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Understanding the Challenges and Opportunities of Coordinating Housing, Transportation and Workforce Policies

By Emily Salomon and Lynn Ross

Metropolitan  **Planning Council**

 **CENTER FOR
HOUSING POLICY**



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Introduction

Congress is in the process of debating the reauthorization of the federal transportation program, which will allocate \$50 billion annually over a six-year period. Federal transportation reform provides the opportunity to encourage policy coordination across other areas, including affordable housing and workforce policy, as a way to advance a range of objectives and still meet core transportation goals. Because federal transportation policy is implemented at the state and local levels, it is critical to understand how current transportation programs work on the ground. A better understanding of the strengths and weaknesses of current programs will help to inform federal decision-makers as they consider policy changes during the reauthorization process. With regional metropolitan planning organizations (MPO's) charged with coordinating transportation planning efforts locally, it is of particular importance to explore the potential impacts of transportation reform from the regional perspective.

This issue brief draws from two regional listening sessions conducted by the Center for Housing Policy and Chicago-based Metropolitan Planning Council, with funding support from the Surdna Foundation. The sessions, conducted in Atlanta (April 2009) and Minneapolis/St. Paul (March 2009), had three objectives:

1. Stimulate dialogue at the local level on how to align affordable housing, workforce, and transportation policy decisions together, while also improving environmental outcomes such as reduced greenhouse gas emissions
2. Obtain input from local stakeholders and practitioners on how federal law could be strengthened to facilitate this coordination
3. Learn from local and regional experience to inform other communities working on these issues.

Atlanta and Minneapolis/St. Paul were selected for working sessions based their histories of coordinating housing, transportation, and workforce policy; and active interest in employer-assisted housing strategies.

The working sessions brought together approximately 50 participants in each region from local and state government, the workforce sector, housing and transportation agencies, and advocacy groups. The day-long sessions began with a framing discussion on the importance of linking affordable housing, workforce, and transportation policy, followed by a facilitated, small group discussion on the opportunities available to strengthen the coordination of these policy areas at the local level. Participants were asked to discuss positive examples of coordination across silos, as well as challenges to working across policy areas more closely.

A second small group discussion followed a presentation on the reauthorization of the federal transportation bill. The goal of the afternoon discussion was to learn from participants what policy changes and comprehensive reform in federal transportation policy would help to better align affordable housing, transportation, and workforce objectives across the region.

This issue brief outlines the challenges and the opportunities to coordinating housing, transportation and workforce policies based on the experience of Atlanta and the Twin Cities.

Challenges

Through facilitated discussions, session participants helped to identify three key challenges to coordinating housing, transportation and workforce policy:

Challenge 1. Attracting the business community to the table.

Employers have a vested interest in making sure their workers can afford decent homes close to the workplace, which can help them attract and retain necessary employees. Yet an absence of business representatives at the listening sessions illustrated that initial efforts to establish relationships with employers and bring them “to the table” can be difficult. One participant in the Atlanta listening session summed it up by saying, “*Private employers need to be better engaged-- where is the chamber [of commerce], where are the employers today?*” Since affordable housing decisions are typically made from a public policy standpoint and workforce issues are usually handled by the private sector, some participants felt that the business sector does not recognize the value of working collaboratively with local policymakers.

However, when employers do work with policymakers, their involvement can often fast-track local policy-making efforts. For instance, in the Twin Cities, local businesses played a key role in supporting a tax increase to fund transit that passed in April 2008. The tax will support light rail extension efforts throughout the five-county region, helping to facilitate growth of employment centers clustered around transit hubs that are linked to mixed-income residential areas, providing affordable commuting options for workers.

Challenge 2. Departmental silos and jurisdictional boundaries limit meaningful collaboration.

Developing coordinated housing, transportation and workforce policies can be difficult when departments, agencies, and jurisdictions operate in silos at the local and regional levels. At the local level, this can lead to fragmented planning and policy decisions by departments that are not coordinating strategies and investments to accomplish similar goals.

On a regional level, jurisdictional boundaries can seem arbitrary and may limit opportunities for local government leaders and agencies to work together in several ways:

- Elected officials working to please local constituents may lack the political will or incentive to act on “big picture” policy decisions affecting the region as a whole if that policy issue does not resonate in the home jurisdiction.

- Local transportation departments and transit agencies do not always deliver services as part of a coordinated, regional system. In many regions, including the Twin Cities, transit riders frequently cross municipal boundaries to access employment, education, housing, and services. However, when transit schedules and services are not well coordinated across the region, moving from Point A to Point B can be very difficult for passengers.
- Individual jurisdictions within a region may define workforce housing and affordable housing differently from one another, making it difficult to develop coordinated housing policies that serve the entire region. Atlanta participants emphasized that a regional housing framework should use common language and consistent messages about affordable housing so that educational and outreach efforts within different communities mirror each other.
- Transportation planning and workforce policies at the regional level tend to emphasize urbanized settings which creates a disconnect with surrounding suburban and, in particular, rural areas. In many cases rural areas are marginalized in terms of resource distribution and connectivity to the rest of the region.

Challenge 3. Metropolitan Planning Organizations do not adequately represent the communities they serve and often lack the authority and capacity to implement policy decisions at the local level.

Metropolitan planning organizations are intended to bring together local government officials to engage in regional land-use and transportation planning efforts. During the listening sessions, participants described several challenges related to MPO's:

- In some cases, individual jurisdictions are disproportionately represented (or underrepresented) within the MPO. For example, on the Atlanta Regional Commission's (MPO for Atlanta) board small-population counties and large-populations counties are equally represented.
- With few exceptions, most MPO boards are composed of appointed representatives from local governments in the region. It was suggested by participants in the Twin Cities that MPO's would better serve the region if it was governed by an *elected*, not appointed, board like Metro in Portland, Oregon.
- MPO's cannot make land-use and zoning changes at the local level which limits their ability to implement the plans they help create. Furthermore, a lack of financial and technical capacity can be roadblocks for localities to implement regional plans.

Opportunities

Initiatives at the federal level can promote greater coordination among the affordable housing, workforce, and transportation sectors at the state and local level through incentives that encourage cross-silo activities and maximize efforts to meet joint policy objectives. States and localities can also adopt a number of strategies to improve coordination across transportation, workforce and affordable housing arenas:

Opportunity 1. Increase residential density, especially in close proximity to public transit stops and job centers.

Local zoning laws, which determine how many dwelling units are permitted per acre, can be modified to allow higher density development to deliver a greater number of homes around job centers and/or transit stops than traditional zoning regulations might permit. When adopted on a large scale, zoning to increase density in residential areas could increase the housing supply to such an extent that home price pressures are moderated. When higher density zoning is combined with inclusionary zoning or other requirements or incentives to reserve a share of the newly created homes for working families, communities can ensure that even modest revisions to their densities can help to increase the supply of new affordable homes.

Localities can also consider other innovative land use regulations that facilitate delivery of lower-cost homes near transit and job centers. Through the Livable Communities Act, administered by the Twin Cities Metropolitan Council (the region's MPO) to provide incentives to redevelop areas near transit and underutilized areas, 27 municipalities used planned unit development (PUD) tools in 2008. The PUDs set aside large swaths of land and waived traditional zoning rules in order to build affordable housing at higher densities and to reduce development costs.

In areas where land costs are high and space is at a premium, communities can revise parking standards for all new development or reduce or waive standards for certain types of housing (i.e. affordable or senior housing, or units located near public transit) on a discretionary basis. Many local governments have amended their parking requirements to increase the residential density of affordable housing developments. In San Francisco, California, for example, the planning commission eliminated minimum parking requirements for downtown residential development, instead establishing a parking maximum that caps the number of parking spaces allowed at one per four dwelling units. Shared parking is another strategy that can encourage more efficient land use by creating joint-use parking spaces among different facilities in an area to take advantage of different patterns of peak usage among the facilities. In mixed-use areas with residential development, shared parking can eliminate the costs and space required to provide lot space for every building.

Opportunity 2. Modify zoning laws to promote mixed-use and transit-oriented development.

Mixed-use zoning can enable civic, commercial, and retail buildings to be located in close proximity to for-sale or rental homes. When located near transit, mixed-use neighborhoods can increase ridership on regional systems, facilitate pedestrian activity, encourage the linking of trips and shorten trip distance between uses. In the Atlanta region, the Metropolitan Atlanta Rapid Transit Authority (MARTA) has established a partnership with the Atlanta Development Authority to provide incentives for developers to purchase MARTA-owned properties near transit stations for mixed-use, transit-oriented projects.

In many instances, communities need to revisit their zoning laws in order to develop mixed-use projects and to achieve desired goals for the station areas. Aside from conventional zoning, a number of alternative regulatory tools can be used to encourage mixed-use and transit-oriented developments in targeted areas. One set of tools is a "form-based codes" approach to zoning that permits and encourages a mix of uses by regulating the building type, location of parking, site layout, and overall design of the public realm (street, neighborhood, etc), rather than permitted land uses. By de-emphasizing land-use type, form-based codes can help communities reduce or avoid overly strict limitations on development. Form-based codes work best in combination with an inclusionary zoning strategy or density bonus (see Opportunity #4) to encourage or require a share of newly developed units to be affordable to working families and others.

Opportunity 3. Preserve existing affordable housing near public transit stops and job centers and ensure its ongoing affordability.

In many cases, existing affordable rental developments are located near current or planned public transit stops and job centers. To the extent market demand for housing in the area is strong or predicted to grow, owners may choose to terminate their participation in housing subsidy programs and sell or overhaul their housing to serve families with higher incomes. By taking steps to preserve the affordability of these developments, communities can ensure these affordable resources continue to meet the needs of families even as market prices rise and help families limit the total costs of housing and transportation.

In the Twin Cities region, almost 60 municipalities have rental housing maintenance code enforcement programs or initiatives, which can help reduce the loss of affordable rental homes due to poor maintenance. Code enforcement alone will not preserve affordable rental housing units but is most effective when coupled with other rehabilitation tools and funding streams.

Housing trust funds are one approach that creates separate funds established by states or localities to provide a stable source of revenue reserved solely for affordable homes. Trust funds can be established to set-aside a dedicated portion of their revenues for affordable housing near transit.

In addition to preserving existing affordable housing near transit and job centers, it is essential to ensure that any affordable housing built or preserved in these areas remains affordable over the long term – ideally, in perpetuity. For rental developments, policies to maintain long-term affordability include covenants requiring that new affordable developments remain affordable in perpetuity (or for as long as possible), together with realistic funding structures that make it possible for owners to make good on this promise.

For homes up-for-sale, communities can adopt shared equity homeownership policies, such as community land trusts or limited equity cooperatives. Under a shared equity homeownership approach, a state or local government provides funding to help reduce the price a moderate-income family pays to purchase a home. In return for this investment, the purchaser agrees to sell the home for an affordable price. For example, the Rondo Community Land Trust in St. Paul, Minnesota achieves permanent, long-term housing affordability through the use of a Ground Lease. CLT homebuyers purchase only the house, and enter into a 99-year Ground Lease with Rondo CLT for the exclusive use of the land. Under Rondo's CLT Ground Lease, a CLT homeowner must sell their home to another low-moderate income household for the original purchase price plus 25% of any appreciation in the home's value. By sharing the gains in home price appreciation with the public investor, shared equity homeownership ensures that an initial public investment ensures ongoing affordability for both current and future residents.

Opportunity 4. Expand the availability of housing affordable to families with a mix of incomes near public transit and job centers.

One approach is for jurisdictions to establish inclusionary zoning requirements or incentives to ensure that a percentage of newly built residential units are affordable in the targeted areas. For example, local governments can provide density bonuses to developers who build near transit hubs if they include affordable homes as part of that development. Such a policy promotes both compact development and affordable housing. Another approach is to establish tax increment financing (TIF) or other similar districts near public transit stops and commit a set percentage of the funds generated by the district to affordable housing in the district. In 2006-2008, the City of Minneapolis allocated approximately \$10 million generated by TIF funds to city neighborhoods to stimulate affordable housing production.

In order to reach poor and near-poor families, these strategies will need to be combined with federal subsidies such as Low-Income Housing Tax Credits (LIHTC), HOME, Housing Choice Vouchers (commonly referred to as Section 8 vouchers), and public housing. In fact, several state housing finance agencies award extra points for LIHTC applications that plan to locate affordable housing near job centers or transit. Minnesota Housing, the state housing finance agency, stresses linkage of housing developments to transit by awarding points within the LIHTC Qualified Allocation Plan to proposals that preserve or expand homes in targeted areas. In Georgia, the state has a general priority for revitalization of urban

and downtown areas that specifically encourages “a return to the more traditional, less automobile-dependent, development patterns.”²

States and localities can also expedite permitting and review policies to streamline the overall development approvals process for affordable homes located near jobs and transit centers, and/or by setting up special channels through which developers of affordable homes receive priority consideration for permit requests and other administrative processes. These policies can help tackle barriers that may deter developers or investors from pursuing affordable housing projects near jobs and transit.

States and localities should also consider opportunities to channel new affordable housing investments to specific well-located areas, especially in the case plans for regional transit expansion or investments are underway. Land banks or acquisition funds provide a way for communities to acquire land in targeted areas or provide financing for direct acquisition by affordable housing developers. For example, Minnesota Housing administers a land acquisition initiative called Land Acquisition for Affordable New Development (LAAND) in partnership with the Metropolitan Council and Family Housing Fund, that provides grants to local governments and non-profit developers through a request for proposals (RFP) process that prioritizes development that:

- takes place on sites near growing jobs centers or areas with existing lower-wage jobs;
- allows for density that is consistent with achieving affordability;
- minimizes vehicle miles traveled; and
- meets the state's green building standards.

This funding provides incentives for the development of affordable housing projects that provide opportunities for working families to live in homes near transit and other amenities, facilitating the reduction of household transportation costs.

Opportunity 5. Engage employers and the business community to support workforce housing and transportation solutions.

States or localities can engage employers and increase private sector involvement in employer-assisted housing initiatives that extend housing benefits to their workers by providing grants or loans to assist with downpayments (for homebuyers) or security deposits (for renters), offering homeownership education and counseling, and investing in the development of affordable homes in the community. Partnering with universities, hospitals and other major institutions to offer employer-assisted programs

² James Tassos. *A Greener Plan for Affordable Housing: How States are Using the Housing Credit to Advance Sustainability*. Columbia, MD: The Enterprise Foundation Inc., 2005.

can improve access to nearby housing and encourage employees to live closer to their jobs, thereby reducing vehicle-miles traveled and air pollution.

In Atlanta, for example, Emory University--a leader on workforce housing and transit opportunities--has worked with the city and other regional employers to relieve regional traffic congestion and promote alternative modes of commuting to work. Emory offers extensive shuttle services that pick up commuters from several park-n-ride facilities at area shopping malls around the perimeter of Atlanta and bring them to work on campus, taking vehicles off the road and reducing the need for more parking facilities on campus. In the Twin Cities, the University of Minnesota and City of Minneapolis entered into a formal partnership called the University District Partnership Alliance to promote live-near-work incentives and establish planning efforts around future light-rail investments that will connect the University District neighborhoods to the rest of the region.

While participation in an employer-assisted housing program can lead to reduced staff turnover, greater productivity and an improved corporate image, financial incentives may still be needed to engage employers and increase private sector involvement in workforce housing initiatives. States and localities can leverage public funds by offering matching programs where every dollar of housing assistance provided to employees by participating employers as part of an employer-assisted housing program is matched with a public contribution or tax credit. Government entities can also fund local nonprofit organizations that specialize in the design and administration of employer-assisted housing programs and make these services available to interested employers.

Opportunity 6. Expand awareness about the links between affordable housing and transportation.

Not-In-My-Backyard (NIMBY) sentiment can be a significant barrier to expanding or preserving affordable housing. When affordable housing is coupled with sometimes controversial land-use changes that increase residential density or promote mixed-use or transit-oriented development so homes are located closer to jobs and transit, it may be even more complicated to garner community support. Through educational efforts and outreach, states and localities have the opportunity to raise awareness about the importance and benefits of linking housing, transportation and workforce policies. In the Twin Cities, for example, listening session participants suggested that the Metropolitan Council has shifted the “density conversation” in a positive direction and that general public awareness and education of development patterns that link housing and transit is high due to the MPO’s outreach efforts.

Government entities can also partner with community groups, non-profits and housing advocates to raise awareness about the economic and environmental benefits of compact forms of development and the cost savings associated with housing co-located near other services and amenities. Expanding awareness about the links between affordable housing and transportation may foster better acceptance and support for policy changes that are made at the state and local level.

Opportunity 7. Create regional vision to guide long-term planning

Regional visions help local and regional governments set goals for the future and inform policies to address shifting demographics, population growth, and transportation, housing and workforce needs. The process for creating a long-term regional vision can help break down silos by bringing together a wide range of stakeholders to think forward for the region. Participants in the Twin Cities listening session mentioned that the Hennepin County Housing and Redevelopment Authority five year strategy, *Vision 2012*, has been a helpful reference tool to guide policymaking decisions. *Vision 2012* was developed based on a series of community planning sessions, an online survey, and convening's of local government officials, non-profit and community groups to create a blueprint for the area by coordinating land-use, housing and transit goals.

Atlanta listening session participants noted that the absence of a long-term vision put them at a disadvantage for receiving federal stimulus funds. Atlanta is strategically located at the nexus of two high speed rail corridors, yet when stimulus funding was being distributed to states for rail transportation in early 2009, the region lost the opportunity to vie for a share because the State Department of Transportation did not have established plan ready to demonstrate their capacity to use and implement stimulus funds effectively.

Moving forward, Atlanta participants suggested that local or state agencies need not reinvent the wheel but rather advance existing visioning and planning efforts that have been stalled. In particular, the IT3 plan (Investing in Tomorrow's Transportation Today) could be revisited. This plan, completed in 2008, brought together the Georgia Department of Transportation, General Assembly, Georgia Regional Transportation Authority and local partners to develop a strategy to improve Georgia's statewide transportation infrastructure. Local and state agencies can build off IT3's framework and incorporate housing and workforce strategies to coordinate with the transportation strategies that have already been articulated.

Opportunity 8. Identify opportunities for regional collaboration

To increase policy coordination, it is important to break down barriers that may exist due to geographic boundaries that isolate housing, transportation or workforce efforts among bordering jurisdictions. The U.S. Department of Housing and Urban Development and the U.S. Department of Transportation separately require that local, regional and state entities prepare long and short-term plans to address their housing and transportation needs to be eligible for federal funds. However, these plans are not coordinated. At the local level, policymakers can push housing and transportation agencies to coordinate their planning efforts in order to create joint strategies to address housing and transportation priorities as well as to leverage funds to preserve or develop homes near existing or proposed transportation investments.

Regionally, metropolitan planning organizations (MPO) can ensure that regional transportation planning efforts work in tandem with housing and workforce efforts at the local level. The Atlanta Regional Commission established the Livable Community Initiative to offer competitive planning grants to local

governments and non-profits that link transportation projects with development strategies for the purpose of expanding housing options or improving transit access for residents.

State and regional agencies can work to coordinate diverse funding streams to assist localities with resources for housing, transportation or workforce projects. In the Twin Cities, the MPO, state housing finance agency, area non-profits and other partners formed the Metropolitan Housing Implementation Group (MHIG) to establish a streamlined application process, set of funding criteria, and joint review process to distribute funds for affordable housing development and preservation throughout the region.

Political leaders can convene across jurisdictional boundaries to establish shared goals and coordinate local initiatives for collective action to benefit an entire region. In the Twin Cities, the Regional Council of Mayors brings together elected officials from over 35 municipalities to support peer-to-peer knowledge dissemination. Through the Council, the mayors are able to use their shared relationship to meet common goals and to influence state policies affecting the region.

Conclusion

As the working sessions in the Atlanta and Twin Cities regions reveal, the lack of (1) financial and technical capacity of some MPOs, (2) regional decision making authority, and (3) incentives for increased policy coordination, among other challenges, can prevent decision-makers from coordinating policy efforts to improve affordable housing, transportation, and workforce outcomes. However, session participants outlined a number of opportunities to overcome these barriers and provided concrete examples of coordination in their own region. Well-considered federal transportation reform could help to leverage existing policy efforts at the state and local level like those identified in Atlanta and the Twin Cities while also creating new opportunities for partnerships within regions and across agencies.