



Reconnecting America

www.reconnectingamerica.org



DART station in downtown Plano, Texas; TOD in background

CENTER FOR TRANSIT-ORIENTED DEVELOPMENT

A Partnership of Reconnecting America, the Center for Neighborhood
Technology and Strategic Economics

HIDDEN IN PLAIN SIGHT

*Capturing The Demand For
Housing Near Transit*



*Reconnecting America's
Center For Transit-Oriented Development*

*April 2009
Revised 2014
© 2009 CTOD*

TRENDS DRIVING DEMAND FOR TRANSIT-ORIENTED DEVELOPMENT

- Transit is in a building boom
- Traffic is NOT going away -- ever
- Demographics are changing dramatically

CTOD's National TOD Market Study, 2004

TRANSIT IS IN A BUILDING BOOM



Denver's Union Station; 44 trains an hour, soon

- 3,341 existing stations in 27 regions with “fixed-guideway transit”
- 630 additional stations being built in 15 regions with new systems
- wait for federal funding is so long that some metro areas are voting to tax themselves to build transit without federal funds
- 100 cities in the national Community Streetcar Coalition
- private sector is contributing to streetcar systems and stations and new lines

TRAFFIC ISN'T GOING AWAY -- EVER



L.A. freeways . . .

“ . . . She drove [the freeways] like a riverman runs a river, every day more attuned to its currents, its deceptions, and just as a riverman feels the pull of the rapids in the lull between sleeping and waking, so Maria lay at night in the still of Beverly Hills and saw the great signs soar overhead at 70 miles an hour, Normandie 1/4, Vermont 3/4, Harbor Fwy 1. Again and again she returned to an intricate stretch just south of the interchange where successful passage from the Hollywood onto the Harbor required a diagonal move across four lanes of traffic. On the afternoon she finally did it without once braking or once losing the beat on the radio she was exhilarated, and that night she slept dreamlessly.”

-- Joan Didion in *Play It As It Lays*



Baby boomers



Echo boomers

CHANGING DEMOGRAPHICS PORTEND FUNDAMENTAL SHIFTS IN THE HOUSING MARKET

- Singles will soon be the new majority
- Old people will outnumber young people by mid-century
- By 2010 Echo Boomers will total 34% of the population
- Almost half the U.S. population will be non-white by 2050
- Asian, black and Hispanic populations now contribute the majority of population gains in fast-growing regions like Phoenix, Las Vegas, Orlando
- Demographic groups growing most quickly -- older, non-family, non-white households -- have historically used transit in higher numbers

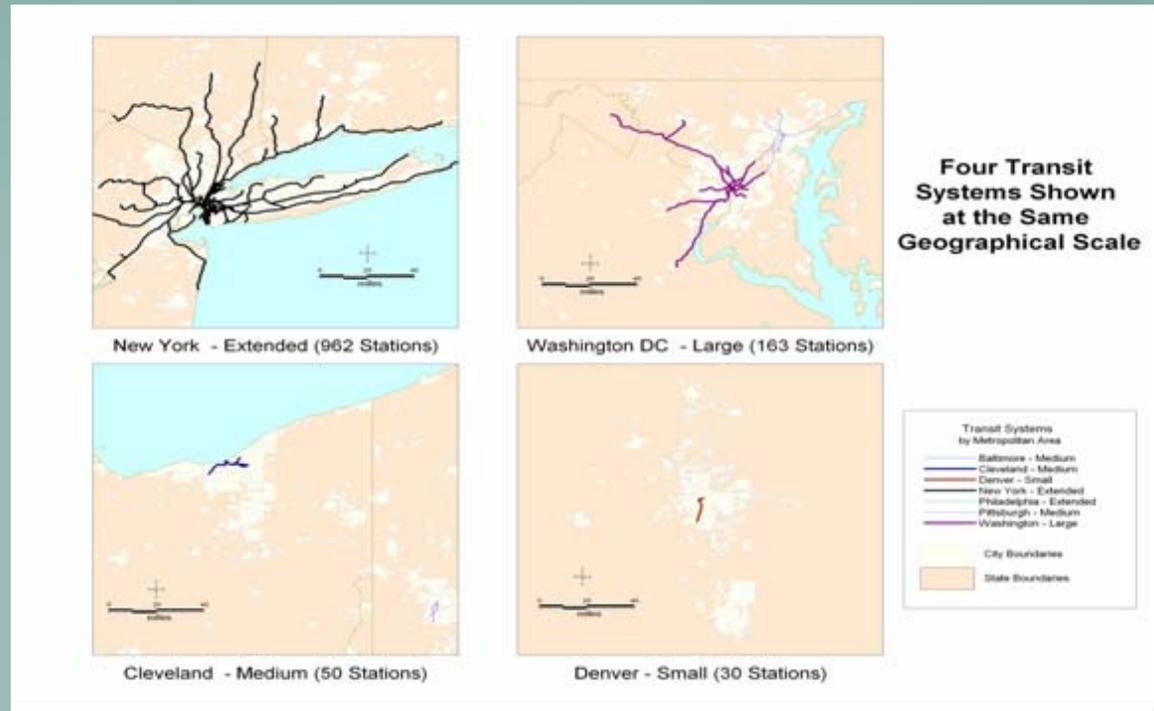


CHANGING DEMOGRAPHICS ARE RE-SCRIPTING THE AMERICAN DREAM

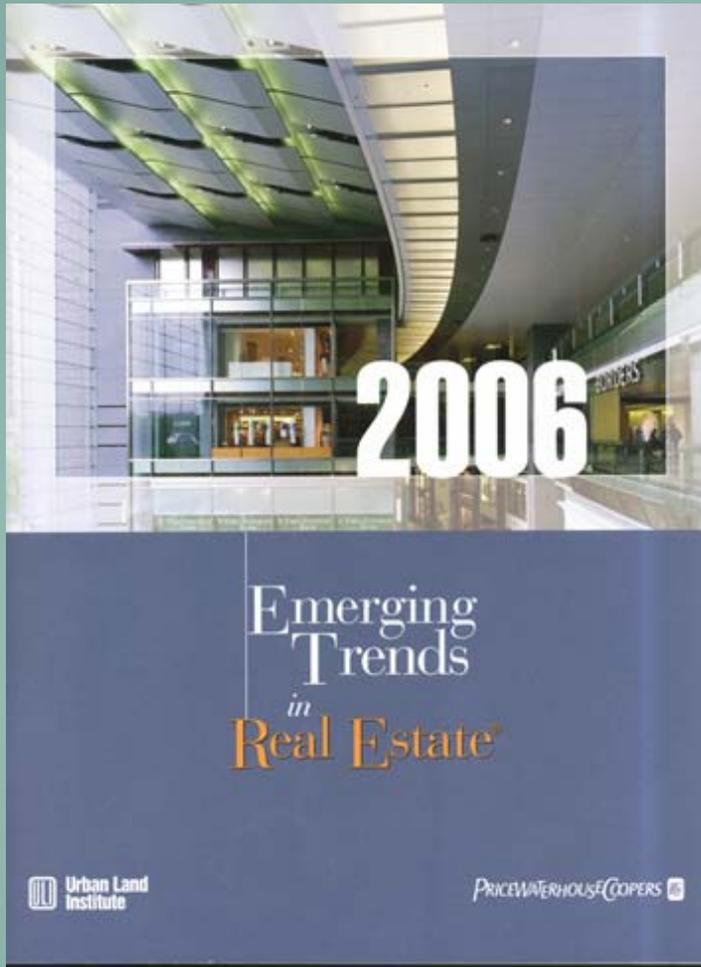
- Wall Street Journal: 2005 median sales price tops for condos tops price of single family homes for first time, 9th consecutive year of record condo sales
- Cover of *Dwell* magazine: "Small is the New Big"
- Professional Builder*: 37% of households want small lots and clustered development
- Business Week*: biggest homebuilders open infill divisions
- AARP: 71% of older households want to be in walking distance of transit
- In Los Angeles 90 residential projects in development, 26 are lofts



TOP 10 METRO AREAS BY POTENTIAL DEMAND FOR TOD HOUSING



Metro Area	# Stations	Planned	TOD HH/2000	TOD HH/2025	Increase
New York	962	30	2,951,779	4,934,450	67%
Los Angeles	124	40	332,919	1,751,841	426%
Chicago	418	9	816,351	1,447,012	77%
SF Bay Area	305	19	429,145	985,441	130%
Boston	280	7	417,393	839,500	101%
Philadelphia	337	28	496,141	829,908	65%
Washington D.C.	169	9	252,227	650,417	158%
Portland, OR	110	22	87,465	269,074	208%
Dallas	54	23	57,017	264,532	364%
Miami	40	20	63,917	262,552	311%



ULI/PricewaterhouseCoopers
2005 *Emerging Trends* report:
“Locations near transit rank as
the No. 1 choice for all
development types.”

ULI/PricewaterhouseCoopers
2006 *Emerging Trends* report:
“The distance between where
we live and work will matter
more . . . Transit-oriented
development near subway or
light rail lines almost can’t miss
. . . People congregate there.”

**TOD RANKS AS ONE OF TOP BETS FOR
INVESTORS IN 2005 AND 2006**

WE ARE SPRAWLING AND REINVESTING IN COMMUNITIES SIMULTANEOUSLY



Reasons to believe balance will shift to latter:

- Higher gas and oil prices
- Infill can be very lucrative and financing is getting easier
- Capital for infrastructure is tight and getting tighter
- Fees on greenfield development are high -- \$100K per house in Orange County
- Major homebuilders and big box retailers developing infill models

What is TOD? It's not just development near transit. A performance-based definition:

TOD is development within a half mile of transit that:

- Increases “location efficiency” so people can walk and bike and take transit
- Boosts transit ridership and minimizes traffic
- Provides rich mix of housing, shopping and recreational choices
- Provides value for public and private sectors, new and existing residents
- Creates a sense of place



Portland's Jamison Square

TOD CREATES VALUE THAT CAN BE CAPTURED

Value capture strategies include:



- Property and sales taxes
- Real estate lease and sales revenues
- Farebox revenues
- Fees on everything from parking to business licenses
- Joint development
- Tax increment financing
- Special assessment districts
- Equity participation
- Public-private partnerships

EFFECT OF THE RAIL INVESTMENT ON PROPERTY VALUES

- **Santa Clara County, California:** Commercial land within a quarter mile of commuter rail stations increased 120 percent or \$25 per square foot; for light rail, values increased 23 percent or \$4 per square foot.
- **Dallas:** Residential properties increased 32.1 percent in value within a quarter mile of DART stations; for office buildings the increase was 24.7 percent.
- **Washington D.C.:** Every 1,000 foot reduction in the distance to a Metro station raises the value of commercial property by \$2.30 per square foot, or approximately \$70,139 on an average 30,000-square-foot building.
- **San Diego:** Premiums of 46 percent were found for condominiums and premiums of 17 percent were found for single-family housing near Coaster commuter rail stations. Premiums of 17 percent were found for multi-family housing. For commercial properties 91 percent premiums were found.
- **Alameda and Contra Costa Counties, California:** Single family homes in Alameda and Contra Costa counties were worth \$3,200 to \$3,700 less for each mile they were located away from a BART station.

TOD CASE STUDY #1: ROSSLYN BALLSTON CORRIDOR IN ARLINGTON, VA



- Assessed value of land around stations increased 81 percent in 10 years
- 8 percent of county land generates 33 percent of county revenues -- Arlington has the lowest property tax in northern VA
- 50 percent of residents take transit to work; development has generated only modest increases in traffic; 73 percent walk to stations
- Surrounding single-family neighborhoods and affordable housing has been preserved

TOD CASE STUDY #2: PORTLAND'S PEARL DISTRICT

- 4,600 housing units, 2.2 million sf commercial -- worth \$2 billion -- built in 2 blocks of streetcar since 2001
- Portland's 20-year housing goal met in 7 years on 1/10th the projected land
- Another 5,000 housing units planned on streetcar extension south of downtown



- Portland set a record for number of building permits issued 7 years in a row
- Properties closest to streetcar developed at 90 percent of permitted density
- At buildout Pearl will be home to 10,000 residents and 21,000 jobs

TOD CASE STUDY #3: EVANSTON, ILLINOIS



- 2,500 new housing units; 2.3 million sf office
- Assessed value increased 191% 1985-2004
- 40% of residents live *and* work in Evanston
- # of businesses increased 27% since 1998
- Increase in tax revenues enabled city to reduce taxes to lowest rate since 1971
- 4 TIF districts will add \$16.5 million in revenue when they expire
- 74% of transit riders walk or bike to one downtown station
- 32 percent of workers commute by non-auto means
- Ridership increased 155% and 60% since 1983 at 2 downtown stations



Jersey City:

*In Top 10 cities nationwide for job growth

*3,000 new housing units within 1/2 mile of downtown light rail stations

*Property values increased from \$200K-\$300K before light rail to \$4-\$6 million now

*86-acre New Urbanist development with 6,000 housing units being built downtown

*60% residents living near downtown stations take transit to work

Hoboken:

*Population grew 4.1% 2000-2005

*38 % population aged 20-34; young professionals like the walkable, transit-oriented neighborhoods and nightlife

*Single lots near light rail were \$100,000 now \$800,000

*Ridership on light rail up 30.2% since 2003

TOD CASE STUDY #4: JERSEY CITY AND HOBOKEN, NJ

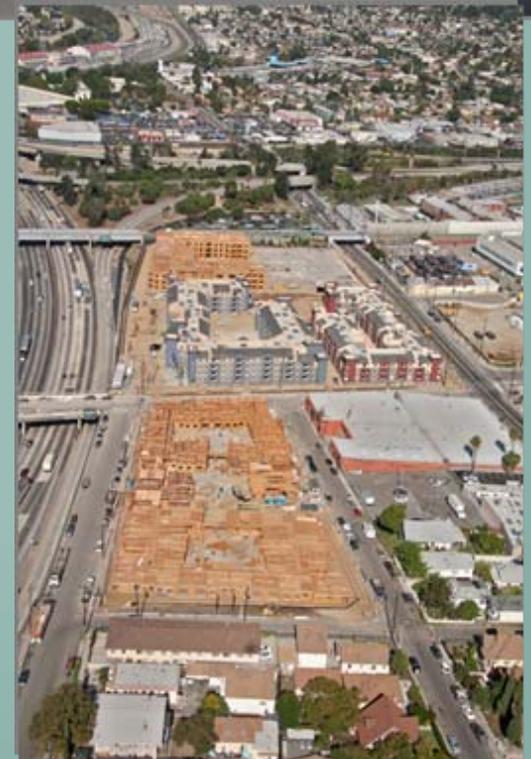


Los Angeles: Hollywood & Western affordable

VALUE CAPTURE VS. GENTRIFICATION

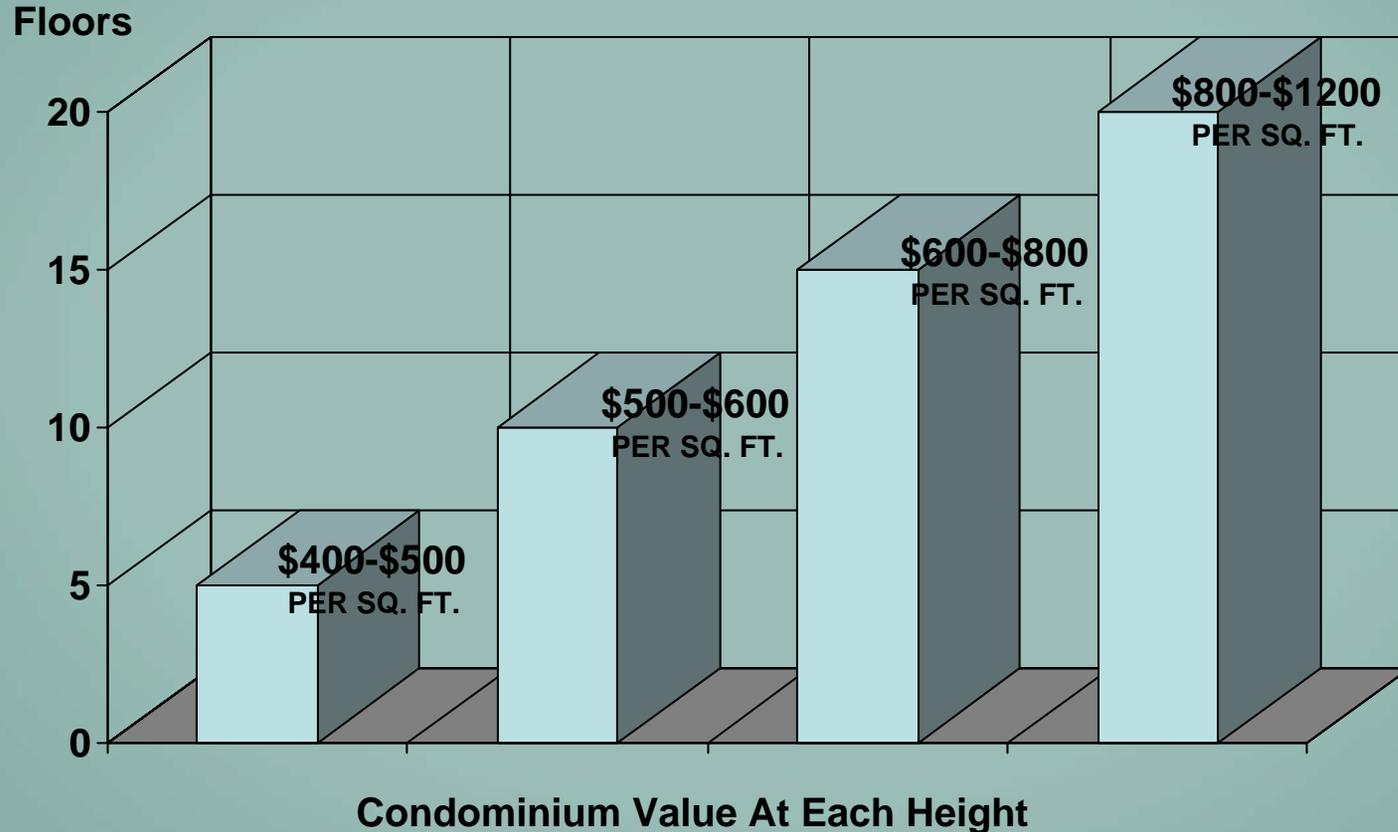
Reasons to locate affordable housing near transit:

- *Residents use transit, thereby reducing cost of living
- *Developers can build less parking thereby reducing project cost
- *Developments have reduced traffic impacts, thereby increasing the likelihood they will make it through approval process
- *Neighborhoods near transit are more likely to be zoned for the higher densities that make affordable projects pencil out
- *Less space for parking makes projects more dense and profitable/affordable



Los Angeles: Ave. 26 affordable

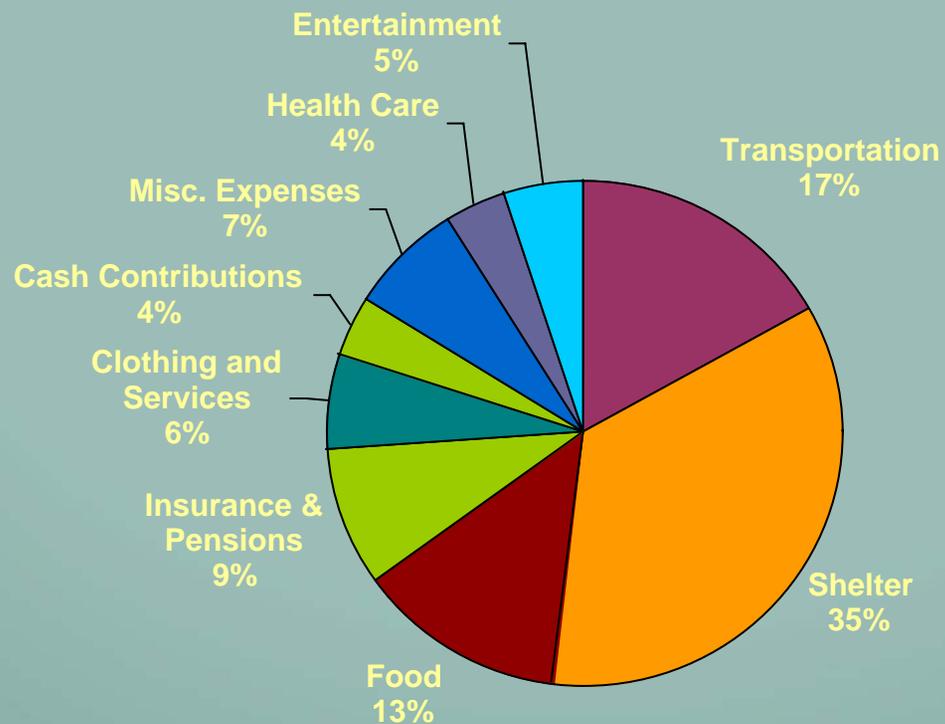
PREMIUMS FOR HIGH FLOORS WITH DRAMATIC VIEWS CAN PAY FOR AFFORDABLE UNITS AND AMENITIES



This slide courtesy of David Dixon, Goody Clancy, Boston

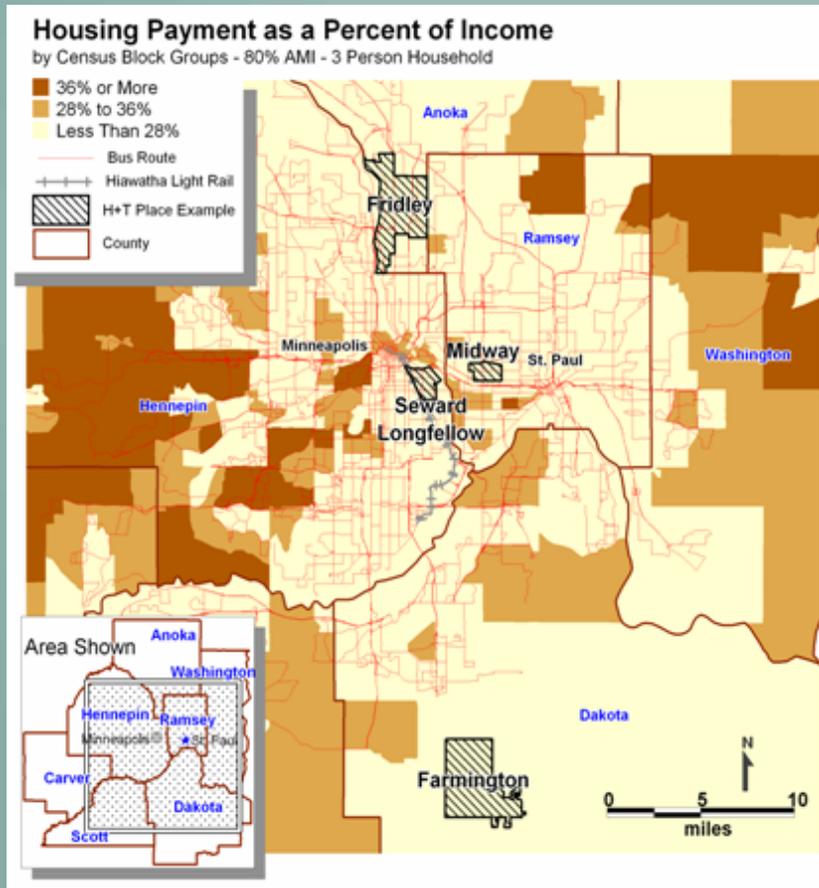
TRANSPORTATION IS THE SECOND HIGHEST HOUSEHOLD EXPENSE AFTER HOUSING

Typical American Household Budget

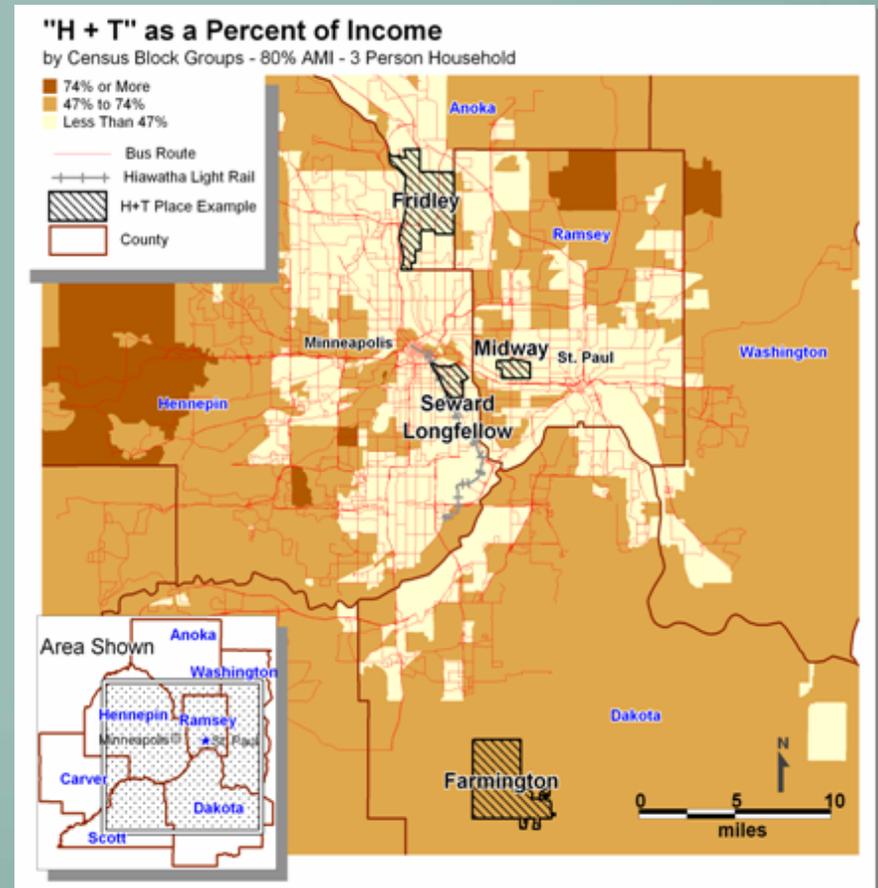


FOR EXAMPLE: WHERE CAN A 3-PERSON HOUSEHOLD EARNING 80% AMI AFFORD TO LIVE IN THE TWIN CITIES?

Considering only housing prices



Considering housing *and* transportation costs

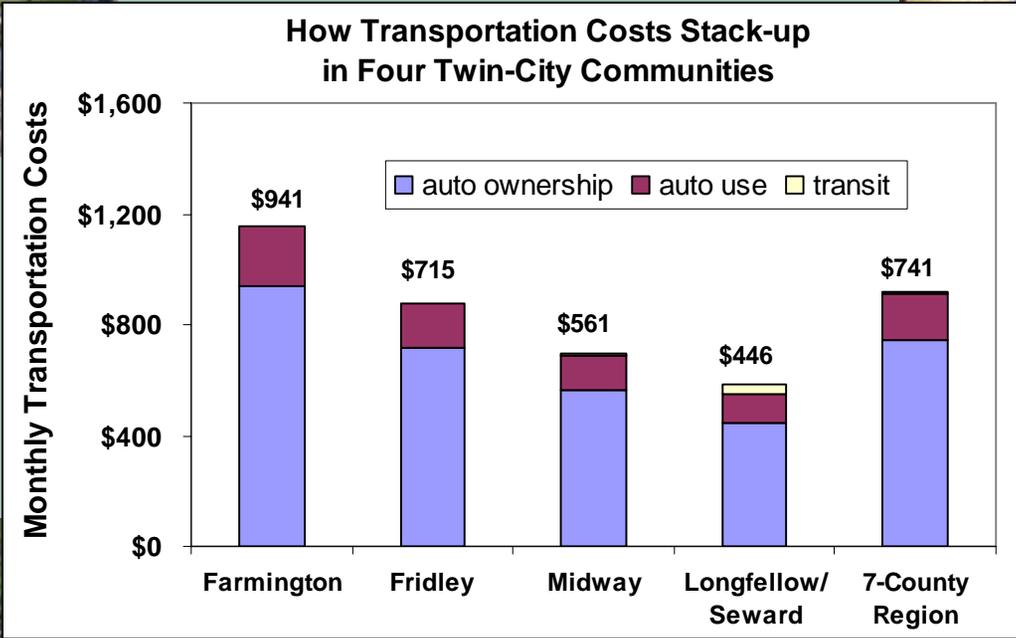


MONTHLY TRANSPORTATION COSTS IN MPLS.-ST. PAUL REGION



Farmington
\$941/month
\$11,292/year

Midway, St. Paul:
\$561/month
\$6732/year



Fridley:
\$715/month
\$8580/year

7-County Region:
\$741/month
\$8892/year



THE END,
BUT THE
BEGINNING OF
A MORE
SUSTAINABLE
FUTURE FOR
THE USA



Del Mar Station, Pasadena

Del Mar Station, Pasadena

Tools to CREATE affordable housing:

- Inclusionary zoning
- Housing incentive programs
- Zoning codes and bonuses
- Tax increment financing
- Land assembly funds

And to PRESERVE affordable housing:

- Tax breaks for rental owners
- Assistance for rehab
- Homestead property tax exemptions for existing homeowners
- Land trusts