Transit-Oriented Development

What is TOD?

• **Community development that includes a mix of housing, office, retail and/or other commercial development and amenities integrated into a walkable neighborhood and located within a half-mile of quality public transportation**

TOD Benefits:

• Reduced household driving leading to lowered regional congestion, air pollution and greenhouse gas emissions
• Communities that encourage more healthy and active lifestyles
• Increased transit ridership and fare revenue
• Improved access to jobs and economic opportunity for low-income people and working families
• Expanded mobility choices that reduce dependence on the automobile, reduce transportation costs and free up household income for other purposes
TOD in Denver

• FasTracks was approved by Denver Metro voters in 2004

• Enterprise and FRESC conducted a report to help make the case for change

• Low-income families in Denver spend 60%+ of income on housing and transportation alone

• Enterprise and FRESC concurrently worked with RTD on TOD development policy, passed in 2010
Denver TOD Fund: History

**Issue:** Region’s Low-Income, Minority, and Senior Community Members are at risk:

1. Increased housing cost
2. Gentrification/displacement
3. Isolation from community

**Concept:** *How can my community create the housing and facilities we need near transit without significant government resources?*
Denver TOD Fund: Goals

- Goal: Preserve and create over 1,000 units of affordable housing units near transit through property acquisition and land banking
  - $15 million, 10 year fund, 3.4% fixed interest rate to Urban Land Conservancy
  - Prevent gentrification pressures from displacing current residents
  - Ensure access to jobs, education, community services, healthcare via transit
Denver TOD Fund: Partners

Partners:
- 11th Avenue TOD site
- Sheridan Light Rail Station
- Enterprise
- Denver
- Rose Community Foundation
- 1stBank
- Mile High Community Loan Fund
- Wells Fargo
- MacArthur Foundation
- CHFA
- Urban Land Conservancy
Denver TOD Fund: Structure

Structure blends risk and return

- Urban Land Conservancy
- City and County of Denver
- Enterprise Community Partners, MacArthur Foundation, CHFA, Rose Community Foundation
- Enterprise Community Loan Fund, US Bank, Wells Fargo, First Bank

Borrower Equity $1.5 Million
First Tier Capital $2.5 Million
Second/Third Tier Capital $5.5 Million
Senior/CDFI Capital $5.5 Million
Denver TOD Fund: Structure

• **Structure:**
  – Line of credit to ULC
  – ULC identifies property and draws on TOD Fund for purchase (after Enterprise underwrites proposed acquisition)
  – ULC identifies affordable housing developer to purchase the site by the end of the hold period

• **Three target property types:**
  – Existing federally-assisted rental properties
  – Existing unsubsidized, below-market rate rental properties
  – Vacant or commercial properties to be converted to new affordable housing
Denver TOD Fund: Accomplishments

Since Closing April 2010:
* 7 acquisition loans made
* $9.3 million deployed
* New public library
* 2 loans repaid and ready for re-deployment
* 470 homes preserved/created
* 40,000+ SF supportive commercial space
... All in proximity to high-frequency transit

Mile High Vista TOD Site
Current Projects: Mile High Vista

**Project Costs:**
- Land Purchase & Holding costs: $2.75m
- Design & Planning: $500,000
- Remediation & Infrastructure: $2m
- Total: $5.25 million

**Development Costs:**
- Library: $10m
- Housing: $15m
- Commercial: $2m
- Total: $27 million

**Jobs Created:**
- 125 temporary (construction)
- 65 permanent

**Total Cost:** $32.25 million
Current Projects: Yale Circle

- 1.2 acres of vacant land located next to the Yale light rail station
- Along existing southeast rail line
  - 90% of land value covered by Denver TOD Fund
  - Preliminary plans include 70 units
  - Total Development Costs = $11.5 million
Current Projects: **Jody Apartments**

- 300 ft. from the Sheridan transit station

- Total acquisition and rehab: $3.25 million = $52,400 per unit/ $36 sq. ft.

- 62 apartments serve 100 residents, 12 units are reserved for 30% AMI

- Future redevelopment at least 200 mixed income apartments & 25,000 sq. ft. of commercial/community space
Current Projects: Alameda Station

- Selected by RTD for TOD Pilot Program
- Transform a former industrial site into a high quality TOD development that re-establishes the urban fabric of the neighborhood
- Will examine:
  - Joint development
  - Flexible land options
  - Strategic parking management
- Implemented re-zoning to enhance neighborhood livability
Denver TOD Fund: Future

Enhancing the TOD Fund’s Impact:

• Explore expansion of fund to $15 million in Denver, and $30 million for region

• Continue to focus on funded lines while advocating for entire transit system build out

• Create additional mixed-use/mixed-income properties

• Support ULC and development partners in building capacity
TOD In Other Regions

Seattle
• Actively engaging in TOD projects with affordable housing components
• Similar to Denver, Seattle’s transit system is expanding, and the city is implementing affordable housing along with these new transit areas

Los Angeles
• Working with METRO, California Endowment and California Community Foundation, furthering legacy of swaps and good practice

The Bay Area
• TOAH Fund: $50 million multi-purpose fund created
• Evolution of policies and practices led to direct investment in equitable development near transit

Atlanta
• Atlanta Regional Commission (ARC), is part of a new partnership called the Atlanta TOD Collaborative
• A majority of MARTA rail stations are located within an ARC Livable Centers Initiative area
• Policy states 20% affordability goal
Permanent Financing

Creating long-term affordability through land use regulations and restrictions

- **Low-Income Housing Tax Credits**
  - Utilized for creating and maintaining rental housing for low and very low income households

- **Tax-Exempt Bonds**
  - Used to finance new and existing projects that are in need of rehab

- **CHFA Qualified Allocation Plan**
  - Places TOD projects as a priority in receiving LIHTC
Preserving Affordability in Denver

Need:

- Demand for housing near a light rail station will grow 344% between now and 2030
- 40% of this growth is anticipated to come from households at or below 80% AMI
- Translation: demand for at least 44,000 affordable homes near transit and average potential demand for 450 additional affordable homes in each station area by 2030
- Looking to avoid displacement of low and moderate income families in areas where new transit leads to rising property values
Challenges & Ideas to Preserve Affordability

• Linking Tools & Policies:
  – Early Warning System:
    • A system created to alert the city when existing income-restricted housing developments are preparing to lift affordability restrictions
    • Goal is to have the option to purchase these properties to ensure that they continue to be affordable in the long run
    • System thus far proves largely ineffective
  – Enforce existing and enact new policies to promote affordable housing
    • Accomplished through acquisition, affordable housing finance programs, and collaborate with various state, regional and local agencies to incent preservation and development
    • Ensuring DRCOG’s and City of Denver’s housing plans address the needs of disadvantaged populations
  – Expand the Denver TOD Fund into a Regional tool
    • Making an equally positive impact in the communities around Denver