Transit-Oriented Affordable Housing (TOAH) Fund Structures

February 2019

Devin Culbertson
Carrie Wagner

Contents

Introduction

In the nearly ten years since the first affordable Transit-Oriented Development (TOD) fund launched in the United States, numerous communities have undertaken efforts to use multi-investor funds to drive policy and social goals.[1] This memo summarizes key lessons from assessing seven active TOD and affordable housing funds in the U.S. to find applicable lessons for the Metro Vancouver region. These funds are further detailed in the attached matrix.

Enterprise is in a unique position to offer insights into TOD fund development, given our experience in structuring multi-investor funds, investing in TOD funds as a national Community Development Financial Institution (CDFI)[2], and in working locally in many of the communities hosting TOD funds.

Purpose of this Memo

The overall objective of this project is to advance the local understanding of the role, benefits, and implementation considerations of a regional-scale revolving loan fund as a means to incentivize transit-oriented affordable housing development across the Metro Vancouver region. This memo delves into the structure and development of loan funds, using models from across the United States as instructive examples. It is our hope that by examining the structures, frameworks, challenges, strengths, replicability, and the conditions unique to each geography, Metro Vancouver will be better equipped to assess the applicability of such a fund for that region.

FUNDS REVIEWED

FUND	GEOGRAPHY	SIZE	PURPOSE	PERFORMANCE
Bay Area Transit-Oriented Affordable Housing Program (TOAH)	Nine-county region of San Francisco Bay Area	$50.0 Million	Overcome lack of capital for affordable housing near transit by delivering a suite of products (seven products total)	Created or preserved 950+ units across three counties and 63,980 ft^2 of community and retail space.
Bay Area Transit-Oriented Affordable Housing Program II (TOAH II)	Nine-county region of San Francisco Bay Area	$64.0 Million	Provide nimble, fast-moving capital to compete with market-rate developments on TOD sites. Take lessons from the first iteration of TOAH to streamline lending process.	Fund closed in 2018, but no deployment has occurred.[3]
Metro Affordable Transit Connected Housing	Los Angeles County	$75.0 Million	Stabilize and expand housing stock near existing and proposed transit nodes throughout Los Angeles County, with acquisition and repair loans, while also	Fund closed in 2017, but no deployment has occurred.

[1] To avoid confusion with an existing fund by the name of "TOAH" and "TOAH II," in the Bay Area of California, we refer in this memo generically to "Transit-Oriented Development" or "TOD" funds rather than "TOAH" funds.
[2] The U.S. Office of the Comptroller of the Currency defines CDFIs as "mission-driven financial institutions that create economic opportunity for individuals and small businesses, quality affordable housing, and essential community services throughout the United States. Four types of institutions are included in the definition of a CDFI: Community Development Banks, Community Development Credit Unions, Community Development Loan Funds (most of which are non-profit), and Community Development Venture Capital Funds. Some, but not all, CDFIs are certified by the CDFI Fund. Certification is often necessary in order to receive support from the CDFI Fund."
[3] A fund that has "closed" refers to financial closing for the purposes of this memo. That is, all legal and financial documents have been executed and required conditions have been met; the fund can formally begin operations.

Program (Metro MATCH)			preserving redevelopment potentially on underdeveloped sites.	
Golden State Acquisition Fund	California (state-wide)	$93.0 Million	To provide adequate, fast-moving resources for the acquisition of land/property to develop or preserve affordable rental housing or homeownership in the state of California.	$105.0 million has been deployed across 18 projects for 1,490 units.
Denver TOD Fund	Seven-county region of metro Denver	$15.0 Million Currently~ $24 Million	Provide acquisition financing to support the development of affordable housing projects in current and future transit corridors that were not being served by conventional lenders.	$32.8 million has been deployed in 16 loans, creating or preserving 1,345 units, a public library, and more than 100,000 ft^2 of commercial and nonprofit space.
Regional Equitable Development Initiative (REDI Fund)	Three counties surrounding Seattle, WA	$21.0 Million	Anticipating a 25-year build-out of the transit system, increase affordable housing production near rail by providing resources for the acquisition of strategic sites before market speculation.	More than $11.6 million deployed in three projects totaling 576 units.
New Generation Fund	City of Los Angeles	$68.5 Million	Provide acquisition, and predevelopment financing to affordable housing developers in tandem with the Los Angeles Housing and Community Investment Department Managed Pipeline of subsidized projects.	$110.0 million has been deployed with 2,077 units created or preserved across 20 projects in Los Angeles.
Bay Area Preservation Pilot	Nine-county region of San Francisco Bay Area	$50.0 Million	Preserve unsubsidized or expiring deed-restricted affordable housing projects by helping mission-aligned developers quickly acquire and hold properties that are at-risk of transitioning to market rate and displacing residents.	This fund has not yet closed.

In conjunction with the Implementation Memo summarizing information gleaned from the Experts Roundtable event in November 2018, and the Local Context Memo prepared by CitySpaces Consulting, this memo will feed into a final report that evaluates the potential pathways for a revolving loan fund in the Metro Vancouver Region.

Overview of Relevant Funds in the United States

We chose to highlight seven active TOD funds in this overview of revolving loan funds in the United States. This sample demonstrates the diversity of TOD fund origins, structures, products, partners, and impact.

Each new TOD fund has a unique origin story, and each capital and governance structure is an iteration with the benefit of learning from past experiences in other communities. As a result, Enterprise has seen improvements in both the effectiveness and efficiency of TOD fund development and execution. Rather than recounting origins of different funds over the years, this memo offers the key lessons drawn for the more successful fund creation efforts and exemplary resulting structures.

The reality remains, however, that each TOD fund in the U.S. is unique because these funds are directly shaped by the local goals and the market in which they are designed to operate. Standing up a public-private effort such as a TOD fund typically takes, in Enterprise's experience, two-to-three years of collaborative planning. For communities interested in pursuing a new TOD fund or expanding an existing effort, lessons can be gleaned by looking at the major active TOD Funds in the U.S.

While the funds featured in this memo will illustrate some options comparable to our understanding of the Metro Vancouver Transit-Oriented Affordable Housing Study objectives, it is important to understand that there are other fund structures that infuse different types of capital, at different points in the life of a project, for different purposes.

Key Lessons from Transit-Oriented Development Funds in the United States

Key Lesson: Funds Can Help Advance Policy Priorities

TOD funds stand squarely at the intersection of policy and capital. These funds can be a natural extension of regional land use and transportation policies. They are typically structured to derive most leverage from an investment of public dollars at the highest risk loss and the lowest financial return. Public investment can come from a variety of sources, and recently a few regional planning and transportation agencies have stepped up to play this role. In the Bay Area, for example, the Metropolitan Transportation Commission (MTC) has invested more than $20 million among the first and second iterations of the Transit-Oriented Affordable Housing (TOAH) and the Bay Area Preservation Pilot. In addition, the Los Angeles County Metropolitan Transit Authority helped seed the Metro Affordable Transit Connected Housing Program (Metro MATCH) with a $9 million investment. While this is still a relatively recent phenomenon, Enterprise continues to work toward replicating these models. TOD funds can and should provide social return well beyond targeted capital deployment to help advance policy priorities. Funds can help advance policy priorities in the following ways:

Facilitate Funder Alignment
TOD and other multi-investor funds can serve as an organizing tool to align public, private, and philanthropic funders and lenders toward one objective.

New or Expanded Use of Data/Market Analyses and Site Pipeline Assessment
The market analyses required for successful TOD fund development can drive policymakers, investors, and developers to a greater level of specificity about market conditions and the affordable TOD ecosystem. Further, new approaches to data can spur the development of more sophisticated and/or accessible data tools, and it can initiate policy changes in areas complementary to equitable TOD. The Denver TOD Fund, for example, uses a portfolio assessment tool to understand multiple attributes of every site in their portfolio.

Housing Finance System Efficiency and Predictability
Well-executed TOD funds make the local housing financing ecosystem more efficient and predictable by establishing, for example, managed pipelines, filling gaps in the market where previous bottlenecks existed, aligning application/approval timelines, or consolidating multiple sources through one financing mechanism. The New Generation Fund (NGF), for example, is operated hand-in-glove with the Los Angeles Housing and Community Investment Department (HCID), and serves as a critical management tool for the agency's managed pipeline. HCID uses an early approval system to confirm project funding before a developer even closes on a site. Coordination between HCID and the Fund ensures projects do not wait inordinately for public resource allocation and saves HCID from administering a resource-intensive competitive application process. Using the Fund as an "intake process," the NGF fund is able to deploy capital efficiently to a pipeline of projects and minimize the repayment risk of acquisition lending.

Drive New Project Approaches with Tailored Tools and Interested Developers
With willing partners at the table, TOD funds can provide a runway for innovation. Although it is designed to be deployed with traditional housing financing tools, Los Angeles's Metro MATCH program incentivizes a different project approach by requiring nonprofit project sponsors or joint ventures with nonprofits. This fund also focuses on capitalizing a 'preserve, then redevelop' strategy that is part anti-displacement and part land banking.

Promoting Integration of Public Policy Objectives to Maximize Public Benefits
One benefits of a TOD fund approach is that it can help knit together public benefits that may be planned and funded separately. Affordable housing and transit, for example, are rarely funded from the same pool or by the same offices. By providing favorable capital to affordable housing developers acquiring TOD sites, these funds skew the pipeline of housing projects applying for funding to be increasingly on TOD sites. Emerging and established funds across the U.S. are dabbling in linking housing investments with other objectives like health outcomes, seismic integrity, and climate resilience.

Another benefit is that TOD fund development naturally requires stakeholders to think on ten-year or longer timeframes. The prospect (or sometimes necessity) of pooling resources and achieving greater impact often incentivizes regional collaboration. That said, funds are generally not scaled solutions because they can only practically meet a fraction of a region's need. Funds can be helpful in informing policy for precisely this reason. Partners come together around the shared goals of the fund. Eventually, partners come to understand the need to enact bigger changes to achieve the outcomes at a scale not feasible for the fund.

Key Lesson: Tailor the Fund to Suit Its Context

As evident in the TOD Fund Matrix, there is no one-size fits all TOD fund structure. As used for these purposes, a "fund" is fundamentally a tool for blending resources. Broadly speaking there are three types of fund structures.

TYPE	HOW IT WORKS	PROS	CONS	EXAMPLES[4]
Structured Fund	▪ Investors (banks, foundations, public sector) lend to a special purpose entity (LLC) ▪ Capital is structured in multiple layers to mitigate risk	▪ Scalable and more suitable for larger capitalizations ▪ High loan-to-value, blended interest rate,	▪ Substantial start-up costs and time to establish legal entity ▪ Longer loan approval/closing process	TOAH New Generation Fund

[4] For the purposes of this chart, we have categorized specific TOD funds into the three delineated categories of "structured, syndication, and structured participation." In reality, these categories are not entirely mutually exclusive, and funds may have elements that stretch across these categories. For example, a special purpose entity might be established to house public and philanthropic investments, and that entity may participate in deals originated by CDFI partners.

	▪ Develop and establish underwriting criteria ▪ Roles: fund manager, originating lenders/loan servicers, credit committee consisting of investors	higher loan amounts		
Syndication	▪ Investors (banks, foundations, public sector) participate/syndicate on a pro rata basis for each loan in the fund. ▪ CDFI originates a loan ▪ Capital is structured in multiple layers to mitigate risk ▪ Develop and establish underwriting criteria and Master Credit Agreement	▪ Reduce substantial start-up costs and time to establish legal entity ▪ Streamlined operations ▪ Allows smaller investors with lower operational capacity to participate in fund	▪ Relies on cost and risk-tolerance of existing CDFI capital unless new capital is raised	Denver Regional TOD Fund Bay Area Preservation Pilot REDI Fund
Structured Participation	▪ CDFIs originate loans and participate an agreed upon percentage of the deal with the public sector ▪ Public sector capital is available to participate in deals in a first loss position ▪ Develop and establish underwriting criteria ▪ Roles: Fund administrator, originating lenders/loan servicers ▪ All lenders own their share of the loan ▪ Loan approval/closing is managed by the originating CDFI with streamlined process with the public sector	▪ Reduce substantial start-up costs and time to establish legal entity ▪ Streamlined process with public sector	▪ Relies on cost and risk-tolerance of existing CDFI capital unless new capital is raised	Golden State Acquisition Fund Metro MATCH TOAH II

The structure of a TOD fund will be a function of the fund goals and the capital sources that are trying to be met. The following questions can help guide major structural decisions for TOD funds:

What type of capital will likely be available to blend in a fund?

- Shorter-term capital restricts a fund's viable uses while longer-term debt provides more flexibility concerning the product offered and provides the ability for funds to revolve.
- Higher cost capital can be used to bridge critical gaps but will be ill-suited for longer terms.
- Security and collateral requirements will determine how much of a project cost a fund can cover and what roles a fund can play in a deal.

What type of development will be targeted and in what locations?

- A fund intended to focus on preservation deals should look to the size, location, and condition of existing building stock to be preserved. This goal will shape loan-to-value, eligible activities and sizing of the fund overall.[5]

[5] Preservation in the context of this report and Enterprise's work more generally, refers to the goal of preserving existing affordable housing that has expiring deed-restrictions or subsidies. These types of preservation deals typically entail recapitalizing the property to fund capital repairs or upgrades and extending affordability restrictions or subsidies with new public funding. Preservation is also sometimes extended to housing that is affordable without a deed-restriction or subsidy

- A fund focusing on land acquisition in high-cost markets with high demand for development and more sophisticated public management of resources may need more capital volume than a fund focusing on sites in lower cost areas.
- A fund focusing on new construction in lower-cost markets with lower demand for development and less sophisticated public management of resources may need longer terms and include pre-development lending costs for zoning changes and long lead entitlements.

What phase of development will be targeted?

- A fund intended to support the acquisition of affordable housing properties or vacant land in hot real estate markets should have a streamlined structure for fast decision-making and approvals.[6]
- A fund intended to fill gaps in permanent financing should have terms and application/approval timelines that are compatible with typical permanent financing tools.

Do stakeholders want to support a particular type of developer?

- In communities that want to support smaller nonprofit developers, the fund should have more top loss or other forms of credit enhancement to stretch loan products to weaker balance sheets.
- If for-profit developers are likely to be a significant portion of the borrower base, that needs to be made clear to investors during the capital raise.
- For some communities this question is moot as the type of developer (e.g. nonprofit vs. for-profit) is less important than the type of development.

How much diversity is anticipated in the pipeline?

- A fund encompassing an entire region should have terms that are flexible enough to be used in multiple submarkets.
- Underwriting standards may need to flex to accommodate different strengths of borrowers.
- Loan amounts and borrower concentration caps need to consider how to accommodate a wide variety of acquisition costs.

Key Lesson: Funds Should Aim to Fill a Clear Capital Gap or Leverage a New Opportunity

The active TOD funds examined in this memo were all designed with one of these two objectives in mind: fill a gap in the current market, or harness a new opportunity impacting the market. Funds that fill a gap in the capital market, like the first iteration of the Denver TOD Fund, funnel capital to projects, geographies, or borrowers that would otherwise have trouble accessing financing in the conventional market. By offering this missing type of funding, these funds are filling a critical development capital need for the affordable housing sector. Funds that harness a new opportunity aim to piggyback on other significant public or private sector investments. New public investment in Puget Sound transit, for example, provided the impetus for the development of the REDI Fund in Seattle. Funds in operation for many years may revise goals as market conditions shift. When this happens, the fund must determine whether it makes sense to continue operating under its current structure. Note that not every fund highlighted below has transit-oriented development as an explicit and foundational goal. However, funds that fall in this category (e.g. Golden State Acquisition Fund) can still provide instructive lessons in, among other areas, structure and public sector involvement.

("unsubsidized" or "naturally occurring affordable housing") that we want to remain affordable as value and cost escalate in the market.

[6] Strategies to speed up approval processes are dependent on fund structure, but may include: accepting applications on a rolling basis, using existing CDFI credit approval processes, and/or delegating authority to multiple CDFI partners to approve loan requests.

FUND	FUND SIZE	PUBLIC SECTOR CONTRIBUTIONS	% PUBLIC SECTOR CONTRIBUTION
Bay Area TOAH	$50 million	$10 million	20%
Bay Area TOAH II	$64 million	$16 million	25%
Metro MATCH	$75 million	$9 million	12%
Golden State Acquisition Fund	$93 million	$23 million	25%
Denver TOD	$24 million	$5 million	21%
REDI Fund	$21 million	$5 million	24%
New Generation Fund	$68.5 million	$15 million	22%[7]
Bay Area Preservation Pilot	$50 million	$10 million	20%

When a fund is clear on its objective, either filling gaps or leveraging opportunities, this goal should connect throughout all elements of TOD fund design and operations, including its business plan, the design of its products, the capital raise goals and process, and its marketing and pipeline development.

Key Lesson: Plan for a Dynamic Market Context

There is an inherent challenge associated with identifying a TOD fund's strategic objective: any precise objective reflects a specific moment in time and the underlying conditions influencing that objective are almost certain to change over time. Indeed, the most mature TOD funds in the U.S. have evolved over time to reflect changing market conditions.

Anticipate Market Shifts Prior to Closing
As the REDI fund in Seattle approached closing in the summer of 2016, a very hot real estate market and a particularly divisive election season suggested to many that a correction might be looming. By negotiating a five-year origination period with investors, the fund could weather a downturn in land values and still have plenty of time to deploy capital (at better prices). Immediately after the election, the Low-Income Housing Tax Credit market seized up, thus halting any new site acquisitions. The fund waited out the uncertainty for most of the first year and has deployed roughly half of its capital in the second year.

Communicate Transparently and Regularly with Investors
The Denver TOD Fund has also changed since its original launch in 2010. This evolution was similarly sparked by changing market dynamics in Denver. While the TOD fund was created in the aftermath of the Great Recession, Denver has seen a net gain of more than 100,000 residents between 2010 and 2018.[8] Initially focused on the city of Denver, the next iteration of the fund expanded its footprint to the seven-county metro Denver region. This expansion shifted state funds into new roles and brought in new dollars to better leverage the public investment. Quarterly updates on projects, market conditions, and growing interest kept investors aware of the expansion opportunity and facilitated shifting the capital stack at the expansion closing.

[7] Public funds in the New Generation Fund are used as credit enhancement and are not blended into deployed capital. Credit enhancement is typically public or philanthropic funding that used to offset the risk of lending to less-creditworthy borrowers.
[8] U.S. Census Bureau: https://www.census.gov/quickfacts/denvercitycolorado.

Adjust When Necessary
The Bay Area Transit-Oriented Affordable Housing Program (TOAH) recently launched TOAH II, a restructured and recapitalized fund that has been designed for the intensely hot real estate market in the Bay Area. The original TOAH's objective was to fill a gap: conventional financing was not reaching affordable housing developments. In recent years, the fund had become ill-equipped to meet the needs of a dramatically changed Bay Area real estate market. The Bay Area is now one of the tightest real estate markets in the U.S., and the costs of land and development have risen dramatically since the original TOAH Fund was created. TOAH II was structured to provide nimble, fast-moving capital to mission-aligned developers so that they could compete with market-rate developers for TOD sites. Practically speaking, TOAH shifted from a structured fund model closer to a structured participation model. The entity created under the original TOAH model originated loans and lent directly to projects. With the new structure, CDFI partners originate and service loans and the TOAH II entity simply purchases a portion of those loans (known as a "participations").[9] This structural change was needed to speed up loan executions for borrowers.

Move Quickly
Some of the funds profiled here took six months to get from proposal to closing, where others took nearly three years to get underway. When there is a reliable assessment of what is missing in the market and a viable proposal to fill the gap, organizers should not wait for conditions to shift. The original Bay Area TOAH fund was one of the fastest projects from concept to closing. The fund in turn quickly deployed 40% of its capital before major market shifts made the fund a poor fit for the new environment.

Key Lesson: Simple Structures are Best

TOD funds in the U.S. have moved away from closed fund structures with many layers of capital toward more simplified structures with fewer investors. There are several reasons for adopting simpler structures, most notably:

- Shortens the timeline for getting fund closed
- Reduces fund creation and operating costs
- Lowers transaction costs
- Speeds up loan executions and decision-making
- Provides more flexibility to adapt to changing market conditions

Enterprise has identified three areas in which fund structures have simplified:

On Balance Sheet vs. Off Balance Sheet
First, a fund that lives "on the balance sheet," of another organization rather than being separately incorporated as an independent Limited-Liability Corporation (LLC) or Special Purpose Entities (SPEs), is typically faster and easier to stand up and enjoys the benefit of already established processes and reporting systems of the parent entity.[10] Obviously, for this strategy to be successful, there must be a willing partner organization with the financial wherewithal and capacity to support such a fund. The Denver TOD Fund is structured with this type of model. Denver TOD does not exist under a separate legal entity. Instead, a Master Credit Agreement (MCA) is the formal legal agreement governing fund operations. Enterprise Community Loan Fund serves as the Administrative Agent of the Fund, a role defined in the MCA. As Administrative Agent, Enterprise is responsible for loan origination, underwriting, approval, closing, and servicing. Loans live on the balance sheet of Enterprise Community Loan Fund, and Denver TOD's other participating lenders provide resources to Denver TOD through

---

[9] In a loan participation, a lender will originate and underwrite a loan, then sell a portion of the loan to another lender thereby sharing the risks and profits of the loan. For example, Enterprise Community Loan Fund might purchase a $1M loan participation in a $5M loan that the Low Income Investment Fund originates.
[10] Special Purpose Entities, also called Special Purpose Vehicles, are types of legal entities commonly used in the United States for the purposes of protecting a parent entity from absorbing any risk associated with a discrete venture or project.

Enterprise. Loans are made between the borrowing entity and Enterprise Community Loan Fund, acting in its capacity as the Administrative Agent for the lenders to the fund.

Administrator Credit Approvals vs. Fund Credit Committee
In Enterprise's experience, TOD funds often involve partners (both lenders and borrowers) with long track-records of collaboration on TOD and other projects. Further, organizations well suited to administer and manage a fund of this type have underwriting standards and credit approval practices informed by this experience. Establishing shared and transparent standards for the use of existing credit approvals at the outset can be an effective way of shortening loan executions and streamlining fund operations. Relying on existing standards does not preclude a fund modifying specific criteria or thresholds for lending dollars from the fund, but instead suggests specifying those at the outset rather than retaining subjective credit approval in the hands of a newly created committee.

Individual Agreements with Administrator vs. Master Credit Agreement.
Finally, it can be well worth the effort to identify streamlined approaches to negotiating multi-party loan agreements. One way to simplify is to opt for individual two-party contracts instead of master credit agreements with multiple parties. This is not possible if investor interests are too divergent, but the time and cost savings make this option worth exploring. The Bay Area Preservation Pilot is operated via grant agreements between the Metropolitan Transportation Commission (MTC) and Enterprise Community Loan Fund and the Low-Income Investment Fund, respectively. In this model, LIIF and ECLF provide senior debt using their existing lending capacity while the MTC investment serves as subordinate debt. Another avenue for simplifying the negotiating process is to be judicious about the number of stress-test scenarios contemplated within these documents. While necessary and useful, stakeholders should be aware that there is a point of diminishing returns for this aspect of the process.

Key Lesson: Common Challenges

Despite the local idiosyncrasies inherent to TOD funds, Enterprise has observed several reoccurring challenges in our nearly ten years of experience developing, managing, and investing in TOD funds. Stakeholders embarking on a TOD fund effort should approach the process "eyes wide open" and be keen to avoid the following impediments:

Closing Timelines and Costs
Stakeholders almost always underestimate the time, resources and dedicated staff capacity required to structure and close a fund. Having a person or people for whom this project is their highest priority helps mitigate this challenge.

Growing Pipeline can Increase Competition for Other Resources
One unintended consequence of a TOD fund is that it can put pressure other financing tools in the local housing finance ecosystem and create a bottleneck. For a TOD-fund focused on acquisition/rehab, for example, stakeholders should examine whether there may be sufficient permanent financing sources to absorb an expanded pipeline of deals. If a fund risks oversubscribing subsidy resources, the partners creating a fund may want to anticipate how to advocate for new subsidy funds to meet a growing pipeline.

Deployment Headwinds for New Products in a Market
Stakeholders working on TOD fund development should be wary of an "if you build it they will come" mindset. Thorough market research and attention to pipeline development can help mitigate this risk but be aware that developers are not always eager to start working with a new product and be the "guinea pigs" for a new lending process. It's also important to carefully consider who benefits and who is burdened in using a new tool, and consider partial recourse lending or other ways to share the financial risk of a new approach.

Conclusion

The evolution of TOD funds over the past eight years in the United States has provided rich lessons for those interested in improving equitable transit-oriented development in their own community. Among those rich lessons, which this memo has attempted to distil, one stands out as most critical: TOD funds must be shaped by clear, collective goals. As Enterprise can attest to first-hand, the process of designing, structuring, and closing a fund of this nature is long and laborious even under the best circumstances. All parties, who come to the table with different priorities and (likely) from different sectors, must have a clear North Star to make the final result fruitful. Luckily, there is a variety of fund structures, each with different strengths and weaknesses, from which to draw precedent. The overarching trend in TOD fund structures, particularly for funds active in tight real estate markets, is toward simplicity and flexibility.

TOD funds, in and of themselves, will never be the single solution to a market gap or opportunity. The scale of need for equitable transit-oriented development is too large, and the prevailing market forces are too strong to make this feasible. That said, TOD funds help incrementally increase or preserve affordable rental housing and can be a powerful ingredient when blended with policy interventions and other tools.

Funds can also help bring new, or funnel disparate existing resources that might otherwise not be deployed in support of transit-oriented affordable housing. Perhaps the greatest value of standing up a TOD fund, is largely in the ability to prove a concept and influence policy. With a regional scope, TOD funds direct attention and priority to affordable housing opportunities in transit-oriented locations across a region, whether near bus, rail, or ferry stations. As such, having strong public sector engagement is absolutely critical for the long-term success of any TOD fund effort.

Enterprise would like to thank the stakeholders involved in the Metro Vancouver Transit-Oriented Affordable Housing Study for the opportunity to contribute to this important body of work, and to continue our organization's strong support for equitable transit-oriented development.