TRANSIT-ORIENTED DEVELOPMENT
FINANCING IN GREATER BOSTON

RAILVOLUTION 2012 LOS ANGELES – OCTOBER 17, 2012

Jennifer M. Raitt, Chief Housing Planner
Metropolitan Area Planning Council
The MetroFuture Vision

Be responsible stewards of our resources, passing on an environmentally, financially, and socially sustainable region to our children.

Involve more people in making the decisions that shape their lives.

Build safe, healthy, and welcoming communities.

Ensure that all residents fairly share the costs and benefits of the region’s growth.

Give people affordable and convenient options for where they live, work, and play.

Create a world-class region that is vibrant, competitive, and connected.
HUD Sustainable Communities Program

**Sustainable Metro Boston – Program Structure**

- **Fill Plan Gaps**
  - Regional Housing Plan
  - Fair Housing Impediments
  - Climate Change Adaptation
  - Entrepreneur Assistance Planning
  - “Most Wanted” Datasets

- **Regional Indicators**

- **Tools, Models, Best Practices**
  - MetroFuture “template”
  - Community Planit
  - Stormwater utilities
  - Anti-displacement strategies
  - Housing Production Plans
  - 3-D computer models
  - Bike & ped. infrastructure
  - Entrepreneur assistance

- **Place-Based Planning**
  - Municipal land use planning
  - Compact growth planning & zoning
  - CDC planning & pre-development
  - Regional TOD funding
  - Anti-displacement strategies
  - Housing Production Plans
  - Office & industrial park retrofits
  - Urban open space planning
  - Local pedestrian & bike planning
  - Agricultural preservation programs
  - Wastewater treatment planning
  - Stormwater financing programs

- **State & Regional Policy**
  - Zoning Reform
  - Global Warming Solutions
  - Transportation Reform
  - Transportation investment
  - Economic development
  - Wastewater treatment

- **Consortium Dialogue & Capacity Building**
  - Regular full Consortium meetings
  - Cross-cutting work groups
  - Equity & Development Leadership Institute
  - Subregional Councils
Increased VMT = greater distances to work + shopping + school + less T service

In some locations, a Very Low Income household might spend 30% on transportation
Sustainable Communities RPG

TOD Financing in Greater Boston

- Capacity for 76,000 additional units
- 15,000 housing units built near transit over last 10 years
- Incentives, tools, & financing for T-O housing, jobs needed
Sustainable Communities RPG
TOD Financing in Greater Boston

- TOD Fund development, national convening, Growing Station Areas, TOD Finance Gap Analysis

- Why is TOD important and what does it mean?
- How should TOD be funded in MA?
- Where should TOD be located?
$30ML fund will provide developers with project feasibility enhancement and efficient access to financing for affordable, mixed-income and mixed use housing and commercial developments.
TOD Financing in Greater Boston
LISC Boston – Equitable TOD

- **Fund includes:**
  - Top loss commitment (EOHED)
  - *Foundation Program Related Investment (PRI)*
  - CDFI lending community

- LISC working on legal and operational details
TOD Financing in Greater Boston

CLF Ventures – Healthy Neighborhood Equity Fund

- Increased real estate values
- Improved tax base
- Lower healthcare costs
- Increased transit ridership
- Reduced VMT
- Reduced GHG emissions
- Improved health and well-being
- Increased economic mobility
- Safer, more walkable neighborhoods

Healthy Communities

Economic + Environmental + Community Returns =
TOD Financing in Greater Boston

CLF Ventures – Healthy Neighborhoods Equity Fund

**Phase I**
- **12 months**

**Goal**
- Clear articulation of the value proposition for investors, and a clear research agenda to guide Phase III activities

**Key Activities**
- Complete pipeline analysis
- Complete gap analysis
- Complete private equity landscape assessment
- Convene TOD Advisory Committee and Working Group
- Define specific opportunities to link h/care expenditures and TOD investments

**Financial Support**
- TBF & MAPC grants

**Phase II**
- **12 months**

**Developed Concept**
- Use mapping and analytics to expand list of high-potential districts for TOD investment
- Identify and approach potential partners / investors
- MHIC researches and develops fund structure including sample pro-formas
- Develop full Proposal

**Foundation grants**
- Identify local research partner to design health metrics and evaluation framework to guide longitudinal research
- Identify 5-8 high impact projects for first round of investments
- Secure initial commitments for first round of equity investments
- Prepare for closing including marketing and communications materials

**Phase III**
- **7 months**

**Fund Proposal**
- Detailed proposal that clearly articulates the opportunity for TBL returns based on investments in a regional, health-oriented TOD Fund

**Fund Closing**
- Fund structure created, initial metrics identified and early investors committed to the Fund

**Fund Launch**
- Fully operational, professionally managed TOD Fund with established research agenda and healthy pipeline of potential projects

**Starting Point**

**National funders – grants & seed funding**
- Negotiate terms for equity investments in first round of projects including Fund metrics
- Seek additional investors to capitalize the TOD Fund and finance related health interventions
- Targets include:
  - Foundations
  - Institutions (hospitals, universities)
  - High net worth individuals
Differences between market versus affordable developments due to the types of financing available.
TOD Financing in Greater Boston

TOD Finance Gap Analysis

- TOD Finance Gap Analysis
  - Some challenges: development impact facts/ fictions; site assembly; high land prices; infrastructure issues; and lender underwriting for retail revenue
  - Scale and strength of the project sponsor important
**Strategies:**
Predevelopment and acquisition financing, credit enhancement; equity financing or additional subordinate debt for the retail component, and market rate housing; and workforce housing subsidy.
TOD Financing in Greater Boston

For more information:

http://www.mapc.org

Jennifer Raitt, Chief Housing Planner
(617) 451-2770 x 2056 / jraitt@mapc.org