

**The Role of Community Land Trusts in Fostering
Equitable, Transit-Oriented Development:
Case Studies from Atlanta, Denver, and the Twin Cities**

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**Lincoln Institute of Land Policy
Working Paper**

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Lincoln Institute Product Code: WP13RH1

Abstract

As transit systems expand and deliver improved connectivity, demand for housing within walking distance of transit stops is expected to grow, leading to higher rents and home prices that may price existing and prospective lower income households out of these neighborhoods. This paper examines the potential role of community land trusts (CLTs) to help address these concerns and ensure that transit-oriented development (TOD) is affordable to lower income households over the long term. Using case studies of CLTs engaged in TOD efforts in Atlanta, Denver, and the Twin Cities, this paper explores the opportunities, challenges, and supports that exist for CLTs eyeing future TOD endeavors.

The author reaches the following major conclusions:

- CLTs are playing an important role in efforts to address affordability concerns near transit in each of the three case study regions studied. Without CLTs, each region lacks adequate mechanisms for ensuring that affordable living options will be in place after its transit system is built out, and for addressing the potential displacement of lower income households in transit neighborhoods.
- Transit expansions provide CLTs an opportunity to shape neighborhood planning and transit alignment decisions, and to acquire land *before* transit stations, new amenities, and related infrastructure investments make land prices prohibitively expensive.
- Local governments, regional agencies, local and national nonprofits, philanthropic foundations, and community development intermediaries are increasingly focused on equitable TOD, creating a supportive environment for CLTs to be active in this arena.
- The work of CLTs to foster equitable TOD is inhibited, however, by inconsistent public policy and funding support for *long-term* affordability near transit.
- To support equitable TOD, public agencies need to facilitate easier access to land and prioritize funding for CLTs and similar institutions that can deliver permanent affordability near transit stations.
- To address TOD affordability concerns, some CLTs will need to develop new capacities involving the stewardship of affordable condominiums and the development of affordable rental housing.

Keywords: Community land trusts, CLTs, transit-oriented development, TOD, permanent affordability, equitable TOD, Atlanta, Denver, Twin Cities.

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Acknowledgements

I would like to thank the Lincoln Institute of Land Policy, the National Community Land Trust Network, and the Ford Foundation, whose generous funding made this research and report possible. I am also grateful to multiple individuals for their essential contributions and assistance: Emily Thaden at the National CLT Network, who was an expert editor and provided multiple rounds of helpful feedback; Jeffrey Lubell at the Center for Housing Policy, who contributed key sections of the literature review; Janet Viveiros (also from the Center) whose research provided useful context for the case studies; Aaron Miripol, Tony Pickett, and Dan Immergluck for thoughtful review of the case studies; and the 21 interview informants who generously shared their time and insights over the phone or through sit-down visits, sometimes on multiple occasions.

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Abbreviations

ABI: Atlanta BeltLine, Inc.
AHAND: Atlanta Housing Association of Neighborhood-based Developers
ALTC: Atlanta Land Trust Collaborative
AMI: area median income
BAHTF: BeltLine Affordable Housing Trust Fund
BLP: BeltLine Partnership
BRT: bus rapid transit
CDC: community development corporation
CHFA: Colorado Housing and Finance Authority
CLCLT: City of Lakes Community Land Trust
CLT: community land trust
CTOD: Center for Transit-Oriented Development
DRCOG: Denver Regional Council of Governments
FTA: Federal Transit Administration
HIP: Homebuyer Initiated Program
HUD: U.S. Department of Housing and Urban Development
LBA: Land Bank Authority
LIHTC: Low-Income Housing Tax Credit
LISC: Local Initiatives Support Corporation
NEWSED: New West Side Economic Development
NSP: Neighborhood Stabilization Program
PCIA: Pittsburgh Community Improvement Association
PPoP: Partnership for the Preservation of Pittsburgh
RRC: Resources for Residents and Communities
RTD: Denver Regional Transportation District
TAD: tax allocation district
TOD: transit-oriented development
ULC: Urban Land Conservancy

The Role of Community Land Trusts in Fostering Equitable, Transit-Oriented Development: Case Studies from Atlanta, Denver, and the Twin Cities

Introduction

The United States is in the middle of a transit boom. Transit agencies in various regions of the country are adding new rail lines and transit systems to create higher quality transportation options for residents and businesses. These expansions are motivated by multiple factors, including increased highway congestion, concerns about greenhouse gas emissions associated with long and frequent car trips, and an interest in focusing economic and residential development around transit focal points.

New public transit lines, and new development growing up around transit stations, have the potential to help regions enhance their economic competitiveness, connect their workforce with employers, protect green spaces and natural resources, reduce air pollution, create desirable places of lasting value, revitalize distressed communities, and reduce household transportation expenses. At the same time, however, there is a real risk that lower income households will be edged out of transit-accessible neighborhoods as rail systems expand, and as growing demand for housing near planned and existing stations increases rents and home prices. New housing development near transit is frequently priced at the high end of the market, and existing affordable homes near transit stations are being lost as local real estate markets heat up and rents and home prices rise.

Without complementary affordable housing policies and investments to preserve and expand affordable housing near planned and existing transit stations, households with modest incomes may have insufficient opportunities to share in the benefits of regional investments in transit systems and local community infrastructure. Regions may also miss an important opportunity to create truly affordable living options for lower income households, in which both housing and transportation expenses are an affordable share of income.

This paper examines the opportunities for community land trusts (CLTs) to help address these challenges by contributing to what is increasingly being referred to as *equitable transit-oriented development (TOD)*. TOD refers to higher density development and infrastructure investments that support a mix of housing choices, employment opportunities, and amenities within walking distance of transit stations. Equitable TOD refers to development and investment decisions that help households of *all* incomes have the opportunity to share in the benefits of walkable, livable, transit-rich communities.

At the federal level, both the U.S. Department of Housing and Urban Development (HUD) and the Federal Transit Administration (FTA) have shown strong interest in promoting equitable TOD. Over the past few years, HUD's Office of Sustainable Housing and Communities has provided over \$235 million in grants, reaching 48 states, to support regional planning efforts that integrate investments in housing, transportation, and economic and workforce development, as

well as localized planning and zoning reforms to reduce barriers to mixed-use development, affordable housing, and the reuse of older buildings for new purposes.¹ Equitable TOD has been a focus of many of these grants. Additionally, FTA recently issued new regulations for its New Starts program, which will create incentives for local jurisdictions seeking sizeable capital grants for new or expanded transit lines to preserve and expand affordable housing near planned stations.²

CLTs could play an important role in fostering equitable TOD. CLTs are nonprofit corporations that develop and steward land in perpetuity for community-serving purposes, including affordable housing, civic buildings, and commercial spaces. Under the most common model, a CLT retains ownership of the land and sells the physical structures on the land to individual homeowners, nonprofits, or small businesses that assume a long-term affordable ground lease (typically 99 years). For owner-occupied properties, the CLT sells its homes to lower income households at affordable purchase prices. The homeowners then agree to resell their homes at restricted prices in order to keep the homes permanently affordable for future lower income buyers. Many CLTs also develop affordable rental properties as well. A distinguishing feature of CLTs is community control. Typically, the board of directors is elected by, and predominantly composed of, people who either live on the CLT's land or reside within the CLT's service area.

Equitable TOD is a new endeavor for many CLTs. This study explores the various roles that CLTs are beginning to play in broadening access to transit-rich communities, and the challenges and opportunities they face in these endeavors. This paper presents findings from three case studies in Atlanta, Denver, and the Twin Cities of Minneapolis-St. Paul. Each of these regions is in the midst of significant rail expansion, with new lines yet to be constructed. Each region also has a significant need for and presents significant opportunities to create and preserve affordable housing near transit stations before transit lines become operational and land prices or property values reach prohibitively expensive levels for affordable housing development or preservation.

The paper is divided into four sections. The first reviews recent literature on the growing demand for living near public transit, the impact of transit on housing prices and rents, and the use of CLTs as a vehicle for maintaining long-term affordability. This is followed by a summary of the case study methods, and a presentation of the three case studies. The report concludes with a discussion of common themes from the case studies and recommendations for CLTs and public agencies seeking to promote long-term affordability in walkable, transit-served communities.

Literature Review

While the use of community land trusts to preserve affordability near transit has not yet generated a body of dedicated research, there are a number of strands of research that are germane to this topic and summarized briefly below. These strands focus on: (a) the growing demand for living near public transit; (b) the impact of transit on housing prices and rents; and (c) the use of CLTs as a vehicle for maintaining long-term affordability.

¹ HUD Office of Sustainable Housing and Communities (2012).

² Department of Transportation Federal Transit Administration (2013).

The Growing Demand for Housing Near Transit

Researchers project that the demand for housing near transit stations will grow over time, which will likely increase the pressure on rents and housing prices in many transit accessible neighborhoods. For example, a 2004 study prepared for the Federal Transit Administration by the Center for Transit-Oriented Development (CTOD) estimated the demand for housing within one-half mile of 27 existing transit lines and 15 planned extensions or new lines through 2025. The study projected that by 2025, more than 14.8 million households would want to live in these transit areas—more than double the population living there in 2000. The projected increase in demand was due in large part to predicted changes in demographics, including increases in the population of older adults and younger adults without children.

Atlanta, Denver, and Minneapolis-St. Paul were among the metropolitan areas included in the study. The authors projected demand for housing in 2025 within transit areas to be: 204,161 households in the Atlanta metro area (up from 50,844 in 2000), 113,928 in the Minneapolis-St. Paul metro area (up from 25,601 in 2000), and 88,187 in the Denver metro area (up from 45,338 in 2000). As a share of the overall projected population in 2025, the number of households projected to demand housing in transit areas in 2025 was similar in all three regions: 7.2 percent in the Minneapolis-St. Paul metro area, 7.3 percent in the Denver metro area, and 7.8 percent in the Atlanta metro area.

These estimates represent potential demand. Whether the demand will actually be realized to the extent projected depends on the pace of transit development and housing production in these areas. The production of affordable housing is particularly important since the projected demand cannot be fully realized if large shares of the population cannot afford to live in these areas.

One additional caveat: the Great Recession and associated housing downturn in the late 2000s greatly depressed household formation rates. To the extent this effect persists over time, household growth, as projected in the CTOD study, may be overestimated.

The Impact of Transit on Housing Prices

Increased demand for housing near transit will likely motivate residential and economic development near station areas and boost transit ridership, with attendant environmental benefits resulting from reduced car usage. But if the supply of housing does not keep pace with the demand in these areas—a particular concern given the challenges associated with infill development—housing prices and rents will rise, making it more difficult for low- and moderate-income households to afford to live in these areas and potentially displacing existing residents.

Whether, and under what circumstances, public transit results in increased rents and housing prices has been the subject of a large body of literature, which was recently reviewed by Wardrip (2011). In general, Wardrip found that research supports the hypothesis that public transit is associated with increases in housing prices, but the impact varies widely with context, suggesting the ultimate effect of transit on housing costs depends on a range of mediating factors. For example, the more reliable and useful a transit system is in connecting individuals to where they need or want to go, the more proximity to transit stations is likely to increase rents and housing

values. Similarly, station areas that are walkable and include a range of retail and other amenities as part of a mixed-use framework are more likely to see rising housing prices than station areas oriented primarily around cars. A third factor is the regional economy; where housing is in strong demand in the region generally, proximity to transit is more likely to lead to housing price increases.

Some studies suggest that transit is more likely to lead to housing price increases in wealthier areas (e.g. Hess and Almeida 2007). However, Immergluck (2009) found the opposite in Atlanta, where single-family homes within one-quarter mile of a portion of the planned BeltLine sold at a 15 to 30 percent premium as compared to similar properties located more than two miles away. This impact was found for homes in the less affluent southern portion of the planned BeltLine only. Similar impacts were not found for wealthier areas. One potential explanation for the apparently conflicting results is that the impact of transit on housing prices may vary from region to region, and potentially within regions, depending on which subpopulations are most likely to value the access it provides in each community.

Several additional studies on this topic have been conducted in the localities that are the focus of this investigation.³ Bowes and Ihlanfeldt (2001) examined single-family property values near MARTA stations in Atlanta between 1991 and 1994 and found a negative impact on property values within one-quarter mile but a positive impact on property values between one and three miles. The authors attribute the mixed results to higher crime rates around stations near the central business district (which depressed nearby values) and higher retail activity near stations further from the central business district (which boosted property values), where retail was accessed primarily by car. This study reinforces the importance of mediating factors that affect the relationship between transit and housing values, such as crime and local norms for car usage.

In Minneapolis, Goetz et. al. (2010) found that the construction of the Hiawatha line had a positive impact on property values near stations. This effect was concentrated on the west side of the line, however. On the east side of the line, a 4-lane highway and strip of industrial land likely offset any inflationary impact of transit station proximity.

The Role of Community Land Trusts in Preserving Long-Term Affordability

The projected rise in demand for housing near transit in Atlanta, Denver, and Minneapolis-St. Paul, coupled with more general evidence of the association between transit proximity and housing price increases in the research literature, underscores the importance of focusing on efforts to preserve and provide long-term affordability near transit in these and other metropolitan areas. While the mere availability of transit does not uniformly lead to housing price increases, research suggests that the inflationary impact on housing prices will likely grow as the transit systems are expanded to become useful and complete and as efforts now underway to develop the neighborhoods around transit stations into walkable neighborhoods affording a range of retail and cultural amenities bear fruit. All three of the metro areas examined in this report are aspiring to develop their transit systems and transit areas in these ways.

³ No studies on this topic specific to Denver were found.

In theory, CLTs are well positioned to preserve the affordability of homes near transit over the long-term. The CLT owns and controls the land, selling homes at affordable prices to one generation of buyers after another. Future buyers thus do not have to absorb the cumulative impact of appreciation on the cost of land near transit stations.

The capacity of CLTs to preserve long-term affordability was confirmed by Temkin, Theodos, and Price (2010), who studied the sales and resales activity of seven shared equity homeownership programs—including three CLTs (Champlain Housing Trust, Northern Communities Land Trust, and Thistle Community Housing). They found that homes generally remained affordable to lower income households at all seven sites. At all three of the CLTs, the minimum incomes needed for home purchase remained below 50 percent of the area median income (AMI) at resale—well below market levels—confirming that the CLTs were successful at preserving affordability over time.

Temkin, Theodos and Price did not examine the performance of CLTs engaged in multi-unit rental housing, which can play important roles in both preserving and expanding affordable housing opportunities in the denser areas immediately surrounding transit stations. However, a survey of CLTs conducted by Thaden (2011) found that more than half of all units in the portfolios of reporting CLTs were rental units, underscoring the often overlooked role of CLTs in providing affordable rental housing. For more on this topic, see Angotti (2007), who examined the potential of CLTs to provide and preserve affordable housing in multifamily buildings through models ranging from rental housing to Single-Room Occupancy developments to limited equity cooperatives, with a particular focus on Cooper Square, a hybrid CLT-limited equity cooperative development in New York City.

Research Methods

This paper uses a qualitative approach to better understand the roles, challenges, and opportunities facing CLTs engaged in equitable TOD. Three case studies were conducted of CLTs in Atlanta, Denver, and the Twin Cities. These regions were selected based on the following criteria:

1. The region is in the process of a major rail expansion.
2. The transit system will intersect a variety of communities that are economically and socially diverse.
3. A local CLT is engaged in efforts to create long-term affordable housing or other community assets within walking distance of new transit stations.
4. The CLTs collectively represent diverse approaches to TOD.
5. The regions collectively provide geographic diversity.

The research for these case studies relied heavily on interviews with staff at local CLTs as well as representatives of local government agencies, nonprofit developers, community development intermediaries, and transit agencies that directly or indirectly contribute to regional efforts to promote equitable TOD. Twenty-one interviews were conducted in total: eight in Atlanta, nine in Denver, and four in the Twin Cities.

The research also included a review of secondary sources, namely reports prepared by local institutions engaged in equitable TOD in each of the case study regions. They provided important context and historical background for local efforts to promote equitable TOD. References and interviewees are listed in Appendix 1.

Case Study 1: City of Atlanta

The Transit Investment

The city of Atlanta has embarked on one of the largest redevelopment efforts in the nation: a \$2.8 billion project called the BeltLine. The BeltLine is a 25-year initiative, begun in 2005, to create a new light-rail system, a network of parks and trails, and nodes of mixed-income, mixed-use TOD along a 22-mile, abandoned freight rail line that encircles the city's core.

The BeltLine will pass through a cross-section of poor and wealthy Atlanta neighborhoods located within a two-to-four mile radius of downtown. Upon completion, the BeltLine's network of transit and trails will connect 45 neighborhoods, including business districts, major attractions, and job centers, while also linking to the city's existing heavy-rail system, MARTA, which radiates outward from the city's downtown (see figure 1).⁴

More than a transit initiative, the BeltLine project aims to spur new transit-supportive housing and commercial development, with an emphasis on new affordable housing. One of the city's primary goals for the BeltLine is to produce or preserve 5,600 units of affordable housing over the 25 year period—a response to concerns about decades of unbalanced development in Atlanta and the potential for lower income household displacement as new transit and BeltLine amenities elevate nearby property values.⁵

The BeltLine initiative is implemented by Atlanta BeltLine Inc. (ABI), a nonprofit subsidiary of the Atlanta Development Authority. As of 2011, ABI had acquired or secured approximately 9.2 miles of the total 22 miles of needed right-of-way. One acquired segment—the Eastside Trail—has been transformed already into a multi-use trail and linear green space with room for future transit. In addition, 481 acres of parkland have been acquired, six parks have been developed totaling 96 acres, and just over five miles of trails have been completed.

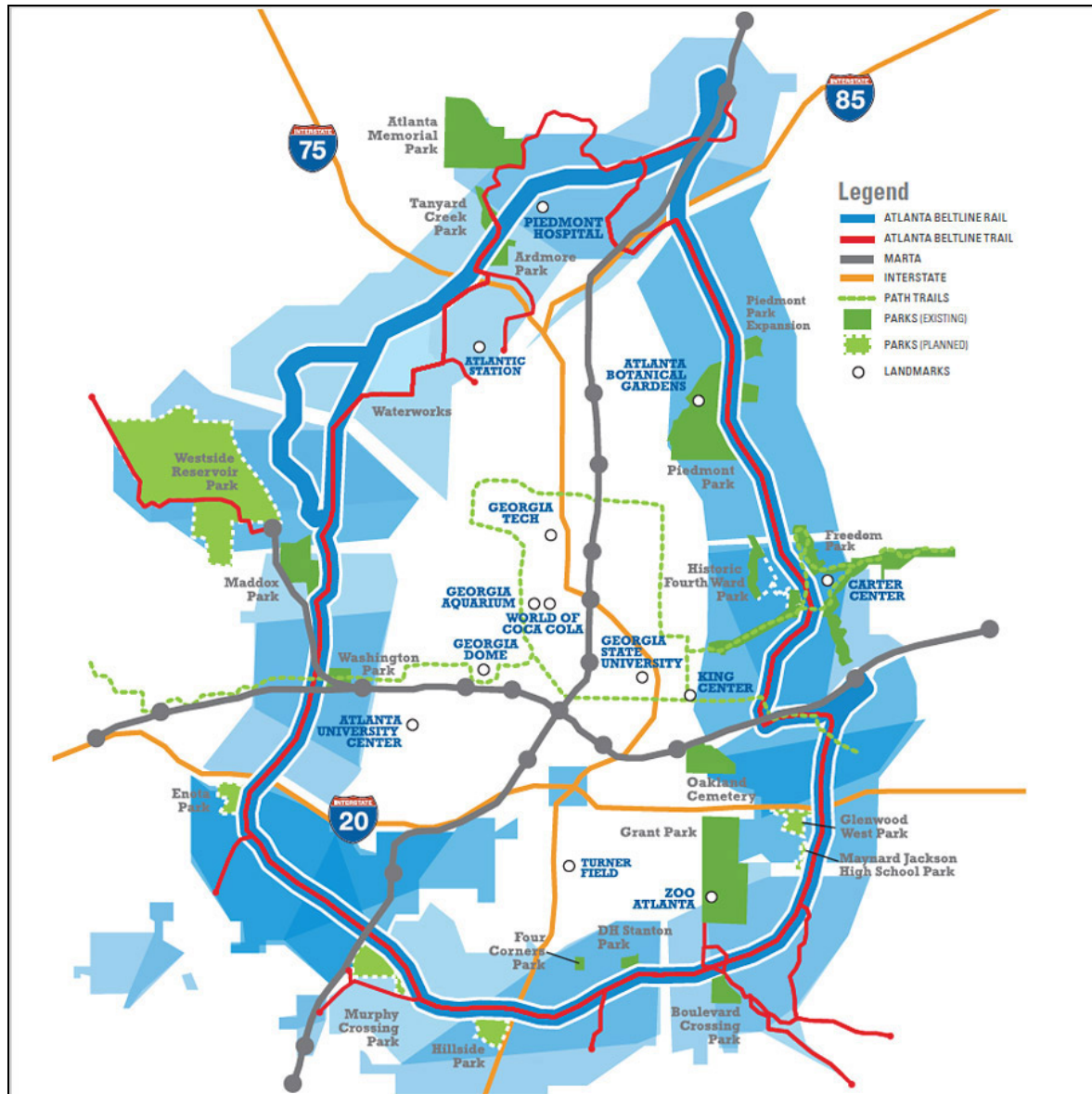
Plans to run transit along the BeltLine are at least a decade from materializing. Thus far, ABI has determined a transit alignment, selected a streetcar technology, and completed a Tier 1 Environmental Impact Statement. ABI is now in the process of evaluating possible transit station locations and potential phasing of transit service. But significant additional funding is needed to bring the transit system to life. Funds raised to date have fallen short of targets set out in the first five-year plan, primarily due to lower than expected property tax revenues during the market

⁴ Atlanta BeltLine, Inc. (2013).

⁵ BAE (2012).

downturn. But BeltLine staff is pursuing additional funding from the federal government and other public sources.⁶

Figure 1: The Atlanta BeltLine at Build-Out in 2030



Source: Atlanta BeltLine, Inc.

Affordability Concerns

The development of the BeltLine is expected to bring significant, positive change to communities located near future transit stations. But the market's response to new public

⁶ BAE (2012).

amenities and rail service thus far, and the tenure profile of households living along the BeltLine, suggest that a large share of lower income households may be at risk of displacement as the BeltLine initiative unfolds. Furthermore, in spite of the city's BeltLine affordability goals, a very small share of new housing developed along the BeltLine to date has been affordable for lower income households, limiting the options for both displaced and prospective low-income households seeking affordable homes near planned amenities and transit service.

As discussed earlier, research by Immergluck (2009) found evidence that just the announcement of BeltLine plans had a significant impact on property values along certain parts of the BeltLine. Increases in property values were particularly evident in lower income neighborhoods located on the south side of the BeltLine, such as Atlanta's Pittsburgh and West End communities of color. Recent research suggests that property values and rents will continue to rise. A projective analysis by the Bleakly Advisory Group found that through 2021, market demand along the BeltLine will exceed supply by 10,474 affordable units, with demand equally split between rental and homeownership units.⁷

A sizable share of lower income households living near the BeltLine would be vulnerable to displacement from rising property values and rents. Sixty percent of housing units in the BeltLine area are rented. Multifamily apartments are the dominant form of rental housing in the immediate area of the BeltLine, but many single-family homes are rented as well. Half of these rental units are priced at levels affordable for households earning less than 60 percent of AMI, suggesting that its occupants are predominantly low- or very low-income. With a large share of BeltLine area homes built prior to 1970, developers are likely to acquire some older rental complexes occupied by low- and very low-income tenants, rehabilitate or replace them, and charge higher rents that would no longer be affordable.⁸

Many existing homeowners along the BeltLine may also be vulnerable to displacement. Forty percent of nearby, owner-occupied homes have values that are currently affordable for households earning less than the AMI.⁹ The city of Atlanta does not limit property tax increases, so as property values rise, these residents may find that property taxes exceed affordable levels, especially for those on fixed incomes.

The BeltLine has seen significant market-rate activity since plans were announced in 2005, but little new affordable housing. According to James Alexander, housing manager at ABI, approximately 8,800 apartments and condominiums have been built along the BeltLine over the past eight years, with most built before the downturn and 1,400 new homes added since 2009. New development activity has been concentrated in the BeltLine's wealthier, northeast quadrant,¹⁰ particularly near the new Eastside Trail and the new Historic Fourth Ward Park.

⁷ Atlanta BeltLine, Inc. and Enterprise Community Partners (2012).

⁸ Atlanta BeltLine, Inc. and Enterprise Community Partners (2012).

⁹ Atlanta BeltLine, Inc. and Enterprise Community Partners (2012).

¹⁰ The BeltLine can be divided into four quarters, using Highway 20 (which runs east-west) and the Highway 75/85 Downtown Connector (north-south) as dividing lines.

Overwhelmingly, these new homes are priced at levels that would be unaffordable for lower income households.¹¹

The Role of CLTs to Date in Promoting Equitable TOD

The Atlanta Land Trust Collaborative (ALTC) was formed in 2009 to prevent indirect displacement of low- and moderate-income residents along the BeltLine as new parks, trails, and transit are developed. ALTC works to ensure homes remain affordable for the life of the BeltLine and to maximize the impact of public and private investments in affordable housing near future transit stations.

The idea of ALTC was spearheaded by the BeltLine Partnership (BLP), a sister entity to ABI that handles the project's capital campaign and community relations. "We were extremely concerned about displacement and about preserving affordability in neighborhoods that would be impacted by BeltLine development. Not just preserving it, but preserving it long-term," BLP executive director Valerie Wilson told *Shelterforce* magazine in 2010.¹² BLP began working with the Atlanta Housing Association of Neighborhood-based Developers (AHAND) and the Annie E. Casey Foundation's Atlanta Civic Site to explore the use of the CLT model. BLP organized meetings to educate local government agencies, nonprofits, community-based organizations, corporate foundations, and others about how CLTs might be applied to the BeltLine. This helped build support for implementing a CLT approach to create and sustain affordable homeownership along the BeltLine from the outset of the initiative (rather than waiting until resident displacement had begun).¹³

ALTC has a unique structure. It functions as an independent, citywide CLT and a "central server" that handles strategic planning and certain administrative functions for new, neighborhood-based CLTs that it seeks to incubate along the BeltLine. ALTC is presently working in seven BeltLine neighborhoods¹⁴ (see figure 2) and has helped create two new CLT programs to date by working with existing community development corporations (CDCs) to add a CLT program to their existing work.

ALTC's first CDC partner was the Pittsburgh Community Improvement Association (PCIA). PCIA is a CDC located in the Pittsburgh neighborhood—a low-income community on the south side of the BeltLine. Since 2008, PCIA has focused its efforts on addressing the impact of foreclosures. In that year, an estimated 40 percent of mortgages were believed to be "underwater," and over half of the parcels in the neighborhood were vacant.¹⁵ In response, PCIA worked with ALTC to create a program for a CLT affiliate, the Partnership for the Preservation of Pittsburgh (PPoP). PPoP uses a traditional CLT model of shared equity and long-term ground

¹¹ Interview with Andy Schneggenburger, executive director, Atlanta Housing Association of Neighborhood-Based Developers (AHAND), (March 5, 2013); interview with Ken Bleakly, CEO, Bleakly Advisory Group, (March 1, 2013).

¹² Schneggenburger (2010).

¹³ Schneggenburger (2010).

¹⁴ These neighborhoods are Pittsburgh, Beecher Donnelly, Cascade Circle, Oakland City, and Westridge/Sandtown (in Southwest Atlanta); Reynoldstown (in Northeast Atlanta); and Grove Park (in Northwest Atlanta).

¹⁵ Sherriff (2010).

As a citywide CLT, ALTC stewards three permanently affordable condominiums that are part of the newly built Lofts at Reynoldstown Crossing. ALTC has the right of first refusal if units go up for sale and may assign that right to an income eligible buyer of their choice. ALTC maintains ongoing affordability by restricting both sales price and purchaser income through a deed restriction (a legal mechanism more appropriate for condominiums than a ground lease). ALTC received an upfront, \$7,000-per-unit stewardship fee from the project's developer (ABI), and receives a monthly monitoring fee as well.¹⁶ ABI housing manager, James Alexander, reports that working with ALTC on the units at Reynoldstown Crossing has been a positive experience and provides "proof of concept" for the CLT model in Atlanta.¹⁷

ALTC currently receives no direct BeltLine-related or public funding for its operations. It independently raises funds from a variety of sources to pay for staffing and operations, with support from Home Depot, NCB Capital, Wells Fargo, the United Way of Metropolitan Atlanta, and an anonymous donor. ALTC currently has one full-time employee and one part-time consultant.

ALTC and its BeltLine neighborhood partners anticipate adding 110 permanently affordable units in the next 24 to 36 months. This includes the portfolio of 39 rehabilitated, single-family homes acquired by PPop, up to six new infill single-family homes constructed by RRC (construction anticipated at the start of Fall 2013), and potentially 55-65 affordable multifamily rentals to be acquired and developed by ALTC over the next year as a mixed-income pilot project for a proposed TOD Acquisition Fund (described below). ALTC has also initiated planning with two additional, neighborhood-based, volunteer-led groups that have been recently offered five single-family home donations.¹⁸

Support for CLT Engagement in Equitable TOD

Policies and Resources

BLP's early support for a CLT approach to mitigating displacement along the BeltLine provided an important foundation for ALTC and its affiliated neighborhood CLTs. The city of Atlanta is also making substantial new resources available for affordable housing within walking distance of the BeltLine. But the city has been inconsistent in its financial support for long-term affordability, leaving the future role of CLTs unclear.

To implement the BeltLine vision, the city has created a tax increment financing program—referred to locally as a tax allocation district (TAD)—which is expected to generate \$1.3 to \$1.7 billion over 25 years by capturing rising property tax revenues from selected properties along the corridor. Fifteen percent of all revenues from the BeltLine TAD are set aside in a BeltLine Affordable Housing Trust Fund (BAHTF). This fund gives the city a sizeable, dedicated revenue source for helping the city achieve its goal of creating or preserving 5,600 affordable housing units along the BeltLine by 2030 and for enabling CLTs to play a role in creating equitable TOD.

¹⁶ Interview with Tony Pickett, executive director, Atlanta Land Trust Collaborative (ALTC), (March 6, 2013).

¹⁷ Interview with James Alexander, senior project manager, BeltLine, Inc., (March 5, 2013).

¹⁸ Interview with Tony Pickett, executive director, ALTC, (March 6, 2013).

To date, the BAHTF has accumulated \$8.8 million.¹⁹ One of the strengths of the fund is that it will grow as affordability pressures increase along the BeltLine. ABI is using BAHTF funds to support the development and preservation of affordable housing through: 1) land and property acquisition assistance to support affordable housing; 2) “soft-second” mortgage assistance for low-to-moderate-income homebuyers; 3) subsidies for multifamily affordable rental housing development; and 4) incentives to private developers for preserving or including affordable units in market-rate developments.²⁰

Presently, however, BAHTF assistance only requires 15-year affordability.²¹ While ABI gives a scoring bonus to developers applying for multifamily affordable rental housing assistance that are partnered with a CLT, no affordable rental housing developers have yet found this incentive sufficiently compelling. An additional limitation of BAHTF funding, from the perspective of CLTs, is that it can only be spent within tightly drawn TAD boundaries. This excludes some lower income communities within walking distance of the BeltLine where homeowner displacement has been a concern.

Since 2007, ABI has used BAHTF funds to help a total of 86 households obtain affordable housing within the TAD. The primary focus of the BAHTF has been to provide portable down payment assistance, serving 58 additional households earning up to 115 percent of AMI. This has enabled moderate-income homebuyers to purchase homes in strong market areas along the BeltLine TAD.²²

ABI’s purchase and rehabilitation of the Lofts at Reynoldstown Crossing—a foreclosed, incomplete condominium project overlooking the BeltLine—accounts for the remainder of its affordable homes supported to date. Reynoldstown Crossing offers 28 condominiums priced affordably for households earning between \$35,000 and \$68,000. All units were priced with discounts of \$22,000 below development costs and received varying levels of “soft-second” mortgage assistance. Three of the condominium units were placed in a CLT with the ALTC, as described earlier. For the remaining 25 condominium units, ABI requires the initial homebuyer to repay the mortgage assistance if the home is sold within 10 years and to share appreciation gains with the city for the first 15 years. After this point, however, affordability restrictions for these non-CLT units expire.²³

Going forward, two developers have recently agreed to build a total of 110 affordable apartments within larger, market-rate developments along the BeltLine, as part of ABI’s incentives program. Additionally, ABI made a major funding commitment to Mercy Housing SouthEast for an additional 43 affordable senior homes through its multifamily affordable rental subsidy

¹⁹ BAE (2012).

²⁰ BAE (2012).

²¹ BAE (2012).

²² Interview with James Alexander, senior project manager, BeltLine, Inc., and Jonathan Lewis, senior project manager, City of Atlanta, (March 5, 2013).

²³ Atlanta BeltLine Inc. (2012).

program. Mercy still needs to assemble additional gap financing, however, before construction can begin.²⁴

Given limited policy support for preserving long-term affordability near the BeltLine, it is likely that much of the affordable housing built today or in upcoming years will be unaffordable by the time the BeltLine project is completed in 17 years. Of the 86 new affordable housing opportunities created to date by ABI, only the three CLT homes have affordability restrictions of greater than 15 years.²⁵ Absent CLTs, there are no plans to create affordable housing that is certain to exist for the life of the BeltLine transit system.

Supportive Partnerships in the Region

There are a growing number of potential partners for ALTC and other CLTs engaging in equitable TOD in the Atlanta region:

1. **Atlanta CDCs.** The negative consequence of short-term affordability has become clearer to local affordable housing developers as the affordability terms for the state's initial Low-Income Housing Tax Credit (LIHTC) projects have begun to expire, and as developers have begun to grapple with the expense, complexity, and feasibility of extending affordability periods for these developments. Some observers also note that CLTs show clearer promise in the aftermath of the foreclosure crisis. The role that CLTs can play in fostering sustainable homeownership, and therefore neighborhood stability, is compelling after the downturn when many families in poorer, BeltLine communities lost their homes to foreclosure. The abundance of absentee-landlord rental homes in south- and west-side BeltLine neighborhoods creates further neighborhood instability, generating a need for long-term stewardship by accountable community organizations.²⁶ As discussed earlier, two existing nonprofit CDCs—PCIA and RRC—have become important advocates of the CLT model and have worked with ALTC to incorporate CLT functions into their existing affordable housing work. Partnership opportunities with other CDCs appear to be on the horizon.
2. **The County of Fulton/City of Atlanta Land Bank Authority (LBA).** The LBA was created in 1991 and, for much of its history, served as a short-term repository for vacant and tax-delinquent properties, aiming to quickly move properties back onto the property tax rolls by disposing of them through investors or developers. Recently, the LBA gained the ability to strategically bank and assemble land for public purposes and to pass properties to CLTs. These new capacities help advance affordable TOD goals in two important ways. First, the LBA can assemble properties and hold them off the market until an affordable housing partner can assemble the necessary resources to produce or rehab affordable homes and create other community-identified assets. Second, the LBA does not have to pay taxes on the properties it holds, shielding CLTs partners or private land acquisition funds from carrying

²⁴ BAE (January 2012); correspondence with James Alexander, senior project manager, BeltLine, Inc., (March 12, 2013).

²⁵ BAE (January 2012); correspondence with James Alexander, senior project manager, BeltLine, Inc., (March 12, 2013).

²⁶ Interview with Andy Schneggenburger, executive director, AHAND, (March 5, 2013).

costs. Since July 2009, the LBA has banked approximately 80 vacant properties in and around the Pittsburgh neighborhood with funding help from HUD's NSP and the Annie E. Casey Foundation. Many of these properties will be held by the LBA over the next three to five years before being transferred to the PPOP CLT. The challenge that LBA faces is that it has limited capital for acquiring properties.²⁷

3. **The Atlanta TOD Collaborative.** The TOD Collaborative is an eight-member partnership of nonprofits and government agencies committed to removing barriers and advancing incentives for equitable TOD in the Atlanta region. Members of the Collaborative include AHAND, ALTC, the Atlanta Regional Commission, Enterprise Community Partners, the Fulton County/Atlanta LBA, Georgia STAND-UP, the Livable Communities Coalition, and the Partnership for Southern Equity. The scope of the Collaborative's work extends beyond the future BeltLine to include existing MARTA stations and potential streetcar lines.
4. **Enterprise Community Partners.** Enterprise is a co-convenor of the TOD Collaborative and is helping collaborative members explore the feasibility of creating either: 1) a TOD land acquisition fund to support affordable housing and other public benefits near transit stations; or 2) a multipurpose fund that would provide capital to both acquire and improve property near transit stations. Staff at Enterprise report that development of such a fund may begin by Fall 2013. The availability of land acquisition capital would be timely given that funding for the transit component of the BeltLine has not yet been secured. Interviewees expect that land acquisition is easier and less expensive now than it will be when transit service begins.

Challenges for CLTs Engaging in TOD

In addition to the city's inconsistent commitment to permanent affordability discussed above, a fundamental challenge for the CLTs profiled above is their newness. Relative to other affordable housing developers in Atlanta, local CLTs have short track records and limited proven capacity, particularly in the production of rental housing. Accordingly, it is helpful to form partnerships with more established affordable housing developers. Affordable housing production has been limited near the BeltLine, however, limiting both growth and partnership opportunities for CLTs.

Numerous reasons explain why affordable housing has been limited to date:

1. Subsidy funding is limited for affordable housing developers. Developers report that lucrative, 9 percent LIHTCs are in short supply in Georgia. Other state affordable housing funds are also limited. Such funds are needed to leverage BAHTF funds to make new affordable housing developments possible, as BAHTF assistance for multifamily rental is capped at 30 percent of total development costs.
2. There is less capacity among affordable housing developers in Atlanta than in some other regions of the country where transit is expanding rapidly. Few local private developers that specialize in affordable housing make the BeltLine TAD their priority, which may explain the limited competition for multifamily rental BAHTF dollars.

²⁷ Sherriff (2010).

3. Private-market construction financing is difficult to obtain in the weak markets of the BeltLine, while land is difficult to obtain in the strong-market areas. Reportedly, large private developers are buying up land quickly in strong market segments of the BeltLine. Long-term “patient” capital is also in short supply.
4. ABI’s financial incentives have not led market-rate housing developers to voluntarily include much affordable housing in new BeltLine developments. Part of the issue is that market-rate developers in Atlanta have limited experience with deed-restricted or subsidized affordable housing and are disinclined to take on the added complication without stronger incentives.

Finally, more local education is needed about how CLTs work and address affordable housing needs. Atlanta city officials and local nonprofit allies appear to understand the CLT *concept*, but do not fully understand its *mechanics*. Financiers need additional help in understanding how the CLT ground lease works in conjunction with mortgage lending, and many local agencies do not fully understand the shared equity model using either deed restrictions or ground leases. There is confusion also about whether CLTs could support long-term affordable rental housing, which is being identified by ALTC’s allies within the Atlanta TOD Collaborative as a growing priority.

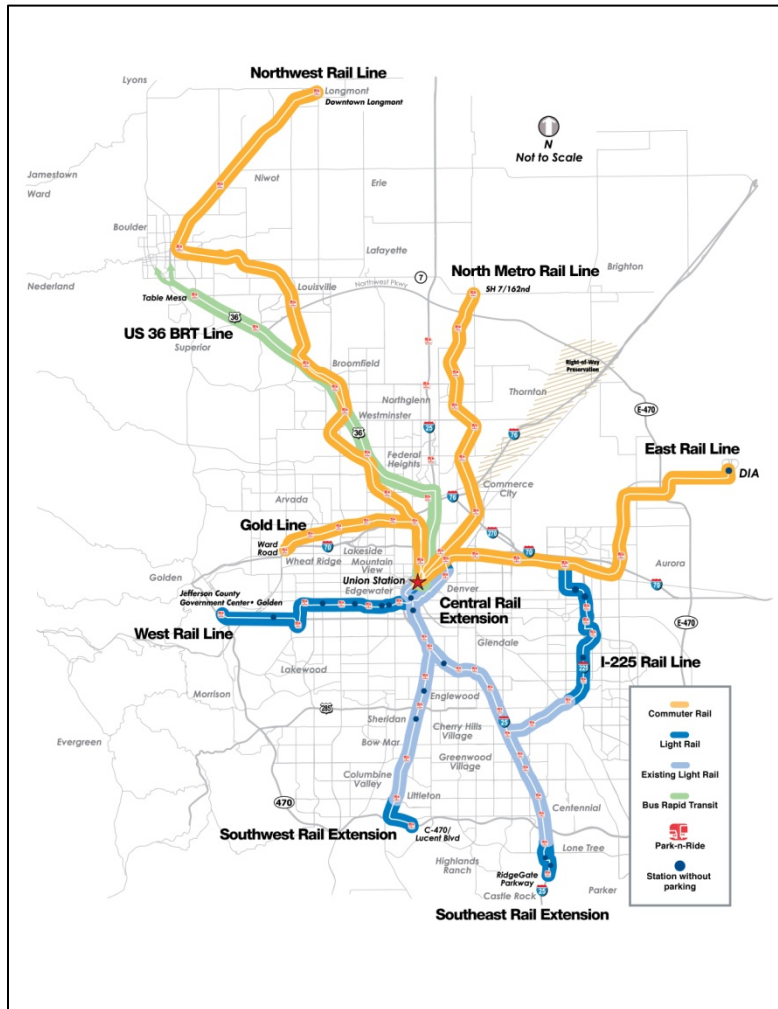
Case Study 2: Denver Region

The Transit Investment

The Denver region is engaged in a multi-billion dollar expansion of its fixed-guideway transit system. The ambitious plan—known as FasTracks—aims to create six new light rail and commuter rail lines, expand three existing rail lines, establish new bus rapid transit (BRT) service, and add a total of 57 new stations, many by 2020 (see figure 3). FasTracks was initiated in 2004, when voters approved a regional, half-cent sales tax measure to provide the expansion effort with an estimated \$4.7 billion over 15 years. The project aims to reduce regional congestion, create more livable communities, and strengthen the region’s economic competitiveness while enabling it to accommodate a projected one million additional households expected between 2005 and 2035.²⁸

²⁸ RTD. What is FasTracks?

Figure 3: FasTracks at Build-Out



Source: Denver RTD.

The Denver region’s transit system began with a modest-sized light rail line in Downtown Denver that is now referred to as the Central Corridor. Service on this line began in 1994. In 2006, the Denver Regional Transportation District (RTD) completed two new commuter rail lines extending southwest and southeast of Denver. The success of this expansion, known as the “T-Rex” initiative, built momentum for more substantial expansion of the rail system through FasTracks.²⁹

The first new FasTracks line—the West Rail Line—opened to the public in late April 2013. The 12-mile light-rail line, with 12 new stations, runs west from Denver’s Union Station through the city of Lakewood before terminating at the Jefferson County Government station in the city of Golden. (See figure 4.)

²⁹ CTOD et al. (2010).

Figure 4: The West Rail Line



Source: Denver RTD.

The next new transit addition is expected to be the US 36 BRT Line. Completion of the first segment, from Pecos to Interlocken, is anticipated in 2015. Several additional lines are expected to open by 2016, including the East Rail Line (commuter rail), the Gold Line (commuter rail), the I-225 Rail Line (light rail), and a first segment of the Northwest Rail Line (commuter rail).³⁰ Due to funding uncertainties caused by higher costs and lower sales tax revenues, the remaining FasTracks corridors have an unspecified timeline. RTD's completion of extensions to the region's existing lines (the Central, Southwest, and Southeast corridors), and the North Metro commuter line are expected to occur between 2018 and 2042.

Affordability Concerns

The private housing market is unlikely to meet the considerable demand for long-term affordable housing near existing and future FasTracks stations. During the 1990s and early 2000s, the Denver region experienced significant job growth among high-wage and low-wage jobs that was not commensurately matched by housing construction, especially owner-occupied and very low-income rental housing, leading home prices and rents to rise significantly faster than local incomes. At the same time, a large number of retirees moved into the region, adding to pressures on regional housing affordability.³¹

CTOD (Belzer et al. 2007) projected a similar gap between housing demand and supply near FasTracks transit stations. The authors estimated that an additional 110,000 households would seek housing within a half-mile of light rail stations between 2006 and 2030, and that meeting this demand would require an average of 1,600 new housing units in each station area. CTOD also found that 40 percent of the demand for transit-accessible housing (44,000 units) would come from lower income households. This figure is nearly double the total number of restricted, affordable units currently available in the Metro Denver area.

CTOD identified a series of challenges that were expected to impede the region's ability to meet this demand, particularly for lower income households. These challenges included:

³⁰ RTD. FastFacts.

³¹ CTOD (2007).

1. rising land prices near existing and planned transit stations;
2. expensive infrastructure needed on TOD sites that were previously non-residential;
3. rezoning and land assembly needed at TOD sites, which were leading to lengthy and expensive acquisition and permitting processes;
4. parking requirements that were perceived as unnecessarily high, making development more expensive;
5. inadequate capital among local affordable housing developers to buy and hold land for several years in anticipation of the arrival of transit in the future;
6. declining state subsidies for affordable housing due to budgetary constraints;
7. complexity of financing mixed- or 100-percent affordable housing developments as compared to purely market-rate housing; and
8. limited regional policy support for the inclusion of affordable housing alongside market-rate housing (see further discussion below).

CTOD concluded that without intervention, new housing development would very likely be built exclusively for the upper end of the market, as only the developers of high-cost housing could afford to take on the time, risk, and expense of TOD.

The Denver Regional Council of Governments (DRCOG) maintains an inventory of TOD within walking distance of existing and FasTracks transit stations, using data collected by RTD. The database of 393 developments built since 1997 includes 230 residential developments, comprising 47,000 housing units (roughly half apartments and half condominiums). As of 2010, only five percent of new TOD housing units had some form of ongoing affordability restriction. RTD's inventory provides a basis for concern about the future affordability of new housing development near light rail in the Denver region.³²

Additional support for concerns about the affordability of future transit-oriented housing can be found in a 2010 analysis by Grubb & Ellis, a commercial real estate firm. As reported in the *Denver Post*, Grubb & Ellis found that rental property developers in Denver were willing to pay an average of 25 percent more for land within one-quarter mile of light-rail stops than properties farther from transit. The study was conducted for properties near the southwest and future southeast light rail corridors, which pass through relatively affluent communities compared to other prospective corridors in the system, such as the West Line.³³

Greater demand for transit-accessible housing would be expected to put pressure on the many lower income households who already rent in areas that are either served by light rail or are anticipating new service, but whose homes are not guaranteed to stay affordable over time. This is a potential concern along the West Line, for example, where households are predominantly lower income, and nearly two-thirds of all households rent.³⁴

³² DRCOG (2010).

³³ Jackson (2010).

³⁴ CTOD et al. (2010).

The Role of CLTs to Date in Promoting Equitable TOD

The Urban Land Conservancy (ULC) plays a major role in efforts to promote affordability near existing and future light-rail stations in the Denver region. ULC was established in 2003 to preserve real estate assets in urban areas to ensure their long-term community benefit. It combines the functions of a traditional CLT with those of a private land bank to support the preservation and creation of affordable housing as well as school facilities, community centers, and affordable office space for nonprofits.

ULC's land acquisitions are targeted in areas anticipating or experiencing gentrification, where early purchase can enable the preservation or development of community-serving uses that would be difficult or impossible if land prices rose significantly. Typically, ULC retains land ownership of the properties it acquires and sells existing buildings, or property development rights, to partners who agree to maintain or build new affordable homes or other community assets. Often ULC will use a 99-year land lease to ensure long-term community benefits and affordability. But in some instances, when a land lease arrangement is unworkable for a development partner, or land is too expensive to retain, ULC will sell the land and employ a long-term land use covenant (typically 89 years) to guarantee community interests are served in perpetuity.

Since 2005, ULC has invested in 19 properties, all but one of which is in the city of Denver. Most of ULC's acquisitions are located within a quarter-mile of future or existing light-rail transit, or on the same block as a high-frequency bus stop. Through these acquisitions, ULC has preserved a total of 254 affordable rental homes, two school facilities, and three nonprofit shared space centers. ULC's current land holdings will also enable the future development of at least 750 additional affordable apartments, a public library, a Boys and Girls Club, 300,000 square feet of new commercial and nonprofit space, and other community-serving uses to be determined in the future. Eighty percent of the households served by ULC are very low-income. The organization employs nine staff.

The Denver TOD Fund has played an important role in helping ULC create large-scale affordable TOD. By design, ULC is the sole borrower from the fund as well as a major investor, though other borrowers will be added in the future as the fund grows in size. The purpose of this land acquisition fund is to support the creation and preservation of 1,000 affordable housing units in current and future transit corridors in the city of Denver by 2020. The TOD Fund began operations in 2010, making it the first affordable TOD acquisition fund in the United States. It is the result of a partnership between ULC, Enterprise Community Partners, the City and County of Denver, and several other investors. To date, the Denver TOD Fund has played a role in eight of ULC's 11 TOD property acquisitions. The Fund makes \$13.5 million in capital available at a low interest rate (approximately 3.5 percent) to enable the purchase and holding of sites for up to five years.

Jody Apartments is a good example of ULC's use of a land lease to both preserve and create new affordable homes near transit. Jody Apartments is a 62-unit rental community located less than 500 feet from the future Sheridan light rail station on the new West Rail line. The site straddles the border of the cities of Denver and Lakewood. Before the creation of the Denver TOD Fund,

ULC purchased the site as part of a consortium that included the nonprofit developer New West Side Economic Development (NEWSED), the city of Denver, the Colorado Division of Housing, and Enterprise Community Partners. NEWSED purchased the improvements, consisting of four rental buildings. ULC is now leasing the land to NEWSED for 99 years under a land lease agreement to assure long-term community benefit. NEWSED has designated 52 of the 62 apartments as permanently affordable, with 12 of these committed to extremely low-income households (earning less than 30 percent of AMI).

ULC used a different approach to facilitate long-term affordability in a mixed-use TOD called Mile High Vista. In 2011, ULC purchased a medium-sized property on Colfax Avenue within walking distance of two future West Line transit stations. ULC sold 0.8 acres of the site to Del Norte Neighborhood Development to build an 80-unit affordable rental community called Avondale Apartments, with homes affordable to households earning up to 60 percent of AMI. ULC placed an 89-year use restriction on the site to ensure its permanent affordability. ULC sold another 0.8 acres of the site to the city of Denver for the development of a new public library. Construction of the library began in the fall 2012. ULC retains ownership of the remainder of the site, which it intends to develop for commercial use. Also, ULC serves as master developer, organizing environmental remediation and the provision of utilities and other infrastructure for all three properties. ULC was able to purchase the site with the help of the Denver TOD Fund.

The first new housing development on ULC-owned land will be Evans Station Lofts—an affordable, mixed-use development with 50 permanently affordable workforce rental units and a mix of retail and commercial space. It is currently under construction and expected to be completed by the summer of 2013. Evans Station Lofts is located directly across the street from the active Evans light rail station, located on the Southwest rail corridor. The five-story building is being developed by Medici Communities, a for-profit affordable housing developer. The development will serve households with incomes ranging from 30-60 percent of AMI. ULC purchased the land in 2011 with assistance from the Denver TOD Fund.

To date, ULC has acquired properties on five separate transit lines: the West Corridor, East Corridor, Southeast Corridor, Southwest Corridor, and Central Corridor. All are located within the city of Denver with the exception of the Villas at Wadsworth Station, ULC's first acquisition in the city of Lakewood. This recent purchase (December, 2012) enables the preservation of a 100-unit rental community located near Wadsworth Station on the West rail line.

ULC has also acquired at-risk properties located near high-frequency bus service. In 2010, ULC acquired Dahlia Apartments in Northeast Denver. Dahlia Apartments had been foreclosed upon in 2008, qualifying it for assistance from the NSP. The property consists of six buildings with a total of 36 two-bedroom apartment homes and serves over 100 residents. Hope Communities Incorporated manages the property for ULC until Hope is able to secure financing to acquire the property from ULC to preserve it as long-term affordable rental housing. Dahlia Apartments was ULC's first use of financing made available through the TOD Fund.

Brad Weinig, TOD Program Director at Enterprise Community Partners, believes that ULC-assisted or owned properties will be responsible for more than one-fifth of all new and preserved affordable TOD housing within the region once development on its sites is complete.³⁵ Important to ULC's success has been having a dedicated, moderately-patient, deep-pocketed lender (the Denver TOD Fund), which has helped ULC move quickly to acquire properties near FasTracks and high-frequency bus stops. Instrumental to ULC's success has been ULC's flexibility, which has helped it form partnerships with nonprofit and for-profit developers that are able to secure LIHTC equity and NSP funding. Finally, ULC brings to its work a deep commitment to long-term affordability and community-serving uses, but is willing to take various paths to get there, including land use covenants and acting as master developer.

Support for CLT Engagement in Equitable TOD

Policies and Resources

The City of Denver has been supportive of equitable TOD through resources, but less supportive through policy. The city was the largest single investor in the Denver TOD Fund. The city made a \$2.5 million "top loss" investment in the fund, in which it assumes the greatest risk in case any loans result in capital losses. This investment has enabled other funders to participate in the fund that may otherwise have been deterred by the risk. According to Dace West, director of the Denver Office of Strategic Partnerships, the city's investment was motivated in part by an interest in reducing the combined costs of housing and transportation that disproportionately burden lower income households in Denver, and by a desire to help lower income households continue to be able to stay in neighborhoods where transit investments are made. For West, affordable housing preservation is a fundamental component of sustainability, and encompasses not just the protection of existing buildings, but also preservation of future affordable housing development opportunities.

The city of Denver also has an inclusionary housing policy, but it has been less effective in supporting affordable homes near transit. The policy requires 10 percent affordability for new housing developments, but due to a state court ruling in 2000, which found inclusionary housing to be an impermissible form of rent control, the policy cannot be applied to rental housing, which has been the predominant form of new housing developed since the downturn. The city's inclusionary housing policy also allows developers to opt out of constructing affordable units by paying a fee that is often insufficient to support affordable housing production elsewhere.³⁶ The inclusionary policy was more effective in the early 2000s when it applied to large-scale community developments in east Denver, but these communities were not built as TOD, and generated a large number of new affordable homes in part because the city used its master planning process to add additional affordability requirements on top of its inclusionary policy. The city recently lost the ability to tie extra affordability requirements to major zoning changes in infill, transit-served areas of the city when it revamped its zoning code to allow developers to obtain greater height and density in these areas without the need for rezoning or master plan approval.

³⁵ Interview with Brad Weinig, TOD Program Director, Enterprise Community Partners, March 14, 2013.

³⁶ Interview with Melinda Pollack, Vice President, Enterprise Community Partners, April 13, 2012.

Local planning documents occasionally address the importance of affordable housing near transit. Denver's *TOD Strategic Plan* (2006) included a suggestion that the city develop a TOD affordable housing policy to prevent displacement along existing and future rail corridors.³⁷ In response, the city has developed an early warning system to provide alerts when existing income-restricted housing developments are nearing the expiration of their affordability terms. Part of creating this system was developing a citywide inventory of subsidized housing developments and unsubsidized multifamily properties with transit access. Both projects were made possible with support from the MacArthur Foundation.

Since the completion of Denver's *TOD Strategic Plan*, Denver and other cities expecting FasTracks stations have undertaken station area planning around many transit stops. But while setting the table for more intense development in these locations, these plans are rarely explicit about either creating or preserving affordable housing. An exception is the 2010 West Corridor plan co-authored by CTOD, the city of Denver, the city of Lakewood, the Denver Housing Authority, and Metro West Housing Solutions. One of the report's recommendations was to:

Develop an affordable housing strategy for both preservation and new production.... [This strategy] should focus on transition of some existing housing stock in all station areas from private market ownership to another structure that would permanently preserve affordable housing; identify targeted opportunities for additional new affordable housing; evaluate possible strategies for expanding the Denver TOD Fund to the entire West Corridor; and evaluate various HUD programs to demonstrate ways that they could be modified to better support affordable housing near transit by adding proximity to transit in HUD's evaluation criteria.³⁸

It is not yet clear how the cities of Denver or Lakewood plan to respond to these recommendations.

Finally, the Denver Regional Transportation District (RTD) recently adopted a policy that states it will first consider affordable housing development when engaging in joint development on its land, while ultimately deferring to the local jurisdiction in setting affordability goals for the property.³⁹

Like RTD's new joint development policy, each of Denver's policies and plans described above is potentially supportive of equitable TOD, but is ultimately discretionary. While signaling growing conceptual support for equitable TOD, it is unclear whether these policies will provide additional assistance to ULC or other CLTs interested in providing long-term affordable housing options near FasTracks stations.

³⁷ City and County of Denver (2006).

³⁸ CTOD et al. (2010), page 9.

³⁹ RTD (2010).

Supportive Partnerships in the Region

CLTs engaged in efforts to create equitable TOD have other potential partners besides municipal governments in the Denver region:

1. **Enterprise Community Partners** led efforts to create the Denver TOD Fund in 2010. Enterprise is now the fund's manager. The TOD Fund's capital can only be used in areas located within a half-mile of existing or future light rail stations or a quarter-mile from high-frequency bus stops. Land and property acquisitions are generally required to support affordable rental housing for households at 60 percent of AMI or below. Affordable owner-occupied housing is also allowed on a case-by-case basis, when deemed warranted by the market. Enterprise is now working with ULC and others to double the size of this fund to enable investments in station areas outside the city of Denver.
2. **Mile High Connects** is a broad partnership of organizations from the private, public and nonprofit sectors that are committed to increasing access to housing choices, good jobs, quality schools, and essential services via public transit. This collaboration recently produced a *Regional Equity Atlas* which makes a number of detailed policy recommendations for improving affordability near FasTracks stations. It is also working with Enterprise to broaden the scale of the Denver TOD Fund.
3. **DRCOG** is engaged in various regional educational efforts about TOD, including discussions of the important role of affordable housing in new transit communities. DRCOG also has \$4.5 million available to support local planning for affordable housing around transit, supported by a recent HUD Sustainable Communities Regional Planning Grant.⁴⁰
4. **The Colorado Housing and Finance Authority (CHFA)** provides incentives for affordable housing near FasTracks stations through its allocation of LIHTCs. Its Qualified Allocation Plan favors applicants pursuing competitive, 9 percent LIHTCs for developments within walking distance of transit stations. The availability of 9 percent tax credits has incentivized multiple, for-profit affordable housing developers to build affordable homes near FasTracks stations, increasing potential partners for CLTs.⁴¹ Additionally, CHFA now requires 40-year affordability from 9 percent tax credit recipients, which is longer than what is required for many other forms of public subsidy assistance.
5. **CTOD**, led by its core member Reconnecting America, has played a major role in Denver-area planning and research in recent years. Reconnecting America operates a Denver office so that it can maintain an ongoing role in promoting mixed-income TOD in local and corridor-wide planning efforts.

⁴⁰ DRCOG. Sustainable Communities Initiative.

⁴¹ Interview with Brad Weinig, TOD Program Director, Enterprise Community Partners, (March 14, 2013).

Challenges for CLTs Engaging in TOD

A central challenge for ULC has been the need to quickly recoup a portion of its investment in properties in order to repay acquisition loans to the Denver TOD Fund, which requires repayment within five years. Also, the Denver region has attracted many fast moving, outside investors drawn to the housing boom that continues in many parts of the region, especially in the city of Denver. This has led to stiff competition in the land acquisition market. In this context, equity is particularly important for assembling competitive purchase bids.

Often, ULC is able to form partnerships within a short period of time so that it can sell the improvements (and the land as well for some properties) to acquire the capital necessary to repay the Denver TOD fund and move onto the next transit station opportunity. But ULC's ability to move from one investment to the next is dependent on conditions in a given transit station area or neighborhood, as well as the ability of its (often-nonprofit) partners to assemble necessary financing and funding. Sites along future FasTracks corridors may be less expensive to purchase than sites on existing transit lines, particularly if the corridor passes through lower income communities. But sites in these locations may also be harder to attract a development partner. Conversely, it may be easier to line up financing and lease properties in expensive station areas, for example along the Southwest line, but the high cost of land in these areas makes it more difficult to retain ownership of the land long after development of the site is complete, especially if the land was purchased with loans rather than mostly equity. High parking ratios and the need for environmental remediation in both types of land markets make it harder still for ULC to recoup a significant portion of the equity it has invested in TOD sites.

Case Study 3: Twin Cities Region

The Transit Investment

In 2004, the Twin Cities region completed its first light rail line known as the Hiawatha corridor, linking downtown Minneapolis with the Mall of America in the city of Bloomington. In 2009, service began on the Northstar commuter rail line, a more conventional train line that extends 40 miles north from downtown Minneapolis to the city of Big Lake. The region is now advancing plans for three additional light-rail corridors that would connect the Twin Cities of St. Paul and Minneapolis with dozens of jurisdictions throughout the seven-county region.

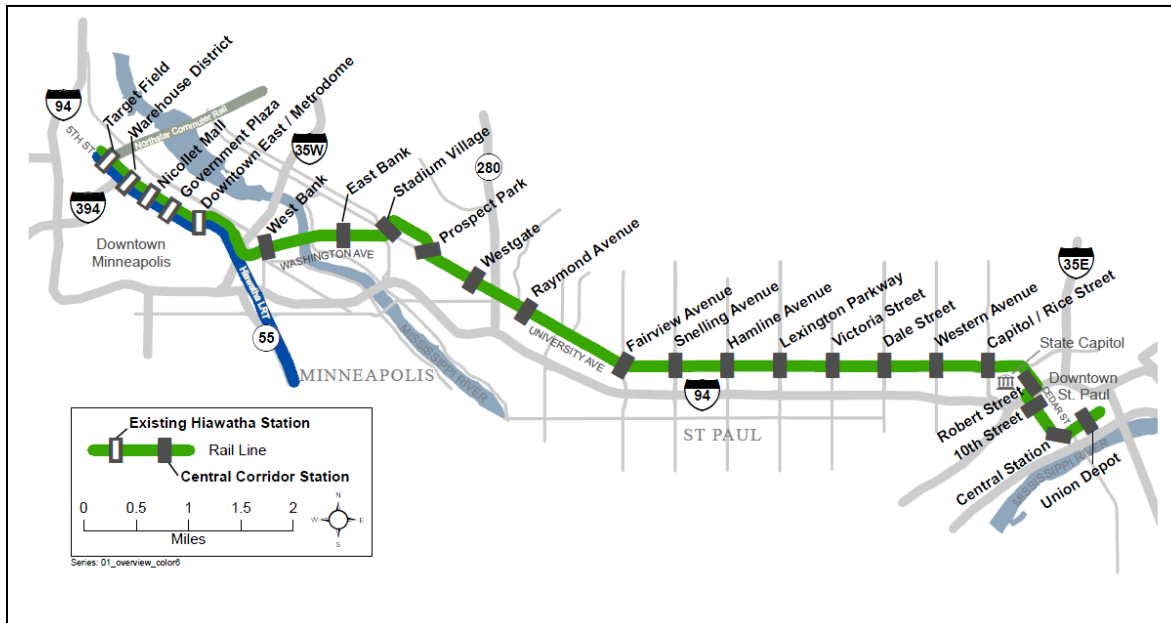
The first of these transit lines will be the Central Corridor. This corridor is already nearing completion, with all stations and rail in place. It connects downtown Minneapolis with downtown Saint Paul, passing through the University of Minnesota's main campus and diverse, St. Paul neighborhoods. Service is expected to begin in 2014. The line shares five stations with the Hiawatha light rail line, while adding 13 new stations. (See figure 5.)

Public officials and planning staff are also actively planning two additional light-rail corridors. First, the Southwest Corridor will function as an extension of the Central Corridor, connecting downtown Minneapolis with the cities of Minnetonka, Hopkins, St. Louis Park, and Eden Prairie. These communities are home to several key employment centers. The Southwest line received a

funding commitment from the FTA in 2011 that allowed it to enter preliminary engineering. Also, a Draft Environmental Impact Statement has been prepared and presented to the public for comment. Second, the Bottineau Transitway would extend the Hiawatha line northwest through the cities of Minneapolis, Golden Valley, Robbinsdale, and Crystal, terminating in the city of Brooklyn Park. (See figure 6.) It would connect to the Central and proposed Southwest light rail lines in downtown Minneapolis. The Metropolitan Council, which operates the light rail network, is currently taking public comment on a proposed rail alignment.⁴²

Each of the region’s emerging light-rail expansions creates opportunities for new TOD and risks for neighborhood disruption that may result in displacement of existing residents, particularly along the Central Corridor and Bottineau Corridor, which pass through predominantly lower income communities.

Figure 5: The Central Corridor Light Rail Line (under construction as of 2013)



Source: Metropolitan Council

⁴² Metropolitan Council (2013). *Light Rail Projects*.

Figure 6. Draft Preferred Alternative for the Bottineau Transitway



Source: Metropolitan Council

Affordability Concerns

Like other regions nationwide, new transit in the Twin Cities has been greeted with considerable interest from the market. Since the Hiawatha line opened nine years ago, nearly 12,000 housing units and over one million square feet of commercial space have been built or proposed for areas within a half mile of its stations, exceeding projections.⁴³

Subsequent transit lines in the region will likely deliver similar neighborhood benefits and development activity. But transit expansion has also generated concerns among local residents that rising land values will increase rents and property taxes beyond affordable costs, preventing some local renters and homeowners from benefiting from the enhanced accessibility and new amenities generated by these large-scale transit investments.

The Central Corridor has been a focal point for concerns about the long-term protection of neighborhood character and existing residents. Neighborhoods along the Central Corridor are

⁴³ Reconnecting America. *Transit Oriented Development & Housing: Balancing the Need; Realizing the Potential Along Hiawatha Corridor.*

predominantly lower income. Renters make up the majority of households in four of the Corridor's six sub-markets. Excluding the University area, where students make up a sizable portion of the local population, median annual incomes in 2009 ranged from \$32,202 (39 percent of the AMI) to \$51,211 (62 percent of AMI). Household income is even lower among St. Paul households living within a quarter-mile of the future rail line.⁴⁴

Most of the presently affordable housing stock along the Central Corridor is market-affordable. Data compiled by the Local Initiatives Support Corporation (LISC) suggest that 12 percent of housing units along the corridor are publicly subsidized.⁴⁵ While in some communities this would represent a significant share of the housing stock, this percentage also indicates that a large share of rental units is vulnerable to rent increases. In 2012, the Housing Preservation Project commissioned a survey of landlords along the Central Corridor that found 40 percent of landlords within a quarter-mile of the rail line intended to raise rents after light rail service began. A comparable share of landlords did not intend to raise rents, and the remainder was unsure.⁴⁶ Taken together, this data suggests a moderately urgent need to preserve housing affordability for very low- income households along the Central Corridor.

Demographic data is less readily available for neighborhoods along the proposed Bottineau and Southwest rail lines. Generally, however, the Bottineau line would pass through some of Minneapolis's lowest-income communities, which have recently been hit hard by foreclosures. Similar to the Central Corridor, these communities may benefit from efforts to preserve market-affordable homes as transit plans progress. The Southwest neighborhoods of Minneapolis are somewhat more affluent. Here the central challenge for promoting affordable housing near transit may have more to do with high land prices that resident displacement.

The Role of CLTs to Date in Promoting Equitable TOD

Like most CLTs nationwide, the City of Lakes Community Land Trust (CLCLT) does not explicitly focus on TOD, but plans for new rail lines in northwest and southwest Minneapolis have prompted CLCLT to begin grappling with issues of community engagement in transit alignment decisions, future land uses around transit stations, displacement prevention, and the long-term affordability of communities anticipating new transit stations.

CLCLT works to build community by providing perpetually affordable homeownership opportunities for lower income families throughout Minneapolis. It focuses on households who would otherwise be unable to purchase a home, and helps them stay in the home. It uses a CLT model to steward homes and to make them available in perpetuity to households earning less than 80 percent of the AMI. It has a staff of four.

To date, CLCLT has helped 150 families buy homes. Most of these households earn less than 50 percent of AMI. As of 2011, 99 percent of CLCLT homes were located within one-quarter mile

⁴⁴ Twin Cities LISC (2012).

⁴⁵ Twin Cities LISC (2012).

⁴⁶ Housing Preservation Project (2012).

of bus lines, and 22 percent were located within a half mile of light rail stations.⁴⁷ According to program director Staci Horowitz, this transit proximity is not the result of intentional targeting of transit neighborhoods by CLCLT, but rather reflects the location preferences of residents and partner developers.

CLCLT delivers sustainable homeownership opportunities in three ways:

1. **Developer Partnerships.** CLCLT works in partnership with for-profit and nonprofit developers to create a handful of homes in new developments that are permanently affordable. CLCLT purchases the land for these homes and guarantees their ongoing affordability.
2. **Homebuyer Initiated Program (HIP).** CLCLT offers Affordability Investment Grants to help prospective homebuyers reduce the amount of mortgage financing needed to purchase a home. Grants ranging from \$25,000 to \$60,000 can be used to buy a home on the open market anywhere in Minneapolis. Additionally, CLCLT offers rehabilitation grants of up to \$25,000 for qualified households to fix up homes after they have been purchased through the HIP program. These funds can be used to address any mechanical, structural, and safety issues that a home has at the time of purchase. The grant is intended to help ensure that an expensive repair will not jeopardize the financial stability of the new homeowner in the first few years of homeownership.
3. **PROJECT: Reclaim.** CLCLT works in collaboration with Urban Homeworks and Build Wealth MN to help households overcome credit challenges and purchase previously foreclosed homes. Build Wealth MN prepares homebuyers with credit counseling, credit repair assistance, and overall financial literacy education. Urban Homeworks identifies, acquires, and rehabilitates properties, often in lower income areas of Minneapolis. CLCLT provides \$30,000 in assistance for each unit's acquisition. This assistance typically covers the cost of purchasing the land for each home. Once the homebuyer completes a purchase agreement with Urban Home Works and CLCLT and refinances with a fixed-rate conventional mortgage, CLCLT officially takes title to the land.

While these programs do not intentionally target transit areas, CLCLT has spent the past two years working with the Northside Transportation Network to organize community workshops and meetings that inform north Minneapolis residents about the potential positive and negative impacts of the proposed Bottineau Transitway. CLCLT's goals for engaging with the Network are to help the local community identify its own Locally Preferred Alternative for the alignment and to help the community and city think through the affordable housing implications of various transit pathways.

Of particular concern to CLCLT was the potential of one of the proposed alignments to directly displace approximately 160 homes on the west side of Penn Avenue. CLCLT helped educate Network members and residents about the challenges that displaced households would face in obtaining comparable homeownership opportunities elsewhere in the neighborhood. At the most

⁴⁷ City of Lakes Community Land Trust (2011).

recent community meeting with the Metropolitan Council's Policy Advisory Committee, residents voiced a preference for an alternative alignment that would not impact Penn Avenue. It appears that Minneapolis City Council members and other public officials now favor an alignment that will not displace residents.⁴⁸ CLCLT continues to engage with the Network as the Metropolitan Council takes additional public comments and moves closer to making a formal decision about the future character and alignment of the Bottineau Transitway.

CLCLT is also engaged in internal discussions about what roles it intends to play related to the future of the Bottineau line and the Southwest light rail corridor. CLCLT staff is unclear whether they should focus on creating long-term affordability near transit stations, shaping land use plans in transit districts, fostering community engagement, or engaging in all three of these activities.

Horwitz sees a potential role for CLTs in supporting permanently affordable housing near transit stations through partnerships with developers to ensure that a percentage of their units have a long-term affordability component. Horwitz also sees value in CLCLT taking a lead role in convening other housing developers to determine if they can collectively impact housing and land use decisions around station stops to maximize community benefit.

CLCLT did not get involved in planning or development related to the Central Corridor. A primary reason was that most of the Central Corridor passes through St. Paul, which is outside of CLCLT's service area. Furthermore, planning discussions for the corridor have identified affordable rental housing as the most pressing housing need. Given CLCLT's emphasis on sustainable homeownership, and the lack of an invitation from communities along the corridor, CLCLT has deferred to other, locally-based housing organizations that have been more directly involved.

Support for CLT Engagement in Equitable TOD

Policies and Resources

There are multiple public sources of funding for affordable housing near transit corridors in the Twin Cities region. The Metropolitan Council is the most active in this funding arena. Under the framework of its Livable Communities grants, the Metropolitan Council operates four programs that make substantial resources available to support affordable housing near transit:

1. The Livable Communities Transit Oriented Development program has \$16 million available for grants to support development in station areas. Most of this funding has supported land acquisition for affordable housing. It is available for rail lines that are currently functioning or that will be ready by 2018.
2. The Livable Communities Demonstration Account makes \$7.5 million available to support innovative development projects that efficiently link housing, jobs, services, and transit.

⁴⁸ Interview with Staci Horwitz, program director, City of Lakes CLT (2/22/13).

3. The Local Housing Incentives Account provides small, gap financing grants to support the expansion and preservation of rental or owner-occupied affordable housing in municipalities that have agreed to meet negotiated, regional fair share housing goals.
4. The Tax Base Revitalization Account provides \$5 million annually to investigate and clean up brownfields for redevelopment. These funds can be used to support a wide range of projects from affordable and market rate multi-family housing to commercial and industrial redevelopment.⁴⁹

The Minnesota Housing Finance Agency makes grants available to build, preserve, and support affordable housing in the state. In October 2012, these awards totaled \$134 million, including \$11 million for single-family affordable homeownership.⁵⁰

The City of Minneapolis Department of Community Planning and Economic Development (CPED) uses Community Development Block Grant funds to acquire and help assemble sites for the development of mixed-income rental and owner-occupied multifamily projects near “community, commercial, and transit corridors.” CPED sells the sites at market value to private developers who agree to make at least 20 percent of the units affordable to households earning 50 percent or less of AMI, and at least 51 percent affordable to households earning 80 percent or less of AMI.⁵¹ CPED does not specify minimum affordability terms, but states a preference for applications that will deliver long-term affordability.

The Twin Cities Community Land Bank acquires and banks land for future development and provides discounted lending to support development activity throughout the seven county metropolitan area, with an emphasis on the Central, Hiawatha, and Southwest light rail corridors. Since its creation in 2009, the Land Bank has acquired and/or financed more than 1,000 single family or multifamily housing units. Homes acquired from the Land Bank must be made affordable to homeowners earning no more than 115 percent of AMI or renters earning no more than 80 percent of AMI. Affordability restrictions, however, only apply to the initial homeowner or renter. There is no minimum number of years that tenants or homeowners must reside in acquired homes. The Land Bank relies on nonprofit partners that initially acquire transferred properties to guarantee longer-term affordability.

Supportive Partnerships in the Region

There is intense interest among private foundations, public agencies, and private nonprofits in promoting equitable TOD in the Twin Cities area. This includes:

1. **Corridors of Opportunity.** In fall 2010, the Saint Paul Foundation and McKnight Foundation jointly submitted and won nearly \$16 million in grants and loans from the Living Cities Integration Initiative. In the near-term, a portion of these funds will be used to support

⁴⁹ Metropolitan Council (2013). Livable Communities Grants. Interview with Guy Peterson, housing specialist, Metropolitan Council, (March 5, 2013).

⁵⁰ Minnesota Housing Finance Agency (2012).

⁵¹ Dockry (March 30, 2005).

efforts by the Family Housing Fund, Twin Cities Community Land Bank, and Twin Cities LISC to preserve and create affordable housing along the Central Corridor, and to fill funding gaps for mixed-income, mixed-use projects along the Central and Hiawatha Corridors. In the same year, the Metropolitan Council was awarded a \$5 million Sustainable Communities Regional Planning Grant from HUD. This grant will support multijurisdictional planning, research, policy development, community engagement, and direct investment in projects related to the region's six emerging transit corridors, excluding the Hiawatha line. In 2011, the Living Cities Integration Initiative and the Sustainable Communities program were merged under the Corridors of Opportunity umbrella to foster better coordination.

2. **The Big Picture Project.** This initiative brings together stakeholders and residents to discuss development of the Central Corridor. The project is funded by the Central Corridors Funders Collaborative (a collection of 13 local and national funders) and is administered by Twin Cities LISC and the Cities of Minneapolis and St. Paul.
3. **Urban Land Institute (ULI).** The Minnesota chapter of ULI is active on a number of fronts in connecting housing and transportation policy, with a focus on improving housing affordability and promoting sustainable development near transit. They are active partners in efforts within the Corridors of Opportunity initiative to integrate housing, land use and transit planning along the Southwest LRT line corridor. They are also partnering with the Regional Council of Mayors to expand awareness of promising affordable housing strategies through educational sessions as well as a Minnesota housing toolkit available through HousingPolicy.org.
4. **The TOD Advisory Committee.** This committee, coordinated by the CTOD, assembles representatives from city and county governments, public agencies, nonprofits, and the private sector to discuss TOD efforts in the region.

Collectively, the public and private sector are making considerable resources available for both planning and the creation of affordable housing near emerging transit lines in the Twin Cities. Few, however, expect long-term affordability, which may put CLTs such as the CLCLT at a fundraising disadvantage.

Challenges for CLTs Engaging in TOD

A central challenge for CLCLT has been that discussions of affordable TOD in Minneapolis and St. Paul often focus on rental solutions. CLCLT has not yet developed the capacity to integrate rental homes into its CLT model nor does this align with the organization's mission of fostering sustainable homeownership.

An additional challenge for CLCLT is limited grant funding for CLCLT's programs. With additional funds, CLCLT would be able to provide purchase assistance to more households and assist more families with purchases in higher-land-value neighborhoods, such as those found along the Southwest corridor.

Finally, CLCLT's most successful homebuyer assistance program (the HIP program) provides assistance that is not targeted at transit areas, but instead helps prospective homebuyers buy a home wherever they choose within Minneapolis city limits.

Discussion

The case studies above provide important insights into the current roles, opportunities, and challenges for select CLTs engaged in equitable TOD. This section reviews common themes and concludes with recommendations for both CLTs and local policymakers.

Roles

CLTs play various roles in fostering equitable TOD in the three case study regions examined. As expected, each CLT studied is creating perpetually affordable housing in transit-oriented settings:

- Since 2009, ALTC (Atlanta) has helped preserve 39 affordable, single-family homes near the BeltLine by enabling PPOP to add a CLT program to its work. ALTC is also stewarding three, new affordable condominiums of its own.
- Since 2005, ULC (Denver) has preserved 254 apartments near light rail or high-frequency bus service while acquiring land that will support the creation of 750 additional, permanently affordable, transit-accessible apartments.
- Since 2002, CLCLT (Twin Cities) has created 150 permanently affordable, owner-occupied homes, 30 of which are located near rail transit and almost all of which are within walking distance of bus service.

Each CLT is also fostering equitable TOD in other ways:

- ALTC and ULC educate and advocate for equitable TOD through involvement in larger coalitions.
- ULC invests in land to address not just housing, but also non-housing community needs, such as nonprofit office space, a public library, a Boys and Girls Club, and community-serving retail.
- CLCLT is helping the Northside Minneapolis community participate meaningfully in decisions about the proposed path of the Bottineau light rail line.

CLTs in the three case studies take different approaches to creating or preserving community-serving land uses, though each involves partnerships with housing and neighborhood development organizations:

- ALTC helps existing neighborhood development organizations either add CLT dimensions to their work or create new CLTs. ALTC has made its biggest impact on housing affordability to date by supporting the work of PPOP.
- ULC focuses on acquiring land near transit and enlists nonprofit housing developers, for-profit developers, and others (such as the Boys and Girls Club) to build or preserve community-serving development on its land subject to the terms of a 99-year ground lease or long-term land use covenant.
- CLCLT brings many homes into its CLT by providing homebuyer assistance that prospective homeowners can use for purchase of homes they choose. CLCLT has also worked successfully with developers that are building new homes or are rehabilitating existing foreclosed homes, placing a share of these homes in the CLT.

Each of these approaches has yielded modest results to date, though each CLT is still relatively young.

Opportunities

CLTs have an important role to play in addressing a range of affordability concerns near transit in each of the three case study regions studied. Each region is grappling with concerns about the potential displacement of lower income households near future transit stations, but has not yet fully addressed this concern by other means. Also, none of the regions has developed adequate long-term affordability mechanisms—other than community land trusts—for ensuring that affordable living options (particularly affordable owner-occupied housing) will be in place for the life of the transit system itself (or even up to the point that the full transit system is built out).

Public agencies and private sector institutions in each region have recognized the need for early intervention to ensure equitable TOD. Local governments and regional agencies have made financial commitments for planning and development, and local and national nonprofits, foundations, and community development intermediaries such as Enterprise Community Partners and LISC have committed significant financial and staff resources to achieving equitable TOD. Together they help create a supportive environment for CLTs to be active in this arena.

As new transit lines are planned, and as displacement concerns begin to surface in lower income neighborhoods anticipating new transit stations, CLTs have an opportunity to shape the discussion of how these concerns can be addressed. In each region, CLTs are finding that the best time to be part of these discussions is before the transit line is built or fully planned.

CLTs also may have an opportunity to acquire land inexpensively in some neighborhoods where proximity to a future transit station does not yet command a sizeable premium. This may include communities where investments in walkability and nearby amenities have not yet fully leveraged the presence of the transit station to create an in-demand real estate market. To help CLTs and other organizations take advantage of land prices being temporarily low, private and public institutions are creating new tools. The proliferation of TOD land acquisition loan funds is particularly promising. The Denver TOD Fund has been important to ULC's success. The San

Francisco Bay Area has a similar loan fund, which provides capital for both land acquisition and land improvement supporting affordable housing near high quality transit. Similar loan funds are being considered in Atlanta, Boston, Los Angeles, Sacramento, Seattle, Chicago, and Salt Lake City. These loan funds can help lower the cost of acquiring land, though it is important to point out that they do not eliminate the risk involved in speculative land purchases, particularly if development partners have not yet been identified.

Additionally, municipal land banks are increasingly using their land disposition process to further public purposes such as affordable housing, rather than focusing exclusively on returning foreclosed homes to the tax rolls. In Atlanta, the Fulton County/City of Atlanta LBA recently obtained the ability to transfer land to CLTs. Municipal land banks can help shield desirable, transit-accessible properties from the land speculation market, and then transfer these properties to CLTs when additional development partners are ready to get involved—reducing the need for CLTs to pay land carrying costs in the interim. CLTs, in turn, offer municipal land banks a means to safeguard transit-accessible properties over time and to ensure that transferred properties deliver ongoing community benefits.⁵²

Public transit agencies are also playing a growing role in making transit-proximate land available for affordable TOD, though they are moving more slowly into this space.

Challenges

The case studies illuminate a handful of challenges as well. A primary obstacle for CLTs is that while the affordability of housing near transit has become a concern for public and private entities, *long-term* affordability is less of a public priority. This can disadvantage CLTs in the increasingly tight competition for public and private funding, given their additional complexity, upfront need for resources, and relative newness. Unlike ULC, which has a special relationship with the Denver TOD Fund, CLTs in the other regions studied do not have a dedicated funding source. Without consistent public policies and resources that prioritize permanent affordability, especially in Atlanta and the Twin Cities, CLTs may struggle to achieve equitable TOD at scale.

A second challenge is that some CLTs have not developed the capacity—either internally or through partnerships with other developers—to build or preserve affordable rental housing, which is an important need in each case study region’s transit network. ULC is the only CLT studied that is developing a portfolio of affordable rental housing. ULC is assembling this portfolio by partnering with developers who build or manage rental properties after assuming long-term ground leases or land use covenants. It may not always be advantageous for CLTs to develop affordable rental housing, particularly if other local developers are providing permanently affordable rental housing near transit. But the lack of rental capacity at CLTs such as ALTC and CLCLT limits the affordability concerns they can help address, and inhibits their ability to access LIHTCs, which help move equitable TOD to scale by providing a significant infusion of equity.

⁵² Davis (October 31, 2012).

Third, given the emphasis on compact forms of development in TOD, CLTs may also need to become competent in developing and stewarding affordable condominiums, which is new for some CLTs. Each of the three CLTs studied has developed the ability to steward multifamily, owner-occupied housing, pointing the way forward for other CLTs that are considering entering this space.

Fourth, transit systems pass through a diversity of neighborhoods. For CLTs to reach scale and help existing as well as future lower income residents access transit-rich communities, CLTs will need to develop the resources and capacity to secure land in various high and low-cost markets. They will also need to forge relationships with stakeholders and constituencies in multiple communities to increase their impact.

Fifth, TOD opportunities are often cross-jurisdictional. Two of the three transit systems studied are expanding across multiple cities. This presents challenges for CLTs that are rooted in one city or neighborhood. It also increases the complexity of engaging in TOD given the need to develop relationships with multiple sets of city staff and community organizations.

Finally, the CLT model is still new to many public and private institutions involved in affordable housing development, especially those involved with affordable housing in denser, transit settings. Greater education is needed about the potential role of CLTs in fostering long-term affordable housing near transit, especially rental housing. This education process must be ongoing, as leaders turn over at key institutions involved in TOD, a challenge that was noted in particular in Atlanta.

Recommendations

For CLTs

CLTs interested in fostering equitable TOD will find early involvement particularly beneficial. This applies to land acquisition as well as to discussions about the displacement of low-income households, goal setting for transit stations and systems, and rail alignment decisions.

CLTs should also be open to partnerships with other neighborhood and community development organizations. Partnerships can enable CLTs to make an impact in diverse transit settings, and to address a broad array of housing needs in transit settings.

For Public Agencies

Public agencies interested in promoting affordable, equitable TOD need to think beyond 15 to 30 years. Given the longer construction timeline of major transit expansions, and given that transit assets can last for 100 years or more, public agencies need to think about how to sustain affordability not just through the build-out of the system, but over the life of the system. One clear way to do this would be to adopt permanent affordability requirements for public financing or subsidies supporting equitable TOD. Another approach would be to prioritize funding for CLTs and similar institutions that are capable of delivering longer-term affordability, or to create

meaningful incentives for affordable housing developers to partner with CLTs in developing or preserving homes near transit.

To achieve equitable TOD, public agencies also need to facilitate easier access to land by CLTs and similar institutions. There are two important tools for accomplishing this, which work best in tandem. First, inclusionary housing policies ask market-rate developers to include affordable homes in new housing developments or dedicate land that can then be used by CLTs to create permanently affordable homes, often in exchange for regulatory relief or other cost incentives. These policies can be particularly helpful along transit corridors where land is prohibitively expensive for affordable housing developers. A second important way to facilitate easier access to land is to invest in public/private land acquisition funds and municipal land banks. TOD funds, as evidenced in Denver, are important resources for taking advantage of TOD opportunities in inexpensive land markets. Municipal land banks, as evidenced in Atlanta, can play a helpful role in communities near future transit stations that have experienced foreclosures or high numbers of vacant properties. Additionally, city agencies and local transit agencies should look proactively at opportunities to develop affordable housing on publicly owned land, including lots owned by transit agencies.

Finally, local, regional, and state-level public agencies should support the development of comprehensive housing affordability plans, well in advance of the development of transit lines, to preserve and expand affordable housing near planned stations. An important part of this support is providing funding to enable institutions like CLTs to participate in transit planning. CLTs can help engage communities in TOD planning decisions, illuminate the affordability consequences of various land use and transit route alternatives, and clarify some of the options available to communities concerned about indirect displacement as the result of new transit investments.

Appendix 1

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Interviews

Interviews were conducted between September 2012 and March 2013 with the following individuals, listed by region:

Atlanta

James Alexander
Manager of Housing and Economic Development, Atlanta BeltLine, Inc.

Ken Bleakly
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Marisa Ghani
Senior Planner, Land Use, Atlanta Regional Commission (ARC)

Bruce Gunter
CEO, Progressive Redevelopment, Inc.

Jonathan Lewis
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Tony Pickett
Executive Director, Atlanta Land Trust Collaborative (ALTC)

Andy Schneggenburger
Executive Director, Atlanta Housing Association of Neighborhood-Based Developers (AHAND)

Meaghan Shannon-Vlkovic
Vice President and Market Leader, Southeast, Enterprise Community Partners, Inc.

Denver

Debra Bustos
Director of Real Estate, Urban Land Conservancy

Catherine Cox Blair
Program Director, Reconnecting America

Rick Garcia
Regional Administrator, U.S. Department of Housing and Urban Development

Troy Gladwell
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Kate Iverson
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Dace West
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Margo Geffen
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Staci Horowitz
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Janet Lindbo
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Guy Peterson
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