TRANSIT AND TRANSIT ORIENTED DEVELOPMENT: TO SHAPE OR TO SERVE?

ULI Triangle

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June 3, 2015
Presentation Overview

1. Linking Transit and Development
2. The Value Transit and TOD Create
3. Emerging Lessons Learned From Transit and TOD
4. Concluding Thoughts
Linking Transit and Development
Transit Ridership is Highly Dependent on Land Use Patterns

**Density**
How many people, jobs, and activities are near each potential transit stop?
- Many people and jobs are within walking distance of transit.
- Fewer people and jobs are within walking distance of transit.

**Walkability**
Is it possible to walk between the stop and the activities around it?
- The dot at the center of these circles is a transit stop, while the circle is a 1/4 mile radius. The whole area is within 1/4 mile, but only the black-shaded streets are within a 1/4 mile walk.
- It must also be safe to cross the street at a stop. You usually need the stops on both sides for two-way travel!

**Strategy**
- A logical transit line is a direct path between any two destinations on it.
- Destinations located off the straight path force transit to deviate, discouraging those who want to ride through.
- Short distance between many destinations is faster and cheaper to serve.
- Long distance between destinations means a higher cost per passenger. (Distance-based fares can compensate in part.)

Figure 39: Geographic Indicators of High Ridership Potential
Development Near Transit – Transit Oriented Development (TOD)

- Development located within ¼ to ½ mile of a frequent transit station/stop (really a district)
- Located in an area where it is also easy to bike/walk
- Serves as an “origin”, a “destination,” or both for the transit system
There Is No Single Transit or Building Type in TOD
Transit Corridors Reflect the Range of Land uses and Densities – It’s the Connections that Count!

SOURCE: Center for Transit-Oriented Development, 2010
Employment Destinations Are Essential to Transit Because Commuters Ride Transit

- By a wide margin, the largest group of transit trips are commute trips
- Commuters are key to transit’s productivity

Source: Pisarski, *Commuting in America*
Any Transit That Supports Successful TOD is:

1. High quality
   - Frequent
   - Clean and Comfortable
   - Fast

2. Stops/stations that are easily accessible by biking or walking

3. Connected to employment centers/activity centers and major institutions
The Value Transit and TOD Create
Location and Access to Transit

Save Households Money

Figure 1. Percent of Income Spent on Housing and Transportation by Neighborhood where Households Live
Proximity to Transit Increases Property Values

Source: Strategic Economics
Compact Development, Like TOD, Lowers Capital and Operating Costs for Municipalities

Calgary, Alberta

Capital Costs

Operating Costs

32% savings

13% savings

Development Scenario:  Dispersed  Compact  Dispersed  Compact

Source: IBI – Implications Of Alternative Growth Patterns On Infrastructure Costs, Plan-It Calgary, City of Calgary, 2008
Emerging Lessons Learned from Transit and TOD
Lesson 1: BRT Generates Economic Benefits Similar to LRT

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthline, Cleveland, OH</td>
<td>$4-$5 billion worth of investment has occurred in the corridor since the Healthline began operations; associated with hospitals, universities, other institutions</td>
</tr>
<tr>
<td>Franklin EmX, Eugene, OR</td>
<td>$100 million worth of construction projects are under way downtown near the Franklin EmX line, including a boutique hotel, office space renovations, and expansions to a community college</td>
</tr>
<tr>
<td>Troost MAX, Kansas City, MO</td>
<td>The city recently received a $25-million federal grant for urban reinvestment; area was chosen for federal investment in part due to its proximity to the BRT</td>
</tr>
</tbody>
</table>

Lesson 2: Transit is a Market Accelerator, Not a Market Maker

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Existing Downtowns/Urban Business Districts</td>
<td>10%</td>
<td>13%</td>
<td>68%</td>
</tr>
<tr>
<td>Major Suburban Employment Areas</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Legacy Industrial Areas</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Mixed-Use Neighborhoods/Main Streets</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Auto-Oriented Commercial Corridors</td>
<td>23%</td>
<td>35%</td>
<td>9%</td>
</tr>
<tr>
<td>Industrial/Distribution Areas</td>
<td>28%</td>
<td>30%</td>
<td>7%</td>
</tr>
<tr>
<td>Low Density Residential Neighborhoods</td>
<td>34%</td>
<td>18%</td>
<td>8%</td>
</tr>
<tr>
<td>Major Greenfield/Infill Sites</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Total Corridor</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Lesson 3: Changing Demographics is Driving Demand For Transit Oriented Locations

76 Million Baby Boomers many of whom are downsizing

Almost ½ of All Households are Single People

75-80 Million Millennials – The newest members of the work force
Many Consumers Want to Live In Walkable Communities

- Walkable Community: 50%
- Conventional Suburban Community: 45%
- Don't Care: 5%

This Demand is Generating Price Premiums for Both Residential and Commercial Properties

Average Rents per Square Foot
Walkable vs Suburban Neighborhoods in Atlanta

<table>
<thead>
<tr>
<th></th>
<th>Suburban</th>
<th>“WalkUp”</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>$14.23</td>
<td>$18.55</td>
<td>30%</td>
</tr>
<tr>
<td>Retail</td>
<td>$10.42</td>
<td>$25.71</td>
<td>144%</td>
</tr>
<tr>
<td>Rental Housing</td>
<td>$13.07</td>
<td>$14.67</td>
<td>12%</td>
</tr>
<tr>
<td>For-Sale Housing</td>
<td>$60.06</td>
<td>$156.46</td>
<td>161%</td>
</tr>
</tbody>
</table>

Source: Leinberger, GWU School of Business – The WalkUP Wake-Up Call: Atlanta 2013
And, This is Not Just about “Downtown” Locations

Source: Leinberger, GWU School of Business – The WalkUP Wake-Up Call: Atlanta 2013
Lesson 5: These Other Transportation Systems Also have Economic Benefits

Bike Share = Additional $150,000 in rider expenditures (Minneapolis)

Urban Bike “Trails” = As much as $846 million in economic impact (Indianapolis Cultural Arts Trail)
Lesson 4: More Businesses are Relocating to Be Near Transit

“I think it’s essential we be accessible to Metro and that limits the options. I think as with many other things our younger folks are more inclined to be Metro-accessible and more urban.”

Arne M. Sorenson, Chief Executive, Marriott International. Washington Post, March 2015

“While Microsoft and Nintendo have stayed in the suburbs, Amazon is building a futuristic new inner-city home.”


“State Farm exec: Transit helped Tempe get $600M hub”

Parker Leavitt, The Republic, February 20, 2015
Lesson 6: TOD Must Be Equitable

“MARTA will apply a policy goal of 20% affordability, on average, to joint development projects undertaken subsequent to the adoption of the TOD Guidelines”

- Policies for Implementing MARTA’s TOD Guidelines, 2010

MARTA – Metropolitan Atlanta Rapid Transit Authority
Planning for Transit is a Regional Proposition, Planning for Job Growth Should Also be a Regional Concern

Job sprawl in the Phoenix region
Local Governments Need to “Set the Table” For TOD With Clear Land Use Policy to Reflect Community Values and Guide the Market

- Good Zoning
- Good street connectivity policies
Steer The Market Rather Than letting the Market Steer Itself

Once places become “transit accessible” they may serve different market niches than these same place did in the past.
Be Realistic About the Market, but Don’t “Settle” Either

- This is a long term proposition
- Not every developer has the right skill set to do TOD, look for the right partners
Create a Strategy To Ensure Housing Affordability Early in the Transit Planning Process

- One entity or organization should take the lead on developing and implementing the strategy
- This should be a regional effort
- Many tools will be required
Transit Can Both Shape and Serve But Only By:

- Working with the right market segments
- Having the right policies in place
- Making the supporting public investments
- Being patient!