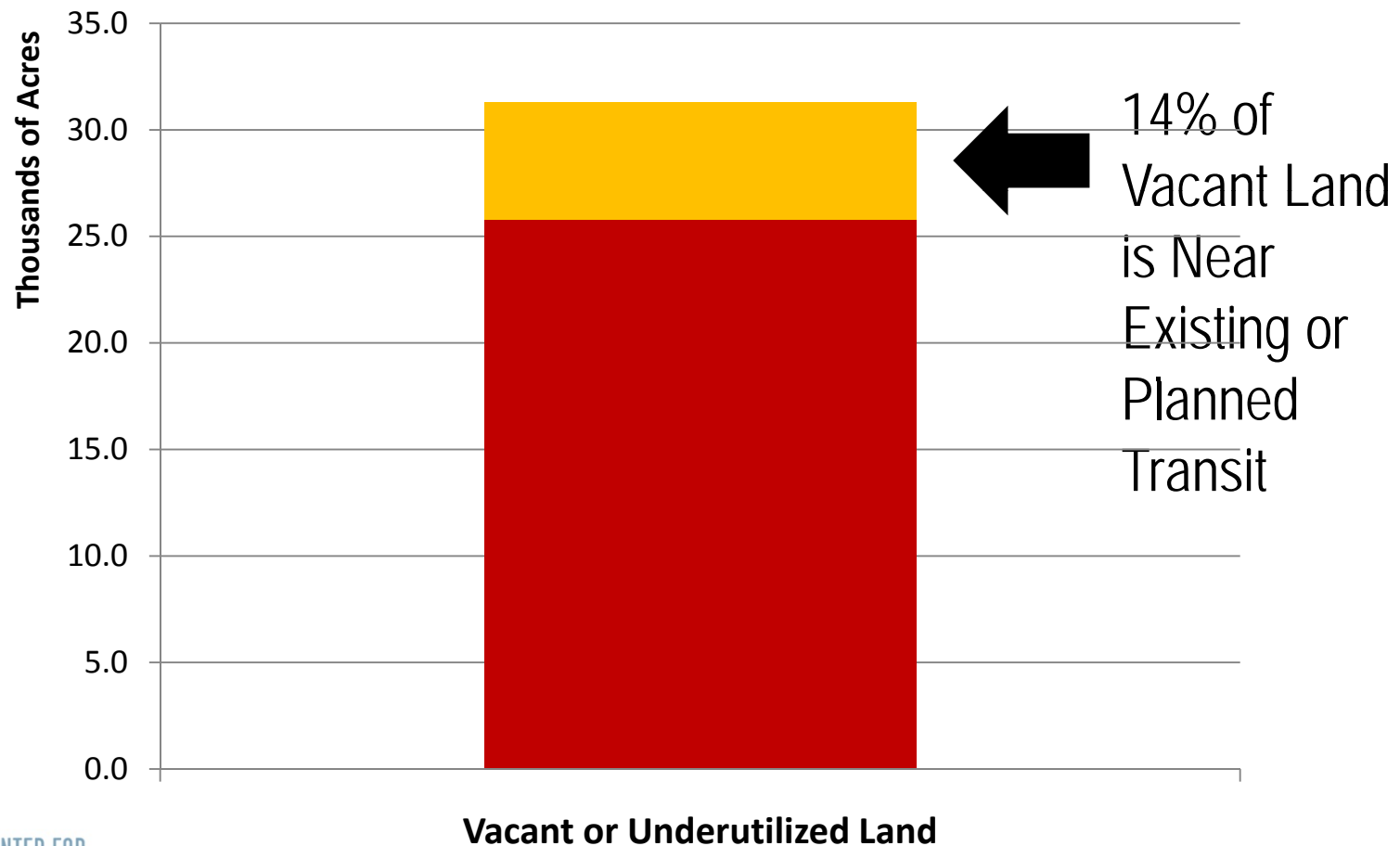
# REGIONAL DEVELOPMENT OPPORTUNITIES

## Limited Number of Potential Infill Development Sites

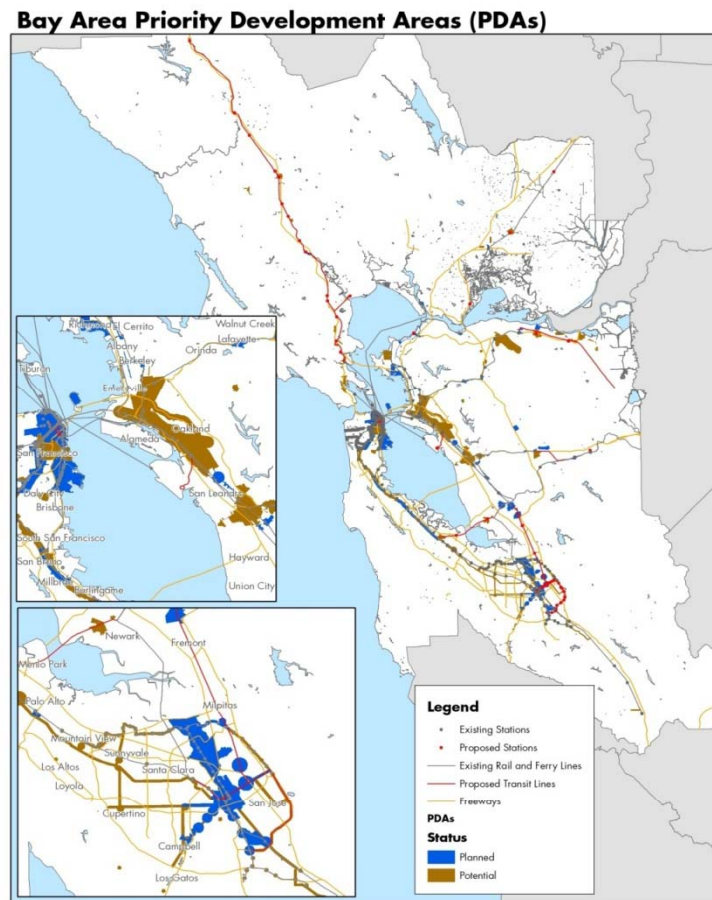


# REGIONAL DEVELOPMENT OPPORTUNITIES

## Scarcity of Development Sites Near Transit



# The MPO (MTC) Has Put Up \$10 million to “Seed” Acquisition Fund



Sources: ABAG; Strategic Economics, 2008

# Case Study # 3

## Fruitvale Transit Village – Oakland, California



# Long Term Project With Many Phases

- Neighborhood revitalization
- New construction
  - *Las Bougainvilleas* – 68 affordable units (1998)
  - *Streetscape improvements* (1999-2002)
  - **Fruitvale Transit Village (2004)**
  - *Public Market* (2007)
  - *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

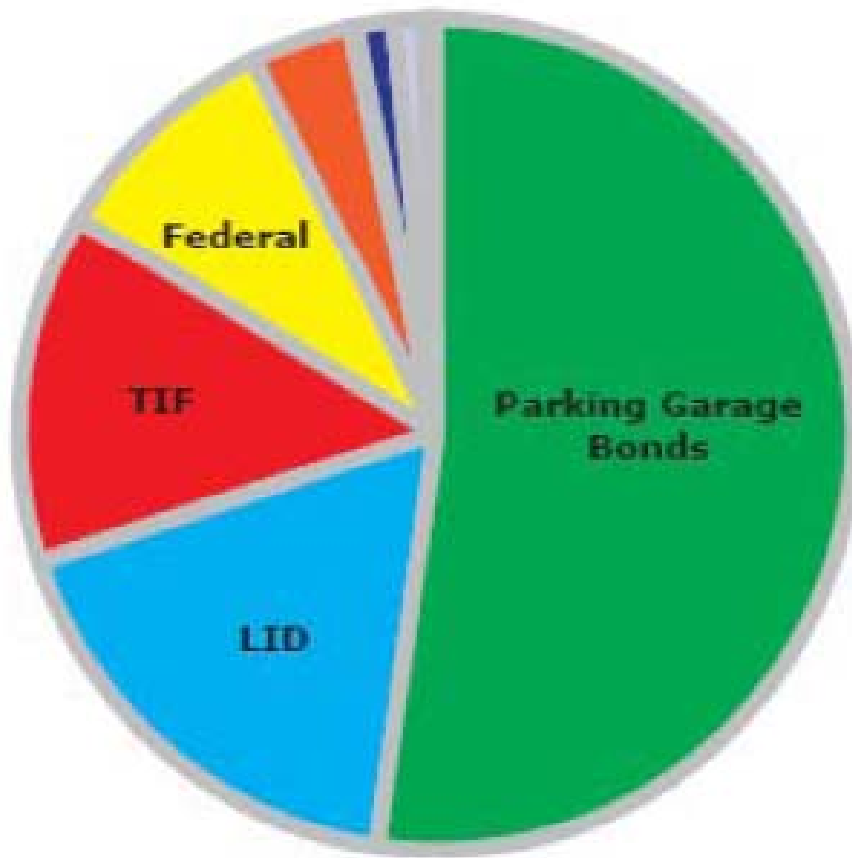
- Strategic land acquisition along West Corridor (currently under construction)
- Redevelopment of existing public housing into mixed income development



# Case Study #5

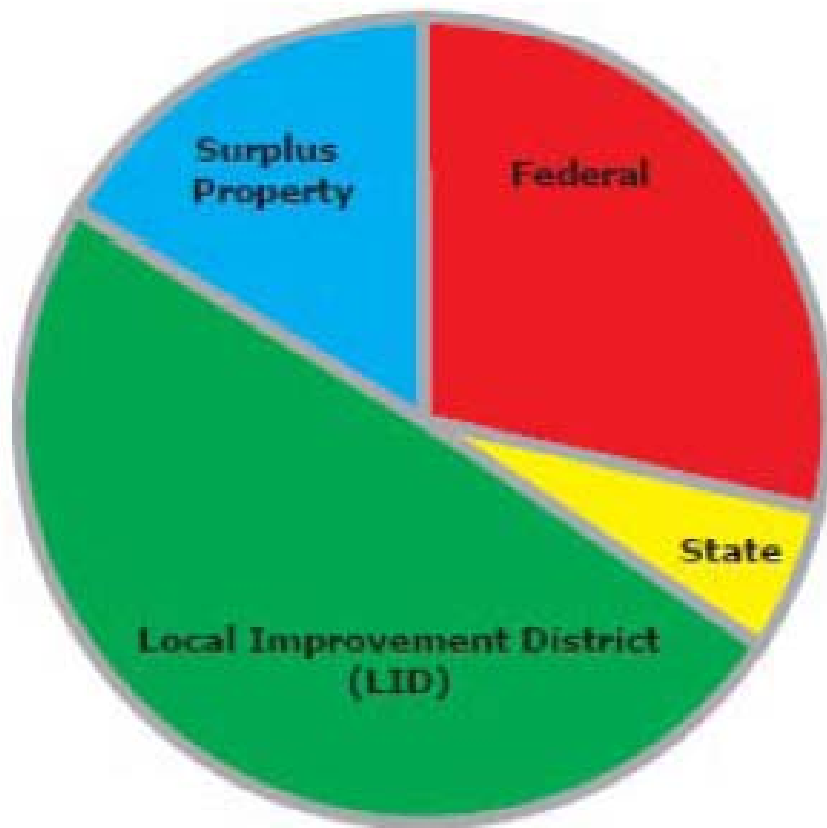
## Financing Streetcars – Seattle, Portland, Tampa

# Portland: Streetcar Funding



Parking Garage Bonds	\$28.50
LID	\$9.60
TIF	\$7.50
Federal	\$5.00
Parking Revenue	\$2.00
ST Railcar Procurement	\$0.16
Tax Breaks Agreement	\$0.85
HUD	\$0.50
Interest	\$0.36
<b>Total Funding (\$Mil)</b>	<b>\$54.47</b>

# Seattle: Streetcar Funding

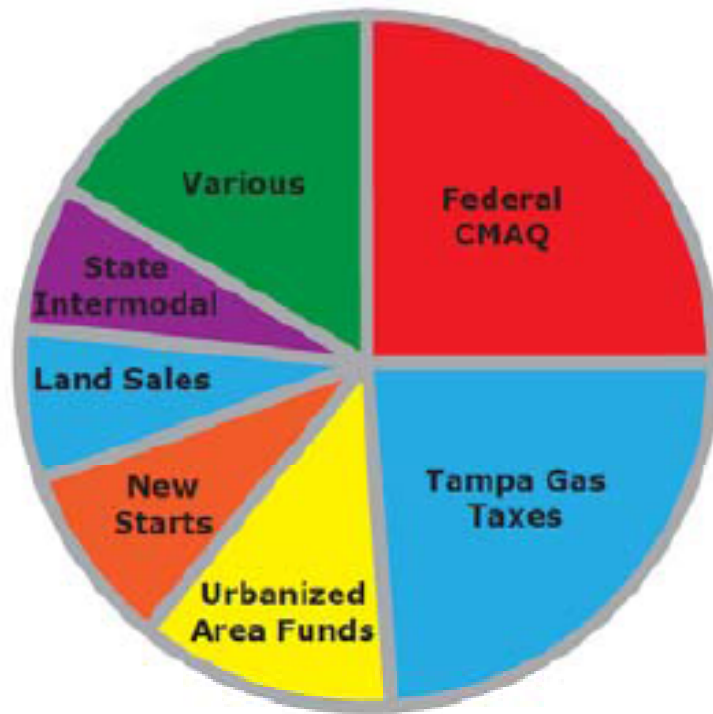


LID	\$25.7
Federal	\$14.9
Surplus Property	\$8.5
State	\$3.0
<hr/>	
Total Funding (\$Mil)	\$52.1

- As a local property owner initiative, the largest funding source came from a LID



# Tampa: Streetcar Funding



Federal CMAQ (4x)	\$ 14,334,674.75
Tampa Direct Contribution (Gas Taxes)	\$ 13,863,443.00
Federal 5307 Urbanized Area Formula (6x)	\$ 6,860,993.29
Federal 5309 New Starts/Capital Transit (4x)	\$ 4,994,266.25
Local Land Sale Proceeds	\$ 4,200,000.00
State Intermodal Funds	\$ 3,800,000.00
Federal TSCP	\$ 1,982,615.00
State DDR	\$ 1,200,000.00
State CMAQ	\$ 1,075,000.00
Federal STP	\$ 1,028,125.00
State Urban Transit Capital Funds	\$ 1,007,057.00
HART (Local Transit Agency)	\$ 877,000.00
State DDR	\$ 795,000.00
State Intermodal Funds	\$ 500,000.00
State Fast Track	\$ 435,000.00
State Public Transit Funds	\$ 316,000.00
Local Impact Fees	\$ 255,170.06
Local City Rail Contribution	\$ 66,275.12
Local Port Authority	\$ 38,125.00
<b>TOTAL CAPITAL COST</b>	<b>\$ 57,628,744.47</b>

\*(4x): The Number of Grants Received in Specific Category

- Diverse array of funding sources covered implementation costs





# 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

# Lesson 2

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

