

Promoting Affordable Housing Near Public Transit: The Role of Planning

Prepared for the U.S. Department of Housing and Urban Development

By Casey Dawkins and Ralph Buehler

With assistance by Cynthia Lintz and Jeremy Sewell

Metropolitan Institute at Virginia Tech

December 1, 2010

Policy Paper #3

About This Report/Acknowledgements

In 2008, the U.S. Department of Housing and Urban Development (HUD) and the Federal Transit Administration (FTA) assembled a report outlining strategies for how they could work together to better coordinate housing and transportation programs to promote affordable housing near transit. The report was in response to the Joint Explanatory Statement issued by the House-Senate Conference Committee with the FY 2008 Consolidated Appropriations Act urging HUD and FTA to continue their efforts to promote the inclusion of affordable housing near transit.

This paper, the last in a series of three policy papers written as part of a HUD-funded research project, *Strategies for Expanding Affordable Housing Near Transit*, discusses how federal planning requirements relate to the provision of affordable housing near transit. Three case studies highlight how state, regional, and local governments attempt to strengthen the coordination between planning for transit and affordable housing. The first two papers in this series focused on barriers, incentives, and financing strategies for affordable housing near transit. This project is a direct response to the proposed actions offered as strategies in the FTA / HUD¹ report.

This paper was written by the Metropolitan Institute at Virginia Tech in partnership with the Center for Transit-Oriented Development (CTOD) and Newport Partners, LLC. The recommendations in this paper also reflect the input and review of an expert committee comprised from academia, policy institutes, and other transit and housing experts listed below who reviewed and commented on multiple drafts:

Michael Bodaken, National Housing Trust

Robert Cervero, Professor of City and Regional Planning Director, University of California Transportation Center Interim Director, Institute of Urban and Regional Development

Alyssa Katz, Pratt Center for Community Development

Robert Puentes, Brookings Institution

Sarah Rockwell, Partner, Kaplan, Kirsch & Rockwell LLP

Kent Watkins, Housing Innovations, Inc.

Richard Weaver, American Public Transportation Association

¹ FTA / HUD, "Better Coordination of Transportation and Housing Programs to Promote Affordable Housing Near Transit," 2008.

Christopher Zimmerman, Arlington County Board of Supervisors

Additionally the authors would like to thank the following HUD Staff for their significant contributions:

Regina Gray, Project Manager, Office of Policy Development and Research; Edwin Stromberg, Senior Program Manager, Office of Policy Development and Research; and Salvatore Sclafani, Senior Policy Analyst, Office of Community Planning and Development.

Promoting Affordable Housing Near Public Transit: The Role of Planning

Executive Summary

In the report to Congress, “Better Coordination of Transportation and Housing Programs,” HUD and FTA document the burden transportation and housing costs pose for low-income households. Affordable housing opportunities near public transportation have the potential to lower household transportation and housing costs. This paper discusses the role of federal, state, and local strategies in the preservation and expansion of affordable housing opportunities near transit.

We first introduce federal planning requirements relevant to affordable housing and transportation and present different federal and state regulatory and funding requirements for the preparation of local and regional plans. In this context, we highlight the role of local and regional plans, discussing tools such as regional coordinated housing and transportation plans, specific area plans, local inclusionary zoning regulations, and financing streams tied to specific planning requirements. We also highlight how different actors involved in transit-oriented development (TOD) planning coordinate their efforts. Following our review of planning requirements, we examine how each of these plans is utilized in case studies from three different metropolitan areas: Washington, D.C.; the Denver, Colorado, region; and the San Francisco, California, region.

Currently federal requirements do not explicitly require the integration of planning for affordable housing and TOD. Some possibilities for indirect links between planning for transportation and affordable housing exist within current federal transportation planning statutes, but effective coordination in planning for affordable housing and TOD depends on local circumstances. For example, federal guidelines require that regional transportation planning processes solicit input from all groups and consider the needs of underserved groups including low-income and minority households. Even though directed at providing mobility for disadvantaged groups, the coordinated public transit-human services transportation plan represents an example of local, metropolitan, and statewide coordination of transportation investment and services for low-income individuals and other disadvantaged groups.

Several cross cutting themes relating to planning for affordable housing in TOD emerged from the case studies. First, early community involvement can ensure local “buy-in” to affordable housing – TOD proposals. Second, preservation of affordable housing requires an approach that is different from the development of new affordable housing. Third, regulations and incentives for promoting affordable housing near transit should be sensitive to the challenges faced by affordable housing developers in transit nodes. Fourth, federal financing streams may be disadvantageous if they are poorly timed with planned development projects or are tied to overly complex planning requirements or uncertain public approval processes. Fifth, promoting affordable housing requires cooperation across substantive policy domains and levels of government.

Based on these cross-cutting themes, we offer the following federal policy recommendations:

Federal Transportation Planning Requirements:

- *Provide funds and/or technical assistance for community-based planning efforts that address affordable housing around proposed rail extensions.* Each of the case studies point to the need for extensive community-based planning prior to rail extension to preserve existing neighborhoods and plan for the development of new affordable housing. An example of such a program at the state level is California’s Community-Based Transportation Planning (CBTP) grant program, which provides funds and technical assistance to localities seeking to plan for TOD and improved jobs/housing balance.
- *Formalize the consideration of affordable housing as an integral part of regional and state transportation planning.* For example, affordable housing could be explicitly included within one of the planning factors listed in SAFETEA-LU. Moreover, the location of affordable housing could be explicitly listed as a recommended input into in regional transportation planning forecasts.
- *Provide planning funds and technical assistance for regional collaboration to balance transportation planning with affordable housing.* For example, the State of California provides funds for regional collaboration to draft Regional Blueprint Plans.
- *Expand on existing Public Transit and Human Services Transportation planning to connect affordable housing to transportation planning.* Public Transit and Human Services Transportation plans identify transportation needs of individuals with low-

income, disabilities, and the elderly. This plan could be expanded to include the coordination of the location of affordable housing and TOD.

- *Provide flexibility in Congestion Mitigation and Air Quality (CMAQ) funding, allowing land acquisition and land development costs to be considered legitimate Transportation Control Measures (TCM).* Land-use changes are generally not considered as eligible transportation control measures (TCM) under this program, but transportation aspects of specific developments can be considered TCMs (e.g. transit, bicycle and pedestrian improvements). For example, in the Bay Area and Denver funds are made available to help secure sites with great potential for affordable housing—an expenditure which is currently not an eligible use under CMAQ.
- *Include proximity to existing or proposed affordable housing as a criterion used to evaluate New Starts program applications.* This additional evaluation criterion could be similar to one aspect of Resolution 3434 in the Bay Area, which requires consideration of TOD criteria for any transit system expansion funded with regional discretionary funds. One of the TOD criteria establishes a minimum number of housing units within a half mile of all stations along a transit corridor. Existing and planned land uses have to jointly meet or exceed the overall corridor housing threshold. New below-market housing units—defined as affordable to 60 percent AMI for rental units and 100 percent AMI for owner-occupied units—receive a 50 percent bonus toward meeting the corridor threshold.
- *Provide Environmental Impact Review exemptions for TOD projects which address minimum impact criteria or demonstrate air quality benefits.* In the Atlantic Steel Redevelopment project in Atlanta, the proposed TOD was granted an expedited environmental review, because the project could demonstrate air quality benefits, compared to a similarly-scaled development located outside the central city in a transit-inaccessible location. Respondents in the case studies examined in our report expressed similar concerns that any project requiring federal funds would trigger extensive environmental reviews that could delay the project and make it financially infeasible.

Federal Housing Planning Requirements:

- *Require an additional section of the HUD Consolidated Plan that addresses the linkage between the location of affordable housing and existing or proposed transit systems.* For

example, the City of Denver's Consolidated Plan establishes targets for renter households near TOD with incomes at or below 30 percent of the area median income.

- *Require that public housing authorities (PHAs) address the location of federal housing assistance, particularly in areas adjacent to public transit, and clarify the importance of transit access in reducing concentrated poverty.* Local public housing authorities (PHA), as the administrative arm of federal housing subsidy programs such as the Housing Choice Voucher and Project-based Section 8 assistance, are required to adopt a plan for the provision of housing assistance. Currently, there are no incentives encouraging PHAs to identify strategies for connecting assisted households to public transit. Furthermore, setting aside a portion of subsidies near transit may be seen by some PHAs as antithetical to HUD's goal of reducing the concentration of poverty. HUD should provide clarifying language indicating how subsidies near transit should be prioritized, emphasizing that transit accessibility is an important dimension of economic opportunity.
- *Establish federal incentives to use Low-Income Housing Tax Credits (LIHTC) near public transit stations.* The case studies point to several incentives which could be established to encourage LIHTC development near transit, including the award of additional competitive points for LIHTC developments near transit, increased flexibility to compete for nine percent credits for projects near transit, or allowing developers to consider land acquisition costs in their calculation of eligible basis. As an example, California awards up to seven points in the amenities category to transit-accessible projects. Locations within 0.25 mile of a station, with service at least every 30 minutes, and with a project density of at least 35 units per acre, can get seven points out of 25 possible in the relevant category.
- *Provide additional competitive points for HOPE VI and Choice Neighborhoods applications located in TODs.* Currently, proximity to TOD is not one of the criteria used to review applications for HOPE VI or Choice Neighborhoods funding. As indicated in the Denver case study, a consideration of the proximity of a proposed public housing redevelopment to public transit could have helped to provide the additional funds necessary to ensure that the full redevelopment project goes forward, particularly given the limitations on HOPE VI funding.

Encouraging Integrated Regional Housing / Transportation Planning Efforts:

- *Support the development of integrated transportation/land use/housing models.* The San Francisco County Transportation Authority and the City of San Francisco each employ an integrated land use, housing, and transportation model that provide the information needed to address the linkages between housing and transportation. This model could be expanded for use in the metropolitan planning organization (MPO) planning process. A revised version of the now-defunct HUD Section 701 comprehensive planning grant could help to support such initiatives. Part of the difficulty in establishing regionally-coordinated housing and transportation plans is that land use data is collected and maintained by local governments. If regional planning organizations wish to link land use and transportation in their regional models, the MPO must assemble and update parcel-level data from each individual jurisdiction, a process that is costly and time-consuming. If these data were made available to HUD and/or USDOT for planning purposes, using a consistent data collection and display scheme, regional housing and transportation modeling would be much more feasible for a larger number of metropolitan areas.
- *Require regional intergovernmental coordination for housing and transportation planning grants.* The Office of Management and Budget Circular A-95 issued in 1969 required that applications for federal grants be reviewed by regional and state “clearinghouses” such as the MPO and/or State Office of Planning. The clearinghouse was also liaison between the federal agency and state and local entities. A similar provision could be enacted, particularly focusing on regional transportation projects which have an impact on housing affordability.
- *Establish incentives for the development of regional housing plans.* Currently, Consolidated Plans are prepared by local and state governments but are not coordinated across jurisdictions unless local governments are members of a HOME Consortium. The Consolidated Plan could be revised to incorporate a “fair share” regional housing needs assessment (RHNA), such as that required in California. The RHNA for the San Francisco Bay Area calls for infill development around transit stations, mixed-use development, and the coordination of housing opportunities near job locations.

Table of Contents

| | | |
|------|---------------------------------------------------------------------------------------------------|----|
| I. | Introduction..... | 10 |
| II. | Overview of Federal, State, Regional, and Local Planning Requirements | 10 |
| A. | Housing Plans..... | 10 |
| 1. | Consolidated Plans | 10 |
| 2. | Public Housing Authority (PHA) Plans | 12 |
| 3. | Qualified Allocation Plans (QAP) | 13 |
| B. | Transportation Plans..... | 14 |
| 1. | Overview of Transportation Planning Requirements | 15 |
| 2. | Metropolitan and State Planning Requirements | 17 |
| 3. | Coordinated Public Transit / Human Services Transportation Plans | 20 |
| 4. | Relationship among Federal Planning Requirements and Federal Transportation Funding Programs..... | 22 |
| III. | Case Study Methodology | 23 |
| A. | Arlington County, Virginia – Washington D.C. Metropolitan Area | 24 |
| 1. | Background | 24 |
| 2. | Housing and Transportation Planning | 25 |
| 3. | Local Policies to Encourage Affordable Housing Near Transit..... | 27 |
| 4. | Development of Affordable Housing Near the Clarendon Metro Station | 30 |
| 5. | Summary..... | 31 |
| B. | Denver, Colorado Metropolitan Area..... | 32 |
| 1. | Background | 32 |
| 2. | Housing and Transportation Planning | 33 |
| 3. | State and Regional Financing for Affordable Housing Near Transit..... | 35 |
| 4. | Local Policies to Encourage Affordable Housing Near Transit..... | 36 |
| 5. | 10th and Osage Station Area Plan | 37 |
| 6. | Summary..... | 39 |
| C. | San Francisco, California Metropolitan Area | 39 |
| 1. | Background | 39 |
| 2. | Housing and Transportation Planning | 41 |
| 3. | State and Regional Financing for Affordable Housing Near Transit..... | 47 |
| 4. | Local Planning for Affordable Housing Near Transit..... | 49 |
| 5. | Pleasant Hill Station / Contra Costa Centre Transit Village..... | 50 |
| 6. | Richmond Transit Village/TOD..... | 52 |
| 7. | Summary..... | 54 |

IV. Lessons Learned and Policy Recommendations..... 55
V. Appendix I: Maps..... 0

I. Introduction

In this third paper in the series on affordable housing and transit, we discuss the role of federal, state, and local strategies in the preservation and expansion of affordable housing opportunities near transit. Throughout, we touch on several of the policies and programs discussed in the first two papers, emphasizing in this paper the ways in which these policies and programs are coordinated at different scales. We also highlight the role of local and regional plans, discussing tools such as regional coordinated housing and transportation plans, specific area plans, local inclusionary zoning regulations, and financing streams tied to specific planning requirements. We also discuss the ways in which different actors involved in transit-oriented development (TOD) planning coordinate their efforts.

We begin with a discussion of federal planning requirements relevant to affordable housing and transportation. We discuss different federal and state regulatory requirements to prepare local and regional plans, along with federal and state income streams that require planning as a condition for the receipt of funding. Following our review of planning requirements, we examine how each of these plans is utilized in three different metropolitan areas, beginning with a discussion of the methodology for our multiple case study approach. The case studies examined in this paper include the Washington, D.C., the Denver, Colorado, and San Francisco, California Bay Area. The paper concludes with a discussion of overall themes, lessons learned, and policy recommendations.

II. Overview of Federal, State, Regional, and Local Planning Requirements

A. Housing Plans

1. Consolidated Plans

Localities and states receiving funds from the U.S. Department of Housing and Urban Development (HUD) must prepare a Consolidated Plan and submit it to HUD for approval. The Consolidated Plan is a strategic plan that identifies the jurisdiction's affordable housing needs and identifies strategies for addressing those needs over a five year period. Once awarded funding, the grant recipient must also prepare an annual Action Plan that identifies how the

grant recipient intends to use HUD funds to address the needs identified in the Consolidated Plan.²

The Consolidated Plan is designed to demonstrate how grantees will address HUD's primary missions of ensuring access to decent housing, a suitable living environment, and expanded economic opportunities. Although HUD does not explicitly require that award recipients demonstrate how they intend to coordinate the provision of affordable housing near transit, the guidance given by HUD on preparing the Consolidated Plan identifies several areas in which this linkage could be addressed. In order to ensure access to decent housing, a suitable living environment, and expanded economic opportunities, HUD identifies more specific objectives that communities must address, including providing affordable housing that is accessible to job opportunities, conserving energy resources and use of renewable energy, and expanding economic opportunities.

HUD's guidance for preparing the Consolidated Plan identifies three areas where transit-oriented development could be addressed. HUD requires receiving entities to prepare a Housing Market Analysis, which must identify local barriers to affordable housing. Local regulations that are not supportive of affordable housing near transit could be identified as a potential barrier, although this is not specifically mentioned in HUD's guidance. In the section addressing "cross cutting issues," HUD's guidance mentions that "jurisdictions are strongly encouraged to identify locally designated target areas where revitalization, foreclosure recovery efforts, or transit-oriented development are carried out through multiple activities in a concentrated and coordinated manner." When preparing the Action Plan, HUD recommends that awardee recipients identify strategies for coordinating with other public and private agencies, including those responsible for transportation.³

HUD also allows geographically-contiguous jurisdictions receiving HOME Investment Partnership (HOME) funds to enter into a consortium and prepare a single Consolidated Plan that covers all members of the consortium. This provision allows jurisdictions to achieve economies of scale in plan preparation, implementation, and reporting. It also allows jurisdictions which would not otherwise qualify for minimum funding thresholds to receive funds as part of a large collaborative entity. As of Fiscal Year 2010, HUD has approved 143

² 24 CFR Part 91.

³ 24 CFR Part 91.

consortia.⁴ Consortia provide a useful way of coordinating housing planning at the regional scale. If the regional Metropolitan Planning Organization (MPO), a regional transportation planning body, is involved in the preparation of this plan, housing planning could also be coordinated with regional transportation plans within the same regional agency.

2. Public Housing Authority (PHA) Plans

Public Housing Authorities (PHAs) were originally created to develop, own, and manage local public housing. When the Section 8 rental voucher program (now known as the Housing Choice Voucher (HCV) program) was created in 1974, PHAs became the local agencies in charge of administering the program. Many former public housing residents were awarded HCVs, which subsidized the difference between 30 percent of the household's income and the Fair Market Rent (FMR) for the surrounding area, and used this subsidy to seek housing in the private rental market. During the 1990s, the role of local PHAs dramatically changed from being a property manager and developer to being more heavily involved in the administration of the HCV program. HOPE VI was created in the 1990s, and many of the nation's public housing units were either demolished or reconstituted into new mixed-income housing developments.

The Quality Housing and Work Responsibility Act (QHWRA) of 1998 created a requirement that Public Housing Authorities (PHAs) prepare 5-year PHA plans that outline the PHA's goals and objectives for serving the needs of low-income households within the PHA's jurisdiction and a one year action plan that outlines specific actions that will be taken to meet these goals and objectives. The PHA plan is essentially an operations, planning, and management tool for the Public Housing Authority.⁵

Although the PHA plan has no specific requirements related to transit-oriented development, nothing explicitly precludes a PHA from designating a portion of its HCVs for use within TODs. Since local landlords can choose not to accept HCVs, PHAs choosing this strategy would need to conduct an analysis of rental market opportunities around transit nodes to determine if TOD set-asides could in fact be utilized. Since some inclusionary housing ordinances require that inclusionary housing set-asides be tied to units that accept HCVs, coordinating with the local planning office could help to ensure that the additional vouchers set aside for use near TOD would be utilized.

⁴ CPD Notice 08-01.

⁵ Title V of P.L. 105-276.

Although PHAs could in theory adopt TOD-focused HCV strategies, the PHA would also have to demonstrate how a policy such as this is also consistent with their approach for deconcentrating poverty. An explicit goal of QHWRA is to deconcentrate poverty, and PHA plans must identify strategies for meeting this goal.

3. Qualified Allocation Plans (QAP)

The Low-Income Housing Tax Credit (LIHTC) program was created in the Tax Reform Act of 1986 as a way to encourage the private construction of new affordable housing units. LIHTCs reduce a developer's federal tax liabilities and are usually sold to investors to raise equity for a development project. Since the credit lowers a developer's overall tax burden, less rental income is needed to finance debt service, and hence, rents can be made more affordable. Tax credits are awarded to developers on a competitive point system.⁶

Several LIHTC programmatic provisions may limit its effectiveness in promoting affordable housing near transit. Since the collapse of the housing market, LIHTCs are generally less valuable. Investors have begun to reduce their purchases of the credits as the need to offset taxable income has declined. Furthermore, although developers can earn higher credits for projects involving higher development costs, the cost of land acquisition is not considered when calculating credits. Since land near TODs is more expensive, developers proposing projects in these areas earn proportionately fewer credits relative to total development costs once land costs are considered. Another challenge is that credits can only be used to offset the costs associated with developing affordable housing units. This makes mixed-income development less attractive, because non-affordable units do not receive credits.⁷ A final challenge, cited by a developer in Denver, is that most developers need a 9 percent credit to justify a TOD project containing affordable housing.⁸ Nine percent credits, in contrast to 4 percent credits, are not available to developers who also receive subsidies from tax-exempt bonds.

States receive a fixed allocation of credits based on the state's population. State housing finance agencies administer the credits and must adopt a Qualified Allocation Plan (QAP) that identifies how the credits will be distributed. Several states award additional points for projects

⁶ 26 USC 42.

⁷ US Government Accountability Office. 2009. *Affordable Housing in Transit-Oriented Development*.

⁸ Interview with local Denver-area Developer [name withheld]. Conducted 9/3/2010.

that are located near public transit. For example, Arizona's QAP awards applicants up to 20 additional points (out of 280) for projects located near bus transit stops, rail stops, and which include a mix of land uses within the project. California awards points on a graduated scale depending on the distance to and type of transit, as well as the frequency and hours of service. New Jersey awards between 8 to 10 points to developments located near transit. Several other states also tie these provisions to an overall green building strategy.⁹

B. Transportation Plans

Currently federal transportation planning requirements do not include affordable housing goals for transit-oriented development (TOD). Below we briefly summarize federal transportation planning requirements according to the current federal transportation statute, otherwise known as the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).¹⁰ We specifically highlight the federally prescribed state and regional transportation planning processes and the Coordinated Public Transit / Human Services Transportation Plan.

Besides planning requirements, SAFETEA-LU establishes transportation funding programs, which specify how federal transportation dollars can be used.¹¹ Since the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991—the immediate predecessor of SAFETEA-LU—states and regions have gained more spending flexibility over certain categories of federal funds. We do not describe federal transportation funding programs in detail, since their relationship to affordable housing and TOD was already discussed in the first and second paper of this series (e.g., the New Starts/Small Starts Programs).

Throughout the description of federal transportation planning requirements we reference applicable laws that are administered by the Environmental Protection Agency (EPA), such as

⁹ Florida Housing Finance Corporation. Date not provided. Accessible online at: http://www.floridahousing.org/FH-ImageWebDocs/UniversalApps/2011/ImportantAnnouncements/020-Notices/Attachment_1_-_Transit_Oriented_Development_Proposal.pdf.

¹⁰ FHWA. 2005. *A Summary of Highway Provisions in SAFETEA-LU*. Accessible online at: <http://www.fhwa.dot.gov/safetealu/summary.htm>.

¹¹ Handy, S. 2008. Regional Transportation Planning in the US: An Examination of Changes in Technical Aspects of the Planning Process in Response to Changing Goals. In: *Transport Policy*, Vol. 15, pp. 113-126.

¹¹ Handy, S. and K. Clifton, 2007. Planning and the Built Environment: Implications for Obesity Prevention. In: Kumanyika, S. and R. Brownson, 2007. *Handbook of Obesity Prevention: A Resource for Health Professionals*. Springer, pp. 167-190.

National Environmental Policy Act (NEPA) or the Clean Air Act (CAA).¹² The case studies in the second part of this paper highlight how transportation planning helps provide affordable housing in TOD.

1. Overview of Transportation Planning Requirements

Federal legislation requires long and short range transportation planning for states and metropolitan areas. State DOTs are responsible for statewide transportation planning. All urbanized areas with more than 50,000 inhabitants are required to form a Metropolitan Planning Organization (MPO), which is charged with regional transportation planning.¹³ Organizational structure and function of MPOs and their relationship with other government agencies vary and depend on local circumstances. Common members of MPO boards are representatives from cities, counties, local and regional transit authorities, and often delegates from state DOTs in an advisory function. MPOs generally do not implement projects; but they provide a setting for regional decision making, coordinate planning and programming of funds, involve transportation and other stakeholders, facilitate public input, and conduct analyses and evaluations of proposed projects.

To be eligible for federal funds, a transportation project has to be included in FHWA/FTA approved statewide and metropolitan short range transportation plans.^{14,15,16,17} Federal planning requirements for states and metropolitan areas focus on the planning process and leave most of the substance of plans to regions and states—within the framework of established

¹² EPA, not dated. *Laws that We Administer*. Accessible online: <http://www.epa.gov/lawsregs/laws/index.html>

¹³ Urbanized areas larger than 200,000 inhabitants are designated Transportation Management Areas, with additional responsibilities, such as developing congestion management processes (CMP).

¹⁴ 23 CFR 450.126(k); 23 CFR 450.324 (g); and ICFI, 2010. Partnership for Sustainable Communities: Summary of Relevant Federal Planning Requirements and Options for Improved Coordination. White Paper. EPA Contract EP-W-05-025.

¹⁵ There are exceptions for the state planning process as defined by 23USC450.218(d) (operating assistance) and 23USC450.216(g): “(1) Safety projects funded under 23USC402 and 49USC31102; (2) Metropolitan planning projects funded under 23USC104(f), 49USC5305(d), and 49USC5339; (3) State planning and research projects funded under 23USC 505 and 49USC5305(e); (4) At the State’s discretion, State planning and research projects funded with National Highway System, Surface Transportation Program, and/or Equity Bonus funds; (5) Emergency relief projects (except those involving substantial functional, locational, or capacity changes); (6) National planning and research projects funded under 49USC5314; and (7) Project management oversight projects funded under 49USC5327.”

¹⁶ Exceptions for the metropolitan process include for example 23USC450.328(f) (operations).

¹⁷ There are certain exceptions under which highway/road projects can progress through engineering and design prior to inclusion in fiscally constrained Regional Transportation Plans.

federal transportation funding programs, however.¹⁸ Planning requirements specifically highlight the need for full and fair community involvement in the planning process and necessitate the evaluation of transportation impacts on low-income and minority groups.^{19,20} Moreover, transportation projects and programs have to be part of a comprehensive, cooperative, and continuing planning process.^{21,22}

State and metropolitan transportation planning is tightly coordinated with State Implementation Plans (SIPs) to achieve National Ambient Air Quality Standards (NAAQS) for specific pollutants as defined by the Clean Air Act (CAA).^{23,24} Transportation plans have to demonstrate attainment of vehicle emission reductions as specified in SIPs.²⁵ Compared to attainment areas, air quality non-attainment and maintenance areas are subject to specific planning rules and cycles and may be eligible for particular federal transportation funds (e.g. Congestion Mitigation and Air Quality (CMAQ)) to reduce emissions. Moreover, in non-attainment and maintenance areas, the short range plan has to prioritize eligible SIP transportation projects and measures geared at reducing emissions (so called Transportation Control Measures (TCM)).²⁶ Federal transportation funds can be withheld from regions that are in non-attainment and that do not have plans to achieve or maintain required standards.

Projects that seek federal funding from the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) have to adhere to the requirements of the National Environmental Policy Act (NEPA).²⁷ Therefore, transportation planning has to consider the environmental impacts of potential projects (including a no built alternative) and identify

¹⁸ Handy, S. 2008. Regional Transportation Planning in the US: An Examination of Changes in Technical Aspects of the Planning Process in Response to Changing Goals. In: *Transport Policy*, Vol. 15, pp. 113-126.

¹⁹ Handy, 2008 and Poorman, J. 2001. Implementing Performance Measures. In: *Transportation Research Board (TRB). Performance Measures to Improve Transportation Systems and Operation*. Report of a Conference, Conference proceedings, Vol. 26, National Academy Press.

²⁰ Executive Order 012898, 1994. Federal Actions to Address Environmental Justice in Minority Populations and Low Income Populations. Accessible online at: <http://www.ejnet.org/ej/execorder.html>
FHWA/FTA, not dated. *The Transportation Planning Process: Key Issues*. Transportation Planning Capacity Building Program.

²¹ 49USC5303

²² Weiner, E. 2008. *Urban Transportation Planning in the United States*. Third Edition. Springer.

²³ FHWA/FTA, not dated.

²⁴ ICFI, 2010.

²⁵ Johnston, R. 2004. The Urban Transportation Planning Process. In: Hanson, S. and G. Giuliano. *The Geography of Urban Transportation*. Third Edition. Guildford.

²⁶ 23USC450.324(d)

²⁷ 23 CFR 450.222; 23 CFR 450.336

strategies to mitigate the impacts of the selected preferred alternative.²⁸ Smaller projects require minimal or even no environmental documentation. However, large projects necessitate a formal “review-and-comment” process. This process also provides a means of soliciting input about a project from the affected community.²⁹ Some documents already required in transportation planning can directly become part of the NEPA process.^{30,31,32}

2. Metropolitan and State Planning Requirements

Federal legislation postulates that states develop Statewide Long Range Transportation Plans (SLRTP) and short range State Transportation Improvements Programs (STIP) considering rural and metropolitan areas and all modes of surface transportation in the state. SLRTPs identify a vision for the state’s transportation system and services with a time horizon of 20 years or more. SLRTPs differ in each state and can vary from broad policy visions to lists of specific projects.³³ Based on the SLRTP, states also develop four year short term STIPs, which prioritize projects and identify funding sources (*i.e. is fiscally constrained*).

STIPs include all projects that receive funding from FHWA and FTA and also significant projects that require federal action regardless of funding source. SLRTPs and STIPs are to be developed with consultation of state and local agencies including those responsible for land-use management among others.³⁴ Affordable housing is not specifically listed. The planning process has to provide opportunities for input from affected public agencies, organizations, and system users. Moreover the process has to consider the needs of underserved groups including low-income and minority households.³⁵

MPOs are mandated to develop and maintain fiscally constrained metropolitan long range plans (LRTPs) and metropolitan Transportation Improvement Programs (TIPs). LRTPs represent a vision for the transportation future of the region. Plans contain a region’s transportation goals for

²⁸ Johnston, 2004.

²⁹ FTA, not dated. *Planning and Project Development Process*. Accessible online at: http://www.fta.dot.gov/publications/reports/other_reports/publications_135.html

³⁰ 23 CFR 450.322(b)(6); 23 CFR 450.216(a)(8), and 23 CFR 450.324(g)(1) and FHWA, 2005. *Linking the Transportation Planning and National Environmental Policy Processes*. Accessible online at: <http://www.fhwa.dot.gov/hep/plannepa050222.pdf>

³¹ 23 CFR 450.21

³² FHWA, not dated. *Planning and Environment Linkages*. Accessible online at: <http://www.environment.fhwa.dot.gov/integ/related.asp>

³³ FHWA/FTA, not dated.

³⁴ 23 CFR 450.322(g)

³⁵ 23 CFR 450.210 (a) (1) (viii).

a time horizon of 20 years or more and describe strategies how to achieve these goals. Where appropriate MPOs must consult federal lands management agencies, local, and state agencies responsible for land-use management; and must provide access to the planning process for traditionally underserved groups and consider their needs.³⁶ LRTPs estimate a region's future transportation needs based on land-use forecasts, which can include housing, economic development, and employment forecasts. Affordable housing is not specifically mentioned in any transportation planning requirement, but can be part of housing forecasts for the LRTP.

Non-attainment areas for air quality (rated serious or worse) are specifically required to model land development effects of regional transportation plans.^{37,38} Moreover, MPOs in non-attainment areas have to coordinate with transportation control measures (TCMs) developed in the SIP.³⁹ In practice, TCM measures can support land-use intensification around rail stations.^{40,41} Land-use changes themselves are generally not considered TCMs and are not eligible for CMAQ funding; but transportation aspects of specific developments can be considered TCMs. For example, parking management programs, park and ride programs, ride-share incentives, or transit, bicycle, and pedestrian improvements are eligible for CMAQ funding.⁴² LRTPs have to include a financial plan with reasonable cost and revenue estimates and are to be updated every four to five years.

TIPs prioritize projects from the LRTP, include projects to be built within the next three to five years, are updated every four years, are fiscally constrained, and are incorporated without changes in the STIP—after approval by the MPO or the governor.⁴³ In air quality non-attainment areas, TIPs must have a USDOT transportation conformity determination⁴⁴ before they are

³⁶ 23 CFR 450.316(a) and 23 CFR 450.322(1) and ICFI, 2010.

³⁷ Johnston, 2004.

³⁸ 40 CFR 93.122(b)(1) (iii) and (iv).

³⁹ 23 CFR 450.322 (d).

⁴⁰ Johnston, 2004.

⁴¹ EPA, 2010. *Transportation Control Measures: Strategies for Reducing Vehicle Miles Traveled and Greenhouse Gas Emissions*. Accessible online at:

http://www.epa.gov/statelocalclimate/documents/pdf/TCMs_transcript_6-22-2010.pdf, page 10, Slide 28

⁴² EPA, 2001. EPA Guidance: Improving Air Quality through land use activities. Accessible online at: <http://www.epa.gov/oms/stateresources/policy/transp/landuse/r01001.pdf>, page 52.

⁴³ FHWA, FT, not dated. Meyer, M. and E. Miller, 2001. *Urban Transportation Planning*. Second Edition. McGraw-Hill.

⁴⁴ "Transportation conformity is a process required by the Clean Air Act (CAA) Section 176(c) which establishes the framework for improving air quality to protect public health and the environment. The goal of transportation conformity is to ensure that Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) funding and approvals are given to highway and transit activities that are consistent with air quality goals. The CAA requires that metropolitan transportation plans, metropolitan

included in the STIP. In any case, STIPs have to be approved by FHWA and FTA before projects can be constructed.⁴⁵ Through this certification process the federal government ensures that planning process requirements are followed and that eight so-called *planning factors* were considered.

Planning factors include economic vitality, safety and security, efficient system operation and preservation, accessibility and mobility for people, and environmental protection (see Table 1). Each of the eight planning factors listed in Table 1 consist of several subcategories. For example, the *environmental protection* planning factor comprises energy conservation, quality of life, and “promoting consistency between transportation improvements and state and local planned growth and economic development patterns.”⁴⁶ However, land-use and economic development decisions are in the domain of local governments and coordination with transportation plans is difficult. Thus this provision focuses on state and metropolitan planning processes and encourages *improvements to the connection* between transportation, land-use planning, and economic development—as opposed to *outcomes*.⁴⁷

Transportation forecasts should be based on the latest available land-use, employment, and economic development projections.⁴⁸ Moreover, state and metropolitan transportation planners are encouraged to consult and share information with agencies responsible for land-use and spatial development. Agencies providing affordable housing are not explicitly listed. TOD and joint development are two of the options to integrate land-use and transportation planning.⁴⁹ MPOs can play a lead role in promoting TOD and joint development through general policies, specific programs, information dissemination, and technical support.⁵⁰ In a memorandum on the coordination of planning for land use and transportation to mitigate climate change, USDOT

transportation improvement programs (TIPs) and Federal projects conform to the purpose of the State Implementation Plan (SIP). Conformity to a SIP means that such activities will not cause or contribute to any new violations of the National Ambient Air Quality Standards (NAAQS); increase the frequency or severity of NAAQS violations; or delay timely attainment of the NAAQS or any required interim milestone.” Source: FHWA, 2010. Transportation Conformity. Accessible online at:

http://www.fhwa.dot.gov/environment/air_quality/conformity/con_broc.pdf

⁴⁵ Handy, 2008. Johnston, 2004. 23 CFR 450.216 (k). 23 CFR 450.324 (g). and ICFI, 2010.

⁴⁶ SAFETEA-LU

⁴⁷ Cambridge Systematics, 2006. SAFETEA-LU Planning Provisions Workshop. Accessible online at: http://www.transportation.org/sites/planning/docs/FINAL%20REPORT%20FR1_SAFETEA-LU%20Plan%20Prov%20Workshop.pdf

⁴⁸ Wachs, M. 2004. Reflections on the Transportation Planning Process. In: Hanson, S. and G. Giuliano. The Geography of Urban Transportation. Third Edition. Guildford.

⁴⁹ FHWA/FTA, not dated.

⁵⁰ FHWA/FTA, not dated.

specifically mentions planning for smart growth and TOD.⁵¹ However, the focus of the memorandum is on climate change mitigation and it does not mention affordable housing.

Table 1: Planning Factors

“The...planning process for a...planning area...shall provide for consideration of projects and strategies that will:

1. Support the economic vitality...especially by enabling global competitiveness, productivity, and efficiency;
2. Increase the safety of the transportation system for motorized and non-motorized users;
3. Increase the security of the transportation system for motorized and non-motorized users;
4. Increase the accessibility and mobility of people and for freight;
5. Protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns;
6. Enhance the integration and connectivity of the transportation system, across and between modes, for people and freight;
7. Promote efficient system management and operation; and
8. Emphasize the preservation of the existing transportation system.”

Source: 49USC5303

There is no direct mechanism for the community to enforce the use of planning factors since “the failure to consider any factor (...) shall not be reviewable by any court (...) in any matter affecting a transportation plan, a TIP, a project or strategy, or the certification of a planning process.”⁵²

A final planning document prepared by MPOs is the Unified Planning Work Program (UPWP), which identifies short-term (one to two year) regional planning priorities. MPOs coordinate with local governments and transit agencies to develop this plan.⁵³ The plan describes the planning work to be carried out, time frame, and responsible parties.

3. Coordinated Public Transit / Human Services Transportation Plans

SAFETEA-LU mandates coordinated planning for funding and operations of public transit and human service transportation for the following federally funded programs: Job Access Reverse Commute (JARC) (Section 5316); New Freedom (Section 5317); and Elderly Persons with

⁵¹ USDOT, 2008. *FHWA/FTA Planning Program Funds to Support Integration of Transportation, Land Use, and Climate Change*. Accessible online at: <http://www.fhwa.dot.gov/planning/plnInduse.htm#fnt1>

⁵² 49USC5304 and ICFI, 2010.

⁵³ 23 CFR 450.104 and ICFI, 2010.

Disability (Section 5310).⁵⁴ The coordinated Public Transit and Human Services Transportation plans identify transportation needs of individuals with low-income, disabilities, and the elderly. These plans are prepared by state DOTs, MPOs, local governments, or transit authorities and solicit input from private, public, and non-profit sectors.⁵⁵

The plan lists available transportation services, identifies gaps, recognizes ways to serve unmet needs, and prioritizes funding. For example, plans may identify the geographic location of low-income, elderly, and disabled individuals, alongside with an inventory of available transportation services and trip destinations. The plan is coordinated with the metropolitan TIP and STIP and is updated when those plans are revised. Only projects included in TIP and STIP are eligible for funding. Programs funded under the human services transportation plan are eligible for matching funds from other federal non-DOT sources⁵⁶.

We are not providing a more detailed description of this plan, because it focuses on mobility needs of individuals and is not geared at providing affordable housing in TOD. However, the coordinated public transit-human services transportation plan represents an example of local, metropolitan, and statewide coordination of transport investment and services for low-income individuals and other disadvantaged groups.^{57,58,59,60,61,62} Experiences from this process may help guide collaboration for the provision of affordable housing in TOD.

⁵⁴ 23 CFR 450.208(g) and 450.306(g) and ICFI, 2010.

⁵⁵ FTA, not dated. Human Services Transportation Coordination. Accessible online at: http://www.fta.dot.gov/documents/FTA_Human_Services_Transportation_Coordination_Fact_Sheet_Oct_05.pdf

⁵⁶ FTA, not dated. Accessible online at: http://www.fta.dot.gov/documents/FTA_Human_Services_Transportation_Coordination_Fact_Sheet_Oct_05.pdf

⁵⁷ National Research Center for Human Service Transportation Coordination (NRC), 2010. *Coordination: It's the Law*. Accessible online at: <http://web1.ctaa.org/webmodules/webarticles/anmviewer.asp?a=1827>

⁵⁸ 23 CFR 450.104 and ICFI, 2010.

⁵⁹ Hensley-Quinn, M. 2006. *Writing a Coordinated Human Service Transportation Plan*. National Research Center for Human Service Transportation Coordination. National Research Center for Human Service Transportation Coordination (NRC) Accessible online at: <http://www.ctaa.org/webmodules/webarticles/articlefiles/writingcoordplan.pdf>

⁶⁰ Metropolitan Council, 2007. *Public Transit and Human Services Transportation Coordination Action Plan*. St. Paul Minnesota. Accessible online at: <http://www.metrocouncil.org/planning/transportation/CoordinationPlan.pdf>

⁶¹ Metropolitan Washington Council of Government (MWCOC) 2009. *Update to the Coordinated Human Service Transportation Plan for the National Capital Region*. Washington, D.C. Accessible online at: www.mwcog.org/tpbcoordination/documents/Updated_Coordinated_Human_Service_Transportation_Plan.pdf

⁶² Metropolitan Transportation Commission, not dated. *Coordinated Public Transit / Human Services Transportation Plan*. Oakland, California. Accessible online at: <http://www.mtc.ca.gov/planning/pths/>

4. Relationship among Federal Planning Requirements and Federal Transportation Funding Programs

Federally funded programs generally have to be included in the TIP and STIP and necessitate coordination between designated recipient planning agencies (DR). For example, transit agencies in urban areas may be designated recipients for FTA Urbanized Area Formula funds (Section 5307). Transit agencies develop a list of projects for inclusion in the TIP, but have to coordinate and agree with the MPO on how the section 5307 funds are spent.⁶³ Similarly, New Starts and Small Starts funds (Section 5309), already discussed in papers one and two, are subject to the metropolitan planning process and necessitate coordination between the MPO and transit agencies.^{64,65,66}

Some programs may indirectly influence housing affordability. For example, in evaluating proposed New Starts projects FTA uses a number of criteria, which may include transit supportive land-use policies. This is not a requirement, but generates incentives to include transit supportive land uses in funding applications. There is no specific reference to affordable housing, but transit supportive land-use policies can include local parking ordinances, which in turn can influence the cost of housing.⁶⁷ This connection is indirect at best, but helps illustrate how federal transportation programs may indirectly influence housing affordability. Other New Starts evaluation criteria with a potential link to affordable housing include factors that capture the “degree to which the project increases the mobility of the public transportation dependent population” and the open-ended “other factors that the Secretary determines to be appropriate.”^{68, 69}

Official federal project justification criteria may not capture all locally relevant project benefits, cost, and policy priorities. Thus New Start project sponsors may submit additional local

⁶³ FTA, not dated. Role of Designated Recipient and Metropolitan Planning Organization (MPO) in Allocating Funds in a Transportation Management Area (TMA). Accessible online at: http://www.fta.dot.gov/funding/grants/grants_financing_6995.html

⁶⁴ FTA, not dated. Fixed Guideway Modernization. Accessible online at: http://www.fta.dot.gov/funding/grants/grants_financing_3558.html and 49USC5309(c)(1)(A)

⁶⁵ 23 CFR Part 450 *FTA/FHWA Joint Final Rule on Metropolitan and Statewide Planning* and 23 CFR Part 771 *Final Rule on Environmental Impact and Related Procedures*, respectively

⁶⁶ FTA, not dated. Procedural Guidance. Advancing major transit Investments. Part 1. Planning and Project Development. Accessible online at: http://www.fta.dot.gov/planning/newstarts/planning_environment_2599.html

⁶⁷ FTA, not dated. New Starts Fact Sheet. Accessible online at: http://www.fta.dot.gov/planning/newstarts/planning_environment_2607.html

⁶⁸ 49USC5309 (d) (3) (G) and (K)

⁶⁹ 49USC5309

evaluation criteria, which can be considered by FTA on a case-by-case basis. These factors may include environmental justice; equity issues; or access to employment for low-income persons.⁷⁰ As part of the rating process FTA analyzes corridor and station area maps, local comprehensive plans and zoning ordinances, local and regional policies and agreements regarding land use planning, documentation of station area planning efforts, and documentation of other tools, incentives, and programs affecting corridor and station area land use.

III. Case Study Methodology

To determine if and how each of these plans is utilized in the coordination of affordable housing and TOD, we adopt a multiple case study approach. We chose three cases that reflect a diversity of geographic locations and housing market conditions. We focus on locations that have or are planning metro-rail and light rail systems and which have established processes, either explicitly or implicitly, for the coordination of affordable housing and TOD. Our unit of analysis is the metropolitan area, but within each metropolitan case study, we focus within the region to examine how local actors are involved. We also select individual development projects within specific transit station areas to examine site-level issues. The cases were originally proposed by the Virginia Tech team, and we refined the selection of cases based on input from those involved in the affordable housing – TOD expert group. Using these criteria, we chose to examine Arlington County within the Washington D.C. metropolitan area; the Denver, Colorado metropolitan area; and the San Francisco, California metropolitan area.

The cases were constructed from information obtained from online planning and policy documents, minutes from public meetings, the academic literature, and several semi-structured interviews conducted over the phone and in person. The interviews were conducted with key public officials, developers, and members of the non-profit community involved with the coordination of affordable housing and TOD. We contacted 50 people via telephone and/or email. From these initial contacts, we conducted 28 telephone interviews and follow-up emails with key-informants. Our review of these materials was designed to address the following research questions:

- Which federal, state, and local planning requirements influence, directly or indirectly, the provision of affordable housing within TODs?

⁷⁰ FTA, not dated. Procedural Guidance. Advancing major transit Investments. Part 2. Project Justification. Accessible online at:http://www.fta.dot.gov/planning/newstarts/planning_environment_2598.html

- Do requirements tied to funding streams influence the extent to which the funds are utilized?
- What types of plans and planning tools are used at the local and regional level to promote affordable housing near transit? Who creates these plans, and how do they relate to each other?
- Who are the major players involved in the coordination of affordable housing near transit? Who typically “champions” affordable housing in TODs at the local level? How do the goals and interests of different actors and agencies involved in affordable housing – TOD planning support or impede the goal of expanding affordable housing opportunities within TODs?
- What challenges do communities face when planning for affordable housing in TODs?

Our interview questions were designed to elicit information about (1) planning processes involved in the coordination of affordable housing near transit, (2) the role local, regional, state, and federal regulations played in the process, (3) the major actors involved, and (4) the successes and challenges faced in implementing the plans.

A. Arlington County, Virginia – Washington D.C. Metropolitan Area

1. Background

The Washington, D.C., metropolitan area is home to over 5 million residents and has seen significant population growth within the last few decades, particularly within the region’s suburban counties in Virginia and Maryland. The median family income is \$85,824, compared to \$52,029 for the nation. Despite the recent decline in housing prices within the nation, the region’s housing prices have remained high, with residents reporting a median housing value of \$430,600, compared to \$197,600 for the nation in 2008.⁷¹

The rail system serving the region, Metro, is managed by the Washington Metropolitan Area Transit Authority (WMATA) and includes 86 stations within Virginia, the District of Columbia, and Maryland. About 13 percent of the region’s workers rely on public transportation to reach their employment destinations, compared to the national average of 5 percent.⁷²

⁷¹ 2008 American Community Survey.

⁷² 2008 American Community Survey.

A recent study examining the location of HUD-subsidized housing found that within the Washington D.C. metropolitan area, 44 percent of the region's federally assisted housing is located within one-half mile of public transit nodes. The average percentage across the 20 metropolitan areas examined was 64 percent, suggesting that Washington D.C.'s subsidized housing stock is less concentrated around transit nodes than in other metropolitan areas. Approximately 67 percent of the region's 10,569 subsidized units near transit have contracts that will expire by 2014, suggesting that rising housing prices in the region may place pressure on the region's subsidized housing near transit.⁷³

Arlington County, Virginia, the focus of this case study, is located just west of the District of Columbia. The county is densely populated with 8,116 persons per square mile. Housing prices and incomes exceed the regional average, with the median family earning more than \$100,000 and paying a median housing price of \$587,900.⁷⁴

In the late 1970s and early 1980s, Metro extended its orange line to Arlington. There are six Metro stations in Arlington County: Rosslyn, Court House, Clarendon, Virginia Square, Ballston and East Falls Church. Arlington County received the 2002 EPA National Award for Smart Growth Achievement for its successful use of sector plans to guide redevelopment and densification in an area that was largely suburban prior to the arrival of Metro. The area between Ballston and Rosslyn, known as the Ballston-Rosslyn Corridor, is the location of the area's highest density development. As a result of its success, public transit utilization is among the highest in the nation, with over 25 percent of workers relying on transit for commuting purposes.⁷⁵

2. Housing and Transportation Planning

At the state level, housing and transportation planning is conducted by separate agencies, with the Virginia Department of Transportation overseeing transportation planning activities, and the Virginia Department of Housing and Community Development and Virginia Housing Development Authority overseeing housing planning activities. As in most states, the activities of these different agencies are not coordinated.

⁷³ Harrell, Rodney, Allison Brooks, and Todd Nedwick. 2009. Preserving Affordability and Access in Livable Communities: Subsidized Housing Opportunities Near Transit and the 50+ Population. AARP Public Policy Institute.

⁷⁴ 2008 American Community Survey.

⁷⁵ 2008 American Community Survey.

Some degree of coordination among housing and transportation planning occurs at the regional level within the Metropolitan Washington Council of Governments (MWCOCG). The National Capital Region Transportation Planning Board (TPB), which is part of the MWCOCG, the region's designated Metropolitan Planning Organization (MPO). The TPB prepares the region's long-range transportation plan and six-year transportation improvement program. In cooperation with the Washington Area Housing Partnership, a public-private partnership established to preserve and expand the supply of affordable housing within the region, MWCOCG prepares the Metropolitan Washington Regional Affordable Housing Policy. The plan cites the goal of ensuring that "housing opportunities are developed near employment centers and transportation" and suggests pursuing the creation of a regional affordable housing trust fund to help forward these objectives.⁷⁶ Since MWCOCG is only an advisory body in the area of housing, the goals are not supported by implementation measures.⁷⁷

The Washington area rail system is managed by the Washington Metropolitan Area Transit Authority (WMATA). Although WMATA's joint development program is one of the most successful programs of its kind in the country, generating about \$8 million/year for the general capital account and \$10 million/year for local transportation improvements around stations with joint development projects, affordable housing is not addressed in its joint development policies. WMATA is generally not the project sponsor for new fixed-guideway service in the region, however, so their ability to influence affordable housing along proposed rail corridors is quite limited. The proposed extension to Dulles International Airport is being done by the Airport Authority, and the proposed Purple Line extension is being done by the State of Maryland and the District of Columbia.

At the county level, housing planning occurs within the Department of Community Planning, Housing and Development (DCPHD), and transportation planning occurs within the Department of Environmental Services. DCPHD is the lead agency in charge of preparing the Arlington Consolidated Plan. DCPHD also coordinates with the Department of Human Services to administer the County's HUD programs. There is no separate Housing Authority in Arlington, and the City's Housing Choice Voucher program is administered by the newly-created Housing

⁷⁶ Metropolitan Washington Council of Governments. 2001. Finding a Way Home: Building Communities with Affordable Housing. Accessible online at:

<http://www.mwcog.org/planning/housing/finding/Finding%20a%20Way%20Home.pdf>

⁷⁷ Interview with Washington, D.C., area planner [name withheld]. Conducted 9/3/2010.

Assistance Bureau. Voters were asked to approve the creation of a separate Housing Authority in 2008, but the proposal did not receive a majority vote.

Since the County has no Housing Authority and cannot acquire land for housing purposes, most affordable housing redevelopment and new construction activities are carried out by private for-profit and non-profit developers.⁷⁸ The largest nonprofit developer operating in Arlington County is the Arlington Partnership for Affordable Housing which has developed and/or renovated 11 apartment buildings in Arlington County since 1989.⁷⁹

3. Local Policies to Encourage Affordable Housing Near Transit

Although the County does not have explicit policies to promote affordable housing near transit, local planners acknowledge the shortage of affordable housing near transit as one of the major challenges facing the communities along the Ballston-Rosslyn Metro Corridor. As a result, the County's Consolidated Plan cites "encouraging affordable housing development along appropriate transportation corridors" as a primary goal.⁸⁰ A recent article from the New York Times found that even during the housing bust when home sales plummeted nationwide, homes within the Ballston-Rosslyn Metro Corridor saw modest appreciation.⁸¹ In response to this upward pressure on housing prices, Arlington has enacted several policies which either directly or indirectly seek to expand affordable housing opportunities near public transit.

The primary vehicle for promoting affordable housing near transit in Arlington is its zoning ordinance which includes incentives for the provision of "affordable dwelling units" (ADUs). According to one Washington, D.C., area planner, the zoning districts around Metro stations are down-zoned to low Floor Area Ratio (FAR) ceilings. Developers have the ability to increase FAR by going through a legislative approval process where increases in FAR are granted in exchange for meeting affordable housing objectives spelled out in the zoning ordinance.⁸² If a developer wishes to gain approval for projects with a FAR greater than 1.0, they are given the option of either providing a cash contribution that is placed into a revolving loan fund used to support affordable housing (the Affordable Housing Investment Fund discussed below) or

⁷⁸ Arlington County, Virginia. 2010. Arlington County Consolidated Plan. Accessible online at: <http://www.arlingtonva.us/Departments/CPHD/housing/hpp/CPHDHousingHppFiveYearConPlan.aspx>.

⁷⁹ Arlington Partnership for Affordable Housing website. Accessible online at: <http://www.apah.org>.

⁸⁰ Arlington County, Virginia. 2010. Arlington County Consolidated Plan. Accessible online at: <http://www.arlingtonva.us/Departments/CPHD/housing/hpp/CPHDHousingHppFiveYearConPlan.aspx>.

⁸¹ Meyer, Eugene L. 2009. An Oasis of Stability Amid a Downturn. *New York Times*, October 6.

⁸² Interview with Washington, D.C., area planner [name withheld]. Conducted 9/9/2010.

provide ADUs on-site or off-site. The affordable units must be affordable to those earning less than or equal to 60 percent of the area median income. The ordinance does not appear to distinguish between for-sale or rental units, and affordability requirements apply for a period of 30 years. If the developer chooses to provide the units on-site, 5 percent of the gross floor area (GFA) must be affordable dwelling units. If the units are not onsite but nearby, 7.5 percent must be affordable, and if the units are somewhere else in Arlington County, 10 percent must be affordable. The developer can also opt to provide more affordable housing than is required in exchange for additional height and/or density bonuses, with approval from the County Board of Supervisors.⁸³

Since most developable land near Arlington's transit stations has FAR ceilings that are well below the prevailing densities in the area, developers seeking to acquire additional density in exchange for the provision of affordable housing must go through a public process and approval by the Board of Supervisors. Since density bonuses are not awarded by-right, there is a risk that the "Not In My Backyard" (NIMBY) syndrome will prevail and stop any such project. As discussed below, public opposition to one development near the Clarendon Metro stop effectively reduced the attractiveness of pursuing federal funding for the project, because doing so would have required additional public approval.

Although there are no specific provisions for promoting affordable housing near transit, Arlington's zoning ordinance states that off-site, nearby affordable housing is defined as housing that is either within 0.5 miles of a Metro station if the development project is within a Metro Station Area or 0.5 miles from the development project if the project is not within a Metro Station Area.⁸⁴ Thus, projects located within a Metro Station Area theoretically have additional flexibility in where to provide off-site units. In reality, developable land near transit stations is scarce, so developers face difficulties providing off-site units near transit.

Since the demand for density bonuses is greatest in areas that are already high density, as is the case near transit nodes, the density bonus provision may indirectly encourage affordable housing near transit. Developers who are granted density bonuses for the provision of community facilities are also granted additional density bonuses beyond the amount typically

⁸³ Arlington County. 2005. Section 36.H.6 of the Arlington County Zoning Ordinance. Accessible online at: <http://www.arlingtonva.us/departments/CPHD/housing/development/CPHDHousingDevOrdinance.aspx>.

⁸⁴ County. 2005. Section 36.H.6 of the Arlington County Zoning Ordinance. Accessible online at: <http://www.arlingtonva.us/departments/CPHD/housing/development/CPHDHousingDevOrdinance.aspx>.

awarded if the developer agrees to provide affordable housing. Twenty-five of the 499 units in Quincy Plaza Apartments near the Ballston Metro stop are now available at reduced rents as a result of this provision.⁸⁵

The density bonus provision of Arlington's inclusionary zoning ordinance arose in response to the Virginia Supreme Court's challenge of Fairfax County, Virginia's inclusionary zoning ordinance. This ordinance required developers of multifamily projects with more than 50 units to set aside 15 percent of units for households earning between 60 and 80 percent of area median income, but no density bonus or other form of compensation was provided in exchange. As a result, the courts ruled that the ordinance constituted a "taking." The ordinance was further overturned on the grounds that the County did not have explicit authority from the state to adopt such a policy. Virginia is a Dillon's Rule state, which means that local governments only have powers explicitly granted to them from the state.⁸⁶

While the ADU zoning provisions can be an effective tool for promoting the development of new affordable housing, a significant challenge in Arlington has been to find ways to preserve the existing supply of affordable housing. As suggested above, the success of TODs within the Ballston-Rosslyn Corridor placed upward pressure on housing prices. By 2005, when the housing market was still booming, Arlington had lost 2,648 affordable units to condominium projects and redevelopment.⁸⁷ In response to the increase in housing prices, Arlington public officials created several Special Affordable Housing Protection Districts (SAHPDs) to preserve the remaining supply of affordable housing. Many SAHPDs are located within the Ballston-Rosslyn Metro Corridor. Within these overlay districts, affordable housing bedrooms lost to new development projects must be replaced on a one-to-one basis. By tying the one-to-one replacement to bedrooms instead of units, the policy aims to ensure that the total living space lost will be replaced, although this goal could perhaps be more directly achieved by requiring a one-to-one replacement of affordable square footage. This policy led to the creation of 76 new affordable bedrooms at the Galley Apartment Complex near the Rosslyn Metro and the preservation of 112 units at the Courthouse Crossings apartments near the Courthouse Metro. Referencing the latter project, 2006 County Board Chairman Chris Zimmerman states, "This

⁸⁵ Arlington Department of Community Housing and Development. 2006. Creative Affordable Housing Development Tools. 2006. Accessible online at: <http://www.arlingtonva.us/Departments/CPHD/Documents/8586Creative%20Housing%20Tools.pdf>.

⁸⁶ Calavita, Nico and Alan Mallach. 2010. *Inclusionary Housing in International Perspective*. Lincoln Institute of Land Policy: Cambridge, Massachusetts.

⁸⁷ Stockwell, Jamie. 2006. Arlington Saves 112 Apartments. *Washington Post*, March 23.

project was particularly important because of its access to the Metro. It is an acute problem for us because those who are rent burdened are also public transportation burdened. So we need to be able to make it possible for people of low-income to have access to public transportation.”⁸⁸

Arlington has also established the Clarendon Revitalization District around the Clarendon Metro stop to help revitalize the aging suburban commercial strip and provide affordable housing. Service commercial properties within this district can obtain up to 1.5 FAR in bonus density by providing affordable housing, provided the developer also preserves a structure identified for preservation under the General Land Use Plan.⁸⁹

There are several other tools in Arlington designed to promote housing affordability that are not explicitly tied to the County’s TOD policies. In 1987, the Board of Supervisors established a revolving loan fund, the Affordable Housing Investment Fund (AHIF), that is capitalized from developer contributions and other local revenue sources. AHIF is the main financing program for the development of affordable housing in the County and has helped to create the majority of Arlington’s 5,900+ committed affordable rental units. Arlington County also passed a Transfer of Development Rights (TDR) program which allows development rights to be transferred to properties that either provide affordable housing, open space, historic preservation, or community facilities.⁹⁰ Although not specifically tied to transit, the policy could easily be tailored to ensure that TDR “receiving zones” are within TODs and that the TDRs be used to provide additional affordable housing in those zones.

4. Development of Affordable Housing Near the Clarendon Metro Station

One particular development project within the Clarendon Revitalization District illustrates the interplay among these various actors and policies when developing affordable housing near transit. The First Baptist Church of Clarendon sold the air rights over its sanctuary to a developer to construct an 8-story apartment complex over the sanctuary. Seventy units (from a

⁸⁸ Stockwell, Jamie. 2006. Arlington Saves 112 Apartments. *Washington Post*, March 23.

⁸⁹ Arlington Department of Community Planning, Housing and Development. 2010. Special Planning Areas. Accessible online at: http://www.arlingtonva.us/departments/CPHD/planning/docs/CPHDPlanningDocsGLUP_metrocorridors.a.spx.

⁹⁰ Arlington Department of Community Housing and Development. 2006. Creative Affordable Housing Development Tools. 2006. Accessible online at: <http://www.arlingtonva.us/Departments/CPHD/Documents/8586Creative%20Housing%20Tools.pdf>.

total of 116 units) in the complex were designated to be affordable. The sanctuary and the Church's historic steeple would survive. Those living in the neighborhoods surrounding the proposed development opposed the project on the grounds that using taxpayer funds to support church renovations violated the Constitutional separation of Church and State. The project was taken to court, but the courts ultimately ruled in favor of the property developer and County.⁹¹

AHIF funds were used to support the construction of the affordable housing units, no federal funds were used. A County official indicated that federal funds were considered, but the required environmental review would have delayed the project. He indicated that NEPA requires that transportation accessibility and the potential for discrimination be examined. Yet, on the other hand, NEPA also requires that projects address impacts on poverty concentration and changing the demographics and fabric of the surrounding neighborhood. Both of these issues would have been difficult to address in this particular case, given that the project involves so many affordable housing units in one location and given the degree of neighborhood opposition. By relying instead on local AHIF funds that had no such strings, they were able to quickly approve the project.⁹²

5. Summary

Arlington County's affordable housing policies were adopted in response to the success of the Ballston-Rosslyn Corridor TODs. Upward pressure on housing prices created by high demand near transit along with rising density and land costs created a serious affordable housing shortage, even for workers earning close to the median family income. In response to these pressures, the County adopted a variety of policies, including an Affordable Housing Investment Fund, Special Affordable Housing Protection Districts, and a zoning ordinance with incentives that encourage the provision of affordable housing.

Although Arlington County has no explicit policies to promote affordable housing near transit, since affordability problems are most severe within transit nodes, the County's policies may indirectly focus housing assistance in those areas. For example, Special Affordable Housing Protection Districts are primarily located around transit. Furthermore, since the county awards density bonuses to those meeting ADU requirements, and since the demand for density bonuses is greatest within TODs, their policy likely expands affordable housing opportunities

⁹¹ Interview with Washington, D.C., area planner [name withheld]. Conducted 7/27/2010.

⁹² Interview with Washington, D.C., area planner [name withheld]. Conducted 7/27/2010.

near transit indirectly. Since the ordinance does not distinguish between rental or for-sale units, it is not clear whether developers are responding by providing affordable for-sale or rental properties, although one local planner indicated that very few landlords near transit accept Housing Choice Vouchers.⁹³

Non-profit developers are the primary providers of affordable housing in Arlington. These developers often rely on the county's affordable housing trust fund along with funds from HUD's HOME and CDBG programs to finance redevelopment and new construction. LIHTCs sold to private investors are also used for debt-financing purposes. Few other federal funds are utilized for housing development near transit, and at least one respondent indicated that federal review and community involvement requirements, particularly those associated with NEPA, can often delay or halt a project.

B. Denver, Colorado Metropolitan Area

1. Background

The Denver, Colorado metropolitan area is home to approximately 2.5 million residents. Compared to Washington, D.C., median family incomes and median housing values are somewhat lower at \$60,344 and \$251,500 respectively, although each of these values is higher than the medians for the nation.⁹⁴

The Regional Transportation District owns and operates a regional light rail system with 36 stations. Compared to Washington, D.C., transit utilization is much lower, with only 5 percent of workers relying on public transportation for commuting purposes, which is roughly equal to the national average.⁹⁵ In 2004, voters approved the FasTracks ballot measure to expand the existing transit system to also include commuter rail service. A portion of sales tax revenues will be used to fund the construction of five new transit lines that will include 119 miles of new tracks and 57 new transit stations.⁹⁶

⁹³ Interview with Washington, D.C., area planner [name withheld]. Conducted 7/27/2010.

⁹⁴ 2008 American Community Survey.

⁹⁵ 2008 American Community Survey.

⁹⁶ Regional Transportation District, no date provided. FasTracks. Accessible online at: http://www.rtd-fastracks.com/main_30.

Denver's affordable housing stock is highly concentrated around public transportation, with 75 percent of all federally-assisted housing located within one half mile of a public transit node. Of the 7,300 federally subsidized units in Denver, 60 percent have contracts that will expire by 2014.⁹⁷

Several unique market factors help to preserve affordability near transit nodes in Denver. First, as pointed out by one interviewee, the large number of stations being proposed and planned within such a short time frame might reduce speculative pressures on any single transit node.⁹⁸ Additionally, Denver has a large supply of individually-owned housing that is relatively affordable. It is likely that much of this stock will be preserved, because assembling such parcels into large development tracts will entail high transaction costs.⁹⁹

2. Housing and Transportation Planning

At the state level, housing and transportation planning is conducted by separate agencies, with the Colorado Department of Transportation overseeing transportation planning activities, and Colorado Housing and Finance Authority (CHFA) and the Division of Housing within the Department of Local Affairs overseeing housing planning activities. As in Virginia, the activities of these different agencies are not coordinated.

The Denver Regional Council of Governments (DRCOG) and the Regional Transportation District (RTD) are each involved in transportation planning at the regional level. The DRCOG is the region's MPO and prepares the regional transportation plans required for the receipt of federal transportation funds. The DRCOG also works with local governments within the region to prepare Station Area Plans. The DRCOG is currently preparing a regional sustainability plan to incorporate sustainability principles into its Metro Vision plan for the region. RTD is the owner and operator of the region's rail system.

Denver itself is a consolidated city-county government. The Department of Community Planning and Development oversees the administration of the Comprehensive Plan, the zoning ordinance, and various neighborhood plans. Denver's Office of Economic Development also

⁹⁷ Harrell, Rodney, Allison Brooks, and Todd Nedwick. 2009. Preserving Affordability and Access in Livable Communities: Subsidized Housing Opportunities Near Transit and the 50+ Population. AARP Public Policy Institute.

⁹⁸ Interview with local planning consultant [name withheld]. Conducted 8/4/2010.

⁹⁹ Interview with Denver area planner [name withheld]. Conducted 8/17/2010.

works to promote the preservation, rehabilitation and development of affordable housing, focusing on workforce housing. The Office of Economic Development coordinates monthly meetings with local and state housing and housing finance agencies. Within Community Planning and Development, the Development Services group reviews development permits for compliance with various local plans and policies. The Denver Housing Authority, a quasi-governmental agency that is separate from the City government, regularly coordinates their activities with each of these various agencies.

In 2002, the City of Denver developed an integrated transportation and land use plan called Blueprint Denver. This collaborative plan integrates at least 14 plans including the Regional Transportation District's (RTD) transportation plan, the Denver Housing Authority's (DHA) affordable housing plan, and the City's neighborhood plans. The plan was developed through an ongoing public participation process that included regular meetings of a 46-member advisory committee, 19 open houses, and eight hands-on workshops. The meetings were focused on obtaining community input on how and where the city should accommodate the region's projected population growth.¹⁰⁰

In 2006, Denver has also developed a TOD Strategic Plan that establishes typologies of different types of transit station areas that differ in their desired land use, housing mix, commercial land uses, scale, and transit system type. The plan, developed by the Department of Community Planning and Development, outlines detailed planning and implementation measures for achieving the goals outlined for each type of TOD.¹⁰¹ The plan also recommended an affordable housing strategy near transit. The Denver Housing Authority was a primary participant in the strategic planning process. The Denver TOD Initiative evolved out of the strategic plan and resulted in an interdisciplinary, multi-agency coordinating body.

The 2008 Consolidated Plan prepared by the City of Denver as a precondition for the receipt of HUD funds is unique in its level of coordination among affordable housing and transportation planning. Unlike many Consolidated Plans, the City of Denver's includes data on the transportation needs of the population served by the City's affordable housing programs. The

¹⁰⁰ City of Denver. 2002. Blueprint Denver. Accessible online at: <http://www.denvergov.org/Portals/646/documents/BlueprintDenver.pdf>.

¹⁰¹ City of Denver, no date provided. Transit-Oriented Development. Accessible online at: <http://www.denvergov.org/Default.aspx?alias=www.denvergov.org/TOD>.

plan establishes targets for renter households near TOD with incomes at or below 30 percent of the area median income.¹⁰²

3. State and Regional Financing for Affordable Housing Near Transit

There are no state-level financing programs in Colorado specifically geared towards the promotion of affordable housing near transit, although one is being explored. Two Denver developers interviewed expressed a desire for additional LIHTC points for affordable housing developments located near transit. According to one developer, the most important issue is being able to receive a nine percent tax credit. He added that with the high land costs involved in TOD development, four percent credits are not sufficient to ensure that an affordable housing project breaks even. Furthermore, the four percent tax credit is designated for those developments receiving additional federal subsidies from tax-exempt bonds, whereas the nine percent credit is not tied to the use of additional federal subsidies. When four percent credits are the only option, developers typically provide fewer affordable units to ensure a reasonable rate of return on the project.¹⁰³

The City of Denver and the Urban Land Conservancy (ULC) helped to create an innovative TOD Fund to finance the purchase of property around transit stops. Currently, the fund is capitalized at \$15 million, with financing coming from a variety of governmental and nonprofit sources, including \$1.5 million from the ULC, \$2.5 million from the City of Denver, \$6 million from Enterprise Community Partners, \$2 million from the MacArther Foundation, \$.5 million from the ROSE foundation, \$2 million from the Colorado Housing and Finance Agency, and \$.5 million from the Mile High Loan Fund. Enterprise acts as the fund manager, and the Office of Economic Development, Denver Office of Strategic Partnerships, Department of Community Planning and Development, and Denver Human Services work cooperatively to represent the City's interests.¹⁰⁴

The TOD fund is being used for a variety of purposes. Two properties have just been acquired using the fund and one additional contract should be signed by the end of the year. The City has

¹⁰² City of Denver. 2008. Denver Consolidated Plan, 2008-2012. Accessible online at: <http://www.hud.gov/offices/cpd/about/conplan/tod.cfm>.

¹⁰³ Interviews with two local Denver area developers [names withheld]. Conducted 8/10/2010 and 8/19/2010.

¹⁰⁴ City of Denver. 2009. Press Release: \$2.25 Million Investment to Ensure Affordable Housing for Denver Families. Accessible online at: <http://www.milehigh.com/newsdata/news/press-release/209>.

a goal of expanding the fund to \$25 million and plans to utilize it for regional projects along RTDs expanded rail system. The ULC is providing additional financing to support the acquisition of land near the Yale light rail system. ULC will hold the property until an affordable housing developer is identified and the developer has developed an approved development plan that meet's ULC's objectives, which include an emphasis on expanding affordable and workforce housing opportunities.¹⁰⁵

4. Local Policies to Encourage Affordable Housing Near Transit

In 2002, Denver adopted an Inclusionary Housing Ordinance. The ordinance, implemented by the Community Planning and Development Department, requires developers of for-sale projects with 30 or more units to set aside ten percent of the units for sale at prices affordable to households earning less than or equal to 80 percent of the area median income. For high cost structures (those greater than three stories and which have elevators and a parking structure), ten percent of units must be affordable to those earning less than or equal to 95 percent of the area median income. Rental developments are exempt from these basic requirements of the ordinance. Developers seeking exemptions for these mandatory requirements may choose to contribute to the Housing Incentive Program Fund.¹⁰⁶

The design of the Denver Inclusionary Housing Ordinance has features which may limit its effectiveness in promoting affordable housing near transit. The exemption for rental housing could be problematic if rental housing is more highly concentrated near transit nodes and higher land development costs necessitate charging higher rents. The ordinance does not focus on affordability for those earning very-low- to low-incomes but instead emphasizes affordability for those earning 80 to 95 percent of the area median income, although developers seeking to provide deeper subsidies are provided rebates or density bonuses proportional to the level of subsidy. Given that high-cost structures are more likely to be found in densely-developed areas near transit, developers in these areas are likely subject to weaker affordability requirements. The inclusionary requirements also expire after 25 years, making long-term affordability difficult, particularly in the face of rising housing prices.

¹⁰⁵ Rebchook, John. 2010. TOD Purchases Uses Innovative Financing Tool. Inside Real Estate News. Accessible online at: <http://insiderealestatenews.com/2010/07/tod-purchases-uses-innovative-financing-tool>.

¹⁰⁶ Article IV, Chapter 27 (Housing) of the Denver Revised Municipal Code.

5. 10th and Osage Station Area Plan

To help shape the type, intensity, and location of new development near transit stops, Denver has prepared several “Station Area Plans” around existing and proposed transit stops. The process of preparing the Station Area Plan for 10th and Osage light rail stop illustrates the importance of obtaining community involvement early in the planning process. Together, the City of Denver and the Denver Housing Authority initiated the process and took a particular interest in the proposed TODs near the DHA-owned South Lincoln and Sun Valley properties. To ensure that residents of these properties had a voice in any new development decisions, DHA and the City of Denver signed a MOU to work jointly on developing the Station Area Plans for South Lincoln and Sun Valley.¹⁰⁷ The Station Area Plans are also coordinated with the City of Denver’s neighborhood planning process.

Community involvement was extensive, with 126 one-on-one interviews with residents and several public meetings. Local planners representing the racial and ethnic characteristics of the residents were hired to engage communities. Interviews were conducted in English, Spanish, Vietnamese, and Somali. Although many residents were initially skeptical of the changes being proposed, eventually the dialogue shifted from focusing on whether redevelopment should occur to “what do we as residents want out of a redevelopment plan?” The planners addressed difficult issues head-on, such as whether homes would be demolished, whether residents would be displaced, and whether new development would be affordable to the existing residents.¹⁰⁸

The Station Area Plan will help to shape the proposed redevelopment of 270 units of existing public housing and the new construction of 900 mixed-income residential units, along with new space for commercial, retail and public parks. Those involved worked with the Planning Department to ensure that the City’s new form-based code reflected the vision embodied in the Station Area Plan. A plan and process for relocation of families was developed that was sensitive to the needs of different types of families. Phase 1 of the redevelopment was initiated during summer of 2010.

Several different sources of financing will be utilized for new development projects, including a \$10 million in American Recovery and Reinvestment Act (ARRA) funds, \$150,000 in brownfields remediation funds from EPA. The ARRA funds were key to being able to initiate Phase 1 of the

¹⁰⁷ Interview with Denver area planner [name withheld]. Conducted 8/17/2010.

¹⁰⁸ Interview with Denver area planning consultant [name withheld]. Conducted 8/20/2010.

proposed development of housing for the elderly. Coordination to meet the requirements of each of these funding streams has been one of the greatest challenges facing planners, according to one interviewee. Funds from different federal agencies are issued at different times and have different project timelines. Another challenge is that the process requires coordination among numerous different local agencies that had previously not worked together on projects of this scale.¹⁰⁹ One respondent involved with the Station Area Planning process did indicate that their extensive public involvement campaign helped the City to compete more effectively for these funds, because all federal funding streams now require community involvement as part of the planning process.¹¹⁰

Despite their success in acquiring the funds listed above, Denver officials have faced challenges in securing additional funds needed to complete the proposed redevelopment project. It is estimated that \$220 million will be needed to fully redevelop South Lincoln Park Homes, but due to limitations on HOPE VI grant awards (\$22 million), only 75 percent - 80 percent of the public housing units can be targeted in the 2010 HOPE VI funding cycle. Currently, HUD's rules do not provide a special designation for TOD within HOPE VI, and the South Lincoln Park Homes project does not qualify for Choice Neighborhoods funding, because the surrounding census tract is not a high-poverty census tract. No additional follow-up ARRA funds were provided beyond the initial funding used to develop housing for the elderly. Furthermore, the current economic recession makes it more difficult to attract private investment.

The built environment itself, and the pattern of ownership, has also created unique challenges. The major impediment has been what to do with Burnham Yard, a 60-acre rail yard that serves as a maintenance facility for Union Pacific. The property currently sits adjacent to the light rail station and impedes rail access by residents to the North. The success of TOD near the Osage rail stop hinges on how this property ends up being used. RTD had originally planned to purchase and redevelop the property but Union Pacific was asking more for the property than RTD was willing to pay. The property also has contaminated soils from the diesel engines stored at the site. If RTD does not purchase the yard, it must relocate the tracks planned to cross the site. The three alternate routes considered would each discourage redevelopment, as

¹⁰⁹ Interview with Denver area planner [name withheld]. Conducted 8/17/2010.

¹¹⁰ Interview with Denver area planner [name withheld]. Conducted 8/17/2010.

one runs through a proposed redevelopment parcel and another runs along a major neighborhood street corridor.¹¹¹

6. Summary

The City and County of Denver Colorado have taken a coordinated approach to addressing housing affordability near transit, although regional coordination with jurisdictions outside of Denver is more limited. The extensive community involvement process occurred before transit nodes saw significant development pressures. By involving the public early and often, the City was able to design redevelopment plans in a way that will preserve existing affordable housing options while also providing opportunities for the construction of new affordable housing. The cooperation among Denver's housing planners and Denver's transportation planners was extensive. This is reflected in the Blueprint Denver Plan, the TOD Strategic Plan, the Consolidated Plan, and local Station Area Plans which regularly involved the Denver Housing Authority as well as City housing and transportation planners.

As in the case of Arlington, Denver has not relied heavily on federal funds, but this was offset by the unique local TOD fund that was established following the enactment of FasTracks. Planners and developers found coordination with federal HUD, FTA, USDOT, and EPA regulations to be challenging, and local financing sources provided the flexibility to implement projects according to the time frame established in local and regional plans. Flexibility is also necessary to address obstacles posed by private land ownership patterns, as indicated in the Osage rail station case.

Denver's inclusionary zoning ordinance does not explicitly address affordable housing near transit, but particular idiosyncrasies of the ordinance, such as the lack of density bonus, the exemption for rental housing, and the high affordability requirements, may indirectly serve to discourage affordable housing near transit, particularly for very-low-income households.

C. San Francisco, California Metropolitan Area

1. Background

The San Francisco metropolitan area is home to approximately seven million residents in nine counties and 101 cities. Over the last 20 years housing prices have risen faster than incomes,

¹¹¹ Jackson, Margaret. 2006. Lincoln Park on Brink of Change. *Denver Post*, December 26.

making the Bay Area one of the priciest real estate markets in the country.¹¹² In 2007, just before the housing crisis, only 15 percent of households could afford a median priced home.¹¹³ In spite of the mortgage crisis many of San Francisco's residents are currently still facing a housing squeeze. The region's median housing value of \$674,800 is the highest among all case study sites examined, yet the median family income of \$76,848 is lower than the median income earned by Washington, D.C., residents.

The backbone of the Bay Area's public transportation network is the Bay Area Rapid Transit (BART) heavy rail system with its 43 stations and 104 miles of track throughout the region.¹¹⁴ The system provides a crucial link across the Bay between San Francisco and Oakland. BART stops allow connections to other modes of public transportation including regional rail, light rail, bus, cable cars, and ferries. Approximately 14 percent of the region's commuters report riding BART regularly on their way to work.

San Francisco's affordable housing stock is highly concentrated around public transportation, with 95 percent of all federally-assisted housing located within one half mile of a public transit node. Of the 25,341 federally subsidized units in San Francisco, approximately 77 percent have contracts that will expire by 2014, suggesting that rising housing prices in the region may place pressure on the region's subsidized housing near transit in the future.¹¹⁵

The State of California has been a pioneer of smart growth policies in the USA and has encouraged TOD at the state level since it passed its Transit Village Development Planning Act of 1994.¹¹⁶ Many innovative state, regional, and local policies and funding initiatives help provide affordable housing close to transit. Based on our three case study regions, the State of California is the most active state in encouraging affordable housing close to public

¹¹² Center for Neighborhood Technology, 2009. *Bay Area Housing and Transportation Affordability*. Accessible online at: http://www.mtc.ca.gov/planning/smart_growth/Transpo_Housing_Affordability-FullRpt.pdf

¹¹³ ABAG, 2005. San Francisco Regional Housing Needs Plan 2008. Accessible online at: <http://www.abag.ca.gov/planning/housingneeds/>

¹¹⁴ Cervero, 2004. *Transit-Oriented Development in the United States: Experiences, Challenges, and Prospects*. TCRP Report 102. Transportation Research Board of the National Academies.

¹¹⁵ Harrell, Rodney, Allison Brooks, and Todd Nedwick. 2009. *Preserving Affordability and Access in Livable Communities: Subsidized Housing Opportunities Near Transit and the 50+ Population*. AARP Public Policy Institute.

¹¹⁶ Renne, J. 2008. Smart Growth and Transit-Oriented Development at the State Level. In: *Journal of Public Transportation*, Vol. 11, No. 3, pp.77-108.

transportation. Various agencies and programs in the Bay Area also attempt to encourage the coordination of planning for transportation and housing—including affordable housing.

However, the provision of affordable housing at our case study BART stations depended mainly on specific local circumstances rather than explicit state or regional policies and programs. The biggest difference between the Bay Area and the Arlington and Denver case studies is probably the redevelopment of previously less intensely developed land immediately next to existing BART stations. Denver is planning a vast new network of light rail transit service and attempts to coordinate new lines with affordable housing. The Rosslyn-Ballston Corridor already has high density development immediately adjacent to its Metro stations. Our Bay Area case studies highlight how less intensely developed land areas immediately next to existing transit stations were redeveloped to accommodate TOD and affordable housing.

2. Housing and Transportation Planning

As in other states, California's long range transportation plan is drafted by the State Department for Transportation (CalTrans) and lays out a broad vision for a more sustainable transportation system. The plan specifically addresses the coordination of transportation and land use and highlights the problems of housing and employment mismatch. Moreover, the plan lists broad policies to manage growth, foster collaborative planning, and provide transportation choices.¹¹⁷ The State of California has been a pioneer in the USA in encouraging TOD at the state level since it passed its Transit Village Development Planning Act of 1994.¹¹⁸ The act incentivized the creation of transit village plans for areas within a quarter mile of a transit stop. Transit villages had to increase transit ridership and meet five of 13 other criteria including enhanced access to jobs and housing and local economic development.¹¹⁹ Moreover, the state helps localities plan for TOD through community based transportation planning grant programs (CBTP), grants that help plan for an improved job/housing balance, and technical assistance. CalTrans can also provide partial funding for parking structures in TODs to free up surface parking space for a higher and better use of land.¹²⁰ The State of California also provides funds for regional collaboration to draft Regional Blueprint Plans that attempt to balance transportation

¹¹⁷ CalTrans, not dated. *California Transportation Plan 2025*. Accessible online at: http://www.dot.ca.gov/hq/tpp/offices/osp/ctp2025_files/ctp02.pdf

¹¹⁸ Renne, J. 2008. Smart Growth and Transit-Oriented Development at the State Level. In: *Journal of Public Transportation*, Vol. 11, No. 3, pp.77-108.

¹¹⁹ Renne, 2008.

¹²⁰ Renne, 2008.

planning with land use, housing, resource preservation, economic development, and equity issues to achieve sustainable development and improve the quality of life.^{121,122}

The 1980 California State Housing Element Law requires regional councils of government (COG) within California to prepare a Regional Housing Needs Assessment (RHNA) to encourage each jurisdiction within the region to accommodate its fair share of the region's affordable housing needs. The State of California's Housing and Community Development Department works with regional Councils of Governments (COGs) to determine the amount of housing needed within each region. Estimates for all income categories—including very-low-incomes—are based on the existing need and future population growth. COGs distribute regional needs across individual jurisdictions, which are required to plan for the allocation of housing units within their boundaries. This is done through the Housing Element of each local government's General Plan. The RHNA for the Bay Area calls for infill development around transit stations, mixed-use development, and the coordination of housing opportunities near job locations.

Senate Bill 375, passed in August 2008, creates a requirement to adopt local policies that are consistent with the RHNA. The bill requires MPOs to include sustainable community strategies (SCS) within their regional transportation plans (RTPs) for the purpose of reducing greenhouse gas emissions and coordinating transportation and housing planning. This requirement is also tied to fair-share housing goals as outlined in the RHNA. Local governments that have to rezone land to further the goals outlined in the RHNA must adopt minimum density and other development standards to achieve these goals. Local land use authority, however, is explicitly maintained for local governments, meaning that the location of housing (including affordable housing) within a locality does not have to conform to the regional Sustainable Communities Strategy. While Senate Bill 375 takes an important step toward aligning regional transportation and housing planning processes, the extent to which it results in increased affordable housing near transit will depend on how it is implemented and applied throughout California.

Recently RHNA in the Bay Area has been subject to a court case and has resulted in the reversal of a local housing cap that was deemed inconsistent with the goals outlined in the

¹²¹ USDOT, no dated. *Climate Change Clearing House*. Accessible online at: <http://climate.dot.gov/state-local/integration/case-studies/mpo-activities.html#CMPO>

¹²² CalTrans, not dated. *California Interregional Blueprint*. Accessible online at: <http://www.californiainterregionalblueprint.org/docManager/1000000840/BP%20Fact%20Sheet%2012-09%20revised%206-20%20CIB%20%26%20Map.pdf>

RHNA. In 1996, the residents of the City of Pleasanton approved a local housing cap regulation within the General Plan, which made it impossible for the City to meet its aggregate share of regional housing needs. The city intended to cap its housing supply at 29,000 units. In 1996, the city already had 21,180 housing units—only allowing for roughly 8,000 new units within the city from 1996 onward. Over the last decade the number of workplaces in Pleasanton almost doubled from 31,500 to 58,000.¹²³ The City acknowledged the imbalance of jobs and housing growth in the Housing Element of its General Plan of 2003. In 2006, a case (*Urban Habitat v. City of Pleasanton*) was brought against the City and in 2010 the court ruled the housing cap to be illegal, because it violated RHNA goals.^{124,125}

The California Environmental Quality Act (CEQA) of 1970 does not directly regulate land use, but requires analysis and public disclosure of environmental impacts for all projects that are subject to approval from a government agency. Depending on the nature and extent of the development's impact on the environment, the process involves an initial review of the plans and—if the project has significant impacts—an environmental impact report (EIR). CEQA provides exemptions to sites that provide affordable housing under certain specifically defined conditions including, for example, minimum population density thresholds, and maximum project and area size definitions—among others.^{126, 127} However, one interviewee stated that CEQA requirements can be used as a NIMBY tactic by certain groups to delay or stall the construction

¹²³ Office of the Attorney General, State of California, 2009. *Brown Sues to Invalidate Pleasanton's Illegal Housing Cap*. California Department of Justice. Accessible online at: <http://ag.ca.gov/newsalerts/release.php?id=1759>.

¹²⁴ Superior Court of the State of California in and for the County of Alameda, 2010. *Case no. RG06-29383I*. Accessible online at: http://ag.ca.gov/globalwarming/pdf/order_granting_writ.pdf.

¹²⁵ The court ruled that localities have “to facilitate new housing construction that make(s) adequate provision for the housing needs of all economic segments of the community. (...) In order to attain state housing goals the Legislature prescribed that cities, including Pleasanton, maintain an inventory of land available for residential development and that cities must make available for residential development sufficient suitable land to accommodate its share of regional housing needs. (...) A city's obligations under the Housing Element Law require it to implement programs to zone or rezone land to establish adequate sites to accommodate its Regional Housing Needs Allocation (RHNA) and must timely adopt a housing element with an inventory of sites which can accommodate a city's share of the regional housing need. (...) It is self-evident that the City cannot comply with the State statute requiring the City to accommodate its RHNA when the city is not permitted by its local law (...) to allow the number of housing units to be built that would satisfy the RHNA. State law preempts whenever local laws contradict state law. (...) (The housing cap) has become pre-empted by the Housing Element Law, rendering it void.”
Source, see 27.

¹²⁶ Nelson\Nygaard Consulting Associates, 2007. *MTC's Resolution 3434 Transit-Oriented Development Policy*. Available online at: http://www.mtc.ca.gov/planning/smart_growth/tod/MTC_tod_policy_2007_Eval_Final_Report.pdf. Page 5.

¹²⁷ CEQA, The California Air Quality Act. Article 12.5 Exceptions for Agricultural Housing, Affordable Housing, and Residential infill Projects. Available online at: http://ceres.ca.gov/ceqa/guidelines/15191-15196_web.pdf

of affordable housing: “Transit in Northern California typically runs close to highways, which have low air quality. When affordable housing is proposed near the transit station, then the public disclosure documents allow activists to (...) oppose the housing plan.”

128

The Association of Bay Area Governments (ABAG) is the regional council of governments (COG) for the Bay Area. ABAG is a voluntary membership organization and only has limited statutory authority. The organization conducts research, analysis, planning, and outreach efforts; is the state designated clearinghouse for federal grant applications; and fosters regional coordination.¹²⁹ ABAG helps guide regional land-use, housing, economic, and environmental planning. However, ABAG cannot change land use or zoning requirements, which are in the domain of local jurisdictions.¹³⁰ Starting in 2000, ABAG spearheaded a regional visioning effort involving regional agencies, residents, and other stakeholders, which resulted in a series of smart growth policies. These policies include locating housing next to transit and promoting transit-oriented communities.¹³¹ More recently the *Focus* initiative brings together ABAG, the Metropolitan Transportation Commission (MTC), the Bay Area Air Quality Management District (Air District), and the Bay Conservation and Development Commission (BCDC). *Focus* is an incentives-based strategy that seeks to encourage future growth in existing developed areas near transit—thus linking land-use and transportation. The strategy defines locally identified Priority Development Areas (PDAs), which are often infill development opportunities areas near transit and provides technical assistance for local planning for dense development close to transit.¹³² PDAs are also prioritized for planning and capital grants from the regional MPO (discussed below). *Focus* is supported by CalTrans’ Regional Blueprints collaborative planning process grants.¹³³

ABAG produces a housing report annually, develops the regions’ RHNA, and publishes bi-annual economic, housing, and population forecasts called *Projections*.^{134,135} ABAG forecasts are based on smart growth policy assumptions, use weights for household and job growth near

¹²⁸ Interview with San Francisco area planner [name with held]. Interview conducted 8/25/ 2010.

¹²⁹ ABAG, not dated. *Roles and Functions of ABAG*. Accessible online at: <http://www.abag.ca.gov/overview/overview.pdf>

¹³⁰ Cervero, 2004.

¹³¹ Cervero, 2004.

¹³² Institute for Local Government, not dated. *Focus on TOD*. Accessible online at: <http://www.ca-ilg.org/node/1713>

¹³³ CalTrans, not dated. *Regional Blueprints*. Accessible online at: <http://calblueprint.dot.ca.gov/>

¹³⁴ ABAG, not dated. *The ABAG*. Accessible online at: <http://www.abag.ca.gov/overview/overview.pdf>

¹³⁵ ABAG, 2008.

transit, and include equity and accessibility performance targets, such as increasing “non-automobile dependent access to jobs and essential services by 20 percent compared to today by 2035.”¹³⁶ The MTC and the Air District rely on ABAG forecasts for regional transportation and air quality decisions—thus providing an opportunity for ABAG’s policy assumptions to influence transportation planning decisions. ABAG also tracks housing production by municipality and county and compares results with RHNA allocations¹³⁷.

The MTC is the region’s MPO responsible for the nine county area. Two members of the 19 member MTC board are from ABAG and BCDC (Bay Conservation and Development Commission). Three nonvoting members represent federal and state transportation departments and the federal housing department.^{138,139} Similar to the other case study regions, MTC prepares short and long range regional transportation plans. The latest long range plan—Transportation 2035—was adopted in 2009. MTC long range plans highlight the importance of the connection between transportation and land-use, focus on public transportation investments (as opposed to highways), and define affordable access and livability as explicit goals.^{140,141} In fact one of the performance objectives is to “decrease by ten percent the combined share of low-income and lower-middle-income residents’ household income consumed by transportation and housing.”¹⁴² Guiding principles of Bay Area long range plans include providing more affordable housing close to transit, reserving an appropriate funding for land-use planning efforts around existing or future transit stations and corridors, and encouraging cities and counties to incorporate general plan policies that support transit-oriented development around stations defined in Resolution 3434.¹⁴³

¹³⁶ ABAG, 2009. *Projections 2009*. Accessible online at: <http://www.abag.ca.gov/planning/currentfcst/>

¹³⁷ Data are only reported on city or county, but not address, level. Availability of geo-coded address level data would allow tracking of housing production close to public transport.

¹³⁸ MTC was established by the state of California (CA Government Code 66500-66536.1). The state mandates three non-voting members on the MTC board, including HUD and DOT representatives. The representative from HUD is appointed by the Secretary of HUD. The appointee serves as part of the official work responsibilities on the MTC board. However, this is not a “formal coordination” between housing and transportation planning goals. The board member mainly makes comments during discussions and commission meetings and interacts with individual commissioners and various community advisory groups.

¹³⁹ MTC, not dated. *About the MTC*. Accessible online at: http://www.mtc.ca.gov/about_mtc/about.htm

¹⁴⁰ MTC, 2004. *Goals Transportation Plan 2030*. Accessible online at: http://www.mtc.ca.gov/planning/2030_plan/downloads/final_2030_plan/2-Goals_T2030Plan.pdf

¹⁴¹ MTC, 2009. *Change in Motion - Transportation Plan 2035*. Accessible online at: http://www.mtc.ca.gov/planning/2035_plan/FINAL/T2035_Plan-Final.pdf

¹⁴² MTC, 2009.

¹⁴³ MTC, 2004. *Appendix. Transportation Plan 2030*. Accessible online at: http://www.mtc.ca.gov/planning/2030_plan/downloads/final_2030_plan/Appendix2.pdf

Resolution 3434 was passed in conjunction with the 2001 update of the regional long-range plan. It outlines 19 rail and bus transit expansion projects in the region (totaling roughly \$11 billion in investment). The resolution has been revised several times and requires consideration of TOD criteria for any transit system expansion funded with regional discretionary funds. One of the TOD criteria establishes a minimum number of housing units within a half mile of all stations along a transit corridor. Existing and planned land uses have to jointly meet or exceed the overall corridor housing threshold. New below-market housing units—defined as affordable to 60 percent AMI for rental units and 100 percent AMI for owner-occupied units—receive a 50 percent bonus toward meeting the corridor threshold. In other words, a planned below-market housing unit is treated like 1.5 market rate units.¹⁴⁴

Corridors that do not meet the housing threshold get priority status for receiving station area planning grants. Corridor level working groups consisting of transit agencies, regional and local jurisdictions, congestion management agencies, and other affected parties foster the development of local station area plans that help meet the corridor level thresholds.¹⁴⁵ Moreover, MTC also provides a planning toolkit for planning for parking standards in TOD. BART has also warmed to the concept of transit-oriented development. In 2003, BART published guidelines for transit-oriented development, which are intended to educate local planners, officials, and developers about site design, pedestrian and bike access, and parking.^{146,147} Replacing parking around BART stations has been a contentious issue—BART historically requiring a 1:1 replacement of parking spaces when station-areas are redeveloped. In 2005, BART issued a new policy that allows more flexibility in replacing BART surface parking lots.¹⁴⁸ Minimum parking requirements can significantly increase development and housing costs in TOD.^{149,150} The MTC toolkit includes best practice case studies and strategies for reducing parking in TOD.¹⁵¹

¹⁴⁴ At least one interviewee doubted that this is a sufficient incentive to foster the creation of affordable housing. The interviewee suggested a bonus for affordable housing of at least 100%—counting each affordable unit like two units.

¹⁴⁵ MTC, 2001. *Resolution 3434*. Accessible online at:
http://www.mtc.ca.gov/planning/rtep/pdf/April_Commission_3434.pdf

¹⁴⁶ Renne, 2008.

¹⁴⁷ BART, 2003. *Transit Oriented Development Guidelines*. Accessible online at:
http://www.bart.gov/docs/planning/TOD_Guidelines.pdf

¹⁴⁸ Shoemaker, D. 2006. *Tools for Mixed Income TOD*. Accessible online at:
<http://www.reconnectingamerica.org/public/show/tools>

¹⁴⁹ Cervero, 2004.

The San Francisco County Transportation Authority and the City of San Francisco each employ an integrated land use, housing, and transportation model that could provide the information needed to address the linkages between housing and transportation required by Senate Bill 375. Both of these agencies rely on the UrbanSim model developed by Paul Waddell and colleagues. UrbanSim is an open-source agent-based model that simulates the interaction among economic agents, households, transportation systems, and the built environment over time. Unlike other integrated land use – transportation models, the UrbanSim model generates forecasts of housing prices and household location decisions which can be used to examine the affordability implications of various regulatory and infrastructure investment decisions, including transit-oriented development strategies.

3. State and Regional Financing for Affordable Housing Near Transit

California allows cities and counties to create Redevelopment Agencies (RDA), which serve as a separate public agency that helps to redevelop distressed areas through public works projects, business development, and neighborhood revitalizations projects. RDAs have the power to create tax increment financing (TIF), eminent domain, and sell public property to private parties.¹⁵² TIF is one tool for redevelopment agencies to implement their projects. California Community Redevelopment Law (CRL) requires that 20 percent of tax increment revenue derived from a redevelopment project area be used for housing for very-low-, low-, and moderate-income households.¹⁵³

The State's Qualified Action Plan (QAP) awards additional points to developers who propose affordable housing projects near public transit. The State awards up to seven points in the amenities category to transit-accessible projects.^{154,155} For example, locations within 0.25 mile

¹⁵⁰ Willson, R. 2005. Parking Policy for Transit-Oriented Development. In: *Journal of Public Transportation*, Vol. 8, No. 5. Accessible online at: <http://www.nctr.usf.edu/jpt/pdf/JPT%208-5%20Willson.pdf>

¹⁵¹ MTC, 2007. *Reforming Parking Policies*. Accessible online at:

http://www.mtc.ca.gov/planning/smart_growth/parking_seminar/Toolbox-Handbook.pdf

¹⁵² California State Treasurer, not dated. *Recommended Practices for Redevelopment Agencies*. Accessible online at: <http://www.treasurer.ca.gov/cdiac/reports/practices.pdf> (page 7)

¹⁵³ California Redevelopment Association, not dated. *How do redevelopment agencies maintain affordable housing*. Accessible online at:

<http://www.calredevelop.org/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=1721>

¹⁵⁴ California State Treasurer, not dated. *California Tax Credit Allocation Committee*. Accessible online at: www.treasurer.ca.gov/ctcac and MiTOD, not dated. *TOD targeted housing financing*. Accessible online at: <http://www.mitod.org/todtargetedhousingfinancing.php>

of a station, with service at least every 30 minutes, with a project density of at least 35 units per acre, can get seven points out of 25 possible in the relevant category. If the station is a bit further away, the service is less frequent, or the density is lower, the number of points is correspondingly reduced.¹⁵⁶

Since 1998, MTC has provided Transportation for Livable Communities (TLC) funds to support multimodal travel, livable neighborhoods, and the development of jobs and housing in existing town centers. In its 2035 long range plan MTC intends to double TLC funds to \$2.2 billion over the next 25 years. Mainly relying on federal funding through the Congestion Mitigation and Air Quality (CMAQ) (65 percent) and Transportation Enhancement programs (TE) (31 percent), TLC funds can be used for transportation improvements that support housing close to transit in *Focus* PDAs Priority Development Areas; see above).¹⁵⁷ In 2010 for the first time all recipients of TLC funds were located in *Focus* defined PDAs.¹⁵⁸

Since 2001, TLC also includes the Housing Incentives Program (HIP), which rewards localities that, among others, increase the number of affordable units close to transit. TLC/HIP subsidies are awarded on a per bedroom basis and increase with density—affordable units receive an additional bonus per bedroom.¹⁵⁹ So far TLC/HIP has provided \$27 million to 38 housing projects resulting in 11,600 new units of which 36 percent are affordable. However, local jurisdictions responding to a TLC survey believe that the grants are too small to be a decisive factor in the decision to build a project.^{160,161} Other commentators observe difficulties in the timing of TLC/HIP availability. Timing problems emanate from the long time frame to obligate federal funds and from TLC/HIP funding deadlines that may not be compatible with project funding needs.¹⁶²

¹⁵⁵ California Tax Credit Allocation Committee, 2007. *Memo. Changes to QAP*. Accessible online at: http://www.novoco.com/low_income_housing/resource_files/qap/california_proposedregulations_07.pdf

¹⁵⁶ See paper 2 in this series

¹⁵⁷ MTC, 2008.

¹⁵⁸ PRNewswire, 2009. MTC awards \$44 Million. Accessible online at: <http://www.prnewswire.com/news-releases/mtc-awards-44-million-in-new-grants-to-promote-livable-communities-99571979.html>

¹⁵⁹ Renne, 2008. Cervero, 2004.

¹⁶⁰ Cervero, 2004.

¹⁶¹ MTC, 2008.

¹⁶² Shoemaker, D. 2006.

Local jurisdictions decide how to use HIP funds within overall TLC goals. Funds typically pay for improvement of walking and cycling access to public transport.¹⁶³ In fact, federal regulations limit the use of CMAQ and TE funds to transportation related purposes. However, through resolution 3940, MTC was also able to leverage CMAQ funds for more general uses in TLC projects. MTC awarded CMAQ funds to an already planned—but not funded—SFMTA parking pricing program. The City of San Francisco uses the CMAQ funds to implement the parking project now. In exchange MTC will receive future parking revenues from the program and interest payments accounting for the differential in fund availability (since it forgoes the use of CMAQ funds now). MTC can use the revenue received from the parking project for TLC projects that may not meet federal eligibility requirements for CMAQ funds. For example, MTC agreed to reserve \$10 million of TLC funds for a regional *Affordable TOD Fund* to secure sites with great potential for affordable housing in PDAs—a form of land banking, which is not an eligible use under CMAQ. Moreover, MTC hopes to use the \$10 million to leverage regional and national foundation funds and other matching grants to increase the available funds from \$10 to \$40 million by summer of 2011 (a ratio of three to one).¹⁶⁴

In order to assist local jurisdictions in accommodating their fair share of the region's affordable housing, voters approved Proposition 1C in November 2006. Proposition 1C, also known as the Transit-Oriented Development Housing Program (TOD Housing Program), provides \$2.85 billion for housing and infrastructure programs. The funds are granted on a competitive basis, with priority given to localities that produce more affordable housing near transit and within existing urbanized areas. There are three different types of assistance: low-interest loans used to finance rental housing developments of 50 units or more; mortgage assistance for low-income homeowners; and grants for infrastructure improvements within mixed-income TOD projects. To qualify for this funding, developments must be within one half mile of a transit station and 15 percent of units must be affordable to low- or very-low-income households. Each project may qualify for a maximum of \$17 million in funds.

4. Local Planning for Affordable Housing Near Transit

Local governments within the State of California are allowed to develop detailed “Specific Area Plans” to help shape urban development patterns within areas smaller than what is typically

¹⁶³ MTC, not dated. *Housing Incentives Program*. Accessible online at: http://www.mtc.ca.gov/planning/smart_growth/hip.htm

¹⁶⁴ ABAG, 2010. *Memo, Affordable TOD Fund*. Accessible online at: <http://www.abag.org/abag/events/agendas/e031810a-Item%2008.pdf>

covered under a comprehensive plan. The Specific Area Plan is considered a bridge between the local general plan and individual development proposals, and contains planning policies and regulations. Many jurisdictions rely on such plans to identify desired land use patterns within a half mile to a mile radius around proposed transit stops. Most Specific Area Plans provide detailed parcel-level guidance directing all aspects of development within a TOD and specify how zoning, subdivision procedures, and infrastructure investments will advance the objectives outlined in the plan. Below we highlight how affordable housing is provided in two station areas with very different socio-economic contexts.

5. Pleasant Hill Station / Contra Costa Centre Transit Village

The area surrounding the Pleasant Hill BART station is named Contra Costa Centre Transit Village. It is located in an unincorporated part of Contra Costa County 30 miles east of San Francisco.¹⁶⁵ Contra Costa is an affluent county with over one million inhabitants. The area around the Pleasant Hill Station has roughly 35,000 inhabitants, is predominantly white, with average to high incomes and a low share of families living below the poverty level. BART service to Pleasant Hill started in 1973. Existing development around the station was low density, since BART followed an existing freight rail corridor.

Planning efforts for TOD at Pleasant Hill station date back to the late 1970s, when the County Board of Supervisors adopted a General Plan with core principles that are similar to today's TOD guidelines: minimum density, reduced parking requirements, and required minimum parcel size for development. However, the envisioned land-use changes around Pleasant Hill Station did not materialize because of insufficient public investment in infrastructure for higher density development, distrust of developers in proposed plans, and difficulty in land assembly.¹⁶⁶

In the early 1980s, the Contra Costa Redevelopment Agency was formed and the County adopted the Pleasant Hill BART Station Area (Specific) Plan. The plan was developed in collaboration with the County, BART, and the adjacent cities of Pleasant Hill and Walnut Creek.¹⁶⁷ Later the City of Concord, private land owners, and home-owner associations joined

¹⁶⁵ Mineta Transportation Institute, 2008. *Effect of Suburban TOD on Residential Property Values*. Accessible online at: <http://www.reconnectingamerica.org/public/show/effectssuburbantransit2009>.

¹⁶⁶ Interview with San Francisco area planner [name withheld]

¹⁶⁷ Contra Costa County Board of Supervisors, 1998. *Amended Specific Area Plan*. Accessible online at: http://www.ccreach.org/ccc_redevelopment/PHB%20Specific%20Plan.pdf

this group to form the Pleasant Hill BART Station Area Steering Committee.¹⁶⁸ In fact, the Pleasant Hill Station is a prime example of public and private sector cooperation to develop a dense and mixed-use area around transit. Declaring the station surroundings a redevelopment area allowed the use of eminent domain for land assembly, granted the right to use tax increment financing (TIF); and allowed the use of tax exempt bonds; but the use of these tools also imposes an inclusionary housing requirement (15 percent of all newly built units must be affordable) and necessitates that at least 20 percent of the gross tax increment generated be used for affordable housing.^{169,170,171,172,173}

Pleasant Hill is a comparatively high income area that does not—according to our interviewees—generally compete well for federal housing funds. Rather, the redevelopment agency relied on private money by virtue of tax exempt bonds (501(c)(3))—thus using the tax code to access private capital at below market rate.¹⁷⁴ However, one project in the vicinity of Pleasant Hill Station, the non-profit owned Coggins Square, is a 100 percent affordable rental project, built with the use of tax exempt bonds, tax credits, and 20 percent Section 8 housing.^{175,176,177} According to our interviewees this was the only project surrounding Pleasant Hill Station with direct federal government support.¹⁷⁸

Initial development around the Pleasant Hill BART station was close to transit, but some considered it Transit Adjacent Development (TAD) as opposed to TOD.¹⁷⁹ Moreover, development plans met community resistance to large scale projects that would potentially attract more automobile traffic. Community protests resulted in a broad community outreach

¹⁶⁸ Cervero, 2004.

¹⁶⁹ City and County of San Francisco Redevelopment Agency, not dated. *Housing Programs*. Accessible online: <http://www.sfdevelopment.org/index.aspx?page=75>

¹⁷⁰ City of San Diego, not dated. *Affordable Housing Redevelopment*. Accessible online at: <http://www.sandiego.gov/redevelopment-agency/ah.shtml>

¹⁷¹ State of California, not dated. *State Laws for Affordable Housing*. Accessible online at: http://www.hcd.ca.gov/hpd/hrc/plan/he/ca_plan_law_affd_hsg0506.pdf

¹⁷² Interview with San Francisco area planner [name withheld]

¹⁷³ Talbert, C.T., 2008. *Curtin's California Land Use and planning Law*. Solano Press.

¹⁷⁴ Contra Costa County, not dated. *Housing Element Update*. Accessible online at: <http://www.co.contra-costa.ca.us/depart/cd/redevelopment/housing%20element/CCRes.PDF>

¹⁷⁵ Centrepoints, 2008. *Contra Costa Transit Village Facts 2008*. Accessible online at: <http://centrepoints.org/pdf/PHBARTFactSheetPART100108.pdf>

¹⁷⁶ Contra Costa County, not dated. *Housing Element Update*. Accessible online at: <http://www.co.contra-costa.ca.us/depart/cd/redevelopment/housing%20element/CCRes.PDF>

¹⁷⁷ CDBG, 2008. *Contra Costa Centre at Pleasant Hill. TOD through Public Private Partnerships*. Accessible online at: <http://centrepoints.org/pdf/PHBARTFactSheetPART100108.pdf>

¹⁷⁸ <http://www.ci.pleasant-hill.ca.us/DocumentView.aspx?DID=315>

¹⁷⁹ Cervero, 2004.

effort about future development around the BART station. In the early 2000s, the County, BART, residents, business leaders, activist groups, and area employees organized a community-based design charrette to decide how to develop the area immediately around the BART station, including infill development on parking lots (areas 11 and 12 in the Specific Area Plan).

The resulting plan was still controversial, but it defined a new transit village immediately around the Pleasant Hill BART station now named Contra Costa Centre Transit Village. The new transit village will provide a set of local community amenities, such as retail, parks, and affordable housing with 20 percent of the rental units reserved for lower income. Pleasant Hill was also able to receive TLC funds from the MTC. For example, the pedestrian walkway adjacent to a high-density residential development near the Pleasant Hill BART station was supported with TLC funds.

As in the past, funding for the new transit village is complex and relies on the interaction of County Redevelopment Agency, County of Contra Costa, BART, and developers. Public financing of 90 affordable housing units relies on redevelopment tax increments and tax exempt bonds.¹⁸⁰ The Redevelopment Agency finances the infrastructure required and issued \$125 million in tax exempt bonds.¹⁸¹ BART contributes land via a joint powers agreement and agrees to replace surface parking with a parking garage, and the developers provide development expertise and assume the debt obligation for the project.¹⁸² BART and the county will receive ground lease revenues for their property for 100 years.

6. Richmond Transit Village/TOD

This transit village is centered around an intermodal station served by bus, heavy rail, intercity rail service: AC Transit, BART, and Amtrak. Richmond station is in the center of the City of Richmond (Contra Costa County) and is the final stop of a BART line that first opened in 1973. The area is known as the "Iron Triangle" community and is described as an economically distressed minority neighborhood.^{183,184} In 1999, the census tracts around the station had the

¹⁸⁰ Kennedy, J. 2006. *Patient Capital, TOD, and Public Real Estate Asset Management*. Accessible online at: <http://centrepoints.org/pdf/PHBARTFactSheetPART100108.pdf>

¹⁸¹ http://www.railvolution.com/rv2006_pdfs/rv2006_104a.pdf

¹⁸² Centrepoints, not dated. *BART Transit Village*. Accessible online at: <http://centrepoints.org/page01.html>

¹⁸³ <http://www.bayareavision.org/marketplace/MeetingMaterials/Richmond-briefing-book.pdf>

¹⁸⁴ Interview with San Francisco area planner [name withheld].

highest unemployment rate, the lowest income level, and the highest share of population on public assistance in Richmond and Contra Costa County.¹⁸⁵ Building the Richmond Transit Village is the centerpiece of the City's economic development strategy.

In the late 1990s, the station area was mainly used as parking lot for BART customers. The Richmond Redevelopment Agency, the downtown business association, and the community jointly identified a mixed-use neighborhood, homeownership opportunities, reducing crime, public space, and new retail as top ranked community needs. Affordable housing was less of a pressing issue in the Richmond Transit Village, because current market rate housing units in Richmond are affordable compared to the Bay Area housing market.¹⁸⁶

BART agreed to join the redevelopment efforts around the station, by allowing residential development on its surface parking lots. Slightly over 600 surface parking spaces will be replaced with a five-story, 800 parking space garage, which can be used by public transport riders, a Cultural Arts Center, and local retail on the ground floor of the parking garage.

The Richmond Transit Village project was divided in three phases. Phase I is already completed and consists of the development of the Western side of the station (called MetroWalk), the construction of a multimodal transit center, platform improvements, and better pedestrian access to the station. The Richmond Community Redevelopment Agency used TLC funds to elevate a walkway that provides access from MetroWalk to the station. The intermodal platform at the station was funded using state transportation funds. Moreover, the Richmond Transit Village has received \$3.5 million in Section 108 loan guarantees through the Community Development Block Grant (CDBG) program and \$1 million in Economic Development Initiative grants.^{187,188} Together with the developer Richmond Transit Village also applied for funding through the California Department of Housing and Community Development ("HCD") Proposition 1C Transit-Oriented Development (TOD) Housing Program.¹⁸⁹

¹⁸⁵ MTC, 2009. *Case Studies. Ten Years of TLC*. MTC.

¹⁸⁶ Interview with San Francisco area planner [name withheld].

¹⁸⁷ <http://www.bayareavision.org/marketplace/MeetingMaterials/Richmond-briefing-book.pdf>

¹⁸⁸ <http://archives.hud.gov/news/1999/pr99-125.html>

¹⁸⁹ Richmond Community Redevelopment Agency, 2009. Accessible online at: <http://sireweb.ci.richmond.ca.us/sirepub/cache/2/ezbr23vdlafa3l45v02alrv4/11142609122010040714745.PDF> details at: http://www.hcd.ca.gov/fa/tod/TOD_Housing_Program_Guidelines.pdf

In Phase I, about 50 percent of all units in Metro Walk (132 total units) were affordable for moderate income households. The development was the first market rate development in the area in the last 25 years. The Redevelopment Agency settled for medium density and subsidized the development through the construction of a public park and other amenities, because it was difficult to attract developers to the area. The first Phase of the project was successful and new developers now seem to be willing to build without subsidies.

Construction of the parking garage began in August 2010. All future phases of the development depend on its completion, because the next steps of the project are going to be built on existing BART parking lots. The project is funded primarily through Federal Transit Administration and state grants, including a SAFETEA-LU earmark, the Surface Transportation Program (STP), the State Transportation Improvement Program (STIP) and the Traffic Congestion Relief Program (TCRP).¹⁹⁰ Phase II will improve accessibility on the eastern side of the station using TLC HIP funds, which—to a large part—originate from federal TE and CMAQ funds.¹⁹¹

7. Summary

Comparatively, the State of California is the most active in encouraging transit-oriented development and affordable housing of all the metropolitan areas under this study. In fact, the state has been a pioneer of TOD projects, as well as, encouraging affordable housing in close proximity to transit through various housing, transportation, environmental, and redevelopment policies, regulations, and funding incentives. Similar to Denver, there are many regional players and programs in the Bay Area that try to promote the linkage between affordable housing and TOD.

Regional programs and incentives attempt to increase the number of affordable units close to transit—for example Resolution 3434, the TLC HIP program, or RHNA projections. However, regional attempts like resolution 3940 indicate that there may be local demand for more flexible use of federal transportation funds, for example for purchasing land or building non-transportation infrastructure—essential to infill development (i.e. sewer, water). In any case,

¹⁹⁰ Richmond Community Redevelopment Agency, 2010. *Contracts and Agreements for the Construction of the BART Parking Structure*. Accessible online at: <http://sireweb.ci.richmond.ca.us/sirepub/cache/2/ezbr23vdlafa3l45v02alrv4/17694609122010034604729.PDF>

¹⁹¹ http://www.mtc.ca.gov/news/press_releases/TLCgrantlist2010.pdf

federal transportation dollars are already used in transportation elements of projects that provide affordable housing in TOD—for example through TLC funds.

These case studies show the importance of local efforts and initiatives that lead to the supply of affordable housing in TODs that are redeveloped around already existing stations. The case studies also showed that community involvement is important in planning for TOD and affordable housing for TOD. The Pleasant Hill case demonstrated that the goals of the community and developers or redevelopment agencies do not always align. Moreover, in both cases replacing parking around existing BART stations and the relationship between park and ride and locally generated transit trips still remains a contentious issue. Pleasant Hill also demonstrated how general regulations regarding redevelopment, not specifically tied to transit, can help provide affordable housing in TOD.

Overall, California and the Bay Area in particular have many programs that attempt to encourage affordable housing in TOD. However, tighter integration and coordination among the multitude of programs and funds in the Bay Area could strengthen the provision of affordable housing in TOD.

IV. Lessons Learned and Policy Recommendations

We examined three regional cases which each illustrate different approaches to coordinating housing and transportation planning for the provision of affordable housing near TOD. Arlington County's approach, focused on the jurisdictional and not regional level, includes strong regulatory incentives for promoting affordable housing near transit but few targeted sources of financing. Denver, on the other hand, can be characterized as a locally-coordinated approach that relies heavily on local and regional financing sources and extensive community involvement. Regulatory incentives are not as strong in the case of Arlington. The California Bay Area was characterized by a multitude of state and regional programs, incentives, and requirements that attempt to better coordinate affordable housing and public transport.

The cases also differ in their station area characteristics and timing of affordable housing development near stations in relation to transit system development. Station areas in the Rosslyn Ballston Corridor are intensely developed, and affordable housing issues were addressed after rising housing prices placed pressure on the existing supply of affordable housing near transit. Denver is currently planning a vast new network of light rail transit service

and attempts to coordinate the new lines with affordable housing. The public transport network of the Bay Area is still expanding, but the projects highlighted in this paper focused on adapting less intensely developed land areas around existing transit stations (including surface parking) to accommodate TOD and affordable housing.

The table below illustrates several characteristics of the cases considered, including the scale of coordination (local, regional, state, vs. federal), the type of regulatory approach taken, the primary target of affordable housing assistance, the primary sources of funding, the community involvement strategy, and the degree to which HUD subsidized housing is concentrated near transit. As the table suggests, each case took a different approach, with some focusing primarily on local revenue sources and local planning processes and others emphasizing coordination of planning and financing at different scales.

| Case Study Typology | | | |
|---------------------------------------------------------------------|-----------------------------------------|------------------------------|--------------------------------|
| <u>Characteristic</u> | <u>Case Study Region</u> | | |
| | <i>Arlington - Washington, D.C.</i> | <i>Denver</i> | <i>Bay Area</i> |
| Scale of Coordination | Locality | Locality | State, Region, Locality |
| Regulatory Emphasis | Voluntary Incentives | Inclusionary Requirements | Requirements and Incentives |
| Affordability Emphasis | 60% of AMI | 80% of AMI | 60% - 80% of AMI |
| Primary Funding Sources | Local | Regional | Regional, State |
| Citizen Participation Strategy | Project-by-Project | Early Involvement | Project-by-Project |
| Percent of region's HUD subsidies within 0.5 miles of transit | 44% | 75% | 95% |

Several cross-cutting themes emerged from the cases examined:

- **Early community involvement can ensure local “buy-in” to affordable housing – TOD proposals.** As illustrated in the case of Denver, early community involvement helped to establish a plan that guided, rather than reacted to, development pressures. In Arlington, such was not the case. Although communities were heavily involved in the creation of the original TOD plans for the Ballston-Rosslyn Corridor, affordability was not

addressed until development pressures emerged. As a result, there were more opportunities for NIMBY resistance to affordable housing. The Richmond Transit Village in the Bay Area demonstrated how early community involvement can contribute to the vision of a project. Pleasant Hill Station Contra Costa County, on the other hand, included community involvement through an extensive charette process, after development efforts had become increasingly difficult due to citizen discontent.

- **Preservation of affordable housing requires a different approach from development of new affordable housing.** Preserving an existing supply of affordable housing, housing low-income families, is a challenge different from introducing new affordable housing units into an area where residents already have high incomes and are not likely to be displaced as a result of new development. These differences in context point to the need for different community involvement strategies, different regulatory tools, and different sources of financing, particularly since most new affordable housing construction is financed by the LIHTC.
- **Federal financing streams may be disadvantageous if they are tied to uncertain public approval processes, overly complex planning requirements, or are poorly timed with planned development projects.** Respondents in Denver, Colorado, and the Bay Area all pointed to the constraints imposed by federal planning requirements. In all cases, local funds were more heavily utilized, primarily because they could be applied as plans were developed and were not tied to additional planning requirements. An exception in the case of Denver was in the Osage rail station case, where a respondent indicated that their extensive public involvement process actually helped them to become more competitive for federal funds. The Bay Area demonstrates how the Metropolitan Transportation Commission was able to connect federal funds to stations that developed affordable housing through station area planning grants and the TLC/HIP program. But respondents also pointed to timing issues with those funds. Overall, there seems to be a demand for more flexible funds that can accommodate specific station area planning, funding, and timing needs.
- **Regulations and incentives for promoting affordable housing near transit should be sensitive to the challenges faced by affordable housing developers in transit nodes.** Affordable housing developers near transit typically face higher land assembly costs than developers in suburban areas. This has implications for the efficacy of a variety of local, state, and federal policies, including inclusionary zoning requirements

tied to density bonuses, or LIHTC provisions which do not award points or credits for land costs.

- **Promoting affordable housing requires cooperation across substantive policy domains and levels of government.** Coordinating TOD and affordable housing policy requires bringing together agencies and individuals that historically have not typically integrated their efforts. Transportation planners emphasize traffic/passenger counts and circulation aspects, and affordable housing planners emphasize household cost burdens. Although many regions, in response to federal transportation planning requirements, have begun to integrate their land-use and transportation planning processes at the regional level, land use planning is still the purview of local government within most metropolitan areas. Furthermore, housing planning is often done within a separate agency entirely. Denver's Consolidated Plan offers one model of how such coordination can be achieved.

Based on these cross-cutting themes, we offer the following federal policy recommendations:

Federal Transportation Planning Requirements:

- *Provide funds and/or technical assistance for community-based planning efforts that address affordable housing around proposed rail extensions.* Each of the case studies point to the need for extensive community-based planning prior to rail extension to preserve existing neighborhoods and plan for the development of new affordable housing. An example of such a program at the state level is California's Community-Based Transportation Planning (CBTP) grant program, which provides funds and technical assistance to localities seeking to plan for TOD and improved jobs / housing balance.
- *Formalize the consideration of affordable housing as an integral part of regional and state transportation planning.* For example, affordable housing could be explicitly included within one of the planning factors listed in SAFETEA-LU. Moreover, the location of affordable housing could be explicitly listed as a recommended input into in regional transportation planning forecasts.
- *Provide planning funds and technical assistance for regional collaboration to balance transportation planning with affordable housing.* For example, the State of California provides funds for regional collaboration to draft Regional Blueprint Plans.

- *Expand on existing Public Transit and Human Services Transportation planning to connect affordable housing to transportation planning.* Public Transit and Human Services Transportation plans identify transportation needs of individuals with low-income, disabilities, and the elderly. This plan could be expanded to include the coordination of the location of affordable housing and TOD.
- *Provide flexibility in Congestion Mitigation and Air Quality (CMAQ) funding, allowing land acquisition and land development costs to be considered legitimate Transportation Control Measures (TCM).* Land-use changes are generally not considered as eligible transportation control measures (TCM) under this program, but transportation aspects of specific developments can be considered TCMs (e.g. transit, bicycle and pedestrian improvements). For example, in the Bay Area and Denver funds are made available to help secure sites with great potential for affordable housing—an expenditure which is currently not an eligible use under CMAQ.
- *Include proximity to existing or proposed affordable housing as a criterion used to evaluate New Starts program applications.* This additional evaluation criterion could be similar to one aspect of Resolution 3434 in the Bay Area, which requires consideration of TOD criteria for any transit system expansion funded with regional discretionary funds. One of the TOD criteria establishes a minimum number of housing units within a half mile of all stations along a transit corridor. Existing and planned land uses have to jointly meet or exceed the overall corridor housing threshold. New below-market housing units—defined as affordable to 60 percent AMI for rental units and 100 percent AMI for owner-occupied units—receive a 50 percent bonus toward meeting the corridor threshold.
- *Provide Environmental Impact Review exemptions for TOD projects which address minimum impact criteria or demonstrate air quality benefits.* In the Atlantic Steel Redevelopment project in Atlanta, the proposed TOD was granted an expedited environmental review, because the project could demonstrate air quality benefits, compared to a similarly-scaled development located outside the central city in a transit-inaccessible location. Respondents in the case studies examined in our report expressed similar concerns that any project requiring federal funds would trigger extensive environmental reviews that could delay the project and make it financially infeasible.

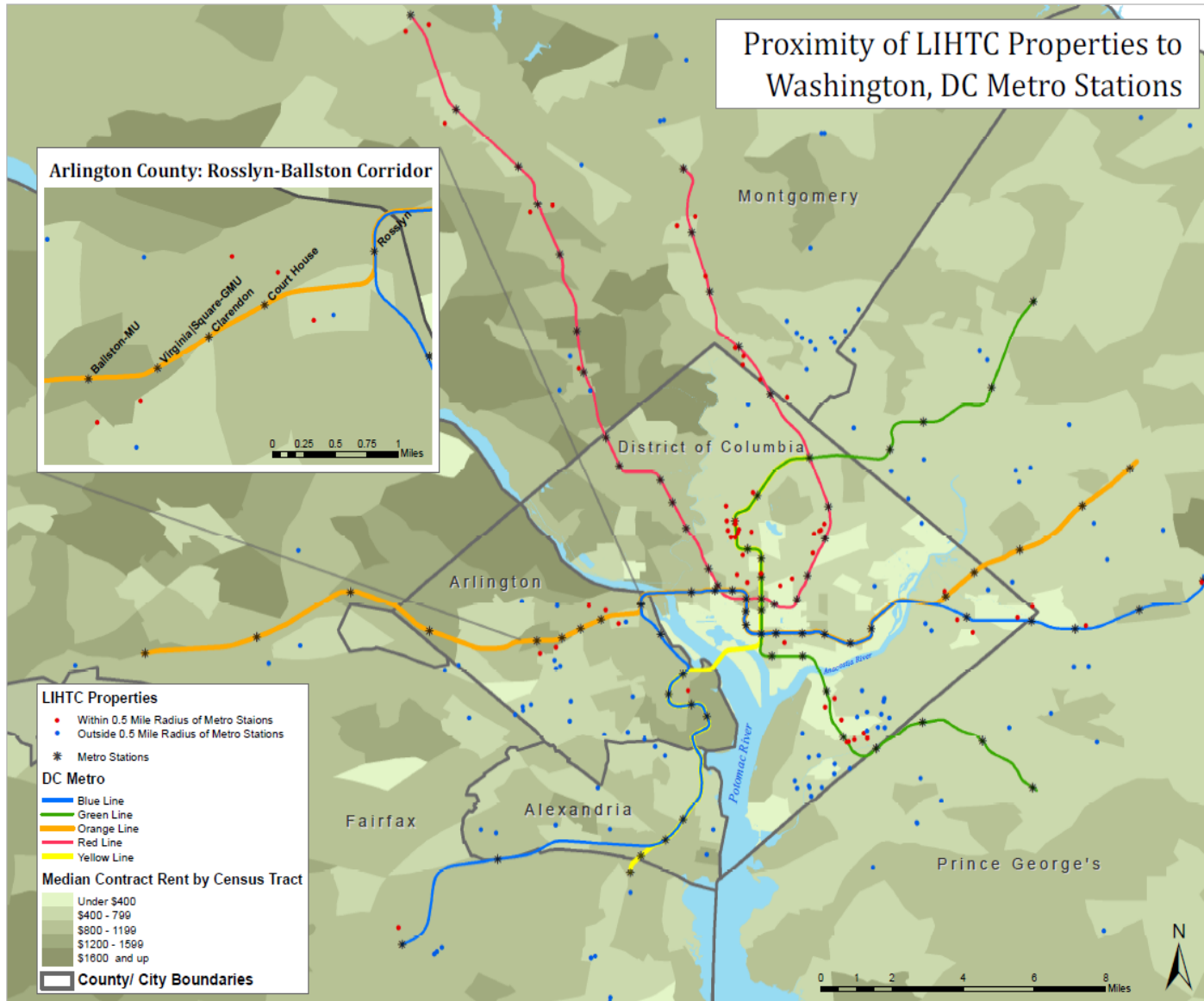
Federal Housing Planning Requirements:

- *Require an additional section of the HUD Consolidated Plan that addresses the linkage between the location of affordable housing and existing or proposed transit systems.* For example, the City of Denver's Consolidated Plan establishes targets for renter households near TOD with incomes at or below 30 percent of the area median income.
- *Require that public housing authorities (PHAs) address the location of federal housing assistance, particularly in areas adjacent to public transit, and clarify the importance of transit access in reducing concentrated poverty.* Local public housing authorities (PHA), as the administrative arm of federal housing subsidy programs such as the Housing Choice Voucher and Project-based Section 8 assistance, are required to adopt a plan for the provision of housing assistance. Currently, there are no incentives encouraging PHAs to identify strategies for connecting assisted households to public transit. Furthermore, setting aside a portion of subsidies near transit may be seen by some PHAs as antithetical to HUD's goal of reducing the concentration of poverty. HUD should provide clarifying language indicating how subsidies near transit should be prioritized, emphasizing that transit accessibility is an important dimension of economic opportunity.
- *Establish federal incentives to use Low-Income Housing Tax Credits (LIHTC) near public transit stations.* The case studies point to several incentives which could be established to encourage LIHTC development near transit, including the award of additional competitive points for LIHTC developments near transit, increased flexibility to compete for nine percent credits for projects near transit, or allowing developers to consider land acquisition costs in their calculation of eligible basis. As an example, California awards up to seven points in the amenities category to transit-accessible projects. Locations within 0.25 mile of a station, with service at least every 30 minutes, and with a project density of at least 35 units per acre, can get seven points out of 25 possible in the relevant category.
- *Provide additional competitive points for HOPE VI and Choice Neighborhoods applications located in TODs.* Currently, proximity to TOD is not one of the criteria used to review applications for HOPE VI or Choice Neighborhoods funding. As indicated in the Denver case study, a consideration of the proximity of a proposed public housing redevelopment to public transit could have helped to provide the additional funds necessary to ensure that the full redevelopment project goes forward, particularly given the limitations on HOPE VI funding.

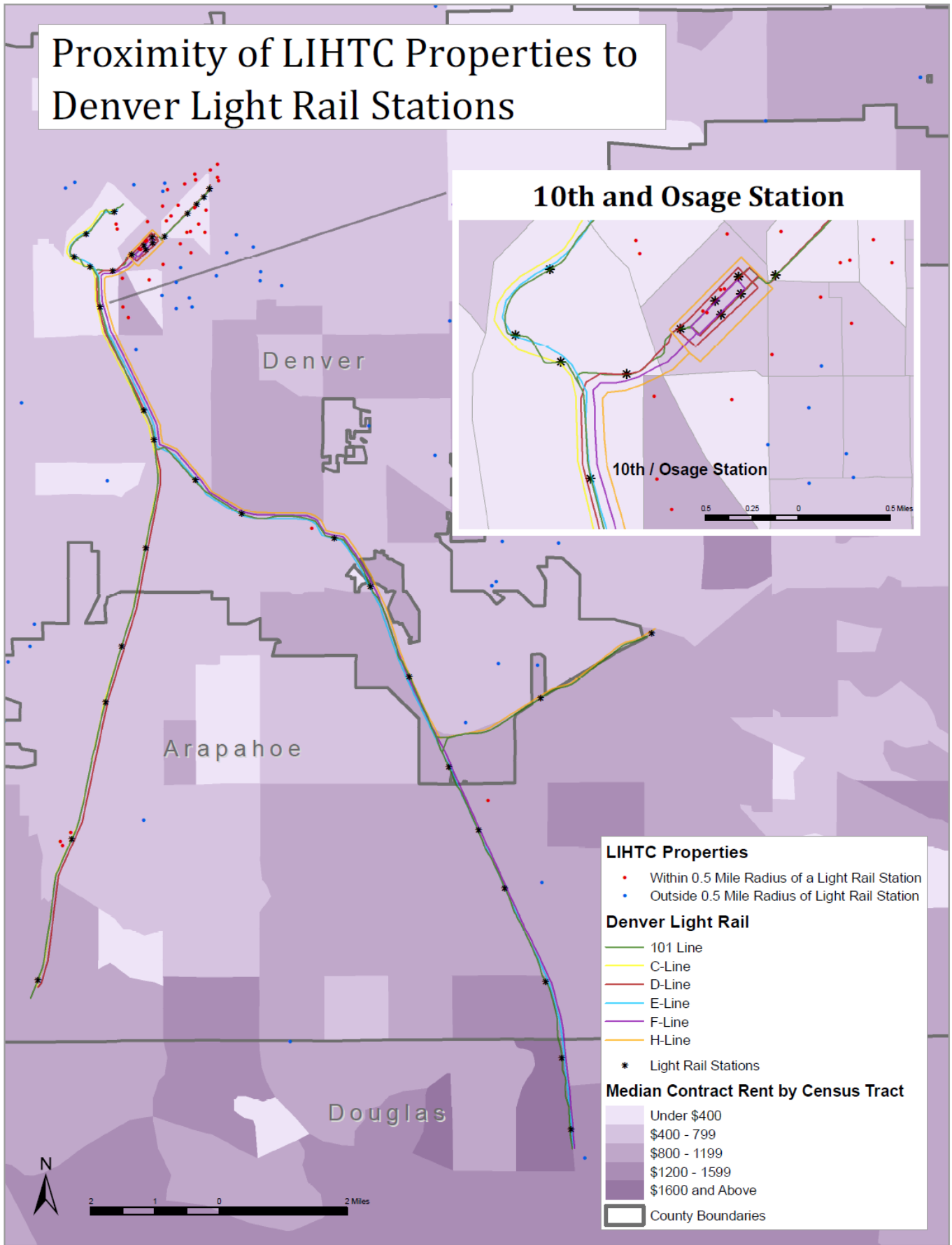
Encouraging Integrated Regional Housing / Transportation Planning Efforts:

- *Support the development of integrated transportation/land use/housing models.* The San Francisco County Transportation Authority and the City of San Francisco each employ an integrated land use, housing, and transportation model that provide the information needed to address the linkages between housing and transportation. This model could be expanded for use in the MPO planning process. A revised version of the now-defunct HUD Section 701 comprehensive planning grant could help to support such initiatives. Part of the difficulty in establishing regionally-coordinated housing and transportation plans is that land use data is collected and maintained by local governments. If regional planning organizations wish to link land use and transportation in their regional models, the MPO must assemble and update parcel-level data from each individual jurisdiction, a process that is costly and time-consuming. If these data were made available to HUD and/or USDOT for planning purposes, using a consistent data collection and display scheme, regional housing and transportation modeling would be much more feasible for a larger number of metropolitan areas.
- *Require regional intergovernmental coordination for housing and transportation planning grants.* The Office of Management and Budget Circular A-95 issued in 1969 required that applications for federal grants be reviewed by regional and state “clearinghouses” such as the MPO and/or State Office of Planning. The clearinghouse was also liaison between the federal agency and state and local entities. A similar provision could be enacted, particularly focusing on regional transportation projects which have an impact on housing affordability.
- *Establish incentives for the development of regional housing plans.* Currently, Consolidated Plans are prepared by local and state governments but are not coordinated across jurisdictions unless local governments are members of a HOME Consortium. The Consolidated Plan could be revised to incorporate a “fair share” regional housing needs assessment (RHNA), such as that required in California. The RHNA for the San Francisco Bay Area calls for infill development around transit stations, mixed-use development, and the coordination of housing opportunities near job locations.

V. Appendix I: Maps



Proximity of LIHTC Properties to Denver Light Rail Stations



Proximity of LIHTC Properties to San Francisco Transit Rail Stations

