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Memorandum

TO: Planning Committee   DATE: September 11, 2009

FR: Deputy Executive Director, Policy

RE: Proposed New Transportation for Livable Communities (TLC) Program Framework – "TLC 2.0"

Background

In July 2009, staff presented preliminary recommendations for a revamped Transportation for Livable Communities grant program (TLC 2.0) based on two years of program evaluation and research with MTC's partners. This grant program, the first of its kind in the country when the Commission established it ten years ago, has been a useful resource for the region's jurisdictions that are pursuing infill development. It is important to note that MTC's research indicates that households in transit oriented neighborhoods throughout the region take half as many automobile trips as households elsewhere. These transportation benefits accrue to new residents as well as to existing residents who typically see an increase in neighborhood services and amenities.

Since the July Planning Committee meeting, the Advisory Council and Elderly and Disabled Advisory Committee (EDAC) adopted recommendations for the Commission to consider for the TLC 2.0 guidelines (Attachment A) and will present them at your meeting.

Based on input at your last Committee meeting and the input of our partner agencies and advisory committees, staff's recommendations for the TLC 2.0 program framework are mainly the same as the ones presented to you in July (see Attachment B for more details):

1. Provide incentives for development in Priority Development Areas (PDAs)
2. Increase maximum grant size
3. Define eligible program categories
4. Establish Regional/County shares

Discussion of Key Issues

While this committee expressed overall support for the framework described in Attachment B, the following items warranted further discussion:

1. TLC funds should not replace local developer funds;
2. There should be certain conditions placed on the use of TLC funds for parking garages;
3. Reconfirm the fund allocation between the regional and county TLC programs.

Developer Funding

In order to address the issue that TLC funds should not displace other developer funding, but should instead leverage those funds, MTC staff proposes that the Committee consider the following:

1. Screening Criterion: Increase the local match requirement from 11.47% of total project cost, as required by federal policy, to 20%; and
2. Scoring Criterion: Reward higher percentages of local funding, including private, redevelopment, general fund, or other funds from the project sponsor

Staff will also explore the idea of obtaining assurances from cities in the form of a zoning modification or resolution that TLC grants will be a part of a broader effort to create a transit neighborhood that provides the maximum transportation benefit possible.

Parking Garage Funding

Regarding the issue of investing TLC funds in parking garages, staff suggest that funds would only be awarded based on a local commitment to manage the proposed parking by charging fees, as well as using complementary policy tools from MTC Parking Manual, such as creating shared parking districts, to maximize return on investment. The MacArthur BART example described in Attachment C to this memorandum provides an example of the type of parking garage project that might be considered for TLC funding.

Funding Share

Finally, regarding the discussion of the allocation of funds to the regional and county level programs, staff proposes maintaining the current fund split, with two-thirds to regional projects administered by MTC and one-third to counties administered by the CMAs. This allows the Commission the greatest flexibility to identify and fund high-impact grant opportunities throughout the region; it also increases the likelihood that larger grants approaching the $6 million maximum will be available to project sponsors, consistent with previous discussions of this committee and our advisory committees. Attachment D shows a reverse split to the proposed funding, assuming two-thirds allocated to the CMAs based on current population, and a $30 million annual program. As can be seen, dispersing the funds by county reduces opportunities to invest in a larger number of potentially high impact/high cost projects.

Action/Next Steps

Staff seeks Committee approval of two items:

1. The staff recommendations for the framework for TLC 2.0, as included in Attachments A and B; and
2. To reduce the possibility of developer fund displacement: a) increase local match requirement to 20%; and b) include scoring criteria that give priority to higher levels of local/private project funding.

Upon approval of the recommended TLC 2.0 framework, staff will develop more detailed grant application guidelines to be forwarded to the Commission for approval by the end of this calendar year.

Ann Flemer

ATTACHMENT B

Proposed Program Framework

Based on Planning Committee, partner agency and advisory committee discussions, staff recommends the following framework for the TLC 2.0 program:

(1) **Use TLC funds to provide incentives for development in Priority Development Areas**
Tighten the connection between the TLC program and projects that directly support well planned, transit-oriented development throughout the region by targeting TLC funds to high-impact Priority Development Areas (PDAs) under the FOCUS program.

Only projects in planned or potential PDAs will be eligible for TLC funds. There are over 120 PDAs representing over 60 jurisdictions throughout the Bay Area.

(2) **Grant size** – Based on the TLC evaluation and feedback from local jurisdictions, award larger grants at more frequent intervals by awarding grants up to $6 million with no grant minimum. Local communities are expected to participate to their maximum extent possible in the funding of all projects.

(3) **Eligible program categories** - Eligible program categories include streetscapes, non-transportation infrastructure, transportation demand management, and density incentives such as land banking or site assembly, (see Attachment B). If any of these options are not eligible for federal funding available through the TLC Program. funding exchanges would need to be arranged.

Build flexibility by allowing all categories included in Attachment B to be eligible for funding, with a goal of selecting the highest impact projects, based on intensity of existing and proposed adjacent development, proximity to transit service, and local needs. Project selection would also depend on project eligibility for STP/CMAQ funding or the availability of non-federal or other funding exchanges that could deliver the project.

(4) **Program Structure –**Maintain split of funds between regional (2/3) and county (1/3) programs.

In addition, 1) fold the HIP program into elements of the proposed new TLC capital program; 2) fold the TLC Planning program into the Station Area Planning program; and 3) create a new technical assistance program for TOD, fashioned after the current Pavement Technical Assistance Program (PTAP).

ATTACHMENT C
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 Eligible	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. <u>Ensure high quality projects and maximum access for all users</u>.	San Leandro: sewer upgrades required for 2,500 new units in approved TOD plan; fee structures and redevelopment funds are not capable of covering full expense.	Oakland MacArthur BART: project replaces 300 of 600 surface parking spaces in a <u>priced</u> parking structure that creates site for 675 new housing units. TransLink® for TOD program expansion pending study results and/or support for a carshare vehicle for new or recent TOD residents)	Richmond approves 5-story, 70+ 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, once in a generation opportunity 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.
Notes	Demand remains strong for this program element	Funding compatibility a challenge, high demand. <u>Directly leverages creation of TOD.</u>	Parking management is a critical component of a successful TOD. <u>Funded projects required to have priced parking and to employ other policies</u> (e.g. Carshare, shared parking, parking maximums)	Holding title to land and land re-sale <u>in cooperation with cities and/or transit agencies</u>. Critical time to preserve key sites for future development.

Attachment D: "Reverse" Split: 1/3 Regional and 2/3 CMA
(based on $30 million/yr funding)

Regional Share		$10
County	Current Population	Population Share $20 million
Alameda	21.10%	$4.22
Contra Costa	14.40%	$2.88
Marin	3.50%	$0.70
Napa	1.90%	$0.38
San Francisco	11.30%	$2.26
San Mateo	10.10%	$2.02
Santa Clara	25.20%	$5.04
Solano	5.80%	$1.16
Sonoma	6.60%	$1.32
TOTAL	**100%**	**$20**