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The Fate of FasTracks

How the credit crisis and economy are affecting transit-oriented development in Denver.

Five years ago, the Denver Regional Transportation District began the equivalent of a 100-yard dash. With voter approval of a four-tenths of a cent sales tax increase in 2004, we were off and running on the most aggressive transit system expansion in recent history: six new corridors, 122 miles of rail service, 18 miles of bus rapid transit and 57 new stations—all in 12 years. The \$4.7 billion program is appropriately named FasTracks.

The region's proven ability to implement successful transit-oriented development is one of the motivations behind FasTracks. According to the Urban Land Institute's *Emerging Trends in Real Estate*® 2009 report, Denver's continued emphasis on expanding mass transit alternatives and buttressing its downtown core as a regional hub should pay future dividends, including enhanced quality of life, increased property values, economic growth, improved air quality and increased ridership. However, implementing this mega program in the midst of a recession presents a number of challenges for RTD.

A GIANT ECONOMIC MAGNET

The Denver area's transit-oriented development enjoyed explosive growth before the bottom dropped out of the economy. Our existing 34.8-mile, 39-station system has acted like a giant economic magnet, attracting the following within a half-mile radius of existing stations:

- 11,621 residential units
- 4,586 hotel rooms
- 2.1 million square feet of retail space
- 4.5 million square feet of office space
- 1.6 million square feet of government space
- 143,000 square feet of cultural facilities
- 2.4 million square feet of convention/sports space

Another 8,094 residential units, 2,445 hotel rooms, 1.5 million square feet of retail and 1.4 million square feet of office space are in the development review process or have been proposed.

Home values near light-rail stations along our southeast line have increased an average of nearly 4 percent over the past two years, while the rest of the Denver market declined an average of 7.5 percent.

"In an up cycle, the public sector typically struggles to stay ahead of the development community. The downturn provides a narrow window of time for jurisdictions with existing and future transit stations to complete behind-the-scenes transit-oriented development tasks."

We have not reached the halfway mark of FasTracks' 12-year program, and yet developments already are springing up around future transit stations. To date, all of the following are either built or under construction within a half-mile radius of proposed stations:

- 2,523 residential units
- 140 hotel rooms
- 2.7 million square feet of retail space
- 560,000 square feet of office space
- 57,000 square feet of cultural space
- 316,000 square feet of government space
- 4.6 million square feet of medical-related space
- 200,000 square feet of convention/sports space

SURVIVING A PERFECT STORM

No one could have predicted the credit crisis and the general economic upheaval 2008 and 2009 had in store for us. The Denver area, like the rest of the nation, has seen a dramatic shift in the real estate market, which is slowing the pace of many transit-oriented developments in the metro area.

Recession-stifled sales tax revenues and unprecedented increases in construction material costs are much like a perfect storm of challenges. They are causing RTD to employ a number of innovative strategies to keep the FasTracks program moving forward. We already have determined that we will need to pursue additional revenue sources to implement the program as intended. Otherwise, it will be necessary for RTD to work with local leaders to determine alternative scenarios for delivering FasTracks.



William Sirois
Manager of Transit-Oriented Development
Denver Regional Transportation District

A CINDERELLA STORY

Transit-oriented development grants one city's wish to replenish lost sales tax revenue and transforms an abandoned regional mall into a thriving city center.

The Denver area is home to a number of established, successful transit-oriented developments. When other cities hear about our success and want to see transit-oriented development in action, I take them to CityCenter Englewood in Englewood, Colo., one of the first projects in the nation to replace an enclosed, regional shopping mall with an open-air, mixed-use city core.

A WICKED DECLINE

Cinderella City opened for business in 1968, making it the largest shopping mall west of the Mississippi River.

By 1974, the retail mecca accounted for 52 percent of Englewood's sales tax revenue. However, as suburban competition increased, retail trends shifted and a wicked decline set in. By 1994, the mall contributed only 2.6 percent of Englewood's tax revenues before closing for good.

After Cinderella City's decline, Englewood began examining the concepts of new urbanism and transit-oriented development as possible keys to reviving its rapidly declining tax base. City leaders envisioned transforming the neglected property into a thriving community by building on the region's investment in transit. Surely, they thought, a carefully integrated mix of uses would be immune to the retail market's mood swings.

A CIVIC GODMOTHER

In a bold move, the city of Englewood purchased Cinderella City from an insurance company and became the master developer. Working closely with RTD, the city diligently integrated its development with the Englewood transit station, which was under construction and adjacent to the old mall.

Today, the project's resulting urban design coordinates the complex needs of a suburb while transforming a single-use development served only by automobiles into an integrated setting accessible by train, bus, car, bike or foot.

The 55-acre, public-private development centers on a two-acre public piazza with walkable streets and more than 800,000 square feet of intermodal transit, office, civic, retail and residential space, including a 440-unit, higher-end apartment complex.

THE MAGIC OF TRANSIT-ORIENTED DEVELOPMENT

At one end of the piazza sits the Englewood transit station, which opened in July 2000. A 110-foot steel truss bridge creates a ceremonial gateway into CityCenter from the light-rail station. It spans an eight-bay bus transfer station and carries 8,000 people daily between the transit station, the central piazza and the main street. At the base of the bridge, a double stairway flanks an outdoor amphitheater, providing performance space for music, films, dance and community activities. However, the jewel of the transit-oriented development is the new civic center. Leaders saved the only viable building, a department store, from demolition, renovated it and relocated their city hall, municipal courts, meeting space and public library there.



The city of Englewood, Colo., revived a failing shopping area by replacing retail space with intermodal transit, office, civic, retail and residential developments, giving the area renewed growth potential.

Englewood Parkway, CityCenter's new "main street," terminates at the central piazza, directly on axis with the piazza fountain and civic center entrance. The block-long Parkway is bordered by retail, containing upstairs residential and office space—a smart move, according to Charles Bohl, author of *Place Making*. The book, published by the Urban Land Institute, says "Demand for residential properties in town centers continues to exceed expectations in a wide variety of markets. Most surprising of all is the strong demand for housing above retail shops."

Each element of CityCenter, whether retail, office or civic, is interdependent in the same way members of traditional downtowns were. Patrons of cultural events help support retail and restaurants. Visitors who use city services can take care of convenience shopping.

The point of CityCenter's story is this: Officials didn't replace an empty shopping mall with another retail center. Instead, they gave the area growth potential. Since then, Englewood has become one of our system's highest ridership stations. The new 440-unit apartment complex is a success. And, the parade of sales tax revenue-generators to follow since CityCenter opened includes three big-box retailers, restaurants and a nationally known fitness center.

In hindsight, I believe the city of Englewood would be the first to admit it would have added more density to the project had it known how successful the development would be. For now, CityCenter has revitalized Englewood's spirit and helped it recover its lost tax base while becoming a model for intelligent regional design. ▀

THE QUESTION EVERYONE'S ASKING

Should we ask voters for an additional sales tax increase? Area leaders continue to contemplate this issue. Given the state of the economy, RTD's board of directors chose not to ask voters for a sales tax increase this year. They will decide in the coming months whether November 2010 is the time to seek a tax increase.

Our board of directors' decision obviously will have implications for transit-oriented development, particularly if some corridors are delayed. The board's direction, based on how quickly the economy recovers in the next several months, could impact the region's transit-oriented development direction by next summer.

THE STATE OF TRANSIT-ORIENTED DEVELOPMENT

To understand better the effects of the worst economy since the Great Depression, RTD conducted informal interviews with several developers and market economists. We asked for their perspectives on the implications of the credit crisis and the recession on transit-oriented development locally and nationally. Below are seven key points to come out of those discussions. Some validate what we are seeing. Others provide a heads-up.

- 1. Larger, mixed-use projects are being delayed or eliminated.** These projects typically are phased, contain complicated financing and have longer-term returns, which make them particularly vulnerable in today's down market.
- 2. Marginal projects are stalling.** Tighter lending requirements are prohibiting the advancement of unleased and build-to-suit ventures. Some experts suggested the tightening credit environment could be permanent.
- 3. Land values around transit stations are being inflated.** These ballooning prices are causing developers to delay projects until rail investments, such as FasTracks, are nearly or fully constructed.
- 4. The real estate woes of 2009 will spill over into 2010.** Beyond that, most of those interviewed said they expect economic recovery to begin in 2011.
- 5. Prioritizing capital investments is key.** Cities and counties with future rail stops should prioritize capital investments at or near stations to support and help catalyze future transit-oriented development.
- 6. Competition will increase.** Competition for development among FasTracks corridors will increase as dozens of stations open within a relatively short timeframe.
- 7. P3s will continue to be effective funding mechanisms.** Public-private partnerships between local jurisdictions and developers will be an important tool to successfully implement transit-oriented development.

If I could add one more observation to that list, it would be this: Expect more affordable housing integrated with transit in the future. Not all property values have been inflated and, in those cases, it's a

buyer's market. Some of the most proactive players in Denver have been the affordable housing developers and housing authorities. On our West Corridor, the Lakewood Housing Authority and the Urban Land Conservancy are both aggressively buying properties for future housing projects. This early acquisition strategy may be a key to the success of affordable housing around stations in the future.

When the recession ends, the prospects for transit-oriented development in Denver are good. The experts we interviewed gave an optimistic forecast, citing the increasing trend of "going green" and transit-oriented development's ability to help address climate change, volatile gas prices and demographic shifts toward young singles and empty-nest households.

TIME IS ON OUR SIDE

A depressed market isn't all bad. It gives agencies time to complete transit-oriented development plans, zoning and implementation tools in advance of the economic recovery. In an up cycle, the public sector typically struggles to stay ahead of the development community. The downturn provides a narrow window of time for jurisdictions with existing and future transit stations to complete behind-the-scenes transit-oriented development tasks.

Developers will want to move quickly once financing begins to flow. At that point, there will be additional pressure to have transit-oriented development sites ready to move into development with private sector partners ready to help advance projects. Those jurisdictions able to get their transit-oriented development sites development-ready will be first out of the starting blocks when the race resumes. ⁿ

ABOUT THE AUTHOR

William Sirois is manager of transit-oriented development for the Denver Regional Transportation District FasTracks team. He has more than 17 years of experience in transportation and land-use planning in both the public and private sectors. In his current role, Sirois manages RTD's efforts to promote and encourage transit-oriented development with local jurisdictions, developers and other stakeholders. He recently developed RTD's strategic plan for transit-oriented development and is working on numerous transit-oriented development projects in various stages of development within the FasTracks system. Contact him at (303) 299-2417 or william.sirois@rtd-fastracks.com.

Transit-Oriented Development Guides Indy's Plans for a Major Transit System

Indianapolis doesn't have a multimodal transit system yet, but a focus on transit-oriented development is helping the city create a road map for one.

Indianapolis has long been known as America's Crossroads. Three major interstates—74, 70 and 65—intersect in our city. We're also home to one of the world's greatest sporting facilities and most renowned racetracks, the Indianapolis Motor Speedway. Few people know the track started out as a testing facility for Indy's fast-growing automobile industry. Further, two of our top 10 employers are Allison Transmission and Rolls-Royce. Here, the automobile is more than a mode of transportation. It's part of our civic and economic fabric.

But even a car-centric city like Indianapolis needs alternatives. During the summer of 2008, our small bus system bulged with passengers fleeing record-setting gas prices. The demand for an alternative mode of transportation put urgency behind the need to expand our system. Our citizens needed options.

The Greater Indianapolis Chamber of Commerce and the Metropolitan Indianapolis Board of REALTORS® conducted a citizen survey last year that revealed overwhelming support for an improved transit system. Many of our roads are at capacity during peak periods and projections for the next 30 years indicate our population will grow approximately 27 percent across the nine-county region.

Constricted mobility isn't just affecting residents. It's also affecting tourists. Indianapolis has a robust convention business. Those visitors often are surprised at how little transit service we offer. A multimodal transit system would help our city protect its position as a top destination for meetings and conventions.

In response to the need, we are considering commuter rail, light-rail and bus rapid transit to supplement our bus service, which is limited to one county. The first leg of such a system would stretch 20 miles from downtown to major growth areas just northeast of Indianapolis.

Long term, we envision a regionwide system that could cover as much as 80 miles, radiating from downtown to serve all parts of our city, as well as outer suburbs and municipalities. Under various scenarios, light-rail transit could provide frequent service at stations as close as a mile apart. Commuter rail could provide peak service with stations 1 to 5 miles apart.

Once completed, this transit vision for central Indiana would be our largest transportation initiative since the Interstate Highway System. Significant investment in our bus system is long overdue. Rail transit would provide an effective complement. Since most of our rail corridors are intact and freight volumes are low, the opportunity exists to do this economically, and we can stage it to match increasing demand. Transit-oriented development will go hand-in-hand with this development.

"A denser urban form lowers roadway costs by 20 percent, utility costs by 20 percent and school facility costs by 5 percent."

As for funding, many cities use sales tax as their primary funding source, but we're not convinced a sales tax would be viable here. We are exploring all options, including public-private partnerships and value capture districts.

How it will all play out is undetermined. We are still in the toe-dipping stages of making the system real. We know a transit system is feasible. We know it's needed. And, our citizens have told us they want it. Now, it's just a matter of figuring out how to move from conception to completion.

THE GUIDE RAILS OF TRANSIT-ORIENTED DEVELOPMENT

When our Union Station, one of the first in the world, came online in 1853, Indianapolis also was known as the crossroads of freight rail. Our extensive system attracted clusters of industry, mainly manufacturing. However, those days of heavy industry driven by freight railroads are gone. A single mainline still operates through our city, but it's not the beacon of business it once was. Many once-thriving properties have closed. They—and the neighborhoods surrounding them—are ripe for redevelopment.

These neglected areas along those legacy corridors are helping us plot the road map for our transit system. We see future rail corridors as viable options for stimulating transit-oriented development and revitalizing areas that have been idle for decades. Like all of our rail lines, the 20-mile corridor I mentioned earlier would operate through some of those brownfield areas. The neighborhoods that surround them are on the cusp of a turnaround. A rail system would give them the boost they need to complete their transformations.



Lori Miser, AICP
Executive Director
Indianapolis Metropolitan Planning Organization



Before and after views of the 16th Street and Nickel Plate Rail Line area in Indianapolis. The picture on the left shows a potential brownfield redevelopment area, while the computer-generated rendering on the right shows a transit-oriented development where a public transit line has been implemented.

Redevelopment is just one benefit of reusing existing corridors. There are several others:

- **It's economical.**
The system's skeletal structure already is in place.
- **It will reinforce our downtown as the center of the region.**
In 2000, the average downtown vacancy rate for cities with rail transit was 8 percent compared with 12 percent in cities without high-capacity transit.
- **It will promote sustainable land-use patterns or smart growth.**
Transit creates density and reduces sprawl. A denser urban form lowers roadway costs by 20 percent, utility costs by 20 percent and school facility costs by 5 percent.
- **Transit will reduce negative environmental impacts.**
Greenhouse gas emissions per rider will be half that of a single-occupancy vehicle.

Currently, the city's planning department is tackling preliminary transit-oriented development issues, such as zoning and overlay districts and strategies to encourage development.

Our Metropolitan Planning Organization, in conjunction with the IndyGo bus system and the Central Indiana Regional Transportation Authority, is working to make transit-oriented development happen. We've also attracted the business community's interest and are collaborating with the private sector to move the initiative forward. The entire organizational structure of who builds and operates the system still needs to be determined. We are aggressively addressing those issues this year.

"In 2000, the average downtown vacancy rate for cities with rail transit was 8 percent compared with 12 percent in cities without high-capacity transit."

Much of our inspiration for transit-oriented development came from visiting other transit-oriented cities. An MPO delegation previously visited Vancouver, British Columbia, Ottawa and St. Louis—cities that have a successful mix of transit and possess various pieces of what Indianapolis is considering, such as bus rapid transit. A group of city leaders also traveled to Denver to study how it transitioned from the planning to the implementation stage. Our chamber is taking a group to Charlotte, N.C., later this year.

Beyond economic benefits and quality of life, our goal is to have transit-oriented development result in more walkable and higher density, mixed-used neighborhoods. Indianapolis has an adequate pedestrian system to which we are adding bike lanes. If we had a transit system with good connections to sidewalks and bike lanes, it could change the feel of the city and make it an even more attractive place to live. "

ABOUT THE AUTHOR

Lori Miser is the executive director of the Indianapolis Metropolitan Planning Organization. She is a certified planner with more than 25 years of expertise in the transportation planning and policy arena. Over the past 19 years, Miser has worked in both the public and private sectors in Indianapolis. As a city/MPO employee, she has managed a number of projects, including the Monon Rail Corridor planning process, the Knozone air quality program, a variety of transit planning studies, the ConNECTIONS study for the Northeast Corridor and most recently the Indianapolis Cultural Trail project. Contact her at (317) 327-5269 or lmiser@indy.gov.

Dallas, We Have a Solution.

While tackling the problem of how to double an urban interstate's size without negatively affecting the community it serves, the HNTB Institute also uncovers a way to finance the multibillion-dollar project through value capture from transit station development.

In 2008, HNTB Corporation launched the HNTB Institute, an event where a group of national experts convene to work with and guide clients, government officials and community leaders through an intense three-day brainstorm to find solutions to their most complex urban infrastructure issues. We've hosted these events in cities across the country, and recently took our experts to Dallas.

Our institute leaders are pros at problem-solving, especially when the issues involve multiple transportation modes. They understand the success of transportation and community development hinges on interdependency. Neighborhoods and mobility need each other to survive, yet too much emphasis on one can kill the other. That's what the 20 participants at the HNTB Institute in Dallas were about to discover.

You could argue that assembling several people in a room to problem-solve isn't exciting. Nevertheless, in an age where we communicate by e-mail, voice mail and video conferencing, getting everyone together is increasingly rare and can be quite rewarding. Just ask our most recent participants:

- Dallas Area Rapid Transit
- Texas Department of Transportation
- The city of Dallas
- Neighborhood activists from the Dallas metropolitan area

When they emerged from the institute, they had a newfound understanding of how community and mobility are intertwined, three new solutions to their transportation dilemma and a mechanism for funding it.

THE BREAKTHROUGH

At the center of our brainstorm was how to double Interstate 30 in size, install a new transit line and make improvements to local transportation without destroying the urban community these improvements will service.

The first valuable outcome of the institute was when participants realized they couldn't approach the problem simply from a mobility standpoint. Expanding I-30 was an integrated, complex issue. If

they focused solely on increasing mobility, they would destroy the surrounding neighborhoods and historic state fair grounds. And, if their only mission were to protect these prized areas, they would smother mobility. Everyone agreed: The preferred alternative needed to possess a keen sense of balance. It was a major breakthrough.

A PREFERRED ALTERNATIVE

Out of three solutions, the group's preferred alternative was 10 general-purpose lanes and four buffer-separated, revenue-generating managed lanes. This alternative narrowed the corridor's footprint and reduced right-of-way by 120 feet without reducing the number of lanes. To accomplish that, we cantilevered some of the slip ramps and eliminated the frontage roads, which minimized infrastructure costs.

Although we had identified ways to save money through the three-day event, an even bigger question remained: How do we pay for it?

... between 1999 and 2007, the total added value of taxable projects around DART stations was nearly \$3 billion.

... median property values for existing residential and office developments were nearly 15 percent greater than similar, non-transit developments.

By drawing a value capture district around the new DART line stations, we could generate an estimated \$361 million in cumulative tax revenues over a 22-year period.

A TRANSIT DEVELOPMENT FUNDING MECHANISM

Until now, the I-30 expansion had been stifled by lack of funding. However, the institute was able to present a solution for that, too. We proposed value capture. As it stood, if we had added improvements to the area, the increase in property taxes would have gone to various taxing entities, such as the county, city and school district.

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David A. Wenzel, AICP, LEED® AP
Vice President and Chair Urban Design
and Planning Services
HNTB Corporation

DALLAS STAKEHOLDERS FIND SOLUTIONS THROUGH COLLABORATION

“The HNTB Institute was amazing. Sometimes Friends of Fair Park feels like it is pushing a rock up a hill. But suddenly we had all these really smart people from all over the country helping us figure out a way to improve transportation to the park and also improve the neighborhoods around the park. I already have used the institute’s report several times and have requests for more copies.”

Craig Holcomb
President
Friends of Fair Park

“This institute project coincides with our department efforts to increase understanding of cooperative partnerships and context-sensitive solutions when developing urban projects. Including local stakeholders in this process is one of the goals of the Urban Thoroughfares Committee, created in 2007 by the Texas Transportation Commission. The committee’s second goal is to educate internal staff, local officials and private interests about the process of developing these corridors to their ultimate economic potential. The assistance of the Institute could not have been more timely.”

Mark A. Marek, P.E.
Director, Design Division
Texas Department of Transportation



“As far as the intent of the I-30 design workshop, I say mission accomplished. There are always interesting and different perspectives when everyday citizens have an opportunity to express their ideas. This was a great vehicle to solicit different points of view. The really big ideas that came from the collaboration of the stakeholders, the city and HNTB’s professional staff ultimately led to some exciting proposals. The vision for the surrounding neighborhoods, local transportation network and the I-30 design will not only enhance the freeway project, but it ensures that the surrounding communities are more livable and sustainable.”

Keith Manoy
Senior Program Manager, Transportation Planning
City of Dallas

“I had the opportunity to participate in the future of planning. We discussed bike paths, sidewalk access and mixed-use development. Thirty years ago, major highway projects focused on geometrics and traffic volumes and restricted economic development to intersections. The HNTB Institute focused on the nature and impact of the project. It made economic development a primary goal, not an ancillary benefit.”

Todd Plesko
Vice President, Planning and Development
Dallas Area Rapid Transit



The institute subjected each alternative to a consumer guide-style rating system, depicting with unshaded, partially shaded or fully shaded circles how well each alternative met the group’s objectives.

Under value capture, sometimes known as tax increment financing, we still would enhance property values, but the newly generated revenue would be “captured” and funneled back into the area for further improvements. The concept was not a hard sell. Before joining HNTB, I was employed by the city of Dallas in the late 1980s when voters first approved the transit system. Part of my job was to create policies to guide the level of development around the transit stations. It has been fulfilling to see our early assumptions about revitalization confirmed. DART stations have had an amazing gravitational pull on development.

According to a study by the University of North Texas, between 1999 and 2007, the total added value of taxable projects around DART stations was nearly \$3 billion. In addition to the attraction of station areas for development and redevelopment, the same study found that median property values for existing residential and office developments were nearly 15 percent greater than similar, non-transit developments.

By drawing a value capture district around the new DART line stations, we could generate an estimated \$361 million in cumulative tax revenues over a 22-year period. That revenue could be plowed back into the district to pay a large chunk of the more than \$250 million needed to expand the two-mile section of corridor, as well as other local connectivity improvements.

... AND A SPIRIT OF COLLABORATION

The spirit of collaboration cultivated at the institute continues. Participants, as well as other preferred alternative proponents, including the Meadows Foundation, the State Fair of Texas, Friends of Fair Park, the Baylor Health Care System, the Deep Ellum TIF District and Woodbine Development Corporation, are engaged in determining next steps.

Collaboration was one of our goals. The premise of the institute is to provide a forum for our experts and clients to solve their most complex urban infrastructure issues through collaboration. The I-30 expansion really fit the bill. Our institute challenge assignment in Dallas was to accommodate a significant amount of traffic volume in a way that was compatible to all stakeholders. Together, we produced extremely sophisticated but implementable solutions that broke the logjam and the budget impasse. Development associated with transit was a key to our solutions. As more comprehensive, sustainable transportation solutions emerge, transit station development will become an increasingly important asset and partner. ▫

ABOUT THE AUTHOR

David Wenzel is chair of HNTB's urban design and planning services. He has more than 30 years of professional experience, of which he dedicated eight years to the public sector, including serving as community development director of Thornton, Colo., and assistant director of planning for the city of Dallas. He has been involved in a wide variety of projects, including community planning, downtown plans, urban design studies and land plans. Contact him at (317) 636-4682 or dwenzel@hntb.com.

WHY VALUE CAPTURE?

Were it not for transit service and stations, the possibilities of transit-oriented development and joint development would not exist. The concept of “value capture,” therefore, examines the benefits of these enhanced real estate values not only to local communities that host stations, but the agency as investor and infrastructure provider. In general, value capture either:

- Captures the increases in privately owned property values that result from their proximity to transit, and/or
- Applies a form of an impact fee on properties near transit that benefit from its presence.

These revenues go straight to the transit organization to fund capital, operating and maintenance costs, or are split with the host municipality according to a predetermined formula.

HNTB recently completed a catalog and evaluation of national value capture practices titled *Tools and Techniques for Facilitating Effective Value Capture*. Prepared specifically for the Chicago Regional Transportation Authority, the catalog outlines organizational structures and finance methods used by other transit agencies and identifies those that may be uniquely suitable for the Chicago metro region. Below are two examples:

- Metropolitan Atlanta Rapid Transit Authority: MARTA is participating in the planning of an economic development and infrastructure investment project called the BeltLine Program, which will be financed through a Tax Allocation District. TADs are Georgia's statutory mechanism to create Tax Increment Finance districts. The BeltLine program focuses on construction of a rail line that will operate as part of the MARTA system and catalyze the redevelopment and reconnection of the 45 urban neighborhoods it will serve. Rail transit service within this corridor, and corresponding infrastructure investment and economic development, would not be possible without the TAD.
- San Francisco Municipal Railway: The San Francisco Transit Impact Development Fee, originally passed by the city council in 1981 and expanded in 2004, was, at the time of its original passage, the only development impact fee in the country devoted to public transit capital and operations costs. Millions of dollars have been generated since the passage of the original ordinance. Revenues from it can be used to fund such items as:
 - Capital, operating and maintenance costs associated with new or expanded routes or increased service on existing routes.
 - Related overhead costs. ▫

InTransit Roundtable

Three transit agencies discuss the transit-oriented development climate, its challenges and trends.

Transit-oriented development was on the verge of exploding in the United States before the recession hit. But, how is it faring now? Has the recession knocked the wind out of hopes for a strong comeback, or do experts say its best days are still ahead?

To get the answers, *InTransit* spoke with three agencies that have their fingers on the pulse of transit-oriented development in America:

- Michael A. Allegra, assistant general manager and chief capital development officer, Utah Transit Authority
- Leanne P. Redden, senior deputy executive director of planning and regional programs, Regional Transportation Authority, Chicago
- Richard Roberts, chief planning officer, New Jersey Transit

InTransit: How would you describe the climate of transit-oriented development right now?

ALLEGRA: I would describe the state of the industry as healthy, current economic climate notwithstanding. I believe we are seeing unprecedented opportunities for transit-oriented development and transit-adjacent development. In the past 10 years, the Utah Transit Authority has invested \$1.5 billion in rail transit, which has



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Chief Planning Officer
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“... the effects of the recession—higher gas prices, the mortgage crisis and less spending—are giving us an opportunity to bring transit-oriented development conversations into the mainstream.”

— Leanne P. Redden
Regional Transit Authority, Chicago

generated about \$4 billion in transit-oriented development investment to date. We have \$2.85 billion more in projects under construction and another \$4 billion of work after that. It totals nearly 100,000 acres of transit-oriented development within a half-mile walking distance of major transit stations.

I’m not saying we’ve been immune to the recession. We haven’t. But, we are using the “down time” to our advantage, aggressively planning and developing, so that when the economy turns around, Utah will pop with some very substantial developments.

ROBERTS: My prognosis is mixed. The slowdown in economic activity is evident. However, as Mike said, we are seeing developers and agencies beginning to think about where they want to be when we come out of the recession. There is activity, but it’s mainly positioning for future development projects.

REDDEN: The state of transit-oriented development is good, strong and growing. We insiders have understood the value of transit-oriented development for quite some time. However, the effects of the recession—higher gas prices, the mortgage crisis and less spending—are giving us an opportunity to bring transit-oriented development conversations into the mainstream.

InTransit: What is transit-oriented development’s biggest enemy and can it be overcome?

ALLEGRA: As a high-growth, relatively young transit agency our biggest challenge is overcoming a misconception about density. Transit-oriented development is not about creating density. It’s about creating quality service and development. Having some good, real-world transit-oriented development examples here in Utah will be helpful in proving our point.

ROBERTS: I agree. Our greatest obstacle is a lack of understanding. When some people hear “transit-oriented development,” they hone in on “density” and get frightened. They think we are bringing the big city to their little community. Overcoming that perception is difficult.

Others are concerned about how transit-oriented development will affect a community's fiscal situation or how it might change their town's character. We overcame these obstacles in New Jersey. You need to show elected officials early into the process how transit-oriented development will benefit them. Next, you need to recruit local champions. Local community leadership must be at the head of the parade.

REDDEN: I believe the biggest enemy of transit-oriented development is the public sector's inability to sell the concept effectively. Until recently, the conversation about transit-oriented development largely has been academic. However, as we begin to see and feel the benefits of transit-oriented development, people are coming around. Mike is right. Living, breathing examples help tell the story without saying a word. People are beginning to understand that the "D word" isn't so scary. You can have density without gridlock.

High price points are another obstacle. We must help people appreciate the intangible value of transit-oriented development. Most buyers don't factor in the hidden cost of car ownership and use versus transit use in assessing their residential purchases. We would do our industry a favor by creating a formula to develop less expensively or to incorporate affordable housing to lower the price point.

ALLEGRA: Let me tag on to that. The financial institutions in bond and real estate markets are big impediments right now. They are becoming shyer in their lending. Our challenge is to convince them to lend money on these projects even though they are not yet mainstream.

REDDEN: True. I used to work on the municipal side of planning and land use. One of the biggest impediments to getting developers to reduce the amount of parking was the fact that their banking institutions required it. Bankers saw "suburban location" and automatically required a certain amount of parking, or they wouldn't finance the deal, but that is starting to change.

InTransit: What major trends do you see in transit-oriented development?

ROBERTS: A convergence of issues, ranging from energy and concerns about greenhouse gases to a greater interest in smart growth, are shifting the spotlight to transit-oriented development. We are concerned that could lead to more emphasis on imposing transit-oriented development requirements and not as much on how to incentivize communities to progress transit-oriented development planning and projects.

ALLEGRA: There seems to be a trend, particularly among the younger generation and in light of the economy, of people being more cost conscious, more environmentally conscious and more socially conscious. As a nation, we're also seeing less of a propensity to drive. People are slowly realizing you can enjoy a healthy, active lifestyle without the support of two or three vehicles.

REDDEN: I completely agree. The stars have aligned. The economy has forced people to think more critically about their choices. But on a larger, more permanent scale, the generation graduating from college thinks completely different. They come at life from a green, livability standpoint, not white picket fences and three-car garages.

I also think the transit-oriented philosophy is beginning to permeate all land uses, not just key nodes. In addition, the banking and development communities are warming to new ways of doing business. They still may be shy about undertaking anything too innovative, but I believe they are thinking more creatively than before.

InTransit: If you could help pen the next transportation reauthorization bill, what transit-oriented development-related change would you make?

REDDEN: I would draft legislation that promotes this administration's collaborative spirit. In the short-term, the triumvirate of housing and urban development, transportation and environment is investigating ways to fund projects that touch each agency but traditionally have not been supported by federal programs. The opportunity for transit agencies is to further frame the conversation and to help define these programs as they move into final legislation.

ROBERTS: My bill would encourage transit agencies to be major players in transit-oriented development. In addition, there seems to be an emphasis on rail stations in many people's minds. We need legislation that moves beyond rail to promote a multimodal focus, allowing transit-oriented development projects to move forward where there is a substantial amount of bus service and especially where special lanes, and other actions to prioritize bus movements, have been implemented. If our only focus is building rail stations and then drawing half-mile circles around those stations, we limit ourselves and transit-oriented development.

ALLEGRA: As chair of APTA's planning and policy committee, I have supported the recommendation to make land use a more significant factor in the benefit calculations under the New Starts Program. When other modes outside of light-rail, like streetcars, are involved, land use becomes significantly more important than added trips, for example. That kind of thinking is gaining legs. We were quite pleased with discussions out of the House Transportation and Infrastructure Committee, as well as the recommendations APTA is making toward reauthorization that are all highly supportive of those concepts.

"Transit-oriented development is not about creating density. It's about creating quality service and development."

— Michael A. Allegra
Utah Transit Authority

InTransit: Do you see value capture playing a greater role in transit-oriented development's future?

ALLEGRA: Absolutely. Because we are building in railroad rights-of-way, almost all of our lines are in redevelopment zones. We are looking for any and every possible funding source to deliver these projects.

REDDEN: Yes. As resources shrink, value capture becomes even more important. Value capture is a way to incent better developments and the amenities that make transit-oriented development a success. In an even more creative role, value capture could be leveraged to generate a revenue stream to support transit service in the future.

ROBERTS: I see value capture, in its traditional form, playing a limited role. Here in northern New Jersey, most municipalities are strapped for funds. Property taxes are their primary means of raising taxes. It's going to be tough for the transit operator to glom on to increased revenues because of increased property values. We view value capture as maybe having more potential to support operating expenses rather than capital investments.

“Local community leadership must be at the head of the parade.”

— Richard Roberts
New Jersey Transit

InTransit: Offer one piece of advice to those agencies and cities considering transit-oriented development.

ALLEGRA: It takes time to change habits and, by design, there is no true definition of transit-oriented development. It can be as big or as little as you want it to be.

REDDEN: One size does not fit all. It's like public-private partnerships. If you've seen one, you've only seen one. I also would add that interjurisdictional cooperation is critical. Agencies must make sure that even in just talking hypothetically about transit-oriented development, all players are at the table. Finally, go for the low-hanging fruit first. Those quick wins can help change local perspectives.

ROBERTS: I have three pieces of advice. First, seek a willing community with a viable local champion, preferably an elected official of some stature. Second, be prepared to walk everyone through the planning process, emphasizing transparency and understanding, so you obtain the necessary support. Third, be committed to and publicly state that the community's needs must come first.

ALLEGRA: Definitely. Do it right, and do it for the community. ⁿ

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Resource Center

Featured in this issue:

Denver Regional Transportation District's FasTracks Program

www.rtd-fastracks.com

Indianapolis Metropolitan Planning Organization

www.indympo.org

New Jersey Transit

www.njtransit.com

Regional Transportation Authority, Chicago

www.rtachicago.com

Utah Transit Authority

www.rideuta.com

HNTB Corporation

www.hntb.com

Other helpful Web sites:

American Planning Association

www.planning.org

The American Planning Association brings together thousands of people—practicing planners, citizens, elected officials—committed to making great communities happen.

American Public Transportation Association

www.apta.com

APTA, its members and staff work to ensure that public transportation is available and accessible for all Americans in communities across the country.

Envision Utah

www.envisionutah.org

Envision Utah engages people to create and sustain communities that are beautiful, prosperous, healthy and neighborly for current and future residents.

Federal Railroad Administration

www.fra.dot.gov

The FRA promulgates and enforces rail safety regulations; administers railroad assistance programs; conducts research and development in support of improved railroad safety and national rail transportation policy; provides for the rehabilitation of Northeast Corridor rail passenger service; and consolidates government support of rail transportation activities.

Federal Transit Administration

www.fta.dot.gov

The FTA supports locally planned and operated public mass transit systems throughout the United States.

Public Transportation

www.publictransportation.org

Public Transportation is an online resource designed to provide information about the benefits and importance of public transportation for all Americans.

Rail~Volution

www.railvolution.com

Rail~Volution is a conference for passionate practitioners who believe strongly in land use and transit as equal partners in the quest for greater livability and greater communities.

Reconnecting America

www.reconnectingamerica.org

Reconnecting America is a national nonprofit organization that is working to integrate transportation systems and the communities they serve.

RTA's Community Planning Web site

www.rtachicago.com/cp

Chicago RTA's Community Planning program provides funding and planning assistance to communities at the local level for planning projects that benefit both the local communities and the RTA transit system.

Smart Growth Network

www.smartgrowth.org

The Smart Growth Network was formed in response to increasing community concerns about the need for new ways to grow that boost the economy, protect the environment and enhance community vitality.

Transportation Research Board

www.trb.org

A division of the National Research Council that promotes innovation and progress in transportation through research.

Urban Land Institute

www.uli.org

The Urban Land Institute provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

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