

ADVANCING EQUITABLE TRANSIT-ORIENTED DEVELOPMENT

Steps to Avoid Stalled Equitable TOD Projects

CASE STUDIES

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D Appendix D: Transit District Case Studies

The following case studies highlight the predevelopment pitfalls faced in station areas by groups of real estate development projects. For each case, we identified a list of critical predevelopment factors.

Case Studies

I	Pearl District, Portland, OR	2
II	The Round, Beaverton, OR	8
III	Rosslyn-Ballston Corridor, Arlington, VA	12
IV	North Hollywood, Los Angeles, CA	16
V	NoMa, Washington, DC	18
VI	White Flint Metro, Montgomery County, MD	22

To read the paper or Executive Summary which accompany these Case Studies, visit www.LivingCities.org.



Case Study: Pearl District, Portland, OR

The dramatic transformation of Portland, Oregon's Pearl District from warehouse district to vibrant mixed-use community has received much praise as a model for transit-oriented development. Indeed, The Pearl has become a model for other cities attempting to foster mixed-use, walkable communities that provide affordable housing with access to transportation options and urban amenities.

Developer Homer Williams reminisced that “a lot of people started figuring out in the '80s that this was going to be an area that was very desirable, and, especially if it had the infrastructure, that a truly great neighborhood [could] be built.”¹ More than 4,900 dwelling units have been constructed in the Pearl since 1994. Careful development has protected historic structures and yielded mid-rise buildings evocative of neighborhood warehouses. Much of the development has focused on large, brownfield rail yard sites.

After much land use and infrastructure planning, the Pearl required significant infrastructure investment to transition from a sparsely populated warehouse district into a dense, mixed-use community. Dead-end streets, minimal transit service, aging wastewater infrastructure and sparse greenery were all insufficient to serve greater population density. A white elephant viaduct was removed, streets were enhanced, parks built, and public services expanded. One investment in particular, a \$56.9 million streetcar – the first modern streetcar in America – has been commonly credited with catalyzing development of the District.² The streetcar has been an impetus for increased density along its route.³

As development-oriented transit, the streetcar has seen 55% of new development cluster within one block of its alignment since 1997.⁴ From 1997 to 2008, over \$3.5 billion was invested within two blocks of the streetcar alignment. Following the final selection of the alignment in 1997, developers' utilization of allowable Floor to Area Ratio (a ratio of building size to lot size) increased from 34% to 90% within one block of the streetcar. Concurrently, sites within two blocks increased FAR utilization from 34% to 74%.⁵ This has resulted in more than 10,200 new

¹ “Homer's Vision Comes to Fruition.” Daily Journal of Commerce: Oregon. 8/22/2000

² Portland Streetcar History. <http://www.portlandstreetcar.org/node/33>. Accessed 9/23/2012

³ ED Hovee & Company, Portland Streetcar Development Impacts, October 2005.

⁴ ED Hovee. Streetcar-Development Linkage: The Portland Loop. February 2008.

⁵ ED Hovee & Company, Portland Streetcar Development Impacts, October 2005.



Pearl District, Portland, OR cont'd

housing units along its length and 5.4 million square feet of office, institutional, retail and hotel construction in the City, a significant share of which was focused in the Pearl.⁶ The sentiment toward the streetcar is summarized by developer and Streetcar Citizens Advisory Committee member John Carroll: “I take risks along with the other developers in the community ... [but] a streetcar is a commitment. It adds permanence. It’s a catalyst to development and activity.”⁷ As a demonstration of public-private investment and commitment to the area, the streetcar served to decrease perceived risk amongst investors.⁸

This case demonstrates how major infrastructure investment and a clear vision for a mixed-use district can be combined with market demand to transform a warehouse district into a place worthy of condo development, the siting of arts and cultural institutions, and significant other urban investments. Much of the development in the Pearl was also facilitated through the Portland Development Commission’s use of TIF funds from the River District Urban Renewal Area. The Pearl provides an example of the multitude of convergent factors to facilitate successful transit-oriented development.



Critical Predevelopment Factors

The following factors contributed to the success of the Pearl as a transit-oriented development district:

Urban Renewal / TIF Funds. Urban renewal money encouraged much of the Pearl’s development and density. The transition from small projects to the larger condo developments that now define The Pearl was encouraged by the designation of an urban renewal area (URA) and by the associated River District Plan. The plan leveraged the Portland Development Commission’s ability to raise money through tax-increment financing, and provided funding for the numerous infrastructure projects necessary in The Pearl.

Creating a set of fourteen major infrastructure initiatives to support development, the Plan established walkability, reduced blight and provided for the urban amenities that facilitated a mixed-use, mixed-income neighborhood.⁹ TIF money was used for a variety of projects, including low-interest loans, planning work, a county health center, and subsidization of the

⁶ ED Hovee. Streetcar-Development Linkage: The Portland Loop. February 2008.

⁷ A Conversation with John Carroll: Telling the Portland Story. Daily Journal of Commerce. 11/25/2005.

⁸ ED Hovee. Streetcar-Development Linkage: The Portland Loop. February 2008

⁹ Portland Development Commission. River District Urban Renewal Plan. 1998.



Pearl District, Portland, OR cont'd

cost of affordable housing development. To this end, in October 2012, the PDC increased the maximum indebtedness allowable for the River District URA from \$224 million to more than \$488 million.^{10,11} The investments and indebtedness as of June 2008 leveraged a private investment of \$1,046 million – a private return on the public investment of 1,794%.^{12,13}

Site Characteristics. The Pearl is situated ideally for development. Unlike a greenfield development site, The Pearl enjoys a long history and proximity to downtown Portland. Early urban pioneers and artists eased the development of The Pearl by establishing a real estate market and brand. Located next to geographically constrained and already dense downtown Portland, The Pearl provided natural relief for central city development as soon as parcels became available. Walkability to downtown reduced the importance of transit connections, which can become limiting factors in TODs.

Single Land Owner. Planning and development was streamlined, simplified and facilitated by the presence of significant tracts of developable land under single ownership. The unusually large, underutilized sites, particularly the Hoyt Street rail yard, enabled a master planning process and housing goals that would otherwise have been accomplished only in a piecemeal fashion with multiple, smaller landowners. These large landowners had been in place for years, allowing them to achieve significant increases in land values. Low-cost land enabled early experimentation, as well as the ability to deed land to the City for public amenities and still realize a profit.

Strong Market. Market timing has been crucial to the success of The Pearl. Development came online at an opportune time and was built-out quickly during the real estate peak. Projects grew significantly as the market was proven and strengthened. Setting aside national real estate trends, the Portland market was ripe for the housing options offered by The Pearl. This type of mixed-use, urban lifestyle was not yet available in Portland. Additionally, Portland has a regional land use framework that encouraged infill development. Demand for The Pearl was bolstered by Portland's urban growth boundary and policies supporting densification and transit orientation. Lastly, local interest in The Pearl was evident long before cranes rose over new construction. Preceding developers, an artistic community was attracted to

¹⁰ Read Stapleton. Tax Increment Financing: Different Approaches in NW States. PSU Quarterly and Urban Development Journal. 2009.

¹¹ Portland Development Commission. Memo to Board of Commissioners: Report 12-39. October 24, 2012.

¹² Stapleton, R. TIF: Comparing Approaches in NW States. PSU Real Estate Quarterly. 2009.

¹³ TOD 101: Why Transit Oriented Development and Why Now? Center for Transit Oriented Development.



Pearl District, Portland, OR cont'd

inexpensive warehouse lofts and studio space. Their presence helped prove a market for the neighborhood, and created the cultural character and image the district enjoys today.

Transit and Amenity Infrastructure. The investment in a tangible, highly visible, and permanent system such as the streetcar was widely credited by developers and government as the key to The Pearl's success. However, the city also made large investments in amenities, including three large parks and streetscape enhancements. These investments created public green space to buffer urban living in a city where many residents value their connection to the outdoors. The parks have been used to phase development northward toward unused parcels beyond the original core of The Pearl. Although development along the alignment is not most dense in Portland, the streetcar attracted investment to parts of the city which had not previously seen significant development.

Public-Private Partnership. The development agreement between the City and Hoyt Street Properties (HSP) for the central 34-acre parcel of The Pearl was integral to achieving the City's density and housing goals. This agreement assured the city that its infrastructure investments would result in very specific outcomes. Because HSP gained control of such a large parcel, the development agreement also enabled the developer to gain significant leverage, and effectively to influence a broad agenda. Whereas the Urban Renewal Plan provided public priorities and funding, the 1997 development agreement provided the mechanism to guide private development. The agreement served to tie housing goals and development density to public infrastructure on the 34-acre site.¹⁴ Density was tied to three major projects: design, construction and operation of the streetcar; demolition of the Lovejoy Street viaduct and reconstruction of the at-grade street; and creation of Jamison Square, the first of three parks. In response to each of these significant public infrastructure investments, Hoyt was awarded increased density requirements (Table 6), which it was able to exceed in

Milestone	Minimum Density Required
Base Density	15 units per acre
Lovejoy Viaduct demolition	87 units per acre
Streetcar construction	109 units per acre
Jamison Square (South Park) construction	133 units per acre

Table 6 - Infrastructure Milestones and HSP Requirements¹⁵

¹⁴ Amended and Restated Development Agreement Between the City of Portland and Hoyt Street Properties, LLC. March, 1999

¹⁵ Amended and Restated Development Agreement Between the City of Portland and Hoyt Street Properties, LLC. March, 1999.



Pearl District, Portland, OR cont'd

each subsequent development.

Affordable Housing. A strong real estate market supported unabashed gentrification and the development of lucrative large condominium towers with high ceilings, luxurious finishes, and high-end appliances. Modern Pearl construction is dramatically different from the spartan warehouse conversions of the early 1990s. Were it not for the Urban Renewal District's plans and funding, The Pearl District would have likely developed beyond a price point affordable to most Portland residents. Because the Oregon legislature banned inclusionary zoning in 1999, realization of housing-mix goals fell largely to public-private partnerships with developers. The development agreement governing the Hoyt Street Property master plan bound the company to density, affordability and unit size obligations.¹⁶ The Pearl currently has a mix of affordability levels, with approximately 15% of dwellings affordable to low and very-low income households and an additional 8% of dwellings affordable to households earning up to 80% of median income.¹⁷ Foreseeing a likely increase in rents, exclusionary pricing, and dislocation of people in the area, the City adopted a Housing Implementation Strategy in 1994 calling for the creation of 5,000 new units of housing over a 20-year period in the River District Urban Renewal Area.¹⁸ The River District Urban Renewal Area created a mechanism to subsidize affordable housing, and allow the new Pearl housing to include a mix reflective of the city as a whole. In 2006, the City Commission dedicated 30% of TIF spending to affordable housing in the City's nine urban renewal areas. Between 2006 and 2011, the policy was responsible for \$152 million in direct investment in housing for very low- and workforce income residents.¹⁹ This direct investment was used to leverage tax abatements, low-income housing tax credits (LIHTC), and other subsidies.

¹⁶ Portland Development Commission. River District Housing Implementation Strategy Annual Report: June 2007.

¹⁷ Janie Har. "Is 20 percent of housing in Portland's Pearl District really affordable?" Oregon PolitiFact. The Oregonian. 11/18/2011.

¹⁸ Portland Development Commission. Housing Implementation Strategy Plan. 1994.

¹⁹ Portland Housing Bureau, City of Portland. TIF Affordable Housing Set-aside Policy. Accessed 10/23/2012.



Case Study: The Round, Beaverton, OR

The Portland-area transit-oriented development known as The Round at Beaverton Central Station has been a negative reflection on the community for more than a decade. In 1994, the City initiated an ambitious transit-oriented development project on the site of a former sewage treatment facility, an effort that predated much of the modern TOD in the United States. Had the project been successfully completed by its original opening date of 1998, it would have been a pioneering effort. However, to date, the project has bankrupted two developers and forced the City to take control of several properties. The project has exceeded original cost estimates by nearly 50%, and remains only partially constructed.

Situated seven miles west of downtown Portland, Beaverton is a former farming community defined by traditional suburban development: strip malls, high-speed arterials, and detached single-family homes on large lots. Hoping to emulate the successful infill development in nearby Portland, Beaverton selected an 8.5 acre, city-owned site along the Blue Line of the MAX light rail for TOD investment. The winning proposal spoke to the city's desire for "a new definition for the city with [a] different kind of development."²⁰ The winning bid proposed development with a mix of activities, high residential and commercial densities, and considerable area dedicated to public space. The initial developer produced letters of credit from investors with its proposal, but had yet to secure actual funding. Instead, the development firm began construction using its own capital, anticipating that a viable lending partner would be found.

The project began to falter immediately. Cost overruns for site remediation were followed by issues of soil stability. Additionally, the Design and Development Agreement (DDA) written by the city was based on zealous plans and visioning: building type, use, and density were inflexible with respect to design and the project's timeline. By several accounts, the developer agreement with the city was unrealistically rigid. After investing over \$10 million in The Round and failing to find a debt funding partner, the developer went bankrupt. The property was held in bankruptcy court for two years while a search for a replacement developer proceeded. A second developer was selected and touted by some as the "right" choice because it was an experienced "turn-around champion." Others confessed the developer was "the only one who would touch [the project]."

²⁰ Deeming, Eryn. (1999, June). Growing With Transit: Creating Transit Supportive Development in an Automobile-Focused World. Massachusetts Institute of Technology.



The Round, Beaverton, OR cont'd

Under new control, the project again fell behind schedule and the city declared the developer in default on a \$31.5 million loan in 2003.²¹ The second developer left behind a construction project of poor quality, and required (among other fixes) replacement of all doors and windows in the building, and moisture remediation for incorrectly installed window flashing. To maintain some economic gain during construction, the firm is reputed to have sold parking easements and permits several times to different parties. When the developer defaulted a second time, the City was actually looking forward to the property being foreclosed upon. Given the slow site progress, “anything that moves along the project,” commented Beaverton’s mayor on the prospect of foreclosure, “would be in the city’s interest.”²² Since the default, however, the current developer on the project, SkanlanKemperBard (SKB), has drastically reworked city expectations in their agreement in order to move forward.

The disappointing lack of success at The Round can be largely attributed to excessively optimistic plans for density and a failure to properly evaluate the market’s ability to support TOD on the site. While a variety of factors have contributed to the public’s negative perception of The Round, from mismanaged development to brownfield remediation to inadequate parking, at the core of The Round’s problems are the initial predictions made about the TOD market readiness of Beaverton. Despite evidence to the contrary, both planners and local leaders still stand firmly by the assumption that it is a matter of months before the market responds to the transit facilities at the site. Even with a legacy of failure, citizens and leaders remain hopeful about the eventual fate and success of The Round, saying, “They have everything right, but the timing and market didn’t cooperate. Ultimately, this project will be a success.” When the market will support a development like The Round, the city will have the plans in place that they hope to capitalize on.



Critical Predevelopment Factors

The following factors contributed to the development history of The Round as a district:

Ease of Site Selection. Beaverton’s selection of a site for The Round failed to address access and market attractiveness. The site was not selected for its real estate viability, but for convenience, availability, and land affordability. TriMet’s original plans for the light rail to align along a nearby arterial were rejected in favor of an existing rail right-of-way closer to the small, historic downtown. This shift in alignment brought the light rail directly to a city-owned site, a former sewage treatment plant demolished two decades earlier. Available rail right-of-way, proximate to a city-owned site, had the additional benefit of avoiding city acquisition of property by eminent domain, disruption of existing businesses, or creation of public dissent in regard to light rail. While these are important considerations in locating transit and TOD sites, additional market studies are necessary to ensure that real estate fundamentals are present

²¹ Anderson, David. (2007, July 27). Developer of Round in default on loan. *The Oregonian*. Retrieved from <http://oregonlive.com>.

²² Lent, Christina. (2008, May 30). Beaverton Round financial woes resurface. *The Beaverton Valley Times*. Retrieved from <http://www.beavertonvalleytimes.com>.



The Round, Beaverton, OR cont'd

to support grandiose TOD visions.

Market Feasibility. The Round was tested on a premature market that had not evolved to absorb transit-oriented development. Metro councilor Carl Hosticka commented, “We’re not necessarily trying to respond to a market. We’re trying to lead a market.” Early on, lenders were reluctant to provide financing. Businesses were hesitant to locate in The Round without street frontage and access. Would-be condominium buyers were deterred by neighboring automobile dealership lots and empty building sites. Incompatibility was compounded by a switch from apartments to condominiums to infuse cash into the project.²³ Jerry Johnson, an economist with Johnson Gardner economic consulting firm in Portland warned, “one danger of a demonstration project with cutting-edge development is that it can demonstrate what doesn’t work.” He concludes, “The City needs to make sure they’re working with the market and leveraging the market and not dictating things that don’t make sense.”²⁴ To overcome the site’s poor feasibility, the City deeded the property to the BCB group for development (a \$2.7 million valuation), and donated approximately \$3.8 million in subsidies to the project in the form of forgivable development fees, as well as site infrastructure, including three roads, sewer, water, storm drainage, and pedestrian improvements.²⁵

Suburban Site Orientation. The Round captured the imagination of community leaders, decision makers, and citizens. The area selected for this transit-oriented development is in the heart of a car-dependent, low-density suburb. Existing connectivity was fragmented and poor; access points for the site were low-visibility, low-volume streets; and there was no similar development in the vicinity. The properties adjacent to The Round were former farming or light industrial sites, and the walkability of the nearby downtown area was hindered by a county highway and several multi-lane arterials. The Round is isolated from other commercial developments in Beaverton and lacks pedestrian access to basic services. Of the developed neighboring sites, the majority are new or used car lots. Pedestrian connections and road connections were never established. The Round is the only residential development in the area. Early planners proposed a dense grid of street and pedestrian connections to “heal the grid,” intending to create connections within the proposed community and access to businesses and buildings. However, the cost of the planned infrastructure made it infeasible.

Site Environmental Characteristics. While brownfield remediation frequently results in cost overruns and reduced buildable area of the development site, The Round presented an extreme case. There were a number of equal or more suitable sites in the vicinity that were overlooked for the convenience, affordability and potential seen in The Round property. When the brownfield site was remediated for development of The Round, five wetlands were discovered on the parcel, reducing the buildable area, roughly 4 acres, to a fraction of its original size. The brownfield site proved more difficult and costly to remediate than antic-

²³ Arrington, GB. (2004.) The Round. Transit Cooperative Research Program (TCRP). Volume 102.

²⁴ Anderson, David. (2006, September 21). Opposite angles on The Round. The Oregonian. Retrieved from <http://oregonlive.com>

²⁵ Deeming, 1999.



The Round, Beaverton, OR cont'd

ipated, which set the project behind schedule. Additionally, subsoils in the area are not well suited to support taller buildings or the large foundations and stem walls of The Round. The developer had severe difficulty stabilizing the soil for one of the building's foundations, and incurred significant cost overruns.

Developer Experience. An experienced developer, who had completed projects similar in scope, would have been more likely to propose a feasible district design for The Round. Lack of investor funding resulted in a tenuous and ultimately unsuccessful attempt to complete the project as designed. Additionally, the complexities of real-estate development outstripped City capacity. City employees were inexperienced. A realistic assessment of their own skills might have led City leaders to outsource management of the development project to a more knowledgeable third party.

Project Flexibility. The Design and Development Agreement (DDA) written by the city was based on zealous plans and visioning. The Agreement, which specifically mandated building types, use, and density – was inflexible in regard to design, and rigid in its timeline. The City had written and adopted code that reflected the conceptual design and early planning. When the developable area of the parcel at The Round was reduced to 4 acres, limiting the footprint and placement of buildings, the contract did not allow for modifications to density expectations or use, and the City and developer could not negotiate a more suitable, site specific solution.

Anchor Tenant. Recent decisions reflect the years of failed development for The Round. The current Mayor of Beaverton and his staff are working hard to develop solutions that will allow The Round to move forward as the previously envisioned TOD. Over a decade-and-a-half after breaking ground, the city has taken the initiative of purchasing several buildings at The Round, including the heating and cooling plant that serves the entire development, and becoming its own anchor tenant by relocating City Hall services to The Round.

Parking. The lack of direct secure parking has been identified as negatively affecting The Round's ability to attract retail and office tenants. Demand for transit access has not yet superseded automobile use, even in the nearby, transit-supportive Portland area. While The Round has recently begun to attract companies with a strong employee culture of transit use and active transportation, these relationships have taken more than a decade to emerge.



Case Study: Rosslyn-Ballston Corridor, Arlington, VA

The Rosslyn-Ballston corridor in Arlington, Virginia is one of the United States' most successful and well-documented examples of TOD. Arlington County covers 26 square miles located just across the Potomac River from Washington, DC. The Rosslyn-Ballston corridor stretches three miles and includes five Metro stations opened in 1978: Rosslyn, Court House, Clarendon, Virginia Square-GMU, and Ballston-MU.

Arlington is unique among the TOD success stories not because of the extent of compact growth that has occurred along the corridor, but for the fact that much of the new development occurred with limited public subsidy beyond the construction of Metro, and in spite of relatively low-density zoning. Arlington's success is the result of a layering of many factors, including strong market demand in the corridor, a clear and articulate vision for growth maintained over forty years and through multiple political cycles, and the clever application of planning and zoning tools that created a predictable and desirable development environment.

The results of these converging market forces and public actions have been profound in Arlington. In the 1950s and 60s, the R-B corridor was mostly composed of lumber yards, convenience stores and light industrial uses. Due to a combination of public planning efforts and market-based forces, the corridor is now one of the most vital real estate sub-markets in greater DC. Recent counts show the corridor is home to more than 25 million square feet of office space, more than 4 million square feet of retail space, 28,700 dwelling units that vary greatly in type and price-point, and more than 6,500 hotel rooms. Arlington has more office space than downtown Dallas, Pittsburgh, or Denver. Office rents command a premium compared to suburban locations in the region and office occupancy has outperformed most other business locations, even through the economic recession starting in 2008.²⁶ Primarily due to the high density of the R-B corridor, nearly 50% of the county's assessed land value is located in the corridor—a corridor representing only 11% of the county's total land area.²⁷ More than 26% of Arlington County's population lives along Metro corridors on land that comprises only 8% of the County's land area. Additionally, nearly 40% of the residents along the corridor commute by transit, leading to reduced traffic on some arterials compared to the 1970s, despite the fact that the population and number of office workers have more than doubled over that period.

There was no single plan, policy action or market factor that was responsible for the success of Rosslyn-Ballston. Instead, it was a combination of a strong market for development

²⁶ Meyer, Eugene. "An Oasis of Stability Amid a Downturn," The New York Times, Real Estate Section. October 6, 2009.

²⁷ Leach, Dennis. "30 Years of TOD: Rosslyn-Ballson Corridor - Arlington, VA" Arlington County Department of Environmental Services. (2005)http://www.dullescorridorrail.com/pdf/TOD_Leach_ArCo.pdf



Rosslyn-Ballston Corridor, Arlington, VA cont'd

and a series of strategic public decisions that resulted in the R-B corridor we see today. Furthermore, patience and dedication were critical to several decades of consistent messaging, vision and leadership to implement the plan and accomplish TOD at this scale.



Critical Predevelopment Factors

The following factors contributed to the success of the Rosslyn-Ballston corridor:

Transit Proximity to Developable Land. The Metro system was planned and built to run along Wilson Boulevard and Fairfax Drive – existing urban corridors, as an opportunity for revitalization – rather than in freeway medians. Inclusion in the urban fabric meant that the 5 stations are at most 7/8 mile apart – only a 10-15 minute walk – creating the potential for a contiguous development corridor rather than disconnected nodes.²⁸ Pedestrian access to Metro stations is one of the area's greatest strengths and has facilitated more transit-oriented development than in the adjacent Fairfax County, where Metro runs along the freeway, mitigating similar development potential.

TOD-Supportive Planning Framework. Arlington's early plans for Rosslyn-Ballston identified a clear and consistent vision of mixed-use, high-and-medium-density development with pedestrian character around transit stations. The 1972 Rosslyn-Ballston TOD Bulls Eye Plan identified Metro stations as the heart of activity and proposed tapered growth away from stations, preserving single-family neighborhoods only blocks from high-density, mixed-use towers at Metro. While the Arlington General Land Use Plan outlines the policy framework for guiding development toward targeted growth corridors, Sector Plans (essentially station area plans) were developed for the quarter-mile areas around the stations which outline land-use, urban design, transportation and open space criteria.²⁹

Incentive zoning. Sector Plans allow significantly higher density and height than the underlying zoning:

- Base Zoning: 1.5 Floor-Area-Ratio, 4 parking spaces per 1,000 SF
- Sector/Site Plan: 3.8-10 FAR, 2 parking spaces per 1,000 SF.³⁰

Arlington County has done the vast majority of its rezoning along Rosslyn-Ballston using special exceptions in response to individual development proposals. Individual site plans are approved with increased density if the developer also agrees to provide the public improvements, including street trees, crosswalks, underground utilities, intersection redesign and signalization and other amenities.³¹ In this way, the transformation of the R-B corridor has happened with relatively little public subsidy other than the construction of Metro. The

²⁸ Dittmar, Hank and Ohland, Gloria. *The New Transit Town: Best Practices in Transit-Oriented Development*. (2004).

²⁹ Brosnan, Robert (2008).

³⁰ Brosnan, Robert (2008).

³¹ Dittmar, Hank and Ohland, Gloria. *The New Transit Town: Best Practices in Transit-Oriented Development*.



Rosslyn-Ballston Corridor, Arlington, VA cont'd

County's success on R-B has depended on their ability to strike a balance on each project between private profits and community benefits.³²

Predictable Entitlement Process. The consistency and clarity of the overarching development principles enabled the County to create a relatively predictable development review and approval process, reducing the uncertainty and thus risk of building in this area. When the General Plan, which guides overarching land use, was updated, the County quickly updated the Sector Plans so that developers knew what types of projects were likely to be approved and what public benefits were likely to be required.³³

Taxation and Disincentive to Land Banking. Arlington County performs land value assessments based on the highest and best use as indicated by the General Land Use Plan and Sector Plans. This resulted in much higher assessments compared to assessments based on existing structures and led to a colossal rise in valuations.³⁴ Annual revaluations - rather than every three to five years - kept pace with rising land values, creating a consistent incentive for redevelopment by taking away the financial benefit of land holding.³⁵

Multi-Modal Transportation Choices. All modes of transportation play a role in maintaining high access and mobility in the area. In addition to supporting and prioritizing Metro service, the County has worked to expand its Transportation Demand Management program. The program is geared to facilitate sustainable transportation choices by improving parking management, enhancing community bike-ability and improving local and regional bus service to encourage transit usage. Immediate station areas are highly pedestrian friendly and have no dedicated surface parking lots for transit commuters.^{36,37} Proximity and ease of access onto Interstate 66 and Route 50 also help make the corridor highly accessible.

Community Engagement. Arlington has a long history of investing time and resources to meaningfully engage the community in county planning initiatives.³⁸ Community concerns of becoming a "web of freeways" and a place bypassed on the way to D.C. fueled initial consensus for compact, transit-oriented growth. Beginning in the 1960s, the County

³² Arlington's Smart Growth Journey, Arlington Virginia Network (video, long version) (2010) <http://www.arlingtonva.us/departments/AVN/programs/page69227.aspx>.

³³ Dittmar, Hank and Ohland, Gloria. The New Transit Town: Best Practices in Transit-Oriented Development. (2004)

³⁴ Rybeck, Walter. "Chapter 9 - The United States" in Robert Andelson's Land-value taxation Around the World: Studies in Economic Reform and Social Justice, American Journal of Economics and Sociology (2001).

³⁵ Rybeck (2001).

³⁶ Dittmar, Hank and Ohland, Gloria. The New Transit Town: Best Practices in Transit-Oriented Development.

³⁷ Arlington's Smart Growth Journey, Arlington Virginia Network (video, long version) (2010) <http://www.arlingtonva.us/departments/AVN/programs/page69227.aspx>.

³⁸ Dittmar, Hank and Ohland, Gloria. The New Transit Town: Best Practices in Transit-Oriented Development.

³⁹ Arlington's Smart Growth Journey, Arlington Virginia Network (video, long version) (2010) <http://www.arlingtonva.us/departments/AVN/programs/page69227.aspx>

⁴⁰ "Arlington's Smart Growth Journey," Timeline, <http://www.arlingtonva.us/departments/AVN/programs/page69692.aspx>.



Rosslyn-Ballston Corridor, Arlington, VA cont'd

regularly engaged the community about redeveloping the Rosslyn station area while preserving single-family neighborhoods.⁴⁰ County staff and elected officials participated in a steady effort to mitigate impacts of construction and to build trust with impacted communities that allowed dense development to proceed without considerable pushback.⁴¹

Urban Growth Restrictions. The corridor's proximity to Washington D.C. contributes to strong market demand for office space in the corridor. Demand was intensified by the limitations imposed by the 1910 Height Act, restricting building to 110 feet in most areas of the District. Located immediately across the river from downtown D.C., and zoned to build at greater densities, Rosslyn is an attractive alternative to developers and tenants.

Anchor Tenants. The presence of governmental and institutional anchors along the corridor has played a role in the area's success. Academic institutions and federal tenants create demand for space, as well as spillover to contractors and subsidiaries in the area. Employees of these large tenants also create demand for nearby housing, support smaller retailers and restaurants, and contribute greatly to the activity on the street in Rosslyn-Ballston.

⁴¹ Interview with Susan Bell, retired Director of Arlington Planning, Housing and Development Department (worked for the County 1983-2011), conducted by Alia Anderson, April 2012

IV

Case Study: North Hollywood, Los Angeles, CA

The North Hollywood (“NoHo”) station area encompasses approximately 14-acres of TOD joint development with access to the Red Line North Hollywood Station and the Orange Line BRT. The area is an Arts District, and includes several apartments, condos, and a commercial area. North Hollywood was identified as a priority development area, a location identified for investment to increase density, for decades and finally realized major real estate investment during the market bubble of the mid-2000’s following the opening of the Red Line station in 2000.

North Hollywood has been envisioned as a community center since the 1970’s Los Angeles Concept identified the site for housing in close proximity to future transit facilities. The site was originally served by streetcar; transit service was converted to buses in the 1940’s. Proposals for transit were developed in the 1950’s and 60’s. The NoHo station location was chosen to provide easy access to Metro Rail for park-and-ride commuters and to the commercial core for patrons of local businesses. Far in advance of rail transit, development quickened after the 1979 designation as a redevelopment area. However, it proceeded in stops and starts.

The NoHo Arts district was established in 1992 in large part to establish a “destination” at the terminus of the Metro Red Line. The district’s collection of live theaters and storefront artisans were considered to be the focal point of the North Hollywood redevelopment area.⁴² The redevelopment authority, prior to its closure in 2011, helped develop affordable housing, led economic development initiatives, funded commercial façade improvements, built community facilities, and made public infrastructure investments.

Despite all of these efforts and advances, NoHo has yet to become a destination. While some notable developments were built in the last decade, many development proposals remain on the drawing boards. The termination of California redevelopment agencies, previously charged with the facilitation of development, along with the subsidies they once provided, has left several of the original place-making projects unfinished and left many questioning the future of NoHo.⁴³

⁴² North Hollywood- Valley Village Community Plan. A Part of the General Plans - City of Los Angeles. North Hollywood, CA, 2003.

⁴³ “Arrested Redevelopment?” | SoCal Rewind | SoCal Connected | Shows | KCET.” KCET, n.d. http://www.kcet.org/shows/socal_connected/content/socal-rewind/arrested-redevelopment.html.



North Hollywood, Los Angeles, CA cont'd



Critical Predevelopment Factors

The following factors contributed to the story of NoHo TOD:

Public Support and Funding. The TOD was highly dependent on, and leveraged by, re-development money. Due to the State of California decision to eliminate redevelopment, the Redevelopment Agency of Los Angeles was shut down in 2012. Programs funded by the agency have halted, are no longer being actualized, or are now funded by other federal/private entities.^{44,45} Although the station area had other challenges, the loss of redevelopment agencies left NoHo without its major financial sponsor.

Subway Infrastructure. As a cost-saving measure, proposals were made to run the Red Line at-grade through NoHo, rather than as a subway. Despite lower cost, at-grade rail was perceived to have lower development potential. The threat of unappealing transit above ground spurred plans among CRA, city council and community coalitions to assure that the proposed Red Line stay below ground. Through collaboration between the CRA, city council and community coalition, the rail, although exceeding cost expectations, was constructed below ground.⁴⁶ The decision to do so was attributed to noise, impacts on religious institutions, and diminished aesthetic value of land had above-ground rail been chosen.

Destination. NoHo is often referred to as being 'placeless'. It is not a destination in and of itself, rather it lies 'on the way' to other communities. As such, there has been little reason to travel there, much less develop high density, transit-supportive mixed-use projects in the vicinity. The creation of the NoHo Arts District represents an attempt to create a destination. Transit ridership increases when infrastructure connects two trip-generating centers, rather than just being a one-sided system. Creation of density and a destination at NoHo will make the subway more profitable as well as making the area more desirable.

Market Realities. Related to the fact that NoHo has not yet become a 'place', the area is plagued by a weak market for dense TOD. The land uses around the station area are indicative: strip commercial and car sales lots. These types of land uses would not continue if land values and demand were sufficient to support conversion to TOD. Although redevelopment money has spurred multi-story construction surrounding the station, there is little precedent for market-supported density. This demonstrates that subsidies and incentives are often key to TOD development, not the transit itself.

Prior to the station's arrival, NoMa was marked by abandoned warehouses, commuter park-

⁴⁴ "Previously Planned CRA Investments-Now Unfunded", January 2011.

⁴⁵ North Hollywood Redevelopment Area: Five-Year Implementation Plan Fiscal Years 2011-2015. The Community Redevelopment Agency of the City of Los Angeles, June 17, 2010.

⁴⁶ North Hollywood- Valley Village Community Plan. A Part of the General Plans - City of Los Angeles. North Hollywood, CA, 2003



Case Study: NoMa, Washington, DC

The area of Washington DC known as NoMa (North of Massachusetts Avenue) is the fastest-growing district in the nation's capital. The neighborhood has rapidly transformed from a primarily industrial area into a thriving mixed-use community. Recent development in the area has been catalyzed by three primary factors: favorable real estate market dynamics; prioritization by both the District and Federal governments; and the addition of an infill Metrorail station.

ing lots, and many vacant properties. Small residential pockets and a handful of commercial and light industrial properties struggled in the economically stagnant area, which was adjacent to elevated tracks of the Metrorail Red Line but not served by adequate stations.⁴⁷ Washington's financial outlook in the 1990's was so poor that Congress intervened and took control of much of the District government's functions through the National Capital Revitalization and Self-Government Improvement Act. The Act provided a vision to revitalize Washington, D.C., including two notable goals in NoMa: the development of a technology, media, housing and arts district, and the construction of a new Metro station at the intersection of New York and Florida Avenues.⁴⁸ Planners identified the area as a prime area for redevelopment because of its proximity to downtown and the Capitol as well as its large amount of underutilized land.⁴⁹

The Federal Government supported the District in planning and implementing significant capital improvements in the area. The concerted effort by public stakeholders was complemented by private landowners, who elected to pay a district tax to help fund the Metro station. Landowners continue to support improvements in the area through a business improvement district (BID), which has been instrumental in promoting the area.

Today, more than 40,000 people work in NoMa and nearly \$3 billion in private investment has yielded more than 7 million square feet of development.⁵⁰ Although NoMa's revitalization is indisputable, evidence of the District's success in creating the planned "technology, media, housing and arts district" is less clear. Today, with development representing nearly 50% of what is allowed by zoning, NoMa's land use is heavily weighted toward commercial office space.⁵¹ Increases in housing and retail, which are in the pipeline, will activate the

⁴⁷ Rachel MacCleery and Jonathan Tar, "NoMa: The Neighborhood That Transit Built," *Urban Land*, January/February 2012, 86.

⁴⁸ The National Council for Public-Private Partnerships, "Case Study: New York Avenue Metro Station, Washington DC," <http://www.ncppp.org/cases/hystation.shtml>, accessed October 2012.

⁴⁹ Parsons Brinckerhoff, "New York Avenue-Florida Avenue-Gallaudet University Metro Station: A Case Study" (PDF file), downloaded from the AASHTO Center for Excellence in Project Finance website, http://www.transportation-finance.org/pdf/funding_financing/funding/local_funding/New_York_Avenue_Case_Study.pdf, accessed October 12, 2012.

⁵⁰ "NoMa: The Neighborhood," accessed October 18, 2012, <http://www.nomabid.org/the-neighborhood>.



NoMa, Washington, DC cont'd

area, promote a greater sense of community and support a broader and deeper set of amenities, which contribute to a vibrant urban environment. Notably, market-driven development has omitted parks, a critical piece of any thriving neighborhood. This missing component, as well as other community benefits, are being addressed as the neighborhood continues to grow. It is likely that development in NoMa would not have been as substantial had developers been forced to include amenities that were not market-supported. Now that NoMa is well established as a thriving commercial real estate market, the local economy can support the additional pieces that are needed to round out the neighborhood.



Critical Predevelopment Factors

The following factors contributed to the story and successes in the North of Massachusetts Avenue district:

Transit Infrastructure. When the New York Ave–Florida Ave–Gallaudet University Metro Station opened in November, 2004 it represented a next-generation transit project. In the twenty-two years of Metrorail's operations, an infill station had never been added to the network, nor had a public-private funding model been employed for a Metro capital project. The addition of this Metrorail station to the existing Red Line, which had traversed NoMa for decades, was incredibly valuable because it allowed the area to compete with established markets such as downtown, the Rosslyn–Ballston corridor, and Crystal City, Virginia. Metro service was particularly important to attracting federal government tenants, which had a policy that encouraged locating near transit. After many years of anticipation, private developers quickly began capitalizing on the completion of the New York Ave Metro station.

Market Demand & Anchor Tenants. A federal law restricts building heights in Washington DC, effectively limiting the supply of downtown office space. In order to remain competitive in the regional office market, the district needed to open up more land for development.⁵² As the Metro station project progressed, the Bureau of Alcohol, Tobacco and Firearms (ATF) announced that it would consolidate its offices on an adjacent district-owned property. The \$100 million project, which was designed by a renowned architect and featured ground floor retail space and public amenities, not only contributed to the financial vitality of NoMa, but also to the area's sense of place.⁵³ The ATF project was complemented by another federal office project for the US Securities and Exchange Commission, also with a \$100 million price tag.⁵⁴

Public Incentives. In March 2008, National Public Radio relocated to NoMa. The organization was encouraged by a property tax abatement for 20 years, worth an estimated

⁵¹ NoMa BID. "NoMa Development Map" (PDF file), downloaded from NoMa BID website, http://www.nomabid.org/wp/wp-content/uploads/2012/02/NoMaDevMap_2012.pdf, updated February 2012.

⁵² Parsons Brinckerhoff.

⁵³ NoMa BID. "NoMa Business Improvement District Welcomes ATF Employees, New Trophy-Quality Office Building," NoMa BID press release, October 4, 2007. NoMa BID website, <http://www.nomabid.org/2007/10/noma-business-improvement-district-welcomes-atf-employees-new-trophy-quality-office-building>, accessed October 2012

⁵⁴ Parsons Brinckerhoff.



NoMa, Washington, DC cont'd

\$40 million, which was provided by the District in an effort to implement its vision of a “technology, media, housing and arts district.”^{55,56} Additionally, the District government provided a tax incentive to assist with the cost of providing 150 parking spaces for a Harris Teeter store in January, 2008.⁵⁷ The grocery store was an important anchor that improved the feasibility of the first phase of Constitution Square, a 1.6 million square foot mixed-use megaproject. Equally important, the store provided a much-needed amenity for current and future residents of the area. The residential growth that has occurred in NoMa since then can be attributed, in part, to the District’s strategic subsidy.

Community Engagement. In 1998, the District’s Department of Housing and Community Development created the New York Avenue Task Force, which included representatives from the private sector, community leaders and environmental activists, to advance the revitalization efforts. The Task Force secured funding for a \$350,000 feasibility study for the station. Additionally, the Task Force invented the name “NoMa” in order to give the area a stronger identity.⁵⁸ These actions demonstrated to local businesses and developers that the district government was taking their financial turnaround seriously and that NoMa would be the centerpiece of their efforts. Developers responded by assembling land around the proposed station location and engaging in discussions about their potential role in the revitalization efforts.

Public-Private Partnership. The D.C. government contributed significantly to the early stages of the Metrorail station, including \$9 million for planning and environmental assessment. A group of landowners also funded community planning efforts and technical studies.⁵⁹ The assessments yielded a construction cost estimate of approximately \$75 million. Congress agreed to contribute one-third of the cost if the District matched the amount and secured a funding commitment from property owners for the final third.⁶⁰ Negotiations were exhaustive, and ultimately culminated with the signing of a memorandum of understanding with landowners.⁶¹ The agreement resulted in the formation of a special assessment district that would include all properties directly benefiting from the new Metro station to back bonds issued by the District. In addition to paying the special assessment, property owners agreed to fund their one-third portion of the project cost with private capital and donate land for the station with an estimated value of \$10 million.⁶²

⁵⁵ The National Council for Public-Private Partnerships.

⁵⁶ Steve Behrens. “Stern’s latest credit: completing the search for NPR’s future home,” *Current*, March 24, 2008, <http://www.current.org/wp-content/themes/current/archive-site/npr/npr0805hq.shtml>, accessed November 2012.

⁵⁷ NoMa BID. “Harris Teeter Leases at Constitution Square in NoMa, Washington, D.C.,” NoMa BID press release, March 14, 2008, <http://www.nomabid.org/2008/03/harris-teeter-leases-at-constitution-square-in-noma-washington-d-c>, accessed October 2012.

⁵⁸ Parsons Brinckerhoff

⁵⁹ Rachel MacCleery and Jonathan Tar, “NoMa: The Neighborhood That Transit Built,” *Urban Land*, January/February 2012, 87.

⁶⁰ Parsons Brinckerhoff.

⁶¹ Parsons Brinckerhoff.

⁶² Parsons Brinckerhoff.



NoMa, Washington, DC cont'd

Business Improvement District. Although tremendous enthusiasm propelled developers to prepare sites for development, aside from the new Metro station, much of the area retained the gritty character that previously defined it. Property owners realized that area-wide issues such as infrastructure, cleanliness and safety would best be addressed by a central coordinating body. In 2006, they organized the NoMa Improvement Association to address such issues. The Improvement Association had limited capacity and funding that wasn't sufficient for the rapidly growing area so, in March 2007, the District Council created the NoMa Business Improvement District (BID).⁶³ With a dedicated source of funding, the BID could perform more functions for the area, including: promoting NoMa through marketing and community events; acting as a liaison to help coordinate public and private investment and services; ensuring adequate access and mobility for workers, residents and visitors; and enhancing the community by promoting employment and community services.⁶⁴

Community Amenities. The District has also made important investments in educational facilities in NoMa. As part of a community development strategy, the DC government built the McKinley Technology High School, part of the DC public school system. The new school is intended to provide strong science and technology education primarily for minority students to ensure that neighborhood residents benefit from the changes in the area. The University of the District of Columbia broke ground on a new community college campus in 2008 with funding assistance from the federal government. Both of these public sector investments helped to promote diversity, education and activity in NoMa.

Inclusionary Zoning. The current strength of the residential market, coupled with a tax abatement for residential development, has shifted the focus of developers to apartments, but few affordable units have been built to date. In Washington, D.C. developers are required to set aside eight percent of gross residential area for affordable housing for households earning 50 to 80 percent of area median income (AMI).⁶⁵ This ensures that a minimal amount of affordable housing will be built in NoMa, but for many 8 percent was considered insufficient. In the District, additional mixed-income housing is often provided through the planned unit development (PUD) process, which is considered D.C.'s most powerful tool for providing public benefits.⁶⁶ However, the PUD process in NoMa has not yielded a significant increase in the supply of affordable housing.

⁶³ "NoMa Improvement Association Business Improvement District Amendment Act of 2006" (PDF file), District of Columbia Bill 16-936, downloaded from NoMa BID website, <http://www.nomabid.org/wp/wp-content/uploads/2011/02/NoMa-BID-Legislation.pdf>, accessed October 22, 2012.

⁶⁴ "NoMa BID Services," accessed October 18, 2012, <http://www.nomabid.org/about-the-bid/services/>.

⁶⁵ "D.C. Office of the Deputy Mayor for Planning and Economic Development, "FAQs – Inclusionary Zoning," accessed November 25, 2012, <http://dhcd.dc.gov/page/faqs-inclusionary-zoning>.

⁶⁶ "D.C. Office of Planning, "Character Area Development Guidelines" (PDF file), downloaded from D.C. Office of Planning website, http://planning.dc.gov/OP/R_D/Section_5_Part_2_-_Character_Area_Development_Guidelines_1.pdf, accessed November 25, 2012..

VI

Case Study:

White Flint Metro, Montgomery County, MD

The area known as White Flint, a suburb of Washington DC, was developed as a sprawling upper middle-class enclave in the 1950s and '60s. The transformation of White Flint into a dense, mixed-use neighborhood was initially envisioned in the late 1970s as plans were laid for the extension of the Metrorail Red Line to the area. However, despite efforts to encourage new transit-oriented development, the arrival of Metro in 1984 did little to transform the area.

In 1992, Montgomery County produced the North Bethesda/Garrett Park Master Plan, which emphasized White Flint as the primary urban center in the North Bethesda region of the county. Zoning was updated to allow for greater density and a broader range of land uses around the White Flint Metro station, and a grid of streets was planned to improve mobility in the area. Again, the planning was not enough to overcome a market that was not primed for more urban-style development. Montgomery County further tried to catalyze development with the construction of a conference center in the mid-1990s. The public investment demonstrated sporadic results over the next decade, and by the mid-2000s, during a nationwide real estate boom, White Flint appeared on the cusp of redeveloping.

Unfortunately, many of the infrastructure and place-making improvements that the County proposed in the 1992 plan were never implemented. And while a few individual projects began to pop up, stakeholders realized that the complete transformation of White Flint into an urban center would not be possible without a more concerted effort to rebuild the area's auto-centric infrastructure. In 2008, public and private stakeholders began to coalesce around a plan to finance and construct necessary improvements to change White Flint from a fractured, auto-oriented area into a cohesive, vibrant neighborhood.

For their part, landowners formed the White Flint Partnership and elected to pay a special district tax to help fund a number of roadway improvements. Montgomery County built upon the foundations of their 1992 Plan and passed the White Flint Sector Plan in 2010. The plan has capitalized on a strong local real estate market and created a framework in which imminent growth can be directed to build a sustainable community with diverse land uses, amenities and services, and a wide range of housing options. A key component of the Sector Plan is the phased allocation of development rights, which are contingent upon the completion of certain infrastructure improvements and the attainment of non-auto mode share targets. This implementation strategy seeks to align public and private investment and reinforce White Flint's position as an urban center. Two years after the passage of the

VI

White Flint Metro, Montgomery County, MD cont'd

Sector Plan, the County has given preliminary approval for nearly six million square feet of commercial development and 5,500 dwelling units with the potential to reorient White Flint toward transit and compact development.



Critical Predevelopment Factors

The following factors contributed to the story of the White Flint district:

Agency Involvement. White Flint has received official designation under Maryland's TOD Law, which defines TOD to be a "transportation purpose". Under this provision, the Maryland Department of Transportation (MDOT) may use departmental resources including land, funds, and personnel in support of the TOD district. Under the authority of the TOD Designation, MDOT participated in a land transaction that conveyed state-owned land to a private developer. The market-rate sale was exemplary because it effectively put State resources to use in promoting private economic development, supporting a local planning initiative, and implementing the State's smart growth policy objectives.

Community Engagement. White Flint is a model for its level of coordination among the community, local and state governments and landowners during area planning. The surrounding communities have historically been resistant to high-density development, but have also lamented the sprawling, parking lot-dominated character of the adjacent Rockville Pike. To build consensus around a vision for the area, several groups of stakeholders have been convened. The White Flint Partnership is a unique alliance of property owners organized to work together and with the community and the government. Formed in 2008, it put its interest behind revising the Sector Plan for the White Flint area to ensure its future as a successful commercial and residential corridor. Members worked together to pass the new Sector Plan, provide additional tax revenue through a self-imposed district tax, and galvanize support for improved rapid transit along Rockville Pike.⁶⁷

Whereas the White Flint Partnership represents the interests of landowners, Friends of White Flint is a community group dedicated to ensuring that the goals and vision outlined in the Sector Plan are implemented with a consensus-building approach.⁶⁸ Representatives include significant employers and businesses, homeowners and residential community organizations, and landowners and developers. These organizations have been instrumental in creating a clear vision and convening stakeholders – keys to success in White Flint.

TOD Supportive Planning. Development has been envisioned since the 1978 plan specified transit-orient, mixed-use zoning at a 2.0 FAR density for the majority of the properties within a half-mile radius of the Metro station.⁶⁹ The zoning allowed for more diverse uses

⁶⁷ White Flint Partnership, White Flint Partnership – About, <http://www.whiteflintpartnership.com/about>, accessed October 2012. (2004).

⁶⁸ The Friends of White Flint, About Us, http://www.friendsofwhiteflint.org/shop/page/5?sessid=WgfEmufrrc9fbcTPhoY1qhcy71uskvQ52r9EzpfpuJP6s7ogAuNY1qqgOuBTOfZ&shop_param=, accessed October 2012.

⁶⁹ Maryland-National Capital Park and Planning Commission, "Midtown on the Pike: White Flint Sector Plan," April 2010, p. 9.



White Flint Metro, Montgomery County, MD cont'd

and imposed few development standards, which was expected to elicit new, denser development. A combination of two factors, however, stymied development: 1) the local market for higher density mixed-use was tepid and; 2) the Plan imposed a 42-foot height limit. The height limit would force developers to risk a lengthy rezoning development process to achieve greater density and the uncertain market provided little confidence that their new product would be absorbed.⁷⁰ Planning in 1992 added a street grid, extended the use of the transit-oriented mixed-use zoning to commercially zoned properties and limited the development of industrial zones.⁷¹ The final planning pieces were put into place with the 2010 Sector Plan, which provided a framework for implementation that was previously lacking. The most recent land use planning also included important provisions for place-making and connectivity that define it as a cohesive sustainable community, rather than an assemblage of individual developments. Two years after the passage of the Sector Plan, the County has given preliminary approval for nearly six million square feet of commercial development and 5,500 dwelling units.

Developer Contributions to Infrastructure & Public Benefits. Because of the large parcel sizes in the area, much of the new infrastructure will be privately funded and built as part of master-planned developments. The White Flint Sector Implementation Plan included a series of infrastructure improvements necessary to accommodate the planned influx of people, buildings, and cars. To align development with infrastructure supply, the implementation plan establishes a system that allocates development rights conditionally, based on the completion of certain infrastructure projects, which will be funded through the district tax. Allocation of development rights will also be contingent on transportation performance meeting certain non-auto mode share targets. By the end of Phase I of development, a 34 percent non-auto driver mode share must be reached for the Plan area. By Phase III, that target will be 50 percent. The County also plans to provide many of the public amenities through public-private partnerships, such as the recent inclusion of a public school in the approved plans for the White Flint Mall.

Dedicated Funding. Urban infrastructure has existed in the area for decades, however, the significant increase in density has necessitated improvements, primarily to roadways to provide safer, more pleasant mobility for all modes of transportation. In response, the County Council approved the establishment of a Special Taxing District for the White Flint Sector Plan area. The tax district is authorized to levy an ad valorem property tax to fund some transportation infrastructure improvements. The Special District Tax will generate \$182 million in total tax revenue, which will be used towards 12 projects. To ensure that public investment is occurring in lockstep with development, the County put in place an Implementation Advisory Committee that will monitor the implementation of both public and private proj-

⁷⁰ Maryland-National Capital Park and Planning Commission, "Midtown on the Pike: White Flint Sector Plan," April 2010 p. 10.

⁷¹ Maryland-National Capital Park and Planning Commission, "Midtown on the Pike: White Flint Sector Plan," April 2010, p. 9.



White Flint Metro, Montgomery County, MD cont'd

ects. For any public facility that is not in the County's CIP, incorporated in new development, or provided for via payment by spring 2020 (10 years after the Plan adoption), the Implementation Advisory Committee will alert the Planning Board and County Council that the facility has not been included in the CIP or as part of a private development.

Affordable Housing. The White Flint Sector plan is a market-based redevelopment effort with few special provisions for affordable housing. The primary incentive for developing affordable housing that is unique to the White Flint area is that affordable housing units will not be counted towards the buildable area allocated by the County, thus providing developers a density bonus. Despite the limited incentives specific to the White Flint Sector Plan, Montgomery County has, arguably, the most robust affordable housing program in the country. The Montgomery County inclusionary zoning ordinance has produced nearly 10,000 units since being enacted in 1974. The local Moderately Priced Dwelling Unit (MPDU) ordinance requires developments of more than 50 units to include 12.5 percent MPDUs. MPDU affordability is technically defined as 65 to 70 percent of AMI. However, due to the competitive nature of the program, the actual income of most MPDU tenants is half of that figure, closer to 30% of AMI. Montgomery County provides a "density bonus" to developers for building affordable units; that is, within local planning constraints, the County grants a builder the ability to build 22 percent more units in their project than otherwise would be allowed. The MPDU ordinance will apply to White Flint and so it can be expected that a minimum of 12.5 percent of the housing in the area will be affordable.⁷²

Large Development Sites. The absence of public transportation in the 1950s and 60s fueled auto-dependent suburban development that still defines much of the White Flint area today. Tract houses for the middle-class, retail strip centers, and acres of surface parking have been a lasting legacy of that period. The upside of the prominence of these sprawling shopping centers is that their large parcels provide opportunity for profitable redevelopment on a large scale, without the complications of site assembly.

⁷² Montgomery County Department of Housing and Community Affairs, Moderately-Priced Dwelling Units — Program Summary and Background, http://www6.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing_P/mpdu/summary.asp, accessed November 2012.

E

Appendix E: Development Project Case Studies

The following case studies highlight the predevelopment pitfalls faced in station areas by groups of real estate development projects. For each case, we identified a list of critical predevelopment factors.

Case Studies

I	Adams & Central, Los Angeles CA	27
II	Quincy Center, Quincy, MA	29
III	MacArthur Park Apartments, Los Angeles, CA	31
IV	Denver Design District, Denver, CO	33
V	The Crossing, San Leandro, CA	35
VI	Market Creek, San Diego, CA	37
VII	Fruitvale Village, Oakland, CA	39

To read the paper or Executive Summary which accompany these Case Studies, visit www.LivingCities.org.



Case Study: Adams & Central, Los Angeles, CA

Adams & Central is an award-winning 80-unit affordable housing development at the intersection of Adams Boulevard and South Central Avenue in South Los Angeles. The Meta Housing-sponsored project, which includes a ground-floor Fresh & Easy grocery store, opened in 2010. Parking is provided for both retail patrons and residents in a bi-level podium, while a playground and seating area are located above the Fresh & Easy.

In addition to grocery space, a tenant service center is also located on the ground floor. One hundred percent of the housing units are affordable for residents earning from 35% to 45% of the Area Median Income (AMI) in Los Angeles County. The \$40.6 million project relied on Low-Income Housing Tax Credits, New Market Tax Credits, and City of Los Angeles Community Redevelopment Agency funds.

It took Meta Housing nearly five years to move from site acquisition to opening, a timespan previously incomprehensible to the Fresh & Easy real estate team. John Huskey, President of Meta Housing, explained one of the many time-consuming and costly obstacles of building a mixed-use project—accommodating a loading dock in a residential community.⁷³ He went on to explain the further difficulties of building affordable housing projects in general. When asked if the issues were unique to Adams & Central, he referred to interviews conducted in 2003, when he stated: “Any time a project needs money from a public source, you need to factor in levels of bureaucracy. It takes two times longer to do an affordable project from concept to groundbreaking.”⁷⁴ He went on to say, “The paradox of affordable housing is that it’s the most expensive housing in the neighborhood. Once you announce an affordable housing project, it triggers not-in-my-backyard fears of traffic, crime, and density. So your project has to be better than average and built to the top level of standards. The non-affordable housing is in the middle or low end.”⁷⁵

The conditions that Mr. Huskey highlights are true of most affordable housing projects; they are subject to higher design and construction standards, have higher labor costs, better pedestrian and traffic controls, superior amenities, and more non-leasable space to serve residents. As a

⁷³ John Huskey; In person conversation; 10/4/12.

⁷⁴ Lester, Margot; “Lack of Supply Drives Affordable Senior-Housing Demand Higher”; California Real Estate Journal; 9/15/2003

⁷⁵ Lester, Margot; “Making Affordable Housing Pencil Out”; California Real Estate Journal; 9/3/2003; John Huskey; In person conversation; 10/4/12



Adams & Central, Los Angeles, CA cont'd

result, they cost more to build, generate less revenue, and stall more often than conventional projects. Nonetheless, when they stall, affordable housing developers are less likely to walk away than market rate developers.

Affordable developers like Meta Housing consider themselves to be entering into relationships with communities. Rather than relying on market indicators alone, they also look to the community to tell them what's needed and what a project could supply. This is both practical—because it can identify niche tenants—and politically savvy—because it helps overcome community opposition. When Meta Housing considered walking away from the Adams & Central project early in the process, the district's council member strongly requested that they persevere. As Huskey put it, "We couldn't make it work because of costs but the city councilor kept calling and begging us to keep going because the project could help provide the basic services and infrastructure that the community lacked—[which was] precisely the problem when you add all those costs to the pro forma."⁶⁶ While many market-rate developers would walk away, Meta Housing pursued the project in spite of the tremendous complexity.

The project's complexity is reflected in the capital stack. The Urban Land Institute described the funding as follows: "The \$31 million residential portion was funded from the following sources: tax-exempt private activity bonds, \$2.35 million; California multifamily housing bond program, \$7.22 million; Los Angeles Housing Department, \$5.79 million; Community Development Block Grant, \$2.5 million; CRA/LA, \$11 million; and the developer, \$203,645. The \$9.6 million commercial portion of the building was also funded via a combination of debt and equity as follows: Bank of America permanent loan, \$3.4 million; CRA/LA, \$2.5 million; New Market Tax Credits, \$2.42 million; and developer equity, \$1.34 million."⁷⁷

The Adams & Central case study demonstrates the inherent difficulties of equitable TOD, which is characterized by demands for higher quality and more services and amenities. It also points out that affordable housing developers often begin projects knowing they will be difficult, costs will rise, it will take more time than expected, and new gap funding will have to be identified along the way. It could be said that escalating costs and project delays are part and parcel of building affordable housing.

⁷⁶ John Huskey; In person conversation; 10/4/12

⁷⁷ Bob Buente and Seung-HeeEu; "The Way Up for Mixed-Use Affordable Housing"; UrbanLand Magazine; 3/1/11



Case Study: Quincy Center, Quincy, MA

The City of Quincy calls the New Quincy Center Project “the largest and most aggressive urban redevelopment project currently underway in the United States.”⁷⁸ Groundbreaking for the proposed redevelopment was scheduled for February, 2013.⁷⁹ The City of Quincy approved plans to replace 50-acres of older development in its downtown core with \$289 million in new infrastructure and \$1.3 billion of new private facilities that will all be developed, infrastructure included, by a for-profit, private developer – Street-Works Development.⁸⁰

The plan includes the incremental development of 1,200 rental and condominium apartments, 625,000 square feet of retail, two hotels, 1.5 million square feet of offices, and parking for 5,500 vehicles. The prospective development will surround Quincy’s downtown rail station, a critical feature that made the location attractive to the developers.

Richard Heaps, a founding partner at Street-Works, describes his team’s search for the Quincy Center project as a hunt for a precise mix of features that can be found in only a few locations in the United States.⁸¹ After completing their last project—a similar redevelopment in Connecticut that was half as large as Quincy Center—they searched for locations that had strong political leadership, high constraints on development, high rents, a good reputation among financiers, excellent demographics, unmet demand, and little else in the development pipeline. Heaps’ search was also focused on identifying a location that had an essential public partner. As he put it, “You know these high-quality projects are going to cost 150% of anything else in the market and that means you have to be able to guarantee that your rents are going to be 120% of anything else in the market. That requires the public sector helping to produce the best public environment in the area.”⁸²

The Quincy Center development team spent roughly \$22MM over eight years to bring the project to a point where a small first phase will actually break ground.⁸³ Heaps believes finding and grooming a site for a world-class urban development takes five to ten years and

⁷⁸ <http://www.quincyma.gov/Government/CENTER/newquincycenterhome.cfm>; Accessed 12/20/12.

⁷⁹ Richard Heaps; Phone conversation; 1/8/13.

⁸⁰ Diesenhouse, Susan; “Rebuilding Downtown From the Ground Up”; New York Times; April 6, 2011.

⁸¹ Richard Heaps; Phone conversation; 1/8/13

⁸² Richard Heaps; Phone conversation; 1/8/13

⁸³ Richard Heaps; Phone conversation; 1/8/13.



Quincy Center, Quincy, MA cont'd

their experience in Quincy is not unusual for major TOD projects. From 2005 to early 2011, the team worked without a master agreement with the City. The developers have taken on tremendous risk and anticipate providing excellent returns to investors for taking that risk. The master development team at Street-Works plans to build roughly half of the 25 newly entitled structures with partners and will sell the other buildable sites to other developers who will pay a premium for low-risk development opportunities in a marketplace that will have been proven by Street-Works' early projects.

Underwriting the risk of a major TOD project like Quincy Center required extensive market-oriented planning. As Street-Works partner Heaps explained, "The public sector typically pays for physical plans that might be accompanied by a quick back of the envelope [financial feasibility evaluation]. We produce a development plan."⁸⁴ A development plan takes into account an integrated political strategy, a financial phasing plan, and a marketing plan (i.e., a leasing and sales plan) in addition to the physical plan. The physical plans developed within a development-oriented planning process are often more flexible and call for higher-quality infrastructure than the typical land use plans produced during planning department-led processes. According to Street-Work's philosophy, "Public-led planning is always inadequate so we say we're in a private-public partnership where we're leading the dance and the public gets [an urban environment] they otherwise couldn't afford."⁸⁵

The Quincy Center case illustrates the long gestation periods of Equitable TOD projects. Some projects may be "stalled" while others are actually going through a five to ten year process to generate a politically and financially viable development plan. The Quincy Center case also points out the important difference between standard land use plans and a robust development plan. Development plans are more comprehensive, market-based, financially constrained, and often focus on maximizing flexibility within a politically restricted framework.

⁸⁴ Richard Heaps; Phone conversation; 1/8/13.

⁸⁵ Richard Heaps; Phone conversation; 1/8/13.



Case Study:

MacArthur Park Apartments, Los Angeles, CA

MacArthur Park Apartments is a 90-unit affordable housing project with 15,000 square feet of retail, 100 transit commuter automobile parking stalls, and 24 bicycle spaces. Opened in June 2012, the project is the first phase of a 172-unit development envisioned by McCormack Baron Salazar, the developers. The project is one mile west of Downtown Los Angeles, adjacent to the METRO Red/Purple Line Westlake/MacArthur Park Station, and one block from the historic General Douglas MacArthur Municipal Park. The project includes numerous green building features, including its proximity to Metro.

Metro was a key partner in the project and transit was a motivating factor for developing affordable housing at the site. The structure spans the Metro tube where trains run underground and a surface parking lot displaced by the development was owned by Metro. In addition, each resident receives a Metro transit pass as part of their subsidized monthly rent. The project's location is intended to reduce residents' housing and transportation costs simultaneously.

As described by the managing developer, Tony Salazar, the greatest difficulty faced by the project related to the partnerships that had to be nurtured and balanced.⁸⁶ The \$44.8 million development was financed through a combination of public and private financing that included funding from Bank of America, Goldman Sachs, the State of California Housing & Community Development Department, the Los Angeles Housing Department, the Housing Authority of the County of Los Angeles' City of Industry Program, Metro, the Community Redevelopment Agency of Los Angeles, American Recovery & Reinvestment Act TCAP Funds administered by the California Tax Credit Allocation Committee, New Markets Tax Credits from MBS Urban Initiatives, and equity and debt from Goldman Sachs Urban Investment Group from the sale of Low Income Housing Tax Credits and New Markets Tax Credits.⁸⁷

Particularly difficult for this project was the requirement to replace transit agency park-and-ride stalls previously located on the site. The cost of this structured parking facility was above and beyond the already inflated project costs associated with providing ground floor retail, spanning the subterranean rail transit tube, accommodating station portals, and building to California

⁸⁶ Tony Salazar; In person conversation; 5/21/12.

⁸⁷ McCormack Baron Salazar; "McCormack Baron Salazar and Metro Announce the Grand Opening of MacArthur Park Apartments Phase A"; Public Press Release; 6/14/12.



MacArthur Park Apartments, Los Angeles, CA cont'd

seismic code standards. The parking stalls were non-revenue generating for the project and required space for access and egress. The complications associated with being a transit-oriented development were nearly “life threatening” for the project but transit orientation was also considered a motivating factor for building on the site.⁸⁸ Considerable mission-driven effort was required to identify gap funding sources to make the project possible.

The MacArthur Park Apartments case study reinforces the complicated nature of developing transit-adjacent structures. The complex engineering and coordination that is required to build proximate to transit increases costs and the provision of space for transit infrastructure (e.g., station portals) also impacts project financials. Building equitable TOD near transit requires an extensive and dedicated cast of stakeholders. This is further compounded by the inherent complexities of building mixed-use projects and making a housing project affordable to local residents. The project has received numerous awards and is regularly cited by local politicians and project stakeholders. As noted by the developer, this notoriety derives from its exceptionalism.⁸⁹ Completing an equitable TOD in today’s environment is a rare and newsworthy event.

⁸⁸ Tony Salazar; In person conversation; 5/21/12.

⁸⁹ Tony Salazar; In person conversation; 5/21/12.



Case Study: Denver Design District, Denver, CO

The Denver Design District is an 80-acre area adjacent to two light rail stations approximately 1.5 miles south of downtown Denver at the intersection of Broadway and Interstate 25. The district, with approximately 60-acres under common ownership, has been planned as a high-density transit-oriented location.

A General Development Plan (similar to a Planned Unit Development plan) was developed for the area in 2009 after a multi-year process. The plan allows for an increase in density from the nearly one million square feet that existed in 2011—primarily auto-oriented retail sites—to 10.1 million square feet in the future. As currently zoned, new development in the plan area could include approximately 2.5 million square feet of office space and six million square feet of multifamily housing (or 3,600 units).

Members of D4 Urban, the development firm representing the owners of the 60-acre component of the plan area, contributed to the planning effort and have spent several years evaluating opportunities to develop parcels. The development team has sought to make investments when pro forma risk-adjusted returns on new development justify the replacement of existing income-generating properties on the site.⁹⁰ To date, there have been few such opportunities.

One option that has been pursued is the development of the Alameda Station Village on the northwest corner of the site.⁹¹ D4 Urban is under contract to purchase a parcel owned by RTD FastTracks (one of Denver's rail transit entities) to develop a \$45MM, 275-unit housing project. In hopes of triggering additional development in the area, D4 Urban has sought to use this public-private development opportunity to prove demand in the area. The project has faced complications that include a physically constrained site, incompatible adjacent land uses, and public-private interactions. As the developer explained, "One of the biggest challenges has been timing. [The transit agency] moves at a much slower pace."⁹²

Additionally, the developer noted, "One of the problems of working with any public agency that is going to maintain ownership or operations on your development site is that you cannot anticipate the requirements they are going to have in the future."⁹³ Public agencies, being risk averse, tend to preserve their options, which limit the options available to their private sector

⁹⁰ D4 Urban; <http://d4urban.com/our-projects/>; Accessed 12/20/12.

⁹¹ Cohen, Dan; Phone conversation; 1/11/13.

⁹² Cohen, Dan; Phone conversation; 1/11/13.

⁹³ Cohen, Dan; Phone conversation; 1/11/13.



Denver Design District, Denver, CO cont'd

partners. Such limitations significantly increase development risk.

The project has been further complicated by major infrastructure requirements. In one instance, the developer will be required to acquire additional land to build street improvements to address future bus operations, which have been shifted to allow for the Alameda Village project construction.⁹⁴ In another instance, a \$20MM sewer pipe implementation project is addressing a major storm water drainage issue in the area. The culvert passes through the Alameda Village site and has caused the housing project to be designed in two adjacent structures. The bisection of the site has required the demolition of a retail space, but has also allowed for the extension of a roadway through the site to better connect the station with the surrounding neighborhood. The culvert also passes under three operating railroad facilities and drains into a state-owned property. Through the local Metropolitan District, D4 Urban is partnering with the City and County of Denver and the Denver Urban Renewal Authority to build the project. These relationships add further layers of bureaucracy and approvals, though the developer does point out that the project would not be possible without the innovative spirit and financial contributions of the public sector stakeholders. The culvert will allow landowners in the area to develop at higher density or at lower costs because they will not have to provide onsite storm water retention facilities.

This case highlights the physical and organizational complexity of TOD. Developments require extensive interactions with stakeholders that have different objectives and timelines for TOD decision making. The case also illustrates the incredibly high cost of infrastructure that can be associated with building a viable TOD district. These challenges complicate the phasing, financing, and coordination of a large multiphase TOD project.

⁹⁴ Cohen, Dan; Phone conversation; 1/11/13.



Case Study:

The Crossing, San Leandro, CA

The San Leandro Crossings project is a stalled development envisioned during a planning process that culminated with San Leandro, California's 2007-approved downtown TOD plan. The project program has been adjusted on several occasions to address community concerns, overcome recession-related market obstacles, and accommodate the suspension of several public funding sources. While initially designed to have a first phase of 300 residential units on a modest percentage of the overall site, at present, the project proposal covers the full development site and consists of the headquarters of a technology company and 200 affordable housing units.⁹⁵

Bridge Housing, a non-profit housing developer, was solicited to develop a mixed-income downtown housing community along with a market-rate housing developer. The original project master plan relied on market-rate housing to help support the costs of building new infrastructure, replacing a transit agency park and ride facility, and providing subsidized housing.⁹⁶ After the market-rate housing developer withdrew from the project in 2010 due to soft market conditions, the project also lost \$25 million in state infrastructure funds and then faced the termination of redevelopment agencies in California. Both of those sources of capital had been critical to the original proposal.

The latest proposal leverages commercial office development, significantly reduces the proposed infrastructure investments in the area, and will provide significantly fewer housing units.⁹⁷ Major roadway improvements have been eliminated and transit agency parking stalls that were originally slated to be provided in a parking structure, which would have allowed more development on the site, will now be provided in land-consuming surface lots.

Though the San Leandro TOD plan was initially conceived in the early 2000's, Bridge Housing anticipates delivering the first 200 units of housing on the site in 2016.⁹⁸ That delivery date assumes all plans and policies are passed by the City Council, funding sources are lined up without issue, and construction proceeds without delays.

⁹⁵ <http://www.sanleandro.org/depts/cd/projects/crossings.asp>; Accessed 11/16/12.

⁹⁶ City of San Leandro; "San Leandro Crossings: Project Description"; <http://www.sanleandro.org/civica/filebank/blobdownload.asp?BlobID=3410>; Originally published 2009.

⁹⁷ <http://www.sanleandro.org/depts/cd/projects/crossings.asp>; Accessed 11/16/12.

⁹⁸ <http://www.sanleandro.org/depts/cd/projects/crossings.asp>; Accessed 11/16/12.



The Crossing, San Leandro, CA cont'd

A critical lesson of the San Leandro Crossings project is that Equitable TOD projects can be highly dependent on market conditions and the availability of public gap funding. In many instances, affordable housing relies on cross-subsidies from market-rate projects. These cross-subsidies can come in the form of direct financial subsidy or indirect support when market-rate projects fund infrastructure and other community benefits that would otherwise burden the affordable housing project's pro forma. The scaled-down version of the San Leandro Crossings project is a far cry from its original form and, because of its dependency on market-rate development and public funding, it is still uncertain whether a variant of the project will ever be constructed.



Case Study: Market Creek, San Diego, CA

Market Creek is an 84-acre, mixed-use, transit-oriented development district along the San Diego Trolley. Notable for its innovative mix of development partners (public, private, and philanthropic) Market Creek converted an underutilized site in a neighborhood where redevelopment had previously been difficult.

The project consists of the commercial center (including a grocery store, bank, and coffee shop), Jacobs Center (an 80,000 square ft. community center and offices), and a surface parking lot. An outdoor amphitheater sits within the Chollas Creek's natural canyon-like slope, and is connected to the project via a bridge to the Jacobs Center. Despite civic and retail development, the housing and several other components remain incomplete. This single-owner project is an example of the challenge of establishing transit-oriented development in low-density areas without land values sufficient to attract typical private sector development interest and with an engaged community sensitive to new development.

The major players in the planning and development of the site were San Diego's Metropolitan Transit System (MTS), the City of San Diego, the local redevelopment authority (Southeastern Economic Development Corporation (SEDC), and the non-profit Jacobs Center for Neighborhood Innovation (JCNI). The site-specific planning and development for Market Creek was led by the site owners, JCNI - the development arm of Pasadena-based Jacobs Family Foundation. The intent of JCNI was to locate a headquarters in the area, and to invest in a community that had been challenged by a history of poverty, lack of investment, and violence. The community approached this project with a low level of trust due to its history of marginalization, separation and segregation after top-down planning and development of the freeway and trolley system. JCNI collaborated with the community on planning for the site, allowing community members to identify priorities, including a grocery store, bank, community meeting place, educational facilities, and library. Land use controls governing development on the site conflicted with the community-generated plans, causing considerable conflict reconciled only by a community re-planning process.

The project was challenged from the beginning by the difficult economics of redevelopment in an unproven market area and a difficult site. Chollas Creek, which runs through the property, complicates infrastructure improvements and site connectivity. These issues



Market Creek, San Diego, CA cont'd

were compounded by a complex partnership among the property owner, the City Planning Department, and the local redevelopment agency. With extensive financial support from the Jacobs Foundation, the project was ultimately successful in delivering services to the community that were previously lacking. In fact, to bring the community into the planning and ongoing operation of the project, shares in the project were issued to community members. A new community-owned focal point, the project has also been an important contributor to an improved sense of safety and increased ridership at the Euclid Trolley Station, now one of the most highly used in San Diego's light rail system.



Case Study: Fruitvale Village, Oakland, CA

Fruitvale Village is a community-driven TOD in a low-income, largely Hispanic urban area of Oakland, CA. In 1991, Bay Area Rapid Transit (BART) proposed to build a multistory parking facility next to its Fruitvale station in order to accommodate park-and-ride commuters.⁹⁹ In opposition to the BART proposal, the Unity Council, a community development organization, was instrumental in gathering the community, acquiring funds, establishing partnerships, and proposing a TOD on the site.

The Fruitvale Village project is centered on a two block pedestrian walkway and plaza, which connects the BART station to the International Boulevard commercial corridor to the north.¹⁰⁰ The project transformed 5.9 acres of surface parking lots for BART rail commuters into 40,000 square feet of retail and 115,000 square feet of commercial office and community service space.¹⁰¹ Additionally, there are 47 residential units (20% of which are affordable), an intermodal bus facility, a 200-space bike station,¹⁰² a 150-shared space parking garage, and a five-story BART parking garage.¹⁰³ The Village also includes many community services including a health clinic, senior center, public library, charter high school, and child care facility. A future development phase, which has been on hold for more than a decade, will provide 275 mixed-income residential units and a 237-space multistory parking facility.¹⁰⁴

The Unity Council, the dedicated champion of the Fruitvale Village project, has received numerous awards for the community engagement process it led during planning and construction of Fruitvale Village.¹⁰⁵ The Unity Council's long-term relationship with the neighborhood brought residents, merchants, local government, and neighborhood organizations together to develop a proposal that would improve the neighborhood. The project has increased both BART ridership and carpool park-and-ride trips at the station. However, the project faced serious fiscal hurdles during planning and has been beset by debt repayment difficulties. More than two thirds of the development costs of the project were paid by grants, which do not require repayment, while the remainder is financed with very attractive

⁹⁹ FHWA, 3.

¹⁰⁰ Reconnecting America_TOD p. 11.

¹⁰¹ Unity Council. (2012). Retail information. Retrieved from <http://www.unitycouncil.org/retail-information/>.

¹⁰² A bike station is a building or structure designed for bicycle commuters that may require cyclists to become members in order to secure a parking spot. The Fruitvale Bike Station includes free valet parking, bicycle repairs, sales, and rentals. The shop's hours are 6 am to 8 pm weekdays. BART, Bike Station, Get Started, <http://bartbikestation.com/getstarted.php>.

¹⁰³ Unity Council document, 86-87.

¹⁰⁴ Fruitvale Transit DEIR 01.14.10, 1-2.

¹⁰⁵ Guidepost Solutions, Technology Design Consulting, Fruitvale Transit Village.



Fruitvale Village, Oakland, CA cont'd

terms negotiated by the Unity Council, based on the community benefits of the project. In spite of the incredible financial support the project received from numerous sources, financial issues have resulted from the extensive non-revenue generating features of the project and the Unity Council's inexperience operating real estate.

To the disappointment of many, the development has not spurred additional real estate investment, and properties on the other side of the BART station have seen some disinvestment following the construction of the BART parking garage and bus facilities. In spite of two strong real estate market cycles, the project's slow delivery and leasing issues hampered its ability to instill confidence in the marketplace, diminishing interest in a second phase of the project.

Fruitvale Village demonstrates how the expectations of "idealized" transit-oriented development can produce unrealistic plans that are not suited for existing or foreseeable market demand in an area. In this instance, by the sheer will of the Unity Council, part of the project was constructed. While often touted as a highly successful TOD, the project is still working to resolve many issues.

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VIEWS AND OPINIONS

The views and opinions expressed in this paper are those of the authors and not necessarily the organizations that have sponsored this work or individuals who have participated in our research. Our vantage point as developers, investors, and consultants provides a unique interpretation of the world of equitable transit-oriented development that may not be shared by all stakeholders within the field. We consider this paper as one more piece of evidence in an ongoing conversation about equitable TOD and would appreciate any and all feedback that readers care to share with us.

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