

# ***Now*** ***is the time*** ***for*** ***TODs***

***Homebuyers are waiting  
in line for transit-oriented  
development***

By John Van Gieson





## Transit-oriented development provides the right mix of housing, shopping and recreation choices.

TOD advocates cite five principles of real transit-oriented development:

1. Location efficiency, a level of density that promotes walking, biking, using mass transit and getting rid of a car or two;
2. Increased transit ridership and less traffic;
3. Rich mixes of uses and consumer choices;
4. Value creation and value capture by both private and public sectors; and
5. Creation of a sense of place.

The story of mass transit in this country begins with the older subway, "L" and commuter train systems in New York, Chicago, Boston and Philadelphia, some dating to the 1800s. A second wave of transit systems developed roughly 30 years ago in Washington, D.C.; San Francisco; Miami; and Atlanta. In the last decade or so mass transit systems have triggered revitalization of underused or blighted areas in places as diverse as Minneapolis, Denver, Portland, Dallas and San Diego.

TOD is booming—Ohland says about 100 cities and regions are building or planning transit lines—but there are numerous pitfalls. Transit systems are expensive—the new Hiawatha Line light rail system in Minneapolis costs more than \$700 million—but the supply of federal funds to help pay for transit has not kept up with the demand.

Other complications include outmoded zoning and parking codes that restrict developers and increase costs; dealing with several regulatory jurisdictions; convincing old-fashioned lenders to invest their money in new ways of developing property; and opposition from neighbors who fear that high-density, mixed-use developments will increase their taxes, raise their housing costs or swamp their streets with traffic.

"It's a huge issue," Ohland said. "A lot of neighborhoods don't want their neighborhoods to change. In low-income neighborhoods they're really worried about rents being shoved up and housing prices being shoved up."

Pulte Homes, which is developing the \$700 million MetroWest project south of the Vienna Metro Orange Line in the Northern Virginia suburbs, started with a good plan and the good will of local politicians but still had to make numerous changes to deal with issues raised by NIMBY (not in my backyard) neighbors.

The theory is, if you build high-density, mixed-use, transit-oriented developments (TODs) that are pedestrian friendly and located close to mass transit stations, they will naturally seek out the development. The "they" are primarily empty nesters and young professionals who either don't want a single-family suburban home lifestyle or can't bear the thought of actually living there.

They are seeking a lifestyle that features housing, shopping, entertainment and recreation conveniently located a short walk from the rail system that takes them to work, or to other destinations if they are retirees.

They won't need a car or hopefully will forego a second car, becoming heroes to Smart Growth advocates in the fight against suburban sprawl, traffic congestion and pollution.

"Transit-oriented development is development within a half-mile of transit," said Gloria Ohland, senior editor of Reconnecting America's Center for Transit-Oriented Development in Los Angeles. "It provides the right mix of housing, shopping and recreation choices; it provides value for both the public and private sectors; and it creates a sense of place."

The opposition got so intense that the local congressman, Rep. Tom Davis, threatened to withhold federal funding if the Washington Area Metropolitan Transit Authority sold a 3.67 acre tract adjacent to the Vienna station to Pulte. The transit authority sold the land to the developer, in spite of Davis' opposition, and the Fairfax County Board of Supervisors approved the project in March.

"From the time this project was submitted until it was approved the project has become a much better project," said Jon Lindgren, land acquisitions manager for Pulte in the Vienna area.

MetroWest is a 56-acre community that will include 2,248 residences, 300,000 square feet of office space and 100,000 square feet of retail space. To acquire land for the project, Pulte bought out the owners of the single-family homes that once occupied the site. Construction is scheduled to start next spring.

Changes that Pulte agreed to make included reducing building heights, accelerating development of retail and office space, adding housing for retirees, and improving roads leading to the station, which sits in the median of Interstate 66. Pulte also agreed to pay up to \$2 million in fines if the company fails to reduce by about 50 percent the increased traffic the project will generate.

To encourage residents to ride the Metro, Pulte is planning to offer them free transit passes.

"The biggest worry for the surrounding area is the increase in traffic density, and it is already a nightmare getting into Washington during the rush hours; note the plural, as the staggered work day produces rush hours

spanning three hours, twice a day," said Anne Harrington, a Fairfax County REALTOR®. "If the developers do the same as they have done for the other Metro stops it will be good for the residents; they seem to provide a lively community for the young and often single population, who want Metro access into the city and all the amenities of life within steps of their condos/townhouses."

Transit-related real estate investments are booming in Minneapolis, which opened the Hiawatha Line in 2004, 50 years and one week after the city closed its last streetcar line. The 12-mile line runs from downtown Minneapolis to the Minneapolis-St. Paul International Airport to the Mall of America, the nation's largest shopping mall. Ridership, 7.8 million passengers in the first full year, has exceeded projections by 58 percent.

A 1999 market study of new housing units near Hiawatha Line stations projected demand for 7,150 units by 2020. As of February 2006, more than 5,400 units had been constructed or were under construction. The city of Minneapolis had processed permits for 7,000 additional units by 2008.

Mark Garner, senior project coordinator for the Minneapolis Department of Community Planning, said 11 housing projects have been completed around neighborhood stations with 10 others under construction. He said the projects offer a mix of condos and rental units, with some providing affordable housing.



TOD is breathing new life into areas that have been served by mass transit systems.

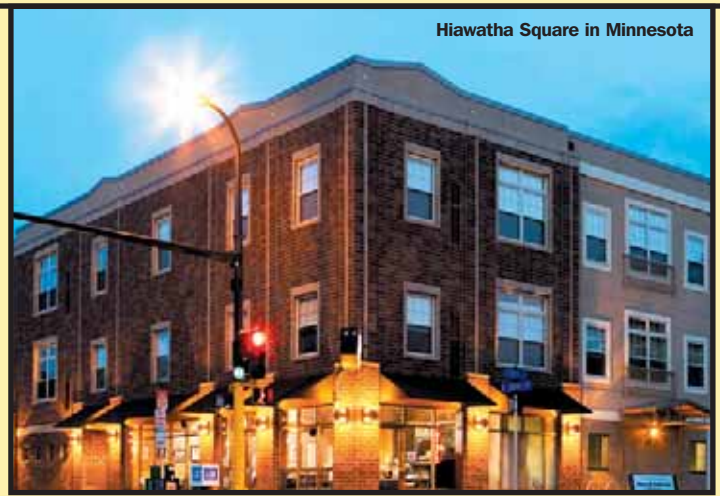
Meanwhile, a Center for Transportation-Oriented Development study completed last year projected demand for new housing at 88,000 units along the Hiawatha Line and a planned Northstar commuter line.

Nationally, according to a 2004 report by the Center on Transit-Oriented Development, there is a huge pent-up and growing demand for housing in walking distance of transit stations. Called "Hidden in Plain Sight," the study said there are 3,341 transit stations now with 630 new ones likely to be built by 2025, with 14 million people living within a half-mile of transit stations.

"There will be potential to more than double the amount of housing in transit zones by 2025," the study concluded.

If so, this would be a very good time to invest in TOD. Doubling the number of housing units near transit stations would require building an average of 2,100 units around each of the 3,971 current and future stations.

Bloomington Central Station, under development by the McGough Co. of St. Paul, Minn., is a 43-acre, \$700 million project featuring 1,000 condos, a large hotel, 1.25 million square feet of office and commercial space. The first phase, twin,



glass-encased condo towers called Reflections, is scheduled to open during the summer of 2006.

McGough originally envisioned a different kind of project but changed course after a potential investor told them they didn't know what they were doing. So they changed course, and McGough planners visited Portland, San Francisco, Vancouver, Toronto and Los Angeles to learn what TOD was all about.

"We really immersed ourselves in the world of transit-oriented development," said Mark Fabel of McGough. "We had to. We were learning and collaborating together with Bloomington. This is a public-private partnership from every level."

Bloomington Central Station is being built with the assistance of \$58.5 million in public financing. Fabel suggested that's a good investment. He said the tax base at the site now is \$40 million. In 15 years it's projected to be \$700 million.

TOD is breathing new life into areas that have been served by mass transit systems for many years but for various reasons had fallen into decay and decline. Two of the best examples are the Jersey City/Hoboken area, which offers spectacular views of Lower and Midtown Manhattan from its location on the west bank of the Hudson River, and Evanston, Ill., a leafy, older, inner-ring suburb facing Lake Michigan just over Chicago's northern border.

The Hudson-Bergen Light Rail Line, constructed largely on brownfields behind the glittering office towers lining the river in Jersey City, opened in 2000. Since then more than 4,164 housing units have been built along the line and property values have doubled.

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Hoboken, New Jersey



## There is a huge pent-up and growing demand for housing in walking distance of transit stations.

Under construction in Jersey City is the \$4.8 billion Liberty Harbor North, a 28-block project designed by New Urbanist guru Andres Duany, a Miami architect. The project plan includes 6,338 housing units along streets designed to look like Greenwich Village, 775,000 square feet of retail space, 4.6 million square feet of office space, a 1.1 million square foot hotel and a 175,000 square foot school.

"This is the finest example of architecture and planning Jersey City has ever seen," Planning Director Bob Cotter told the Jersey City Reporter.com. "This is going to be one hell of a development project."

Two rail lines, the Chicago Transit Authority Purple Line and the Metra commuter line, run 290 trains a day through Evanston. Most residents live within a short walk of transit and studies show that 74 percent of riders there walk or ride their bikes to the stations.

Despite its attractions, Evanston went into an economic tailspin in the latter part of the last cen-

tury, losing 6,000 of its 80,000 residents and imposing high taxes on those who remained.

In 1989, before there was much clamor about TOD, the city moved to revitalize itself by creating a downtown plan that emphasized higher-density residential development around four rail stations. The city eased parking requirements and built a transportation center, a new library and a downtown research park.

Today, downtown Evanston is booming. Economic activity is up, and property taxes are down. More than 2,500 new residences have been developed, including a dozen downtown high-rises. A former Marshall Field department store has been converted into 55 condos and 43,000 square feet of commercial/retail space.

The TOD theory holds true, and the key is to keep building because they are here and they are seeking the opportune lifestyle that TODs offer.

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Reflections in Minneapolis, Minnesota

