

# The Transit Renaissance

## *Transit Oriented Development and TEA3*

by David Burwell & Hank Dittmar

As TEA3 approaches, STPP is taking stock. The TEA-21 legislation ushered in a new era of spending on highways and transit, with a forty percent increase in federal funding. We are beginning to ask what the nation got in exchange for this huge increase, and in many quarters, the answer appears to be not much. Congestion continues to grow, road and bridge conditions have improved only slightly and in many states have actually declined, fatalities and accidents have not decreased, and user satisfaction appears not to have improved. One bright spot appears to be in the transit industry.

Despite the recession, ridership is higher now than it has been in many years. Ridership growth is occurring throughout the country, in traditional transit bastions like New York and Chicago, but also in bus systems like Albuquerque, Oklahoma City and Boise. The demand for new busway and rail systems is huge, with virtually every city of size in the country in the planning stage. Moreover, improvements such as rapid bus, smart cards, university passes, low floor buses, streetcars and car sharing programs are increasing the convenience and utility of transit to the consumer.

Another aspect of transit's evolution is the growing popularity of transit-oriented development (TOD). Aided by more progressive regulations, transit agencies nationwide are attempting to encourage and even partner in the building of walkable, mixed-use developments around stations. This issue of *Progress*, contributed by our friends at the Great American Station Foundation, looks at TOD and finds that we have both much to cheer and much to learn about doing it right. More and more cities are trying to work with developers to respond to the growing market for denser, 24-hour environments.

At the same time, though, many of the first generation of TOD projects, while an improvement over traditional suburban projects, have not delivered the promised outcomes. The Station Foundation's TOD Initiative hopes to document the successes and failures of this first generation, better define TOD for the second generation and assist transit agencies and communities in

delivering TOD that in turn generates the desired outcomes and returns for individuals and the community.

We are learning lessons for the coming authorization as well. Sadly, many in Congress and the Administration see the growing popularity of transit and TOD as a problem, not an opportunity. The Administration has already proposed to handle the approximately fifty-year waiting list for new starts funds, not by providing more resources, but by rationing funds by increasing match requirements. This move is totally wrong headed, especially as they have not proposed to do the same for new highway capacity projects. Transit and highways should be treated the same. Another dimension of the issue is the huge popularity of TEA-21 programs like TCSP and CMAQ, which dedicate funds to TOD and transit types of projects, and the limited use of flexibility in the NHS and STP state categories. This tells us that transit agencies and localities are eager to try new approaches, but that the traditional programming entities at the state level are intent on limiting the use of flexibility for funds they control. Confronting and solving this issue of intense demand for transit in the face of resource limitations will be a key part of STPP's reauthorization platform, which will be released in early 2003.

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# The \$200 Billion Question:

## *What TEA3 Can Do For Communities and Why You Should Care*

When the 108th Congress convenes in Washington DC in January 2003, they will begin debate on the renewal of the nation's surface transportation law. The last two federal transportation bills – ISTEA in 1991 and TEA-21 in 1998 – provided significant increases in funding but also heralded dramatic changes in the nation's transportation policy. They finished construction on the 45,000 mile Interstate highway system, leveled the playing field among different transportation modes, created new targeted funding categories for environmental protection and community enhancements, and started to devolve more federal transportation funds down to the local and regional level.

But ISTEA and TEA-21 also created great expectations: namely the promise of a bold new approach to transportation in the post-Interstate era. But the bills came with little in the way of guarantees to back it up. While some states have indeed seized new opportunities made available under ISTEA and TEA-21, many others have not. Innovation is happening, but at a much slower pace than many expected, and where it is happening it's all too often an uphill struggle. It's the strong belief of STPP and the Alliance for a New Transportation Charter (ANTC) that it's time to talk about outcomes. It's time to put some teeth into the intent of ISTEA and TEA-21, to demand success and reward innovation, to focus on getting more out of our existing transportation investments.

Of course, before we can go too much further with what's to be gained in TEA-3, we have to also understand what's at risk. A small cadre of traditional transportation interests are trying to use TEA-3 to weaken environmental and public health laws like the National Environmental Policy Act (NEPA) and the Clean Air Act. Ironically, while these interests cite environmental and health regulations as a reason that large transportation projects get delayed, analysis from the Federal Highway Administration (FHWA) itself contradicts this assertion. Instead, FHWA points to a lack of funding for projects, low priority for the projects, or a lack of local consensus as the main reasons for transportation project delays.

Congress must enhance environmental and health protections in TEA-3 while at the same time being to address the new transportation challenges that the nation faces at the dawn of the twenty-first century. While STPP and the Alliance for a New Transportation Charter are in the process of developing a more detailed blueprint for TEA-3, the following four challenges outlined in the Charter itself provide an important framework for the bill:

**1) Require Accountability & Reward Performance:** The passage of the 1998 TEA-21 bill represented a 40 percent increase in federal funding for transportation programs without anywhere near a similar increase in performance. The public deserves more from its \$200 billion investment. TEA3 must require that trans-

portation agencies keep track of a range of crucial transportation performance measures – including public health, social equity and environmental indicators. Performance must be accurately measured and funding and other incentives should be attached to both success and failure.

**2) Fix It First:** America's Interstate system is approaching middle age, local streets and bridges are crumbling, our trains run slower than they did in the 1940s and our mass transit systems are in dire financial straits despite recent gains in ridership. All too often, politics wins out over potholes, and transportation funds are used on new construction projects even while roads, bridges, rail and mass transit systems fall further into disrepair. The reauthorization of the next federal transportation bill must contain a strong "Fix it First" provision that prioritizes maintenance, operations and efficiency over new construction.

**3) Provide More Choices & Make Places that Work:** Poll after poll shows that Americans want and need better travel choices: a more balanced transportation system with a healthier mix of investments in mass transit, walking, bicycling, roads, community trails, telecommuting, paratransit and high speed rail. TEA-3 should significantly increase funding for mass transit and paratransit while boosting funds for popular community-based programs like Transportation Enhancements. The bill must also provide new incentives for walkable communities and transit-oriented development.

**4) Promote Social Equity and Learn To Serve People:** ISTEA and TEA 21 established Congressional intent for broad participation in the planning process. Implementing regulations, however, provided wide latitude in how this was accomplished. The next federal transportation bill must put real teeth into the requirements for public involvement. Public involvement should go far beyond the traditional two minutes for comment period at a public meeting - something that has largely failed to produce any real meaningful dialogue or exchange between officials, the public and staff - to more meaningful ideas like providing community planning grants to neighborhoods and non-profit groups to help them identify and design projects.

It's time to finally make good on the promise of the last two federal transportation bills. ISTEA is a good law. TEA-21 is a good law. Congress must build on the sound underlying structure of these bills while at the same time requiring real progress towards the original intent and goals of the legislation. TEA-3 must ensure more institutional accountability, performance-based outcomes, environmental and health protections, local control, public involvement, and better transportation choices for all Americans.



# Flexing to Transit

## Are State Leaders as Flexible on Transit Funding as Federal Law?

### Flexible Funding: A Hallmark of ISTEA and TEA-21

A hallmark of the two federal surface transportation laws since 1991, ISTEA and TEA-21, is more flexibility in the use of federal highway dollars. States and metropolitan regions are able to use federal highway funds to support transit-oriented development (TOD) directly or by “flexing” highway dollars to transit projects. This allows state and local decision-makers to expand the nation’s transit services and make TOD investments beyond what the Federal Transit Administration programs can support.

### Funds to Enhance TOD and Transportation Choices Often Held Up

Despite community demands across the country for a more balanced transportation system, many states have not taken advantage of the law’s flexibility to respond. These state-level decision-makers have starved TEA-21 highway programs that readily support TOD and transit, such as the Congestion Mitigation and Air Quality Improvement program (CMAQ) and Transportation Enhancements. State agencies do this by using an accounting loophole in current law (see STPP’s *decoder*, “The Transportation Funding Loophole” at <http://www.transact.org/library/decoding.asp>). Worse yet, many states continue to spend their most flexible federal highway funds – the Surface Transportation Program (STP) – mainly on expanding state-owned highway facilities, not on eligible TOD and transit investments.

Ironically, many states continue to call for more funding flexibility, even as they ignore opportunities to use existing flexibility to support transportation choices like transit and TOD. Instead, many want flexibility to move money out of metro areas to rural areas, to spend it on new capacity rather than preservation, on wider roads rather than air quality, but not to do transit or bikeways.

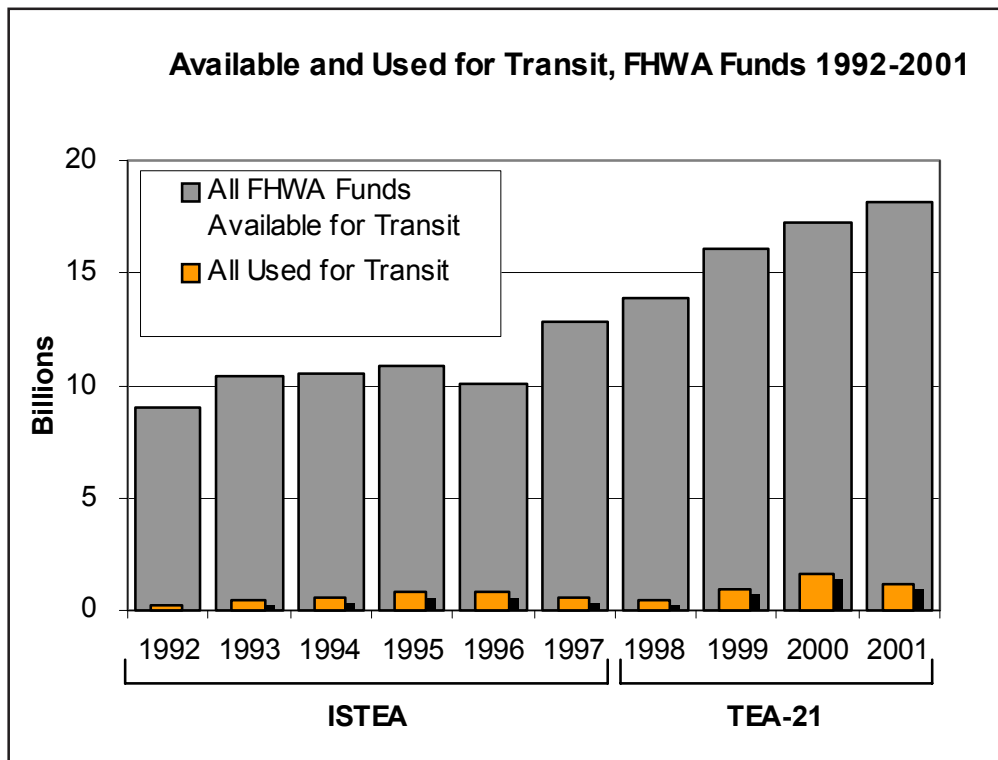
By contrast, local officials, who are closer to community and transit needs, and who own 76 percent of the nation’s roads, have relatively little control over federal highway spending in their areas. In areas over 200,000 in population, Metropolitan Planning

Organizations (MPOs) have assured access to about 6 percent of all federal highway dollars. These officials are often more interested in focusing funds on community needs – expanding transit services and transportation choices, improving air quality and increasingly TOD investment. Experience shows that MPOs with access to STP and CMAQ funds actively use these funds to advance transit and TOD projects.

### Law More Flexible Than States

The federal law provides a staggering, though largely untapped, potential for funding transit and TOD projects through the federal

highway program. Two federal highway programs can be spent directly on transit: CMAQ and STP. In addition to funds apportioned directly to these programs, the law allows states to transfer funds from the other core highway programs into STP or CMAQ. All told, approximately 58 percent (\$129 billion) of the funds apportioned for Federal Highway Administration programs in the last ten years was available for use in transit and TOD-supporting projects.



The states’ record on using the available funds on transit projects is less stellar. All told, just 5.6 percent of the federal highway funds available for spending on transit was flexed in the last ten years, from 1992 through fiscal year 2001. This makes for an average of \$770 million per year flexed to transit. The chart below shows the amount flexed to transit relative to the amount available.

Preliminary numbers indicate that allowing local and regional decision-makers to control transportation funds often results in more flexing to transit. California – a state that devolves much of its federal funding to the local level – accounted for over half of all funding flexed to transit during the first four years of TEA-21. A forthcoming joint study between STPP and the Brookings Institution will explore the different spending patterns between federal funds controlled by the state and those funds that are devolved to the local level under federal law.

# From Rhetoric to Reality: *Making Transit Oriented Development Real*

By Hank Dittmar & Shelley Poticha

As more and more Americans discover the benefits of urban living, and the proportion of the population that is seeking to live in walkable, mixed use communities grows, there is beginning to be a growing unmet demand for these kinds of neighborhoods. Much of this demand could be met by transit-oriented development. New transit lines have been opened in many American cities over the past decade, and dozens of cities are in the planning, design or construction phases. If each of these new light rail, rapid bus and commuter rail projects could be accompanied by a coherent plan for TOD around the stations, we could be well on the way to creating a changed urban and suburban landscape in America.

Sadly, though, we are a long way from meeting this goal. Developers are acknowledging the increased accessibility and value of property near new transit lines by building projects, but due to a variety of factors, these projects often look more like conventional single use development than they look like lively mixed use, walkable places. The literature cites zoning, parking and traffic standards, developer and lender inexperience, and jurisdictional silos as the key barriers, but we are finding that the problems with the first generation of transit-oriented development are deeper. If we truly wish to bring TOD to scale as a viable new development pattern while capturing its benefits to the individual, the community and the transit system, we must first understand what those outcomes are, and define real estate products and a delivery system that is capable of providing what we want.

For the past eighteen months, the Great American Station Foundation has been leading a collaborative project to do just that. Our partners are the Center for Neighborhood Technology, the Congress for the New Urbanism, and the consulting firms of Strategic Economics and TransManagement, Inc., and our goal is to create a new set of tools to help transit agencies, local governments and community groups deliver on the TOD opportunity. This issue of STPP's *Progress* is a report on some of our findings to date and our plans for the future.

## Challenges to Transit-Oriented Development

The first phase of our project was to assess the state of the practice and to determine why there was so much talk about TOD, but so little real TOD in place in this country. Working with the Dena Belzer and Gerald Autler of Strategic Economics, we reviewed the literature, interviewed practitioners, and held two workshops. We learned that much of what passes for TOD is really conventional development located next to a transit station. Interviewees cited a conventional set of barriers to building TOD projects, but when we probed, we found an underlying set of challenges to making TOD work. According to their paper, sponsored by our initiative and published by the Brookings Institution, there are six key challenges:

**Challenge 1:** *There is no universal working definition of transit-oriented development.*

**Challenge 2:** *Transit-oriented development must deal with the tension between node and place. That is, it must balance the transportation functions of the site with issues of place making and livability.*

**Challenge 3:** *Planners have few guidelines for translating the concept of location efficiency into concrete prescriptions for TOD in different settings.*

**Challenge 4:** *TOD almost always involves more complexity, greater uncertainty, and higher costs than other forms of infill development.*

**Challenge 5:** *Transit-oriented development typically occurs in a very fragmented regulatory and policy environment.*

**Challenge 6:** *Transit alone does not drive real estate investment when other conditions—particularly market conditions—are not supportive. Especially in power income communities, additional actions may be needed to make TOD projects work.*

(Dena Belzer and Gerald Autler, "Transit-Oriented Development: Moving From Rhetoric to Reality", Brookings Institution, 2002)

<http://www.brookings.edu/dybdocroot/es/urban/publications/belzertodexsum.htm>

### California Governor Davis Signs Bill Easing Restrictions on Transit Oriented Development

In early September, Governor Gray Davis signed Senate Bill 1636 authored by State Senator Liz Figueroa (D-Hayward) that reduces a significant barrier to the development of housing and commercial areas adjacent to bus and train stations throughout the state. The bill will allow local governments more say over a little-known state regulation that mandates so-called traffic "Level of Service" standards throughout the state. The unintentional side effect of the regulation was to force new housing and commercial development out to rural areas and away from urban areas near mass transit stations.

"We've learned to bring mass transit to people, but we also need to bring people to mass transit through new housing and retail developments," explained Kristi Kimball of STPP California, the sponsor of the bill.

More information about STPP and the bill is available at <http://www.transact.org/ca/>. Full text of Senate Bill 1636 is available at <http://www.sen.ca.gov>.

All of these challenges boil down to the need for a better, more outcome-oriented definition of TOD. We have developed a definition with four components: location efficiency (walkability, appropriate density, transit accessibility and convenience), a rich mix of uses, value capture and recapture for individuals and community, and resolving the tension between the station's role as a key transport node, and the need to make a livable place. This definition in turn needs to be turned into replicable products that respond to the differing contexts of the station in the region, but are sufficiently standardized to be easily financed and built.

### A Manual for TOD Practitioners

The next step for our Initiative has been to attempt to assess the first generation of TOD projects around the country, draw a set of lessons from these experience, and produce a working manual to guide practitioners who are even now engaged in making second generation TOD happen. Working with Island Press, we have assembled a team of experts to serve as authors, and are producing a book composed of both guidance on key TOD issues such as finance, traffic and parking, community involvement and urban design, as well as case studies evaluating TOD efforts in Chicago, Atlanta, Arlington County, Virginia, San Diego, Silicon Valley and Dallas. The book, which is being edited by Gloria Ohland and Hank Dittmar, will include an effort to develop a typology for Transit-Oriented Development at different scales within the metropolitan region, including urban and suburban downtowns, and urban and suburban neighborhood settings.

Along with the manual, which will come out in 2003, we have begun to assemble web based resources on TOD at our project's web site (<http://www.transittown.org>), including copies of case studies on TOD, working papers, and links to other useful resources.

### Supporting TOD Practitioners

All of our work to date has led to the conclusion that transit agencies, municipalities and community groups need help in taking advantage of the opportunities that transit-oriented development presents in metropolitan regions across the country. More and more transit systems are proposing new starts projects, and they are more often relying upon development near transit to help generate the ridership to support the new systems. This kind of "development oriented transit" will not succeed if supportive conditions for TOD are not in place. We are organizing to provide a network to support regions that are interested in making TOD happen on a metropolitan scale with regional opportunity assessment, standards, capacity building, financial and technical tools, and special support for making TOD work in difficult market conditions.

We are building a capability to provide direct assistance to regional transit operators and metropolitan planning organizations

### Place, Node, and the Evolution of TOD

- **Development-Oriented Transit:** In the late 19<sup>th</sup> and early 20<sup>th</sup> Century, the link between transit and development was taken for granted. In many cases transit was built—sometimes by developers—to make new development on the urban fringe viable. There was an adequate balance of place and node.
- **Auto-Oriented Transit:** Many of the early transit systems were dismantled, but as traffic congestion worsened a new generation of systems was planned and built in the 1960s and 1970s. These systems were designed with the assumption that most people would drive to the stations. The link to development was severed, and node functions took priority over place.
- **Transit-Related Development:** The last decade or two has seen an increase in projects that try to re-establish a functional link between development and transit. While many good projects have been built, most do not adequately balance place and node or achieve the full range of benefits that optimal TOD would make possible.

From Belzer and Autler, *Transit-Oriented Development, Moving From Rhetoric to Reality*, Brookings Center on Urban and Metropolitan Policy and Great American Station Foundation, 2002.

in identifying opportunities, building partnerships with the private sector, engaging lenders and developers, and linking local government and non profit housing providers and CDCs into the process. We are beginning to "road test" this concept in a number of key regions, and are soliciting invitations from regional entities at this time. We are getting started in the Puget Sound region, and hope to add two more regions by the end of the year.

At the same time, we are developing a business plan for a national program to bring TOD to scale, with a clear emphasis on helping practitioners with key issues, including assessing the financial performance of TOD, traffic and parking standards, and regional market analysis. The challenge is great, and creating a national program to support TOD will likely require changes in legislation and regulations at the national level, as well as the provision of substantial institutional capacity. It's worth the effort, though, as the benefits for individuals, communities and transit providers are just too important and long lasting to ignore.

*Hank Dittmar is the President of the Great American Station Foundation, and Shelley Poticha is the Executive Director of the Congress for New Urbanism ([www.cnu.org](http://www.cnu.org)).*

# The Unlikely Success of DART and TOD in Dallas

By Gloria Ohland

The Dallas-Fort Worth metroplex – sprawling, poly-nuclear, criss-crossed and encircled by beltways, expressways, turnpikes and tollways – has at the turn of the century embarked on an improbable experiment: It is being reinvented around rail and transit-oriented development. Judging from the “facts on the ground,” as one developer calls the region’s several TOD projects, it’s an experiment that shows incredible promise.

One caveat: The experiment is in the early stages. Dallas Area Rapid Transit (DART) has been operating only 20 miles of light rail since 1996, with another 24 miles to open by the end of this year. But light rail has already proven so popular that voters passed a \$3 billion bond in 2000 to accelerate construction, and the agency is boasting that stations have attracted more than \$1 billion in development.

Even communities that fought to keep DART out when the rail system was planned in the early ‘90s are clamoring for stations now, and more than a dozen fast-growing suburbs as well as Fort Worth are eagerly positioning themselves as rail-ready. They have mounted ambitious visioning and planning exercises around proposed lines and stations, sent elected officials on tours of TOD in other cities, and hired the Urban Land Institute, Peter Calthorpe, Andres Duany and other New Urbanist gurus to show them how to best implement TOD.

Along the rail system’s soon-to-open northern extension, for example, the fast-growing prairie town of Plano has invested \$800,000 in public improvements around an urbane 3-6-acre transit village built by Dallas developer Robert Shaw at one of its two rail stations. And Hunt Petroleum is developing the 500-acre Galatyn Urban Center mixed-use development around three of five stations in nearby Richardson, corporate center for Dallas’ Telecom Corridor.

Interest in TOD has been stimulated in part by the spectacular

success of two ambitious and well-designed projects: Mockingbird Station, a showy entertainment-retail-office-and-loft complex just north of downtown and near Southern Methodist University, and Addison Circle, a European-style town center with 2,000 residences, offices and neighborhood-serving retail built near a bus transfer station – slated to become a rail station in 2010 — in a northern suburb.

Both projects were initiated by charismatic and visionary Dallas developers – Robert Shaw built Addison Circle and Ken Hughes built Mockingbird – and designed by RTKL Associates, both have

won numerous design awards, and both work equally well as auto-oriented and transit-oriented environments. But aside from these similarities the two projects couldn’t be more different.

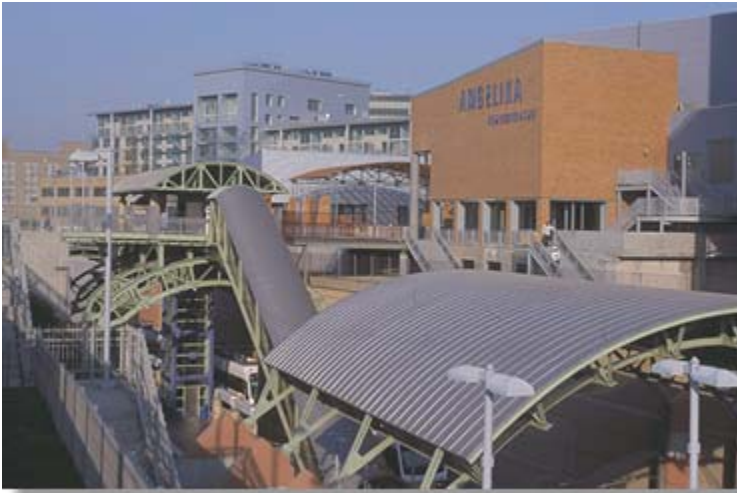
Mockingbird, a relatively small adaptive reuse project, was an entirely private venture completed with no public funding or input, whereas Addison was a suburban greenfield development that resulted from a public-private partnership that did everything “by the book”

— with visioning exercises, a master plan, economic impact studies, and the development of a new zoning code and standards to guide everything from building design, scale and setbacks to building materials and exterior finishes. Three of the four phases have been completed, resulting in 2,000 new residences, offices and neighborhood-serving retail.

Interest in TOD has also been stimulated by the early and continued success of a downtown neighborhood designed and built by Shaw and RTKL back in the 1980s — even before the New Urbanist typology was fully articulated. Initially called State/Thomas, this “special urban district” offered what was then a new kind of in-town living, with mid to high densities and a careful mix of uses, narrower streets and wider sidewalks, higher-than-usual landscaping standards, and a trolley – with improvements paid



Addison Circle Site - Plan courtesy of RTKL Associates, Inc.



Mockingbird Lightrail Station Development  
photo courtesy of Dallas Area Rapid Transit

for out of Dallas' first tax increment financing district.

This popular neighborhood, now called Uptown, has proven a magnet for both commercial and residential development and has boosted downtown's population by 5,000 residents. And though Uptown has no rail station DART is expanding trolley service in order to link it to light rail and make the neighborhood truly transit-and-pedestrian oriented.

It was Shaw's work in Uptown that prompted Addison officials to ask for his help in 1991. Addison — once located at the terminus of the North Dallas Tollway, the epicenter of the northward growth corridor — had become a huge retail center. But there was definitely no "there" there, and the daytime population of 100,000 dropped to 5,000 in the evening. And as the tollway was extended northward, Addison saw its popularity and tax revenues drop.

Addison Circle was intended to provide a walkable, high-density city center, and consists of 15 buildings organized around a series of open spaces — an esplanade, roundabout, parks and interior courtyards — and a hierarchy of gridded streets and pedestrian corridors. Careful attention was paid to design, detail and landscaping, and high-quality materials were used throughout. The effect is nothing short of enchanting — though such a sophisticated project is somewhat incongruous in the otherwise sprawling and undistinguished suburban terrain of chain stores and shopping malls.

Mockingbird Station, which is squeezed in between the Central Expressway and the light rail station, is a much more kinetic and edgy environment, consisting of an eight-screen independent art house cinema, Virgin Megastore, Texas' first Urban Outfitters, other youth-oriented retail, several popular local bars and restaurants and 200 lofts.

The project consists of a motley assortment of old and new build-

ings that have been transformed through careful plastic surgery into an intriguing and citified whole. The impressive visual centerpiece is a recycled '40s brick warehouse that now supports an additional five floors of lofts, some renting for \$5,000 a month and featuring dramatic views of downtown.

Shaw believes that rail has really provided cities in the Dallas-Fort Worth metroplex with an incentive to begin thinking about and planning for more sustainable development. And, he says, rail has also served to make the market interested in providing the financing for this development.

Dallas developer Art Lomenick, who worked with Shaw on Addison and now has his own development company, agrees: "The lesson of State/Thomas and Addison and Mockingbird and Plano is that there's market demand for the TOD lifestyle," he says. "Baby boomers don't want suburban garden apartments. And they want high quality. In America the first step is always proving that there's demand. Now the industry has to figure out how to go about providing for it."

*Gloria Ohland works for the Great American Station Foundation. This article showcases a case study that will be featured in its new book forthcoming from Island Press in 2003.*

### Some Web Resources on Transit-Oriented Development

- The TOD Initiative: [www.transittown.org](http://www.transittown.org)
- Great American Station Foundation: [www.stationfoundation.org](http://www.stationfoundation.org)
- Center for Neighborhood Technology: [www.cnt.org](http://www.cnt.org)
- Congress for the New Urbanism: [www.cnu.org](http://www.cnu.org)
- Puget Sound Regional Council's Transit Station Communities: [www.todcommunities.org](http://www.todcommunities.org)
- Spanish Speaking Unity Council's Fruitvale Transit Village: [www.unitycouncil.org/html/aboutftv.html](http://www.unitycouncil.org/html/aboutftv.html)

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# How Transit Agencies Are Helping To Make TOD Work

By Julia Parzen and Abby Jo Siegel

Across the country, transit agencies are awakening to the potential for transit-oriented development to enhance revenues and increase ridership. Many are implementing programs to help developers identify likely sites for TOD, and some are getting more directly involved in the development process. The RTD in Denver has established a “one-stop TOD shop” to help cities and developers move projects along. And a major objective of the Station Foundation’s TOD Initiative is to assist transit agencies that wish to assess the market for TOD on a system wide basis, to identify opportunity sites and work with local governments and community groups to advance them, and to help transit providers develop private sector partnerships with developers and the finance community.

Transit agency commitment greatly improves the potential to attract investors to TODs. Developers see the time it can take to do these projects and the issues of transit access, offset parking, zoning changes, and various rules and regulations as often a much bigger worry than financing. A transit agency champion can clarify and simplify the steps, substantially reducing risk and lowering financing costs. It also can work with local government to make sure that the transit agency’s vision for zoning is adopted. In some case, transit agencies can facilitate TOD projects by developing the capacity to package multiple financing sources for station area development. Finally, transit agency financial investment often is an important form of support. For example, staff at the Metropolitan Transit Development Board (MTDB) in San Diego actively encourages lenders to fund mixed-use projects that are part of joint developments, perhaps giving a little on rent to make the financing work.

The 1997 FTA revised “Policy on Transit Joint Development” removed many federal obstacles to partnerships between transit systems and private developers. The policy made it clear that real property acquired with Federal grant funds could be used to support transit-oriented joint development and that de-

velopment project income is freely usable by the transit system for eligible transit purposes. Also, transit agencies can place the income from the sale of surplus property or air rights development into revolving funds to support additional transit-oriented development activities.

A small, but growing, group of transit agencies are investing in the success of TODs through joint development. At Lindbergh Station in Atlanta, Metropolitan Atlanta Rapid Transit Authority (MARTA) is investing \$81 million in infrastructure, parking structures, utilities, landscaping, and amenities. In return MARTA expects to receive lease revenues, increased ridership, and a positive community response to its support of the project.



MARTA’s Paul Vespermann projects that the combined revenues from ground leases and increased ridership should add up to a 22 percent return on MARTA’s investment in Lindbergh Station. Many transit providers are reluctant to become so involved in TOD projects, however.

While the initial transit agency approach has been to look to lease or sale revenues as the main source

of value, transit agencies are increasingly interested in the potential to improve ridership, as well as achieve a variety of other goals. Washington Metropolitan Area transit Authority (WMATA) began a program in 1991 to encourage the establishment of childcare centers at Metro stations based upon the finding that commuter side trips for child care are a major barrier to the use of public transit by working parents. Santa Clara Valley Transportation Authority invests in high-density residential joint development not only to generate revenue to defray operating and other expenses and to increase ridership, but also to enhance the environment at and around its park-and-ride lots.

Transit agencies also can benefit from TOD by reducing their parking requirements, attracting partners to fund station renovations, and broadening the constituency for transit service. According to the Jon Hilkevitch, senior director of planning at



METRA in the Chicago Area, TOD will help it save millions in parking construction costs by promoting walking to its stations. NJ Transit was able to complete station renovations in spite of budget cuts because of its partnerships with local government and other entities. The partners added resources to the project and improved NJ Transit's ability to access special federal transportation funds. Finally, transit agency involvement in the extensive community process that produces good TOD can create a broader constituency for funding to expand and improve transit service.

Transit agencies have access to many sources of federal funds that they can direct toward TOD projects. The largest source of funds is federal transportation money; some of these funds can be directed to support not only transit but also transportation and transit enhancements including place-making amenities, day care centers and infrastructure improvements. Additionally, in areas that are trying to comply with federal clean air standards, transit agencies have significant funds, and the mandate, to improve transit and reduce automobile use. This is the

case for MARTA in Atlanta.

As with other public agencies, to play supportive roles in TOD and effect value capture, transit agencies need to see themselves as developers and investors and hire people with real estate expertise. Historically very few transit agencies have been equipped to operate in the private real estate market. Increasingly, transit agencies are hiring staff to work with local governments on land use planning and on funding partnerships. Taking a proactive role in transit-oriented development means a redefinition in the role of the transit agency, but our review has shown that it can reap substantial dividends for the agency, the community and the transit rider.

*Julia Parzen and Abby Jo Siegel are consultants to the TOD Initiative (<http://www.transittown.org>). The article is adapted from a chapter in the forthcoming book on TOD being undertaken by GASF's TOD initiative, forthcoming from Island Press in 2003.*

## ABOUT THE TOD INITIATIVE AND THE GREAT AMERICAN STATION FOUNDATION

The National Initiative on Transit Oriented Development is a partnership of the Great American Station Foundation with the Center for Neighborhood Technology and the Congress for the New Urbanism. The Great American Station Foundation is a four-year old national non-profit organization that has set a goal to become the national intermediary organization not only for station revitalization, but also for community revitalization in areas surrounding intercity, commuter and urban rail stations. In the past two years, the Station Foundation has focused its efforts on rural and urban revitalization projects around rail and transit. The TOD Initiative's goal is to use transit networks and stations to create places which improve quality of life and generate lasting public and private returns.

Another partner in the Initiative is the Center for Neighborhood Technology in Chicago, Illinois, whose mission is to invent and implement new tools and methods that create livable urban communities for everyone. It seeks to achieve environmental improvement, economic growth, and community vitality simultaneously. The Center's work is grounded in the Chicago region and is national in scope.

The third national partner is the Congress for the New Urbanism, a national membership organization. New Urbanism is an urban design movement that burst onto the scene in the late 1980s and early 1990s. New Urbanists are involved in new development, urban retrofits, and suburban infill. In all cases, New Urbanist neighborhoods are walkable, and contain a diverse range of housing and jobs.

Other participants in the initiative include the firm of Strategic Economics, which works with government entities, community-based organizations, developers and other groups interested in making good places. The Alliance for Transportation Research Institute, based at the University of New Mexico and headed by Judith Espinosa, has also been a partner in the project.

# Arlington, Virginia's Rosslyn - Ballston Corridor

## *30 Years of Evolution in Transit-Oriented Development*

By Dennis Leach

### Context

The successful redevelopment of the two square mile low-density commercial center of Arlington County, Virginia, used the Orange Line Metrorail extension (an underground subway line with five closely spaced stations) as the catalyst for redevelopment and economic renewal. The Rosslyn-Ballston Corridor is located near the center of the Washington, DC Metropolitan Region.

In the 1960's–1970's, the Rosslyn-Ballston Corridor was characterized by stable to declining retail sales, a shrinking population, and an exodus of family households due to the effects of rapid suburbanization of the surrounding region. Department stores, other major retailers and grocery stores were closing and/or moving to the newly developing suburbs. Between 1972 and 1980, the R-B Corridor lost over 11,000 residents or 36.4% of its population. Between 1970 and 1980, the County as a whole lost over 21,500 residents or over 12.4% of its population (US Census, 1970, 1980). This level of decline was on par with many inner-city areas.

### The Intervention

Beginning in the late 1960's, the County staff and elected officials began an in-depth assessment of transit-oriented development concepts as a means of reshaping the County and its economic prospects. After extensive community input, which continued into the mid-1970's, the County approved station area and corridor boundaries, a capital improvement program and a land use/development framework for the Rosslyn-Ballston Corridor prior

to the opening of the extension of the Orange Line to Ballston in December of 1979 (see Figure 2 for the Corridor Boundaries specified in the County staff's 1976 report). According to one long-time County resident, "the County bet its future on Metrorail as a catalyst for redevelopment. At the time, this was a very gutsy and unproven strategy."

The County developed a clear set of transportation and development principles that would guide the redevelopment effort. For development, the emphasis was on high density mixed use development at the Metrorail stations tapering down in height and bulk to established residential neighborhoods to be preserved (referred to as the station bulls-eye concept), with clear boundaries for the redevelopment zones, and investment in neighborhood conservation in the adjacent neighborhoods.

In transportation, the emphasis was on multimodalism. First, the County attempted to maximize the use of transit in the Corridor by concentrating development within a quarter mile of rail stations and building sidewalk infrastructure to increase walking trips. Transit use was also supported by providing frequent local and feeder bus service. The County maintained a network of streets to support redevelopment in the Corridor and expanded the network of facilities for pedestrians and bicyclists. The parking requirements for development were reduced to reflect the availability of viable non-auto choices, and transportation demand management programs were phased in for both office and residential uses. After creating this development and transportation framework, the County stayed the course and continually worked on refining the plan with ongoing citizen involvement from the mid-1970's to the present.

### Results

Over this period, the fortunes of both the Corridor and the County have been turned around. Population and general economic decline were reversed and the Corridor now produces 33% of the County's real estate tax revenue on only 7.6% of the land area. The sheer amount of mixed-use development that has been concentrated around transit stations is also remarkable. Between 1972 and 2001, there has been a net increase of over 15 million square feet of commercial space (offices, hotels and retail) and 9,139 housing units (Arlington County CPHD, 2002) (please refer to Figure 3 for Corridor statistics). The resulting development pattern has yielded very tangible positive outcomes in creating a more vibrant urban area and contributes to lower consumption of vacant land in the region. If the current develop-



Market Commons in Arlington County, VA  
Photo by Dennis Leach

Figure 1  
Development in the Rosslyn-Ballston Corridor: 1972-2002

R-B Corridor (Two square miles)	1972 (a)	1980 (b)	1990 (b)	2000 (b)	2001 (c)	2002 (d)
						<b>C or UC</b>
Total Square Footage of Office Space	4,880,000	6,661,000	13,909,500	17,950,200	18,323,964	1,710,949
Total Square Footage of Retail Space	2,500,000	1,487,400	2,598,300	3,010,000	3,377,775	98,770
Hotel Rooms	1,294	2,177	2,748	3,030	3,030	193
Total # of Housing Units	13,400	12,000	15,724	21,581	22,539	2,160
# of Households Residing in the R-B	12,730	11,222	13,376	19,514	*	*
# of Residents Residing in the R-B	31,200	19,838	25,569	34,485	*	*
# of Employees Working in the R-B	31,300	39,810	57,600	73,233	*	*

**Abbreviations:**

C = completed, UC = Under Construction, T = Total Development to Date, \* = data not available

**Sources:**

- a. 1972 Rosslyn-Ballston Alternative Land Use Patterns Study, Arlington County Department of Environmental Affairs-Planning Division.
- b. Development in the Metro Corridors 2000, Arlington County Department of Community Planning, Housing & Development
- c. Planning Information Report 52, March 2002, Arlington County Department of Community Planning Housing & Development
- d. Arlington 1st Quarter 2002 Development Tracking Report, Arlington County Department of Community Planning, Housing & Development
- e. Compiled from sources listed in b, c, and d
- f. The author's assumptions based on interviews, a review of development statistics, and recent County Policy changes such as C-O Rosslyn and affordable housing bonus provisions which add development capacity
- g. Arlington County Department of Public Works summary data derived from the Washington Metropolitan Area Transit Authority

ment in the two square mile Rosslyn-Ballston Corridor were constructed on vacant suburban land using standard development densities, over 14 square miles would be used.

In terms of transportation system performance, ridership on Metrorail in the Corridor continues to grow, even as the last of the all-day surface parking lots has been redeveloped. Total daily trips stood at over 79,000 for an average weekday as of May 2001 (WMATA Annual Ridership Survey, May 2001). This increasing ridership has not come at the expense of bus trips. Bus ridership has also increased. Ridership at the two transit hubs in Ballston & Rosslyn, stood at 16,300 and 4,370 trips recorded respectively in 2002. Also, recent surveys of Metrorail patrons at Ballston and Rosslyn stations show that the majority of patrons walked: 64.5% at Ballston and 76.7% at Rosslyn. At Ballston, another 16% arrived by bus or shuttle. At Rosslyn, 13.1% arrived by bus or shuttle (Arlington County DPW, 2002). Pedestrian counts also show high street crossing volumes, even moving several blocks away from the Metro station entrances. Looking at traffic volumes in the Corridor, traffic on many of the local and arterial streets has been relatively flat or shows very modest increases over the last 15 to 20 year period. The major exception to this pattern is the growth of vehicles trips on Interstate 66, which has a more regional function (trips not originating or destined for Arlington). As such, the Rosslyn-Ballston Corri-

dor has absorbed a tremendous amount of development without the vehicle gridlock experienced in other areas of the region.

**Outstanding Issues**

Economic success has triggered other issues that have to be addressed if the Corridor is to remain diverse and economically viable over the long term. The increasing attractiveness of the R-B Corridor and Arlington in general as a place to live, has led to a rapid increases in housing prices and apartment rents. Affordable housing is a major issue area that is getting increasing attention in the County. The preservation of the remaining historic structures and small-scale retail outlets in the Corridor is another pressing issue given the rapid increase in land prices and the scarcity of vacant developable land. Ongoing policy innovation that adheres to the basic planning framework, is required to address these challenges.

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