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Transit Agencies Seeing Increased Interest in Transit-Oriented and Joint Development

By Federico Cura
Reporter

Transit-oriented development and transit-adjacent development—terms referring to a form of urban planning that connects development with locations near public transportation properties—is growing in popularity as transit systems take an increasingly active role in the process along with developers and local governments.

Over the past two years, public transit agencies have been stepping up efforts to capitalize on underused agency properties that can be used for TOD in an effort to boost ridership, revenues, or for other benefits. In an era of tightening budgets, the agencies are looking for greater non-farebox revenues, which may include TOD.

TOD often incorporates some sort of mixed-use development, which may include high-density residential space and shops; commercial buildings; entertainment facilities; offices; and public open spaces. The proximity to a transit station connects the development to other places, and reduces the dependency on automobiles.

Transit villages typically create pedestrian-friendly environments that appear open and welcoming to the surrounding community: neighbors may walk to a nearby station, pick up a cup of coffee and a newspaper on the way to work, and shop on their way home.

These developments are designed to bring potential transit riders closer to transit facilities, leading to increased ridership through a location at, or within one-quarter mile to one-half mile from, a transit stop, said G.B. Arrington, senior professional associate for transit-oriented development with Parsons Brinckerhoff Quade & Douglas in Portland, Ore., and chair of APTA's Land Use and Development Subcommittee.

Arrington noted that different transportation consultants define TOD in slightly different ways, such as mandating that the transit stop be part of a fixed guideway system such as rail transit or busway-dependent Bus Rapid Transit. He said the TOD process has broad

potential in both large and small communities that are served by either bus or rail transit, adding that a successful TOD will reinforce both the community and the transit system.

Another term, joint development, refers to TOD projects located on transit agency property, sometimes replacing surface park-and-ride lots. It implies a partnership between a transit agency and a private-sector entity such as a developer.

Increased Ridership and Other Benefits

U.S. Rep. Earl Blumenauer (D-Ore.), a long-time supporter of "smart growth" planning, pointed to the numerous U.S. transit agencies taking a more active role in supporting TOD. "The resulting increased ridership and revenue has benefited these transit agencies, engaged developers and others in the private sector, and—perhaps most importantly—significantly improved the quality of life of the surrounding communities," noted Blumenauer, who also is the founder and board president of the annual Rail-Volution conference that promotes building livable communities near transit.

While some transit agencies have turned joint development into a significant source of non-farebox revenue, others have found it helps them gain riders, as well as other benefits such as the possibility to expand their systems and reach more potential riders or markets.

Arrington cited a 2002 Parsons Brinckerhoff report for the state of California showing that TOD can yield 20 to 40 percent higher ridership at an individual transit station through both commuter and non-work trips, not to mention increasing overall regional ridership by up to 5 percent.

Some local governments have seen the economic development triggered by TOD, and also want to attract these typically urban-styled, high-density, mixed-use developments. Over the past two decades, according to Arrington, a growing number of communities have married light rail with TOD as part of an integrated strategy to revitalize urban areas.

For example, a University of North Texas study released in January shows a direct link



The Promenade at Rio Vista development in San Diego is a mixed-use project at San Diego Trolley's Rio Vista Station.

between enhanced property values and location near Dallas Area Rapid Transit light rail stations. The study calculated that office properties located near suburban DART rail stations increased in value 53 percent above comparable properties not served by light rail, and values of residential properties near the stations rose 39 percent compared with a group of control properties not served by rail.

In a study of Santa Clara County property values in 1998 and 1999, a University of California at Berkeley researcher found rents for commercial properties within walking distance of Santa Clara Valley Transportation Authority light rail stations were 23 percent higher than at non-transit-oriented commercial buildings.

Arrington quoted the Urban Land Institute/PricewaterhouseCoopers publication *Emerging Trends in Real Estate*, which emphasized TOD market fundamentals in its 2002 market review, in his recent paper titled *Light Rail and the American City: The State-of-the-Practice for TOD*: "Markets served with mass-transportation alternatives and attractive close-in neighborhoods should be positioned to sustain better long-term prospects as people strive to make their lives more convenient." In a telephone interview, Arrington

outlined several market conditions intensifying over the past few years—such as demographics—that he sees as making TOD, transit, and urban lifestyles more attractive to home renters, home buyers, and developers.

Removing the Obstacles

However, smart growth advocates and transit officials maintain that TOD faces a number of obstacles and developer disincentives in addition to occasional community opposition. While demographers estimate that as much as 30 percent of the demand for housing is for denser, walkable, mixed-use communities, less than 2 percent of new housing starts are in this category, said Hank Dittmar, president of a livable communities advocacy organization called Reconnecting America.

Reconnecting America recently created the Center for Transit Oriented Development to tackle the many policy, zoning, and planning obstacles facing developers and transit agencies who want to create a TOD or joint development project. Moreover, Dittmar noted, building high-density development requires a developer with unique expertise, which tends to be rare.

TOD may provide the answer to the chal-

PHOTO BY ROBERT HANSEN PHOTOGRAPHY
COURTESY OF MCLARAND VASQUEZ EMSIEK & PARTNERS



A major joint development project is taking shape in Washington's Chinatown area at WMATA's Gallery Place/Chinatown Metrorail Station. The Metrorail pylon indicating the entrance to the subway station is located to the right of the Chinatown Arch. The joint development project is also adjacent to the MCI Center sports/entertainment arena, shown in background at right.

lenge of meeting demand for more compact and convenient housing and lifestyle, according to Dittmar. "Virtually every major metropolitan area is planning, designing, or constructing a new transit project at this time," he said, adding that new transit stations offer the "opportunity to create new anchors for growth and development that is oriented to transit service."

Other benefits of TOD listed by transit officials include enhanced livability of surrounding communities; improved air quality that contributes to residents' health and overall quality of life; and a way to begin curbing suburban sprawl and vehicle miles traveled, and ultimately meeting stricter ozone standards.

Federal policies also are contributing to TOD's popularity, according to Arrington and other transit experts. The Federal Transit Administration increasingly encourages New Starts project applicants to pursue joint development and TOD projects; with the competition for federal funding for high-capacity transit projects, particularly for light rail, at an all-time high, Arrington said, "land use can make a difference in which projects are recommended for federal funding."

Changing the Rules

Tina Votaw, vice president of economic development at Metro in St. Louis, said the real estate-financing system was tailored toward the construction of traditional housing in low-density or isolated communities that tend to be disconnected from public transportation. Moreover, she said, local zoning codes require a developer pursuing a TOD to provide as many parking spaces as a developer pursuing a greenfield-type development: "It makes it exceedingly difficult for a TOD project to compete against projects in other areas where land values are lower."

Votaw and other transit professionals also pointed to a 1997 change in FTA policy that allows the use of federally as-

sisted assets for joint development if certain conditions are met as advantageous for TOD. The St. Louis transit system wants to take advantage of this favorable federal policy change, she said, and will probably discuss the possibility of allowing Metro to purchase land around stations to generate either an eventual one-time financial benefits or a constant revenue stream to supplement the agency's budget. She explained that Metro was limited in its joint development opportunities because the system purchased only enough land to build the light rail stations themselves.

Even with these limitations, the St. Louis region has seen substantial TOD, redevelopment, and real estate investments near its MetroLink light rail stations since the system opened in 1993, generating approximately \$1 billion within Metro's service area.

Portland's Tri-County Metropolitan Transportation District of Oregon reported more than \$3 billion in real estate and overall economic development taking place within walking distance of its MAX light rail stations since the agency began planning its 38-mile system in late 1970s, according to spokesperson Mary Fetsch.

Help from Local Government

The Charlotte Area Transit System in Charlotte, N.C., will be able to foster increased TOD near its future light rail and commuter rail stations and other facilities thanks to a crucial local government endorsement.

In May, the Charlotte City Council, Mecklenburg Board of County Commissioners, and the Metropolitan Transit Commission adopted the CATS Transit Station Area Joint Development Policy Guidelines. These guidelines and a set of similarly named CATS principles provide a framework for local governments to encourage TOD at transit stations, and will ensure consistency with the region's long-term urban and transportation plans.

The primary goal of Charlotte's land

ULI Releases 'Ten Principles' for Transit-Oriented Development

The Urban Land Institute recently published a booklet titled *Ten Principles for Successful Development Around Transit*, using research done in cooperation with members of APTA's Land Use and Development Subcommittee.

The report by Robert Dunphy, Deborah Myerson, and Michael Pawlukiewicz compares the pairing of housing and retail with stations for light rail, other forms of rail transit, and Bus Rapid Transit that has been seen since the late 1990s with the streetcar-stop communities that were typical of urban areas in the 1920s. "By the close of the twentieth century, however, the automobile had become the dominant means of travel in urban centers, cities with extensive transit networks were in decline, and proximity to

transit was most often an afterthought in development," the report states.

The report lists the 10 principles as follows:

- Make It Better with a Vision;
- Apply the Power of Partnerships;
- Think Development When Thinking About Transit;
- Get the Parking Right;
- Build a Place, Not a Project;
- Make Retail Development Market Driven, Not Transit Driven;
- Mix Uses, But Not Necessarily in the Same Place;
- Make Buses a Great Idea;
- Encourage Every Price Point to Live Around Transit; and
- Engage Corporate Attention.

Copies of the report are available at the ULI web site, <www.uli.org>.

use plan is to transform unfocused development patterns in corridors and wedges into compact, mixed-use, pedestrian-friendly development along corridors and in station areas.

CATS Chief Executive Officer Ron Tober noted that developers and businesses along the South Corridor Light Rail line already have invested nearly \$400 million in anticipation of the line's opening in 2006.

The long-term success of public transit in the Charlotte region is closely linked to creating dynamic, mixed-use development at stations, Tober said, adding. "This will require a new level of cooperation and coordination in both government and private sectors." Incentives, partnerships, and promoting demonstration projects are just some of the ideas CATS is proposing to make this happen.

Building Local Efforts

In Houston, the Metropolitan Transit Authority of Harris County hopes to generate up to \$1 billion in economic development along the path of its METRORail light rail system, which enters service Jan. 1, 2004.

Using DART's light rail system as a model, Houston Metro began seeking TOD opportunities and hired Steve Bonczek as a joint development specialist. In a city where strip centers, big-box stores, and vast parking lots still predominate, Bonczek said he has noticed increasing interest in TOD and joint de-

velopment from Houston's developers, banks, retailers, and others. He said he also is looking to attach development to bus facilities such as major stops and park-and-ride lots.

In Denver, the Regional Transportation District is approaching developers, local governments, and owners of land near the future sites of 13 stations of a light rail line currently under construction, said TOD Specialist Chris Coble. RTD representatives already have received TOD proposals for five of the stations, and are working with developers to better accommodate the projects by adapting the line's alignment, and station and parking design and location, among other things.

The new 19-mile RTD light rail line and an associated highway expansion project are part of the Transportation Expansion Project, also known as T-REX.

The city of Greenwood Village, site of a station on the T-REX line, has expressed an interest in high-density development around the station, Coble said. The city—located in an area south of Denver characterized by shopping plazas, industrial uses, and highways—paid \$7 million to the T-REX construction authority, jointly run by future owners RTD and Colorado DOT, to locate a planned park-and-ride lot above an adjacent highway maintenance facility to preserve more land so the city can create a village center around the station that will include cultural and retail

attractions.

In keeping with a growth plan or “vision” released by the city of Toronto last year, developers worked with the Toronto Transit Commission to build a large condominium complex near the site of a future TTC station, according to TTC spokesperson Marilyn Bolton. Construction of both the station and the condos was completed at the same time.

In Boston, the Massachusetts Bay Transportation Authority recently agreed to a land exchange, part of the largest TOD project on MBTA property in its history. The project known as the North Point will help the agency relocate its Green Line, locate a new intermodal station along the new alignment, and eventually seek a viable extension of the line, said MBTA General Manager Michael H. Mulhern.

The relocation of the line, Mulhern explained, not only will include a new station serving Cambridge and new tracks, but also is expected to increase the line’s ridership by attracting residents to live, shop, and work in a

high-density, mixed-use project that the developer plans to build and fully integrate with the new station. Moreover, MBTA has several projects underway to sell “air rights” over MBTA right-of-way for rail and BRT, which also will help the agency increase its non-fare-box revenues.

Joint development and TOD projects

account for 10 percent of current subway ridership in the nation’s capital, said Denton Kent, director of the Office of Property Development and Management at the Washington Metropolitan Area Transit Authority. WMATA expects to earn \$12 million from joint development projects in Fiscal Year 2004, an amount



Orengo Station, along TriMet’s Westside MAX Blue Line, is a 200-acre transit-oriented development featuring retail, commercial, and housing. The buildings shown here in Hillsboro feature mixed-use retail and housing. The Orengo Station Community was voted the Best Planned Community by the National Association of Home Builders in 1999.

estimated to grow to \$15 million by FY 2006. Because of projections for major population growth projections in the region, WMATA decided some years ago to make TOD one of its top four policy priorities for capital projects.

Kent noted a connection between the type of living provided through many TOD projects and the recent introduction of Fannie Mae’s Smart Commute Program in Washington, which allows a mortgage applicant to qualify for a larger mortgage amount to purchase a property near a transit station or major stop. WMATA has pledged to give free transit passes for those acquiring these mortgages.

Alberto Parjus, chief of management services for the Dade County Office of Public Transportation Management in Miami-Dade County, said he expects the introduction of the Smart Commute program in September may trigger more interest in TOD from developers.

Parjus also oversees the county’s Joint Development Program, which he said has a long history of success in fostering TOD around Miami-Dade Transit’s rail stations, and is currently gathering public input to have TOD directed around BRT stations in its South Dade Busway’s extension to Florida City. The city of Homestead, Fla., also is planning its own urban transit village around a future busway station serving its community.