

**Board Report**

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**PLANNING AND PROGRAMMING COMMITTEE
JULY 18, 2018**

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

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE report on the Transit Oriented Development Planning Grant Program.

ISSUE

At the February 2018 Metro Board meeting, the Board directed staff to report back on lessons learned, best practices, and options for future rounds of the Transit Oriented Development (TOD) Planning Grant Program (Program). Existing funds for the TOD Planning Grant Program were largely exhausted with Round 5, which awarded \$3,080,500 to eight projects in March 2018. To date, the Board has awarded funds totaling \$24.6 million which is summarized in Attachment A.

This report provides an update on the Program's accomplishments to date and recommends staff further analyze the outcomes of the program to determine if, and in what form, the Program should continue.

DISCUSSION

Program Overview

Metro developed the Program in 2011 to spur the adoption of transit-supportive regulatory plans that advance thoughtful integration of land use and transportation planning, with a goal of increasing transit ridership. The Program's other goals and objectives include:

- Support municipalities in implementing complementary transit-supportive infrastructure projects and affordable housing.
- Improve local and regional efforts for equitable integration of transportation and community planning.
- Improve the transit network and increase utilization of public transit by reducing the number of modes of transportation necessary to access regional and local transit lines.
- Further the reduction in greenhouse gases by encouraging in-fill development along transit

corridors and transit use.

- Support and implement sustainable development principles.
- Increase opportunities to meaningfully engage diverse stakeholders, especially underserved and vulnerable communities, in advancing transit-supportive planning efforts across the region.

The Program was developed to respond to a lack of funding and initiative for cities to pursue transit-supportive land use planning around Metro's rapidly expanding transit system. With the passage of Measure R, Metro began its work of doubling the rail system. Land use planning is typically funded by cities through general funds, or was often funded and undertaken by redevelopment agencies. In 2011, while Measure R projects were moving ahead, cities were deep in a recession and the State eliminated redevelopment agencies - leaving a lack of funding and staff resources for land use planning not to mention a lack of focus on this issue due to other pressing municipal needs.

Transit-supportive regulatory plans 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 new or amended regulatory documents. By creating a transit-supportive regulatory environment that aligns with Metro's goals of creating Transit Oriented Communities (TOCs), the projects funded by the Program will, in the long term, increase the accessibility and utilization of public transit.

In addition to funding land use plans, in Round 5, Metro introduced the Transit Oriented Communities Tax Increment Financing Pilot (TOC TIF Pilot) Program. The TOC TIF Pilot funds feasibility studies for eligible cities and/or the County to consider tax increment financing districts around transit stations. Three cities were awarded TOC TIF Pilot grants in Round 5.

Eligible applicants for the Program have been the County 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.

Program Accomplishments and Lessons Learned to Date

Since Program inception, Metro has funded 43 projects in 32 jurisdictions across all five supervisorial districts of the County, totaling \$24.6 million dollars in five rounds of the Program. These plans are impacting the land use around 95 Metro, Metrolink and Bus Rapid Transit Stations. (See Attachment A)

As a grant administrator and a stakeholder with a vested interest in the Program's success, staff has identified the following lessons learned from Rounds 1-5:

- **Release a new funding cycle every other year.** This allows adequate time for staff to update the program, conduct outreach during pre- and post-release of the grant application, develop statements of work with new grantees, train new grantees in the Metro grant reporting and invoicing system, manage existing grants (including provision of technical assistance and ensuring compliance with Metro Program goals and objectives). In addition, in past rounds that were released more frequently, interested cities expressed inability to respond to rounds

at such high frequencies. Many grant programs follow biennial application format both to manage staff resources, allow applicants the ability to prepare meaningful responses and ensure adequate competition for funds.

- **Coordinate with other Metro programs/projects** that are working on issues related to land use and TOC. Examples include:
 - West Santa Ana Branch Project
 - Joint Development Projects
 - First/Last Mile planning
 - Systemwide design
 - Transit Corridors planning
- **Streamline administration** through updates to guidelines, grant agreements, and quarterly reporting procedures.
- **Collect lessons learned, challenges and outcomes** through quarterly briefings with grant recipients and an assessment of grant-funded work once each grant-funded plan is completed. Quarterly briefings are critical to ensure that grantees' work efforts are aligned with Metro's goals, for learning how best to leverage grant funds to enable TOCs, and for refining the Program guidelines and administration in future rounds. They also help Metro understand the outcomes of the Program. These briefings have been on hold due to limited staff resources for the Program.
- **Align resource requirements to reflect program expectation.** The Board has on several occasions noted that technical assistance should be provided to capacity-challenged local jurisdictions to assist them in competing for grant opportunities on par with larger cities. When the TOD Planning Grant Program was originally introduced, no new staffing resources were identified. While existing departmental resources were directed to this effort, a more robust technical assistance objective appears warranted given the interest in TOC overall. To the extent that the Board elects to continue the program, sufficient resources must be put in place to support both administrative requirements, including technical assistance, as well as desired strategic outcomes.
- **Update the Program Guidelines to advance strategic opportunities and partnerships** to further Metro's goals and objectives. For example, in 2016, Metro developed the Transit Supportive Planning Toolkit, which includes a wealth of Los Angeles County-relevant transit-supportive planning best practices and case studies that will guide the development of regulatory plans. Additionally, in Round 5, staff introduced the TOC TIF Pilot Program which will fund grantees to explore the feasibility of creating TIF districts. The TOC TIF pilot program was developed through interagency coordination with Southern California Association of Governments and the Los Angeles County Office of the Chief Executive Officer. If TIF districts are found to be viable and are pursued, they could result in funding mechanisms for affordable housing, first/last mile improvements, and other TOC activities.

Any future rounds of the Program offer opportunities to cross-reference and incentivize the

goals of new policies, in particular the Equity Platform (adopted in February 2018), the TOC Policy (adopted June 2018) and the Vision 2028.

Program Outcomes

The lessons learned above focus largely on grant management and administration, largely because Metro has little data at this time as to whether the Program is achieving the desired outcomes. These outcomes could include understanding the impact of the plans adopted as a result of the program (i.e., higher densities allowed, reductions in parking requirements, equity provisions included, etc.) and whether the plans are aligned with other core Metro goals with respect to equity and transit-supportive land use. This assessment requires a commitment of staff resources that to date has not been available. It is staff's view that broad interest across the County is not sufficient to commit another round of multiyear funding, absent an evaluation of program effectiveness.

Funding Outlook

Funding for Rounds 1-5 was programmed through the Short Range Transportation Plan (SRTP) with \$24.6 million from Fiscal Year (FY) 13 through FY 19. The Program was 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). Round 5 largely exhausted SRTP funds for the Program. Metro has not allocated or programmed any funding for additional, future rounds of the Program, and funding for future rounds is not in the Long Range Transportation Plan Financial Forecast that was last updated in October 2017.

It is important to acknowledge that since 2011, additional sources of funding have become available for municipalities seeking to pursue transit-supportive land use plans. These include:

- FTA TOD Pilot Program: the FTA will fund transit agencies partnered with municipalities up to \$2 million to pursue comprehensive planning efforts around new transit lines. In a prior round, Metro successfully partnered with EcoRapid and the City of South Gate to secure \$2 million for the West Santa Ana Branch TOD Strategic Implementation Plan.
- SB2: provides funding for municipalities to update/create General Plans/Community Plans and Specific Plans. Program guidelines are still under development through the State's Office of Planning and Research;
- Measure M Local Return: with the June 2018 Metro Board adoption of the Transit Oriented Communities (TOC) Policy, Local Return funds can be spent by municipalities on land use planning that removes regulatory barriers to achieving TOCs.
- Municipalities: Now out of recession, and with the passage of Measure M, municipalities are renewing commitment to proactive land use planning around existing and planned transit stations. For example, the County of Los Angeles recently adopted a motion directing a comprehensive TOD planning process around transit stations, and the City of Los Angeles has committed to updating all 35 of its Community Plans within 6 years.

Recommendations Moving Forward

Based on the lessons learned from Rounds 1-5, availability of new funding sources for land use planning, and new policies (TOC Policy, Equity Platform and Vision 2028) directing Metro's work and influence around land use leadership in the County, staff will pursue the following next steps to assess the viability of a future Planning Grant program:

- Assess outcomes: perform a deeper assessment of completed land use plans and studies funded by the Program, as well as those plans at least 50% complete, to determine the outcomes for transit-supportive land use planning. The assessment will also survey cities on their willingness/commitment to undertaking transit-supportive land use planning and identify barriers to this work;
- Alternative funding: track the funding opportunities created by SB2, along with other state and federal sources, to determine whether Metro's direct funding of land use planning is required;
- Land Use Leadership: working with municipal partners, educational institutions, advocacy groups and other stakeholders, and based on Metro's TOC Policy, Equity Platform and Vision 2028, develop an approach for Metro to exercise transit-supportive land use leadership across LA County.

This additional analysis will take 12 months and will result in a report to the Metro Board.

NEXT STEPS

Staff will continue to monitor the TOC TIF Pilot Program, implement the recently-approved Round 5 applications, and provide support to grantees from Rounds 1-4. Staff will begin work on the recommended studies and assessment of Program outcomes and report to the Board in 12 months with a recommended approach to demonstrating transit-supportive land use leadership in LA County.

ATTACHMENTS

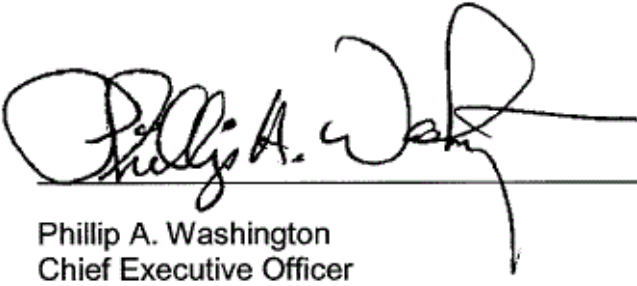
Attachment A - TOD Planning Grants Status Report: Rounds 1-5

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