



In summer 2011, the Department of Housing and Urban Development (HUD) and the Department of Transportation (DOT) presented a report to Congress that provided a synopsis of barriers to local coordination of housing and transportation resulting from HUD and DOT statutes and regulations. The report included a summary of barriers identified within each agency's programs and a description of efforts to date to address these barriers. The report grouped HUD and DOT statutes and regulations into four categories:

1. Location-efficient, Mixed-use Development
2. Affordability and Access to High-Opportunity Locations
3. Local Planning Coordination
4. Streamlined Access to Federal Funding

In the three years since this report was produced, some of the barriers that the report identified have been addressed through efforts of the Federal Partnership for Sustainable Communities (PSC) at the federal level. Most, however, remain.

In the Pacific Southwest region of the U.S. (Federal Region 9), members of the San Francisco Bay Area Partnership for Sustainable Communities (BAPSC) read the report with great interest. This group, which was formed under the auspices of the Federal PSC and focuses on planning and development issues in the San Francisco Bay Area, saw an opportunity to provide updates on many of the identified barriers. The group also noticed that some of the barriers were being addressed by local field offices of the federal agencies in Region 9, and as well as by state and regional policies and programs, and felt that it would be beneficial to showcase some of these local approaches.

The attached document shows the barriers that were highlighted in the original table that was part of the above-mentioned report to Congress. It also includes best practices from California and especially the San Francisco Bay Area that the BAPSC has chosen to showcase. In some cases, the workgroup makes a specific suggestion or request for assistance from the headquarters offices of the PSC (HUD, DOT, and U.S. Environmental Protection Agency (EPA)) in addressing certain barriers. The workgroup's intent in producing this document is to provide ideas to federal, state and local representatives about how the barriers outlined in the report to Congress might be overcome, and generally to provoke discussion on this topic. We also hope that some of the Region 9 best practices might be informative to future policy discussions in our respective headquarters offices.

The specific barriers that the BAPSC feels could be overcome with assistance from the headquarters offices of HUD, DOT, and EPA include the following:

A. *"Barriers to leverage and align DOT and HUD funds to support more comprehensive mixed-use and mixed-income projects in communities with multiple transportation options (DOT and HUD)"*

Proposed solution at federal level: HUD and DOT leadership could put forth policies and produce guidance that encourage the development of coordinated federally-mandated housing and transportation plans, such as HUD Consolidated Plans and DOT Metropolitan and Statewide Transportation plans. The City of Los Angeles "TOD Consolidated Plan" is an example of this type of coordinated planning that could be showcased nationally.





B. *“Inadequacy of transportation models to accommodate changes in development patterns or the impact of short, non-commute trips on transportation choices (DOT)”*

Proposed solution at federal level: Metropolitan Planning Organizations (MPOs) in California would like DOT to take a leadership role in updating the state of practice for travel forecasting, particularly as it relates to infill and mixed-use development. Specifically, the Metropolitan Transportation Commission, the MPO for the San Francisco Bay Area, would like tools that allow lower trip generation and parking requirements to be associated with infill development. This, in turn, would facilitate infill development. Specific actions that could be taken at the federal level include:

1. DOT should be explicit that it does not require the use of standard ITE trip generation methods.
2. There is a new generation of approaches for calculating trip generation, including alternative models developed by the Institute for Transportation Engineers (ITE) and EPA; it would be helpful if FHWA and FTA publicized and endorsed these. This would give local agencies support in using these models and allow agencies to look beyond the default of using the standard ITE trip generation measures.

C. *“Absence of transportation costs and location-efficiency measures in the federal definition of affordable housing (DOT and HUD)”*

Proposed solution at federal level: Progress has begun on addressing this barrier with the release of HUD’s Location Affordability Portal, which includes tools for calculating combined housing and transportation costs, as well as current research on these issues. A best practice manual for forecasting housing and transportation costs and trends, produced by the federal PSC agencies or a nonprofit organization, could be helpful as a next step.

D. *“Communities are not directing their HUD formula funding investments to areas that expand access to high-opportunity locations within the community or region (HUD)”*

Proposed solution at federal level: As discussed above under Barrier A, the targeting of HUD funding to areas that expand access to high-opportunity locations could, in some cases, be constructively advanced through more coordination at the local and regional levels. This could result in locally developed Consolidated Plans (for housing) that are better aligned with short-term Transportation Improvement Programs (TIPs) and long-range transportation plans (the latter two which are prepared by MPOs). HUD guidance could also explicitly encourage grantees to include information about existing and planned transit investments in Consolidated Plans, and DOT guidance could encourage integration of Consolidated Plan information into transportation plans.

The BAPSC is grateful to the leadership provided by the Federal Partnership for Sustainable Communities and for the improved collaboration among all levels of government that the PSC has fostered. We hope that the attached commentary can lead to further discussions and solutions for how



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federal, state, and local agencies can work together to address barriers and better coordinate housing and transportation planning and development.

Signed,

The Bay Area Partnership for Sustainable Communities

About the San Francisco Bay Area Partnership for Sustainable Communities (BAPSC)

The BAPSC was formed under the auspices of HUD/DOT/EPA Partnership for Sustainable Communities (PSC) and is focused on the San Francisco Bay Area. The workgroup includes representatives from the following agencies:

- The U.S. Department of Housing and Urban Development (HUD)
- The U.S. Environmental Protection Agency (EPA)
- The Federal Transit Administration (FTA)
- The California Department of Transportation (Caltrans)
- The California Department of Housing and Community Development (HCD)
- The San Francisco Bay Area Metropolitan Transportation Commission (MTC)
- The San Francisco Bay Area Association of Bay Area Governments (ABAG)

The overarching goal of the workgroup is to mutually reinforce our agencies' respective efforts in the areas of livability and sustainability. Our work has primarily been in three areas:

1. Collaboration on policy issues
2. Processes for improved information sharing
3. Place-based pilot projects

SAN FRANCISCO BAY AREA PARTNERSHIP FOR SUSTAINABLE COMMUNITIES (BAPSC)

HUD Region 9 | EPA Region 9 | FTA Region 9 | California HCD | Caltrans | MTC | ABAG



Federal Region 9 (Pacific Southwest) Commentary on *'Federal Barriers to Local Housing and Transportation Coordination' Report*

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Federal Region 9 (Pacific Southwest) Commentary on *'Federal Barriers to Local Housing and Transportation Coordination'*

([a report](#) presented to the U.S. Congress by the U.S. Department of Housing and Urban Development and the U.S. Department of Transportation, on August 25, 2011)

Location-efficient, Mixed-use Development

Barrier: Lack of federal financing specifically for place making and the development of ancillary infrastructure critical to successful transit-oriented development (HUD and DOT)

Update

- MAP-21 expanded the [Transportation Infrastructure and Innovation Act](#) (TIFIA) program, providing potential additional financing for these investments.
- MAP-21 introduced the [TOD Pilot Project Showcase Program](#). However, the budget for this program is small at \$10 million annually nationwide.
- The January 2013 [New Starts Final Rule](#) introduced many changes (summarized [here](#)) to FTA's flagship grant program for major transit investments. Of particular interest:
 - 1) Under the economic development evaluation criterion, FTA will now consider plans and policies to preserve and/or increase the supply of affordable housing in new transit corridors.
 - 2) The rule also introduced the concept of "enrichments," elements that go beyond what is needed for the basic functioning of the project. The cost of enrichments is now excluded from the cost-effectiveness calculation.
- FTA published a new proposed [circular on joint development](#). This circular provides clarity on use of FTA funds for joint development activities. This is significant because all FTA planning and capital program funds can be used for joint development.

Best Practices/Solutions

LOCAL

The Metropolitan Transportation Commission (MTC)

MTC initiated the [OneBayArea](#) Grant Program (OBAG) in FY 12/13. The program uses various federal and local transportation funding sources to support placemaking and transit-oriented development by:

- Rewarding jurisdictions that provide housing, including affordable housing.
- Promoting transportation investments in [Priority Development Areas](#) (PDAs), the infill opportunity areas within existing communities that have been identified locally for development of additional housing and services and are in pedestrian-friendly areas served by transit.

- Providing a higher proportion of funding to local agencies and flexibility to communities to invest in bicycle and pedestrian improvements, local streets and roads preservation, or planning.

MTC also provides technical and financial assistance to communities through the [Priority Development Area Planning Program](#). As outlined in [MTC's Transit-Oriented Development Policy](#), future transit extensions in the Bay Area must be matched by supportive local land use plans and policies.

In 2011, MTC, along with private and nonprofit partners initiated the Bay Area [Transit Oriented Affordable Housing \(TOAH\) Fund](#). The \$50 million TOAH Fund provides flexible, affordable financing for the development of affordable housing and other community services near transit corridors throughout the Bay Area.

STATE

The State of California has been administering a number of local assistance programs to support placemaking and TOD infrastructure, ranging from [planning funds](#) administered by the [Strategic Growth Council](#) to direct loans and grants for TOD, the latter used in conjunction with federal housing and transportation funds. These provide opportunities to leverage federal funding programs.

FEDERAL

[HUD's Community Development Block Grant \(CDBG\) program](#) and companion [Section 108 Loan Guarantee program](#) offer a mechanism to provide funding and loans for such infrastructure in combination with other resources, provided that the funds support CDBG's statutory priorities. However, these funds are often used to support many community priorities so there are often competing demands.

Another solution would be to ensure that the DOT [TIFIA loan program](#) expressly supports transit-oriented development and mixed-use development at transit stops. A bond program such as [America Fast Forward](#), proposed in President Obama's 2015 budget, would enable the expanded TIFIA program to be more effective in financing transit improvements. It would also better leverage State and local funds such as local sales tax measures and State-allocated funds.

Barrier: Barriers to leverage and align DOT and HUD funds to support more comprehensive mixed-use and mixed-income projects in communities with multiple transportation options (DOT and HUD)

Update

Joint NOFAs for [HUD Community Challenge](#) and [TIGER Planning Grants](#) represented a step in this direction. Although these NOFAs have expired, funding is available in FY 2014 through the [TIGER program](#), for capital projects and planning.

Best Practices/Solutions

LOCAL

As stated above, MTC's [OneBayArea](#) Grant program and [TOAH Fund](#) provide funding (including DOT funding) that supports mixed-use and mixed-income projects in Bay Area communities with multiple transportation options.

STATE

The State of California is requiring integrated regional planning through the [Sustainable Communities and Climate Protection Act of 2008 \(SB375\)](#). SB 375 requires metropolitan planning organizations (MPOs) to prepare "sustainable communities strategies" (SCSs) that demonstrate how their regions will meet greenhouse gas reduction targets set by the [State Air Resources Board](#). Reductions must be achieved in part through integrated land use, housing, and transportation planning. Once adopted by the MPOs, the SCSs will be incorporated into the regions' federally-required regional transportation plans, which will influence future investment of DOT funds.

FEDERAL

HUD's [Sustainable Communities Regional Planning Grants](#), [Challenge Grants](#), and the [White House's Strong Cities Strong Communities](#) initiative, undertaken in partnership with other federal partners, also introduced a successful approach for facilitating integrated planning to support mixed-use and mixed-income projects. Ultimately, replication of this approach outside the jurisdictions participating in these programs will require more integrated regional and local planning. Additionally, greater efforts to coordinate [HUD Consolidated Plans](#) with [DOT metropolitan and state-wide transportation plans](#), along with the annual programming elements, could support this objective.

Proposed solution (federal): HUD and DOT leadership could put forth policies and produce guidance that encourage the development of coordinated federally-mandated housing and transportation plans, such as HUD Consolidated Plans and DOT Metropolitan and Statewide Transportation plans. The [City of Los Angeles "TOD Consolidated Plan"](#) is an example of this type of coordinated planning that could be showcased nationally.

Barrier: Inadequacy of transportation models to accommodate changes in development patterns or the impact of short, non-commute trips on transportation choices (DOT)

Update

MAP-21 did not directly address this issue. Many MPOs continue to use 4-step models for transportation forecasting, which do not adequately account for bike and pedestrian trips. FHWA provides support for communities that are looking to adopt activity-based models through the [Travel Model Improvement Program](#) (TMIP).

Best Practices/Solutions

LOCAL

San Diego Association of Governments (SANDAG)

[SANDAG's travel model](#) has a highly detailed representation of space, which facilitates accurate predictions of walking and bicycling. Their model is especially effective at measuring transit access and egress and is viewed as a national model. Regions such as the Bay Area are emulating SANDAG's approach. Additionally, SANDAG conducted an inventory of sidewalks for their most recent long-range transportation plan update. This facilitates accurate predictions of walking and also begins to link the common interests of facility managers and transportation modelers.

San Francisco County Transportation Authority (SFCTA)

SFCTA has introduced a [bicycle route choice model](#) to their [travel model](#) that is explicitly sensitive to bicycle infrastructure. This is an important advance that can and will be replicated across the country. The logical next step is to do something comparable for pedestrians.

California Household Travel Survey

Collection of detailed household travel patterns can inform transportation models to account for the impacts of transit, walking, and bicycling. In partnership with the State of California, MTC collects new data every ten years, sampling about 15,000 households through the [STARS](#) effort. This approach could be expanded to address questions about types of residents, tenure, etc.

MTC Coordinated Survey of Transit Operators

MTC is using the same [survey instrument](#) and approach to survey each of the transit agencies in their region and gain an understanding of each agency's riders.

STATE

The State of California Department of Transportation (Caltrans) has sponsored and funded a major study called [Trip-Generation Rates for “Smart Growth” Land Use Projects in California](#). In order to prepare traffic impact analyses of proposed land use development projects, professionals often rely on the [Institute of Transportation Engineers’](#) (ITE) published trip generation rates that typically reflect isolated suburban development that lacks transit service as well as adequate pedestrian and bicycle facilities. As a result, the use of ITE trip-generation rates to analyze proposed development projects located in existing urban infill areas tends to significantly over-predict vehicular traffic impacts and underestimate trips made by transit, walking, and bicycling. The Caltrans study develops and disseminates data and methods that practitioners can use to estimate multimodal trip-generation rates for “smart growth” land use development projects, such as projects located in urban areas served by transit, driving, bicycling, and walking. This project produced data for 30 smart growth sites in California, a method for adjusting trip-generation rates for smart growth projects, and a spreadsheet tool to facilitate the use of this new method. The results of this study can help overcome barriers to implementing smart growth and infill development at the project level.

Caltrans has completed another project called [Improved Data and Tools for Integrated Land Use-Transportation Planning in California](#) which provided locally-derived quantitative data on land use-travel relationships in various parts of California. Results were incorporated into software tools available for use in local and regional integrated land use/transportation scenario planning processes. Specifically, the project provided scenario/“sketch” planning tools and post-processors to travel demand forecasting models for use in California. Potential uses of the tools/models are SB 375 compliance, conducting regional integrated planning processes, and preparing local General and Specific Community Plans that incorporate smart growth/sustainable communities strategies.

FEDERAL

EPA developed a [trip generation tool for mixed-use developments](#). In cooperation with ITE, EPA worked with researchers and practitioners to develop new data and methods to estimate the trip-generation impacts of mixed-use developments. The resulting models estimate internal capture of trips within developments as well as walking and transit use for trips starting or ending in those developments. The models are available in a spreadsheet tool. The Partnership agencies could promote this tool, along with other available tools that better estimate trips for mixed-use and transit oriented development.

Proposed solution (federal): MPOs in California would like USDOT to take a leadership role in updating the state of practice for travel forecasting particularly as it relates to infill and mixed-use development. Specifically, MTC would like lower trip generation and parking requirements to be associated with infill development. This, in turn, would facilitate infill development. Specific actions that could be taken at the federal level include:

1. *USDOT should be explicit that it does not require the use of standard ITE trip generation methods.*
2. *There is a new generation of models for calculating trip generation, including [these ITE resources](#) and the above-mentioned EPA [trip generation tool for mixed-use developments](#); it would be helpful if FHWA and FTA publicized and endorsed these. This would give local agencies support in using these models and allow agencies to look beyond the default of using the standard ITE trip generation measures.*

Barrier: High affordable housing thresholds to achieve a charitable purpose using program related investments inhibit the development of mixed-income communities (HUD)

This issue has not been identified as a primary barrier in the Bay Area.

Barrier: FHA limitations on commercial uses in insured multifamily housing (HUD)

Update

The [Federal Housing Administration](#) (FHA) recently loosened a restriction that forbade government-backed loans from supporting condominium projects that contained more than 25% commercial space. Under a new [Mortgagee Letter \(2012-18\)](#), credit can flow to projects with up to 35% commercial space, or even 50% in select cases in which the developer applies for an exemption. [Mortgagee letter 2011-32](#) states that a project may include such commercial space and community facilities the FHA Commissioner deems acceptable.

Best Practices/Solutions

FEDERAL

Prior to the new Mortgagee Letter, multifamily properties financed through FHA could typically have no more than 25% commercial space. Exceptions were sometimes granted, usually up to 35% and up to 50% in rare circumstances. Examples of such exceptions include projects with long-term leases to credit-worthy tenants, such as a government agency, or instances in which there is substantial borrower equity and/or local government funds that mitigate risk to the lender. Also, FHA has allowed multifamily rental development over commercial space as separate air rights projects and has allowed commercial space to be considered as a residential condominium unit for financing purposes.

Barrier: FHA appraisal practices (regarding noise and overhead power lines) may negatively affect properties located near fixed guideway transit or within TODs (HUD)

Update

HUD can waive limitations on projects in “Unacceptable” noise zones on a case-by-case basis.

Best Practices/Solutions

LOCAL

Possible best practices for mitigating noise impacts could come out of the *Housing the Workforce* workgroup, which is part of MTC’s HUD Regional Planning Grant, the [Bay Area Prosperity Plan](#) (Prosperity Plan).

FEDERAL

For existing construction, noise exposure alone will not result in the denial of HUD support for the resale and purchase of otherwise acceptable existing buildings. For new construction, HUD assistance is generally prohibited for projects in “Unacceptable” noise zones ([as defined by HUD](#)) but the requirements provide that HUD may waive this prohibition if the proposed project design includes noise attenuation measures.

An example of a project that received a waiver from standard noise requirements is [Rincon Green](#) in San Francisco. It is a new construction project that has [FHA mortgage insurance \(221\(d\)\(4\)\)](#). It has 326 apartment units of which 49 units are reserved for extremely low-income households. Despite its close proximity to the freeway (about 20 feet from the Bay Bridge/Interstate 80), the project was granted a waiver for exceeding acceptable noise levels. The owner was able to demonstrate that the proposed design and materials will fully mitigate the unacceptable exterior noise level.

Barrier: Limitations restricting eligible uses of land to only those for public housing (HUD)

Best Practices/Solutions

LOCAL

This issue does not appear to be a major barrier for projects in California, as most/all projects require multiple funding sources. In mixed-finance/mixed-use developments, land can be released to an entity other than the public housing authority (PHA). Local examples include El Camino Village, a 30-unit public housing project, owned by the San Mateo County Housing

Authority. The project is located across from the Colma BART station and has a small commercial space that the PHA rents out. The PHA used its own funds (non public housing) to pay for the construction of the commercial space. Another example is [North Beach Place](#), a [HOPE VI](#) project located adjacent to the cable car turn-around at Fisherman’s Wharf in San Francisco. It has 341 units, 188 of which are public housing. The project was developed by the San Francisco Housing Authority and multiple partners and was designed to include a large commercial space leased to Trader Joe’s grocery store and other smaller retail shops. A third example is a mixed-income/mixed-use project in Oakland called [Mandela Gateway](#). It has 168 units, 46 of which are public housing. The project was designed and developed by the Oakland Housing Authority and Bridge Housing, is located across the street from the West Oakland BART Station, and includes leased commercial space occupied by a Pak & Save grocery store and other retailers. In all of the above examples, the developers had to use non-public housing funds to develop the commercial space.

Barrier: Requirement that a noise assessment must be completed on residential developments located within 3,000 feet of urban transit lines (HUD)

Best Practices/Solutions

FEDERAL

HUD assistance is generally prohibited for projects in “Unacceptable” noise zones ([as defined by HUD](#)) but the requirements provide that HUD may waive this prohibition if the proposed project design includes noise attenuation measures. Examples of HUD-funded projects located close to transit lines include: 638 El Camino Real in South San Francisco, which was built in part with HUD [CDBG](#), [HOME](#), and Project-Based [Section 8](#) Vouchers, has 109 affordable units, and is adjacent to the South San Francisco BART station; [Peninsula Station](#) in San Mateo, which received HUD CDBG and HOME Funds, has 68 affordable units, and is near the Hillsdale Caltrain Station; and [Trestle Glen](#), which was built with HUD CDBG and HOME funds, has 119 affordable units, and is located adjacent to the Colma BART station.

Barrier: Absence of alignment among requirements imposed by FHA and transit authorities seeking to develop TOD (HUD)

Update

Note: It is important to distinguish between joint development (JD) and transit-oriented development (TOD). As discussed in FTA's proposed [Joint Development Circular](#), JD projects occur on property with a federal interest or with an FTA-assisted project on non-transit property; hence the transit agency is an active partner. TOD has a broader definition and a transit agency may not be an active partner. Since JD is funded or takes place on land that was funded by FTA, federal requirements apply that may not apply to all TOD projects.

It is also important to distinguish between USDOT requirements and requirements of local transit agencies.

Best Practices/Solutions

FEDERAL

The report notes that “FHA has successfully resolved these conflicts on a case by case basis and collaborated with transit authorities to develop TODs. FHA is using these experiences to identify best practices for synchronizing FHA requirements with the requirements imposed by transit authorities.”

The HUD priority to support TODs has been communicated to HUD's program offices. While these developments are complex and often challenging, there are many Bay Area examples of TOD funded in part by FHA from which to draw lessons learned. Examples include [MacArthur Transit Village](#), which is located on the site of a previous BART parking lot adjacent to the MacArthur BART station in Oakland. It will include 624 units, including 108 affordable units, a 478-space parking garage for BART patrons and guests, and 42,500 square feet of commercial and retail space. Another example is [Strobridge Court Apartments](#), located at the Castro Valley BART station. The development includes a mix of senior and family apartments and a BART police substation. A third example is the [Ohlone-Chynoweth Commons](#), a 194-unit affordable housing development located on the site of a previous park and ride lot for VTA's Ohlone-Chynoweth light rail station. The project also includes 4,400 square feet of retail space, a day care center with a 40-child capacity, and a 4,000 square foot community center that includes a computer training facility.

Affordability and Access to High-Opportunity Locations

Barrier: Absence of transportation costs and location-efficiency measures in the federal definition of affordable housing (DOT and HUD)

Update

Progress has begun on addressing this barrier with the release of HUD's [Location Affordability Portal](#), which includes tools for calculating combined housing and transportation costs, as well as current research on these issues. This information can be included in regional and local decision making to guide investment decisions.

Best Practices/Solutions

LOCAL

MTC and ABAG used housing and transportation ("H+T") as a key performance target for Plan Bay Area, their most recent long range transportation plan, with a forecast year of 2040. However the measure is difficult to forecast, especially on the housing side. MTC and ABAG also developed [a tool](#) for long range planning to assess housing costs and travel time tradeoffs for households in the Bay Area.

Proposed solution (federal): In addition to the Location Affordability Portal, a best practice manual for forecasting housing and transportation costs and trends could be helpful and could help highlight the issues of combined affordability in planning settings. This manual could be produced by one of the federal PSC agencies or by a national non-profit.

Barrier: Limitations on programs to support neighborhood-level investments for comprehensive community revitalization (HUD)

Update

HUD's [Office of Sustainable Housing and Communities](#) provided funding for planning these improvements through the Regional Planning Grant Program and the Community Challenge Grant Program in FY 2010 and 2011; however, funding for these programs has not been offered since.

Best Practices/Solutions

LOCAL

As described above, MTC's [OneBayArea](#) Grant program supports neighborhood-level investments for community revitalization.

FEDERAL

At the federal level, there are a number of HUD programs that have long supported neighborhood investments associated with community revitalization, including: [Choice Neighborhoods](#), [HOPE VI](#), [Neighborhood Stabilization](#), and [CDBG](#). However, there are limitations on using some of these funds in combination with other federal, state or local funds, as discussed in some of the other barriers.

Barrier: Limited access to rental assistance and affordable rental housing for working families, the elderly, and individuals with disabilities in location efficient sites (HUD)

Update

HUD's [Rental Assistance Demonstration \(RAD\) program](#) was highlighted as a promising means to enable public housing authorities to convert traditional public housing to project-based section 8 contracts or to project-based vouchers in order to leverage outside financing to make repairs and preserve properties. Since the Barriers report was issued, the RAD program has rolled out nationally.

Best Practices/Solutions

LOCAL

Possible best practices could come out of the [Housing the Workforce Initiative](#), which is part of MTC's HUD-funded [Prosperity Plan](#), an effort to tackle high housing costs and limited access to affordable housing.

Overall, the provision of affordable housing near high quality transit is a challenge, with some Section 8 voucher holders moving to more suburban and exurban locations, and with existing transit-served affordable units expiring. The [Prosperity Plan](#) expects to study the latter issue, based on [work completed by Reconnecting America for the City of Los Angeles](#).

STATE

Several State-administered affordable housing programs, including the California Department of Housing and Community Development's [TOD Housing Program](#) and [Infill Infrastructure Grant Program](#), [Multifamily Housing Program](#), and [Low Income Tax Credit Program](#), have been used in conjunction with federally-financed transit and transportation improvements. Under the TOD program for example, low-interest loans are available as gap financing for rental housing developments that include affordable units, and as mortgage assistance for homeownership developments. In addition, grants are available to cities, counties, and transit agencies for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and transit stations.

Barrier: Minimum affordability periods may not be long enough to maintain affordability (HUD)

Best Practices/Solutions

LOCAL

In the Bay Area, the issue of expiring affordable units is a significant concern. Understanding the number, location, and expiration dates of these units could help planning agencies understand where voucher holders choose to live relative to transit, and inform long range planning. Some of this information may be provided by subgrantees of MTC under the HUD-funded [Prosperity Plan](#).

STATE

While the issue of expiring affordable units is a significant concern, for multifamily rental developments, the State of California requires a minimum contract term of 55 years, which is significantly longer than the minimum federal requirements.

FEDERAL

Longer affordability periods are routinely in place for projects supported by [Low Income Housing Tax Credits](#) (LIHTC), which covers the majority of new construction of affordable rental housing projects. Further, under HUD's [HOME](#) program regulations, communities are permitted to establish longer affordability periods, which is frequently done when LIHTC are used for HUD-funded projects.

Barrier: Absence of provisions addressing housing affordability for major transit investment corridors (DOT)

Update

The January 2013 [New Starts Final Rule](#) updated the economic development evaluation criterion for projects applying for New Starts funding. FTA will now consider plans and policies to preserve and/or increase the supply of affordable housing in new transit corridors.

However, in the Bay Area there is consensus that it is not sufficient to incentivize new affordable housing; funding sources are required to implement plans.

Best Practices/Solutions

LOCAL

[MTC's TOD policy](#) requires minimum zoning for station areas along a new transit corridor. Affordable housing units count extra towards satisfying these requirements. Furthermore, the [PDA Planning Grant Program](#) calls for a work element in each community plan to address issues of affordable housing for current and future residents.

Affordable housing financing strategies are also needed at the regional level. MTC/ABAG's [Prosperity Plan](#) sets aside \$75,000 to study this and recommended new financing strategies to increase production. Additionally, best practices could come out of the [Housing the Workforce Initiative](#), which is part of the [Prosperity Plan](#).

STATE

As discussed above, this issue is being addressed at the state level in California through State affordable housing programs and [SB 375](#) implementation. Under SB 375, MPOs must develop Sustainable Communities Strategies (SCSs) that integrate transportation, land use, and 'fair share' [Regional Housing Needs Allocations](#), and are intended to provide environmental permit streamlining for "transit priority projects" which include affordable housing.

FEDERAL

Coordinated approaches incorporating transportation, land use, and housing are being advanced through programs such as HUD's Choice Neighborhoods and Promise Zone programs, as well as HUD's [Regional Planning](#) and [Community Challenge](#) grant programs. Additionally, FTA now considers communities' affordable housing plans and policies as part of the rating process for the agency's [New Starts](#) grant program. Coordination could be further enhanced by encouraging local recipients of HUD and DOT funding to integrate the respective planning and programming processes supported by HUD and DOT.

Barrier: Limited flexibility in federal funds available to purchase and hold properties for long term development in emerging high capacity transit corridors for use as mixed-income housing and mixed-use development (HUD)

Update

This is prohibited by statute relative to transportation; USDOT funds can only be used for defined transportation projects and related real property acquisition. This was not changed in [FTA's proposed joint development circular](#).

Best Practices/Solutions

LOCAL

As stated above, the \$50 million [Transit Oriented Affordable Housing \(TOAH\) fund](#) provides flexible, affordable financing for the development of affordable housing and other community services near transit lines throughout the Bay Area. Sites acquired with this funding can be held for up to 7 years.

FEDERAL

Land banking is not allowed in the regular [CDBG](#) program because of the high risk that the delay between acquiring property and meeting a national objective can be excessively long. However, under the [Neighborhood Stabilization Program](#) (NSP), grantees may establish a land bank to purchase foreclosed or abandoned properties. The land bank cannot hold property for more than 10 years, but may maintain property that it does not own. Grantees must first establish an area that would be serviced by the land bank, and while a number of land bank activities may be pursued, the [Housing and Economic Recovery Act of 2008](#) (HERA) only allows NSP funds to be used for acquisition. In 2009, the [American Recovery and Reinvestment Act](#) (ARRA) expanded eligible land banking costs to include operational costs and expanded the land bank target from strictly foreclosed homes to residential property in general. HUD estimated that 4% of NSP funds are being used for land banking activities. An example is Oakland Community Land Trust, whose initial project was based on NSP funds from the City of Oakland and involved the acquisition and rehabilitation of vacant and foreclosed single family homes in Oakland. These homes will be sold to working families earning between 50-80% of the Area Median Income and will remain affordable to people within this income range.

As part of the NSP Resources Exchange, a [Land Banking Tool Kit](#) has been developed. Land banking is a complex activity and successful programs have been developed with various resources. A LISC Study entitled [Land Bank Authorities: A Guide for the Creation and Operation of Local Land Banks](#) provides an overview of the practice.

Barrier: Communities are not directing their HUD formula funding investments to areas that expand access to high-opportunity locations within the community or region (HUD)

Update

Note: the term “high-opportunity locations” can have different meanings, including locations with access to jobs, quality schools, etc. We assume that in the context of this paper, it is meant to define transit-accessible locations.

Best Practices/Solutions

LOCAL

The City of Los Angeles [2013-2017 Transit-Oriented Consolidated Plan](#) (ConPlan) leverages the region’s significant investments in transit by integrating and leveraging transit, community, economic, and housing investments. For the first time, the City expanded its analysis beyond HUD-funded projects and mapped the City’s transit, housing, public services, community amenities, and need indicators, which demonstrated a clear intersection of transit investment and where extremely-low to low-income households exist in Los Angeles. The ConPlan was developed using HUD’s eCon Planning Suite, described below.

STATE

California’s Department of Housing and Community Development (HCD) in 2012 adopted an updated Analysis of Impediments, including assessment of, and modifications to, its State CDBG and HOME programs geared to increasing access in areas of opportunity, and increased training and outreach on fair housing issues with eligible grantees.

FEDERAL

As a condition for receiving HUD funds, communities must have a HUD-approved Consolidated Plan. To assist local decision makers, in May 2012, HUD’s Office of [Community Planning and Development](#) (CPD) introduced the [eCon Planning Suite](#), including the Consolidated Plan template in [IDIS OnLine](#) and the [CPD Maps](#) website. By creating a more cohesive planning and grants management framework and providing better data and a tool for analysis, the eCon Planning Suite supports grantees and the public to assess their needs and make strategic investment decisions.

Proposed Solution (federal): As discussed above, the targeting of HUD funding to areas that expand access to high-opportunity locations could, in some cases, be constructively advanced through more coordination at the local and regional levels. This could result in locally developed Consolidated Plans (for housing) that are better aligned with short-term Transportation Improvement Programs (TIPs) and long-range transportation plans (the latter two which are prepared by MPOs). HUD guidance could also explicitly encourage grantees to include information about existing and planned transit investments in Consolidated Plans, and DOT guidance could encourage integration of Consolidated Plan information into transportation plans.

Local Planning Coordination

Barrier: Barriers to federal planning support for communities that wish to integrate federally required plans (DOT and HUD)

Update

[MAP-21](#) states that transportation plans should be coordinated with other plans.

Under MAP-21, MPOs are encouraged to consider alternative demographic growth and revenue options (scenario planning) as part of their long-range transportation planning work. Guidance is forthcoming. Recent USDOT efforts on this are [here](#).

Best Practices/Solutions

STATE

As stated above, the State of California is requiring increased integration of regional transportation and housing planning through provisions enacted by [SB 375](#) (2008) for “sustainable community strategies” (SCSs). Prior to the passage of SB 375, the [Regional Housing Need Allocation process](#), administered by HCD, involved coordination with regional transportation planning, and Caltrans supported integrated regional planning by providing funding to MPOs to do integrated transportation, land use, and environmental planning under the [Blueprint Planning Program](#). The Regional Blueprint plans produced through this program became the foundation for many regions’ SCSs, required by SB 375.

FEDERAL

HUD’s Sustainable Communities Regional Planning and Community Challenge grants and the HUD/DOT/EPA Partnership overall support planning integration at the regional and local levels.

Barrier: Decisions about transportation, land use, and housing are made at different levels of government (non-federal), by different entities, and within different timelines. There is no requirement for coordination of transportation planning and housing planning programs (DOT and HUD)

Update

DOT: 49 USC 5303 & 5304 (h): “The metropolitan planning process... shall provide for consideration of projects and strategies that will...
(E) protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns.”

Also see [MAP-21 Planning Fact Sheet](#).

Best Practices/Solutions

LOCAL

MTC [Priority Development Area \(PDA\) Planning Program](#)

As outlined in MTC’s [Transit-Oriented Development Policy](#), future transit extensions in the Bay Area, funded at the regional level, must be matched by supportive local land use plans and policies. To assist cities in meeting these goals, MTC launched the PDA Planning Program in 2005 to fund city-sponsored planning efforts for the areas around future transit stations. These station-area and land-use plans are intended to address the range of transit-supportive features that are necessary to support high levels of transit ridership.

Additionally, MTC provides [assistance](#) to local jurisdictions on parking policy and management that is supportive to smart growth and helps local jurisdictions implement parking policies that support regional transportation goals.

The City of Los Angeles Transit-Oriented Consolidated Plan (see description above) is another example of coordinated planning of housing and transportation.

STATE

As stated above, the State of California has and continues to support integrated regional planning through SB 375 provisions and facilitates inter-agency coordination and planning grants administered by the Strategic Growth Council, and previously supported integrated regional planning through the Blueprint Planning Program.

Caltrans also provides funding to support integrated planning through its [Community-based Transportation Planning and Environmental Justice grant programs](#). These competitive grant programs are available to MPOs, regional transportation planning agencies, cities, counties, transit agencies, and tribal governments and support community efforts to better link transportation and land use planning. The Environmental Justice grants promote involvement of low-income and minority communities in planning for transportation projects, with a focus on community development issues. To be competitive for these grants, applicants must show that their projects support state goals and their regional Blueprint plans. In the Bay Area, applications receive extra points if the projects are located in a Priority Development Area.

The State of California also provides guidelines for the general plans developed by local jurisdictions. These guidelines have increasingly focused on coordination of land use and transportation planning.

FEDERAL

HUD's Sustainable Communities Regional Planning and Community Challenge grants and the HUD/DOT/EPA Partnership overall support planning integration at the regional and local levels.

Barrier: Differing definitions of “low-income” used in HUD and DOT programs (DOT and HUD)

Update

[Changes in MAP-21](#) (see above),

“(11) Low-Income Individual.-- The term ‘low-income individual’ means an individual whose family income is at or below 150 percent of the poverty line, as that term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by that section, for a family of the size involved.”

Best Practices/Solutions

FEDERAL

Reconciling differing federal definitions of “low income” will likely require statutory changes. Working around different definitions can be accomplished in some circumstances. For example HUD and DOE were able to work through such differences with regard to [DOE's Weatherization Assistance Program](#) to enable the targeting of energy assistance to federally subsidized affordable housing. (DOE used federal poverty level designations and HUD uses median area income designations).

Streamlined Access to Federal Funding

Barrier: Funding from HUD and DOT programs cannot be combined in grant awards due to federal appropriation constraints (DOT and HUD)

Update

Under SAFETEA-LU, USDOT had the ability to draft NOFAs for one-time grant programs that addressed this. This is more difficult to do under MAP-21, as there are fewer discretionary grant programs (more funds awarded now via formula). This makes it more difficult to harmonize requirements with other federal agencies.

Best Practices/Solutions

FEDERAL

Significant statutory barriers exist, as summarized in the Barriers paper. From a regional perspective, a more practical interim approach could be for federal agencies to support efforts to better coordinate the planning and programming processes for housing and transportation funds at the local level.

Barrier: Inability to combine HUD funds (e.g. CDBG funds) with DOT funding due to DOT hiring preferences requirements that conflict with HUD Section 3 Requirements (DOT and HUD)

Update

FHWA's SEP-14 program allows grantees to request waivers from FHWA to allow for local hiring when using both HUD and DOT funds. It was hoped that this waiver process would be made permanent as part of MAP-21, but this did not occur. However, the waiver process is still available to grantees.

Barrier: Numerous and distinct programs for transportation projects (DOT)

Update

DOT Program consolidation took place under MAP-21. FTA changes are summarized [here](#).

Best Practices/Solutions

LOCAL

MTC's OneBayArea Grant program ([OBAG](#)) is funded primarily from three federal funding sources: STP, CMAQ and TA. The consolidation of these funding sources into this grant program allows local jurisdictions greater flexibility to choose, prioritize, and implement projects that support infill and transit-oriented development projects.

Barrier: Communities seeking Federal funds to support place-based investments must prepare different applications and go through different Federal grant-making processes (HUD)

Update

HUD, DOT, and EPA continue to seek ways to provide reciprocity to communities who apply and receive funding from their respective competitive grant programs. In December 2012, EPA released a memo committing to use all of its grant programs to support sustainable communities work by encouraging programs to favor projects that advance livability principles, support regional planning efforts, and involve community residents.

Best Practices/Solutions

LOCAL

In the Bay Area, projects located in Priority Development Areas are favored in a number of competitive grant programs. Projects in PDAs are favored in competition for funding available through State Proposition 1C, which supports development of affordable housing, Caltrans planning grants, and the [OneBayArea](#) Grant program.

FEDERAL

While the challenge of having to apply to various grant programs for funding of place-based investments still exists, agencies at all levels are working to identify opportunities for reciprocity between agency funding sources, as well as favoring areas near transit and that otherwise meet livability principles.

HUD offers [Preferred Sustainability Status](#) (PSS) to recipients of Sustainable Communities grants, which gives grantees and partners "automatic" bonus points on HUD grant applications for place-based capital and program funds. The PSS process reduces the transaction costs associated with applying for HUD competitive funds, and allows local and state governments to leverage their PSS to attract private capital.

Barrier: Restrictions on the disclosure of information inhibits cross agency coordination (HUD)

Best Practices/Solutions

FEDERAL

This issue would need to be addressed at the headquarters level. Relaxing restrictions to enable cross agency coordination in the development and execution of NOFAs requires Congressional action.

Barrier: Technology and institutional barriers prevent multiple agencies from issuing joint NOFAs (DOT and HUD)

Best Practices/Solutions

FEDERAL

This issue would need to be addressed at the headquarters level.