



Transit & Affordability Taskforce

Recommendations to Mayor Barry

January 10, 2018



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Letter from the Co-Chairs

January 10, 2018

In discussing the future of transit in Nashville, Mayor Megan Barry has been clear in her commitment to equity as foundational to all processes and outcomes that result from an expansion of the city's transportation network. "Equity...has to be the lens through which we look at transit" (April 26, 2017 – Mayor Megan Barry, State of Metro Address). In announcing "Let's Move Nashville – Metro's Transportation Solution," the Mayor underscored her belief that communities along high-capacity transit corridors should be safe and inclusive of everyone; improve the economic prospects and equity of these areas; and provide new opportunities for housing and commerce—all while preventing displacement of longtime residents and businesses.

In November 2017, the Mayor asked us to co-chair a Task Force that would offer policy, project, and programmatic recommendations to ensure a long-term affordability strategy that preserves and creates opportunities for all Nashvillians to live and work in close proximity to transit. For the past two months, our task force of dedicated community leaders approached this charge from a variety of public, private and non-profit perspectives. We came together to listen, learn, and share with each other – Task Force members and citizens alike. What follows is the culmination of our efforts to meet the Mayor's charge and lay a foundation for the future.

The commitment of the members of our Task Force to our people and our neighborhoods, like that of our Mayor, is unquestioned. There was broad consensus as to the procedural and substantive proposals which we are making. The discussion and debate at the subcommittee level is reflected in their reports. While there was not unanimous agreement on funding, the Task Force believes that by the time this transit program is fully implemented, the need for affordable housing in our city must be fully met. This will not be accomplished by new transit oriented development or our transit plan alone, but we all agree these recommendations are an essential component of the overall solution.

On behalf of our members, we are pleased to offer this report to the Mayor. These are incredibly exciting and critical times in the life of our city. Working together in the spirit of this Task Force, we have every reason to believe that Nashville will meet these needs for all of our citizens and all who will follow us here.

Bill Purcell

Brenda Wynn

Transit & Affordability Taskforce Co-chair
Former Mayor, Nashville & Davidson County
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Background

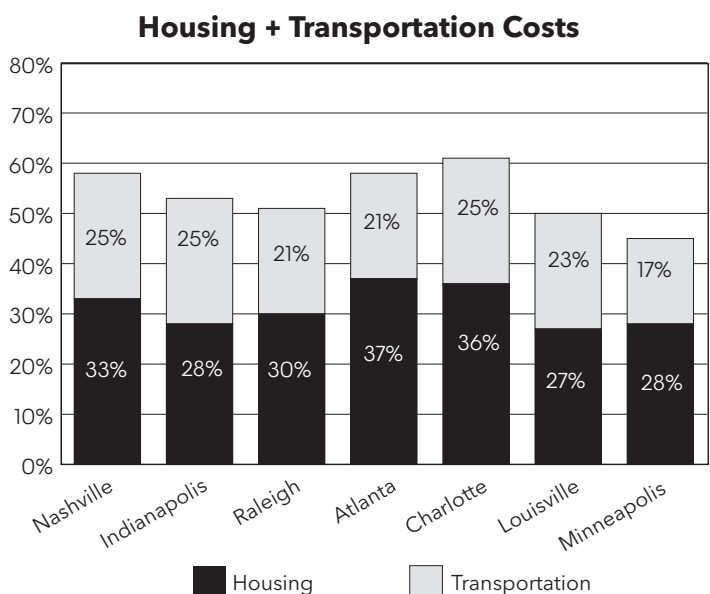
On October 17, 2017, Mayor Megan Barry announced [Let's Move Nashville: Metro's Transportation Solution](#), a bold and comprehensive program to fund transit capital and operations in Davidson County. *Let's Move Nashville* is the culmination of multiple strategic plans intended to guide the city's mass transit improvements over the next two decades—including the countywide comprehensive General Plan NashvilleNext, which emphasizes equity and calls for greater land-use density and a Complete Streets approach to major pikes and corridors, as well as MTA's nMotion Master Plan, which recommends a multi-modal regional system that resulted from more than 20,000 community engagements.

Let's Move Nashville represents Metro's collective resolve to invest in a better city, an easier lifestyle, and a more prosperous tomorrow by turning growth into opportunity through access, affordable housing, jobs, mobility, quality-of-life, and safety. It includes 28 miles of Nashville's first-ever light rail system, four rapid bus routes, a dramatic increase in the service and frequency of the bus system, and other service and infrastructure improvements.

Growth has brought many exciting opportunities to our city, but it's also made it difficult for some residents to maintain or remain in their homes. Many are spending more than 30 percent of their income on just housing. Nearly one out of four Nashville homeowners is considered cost-burdened, as well as almost half of our renters and over 70 percent of low-income renters.

Affordability in Nashville is about more than just housing prices. While our area housing costs are lower than those of Atlanta, Ga. and Charlotte, N.C., when combining this expense

with transportation (most households' second-largest expenditure), Nashville comes in only slightly more affordable than those cities.¹ On average, Davidson County households are spending approximately 23 percent of their income on transportation costs, putting an additional burden on individuals and families who are already burdened by housing prices alone. And moderate-income families in Davidson County are likely spending 57 percent of their earnings on housing and transportation combined, and even more significantly of their earnings on housing and transportation on low-income households. Among those making \$20,000 or year or less, 86 percent were housing burdened, up from 82% in 2012. Mayor Barry is therefore committed to funding, building, preserving, and maintaining Nashville's supply of affordable housing in close proximity to both existing and planned transit lines, so that working families can make more of their income go further.



¹ H+T Affordability Index, Center for Neighborhood Technology

There is growing consensus that communities with housing for a mix of incomes produce better economic, social and environmental outcomes for all residents. Mixed-income housing -whether provided within a single project or a neighborhood- makes it possible for more people to live in safe neighborhoods near well-funded schools and good city services, with better access to a wider variety of jobs and opportunities. Providing housing for a mix of incomes also allows people to continue living in their chosen “home” community, even as children grow up and move out, or as parents begin to age and consider downsizing. Mixed-income communities are associated with better educational outcomes, as well as improved physical and mental health.

While providing for a mix of incomes in

communities is generally positive, providing for a mix of incomes in walkable neighborhoods near transit is even better. In addition to savings realized when housing is affordably priced, families living near transit can also own fewer cars -or no cars- and drive them less, which can add up to thousands of dollars in annual savings (averaging just 9% of annual household income). Changing demographics and concern about traffic congestion, however, have boosted demand for housing near transit, and the supply is not keeping up with this demand. As a result, and because developing in these locations is more time-consuming, difficult and expensive, much of the new housing on transit lines could end up being built for the higher end of the market, while low-income residents, who already live in these locations, get priced out by rising rents.



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Acting now can ensure that housing built in transit-rich locations will provide for a mix of incomes, or otherwise a once-in-a-lifetime opportunity will be lost. Mayor Barry therefore convened the Transit and Affordability Taskforce –co-chaired by former Nashville Mayor Bill Purcell and Davidson County Clerk Brenda Wynn– to solicit recommendations on the most appropriate policy tools for shaping equitable neighborhood change along the high-capacity corridors funded by *Let's Move Nashville*.

In November and December, this group of 22 community leaders and 10 Metro staff experts worked to identify policies and best practices for a long-term affordability strategy that preserves and creates opportunities for low- and moderate-income Nashvillians to live and work in close proximity to transit. Here, the Taskforce has provided Metro, its implementing partners (such as MDHA and MTA), and the Nashville community at-large with an initial framework for an inclusive planning process that aims to address issues related to the potential displacement of racially, ethnically, and socioeconomically diverse residents and businesses.

Let's Move Nashville also supports community equity goals through:

- Reduced cost-burdens for existing low- to moderate-income individuals and families by providing greater access to the most affordable modes of transportation (mass transit, walking, bicycling). The cost for an individual to own, operate, and maintain a motor vehicle averages around \$9,000 per year;
- An improved connection between affordable housing located throughout

the county and high-paying jobs, many of which are located in Downtown Nashville: By 2040, 76% of Davidson County residents and 89% of jobs will be within a half-mile of bus, rapid bus or light-rail service;

- Improving speed-of-service: The longer the average commute, the lower the odds of economic mobility. An analysis of *Let's Move Nashville* showed that a light-rail trip on Nolensville Pike near Harding Place to downtown can be completed in just 19 minutes, while a trip from downtown to the airport would take just 26 minutes;
- Free or reduced fares for Nashvillians experiencing poverty, living with a disability, over age 65 (senior citizens), or under the age of 18;
- Through new Transit-Oriented Development/Tax Increment Financing (TIF) Districts, expanded affordable and workforce housing options along corridors and near employment-centers to increase opportunities for Nashvillians to live where they learn, work, and play;
- Mixed-income communities that improve public health, support better educational outcomes, and promote upward economic mobility;
- Projects to eliminate fatal crashes involving Nashville's most vulnerable road users by targeting dangerous intersections and increasing traffic-calming treatments in neighborhoods;
- Prioritizing housing-preservation strategies in areas along transit corridors to prevent displacement of low- to moderate-income residents.

In addition, while most research on gentrification and displacement has focused on residential land uses, commercial spaces along transit corridors were considered as part of the Taskforce's work. Small, independent businesses play an important economic role, particularly in low-income and minority neighborhoods. They offer a path to wealth-building for local entrepreneurs, and local businesses often provide products and services that large, national chains cannot, particularly among New American and other minority communities. They help to create and preserve neighborhood identity and often serve as a social support system or communal gathering places for neighbors.

Independent businesses also have an outsized impact on the local economy. This is because local business owners can outperform national chains on a handful of measures including wages paid to local residents, profits retained in the community, goods-and-service procurement via other local businesses, and local charitable giving. Should economic development displace these businesses, Nashville's high-capacity transit corridors could stand to diminish their unique identity and a large swath of their potential economic impact.

As referenced in NashvilleNext, New Americans also play a key role in the small-business economy: "While just nine percent of Nashvillians were born in a foreign country, immigrants represent 29% of Main Street business owners (retail, food services and accommodation, and neighborhood services such as nail salons, beauty shops, and gas stations)."²

Transit improvements like light-rail construction can also be very disruptive to small businesses along the route. Cities and transit agencies can often provide temporary support to affected businesses such as marketing, signage, and alternative parking arrangements. In some cases, efforts begun during construction can become a catalyst for long-term programs that continue even after construction is completed. Small businesses require targeted solutions, particularly around the stabilization of costs for commercial space. While new transit lines along Nashville's historic pikes will add jobs, increase the tax base, and improve quality-of-life, the Taskforce has provided recommendations for preventing business displacement and ensuring transit-oriented developments include commercial opportunities for immigrants, minorities, low-income, and long-term proprietors who have called these neighborhoods home for generations.

2 *NashvilleNext Equity and Inclusion Background Report, 2013*

Process

Beginning November 8, 2017, the Transit and Affordability Taskforce met to work on policy, project, and programmatic recommendations to Mayor Megan Barry for the creation of high-capacity transit corridors that:

- are safe and inclusive for everyone;
- improve the economic prospects and equity of these areas;
- provide new opportunities for housing and commerce;
- avoid displacement of the vital communities of residents and businesses that call these corridors home today.

While many of these topics and policy considerations are being addressed on a larger scale countywide, the charge of the Taskforce was focused on affordability for housing and small businesses where transit improvements are anticipated.

The full Taskforce met eight times over the course of three months. After national best

practices were presented by Metro staff advisors (see the [Let's Move Nashville website](#) for presentation content in full), Co-chairs Purcell and Wynn divided Taskforce member participants into three subcommittees around which to organize their final recommendations.

Transit and Affordability Taskforce - Meetings and Discussion Topics

Wednesday, November 8 (2-4PM): Introductory Meeting

Lentz Public Health Center, 2500 Charlotte Avenue

Taskforce members and community stakeholders heard presentations from the Mayor's Office, the Metro Planning Department, and MDHA staff on: Let's Move Nashville; Transit-Oriented Development (TOD) 101, model communities, MDHA's TOD Districts and Tax Increment Financing.



A large audience for the first meeting of the Transit and Affordability Taskforce, on November 8.

Wednesday, November 15 (2-4PM): Housing Affordability - Displacement Prevention

Lentz Public Health Center, 2500 Charlotte Ave.

Prior to dividing into small groups for discussion, Taskforce and attending community members listened to presentations from Mayor's Office staff on successful anti-displacement strategies from other American cities; and an overview of the Music City Star's Donelson Station transit-oriented development. Cities researched and presented by Mayor's Office Staff included: Los Angeles, Ca.; Washington, D.C.; Cambridge, Mass.; Austin, Tex.; Seattle, Wa.

American cities. Co-Chair Bill Purcell suggested the creation of subcommittees around Small Businesses, Development and Finance, and Neighborhood and Housing Preservation. Subcommittee chairs were selected, and the next meeting was identified as an opportunity for subcommittees to work on draft recommendations around these three subject-areas.

Wednesday November 29 (2-4PM): Small Businesses - Displacement Prevention

Lentz Public Health Center, 2500 Charlotte Ave.

Prior to dividing into small-group discussion, the Taskforce and attending community members heard a Mayor's Office staff presentation on successful anti-displacement strategies for small businesses in other



The Taskforce working

Friday, December 8 (9-11AM): Subcommittee Break-Outs / Working Meeting

West Police Precinct, 5500 Charlotte Ave.

The Taskforce membership, as divided into the three working subcommittees at the Nov. 29 meeting, began discussion on draft recommendations.

Friday, December 15 (9-11AM): Presentation & Discussion of Draft Recommendations

Lentz Public Health Center, 2500 Charlotte Ave.

Subcommittee Chairs for Small Businesses, Development and Finance, and Neighborhood and Housing Preservation presented their draft recommendations to Co-Chairs and the full Taskforce membership.

Thursday, December 28 (9-11AM): Finalizing Recommendations

Lentz Public Health Center, 2500 Charlotte Ave.

A working draft of the recommendations, executive summary and report, and other subcommittee considerations were discussed both as a full Taskforce and in small groups.

Thursday, January 4 (2-4PM): Final Draft Review - Report to Mayor Megan Barry

Lentz Public Health Center, 2500 Charlotte Ave.

Wednesday, January 10 (2-4 PM): Presentation of Recommendations to Mayor Megan Barry

Metro Courthouse, One Public Square



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Taskforce Findings & Recommendations

Several themes were consistent across the subcommittee reports (See Appendix B for the full reports), including the need for dedicated funding for housing affordability and small business preservation. Early intervention was also considered to be a substantial component for successfully planning and implementing the transit improvement program. While the subcommittee reports provide a complete list of task force recommendations, these themes are impact recommendations that influence housing affordability, neighborhood preservation, and small business retention and creation.

Community Outreach and Education

For this process to be successful, the community must be engaged in advance of construction and continuously throughout the transit expansion. The community engagement must be meaningful, sustained, and have adequate human and financial resources. There must be a customized and multilayered engagement strategy for each high-capacity transit corridor.

The first step in this process is to build a team of government staff and community leadership to inventory the assets of each corridor. This must be both a quantitative inventory of existing affordable housing units and a directory of existing businesses and community groups, as well as a qualitative inventory of the capacity of community organizations to take on the 'work' and the particular challenges of each corridor and neighborhood.

Another early step must be to create a sustainable communication strategy so that all residents and businesses can have relevant, timely information for what is happening with the project as a whole and on their specific corridor. Included in this corridor-specific

communication should be a guide that outlines what resources are available for those seeking affordable housing or business assistance. As much as possible, local organizations, citizens, and small businesses should be funded and utilized to help with the corridor-specific communication.

Metropolitan Government must proactively lead conversations with other stakeholders, including residents, landlords, developers, and others, to determine how the existing housing stock and small businesses can be preserved and retained. Importantly, affordable housing must be preserved and built countywide and in proximity to the entire transit system.

Transit Oriented Development Guidance

Before development along a transit corridor begins, equitable measures and firm, fixed targets for affordable housing and local business development must be designed and defined based on up-to-date market research and data. When developing design guidelines for the corridor and especially for development of and around transit stations, essential community services (e.g., health clinics, libraries, grocery stores, employment centers, daycares) should be prioritized. This should include appropriate land use restrictions based on business type and community input.

There must be a reliable annual scorecard to measure progress toward the fixed affordable housing and business retention targets that are established before development begins on a transit corridor. The success of any development plan and the resources committed to it must be grounded in feasible performance measures. By the time this plan is fully implemented, the hope of this taskforce is that the affordable housing needs of this city

will have been fully met and that the production level will more closely meet demand.

There must be funding to acquire and 'land bank' property to be developed at a future date. Acquisition of land along or near the corridor before construction occurs will be essential for creating alternate parking during construction and to help hold property that is suitable for future development including affordable housing.

Greater Government Alignment and Resilience

As the Transit Improvement Program is implemented, Metro and the Metro Development and Housing Authority should improve their working relationship toward a more collaborative partnership with more closely-aligned resources and processes. As real estate values along high-capacity transit corridors rise, Metro must develop and adhere to standards that create affordable housing units in exchange for zoning and density entitlements.

A 'front of line' preference for permitting and Metro Codes should be considered for developers building affordable housing units.

Transit planning and development must be thoroughly integrated into the broader Metro government. For example, the transit corridors and development planned along them, when possible, should be linked to existing and planned greenways and parks. Also, transit development should be coordinated with Metro Nashville Public Schools to plan for any impact that housing development may have on school enrollment patterns.

Metro must create mechanisms so that transit policy-making and implementation will continue to improve and evolve through the full

course of the anticipated transit improvements. The current transit improvement plan will span more than a decade. Knowledge and expertise must be maintained and improved upon during this period, through findings and recommendations continue through administrations and personnel changes

Funding

A resounding recommendation from all committees was the need for a dedicated public funding source for both affordable transit-related housing and small business space development and support.

The new public funding should be an amount equivalent to at least 2% of the expected capital project costs for the Let's Move Nashville program (which is proposed to be approximately \$5.4B in 2017 uninflated dollars). This new resource should be designed so that each dollar of public funding is leveraged with other funding sources with a goal of a 3:1 leverage ratio. This is in addition to any pre-existing levels of affordable housing funding, and also in addition to any financing funded by tax increment financing (TIF).

Public funding alone will not accomplish the goals of the project. The city must involve Community Development Financial Institutions (CDFI) and other alternate sources of capital to access Federal programs such as the CDFI Bond Programs and the Capital Magnet Fund in assisting to help finance affordable housing and small business development and retention.

In addition, it is recommended that a Social Impact Fund that engages foundations, philanthropic organizations, and other socially responsible investors be created to provide access to capital for small, minority, or women-owned businesses along transit corridors, or for the development of affordable housing

or commercial space for small businesses. This would also include a technical assistance component to help businesses and developers along the transit corridors obtain low cost or preferably no cost help from existing qualified small business support partners.

If tax increment financing is to be provided within the transit-oriented development, the developer must develop affordable housing and affordable commercial/retail space. This TIF framework should be established well in advance of the transit development so that the market has the ability to incorporate this into the development pro-forma. It is recommended that, unless updated future market research and data strongly indicate otherwise, a minimum of 20% of residential development receiving public subsidy must be set aside for affordable housing. Another recommendation is to review the current administration of public incentive programs (TIF and PILOT) for best practices to maximize the impact on affordable housing and small business development, which could potentially include requiring an independent review of requests for public financing.

Private-Public Partnerships (P3s)

Private-public partnerships will be essential to the success of the project. In order to build adequate housing, private developers are essential and must have incentive-based tools that allow for market-rate returns in exchange for incorporating affordable units into the mixed income developments.

This project should be seen as an opportunity to build the capacity of community-based organizations, faith-based organizations, and small businesses, as necessary. To the fullest extent possible, affordable housing efforts should collaborate and partner with area non-profits. Also, the city has long partnered in important and critical ways with faith-based non-profits on housing issues. This should

continue. The delivery of outreach, services, and financing should be channeled through these organizations and small businesses that already have a proven track record and the trust of the community, particularly in the areas of existing housing stock preservation and small business retention.

Find a complete list of Taskforce subcommittee recommendations in Appendix B - Subcommittee Reports (3).

Appendix

Appendix A: Glossary Of Terms

Affordable Housing means housing that, on an annual basis, costs thirty percent (30%) or less than the estimated median household income for households earning sixty percent (60%) or less than the median household income for Davidson County based on the number of persons in the household, as established by Median Household Income (MHI) in the Past 12 Months by Household from the most recently available US Census Bureau American Community Survey, as defined by the state of Tennessee. For a four-person household, the maximum income would be \$44,150, based on U.S. Census Median Household Incomes by Household Size, Table B19019.

Base Zoning, unlike traditional zoning, addresses details such as the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. Form-based zoning districts are used to achieve a community vision which preserves existing character or creates new character.

Capital Magnet Fund offers competitively awarded grants to Community Development Financial Institutions to finance affordable housing solutions and community revitalization efforts that benefit low-income people and communities nationwide.

Community Development Block Grant (CDBG) is a flexible US Department of Housing (HUD) program that provides communities with resources to address a wide range of unique community development needs, including affordable housing and job creation through expansion and retention of business.

Community Development Corporation (CDC) is a nonprofit, community-based organization focused on revitalizing the areas in which it is located, typically low-income, underserved neighborhoods that have experienced significant disinvestment.

Community Development Financial Institution (CDFI) is a financial institution that provides credit and financial services to underserved markets and populations.

Community Development Financial Institution (CDFI) Bond Program is available through the US Secretary of the Treasury and makes debt available to CDFIs from the Federal Financing Bank. The loans provide long-term capital not previously available to CDFIs and inject new and substantial investment into our nation's most distressed communities.

Community Land Bank is a governmental entity or nonprofit corporation that is focused on the conversion of vacant, abandoned, and tax-delinquent properties into productive use.

Community Land Trust (CLT) is an organization whose primary purpose is the creation and stewardship of permanently affordable housing. CLTs maintain ownership of the land under a single-family or multifamily development and sell the housing units on their land to qualified homeowners. The CLT typically caps resale prices for housing on its land in order to preserve affordability for future generations of residents. Mayor Barry and the Barnes Housing Trust Fund announced the creation of Nashville's first CLT on December 19, 2017.

Cost Burden: Traditionally, a home is considered affordable when rent or mortgage costs consume no more than 30% of household income. The combined costs of housing and

transportation offer a more comprehensive view of housing affordability. When transportation costs (usually a household's second-largest expense) are added to the equation, the number of affordable neighborhoods declines.

Displacement: a pattern of neighborhood change in which current residents are involuntarily forced to move out because they can no longer afford to live in their neighborhood.

Equity refers to an ideal state in which everyone has full and equal access to opportunities and amenities, regardless of their race or ethnicity, gender, age or wealth.

Gentrification: a pattern of neighborhood change characterized by increasing property values and incomes.

General Obligation Bonds are municipal bonds of which payment of interest and principal is backed by the taxing power and credit of the issuing governmental unit.

High-Capacity Transit is a term for a variety of faster, more convenient transit services, including commuter rail, light rail, streetcar, and bus rapid transit. Let's Move Nashville proposes high-capacity transit along nine major arteries, including four Rapid Bus routes and five light-rail transit lines coming into and going out of downtown from all directions.

- **Light rail** provides urban rail service that typically operates in an exclusive right-of-way in areas of higher population and employment densities. It is operated with one- to three-car trains and is designed to serve high-volume corridors. Stops are usually spaced farther apart than those of local bus services. Cities implementing new light rail lines coordinate land use and development strategies to stimulate economic development, increase density, and improve walkability around new stations.
- **Rapid bus** corridors in Let's Move Nashville include the following key assumptions: 40- and/or 60-foot electric buses; dedicated bus lanes where feasible; level platform boarding where feasible; use of transit signal priority (TSP) in conjunction with queue jump and/or bus bypass lanes where appropriate; longer operating hours and expanded frequency of next-bus arrivals.

Housing Affordability is defined by the US Department of Housing and Urban Development (HUD) as not spending more than 30 percent of a household's income (including mortgage or rent payments and utilities).

Housing Incentive Pilot Program (HIPP) is a Metro program that incentivizes developers to include below-market-rate units in their developments.

Incentive-based Inclusionary Zoning allows incentives to be used for affordable and workforce housing units within market-based developments. See BL2016-133 and BL2016-342 (adopted September 2016) for legislation that incentivizes developers to include affordable and workforce housing units within market-rate developments. BL2016-342 also incentivizes existing rental developers to convert market-rate units to affordable/workforce housing units.

Metro's Transportation Solution/Let's Move Nashville is Metro's in-depth plan for a multi-modal system of interconnected bus, light rail, driving, biking and walking options. Metro's Transportation Solution has been in development for more than two years - beginning with the nMotion strategic planning process in 2015. nMotion was a comprehensive assessment of the entire Middle

Tennessee region that gave Nashvillians the opportunity to voice their priorities and hopes for a comprehensive transportation network. For more information, visit www.letsmoveinashville.com.

Median Household Income (MHI) is the amount divided equally between those in Davidson County who have more than that amount and those below that amount. The county's MHI is \$ 54,310.

Metro Development Housing Agency (MDHA) is Metro Nashville's Public Housing Agency focused on rental assistance programs (i.e. Section 8), public housing developments, and administrator of US Department of Housing and Urban Development's programs in Nashville, Tennessee. MDHA serves Davidson County, Nashville, Goodlettsville, Belle Meade, Berry Hill, Forest Hills, Lakewood, Oak Hill and Ridgeway.

NashvilleNext is a plan created by Nashvillians to guide how and where our community grows through 2040. On June 22, 2015, the Metro Planning Commission unanimously adopted NashvilleNext after three years of community engagement involving over 18,500 participants. NashvilleNext is a plan created by Nashvillians that will guide how and where we grow in Nashville and Davidson County through 2040. It's built on our community's goals and vision - ensuring opportunity for all, expanding accessibility, creating economic prosperity, fostering strong neighborhoods, improving education, championing the environment, and being Nashville - building on our unique strengths as a city and as Nashvillians.

NIMBY/YIMBY are acronyms for "Not in my Backyard"/ "Yes in my Backyard." Mayor Barry has focused on YIMBYism as an approach to express how important it is for neighborhoods to accept affordable housing throughout the county.

Payment in Lieu of Taxes (PILOT) can be approved as an incentive for development; in Nashville, projects involving a large capital investment and large numbers of new jobs may qualify for a property tax freeze or reduction (property in lieu of tax agreement). These requests are considered on a case-by-case basis by Metro Council and are based on an analysis of job creation, economic impact, capital investment and wage rates.

Social Impact Fund is a 501(c)(3) charitable organization that provides legal structure under which charitable programs may operate, acting as fiscal sponsor for groups waiting for IRS 501(c)(3) determination. Impact investment means using funding from various sources, including philanthropic resources, in order to achieve a social, environmental or community goal and create a financial return.

Tax Increment Financing (TIF) is an important tool for creating and preserving affordable housing, though not all states allow it. TIF funds are generated by the increase in property and/or sales tax revenues that occur within a designated TIF district once new development and other improvements have occurred. TIF funds are calculated off a baseline year and are generated by new development as well as the enhanced assessed value of existing development.

Transit Oriented Development (TOD) is a type of development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood and is usually located within a half-mile of quality public transportation.

Transit Oriented Redevelopment Districts are intended to help Metro capture and reinvest revenues along the transit corridors into affordable housing units, transit infrastructure, retail and office uses at or within walking distances of transit centers. With the use of tax increment financing (TIF), developers can receive financing through Metro administered by the Metropolitan Development and Housing Agency (MDHA) to develop affordable and workforce housing units in developments along transit corridors.

Travel Demand Management Modeling calculates the expected demand for transportation facilities or programs.

Urban Design Overlay (UDO) is a zoning tool that requires specific design standards for development in a designated area. A UDO is used to either protect the pre-existing character of the area or to create a character that would not otherwise be ensured by the development standards in the base zoning district.

Workforce Housing means housing that, on an annual basis, costs thirty percent (30%) or less than the estimated median household income for households earning more than sixty percent and not to exceed one hundred and twenty percent of the median household income (60-120% MHI) for Davidson County based on the number of persons in the household, as established by Median Household Income in the Past 12 Months by Household Size from the most recently available US Census Bureau American Community Survey, as defined by the State of Tennessee. For a four-person household, the maximum income would be \$88,301, based on U.S. Census Median Household Incomes by Household Size Table B19019.

Appendix B: Individual Subcommittee Reports

Neighborhoods and Preservation of Housing Development and Finance Small Business

NEIGHBORHOODS AND PRESERVATION OF HOUSING SUBCOMMITTEE

Lead: Bob Mendes

Introduction

This is a draft report of the Neighborhoods and Preservation of Housing Committee to the Mayor's Transit and Affordability Taskforce. In this report, we will briefly describe the housing challenges that Nashville faces. We will propose goals for how transit development should interact with neighborhoods and housing. We will identify tools that may be helpful in achieving the goals. We will identify some policies that may need to be changed to accomplish the goals.

Nashville's Challenges

There is widespread consensus that high-quality neighborhoods and housing affordability are important for Nashville. Our city's rapid growth has created new challenges for neighborhoods and housing.

In 2015, Metro adopted NashvilleNext as the general plan for Nashville & Davidson County. In NashvilleNext, we declared as a city that "Housing is a basic human need." (See NashvilleNext, at [Housing, II-179](#)) The Nashville Area Chamber of Commerce has also made "Quality of life that attracts and retains residents and workers" a top priority in its [2017 Metro government legislative agenda](#). The Chamber has recommended that Metro "[s]upport incentive-based approaches to promoting housing affordability that increase the supply of housing."

The Metro Council has supported incentive-based policies by passing an [incentive-based inclusionary housing ordinance](#) and the [housing incentive grant pilot program ordinance](#) in September 2016. Both of these laws recognize the growing shortage of affordable housing¹ in Nashville and attempt to address the challenge with market-based incentivized solutions.

Yet, the challenges remain. In May 2017, Metro issued its [Housing Report](#) which comprehensively outlined Nashville's housing challenges. In the report, Metro "...committed to targeting affordable housing resources in the neighborhoods where they are most needed." The report explained that our greatest need is for low-income and extremely low-income households:

Based on recent supply-demand gap findings cited in this report, the greatest housing need is units for low-income and extremely low-income renter households – households earning below 60 percent of median household income. (Housing Report, p. 5)

The key findings from the May 2017 Housing Report were:

- Nearly one out of four homeowners is cost-burdened, including more than three out of five low-income homeowners.

¹ In this draft report, we are most frequently using the term "affordable housing" to refer to all of low-income housing, affordable housing, and workforce housing. When we intend a distinction among these three types of housing, we use the more precise terms. Also, when we use the term "MHI," we are referring to the federal standard for median household income.

- From 2000 to 2015, there was an owner housing supply-demand gap of 3,300 units needed for households with incomes below 30% of median household income.
- Forty-four percent of renters are cost-burdened, including more than 70 percent of low-income renters.
- From 2000 to 2015, there was a renter housing supply-demand gap of over 18,000 units needed for households with incomes below 60 percent of median household income, and a 1,400 unit supply-demand gap of market-rate households.
- Over \$345M would be recirculated in the local economy, if households were paying less than 30 percent of their income on housing.
- Nashville had an estimated 2,000-unit surplus of affordable rental housing in 2000. By 2015 that surplus had become a deficit of 18,000 units.
- Without additional housing efforts, the rental housing gap could increase to as many as 31,000 by 2025.

Goals

At the time of this report, Nashville has a large and growing need for affordable housing. We propose several goals for how transit improvement projects will impact our housing needs:

Goal: The anticipated multi-decade transit improvement program cannot be allowed to erode affordable housing stock either along transit corridors or in the surrounding areas.

Goal: As each new high-capacity segment of the transit improvement program is undertaken, specific measurable targets and goals must be set for housing and neighborhoods, including at least specific goals for the number of affordable housing units to be preserved, the number of affordable housing units to be built, and sources and amounts of funding for affordable housing.

Goal: The transit improvement program must narrow the gap on Nashville's affordable housing shortage in alignment with the Housing Report supply gap analysis, as updated every approximately 3 years.

Goal: Due to the expected length of implementing the transit improvement program and our city's rapid growth, Nashville's approach to addressing housing needs must be resilient and designed for continuous improvement.

Goal: Create dedicated funding sources for affordable transit-related housing needs.

Tools

Here are some of the tools that we have identified to help address our transit and affordability goals:

1. Groundwork to lay before high-capacity transit construction begins: It is important to understand the baseline housing stock in an area before transit development begins.
 - a. Use a rental housing data clearinghouse, as well as an early warning system for properties at risk of being lost from the affordable rental market due to expiring subsidies or otherwise. (See Chicago case study.)
 - b. Full neighborhood assessment of affordable housing stock and housing-related wrap-around services before transit development begins.
 - i. This pre-transit development assessment must not be limited to just the 0.25 miles on either side of the corridor. Instead, the assessment must take into account typical neighborhood boundaries. For example, on Nolensville Road between I-440 and Thompson Lane, it would be appropriate to assess 0.25 miles or less on the west side of the road (due to nearby railroad tracks) and up to 0.50 miles or more on the east side of the road (through the Flatrock neighborhood).
 - ii. Policies should focus on identifying and preserving existing neighborhood structures. To do this, corridors should be broken up into discrete segments to be assessed. For example, Charlotte might be divided into four segments: (1) downtown at I-40 to 20th Avenue North; (2) 20th Avenue North to I-440; (3) I-440 to 40th Avenue North; and (4) 42nd Avenue North to White Bridge Road.
 - c. Very early engagement of and by neighborhood stakeholders where transit hubs or train stops are likely.
 - i. In Donelson, community groups have been laying the groundwork to improve downtown Donelson for nearly a decade.
 - ii. The fact that the community is well-organized and has previously reached consensus on the Donelson Urban Design Overlay has helped prepare the area to have Nashville's first Transit-Oriented Development (TOD) district.²
 - iii. This long-term planning and engagement is critical and must be started very early and long before any transit development is started.
 - iv. For each of the intended high capacity transit corridors, [Nashville Next identifies multiple "Tier One" centers for development](#). It is likely that transit hubs and train stations will be placed in these Tier One centers. Engagement to replicate the path Donelson has traveled over the last decade should begin very early in the process.
 - d. Build on the early work of community stakeholders to form community benefits agreements (or the equivalent) including the neighborhood, MDHA, and Metro. The scope of these

² Each TOD will be governed by a development plan. Each development plan will describe land uses and design standards that are allowed in the TOD. Each TOD development plan will have to be approved in advance by the board of MDHA and the Metro Council. Once approved, each development plan will likely be in place for 20-40 years and will be managed by MDHA. Once approved, if a property owner in a TOD seeks a zoning or land use change, the owner will need approval from MDHA and Metro Planning.

agreements should address: (1) affordable housing and related wrap-around services in the area; (2) jobs and workforce development for the area; (3) improving infrastructure in neighborhoods to interface well with the new transit infrastructure in TODs; and (4) amenities (which will likely vary by area, but many include sidewalks, greenspace connections, parking, bike lanes, or community centers).

- e. Use community land banks and community land trusts to obtain and hold property for affordable housing needs.
 - i. Markets have cycles, and the anticipated transit development is expected to take many years. Funded programs would be able to take advantage of buying opportunities along high-capacity transit corridors.
 - ii. Further examine the Seattle case study for land banking strategies that involved extensive cooperation between government, business, and private foundations.
 - iii. Metro has already approved \$25 million in general obligation bonds to assist with affordable housing needs. This funding source should work either directly to provide funding, or at least indirectly to coordinate land bank and land trust purchases.
 - iv. Metro should have a mechanism ensuring that surplus property from any Metro agency is first considered for possible use as affordable housing.
 - v. If not being used for transit infrastructure, then any property owned by a Metro agency in a TOD must be used for affordable housing (or an equivalent number of affordable housing units must be built in the immediate area if it is impracticable for housing to be built on the Metro-owned property).
- f. In advance of the anticipated May 2018 transit referendum, Metro should make a public statement committing to the timely creation of a community land bank and community land trust, describing the timeline for creating these, and describing anticipated funding levels.
- g. Create an annual scorecard describing affordable housing units gained and lost in the previous year.
- h. For projects seeking a zoning change where at least 10 housing units will be demolished, create a requirement for basic displacement impact data to be provided. For example, this might require the zoning change applicant to describe the number of housing units being demolished, the number of units to be built, and the range of anticipated rents (or sales prices) for the units to be built.

2. Private-public partnerships must be strong.

- a. We recommend two bedrock principles for private-public partnerships that supply housing along high-capacity transit corridors.
 - i. In order to build adequate housing stock in Nashville, the private market will be critical and must be able to earn a market-rate return on investments. Taken together, the tools and solutions for affordable housing must provide incentive-based encouragements for private developers to build the housing stock we need.

- ii. Real estate values along high-capacity transit corridors are likely to increase substantially (especially within 0.25 miles of the corridor but also often beyond that distance).
 - 1. In this environment, Metro must develop and adhere to standards that incentivize affordable housing units in exchange for substantially all zoning and density entitlement improvements in and around transit corridors.
 - 2. Metro also must develop and adhere to standards that incentivize affordable housing units in exchange for any tax increment financing (TIF) in a TOD.
- b. Because Metro handles zoning and planning while MDHA handles TIF, there may be separate incentive programs for each. But they absolutely must snugly fit together. One possible arrangement would be:
 - i. For zoning in or near a TOD,
 - 1. While it is a goal to encourage density along high-capacity transit corridors, base zoning and land use policy generally should be set to the lowest acceptable level of density along the high-capacity transit corridors.
 - 2. Increases in density above base zoning and land use policies should be done using a form-based code of principles that include design guidelines, target goals for affordable living (housing and business) development, and integration into surrounding neighborhoods.
 - 3. These zoning and density frameworks should be established in advance of transit development so that the market has the opportunity to build Metro's incentives into market prices.
 - 4. These zoning and density frameworks must work seamlessly with MDHA's requirements when awarding TIF.
 - ii. For TIF in a TOD,
 - 1. IF A TOD DISTRICT WILL COLLECT TAX INCREMENT ONLY FROM SPECIFIC DEVELOPED PROPERTIES: Absent extraordinary market conditions that rendered it impossible, if a developer accepts any tax increment financing in a TOD, then at least 25% of the units should be for low-income housing, affordable housing, and workforce housing (i.e., no units at greater than 120% MHI) and at least half of those units should be for 0-60% MHI housing.
 - 2. IF A TOD DISTRICT WILL COLLECT TAX INCREMENT FROM ALL PROPERTIES IN THE DISTRICT: Absent extraordinary market conditions that rendered it impossible, if tax increment is collected from all of the properties in a TOD, at least 20% of the tax increment funds should be for low-income housing, affordable housing, and workforce housing (i.e., no units at greater than 120% MHI) and at least half of those units should be for 0-60% MHI housing.
 - 3. This TIF framework should be established far in advance of transit development so that the market has the opportunity to build MDHA's incentives into market prices.

4. This TIF framework must work seamlessly with Metro's requirements when allowing greater zoning and density entitlements.
3. Create a dedicated funding source. Simply put, it is not reasonable to narrow the existing gap of low-income, affordable, and workforce housing units without a dedicated funding source. Our subcommittee considered whether to recommend a specific target amount for funding low-income, affordable, and workforce housing units. One recommendation was to establish a target goal of \$775 million in public funding. This recommendation was not adopted by the subcommittee. There were several reasons for this. One reason is that, while the \$775 million figure is believed by some to be an amount necessary to eliminate the affordable housing shortage countywide, the scope of the task force is for transit corridors and not the full county. Another reason is that the \$775 million figure is based on current data that will be outdated by the time that the bulk of the transit system is built. As this report states, the subcommittee had a strong consensus that firm, fixed goals for housing units based on current data should be established before work begins on any transit corridor.
4. Implementation
 - a. Fixed known goals. It is premature to state a minimum number of affordable units to preserve or create, but each neighborhood segment should have known total goals. It is also premature to state minimum periods of mandatory affordability. Once there is enough information, firm goals should be established. All policies and tools must work in concert to achieve these minimum numbers.
 - b. Metro and/or MDHA should improve their capacity to review and have opinions about a developer's project financial pro forma. With the large volume of projects and TIF funds, even overpaying by 1-2% would be very costly for taxpayers. The current unpredictable nature of federal tax law and low-income housing tax credit laws underscore that it will be important for Metro and MDHA to maintain fully up-to-date knowledge about what a developer needs to achieve a reasonable profit.
 - c. To the fullest extent possible, affordable housing efforts should collaborate and partner with area non-profits. Also, going back to at least Mayor Purcell's administration, the city has partnered with faith-based non-profits on housing issues.³ This should continue.
 - d. Create front-of-line preferences for permitting, zoning, and codes for developers building affordable housing units.
 - e. Maintain adequate bus service for neighborhoods adjacent to high-capacity corridors.
 - f. No investor-owned (Types 2 and 3) short-term rentals in TODs. Our subcommittee considered recommending that there also should be no owner-occupied (Type 1) short-term rentals in TODs. Our conclusion is that, so long as Metro can adequately enforce the laws for Type 1 short-term rentals to prevent abuse, owner-occupied short-term rentals may be allowed in TODs.
 - g. Coordinate with Metro Nashville Public Schools about any impact that housing development in TODs is expected to have on school enrollment patterns.

3 See Case Study: [*"Mayor Purcell and the Faith Community Confront Nashville's Housing Needs."*](#) X. Briggs, B. Coffin & B. Banks. (KSG, 2003)

5. Develop mechanisms to continuously improve Metro's process for assessing and implementing transit and affordable housing policies. In the near future, this should include representative elements of the Mayor's Transit and Affordability Task Force. As the years unfold, we will be farther into the transit development process, the national economy will change, and conditions in Nashville will change. We must be prepared to reassess our approach to these issues and update our goals and policies as necessary.

Required Policy Changes

To accomplish the goals we have identified and implement all of the tools we suggest, some policy changes or improvements should be considered, including these:

1. We recognize that MDHA has a separate and distinct governance structure that is not directly controlled by Metro. However, these separate structures pose a potential risk in policy-making and implementation. We urge a voluntary process whereby both Metro and MDHA agree to be more tightly and formally aligned regarding TOD policies, entitlements, and TIF awards. This should include at least these characteristics:
 - a. A strong county-wide policy of YIMBY-ism. Affordable housing is housing for all of us, our families, our friends, and our co-workers. Affordable housing must be preserved and built throughout the county and through the entire transit system.
 - b. No portion of the transit improvement program should be built without specific measurable affordable housing goals for units preserved and units built, as well as for the sources and amount of funds to be used for affordable housing.
 - c. For funding and building affordable housing in TODs, Metro and MDHA should seek to reduce or eliminate the current structure where there are two separate decision-making tracks - one with Metro and one with MDHA. This historical approach has worked well for MDHA's traditional role with low-income housing and MDHA's traditional role with economic redevelopment districts. However, this new role for MDHA where transit development and housing are both involved throughout the county, it is critical that its decision-making and Metro's be more tightly integrated.
2. Create dedicated funding sources for affordable housing consistent with the Goals and Tools discussed in this report.
3. Create mechanism to ensure that the Housing Report issued in May 2017 is updated by a qualified outside consultant every 3 years.
4. Create rental housing data clearinghouse and early warning system.
5. Create process for neighborhood-by-neighborhood assessment of housing affordability before any transit development begins.
6. Create process for detailed neighborhood stakeholder participation near likely transit hubs and train stations well in advance of transit development. Build template for MDHA, Metro, and neighborhood stakeholders to agree in writing in advance on community benefits.

7. Create community land trust and community land bank.
8. Create a front-of-line preference for developers building affordable units.
9. Create mechanisms to more formally engage private developers and Metro's Planning Department in forming and implementing these policies, and the other tools recommended above.
10. Build MDHA and Metro capacity to more critically analyze financial pro forma projections.
11. Create mechanisms so that policy-making and implementation will continue to improve and evolve through the full course of the anticipated transit improvements. As planned, the current transit plan will span decades. Knowledge and expertise must be maintained during this period. The government structures supporting the policies and laws related to how transit interacts with neighborhoods and housing should be created to carry over from one administration to the next, and to continue improving over many years. Our processes must be designed to be resilient and take into account the economic and demographic changes that will happen.

Committee Members:

Paulette Coleman

Jim Fraser

Patrick Green

Bob Mendes

Heather Powell

DEVELOPMENT AND FINANCE

SUBCOMMITTEE RECOMMENDATIONS

Lead: Hank Helton

Problem Statement/Challenge:

Throughout the country, one of the immediate effects local communities experience is rising property values that contribute to gentrification, including housing and small business displacement with the installation of transit and transit oriented development. The challenge is financing and building programs and developments to include opportunities for residents and businesses to not only stay in the community, but also encourage the production of new affordable housing units and small business opportunities along transit corridors and nearby neighborhoods.

Transit Oriented Development is a powerful tool for creating affordable living communities along transit corridors and near transit stations. As demand grows and development pressures increase, it is important to have equitable measures in place to ensure communities along the corridors have access to tools and policies that encourage options such as mixed-income housing opportunities, small business development, healthy food options, and community facility centers.

Goals:

1. To develop a set of recommendations focused on financing methods and development policies that will limit potential displacement and encourage affordability in ways that can minimize the burden of costs for low- and moderate-income families and create healthy, vibrant neighborhoods.
2. To create a flexible set of financing, design, and development tools to preserve and build affordable commercial and residential space.
3. Paramount is establishing a dedicated source of public revenue to fund these projects.
4. Also essential is developing a flexible working partnership with private capital and community development partners to execute the plan.
5. To revolutionize the way tax increment financing projects within transit oriented development districts are evaluated to prioritize high-quality affordable housing and affordable commercial space to incubate essential services.

Development

1. Implement a comprehensive outreach effort that results in the creation of a Community Engagement Plan and Market Analysis for impacted communities;
 - a. Outreach: Each transit corridor should be divided into smaller segments, and meetings should be convened for those segments with kick-off and recap events synthesizing the ideas and needs for each of the discrete corridor segments. The NashvilleNext process is a good model here, but the Nashville Civic Design Center might be engaged to help determine the best outreach framework and perhaps to facilitate this effort.
 - b. Market Analysis: Prior to community meetings, each transit corridor should be surveyed and analyzed to quantify socioeconomic data and real estate inventory (land use, market rents/sales prices, etc.) for properties near those corridors. Those data will be integral to the decision-making process for each affected community.
 - c. Community Needs Analysis: Successful development of the corridors will depend on the city's ability to meet the needs of families in each corridor. To understand what those needs are, a community needs analysis will need to be conducted. Where such needs analyses exist, they should be made available to the community and planners prior to any community outreach. The purpose of a community needs analysis is to gather information that will help the city understand matters such as: • Changes to the demographics of the local areas • Families' needs and preferences in relation to services • The feasibility of starting up or sustaining services and businesses and what type of services or businesses these should be, with a focus on proximity to employment centers • The prioritization of housing for families who live at or below poverty level and those who have experienced the greatest displacement in Nashville over the past three years.
2. Create Transit Oriented Districts similar to Redevelopment Districts with a focus on increased density using a form-based code of principles that includes design guidelines, target goals for affordable living (housing and business) development, and integration into surrounding neighborhoods;
 - a. Through a comprehensive transit corridor engagement effort, community residents can come together with RTA/MTA leaders, the Metro Planning Department, and others to help inform the planning process for their district. Denver's Transit Station Typology is one useful framework for this visioning process. The Livable Communities Demonstration Account grant program in Minneapolis is another helpful model that illustrates some specific design and policy objectives while also providing incentives to maximize density and affordable housing/living opportunities near transit nodes.
3. Develop a plan that includes connectivity and linkage to greenways and other alternate transit-related initiatives;
 - a. Prior to community meetings, integrate the Metro Parks Department's Plan To Play with nMotion, NashvilleNext, and the Nashville Groove (Walk Bike Nashville's bike map) to identify current or priority greenway and alternate transit linkages near transit nodes.

4. Engage nonprofit development community with for-profit developers in joint venture opportunities;
 - a. Identify an appropriate agency to gather resources, provide technical assistance, and offer potential matchmaking third-party facilitation to help nonprofit developers enter into equitable and mutually beneficial joint venture opportunities with the for-profit development community.
5. Engage workforce development partners such as Nashville Career Advancement Center, Goodwill, and the Chamber of Commerce in ways that result in smart, intentional strategies for catalytic investments pertaining to workforce development. Nashville desperately needs skilled workers and TOD strategies must consider both the quantity of and distance to all employment destinations, relative to any given corridor area. Such a focus will cause the city to better understand how corridor development can and must impact job access, employment opportunities, and availability of workers.
6. Attract transit-experienced staff to key positions in Metro Government departments (Planning, Codes, MDHA, etc.).

Finance

1. Create a dedicated source of public revenue that will be used to fund affordable housing along the transit corridors and throughout Davidson County (similar to the 1% for public art ordinance or through public referendum);
2. Develop a Social Impact Fund that engages foundations and other philanthropic organizations and individuals to provide access to capital to developers of affordable housing and low-income, minority, or women-owned businesses in communities along the transit corridors;
 - a. Impact investment means using money in order to achieve a social, environmental or community goal and create a financial return. It isn't one-size-fits-all funding - rather it's highly customized to the needs of the recipient organization.
3. Involve Community Development Financial Institutions (CDFI) utilizing funding sources such as the CDFI Bond Program (Bond Program) and the Capital Magnet Fund (CMF) in financing affordable housing and small business development;
 - a. The Bond Program offers long-term capital not previously available to CDFIs and injects new and substantial investment into our nation's most distressed communities. The CDFI Bond Guarantee Program has guaranteed \$1.1 billion in bonds to date.
 - b. CMF offers competitively awarded grants to finance affordable housing solutions and community revitalization efforts that benefit low-income people and communities nationwide. CMF can be used to finance affordable housing activities as well as related economic development activities and community service facilities. Awardees utilize financing tools such as loan loss reserves, loan funds, risk-sharing loans, and loan guarantees to produce eligible activities within five years with aggregate costs that are at least 10 times the size of the award amount.

4. Leverage public and non-profit resources with private financial institutions capital;
5. Review current administration of public incentive programs (TIF and PILOT) for best practices to maximize impact on affordable housing and small business development.

Measuring Successful Development and Financial Support

As the old adage goes, "We get what we measure." Therefore, the success of any development plan and the resources committed to it must be grounded in feasible performance measures. Local officials, developers, and community stakeholders face numerous challenges when trying to ensure that transit oriented development succeeds in simultaneously achieving transportation, land use, and social equity goals. Nevertheless, other cities such as Boston have plowed this tough soil before us. Large-scale program evaluations are currently being conducted in multiple cities across the US focused on TOD. Below are listed some of the measures these evaluators are using to keep cities focused on outcomes and transparent in the process. Without such an evaluation methodology, the temptation to keep our eye on financials only will be inviting.

Northeastern University Kitty and Michael Dukakis Center for Urban & Regional Policy (2015)

Category	Metric
Transit	Transit Accessibility Transit Connectivity Transit Use
Orientation	Transit Dependency Lower Income Affordability
Development	Walkability Residential Density Employment Accessibility

SMALL BUSINESS SUBCOMMITTEE RECOMMENDATIONS

Lead: Ashley Northington

Problem Statement/Challenge:

The businesses along Nashville's proposed light rail corridors are diverse and reflect the culture of the surrounding neighborhoods. The retention and development of these businesses before, during, and after construction is essential to maintaining the community character, providing local employment, and creating destinations for transit passengers and residents of the neighborhood.

When completed, light rail projects can provide benefits to small, locally owned businesses along the transit corridor in the form of new customers and improved streetscape improvements. However, when these lines are under construction, businesses typically suffer from a loss of business due to construction related disruptions (loss of access, loss of parking, reduced traffic flow, and poor signage). Post-construction businesses are often not prepared for the change in their customer base.

Goals:

Nashville must invest in programs not only retain small businesses during the construction phase, but to help these businesses adapt to the changing density and demographic and develop opportunities for new businesses to establish along transit corridors. The linkages between funding, technical assistance, and community outreach are vital when developing a successful transit related business retention and development program. There are six overarching goals that create the framework for tool development: effective and comprehensive outreach and communication; proximate parking assistance; construction- related access enhancement (signage and pedestrian walkways); comprehensive business technical assistance; financial assistance, and sustained multi-partner advocacy and organizing.

Tools by Goal:

Outreach & Communication

- Collect a detailed inventory of businesses, landlords and/or property owners along the affected light rail corridors well in advance of construction.
 - Also inventory community resources (nonprofits, community groups, civic/faith organizations)
- Leverage the Opportunity Now program to allow youth in affected communities to describe and map the assets, business landscape, and do inventory collection
- In the Transit Oriented Districts and hugs, identify needed essential services as well as incentives to encourage service clusters (one-stop shopping that includes mental/physical health, child care, employment centers, government t services, access to fresh healthy food).
- Establish regional/area community relations managers to speak to affected groups and provide connections to support resources. There should be a central point of contact for each corridor.

- Establish a hotline (not 24-hour line) and website to answer incoming questions and a protocol for response similar to our 311 hub system. This line is for businesses only (separate line for housing/general community)
- Create a detailed packet, by corridor, to answer most pressing questions and provide insight on how the changes will affect business owners in the area. This information should be updated regularly and redistributed.
- Provide more detailed information on the transit web site and social media to boil down the changes by corridor and to help navigate to businesses support resources.
- Create marketing communication plan to encourage businesses to move or expand along transit corridors

Parking Assistance (during construction)

- Establish a corridor-by-corridor menu of options for business owners and their employees and customers. Loss of parking due to construction or right of way should be replaced no greater than 1 block away from the business with clear signage and pedestrian access to the building. (This will be done with a ¼ mile by ¼ mile strategy. Stage parking as corridors are completed.)
- Explore travel demand management programs for employees and work with owners of proximate pay lots to provide lower-cost parking.

Access Enhancement, Signage, And Pedestrian Walkways (during construction)

- Provide free, branded signage for businesses and develop safe alternate pathways to business entrances. These should be paid for out of the transit construction budget.
- Consider developing sign design guidelines to be used by the corridor.

Technical Assistance Through Partners

- Collect a detailed inventory of qualified business support resource providers and their specific core competencies and capacity.
- Establish partnerships with a select few resource providers to offer management and technical assistance at no cost to business owners.
- Establish lease templates, free workshops on lease structure and negotiation and establish a pro-bono legal relationship for lease review.

Financial Assistance

- Establish a rental assistance program for a fixed term, under certain conditions
- Establish fund for business development and support (see technical assistance through

partners)

- Establish clear communication channel between City of Nashville and landlords and/or property owners to encourage stabilization of affordable rent.
- Pilot a private investment cooperative along a corridor where a private group can contribute funds to buy a building and rent to local businesses at reasonable rates. (see <http://www.neic.coop/> for a model)
- Align TIF with construction projects that deliver essential services to the community (day care centers, physical and mental health clinics, grocery stores, coffee shops/3rd spaces, community centers, workforce training, Metro services (business license, social service benefits, employment center, financial counseling).
- Explore utilizing Community Development Block Grant (CDBG) funding to support business development and employment growth efforts.

Sustained Multipartner Advocacy & Organizing

- Survey small business owners to solicit feedback about their concerns, excitement, needs, and wants. Build a community team to address these concerns and to transparently share information.
- Identify select resource partners (i.e. Nashville Chamber of Commerce, Pathway Women's Business Center, Nashville Business Incubation Center, Nashville Area Black Chamber of Commerce, Entrepreneur Center, etc.) who can share information with their audiences.
- Engage local Community Development Financial Institutions and Community Development Corporations to be the fiscal agents for certain programs so funding is flowing through hyper-local resources.
- Local Councilmembers should be engaged at and receive regular updates.
- As one construction phase completes there should be an analysis of what worked and what didn't so that the next phase learns from the former.
- Involve and fund nonprofit service providers, cultural organizations and other community groups to assist with sustained outreach and communication. Support their work in stabilizing the residents and businesses along the corridors.

Appendix C: Case Studies (presented by Metro Staff)

Housing Affordability

- Preservation
- Transit Oriented Development
- Transit Oriented Development Examples
- Funding Transit Oriented Development
- Private-Public Partnerships

Small Business

Housing Case Studies – Let’s Move Nashville Transit and Affordability Task Force

Preservation City Snapshots:

Case Study: Los Angeles

The Jordan Downs Urban Village Specific Plan around the 103rd Street/Watts metro station in South Los Angeles carries a no-net-loss policy for affordable units in the revitalization efforts of the Jordan Downs housing project.

‘One-for-one’ Replacement

No-net-loss and one-for-one replacement strategies are adopted by a municipality to ensure that the ultimate number of affordable units within their jurisdiction does not change over time. These policies are primarily used to safeguard against the acquisition and conversion of low-income residential units into higher-income residential units or non-residential uses. If such an acquisition and conversion does occur, the policy acts to require the developer to produce an amount of affordable units equal to those being lost to ensure they are replaced.

Case Study: Washington, D.C.

The Tenant Opportunity to Purchase Act in Washington, D.C., maintains that negotiations between landlord and tenants follow a specified format in the event that the tenant wishes to purchase their property, which varies on the nature of the property. In single-family and two-to-four-unit accommodations, the landlord must make an offer to all tenants, with a specified window of time for the tenant to make a decision from which negotiations can proceed. For properties of five or more units, such regulations do not apply.

Tenant Right-to-Purchase Laws

Tenant right-to-purchase laws ensure that before a landlord can sell a property, tenants must be given a chance to purchase their unit.

Case Study: Chicago

Preservation Compact

The Preservation Compact, an assembly of public, private, and nonprofit leaders committed to preserving affordable rental housing in the Chicago region, was formed in 2005. With the assistance of over 100 housing experts and regional community and civic leaders, a Rental Housing Action Plan was created. The goal of the plan is to preserve at least 75,000 affordable rental units in Cook County by the year 2020.

The Rental Housing Action Plan is built on the following six key initiatives:

- The creation of a Preservation Fund that will increase the flow of capital to properties at risk of being lost from the affordable rental market.
- The creation of an Interagency Council of governmental partners who are essential to preserving housing in northeastern Illinois. Creation of this Council would improve coordination and information flow toward the goal of preserving at-risk rental properties.

- The creation of a Rental Housing Data Clearinghouse, as well as an early warning system for properties at risk of being lost from the affordable rental market, whether it be from expiring subsidies or other factors.
- The creation of an Energy Savers Program geared towards decreasing energy-related operating costs for owners of affordable rental properties.
- The creation of a Chicago-area Rental Housing Alliance that would help tenants seek new ownership in at-risk properties.
- Advocacy for lowered property taxes on multi-family rental properties to bring them in line with those on single-family homes as well as reduce the burden on both owners and tenants.

Case Study: Cambridge, MA

Community Preservation Fund

The Community Preservation Act (CPA) was created by a state law (MGL Chapter 44B) to help cities and towns preserve the character of their community. In 2001, Cambridge residents voted to adopt the CPA, which allowed a 3% surcharge on Property Tax bills to fund affordable housing, open space, and historic preservation projects.

The Commonwealth of Massachusetts provides "matching" funds in addition to those raised locally by the surcharge. The percentage of the state "match" will vary from year to year, depending on the number of participating communities and fees paid at the Registry of Deeds. Each year, at least 10% of annual CPA revenues shall be spent or set aside for later spending on open space, historic preservation and community housing. The remaining percentage can be used towards any of the three funding categories.

Through 2017, \$167.75 million has been allocated for Cambridge CPA projects, including \$134.2 million for affordable housing initiatives, \$16.775 million for historical preservation projects and \$16.775 million for open space projects. To date, the City has received \$48 million in state matching funds, \$99 million from local surcharges and \$19 million from the CPA fund balance.

The Community Preservation Act (CPA) funds for affordable housing are allocated to the Cambridge Affordable Housing Trust and are used by the Trust to preserve or create affordable housing through financing:

- Preservation of affordable housing with expiring use restrictions
- Acquisition of existing buildings
- New construction and conversion of commercial, industrial and other non-residential buildings
- First-Time Home Buyer's Financial Assistance programs
- Revitalization of state-assisted Public Housing

Transit Oriented Development – City Snapshots

Oakland, CA:

- 88% increase in the median price of a single-family home from 2012 to 2014
- Impact fee of \$20,000; at \$28,000 developers built affordable units
- 15% of development in redevelopment project areas must be affordable
- 3,000 vacant residential lots
- Developed 3,697 affordable housing units from 2007 to 2014; 25% of development goals

Pittsburgh, PA:

- 10% of all housing in developments of 20 units or larger must be affordable
- Limited equity cooperative for tenant retention
- First source hiring in local communities
- Build first initiatives or onsite relocation prior to resident displacement

Minneapolis, MN:

- \$4.2 billion invested in residential and commercial development since Green Line
- 3,573 affordable housing units built since 2011; 80% of 10-year development goals
- 1 in 5 new units at or below 60% AMI; 1 in 12 new units below 30% AMI
- Inclusionary zoning efforts, 18% of workforce for transit construction were local minority residents

Denver, CO:

- \$20 million invested in affordable housing fund for current and future transit corridors
- Private-public partnerships with city, CDFIs, developers, and community organizations
- 1,100 affordable housing units built since 2016

Chicago, IL:

- The Loan Fund is currently a \$6 million and growing fund offering two products to finance predevelopment and acquisition strategies within one half-mile of Metra or South Shore stations and high-frequency bus routes:
 - Predevelopment loans up to \$3,000,000, with an interest rate of 3 percent, and a term of up to 3 years.
 - Acquisition loans up to \$3,000,000 with options for variable and fixed interest rates, and a term of up to 5 years.
- Los Angeles, CA also provided a predevelopment/acquisition fund

Example of TOD Programming/Guidelines:

State of Oregon Transit-Oriented Development Program

The core program activity is providing funding to stimulate private development of higher-density and mixed-use projects near transit. In addition, the program invests in "urban living infrastructure" like grocery stores and other amenities, and provides technical assistance to communities and developers.

Metro Oregon also acquires and owns [properties](#) in transit-served areas and solicits proposals from qualified developers to create transit-oriented communities in these places.

Eligibility Criteria:

1. **Site control** – Must meet all of the following:
 - The applicant must be a public entity or a willing and capable developer with site control or the ability to establish site control.
 - The TOD development must be privately owned and operated.
2. **Connection to transit** - Must meet one of the following:
 - Station communities Properties must have a functional pedestrian connection between the site and existing or planned rail stations, generally less than 1/2 mile.
 - Frequent bus and streetcar Properties must have a functional pedestrian connection between the site and the transit corridor, generally less than 1/4 mile.
 - Urban centers Properties must be within the boundary of an urban center, have a functional pedestrian connection to the main street or commercial core, and be within an eligible TOD typology place type.
3. **Eligible TOD typology areas** - Must meet one of the following:
 - Catalytic project investments and site improvements are eligible in Catalyze and Connect areas and may be considered conditionally in Plan and Partner areas.
 - Catalytic Plus project investments are eligible in Infill and Enhance and Catalyze and Connect areas and may be considered conditionally in Plan and Partner areas.
 - Housing Choice project investments may be considered conditionally in Infill and Enhance, Catalyze and Connect and Plan and Partner areas.
4. **Transportation and environmental benefits** – Must meet all of the following
 - The project development program will generate additional transit trips as a result of more intensive use of the site compared to what would occur without public participation in the proposed project.
 - The project development program is expected to reduce regional Vehicle Miles Traveled compared to what would occur without public participation in the proposed project.
 - The site plan and building design enhance the pedestrian and bicyclist experience and make the pedestrian realm more visually attractive, active, vibrant and safe.
 - The development has the lowest reasonable parking ratio.
5. **Land use efficiency** - Must meet all of the following:
 - The development has the highest reasonable floor area ratio.
 - The development has the highest reasonable site coverage ratio.

6. **Financial need** - Must meet all of the following

- The project has cost premiums related to higher density, urban infill, or vertically integrated mixed use development.
- There are not adequate local, state, or federal resources or incentives available to close the financing gap without Metro participation.
- Metro funding shall not exceed the minimum amount necessary for the project to move forward and be constructed.

7. **Cost effectiveness** – Must meet all of the following:

- Metro Oregon funding will leverage significant private investment.
- Cost per induced transit rider is reasonable relative to other development project investments.
- Metro Oregon's program, legal and other administrative costs are reasonably proportionate to the TOD Program development investment in the project.
- Upon stabilization, the project is expected to be financially feasible and successful in the market.

Project Profiles – Oregon

Acadia Gardens ([Project Profile](#))

8370 SE Causey Ave.

- Budget: \$10.6 million
- TOD program funding: \$60,000
- Metrics: .83 acres, 41 affordable rental units (60%AMI), 675 sf of office space

Private partners: Developer – Geller Silvis & Associates/Architects – Sera Architects/Contractors – RJD Inc./Leasing – Guardian Real Estate Services



3rd Central ([project profile](#))

255 NW 3rd St. Gresham

- Budget: \$6.1 million
- TOD Program Funding: \$345,000
- Metrics: .65 acres, 34 apartments, 5,450 sf of retail

Private Partners:

Developer – Tokola Properties
Architects – PF Architecture
Contract – Tokola Properties
Construction financing – Northwest Commercial Funding and US Bank



Transit Oriented Development Process: Austin, TX

Phase 1

TOD Districts are broken down incrementally in scale beginning at a regional level to establish location and locally to address surrounding communities and abutting neighborhoods.

Phase 2

In Phase 2, a Station Area Plan (SAP) is created to provide a vision and plan tailored to the specific context in and around each TOD. Building on the District Profile and Category Zones established in Phase I, the SAP addresses appropriate land use strategies, urban design standards, zoning recommendations, and implementation strategies to realize the vision. The SAPs are oriented toward the future, but are based in reality. The SAP takes into account what is financially feasible and responsive to citywide goals and market forces, while still being reflective of the vision of the TOD and its principles.

To promote the development of affordable units in TOD areas, the TOD Ordinance and TOD Housing Resolution include a goal that 25% of the new housing units in each TOD area should be affordable. The overall affordability goal is as follows:

- Affordable owner-occupied units should be occupied by households with incomes at or below 80% of Median Family Income (MFI) as defined by the U.S. Department of Housing and Urban Development, and
- Affordable rental units should be occupied by households at or below 60% MFI.

M Station ([Austin Project Page](#))

2906 E. MLK St., Austin TX, 78702

- 2 million awarded
- 150 housing units; 15 affordable housing units at 30% median family income or less, 75 affordable units at 50% median family income or less.



Cardinal Point Apartments

11011 Four Points Drive, Austin TX 78726

- Budget: \$19,976,008
- Requested Funding: \$2,575,000
- Financed at 9.4% of the project with LIHTC.



Plaza Saltillo ([plan](#))



- 10-acre site, 110,000 sf of retail.
- 800 units, 18% affordable.
- \$660,000 in fee-in-lieu payment fees.

Funding Transit Oriented Development (City funded programming)

Transit-Oriented Development Grants: Minneapolis, MN

The Council's TOD grants (LCA-TOD) promote moderate to high density development projects located within walking distance of a major transit stop that typically include a mix of uses such as housing, jobs, restaurants, shops, and entertainment. LCA-TOD grants allow applicants to apply for funding from the [Livable Communities Demonstration Account \(LCDA\)](#) and Tax Base Revitalization Account (TBRA) in the same application, which helps to reduce uncertainty and expedite TOD projects.

Eligibility Criteria:

Located within a LCA-TOD-Eligible Area within one-half mile of LRT, BRT, commuter rail, or high-frequency express bus stations that are currently operational or will be operational by 2020. Projects within one-quarter mile of high frequency local bus routes are also eligible.

Lake Street Station ([development guide](#))

Developer: Wellington Management
Budget: \$11,500,000
Public Investment: \$1,484,000,
\$1,034,000 TOD grant
Metrics: .85-acre lot; 64 affordable
units, 5,700 sf of retail



38th Street Station

- Developer: Lander Group
- Budget: \$30 million
- Public Investment: \$1.5 million TOD grant
- Metrics: 4 acre lot; 164 units, 24 affordable; 28,000 sf of retail.



Northwest University & Dale

Approved October 2017

Budget: \$22,954,876

Public Investment: \$13,402,236, \$1.45 million TOD grant

Metrics: 61 affordable housing units, 9,000 sf of retail, 15,000 sf of office

Hamline station

108 affordable units including 14 for previously homeless, \$9 million in public investment, leveraged \$16 million in private investment, next to Hamline Station on METRO Green Line, street-level retail. \$3.5 million from Livable Communities grant (Twin Cities Metropolitan Council), received funding from Corridors of Opportunity program.

Denver Transit-Oriented Development Fund

Enterprise Community Partners, a national nonprofit, assembled the initial \$15 million in capital that allowed the Fund to begin operations in 2010, but has since evolved to \$24 million in total loan capital. City of Denver is the largest single investor, providing \$2.5 million in top loss investment. The Urban Land Conservancy committed the initial \$1.5 million equity to the Fund and leads the real estate acquisition, management, and disposition of assets for the Fund. This revolving loan fund will make capital available to purchase and hold sites for up to five years along current and future rails and high frequency bus corridors across the Denver metro region. The \$24 million investment will leverage over \$500 million in local economic development activity, serving many economically challenged neighborhoods in Metro Denver with construction and permanent job creation. The Fund will also directly benefit low-income households that on average spend 60% of their gross income on housing and transportation expenses combined. By controlling these expenses and providing access to quality, environmentally-sustainable housing, the TOD Fund will make it possible for families to build wealth and access employment and educational opportunities. It will also provide employers with access to an expanded workforce.

Urban Land Conservancy, a Denver-based nonprofit, buys property in strategic locations along future transit lines before they get too expensive in order to preserve them for affordable/mixed income housing, schools, community centers, etc. They then sell the land to developers who will build affordable housing.

Community assets: library, childcare program, arts programs, affordable space for nonprofits

- In three years, ULC was able to create/preserve 570 affordable homes

- 1,100 affordable units built since 2016
- Evans Station Lofts: ULC purchased land in 2011, used TOD fund, used EPA Brownfield funds for environment impact assessment
- Sold land to Medici Development in 2012, developed 50 workforce housing units, additional retail and commercial space, right next to Evans Station stop on the C and D lines of RTD light rail
- As of May 2016, the Fund has provided for the creation or preservation of more than 1,100 affordable homes and 100,000 square feet of community space at 13 transit-accessible properties across the region.

Denver Regional TOD Fund Partners:

Colorado Division of Housing
 Colorado Housing and Finance Authority
 Denver Foundation
 Denver Office of Economic Development
 Denver Office of Strategic Partnerships
 Enterprise Community Loan Fund, Inc.
 Enterprise Community Partners, Inc.
 FirstBank
 Ford Foundation
 Gates Family Foundation
 John D. and Catherine T. MacArthur Foundation
 Mercy Loan Fund
 Mile High Community Loan Fund
 Mile High Connects
 Rose Community Foundation
 Urban Land Conservancy
 US Bank
 Wells Fargo Bank

Yale Station ([study](#))

5301 East Yale Avenue

1.51-acre lot acquired through TOD Fund for \$1.325 million in July 2010.

Financed using 9% Low Income Housing Tax Credits.

Adjacent to the Southeast Transit Corridor.

50-unit senior affordable apartment project

3,000 sf of retail space

58 parking garages



Evans Station Lofts

2140 S. Delaware Street

- .96-acre lot acquired through TOD Fund for \$1.198 million in June 2011.
- Developer awarded \$1,045,505 in LIHTC.
- Along the Southwest Transit Corridor.
- 50 residential workforce units
7,100 sf of retail and commercial space



Walnut Street Lofts ([timeline](#))

38th Street and Walnut Street

- 1.4-acre lot acquired through TOD Fund for \$1.7 million in November 2011; 6th fund acquisition.
- Awarded 9% Low Income Housing Tax Credits to finance the \$17 million development.
- Adjacent to 38th and Blake Stop; labeled “corridor of opportunity.”
- Expected to break ground in late 2018. Same developer as Evans Station.



Private-Public Partnerships

Oakland, CA

Lion Creek Crossings, 5 phases
[6888 Lion Way, Oakland, CA 94621](#)

- Developer: Related Co.
- Budget: \$225 million
- Primary Subsidy Programs: LIHTC, HOME Investment Partnership
- Affordable Units: 567
- Transit Access: .3 miles

Sources of Funding:

Oakland Housing Authority (OHA)
OHA Long-Term Ground Lease
US Department of Housing and Urban Development –HOPE VI
Bank of America
City of Oakland

California Department of Housing and Community Development – TOD Program loan
California Housing Finance Agency
California Community Reinvestment Corporation



Acts Cyrene Apartments

9400 International Blvd, Oakland, CA 94603

- Developer: Related Co.
- Budget: \$29 million
- Primary Subsidy: Low-Income Housing Tax Credit, \$15.7 million
- Affordable Units: 59

Units will be income restricted for tenants earning 30 percent to 50 percent of the area median income. They include 18 one-bedroom units, 23 two-bedroom units and 18 three-bedroom units. The property will also have 3,500 square feet of retail, likely for a community services tenant

Oakland will also provide \$7.7 million in funding.

Seattle, WA

Sound Transit has sold land used for construction staging/land adjacent to stations to affordable housing developers, or has had developers build on their land (public/private partnerships)

The mixed-use facility located across the street from the Othello Link light rail station provides 108 energy-efficient affordable housing units for individuals and families earning \$18,000 to \$55,000 a year. Sixty percent of the apartments offer two or three bedrooms to accommodate families. The building includes a 2,000-square foot community center for resident services, 7,500 square feet of office space for

Mercy Housing Northwest headquarters and landscaped courtyard. Secured parking for residents is also available.



Sound Transit's collaboration with Mercy Housing Northwest is its second transit-oriented development project along the agency's first light rail segment and its third affordable housing project to open in the region. The Korean Women's Association's Senior City near the Federal Way Transit Center was the first transit-oriented development built on land Sound Transit acquired for construction purposes. It opened in 2010 and provides 62 units of affordable senior housing. Artspace's Mt. Baker Lofts next to the Mt. Baker Link light rail station opened four years later; it provides 57 units of affordable artist housing and 12 commercial spaces.

Los Angeles, CA

LA County's Metro Affordable Transit Connected Housing (MATCH) program, a partnership between LA County Metro and community partners brings \$18 million for acquisition and predevelopment financing to preserve/expand affordable housing near high-quality transit. LA Metro has contributed \$9 million. The goal is to build 1,800 units on transit.

Possible improvements:

- 35% of development on LA Metro property must be low-income
- Defined incentive areas – certain radius from transit stop (radius depends on type of transit, varies for bus, rapid bus, line intersections, Metrolink, MetroRail)
- Different tiers based on amount of low-income housing in development
- Reduced parking requirements (which can often, due to the high cost of building parking spots, make affordable housing development very difficult). Transit-oriented communities may also be granted other variances regarding setbacks/yards, open space, and building height.

Westlake/McArthur Park

- 90 affordable units, 20,000 sf retail, 100 transit parking spaces, built on a Metro-owned site adjacent to Westlake/McArthur Park stop on Red/Purple Metro line.
- Example of LA Metro's joint development program, where they collaborate with qualified developers to build affordable TOD on Metro property.

915 affordable units have been built/are in progress through the joint development program.



Nashville Best Practice Research:

Transit-Related Small Business Retention & Development Funds

Overview

The linkages between funding, technical assistance, and community outreach are vital when developing a successful transit-related business retention and development program.

- Substantial funding, mostly in the form of grants, paired with deep technical assistance is required.
- Transparent communication about timelines, plans, and funding, delivered through community partnerships, must begin over a year before the start of construction..
- Continued management of the program with community partners is paramount.

Essential Reading

1. <http://www.policylink.org/sites/default/files/FINAL%20PolicyLink%20Business%20Impact%20Mitigation%20Strategies%200.pdf> (Policy Link Report)
2. <http://www.corridorsofopportunity.org/sites/default/files/CTIB%20POP%20Report%204%20Peer%20Cities%20Case%20Study.pdf> (Twin Cities Analysis)
3. https://nexusresearch.files.wordpress.com/2015/03/reubencollins_professionalpaper.pdf (Light Rail Transit Report)
4. <http://www.reconnectingamerica.org/assets/Uploads/2006LightRailMitigation.pdf> (Houston Report)

CASE STUDIES

Twin Cities, Minnesota

Overview:

- The Green Line/Central Corridor is one 11-mile-long rail line costing \$1 billion.
- Highly diverse community, ¾ of businesses have less than 10 employees, 20% African American, 18% Asian/Pacific Islander

Funding:

- \$16 million: \$10 from Met Council, \$3.5 from the cities of St. Paul and Minneapolis, \$2.5 from local philanthropy. \$4 million was dedicated to the Ready For Rail Business Support Fund administered by two local nonprofits: the Neighborhood Development Center in St. Paul and the Metro Consortium of Community Developers in Minneapolis.

Programs Funded:

- “Ready for Rail Forgivable Loan” up to \$20,000 per business along the rail line for businesses that had sales of less than \$2million and could show a loss in sales due to construction. The loan is forgiven at a rate of 20% per year for 5 years.

Governance/Outreach:

- Business technical assistance/outreach identified as key factors of success. Each business required roughly 80 hours of support in financial record-keeping, one-on-one assistance. Initial estimates had pegged the individualized attention at 14 hrs/business.
- Business Resource Collaborative (BRC) consisted of business, nonprofit, and regional government leaders
- Outreach started over a year before construction began
- U7 (University Avenue Business Preparation Collaborative); long history in area, deep local relationships; performed outreach & targeted technical assistance

Outcomes:

- Community Liaisons (public employees) were not as effective as working through community partners
- *Business technical assistance/outreach identified as key factors of success.* Each business required roughly 80 hours of support in financial record-keeping, one-on-one assistance. Initial estimates had pegged the individualized attention at 14 hrs/business.
 - Specific support types: (1) support with accounting and filing taxes, practices that both made the business stronger in the long run and made it easier for them to apply for the Ready for Rail forgivable loan program; and (2) marketing support, particularly creating or redesigning websites, establishing the businesses’ online presence on third-party websites, collecting and using customer emails, and setting up online retail opportunities

Seattle, WA

Funding Amount/Source:

- Regional Transit Authority/ Sound Authority created a \$50 million fund for construction and long-term impacts. \$28 million for supplemental mitigation assistance, \$21million for long-term community development investments.

Programs Funded:

- Two grant programs and three loan programs (only available to businesses in the corridor). Payments for re-establishment of businesses and business interruption.
- Out of the loan programs made available, only five loans were made in total, totaling approximately \$280,000 out of \$11million available.
- Per-business support was originally capped at \$25,000 per business but was increased to \$150,000/business.
- Over \$11 million paid out to 168 businesses in total (of the 300 businesses in the corridor).

Governance/Outreach:

- Steering Committee, 10 community members, 5 government representatives, recommended creation of Rainier Valley Community Development Fund. CDF largely funded by city of Seattle through Community Development Block Grants (CDBG)
- Business outreach was done by CDF, HomeSight (CDC), and Sound Transit. No preliminary economic assessment was done.

Outcomes:

- Merchant engagement and organizing strategy resulted in the formation of a Neighborhood Association
- 85% business retention rate, 90% for those who received assistance
- Failed to adequately understand the types of support required to keep businesses operational, in particular the need for deep technical assistance. Post-project survey indicated business owners felt unsure of taking a repayable loan in uncertain times, that they did not feel the grant programs adequately covered their losses, and there was too much 'red tape' when trying to secure grant funding.

Los Angeles, CA

Link: https://media.metro.net/projects_studies/bif/images/bif_bsc_report_spring_2017.pdf

Overview:

- 4 transit lines, 8.5 miles of corridor, 500 businesses served (as of March 2017) with 300 along the Crenshaw/LAX line.

Funding:

- \$10,000,000 annually (specific to Business Interruption Funds).
- \$8,000,000 awarded to more than 200 small 'mom and pop' businesses.

Governance/Outreach:

- Metro partnered with Pacific Coast Regional Small Business Development Corporation.
- Metro staff attended more than 100 community meetings and hosted more than 40 workshops.
- A physical “Business Solutions Center” was established along a line to mitigate confusion/increase referral & follow through usage from constituents.

Outcomes:

- 89% of businesses have stayed open 12 months post-grant, 91% for 6 months post-grant.
- BSC responded to 100% of service requests within 48 business hours, resulted in 84% client approval rating for city services.
- 52% of grantees are community-anchored businesses that have been operating for more than 10 years.

ADDITIONAL CASE STUDIES

Cleveland, OH

- Utilized BRT rather than light rail (as seen in last two case studies)
- Loss of revenues during construction as high as 80%
- \$20k/business loan program; 0-2% interest in year 1, as high as 8% after
- **Public agency runs vacant property forgivable loan fund, linked to the job creation results of the investment. Has lent out \$25 million, spurred \$260 million in new development, 3300 new jobs and 2000 jobs retained.**

- Property values in corridor increased 30-100%, with \$5 billion in new investment in the corridor due to community development organizations playing strong role in attracting investment

Portland, OR

- Interstate Line is 5.8 miles long
- Construction cost of \$350,000,000
- Interstate area represents 20% of Portland's total population, but included 65% of the city's African American residents. In total, 38% of the Interstate population is represented by various minority groups
- 105 businesses along the corridor, only 1 business failed as a direct result of construction-related disruptions, 3 businesses relocated, 50 new businesses were added
- Public/Private partnership (TriMet/ Portland Development Commission + Cascadia Revolving Fund)
- Businesses that could demonstrate construction affected their revenues were eligible for low-interest loans and business consulting services
- Loans ranged from \$5,000- \$25,000 with an 8- year, 3% interest term, alongside an 'interest only' payment policy for the first year
- Cascadia provided over 800 hours of personalized technical assistance to 59 businesses
- PDC provided Storefront improvement Grant aimed towards rehab of properties; 18 businesses utilized
- Workshops, personal mentors, considerable number of community meetings with relevant agencies, 12 seasonal newsletters
- Sponsored special media and events along corridor to promote businesses along corridor
- **Hired 4 community relations staff for daily contact with businesses, 24-hour live hotline linked to appropriate personnel, construction strategy of 4 blocks at a time, 8- week-period segment completion, pedestrian/ vehicle accessways to businesses was pivotal, extensive marketing campaign on behalf of corridor businesses**

- Ann Beckland, Director of Community Affairs at TriMet, believes the most important and effective aspect of lessening the impact of construction on local business was providing the business owners “somebody to talk to” a single point of contact, to build trust, and have capacity to take action

Salt Lake City, UT

- Utah Transit Authority (UTA) utilized relatively few business impact mitigation strategies throughout the construction of the North/ South line
- University line is a 2.5-mile extension line
- Project cost of \$118,500,000; 100 businesses along University line
- 30% of businesses permanently closed during construction period
- SLC established public forum to express concerns, specifically around business disruptions
- General Contractor (GC) largely responsible for minimizing the disruption to local business
- **6 months before construction began, Community Coordination Team (CCT) composed of a 1:1 ratio of local business: local residential owners, alongside two at-large representatives appointed by stakeholder agencies**
- Contractor Incentive Program: designed by CCT, minimum level of support to mitigation measures, additional compensation made available for exceeding those goals. Hired consulting group to administer telephone surveys to residents in order to determine satisfaction with contractor efforts.
- Allocated \$300,000 for business mitigation measures: \$75,000 in coupons, radio campaign, local media ad placement for businesses, TV ads saying businesses were accessible
- SLC sponsored low-interest loan program: up to \$10,000 available for businesses with ½ block of construction; 19 loans made, 5 defaults

Phoenix, AZ

- 20 miles long, \$1,400,000,000 construction budget, 3,500 businesses along corridor
- Key mitigation strategy relies on distributing up-to-date information to business owners and receiving feedback from business owners; 24/7 live hotline

- Before construction, Business Outreach Plan was developed to inform business owners of the assistance that would be available throughout construction
- Community Advisory Boards (CAB) for each line section, provided input to rail authorities, utilized as engagement tool for feedback loop
- Signage program, discount shopping card for businesses along corridor, free printed post-cards
- Stringent loan programs went largely unutilized
- **Most popular and successful program was free signage**

Appendix D: Metro & Government Staff List

Metro/Government Staff Advisors

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Appendix E: Resources

- [*Envision Nolensville Pike II: Recommendations for Achieving Inclusive Development*](#)
- [*Let's Move Nashville: Metro's Transportation Solution*](#)
- [*NashvilleNext*](#),
- [*MTA's nMotion \(and its associated High-Capacity Transit Briefing Book\)*](#),
- [*Moving the Music City \(Mayor Megan Barry's Three-Year Transportation Action Agenda\)*](#),
- [*Housing Nashville: Nashville & Davidson County's Housing Report*](#)
- [*Economic Inclusion Advisory Committee Report*](#)