



## TRANSIT-ORIENTED DEVELOPMENT

# Project investment criteria

*The core mission of the program is to stimulate private sector investment to create the vibrant communities envisioned in Metro's 2040 Growth Concept*

Metro's Transit-Oriented Development Program has a unique and critical role in implementing greater Portland's 2040 Growth Concept of vibrant, walkable centers and station areas linked by transit. The program helps increase opportunities for people live, work and shop in neighborhoods with easy access to high-quality transit. The core program activity is supporting construction of projects that

provide enhanced density or affordability compared to what would otherwise be built on a property. Related program activities include opportunity site acquisition, investment in urban living infrastructure, and technical assistance to communities and developers.

Investment criteria are adopted by the Metro Council as part of the program's work plan. These excerpts are a resource for real estate professionals and local officials interested in partnering with Metro to create transit-oriented development in areas where the market is not yet able to support those higher-cost development forms, or to enhance affordability in higher-cost areas.

## **TYPOLGY DEFINITIONS**

Eligibility for TOD Program investments varies by typology areas established in Metro's TOD Strategic Plan. Areas eligible for program investments are categorized as follows:

### **Infill and Enhance**

Infill and enhance transit communities are the most "TOD ready" areas in the region outside of downtown Portland. Given the relative strength of these areas, TOD program project investments **must** leverage either long-term affordability or demonstrate innovative or untested approaches to achieving higher densities or enhanced sustainability.

### **Catalyze and Connect**

Catalyze and connect areas offer some physical and market foundation for supporting transit-oriented development. Projects that help catalyze future private development, and increase activity levels through density and/or urban amenities are appropriate. There is also an opportunity to work with local jurisdictions to identify placemaking and infrastructure needs to enhance the pedestrian orientation of the street network and provide better connectivity for all modes.

### **Plan and Partner**

Plan and partner transit communities are often not ripe for direct TOD program investments since they generally lack the built form and market environment that would attract private investment. Given their transit accessibility, however, these areas are ideally suited for station area planning and development implementation technical assistance. When a public partner is working to address the market or physical obstacles to successful TOD development, the



TOD program may participate in construction projects that further these goals.

## **INVESTMENT TYPE DEFINITIONS**

### **Catalytic Projects**

Projects with relatively modest public financial participation, generally less than 20% total development costs, that are expected to improve the financial feasibility of future private sector projects within the real estate submarket.

### **Catalytic Plus Projects**

Projects which qualify as Catalytic Project Investments and, in addition, significantly contribute to place-making or serve as a new prototype for development in the submarket.

### **Housing Choice Projects**

Projects with higher levels of public financial participation, such as low income housing tax credits, that are expected to expand the income diversity of households in a particular area by producing additional affordable or workforce housing units.

### **Site Improvement Projects**

Site preparation or improvement projects which are separated in time, responsibility, or financing structure from TOD project development.

## **THRESHOLD REQUIREMENTS**

TOD project investments must meet the following threshold requirements to be eligible for funding consideration.

### **Site control**

Must meet all of the following:

- The applicant must be a public entity or a willing and capable developer with site control or the ability to establish site control.
- The TOD development must be privately owned and operated.

### **Connection to transit**

Must meet one of the following:

- Station communities Properties must have a functional pedestrian connection between the site and existing or planned rail stations, generally less than 1/2 mile.
- Frequent bus and streetcar Properties must have a functional pedestrian connection between

the site and the transit corridor, generally less than 1/4 mile.

- Urban centers Properties must be within the boundary of an urban center, have a functional pedestrian connection to the main street or commercial core, and be within an eligible TOD typology place type.

### **Eligible TOD typology areas**

Must meet one of the following:

- Catalytic project investments and site improvements are eligible in Catalyze and Connect areas and may be considered conditionally in Plan and Partner areas.
- Catalytic Plus project investments are eligible in Infill and Enhance and Catalyze and Connect areas and may be considered conditionally in Plan and Partner areas.
- Housing Choice project investments may be considered conditionally in Infill and Enhance, Catalyze and Connect and Plan and Partner areas.

### **Transportation and environmental benefits**

Must meet all of the following:

- The project development program will generate additional transit trips as a result of more intensive use of the site compared to what would occur without public participation in the proposed project.

- The project development program is expected to reduce regional Vehicle Miles Traveled compared to what would occur without public participation in the proposed project.

- The site plan and building design enhance the pedestrian and bicyclist experience, and makes the pedestrian realm more visually attractive, active, vibrant and safe.
- The development has the lowest reasonable parking ratio.

### **Land use efficiency**

Must meet all of the following:

- The development has the highest reasonable floor area ratio.
- The development has the highest reasonable site coverage ratio.

### **Financial need**

Must meet all of the following:

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

### **Cost effectiveness**

Must meet all of the following:

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

## **COMPETITIVE INVESTMENT CRITERIA**

In addition to the threshold requirements, projects will be evaluated according to a set of competitive investment criteria. Competitive investment criteria allow a project to distinguish itself among other qualified projects. These criteria shall be considered by TOD Program staff in determining whether and what level of project funding to recommend for approval, and what conditions will apply. Not all of these criteria will apply to every investment opportunity. The relative importance of these criteria will vary depending on the characteristics of the project and the area in which it is located.

### **Increases transit ridership**

- Induces increased transit ridership from more intense development
- Incorporates features which improve the access to the transit system such as transit information services, way-finding signage, lighting, sidewalk improvements, additional bike parking/storage, or new access routes
- Integrates transportation demand management strategies such as limited or no parking, charging for



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parking, car sharing, bike storage, or transportation alternatives programming efforts

- Generates significant transit ridership by the creation of new employment, institutional, or entertainment destinations near transit
- Provides affordability Provides regulated affordable units in areas with high or rapidly increasing housing costs

#### **Creates new market comparables**

- Creates new market comparables as a result of demonstrating market acceptance of new product types, faster absorption, or higher achievable pricing

#### **Builds community acceptance of urban style buildings**

- Uses higher quality of design and/or materials than is typical in the area
- Demonstrates innovative green building elements or development practices that serve to improve the environmental impact of the development and enhance both the human and natural environment

#### **Improves availability of urban living infrastructure retail services and amenities**

- Strengthens economic base to support retail services and amenities
- Integrates urban living infrastructure amenities or retail services into the new development

#### **Expands base of developers with TOD expertise**

- Engages new development partners for the TOD program
- Inspires developers to innovate in

compact and mixed-use development forms

#### **Contributes to placemaking and local identity**

- Incorporates elements that help create a sense of place
- Incorporates elements that reflect and/or build unique local identity
- Furthers a large scale initiative that will improve the TOD readiness of the area
- Supports downtown revitalization
- Provides affordable housing in areas where it increases housing choices and does not exacerbate concentrations of poverty

#### **Removes barriers to compact and mixed-use development**

- Necessitates changes to local plans or development regulations
- Introduces product types, building materials, or building systems which are relatively new to the area

#### **Attracts investment, create jobs and strengthen local tax bases**

- Attracts direct investment in development
- Creates jobs
- Leverages contributions from other public and non-profit entities such as: local government (tax abatement, tax increment financing, reduced SDCs, or support for entitlement changes); state/federal government (low income housing tax credits, public bond financing, grants); or private foundations
- Generates additional property tax revenues

