METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Planning Committee DATE: April 11, 2008

FR: Deputy Executive Director, Operations W. I.

RE: <u>Transportation for Livable Communities (TLC) – Program Evaluation and Recommendations</u>

Background

For the past ten years, the Transportation for Livable Communities (TLC) program has served as one of region's primary tools for fostering smart growth. After the adoption of the Transportation/Land Use Connection Policy in 1996, the Commission began funding the TLC planning program in 1997. The program was expanded in 1998 to include a TLC capital grant program and in 2001 to include the Housing Incentive Program (HIP). Since then the program has remained largely unchanged, though a 2004 evaluation prompted changes in the TLC goals and the structure of HIP.

The TLC program is funded with federal Congestion Mitigation and Air Quality (CMAQ) and Transportation Enhancements (TE) dollars at a total of $27 million annually consistent with the Transportation 2030 Plan. This amount includes $9 million for each of the following: TLC Capital administered by MTC, TLC Capital administered by the CMAs, and HIP administered by MTC. A timeline of agency policy and funding decisions are outlined in Attachment A.

Staff conducted an evaluation of the TLC programs beginning in summer 2007 (this included TLC planning, HIP and TLC capital grants that have been constructed. It did not include TLC projects funded through the county CMAs). A copy of the report, *Ten Years of TLC: An Evaluation of MTC's Transportation for Livable Communities Program* is included with this memo.

Program Evaluation Key Findings

Staff contacted project sponsors, community groups associated with projects, as well as end users for the five case studies to survey their impressions of TLC projects and programs. Response rates for project sponsors and community groups were high, though it proved difficult to get many end-user surveys for the case studies. While specific TLC projects were challenging to evaluate due to their limited size and the way different jurisdictions collect information, it is possible to understand key trends in the program. The following key findings are a subset of those in the complete evaluation report:

TLC Planning Program

- The maximum size of a TLC Planning Grant is $75,000 and the average has been roughly $40,000.
- Pedestrian improvements have been the most popular form of capital improvements planned for (87%), while design standards (60%) have been the most common forms of policy changes pursued in TLC planning grants to date.
- TLC planning grant recipients described the community participation aspects of TLC planning grants as one of the most important benefits of the program.
- More than 55 percent of all proposed policy changes identified in TLC plans have also been implemented by the sponsoring jurisdictions.
- Given increased costs over the last ten years, TLC planning grants have more recently been viewed as too small to undertake significant planning processes that require substantial public involvement and project preparation.

Housing Incentive Program

- HIP has provided $27 million in funding associated with 38 housing projects across 20 jurisdictions in two funding cycles. This translates into rewards for the construction of 11,600 new housing units of which just over one-third are affordable.
- The availability of the HIP grant—according to surveyed sponsors—acted as an incentive in 37% of the projects.
- Roughly 70 % of the proposed housing projects qualified for HIP grants by issuing building permits on the project, the remaining 30 percent failed to meet the HIP deadlines.
- In those cases the grant did not act as an adequate incentive to approve the project, key challenges that could not be overcome include: market forces (35%), developer commitment (32%), developer financing (29%), city permitting (38%) and environmental review (22%).

TLC Capital Program

- TLC Capital projects encompass a wide variety of project types including bike lanes and paths, enhanced sidewalks, street trees, pedestrian scale lighting, bulb-outs, street furniture, bicycle parking, wayfinding signage, and traffic calming. Project sponsors rated TLC capital projects most effective at improving the one TLC goal that is most difficult to quantify – a community's sense of place and quality of life.
- While a majority of project sponsors and co-sponsors also noted that their grants helped improve a range of transportation choices, it was rated the lowest of the five TLC program goals.
- Historically TLC project sponsors have not been asked to provide before and after data that would allow for project evaluations. However, the most successful TLC capital projects appear – at least anecdotally – to have increased local pedestrian activity, created positive impacts on local businesses (as evidenced by lower vacancy rates and higher retail sales volumes in some TLC project areas), and served to facilitate nearby land use changes such as new housing and commercial development.
- Local jurisdictions – required to provide a minimum 11.5 % match under federal law –

ultimately provided local funds from numerous sources averaging a 76% local match across all projects surveyed. It is significant to note that TLC funds are often some of the first funds on the table and thus allow local staff to subsequently generate funding from other sources

Recommendations

Given the results of the TLC program evaluation, staff seeks input from the Committee and key stakeholders on the following recommendations:

(1) Tighten the connection between the TLC program and projects that directly support infill housing and transit-oriented development throughout the region by targeting a portion of TLC funds for locally-designated Priority Development Areas under the FOCUS program.

(2) Discontinue the TLC Planning Program and focus on larger land use planning grants through the Station Area Planning Program, combined with smaller, quick-response technical assistance grants to assist local jurisdictions with specific TOD-related challenges.

(3) Discontinue the Housing Incentive Program while still incorporating incentives to approve new housing by linking TLC awards to the planning and construction of new transit supportive development.

(4) Broaden TLC grant eligibility to include other infrastructure improvements including parking garages and local land parcel acquisition in order to maximize future development at key smart growth locations throughout the region.

(5) Provide larger TLC capital grants at more frequent intervals.

Next Steps

Staff is seeking the Committee's preliminary input on the above recommendations, recognizing that the overall program structure and funding levels for the TLC program will be the subject of the Commission's deliberations on the Transportation 2035 Plan in the coming months. Pending the Transportation 2035 Plan outcomes, staff will revise the TLC program goals, objectives and criteria for Commission approval later this year.

Ann Flemer

SH:DJ

Attachment A: MTC's Smart Growth Timeline

	Adopted Policy	**Funding Programs**
1996	• Transportation/Land Use Connection Policy adopted	
1997		• TLC Planning Program created
1998		• TLC Capital Program created
2000	• ABAG, MTC and partner agencies begin a two-year effort to develop the Bay Area Smart Growth Vision	• Housing Incentives Program (HIP) pilot cycle launched
2001		• 2001 Regional Transportation Plan triples TLC funding to $27 million annually for HIP, regional TLC, and county-level TLC
2005	• Transit-Oriented Development Policy adopted, requiring that jurisdictions receiving MTC funding for transit extensions plan a minimum number of housing units along new corridors	• Station Area Planning Grant program created to support TOD policy
2007	• ABAG, MTC and partner agencies launch Focusing Our Vision (FOCUS), en effort to prioritize infill, mixed-use development near existing transit and jobs	• Station Area Planning Grant program expanded to include areas under FOCUS program

Attachment B: Existing TLC Program Structure & Staff Recommendations

	Existing Program Structure	**Staff Recommendation**
TLC Planning Program	\$500,000 per year	Discontinue/ fold into Station Area Planning Program
TLC Capital Program	\$9 million per year distributed by MTC, \$9 million per year distributed by CMAs	Continue TLC program, broaden grant eligibility
Housing Incentive Program	\$9 million per year distributed by MTC	Discontinue/ fold housing emphasis into new elements of TLC capital program
Station Area Planning Program	2nd cycle of grants pending totaling \$7.5 million – program funded through 2012	Continue Program through at least 2012 and re-evaluate
Technical Assistance	n/a	Start quick-response technical assistance program for local jurisdictions