

SUMMER 2010

VOLUME 22

NUMBER 2



COMMUNITY INVESTMENTS

Federal Reserve Bank of San Francisco



Transit-Oriented Development

Plus:

The Community Financial Access Pilot

Dr. CRA

CI Notebook

by Laura Choi, Editor

For many of us, transit is simply a means to an end—a way to get from one place to another. So you may be asking yourself, “What does transit have to do with community development?” After all, community development seeks to improve the economic security and well-being of low- and moderate-income (LMI) individuals through efforts such as affordable housing, workforce development or access to financial services; transportation has not historically been part of the picture. But the growing practice of transit-oriented development (TOD) is beginning to shed light on the inextricable link between transit and housing affordability, economic opportunity, health outcomes, and social equity for LMI households. TOD generally refers to a mix of development types, including housing, retail and/or commercial development and amenities, located within a half-mile radius of quality public transportation. But in a broader sense, TOD represents a new model for community development that can improve regional connectivity and reduce the social and economic isolation that many LMI communities face.

With TOD gaining prominence across the country, changes at the national policy level are starting to take place which could have direct implications for the community development field. For example, Secretary Shaun Donovan of the Department of Housing and Urban Development (HUD) recently announced that HUD will begin to score grant applications on their location efficiency—the degree to which residents are connected to jobs, schools, and other amenities through accessible transit options—a first for any federal grant program. Thus, while transit may not have been a community development priority in the past, it may become a more prominent aspect of the field in the future.

In this issue of *Community Investments*, we explore TOD and its implications for LMI individuals and communities. The articles provide an introduction to basic TOD concepts and their relevance to community development, and also explore more in-depth issues, such as how transit affects economic opportunities for LMI workers and the interrelationship between transit and schools. We also examine equity issues in TOD and transit funding, and highlight models for protecting the interests of LMI communities affected by TOD. Exploring other topic areas, the Eye on Community Development reports on lessons learned from the recently concluded Community Financial Access Pilot administered by the U.S. Treasury and Dr. CRA takes a look at how banks get credit for their NSP activities.

While TOD may be a new area for many of you, we hope that this issue of *Community Investments* encourages you to delve more deeply into opportunities that lie in the intersections between transit and community development. As always, we welcome your comments and feedback, and hope that you enjoy this issue of CI.



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This publication is produced by the Community Development Department of the Federal Reserve Bank of San Francisco. The magazine serves as a forum to discuss issues relevant to community development in the Federal Reserve's 12th District, and to highlight innovative programs and ideas that have the potential to improve the communities in which we work.

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The Role of Transportation Planning and in Shaping Communities

By Naomi Cytron





Introduction

Far more than just laying pathways to get from one place to another, transportation infrastructure has played a fundamental role in shaping the physical, social, and economic landscape in cities and regions all around the nation. The convergence of rail lines in Chicago, for instance, primed the city to become a hub of trade and commerce, and established a framework for the geographic arrangement of industrial and residential development. The tangle of freeways in Los Angeles and the mass transit network in New York similarly influence the form and character of neighborhoods in those cities. By impacting development patterns and the cost and convenience of travel between locations, roads and transit services not only prescribe many of the options about where people live and work, but also determine access to opportunity.

The Far-Reaching Impacts of Transportation Policy

For low- and moderate-income (LMI) and minority communities, though, the outcomes of transportation policy and planning over much of the past 50 years have been largely about isolation rather than access.

Arguably, in many places transportation policy and planning have served to exacerbate the challenges that the community development field seeks to confront, such as socioeconomic segregation and limited economic development opportunities. Consider the Federal-Aid Highway Act of 1956, which authorized the interstate highway system and sparked the large-scale construction of roadways. This, along with the post-war boom and the rise of the automobile, accelerated and expanded the development of the suburbs. But the suburban migration that ensued left behind minority households in particular, who were unable to leave central cities for the suburbs due to discrimination in housing and mortgage markets. For example, exclusionary zoning practices and racially restrictive covenants barred minorities from living or purchasing property in newly developing suburban neighborhoods. And as late as the mid-1960s, minorities were largely unable to qualify for federally guaranteed mortgages, greatly limiting their ability to purchase new homes being built in the suburbs.¹

Jobs and capital, however, did follow the mass suburban departure. Between 1963 and 1977, central city manufacturing employment in the 25 largest US cities dropped by 19 percent, while growing by 36 percent in the suburbs. Central city retail and wholesale employment also dropped during these years, while booming by 110 percent in the suburbs during this period.² For central city residents without cars, commutes to suburban jobs were near impossible since these areas were not well served—or not served at all—by public transportation. The exodus of retail outlets and office space to the sprawling suburbs also contributed to the decline of city tax bases, which affected funding levels for public infrastructure, including—critically—public schools. As these patterns led to diminishing investment in central city areas, LMI and minority residents' access to quality jobs, housing, education, food, and health care grew increasingly limited.

The development of the highway system affected LMI and minority communities in other ways as well. During the 1950s and '60s, freeways were commonly constructed through poor and minority neighborhoods.



Homes and businesses were razed to make way for high-speed roadways which often disconnected LMI communities from development taking shape on the urban fringes, while simultaneously eroding local economies. In California, for instance, the Cypress Freeway, completed in 1957 (and destroyed by the 1989 Loma Prieta earthquake), cut ethnically-mixed West Oakland off from downtown Oakland, uprooting families and businesses and subjecting the remaining community to high volumes of traffic overhead.³ This kind of proximity to expressways disproportionately exposed neighborhood residents to noise and air pollutants emanating from vehicles. Health in many LMI and minority communities was thus compromised; epidemiological studies have consistently demonstrated that proximity to freeways significantly increases the incidence and severity of asthma and other respiratory diseases, diminishes lung capacity and function, and is related to poor birth outcomes, childhood cancer, and increased mortality risks.⁴

Demographic patterns have shifted gradually over time, with mobility increasing for all racial, ethnic and income groups. Still, many cities continue to face the challenges that were spurred or aggravated by past transportation decisions. Residential segregation, neighborhood disinvestment, and unemployment remain dominant features of many, if not most, central cities. LMI and minority communities continue to be disproportionately exposed to air pollution and other externalities of roadways – in California, for instance, minority children are three times as likely as their white counterparts to live in areas with high traffic density.⁵ Much of the work of the community development field over the past several decades has been geared toward mitigating the economic, social, and health outcomes of geographic isolation caused by poor transportation planning decisions, and reducing the spatial mismatch between where LMI households live and the jobs and other amenities that make up healthy neighborhoods.

In addition to the social costs of suburban expansion, the economic and environmental costs of auto-oriented transportation planning have also grown. Roadway capacity has been exceeded in many places, leading to severe road congestion. Commuting times and costs have thus risen; workers in all major metropolitan areas are increasingly traveling 45 minutes or more to their places of employment, and fuel prices have doubled, on average, since the 1990s.⁶ Sprawl has also increased the cost of public service provision, with per-capita costs for services like sewerage, trash collection, and police and fire protection all rising with decreased population density.⁷ Concerns about the environmental and political costs exacted by sprawl and reliance on automobiles—including dependence on fossil fuels, greenhouse gas emissions, the loss of open space and pressures on fragile ecosystems—have gained voice.

Rethinking Development Patterns for the Future

Accordingly, over the past decade or so, urban planners and developers have increasingly begun to reformulate land-use plans to take the economic and environmental costs of auto-oriented sprawl into account and to rethink urban development patterns. “Smart Growth” and “New Urbanism” emerged as planning buzzwords, and “transit oriented developments” (TODs), which promote re-densification, walkability, and transit use via the concentration of housing and retail around transit nodes, have cropped up in cities around the nation. Demand for public transit has also increased, with ridership growing by nearly 40 percent since the mid-90s, far outpacing population growth and increase of vehicle miles traveled on highways.⁸ New planning theory, coupled with consumer demand for public transit, has brought greater attention to how transportation planning decisions fit into the design of healthy communities.

These trends have led policymakers to work toward more systematic changes that aim to address transportation needs in tandem with housing policy and environmental protection. In California, for instance, legislation known as SB375 was passed in 2006 that requires Metropolitan Planning Organizations, which encompass the majority of California counties and residents, to set a target for reducing greenhouse gas emissions and to develop a “Sustainable Communities Strategy” (SCS) to show how they will meet their targets. These growth strategies must align long-range regional housing and transportation planning to increase the density of residential and mixed-use development near transit facilities, and thereby cut down on vehicle miles traveled and reduce greenhouse gas emissions from vehicles. Decisions about the allocation of transportation funds must be consistent with the SCS of a given region, and residential projects that are consistent with a region’s SCS will be eligible for streamlined California Environmental Quality Act (CEQA) processing – a significant incentive in light of the time and expense that this mandated environmental review can add to the development of a project.

At the federal level, an unprecedented partnership between the Department of Transportation, the Department of Housing and Urban Development, and the Environmental Protection Agency has been established to “help families in all communities – rural, suburban, and urban—gain better access to affordable housing, more transportation options, and lower transportation costs, while protecting the environment in communities nationwide.” Guided by principles that consider energy-efficiency, community revitalization and equity, and economic opportunity, the Partnership for Sustainable Communities is designed to encourage communities to reorient their

New planning theory, coupled with consumer demand for public transit, has brought greater attention to how transportation planning decisions fit into the design of healthy communities.

planning strategies. In June, HUD announced a competitive \$100 million Sustainable Communities Regional Planning Grant Program that will support regional, multi-sector planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments. Applications will be reviewed by all Partnership agencies, with grants supporting plans that align investments in a manner that takes into account the tangled economic, health, environmental, and social equity challenges facing a given region.

Emerging policy measures are thus emphasizing environmental sustainability, while transportation and land-use plans—though not traditionally employed to address social equity issues—are increasingly recognized as having significant roles to play in connecting LMI and minority communities to improved opportunities. This momentum to weave together the concerns of community and environmental health with transportation planning has prompted considerable dialogue amongst a range of stakeholders as to how to further promote these ends. The consensus seems to be that there is still a great deal of work to do to ensure that, going forward, the needs of LMI and minority communities will have due weight in decision-making and that these communities will share equally in the benefits promised by emergent approaches to development.

An Exploration of Equitable TOD and Community Development

The articles in this issue of *Community Investments* delve into questions surrounding TOD in particular, which has the potential to generate a host of benefits for low-income communities. However, TOD has not necessarily had equitable impacts in its applications to date. Affordable, family-friendly housing has not consistently been incorporated into TOD projects, which have in some cases priced-out and displaced low-income communities. LMI communities have also not necessarily been full participants in planning processes surrounding TODs. Additionally, the type of transit that composes the T in TOD is often fixed-guideway—for example, high speed trains or light rails—which is both expensive to build and primarily serves the needs of commuters traveling during peak hours. Low-income workers, in contrast, often work off-peak shifts or multiple jobs in multiple locations. The

Equitable TOD is one model to pursue in increasing the density of urban areas while preserving affordability and enhancing access for LMI households to employment, educational, and other opportunities.

tradeoffs that transit agencies must make in financing rail projects can mean service cutbacks for bus networks that enable those without cars to navigate daily needs. This is particularly problematic in areas where bus networks already offer infrequent or unreliable service.

The articles that follow explore some of these issues, and offer suggestions about how to more intentionally include the needs of LMI communities in planning and executing TODs. This will not be an easy task. Planning, financing, and constructing equitable TOD is even more complex than average TOD projects, which, with their zoning hurdles, land assembly issues, and atypical configurations of commercial, office, residential, and parking space, are themselves more challenging than conventional greenfield developments. The financial straits of both the public and private sectors inject critical questions of how to pay for the elements that ensure equity and inclusion. Transit agencies throughout the nation are facing budget crises, which have led to deferred maintenance, fare hikes, and service cutbacks and that are already disproportionately impacting the low-income and minority communities who comprise the majority of transit users in urban areas.⁹ For lenders and investors, the complexity surrounding TOD projects can lead to a perception that they are overly risky deals.

However, foundations and CRA-motivated financial institutions have an important role to play in funding TODs, and thereby enabling affordable housing to be preserved nearby or developed as part of these projects. TOD funds are springing up in a number of cities across the US, and may prove to be an effective model for leveraging public and private capital to support affordable housing development near transit. Denver's TOD Fund, which has attracted investors including the City of Denver, the MacArthur

Foundation, Colorado Housing and Finance Authority, Enterprise Community Partners, the Urban Land Conservancy, U.S. Bank and Wells Fargo, is poised to enable the preservation and construction of affordable housing units within one half mile of existing and new rail service and a quarter mile of frequent bus routes (for more on the Denver TOD Fund, see "Equipping Communities to Achieve Equitable Transit-Oriented Development" in this issue). Here in California, the newly established Bay Area Affordable Transit-Oriented Development fund will operate as a revolving loan pool for land acquisition for affordable housing development in certain locations near rail and bus lines. The Fund has received a commitment of up to \$10 million from the Metropolitan Transportation Commission, and is expected to attract matching commitments from foundations, investors, and commercial lenders.¹⁰

TODs are not, of course, a panacea. But the impetus to account for equity and inclusion in their planning and execution is emblematic of the need to broadly recalibrate investment decisions related to transportation and housing. The recent spate of financial, environmental, and public health and safety crises are linked at least in part to the historical neglect of sustainability and inclusion in development planning. The Gulf Oil disaster is easy to point to in arguing not just for movement away from fossil fuels and towards renewable energy, but also away from transportation policy and development patterns that feed our demand for fuel. Aspects of the foreclosure crisis, too, support this argument. "Drive till you qualify" mortgages, which enabled LMI borrowers to trade distance from city centers for affordability, have fallen into foreclosure at high rates, ultimately untenable in part because they did not take transportation costs, among other expenses, into account.

Equitable TOD is one model to pursue in increasing the density of urban areas while preserving affordability and enhancing access for LMI households to employment, education, and other opportunities. Additional transportation and development policy choices that similarly account not just for environmental concerns, but also for costs and benefits across the socioeconomic spectrum, can go far in providing a sustainable platform for economic growth in the future, and in remedying some of the inequities that challenge communities both here in the 12th District and around the nation. **CI**



Weaving Together Vibrant Communities through Transit-Oriented Development

By Allison Brooks, Reconnecting America

Introduction

Transit-oriented development (TOD) is a community development model focused on nurturing healthy people and places and better connecting them to one another through a robust, “multi-modal”¹ transportation network. At its core, TOD is about connecting, or reconnecting, the fabric of our communities—imagine a quilt, if you will—where neighborhoods and places of varying shapes, colors, sizes and textures are integrated into a vibrant and cohesive region. Implementing equitable TOD involves rethinking the current paradigm, where a person’s zip code can determine important outcomes such as educational attainment or employment opportunities.

To that end, fostering TOD requires collaboration and coordination among a varied set of actors from different disciplines. These different actors operate at all scales in a

range of capacities including transportation and planning practitioners, elected officials, non-profit organizations, community-based advocates, for-profit and non-profit developers, financial institutions, the philanthropic sector, and service providers, to name a few! They come from fields such as transportation, community development, economic development, education, business, health, labor and the environment, among others. Given the wide range of actors and disciplines that need to be engaged in the TOD process and the variety of places and conditions where development can occur, TOD is a complex community development model to implement.

But, at the same time, the range of benefits that can be realized by optimizing the symbiotic relationship between public transportation and comprehensive community development is very real, particularly for low- and moderate-income (LMI) individuals and working families. Some of

these benefits include:

- Improved access to job centers and economic opportunity;
- Expanded mobility choices that reduce dependence on the automobile, reduce transportation costs and free up income for other purposes;
- Reduction in neighborhood isolation and concentrated poverty across a region;
- Walkable communities that accommodate more healthy and active lifestyles;
- Reduced vehicle miles traveled (VMT) and thereby lowered greenhouse gas emissions;
- Reduced dependence on foreign oil;
- Potential for added value created through increased and/or sustained property values where transit investments have occurred, which can be invested back into the community.

In recognition of these potential benefits, TOD has gained traction over the last ten years and is being embraced by federal agencies like the Department of Transportation (DOT), Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA). DOT, HUD and EPA recently formed the Interagency Partnership for Sustainable Communities and have demonstrated a commitment to investing in equitable TOD at levels that can truly bring it to scale across the country. The Partnership also provides resources and tools to coordinated regional efforts that have introduced innovative approaches to advance equitable TOD goals around the nation.

The purpose of this article is to define TOD, introduce the concepts and principles behind the term, and to present strategies for implementing successful TOD initiatives, especially those that benefit LMI individuals and communities.

What's TOD Got to Do with It?

Let's be honest, the term "TOD" fails to strike an emotional chord and doesn't fully portray the wide range of benefits associated with TOD. At best, TOD conveys images of transportation infrastructure and pedestrian shopping malls. But TOD is much more than its name implies: it's about social equity and economic opportunity, cost savings and environmental benefits. TOD actually stands for a very complicated ideal, one that incorporates equitable development goals and improved access to regional transportation networks and economic opportunity.

Specifically, however, TOD refers to a mixture of housing, retail and/or commercial development and amenities, referred to as mixed-use development, integrated in the neighborhood within a half-mile radius of quality public transportation. The half-mile distance is based on research that has identified the average distance a person will walk to get to their destination, and is a proxy for a

... a more expansive consideration of TOD requires analysis at multiple geographic scales so that TOD becomes a regional strategy for all communities, not just the urban core.

10-minute walk. While a half-mile is a useful benchmark, there are characteristics that make some places more walkable than others and which contribute to people's willingness to walk more than a half-mile to access good quality transportation, or another destination. Factors that influence a neighborhood's "walkability" include the size of blocks, the width of the street and sidewalk, and the existence of amenities like street trees, benches, shops and services, and good signage that make the walking experience more enjoyable. People are much more likely to walk in places frequented by other pedestrians, where they feel safe and where they are visually engaged along the way.

By the very nature of the real estate development and financing process, there is a strong tendency to think of TOD as single projects, such as a mixed-use development project located near a train station. But a more expansive consideration of TOD requires analysis at multiple geographic scales so that TOD becomes a regional strategy for all communities, not just the urban core. Indeed, TOD can occur in a wide range of settings (for example new or well-established communities) and accommodate a variety of uses and densities, making it important to understand the implications that different types of "place" can have on an area's TOD potential. The Center for Transit-Oriented Development (CTOD)² published the first "TOD Place-type Typology" in 2004³ (see Table 1) to begin to acknowledge that different strategies are necessary to create holistic transit-oriented neighborhoods in different types of places. CTOD has since developed new iterations of the typology for use in specific places—in Denver, Houston, the San Francisco Bay Area, and Los Angeles—and is in the process of expanding the place-type approach to further provide jurisdictions with tangible and realistic strategies they can implement in support of TOD.

Fostering and building healthy neighborhoods that enjoy the benefits of increased transit access and walkability requires thinking beyond projects immediately adjacent to transit stations. It requires an evaluation of the existing assets and conditions in a neighborhood and how a particular development project can enhance those features. It also requires an understanding of how the neighborhood is linked to opportunities along the transportation corridor and how a neighborhood's connection to other places contributes to a larger set of goals that can only be measured at the regional scale.

Table 1 Tailoring TOD Strategies for Different Neighborhood Types

TOD Type	Land Use Mix	Minimum Housing Density	Housing Types	Regional Connectivity	Transit Modes	Frequency of Service	Examples
Urban Downtown	Primary Office Center Urban Entertainment Multifamily Housing Retail	>60 units/acre	Multifamily Loft	High Hub of Radial System	All modes	<10 min.	Printers Row (Chicago) LoDo (Denver) South Beach (San Francisco)
Urban Neighborhood	Residential Retail Class B Commercial	>20 units/acre	Multifamily Loft Townhome Single Family	Medium Access to Downtown Subregional Circulation	Light-rail Streetcar Rapid bus Local bus Paratransit	10 min. peak 20 min. off-peak	Mockingbird (Dallas) Fullerton (Chicago) Barrio Logan (San Diego)
Suburban Center	Primary Office Center Urban Entertainment Multifamily Housing Retail	>50 units/acre	Multifamily Loft Townhome	High Access to Downtown Subregional Hub	Rail Streetcar Rapid bus Local bus Paratransit	10 min. peak 10-15 min. off-peak	Arlington County (VA) Addison Circle (Dallas) Evanston (IL)
Suburban Neighborhood	Residential Neighborhood Retail Local Office	>12 units/acre	Multifamily Townhome Single Family	Medium Access to Suburban Center Access to Downtown	Light-rail Rapid bus Local bus Paratransit	20 min. peak 30 min. off-peak	Crossings (Mountain View, CA) Ohlone-Chynoweth (San Jose, CA)
Neighborhood Transit Zone	Residential Neighborhood Retail	>7 units/acre	Townhome Single Family	Low	Local bus Paratransit	25-30 min. Demand responsive	
Commuter Town Town Center	Retail Center Residential	>12 units/acre	Multifamily Townhome Single Family	Low Access to Downtown	Commuter rail Rapid bus	Peak Service Demand responsive	Prarie Crossing (IL) Suisun City (CA)

Source: Center for Transit Oriented Development

Connecting People and Places

Transit is an essential neighborhood component that links people to opportunities, reduces economic and social isolation and plays a key role in making household budgets more manageable for low-income people and working families by reducing overall transportation costs. Over the last century, transportation costs have grown from an average of 2-3 percent of income to between 15-28 percent in different locations across the country.⁴ The cause of this dramatic increase is the low-density, sprawling development patterns that have dominated over the last 50+ years, and is directly correlated with our rising dependence on the automobile to get everywhere we need to go. This direct correlation bears out in data illustrating that auto-ownership drops and transit-ridership grows as residential density increases.⁵

For working families earning between \$20,000 and \$50,000 and living on the outskirts of a region, auto ownership can be a real financial burden, with transportation costs exceeding housing costs in many instances.⁶ A new study by the American Public Transportation Association (APTA) calculates that people in the U.S. who used transit in 2009 saved an average of \$9,190.⁷ This savings can be especially significant for LMI households, who may other-

wise operate on a narrow financial margin, as the funds can be put toward other uses such as education, health-care, healthy food or recreation.

In 2005, the CTOD and The Center for Neighborhood Technology (CNT), through support by the Brookings Institution, developed a model for understanding the combined household cost of housing and transportation.⁸ The Housing + Transportation Affordability Index (H+T Index) is a comprehensive tool for measuring the true affordability of housing in different neighborhoods and illustrates the importance of preserving and building affordable housing in transit-friendly locations to better meet the financial needs of low-income people and working families.⁹ Recognizing the interrelated costs of housing and transportation, it is important for community development professionals to consider the tradeoffs of building affordable housing in places that are isolated from transportation and far from job centers, where land is cheaper but services and amenities are few.

Affordable housing and transportation alone do not constitute a healthy neighborhood, but they are critical components of a larger comprehensive community development strategy that serves LMI individuals. Stakeholders should work together to ensure that neighborhoods located

near quality transportation preserve and produce the right mix of housing that is affordable to various income levels, and that future transportation investments better connect underserved communities to jobs, educational opportunities, services, amenities and recreation opportunities. A recent example of this is the Metropolitan Transportation Commission's (the regional transportation planning organization for the nine-county San Francisco Bay Area) official commitment in its long-range transportation plan to reduce the combined housing and transportation cost burden for LMI residents in the region by 10 percent.¹⁰ Meeting and hopefully exceeding this goal will require a mix of transportation investments and efforts to permanently preserve and build mixed-income housing in a diversity of transit-rich places across the region. MTC recently committed \$10 million as the first investment in a Bay Area Affordable Housing TOD Fund that will provide critical resources to help secure land in TOD neighborhoods across the region to provide permanent affordable

housing opportunities. MTC's investment is contingent on fund partners raising an additional \$30 million by August 2011.

As MTC leadership understands, congestion has the power to put an economic stranglehold on regions. Improving regional connectivity between employment centers, major attractions and the places where people live will ultimately make the region, and savvy cities and towns located in the region, a more competitive place to do business by offering workers a wider range of commute options. Linking jobs, housing and other important destinations by transit will also ensure increased transit ridership, which is the bottom line for every transit operator.

Place-Based, Context-Sensitive Approaches

In order to have a broad range of positive outcomes, TOD strategies need to be informed by current data and demographic trends. The National TOD Database, developed by CTOD in collaboration with the Federal Transit Administration, is a tool that allows local stakeholders to identify the most effective strategies for their community. The database includes information on over 4,200 existing and planned transit stations, as well as census information on the area within a half-mile radius around each station. Useful demographic, transit ridership, and other data can be drawn from this resource, providing the ability to quickly compare conditions across different areas of a city and with other regions around the country to develop context-sensitive, place-based TOD strategies.

In addition to its TOD database, CTOD recently launched an online, interactive tool called the Mixed-Income TOD Action Guide (www.mitod.org) that is geared towards local jurisdictions working to foster mixed-income TOD around planned transit stations. The goal of the guide is to help practitioners identify the most appropriate and effective planning tools for achieving mixed-income TOD in their transit station area, and ultimately to facilitate the development of mixed-income communities across the U.S. This is an example of a tool designed to help jurisdictions analyze data, demographic and market trends and existing conditions to meet specific outcomes in mixed-income TOD.

TOD strategies must also acknowledge shifting demographic trends. For example, over the next 20 years, the population of Americans age 65 or older is projected to be double the elderly population in 2000. Taking into account that more than 35 percent of older Americans today—more than 13 million—are considered low-income¹¹ and factoring in that many of these low-income older Americans will be transit-dependent, there is likely going to be a growing demand for affordable housing in TOD neighborhoods that are walkable, safe and close to



a range of amenities and services. Yet it appears that the supply of affordable housing near transit could dramatically shrink. Of the more than 250,000 federally subsidized apartments with rental assistance contracts within a half-mile of “quality transit” (and approximately 200,000 within one-quarter mile) in 20 metropolitan regions across the country, more than 70 percent are covered by federal contracts that will expire over the next five years.¹² A large portion of these units are occupied by low-income, transit dependent, older Americans who would be in significant hardship if they lost this affordable housing near quality transportation.

Some key strategies for ensuring low-income people, particularly the most vulnerable, including seniors, children, and people with disabilities, have access to affordable housing near quality transportation include: 1) Permanently preserving existing federally subsidized apartments near quality transportation, and 2) Permanently preserving affordable market rate housing through community land trusts or TOD property acquisition funds. In addition to preservation of permanent affordability, other policies such as rent control or inclusionary zoning can be useful, but need to be used in appropriate contexts.

Recognizing the limits of a one-size-fits-all approach, planning for TOD can involve a diversity of approaches and investments, such as those outlined in Table 2 below.

Another important strategy for a successful TOD implementation process is incorporating protections against displacement. Communities can become more desirable through improved transportation connectivity and/or the introduction of new amenities and services, potentially pricing out existing LMI residents. There are some key demographic indicators that give a sense of the vulnerability of local residents to future displacement as market changes draw new households to the communities surrounding transit stations, including: 1) Median household income; 2) Percent of renter households; and 3) The share of expiring affordable units.

Understanding how the local neighborhood is changing over time can also inform TOD planning. Neighborhood level change indicators can include: 1) Change in educational attainment; 2) Change in family structure; 3) Change in median household income; and, 4) Change in income diversity.¹³ Dramatic changes in these indicators can help planners identify which neighborhoods are experiencing gentrification and displacement, and which may be struggling with disinvestment, each calling for its own unique TOD strategy.

Recent work by CTOD in the City of Los Angeles used this type of analysis to show how investment strategies could be tailored to each of the 71 transit station areas in the City and identified unique characteristics that would make communities more vulnerable to displacement than others including demographics, market conditions, development opportunities, and transit connectivity characteristics. The report identified the following types of rapid demographic changes that characterize more vulnerable TOD neighborhoods:

Disinvesting: In these neighborhoods, there are an increasing number of residents in lower-income and educational attainment categories, while there is a decline in the number of residents in higher-income and educational attainment categories. Strategies that could help change this dynamic would be major public investment in catalytic development projects and public infrastructure improvements, such as parks, schools, and safe streets, to spur private investment. Improved access to jobs for local residents and the support for local economic development and job training should also be a priority.

Increased Risk of Displacement: In these neighborhoods, there is growth in the number of residents in higher-income and educational attainment categories, while there is decline in the number of residents in lower-income and educational attainment categories. This is sometimes the result of existing households experiencing upward mobility, but may be a sign of displacement.

Table 2 Multiple Approaches to Support TOD

Revitalization & Intensification	Neighborhood Preservation & Stability	Access & Connectivity
Increase density/development	Prevent displacement of vulnerable households	Increase transit ridership
Revitalize commercial corridors	Preserve historic buildings	Overcome barriers to walking/biking
Develop Affordable Housing	Preserve single-family neighborhoods	Improve safety
Assist existing residents economically (workforce development)	Enhance community activities (parks, schools, etc)	Improve urban design
Enhance economic/job growth	Maintain and enhance a particular local identity	

Fostering TOD that preserves and builds permanent opportunities for LMI individuals to reap the benefits of living and working in healthy communities near quality transportation requires collaboration and coordination across multiple stakeholders.

Strategies to address vulnerability issues may include permanently preserving existing affordable housing through property acquisition and land banking or programs such as rent control, inclusionary housing and stricter condo-conversion ordinances.

Polarizing: In these neighborhoods, there are an increasing number of residents at each end of the income and educational attainment spectrum, and a decline of middle class residents. This can be reflected in the data by a decline in the income diversity of residents, while the median income stays fairly stable. Residents in neighborhoods with this profile are especially vulnerable to sudden upward shifts in housing costs or to rapid disinvestment. A range of strategies could be deployed to address this condition including a greater focus on workforce and mixed-income housing, strengthening local public schools, improving access to jobs and the preservation of affordable housing, with special attention paid to moderate-income rentals and ownership opportunities.

Of course, not all neighborhoods are experiencing rapid change. There are a variety of conditions that influence what strategies to deploy. What is important to recognize is that the ability to achieve a successful TOD plan is often influenced by local context, not only at the neighborhood level, but also in the context of that neighborhood's location within the region (e.g. is it at the outskirts of the region, near a major job center, etc.). Ultimately, using data and context-sensitive analysis to identify effective approaches and to strategically target TOD investments is critical to ensuring that LMI families are the beneficiaries, rather than the victims, of TOD.

Conclusion

People living in diverse regions across the country are clamoring for more and better public transportation, real-

izing that having access to quality transportation choices can translate into a higher quality of life. TOD holds promise as a community development model to meet this demand, but we need to ensure that such development adequately serves the needs of LMI individuals and working families, and meets a broad set of local, regional, state and federal goals. The success of TOD shouldn't be based on an arbitrary formula prescribing a particular mix of land uses, densities, and urban design applied across the board to communities large and small. Rather, the success of TOD should be measured by how neighborhoods, as an integral part of regions, are experiencing the multiple benefits of TOD that include lowered transportation costs for LMI households, improved access to economic opportunity, reduced VMT, and an overall reduction in greenhouse gas emissions.

Fostering TOD that preserves and builds permanent opportunities for LMI individuals to reap the benefits of living and working in healthy communities near quality transportation requires collaboration and coordination across multiple stakeholders. A big challenge in the TOD planning and implementation process is identifying the champion(s) who will hold the vision and big picture over the many years it takes to bring a successful TOD effort to fruition. TOD efforts require intermediaries that bring the diverse set of actors to the table (a silo buster!), identify needed expertise at the right time, and access necessary investments to make key components fall into place or to fill in gaps. Having long-term and reliable champions for TOD from the public sector, philanthropy, and the non-profit and/or community development fields is particularly important for seeing TOD through a comprehensive community development lens, rather than simply interpreting TOD as a project near a train station.

The Interagency Partnership for Sustainable Communities between HUD, DOT and EPA has the ability to invest in equitable TOD champions and align federal resources to support innovative multi-sector approaches at all levels of government. Building a strong and diverse constituency for these efforts to increase the tools, resources and strategies for success will be important if we are to bring equitable TOD to scale across the country and foster healthy and sustainable neighborhoods for all. **CI**

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Making the Connection: *Transit-Oriented Development and Jobs*

By Greg LeRoy, Good Jobs First¹

Introduction

Transit-oriented development (TOD) is growing in popularity, but much of the focus of such projects is on environmental benefits and innovative design. While these are certainly vital components of TOD, this article takes another approach by exploring the ways TOD can serve the needs of working families—particularly those with low- and moderate-incomes (LMI)—by linking workers to viable employment opportunities through strategically located affordable housing and accessible transit options.

TOD projects, by definition, improve transit options in two senses. The housing components of such projects give residents easy access to trains, streetcars and buses for commuting to work elsewhere. The commercial components create jobs that people living in other places can more easily reach by public transportation. All this is laudable, but it does not help working families if the housing is upscale and the jobs are polarized between well-paying professional positions and minimum-wage service jobs.

Good Jobs First, a national policy resource center that promotes accountable development and smart growth for working families, conducted a review of 25 TOD projects from across the country that are trying to bridge the gap. Taking a case study approach, Good Jobs First analyzed the different developments and found a few common characteristics of projects that helped to address the needs of working families:

- Projects in which a community coalition negotiated for a Community Benefits Agreement with a private developer for guaranteed concessions such as local hiring, living wages and affordable housing set-asides.
- Those in which a community development corporation (CDC) initiated the project and made it integral to the organization's neighborhood-improvement mission.
- Cases in which an exceptional private developer intentionally designed a project for the benefit of low-income families and/or commuters.

This article highlights ideas for communities seeking to link residents to good jobs through TOD and presents examples of projects that have utilized the approaches outlined above. Overall, the projects demonstrate that innovations in TOD can serve not only the affluent or environmentally conscious, but also those that live and work in LMI communities.

The Potential of Economic Development Subsidies

In every case of community development corporation (CDC)-led TOD, and in most cases of developer-led TOD documented here, economic development subsidies, such as tax credits or loan guarantees, helped make the project happen. However, in only a few cases were these subsidies awarded through programs that explicitly tied the assistance to the project's transit accessibility.

We believe that in urban areas with transit systems, projects should not be eligible for subsidies unless the jobs are transit-accessible and within a reasonable commuting distance from affordable housing. In our 2003 study *Missing the Bus*, a survey of approximately 1,500 state economic development incentive programs, we found that not one state effectively coordinated any of its economic development programs with public transit by giving preference to or requiring that subsidized projects be accessible by public transportation. In several other studies covering the Twin Cities, Buffalo, Chicago, Cleveland and Cincinnati metro areas, we analyzed the geographic distribution of company-specific deals and found that they undermine job access via transit. Since then, legislation giving preference to such deals was enacted in Illinois in 2005 and administratively adopted the same year by the California Infrastructure and Economic Development Bank, the general purpose financing authority for the State, which finances public infrastructure and private development that promotes economic growth. Still much more needs to be done, however, to link economic development to transit options. For example, transit linkage is already well established in affordable housing construction: 28 states already impose such a preference or requirement.² Economic development subsidies should be similarly evaluated.

Making Job Subsidies Location-Efficient

Location-efficient subsidies are economic development monies that are dispersed to projects based upon the development's ability to do the following:

- Maximize the use of existing investments in infrastructure;
- Avoid or minimize additional government expenditures on new, publicly financed transportation or other infrastructure; and

- Have nearby housing affordable to the workforce, accessible and convenient transportation, or some combination of both.

In short, location-efficient subsidies provide preference to TOD projects that connect working families to jobs. This is one way to make local economic development subsidies more accountable and effective. With "location-efficient" job incentives, many benefits will accrue: low-income families will gain more access to economic opportunity, helping to reduce poverty and dependence; more commuters will gain a choice about how to get to work, reducing traffic congestion and greenhouse gas emissions; and taxpayers will realize better returns on their infrastructure investments through more efficient land use.

The following are basic principles for making development subsidies location-efficient:

Intent Language

Setting forth clear language about the intent of a subsidy program increases the likelihood that administrative rules written to realize the statute will be faithful; it also reduces the chance that litigation will be able to subvert the act.

Transit Access

To qualify as transit-accessible, a workplace should be no more than half a mile, and preferably no more than quarter mile, from a transit stop with regular and frequent service. Alternatively, a workplace could qualify if it provides regular and frequent shuttle service to such a station. A higher preference rating may be given if a workplace is accessible by multiple transit routes or modes.

Affordable Housing

The benchmark for proximate affordable housing is median monthly rent or median monthly mortgage debt service that does not exceed 35 percent of the median workplace wage or salary, which is computed exclusive of the highest 10 percent of salaries. Housing costs are derived from either the municipality in which the workplace is located, or, for work sites in unincorporated areas, county data.

Subsidy Eligibility or Preference

We suggest location-efficiency as a requirement rather than a preference whenever a project is to be located in a metro area that has public transportation. We also suggest tying location-efficiency to multiple, commonly granted economic development incentives so that employers and public officials become accustomed to the practice.

Affirmative Location-Efficient Plan in Subsidy Application

We also suggest that as part of their application for an economic development subsidy, companies file an

affirmative location-efficient plan that details how the proposed project satisfies the transit and housing benchmarks, or how the employer will act to satisfy them. For example, the company may commit to providing a shuttle service to a transit station and to participate in the federally enabled pre-tax transit-pass benefit program. Or it may commit to provide an employer-based housing benefit to reduce housing costs.

TOD Project Case Studies

The following are select case studies of TOD projects from across the country. These case studies do not necessarily represent the biggest or best TOD projects in existence. However, they provide a range of examples and illustrate the ways in which TOD can help LMI workers access jobs and housing.

NoHo Commons in Los Angeles, California

NoHo Commons is a 22-acre, multi-block mixed-use development with affordable housing, affordable childcare, and living wage jobs centered around a subway station in an emerging arts district. The Valley Jobs Coalition, a broad-based coalition organized by Los Angeles Alliance for a New Economy (LAANE), negotiated a community benefits agreement (CBA) with J.H. Snyder Co. (the developer) which prioritized good job opportunities for local residents. The CBA's major victories include a requirement that 75 percent of the jobs pay a living wage, a first source hiring provision, a child care center with affordable childcare requirements, and responsible contractor guidelines.

The CBA puts into place an extensive first source hiring system. Each time the developer recruits another tenant, that employer is required to meet with LAANE, which informs the tenant about the local hiring mechanisms set up for the development. LAANE commits to bring 100 qualified applicants to the tenant. LAANE reports that about 80 percent of tenants choose to use the first source hiring system.³ The Los Angeles Valley College will provide customized job training to area workers for employment at NoHo Commons.

The NoHo Commons development is centered upon the North Hollywood Red Line subway station. Angelenos can access jobs at the development either by subway, bus service, or by walking from a North Hollywood residential area. NoHo Commons creates a pedestrian friendly environment around the subway station. New residents of NoHo Commons can also use transit to access jobs at the nearby Academy of Television Arts or Universal Studios.

Campaign Place in Las Vegas, Nevada

Campaign Place is a 319-unit, single room occupancy (SRO) residential development designed specifically for low-wage earners. It is located near jobs and transit in downtown Las Vegas. The Las Vegas economy includes numerous service jobs in casinos, hotels, and other tourist attractions. Although the city's major casino and hotel destinations are unionized, most off-strip hospitality and retail jobs are not. Many of the people who fill these positions have long commutes or live in dangerous neighborhoods because of the lack of safe, affordable housing in

Campaign Place, designed for low-wage workers in Las Vegas, NV.



the city. In 2000, developer Tom Hom Group (THG) addressed this problem by opening Campaigne Place.

Residents who live at Campaigne Place earn no more than \$22,000 and pay rent of about \$99 a week or about \$400 per month, all utilities included. The housing is located in a dense section of downtown and is within walking distance of hotels, restaurants, retail, and the Downtown Transportation Center, the transit system's central hub. Campaigne Place residents have access to the entire transit system in the greater Las Vegas Valley through the bus lines that weave in and out of downtown; about ten bus routes run within a block of the development. The Las Vegas Regional Transportation Commission also plans to provide MAX service in coming years. MAX vehicles are bus/train hybrids that serve a portion of downtown and will expand in the future. Additionally, Campaigne Place offers bicycle racks for residents.

In order to make Campaigne Place happen, THG used federal low-income housing tax credits and private activity bonds from the state. U.S. Bank offered an \$8.5 million letter of credit for this \$12 million project. The area around Campaigne Place has reportedly become more desirable since the project's opening. Will Newbern of THG credits Mayor Oscar Goodman with promoting downtown development and helping to spur a rebirth in downtown Las Vegas.⁴ High-end condominiums have been built near Campaigne Place, but regardless of how the area changes around Campaigne Place, the development will always provide residents with safe, affordable living, with access to jobs.

Center Commons in Portland, Oregon

Center Commons is a 4.9-acre residential and retail development with senior housing, affordable family housing (three and four-bedroom units), a large daycare facility, and pedestrian pathways to a light rail station. Center Commons demonstrates that a mixed-use TOD project can provide housing choices near transit for people of all incomes and in all stages of life.

The Center Commons project started in 1994, when Portland officials engaged the surrounding community in a planning process for the site. In 1996, the Portland Development Commission (PDC) purchased the site from the Oregon Department of Transportation, and then proceeded to hold a development offering. "We felt very lucky to find a five acre site next to a light rail station," Connie Lively, PDC senior project manager, commented.

American Pacific Properties, Inc. (AMPAC) emerged as the master developer for Center Commons because the company made affordable housing a priority and pledged to build more affordable units than required. Recognizing that there are higher costs involved in building higher density housing, and wanting to encourage higher density development near light rail stations, Portland provides developers with a property tax abatement through the city's

"Transit Oriented Development" tax abatement program. The Federal Transit Administration also made a grant through its Metro Regional Services for the Transit Oriented Development program. The TOD-related incentives made it easier for developers to build at high density near the light rail station. Other kinds of incentives were also used to make many of the housing units affordable to a range of households. The PDC gave the developers a loan and AMPAC also utilized federal low-income housing tax credits and revenue bonds from Oregon Housing and Community Services. As an added incentive for would-be buyers at Center Commons, income-qualifying households receive a 10-year transit-oriented property tax abatement from the city of Portland.⁵

Neighbors to the development got involved in the early phases of planning at the request of the PDC and made a series of influential suggestions, such as incorporating a range of housing types, a range of income levels for the housing, a rental/owner ratio that reflects the neighborhood, the creation of some commercial space, and the preservation of several large oak trees on the site.⁶

However, residents of the project have voiced disappointment that there is little to no interaction among low-income renters, market-rate renters, and townhome owners despite their close proximity.⁷ Unfortunately, providing housing for people from different ages and incomes does not necessarily facilitate interaction among them. Community building among Center Commons residents is further challenged by the fact that buildings are segregated by resident type, such as low-income families, market rate renters, or senior citizens, rather than mixing renters and owners of different incomes.

Village at Overlake Station in Redmond, Washington

King County, Washington succeeded in developing the country's first housing and bus transit center combination when it opened Village at Overlake Station in 2001. Two four-story buildings and one five-story building contain 308 rental housing units, a 24,000-square foot day care facility, a park-and-ride facility with two levels of parking, and a bus transit center including two loading platforms and four layover areas. The development provides an important link between moderate-income residents and nearby employers in an area where only upper-income people can afford to buy a home. All housing units are reserved for people making 60 percent or less of the area median income. Thirty units are wheelchair-accessible and barrier-free for physically disabled residents.

The transit center allows residents to take an elevator straight from their apartments to awaiting buses. Eight bus routes converge at the station. The development's residents own an average of just 0.6 vehicles per unit, indicating that many are making full use of the available mass transportation.⁸ Ron Posthuma of the King County Department

of Transportation estimates that there has been at least a tripling in transit riders at Overlake Station compared to comparable transit stations.⁹ Additionally, residents enjoy free onsite bicycle storage.

The development corrects a long standing jobs/housing imbalance in Overlake. The area is rich with jobs but provides little opportunity for people to live near them. Before Overlake Station was built, there was no housing within a half mile of the station. The location of Overlake Station permits people to access an array of jobs by foot or short bus ride. The Station is located in a commercial area dense with stores, restaurants, personal services, and social services. Group Health Cooperative's Eastside Hospital facility is directly adjacent to the complex. Within a few blocks, Microsoft and about 600 other firms employ more than 22,000 workers.¹⁰

Conclusion

As these case studies demonstrate, along with other successful projects from across the U.S., local governments have learned how to use economic development incentives to promote TOD that creates economic opportunity and housing for working families of modest means. Successful projects, whether they are initiated by for-profit developers or non-profit development corporations, are intentional about locating housing a walkable distance from transit routes that connect to employment centers.

And when TOD projects involve job creation, they use mechanisms such as local hiring programs and living wage benchmarks to increase the likelihood that nearby residents gain access to family-supporting jobs.

Local governments like Portland's Metro have evolved to strategically leverage their power and use economic development incentives to create opportunities for more inclusive TOD that prioritizes living wage jobs for LMI workers. Community activists are learning how CBAs can harness the benefits of redevelopment, so that LMI families who remained in cities during the suburban boom can benefit from the national "back to the city" trend. Affordable housing developers, both for- and non-profit, are more often thinking about how individual projects fit into regional transportation and land use plans. Enabling housing residents to get to work via transit—and thereby trim their transportation budgets—is critical to affordability. For all stakeholders, location efficiency that favors inclusive TOD offers multiple benefits, including poverty reduction, environmental protection and tax-base efficiency, making TOD a promising community development strategy. **CI**

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The Village at Overlake Station, in Redmond, WA.





Linking Transit-Oriented Development, Families and Schools

By Ariel H. Bierbaum, Jeffrey M. Vincent, and Deborah L. McKoy
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Introduction

Central to a vision of sustainable and equitable development is the goal of creating “complete communities,” whereby all residents, regardless of race or class, have equal access to jobs, services, and community amenities. Many policy leaders and planners see infill development, generally, and transit-oriented development (TOD), specifically, as key strategies to realize this goal. TOD is real estate development adjacent to transit hubs, with the primary goals of increasing transit use, decreasing private auto use, and increasing transit revenues. TOD generally takes a mixed-use approach that includes combining housing and retail/businesses close together in relatively high densities.

TOD projects have grown in number across the country in the last decade, but most TOD has produced higher-end housing, often targeted at empty nesters and/

or young, primarily childless professionals, as opposed to families.¹ Despite this trend, the goals of developing “complete communities” and many of the principles of TOD do align with the goals of community development practitioners—aiming to improve the quality of life and economic opportunity for low-income communities and communities of color. Accordingly, advocates and policy leaders are beginning to push more aspirational strategies of infill development and TOD that focus on a mix of jobs, shops, community services, and homes affordable to families across a mix of incomes.² By incorporating broad goals about serving families and mixed-income residents through TOD, these leaders aim for a different TOD model than has typically been seen across the country.

Bringing to fruition new, ambitious models of TOD that provide opportunities for families of varying incomes

will require new thinking by local agencies and developers. Implementing conventional TOD remains challenging; realizing more equity-oriented TOD will be even more so. When it comes to TOD that serves the needs of families, equity and access around educational opportunities for children should be top priorities. The interconnections between how and why families choose where to live and how that relates to their perception of access to high quality schools is a complex reality that is highly dependent on local contexts.³ Targeting families into mixed-income TOD requires a deeper understanding of these interconnections to ensure that TOD becomes a tool in equitable development and not a cause of exacerbated segregation. And, it will require a broader network of individual and institutional stakeholders to join TOD planning stages, most notably, families and local schools/school districts.

The Center for Cities & Schools (CC&S) at the University of California, Berkeley is currently exploring ways of making more equitable, “family-friendly” TOD a reality across the country. In the San Francisco Bay Area, our efforts include case study research that examines the relationships between TOD, families, and schools—with special consideration of the increasing educational opportunities available for children (e.g., magnet schools, small autonomous schools, charter schools, inter-district transfers, in order to realize the aspirational goals of TOD among area leaders.

Ten Core Connections between TOD, Families, and Schools

Through our action research with community stakeholders, city and school leaders, and young people, we have developed a list of Ten Core Connections between TOD and Education, which identify key considerations for fostering successful mixed-income, family-oriented TOD. The list provides guidance for policymakers, developers, community development practitioners and other stakeholders interested in promoting equitable TOD that serves the needs of families. Central to these connections is how transportation infrastructure can leverage additional benefits, notably supporting families and students and enhancing local schools.

1. School quality plays a major role in families’ housing choices. Access to quality schools plays a pivotal role in the housing choices families make. Thus, TOD that attracts families with school-aged children must include access to high-quality schools and other educational opportunities.⁴

2. A wide housing unit mix is needed to attract families. Unit mixes that include 3- and 4-bedroom apartments and townhomes offer family-friendly options. However, to make TOD more easily “pencil out,” developers have primarily built studios and 1-, and 2- bedroom apartments. While some of these units may attract younger couples,

larger families and households with older children require more bedroom space.

3. Housing unit mix, school enrollment, and school funding are intricately related. The majority of public schools are funded on the basis of their student enrollment numbers; new housing will likely affect enrollments at nearby schools, which by extension impacts school operations and school district funding. Enrollment and school capacity situations will differ from school to school, but in general, unexpected changes in enrollment—increases or decreases—are difficult for districts to manage and can be cause for tension.

4. Children often use transit to get to and from school and afterschool activities. Access to safe, reliable, and affordable transit facilitates students’ on-time and consistent arrival at school (reducing problems of truancy and tardiness) and to afterschool activities that enhance their educational experience. For many students, access to transit often means the difference between participating in or being excluded from these kinds of productive, engaging, and academically enriching opportunities.

5. Multi-modal transit alternatives support access to the increasing landscape of school options. The educational landscape across the country is continually changing, and students and families now have an increasing number of school options. Children do not always attend their closest neighborhood school; rather they may enroll in a charter or theme-based magnet school, a private school, or a school with specialized programs. Additionally, school districts may have an assignment policy that disperses students throughout the district to relieve overcrowding or integrate schools. Access to safe, affordable transportation options plays an important role in determining whether families have the opportunity to choose the most appropriate schools for their children from among multiple options.

6. Mixed-income TOD provides opportunities for educational workforce housing. The combination of modest teacher salaries and high housing costs often creates a challenge for school districts to retain high quality teachers. Mixed-income TOD could be an attractive incentive for area public school teachers and their families.

7. TOD design principles support walkability and safety for children and families. Across the country, researchers have seen drastic declines in the number of children walking and/or bicycling to school.⁵ TOD design principles inherently address concerns of distances between home and school, traffic, and “stranger danger.” First, TOD emphasizes pedestrian infrastructure, including sidewalks and crosswalks. Second, mixed-use TOD aims to create active, vibrant street life that increases safety through more “eyes on the street.” Finally, TOD’s outcome of increased

ridership enhances safety and reliability, increasing the demand and desirability of transit for families.

8. TOD brings amenities and services that can serve families closer to residential areas. The mixed-use nature of TOD provides opportunities for amenities and services that can attract and support children and families. For example, childcare centers and preschools located within or adjacent to TOD place these daily destinations within walking distance of transit, which may increase the likelihood that working parents utilize transit while balancing the logistics of getting to daycare and work each day.

9. When schools are integrated with TOD planning, opportunities emerge for the shared use of public space. In many infill locations, open space is lacking. If an existing school is located adjacent to or near the TOD, there are opportunities to use the school site as open space through shared use arrangements. Access to school site spaces for public use becomes an attractive amenity to families considering moving to a TOD, a way to build broader public support among childless residents for schools as community assets, and a strategic tool for developers to meet open space requirements for their new developments.

10. TOD offers opportunities for renovating and building new schools in developments, which draws families. Partnering with school districts can leverage additional capital resources to improve existing school buildings and/or to create small, charter, magnet, or other specially-focused schools. While most people tend to think of schools as stand-alone buildings, this does not necessarily have to be the case; in Portland, Oregon, for example, the public school district is leasing storefront space in a new, mixed use, affordable housing building.⁶

Overcoming Challenges and Leveraging Opportunities

While these Ten Core Connections may seem common sense, using these insights to leverage mixed-income, family-friendly TOD means swimming against a strong tide. Building mutually-beneficial and sustainable collaborative policies and practices between local governments and public school districts is tempered by a tenuous foundation of entirely separate governance structures, vastly different project and policy timeframes, and often competing state and/or local regulations. Most often, civic and educational leaders rarely work in tandem to leverage opportunities for integrated and mutually-beneficial outcomes.⁷ However, increasingly, school districts and cities recognize that they ultimately are serving the same constituents and families and are striving for many of the same goals—providing high quality education, housing, quality of life, and opportunity to all residents.

Thus, uncovering and understanding these intercon-

... increasingly, school districts and cities recognize that they ultimately are serving the same constituents and families and are striving for many of the same goals—providing high quality education, housing, quality of life, and opportunity to all residents.

nections should not provoke more finger-pointing, but rather generate a discussion on how these issues are related and how to design complimentary efforts for realistic “win-wins” making cities more attractive and livable. From our Ten Core Connections described above, we have identified four key areas of future work and research:

Collaborative, cross-sector partnerships can leverage opportunities linking TOD, families, and schools. Aligning the opportunities and mitigating the potential impacts TOD may have on schools will require collaborative, cross-sector partnership. In particular, local public school districts need to be active participants in the TOD planning processes. The Ten Core Connections presented in this paper provide the rationale for including school districts as key stakeholders in TOD planning, and begin to illuminate the incentives for schools to participate. Planning for population and school enrollment changes linked to a TOD appears to be a natural converging point of interest; the potential for the joint use of public spaces or inclusion of small specialty schools in a TOD is another, and can only happen through partnerships across agencies.

The “story” of TOD can more explicitly include families and schools. The overall “story” of TOD can better support the goal of mixed-income, family-oriented housing. Given that TOD is largely aimed at young professionals and empty nesters, neither of whom is expected to have children, considering schools in relation to TOD may seem unnecessary. However, market demand among young professionals can change over time.⁸ When couples without children living in a TOD have children, they are more-or-less forced to relocate to accommodate their growing family, often giving up their multi-modal lifestyle. TOD focused at least in part on accommodating families can both attract new populations to TOD living and help retain current residents in TOD areas. The case for creating mixed-income TOD will provide the opportunity for families that would not otherwise have access to such transit-accessible housing to cut down on both their housing and commuting costs. Given the realities of implementing TOD, including affordable, family-oriented housing is no easy task; developers and cities will need additional policy mechanisms and financial subsidy to do so.

Capacity-building is needed to support cross-sector partnerships. Effective cross-sector partnerships are built upon trust, communication, and procedural tools. Stakeholders may be engaging in such partnerships for the first time and could benefit from capacity-building that prepares them to be more effective partners. Our research has revealed diverse stakeholders—including elected leadership, city and school district staff, and private (for- and non-profit) developers—who each play critical roles in planning and implementing TOD and need capacity-building support to engage in collaborative TOD planning. We identify four key capacity-building areas:

1. *Communications infrastructure.* Formal and informal avenues of communication are critical to sustained collaboration and trust building; “2x2” committees (where the district superintendent and school board chair meet with the mayor and city manager), quarterly joint city council-school board meetings, or other consistent modes of communication are all good options.

2. *Data- and information-sharing.* Data is of critical importance in conversations about schools and development. However, there is no single, easily accessible source of data on both cities and schools. For example, the question of how many students a new housing development will generate requires a system and set of resources where planners and districts can agree on demographic projections.

3. *Incremental successes.* Trust and collaboration can be built on diverse projects and initiatives. Often, districts and cities collaborate at a smaller scale, for example sharing school resource officers or after school programming, which can lay the foundation for partnerships in bigger infrastructure and development projects. While a crossing guard program may seem small compared to a large infrastructure development initiative, this incremental success serves as a foundation for relationship building, and its success can be leveraged for larger projects in the future.

4. *Points of effective partnership/engagement.* To determine the best time, place, and reason for schools’ engagement, all stakeholders must understand TOD and school-related planning and implementation processes, what specific action occurs in those phases, and how any impacts are most directly relevant to the work of cities and school districts. For example, while planning processes set the stage for land allotment, it may not be until the implementation phase that the unit mix of a TOD is set, thus determining actual student generation rates. Likewise, different phases of the process provide opportunities to leverage city and school constituencies. For example, students may participate in a TOD planning process as part of a service-learning class, and subsequently bring their parents into planning activities, thus providing develop-

ers and planners with access to a broader constituency. Further, schools may use public meetings during an implementation phase to reach other city residents who may have an interest in supporting schools and/or joint use of school facilities.

Performance measures and outcome indicators are needed to assess successful TOD outcomes supporting families and schools. To effectively align and assess TOD outcomes that simultaneously support equitable development, families and schools, districts, cities, and developers need established performance measures and outcome indicators. While conventional TOD success metrics focus on revenue for transit agencies and increased transit ridership, the idea of “TOD 3.0” has been proposed, in which “Livability Benefits” become the driver of the technical processes of transit and land use planning for TOD.⁹ Education-related components are narrowly defined around early childhood education, out of school time, charter schools, and magnet schools¹⁰ – not considering the bevy of other traditional public school district and school site initiatives and opportunities that interrelate with TOD efforts. However, even when benchmarks are set for these types of quality of life issues,¹¹ there is limited focus on operationalizing what this means in practice for families—especially where schools and the inclusion of school site and district stakeholders are concerned. Further research and case study development should be utilized to construct tangible performance measures and outcome indicators for successful TOD planning processes and outcomes that support families and local schools.

Conclusion

Improving cities and improving schools go hand in hand; one will likely only be successful in tandem with the other. Opportunities exist to use TOD to increase transit ridership, create great communities, realize equitable development, support families, and provide high quality educational options for all children. While transit agencies and private developers have driven the TOD concept, community development practitioners are increasingly seeing the power of building community connections and enhancing quality of life for all residents through this emerging development tool. **CI**

The Center for Cities & Schools (CC&S) is an action-oriented think tank and interdisciplinary initiative between the University of California, Berkeley’s Graduate School of Education and the College of Environmental Design. CC&S works to position high quality education as an essential component of urban and metropolitan vitality to create equitable, healthy, and sustainable cities and schools for all.



Equipping Communities to Achieve Equitable Transit-Oriented Development

By Matthew Soursourian

Introduction

Transit-oriented development (TOD) is uniquely positioned to positively impact low- and moderate-income (LMI) communities: it can connect workers to employment centers, create jobs, and has the potential to spur investment in areas that have suffered neglect and economic depression. Moreover, TOD reduces transportation costs, which can have a greater impact on LMI households since they spend a larger share of their income on transportation relative to higher-income households. This frees up household income that can be used on food, education, or other necessary expenses. Low-income people are also less likely to own personal vehicles and therefore more likely to depend exclusively on public transportation to get to and from work, making reliable access to transit a necessity for their economic success.

Most TOD projects, however, do not focus on LMI communities—the population that stands to benefit the most from increased access to transit. In fact, many TODs target

upper-income communities and seek to capitalize on the recent revival in urban living. In some cases, TOD can price LMI residents out of their neighborhoods and push them farther away from jobs and transit, since in order for a TOD to be successful, it will necessarily increase land and housing costs. When this happens, instead of benefiting LMI residents, TOD projects can have the opposite effect, dramatically disrupting low-income neighborhoods.¹

Nonetheless, there are several tools and strategies that can help mitigate the potential negative impacts of TOD and maximize the benefits for LMI communities. Community development professionals, city officials, and advocates can use these anti-displacement tools and strategies to ensure that low-income residents can remain in their neighborhoods and enjoy the benefits of TOD. Through case studies, this article examines three types of strategies that communities can employ to ensure that equity concerns are integrated into TOD. The article explores the

advantages and challenges of utilizing TOD funds, non-profit developers, and community benefits agreements as tools to promote equitable TOD.

Denver's TOD Fund: Financing Affordable Housing over the Long Term

In 2004, Denver-area voters approved a massive public investment in the region's transit system. When completed, the expansion will add 119 miles of new rail and 70 stations throughout the region, including 36 light rail stations in Denver, and will cost an estimated \$6 billion. Recognizing a unique opportunity to leverage this investment for urban redevelopment, the City of Denver has embarked on an ambitious strategy to finance and preserve affordable housing around the light rail stations.

Leading this effort is the Office of Economic Development (OED). Unlike many city economic development agencies which focus primarily on attracting businesses through incentives, Denver's OED is also responsible for managing all of Denver's affordable housing programs. This expanded portfolio of responsibilities provides the agency with direct knowledge of low-income communities and their concerns, and requires that the Department incorporate these concerns into its development strategies. "As an economic developer, I know that when we are growing the economy, we run the risk of displacement and gentrification," explained Andre Pettigrew, Denver's Director of Economic Development. "We have to be cognizant of making sure that we have a diversity of housing and employment options," he added.

With the expansion of regional transit, OED anticipated that the new investments had the potential to displace LMI residents. At the same time, they recognized the opportunity to improve the affordability of the Denver region by lowering the costs of transportation. Working with the MacArthur Foundation, the City of Denver decided to establish a unique TOD Fund, which would provide a new financing mechanism allowing for the acquisition and preservation of affordable housing along existing and new transit corridors. The City dedicated \$2.5 million to the Fund to match MacArthur's grant of \$2.25 million.

The TOD Fund has since grown to \$15 million due to new partners that have joined the project. Other investors in the Fund include U.S. Bank, Wells Fargo, Colorado Housing and Finance Authority, Rose Community Foundation and the Mile High Community Loan Fund. Two additional investors are key to the TOD Fund's success. Maryland-based Enterprise Community Partners serves as the financial manager of the Fund. The Urban Land Conservancy (ULC), a local Denver non-profit, acts as the sole borrower of the Fund and oversees land purchases. The OED is also leveraging federal funds, including the Neighborhood Stabilization Program (NSP), to maximize

the Fund's impact. "We are trying to make sure that in our neighborhoods, our NSP dollars work with our TOD Fund to get the ultimate leverage," said Mr. Pettigrew.

Over the next ten years, the TOD Fund's goal is to create or preserve 1,200 units of affordable housing located within one-half mile of rail stations and one-quarter mile of bus stops. The ULC will target three types of properties: existing federally-assisted rental properties; existing unsubsidized but below-market rate rental properties; and vacant or commercial properties to be converted to new affordable housing.

One challenge that the Fund will face relates to affordable units that may soon lose their subsidies. A recent study found that many federally assisted housing units located near transit are covered by contracts set to expire in 2012, at which point they would revert to market-rate rentals.² The Fund addresses this challenge by permitting the ULC to hold properties for up to five years, which allows time to secure long-term subsidies for affordable housing.

Currently, the biggest challenge for Denver is coping with the effects of the economic recession. Mr. Pettigrew concedes that there is a risk in committing a substantial amount of city funding to a specific project at a time when the city is cutting budgets and laying off workers. In fact, some members of the public questioned the timing of the project and its overall merit. Fortunately, the Fund had a strong ally in the City's Mayor, John Hickenlooper, who was able to provide the leadership to articulate the necessity of making this investment. It is also possible to view the recession as an opportunity to invest up front in the provision of affordable housing for the future. The recent decline in house prices means the Fund should be able to purchase more than they could have during the housing boom. At the same time, the recession has pushed Denver to be more strategic. "We are very mindful that we have to get the most out of these funds because there's just not that much money for this anymore," said Mr. Pettigrew.

Denver's success in launching a TOD Fund may not be replicated as easily in other cities. Denver has a long history rooted in regionalism. As the urban anchor, Denver has reached out and partnered with its suburban neighbors, which helped the success of the TOD Fund since several stations are located at the border between Denver and other cities. In addition, Denver's regional economy is in a period of consistent growth. As Mr. Pettigrew explained, "These significant public sector investments are triggering a level of business expansion and corporate attraction that is setting us apart." In addition, there are inherent challenges to building large coalitions, such as the one required to create the TOD Fund, since it can be difficult to bring groups together, redefine roles, and build trust simultaneously. Mr. Pettigrew suggested that in some cases,

“it could be valuable to bring a third-party facilitator to get people in the right problem-solving and sharing mode.”

Still, other regions are looking toward Denver’s TOD Fund as a model for coping with the need to preserve affordable housing around TOD. For example, the San Francisco Foundation, in partnership with Reconnecting America and the Nonprofit Housing Association of Northern California, is leading an initiative to create a property acquisition loan fund to facilitate affordable housing development around transit hubs in the Bay Area. The fund has received a commitment of \$10 million from the Metropolitan Transportation Commission and will be managed by The Low Income Investment Fund and its CDFI partners. Heather Hood, Initiative Officer, Great Communities Collaborative at The San Francisco Foundation said, “At a time when land values are depressed and lending is scarce, especially for affordable housing, this fund can serve a critical role as ‘patient capital’ for affordable TOD while city housing budgets, redevelopment agencies, the credit markets and bond institutions recover.”

Fruitvale Village: Nonprofit Led TOD

While Denver’s case study demonstrates a tool for encouraging equitable development around new investments in transportation, an equally important challenge is shaping redevelopment around existing transit stations. Fruitvale Village, located in Oakland, CA, provides an

example of how local nonprofits can promote community development around transit stations and integrate affordable housing, commercial space, and social services with public transportation in a way that benefits local residents.

The Unity Council, a social-service and community advocacy agency, developed the Fruitvale Village project as part of their work promoting economic development in Fruitvale, a neighborhood they have stewarded since the 1960s. The BART regional rail system stops near the center of Fruitvale, which is also a major bus transfer center for the area. Home to the city’s largest Latino population, Fruitvale is the most densely populated neighborhood in Oakland. As of the 2000 Census, half of Fruitvale residents earned less than \$30,000 annually.

In 1991, BART announced plans to construct a multi-level parking garage next to the Fruitvale station to serve commuters. While residents agreed that a garage was needed, they disagreed with BART’s design proposal. Jeff Pace, the COO of the Unity Council, characterized the parking proposal as a “sort of apartheid that would divide the neighborhood.” To identify possible alternative plans, the Unity Council held community charrettes—meetings in which residents met with the architects and planners to discuss different visions for the community.

Through the workshops, the Unity Council asked residents to identify strengths and weaknesses of their neighborhood and develop broad goals for the project.

Fruitvale Village, located in Oakland, CA, integrates housing, retail, social services and public transportation



Photo credit: www.neighborhoods.org

Workshop participants emphasized that the development should provide affordable housing, create jobs, and bring amenities and services to the neighborhood.³ Based on the outcomes of the charrettes, the Unity Council proposed a mixed-income housing and jobs center that would support small businesses. “And we wanted it to be beautiful,” Mr. Pace added, “so it was something the community could be proud of.”

By 1995 the Unity Council, BART, and the City of Oakland had reached an agreement on the conceptual plans for Fruitvale Village. BART would build the multi-story parking garage at a location a few hundred feet west of their initial site, while the City passed a zoning ordinance prohibiting future parking construction around the Village. In addition to a diverse mix of private loans and creative capital financing, several large federal grants allowed the Unity Council to break ground on the project in 1999.

Phase I of Fruitvale Village was completed in 2004, and incorporates many of the elements of the Unity Council’s vision for the community. The complex includes high-quality and affordable housing, including 68 units of HUD 202 low-income senior housing, 10 restricted-income rental units, and 37 market-rate rental units. More than 40 small businesses have made Fruitvale their home, creating jobs and supporting the local economy. In addition, a wide range of services are offered throughout the complex, including over 60,000 square feet of medical services, multiple financial services providers including a retail bank and a counseling center, educational services including a preschool and high school, and social services ranging from a library to a senior center. Finally, on-site job training programs offer members of the community an opportunity to gain valuable skills that will help them succeed in the workforce.

The Unity Council is currently assembling financing for Phase II, which will feature a dense, mixed-income housing development. Out of the 275 Phase II units, 183 will be for sale at market rates, while 92 will be designated as affordable rental units.

The development of Fruitvale Village was not without its obstacles. While the Unity Council was able to rent its housing units quickly, it had more difficulty finding tenants for its commercial space. When construction finished in 2004, twenty-five percent of the commercial space was vacant and cold shell, meaning it had not been built out yet. Several years passed before Fruitvale found tenants for that space and financing to pay for the build-out. Part of the challenge was the lack of foot traffic necessary to support retail shops. By adding the high school and a children’s counseling clinic over the past five years, Fruitvale attracts hundreds of additional people every day. “There’s now finally the critical mass that we need,” said Mr. Pace.



Another challenge had to do with the timing of Fruitvale's opening. The financiers compiled the project's pro-forma in the midst of the internet bubble, when the office-leasing market in the Bay Area was at its peak. After the bubble burst, the units could not support such inflated rents, which exacerbated the project's commercial vacancy.

The current real estate bust and credit crunch have had a smaller impact on Fruitvale than one might expect. "One of our advantages," said Mr. Pace, "is that now that Fruitvale is fully built and occupied, we're pretty well diversified." The social service providers receive funding from a range of federal, state, and local government sources. On top of that, the retail consumer market supports the development. "As a result, we've weathered the latest crisis fairly well," explained Mr. Pace. "Our main financing structure has tremendously benefited from the low-interest rates since 2008."

Mr. Pace also emphasized the importance of recognizing the interrelated forces at play in a TOD project. In any development, stakeholders will advocate for their own interests and push their own vision for the project, which can often lead to conflicting perspectives and entrenched silos. For example, the transit agency may only think about transportation efficiency while the redevelopment agency might concentrate on possibilities for investment; the housing agency may focus on maximizing housing options while the small merchants may deliberate over traffic flow and parking needs. "But you need to anticipate all of the uses of the site," explained Mr. Pace. This is particularly true for projects that aim to benefit LMI communities.

Longfellow Station: Community Benefits Agreements

A smaller nonprofit organization may not have the resources to develop its own TOD project like Fruitvale Village. In this case, the nonprofit can work with a developer to integrate community concerns using a community benefits agreement, or CBA. A CBA is a private, legally-binding contract between a developer and a community coalition that codifies the commitments the developer has made regarding how the project will benefit the surrounding community. CBAs typically contain provisions related to affordable housing, living wages, local hiring, environmental justice, and resources for community services, although the specific nature of the CBA provisions are determined by the local community.⁴ Some notable examples of CBAs in the 12th District include the Dearborn Street CBA in Seattle, the Bayview-Hunters Point CBA in San Francisco, the Oak to 9th CBA in Oakland, the Ballpark Village CBA in San Diego, and the LAX CBA in Los Angeles.

In any development, stakeholders will advocate for their own interests and push their own vision for the project, which can often lead to conflicting perspectives and entrenched silos.

More recently, CBAs have been used in conjunction with TOD projects to address the unique challenges that these types of projects can present in low-income neighborhoods. In Minneapolis, the Longfellow Station CBA is one of a small but growing number of CBAs that specifically address a TOD project. This expansive mixed-use redevelopment proposal, which is located next to a transit station, was driven by the construction of the Hiawatha Light Rail Transit through the Longfellow neighborhood in 2004.⁵

The Longfellow neighborhood is a largely middle-class neighborhood located in southeast Minneapolis. As such, their experience may not directly relate to lower-income communities with more acute fears of displacement and gentrification. Nevertheless, the 12 block stretch that runs along the light rail corridor is the most economically-disadvantaged part of Longfellow with the highest concentration of apartment buildings and rental units.

The developer, Capital Growth Real Estate, approached the Longfellow Community Council (LCC), a neighborhood advocacy group, in late 2005 to discuss the TOD proposal. The LCC was already concerned about how the expanded transit system would impact its community and had identified a CBA as a potential tool to ensure that residents would benefit from the new development. To address these concerns, the LCC hosted a series of meetings with the developer, the City's planning department, and members of the community to create a shared vision for the project, as well as for future development proposals in the area.

The negotiations process lasted almost two years and was not without contention. Melanie Majors, the Executive Director of the LCC, explained that towards the end of negotiating the CBA, the LCC attempted to incorporate deed restrictions into the agreement, so that if the developer sold the land, the new owner would have to abide by the CBA. In the end, LCC had to concede these concerns, and the deed restrictions were not included in the finalized CBA. As Ms. Majors explained, "While CBAs are structured as contracts, it's not as easy to hold either party's feet to the fire as if you had a loan from a bank, where there's collateral involved."

Nevertheless, the finalized CBA did include a number of provisions to protect residents from the potentially

TOD is in an important urban growth paradigm, and its recent widespread adoption signals a fundamental shift in the way we think about building and connecting neighborhoods.

negative impacts of the development, while leveraging the benefits to their advantage.

To ensure that the area remains affordable, the Longfellow CBA requires that at least 30 percent of the units built be made affordable to low-income residents (meaning a family earning below 50 percent of the area median income would spend no more than 30 percent of their income on rent). This provision exceeds the City's requirement that 20 percent of units be reserved for affordable housing. The CBA also requires the developer to pay a living wage for all jobs created by the project, including both construction jobs in the short-term as well as other jobs in the long-term.

One of the key concerns of local residents was that the TOD would change the character of the neighborhood and hurt local businesses. The CBA emphasizes the community's preference for local businesses to occupy the majority of the commercial space by limiting the percentage of space occupied by national chains at 70 percent. It also requires that locally-owned businesses make up at least 30 percent of the commercial space, and prohibits "big box" stores because they would disrupt the residential character of the neighborhood. In addition, the CBA requires the developer to provide space for public art and exhibitions relating to the history of Longfellow to help integrate the development into the fabric of the community.

Because the project is still in a very early stage—groundbreaking has not yet taken place—it is too soon to make any conclusions about the CBA's efficacy. Further, the project has been scaled back due to the recession. So far, this has not impacted the developer's ability to fulfill its obligations as outlined in the CBA, although that is a possibility.

In general, a CBA is like any other tool in a community developer's toolkit; on its own it is not a panacea. CBAs' largest shortcoming is that they can take years to finalize, and can drain community resources without a definite payoff. "There is always a risk involved," explained Ms. Majors. "You could invest in a two-year process that might not pan out." An additional challenge is the high potential for staff turnover in a process of this length. It takes time to develop the relationships required to reach an agreement and changes in personnel can slow or derail the negotiations.

Ms. Majors also stressed the importance of managing expectations and defining success. A CBA can start out with the idealistic dreams of the community, but if expectations become unrealistic, the process may lead to disappointment. "Even in a good economy, not everything will be realized," she explained. Thus, it is vital that those who are spearheading a CBA process communicate realistic expectations to their constituents. In the case of the Longfellow Station CBA, it will take years to determine if all of the commitments will be fulfilled. Still, Ms. Majors and other local leaders see the CBA as a success. Through the formation of the CBA, the community became invested in TOD and the future of their neighborhood, the developer learned about the needs of the community, and the LCC built a model that can be applied to other TOD projects.

Conclusion

TOD is in an important urban growth paradigm, and its recent widespread adoption signals a fundamental shift in the way we think about building and connecting neighborhoods. LMI communities stand to gain many benefits through TOD, but communities and advocates must be prepared to guide the planning and implementation processes toward inclusivity and equity. The tools described in this article are a first step in building equity provisions into TOD projects, but much more work needs to be done to test and improve these models. In addition, there is room to explore how other community development tools might be well placed to shape TOD. For example, Roger Lewis of the National Community Land Trust Network sees a clear role for community land trusts, which are a strategy used to create or preserve permanently affordable housing.⁶ "Transit-oriented development drives us to creative solutions and forces us to work across sectors," he explained. "It's not just housing issues, not just transportation, not just environmental. They all need to be dealt with holistically."

Nevertheless, equity concerns are increasingly making their way into TOD planning. Karen Chapple, an urban planning professor at UC Berkeley, has described TOD's evolution this way. In the 1990s, she explained, TOD advocacy focused on creating space for TOD on the planning agenda as a viable form of development. In many respects, proponents have reached that goal: TOD is now a ubiquitous part of the planning landscape. Today, we have replaced the "what if" of TOD visioning with the "how" of TOD execution. The conversation can expand to include questions of equity and community involvement. Community development practitioners have an opportunity to harness the benefits of TOD in support of LMI communities, while ensuring that LMI residents remain in their neighborhoods after large-scale TOD projects are built. **CI**



Stronger Transit, Better Transit-Oriented Development

By Carli Paine, TransForm

Introduction

In addition to its environmental benefits, increasing proximity to transit is one way to reduce the social and economic isolation that many low- and moderate-income (LMI) communities face. By physically linking people to affordable housing and jobs through transit, transit-oriented development (TOD) benefits LMI households in a variety of ways, including saving money on transit costs and connecting them to employment centers across the region. This makes TOD an important tool for community development. This article explores the social and environmental benefits of TOD, and discusses the challenges associated with reduced funding for transit. It then suggests policies that will support transit, providing guidance for community development advocates seeking to increase TOD in LMI communities.

The Benefits of TOD: Cost Savings and Emissions Reductions

TransForm, a California-based transit advocacy nonprofit organization, recently conducted a study, *Windfall for All*, with the Center for Neighborhood Technology, to assess how compact walkable developments near transit can save households money and reduce greenhouse gas emissions. The study looked at household transportation costs (inclusive of owning and operating vehicles as well as public transportation expenses) in California's four most populous regions: the Bay Area, San Diego County, the Los Angeles region, and the Sacramento area. The study divided residents of these metropolitan areas into quintiles based on their level of access to public transportation and examined the benefits of living near transit options.

Figure 1 Comparing measures of housing affordability for the 10 Bay Area cities with the lowest transportation costs per household. (1= most affordable)

City	Transportation Affordability Rank	Housing Affordability Rank	Overall (T & H) Affordability Rank
Emeryville	1	7	1
San Francisco	2	37*	11
Berkeley	3	27	8
Oakland	4	8	3
Sausalito	5	84	77
Albany	6	34	27
San Pablo	7	1	2
Alameda	8	29	21
Larkspur	9	76	69
Richmond	10	3	5

* While San Francisco housing is expensive per square foot, there are significant amounts of small units, studios, and dedicated affordable housing.
 Source: Calculated from CNT data for the 100 Bay Area cities and towns with populations over 3,000.

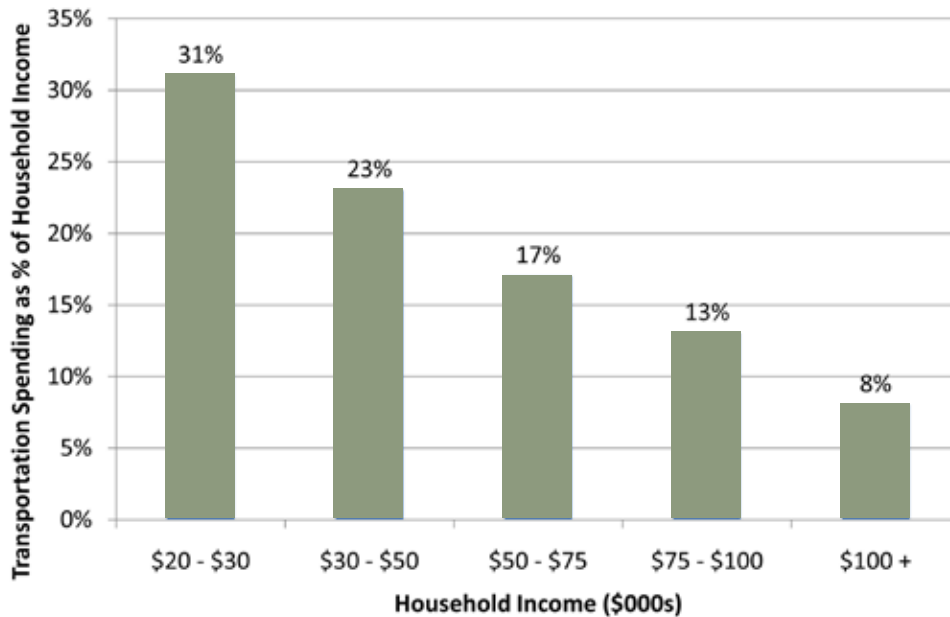
The study findings documented a clear link between transit access and transportation costs. It found that residents in the top 20 percent—those who live in neighborhoods with the best access to public transportation—spend significantly less on transportation each year than

the rest of the regions’ residents. Across all four metropolitan regions, if those in the lower quintiles had the same quality of transit access as those in the top 20 percent, they could save an average of \$3,850 a year, a significant sum that could then be added to the household budget. In the aggregate, these savings total a collective \$31 billion per year. In a high cost-of-living region like the Bay Area, the savings are even more dramatic: the average household would have \$5,450 more per year to spend on education, health care, or other priorities if they enjoyed the same level of transit access that neighborhoods with the best transit access have.

The cost savings enjoyed by households in the neighborhoods with the best transit are mostly due to lower vehicle ownership rates. According to AAA, the majority of costs associated with dependence on personal vehicles aren’t from fuel or maintenance. Car ownership expenses—insurance, registration, and financing—comprise 71 percent of the annual vehicle costs in the U.S. These are not costs that will diminish as we buy cleaner cars. However, when gas prices escalate quickly, like they have several times in the past few years, the difference in driving and fuel consumption becomes amplified.

Yet many LMI families can’t take advantage of these savings, because housing located around transit options is often too expensive. Instead, LMI families are often forced to “drive until they qualify” in the search for housing that’s affordable. The Center for Neighborhood Technology’s Housing + Transportation Affordability Index combines the

Figure 2 Transportation Spending as a Percentage of Household Income, by Income Bracket



Source: Center for Neighborhood Technology 2009 & Virginia Polytechnic Institute and State University 2006

impact of transportation costs with housing costs. Figure 1 shows the shift in affordability ratings for various Bay Area cities when both housing and transportation costs are considered. When we account for the cost of housing, in addition to transportation costs, the geography of affordability shifts. Cities like Larkspur and Sausalito, which provide residents easy access to public transit, fall very low in the housing affordability rankings, bringing down their overall score. Within the Bay Area, Emeryville scores best, balancing both transportation and housing affordability.

High transportation costs hit low-income families, who already struggle with housing affordability, the hardest. (See Fig. 2 for transportation spending by income bracket.) Having the choice to walk, bike, or take transit can significantly reduce costs and increase the ability of lower-income families to invest in education, health insurance, home equity, or save for the future.

Providing robust public transportation options and developing in places and ways that are more efficient won't just help households' wallets, it also reduces costs for the public sector. Sacramento is one region whose land use blueprint has shown that growing more efficiently can save billions of taxpayer dollars on infrastructure as well as on individual transportation spending. Concerned about the pace and consequences of change in their area, Sacramento's regional leaders convened a public-engagement process from 2002 to 2004, to create a preferred future development pattern for the region. The outcome of the process was a blueprint for regional growth, ratified by local governments, which calls for more compact, transit-accessible development.

The Sacramento Area Council of Governments' (SACOG) "visioning" process engaged thousands of planners, elected officials, civic leaders, and citizens from the six-county region. The blueprint produced inspiring results (see Figure 4 below) that illustrated the potential difference between development-as-usual and implementing

the blueprint which called for compact development around transit. The public sector in the region is projected to save billions of dollars from implementing its blueprint.

Windfall for All also estimated the environmental benefits of TOD. To do this, the study mapped the carbon dioxide emissions of the four California regions and found that the neighborhoods that support lower transportation costs through improved transit access are also those that have the lowest carbon dioxide emissions per household. Households in areas with fewer transportation choices and longer driving distances emit much more transportation-related greenhouse gases every year than those in transit rich, walkable neighborhoods with a diversity of uses (See Figure 5).

Figure 3 demonstrates the greenhouse gas emissions and the transportation cost savings for California households if neighborhoods in each region had the same level of transit options as the top quintile with the best transit access.

Figure 3 Greenhouse gas emissions and transportation cost savings

Region	Difference in CO2 Emissions	Transportation Cost Savings (per household)
Bay Area	42%	\$5,450
Los Angeles Region	38%	\$3,600
San Diego County	30%	\$3,515
Sacramento Area	27%	\$2,825

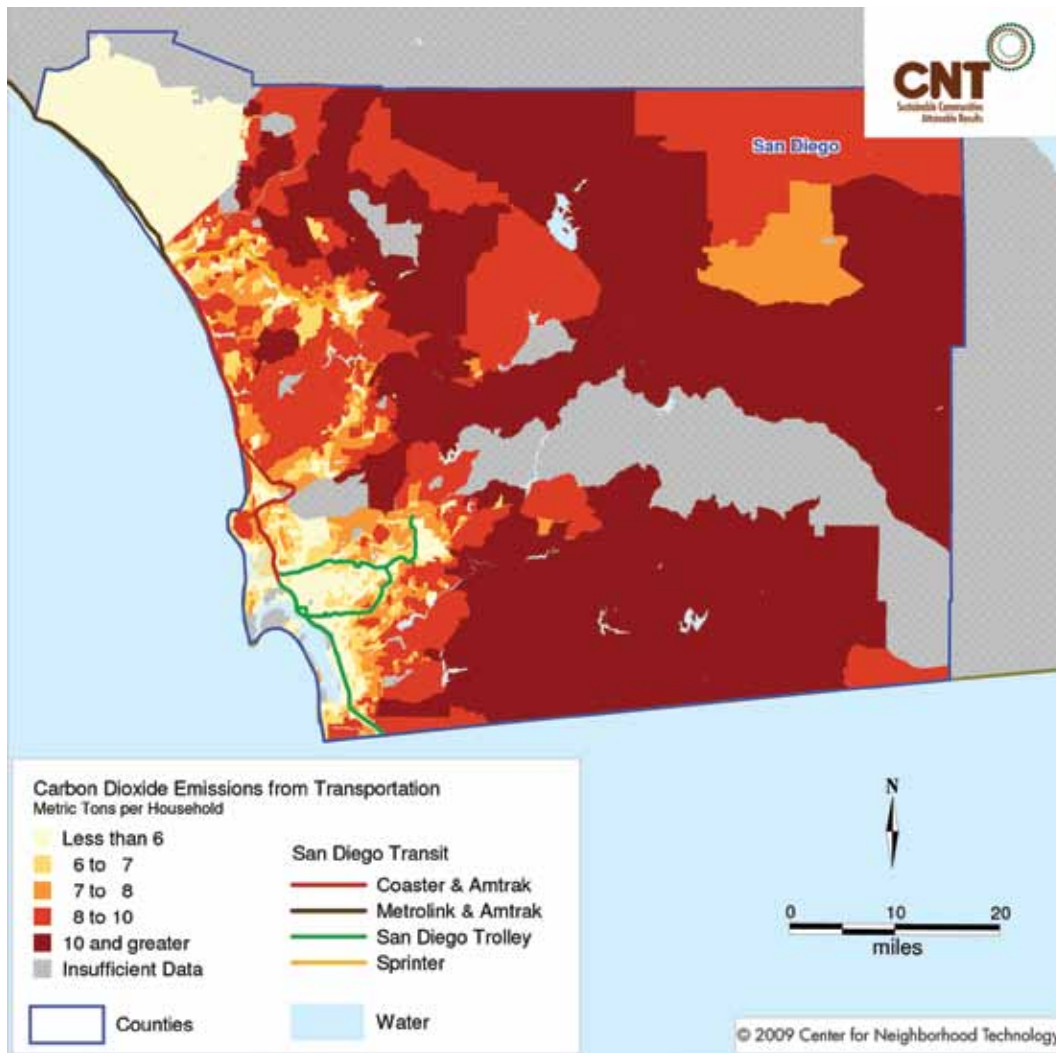
The analysis in *Windfall for All* showed that developing strategies for TOD can have multiple benefits, not only in terms of reduced household expenses for transportation, but also in terms of reduced public spending and reduced greenhouse gas emissions. A successful TOD strategy incorporates:

Figure 4 Economic and Environmental Savings from the Regional Smart Growth Blueprint, Compared to "Business as Usual" Development Patterns, for the Sacramento Region from 2000 to 2050

- \$9.4 billion less for public infrastructure costs (e.g. transportation, water supply, utilities);
- 14% fewer CO2 emissions;
- \$655 million less for residents' annual fuel costs;
- \$8.4 billion less for land purchases to mitigate the environmental harm of development;
- 300% increase in public transit use;
- 6% to 13% growth in number of residents who walk or bike.

Source: SACOG Preferred Blueprint Alternative Special Report 2005.

Figure 5 San Diego County, Annual Transportation-related CO₂ Emissions per Household Census Block



- Efficient use of land: infill development, compact growth, and reduced parking requirements where there are other transportation choices.
- Mixed and balanced uses: housing close to jobs, schools, public transit, parks, and shops; appropriate housing mix for income, family size, age; vibrant town and neighborhood centers.
- Transportation and pedestrian choices: convenient and frequent public transit, safe walking and biking access to transit, walkable and bikeable neighborhoods.

Protecting the T in TOD

TOD has solidified its standing as a key planning and development strategy, but the past few years have seen a threat to the long term success of TOD establishment in communities across the country. This threat has nothing

to do with achieving community benefits or ensuring appropriate mix of uses—it's the lack of stable funding for public transit. Transit agencies across the country are facing unprecedented budget cuts. These cuts are taking place despite historically high ridership rates. Just when we should be seeing more frequent trains, buses, and ferries running, transit agencies are cutting service and raising fares to cut costs. When transit becomes less convenient and reliable, some "choice" riders opt to drive. But, transit-dependent people (youth, older adults, people with physical disabilities, and very low-income residents) end up paying more and lose independence and access.

Transit agency budget crises are the result of a perfect storm of rising operating costs like higher fuel prices, declining transportation tax revenues due to the economic downturn, and skewed funding policies that provide little support for public transit as compared to roadways. And,

many transit funding sources may only be spent on capital expenses and provide limited, if any, support for transit operations.

There is a clear need for long-term sustainable funding to operate and maintain the public transportation we have, and then to expand service and infrastructure to accommodate the growing demand. Quality transit is critical to making TOD work and to ensuring the affordability and environmental benefits described above.

Addressing the Challenge of Reduced Transit Funding

Redwood City, CA presents a preliminary case study of the challenges that communities investing in TOD may face unless there are long-term funding sources for public transit operations. Redwood City is the county seat of San Mateo County and is home to 76,000 residents and 47,000 jobs.¹

Over the past 5 years, Redwood City has focused redevelopment efforts around its transit hub—the Redwood City Caltrain station, which links residents to a commuter rail line with 30 stations from San Francisco to San Jose. Redwood City's draft Downtown Precise Plan (March 2010) provides a vision of downtown living with access to public services, retail amenities, desirable residences, and access to transit within a three block radius.

But, Caltrain is facing a budget shortfall of \$12.5 million this year and a \$38.9 million projected shortfall for the 2012 fiscal year. The agencies that fund Caltrain are themselves financially squeezed and have subsequently reduced their contributions to Caltrain, and the state's contribution to public transit funding has diminished to an inconsistent trickle. As an agency, Caltrain has no authority to raise new revenues from voters via special taxes or fees, so its options for addressing the budget shortfall lay mainly in cutting service and raising fares. Caltrain held a hearing in June 2010 to consider declaration of a fiscal emergency and propose options that include eliminating all mid-day and weekend service.

The implications of cutbacks in service at Caltrain could threaten the viability of Redwood City's TOD plan for its downtown area. While research in this area is limited, TOD is likely to be less successful if the transit doesn't serve the needs of residents. Urban planners, developers, and policy-makers interested in TOD need to be involved in discussions around the future of transit, and policies need to be developed to ensure that transit funding is not left out of the TOD process.

Seeking Stable Transit Funding

One area of needed policy reform is at the federal level. Currently, 80 percent of federal transportation dollars goes to highways and roadways leaving only

There is a clear need for long-term sustainable funding to operate and maintain the public transportation we have, and then to expand service and infrastructure to accommodate the growing demand.

20 percent to support transit, walking, and biking. This funding ratio is the legacy of a transportation program designed to build the nation's interstate highway system. The national highway network is complete. It's now time to update federal funding to support current policy priorities like ensuring healthy neighborhoods in which people can walk and bike or easily access transit for trips to work and recreational activities.

The general public supports this shift in policy. A recent bipartisan poll found that 59 percent of Americans agreed with the statement, "We need to improve public transportation, including trains and buses, to make it easier to walk and bike to reduce congestion."² Two-thirds of respondents (66 percent) said that they "would like more transportation options so they have the freedom to choose how to get where they need to go." But, 73 percent currently feel they "have no choice but to drive as much as" they do, and 57 percent would like to spend less time in the car. Among the voters who had not taken a bus, train or ferry in the previous month, the primary reason cited is that it is simply not available in their community (47 percent), while another 35 percent said it is not convenient to their school, home, or work. Lack of access to transit is the biggest barrier that individuals and families face in being able to take advantage of the cost savings that transit offers. In addition, demand for transit is also growing in real terms. The American Public Transit Association has calculated that public transportation ridership has increased faster than population growth and faster than the use of the nation's highways over the past few decades.³

Federal policies, in addition to underfunding public transit, also limit the ability of transit operators to respond to the need for increased service. In 1998, the federal government ended its 25 year program of funding for transportation operations, leaving only the funding for transit infrastructure intact. This means that a community may use federal funding for new buses and trains, but not to pay the operators who run them. The American Recovery and Reinvestment Act of 2009 gave transit agencies the option of using up to 10 percent of the transit economic stimulus funds they received on operations costs—the first

recognition in a decade that keeping our existing transit running is a national priority.

Federal Policy Reform

The upcoming federal transportation bill authorization presents an important opportunity to ensure that federal transportation funding policies are aligned with today's priorities for walkable neighborhoods near high quality transit. Based on our research and our work in local communities, we propose several criteria that should be embedded in the new federal transportation bill, as well as in state and regional transportation funding approaches.

These new criteria include:

- Allowance for transit agencies to use funds for transit operations.
- Funding levels should be stable, foreseeable, and not vulnerable to redirection to non-transit purposes.
- Minimize the impacts on low-income residents, either as a core characteristic of the mechanism or through design of its implementation.
- Alignment with principles that support mixed use neighborhoods around transit.
- Investment in operating and enhancing core transit systems before high-cost transit expansion projects.
- Legal authority for transit agencies or metropolitan planning organizations (MPOs, regional transportation funding and planning agencies) to generate new funds for transit in response to needs, for instance with voter approval at the ballot or through statutory allowances.

It is also important that the uses of new transit funds are evaluated for their cost-effectiveness and impacts. Key to this analysis is the extent to which investments in public transit can reduce overall costs to households and to the public sector if spent in ways that promote more

efficient communities. In addition, work needs to be done to ensure that land use policies are in place to support mixed use and compact development.

In addition to these public policy considerations, additional measures can be taken at the community and neighborhood level to encourage greater transit use and reduced dependence on personal vehicles. Incentives such as unlimited transit passes for residents, on-site car-sharing, and other strategies can further promote the use of alternatives in a transit rich neighborhood. Progressive parking policies that separate parking spots from residential units to provide the option of not purchasing parking if a household or employer doesn't need it, and promotion of shared parking facilities have also been effective at decreasing driving and the associated costs, and increasing transit use, walking, and biking. Ensuring that development includes housing that is affordable to households of all levels of income is a key component to ensuring that LMI households may take advantage of the transportation cost-savings and other benefits of living in TODs.

Conclusion

Developers, local governments, and community organizations that are working toward TOD must add their voice to the call for robust funding for public transportation. Affordable housing advocates and those working to reduce the cost burden on LMI households must also speak out for ensuring affordable, convenient public transportation. Ensuring that existing public transit continues to run and that new transit can be operated is critical to delivering cost savings to households, and cities, and to reducing the risk of global warming. **CI**

Carli Paine is Transportation Program Director at Transform, which works to create world-class public transportation and walkable communities in the San Francisco Bay Area and beyond.



Community Financial Access Pilot: *Creating Templates for Expanding Financial Opportunities*

By Louisa Quittman, U.S. Department of the Treasury

The U.S. Department of the Treasury launched The Community Financial Access Pilot (CFAP) in 2008 to increase access to financial services and financial education among low- and moderate-income (LMI) families and individuals.¹ Through the Treasury's Office of Financial Education (now the Office of Financial Education and Financial Access), eight locations were selected for a two-year pilot. The CFAP was designed to test and demonstrate effective, replicable, and sustainable approaches to expanding access to financial services and education. A full report of the CFAP will be available later this year; this article provides an overview of the CFAP program and presents preliminary findings from the pilots.

Who are the Unbanked?

Unbanked individuals and households are those without a bank or credit union account, whether or not they have had one in the past. Underbanked consumers are defined as those who have such an account, but who also regularly use alternative financial services such as check cashers, money orders, and other services to meet regular financial transaction or credit needs. These financially underserved households often lack access to reasonably-priced short-term consumer credit; have a harder time building assets; have a harder time handling financial emergencies; and do not fully benefit from local and national economies. Greater access to appropriate financial services is seen as an important first step in helping

these consumers achieve financial security.

According to a 2009 study by the FDIC on the unbanked and underbanked, approximately 30 million households are considered to be financially underserved and do not fully participate in the mainstream financial system.² Unbanked and underbanked consumers on average are poorer and more diverse than the population as a whole. At least 71 percent of unbanked households have incomes below \$30,000, while most underbanked households have incomes below \$50,000. According to the study, “those with a black, Hispanic non-black, or American Indian/Alaskan householder” are more likely to be unbanked and underbanked than the population as a whole.

In the Twelfth Federal Reserve District (the District), the state-wide averages of unbanked and underbanked populations are similar to the nation as a whole (7.7 percent unbanked and 17.9 percent underbanked). The rates of unbanked populations in the District are similar to or below the national average—with particularly low rates of unbanked populations in Utah, Hawaii, Washington, and Alaska (See Figure 1). The District has one of the highest rates of underbanked populations—25.5 percent in Alaska and among the lowest—13.8 percent in Hawaii. Metropolitan areas around the District similarly vary in the levels of unbanked populations, ranging from

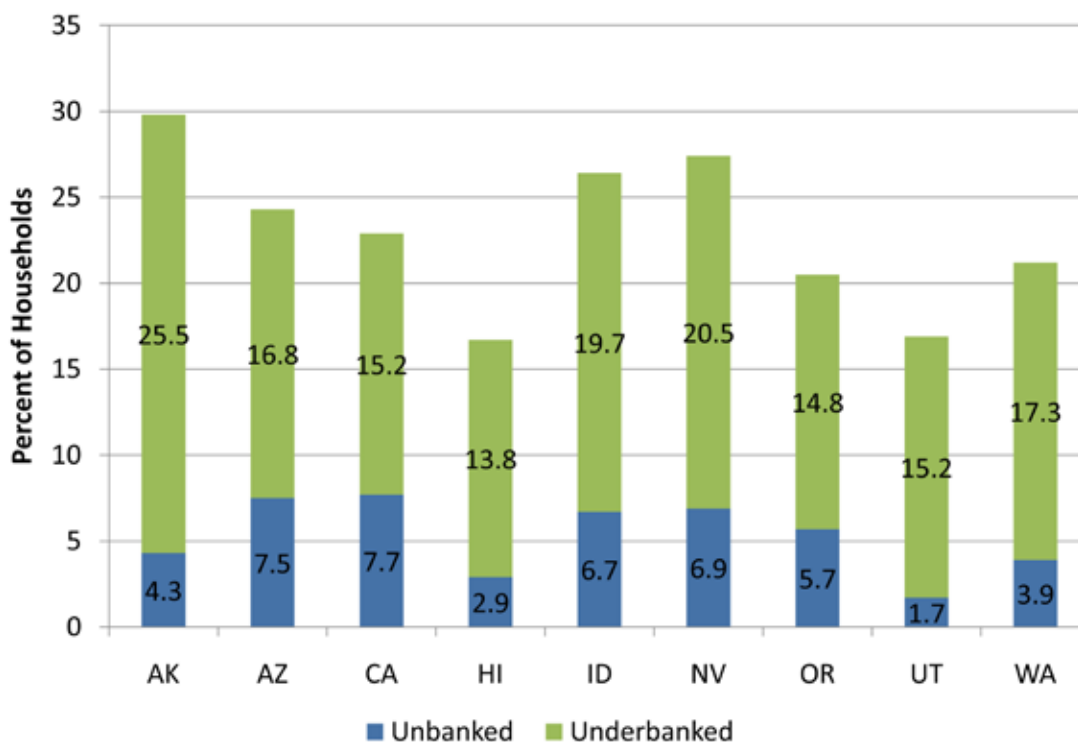
2.0 percent in Honolulu, to 9.2 percent in Los Angeles, to 11.5 percent in Riverside-San Bernardino, making it one of the most unbanked metropolitan areas in the country.

Development of the CFAP

While the U.S. Department of the Treasury has long been engaged in efforts to expand financial access for LMI households, in recent years there has been a growing recognition of the need to build local collaboratives that can bring together a wide range of stakeholders in the area of financial services. Using remaining funds from earlier initiatives, including the First Accounts Program, the Office of Financial Education launched the CFAP in 2008, with the goal of providing localities with technical assistance to build these collaboratives, and to create programs that would be self-sustaining after the CFAP pilot phase was complete.

As a first step, the Office of Financial Education consulted with other federal and state agencies, Federal Reserve Bank staff, non-profit organizations, and financial institutions to identify locations for the CFAP pilot. The selected sites included urban, suburban, metropolitan and rural communities in different parts of the country with LMI populations believed to be lacking access to financial education and financial services.

Figure 1 Unbanked and Underbanked Households in the 12th District



Source: FDIC National Survey of Unbanked and Underbanked Households

Figure 2 Selected Communities of the CFAP



Larger circles indicate regional pilots.

The Treasury Department intentionally selected diverse communities to participate in the pilot. In some of the communities, other initiatives around financial services, such as asset-building or financial literacy initiatives were underway, or had existed in the past. These communities already had some collaborative structure in place, but community partners may also have been reluctant to take on another major task. In other communities, the wide array of financial institutions, community organizations, and other entities did not have a history of working together on these types of projects. In others, particularly in the two most rural pilot sites, it was harder to identify partner organizations, especially financial partners with the capability and willingness to expand their activities. By selecting communities with very different experiences with collaboration in the area of financial services, Treasury hoped that the lessons learned from CFAP would be relevant to a broader array of other communities.

To implement CFAP, Treasury hired two Community Consultants to provide technical assistance to the eight selected sites to develop and implement initiatives over two years. The consultants were involved in a wide range of activities, including convening meetings, recommending and assisting working groups, guiding community needs assessments, and assisting in developing guidelines for financial products and financial education. The Community Consultants also served as a link to other best practices, bringing ideas and examples from research and previous approaches to complement local ideas and strategies.

In the end, however, each community was in charge of identifying its own needs and resources, and determining where to focus its efforts. Hence, eight approaches

emerged from the eight pilot sites. A brief summary of the primary focus of each site is as follows:

CFAP Site	Summary of focus
Fresno, CA – Bank on Fresno	Provide access to accounts meeting common standards; reach a diverse unbanked LMI population.
Jacksonville, FL – Community Financial Access Initiative	Provide access to financial education and accounts for those needing “second chance checking.” Focused on certain LMI neighborhoods and populations.
Eastern Kentucky, KY – Community Financial Access Pilot	Two efforts focused on providing financial education and capacity building to deliver financial access and financial education in a LMI rural region through partnerships with community colleges and a local university.
Mississippi Delta, MS – Miss. Community Financial Access Coalition	Build capacity and enhance resources for local organizations to provide financial education and financial access to diverse populations across a broad LMI rural area, including teen parents, other parents of young children, and public housing residents.
St. Louis Metro Area, MS/IL – St. Louis Community Financial Access Pilot	Provide financial information, education and access through partnerships with community organizations serving low-income populations.
Philadelphia, PA – Bank on Philadelphia	Provide access to accounts and set standards for related financial education provided by a large number of community-based organizations.

Financial institutions of all kinds—community banks, credit unions, and larger banks—can provide low-cost, low-risk financial products.

While Treasury is still distilling the lessons from the various CFAP pilots, one key finding is that there is not a one-size-fits-all approach, and different partners are needed in different types of communities. In addition, three key lessons from CFAP are already clear. First, financial institutions must be key partners in any initiative that seeks to promote increased financial access. Second, in order for initiatives to be about more than just products and transactions, there needs to be special attention paid to the design and delivery of financial education, including specific information about proper use of financial products. Third, a strong collaborative that brings together multiple stakeholders can form the basis not only for the original initiative, but also provide a platform for new initiatives and ideas. Each of these is discussed briefly below.

Roles for Financial Institutions in Product Development and Delivery

Financial institutions of all kinds—community banks, credit unions, and larger banks—can provide low-cost, low-risk financial products. By offering a range of services, and providing information and an environment that is helpful to the customer, a financial institution can enhance the likelihood that the customer will become and stay banked. Among the products that are most useful to the unbanked population are free- or low-cost checking accounts with low balance requirements, and limited ability to overdraw, as well as accounts that expand access to consumers without standard identification and those who are on Chexsystems. Financial institutions may also consider offering credit and savings products to meet other financial service needs of LMI customers. Appropriate low-cost financial products do not necessarily need to be newly created—many financial institutions have low-cost accounts available, or can rename and revamp old products (such as making youth accounts available to a broader market). Thus, product development does not need to be a major barrier to implementation.

In St. Louis, St. Louis Community Credit Union (SLCCU) joined the CFAP in order to expand its services in the metro area's low-income neighborhoods. With the assistance of the Community Consultant, SLCCU was able to provide low-cost starter and second chance accounts to clients of two local community action agencies, which provide low-income residents with services such

as home-heating assistance and a food bank. SLCCU staff also provided financial education training with question-and-answer sessions on site at the community action agencies. During this collaboration, SLCCU developed low-cost, small dollar loans to serve as an alternative to payday loans and a credit builder loan to help clients of those agencies establish credit.

Financial institutions can also provide financial education and counseling, in a formal or informal setting. For example, community and regional banks may provide financial education through non-profit partners. Smaller credit unions may prefer to provide financial education on a one-on-one basis at account opening or as needed. In Philadelphia, PNC Bank provides both access to accounts and financial education. Individuals who complete the two-hour course receive a certificate, which allows them to open a checking account at PNC, even if they have a negative ChexSystems record. The certificate may also be accepted by other partner financial institutions in Bank on Philadelphia.

While financial institutions are critical, CFAP also demonstrated that there may need to be other partners to help launch the initiative by bringing the partners together. Government agencies, larger umbrella non-profit organizations, or even higher education institutions may effectively convene various stakeholders. These organizations are often seen as a "neutral party" and have connections and influence to bring stakeholders together. In addition to holding an initial convening, such conveners can facilitate communication among working groups, develop and host a website for information sharing, hold ongoing meetings, and collect data reports from participating organizations. These types of entities may also be a channel through which funding for outreach/marketing and development and distribution of materials can occur.

Financial Education Standards and Delivery

A second lesson emerging from the CFAP pilot is the need for collaboratives to develop a strategy around financial education. There are many types of financial education providers and many sources of curricula and materials. Many of the CFAP sites chose to use the FDIC's Money Smart curriculum, which focuses on the basics of money management and is geared to adult learners and appropriate for those with low levels of formal education. Money Smart is free, readily reproducible, available in multiple languages, and modifiable to meet local needs.

CFAP pilot sites also worked to ensure that the quality of the financial education was consistent across different service providers. Here, CFAP sites took different approaches, for example, agreeing to use the same curriculum (for example, in Brownsville, TX, all financial

Recommended Guidelines in Financial Education

As part of Bank on Philadelphia (BoP), the Financial Education Provider Network developed a set of recommended guidelines to ensure that education provided through the program was strong and consistent across service providers. The guidelines include the following recommended minimum content:

Spending Plan (budgeting): Understanding the elements of preparing and managing a personal spending plan.

Saving: The benefits of saving and how to set reasonable and achievable savings goals. In addition, strategies for establishing a savings account and developing savings habits will be reviewed.

Account Management: The importance of record keeping and strategies for doing so; the functionality of the debit card as well as common mistakes and pitfalls that can come with debit card use; common banking procedures (i.e. writing checks, deposits, withdrawals, and deposits availability); and choosing and opening an account.

Banking Products: Learning about no or low-cost financial products specifically designed to help lower costs in conducting daily financial transactions.

Cost of Financial Resources: The high cost of using alternative financial services such as pay-day lenders, check cashers, and the effect these services have in depleting personal earnings.

Additionally, the BoP Financial Education Provider Network encourages providers to ensure that their curriculum meets the diverse needs of their learners by addressing the following items:

Literacy: The reading level is appropriate for the learners.

Diversity: Materials reflect diversity in areas such as age, race, gender, and household income.

Culturally Sensitive: Text, illustrations, and learning activities are culturally sensitive and appropriate for the learners. Text is translated if necessary.

Comprehension: Sessions are 1 1/2 hours to 2 hours in length.

Achievement: The BoP Certificate, or, if the participant received financial education from PNC Bank, the PNC Certificate of Completion is provided to all participants upon completion of financial education session. A pre- and post- survey will also be distributed in class to measure knowledge gained and the impact of the learning session on the learner.

Delivery: The delivery of the financial education material is flexible for the learners (one-on-one, group or class instruction, self-study via CD, or online study).

education programming is based on Money Smart), or developing content standards (as in Philadelphia, see text box above). Many initiatives also include brief pre- and post-tests of knowledge to determine the effectiveness of the education. However, the CFAP pilot revealed that more work needs to be done to help communities work together to streamline and coordinate evaluation efforts.

Delivery is critical to any financial education approach, as it is to financial access. The CFAP pilot found that while providers may exist in the community, they may need help in reaching scale or finding appropriate locations. In Jacksonville, FL for example, an established financial education provider was able to greatly expand the number of people served due to partnerships with com-

munity organizations, local banks, the library system, and other partners. At other sites, financial education was tied to other learning opportunities, for example, children's education, savings initiatives, and job training and placement programs.

Building Strong Collaboratives

A third lesson from CFAP is that collaboration in the area of financial services is not just limited to financial institutions. Local and state government agencies, advocacy groups, ethnic communities, faith-based entities, health organizations, educational institutions, major non-profit organizations, as well as employers and other community businesses, and even interested individuals, such as retired

financial or education professionals are all key stakeholders that can be engaged in the challenge of providing financial access to the underserved. Many of the collaboratives in CFAP found it effective to start work with a core group of committed organizations and individuals, and allow early successes to attract even more interested participants.

When working with multiple partners that have varied interests, CFAP sites found that it was important to focus on the shared objective of enhancing the financial capability of community residents. The staff at all the partner organizations should understand, be committed to, and be able to explain the community financial access initiative. For example, a case manager at a social service organization should understand the benefits of an account, so that he can encourage a client to open one, and a teller at a bank or credit union should be committed to opening accounts for first time customers – even if that customer is unfamiliar with the bank's processes and terminology. Ultimately, services are delivered by front line staff at the partner organizations, and CFAP initiatives worked hard to ensure that they were appropriately trained and supportive of the goals of the initiative.

The CFAP pilots also showed that effective collaboratives change over time to meet new or existing community needs. For example, Bank on Fresno, which developed from the Bank on California campaign, along with the Department of Treasury's technical assistance, is now exploring new ways to meet the daily financial needs of the diverse underserved population in its community. Having opened over 30,000 accounts, and provided financial education to over 460 individuals, Bank on Fresno uses Facebook, Twitter and other social media approaches to inform the young adult residents of the community. The collaborative is also looking at ways to provide additional services to meet the needs of residents, including Spanish-language financial education, debt counseling, and microloans.

Next Steps: Bank on USA

Financial access is not the only challenge facing low-income families, and efforts to connect the unbanked to appropriate financial services must be situated within a broader set of income, workforce development, and supportive services. However, lessons learned from the CFAP sites indicate that working with committed partners with diverse capabilities can improve financial access for previously underserved individuals, which is seen as an important step on a path to financial security. Further, initiatives to expand access to financial services can be effective in bringing together different sectors of the community for a common purpose, which can have positive spillover effects in other areas.

Beginning this year, the Department of the Treasury is developing a Bank on USA initiative. This initiative will promote access to affordable and appropriate financial services and basic consumer credit products for underserved households. Bank on USA will use lessons learned from the CFAP and other initiatives to support local efforts to expand access to financial services and financial education in order to promote financial empowerment of underserved populations and to promote innovation in financial services that meet the needs of LMI populations. The President's proposed FY 2011 budget, if funded, would include a Bank on USA Initiative with several components, including:

- A grant program to seed local initiatives to bank the unbanked and provide appropriate financial products and services to unbanked and underbanked LMI people;
- Outreach and technical assistance, including the development of outreach and partnerships among federal, state and local government entities, financial institutions, community-based organizations and others; education tools, and the maintenance of a web-based toolkit for practitioners;
- Research and development on expanding access to accounts, including the development of model low-cost, simple savings and transaction products, and model implementation and outreach strategies, which will include the integration of financial access and financial education;
- Encouragement and assistance in developing innovative products, services and delivery approaches to meet the financial needs of unbanked and underbanked populations;
- Evaluation and research on the impact of financial access initiatives on individual, household and community financial and non-financial well-being; and
- An awareness campaign at the national and local levels aimed at the unbanked.

The success of Bank on USA will depend on the local commitment, creativity and effort of participating communities and, together with national support, will hopefully give more American households new financial opportunities and the chance to build assets for the future and contribute to the rebuilding of American communities. **CI**

Louisa Quittman is the Director of Community Programs for the U.S. Department of the Treasury.

RESEARCH BRIEFS

Do Payday Loans Cause Bankruptcy?

Payday loans offer convenience and easy access, but in return, consumers pay a large premium in the form of extremely high service fees and interest rates, with average APRs around 460 percent. Consumer advocates argue that these short-term loans often trap borrowers in a long-term cycle of debt, with loan balances quickly escalating beyond a borrower's ability to repay. If this is the case, do payday loans cause bankruptcy?

Using administrative data from a large payday lending company and publicly available personal bankruptcy data, Paige Marta Skiba and Jeremy Tobacman compared borrowers with relatively similar credit profiles and found that payday loan access increases the probability of filing for bankruptcy. Specifically, they examined first time payday loan applicants who were either above or below the minimum credit score threshold required to qualify for a loan (within a narrow margin), allowing them to effectively compare borrowers with similar credit profiles based on whether they had access to payday loans or not. Skiba and Tobacman showed that approval of a first payday loan results in a pattern of subsequent borrowing from the payday lender and interest on the payday loan balance accounts for a sizeable share of the borrowers' total debt interest burden at the time of bankruptcy filing. Specifically, for first-time applicants near the bottom quintile of the credit-score distribution, access to payday loans caused the risk of Chapter 13 bankruptcy filings over the next two years to double.

These findings suggest that payday loan approval could tip applicants, who are already financially stressed, into bankruptcy. The results can help to inform the ongoing policy debate over reforming predatory lending practices and suggest that safer, more responsible small dollar loan products may be necessary.

Skiba, Paige Marta and Jeremy Tobacman. (2009). "Do Payday Loans Cause Bankruptcy?" Available at SSRN: <http://ssrn.com/abstract=1266215>

Hospitals and Workforce Development

Unemployment continues to be a challenge in low- and moderate-income communities, particularly as the recession has caused entire industry sectors to fold, displacing thousands of workers in the process. High growth economic sectors, such as healthcare, can provide new employment opportunities to those looking for work, but do certain industries hold more potential for lifting low- to middle-skilled, low-income workers out of poverty?

Marla Nelson and Laura Wolf-Powers use data from the Bureau of Labor Statistics to conduct a "chain-wise" analysis that allows them to answer the following question: does the creation of new jobs in certain industries lead to vacancies higher up the career ladder, leading some workers to move up into more stable, well-paying jobs? They estimate the total number of job vacancies that would be created through the creation of new jobs in four industries: hospitals, accommodations, legal services, and securities and commodities. The model allows them to estimate not only who gets the newly created jobs, but also who moves up to better positions through the newly created vacancies. They find that job growth in the accommodations sector creates job vacancies that have the greatest immediate impact on a region's unemployed and discouraged workers, but most of the vacancies in the industry are in the lowest paid positions. In contrast, job growth in the legal services and securities and commodities sectors have significant upward mobility effects, but these opportunities are limited to those with extensive education and training. However, growth in hospital employment has the greatest potential to improve the well-being of low-income workers, as vacancies initiated by employment growth in hospitals have a substantive impact on unemployed and discouraged workers, and create work in the middle of the wage scale, in middle-skilled, moderately paid positions as well.

The authors suggest that economic development investments in health care must be combined with strategies to promote skills attainment and upward movement for low-paid health care workers.

Nelson, Marla and Laura Wolf-Powers. (2010). Chains and Ladders: Exploring the Opportunities for Workforce Development and Poverty Reduction in the Hospital Sector. *Economic Development Quarterly*, 24(1), 33–44.

The Effect of Shared Housing on Formerly Homeless People

Living with a roommate is generally much more cost efficient than living alone, as expenses such as rent and utilities can be shared across occupants. However, many federal assistance programs targeting homelessness impose a substantial implicit tax on shared housing. For example, Supplemental Security Income reduces the payments an eligible person receives if he lives with an ineligible person. Such policies would be understandable if shared housing (which is different from a group home) somehow adversely affected its users, but does a shared living arrangement negatively affect residents?

Based on an analysis of the Access to Community Care and Effective Services and Supports data set, which provides detailed longitudinal data for over 6,000 formerly homeless participants, Yinghua He, Brendan O’Flaherty, and Robert Rosenheck found that shared housing does not adversely affect residents. The analysis followed shared housing participants over the course of a year, and collected various indicators on their well-being, including quality of life, mental health, depression, drug and alcohol abuse, personal safety and social support. Comparing baseline results to outcomes after three months, and then again after one year, the study found no statistically significant indication that living alone is associated with better outcomes than shared living among formerly homeless people. In some cases, sharing actually improved outcomes—sharing was associated with reductions in symptoms of psychosis.

While the study suggests that shared living produces similar outcomes to living alone, the authors do not suggest shared living as a preferred policy prescription. Rather, they argue that federal housing assistance, food, and income maintenance programs should be reformed to provide greater consumer choice, which includes shared living as an equal option.

He, Yinghua, Brendan O’Flaherty, and Robert A. Rosenheck. (2010). Is shared housing a way to reduce homelessness? The effect of household arrangements on formerly homeless people. *Journal of Housing Economics*, 19 (2010) 1–12.

The Impact of Low Income Housing Tax Credits on Local Schools

The Low Income Housing Tax Credit (LIHTC) program produces more affordable housing units for low- and moderate-income households than any other government program. While the production of below-market rate units is desirable from a community development perspective, existing homeowners may exhibit NIMBYism (“not in my backyard”), citing concerns about potential changes in neighborhood characteristics or perceptions of decreases in public services. One oft-cited concern is that an influx of children from low-income families will lead to overcrowding in classrooms and potential negative peer-effects, thus reducing the quality of local schools. But does the LIHTC program actually have an impact on local schools?

Analyzing data on LIHTC properties and accountability ratings and other characteristics of impacted schools in Texas, Wenhua Di and James Murdoch found little evidence to suggest that LIHTC units have a negative effect on local schools. Overall, there was no systematic correlation between changes in school demographics and the developments of LIHTC projects in the neighborhood. In fact, Di and Murdoch found that an increase in the number of nearby LIHTC units was associated with an increase in the probability that the nearest school moved upward in its accountability rating. However, the potential effects were likely to differ across neighborhoods with different characteristics. LIHTC projects were more likely to have positive effects on schools in higher income areas but negative effects on schools in higher minority areas.

These findings may alleviate some of the concerns of residents in higher income areas around LIHTC projects. However, the evidence that LIHTC units had a negative influence on higher minority areas may suggest that neighborhoods of concentrated poverty may limit the advancement opportunities for children.

Di, Wenhua and James Murdoch. (2010). The Impact of LIHTC Program on Local Schools. Working paper presented at the American Economics Association 2010 Annual Meeting. April, 2010.

DOCTOR CRA

by John Olson



Dear Dr. CRA:

I just got back from my summer vacation, and it seems like a lot has happened with the CRA. Can you help me get caught up?

Signed,
Summer Provides Freedom

Dear SPF,

I hope you had a good summer vacation. Yes, things have been busy with the proposal to expand the definition of community development and the announcement of the CRA public hearings. And it's all happening right in the middle of some major regulatory reforms, so I know it can feel a little overwhelming. Here's a quick recap:

Proposed Changes for the NSP

The agencies issued a proposal to temporarily expand the CRA's definition of "community development" to encourage more financial institutions to participate in the Neighborhood Stabilization Program (NSP) and NSP-related activities. The proposal was submitted because while NSP targets up to 120 percent of area median income, the CRA rules require a target of less than 80 percent of AMI. To receive consideration under the proposed new rule, the activity must:

1. Be an NSP-eligible activity. (Note that the activity just has to be NSP-eligible, it doesn't necessarily have to be something that is actually using NSP money.)
2. Be in an NSP-targeted geography (i.e. in a geography identified in a HUD-approved NSP plan; see www.hud.gov/nspmaps)
3. Be within the bank's assessment area. However, if the bank has adequately addressed the community devel-

opment needs of its assessment area, it can get credit for NSP-related activities outside of its assessment area.

4. Occur within two years of the last date that appropriated funds are required to be spent by the grantees.

To see the press release and the proposal itself, visit <http://www.federalreserve.gov/newsevents/press/bcreg/20100617c.htm>. Comments on the proposal were due in late July and the agencies are currently reviewing the documentation to make a determination on the temporary expansion.

Public Hearings on the CRA

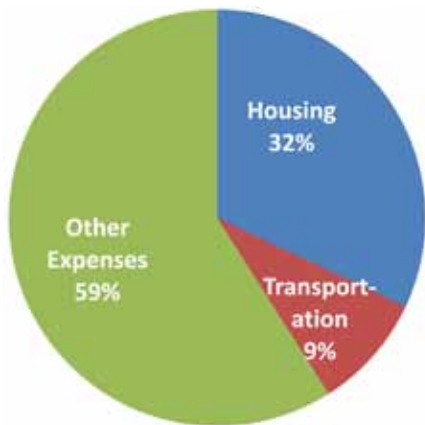
The other big news was the announcement that the regulatory agencies will be holding four public hearings around the country to gather public comment on suggested changes to the CRA regulations. If you've ever daydreamed about what you would do if you had the chance to change the CRA regulations, this is your chance! Whether you come to a public hearing in person or write a letter, it's important that this process include as many perspectives as possible, so please participate! Comments are due August 31st. Visit <http://www.federalreserve.gov/newsevents/press/bcreg/20100617b.htm> to see the dates and locations of the public hearings, information on how to submit a comment letter, and a list of questions that includes everything from the definition of community development to ratings and data collection.

DATA SNAPSHOT

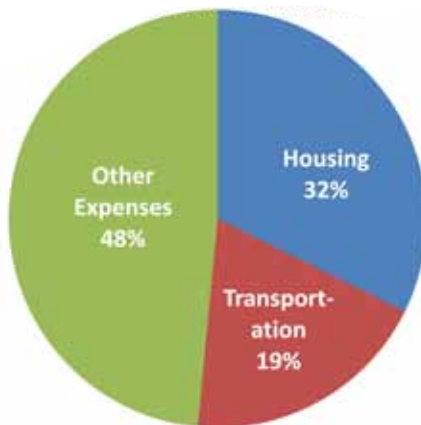
Transportation and Households

Transportation related costs make up a significant share of household expenditures, particularly for lower-income households and those located in neighborhoods with limited access to transit.

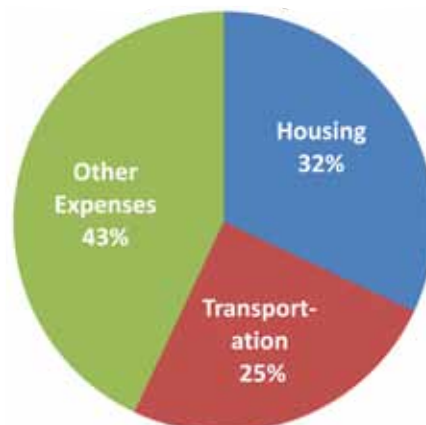
Transit Rich Neighborhood



Average American Family

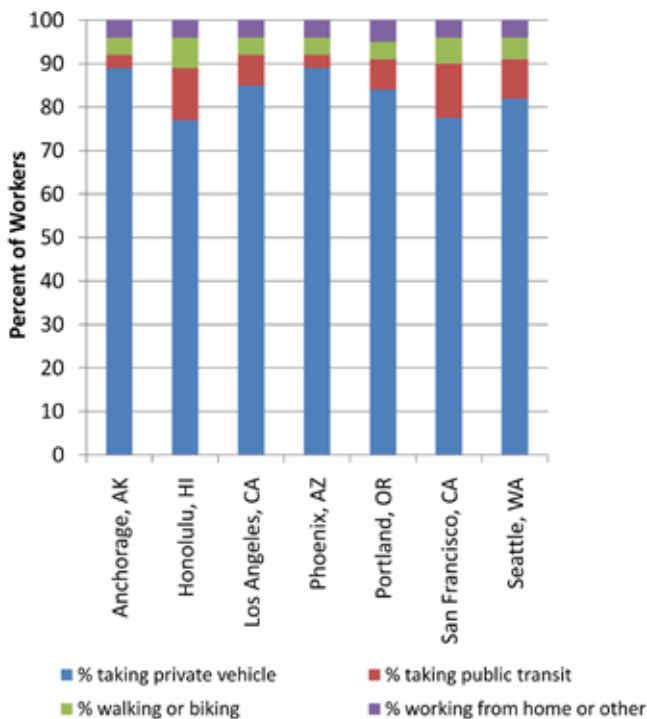


Auto Dependent Neighborhood



Source: Center for TOD Housing + Transportation Affordability Index, 2004 Bureau of Labor Statistics

How Low-to-Moderate Income Workers* Get to Work



* Workers from working families with incomes between \$20,000 and \$50,000.

Source: Center for Neighborhood Technology

Share of Workers Commuting by Public Transportation, 12th District

Major Metropolitan Area	Percent
San Francisco-Oakland-Fremont, CA	14.35
Seattle-Tacoma-Bellevue, WA	7.82
Honolulu, HI	7.57
Los Angeles-Long Beach-Santa Ana, CA	6.16
Portland-Vancouver-Beaverton, OR-WA	6.10
Las Vegas-Paradise, NV	3.74
Idaho Falls, ID	3.72
Salt Lake City, UT	3.46
Reno-Sparks, NV	3.37
Spokane, WA	3.29
Tucson, AZ	2.80
Phoenix-Mesa-Scottsdale, AZ	2.40
Provo-Orem, UT	2.02
Salem, OR	1.96
Anchorage, AK	1.31
Hilo, HI	1.21
Fairbanks, AK	1.16
Boise City-Nampa, ID	0.45

Source: American Community Survey, 2006-2008. Table S0802

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The Role of Transportation Planning and Policy in Shaping Communities

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Weaving Together Vibrant Communities through Transit-Oriented Development

1. Multi-modal refers to the existence of different transportation modes that are coordinated with one another to help people reach desired destinations in the most efficient way possible. A robust transportation network would include integrated options for walking, biking, driving and taking transit, which might include buses, bus-rapid transit, light rail, and/or commuter rail.
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Community Financial Access Pilot: Creating Templates for Expanding Financial Opportunities

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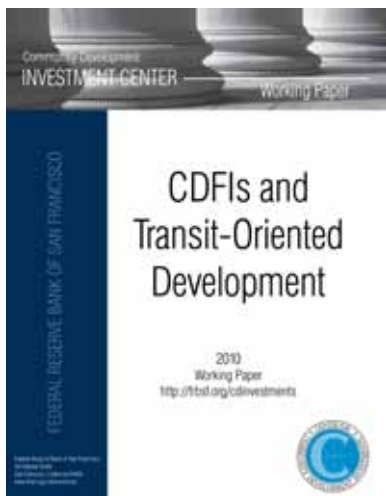
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CDFIs and Transit-Oriented Development

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