TOD FUNDING
Looking Beyond the Station Area

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Rail-volution, 2017
Ingredients for TOD
Infrastructure Investments Aren’t Keeping Up with Need

More Potholes? This Might Be Why.
Infrastructure spending as a percentage of G.D.P. has fallen to the lowest level in decades.

Source: New York Times

FIGURE 1

Public Infrastructure Has Been Neglected
Infrastructure needs, funded and unfunded, 2016-2025

- Roads, bridges, transit
  - Estimated funding: $2 trillion
  - Funding gap: $2 trillion

- Electricity
  - Estimated funding: $934 billion
  - Funding gap: $934 billion

- Schools
  - Estimated funding: $870 billion
  - Funding gap: $870 billion

- Waterways, ports, levees and dams
  - Estimated funding: $162 billion
  - Funding gap: $162 billion

- Airports
  - Estimated funding: $157 billion
  - Funding gap: $157 billion

- Rail
  - Estimated funding: $154 billion
  - Funding gap: $154 billion

- Water and wastewater
  - Estimated funding: $150 billion
  - Funding gap: $150 billion

- Public parks and recreation
  - Estimated funding: $114 billion
  - Funding gap: $114 billion

- Hazardous and solid waste
  - Estimated funding: $7 billion
  - Funding gap: $7 billion

Source: American Society of Civil Engineers 2017 Infrastructure Report Card and Failure to Act series, published 2011-2017
Declining Federal Funding for TOD Infrastructure

Source: Eno Center for Transportation
Affordable Housing Assistance is Flat

After some increase in the 1980s, the number of assisted households has been essentially flat for two decades.

Source: State of the Nation’s Housing 2017, Joint Center for Housing Studies at Harvard University
State and Local Governments Spend More on Transportation Infrastructure

Figure 1
All Levels of Government Fund Highways and Transit
Average annual own-source spending by level of government, 2008-12

Federal
$54 billion (25%)

State
$84 billion (40%)

Local
$75 billion (35%)

Source: Pew’s analysis of U.S. Census Bureau’s Annual Survey of State and Local Government Finances, 2008-12; U.S. Office of Management and Budget, Public Budget Database
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Increased Ballot and Bond Measures
Growing Interest in Alternative Infrastructure Funding and Financing

New revenue sources

- New taxes
- New varieties of user charges
- Value capture

New financing mechanisms

- Credit assistance tools
- Debt financing tools

New financing arrangements

- PPPs
- Privatization
- Infrastructure investment funds
- Philanthropic partners
- Crowdfunding
But, Limitations on Local Authority...
Increased State and Local Support for Affordable Housing

• Housing trust funds
• Inclusionary housing policies
• Public land contributions
• Impact fees
• Low-cost loans
• Support for ADUs
Competing Local Funding Needs for TOD

- Neighborhood Infrastructure
- Transit
- Affordable Housing and Community Facilities
Increased Pressure on Property-Based Funding Sources (aka Value Capture)

- Special Assessment and Taxing Districts
- Tax Increment Financing
- Development Impact Fees
- Density Bonus Programs
- Developer Agreements
- Public Sector Real Estate Strategies
Addressing Tensions by Looking Beyond the Station Area
Example 1: Honolulu, HI

- Meeting rail funding gap with extended general excise and hotel taxes (statewide)
- Implementing an island-wide affordable housing strategy, including inclusionary requirements in TOD areas and beyond
- Continuing to explore new district-based sources for infrastructure
Example 2: Oakland, CA

- Simultaneously developed new funding sources for affordable housing and infrastructure
  - New impact fees for local infrastructure and affordable housing
  - Bond measure backed by increased property tax provides additional $600 M for infrastructure, affordable housing, and anti-displacement efforts
Example 3: Westlake Corridor Extension, Northwest IN

- Regional Development Authority (RDA) will act as fiscal agent for a new Transit Development District (TDD) encompassing future transit stations
- A portion of tax increment will go toward infrastructure improvements to incentivize TOD
- Exploring other innovative financing options, including RRIF, TIFIA, private sources
Thank You!

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