From Barriers to Solutions and Best Practices: Urban Centers and TOD in Washington

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Overview of Work

This report investigates strategies to overcome barriers to quality urban center and transit-oriented development (TOD) in Washington State. The narrative and conclusions are intended to be an applied, useful tool for government staff, elected officials, developers, land use, environmental and design professionals and related non-profit organizations.

The report contains two sections, and Appendices A-G. The first section includes an Executive Summary, the “Top Ten Barriers, Challenges, Solutions, and Best Practices for Affecting Change” and an Introduction. The second contains an in-depth discussion of barriers, challenges and corresponding solutions and best practices across four broad categories:

- Design, Land Use and Regulatory – Challenges and Solutions;
- Continue Diligent Attention to Resolution of Fiscal Barriers and Challenges;
- Resolving Political Challenges; and
- Recognize Organizational Barriers.

Appendix G includes three North American case studies, which provide examples of how other regions have approached many issues discussed in this report.

An annotated bibliography provides companion background resources and allows detailed exploration of relevant issues. The bibliography can be found at www.qualitygrowthalliance.org.
Executive Summary

The Top Ten Barriers, Challenges, Solutions, and Best Practices presented in this report represent a synopsis of the most relevant strategies for addressing challenges to implementation of urban centers and transit-oriented developments (TODs) in Washington State. The principles presented in this report are derived from implementation of compact growth approaches in notable urban centers in the United States and select cities and regions worldwide.

A wide body of literature recognizes that concentration of growth in urban centers and TODs can limit negative effects associated with sprawl, and improve quality of life. In the early 1990’s, the Washington Legislature acknowledged the importance of concentrated urban development through passage of the Growth Management Act (GMA). Specifically, the GMA requires affected counties and cities to direct growth into designated urban centers, within established urban growth boundaries.

Over and above the GMA mandate, what should such urban centers look like? What level of density, amenities, and mix of uses are most appropriate? What level of transit service is needed? The answers depend on the values and preferences of communities planning for growth. All neighborhoods and centers are unique, and communities should incorporate their own values and preferences when planning for growth. Integration of local values and preferences is a central aspect of the public process and key to the creation of unique communities. However, many guiding principles should apply.

Challenges, solutions and best practices included in this report are addressed across four broad categories:

Design, Land Use and Regulatory – Challenges and Solutions: Integration of the themes addressed in this section is essential to well-designed communities. Generally, urban centers and TODs should be approached from a place-making orientation (as opposed to a nodal orientation), which leverages access from transit by channeling the highest
densities in transit corridors. Multi-modal, gridiron street-networks can improve mobility, particularly for pedestrians and bicycles. Transportation demand management, traffic calming, social-cost pricing and careful parking management can help moderate the negative effects of traffic on communities. Progressive zoning and expedited permitting for progressive projects can help encourage synergistic urban centers.

*Continue Diligent Attention to Resolution of Fiscal Barriers and Challenges:* Fiscal barriers are enormous for both the public and private sector. The public sector is struggling to identify sources of revenue to finance needed infrastructure for urban centers and TODs. Washington State law restricts many of the financing mechanisms available in other states. The Puget Sound Regional Council (PSRC) is actively researching public infrastructure financing mechanisms and has identified barriers and suggested additional sources of funding.

*Resolve Political Challenges:* Leadership, coordination across political boundaries, political discourse, and a clear articulation of plans and public policy can help build the consensus needed to create and promote urban centers and TODs as viable alternatives to conventional development.

*Recognize Organizational Barriers:* Organizational barriers vary considerably depending on the mission of the respective organization. Leadership should aggressively identify constraints, limitations and institutional barriers that affect the ability of the organization to fulfill its mission or particular task. Public organizations should articulate barriers and limitations to the appropriate lawmakers, and when appropriate the public, to build political capital for change.

Demonstrable implementation of the principles offered in this report will require an integrated approach and increased cooperation among actors in meeting stated regional objectives. Too often, ideas directed at solving growth-related problems are focused on singular approaches rather than a holistic approach. Common summary terms such as "green", "sustainable" and "shovel ready" -- and their older cousin, "smart growth" --
have arrived with a vengeance, albeit often more as separate silos of ideas and inspiration than as interrelated elements of societal change.¹ Successful creation of urban centers and TODs results from the intelligent linkage of complementary policies with the co-development of land use and transit services.²

Top Ten Barriers, Challenges, Solutions, and Best Practices for Affecting Change

1. **Accommodate Pedestrians.** Reflect a pedestrian-orientation in built environments. Every transit trip begins and ends on foot, dictating a pedestrian emphasis.

2. **Improve Access from Transit to Jobs and Residences.** Locate new development in proximity to transit opportunities to leverage the public’s investment in transit capital and operating budgets.

3. **Move from Node to Place.** Create places for people, not cars. A place-making orientation should take precedence over creating a node for commuters and drivers.

4. **Resolve Fiscal Challenges and Barriers.** Continue diligent attention to resolution of public and private fiscal barriers. The public sector is handicapped by limited financing mechanisms for needed infrastructure.

5. **Depoliticize Transit Service.** More fully fund transit operations and focus new service in areas with the greatest demand for transit service.

6. **Integrate Views Among Actors.** Approach urban centers and TODs in an interdisciplinary fashion. To reach its potential, TOD should benefit from integrated goals, resources and policies.

7. **Enhance Leadership and Vision.** Continue leadership and articulation of a regional vision, consistent with GMA goals and objectives for development of urban centers and TODs.

8. **Enhance Transportation Demand Management (TDM) and Related Tools.** Governments should continue to moderate auto use through TDM, balanced parking requirements, emphasis on traffic calming approaches and expanded social-cost pricing mechanisms.

9. **Implement Proactive Zoning and Land Use Regulations.** Seek graceful growth and quality living environments through proactive planning. Zoning and development regulations should reflect comprehensive planning objectives and integrate with transit agency planning and implementation.

10. **Acknowledge Political Opposition to Growth and Density Imposition.** Offset resistance to density by corresponding investments in services and amenities. Public outreach should better anticipate “NIMBY” backlash and instill a sense of ownership in projects and plans.
Introduction to TOD and Urban Centers

Well-designed urban centers and TODs offer a wider range of housing, mobility, shopping and recreation choices than conventional suburban development (and much urban development).\(^3\) Residents and employers locating in proximity to TOD have the freedom to drive, walk, bicycle or use transit to reach destinations. People who do not appreciate the lifestyle choices offered by TOD can still relocate to conventional developments. Rather than restricting lifestyle choice in the manner of conventional, auto-centric, and homogeneous development, urban centers and TOD provide an alternative to conventional development patterns.\(^4\)

Premise for TOD and Urban Centers

Conventional development has been characterized by low densities, auto orientation, and decentralized growth, which has consumed open space, increased traffic congestion, and homogenized communities socially and economically across the region. Decentralized growth has been largely a product of federal, state, and local policies directed at subsidizing the cost of auto use, road construction and home ownership\(^2\). Today, this model is proving unsustainable from an environmental, transportation and, more recently, an economic standpoint. President Obama has acknowledged the Federal government’s role in the problem. Commenting at an urban affairs summit on July 13th, 2009 he said that, “for too long, federal policy has actually encouraged sprawl and congestion and pollution, rather than quality public transportation and smart, sustainable development.”

Environmental problems associated with unsustainable growth include air pollution (including particulate matter and greenhouse gases)\(^5\); loss of open space including forests,

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\(^2\) Urban centers and TOD are not about forcing people to live in a particular way. Critics of humanist design principles such as New Urbanism sometimes complain of social engineering or physical determinism. One could level similar charges against the federally subsidized interstate highways and home mortgages that nurtured the automobile industry and suburban sprawl in the post-World War II era (Cervero, R. Transit Metropolis. Chapter 3. p.78). Ironically, opponents of increased investment in public transit argue cars and highways give people the “freedom” to move as they please – as long as they have access to a car and willing to adopt the lifestyle, expense and responsibility associated with car ownership.

\(^3\) Moving Cooler provides needed information looking at the effectiveness and costs of almost 50 transportation strategies, individually and in various combinations. The findings of this study can help us coordinate shape effective approaches to reducing GHG emissions at all levels (nationally, regionally, and locally), while meeting broader transportation objectives as well.

\(^4\) Link to Moving Cooler Executive Summary: [http://commerce.uli.org/misc/movingcoolerexecsum.pdf](http://commerce.uli.org/misc/movingcoolerexecsum.pdf)
steppe and farms; and overall degradation of watersheds. Transportation problems largely stem from inefficient land use patterns; poorly designed street-networks; and insufficient public transportation. Economic problems compounded by low density, auto-centric development patterns include high infrastructure and service costs, and inefficient tax bases.

Numerous organizations such as the Quality Growth Alliance, the Cascade Land Conservancy, Puget Sound Regional Council (PSRC), the Puget Sound Partnership, Futurewise, and the Urban Land Institute Seattle District Council are working to promote sustainable patterns of growth and reverse environmental problems associated with growth and development.

Washington’s **Growth Management Act** (GMA) was implemented in the early 1990’s to slow the impact of sprawl on undeveloped land. Growth Management goals are articulated in the Revised Code of Washington (RCW) Section 36.70A.020 *Planning Goals*. GMA goals are implemented through city and county comprehensive plans and development regulations. Several major goals are centered on channeling growth into urban centers by requiring city and county comprehensive plans, and development regulations to:

- “*Encourage development in urban areas where adequate public facilities and services exist.*”
- “*Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.*”
- “*Encourage efficient multimodal transportation systems that are based on regional priorities.*”

**Vision 2040** is a long-range growth management, environmental, economic, and transportation strategy for in the central Puget Sound region (King, Pierce, Snohomish and Kitsap counties) prepared by the PSRC under GMA. Vision 2040 incorporates GMA goals by focusing growth in “Metropolitan” and “Core” cities across the region.

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According to Vision 2040’s *Regional Growth Strategy*, “Focusing growth in urban areas helps to protect natural resources and sensitive environmental areas, encourages a strong economy, provides more housing opportunities for all economic segments of the population, improves regional jobs-housing balance, and minimizes rural residential growth.”

**What Constitutes an Urban Center or TOD?**

**Urban Centers**

The Puget Sound Regional Council describes urban centers as strategic places identified by GMA to receive a significant proportion of future population and employment growth compared with the rest of the urban area. Center locations are characterized by compact, pedestrian-oriented development, with a mix of different office, commercial, civic, entertainment, and residential uses. Urban centers play a key role in improving transportation across Washington's most densely populated regions, by offering opportunities to improve accessibility and mobility for walking, biking and transit. According to Vision 2040’s *Regional Growth Strategy*, regional growth centers:

“...form the backbone of the transportation network for the four-county region. Linking these centers with a highly efficient transportation system allows the region to take actions to reduce the rate of growth in vehicle miles traveled, especially by providing and expanding transportation choices. Consequently, regionally significant centers should receive priority in regional and local investments in the infrastructure and services that are critical for supporting growth.”

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Transit-Oriented Development

Due to GMA’s comprehensive planning process, most opportunities for TOD are located in or near urban centers. Varying viewpoints influence definitions of TOD. Peter Calthorpe pioneered much of the thinking regarding how TODs are best designed. Calthorpe viewed TODs as a constellation of co-dependent centers inter-linked throughout a region by high-capacity fixed-guideway transit services. Typical TOD definitions are descriptive and often include a mix of uses, at various densities, within a half-mile (or quarter-mile) radius of each transit stop. However, there is little evidence that a prescribed set of uses or densities will deliver sufficient riders to support a functioning transit system.

Many examples precede challenges now facing the Puget Sound region and other communities across Washington. Communities in the San Francisco Bay Area demonstrate TOD cannot be defined in physical terms alone. San Franciscans clearly drive less than residents of suburban cities with densities comparable to San Francisco. The difference stems from the way many San Francisco neighborhoods combine density with appropriate street patterns, access to transit, neighborhood amenities, an adequate mix of nearby retail, and varied demographic composition. At the core of TOD is the pedestrian, and ensuring the walker has precedence over other modes is an imperative of TOD.

Urban centers and TOD station areas vary considerably in their composition of residences, employment and amenities. Some stations function primarily as collector nodes for people traveling to work, while others serve as employment destinations (Tukwila station versus University station, for example). While TOD can help diversity

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10 Ibid
11 Ibid
12 Ibid
13 Ibid
14 Ibid
15 Ibid
the use of station areas, in of itself, TOD is unlikely to alter a station area’s role in the regional network or economy.\textsuperscript{16} Appropriate physical and functional qualities are essential for TOD to work, but over emphasis of physical characteristics or other silos can obscure the main goal of TOD: to create places that function differently from conventional development.\textsuperscript{17} TOD should focus on the function and performance of entire places and systems rather than individual parcels or descriptive elements.

In conjunction with physical and functional characteristics, performance-based goals and benchmarks can help regions focus on end-results rather than evaluating success from the perspective of silo-specific functional and physical characteristics. A performance-based definition of TOD refers to projects achieving the following five goals:\textsuperscript{18}

1. Location efficiency,
2. A rich mix of uses,
3. Value capture,
4. Place making, and
5. Resolution of the tension between node and place.

**Transit Modes – Rail versus Bus**

TOD has traditionally referred to an area served by rail, however a growing body of literature takes the view that modes of transit are less important than levels of service and accessibility.

Bus rapid transit (BRT) is emerging as a low-cost alternative to light rail. However, because the technology is less established in the TOD context, its ultimate impact on property values and new development has yet to be determined. Preliminary evidence suggests because BRT offers few points of access and relatively fast service to destinations, property values around stops may achieve accessibility values similar to those achieved by property around rail stations.\textsuperscript{19} However, to date there is little

\textsuperscript{16} Ibid
\textsuperscript{17} Ibid
\textsuperscript{18} Ibid
evidence about its attractiveness for development in the United States. One exception is Pittsburgh, where growth has occurred along the East Busway route. Aside from Pittsburgh, rail transit appears to attract more intense development and increases in return on investment.

While BRT is often referenced in case studies and sometimes cited as a potential alternative to local buses or light rail, interpretations of bus rapid transit vary considerably. Bogota, Columbia’s, TransMilenio is one of the most well-known BRT systems in the world and is frequently cited as an example of the superior level of service BRT can provide. However, TransMilenio is much more comprehensive than BRT routes operating, or in planning stages, across the United States. Appendix A includes more information on TransMilenio.

Despite current attention to light rail and BRT, the majority of transit users across Washington ride local buses. King County Metro buses served up to 395,000 people per day in 2008, nearly four-times as many daily riders as Sound Transit projects for the entire Link light rail line in 2020, and 140 percent of the daily ridership Sound Transit projects for the completed, 53-mile light-rail network in 2030. Frequent stops make local bus service relatively convenient and provide good accessibility along routes. The drawback of frequent stops is slow service, averaging about 13 miles per hour. Even though local buses provide the vast majority of transit trips, bus routes rarely figure in planning for TOD. Generally, local bus stops do not cause an accessibility-related increase in the value of nearby properties.

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22 Ibid
Regardless of bus impact on TOD, the critical role of bus service in Puget Sound and cities across Washington foreshadows an ongoing, critical discussion of which mode of transportation will best serve the community’s vision for growth and access to employment.28 Appendix B includes additional information on transit service supply and demand.

**Design, Land Use, and Regulatory – Challenges and Solutions**

Design, land use and regulatory issues directly shape and limit the form and scale of the built environment. These barriers are the result of both public and private policies, and include a diverse range of issues such as the design of the street-network, competing visions of how a center should function, accessibility, transportation-demand management, and zoning regulations. Literature often cites the three ”D’s”—density, diversity, and design—as necessary for creating great places and minimizing automobile use.29

Foremost behind the success of cities such as Stockholm and Munich are built environments that make riding trains and buses more convenient and generally more pleasant than driving a car.30 Likewise, the success of transit in the primary U.S. transit markets results from important design characteristics of their downtowns; these markets are major employment centers, are well served by radial transit lines, are densely built, contain a mix of uses, and are pedestrian friendly.31

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Efficient land use planning can yield significant transportation and environmental dividends if carefully integrated with transit services.\textsuperscript{32} Such careful integration is particularly challenging in the United States given the prevalence of free parking and subsidized auto travel.\textsuperscript{33}

**Conceptualizing Urban Centers and TOD: Moving from Node to Place**

The role of transit in linking individual places with the broader region means TOD should perform a dual function as both a “node” within the regional transit system and a “place” in its own right.\textsuperscript{34} Place refers to the neighborhood function of residences, businesses, entertainment destinations and other synergistic uses that combine to make station areas vibrant, pleasant, livable places. Node refers to the role of stations as an access point for commuters arriving and departing by train, bus, car, bicycle, and foot.

TOD’s dual role as a place and node requires accommodation of housing, employment, retail, trains, buses, cars, bicycles and people in close proximity with one another. The interaction and synergy among various uses and users gives TOD location efficiency; however the balance between place and node is difficult to achieve.\textsuperscript{35} Stakeholders with varying objectives sometimes disagree on how transit-oriented developments should function.\textsuperscript{36}

New Urbanists and their political allies suggest mass transit stations should serve as hubs for residential and employment populations. The New Urbanist model envisions the best use of land around transit stations for accommodating as many residents, jobs and other synergistic uses as possible, while maintaining or improving livability. Political interests often compete for the area around a transit hub to accommodate a large amount of

\textsuperscript{33} Ibid
\textsuperscript{35} Ibid
\textsuperscript{36} Ibid
parking, viewing the transit station as an access node to employment centers across the region.

This tension is playing out along Seattle’s Link light rail alignment, with many people displeased by the lack of parking at stations.\(^{37}\) In other regions, a common complaint is most transit agencies have little interest in stations as anything but nodes and parking centers because they want to maximize ridership from park and ride facilities.\(^{38}\)

Sound Transit and the City of Seattle intentionally avoided accommodation of large quantities of parking at stations because they want to encourage stations to develop as “places” – synergistic communities of people, jobs, retail and other amenities. Tukwila Station is the lone exception, where a 600-space parking lot surrounds the station site to serve park-and-ride users. Increasingly, projects built around up-and-coming transit nodes, like Dallas’s Mockingbird Station, Portland’s Pearl District, and Metropolitan Chicago’s Arlington Heights, are targeted at individuals, households and businesses seeking locations that are vibrant and interesting; these places usually have an assortment of restaurants, entertainment venues, art shops, cultural offerings, public plazas, and civic spaces.\(^{39}\)

While TOD projects must balance the multiple functions of node and place, the value of the system as a whole is enhanced with some degree of specialization at each station – a park and ride station functioning primarily as a node can help reduce pressure for other stations to function primarily as nodes.\(^{40}\)

Auto access through Seattle’s Westlake Center via Pine Street was a notable local example of the tension between place and node. Auto-oriented, commercial retail interests prevailed and today Pine is open to traffic. Virtually all European cities have


imposed some degree of control over the entry of cars into historic centers, improving their function as great places.\textsuperscript{41} Minneapolis, Boston, Portland, and Denver have similarly banned traffic from portions of their downtowns. Turning downtown streets over to shoppers and pedestrians has generally proven effective to increase downtown retail sales and commercial property values.\textsuperscript{42}

**Improving Accessibility from Transit to Jobs and Residences**

Accessibility is directly related to the tension between place and node. Generally, improving access for cars strengthens an area's function as a node over function as a place.

Accessibility is a function of *mobility* and *proximity*, enhanced by either increasing the speed of getting between points (mobility) or bringing points closer together (proximity), or some combination thereof.\textsuperscript{43} Compact, mixed-use development, such as embodied in urban centers and TOD, can substitute for physical movement by both shortening travel distances and promoting travelers to walk in lieu of driving.\textsuperscript{44} Looking at cities from an accessibly perspective can reframe transportation objectives from transit supply-side strategies and mobility-based planning to enhancement of accessibility – shifting the focus to people and places.\textsuperscript{45} An accessibility-based perspective gives particular attention to promoting efficient, resource-conserving land use arrangements.\textsuperscript{46}

The sprawling development pattern that characterizes urban areas across Washington is an inherent obstacle to transit use and accessibility. Compared with transit, autos provide far greater accessibility to the vast majority of parcels in Washington. Essentially all parcels in Washington are connected to the road network, while relatively few parcels are served by transit, especially routes offering direct access between centers. Transit-choice


\textsuperscript{42} Ibid


\textsuperscript{44} Ibid

\textsuperscript{45} Ibid

\textsuperscript{46} Ibid
users thus have little incentive to use transit in place of their autos and transit-dependent users have limited access to the majority of parcels.

Higher residential densities and greater concentration of employment and other synergistic activities around transit stations, hubs and routes can help improve the level of accessibility afforded by transit relative to autos. Studies consistently show that transit demand rises most sharply when shifting from very low to moderate residential densities; such as moving from 4 dwelling units per net residential acre to 10 or 15 units per acre.\(^47\) Increasing residential densities near transit stations is important but, in of itself, insufficient to convert significant numbers of choice-users to transit.\(^48\) Locating key destinations, particularly employment and retail, near transit in conjunction with higher residential densities is necessary to fully leverage accessibility from transit.\(^49\) For TOD to yield meaningful ridership gains it must provide accessibility advantages over the car.\(^50\)

**Rethinking Suburban Street Networks**

Pre-World War II street networks across Washington are usually found in the gridiron form with small to medium length blocks that include sidewalks, often with 3- to 7-foot planter strips buffering the sidewalk from the roadway. While not always ideal, these street-networks usually accommodate the pedestrian orientation essential to successful urban centers and TOD. Contemporary suburban street networks typically bear little resemblance to pre-World War II street-networks, and can take any number of auto-centric forms.

Suburban street-networks provide poor connectivity and mobility (especially for non-motorized users) by limiting route-choices and requiring pedestrians to navigate their way through a maze of auto-oriented build environments. Large volumes of traffic are

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49 Ibid
50 Ibid
dumped onto collector routes from adjacent subdivisions. The result is a clear auto-
orientation with few mobility alternatives aside from the automobile.

The following techniques can improve the street network and mobility in general:\textsuperscript{51}

- \textit{Locate development close to transit to improve accessibility}. Effective TOD places residential and office space as close to transit as possible. The optimal walking distance between a transit station and place of employment is 500 to 1,000 feet.
- \textit{Improve accessibility for the greater community}. Provide connections to local and regional multiuse paths and trails that encourage longer walking and bicycle trips.
- \textit{Use a multimodal street design}. Street designs varying in modal emphasis can provide a balanced transportation system. Region-serving streets may emphasize auto and transit vehicles, other streets may emphasize pedestrians and bicycles. All streets should safely accommodate pedestrians.
- \textit{Plan for local and regional travel routes}. Differentiating street design between local and regional routes is a way to balance regional accessibility to the transit station with local circulation and access.
- \textit{Integrate transportation demand management}. Measures have different levels of effectiveness in reducing automobile travel when viewed individually. Combining land use, TDM, transit, and infrastructure strategies together offers the greatest potential to reduce single-occupant vehicle travel.
- \textit{Revise level of service standards}.\textsuperscript{52} Expanding roads can temporarily relieve traffic congestion, but often impacts other models of travel and discourages walking and bicycling. Many agencies are now revising level-of-service standards to reflect the multimodal nature of transit-oriented development.


\textsuperscript{52} Strategies to revise level-of-service standards include:

- Requiring multimodal assessment and mitigation of transportation systems to balance the needs of all users;
- Relaxing or eliminating automobile level-of-service standards near transit and pedestrian oriented districts.
- Using the environmental review process to override traffic impacts.
- Developing multimodal level-of-service methods and establishing new standards that reflect the unique characteristics of TOD.
- Replacing vehicle mitigation measures with a general impact fee used for multimodal improvements.
Enhancing Transportation Demand Management\textsuperscript{53}

Transportation demand management (TDM) is a regulatory tool that aims to make more efficient use of transportation resources already in place by shifting demand (e.g. into carpools or outside of peak times), or eliminating trips altogether.\textsuperscript{54} TDM has been pursued most aggressively in the United States through ride-share promotion, parking management, and other demand-shifting tactics. Overall, American trip-reduction requirements have fallen far short of expectations because such programs have no “teeth.”\textsuperscript{55} Programs that most effectively modify travel behavior pass on clear and unmistakable price signals; such as by underwriting carpools and vanpools, charging for parking, and providing free or heavily subsidized passes.\textsuperscript{56} A growing consensus in the United States and Canada agrees parking management is the one TDM strategy with a high payoff potential that is also politically palatable.\textsuperscript{57} The following section, “Balancing Parking Requirements”, provides greater discussion of parking management.

TDM exerts far stronger and more enduring influence when combined with land use initiatives.\textsuperscript{58} Southern California implemented Regulation XV in 1991, which requires large employers to introduce measures that aim to reduce single-occupant trips made by employees. Workplaces with on-site convenience stores and ambitious TDM programs promoting ride-sharing, transit riding, and parking management realized 8 to 16 percent greater reductions in single-occupant trips where employees were commuting than did campus-style office parks and other single-use employment sites.\textsuperscript{59}

\textsuperscript{53} Moving Cooler provides needed information looking at the effectiveness and costs of almost 50 transportation strategies, individually and in various combinations. The findings of this study can help us coordinate shape effective approaches to reducing GHG emissions at all levels (nationally, regionally, and locally), while meeting broader transportation objectives as well.


\textsuperscript{55} Ibid — p.64.

\textsuperscript{56} Ibid

\textsuperscript{57} Ibid

\textsuperscript{58} Ibid

\textsuperscript{59} Ibid
TDM measures in Washington State include the Commute Trip Reduction Law and the Trip Reduction Performance Program. The Washington Legislature passed The Commute Trip Reduction Law (CTR) in 1991, which encourages employers to create programs to reduce traffic congestion and petroleum consumption by decreasing the number of single-occupant trips. In 2003 the Legislature created the Trip Reduction Performance Program (TRPP) to encourage companies, cities and others to provide services to employees that result in fewer vehicle trips arriving at worksites.

**Balancing Parking Requirements**

The amount of on-site parking included in most new development adds significantly to development costs, particularly when parking is below-grade. Higher costs force developers to ask for higher rents, reducing affordability. Accommodating parking also adds complexity to the design and can interfere with the building’s place function and pedestrian-orientation by generating traffic, noise, pollution and danger for pedestrians and bicyclists.

Parking provisions encourage single-occupant auto-use at the expense of alternative modes of transport, particularly when parking is “free”. Free parking, enjoyed 99 percent of the time Americans make an automobile trip, dissuades many travelers from even considering transit options. Because transit agencies typically charge little or nothing for parking, its cost must be subsidized internally by other project components. The net effect is often a development program favoring the most lucrative uses and growing pressure for an auto-centric built environment instead of pedestrian-oriented urban centers and TODs – another place versus node clash. Improperly priced parking

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contributes to TODs functioning primarily as a node for cars and drivers instead of a place for people and community.

Parking strategies to prevent impediments for pedestrians and place making include:\(^6^6\)

- **Configure parking to avoid domination of the walkable environment.** Parking should be oriented away from the pedestrian realm, behind buildings, or preferably underground (although this increases cost). Increasing the amount of developable land and density in the development may offset the cost of structured parking.

- **Charge for parking.** Charging is one of the most effective ways to change travel behavior. Pricing can be direct (charging a fee to park) or indirect (parking cash-out or transportation allowances). Appropriately pricing parking can reduce travel demand between 10 and 30 percent.

- **Reduce off-street parking requirements.** Parking requirements often do not reflect the characteristics of TOD and can result in excessive parking allowances, encouraging automobile use. Such parking requirements are often based on demand studies of isolated suburban uses with free parking. Shared parking, transportation demand management (TDM) programs, use of on-street parking, and trip-reduction benefits of transit-orientation can all help reduce demand for off-street parking; often up to 30 percent.

- **Shared parking.**\(^6^7\) Mixing land uses can promote resource efficiency in the form of shared parking. Shared parking can reduce the scale of suburban activity centers by as much as 25 percent, which can mean a 25 percent more pedestrian-friendly environment.

- **Protect neighborhoods.** Neighbors often cite spillover impacts to validate the need for ample, free on-site parking. Neighborhood parking impacts can be mitigated with time restrictions, enforcement, and residential parking permit programs. Some places have priced neighborhood on-street parking using meters, while exempting local residents from charges or time restrictions.

\(^6^6\) Ibid

- **Utilize on-street parking.** A denser grid of pedestrian-oriented streets can accommodate parking that would otherwise locate on-site. On-street parking can also supply convenient parking for adjacent retail and service uses. On-street parking should be time restricted and metered.

- **Remote parking facilities.** Using remote parking facilities with shuttle and express connections to major intermodal transit stations. One of the challenges of developing property around transit stations is the loss of commuter parking. One solution is to build or lease remote park-and-ride facilities and provide frequent express bus service to the station.

- **Unbundle parking.** Private parking is often included in the sale or lease of residential units and commercial buildings. Unbundling the cost of parking can allow tenants to pay for only what they need; excess parking can be sold or leased to others.

**Emphasizing Traffic Calming Approaches**

Traffic calming incorporates elements of TDM and street network design by constraining automobile use and enhancing the livability of neighborhood streets.\(^6\) Traffic calming aims to slow traffic and instill a sense of tranquility and intimacy rarely found on ordinary city streets. Virtually all European cities have imposed some degree of control over the entry of cars into their historical centers.\(^6\) In the United States, Minneapolis, Boston, Portland, and Denver have similarly banned traffic from portions of downtown.\(^7\) When combined with high-quality urban design, turning downtown streets over to shoppers and pedestrians has generally proven effective at increasing downtown retail sales and commercial property values.\(^8\)

As mentioned in the preceding place versus node discussion, in the late 1980’s and early 1990’s, Seattle experimented with traffic calming on Pine Street downtown. Seattle has

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\(^{6}\) Ibid
\(^{6}\) Ibid
\(^{7}\) Ibid
\(^{7}\) Ibid
\(^{8}\) Ibid
implemented various traffic calming measures on other roads as well\textsuperscript{72}, however none approach the prominence of the effort on Pine Street. Seattle’s urban centers include several street-blocks that could be viable candidates for conversion to non-motorized corridors; such as 11\textsuperscript{th} Avenue between Pine and Union Streets. The Seattle Department of Parks and Recreation is studying a similar idea for several blocks of Bell Street, where one lane of traffic would be converted into a recreational area to create 17,000 square-feet of open space with landscaping, lighting and pedestrian amenities for the Belltown Urban Center.\textsuperscript{73}

**Innovating Social-Cost Pricing**

Economists often argue proper pricing would eliminate the need for heavy-handed controls over car use and public interventions into private land markets.\textsuperscript{74} Pricing measures include congestion fees, carbon taxes, and parking surcharges. If proper pricing was implemented, pricing proponents predict people would move closer to jobs and transit stops to economize on travel; employers would locate as close as possible to labor pools to lower their worker’s travel expenses; and retailers would be welcomed into residential neighborhoods by those wanting to reduce the cost of driving to shops.\textsuperscript{75}

Pricing metropolitan travel has so far eluded real-world implementation because of political resistance.\textsuperscript{76} Motorists already complain about the cost of gasoline and registration fees, and politicians are usually unwilling to champion congestion pricing in fear of reprisal from constituents. Critics argue pricing is elitist policy favoring the rich by pricing the poor off roads. In Chapter 10 of his book *Common Place – Toward Neighborhood and Regional Design*, Douglas Kelbaugh advocates for a much higher gas tax. In addition to raising revenue for infrastructure funding, Kelbaugh argues no other single legislative action would do more to reduce sprawl, fuel consumption, traffic

\textsuperscript{72}Typically on residential streets using traffic circles.
\textsuperscript{75}Ibid
\textsuperscript{76}Ibid
congestion, and air pollution. He also recommends secondary measures such as congestion pricing to raise revenue and discourage driving.

Tolling is becoming more politically popular across Washington.\(^{77}\) Tolling can moderate demand for roadway capacity, and raise money for infrastructure. The Tacoma Narrows Bridge now requires drivers to pay tolls. In order to fund the new State Route 520 bridge drivers will soon pay tolls for use of the existing structure. State Route 167 offers single-occupant drivers the option of paying variable tolls to use the carpool lane, depending of the volume of traffic. The Washington State Department of Transportation is evaluating several tolling alternatives for the future implementation in other corridors as well.\(^{78}\)

**Implementing Proactive Zoning and Land Use Regulations**

Traditional land use regulation often prevents the kind of development envisioned and encouraged by today's comprehensive plans. The common practice of separating land uses is a legacy of Euclidean zoning principles that, when first introduced some eighty years ago, sought to protect residences from industrial-related nuisances.\(^{79}\)

Jobs and housing imbalances result from single-use zones. Design regulations have a strong bearing on how projects relate to the street-front. Traditional zoning regulations can prevent a diversity of housing types (especially for varied income levels), and maximum density limits can prevent designated urban centers from reaching their potential for lack of density and synergy. A large portion of the area within a quarter mile radius of Seattle’s Capitol Hill station site is zoned *Lowrise 3*, limiting parcel density to under fifty-five units per acre. While this net residential density is higher than


\(^{78}\) Ibid — Future tolling concepts include:

- System-wide tolling, where fees are based on actual road use throughout the entire system.
- Dynamic pricing, where the price of the toll changes based on the actual traffic levels.
- Cordon tolling, where specified lanes, or entirely separate roads, offer faster trips for those paying a toll.
- HOT lanes, where single-occupant vehicles can pay to use HOV lanes when there is available capacity.

many of the TOD density benchmarks cited across the body of literature, many of the older apartment buildings in the area have net densities in excess of 100 units per acre.

In many areas zoning and development regulations encourage or require development to adopt an auto-orientation. Parking requirements, density limits, and single-use zones can all contribute to automobile-oriented development. In a survey of public-sector stakeholders, automobile-oriented development patterns were rated the most onerous and difficult to overcome barrier to TOD.80

Mixing land uses can help encourage transit use and walkability. Mixed-uses allow residents and others passing through centers and TODs to complete errands and enjoy services and amenities in proximity to their residence, employment, or transit stop. A fine-grained mix of housing, shops, offices, and civic places allows those who take transit to easily connect multiple destinations by foot once they alight the train or bus.81 This mix of uses can help internalize trips and reduce vehicle miles traveled.82 Mixing uses can also improve quality of life by saving time that would otherwise be spent making additional trips. Continuous activity and the casual surveillance of eyes on the street can help promote safety. Jane Jacobs’ oft-quoted recipe for a healthy city is, “an intricate and close-grained diversity of uses that give each other constant mutual support, both economically and socially.”83

Cervero’s analysis of fifty-nine large-scale suburban office developments across the United States found that every 20 percent increase in the share of floor space that is devoted to retail and commercial activities was associated with a 4.5 percent increase in the share of trips by vanpool or transit.84 Suburban workers felt less compelled to drive their cars to work as long as they could conveniently reach restaurants and shops by foot during the midday. Studies also show that having retail shops near residences can

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81 Cervero, R. The Transit Metropolis. Chapter 3 - Public Policies and the Sustainable Transit Metropolis. p.76.
82 Transit Cooperative Research Program (TCRP). Research Results Digest 52. (2002). p.82.
84 Ibid p.77.
encourage transit commuting. A recent analysis of work trips across eleven large U.S. metropolitan areas showed that having stores between a transit stop and a residence increased the share of work trips via transit by several percentage points.\textsuperscript{85} With conveniently sited retail in proximity to homes, transit riders can link work and shopping trips in a single tour.

In addition to providing the opportunity to internalize trips, mixing land uses can help moderate peak road capacity and balance transit ridership to bidirectional traffic flows.\textsuperscript{86} For instance, at an office park with only office space, most tenants will arrive in the morning and leave in the evening. Such commute patterns require road infrastructure to be sized for peak capacity. Splitting the same amount of floor-space into office, residential and retail use can help balance trips throughout the day and reduce the amount of peak road capacity needed. The same principle is applicable to trains and buses. Stockholm and Curitiba demonstrate mixed land uses translate into bidirectional traffic flows, with trains and buses more fully utilized along their entire routes, creating a more efficient use of precious transit capital.\textsuperscript{87}

Public agencies with a proactive focus on zoning, planning, and predevelopment work are creating workable projects for developers and creating value for developers and the community.\textsuperscript{88} A notable local example is the proactive planning Bellevue officials have undertaken for the Bel-Red corridor.\textsuperscript{89} Local governments can accomplish this proactively through general policy approaches, and regulatory provisions.\textsuperscript{90} Policy approaches articulate which policy and regulatory mechanisms to use, how they are managed and which partnering organizations participate. Policy approaches help establish a framework for development regulations.\textsuperscript{91}

\begin{itemize}
\item \textsuperscript{85} Ibid
\item \textsuperscript{86} Ibid
\item \textsuperscript{87} Transit Cooperative Research Program (TCRP). Research Results Digest 52. (2002). p.83.
\item \textsuperscript{89} For more information on proactive zoning in Bel-Red, please refer to the subsection, “Explore Opportunities for Big Picture thinking” under the heading “Recognize Organizational Barriers”
\item \textsuperscript{91} Six recommendations for setting a policy approach are:
\end{itemize}
Improvement to development regulations requires a threshold policy choice as to approach. Should new regulations prescribe specific development characteristics or offer greater design flexibility? Prescribed mandates should focus on elements essential for success and feasible from a market perspective, without sacrificing opportunities for creative and original design.\textsuperscript{92} Case studies reviewed in Chapter 4 of \textit{The New Transit Town} (Dittmar, H., and Ohland, G. (Eds.)) found other cities regulate urban centers and TOD through:

1. \textit{Active walkable streets}. Active streets, location efficiency, expanded mobility, and shopping and housing choices are favorable outcomes dependent on a mix of uses in proximity to transit. Some of the components of active streets include sidewalks, building placement and orientation, entrances, fenestration, block size, placement and supply of parking, street standards (including crosswalks, medians, and bulb-outs).

2. \textit{Building density and intensity}. While density and concentration of activity sufficient to support transit are essential, there is no single benchmark for project density. Rather, appropriate levels of density and concentration of activity vary depending on the unique urban form and desire of the respective community. Setting minimum densities or establishing required average densities for station areas are two methods for requiring a sufficient level of density.

3. \textit{Careful integration of transit}. While the integration of transit is only infrequently addressed explicitly through standard zoning provisions, it emerges in the case studies as an essential element in successful TOD.

4. **Variances.** Some cities have chosen not to prepare unique documents or plans for customized projects, but to apply established zoning regulations and approve variances for desired characteristics.

**Exploring Permit Incentives**

“Time is money” in real estate development. Project delays add risk and expense to projects and can threaten project viability, especially in a weak economy. Projects likely to further growth management goals centered on channeling growth into urban centers should be expedited through the permitting process. Unfortunately, the current regulatory framework does not always favor projects furthering regional or comprehensive planning goals. A recent example is Clearwater Commons in Snohomish County where the developer incorporated low-impact design features, however permitting took an extra year because the low-impact features required variances and had to be approved separately from the standard process.93

**Wedding Urban Design to Place**

The influence of urban design on walkability is paramount. Design can serve as a barrier to urban center development and TOD by reinforcing auto-oriented uses and lifestyles, and acting as blight on the street front. Conversely, pedestrian-scaled and oriented design can foster walkability. Every transit trip starts and ends with a walking trip, so places where walking is comfortable and appealing have a larger catchment area for transit patrons.94 Poorly designed projects can reinforce NIMBY tendencies by validating negative connotations people may have between density and quality of life or place. The public’s negative association of density with poor quality design is reinforced by developments with less costly materials and an automobile emphasis.

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New Urbanist principles are becoming increasingly popular as an alternative to conventional, auto-centric development. New Urbanism focuses on the details of what makes communities enjoyable such as walkable, tree-lined, gridiron street-networks with curbside parking and back alleys, prominent civic spaces that draw people together, commercial cores within walking distance of most residences, generous amounts of open space and pleasant vistas. In addition to reducing auto dependence and making communities more pleasant places to walk, New Urbanism seeks to build and design cities that are culturally more diverse and instill a sense of community where people come into daily face-to-face contact rather than being confined to their subdivision, car, and office park through the day.

Kelbaugh’s design work has won more than twenty awards and has been published in over 100 books and periodicals. In Chapter 10 of his 1997 book Common Place – Toward Neighborhood and Regional Design, he recommends urban design guidelines for all parts of the Puget Sound region. The following excerpt articulates his vision for good design:

“Develop Urban Design Guidelines for all parts of the region – ones that codify in clear and simple ways design principles espoused here or generated in the community. These ideas include but are not limited to such concepts as mixed-use zoning, typological zoning, walkability, bikeability, compact site designs and community plans, infill housing, bounded and legible centers, neighborhood schools and places of worship, main streets as opposed to shopping malls, zero-lot line and town housing, accessory units, alleys, recyclable and reusable building materials, regional building materials and practices, regional architecture, regional architectural types, and community empowerment. Municipalities should also adopt Neighborhood Plans... as an overlay to existing zoning ordinances and comprehensive plans. Together with the Comprehensive Plan already required by the state, Urban Design Guidelines and Neighborhood Plans form a three-legged base for stable and effective planning. Design charrettes... are helpful in turning all three legs and especially powerful in developing Neighborhood Plans... similar guidelines and plans should be developed for lower density suburbs and rural areas beyond the urban growth boundary to help ensure that low

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96 Ibid
97 Douglas Kelbaugh is former chair of the University of Washington Department of Architecture, principal in Kelbaugh, Calitrope & Associates, and dean of the University of Michigan College of Architecture and Urban Planning. His webpage is: http://sitemaker.umich.edu/kelbaugh/home
Continue Diligent Attention to Resolution of Fiscal Barriers and Challenges

Financing and cost are major barriers for both private developers and public entities seeking to promote urban center development and TOD. Major fiscal barriers include the enormous capital expenditures required for infrastructure and real estate development. Private developers are experiencing difficulty finding lenders and investors. The public sector is struggling to identify sources of revenue to finance needed projects.

Specific fiscal barriers and associated resolution strategies vary between the private and public sectors. An emphasis on value capture is a common strategy for all stakeholders to leverage financial viability. Appendix C includes a more detailed discussion of value capture.

Public Sector Barriers, Challenges, Solutions and Best Practices

Maintaining and improving public infrastructure is critical to the long-term economic well-being and quality of life in Washington. Urban centers and transit-oriented developments need infrastructure investment sufficient to accommodate growth planned for in comprehensive plans as required by GMA. Both Washington State and the United States are experiencing an infrastructure shortfall due to insufficient revenue from traditional sources of funding, and record demand for infrastructure.98

The cost of public financing is a function of capital expenditures, and the cost of issuing public debt. The high cost of infrastructure and amenities — and the inherent questions of how such costs should be distributed — is one of the chief barriers to urban center and transit-oriented development. Washington’s complex network of infrastructure programs and funds is another barrier. A myriad of roughly eighty programs and sub-programs

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administered by twelve state agencies is responsible for operating state-to-local infrastructure funding programs across Washington.99

Traditional sources of infrastructure funding typically utilize gas taxes, property taxes and motor vehicle excise taxes.100 Traditional funding sources are increasingly insufficient to meet the complex and diverse needs of Washington’s transportation system.101 For example, the state constitution prohibits gas tax receipts from being spent on public transportation operations and capital investment. Beginning with Initiative 695 in 1999, and several further initiatives approved by voters, and/or subsequent actions by the Legislature have reduced sources of infrastructure and transportation funding and further restricted the ability of government to raise and spend funds. The lack of funding has been made more challenging by the 2008-2009 recession.

In response to the national funding gap, over the last decade the Federal government has developed new “innovative finance” funding techniques that complement and enhance existing grant reimbursement programs.102 Innovative finance aims to maximize the ability of states and other project sponsors to leverage Federal capital for needed investment, more effectively utilize existing funds, move projects into construction more quickly than under traditional financing mechanisms, and make possible major transportation investments that might not otherwise receive financing.103 State and local governments must first enact legislation which enables the use of innovative transportation finance programs, and govern the way they work.104 Local legislation governs implementation of federal programs as local funding.105 Potential barriers to
innovative finance in Washington State include constitutional limitations of some financing mechanisms, and a lack of enabling legislation.¹⁰⁶

Increasing revenue through innovative funding mechanisms is restricted by the state constitution, which imposes limits on the lending of credit and tax increment financing (TIF). In the 1982 case, *Leonard v. Spokane*, the State Supreme Court ruled the diversion of *state* property tax to be inconsistent with Article IX, Section 2 of the Washington Constitution.¹⁰⁷ Because the court struck only the diversion of *state* property taxes, the Washington Legislature has since authorized “TIF-lite” districts that capture increases in *local* property taxes.¹⁰⁸ Washington state law also restricts TIF by preventing local taxing districts from increasing the total dollar amount of their regular property tax levy to an amount that exceeds 101% of the highest levy over the past three years.

Washington State’s various forms of “TIF-lite” are outlined below:

- **Community Revitalization Financing**:¹⁰⁹ Washington statutes generally refer to TIF as community revitalization financing. Unlike other tax increment laws around the country, Washington’s TIF laws do not authorize the issuance of special revenue bonds. Washington laws provide an additional source of revenue (i.e. a portion of the regular taxes levied by other taxing districts) to apply toward debt service on the issuer’s general indebtedness. Cities create an increment area by adoption of an ordinance, or a resolution in the case of counties and port districts. Various factors must be present before an increment area can be created, and tax allocation revenues can be spent only “to finance public improvement costs associated with the public improvements financed in whole or in part by community revitalization financing.” Public improvement costs are defined broadly and include costs of design, planning, acquisition, construction, rehabilitation, relocation costs, financing costs, and improvement and installation

¹⁰⁶ Ibid
¹⁰⁸ Ibid
of “public improvements.” Because significant increases in assessed value of property must occur in the increment area before tax allocation revenues are sufficient to finance meaningful improvements, community revitalization financing favors projects involving undeveloped and under-developed property (i.e. where the potential for growth in assessed value is greatest). Unlike laws relating to local improvement districts (LIDs), TIF laws do not: 1) require notice to be mailed to property owners within the proposed increment area; 2) establish protest procedures; or 3) limit the authority to create an increment area if protests are made at the hearing.

- **Local Infrastructure Financing Tool (LIFT):**\(^\text{110}\) LIFT was established during the 2006 legislative session. LIFT is a competitive program that allows selected local governments to take advantage of tax revenue generated by private investment in a Revenue Development Area (RDA) to make payments on bonds used to finance public infrastructure improvements. Incremental revenue increases in the RDA and revenue from other local public sources are used to match state money and must also be used to repay the same bonds. The state revenue that is captured is distributed through a local sales and use tax that is credited against the state’s sales and use tax. While helpful in specific applications, restrictions on LIFT cap the state contribution at $7.5 million per year and restrict which localities may participate. Localities wishing to participate must designate an RDA. While LIFT does offer a new source of funds for infrastructure improvements, it is flawed by a remarkably complicated selection process, and annual revenue tracking process. Additionally, the mechanism is based upon uncertain annual revenues in the future, putting local government’s general funds at risk to repay bonds.

- **Local Revitalization Financing (LRF):**\(^\text{111}\) The Washington Legislature focused on sources of revenue and simplified funding programs during the 2009 session.


Second Substitute Senate Bill 5045 expands TIF using LRF. LFR captures a local property tax increment based on new construction value within a designated revitalization area, and makes a state contribution available to approved jurisdictions in the form of a local option sales tax credited against the state sales tax. To use LRF, a city or county must create a revitalization area within its boundaries and identify public improvements to be undertaken. LRF may be used to repay general obligation bonds or to pay certain public improvement costs on a “pay-as-you-go” basis. The state contribution of tax revenues may only be used to repay bonds, and the state contribution cannot be received until after those bonds have been issued. The maximum state contribution available under this legislation is $500,000 per revitalization area per year, with an aggregate statewide limitation of $2.5 million (excluding the amounts allocated in the legislation to demonstration projects).

- **Special Assessment Districts:** Special Assessment Districts comprise areas within a municipally designated district in which a municipality installs improvements that are financed in all or in part from special assessments levied against all property within the assessment district that is “specially benefited” by the improvements. They often take the form of a LID.

The aforementioned “TIF-lite” tools offer additional financing mechanisms in specific and applied situations. In most cases however, contributions are limited and include numerous prerequisites and restrictions with regard to how money is spent. For TIF to become a truly viable financial mechanism the constitutional limitations need to be addressed by the Legislature and the state’s 101 percent property tax levy limit must be lifted.

In recent years numerous studies have investigated more efficient processes for the state to administer state-to-local infrastructure funds. A summary of completed work to date

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appears at PSRC’s Infrastructure Funding Resources home page. PSRC recognizes the central role of infrastructure to urban center development and is actively researching funding sources currently available and potential new sources of funding. PSRC’s Public Infrastructure Funding Project Status Report provides an overview of funding programs currently available, the extent of their usage, and barriers to usage. PSRC plans to produce a final report in the summer of 2009, which will be available on the PSRC homepage. In terms of barriers, findings included in PSRC’s status report include:

- **Revenue challenges:**
  - Some sources are difficult to use due to restricted uses, jurisdictional eligibility, super-majority requirements, and limited time periods
  - State funding source issues do not keep pace with costs, maintenance and retrofitting are prioritized before new capacity, and state revenues are not explicitly tied to supporting areas growth.
  - Growth-generated funds are not all dedicated to infrastructure

- **Funding gaps:**
  - Recognizing data caveats, the funding gap has grown particularly in areas of transportation and parks due to a lack of dedicated revenue streams or diminishing sources of existing revenue streams

Public funding sources are reviewed in the report and summarized in the following table:

<table>
<thead>
<tr>
<th>Funding sources available to cities for capital projects</th>
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</thead>
<tbody>
<tr>
<td><strong>Fund revenues</strong></td>
</tr>
<tr>
<td>General fund:</td>
</tr>
<tr>
<td>• Property taxes</td>
</tr>
<tr>
<td>• Retail sales and use taxes</td>
</tr>
<tr>
<td>• State-</td>
</tr>
<tr>
<td><strong>Bond &amp; debt financing</strong></td>
</tr>
<tr>
<td>State/federal low-interest loans</td>
</tr>
<tr>
<td>General obligation bonds</td>
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<tr>
<td><strong>Local options</strong></td>
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<tr>
<td>Real Estate Excise Tax (REET)*</td>
</tr>
<tr>
<td>Mitigation and development fees*</td>
</tr>
<tr>
<td><strong>Grants</strong></td>
</tr>
<tr>
<td>State/federal grants</td>
</tr>
</tbody>
</table>

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114 Ibid

| shared revenues  
| - Utility taxes  |
| Revenue bonds  
| - Other bonds  
| - Other federal/local debt-Section 108 loan guarantee program  |
| Local Improvement districts*  
| - Transportation benefit districts*  
| - Impact fees*  
| - Levy lid lift  |

* Revenues restricted for specific purposes

The status report reviews and summarizes existing studies and begins to synthesize common findings and recommendations for increasing local and state funding sources. Recommendations for increasing local funding include new revenue sources, consolidating local options into a general use tax, and reducing existing funding burdens (such as restrictions on uses, limited eligibility for funds, super voter thresholds, etc). Recommendations for state funding include increasing funding to programs (indexed to inflation, and/or increased growth-related focus); funding projects that reduce demand, regional projects; eliminating legislative approvals and setting priorities programmatically; assigning a higher percentage to rural, smaller areas with limited means; tying funding to new requirements; evaluating bonding against loan portfolios, bond pooling; and managing infrastructure programs as banks – shift mix to loans.

One additional public tool available to assist governments with land acquisition is the state’s Community Renewal Law. The Community Renewal Law provides cities and counties with a powerful array of tolls for land assembly and economic redevelopment in depressed areas.  

Private Financing – Prohibitive Costs and Limited Sources of Capital

The construction cost of urban infill development is usually more expensive than greenfield development. Land, labor, fees, permitting and more complex designs all contribute to the higher cost of infill versus greenfield development. Higher costs present a barrier for both developers and aspiring residents of urban centers and transit-oriented developments.

Risk management costs associated with urban infill can add expense and complexity to infill versus greenfield development. Cleanup requirements can add complexity, expense and risk to brownfield parcels. Entitlement risk is much more complex when assembling urban parcels, especially on brownfield properties with multiple agency jurisdictions, or when properties are subject to a rezone, text amendment or variance. Infill construction risk management is more difficult due to the relatively complex design often required of infill and the proximity of neighboring parcels, utilities and rights of way.

Carrying costs are expensive, especially when there are limited sources of capital available. Expenses associated with zoning work, architectural work, and land acquisition attracts few sources of capital.

Housing in urban centers and other higher density areas is often more expensive than comparable housing in outlying areas. This is particularly true with new developments, as they are more challenging and expensive to bring to the market and subsequently have higher housing costs.

Public sector investment in predevelopment stages has jump-started private investment in many TOD projects. Potential sources of predevelopment capital include

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119 Ibid
communities, transit agencies and foundations. Washington’s Community Renewal Law can also be helpful in jumpstarting private investment in select cases.

Demonstrating there is a strong market for space is helpful in approaching lenders, particularly in uncertain economic times. Pre-leasing space or at least enlisting support from potential tenants can help attract investors. Showing examples of successful comparable projects (so-called “comps”) and sharing data on their impact on the area’s property values can also be helpful. Private investors also look for signs that the local government will facilitate the public review process in a way that moves the project forward. Local government and transit agency champions can clarify and simplify predevelopment steps, reducing risk and lowering financing costs.

A strong market analysis and detailed business plan can help mitigate risk, particularly for large, complex, mixed-use projects. The plan should assist with exploring how to best finance the deal and position the project to secure the desired financing. Business plans should include:

- A detailed analysis of the market and costs for each use;
- A detailed strategy to capitalize on the mix of uses and phasing to enhance value;
- An analysis of stakeholders and their motivations, and;
- A description of potential sources of funding for each phase of the project.

Financing can be “deconstructed” and positioned to attract a variety of investors. Project phasing can produce early cash flow to meet the needs of impatient equity investors. Mezzanine financing can be structured in a variety of ways to meet the needs of various investors and developers. Simplifying the deal structure to produce familiar-looking deals can attract traditional debt investors.

120 Ibid
121 Ibid
122 Ibid
123 Ibid
124 Ibid
125 Ibid
126 Ibid
Potential equity investors include self-financing developers, the developer’s usual equity partners, special interest investors (such as a local family with a sense of civic responsibility), insurance companies, pension funds, endowment funds, and public equity investors.127

“Efficient location” mortgages for home purchases could help make urban housing more affordable by leveraging transportation savings associated with living in proximity to transit. Under this theory, transit savings might be subtracted from principal, interest, taxes, and insurance expenses when qualifying applicants for home loans.128 Home mortgage policies could provide homebuyers with credits for low auto ownership and usage.129 Lenders should recognize that households in certain neighborhoods depend less on automobiles and accordingly, have greater discretionary income to devote to mortgages.130 The policy could also extend to discounts for energy-efficient housing and for home offices, both of which can significantly reduce monthly expenses.131

Resolving Political Challenges

Political barriers for development of urban centers and transit-oriented developments are extensive. Political barriers tend to divide the public, local governments, agencies, and elected officials – making consensus difficult or impossible to reach. Leadership, coordination across political boundaries, political discourse, and a clear articulation of plans and public policy can help build the consensus needed to create and promote urban centers and TODs as a viable alternative (to conventional development) for a wide segment of the general population.

127 Ibid
130 Ibid
131 Ibid
Enhanced Leadership and Vision

Leadership is critical for successful creation of urban centers and TODs. Challenges and barriers are numerous – an understanding, or at least awareness of opportunities and risks is key to seeing projects through. Having someone step up as the political champion of a TOD proposal is critical to marshalling resources, building a coalition, and resolving disputes that invariably surface along the way.132

Successful creation of TODs and urban centers starts with shared visions that guide planning and implementation of projects for years to come.133 Given the long time frames and substantial investments in planning and design required for TOD projects, clear and sustained public policy favoring transit-oriented development is enormously important. Successful projects are founded in clearly stated political and policy guidance for local officials, public agency staff, and project proponents. Formal policies as well as funding and program priorities help establish shared expectations among community members, transit agencies, and developers and smooth the way for development projects.134

Integrated Views Among Actors

Turf battles, tunnel vision, and disagreements about project outcomes are all part of the challenge in moving TOD and urban center development forward.135 Numerous actors create a logistical challenge both in promoting urban centers and TOD, and in the broader context of urban planning. Because each actor often brings different goals, priorities, and interests to the table there is no widespread agreement about what TOD should accomplish from a functional standpoint.136 Should TOD aim to maximize revenue for the transit agency? Or minimize the use of automobiles? Should TOD be designed to maximize ridership? If so, how? Or should it be designed to revitalize station areas? Appendix E includes a list of goals frequently pursued by various actors.

133 Ibid
136 Ibid
While these goals can vary considerably depending upon specific circumstances, they illustrate the widely varying objectives pursued by actors and demonstrate the challenge in bringing parties together. To reach its potential, TOD requires the benefit of goals, resources, and policies that are dependably and accountably aligned around the task at hand.\textsuperscript{137}

**Acknowledge Political Opposition to Growth**

Density is often met with political resistance in the form of “NIMBYism”. Public sentiment often reflects fear of density and mixed uses because of the negative connotations between density and congestion, noise, pollution, crime, and poor schools. For higher densities to gain acceptance in American neighborhoods, more amenities, open spaces and high quality design should be included.\textsuperscript{138} Many compact European cities demonstrate the middle class can be drawn to restored in-city neighborhoods when treated to such enhancements as public courtyards, refurbished shopping arcades, museums, open-air markets, and outdoor cafes.\textsuperscript{139}

To minimize political resistance, development can be focused on existing urbanized areas. Channeling growth into underutilized areas inside the urban area can leverage opportunities to limit sprawl outside cities, and minimize political opposition to additional development in well-established areas inside cities.\textsuperscript{140} Experience with design charrettes and studios has shown it is easier to reach consensus for new development in underutilized parts of towns and cities than in existing, well-established neighborhoods.\textsuperscript{141} Accordingly, the least utilized sites should be addressed first, reducing

\textsuperscript{137} Ibid
\textsuperscript{138} Cervero, Robert. (1998). The Transit Metropolis A Global Inquiry: Chapter 3 - Public Policies and the Sustainable Transit Metropolis. Washington DC: Island Press. p.76 - Possible techniques include: adding parks, civic spaces, and small consumer services; extensive landscaping; varying building heights, materials, and textures to break visual monotony of structures; detailing rooflines; adding rear-lot, in-law units; and designing mid-rise buildings on podiums with below-grade parking.
\textsuperscript{141} Ibid
the political turmoil and complexity of inserting new development into existing, more mature neighborhoods.

Inclusiveness and ongoing public input in TOD planning, design, and implementation is essential to success. Public outreach can help fend off NIMBY backlash and give those involved a sense of ownership in projects and plans. Active citizen participation in forming plans, guidelines and regulations fosters a sense of empowerment and ownership on the part of the community, and generally furthers the democratic process our Republic was founded upon. Active public participation can defuse obstructionism and help develop stronger ideas compared with limited public involvement.

**Depoliticize Transit Service**

Transit service in the Puget Sound region has often been influenced by political agreements and has not always been based on comprehensive planning, projections for accessible and affordable service, ridership demand, or potential for public and private investment. For example, the 20-40-40 agreement hampers the ability of Metro to provide service to areas with the most potential ridership demand by requiring 80% of new operations serve suburban areas. Many suburban communities do need greater service than historically provided, however, demographics and land use policies in many suburban areas have not always provided strong ridership conducive to efficient transit service.

In addition, Sound Transit uses the principle of subarea equity, which assures that transit taxes raised in a given subarea are used for capital projects and operations of direct benefit to that subarea. While such a funding mechanism has been politically

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142 TCRP 102. Transit-Oriented Development in the Unites States: Experiences, Challenges, and Prospects. p.5-9
144 Ibid
145 In addition to improving public transportation service, suburban communities need to do their part to improve accessibility by addressing inefficient street-networks and land use patterns within their jurisdictions. Even with ridership on par with the New York City MTA subway trains, suburban ridership would continue to flounder due to single use and/or inefficient land use, disjointed street networks, low density and demographics unsupportive of transit.
necessary, politicizing transit planning in such a manner can restrict the ability of any public agency to fund projects where they are needed to make regional transit most effective.

These are just two examples of the political compromises sometimes necessary to gain public support for transit, but such compromises often erode the ability of transit agencies to provide effective transit service within the region.

**Explore Reconfiguration of Local Governments and Transit Agencies**

Coordination between localities and transit agencies can be especially difficult in areas with small, independent municipal governments. The four county region served by the Puget Sound Region Council is comprised of twenty-three cities with a population over 10,000 people. Dozens of separate agencies are responsible for issuing permits across King County. As a consequence, zoning and development regulations vary across the four county region creating urban landscapes with wide variations in their built environments and corresponding variations in livability. Coordinating actions between these multiple actors makes advancement of state, regional and comprehensive planning goals a greater challenge than it needs to be.

Six separate transit agencies are responsible for transit service across the four-county region. Coordinating service across these agencies can be a challenge and lead to sub-optimal service. For example, Metro and Community Transit will both begin operating “BRT” lines in their respective counties, but riders will be required to transfer at the county line. A greater level of regional coordination or consolidation could improve service, planning and reduce overhead costs.

National research literature on this problem emphasizes the restructuring of government by decreasing bureaucracy, increasing community empowerment, and emphasizing a
regional context and orientation. Kelbaugh advocates this approach in Chapter 10 of his book *Common Place – Toward Neighborhood and Regional Design*:

“Reconfigure government to empower to a greater extent both the region and the neighborhood. These are more appropriate and effective scales of governance than the municipality, which is an increasingly arbitrary and awkward unit for planning and operations. Formally shift more power down to the neighborhood. Consider subdividing the City of Seattle into boroughs, which, in turn, would be divided into official neighborhoods of 5,000 to 10,000 people. With its dwellings, school, stores, community center, library, firehouse, church, synagogue, or temple, the neighborhood is the optimum and natural social and physical unit for building community. At the same time, shift power up to a new regional unit of government. Shifting power up to the county is not optimum, because counties have outdated and arbitrary boundaries like municipalities. Also, counties simultaneously act as both competitor and referee to municipalities on matters such as planning, sewage, and transportation when an unincorporated area competes with an incorporated area. We need a more truly regional government – one that corresponds to the region’s populated area, transit system, and urban growth boundaries – perhaps a three- or four-county consolidation or at least a heavily beefed-up PSRC. Representation on such a regional council should reflect the fact that the older and more mature central cities, such as Tacoma and Seattle, play a greater cultural, institutional, and employment role than their residential population count might suggest. In fact, formally recognize the increasing international fame and importance of the Seattle region by making that the official name of the regional government or council. Retain the boundaries and names of existing cities and towns but slowly and deliberately shift appropriate decision making from the increasingly obsolete mosaic of municipalities up to a regional entity and down to neighborhood units.”

While modest governance reform may be achievable, wholesale changes to the structure of government are not realistic. The critical step is to establish common ground between various constituencies and form partnerships across jurisdictional boundaries.

**Assure Ongoing Attention to Public Schools**

Families avoid living in areas perceived to have poor schools. Suburban areas such as Bellevue, Mercer Island, Issaquah, and Kirkland are perceived to have schools superior to those in urban areas such as Seattle. This may account, in part, for why among major
American cities, only San Francisco has a lower proportion of children than Seattle.\textsuperscript{150} It has been said “There are more dogs than children in Seattle.”\textsuperscript{151} Creating and nurturing high quality schools with nationally recognized academic excellence is essential to attract families with children to any urban center or transit oriented development.

**Recognize Organizational Barriers**

Organizational barriers vary considerably depending on the mission of the respective organization. Leadership should be proactive in identifying constraints, limitations and institutional barriers. Public organizations should articulate barriers and limitations to the appropriate lawmakers, and when appropriate to the public, to build political capital for change. Strategic exercises such as S.W.O.T. (strengths, weaknesses, opportunities, and threats) analysis can help public and private organizations identify barriers and develop offsetting strategies.

**Explore Opportunities for Big Picture Thinking**

From a national survey of approximately 300 transit agencies, White and McDaniel (1999) found only a handful were actually involved in TOD projects.\textsuperscript{152} Actors often have a tendency to focus on their organization’s main function rather than the larger regional goals inherent in a TOD orientation.\textsuperscript{153} Common organizational pitfalls can include projects favoring an engineering or financial focus rather than proper emphasis on a growth management and planning perspective.

For instance, Bay Area Rapid Transit (BART) station area plans have often failed to achieve critical linkages to constituent local jurisdictions’ planning activities.\textsuperscript{154} In Seattle, Sound Transit elected not to build light rail stations on First Hill and Capitol Hill

\begin{itemize}
\item \textsuperscript{151} Ibid
\item \textsuperscript{152} Transit Cooperative Research Program (TCRP). Research Results Digest 52. (2002). p.21
\item \textsuperscript{154} Ibid p.43.
\end{itemize}
at E. Roy Street. The First Hill station was purportedly canceled due to engineering challenges, and cost implications.\textsuperscript{155} Ironically, these stations would have provided Link with additional critical connections to the highest density area of the state. Given the area’s density, demographics, proximity to employment and journey to work characteristics, these station opportunities provided some of the best opportunities in Washington for urban center development and TOD.

Planning for the initial segment of light rail from downtown Seattle to Sea-Tac was complicated by several factors. Three factors, in particular, stand out: first, Link is the first significant light rail line to be built in the region since the Interurban in the early twentieth century. Regions developing new modes of transit frequently experience a learning curve when constructing new lines.\textsuperscript{156} Second, some of the areas along the alignment created neighborhood plans before the light rail route was selected. As a consequence, zoning and development regulations near stations were not always conducive to transit-oriented development, and complicated the station area planning process for both Sound Transit and the City of Seattle. Third, routing a light rail line through an established, densely populated neighborhood with mixed income residents is extremely complicated compared to routes through less dense neighborhoods with more open space.

Currently, stakeholders at many of the stations in Seattle are negotiating to create new zoning and development regulations to accommodate the development of new urban centers and transit-oriented developments. Planning “after the fact” can cause planning agencies, civic organizations and stakeholders to think too small when setting TOD policy.\textsuperscript{157}

Bellevue is taking a proactive approach to planning for light rail and transit-oriented development in the Bellevue-Redmond corridor (“Bel-Red”) and has the ability to take

\textsuperscript{156} Transit Cooperative Research Program (TCRP). Research Results Digest 52. (2002). p.22
\textsuperscript{157} Planning Ahead for Urban Growth: Utility Infrastructure Planning around Light-Rail Stations for Seattle Public Utilities by Emily Fishkin (Evans School of Public Affairs, University of Washington, 2009) includes discussion on TOD and common challenges with its implementation, infrastructure planning at Seattle Public Utilities, and financing utility infrastructure in station areas.
advantage of a developable land mass along the corridor. With time and space on
Bellevue’s side, the development of Bel-Red is less complex than the challenges faced by
Seattle. Bellevue facilitated Sound Transit’s selection of Bel-Red as the appropriate
route for the East Link line, expected to begin operations to Bellevue in 2020, and
Overlake in 2021.158

Bellevue has developed a long-term plan (through 2030) for the Bel-Red corridor to
determine future land uses and the role of potential transit related growth in the city’s
overall growth and economic development.159 Early in the planning process, Bellevue
officials established initial goals and principles to guide the long-term planning process
for the corridor. Goals, principles and the vision statement are listed in Appendix F.

The plan provides for the transformation of a 900-acre urban infill site into mixed use,
transit-oriented development, while restoring ecological functions, and creating
thousands of new jobs and housing units.160 Higher density and compact development
will be the focus of new neighborhoods, organized around transit stations connected by a
light rail line spanning the corridor. A “nodal” development pattern envisions
concentration of development in the vicinity of future light rail stations (generally within
a quarter-mile radius).161 Ideally, these mixed-use nodes will include a high level of
pedestrian amenities, in order to reduce the number and length of automobile trips. Land
use intensities within the nodes could reach a maximum development intensity of 4.0
FAR, but only if developers participate in an inventive system that provides public
amenities in exchange for higher densities.

The successful transformation of Bel-Red from a underutilized industrial corridor to a
series of new urban nodes is not just about implementation of light-rail and transit-
oriented development. City officials’ approaches include early creation of goals,

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http://www.ci.bellevue.wa.us/bel-red_background.htm
Red_Brochure_2.pdf
principles and a vision for the future. They recognize the need for infrastructure and amenities to accommodate growth, and have developed a preliminary financing strategy based on incentive zoning that also channels the highest intensity development around light rail stations. Early action addressing numerous issues involved with Bel-Red’s redevelopment is positioning Bellevue to successfully redevelop Bel-Red into a synergistic urban center with a multi-modal transportation orientation.

Critical issues identified by an Urban Land Institute (ULI) Innovations Workshop panel to ensure the success of Bel-Red include:162

- Identification and prioritization of Phase 1 catalyst investment. The strategic investment of scarce capital (particularly toward transit and green space) to create a destination address attractive to new residents;
- Identification of the necessary critical mass of density and mix of uses within a given area to ensure a desired level of synergy;
- Reviewing interim transit service needs;
- Emphasis on interagency coordination (for example, Bellevue does not have an elected official serving on the Sound Transit Board);
- Ongoing symmetry of Bellevue planning and regulatory efforts with Sound Transit environmental review process and station area planning;
- Lack of assured infrastructure financing methods in Washington State

**Expand Technical Training for Professionals and Public Officials**

Local staff may lack necessary technical expertise for the type of public and private investment and development described in this report.163 The financial analysis required for capital projects, infill development and TOD can be complicated and involve various sources of public and private capital, potentially complicated deal structures, and in the case of public investment, a fiduciary responsibility to the public. Public agencies need staff skilled in real estate finance and deal structuring to negotiate TOD deals that avoid

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wasting subsidies and maximize public benefits and value capture.\textsuperscript{164} TOD strategies frequently need to maximize the capture from the increase in land value, calculate a feasible ratio of affordable units, or calculate a development bonus – or all the above and more. Deals also must not diminish the incentive for private investment for improvements to land. Governments and transit agencies, particularly inexperienced organizations, risk getting the “short end of the stick” when dealing with experienced, deal-savvy developers.\textsuperscript{165}

Depending on the geographic location, developers may be unfamiliar with infill development and transit-oriented development. Developers active in this segment often assemble multiple parcels, and provide extensive on-site parking, increasing expense and limiting feasibility of high quality urban design. Zoning and incentives also play a role in promoting such projects.

Additional workshops and training for local staff can help improve technical expertise. Additionally, hiring staff with financial skills on par with the private sector could help local governments conduct first-rate financial analysis.

\textbf{Help Offset Turnover of Elected Officials}\textsuperscript{166}

Turnover of elected officials is an organizational barrier unique to government. The organizational knowledge that would normally accrue over many years is often lost over one or more election cycles. New officials are sometimes unfamiliar with regional planning goals, further complicating the problem. To help overcome the turnover problem, PSRC periodically hosts workshops to educate new public officials about the basics of GMA planning.

\begin{flushleft}
\textsuperscript{165} TCRP 102. \textit{Transit-Oriented Development in the Unites States: Experiences, Challenges, and Prospects}. p.103
\textsuperscript{166} Bakkenta, Ben. Puget Sound Regional Council. Phone Interview. May 15\textsuperscript{th} 2009.
\end{flushleft}
Separate Planning Department Funding from Cyclical Revenue Sources

The planning departments of some cities, such as Seattle, are largely or partly funded from project permitting fees. When permitting slows so does departmental revenue. Reductions in staff and revenue during economic down cycles may compromise the ability of departments to proactively plan and author appropriate development regulations going forward. Restructuring planning department sources of revenue to non-cyclical sources could help diversify funding sources and allow planning departments to proactively plan during economic down cycles.

Overcoming Institutional Barriers – Federal Agencies

Federal agencies historically are known for largely working within their respective “silos,” with little regard for “big picture” thinking. For example, the Department of Housing and Urban Development (HUD) formerly granted affordable housing funds without regard for housing proximity to jobs and public transit. Similarly, major road and transit projects have received Federal assistance with little or no thought to whether they connect working class people to jobs or serve housing projects. The Office of Urban Affairs head Adolfo Carrion indicated, “what we’ve heard is that there are too many bottlenecks in the way for cities to have the latitude to invest in smart ways and make the connections for the way people live.”

Under the Obama Administration, three federal agencies have announced plans to improve coordination to foster more livable communities across the United States. The three federal agencies are HUD, The Department of Transportation (DOT), and The Environmental Protection Agency (EPA). During the spring of 2009, cabinet secretaries announced a Partnership for Sustainable Communities with a joint fund to encourage metro regions, through a competitive process, to develop integrated housing,

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168 Ibid
land use and transportation plans, focused also on energy saving and greenhouse gas reduction. The effort is particularly notable in that the average working American family spends nearly 60 percent of its budget on housing and transportation costs. Improved federal assistance in these areas could significantly increase American’s quality of life by leveraging opportunities to create efficient, affordable housing in proximity to jobs and sustainable transportation.

President Obama has instructed the agencies, including the Office of Urban Affairs, to review federal infrastructure and transportation policies and identify how Washington helps or hinders American cities and metro areas. The agencies are reviewing urban practices across the country to identify best practices in housing, transportation, and sustainability. Six “Livability Principles” have been developed to help enact the Livable Communities Initiative and ensure the three federal agencies are working from the same “playbook;” the principles call for:

1. Providing more transportation choices;
2. Expanding access to affordable housing, particularly housing located close to transit;
3. Enhancing economic competitiveness—giving people access to jobs, education and services as well as giving businesses access to markets;
4. Targeting federal funds toward existing communities to spur revitalization and protect rural landscapes;
5. Increasing collaboration among federal, state, and local governments to better target investments and improve accountability;
6. Valuing the unique qualities of all communities—whether urban, suburban or rural.

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174 ibid – president hosts urban affairs summit
The federal effort could be an important step toward tying allocation of federal government funds for transportation, energy, clean air, clean water, housing, neighborhoods, and public works to local land use, transportation, and development that nurtures compact, affordable, walkable, and transit-oriented communities. Cities across Washington State would be wise to keep up with the new federal effort and ensure they are prepared to take advantage of any of the competitive grant funds to be made available by the federal government.

**Overcoming Institutional Barriers – State and Local Transit Agencies**

Institutional barriers limit the ability of state and local transit agencies to fully promote urban centers and TOD through their operations.

- **Washington State Department of Transportation (WSDOT)**. The focus of WSDOT is repairing, operating and building highways (including ferries). WSDOT’s ability to encourage urban center development and TOD is essentially limited to HOV lanes and ramps. Most WSDOT funding is sourced from gas tax receipts, and required to be spent on roads. Additionally, WSDOT has limited statutory responsibility for urban mass transit.

- **King County Metro**. Metro is hampered by the 20-40-40 agreement which limits Metro’s ability to direct new transit service to areas of greatest demand. Metro is unable to expand service at a time of record ridership due to an insufficient operating budget. Service cuts are likely in the next two years. Furthermore, Metro is near the maximum legally allowable proportion of sales tax revenue. Renegotiating the 20-40-40 agreement to allow more flexibility for Metro planners, and closer coordination with city officials could help Metro leverage

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177 Seattle Post-Intelligencer. Metro runs short on sales tax. Accessed from: [http://www.seattlepi.com/local/400465_metro18.html](http://www.seattlepi.com/local/400465_metro18.html) - Metro gets more than $400 million a year from a dedicated sales tax of 0.9 cent per dollar, accounting for nearly 60 percent of the agency’s revenue.


service investments to target areas where the greatest impact will be made. Diversifying sources of Metro’s operating budget from cyclical sales tax revenue could help Metro ensure consistent service, regardless of economic conditions.

- **Sound Transit.** Institutional barriers have historically impeded Sound Transit’s ability to promote and act on TOD opportunities. While three of the barriers are financial in nature, they specifically hamper Sound Transit’s organizational ability to plan and act. Sound Transit’s organizational barriers include the following:
  - Aforementioned limits on tax increment financing in Washington,
  - Aforementioned limits on direct participation of local governments and agencies in private economic development projects,
  - No specific provisions in the Growth Management Act address station area planning or integration with constituent municipalities.

While the financial barriers are beyond Sound Transit’s ability to control, Sound Transit has taken action to improve its organizational structure by moving TOD work into the Planning, Project Development, and Environmental Affairs Department.

**Conclusion**

The principles presented in this report are derived from implementation of compact growth approaches in notable urban centers in the United States and select cities and regions worldwide. Barriers, challenges, solutions and best practices are well documented thorough the collective effort of varying regions. The experiences of other regions can provide a baseline for local efforts.

Focused regional growth in urban centers and TOD requires a proactive and holistic approach. Silo-specific orientations often fail to discern the wide variety of investments,
regulations, policies, financing mechanisms and public outreach needed for developing alternatives to conventional auto-centric development.

While integration of local values and preferences is a central aspect of the public process and is critical to the creation of unique communities, the guiding principles outlined in this report, particularly those in the Top Ten Barriers, Challenges, Solutions, and Best Practices, are crucial to implementation of urban centers and TODs in communities across Washington.

Appendices

Appendix A - TransMilenio

TransMilenio moves more people per mile per hour than almost any of the world’s subway systems, and serves an average of 1.6 million people per day – over three times as many daily passengers as King County Metro buses served in record-setting 2008. TransMilenio is comprised of seven lines and was made possible by giving it a dedicated right-of-way – between two to four general-purpose traffic lanes from Bogota’s major boulevards were converted to TransMilenio lanes and isolated with low walls to separate them from other traffic. In place of conventional bus stops distinctive stations were built. Passengers prepay by swiping a farecard, pass through turnstiles, and board through multiple doors that slide open level with the station platform; allowing hundreds of passengers to quickly board and exit buses. Metro’s RapidRide service planned for select King County corridors features improved service and speed compared with conventional local buses. However, RapidRide does not approach the level of sophistication, convenience or accessibility.

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182 Ibid
183 Ibid
offered by TransMilenio so equivalent changes in travel-behavior and development patterns are not to be expected.

**Appendix B - Transit Service Supply and Demand**

The urban form of a given area has a significant barring on demand for public transit and roads. Urban forms of low-density development, single use zones, and auto-centric street-networks negatively influence demand for transit versus urban forms characterized by higher densities, mixed-uses, and multi-modal street networks. Just as built environments shape transit demand, transit investments shape built environments.¹⁸⁵ Locational advantages afforded by transit can help minimize travel times, and thus attract residents; driving up land values. Urban location theory predicts a compact, mixed-use community will eventually emerge in areas served by high quality transit.¹⁸⁶ While transit can be a powerful shaper of cities and regions, it needs help from the public sector, and sometimes a stroke of good luck, to capitalize on its primary benefit – regional accessibility.¹⁸⁷

**Transit Choice and Dependent Users**

Transit users can be broadly categorized into two groups, dependent users and choice users. Transit-dependent users do not own a car and depend on public transit for much of their mobility. According to the U.S. Department of Transportation’s 2001 National Personal Travel Survey (NPTS), two-thirds of bus riders and half of all rail passengers did not have access to a car at the times they were traveling.¹⁸⁸ The NPTS found people from low-income households, African Americans, and Hispanics combined to account for 73 percent of bus riders, 35 percent of urban-rail riders, and 31 percent of commuter-rail passengers.¹⁸⁹ Being a captive segment, transit-dependent users typically use transit regardless of the level of service provided.

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¹⁸⁶ Ibid
¹⁸⁷ Ibid
¹⁸⁹ Ibid
Transit-choice users own cars and tend to be middle to upper income earners. Attracting choice-users is a primary objective of transit-oriented development and public transit in general. Choice-users tend to avoid transit if their perception of it is negative. The mode of transit can affect who uses the service, with rail typically attracting a greater share of choice-users versus buses. Commuter-rail lines like the Long Island Rail Road or Philadelphia SEPTA tend to serve people living in upper-income suburbs. In Portland seven of every ten transit users claim to be choice riders, however sharp differences are found between bus and rail customers; 93 percent of MAX light-rail passengers are choice-users, but just over 50 percent of Portland bus riders are choice-users.

Successful urban centers and transit-oriented developments entice transit-choice users by providing good walkability, superior levels of service and access to many areas, jobs, services and amenities, particularly other urban centers.

**Level of Service**

The following table illustrates total annual bus ridership from 2005 through 2008:

<table>
<thead>
<tr>
<th>Year</th>
<th>total ridership (millions)</th>
<th>annual % change</th>
<th>cumulative % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 A</td>
<td>98.8</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2006 A</td>
<td>103.2</td>
<td>4.3 %</td>
<td>4.3 %</td>
</tr>
<tr>
<td>2007 B</td>
<td>110.0</td>
<td>6.6 %</td>
<td>11.5 %</td>
</tr>
<tr>
<td>2008 C</td>
<td>118.8</td>
<td>8.0 %</td>
<td>19.5 %</td>
</tr>
</tbody>
</table>


In terms of annual ridership, Metro is by far the largest transit agency in Washington will continue to be for the foreseeable future. Metro ridership has steadily increased every year since 2006. Especially notable is the record increase in 2008; ridership was up 8 percent, despite tens of thousands of layoffs in King County.

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190 Ibid
191 Ibid
Over the next two years, service cuts at Metro are likely.\textsuperscript{192} Properly funding Metro to not only meet demand, but also encourage new ridership is paramount to enticing choice-users and reducing automobile dependence in King County. Metro’s ability to expand service to meet demand is limited by funding/budget constraints and the 40-40-20 service agreement.

Urban centers require superior local and regional service to reach their full potential. The Seattle Transit Plan lays out a vision for center to center service through the Urban Village Transit Network (a.k.a. Seattle Connections).\textsuperscript{193} The plan would connect Seattle’s urban villages with 15-minute or better service frequency, 18 hours per day, 7 days a week. The City is dependent on outside transit agencies such as Metro and Sound Transit to provide service that would fully implement the plan.

**Service Supply and Demand Implications**

Enticing choice users to use transit in place of cars is challenging. A Federal Transit Administration survey of a cross section of public transit agencies found just 20 percent of all transit trips represent congestion relief — in that these trips would have been made by car had a suitable transit alternative not been available – and only about 8 percent of transit trips would not otherwise be made in the absence of transit.\textsuperscript{194} The remaining transit trips represent riders without cars and others traveling for non-work purposes that were unlikely to be on the roads during peak travel periods. Proponents of new transit systems tend to emphasize the ability of such systems to get drivers off roads, because this is the benefit of transit that appeals most to suburban constituencies. Generally, only half or less of new riders on expanded transit systems are former automobile commuters.\textsuperscript{195}


\textsuperscript{195} Ibid
Broadly speaking, efforts to address negative consequences associated with conventional development and auto-dependence can be categorized into demand-side measures and supply-side measures. Demand-side measures seek to either reduce traffic volumes or shift them over time, space or mode. Supply-side measures seek to provide facilities and services that adequately accommodate people’s wishes to travel. Examples of supply-side measures include infrastructure investments in roads or rail, and systems enhancements (like synchronized signals).

Increasing transit ridership through urban center development and TOD is a demand-side approach – the aim is to align or shift trips over space so as to support desirable levels of bus or rail transit services. University of California Berkeley researcher Robert Cevero identifies four demand-side approaches that he considers particularly complementary to the formation of a “transit metropolis,” they are: (1) transportation demand management; (2) restraints on automotive use; (3) regulation of automobile performance; and (4) pricing.

Appendix C – Value Capture

Value capture can be used in a variety of ways, depending on the objectives of the stakeholder. It can help individuals lead affordable lifestyles, assist developers in structuring creative deals, and empower communities to reinvest profits from their investment. In all cases value capture entails proactively leveraging financial and market opportunities available to the stakeholder. TODs can produce substantial financial and social returns, especially in the medium and long run. Success in value capture requires frequent, high-quality transit service; good connections between transit and the community; community amenities and a dedication to place provision.

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197 Ibid
198 Ibid
making; and scorekeeping and attention to financial returns. When these criteria are met, opportunities for stakeholders to capture value abound.

For local governments value capture can include more livable communities, higher property taxes, sales tax increment, special assessments, parking fees, utility user fees, business license fees, and the multiplier effect generated by new jobs and businesses. KPMG estimated the Commonwealth of Virginia is earning a 19 percent annual rate of return on its investment in WMATA Metrorail through additional development attracted by Metrorail. While in some cases Washington state law restricts the scope to which this can be done, opportunities for public sector value capture do exist and should be explored extensively. The public sector can also capture value by leveraging federal and state programs, particularly innovative finance tools, to fund local projects in conjunction with a performance-based orientation for infrastructure investments serving urban centers and TOD. Utilizing revenue sources that incentivize travel behavior is another way for the government to capture value. Social-cost pricing in the form of gas taxes, tolls and various forms of congestion pricing can raise revenue for infrastructure and moderate demand for highways and roads.

Transit agencies can realize value capture through joint development lease revenue, increased revenue from fares, and reduced access cost (passengers arriving on foot have lower transit access costs versus those arriving via bus operations or park and ride lots). The Santa Clara Valley Transportation Authority invests in high density residential joint development to generate revenue to defray expenses and increase ridership, both by increasing density and by enhancing the environment at stations and park-and-ride lots. Value capture is a core value of the Washington

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202 Ibid


Metropolitan Area Transit Authority (WMATA). As of 1999 WMATA’s 24 joint development projects were generating nearly $6 million in annual revenue and an estimated $20 million in increased property taxes to localities.205 The assessed value of the Rosslyn-Ballston corridor increased about 80 percent from 1992 to 2004.206 However, since WMATA only owns relatively small parcels around station areas most of the benefit from significantly increased land value accrues to private developers.207 A special assessment on station area real estate could capture some of the increase in land value and provide additional direct revenues for WMATA.208 A form of such benefit assessment districts exist in Los Angeles, Miami, and Denver. Special assessment districts are legal in Washington State and frequently take the form of local improvement districts.

TOD provides developers opportunities to capture value through public-private partnerships and capture stable returns on investment for a longer holding period.209 The February 2003 sale of Arlington’s Market Common was the most expensive sale on record in the nation for some years and is evidence of TOD’s enduring value.210 In Portland, Bechtel Enterprises contributed more than $28 million toward a $125 million extension of MAX to the airport.211 In return, Bechtel was granted development rights to a 120-acre mixed-use commercial site near the entrance to the airport.212 Bechtel planned to more than recoup their return on investment through development, but the post-September 11th 2001 recession ultimately forced Bechtel to sell the property to Trammell Crow.213 This public-private partnership allowed the line to be built a decade ahead of regional plans, provided private partners an

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207 Ibid
208 Ibid
210 Ibid
211 Ibid
212 Ibid
213 Ibid
opportunities to profit, and was completed without federal appropriations, state general funds or additional property taxes.\textsuperscript{214}

Opportunities also exist for employers and residents to capture value through TOD. Employers can capture value in reduced employee commute times. For residents, TOD can provide opportunities for wealth capture through homeownership. Studies demonstrate proximity to transit tends to increase the value of a home, while proximity to a highway tends to decrease its value.\textsuperscript{215} Residents also realize reduced household expenditures on transportation, as households in denser, transit-rich neighborhoods have significantly lower transportation expenditures (when the necessary amenities are provided to enable the reduction of driving). A study of Chicago neighborhoods found residents of highly accessible, transit-served neighborhoods spent about $3,400 less on transportation per year than residents with comparable incomes living in auto-dependent neighborhoods.\textsuperscript{216} Local government can help residents capture value by providing or encouraging amenities at TODs and urban centers such as child-care facilities, bicycle storage and rentals, car sharing programs (recognizing that people living in location-efficient areas occasionally need car access), and transportation demand management programs incentivizing transit use.\textsuperscript{217} In 1991 WMATA began a program to encourage the establishment of child care centers at Metro stations based on the finding that commuter side trips for child care are a major barrier to the use of public transit by working parents.\textsuperscript{218} San Diego has also added child-care centers within several blocks of its train platforms, and Santa Clara County’s Tamian commuter rail/LRT station features a day-care center on site.\textsuperscript{219}

\begin{thebibliography}{99}
\item Tri-Met. MAX Red Line
\item Transit Cooperative Research Program (TCRP). Research Results Digest 52. (2002). p.75
\end{thebibliography}
Appendix D – Washington State Community Renewal Law

Community renewal projects are defined as, “undertakings . . . for the elimination and for the prevention of the development or spread of blight,” and may involve job creation or retention, “redevelopment” and “rehabilitation” in a “community renewal area.” {RCW 35.81.010(18)}. The identification and delineation of “blighted areas” is critical because community renewal areas are intended to be exercised primarily within those areas. There are two distinct categories of blight that apply to the Community Renewal Law. The first category consists of blight that causes public health and safety problems, i.e., physical dilapidation, overcrowding, dangerous, unsafe and unhealthy conditions. The second type of blight presents more of an economic or land use problem, i.e., the use of property far below its highest and best use, obsolete platting or poor street layout, unemployment and poverty, or diversity of ownership so that effective development is constrained. Under RCW 35.81.070, the powers of a city or county (or a community renewal agency) to carry out the community renewal plan include the power to:

- Execute contracts and other instruments,
- Build and repair public facilities such as streets, utilities, parks and playgrounds,
- Buy, lease, condemn or otherwise acquire real property,
- Hold, clear or improve real property,
- Dispose of real property,
- Provide loans, grants, or other assistance to property owners or tenants affected by the community renewal process,
- Borrow money and accept grants to carry out community renewal,
- Provide financial or technical assistance for job creation or retention,
- Relocate persons,
- Close, vacate or rearrange streets and sidewalks, and
- For local improvement districts to finance improvements.

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Appendix E – Disparate Views Among Actors

Goals frequently pursued by actors include\textsuperscript{221}

- **Transit agencies:**
  - Maximize monetary return on land;
  - Maximize ridership; and
  - Capture value in the long run.

- **Transit riders:**
  - Create and maintain a high level of parking;
  - Improve transit service and station access;
  - Increase mobility choices;
  - Develop a convenient mix of uses near stations; and
  - Foster development.

- **Local government:**
  - Maximize tax revenues;
  - Foster economic vitality;
  - Please constituents; and
  - Redevelop underutilized land.

- **Federal government:**
  - Protect the public interest and set limits on how federal investments can be used.

- **Developers and lenders:**
  - Maximize return on investment;
  - Minimize risk, complexity; and
  - Ensure value in the long term.

- **Neighbors:**
  - Maintain or increase property values;
  - Minimize traffic impact;
  - Increase mobility choices;
  - Improve access to transit, services, and jobs;

- Enhance neighborhood livability; and
- Foster redevelopment.

Appendix F – Bel-Red

Between 1995 and 2003, employment in the Bel-Red dropped 6 percent, while increasing 18 percent across the city as a whole.²²² Safeway, Bel-Red’s largest landowner, shifted most of its distribution operations out of the area and announced plans to sell about half of the 75 acres it owns in the corridor.²²³ Rather than viewing the loss of long-time industry as a threat to the future, Bellevue is approaching changes in the corridor as an opportunity to revitalize the area with new employment, residents and amenities.

Goals of the Bel-Red Corridor Project are to²²⁴

- Identify a preferred long-term land use vision for the Bel-Red corridor that:
  - Provides clear and deliberate direction for the area’s future.
  - Enhances the economic vitality of the area and the larger city.
  - Complements downtown Bellevue and other employment centers in the city.
  - Strongly integrates land use and transportation systems in an environmentally sustainable manner.
- Devise a multi-modal transportation system for the area that accommodates future growth, enhances overall mobility, and mitigates impacts on adjoining areas.
- Evaluate the impact and opportunities presented by light rail through the area on both land use and transportation, and identify a preferred light rail route and station locations through the corridor in coordination with Sound Transit.
- Identify community and neighborhood amenities that will complement the preferred land use vision for the area and serve the broader community
- Protect adjoining areas from impacts of land use and transportation changes in the study area.

²²³ Ibid
The Bellevue City Council endorsed the following Ten Planning Principles for Bel-Red

1. **Long-Term Vision.** The preferred vision resulting from this project should be long-term, ambitious, and rooted in reality, providing clear direction for the future of the Bel-Red area.

2. **Economic Vitality.** This project should establish a solid and dynamic economic future for Bel-Red, enhancing the area’s existing strengths and its future potential.

3. **Differentiated Economic Niche.** Bel-Red should provide for future growth of jobs and firms that have significant potential for expansion, and which are not well accommodated in other parts of the city.

4. **Building from Existing Assets.** This project should build on existing assets of the corridor, including the large number of viable, successful businesses in the area.

5. **High Capacity Transit as an Opportunity.** This project should approach high capacity transit as a significant opportunity to both enhance mobility and affect desired land use change.

6. **Land Use/Transportation Integration.** Given the importance of maintaining a well balanced transportation system, and the inter-dependence between transportation and land use, this project should closely integrate land use and transportation planning.

7. **Community Amenities and Quality of Life.** The Bel-Red plan should protect existing natural resources and community amenities, and identify an extensive package of new amenities for the area.

8. **Neighborhood Protection, Enhancement, and Creation.** This project must identify strategies to identify and mitigate potential neighborhood impacts related to future Bel-Red development.

9. **Sustainability.** The vision for Bel-Red should identify opportunities to manage the area’s natural resources in a sustainable manner.

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10. *Coordination.* This planning effort requires solid coordination with other affected jurisdictions. In particular, close coordination with Sound Transit is necessary to attain regional agreement on the preferred HCT (high capacity transit) alignment and station locations.

**The vision statement adopted by the Bellevue City Council for Bel-Red reads**\(^{226}\)

“The Bel-Red corridor in 2030 will be an area that is unique within the city of Bellevue and the entire Puget Sound region. It will be an area where thriving businesses will be adjacent to, and sometimes mixed with, livable neighborhoods, all served by a multi-modal transportation system that connects the area to the greater city and region. The area will also be distinguished by environmental and community amenities that will serve residents and employees in the area, as well as residents from surrounding neighborhoods and the entire city. The area will transition gracefully over time, with existing businesses being accommodated while new types of development occur as conditions warrant.”

**In May of 2009 Bellevue implemented new zoning and development regulations to accommodate growth in the corridor; the new code**\(^{227}\)

- Rezones the Bel-Red area from mostly light industrial and commercial zones to a set of new districts that allow for variations of residential, office and commercial uses in mid-rise and high-rise forms;
- Concentrates opportunities for new development around planning light rail stations;
- Maintains lower density commercial services in areas such as along Northup Way;
- Allows for the continuation of today's existing uses throughout the area as redevelopment occurs;

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• Provides incentives for new development to contribute to affordable housing, parks, open space, stream restoration and other public amenities;
• Establishes parking requirements that are consistent with transit-oriented development and allow for greater flexibility; and
• Includes a set of design standards and guidelines to ensure that new development enhances the quality of the Bel-Red area and makes it an attractive place to live and work.

Factors affecting the designation of appropriate FARs include: the City Council’s intention for the Bel-Red corridor to complement, but not compete with downtown Bellevue; the need for adequate FARs in strategic locations to support light rail transit; and an economic analysis finding of demand for more “mid-rise” office development in the city.

Appendix G – Case Studies

The following North American regions exhibit well-planned integration of urban development around multi-modal transportation networks. They provide case studies of unique but effective approaches to planning and developing urban centers and TOD. Each region displays various densities, land use patterns, planning processes, values and culture but has created effective transportation networks to suit their respective needs.

Arlington County, Virginia

TODs in Arlington County are centered around Metrorail station site nodes, with the highest intensity development located in the center of nodes closed to Metrorail stations. Densities taper as distances increase from stations. Areas outside nodes typically retain a single-family orientation, preserving communities while allowing for higher intensity development near transit.

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Early on, Arlington adopted a “bull’s-eye” metaphor to articulate its TOD future. This early vision and the subsequent general plan and specific station-area plans contributed to the original vision’s realization. Many local observers attribute Arlington’s success at adding over 15 million square feet of office space, 18,000 housing units, and several thousand hotel rooms since 1970 to the early adoption of the “bulls-eye” vision.\(^\text{229}\)

**Portland, Oregon**

Success in metropolitan Portland can be attributed to proactive long-range planning, active involvement on the part of Tri-Met (Portland’s regional transportation agency), and public investment targeted to spur additional private investment in urban centers.

The Portland region – aided by the existence of a regional governing body, Metro – has come the closest to applying long-range planning principles to development of its light rail corridors.\(^\text{230}\) Undertaking a comprehensive planning process for forthcoming transportation investments can help identify individual growth corridors and TODs. Appropriate land use plans and tools can then be formalized and approved within the political process.

Tri-Met actively works to promote TOD by acting as a coordinator (not a developer). Tri-Met encourages development within a five-minute walk of its stations through development of station area development profiles, which identify sites suitable for development. Tri-Met has contributed land to developers at no cost in exchange for non-conventional development standards. Tri-Met has also prepared real estate pro formas and cost estimates to facilitate development. In Gresham, Tri-Met helped in writing development agreements, consolidating easements, and coordinating planning activities with other public agencies.


\(^{230}\) Transit Cooperative Research Program (TCRP). Research Results Digest 52. (2002) p.68
Public investments in Portland have proved beneficial in promoting TOD and the development of new urban centers. In the Lloyd district, large public investments have created employment and regional entertainment centers near the MAX line; including office building for the Bonneville Power Administration and the state of Oregon, the Oregon Convention Center, the Rose Garden arena, and new headquarters for the Metro regional government (Arrington 1996). 231

**Toronto, Ontario** 232

Toronto is often heralded as the best North American example of rail transit’s city-shaping abilities. The Toronto Transit Commission’s (TTC) rail system spans about fifty-seven kilometers and is served by sixty stations. A rich mix of surface transit connections – trolley buses, diesel buses, historic trams, and modern mixed-traffic light-rail vehicles – feeds into the mainline rail system. Close coordination of schedules across modes, and a free transfer policy has been key to service integration. Some stations allow transferring patrons to step directly onto subway concourses without passing through turnstiles.

One of the greatest accomplishments of the TTC system has been the strengthening of the central business district (CBD) through strategic regional land use planning around the radial TTC system. Today an estimated forty-five percent of regional office employment is in the CBD, the largest share in North America. A strong CBD has encouraged higher transit ridership, with about sixty-five percent of all trips entering the CBD originating from transit.

An important factor in Toronto’s success at wedding transit and land use is a strong tradition of regional governance. Until 1998, the Metropolitan Corporation (Metro) was responsible for coordinating the planning and delivery of government services across six municipalities. Beginning January 1, 1998, Metro was abolished and its six former municipalities were consolidated into a newly expanded city of Toronto. The

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231 Transit Cooperative Research Program (TCRP). Research Results Digest 52. (2002) p.65
consolidation of local government streamlined planning and decision making by replacing seven separate council bodies with a single, enlarged Toronto city council.