

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING) RESOLUTION NO. 07-3861
THE TRANSIT-ORIENTED)
DEVELOPMENT (TOD) AND URBAN)
CENTERS IMPLEMENTATION) Introduced by Metro Councilor Robert
PROGRAM TO DESIGNATE FOCUS) Liberty with the concurrence of Metro
CENTERS, ESTABLISH AN URBAN) Council President David Bragdon
LIVING INFRASTRUCTURE PROGRAM,)
AND MAKE TECHNICAL CHANGES)

WHEREAS, on April 9, 1998, the Metro Council adopted Resolution No. 98-2619 (For the Purpose of Authorizing Start-Up Activities for the Transit-Oriented Development (TOD) Implementation Program at Metro), which authorized start-up activities and set forth the operating parameters of the TOD Program in a Work Plan providing for selection criteria for TOD projects; and

WHEREAS, the TOD Work Plan was amended: (1) to include provision for a site improvements category by Resolution 00-2906 (For the Purpose of Amending the TOD Program Procedures to Facilitate TOD Projects Including the Round at Beaverton Central,) adopted March 9, 2000; (2) to include additional light rail corridors, streetcar, frequent bus, urban centers and green buildings by Resolution No. 04-3479 (For the Purpose of Amending the Transit-Oriented Development (TOD) Program Work Plan to Expand the TOD Program Area and Initiate An Urban Centers Program,) adopted July 15, 2004; (3) to add selection criteria for frequent bus line projects by Resolution No. 05-3563 (For the Purpose of Amending the Transit-Oriented Development (TOD) Program Work Plan to Apply Additional Selection Criteria to TOD Program Frequent Bus Line Projects), adopted May 19, 2005; and (4) to allow a process for unsolicited proposals by Resolution No. 05-3617 (For the Purpose of Amending the Transit-Oriented Development (TOD) Program Work Plan to Allow a Process for Consideration of Unsolicited Development Proposals for Metro TOD & Centers Program Owned Land), adopted September 13, 2005; and

WHEREAS, the TOD & Urban Centers Implementation Program provides Metro with a set of development tools that help implement Metro's Region 2040 Growth Concept by being a public partner in higher density, mixed use development projects in

regional and town centers, in light rail station communities and along frequent bus corridors; and

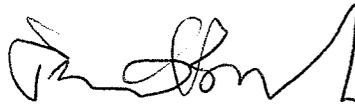
WHEREAS, Metro's TOD & Urban Centers Program sponsored new research into the dynamics of urban real estate markets which provides empirical evidence that mixed use housing development is more economically feasible where there is an urban living infrastructure consisting of elements such as specialty grocery stores, cinemas, cafes, restaurants, bookstores, or other specialized retail; and

WHEREAS, in order to advance Metro's 2040 vision the "Focus Centers" concept was proposed to effectively coordinate and strategically invest Metro's resources in selected locations in order to achieve faster results;

WHEREAS, the TOD Steering Committee has reviewed the performance of the TOD & Urban Centers Implementation Program and recommends approval of the TOD Work Plan amendments to set forth herein as Exhibit A in order to set priorities, implement new strategies and make technical changes; now therefore

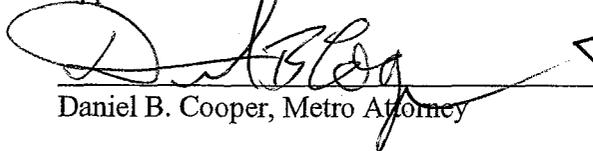
BE IT RESOLVED, that the Metro Council amends the Transit-Oriented Development (TOD) & Urban Centers Implementation Program to designate focus centers, establish an urban living infrastructure program, and make technical changes as set forth in Exhibit A.

ADOPTED by the Metro Council this 1st day of November 2007.

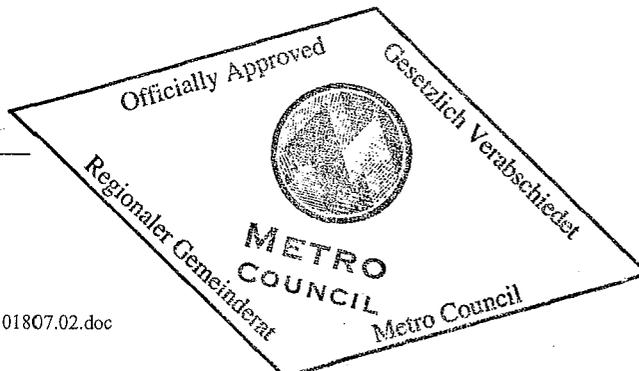


David Bragdon, Council President

Approved as to Form:



Daniel B. Cooper, Metro Attorney



TRANSIT-ORIENTED DEVELOPMENT AND URBAN CENTERS IMPLEMENTATION PROGRAM

WORK PLAN

Planning Department
Metro
March 1998
Revised July 2004
Revised May 2005
Revised September 2005
Revised November 2007

Table of Contents

1. Introduction	2
2. Program Objectives, Strategies & Activities	2
2.1. Program Objectives	2
2.2. Program Strategies.....	2
2.3. Program Activities.....	2
3. Governance	4
TOD Steering Committee.....	4
4. Operating Parameters for Program.....	5
4.1. Project Selection Criteria.....	5
4.1.1. System-wide RFP Criteria	5
4.1.2. Opportunity Site Criteria	5
4.1.3. Site Improvements Criteria.....	5
4.1.4. Frequent Bus Line Criteria	5
4.2. Property Acquisition and Disposition Policies.....	6
4.3. Federal Transit Administration Policies.....	6
4.4. Termination of Program Funding Authorizations	7
5. Program Operation.....	7
5.1. System-wide RFP	7
5.2. Opportunity Sites.....	7
5.3. Site Improvements and Purchase of TOD/Centers Easements.....	7
5.4. Unsolicited Proposals	8
5.5. Professional services	8
6. Other Program Activities	8
6.1. Urban Centers Implementation Program.....	8
6.1.1. Urban Centers Project Criteria.....	9
6.1.2. Urban Centers Program Operation	9
6.2. Urban Living Infrastructure.....	9
6.2.1. Urban Living Infrastructure Project Selection Criteria.....	10
6.2.2. Urban Living Infrastructure Program Operation	11
6.3. Focus Centers	11
6.3.1. Focus Center Selection Considerations	11
6.3.2. Focus Centers Program Operation.....	12
6.4. Education, Advocacy and Technical Assistance	13
6.5. TOD Program Loan or Limited Partner	13
6.6. Green Buildings Program.....	13
6.7. Small Projects Category For TOD/Centers Projects	13
6.8. Oregon Transportation Infrastructure Bank	13

1. INTRODUCTION

This document describes the objectives, activities, and governance of the Metro Planning Department's Transit-Oriented Development Implementation Program (TOD Program). The Program seeks to increase transit ridership and lessen the risk and costs associated with the construction of TOD projects. Projects considered for the Program will exhibit a mix of moderate- to high-intensity land uses, a physical or functional connection to the transit system, and design features that reinforce pedestrian relationships and scale. TOD Program utilizes joint development tools such as land acquisition and Development Agreements to implement projects located in close proximity to rail transit stations and "Frequent Bus" stops throughout the region. These locations are shown on Figure 1.

2. PROGRAM OBJECTIVES, STRATEGIES & ACTIVITIES

2.1. PROGRAM OBJECTIVES

Specific objectives of the Program include:

- Causing construction of higher density housing, mixed-use projects (i.e. apartments over retail, office over retail), and destination uses that have a physical and functional connection to transit, through partnerships with the private sector;
- Developing urban building types with the lowest reasonable parking ratios and highest reasonable floor area ratios (FAR's);
- Increasing the modal share of transit and pedestrian trips within station areas while decreasing reliance on personal automobiles;
- Leveraging and focusing public expenditures within station areas to support Metro's 2040 Growth Concept.

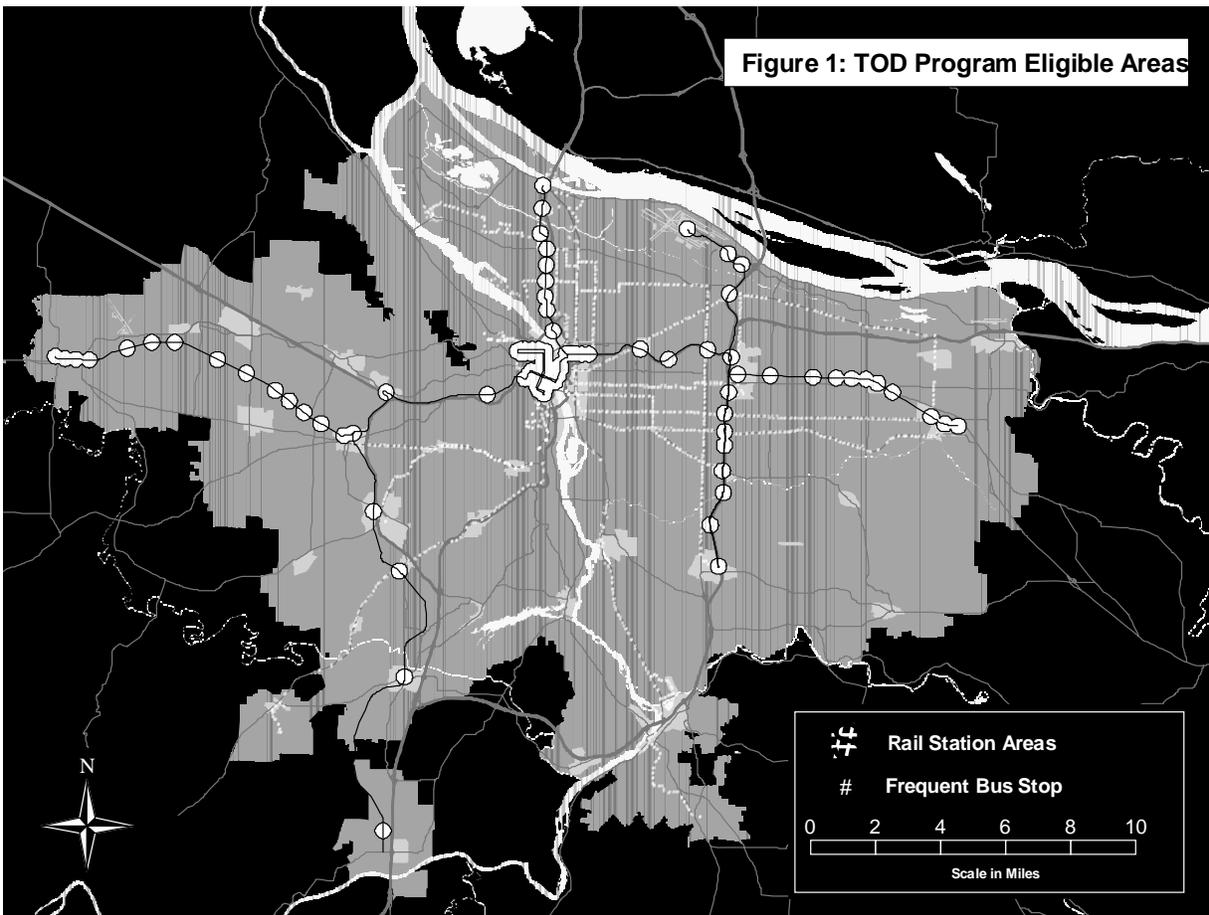
2.2. PROGRAM STRATEGIES

- **Carry out place making** with repeated investments in catalyst projects and place-making elements that contribute to local identity;
- **Create market comparables** for higher-density mixed-use development near transit and in centers;
- **Develop developers** with expertise in higher-density and mixed-use development in suburban settings; and
- **Build community acceptance** of urban style building types in suburban communities.

2.3. PROGRAM ACTIVITIES

The TOD Implementation Program is a joint development program focusing on site-specific project implementation. Joint Development refers to a collection of public and private sector partnership techniques, strategies, and development "tools" that can be used to link development to transit stations to increase the efficiency of a mass transit system. The increase can take the form of new ridership (caused by the construction of TODs), new revenue to a transit agency, or a combination of both. The Federal Transit Administration (FTA) approved a grant for Metro to start the TOD Program in 1997. Authority to use FTA funds for joint development are included in the Intermodal Surface Transportation Act of 1991 (ISTEA) and codified under 49 USC 5309, 49 USC 5307, 23 USC 133 (STP) and 23 USC 149 (CMAQ). According to these laws, TOD Program activities are

defined as transportation projects provided there is (1) a physical or functional relationship to the transit project; and (2) an enhanced effectiveness of the existing transit system.¹



Specific joint development tools that may be used by the Program include:

- Site Control (land acquisition and sale) to ensure design and density of a TOD can be determined before the land is developed.
- Pre-development activities to assist in making environmental and programmatic determinations including financial analysis, conceptual design and permit acquisition; these activities do not include the preparation of architectural construction documents;
- Request for Proposals (RFP) to ensure the competitive offering of development opportunities;
- Development Agreements to establish a set of performances by both parties and to protect public interests in the development of the TOD sites;
- Public and Private Co-use of transit station structures, site improvements, or land to reinforce the connection of a TOD to the transit system;
- Air or Subterranean Rights to increase the density, urban character and/or feasibility of a TOD.
- Site preparation and site improvement activities funded directly or by the acquisition of TOD Easements.

¹For a full discussion see the memo from FTA Chief Counsel Berle M. Schiller to FTA Administrator Gordon Linton entitled "Statutory Authority in Support of FTA Funding of Joint Development Projects," March 15, 1995.

3. GOVERNANCE

The activities of the TOD Program will be overseen by a number of local, regional, state, and Federal officials and public-private partnership specialists. These include:

- The TOD Steering Committee
- The Federal Transit Administration (when the use Federal Funds are involved)
- The Metro Council

The role of the Steering Committee is described in the following text. A more detailed history of the TOD Steering Committee is provided under the “Other Program Activities” section of this document.

TOD STEERING COMMITTEE

Prior to awarding the grant, FTA indicated that Metro was to include Tri-Met and others in the TOD Program. FTA accepted the proposal that the existing Congestion Mitigation Air Quality/Transit-Oriented Development (CMAQ/TOD) Steering Committee be used for this purpose. The CMAQ/TOD Committee was created to allocate \$3.48M of ISTEA funds to projects that could demonstrate innovative ways to address traffic congestion and air quality through TOD projects Successful projects such as Belmont Dairy, Fairview Village, Steele Meadows, Gresham Central, and The Round at Beaverton all include CMAQ/TOD funding.

Under the TOD Implementation Program, the Steering Committee became the TOD Steering Committee with responsibility to approve projects within criteria established by the Metro Council.

The Steering Committee added a Metro Councilor to provide a strong liaison between the Committee and Council. The membership of the Steering Committee is listed below. Metro provides staff support for the Steering Committee.

TOD Steering Committee

Governor’s Office (Chair)
Department of Environmental Quality (DEQ)
Oregon Department of Energy (ODOE)
Department of Land Conservation & Development (DLCD)
Oregon Housing & Community Services Department
Tri-Met
Metro Council
Oregon Department of Transportation (ODOT)
Oregon Economic Development Department (OEDD)
Portland Development Commission (PDC)

Staff: Metro Planning Department

4. OPERATING PARAMETERS FOR PROGRAM

4.1. PROJECT SELECTION CRITERIA

4.1.1. System-wide RFP Criteria

The competitive evaluation criteria of Request For Proposals to solicit development proposals includes a point based evaluation of:

- 1) Quality and experience of developer team,
- 2) Proposed program;
- 3) Connectivity of TOD to light rail;
- 4) Business plan;
- 5) Timeliness of performances, and certain other minimum qualifications of the proposal;

In the event two or more proposals are equal, the project(s) located in Regional and Town Centers will be given priority.

These criteria are the “TOD Proposal Criteria.”

4.1.2. Opportunity Site Criteria

The criteria to acquire sites from property owners include:

- 1) The potential for a physical or functional connection to transit.
- 2) The ability to enhance the existing transit system when developed with a TOD.
- 3) The extent to which the site represents an opportunity to demonstrate TOD Program objectives.
- 4) The location relative to Regional and Town Centers.

These criteria are the “TOD Site Criteria.”

4.1.3. Site Improvements Criteria

The criteria to evaluate proposed site improvements include:

- 1) The potential of the improvements to create or strengthen a physical or functional connection to the transit station;
- 2) The extent to which the improvements cause construction of higher density housing, mixed use projects and destination uses;
- 3) The extent to which the improvement develop building types with the lowest reasonable parking ratios and highest reasonable floor area ratios;
- 4) The extent to which the improvements increase the modal share of transit within station areas while decreasing reliance on personal automobiles; and
- 5) The potential of the improvements to focus and leverage other expenditures within a station area to support Metro’s 2040 Growth Concept,
- 6) Project location relative to Regional and Town Centers.

These criteria are the “TOD Site Improvements Criteria.”

4.1.4. Frequent Bus Line Criteria

Proposed projects located on frequent bus lines will be evaluated against three sets of the criteria: base, mandatory and additional. Base criteria depend upon the nature of the project and will consist of the TOD Proposal Criteria (section 4.1.1), TOD Site Criteria (section 4.1.2) or TOD Site Improvements Criteria (section 4.1.3).

Mandatory Frequent Bus Criteria include:

- 1) Project is in an area that will help spur additional development and help create a node around the transit stop;
- 2) The project represents an attempt to build the base of developers that can be used in other centers
- 3) There are not adequate local government funds available to close the financing gap;
- 4) The project will be within 800 ft. from a high frequency bus line;
- 5) The project demonstrates a market concept applicable to high frequency bus line or the project will test the market for new product types for high frequency bus routes.

Additional Project Criteria for Frequent Bus Projects:

- The project uses new building materials or building systems that result in lower construction costs and/or tests new markets for a building type.
- The project provides market rate and affordable housing, including rental or for sale, in a project that would otherwise be a single use building such as retail or office.
- The project spurs job creation.
- The project uses a high level of sustainable practices including building materials and energy conservation.
- The project is located in or near a center.
- The project has a favorable ratio of TOD dollars to total development costs.
- There are not similar projects in the area done without public funding.
- The project improves the quality of the environment for the transit patron.

Frequent bus project should attempt to respond to as many of the additional criteria as possible.

Collectively, these three sets of criteria are the “Frequent Bus Criteria.”

4.2. PROPERTY ACQUISITION AND DISPOSITION POLICIES

Property will be acquired at Fair Market Value in accordance Metro, State and Federal requirements where appropriate using independent certified appraisals. Property will be sold at a value that takes into consideration the plans, conditions and restrictions imposed by Metro at the time of the sale. This disposition value will take into consideration extraordinary costs of the TOD/Centers project(s) such as building over parking, or structuring parking, fire and seismic building codes for mid-rise buildings, and others.

4.3. FEDERAL TRANSIT ADMINISTRATION POLICIES

The Federal Transit Administration’s grant conditions and Federal funding regulations require the TOD Implementation Program to ensure public participation, identify and mitigate any adverse environmental impacts cause by the Program, and pursue environmental justice. These requirements are to be addressed through the following activities:

- Completion of a programmatic Environmental Assessment (EA)
- Public and agency review of the EA
- Site specific environmental analysis and a Memorandum on Response to Criteria
- Creation of the TOD Steering Committee

4.4. TERMINATION OF PROGRAM FUNDING AUTHORIZATIONS

Previously approved TOD Program funding commitments can be terminated by Steering Committee action to cancel the commitment followed by a 7-Day Notice to Metro Council. Projects will be deemed eligible for termination if the developer has failed to make progress or the property owner and/or developer for the project has changed.

5.

5. PROGRAM OPERATION

5.1. SYSTEM-WIDE RFP

RFPs for development projects will be authorized for release by the Metro Council. Metro staff will conduct the technical evaluation of RFP submissions according to the TOD Proposal Criteria, and submit the proposals to the Steering Committee. As soon as practical upon approval by the Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council of TOD proposals and the Council will have seven (7) days to notify the COO of a request to review a proposal in executive session. Subsequently, proposals will have appraisals completed, site specific environmental work done (including traffic, wetlands, cultural and historic, and hazardous materials), a Memorandum on Response to Criteria prepared (when required by the grant), and be forwarded to the FTA (when Federal funds are proposed for use). Upon approval by the Steering Committee and FTA (when appropriate), the Chief Operating Officer is to execute Development Agreements with developers of successful proposals.

5.2. OPPORTUNITY SITES

To acquire a site without a developer, Metro staff will evaluate the site using the TOD Site Criteria, and the Frequent Bus Criteria, if appropriate, then forward recommendations to the Steering Committee. As soon as practical upon approval by the Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council of potential TOD projects and the Council will have seven (7) days to notify the COO of a request to review a potential project in executive session. Subsequently, the Chief Operating Officer is to execute a Purchase and Sale Agreement with the property owners of TOD project sites. Projects will have appraisals completed, site specific environmental work done, and any other necessary due diligence performed in accord with all Metro, State, and Federal Transit Administration requirements, when appropriate. The sites will then be planned and parceled, if necessary, and sold for private development with specific conditions at a value taking into consideration the effect of plans, conditions and restrictions on the use of the property at the time of sale.

5.3. SITE IMPROVEMENTS AND PURCHASE OF TOD/CENTERS EASEMENTS

To fund site improvements and the purchase of TOD/Centers easements, Metro staff will evaluate the proposed projects using the TOD Site Improvements Criteria, Urban Centers Project Criteria, and the Frequent Bus Criteria, if appropriate, then forward a recommendation to the TOD Steering Committee. As soon as practical upon approval by the Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council of the proposed improvements and the Council will have seven (7) days to notify the COO of a request to review the proposed improvements in executive session. Following this authorization process, the Executive Officer may execute a Development Agreement, with the principle developer of the project in which the

TOD site improvements are located. A TOD/Centers Easement is a set of covenants, conditions and restrictions the Program may impose upon the developer and project for purposes of ensuring that higher density, mixed-use, green building, and urban living infrastructure elements are incorporated in a project. The easements will be recorded on the property to ensure the project remains in use consistent with program objectives.

5.4. UNSOLICITED PROPOSALS

Metro will accept unsolicited proposals on development sites owned by Metro's TOD/Centers Program. A prospective developer may offer in writing to develop a parcel indicating the proposed parcel, the development program, track record of the development team, timelines for development and financial consideration. Metro staff will evaluate the proposal according to project type criteria in Section 4.1.2, 4.1.3 and 4.1.4 as appropriate and, if deemed acceptable, prepare a written analysis and recommendation. Contact with Metro staff is permissible and should be encouraged with the limited objective of conveying to the prospective offeror an understanding of Metro's needs relative to the type of development contemplated. If staff makes a recommendation to accept the proposal, it will then be advertised for a period of 2 weeks in a publication of general circulation. Any additional proposals for that specific development site will be evaluated and a recommendation forwarded to the Steering Committee for action to approve the most beneficial acceptable proposal. As soon as practical, upon the approval of a proposal by the TOD Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council and the council will have seven (7) days to notify the COO of a request to review the unsolicited proposal in executive session. Metro may execute an Exclusive Negotiating Agreement with the developer for up to 120 days to determine if agreement can be reached by both parties to develop the site. Within the 120-day period, the parties may enter into a Development Agreement if consistent with the granted approval.

5.5. PROFESSIONAL SERVICES

Consultants on a "task order" basis will provide technical assistance to Metro staff and the Steering Committee. The disciplines covered by consultant services include:

- Planning & Urban Design
- Environmental
- Development Services
- Real Property Appraisal
- Market Analysis
- Technical Studies
- Land Acquisition, Relocation, Disposition & Escrow Services
- Legal Services
- Architectural & Engineering Services
- Public Process Facilitation

6. OTHER PROGRAM ACTIVITIES

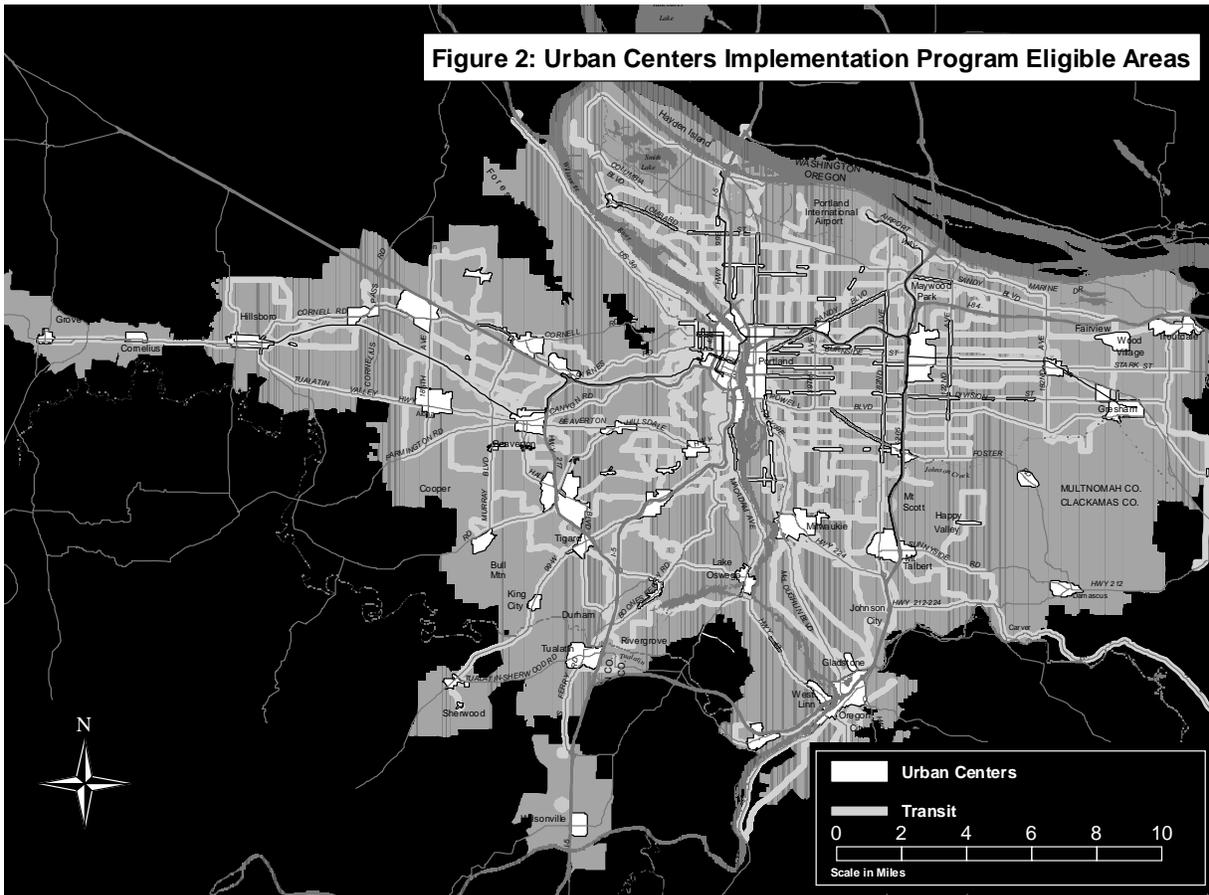
6.1. URBAN CENTERS IMPLEMENTATION PROGRAM

The 2040 Growth Concept looks to the Central City, Regional and Town Centers, Station Communities and Main Streets as the centers of urban life in the region and depends for its success upon the maintenance and enhancements of the Urban Centers.

Metro Council Resolution 03-3381A allocated one million dollars to create a site specific, project based implementation program to operate in designated Urban Centers (Regional and Town Centers), even if they are not currently served by rail or Frequent Bus transit. These Urban Centers are shown in Figure 2.

6.1.1. Urban Centers Project Criteria

Criteria for selecting potential Urban Centers implementation projects are as follows: 1) provision for mixed-use and higher density development; 2) project creates a sense of place in the Center; 3) site control by public entity or willing and capable private developer; 4) project participation by other public partners; 5) potential reduction in regional VMT or of home to work trip length; 6) increase in walk, bike and transit trips; 7) floor area ratio as close to or exceeding 1:1 as possible. These criteria will be called the Centers Implementation Selection Criteria



6.1.2. Urban Centers Program Operation

To fund a Centers project, Metro staff will evaluate the proposed project using the Centers Implementation Selection Criteria and forward a recommendation to the TOD Steering Committee. As soon as practical upon approval by the Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council of the proposed project and the Council will have seven (7) days to notify the COO of a request to review the proposed funding in executive session. Following this authorization process, the COO will execute a Development Agreement, with the principle developer of the project.

6.2. URBAN LIVING INFRASTRUCTURE

The Region's 2040 Vision and Metro's long-range plan encourage development in compact regional and town centers – higher density areas that combine housing, employment, retail, cultural, and recreational activities in a walkable environment that is well served by transit. The

regional benefits of developing in centers include: increased transit, walk and bike trips; reduction of VMT; better air quality; protection of farm and forest land; and more efficient provision of public services. Mixed-use centers also maintain property values, create a sense of community, and attract new businesses. In spite of these longer term benefits, however, development of mixed use, higher density centers often has higher initial costs than traditional suburban development.

The ability of 2040 centers in Portland to transition to higher density development patterns over time is a function of their ability to provide an “urban experience” that delivers sought-after services and amenities within a comfortable walking distance. Traditionally, governments assist placemaking through investment in sidewalks, parks and other public area improvements. Anecdotal evidence indicates that private development of high-density mixed use housing occurs more rapidly where thriving restaurants, specialty grocery stores, cafes, bookstores, and other services have clustered. These commercial services are defined as “urban living infrastructure” [ULI] because it is believed to be essential to support living in a higher density urban environment.

Research commissioned by Metro provides empirical evidence that when urban living infrastructure is present, high-density mixed-use housing development becomes financially feasible, more quickly. Buyers are willing to pay more for housing in vibrant places with distinctive character and urban living infrastructure because services are within walking distance and there is a quality urban environment. When more people are willing to live and invest in the area, a virtuous economic cycle is created wherein additional housing units support more retail services, which in turn increase housing demand, and so on. Together, residential population growth and urban living infrastructure can influence the market so that mid-rise mixed use housing projects become financially feasible without other public investment.

The Urban Living Infrastructure program is a site specific, project-based implementation program that makes targeted public investments to foster the creation of ULI by private individuals or entities in areas that have been explicitly designated for concentrated centers implementation efforts (“Focus Centers”). The Urban Living Infrastructure program will be initiated as a \$600,000 pilot program through the use of interest income on TOD/Centers revenue.

6.2.1. Urban Living Infrastructure Project Selection Criteria

- a. Project is located in a designated Focus Center on a site controlled by a public entity or a willing and capable private developer, and will be privately owned and operated.
- b. Project will have a direct impact on the achievable pricing of one or more specifically identified mixed use, higher density housing projects to be developed in the near future.
- c. Project funding supports capital expenses for real property acquisition and write-down, commercial condominium purchase and write-down, commercial lease write-down (prepaid rent), construction costs, or renovation costs, but does not support inventory and operating costs. For example, building renovations and purchase of permanent fixtures such as a restaurant kitchen ventilation system would be eligible, but purchase of restaurant appliances and furnishings would not be eligible.
- d. Project design supports placemaking and is pedestrian, bike, and transit friendly.
- e. Uses such as cinema-cafes, farmers’ markets, grocery stores, bookstores, restaurants and cafes, bakeries, bike shops, garden/flower shops, and specialty retail will be eligible for program funding. Priority will be given to projects that support local or regional business. Ineligible

uses include bars, liquor stores, tanning salons, beauty shops, adult-only businesses, and offices.

6.2.2. Urban Living Infrastructure Program Operation

To fund an Urban Living Infrastructure project, Metro staff will evaluate the project using the ULI Site Selection Criteria set forth above, and perform an analysis of the requested investment, evaluating its cost-effectiveness against the documented effects of particular ULI investments set forth in Johnson and Gardner's "Assessment of the Marginal Impact of Urban Amenities on Residential Pricing" dated June 2007 ("Metro's Urban Amenities Assessment") or other research, and comparing its cost-effectiveness to other potential ULI Program project funding requests. If staff recommends project approval, the proposed project will be forwarded to the TOD Steering Committee with a staff report including, at a minimum, the following: an evaluation of the project demonstrating: 1) that the project meets the selection criteria and any related Metro or program policies; 2) that the project investment will be cost-effective, based on Metro's Urban Amenities Assessment; and 3) that the project is commercially reasonable. As soon as practical following approval by the Steering Committee, the Chief Operating Officer (COO) will provide written notification to the Metro Council of the proposed project and the Council will have seven (7) days to notify the COO of a request to review the proposed funding in executive session. Following this authorization process, the COO may enter into an agreement with the project developer or property owner and execute any instruments deemed necessary and prudent by the Metro Attorney.

The project financing structure may take the form of a real property acquisition and write-down, commercial condominium purchase and write-down, commercial lease write-down (prepaid rent), or reimbursement for construction or renovation costs. Funding may be in the form of a grant, loan or purchase of ULI easement or restrictive covenant. All funding will be provided through a contractual relationship with the building developer/owner and, whenever possible, project investments will be secured via recorded ULI easement or restrictive covenant.

6.3. FOCUS CENTERS

A variety and critical mass of new investment or redevelopment needs to occur in a center before new market momentum catalyzes other real estate and business investments, creating the condition referred to as "market lift off." A broader set of implementation support services and strategies will be provided in Focus Centers by collaborating with other Metro programs, including New Look and Nature in Neighborhoods.

6.3.1. Focus Center Selection Considerations

- a. Metro TOD & Centers Implementation Program owns property in the center.
- b. Local jurisdiction actively supports the intensification of development, through entitlements (zoning), infrastructure investments, site acquisition and/or other forms of encouragement.
- c. Developers are actively interested in an area.
- d. The local community supports the vision of a compact, walkable center.
- e. Developable parcels are available and property owners are willing to sell or participate in redevelopment.

- f. Existing commercial structures, providing for affordable commercial space, or sites exist at sufficient scale to generate a critical mass of activity.
- g. Residential and employment densities in the area could support services in the center.
- h. Good transportation infrastructure provides convenient commutes and the ability to draw from a wider trade area.
- i. TOD & Centers project, urban living amenity, plaza and other public amenity investments would move the real estate market towards lift-off as the achievable pricing of mixed use, higher density housing is increased when new market comparables and more attractive, dynamic urban places are created.

6.3.2. Focus Centers Program Operation

The TOD Program currently owns property in the Beaverton Regional Center; the Gresham Regional Center; the Hillsboro Regional Center; and the Milwaukie Town Center and is actively partnering with the local jurisdictions to redevelop those properties. The Program’s immediate emphasis will be on these areas. As local market conditions improve and investment activity levels increase, these areas will be reviewed to decide if the program focus should be shifted to other centers.

Additions or deletions of Focus Centers shall be made upon the recommendation of the TOD Steering Committee. The Steering Committee's recommendation becomes effective if the recommendation is introduced by the COO at a Metro Council Worksession and the Metro Council elects not to vote on the recommendation at a regularly scheduled Metro Council Meeting, or if the recommendation is introduced by the COO and adopted by the Metro Council as part of the annual budget process or as a revision to the TOD Workplan approved by the Metro Council.

Focus Center activities may include:

- a. Identify special features and assets of the Focus Center to support placemaking;
- b. Carry out place-making by repeated investments in catalyst projects;
- c. Assist in the creation of urban living infrastructure;
- d. Invest in public amenities such as parks, plazas, public art and streetscapes to leverage private investment;
- e. Acquire property for development or to land-bank at key locations;
- f. Help local jurisdictions to identify and create financial tools including local resources [residual land, CDBG/HOME funds, and fund balances], tax abatement programs, enterprise zones, and innovative System Development Charges [SDCs];
- g. Review development codes with local government to remove barriers, increase building height, increase permitted density, and lower parking ratios;
- h. Build community acceptance of urban style building types by convening development 101 “courses,” design charettes/workshops, and tours for local officials, citizen leaders and business owners;
- i. Increase developer and public official awareness of and expertise in promising practices for mixed use development, and assist in connecting developers and other “do-ers” from various centers; and
- j. Periodically develop a “report card” on progress in implementing the 2040 Centers vision.

6.4. EDUCATION, ADVOCACY AND TECHNICAL ASSISTANCE

Recognizing that the TOD and Centers Implementation Program are complex strategies to help manage regional growth, Program staff will undertake an education, advocacy and technical assistance effort to jurisdictions and agencies (local, national and international) working to implement TOD and/or urban center programs, plans and projects; to academicians studying TOD and public/private partnerships and to members of the private real-estate development community.

6.5. TOD PROGRAM LOAN OR LIMITED PARTNER

The federal guidelines for Transit Oriented Development state that TODs “can be accomplished through a sale or lease of federally funded property, or through direct participation of the funded property, or through direct participation of the transit agency in the development as a (limited) partner.” (Federal Register, Vol. 62, No. 50, Friday, March 14, 1997). In instances where the land value write-down is insufficient to close the financing gap, as a result of cost premiums, additional funding may be provided as a loan or as an equity position in the project to be structured to compliment the developers’ equity capital and mortgage financing.

6.6. GREEN BUILDINGS PROGRAM

TOD and Urban Centers projects will submit applications to the Oregon Department of Energy Business Energy Tax Credits (BETC) Program when they are eligible. Revenues from these tax credits will be used to initiate a “sustainable development” program to integrate green building practices (such as energy and water conservation, the reuse of salvaged building materials and other sustainable practices) into TOD Program funded projects.

6.7. SMALL PROJECTS CATEGORY FOR TOD/CENTERS PROJECTS

A Small Projects category is established for projects with a total development cost of \$1.0million per project. These small projects should not exceed \$100,000 of TOD funding per year. In addition to meeting the TOD/Centers funding criteria outlined in the Work Plan, additional criteria will apply to small projects: 1) funding should not benefit the developer personally for either housing or a business; 2) a developer fee will not be considered as part of the proforma.

6.8. OREGON TRANSPORTATION INFRASTRUCTURE BANK

Upon execution of an agreement with the Oregon Transportation Infrastructure Bank (OTIB) a \$2.0M reservation of transit account funds for up to five years will be available for use by the TOD Program. Funds for individual TOD projects will be drawn down in specific amounts with specific payback schedules for each project. Generally, these individual project payback schedules would be for 6-18 months with deferred interest; however, a project might borrow OTIB funds for up to the life of the OTIB fund reservation—five years.

This use of both OTIB and TOD grant funds will allow the purchase of larger parcels of vacant or redevelopable land than possible using only TOD grant funds. As outlined in the “Grant Funded Program Activities” section above, after Metro acquires land, plans and designs a TOD, parcels the land (if appropriate), and executes Development Agreements with qualified developers, it will then sell the land at a price established by independent appraisals.

Upon sale, the OTIB will be returned the full amount of money it loaned for the initial acquisition. If the land sale(s) included a land value write down, this would be absorbed by the TOD Implementation Program grant, not the OTIB transit account.

The advantages of OTIB participation include:

- Increasing Metro's ability to affect a greater proportion of development surrounding light rail stations;
- Increasing the opportunity to purchase large tracts at wholesale prices, then parceling it to individual developers, which will further leverage TOD grant funds;
- Increasing the incentive for private developers to participate in public-private partnerships by allowing Metro to carry the land during planning and predevelopment activities;
- Financial participation by OTIB in the building of transit projects with minimal financial risk;
- A short turnaround time for OTIB loans.

TRANSIT-ORIENTED DEVELOPMENT AND URBAN CENTERS IMPLEMENTATION PROGRAM

WORK PLAN

Planning Department
Metro
March 1998
Revised July 2004
Revised May 2005
Revised September 2005
Revised November 2007

1. INTRODUCTION

This document describes the objectives, activities, and governance of the Metro Planning Department's Transit-Oriented Development Implementation Program (TOD Program). The Program seeks to increase transit ridership and lessen the risk and costs associated with the construction of TOD projects. Projects considered for the Program will exhibit a mix of moderate- to high-intensity land uses, a physical or functional connection to the transit system, and design features that reinforce pedestrian relationships and scale. TOD Program utilizes joint development tools such as land acquisition and Development Agreements to implement projects located in close proximity to rail transit stations and "Frequent Bus" stops throughout the region. These locations are shown on Figure 1.

2. PROGRAM OBJECTIVES , STRATEGIES & ACTIVITIES

2.1. PROGRAM OBJECTIVES

Specific objectives of the Program include:

- Causing construction of higher density housing, mixed-use projects (i.e. apartments over retail, office over retail), and destination uses that have a physical and functional connection to transit, through partnerships with the private sector;
- Developing ~~suburban~~urban building types with the lowest reasonable parking ratios and highest reasonable floor area ratios (FAR's);
- Increasing the modal share of transit and pedestrian trips within station areas while decreasing reliance on personal automobiles;
- Leveraging and focusing public expenditures within station areas to support Metro's 2040 Growth Concept.

2.2. PROGRAM STRATEGIES

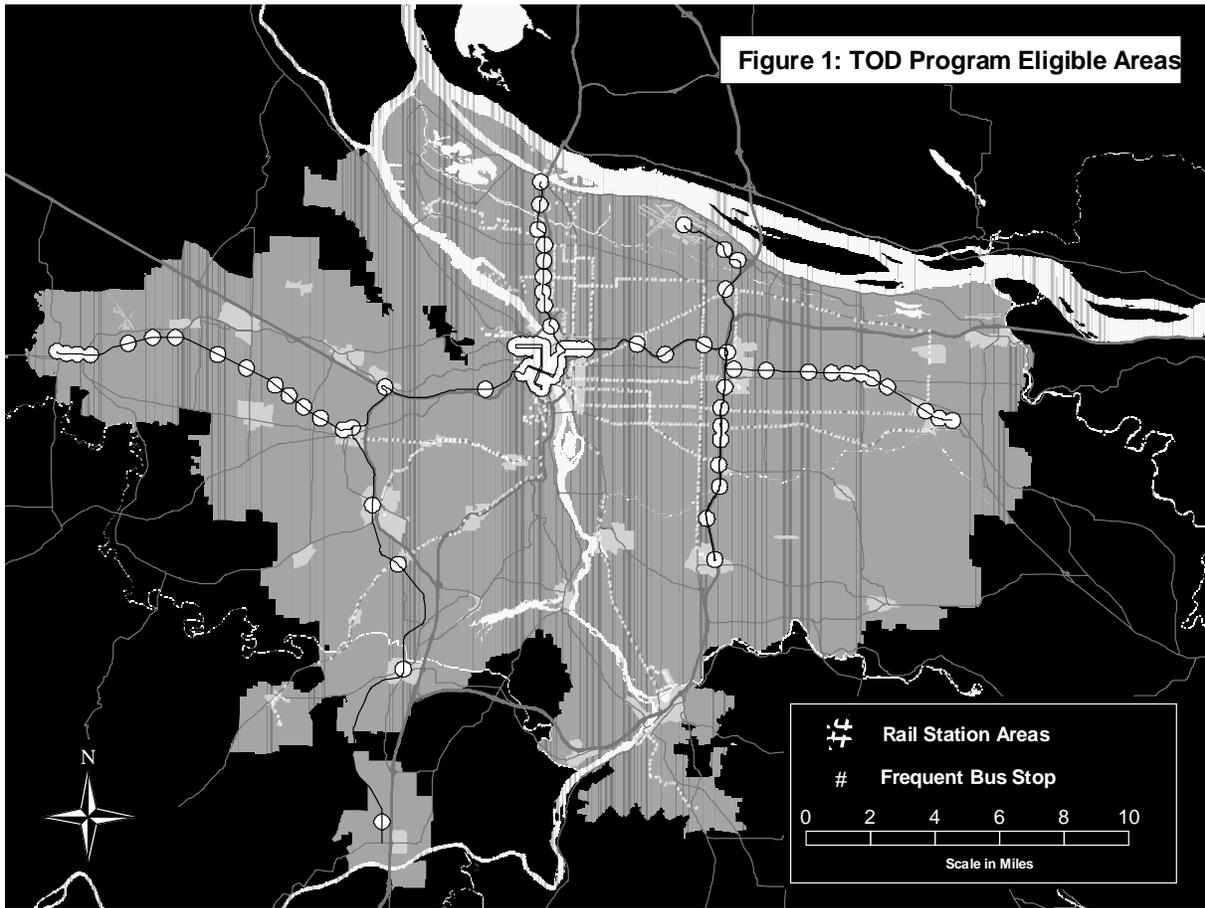
- Carry out place making with repeated investments in catalyst projects and place-making elements that contribute to local identity;
- Create market comparables for higher-density mixed-use development near transit and in centers;
- Develop developers with expertise in higher-density and mixed-use development in suburban settings; and
- Build community acceptance of urban style building types in suburban communities.

~~2.3.~~ ~~2.2.~~ PROGRAM ACTIVITIES

The TOD Implementation Program is a joint development program focusing on site-specific project implementation. Joint Development refers to a collection of public and private sector partnership techniques, strategies, and development "tools" that can be used to link development to transit stations to increase the efficiency of a mass transit system. The increase can take the form of new ridership (caused by the construction of TODs), new revenue to a transit agency, or a combination of both. The Federal Transit Administration (FTA) approved a grant for Metro to start the TOD Program in 1997. Authority to use FTA funds for joint development are included in the Intermodal Surface Transportation Act of 1991 (ISTEA) and codified under 49 USC 5309, 49 USC 5307, 23

USC 133 (STP) and 23 USC 149 (CMAQ). According to these laws, TOD Program activities are defined as transportation projects provided there is (1) a physical or functional relationship to the transit project; and (2) an enhanced effectiveness of the existing transit system.¹

¹For a full discussion see the memo from FTA Chief Counsel Berle M. Schiller to FTA Administrator Gordon Linton entitled “Statutory Authority in Support of FTA Funding of Joint Development Projects,” March 15, 1995.



Specific joint development tools that may be used by the Program include:

- Site Control (land acquisition and sale) to ensure design and density of a TOD can be determined before the land is developed.
- Pre-development activities to assist in making environmental and programmatic determinations including financial analysis, conceptual design and permit acquisition; these activities do not include the preparation of architectural construction documents;
- Request for Proposals (RFP) to ensure the competitive offering of development opportunities;
- Development Agreements to establish a set of performances by both parties and to protect public interests in the development of the TOD sites;
- Public and Private Co-use of transit station structures, site improvements, or land to reinforce the connection of a TOD to the transit system;
- Air or Subterranean Rights to increase the density, urban character and/or feasibility of a TOD.
- Site preparation and site improvement activities funded directly or by the acquisition of TOD Easements.

3. GOVERNANCE

The activities of the TOD Program will be overseen by a number of local, regional, state, and Federal officials and public-private partnership specialists. These include:

- 4) Business plan;
- 5) Timeliness of performances, and certain other minimum qualifications of the proposal;

In the event two or more proposals are equal, the project(s) located in Regional and Town Centers will be given priority.

These criteria are the “TOD Proposal Criteria.”

4.1.2. Opportunity Site Criteria

The criteria to acquire sites from property owners include:

- 1) The potential for a physical or functional connection to transit.
- 2) The ability to enhance the existing transit system when developed with a TOD.
- 3) The extent to which the site represents an opportunity to demonstrate TOD Program objectives.
- 4) The location relative to Regional and Town Centers.

These criteria are the “TOD Site Criteria.”

4.1.3. Site Improvements Criteria

The criteria to evaluate proposed site improvements include:

- 1) The potential of the improvements to create or strengthen a physical or functional connection to the transit station;
- 2) The extent to which the improvements cause construction of higher density housing, mixed use projects and destination uses;
- 3) The extent to which the improvement develop building types with the lowest reasonable parking ratios and highest reasonable floor area ratios;
- 4) The extent to which the improvements increase the modal share of transit within station areas while decreasing reliance on personal automobiles; and
- 5) The potential of the improvements to focus and leverage other expenditures within a station area to support Metro’s 2040 Growth Concept,
- 6) Project location relative to Regional and Town Centers.

These criteria are the “TOD Site Improvements Criteria.”

4.1.4. Frequent Bus Line Criteria

Proposed projects located on frequent bus lines will be evaluated against three sets of the criteria: base, mandatory and ~~additional~~[additional](#). Base criteria depend upon the nature of the project and will consist of the TOD Proposal Criteria (section 4.1.1), TOD Site Criteria (section 4.1.2) or TOD Site Improvements Criteria (section 4.1.3).

~~Manadatory~~[Mandatory](#) Frequent Bus Criteria include:

- 1) Project is in an area that will help spur additional development and help create a node around the transit stop;
- 2) The project represents an attempt to build the base of developers that can be used in other centers
- 3) There are not adequate local government funds available to close the financing gap;
- 4) The project will be within 800 ft. from a high frequency bus line;
- 5) The project demonstrates a market concept applicable to high frequency bus line or the project will test the market for new product types for high frequency bus routes.

5.

5. PROGRAM OPERATION

~~Operation of the TOD Program will include three broad categories of projects: a) system wide RFPs, b) opportunity sites, and c) site improvements.~~

5.1. SYSTEM-WIDE RFP

RFPs for development projects will be authorized for release by the Metro Council. Metro staff will conduct the technical evaluation of RFP submissions according to the TOD Proposal Criteria, and submit the proposals to the Steering Committee. As soon as practical upon approval by the Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council of TOD proposals and the Council will have seven (7) days to notify the COO of a request to review a proposal in executive session. Subsequently, proposals will have appraisals completed, site specific environmental work done (including traffic, wetlands, cultural and historic, and hazardous materials), a Memorandum on Response to Criteria prepared (when required by the grant), and be forwarded to the FTA (when Federal funds are proposed for use). Upon approval by the Steering Committee and FTA (when appropriate), the Chief Operating Officer is to execute Development Agreements with developers of successful proposals.

5.2. OPPORTUNITY SITES

To acquire a site without a developer, Metro staff will evaluate the site using the TOD Site Criteria, and the Frequent Bus Criteria, if appropriate, then forward recommendations to the Steering Committee. As soon as practical upon approval by the Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council of potential TOD projects and the Council will have seven (7) days to notify the COO of a request to review a potential project in executive session. Subsequently, ~~projects will have appraisals completed, site specific environmental work done (including traffic, wetlands, cultural and historic, and hazardous materials), a Memorandum on Response to Criteria prepared, and then be forwarded to the FTA (when FTA funds are being used). Upon approval by the Steering Committee and the FTA (as appropriate),~~ the Chief Operating Officer is to execute a Purchase and Sale Agreement with the property owners of TOD project sites. Projects will have appraisals completed, site specific environmental work done, and any other necessary due diligence performed in accord with all Metro, State, and Federal Transit Administration requirements, when appropriate. The sites will then be planned and parceled, if necessary, and sold for private development with specific conditions at a value ~~determined by an independent economic analysis or appraisal at the "highest and best transit use" method in accordance with guidance by the FTA, as published in the Federal Register, March 14, 1997, or subsequent formal guidance from FTA, as appropriate~~ taking into consideration the effect of plans, conditions and restrictions on the use of the property at the time of sale.

5.3. SITE IMPROVEMENTS AND PURCHASE OF TOD/CENTERS EASEMENTS

To fund site improvements and the purchase of TOD/Centers easements, Metro staff will evaluate the proposed ~~improvements~~ projects using the TOD Site Improvements Criteria, Urban Centers Project Criteria, and the Frequent Bus Criteria, if appropriate, then forward a recommendation to the TOD Steering Committee. As soon as practical upon approval by the Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council of the proposed

improvements and the Council will have seven (7) days to notify the COO of a request to review the proposed improvements in executive session. Following this authorization process, the Executive Officer may execute a Development Agreement, with the principle developer of the project in which the TOD site improvements are located. A TOD ~~Easement~~/Centers Easement is a [set of covenants, conditions and restrictions the Program may impose upon the developer and project for purposes of ensuring that higher density, mixed-use, green building, and urban living infrastructure elements are incorporated in a project. The easements](#) will be recorded on the property to ensure the project remains in ~~transit-supportive~~-use [consistent with program objectives](#).

5.4. UNSOLICITED PROPOSALS

Metro will accept unsolicited proposals on development sites owned by Metro's TOD/Centers Program. A prospective developer may offer in writing to develop a parcel indicating the proposed parcel, the development program, track record of the development team, timelines for development and financial consideration. Metro staff will evaluate the proposal according to project type criteria in Section 4.1.2, 4.1.3 and 4.1.4 as appropriate and, if deemed acceptable, prepare a written analysis and recommendation. Contact with Metro staff is permissible and should be encouraged with the limited objective of conveying to the prospective offeror an understanding of Metro's needs relative to the type of development contemplated. If staff makes a recommendation to accept the proposal, it will then be advertised for a period of 2 weeks in a publication of general circulation. Any additional proposals for that specific development site will be evaluated and a recommendation forwarded to the Steering Committee for action to approve the most beneficial acceptable proposal. As soon as practical, upon the approval of a proposal by the TOD Steering Committee, the Chief Operating Officer will provide written notification to the Metro Council and the council will have seven (7) days to notify the COO of a request to review the unsolicited proposal in executive session. Metro may execute an Exclusive Negotiating Agreement with the developer for up to 120 days to determine if agreement can be reached by both parties to develop the site. Within the 120 -day period, the parties may enter into a Development Agreement if consistent with the granted approval.

5.5. PROFESSIONAL SERVICES

Consultants on a "task order" basis will provide technical assistance to Metro staff and the Steering Committee. The disciplines covered by consultant services include:

- Planning & Urban Design
- Environmental
- Development Services
- Real Property Appraisal
- Market Analysis
- Technical Studies
- Land Acquisition, Relocation, Disposition & Escrow Services
- Legal Services
- Architectural & Engineering Services
- Public Process Facilitation

6. OTHER PROGRAM ACTIVITIES

6.1. URBAN CENTERS IMPLEMENTATION PROGRAM

The 2040 Growth Concept looks to the Central City, Regional and Town Centers, Station Communities and Main Streets as the centers of urban life in the region and depends for its success upon the maintenance and enhancements of the Urban Centers.

- d. Project design supports placemaking and is pedestrian, bike, and transit friendly.
- e. Uses such as cinema-cafes, farmers' markets, grocery stores, bookstores, restaurants and cafes, bakeries, bike shops, garden/flower shops, and specialty retail will be eligible for program funding. Priority will be given to projects that support local or regional business. Ineligible uses include bars, liquor stores, tanning salons, beauty shops, adult-only businesses, and offices.

6.2.2. Urban Living Infrastructure Program Operation

To fund an Urban Living Infrastructure project, Metro staff will evaluate the project using the ULI Site Selection Criteria set forth above, and perform an analysis of the requested investment, evaluating its cost-effectiveness against the documented effects of particular ULI investments set forth in Johnson and Gardner's "Assessment of the Marginal Impact of Urban Amenities on Residential Pricing" dated June 2007 ("Metro's Urban Amenities Assessment") or other research, and comparing its cost-effectiveness to other potential ULI Program project funding requests. If staff recommends project approval, the proposed project will be forwarded to the TOD Steering Committee with a staff report including, at a minimum, the following: an evaluation of the project demonstrating: 1) that the project meets the selection criteria and any related Metro or program policies; 2) that the project investment will be cost-effective, based on Metro's Urban Amenities Assessment; and 3) that the project is commercially reasonable. As soon as practical following approval by the Steering Committee, the Chief Operating Officer (COO) will provide written notification to the Metro Council of the proposed project and the Council will have seven (7) days to notify the COO of a request to review the proposed funding in executive session. Following this authorization process, the COO may enter into an agreement with the project developer or property owner and execute any instruments deemed necessary and prudent by the Metro Attorney.

The project financing structure may take the form of a real property acquisition and write-down, commercial condominium purchase and write-down, commercial lease write-down (prepaid rent), or reimbursement for construction or renovation costs. Funding may be in the form of a grant, loan or purchase of ULI easement or restrictive covenant. All funding will be provided through a contractual relationship with the building developer/owner and, whenever possible, project investments will be secured via recorded ULI easement or restrictive covenant.

6.3. FOCUS CENTERS

A variety and critical mass of new investment or redevelopment needs to occur in a center before new market momentum catalyzes other real estate and business investments, creating the condition referred to as "market lift off." A broader set of implementation support services and strategies will be provided in Focus Centers by collaborating with other Metro programs, including New Look and Nature in Neighborhoods.

6.3.1. Focus Center Selection Considerations

- a. Metro TOD & Centers Implementation Program owns property in the center.
- b. Local jurisdiction actively supports the intensification of development, through entitlements (zoning), infrastructure investments, site acquisition and/or other forms of encouragement.
- c. Developers are actively interested in an area.

- d. The local community supports the vision of a compact, walkable center.
- e. Developable parcels are available and property owners are willing to sell or participate in redevelopment.
- f. Existing commercial structures, providing for affordable commercial space, or sites exist at sufficient scale to generate a critical mass of activity.
- g. Residential and employment densities in the area could support services in the center.
- h. Good transportation infrastructure provides convenient commutes and the ability to draw from a wider trade area.
- i. TOD & Centers project, urban living amenity, plaza and other public amenity investments would move the real estate market towards lift-off as the achievable pricing of mixed use, higher density housing is increased when new market comparables and more attractive, dynamic urban places are created.

6.3.2. Focus Centers Program Operation

The TOD Program currently owns property in the Beaverton Regional Center; the Gresham Regional Center; the Hillsboro Regional Center; and the Milwaukie Town Center and is actively partnering with the local jurisdictions to redevelop those properties. The Program’s immediate emphasis will be on these areas. As local market conditions improve and investment activity levels increase, these areas will be reviewed to decide if the program focus should be shifted to other centers.

Additions or deletions of Focus Centers shall be made upon the recommendation of the TOD Steering Committee. The Steering Committee's recommendation becomes effective if the recommendation is introduced by the COO at a Metro Council Worksession and the Metro Council elects not to vote on the recommendation at a regularly scheduled Metro Council Meeting, or if the recommendation is introduced by the COO and adopted by the Metro Council as part of the annual budget process or as a revision to the TOD Workplan approved by the Metro Council.

Focus Center activities may include:

- a. Identify special features and assets of the Focus Center to support placemaking;
- b. Carry out place-making by repeated investments in catalyst projects;
- c. Assist in the creation of urban living infrastructure;
- d. Invest in public amenities such as parks, plazas, public art and streetscapes to leverage private investment;
- e. Acquire property for development or to land-bank at key locations;
- f. Help local jurisdictions to identify and create financial tools including local resources [residual land, CDBG/HOME funds, and fund balances], tax abatement programs, enterprise zones, and innovative System Development Charges [SDCs];
- g. Review development codes with local government to remove barriers, increase building height, increase permitted density, and lower parking ratios;
- h. Build community acceptance of urban style building types by convening development 101 “courses,” design charettes/workshops, and tours for local officials, citizen leaders and business owners;
- i. Increase developer and public official awareness of and expertise in promising practices for mixed use development, and assist in connecting developers and other “do-ers” from various centers; and
- j. Periodically develop a “report card” on progress in implementing the 2040 Centers vision.

The advantages of OTIB participation include:

- Increasing Metro's ability to affect a greater proportion of development surrounding light rail stations;
- Increasing the opportunity to purchase large tracts at wholesale prices, then parceling it to individual developers, which will further leverage TOD grant funds;
- Increasing the incentive for private developers to participate in public-private partnerships by allowing Metro to carry the land during planning and predevelopment activities;
- Financial participation by OTIB in the building of transit projects with minimal financial risk;
- A short turnaround time for OTIB loans.

6.7. CMAQ/TOD PROGRAM ADMINISTRATION

~~The CMAQ/TOD Program was sponsored by the Department of Environmental Quality (DEQ) and was proposed for CMAQ funding under ISTEA. The germination of the program came from a series of strategies recommended by the Governor of Oregon's Task Force on Motor Vehicle Emissions Reduction. The strategies revolved around demonstrating pedestrian, bike and transit friendly land use options for new construction that reduced auto emissions and traffic congestion. The CMAQ TOD Program was the region's first effort to directly influence TOD projects with the use of Congestion Mitigation/Air Quality funds. Initiated in 1994-95 with \$3.48 million in federal funds, it has resulted in a number of successful projects including Belmont Dairy, Fairview Village, Steele Park, Orenco Station, Gresham Central, 172nd and East Burnside, Buckman Heights, the Round at Beaverton, and Gresham Civic Neighborhood. Six of the above projects have executed Agreements and are completed or underway, with the funding for the last three, Buckman, the Round, and Gresham Civic committed but still pending execution of Financial Agreements. Uncommitted funds as of January 1998, total less than \$100,000.~~

~~Funding for the program was from Federal Highway Administration (FHWA) to ODOT, with DEQ the program sponsor. Project solicitation was by RFP with selection determined by the CMAQ/TOD Steering Committee discussed earlier. Staff for the program was by contract with the PDC because of its background and expertise in public-private development projects.~~

~~Due to cutbacks in staff, PDC can no longer manage the program and has recommended that Metro assume administrative responsibility for this existing CMAQ/TOD Program, since Metro has expertise in TOD Program issues and Federal funding requirements. This is acceptable to ODOT and DEQ and the proposal is currently being circulated among the other members of the Steering Committee.~~

~~Work remaining includes successfully implementing the remaining projects of the Round and Gresham Civic (Buckman is underway), meeting federal requirements for the grant, resolving issues of eligibility as they arise, meeting reporting requirements and producing a summary and analysis of the CMAQ/TOD Program to date.~~

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3861, FOR THE PURPOSE OF AMENDING THE TRANSIT-ORIENTED DEVELOPMENT (TOD) & URBAN CENTERS IMPLEMENTATION PROGRAM TO DESIGNATE FOCUS CENTERS, ESTABLISH AN URBAN LIVING INFRASTRUCTURE PROGRAM, AND MAKE TECHNICAL CHANGES

Date: November 1, 2007

Prepared by: Meganne Steele,
Megan Gibb, Phil Whitmore

BACKGROUND

The TOD & Urban Centers Implementation Program Work Plan sets forth the approved policy framework and operating practices for the Program; it has been amended four times since it was initially adopted by Metro Council resolution in 1998. Amendments are initiated by the TOD Steering Committee and transmitted to the Metro Council. This proposed amendment initiates an “urban living infrastructure” program; designates “Focus Centers”; and makes technical changes to clarify current operating practices.

The TOD Steering Committee and staff have engaged key stakeholders in reviewing the performance of the TOD & Urban Centers Implementation Program, prepared an annual report, conducted research, and met with the Metro Council several times during the past two years to discuss program direction and strategic priorities. Approval of the currently proposed TOD Work Plan amendments would authorize a new program strategy to focus limited program resources in a smaller number of urban centers, and to initiate a new program activity to create urban living infrastructure in those high priority areas.

Metro Region 2040 Vision and Metro’s long-range plan encourage development in compact regional and town centers – higher density areas that combine housing, employment, retail, cultural, and recreational activities in a walkable environment that is well served by transit. The regional benefits of developing in centers include: increased transit, walk and bike trips; reduction of VMT; better air quality; protection of farm and forest land; and more efficient provision of public services. Mixed-use centers also maintain property values, create a sense of community, and attract new businesses. In spite of these longer term benefits, however, development of mixed use, higher density centers often has higher initial costs than traditional suburban development.

Urban Living Infrastructure

The ability of 2040 centers in Portland to transition to higher density development patterns over time is a function of their ability to provide an “urban experience” that delivers sought-after services and amenities (“urban living infrastructure”) within a comfortable walking distance. Traditionally, governments assist placemaking through investment in sidewalks, parks and other public area improvements. Anecdotal evidence has revealed that where emerging restaurants, specialty grocery stores, cafes, bookstores, and other services have clustered, mixed use housing projects occur more quickly. These commercial services are defined as “urban living infrastructure” because they are seen as essential services to support living in a higher density urban environment.

Research commissioned by Metro provides empirical evidence that when urban living infrastructure is present, mixed-use housing development becomes financially feasible, more quickly. Buyers are willing

to pay more for housing in vibrant places with distinctive character and urban living infrastructure because services are within walking distance and there is a quality urban environment. When more people are willing to live and invest in the area, a virtuous economic cycle is created wherein additional housing units support more retail services, which in turn increase housing demand, and so on. Together, residential population growth and urban living infrastructure can influence the market so that mid-rise mixed use housing projects become financially feasible without other public investment.

The Urban Living Infrastructure (ULI) program is a site specific, project-based implementation program that makes targeted public investments to foster the creation of ULI by private individuals or entities in areas that have been explicitly designated for concentrated centers implementation efforts (“Focus Centers”). Investment in ULI will be subject to the same 7-day notice process to the Metro Council.

Focus Centers

Designation of “Focus Centers” is a new strategy to concentrate limited program resources in a smaller number of urban centers. A variety and critical mass of new investment or redevelopment needs to occur in a center before that new market momentum is visible enough to catalyze other real estate and business investments, creating the condition referred to as “market lift off.” A broader set of implementation support services and strategies will be provided in Focus Centers by collaborating with other Metro programs, including New Look and Nature in Neighborhoods.

The TOD Program currently owns property in the Beaverton Regional Center; the Gresham Regional Center; the Hillsboro Regional Center; and the Milwaukie Town Center and is actively partnering with the local jurisdictions to redevelop those properties. Our immediate emphasis for “Focus Centers” will be on these areas in which we already own property. As local market conditions improve and investment activity levels increase, we will review to decide if the program focus should be shifted to other centers.

Additions or deletions of Focus Centers shall be made upon the recommendation of the TOD Steering Committee. The Steering Committee's recommendation becomes effective if the recommendation is introduced by the COO at a Metro Council Worksession and the Metro Council elects not to vote on the recommendation at a regularly scheduled Metro Council Meeting, or if the recommendation is introduced by the COO and adopted by the Metro Council as part of the annual budget process or as a revision to the TOD Workplan approved by the Metro Council.

Technical Changes

The Work Plan amendments also clarify language for purchase of TOD easements, which the program regularly does. The current Work Plan includes it as a tool, but does not provide much information. There are technical amendments regarding the process for dealing with the Federal Transit Administration (something the Program rarely does). Finally, the amendments also provide for a method of formally terminating projects that are no longer active.

ANALYSIS/INFORMATION

1. Known Opposition

There is no known opposition.

2. Legal Antecedents

The Federal Transit Administration (FTA) approved a grant for Metro to start the TOD Program in 1998. Authority to use FTA funds for joint development are included in the Intermodal Surface Transportation

Act of 1991 (ISTEA) and codified under 49 USC 5309, 49 USC 5307, 23 USC 133 (STP) and 23 USC 149 (CMAQ). According to these laws, TOD Program activities are defined as transportation projects provided there is (1) a physical or functional relationship to the transit project; and (2) an enhanced effectiveness of the existing transit system.

The TOD program was originally transferred from TriMet to Metro by Intergovernmental Agreement (IGA) adopted by Resolution No. 96-2279, For the Purpose of Authorizing an Intergovernmental Agreement With Tri-Met to Assist in Establishing a Transit-Oriented Development and Implementation Program at Metro on May 16, 1996. The Metro Council authorized start-up activities on April 9, 1998, by Resolution No. 98-2619, For the Purpose of Authorizing Start-Up Activities For the Transit-Oriented Development (TOD) Implementation Program at Metro (the "Work Plan").

The Work Plan was amended: (1) to include provision for a "site improvements" category by Resolution No. 00-2906 (For the Purpose of Amending the TOD Program Procedures to Facilitate TOD Projects Including the Round at Beaverton Central), adopted March 9, 2000; (2) to include additional light rail corridors, streetcar, frequent bus, urban centers and green buildings by Resolution No. 04-3479 (For the Purpose of Amending the Transit-Oriented Development (TOD) Program Work Plan to Expand the TOD Program Area and Initiate an Urban Centers Program,) adopted July 15, 2004; (3) to add selection criteria for frequent bus line projects by Resolution No. 05-3563 (For the Purpose of Amending the Transit-Oriented Development (TOD) Program Work Plan to Apply Additional Selection Criteria to TOD Program Frequent Bus Line Projects), adopted May 19, 2005; and (4) to allow a process for unsolicited proposals by Resolution No. 05-3617 (For the Purpose of Amending the Transit Oriented Development (TOD) Program Work Plan to Allow a Process for Consideration of Unsolicited Development Proposals for Metro TOD & Centers Program Owned Land), adopted September 13, 2005.

3. Anticipated Effects

These Work Plan changes will: 1) focus program efforts in order to more effectively catalyze other private investment in centers development; and 2) permit investment in urban living infrastructure projects which research indicates will cause mixed use higher density housing development to occur sooner.

4. Budget Impacts

No budget action is required at this time. The source of funds for the Urban Living Infrastructure program is TOD Program interest earnings in fund balance; budget amendments will be proposed as needed to fund specific project allocations.

RECOMMENDED ACTION

It is recommended that the Metro Council approve the TOD Work Plan as amended and presented in Exhibit A.