WHAT IS TRANSIT ORIETED DEVELOPMENT?

Transit Oriented Development (TOD) is compact, mixed use development served by a public transportation infrastructure. Its pedestrian-oriented design encourages residents and workers to drive their cars less and ride transit more. Some TOD projects are a significant source of non-farebox revenue for the participating transit agency.[1]

TOD is not a new concept. In the early years of the 20th century, transit dominated travel in cities worldwide. Development was clustered near transit by necessity. Transit and land use were so closely connected that private transit operators often developed real estate and used the profits to subsidize transit operations.

The basic principles for developing around transit fell into disuse as accessibility for automobiles became the focus of development. Although Oahu suffered from the same infatuation with auto-oriented development, it did not neglect its transit system. As a result, some excellent proto-typical examples of TOD are found on Oahu -- Waikiki, Ala Moana Center, downtown Honolulu where transit access is very high. These Honolulu examples epitomize much of what others are trying to achieve when TOD is envisioned.

A number of major mainland cities with extensive transit networks -- including Atlanta, Boston, Chicago, and Seattle -- have been enjoying increases in overall population and even greater gains in downtown areas, where transit is most accessible. It is now possible in many cities to get by without a car on most days.[2]

Elsewhere, older and newer suburbs -- Richardson, outside Dallas; and Englewood, outside Denver -- have refocused their attention on developing, or redeveloping, around new transit stations. What does it take to make such developments work? It may not be as much new legislation as some careful modifications to existing traffic impact oriented and parking supply driven ordinances. An audit of current ordinances is needed to flag those that may inhibit the achievement of fundamental principles enabling TODs to be offered by developers.

The principles of TOD serve as reminders for communities, designers, and developers who may have forgotten them. These principles can serve as a

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[1] American Public Transportation Association, Transit Oriented Development web site; August 2006.
[2] Ten Principles for Successful Development Around Transit Stations; Robert Dunphy, Deborah Myerson, Michael Pawlukiewicz; The Urban Land Institute.

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checklist for the development of pedestrian-scale communities suitable for public transportation.

DEVELOPMENT POTENTIAL AND TRANSIT MODES

Transit options can take a variety of forms -- local buses, light rail, automated guideway, heavy rail, commuter rail, people movers, and bus rapid transit. Some cities have many different modes, providing high levels of mobility for users. San Francisco, for example, is among seven American cities that have maintained their original streetcars; in addition, San Francisco offers the beloved cable cars, an extensive bus system, the Bay Area Rapid Transit (BART) heavy-rail system, old and new light-rail lines, two commuter-rail lines (Caltrain and Altamont Commuter Express), and ferries. Such rich transit capacity can support extensive nearby development, particularly at the points in San Francisco and Oakland where many of these transit modes converge.

In most regions on the mainland, such as the fast-growing communities in the South and West, the transit system is limited to buses and possibly light rail. TOD opportunities must be scaled to the transit capacity and the local transit market. The type of development envisioned must be suitable for the primary transit mode serving the possible TOD. Honolulu boasts one of the preeminent bus systems in the world; therefore, it is assumed that only a comparable preeminent primary transit mode will evolve from the High-Capacity Corridor Transit Project.

The first rule, however, is that the local real estate market determines what kind of development would be appropriate near transit: the type of transit mode generally responds to development density. If real estate development is to support transit, the single most important requirement is that it be *near* transit.

Ideally, the development will be fully integrated with the primary transit mode. Attractive development around transit can add to the positive aspects of the transit experience. Development around transit promotes compact development, multiple rather than single uses, a pedestrian orientation, and attention to civic uses. Successful development around transit demands a new form of community building that not only supports and encourages transit use but also transforms the surrounding area into a place that is so special and irresistible that people will invest there, live there, and visit again and again.

CRAFTING PARTNERSHIPS

Creating a development project partnership around a planned transit line is one of the best ways to increase ridership. To be effective these partnerships must be carefully crafted to benefit each of the partners -- just as partnerships in the

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private sector would. A successful partnership relies on the strengths of each partner. The public sector has the power to resolve land-assembly problems, ensure that the site is development-ready, ease the entitlement process, and contribute land, infrastructure costs, or both. Private developers bring the real estate savvy, the contacts with end users, and the understanding of financial resources. Smoothing the entitlement process keeps the developer confident, on track, and on schedule and helps makes it possible for the private sector to assume the risks and to produce an outcome that reflects both the community vision and the market reality.

Public/private and public/public partnerships provide opportunities to set mutual expectations and to share risks, costs, and rewards; they provide a framework for conflict resolution. To help ensure a successful outcome, partners work together, obtaining financial leverage through tools such as tax increment financing.

Because the developer's return on investment is the first indication of success in developing or redeveloping communities around transit, it is critical for the partnership to focus on meeting investment goals. Other indicators of success are the profitability of the businesses that locate in the development, increases in transit ridership, increases in tax revenues, and the satisfaction of the community and other stakeholders.

Some commercial developments near transit have enjoyed rent premiums over nearby properties. In a study of Santa Clara County property values in 1998 and 1999, Robert Cervero, of the University of California at Berkeley, found that multifamily residential projects within one quarter-mile (0.4 kilometers) of rail stops commanded a premium of around $9 per square foot ($96 per square meter), meaning that prices were 45 percent higher than those for comparable properties farther from the transit stops. For commercial properties during this period (when the technology industry was booming), being within walking distance of a rail station yielded an additional $4 per square foot ($43 per square meter), a 23 percent premium. Being near a Caltrain commuter stop more than doubled land values. Perhaps the most consistent finding from California is that for-sale residential properties near suburban commuter-rail stops enjoy premiums; in the case of San Diego, for example, such properties enjoy a 17 percent advantage. A growing body of literature shows the financial benefits of being near transit. The challenge is to create partnerships that allow those benefits to translate into profitability for the developer and added revenue for the transit system in the most equitable manner possible.

TRANSIT AND DEVELOPMENT INVOLVE SIMULTANEOUS PLANNING

Real estate opportunities should always take priority over low-cost transit solutions. For example, running transit along the median of a freeway or major highway may save from having to pay for a new right-of-way, but it will decrease

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accessibility for riders and eliminate opportunities to promote higher densities and economic growth around the stations.

Opportunities for creating higher densities and mixing product types to market to a broader spectrum of incomes should be sought out during transit project development. Higher densities strengthen the demand for transit; thus, new transit projects offer opportunities to be aggressive about density. Good design and a high level of amenities are vital, and can make a high-density urban setting seem much less dense.

Most new development near transit will be built on private property by private developers. To help these projects succeed, the public must be attuned to the needs of the private sector -- which may be a difficult adjustment in communities that have historically had adversarial relations with developers. Being sensitive to the needs of the private sector does not mean compromising public goals, however; it simply means recognizing that those goals need to work for the developer as well.

Amenities desired by the public, identified during the entitlement review, should be agreed upon upfront, when there is still time to incorporate them into the project costs. Two things are critical to the developer's schedule: certainty and timeliness. To ensure both, the agencies responsible for project review should agree with the developer on a timeline for project entitlement and buildout. Delays in the approval process or the addition of requirements prior to, or as a condition of, approval add cost to the project and damage the bottom line. Facilitating the process with quick turnaround and on-time approvals helps hold down the cost of borrowing money. For projects that are important to the public, the developer should be able to count on attentive public support.

Major public investments like transit can increase property values and create opportunities for community building. Because of the enormous potential to increase real estate value, generate jobs, and increase tax revenues, planning for areas around transit should be linked with economic development. Transit projects with thoughtfully planned routes but flexible station locations can set the stage for significant private development: the careful coordination of transit and development is critical, so that each can optimally enhance the other.

During the early stages of planning transit stations, a market-wise approach designed to maximize ridership and alternative revenue sources is to have a collaborate approach with possible developers. A fiscal analysis is needed estimating building costs and investment returns for the private development of nearby properties. This approach will ensure that developers are active participants in the process and that the outcome will be realistic. Even though the planning horizon for transit may be 20 years or more, and the planning horizon for a development project may be only two or three years, design and

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buildout for the development project should anticipate the eventual transit facility so that when both are in place they work together.

PARKING ORDINANCES

The amount of parking around transit stations and required from development by ordinance must be carefully assessed. Too much parking required to fulfill current ordinances might make the area less pedestrian friendly and waste space that could be used for the types of development that increase ridership. Too little parking -- or the perception that there is too little parking -- can undermine the economic viability of projects built to take advantage of transit, making leasing or sales difficult. Insufficient parking at the station itself can force transit patrons to park in the surrounding neighborhoods, creating problems for nearby residents and businesses.

Parking is a big factor in determining the layout of the station area. How a transit station is connected with, or separated from, the surrounding community will largely determine the station's footprint and parking requirements. For example, to extend transit's reach into a wider, more auto-dependent travel region, terminal stations often serve as the primary location for parking lots. At closer-in stations, a greater share of transit riders frequently arrive on foot, or by bus or bicycle.

On newer transit systems, stations adjacent to major roads often include extensive parking. The transit agency must find the balance between providing parking and allocating sufficient land for the types of adjacent development that will generate walk-on users. Flexible parking standards provide some latitude in providing the optimal number of parking spaces. Of the many other tools that can be used to reduce the impact of parking, the four principal ones are "move it, share it, deck it, and wrap it."

- Move it: Contrary to common practice, in which parking is located immediately adjacent to the station, broader community goals are best served when parking is moved away from the platform. The land nearest the station is the best land for development, so using it for parking means a lost opportunity. Placing parking a five to seven-minute walk from the station opens prime real estate for development.

- Share it: Sharing the parking among patrons who make use of it at different times of the day or week is an excellent way to minimize the space devoted to parking. The San Diego transit system, for example, shares one of its commuter lots with a multiplex theater. Transit riders use the parking on weekdays, and movie patrons use it on evenings and weekends. Parking fees offer an opportunity for additional revenue.

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- Deck it: Structured parking is expensive. A garage planned next to the Amtrak station in Philadelphia is projected to cost $33,000 a space. Charging for parking tends to be controversial for transit because it is perceived as a deterrent to riders, but it is essential to finance needed facilities.

- Wrap it: In place of the typical suburban sea of surface parking, creative designers can wrap a parking structure with retail shops, eateries, residences, and services, such as dry cleaners. This mixed-use approach makes the parking structure more attractive as an urban place, allows people who park there to take care of errands, makes the walk to and from the parking lot more interesting, and creates a built-in clientele for the businesses.

PLACES AND ORDINANCES

The creation of a genuinely transit centered community requires attention to scale and design. It is essential to engage all the principals to employ highly skilled and experienced designers and to use design principles that support the creation of a genuine sense of place. Among these principles are the following:

- Locate the transit stop at the center of the neighborhood rather than on its periphery. The new station will connect an entire regional transit system to the surrounding community, and its location should reflect the centrality of its role.

- Design and position the station to foster the creation of an activity center that surrounds the station on all sides.

- Ensure that the design of the station is of high quality and reflects the character of the surrounding community.

- Include engaging public spaces, attractive street furniture, and public art. Public space is important in the creation of place; among other things, it allows for events such as concerts, markets, exhibits, and celebrations -- events that bring people and vitality to the area and stimulate economic activity.

- Promote pedestrian connections by creating compact blocks, pleasant walkways, and comfortable, well-marked, and continuous streetfront experiences. The appeal of the pedestrian environment strengthens the sense of place and supports retail spending.

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- Create attractive landmarks and gateways to the development.

- To ensure round-the-clock activity, incorporate a variety of residential uses.

Because development around transit benefits from higher density, it is important to avoid suburban-oriented traffic standards and land use ordinances. Typical suburban standards for parking and road access are excessive for development around transit and can undermine the site's pedestrian orientation and sense of place. The City and County of Honolulu could develop more appropriate ordinances to preserve pedestrian amenities and enhance place-making opportunities.

A supportive planning approach can be of tremendous help in guiding the implementation of a TOD by establishing appropriate standards and criteria based on revised ordinances. Impact fees for development around transit should reflect the goals and benefits of compact, transit-oriented development. One possibility is a sliding scale that allows offsets for development within walking distance of a train station or that provides special allowances for mixed-use development. Recognizing that smart growth requires smart pricing, a number of cities, including San Jose and Orlando, have introduced such modifications to their program of impact fees.

A good mix of uses generates a vibrant assortment of people going about their business at many hours of the day. This activity is pedestrian oriented when the linkages have connected the uses in a human scale, not a vehicle dominated scale. Reducing parking, vehicle access and roadway requirements while encouraging wide, pleasantly landscaped pedestrian pathways through carefully crafted ordinances can greatly enhance the establishment of a TOD.

The creation of an attractive community does not require that uses be mixed on the same site, or even at each station. Integrated mixed-use projects are difficult to finance and complex to build. A transit corridor that offers an advantageous mix of uses can be used to integrate a number of separate activity nodes, particularly when the various uses are close together, easily accessible, and support each other.

It is possible, for example, to live at one station, work at another, and shop at a third, with transit making possible the connections among all three. The accessibility of the uses along the corridor will render it attractive, and the diverse kinds of trips generated by the activity nodes may help to prevent the typical peak-demand patterns that are common to transit.

Development around transit responds to changing, growing, and often pent-up market demand. Because many consumers are seeking diverse urban

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environments and transportation choices in addition to driving, each juncture in the corridor can offer attractive real estate opportunities.

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