

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

The TOD Funding Guide lists financing opportunities for TOD projects in the Twin Cities region. The guide is intended to serve as a reference for developers and cities and is a snapshot of the current financing environment in the region for TOD projects. Active funding sources from the Metropolitan Council, state, regional, local, and federal agencies are included (in addition to some recently expired programs). Funding sources listed can be used for a wide variety of development, pre-development, and planning purposes.

Compiled by the Metro Transit TOD Office
Contact: tod@metrotransit.org



Last Updated: February 2016

TOD SUPPORTIVE FUNDING PROGRAMS

FEDERAL

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Federal Brownfields Cleanup Program	EPA	Grant	Local governments, states, redevelopment agencies	Must own the property and cannot be responsible party; 20% matching funds.	Demolitions, cleanup, removal of some abandoned containers and underground petroleum tanks
Federal Brownfields Site Assessment Program	EPA	Grant	Local governments, states, redevelopment agencies, nonprofits	Cannot fund Federal/state Superfund sites, federal lands.	Inventory, characterization, Assessment (Phase I or II), remedial planning and VIC program fees
Federal Brownfields Cleanup Revolving Loan Grants	EPA	Grant to capitalize RLF	Local governments, states, redevelopment agencies	Loans/grants cannot be provided to party that caused contamination; 20% match.	Demolitions, cleanup, removal of some abandoned containers and underground petroleum tanks
Joint Development	FTA	Grant	Public/Private	Must meet four criteria: Economic benefit, public transportation benefit, fair share of revenue, or fair share of costs.	Acquisition, demolition, site preparation, utilities, building foundations, walkways, ped and bike access, safety/security facilities, construction of space for commercial uses, parking improvements with a transit justification, project development activities (design, engineering, environmental analysis)

STATE

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Historic Tax Credit (Rehab Tax Credit)	State Historic Preservation Office (SHPO)	Tax Credit	Developers of historic-eligible projects	The Credit for Historic Structure Rehabilitation provides credit against income tax or insurance premium tax liability equal to the amount of the federal historic structure rehabilitation credit for projects that are placed in service during the taxable year. The law also allows the Minnesota Historical Society to pay a grant in-lieu of the credit, equal to 90% of the credit.	Historic preservation
Public Transit Participation Program (State/Federal Program 5311)	Minnesota Department of Transportation	Grant	Minnesota entities who fall into these categories: state or local governments; private nonprofit organizations; operators of public transportation services; private operators of public transportation services; Tribal governments	Provides financial assistance for public transit services. This grant program supports capital, planning and operations of transit systems in small and large urban areas and in rural areas outside of the 7-County Twin Cities metropolitan area.	Capital, planning and operations for transit systems
Low and Moderate Income Rental Program (LMIR)	Minnesota Housing Finance Agency	Loan, Deferred Loan*	Developers of affordable housing	An amortizing first mortgage loan for new construction, substantial rehabilitation of rental housing or acquisition and rehabilitation of existing rental housing, or refinance/debt-restructure. (*A LMIR loan can be paired with a deferred Flexible Financing for Capital Costs loan, which reduces the overall interest rate of the financing.)	Refinancing, acquisition, rehabilitation or new construction/conversion of affordable rental housing
Minnesota Cleanup Revolving Loan Fund	Minnesota Pollution Control Agency (MPCA)	Loan	Public Entities, private for-profit organizations, non-profit organizations, others	This loan fund provides low-interest loans to clean up sites contaminated by hazardous substances, pollutants, contaminants, and/or petroleum to facilitate in the conversion of contaminated property into a marketable asset. Created with funds granted by the EPA and administered by DEED, these loans are targeted towards economic development projects that express great need, exhibit long-term project viability, and demonstrate repayment capacity.	Environmental cleanup, cleanup-related site sampling and monitoring

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

STATE - Continued

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
HUD MAP Section 223(f)	Minnesota Housing Finance Agency	Loan	Developers or owners of affordable housing	The program is designed to preserve existing affordable housing and facilitate the conversion of market rate housing to affordable housing.	Acquisition, refinancing or moderate rehabilitation
Low Income Housing Tax Credit (HTC) Program	Minnesota Housing Finance Agency	Tax Credit	Local governments, land clearance authorities, state-created governmental entities, regional councils/MPOs, state agencies, Indian tribes	The HTC offers a ten year reduction in tax liability to owners and investors in eligible affordable rental housing units produced as a result of new construction, rehabilitation, or acquisition with rehabilitation. Gives 3 points in scoring for projects within a half mile of LRT, BRT, commuter rail station (2 points for bus or park and ride, or within TIA). Proposed for 2014 is increasing points available to 4 or 5.	Development financing for affordable rental housing
Preservation Affordable Rental Investment Fund (PARIF)	Minnesota Housing Finance Agency	Deferred Loan	Developers or owners of affordable housing	To provide funding to assist in the preservation of federally assisted permanent rental housing where the federal subsidies are at risk of being lost. Risk of loss may be due to one or more of the following factors: deteriorating physical condition, diminished owner capacity, conversion to market rates.	Acquisition, rehabilitation and debt restructuring or equity takeout
Minnesota Targeted Brownfields Assistance Program	Minnesota Pollution Control Agency (MPCA)	Grant	Cities, counties, watershed districts, nonprofits, developers	The Minnesota Pollution Control Agency (MPCA) has grant funds available to conduct environmental assessments at eligible brownfield sites proposed for redevelopment or reuse.	Technical consultation for Phase 1 and 2 environmental assessments
Petrofund	Minnesota Department of Commerce	Grant	Property owners or operators, parties with legal or equitable title or parties that took corrective action at the request of the MPCA.	The fund reimburses eligible applicants up to 90 percent of "reasonable and necessary" costs they incur in responding to a petroleum tank leak. The fund has published maximum cost guidelines to assist applicants in determining which costs qualify as reasonable, and the Minnesota Pollution Control Agency determines what work is necessary to protect public health, welfare and the environment. The maximum amount of reimbursement is \$1 million for costs associated with a single tank leak and \$2 million for costs associated with a single facility.	Reasonable and necessary costs incurred in response to a petroleum tank leak.
Innovative Business Development Public Infrastructure Program (BDPI)	Minnesota Department of Employment and Economic Development (DEED)	Grant	Cities, counties, special districts, public institutions or other political subdivision*	Publicly owned infrastructure related to a development project, including projects that target manufacturing, technology, warehousing and distribution, research and development, innovative business incubator, agricultural processing, or industrial, office, or research park development that would be used by an innovative business. Funds from this program can also be used for land acquisition and preparation, telecommunications, bridges, parking ramps, demolition, hazard remediation, pre-design, construction, equipment and furnishings.	Grant funds are to be used to assist Eligible Applicants with complex and costly Public Infrastructure projects when a funding gap exists and alternative sources of public and private financing are not adequate; Up to 50% of project cost with municipal match
Housing Trust Fund (HTF) Capital	Minnesota Housing Finance Agency	Loan, Operating Subsidy or Rental Assistance	A nonprofit organization, a for-profit organization, a limited dividend entity, a cooperative housing corporation, a city, a joint powers board established by two or more cities, a public housing agency, an Indian tribe or tribal housing corporation, a natural person.	Support the development of affordable housing. Priority is given for development serving households experiencing long term homelessness (i.e. emergency shelters, transitional housing, permanent rental, or permanent supporting housing).	Development, construction, acquisition, preservation, and rehabilitation of low-income rental housing
Contamination Cleanup and Investigation Grant Program	Minnesota Department of Employment and Economic Development (DEED)	Grant	Cities, counties, port authorities, EDAs, HRAs (state-wide)	The Contamination Cleanup and Investigation Grant Program helps communities pay for assessing and cleaning up contaminated sites for private or public redevelopment. Grants pay up to 75 percent of the costs to investigate and clean up polluted sites. Both publicly and privately owned sites with known or suspected soil or groundwater contamination qualify.	Investigation, RAP development and cleanup of contamination.
Small Cities Development Program	Minnesota Department of Employment and Economic Development (DEED)	Grant	Cities (<50,000 residents) and counties (<200,000 residents)	The goal of this program is to benefit people of low and moderate incomes, eliminate slum and blight conditions and eliminate an urgent threat to public health or safety. The program is subdivided into three grant funds: housing grants, public facility grants and comprehensive grants.	Rehabilitation of local owner-occupied, rental, single-family or multiple-family housing stock; public facilities including wastewater facilities, water towers and distribution systems; economic development activities including building, rehabilitation related to facade improvements, code violations, and health and safety issues.
Local Trail Connections Program	Minnesota Department of Natural Resources	Grant	Cities and Counties	Funds are used to promote relatively short trail connections between where people live and desirable locations, not to develop significant new trails.	Acquisition and development of trail facilities
PFA Loans and Grants	Minnesota Public Facilities Authority (PFA)	Loan/Grant	Cities, counties	Low interest loans and grants to finance infrastructure that might otherwise be unaffordable to communities if they had to borrow money for the projects at market rates. The PFA helps local units of government construct facilities for clean water (including wastewater, stormwater and drinking water) and other kinds of essential public infrastructure projects. Programs include: Clean Water Revolving Fund; Drinking Water Revolving Fund; Phosphorus Reduction Grants; Small Community Wastewater Treatment Program; Total Maximum Daily Load (TMDL) Grants; Transportation Revolving Loan Fund; Wastewater Infrastructure Fund; and the Credit Enhancement Program.	Primarily water, wastewater and transportation related facilities

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

STATE - Continued

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Economic Development and Housing Challenge Program (EDHC)	Minnesota Housing Finance Agency	Deferred Loan	Developers or owners of affordable housing	Funds are used to assist in the development of housing that supports economic development or job creation within a community or region by meeting locally identified housing needs.	Construction, acquisition, rehabilitation, permanent financing, interest rate reduction and refinancing
HUD MAP Section 221(d)(3) and 221(d)(4)	Minnesota Housing Finance Agency	Loan	Developers or owners of affordable housing	The program is designed to facilitate the construction or substantial rehabilitation of affordable housing.	New construction or substantial rehabilitation
HOME Affordable Rental Preservation Program	Minnesota Housing Finance Agency	Deferred Loan	Developers or owners of affordable housing	Funds are used to assist in the preservation and stabilization of permanent affordable rental housing with project-based federal or state subsidies.	Acquisition and/or rehabilitation
Transportation Revolving Loan Fund	Minnesota Department of Transportation	Loan	State, counties, cities and other governmental entities.	The purpose of the State Infrastructure Bank (SIB) program is to attract new funding into transportation, encourage innovative approaches to financing transportation projects, and help build needed transportation infrastructure. A SIB operates much like a commercial bank. It offers loans and other types of financial assistance to eligible borrowers to finance transportation projects. When the loans are repaid, the funds are returned to the SIB and used to finance another set of projects, creating a continually expanding pool of money for transportation projects.	Pre-design studies, right-of-way acquisition, road and bridge maintenance, rail safety, transit capital purchases, and drainage improvements

REGIONAL (NON-METROPOLITAN COUNCIL)

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Environmental Response Fund (ERF)	Hennepin County	Grant	Cities, HRAs, EDAs, nonprofits, and businesses in Hennepin County	Environmental Response Fund (ERF) grants fund the assessment and cleanup of contaminated sites where conditions present a threat to human health or the environment, but where lack of funding and added environmental costs hinder site improvements or redevelopment.	Investigation or cleanup of contamination that is not eligible for reimbursement by the Minnesota Petrofund.
Stewardship Fund	Mississippi Watershed Management Organization (MWMO)	Grant	Organizations that are members of the MWMO Joint Powers Agreement are eligible	The goal for the grant program is to develop partnerships with community organizations; protect or improve the quality of the water, habitat, and natural resources; and build community understandings, knowledge, and initiative related to water, habitat and natural resource issues and solutions.	Stormwater management infrastructure that exceeds the normal regulatory stormwater requirements
Environmental Response Fund (ERF)	Ramsey County HRA	Grant/loan	Ramsey County and Ramsey County municipalities, public and private for-profit and not-for-profit agencies and organizations	Ramsey County recognizes the need to transform contaminated property into viable use. Land acquisition and construction costs are rising rapidly and little undeveloped property remains. Re-use of existing sites can increase development costs and can leave owners with the additional costs of mitigating contamination created by prior land uses. Ramsey County wishes to facilitate preservation and enhancement of the property tax base through brownfields clean-up.	Acquisition, remediation and limited property improvements
Affordable Housing Incentive Fund (AHIF)	Hennepin County	Loan	Cities, nonprofits, developers, lenders	This loan program funds the development of affordable housing units for very low-income households. Financial assistance is provided to municipalities, other government and nonprofit agencies, private and nonprofit housing developers and other lenders in supporting the creation or preservation of long-term affordable housing countywide.	Acquisition, new construction, rehabilitation, re-adapted reuse, preservation and stabilization of affordable rental and home ownership units
Transit Oriented Development Bond Program	Hennepin County	Grant or Loan	Statutory or home-rule-charter cities or towns and development authorities (e.g., housing and redevelopment authority, economic development authority or port authority); Private entities, including nonprofit and for-profit developers; Hennepin County and the Hennepin County Housing and Redevelopment Authority	Grants or loans to public agencies, for-profit and nonprofit developers for TOD projects within redevelopment areas. Projects must have multi-jurisdictional impacts and enhance transit usage. Projects must be in municipally designated redevelopment/housing project areas along a transit corridor.	Implementation: Demonstrate a public purpose - includes public infrastructure, ped and bike facilities, clearing acquired property, acquisition of property in order to remove blight, installation of streets and utilities
Sidewalk Participation Program	Hennepin County	Grant	Cities within Hennepin County	The primary goal of the Sidewalk Participation program is to support and enhance the network of sidewalks along Hennepin County Roads to improve the safety of walking, increase walking for transportation and improve the health of county residents through walking. Priority is given to projects that enhance safety, increase opportunities for active living, contribute to a better connected network of sidewalks and provide access to transit and community destinations.	Feasibility studies, preliminary engineering and construction of sidewalk infrastructure and crossing treatments
Bikeway Participation Program	Hennepin County	Grant	Cities and independent park districts within Hennepin County	The primary goal of the Bikeway Participation Program is to expand and enhance the Hennepin County bikeway network identified in the county's 2040 Bicycle Transportation Plan (bike plan). Priority is given to projects that improve bike safety, increase perceived safety and comfort, increase bicycling, increase opportunities for active living, contribute to a denser network of bikeways and complete streets and provide contextually appropriate bikeway facilities.	Feasibility studies, project design and plan preparation and construction of trails, bike lanes, protected bike lanes, improvement to existing bikeways, shoulder widening, bridges, tunnels, etc.

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

REGIONAL (NON-METROPOLITAN COUNCIL) - Continued

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Housing/Transit Oriented Development (TOD) Loan Program	Local Initiatives Support Corporation (LISC), Twin Cities Community Land Bank, and the Family Housing Fund	Loan	Nonprofit and socially-responsible private developers Projects must be located within ½ mile of Hiawatha, Central, or Southwest LRT corridors	Preserve and create more housing options available to lower-income residents near transit; Strengthen neighborhood by increasing access to jobs and integrating the promotion of TOD with other arenas such as public health, parks and green space, affordable housing, and economic development to produce more holistic and equitable outcomes for the entire corridor.	Planning/ Development Financing
Low Impact Redevelopment Program	Minnehaha Creek Watershed District	Grant	Cities, nonprofits, private developers	Applicant must assume the long-term maintenance and operations of the stormwater infrastructure.	Stormwater management infrastructure that exceeds the normal regulatory stormwater requirements
Roadside Enhancement Partnership Program	Hennepin County	Grant	Cities located within the 1999 Metropolitan Urban Services Area (MUSA)	The goal of this fund is to enhance the roadside environment of applicable county highways. This includes removing unsightly roadside features, establishing the roadway as a good neighbor, making a positive impression on roadway users, improving safety for all types of travelers and promoting multi-modal use of the corridor.	Sidewalks, trails, undergrounding utilities, installing lighting, transit shelters, benches, streetscape materials, landscaping elements and more
Community Development Block Grant	Hennepin County	Grant or Loan	Suburban communities in Hennepin County (except Bloomington, Eden Prairie, Minnetonka, and Plymouth)	Funding is provided by the U.S. Department of Housing and Urban Development (HUD) to help with community revitalization and public services. Hennepin County funding serves suburban cities with the exception of Bloomington, Eden Prairie, Minnetonka and Plymouth who receive CDBG funds directly from HUD.	Property acquisition, rehabilitation, and soft costs to facilitate affordable housing development and public services
The Coaction Fund	Local Initiatives Support Corporation (LISC) Twin Cities	Grant	Nonprofit, Twin Cities-based organizations, or partnerships of organizations, focused on physical and economic development (e.g. income, asset or wealth building)	Capacity building program for community-based development.	Planning/ Development Financing
Bike Program Discretionary (Gap Program)	Hennepin County	Grant	Cities within Hennepin County and park agencies	The project must be a designated gap on the most current Hennepin County Bicycle Gap map.	Construction of trails, bike lanes, shoulder widening, bridges, tunnels, etc. Project design and plan preparation are eligible expenses.
Brownfields Cleanup Revolving Loan Fund	Hennepin County	Loan	Public entities, businesses, nonprofits and other interested parties	The Hennepin County Environmental Response Fund provides grants for the assessment and cleanup of contaminated sites. A grant and loan package can be a favorable way to tackle larger projects.	Investigation or cleanup of hazardous waste, hazardous waste co-mingled with petroleum and petroleum-only impacts.
HOME Investment Partnership	Hennepin County	Grant/loan	Suburbs in Hennepin County	The HOME Investment Partnerships Program (HOME) is a flexible federal grant program that allows Hennepin County to fund affordable housing activities for very low and low-income families or individuals, homeless families, and persons with special needs.	New construction of affordable housing units, rehabilitation of owner and rental properties, and acquisition

METROPOLITAN COUNCIL

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Tax Base Revitalization Account (TBRA)	Metropolitan Council	Grant	Statutory or home rule charter cities or towns that are participating in the <i>Metropolitan Livable Communities Housing Incentives Program</i> . Metropolitan counties and local development authorities are also eligible to apply for projects that are located in LCA-participating communities	Provides funds to investigate and clean up polluted land in areas that have lost commercial/industrial activity to make them available for economic redevelopment that enhances the tax base of the recipient municipality while promoting job retention or job growth and/or the production of affordable housing.	Environmental site investigation and cleanup
Regional Transportation Solicitation	Metropolitan Council (Transportation Advisory Board, TAB)	Grant	Local governments, transit agencies, national resource or public land agencies, school districts, local education agencies, or schools, Tribal governments, local government entity responsible for trails	This regional solicitation for federal transportation project funding is part of the Metropolitan Council's federally-required continuing, comprehensive, and cooperative transportation planning process for the Twin Cities Metropolitan Area. The funding program and related rules and requirements are established by the U.S. Department of Transportation (USDOT) and administered locally through collaboration with the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Minnesota Department of Transportation (MnDOT).	There are three application categories, grouped by mode: roadways including multimodal elements, transit and travel demand management, and bicycle and pedestrian features.
Transportation Improvement Program (TIP) (Not the program originating funds, but a listing of how federal and state transportation funds will be spent)	Metropolitan Council (Transportation Advisory Board, TAB)	Summary of federally funded regional transportation projects	N/A	The TIP documents the 5-year allocation of federal funds to local transportation projects. The TIP includes federal funds allocated through the regional solicitation process, and federal formula funds programmed by MnDOT, the Council and transit providers. These allocation decisions are governed in part by the Development Framework and the Metropolitan Council's 2030 Transportation Policy Plan (TPP), which sets overall regional transportation policy and details major long-range transportation plans. In some cases, this funding may be used to support TOD projects. Any priorities for TOD would be outlined in the Development Framework or TPP.	Transportation infrastructure including: highways/roads, bike/ped, transit/tdm, and other.

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

METROPOLITAN COUNCIL - *Continued*

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Local Housing Incentive Account (LHIA)	Metropolitan Council	Grant	Local units of government eligible to receive LHIA funding are those communities that are participating in the <i>Metropolitan Livable Communities Housing Incentives Program</i>	Provides funding to communities to expand and preserve lifecycle and affordable rental and ownership housing. These funds may be used for costs associated with projects that help municipalities meet their negotiated LCA housing goals, including, but not limited to, acquisition, rehabilitation, and construction of permanent affordable and life-cycle housing.	Finance affordable housing projects
Livable Communities Act (LCA) Transit Oriented Development Program (TOD)	Metropolitan Council	Grant	Statutory or home rule charter cities or towns that are participating in the Metropolitan Livable Communities Housing Incentives Program; Metropolitan counties and development authorities with an eligible TOD Area	Provides funding resources to help catalyze Transit Oriented Development in and around light rail transit, commuter rail and high-frequency bus transit stations.	Land acquisition, pre-development, public infrastructure and contamination cleanup (to catalyze TOD projects)
Livable Communities Demonstration Account (LCDA)	Metropolitan Council	Grant	Statutory or home rule charter cities or towns that are participating in the Metropolitan Livable Communities Housing Incentives Program; Metropolitan counties and development authorities	Implement community development objectives and comprehensive plans. Development grants provide funds to support projects that connect development or redevelopment with transit, intensify land uses, connect housing and employment, provide a mix of housing and affordability, and/or provide infrastructure to connect communities and attract investment.	Site acquisition, limited site improvements or basic or placemaking public infrastructure (to catalyze development projects)

LOCAL GOVERNMENT

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Housing Revenue Bonds (HRB) with 4% LIHTC	Minneapolis, St. Paul, Washington County, Dakota County	Bond	For-profit and nonprofit developers of affordable rental housing	New production and preservation of existing affordable rental housing.	See program guides for additional detail
Minneapolis Development Infrastructure Fund	City of Minneapolis (CPED and Public Works)	Grant	For city infrastructure projects	From Mayor Rybak's 2013 Budget Address: Expand this program in 2013 in order to allocate resources for our work to reopen Nicollet Avenue at Lake Street, partner with Hennepin County along Penn Avenue in North Minneapolis, and fund needed street work in the West Bank, where several new development projects are in the works.	Infrastructure
Minneapolis Great Streets Program	City of Minneapolis - CPED	Grant/Loan	Commercial businesses and property owners located in Great Streets-eligible areas	A neighborhood business district program.	Business façade improvements and commercial real estate development
Minneapolis Affordable Housing Trust Fund (AHTF)	City of Minneapolis - CPED	Loan	Nonprofit or for-profit developers	Used to provide gap financing (the difference between conventional financing and project costs) for affordable and mixed-income rental housing production and preservation projects. This is a city-wide program, but TOD projects receive additional points in several scoring categories. See program description for additional details.	Affordable rental housing
Higher Density Corridor Housing Program	City of Minneapolis - CPED	Land Bank	Neighborhood organizations, nonprofit and for-profit developers, CPED staff and other interested parties can nominate sites for the program	Nominate sites to be acquired by CPED, to be used to create multifamily housing developments on or near community, commercial and transit corridors. At least 20% of the housing units must be affordable at <50% MMI (city affordable housing policy) and at least 51% must be affordable at <80% MMI (CDBG regulations). Funds can be used for acquisition, relocation, demolition, property management and related costs.	Acquisition, relocation, demolition, property management
Small Business Real Estate Acquisition Loan	City of Minneapolis - CPED	Loan	Small business owners seeking to acquire property on which to operate their commercial/industrial business	A funding partnership between the City, Metropolitan Consortium of Community Developers (MCCD), and private lenders.	Acquisition and rehabilitation
Low Income Housing Tax Credits - LIHTC (9%)	Minneapolis, St. Paul, Washington County, Dakota County	Tax Credit	For-profit and nonprofit developers of affordable rental housing	New production and preservation of existing affordable rental housing.	See program guides for additional detail

LOCAL GOVERNMENT (POTENTIAL OPPORTUNITIES)

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Development Fees	Local government	N/A	Local	Local plan fees for approval of development projects that fund not only current planning/permitting staff, but also long-range planning staff who perform strategic land use, urban design, and less frequently, capital improvement planning related to transit corridor and station area development.	Planning
Tax Abatement	Local Government	Varies	Local	Full or partial exemption from real estate taxes for a limited time period.	Varies
Assessments	Local Government	N/A	Local		Assessments can be applied to developments to fund infrastructure improvements

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

LOCAL GOVERNMENT (POTENTIAL OPPORTUNITIES) - Continued

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Local Property Tax Levies	Municipal	N/A	Local	Local governments may impose taxes which can be used on community services (infrastructure, transit etc.).	Affordable housing, transit, infrastructure
Special Service Districts	Local Government	N/A	Local	State law mandates the creation of advisory boards through city ordinance for each special service district to advise the city on services within the district.	Special service districts are defined areas within a city where special services are rendered; Costs of the services are paid from charges to the area.
Development Impact Fees	Local Government	N/A	Local	Local governments may exact fees to compensate for the projected impact that new development will have on local public infrastructure.	Infrastructure
Benefit Assessment District	Local Government	N/A	Local	Benefit Assessment Districts assess properties in proportion to the benefit conferred by an improvement and are used to pay for local infrastructure. Provides a uniform procedure for local government agencies to finance the maintenance and operation of public systems such as drainage, flood control, and street lighting.	Infrastructure
General Obligation Bonds	Local Government	N/A	Local	General obligation bonds are issued for municipal projects that do not generate revenue, including infrastructure upgrades. These tax-exempt bonds are backed by the full-faith-and-credit of the issuer and generally include a limited or unlimited property tax levy pledge.	Infrastructure
Revenue Bonds	Local Government	N/A	Local	Tax-exempt revenue bonds are issued for specific public works projects and are generally secured with revenues from the infrastructure facility. They can be used to finance utilities upgrades needed to support higher intensity development around transit.	Infrastructure
Special Tax Districts	Locally enacted; Enabled at state-level	N/A	Local	In some states, special tax districts can retroactively pay for plans related to improvements financed by the district. For example, in California, the Mello-Roos or community facilities districts established to pay for community improvements or services can also be used to pay for planning and design work directly related to the improvements being financed.	Planning
Housing Improvement Areas	Local Government	N/A	Local	-	Housing Improvement Areas are defined areas in a city in which housing improvements may be financed with assistance from the city
Tax Increment Financing (TIF)	Local Government/ Urban Renewal Authorities	Varies	Local	In a TIF district, the difference between a project's pre-development and post-development property tax obligation can be utilized as a source of funds to the project itself. Projected TIF revenues may be bonded against and the bond proceeds used to pay for major development initiatives or infrastructure investments that catalyze private investment and increases in property values. A TIF district is a legally defined area targeted for redevelopment.	Defined by State statute; Cities may have additional program requirements

PUBLIC/PRIVATE

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Twin Cities Community Land Bank (TCCLB)	Twin Cities Commercial Land Bank	Varies	Nonprofit and for-profit partners	TCCLB is a nonprofit organization that was formed by the Family Housing Fund as a strategic tool for government, neighborhood based organizations, community development corporations, and nonprofit and for-profit developers to further community-based economic development and affordable housing goals. The Fund and its public/private partners have designed and implemented this highly innovative tool to respond quickly and effectively to the challenges and opportunities of the foreclosure crisis and to further regional growth objectives linking housing, jobs, transportation, and education.	Property Acquisition
Small Business Grants	Idea Café	Grant	Public	Idea Cafe funds ground-breaking or simple business ideas that create solutions to everyday problems. These grants will help promising entrepreneurs with the process of taking their ideas to the next level.	The grant program will award \$1,000 in cash and a total of \$1,500 in advertising credits to the most inspirational small business owners.

PUBLIC/PRIVATE (POTENTIAL OPPORTUNITIES)

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Equity Investment	Private Investors/Public REITs/Pension Funds/Foreign Investors	N/A	Private	Equity investment made up about 20 percent of total capital sources for U.S. real estate in 2009. The major sources of equity are predominantly private investors, but also publicly held real estate investment trusts, pension funds and foreign investors.	Market rate housing, affordable housing, mixed-use development, etc.

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

PUBLIC/PRIVATE (POTENTIAL OPPORTUNITIES) - *Continued*

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Equity Investment	Private Investors/Public REITs/Pension Funds/Foreign Investors	N/A	Private	Equity investment made up about 20 percent of total capital sources for U.S. real estate in 2009. The major sources of equity are predominantly private investors, but also publicly held real estate investment trusts, pension funds and foreign investors.	Market rate housing, affordable housing, mixed-use development, etc.
Commercial Debt	Commercial Banks/Commercial Mortgage Backed Securities/Life Insurance Companies	N/A	Private	The majority of financing available for private real estate development is debt from banks, commercial mortgage securities, and other privately- and publicly-owned sources. Debt requires repayment under specific terms, including interest rate and repayment schedules. Creditors are not owners but may have recourse to the financed asset should a loan fail.	Market rate housing, affordable housing, mixed-use development, etc.
Structured Loan Funds	Community Development Finance Institution (CDFI)	N/A	Private	Mission-driven structured acquisition funds combine debt, equity and grant investments from public entities, community development finance institutions, commercial banks seeking CRA credit and foundation program and mission-related investment to provide lower cost property acquisition financing to equitable TOD projects (affordable, workforce and mixed income housing). These funds help meet the acquisition financing gap created by the limitations of permanent affordable housing finance which are exacerbated for TOD by the higher cost and scarcity of quality opportunity sites near transit. Public subsidy investments with no return expectations occupy the critical top loss risk position for these funds and are essential to their formation.	Affordable housing
Location Efficient Mortgages	Lenders	N/A	Private	The location-efficient mortgage concept is that underwriting should take into account the transportation cost savings available to those living near transit, and their corresponding capacity to support higher mortgage payments relative to their incomes.	Affordable housing
Time "tranches"	Private Developers/Real Estate Investment Entities	N/A	Private	Time tranches are used in a product such as a mortgage-backed security that allows investors to take less risk and enter and exit at different times in the development period. It helps fund complex mixed-use projects.	Market Rate TOD

FORMER PROGRAMS (EXPIRED OF DORMANT, ONE-TIME OPPORTUNITIES, ETC.)

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
St. Paul Affordable Housing Trust Fund	City of St. Paul, St. Paul HRA	(This program is currently unfunded)	Anyone can apply for the funds on a first come, first served basis	The fund will serve a variety of purposes, including multi-family housing. These programs include: 1. Foreclosure Prevention (SHOP Foreclosure Buyback Program, Preserving Senior Homeownership, FHA Title I Home Improvement Loan Program); 2. Preservation of Affordable Multi-Family Housing; 3. New Construction of Affordable Multi-Family Housing; and 4. Neighborhood Stabilization Program. The first program includes an eligibility extension for properties near transit, but the others do not differentiate.	Affordable Housing
Metropolitan Landfill Abatement	Minnesota Pollution Control Agency (MPCA)	N/A	Counties and Joint Powers Authorities	Focus on providing assistance to the seven metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington for implementation of projects featuring resource conservation, reuse, waste and toxicity reduction, and recycling activities that advance the goals, policies, and objectives identified in the Metropolitan Solid Waste Management Policy Plan.	Environmental cleanup associated with landfills
Demolition Loan Program	Minnesota Department of Employment and Economic Development (DEED)	Loan (This program is currently unfunded)	Development authorities, including cities, counties, port authorities, housing and redevelopment authorities and economic development authorities	Sometimes communities need assistance with demolition and other redevelopment activities on sites where there is no current development plan or where future development visions are hindered by current blight. In some cases, communities may need to address more immediate public safety concerns or hazardous conditions on a site before considering future redevelopment options. The Demolition Loan Program meets those needs by helping development authorities with the costs of demolishing blighted buildings on sites that have future development potential but where there are no current development plans.	Demolition activities, including interior remediation such as asbestos abatement
Local Implementation Capacity Grants	Corridors of Opportunity	Grant	Cities; Local development authorities; Counties; Rail Authorities; Private or nonprofit developers; nonprofit organizations supporting TOD, entrepreneurs and small business development; Eligibility for general pre-development studies for TOD tools are limited to public agencies or partnerships with public agencies	The Local Implementation Capacity (LIC) grants will provide early support for the development of high-density residential and commercial centers designed to maximize access to these uses by transit, walking, and biking. Implementation of local general pre-development and site specific pre-development planning that promote Transit Oriented Development (TOD).	Planning/ Pre-Development Financing

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

FORMER PROGRAMS (EXPIRED OF DORMANT, ONE-TIME OPPORTUNITIES, ETC.) - Continued

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Land Acquisition for Affordable New Development (LAAND) Program	Metropolitan Council, Minnesota Housing and the Family Housing Fund	Loan	Metropolitan Council – local units of governments, within the seven-county metropolitan area participating in the Livable Communities Act Local Housing Incentives Account program, and their development authorities Family Housing Fund – local units of governments, their housing or development agencies, and nonprofit organizations within the seven-county metropolitan area Minnesota Housing – a nonprofit organization, a city, a joint powers board established by two or more cities that owns or will own the housing, a public housing agency that owns or will own the housing, an Indian tribe or tribal housing corporation that owns or will own the housing, a private developer	Loan financing to acquire land for affordable housing projects in places that are close to job growth areas or significant number of lower wage jobs, allows for density that is consistent with achieving affordability, minimize vehicle miles traveled, are proximate to public transit and implements existing community plans.	Property Acquisition
Minnesota Community Capital Fund (MCCF)	Developed and managed by the Northland Institute	N/A	Local governments and economic development organizations apply to be members and can then offer loans to small businesses and nonprofits	MCCF is a bank participation loan fund that leverages millions of dollars in underutilized local economic development funds through the pooling of resources. The fund provides its members with greater lending flexibility and the capability of offering much larger loans to their local small businesses and nonprofit organizations than would be possible with their own limited and restricted resources. MCCF Capital Access - Gap financing loans from \$50,000 to \$1,500,000. Green Loans for Businesses - Loans to finance improvements that reduce energy costs, improve cash flow and improve business property values. Loan amounts are from \$50,000 to \$300,000. SBA 7(a) Small Business Loans - Loans from \$100,000 to \$2,000,000 can be used to finance the purchase of owner-occupied commercial real estate; business equipment; remodeling and leasehold improvements; long-term working capital; and for the refinancing of existing debt. SBA 504 First Mortgage Loans - Offer long-term fixed rate loans ranging from \$250,000 to \$8,000,000 for growing small businesses.	Business improvement loans
Ready for Rail -- Central Corridor Small Business Forgivable Loan Program	Metropolitan Council, City of St. Paul HRA, the City of Minneapolis, and Central Corridor Funders Collaborative	Loan	For-profit small businesses with no more than \$2 million in annual gross sales that: Are independently owned (with four or fewer locations); Are located on the Central Corridor Light Rail Line (or within one block of the construction zone); Have been at their current Central Corridor location for one year or more; Are focused on retail services (selling products or services directly to the consumer, including restaurants); Have experienced a decline in revenue due to the construction of the Central Corridor Light Rail Line	Provide a modest safety net for businesses that show a loss in sales due to the construction of the Central Corridor Light Rail Transit Line. The forgivable loan may be used for basic business expenses, including payroll, inventory, rent/mortgage, utilities, taxes, marketing, and insurance.	Loan Forgiveness
Minneapolis Capital Acquisition Revolving Fund (CARF)	City of Minneapolis	N/A	CPED will have an open nomination process to solicit suggestions for specific sites and projects from neighborhood organizations, developers, city staff and other interested parties.	Can be used to acquire property for redevelopment along commercial and transit corridors and at commercial nodes designated by The Minneapolis Plan. Funds can be used to assemble or aid in assembly of larger sites for development of new commercial buildings, mixed residential and commercial buildings and mixed-income rental and ownership multifamily housing. Eligible costs are acquisition, relocation, demolition, property holding management costs, gap financing for private acquisition and assembly.	Land Assembly, pre-development financing
Transit Improvement Areas (TIA)	Minnesota Department of Employment and Economic Development	Loan	Statutory cities, home rule charter cities, counties and joint powers boards are eligible applicants; Designated TIAs must encompass a half-mile radius around a transit station.	Loan program to fund TOD projects that "increase the effectiveness of transit." Loans for designated Transit Improvement Areas and projects must provide minimum density and a mix of uses. Program is authorized and accepting applications, but as of yet not funded. State plans to use applications to leverage "other sources of funding."	Implementation
Resource Conservation and Greenhouse Gas (GHG) Reduction	Minnesota Pollution Control Agency (MPCA)	N/A	State allocated	Focus on providing assistance in identified regions of the State for implementing projects achieving measurable outcomes in waste and toxicity reduction, reuse, and/or recycling.	Environmental cleanup

TRANSIT-ORIENTED DEVELOPMENT (TOD) FUNDING GUIDE

FORMER PROGRAMS (EXPIRED OF DORMANT, ONE-TIME OPPORTUNITIES, ETC.) - Continued

PROGRAM	AGENCY	FUND TYPE	WHO CAN APPLY?	DESCRIPTION	USES
Redevelopment Grant Program	Minnesota Department of Employment and Economic Development (DEED)	Grant (This program is currently unfunded.)	Cities, counties, port authorities, housing and redevelopment authorities, and economic development authorities (state-wide)	Grants can pay for land acquisition, demolition, infrastructure improvements, soil stabilization when in-fill is required, ponding or other environmental infrastructure and adaptive reuse of buildings, including remedial activities at sites where a subsequent redevelopment will occur. Grants pay up to half of redevelopment costs for a qualifying site, with a 50% local match.	Land acquisition, demolition, infrastructure improvements, soil stabilization when in-fill is required, ponding or other environmental infrastructure and adaptive reuse of buildings, including remedial activities at sites where a subsequent redevelopment will occur
Hiawatha Land Assembly Fund	Met Council/TAB	Grant	Cities; After awarding Minneapolis \$1.5 million toward Downtown East/Metrodome Station block acquisition, Metropolitan Council solicited notice of funding availability in 2005 to Minneapolis, Bloomington and Hennepin County, making \$3.5 million available for land assembly for TOD; Minneapolis expressed interest, and issued subsequent RFP for development funding, and received 8 proposals; 3 projects ultimately were approved for funding by the City and Met Council	\$5 million Hiawatha Land Assembly funding program was created in 1999 as part of the TAB's federal transportation funding process; initial \$1.5 million award made in 2001 to Minneapolis towards assembly of the Downtown East/ Metrodome Station block, where a transit oriented development would eventually be built on the block. Minneapolis prepared the site with parking underneath prior to LRT operation and station opening. Metropolitan Council & Minneapolis solicited additional land assembly projects in 2005-06, and three were awarded remaining \$3.5 million for mixed use TOD, including affordability, at: 38th Street (Longfellow Station); Franklin Station Development; and Cedar-Riverside (Currie Park Lofts and Station Place).	Land Assembly for TOD around Hiawatha LRT stations

Notice:

The information included herein is intended to provide a summary of available transit-oriented development funding sources within the Twin Cities Metropolitan region. This document is made available without any warranty as to its performance, merchantability or fitness for any particular purpose. The Metropolitan Council does not warrant that the Funding Guide is error-free, complete, or accurate.

If any errors on the Funding Guide are identified or if any existing TOD funding resources are not currently included, please contact:

Michael Krantz, TOD Office, Metro Transit
 Email: Michael.Krantz@metrotransit.org
 Phone Number: 612-349-7392