

# DEVELOP

## TOD Takes Center Stage in L.A.

The Obama administration will back Los Angeles Mayor Antonio Villaraigosa's 30/10 Plan, Senator Barbara Boxer (D-CA) announced at the ULI Los Angeles TOD Summit 2010, held in Hollywood in June. The support is a major boost for 30/10, which calls for speeding up 12 major urban rail projects throughout the region, completing them in the next decade rather than the originally scheduled 30 years.

It is the latest sign that efforts to energize the Los Angeles region's economy and reduce carbon emissions are increasingly focused on mass transit and its potential to

stimulate transit-oriented development (TOD)—a surprising turn of events for a place recently named the "world's greatest car city" by *Motor Trend* magazine.

"30/10 means that a major upgrade to mass transit is no longer a far-off goal, and the development community has to start thinking about this opportunity now," said Ramin Kolhabi, principal of Lighthouse Investments, a national real estate investment and development firm based in Los Angeles, and cochair of the TOD Summit 2010.

In November 2008, Los Angeles County voters approved Measure R, a \$40 billion transportation funding initiative, committing nearly \$28 billion—70 percent of the total package—to expanding and operating new mass transit. Denny Zane, executive director of Move LA, played a key role in building support for the new half-cent sales tax enacted by Measure R. "[The new tax] was passed with two-thirds of the vote, even after the Wall Street collapse in September 2008, because of massive frustration with transportation

options in this community and the opportunity Measure R presented to improve them," Zane pointed out in a speech at the TOD Summit.

The 30/10 plan would build Measure R's momentum by matching federal financing with local tax revenues, providing enough cost savings over time to build projects sooner. Its viability hinges on whether the federal government agrees to issue Build America Bonds, or a similar type of very-low-interest government bond, which would then be repaid by local sales taxes.

This would constitute a new form of federal/local partnership and perhaps also provide an early test of the infrastructure bank concept recommended by ULI in its *Infrastructure 2010* report. In fact, Obama administration officials are now looking to 30/10 as a potential model for building sustainable communities nationwide.

In a letter to Boxer, U.S. Transportation Secretary Ray LaHood wrote, "I share your belief that the 30/10 model—leveraging a comprehensive long-range transportation plan and a



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Above: the Wilshire Vermont Station apartment community in Los Angeles; right: the Los Angeles County Metro Yellow Line. The 30/10 plan calls for speeding up 12 major urban rail projects throughout the Los Angeles region.



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**Senator Barbara Boxer (D-CA) announced at the ULI Los Angeles TOD Summit 2010 that the Obama administration will back Los Angeles Mayor Antonio Villaraigosa's 30/10 plan.**



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**Shelley Poticha, director and senior adviser for sustainable housing and communities at the U.S. Department of Housing and Urban Development, congratulated the L.A. region at the summit for pursuing sustainable growth through TOD.**

sustainable local funding stream—has the potential to transform the way we invest in transportation projects across the nation. As we move toward a clean-energy economy, improvements to the transit system also could decrease our gasoline consumption and carbon emissions, and reduce our dependence on foreign oil.”

Bob Gardner, managing director of RCLCO, a national real estate advisory firm, noted the economic benefits 30/10 could provide. “By itself, 30/10 will not turn around the local economy. However, it will help to invigorate it . . . [and] will help real estate as well,” he said in a speech at the summit. “It will prompt real estate investors to recognize a new set of development opportunities generated by higher-density land use planning that undoubtedly will emerge around many of the new [light-rail] stations.” This would reinforce what many expect to be a central tenet of the region’s Sustainable Communities Strategy, mandated by California Senate Bill 375, the Sustainable Communities and Climate Protection Act of 2008, which will

integrate land use and transportation planning regionally to reduce greenhouse gas emissions from car travel.

“We immediately realized upon reviewing S.B. 375 that transit-oriented development would be a relevant strategy for reducing carbon emissions,” said Mark Herwick, supervising regional planner with Los Angeles County.

However, some industry experts doubt that the investments made by 30/10 alone will be enough to create many new transit-oriented development opportunities unless land use policies are also changed.

Renata Simril, senior vice president with Forest City West Coast, a national real estate development firm, who spoke at the summit, said 30/10 will have a significant impact in supporting the trend toward TOD, but cautioned that it does not directly include planning for these types of projects.

“This is where I believe that S.B. 375 has the potential to make a complementary impact . . . [by] concentrating development in a way that reduces car travel and greenhouse gases, most notably along transit cor-

ridors and at transit stations where possible,” she said. “I think 30/10 further sets the stage for Los Angeles County, the cities, and metropolitan planning organizations to look along these line extensions for opportunities to plan, rezone, and make strategic sites ready for transit-oriented development.”

It is now clear that local, state, and federal policies are converging around this goal in southern California—as it is in many other regions nationwide. Yet the approach being taken in Los Angeles is heralded as a national model because of its strong, local financial commitment.

Shelley Poticha, director and senior adviser for sustainable housing and communities with the U.S. department of Housing and Urban Development, affirmed at the summit that the region stands out for “putting its money where its mouth is,” in pursuit of sustainable growth through TOD.

DAVID STOCKER is a freelance writer based in Portland, Oregon.

## Federal Program Helps Cities Address Neighborhood Revitalization

Has the federal role in neighborhood revitalization shifted in the face of the current urban landscape of older, distressed cities? The recent \$6 billion federal stimulus program, the Neighborhood Stabilization Program (two rounds of funding termed NSP1 and NSP2), is intended to stabilize neighborhoods

through the purchase of foreclosed or abandoned residential properties—properties that will be demolished, rehabilitated, and/or redeveloped for sale or rent to low- and middle-income households.

With this program, the government has asserted a new, albeit limited, role in helping cities address neighborhood revitalization. NSP funding has expanded the ability of local governments to react to market strengths and neighborhood vitality through two specific areas established or expanded by NSP—allowing new construction for other organizations besides the regular nonprofit firms, and permitting the banking of land for future use.

The long-term vitality of older, distressed cities hinges, in part, on building sustainable residential areas, yet many cities lack effective strategies to maintain and strengthen their neighborhoods. For years, local governments and community development corporations have needed access to tools to stimulate market demand in at-risk and tipping-point neighborhoods. Federal funding programs must expand and restructure funding sources in order to assist the transformation of cities into stronger, more resilient organizations that are responsive to, and sensitive of, market building behavior. In turn, older cities must develop an understanding of the connections among neighborhood vitality, consumer choice, and housing market strengths. The cities’ ability to understand these market and nonmarket economies is the key in developing effective, long-term, market-recovery strategies that effectively leverage federal funds.

At the center of the transformation are partnerships—and not the same