



# Partners in Innovation: Keeping Equity at the Core of Transit-Oriented Development

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# Transit & Equity: A Rocky Past

At the same time we were doing *Brown v. Board of Education* and trying to integrate the school system, we were investing billions of dollars in a highway system that segregated the nation by allowing people to be able to run away from urban areas that were integrated to suburban areas that were all white.” - Angela Glover Blackwell, PolicyLink



# Poverty: No Longer an Urban Problem

## Suburban poverty

The number of poor people living in suburban communities outnumbered those living in urban areas for the first time last year.



NOTE: Numbers are rounded.

SOURCE: The Brookings Institution AP



## Metro areas where the share of poor people who live in the suburbs crossed the 50 percent mark between 2000 and 2010

Metro area	Share in 2000	Share in 2010
Detroit-Warren	45%	59%
Cleveland	46	57
Minneapolis-St. Paul	46	56
Provo, Utah	39	55
New Orleans	45	54
Buffalo, N.Y.	44	52
Houston	42	51
Oklahoma City	45	51
Chicago-Naperville-Joliet	39	51

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Source: Elizabeth Kneebone, Brookings Institution

# Changing Demographics → Changing Demands and Lifestyle Preferences



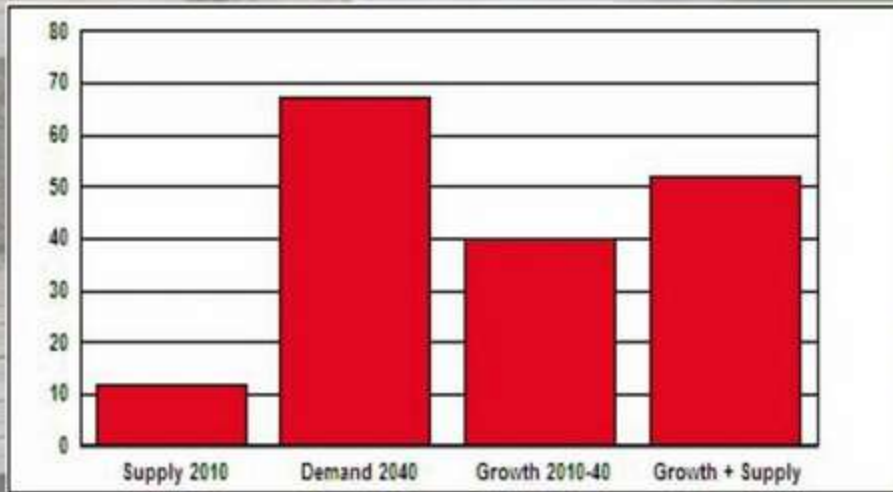
**“What the Millennials want the boomers need: small, simple spaces for living, community/people/density, access to transit, and proximity to services and amenities (i.e. main streets and downtowns)”**

*-Cincinnati City-wide -Form-Based Code Charrette Summary, 2012*

# Rising Trend: TOD



## TOD Supply & Demand 2010-40

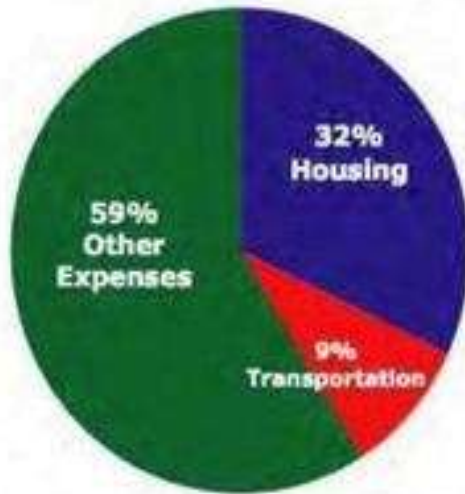


Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah.



# Transit Accessibility Matters to Affordability

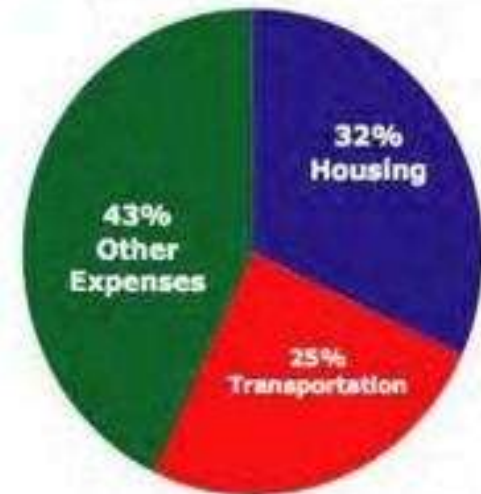
**Mobility-Option  
Neighborhood**



**Average American  
Family**



**Auto Dependent  
Neighborhood**

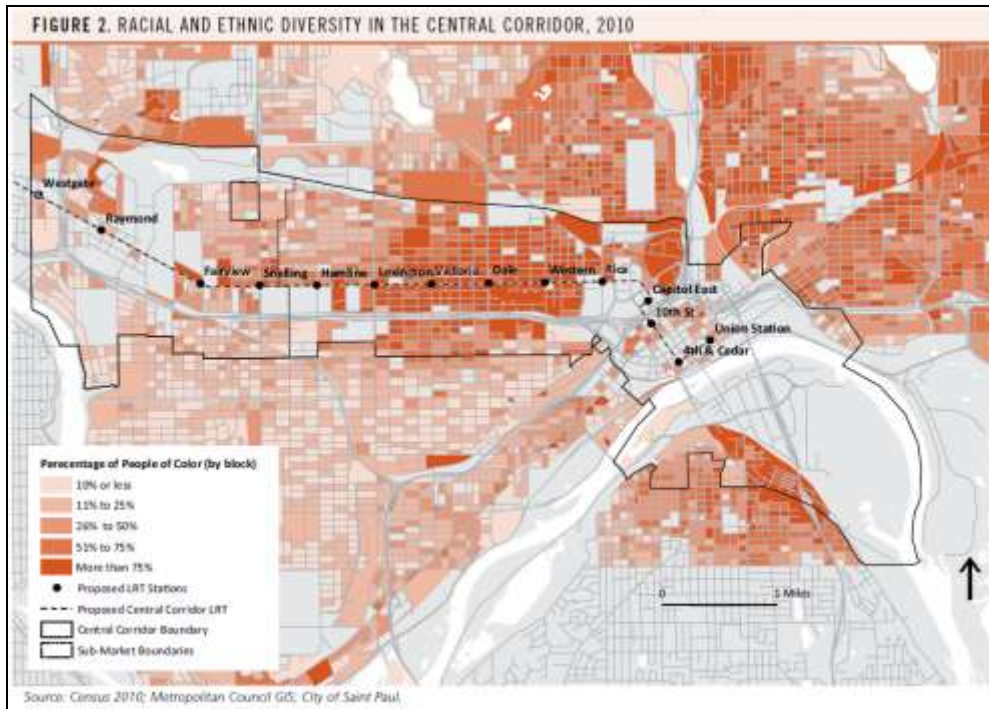


Source: Center for TOD Housing + Transportation Affordability Index, 2004 Bureau of Labor Statistics

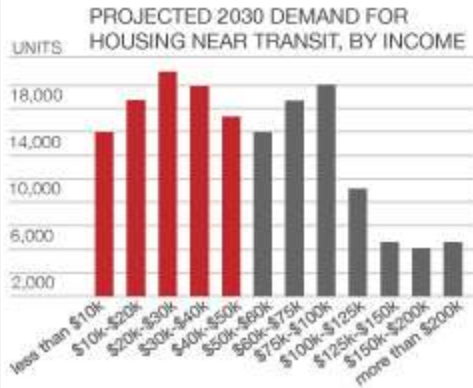
“The average American household spends more on transportation (16%) than on food or healthcare. Low-income families may spend up to 55% of income on transportation when they live in auto-centric environments.”

Source: Center for Neighborhood Technology (CNT)

# Equity at Risk: Those who stand to gain the most quality-of-life benefits from new transit also face the greatest risk of being displaced by the rising property values associated with TOD

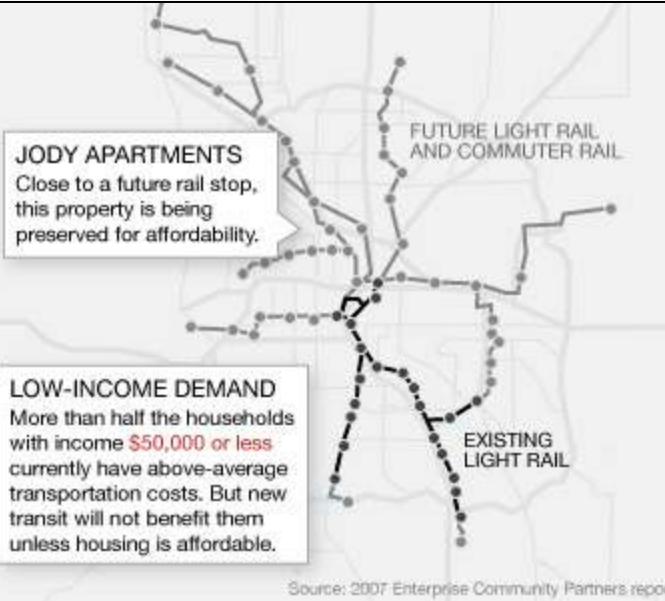


The huge expansion of Denver's transit system is spurring an increase in housing demand – but land values are also skyrocketing, so new housing may not be affordable for everyone.



**JODY APARTMENTS**  
Close to a future rail stop, this property is being preserved for affordability.

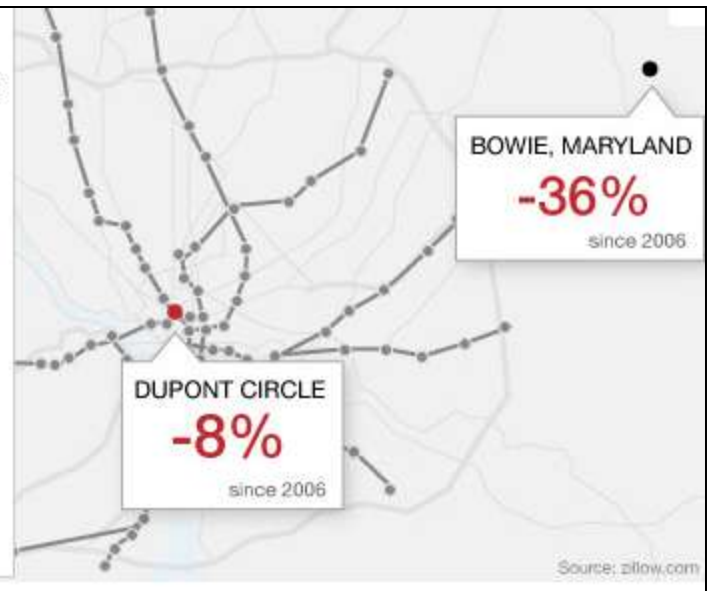
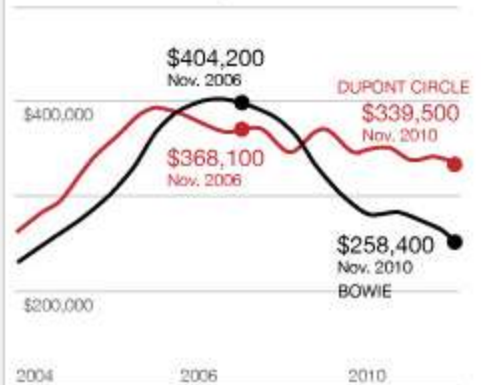
**LOW-INCOME DEMAND**  
More than half the households with income \$50,000 or less currently have above-average transportation costs. But new transit will not benefit them unless housing is affordable.



- Highest demand for transit is from lower income populations
- Yet most housing around transit hubs is not affordable to these populations due to surging property values post-transit expansion

- Transit accessible housing is more likely to retain its value during economic crises
- Unless housing is preserved as affordable prior to transit expansion, it is likely to convert market or luxury rate

The mortgage crisis hit home values far harder in suburbs like Bowie, Maryland, than urban neighborhoods close to mass transit, like Dupont Circle in Washington D.C.





# Learning from History: Red Line Extension in Somerville, MA, 1985

- Subway extended to Davis Square in Somerville in 1985
- Historically working class community
- Housing costs have soared, and new condos are being built or converted from former rentals at a rapid rate
- Since 2000, 1,394 condominium units have been placed on the market, some of them topping \$1 million.

*“Had people been sensitive to the fact that there would be an impact on land values when they were planning and opening [the Somerville] subway station, there could have been some prevention.”*

*–Somerville Welcome Project*



# Equitable TOD at LISC: Common Themes

- ❑ **Collaborative Model** – LISC sites are working with community partners, to develop local neighborhood collaboratives that connect community planning with the potential physical and economic benefits of transit
- ❑ **Scale** – Large scale housing and commercial projects are necessary to develop mixed income housing and retail that meets diverse needs. LISC's model emphasizes the importance of scale in TOD to leverage economic opportunity in multiple communities and within regions.
- ❑ **Equity** – In each of the LISC sites TOD is seen as an important tool for increasing equity for marginalized communities by combining elements of the built environment, family income and assets, economic vitality, education, health and the environment with affordable and effective regional transit.
- ❑ **Capital Aggregation**- critical to the model is the aggregation of capital necessary for these projects, which often require large amounts of patient capital for site assembly, have longer holding times and larger financing gaps.

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# Benefits of Equitable Transit-Oriented Development

## For Households

- Households have increased access to jobs and services.
- Combined cost of housing and transportation is reduced or remains affordable.
- Low income families have access to affordable housing in gentrifying transit communities.

## For Communities

- Less dependence on automobile use.
- Reduced pollution.
- Pedestrian-friendly environments with services in walking or biking distance.
- Communities serve a range of incomes in mixed income, mixed use settings.

# On the Ground - Phoenix

## Sustainable Communities Working Group

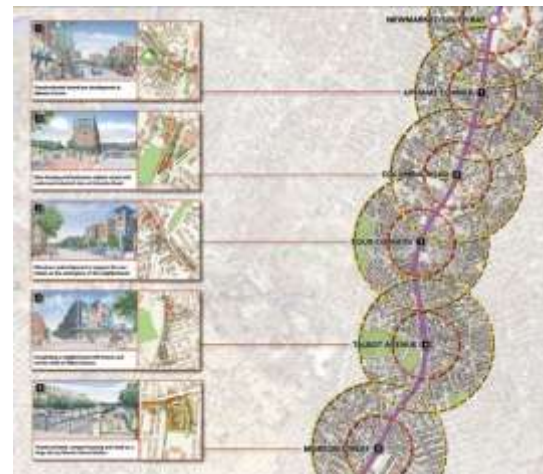
- ❑ A broad based collaborative of stakeholders that includes: housing and transportation agencies, community partners, academic institutions and the foundation community.
- ❑ \$30 million fund, assembled by the collaborative to incent and guide the development of affordable housing and related functions in areas well served by high capacity transit
- ❑ Best practice models of Transit Oriented Development (TOD) will be utilized as the benchmark for proposed projects, i.e. civic engagement, resident-led leadership
- ❑ A TOD protocol is envisioned that will aid in capacity building for the entire project delivery system at all levels of development: local government, lenders, developers, residents, utilities.
- ❑ Developed a feasibility study to identify the market and recommendations for the TOD fund's structure



# On the Ground - Boston

## Transit-Oriented Affordable Housing Fund

- ❑ To give CDC, non-profit and for-profit affordable housing developers access to streamlined, lower cost capital to efficiently acquire strategic parcels on which to develop affordable, mixed use housing and neighborhood retail or community facilities along transit corridors; and to provide capital to TOD developers to advance critical projects efficiently
- ❑ LISC will manage the investment pool of PRI and Top Loss funds and participate with originating lenders.
- ❑ Blended rate loans no higher than 5% to fund acquisition, predevelopment, and holding costs for affordable housing, mixed use housing and neighborhood retail or community space
- ❑ Five TOD corridors in Boston area are primed for TOD and simultaneously threatened by growing equity concerns



# On the Ground – Twin Cities

## Central Corridor Development Initiative (CDI)

- ❑ Proactive planning process in three TOD locations—helping government officials, developers, residents and other stakeholders to envision and plan for feasible, higher density affordable housing development that offers access to retail amenities, parks, jobs and transit.
- ❑ Providing loans, lines of credit, and recoverable grants to support small and large scale development that preserves and creates affordable housing along transit corridors
- ❑ Focused community outreach and engagement ensures that traditionally disenfranchised populations are involved and heard through regional planning process



# Equitable TOD Preserves ....

- Character of neighborhoods – what attracts new residents to them in the first place
- Affordability for residents that need stable housing and transportation costs in order to make ends meet
- Diversity of people – whether racial, ethnic or economic
- Community engagement is key



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# Thank you!

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