

Observations, Analysis and Recommendations for Creating Transit Oriented Communities In Sacramento

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October 28, 2014



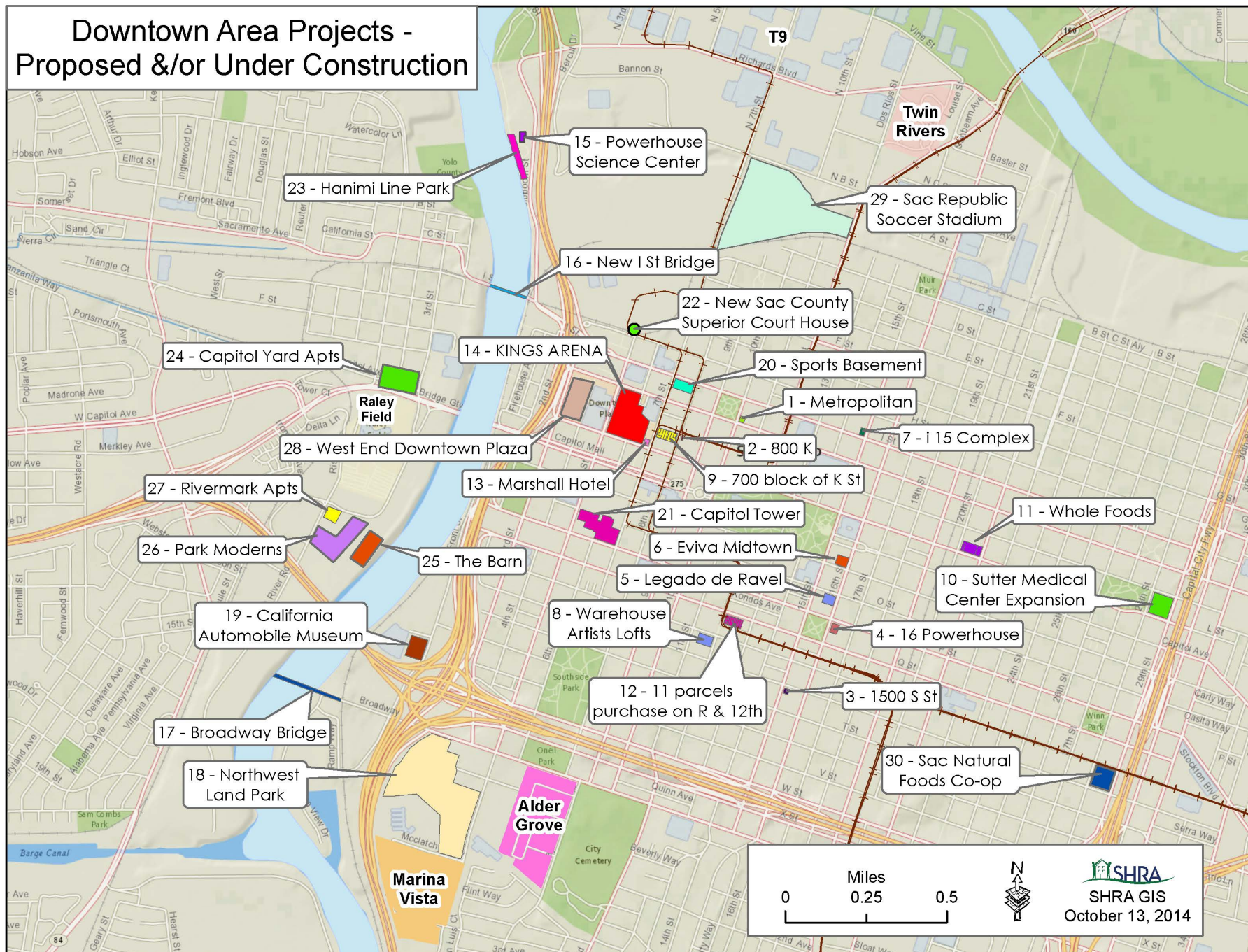
SACRAMENTO TOD COLLABORATIVE

Lead Agency	Community Organizations	Philanthropic Organizations
Sacramento Housing & Redevelopment Agency	Sacramento Housing Alliance	Sacramento Region Community Foundation
Partner Agencies	North Franklin District Business Association	Sierra Health Foundation
Sacramento Area Council of Governments	University of California, Davis	The California Endowment
Sacramento Regional Transit	Developers	Lenders
Collaborative Members	Domus Development	Farmers & Merchants Bank
Government Agencies	Mercy Housing	Five Star Bank
City of Sacramento	Mogavero Notestine	US Bank
County of Sacramento		
State of California Strategic Growth Council		

GOAL: Equitable TOD

Equitable transit oriented communities are places that provide choices **for residents at every income level** by offering **safe, walkable streets**, comfortable **access for bicycles and transit**, connections to major **employment centers** and other regional destinations, and a gracefully compact **mix of housing types and commercial uses** that in combination, encourages increases transit ridership and provides ways to access daily goods and services.

Downtown Area Projects - Proposed &/or Under Construction



Review our tasks

- Clarify intent and goals for a TOD Fund
- Define Affordable TOD Needs
- Recommend overall next steps in support of equitable TOD implementation
- Ascertain need for innovative TOD financing tools
- Sketch framework and operational structure
- Begin to cultivate investors

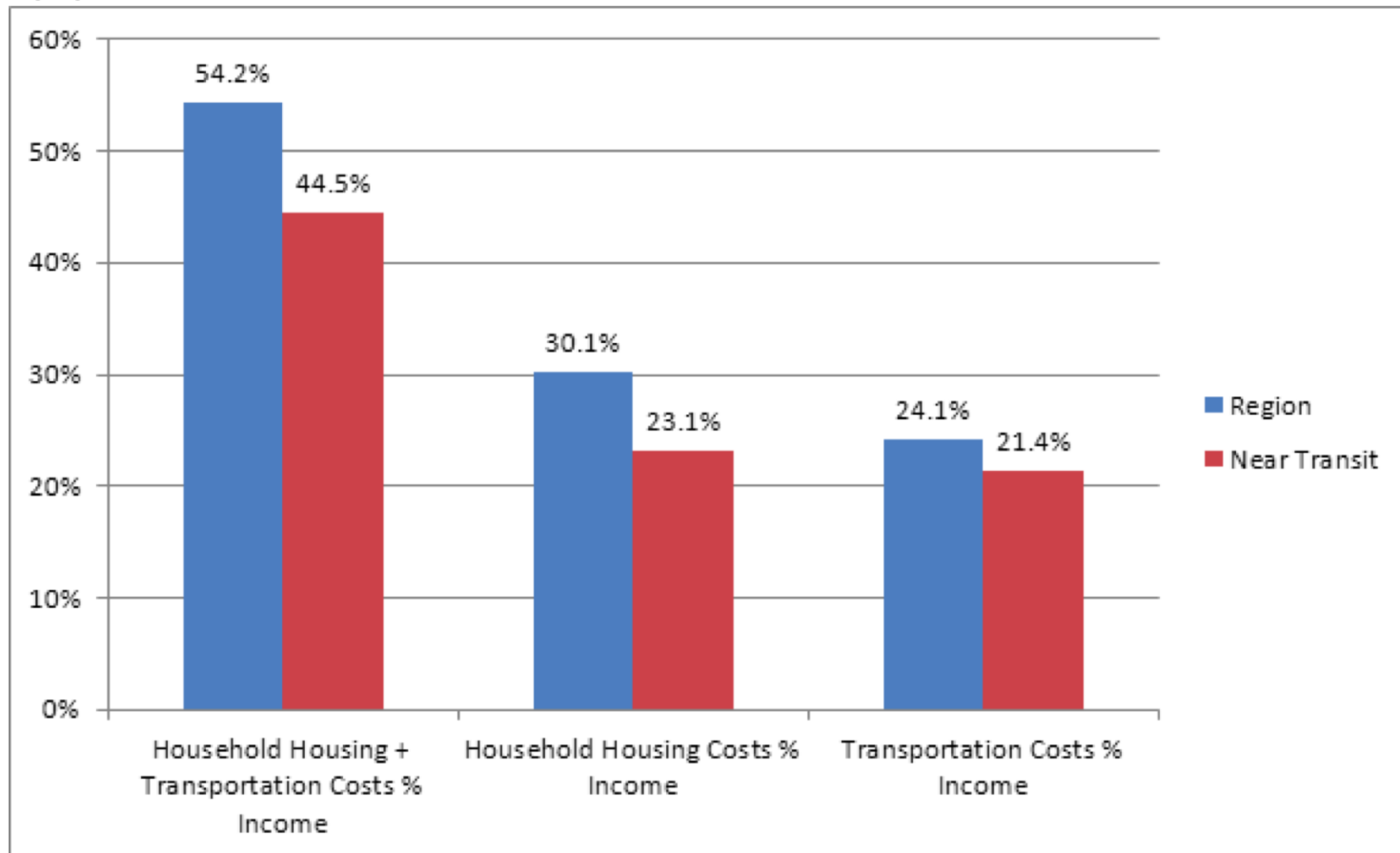
Top Four Reasons Equitable TOD is Important in Sacramento:

1. Supports affordable, high quality lifestyles
2. Optimizes the transit system
3. Helps support healthy communities for all
4. Increases access to economic opportunity



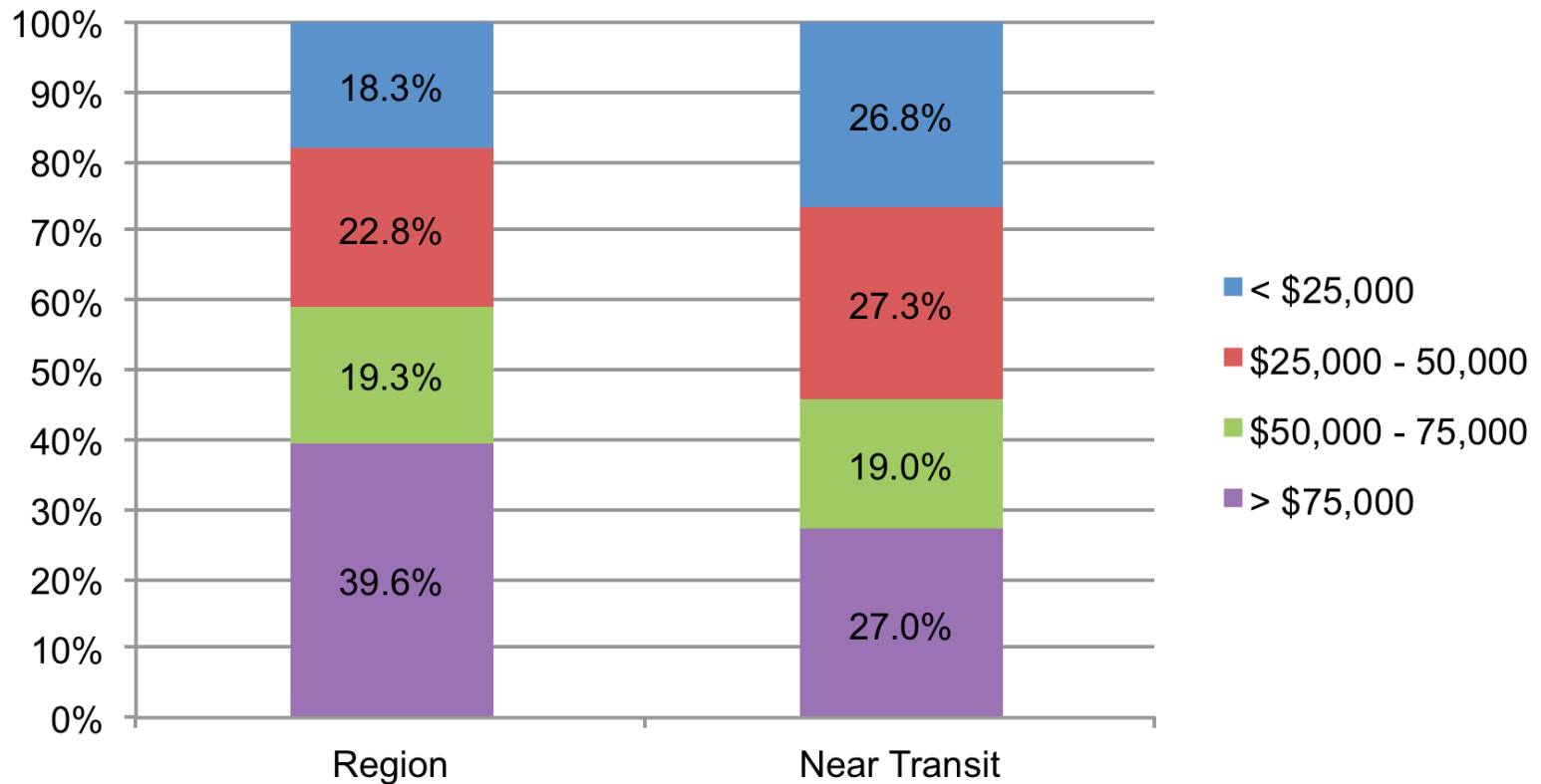
Supports Affordable, High Quality Lifestyles

Figure 6. Housing & Transportation Costs for Transit Station Areas vs. Region, 2010



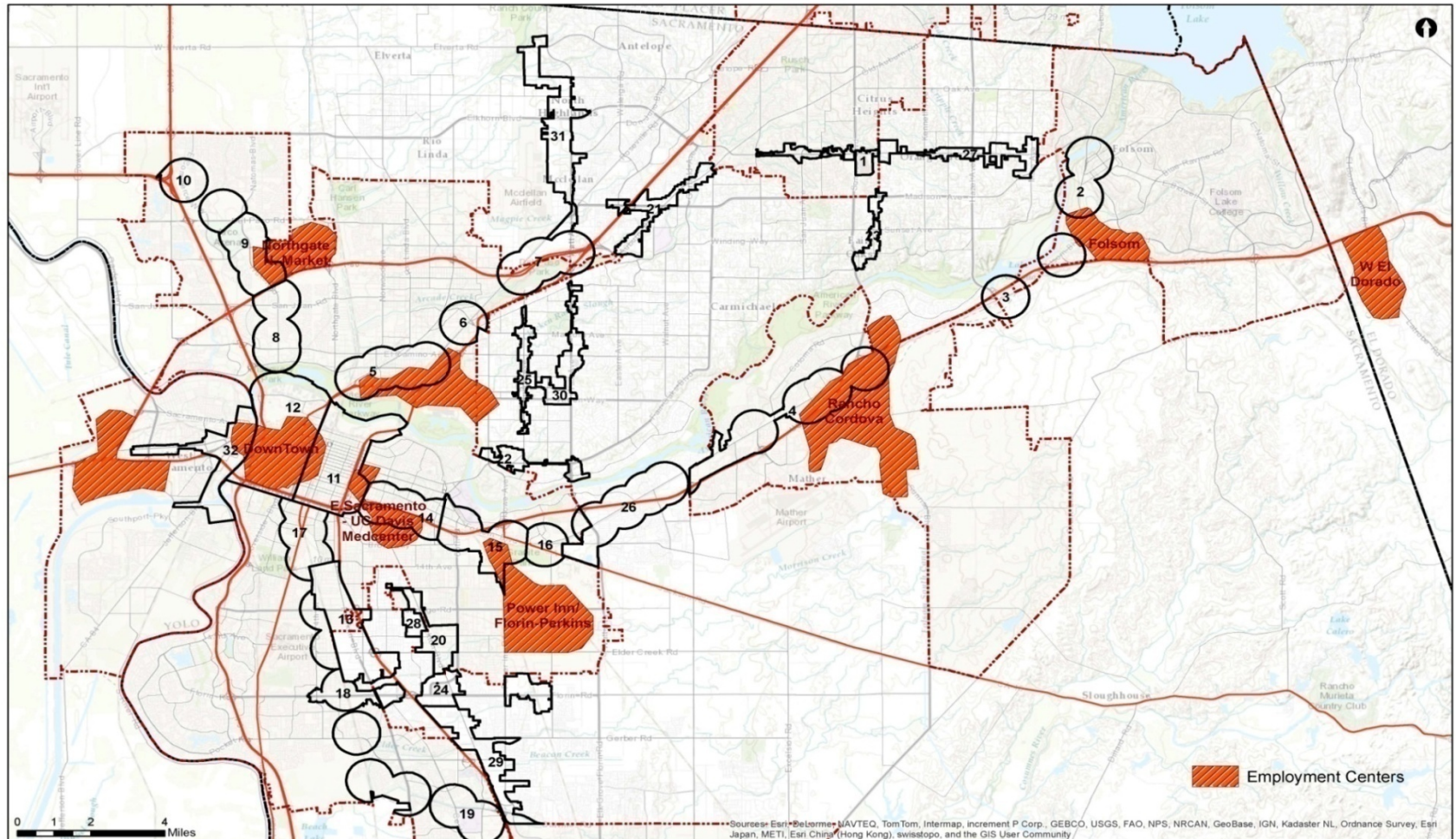
Optimizes Transit System

Figure 13. Income Distribution near Transit vs. the Region, 2009



Source: TOD Database, American Community Survey 2005-2009

Increases access to economic opportunity



Housing Permits 2001-2012

Legend: Existing (Orange), Single-Family (Yellow)

Segment	Existing	Single-Family
1	10	10
2	10	10
3	10	10
4	10	10
5	10	10
6	10	10
7	10	10
8	10	10
9	10	10
10	10	10
11	10	10
12	10	10
13	10	10
14	10	10
15	10	10
16	10	10
17	10	10
18	10	10
19	10	10
20	10	10
21	10	10
22	10	10
23	10	10
24	10	10
25	10	10
26	10	10
27	10	10
28	10	10
29	10	10
30	10	10
31	10	10
32	10	10

Context for Equitable TOD: The Sustainable Communities Strategy and RHNA

During 2008-2035:

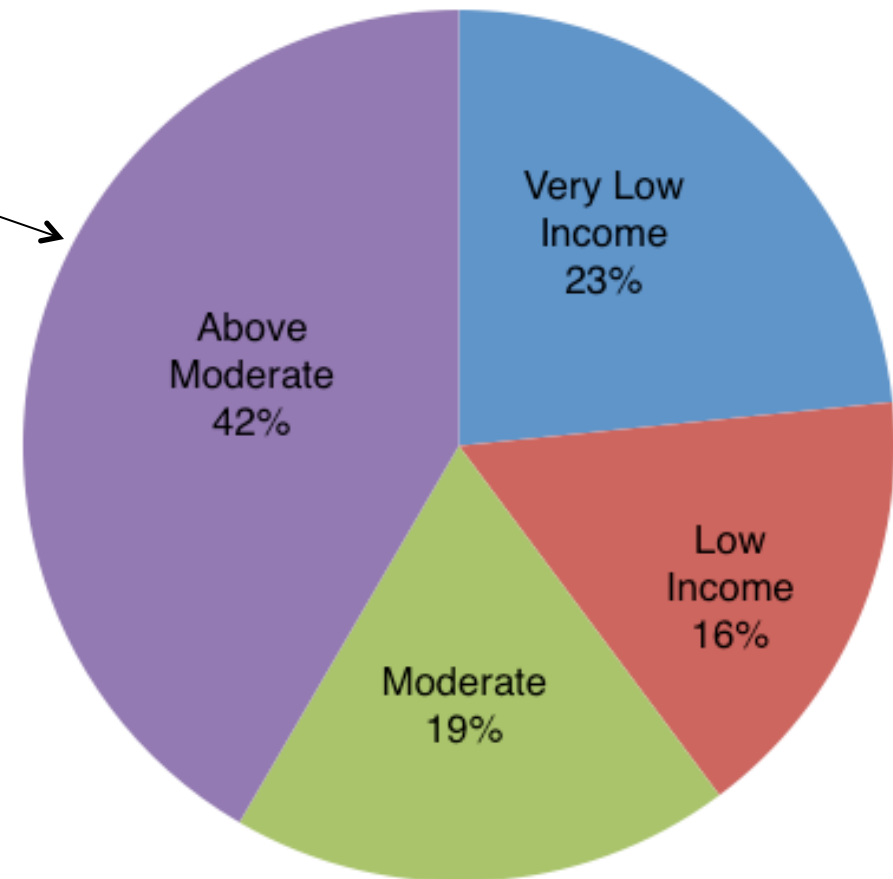
300,000 new homes

300,000+ new jobs

23% (71,000 new homes)
in “TPAs”

By 2021:

58% of new housing
(61,000 units) will need to
be affordable



Developer interviews – overall context

- Insufficient local policy support for affordable housing near transit;
- Funding sources are inadequate to cover the true costs;
- Developers have major concerns about some of the nodes and neighborhoods as places to invest;
- Frustrating inability of affordable housing developers to secure land in advance of project financing to make housing permanently affordable; and
- Even with unlimited land supply, there is relatively high cost for properties.

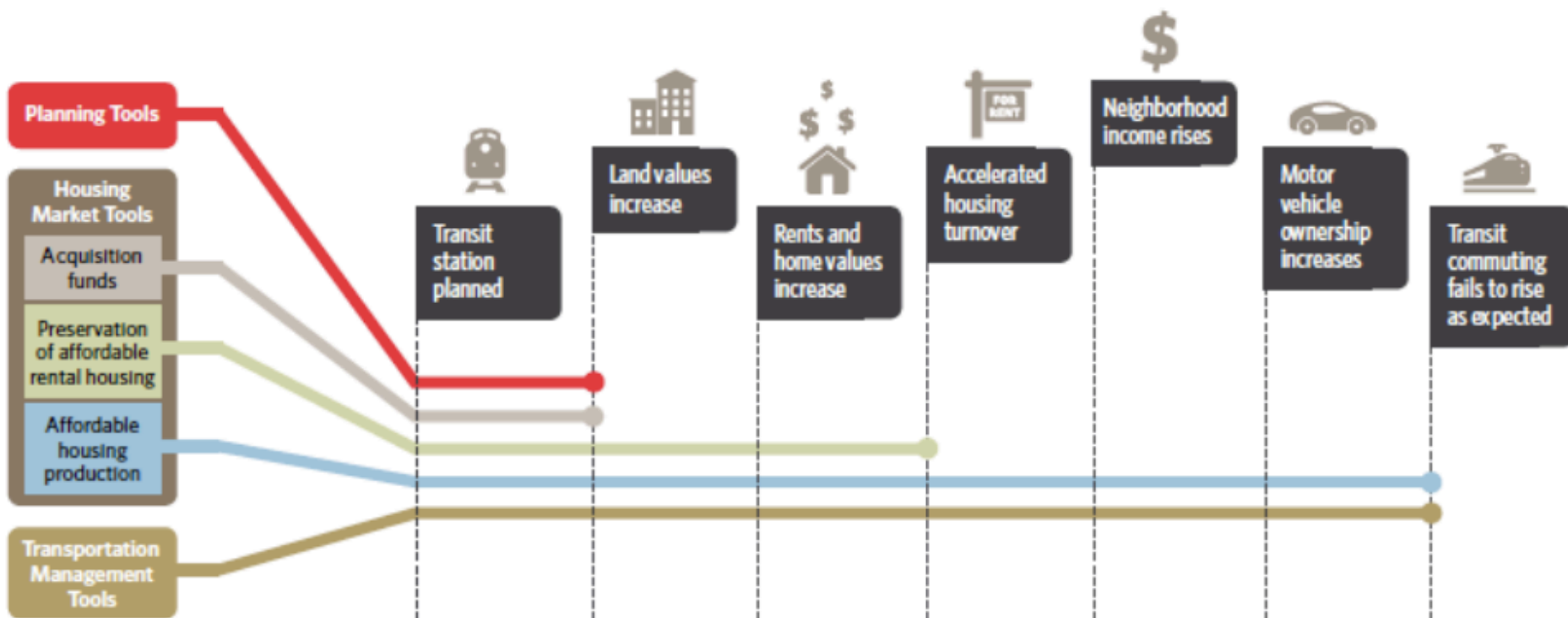
Developer interviews – finance gaps

1. Developers need early predevelopment forgivable and/or very low interest;
2. Infrastructure and remediate sources of funding are very limited, held by agencies that developers don't have experience working with;
3. No funding source for acquisition that lends itself well to a long term holds. (SHRA volume now is very limited);
4. Debt/equity combo for acquisition or rehab opportunities does not exist;

Developer interviews – finance gaps

5. Permanent sources -with the end of redevelopment, developers are placing a higher burden on greatly limited secondary subsidy programs to make both LIHTC types happen, with the 4% credit largely being relegated to rehabilitation going forward; and
6. Higher burden on HOME, CBDG and Section 8 to fill gaps previously filled by Redevelopment ...these federal programs are also gradually declining.

Breaking the Cycle of Unintended Consequences in Transit-Rich Neighborhoods



Recommendations -policy

How can the Collaborative and its partners influence the state, regional, and local policymakers to facilitate a supportive, straightforward environment for equitable TOD before development occurs?

- 1. Develop a system for prioritizing *all* TOD related investments, based on Market Strength, Land Capacity, Transit orientation and Community need**
- 2. Work with communities to remove policy restrictions on building TOD**
- 3. Improve bike and ped access in vulnerable communities with high transit dependence (Zoning should match market)**
- 4. Target preservation, rehab or redevelopment along transit corridors for developers willing or able to take risk**



Recommendations -policy

5. **Align SACOG's programs to better support planning and early predevelopment -infrastructure, site assembly, safety issues**
6. **RT should create incentive programs**
7. **Increase transit access to job centers, housing concentrations -Consider lower cost options such as BRT, last-mile connections**
8. **Subsidize transit passes in key areas for affordable housing properties**
9. **SHRA- focus opportunity to ensure that alignment for HOME and PB S8 near transit happens**
10. **Consider ways to support struggling school districts where significant new development is planned**



Recommendations -land

How can the Collaborative and its partners creatively use land as equity to control current and future uses of TOD sites, while also helping to manage the costs of creating equitable TOD?

- 1. Land bank**
- 2. Understand inventory of publicly owned land, long term hold and release strategy for equitable development**
- 3. Work with RT to build capacity for joint development**
- 4. Build capacity within the development community to build more complex infill projects**



Recommendations -finance

How can the Collaborative and its partners use grants, equity, and loans already available in the region, creating new resources that will make the existing more effective to deploy in the Sacramento region?

- 1. Credit enhance GSAF –to create reliability of take out, including clean up, infrastructure and permanent finance**
- 2. Test long term financing options – invest in a few high value opportunities**
- 3. Look for innovative approaches to infrastructure financing.**
- 4. Explore value capture in key areas**



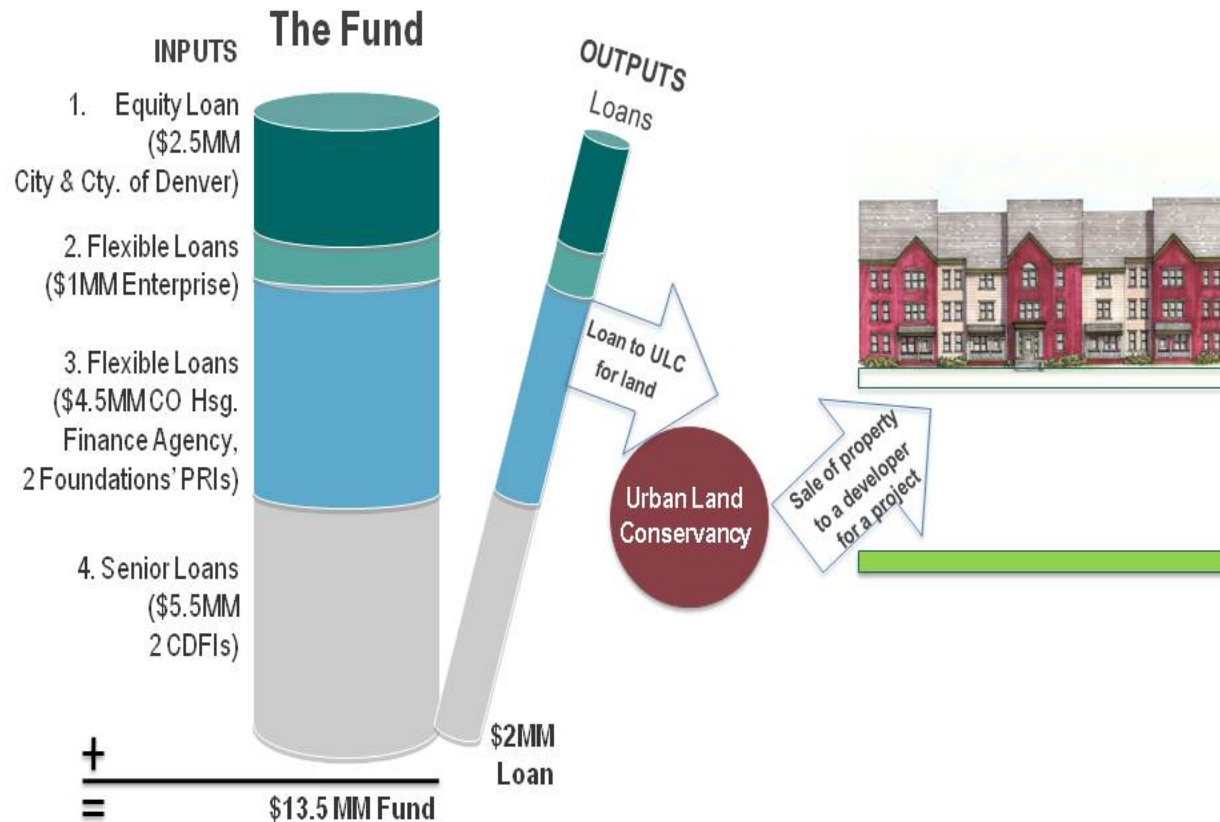
Recommendations -finance

5. Look at FP 4% LIHTC developer models that have been replicated across the region and figure how to make them work near transit (they require relatively low subsidy)
6. Consider creating a joint powers authority with RT to help them get funding through tax increment – take a regional approach, start to generate funds
7. Work with CDFI's, other organizations that can provide financial tools to support “complete communities”



**Scenario 1b - equitable TOD fund and facility for acquisition,
pre-development, bridge, and semi-permanent financing
...we do not recommend for Sacramento**

Denver Transit Oriented Development Fund

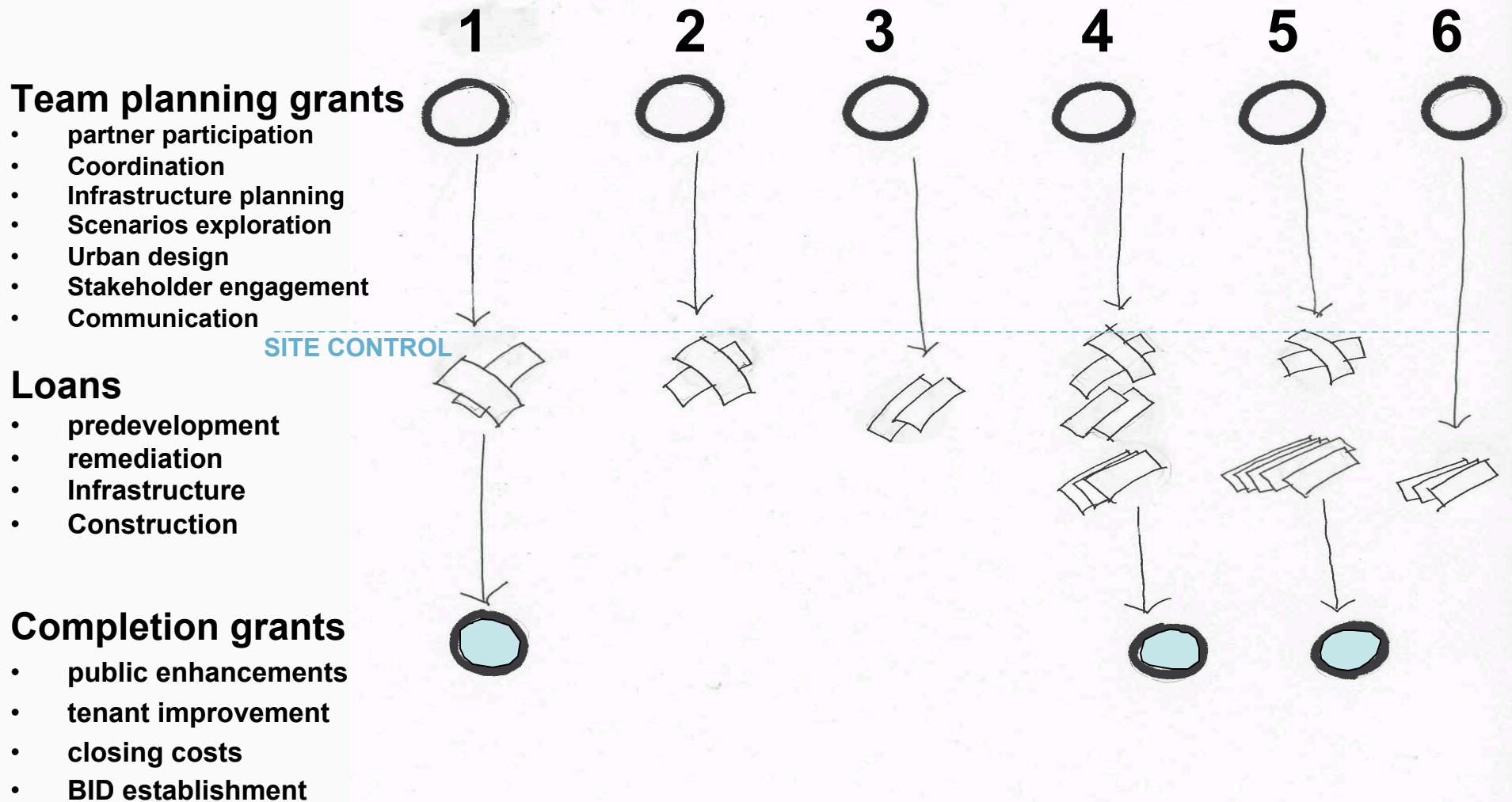


Recommend

- Scenario 2 - create a combined pre-development/infrastructure/remediation fund for equitable TOD
- Scenario 3 - establish a credit-enhancing fund to complement existing acquisition financing for equitable TOD.

A program/finance idea

TOD sites –each with a team



Building a TOD Typology

