A nighttime photograph of a city skyline, likely Dallas, Texas, featuring several illuminated skyscrapers and a highway interchange in the foreground. A large red circle is superimposed over the center of the image, containing white text. One of the buildings in the skyline is highlighted with a red square.

Realities with
TOD and
Affordable
Housing
Development

Mockingbird Station - Dallas



Barriers to Transit Oriented Development

Infrastructure is very costly

- Streets, sidewalks
- Utilities- sewer, water, storm drainage

Value of development is not easily proven

- No comparables for real estate development
- Market not fully developed
- Typical market analysis for retail, housing development not relevant
 - Capture area for analysis is not typical market area
 - Car centric suburban context – difficult to transition attitudes

Public Investments and public funds are not strategically deployed

- Many and competing priorities
- Development time is lengthy with public-private partnerships

Public benefits are difficult to monetize

- Health
- Environment
- Mobility

TOD Finance Tools

DEBT

- Traditional Debt-Commercial Banks
- Bonds
- Revolving Loan Funds
- Community Development Financial Institutions (CDFI) loans
- Private Debt Funds

CREDIT ASSISTANCE

VALUE CAPTURE

- Tax Increment Finance Districts
- Special Assessments

DIRECT FEES

- User Fees- Parking, etc
- Congestion Pricing



TOD Finance Tools

EQUITY

- Public Private Investments
- Infrastructure Investment Funds
- EB-5 funding
- New Markets Tax Credits
- Federal & State Historic Tax Credits
- Low Income Housing Tax Credits
- Private Investment Funds

GRANTS

- Council of Government Grants
- Community Development Block Grants (CDBG)
- EPA Brownfields Grants
- Efficiency Grants
- Philanthropic Grants or EQ2s

EMERGING

- Land Banking/Land Trusts
- Reduced Parking requirements



Reality Check

Funding Gap Analysis for Affordable Housing

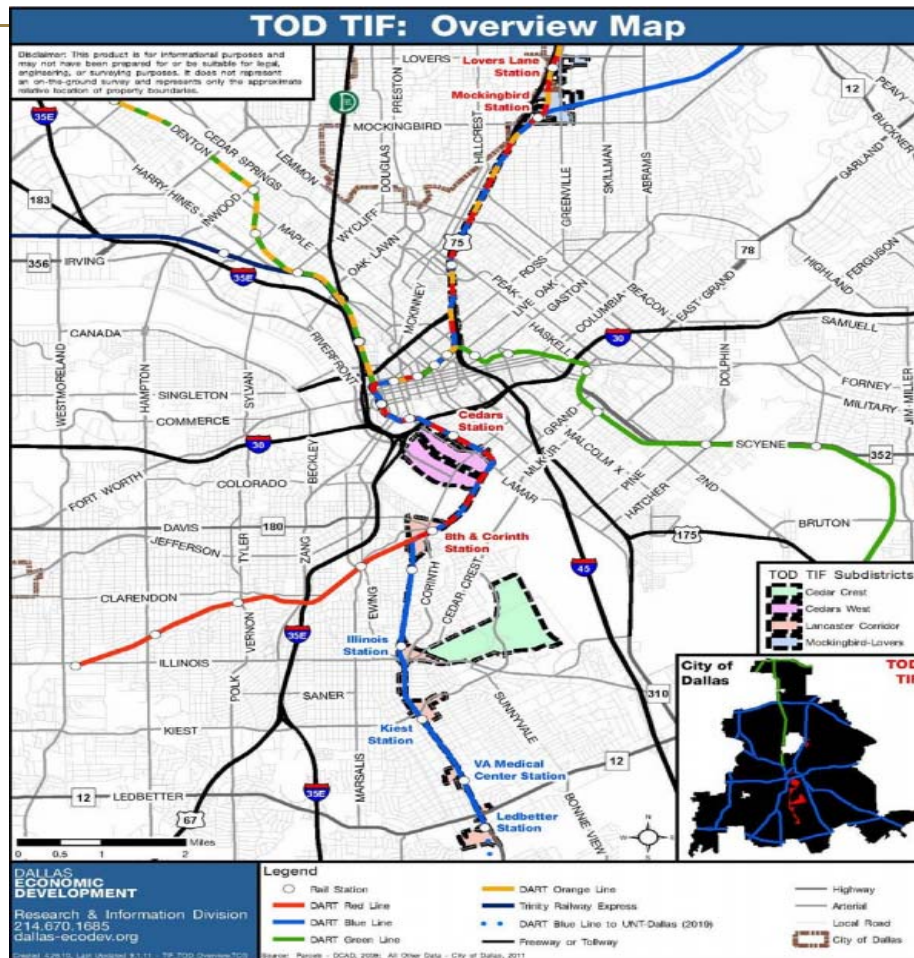
When a development project incorporates affordable units, the revenue for the project decreases but the costs remain the same. This typically lowers the yield below what investors are willing to accept in achieving a return on their investment.

The funding gap ranges widely based upon the type of development, the level of household income (AMI) targeted, and the percentage of units rented at those targeted affordable rates.

Stick (Low Rise) Building Development Example		
338 Units, \$57.97M total project cost		
	20 percent of Units Affordable	5 percent of Units Affordable
No. of Units	68	17
40 percent AMI		
Total Funding Gap	\$14,888,073	\$3,722,018
Funding Gap Per Unit	\$218,942	
120 percent AMI		
Total Funding Gap	\$1,255,555	\$313,889
Funding Gap Per Unit	\$18,464	

High Rise Building Development Example		
350 Units, \$87.75 M total project cost		
	20 percent of Units Affordable	5 percent of Units Affordable
No. of Units	70	18
40 percent AMI		
Total Funding Gap	\$27,430,366	\$7,053,523
Funding Gap Per Unit	\$391,862	
120 percent AMI		
Total Funding Gap	\$12,383,510	\$3,184,331
Funding Gap Per Unit	\$176,907	

Value Capture TOD Tax Increment Finance District- Dallas



TOD TIF

- Provides a source of funding for public infrastructure improvements along rail line
- Encourage mixed use transit oriented development
- Links higher opportunity development sites with emerging neighborhood sites
- Encourages seed project development to catalyze other area development
- Encourages other public funding

Creative Options

Parkland Clinic at Hatcher Station



Parkland Clinic at Hatcher Station Finance Tools

Developer Frazier Revitalization, Inc. – a 501 © 3 nonprofit organization

\$18.1MM - 45,000 Square Foot clinic providing medical and wellness services to families in Southern Dallas adjacent to light rail line.

Layered Financing Tools

- TREC Community Fund – CDFI provided land acquisition loan
- \$15MM New Markets Tax Credit allocation from Dallas Development Fund
- \$2MM City of Dallas Funding – HUD Challenge Grant
- \$1.1MM Bank Loan



Imagine.
Empower.
Impact.

What it takes

- Mind Shift – not all affordable is equal- Affordable housing is any housing that costs more than 50% of your income monthly not including transit costs.
- Transit comprises 30% of a typical families monthly budget – you decrease transportation costs – you create opportunities for their ability to have truly affordable housing
- Organization by Commercial Real Estate Companies- deal by deal negotiation is not efficient
- Political Will
- Variety of creative funding and financing options
- Partnership with local philanthropists, investors (institutional and private), developers, government





QUESTIONS??

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