Across the country, transportation options are being deployed to revitalize cities and suburbs, revive sluggish economies and change the way we live and work. In particular, transit stops have become a focal point for many states and communities hoping to generate the development of office, retail and commercial spaces and flourishing, sustainable neighborhoods around them.

“Public transportation ridership is at an all-time high,” said James Corless, director of Transportation for America, a Washington, D.C.-based advocacy coalition, at an event in October. “We’ve seen a resurgence of people moving back to cities, even inner suburbs urbanizing and a new demographic demanding a different kind of transportation option and that has led to a lot of demand out there for new public transportation investments all across the U.S. This is not just New York and DC and San Francisco anymore. These are places like Salt Lake City and Denver, Colorado, Little Rock, Arkansas, etc. that are really demanding new investments in public transportation.”

State officials in Connecticut have a couple of big reasons to believe that transit-oriented development—TOD for short—will be key to the state’s future. A commuter rail line connecting New Haven, Conn., and Springfield, Mass., is set to begin service in early 2018 (a projected late 2016 start date was pushed back in December), and a recently opened bus rapid transit line in Hartford, Conn., is already proving to be more popular than predicted.

That’s why Tim Sullivan from the Connecticut Department of Economic and Community Development was in Washington, D.C., in October to speak at the Transit Oriented Development Institute’s first national conference.

“I’m here on a trade mission...trying to convince people to come up and build great projects ... and help us bring TOD to life in Connecticut,” he told attendees. “We have to have vital, vibrant cities or we won’t be able to attract and retain young talent. We won’t be able to attract and retain companies. And that’s the whole ballgame.”

In a report last year entitled “Core Values,” the group Smart Growth America took a look at why many American companies are deserting isolated, suburban office parks for urban, transit-oriented downtowns. The companies surveyed said the number one reason for their move was to attract and retain talent.

“Having a walkable location in the middle of town was an asset,” said Smart Growth America’s Alex Dodds. “Being out in the suburbs where there was nothing around was a liability. ... Many of the companies we talked to when we asked them about their recruiting and how the location of their office helped or didn’t help ... they often said ... recruits would come and do a walk-around of their offices and say ‘no thanks.’ Even if their benefits packages, the salaries were good and the title, the work was great, competitive. If the location wasn’t there, they were losing out. So a big part of why these companies are moving is to attract workers.”

Connecticut is hardly alone in recognizing the nexus between transit and economic development.
Among the developments elsewhere:

- When it begins service in April, a new commuter rail line will connect Denver Union Station and the Denver International Airport for the first time. In all, the region’s transit agency, RTD, will debut five new transit lines this year. Union Station, redesigned a few years ago to be a multimodal transit hub, has already spurred $1 billion in new development in downtown Denver.
- California is seeing a rail transit boom with more than $12 billion in investment taking place along under-construction high-speed rail and light-rail lines. Los Angeles is building one of the nation’s most ambitious transit expansion programs.
- Houston’s light-rail line, which runs through one of the densest parts of the city, has become a catalyst for downtown development, with $8 billion in projects along a seven-and-a-half mile stretch of track. Dallas is hoping to follow suit by adding a new downtown line to their larger, but less utilized, light-rail system.
- Atlanta officials are contemplating an $8 billion expansion of the MARTA commuter rail system that would link key job centers and perhaps change the city’s car-centric, circular orientation.
- Indianapolis voters will go to the polls in November to decide on an expansion of the city’s bus rapid transit system.

“(TOD) is a huge opportunity for America as we reinvest in our cities and start making great places where people want to be,” said Andy Kunz, President and CEO of the TOD Institute. “It gives us an opportunity to promote smart growth, placemaking and economic development simultaneously. And it’s also a major solution to climate and energy issues that we’re dealing with as a planet. This is really the model that puts all the things together and begins to move us forward into a more sustainable future.”

Those states looking to reap the benefits of transit-oriented development can find plenty of inspiration in one place: the Washington, D.C., metro area, said Christopher Leinberger, president of the real estate developer coalition LOCUS.

“Metro D.C. is the model by which we’re building this country as far as TOD,” Leinberger told the TOD Institute Conference. “We have more examples of TOD here in every one of seven categories. If you want to see the future, you’ve got to understand metro D.C.”

Chris Zimmerman of the organization Smart Growth America agreed.

“Here in this region, we have not only the example of the great resurgence of downtown but some of the best examples in the country of new successful, suburban TOD, some of which is retrofit of old places that were on the decline—such as my own Arlington (Virginia), which was a declining inner ring suburb prior to the advent of (Metrorail, the region’s subway system)—and places that are really being made into TOD out of whole cloth like Tysons Corner,” he said.

Among the other evidence for the DC area as TOD poster child:

- Eighty-six percent of all office projects that are underway in the D.C. area are within a quarter mile of a stop along the area’s Metrorail system.
- The NoMa-Gallaudet University Metrorail station, which opened in 2004 as the first infill station built on the Metro system, has helped transform an area of mostly parking lots and abandoned industrial buildings into a vibrant neighborhood with prominent employers, office, retail and residential spaces, and popular bike lanes that line the area’s major arteries. According to a November 2014 report by RKG Associates [2], the Metro station brought $330 million in revenue to the city (a number expected to increase to $1 billion by 2019) and $4.4 billion of total economic output over its first 10 years. The station was built at a cost of $120 million with $35 million contributed by the private
sector.
- The Capital Riverfront, an area that includes the Navy Yard Metro station, was once home to
  industrial and light manufacturing and later to strip clubs and dance clubs. Today, the area has been
  revitalized and is home to the U.S. Department of Transportation, the Nationals baseball park, 7.4
  million square feet of office space, 250,000 square feet of retail—with another 150,000 on the way,
  3,300 residential units, plenty of trendy bars and restaurants and 10 acres of family-friendly parks. A
  soccer stadium is set to open in 2018. “Metro I think was the most valuable strategic and monetary
  investment in this region and we’re now harvesting the results of that with the densification at every
  station in this region,” said Michael Stevens of the Capital Riverfront Business Improvement District.
- Crystal City, a Metro-served, former brownfield development near Reagan National Airport and The
  Pentagon that has been impacted by three rounds of U.S. Department of Defense downsizing over
  the years and that became known for its sterile urban landscape, has been reinvented as an active
  community that hosts dozens of festivals and other events on a weekly basis throughout the year.
  It’s also home to many popular restaurants and incubator spaces for small business startups.
- More than 300 new businesses have already transformed the mile-and-a-half-long H Street corridor,
  despite the much-delayed opening of the DC Streetcar in the area.
- Evidence shows the D.C. area was able to weather the Great Recession better than most areas
  thanks in part to its concentration of transportation choices that allowed residents to go without
  automobiles. Recent college graduates gravitated to the city because they didn’t have to add a car
  payment on top of their crushing college debt.

Analysts believe there is still considerable untapped potential for TOD around the country because
such development is often difficult to attain due to competing interests, complicated approval
processes and other factors.

“It is a very, very hard thing to build a neighborhood around a transit node because of the
stakeholders that are involved, the land control issues, the politicians, the real estate developers who
are sometimes on board and sometimes not on board, community groups that have their own goals
and aspirations and then of course the architect or the urban designer, who has the challenge of
putting a framework around all of those aspirations at the same time and delivering something that
many people will need to deliver in a piecemeal way,” said Kristopher Takacs of Skidmore, Owings
and Merrill, an architecture, interior design, engineering and urban planning firm.

Leinberger said even Boston, one of the most walkable, TOD-oriented cities in the country could and
should be doing better.

“They should be building 20 to 25 thousand new housing starts per year based upon the 1.8 million
households that they have there,” he said. “(In 2014), they built 5,000 because it’s so impossible to
build walkable, urban TOD projects. Think of what would have happened (nationally) if we quadrupled
the amount of housing starts in this country ... and what would have happened to the underlying GDP.
Rather than 2 percent (growth in the economy), it would be 3 and ½ percent. That’s what we’re
missing out on because we don’t know how to do this stuff.”

One major factor that makes such projects challenging is the financing, Leinberger noted.

“The fact of the matter is that Wall Street—the banks—continue to demand single-purpose, single
product, formula-driven kinds of development and we still have a challenge to get Wall Street and the
banks to understand mixed use, transit-oriented development,” he said.

There are a variety of strategies experts point to that states can employ to make successful TOD
more attainable. Among them:
• Changing state laws to allow for the establishment of more business improvement districts and community benefits districts. These are special zones funded by local tax assessments and charged with making improvements to and managing the TODs for the benefit of those who live and work in them;
• Investing in bike infrastructure, which can be just as important as transit in shaping the character of a TOD neighborhood and enhancing economic development and which can provide significant bang for the buck in giving residents another transportation option;
• Making mass transit and TOD funding a part of state transportation funding packages;
• Creating dedicated state funds to support TOD, as states such as California and Connecticut have done. “State policy (in California) is really focused on developing TOD in the context of the sustainable communities plan,” said Daniel Krause of the TOD Institute. “Every city and county has to develop this kind of plan now and so a lot of that is driving density and focusing development into the city centers again. And they’re backing it up with funding. There’s a state agency called the Strategic Growth Council that has hundreds of millions of dollars for doing development in the cities. A lot of it’s around affordable housing.” The Connecticut Department of Economic and Community Development’s Tim Sullivan said his state has also put “a ton of resources behind TOD.” “We put together similar to what was done out in California just a little bit smaller,” he said. “We put in $2 million and privately raised $13 million for a TOD acquisition and pre-development fund. We’ve got a robust affordable housing program that really favors and encourages TOD. We have a brownfield program that favors and encourages TOD. ... And then there’s a dedicated pot of infrastructure support funds that the state’s able to bring to bear for things like streetscape and road improvements and infrastructure like utilities and other things that need to be thought through.”
• Giving additional taxing authority to local jurisdictions and allowing them to go to the ballot to seek support from voters for TOD investment. Transportation for America’s Corless points to Indianapolis, where voters in November will have the opportunity to decide whether to support funding an expansion of bus rapid transit in the community. “(Indianapolis is) the biggest city in America with a Republican mayor, and (Mayor Greg Ballard) makes his case to his state legislature to get this authority, which is state-granted, to go to the voters to build bus rapid transit and to build TOD. He says ‘we have a trade gap in Indiana. Here’s my trade deficit for the entire state: we produce the most number of graduate degrees of any state in the country and we have the least number of residents with graduate degrees. That’s my trade deficit and if you’re going to help me reduce the trade deficit, I have to be a world class city with world class mass transit,’” Corless said. Voters in the Seattle region this November will consider a new tax to help fund a $15 billion expansion of the light rail system, which would be funded by a mix of sales taxes, property taxes and car registration fees collected over 15 years.

Additional Challenges Ahead for TOD

But there are plenty of additional challenges on the way for transit-oriented development and the public and private sector entities that shape such communities. One of them involves a demographic shift that is often a byproduct of successful urban development—gentrification. It is often difficult to maintain a mix of affordable, subsidized and market-rate housing and to retain a mixed income population.

“That’s a big, big challenge,” said Leinberger. “A place-based, social equity approach is going to be crucial. That’s going to be the best lever we can pull to make mixed income happen.”

Lynn Richards, who leads the Congress for the New Urbanism, said that kind of diversity is absolutely essential to the future success of TOD.

“A lot of the TOD development that has been built over the last 15, 20 years, has been predominantly
for one socio-economic demographic,” she said. “But yet what research has shown is that by creating a range of housing types, by creating housing types that work for a range of different incomes, that’s where you’re going to get your more successful diversity of people … to have a more successful project. Make no mistake about it … our responsibility as developers and stewards of the built and natural environment (is) to manage this issue around transit stops to ensure that we’re incorporating housing types that meet all socio-economic demographics.”

Richards said planners and developers should look to design to keep the housing mix more equitable. Smaller units, more efficient interiors and less luxury can play a part.

If a recent working paper from the U.S. Census Bureau [3] is any indicator, the poster child for all things TOD—the DC Metro area—also should provide a cautionary tale. The report said the demographics around Metro stops in the region now reflect a population of workers that is disproportionately young, white and highly educated and that is rapidly becoming more so. And while the overall population of black workers in the District has been falling since the mid-2000s, it’s falling even faster around Metro stops. Moreover, as the share of workers living near transit who make six figures has risen, the number of those earning below $25,000 has fallen.

As The Washington Post noted in an article about the Census Bureau’s findings [4]: “The very people who most need to rely on transit often can’t afford to live by it. And as the cost of land near transit becomes more expensive, thanks to the growing demand of high earners to live there, it could grow even harder to build and preserve affordable housing in these places. ... Mixed-use development along transit corridors is widely popular now not just among millennial workers, but also among the urban planners who want to make it possible for more of us to live without a car and within easy access to jobs. Increasingly, though, that kind of life looks like a privilege only the well-off can afford.”

Portions of this article also appear in the January/February 2016 issue of CSG’s Capitol Ideas magazine.

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