



December 12, 2016

Barbara McCann  
Director, Office of Safety, Energy, and Environment  
Office of Secretary, Office of Policy  
U.S. Department of Transportation  
1200 New Jersey Ave SE, Room W84-212  
Washington, DC 20590

**Re: Docket No.: DOT-OST-2016-0206**

Dear Director McCann:

Thank you for the opportunity to offer a statement in response to the upcoming Advisory Committee Meeting on Transportation Equity. The Local Initiatives Support Corporation (LISC) is pleased to provide information to the Committee regarding LISC's work and investment in transit-oriented development (TOD) across the country.

**About LISC**

Established in 1979, LISC is a national non-profit and Community Development Financial Institution (CDFI) dedicated to helping community residents revitalize neighborhoods and create healthy communities of choice and opportunity – good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with loans, grants and equity investments as well as technical and management assistance. Since 1980, we have invested \$16.2 billion in local communities, leveraging \$48.5 billion in total development. On the ground, our investments have helped create 348,000 homes and 56 million square feet of commercial, retail and community space.

With local offices in 31 cities across the country and an expansive Rural LISC network of 76 community-based organizations serving more than 1,900 counties, we focus our activities across five strategic community revitalization goals: expanding investment in housing and other real estate, increasing family financial stability, stimulating economic development, improving access to quality education, and supporting healthy environments & lifestyles. LISC uses Transit-Oriented Development (TOD) as part of a comprehensive strategy that recognizes the importance of both people and place.

**Transit-Oriented Development is Key to Helping Communities Thrive**

Transit-oriented development (TOD) is key to LISC's work in helping communities build safer, healthier and more prosperous futures. TOD not only fulfills a community's basic need for efficient, affordable

Matt Josephs  
Senior Vice President, Policy  
1825 K Street NW, Suite 1100, Washington, DC 20006  
Phone: (202)-739-9264 / [mjosephs@lisc.org](mailto:mjosephs@lisc.org)

mass transit, but when done successfully, it also attracts businesses and jobs, maximizes existing infrastructure, and capitalizes on new investments to make neighborhoods more vibrant. We bring public and private partners together to educate and meaningfully engage each other and local residents, with the end goal of planning, funding, and building communities where TOD is equitable – achieving the best possible quality of life for both residents and the neighborhoods.

LISC has seen the importance of investing in TOD first-hand. Over the last few years we have invested \$396 million in TOD projects, leveraging more than \$2 billion in total development costs. Our projects vary by location, as each community has its own specific needs and all share the groundwork laid by our three decades of work and partnerships in local communities.

One example of our TOD work is along the Fairmount commuter rail corridor in Boston. We partner with local organizations to support the Fairmount Collaborative and encourage community-driven, equitable, transit-oriented development. In Dorchester, along the Fairmount rail line, LISC has provided grants, loans and Low Income Housing Tax Credit (LIHTC) equity to help Codman Square Neighborhood Development Corporation (CSNDC) purchase an old industrial site, one block away from a rail stop. After renovating and preserving the historic façade, the once contaminated lot now has 24 new affordable co-op apartments, commercial space, and the Erick Jean Center for Arts. LISC also helped in the effort to advocate for four new stations along the Fairmount line, which will provide equitable access to public transportation for more than 90,000 people that live within walking distance of the transit line.

In Phoenix, a city long associated with sprawling development, LISC's TOD work helps reconnect communities and creates new housing and employment opportunities, especially in disinvested areas. With the launch of Phoenix's new light rail system, LISC coordinated a regional effort to ensure equitable development along the light rail corridor. To further our efforts, LISC and Raza Development Fund invested \$20 million and pledged another \$30 million to leverage equitable growth and ensure that low-income communities would benefit from the rail lines. With this funding and other community supports, 2,100 units of affordable housing have been added along the light rail. LISC also provided grant support and small-business loans to businesses along the corridor to ensure the vitality of local businesses.

In the Twin Cities, we have been heavily involved in investments along the Central Corridor light rail transit line, which spans 11-miles – connecting homes, schools and businesses from downtown Minneapolis, through the University of Minnesota to downtown Saint Paul. LISC wanted to ensure that the new Central Corridor light rail also benefited the low-income communities in the area. In 2011, LISC – along with the Cities of Saint Paul and Minneapolis – organized a TOD focused initiative called the “Big Picture Project”, which helps align public and private investments, and mobilizes all sectors behind strategies that strengthen affordable housing along the Central Corridor. Five years after its start, and at the half-way point, the “Big Picture Project” is well on its way to achieving its goals. The initiative has helped build and preserve 3,573 units of affordable housing (80% of 10 year goal) and served 965 households (61% of 10 year goal) in stabilizing lower income families in their homes.

Twin Cities LISC has played an integral role in the “Big Picture Project” initiative since its formation. We helped drive the \$13.7 million renewal of the 1912 Old Home Dairy Company building, transforming the structure into 58 high-quality, affordable homes and 5,000 square feet of commercial space near the

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Senior Vice President, Policy  
1825 K Street NW, Suite 1100, Washington, DC 20006  
Phone: (202)-739-9264 / [mjosephs@lisc.org](mailto:mjosephs@lisc.org)

Western Avenue rail station. LISC supported the plan from its onset, with grants to assess feasibility and a \$680,000 loan to ensure the project started and would move forward.

### **Recommendations: Expand TOD Planning and Establish a Permanent Transit-Oriented Development Loan Fund**

Across the country equitable TOD is helping build vibrant, safe, livable communities that bring people closer to the places and things they want. As policymakers consider how to harness this momentum, we would like to encourage the adoption of proposals that improve and expand the progress that has been made. Historically, transportation policy has not considered the full impact of transit investments on communities, especially low-income and minority communities which have become isolated from, rather than connected to, transit investments. Although a few recent policy changes and new initiatives seek to address these inequities, their impacts are limited because funding for transit investments and nearby non-transit investments are largely unaligned.

The TOD Planning Pilot program, authorized by the Moving Ahead for Progress in the 21<sup>st</sup> Century Act has great promise, but the effectiveness of planning efforts for communities across the country is limited by the small scale of the program and lack of funding for implementation of plans. In order to support equitable development and expand access to opportunity in all communities, we offer the following two recommendations:

#### **Recommendation 1: TOD Planning Pilot Expansion**

Expand the TOD Planning Pilot to make it available to all projects funded through any future infrastructure bank or special funding source that would otherwise be eligible as Capital Improvement Program projects. Access to planning resources will help ensure that future investments support equitable development and do not duplicate the costly past mistakes.

#### **Recommendation 2: Establish a TOD Loan Fund**

Establish a TOD Loan Fund to provide implementation funding for non-transit development activities that were included in the TOD planning stages, such as affordable housing, small businesses, and community facilities -- helping to ensure that future investments support equitable development instead of duplicating the costly mistakes of the past and harming the communities most in need.

Specifically,

- Funds would be made available to CDFIs and other approved, community-based lenders to reinvest in eligible projects;
- The investment fund could be designed as a revolving loan pool in which participating lenders would get continuing access as loans are repaid and new projects identified; and
- At least a portion of the funding also could be made available as grants that the lender could use to leverage additional private capital (e.g., through loan guarantees or predevelopment funding, or to blend down the rate on a subordinate loan product).

Further information regarding each of these recommendations is attached.

Matt Josephs  
Senior Vice President, Policy  
1825 K Street NW, Suite 1100, Washington, DC 20006  
Phone: (202)-739-9264 / [mjosephs@lisc.org](mailto:mjosephs@lisc.org)

Thank you for the opportunity to provide a statement about LISC and our TOD work across the country. Please contact Nicole Barcliff, Senior Policy Officer at [nbarcliff@lisc.org](mailto:nbarcliff@lisc.org) or (202)739-9296 if you have any questions or if LISC can serve as a resource to the Advisory Committee.

Sincerely,

A handwritten signature in dark ink, appearing to read "Matt Josephs", with a long horizontal flourish extending to the right.

Matt Josephs  
Senior Vice President, Policy

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Senior Vice President, Policy  
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