While there is a strong desire to create TOD projects near most, if not all, light rail stations in the Sacramento region, some are better positioned than others for this type of development. It is important to understand the “readiness” of each Station Area within the Sacramento region for TOD. This chapter provides an overview of the current factors affecting TOD, and focuses on key opportunities that will be leveraged to ensure TOD projects are well-planned, support the needs of local communities, utilize a range of economic tools and financing strategies, and build strong partnerships. Specifically, this chapter is organized into the following topical sections:

• **MARKET ANALYSIS:** Assesses market and urban form conditions to establish the development readiness for TOD.

• **STATION AREA TYPOLOGIES:** Identifies existing form and character attributes around stations, and categorizes each Station Areas into one of five “typologies” to help further support more vibrant, inclusive, and sustainable neighborhoods.

• **HIGH OPPORTUNITY AND PRIORITY SITES:** Identifies Station Areas that have the most potential for near-term TOD projects based on physical, political, and economic conditions.

• **AVAILABLE FUNDING SOURCES:** Identifies and ranks and range of financial tools and strategies to help fund TOD.

• **PARTNERSHIPS:** Identifies ways different public and private entities can work together to create successful TOD projects.
MARKET ANALYSIS

In order to understand market conditions, the Project Team analyzed the development readiness for each Station Area, based on four key economic factors:

- **MARKET STRENGTH**: The Station Area’s positioning within the development market and how well it can support TOD projects (based on factors such as lease rates and vacancy rates).
- **URBAN FORM**: The neighborhood form, character and connectivity and how well it can support TOD.
- **ZONING CAPACITY**: How the current zoning for the Station Area either supports and detracts from TOD, and how much available land is within a Station Area.
- **ACCESS TO OPPORTUNITY**: Availability of resources for existing and potential future residents within each Station Area.

As shown in the diagram to the right, the four factors combine to provide a picture for each Station Area’s readiness for TOD. The following pages provide greater detail on the purpose and methodology for determining each factor.
Market Strength

The Project Team developed a composite score for each Station Area by evaluating their ability to encourage retail, office, multi-family housing, and/or flex industrial development. This included a range of economic factors such as vacancy rates, recent completions, and asking rents. Based on this analysis, each Station Area was assigned one of three rankings:

- **STRONG**: These are market areas that have low vacancy rates and significant development activity. In these areas, land prices may be significantly higher than in other parts of the region.
- **TRANSITIONAL**: These are transitional markets that exhibit some development activity with lease rates near the regional average. In these areas, development can increase rapidly as public investments are made.
- **STATIC**: These are markets where very little development is occurring. Vacancy rates may be high in these areas and achievable rents remain below what would be needed to sustain new construction.

Urban Form

The Project Team developed a composite score for each Station Area by analyzing block density, the mix of uses, activity density, and bicycle infrastructure. Based on this analysis, each Station Area was assigned one of three rankings:

- **TRANSIT-SUPPORTIVE**: These are areas that have a strong mix of density and street connectivity. These tend to be older communities developed before the 1950s.
- **TRANSIT-RELATED**: These are areas that exhibit some, but not all, of the attributes of transit-supportive places. For example, they may score well in terms of density, but their road network and block sizes may make walking difficult.
- **TRANSIT-ADJACENT**: These are areas that were primarily developed around driving. They will require major investments and significantly new development in the future in order to work more efficiently with transit.
Zoning Capacity

The Project Team developed a composite score for each Station Area by analyzing its current zoning. In particular, the amount of vacant or underutilized land, maximum allowable densities, and allowed land uses. Based on this analysis, each Station Area was assigned one of four rankings:

- **NOT DEVELOPABLE**: The area is either designated as natural resource, open space, agriculture, or otherwise protected from urban development.
- **LOW CAPACITY**: The area is currently zoned for low intensity development, such as single-family homes or low-scale commercial uses.
- **MEDIUM CAPACITY**: The area has some higher densities, including multi-family housing and two or more story commercial, office, or mixed-use potential.
- **HIGH CAPACITY**: The area has highest intensity zoning for larger multi-family, mixed-use, or office projects.

Access to Opportunity

The Project Team developed a composite score for each Station Area by analyzing the opportunity for supporting disadvantaged or under-served communities with new TOD projects. In 2017, the California Fair Housing Taskforce (CFHTF) developed a state-wide opportunity mapping tool to aid in the siting of large-family housing developments. The intent of these “Opportunity Maps” was to pinpoint neighborhoods whose characteristics have been shown to support childhood development and economic mobility (CFHTF Opportunity Mapping Methodology, 2018).

These same neighborhood characteristics can just as easily be applied to light rail Station Areas where scarce public dollars need to be targeted for maximum impact. By using the “opportunity score” developed by the CFHTF, it is possible to quickly gauge a station’s potential to meet the needs of future residents and pinpoint Station Areas where affordable housing investments make the most sense.
Market Clusters

Based on a combination of each Station Areas’ Urban Form, Market Strength, Zoning Capacity, and Access to Opportunities score, three different types of “market clusters” were identified. These clusters, shown below, are tied to the level of intervention that will be needed to incentivize TOD. While the Project Team analyzed a complex amount of information as part of this Action Plan, the clusters will allow each jurisdiction to target public investment and apply context-appropriate interventions based on a Station Area’s specific readiness and positioning for TOD.

- **SUPPORT**: Includes Station Areas where TOD is already occurring, and only minimal interventions are needed to allow TOD to continue to develop.

- **CATALYZE**: Includes Station Areas that have encouraging conditions for TOD and can be “pushed passed the tipping point” with a moderate level of intervention from public agencies (regulatory and financial).

- **CULTIVATE**: Includes Station Areas that are least likely to see TOD without substantial intervention from public agencies (regulatory and financial).

See “Station Profiles” in Chapter 4 for each individual stations’ Market Strength Ranking, Urban Form Category, and cluster type.
In addition to the Market Analysis, Station Area Typologies ("Typologies") were established for all 52 light rail stations. The typologies were created by assessing the current urban form and what potential future land use mix and development intensity would be the best fit.

This Action Plan establishes Typologies by analyzing physical design features and neighborhood/district design factors to categorize stations according to common themes and attributes. These include street/block pattern and circulation, access and connectivity, mix of uses, building height ranges, building setbacks, planned density and intensity, and automobile parking solutions.

By developing a classification based on similar characteristics, the recommendations, strategies, and actions included in Chapter 4 can be applied to various stations throughout the Sacramento region. The typologies are also intended to provide a snapshot of what the aspirational character of the area could be with successful TOD implementation.

The Plan identifies the following five unique classifications or “Typologies” that are applied to all Station Areas, as shown in Figure 2:

- Central Core
- Urban Neighborhood
- Main Street
- Town Center
- Commuter Hub
FIGURE 2 // STATION AREA TYPOLOGIES

CENTRAL CORE
Cathedral Square
7th & Capitol
8th & Capitol
8th & O
Archives Plaza
7th/8th County Center
8th & K
9th & K
Sacramento Valley Station

URBAN NEIGHBORHOOD
12th & I
13th Street
16th Street
23rd Street
7th & Richards/Township 9

MAIN STREET
Globe
Alkali Flat/La Valentina
Historic Folsom
Broadway
4th Avenue/Wayne Hultgren

TOWN CENTER
Marconi/Arcade
Swanston
Royal Oaks
Arden/Del Paso
29th Street
59th Street
University/65th Street
Power Inn
College Greens
Watt/Manlove
Starfire
Tiber
Butterfield
Mather Field/Mills
Zinfandel
Cordova Town Center
Sunrise
Hazel
City College
Fruitridge
47th Avenue
Florin
Consumes River College

COMMUTER HUB
Watt I-80 West
Watt I-80
Roseville Road
39th Street/UC Davis Health
48th Street
Iron Point
Glenn/Robert G. Holderness
Meadowview
Franklin
Center Parkway
Central Core stations are unique because they are located within the most intensive land use parts of the region. They include a wide variety of civic, entertainment, institutional, employment, and residential destinations. They are also the most walkable and provide multi-modal connectivity to link the station to other parts of the urban core. Central Core stations are near major regional destinations, including the State Capitol, DOCO, the Golden 1 Center, Old Sacramento, and the Sacramento Valley Amtrak Station. They are also located in the most mixed-income and mixed-employment parts of the region.

**APPLICABLE STATIONS**

Cathedral Square // 7th & Capitol // 8th & Capitol // 8th & O // Archives Plaza // 7th & I/County Center // 8th & K // 8th & H // Sacramento Valley Station // Saint Rose of Lima // North 7th & Railyard (future)
EXISTING CHARACTERISTICS
(existing urban form assets to build upon)

<table>
<thead>
<tr>
<th>Land Use Mix</th>
<th>Office / Mixed-Use / Higher Density Residential / Entertainment / Civic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street and Block Pattern</td>
<td>Smaller rectangular blocks / gridded street network / some vehicle-restricted streets / consistent alleys</td>
</tr>
<tr>
<td>Building Heights</td>
<td>Typically between eight and 20+ stories</td>
</tr>
<tr>
<td>Building Placement</td>
<td>Minimal or no building setback / continuous street wall / active street frontages / pedestrian-oriented</td>
</tr>
<tr>
<td>Multi-Modal Connectivity</td>
<td>Strong pedestrian facilities / bicycle infrastructure / bus connections / “shared” automobiles, bicycles, scooters, etc.</td>
</tr>
<tr>
<td>Parking</td>
<td>Moderate amount of on-street public parking / mostly structured public and private parking / residential parking garages / many uses do not have on-site parking / on-site parking either enclosed or in the rear</td>
</tr>
<tr>
<td>Equity</td>
<td>Large amounts of affordable housing / mixed-income neighborhoods / employment opportunities at all levels</td>
</tr>
</tbody>
</table>

OPPORTUNITIES FOR SUPPORTING TOD

1. Incorporate a variety of uses that can be further expanded and built upon by TOD projects
2. Ensure sidewalks are activated with retail, dining, and service commercial uses
3. Ensure the area is highly walkable and bikeable with good multi-modal connectivity through a variety of options (enhanced bus stops, sidewalks, pedestrian pathways, bikeways, shared rideables, etc.)
4. Locate major regional entertainment, cultural, and civic destinations within the Station Area
5. Support the Station Area with an extensive array of public amenities and multi-modal connections
6. Ensure new projects include affordability components to promote equity
Urban Neighborhoods are dense, vibrant, connected neighborhoods and mixed-use districts that include a diversity of uses, numerous nodes of activity, and are busy most hours of the day. They are highly walkable, with a strong orientation towards people, featuring gathering spaces, active public realms and buildings, and vibrant streetscapes. They feature a large proportion of multi-family residential, supporting those who want to live within easy walking distance of entertainment, retail, cultural, and employment opportunities. They are highly conducive to mixed-income and mixed-employment opportunities due to the diversity of building types and uses.

APPLICABLE STATIONS
12th & I // 13th Street // 16th Street // 23rd Street // Township 9 // Dos Rios (future)
# Existing Characteristics
(existing urban form assets to build upon)

<table>
<thead>
<tr>
<th>Land Use Mix</th>
<th>Mixed-Use / Higher Density Residential / Entertainment / Civic / Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street and Block Pattern</td>
<td>Smaller rectangular blocks / gridded street network / some vehicle restricted streets / consistent alleys</td>
</tr>
<tr>
<td>Building Heights</td>
<td>Typically between 6 and 15 stories</td>
</tr>
<tr>
<td>Building Placement</td>
<td>Minimal or no building setback / continuous street wall / active street frontages / pedestrian-oriented</td>
</tr>
<tr>
<td>Multi-Modal Connectivity</td>
<td>Strong pedestrian facilities / bicycle infrastructure / bus connections / &quot;shared&quot; automobiles, bicycles, scooters, etc.</td>
</tr>
<tr>
<td>Parking</td>
<td>High amount of on-street public parking / some structured public and private parking / residential parking garages / many uses do not have on-site parking / on-site parking</td>
</tr>
<tr>
<td>Equity</td>
<td>Moderate amounts of affordable housing / mixed-income neighborhoods / employment opportunities at all levels / multi-modal transit connectivity</td>
</tr>
</tbody>
</table>

# Opportunities for Supporting TOD

1. Incorporate a variety of multi-family housing types and densities
2. Ensure there are numerous activity nodes
3. Ensure the area is highly walkable and bikeable with good multi-modal connectivity through a variety of options
4. Include gathering spaces for the community, active public realms and buildings (e.g., no vacant storefronts), and a vibrant streetscape
5. Encourage a mixed-income neighborhood that serves a variety of residents and workers
6. Identify opportunities for strategic infill projects over existing surface parking lots
7. Ensure new projects include affordability components to promote equity
Main Streets are dynamic mixed-use areas centered around a commercial spine/boulevard with an established urban fabric. They are generally located within first-ring suburbs or at the edges of the urban core. Often lower in intensity than Urban Neighborhoods or Central Core, Main Streets are typically more affordable than neighborhoods located in the urban core. Main Streets are characterized by prominent historic buildings, independent retail and dining, small lots, and strong connections to adjacent residential neighborhoods. These neighborhoods often embrace “emerging” uses such as breweries, maker spaces, and artists housed in re-purposed buildings. Main Streets can be effectively leveraged to help address housing and employment equity, due to lower land costs, diverse employment opportunities, and strong multi-modal connections. High transit frequency and proximity to the urban core also makes light rail a viable option for most trips.

**APPLICABLE STATIONS**

- Globe Avenue // Alkali Flat/La Valentina // Historic Folsom //
- Broadway // 4th Avenue/Wayne Hultgren
EXISTING CHARACTERISTICS
(existing urban form assets to build upon)

<table>
<thead>
<tr>
<th>Land Use Mix</th>
<th>Mixed-Use / Small-Scale Retail / Multi and Single-Residential / Entertainment / Civic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street and Block Pattern</td>
<td>Smaller rectangular blocks / gridded street network / few vehicle restricted streets / consistent alleys at the rear of residential blocks</td>
</tr>
<tr>
<td>Building Heights</td>
<td>Typically between 2 and 8 stories</td>
</tr>
<tr>
<td>Building Placement</td>
<td>Minimal or no building setback along commercial spine / continuous street wall / active street frontages / pedestrian-oriented</td>
</tr>
<tr>
<td>Multi-Modal Connectivity</td>
<td>Strong pedestrian facilities / bicycle infrastructure / bus connections / &quot;shared&quot; automobiles, bicycles, scooters, etc.</td>
</tr>
<tr>
<td>Parking</td>
<td>High amount of on-street public parking / some structured public and private parking at key nodes / some business parking for employees / on-site parking either enclosed or in the rear</td>
</tr>
<tr>
<td>Equity</td>
<td>Moderate amounts of affordable housing / mixed-income neighborhoods / employment opportunities at all levels / multi-modal transit connectivity</td>
</tr>
</tbody>
</table>

OPPORTUNITIES FOR SUPPORTING TOD

1. Build upon the strong, central commercial spine that is typically fronted by established businesses
2. Encourage the adaptive reuse of prominent historic buildings to support independent retail and dining establishments
3. Ensure the area is highly walkable and bikeable with good multi-modal connectivity through a variety of options
4. Encourage smaller lots to be used for lower-scale and lower-cost TOD projects
5. Ensure there are strong connections to adjacent residential neighborhoods that can be improved with additional multi-modal connections
6. Ensure new projects include affordability components to promote equity
Town Centers comprise most of the Station Areas throughout the region. They are typically located in suburban communities, providing an opportunity to create strong nodes of community gathering and activity. Many Town Centers are located near underutilized surface parking lots, providing large sites for a transition to more dense mixed-use development. Although surrounded by larger residential neighborhoods that separate most land uses, proximity to light rail stations supports mixed-use development and multi-family housing. This gives residents an opportunity to reduce automobile dependency while maintaining access to destinations in suburban areas. Commuters to/from the urban core bolster light rail ridership, particularly at the beginning and end of traditional work schedules.

**APPLICABLE STATIONS**

### EXISTING CHARACTERISTICS
(existing urban form assets to build upon)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Use Mix</td>
<td>Commercial / Multi and Single-Family Residential / Entertainment / Mixed-Use</td>
</tr>
<tr>
<td>Street and Block Pattern</td>
<td>Medium and large blocks, many irregularly shaped / local-collector-arterial hierarchy / gridded street network in some locations / few or temporary-only vehicle-restricted streets / some alleys</td>
</tr>
<tr>
<td>Building Heights</td>
<td>Typically between 2 and 5 stories</td>
</tr>
<tr>
<td>Building Placement</td>
<td>Moderate or minimal building setback / semi-continuous street wall / active street frontages at key locations / pedestrian-friendly</td>
</tr>
<tr>
<td>Multi-Modal Connectivity</td>
<td>Moderate pedestrian facilities / connectivity to regional bike network / strong bus connections / &quot;shared&quot; automobiles, bicycles, scooters, etc.</td>
</tr>
<tr>
<td>Parking</td>
<td>On-street public parking in residential areas / some structured parking / moderate surface parking</td>
</tr>
<tr>
<td>Equity</td>
<td>Moderate amounts of affordable housing / mixed-income neighborhoods / employment opportunities at all levels</td>
</tr>
</tbody>
</table>

### OPPORTUNITIES FOR SUPPORTING TOD

1. Create strong nodes of activity and community-gathering events
2. Encourage underutilized surface parking lots to be transitioned into more dense, mixed-use TOD projects
3. Ensure the area is highly walkable and bikeable with good multi-modal connectivity through a variety of options
4. Ensure there are strong connections to adjacent residential neighborhoods that can be improved with additional multi-modal connections
5. Ensure new projects include affordability components to promote equity
Commuter Hubs are located toward the northern, southern, and eastern ends of the light rail system. They are primarily used by those commuting into interior areas closer to the urban core. Often, these commuters follow a traditional weekday work schedule. In order to support a more transit-focused lifestyle, Commuter Hubs place an emphasis on high multi-modal connectivity and contain retail and commercial uses catered toward daily needs, such as: grocers, coffee shops, prepared foods, dry cleaners, childcare, salons/barbers, pharmacies, etc. By conveniently providing these uses adjacent to stations, riders can avoid additional automobile trips for quick errands. Some Commuter Hubs are located near residential neighborhoods, while others are surrounded by light-medium industrial uses and freeways. Exploring job training and education programs at these stations can increase access for communities physically separated from much of the region.

APPLICABLE STATIONS

EXISTING CHARACTERISTICS
(existing urban form assets to build upon)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land Use Mix</strong></td>
<td>Retail / Commercial / Residential / Light-Medium Industrial / Institutional / Civic</td>
</tr>
<tr>
<td><strong>Street and Block Pattern</strong></td>
<td>Medium and large blocks, many irregularly shaped / often located near major highways and arterials / local-collector-arterial hierarchy / gridded street network in some locations / some alleys</td>
</tr>
<tr>
<td><strong>Building Heights</strong></td>
<td>Typically between 2 and 6 stories</td>
</tr>
<tr>
<td><strong>Building Placement</strong></td>
<td>Moderate or minimal building setback / semi-continuous street wall / active street frontages in key locations / pedestrian-friendly</td>
</tr>
<tr>
<td><strong>Multi-Modal Connectivity</strong></td>
<td>Key pedestrian connections across major barriers / bicycle lanes / bus connections / &quot;shared&quot; automobiles, bicycles, scooters, etc.</td>
</tr>
<tr>
<td><strong>Parking</strong></td>
<td>Some structured public/business shared parking / residential parking on-site / some on-site parking for other uses</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>Moderate amounts of affordable housing / employment opportunities at all levels / multi-modal transit connectivity</td>
</tr>
</tbody>
</table>

OPPORTUNITIES FOR SUPPORTING TOD

1. Ensure there is high multi-modal connectivity and easy access to the station for commuters
2. Encourage additional employment and job training uses that provide more activity near the station
3. Discourage structured parking. However, if structured parking is determined to be needed, ensure that it is designed in such a way that it can be easily transitioned into other uses (such as office) in the future
4. Encourage lower-scale office uses that are located near the station
5. Ensure there are strong connections to adjacent residential neighborhoods that can be improved with additional multi-modal connections
6. Ensure new projects include affordability components to promote equity
OPPORTUNITY SITES EVALUATION

While the typologies provide a general set of Station Area characteristics and opportunities to increase TOD, the Project Team developed a focused list of specific “High Opportunity Sites.” These sites, shown in Figure 3, have the greatest potential for near-term TOD projects.

Many of these High Opportunity Sites are within State-designated Disadvantaged Communities ("DACs") as defined by the CalEnviroScreen mapping tool. DACs are established based on multiple criteria such as pollution indices, health data, and socioeconomic data. Deployed properly, TODs can help counteract some of these negative factors in some of our region’s most vulnerable communities. The key challenge is to ensure new TOD projects within these neighborhoods are developed in such a way that they work directly with the local community to understand the needs and meet local community goals (e.g., affordable housing, new employment, needed retail uses, etc.) while not displacing current residents or businesses.

The High Opportunity Sites were identified based on the following criteria and information:

1. Region-wide underutilized parcels inventory.
2. Station Areas that are most likely to support TOD, as identified by the Advisory Group.
3. Specific sites that have immediate opportunities for catalytic TOD projects, as identified by the Advisory Group, Focus Groups, State Surplus Property Database, and site analysis.
4. Check for any “red flags” or major impediments to TOD development, such as recent construction, major utilities, easements, etc.
Priority Sites

Once the High Opportunity Sites evaluation process concluded, the Project Team and Advisory Group selected five key “Priority Sites” to be case studies for which detailed analysis and development feasibility. Initial building programs, development pro formas, and site plans were developed for each Priority Site. The Priority Sites include properties located within the following Station Areas:

- Glenn (City of Folsom)
- Mather Field/Mills (City of Rancho Cordova)
- Butterfield (Sacramento County)
- Globe Avenue (City of Sacramento)
- Florin (City of Sacramento)

While these five sites were considered as case studies to illustrate successful TOD, the other High Opportunity Sites should not be overlooked. They should be considered strong candidates for TOD and it is encouraged that these sites are further analyzed by municipalities, developers, and other TOD proponents. Chapter 4 includes conceptual develop programs for each sites and near-term strategies jurisdictions can take to incentivize private or public/private development at each Priority Site.
FIGURE 3 // HIGH OPPORTUNITY SITES

DOWNTOWN DETAIL

- 7TH & RICHARDS/TOWNSHIP 9
- SACRAMENTO VALLEY STATION
- COUNTY CENTER STATION
- 9TH AND K
- 7TH/8TH & CAPITOL
- 8TH AND O
- ARCHIVES PLAZA
- 13TH ST
- ALKALI FLAT/LA VALENTINA
- 12TH AND I
- CATHEDRAL SQUARE
- 8TH & K
- 16TH ST
- 23RD ST
- 29TH ST

SACRAMENTO

- ROSEVILLE ROAD
- MARCONI/ARCADE
- SWANSTON
- ROYAL OAKS
- STARFIRE
- 39TH STREET/UC DAVIS HEALTH
- 48TH STREET
- 59TH STREET
- WATT/MANLOVE
- UNIVERSITY/65TH ST
- POWER INN
- COLLEGE GREENS
- CENTER PARKWAY
- CONSUMNES RIVER COLLEGE

YOLO COUNTY

- ALKALI FLAT/LA VALENTINA
- SACRAMENTO VALLEY STATION
- COUNTY CENTER STATION
- 9TH AND K
- 7TH/8TH & CAPITOL
- 8TH AND O
- ARCHIVES PLAZA
- 13TH ST
- ALKALI FLAT/LA VALENTINA
- 12TH AND I
- CATHEDRAL SQUARE
- 8TH & K
- 16TH ST
- 23RD ST
- 29TH ST

SACRAMENTO VALLEY STATION
COUNTY CENTER STATION
9TH AND K
7TH/8TH & CAPITOL
8TH AND O
ARCHIVES PLAZA
13TH ST
ALKALI FLAT/LA VALENTINA
12TH AND I
CATHEDRAL SQUARE
8TH & K
16TH ST
23RD ST
29TH ST

DOWNTOWN DETAIL

- 7TH & RICHARDS/TOWNSHIP 9
- SACRAMENTO VALLEY STATION
- COUNTY CENTER STATION
- 9TH AND K
- 7TH/8TH & CAPITOL
- 8TH AND O
- ARCHIVES PLAZA
- 13TH ST
- ALKALI FLAT/LA VALENTINA
- 12TH AND I
- CATHEDRAL SQUARE
- 8TH & K
- 16TH ST
- 23RD ST
- 29TH ST
TOD has emerged as a preferred development model for municipalities across the United States for both economic and environmental reasons. Though the benefits of TOD are both broad and well-documented, these projects may be unlikely to materialize on a large scale without sustained public sector support. Local governments need to devise actionable financing strategies to facilitate the widespread implementation of TOD across their regions. To that end, this Action Plan considers how TOD can be financed and implemented in the Sacramento region’s transit-rich areas. Based on an analysis of national best practices and over thirty individual funding mechanisms, strategies, and grant programs, it defines and evaluates four key tools with broad TOD application that can be strategically leveraged by SACOG, SacRT, and other local agencies as incentives for private and non-profit developers. This is followed by Table 1 that identifies potential funding sources analyzed in this project.

PRIVATE ACTIVITY BONDS

A Private Activity Bond (PAB) is a common debt financing tool used by cities to fund a variety of development and infrastructure projects. In contrast to other types of municipal bonds (e.g., general obligation bonds), the proceeds from PABs are issued to private entities whose projects create tangible public benefits, such as affordable housing. PABs are tax-exempt and therefore provide loans with lower interest rates than those offered by traditional financial institutions, such as commercial banks. As such, these debt securities provide opportunities for below-market-rate financing that help reduce overall development costs. However, it is important to note that PABs are secured entirely by the revenue from the projects for which they were applied.

For housing development projects, PABs are issued in the form Multi-family Housing Revenue Bonds (MHRBs). These securities are typically used to fund projects with a strong affordability component and are backed by future rental income.
BONDS TAX-INCREMENT FINANCING
(ENHANCED INFRASTRUCTURE
FINANCING DISTRICTS)

Tax-Increment Financing (TIF) is another approach that leverages low-interest municipal bonds to finance both infrastructure and redevelopment projects. Unlike PABs, however, the administering public agency, rather than the borrowing private entity, is held liable for debt repayment. Specifically, a TIF bond is repaid with the incremental increase in property tax revenue that the subsidized project generates.

In California, TIF can be implemented through the formation of an Enhanced Infrastructure Financing District (EIFDs). These districts are operated by an independent local agency that provides TIF bonds for a broad range of community improvement projects in a designated area, including infrastructure repair (e.g., sidewalks, sewers), economic development activities, and affordable housing construction. Unlike Community Revitalization and Investment Agencies (CRIAs), EIFDs may be established anywhere in a city so long as they fund projects of “community-wide significance,” as determined by both the California State Controller and Department of Finance. Establishment of an EIFD requires the preparation of an Infrastructure Financing Plan (IFP) and 55 percent voter approval for the issuance of bonds. EIFDs are best tailored for Station Areas in which expected investments have the potential for significant property value appreciation.

STRUCTURED FUNDS

A structured fund is a pooled equity capitalized by a combination of public, private, and philanthropic investors with varying risk-return profiles. Specifically, these pooled investments are structured in a “capital stack” in which those parties willing to accept higher risks (typically local governments and charitable foundations) will assume a “first loss” position, which mitigates the potential for losses among those with lower risk profiles, such as traditional financial institutions. This type of “mitigated risk” arrangement can therefore encourage the participation of several profit-driven entities, increasing the amount of low-interest loan capital available to prospective borrowers.

This financing model can contribute significantly to the implementation of equitable TOD. Mission-driven entities, such as affordable housing developers, often struggle to acquire properties in transit-rich areas due to a lack of upfront capital. Because they are typically highly capitalized, structured funds can provide low-interest bridge loans that help these developers compete with other suitors in the marketplace.
AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES

The Affordable Housing and Sustainable Communities (AHSC) Program is a California state grant program that funds affordable housing development in conjunction with sustainable transportation-related infrastructure or amenities. It is administered by the California Strategic Growth Council (SGC) and Department of Housing and Community Development (HCD) and funded through a 20 percent appropriation of the State’s Greenhouse Gas Reduction Funds. This formula-based appropriation means that the AHSC program is one of the most significant ongoing funding sources for affordable housing and low-carbon transportation infrastructure in the state.

Funding is allocated on a competitive basis through a robust annual application process. While the program can fund projects anywhere, projects within a half-mile of rail stops compete against each other in the hyper-competitive TOD project area category. Projects are scored and selected for funding based on their ability to reduce greenhouse gas emissions and their consistency with State policy objectives. The scoring metrics favor housing project density, surrounding neighborhood density, and the potential for increased transit ridership. As such, this program is best suited for Station Areas that can support robust housing densities.

IMPLEMENTATION FEASIBILITY

Each Station Area is unique, however, there are similarities in how well positioned they are for certain financial incentives. As noted above, five Station Area Typologies were identified across the region, each defined by its own unique land use mix, demographic character, streetscape conditions, and other urban form conditions. The matrix on the following pages identifies a range of funding and financing tools that can be used for TOD projects within each Typology.

ADDITIONAL ONLINE RESOURCES

Federal Congestion Mitigation and Air Quality Improvement (CMAQ) Program

Transportation Alternatives Program
www.fhwa.dot.gov/environment/transportation_alternatives/

Urbanized Area Formula Funding Program
www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307

Capital Investments Grant Program
www.transit.dot.gov/CIG

Pilot Program for Transit-Oriented Development Planning
www.transit.dot.gov/TODPilot

Transit-Oriented Development Technical Assistance Initiative
www.transit.dot.gov/TOD/technicalassistance

Community Development Block Grant (CDBG) Program
www.hudexchange.info/programs/cdbg/

Economic Development Administration (EDA) Grants
www.eda.gov/funding-opportunities/

Urbanized Area Formula Funding Program
www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307
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PARTNERSHIPS

Partnerships between multiple public agencies or between public and private entities are increasingly becoming means to better leverage resources for TOD projects. The following is a summary of key partnership approaches that can be taken to help organize, plan, design, finance, construct, and manage TOD projects in the region.

PUBLIC-PRIVATE PARTNERSHIPS

Public-Private Partnerships (P3s) are cooperative arrangements between two or more public and private entities, typically of a long-term nature where all parties receive benefits from the partnership. These partnerships can take many forms, such as private companies providing capital and public agencies providing low/no cost land or bonds. However, there are two primary project types related to urban transit Public Private Partnerships:

1. Design-build-operate capital facilities, usually rail corridors
2. Development partnerships for land and buildings

There are, however, instances where transit agencies or other public agencies have made mistakes when partaking in a Public Private Partnerships development. One of the most severe and shortsighted is being too eager to “make a deal,” resulting in provisions that can take away future public control of local and regional transportation planning decisions, or can take away control of real property or other assets. It is essential that public agencies define near-term and long-term goals (e.g., rate of return, increase in net tax revenues, land use mix, etc.). Other mistakes can include a lack of adequate design and performance standards benefiting transit agencies, lack of legal counsel specializing in land development and TOD projects, and FTA regulations that are burdensome to contracts.
FEDERAL TRANSIT ADMINISTRATION
JOINT DEVELOPMENT

Federal Transit Administration (FTA) Joint Development refers to the use of FTA grant-funded property to support a development project when multiple parties are involved. Joint development projects are public transit projects coordinated with other kinds of development, like commercial and residential. Joint development is a form of TOD that leverages transit agency real property bought with FTA grant funds and may be stand-alone or part of a larger project.

Typical FTA project types include:

1. **Transit-Oriented Development**: Integrated development of transit and non-transit improvements, with transit projects physically or functionally related to commercial, residential, or mixed-use development.

2. **Public-Private Coordination**: Public and private investments that are coordinated between transit agencies and developers to improve land owned by a transit agency or related to a transit improvement.

3. **Shared Costs and Benefits**: Mutual benefit and shared cost among all parties involved.