

Area wins \$16M grant to help align transit, housing, jobs

by Bill Clements

Published: October 27th, 2010

It's been a poorly kept secret the last few weeks, and on Wednesday official word finally leaked out: The Twin Cities is one of five U.S. metro areas that will get nearly \$16 million in support for equitable development along transit corridors.

The secret was badly kept because it's a big deal.

Not so much for the relatively small amount of \$15.75 million in grants and loans that'll come to the metro area during the next 10 years through a Washington, D.C.-based consortium of 22 foundations and financial institutions called Living Cities.

But it's a big deal because, with this financial package, those national foundations and financial institutions are recognizing the area's coordinated work around transit-oriented development (TOD). The goals are to align transportation, housing and jobs to help lower-income neighborhoods along rail corridors.

All the local folks, with governmental units and the nonprofit and for-profit developers collectively known as "Corridors of Opportunity," believe - or at least fervently hope - that such recognition will mean even more financial help.

Those light-rail transit corridors are the existing Hiawatha LRT, the under-construction \$957 million Central Corridor LRT and the planned \$1.2 billion Southwest LRT - and any other corridors that may come about, like Bottineau.

Most important with the award "is the notion that these national foundations are taking note of the larger effort here to see how much benefit we can layer on if we are purposeful and thoughtful in our aim to help improve the lives of people in lower-income households" through TOD, said Nancy Homans, policy director for St. Paul Mayor Chris Coleman.

"We are making this basic transit investment, and some would argue that's enough - that the social benefits will come," Homans added. "But no, we have to take more proactive steps to make sure the benefits we want to leverage with TOD really come. Simply laying the tracks isn't enough."

Mike Christenson, head of the Minneapolis department of Community Planning and Economic Development, described the Living Cities package of financing as "patient capital" that'll help purchase or preserve affordable housing sites along the LRT corridors - housing "that could be key to our cities and maybe even our region."

"You can cut your household transportation budget in half by relocating along a rail line," he explained. "So we think we can grow Minneapolis back to its 1952 population level - 526,000 people - if we seize this historic opportunity to build out these rail lines."

The package from Living Cities includes \$2.75 million in direct grants; \$3 million in program-related investments, which consist of low-interest loans from Living Cities; and \$10 million in commercial debt from seven of the 22 financial institutions involved in the effort.

Those seven are Bank of America, JP Morgan Chase, Deutsche Bank, MetLife, Morgan Stanley, Prudential and AXA Equitable Life, according to Andriana Abariotes, head of Twin Cities Local Initiatives Support Corp. (LISC), which is negotiating the terms of the commercial debt.

"The intent is to originate most of the money in the first couple years, with a seven-year term," Abariotes said.

And that's because Living Cities wants the money to move quickly so it's in step with the priorities of the Twin Cities. "That means acquisition of single-family houses and small multifamily developments and creation of new, mixed-use TOD," Abariotes said.

"From our vantage point, there's been a lot of work going on in neighborhoods to capitalize and optimize the opportunities around these corridors," she added. "LISC's role is to help connect the vision of the neighborhoods with these capital opportunities and the government partners."

The \$10 million of commercial debt and \$2 million in program-related investments (PRIs) will go into affordable housing; the remaining \$1 million in PRIs will be used to assist small businesses along the Central Corridor during construction of the line, said Rebecca Rom, head of the Twin Cities Community Land Bank.

The \$12 million for affordable housing will be used to preserve existing single-family houses and smaller multifamily structures and to build new mixed-use TODs, said Rom, who added that her group is chasing another \$2 million in PRIs to add to the pot.

The preservation part of the puzzle is designed to be a revolving fund. Plus, the Twin Cities Community Land Bank will make its own \$10 million loan pool available, Rom said.

"The idea is to drive down costs and create a good pool of nonprofit and socially responsible for-profit developers," Rom added.

Officials pointed to the creation or preservation of affordable housing in St. Paul's Frogtown neighborhood and in Minneapolis' Franklin-Hiawatha neighborhood as efforts that are priorities for the Living Cities money.

Another boost will go to the University Avenue Business Preparation Collaborative, a newer entity known as "U7" for its seven founders, said Jonathan-Sage Martinson, executive director of the Central Corridor Funders Collaborative.

U7 is designed to help small businesses along the Central Corridor route make it through the disruptions of the construction of the line and is supported by money from several foundations and the funders collaborative.

And U7 wants to expand a new program to help small businesses either purchase buildings they're leasing or upgrade buildings they currently own, according to Sage-Martinson.

"This is already a part of their work, but it has not had the funding support to do it to the scale they'd like to see. So the Living Cities money will help to both expand the reach and increase the breadth of the services that U7 can provide," Sage-Martinson said.

The other four cities and/or regions that will receive nearly \$16 million in financial help from Living Cities are Baltimore, Cleveland, Detroit and Newark, N.J.

In a press release issued on Wednesday for what Living Cities is calling its "Integration Initiative," CEO Ben Hecht said, "This support to the Twin Cities continues our long-term interest in this community. We look forward to working with this community in their efforts to create more opportunities for low-income residents through the Integration Initiative."

Complete URL: <http://finance-commerce.com/2010/10/area-wins-16m-grant-to-help-align-transit-housing-jobs/>