

A Toolkit for Equitable Neighborhood Change in Transit-Rich Neighborhoods

Gentrification and its associated adverse consequences are not an inevitable consequence of transit investment, but undesirable patterns of neighborhood change can and do occur in transit-rich neighborhoods. While not every TRN will experience increases in the number of higher income residents, rising rents and higher rates of car ownership some—perhaps most—will. Our findings, however, provide a framework for better understanding the mechanisms behind such changes, one which can inform efforts by policymakers, planners and advocates to shape more equitable patterns of neighborhood change.

This policy framework is based on three of the most important findings from our research. First, gentrification can happen quickly, particularly in neighborhoods initially dominated by rental housing and lower-income renters. Our research found rapid increases in home values and rents within a few years after transit stations opened, perhaps in part because transit stations are planned and built over many years and so landowners and landlords begin to anticipate higher values even before the new station opens its doors. *Planning tools* should explicitly consider the risks of gentrification and the goals of equitable neighborhood development and be designed to involve current neighborhood residents and all those with a stake in the neighborhood's future.

Second, changes in housing markets are key drivers of gentrification in transit-rich neighborhoods. Neighborhood change appears to involve the rapid turnover of rental properties, accompanied by higher rents that in turn attract wealthier households to the neighborhood. But while neighborhood incomes increase, the income of individual households does not necessarily change. Therefore, as landlords raise rents those lower- and moderate-income households that choose to remain in the neighborhood to take advantage of the new transit may suffer from higher housing cost burdens. *Housing market tools* should be used to maximize the amount of affordable housing, particularly affordable rental housing, near transit stations.

Finally, in some newly transit-served neighborhoods rising rents and home values attract not only higher-income residents but also car-owning residents. In such TRNs the pattern of neighborhood change works against the goal of attracting transit-oriented neighbors: the most likely potential transit riders are crowded out by car owners less likely to be regular users of transit. This pattern of neighborhood change raises concerns both about equity and about the success of new transit investments in attracting desired levels of ridership. *Transportation management tools* should work to concentrate core transit riders—particularly non-vehicle owning households—in TRNs in order to maximize the number of neighbors likely to use transit.

The good news is that such policy tools that are increasingly available and in use across the country. In conjunction with this report, the Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University has launched a web-based *Policy Toolkit for Equitable Transit-Rich Neighborhoods* (<http://www.dukakiscenter.org/TRNEquity>). The remainder of this chapter presents some of the tools included in the online toolkit, which includes links to additional information about each of the tools and will be updated periodically with new tools.

Residents of economically and racially diverse transit-rich neighborhoods need and deserve the mobility and other benefits that transit brings. With these tools, planners, policymakers and advocates can work together to reduce the risks and adverse consequences of gentrification in transit-rich neighborhoods and ensure that the many benefits of transit investment are shared by all.



Planning Tools

Planning for new transit stations and for enhancements in existing transit-rich neighborhoods should be designed to address the potential for gentrification and to mitigate undesirable forms of neighborhood change. Planning efforts should:

- **Begin early:** Land values and rents can rise quickly, even before a transit station becomes operational, so the planning process for anticipating and mitigating undesirable neighborhood change must begin as early as possible, preferably at the outset of the transit planning process.
- **Be intentional:** The risks of gentrification and displacement, and the importance of economic and racial diversity in transit-rich neighborhoods, will not automatically be considered in conventional transit planning, so planning processes need be designed from the outset to address issues of equitable neighborhood change.
- **Include all stakeholders:** Everyone with a stake in a transit-rich neighborhood's future must have the opportunity to participate, particularly those who have the most at risk but can be difficult to bring to the table, such as renters, low-income households, people of color and immigrants.
- **Coordinate across agencies:** Comprehensive planning for neighborhood change in TRNs can involve transportation, housing and other government agencies at the local, regional, state and sometimes federal level; these agencies' planning processes should be coordinated rather than disjointed, because multiple overlapping processes can drain participants' energy and resources and allow critical issues, such as equity, to fall between the cracks.
- **Be implemented:** Planning matters only if the resulting plans are carried out, so implementation steps need to be built into all comprehensive and coordinated planning processes for addressing gentrification and neighborhood change in transit-rich neighborhoods.



Policy Tool: Comprehensive Transit-Oriented Development Strategy

Example: San Leandro CA Downtown Transit-Oriented Development Strategy

Summary: Communities can develop comprehensive strategies to preserve existing affordable housing and produce additional affordable housing in neighborhoods near existing or planned transit stations and then follow up to ensure their implementation.

While transit stations are operated by transit agencies, land use and economic development planning for the neighborhoods around those stations is controlled by the municipality. Comprehensive planning for transit-oriented development (TOD) therefore requires the active engagement of local government.

In 2007, the Bay Area city of San Leandro, California completed a Downtown Transit-Oriented Development (TOD) Strategy designed to foster transit-oriented development and revitalize downtown San Leandro. Grants to support the planning process were made by the regional metropolitan planning organization, the Metropolitan Transportation Commission, and the Alameda County Transportation Improvement Authority. The extensive community engagement process included a Downtown TOD Citizen Advisory Committee appointed by the City Council and community meetings that ultimately involved hundreds of residents.

Almost two-thirds of all rental housing in San Leandro is located within a half mile of the local Bay Area Rapid Transit (BART) station. Residents were concerned that, as the properties near transit increase in value, owners would increase rents and displace current renters. San Leandro's strategy for mixed-use and mixed-income transit-oriented development therefore emphasizes rental housing preservation and identifies sites for future development of as many as 3,000 housing units over the next twenty years, including both market-rate and affordable housing.

The San Leandro strategy includes a number of efforts to increase affordable housing near the downtown BART station. For example, the city will use dollars from in-lieu fees paid

by developers within the downtown TOD zone under its inclusionary zoning ordinance to subsidize affordable housing adjacent to the BART rail station. The city has also lowered parking ratios for the entire TOD to a maximum of one space per unit to make new affordable housing development more feasible. In addition, the plan identifies specific sites for future housing development and commits the city to both target existing resources to the area near the transit station and aggressively pursue additional resources for affordable housing production.

In March 2009, the San Leandro City Council unanimously approved the first new for-rent affordable housing project under the TOD zone strategy. The 100-unit Alameda will be developed by nonprofit Bridge Housing as part of a larger project called The Crossings, which will also include 200 units of market-rate apartments developed by Westlake Development. The Alameda will be the first new apartments in San Leandro geared toward low-income families built in over twenty years; 40 percent of the units will have 3 bedrooms to accommodate larger families.

For additional information: www.sanleandro.org/depts/cd/plan/polplanstudies/downtownplan/todoview.asp

Policy Tool: Community Benefits Agreements



Example: Longfellow Station Community Benefits Agreement (Minneapolis, MN)

Summary: When community coalitions negotiate community benefit agreements with developers of transit-oriented and other development projects, cities often incorporate the terms into their development approvals and therefore ensure that the deal is legally binding.

As defined by the Partnership for Working Families, a community benefit agreement is “a project-specific, negotiated agreement between a developer and a broad community coalition that outlines the project’s contributions to the community and ensures community support for the project.” CBAs were developed to ensure that developers receiving government benefits, such as tax increment financing, could be held accountable to generate the project benefits that were promised. Benefits addressed in CBAs may include living wages, local hiring and training programs, affordable housing, environmental remediation and funds for community programs.

Perhaps the best example of a CBA focused on ensuring both affordable housing and transit orientation is that negotiated by the Longfellow Community Council (a citizen participation group for the Longfellow, Cooper, Howe and Hiawatha neighborhoods) in Minneapolis for a mixed-use complex called Longfellow Station. The project’s being developed by Capital Growth Real Estate for the abandoned Purina Mills site across from the 38th Street light rail station on the Hiawatha Line and would consist of 197 housing units and 10,000 square feet of retail space.

The Longfellow Station CBA was signed in February 2008 after two years of negotiations. While the affected neighborhood is largely middle-class, the portion of the neighborhood along the transit corridor is the most economically disadvantaged part and contains the highest concentration of rental units. The CBA requires at least 30 percent of the Longfellow Station housing units to be affordable, which exceeds

the city’s 20 percent requirement. A mix of unit sizes will be provided, with family-size units having access to green space (Soursourian, 2010).

The Longfellow CBA is notable for focusing on reducing vehicle use and promoting alternative transportation. For example, the CBA requires the developer to provide free one-month transit passes to residential tenants and offer on-site transit fare purchase. The development must also include bicycle storage and parking as well as dedicated parking for car sharing. The development will have limited parking for personal automobiles and those spaces will be leased separately from residential units.



For additional information: www.communitybenefits.org/section.php?id=155
<http://communitybenefits.blogspot.com/2008/03/longfellow-cba.html>



Policy Tool: Broad-based Community Engagement

Example: Great Communities Collaborative (San Francisco Bay Area, CA)

Summary: Community-based organizations and nonprofits can work together to ensure that a broad cross-section of community residents participate effectively in local land use planning efforts around transit stations.

The Great Communities Collaborative was formed in response to plans to add up to 100 new public transit stations in the San Francisco Bay Area by 2015. The goal of this collaboration among local and national non-profit organizations is for all people in the Bay Area to live in “great communities” by 2030, which are communities with a mix of jobs, shops, homes and community services that are affordable across all incomes and have access to quality transit.

The Collaborative works to help citizens better understand, participate in and influence plans for transit oriented development. They want to ensure that people, particularly low-income people and people of color, are deeply engaged in local land use

planning for transit stations so they can shape future growth. As part of its efforts, the Collaborative provides technical assistance to local leaders to ensure that residents participate effectively in local government processes.

The Collaborative has also developed the Great Communities Toolkit, a free, downloadable compendium of resources to help those advocating for sound transit station development. Their toolkit helps community groups shape transit-oriented development opportunities, ensuring affordable homes, local shops, access to job centers and improved community service.

For additional information: <http://www.greatcommunities.org/>



Policy Tool: Broad-based Community Engagement

Example: BeltLine Community Engagement Framework (Atlanta, GA)

Summary: Government agencies can put in place multiple mechanisms to ensure broad-based community participation in planning for both transit and future development in neighborhoods along the transit corridor.

The BeltLine Project, an initiative of the Atlanta Development Authority, is a 25-year, \$2.8 billion effort to create a network of public parks, multi-use trails and transit along a historic 22-mile railroad corridor circling downtown Atlanta and connecting 45 neighborhoods directly to each other. The BeltLine Project includes green space, affordable housing, brownfields remediation, historic preservation and public art.

Atlanta BeltLine Inc., an affiliate of the Atlanta Development Authority tasked with planning and implementing the BeltLine project, has developed a community engagement framework “to keep Atlanta residents informed and actively engaged in the BeltLine’s creation so that the BeltLine reflects the aspira-

tions of its many neighborhoods and communities.” There are quarterly public briefings for the general public, which are recorded and shown on Atlanta’s cable channel. Two advisory bodies have been established, one focused on housing and one for the 6,500 acre tax allocation district created to help finance the project. Five study groups were created to provide community input for each of the five geographic sections of the BeltLine corridor. Finally, the Community Engagement Advocate Office was created to inform the community about current BeltLine issues and ensure active and meaningful community engagement in BeltLine matters.

For additional information: www.beltline.org/Home/tabid/1672/Default.aspx

Policy Tool: Coordinated Planning by Local Governments and Transit Agencies



Example: Pennsylvania Transit Revitalization Investment Districts

Summary: Planning grant programs can be structured to require local governments to coordinate their planning efforts with those of transit agencies.

Planning grants can provide local governments with the resources and incentive to undertake early and coordinated planning for development in neighborhoods with existing or planned transit stations. And, if structured properly, such funding can also ensure planning coordination between local governments and transit agencies.

In 2004, Pennsylvania enacted the Transit Revitalization Investment District (TRID) Act. TRIDs are intended to generate mixed-use development, focus community revitalization efforts around a public transit station and boost transit ridership. New public investments around transit stations frequently increase private land values, which in turn generates additional tax revenue. The act allows local governments, working with transportation agencies and, in some cases, school districts, to create value-capture areas near transit stations in which this additional revenue may be applied to public transportation capital improvements, related site development improvements and maintenance.

This program ensures coordination between local governments and transit agencies by requiring them to collaborate before a TRID can be designated. The local government must undertake a planning study before a TRID can be designated and implemented. The Pennsylvania Department of Community and Economic Development, in cooperation with the Pennsylvania Department of Transportation, provides local governments with up to \$75,000 for these required studies. Grants are provided on a ratio of 75 percent state share/25 percent local share; the local share can be provided as cash or a combination of cash and in-kind professional services.



One of the first TRID planning grants was made to the Borough of Marcus Hook, located along the Southeastern Pennsylvania Transportation Authority's (SEPTA's) Northeast Corridor rail line. The borough and SEPTA are using the planning grant to evaluate potential development in the station area, including a developer's proposal for a 120-unit housing development with a mix of rental and for-sale units. The planning grant will also allow the borough and SEPTA to form a management authority required to administer the TRID.

In Philadelphia, planning funds were used to develop an award-winning TRID master plan for two SEPTA stations, 46th Street Station on Market Street in West Philadelphia and the Temple Regional Rail Station located at 9th and Berks streets in North Philadelphia. The planning process was designed to develop a collective vision for the future of both stations and included public meetings, interviews and focus group discussions.

For additional information: www.landuselawinpa.com/Transit_Revitalization_Investment_District_Act.pdf



Policy Tool: Transit Corridor Planning

Example: The Fairmount Line CDC Collaborative (Boston, MA)

Summary: Community development corporations (CDCs) can play a critical role in planning for equitable transit-oriented development around existing and planned transit stations along a transit corridor and then in implementing the planned transit-oriented development.

Planning for transit and accompanying transit-oriented development should occur at different scales, for both specific station areas but also for entire transit corridors.

In Boston, four community development corporations (CDCs) worked together to create their own vision for the Fairmount Line, the only commuter rail line entirely within city limits. The four share contiguous boundaries along the line and serve over 175,000 largely low- and moderate-income and minority residents. The Massachusetts Bay Transportation Authority, is investing \$100 million to expand transit service in the corridor by upgrading two existing stations and constructing four additional stations.

The Collaborative's two major goals are to bring transit equity to the residents in the distressed neighborhoods along the Fairmount line and to spearhead smart-growth, transit-oriented development. The collaborative has successfully pushed for smart-growth, transit-oriented-development urban villages and created a vision document, entitled *Boston's Newest Smart Growth Corridor*, that outlines their urban village concept. The four CDCs collectively are working to develop a pipeline of 1,500 new and preserved housing units and 780,000 square feet of new commercial space in the Fairmount Line corridor.

For additional information: www.dbedc.org/fairmount.html



Policy Tool: Transit Corridor Planning

Example: The Corridor Development Initiative (Twin Cities, MN)

Summary: A proactive, facilitated process can be used to bring all interested parties together to shape development projects along transit corridors before they are submitted to a municipal agency for approval.

The Corridor Development Initiative (CDI) fosters a partnership among neighborhoods, city government, developers and a technical team of development consultants, design experts and facilitators to raise the level of dialogue around redevelopment opportunities along major transit corridors. CDI takes citizens out of the role that they usually play—reacting to development proposals made by others—and puts them into a proactive role of shaping development in their community.

A typical initiative lasts six months and is overseen by an advisory group. CDI brings together all interested parties to learn, discuss, analyze, and grow to understand market realities that face a particular development site, all before any proposal

is submitted to a governing agency. The heart of the program is an “interactive block exercise” facilitated by a team of design and development experts in which participants develop their own housing or mixed-use development proposals and test them for financial viability. The process concludes with the preparation of design principles that articulate how the community partners would like development to occur in their neighborhoods while balancing community values, city goals, development realities, and design opportunities.

Corridor development initiatives have been conducted in 16 communities in the Twin Cities metropolitan area since 2002.

For additional information: www.corridordevelopment.org/asp

Housing Market Tools

Changes in housing markets are a key indicator of neighborhood change in transit-rich neighborhoods. In many newly transit-served neighborhoods both rents and housing values rise sharply and additional market-rate ownership housing is built. In order to address the underlying causes of gentrification and undesirable patterns of neighborhood change in transit-rich neighborhoods, housing market tools should include:

- **Funding for land and property acquisition:** Because transit stations are planned and built over many years, land and property values often begin to rise even before the new station opens its doors. To keep projects affordable, developers must have access to financing before land and properties become too expensive. Such funding is needed both to preserve existing affordable housing and to acquire (and, in some cases, landbank) vacant or commercial land for subsequent housing production.
- **Preservation of existing affordable rental housing:** Many TRNs are dominated by renters rather than homeowners and one of the mechanisms by which gentrification occurs is through the turnover of rental units, accompanied by higher rents that only wealthier households can afford. Existing affordable rental housing in neighborhoods where transit is planned should be preserved, preferably well before the transit is operational. Preservation strategies should target both subsidized affordable housing (especially that in need of rehabilitation or subject to the expiration of affordability restrictions) and unsubsidized housing that has historically been affordable for neighborhood residents but is at risk of becoming unaffordable as market rents rise.
- **Production of affordable housing:** Increased production of affordable and workforce housing in TRNs can help slow the rate of rising rents and housing prices. Such housing can be built both as stand-alone residential projects and as part of mixed-income and mixed-use transit-oriented development projects.

Many of the policies in this section of the toolkit can be used for more than one of these purposes (for example, for either preservation or production) and can be combined to create comprehensive strategies for maintaining housing affordability in transit-rich neighborhoods.

Policy Tool: Transit-Oriented Development Acquisition Funds



Examples: South Corridor Land Acquisition Fund (Charlotte, NC)
 Denver Transit Oriented Development Fund (CO)
 Bay Area Affordable Transit-Oriented Development Fund (CA)

Summary: Acquisition funds for transit-oriented development can be used to acquire sites near transit for future development of affordable housing or to acquire and preserve existing affordable housing before planned transit projects drive up land and property values.

In 2005 the Charlotte, North Carolina City Council appropriated \$5 million to the South Corridor Land Acquisition Fund to purchase land near planned transit stations along its South Corridor Light Rail for future transit-oriented development (TOD) and specifically development of transit-served affordable housing. In 2006, the city began a joint development project with the transit authority at the Scaleybark Station to establish a flagship mixed-use, mixed-income village. Using money from the South Corridor Land Acquisition Fund and several other sources, the city eventually purchased 17 acres of land for \$9.2 million. The planned project will include 80 affordable housing units, which will be built by the Charlotte Mecklenburg Housing Partnership, as well as 820 market-rate housing units, retail space, a hotel and park land (CTOD, 2008b).

Denver has taken the concept of TOD acquisition funds to a new level with the creation of its Transit Oriented Development fund as a tool for supporting transit-oriented development in connection with the region's ambitious FasTracks transit expansion which will ultimately create 70 new rail transit stations throughout the region. Initially capitalized with \$2.5 million in city funding to match a grant from the MacArthur Foundation, the fund has grown to \$15 million as other investors have joined the project. Enterprise Community Partners serves as the financial manager of the fund while the Urban Land Conservancy (ULC), a Denver nonprofit, oversees land purchases and acts as the sole

borrower. The Fund's goal is to create or preserve over 1,200 affordable housing units by buying property in current and future transit corridor (Soursourian, 2010). Early in 2010, the Urban Land Conservancy (ULC) used the Fund's resources to purchase and preserve 36 affordable homes in the 50-year-old Dahlia Street Apartments.

A new San Francisco Affordable Transit-Oriented Development Fund is expected to begin making investments in 2011 after the Metropolitan Transportation Commission approved a commitment of up to \$10 million. MTC staff estimate that a \$40 million TOD Fund could be used to help finance the acquisition of at least 20 to 30 acres around the region, which, depending on the density of build-out, would support development of anywhere from 1,100 to 3,800 units of affordable housing.



For additional information: www.denvergov.org/DenverOfficeofStrategicPartnerships/Partnerships/DenverTransitOrientedDevelopmentFund/tabid/436574/Default.aspx
www.mtc.ca.gov/news/press_releases/rel490.htm

Policy Tool: Housing Trust Funds and Other Acquisition Funds



Examples: Affordable Housing Trust Fund (Charlotte, NC)
Land Acquisition for Affordable New Development Initiative (MN)

Summary: Housing trust funds and other land acquisition resources not exclusively targeted to transit-oriented development can be used to acquire sites for affordable housing developments near existing and planned transit stations.

Housing trust funds are distinct funds established by city, county or state governments that receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing. Currently 38 states and more than 500 city and counties have housing trust funds, which may choose to use some of their resources to support preservation of affordable rental housing near transit and/or production of such housing.

Charlotte, North Carolina's City Council established a Housing Trust Fund in 2001 with an initial \$10 million to provide financing for affordable housing. Voters later approved an additional \$35 million for the HTF. The trust fund provides public financing to private developers in exchange for affordable units, using a competitive bid process. The funding can be either a loan or grant and can be used either for land acquisition or for construction.

Charlotte has been using its affordable Housing Trust Fund at the same time as it has been building and expanding its transit system. One HTF-supported transit station project is South Oak Crossing. Developed by the Charlotte Mecklenburg Housing Partnership and completed at the end of 2007, this was the first mixed-income housing project in the South Corridor, Charlotte's recently opened light rail system. The complex is on a 10-acre site within walking distance of the Arrowood Station, and includes 100 affordable and 92 market-rate two- and three-bedroom rental units. The \$18 million project used \$4.3 million from the HTF in addition to low-income housing tax credits, bonds and other funding.

Minnesota recently established a revolving loan fund to support the acquisition of land for affordable housing called the Land Acquisition for Affordable New Development (LAAND) initiative. Sites accorded priority include those within one-half mile of a transitway included in the region's planned 2030 transitway system or within one-half mile of a local bus route. The program is funded by Minnesota Housing, the Metropolitan Council and the Family Housing Fund. One of the four projects awarded LAAND funding in 2008 was the Seward Commons mixed-use, transit-oriented development project near the Franklin Avenue light rail station on Minneapolis' Hiawatha Line. The planned development on this four acre site includes 187 units of rental and ownership housing, with nearly 30 percent of the housing affordable.



For additional information: www.communitychange.org/our-projects/htf/housing-trust-funds
www.charmeck.org/city/charlotte/nbs/housing/Pages/HousingTrustFund.aspx
www.metrocouncil.org/services/LAANDdescription.pdf



Policy Tool: Low-Income Housing Tax Credits

Examples: California LIHTC allocation
Georgia LIHTC allocation

Summary: Both preservation and production of affordable housing can be financed in part through the Low-Income Housing Tax Credit (LIHTC) program, particularly in states that favor transit-accessible projects in their qualified allocation plans.

The federal Low-Income Housing Tax Credit (LIHTC) program provides tax credits that developers can use to raise capital for the acquisition, rehabilitation or construction of affordable housing. State housing agencies allocate housing tax credits through a competitive process, specifying how they will allocate their LIHTCs in a Qualified Allocation Plan and implementing regulations that may award “points” for certain kinds of projects, state preferences (without awarding points) or set aside a specified portion of tax credits for certain kinds of projects.

A recent report on Preserving Affordable Housing Near Transit published by Enterprise Community Partners found that 32 states (and Washington, D.C.) award points to projects near transit in their scoring criteria (Quigley, 2010). California, for example, has a category of amenities points, and projects can be awarded up to 15 amenities points. Projects near transit can qualify for up to seven of these points, all of which are awarded if a project is part of a transit-oriented development strategy, is within a quarter-mile of a transit or bus station that receives frequent service during peak hours and its density exceeds 25 units per acre. Other projects are awarded from three to six points depending on the site’s proximity to different types of transit services (COTD, 2009b).

The Enterprise report focused specifically on preservation of affordable housing near transit and found that 21 states include set-asides for affordable housing preservation and an additional 25 states award points in their scoring criteria for preservation. The Georgia Department of Community Affairs’ 2010 plan for awarding LIHTCs reserves a portion of its tax credits for preservation and also awards three points to projects within one-half mile of a rapid transit system and one point to projects within one mile of transportation and services. Oglethorpe Place apartments, located only blocks from the Metropolitan Atlanta Rapid Transit Authority’s West End station (and well served by bus routes) is one example of a project that benefited from an allocation of LIHTCs. A for-profit developer financed the preservation of this 144-unit property with tax credits in return for reserving 20 percent of the units for families earning less than 50 percent of median income; affordability is protected through 2027 (Quigley, 2010).

For additional information: www.treasurer.ca.gov/ctcac/tax.asp
www.practitionerresources.org/cache/documents/674/67410.pdf

Policy Tool: Corridor-Based Tax Increment Financing Districts



Example: Dallas TOD Tax Increment Financing District (TX)

Summary: Instead of conventional Tax Increment Financing districts that apply to a single geographic area around one transit station, cities can create corridor-based districts designed to allow revenue sharing among neighborhoods in the transit corridor.

Cities use tax increment financing (TIF) to finance economic development within a targeted geographic area without raising taxes. The city or a partner developer makes capital improvements in the area which lead to rising property values and therefore higher property tax receipts; the incremental tax revenue increases over a predetermined base are then captured by the TIF district as revenue and used to reimburse the city or partner developer for the cost of the initial (and any subsequent) improvements in the district.

In 2008, after four years of negotiations between the City of Dallas, developers and multiple stakeholder groups, the Dallas City Council approved a 558-acre Tax Increment Financing district linking the neighborhoods around seven Dallas Area

Rapid Transit stations. The corridor-based Transit Oriented Development TIF will allow for revenue sharing from more prosperous neighborhoods in the northern portion of the corridor to less-developed areas in the Lancaster corridor area south of the Trinity River. While 40 percent of the new tax dollars from the two northern sub-districts around Mockingbird and Lovers Lane stations will go back into those districts, 40 percent will be allocated to improvements in the Lancaster corridor and 20 percent to affordable housing development anywhere within the TIF district.

For additional information:

www.housingpolicy.org/toolbox/strategy/policies/tif.html
www.dallas-ecodev.org/business/tifs/todTIF.htm

Policy Tool: Corridor-Based Tax Increment Financing Districts



Example: BeltLine Affordable Housing Trust Fund (Atlanta, GA)

Summary: Tax Increment Financing districts can be created on a corridor-wide basis and a portion of the revenues generated can be dedicated specifically to the preservation and development of affordable housing throughout the corridor.

When public investment leads to rising property values, incremental tax revenue increases over a predetermined base can be captured and used to further improve the area.

The BeltLine Project will create a network of public parks, multi-use trails and transit along a historic 22-mile railroad corridor circling downtown Atlanta. The primary mechanism for financing this 25-year, \$2.8 billion effort a Tax Allocation District (TAD). While the TAD was being shaped, Georgia STAND-UP, a community think-and-act tank, raised concerns about gentrification and the displacement of current residents and worked to ensure that the TAD resolution recognized “the importance of balanced and equitable development of the city in a manner that preserves the dignity of existing residents”.

In addition to financing part of the transit project, the 6,500 acre TAD will support the development of as many as 5,600 affordable/workforce housing units through the BeltLine Affordable Housing Trust Fund, which receives 15 percent of TAD proceeds. The Atlanta City Council has also allocated \$8.3 million to the trust fund to provide grants to developers for acquisition, renovation or construction of single and multifamily housing affordable to families at or below 60 percent of median income.

For additional information:

www.housingpolicy.org/toolbox/strategy/policies/tif.html
www.beltline.org/Home/tabid/1672/Default.aspx

Policy Tool: Inclusionary Zoning



Examples: Montgomery County, MD
Carlsbad, CA

Summary: Communities with transit stations can adopt inclusionary zoning requirements to ensure that a modest share of newly-constructed rental and homeownership units in the area around the station are affordable.

Inclusionary zoning helps create privately-financed affordable housing when communities attract new housing construction, as is often the case in newly transit-served communities. Most inclusionary requirements are enacted as a zoning ordinance and require that a modest proportion (usually between 10 and 25 percent) of units in a housing development be affordable. Some inclusionary zoning ordinances compensate developers by providing density bonuses.

Montgomery County, Maryland adopted its Moderately Priced Dwelling Unit Ordinance, the first inclusionary zoning requirement in the US, in 1976. The ordinance requires developers of mixed-use projects with 20 or more residential units to make 12.5 percent to 15 percent affordable for lower-income households in exchange for a 22 percent density bonus. To date, this ordinance has resulted in the construction of more than 11,800 affordable units. The ordinance applies to all developments including those near Metro transit stations. A garden apartment community across the street from the Glenmont Metro station in Silver Spring, for example, was redeveloped with a mix of 1,550 apartments, condominiums, live-work units and townhomes—12.5 percent of which are “moderately priced” workforce housing (CTOD, 2009b).

Many California communities, empowered by state authorizing legislation, have adopted inclusionary requirements. The Carlsbad, California Inclusionary Housing Ordinance

requires that no less than 15 percent of all residential units in any residential subdivision with more than 7 homes must be affordable to households below 70 percent of median income; rental units must remain income-restricted for at least 55 years. As a result of this inclusionary zoning requirement, the Poinsettia Station transit-oriented development in Carlsbad provides 92 affordable rental homes within walking distance of the commuter train station. Nonprofit developer Bridge Housing worked with Benchmark Pacific, developer of a larger master-planned community, to create these units in order to satisfy affordability requirements.



For additional information: www.mitod.org/inclusionaryzoning.php?tab=1&return=listpos12
www.housingpolicy.org/toolbox/strategy/policies/inclusionary_zoning.html

Policy Tool: Incentive Programs for Housing Production

Example: Chapter 40R Smart Growth Housing Districts (MA)

Summary: In order to overcome local resistance to zoning allowing for construction of dense, affordable housing, states can create incentive programs which reward local communities that create such zoning near transit.



Adopted in 2004, Massachusetts's Smart Growth Zoning and Housing Production Act, known as Chapter 40R, rewards municipalities that adopt zoning allowing as-of-right construction of housing in smart growth locations, including near transit stations. Chapter 40R encourages cities and towns to zone for compact residential and mixed-use development, creating zones pre-approved for higher-density development that will attract developers.

The district overlay must allow housing to be built as of right at densities of at least eight to 20 units per acre, depending on the type of housing. It also must require at least 20 percent of the new units to be affordable. If a municipality adopts zoning that meets these and other standards, Chapter 40R provides

for direct cash payments. Localities receive a zoning incentive payment when they adopt the overlay, plus a density bonus payment of \$3,000 per unit if and when units are built. A related program reimburses the town's increased education costs for K-12 students who move into 40R housing.

To date, 28 Smart Growth Zoning Districts have been adopted by Massachusetts communities allowing as-of-right development of over 9,800 housing units in smart growth locations. The first 40R district was created adjacent to a commuter rail station in Plymouth.

For additional information:

www.mapc.org/sites/default/files/Chapter_40R_Report.pdf

Policy Tool: Incentive Programs for Housing Production

Example: Housing Incentive Program (San Francisco, CA)

Summary: Federal transportation funds can be used by metropolitan planning organizations to encourage the production of dense affordable housing near transit and thereby boost transit ridership.



The metropolitan planning organization in the San Francisco Bay Area, the Metropolitan Transportation Commission, established the Housing Incentive Program (HIP) to fund transportation-related livability infrastructure in qualifying affordable housing projects. The program is funded with two types of federal transportation funds, from the Congestion Mitigation and Air Quality (CMAQ) program and Transportation Enhancements program.

HIP rewards local governments that build housing near transit, thereby helping to establish the residential density and ridership markets necessary to support high-quality transit service. The maximum grant per jurisdiction is \$3 million and the exact dollar amount is determined by the density of the qualifying housing development and the number of affordable

and market rate bedrooms. Qualifying housing projects must be located either within a half mile of a rail station or one-third mile of a bus stop, and the transit must be relatively frequent (every 15 minutes or less during peak hours). The housing project must have a density of at least 30 units per acre.

Grant amounts increase to encourage both greater density and greater affordability. The grants start at \$1,000 per bedroom for any housing built at a density of 30 units per acre. The grant amount increases to up to \$2,000 per bedroom at densities of 60 units per acre. Grants are increased by \$500 per bedroom if the unit is affordable.

For additional information:

www.mtc.ca.gov/planning/smart_growth/hip.htm

Policy Tool: Incorporating Affordable Housing in Joint Development



Examples: Washington Metropolitan Area Transit Authority (DC)
Portland TriMet (OR)
Denver Regional Transit District (CO)

Summary: Transit agencies can leverage the production of affordable housing near transit and increase their ridership by adopting joint development and transit-oriented development policies that encourage production of affordable housing as part of joint development efforts.

While transit agencies are not generally in the real estate development business, they frequently become involved in development efforts near their stations if they own surplus land. The sale or lease of transit authority property for development is called “joint development” because the process involves a partnership between transit agencies and developers. Such joint development may represent an excellent opportunity to spur the production of affordable housing near transit.

Many transit agencies’ joint development policies and programs are designed primarily to maximize revenue to the transit agency by leveraging real estate assets for the most profitable use. But a growing number of transit agencies have worked to incorporate affordable housing into their joint development projects, spurred in part by the realization that the residents of such housing are more likely to ride the transit system and generate fare revenue for the agency. A recent survey conducted by Denver non-profit FRESC found that at least nine transit agencies have joint development policies with provisions designed to spur production of affordable housing and six others have practices of including affordable units in projects even in the absence of written policy (Kneich & Pollack, 2009).

The Washington Metropolitan Area Transit Authority or Metro has long required inclusion of affordable housing for joint development projects on land it controls, even before

Washington, D.C. adopted an inclusionary zoning ordinance. The disposition agreements issued in connection with redevelopment around the Columbia Heights metro station, for example, required that a minimum of 20 percent affordable housing be included on all seven parcels (Quigley, 2010).

In Portland, Oregon, Tri-Met worked in a public-private partnership to redevelop an odd-shaped parcel formed by a light rail alignment that proved unsuitable for mixed-use development. The Goose Hollow Stadium Station apartment project, built in 1998, ended up as a 100 percent affordable, 115-unit project with ground floor retail that required only 69 parking spaces because so few residents own cars.

In Denver, the Regional Transit District is in the process of adopting a new policy that would require considering whether surplus land should be used for affordable housing before surplus land is sold or subject to joint development (Quigley, 2010).



For additional information: www.practitionerresources.org/cache/documents/673/67333.pdf



Transportation Management Tools

Rising incomes in some gentrifying TRNs may be accompanied by an increase in wealthier households who are more likely to own and use private vehicles, and less likely to use transit for commuting, than lower-income households. Policy tools can be used to shape travel behavior by residents of transit-rich neighborhoods, promoting walking, biking and transit use and discouraging driving. One critical strategy for achieving these objectives is ensuring that TRNs are designed to be transit- and pedestrian-friendly. Other transportation management tools should also be adopted, particularly those which will:

- **Attract core and potential transit riders to transit-rich neighborhoods** and thereby reinforce the self-selection processes by which people predisposed to transit use purposely choose to live near a transit station;
- **Support zero-vehicle households**, because if residents can live in transit-rich neighborhoods without owning a car they will be more likely to walk and use transit and will also be able to reduce their transportation expenses, leaving more resources available for housing and other necessities; and
- **Reduce the availability of parking**, although changes to parking requirements and programs will prove controversial in many neighborhoods, because policies that reduce the amount or increase the price of parking can reduce driving and increase transit use while making housing more affordable by reducing the costs of providing parking for residents.

Policy Tool: Transit Incentives for Housing Developments

Examples: Santa Clara Valley Transportation Authority ECO pass program (CA)
Pilot TOD Pass Programs in Portland, OR and Contra Costa, CA

Summary: Transit agencies may be able to increase ridership by residents of transit-rich neighborhoods and transit-oriented developments by selling discounted transit passes to housing developers for distribution to their residents.



While many transit authorities offer monthly or annual pass programs to large employers, a few also offer pass programs to residential developments such as apartments, condominiums or homeowner associations. The Santa Clara Valley Transportation Authority (VTA) offers a residential version of its Eco Pass at a deep discount to housing developers in order to increase ridership and expose people to public transit. The residential Eco Pass provides unlimited rides on VTA bus and light rail seven days a week.

Any residential community with 25 units or more that is defined by a geographical boundary, such as an apartment building or condominium complex, may join Residential Eco Pass. Eco Passes must be purchased for all residents five years of age or older. Discounted pass prices are based on the number of residents and the level of VTA services at a given residential community.

One residential developer that takes advantage of the Residential Eco Pass program is First Community Housing (FCH), is a non-profit affordable housing developer. By both locating its developments adjacent to transit and providing free, annual Eco Passes to all of its tenants, FCH was able to reduce the parking requirements at each of its properties. Jeff Oberdorfer, Executive Director of FCH, notes that “an urban structured parking space can cost from \$22,000 to \$40,000 per space. Saving the construction cost of two parking spaces pays for our entire Eco Pass program.”

Both Portland, Oregon and Contra Costa, California have piloted universal pass programs for transit-oriented development (TOD) residents. When Portland piloted a free pass program for residents of new TODs including the Orenco project on the Westside light rail line, the percentage of residents reporting use of transit increased from 30 percent (before passes) to 83 percent (Evans & Pratt, 2007). In a pilot project beginning in June 2008, the Metropolitan Transportation Commission partnered with the Alameda-Contra Costa Transit District (AC Transit) to provide free transit passes to residents of select transit-oriented developments (TODs) in the East Bay. Participants received passes providing unlimited free access on the AC Transit bus system for six months to one year. MTC found that bus ridership increased, participants made on average one fewer automobile trip per week and one-quarter of the participants continued to use the passes at their own expense after the free usage period ended.



For additional information: www.vta.org/ecopass/ecopass_resi/index.html
www.firsthousing.com/wp-content/uploads/2009/05/ecopass1.pdf
www.mtc.ca.gov/planning/smart_growth/tod/T4T/T4T_summary.pdf

Policy Tool: Reduced Parking Requirements for Residential Development

Examples: Zoning codes in San Francisco, CA, Portland, OR and Seattle, WA

Summary: Reducing or eliminating off-street parking requirements for housing developments in transit-rich neighborhoods both helps reduce vehicle ownership and use and makes housing more affordable.



Most local zoning codes require residential and other developments to include a minimum amount of parking for each unit. Such provisions guarantee that all housing will have parking readily available, preventing spillover parking on neighborhood streets but also encouraging automobile ownership and use. Requiring housing developers to provide parking increases development costs and makes the resulting housing less affordable. In order to reduce vehicle use and housing costs, a handful of cities have moved to reduce or eliminate off-street parking requirements for housing development, particularly in locations well-served by transit and for affordable housing developments whose residents are less likely to own cars.

According to the Institute for Transportation and Development Policy, “San Francisco has evolved over the last half century from a municipality that once required one parking space for every new dwelling to one of the most innovative examples of parking management in the country” (Weinberger, Kaehny & Rufo, 2010 at 50). The city has eliminated zoning requirements for a minimum number of parking spaces for residential, commercial or other projects in the downtown. In addition, the city established maximum allowable amounts of parking; for example, a maximum of one space is permitted for every four downtown residential housing units. Outside of downtown, neighborhoods can eliminate residential minimum parking requirements by adopting neighborhood plans; the 1997 Mission Bay Redevelopment Plan eliminated parking minimums for housing. More recently, the 2005 Rincon Hill Plan was the first to eliminate minimum parking

requirements for all uses in a residential neighborhood (Weinberger, Kaehny & Rufo, 2010).

In Portland, Oregon, parking minimums do not apply to developments in the densest commercial neighborhoods, including downtown, neighborhood commercial districts and central residential districts. As part of its strategy to promote transit-oriented development, Portland does not apply parking minimums to any sites within 500 feet of a transit line that provides service at least every 20 minutes during peak hours (EPA, 2006). Portland has also established maximum parking requirements at such sites; downtown, for example, no more than 0.7 spaces per 1,000 square feet can be provided at sites within walking distance of frequent transit service (MTC, 2007).

Seattle’s zoning code reduces minimum parking requirements for affordable housing, senior housing and housing for people with disabilities. Parking requirements are also reduced for multi-family developments that allow on-site parking for car sharing. Parking minimums have been eliminated for downtown locations and reduced for mixed-use, dense neighborhoods (EPA, 2006).



For additional information: www.mtc.ca.gov/planning/smart_growth/parking_seminar/Toolbox-Handbook.pdf
www.itdp.org/documents/ITDP_US_Parking_Report.pdf

Policy Tool: Unbundling the Price of Parking

Examples: San Francisco, CA unbundling requirements
Buckman Heights and Buckman Terrace, Portland OR

Summary: Encouraging or requiring the separate pricing of residential parking, often called unbundling, can reduce demand for parking as well as combined housing/transportation costs for residents.



Residential parking is generally provided as an inseparable part of housing arrangements: a parking space is part of the apartment lease or condominium purchase. The price of parking can, however, be separated or “unbundled” from that of the housing either if developers and landlords choose to do so or if municipal regulators so require. As San Francisco’s Metropolitan Transportation Commission has explained, “Unbundling parking is an essential first step towards getting people to understand the economic cost of parking and providing users with the opportunity to opt out of parking and make alternative travel decisions. Without unbundled parking, tenants experience parking as free, while transit costs them money” (MTC, 2007 at 31).

Beginning in 2005, San Francisco began requiring that developers in some neighborhoods unbundle accessory parking spaces from the sale of a residential unit. The city’s logic was that by including a parking space as part of a residential unit, a seller prevents a buyer from deciding whether or not he or she needs a parking space. The pilot program began in a single neighborhood and was subsequently extended to other neighborhoods. In 2008, San Francisco made unbundled residential parking a requirement throughout the city (Weinberger, Kaehny & Rufo, 2010). While this requirement does not apply to rental housing, the city has also encouraged the unbundling of parking in rentals. The 141-unit Symphony Towers apartments development was granted a variance and allowed to construct only 51 spaces (rather than the 141 that would have been required) because of its use of unbundled parking (and provision of two car sharing parking spaces) (MTC, 2007).

The developer of the Buckman Heights mixed-use development and Buckman Terrace Apartments in Portland, Oregon unbundled the price of parking as part of a comprehensive strategy to reduce the number of parking spaces that had to be provided. Prendergast & Associates built the development on a site adjacent to the central city Lloyd District, nine blocks from light rail and near high-frequency bus routes. Buckman Heights is a 144-unit mixed-income apartment building with 58 on-site parking spaces (0.4 spaces/unit); tenants pay \$15-30/month for parking. Buckman Terrace is a 122-unit apartment building with 70 structured parking spaces (0.57/unit); tenants pay \$50/month for parking (as of 2006 when this information was collected). The developers also took advantage of a Portland zoning provision that allowed them to eliminate 14 required on-site parking spaces at Buckman Heights apartments and substitute 56 secure, covered bike parking spaces (EPA, 2006).

For additional information: www.mtc.ca.gov/planning/smart_growth/parking_seminar/Toolbox-Handbook.pdf
www.itdp.org/documents/ITDP_US_Parking_Report.pdf

Policy Tool: Car Sharing

Example: Boston's Proposed Comprehensive Car Sharing Strategy

Summary: The easy availability of shared cars in transit-rich neighborhoods and transit-oriented developments may reduce automobile usage and ownership and allow residential developments to be built with fewer parking spaces.



Car sharing organizations, which may be non- or for-profit, distribute cars around a city or region for the use of their members. Members have access to a fleet of vehicles for short term use, allowing them to either supplement their own vehicles or choose not to own an automobile. Studies show that car sharing reduces vehicle travel and ownership. One study of San Francisco's City CarShare program found that nearly two-third of members lived in zero-vehicle households and nearly 29 percent had gotten rid of one or more of their cars (Cervero, 2009). Zipcar, the largest car sharing company in the US, reports that 90 percent of members drove 5,500 miles or less per year and that its members report a 47 percent increase in public transit trips after joining.

Several transit-served cities encourage provision of parking spaces for car sharing in residential developments and some even allow the developer to reduce the required amount of parking to be provided for residents. As part of the development review process in Boston, Massachusetts, for example, the number of parking spaces that can be provided in ownership developments near transit is frequently restricted and the developer is required to provide parking for one or more car sharing vehicles to reduce the risk that resident households with more than one vehicle will park on neighborhood streets. Seattle's zoning code grants reductions in minimum parking requirements for multi-family developments that allow dedicated, on-site parking for the city's recognized car-sharing operator. Rich Sorro Commons in San Francisco's Mission Bay was permitted to provide only 85 parking spaces for its 100 affordable housing units due to a combination of its excellent proximity to transit, provision of below-market

units to tenants less likely to own a car and provision of two parking spaces for City CarShare (EPA, 2006).

The City of Boston may soon move forward with a comprehensive proposal, developed by the mayor's Climate Action Leadership Committee, to maximize car sharing by Boston residents. The goal is to "ensure that every Boston resident lives within one-quarter mile of a shared car by 2020." The Boston area is home to Zipcar, which has more than 18,000 members and 450 cars in Boston. The committee decided that "ensuring citywide access to shared cars is, therefore, a potentially powerful way of reducing vehicle miles traveled while ensuring that Boston residents have access to cars when needed." The strategy for citywide access to shared cars involves actively promoting car sharing through a partnership with one or more shared-car companies; working with community-based organizations to promote car sharing, particularly in neighborhoods where market demand may not yet exist; revising zoning laws as necessary to allow for shared car parking as of right throughout the city; and creating opportunities for placing shared cars on municipal property.

For additional information: www.cityofboston.gov/Images_Documents/BCA_full_rprrt_r5_tcm3-19558.pdf