

Transit-oriented development gains local momentum

Transit-oriented development—a model of development that emphasizes mixed uses and public transport—is getting a lot of local attention these days for two good reasons. First, the Central Corridor is gearing up for construction of the next light rail line, a major new transit branch that will spur surrounding development.

Second, the Twin Cities recently got major funding from two sources to make sure that development truly benefits the residents and business owners who live and work along University Avenue, the path of the new line. In October 2010, the region received [\\$5 million from HUD](#) to enhance planning along transit corridors and [\\$16 million from the Living Cities consortium](#) to finance housing and small businesses near transit lines.

Together, these initiatives help launch a multi-sector, regional approach to create Corridors of Opportunity. Both grants support planning that integrates housing, land use, economic and workforce development, transportation, and infrastructure investments in a way that improves economic competitiveness and ensures equal access to opportunity.

Twin Cities LISC has supported the growth of transit-oriented development (TOD) in the Twin Cities for many years, having provided funding for mixed-use, mixed-income developments such as Aeon's East Village, the Franklin-Portland Gateway, Frogtown Square and many others.

Last year, we led the joint sponsorship of a four-part workshop on TOD for government agency personnel, nonprofit and for-profit developers, and community groups. Designed to enhance our region's ability to accomplish transit-oriented development, the series provided a wonderful opportunity for peer learning, to share information about national models, and to discuss regional challenges and opportunities. A Twin Cities TOD toolkit based on the well-attended workshops is available at [Reconnecting America](#) .

Workshop summary

The series focused on four key elements of TOD:



The new light rail line down University Avenue brings tremendous opportunities for comprehensive community development along that corridor.

- Infrastructure and the Public Realm
- Connecting Land Use and Transportation
- Equitable Development and Community Benefits
- Financing TOD: Building Public / Private Partnerships

There was strong agreement at the workshops about the need for equitable transit-oriented development, which incorporates affordable housing, enhanced access to jobs and services, and diminishing the impact of residential and business displacement. Here are some other highlights.

Putting the T in TOD

Without the commitment to transit, our region will not achieve TOD. To achieve successful, equitable TOD there must be alignment of policies, partnerships, and resources. In addition to the infrastructure investment of heavy rail, there are operating costs to support the larger system of trains and buses. Simultaneously, it's critical to ask engineers to solve a different problem: how to design for connectivity, walkability, and transit-oriented development. Stressing the importance of context-sensitive design is also necessary to ensure that the infrastructure investments meet the needs of the users. Transportation planners will benefit by engaging the community in front-end planning, which can cut down on overall costs and retrofiting.

Regulatory Obstacles

Land use and zoning policies, determined at the city level, can be obstacles to achieving the appropriate scale and mix of uses to make transit districts successful. The tension lies between local control and regional priorities. Collaboration among governmental partners, both horizontally (our neighbors along a corridor) and vertically (local, county, regional, state, and national), will be critical. Engaging other regulatory jurisdictions earlier than later, such as the Watershed Districts, can contribute to more innovative and creative solutions. The push is to streamline the regulatory environment, limiting the hoops that developers need to jump through. However, will a streamlined regulatory system work to discourage the need for community engagement?

Who Will Benefit?

A successful transit system will benefit the neighborhood as well as the region. The push for equity asks the region to grapple with the sacrifices that are endured by those negatively impacted by the changes. From small business owners who struggle to stay in business during the construction, to renters who must leave because their home has been sold to a higher bidder. How do we capitalize on the opportunities to incorporate affordable housing, jobs for local residents, green space and public gathering places, and environmental justice? How do we all share in the promise of greater opportunity through proximity to transit?

Where's the money?

TOD financing isn't child's play. It can involve some of the most complicated, long-term, high-risk projects a developer can undertake. Alan Arthur, President and CEO of Aeon, the developer of East

Top 10 TOD policies

1. Zoning revisions and affordable housing policies
2. Invest in a system of transit improvements
3. Prioritize investment areas by identifying regional growth centers and conducting regional market analysis
4. Pass TIF for TOD
5. Make Livable Communities Act more explicitly a TOD program
6. Use planning, urban design policy to influence design, engineering of LRT, BRT
7. Land banking resources (patient capital) and strategies
8. Land trust options for residential and commercial sites
9. Improve watershed planning and coordination with cities
10. Advocate against decentralized employment locations

Village—an early example of mixed-use, mixed-income development—explained that it required 40 financial sources and almost a decade to complete the \$40 million project. The Kensington Park, a mixed-use project in Richfield developed by The Cornerstone Group, required 10 finance sources (and many sleepless nights). Dena Belzer of Strategic Economics explained that: “There is no silver bullet or perfect tool kit for financing transit oriented districts.” As our region works to identify financing tools that can best respond to TOD opportunities, we must also address timing issues. One solution could be patient capital that absorbs the losses of delayed construction while permanent financing is obtained.

Public-private partnerships

Ultimately proactive leadership and partnerships are essential. We can't rely on the public sector or the private sector alone to do this work. To build these partnerships it will be necessary to strengthen predictability and reduce risk, which requires us to:

- Articulate regional values and goals
- Coordinate strategic investments
- Create destinations
- Build confidence in market demand
- Provide patient capital

Next steps in 2011

To strengthen the implementation of transit-oriented development, LISC and its partners have committed to the following next steps in 2011.

- Work with the Metropolitan Council to build a collection of case studies that demonstrate how to achieve TOD.
- Provide information to policy makers about policy options that they can endorse to support TOD.
- Continue working on financing tools that best respond to TOD opportunities.
- Do corridor assessments to “sort” opportunities. Find those places where the market is working and invest. In locations with longer term markets, enhance transit connections so people really use transit.
- Offer resources such as the [Corridor Development Initiative](#) to engage communities and cities to guide future development along transit routes to align with community values.
- Invest in the low hanging fruit—small-scale projects, affordable housing, pedestrian improvements, etc.
- Be patient—transit-oriented districts will build out over long periods of time, 10 to 20 years.

This workshop series was sponsored by Twin Cities LISC, the Metropolitan Council, Central Corridor Funders Collaborative, Family Housing Fund, Transit for Livable Communities, the Center for Transit Oriented Development, and others.

For more information about Twin Cities LISC's work in TOD or activities described in this article, please contact Program Officer Gretchen Nicholls at gnicholls@lisc.org or 651-265-2280.