

**Ten Years of TLC:
An Evaluation of MTC's
Transportation for Livable Communities Program**

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PART ONE: TLC Background

Introduction

This report summarizes an evaluation of MTC's Transportation for Livable Communities programs undertaken by staff in mid-to-late 2007. Key evaluation findings are detailed in part three and recommendations for the Commission to consider expanding, re-orienting and strengthening the program are included in part four. Appendix A includes five specific TLC project case studies that were analyzed in-depth as part of the evaluation.

TLC Program Goals

The purpose of MTC's Transportation for Livable Communities (TLC) Program is to support community-based transportation projects that meet the following goals:

- Develop projects through a collaborative and inclusive planning process that includes broad partnerships among a variety of stakeholders such as public agencies, community-based organizations and community stakeholders, and outreach to a diversity of participants.
- Improve a range of transportation choices by adding or improving pedestrian, transit, and/or bicycle facilities, and by improving the links between these facilities and activity nodes.
- Support well-designed, high-density housing and mixed use developments that are well served by transit, or will help build the capacity for future transit investment and use.
- Support a community's infill or transit-oriented development and neighborhood revitalization activities
- Enhance a community's sense of place and quality of life.

Program Overview

MTC awards TLC grants to cities, counties and transit agencies based on adherence to TLC goals and program criteria, including project impact, project readiness and basic eligibility requirements. TLC currently consists of three types of grants:

- **TLC Planning Program:** funds community planning efforts to revitalize existing neighborhoods, downtowns, commercial cores and transit stops and create more pedestrian-, bicycle-, and transit-friendly environments.
- **TLC Capital Program:** funds transportation infrastructure improvements that encourage pedestrian, bicycle and transit trips and support high-density, mixed-use development.
- **Housing Incentive Program (HIP):** rewards communities with funding for TLC-type transportation improvements when they successfully build high-density housing and mixed-use developments at transit stops.

Promoting Smart Growth

For the past ten years, the Transportation for Livable Communities program has served as one of region's primary tools for fostering smart growth. MTC and its partner regional agencies define smart growth as "development that revitalizes central cities and older suburbs, supports and enhances public transit, promotes walking and bicycling, and preserves open spaces and agricultural lands.¹⁹" By promoting compact, mixed-use development in existing communities, smart growth aims to accommodate a growing population while providing affordable options, reducing automobile dependency, and protecting open space and farmland.

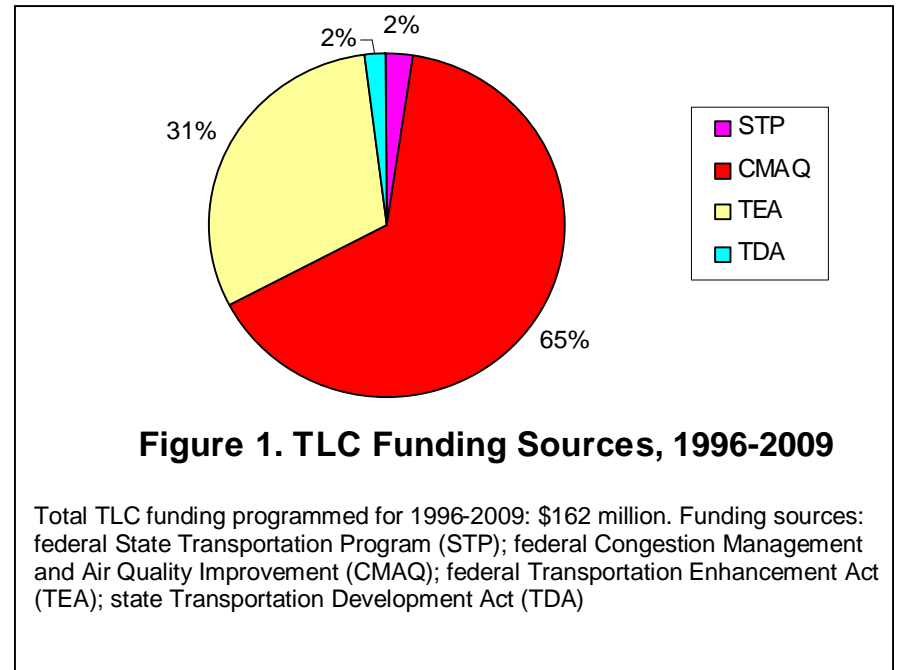
Table 1. Smart Growth Timeline

	Policy	Funding Programs
1996	<ul style="list-style-type: none"> Transportation/Land Use Connection Policy adopted 	
1997		<ul style="list-style-type: none"> TLC Planning Program created
1998		<ul style="list-style-type: none"> TLC Capital Program created
2000	<ul style="list-style-type: none"> ABAG, MTC and partner agencies begin a two-year effort to develop the Bay Area Smart Growth Vision 	<ul style="list-style-type: none"> Housing Incentives Program (HIP) pilot cycle launched
2001		<ul style="list-style-type: none"> 2001 Regional Transportation Plan triples TLC funding to \$27 million annually for HIP, regional TLC, and county-level TLC
2005	<ul style="list-style-type: none"> Transit-Oriented Development Policy adopted, requiring that jurisdictions receiving MTC funding for transit extensions plan a minimum number of housing units along new corridors 	<ul style="list-style-type: none"> Station Area Planning Grant program created to support TOD policy
2007	<ul style="list-style-type: none"> ABAG, MTC and partner agencies launch Focusing Our Vision (FOCUS), an effort to prioritize infill, mixed-use development near existing transit and jobs 	<ul style="list-style-type: none"> Station Area Planning Grant program expanded to include areas under FOCUS program

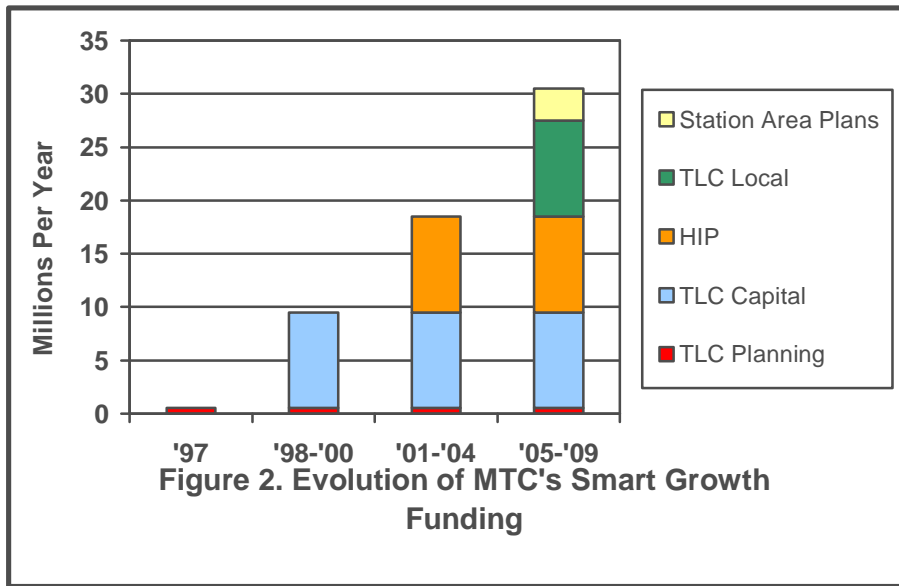
TLC grew out of MTC’s first smart growth policy, adopted in 1996. As the Smart Growth Timeline shows (Table 1), the region’s smart growth policies and funding programs have expanded rapidly over the ensuing decade.

MTC created the TLC Planning Program in 1997 and added the Capital Program in 1998, committing \$9 million

annually over six years to fund planning and capital grants. To address regional housing needs and maximize transit use, MTC launched a pilot cycle of HIP in 2001 using \$9 from the existing funding commitment to TLC. The 2001 Regional Transportation Plan (RTP) tripled the size of the TLC program from \$9 million to \$27 million per year, allocating a third of the funding to HIP, a third to MTC’s TLC program, and a third to the nine county congestion management agencies (CMAs) for local TLC capital and/or HIP programs. Finally, MTC’s 2005 Transit Oriented Development policy created the Station Area Planning Grant program to complete transit supportive land use plans at Resolution 3434 stations and at FOCUS Priority development areas. TLC programs are funded with Transportation Enhancement Activities (TEA) and Congestion Mitigation and Air



Quality Improvement (CMAQ) funds. Early rounds of the program were funded partially with Surface Transportation Program dollars (STP) and the Planning Grants utilized a small amount of state



Transportation Development Act (TDA) funds.

Since 1998, MTC has programmed \$2 million to fund 65 planning projects, \$85 million to 81 capital projects, and \$27 million to 38 HIP projects across the Bay Area. In addition, the nine CMA's have programmed \$35 million for local TLC programs during fiscal years 2006-2009. Further, \$12 million has been invested in the Station Area Planning Program. Most TLC projects are located in disadvantaged communities. Typical TLC grants support pedestrian facilities such as enhanced sidewalks, crosswalks, pedestrian scale lighting, and streetscape amenities, as well as bicycle routes and transit access improvements.

TLC: The Transportation/Smart Growth Connection

Public infrastructure investment is a key tool for revitalizing older neighborhoods and achieving smart growth's varied goals. Employers and households are increasingly deciding where to locate based on local amenities,ⁱⁱ including an area's vibrancy, walkability, and density.ⁱⁱⁱ Public agencies can help transform older areas into attractive destinations by targeting infrastructure investments to priority areas such as transit villages, and by funding projects that transform vacant or dilapidated facilities into amenities that encourage further development.^{iv} Improving walking and bicycling conditions and transit access is one form of investment that helps facilitate smart growth development. Furthermore, such improvements can change people's travel behavior while improving conditions for local businesses.

Researchers have begun to draw links between pedestrian, bicycle and traffic-calming improvements, and economic development.^v Case studies of communities throughout California and around the country have found that improving the pedestrian environment can improve the competitiveness of retail and business districts and increase property values.^{vi} For example:

- The City of Coronado credits streetscape improvements, new design guidelines and development incentives with attracting 60 new businesses to its downtown, dramatically reducing vacancy rates, and increasing sales tax revenues by 125%.^{vii}
- A 2003 survey of San Francisco's Valencia Street merchants found that 65% thought the new bike lanes had helped their businesses, and that the same percentage would support further traffic calming measures.^{viii}

- In West Palm Beach, Florida, property values more than doubled along Clematis Street following an extensive traffic calming retrofit.^{ix}
- Station area planning efforts in the Bay Area have been found to facilitate new development by building community consensus around compact development while creating certainty for future development.^x

TLC-type improvements can also affect travel behavior. An extensive body of research has established that residents of dense, mixed-use, pedestrian-friendly neighborhoods tend to walk, bicycle and take transit more than residents of conventional neighborhoods.^{xi} Many of these studies have examined Californian neighborhoods. For example:

- In a study of Bay Area travel characteristics, MTC found that individuals living within a half mile of rail or ferry stops are four times more likely to use transit, three times as likely to bike, and twice as likely to walk as those who live more than a half mile from transit. 30% of households who live within a half mile of these stations do not own cars, and those who do own cars drive about half as much as their suburban and rural counterparts.^{xii}
- A 1995 study comparing travel behavior in San Francisco and Los Angeles found that residents of pedestrian-oriented neighborhoods walked more and drove alone less than did residents of automobile-oriented neighborhoods.^{xiii}
- A 2005 evaluation of California's Safe Routes to School Program found that children walked to school significantly more after neighborhood sidewalks were improved.^{xiv}

- The City of San Francisco observed a 144% increase in bicycle traffic on Valencia Street following the installation of new bike lanes in 1999.^{xv}
- One national study of U.S. cities with populations greater than 250,000 found that the number of workers commuting by bikes increases 1% with each mile of Class II bike lanes per square mile.^{xvi}
- Shifting consumer expenditures from automobile use and reducing the time that people spend driving can provide regional economic benefits. During a typical weekday in 2006, vehicles spent about 143,900 hours in traffic congestion.^{xvii} A 2000 report^{xviii} found that in the most sprawling U.S. metropolitan areas, households devote an average of 20% more of their expenditures to transportation than do households in the least sprawling areas. The cities with the most expensive transportation also tend to offer the least choice, as measured by the ratio of transit service to miles of roads. Reducing automobile dependency by providing other transportation choices would not only improve Bay Area residents' quality of life, but also free up household's money and time for other uses.

This research indicates that TLC-type improvements can have impressive results, but it is important to note that few studies have conclusively demonstrated a cause and effect relationship between enhanced pedestrian, bicycle and transit facilities implemented in a relatively small project area on the one hand and increased property values, sales volume, or walking and bicycling rates or volumes on the other. Other changes, such as unrelated transportation or economic development policies, may contribute to the observed results. Walking and bicycling

rates may also be higher in pedestrian-oriented neighborhoods because people who prefer to walk or bike intentionally move to those neighborhoods, or switch their routes to use improved facilities. These external factors and self-selection effects make it difficult to distinguish specific causal relationships. Nevertheless, the evidence suggests that the types of public infrastructure funded by TLC can yield significant benefits. MTC is currently engaged in research through a Caltrans planning grant to analyze the affect of different factors, including transit and mixed-use, on the choice to move to a new residence to try and better understand this issue.

PART TWO: Evaluating TLC

This evaluation is intended as a follow-up to a 2004 evaluation of the TLC Program conducted by ICF Consulting. ICF analyzed a sample of funded TLC Capital, Planning and HIP grant applications, conducted focus groups with project sponsors, and interviewed three to four end users at each of twelve completed TLC Capital projects. The evaluation culminated in a written report and a September 2004 publication, *Transportation for Livable Communities: Works in Progress*, which provided an overview of 60 TLC projects.

ICF concluded that TLC was generally successful in supporting collaborative community planning processes and improving pedestrian, bicycle, and transit access. TLC Planning grant recipients and stakeholders were very satisfied with the program, while TLC Capital program grant recipients reported struggling in the project delivery phase, particularly with navigating the federal-aid process and coordinating between

planning and public works departments in local jurisdictions. Capital Program end users felt that the TLC improvements had made the neighborhood more attractive and safer, but could not at that time conclude whether the improvements had resulted in an increase in walking, biking or transit use.

Table 2. Survey Recipients and Response Rates

	Survey Recipients	Response Rate
TLC Planning Grants	<ul style="list-style-type: none"> 1-2 project managers for each of the 65 grants 	<ul style="list-style-type: none"> 71% of projects 3 projects represented by 2 respondents
TLC Capital Grants	<ul style="list-style-type: none"> 2-3 project managers for each of the 70 Capital grants awarded before the 2006-07 cycle. Co-sponsoring community organizations for 27 applicable projects 	<ul style="list-style-type: none"> 81% of projects 9 projects represented by 2 respondents 60% of project co-sponsors (community groups)
HIP Grants	<ul style="list-style-type: none"> 1-2 project managers for each of the 37 submitted applications 	<ul style="list-style-type: none"> 68% of cities responded

HIP grant recipients reported generally that the program was functioning more as a reward than as a true incentive to build new transit-oriented housing. In response to the report, MTC refined the program's goals, clarified the evaluation criteria, and improved project delivery.

In contrast to the 2004 study, which was largely based on data from grant applications, this evaluation focuses on completed TLC projects. The results presented in this report are based on surveys completed by the project managers in charge of TLC projects, and on interviews with city staff, local business owners and end users at five case study sites (see Appendix).

Surveys

The TLC and HIP surveys were designed to provide a comprehensive overview of how the TLC Program has affected Bay Area communities. The surveys focused on the project's impact on communities' economic development and travel behavior, and included questions about project status and project delivery. In addition, the Planning grant survey asked about community involvement in the planning process.

In order to paint the most complete picture possible of project delivery and impact, MTC attempted to collect feedback from all the departments or agencies involved with each TLC project. In general, TLC Planning projects are managed by cities' planning departments; TLC Capital projects are managed by planning, public works, community development and/or redevelopment agencies; and the housing and transportation components of the HIP projects are, respectively, managed by planning and public works departments. For the purpose of analysis, MTC compiled multiple responses about the same project, averaging the quantitative questions where appropriate.

Since the most recent round of TLC Capital grants in 2006-07 was too recent for construction to have begun on most projects, only the 70 grant recipients from the previous cycles were contacted. In addition to surveying city staff, MTC also contacted local community organizations that served as co-applicants for some of the Capital grants. Response rates were very high. Table 2 summarizes who received each survey and how many recipients responded.

Case Studies

While the survey data provide a broad overview of TLC's impact, the case studies paint an in-depth picture of how TLC capital projects can affect a community's economic development and

transportation use. The case studies also teach valuable lessons about how MTC can partner with local jurisdictions to create successful projects.

The case studies profile five projects that best represent the range of funded projects in terms of jurisdiction location, TLC grant amount, and project type. For each case study, MTC interviewed the city engineers, planners, and/or community

Table 3. Case Study Overview

City	Project	Total TLC Capital Funds	Total Project Cost	Project Description
Gilroy	Monterey Street Streetscape Improvements	\$4.5 million (three grants)	\$8.6 million	Streetscape improvements along Monterey St., Downtown Gilroy's main street, and surrounding the adjacent Gilroy Caltrain Station. (0.5 mile corridor)
Oakland	EastLake Streetscape and Pedestrian Enhancement Project	\$1.5 million	\$3.1 million	Pedestrian safety and access improvements in Oakland's culturally-diverse EastLake neighborhood.
Richmond	Richmond Transit Village	\$2.3 million (two grants)	\$10.7 million	New pedestrian plaza, entrance and station building at Richmond BART/Amtrak station, the site of the mixed-use housing project. (Size)
San Mateo	Main Street Pedestrian Corridor and Transit Links	\$1.9 million	\$2.5 million	Pedestrian promenade linking San Mateo's Downtown Transit Center with downtown businesses, services and new cinema.
Santa Rosa	Downtown Urban Design and Vision – Pedestrian Linkage	\$.9 million (two grants)	\$2.3 million	Pedestrian corridor linking the east and west sides of downtown Santa Rosa.

development staff who managed the projects and were familiar with the project area. MTC also conducted a site visit for each project. During the site visits, MTC staff interviewed 5-10 local business owners and 10-15 end users about the project's impact, and distributed a post card survey to community members who did not have time or did not want to be interviewed.

Measuring TLC Project Impacts

Measuring the success of a Transportation for Livable Community grant is a highly complex endeavor. The TLC project goals include a wide variety of quantitative and qualitative goals, some of which can be measured by both objective and subjective criteria. Table 4 provides an overview of the numerous possible measurements of success. Since no one measure perfectly captures TLC's impact, MTC asked survey respondents and interview subjects for a range of data that serve as proxy measurements of the program goals.

The first and fifth TLC Program goals, supporting collaborative planning processes and enhancing quality of life, are perhaps the most difficult to measure because of their subjectivity. MTC attempted to evaluate the first goal by asking Planning grant recipients¹ about the stakeholders who participated in the planning process and the outreach strategies used. In order to gauge projects' success in improving communities' quality of life and sense of place, MTC asked survey respondents, including the community co-sponsors of Capital grants, to provide narrative accounts about community impact. MTC's interviews with business owners and other end

Table 4. Possible Measures of TLC's Success

TLC Program Goal	Possible Measures of Success
1. Supporting projects that are through a collaborative and inclusive planning process that includes broad partnerships among a variety of stakeholders such as public agencies, community-based organizations and community stakeholders, and outreach to a diversity of participants.	<ul style="list-style-type: none"> • Number and diversity of participants • Range of outreach strategies used • Participants' satisfaction with process/project
2. Improve a range of transportation choices by adding or improving pedestrian, transit, and/or bicycle facilities, and by improving the links between these facilities and activity nodes.	<ul style="list-style-type: none"> • Increase in pedestrian volume • Increase in bicycle volume • Increase in transit ridership
3. Support well-designed, high-density housing and mixed use developments that are well served by transit, or will help build the capacity for future transit investment and use.	<ul style="list-style-type: none"> • Project's proximity to housing. • Number of housing units constructed or rehabilitated in project area • Number of mixed-use projects constructed or rehabilitated in project area
4. Support a community's infill or transit-oriented development and neighborhood revitalization activities	<ul style="list-style-type: none"> • Increase in property values and/or rents in project area • Decrease in vacancies • Increase in retail sales
5. Enhance a community's sense of place and quality of life.	<ul style="list-style-type: none"> • Additional new investments in project area • Decrease in crime / increased confidence in safety among community members • Increase in ability to access services and amenities • Improvements in community members' health / decrease in emissions • Increase in number of community-sponsored events

¹ For TLC Capital projects, a collaborative and inclusive planning process is considered a criterion for awarding funding, not a goal of the project, since the planning process is generally completed before the Capital grant is awarded.

users also provide insight into the community impact of the case study projects.

Improving a community's range of transportation choices and supporting housing near transit and neighborhood revitalization are more straightforward objectives. However, while it is easy to suggest useful, quantitative measurements for these goals, such as changes in pedestrian volume, retail sales, and the number of new housing units built, the necessary data is not always available. Even when it is, it is not always possible to determine cause and effect.

For example, quantifying an increase in pedestrian and bicycle volume or transit ridership with any confidence presents a number of difficulties. A researcher must answer two questions: first, "Did something change?" and second, "What caused the change?"^{xix} To answer the first question, one would ideally collect statistically significant data before and after the improvements were made by counting walkers, bicyclists, transit riders or transit system revenue, or by conducting surveys. However, in many cases "before" data is not available, leaving retrospective survey questions as the only option.

Any number of factors could cause people to change their walking, bicycling and transit ridership, ranging from changing employment rates to an increase in transit fares or a new commute subsidy program by a nearby employer. Entirely separating the effects of such external factors from the impact of the improvement in question requires either a controlled study that compares to comparable sites, or sophisticated statistical methods.

Collecting and interpreting data on new development or the business climate presents similar problems. In order to

definitively gauge the effect of a TLC project, cities would need to collect sufficient before and after data to determine whether any observed changes fall within the average fluctuation, and find a way to control for external factors. Few of the survey respondents were able to provide such definitive data. However, a few respondents did have access to before and after pedestrian and bicycle counts, and many planning departments keep track of the number of new units constructed in an area. At the very least, most project managers were sufficiently familiar with the project areas to have observed changes in the community's travel behavior and economic development. While these data sources are neither as complete nor as rigorous as one would ideally collect, they do provide basic insight into how TLC projects affect the surrounding communities.

PART THREE: TLC Evaluation Key Findings

TLC Planning Program

Survey responses were collected from 71 percent of the jurisdictions that have been awarded grants under the TLC Planning Program since 1997. Grants have funded a combination of plans for specific TLC-type capital projects, land use plans encompassing hundreds of acres of a neighborhood or station area, and local regulatory and policy changes including new zoning codes, street standards or development design standards. Key findings from the evaluation of the TLC Planning Program are as follows:

- The maximum size of a Community Design Planning Grant is \$75,000 and the average has been roughly \$40,000. Given increased costs over the last ten years, TLC planning grants have more recently been viewed as too small to undertake significant planning processes that require substantial public involvement and project preparation. Recipients typically added a substantial amount of funds to the grant to complete the planning process.
- Pedestrian improvements have been the most popular form of capital improvements *planned* for (87%), either associated with new development or for current land uses.
- Design standards (60%) have been the most common forms of policy changes pursued in TLC planning grants to date.
- TLC planning grant recipients also described the community participation aspects of TLC planning grants as one of the most important benefits of the program.
- The identified pedestrian improvements were implemented to some extent in 38 percent of plans. Two-thirds of respondents proposed bicycle or traffic calming improvements which were implemented in 18 percent and 20 percent of the cases. Roughly half of the plans proposed transit and transit-access improvements which were implemented in 16 percent of the study areas
- The most common sources of capital funds to implement the improvements identified in the TLC plans are redevelopment funds (35%), other state and federal funds (35%), and MTC's TLC Capital Program (26%). This speaks to the importance of redevelopment agencies as project partners and the TLC Capital Program as a means of implementing improvements identified in the TLC plans.
- More than 55 percent of all proposed policy changes identified in TLC plans have also been implemented by the sponsoring jurisdictions.
- The TLC Planning Program initially filled a critical need to advance the planning for specific capital projects from rough concept to specific design. Indeed, a third of the most recent cycle of awarded TLC capital grants emerged from a prior TLC planning grant.

TLC Capital Program

Survey responses were collected from 80 percent of the jurisdictions awarded capital grants between 1998 and 2005 representing \$58 million in MTC-sponsored funding. Key findings from the evaluation of the TLC Capital Program are as follows:

- Nearly 90 percent of survey respondents reported using their TLC capital grants to fund pedestrian improvements, 63 percent included transit access improvements, 48 percent included bicycle improvements and 30 percent included traffic calming strategies.
- The TLC Capital program has evolved over time, including a significant update to the program goals that were adopted by the Commission in 2004 as a result of the previous evaluation. Capital projects encompass a wide variety of project types including bike lanes and paths, enhanced sidewalks, street trees, pedestrian scale lighting, bulb-outs, street furniture, bicycle parking, wayfinding signage, and traffic calming. This diversity in project types is in part due to the breadth of the TLC program goals.
- Interestingly, project sponsors rated TLC capital projects most effective at improving the one TLC goal that is most difficult to quantify – a community's sense of place and quality of life.
- While a majority of project sponsors and co-sponsors also noted that their grants helped improve a range of transportation choices, it was rated the lowest of the five TLC program goals.
- There have been some TLC capital projects that have not effectively met the goals of the TLC program, or have otherwise proven problematic. These are typically projects that:
 - Focus on beautification and landscaping without significantly improving conditions for pedestrians, bicyclists and transit users;
 - Focus more on recreational users and tourist-oriented locations rather than everyday utilitarian users;
 - Are planned with little coordination with surrounding land uses, particularly when those land uses are expected to change
 - Are planned by one city department without the early involvement of public works staff and comprehensive support of the local community.
 - Were not scoped adequately at the time of application
- When used as criteria to judge project effectiveness (and as discussed in the previous section) TLC program goals are difficult to quantify. Historically TLC project sponsors have not been asked to provide before and after data that would even allow for such an evaluation. However, the most

successful TLC capital projects appear – at least anecdotally – to have increased local pedestrian activity, created positive impacts on local businesses (as evidenced by lower vacancy rates and higher retail sales volumes in some TLC project areas), and served to facilitate nearby land use changes such as new housing and commercial development.

- Local jurisdictions – required to provide a minimum 11.5 percent match under federal law – ultimately provided local funds from numerous sources averaging a 76 percent local match across all projects surveyed. It is significant to note, however, that TLC funds are often some of the first funds on the table and thus allow local staff to subsequently generate funding from other sources with the early promise of TLC capital funding from MTC to fund an initial phase of a larger project.

Housing Incentive Program (HIP)

Survey responses were collected from 68 percent of the jurisdictions that applied for HIP grants in the two cycles of funding (FY2001 and FY2005). Findings from the HIP evaluation are as follows:

- HIP has provided \$27 million in funding associated with 38 housing projects across 20 jurisdictions in both cycles. This translates into 11,600 new housing units of which 4,200 (36%) are affordable.

- The availability of the HIP grant acted as an incentive in 37% of the projects surveyed.
- 70 percent of the proposed housing projects earned the proposed HIP grants by issuing building permits on the project.
 - For these projects, 53% of project sponsors said that the promise of the HIP grant facilitated the permitting process and provided a positive incentive to decision makers and the community.
 - In the cases where the project advanced but the grant did not act as an incentive (47%), the grant acted as a reward for the housing built.
- In those cases the grant did not act as an adequate incentive to approve the project (30%) the key challenges which could not be overcome include:
 - market forces (35%)
 - developer commitment (32%)
 - developer financing (29%)
 - city permitting (38%)
 - environmental review (22%)
- More than half (55%) of the grant awards went to improvements adjacent to the new housing project to benefit new and existing area residents. Almost all of the remaining projects were within ½ mile of the housing project

- 24% of respondents stated the program guidelines were unrealistic; 14% stated they were realistic.

As was the case with the 2004 TLC evaluation, MTC staff believes that these key findings should be incorporated into a refined TLC program. Recommendations for program changes are incorporated into the next section.

PART FOUR: Recommendations

After 10 years of planning and capital grants, the Transportation for Livable Communities program has enjoyed a significant amount of success. It has provided \$162 million in funding for locally-driven community plans and projects that have improved access for pedestrians, bicyclists and transit users while helping strengthen the livability and sense for place of dozens of communities throughout the region. It is essential, however, that all the various elements of TLC be reexamined in light of current efforts to actively support local jurisdictions who are pursuing more focused growth and willing to accommodate a greater share of the region's future housing need. Given that context, the following are MTC staff recommendations for improving TLC and making sure the program is both relevant and successful in its second decade:

(1) Tighten the connection between the TLC program and projects that directly support infill housing and transit-oriented development throughout the region.

Since the inception of TLC, there are now a breadth of policies and initiatives at the regional level and with the CMAs and transit agencies, that support a more holistic approach to growth patterns that didn't previously exist a decade ago. Given this new framework established by these efforts – including MTC's Resolution 3434 Transit Oriented Development Policy, the multi-agency FOCUS program led by ABAG, T-PLUS planning efforts led by the county Congestion Management Agencies – the primary goal of the TLC program should be to support a shared local and regional strategy promoting focused growth and transit-oriented development. Over half of all Bay Area jurisdictions have designated Priority Development Areas through the FOCUS program. These are areas that – with significant financial support to provide critical infrastructure, services and amenities – could accommodate over half of the region's housing need for the next 25 years on infill sites that total just three percent of the Bay Area's land. The TLC program should be one of the key financing sources supporting the Priority Development Areas.

(2) Discontinue the TLC Planning Program and focus instead on larger land use planning grants combined with smaller, quick-response technical assistance grants.

TLC planning grants served an important role assisting project sponsors better define and develop their capital projects in the early years of the TLC program. However, the recent planning

grants made available under the Station Area Planning Program are allowing for a more comprehensive level of planning assistance for local jurisdictions and respond directly to one of the key recommendations from the 2004 TLC program evaluation. However, there is still a need for planning and policy assistance that can help communities and neighborhoods when local challenges related to infill development arise such as parking management issues, infrastructure financing or the threat of gentrification for low-income neighborhoods. It is recommended that a technical assistance program be developed and financed – in partnership with ABAG – to provide quick-response, on-call assistance to local cities and counties, much like the Traffic Engineering Technical Assistance Program (TETAP) program has done in the past. Resources would also be used to create an ongoing series of workshops for local jurisdictions implementing smart growth, the development of new research into the local impacts of smart growth and TOD projects, and a comprehensive performance monitoring and evaluation program.

(3) Discontinue the Housing Incentive Program.

While the Housing Incentive Program (HIP) marked an important effort by the Commission to reward the approval and construction of housing around transit stations and corridors, there are numerous challenges with the program as it is currently scoped. There will continue to be an ongoing debate about whether the HIP grants actually function as a true incentive to approve housing or as a reward to jurisdictions already building housing. In order to function as the type of incentive that could significantly influence decisions about whether or not to approve and

construct housing throughout all nine Bay Area counties, HIP grants would likely need to be several orders of magnitude larger than is currently feasible under available resources. It is recommended that one of the goals of the HIP program – to provide a positive financial "carrot" to jurisdictions, be continued in the TLC program by linking awards to the permitting of new transit supportive development approved by the local jurisdiction.

(4) Broaden Grant Eligibility.

The traditional scope of TLC capital projects – streetscapes, bicycle and pedestrian facilities and access to transit – should remain at the core of the program. However, there is also a strong demand for public financing to assist in (a) the construction of parking as a component of a mixed use development, or the replacement of parking near transit stations when joint development is occurring; (b) assisting local jurisdictions with the acquisition of property or assistance with site assembly near transit stations for mixed-use development that can support high levels of transit ridership; (c) the development of other types of basic capital infrastructure within a station area in order to support higher densities, e.g. new streets, improvements to the transit station, changes to overall station access and surrounding circulation, etc., and (d) financing for key components of the transit-oriented developments themselves. The TLC program should invite local project sponsors to submit funding applications for what they determine to be the most critical capital need in any of the above categories.

(5) Provide larger TLC capital grants at more frequent intervals.

This evaluation recommends continuing to strengthen the land use connection within the TLC program. In order to do that, TLC grants must be available to potential project sponsors at more frequent intervals than the current call for projects that occurs every other year. TLC funds can serve as critical "early financing" for larger development projects that would be one of the best ways to leverage TLC funding to attract additional public and private financing at the time development is proceeding. This "early financing" requires that TLC grant awards be made on a quarterly or at least bi-annual basis.

Escalation in construction costs along with a broader program scope also means that the maximum size of a TLC capital grant must also be increased. This evaluation recommends increasing the maximum size of a TLC capital grant from \$3 million to \$7.5 million.

Next Steps

Pending the Commission's overall feedback and approval for the recommendations outlined in this evaluation, there are still a number of key questions that must be answered in order to develop a revised set of TLC program guidelines.

(1) Would projects outlined under the proposed broader scope of the TLC program noted in table 5 be eligible for federal transportation funds?

(2) What can and should other public and private partners pay for in any given development project? When is it reasonable to assume that a private developer can finance a surrounding transportation improvement and when should the public sector assist in that financing? What should redevelopment agencies be typically expected to take on in TOD projects?

(3) What kinds of evaluation criteria should be developed in order to fairly evaluate a broader range of projects within an

Table 5. Potential Expanded Eligibility For New TLC Program

Eligibility Under Existing TLC Program	Potential New Areas of Eligibility
<ul style="list-style-type: none"> • Wider sidewalks • New sidewalks • Enhanced Crosswalks • Bike lanes • Bike paths • Bike parking • Transit Shelters • Street Trees • Traffic Calming • Pedestrian-scale street lighting • Street Furniture • Wayfinding 	<ul style="list-style-type: none"> • Parking structures that facilitate TODs or joint development near transit stations • Parking podiums for TOD projects • Site acquisition for parcels within station areas • Land Assembly • Incremental costs for affordability, density and ADA accessibility above and beyond local practice • Underwriting risk for projects that have significantly lower parking ratios

expanded TLC program? Should the program try to focus specifically on increased transit ridership or reduced vehicle miles traveled (VMT) through infill and TOD projects?

(4) Is there potential to finance some of the TOD projects through loans rather than grants, thereby allowing the TLC program to recoup some of its costs?

(5) How should the overall TLC program be administered – at the local CMA level, at the regional level (either MTC or ABAG), or through a combination of both as is currently the case?

Some of these questions are being addressed in a separate white paper commissioned by MTC and authored by the Center for Transit-Oriented Development that will be available in April 2008. Others will be addressed in the coming months as part of a broader discussion among MTC and its partner agencies and public stakeholders. Should the Commission decide to continue and broaden the TLC program, staff expects to develop specific program goals and evaluation criteria in mid-to-late 2008.

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