

Capacity Building Issue Brief Implementation Team

When your organization received technical assistance (TA) or a grant from the federal Partnership for Sustainable Communities through EPA or HUD, it became eligible to participate in capacity building services. These services will help you gain access to technical experts and additional resources to support the successful implementation of your grant. Reconnecting America is leading the team that will focus on the implementation of planning activities. Other team members are Strategic Economics, the Center for Neighborhood Technology, Enterprise Community Partners, the Center for Creative Land Recycling and Kim Burnett Consulting. Team Implementation will be providing a range of targeted, collective and one-on-one activities, best practices, case studies and resources to support all Sustainable Communities grantees with implementation efforts.

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Unlocking MPO Funding Tools to Support Sustainability

Introduction

In many regions, metropolitan planning organizations (MPOs) are emerging as important partners to help local communities further sustainability, whether through the availability of funding for competitive grant programs or the implementation of sustainability plans. MPOs play a critical role in regional transportation planning and provide resources to support corridor and local planning at transit stations. With their regional focus, MPOs can set the table for addressing issues that cross jurisdictional boundaries. In addition, despite the many differences that exist between MPOs across the country, all have responsibility for annually programming millions of dollars in federal transportation funds. This authority provides an opportunity to engage MPOs as partners in planning, pre-development, and capital support and to better understand the role they can play in implementing equitable transit-oriented development (TOD).

Federal surface transportation programs provide funding and planning authority to support equitable TOD, bicycle and pedestrian investments, and other plans and capital investments to create safe, complete streets and integrated transportation systems that support regional environmental and housing needs. This issue brief pulls from a forthcoming publication by MZ Strategies, LLC for Enterprise Community Partners and Mile High Connects, through funding from the Ford Foundation, to examine the potential for current federal transportation programs to provide equitable TOD financing. It also includes research from a Summary of National Best Practices on Competitive Grant Funds prepared for the Transportation For America/Rockefeller MAP-21 Implementation grantees by Reconnecting America.

Using Federal Funds to Support Equitable TOD

TOD provides critically-needed public transit options for low-income residents to affordably access employment, education, and health care. Equitable TOD refers to livable, mixed-use neighborhoods near transit, providing housing for all income levels. A growing number of Americans seek to live in walkable, mixed-use, transit-accessible neighborhoods, increasing land values in areas with already limited supply of developments close to transit. A shortage of equitable TOD profoundly affects the poor, who increasingly live in transit-inaccessible communities and face a higher transportation cost-burden than city residents with greater transit service.

Building equitable TOD requires funding for planning and pre-development activities, including land assembly and site remediation, and funding for infrastructure, transit, and development costs. While the need for equitable TOD is increasing, available federal funds have experienced dramatic cuts in both transit and housing. Not only is the main source of federal transportation funding, the gas tax, rapidly declining in buying power; in many states, non-highway projects cannot utilize these funds. The current federal surface transportation statute, “Moving Ahead for Progress in the 21st Century” (Public Law 112-141, commonly referred to as MAP-21), maintains previous transportation funding levels and amends the federal laws codified in United States Code 23 and 49. ⁱ Congress annually authorized approximately \$10.6 billion for transit in each of the bill’s two years, ending September 30, 2014. However, significant cuts resulting from sequestration and congressional budget battles further reduced those levels. For instance, the Capital Investment Grant program, which funds new transit lines and core capacity improvements for older transit systems, was cut by \$100 million in Fiscal Year 2013. Consequently, utilizing these funds to implement sustainability plans requires taking full advantage of existing authority, eligibility, and flexibility provided in MAP-21 while making a strong case for the *transportation benefits* of locating affordable housing and development near transit.

MAP-21 provides several funding opportunities for equitable TOD and other sustainability elements:

- Under Title 23, the new Transportation Alternatives Program provides funding for a variety of driving alternatives, including improvements to public transportation accessibility and community improvement activities.
- The Surface Transportation Program (STP) reinforces the ability for MPOs and states to transfer surface transportation funds to transit projects.
- The Congestion Mitigation and Air Quality (CMAQ) Program can fund up to three years of transit operating assistance, as well as projects reducing travel demand including TOD.
- Used in recent years for transit projects with development components, the Transportation Infrastructure Financing and Innovation Act increased significantly in MAP-21 and provides financing through credit assistance.
- The Title 49 Capital Investment Grant Program includes affordable housing evaluation measures for proposed new transit projects.
- Further, the Federal Transit Administration (FTA) March 2013 circular on joint development provides a vehicle for building equitable TOD projects in transit agency properties.

Competitive Grant Programs at MPOs

Using the federal funding opportunities described above, some MPOs formally administer livability or competitive grant programs to further local or regional goals of sustainable development and TOD. Programs such as the *Livable Centers Initiative* at the Atlanta Regional Commission or the *Transportation for Livable Communities Program (TLC)* at the Metropolitan Transportation Commission in California demonstrate instances where capital grants are offered for planning, infrastructure, or technical assistance. Competitive grant funding programs serve as an invaluable tool for MPOs looking to promote livability on a region-wide basis. By requiring eligible local level recipients to compete for funds based on programmatic standards – be they environmental, social or economic, MPOs are better able to not only create but also implement and see through regional long-term goals. This approach can push localities to take deeper interest in responding to affordable housing needs, conserving habitat and resource lands, and developing livable communities more integrated with transportation, infrastructure and land use decisions. Table 1 describes some common sustainability goals of competitive grant programs.

Table 1: Sustainability Goals

Sustainability Goals of Competitive Grant Programs	
Environmental Sustainability	<p>Programs establishing standards to incentivize growth and development in ways that minimize their impacts on the natural environment, conserve rural lands and encourages use of alternative modes of travel. This includes program criteria that: specify regional priority areas for growth and project development; reward projects that attempt to pursue sustainable development techniques such as infill development; and establish design standards reflecting the needs of pedestrians, cyclists, and public transit.</p> <p><i>Programs such the San Francisco-Bay region's Transportation for Livable Communities program and Dallas-Ft. Worth's Sustainable Development Funding Program designate target areas for growth and development based upon their locations and accessibility via transit</i></p>
Economic Sustainability	<p>Programs establishing standards seeking to create and enhance opportunities for local economic development and job creation. This includes program criteria that incentivize development in areas with high concentrations of unemployment and reward project proposals seeking to make use of public private partnerships.</p> <p><i>Lancaster's Smart Growth Transportation program specifies as a weighted criterion that proposals "encourages public-private partnerships to extend the reach of public dollars and leverage private development in designated growth areas"</i></p>
Social Sustainability	<p>Programs establishing standards seeking to incentivize redevelopment in communities that have long suffered from disinvestment as well as encourage opportunities for providing more equitable access to transit, employment, and development in these socially and economically disadvantaged areas. Specific examples include programs which require that applicant's proposals be located in areas defined as disinvestment areas and rewarding points for projects that seek to publicly engage within the communities they are planned for.</p> <p><i>Philadelphia's Transportation and Community Development Initiative designates target areas for attention and development based upon their status as an urban core or inner ring suburban community suffering from decline and disinvestment.</i></p>

Source: Reconnecting America, Summary of National Best Practices on Competitive Grant Funds, Fall 2013.

Creating Innovative and Flexible Federal Funding Sources

In general, competitive grant programs use federal funds either from the Congestion Mitigation and Air Quality (CMAQ) program or the Surface Transportation Program (STP). Funding through the CMAQ and STP sources are flexible, but only to a certain extent and often will not allow for specific types of development projects as described in Table 2. In response, some MPOs have swapped federal funds with those from local sources that allow them the ability grant funding to project types that may not explicitly fall into the realms of federal funds. In the case of North Texas Council of Governments and the Metropolitan Transit Commission, federal funds were "swapped" between the MPOs and the local transit agencies and jurisdictions, thus enabling land-banking and affordable housing projects to be funded by the programs. Additional funding sources are typically specific to the region with regard to its existing

transportation and land use policy. Some programs, including the NCTCOG *Sustainable Development Funding Program*, use regional toll road proceeds to supplement the CMAQ and STP funds. Other programs, including the Atlanta Regional Council's *Livable Centers Initiative*, may utilize municipal tax incentives and schemes, including tax allocation districts and a municipal quality of life bond program.

Table 2: STP vs. CMAQ

Funding Source	Program Purpose	Highlighted Differences
Surface Transportation Program (STP)	"The Surface Transportation Program (STP) provides flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals." ⁱⁱ	STP funds may be used to support a variety of different types of projects so long as they relate to improving the performance of mobility infrastructure.
Congestion Mitigation and Air Quality Improvement Program (CMAQ)	"The CMAQ program is continued in MAP-21 to provide a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas)." ⁱⁱⁱ	CMAQ funds may be used for transportation projects so long as the project is "...likely to contribute to the attainment or maintenance of a national ambient air quality standard, with a high level of effectiveness in reducing air pollution..."

Source: *Reconnecting America, Summary of National Best Practices on Competitive Grant Funds, Fall 2013.*

Moving Beyond MAP-21

Partnering with communities and developers, MPOs play an increasingly important role in addressing equitable TOD challenges, including how to prioritize investments that benefit low-income households and how to create greater transportation choices for all regional residents and workers. MPOs, states, advocates, and transit agencies can support equitable TOD through five policy recommendations:

1. Recognize TOD as a transportation purpose through administrative or legislative actions
2. Develop regional performance measures in support of TOD investment
3. Utilize existing MPO and state authority to flex and swap eligible program funding
4. Establish specific funding tools to support TOD planning, acquisition and implementation
5. Exercise maximum use of joint development opportunities

Achieving progress on equitable TOD implementation will require private, not-for-profit and public sector partners to work at all levels of government. The good news is progress is happening in a growing number of regions – from New York to Georgia to Texas, Minnesota and California. However, the funding complexity and high cost of providing equitable TOD will require even greater innovation, flexibility and partnership by MPOs to meet the growing market pressures occurring in metropolitan areas across the country.

RESOURCES

- Zimmerman, Mariia. “Unlocking MAP-21’s Potential to Fund Equitable Transit-Oriented Development,” (Forthcoming, Fall 2013), Enterprise Community Partners.
- Association of Metropolitan Planning Organizations: [Integrating Smart Growth Principles into Metropolitan Planning Process](#)
- Federal Highway Administration [Metropolitan Planning information](#)
- Atlanta Regional Commissions’ [Livable Centers Initiative](#)
- Broward County MPO’s [Livability Planning](#)
- Twin Cities Metropolitan Council [Livable Communities Program](#)
- “Summary of National Best Practices on Competitive Grant Funding,” (Forthcoming Fall 2013), Reconnecting America.
- Infrastructure Financing Options for Transit-Oriented Development, Environmental Protection Agency, http://www.epa.gov/smartgrowth/infra_financing.htm.
- Transit-Oriented Development in the States National Conference of State Legislatures, http://www.ncsl.org/Documents/transportation/TOD_Final.pdf.
- TOD Tools for Metropolitan Planning Organizations, Center for Transit-Oriented Development, http://reconnectingamerica.org/assets/Uploads/ctod_mpotod_final.pdf.
- 2010 Inventory of State, Regional and Local TOD Programs, Reconnecting America, http://www.reconnectingamerica.org/assets/Uploads/2010_inventory_of_tod_programs.pdf.

ⁱ The Moving Ahead for Progress in the 21st Century (MAP-21) law authorizes funding for highways and transit programs through Fiscal Year 2014. It was signed into law on July 6, 2012. Title 49 includes the transit portions of the bill, while Title 23 covers the highway portions.

ⁱⁱ FHWA “MAP-21 – Fact Sheets – Surface Transportation Program”

ⁱⁱⁱ FHWA “MAP-21 – Fact Sheets – Congestion Mitigation and Air Quality Improvement Program”