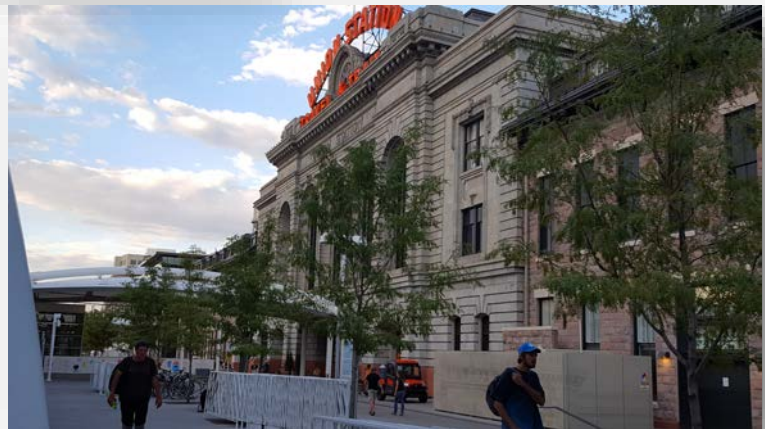


Advancing Equitable Transit-Oriented Development through Community Partnerships and Public Sector Leadership



MZ Strategies, LLC
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¹ An earlier draft of this report was shared at the July 2016 Phoenix LadderSTEP eTOD Workshop co-hosted by the City of Phoenix, LISC-Phoenix and US Department of Transportation. Photos above of Saint Paul and Denver taken by M. Zimmerman.

Communities across the country are investing in better transit to connect people of all income levels to regional economic and social opportunity. Transit can be a catalyst for development, and the demand for housing and mixed-use, walkable neighborhoods located near quality transit continues to grow. In some places like Denver, Seattle, and Los Angeles (to name just a few) land prices and rents near transit have increased substantially creating concerns with the displacement of small businesses and affordable housing.

In response, multi-sector coalitions are forming in a number of regions to advance **Equitable Transit-Oriented Development (eTOD)**, which aims to create and support communities of opportunity where residents of all incomes, ages, races and ethnicities participate in and benefit from living in connected, healthy, vibrant places connected by transit. These transit-oriented communities of opportunity include a mixture of housing, office, retail and other amenities as part of a walkable neighborhood generally located within a half-mile of quality public transportation. This white paper pulls together emerging eTOD best practices from four regions, and highlights opportunities to use federal finance and development programs administered by US Department of Transportation to create and preserve inclusive communities near transit. It offers lessons learned for other communities and a set of recommendations for the Federal Transit Administration to better support local efforts by transit agencies to advance eTOD.

Achieving eTOD involves an inclusive planning process during the transit planning and community development phases. This entails long-term and active engagement of a diverse set of community partners ranging from local residents, small business owners, community development players, and neighborhood-serving organizations located along the proposed or existing transit corridor, to regional anchor institutions and major employers including universities and health care providers, to philanthropy, local and regional agencies and state government partners.

Equitable outcomes require smart, intentional strategies to ensure wide community engagement. Successful eTOD requires planning not just for transit, but also for how this type of catalytic investment can help to advance larger community needs including affordable housing, workforce and small business development, community health and environmental clean-up.



Figure 1. Community engagement and coalition building for eTOD (Photo: Twin Cities LISC)

Each community has at its disposal -- or can create -- a set of tools to support eTOD. For instance, in the Phoenix region, LISC and Raza Development Fund created a \$30 million TOD fund to attract new housing and businesses to low-income communities along key transit corridors.² The City of Phoenix, LISC-Phoenix and Valley Metro (among other local government and regional partners) are supporting efforts to inform and engage the community on what TOD can mean for the future of the region.³ Other regions including Atlanta,

² Information on the TOD Loan Fund available at http://programs.lisc.org/Phoenix/Images/Press_Releases/Phoenix_TOD_PR--FINAL.pdf

³ For instance, LISC-Phoenix has created a *Guide for Evaluating Transit-Oriented Development Near Valley Metro Rail including a Spanish*

the San Francisco Bay Area, and Boston, just to name a few, have created their own tools, some of which are financial or regulatory incentives for transit-supportive development, and a few to support community engagement and leadership development.

The following case studies spotlight a selection of tools and policies that have emerged in four regions (Minneapolis-St. Paul; Los Angeles; Seattle and Denver) that are promoting eTOD through public and non-profit leadership in partnership with private developers and community residents and business owners. Each community has different goals for eTOD, different assets to draw from, and different challenges to address. Together they illustrate the diversity of coalitions, public policies, and innovative tools necessary to achieve communities of opportunity. The case studies provide a quick snapshot of the work happening in each region, and it should be noted that in every region there is a deeper body of work underway. Some useful website links are provided to further explore the good work that is underway in each.

Case Studies

Coalition Building and Collaboration for eTOD

Minneapolis-Saint Paul, MN

Minneapolis-Saint Paul was chosen as an example of the power of coalition building. In particular, the transformative role that philanthropy can play when it chooses to use not only its grant making powers but also the ability to foster collaboration and play an intermediary role between non-profits, anchor institutions and the public sector.

The 11-mile Green Line light rail opened in June 2014, linking aging, racially-diverse neighborhoods that had experienced “decades of disinvestment” with the downtowns of Saint Paul and Minneapolis and other employment hubs, including the University of Minnesota and the state capitol. The line has exceeded ridership projections with an average weekday ridership of 30,000. In just five years, more than \$4.2 billion has been invested in residential and commercial development (not including the new sports stadiums) along the Green Line.⁴



*Figure 2. Waiting for the Green Line in Saint Paul, MN
(Photo: Central Corridor Funders Collaborative)*

The Green Line illustrates successful eTOD both through the quality transit design that incorporates community art and place-making, to the significant new mixed-income development that has been occurring beyond the

translation, (<http://www.liscphoenix.org/wp-content/uploads/2015/10/TOD-Guidebook.pdf>) and Valley Metro’s TOD website includes a number of key resources including the agency’s TOD Strategy and Central Avenue Corridor Study (http://www.valleymetro.org/metro_projects_planning/transit_oriented_dev_info/)

⁴ “Can Light Rail Be an Engine of Opportunity? The Twin Cities Story” Policy Link. August 20, 2014.

rails.⁵ It also exemplifies the power of engaging a diverse coalition of stakeholders throughout the process, many of whom brought a strong racial equity and community focus. Community groups in the Twin Cities fought tenaciously to make sure the new \$1 billion Green Line created jobs and business opportunities for residents, linked low-income neighborhoods of color to employment centers, and strengthened local businesses along the route.

"An infrastructure investment is not just about trains and rails," said Joan Vanhala, coalition organizer for the Minneapolis-based Alliance for Metropolitan Stability. "It's about people and their communities. It's about valuing, respecting, and investing in the unique characteristics that people and communities bring to the table."

The Central Corridor Funders Collaborative (2007-2016) was an innovative partnership supported by 14 local and national foundations seeking to create a "corridor of opportunity" along the Green Line.⁶ The Funders Collaborative supplemented the programs and grant-making of its member foundations by working with community organizations, the business sector, and public agencies to encourage collaboration, planning and investment beyond the rail. Numerous local non-profits and public agencies were engaged with and supported by the Collaborative, working on issues spanning affordable housing, small business retention and growth, community arts and public health, and emphasized preserving the unique cultural diversity of neighborhoods along the line.⁷

When the project was originally proposed residents and advocates wanted a more sensitive process that produced better community outcomes. Many remembered the cultural and economic devastation brought by the location of Interstate-94 through the heart of the Rondo neighborhood decades earlier which had been home to 85% of Saint Paul's African American population in the 1950s.⁸ Government was not widely trusted to represent the voices of residents and business owners. That's where the Funders Collaborative stepped in to help community-based groups, advocates, City Hall and the Metropolitan Council work together. Starting in 2006, the Collaborative focused on shared, corridor-wide solutions, and invested in community partners and non-profits representing a range of stakeholders, business owners, residents, employers and public agencies. The Funders committed to invest \$12 million, leveraging more than \$54 million of additional investments between 2008 – 2016, ensuring the benefits of the Green Line would be widely shared by all, especially disadvantaged communities.⁹

Surrounding neighborhoods are now working to meet the challenge of preserving and creating affordable housing. The Central Corridor station area plan projects 17,000 new housing units, 90% of which will be created through market rate private investment over the next 30 years. The limited public sector investment will need to be carefully leveraged to meet public needs and community priorities.

⁵ Among the new mixed-income projects is 2700 University which utilized numerous finance tools including a new mezzanine debt loan piloted by LISC. For more information, see "Twin Cities Mixed-Income Housing Case Studies" at <http://mzstrategies.com/projects/>

⁶ For more information about CCFC see: <http://www.funderscollaborative.org/>

⁷ "About Community, Not A Commute: Investing Beyond Rail." The Central Corridor Funders Collaborative, June 2016. Web. 3 July 2016.

⁸ For more on Rondo's history see: <http://www.aurorastanthonny.org/rondo-neighborhood-history.html>

⁹ "About Community, Not A Commute: Investing Beyond Rail." The Central Corridor Funders Collaborative, June 2016. Web. 3 July 2016.

The community is concerned that even low-income housing at 60% of Area Median Income (AMI) will not adequately serve neighborhood needs as many residents are at or below 30% of AMI.¹⁰ Twin Cities LISC is supporting a unified housing strategy, referred to as *The Big Picture Project*, to “attract investment... stabilize existing housing stock, preserve long-term affordability, and make sure new development projects improve the quality of life for residents in the surrounding neighborhoods”.¹¹ While affordable housing was a critical component of the project, the focus is on creating “Corridors of Choice” to support access to quality jobs, education and grocery stores.

In addition, Twin Cities LISC is leading C4 (Central Corridor as Cultural Corridor), focused on maximizing the unique arts and cultural assets along the Green Line LRT, leveraging these assets to foster economic growth, unique destinations, and sustainable local business districts.¹² Arts and culture are vital to create vibrant communities that celebrate local diversity, and reflect local history and culture.

LESSONS LEARNED

- **History and culture matter.** Transit planning does not happen in a vacuum. Equitable development succeeds when it recognizes and honors both a community’s rich history and its current diversity and community assets. Through the planning and construction process, the CCFC and City of Saint Paul prioritized working with local organizations to support community inclusion, mitigate

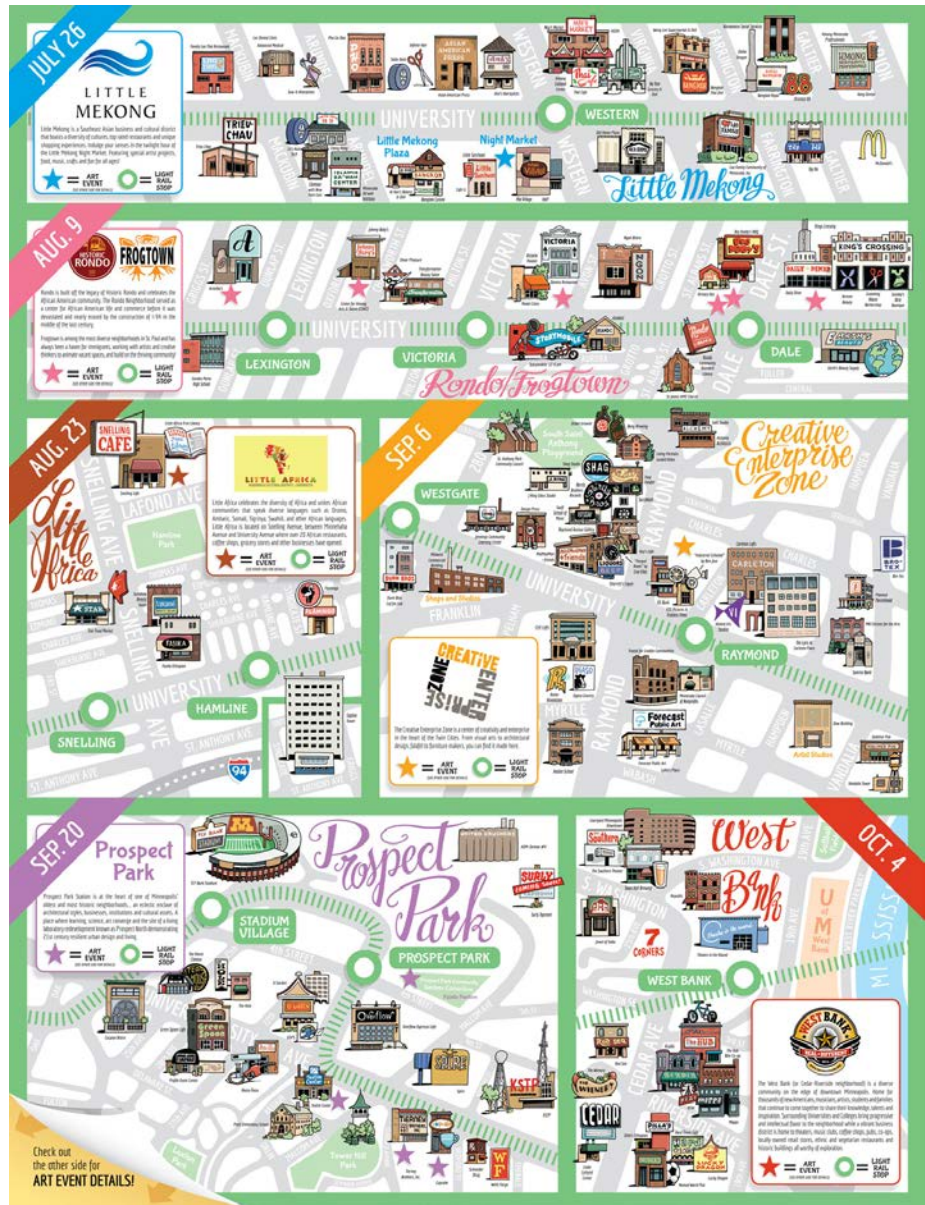


Figure 3. C4wards along the Green Line (Graphic: LISC Twin Cities)

¹⁰ Nicholls, Gretchen. South Phoenix LadderSTEP ETOD Workshop. A. E. England Building, Phoenix. 20 July 2016. Lecture.

¹¹ Past reports of the Big Picture Project are available at: <http://www.tclisc.org/index.php/big-picture-project>

¹² For more information on C4, see: <http://www.tclisc.org/index.php/cultural-corridor>

impacts to local businesses, and distinguish the multi-cultural nature of the corridor through arts, economic development and housing opportunity.

- **Measure impacts to tell the story.** Groups like LISC and CCFC devoted time and resources to working with stakeholders to identify appropriate performance measures, monitoring impacts across multiple years, and using this information both to celebrate successes but also to inform policy and investment needs.
- **Philanthropy is an important partner.** Not every community may benefit from the depth of philanthropic presence seen in the Twin Cities, but regardless of the number or size of philanthropic organizations, community foundations can be powerful partners. Grant funding can fill needs and support local capacity that public resources are not able to meet. Philanthropy can also play an important convening role to bring together stakeholders from different sectors and help to negotiate a shared vision and set of actions.

Creating Transit-Oriented Communities through Joint Development

Los Angeles, CA

Los Angeles was chosen as a case study to spotlight the important role that transit agencies can play beyond that of providing regional mobility. The leadership LA Metro has shown in addressing transit's role as a community builder is a notable national best practice.

Economic and racial inequity have become galvanizing forces for action in the greater Los Angeles region. According to a Brookings Institution ranking of metropolitan inequality, the Los Angeles metropolitan region ranks seventh.¹³



Figure 4. Transit, walking and biking included Metro's eTOD projects. (Photo: LA Metro)

Recognizing that transit agencies have a role to play in addressing inequality, the Joint Development Department of the Los Angeles County Metropolitan Transportation Authority (Metro) implemented a series of new policies and an updated approach to its agency joint development process. This includes greater collaboration with local jurisdictions and community stakeholders, broader community development goals and

¹³ <https://www.brookings.edu/research/city-and-metropolitan-inequality-on-the-rise-driven-by-declining-incomes/>

improved transparency to achieve Metro’s goal of creating *Transit Oriented Communities*.¹⁴ This focus on leveraging joint development reflects the fact that many transit agencies, especially those in high-cost housing markets such as Los Angeles, hold significant land assets which can be powerful tools to support affordable housing.¹⁵ For LA Metro, which has been rapidly expanding the transit footprint across the region, joint development provides an immediate opportunity to partner with other public agencies, developers and area non-profits to advance eTOD.

Metro’s **Joint Development Program Guidelines** prioritize transit by preserving properties for transit use,



maximizing transit network connectivity, and encouraging compact development that generates transit ridership.¹⁶ The program proactively engages community stakeholders in the design and planning process to ensure that projects “demonstrate a high quality of design that is both sensitive to community context and enhances the surrounding community”.¹⁷

Affordable housing is a critical component of the agency’s Joint Development portfolio. In 2015, the Metro Board defined affordable housing as “housing that is covenant-controlled and provided on an income-restricted basis to qualifying residents earning 60% or less than area median income (AMI)” and will “prioritize units with even deeper affordability levels for very low income and extremely low income residents.”

Figure 5. Key Points along LA Metro’s Joint Development Process (Graphic: LA Metro)

Metro works with affordable housing developers and localities to create transit-oriented affordable housing at or near a number of Metro Stations and has built over 2,000 units of housing including 31% of which are affordable. Further, LA Metro’s list of upcoming and expected Joint Development projects include 396 additional affordable housing units.¹⁸

¹⁴ Hornstock, Jenna. "Rethinking Joint Development at LA Metro – A Case Study." LA Metro, 2016. Web. 3 July 2016.

¹⁵ For an excellent summary of LA Metro and other California transit agencies work to link transit joint development with affordable housing see “A New Paradigm for California Transit: Equity, Sustainability and Housing” by Geeta Rao and Jacob Lieb, August 30, 2016 blog on “Rooflines,” the Shelterforce Blog.

¹⁶ For more information on Metro’s Joint Development program see: https://www.metro.net/projects/joint_dev_pgm/

¹⁷ “Metro Joint Development Program: Policies and Process.” L.A. Metro. Feb. 2016. Web. 10 July 2016.

¹⁸ “Affordable Housing.” Joint Development Program. L.A. Metro, n.d. Web. 10 July 2016.

Metro recently adopted new guidelines including a performance measure that Metro's joint development portfolio include a minimum of 35 percent affordable housing units, making them one of the most progressive transit agencies in the U.S. in terms of affordable housing requirements. The Agency's strong support for affordable housing stems from their commitment to supporting vibrant, diverse communities; the reality that transit ridership is highest among low income households, and the fact that soaring housing prices across the region create severe displacement pressures for those who most need transit and housing.

Metro encourages residential developers to create a range of housing types to meet the needs of 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.¹⁹ Metro is also working to create a Transit Oriented Communities Loan Program (TOCLP). Funded at \$9.5 million over 5 years, the loan program is expected to leverage an additional \$70 million from foundations and other organizations for a mix of new, renovated and expanded transit-oriented affordable housing.²⁰ LA Metro also recently hosted Affordable Housing 101 sessions to explain the difference between public housing, section 8 housing and affordable housing.²¹

LESSONS LEARNED

- **Transit agencies can set the bar for equitable TOD.** Through joint development policies, incentives and land disposal practices, transit agencies can directly contribute to equitable development opportunities both through explicit affordable housing goals or requirements, and through discounting land which can support affordable residential, commercial and retail spaces.
- **Publicly-held land assets create powerful leverage point.** Real estate owned by the public sector provides opportunities to engage in higher-risk catalytic projects that can transform weaker markets, be used to provide affordable housing in stronger markets, and can demonstrate market feasibility of eTOD projects.
- **eTOD increases transit ridership.** An important motivator for LA Metro's work is the recognition that low-income households generate more transit ridership than market rate housing. Ensuring these households are served and provided opportunities to live and work near transit provides tangible ridership and financial benefits for transit operators.

¹⁹ "Affordable Housing." Joint Development Program. L.A. Metro, n.d. Web. 10 July 2016.

²⁰ Ibid.

²¹ Hornstock, Jenna. South Phoenix LadderSTEP ETOD Workshop. A. E. England Building, Phoenix. 20 July 2016. Lecture.

Prioritizing Racial and Social Justice while Battling Displacement

Seattle, Washington

The Seattle case study illustrates the importance of local leadership on racial equity and social justice issues. Seattle's efforts have evolved over more than a decade and bring together not only housing and transit, but also economic development and workforce development strategies to address the many factors contributing to displacement of residents and businesses.

Steep increases in housing costs across the Seattle-Tacoma region are displacing lower-income residents into outer neighborhoods and suburbs reducing their access to transportation, jobs, and other resources.

The region is working to ensure future economic growth and transit improvements benefit communities of color and low-income neighborhoods. Seattle's updated 20-year growth plan includes a Growth and Equity Plan that analyzes the impacts of displacement related to growth and investment and outlines an equitable development framework for growth which incorporates racial and social equity frameworks and strategies to prevent displacement.²²

Community coalitions worked with the city to develop this framework and engage historically under-represented communities through the plan update process.

The City's Race and Social Justice Initiative (RSJI) infuses racial equity into departmental programs and projects, partnering with diverse community institutions and collecting data on racial inequality in order to measure progress and identify issues.²³ Earlier this year, the City Council approved funding in the Office for Civil Rights budget for Racial Equity grants to Seattle's community-based organizations to build capacity to address structural racism.²⁴ The County and regional planning agency also have racial and social justice programs in place strongly aligned with one another.

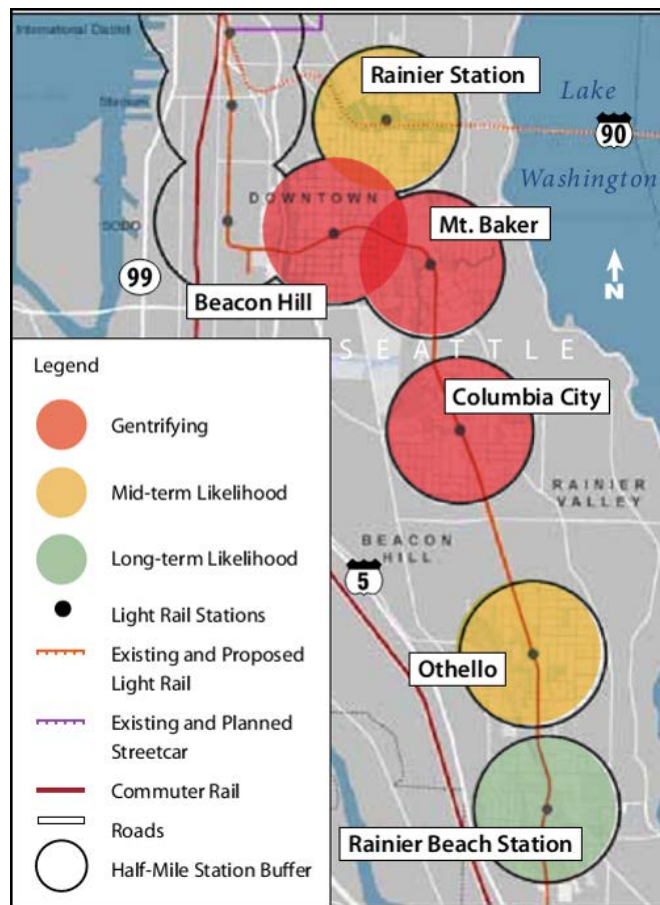


Figure 6. Ensuring economic opportunity is part of transit served communities. (Graphic: Rainer Beach Action Coalition)

²² "Seattle's Draft Comprehensive Plan." Seattle 2035. N.p., n.d. Web. 12 July 2016.

²³ More information on Seattle's Race and Social Justice Initiative is available at: <http://www.seattle.gov/rsji/>

²⁴ <http://www.seattle.gov/rsji/community/campaign-for-racial-equity/racial-equity-fund>

Yet in places like Southeast Seattle, where no ethnic or racial group comprises a majority and over 90 languages are spoken, areas around light rail stations are undergoing the early stages of gentrification. In 2011 the City of Seattle won a HUD Grant to prevent “residential, cultural and commercial displacement” and used the funds to create the Community Cornerstones program to prevent displacement as light rail stations are built and significant private development occurs.²⁵



Figure 7. Seattle’s Community Cornerstones project was initiated in response to accelerated development pressures along a new light rail that runs through lower-income communities in Southeast Seattle. (Graphic: H. Hall)

Community Cornerstones used a set of community-driven approaches to inspire other place-based investment strategies, address community concerns and support communities to realize their own visions. This included an equitable transit-oriented development loan program to purchase land near planned transit development in order to support affordable housing and mixed-use developments. To date, the City has allocated \$6.7 million to provide 290 units of affordable, primarily family-oriented housing as well as office space, childcare, community meeting rooms, local retail space and a cultural center.²⁶

Community Cornerstones also worked with a coalition of community organizations, businesses, and property owners to create commercial stability strategies such as technical assistance workshops for immigrant and refugee-owned businesses, a branding strategy to help existing businesses and a program to help new commercial developments to attract diverse tenants. Community Cornerstones used inclusive engagement strategies by reaching out to community stakeholders to build relationships before engaging larger communities. This included bringing together over 700 participants to discuss the construction of a new, shared, multi-cultural center to link existing cultural centers and diverse local communities.²⁷

Seattle’s eTOD efforts include a focus on creating “community anchors” such as neighborhood commercial districts, community centers and affordable housing units. The Rainier Valley Community Development Fund, a \$50 million fund created with the Southeast Seattle light rail project, and managed through the City’s Office of Economic Development is designed to preserve communities that are receiving transit investment.

Sound Transit, the regional light rail agency, is leasing land adjacent to its new Capitol Hill light rail station to a developer for a TOD project after a comprehensive community engagement process. The Capitol Hill Champion, a partnership between the Capitol Hill Community Council and the Capitol Hill Chamber of

²⁵ More information on Community Cornerstones is available at: <http://council.seattle.gov/2013/04/18/community-cornerstones-advancing-equitable-transit-oriented-development/>

²⁶ Curren, Ryan, and Lisa Brooks. "Seattle, WA - Building Racial Equity Into Development - Local & Regional Government Alliance on Race and Equity." Local Regional Government Alliance on Race and Equity, 12 Apr. 2015. Web. 12 July 2016.

²⁷ Ibid.

Commerce, strongly advocated for the inclusion of community goals in the redevelopment of the light rail station. Goals included high design standards, environmentally-sustainable building practices, affordable housing, commercial space, a cultural center, a low parking ratio and a permanent home for the local Farmers Market.²⁸

LESSONS LEARNED

- **Economic Development Tools essential for eTOD.** Beyond housing and transit, local, regional and state economic development resources are powerful tools to align with eTOD objectives. Addressing displacement and gentrification pressures is not only about affordable housing, but also ensuring that small business owners, artists, and community services can all thrive in neighborhoods around transit.
- **Collaboration and patience pay off.** Seattle has been working to advance eTOD in its ethnically-diverse neighborhoods for twenty years and has learned from past successes and failures. Community coalitions are critical to holding the neighborhood vision and partnering with public agencies over the long haul, and helping to inform new policies, incentives and planning efforts.
- **Make racial equity an explicit goal.** The Seattle-Tacoma region is notable in adopting explicit performance measures and policy requirements for public agencies to consider the racial impacts of policies, plans and investments. This explicit focus at the county, regional, and city levels ensures that community needs are prioritized and tools adapted to support a diversity of needs including among immigrants and refugees – two groups often overlooked in transit planning and urban development.

Coalitions Working Towards Equitable Communities

Denver, Colorado

Denver was selected as a case study to demonstrate the critical role that cross-sector collaboratives can play in advancing real change not only in the policy arena, but also in shaping the public narrative around transit and affordable housing. Their collaborative approach has also generated substantial investment of private capital to support equitable TOD which has become a national model for other regions seeking to bridge the funding gap often inherent in affordable TOD projects.



Figure 8. Active and inviting public spaces, like this one outside Denver's Union Station, are part of successful eTOD. (Photo: M. Zimmerman)

²⁸ "About the Capitol Hill Champion." Capitol Hill Champion. N.p., n.d. Web. 12 July 2016.

Mile High Connects (MHC) is a coalition of more than 70 private, public and non-profit organizations in the Denver metro area working to “increase access to housing choices, good jobs, quality schools and essential services via public transit.”²⁹ The Coalition includes national partners such as the Ford Foundation, Enterprise Community Partners, Chase Bank and Wells Fargo, and many local non-profit, private-sector and philanthropic partners.³⁰ The catalytic moment that created MHC was the passage in 2004 of FasTracks, a \$7.8 billion transit expansion that included 122 miles of new rail, 18 miles of bus rapid transit, and enhanced regional bus service to the regional transit district. Development response to this level of public investment in a regional transit vision was tremendous and introduced a renaissance of urban housing. However, it is also creating displacement pressures in low-income communities and communities of color.



Figure 9. Among MHC's research and data efforts was the creation in 2012 of the Denver Regional Equity Atlas to visualize and quantify regional disparities.

MHC advocates and dedicates resources to build affordable housing along the expanding transit system through influencing public policies to ensure that residents are involved and considered in planning, identifying first and last mile connection issues, and investing in data, research and advocacy to create systems change.³¹ The Coalition has focused considerable resources on the needs for greater housing diversity across the Denver region, especially for lower-income households. In May 2016, the Coalition released their *Access to Opportunity Platform* which focuses on strategies to address gentrification and displacement which have reached a crisis level in the region.³² The Coalition sets itself apart from other regional collaboratives in that it has also elevated education and workforce development issue as integral to displacement and eTOD discussions, and has generated and invested significant capital resources to influence the regional market and preserve affordable housing.

MHC is working with local developers and public agencies to ensure that 90% of *existing* affordable housing units near transit stops are preserved, that 25% of all new housing near transit stops is affordable and that

²⁹ "Mile High Connects." N.p., n.d. Web. 5 Aug. 2016. <http://milehighconnects.org/>

³⁰ Cox-Blair, Catherine. South Phoenix LadderSTEP ETOD Workshop. A. E. England Building, Phoenix. 20 July 2016. Lecture.

³¹ "Mile High Connects: Strategic Framework, June 2012-June 2015." Mile High Connects, Nov. 2014. Web. 5 Aug. 2016. <http://milehighconnects.org/wp-content/uploads/2014/11/MHC-Strategic-Framework-Final-120928.pdf>

³² Mile High Connects: Access to Opportunity. <http://milehighconnects.org/a-regional-call-to-action-around-gentrification-displacement/>

multi-modal connections between housing and job opportunities, healthcare facilities, educational institutions and supportive services are improved. In 2010, MHC was instrumental in launching a TOD Fund, administered by Enterprise Community Partners, to support affordable housing near transit. In 2014, the fund was expanded to support work in the seven-county Denver metro area and grown to \$24 million. The expanded fund is anticipated to support 2,000 new affordable units and other community-supportive investments within a 1/2 - mile of light rail and commuter rail, and within a ¼-mile of high frequency bus routes.³³

“Affordable housing is a critical issue not just for the city, but for our entire metro area. The Denver TOD Fund has proven itself to be a successful tool in ensuring that low- and moderate-income families benefit from the build-out of our mass transit system. We’re thrilled to expand the fund, leveraging additional resources for Denver while broadening the fund’s success throughout the metro area.” ~ Denver Mayor Michael B. Hancock.³⁴

An important player in achieving this goal is the metro area's public transit agency, Regional Transportation District (RTD). The Agency is often held up as a national leader with its joint development program and active public-private partnership efforts including projects such as the redeveloped Union Station.³⁵ RTD is engaging with local communities to envision the potential redevelopment of RTD surface parking lots into affordable and multi-family housing, and the development of criteria for prioritizing station development projects.

MHC provides an important convener and outside voice to help shape these efforts, and those of other public sector partners including local governments and the regional council of governments. The Coalition regularly facilitates conversations between public, private and non-profit stakeholders to ensure initiatives are crafted with broad, diverse input and support.

MHC is currently advancing a regional “Affordable Fares” campaign to ensure that transit is not out of the price range of those who most rely on it to reach regional jobs, healthcare, and educational opportunities.³⁶ The initiative is modeled after the ORCA LIFT program piloted in Seattle that provides reduced transit fares for qualified riders.

Lessons Learned

- **Equitable development takes a comprehensive approach.** The Denver experience illustrates the power of comprehensive strategies to address not just the development, but the factors that influence the market, access to capital, and the livelihood and quality of life for residents of all ages and income levels.

³³ An excellent overview of the TOD Fund as a tool to confront suburban poverty can be found at

<http://confrontingsuburbanpoverty.org/case-studies/denver-transit-oriented-development-fund/>

³⁴ Denver Office of Economic Development. <https://www.denvergov.org/content/denvergov/en/denver-office-of-economic-development/newsroom/2014/denver-transit-oriented-development-fund-expands-regionally.html>

³⁵ "RTD FasTracks Joint Development Services - Economic & Planning Systems." Economic Planning Systems. N.p., n.d. Web. 5 Aug. 2016. <http://www.epsys.com/project/rtd-fastracks-joint-development-services/>

³⁶ Mile High Connects. <http://milehighconnects.org/tag/affordable-fares/>

- **Combining grasstops with grassroots yields impact.** Non-governmental partners can have a powerful impact especially when combining grasstops partners representing national interests and key anchor institutions together with local advocates. MHC works with government agencies including the regional transit agency, city and council of governments. Sometimes this is work done in collaboration with each other like the Denver Equity Atlas, but sometimes it is as an outside voice pushing the public sector to do more.
- **Transit is about more than just a line.** Transit-oriented development has transit at its core, but this includes not only ensuring that high quality transit is provided through expansion of rail and frequent bus service but also ensuring that service is maintained and affordable to those who most depend upon it to access regional opportunity.

Federal Programs to Support eTOD

Each of the previous case studies focused on local and regional leadership to advance equitable TOD. In each instance, regional transit is being expanded as a result of federal investment and a federal framework that guides the transportation planning process. Over the last two decades, local advocates and eTOD coalitions have learned how to engage in this complex process. Many transit agencies, metropolitan planning organizations and local governments now realize that ensuring new transit lines connect low-income communities to regional opportunities improves transit ridership and provides economic benefit. At the federal level, there has also been an evolution in recognizing these linkages and ensuring that federal transit investments do not inadvertently lead to displacement.

In 2013, several important changes were made to the federal evaluation of proposed transit projects (often referred to as the Capital Investment Grant program or New Starts/Small Starts) to better address affordable housing and economic development.³⁷ These new criteria provide powerful leverage points for communities such as those listed above which are all in the process of building new transit lines to address eTOD both through the planning process, and in the redevelopment along transit corridors. But other communities -- including those with bus or existing heavy rail systems -- are not looking to build new transit but rather to improve the opportunities along existing transit corridors and facilities to support eTOD.

FTA supports eTOD through technical assistance programs to local communities, a TOD discretionary planning grant program, and through the federal **Joint Development Program** available to all communities that receive FTA funds.³⁸ The federal interest in eTOD stems from a number of reasons, including encouraging transit agencies and communities to adopt transit-supportive land uses and housing policies that support transit ridership and create the potential for value capture strategies that can support transit operations.

³⁷ Federal guidance and regulations governing FTA's Capital Investment Grant Program are available at: <https://www.transit.dot.gov/funding/grant-programs/capital-investments/regulations-guidance>

³⁸ Federal Circular 7050.1 provide FTA Guidance on Joint Development. [FTA C 7050 1 Guidance on Joint Development Circular.pdf](#)

For transit operators, ensuring ridership is critical to a functioning transit system. Recent studies demonstrate that affordable TOD has a larger ridership bonus than market-rate TOD. A cornerstone of USDOT’s Ladders of Opportunity Initiatives has been to ensure that transportation supports community revitalization, multimodal connections to regional opportunities and that transportation investments (and associated TOD) create jobs and positive economic development impacts. Joint development specifically, and eTOD in general, is an important strategy to achieving these goals.

Joint Development is “the coordinated development of public transportation facilities with non-transit development, including commercial and residential development” in a partnership between public and private entities. – Federal Transit Administration ³⁹

Joint Development typically refers to the development of land purchased with federal transit funds. This may include such investments as extra right-of-way purchased in the development of a new transit corridor, an intermodal station, or even a bus facility or park-and-ride lot. Joint development may include a partnership to allow a private developer to build office space on land owned by a transit agency, or the construction of affordable housing above a transit station. Joint Development program is not a separate federal funding program but rather includes specific program criteria and a required process overseen by FTA for any transit

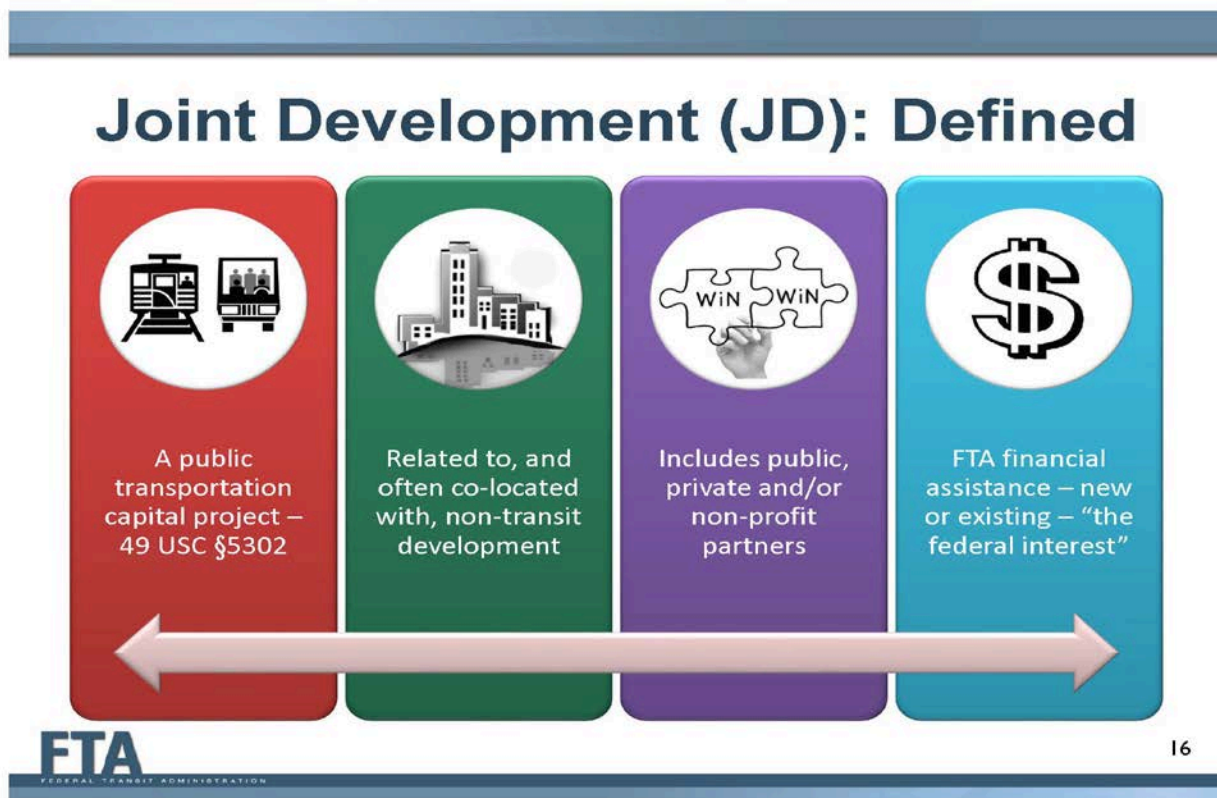


Figure 10. Federal Joint Development Defined (Graphic: Federal Transit Administration)

³⁹ “Joint Development.” Federal Transit Administration. U.S. Department of Transportation, n.d. Web. 18 June 2016.

agency that seeks to develop on land it acquired with FTA capital funds. Some of these are summarized in Figure 10.

What Joint Development is NOT:

- **Transit-Oriented Development (TOD)** – In Joint Development, the transit agency and private developer have a direct, active partnership to develop a specific site or project. TOD typically has a much broader station area or neighborhood focus and can involve numerous developers, community organizations and interests, and public agencies. FTA funding can be used to plan but not execute TOD projects.
- **A Public-Private Partnership (P3)** – P3s are a form of procurement and allow a single private entity to assume responsibility and financial liability for all or a significant portion of a project. This transfers both responsibility and risk to the P3 but allows them the opportunity to gain financially.
- **Bicycle or pedestrian infrastructure** added to existing or planned public transit projects. While these projects increase access and benefit communities, they are not considered joint development ventures because they are typically publicly-owned infrastructure.
- **Improvement or construction of transit infrastructure.** Joint Development is development on transit agency-owned property but does not include the development of transit infrastructure such as tracks, stations or stops.



Figure 11. Transit agencies can pursue TOD through FTA's Joint Development (Photo: Reconnecting America)

What are the benefits of Joint Development?

- **Joint Development** generates additional income for transit agencies to fund operations or future projects.
- **Joint Development** can be funded and supported through Federal Transit Administration (FTA) assistance.
- **Joint Development** allows community-desired private development to be co-located with transit facilities.

The FTA encourages project sponsors to undertake Joint Development, and promotes the project sponsor's ability to work with the private sector and others to pursue joint development. The project sponsor maintains satisfactory continuing control over such property used in a Joint Development project by ensuring that the property continues to serve its originally authorized purpose. Proceeds derived from an FTA-assisted joint development project are considered program income, which the project sponsor may apply to eligible FTA capital or operating expenses.⁴⁰

⁴⁰ Information on FTA's joint development program is available at: <https://www.transit.dot.gov/funding/funding-finance->

Enterprise Community Partners has developed a number of resources to help transit agencies, housing advocates and the development community better understand the federal guidance and spotlight ways that transit agencies are supporting joint development.⁴¹ An important change created in the 2014 FTA Joint Development Circular is the creation of a minimum “fair share of revenue” (FSR) threshold. For a project to be considered eligible, the FSR must be equal to or greater than the FTA contribution to the joint development project. The FSR policy threshold may actually be an opportunity for those transit systems who built transit systems twenty to thirty years ago when land costs and transportation construction costs were both presumably lower to meet a relatively low federal payback. For those built more recently though, it may be more challenging to meet this threshold. Flexibility is provided in meeting the FSR requirement for public and community services. Currently, affordable housing is not included in the federal definition of a “community service” but some transit agencies, such as LA Metro, do consider it to be.

As housing affordability becomes a greater challenge in more communities across the country, land located near transit becomes an increasingly important asset. Other public agencies, including housing authorities, or non-profit affordable housing developers can often not make affordable housing projects financially feasible as land values near transit rise. Joint development could allow transit agencies to partner in the development of such projects. FTA recognizes that affordable housing projects don’t generate the same amount of revenue as market-rate projects. One solution is to provide similar flexible treatment for affordable housing projects as is currently allowed for community service projects in meeting federal joint development requirements. With land speculation and housing prices rising in communities with high-quality transit, while wait lists for affordable housing continue to grow, there is no time to waste in simplifying the process for eTOD projects.

Conclusion

Advancing equitable TOD requires a comprehensive set of approaches informed by multiple stakeholders and deep community engagement. Government partners across agencies and jurisdictions all play a role. Cross-sector coalitions have proven successful in advancing public support for increased transit investment, and the many related community development needs and opportunities related to eTOD. Transit agencies, cities, philanthropy and non-profit partners are innovating and adapting tools to respond to gentrification pressures and ensure that affordable housing, small businesses, local arts and culture, and community services are not lost but strengthened through TOD. FTA’s Joint Development program allows transit agencies to use real estate assets for development that supports transit through increased revenues and riders. Ensuring policies and resources are aligned with equitable development goals is needed so that all tools can be utilized and leveraged to support the complex goal of creating inclusive, economically vibrant and healthy communities.

[resources/joint-development/joint-development](#)

⁴¹ Enterprise Community Partners, March 19, 2016. <http://www.enterprisecommunity.com/policy-and-advocacy/issues/green-and-sustainable-housing-and-communities/sustainable-communities-initiative>



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