

Getting REDI: A Regional Fund for Equitable Transit-Oriented Development

Equitable transit-oriented development (TOD) ensures that existing land uses and new development support transportation choices for everyone. The goal is to preserve or develop housing affordable for people of all income levels near transit, along with pedestrian-scaled retail and commercial space, in a location where people can easily access jobs, education, healthcare and other amenities necessary for successful lives.



What is REDI?

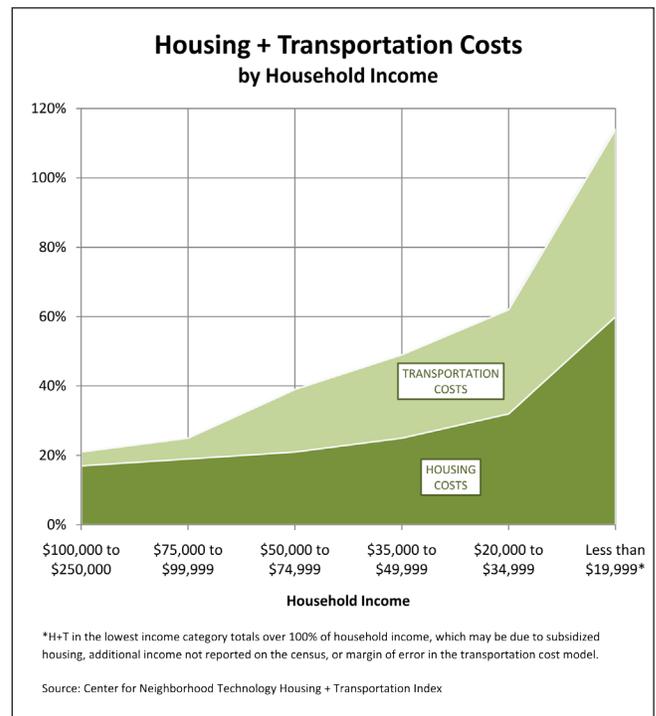
The Puget Sound Regional Council's (PSRC's) Growing Transit Communities is an initiative with a vibrant and varied group of stakeholders who share a bold goal – to ensure equitable development by maximizing the benefits of a once-in-a-lifetime transit investment in communities throughout the region. One of the most critical elements in preventing the displacement of residents is to secure properties for the preservation or creation of affordable homes. PSRC has engaged Enterprise Community Partners and Impact Capital to explore the possibility of forming a **Regional Equitable Development Initiative Fund (REDI Fund)**, a low-interest, patient loan fund to help developers secure sites near existing and future transit centers for development of housing and community facilities.

Why is equitable TOD needed?

The population in the central Puget Sound region is projected to grow by more than a million people during the next 25 years. Planning now will lead to smart growth. High density, mixed-income neighborhoods oriented toward public transit will generate many benefits for cities, towns and the region.

Low-income families spend on average 60 percent of their gross incomes on housing and transportation. As transit infrastructure investments are made, land values, rents and home prices may rapidly increase, exacerbating the burden on the most vulnerable populations. Preserving affordable housing near public transit is the most effective way for communities to guarantee that low-income and transit-dependent residents benefit from lower commuting expenses and increased access to employment, education and critical services. Additionally, making it affordable for people with a wide range of incomes to live near transit maximizes the community and regional opportunity to realize:

- **Environmental Benefits:** Low-income people are more likely to forego car usage in favor of transit access than those with higher incomes. Fewer cars on the road mean fewer vehicle miles traveled, improving air quality by reducing carbon emissions.
- **Health Benefits:** People living in transit-oriented communities walk more, and with the added customer base, grocery and retail stores are established to enable access to healthy food and other necessities. Providing these options for low-income residents helps address the growing problem of obesity. Also, decreasing families' transportation costs leaves more of their earnings for other costs, such as better food and healthcare.
- **Economic Benefits:** When people have connections to a wide variety of quality jobs through public transit, they have more money to spend in their communities, boosting economic activity and promoting local businesses. On a larger scale, ensuring a large, steady stream of workers with reliable transportation to job centers enhances competitiveness and sustainability of regional employers.



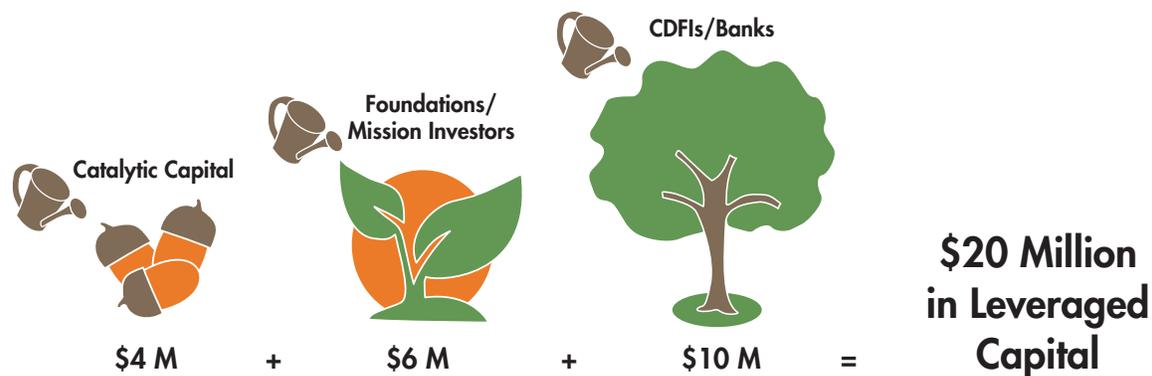
Why is REDI needed?

Over the past decade, new market-rate development near transit has largely been targeted for higher income households and primarily comprised of studios and one-bedroom units. From 2006-2011, the only low-income or very low-income housing units built in transit areas relied on substantial amounts of public funding. Market forces alone will not ensure that people with low incomes will have the opportunity to live near transit in safe, affordable homes.

Although some resources already exist to help nonprofits acquire sites, there are potential benefits of a new tool such as the REDI Fund: new sources of funding; lower-cost, longer-term and patient capital; and increased ability to acquire larger sites and assemble parcels. Projects funded by REDI would not be limited to low-income housing alone but could also include workforce housing, community facilities and commercial space in mixed-income, mixed-use developments. Financing for community facilities could include 5-10 year mini-perm loans that could amortize. Overall, the REDI Fund will provide the flexibility to address the needs of specific neighborhoods: preserving existing affordable housing and local businesses in some areas and building new, mixed-income and mixed-use developments in others.

Potential REDI Fund Structure

For Illustrative Purposes, Assume \$20 Million Fund



Who are REDI's program partners?

- Enterprise Community Partners
- Puget Sound Regional Council
- Impact Capital
- Forterra
- Futurewise
- King County Housing Authority
- Housing Development Consortium of Seattle/King County

What is the capital plan for REDI?

The REDI fund would likely be comprised of funding from mission investors, public agencies and community development finance institutions. Lower interest and higher risk capital will leverage a larger amount of senior capital.

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