



# Transit Oriented Development: A Viable Solution to Revitalize Inner Cities

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As our local, state and federal administrators face larger budget deficits, communities are left with deteriorating infrastructure and a loss of tax dollars. In an attempt to offset their financial deficits and create opportunities for urban renewal, revitalization has become a realistic option for many communities. Consequently, many urban cities have taken steps to retrofit land development while encouraging the use of alternative modes of transportation, such as mass transit.

## Creating Livable Environments

In recent years, Transit Oriented Development (TOD) is a planning concept that has gained popularity in the United States, especially in large urban areas. The main goal is to create livable environments where people can access transit arteries to employment centers, services and shelter with minimal use of cars. A TOD system is designed to enable transit vehicles to navigate easily through communities while giving transit passengers a safe and convenient way to access transit services. It addresses a number of typical urban issues, such as traffic congestion, shortages of affordable housing, air pollution and suburban sprawl. The popularity of TOD also stems from demographic factors, such as when empty nesters seek to downsize their living space.

There are several important reasons that inner cities have been looking at TOD projects. One benefit is recapturing the lost tax revenue that most inner cities need. When properties are considered to be blighted, they are either underutilized or vacant. This leads to a substantial loss of both real estate and sales tax revenues. Taking advantage of the existing land is another plus. In many cities, old rundown train stations and surrounding areas have crumbled and now serve as an eyesore. By rehabilitating these neglected areas, old neighborhoods that were once considered dead soon become livable again.

## Lack of Incentives

Over the last 50 years, America's vast interlocking highway system has made it easy to travel by car. The freeways spurred the housing and commercial development outside the older urban cities, leading to the growth and expansion of suburbia. With an expanding freeway system and affordable gas prices from the early 1950s to the early 1980s, there was very little incentive for infrastructure improvements on the mass transit system.

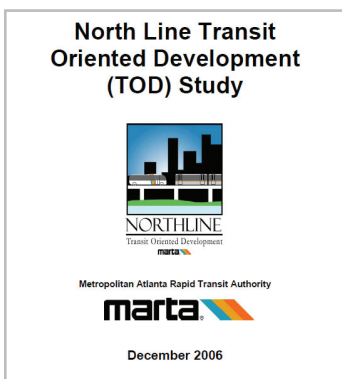
However, since the 1960s, buildings and infrastructure in older inner cities have been decaying. In some cities, entire blocks of buildings once used as apartments or commercial

enterprises have either deteriorated or are abandoned entirely. In response, many residents and companies moved to the suburbs. An expanding interstate freeway system made it easy to commute, and the suburbs offered people the opportunity to purchase homes with larger lots that were far from the crime rate of the city and offered a less polluted environment. Yet, while suburbia offered a more peaceful and quiet lifestyle, it also led to an increased dependency on cars. This flight to the suburbs caused financial strain on the inner cities, primarily because of the loss of a large tax base from commercial, industrial and residential properties.

## Two Cities Embrace the Needs

Two major economic hubs, San Jose, California and Atlanta, Georgia were both facing traffic congestion on their major freeway systems, along with a high demand for housing. Traffic congestion was threatening their ability to attract and retain new employers, and minimizing the need for a car would increase the demand for a high-quality workforce. This is especially important in places like Atlanta and San Jose because of the number of high-tech employers located in those cities.

### Atlanta, Georgia: The North Line Transit Oriented Development Study



In 2006, a study was conducted for the Metropolitan Atlanta Rapid Transit Authority (MARTA). At the time, strong job and population growth were impacting general market trends and conditions within the I-20 freeway. With the support of several major employers, the study was designed to

evaluate the potential employment market in hopes of driving continued job growth and economic development.

The study would determine whether commercial development sites within a half-mile of the potential station locations had any physical characteristics which precluded future development or redevelopment opportunities. The extent of potential development opportunities within proximity of the alternatives was also examined. The assessment also considered the amount of vacant parcels, underutilized parcels and trends in demographics that might increase employment, housing and retail. It was believed that low-income households would benefit the most because they tended to lack the resources to own cars and would be within walking distance to resources and services.

Overall, none of the potential station locations had any disproportionate physical constraints. Growth was therefore encouraged by designing and building both a light rail system and TODs located in the various rail stations along the I-20 freeway. As the I-20 corridor faced limited growth and freeway congestion, the TODs that were built actually helped to centralize both development and accessibility to housing and employment. The low-income populations benefitted from the new mass transit system because it gave them access to a wider job market.

### San Jose, CA: Transit-Oriented Development Program, Santa Clara Valley Transit Authority

One of the major challenges facing Santa Clara County was maintaining its quality of life. As its population and employment opportunities kept growing, so did traffic congestion. As congestion worsened, the community looked to the Santa Clara Valley Transit Authority's (VTA) for effective transportation solutions. In 1995, the VTA's Strategic Plan specified a goal to integrate transportation and land use planning. To accomplish this, they established an ambitious transit expansion plan to intensify and diversify land uses, while enhancing pedestrian circulation at appropriate locations.

Since land use authority rests with the cities located in Santa Clara County, the VTA formed partnerships with local jurisdictions to implement the TOD program and ensure that transit-oriented development occurred. Several cities amended their zoning codes and regulations to include provisions for transit-supportive land uses at existing and planned rail stations. The VTA provided expertise and resources on how to achieve transit-friendly development. The expected result is to have better communities that offer essential transportation



The Santa Clara Valley Transit Authority formed partnerships with local jurisdictions to implement their program.

choices. Using joint development helped the VTA implement projects that now serve as models for projects that promote transit and pedestrian use. Through partnerships between the VTA, private companies and the cities within the county, TOD will continue to emerge along existing and future rail lines. In the long run, this coordinated effort will further guarantee the rail system's success and make the Santa Clara Valley a more attractive place to live and work.

The development of these cohesive neighborhoods illustrates how effective public transit can support land-use planning. Cities throughout the Bay Area and Santa Clara County are pursuing goals to reduce sprawl and make more efficient use of taxpayer-supported city services. By developing a TOD system, both Atlanta and San Jose were able to increase their employment and tax revenues. Private companies and public entities worked together, and this joint development encouraged a good mix of public and private dollars.

### Utilizing Abandoned Train Stations

With so many abandoned or underutilized train stations, redevelopment can work to energize an inner city. In most cases, the transit hub rehabilitation is coupled with mixed-use commercial construction and can include a residential, retail or office component. However, efforts to reform and re-urbanize former blight or underutilized transit corridors are not without problems. Some of the challenges include rezoning issues, proximity to local transportation access and displacement of the existing populations.

In San Mateo County, housing demand is projected to be around 13,400 units by 2030. An additional 24.4 million square feet of office/retail space will be needed to meet demand. Given that the old railroad station in downtown Redwood City was underutilized and considered an eyesore, the San Mateo Transit District (SamTrans) decided to conduct a study to determine how to get the old station to become an active part of the city again.

In 2007, the San Mateo TOD Opportunity Study was funded under the Federal Transit Authority State Planning and Research Projects through the California Department of Transportation (Caltrans) and the Metropolitan Transportation Commission (MTC). The Redwood City railroad station was one of 18 railroad stations being studied by SamTrans. The study assessed the opportunities and constraints and included action plans for advancing TOD adjacent to Caltrans and Bay Area Rapid Transit (BART) stations in San Mateo County. The study also included land assembly, on-site parking requirements, affordable housing and zoning.

The study showed that the increased demand would fall within a half mile of mass transit. The study area consisted of the half-mile radiuses surrounding the 18 BART and Caltrans stations in San Mateo County and an intermodal station served by both Caltrans and BART. The population within the station areas totaled approximately 113,000, with individual station areas ranging from 2,800 to 11,700. Roughly 20 percent of all households in San Mateo County live near transit, and the number of employed residents living within station areas who drive alone to work ranged from 63 to 90 percent. More than a third of San Mateo County residents work in San Francisco or Santa Clara Counties. Those who worked in San Mateo County commuted from all over the Bay Area, and retailers are supported by shoppers from outside the county as well.

Since Redwood City is located on the peninsula about halfway between San Francisco and San Jose, it was considered a great location for increasing entertainment and retail traffic. The planned project was not just to redevelop the old train station, but also included a three-block radius where retail shops and restaurants would be located. It included a movie theater complex within two miles and apartments that would be built above the retail shops or within a multi-unit building. It was determined that the real estate and sales taxes would increase Redwood City tax revenue by 15 percent to 20 percent overall. Furthermore, foot traffic in the area was expected to increase by at least 50 percent. Increased property values in the TOD area and throughout Redwood City were also anticipated.



Through redevelopment programs, old abandoned train stations can be used to re-energize an inner city.

### Overcoming the Hurdles

One of the main roadblocks in developing a TOD project is the affordability issue in housing. In some neighborhoods in older cities like Oakland California, homes can average more than 100 years old. A majority of residents are older people who are living on a fixed income. The affordability factor comes into play because most of the dwellings are in need of repair, and the real estate valuation is trending toward the lower value. Conversely, after an urban renewal project, real estate valuation trends upward, making it unaffordable for the current population. As a result, they are often displaced from their neighborhoods.

One solution is to use an inclusive community engagement process to ensure that the entire neighborhood has the same vision of urban renewal. Understanding the community goals and vision, along with changing attitude on how people feel toward the low-income population, is an essential part of the process. Enhancing the economic ability of low-income residences and not forcing them out of their long-term neighborhoods will help stabilize the social fabric of the neighborhood by creating a feeling of well-being between all residents. This SamTrans study demonstrated the many regional benefits of creating socially and economically diverse neighborhoods, including gains for the economy and environment, as well as for social equity.

A lack of revenue is another major roadblock to TOD development. As older inner cities throughout the United States face financial setbacks, identifying the funding sources can be overwhelming. Some cities have used the Community Reinvestment Act (CRA) to generate needed funds. In 1977, President Carter signed this act into law to help older inner cities to acquire the financing needed for urban renewal. The CRA was passed as a result of national pressure to address the deteriorating conditions of American cities, particularly lower-income and minority neighborhoods. The CRA seeks to ensure the provision of credit to all parts of a community, regardless of the relative wealth or poverty of a neighborhood. Before the Act was passed, there were severe shortages of credit available to low and moderate-income neighborhoods.

Another financial tool to help fund a TOD project is the Tax Increment Financing (TIF). It is a way to jumpstart a project by either the developer using its own money, or through use of a bond. This is a joint venture between private development money and government municipalities. It encourages cities and developers to take a chance with urban renewal by enhancing the needs of both the community and the local neighborhood.

## Summary

Over the last 50 years, many older inner cities in the United States have become run down and blighted. Aging buildings, a change in demographics and a shift in the employment base have all been contributing factors. Furthermore, access to an expanding freeway system caused many large retailers to move to suburban malls, resulting in a loss of tax revenue and further erosion of the inner city infrastructure. This inner city erosion, combined with an expansion of the suburbs, has led to a declining population within many older communities.

As communities continue to face budget deficits, revitalization has become a viable option for offsetting further losses. Many urban communities have taken action in retrofitting land development while encouraging the use of alternative modes of transportation. In fact, TOD projects



Caltrans, SamTrans and the San Mateo County Transportation Authority joined supporters across the country to speak out against proposed funding cuts for public transportation and all surface transportation programs.

have shown that, with mixed-use projects that include residential and retail development, inner cities can increase tax revenue and real property value. However, cities must be sure to maintain the delicate balance between urban renewal and making living economically out of reach for low-income populations.

Although there are other concepts that exist to modernize blighted inner cities, TOD is gaining in popularity for revitalizing the once forgotten areas. Reforming and re-urbanizing former blighted areas is possible, especially when mass transit is incorporated into development plans.

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