



Board Report

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Agenda Number: 15.

PLANNING AND PROGRAMMING COMMITTEE FEBRUARY 14, 2018

**SUBJECT: TRANSIT ORIENTED DEVELOPMENT PLANNING
GRANT PROGRAM**

ACTION: APPROVE ROUND 5 FUNDING RECOMMENDATIONS AND RELATED ACTIONS

RECOMMENDATION

CONSIDER:

- A. AWARDING \$3,080,500 for Transit Oriented Development (TOD) Grants to the 8 recommended jurisdictions as shown in Attachment A;
- B. AUTHORIZING the Chief Executive Officer (CEO) or designee to execute Grant Agreements for funds awarded; and
- C. AMENDING the Round 5 TOD Planning Grant Program Guidelines (Attachment B).

ISSUE

On March 24, 2015, the Board approved releasing Round 5 of the Transit Oriented Development Planning Grant Program ("Program"). In April 2017, a request for applications was issued with a maximum of \$3,100,000 in funding.

Staff received 12 applications totaling \$5,098,570 in grant funds. The applications were evaluated by a panel that included internal and external evaluators. Staff recommends that the Board fund 8 projects totaling \$3,080,500 and authorize the CEO to execute Grant Agreements with successful applicants.

DISCUSSION

Metro developed the TOD Planning Grant Program in 2011 to spur the adoption of regulatory planning documents that remove barriers to transit-supportive planning. Since then, Metro has funded 35 projects in 29 cities and the County of Los Angeles, totaling \$21.6 million. The Program supports Los Angeles County municipalities in the adoption of transit-supportive regulatory plans. Round 5 continues the funding of transformative land use regulations and the newly created Transit

Oriented Communities Tax Increment Financing Pilot (TOC TIF Pilot) Program, which will fund feasibility studies for eligible cities and/or the County to consider tax increment financing districts around transit stations.

Round 5

Funding for Round 5 was available to the County of Los Angeles, and all cities with regulatory jurisdiction within a one-half mile radius of Metrolink, Metro Rail, or Metro Transitway/Bus Rapid Transit stations and adjacent transit corridors. The Program funds two types of activities:

1. Using the Transit Supportive Planning Toolkit (Toolkit) as the guiding framework, continue to fund the development of regulatory documents (TOD Plans) that result in the elimination of regulatory constraints to transit-supportive planning. These activities include, but are not limited to, new or amended specific plans, ordinances, overlay zones or general plan amendments; transit village development districts; and environmental studies required for adopting the new or amended regulatory documents.
2. Through the new TOC TIF Pilot Program, the Program will fund initial feasibility analyses for the formation of Tax Increment Financing districts in areas around transit stations that have transit-supportive regulatory documents in place or under development.

Staff conducted outreach to local jurisdictions through Metro's Technical Advisory Committee (TAC) and subcommittees and the Councils of Government (COGs) in May 2017. Applications were made available on June 2, 2017, and four application workshops were held in June 2017. The submittal deadline was July 31, 2017.

Evaluation

Round 5 applications were evaluated by two panels that included Metro staff and external public agency representatives. The first panel (TOD evaluation panel) focused on the TOD regulatory planning grant applications (specific plans, overlays, and general plan amendments, for example). The second panel (TOC TIF panel) focused on the new TOC TIF Pilot Program grant applications.

Grant applications were evaluated against the program criteria as identified in the Board-approved Program Guidelines and in the Round 5 grant application. Projects assigned a score of 70 points or higher are eligible for funding. Those projects are indicated in Attachment A by a solid "qualifying" line. Of the 12 applications received, eight received a qualifying score.

The TOD evaluation panel determined that the three applications which scored below the eligibility requirement for funding failed to provide a strong nexus between the proposed work and the subsequent transit-supportive regulatory changes that could lead to increased transit ridership. The three applications requested a total of \$848,470 in funds.

The TOC TIF evaluation panel determined that the grant application that scored below the eligibility requirement for funding did not clearly align with the TOC TIF criteria and did not clearly demonstrate how the proposed project could result in increased transit ridership. The TIF applicant requested a

total of \$350,000 in funds.

After the evaluation process was completed, a cost reduction analysis was prepared to identify ineligible costs based on a review of comparable grants. As a result, project costs that were determined to fall outside the purview of the grant program and/or related to tasks performed in recently adopted planning studies were eliminated. Attachment A provides a summary of the proposers' budgets and the recommended grant award. Metro staff discussed all budget reductions with awardees.

TAC Appeals

All applicants were notified of the preliminary award recommendation on November 17, 2017, and were given two weeks to submit an appeal fact sheet to Metro staff for the TAC meeting held in January 2018. The four unsuccessful Round 5 applicants decided not to pursue an appeal. Staff provided a verbal presentation of the recommendations at the January 2018 TAC meeting.

Round 5 Program Guidelines

The Program Guidelines (Attachment B) will be amended to incorporate two revisions as noted below.

TOC TIF Pilot Program

The first revision calls for providing greater flexibility in the type of TIF programs that the Program can fund. The current Program Guidelines only allow for grant recipients to evaluate creating Enhanced Infrastructure Financing Districts (EIFDs) or Community Revitalization and Investment Authorities (CRIAs). Staff would like to create greater flexibility in the type of TIF programs that grantees can explore.

As an example, in October 2017, Governor Brown signed AB 1568 which creates the Neighborhood Infill Finance and Transit Improvement Act of 2017 (NIFTI). NIFTI authorizes local communities to use their share of local tax dollars to address housing (inclusive of requirement that 20% of district funds are used for affordable housing) and infrastructure needs in infill areas. Staff recommends that the Board amend the Program Guidelines to allow grantees greater flexibility in evaluating TIF Programs that go beyond EIFDs and CRIAs, as they are developed by the state and as they align with Metro's Program goals.

Adjacent Development Review

The second amendment to the Program Guidelines will strengthen the integration of Metro's Adjacent Development Review process, as defined in Section VIII - General and Administrative Conditions in the Program Guidelines. Metro administers an Adjacent Development Review function in which Metro staff evaluates private development projects located within 100 feet of a Metro facility (stations, rights-of-way, maintenance facilities, etc.) across Los Angeles County for potential impacts to Metro operations.

Strengthening the Adjacent Development Review reference in the Program Guidelines will support

early interagency coordination and create greater predictability for development occurring in close proximity to a Metro facility by embedding the procedures in regulatory plans that are funded by the Program. As development activity continues to concentrate along Metro's expanding transportation network, embedding early interagency coordination into the development process, wherever feasible, will be of great benefit to Metro, local agencies, and the development community.

Future Rounds

Round 5 will exhaust all funding identified for the TOD Planning Grant Program. With the Long Range Transportation Plan update underway, as well as the development of an Equity Platform to guide the LRTP and future planning efforts, staff will review the first 5 rounds of the TOD Grant Program, identify best practices, determine how to incorporate additional equity metrics and incentives into potential future rounds, and develop a funding plan for future rounds.

DETERMINATION OF SAFETY IMPACT

There is no negative impact on the safety of our employees and patrons. The Program will advance transit-supportive planning and development policies that improve the integration of transit stations into existing communities and the built environment. This integration supports improved safety for passengers and for Metro operations.

FINANCIAL IMPACT

The Short Range Transportation Plan (SRTP) identified \$24,600,000 in funds for the Program from FY13 through FY19. The program is funded by a combination of Measure R 2% (Metro Rail Capital - System Improvements, Rail Yards, and Rail Cars) and Measure R 3% (Metrolink Capital Improvement Projects within Los Angeles County - Operations, Maintenance, and Expansion). To date, the Board has awarded 35 projects totaling \$21.6 million across the county.

Impact to Budget

The \$3,080,500 recommended for Round 5 will largely exhaust the SRTP funds for the TOD Planning Grant Program. Funding is not available for future rounds.

ALTERNATIVES CONSIDERED

This Board may choose not to approve \$3,080,500 in funding awards and related actions as recommended. We do not recommend this alternative. The Program as designed furthers the Board objectives to advance comprehensive transit supportive planning regulations that facilitate increased transit ridership through compact design, people-centric urban design, and first/last mile improvements. Additionally, funding for the Program is part of the 5-year SRTP.

The Board may choose not to amend the Program Guidelines. Staff does not recommend this alternative. Amending the Program Guidelines will create greater flexibility in evaluating TIF district

formation and will provide grantees and the region with more tools to advance the implementation of transit oriented communities principles near Metro and Metrolink stations.

Additionally, amending the Program Guidelines to strengthen the Adjacent Development Review language will support early, meaningful interagency coordination and create greater predictability for the development community investing near Metro transit facilities. As Metro continues to build out the system, having this embedded into planning processes will continue to be of benefit to all parties involved.

NEXT STEPS

With Board approval, staff will initiate and execute Grant Agreements with Round 5 awardees.

ATTACHMENTS

Attachment A - TOD Planning Grant Program Round 5 Summary and Funding Recommendations

Attachment B - Amended TOD Planning Grant Program Guidelines

Attachment C - Funding Table

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