RECONNECTING AMERICA
CENTER FOR TRANSIT-ORIENTED DEVELOPMENT

Why Transit? Why TOD? Why Now?

PPP Symposium, June 2008

Shelley Poticha, Reconnecting America

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Center for Transit-Oriented Development

- *Creating a national marketplace for TOD, working with cities, transit agencies, developers, investors and communities*

- *Best practices, technical assistance, research, policy reform*

- *Sponsors include: FTA, HUD, EPA, Ford, McKnight, Surdna, Brookings, Enterprise Community Partners, LISC, Corporate Sponsors, APTA*

PLANO, TX

A partnership of Reconnecting America, the Center for Neighborhood Technology, and Strategic Economics

www.reconnectingamerica.org

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WHAT IS TOD AND WHY SHOULD YOU CARE?

TOD IS NOT JUST DEVELOPMENT NEAR TRANSIT. IT'S DEVELOPMENT THAT :

- *Increases location efficiency so people can walk, bike, take transit*
- *Boosts transit ridership, minimizes traffic*
- *Expands Mobility, Shopping and Housing Choices*
- *Provides Regional Connectivity*
- *Stimulates Place-Making + Community Revitalization*
- *Financial Return and Value Recapture*

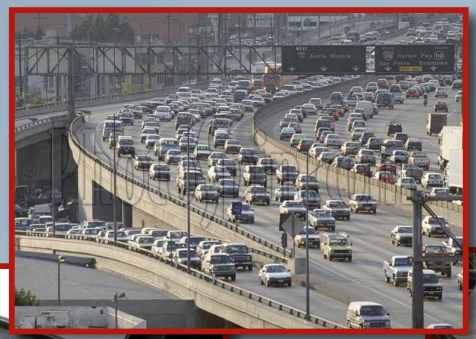
*People within **a half-mile radius** are **5 times as likely to walk** to transit than others. Those who live further away are less likely to bother with the train or bus.*

JAMISON SQUARE, PORTLAND

WHAT'S GOING ON? WHY TOD?

. . . WHICH IS BETTER?

THIS?



LOS ANGELES

OR THIS?

AMSTERDAM

SAN FRANCISCO

- *Traffic isn't going away -- EVER!*
- *Gas isn't getting cheaper*
- *Growing concern about climate change and GHG emissions*
- *Demographics are changing*
- *Real estate market is changing*
- *Transit is increasingly seen as a key place-making amenity*

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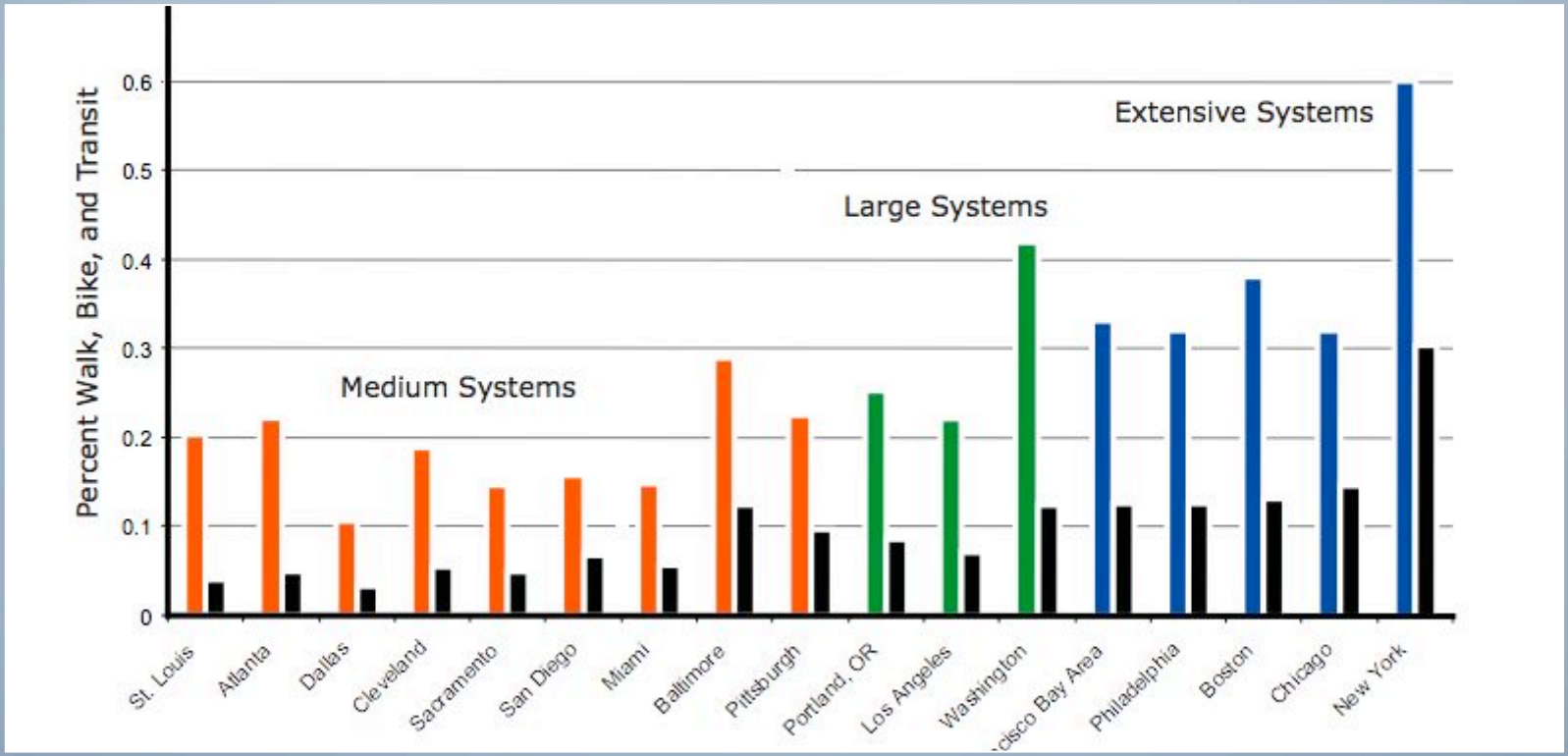
TOD: A Strategy for Sustainability

- *Residents of TOD walk, bike and take transit 3 times as much as those who live away from transit, taking cars off the road.*
- *Growth in VMT will out-pace "techno-fixes."*



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Echo Boomers

Non-white Households

Baby Boomers

Changing Demographics are Forcing A New Housing Market

- *Singles will soon be the new majority*
- *Old people will outnumber young people by mid-century*
- *By 2010 Echo Boomers will total 34% of the population*
- *Almost half the U.S. population will be non-white by 2050*
- *Demographic groups growing most quickly -- older, non-family, non-white households -- have used transit more*

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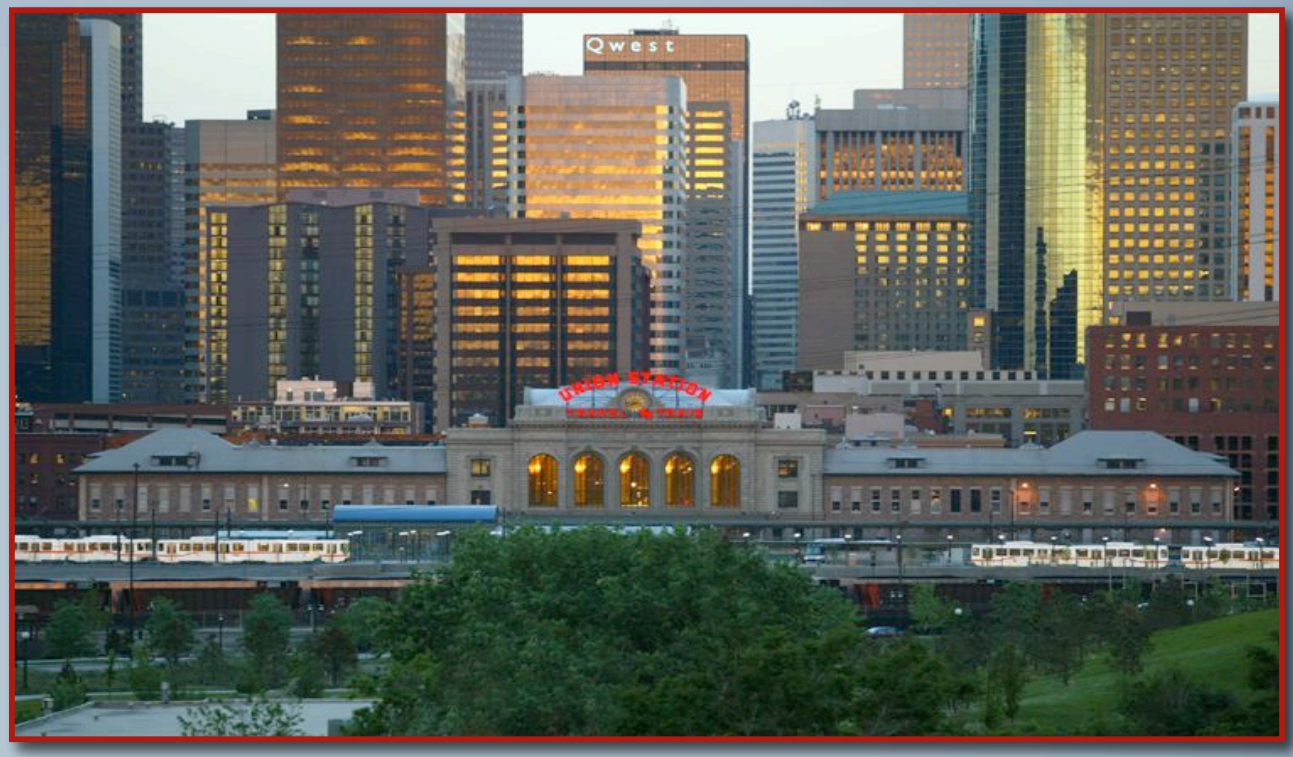
AMERICANS WANT MORE HOUSING CHOICES:

Lifestyles are changing and convenience and affordability are key

- *Wall Street Journal*: 2005 median sales price for condos tops price of single-family homes for first time, 9th consecutive year of record condo sales
- Cover of *Dwell* magazine: “Small Is The New Big”
- *Professional Builder*: 37 % of households want small lots and clustered development
- *Business Week*: biggest homebuilders open infill divisions
- AARP: 71% of older households want to be within walking distance of transit

AMERICANS ALSO WANT MORE TRANSPORTATION CHOICES

TRANSIT IS IN A BUILDING BOOM, CREATING MORE OPPORTUNITIES FOR TOD



DENVER'S UNION STATION

- 3,500 existing stations in 33 regions with "fixed-guideway" transit;
- 700 additional stations being built and 15 regions with new systems;
- Many regions are deciding that rather than wait for federal funding they will tax themselves to build transit
- The private sector is contributing to streetcar systems, new light and heavy rail stations and new rail lines.

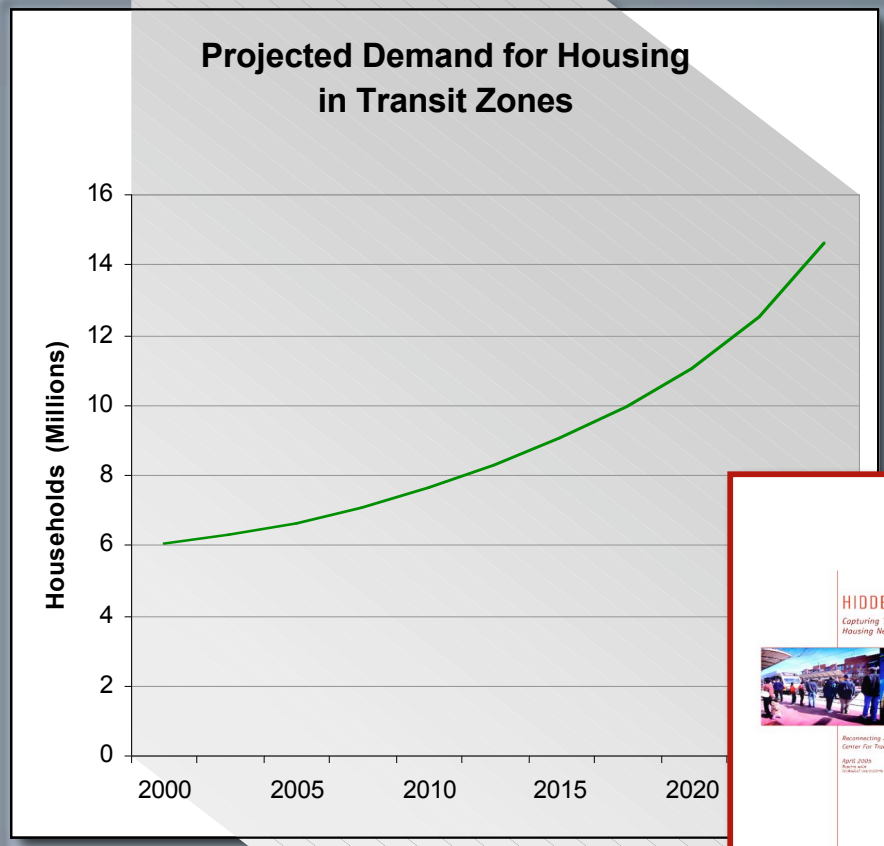
A Robust Transit System uses Many Types of Transit

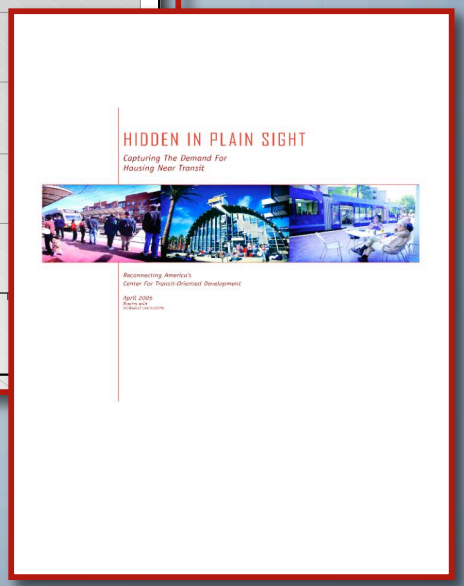
Transit Technology

Technology	Heavy Rail	Commuter Rail	Light Rail	Modern Streetcar	Heritage Streetcar	Bus Rapid Transit	Express Bus
Example Cities	Washington DC New York Subway Chicago	Boston Chicago San Francisco	Denver Portland Minneapolis	Portland Tacoma Seattle	New Orleans San Francisco Kenosha	Los Angeles Pittsburg Eugene	Most Cities Served by Bus Systems
Approximate Cost Per Mile (Millions)	$50-$250	$3-$25	$20-$60	$10-$25	$2-$12	$4-$50	$1-$2
Service Type	Regional/Urban	Regional/ Interurban	Regional/ Urban	Urban Circulator	Urban Circulator	Regional/Urban	Regional/Urban
Station Spacing/Type (Miles)	Urban Core <1 Periphery 1-5 Station/Platform	2-5 Station/Platform	.25-2 Sidewalk Sign/ Station/Platform	.25 Sidewalk Sign/ Platform	.25 Sidewalk Sign/ Platform	.25-2 Sidewalk Sign/ Station/Platform	Limited Stops Along Normal Bus Routes
Peak Service Frequency (Minutes)	5-10	20-30	5-30	8-15	8-15	3-30	10-30
Operating Speed (MPH)	30-80	30-60	20-60	8-12	8-12	8-12	30-80
Alignment/ROW Width	Separate ROW 25-33 Feet	Existing Freight ROW/ 37+ Feet	Street Running or Separate ROW/11-33 Feet	Street Running 11-24 Feet	Street Running 11-24 Feet	HOV or Separated Median/28 Feet	Street Running
Typical Power Source	Electric	Diesel/Hybrid	Electric	Electric	Electric	Diesel/Hybrid	Diesel/Hybrid
Photos							

National demand for TOD will more than double by 2030

- *Residential demand could grow from 6 million to 16 million households by 2030*
- *Regions with extensive and growing transit systems offer the greatest TOD potential.*
- *Growth modest through 2010; will accelerate as transit systems are constructed and expanded*
- *TOD Capture Rates are driven by household type and system size*





HIDDEN IN PLAIN SIGHT: TOD MARKET STUDY

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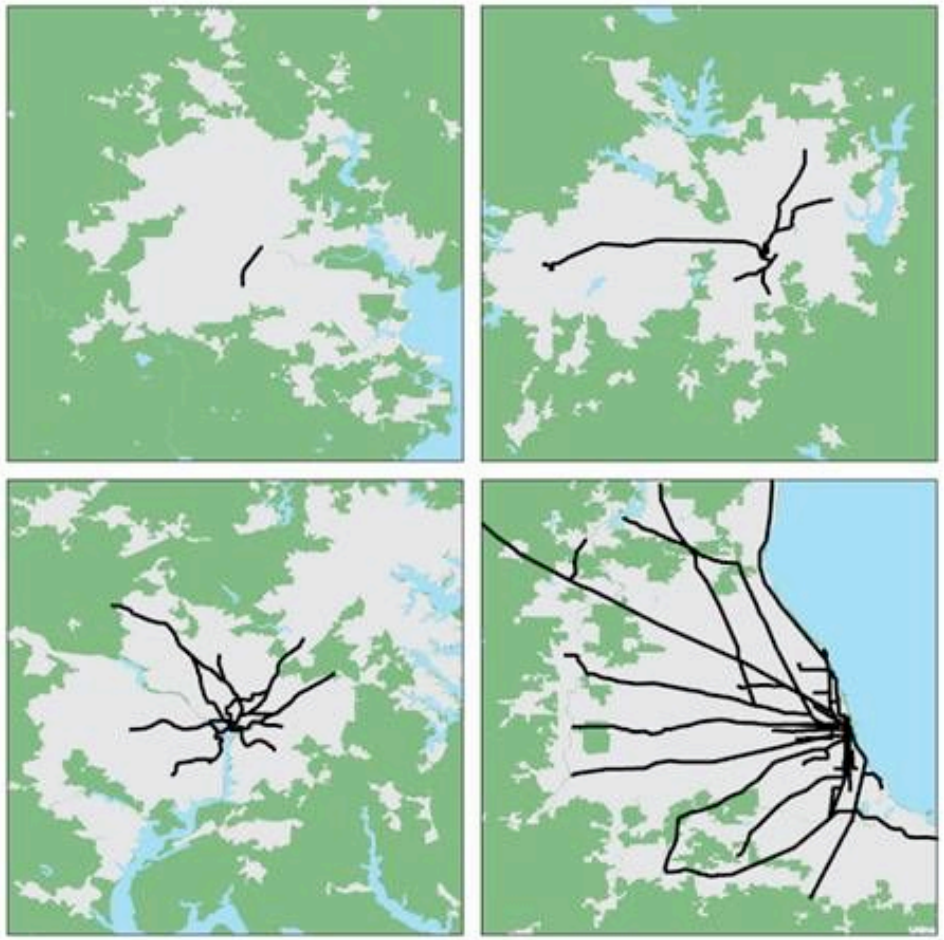
Size Matters

An extensive and interconnected transit system performs better:

- *TOD Market Grows*
- *More Jobs Connected by Transit*
- *Car Ownership Declines*
- *Incomes Reflect Regional Profile*
- *Wider Array of Household Types Seek Housing Near Transit*
- *Higher Walk, Bike and Transit Mode Shares*
- *More Mid-Day Transit Trips*



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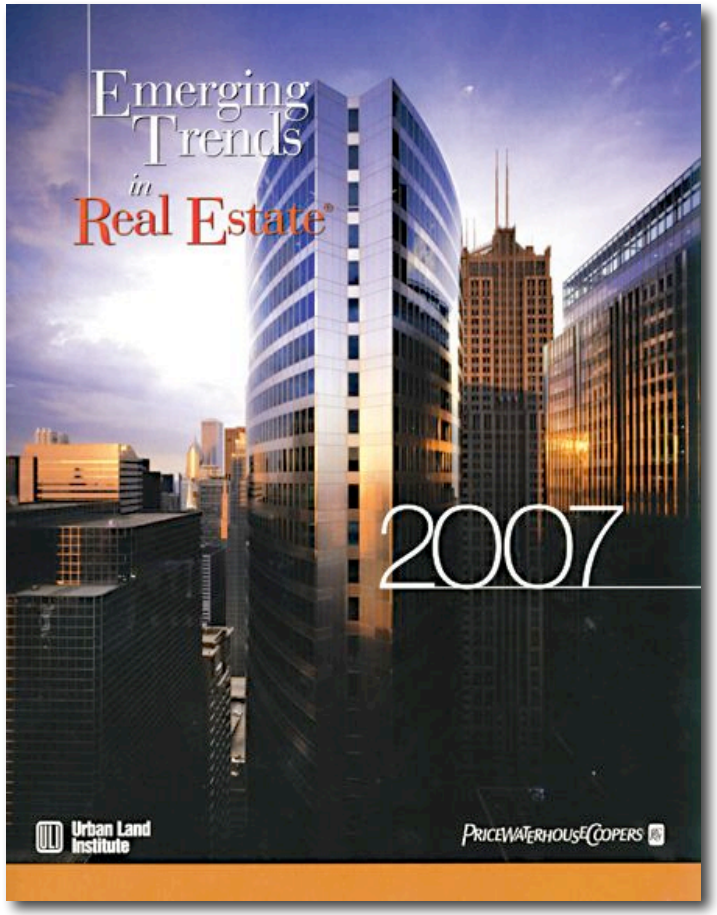
TOD CITED AS ONE OF THE BEST INVESTMENT OPPORTUNITIES



ULI/PRICEWATERHOUSECOOPERS "EMERGING TRENDS" REAL ESTATE REPORT RANKED TOD AS ONE OF THE BEST BET FOR INVESTORS 3 YEARS IN A ROW

•2005: "Locations near transit rank as the No. 1 choice for all development types."

•2006: "The distance between where we live and work will matter more . . . TOD near subway or light rail lines almost can't miss . . . People congregate there."

•2007: "Best Bets 2007" . . . Global gateways with 24-hour characteristics and mass transportation "have turned into the nation's investment property meccas."

Transit Builds Value, Lowers Risk and Helps Focus Growth

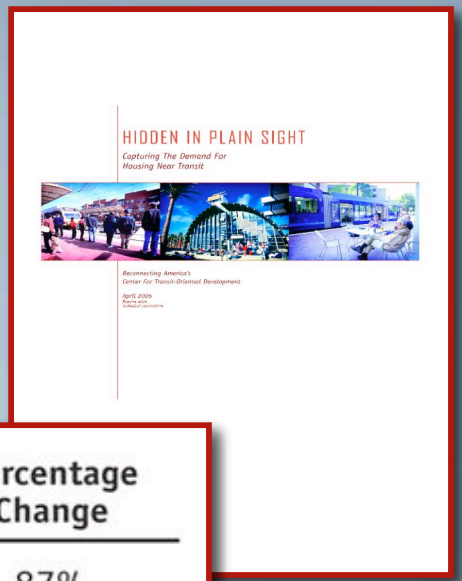
DEVELOPERS SAY THAT the permanence of the fixed guideway helps mitigate the risk, and the higher densities and lower parking ratios typically permitted in downtowns make projects more profitable. These densities would not be possible, however, if there was no streetcar. Before the alignment was selected for the Portland streetcar land in the Pearl only captured 19 percent of all development in the CBD; after it was chosen the land captured 55 percent.

	Start of Service	Initial Track Miles	Initial System Cost Per Track Mile	Initial System Cost	Development Investment	Return on Investment
Kenosha	2000	2.0	3.10	6.20	150	2319.35%
Little Rock	2004	2.5	7.84	19.60	200	920.41%
Tampa	2003	2.4	20.13	48.30	1000	1970.39%
Portland (1)	2001	4.8	11.50	55.20	1046	1794.93%
Portland (Ext.)	2005	1.2	14.83	17.80	1353	7501.12%

Source: Reconnecting America

TABLE 1: *Private Returns on the Public Investment*

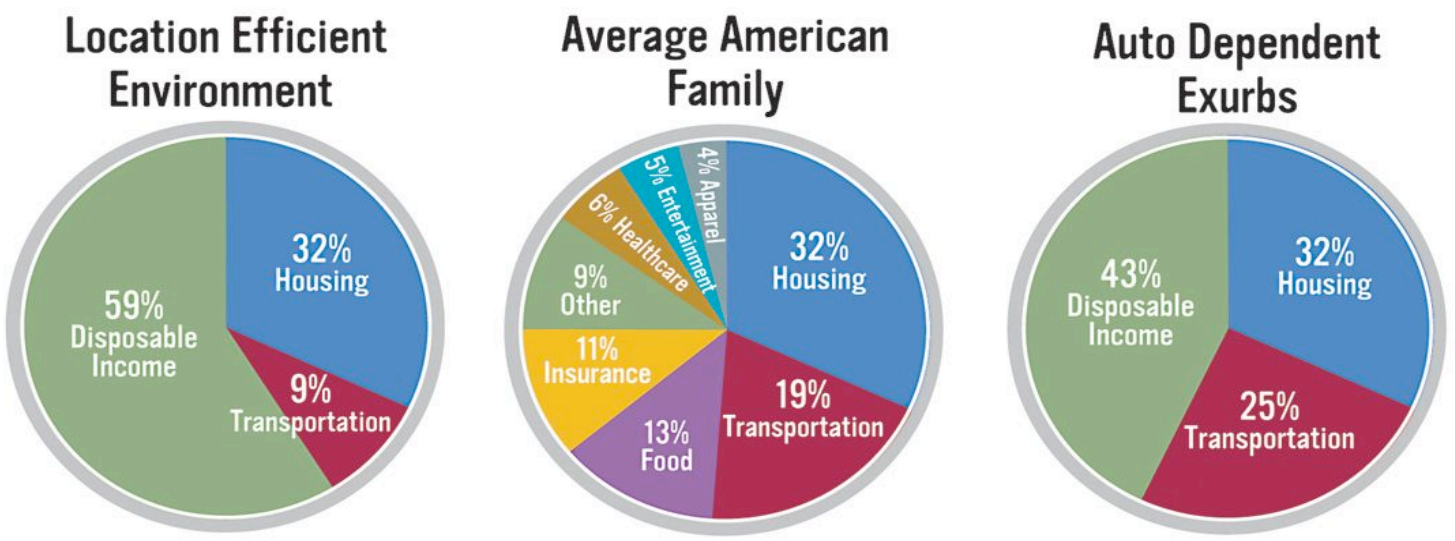
ALMOST A QUARTER OF RENTERS & BUYERS LIKELY TO WANT TOD HOUSING IN 2030



Top 10 Regions by Potential Demand for TOD Housing

	Existing Stations	Planned Stations	2000 TOD Households	2030 Demand	Percentage Change
New York	955	6	2,876,160	5,371,866	87%
Los Angeles	113	38	261,316	1,708,447	554%
Chicago	401	8	787,204	1,503,638	91%
San Francisco	286	49	409,497	832,418	103%
Philadelphia	370	34	506,058	809,058	60%
Boston	288	7	396,261	750,726	89%
Washington, D.C.	127	11	234,202	688,582	194%
Portland	108	29	72,410	279,891	287%
Miami	60	6	62,595	271,326	333%
Dallas	48	17	46,429	270,676	483%

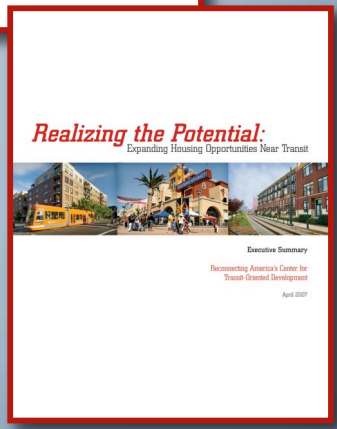
LOCATION MATTERS WHEN IT COMES TO AFFORDABILITY BECAUSE TRANSPORTATION IS 2ND HIGHEST HH EXPENSE



Source: Center for TOD Housing + Transportation Affordability Index, 2004 Bureau of Labor Statistics

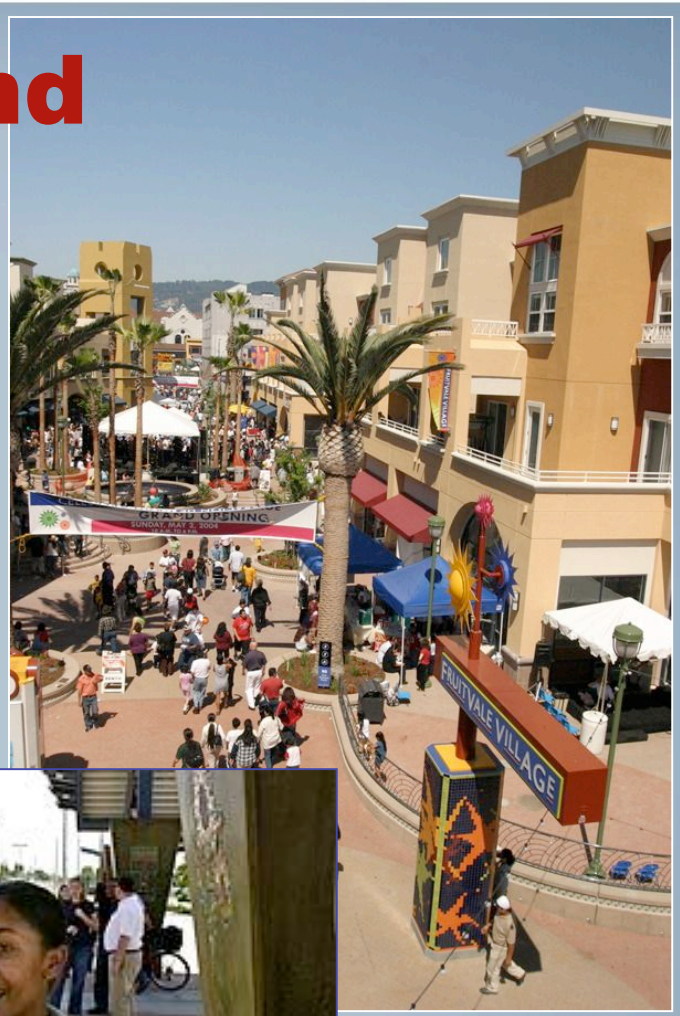
AFFORDABILITY IS NOT JUST ABOUT HOUSING COSTS -- A BETTER MEASURE IS THE COMBINED COST OF HOUSING AND TRANSPORTATION

- ***The average HH spends 51% of income on housing & transportation; both costs are increasing.***
- ***The average HH spends 19% of income on transportation. HHs in auto-dependent neighborhoods spend 25 percent. HHs with good transit access spend only 9%.***
- ***This savings can be critical for low-income HHs: While the average HH spends 19% of income very-low-income HHs spend 55% or more.***



Diversity and Demand Collide

- *Neighborhoods near transit today are more racially and economically diverse than the regional average.*
- *By 2030, estimated that over 16 million households will have a potential demand for living near transit*
- *In the future, 40 percent of these households will make less than 50% of median income.*
- *58% of TOD demand is likely to come from single person households.*
- *Land is scarce! Construction costs are high!*



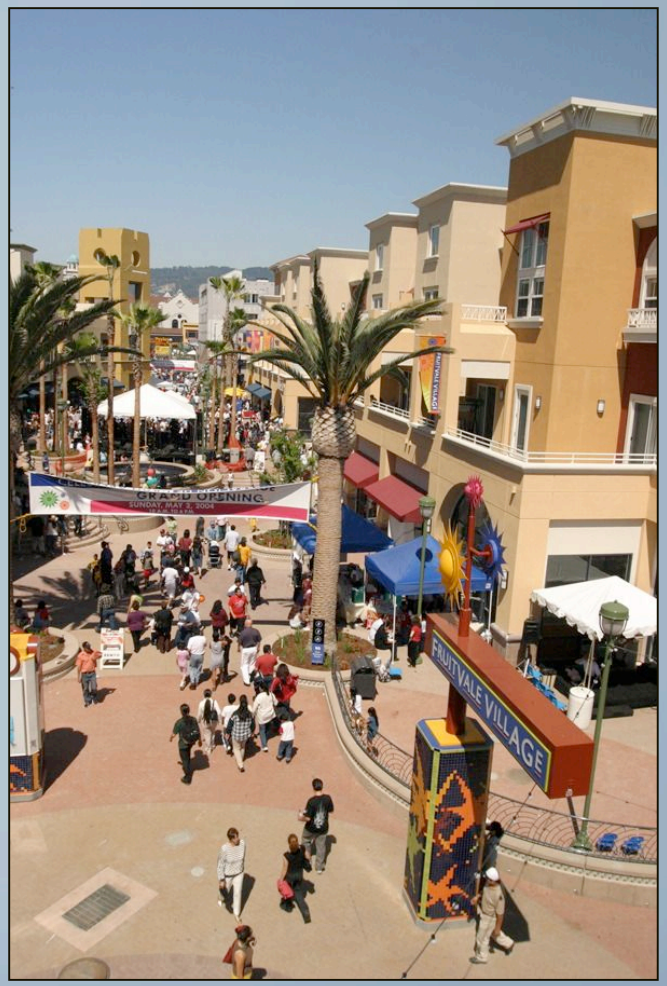
Fruitvale Transit Village, Oakland, CA

Lessons for Mixed-Income TOD

- *Plans and codes are often not sufficient to stimulate mixed-income TOD*
- *Size of parcels/place-types directly relates to capacity + tools*
- *Need strong partnerships between, local/regional government, market actors philanthropy and community.*
- *Think corridor and neighborhood, not site.*
- *Be proactive about capturing value that is being created. Get tools in place early to ensure long-term diversity and stability.*
- *Consider bigger thinking: master developer agreements and land acquisition funds.*
- *Transit is a public investment, and thus should provide benefits to a full range of households.*

TOD Ingredients: Housing Choices

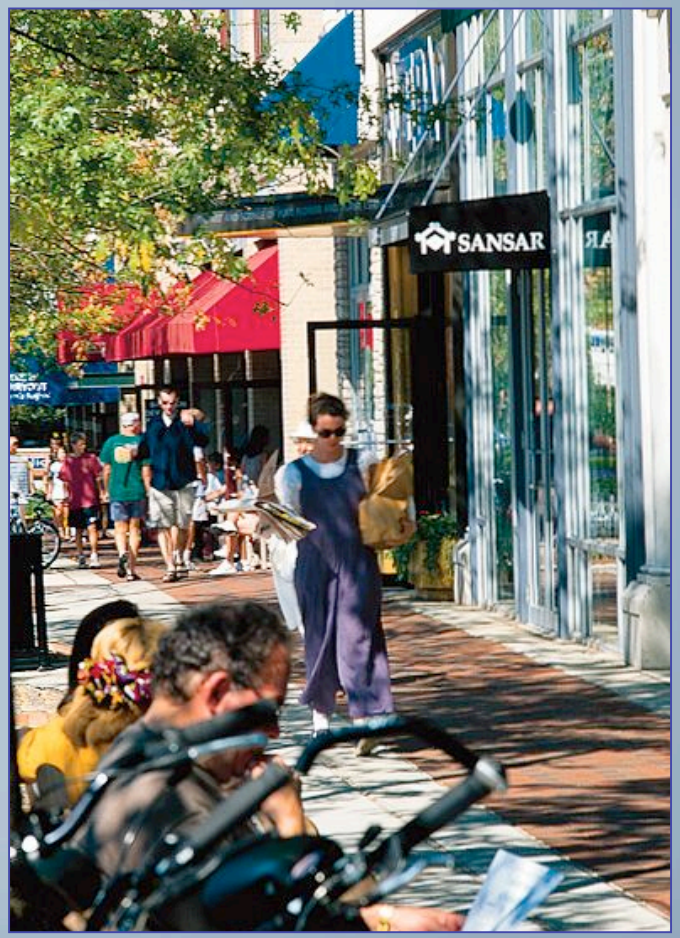
Portland's Pearl District



Fruitvale Transit Village

TOD Ingredients: Mixed-Use

- *Walk to Shops and Services*
- *Support Local Biz*
- *Drop kids at daycare without driving*
- *Hit the Library on the way home*
- *Be Active!*



Arlington, VA

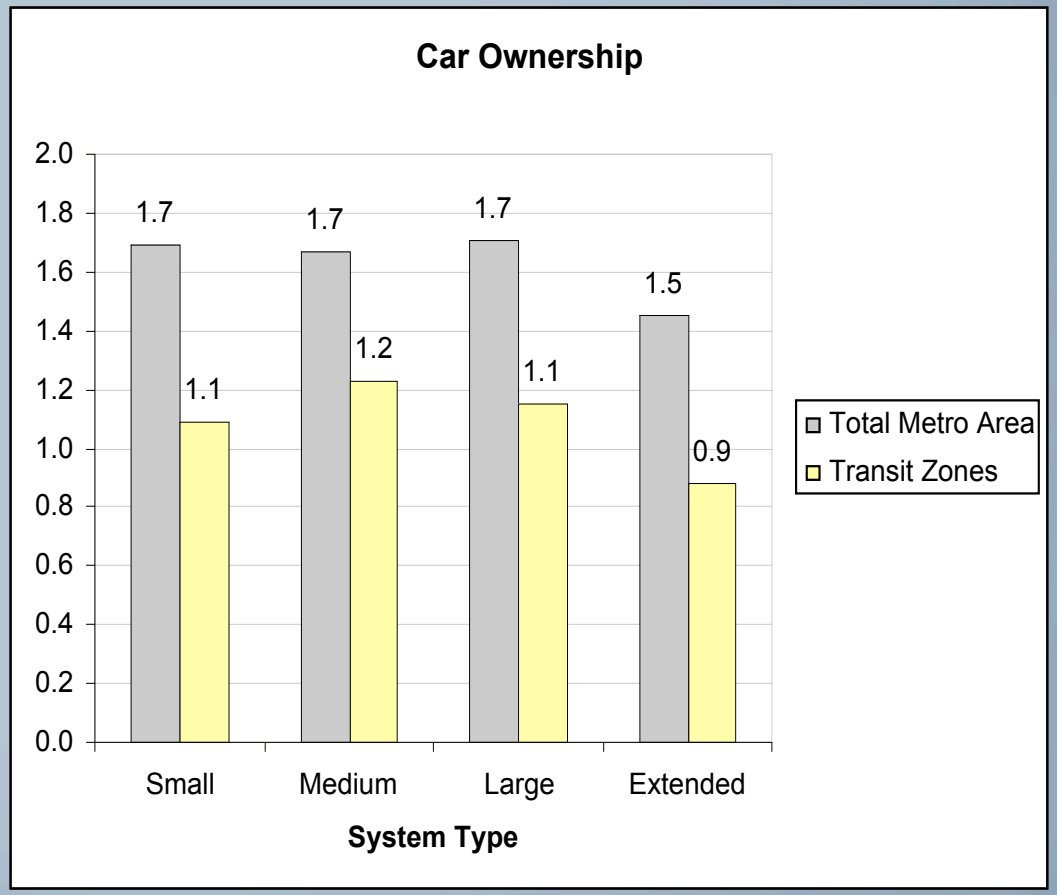
TOD Ingredients: Connectivity + Mobility Options

- *Transit can't do it alone*
- *Walkable places are essential*
- *Lower Parking Standards in TOD*
- *Car Sharing + Shared parking*
- *Bike and pedestrian connections*
- *Bus connectivity + High quality transit service*

Minneapolis, MN

Car Ownership Rates are Lower in Transit Zones

- Transit Zones Households own an average of 0.9 cars.
- Metro-regions Households own an average of 1.6 cars.
- Car ownership goes down as transit system grows
- Parking can be reduced

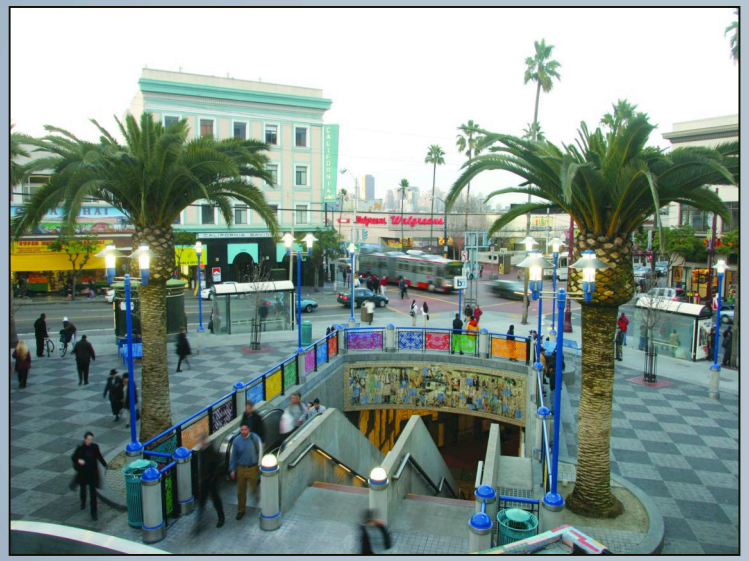


TOD Ingredients: Consumer-Oriented Transit

- Coffee allowed on board
- Hangers for Dry Cleaning and Shopping
- Passes provided by Universities, Employers (and real estate developers)
- Timed Transfers
- Downloadable schedules to PDA's
- Free WiFi
- Java-Based Bus Tracker

Seattle, WA

TOD Ingredients: Get the Details Right!



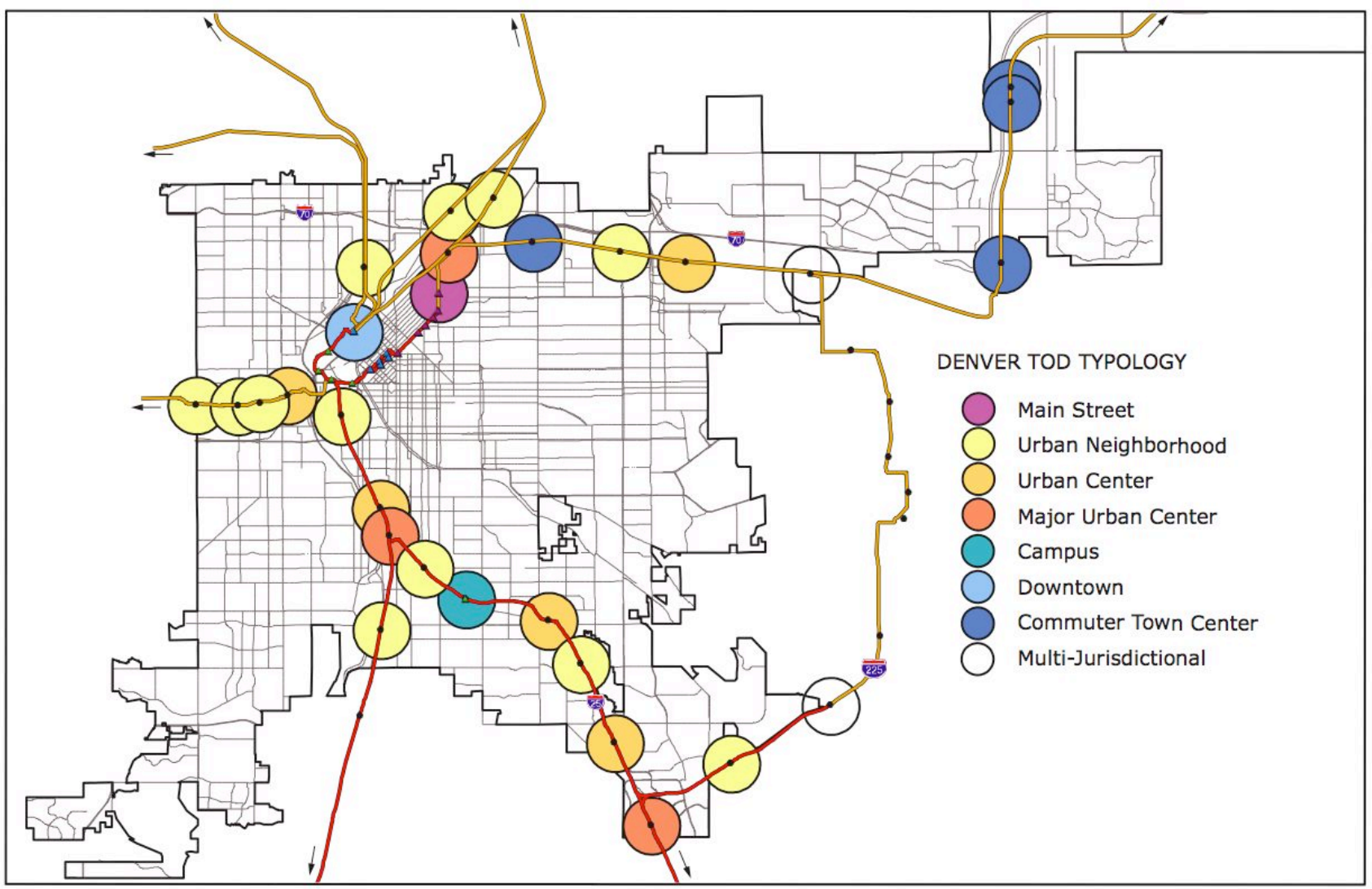
16th Street BART, SF

- Link “Access Priorities” to Design
- Create Immersive Environments
- Not every place has to be the same
- Always think about the Consumer

TOD Should be Diverse and Place-Based

TOD Typology	Desired Land Use Mix	Desired Housing Types	Commercial Employment Types	Proposed Scale	Transit Connectivity	Color Code	Examples
Regional Center	Office Residential Retail Entertainment Civic Uses	Multi-Family and Loft	Prime Office and Shopping	5 Stories and above	Intermodal Facility/ transit hub. Major Regional Destination with quality feeder connections		
Urban Center	Office Retail Residential Entertainment	Multi-Family/Loft/ Townhome	Employment Emphasis, with more than 250,000 sf office and 50,000 sf retail	5 Stories and above	Sub-Regional Destination. Some Park n Ride. Linked district circulator and feeder transit service		
Suburban Center	Residential Retail Office	Multi-Family/ Townhome	Limited Office. Less than 250,000 sf office. More than 50,000 sf retail	3 Stories and above	Sub-Regional Destination. Some Park n Ride. Linked district circulator and feeder transit service		
Neighborhood	Residential Neighborhood Retail	Multi-Family/ Townhome/Small Lot Single Family	Local-Serving Retail. No more than 50,000 sf	2-5 Stories	Walk up station. Very Small Park and Ride, if any. Local and express bus service.		
Main Street	Residential Neighborhood Retail	Small Lot Single Family	Main Street Retail Infill	2-4 Stories	Bus or streetcar corridors. Feeder transit service. Walk up stops. No parking.		
Campus/ Special Events Center	University/Campus Sports Facilities	Limited Multi-Family	Limited Office/Retail	varies	Large Commuter Destination.		

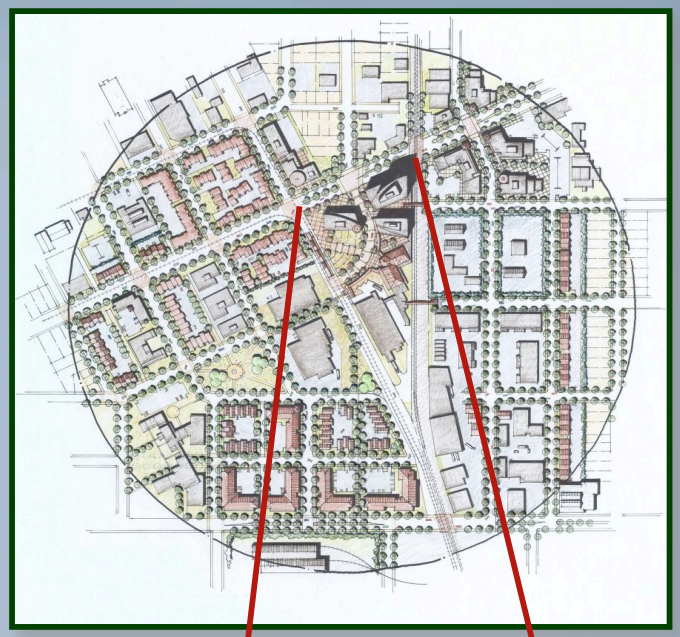
Denver TOD Typology

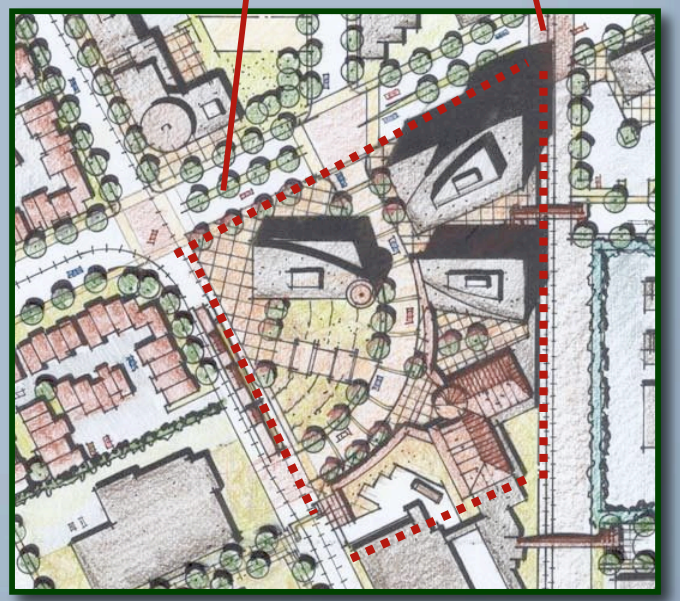


Development At Transit:
Two Types of Opportunities

Two types of opportunities:

- **Transit-Oriented DISTRICT**
  - Area w/in a 5 minute walk
  - Transit Villages / Town Centers/ urban infill / greenfield
- **Joint Development**
  - On publicly owned land
  - Next to the station





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Station Area Partnerships

MACARTHUR STATION TRANSIT VILLAGE,
OAKLAND, CA

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- *BART Stations*
- *L.A. Metro*
- *Sacramento, RTD*
- *Salt Lake City, UTA*
- *Denver*
- *Phoenix*

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DEL MAR STATION, PASADENA, CA

EFFECT OF RAIL INVESTMENT ON PROPERTY VALUES

Santa Clara County, CA: Commercial land within quarter mile of commuter rail stations increased 120% ($25/sq.ft.); for light rail, values increased 23% or $4/sq.ft.

Dallas: Residential properties increased 32% in value within a quarter mile of DART stations; for office buildings the increase was 24.7%.

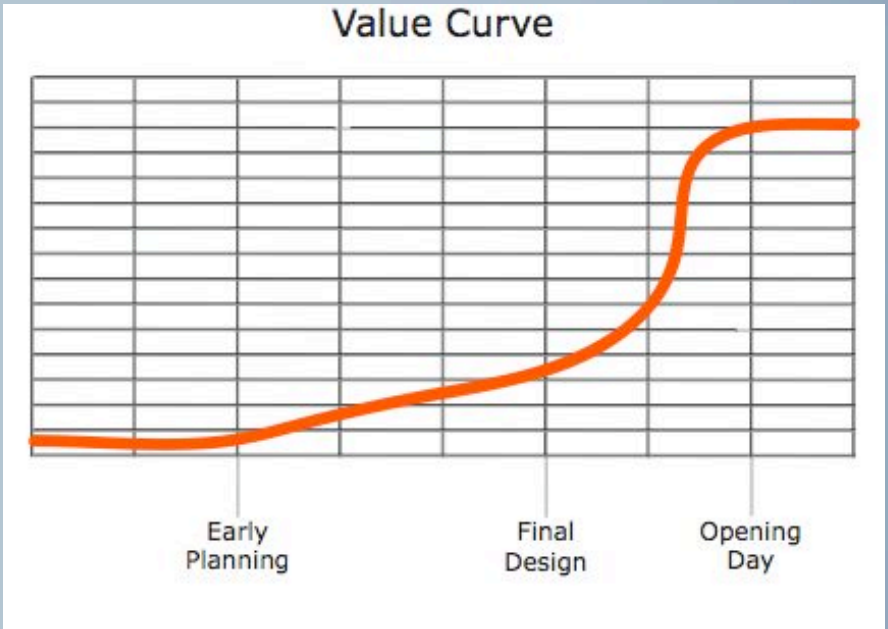
Washington D.C.: Every 1,000 ft. reduction in distance to rail station raises value of commercial property $2.30/sq.ft., or $70,139 on average 30,000 sq.ft. building.

San Diego: Premiums of 46% were found for condominiums and premiums of 17% found for single-family housing near Coaster commuter rail stations. Premiums of 17% found for multi-family housing. For commercial properties 91% premiums.

Alameda & Contra Costa Counties, CA: Single family homes in Alameda and Contra Costa counties worth $3,200-$3,700 less for each mile away from BART station.

High Demand/Low Supply Force Land Prices Up!

- *In a mature region, developers will pay a premium for sites near transit*
- *Speculation occurs when a new transit facility is planned*
- *Non-profit builders or mixed-income builders can't afford high land prices*
- *Value Capture Strategies can help get ahead of the curve.*



TOD CREATES VALUE THAT CAN BE CAPTURED

- *Property & sales taxes*
- *Real estate lease & sales revenues*
- *Farebox revenues*
- *Parking revenues*
- *Joint development*
- *Tax increment financing*
- *Special assessment districts*
- *Equity participation*
- *Public-private partnerships*

BETHESDA, MD

The Benefits of Investing in Transit Linked with TOD

Benefits to Employers

- Less Absenteeism
- Greater Workforce Access + Retention

Benefits to Households

- Healthier Neighborhoods
- Lower Transportation Expenses

Benefits to Developers

- Growing Market
- Easier to Respond to Market Changes
- Higher Value

Benefits to Transit

- Greater Ridership
- Lower Cost Ridership
- Value Capture

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The Benefits of Investing in Transit Linked with TOD

Benefits to Regions

- Reduced Air Pollution
- Lower Cost Growth
- More Competitive Economy

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WHAT CAN WE DO? TOD IS ONE POSSIBLE SOLUTION TO A HOST OF PROBLEMS

ONE SOLUTION: Build more mixed-income communities around transit to provide Americans With more housing and transportation choices so they can lead affordable, convenient, active lives