

FTA

FEDERAL TRANSIT ADMINISTRATION

Joint Development and Transit Oriented Development

Presented by:
FTA's Office of Policy Review
and Development



U.S. Department of Transportation
Federal Transit Administration

Joint Development Efforts at FTA

- Proposed Circular
 - To be published for public comment
 - Single guidance document for grantees
 - Incorporates MAP-21 provisions
- FTA Defines Joint Development (JD)
- Clarifies FTA Policy
- Provides Framework for Analyzing JD Projects

Joint Development: Defined



A transit project



Integrally related to commercial, residential or mixed-use development; often co-located



May include public, private or non-profit development associated with transit capital investments



FTA financial assistance = "a federal interest"



Joint Development: FTA's Policy

FTA supports the use of joint development wherever possible to maximize utility of FTA-funded projects

FTA allows the revenue received from an FTA-funded joint development project to be treated as program income

FTA recognizes that joint development provides multiple and varied benefits

FTA will defer to grantee on business decisions

FTA Funding for Joint Development

- Since joint development is a transit project, generally all FTA planning and capital program funds are available for use!
- Planning Activities:
 - FTA/FHWA Metropolitan and Statewide Transportation Planning
 - Other Federal community development funding programs
- Capital Activities:
 - Urbanized Area Formula: Section 5307
 - Fixed Guideway Capital Investments: Section 5309
 - Elderly and Disabled Formula: Section 5310
 - Rural Area Formula: Section 5311
 - Bus and Bus Facilities Formula: Section 5339

Areas of Interest

When FTA is presented with a joint development project, there are typically two categories of issues that we must consider:

1. **Eligibility issues** associated with the use of FTA grant funds or program income for a capital project; and
2. Issues associated with the acquisition, use, and disposition of **real property** that was or will be purchased with FTA funds.

Eligibility Requirements

JD Project Eligibility

§ 5302(3)(G): “Capital project” means a project for a JD improvement that ...

i. Provides economic benefit;

ii. Enhances public transportation;

iii. Provides revenue for public transportation; and

iv. Requires the JD’s tenants to pay a fair share of the JD’s costs.

i . Economic Benefit

- Enhance economic development
 - Demonstrate that the JD will enhance economic activity in the area
- Incorporate private investment (e.g., commercial or residential dev.)
 - Can be cash, property, or some other short- or long-term benefit

ii. Public Transportation

Benefit

- Enhances effectiveness of transit and is related physically or functionally to transit
 - Physical relationship: improvement adjacent to or co-located with transit; bike or ped. paths; air rights
 - Functional relationship: usually not farther than 0.5 mile (ped.) or 3 miles (bike); remote baggage handling; community services (day care, healthcare)
- Establishes new or enhanced coordination between transit and other kinds of transportation
 - Presumption of enhanced coordination if distance is shortened between transit and other kinds of transp.

iii. Fair Share of Revenue

- Two requirements:
 1. Recipient's board of directors must conclude that the share of revenue is commercially reasonable and fair; and
 2. Revenue must be used for public transportation.

i v. Tenant s Pay Share of Cost s

- Tenant making an agreement to occupy space in the JD facility must pay a fair share of the costs of the facility.
- Rental payments or “other means.” Gives flexibility to recipient. FTA deference.

Activities Eligible for FTA Funds

✓ Standard capital project activities:

- *Property acquisition,*
 - *Demolition*
 - *Site preparation*
 - *Utilities*
 - *Building Foundations*
 - *Walkways*
 - *Pedestrian/bike access*
 - *Renovation and improvement of historic transportation facilities*
- ✓ Open space, site amenities, streetscape elements
- ✓ Parking that links to transit use

- ✓ Construction of new or improvement to intermodal transfer facility or transit mall
- ✓ Facility that incorporates community services such as daycare or health care
- ✓ Construction of commercial space
 - *FTA funds cannot outfit the space*
- ✓ Safety and security equipment/facilities
- ✓ Project development activities
- ✓ Professional services

Ineligible Activities

- “Capital project” means a project for a JD improvement that *does not* include ...
 - Outfitting of commercial space
 - “Shell” of structure OK. “Outfitting” includes fixtures and equipment for the purpose of generating commercial revenue (signs, shelves, kitchen equipment, furniture, etc.)
 - Exception for intercity bus/rail facilities
 - Part of a public facility not related to public transit
 - All four criteria must be met.
 - Must provide public transportation benefit.

REAL PROPERTY

Real Property Considerations

1. How was/is the property acquired
2. How is the property being used
3. Disposition requirements

Joint Development and Real Estate

- Joint development projects often involve real property – in which there is a federal interest – that is transferred or leased by the transit operator to a third party.
- Real Property requirements:
 - Primarily governed by the Uniform Act, 49 U.S.C. 4335(h) and the Common Grant Rule.
 - Strict regulations on acquisition, use and disposal

Real Estate Requirements

- Acquisition:
 - Appraisal and appraisal review
 - Businesses and residents relocation
- Use:
 - Consistent with original grant
 - Satisfactory continuing control
- Disposition (or not):
 - Cannot sell real property for joint development
 - Transfer via lease or other contractual agreement

Comparisons

Joint Development

Transit-Oriented Development (“TOD”)

Joint Development vs. TOD

Joint Development

- Tends to be project-specific, often occurring within a city block and tied to a specific real estate development
- Usually developed through a partnership of public and private interests
- A transit project, eligible for FTA capital funding

Transit-Oriented Development

- Generally encompasses multiple city blocks, more or less a neighborhood in size and character
- Usually led and organized by a public agency
- Not a transit project, may be eligible for FTA planning funding

Joint Development vs. TOD

(FTA Funding)

CHARACTERISTICS/BENEFITS	JOINT DEVELOPMENT	TOD
Transit project	X	
Physically related to transit (co-located)	X	
Functionally related to transit	X	
No physical, but functional relationship to transit (e.g., fare kiosk off site)	X	
Station area planning	X	X
Community development projects		X
Streetscape improvements or pedestrian/bicycle paths linked to transit	X	X
Health care facility at transit station	X	
Recreation center near transit		X

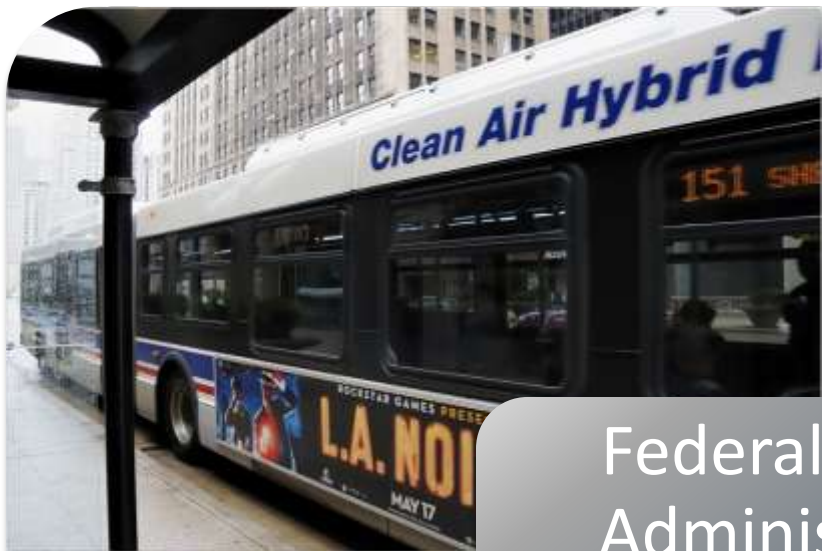
Joint Development vs. TOD

(FTA Funding)

CHARACTERISTICS/BENEFITS	JOINT DEVELOPMENT	TOD
Housing in transit air rights	X	
Housing connected to transit by walkways		X
Location efficiency	X	X
Increases transit ridership	X	X
Transit revenue	X	
Leveraged transit infrastructure	X	X
Constructed using FTA funds	X	
Planned using FTA funds	X	X
Occurs on transit owned property	X	
Occurs on non-transit owned property	X	X

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