

# Equitable Transit-Oriented Development (ETOD): Increasing Connectivity and Mobility for All

**August 20, 2015**

*Organized by the Federal Reserve Banks of Dallas, Philadelphia and San Francisco*

The **Connecting Communities**<sup>®</sup> audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.

# Welcome

Thank you for attending today's session. How to join (remember, this session is being recorded):

- Call-in number: 888-625-5230
- Conference code: 56973944
- Webinar link: <https://www.webcaster4.com/Webcast/Page/584/9614>

You have two options to ask questions today:

*\*These questions may be part of the recorded archive for this session.*

- Email us at: [communities@stls.frb.org](mailto:communities@stls.frb.org)
- Type your question into the chat box of the webinar

An archived recording of this session will be available on the **Connecting Communities**<sup>®</sup> website shortly after the session ends. Please visit [www.stlouisfed.org/connectingcommunities/](http://www.stlouisfed.org/connectingcommunities/)

In connection with this session, you can find a variety of additional resources on this topic, available at [www.fedcommunities.org](http://www.fedcommunities.org). We encourage you to browse through this site and to contact your regional office if you would like additional information on any of these items.

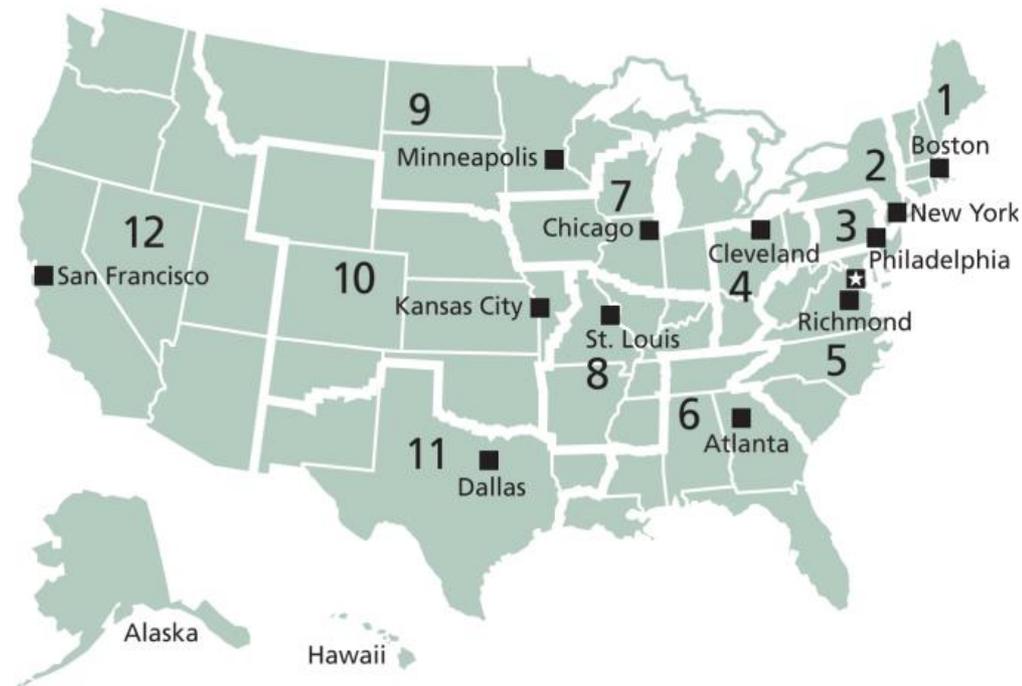
# Legal Notices and Disclaimer

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# Community Development (CD)

The CD function within the Federal Reserve System – consisting of individual departments at each of the 12 Federal Reserve Banks, as well as at the Board – promotes economic growth and financial stability for low- and moderate-income (LMI) communities and individuals through a range of activities, including:

- **Convening stakeholders**, including practitioners, financial institutions, nonprofits, governmental agencies, and the philanthropic and private sectors
- **Conducting and sharing research** to examine economic challenges facing LMI communities and attendant policy implications
- **Identifying emerging issues**



# Today's Presenters

- **Shelley Poticha**, Director, Urban Solutions, Natural Resources Defense Council
- **Brian Prater**, Senior Vice President, Strategic Development and Corporate Affairs, Low Income Investment Fund (LIIF)
- **Dan Bartholomay**, Chief Executive Officer, Rail~Volution

# ETOD = Everyone Benefiting from Transit-Oriented Development

**Shelley Poticha**

**Director**

**Urban Solutions, Natural Resources Defense Council**

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# What Americans Want Is Changing: Connected Communities



Source: CTOD

# New Priorities / New Demands

## Vibrant Communities



## Transportation Choices



## Access to Opportunity



Source: CTOD

# Businesses See Transit as a Benefit

- Locating near transit to ensure that employees can get to work reliably
- Seeing transit as a must-have to attract knowledge-workers
- Saving money: structured parking = \$50,000/space vs. transit pass = \$1,200/person (tax deductible)



Major employers are increasingly relocating offices near transit.

# TOD = a Walkable Neighborhood

Transit-Oriented Development or TOD

People within a **half-mile radius** are 5 times as likely to walk to a major transit stop than others. Those who live further from a transit node are less likely to bother with the train or bus.

TOD also applies at the station, corridor and regional scales.



TOD  
101

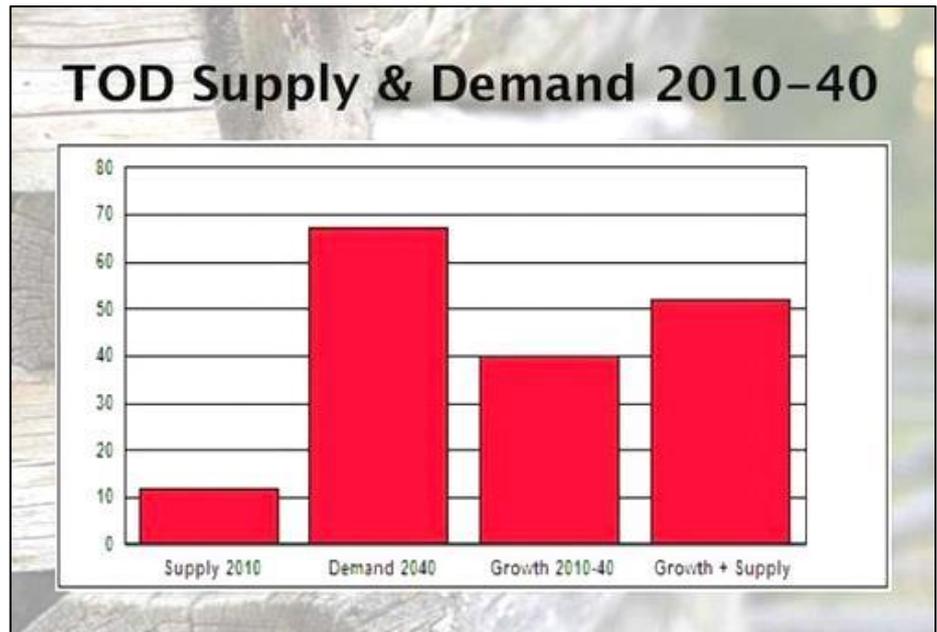
Creating Livable Communities with Transit



Source: CTOD

# Markets Aligning with TOD

- Eighty percent of Americans live in metropolitan areas.
- Fewer than 15 percent have the option to live in vital, healthy, sustainable neighborhoods.
- Demand for TOD housing is between 50 percent and 70 percent of homebuyers/renters.



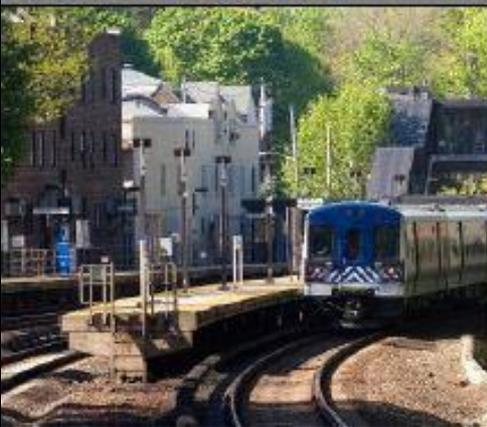
Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah

# Transit Can't Do It by Itself: Place Matters



Source: CTOD

# Connectivity Is Key: Bike, Walk, Bus, Rail, Share



Source: CTOD

# The Sharing Economy Is Here



UBER

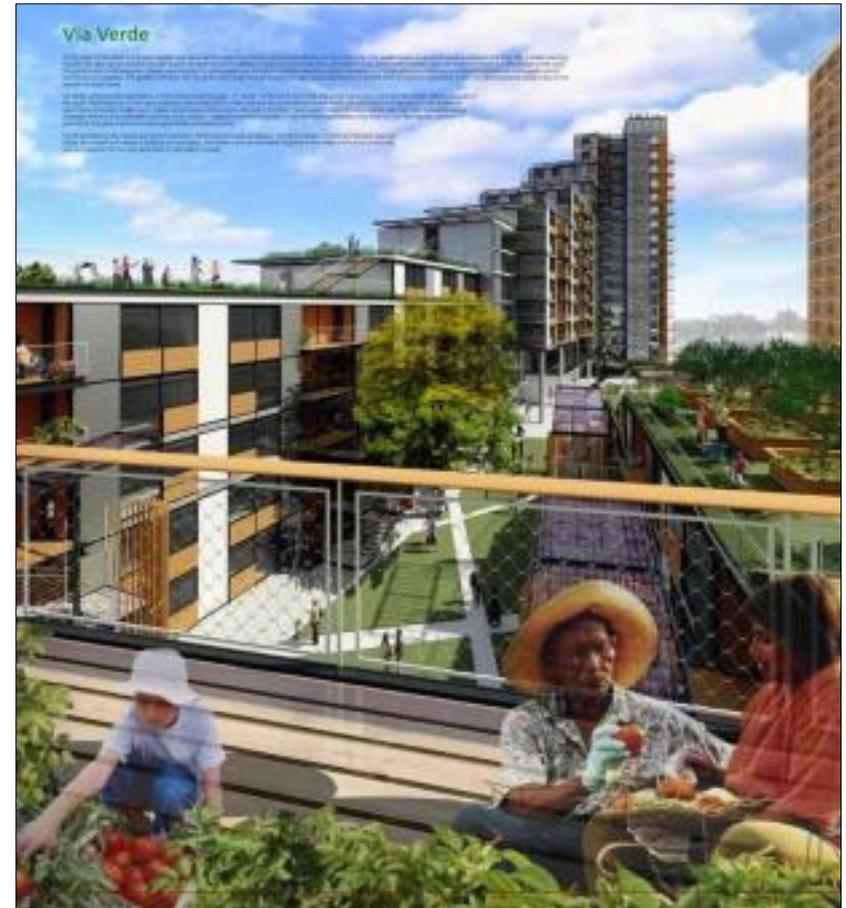


Source: CTOD

# Lifestyle and Health

Save 10 lbs. by living in a walkable neighborhood!

- Robert Wood Johnson Foundation, 2014

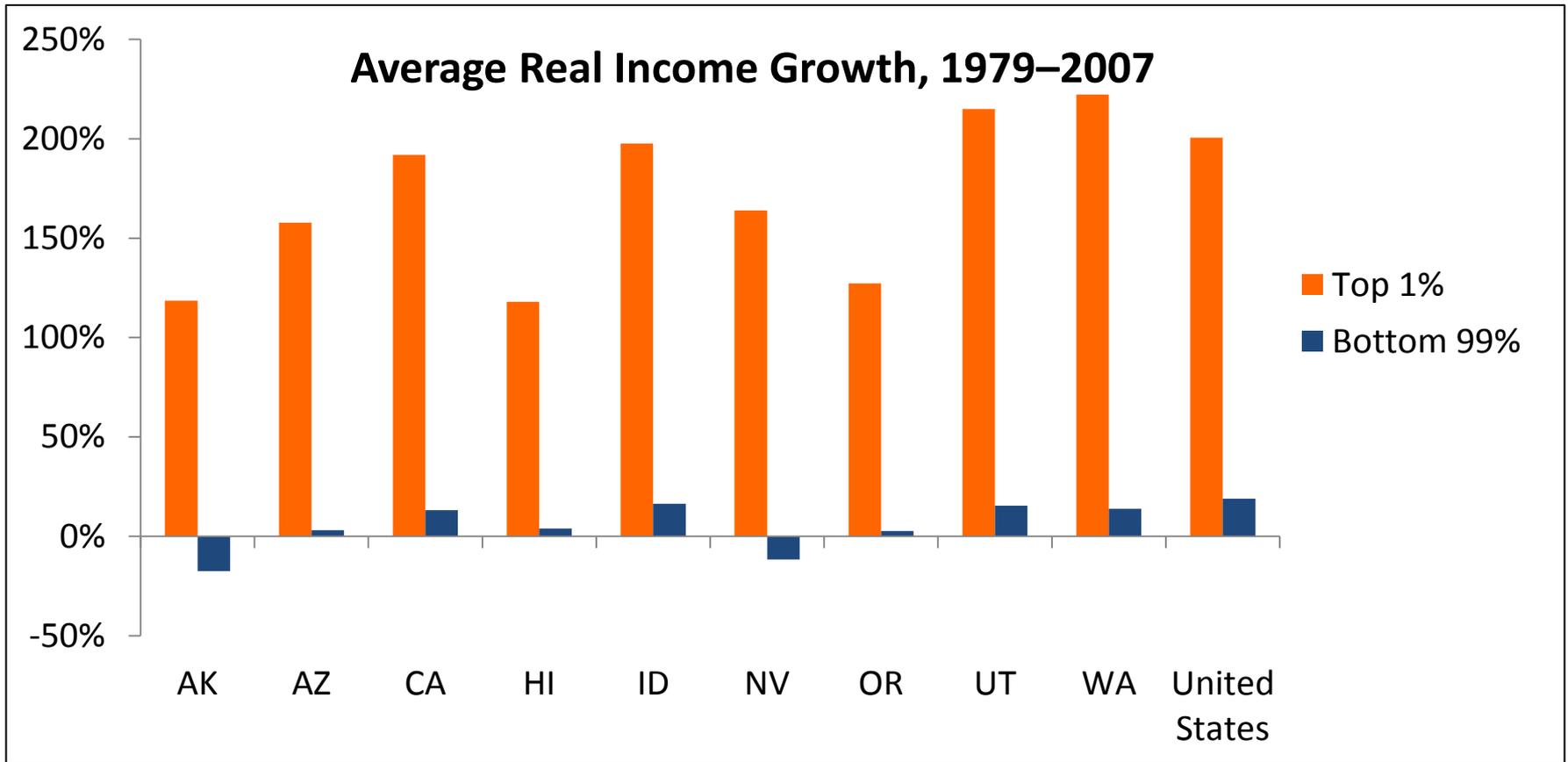


# Who Benefits?



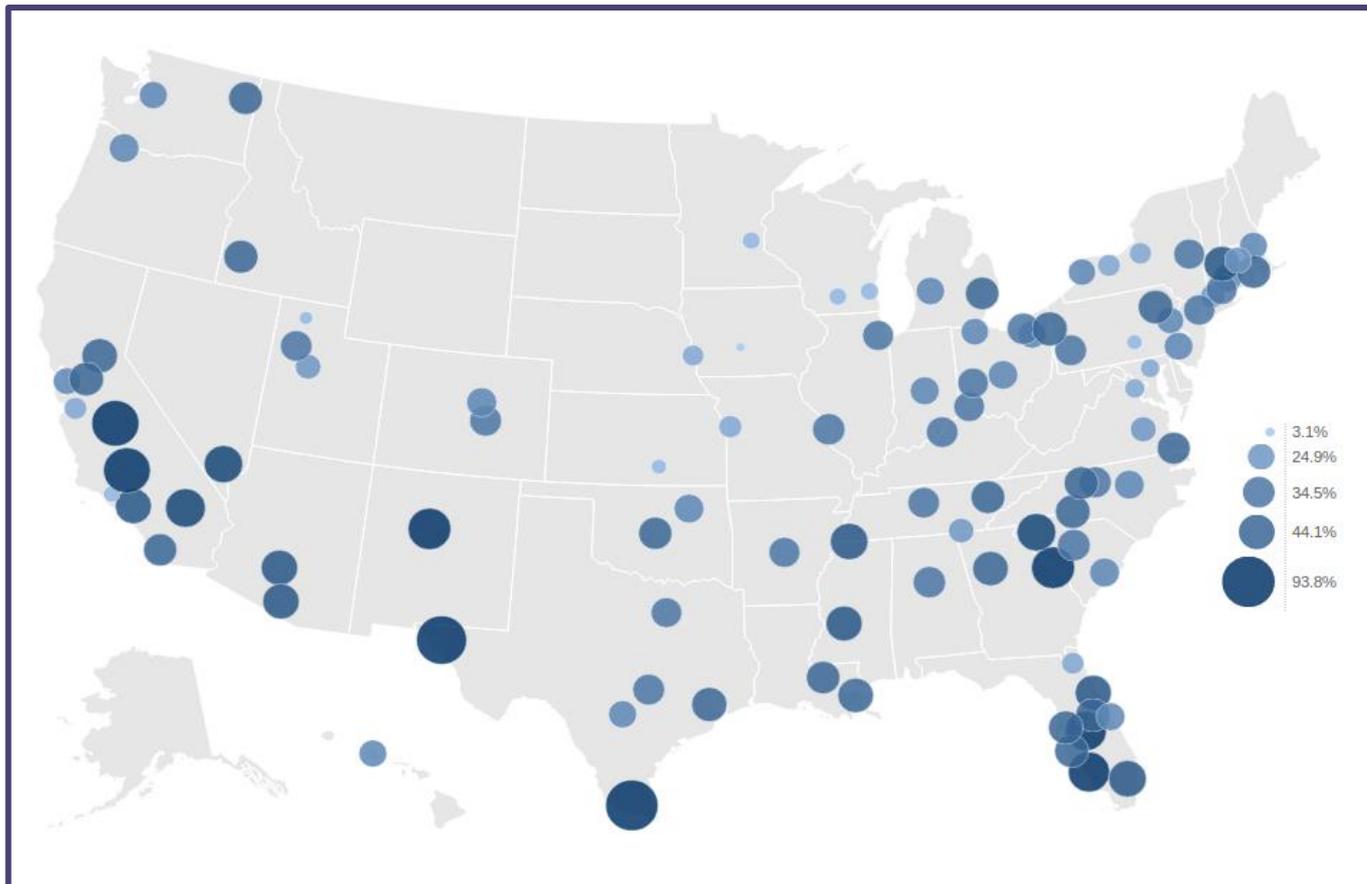
Source: CTOD

# Growing Inequality Is Creating Two Americas



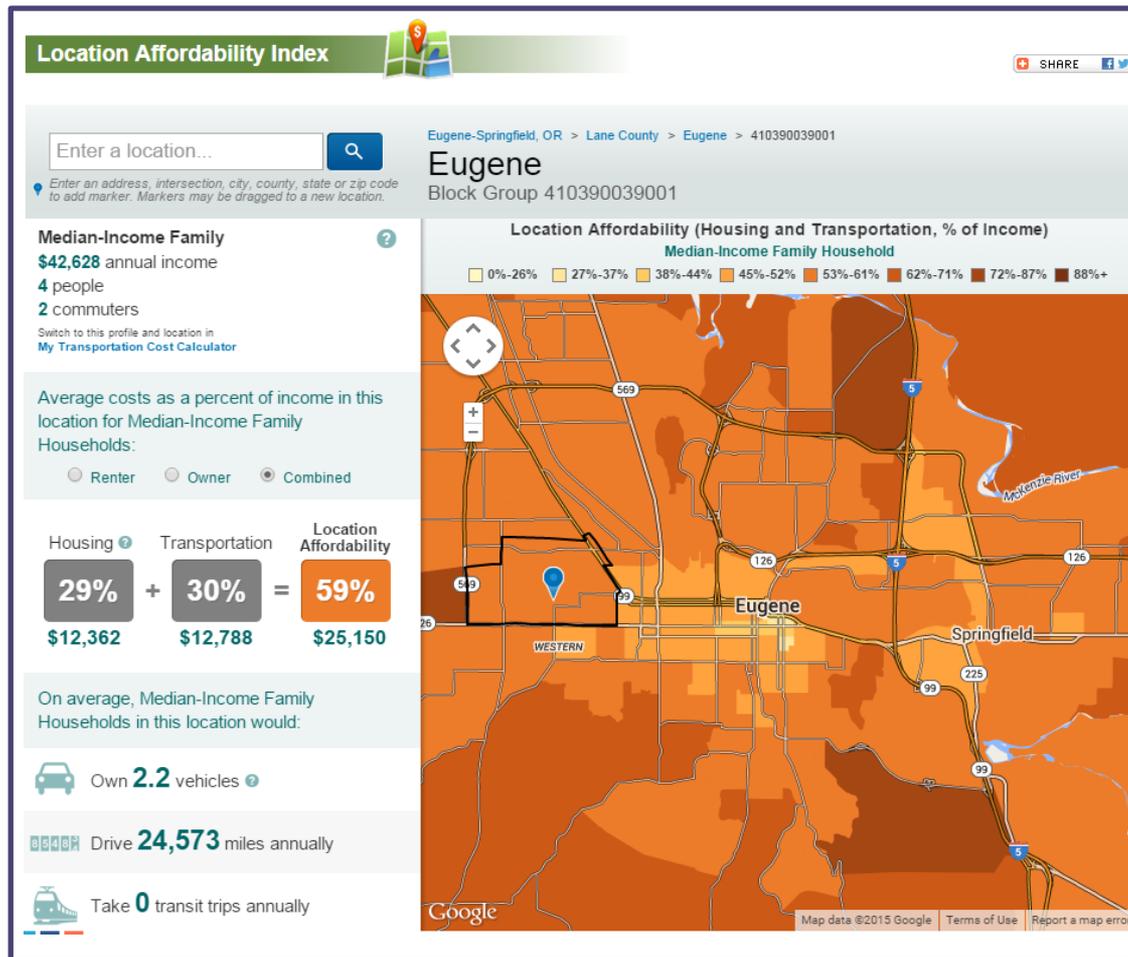
Source: Federal Reserve Bank of San Francisco

# Cities Are Home to the Highest Rates of Income Inequality in the Country . . . ...Dragging Down Our Shared Economic Strength



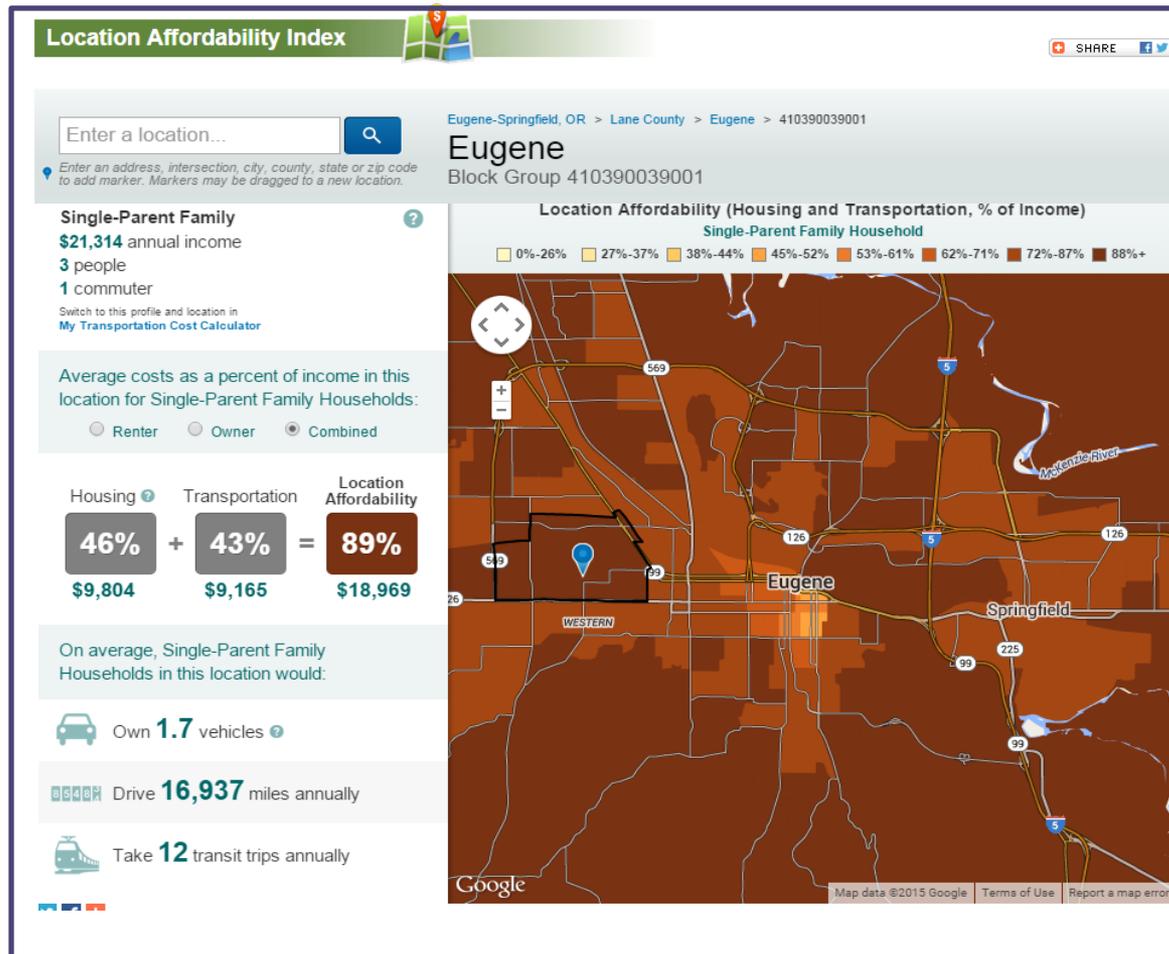
Source: Brookings Institute, 2014

# Where We Live Is a Key Measure of Affordability



Source: Location Affordability Portal-<http://locationaffordability.info/>

# Where We Live Is a Key Measure of Affordability (continued)



Source: Location Affordability Portal-<http://locationaffordability.info/>

# Transit Lowers Costs but May Also Spur Gentrification + Displacement



Source: CTOD

# How Can TOD Become Equitable?

- Be proactive!
- Build + preserve affordable housing
- Use value capture to offset costs
- Increase the supply of TOD
- Remember first + last mile connectivity



Source: Denver Housing Authority

# Challenges and Successes for ETOD Financing

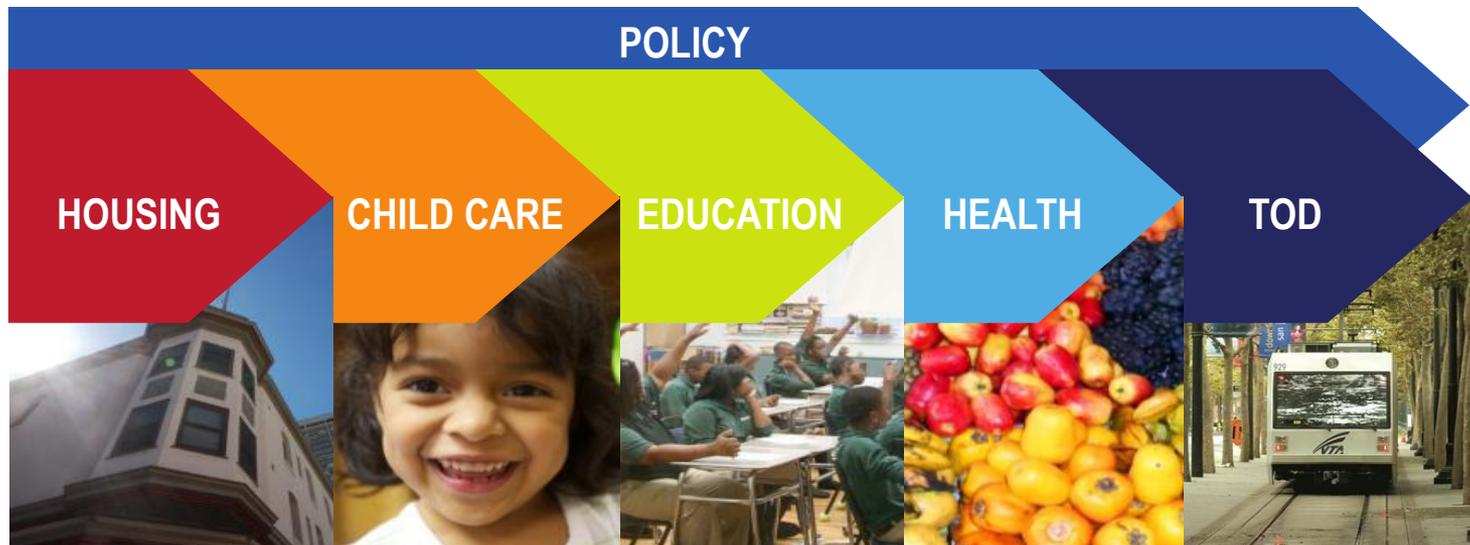
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# LIIF Overview

- Community development financial institution (CDFI)
- Mission-driven nonprofit founded in 1984 – national scope
- Array of activities: financing, fund structuring, policy, technical assistance, and program



Source: LIIF

# CDFIs and TOD

- Convene national and regional partners and connect with resources
- Partner to provide federal, state, and local policy support
- Aggregate capital into structures that leverage value by distributing risk and benefits efficiently
- Share information across regions, and connect what's happening locally with broader national trends

# Bay Area Transit-Oriented Affordable Housing Fund



- \$50 million equitable TOD fund
- Nine-county Bay Area
- 10-year fund; 5-year origination period
- Five loan products for affordable housing, mixed-income, and mixed-use projects
- Funding priorities: affordable housing, other neighborhood uses, geographic diversity

Source: LIIF

# California Cap-and-Trade: Affordable Housing and Sustainable Communities

- A new program that uses pollution credits to fund greenhouse gas reduction and increase connectivity of housing, employment, and key destinations
- Requires ETOD to be within ½ mile of high-quality transit; funds affordable housing development, housing-related infrastructure, and transportation-related infrastructure
- Scoring criteria (with minimum affordable housing and disadvantaged communities thresholds): Greenhouse gas reduction (55 percent), policy objectives (30 percent), feasibility and readiness (15 percent)

# Eddy and Taylor Family Housing

- Financing:
  - \$104 million total development cost
  - \$7 million acquisition financing
  - \$5.9 million subordinated financing from San Francisco mayor's office
- Project: Develop parking lot into 14-story building with 153 units of affordable housing and retail space for a grocery store
- Borrower: Tenderloin Neighborhood Development Corporation



Source: Tenderloin Neighborhood Development Corporation

# ETOD Nationally

- National practice including *Connect* partnership with Living Cities and Enterprise; Housing and Urban Development Sustainable Communities Initiative technical assistance provider; and Rail~Volution leadership
- Co-authored significant paper, *Filling the Financing Gap for Equitable TOD* with Melinda Pollack, Enterprise
- Working with other regions such as Denver, Seattle, San Diego, Austin, Utah, Atlanta, and Minneapolis/St. Paul on ETOD strategies, and consulting on potential structured funds

# Changing Dynamics in the Transit and Livability Field



Building Livable Communities  
with Transit

**Dan Bartholomay**

Chief Executive Officer

Rail~Volution

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# Rail~Volution Overview

- A national nonprofit and learning network
- A resource hub for information on transit, land use, and development
- An annual state-of-the-art conference

# Drivers of Systems Change

- Linking transit investments to community outcomes
- Regional competition for economic development
- Effective advocacy
- Transit system benefits
- Regional disparities and neighborhood transformation
- Federal policy change

# Lessons Learned: Managing Change

- Investments transform communities.
- Managing change is difficult.
- Address community concerns.
- Focus on community benefits.
- Capture the positive benefits.

# Central Corridor Funders Collaborative: Investing beyond the Rail



Source: Central Corridor Funders Collaborative

# Success Measures

- Corridor businesses are healthy.
- Residents can find work and reach it more easily.
- LMI residents can still afford to live here.
- It's easy for riders to reach the rail line.
- The rail line is attracting investment.

# Key Take-Aways

- Engage diverse stakeholders
- Focus on impact and results
- Collaborate and partner
- Innovate



# Rail~volution

Building Livable Communities  
with Transit

Connected Systems  
Connected Communities  
Connected People

October 25–28, 2015  
Dallas, Texas  
[www.railvolution.org](http://www.railvolution.org)



## Questions?

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1. Email us at: [communities@stls.frb.org](mailto:communities@stls.frb.org)
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# Wrap-Up/Closing

Thank you to today's presenters and to all participants for joining this session.

## Next steps:

- All session materials are available on our website, and in the next few days we will be posting an audio file of today's session.
- If you have topical suggestions for future sessions or any questions about this program, please feel free to contact us at [communities@stls.frb.org](mailto:communities@stls.frb.org).
- Information about future sessions will be posted on our website, along with archived materials from past sessions: [www.stlouisfed.org/connectingcommunities/](http://www.stlouisfed.org/connectingcommunities/).

# Related Resources



In connection with this session, you can find a variety of additional resources on this topic at **[www.fedcommunities.org](http://www.fedcommunities.org)**.

This site provides an array of practical resources to help you in your role as a CD professional, whether your work involves supporting people, places, CD, or small business development.