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COMMISSION

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Memorandum

TO: Advisory Council

DATE: June 3, 2009

FR: Therese Knudsen

RE: Transportation for Livable Communities (TLC) Program Update – TLC 2.0

Background

For the past ten years, the Transportation for Livable Communities program has served as one of MTC’s primary tools for fostering smart growth. MTC and its regional partner agencies define smart growth as development that revitalizes central cities and older suburbs, supports and enhances public transit, promotes walking and bicycling, and preserves open spaces and agricultural lands. By promoting compact, mixed-use development in existing communities, smart growth aims to accommodate a growing population while providing affordable options, reducing automobile dependency, and protecting open space and farmland.

Staff conducted a TLC evaluation beginning in summer 2007, which included TLC planning, Housing Incentive Program and TLC capital grants that have been constructed. It did not include TLC projects funded through the county CMAs. Staff presented findings to the Advisory Council in February and March of 2008, as well as to the Planning Committee in April. The memo to the Planning Committee is attached, and contains a summary of the evaluation findings.

Related to the evaluation, Reconnecting America’s Center for Transit Oriented Development (CTOD) completed a white paper detailing various options and strategies for financing transit-oriented development in the Bay Area. CTOD’s Shelley Poticha attended the March 2008 Advisory Council meeting along with MTC staff and reviewed these strategies with the committee.

Program Considerations

Picking up from where the TLC evaluation and TOD white paper left off last year, in July the Planning Committee will be considering four areas for the next TLC funding cycle:

- (1) Use of TLC funds to incentivize development in Priority Development Areas – The idea is to tighten the connection between the TLC program and projects that directly support infill housing and transit-oriented development throughout the region by targeting TLC funds for locally-designated Priority Development Areas under the FOCUS program.

- (2) Grant size – Based on the TLC evaluation and feedback from local jurisdictions, larger grants at more frequent intervals are desirable.
- (3) Menu of eligible program categories - The menu of eligible program categories, developed with input from city staff from planning, redevelopment, and public works, as well as market rate and non-profit developers, were recommended for consideration in TOD White Paper previously reviewed with the Planning Committee in April 2008 and reviewed by the Advisory Council Land Use Subcommittee. These include streetscapes (current program eligibility), as well as several new categories: non-transportation infrastructure, transportation demand management, and density incentives such as land banking or site assembly, and are illustrated on Attachment A. Note that not all of these options are eligible for federal funding available through the TLC Program. Funding exchanges would need to be arranged.
- (4) Program Structure: The CTOD paper recommended adding a technical assistance program, but dropping the Housing Incentive Program. Given the increase in program size, distribution between geographic splits should be reassessed; the program is currently administered jointly by MTC (2/3rds) and the CMAs (1/3rd).

Funding

MTC staff will be reviewing the framework for federal Surface Transportation Program (STP)/Congestion Mitigation Air Quality (CMAQ) Cycle programming, the funding source for the TLC program, in agenda item 9.

Commissioner Spring, who will be available at your June meeting, and I will welcome your comments about the next TLC funding cycle.

ATTACHMENT A: TLC 2.0 – Program Options

Program Option	Streetscapes (current program eligibility)	Non-transportation Infrastructure Improvements	Transportation Demand Management (TransLink®, carshare, TOD parking, etc)	Density Incentives (Direct TOD funding Land Banking / Site Assembly)
Grant or Loan	Grant	Grant or Loan	Grant or Loan	Grant or Loan
CMAQ /TE /STP	Yes	No	Yes	Only via transit operator joint development program
Example	Strengthen connection of existing program to new development in need of millions in new streetscapes such as San Jose midtown, Santa Rosa Railroad Sq.	San Leandro: sewer upgrades required for substantial TOD; fee structures do not appear capable of covering full expense.	TransLink® for TOD program expansion pending study results or support for a Carshare vehicle for new or recent TOD residents) MacArthur BART: project replaces 300 of 600 surface spaces for BART in a priced parking structure that creates site for 675 new housing units	Richmond approves 5-story, 60+ units/acre project (230 units) adjacent to BART & the transit village; developer unable to finance above 25 unit/acre project. City under pressure to deliver “something” on critical site San Bruno is interested in securing land near the re-located Caltrain station but is unable to fund the transaction. Similar stories to be found at numerous future transit stations and key
Notes	Demand appears strong for this program element	Funding compatibility, high demand	Parking management is a critical barrier to TOD.	Holding title to land and land re-sale. Critical time to preserve key sites for future development.