

# Transit Oriented Development

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## All Tools

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### [Affordable Housing Development 101](#)

Based on a workshop, this is an umbrella tool that introduces advocates to affordable housing strategies and helps them match their goals with appropriate tools.

### [Community Strategies to Prevent Asthma](#)

Strategies and resources for improving air quality in homes, in schools, and outdoors.

### [Brownfields](#)

Encourage redevelopment of brownfields (abandoned, idled, or underutilized commercial or industrial sites).

### [CDCs with Resident Shareholders](#)

Offers low-income residents the opportunity to own equity in real estate projects spearheaded by community development corporations (CDCs).

### [Code Enforcement](#)

Can be an important tool for protecting tenants.

### [Commercial Linkage Strategies](#)

A range of programs and fees that tie economic development to the construction of affordable housing.

### [Commercial Stabilization](#)

Effective techniques employed by community-based organizations to preserve cultural organizations and longstanding commercial enterprises that define the historic character of communities.

### [Resident-Owned CDFIs](#)

Resident-owned community financial institutions build assets for low-income residents and provide them with a stronger voice in neighborhood development and revitalization.

### [Community Land Trusts](#)

This alternative property ownership model encourages permanent affordability and wealth-building.

## **Community Mapping**

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Mapping can be used to advocate for community benefits, convey development opportunities, track vacant properties, and more.

## **Community Reinvestment Act**

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Congressional mandate that financial institutions help meet credit needs of the communities in which they operate, including low- and moderate-income neighborhoods.

## **Cooperative Ownership Models**

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Co-op models targeted to low- income residents can offer financial benefits, business skills, and experience in running a democratically- controlled enterprise.

## **Developer Exactions**

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Requires new commercial developments to contribute fees to the development of affordable housing, community services and infrastructure.

## **Employer-Assisted Housing**

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Most EAH programs help employees purchase homes—often near their workplace. They can provide rental assistance or increase the housing in the surrounding community affordable for an employer's workers.

## **Expiring Use: Retention of Subsidized Housing**

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Preserve affordable rental units by protecting subsidized housing units with expiring contracts.

## **Foreclosed Properties**

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Use this tool to steer neighborhoods back to sustainable recovery after foreclosure processes are well underway.

## **Healthy Food Retailing**

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Strategies to increase access to retail outlets that sell nutritious, affordable food in underserved low-income urban and rural communities.

## **Housing Trust Funds**

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Public funds, established by legislation, ordinance or resolution, to receive specific revenues dedicated to affordable housing development.

## **Inclusionary Zoning**

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Land use regulation mandating a percentage (usually 15-20%) of the housing units in all larger projects be affordable to people of low and moderate incomes. (*written in 2003*)

## **Infill Incentives**

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Infill incentives can produce new housing units, reduce blight, preserve open space, reduce traffic, and encourage retail development that serves the needs of existing residents.

## **Just Cause Eviction Controls**

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Implement these laws to protect renters against being unfairly evicted by landlords who want to capitalize on the explosive rental and housing markets.

## **Limited Equity Housing Cooperatives**

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A partnership in which residents collectively own and control their housing.

## **Living Wage Provisions**

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Ordinances that ensure the employees of public contractors, private contractors receiving public sector funding, and public employees are paid wages at pace with regional cost of living measures.

## **Local Hiring**

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An array of strategies that connect economically marginalized communities to regional job opportunities.

## **Minority Contracting**

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Ensures that healthy local businesses owned by people of color are a basic component of strong, sustainable communities.

## **Real Estate Transfer Taxes**

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Techniques through which tax regulations can limit two destabilizing practices in low- and moderate-income communities: delinquency and speculation.

## **Rent Controls**

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Protections to slow the pace of rapidly escalating rental prices.

## **Transit Oriented Development**

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How to implement TOD -- compact, mixed-use, pedestrian-oriented communities located around new or existing public transit

stations -- in a way that achieves equity goals.

## Urban Greening

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Coming soon!

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## DATA AND MAPS

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Coming soon

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## What is it?

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### Transit oriented development [\(PDF\)](#)

Transit oriented development (TOD) is a planning and design trend that seeks to create compact, mixed-use, pedestrian-oriented communities located around new or existing public transit stations. Over the past decade or so, there has been tremendous growth in demand for compact housing near transit: [between 2000 and 2030, upwards of 9 million additional households will live within a half-mile of transit stations](#). A variety of different groups—transit and smart growth advocates, community-based developers, business leaders, planners, and more—have embraced TOD as a powerful strategy for smart growth, urban revitalization, and creating access and opportunity for low-income residents.

TOD is a “back to the future” approach to creating healthy, connected neighborhoods. Public transportation used to be highly integrated into the physical and social fabric of many neighborhoods. Streetcar suburbs and many older areas of American cities originally developed around rail or trolley stops. These stops served as neighborhood centers, anchoring a range of services and shops within walking distance and providing residents with connections to the downtown area. Since 1950, development patterns became increasingly auto-centered. New neighborhoods were located along highway routes, and transit systems catered to drivers, creating “park and ride” routes catering to suburban commuters, and enclosing commuter and light rail stations with large parking lots. Decades of sprawling metropolitan development left many suburban residents with arduous, costly commutes and many low-income urban communities isolated from jobs, transit, and services.

TOD integrates transportation back into the neighborhood to achieve a number of different objectives. By facilitating public

transportation use, TOD can reduce dependence on fossil fuels, lower residents' transportation costs, promote walking and health, ease traffic congestion, and improve environmental quality. TOD can also be a catalyst for revitalization, bringing new retail and residential investment into the community, connecting residents to jobs and services located throughout the region, and providing economic, ownership, and housing opportunities to low-income residents.

But the synergy between economic, land use, transportation, environmental, housing, and equity goals made possible with TOD is not automatically achieved. Thus far, many projects marketed as TODs are not fundamentally different from traditional residential suburban developments: they are not well-integrated with the station or the surrounding community, they include excessive parking, and they are neither mixed-use nor mixed-income.

Even fewer TODs attain social equity goals. TOD is unconventional, complicated, and expensive to develop, and the demand for housing near transit is expected to exceed the number of homes that can be built in TODs. These trends increase the likelihood that TOD housing will be unaffordable to low-income households. Properties within a five- to ten-minute walk to a transit station already sell for [20 to 25 percent more](#) than comparable properties farther away. Investments in new or enhanced transit stations in low-income neighborhoods can spark rapid appreciation in the costs of land and housing in the community—leading to gentrification and the displacement of lower-income residents.

The extension of the Red Line of Boston's subway system to Somerville, Massachusetts, in 1985 and the TOD around the Davis Square stop, for example, dramatically changed this working-class community. Housing costs have soared, and new condos are being built or converted from former rentals at a rapid rate: [since 2000, 1,394 condominium units have been placed on the market](#), some of them topping [\\$1 million](#). According to Warren Goldstein-Gelb, director of The Welcome Project in Somerville, strategies could have been put in place to protect low-income renters from high housing cost burdens and displacement: "Had people been sensitive to the fact that there would be an impact on land values when they were planning and opening [the Somerville] subway station, there could have been some prevention." Given the experience with the Red Line, the planned extension of the Green Line to Somerville has sparked major public debate among city officials, community organizations, and residents around [the potential for gentrification](#).

This tool focuses on how to implement TOD in a way that achieves equity goals. Across the country, equity advocates working in neighborhood groups, organizing networks, nonprofit and private housing developers, local and regional governments,

and transit agencies have engaged in the TOD process to ensure that current residents and businesses benefit. Their strategies and lessons learned are presented here so that you can also advocate for equitable TOD.

*Last Updated: April 2008*

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## Why Use It?

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When implemented as an equitable development strategy, TOD can bring multiple benefits to the local community and to the metropolitan area as a whole.

### Local Benefits

**Revitalization around and beyond the station area.** By bringing together public investments, planning resources, development incentives, and community support, TOD can become a force for dramatic revitalization and improved quality of life in a neighborhood. Focused public investments to improve transportation infrastructure and integrate the transit stop into the surrounding community can spark renewed private investment in the area—from new developers and existing residents. TOD can lead to infill development and the reclamation of vacant, abandoned, and underutilized properties that have often long-burdened communities. In addition, TODs incorporate principles of pedestrian-oriented design (such as plazas, parks, and pathways), which improve safety and comfort for pedestrians, create an appealing environment for new employers and retailers, and increase foot traffic for existing businesses.

**Accessible jobs, housing, services, and recreational opportunities for residents.** Creating a mixed-use, mixed-income development around a transit stop or corridor can offer local residents direct access to a range of jobs, shopping, and other services and resources.

**Reduced transportation costs for residents.** Linking affordable housing and jobs to transit can significantly reduce commuting costs for all residents, and the savings will be greater in relative terms (e.g., as a proportion of total income) for those with lower incomes. Transportation is the [second largest household expense](#) in the United States, after housing, and low-income working families (those who earn between \$20,000 and \$50,000) spend [30 percent](#) of their household budget on transportation. Being able to walk or use transit can free up significant amounts of income for other purposes. At the neighborhood level, the decrease in transportation expenses can significantly increase purchasing power for other essentials—potentially attracting small businesses and retailers such as

grocers.

**Affordable housing and mixed-income communities.** TOD encourages denser residential development and allows for a diversity of housing choices, including multi-family units. Other equitable development strategies such as inclusionary zoning (policies that encourage or require developers to incorporate affordable housing units into their developments) and housing trust funds (dedicated funds for affordable housing) can work in tandem with TOD to ensure long-term affordability.

**Increased transportation mobility and access to jobs and other opportunities.** TOD not only brings housing, jobs, and services to underserved neighborhoods, but also offers public transit options for residents to travel to neighborhoods elsewhere in the region to access jobs, child care, training centers, parks, and multiple other opportunities.

**Local economic development.** Retail and office space in TODs can bring much-needed tax revenue to underinvested cities and suburbs and encourage residents to spend money locally instead of at distant suburban shopping centers. This community reinvestment in turn creates revenue for neighborhood infrastructure investments like parks or schools.

**Asset-building and ownership opportunities.** If transportation costs are reduced through TOD, residents can apply the savings toward personal asset development. Innovative mortgage lenders have already found a way to capitalize on the transportation savings inherent in “location efficient” places. Fannie Mae’s Smart Commute™ mortgages (available in approved locations in 27 states), for example, qualify people living near transit for larger mortgages.

## Regional Benefits

**Reduced air pollution and traffic congestion, and attainment of climate change goals.** By making transit more convenient for a wider range of people and trips, TOD can drastically reduce the number of car trips made by residents. Mixed-use TOD can lead to trip reduction by making it easier to combine shopping, banking, and other errands with the work commute, which is more commonly made by transit. A recent [study of 17 TODs](#) found that people who live in TODs use their cars half as much as the regional average. Lower rates of car use regionwide will reduce both congestion and air pollution. TOD can be an important strategy for meeting CO2 reduction goals.

**Connections to housing, jobs, amenities, and services across the region.** Development patterns in many regions have created a “spatial mismatch”: affordable housing concentrated in the central city or older suburbs, and the majority of new job growth in distant suburbs or neighborhoods inaccessible by transit. Concentrating mixed-use, mixed-income development near transit

“ If people can safely walk to the transit stop and bank, buy groceries, and return library books on their way home from the station, they are more likely to use the transit system. ”

“What is Transit Oriented Design?”  
Access, 1995

stops and corridors and enhancing the transportation network through new and improved stations and lines can reduce this mismatch and increase regional connectivity.

**Increased neighborhood options and sustainable development patterns.** TOD is not just about creating successful transit nodes—it is about creating great places: healthy neighborhoods that provide diverse housing choices, walkable streets, cultural opportunities, and more. Livability and neighborhood choice are critical aspects of regional quality of life and economic competitiveness. Strong neighborhoods, diverse housing choices, and smart growth are important components of sustainable regional development.

**Regional and community visioning processes.** TOD projects involve many decisions, which can make the planning and implementation process long and challenging, but it also provides myriad opportunities for stakeholders to discuss and plan for the future of their communities and their regions.

**Open space preservation.** TOD promotes compact development and infill development. A regional commitment to TOD can relieve pressure on developers to build in suburban areas and greenfields.

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## How To Use It

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Grassroots organizers and advocates, transit agencies, community developers, and other government agencies all have critical parts to play in making sure that TOD is successful, benefits existing residents, and does not lead to displacement. There are at least four major avenues for pursuing equitable TOD:

- [Community Engagement in TOD Planning Processes](#)
- [Community-Led TODs](#)
- [Securing Community Benefits around TODs](#)
- [Commercial Stabilization in TODs and along Transit Corridors](#)

### Community Engagement in TOD Planning Processes

Local residents, neighborhood organizations, and small business owners need to be closely involved in TOD planning processes—alongside transit agencies and city or county government. These stakeholders must have the opportunity to give real input before major decisions are made, and they must remain involved throughout the planning and development. There are usually three major stages of TOD planning, though some projects skip the first step: [regional planning, station area and transit corridor planning.](#)

[and TOD project planning.](#) (pdf: *Demand Estimate 07*) Community engagement is critical at each step of the process.

**Regional planning.** Transportation planning is carried out at a regional, or metropolitan, level. Although most TODs are created around existing transit stops, the planning of new transit lines creates multiple opportunities to incorporate equitable TOD strategies. Light rail is currently on the rise: Charlotte and San Francisco opened new light rail lines in 2007; and Baltimore, Houston, Kansas City, Minneapolis, and Phoenix are all at various stages in moving forward light rail proposals

Equitable development advocates should be involved in deciding overall goals for new transit lines, standards for design of stations themselves, early-stage development plans, and funding allocations for station-area planning

During regional planning for the Interstate MAX light rail line in Portland, Oregon, completed in 2000, equity advocates were able to get in early and shape the policy statements for the new transit corridor. The Portland Development Commission (PDC) created an Interstate Corridor Urban Renewal Area (ICURA) around the designated transit route. Thanks to community involvement in the 50-plus member ICURA Advisory Committee, "benefiting the existing community" and "outreach" are two of the plan's 12 overall guiding principles, statements about forestalling displacement are contained in both the housing and economic development sections, and projects are required to seek neighborhood feedback on their designs.

**Station area and transit corridor planning.** Station area planning refers to the process of developing a vision for the area around a transit station (generally within a half-mile radius) and strategies to achieve that vision. The station area plan is a written document that includes information about current conditions and development trends in the station area and larger surrounding neighborhood, maps and concept plans that illustrate the goals and objectives of the plan, and guidelines for land use and public improvements decisions. Equity goals around issues like affordable housing and station access can become major elements in station area plans. In most places, the municipality carries out station area planning in coordination with the transit agency. Station area planning (as well as zoning) can also facilitate TOD by increasing certainty for developers. A [new station area planning manual](#), (pdf 202 Final Sml) by Reconnecting America, provides nine principles for good station area planning and checklists of considerations for each.

If a new transit corridor is planned, both corridor planning and station area planning are needed. The city of Seattle, for example, is currently developing a vision and an integrated development plan for the Southeast Transit Corridor, where a new light rail line will open in 2009.

**Project planning.** While the station area or corridor plan lays out a vision and overall design for the TOD area, many decisions are made at the level of actual project planning, or around the development of specific properties within the TOD district. Planning for specific projects needs to align with station area plans and local policy and zoning requirements. The nature of TOD project planning can vary tremendously. A TOD may be a single large project, built by one developer on transit agency land; or it may be built in multiple phases, engage two or more developers, and involve many land parcels owned by municipalities, states, transit agencies, and private owners.

Equitable development advocates should get involved early in the TOD project planning process to help shape key decisions such as: how much should developers pay for the land? How will the project's design advance TOD goals? and What community benefits will the development provide? At this stage, other equitable development tools can be introduced, including [local hiring](#) programs, [minority contracting](#) , and various forms of permanently affordable housing provisions, such as [housing trust funds](#) .

Equity advocates should address the following issues during the TOD community visioning and planning processes:

*Promotion of Equity Goals in Overall Plan or Vision.* Are equity goals front and center? Will the TOD primarily offer affordable and mixed-income housing—or is the goal to create a new job center that provides employment to the surrounding area? How will the project fit with the existing community's identity?

*Zoning.* Transit oriented development generally requires a revision of zoning rules to allow for higher densities, mixed uses, and lower parking ratios. Where and how will the zoning changes apply? What makes sense given the project's overall vision and the existing neighborhood conditions?

*Land Acquisition.* How much of the land proposed for TOD is owned by the city or the municipal or regional transit agency? Are there privately owned parcels that also hold development potential? How can the TOD partners acquire this land?

*Design Standards.* How will the project's design encourage pedestrian and bicycle accessibility?

*Transit Service.* Have location, design, and traffic patterns been analyzed in relation to their effects on the surrounding neighborhood? Have transportation planners anticipated increases in transit use and added service accordingly?

*Public Investment.* What are potential public funding sources to finance the TOD? Will local, state, or federal resources be used for transit station renovations or improvements to surrounding streets, sidewalks, or parks? How will the plan ensure that these

investments are equitable?

**Bringing Residents to the Table:  
Baltimore Residents Pursue Equitable TOD**

The Maryland Transit Authority is embarking on a huge transit improvement and transit oriented development effort in Baltimore. Due to be completed around 2014, the plan more than doubles the mileage of the current subway system, creates new transit lines, and includes the addition of 68 new stations. City officials expect the new system to bring many economic benefits, create additional transit opportunities and revitalize areas around existing and planned stations. While the current plan considers social equity criteria, equitable principles were not always evident, and they did not come by accident. The Baltimore Neighborhood Collaborative (BNC) has helped shape the plan so that local residents' needs and interests are reflected.

The BNC initiated a community-based TOD effort to provide input to Baltimore's Regional Rail System. This Transit-Centered Community Development Initiative began in 2004. The initiative's goal is to make sure that the improvements made to the transit system yield maximum benefits for existing residents and communities around existing and future transit stations. The BNC has ensured these goals by involving residents of communities to be affected by the transportation plans, building coalitions with stakeholders, and convening community planning workshops. Local input has clearly influenced the plans of the new Baltimore Regional Rail System. It is hoped that the revamped rail system will include TOD projects at the most depressed areas around existing and proposed stations that will bring thousands of jobs, business opportunities, and civic services for local residents.

*Parking* . Reducing automobile reliance and parking needs are key goals of TOD, yet local zoning and planning standards typically favor high parking ratios. Commuters and business owners—as well as community

development lenders—often insist on ample parking. How should the TOD balance the need for efficient land use with the demand for parking spaces? Should the project reduce the amount of parking or attempt to preserve parking by constructing more expensive multi-story garages instead of parking lots?

And the following rules of thumb can help proponents of equitable TOD as they engage in TOD planning process:

*Know Your Station* . Effective research at the early stages of TOD planning can forecast the effects of TOD and determine how to address community need. Transit is often one of the hidden strengths of urban neighborhoods. Advocates can build their case for TOD by assessing how well local and regional transportation networks are—or aren't—serving the neighborhood. The transit authority should have data on ridership levels and patterns. Research an area's demographics (young people, senior citizens, the disabled, and carless low-income residents especially rely on public transportation), how residents get to and from transit stations, and riders' destinations. This data can also be useful in attracting businesses to the area and negotiating with the transit agency. Community data intermediaries and universities can be very useful for this sort of analysis. The website of the [National Neighborhood Indicators Partnership \(NNIP\)](http://www2.urban.org/nnip/) (<http://www2.urban.org/nnip/>) is a good place to start looking for these resources in your community. NNIP has 29 local partners and hundreds of affiliates. If you are advocating TOD for a transit line that is not yet built, find out everything you can about the

proposed station. What are the plans for parking? How will a development affect traffic patterns? Who is the expected ridership? What will the service schedules be?

*Secure a Seat at the Table*. When a transit agency and/or a jurisdiction is taking the initiative to plan and encourage a TOD, then the community's main role may be to participate in the process, steering it in the direction of equitable development and community benefit. At a minimum, it is crucial for advocates to attend every public meeting or hearing on a proposed TOD, including public meetings of metropolitan planning organizations, transit agencies, and municipal planning boards—but community representatives should also strive for leadership roles and full inclusion in the decision-making processes. The best way to get involved on a regular basis is to join advisory boards and committees.

*Work Your Way Up*. Alan Hipólito, of Portland, Oregon, was participating in the Interstate Avenue light rail line's advisory board when he learned that consultants were starting the station area planning process six months before a working group with community representatives was scheduled. Hipólito agitated until he was appointed to the technical advisory committee overseeing all the working groups. He says his assertiveness got him—and a critical community perspective—into the process three months earlier than otherwise planned.

*Don't Rest on Your Laurels*. When Hipólito joined the station area planning process, he found that key language about community benefits and displacement had been dropped or weakened from the Urban Renewal Area plan. He fought to restore community benefits language to the plan, as well as the request for qualifications (RFQs) that would be issued when specific pieces of land went up for sale.

*Look for Key Leverage Points*. While advisory boards or community representatives may not be in formal positions of power, they can nonetheless influence elected officials and municipal agencies. Identify what is important to those in positions of power (funding for a light rail line, for example) and insist on concrete community benefits in return for supporting these priorities. It is important to keep in mind that even private development almost always requires some public investment—if not in the project itself, then in the form of road modifications surrounding the site; or upgrades or additions to water, sewer, or other supporting infrastructure to meet the needs of an influx of new residents, for example.

## **Community-Led TODs**

A number of community development corporations (CDCs) are stepping up to the plate to lead TOD partnerships or develop projects on their own. Since revitalization, job creation, resident organizing, and asset-building are typical goals of these mission-

driven organizations, their engagement in TOD has great potential to bring benefits to current neighborhood residents.

Many community groups have recognized that transit is an untapped catalyst for neighborhood revitalization. The work of Bethel New Life in Chicago exemplifies this asset-based approach. Bethel New Life has been a leading faith-based community development organization in the West Garfield Park neighborhood for over two decades. When the Chicago Transit Authority (CTA) proposed discontinuing Green Line train service through the neighborhood, Bethel New Life realized how valuable their local Lake Pulaski transit stop was to the low-income community. For years, the group had been fighting to keep the station open, but they now saw the station's potential to become an anchor for a vibrant, mixed-use development. The group launched a series of development projects in partnership with CTA, opening Bethel Center, a \$4.5 million mixed-use facility, in 2005 after 10 years of ground work that included organizing, advocacy, lobbying, and planning. To date, the CDC has built 50 homes within walking distance of the Lake Pulaski station that are affordable to low- and moderate-income homebuyers. The TOD also includes stores, a community technology center, child care services, and a financial literacy center. Bethel Center incorporates a focus on green building design, and is registered under the LEED (Leadership in Energy and Environmental Design) Green Building Rating System. Bethel New Life plans to add 66 new affordable condominium units and construct a Lake Pulaski Commercial Center on the site of an old building facing the transit stop.

Other groups are working to turn conventional development proposals into equitable TOD projects. A coalition in Oakland's Fruitvale community, for example, launched a transit village project in response to a proposal to build a massive parking garage at the Bay Area Rapid Transit (BART) station in the heart of their neighborhood. Fifteen years later, the finished product—the Fruitvale Transit Village—reflects the interests of Fruitvale residents, BART, and the city.

A community-initiated TOD involves collaboration and coalition-building, because it still needs the support of the transit agency, local government, and community stakeholders—all of whom may have different priorities.

## Important steps include:

**a. Identify community goals.** It's important, says Fernando Martí, a planner with Urban Ecology in Oakland, California to help the community articulate its own overall vision separate from specific land use and transit ridership goals. That way when residents encounter the various priorities of landowners, city agencies, the transit authority, and developers, they are starting from a clear idea of what's important to them. For example, residents in San Francisco's Visitacion Valley neighborhood

engaged Urban Ecology in 1999 to help them put forth a community vision in response to Home Depot's plans to locate on a vacant 13.5-acre industrial site (the former location of a door lock manufacturer) adjacent to the planned terminus of the Muni Third Street Light Rail (which was completed in 2007). Through a comprehensive [community planning process](http://www.urbanecology.org/downloads/UE_Visitacion_Valley.pdf) ([http://www.urbanecology.org/downloads/UE\\_Visitacion\\_Valley.pdf](http://www.urbanecology.org/downloads/UE_Visitacion_Valley.pdf)) (funded in part by a Transportation for Livable Communities grant from the Metropolitan Transportation Commission), it became very clear that the neighborhood was in desperate need of a grocery store, which eventually became a centerpiece of the community's proposals.

#### **b. Create a community plan to help generate support from residents and leaders.**

Approaching station-related development holistically (versus in isolated meetings with different government agencies) encourages community involvement. Conducting a comprehensive inventory of existing neighborhood assets—active block associations or faith-based groups, neighborhood entrepreneurs, vacant land parcels for potential housing or park development—can build interest among residents and create a sense that change is possible. Elected officials and agency leaders are also more likely to respond to concrete, positive suggestions than to protests focused solely on what the community doesn't want.

**c. Offer—and fight for—alternatives.** Community groups in Chicago and Oakland began by fighting proposals that were harmful to their neighborhoods. In both cases, the community created alternative plans based on equitable TOD principles, and advocated for redevelopment that would more directly benefit local residents.

#### **d. Build productive relationships with government.**

Community-led TOD still requires government involvement at multiple levels. If a new transit line is being built, participating in the planning as early as possible gives communities the chance to learn about the issues and push for decisions and designs that support their own plans for the area.

**e. Find creative solutions.** If a local jurisdiction has not previously considered TOD, there may be bureaucratic obstacles, including zoning requirements for maximum densities, preferences for auto-focused street design, mixed-use prohibitions, and minimum parking ratios. But municipal codes can sometimes prove unexpectedly helpful: Bethel New Life, for example, discovered a little-used city exemption that allowed for lower parking ratios near transit stops. Communities should identify existing TOD-friendly provisions, determine their needs, and research other areas that have successfully implemented similar plans.

“ It helped that [the owners saw] they had a community that was willing to be supportive-if they were able to get what they wanted out of it. Or they could be really annoying if they wanted to”

-Fernando Marti,  
discussing TOD planning  
in San Francisco's  
Visitation Valley  
Neighborhood

### **Securing Community Benefits around TODs**

Community benefits requirements can help create a healthy neighborhood by linking low-income residents to the economic and housing opportunities created by the TOD, protecting against displacement, and ensuring community-friendly station area design. Such requirements can be secured through formal community benefits agreements (CBAs) or through informal negotiations. CBAs are legally binding contracts between developers and communities that detail the commitments that the developer is making around concerns such as living wage jobs, local hiring, affordable housing, services, and other issues brought into the negotiation by the community. They are generally negotiated for development projects receiving large government subsidies—to ensure that public funds are held accountable to low-income communities—although some CBAs, such as Ballpark Village in San Diego, have been negotiated for privately funded developments. CBAs are almost always negotiated by broad community coalitions that include labor unions, affordable housing developers, environmentalists, and neighborhood advocates, along with policy groups and researchers. The coalitions bring to the table their organizing power and ability to use the planning and permitting process and the media to delay projects if developers do not work with them to move forward the community's vision for its future.

Community benefits coalitions often secure multiple commitments around TODs. The Valley Jobs Coalition, for example, negotiated a CBA around the NoHo Commons mixed-use, mixed-income development around the North Hollywood Red Line Subway Station in Los Angeles that creates an extensive local hiring system, ensures that 75 percent of jobs pay a living wage, provides job training programs and child care, and constructs 162 affordable housing units, including 28 for very low-income residents.

Once community benefits agreements are in place, it is important to focus on monitoring and implementation. Unless the agreement includes dedicated funding for community benefits provisions, these benefits may take a backseat to other priorities like return on investment or maximizing tax revenue.

Important community benefits that can be incorporated into TODs include:

**a. Anti-displacement and affordable housing protection.** A successful TOD will likely raise land values—and spark an increase in housing prices that may make it difficult for existing residents to stay in the area. Anti-displacement measures—along with recommendations on how to fund them—should be essential parts of any TOD plan and can be included in CBAs negotiated around TODs.

Anti-displacement measures should be based on an analysis of neighborhood change. Advocates need to carefully assess how and where land values are likely to rise, identify which areas will

be most vulnerable to gentrification and cost increase, monitor the current affordable housing supply, and track housing market trends. This assessment can inform decision-making regarding what strategies will best help existing lower-income residents stay in their homes. Preservation of existing subsidized housing may be a priority if it makes up the bulk of the affordable housing. Property tax increase exemptions could help stabilize low-income homeowners. A combination of market controls, development of community-controlled housing, and inclusionary zoning can create and preserve affordability of private, non-subsidized housing. CBAs can require and fund studies of how the TOD and other development efforts will impact land prices and low-income residents in the neighborhood. The Ballpark CBA in San Diego included such a [provision](#).

The production of additional affordable housing units is also essential for building mixed-income TODs. A number of specific policies can support the inclusion of affordable units in TODs, in addition to existing policies such as [inclusionary zoning](#), [housing trust funds](#), and [community land trusts](#). In addition, various types of homeownership and resident controlled housing options can not only stem displacement, but also help residents capture some of the value of incoming investment.

**b. Living wage jobs for residents.** TOD and related transit infrastructure improvements create large numbers of temporary jobs (like construction) and permanent positions (like retail, service, office, security, and maintenance jobs) that businesses occupying the TOD will eventually require. Requirements or incentives can ensure that these are good jobs that pay a family-supporting wage and offer benefits, and that they go to neighborhood residents. Mechanisms to connect these jobs to local residents include: local hiring standards or agreements; recruitment protocols; priority notification; establishment of local recruitment and notification centers; job training programs; contractor standards; extension of prevailing wage and living wage to privately funded jobs. Ideally, local hiring agreements set out specific goals for the percentage or number of jobs that will go to local residents. Advocates can also maximize community job benefits by negotiating hiring requirements for local and minority-owned contractors, suppliers, and similar firms.

**c. Prioritizing community-based developers.** A city or community group may put out a "Request for Qualifications" (RFQ) regarding a site for potential development. Nonprofit community developers or for-profit developers that have established a partnership with a nonprofit developer should receive priority consideration in the RFQ process. This can be an explicit preference, similar to the way some states award nonprofits extra points in their Low Income Housing Tax Credit allocations. In other cases, where an RFQ calls for community experience, knowledge, and participation, a nonprofit developer's expertise in these areas may render it the best candidate outright.

The Fruitvale Development Corporation, for example, received special consideration in Oakland's Fruitvale TOD project because of its demonstrated commitment to community.

**d. Enhancing neighborhood-serving retail.** The retail component of TODs creates an opportunity to bring needed businesses or services to the community while allowing residents to reduce car dependency. Many low-income neighborhoods lack convenient access to grocery stores, drug stores, and banks, for example, and child care, community centers, job or language training sites, and schools can all be an integral part of TOD. CBA coalitions can assess what businesses and services are needed and advocate for their inclusion in the development plan. In San Diego's Ballpark Village CBA, for example, the community coalition won a [provision](#) that the developer would make a good-faith effort to recruit a unionized grocery chain that pays living wages and benefits.

**e. Preserving station accessibility.** TOD can have unintended consequences other than affect station access. The development atop MARTA's (Metropolitan Atlanta Rapid Transportation Authority) Lindbergh Center station in Atlanta includes shops, restaurants, rental and ownership housing, office and hotel space, and has a gridded pedestrian-friendly street network. Unfortunately, it has also attracted enough additional traffic to necessitate the construction of a new eight-lane, heavy-use arterial road that will ultimately separate the surrounding low-income communities—who have always relied on MARTA—from the station.

TOD planners must take into account a station's current ridership, not just potential new users. How do people without cars get to the station? Since riders in many systems depend on bus-to-rail connections, bus lines should not only stop near a train station but should be integrated into the station design to offer bus passengers a smooth transfer. A TOD design should also improve bicycle and pedestrian access from the surrounding residential areas. The San Francisco Bay Area Rapid Transit District's [TOD Guidelines](#) includes a section on station area access.

**f. Improving the neighborhood environment.** Transit-rich communities have often suffered from air pollution, contaminated industrial sites, and absence of public space. In San Diego's Barrio Logan neighborhood, residents carried out civil disobedience to win a park under the San Diego-Coronado Bay Bridge. In Boston and many other places, activists are calling for TODs to be accompanied by pollution-reduction measures such as buses that run on compressed natural gas. TOD plans should include commitments to clean up polluted land, improve air quality, and create green space.

## Commercial Stabilization in TODs and along Transit Corridors

The nature of the commercial areas that are a part of the TOD—both around individual stations and along transit corridors—plays a critical role in defining a community's character, culture, and local economy. In Seattle, for example, certain business districts along the Southeast Transit Corridor are important centers for immigrant-owned small businesses that help to anchor the ethnic and racial diversity of the community—something that the community wishes to maintain and support. New TOD developments may attract upscale retailers that bring jobs and foot traffic to the area, but also increase gentrification pressure and compete with longstanding businesses. [Commercial stabilization](#) efforts can be launched in tandem with TOD planning to ensure that the commercial and retail components of TOD serve the needs of neighborhood residents, support existing small businesses, realize a community-driven vision for the future of the area, and help the neighborhood withstand gentrification pressures.

Effective commercial stabilization can:

support the growth of privately owned neighborhood businesses that benefit residents and contribute to a positive cultural identity for the neighborhood;

- build upon the existing assets of the district by supporting the growth of existing businesses and cultural institutions;
- preserve the availability and affordability of products, goods, and services needed by the surrounding communities; and
- ensure that the businesses that thrive are the ones that will contribute to the stability of neighborhood retail options.

There are an array of commercial stabilization strategies:

*Business assistance* provides training, counseling, and technical support to the businesses with the greatest potential to grow and contribute to the community.

*Façade improvement* elevates the physical appearance of storefronts and can be used to reinforce the identity of a commercial corridor. The most effective programs offer design assistance and educate merchants about the accompanying marketing opportunities. "Main Street" programs, as they have been adapted for urban neighborhoods, are a good example.

*Preservation of cultural facilities* complements business establishments by reinforcing the cultural identity of the neighborhood, creating a destination that can attract potential business, and providing a centerpiece around which to plan other stabilization efforts.

*Streetscape improvements* acknowledge the importance of the space between stores in creating a pleasant shopping experience,

and are notably the purview of municipal government.

*Business attraction and commercial real estate development*, when conducted in a way that supports a community-based commercial stabilization effort, can rebuild the economic engine of the neighborhood. Equitable TOD advocates can choose TOD retail tenants that complement rather than compete with established businesses in the surrounding communities.

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## Key Players

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The conception, planning, and implementation of TOD involves a variety of stakeholders.

**Transit Agency.** The transit agency has three major roles in TOD: it operates the transit itself, holds responsibility for any changes to the station and station parking, and may own land surrounding the station and its right of way. Transit agency priorities are usually to increase ridership, serve existing riders, and earn money from leasing their land.

**Local Government.** Local government is responsible for any zoning changes, incentives, and other legislative and procedural aspects of TOD. Infrastructure improvements typically also require public investment. Local jurisdictions appreciate TOD's potential to create jobs, reduce congestion, and increase the tax base.

**Private Developers.** Developers can be attracted to TOD for a variety of reasons. Some merely want to take advantage of density bonuses or other incentives. Others are familiar with the principles of TOD from the start and see it as a good investment. A TOD project may have one or many developers. Developers' concerns are generally financial return, reputation, and ease of development.

**Residents.** TOD can offer existing community residents new opportunities and improved quality of life—or displacement and further exclusion. Residents have first-hand knowledge of local transit service and community needs; they should be involved at all stages of the TOD process, especially initial goal-setting and reviewing development proposals.

**Community Groups.** A wide range of community organizations—including community development corporations, social service agencies, and environmental and transit advocacy groups—should be actively involved in the TOD planning process. These groups can help organize local resident and business participation, and also keep developers accountable to the community.

**Local Businesses** . Local businesses in a station area often serve current transit riders and are interested in how TOD will affect their customer base; owners can provide insight on pedestrian and shopper patterns.

**Nonprofit Developers**. Nonprofit developers can serve as the main developer, as in Oakland’s Fruitvale Transit Village project, built by the Unity Council. Nonprofit can also participate on a team of TOD developers, focusing on affordable housing or other community-oriented aspects of the project.

**Non-local Government**. Federal, state, and regional agencies—including quasi-governmental entities like metropolitan planning organizations (MPOs), public authorities, and economic development corporations—can play a variety of roles in TOD, including land assembly, zoning considerations, infrastructure improvements, environmental regulation, and project financing.

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## Challenges

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**Rising Land Prices.** Because of the growing demand for housing near transit, land prices now increase as soon as a plan for a new station, or even increased service, is formalized. Anti-displacement measures are most effective and nonprofit developers can compete better when land prices are still low.

**“Highest and Best Transit Use.”** Transit agencies are required by the Federal Transportation Administration (FTA) to put land purchased using federal funds to the “highest and best transit use.” Traditionally, “highest and best use” has been interpreted to mean the use that generates the most revenue—limiting the ability to plan for mixed-income TODs. Since 1997, however, the FTA has defined highest and best transit use more broadly as a project that benefits the transit agency through a combination of program revenues and increased ridership. Since low-income residents use transit more than higher-income residents, the development of affordable homes near transit stations can generate ridership. Regional and community benefits can and should be considered elements of highest and best transit use.

**Developer and Lender Assumptions.** Despite growing awareness of TOD, many developers and lenders remain unfamiliar with these types of projects. Lenders can be especially nervous about commercial developments with low parking ratios, even when local zoning officials have waived standard minimum parking requirements. This skepticism can make TOD financing a challenge.

**Commuters.** Transit stops, especially train stations, often serve a wider area than their immediate neighborhood and a cross-section

of users with potentially different priorities for the site. Commuters who drive to the station from a neighboring suburb, for example, may view a transit stop as more of a “node” than a place”; they may be less invested in the aesthetic and community atmosphere of the station area and instead favor retaining a large amount of convenient parking. Commuters are also essential riders, and good TOD design can encourage them to support the station area economy by directing them through pleasant, bustling commercial areas between the station and parking facilities.

**Market Forces.** The success of TOD ultimately hinges on market forces. Effective TODs will leverage land use policies, building codes, parking ratios, and design standards to maximize transit ridership, commercial success, and economic opportunity.

TOD is not possible everywhere. Sprawling localities may lack the transit infrastructure necessary for dense, mixed-use development, and ridership projections must be high enough to justify transit agency investment in a new or upgraded station. Additionally, while walkability and reduced auto dependence are key goals of TOD, it can be difficult to attract business or institutional interest to a development with too few parking spaces provided. The challenge of successful TOD is balancing equity and quality-of-life goals with economic vitality and market realities.

**Existing Zoning.** Zoning ordinances often prohibit the mixing of land uses (commercial, residential, etc.), require large amounts of parking, or restrict building density. Most TODs require variances that recognize the surrounding area as a special transit zone. Examples of successful TOD-related waivers can help persuade skeptical zoning boards to consider creative solutions to bureaucratic obstacles.

**Design and Form.** By itself, proximity of a transit station and a commercial area will not meet the objectives of TOD. Effective TOD requires careful consideration of street patterns, storefront designs, pedestrian walkways, bicycle paths, crosswalks, station entrances and exits, and a host of other design factors. Pathways should link the station and surrounding neighborhood visibly and physically—and enhance access by a variety of transportation modes, including pedestrian, bicycle, and bus.

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## Success Factors

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**Create the Right Mix of Uses and Build Ridership and Demand.** TOD projects are most successful when certain amenities—clusters of businesses or strong institutions like schools, hospitals, or community-based organizations— draw visitors and residents and increase ridership along the transit line. Determining the complementary mix of businesses and institutions

is an important community planning process and involves cooperation from many levels, including community residents, merchants, institutions, and transit authorities. Public education about the value of TOD is also critical. In Boston's Jamaica Plain neighborhood, a proposed supermarket near a transit stop faced significant opposition from the area's mostly Latino small and mid-sized grocery store owners. However, with community planning and cooperation, the merchants were able to work with the supermarket to offer niche products to the Latino market, complementing rather than competing with the existing stores.

### **Organize Residents for Meaningful Community**

**Involvement.** As with any redevelopment project, resident involvement will be effective only if it begins before key decisions have already been made—and continues throughout the process. It is also important to recognize that different neighborhoods and different constituencies may have different needs. In the Visitacion Valley neighborhood in the San Francisco Bay Area, for example, homeowners near a transit stop were concerned about useful retail and cleanup of a potentially toxic site, while local jobs were the priority of residents of a nearby housing project.

**Develop Clear Ambitions—but Set Realistic Goals.** The possibilities and vision for a development must take into account the reality that TOD requires a broad range of partners, a complex approval process, multiple funding sources—and perhaps some compromises. Equitable TOD goals should be clear and community-focused, but also practical.

**Be There at Every Stage.** It is absolutely essential, says Alan Hipólito, formerly of Hacienda CDC in Portland, for community advocates to get involved early and stay involved throughout the TOD process. This requires considerable commitment, as TOD projects can take up to 10 years to come to fruition. Well-crafted goals do not automatically translate to implementation. Community groups and local residents must be vigilant in following through on details and evaluating each step of the development process to ensure community benefits.

**Introduce Anti-Displacement Early.** Gentrification is harder to manage—and displacement harder to prevent—once land prices have already risen and housing costs soared. Fortunately, TOD often has a long timeline, which makes a market increase somewhat easier to predict. In order to take full advantage of this lead time, a TOD plan must take early action—securing land for affordable housing before price increases, preserving subsidized housing before its owners see an incentive to privatize—to prevent resident displacement. Effective anti-displacement measures will help create and preserve a diverse, mixed-income transit village.

**Focus on People and Function, Not Formulas.** Since each TOD (and surrounding community) is unique, a project should measure success according to its own clear goals—not impersonal

“Units per acre is a measure of physical form that tells us very little about the way a place functions: a high-density area can easily be less pedestrian-friendly than a low-density one. In contrast, the ability of residents to make fewer trips, own fewer cars, breathe cleaner air, and enjoy more parks are all functional outcomes that can be measured.”

-From *Rhetoric to Reality*, The Brookings Institution, 2002

formulas for density or distance. The report [\*Transit Oriented Development: Moving From Rhetoric to Reality\*](#), from the Brookings Institution and Reconnecting America (formerly the Great American Station Foundation), cautions that TODs can fail if they focus on the physical instead of the *functional* aspects of the development. The authors argue that TOD should be considered more “people-oriented” than “transit oriented” development, and offer six performance criteria to evaluate project functions and outcomes:

- *Location Efficiency* . Increase mobility choices, transit ridership, and options to meet retail/service/employment needs of the community within close proximity. Reduce auto use and ownership and transportation costs.
- *Value Recapture* . When residents and local governments spend less on cars and parking, they can spend more on things that recapture that value for the community, such as homeownership, streetscaping, parks, or other community amenities.
- *Livability*. Improve air quality, traffic congestion, and access to opportunities.
- *Financial Return* . All parties involved in the TOD—public, private, and the community—should realize financial and social returns.
- *Expanded Choice* . Diversity of housing types that reflect the regional mix of incomes and family structures; variety of retail options that meet the needs and desires of residents; and balance of transportation options.
- *Efficient Regional Land Use Patterns*. Channel growth to places that are suited for it, reduce regional traffic congestion, and reduce burdens on infrastructure.

**Get the Density Right.** Higher density that encourages pedestrian travel and effective transit use is a key component of TOD. At the same time, cautions Jeff Rader of the Atlanta Homebuilders Association, TOD can fall prey to “dysfunctional density,” where zoning permits such high density that land prices skyrocket until it becomes too expensive for anything but high-end offices or large-scale shopping centers that require more customers than the transit line can provide. Density should be a means to create vibrant, equitable development—not pursued for its own sake.

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## Financing

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Equitable TOD involves a complex financing structure because these projects are always partnerships among public and private entities—each with a different financial objective and thus a different bottom line. A transit agency may seek to simply break even financially through revenue from the land it contributes to a project (also called “joint development”) or parking fees from higher density garages. An affordable housing developer will need

government subsidies to include certain quantities and types of below-market rate units. Private developers—and their lenders—may have one set of financial expectations for the market-rate housing, another for the affordable housing, a third for the commercial space, and still another for the office component. They may be able to forgo high rates of return on one aspect of the project or another, but overall the project needs to produce a reasonable return on investment to be financially viable for private investors. All of these pieces need to fit together to give the developer sufficient incentive to build, while also allowing public and nonprofit partners to realize their social and financial objectives.

## Challenges

Although TOD is becoming a more popular development “product,” higher-density, mixed-use projects such as TOD are still not the norm. Challenges to financing equitable TOD include:

- TODs are large, complex, take a long time to complete, and involve a high level of uncertainty and risk—making it hard to attract private financing.
- Extensive new infrastructure is required for most TODs, which affordable housing developers generally cannot pay for alone.
- Local land use regulations and controls in most municipalities—including the zoning and permitting processes, as well as parking requirements—are usually cumbersome and unsupportive of mixed-income TOD.
- Subsidies for affordable housing at the federal level and for most states have decreased in recent years.
- Land prices around transit stations increase once a new transit line is announced, and affordable housing developers lack the funds to acquire and assemble this land.
- There are few financing tools for the commercial components of TOD development in low-income communities.
- Higher population density in TODs is necessary to offset the costs of development, but can generate community opposition to the project.
- Transit agencies must be involved, but neighborhood planning and real estate financing and development are new functions for them.

## Sources of TOD Financing

Because TOD involves a mix of development types (residential, commercial, retail, open space, transit stations, etc.) and often a range of public agencies, private interests, and broad community involvement, TOD developments almost always require a diversity of funding sources. The primary sources of TOD financing include:

### 1. Private partner equity and debt.

*Equity.* Private developers and/or investors make long-term equity investments into TOD projects with the expectation of earning a

financial return on their initial investment. These equity investors are the owners of the project, and they receive the share of the profits that remains after debts have been serviced. If they do not have enough equity for the project, they can look for equity from other individuals and entities such as foundations and public agencies. About 10 to 25 percent of TOD financing generally comes from private equity investments.

*Debt.* The remaining funding for a TOD project comes from loans, including short-term construction loans and long-term permanent loans that last for five to thirty years after the project is constructed. Many TOD projects also use some form of “gap financing,” such as bridge or mezzanine loans, to cover the period between the construction and long-term loans. The ability to secure a loan and the terms of the loan will depend on how risky the project is perceived by the potential lender. Some TOD developers, for example, take out bridge loans with the expectation of demonstrating the viability of the project and obtaining long-term financing at better terms. The community reinvestment arms of banks, and other lenders like Fannie Mae that are used to financing community development, are often receptive to funding TOD housing elements. (Fannie Mae’s American Communities Fund is particularly applicable to TOD.)

**2. State and local funding and incentives.** State and local financing is often essential for TOD. There are many different funding mechanisms, including bond financing, tax increment financing, housing incentive programs, and the prioritization of TOD within standard transportation and community development sources. In addition to providing direct funding for TOD, government agencies can provide market-based incentives to private investors such as tax credits, exemptions abatements, and deferrals. Tax increment financing (TIF) has emerged as an important tool for TOD and is discussed below. See Policy [ADD LINK TO SECTION] for descriptions of other innovative state and local funding programs.

*Tax Increment Financing (TIF)* . TIF is a tool that many municipalities use to fund redevelopment and community improvement projects; TIF is less commonly but sometimes used to fund [anti-displacement and affordable housing preservation strategies](#) in neighborhoods that are experiencing or are likely to experience gentrification. As a public financing tool, TIF banks on the expectation that improvements made to an area will lead to an increase in local tax revenues (from property taxes, sales tax receipts, or both). Legislation in all states except Arizona enables local governments to designate special TIF districts in areas that are slated for revitalization. In these districts, the tax base is frozen at the pre-redevelopment level and increases in tax revenues that come after the new infrastructure or project is in place—the increment—are set aside to either pay off bonds issued to finance the redevelopment or to go toward future improvements. TIF has been used to fund various aspects of TOD

projects: the water and sewer infrastructure and sidewalks at Atlantic Station in Atlanta, parking lots at Arlington Heights in Chicago, and the Interstate MAX light rail line in Portland were all funded by TIF.

While TIF is a promising source of local public funds for TOD, there are reasons to be cautious when using TIF for equitable TOD. Neighborhood economic conditions are only in part determined locally—in a slowing economy, tax revenues may stagnate and delay TIF allocations. In addition, an over-reliance on restrictive TIF funds for non-housing improvements could limit the ability to ensure that mechanisms are put in place to limit gentrification and ensure that residents benefit from the investment. In Portland, TIF allocations enabled a north-south light rail line to be built, increasing access and mobility for residents of the North-Northeast neighborhood. But the timing of the allocations and restrictions on the funds meant that the city was unable to use TIF to meet local affordable housing needs and stabilize residents before housing prices and land values began to rise.

When TIF is used, a portion of the funds should be specifically earmarked for community benefits like affordable housing, parks, or local hiring programs. Recognizing that a successful TIF project is likely to decrease housing affordability in the area, some states and municipalities have passed legislation requiring that a minimum percentage of the TIF funds go toward affordable housing within TIF districts. [Utah](#) and [California](#) both mandate that 20 percent of TIF funds go toward affordable housing, and [Portland](#) scored a huge victory in spring 2007 when the city council adopted a policy to dedicate 30 percent of TIF funds collected in urban renewal districts to housing that is affordable to households with incomes below 80 percent of the area median ([see the Case Study](#))

**3. Federal funding.** Multiple federal agencies can finance transit oriented development including the U.S. Department of Housing and Urban Development, the Federal Transportation Administration (FTA), the U.S. Department of the Treasury, the Federal Home Loan Bank, Fannie Mae, and Freddie Mac. These agencies provide assistance through a number of mechanisms including direct investment, below-market-rate loans, grants, interest rate buy-downs, loan guarantees, and tax-credit programs.

**4. Income generated by the project.** The TOD project itself is income-generating. If the TOD project is built on government-owned land and/or includes public facilities, those assets can be leveraged to generate income for the project. Land leases can bring in rents, for example. The commercial components of the TOD will generate additional property, sales, and other tax revenues, which can be captured through tax increment financing.

**Overcoming TOD Funding Challenges.** Advocates and

“As a financing tool, TIF is great, but the challenge is competition for funds. If there is not a written requirement, the housing money goes out the door.”

-Michael Anderson,  
Community  
Development Network,  
Portland, OR

community developers of equitable TOD can do a number of things to make a strong case for TOD, demonstrate a market, and convince investors that the project will be self-sustaining with its equity-oriented features.

**Prepare a strong business plan.** A well-conceived, detailed business plan—including short- and long-term financing, tenancy goals and plans to achieve them, and the project’s broad vision—is key. Once lenders and investors commit to a TOD and construction begins, the project must be able to attract the forecasted businesses and other tenants. Failure to do so can skew estimates of projected revenues and jeopardize the project.

**Be or find the right developer.** A TOD’s comprehensive vision is often formalized by a development team with collective expertise in construction issues, zoning regulations, legal issues, market dynamics and financial risk. Experience is an invaluable asset for the development team, not only in moving forward with the project and navigating obstacles, but also in reassuring investors that the project is in able hands. Developers with long-established reputations for excellence and success in “risky” projects have far greater opportunities for securing financial backing than developers with relatively little experience or an unimpressive track record.

**Plan “acceptable” mixed use.** Mixed use is central to TOD. Unfortunately, conventional lenders are hesitant to fund mixed-use projects. Typically, investors prefer “horizontal” to “vertical” mixed-used configurations. Vertical mixed use is defined as development in which different levels of the same building house different uses (like retail on the ground floor and housing on upper floors). There is no definitive evidence suggesting that this type of development is less profitable or favorable, but it is a relatively new concept in many areas throughout the United States. Lenders tend to be more amicable to horizontal mixed use (characterized by separation of uses by building). Creative site plans can offer density, walkability, and attractive design in either horizontal or vertical mixed use; a TOD project’s final design should consider aesthetics, community benefit, *and* the concerns of potential funders.

**Secure tenants early.** One of the best ways to highlight the project’s market viability is to sign up as many commercial tenants as possible as soon as possible. (Lenders are especially impressed if a project attracts tenants before construction even begins.) This will go a long way not only in ensuring the appeal of a TOD project, but also demonstrating competency of the development team.

Lenders also consider tenants’ financial stability and reputation. Investors want to be sure a tenant can pay the rent over the long haul. This can be challenging in an equitable TOD project that aims to provide opportunities for small, locally-owned businesses and new entrepreneurs that lack the track record of established

firms or the reputation of national retailers. Reluctance to deal with lesser-known merchants can often be mitigated by a formal commitment from tenants to pay rent even if their businesses fold, drafting lease agreements that exceed the life of the debts.

**Build in phases.** Successful TOD projects will appreciate in value for a longer period of time than many conventional developments. Unfortunately, TOD also needs to begin producing revenue almost immediately in order to secure more funding and allow developers to pay off large debts. Planning TOD in phases may mitigate this problem. Early-stage revenue from market-rate commercial tenants could be used to subsidize affordable housing units, community centers, or other beneficial projects.

**Give TOD a good name.** Many lenders may still be somewhat skeptical about TOD. Auto-focused development is thought to be a reliable investment because it has a long record of financial success all over the United States. If a suburban strip mall loses money, its failure is seldom blamed on sprawl and automobile dependence. TOD does not enjoy this level of security; one project's failure might cause lenders to question the feasibility of such a development approach—an assumption that may threaten the lending and investment prospects of future TOD. As TOD grows more popular and more projects prove financially successful, lenders will become less hesitant. A track record of TOD success will encourage further private investment.

**Highlight double bottom line benefits of TOD.** As discussed in the "[Why Use It](#)" section, many goals of TOD—such as neighborhood revitalization and improved resident mobility—are not pursued solely for profit. But the social and community outcomes of TOD still contribute to economic success: local businesses benefit from increased residential and worker density, foot traffic, easier access, and improved infrastructure.

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## Policy

Public policies at the federal, state, and local level play a large role in facilitating or hindering equitable transit oriented development. Transportation, housing, and economic development policy can include goals, incentives, and requirements for critical equitable TOD issues such as the development of affordable housing near transit, transit access for low-income people, and displacement prevention.

### Federal Policy

The federal government lags behind regional and state policy in

facilitating TOD, but plays an important role in financing transportation improvements that may lead to TOD, establishing criteria for transportation and affordable housing projects, monitoring policies and tools, funding research on best practices, and promoting collaboration between the public and private sector and among different levels of government.

### **The Federal Transportation Bill: SAFETEA-LU and the 2009 Reauthorization.**

In August 2005, Congress reauthorized the federal transportation bill (TEA-21), as the Safe, Accountable, Flexible, and Efficient Transportation Act (SAFETEA-LU). SAFETEA-LU provides \$286.4 billion in transportation funding for the next six years—\$52.9 billion of which (a significant increase over TEA-21) supports public transit maintenance and development. The Federal Transit Administration (FTA) and the Federal Highway Administration (FHA) administer 108 separate programs funded by SAFETEA-LU. Although none of these programs are specifically oriented toward TOD or joint development, the federal transportation bill supports TOD planning and development through:

- FHA's [Transportation, Community and System Preservation Program](#) (TCSP) makes transit oriented development plans and capital projects eligible for federal funding, and gives priority consideration to projects that integrate transportation programs with community preservation and environmental activities, including transit oriented development plans;
- FTA's Capital Investment Grant programs ("New Starts" and "Small Starts"), which fund rail and bus system improvements, explicitly consider existing transit supportive land use planning when evaluating applications; and
- FHA's Congestion Mitigation and Air Quality (CMAQ) program helps localities meet the requirements of the Clean Air Act (CAA) and its amendments by funding transportation projects that reduce mobile source emissions in areas that do not meet national air quality standards.

The upcoming reauthorization of the federal transportation bill provides an opportunity to increase federal support for equitable TOD by removing barriers to and creating incentives for the development of mixed-income TODs. Advocates can play an important role in pressing for policy reforms. For example, the criteria for selecting projects could award extra points for the production of affordable housing near transit.

### **Low-Income Housing Tax Credits (LIHTC) Allocation**

**Criteria.** The federal LIHTC is the most important source of funding for affordable housing in the United States providing states with the ability to issue tax credits to equity investors in affordable housing acquisition, rehabilitation, and construction. Each state sets its own criteria for allocating these tax credits to developers, making it possible to reward TOD projects. [Twenty-eight](#) states require transit access in their allocation. California's LIHTC allocation committee, for example, scores developers higher

if their project is close to transit, especially stations and lines that offer frequent service.

## State Policy

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States can play an important role in promoting equitable TOD through their smart growth, transportation, housing, and infrastructure policies and funding sources. The following examples describe innovative state policies to incentivize TOD planning and development.

### *California*

[Transit Oriented Development \(TOD\) Housing Program](#). In November 2006, California voters approved Proposition 1C, the Housing and Emergency Trust Fund Act of 2006, which authorized bonds for new and existing affordable housing programs, including \$300 million for mixed-income housing in TODs across the state. The funds will be distributed over three years, and the first awards will be made in June 2008. The program provides three different types of assistance: low-interest loans for gap financing for rental housing developments of 50 units or more; mortgage assistance for homeownership; and grants for infrastructure improvements necessary for mixed-income TOD housing. Housing developments must be within a half-mile of transit stations 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.

[Community-Based Transportation Planning \(CBTP\) Grants](#). CalTrans (the California Department of Transportation, responsible for highway, bridge, and rail planning, construction, and maintenance) allocates \$3 million annually for planning activities that encourage livable communities throughout the state. The one-year grants—comprised of 80 percent federal and state funds and a 20 percent local match—help local agencies pay for community-based transportation planning.

[Transit Village Development Planning Act](#). In 1994, California passed legislation that encourages cities and counties to plan for transit villages located within a quarter-mile of transit stations, and provides incentives such as priority transportation funding, density bonuses, and expedited permits for projects. A 2006 [amendment](#) allows a city or county to declare a previously adopted specific plan or redevelopment plan to qualify as a transit village plan if it meets the requirements. Unfortunately, the legislation did not include a funding mechanism. [Proposed legislation](#) would expand the size of the TOD district to one-half mile and allow local officials to use tax increment financing to pay for the transit village plan. Cities or counties could issue infrastructure bonds to pay for the transit village plan, which would then be repaid by property tax increment revenues collected within the transit village. These TIF-financed transit villages would be affordable subject to the same affordable

housing requirement (a 20 percent set aside for low- and moderate-income households) as found in redevelopment districts.

## *Massachusetts*

[Smart Growth Zoning](#). In 2004, the Massachusetts legislature enacted Chapter 40R, referred to as the "smart growth housing" law. Designed to substantially increase the state's supply of housing, and decrease its cost, the law offers financial incentives to communities that create dense residential or mixed-use zoning districts near transit stations and in existing urban centers. In these districts, housing must be allowed "as of right" and 20 percent of the units in each residential project must be affordable to low-income households (at or below 80 percent of area median income). In return for adopting the zoning and streamlining the development process for 40R districts, cities and towns can get between \$10,000 and \$600,000 in state funding, plus an additional \$3,000 for every new home created. In 2005, the legislature enacted companion legislation (40S), which provides additional funds for school districts within Chapter 40R zoning districts.

[Transit Oriented Development Infrastructure and Housing Support Program](#). The state provides financial support for compact, mixed-use, walkable development within a quarter-mile of public transit stations through this grant program, known in short as the TOD Bond Program. Mixed-income housing projects (including 25 percent of units that are affordable to households earning 80 percent of the median income) and parking facilities can receive up to \$2 million in funds, bike and pedestrian improvements can receive up to \$500,000, and preliminary design for bike and pedestrian projects can receive up to \$50,000. The program is administered by the Executive Office of Transportation and Public Works in consultation with the Department of Housing and Community Development. Advocates would like the program to include deeper levels of housing affordability.

[Commercial Area Transit Node Housing Program \(CATNHP\)](#). Funded with \$10 million from the 2002 Housing Bond Bill and administered by the Massachusetts Department of Housing and Community Development (DHCD), CATNHP provides financial incentives to municipalities, nonprofit, and for-profit developers who build rental and homeownership housing in commercial areas located within a quarter-mile of existing or planned public transit stations. Initially, the program will assist housing projects of 25 units or less that target 51 percent of units to households at or below 80 percent of median income, and priority is given to projects within TIF zones. The program will provide up to \$750,000 (or \$50,000 per unit) in zero interest loans, 30-year deferred payment loans at zero interest for rental housing projects, and 30-year deed riders for homeownership projects.

## *New Jersey*

New Jersey Transit Village Initiative. Initially launched in 1999 as a component of former governor Christine Whitman's smart growth initiative, the Transit Village Initiative promotes the development of compact, mixed-use neighborhoods around public transit stations. The initiative is administered by the New Jersey Department of Transportation (NJDOT) and NJ TRANSIT, and guided by a multi-agency task force that also includes the departments of economic development, commerce, community affairs, housing finance, smart growth, main streets, environmental protection, and the redevelopment authority and the arts council. The task force recommends municipalities to be designated as transit villages, which then receive priority funding and technical assistance from some state agencies and become eligible for \$1 million annual NJDOT's transit village grants. There are currently 19 transit villages in the state.

[Urban Transit Hub Tax Credit](#). In January 2008, New Jersey passed landmark smart growth legislation to encourage private investment and increase employment around urban rail stations in nine municipalities (Camden, East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson, and Trenton). A business that makes a capital investment of \$75 million or more in a business facility that employs a minimum of 250 full-time employees and is located within a half-mile of a transit hub can qualify for tax credits equal to the capital investment that can be applied toward its corporate business tax, insurance premium tax, or gross income tax liability.

### *Pennsylvania*

[Transit Revitalization Investment District \(TRID\) Act](#) . Passed in 2004, this act authorizes state public transportation agencies to work cooperatively with counties, local governments, transportation authorities, the private sector, and Amtrak to create and designate Transit Revitalization Investment Districts. The TRID Act promotes intergovernmental and public/private cooperation and encourages regional planning and implementation of TOD. The state's Department of Community and Economic Development provides counties and local governments with a 25 percent funding match.

## Local/Regional Programs

**Housing Incentive Programs.** States, regional planning and transportation agencies, and localities can provide incentives for the building of new housing near transit.

- The San Francisco Bay Area's regional transportation agency, Metropolitan Transportation Commission (MTC), offers extra transportation funds to jurisdictions that commit to creating new high-density housing near transit. MTC grants jurisdictions \$1,000 per bedroom developed at a density of 25 units per acre, \$1,500 a bedroom at 40 units per acre, and \$2,000 a bedroom at 60 units per acre. Projects must be within one-third of a mile of a transit stop that has a

wait of no more than 15 minutes at rush hour. Projects get an extra \$500 per bedroom for affordable units. The policy was based on a housing incentive program implemented in [San Mateo County](#).

- The Los Angeles Citywide [Affordable Housing Incentive Program](#) allows affordable housing developments within 1,500 feet of a transit stop to build only one parking space per unit and receive a 35 percent density increase.

**Housing Requirements.** The Metropolitan Transportation Commission's [TOD Policy for Regional Transit Expansion Projects](#), adopted in the Bay Area in 2005, requires that all transit expansion projects meet minimum transit corridor-level targets for housing (existing or included in adopted station area plans) to receive funding. To encourage affordable housing, the policy incentivizes affordable units by lowering the threshold for number of units if more of the existing or planned units are affordable.

[TOD Affordable Housing Acquisition Funds](#). Localities can also set up dedicated funds for the purchase of land or houses within a TOD district or corridor for the purpose of building or preserving affordable housing early, before speculation drives up the price.

- The city of Charlotte created the South Corridor Land Acquisition Fund to ensure mixed-income housing along the South Corridor Light Rail, capitalizing it with \$5 million.
- The City of Dallas Land Bank targets properties along Dallas Area Rapid Transit corridors (new and existing) for purchase of tax-foreclosed properties to sell to affordable housing developers at below-market prices. The land bank was capitalized by \$3 million in voter-approved bond funds and a \$250,000 loan from the Real Estate Council.

**Property Tax Abatements for TOD Housing.** Portland, Oregon offers a 10-year [TOD Property Tax Abatement](#) to projects that include housing above a certain density and include community benefits like affordable units or neighborhood meeting space. The tax exemption applies only to the residential and community-oriented non-residential components of a development.

**Metropolitan Planning Organization TOD Programs.** Portland's Metropolitan Planning Organization (Metro) has a [TOD implementation program](#) that provides financial incentives and uses public/private partnerships to facilitate higher density mixed-use projects served by transit. Metro was the first regional agency to employ used federal transportation Congestion Mitigation and Air Quality (CMAQ) dollars to acquire and re-sell land to developers with the condition that the land be used for TOD, generally with an affordable housing component. The program has been in existence since 1998 and has funded 29 projects, helped bring 17 projects to construction or completion, and has 9 more in design and development.

**TOD Zoning Incentives and Housing Requirements.** The city of Austin, Texas, offers a number of incentives for equitable TOD. When the Austin Texas, City Council proposed a TOD ordinance to create special zoning to support a planned commuter rail expansion, a coalition organized to ensure that housing affordability would be written into the zoning. The resulting [TOD ordinance](#), adopted in November 2005, requires station area plans that "include a housing affordability analysis and potential strategies for achieving housing goals." At the same meeting, the city council adopted a [resolution](#) setting the goal that 25 percent of new rental and ownership housing in each station area is affordable to low- and moderate-income households (affordability targets are 60 percent of area median income for rental units, for 30 years, and 80 percent for ownership units, for 10 years). The [SMART \(Safe, Mixed-Income, Accessible, Reasonably-Priced, Transit-Oriented\) Housing program](#) provides development fee waivers and expedited permit reviews to TOD projects with affordable homes. The percentage of fees waived increases with deeper levels of affordability. For example, 25 percent of fees are waived for projects if 10 percent of units are affordable, and 100 percent of fees are waived for projects if 40 percent of units are affordable.

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## Case Studies

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### Study I:

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#### Saying All the Right Things:

##### Portland's Interstate MAX Light Rail Planning Process

In 1998, Portland, Oregon, completed its first light-rail line, which ran east to west from the city to the job-rich suburbs of Washington County. City officials planned for another line running north-south, but voters rejected its \$350 million funding measure.

The defeat frustrated transportation and equity advocates; Ross Williams of Citizens for Sensible Transportation believed it reflected an "I got mine" attitude of voters along the first rail line. The north-northeast section of Portland, which would have been served by the second phase of the north-south line, is home to most of Portland's small African American population and one of the few remaining affordable areas in the region. "It would be outrageous," says Williams, "to spend so much money to build a 'Lexus' line to Washington County, and not to provide [light rail] to the low-income community, which would let them apply to Intel or other job opportunities."

Despite the funding defeat, the Tri-County Metropolitan Transportation District of Oregon (Tri-Met), the City of Portland,

“ It would be outrageous to spend so much money to build a 'Lexus' line to Washington County, and not to provide [light rail] to low-income community. ”

-Ross Williams, Citizens for Sensible Transportation

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and many north-northeast residents were still eager for a north-south light rail line. The agencies revised their plans, deciding to start with the north section of the project, relying on \$250 million in federal money and also using tax increment financing from an Urban Renewal Area to cover the city's share. The rail line, called the Interstate MAX because it runs down the center of Interstate Avenue, began construction in November 2000, and was completed in May 2004—ahead of schedule and under budget.

## Making the Plan

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In keeping with Portland's national reputation for strong civic engagement, North-Northeast boasted many vocal and committed neighborhood organizations. City and transportation officials knew it would not be feasible to establish an urban renewal area without community involvement and entered the planning process with only one non-negotiable point: TIF money must first go toward the city's match of federal funding for the light rail. The Portland Development Commission (PDC) created an Urban Renewal Area Advisory Board of 54 community members, representing neighborhood associations, the business community, affordable housing advocates, individual residents, other community-based and nonprofit organizations, and government agencies. In numerous meetings and working groups, the group established boundaries for the Urban Renewal area (URA) and principles to guide development in the area and allocation of surplus TIF money.

Community advocates organized extensively, bringing the public to hearings and making the case that the light rail needed to benefit existing North-Northeast residents.

Gentrification and displacement were primary concerns. Portland's housing prices had been rising steadily, and gentrification was a growing but often unacknowledged phenomenon, says Trell Anderson, housing programs coordinator for Portland's Bureau of Housing and Community Development. But in North-Northeast, residents wanted to address gentrification explicitly, says Anderson: the predominantly African American neighborhood had been hard hit by racially inequitable planning and policymaking in the past, including a stadium and a highway project that had displaced many residents.

There was little doubt in anyone's mind that a light rail line would increase property values substantially. But any transportation equity victory would prove hollow if, as Ross Williams of Citizens for Sensible Transportation says, "we built the line and the community's character changed so dramatically that the people we wanted to serve could no longer live there." Thanks to the dedicated work of transit advocates and neighborhood organizers, the Urban Renewal Area plan released in August 2000 reflected the community's gentrification concerns—so much so that the plan read, in the words of advisory board member Alan Hipólito, like

“ At 3,744 acres, the Interstate Corridor Urban Renewal Area is Portland's largest urban renewal area, and encompasses 10 inner North-Northeast neighborhoods.”  
- Portland Development Commission

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“an environmental justice textbook.” It included [18 major anti-displacement projects and assistance programs for small businesses](#).

The plan states explicitly that the URA should primarily benefit existing residents and protect against gentrification and displacement. The housing subsection suggests specific programs to prevent displacement, promotes housing for people who work in the area (along with high-need populations like seniors and single parents), and calls for mandatory community review of designs for any URA-funded development. The plan also takes a broad view of displacement—addressing not only traditional condemnation and eminent domain concerns, but also economic displacement—with strategies to protect small businesses, create living wage jobs, and offer wealth-building opportunities. “The goal was to make the plan accountable to what the community needed and wanted,” says Hipólito, who works at a local community development corporation.

Anderson celebrated the plan’s language as a major achievement: “It’s pretty amazing to me that an urban renewal agency and a city council would adopt a plan that talks about benefiting local residents,” he says. “I think that’s a tremendous public policy statement.” The URA plan was also strong because it built on an existing foundation, says Paul Mortimer, one of the original co-chairs of the advisory board. The city had created a local community plan for Albina, one north-northeast neighborhood, in 1993 with significant community input. Instead of reinventing the wheel, the URA modeled their planning after the Albina process, which helped diffuse resident concern that past efforts would be disregarded or forgotten.

## Capturing Capital Investment

Tri-Met was also involved in a community benefit planning process around the contracts associated with the light rail construction. Agency director Fred Hanson, who previously worked on transportation equity at the federal level, hired Bruce Watts, a community activist with construction experience, to establish strong minority contracting provisions. After collecting community input and assessing what had gone wrong in past efforts, Watts built a [successful program](#) that exceeded all its goals during the construction phase of the project. Tri-Met directed its contractors to devote at least 16 percent of capital spending to “disadvantaged business enterprises” (DBEs, generally defined by the federal government as businesses owned by racial minorities or women), with preferences for subcontractors from the North-Northeast community. The program also offered the subcontractors technical assistance, capacity building, and local hiring provisions strategies. To gain approval from Tri-Met, primary contractors were even required to present their minority recruitment plans at community meetings. To date, 19 percent of the project’s total contracting dollars (valued at [\\$35 million](#)) have

“ People are the backbone of this community--those who live, work, learn, play and workshop in the neighborhoods within the Corridor. To a large extent, the future success of urban renewal efforts within the Interstate Corridor must be measured in terms of how they benefit the people in this community. ”

-Interstate Corridor  
Urban Renewal Plan

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“ Foster the development of complete neighborhoods that have service and retail businesses located within or conveniently near to them. Promote increases in residential density with out creating economic pressure for the clearance of [structurally] sound housing. ”

-Albina Community Plan

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gone to disadvantaged business enterprises, and \$8.1 million in contracts have gone to north and northeast Portland DBE subcontractors.

## Challenges to Implementing the Neighborhood Preservation Goals

The URA's neighborhood preservation goals were much more difficult to implement. Although the Interstate Area Urban Renewal Plan prioritized community benefits and offered equitable development guidance, several obstacles emerged—some predictable, others unforeseen.

The main impediment was funding. Unfortunately, between an economic downturn and a 2001 state Supreme Court decision in favor of a hotel chain (Shilo Inn) that [challenged the TIF assessments](#), very little surplus TIF money reached the community. Even when it did, PDC as well as city policies allowed the use of TIF funding only for capital improvements or for planning capital improvement projects. PDC publicly explained that 18 of the 19 projects in North Portland would not move forward, leaving only the light rail construction.

As the representative of the community development department, Trell Anderson tried to balance the neighborhood residents' needs, city priorities, and fiscal realities: "I had to walk the fence between helping PDC folks articulate their goals and trying to fund [the plan] with TIF money, because I wasn't supposed to spend our [city] money," he recalls. "Community residents really need funding to help long-term tenants who are vulnerable to sudden rent increases—but TIF can't be used for that. We set up some pilot programs, but we have to call them pilots because we don't have ongoing funding."

Once they realized the limitations of the surplus TIF money, advocates began to question the decision to allow urban renewal money to fund the light rail construction. Although the URA was originally created precisely to fund the rail line—and few believed the revitalization plan could have been created otherwise—many participants in the original planning process were distressed to find themselves left with few resources for the other elements of their comprehensive community plan. "Urban renewal money is not a good idea for the local match for rail funding," says Ross Williams. "I would never say don't do it ever, but there ought to have been a much higher bar raised. We should have figured out how we could replace that money with something else."

Gentrification pressures increased in the neighborhood. Newcomers moved into the area and existing residents, especially renters, faced evictions and rent hikes. Participants in the planning process were dismayed as the promises made by the plan were not kept. Williams says that even if the URA proposals were adequately funded, the original plan did not anticipate the magnitude of the light rail's effects on the neighborhood: the

The Shilo decision, which challenged the Portland Development Commission's TIF assessments, left the amount of funding that the Interstate URA would generate uncertain.

“ We started with a neighborhood that was already moving. If you're going to deal with gentrification, you have to do it when you are first planning where the light rail is going to go. Once you have started construction it is way too late.

-Ross Williams of  
Citizens for Sensible  
Transportation

market began to escalate as soon as the rail route was set—if not before. “I was naïve about how quickly the gentrification process would happen, and how difficult it was [to control it] so late in the game,” he says. “We started with a neighborhood that was already moving. If you’re going to deal with gentrification, you have to do it when you are first planning where the light rail is going to go. Once you have started construction it is way too late.”

As the funding stalled, advocates turned their attention to the task of holding developers accountable to the community benefit standards outlined in the URA plan. With community groups unable to receive early TIF revenues for their own anti-displacement programs, it was even more crucial that station area development plans and RFPs incorporate affordable housing and workforce development concerns. In Fall 2000, for example, Hipólito wrangled his way onto the committee that was making station area plans, only to find that key guidelines from the URA plan like “other measures besides ROI [return on investment] will be considered” and “protection from displacement” had been dropped. He fought successfully to restore the language. Hipólito and other advocates believed that if each developer followed the original plan’s strong community benefit guidelines—from community review of project designs to a diverse range of housing options, including affordable housing—the URA advisory board would realize at least some of its community goals.

### Fast Forward: North-Northeast in 2008

While the plan said all the right things, its equitable development goals were ultimately not achieved. The Interstate MAX rail line contributed to the transformation of the neighborhood, but not as the original committee members had hoped. According to Maxine Fitzpatrick, Interstate Corridor Urban Renewal Area (ICURA) committee member and executive director of the [Portland Community Reinvestment Initiative \(PCRI\)](#), a CDC based in north-northeast, there has been massive residential displacement in the neighborhood over the past decade. The process had begun prior to the Interstate project but was accelerated with the new transit investment. There has been a major demographic shift in North-Northeast: while the historically black community remains more racially diverse than the rest of Portland, which is 80 percent white, the racial composition has changed dramatically. Many of the neighborhood’s African American residents have moved to Southeast Portland, or have left the region.

Fitzpatrick explains that two of the biggest challenges to implementation were that resources were disproportionately allocated to new businesses and homeowners (compared to locals), and that the majority of the affordable housing projects did not benefit the most vulnerable residents: those with incomes below 60 percent of median, and as much subsidy went to market-rate housing as affordable housing. While the PDC and city

“ Northeast Portland once was home to 90 percent of African American Oregonians. Due to gentrification and the rising cost of housing, the area’s African American population has decreased dramatically, with households being dispersed to other locales in the region or pushed out of the region all together. ”

- Maxine Fitzpatrick,  
Portland Community

officials should have done more to ensure that the community goals were met, the community needed to be better organized to hold the city agencies accountable: "Minority communities need to be engaged in the entire process. There must be sustained advocacy through plan implementation, focused on monitoring. The community's voice is important but it wasn't there. There should have been a committee focused on making sure the goals are met, especially those focused on ensuring that existing minority residents benefit from public investment.

## **Recent Progress: Citywide TIF Housing Policy and Stronger Housing Coalitions**

Although the neighborhood-level efforts were unsuccessful in stemming displacement in the north-northeast neighborhood, the level of organized community support for preserving housing affordability in the city and region of Portland has grown tremendously over the past five years. Community groups became an increasingly organized and powerful voice for affordable housing in the city after 2002, mainly through the efforts of the Affordable Housing NOW! Coalition, which was initiated by the Coalition for a Livable Future (CLF), Community Alliance of Tenants (CAT), and the [Community Development Network](#) (CDN). The coalition has successfully advocated to secure more resources for affordable housing. One of the major victories of the coalition came in 2007, when the PDC board and City Council passed a [new policy](#) that sets aside 30 percent of TIF funds for affordable housing in most of the city's TIF districts (including ICURA) for households with incomes below 80 percent of the median, with at least 48 percent of the set-aside resources going to households with incomes under 30 percent of the median. The set-aside should bring over \$125 million in new housing resources to low-income communities over the next five years.

In addition to Affordable Housing NOW's efforts, a relatively new coalition has formed to create a base of support around housing issues specific to Portland's small minority community. In 2005, PCRI, Hacienda CDC, and Native American Youth and Family Center came together to form the Housing Organizations of Color Coalition. This coalition will advocate for policy reforms to increase the total amount of housing resources available for communities of color.

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## **Resources**

[Organizations](#)

[Tools/Presentations/Webinars](#)

[Social Media](#)

[Readings](#)

## Organizations

### *National*

[Center for Neighborhood Technology](#)

[Congress for the New Urbanism](#)

[Reconnecting America/Center for Transit-Oriented Development](#)

[Smart Growth America](#)

[Smart Growth Network](#)

[Surface Transportation Policy Project](#)

[Transportation for America](#)

[Victoria Transport Policy Institute](#)

### *Local/Regional* ([Email](#) us to include your equitable TOD campaign!)

[Action for Regional Equity](#) (Boston, MA)

[Alliance for Metropolitan Stability](#) (Minneapolis-Saint Paul, MN)

[Equity Atlanta](#)

[Fairmount/Indigo Line Corridor Collaborative](#) (Boston, MA)

[FRESC](#) (Denver, CO)

[Great Communities Collaborative](#) (San Francisco Bay Area, CA)

[Baltimore Red Line Community Compact](#)

## Tools/Presentations/Webinars

[Mixed-Income Transit-Oriented Development Action Guide](#)

Online tool from Reconnecting America and the FTA that helps local planners choose relevant tools to ensure mixed-income TOD.

[Great Communities Toolkit](#)

This set of resources from the Bay Area's Great Communities Collaborative includes handouts and policy fact sheets on topics such as Preventing Displacement and Incorporating Community Benefits.

[TOD and Social Equity: An Agenda for Research and Action](#)

Podcasts and presentations from June 1, 2010 conference sponsored by the University of California Transportation Center

and the Center for Community Innovation at University of California at Berkeley

### [National TOD Database](#)

This online data and mapping system provides Census data about neighborhoods surrounding 4,160 existing and proposed transit stations, including commuter rail, streetcars, light rail, bus rapid transit, and ferries. Produced by the Center for Transit-Oriented Development in collaboration with the Federal Transit Administration.

### [Housing + Transportation Cost Index](#)

The H+T index models the combined costs of housing and transportation, the two largest household budget items, to more accurately describe the cost of living in different neighborhoods. Access maps and tables down to the Census block group level for all 337 metro regions in the US. Produced by the Center for Neighborhood Technology and the Center for Transit-Oriented Development.

## Social Media

### [The Other Side of the Tracks](#)

Daily clippings of TOD-relevant blog posts, articles, reports, compiled by Reconnecting America's Jeff Wood.

## Readings (Organized by Date)

### 2010

[\*Maintaining Diversity In America's Transit-Rich Neighborhoods: Tools for Equitable Neighborhood Change\*](#), Stephanie Pollack, Barry Bluestone, and Chase Billingham. Dukakis Center for Urban and Regional Policy at Northeastern University, 2010.

[\*Transit-Oriented Development\*](#), Community Investments, Federal Reserve Bank of San Francisco, Summer 2010. Issue includes several relevant articles, in particular see [\*Equipping Communities to Achieve Equitable Transit-Oriented Development\*](#) by Matthew Soursourian and [\*Making the Connection: Transit-Oriented Development and Jobs\*](#) by Greg LeRoy of Good Jobs First.

[\*Preserving Affordable Housing Near Transit: Case Studies from Atlanta, Denver, Seattle and Washington, D.C.\*](#) Enterprise, The National Housing Trust, and Reconnecting America, 2010.

[\*Making Affordable Housing at Transit a Reality: Best Practices in Transit Agency Joint Development\*](#), FRESC, 2010.

## 2009

[\*Affordable Housing in Transit-Oriented Development.\*](#) United States General Accounting Office, 2009.

[\*Fostering Equitable and Sustainable Transit-Oriented Development.\*](#) Living Cities, 2009.

## 2008

[\*Somerville Equitable Transit-Oriented Development Strategy.\*](#) Reconnecting America/Center for Transit Oriented Development, 2008.

[\*Station Area Planning: How to Make Great Transit-Oriented Places.\*](#) Reconnecting America/Center for Transit Oriented Development, 2008.

## 2007

[\*The Beltline and Rising Home Prices: Residential Appreciation Near the Beltline Tax Allocation District and Policy Recommendations to Minimize Displacement.\*](#) Dan Immergluck, 2007.

[\*The Case for Mixed-Income Transit-Oriented Development in the Denver Region.\*](#) Center for Transit-Oriented Development for Enterprise, 2007.

[\*Transit-Oriented for All: The Case for Mixed-Income Transit-Oriented Communities in the Bay Area.\*](#) Great Communities Collaborative, 2007

## 2006

[\*A Heavy Load: The Combined Housing and Transportation Burdens of Working Families.\*](#) Center for Housing Policy, 2006.

[\*Building the Line to Equity: Six Steps for Achieving Equitable Transit Oriented Development in Massachusetts.\*](#) PolicyLink, 2006.

[\*Making the Connection: Transit Oriented Development and Jobs.\*](#) Good Jobs First, 2006.

[\*Preserving and Promoting Diverse Transit-Oriented Neighborhoods.\*](#) Center for Neighborhood Technology, 2006.

[\*Tools for Mixed-Income TOD.\*](#) Center for Transit Oriented Development, 2006.

## Pre-2006

[\*The Long Journey Home: A Federal Transportation Policy for Working Families.\*](#) The Brookings Institution, 2003.

The New Transit Town: Best Practices in Transit Oriented Development. Hank Dittmar and Gloria Ohland, Washington D.C.: Island Press, 2004.

[\*Transit Oriented Development: Moving from Rhetoric to Reality.\*](#) The Brookings Institution, 2002.

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