FINANCING TOD

Reality Show: the Real Issues and Challenges of TOD

Nadine Fogarty
Principal, Strategic Economics
October 23, 2012
<table>
<thead>
<tr>
<th>TOD Development Contexts</th>
<th>Existing Downtown/Urban Business District</th>
<th>Major Suburban Employment Area</th>
<th>Legacy Industrial Area</th>
<th>Mixed Use Neighborhood/Main Street</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Downtown Boston</strong></td>
<td><strong>Downtown Boston</strong></td>
<td><strong>Tyson’s Corner, Virginia</strong></td>
<td><strong>Arts District</strong></td>
<td><strong>Lincoln Square</strong></td>
</tr>
<tr>
<td><strong>Boston, Massachusetts</strong></td>
<td></td>
<td><strong>Los Angeles, California</strong></td>
<td><strong>Chicago, IL</strong></td>
<td><strong>Chicago, IL</strong></td>
</tr>
<tr>
<td><strong>Auto-Oriented</strong></td>
<td><strong>University Avenue</strong></td>
<td><strong>Industrial/Distribution Area</strong></td>
<td><strong>Low Density</strong></td>
<td><strong>Major Greenfield/Infill Site</strong></td>
</tr>
<tr>
<td><strong>Commercial Corridor</strong></td>
<td><strong>Twin Cities, Minnesota</strong></td>
<td><strong>South Boulevard</strong></td>
<td><strong>Residential Neighborhood</strong></td>
<td><strong>Fremont, California</strong></td>
</tr>
<tr>
<td><strong>Industrial/Distribution Area</strong></td>
<td><strong>Charlotte, North Carolina</strong></td>
<td></td>
<td><strong>Bethel Park, Pennsylvania</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Low Density</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Residential Neighborhood</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Major Greenfield/Infill Site</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mixed Use Neighborhood/Main Street</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lincoln Square</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financing Approach Depends on Market Conditions

Financing Strategy in Strong Market Locations (Value Capture):

- Private Development
- Public Sector Financing Strategies
- Transit, Infrastructure and Amenities

Financing Strategy in Cooler Market Locations (Investments that Enable Development):

- Public Sector Financing Strategies
- Transit, Infrastructure and Amenities
- Private Development
Keys to Financing TOD

- Being realistic about the market
- Looking beyond individual projects – to leverage value and to achieve the vision
- Start with the needs, not the tools
- Identification of early funding sources that can leverage other investment
Hot Topics in TOD Finance

1. TIFIA
2. District-based value capture tools for TOD
3. Density bonus programs for community benefits
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program

- Provides secured loans, loan guarantees or standby lines of credit for eligible transportation projects
- MAP-21 expanded program funding and made it easier to use for transit projects
- $50 M minimum project cost
- Requires a dedicated revenue source
- Loan can be to public or private entity as part of a P3
- DOT expects to extend $17 B in credit assistance under Map-21 over the next two years

Transbay Terminal, San Francisco
District-Based Value Capture Tools for Transit and TOD

Examples:
- Dallas TOD TIF District
- PA Transit Revitalization Investment Districts (TRID)
- CA Benefit Assessment Districts for Transit (SB 142)
Density Bonus Programs for Community Benefits

- aka Incentive Zoning, Development Incentive Programs
- Allow developers to build additional density over a base amount in return for community benefits
  - Can be a contribution to a fund or built as a part of a development project
  - Can be defined in advance or negotiated for individual projects
- Distinct from developer fees because they are voluntary
- Examples: San Diego, Portland, Seattle, Salt Lake City
Thank You!

Nadine Fogarty
nfogarty@strategiceconomics.com