

What the Research Shows: What Other States are doing to Link Housing and Transportation

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INTRODUCTION

This paper looks at the opportunities to link affordable housing and transportation through the utilization of state and federal programs and funding streams. First, opportunities for state and local housing entities are analyzed, followed by the opportunities for transportation entities. Next, best practices in four states – California, Colorado, Georgia, and New Jersey are discussed. Best practice research reveals that the most successful projects which connect public transportation and affordable housing require strong and innovative programs and policies at both the state and local level. Specifically, many states have adopted innovative policies promoting Transit Oriented Development (TOD), defined by the US Department of Housing and Urban Development (HUD) as “compact, mixed-use development near transit facilities that promotes sustainable communities by providing people of all ages and incomes with improved access to transportation and housing choices.”¹ Finally, opportunities and challenges for implementing these best practices in the state of Texas are discussed.

While recognizing that a lack of public transportation options in rural areas is a barrier for persons with disabilities, the best practices found through this research effort focus mainly on urban areas. Additionally, according to the 2005 study *The Housing Needs of Texans with Disabilities* conducted by the Texas Department of Housing and Community Affairs (TDHCA), persons with disabilities are nearly five times as likely to reside in an urban area than a rural area, with 3,016,812 people with disabilities residing in metropolitan statistical areas (MSAs) compared to 588,710 in non-MSAs.²

OPPORTUNITIES FOR HOUSING ENTITIES

Housing Tax Credits

The Low Income Housing Tax Credit (LIHTC) program is one of the primary means of directing private capital toward the creation of affordable rental housing. The tax credits provide investors of affordable rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing. The value associated with the tax credits allows residences in LIHTC developments to be leased at below market rate rents. The LIHTC program is the most popular method by which state Housing Finance Agencies (HFAs) connect affordable housing and transportation.

Pursuant to Section 42 of the Internal Revenue Code of 1986, a HFA administering the program must develop a plan for the selection of eligible developments; this plan is known as the Qualified Allocation Plan and Rules (QAP). It is within the QAP that many states provide incentives to link housing to transportation. Map 1: *Proximity to Transit – Preference in LIHTC Program*³, created by the National Housing Trust, shows which states award points within the scoring criteria section of their QAP to applicants who link housing properties to transit. In addition, TDHCA researched other ways in which states have utilized their QAP to promote housing and transit linkages.

¹ US Department of Housing and Urban Development, Community Planning & Development, *Transit Oriented Development* <http://www.hud.gov/offices/cpd/about/conplan/tod.cfm>

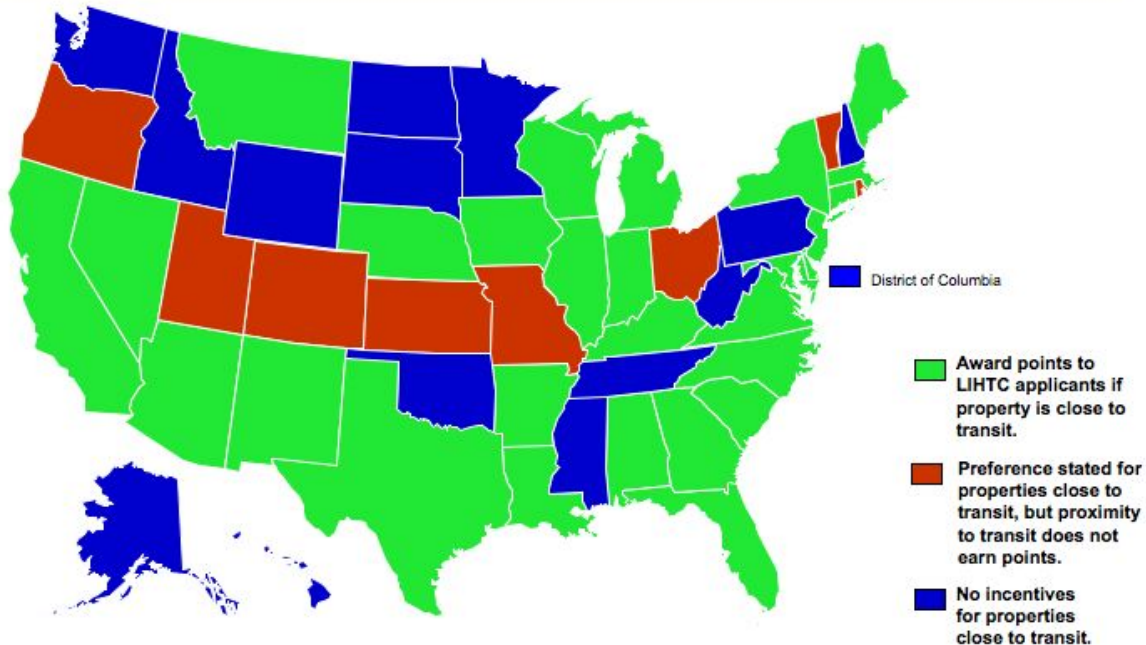
² Texas Department of Housing & Community Affairs, *The Housing Needs of Texans with Disabilities*, April 2005 <http://www.tdhca.state.tx.us/housing-center/docs/05-DisabledTexans-050428.pdf>

³ American Association of Retired Persons, *Preserving Affordability and Access in Livable Communities: Subsidized Housing Opportunities Near Transit and the 50+ Population*, September 2009 <http://www.aarp.org/research/ppi/liv-com/housing/articles/2009-15.html>

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- Proximity to Transit: The most popular method used by state HFAs is to award points for properties within close proximity (¼ to ½ mile) to public transportation, such as bus, train, light rail or ferry stations. Approximately thirty states, including Texas, include this point allocation within their QAP.
- Building within a Transit-Oriented Development (TOD): Another method is to award points for properties locating at an existing or planned TOD site. State such as California, Illinois, New Jersey, and Colorado have utilized this incentive mechanism.

Proximity to Transit Preference in LIHTC Program



As of January 2009 · www.nhtinc.org

National Housing Trust

- Proximity to Transit or TODs in Major Metropolitan Areas: Some state's HFAs, such as Minnesota, specify that points will only be awarded to those housing developments that are located near public transit within highly urban areas.
- Green Building Standards: Many states including Colorado, Illinois, Louisiana, Nevada, New Mexico, and Virginia award points for meeting building standards such as Enterprise Green Communities certification, US Green Building Council's LEED certification, etc. These standards emphasize proximity to public transportation in their certification.
- 30% Eligible Basis Increase or "Boost": Through the recent passage of the Housing and Economic Recovery Act of 2008, states have been granted the authority to designate affordable housing as being located in areas which they determine as "high cost" or "high opportunity" and therefore eligible for additional LIHTCs. Although less common, HFAs have used this authority to allocate additional credits to projects located in TODs. Oregon is a state that provides this 30% "boost" in available credits.
- Credit Set-aside for Projects requiring Proximity to Transit: Another less common practice is to create a set-aside of credits for specific types of housing development. In Pennsylvania, one of the requirements to qualify for their Supportive Housing Set-Aside (5% of total annual credits) is that the project must be located

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within two blocks of a public transit station.⁴ In Massachusetts, their Preservation set-aside (40% of total annual credits) emphasizes projects located near major public transit.⁵

- Tie-breaker points: A few states, such as Florida, use proximity to transit as part of the tie-breaker points, separate from the main scoring criteria. These points are assessed after the initial applicants are scored and ranked.

Other Housing Funding Sources

There are several other methods for utilizing affordable housing funding that although less common, have been used to link housing and transportation.

HUD Funding: Two programs funded by HUD, the Community Development Block Grant (CDBG) program and HOME Investment Partnerships Program, provide local and state agencies with the flexibility to apply funding towards increasing affordable housing near transit. One example is a community development corporation in Washington DC, which applied \$7 million in CDBG funds to develop 800 units of affordable housing around a transit station. Similarly, a local housing agency in Seattle, Washington allocated \$4 million in HOME funds to subsidize 200 affordable housing units in four developments located within a TOD.⁶

Property Tax Abatement: A second way that agencies have linked transportation and housing is through the use of property tax abatement incentives. Established in 2006, the Portland Development Commission (PDC) created a TOD Exemption Program that supports affordable housing development on vacant or underutilized sites along transit corridors by reducing operating costs for developers through a 10 year property tax exemption. Additionally, the Program requires that all rental housing projects over 15 units must provide affordable units (20% of units at or below 60% AMI or 10% of units at or below 30% AMI). For 2007-2008, PDC reported that the program assisted in developing 971 units in TODs, 279 with rents restricted for residents with incomes between 30-80% AMI.⁷

Density Bonus Permits: Local governments award density bonuses as an incentive for developers to provide affordable housing units. Some municipalities have chosen to focus density bonus permits on properties surrounding transit stations. For example, in Arlington County, Virginia the Quincy Plaza residential development was created within a TOD using a 25% density bonus.⁸

Tax Increment Financing: Local governments use tax increment financing to encourage community revitalization by issuing municipal bonds to subsidize development, which are repaid using future tax revenues. Some states, like California, require all local redevelopment agencies to set aside 20% of tax increment financing resources for affordable housing. This can encourage affordable housing near transit, like the 114 unit low-income senior apartment complex in Sacramento, located within a TOD, which was developed using \$6 million in tax increment financing.⁹

⁴ Pennsylvania Housing Finance Agency, *Allocation Plan for Year 2010: Low Income Housing Tax Credit Program* http://www.phfa.org/forms/multifamily_program_notices/qap/2010_qap.pdf

⁵ Massachusetts Department of Housing and Community Development, *Low Income Housing Tax Credit Program: 2010 Qualified Allocation Plan* <http://www.mass.gov/Ehed/docs/dhcd/hd/lihtc/2010qap.pdf>

⁶ US Government Accountability Office, *Affordable Housing in Transit-Oriented Development: Key Practices Could Enhance Recent Collaboration Efforts between DOT-FTA and HUD*, September 2009 <http://www.gao.gov/new.items/d09871.pdf>

⁷ Portland Development Commission, *Housing Services: Transit Oriented Development (TOD) Property Tax Abatement Guidelines*, http://www.pdc.us/housing_services/programs/financial/transit_oriented_development_guidelines.asp

⁸ Ibid 6

⁹ Ibid 6

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Smart Growth Zoning: Finally, some states have encouraged the connection of affordable housing and transit through the adoption of Smart Growth zoning policies. Two of the principles behind Smart Growth are the creation of a range of housing opportunities and choices and the provision of a variety of transportation choices. Using these principles, the Massachusetts legislature passed the Smart Growth Zoning and Housing Production Act (Chapter 40R) which encourages cities and towns to establish new overlay zoning to promote housing production and smart growth development. Eligible smart growth zoning districts include those near transit stations. The state's Department of Housing & Community Development, which oversees implementation of the Act, requires that 20% of the housing in the district must be affordable to those at or below 80% AMI. In return cities receive a zoning incentive payment that ranges from \$10,000 to \$600,000 depending on the number of housing units.¹⁰

TRANSPORTATION LINKAGES TO AFFORDABLE HOUSING

In addition to housing funding sources, federal, state, and local transportation funds can be used to create transportation options that encourage linkages between affordable housing and transportation. Low-income American households spend as much as 33 percent of their income on transportation, while the average American household spends only 18 percent.¹¹ Creating affordable housing near transit can help address the high transportation costs of low-income households, but can have significant challenges. Those challenges include high land costs, the need for the preservation of existing affordable housing near transit corridors, zoning and other regulatory barriers to affordable housing, and the added complexity of joint development projects involving transit agencies, housing agencies, and private investors.¹² Some communities have accessed transportation funding sources to assist in the planning, creation and preservation of affordable housing opportunities near transit.

U.S. Department of Transportation, Federal Highway Administration

The Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) funds highways, highway safety, and public transportation and promotes efficient and effective Federal surface transportation programs by focusing on transportation issues of national significance. SAFETEA-LU promotes planning, development, and implementation of strategies to integrate transportation, community, and system preservation plans and practices, including activities that are necessary to implement transit-oriented development plans. SAFETEA-LU has two programs used by local and state governments to assist in the creation of affordable housing near transit.¹³

- Surface Transportation Program funds maybe used by State and local governments on highways, bridge projects, transit capital projects, and public bus terminal and facilities. Surface Transportation funds have been used by state and local jurisdictions in the following ways:¹⁴
 - *Regional Transportation Planning*: Some jurisdictions have used these funds for local plans that effectively link current and future land use planning to existing or planned transportation infrastructure.

¹⁰ Massachusetts Executive Office of Energy and Environmental Affairs, Smart Growth / Smart Energy Toolkit, Chapter 40R (and Chapter 40S), http://www.mass.gov/envir/smart_growth_toolkit/pages/mod-40R.html

¹¹ Center for Transit Oriented Development, *Realizing the Potential: Expanding Housing Opportunities Near Transit*, April 2007.

¹² *Better Coordination of Transportation and Housing Programs to Promote Affordable Housing Near Transit*, A Report from the U.S. Department of Transportation and the U.S. Department of Housing and Urban Development, August 2008.

¹³ Federal Highway Administration, *A Summary of Highway Provisions in SAFETEA-LU*, <http://www.fhwa.dot.gov/safetealu/summary.htm>

¹⁴ Summary of Regional Smart Growth Incentive Programs, <http://www.cdtcmppo.org/rtp2030/e-growth.pdf>

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- *Direct Financial Incentives* – Transportation funds can provide direct financial incentives for communities to support community development and redevelopment projects, including housing production, that encourage public transportation and high-density housing near major transit stations or transit corridors.
- *Transit Oriented Developments* – Funds can be used to implement Transit Oriented Development projects, including transportation infrastructure. Programs often prioritize projects that prioritize residential density, employment opportunities, and connections to existing, funded, or potential transit corridors.
- Federal Congestion Mitigation and Air Quality (CMAQ) program funds surface transportation projects that contribute to air quality improvements and reduce congestion. Since its inception, the CMAQ program has funded over 16,000 projects across the country, most of which have not directly related to housing, but provided incentives for people to use public transit. Examples include the Houston Clean Air Action Program that reduces transit fares during month of high ozone readings and San Francisco that provides transit agencies with incentives to build housing within ¼ mile of transit.¹⁵

BEST PRACTICES

As stated earlier, research into best practices reveals that projects which are successful in linking public transportation and affordable housing require both state and local program policies to be open, flexible, and innovative.

California

California is on the forefront of a national effort to connect transportation and housing through programs and policies that are forward thinking and progressive. First, California's Tax Credit Allocation Committee has implemented transit-oriented scoring incentives in their QAP. Out of the approximately 150 total possible points that can be awarded to an applicant, 7 points are awarded to a project that is part of a TOD strategy where there is a transit station within a ¼ mile of the site, 6 points are awarded for a project within a ¼ mile of a transit station, and 5 points are awarded for a project within a 1/3 mile of a bus stop.¹⁶

Secondly, California's local and regional governments have chosen to use their allocations of federal transportation dollars towards the creation of public transportation options near housing. For example, in 2000 the San Francisco Bay Area's Metropolitan Transportation Commission (MTC) launched the Housing Incentive Program (HIP) to support construction of higher density housing near transit through the use \$9 million in STP funds from the Federal Highway Administration. This Program encourages local governments to create developments that meet minimum density requirements of 30 units per acre and are 1/3 mile from a bus stop or ferry terminal or ½ mile from a rail station.¹⁷ Likewise, the San Diego Area Council of Governments was allocated \$22.6 million in STP funds from FY1998 to FY2004 and used the entire amount on its Transportation Enhancement Activities Program which emphasizes the creation of Transit-Oriented Development.¹⁸

Likewise regional governments have also taken advantage of state funded programs, such as California's State Transportation Improvement Program (STIP), for transit-oriented development. For example, the San Mateo County Association of Governments created a TOD Incentive Program using STIP funds, which provides

¹⁵ Federal Highway Administration, *Congestion Mitigation and Air Quality (CMAQ) Improvement Program*, <http://www.fhwa.dot.gov/environment/cmaqps/>

¹⁶ California State Treasurer, *California Tax Credit Allocation Committee*, <http://www.treasurer.ca.gov/ctcac/>

¹⁷ Metropolitan Transportation Commission, *Smart Growth / Transportation for Livable Communities, Housing Incentive Program (HIP)*, http://www.mtc.ca.gov/planning/smart_growth/hip.htm

¹⁸ US Department of Housing and Urban Development, *Community Planning & Development, Transit Oriented Development* <http://www.hud.gov/offices/cpd/about/conplan/tod.cfm>

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incentives for local land use agencies to create housing near transit. Over two funding cycles from 1999 to 2004, the program gave \$5.2 million to support the development of 3,690 housing units in 15 TOD projects.¹⁹

Finally, California's largest effort has been the creation of the Transit-Oriented Development Housing Program.²⁰ In 2006, voters passed the Housing & Emergency Shelter Trust Fund Act (Prop 1c) and starting in 2008, this Act allocated \$285 million over three years to provide loans and grants for the development and construction of housing development projects within ¼ mile of transit stations. Under the Program, low-interest loans are available as gap financing for rental properties that include at least 15% affordable units. Additionally, grants are available to cities, counties, and transit agencies for infrastructure improvements necessary for the development of this housing. Selection criteria for program applicants is similar to using a QAP: up to 90 points can be awarded for projects increasing public transit ridership, 40 points can be awarded for locating housing in an area designated for transit-oriented development and 30 points can be awarded for the project serving lowest income bracket. The results of the Transit-Oriented Development Housing Program have been very successful. In 2008, \$145 million was committed to 16 applicants and over 1,800 affordable housing units were created.

Colorado

Although Colorado does not possess a number of large metropolitan areas or the population of big states like California and Texas, the strategic use of both public and private financing, as well as the collaboration between state and local agencies, has allowed the state to become a model for transit oriented development.

In September 2009, HUD awarded \$995 million to Public Housing Agencies nationwide through Capital Fund Recovery Competitive grants. The Denver Housing Authority (DHA) chose to use its \$10 million grant award for the South Lincoln Homes Redevelopment project located around a light rail station. DHA's goal was to leverage federal funds to create 100 units of senior housing for individuals at 30 to 60 percent AMI and at the same time provided them easy access to public transportation.²¹ In coordination with DHA's project, the Colorado Housing Finance Agency (CHFA) revised their LIHTC QAP to provide a set-aside of up to \$1.25 million in annual tax credits for the first phase of the project.²²

The City of Denver has also recently partnered with several private and non-profit organizations to create a Transit Oriented Development Fund. In March 2009, the MacArthur Foundation awarded the Denver Office of Strategic Partnerships, in conjunction with Enterprise Community Partners, \$2.25 million for the Fund, which was leveraged to make \$25 million available to developers as a revolving loan. The Fund's purpose is to support the creation and preservation of over 1,000 affordable housing units over a 10 year period through strategic property acquisition in current and future transit corridors. Additionally, the City's goal is to have 15% of these units be affordable to families whose income is at 0-30% of area median income (AMI).²³

Finally, in one of the country's most ambitious efforts to link housing and transit, the CHFA and seven cities in the greater metro-Denver area recently announced their collaboration on the sale of \$53 million private activity bonds to support development of low- and moderate-income rental housing near transit stations along the six-line, 150-mile rail network to be developed over the next twelve years.²⁴ At least 51 of the 57 planned transit

¹⁹ US Department of Housing and Urban Development, Community Planning & Development, *Transit Oriented Development* <http://www.hud.gov/offices/cpd/about/conplan/tod.cfm>

²⁰ [http://www.bondaccountability.hcd.ca.gov/ba.hcd?id=Transit Oriented Development](http://www.bondaccountability.hcd.ca.gov/ba.hcd?id=Transit%20Oriented%20Development)

²¹ US Department of Housing and Urban Development, Public and Indian Housing, *Capital Fund Recovery Competitive Grants*, <http://www.hud.gov/offices/pih/programs/ph/capfund/recovcomp.cfm>

²² Colorado Housing and Finance Authority, *Housing Tax Credits*, http://www.chfainfo.com/multifam/multifamily_developers/LIHTC%20allocation/LIHTC%20allocation.icm

²³ Denver Office of Strategic Partnerships, *Denver Transit Oriented Development Fund* <http://www.denvergov.org/SupportingCollaboration/DenverTransitOrientedDevelopmentFund/tabid/435674/Default.aspx>

²⁴ Victoria Transport Policy Institute, *Location Efficient Development and Mortgages: Taking Advantage of Consumer and Transportation Benefits at Accessible Locations*, February 2010, <http://www.vtpi.org/tm/tm22.htm>

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stations lend themselves to mixed-use development that should include affordable housing. In order to be eligible for assistance from the CHFA and the seven cities (including LIHTC), affordable housing developments must be within 1,500 feet of a planned or existing transit station. Additionally, at least 75% of the rental units must be for individuals or families whose income is at or below 100% AMI.

Georgia

Similar to Colorado, Georgia has established a successful model for state, regional, and local government collaboration regarding the linkage of housing and transportation. Georgia's Department of Community Affairs has established incentives within their LIHTC QAP around "Quality Growth Initiatives." One of these initiatives is to promote community transportation options through awarding points for proposed developments that are located within ½ mile walking distance of a rapid rail transit station.²⁵

Emphasis by the state on connections of housing and public transit has recently led to a similar emphasis at the local and regional government level. In 2009, the Atlanta City Council allocated \$8.3 million for a BeltLine Affordable Housing Trust Fund (BAHTF). BAHTF's purpose is to make grants available to multifamily, single family, and CHDO developers to finance the acquisition, construction, or renovation of multifamily and single family housing along the BeltLine: a new 22 mile light rail transit system that connects existing and proposed regional transit networks. The Atlanta Regional Commission has partnered with the Atlanta Development Authority on this effort, allocating \$18 million in federal funds for acquisition and rail construction along the BeltLine, with another \$240 million called for in their long-range plan. Additionally, multifamily housing development through BAHTF is restricted to families at or below 60% AMI.²⁶

As was seen in California, Georgia's regional governments are using Federal Highway Administration dollars to link public transit and housing development. In 1999, the Atlanta Regional Commission established the Livable Centers Initiative (LCI) as a way of encouraging local jurisdictions to implement transit oriented development strategies. In 2000, the Commission allocated \$350 million in STP funding and another \$150 million was added in 2004. By 2008, 762 projects had been completed, with another 164 under construction and 222 projects in the planning process. These 1,148 projects are anticipated to add 84,506 residential units in 69 LCI communities.²⁷

New Jersey

New Jersey offers a unique example of collaboration between the state's transportation and housing agencies to promote transit oriented development. In 1999, the New Jersey Department of Transportation spearheaded a multi-agency smart growth partnership called the Transit Village Initiative, to create incentives for municipalities to redevelop or revitalize areas around existing transit stations. A "Transit Village" is defined as a community with a bus, train, light rail, or ferry station that has developed a plan to spur economic development, urban revitalization, and private-sector investment around those stations. Proposed Transit Villages are required to be within ½ mile of a transit facility, and any project consisting of newly-constructed residential units being financed with state funds are required to reserve at least 20% of units for low to moderate income households.²⁸

In conjunction with the Transit Village Initiative, the New Jersey Housing and Mortgage Finance Agency (within the Department of Community Affairs) decided to update their LIHTC QAP to awards up to 10 points for

²⁵ Georgia Department of Community Affairs

<http://www.dca.state.ga.us/housing/HousingDevelopment/programs/housingTaxCredit.asp>

²⁶ Atlanta Development Authority, Affordable Workforce Housing, *BeltLine Affordable Housing Trust Fund*

<http://www.atlantada.com/buildDev/BeltlineHousingTrustFund.jsp>

²⁷ Atlanta Regional Commissions, *Livable Centers Initiative*, <http://www.atlantaregional.com/land-use/livable-centers-initiative/Livable-Centers-Initiative->

²⁸ New Jersey Department of Transportation, *Transit Village Initiative*,

<http://www.state.nj.us/transportation/community/village/index.shtml>

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proposed developments within Transit Villages.²⁹ The Department of Community Affairs also agreed to offer technical assistance for any planning, redevelopment or zoning issues that these Villages may have. Through this cross-agency partnership, twenty Transit Villages have been created since 1999.

OPPORTUNITIES AND BARRIERS FOR TEXAS

Opportunities – TDHCA Programs & Policies

Based on the research gathered, there are several opportunities for TDHCA to mirror best practices used in other states. First, the agency's LIHTC QAP already awards points for projects located within one-quarter mile of public transportation "that is accessible to all residents including Persons With Disabilities."³⁰ However, there is an additional opportunity, mirroring a method used by Oregon, to use the "30% Increase for Eligible Basis" by expanding the definition of "high opportunity areas" to include areas located within a locally designated TOD. This change would make projects fitting that description eligible for additional LIHTCs which will help a development become even more financially feasible. This increase in eligible basis is especially advantageous to applicants here in Texas because financial feasibility is the highest scoring point item within the QAP.

Additionally, TDHCA operates a state funded Housing Trust Fund (HTF) which provides local governments, public housing authorities, nonprofit organizations and for-profit organizations flexible funding in the form of loans and grants to finance, acquire, rehabilitate, and develop decent, safe, and sanitary affordable housing. The HTF specifically supports single family and multifamily projects that target very low income, rural and special needs populations. Increased funding of the HTF by the State Legislature could provide an opportunity to add a Transit Oriented Development Fund to the HTF's currently funded activities. The advent of such a fund may be similar to those developed in Colorado and Georgia, where developers receive funding to build affordable units in close proximity to public transit.

Another potential avenue for linking housing and transportation could be through utilization of the HOME Rental Housing Development program. These HOME funds have been programmed for rental development activities involving new construction, rehabilitation, or acquisition with rehabilitation of affordable housing. It is possible to release the program's notice of funding availability (NOFA) that sets aside a portion of the funds for a limited time only to applicants who develop affordable housing within close proximity of transit. After that time has expired, the funds would then be released to all potential applicants. However, this option may only be realistic for those applicants developing in urban areas and by statute, only 5% of HOME funds may be used in those areas and are reserved for serving persons with disabilities.

Finally, TDHCA has many opportunities for the public to participate in the planning process and provide feedback regarding its programs and policies. Certain public participation opportunities are federally mandated, specifically for the state's Five Year Consolidated Plan, the State Consolidated Plan Annual Performance Report (CAPER) and the State Low Income Housing Plan and Annual Report (SLIHP). These documents discuss the housing and community services needs that exist throughout Texas, the funding received from HUD and other federal and state sources to address those needs, and the actions being taken by the agency to meet those needs through the use of federal funding. Other participation opportunities are created by TDHCA as a way to receive important feedback from its stakeholders. For example, the agency regularly holds roundtables to discuss new funding opportunities through the Housing Trust Fund. Another opportunity is through the Disability Advisory Workgroup, which gathers disability housing advocates monthly to advise the agency on disability policy issues and how they might affect the agency's programs. Finally, all major decisions regarding agency programs and funding allocations are determined by the TDHCA Governing Board. The Board provides an opportunity for public participation at each meeting.

²⁹ New Jersey Housing and Mortgage Finance Agency, Low Income Housing Tax Credits, *Qualified Allocation Plan*, <http://www.state.nj.us/dca/hmfa/biz/devel/lowinc/qap.html>

³⁰ Texas Department of Housing and Community Affairs, *Housing Tax Credits*, <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>

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Opportunities – Other Organizations

The role that local communities, non-profit, and for-profit organizations play in the preservation of existing affordable housing near transit is an important one. A recent study conducted by the AARP Public Policy Institute, in conjunction with the National Housing Trust, analyzed 400,000 federally assisted housing units in 20 metropolitan areas. Their findings revealed that of the 250,000 subsidized housing units currently located within ½ mile of public transit, almost 70% (176,000) are covered by federal rental assistance contracts expiring before 2014.³¹ Additionally, a large portion of these units were either developed through HUD Section 202/811 Supportive Housing for the Elderly and Persons with Disabilities and/or subsidized using project-based Section 8 funding. A breakdown of the numbers is seen in the table below. Local communities should be aware of the federally subsidized housing in their area that may be facing expiration and work with property owners as well as local governments to promote preservation of these properties. National preservation organizations such as the MacArthur Foundation and the National Housing Trust can also provide valuable resources to tackle this problem.

Federally Assisted Housing Located within a Half Mile of Quality Transit						
Regional Totals		# of Units within a Half Mile of Rail Stations or Frequent Bus Service Based on Certain Characteristics				
Region	Total Regional Units	Units	Regional Units (%)	Elderly Designated Units (Section 202)	Units with Total Payment Below Fair Market Rent	Units with Contracts Expiring by 2014
San Francisco	26,710	25,341	95	6,750	14,346	19,392
New York City	71,764	54,156	75	12,260	25,986	36,192
Portland	5,648	4,247	75	1,123	1,899	3,784
Denver	9,759	7,300	75	1,329	4,633	4,382
Baltimore	13,278	9,873	74	2,719	5,706	6,804
Chicago	43,778	31,894	73	6,724	6,688	20,825
Boston	38,325	25,810	67	3,614	11,362	12,098
Seattle	9,328	6,139	66	1,596	3,221	5,781
Salt Lake City	2,104	1,380	66	658	576	788
Los Angeles	48,433	30,490	63	7,341	25,770	24,929
Philadelphia	20,788	12,875	62	5,791	7,118	9,777
Cleveland	15,866	8,498	54	2,077	2,839	4,490
Atlanta	10,027	5,314	53	724	2,904	3,376
Miami	13,900	6,784	49	2,652	4,720	5,699
Washington, D.C.	23,779	10,569	44	1,282	8,384	7,072
Minneapolis/St. Paul	15,661	5,962	38	670	1,821	4,156
Charlotte	2,103	753	36	25	534	717
Phoenix	6,601	2,069	31	666	1,274	1,442
Houston	9,652	2,689	28	480	2,055	2,217
St. Louis	13,276	3,493	26	986	676	2,026
Totals	400,780	255,636	64	59,467	132,512	175,947

³¹ American Association of Retired Persons, *Preserving Affordability and Access in Livable Communities: Subsidized Housing Opportunities Near Transit and the 50+ Population*, September 2009
<http://www.aarp.org/research/ppi/liv-com/housing/articles/2009-15.html>

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Finally, for local and regional governments in Texas, an opportunity has just recently arisen to apply for a new grant at the federal level. On April 12, 2010, HUD released a notice of funding availability (NOFA) for a Sustainable Communities Planning Grant Program. The goal of this program is to support multi-jurisdiction regional planning efforts that integrate equitable, affordable housing options with a range of transportation choices. The program makes \$100 million available, of which \$25 million is set aside for small metropolitan or rural areas (population of less than 500,000).³²

Barriers

TDHCA is not the sole recipient of direct funding from HUD. Participating Jurisdictions, or PJs, are metropolitan counties and urban places that receive four types of program funding directly from HUD: the Community Development Block Grant Program (CDBG) the HOME Investment Partnerships (HOME) Program, the Emergency Shelter Grants Program (ESGP), and the Housing Opportunities for Persons with AIDS (HOPWA) Program. Therefore, TDHCA does not administer the allocation of this affordable housing funding to the state's urban areas and TDHCA funding for these programs is usually allocated for the benefit of non-PJs (mainly rural Texas). Additionally, the Section 8 Housing Choice Voucher program, which provides a monthly rental subsidy to low income households, is administered by the state's many Public Housing Authorities (PHAs), who in turn are governed by HUD rather than the TDHCA. The fragmentation of federal funding between these various housing entities makes a consolidated effort to link housing and transportation a complex and difficult one.

Another barrier Texas faces is the prohibition of inclusionary zoning. Many state and local housing agencies use "inclusionary zoning" as a tool for the creation of affordable housing near public transit. According to HUD, inclusionary zoning is defined as a set of controls and incentives designed to encourage the production of affordable housing. The common characteristic of all inclusionary zoning programs is the requirement that builders allocate a specific proportion of their development activity to affordable housing. Massachusetts' Smart Growth Zoning and Housing Production Act that was mentioned earlier in this paper is an example of inclusionary zoning.

However in 2005 the Texas Legislature amended Chapter 214 of the Local Government Code, adding language which states that "A municipality may not adopt a requirement in any form, including through an ordinance or regulation or as a condition for granting a building permit, that establishes a maximum sales price for a privately produced housing unit or residential building lot."³³ Prohibiting inclusionary zoning may limit the ability for Texas communities to develop affordable housing near transit.

CONCLUSION

Through the utilization of state and federal programs and funding streams, many state and local government agencies have adopted innovative policies to effectively link affordable housing development with public transit. Particularly, the states shown as best practices can serve as models for the successful collaboration between state, regional, and local governments to promote transit-oriented development. Texas state agencies have many opportunities to mirror these best practices, but it will also take a concerted effort from local communities, non-profit, and for-profit organizations to support the preservation of existing affordable housing near transit. In the end, it is this consolidated effort that can overcome the fragmentation of federal funding to link housing and transportation.

³² US Department of Housing and Urban Development, Office of Sustainable Housing and Communities, http://portal.hud.gov/portal/page/portal/HUD/program_offices/sustainable_housing_communities

³³ Texas Legislature Online, *H.B. No. 2266*, <http://www.legis.state.tx.us/tlodocs/79R/billtext/html/HB02266F.htm>