

METRO JOINT DEVELOPMENT PROGRAM: POLICY
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I. INTRODUCTION / PURPOSE

The Metro Joint Development Program is a real estate development program for properties owned by the Los Angeles County Metropolitan Transportation Authority (Metro). It is a real property asset development and management program designed to secure the most appropriate private and/or public sector developments for Metro-owned properties.

This document outlines the objectives and policies that will guide the Metro Joint Development Program as it develops Metro-owned properties. Together with the companion *Metro Joint Development Program: Process* document, the Policy serves to inform communities in which joint developments take place, developers who build them, and the general public, about the objectives, policies, and processes that govern the Joint Development Program.

In addition, these documents explain how local and federal policies guide Metro joint development, where applicable.

II. OBJECTIVES / GOALS

The Joint Development Program is centered on three main goals:

A. Transit Prioritization:

1. Preserve Properties for Transit Use. Metro will preserve the ability to safely operate and maintain transportation facilities on its properties.
2. Increase Transit Ridership. The Joint Development Program aims to reduce greenhouse gas emissions and increase transit ridership by attracting new riders and increasing the number of transit trips generated from joint development projects.

B. Community Integration, Engagement, Affordable Housing and Design:

Metro's Joint Development Program will seek projects that engage stakeholders and create vibrant, transit-oriented communities that offer a range of housing types, job opportunities, and services centered around public transit facilities.

1. Community Integration. Metro will seek to create projects that are compatible with the surrounding community and reflect the needs and desires of the neighborhood in which they are situated. Like any private development, joint developments are subject to the land use policies and approval processes of the host jurisdiction.
2. Community Engagement. Metro will ensure that the Joint Development Process actively engages community members at every development stage.
3. Affordable Housing. Metro's Joint Development Program seeks to facilitate construction of affordable housing units, such that 35% of the total housing units in the Metro joint development portfolio are affordable for residents earning 60% or less of the Area Median Income (AMI). The joint development portfolio includes properties for which Metro maintains long term ownership. It does not include surplus land that is sold in fee. Affordable housing is defined as housing that is covenant-controlled, provided on an income-restricted basis to qualifying residents earning 60% or less than AMI as defined by the CA Tax Credit Allocation Committee, and often subsidized by public or non-profit funding sources.
4. Design and Placemaking. Metro's Joint Development Program will pursue high quality design that enhances the surrounding community and creates inviting spaces and places around Metro transit facilities.

C. Fiscal Responsibility:

1. Maximize Revenue. Joint development projects are expected to generate value to Metro based on maximizing ground rent revenues received, or equivalent benefits negotiated, for the use of Metro property.
2. Minimize Risk. Projects should minimize financial risk to Metro.
3. Feasibility. Projects should be viable, now and in the future.

III. POLICIES

To achieve its goals, the Joint Development Program shall conform to the following policies:

A. Transit Prioritization and Integration:

1. Preservation of Transit Facilities. Metro shall retain authority over its transit facilities and services, and no development shall negatively impact existing or future public transportation facilities, nor shall any development obligate Metro to any particular operational level of service.
2. Density and Program. Metro will prioritize dense, trip generating uses on joint development sites.
3. Transit Connections. Metro will maximize connections to transit facilities from and through joint developments, where appropriate. Projects are encouraged which provide for increased station access using buses, active transportation, and other alternative modes of travel.

B. Community Outreach:

1. Community Engagement. Metro will pro-actively engage with the communities where the joint development projects occur through a variety of methods, which may include charrettes, focus groups, workshops, email updates, and social media communications. Developers selected for joint development projects shall be required to create a community engagement plan.
2. Local Collaboration. Metro will consult and work cooperatively with local jurisdictions and developers to encourage transit-supportive, high-quality development at stations and surrounding properties. All private developments (including joint development projects) must follow the local laws and policies, including the applicable land use policies, of the jurisdiction in which they reside.
3. Design Rigor. Projects shall demonstrate a high quality of design that is both sensitive to community context and enhances the surrounding community.

C. Financial Policies:

1. Risk Minimization. Projects should not require commitment of Metro financial resources, should minimize any investment risk to Metro, and should maximize asset security for Metro.
2. Collaborative Contribution. Projects are encouraged which obtain capital or in-lieu contributions from other public agencies to create greater community economic benefit to Metro-sponsored joint development projects.

3. Ground Lease Preference. Use of a long term ground lease is generally preferred to fee disposition.

D. Federal Policies:

Many joint development properties were purchased with some funding from the federal government. The federal agency for transit funding, the Federal Transit Administration (FTA) therefore must review and approve joint developments on land that was acquired with any federal funds. Additional details on this process are outlined in the Joint Development Procedures document.

E. Affordable Housing Policies:

A large portion of Metro riders are low-income and transit dependent. Meanwhile, Metro transportation investments have the potential to raise the value of property near Metro transit investments. Thus, it is in Metro's and the community's interest to maintain and grow ridership by promoting the development of affordable housing on appropriate Metro joint development sites. In addition, State and Federal guidance encourages coordination of investments and policies to accommodate affordable housing near transit. Metro will define affordable housing as housing for residents earning 60% or less than AMI, and will prioritize units with even deeper affordability levels for very low income and extremely low income residents. Metro will use the following policies to promote affordable housing on joint development sites:

1. Range of Types. Joint development projects with a residential component are encouraged to provide a range of housing types to meet the needs of a diversity of household incomes, sizes, and ages.
2. Land Discounting. Where appropriate, and subject to FTA approval (if applicable), Metro may discount joint development ground leases below the fair market value in order to accommodate affordable housing. Such a land discount may not be greater than 30% of the fair market value.
3. Proportional Land Discounting for Affordable Housing. The proportional discount of the ground lease may not be greater than the proportion of affordable units to the total number of housing units in the project, with a maximum discount of 30%. For example, land value for a project that has 20% affordable units could be discounted up to 20%. Land value for a project with 100% affordable housing could be discounted up to 30%. In the case of mixed use projects, the discount will be to the land value attributable to the housing portion of the project.

F. Development Solicitation Policies:

1. Competitive Solicitation. Metro's preferred method for selection of developers for its joint development projects is conducted through a competitive selection process that is further detailed in the following Process Section. The competitive process is managed through the Vendor/Contract Management Department and will be consistent with Procurement Policies.
2. Unsolicited Proposals. Metro does not encourage unsolicited proposals. Metro may consider unsolicited proposals in limited cases, as set forth in Metro's *Unsolicited Proposals & Public/Private Sector Engagement Policy* (Metro UP Policy). Metro's UP Policy includes a separate section on the process for submission and consideration of Unsolicited Proposals for Joint Development, called *The Joint Development Unsolicited Proposals Policy and Process* (JD UP Policy). The JD UP Policy is included in the *Metro Joint Development: Process* document.
3. Community Based Organizations (CBO)/ Small/Disadvantaged Business Enterprise (SBE/DBE) /Disabled Veterans Business Enterprise (DVBE).

Metro strongly encourages partnerships with local Community Based Organizations that provide affordable housing and other community serving programs and uses to its joint development sites, as part of the development team.

Metro also encourages development teams to create opportunities to include Metro-certified SBE/DBE and DVBE firms in their projects, through the delivery of professional or construction services. To identify eligible certified SBE/DBE and DVBE firms, use the following link:

http://smallbusinessquery.metro.net/pages/naics_lookup.aspx. Those firms not Metro-certified as SBE/DBE or DVBE but interested in seeking certification can find the process here: <http://business.metro.net/VendorPortal/>

G. Acquisition Policies:

1. To encourage opportunities for joint developments surrounding transit investments, when appropriate, Metro will consider joint development opportunities in the acquisition of required property, location of new station sites, and construction of station facilities.
2. In the initial planning of a transit corridor project (e.g., during the environmental and preliminary engineering phases), Metro may conduct site analysis, include a preliminary layout of each passenger station site, develop conceptual urban design strategies integrating station sites with adjacent

communities, and evaluate proposed station sites for their joint development potential.

H. Project Labor Agreement and Construction Careers Policy

To promote efficiency of construction operations during the construction of certain Joint Development projects and to encourage construction employment and training opportunities that can mitigate the harms caused by geographically concentrated poverty and unemployment in economically disadvantaged areas and among disadvantaged workers, Metro will apply its Project Labor Agreement and Construction Careers Policy to certain covered Joint Development projects (resulting from both solicited and unsolicited proposals). Covered JD projects are those that meet the following thresholds:

- A mixed use project containing both a residential and a commercial component, where there are more than sixty (60) residential units being built; or
- A residential only project that exceeds sixty (60) residential units; or
- A commercial only project (retail, office or hotel) that exceeds forty thousand (40,000) square feet of space.

The Project Labor Agreement **and Construction Careers Policy can be found here:**

<https://www.metro.net/about/pla/>