

Metro Joint Development Policy

Frequently Asked Questions

May 2021

THE BASICS

What is Joint Development?

The Metro Joint Development (JD) Program is the real estate development program through which Metro collaborates with developers to build transit-oriented developments on Metro-owned properties. The JD Program seeks to create high-quality homes, jobs, and places near transit for those who need them most, as soon as possible.

What properties does Metro own?

Metro owns several parcels along its transit lines that were acquired for construction but not needed for permanent operations. Metro also maintains park and ride lots at several stations that may be reconfigured to accommodate housing, retail or office uses.

What are the steps in the JD Process?

Project Scoping and Outreach

The JD process begins with the creation of Development Guidelines, driven by a community engagement process. In developing these Guidelines, Metro works with the community and local regulatory agencies to identify the kind of development and related infrastructure that can contribute to the creation of Transit Oriented Communities.

The Development Guidelines document reviews desired land uses, density, and amenities for a Metro-owned site; provides neighborhood context; and assesses opportunities for integration with active transportation and other community development goals. The Development Guidelines are brought to the Metro Board of Directors for review and adoption.

Developer Selection

After Board approval of the Development Guidelines, Metro will solicit proposals for development of the JD site through a Request for Information and Qualifications (RFIQ) and/or a Request for Proposals (RFP). When Metro receives development proposals, an evaluation panel will evaluate the proposals and select a developer to advance the JD project.

Development

Once a developer is selected, Metro will enter into an Exclusive Negotiation Agreement and Planning Document (ENA) with the developer which will

outline the responsibilities for continuing to scope and design the project. Upon fulfillment of their responsibilities in the ENA and completion of CEQA requirements, the developer will enter into a Joint Development Agreement (JDA) for the implementation of a project. Upon satisfactory fulfillment of their responsibilities in the JDA, the developer will enter into a Ground Lease to construct and operate the project.

How are JD projects funded?

The developer selected to complete a JD project is responsible for assembling financing sources to construct the project. JD projects are typically funded by a variety of public and private sources. Depending on the nature of the project, these sources can include private equity, traditional bank loans, tax credits, and state and federal grants and loans.

Why JD? Why my community?

Developing Metro-controlled land provides the opportunity to facilitate Transit Oriented Communities that offer a range of housing types, job opportunities, and services centered around public transit facilities. To do this, Metro partners with communities to achieve their goals and visions in concert with transit investments. Metro stations are not just access points to the transit system but have the potential to be a focal point to strengthen community identity. At the same time, JD projects may act as a gateway to Metro's growing transit system that encourages transit ridership through an integrated urban experience, connecting communities throughout the region.

THE NEW POLICY

How is Metro strengthening its commitment to affordable housing?

Affordable housing has always been an important part of Metro's JD Program. With the worsening housing affordability crisis in LA County, prioritizing affordable homes has become even more essential. The housing affordability crisis is disproportionately impacting low-income residents who make up Metro's core ridership. The new Policy will pursue JD projects as "Affordable First," prioritizing low-income residents who have been impacted by historical biases.

How does the new Policy relate to Metro's current projects and pipeline?

The updated JD Policy will apply to all new JD projects that are not yet in negotiations. While the spirit of the JD Policy may influence deal points that are yet to be determined on projects for which ENAs or JDAs with developers are in place, key disposition terms or scope definition on several of these projects have already been negotiated and would not be changed to conform to the updated JD Policy.

What is Metro JD doing to address historical biases?

At the center of this Policy is the understanding that the people impacted most by this housing affordability crisis are historically marginalized communities that make up Metro's core ridership. The first and most critical step to responding to this problem is to bring more low-cost housing within reach of our stations so that those that are most dependent on our system are prioritized.

But delivering housing is not enough. Metro JD will prioritize projects located in areas at higher risk of displacement and projects that fall within Equity Focused Community geographies which have experienced divestment. Metro will ensure that all projects are consistent with the [Metro Equity Platform](#). Projects will be analyzed with Metro equity analysis tools and will strive to address past unintended consequences and provide the most opportunity to the most vulnerable populations, especially transit-dependent residents.

How does the Policy account for changing conditions?

The Policy allows for flexibility in implementation because conditions vary widely from site to site and in the real estate market over time. While all sites will be prioritized for income-restricted housing, the policy recognizes that if 100% affordable housing is not feasible at certain locations, a mix of market rate housing and other uses may be pursued. Further, we have introduced the ability to target a broader range of affordability levels--up to 120% of area median income if feasible and supported by community needs.

The Policy also proposes to allow for more flexibility in contributing the value of Metro's land to offset additional costs to provide affordable units, deeper affordability levels, or other benefits, such as open space or transit facilities. This flexibility will allow Metro to adapt as market conditions change. Metro will continue to seek feedback from stakeholders, analyze the changing market and adjust the Policy as needed.

AFFORDABILITY

What is affordable housing?

Affordable housing, or income-restricted housing are homes that can only be occupied by people or families earning less than a certain income, with rent levels set to not more than 30 percent of gross household income. Most affordable housing is subsidized with State or Federal funding through a variety of grant programs and tax credits, which enables homes to be rented for a lower, fixed price.

What is the difference between affordable housing and rent control?

Rent control is a program that some cities institute to set limits on how much landlords may raise rent on existing tenants. Most rent-control programs include exemptions and exceptions, so rent control doesn't apply to all rental units in the city. However, for those communities with rent-control apartments, the financial protection can be essential for ensuring that long-term renters are not priced out of their communities over time.

Affordable housing or income-restricted housing is set aside for people or households making a certain annual income, and rents are set at no more than 30 percent of that household's gross income. The construction of this housing is usually subsidized by government-backed loans and grants.

Metro is a transit agency; why are they building affordable housing?

Metro has a strong interest in ensuring that the people who ride public transportation can afford to live near it. The majority of Metro riders make less than \$25,000 annually, and in recent years scarce housing and limited transportation options have resulted in rising housing costs and longer travel times. By constructing housing that is available to our core riders near transit, Metro is able to reduce both housing and transportation expense for these households, leveraging the region's transit investment for those who need it most.

How can Metro encourage deep affordability?

The new Policy outlines a strategy for matching affordability levels to the neighborhood surrounding each project. In neighborhoods with lower income levels, homes may be priced lower to ensure that local residents can access them.

Does Metro have homeless services outreach?

Metro has convened a task force comprised of various partners to ensure a coordinated response to homelessness throughout the region's transit system. Metro works with People Helping the Homeless (PATH) in multidisciplinary teams that include the Los Angeles County Department of Mental Health, the Los Angeles Homeless Services Authority and deputies from the LA County Sheriff's Department to connect people experiencing homelessness on the Metro system to resources and services. Since the task force began in 2016, Metro has connected hundreds of people to temporary or permanent housing.

RESIDENTS

Does Metro sell land? Are JD homes for sale or for rent?

The properties are usually leased to developers for several decades instead of sold in order to preserve the long-term public interest in the property. JD homes are usually for rent.

Would Metro ever give up a ground lease to a community land trust that has the means to purchase and steward land and housing?

Metro is pursuing a Housing Lab which will explore shared property ownership through community land trusts and other mechanisms. Through the Housing Lab, Metro may also explore other housing innovations on a pilot basis to test new methods for achieving outcomes quicker, more cost-effectively, and more equitably.

Who can live in Metro JD projects? Seniors and disabled people? How do I get an apartment?

Market rate JD homes are open to anyone through a traditional lease application process. Affordable or income-restricted homes are typically accessed through a waitlist. Potential residents must qualify to live in the homes by earning a certain annual income for which the project is targeted. Some projects are reserved for seniors or formerly homeless individuals. Applicants may be able to secure housing in income-restricted homes depending on other applicants and waitlists. More information on available properties and this process can be found at housing.lacounty.gov.

The affordability level and the target population for an affordable housing project will be determined by the available funding sources and the needs of the community.

OUTREACH & ENGAGEMENT

How does Metro JD do community outreach? Can Metro JD meet with my organization?

Metro JD has conducted extensive outreach to update the JD Policy. Metro consulted an internal working group, convened roundtables with external stakeholders, posted online surveys to residents and developers, and hosted a virtual panel and discussion to gather feedback. Metro can meet with your organization to share more about the JD process and philosophy. To discuss further please contact Marie Sullivan at sullivanma@metro.net.

For individual JD projects, Metro consults the community early and often, convening community meetings before the developer solicitation to understand the community vision for the site, and updating the community throughout the development process. In conducting outreach, Metro uses a breadth of outreach tools including, but not limited to, focus groups, one-on-one meetings, workshops, pop-up events, attending other community meetings

and events, intercept surveys, participation in community events, as well as online tools such as surveys and virtual workshops to reach a broader stakeholder base.

STREAMLINING

Can Metro start planning JD projects sooner?

In some cases Metro will know when a new transit project is coming online and can begin the planning process to time the completion of the JD project with the opening of the transit line. However, Metro will not know exactly which parcels will be available for JD projects until late in the design process or early in the construction process. In addition, developers are reluctant to pursue projects where there is not a clear and timely path to securing the land for development.

How can the CEQA process be streamlined to accelerate affordable housing production?

New State legislations allows for affordable housing projects to bypass certain CEQA steps in an effort to streamline production. New JD projects may be able to take advantage of these new provisions.

AMENITIES

Is Metro planning for open space in its JD projects?

When communities seek open space through the initial outreach process and space and funding allow, open space is incorporated into JD projects. Most active and completed JD projects include some amount of open space. The location, size and type of open space are typically determined through the community visioning process and site-specific characteristics.

How is Metro encouraging sustainable development?

All Metro JD projects are infill developments designed to encourage walking, biking, and transit use over driving. The projects are designed to be livable places that efficiently share land and resources to reduce each individual's impact on the natural environment.

Under the new Policy, JD staff will work with our Environmental Compliance and Sustainability Division to score proposed projects based on their use of technologies, designs, and programs that promote environmental stewardship, reduce greenhouse gas emissions, and conserve or restore natural resources. Specific elements may include: building massing, shade elements, and tree placement; limitations on hardscape materials to reduce the urban heat island effect; energy efficiency in designing the building envelope, mechanical systems, lighting systems, and controls; landscaping that requires little or no irrigation; and, materials that incorporate reclaimed or recycled content, etc.

SMALL BUSINESS BENEFITS

Can Metro projects accommodate small businesses with affordable commercial spaces? Are there other benefits for small business?

The new Policy encourages developers to set aside retail space for local, legacy small businesses and to include small, disadvantaged, minority, or disabled veteran-owned businesses and community-based organization in their development teams. Locating community serving businesses near transit makes riding more convenient and efficient, and occupied storefronts make street safer for pedestrians. Accommodating opportunities for small business tenants with tools such as flexible lease terms, favorable rental prices, or other incentives can help stabilize the local economy and provide a transit benefit. To the extent that neighborhood change is applying pressures to existing legacy businesses in surrounding neighborhoods, preference could be granted to such businesses in ground floor retail spaces.

The new Policy also includes provisions to formally evaluate proposals based on small business contractors, racial inclusion, and community-based organizations in developer selection criteria. Engagement of community-based organizations as part of the development process and as formal members of the development will be evaluated and awarded points in the scoring process.

GENTRIFICATION & DISPLACEMENT

How do Metro JD projects address gentrification and displacement?

One of the key provisions for countering displacement is to ensure the continued availability of housing at current rent levels. JD homes are intended to be affordable specifically for people who live in the community today. The new JD Policy includes provisions for studying prevailing income levels and market rents for the neighborhoods in which the projects are proposed in order to seek units that would be affordable to people who live in the neighborhood.

Many communities are concerned about gentrification and certain characteristics may be used to predict which communities are most vulnerable. Using data collected by the County or others such as the UCLA-UC Berkeley Urban Displacement Project, JD sites within areas at higher risk of displacement will be prioritized for affordable housing to create an early increase in the supply locally accessible homes before displacement occurs. In addition, the Metro TOC Implementation Plan will include baselining activities in coordination with LA County that will provide further information about neighborhood change.

What can Metro do to address increasing land values that result from upzoning near transit?

Transit-supportive land use is essential to solving the larger picture of equitable access and housing affordability in LA County. While Metro does not have regulatory land use control, nor authority to directly enact policies that support

equitable development, Metro's [TOC Policy](#) encourages partnerships with local municipalities, community-based organizations and a range of stakeholders to enable and incentivize realization of equitable development around the transit system.

Metro has also established a series of programs where we can directly support the protection and creation of affordable housing and small businesses, including the [MATCH](#) (Metro Affordable Transit Connected Housing) program, which created a fund to support the protection and production of affordable housing in low-income communities near high-quality transit nodes; the [Business Interruption Fund](#) which grants up to \$50,000 to small businesses impacted by certain Metro construction projects; and a Countywide Small Business Initiative which will invest in small and local businesses around transit.

Beyond these existing programs and policies, Metro is currently advancing the [TOC Implementation Plan](#) to establish a series of programs and projects, along with metrics, that will further expand Metro's efforts to address displacement of low-income households, strengthen opportunities for small and local businesses, and preserve and enhance communities' cultural assets.

TRANSIT USE

Will Metro offer transit passes to JD project residents?

Metro has worked with JD developers to provide transit passes to residents in some projects.

Now that Metro is exploring a Fareless System Initiative (FSI) pilot, fares may be free to all riders in the foreseeable future. If Metro services do not require fares in the future, a transit pass program will no longer be needed for JD projects. In April of 2021, Metro announced that low-income riders may be eligible for free transit in early 2022. Depending on the eligibility criteria, residents of Metro JD affordable homes may be able to participate in this pilot.

Does Metro collect data on who from JD project uses transit?

The new Policy proposes to poll JD residents on a variety of data points including transit use. The proposed survey would also enable JD to track concerns such as transit use, demographic data (as allowed/feasible), car ownership, move in/move out information, and qualitative data on tenant satisfaction to help inform features of JD projects (e.g., design issues, amenities, desired ground floor services, parking, and unit design). These surveys will enable Metro to better understand how residents use Metro JD projects in a variety of ways and allow future JD projects to be tailored accordingly.