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TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON *PAW*
CHIEF EXECUTIVE OFFICER

FROM: MARTHA WELBORNE, FAIA *MWW*
CHIEF PLANNING OFFICER

SUBJECT: DEVELOPMENT OF TRANSIT ORIENTED COMMUNITIES PILOT PROGRAM

ISSUE

At the direction of the CEO, the Joint Development (JD) Department has drafted a Transit Oriented Communities (TOC) Pilot Program (the "Program"), identifying changes to the JD process as well as a "TOC Toolkit" to promote a more expansive approach to integrating transit into communities. Attachment A is a draft of the TOC Pilot Program. Staff from the JD team will be reaching out to the offices of each Board Director to discuss targeted sites for inclusion in Program.

DISCUSSION

TOCs represent an approach to development focused on compact, walkable and bikeable places in a community context. The key difference between Transit Oriented Development and (TOD) and TOCs are that TOCs focus more broadly on the community rather than focusing on a single development.

Moving from TOD to TOCs requires that Metro take a leadership role in collaborating with a variety of local stakeholders, including local government, private developers and community members, to make our individual transit oriented developments and policies part of a vibrant built environment for existing and future residents to live, work, play, and commute. The TOC Pilot Program will showcase a broader community development focus to all aspects of Metro's work in building the public transit system and its related infrastructure. The Program will be realized through two sets of actions: (1) changes in the JD Process; and (2) the TOC Toolkit.

The next step in developing the TOC Pilot Program is to identify sites for participation. The JD team has identified the following criteria for site selection, and will be scheduling a meeting with you (or one of your staff) to review eligible sites.

- Geographic spread across LA County, to the extent possible;
- Within an existing or in-construction rail or high quality bus transit corridor;
- Site is owned by Metro (or an interested public agency or private developer) and available for new construction within the next 5 years (i.e. not on hold for transit improvements and/or in use for staging or other construction-related needs for more than 5 years from September 2015);
- Existing land uses support TOC development and/or land use planning underway;
- Commitment by local jurisdiction or County to participate in the pilot program;
- Market potential for development at the site;
- Ability for Metro to have a meaningful role in the development of the site;
- Commitment by developer/property owner, where applicable.

Broad geographic representation, highlighting a range of project types, and including a variety of ways that Metro can contribute to TOCs are all important considerations in site selection.

NEXT STEPS

After meeting with each Director's office, staff will reach out to the local jurisdictions where the suggested Pilot Program sites are located to ensure interest in participation. Once the sites are finalized, staff will present the TOC Pilot Program to the Metro Board through a Receive and File report. This report is targeted for the October 2015.

ATTACHMENTS

- A. DRAFT TOC Pilot Program

Supporting Transit Oriented Communities

A Metro Pilot Program

OVERVIEW: MOVING FROM TOD TO TOCS

With the 2008 passage of Measure R, Los Angeles County's voters put in place a groundbreaking plan to double the rail system by 2035. This investment in the region's quality of life provides tremendous opportunity to shape how the County grows to meet the demands of its growing population. The concept of Transit Oriented Development (TOD) is a type of community development that includes a mixture of housing, office, retail and/or other commercial development and amenities integrated into a walkable and bikeable neighborhood and located within a half-mile of quality public transportation.

By connecting people and amenities through improved access to public transit, TOD reduces car dependency and therefore lowers air pollution and greenhouse gas emissions; promotes walkable and bikeable communities that accommodate more healthy and active lifestyles; increases transit ridership and therefore revenues for transit operators; improves access to jobs and economic opportunities; and creates more opportunities for mobility. Metro's vision goes beyond TOD to focus on the creation of "transit oriented communities" (TOC). TOCs represent an approach to development focused on compact, walkable and bikeable places in a community context, rather than concentrating on a single development site. For Metro, creating TOCs means expanding the boundaries to 1 – 1 ½ miles around a transit station, focusing on the transit corridor.

Moving from TOD to TOCs requires that Metro take a leadership role in collaborating with a variety of local stakeholders, including local government, private developers and community members, to make our individual transit oriented developments and policies part of a vibrant built environment for existing and future residents to live, work, play, and commute. To make this move to TOCs, Metro's Joint Development (JD) Program is spearheading a Pilot Program that will showcase a broader community development focus to all aspects of its work in building the public transit system and its related infrastructure.

The JD Pilot Program ("Program") has two components:

- (1) A re-calibration of the JD Process focused on active collaboration with community stakeholders and local jurisdictions; and
- (2) Building a "TOC Toolkit" that draws upon an array of creative community development tools to support JD projects in achieving its broader TOC goals.

JOINT DEVELOPMENT PILOT PROGRAM - GOALS

The JD Pilot Program will:

- Demonstrate successful Transit Oriented Communities
- Test an expanded role for Metro in the creation of TOCs

- Focus on stations with catalytic potential along a transit corridor
- Focus on stations with the greatest opportunity for success
- Learn from a diversity of project types and individual project goals
- Allow sufficient time for implementation (3 – 5 years)

COMPONENTS OF THE PILOT PROGRAM

The Program will be realized through two sets of actions: (1) changes in the JD Process; and (2) the TOC Toolkit. Each is described in more detail below.

1. **Joint Development Process.** Starting in Winter 2014, the JD department began a re-evaluation of its process, looking at everything from the process of creating Development Guidelines, how communities and jurisdictions are engaged, legal documents, the webpage and the JD Policy and Procedures. Changes to the JD Process include:
 - ***Update of the Joint Development Policy:*** At the July 23, 2015 meeting of the Metro Board of Directors, the Board approved an update to the Joint Development Policy that includes key policy changes regarding affordable housing (described in the TOC Toolkit section below), describes the importance of meaningful community engagement in the JD process, and provides clarity on the JD process and policies.
 - ***TOC Webpage Reboot:*** In June 2015, Metro re-launched its Joint Development webpage under the banner of Transit Oriented Communities. The new webpage describes a host of activities that Metro is shepherding to support TOCs, including Joint Development, the TOD Planning Grant Program, and the TOD Toolkit. In addition, the JD portion of the new webpage includes Project Pages offering information and regular updates for active JD Projects.
 - ***Development Guidelines:*** The JD process begins with the creation of Development Guidelines, driven by a community engagement process specifically designed to meet the needs of the local community. The Development Guidelines are will typically be created with assistance from outside architectural firms, and are a place to reflect on the desired land uses, density and amenities for a Metro-owned site, as well as to provide neighborhood context, and assess opportunities for integration with active transportation and other community development goals. The Development Guidelines are brought to the Metro Board of Directors for review and adoption. The Program will make the Development Guidelines process more robust and community-driven through the following:
 - Use of outside design consultants to facilitate community focus groups, charrettes and larger workshops to create site-specific Development Guidelines. The design consultant will likely be the same to work on the design review process, described below.
 - Include a “walk audit” with the First/Last Mile strategic plan team to identify opportunities to tie into existing or recommended active transportation improvements at the project site.

- The local councilmember and/ or supervisor’s office and planning staff will be consulted and collaboration between the local policy makers and land use staff will be critical to the development guideline process.
- **Design Review:** To date, “Design Review” of JD projects has typically been limited to input from various Metro departments, including but not limited to Engineering, Operations, Security, Civil Rights, and Communications, and has been focused on avoiding impacts to transit facilities or operations. The Program includes launching a design review process that will address these issues as well as meaningfully engage community stakeholders and more comprehensively consider the quality of the design, architecture and aesthetics of developments on Metro-owned property, as well as reflects the recommendations of the Metro First/Last Mile Strategic Plan active transportation goals, and Metro’s Sustainability Policy. The design review process will also be another check point to identify opportunities for the proposed development to contribute to promoting TOCs.

The new Design Review process will be implemented by coordinating with a hired design professional for JD projects. In most cases this will be the same consultant that will facilitate engagement on and create the Development Guidelines. The Design Review Component of the Program includes:

- Hiring a Consultant to conduct design review through both the developer selection process and project development;
 - Ensuring the highest quality of design, placemaking and TOC through Metro’s JD projects;
 - Facilitating Metro’s interdepartmental coordination for projects that are transit adjacent;
 - Revising the Exclusive Negotiations and Planning Agreement document to require that selected JD developers participate in a design review process.
2. **TOC Toolkit:** To achieve the broader community development goals of TOC, Metro has adopted policies and will seek creative opportunities for expanding the reach of its joint development projects through supporting local adoption of TOC-supportive land use policies, partnerships with other agencies (public and private) and creative financing strategies, including identifying grants and other funding options.
- **Affordable Housing:** Metro has adopted, as part of its updated JD Policy, a series of affordable housing policies:
 - 35% Portfolio-Wide Goal: Metro’s Joint Development Program seeks to facilitate construction of affordable housing units, such that 35% of the total housing units in the Metro joint development portfolio are affordable to households earning 60% of area median income or below.

- Land Discounting. Where appropriate, and subject to FTA approval (if applicable), Metro may discount joint development ground leases below the fair market value in order to accommodate affordable housing with an income target of 60% of AMI or below. Such a land discount may not be greater than 30% of the fair market value.
- **Coordination of Public Funding:** To the extent that the community and/or selected developers identify additional public improvements and/or community-serving uses to be included in the pilot program sites, the Metro JD Team will actively partner with the community, Developer, County and/or appropriate local jurisdiction to identify funding sources to support these additional benefits within the JD Project. This may include assisting with grant writing.
- **Joint venture with other government agencies:** Metro will seek partnerships with local municipalities and/or the County that take advantage of publicly owned land at or adjacent to JD project sites.
- **Support Active Transportation Improvements:** Metro will partner with Developers and/or identify opportunities at its own transit stations to create and implement active transportation plans that connect transit to nearby community amenities.
- **TOD Planning Grant Program:** Started in 2011, the TOD Planning Grant Program has awarded 36 grants totaling over \$22 million to local jurisdictions to develop and approve land use plans that remove regulatory barriers to TOD. Metro will continue to implement Rounds 1- 4 of the program and will further target outreach for Round 5 to municipalities that have not yet adopted TOC-supportive land use plans.
- **Other Project-Specific Tools:** The following tools and incentives can be explored for each of the Pilot Program sites, as appropriate:
 - Bulk Discounts on TAP cards: The Board directed staff to explore opportunities to offer discounts on bulk purchase of TAP cards for affordable housing developments on Metro-owned property. If adopted and as appropriate, this program will be included in JD procurements.
 - Inclusion of Adjacent Property(ies): During the Development Guidelines process, if the community stakeholders and the JD Team identify benefits from encouraging adjacent properties to become part of Metro JD sites, additional points may be offered during the competitive procurement process for development teams that own or have agreements with owners of adjacent properties. Similarly, if an adjacent property owner approaches Metro outside of the competitive procurement process, Metro may consider accepting an unsolicited proposal.*
 - Community-Based Organizations: As appropriate, additional consideration may be offered during the competitive procurement process to development teams that include

community-based organizations (CBOs) with a history of community engagement, investment and provision of services within the project site area who have partnered with an experienced development team.*

- **Station Connections:** Coordinating proposals for direct connections from adjacent properties to Metro stations.
- **Reduce or Relocate Transit Parking:** Metro will consider the reduction and/or relocation of transit parking that can increase opportunities for TOCs at JD sites. Such actions will be subject to (1) a clear history of utilization rates for the parking lot in question; (2) a review of any federal/environmental requirements pertaining to the provided or required parking; and (3) a careful study of the economic feasibility and impacts of relocating the parking.
- **Innovative Financial Partnerships:** Explore various means of using Metro land ownership in support of innovative financial structures.
- **Transit Improvements:** At some sites, improvements to the transit facilities will support new development and active transportation connections. Metro will partner with local jurisdictions, stakeholders and funders to identify such opportunities, plan for their integration into TOC planning efforts, and seek funding for implementation.

*To ensure compliance with Federal regulations regarding fair and open competition as well as requirements that Metro receive a fair share of revenues from joint development sites in which the Federal government has an interest, these pilot program benefits will be vetted through the FTA prior to being included in the procurement process and/or negotiated as part of the Ground Lease.

SITE SELECTION CRITERIA

The Program has identified XX sites for initial participation, using the following criteria:

- Geographic spread across LA County, to the extent possible;
- Within an existing or in-construction rail or BRT corridor;
- Site is owned by Metro (or an interested public agency or private developer) and available for new construction within the next 5 years (i.e. not on hold for transit improvements and/or in use for staging or other construction-related needs for more than 5 years from September 2015);
- Existing land uses support TOC development and/or land use planning underway;
- Commitment by local jurisdiction or County to participate in the pilot program;
- Market potential for development at the site;
- Ability for Metro to have a meaningful role in the Development of the site;
- Commitment by developer/property owner.

It is important to note that the XX sites identified for the Program are not the only active projects in the current JD work program. The TOC approach will be applied to all active sites, and new sites can be pursued during and after the Pilot Program. Identifying these four sites is a way to focus and report on what can be accomplished in this pilot stage.

PILOT PROGRAM SITES – to be determined

ONCE WE SOLIDIFY SITES, WE WILL CREATE A GRAPHIC FOR DISPLAYING EACH SITE WITHIN THE DOCUMENT – INCLUDING MAP/SITE PLAN, AND SOME BASIC SITE INFO. WE WILL ALSO HAVE A MATRIX WITH INFO ON THE STATUS OF THE SITE AND TIMELINE FOR ACTION. THIS WILL BE AN APPENDIX AND WILL BE REGULARLY UPDATED.

PILOT PROGRAM IMPLEMENTATION

Metro’s JD staff will report quarterly to the Board on progress for each of the pilot sites, starting at the January 2016 Board meeting. The matrix to be included as Attachment A will be the basis for documenting progress and easy tracking. In addition, any time that the Board is asked to take action regarding one of the pilot sites, staff will note the site’s inclusion in the pilot program and indicate how the proposed actions are in keeping with Program’s goals.