

March 23, 2012

Peter M. Rogoff  
Administrator, Federal Transit Administration  
U.S. Department of Transportation  
1200 New Jersey Ave SE  
Washington, DC 20590

**RE: Docket Number FTA–2010–0009, New Starts and Small Starts Program**

Dear Administrator Rogoff,

On behalf of the undersigned groups, we are pleased to submit these comments on the Federal Transit Administration's (FTA's) proposed rule for the New Starts / Small Starts Program. Some organizations may submit additional comments as well, but join this sign-on letter to affirm our shared support for the commendable way in which FTA has addressed the intersection of transportation and housing policy in the proposed rule.

**Executive Summary**

We strongly support the way in which FTA proposes to measure the "economic development" contributions and "transit-supportive land use policies and future patterns" of projects that have been proposed for New Starts / Small Starts funding. In particular, we support the following three elements:

1. Consideration within the Economic Development section of the project justification to whether policies are in place to "**support maintenance of or increases to the share of affordable housing in the project corridor.**" (Sections A(l)(f)(1)(ii) and B(1)(c)(1)(ii) of Appendix A)
2. The option of project sponsors under the Economic Development section of the project justification to submit an analysis estimating the "**indirect changes in VMT resulting from changes in development patterns that are anticipated to occur with implementation of the proposed project.**" (Sections A(l)(f)(2) and B(1)(c)(2) of Appendix A)
3. Consideration within the Land Use section of the project justification to the location of "**existing publically supported housing within the corridor.**" (Sections A(l)(e)(5) and B(1)(b)(5) of Appendix A)

Together, these provisions will help to maximize the economic impact of new transit stations, promote equitable access to transit for families of all incomes, reduce vehicle miles traveled and improve the coordination of transportation and housing policy. By ensuring that low- and moderate-income families have access to affordable housing in close proximity to planned transit stations, these provisions will also advance the goals of the Interagency Partnership for Sustainable Communities.

These changes will also help ensure that people of color and people with a disability have equitable access to transit service. Some signatories to this letter will be submitting comments specifying additional recommendations needed to further assure these important outcomes.

We recognize that these new provisions may require additional work on the part of New Starts and Small Starts applicants and encourage FTA and/or the Department of Housing and Urban Development (HUD) to make planning funds available to help prospective applicants work with the jurisdictions along the planned corridor to ensure the appropriate affordable housing policies are in place and develop the economic analyses needed to support their applications. In addition, in implementing these regulatory provisions through guidance and the Notice of Funding Availability, we urge that steps be taken to streamline the submissions by applicants for the Small Starts program to minimize administrative burden for smaller jurisdictions seeking smaller amounts of federal support.

## **Discussion**

The first three sections of this comment review aspects of how FTA proposes to measure “economic development” and “land use” that we strongly support. They correspond to items 1 through 3 in the executive summary. We conclude with suggestions for how FTA could help facilitate the implementation of these provisions in partnership with the Department of Housing and Urban Development.

### **1. Economic Development – Main Measure**

To measure the economic development contribution of proposed New Starts and Small Starts projects, the proposed rule would examine:

The extent to which a proposed project is likely to enhance additional, transit supportive development based on the existing plans and policies to support economic development proximate to the project including:

- (i) Growth management plans and policies;
- (ii) Policies in place to support maintenance of or increases to the share of affordable housing in the project corridor; and
- (iii) Performance and impact of policies.

Sections A(l)(f)(1)(ii) and B(1)(c)(1)(ii) of Appendix A to Part 611.

We support the way FTA has defined the economic development contribution of planned projects which will help advance two fundamentally important outcomes:

- more intensive development around planned transit stations, which will maximize the economic impact of the stations and reduce vehicle miles traveled.
- the establishment of incentives for jurisdictions within the transit corridor to preserve existing affordable housing and ensure that affordable housing is included within any new residential development that takes place in close proximity to the stations. These policies will help ensure that families of all incomes have equitable access to transit and the economic benefits of the development that takes place around the planned stations. The policies will also help increase

ridership for public transit by increasing the population of low- and moderate-income families who have good access to it.

These outcomes will in turn advance multiple statutory objectives of the New Starts /Small Starts Program.<sup>1</sup> Specifically, they will:

1. Improve mobility by making it easier for low- and moderate-income families to access public transit (49 USC 5309(d)(2)(B) and (d)(3)(D)(ii)) as well as access to public transit for the “transit-dependent population” (49 USC 5309(d)(3)(G)).
2. Improve the cost-effectiveness of planned projects by increasing ridership for public transit. See 49 USC 5309(d)(2)(B).
3. Provide congestion relief and reduce air pollution, noise pollution, and energy consumption by increasing the number of low- and moderate-income families who can afford to live near planned public transit stations and thereby reduce or eliminate their reliance on a car. See 49 USC 5309(d)(3)(D).
4. Reduce the costs of suburban sprawl by providing affordable housing options for low- and moderate-income families in transit-rich communities that are viable and attractive alternatives to the lower-cost housing now being built at the periphery of metropolitan areas. See (49 USC 5309(d)(3)(F).
5. Promote core “economic development” objectives by creating construction jobs, improving access to jobs for residents living near planned stations, and allowing low- and moderate-income families to share equitably in the economic benefits of station-area development. See 49 USC 5309(d)(2)(B) and 49 USC 5309(d)(3)(G).

See the Appendix for a fuller discussion of the importance of the incentives the proposed rule includes to preserve and expand affordable housing near planned transit stations.

## **2. Economic Development – Optional Measure**

The proposed rule also includes an option for project sponsors to demonstrate that a project promotes economic development objectives by providing:

additional quantitative analysis (scenario based estimate) to estimate indirect changes in VMT resulting from changes in development patterns that are anticipated to occur with implementation of the proposed project. The resulting environmental benefits would be calculated, monetized, and compared to the annualized capital and operating cost of the project.

Sections A(l)(f)(2) and B(1)(c)(2) of Appendix A to Part 611

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<sup>1</sup> Our statutory citations are all to the New Starts program. However, most of these goals also apply to the Small Starts program, including the goals of economic development, transit-supportive land use, and cost effectiveness.

We support the inclusion of this optional measure because it will give fair credit to applicants that plan to intensively develop the areas around planned transit stations. Intensive residential development — particularly of units to be occupied by low- and moderate-income families—will lead to reductions in vehicle miles traveled (VMT) by increasing the share of residents with good access to transit. When combined with retail and commercial development, intensive development of station areas will foster walkable communities that permit families to reduce their reliance on cars, further reducing VMT. Commercial development that provides jobs within close proximity of transit will also reduce VMT.

In recognition that low- and moderate-income families tend to be heavier users of public transit than higher-income families, we recommend that the implementing guidance specify that the income level of the occupants of planned residential units be taken into account in developing scenario based estimates of VMT reductions.

### **3. Land Use and Publically Supported Housing**

As part of the process of evaluating whether a proposed New Starts / Small Starts project has supportive land use policies and patterns, FTA proposes to examine the presence of “existing publically supported housing in the corridor.” This is one of five measures included in the land use section of the project justification described in Appendix A to Part 611. (See Sections A(l)(e)(5) and B(1)(b)(5).)

We support this provision as it will help ensure that low- and moderate-income families have access to public transit, helping to advance the statutory goals of the New Starts program (see above) and reduce families’ combined costs for housing and transportation. We appreciate that FTA has used terminology that will permit consideration of both traditional federally-supported public housing as well as other affordable housing developments subject to long-term affordability restrictions. To provide clear guidance to applicants, the implementing guidance and Notice of Funding Availability should spell out specifically how the category “publically supported housing” is defined.

### **4. Implementing the New Provisions and Reducing Administrative Burden**

As noted in the preamble to the proposed rule, FTA has developed an implementation guidance to accompany the rule that specifies in more detail how different components of the project justification will be measured. We urge FTA to include within this guidance additional information on how the criteria described above will be implemented. A number of the groups listed below plan to submit comments under separate cover providing specific recommendations for the implementation guidance.

We recognize that these new provisions may require additional work on the part of New Starts and Small Starts applicants and encourage FTA and/or the Department of Housing and Urban Development (HUD) to make planning funds available to help prospective applicants work with the jurisdictions along the planned corridor to ensure the appropriate affordable housing policies are in place and develop the economic analyses needed to support their applications.

In addition, in implementing these regulatory provisions through guidance and the Notice of Funding Availability, we urge that steps be taken to streamline the submissions by applicants for the Small Starts program to minimize administrative burden for smaller jurisdictions seeking smaller amounts of federal support.

**Respectfully Submitted,**

**Arizona Housing Alliance  
Bazelon Center for Mental Health Law  
City of Baltimore  
Community Housing Partners  
Conference of Minority Transportation Officials  
Corporation for Supportive Housing  
David Reznick, Reznick Group, P.C.  
Developing Communities Project (Chicago, IL)  
Enterprise Community Partners  
Gamaliel  
Goldstein Hall PLLC  
Habitat for Humanity  
Housing Authority of Baltimore City  
Housing Preservation Project (St. Paul, MN)  
Innovative Housing Institute  
Kent Watkins, TOD Associates  
Local Initiatives Support Corporation  
Low Income Investment Fund  
Madison Area Bus Advocates  
Mark A. Willis, Resident Research Fellow, NYU Furman Center  
Mary Reilly and Paul Brophy, Brophy & Reilly, LLC  
Maryland Department of Housing and Community Development  
Massachusetts Housing Partnership  
Mercy Housing  
National Association of Realtors  
National Council of La Raza  
National Fair Housing Alliance  
National Housing Conference  
New York Housing Conference  
North Carolina Housing Coalition  
Northern Virginia Affordable Housing Alliance  
Partnership for Working Families  
PolicyLink  
Prudential Affordable Mortgage Company  
Public Advocates Inc.  
Rick Rybeck, Director, Just Economics, LLC  
San Francisco Housing Action Coalition  
Settlement Housing Fund  
Transportation Equity Network  
Urban Land Conservancy**

## **Appendix: Why is it important to preserve and expand affordable housing near public transit?**

There are several reasons why it is important to preserve and expand affordable housing near planned public transit stops:

First and foremost, it is necessary to ensure that low- and moderate-income families have **equitable and affordable access** to the new public transit stations. In many cases, the development or enhancement of public transit stations will increase property values within walking distance of the stations, leading to increases in rents and home prices and, subsequently, the potential displacement of low- and moderate income families.<sup>2</sup> By including criteria within the New Starts / Small Starts project justification to create incentives for preserving existing affordable housing near planned public transit stations and including affordable housing within any new residential development that takes place within station areas, FTA will help offset the property price increases and displacement that new transit lines cause and ensure that families of all incomes are able to afford to live within walking distance of new stations.<sup>3</sup>

As energy prices rise and the population ages, demand for transit-oriented development is likely to increase in many markets,<sup>4</sup> exacerbating the problem and further diminishing equitable access to public transit for low- and moderate-income families. These expected trends underscore the importance of FTA's decision in the proposed rule to create incentives for the preservation and creation of affordable housing for low- and moderate-income families near public transit stops.

Second, studies confirm that low- and moderate-income families are more likely to ride public transit than other families.<sup>5</sup> By creating incentives for preserving and expanding affordable housing near planned public transit stations, the New Starts / Small Starts program will help to **improve ridership for public transit**, improving both the economic and societal return on investment of new transit lines.

Third, incentives for the preservation and expansion of affordable housing near public transit are needed to **minimize the extent and cost of sprawl and reduce traffic congestion, air pollution, and**

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<sup>2</sup> Immergluck, Dan. 2009. "Large Redevelopment Initiatives, Housing Values and Gentrification: The Case of the Atlanta Beltline." *Urban Studies* 46: 1723-1745; McMillen, Daniel P., and John McDonald. 2004. "Reaction of House Prices to a New Rapid Transit Line: Chicago's Midway Line, 1983-1999." *Real Estate Economics* 32(3): 463-486.

<sup>3</sup> It is true that low- and moderate-income families may be able to access the new station by bus or car, even if they are priced out of homes built in the immediate surroundings. But while these types of access should not be discounted, it is readily apparent that it would be inequitable to simply accept the fact that low- and moderate-income families will be excluded from the new transit-oriented and livable communities that we are seeking to create – especially when there are easy ways to prevent this outcome by restructuring the New Starts NOFA to create incentives for affordable housing development near transit.

<sup>4</sup> Reconnecting America's Center for Transit-Oriented Development. 2004, September. *Hidden in Plain Sight: Capturing the Demand for Housing Near Transit*. Washington, DC: Author.

<sup>5</sup> Nearly 66 percent of transit users had household incomes below \$50,000 (in 2004 dollars). Neff, John, and Larry Pham. 2007, May. *A Profile of Public Transportation Passenger Demographics and Travel Characteristics Reported in On-Board Surveys*. Washington, DC: American Public Transportation Association.

**emissions of greenhouse gases.** Without an adequate supply of affordable housing near transit and other close-in locations, low- and moderate-income families are likely to leapfrog existing development in many cases and move to the fringes of metropolitan areas where they can better afford their housing costs. This will exacerbate sprawl and lead to increases in vehicle-miles traveled, air pollution, greenhouse gas emissions, and traffic congestion. The incentives that FTA includes within the proposed rule will lead to compact development patterns that include housing affordable to families of all incomes, helping to mitigate these problems.

Finally, creating incentives for preserving and expanding affordable housing near transit will help **advance core economic development objectives**, including:

- **An equitable distribution of economic development benefits.** Economic development is not simply a measure of total economic impact, but rather a social objective that seeks to improve the stability and quality of life for residents of targeted areas. Large economic impacts that displace existing residents are known variously as gentrification or displacement, rather than economic development because they deprive existing residents of the benefits of the new development. By helping existing (and other) low- and moderate-income families to afford to continue to live near planned station stops, the proposed rule's incentives for affordable housing will help ensure that such families share equitably in the economic development benefits that new transit lines bring.
- **Job creation.** The preservation and new development of affordable housing will create jobs. A study by the National Association of Home Builders finds that a typical new 100-unit Low Income Housing Tax Credit property creates 122 local jobs during the construction phase, and new residents support an additional 30 jobs on an ongoing basis after construction is complete.<sup>6</sup> NAHB also estimates that every \$100,000 spent on residential remodeling supports 1.11 new employment opportunities primarily in the construction field,<sup>7</sup> suggesting that preserving and rehabilitating affordable multifamily properties can also have a significant impact on the local economy.
- **Improved job access.** These incentives will also help to improve job access for low- and moderate-income families by ensuring these families have good access to transit.

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<sup>6</sup> National Association of Home Builders. 2010, March. *The Local Economic Impact of Typical Housing Tax Credit Developments*. Washington, DC: Author.

<sup>7</sup> Liu, Helen Fei, and Paul Emrath. 2008, October 7. "The Direct Impact of Home Building and Remodeling on the U.S. Economy." HousingEconomics.com. Washington, DC: National Association of Home Builders.