Chapter 5: Charlotte’s South Corridor/Blue Line
The Charlotte Trolley

Corridor Snapshot

<table>
<thead>
<tr>
<th>Transit Technology</th>
<th>Light Rail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route Distance &amp; Number of</td>
<td>9.6 miles, 15 Stations</td>
</tr>
<tr>
<td>Stops</td>
<td></td>
</tr>
<tr>
<td>Year Service Will Begin</td>
<td>2007</td>
</tr>
<tr>
<td>Daily Ridership</td>
<td>9,100 (2007 opening day estimate)</td>
</tr>
<tr>
<td>Residents Within Mile Radius</td>
<td>Population—21,063, Households—9,406</td>
</tr>
<tr>
<td>Residential Density</td>
<td>6.7 Dwelling Units per Residential Acre</td>
</tr>
<tr>
<td>Median Income, 1999</td>
<td>Corridor (1/2 mile radius of stops)—$39,388</td>
</tr>
<tr>
<td></td>
<td>Region—$46,119</td>
</tr>
</tbody>
</table>

I. Introduction

Charlotte has embarked on an ambitious transit expansion program to address issues of regional growth. As the largest city in North Carolina, Charlotte sits in Mecklenburg County at the center of a large and growing nine-county region. Regional growth has been extremely rapid over the last 20 years, and the total regional population increased 42 percent since 1990. The South Corridor, also known as the Blue Line, is set to open in late 2007 as the first light rail corridor in the region (see Map C1: Charlotte Regional Transit). It connects the thriving central business district with a mix of commercial and industrial uses flanked by residential neighborhoods, with a high level of underutilized land and development opportunity.
The unique government structure, with transit planning and operations housed within city government, allows for a high degree of coordination between land use and transit planning. This planning coordination has led to transit-oriented overlay districts either adopted or in process for the entire corridor. Development activity thus far is focused on the central business district and the adjacent South End neighborhood, but interest is beginning to spread farther south along the line. Future demand for housing near transit is projected to increase from 3,677 households to 64,144 households by 2030 as the region builds its transit network and focuses new development within these corridors.76

The corridor’s demographics resemble that of the larger region, with most residents earning at least 60 percent of the area median income. Affordable housing is located near the transit corridor, but is not yet a priority policy issue for providing or retaining within the corridor. The city has recently adopted new affordable housing policies but still need to adjust these programs to better match the requirements of state funding sources. Figure C1 summarizes the key actors and observations described in greater detail in the following pages of this chapter.

Figure C1: Regional Actors and Highlights

| Key Actors | • City of Charlotte including the Charlotte Area Transit System (CATS) is responsible for transit planning and operations, as well as land use and affordable housing planning.  
• The North Carolina Department of Transportation controls all roadways within the state.  
• Mecklenburg County is involved includes the city of Charlotte. |
|---|---|
| Key Tools | • The City of Charlotte Housing Trust Fund finances affordable housing development.  
• South Corridor Land Acquisition Fund helps secure and assemble land around stations to accelerate development opportunities.  
• City and CATS TOD Coordinators help facilitate development and coordinate infrastructure improvements around stations. |
| Obstacles to Mixed-Income TOD | • Community discomfort with affordable housing creates a significant challenge to the development of mixed-income neighborhoods.  
• The South Corridor stations require substantial infrastructure improvements in order to create transit-supportive neighborhoods. |
| Lessons for Other Corridors | • Transitioning underutilized industrial and commercial lands to TOD requires substantial infrastructure investments and a coordinated approach to implementation.  
• Public sector needs to partner with the development community (both for-profit and non-profit) to implement TOD.  
• Coordinated transit and land use planning and implementation tools allow the public sector to respond to market conditions. |

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Map C1
Charlotte Regional Transit

September, 2006

Legend
- South Corridor/Blue Line Light Rail Transit (RO)
- Southeast Corridor (Proposed LRT or BRT)
- West Corridor (Proposed BRT or Streetcar)
- Northeast Corridor Light Rail (Proposed)
- North Corridor Commuter Rail (Proposed)
- Major Freeways
- Urban Areas
- LRT: Light Rail transit
- FD: Final Design
- BRT: Bus Rapid Transit

Source: Center for TOD + CATS
II. Charlotte Initiates Transit Network to Respond to Growth

Charlotte’s future rail transit network calls for five new fixed-guideway transit lines with a modern streetcar also serving the central city. After a one-half percent dedicated transit sales tax increase in 1998, the locally preferred alternative was chosen for the 9.6 mile South Corridor in 1999. The South Corridor, or Blue Line, will use standard size light rail vehicles running in dedicated right-of-way with electric overhead wires. The federal New Starts funding process was initiated in 2000 and the line is planned to open in 2007 with 15 stations connecting the downtown to suburban neighborhoods and an estimated 9,100 daily riders.

The corridor builds upon the success of a local two-mile vintage trolley line completed in 2004. The trolley’s popularity and catalytic role in generating market interest in the historic South End district set the stage for stronger regional transit support. In the next 30 years, regional plans will expand the fixed-guideway system to 80 stations from the 10 existing trolley stations.

The Charlotte Trolley in the South End District

The South Corridor’s alignment follows a former Norfolk Southern railroad right-of-way from Uptown (Charlotte’s central business district) south until South Boulevard, a major arterial, which the line then follows until it terminates at I-485, Charlotte’s outer beltway. Four light rail stations and several historic trolley stops are located in Uptown. Just southwest of Uptown, across I-277, lies the South End district, a dynamic area of neighborhoods, an historic industrial district, retail and office space. It will be served by three light rail stops, in addition to the existing six trolley stops. The remaining eight station areas to the south have less diversity of land use, with significant swathes of industrial and commercial lands, adjacent to suburban, single-family detached residential neighborhoods. As a whole, the corridor is the least dense and most car-dependent of all of the case study corridors. However, it also has the greatest potential for change, given the significant amount of underutilized large-lot industrial and commercial land in the corridor coupled with continued population growth for the region overall.
**III. Housing Market Accelerating Along South Corridor**

Charlotte’s growing population is exerting pressure for more housing throughout the region. Like many southeastern cities that have experienced rapid growth in the past 25 years, Charlotte’s development is lower-density and auto-dependent. The lack of existing transit options or compact, walkable urban neighborhoods means that in 2000, only one percent of regional households lived within a one-half mile radius of the future South Corridor transit stations.

Prior to the construction of the South Corridor, the City was already focusing affordable housing in areas served by bus transit and was involved in several exemplary HOPE VI projects. While the City is taking a proactive role in trying to provide housing for households at a range of incomes, the need remains significant. In 2004 the City had a net unmet demand of 11,272 affordable housing units for priority needs households, including both rental and owner housing units. The greatest unmet demand is for rental housing for the lowest income households.77

New market rate housing along the South Corridor is occurring at a rapid pace. The recent flurry of development activity is closely associated with the construction of the new light rail line. Interest by developers is accelerating as the completion of the line draws near. The City is encouraging high-density housing around the new 15 light rail stations, and developers have responded by announcing plans to invest nearly $1 billion in transit-oriented projects.78 Over the past five years, Uptown (the central business district) has seen a substantial amount of high- and mid-rise residential development, with 3,350 units in 14 condominium towers currently planned or under construction. Despite on-going suburban office development, Uptown remains the economic heart of the region, with 55,000 jobs and the Charlotte Convention Center.

**IV. Assessing the Development Potential and Existing Characteristics Along the South Corridor**

**Vibrant Downtown Market Connected to Lower-Density Neighborhoods**

Exhibiting higher auto use and lower densities than the other case study corridors, the City of Charlotte seeks to use new transit investment in concert with transit-supportive land use policies to attract choice transit riders and steer growth into existing urban areas. The primary function of the South Corridor is to mitigate congestion while also promoting a change in development patterns by providing more compact, transit-accessible housing options to this part of the growing market segment.

Apart from the downtown station areas, the South Corridor contains primarily commercial and industrial land uses, including a number of large size parcels and outdated uses in underutilized properties (see **Map C2**). The potential for transformation

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77 City of Charlotte, FY2006-2010 Consolidated Plan.
78 For the purposes of this study, we are reporting on development as of October 31, 2006.
of these areas is substantial. The land uses presently around the stations allow for expanded redevelopment opportunities at significantly higher densities than the more typical suburban development patterns that currently exist.

Uptown is comprised of several different subareas. The central business district is focused on two main cross streets, Trade and Tryon Streets, to the west of the future South Corridor line, while the areas to the east of the line are primarily residential. On the south side of the I-277 freeway, development becomes less intense, but still fairly diverse, urban, and walkable in character. The South End station areas are flanked by two historic residential neighborhoods to the east and west, with a fairly extensive commercial district running along South Boulevard one block from the line. This area also contains Charlotte’s original industrial district with many historic warehouse buildings, some of which have already been converted to commercial and residential uses. The City is focused on improving the existing urban fabric to create a vibrant, diverse and pedestrian-oriented district, in part, by attracting high quality transit-oriented development to the area. The South End is emerging as one of the most active centers of real estate development activity in the Charlotte region.

South of the main Uptown and South End stations is the New Bern Station. From this point south, the station areas are primarily large lot, low intensity industrial and commercial development, with a wide swath of suburban single-family residential development running along the eastern edge of the station areas until the I-485 terminus.\(^7\)

The number and size of industrial parcels surrounding the stations south of Uptown gives the corridor as a whole a strikingly high proportion of industrial land uses (29 percent), more than twice that of any of the other case study corridors. (See Table C1 below.) The share of commercial land uses (36 percent) is consistent with the other corridors, but the low level of intensity (0.40 FAR) is in keeping with the strip mall nature of most of the retail and office uses beyond the South End. The density and street pattern of the residential areas is suburban in character with the lowest number of units per residential

<table>
<thead>
<tr>
<th>TABLE C1: Land Uses &amp; Density, South Corridor, Charlotte, 2005</th>
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<tbody>
<tr>
<td>LAND USES</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Within 1/2 mile</td>
</tr>
<tr>
<td>radius of stops</td>
</tr>
<tr>
<td>DENSITY/INTENSITY</td>
</tr>
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<td></td>
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</tbody>
</table>

Source: Center for TOD, Strategic Economics, Mecklenburg County, 2006

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\(^7\) The 12\(^{th}\) station out, Archdale is somewhat exceptional with a large residential neighborhood to the west, as well as the east.
acre of all the studied corridors (6.7 DUA) and a disconnected road network. There are very few civic land uses along the line compared to the other case study corridors and very few major destinations with the exception of downtown. The land use character of the corridor shows potential for extensive redevelopment. Some of the sites within the industrial and commercial land use categories are completely vacant or strip commercial.

**Significant Quantity of Underutilized Land Requires Long-Term Planning**

Possibly the most important factor determining a corridor’s ability to evolve into a more transit-supportive environment is the amount and type of underutilized or re-developable land in proximity to stations. Map C3, on the next page, shows in black the extent of parcels with less than a 1:1 land improvement to land value ratio.80

While there are some key opportunity sites in Uptown (largely surface parking lots), the stations areas with the greatest amount of underutilized land, and therefore redevelopment potential, are those south of the East/West Station. These stations have high concentrations of underutilized industrial and commercial properties. In total, 1,277 acres of land were identified as underutilized throughout the corridor. This degree of opportunity is significant.

A number of older vacant industrial properties in the South End have already begun to be converted to mixed office, retail and residential uses. Industrial properties in Uptown and South End are likely to be most appropriate for conversion given the older building types, the value of the land, the more fine-grained fabric of these areas and a viable housing market. More recently developed industrial parcels further south on the corridor, in particular around the Sharon Road West and I-485 Stations may need to be preserved for future industrial uses.

The underutilized acreage along the South Corridor could potentially provide important opportunity sites for capturing a percentage of the projected future demand for housing near transit. Assuming that perhaps half of the 1,277 identified underutilized acres were suitable for redevelopment, and that the average corridor housing density of 6.7 units per acre were applied, between 4,000 to 8,500 new housing units could potentially be located

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80 Parcels with single-family homes and civic uses were excluded from the analysis due to the difficulty of redeveloping these types of uses. It should be noted that not all technically underutilized industrial land is appropriate for redevelopment as traditional transit-oriented development (i.e. higher intensity of mixed housing, retail, and office space). Because industrial uses in general have much less need for valuable buildings, parcels with existing viable industrial uses can be misidentified as redevelopment opportunity sites for TOD. Healthy, diverse regional economies require some amount of land be reserved for current and future industrial and light industrial or flex uses. Such areas can provide an important source of entry-level or family wage jobs that are another critical component of sustaining mixed income communities. While it is unlikely that the most appropriate place for such reserves is within walking distance of rail transit, this can only be determined through more detailed land use analysis beyond the scope of this case study.
within the South Corridor on these sites. While this is a very rough ballpark estimate, and does not reflect efforts by the City to increase densities within transit zones, it does suggest the potential for identifying those underutilized sites most suited for redevelopment and targeting resources towards them.

Map C3
Underutilized Land
South Corridor/Blue Line
Charlotte, NC

Legend
- Proposed Light Rail Stop
- Light Rail Transit (Under Construction)

Land Use
- Residential
- Commercial
- Industrial
- Civic
- Vacant/Misc.
- Open Space
- Underutilized Land

* Underutilized Land includes parcels where the value of built improvements is less than the value of the land

Source: Center for TOD + Mecklenburg County, 2005
Table C2 (next page) summarizes the existing land use patterns discussed above, as well as demographic characteristics, zoning, new development projects and planning efforts. The table groups adjacent stations with similar land use, zoning and demographic characteristics. Of the 50 new projects identified in the Uptown and South End neighborhoods, only one is mixed-income residential. The others, including new developments occurring at the New Bern station are all market-rate. Zoning was changed around the first seven station areas in 2003 to support greater densities and mixed-use development at these stations.

**Corridor Demographics Are Similar to Region**

In 2000, the population living within a one-half mile radius of the future light rail stops contained smaller household sizes, lower household incomes, and was less likely to own the housing units in which they lived than the population of the region as a whole (see Table C3, below). Of the five case study corridors, the median household income of the South Corridor station areas is the highest and the closest to the regional median; the overall corridor median income is 85 percent of the regional median with an income differential of only $7,000, while the average differential of the case study corridors is $16,000. No station area has a median household income below 60 percent of the regional median (see also Map C4, page 75).

<table>
<thead>
<tr>
<th>DEMOGRAPHIC CHARACTERISTICS</th>
<th>Population</th>
<th>Households</th>
<th>Average HH Size</th>
<th>Median HH Income</th>
<th>Median Age</th>
<th>% Hsg Units Owner-Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Corridor (within 1/2 mile of stops)</td>
<td>21,063</td>
<td>9,406</td>
<td>2.12</td>
<td>$39,398</td>
<td>33</td>
<td>31.9%</td>
</tr>
<tr>
<td>Region</td>
<td>1,499,293</td>
<td>575,510</td>
<td>2.55</td>
<td>$46,119</td>
<td>34</td>
<td>63.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>JOURNEY TO WORK</th>
<th>Car Alone</th>
<th>Car Pool</th>
<th>Transit</th>
<th>Walk/ Bike</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Corridor (within 1/2 mile of stops)</td>
<td>0.72</td>
<td>0.17</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>Region</td>
<td>0.81</td>
<td>0.12</td>
<td>0.01</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Source: Center for TOD, Strategic Economics, US Census 2000

The station areas of South Corridor fairly even distribution of household incomes relative to the larger metropolitan region, with median household income at all stations between $30,000 and $50,000. The new households moving into high- and mid-rise towers, as well as converted historic buildings, may shift the demographic make-up of the central city neighborhoods significantly upwards.
<table>
<thead>
<tr>
<th>Station Areas (1/2 mile Radius, see Map C2)</th>
<th>Existing Land Uses¹</th>
<th>Key Demographic Indicators, 2000</th>
<th>Current Zoning</th>
<th>Recent, Planned and Proposed Development²</th>
<th>TOD Land Use Planning Efforts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uptown 7th Street Transportation Center 3rd Street Convention Center</td>
<td>DT Commercial Medium &amp; DT Density Residential Civic</td>
<td>Median HH Income: $30 - 33,000 % Owner-Occupied: 27 - 43% Average HH Size: 1.3 - 1.55</td>
<td>Intense Mixed Use</td>
<td>50 total projects: 18 market rate residential 14 market rate mixed use residential 1 mixed income residential 7 office 3 retail 3 hotel 2 civic 2 parking</td>
<td>TOD-oriented residential, commercial and mixed use zoning adopted in 2003 for Uptown and South End stations.</td>
</tr>
<tr>
<td>South End Carson Rensselear East/West</td>
<td>Low &amp; Medium Density Residential Industrial Commercial</td>
<td>Median HH Income: $35 - 50,000 % Owner-Occupied 35 - 41% Average HH Size 1.44 - 1.9</td>
<td>Intense Mixed Use Corridor &amp; Local RTI Industrial Low Density Res</td>
<td>16 total projects: 2 market rate residential 4 market rate mixed use residential 7 office/office with retail 3 retail</td>
<td></td>
</tr>
<tr>
<td>New Bern Scaleybark</td>
<td>Low Density Res. Industrial Corridor Commercial</td>
<td>Median HH Income: $32 - 38,000 % Owner-Occupied 19 - 37% Average HH Size 2.22 - 2.67</td>
<td>Low Density Res Industrial Corridor Retail</td>
<td>2 total projects: 1 market rate residential 1 market rate mixed use residential</td>
<td>Transit-supportive overlay² in progress for New Bern through Tyvola: Intended to transition industrial and commercial to more intensive uses. Along corridor at station, mixed uses allowed, residential areas allowed more density and employment uses more intensity.</td>
</tr>
<tr>
<td>Woodlawn Tyvola</td>
<td>Commercial Low Density Res. Industrial¹</td>
<td>Median HH Income: $34 - 41,000 % Owner-Occupied 31 - 58% Average HH Size 2.22 - 2.43</td>
<td>Low Density Res Industrial Corridor Retail</td>
<td>0 total projects</td>
<td></td>
</tr>
<tr>
<td>Archdale Arrowood</td>
<td>Low Density Res. Vacant Corridor Commercial Industrial Civic</td>
<td>Median HH Income: $41,000 % Owner-Occupied 30 - 54% Average HH Size 2.45 - 2.61</td>
<td>Low Density Res. Local Retail Business Park Industrial/warehouse</td>
<td>0 total projects</td>
<td>Transit-supportive overlay in progress for Archdale through I-485 Station: Vacant parcels allowed to develop more dense housing and mixed uses near station and corridor.</td>
</tr>
<tr>
<td>Sharon Road West I-485 Station</td>
<td>Industrial Commercial Low Density Res</td>
<td>Median HH Income: $42 - 47,000 % Owner-Occupied 17 - 87% Average HH Size 1.94 - 2.98</td>
<td>Industrial Low &amp; Med Density Residential Park &amp; Ride</td>
<td>0 total projects</td>
<td></td>
</tr>
</tbody>
</table>

¹ Density designations as follows: DT = >50DUA, high density = 26 - 50DUA, medium density = 10 - 25DUA, & low density = .5 - 9DUA.
² Known completion dates for projects date as far back as 2002; project information was provided by the City of Charlotte and completion dates were not available for all projects.
³ Transit-supportive overlay intended to encourage transition in areas where the market is not yet established.
Journey to work data shows that transit ridership along the corridor is higher than the regional average (5 percent versus 1 percent) and auto use is lower (72 percent versus 81 percent), yet households within the corridor are extremely auto-dependent in comparison with the other case study corridors. Changing the commute pattern in the corridor will take major changes in land use to support the new light rail. Fortunately, the City is taking a strong approach to promoting transit-oriented development within the corridor to help increase future ridership.
Uptown and South End Lead the Way to TOD

Charlotte is experiencing an urban renaissance due in part to rapid population and economic growth, and in part due to the larger national market trend towards more urban, compact development. The Uptown area best exemplifies this trend, with significant development activity in retail, housing, and commercial projects. Map C5 (following page) shows recently built, planned, and proposed development activity within the 15 future station areas. Approximately 50 new development projects have been initiated in Uptown since 2002, including 3,350 new condominium and apartment units currently under construction or proposed. Of the 50 projects, 33 are residential or residential with ground floor retail. The seven new office projects, two new retail projects, and three new hotels represent a significant degree of commercial activity as well. The City of Charlotte projects that Uptown will add 3,400 new housing units and 50,000 new jobs by 2025.

Developments Are Springing Up on the South End

The South End is also experiencing a significant amount of both commercial and residential development, and both new and rehabilitation/conversion projects. Its historic residential districts, attractive older industrial building stock, proximity to the central business district and existing network of local streets and short blocks combine to give the area a unique, pedestrian-oriented flavor highly suitable to developers interested in building TOD products. Because the City has been proactively pursuing transit-oriented projects for this area and building on existing assets, the South End is well on its way to becoming a vibrant and diverse urban district poised to take advantage of the new light rail line.

Compared to Uptown and the South End, there is little current development activity at the other future station areas. Activity has picked up at the New Bern station, one station to the south of the South End, with the recently announced Poindexter Village, a 17-acre mixed-use project, with up to 1,000 residential units in three eight-story buildings atop
Map C5
Recent, Planned + Proposed Development (After 2002)
South Corridor/Blue Line
Charlotte, NC

Legend
- Proposed Light Rail Stop
- Light Rail Transit (Under Construction)
- Recent Development
- Residential
- Mixed-Use Residential
- Retail
- Office
- Hotel
- Civic

* Some projects may not show up due to overlapping dots

Source: Center for TOD+ Strategic Economics + City of Charlotte, 2006
150,000 square feet of retail. While there are significant redevelopment opportunities at most station areas, none have the extensive infrastructure needed to support a transformation from unconnected, large-scale, single-use development to a more walkable, multi-use, transit-supportive environment. It will take some time for these critical investments, beyond the transit itself, to be put in place. The City’s approach to land use planning around the stations (described in detail in the next section) is a strong step towards making these transformations.

**Proactive City Involvement Creates Comprehensive TOD Framework**

Building on lessons learned from other communities, the City and CATS are taking a strategic approach towards planning for TOD and creating tools to strengthen its existing urban neighborhoods and build new transit-oriented districts around the future stations. The overall framework for this work was an integrated 2025 transit and land use plan for the City of Charlotte and other cities in Mecklenburg County. Adopted in 1998, it laid out a general process for planning and implementation of land use regulations and future infrastructure improvements. The framework includes the creation of transit station area principles (completed in 2001) for all the future lines, general and joint development policies (2003), transit station area plans (in various stages), zoning updates, infrastructure plans, and implementation.

In anticipation of the South Corridor light rail, defined one-half mile walking areas around each of the new stations are the focus of new land use and infrastructure planning and re-zoning. The Uptown and South End Stations moved ahead with transit-supportive zoning in 2004-05, as well as “pedscape” and station area plans currently being implemented. While the underlying zoning for the stations from New Bern to I-485 has not yet been updated, the City has developed proposed transit-supportive overlays intended to begin transitioning these areas to more appropriate land uses. Equally critical to improving access and ridership, the City and CATS have identified and begun implementing other key infrastructure improvements to sidewalks, bike paths, medians, park and ride lots, and water drainage around seven of the outer stations. These improvements are being financed by a $50 million bond for infrastructure projects to support the light rail.

The City and CATS have joined together at the Scaleybark Station to purchase 17 acres of land, hoping to see new TOD development transform this area just beyond the South End into a compact mix of housing and retail that will trigger market interest further.

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82 Planning principles are divided into three general categories: land use and development, including mixture of complementary transit-supportive uses and increase land use intensity; mobility, including pedestrian and bicycle system, street network and parking; and community design, including building and site design, streetscape and open space. These general principles guide the various station area plans, re-zoning efforts and infrastructure plans that have followed for the each station.
south along the line. Several developers have submitted offers in response to a request for proposals currently under review by the City.

V. Creating Mixed-Income Communities: Public Agencies Learn on the Go with Proactive Approach

From the outset, affordable housing has been a stated policy goal of the City’s overall approach to TOD. A comprehensive review of the City’s affordable housing policy began in 1999, culminating in a 2001 plan to better link transit access and affordability. Initial development activity has focused more on building a TOD market in Charlotte than on providing new affordable housing, in part of out the need to demonstrate the legitimacy and demand for an urban, high-density, mixed-use TOD market. The City, however, is developing a set of tools to try and foster both TOD and affordability, particularly given the positive development response thus far.

Local Policy TOD and Affordable Housing Tools Need to be Calibrated

In 2001, the City of Charlotte revised its affordable housing policy to reflect the new transit investment and balance the development of affordable and market-rate housing in the light rail corridors. The normal local fair-share housing policy limits the share of publicly subsidized units in a “neighborhood statistical area” to 10 percent of the total number of housing units. Intensive discussions with community groups resulted in an exception to the local fair share housing policy to allow areas within one-quarter mile of transit to have up to 20 percent publicly subsidized affordable units. However, these discussions also resulted in a policy that only five percent of units within a given new project should be affordable to households at less than 60 percent area median income.

This rule has proven very challenging for financing of mixed-income or affordable projects as federal Low-Income Housing Tax Credits require deeper and broader levels of affordability and tax credit investors tend to look for projects with maximum affordability. The City and various agencies involved in financing affordable housing are currently trying to resolve these issues and it is likely that further public outreach will be necessary to reach a resolution. In the meantime, the City has been granting exceptions to the affordability limits, as appropriate. The City is also using its affordable housing trust fund to acquire sites within transit areas and plans to work with developers in the redevelopment of these sites to provide affordable units.

Despite these efforts, there has been very little affordable or mixed-income housing development activity in the South Corridor since 2002 (see Map C6, following page). In addition to a mixed-income project on the edge of the Uptown station areas, a mixed-income project approximately one-quarter mile from the Arrowood station is currently in predevelopment. It will include 100 units of affordable housing and 92 market rate units. The project received credit enhancement through HUD, tax credits from the North Carolina Housing Finance Agency, City of Charlotte affordable housing bonds as well as debt from the Charlotte Housing Authority.
Developers of new housing projects are responding to a call for mixed-income housing through unit design and size to provide a range of housing options (studio through two-bedroom) at different market rate price points. Some developers are concerned that a greater balance needs to be struck between for-sale and rental properties which also provide affordable housing options and support compact development goals.
The City and County have used their local resources to provide gap financing to help projects score better for receiving State affordable housing funds, resulting in Charlotte being allocated more affordable housing per capita than other cities in the state.

Unlike the Fairmount Line in Boston, with its long history of CDC involvement and local concerns with displacement of low-income households, neighborhoods along the South Corridor and around the other future light rail lines do not perceive a critical need for providing or preserving affordable housing in the corridor. Given that average household income for the corridor is over 50 percent of area median income, some residents have expressed reticence towards policies that would bring in new lower-income residents, seeing this as a negative action. Another concern expressed by a local official in a listening session help in Charlotte for this study, is that significant public investment is being used to build the light rail line and make infrastructure improvements within the corridor. Adding subsidies for affordable housing may be targeting too much public funding within one geographic area, and part of the public policy goal is to use the transit investment to bring new market-rate housing to the station areas. These attitudes are a significant challenge to creating housing opportunities near transit for the full economic range of households projected to increase over the next 25 years.

VI. Local Policy Tools: Public Agencies Seek to Facilitate TOD Ahead of Market Response

Table C4, next page, describes a number of specific tools being used locally to promote TOD and link it with affordable housing. The majority of policy tools and funding sources are less than five years old, and the transit line is still under construction, making it difficult to evaluate their ultimate success.

The City also created a TOD Response Team including members of the various departments that oversee development projects in order to assist developers with obtaining entitlements, necessary public improvements and financial assistance for TOD along the transit corridors. Because not all station area plans and new land use regulations were adopted at once, and each took some time to plan, the Charlotte-Mecklenburg Planning Commission has been proactive in sponsoring site-specific re-zonings for TOD in areas where plans have not yet been adopted. Finally, the City, County, and CATS have created a South Corridor Land Acquisition Fund for public assembly of key opportunity sites around stations.

There is an emerging interest to provide transit-oriented communities that serve not only a mix of income levels, but also of family types. Recent transit-oriented development nationally and in Charlotte have primarily consisted of compact housing units less than 1,000 square feet in size. While these smaller-sized units make such projects feasible for

83 A variety of general tools, including overall State funding for affordable housing/subsidized housing are also being used in the Twin Cities region. These tools are discussed in Appendix A of the report. Table C4 highlights those specific to promoting TOD or have a linkage between affordable housing and proximity to transit, or creating mixed income communities.
developers, they may not be appropriate for families with children hoping to live near transit. The desire in Charlotte to build family-oriented TOD, and the correlated ingredients, such as ample open space and quality schools is a theme emerging locally for planners to consider in extending the reach of TOD beyond Uptown.
<table>
<thead>
<tr>
<th>Tool</th>
<th>Intended Funding Agent/Implementing Agent</th>
<th>For use by:</th>
<th>Funding/Financing</th>
<th>Affordable Housing</th>
<th>Mixed Income (MI)</th>
<th>TOD</th>
<th>Description</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assisted Multi-Family at Transit Station Areas</td>
<td>City</td>
<td>Developer</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td></td>
<td>Policy to encourage development of assisted housing within 1/4mi of transit stations. Assisted multi-family units in transit stations should be developed as part of a larger mixed-income development.</td>
<td>New policy</td>
</tr>
<tr>
<td>City of Charlotte Housing Trust Fund</td>
<td>City</td>
<td>Developer</td>
<td></td>
<td>×</td>
<td>×</td>
<td></td>
<td>The Housing Trust Fund (HTF) provides financing for affordable housing in the Charlotte community. In 2001, City Council set aside $10 Million for the Trust Fund and in November 2002 and 2004, Charlotte voters approved another $20 Million and $15 Million for the Trust Fund respectively.</td>
<td>The Charlotte-Mecklenburg Housing Partnership (CMHP) is building Arrowood Apartments, 192 units, 100 units at 60% of median income and 92 unrestricted market units off South Boulevard in southern Charlotte. The development will be located within walking distance to the proposed Arrowood light rail stop.</td>
</tr>
<tr>
<td>Housing Locational Policy</td>
<td>City</td>
<td>Developer</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td></td>
<td>The Policy provides a guide for the financing and/or development of new multi-family rental housing projects designed to serve, in whole or part, households that earn 60% or less than the area median income.</td>
<td>New policy</td>
</tr>
<tr>
<td>South Corridor Land acquisition fund</td>
<td>City, Region, Transit Agency</td>
<td>City</td>
<td>×</td>
<td></td>
<td>×</td>
<td></td>
<td>South Corridor Land Acquisition Fund was established for the purchase of land near transit stations to create transit oriented development. The purpose of these land acquisitions are to spur private sector transit oriented development by aiding in land assembly, removing blight or inappropriate land uses, and assisting in mixed income housing development.</td>
<td>The first site of this kind is located in the Scaleybark Station Area along the South corridor. The approximately 8 acre site is immediately adjacent to the park and ride for the Scaleybark Station.</td>
</tr>
<tr>
<td>The South Corridor Infrastructure Program (SCIP)</td>
<td>City, Region, Transit Agency</td>
<td>City</td>
<td>×</td>
<td></td>
<td>×</td>
<td></td>
<td>The South Corridor Infrastructure Program (SCIP) is a capital improvements program designed to implement infrastructure improvements in seven of the South Corridor Light Rail Project station areas. SCIP is funded through voter-approved bonds and led by the City of Charlotte's Engineering and Property Management Department, Charlotte Department of Transportation (CDOT), the Charlotte Area Transit System (CATS), the Charlotte-Mecklenburg Planning Commission and Charlotte-Mecklenburg Utilities.</td>
<td>The South Corridor Infrastructure Program (SCIP) includes 23 projects that will help connect businesses and communities to the light rail line the City is constructing along South Boulevard.</td>
</tr>
<tr>
<td>Transit Station Area Joint Development Principles</td>
<td>City, Region, Transit Agency</td>
<td>Developer, transit agency, City</td>
<td>×</td>
<td></td>
<td>×</td>
<td></td>
<td>The Principles provide a framework for local governments and the Charlotte Area Transit System (CATS) to encourage and promote transit supportive development at transit stations. Support the development of housing, which is affordable to a broad cross-section of the workforce and community and provides a variety of housing choices near transit stations.</td>
<td>New policy</td>
</tr>
<tr>
<td>Tool</td>
<td>Intended Funding Agent/Implementing Agent</td>
<td>For use by</td>
<td>Policy</td>
<td>Funding/Financing</td>
<td>Affordable Housing</td>
<td>Mixed Income (MI)</td>
<td>TOD</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
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<td>-------------------</td>
<td>-------------------</td>
<td>-----</td>
<td>-------------</td>
</tr>
<tr>
<td>Transit Station Area Development Coordinator</td>
<td>City, Transit Agency</td>
<td>City</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Two positions funded by and housed within the City of Charlotte Economic Development Department and CATS. Work with private developers to understand their needs and address their concerns. Provide education about TOD and help developers find funding sources. Also responsible for land acquisitions and RFPs and RFQs along the transit lines.</td>
</tr>
<tr>
<td>Board of Transportation Resolution: Biking and Walking</td>
<td>State, Municipality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>North Carolina cities and towns are encouraged to make bicycling and pedestrian improvements an integral part of their transportation planning and programming.</td>
</tr>
<tr>
<td>North Carolina Housing Trust Fund</td>
<td>State, Developer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The North Carolina Housing Finance Agency administers the Housing Trust Fund and pays all its operating costs. The Trust Fund is the state’s most flexible housing resource – able to finance home ownership and rental apartments, new construction, rehab, and emergency repairs. It provides the state’s largest source of funds to finance supportive housing and emergency repairs/accessibility modifications.</td>
</tr>
<tr>
<td>North Carolina State Housing Credit</td>
<td>State, Region, Developer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The State Housing Credit was created to be used in combination with federal Tax Housing Credits. The additional financing makes it possible to • build affordable apartments in low-income rural areas • reduce rents in urban areas • produce rental housing affordable to persons with disabilities. A development becomes eligible for state credits once the North Carolina Housing Finance Agency has approved an application for federal credits. If a development does not receive federal credits, it cannot receive state credits.</td>
</tr>
</tbody>
</table>

Source: Center for Transit Oriented Development, 2006
VII. TOD and Housing at the Station Area Level: East / West Station Area Reflects Corridor Development Potential

Map C7 displays the mix of land uses in the one-half mile transit zone surrounding the East/West Station. Consistent with the overall discussion regarding underutilized industrial lands, this station area has a number of large parcels that present a substantial opportunity for redevelopment. Some residential and commercial uses are already moving into the corridor within a one- to two-blocks of the station.

The majority of existing residential development is located further from the station, and the station area, similar to the corridor overall, has lower residential density levels than are typically found in urban light rail corridors located close to the central business district. As such, substantial opportunity for infill development exists. The larger underutilized parcels have the potential to provide redevelopment at a scale that can further assist in the transformation providing a mix of retail, commercial, and residential uses.

Tracy Finch, the transit station development coordinator for the City, and Tina Votaw, the Transit-Oriented Development Specialist for CATS, work to promote the TOD vision to developers. The 67-unit Park Avenue building is an example of the kind of new residential development with doors opening onto the tracks, and ground-floor retail. The corridor and East/West Transit Zone contain moderate income households, with the median annual household income for the station area at $50,337 (see Table C5, following page). Even prior to the opening of the light rail line, ten percent of households
in the transit zone used transit for their work trips. CATS and the City hope that focusing development around the stations will significantly increase that number.

Table C5: East/West Station Transit Zone Characteristics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Housing Unit Type</th>
<th>Median Year Built</th>
<th>Owner Occupied</th>
<th>Renter Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>TZ Population</td>
<td></td>
<td>2221</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of Corridor Population</td>
<td></td>
<td>10.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households</td>
<td></td>
<td>1155</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Market</td>
<td>Journey to Work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Units</td>
<td></td>
<td>1,234</td>
<td>Car Alone</td>
<td>0.74</td>
</tr>
<tr>
<td>Share of Corridor Housing Units</td>
<td></td>
<td>12.1%</td>
<td>Transit</td>
<td>0.10</td>
</tr>
<tr>
<td>Residential Acreage</td>
<td></td>
<td>175.25</td>
<td>Walk/Bike</td>
<td>0.04</td>
</tr>
<tr>
<td>Residential Density</td>
<td></td>
<td>7.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Housing Units per Acre</td>
<td></td>
<td>2.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median HH Income 1999</td>
<td></td>
<td>50,337</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: 2000 US Census

Development is responding to the coming transit investment. Charlotte's First Colony Corporation has purchased the SouthEnd Steelyard complex on South Boulevard, in close proximity to the East/West Station. The $11 million deal includes the Steelyard building and parking structure plus the neighboring Tompkins Tool Worx building. The purchase gives First Colony control of the property between South Boulevard and the rail line from Tremont Avenue north to the Pewter Rose restaurant building. Assembling this amount of land allows the developer to maximize the redevelopment opportunity and the City has committed to infrastructure improvements and a transit overlay to support increased densities and mixed-use.

VIII. Opportunities, Obstacles & Lessons: Proactive Public Agencies Must Also Work with Development Community to Achieve TOD Vision

As a fast-growing region investing in transit as a tool to manage future growth and congestion while creating a more vibrant, sustainable community, Charlotte provides some important lessons based on its efforts thus far.

Major Opportunities for Mixed-Income Housing Near Transit

- Comprehensive, Integrated Land Use and Transit Policy Framework
  The City of Charlotte, CATS and surrounding cities have been planning since 1998 for the integration of land uses and infrastructure with the new transit. The benefit of having the agencies responsible for land use and transit both under the same local level of government is tremendous. This has resulted in new proposed land uses and identification of necessary infrastructure improvements for all stations, as well as the creation of several new implementation tools and funding sources. This proactive framework has already helped spur development in Uptown and South End. Over time it will be even more critical to the creation of new transit-oriented
neighborhoods around the southern stations with more typically suburban development patterns and industrial land uses.

- **Existing Urban Fabric in Uptown and South End Creates Significant Infill Opportunities**
  The areas around the stations in both Uptown and the South End are already established as complex urban environments with multiple uses, street networks, and physical character. At the same time, there are many redevelopment and re-use opportunity sites that will allow for infill development and conversion of obsolete uses to TOD of greater intensity. The size of properties in this corridor presents a particularly advantageous setting for larger, mixed-use developments.

- **Strong Housing and Commercial Markets in Central City**
  Renewed interest in downtown living and significant public and private investments, particularly by Bank of America and Wachovia, in revitalizing downtown Charlotte have generated a wave of new real estate development activity. Charlotte is already experiencing a major upsurge in both residential and commercial development activity in Uptown and South End with 50 recent and proposed projects in Uptown alone. The rail line should bolster this trend, bringing more TOD to these areas.

- **Major Redevelopment Potential around Southern Stations**
  The eight stations located south of the South End are surrounded by an enormous amount of underutilized land, due to the amount of low intensity industrial and commercial uses in the corridor. While maximizing the transit investment in these areas must be balanced with Charlotte’s need to preserve a diverse and healthy economy, some portion of these large parcels can be redeveloped as TOD.

### Obstacles

- **Lack of Public Infrastructure and Existing Housing Market Around Southern Stations**
  Transforming the areas along the southern stations into walkable, multi-modal, mixed-use places will require significant investments that improve the connectivity, safety and character of neighborhoods before transit-oriented development can fully succeed. Without them it will be difficult to attract development to these locations, let alone TOD. Successful TOD will take significant public improvements, excellent urban design directives, and time to transition these areas to transit-supportive places. Over time, as public improvements are made around these stations, there should be an opportunity to pull the momentum of the downtown housing market southward. One concern is that the substantial public investment in place-making and connectivity infrastructure will tap out any funds that would have otherwise been available for affordable housing.
• **Community Discomfort with Affordable Housing**
  Existing neighborhoods surrounding the new stations on the South Corridor are relatively higher income than those in the other case study corridors. New affordable housing is not perceived as a community benefit, but as a burden, creating a significant challenge for building of mixed-income communities. While the City is taking steps to be proactive in this regard, the public will need to be engaged in discussions involving prioritizing public funding for affordable housing, infrastructure improvements, parking requirements, and community benefits to evaluate the trade-offs of each.

• **Auto-Dominated Development Patterns and Travel Trends Need to be Reversed in Transit Zones**
  Regionally, less than one percent of commute trips are made by transit, residential densities are low and commercial uses are more suburban in nature. This presents a challenge for public agencies to address through re-zoning and identifying other regulatory or infrastructure barriers to transit-supportive development. Incentives may be necessary, particularly at the more suburban southern stations. Perhaps more significant a challenge, is demonstrating transit’s viability as a mode for commuting and the desirability of living in transit-accessible, walkable, mixed-use communities.

**Lessons from the Corridor for Charlotte and Other Communities**

• **Plan for Success with TOD-Supportive Zoning and Public Improvements**
  The City of Charlotte, CATS and other partners have done an extensive amount of work creating an integrated policy framework to support TOD and mixed-income housing in the new light rail corridors. These efforts include the creation of station area plans, updating local zoning, identifying critical infrastructure improvements, and revising the city-wide affordable housing policy. The overall framework and individual components provide a model for forward-looking planning around light rail investments, especially for other cities and regions inserting transit into non-urban settings.

• **Planned Growth Corridors Necessitate Comprehensive Implementation Tools**
  The City and it partners have created a number of important implementation tools, without which transit-oriented, mixed-income development could not move forward. The voter-approved $50 million infrastructure bonds to implement the South Corridor Infrastructure Plan, the South Corridor Land Acquisition Fund, creation of a TOD Response Team including dedicated staff at both the City and CATS, and formulation of a Joint Development program are critical aids in bringing TOD to the corridor. The performance of these tools should be evaluated over time, as the line is complete and improvements and development move forward.
• **Consider Financing and Funding Challenges in Developing Local Affordable Housing Policy**

The City of Charlotte’s affordable housing policy, while to be commended for identifying early on the need to link affordable housing to quality transit service, has stumbled in its implementation. Recently revised, in conjunction with extensive community discussion, to target the new station areas, the existing policy does not take into consideration the major restrictions and requirements imposed by the affordable housing finance industry, including State and Federal thresholds for allocating tax credits. For mixed-income policies to be effective, they must acknowledge the reality of these funding sources, without which affordable housing will not be built. Mixed-income housing involves multiple decision makers and needs to be closely coordinated to allow for greater and easier use by private for-profit and non-profit developers. Ensuring comparable definitions, thresholds, and timelines can help alleviate inconsistencies.

• **Successful TOD is Not Just the Responsibility of the Public Sector**

Given the significant increase in demand for housing near transit and the extent of additional infrastructure improvements needed beyond just constructing the light rail, the City and CATS will need to work with interested private sector developers to make the necessary accessibility and urban design improvements. Already a number of local and national developers have expressed interest in redeveloping parcels around future stations, and even in contributing to future infrastructure investments including streetscape and station area improvements, and potentially partnering to build future stations or streetcar service. These types of public-private partnerships have the potential to yield substantial community benefits and accelerate infrastructure improvements that can further spur redevelopment. Portland’s Pearl District might be a model for public-private partnerships to help deliver mixed-income housing.

• **Create Activity Centers Beyond the Downtown**

The strength of the housing and commercial markets in the Uptown and South End districts correlates with the presence in both areas of destination stops and activity centers. As the line moves further south there is a lack of existing commercial or public activity around stations. A challenge for this corridor will be to provide mixed housing, retail, and commercial space that will create activity centers both for residents living within station areas and in surrounding neighborhoods. Successful TOD corridors require a mix of station area types and locating future regional destination activities along the corridor may help increase development opportunities and generate additional non-peak hour ridership.

The next chapter discusses TOD efforts underway in the Denver metropolitan region’s West Corridor, scheduled to open in 2013 as one of five new transit lines being planned for the region over the next 15 years.