



Board Report

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**REVISED**  
**PLANNING AND PROGRAMMING COMMITTEE**  
**APRIL 19, 2017**

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

**ACTION: APPROVE RECOMMENDATIONS AND ROUND 5 PROGRAM GUIDELINES**

**RECOMMENDATION**

CONSIDER:

- A. APPROVING release of **Round 5 of the Transit Oriented Development (TOD) Planning Grant Program**, offering an amount not to exceed \$3,100,000;
- B. APPROVING the Round 5 TOD Planning Grant Program Guidelines (Attachment A), which include the Transit Supportive Planning Toolkit and the creation of the Transit Oriented Communities Tax Increment Financing Pilot Program; and
- C. ADOPTING AND CERTIFYING the Strategic Growth Council Final Grant Report as accurate.

**ISSUE**

Staff is recommending a series of actions that will lead to release of the fifth round of the TOD Planning Grant Program (Program) in an amount not to exceed \$3,100,000, the remainder of the funds programmed for this initiative. 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 proposes to include creation of the 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.

**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 dollars.

**Round 5**

Funding for Round 5 would be available to the County of Los Angeles and all cities with land use

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regulatory jurisdiction within a one-half mile of Metrolink, Metro Rail, or Metro Transitway/Bus Rapid Transit stations and adjacent transit corridors. The Program will fund two types of activities:

1. Using the newly created Transit Supportive Planning Toolkit (Toolkit) as the guiding framework, continue to fund the development of regulatory documents 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, fund initial feasibility analyses for formation of tax increment financing (TIF) districts in areas around transit stations that have transit-supportive regulatory documents in place or under development.

The Program has \$3.1 million remaining in funding; this remaining funding will be allocated to Round 5. The Program does not require local matching funds.

#### Round 5 Program Guidelines - Attachment A

Over the last six years, grantees in Rounds 1-4 have requested examples of good plans, best practices and parameters to support their efforts. In response to that need, Metro secured a grant from the Strategic Growth Council (SGC) and over the course of two years, Metro, supported by Global Green (as the strategic advisor) and IBI Group (lead consultant), developed the Toolkit.

The Toolkit is an online research-based resource rich with tools, best practices, and locally relevant case studies. The Toolkit is grounded in 10 characteristics of transit-supportive places that together create environments that lead to a reduction in vehicle miles travelled and increase in transit ridership. To support the development and adoption of holistic plans that meet Metro and State sustainability goals, the Guidelines have been revised to incorporate the Toolkit as a central tenet of transit-supportive planning work funded by the Program.

Staff also recommends an amendment to Section IX, Deobligation Process, to allow staff to informally approve administrative time extensions for a period of up to 6 months if a grantee can meet the conditions outlined in the Administrative Extensions section of the Program Guidelines. Informal administrative approval will be granted via a signed letter from the Metro Project Manager, with concurrence of the Senior Executive Officer.

Typically, time extensions are requested due to unforeseen community concerns that require grantees to undertake additional stakeholder engagement and/or additional studies. Allowing for administrative time extensions, with just cause, will allow for more efficient and expeditious project implementation. Time extension requests that extend beyond the 6-month period will require a formal amendment to the grant agreement.

Finally, staff recommends eliminating duplicative Lapsing Policy language, as the language is included in its entirety in the Program Guidelines and in the grant agreements that are executed with grantees.

### TOC TIF Pilot Program

In support of Metro's effort to promote TOCs and expand the impacts of Metro's transit stations within a broader community context, the Round 5 Program Guidelines include creation of the TOC TIF Pilot Program. The TOC TIF Pilot offers funding for TIF feasibility studies for cities that have transit-supportive regulatory documents in place or under development. The focus of these feasibility studies are two recent tax increment programs adopted by the State: Enhanced Infrastructure Financing Districts (EIFD) and Community Revitalization and Investment Authority (CRIA) districts.

These districts offer the potential for financing projects that meet TOC goals, including affordable housing, transit and related infrastructure, public improvements (in particular first/last mile connections) and other community-serving uses. Metro will effectuate the TOC TIF Pilot in partnership with the Southern California Association of Governments (SCAG) and with support from the Los Angeles County Office of the Chief Executive Officer.

*SCAG Partnership:* SCAG has been at the forefront of convening experts and providing trainings on TIF district formation, specifically EIFDs and CRIsAs. Through the Metro/SCAG Joint Work Program, Metro will leverage SCAG's institutional framework to offer trainings to interested grantees on eligibility for TIF districts as well as the components of a feasibility study. The Metro/SCAG partnership will be realized through the following activities:

1. **Statement of Work.** TIF districts (EIFDs and CRIsAs) are a new undertaking for Los Angeles County municipalities. As such, Metro and SCAG partnered to develop a template Statement of Work (SOW) that can be used by successful grantees in soliciting Requests for Proposals for TIF feasibility studies.
2. **Trainings.** Metro and SCAG staff will hold up to three trainings on TIF districts. The trainings will include an overview on EIFDs and CRIsAs, critical eligibility criteria, Metro's TOD Planning Grant Program, and the Round 5 application process.
3. **Screening Tool.** SCAG has created a screening tool that can be used to assess TIF district viability through a parcel-level database that gauges whether a particular area has the unemployment rate, household income, and crime rates required for CRIsAs or the property tax capture rate and surrounding development capacities needed for EIFDs. Metro staff will use SCAG's screening tool as part of the Round 5 application process to vet eligibility and ensure that both Metro and municipalities are only expending effort and funding on evaluating TIF districts in areas that are legislatively and financially viable.

*LA County CEO's Office (OCEO) Support:* As the single largest recipient of property taxes eligible to participate in EIFDs and CRIsAs, LA County is a critical participant in evaluating the feasibility of new TIF districts. Metro staff has consulted with the County OCEO to determine parameters for a successful rollout of the TOC TIF Pilot Program. The following summarizes the collaborative effort:

- Staff from the OCEO's office reviewed and provided comments on both the Round 5 Program Guidelines and the TIF study sample SOW.
- Staff from the OCEO's office attended meetings with SCAG to review the screening tool that will be used to determine TOC TIF Pilot funding eligibility.

- The OCEO plans to bring a set of criteria to the County Board of Supervisors for adoption that the County will consider when asked to contribute all or a portion of its share of tax increment to a new TIF district. This criteria is referenced in the Program Guidelines and will be attached to the Guidelines upon adoption by the County Board of Supervisors and prior to release of the grant application.
- The OCEO will support Round 5 grantees in need of up-to-date assessor's and audit-controller data to complete the TOC TIF feasibility studies.

*Disadvantaged Communities:* The TOC TIF Pilot Program will prioritize project areas that will serve the most Disadvantaged Communities as defined by CalEnviroScreen. According to the State Office of Environmental Health Hazard Assessment, CalEnviroScreen is an online mapping tool that uses environmental, health, and socioeconomic information to produce scores for every census tract in the state. An area with a higher score is reflective of a community that is more disadvantaged and facing higher burden of challenging environmental and socioeconomic factors. Projects with a higher CalEnviroScreen will be a factor in prioritizing applications.

#### SGC Final Grant Report

Metro secured a grant from the SGC in 2013 to develop the Transit Supportive Planning Toolkit. The SGC Grant is administered by the California Department of Conservation, Division of Land Resource Protection (the Department). The Grant Agreement between the SGC and Metro requires that Metro's Board of Directors adopt and verify as accurate the Final Plan Report prior to its submission to the Department. The Final Report (Attachment B) includes a project summary, summary of relevant local and regional plans and grantee assessment of how the project (in this case, the Toolkit) can measure a series of sustainability objectives and indicators over time.

Metro cannot measure a majority of the indicators outlined in the Final Report. Many of the indicators relate to land use authority and development actions, activities for which Metro has no authority. As appropriate, Metro has noted that we can track the number of Metro-funded transit supportive regulatory plans that are adopted by local jurisdictions that support the objectives and indicators outlined in the Final Report.

The SGC grant is a reimbursement-based grant and the administrative procedures required that the Department retain 15% of Metro's funds until Toolkit completion and Board adoption of the Final Report. A total of \$ 134,000 has been retained by the SGC.

#### **DETERMINATION OF SAFETY IMPACT**

There is no negative impact to the safety of our employees and/or patrons. The transit oriented planning and development policies supported by the Program could improve safety around stations. The principles of transit-supportive planning include better pedestrian and bicycle access to stations as well as clearer access to stations which can reduce accidents. Further, transit-supportive planning tends to encourage walking and bicycling, both of which improve the health of patrons.

#### **FINANCIAL IMPACT**

There is no impact to the FY17 budget. Grants will be awarded in FY18 and funds will be requested

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in that and future budget years. Since this is a multi-year project, the cost center manager and Chief Planning Officer, Countywide Planning and Development, will be accountable for budgeting the cost in future years.

Impact to Budget

The Program was identified in the Short Range Transportation Plan (SRTP). Source of funds are identified at the time of grant award. Funding for prior rounds included Measure R 2% System Improvement Funds, Measure R 3% Metrolink, and State Repayment of Capital Project Loans account. The \$3.1 million recommended for Round 5 will exhaust the SRTP funds identified in the SRTP for the TOD Planning Grant Program.

**ALTERNATIVES CONSIDERED**

The Board may choose not to approve Round 5 and related actions as recommended. We do not recommend this alternative. The Program as designed furthers the Board objectives with regard to land use policies that support increased ridership and systemwide improvements and creation of transit oriented communities, and funds for the Program are part of the 5-year SRTP.

The Board may also choose not to approve the revised Guidelines. We do not recommend this alternative. The revised Guidelines are focused on the research-based Toolkit, which is grounded in elements of transit-supportive places that have demonstrated positive impacts on increasing transit ridership and reducing vehicle miles travelled.

The Board may choose to not allow the informal time extensions. Staff does not recommend this alternative. Time extensions currently require a formal grant agreement amendment and can be very time consuming and labor intensive. Allowing for administrative time extensions (for up to 6 months) when a grantee has demonstrated compliance with the conditions identified in the Administrative Extensions section of the Guidelines, will allow grantees to focus efforts and resources on advancing the project and resolving any outstanding issues that triggered the request.

The Board may choose to not include the TOC TIF Pilot Program in the Program Guidelines. Staff does not recommend that alternative. With the loss of redevelopment, municipalities are grappling with viable funding streams to support community-serving projects, and TIF district creation offers a means to capture and reinvest the value created by Metro's investment in the transit system. This Program will fund the preliminary analysis needed by municipalities to explore TIF viability and is an innovative program that is in line with the TOC Demonstration Program.

Additionally, the Board may not choose to adopt and certify the SGC Final Report. Staff does not recommend this alternative as doing so would result in forfeiting Metro's \$134,000 retention. The commitments that staff has made in the Final Report are specific to tracking Metro-funded regulatory plans that align with the Toolkit, which is something that staff will do as part of procedural grant administration.

**NEXT STEPS**

With Board approval, staff will reach out to eligible applicants throughout May and June. The call for

applications will be released in May and staff will host application workshops in June in order to strengthen participation and the quality of the applications. Applications will be due in late July with recommendations for grant awards being brought to the Board in fall 2017.

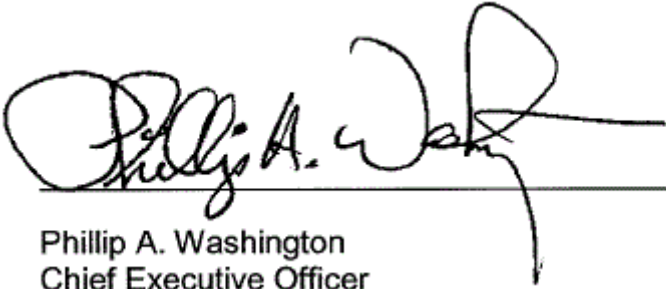
**ATTACHMENTS**

Attachment A - Round 5 TOD Planning Grant Program Guidelines

Attachment B - SGC Grant Final Report

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