

STRATEGIES TO SUPPORT AFFORDABLE HOUSING



North Carolina Department of Transportation

May 2019

CONTENTS

Introduction.....1

 Purpose.....1

 White Paper on Affordable Housing.....1

 Affordable Housing Working Group1

Affordable Housing Defined2

 Affordable Housing Principles2

Addressing the Current Affordable Housing Crisis2

 How Did We Get Here?2

 What Can the NCDOT Do About It?.....3

Topics and Strategies.....3

 1. Directed and Prioritized Transportation Funding.....4

 1.1 Congestion Mitigation & Air Quality Funds4

 1.2 North Carolina Complete Communities Initiative5

 1.3 Statewide Affordable Transit Oriented Development Fund6

 1.4 Affordable Housing in Long Range Transportation Planning7

 1.5 Housing Performance Criteria Tied to Transit Capital Funding.....8

 2. State, Regional and Local Planning.....9

 2.1 Assess Affordable Housing in NEPA Permitting.....9

 2.2 Coordinated Transit Across Jurisdictional Boundaries 10

 2.3 Transportation Considerations in Local Housing Plans 11

 3. Transit-Oriented Development Guidance 12

 3.1 Statewide Guidance on Planning for Transit-Oriented Development..... 12

 3.2 Model Transit Oriented Development Policies 13

 4. Affordable Housing Finance and Incentives 14

 4.1 Leverage Low Income Housing Tax Credit Program and other Affordable Housing Resources..... 14

 4.2 Leverage Local Affordable Housing Trust Funds and other Housing Finance Programs..... 15

 5. Public-Private Partnerships and Multi-Sector Approaches to Development 16

 5.1 Surplus Right-of-Way Repurposing Program..... 16

 5.2 Leverage Qualified Opportunity Fund Investments in Opportunity Zones..... 17

End Notes 18

INTRODUCTION

PURPOSE

The purpose of this document is to present a complete and impactful set of transportation-related policies, processes and investment priorities to support affordable housing. This work is based on the findings of the Affordable Housing Working Group that was convened in 2018 by the North Carolina Department of Transportation. This group was convened with the recognition of the link between transportation investment, access to economic opportunity, and the market for housing.

In the state's most urbanized areas, major transit investments have shown the tendency to raise housing values and rents after completed. In the state's larger cities, housing market forces have driven rents higher in places served by transit. In smaller cities and rural areas, lower income residents often struggle with finding affordable housing that also has access to transit and convenient access to employment, goods and services. In addition to the opportunity to better coordinate land use and transportation to try to address these issues, NCDOT also saw the need to better coordinate transportation investment with affordable housing made possible through Low Income Housing Tax Credits and other financial mechanisms that form public-private partnerships in providing housing. It is with this context in mind that the Working Group identified the strategies found in this report.

WHITE PAPER ON AFFORDABLE HOUSING

At the time the Affordable Housing Ad Hoc Working Group was convened, NCDOT published *'Transit and Affordable Housing in North Carolina'*¹. This report assessed the current state of the practice for affordable housing in North Carolina and other parts of the country. The document detailed the spatial, economic and policy-related issues that affect the supply of affordable housing. Researchers completed an audit of practices in Asheville, Charlotte, Chapel Hill, Durham, Fayetteville, Greensboro, Raleigh, Wilmington and Winston-Salem. The report included analysis of existing affordable housing projects and their relative access to transit service. Recommendations and next steps from that report inform the strategies identified in this document.

AFFORDABLE HOUSING WORKING GROUP

The Affordable Housing Working Group was formed to assist in the identification of strategies NCDOT could pursue to support the provision of affordable housing in North Carolina. The Working Group held 6 meetings from June 2018 to February 2019. Meetings included setting the context and defining the problem and discussion between transportation industry and housing industry representatives about existing programs and funding mechanisms in order to identify areas where coordinated effort was possible. After assessing the findings of the initial meetings, the Working Group formed a set of strategies that was vetted and prioritized. The findings of the Working Group led to the strategies and actions included in this document.

Working Group Participating Entities:

Town of Chapel Hill
City of Charlotte
Charlotte Area Transit System
City of Durham
GoTriangle
City of Greensboro
Laurel Street
North Carolina Housing Finance Agency
City of Raleigh

AFFORDABLE HOUSING DEFINED

The most commonly used standard for affordable housing is housing costs as a percentage of household income, often set at a threshold of 30%. Those paying more than that percentage a month for housing are considered “cost-burdened.” While households within any income range can be cost-burdened by this definition, it is the low and very low-income households (i.e. the lowest 40% of households in terms of income level) that find cost-burden an intractable problem. Most of the attention in public policy and debate is focused on the lowest income households. However, middle-income households (i.e. those within 40% and 60% of the median) can also have high rates of cost-burden. This middle-income group can benefit from some affordable housing programs, but not all.

AFFORDABLE HOUSING PRINCIPLES

This work is focused on transportation-related affordable housing issues. It is not the goal of this effort to set a quantifiable standard of affordable housing or strictly define it. Not only is it a complicated set of relationships, affordable housing can and should take on different meanings in different contexts around the state.

The following defining characteristics should be taken as principles sought by NCDOT:

- Transportation options should support location efficient, affordable housing relative to jobs, services and community assets;
- Preservation of neighborhood affordability and inclusiveness where transportation infrastructure investments influence rapid change and redevelopment;
- Complete communities throughout the state where people of all incomes, age and household size have a place to call home; and
- Adequate, quality housing that does not cost-burden households.

It is with these principles in mind that the recommended strategies of this work were formed.

ADDRESSING THE CURRENT AFFORDABLE HOUSING CRISIS

HOW DID WE GET HERE?

The idea that everyone in society is entitled to adequate, safe and sanitary housing is a modern concept. That ideal has taken hold over a century that witnessed an astounding amount of societal, economic, technological and physical change. In the twentieth century, the United States went from car-free to car-centric; public housing policy incentivized the suburbs and created a need for redevelopment of low-income urban areas on a massive scale. The factors to consider in addressing the current affordable housing crisis include:

- Long term trends of low wage growth, especially among low-income populations
- Increases in rent and housing prices that have outpaced wage growth
- Increases in the cost of construction and land development, including costs of securing land development rights and meeting regulations
- Maturing and evolving regions driving infill development and the breakdown of naturally occurring affordable housing
- Transportation funding decisions that limit the density and types of housing that can be supported by the transportation network
- Limitations of local zoning and land development regulations
- Expansion of credit, credit cycle and national monetary policy

- Neighborhood disinvestment, deferred maintenance and housing obsolescence
- Influx of investors into the residential real estate market
- Changes in public policy and funding relative to housing
- Economic shifts and interstate migration
- Household formation and demographic factors

WHAT CAN THE NCDOT DO ABOUT IT?

NCDOT is not in the business of building affordable housing, but there are several areas of influence where the Department's investments and actions impact the market for and provision of affordable housing.

These include:

- Coordination of public decisions, including involving groups that have not traditionally played a direct role.
- Commitment to ensuring major investments do not diminish the ability to supply and maintain affordable housing.
- Identification of resources, including land and financing, at the state, regional and local levels.
- Creation of new policies, programs and projects that create or incentivize affordable housing.
- Inclusion of land access and land use considerations more thoroughly as we plan, fund and design the transportation system.
- Provision of more complete information on the relationship between transportation investment and affordable housing.

TOPICS AND STRATEGIES

The remainder of this report focuses on resources and best practices for coordinating affordable housing initiatives across state agencies, within regions and in local initiatives. The emphasis is on areas where NCDOT can take a leadership role or act in partnership with other agencies. There are areas where coordinated efforts among agencies are needed in order to make the strategy work effectively. The strategies are organized into the following categories:

- Directed and Prioritized Transportation Funding
- State, Regional and Local Planning
- Transit Oriented Development Guidance
- Affordable Housing Finance and Incentives
- Public-Private Partnerships and Multi-Sector Approaches to Development

Each topic area includes strategies described in detail. The descriptions include the utility and application of the strategy, identification of lead and partner agencies, the context of the strategy within existing policies, and next steps to activate the strategy.

1. DIRECTED AND PRIORITIZED TRANSPORTATION FUNDING

1.1 CONGESTION MITIGATION & AIR QUALITY FUNDS

Utility: Applying Congestion Mitigation & Air Quality (CMAQ) funds to local network improvements can write down the cost of housing development whether those funds are used to support multi-modal improvements otherwise born by the housing development project or not.

Application: This funding can be used to pay for any surface transportation improvements that reduce vehicle emissions. Transit, pedestrian facilities, bicycle facilities and improvements that reduce vehicle congestion all qualify. Funds are administered by NCDOT and some Metropolitan Planning Organizations. The funding is only available in air quality nonattainment and maintenance areas. Reduction in vehicle emissions must be demonstrated to use the funds. Program policy could be revised to allow developers to submit joint funding applications with transit agencies, local governments or qualifying entities to support affordable housing projects.

Lead: North Carolina Department of Transportation, Metropolitan Planning Organizations

Partners: Transit agencies, local governments

Policy Context: Use of funds are limited to air quality non-attainment and maintenance areas. Investments must be in transportation and result in quantifiable emissions reduction.

Next Steps:

- Establish NCDOT policy directive to allow CMAQ funds to support affordable housing.
- Create criteria and procedural guidance that:
 - Resolves timing and availability of funds.
 - Prioritizes transit adjacency and multi-modal network need in selection process.
 - Synchronizes awards with low income housing tax credit award cycle.
 - Incentivizes use of affordable housing trust funds and other local funds in affordable housing deals.
- Establish methodology to quantify air quality benefits. This might include creating:
 - Guidance for completing analysis relative to affordable housing development projects.
 - Direct assistance in completing analysis on a project-by-project basis.
 - Pre-qualification of projects within certain parts of the state by demonstrating gaps in affordable housing relative to jobs.

Case Study: Denver

Through a CMAQ grant, an Affordable Housing Multi-Modal Toolkit was created for Denver, Colorado. The toolkit included providing discounted transit passes, access to car share and bike share to residents of select affordable housing developments.



Image credit: <http://www.rtd-denver.com/HowToRide.shtml>

1.2 NORTH CAROLINA COMPLETE COMMUNITIES INITIATIVE

Utility: Program would identify and effectively implement multimodal transportation projects that support affordable housing in transit-supported areas. Studies would include assessment of housing need and document where new housing is appropriate. Program would result in better coordinated land use and transportation decisions, new affordable housing policies and strategies at the local level, and changes in land use and land development regulations.

Application: This program would provide planning and implementation funds. Completed studies would qualify communities to compete for funding set asides.

Lead: North Carolina Department of Transportation, Metropolitan Planning Organizations and Rural Planning Organizations

Partners: Local governments

Policy Context: Applicable to traditional and new activity centers. Appropriate for all contexts. Plans would link transportation, land use and housing policy. Adopting the plan and remaining in program compliance would provide access to implementation funds for participating jurisdictions.

Next Steps:

- Conduct more detailed research on program elements and outcomes of similar programs in the Atlanta Region².
- Create a program plan with potential funding strategy, management plan and clear desired outcomes.
 - Determine relationship to existing planning processes.
- Vet project concept with stakeholders
 - Determine lead agency to implement the program. This type of program can be managed by transportation planning organizations or as a statewide program. NCDOT and representatives from MPOs and RPOs should create a program concept, identify priorities and establish responsibilities for next steps.

Case Study: Atlanta Regional Commission Livable Centers

The Livable Centers Initiative (LCI) was adopted by the Atlanta Regional Commission (ARC) in 1999 with the goal to support local governments in creating highly livable and vibrant communities. The program is built on three goals: 1) access to a variety of travel modes, 2) encouraging mixed-income neighborhoods, employment, shopping and recreation options, and 3) conducting a comprehensive outreach process for all stakeholders. Since 2000, the Initiative has:

- Allocated \$8.2 million to develop 112 master plans in 17 counties throughout the region.
- Provided \$3.7 million in supplemental studies
- Awarded 63 communities a total of \$172 million for 105 transportation projects (design, right-of-way and construction)
- Resulted in numerous housing strategies being developed by local governments.



Image credit: <https://atlantaregionsplan.org/wp-content/uploads/2015/08/goal-walkability-feature-img.jpg>

1.3 STATEWIDE AFFORDABLE TRANSIT ORIENTED DEVELOPMENT FUND

Utility: Fund would supplement existing affordable housing finance programs in the state, including the North Carolina Housing Trust Fund, to ‘write down’ the cost of development. Use of the fund would be tied to recent and planned transportation infrastructure and services.

Application: Funding could be made available as grant, equity or low interest financing for affordable housing projects with access to transit multi-modal network improvements. Funding could be used for site acquisition, infrastructure or other costs that help with early phases of a project. Fund could be separate from or a set aside within existing local housing trust funds. Absent set asides for this purpose, local trust funds could establish criteria that prioritize use of funds in transit supported areas.

Lead: North Carolina Department of Transportation

Partners: Transit agencies and local governments

Policy Context: Applicable in urban areas, suburban centers and small city and rural downtowns and activity centers (e.g. hospital and health care centers, universities and community college).

Next Steps:

- Evaluate the viability of establishing this type of fund.
 - Research existing models at the state and regional level.
 - Identify existing funding sources that could be used for this purpose as an alternative to create new, separate funds.

Case Study: The North Carolina Neighborhood Revitalization Program

The North Carolina Neighborhood Revitalization Program is an example of funds that are available to non-entitlement municipalities or counties to address community development needs, primarily for low- and moderate-income residents.

One goal of the program is to promote equitable and affordable housing while expanding location options and energy-efficient housing choices that increase mobility and decrease the combined cost of housing and transportation.

The City of Greenville adopted this strategy in their downtown area. The City coupled transit-oriented and revitalization objectives to maximize how residents could benefit from a new transportation hub.



Image credit:

<https://hiveminer.com/Taqs/greenville%2Cpublic>

1.4 AFFORDABLE HOUSING IN LONG RANGE TRANSPORTATION PLANNING

Utility: Identify and prioritize transportation improvements based in part on providing access to affordable housing. Link new transportation facilities and services to areas with affordable housing, or where new affordable housing can be accommodated.

Application: Prioritization methods used in selecting transportation projects would include affordable housing factors with an emphasis on existing and planned affordable housing stock. This work can build on established methods in evaluating plans for environmental justice concerns. Long range transportation planning processes can include performance measures and criteria for planned changes to or expansion of transit systems.

Lead: Metropolitan Planning Organizations, North Carolina Department of Transportation

Partners: Local governments and transit agencies

Policy Context: Most appropriate for Urban areas. Builds on existing local housing plans and inform them. Relies on participation of housing and community development professionals in the transportation planning process.

Next Steps:

- Include affordable housing data in forecasting to assessing the need for new transportation facilities and services.
- Identify existing Environmental Justice analyses in the long-range transportation planning process to understand what practices can be translated or enhanced to address affordable housing.
- Develop processes to augment current practices used to identify and analyze affordable housing issues.
 - Measure equitable distribution of transportation investments as part of environmental justice analysis and mitigation strategies.
 - Identify potential indirect effects on affordable housing due to large transportation projects.
- Identify an MPO to pilot analysis in in an upcoming major update to a Long-Range Transportation Plan (LRTP).

Case Study: New Jersey

Transit Oriented Development is strongly supported by the North Jersey Transportation Planning Authority. This commitment is demonstrated in the Planning for Emerging Centers Program that utilizes the 'village' concept exemplified by the Gateway Transit Village in New Brunswick.

This development includes 44,000 square feet of retail, 12,500 square feet of office space, 42 condominiums and 150 residential rental units. As a result of policies promoted by NJTPA, twenty percent of the residential units are designated as affordable housing. The building will have a direct connection to the New Brunswick Train Station.



Image credit: <http://devco.org/page/18/gateway-transit-village>

1.5 HOUSING PERFORMANCE CRITERIA TIED TO TRANSIT CAPITAL FUNDING

Utility: Using performance measures related to affordable housing with ties to funding availability would ensure housing goals are considered as major transit facilities and services are constructed or extended.

Application: The intent is to ensure a critical mass of new development and affordable housing was implemented as transit service is deployed and stations developed. This would be in the form of agreements between local governments, transit agencies and funding agencies. For example, prior to making investments in transportation infrastructure that changes the local housing market (e.g. light rail), local governments and transit agencies would agree to density, design and affordability factors prior to and after a major transportation investment is made. This could be codified in local zoning and land development regulations, station area plans or TOD policies.

Transit agencies would take a leadership role in negotiating these types of arrangements. NCDOT's role would come in projects where the state has a significant investment in a project. The goal is to ensure the investment in infrastructure is capitalized on by local development. These agreements can ensure project stakeholders stay committed to a project over its lifetime – from concept to financing through implementation.

Lead: North Carolina Department of Transportation, transit agencies

Partners: Local governments

Policy Context: Applicable to large transit investments where NCDOT is a financial partner. Performance criteria are applicable in Small City and Rural transit projects relative to serving affordable housing and essential services.

Next Steps:

- Identify the types of projects where this type of approach might apply.
- Develop a policy mechanism to establish criteria and desired affordable housing goals within:
 - Local transit plans
 - Statewide transit-oriented development guidance
 - Long Range Transportation Plans
 - Complete Communities Initiative

Case Study: San Francisco

The Bay Area Transit-Oriented Affordable Housing (TOAH) Fund has launched an initiative to promote equitable transit-oriented development across the nine-county San Francisco Bay Area. The initiative provides financing for the development of affordable housing, community services, food markets and other neighborhood assets near transit lines throughout the Bay Area.

The fund is sponsored by the Great Communities Collaborative and seeded with investment funds from the Metropolitan Transportation Commission. TOAH loans are originated by a consortium of community development financial institutions: the Low Income Investment Fund, Corporation for Supportive Housing, Enterprise Community Loan Fund, Local Initiatives Support Corporation and Northern California Community Loan Fund.



Image credit: <https://www.isyourhome.com/hayward-village-senior-apartments-hayward-ca/gallery>

2. STATE, REGIONAL AND LOCAL PLANNING

2.1 ASSESS AFFORDABLE HOUSING IN NEPA PERMITTING

Utility: Augmented project planning processes would identify potential impacts on affordable housing, affordable housing needs and opportunities for mitigation within a project corridor.

Application: Analysis of affordable housing issues during National Environmental Policy Act (NEPA) environmental analysis and environmental permitting step of transportation project development would inform selection of project alternatives and mitigation strategies for NCDOT implementation. Findings could also be used to support local affordable housing policy initiatives.

Lead: North Carolina Department of Transportation, transit agencies

Partners: Local governments; housing agencies; transit agencies

Policy Context: Applicable in all contexts. Established federal policy allows for some flexibility in the way states approach NEPA planning and permitting.

Next Steps:

- Identify the types of transportation projects and level of review that would trigger an affordable housing assessment in project development.
- Create a consistent analytical process to identify direct and indirect effects of proposed transportation projects on affordable housing that can include:
 - Considerations for when affordable housing is included in a project.
 - Considerations for impacts to neighborhood affordability, including when transit planned.
- Create guidance for considering affordable housing issues in the evaluation of transportation project alternatives and recommending mitigation strategies.

2.2 COORDINATED TRANSIT ACROSS JURISDICTIONAL BOUNDARIES

Utility: Initiatives in regions of the state to identify existing and planned affordable housing not adequately served by transit systems and establish methods to close the access gap.

Application: The lead agency could be any state, regional or consortium of local agencies concerned with regional travel. The lead would initiate an inter-jurisdictional study to identify populations that would benefit from expanded transit service – without regard to jurisdictional boundaries. Studies would be an opportunity to vet approaches to coordinated regional service or consolidate systems.

Lead: Transit agencies, Metropolitan Planning Organizations, Rural Planning Organizations, Councils of Governments, North Carolina Department of Transportation

Partners: Local governments

Policy Context: The North Carolina Statewide Public Transportation Strategic Plan identifies regions where the issue of cross-jurisdictional service is most pronounced. The Asheville, Charlotte, Fayetteville, Piedmont Triad, Triangle and Wilmington areas were noted. The Plan identified travel markets for regional transit that warrant further study.

Next Steps:

- Incorporate considerations in regional and statewide commuter plans.
 - Evaluate and test models for coordinated regional service, include service with state participation in planning and/or management.
 - Create methodology for analyzing the commute shed by region.
 - Create methodology for analyzing the benefits of select commuter lines in existing and planned areas of affordable housing.
 - Include affordable housing access considerations in regional transit planning efforts.

Case Study: GoTriangle

An example of coordinated transit across jurisdictional lines is GoTriangle, providing fixed-route bus, paratransit, and vanpool services. These regional services help thousands of Triangle residents and visitors connect with major activity and job centers in Wake, Durham, and Orange Counties. The agency is planning a commuter rail connection between Wake County communities, Raleigh and Durham.



Image credit: <http://citybeautiful21.com/category/usa->

2.3 TRANSPORTATION CONSIDERATIONS IN LOCAL HOUSING PLANS

Utility: Local housing plans document needs for affordable housing, prioritize policy and financing strategies and identify areas where new affordable housing can be located. Greater emphasis and coordination on transportation and access in planning for affordable housing at the local level would optimize locational decisions for affordable housing relative to existing and planned transportation infrastructure.

Application: Local housing plans detail the need for affordable housing within a select area. Plans typically recommend policies and strategies that affect land development practices and increase the provision of affordable housing. Plans would incorporate an analysis of access and proximity to existing and planned transportation alternatives. Engaging local transit agency representatives, regional transportation planners and NCDOT staff during the local housing plan process would allow planned transportation infrastructure and transit service improvements to be accounted for in the analysis and prioritization of locations for affordable housing.

Lead: North Carolina Department of Transportation, local governments

Partner: Transit agencies, Metropolitan Planning Organizations, Rural Planning Organizations

Policy Context: Applicable anywhere existing or new local housing plans are considered. Housing plans exist in all policy contexts.

Next Steps:

- NCDOT will research local housing plans to determine the state of practice related to access to multimodal transportation facilities and services and policies for affordable housing development.
- Assess need for guidance on best practices for integrating transportation into existing plans.
- Identify a pilot for collaborating with a local government on an integrated housing and transportation plan.
 - This could be done in conjunction with a Comprehensive Transportation Plan, a local housing plan or a Complete Communities Initiative plan.

Case Studies: Wake County, NC and Charlotte, NC

To establish incentives for maintaining adequate levels of affordable housing, the Wake County Affordable Housing Plan acknowledged that county and municipal land use policy must allow higher residential density in high opportunity areas such as those at or near current or planned transit.

<http://www.wakegov.com/humanservices/housing/Pages/Housing-Plan.aspx>

The City of Charlotte's Housing Locational Policy guides housing investment in locations near existing or planned transit services.

<https://charlottenc.gov/HNS/Housing/Strategy/Pages/Housing-Locational-Policy.aspx>



Image credit:

<https://photocharlotte.photoshelter.com/image/I0000PpLnXoBCuKQ>

3. TRANSIT-ORIENTED DEVELOPMENT GUIDANCE

3.1 STATEWIDE GUIDANCE ON PLANNING FOR TRANSIT-ORIENTED DEVELOPMENT

Utility: statewide guidance would be established to set specific standards for planning affordable housing in locations supported by transit investments. Local governments and transit agencies would make use of the guidance to evaluate locations and establish metrics for proposed development projects.

Application: Statewide guidance would set expectations for affordable housing in transit-oriented development. It would provide a framework for local government policy formation on affordable housing. The guidance could include a model ordinance, best practices and procedural guidance for planning and decision making.

Lead: North Carolina Department of Transportation

Partners: Local governments, transit agencies, Metropolitan Planning Organizations, Rural Planning Organizations

Policy Context: Applicable to large urban areas and dense core areas of small and mid-size towns.

This document would be important for establishing performance criteria for transit-oriented development, including affordable housing goals. NCDOT and others could use this document for several purposes:

- Coordination of transportation facility design with transit line and station development.
- Guidance for Complete Communities.
- Development of new local policies.
- Project prioritization.
- Identification and assessment of impacts from transportation investments in long range planning and NEPA.

Next Steps:

- Collect and review examples from other states.
- Determine purpose and need for a North Carolina specific guidance document.

Case Study: California

California created the Transit Oriented Development (TOD) Housing Program to stimulate housing that includes affordable developments near transit stations, increased public transit ridership, and reduced automobile trips. The TOD Housing Program provides financial assistance such as low interest loans for rental housing development and mortgage assistance for eligible homebuyers. Grants are available to cities, counties, and transit agencies to facilitate connections between development and transit stations.

<http://www.hcd.ca.gov/grants-funding/active-no-funding/tod.shtml>

Case Study: New Jersey

The New Jersey Department of Transportation and New Jersey Transit created a partnership called the Transit Village Initiative. This initiative creates incentives for municipalities to revitalize the area surrounding transit stations using TOD standards that focus on creating neighborhoods. Goals include bringing more housing, businesses and people into the neighborhoods around transit stations where people can live, work, and play without an automobile.

<https://www.state.nj.us/transportation/community/village/>

3.2 MODEL TRANSIT ORIENTED DEVELOPMENT POLICIES

Utility: Standard policy language and definitions for transit-oriented development would clarify the role of affordable housing in new development³ and create more consistency across jurisdictions.

Application: A model policy would aid in defining expectations for housing and assist in establishing common measures for the impact of new development on the multimodal transportation system. NCDOT could research and prepare model policy content for use around the state. Policies would include strategies for financing affordable housing in the TOD context.

Lead: Local governments, North Carolina Department of Transportation

Partners: Transit agencies, Metropolitan Planning Organizations, Rural Planning Organizations, lending institutions

Policy Context: Appropriate for urban and large urban areas. Principles apply to small town placemaking best practices for downtown areas and new corridor development. Policies would need to be customized to reflect context and link urban design, multimodal infrastructure, transit service and affordable housing.

Next Step:

- Research and audit existing local transit-oriented development policies to determine need for statewide partnership or guidance.
- Collect and review examples from other states.
- Determine purpose and need for a North Carolina specific model policy.

Case Study: Dallas Area Rapid Transit (DART) Transit-Oriented Development Policy and Guidelines

DART established a transit-oriented development policy in 1989. DART used tax increment financing along light rail lines to develop 8 light rail stations including Mockingbird station. Tax increments are shared among stronger and weaker development markets in the transit system. For example, tax increments generated in the Mockingbird district have been used to support development and infrastructure in the Lancaster Corridor and a fund for affordable housing.



Image credit:
<https://www.irvingtexas.com/listings/mockingbird-station/443/>



Image credit: <http://www.dallascitynews.net/lancaster-urban-village-project-receives-national-recognition>

4. AFFORDABLE HOUSING FINANCE AND INCENTIVES

4.1 LEVERAGE LOW INCOME HOUSING TAX CREDIT PROGRAM AND OTHER AFFORDABLE HOUSING RESOURCES

Utility: More projects with access to transit would be selected in the competitive process to award Low Income Housing Tax Credits (LIHTC) if access were a factor for prioritizing awards.

Application: The North Carolina Housing Finance Agency (NCHFA) develops a yearly Qualified Allocation Plan (QAP). This is used on an annual basis to select projects based on a point system for the allocation of tax credits to be equitably distributed throughout the state. Those with the highest points receive tax credit awards. Access to transit is currently not a clear determining element in the award of Low Income Housing Tax Credits for the development of affordable housing.

The elements for point allocation are adopted by the North Carolina Federal Tax Reform Allocation Committee. NCDOT will work with the NCHFA on potential enhancements to the QAP to emphasize transit access and take advantage of collaborations on financing transportation infrastructure in conjunction with the award of state money to support affordable housing.

Lead: North Carolina Housing Finance Agency, North Carolina Department of Transportation

Partners: Developers; transit agencies

Policy Context: There is an established policy of equity in the award of tax credits across the state. Many QAP requirements are mandates.

Next Steps:

- Identify and recommend potential changes to the QAP and the 9% Low Income Housing Tax Credit process
 - Identify enhancements to the scoring system to emphasize access to transit
 - Determine need to reassess access distances due to evolution of travel behavior
 - Submit recommendations on the next cycle of QAP updates
- Coordinate LIHTC process with potential use of CMAQ and other transportation funds to support affordable housing
 - Design a coordinated, staged call for projects
- Identify role of transportation funding in expanding the use of 4% tax credits for affordable housing
 - Potential incentive for local trust fund or other funds to be applied with the commitment of transportation funding

Case Study: San Antonio, TX

The City of San Antonio provides an example of a QAP acknowledging the significance of public transit where points are awarded to applications that demonstrate they have located the proposed development in an area close to desired amenities such as public transportation. Consideration is given to transit service earlier than 6:00 a.m. and later than 7:00 p.m. on weekdays as well as scheduled service on Saturdays and Sundays.

Transit priority is further highlighted in their QAP checklist that asks for details indicating the shortest walking route from the project site to a public transportation stop or station.

https://www.sanantonio.gov/Portals/0/Files/NHSD/Housing/LIHTC_Policy.pdf

4.2 LEVERAGE LOCAL AFFORDABLE HOUSING TRUST FUNDS AND OTHER HOUSING FINANCE PROGRAMS

Utility: Some local governments have set-aside, discretionary funding that incentivize or finance affordable housing developments.

Application: Funds are typically used in new projects, rehabilitation projects and affordable housing programs directed at residents and property owners. Funds supply grants and low interest loans, support jobs and generate affordable housing real estate and state and local revenue. An audit of individual fund practices will provide NCDOT with an understanding of how funds are prioritized and identify opportunities to tie transportation infrastructure investment to local housing initiatives. In the process of forming partnerships with local governments, NCDOT can advocate for housing priorities that meet standards for transportation access and mode choice.

Lead: North Carolina Department of Transportation, local governments

Partners: North Carolina Housing Finance Agency, lending institutions

Policy Context: Applicable in urban and large urban areas with specific local programs. Small town and rural areas with programs for housing maintenance and energy efficiency may also be applicable.

Next Steps:

- Complete inventory of existing trust funds and audit trust funds for transit-related issues
- Create and distribute recommended best practices linking trust funds with transit-supported projects
- Identify a framework to link transportation investments with the use of trust funds
 - Potential alignment with CMAQ set aside for affordable housing

Case Study: Asheville, NC

In 2000, the City of Asheville Housing Trust Fund was established with the goal of providing low cost loans to incentivize the development and preservation of affordable housing.

Professional real estate developers are encouraged to apply when constructing housing for low-income persons. Financing is provided in the form of loans. Eligible entities include for-profit corporations, partnerships, or sole proprietors, private incorporated non-profit agencies, public housing agencies and state and local governments.

The most recent addition to benefits provided through the City of Asheville affordable housing initiatives is the allocation of \$1.4 for new down payment assistance towards the purchase of a first home for residents at or below 80% of the area's median income. This would be considered a no interest loan for a maximum of \$40,000.

https://www.ashevollenc.gov/departments/community/community_development/unding_programs/housing_trust.htm

5. PUBLIC-PRIVATE PARTNERSHIPS AND MULTI-SECTOR APPROACHES TO DEVELOPMENT

5.1 SURPLUS RIGHT-OF-WAY REPURPOSING PROGRAM

Utility: Providing land for affordable housing projects would open up new opportunities if surplus, publicly owned land was offered below market rate⁴.

Application: Remnant property owned by the State of North Carolina would be inventoried and made available to local governments to be included in packages for development of new affordable housing.

Lead: North Carolina Department of Transportation

Partners: Local governments

Policy Context: Applicable in all contexts. Sites selected must be location efficient. Program needs to comply with Federal Highway Administration rules on the right-of-way acquisition and disposition.

Next Steps:

- Confirm that donation of property or set aside for public housing is a legitimate public purpose.
- Develop process for identifying surplus right-of-way that is viable for repurposing.
 - Create criteria for site selection.
- Review land repurposing analysis tool for affordable housing developed in 2018.
- Identify public entity partnerships that can assist in data collection and assembly of parcels.
- Explore methods of marketing property or releasing projects through a request for proposals process.

Case Study: Florida

In 2006, the Florida Legislature passed House Bill 1363, requiring counties and municipalities to prepare an inventory of land owned in fee simple title appropriate for affordable housing. The bill authorized three methods to dispose of these parcels, without requiring the land to be sold:

1. A property may be offered for sale without use restrictions. The proceeds could be directed toward the development of affordable housing or transferred to the local government fund earmarked for affordable housing.
2. A property may be sold to a developer, low-income homeowner, etc. with restrictions requiring the development of the property as permanent affordable housing.
3. A property may be donated to a nonprofit housing organization for the construction of permanent affordable housing.

If a government has no current or future use for a specific property, these provisions provide a strong incentive and facilitates the process of disposing of land that could be used for affordable housing.

5.2 LEVERAGE QUALIFIED OPPORTUNITY FUND INVESTMENTS IN OPPORTUNITY ZONES

Utility: Private equity investments can support land acquisition, development costs and synthetic financing arrangements under Opportunity Zones rules. Equity investments in affordable housing projects through Qualified Opportunity Funds can substitute for debt financing, creating opportunities for more affordable housing projects to be initiated. Statewide, regional and local coordination of Opportunity Zones investments will increase the likelihood of this type of funding for affordable housing development.

NCDOT can support this effort by acting as a liaison coordinating state transportation investments in conjunction with opportunity zone projects, acting in support of economic development across the state. Targeted transportation investment will create more opportunities for affordable housing projects funding through Qualified Opportunity Funds.

Local Governments could establish a strategy for this type of investment and broker incentives for achieving affordable housing goals. Foundations and not-for-profit organizations could make program-related investments, provide programming to support development, and assist in measuring the effectiveness of this type of investment.

By playing an active role in Opportunity Zones policy and project development, NCDOT can leverage these activities in discretionary federal grants and programs, including the Better Utilizing Investments to Leverage Development (BUILD) program.

Application: North Carolina's 252 designated Opportunity Zones⁵.

Lead: Local and regional governments, foundations and non-profits, private sector developers

Partners: North Carolina Department of Transportation, North Carolina Department of Commerce, Metropolitan Planning Organizations, Rural Planning Organizations

Policy Context: Application limited to designated Opportunity Zones.

Next Steps:

- Designate NCDOT staff liaison for Opportunity Zones initiatives.
- Determine where there is surplus State-owned property in Opportunity Zones.
- Research public-private partnerships, asset recycling and other models that could be used to leverage Opportunity Zones investment.

Case Study: Alabama

Alabama has a not-for-profit organization Opportunity Alabama (OPAL), with a primary goal of connecting investors with investible assets. This organization connects national and local capital to investments among 158 Opportunity Zones throughout the state.

To accomplish their goals OPAL is forming a team comprised of developers, entrepreneurs, investors, lenders and communities. They work with local officials and community leaders to assure opportunities are directed to the places that need them.

This type of capacity building and coordination integrates private, local and state concerns with respect to policies, infrastructure and financial arrangements needed to make Opportunity Zones work in the state.

<http://opportunityalabama.com/>

END NOTES

¹<https://connect.ncdot.gov/business/Transit/Documents/Affordable%20Housing%20and%20Transit%20White%20Paper.pdf>

²<http://h-gac.com/livable-centers/default.aspx>

³ Dallas Area Regional Transit issued a Transit Oriented Development Policy in 1989.

<https://www.dart.org/economicdevelopment/DARTTODPolicy.pdf>

⁴ <https://www.csg.org/sslfiles/dockets/29cycle/29A/2009adocketbills/0629a01fl.pdf>

⁵ <https://public.nccommerce.com/oz/#section-zones>