TOD: The Competitive Advantage

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Indiana Joint Committee on Mass Transit and Transportation Alternatives

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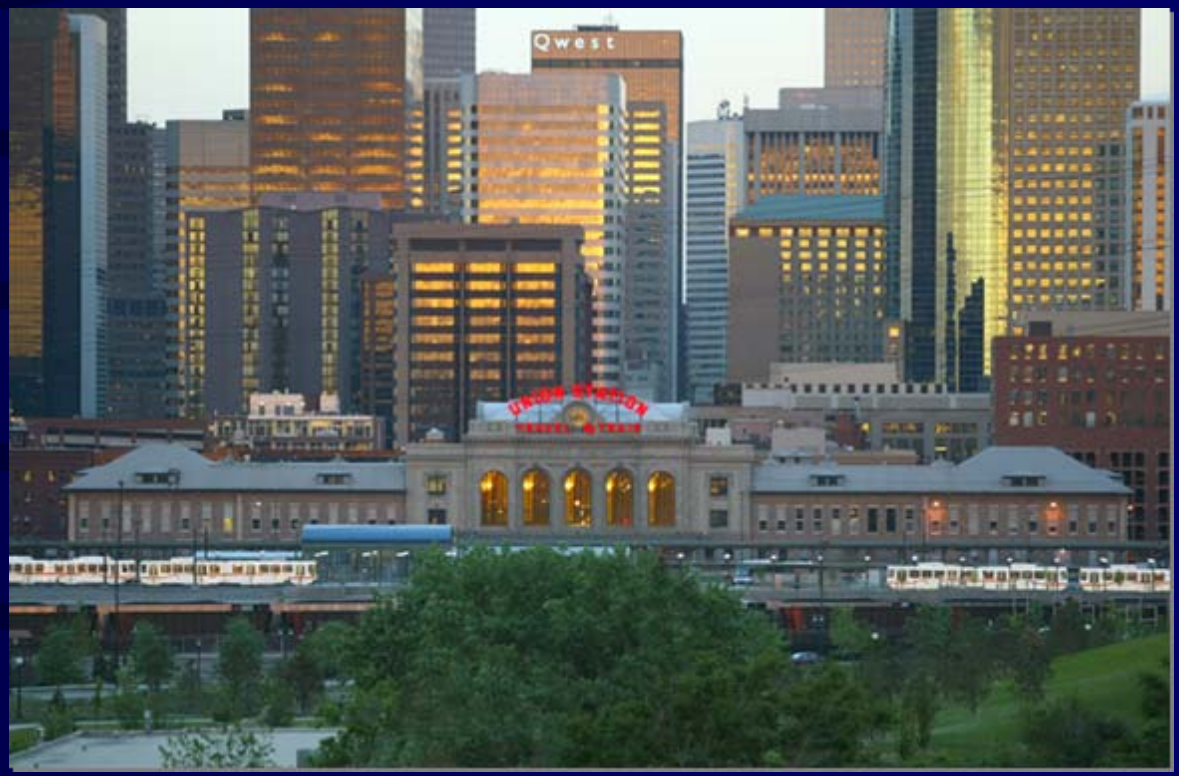
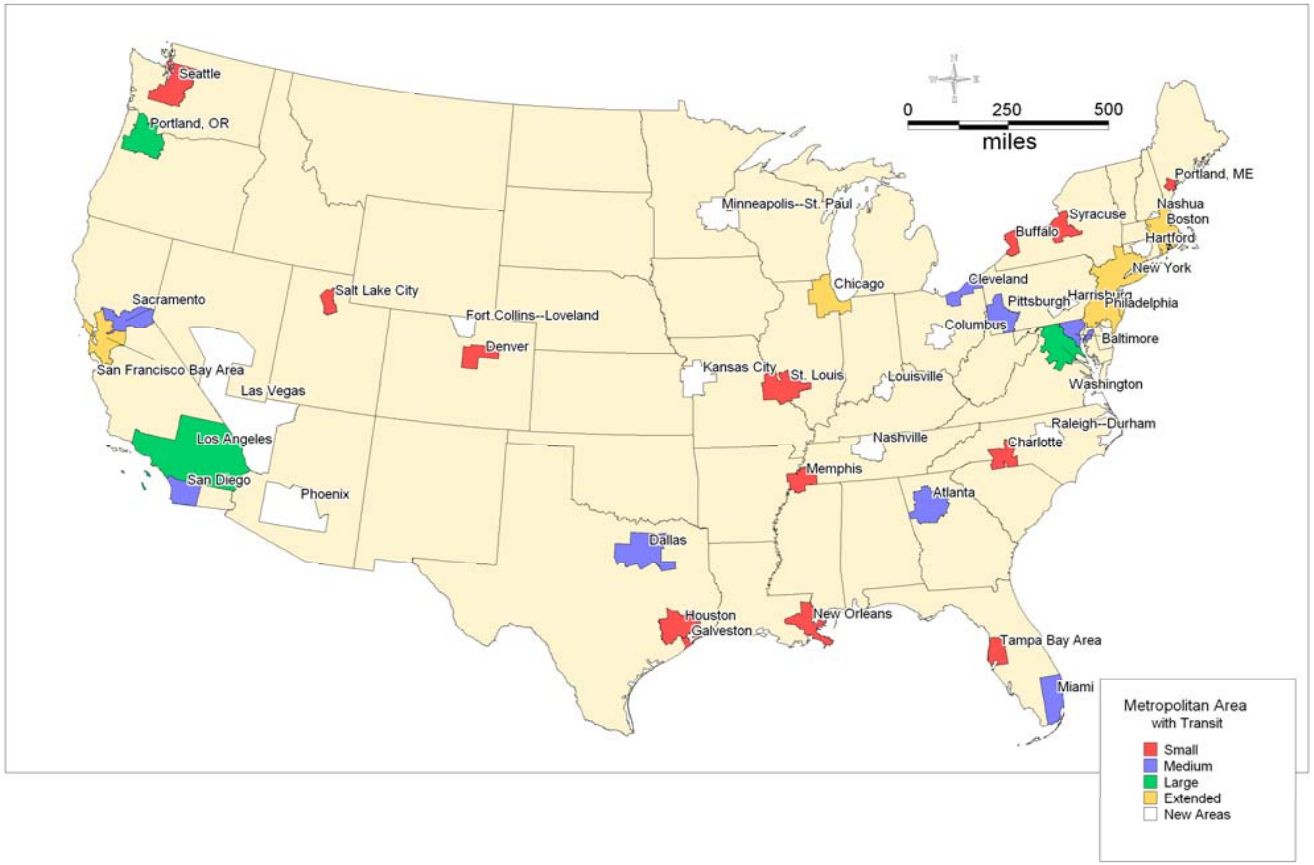
Transit Building Boom



- 3,341 existing stations, 27 regions with “fixed-guideway transit”
- 630 additional stations being built in 15 regions
- 100 cities in the national Community Streetcar Coalition
- Private sector is contributing to transit construction

Federal “New Starts” Pipeline: $60+B Over 15 Years



Pressure for Mobility Options

- Congestion
- Environmental impacts
- Aging population
- Cost of infrastructure

Road vs. Rail: Costs

- Capital + Operating
- Both require subsidy
- Road costs often omit "off-balance-sheet" items:
  - Consumer costs
  - Parking costs
  - Accidents
  - Pollution
  - Energy consumption
  - Non-driver mobility

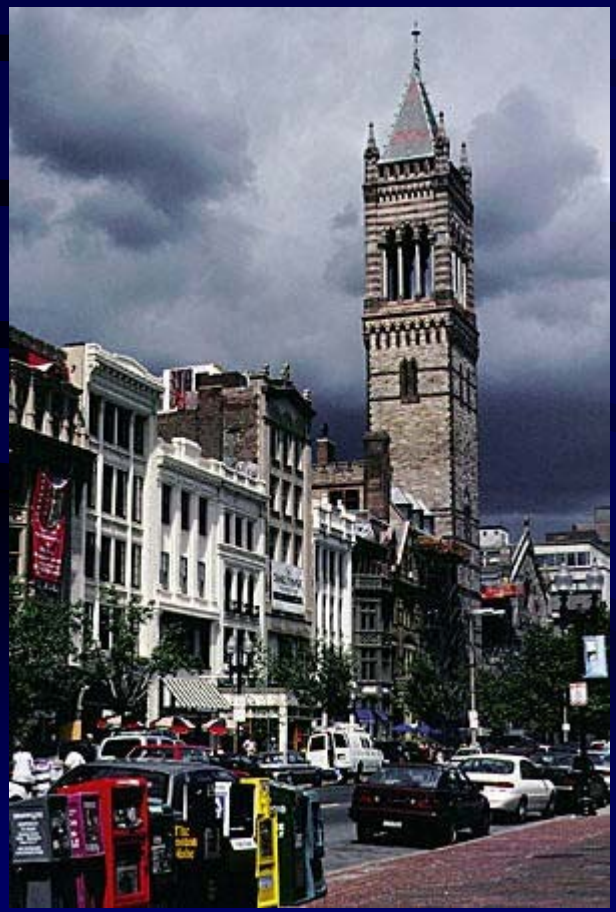
Road vs. Rail: Revenues

- Include financial benefits from transit at the local/regional level
  - Congestion savings
  - Public health savings
  - Local infrastructure cost savings
  - Economic/community development
  - Increased tax base

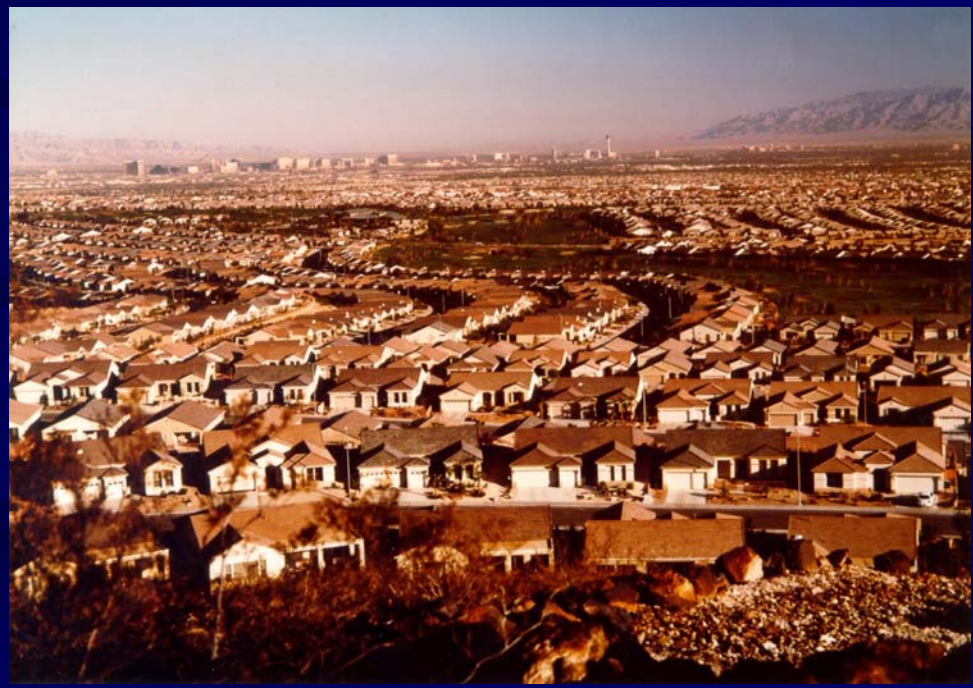
- Many benefits flow from impact of transit on land use

The transit/land use disconnect…

- Then



•Now



We shape our buildings, and thereafter, our buildings shape us.

--*Winston Churchill*

The Value of "Village"

- Today: people pay a premium to drive, park *once*, and walk
- Villages are among the world's most valued/ highest priced real estate
- TOD's are opportunity to create new "villages"

What's in a Name?

- *Transit-Oriented Development* (TOD)
- *Transit-Oriented District*
- *Development Around Transit (DAT)*
- *Transit Village*
- *Transit-Ready Development*

TOD = A Walkable Neighborhood

People within **a half-mile radius** are **5 times as likely to walk** to a major transit stop than others.

Portland LRT

TOD Ingredients: Vibrant, Safe and Beautiful Places

Jameson Square, 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!
- Opportunity to create a new lifestyle

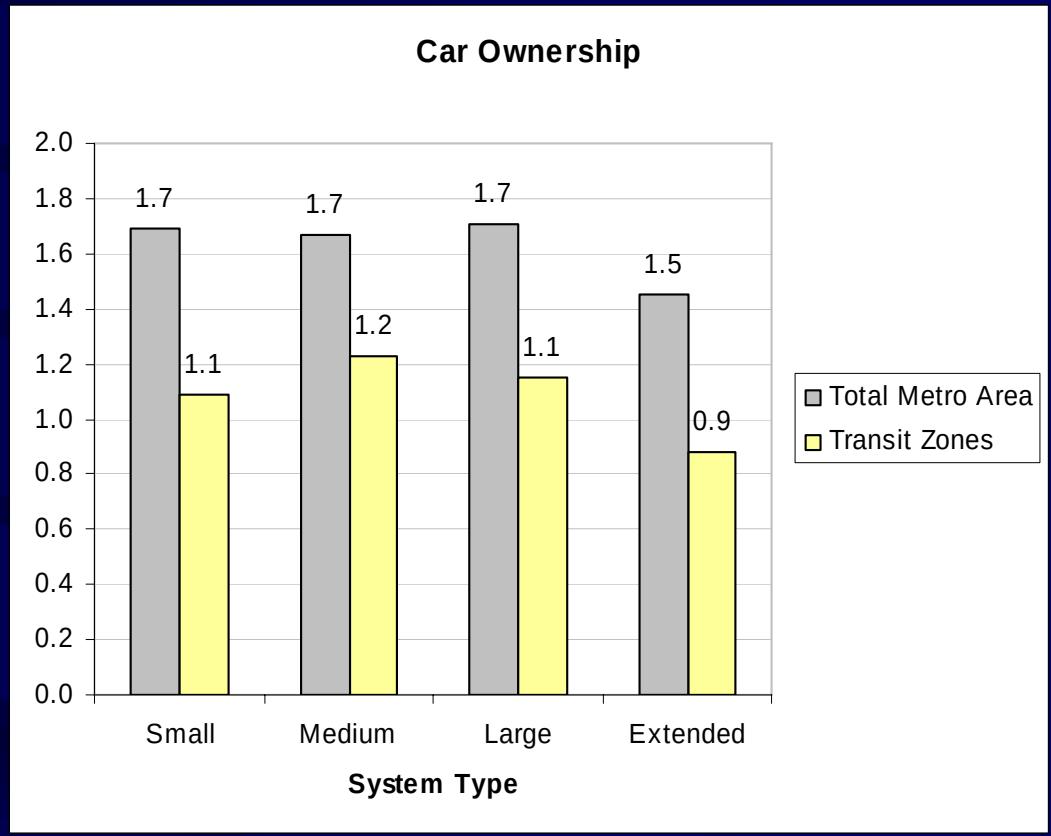
Arlington, VA

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

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



Is it too late?

Images by Urban Advantage

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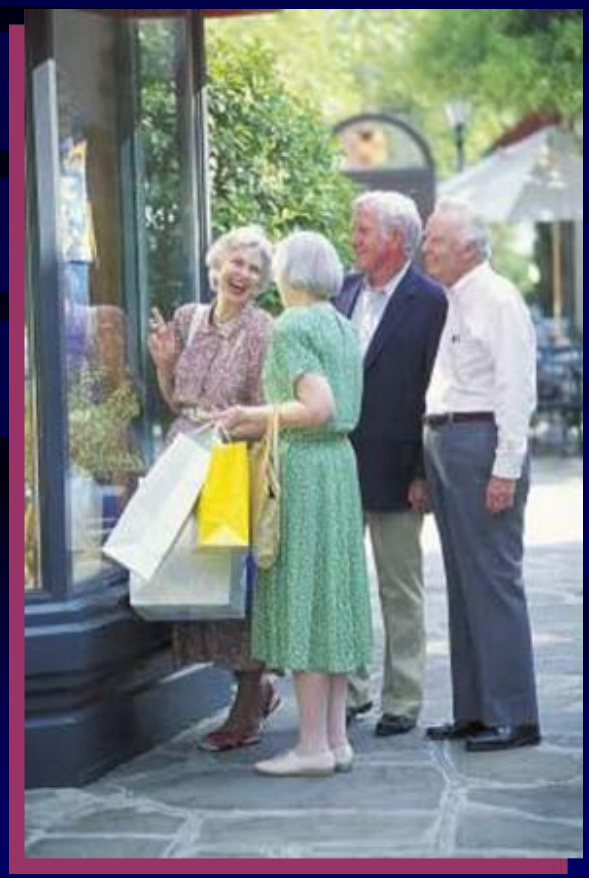
Demand for village and TOD reflects major shifts in demographics

Married Couples with Children No Longer Dominant

27% of households in 1990, now only 22%

Empty Nesters: The Effect of Aging Baby Boomers on the U.S. Population



- By 2020, virtually all adult population growth will happen in the group 45 years and older
- Older households without children have a strong preference for more “urban” housing, with proximity to public transportation

Rising Transportation Costs—in Money *and* Time

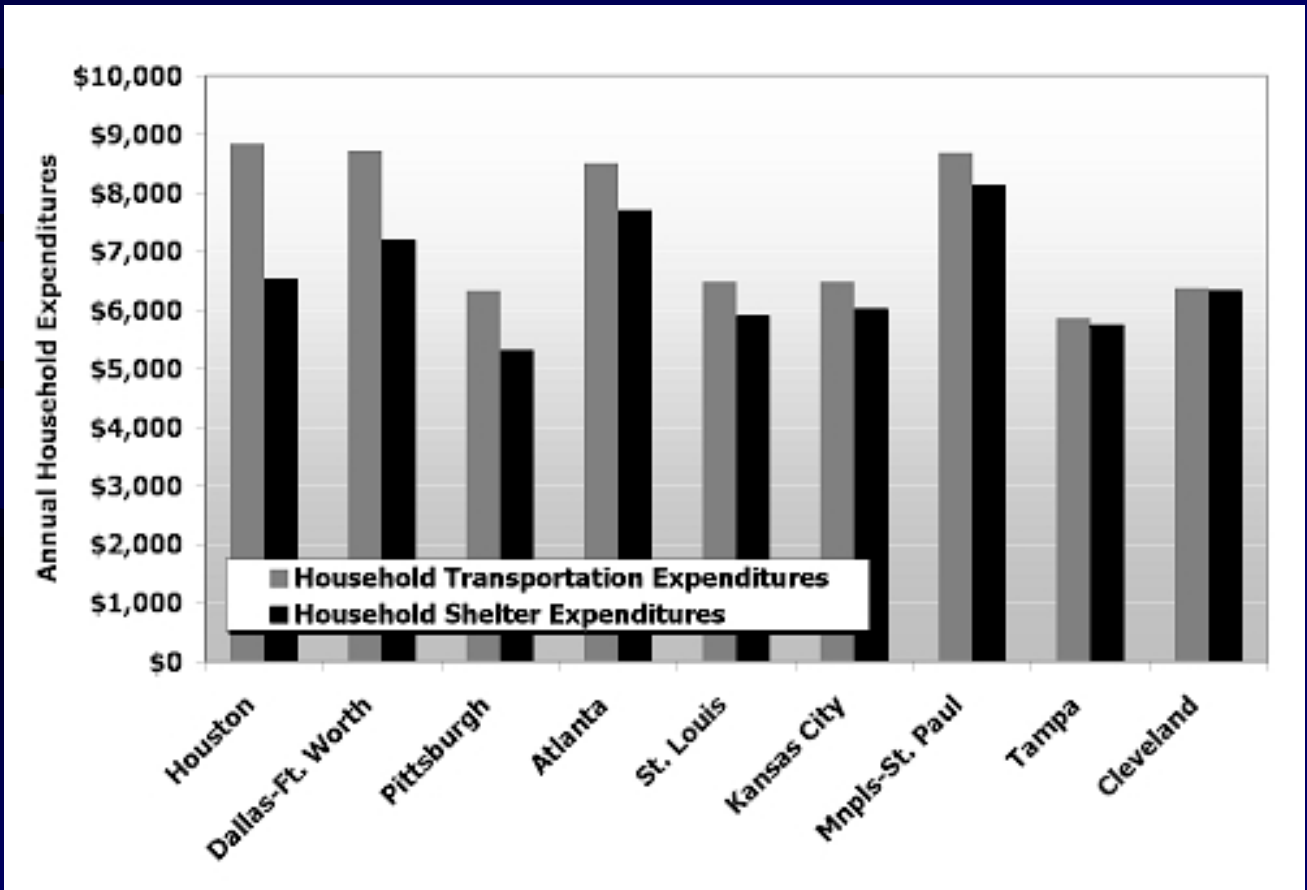
- Skyrocketing gasoline prices
- Longer travel distances
- Greater commute time
- Unpredictability of congestion

Everything is a drive away….

Suburban moms spend 17 full days a year behind the wheel—more than the average parent spends dressing, bathing and feeding a child.

--Surface Transportation Policy Project

Cities Spending *More* on Transportation than Shelter



Only 60% of Americans drive cars…

Deteriorating Infrastructure

- 2006: 50 year anniversary of US interstate system
- American Society Civil Engineers: US infrastructure: D-
- $1.6 trillion in 5 years
- Local vs. federal funding responsibility
- New solutions/approaches

Urban Reinvestment

- 75% of downtowns surveyed gained population in 1990's (Sohmer/ Lang 2002)
- New investment in housing, retail in downtowns and older suburbs

Changing Real Estate Markets

- Market advantages:
  - 24 hour cities
  - mixed-use
  - access to transit

  (Price Waterhouse Coopers, *Emerging Trends in Real Estate 2003)*

Development Gap

- 30+% of housing demand for denser, walkable, mixed-use communities
- <2% of new housing starts in this category

Intense Competition Among Cities

Grand Central Station, NYC

The Embarcadero, San Francisco

Intense Competition Among Cities

Suburbs
Market Commons
Arlington County, Virginia

Inner City
Pittsburgh, PA

TOD: addresses the trends…
yields benefits to many…
is here to stay.

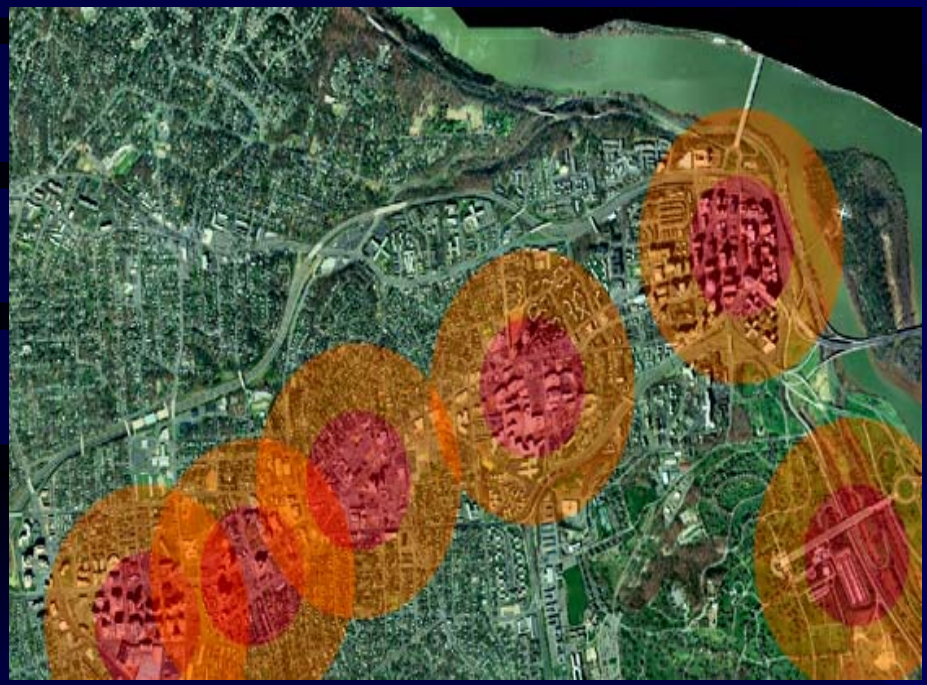
TOD and Consumers

- Creates “hip” new neighborhoods
- Offers alternative housing types at suburban sites
- Makes transit more convenient
- Reduces need for car
- Opportunity for more affordable housing/lifestyle

TOD and Federal Transit Agency

- Inundated with transit requests--strategy to allocate and leverage scarce dollars
- Land use and TOD now a critical “New Starts” criteria

TOD and State/Region



- Provides a regional growth strategy
- Allocates and leverages scarce funds
- Attracts workers and companies
- Generates private sector investment
- Addresses environmental, open space issues

TOD and Transit Agency

- Raises ridership
  - Residents 5X more likely
  - Workers 3X more likely
  - Off-peak demand
- Potential new funding source
- Both rail and bus service expand

TOD and Local Community

- Identity/landmark “places”
- Community amenities (open space, plazas, public art, civic buildings, etc.)
- Reduces local infrastructure costs by 25+%

TOD and Mixed-Income Housing

- Mixed-use offers local services, amenities without driving
- Transit extends access to jobs
- Reduced dependence on cars—cheaper!
- Opens up otherwise unavailable infill locations; alternative to “drive ‘til you qualify”

TOD and Local Community

- Site for infill growth, additional housing
- Protects existing neighborhoods
- Powerful economic development generator

TOD and Property Values

- Washington DC:
  +$2-4/SF commercial rents
- Portland, OR:
  - +10% rent premiums
- Dallas, TX:
  - + 39% for residential, +53% for office
- Santa Clara, CA:
  - +45% for residential, +23% for commercial

TOD and Property Values

Over time, TOD's are the most valuable properties in the metro area, averaging a premium of 15-20%.

TOD Leverages Public Investment

- DALLAS:
  LRT @$800 M—
  $3.7B in economic activity
  (Source: Univ. of No. Texas)
- PORTLAND: MAX
  $2.4B in new development value; Downtown Streetcar @$1.6 B
  (Source: Tri-Met, Portland)
- PITTSBURGH BUSWAY:
  54 development projects valued at $302 million
  (Source: Port Authority of Allegheny County)

OVERALL: EXPECT 3-5X "SPIN -OFF" INVESTMENT

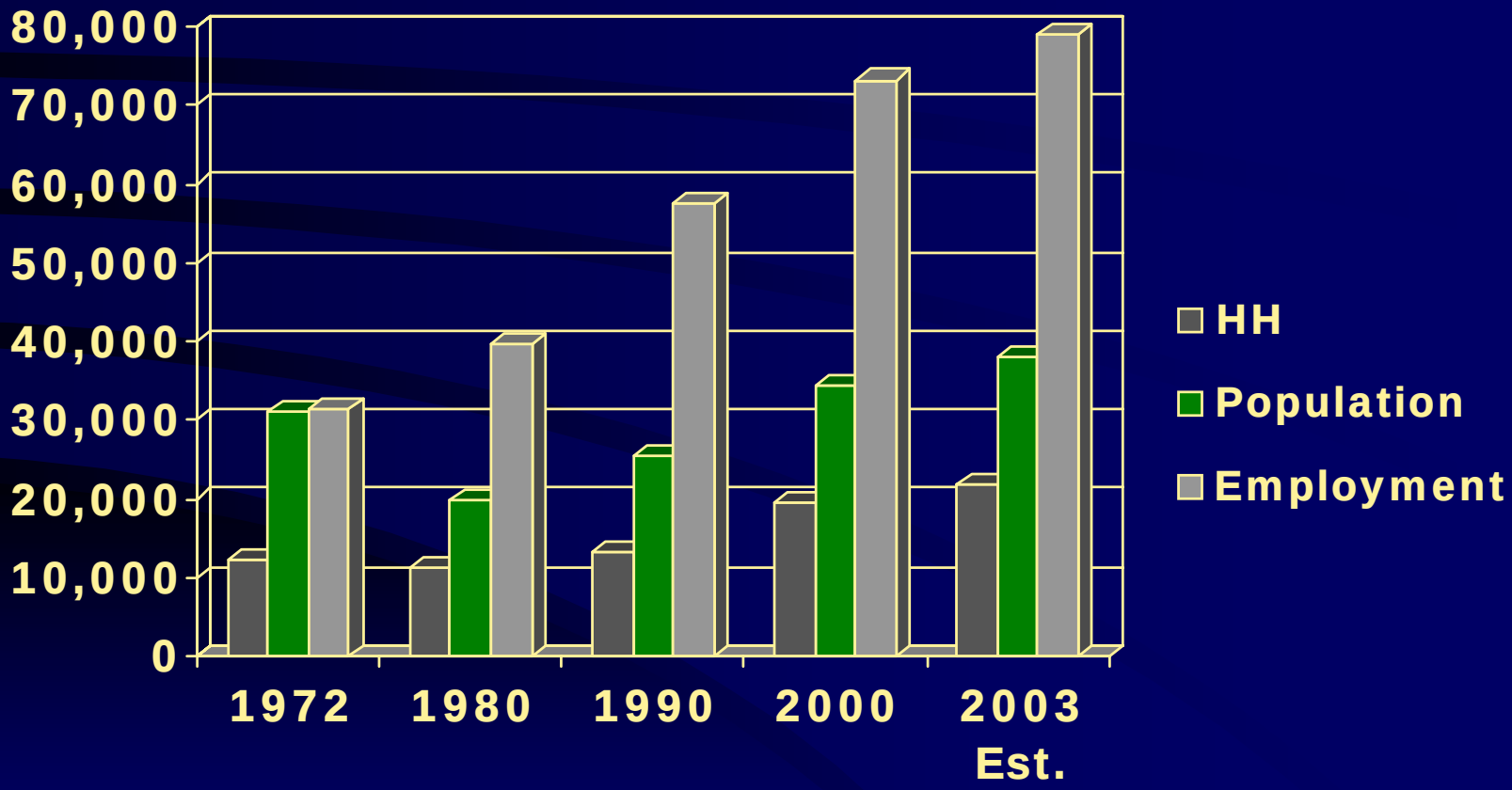
TOD and Economic Activity:
Arlington County Before…

and After

30% revenue from 7% of the land

Surrounding neighborhoods preserved

Rosslyn-Ballston Corridor Development Trends



Tacoma: light rail helps downtown revitalization

- Bus carried 141,000 passengers in 2002
- Light rail carried 738,000 passengers in 2004 – 438% increase in 2 years
- Exceeded 2010 ridership projections in just 8 months of operation
- Businesses have seen profits surge as much as 30%

Tacoma, WA

TOD Value Capture Tools

- Property and sales taxes
- Real estate lease and sales
- Farebox revenues
- Fees on everything from parking to business licenses
- Joint development
- Tax increment financing
- Special assessment districts
- Equity participation
- Public-private partnerships

TOD: Many Modes of Transit

Different Rail Choices: Commuter Rail

- Larger, heavier, faster vehicles
- Long distances—10+ miles
- 3-5 mile travel shed
- Commuter hour service
- Mobility focus

Different Rail Choices: Light Rail (LRT)

Lighter vehicle—electric power

Dedicated ROW

“Collector” system—frequent service on 5-25 mile corridors

1-2 mile travel shed

Mobility and development benefits

Different Rail Choices: Streetcar

- In the street with traffic
- Lighter, cheaper to build
- 2-4 block travel shed
- Runs 1-4 miles
- Strong retail focus

Bus vs. Rail Based TOD

- BRT growing influence
- Either works *if* permanent infrastructure
- Procures ROW, lower cost start—can later be converted to rail

TOD in Denver

- 16th Street Mall
- Central Corridor
- Southwest Corridor
- Central Platte Valley
- Southeast Corridor: T-Rex
- FasTracks

1982: 16th Street Mall

Pre-Mall 16th Street

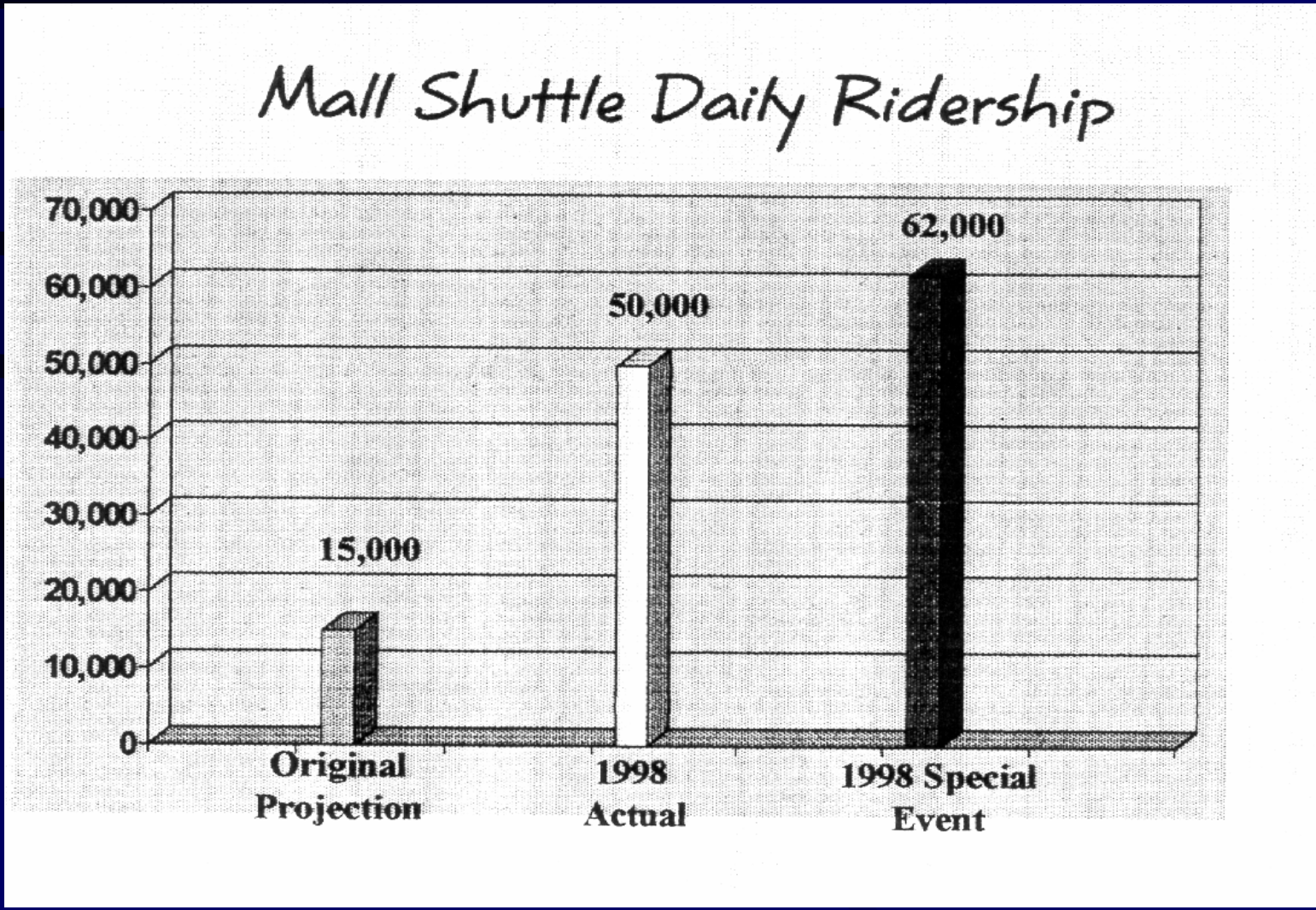
Mall Construction 1980

Opening Day 1982

16th Street Shuttle Project

- Downtown distributor for regional buses
- $76 million in 1982
- Pedestrian/bus mall 14 blocks long
- 25 stops--every corner
- Free for riders
- Low floor vehicle

Unpredicted Success



Granddaddy TOD

1995: Central Corridor—Met ridership projections

…Central Corridor

2000: Southwest Corridor—
70% over 2015 ridership in 90 days

…CityCenter Englewood

SOUTH
285
NORTH
285

4 19 '95

Early model of plaza area

Transit as the Centerpiece

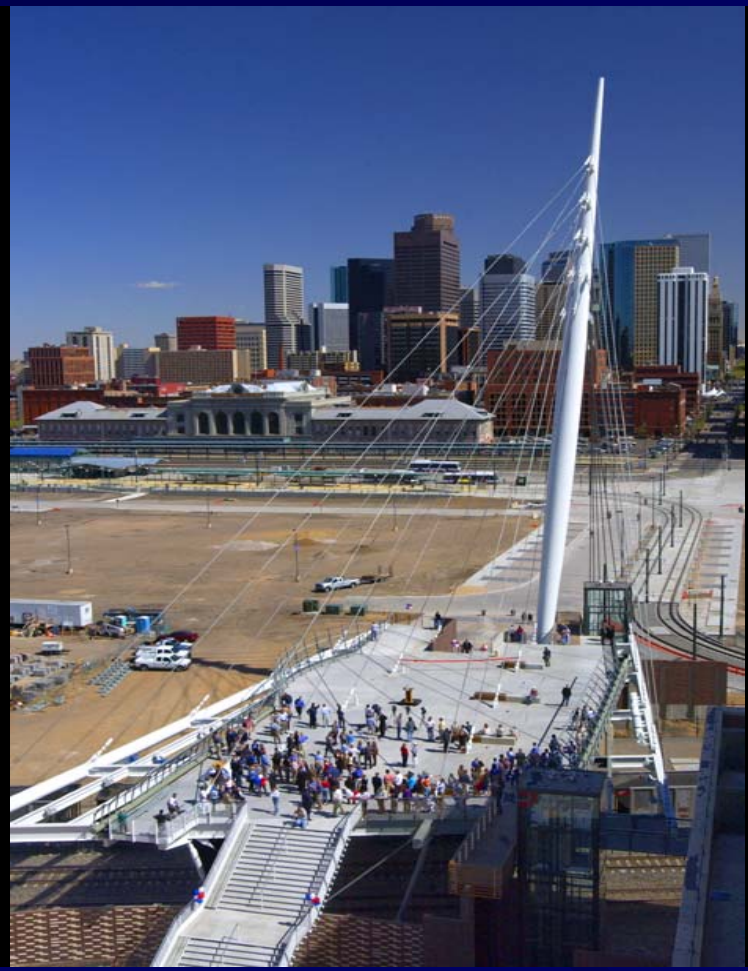
Park, Art and Main Street

A New Neighborhood…

Central Platte Valley
circa 1990

Central Platte Valley
circa 1999

Extending the Mall with a bridge…



On one side: connections to Downtown

…on the other, connections to Commons Park

In between, a neighborhood…

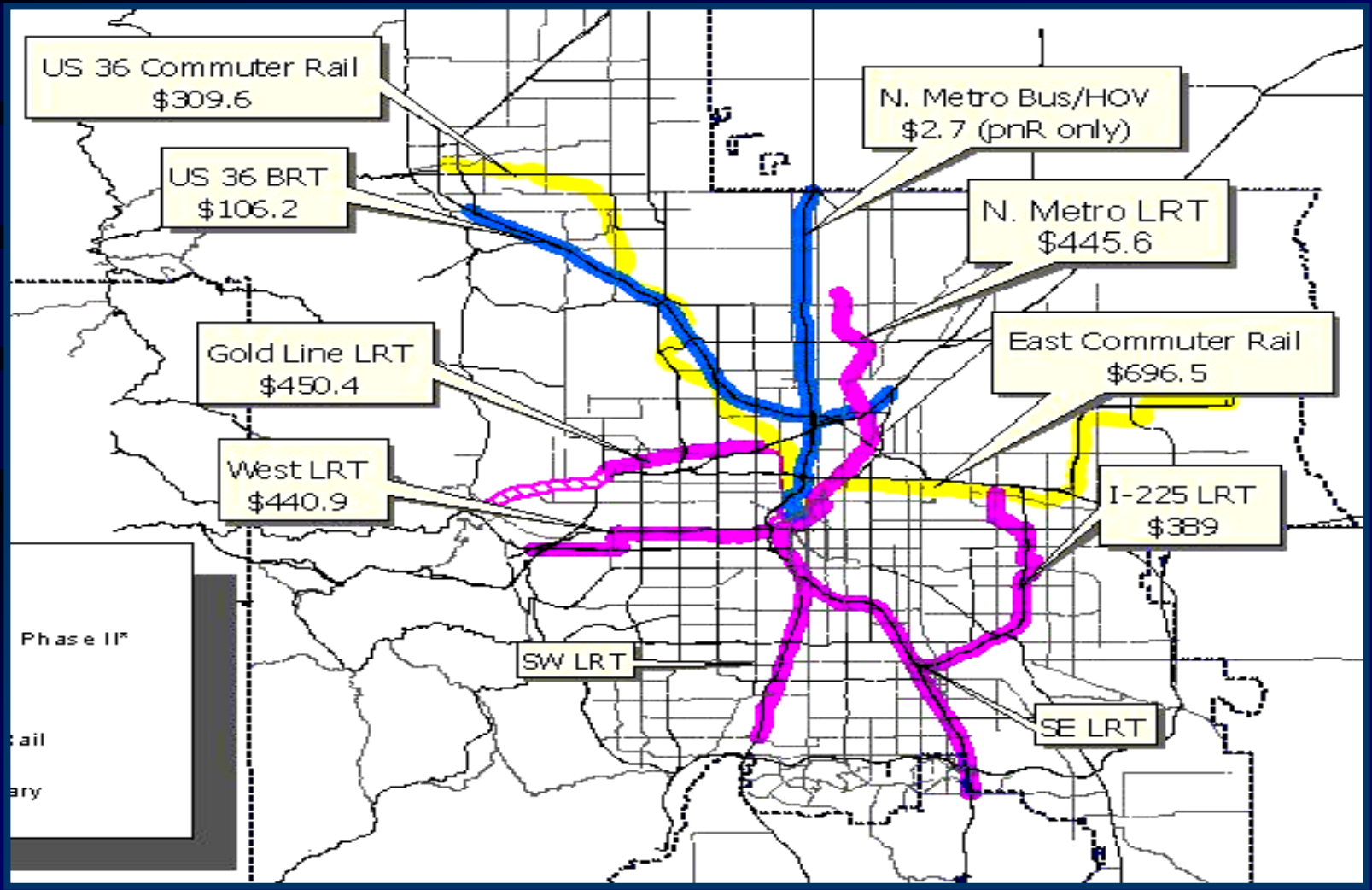
and successful transit village!

2006: T-Rex…13 stations connecting CBD and Tech Center

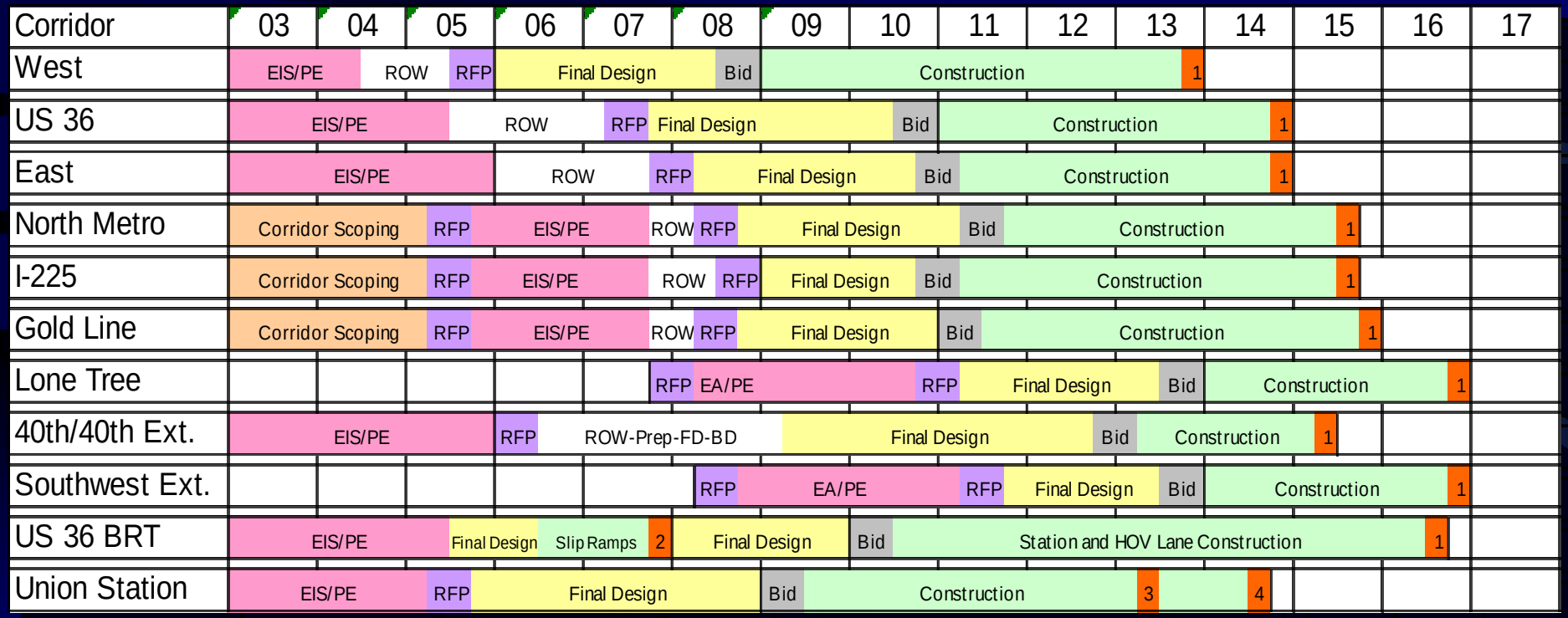
Broadway Station: Gates/ Urban Redevelopment

Lincoln Station: Suburban End of Line

2004-2016: FasTracks
57 new rail stations—90 total



Schedule: 10 corridors/12 years



Budget: $4.7 billion

Source of Funds	Amount	% of Total Cost
Sales Tax Bonds	$2,365.9	50.16%
Certificates of Participation	$ 203.1	4.31%
Federal Transportation Infrastructure Financing Innovation Act Loan (TIFIA)	$ 142.7	3.03%
Federal New Start	$ 815.4	17.29%
Federal Other	$ 110.	2.33%
Pay-as-you-go cash	$ 985.	20.88%
Local Contribution	$ 95.	2.01%
Total	$4,717.1	100.00%

The FasTracks Campaign

- Developed over 7 years
- $3.5 million budget
- Thousands of participants
- Hundreds of meetings
  - Businesses
  - Citizens
  - State & local governments

Key Leadership in Coalitions

- Metro Denver EDC
- Denver Metro Chamber of Commerce
- Metro Mayors Caucus
- Transit Organizations
- Urban Land Institute (ULI)

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FasTracks—The Outcome

- <u>November 2004:</u>
  Initiative passes-- 58%
- <u>September 2007:</u>
  $1.5 B overrun on $4.7B
  So far, no recall
- <u>Fall 2013</u>:
  First corridor opens
- <u>2016:</u>
  System complete—still on schedule

Coming up: Regional Hub at Union Station

Can TOD Happen Here??

Short Analysis:

- Market
- Land
- Leadership

TOD Champions: Public Sector

- State: Funding for transit
  Incentives/funds for TOD
- Regional: Regional growth plan
  Matching transportation funds and land use
- Local: Community vision
  Zoning and entitlements
  Land use and transportation policies
  Public private partnerships

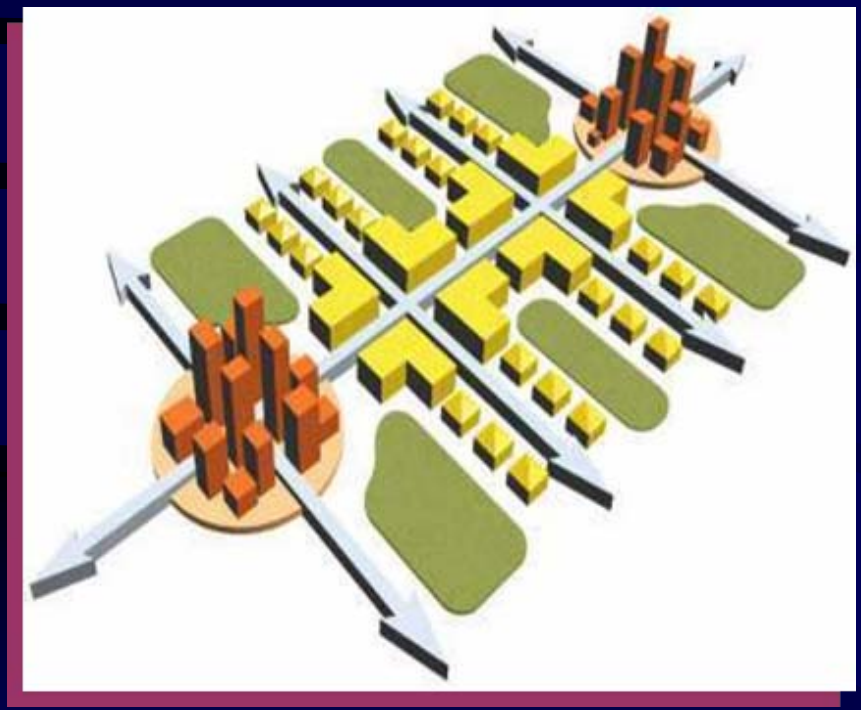
TOD Champions: Private Sector

- Bring capital and expertise to implement TOD
- Respect community vision
- Make reasonable profit in short term
- Leverage public investment

TOD Champions: Not For Profit Sector

- Call the question
- Convene the players
- Initiate thoughtful planning
- Educate the community
- Insist on good design
- Advocate for good projects
- Support elected officials

Closing Thoughts



- All great cities have transit—essential infrastructure to compete for employees/jobs in 21st century
- Indiana is already at a disadvantage
- If you build it, they WILL come

Closing Thoughts

It’s not easy--often competing objectives among:

- State
- Local Jurisdiction
- Developer
- Neighborhood
- Transit Agency
- School District

Closing Thoughts

Transit /TOD are long term strategies that need long term commitment

Total returns on a state, regional, and local level warrant the investment

It never gets cheaper

LET’S GO !!

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