

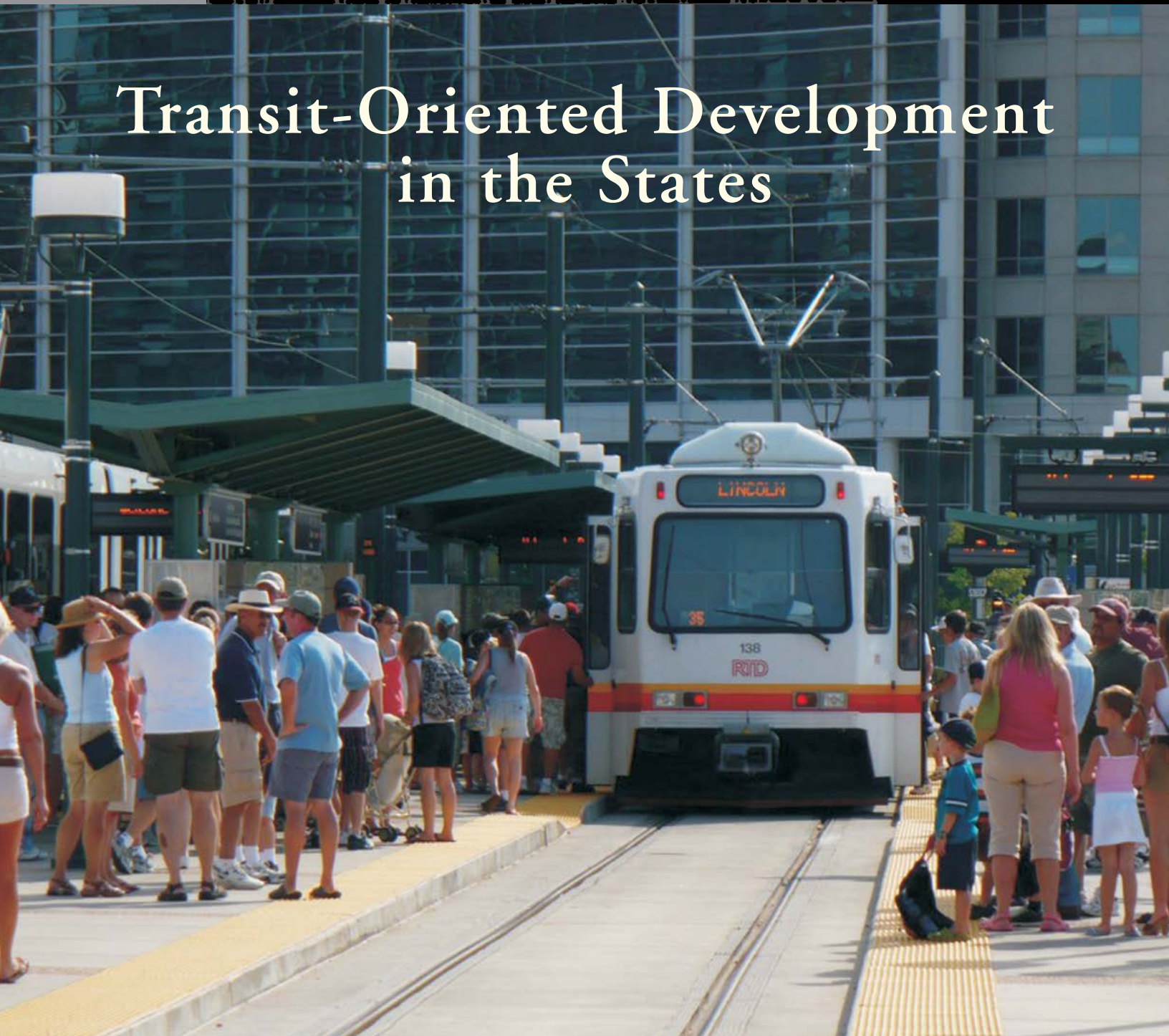


NATIONAL CONFERENCE
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The Forum for America's Ideas



Transit-Oriented Development in the States



TRANSIT-ORIENTED DEVELOPMENT IN THE STATES

By Douglas Shinkle

With Support from the Rockefeller Foundation



NATIONAL CONFERENCE
of STATE LEGISLATURES
The Forum for America's Ideas

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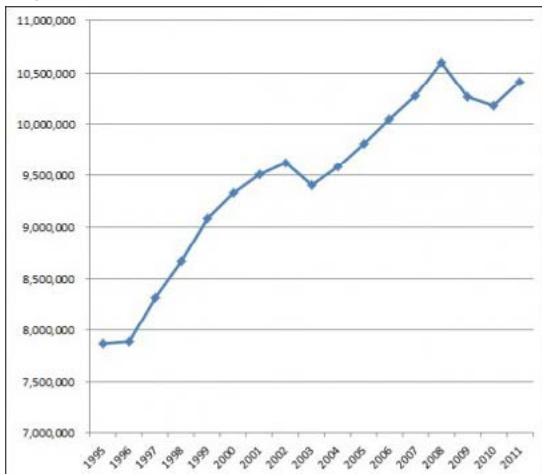
Introduction

Across the United States, in large cities such as Seattle and Miami and in smaller metropolitan areas such as Hartford, Conn., and Fort Collins, Colo., new transit systems are being built to aid mobility, reduce congestion and spark economic activity. In 2012 alone, more than 30 metropolitan areas were building new transit lines, and many more projects are slated to begin in the next few years.¹ Future transit riders may find themselves stepping onto a new light rail car in Houston, boarding a streetcar in Cincinnati or hopping on bus-rapid transit in Tampa. All these systems promise to help reshape the cities they serve and bring new transportation options to citizens.

Creating new transit systems is only part of the equation, however. Transit is much more likely to enhance the overall transportation network if a neighborhood's or city's development patterns encourage transit ridership, a strategy referred to as transit-oriented development (TOD). Policymakers, private businesses and community advocates across the country are working to build and encourage TOD near transit lines and stops. State legislatures have taken a lead role in many states to create regulatory, planning and funding frameworks to encourage such development.

The Center for Transit-Oriented Development believes that a TOD project should “Increase ‘location efficiency’ so people can walk and bike and take transit; boost transit ridership and minimize traffic; provide a rich mix of housing, shopping and transportation choices; generate revenue for the public and private sectors and provide value for both new and existing residents; and create a sense of place.”²

Figure 1. Increase in Transit Ridership, 1995-2011



Source: American Public Transit Association (APTA), 2012.

An Increase in Demand for Transit

Demand for transit lines and TOD is shaped by a number of emerging dynamics. In 2011, public transit saw 10.4 billion trips, the second most since 1957. This number was topped only in 2008, when gas prices hit record highs.³ Ridership increased by an additional 5 percent in the first quarter of 2012, compared to the first quarter of 2011.⁴ Of interest is the fact that rural areas saw the largest spike in transit trips in 2011, a 5.4 percent increase over 2010. This increase in transit ridership may alleviate traffic congestion; the number of vehicle miles travelled in 2011 sank by 1.2 percent.⁵ Increasing fares, coupled with stagnating federal resources and decreasing assistance from state and local governments, however, may threaten transit agencies' ability to serve growing numbers of riders. Figure 1 illustrates the transit rider increase between 1995 and 2011.

The decline in vehicle miles traveled signals a shift toward more transit use. According to the 2009 National Household Travel Survey (NHTS), the number of miles driven per person has declined since 2001 for every driver age group.⁶ Accompanying this trend is a decreasing reliance on personal vehicles; NHTS also recorded a slight dip in the average number of vehicles per household—the first since the survey began in 1969—although ownership rates remain higher than in 1995.⁷ Nationwide, about 8 percent of the U.S. population now does not own a vehicle.⁸

Younger Americans especially are choosing to travel less or use emerging transportation modes; a recent report concluded that the average number of vehicle miles travelled (VMT) had dropped 23 percent since 2001 for people age 16 to 34.⁹ In the same time period, that age group—primarily approximately 50 million millennials—increased their transit miles by 40 percent and took 24 percent more trips by bicycle and 16 percent more trips on foot.¹⁰

The aging of America also points to a need for more transportation options. Today, 13 percent of Americans are over age 65; by 2030, people over age 65 will make up nearly 20 percent of the nation's population, a total of approximately 72 million.¹¹ These older adults will require travel alternatives, since one in five people over age 65 do not drive.¹² Research has shown that non-drivers over age 65 who live in more densely populated areas with more transit options are more likely to use transit and less likely to stay home on a given day because they can get to needed services such as doctor appointments and grocery stores.¹³

Consumers increasingly want to live and work in walkable communities that offer transportation choices. A recent National Association of Realtors survey found that 77 percent of respondents wanted to live in pedestrian-friendly neighborhoods, and 50 percent favored transit improvements over other options.¹⁴ In addition, 60 percent of respondents were willing to live in a smaller house if it meant their commute would take less than 20 minutes.¹⁵ An assessment of walkability's effect on housing prices found a positive correlation between a walkable environment and increased home



Source: Reconnecting America.

values in 13 of 15 markets included in the survey.¹⁶ It is no surprise that living near transit seems to encourage more transit ridership, as noted by a Caltrans-funded report of TODs in California that found, "Residents living near transit stations are around five times more likely to commute by transit as the average resident worker in the same city."¹⁷

Affordability also plays a significant role in this trend. The 2012 Emerging Trends in Real Estate report notes that, "Living smaller, closer to work, and preferably near mass transit holds [increasing] appeal as more people look to manage expenses wisely."¹⁸ Estimates indicate that an individual can save more than \$10,000 per year by riding public transit instead of driving, and transit use rose with gas prices throughout 2011.¹⁹ Potentially higher housing costs in areas near employment centers can be offset by lower transportation costs, with the additional benefit of avoiding long commutes in congested traffic.²⁰ According to the Center for Neighborhood Technology's (CNT) Housing + Affordability Index, transportation costs account for only 9 percent of household costs in a transit-rich neighborhood, opposed to 25 percent for households in an auto-dependent neighborhood.²¹ The Index also found that, since 2000, transportation costs rose by more than \$3,900 annually for families in more auto-dependent communities, compared to \$1,400 annually in more walkable, transit-supportive settings.²²

The demand for transit access also is eliciting interest from developers, regional groups and city officials who hope to encourage economic development. Since a Portland, Ore., streetcar line was built in 2001, for example, 10,000 housing units and 5.4 million square feet of office and retail space have been built within two blocks of the line, with total investments of \$3.5 billion.²³ A Denver study also found that renters would pay an average of 4 percent more for units near light rail stops, and that developers have been paying about 25 percent more for land within a quarter-mile of rail stops.²⁴

Federal Support for Transit-Oriented Development

At the federal level, several programs prioritize planning and funding for multi-modal transportation systems and development of services near transit stops. The U.S. Department of Transportation (DOT), the Department of Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA) formed a Partnership for Sustainable Communities in 2009. The partnership has worked to coordinate investments and planning among the agencies to work toward their shared goals, which include increasing transportation choices, supporting existing communities, promoting equitable and affordable housing, and enhancing economic competitiveness. In addition, the partnership has helped to streamline federal grants. One such example is a recent \$96 million award in planning grants to help local communities align their housing, transportation and workforce investments to maximize benefits.

Another major federal action that has positively affected the growth of transit-oriented development was a 2010 decision by the Federal Transit Administration (FTA) to change its funding requirements to include not only cost-effectiveness, but also several additional criteria—mobility improvements, economic development and environmental benefits—to consider when choosing projects. The new policy was due in part to lobbying by Twin Cities residents to add three light rail stops in low-income areas to provide better access to light rail (pages 10-11). FTA also recently expanded funding eligibility for bicycle and pedestrian facilities near transit.²⁵ Previously, only improvements within 1,500 feet of a transit stop could be funded; now, pedestrian amenities within a half-mile and bike facilities within 3 miles are eligible.

The 27-month surface transportation reauthorization bill, Moving Ahead for Progress in the 21st Century (MAP-21), signed into law in July 2012, includes \$10 million in funding for a TOD pilot project for grants to states and localities. The money is to be used for station planning that enhances economic development and ridership, facilitates multimodal connectivity and accessibility, increases access to transit hubs for pedestrians and bicyclists, and enables mixed-use development.²⁶

A particularly strong source of funding, the Transportation Investments Generating Economic Recovery (TIGER) grants, funds complex multi-modal and multi-jurisdictional projects. More than \$2 billion in TIGER grants have been awarded to date. Although the president's FY 2013 proposed budget would make these grants permanent, funding for the program was not included in MAP-21.

State Support for Transit-Oriented Development

State legislatures not only are asserting their role in shaping policies that support TOD near existing and planned transit lines and stations, but also are developing new infrastructure to support transit. Statutes in at least 22 states support TOD in some manner. These range from states that simply define TOD to those that provide funding and incentives to encourage TOD to create more transit choices for its citizens, drive economic development, and mitigate congestion and environmental impacts.

Defining TOD

A state's most common first step is to statutorily define transit-oriented development. Florida statutes, for example, define TOD as "a project or projects, in areas identified in a local government comprehensive plan, that is or will be served by existing or planned transit service. These designated areas shall be compact, moderate to high density developments, of mixed-use character, interconnected with other land uses, bicycle and pedestrian friendly, and designed to support frequent transit service operating through, collectively, or separately, rail, fixed guideway, streetcar, or bus systems on dedicated facilities or available roadway connections."²⁷

While many developers and governments consider TOD in terms of fixed-rail service, that is not always the case. At least 12 states specifically include bus rapid transit (BRT) service as an eligible TOD mode (see below). Florida, Maine

and Minnesota include bus service in their definitions of TOD. On the other hand, New Jersey's Urban Transit Hub Tax Credits are available only for nine designated urban transit hubs with rail service. Other states do not specify transit modes in their TOD definitions.

Some states sometimes are vague about or do not address what constitutes a transit “station” or “stop,” but several laws provide definitions. Maryland's statute, for example, simply defines a transit station as, “Any facility, the primary function of which relates to the boarding and alighting of passengers from transit vehicles.” Minnesota's Transit Improvement Areas law states that, “The transit station must support at a minimum one of the following modes: bus rapid transit, light rail transit, or commuter rail.” Another key question to be addressed when crafting a TOD policy is the distance from a transit stop that would constitute TOD; typically, a radius of one-quarter mile or one-half mile from a transit stop is defined as the TOD boundary.

What Is Bus Rapid Transit?

Bus rapid transit (BRT) is an enhanced, limited-stop bus system that operates on dedicated lanes. The goal of BRT is to combine the cost-savings and flexibility of buses with the speed, efficiency, reliability and other amenities—such as off-bus fare collection, technological advances and easy-access level boarding—of rail. Since the exact definition of BRT remains open, it is difficult to pinpoint the actual number of such systems in the United States. Various sources indicate BRT systems operate in 11 to 16 states.²⁸ A number of regions are developing BRT, including Austin, Texas; Cleveland, Ohio; Hartford, Conn.; and the congested US-36 corridor between Denver and Boulder, Colo., where a new 18-mile BRT line will be central to a new multi-modal project intended to significantly improve travel times.²⁹

Florida statutes define BRT as “a type of limited-stop bus service that relies on technology to help expedite service through priority for transit, rapid and convenient fare collection, and integration with land use to substantially upgrade performance of buses operating on exclusive, high-occupancy-vehicle lanes, expressways, or ordinary streets.”³⁰



Source: Moving 'Lanta Forward Blog.

Although BRT usually requires some level of improvements, systems typically use existing infrastructure. This makes it an attractive option for policymakers who are concerned about the potentially higher costs to construct rail systems. An analysis of nine U.S. BRT systems and 18 light rail systems found an average capital cost of \$13.5 million per mile for BRT, compared to \$34.8 million for light rail.³¹ Some stakeholders—such as business owners and transit riders—may be skeptical about BRT, however, and may prefer the permanency and perceived economic development opportunities offered by rail lines.

The comparative ease, timeliness and efficiency of BRT are important benefits to attract new riders and help reduce congestion. A 2012 GAO analysis of BRT systems in the United States found that 13 of the 15 systems saw an increase in ridership; in the first year alone, seven reported increases of 30 percent or more over previous service.³² Ridership often is spurred in part by improved travel times; time savings during peak hours on the examined BRT systems increased by between 10 percent and 35 percent.³³ When Los Angeles County Metropolitan Transportation Authority (MTA) unveiled BRT on two corridors in the region, service speeds improved by 23 percent and 29 percent, respectively. Both corridors also saw significant increases in ridership of 26 percent and 33 percent; a third of the increase was due to new transit riders.³⁴

States have dedicated funding to support BRT development. Connecticut law includes BRT as part of its TOD definition. The state granted more than \$1 million to create TOD on a dedicated roadway BRT between Hartford and New Britain. Florida, Illinois, Louisiana, Maine, Minnesota, Missouri, Pennsylvania, Tennessee, Texas, Virginia and Washington are among other states that mention, define or provide that BRT is eligible for funding assistance.

Assembling Land for TOD

Developing property or gaining access to land within close proximity to transit stations is essential for TOD, but putting together a tract of land that is large enough to both facilitate transit and warrant private investment can be a major barrier.³⁵ Several states have sought innovative measures to increase land availability near transit. As noted in a report for the American Association of State Highway and Transportation Officials (AASHTO), state departments of transportation (DOTs)—including those in Florida, Illinois and Maryland—have “placed underutilized state-owned parcels out to bid for high-intensity, mixed-use development by the private sector or nonprofit agencies.”³⁶ It further offers that, “[s]tates can also provide technical or financial assistance with land assembly, to create larger parcels that are more suitable for new TOD projects.”

In California, a 2003 amendment to state law allows state agencies to offer any excess land to local entities at the appraised value for TOD use.³⁷ In 2009, Tennessee allowed a transit agency in the state to “acquire real property by eminent domain in furtherance of . . . plans for transit adjacent and transit oriented development.”³⁸ Utah’s TOD initiative allows a transit agency to partner with a private developer in a TOD and contribute property owned by the agency near a transit line as its contribution to the project (see pages 6-8 for more detail).

Zoning and Density

A zoning category sometimes may include an “overlay”—an additional designation that may further restrict or expand use or development standards for construction within that zone. Transit overlay districts require certain design features, such as pedestrian accommodations and increased density. For developers, overlay districts provide a more certain permitting and development environment, and also may allow for more dense construction. Several municipalities—such as Eugene, Ore., and Ft. Collins, Colo.—have transit overlay zoning laws; state-level examples are less common, however.

In 2007, the Connecticut General Assembly established a TOD pilot program with \$5 million in one-time bond funding for planning and facilitation grants. Eligible activities for planning grants included development or adoption of a TOD overlay zone; facilitation grants focused on implementation. In 2011, the Connecticut DOT awarded the grants; Hartford received \$730,000 for TOD activities, including \$175,000 to develop and adopt a TOD overlay zone. Once the city adopts zoning regulations, it then will create potential development scenarios for the targeted project area.

California’s Transit Village Development Planning Act contains some aspects of a transit overlay, including expedited permitting and financial assistance for establishing a Transit Village with certain facets, such as increased density.³⁹ In addition, California’s push to reduce greenhouse gases by reshaping transportation choices includes the Transit Priority Projects Program, which provides exemptions from certain environmental permitting for projects within a half-mile of transit that meet minimum density requirements (see page 16).

In Washington, a bill introduced in 2012 would have allowed a regional transportation planning organization to establish transit service overlay zones and to encourage development of such zones by the state DOT, municipalities and transit agencies.⁴⁰ The failed measure would have required the overlay zone to include frequent transit service, a minimum housing and employment density, and design criteria to support transit service. Nevertheless, the state granted \$65,000 to the Puget Sound Regional Council to implement a transit service overlay zone.⁴¹

Catalyzing Investment in Existing Communities

States also are using TOD as a tool to help direct investment in communities with existing transportation systems and other needed infrastructure, ensuring that state funding is wisely used. As Minnesota State Senator Scott Dibble notes (see page 9), “Chances are pretty good that mixed-use TOD is going into locations that already have existing services and streets, making use of existing expensive public infrastructure that is already in place and paid for.”⁴² Illinois and New York are among the states that have adopted measures to prioritize state investment in existing communities. The New York legislature enacted a 2010 law that prohibits a state agency from financing a public infrastructure project unless it

is consistent with smart growth criteria, which includes providing “mobility through transportation choices, including improved public transportation and reduced automobile dependency.”⁴³

The Illinois legislature has adopted several measures intended to ensure that state investments encourage location-efficient development, which often aligns with many aspects of TOD. In 2006, Illinois passed Senate Bill 2885, which created the Business Location Efficiency Incentive Act. The act defines location-efficient as “a project that maximizes the use of existing investments in infrastructure, avoids or minimizes additional government expenditures for new infrastructure, and has nearby housing affordable to the permanent workforce of the project or has accessible and affordable mass transit or its equivalent or some combination of both.”

Under the act, applicants for Economic Development for a Growing Economy (EDGE) tax credits are eligible for additional tax credits if the company prepares a location-efficiency report demonstrating that the project location capitalizes upon affordable workforce housing or accessible mass transit. EDGE is meant to ensure that Illinois remains competitive with other states to retain or create jobs. If a company meets the location-efficiency requirements, the Illinois Department of Commerce and Economic Opportunity (DCEO) can provide tax credits of up to 10 percent more than it otherwise would be eligible for, or can extend the credit beyond the 10-year limit.

A 2010 report on the act notes that it “provides an effective tool to encourage businesses to undertake projects at sites already served by infrastructure.”⁴⁴ Through 2011, 15 companies had been awarded location-efficiency credits totaling more than \$180 million, creating 1,629 jobs and helping retain an estimated 5,518 jobs. Nine of these companies were awarded the grants due to location in a transit-supportive setting.⁴⁵

Funding TOD

State monetary support to TODs takes various forms. Several states—such as California (see pages 15-16), Connecticut (see page 5), Massachusetts (see pages 14-15), Minnesota (see pages 8-10), New Jersey and Utah (see pages 6-8)—have grant, tax-credit or capital programs that provide funds to municipalities, transit agencies, developers and others to plan and build TOD projects. The following case studies focus on how states have helped fund and create transit-oriented development and how they have planned for some of the associated benefits and challenges TOD can create.

State in Focus – Utah Leveraging Investments and Increasing Ridership

In Utah, a massive remaking of the transportation landscape has captured the attention of the state Legislature and has led to an innovative development and funding program to support TOD. The Utah Wasatch Front, home to the Salt Lake City metro area and over 75 percent of the state population, has seen considerable expansion of public transit options in the past decade. From a single light rail line that opened in 1999, the Utah Transit Authority (UTA) now operates a system of three light rail lines—called “TRAX”—that encompasses 35 miles and includes more than 40 stations. In addition, UTA built and now operates a 45-mile commuter train, the “FrontRunner,” to serve the many daily commuters from the northern Wasatch Front to job centers located in the region’s center. UTA also operates 10 miles of BRT (see page 4).

By the end of 2015, another 9.5 miles of TRAX, 44 miles of commuter tracks serving the southern part of the Wasatch Front, and two miles of a new streetcar line will be added.⁴⁶ These expansions have been matched by increasing transit ridership, which was up by 6.4 percent in 2011 alone.⁴⁷ UTA surveys indicate that about 70 percent of passengers ride transit by “choice”—they do not completely rely on public transit but use it because it meets their needs. To retain these riders, transit therefore must be reliable, convenient and welcoming.⁴⁸

Transit choices are helping re-shape the region, and leaders in the Legislature and at UTA have taken note. In 2010, the Utah Legislature passed Senate Bill 272, which developed a mechanism for public-private partnerships to help spur TOD and transit ridership. The main goals of the initiative are to increase density along transit routes, enabling easier access to UTA services and increasing ridership. The measure enabled UTA to become a limited liability partner in five

mixed-use TODs near UTA transit stations and rights-of-way where UTA owns property that is not needed for transit-critical operations.⁴⁹ UTA owns about 200 acres of underused, tax-exempt land because—due to its lack of eminent domain authority—it must sometimes buy larger-than-necessary lots to build new transit lines. Under the law, UTA may contribute property along transit lines to a limited liability partnership. UTA also acts to provide oversight and ensure that project decisions not only are financially prudent, but also will result in increased ridership and revenues for the transit system.

The private developer—selected through a request for qualifications process—must make an equity contribution to the partnership of at least 25 percent of the value of the property contributed by UTA. UTA will receive a return on its capital contribution and a share in the profits to offset future operating costs that otherwise would be funded by taxes and fares. The pilot program already has partnered in two large mixed-use developments slated to break ground in 2012 and 2013.

State leaders felt TOD was an appropriate mechanism to help transit pay for itself, encourage ridership by creating housing and services near transit stops, and catalyze economic investment and tax revenue for communities. Representative Bradley Last, House sponsor of Senate Bill 272, notes, “Well-designed TOD will simply increase the demand for UTA services. TOD will help to maximize use of the investments that have already been made because some people will use the UTA system as their main, or perhaps only, source of transportation. As TOD catches on, it may well justify the expansion of UTA services to other areas where large TODs are developed. It is all about supply and demand!”⁵⁰

Such cooperation between the Utah Legislature and UTA would have been difficult only a few years ago. Representative Greg Hughes, the current chair of UTA’s board, is a Republican who was appointed to strengthen legislative oversight. When Hughes joined the board, he considered transit to be an overbuilt, over-subsidized social service, and



Source: Utah Transit Authority.

thought mass transit in Utah was not fiscally prudent. Now, he firmly believes that transit is a cost-effective alternative to new roads (noting, for instance, a recently built multimillion dollar roadway intersection that will reach maximum capacity within five years), and is essential to reducing traffic congestion, which also benefits non-transit-users.⁵¹ When considering transit investments of more than \$3 billion along the Wasatch Front, Hughes says, “What a missed opportunity if we don’t develop and take advantage of this growth.”⁵²

TOD also can serve as an economic development tool by attracting young, creative workers who can thrive in a 21st century economy. Last notes that, “The governor, the Legislature, and county and city governments all over the state are actively involved in economic development activities. Utah is attracting more high-quality companies who require well-educated and well-trained employees. Some of the employees move from other cities where public transit and limited use of cars is more prevalent. TOD could be a very natural fit. Also, people who move to Utah often want to enjoy the outdoor activities for which Utah is famous. TOD could be a great option for someone who wants to ski, hike and bike in their spare time rather than doing yard work or washing the car.”⁵³

As Last indicates, Utah residents are protective of their state’s natural beauty, clean air and easy access to outdoor opportunities. Hughes believes the geography of the area provides a clear reminder of the limitations of endless development: “Living in a valley gives a stark reality that you cannot continue to sprawl, because there is simply no room.”⁵⁴ He notes that TOD will help the region achieve one of its main land-use goals by helping to concentrate growth.⁵⁵

Last and Hughes both believe TOD will help give Utahans more transportation options. Cities are creating TOD around transit stations where UTA does not own land. In downtown Salt Lake City, the recently opened City Creek Center offers urban mixed-use amenities, including direct light rail access, hundreds of residential units, a vast conglomerate of

stores anchored by Nordstrom's, and dozens of high-rise office buildings. Last believes that, "As the population becomes more concentrated and travel becomes more of a problem, ... many people will see the value of living where they have easy access to public transportation and other amenities."⁵⁶ Last also recognizes TOD's desirability for older Americans, adding that, "TOD will be a great option for many older people who need easily accessible services and transportation as well as social opportunities."⁵⁷

The future points to additional TOD projects along the Wasatch Front as more transit systems are planned and completed and the number of riders continues to rise. Hughes is proud of efforts in Utah to work across party lines to enable UTA's work. "What Utah is doing is a big contrast with Congress," he says. "In Utah, Republicans and Democrats are standing shoulder-to-shoulder to develop a long-term plan for the state."⁵⁸

Transit Use and Public Health: A Strong Link

Policymakers are increasingly recognizing the link between transportation planning and investment and public and environmental health, in terms of physical activity, traffic safety and air quality. Using transit is an opportunity for busy Americans to include exercise as part of their daily routine, since about 90 percent of transit trips begin with walking.⁵⁹ Public transit users are more likely than non-transit users to meet federally recommended physical activity goals. Nationally, 29 percent of transit users reach the recommended 30 minutes of daily activity solely by walking to and from a transit station, with a median daily walking time of 19 minutes.⁶⁰ Racial minority groups, rail users and people in high-density urban environments are more likely to meet the recommended 30 minutes of exercise. Men who commute to work on transit are 44.6 percent less likely to be overweight or obese, due to increased activity.⁶¹

Mixed-use neighborhoods such as TODs that offer safer, denser and more walkable streets also have been linked to increased physical activity.⁶² Some argue that those who tend to exercise are naturally attracted to such neighborhoods. A new light rail line in Charlotte, N.C., however, presented an opportunity for a before-and-after analysis. The study, published in the *American Journal of Preventive Medicine*, showed that construction of the light rail line led to increased walking and weight loss for people in its service area.⁶³

Transportation connections to transit stops must be safe for pedestrians and bicyclists to use them, however. Lower-income and minority communities are less likely to have infrastructure such as sidewalks and pedestrian medians, and residents are more likely to be killed or injured in a traffic incident. An analysis of 154 communities across the nation found that low-income areas were much less likely to have infrastructure such as sidewalks, street lighting, crosswalks and traffic calming devices.⁶⁴ Only 49 percent of low-income neighborhoods had sidewalks, for example, compared to 89 percent in high-income areas.⁶⁵ This dynamic appears to lead to more traffic incidents and fatalities, in part because traffic volume sometimes is funneled through lower-income neighborhoods. A recent study from Montréal indicates that low-income areas tend to have higher traffic fatality rates for motorists, pedestrians and bicyclists.⁶⁶

Transit use also can decrease the number of vehicles on the road and reduce exposure to harmful air emissions from motor vehicles that can contribute to and exacerbate conditions such as asthma, respiratory illness, lung cancer and heart disease, among others.⁶⁷ According to the American Lung Association, African Americans, Asian Americans and Latinos are disproportionately affected by tail-pipe emissions and more likely to live in neighborhoods where air quality is poor.⁶⁸

State in Focus – Bringing TOD to Minnesota

Minnesota recently unveiled \$32 million in grant funding to support TOD activities for 2012 and 2013. These developments come at an opportune time; the number of transit riders in the Twin Cities region increased by almost 19 percent from 2000 to 2010, with 91 million transit riders in 2010 alone.⁶⁹ Vehicle miles traveled in the state have been flat or declining since 2004, especially in the Twin Cities region.⁷⁰

The new TOD funding is being led by the Metropolitan Council (Met Council), the regional government for the Twin Cities area that also serves as the transit agency, operating the bus and light rail systems in the seven-county metro region. The Minnesota Legislature created the Met Council in 1967 “... to coordinate planning and development within the Twin Cities metropolitan area and to address issues that could not be adequately addressed with existing governmental arrangements.”⁷¹ Met Council projects that the region will grow by 9 percent to 10 percent a year, adding almost 900,000 new residents by 2040.⁷² Minnesota State Senator Scott Dibble believes encouraging TOD is essential to help the region grow wisely: “We absolutely have to find a more efficient way to accommodate that many more people.”⁷³

The Minnesota Legislature and Met Council have played an essential role in encouraging TOD. The \$32 million for TOD is provided from the Met Council’s Livable Communities program, which was created by the Legislature in 1995 when it enacted the Metropolitan Livable Communities Act. That act was intended to “interrelate develop-



Source: Aditya Kasarekar.

ment or redevelopment and transit; interrelate affordable housing and employment growth areas; and intensify land use that leads to more compact development or redevelopment,” among other goals.⁷⁴ It required the Met Council to create and set up funding mechanisms for two accounts. The Livable Communities Demonstration Account, funded via a property tax levy on the seven counties that are part of the Met Council’s jurisdiction, typically has annual revenue of about \$8 million. Property taxes also fund the Tax Base Revitalization Account, which may not exceed \$5 million a year; it provides grant funding that promotes redevelopment of sites that may be contaminated.

Since 1996, the Met Council has awarded almost \$190 million in grants through the Livable Communities program. Many of the grants have helped advance TOD projects, which fits within the overarching goals of the act and Met Council’s mission. Dibble notes that the program mainly funds projects in locations where existing services and streets are in place, and that funding is tied to mixed-use, walkability, proximity, and a commitment to better use expensive existing infrastructure such as water lines, sewers and roads.⁷⁵

The \$32 million represents the first funding specifically allocated for TOD-specific activities. It includes two funding tracks for TOD: one for pre-development activities such as crafting plans and holding design workshops; and the other for sites where construction is ready to begin, enabling an entity to purchase needed land or build infrastructure. Communities can apply for all types of grants with a single application. Funding will be focused on locations near high-frequency transit lines, including Transit Improvement Areas (TIAs). Created in 2008 by the Minnesota Legislature, the statutes that define TIAs state that they “must increase the effectiveness of a transit project by incorporating one or more public transit modes with commercial, residential, or mixed-use development and by providing for safe and pedestrian-friendly use.”

A TIA must be within a half-mile radius of a transit station and be supported by BRT, light rail transit or commuter rail that is operable by 2020. Requirements for developments also include promoting higher density land uses that result in increased transit ridership; and providing pedestrian-friendly improvements, including walkways, parkways and signage. The state Department of Employment and Economic Development (DEED), which administers the TIA program, has designated 53 TIAs to date. These TIAs will benefit from the extra planning associated with their establishment when they apply for the Livable Communities TOD funds. DEED has encouraged municipalities and other eligible government entities to apply for TIA designation, in part to position themselves for possible federal funds as well.

Dibble believes that the state, regional and local activity in Minnesota on transit systems and TOD reflects a discussion on the role of transportation support and its connection to larger goals for the state. “It’s all about transportation reinforcing community form and development and vice-versa. It all boils down to proximity, which gives rise to choices in people’s daily lives. It’s about forming communities where all kinds of people can live, work and play. For example, before I was able to drive, I lived in a far-flung subdivision; other than places I could reach by bicycle or foot, I was pretty much stranded. The same is true of senior citizens. Contrast that with mixed-use development with a variety of housing options and styles, where services and amenities—such as your school, your church and your work—are nearby and easily accessed.”⁷⁶ The future points to ongoing discussions on the role TOD can play in shaping the state’s future.

Battle for Transit Access in Twin Cities Leads to New Federal Policy

When light rail begins operating in the Central Corridor between St. Paul and Minneapolis in 2014, it not only will link Minnesota’s two largest cities, but also will provide more transportation choices and equitable access for those who rely heavily on and are affected by transit. Planning for the Central Corridor began in earnest in 2006, but residents along University Avenue in St. Paul quickly noted that their area would not have a light rail stop; the nearest station would be a mile away. The Met Council, the Twin Cities’ planning and transit agency, was concerned that providing more stops would jeopardize a federal funding match.

The Central Corridor area was negatively affected by a large transportation project in the past, when an expansion of I-94 in the 1950s divided a large African-American neighborhood. Today, the area remains among the most diverse in the Twin Cities. Most neighborhoods in the area where no transit stops were planned have minority populations of more than 50 percent, including large populations of Native Americans, Hmong immigrants, African Americans and other groups.⁷⁷ The demographics of the area strongly suggested that neighborhood residents would benefit from the added stops, since a high percentage have no vehicle and depend upon public transit.⁷⁸ Soon after planning began, a grassroots group—Stops for Us—began gathering input on where community members thought stops should be located, and advocated before the Met Council and the federal government for additional stops.

Working to complete the project on time and within budget, the Met Council was aware that the Federal Transit Administration’s (FTA) official policy was based solely on cost-effectiveness. The council feared adding the three stops suggested by Stops for Us would hamper its ability to obtain a 50 percent match from FTA. Without the stops, however, many residents would have difficulty reaching transit and accessing the Minneapolis-St. Paul downtown areas, the University of Minnesota, connections to other regional light rail lines, and other jobs and services. Stops for Us commissioned a comparative analysis, which found that transit stops placed between one-fourth- to one-half-mile apart were quite typical in other cities.⁷⁹ FTA policy favored commuter rail with faster speeds and longer distances between stops, however. This made it difficult to secure funding for inter-community transit and led to less than effective service for lower-income groups that depend on transit.

Due to the importance of the issue and the depth of community support, the city of St. Paul provided funds for one of the three needed stops. A fateful meeting with FTA administrator Peter Rogoff provided Stops for Us with the first indication that its campaign might not only be successful, but also could help transform FTA policy. Rogoff knew about the Stops for Us campaign and heralded it as an example of why FTA policy should be changed to reflect multiple needs and benefits. In January 2010, FTA changed its funding requirements so that now a number of criteria, not only cost-effectiveness, must be considered when choosing projects. The criteria include factors such as mobility improvements, economic development and environmental benefits, along with cost-effectiveness.

The Stops for Us campaign culminated in 2010, with U.S. Secretary of Transportation Ray LaHood proclaiming to a St. Paul crowd, “I’m here today to say that the trains are going to stop here. They are going to serve this community. And

[the U.S. Department of Transportation is] going to pay half the cost.”⁸⁰ Construction is on track for the Central Corridor and the three added stations to open in 2014, to the delight of many residents of the University Park neighborhood.

The three added stations have been designated TIAs by the state Department of Employment and Economic Development, which gives them an advantage in procuring state TOD funds. Work is beginning in earnest to create TOD along the Central Corridor. Grants from the Livable Communities TOD Program (see page 9) were awarded to several projects along the Central Corridor in April 2012, including more than \$2.5 million to one of the added stations, Hamline, to purchase land, conduct soil remediation and bury utility lines.⁸¹ Hamline Station will have 108 units of affordable housing, more than 13,000 square feet of commercial space with an emphasis on community-based retail, a pocket park and other amenities when completed. Another added stop, Victoria Station, received a grant of nearly \$1 million for an infill development that will include market rate and affordable housing, as well as commercial space.⁸²

State in Focus – New Mexico: Build Rail and TOD Will Come?

To have TOD, a community or region first must have a transit system to build upon. In most instances, local or regional transit systems are built largely through cooperation between the federal government and local transit agencies. Typically, a combination of grants from federal agencies such as the Federal Transit Administration (FTA) help pay for a portion of capital costs, while some type of local sales tax is approved by voters to support maintenance and operation costs. Although the state may provide assistance and coordination, it often takes a back seat to the typical federal-local dynamic of creating and operating a transit system.

A decade ago, the state of New Mexico undertook an ambitious plan to build and fund one of the nation’s longest commuter rail lines. This line, the “Rail Runner,” was built to address traffic and transportation challenges along the state’s most important and congested corridor. The 100-mile stretch between Albuquerque and Santa Fe contains almost half the state population and about 60 percent of the jobs.⁸³ The state provided almost all funding for construction of the commuter rail system. Due to the large outlay of state money and varying opinions on Rail Runner’s effectiveness, the state’s bold move remains a hotly debated issue.

In 2003, after years of various plans for a rail line, the New Mexico Legislature enacted House Bill 15, which authorized the issuance of up to \$1.585 billion in bonds for new transportation construction projects, including the New Mexico Rail Runner Express commuter rail service.⁸⁴ To date, a total of five bonds have been issued totaling \$1.350 billion.⁸⁵ The Legislature also enacted legislation allowing local governments to create regional transit districts (RTDs), enabling



Source: Ernie Montoya and New Mexico Department of Transportation.

voters in those districts to levy a tax to pay for rail and bus service.⁸⁶ In 2008, voters in the four counties of the two districts served by Rail Runner approved a one-eighth-cent increase to the gross receipts tax (levied on goods and services) that provides funding to operate and maintain the Rail Runner, as well as a feeder bus service that helps riders complete their trips. Rio Metro, one of the four RTDs created, now operates Rail Runner.

The line was planned, built and operating within three years on the initial segment from Bernalillo to Albuquerque that opened in July 2006. This speedy build-out was influenced by several factors, including purchasing the train corridor

from Burlington Northern Santa Fe (BNSF), although BNSF still has permanent exclusive rights to use the line for its freight traffic. The state now is responsible for maintaining the tracks and associated infrastructure, but BNSF and Am-

trak also pay a share. The Rail Runner uses existing BNSF tracks through most of the corridor, taking advantage of good track conditions and excess capacity. As new stations opened, ridership has increased, from 485,000 in 2007 to more than 1.2 million in 2011; the average number of weekday riders is 4,088.⁸⁷

The Legislature has encouraged TOD; it provided communities with a 2006 legislative appropriation of \$750,000 to create TOD plans for Rail Runner stations. Since then, four communities have created and adopted plans to guide development near their respective stations.⁸⁸ Senator Jerry Ortiz y Pino notes that real estate near stations is being developed, fostering some commercial activity. He also says that, when the Rail Runner decreased service in early 2012, merchants at both ends of the line complained about a drop-off in their business.⁸⁹ Many of the stations, especially the downtown stops in Albuquerque and Santa Fe, are in established areas that offer nearby services and housing. The Rail Runner's northern terminus, the Santa Fe Depot, is on land owned by the city and managed by a nonprofit. The depot is slated for 500,000 square feet of mixed-use development that also will include a multi-modal hub. In addition, the depot, which includes a nationally acclaimed 13-acre park with a bike and pedestrian path linking to other parts of the city, hosts a weekly farmers' market and other community activities.

Solving the Last-Mile Riddle

One vexing question for transit systems and riders is how to get from where they are to the first transit stop on a journey—or get from the last transit stop to their actual final destination—if the stop is not nearby, they are in a hurry or the weather is bad. Known as the “last-mile problem,” this barrier can discourage transit use and create difficulties for riders. Policymakers and planners are giving more consideration to providing transportation options at transit stops so riders can reach their final destination safely, conveniently and affordably. One method is to improve bicycle and pedestrian connectivity and safety near transit stops. Enabling transit users to reach a stop on foot or by bicycle also can reduce the need for parking and free more developable space for housing, shops and services. Many transit systems are also beginning to incorporate public carsharing and bikesharing rental programs at stops, which can provide flexible, affordable options to reach final destinations.

Safe Routes to Transit

Safe Routes to Transit targets investments in and planning of bicycle and pedestrian infrastructure near transit stops to facilitate easy, comfortable walking and bicycling trips to and from transit. The California San Francisco Bay Area Metropolitan Planning Organization (MPO), called the Metropolitan Transportation Commission, created a Safe Routes to Transit program with \$20 million in funding derived from an increase in bridge tolls. Because the state has sole authority to raise bridge tolls, the California Legislature had to approve placing a toll increase on the ballot for voter approval. Infrastructure investments range from secure bike lockers and directional signage to traffic-calming and “safety zones” to ease conflicts with traffic for those who get on and off the trolley in San Francisco. The California Legislature recently expanded this approach to the San Diego metro area. Senate Bill 468 of 2011 requires the San Diego area MPO to establish “a safe routes to transit program that integrates the adopted regional bike plan with transit services” as part of a plan to ensure multi-modal transportation to part of the corridor between San Diego and Los Angeles.

Public Bikesharing Systems

Public bikesharing systems provide short-term bicycle rentals in settings such as public transit stations, government office buildings and shopping centers. Bikes can be rented and returned at different stations to facilitate short, one-way or round trips; members of the Twin Cities' system, Nice Ride Minnesota, reported that 56 percent of trips were less than 3 miles.⁹⁰ Bikesharing systems typically are membership-based, and many are closely linked with transit stops to help public transit riders complete the “first and/or last mile” of their trip. In Denver, 31 percent of riders reported combining bikesharing with transit.⁹¹

Thus far, bikesharing systems have attracted many users. As of January 2012, 15 public bikesharing systems in the United States reported 172,070 members and 5,218 bicycles.⁹² Washington, D.C.'s, Capital Bikeshare ridership has increased from around 40,000 trips in its first month of service to upwards of 140,000 in the warmer months.⁹³ Riders



Source: Denver B-Cycle.

on Denver's B-Cycle system increased almost 100 percent from 2010 to 2011, from 102,981 unique rides to 202,731 in 2011.⁹⁴ According to a survey of members, about 36 percent of B-Cycle trips replaced a car trip in 2011.⁹⁵ Bikesharing can save users money; in a recent survey of Washington, D.C., Bikeshare, members reported they saved an average of \$819 a year in transportation costs.⁹⁶

Several states have supported public bikesharing programs. In the Washington, D.C., region, state actions were instrumental in creating and expanding Capital Bikeshare, a multi-state bikesharing system serving the region, that currently is the largest in the nation. In Virginia, Arlington County received \$250,000 from the state Department of Rail and Public Transportation to start a bikesharing pilot program. The funding is credited with attracting private

and county funding and the eventual creation of Capital Bikeshare.⁹⁷ Arlington County now is completing a Capital Bikeshare transit development plan modeled after Virginia's Transit Development Plans. The county will submit this plan to the state to demonstrate bikesharing's transit capabilities in order to position Capital Bikeshare to be eligible for the same funding and assistance available to other transit systems.⁹⁸ In Maryland, the legislature included \$250,000 in its capital bonding bill for Montgomery County to place bikesharing stations at all Metro stations in the county and other locations to help extend mobility options throughout the region and link with Capital Bikeshare.⁹⁹ The county also successfully applied for a \$1 million grant from the Maryland DOT to help expand the system.

Public Carsharing Programs

Public carsharing programs also can help provide last-mile mobility. Carsharing is a membership-based service that allows an individual to use a vehicle by the hour for errands and short trips. Typically, carsharing includes access to an insured vehicle from a pre-determined location, a certain number of miles and, in some cases, free dedicated parking. Traditional carsharing uses vehicles provided by a carsharing organization. An offshoot of this concept, personal or peer-to-peer (P2P) vehicle-sharing, allows a person to rent out his or her car when it is not in use. According to Innovative Mobility Research, as of January 2012, 25 U.S. carsharing programs claimed 718,596 members.¹⁰⁰

In 2011, the California Legislature linked carsharing explicitly with TOD via Senate Bill 310, which created the Transit Priority Program (TPP) (see page 16). The intent of this program is to reduce vehicle miles traveled by promoting development that supports transit use.¹⁰¹ If a city or county adopts a TPP ordinance and the project is within a half-mile of a public transit station, a development then is eligible for reduced permitting costs, expedited review, and increased density and height allowances. The law provides that, if a carsharing program is available in the city or county, a TPP development project must provide for carsharing onsite or nearby; the developer must provide one carsharing vehicle for the first 20 units, and one for every 50 thereafter.¹⁰² Bills pending in Massachusetts would direct the state Registrar of Motor Vehicles to create regulations to define carsharing and to include carsharing as a principle for land development in smart growth planning.¹⁰³

Housing and TOD

Creating and preserving affordable housing in TODs is important to ensure that easy access to transit is a reality for low-income service workers and others who may not have the means to live in a TOD area as the property values rise. An analysis of U.S. Census data in the Denver area found that, while all workers use public transit more when they live within a half-mile of a stop, more than 10 percent of low-income workers use transit as the primary means to commute to work—twice the percentage of any other group.¹⁰⁴ A possible near-term shortage of affordable housing near transit intensifies the need for policies to support housing near transit; of 250,000 apartments in 20 cities within a half-mile of transit that receive federal housing subsidies, the federal contracts of nearly 70 percent will expire within the next two years.¹⁰⁵

Most state statutes reference a mix of housing as essential to transit-oriented development. Maine law, for example, states that TOD “... combines housing with complementary public uses such as jobs, retail or services establishments that are located in transit-served nodes or corridors.”¹⁰⁶ Minnesota’s Transit Improvement Areas (TIAs) law requires that a TIA plan “... must include a description of the variety of housing types, including housing appropriate for low-income persons, disabled persons, and senior citizens and the prices for each housing type within the transit improvement area.”¹⁰⁷

States can leverage funds they receive from the federal Low-Income Housing Tax Credit (LIHTC) Program to develop TOD housing. Credits—which ranged from \$2 million in Wyoming to \$77 million in California in 2010—are given to a designated state agency, usually the state housing finance agency. More than 100,000 affordable apartments are created or rehabilitated through the program each year. Each state must create a qualified allocation plan that establishes preferences and priorities for awarding credits. At least 40 states include in their plans language that encourages placement of housing near transit, and 33 award preference points for projects near transit.¹⁰⁸

Some states—such as California, Connecticut, Massachusetts and Minnesota—provide funding to help plan or build TOD-affordable housing or provide expedited permitting. The following case study focuses on how one state has helped provide affordable housing in TOD areas.

State in Focus – Creating Affordable Housing near Transit in Massachusetts

Massachusetts, especially the Boston region, has high housing and transportation costs that affect families and often lead to long commutes. Combined costs of housing and transportation for an average Boston metropolitan household represent 48 percent of household income.¹⁰⁹ A recent analysis of the Boston metropolitan area revealed a shortage of 25,000 housing units for families that earn between 60 percent and 100 percent of the area median income—even for housing that is a relatively long 30- to 45-minute drive from one of the six main employment hubs in the Boston area. These households alone provide 28 percent of the workforce.¹¹⁰ The problem is even more stark for the 900,000 households in the area that earn less than 60 percent of the area median income; they have almost no hope of finding affordable housing near employment.¹¹¹

Representative Joseph Wagner, chair of the Joint Committee on Economic Development and Emerging Technologies, acknowledges that the relatively high cost of living is a challenge in the state and that TOD may help. “Locating homes and workplaces near transit stations relieves some of the burden on family budgets by increasing access to more affordable transportation options.”¹¹² In response, the state has developed a suite of programs that consider the linked costs of housing and transportation and seek to lower living costs and increase mobility.

One such program, the Transit-Oriented Development Bond Program, has awarded \$50 million in grants: the legislature allocated \$30 million to the program in 2004, and another \$20 million in 2008. The funds are used to build and design housing and other TOD features that serve a mixed-use area within one-quarter mile of a transit station. To receive a grant of up to \$2.5 million, developers must build housing projects with at least 25 units, 25 percent of which must be affordable for those who earn no more than 80 percent of the area median income. The program, combined with market forces and demand, appears to be making a significant difference; between 2000 and 2010, the Boston region added

more than 15,000 housing units near transit.¹¹³ The region already is heavily transit-oriented; a 2012 report found that “25 percent of housing units and 37 percent of jobs are within a half-mile of a rapid transit or commuter rail station.”¹¹⁴

In 2012, the Massachusetts legislature folded the TOD bond program into a larger, comprehensive infrastructure grant program, MassWorks.¹¹⁵ The MassWorks Infrastructure Program is intended to provide “a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding...”¹¹⁶ Almost \$96 million total was allocated for FY 2012 and 2013 for MassWorks. Official spending goals state that at least 67 percent of total funding must support TODs, defined as within one-half mile of a subway or rail station or a bus stop serving as the convergence of two or more routes.¹¹⁷

MassWorks also will match other public and private funding sources to build or rehabilitate transit-oriented housing located within one-fourth of a mile of a transit station or ferry terminal, at least 25 percent of which must be affordable. The Metropolitan Area Planning Council (MAPC), created by the legislature in 1963 to coordinate growth in the Boston region, estimates that areas near transit could “... accommodate more than 76,000 new housing units and space for more than 130,000 new jobs by 2035: nearly one-third of projected housing unit growth region-wide and more than half of projected job growth.”¹¹⁸ This could lead to an estimated 63,000 new one-way commute trips on an average weekday, or 4.5 percent of current weekday ridership.¹¹⁹ Wagner believes TOD can be a key to helping improve the state’s overall economic competitiveness and promoting effective and efficient use of limited infrastructure funds.¹²⁰

Using TOD to Advance Other Policy Goals

State legislatures not only have created policies that support TOD for its transportation and economic development benefits, but in some cases, have also encouraged TOD for the purpose of advancing other policy goals. The following case study focuses on how one state has used TOD as part of a broader effort to mitigate environmental impacts.

State in Focus – Using TOD to Reduce Greenhouse Gases in California

In 2006, California became the first state to enact a statewide plan to require reductions in greenhouse gas emissions. Assembly Bill 32, passed by the legislature, requires the state to reduce greenhouse gas emissions to 1990 levels by or before 2020.¹²¹ To achieve this, the law gave the California Air Resources Board (ARB) authority to regulate any source of greenhouse gas emissions, including cars and light trucks. According to ARB, the transportation sector is responsible for 38 percent of greenhouse gas emissions in the state, the most of any sector.¹²²

To reduce vehicle emissions, in 2008 the Legislature passed Senate Bill 375, California’s Sustainable Communities and Climate Protection Act, which is the main mechanism to meet the target reductions.¹²³ It requires metropolitan regions, through their planning process, to reduce greenhouse gas emissions by reshaping their communities to better accommodate transit and other alternatives to single-occupancy vehicle trips. California is largely counting on reducing emissions by reshaping future growth patterns in the larger metropolitan areas in the state—such as Los Angeles, San Diego and the San Francisco Bay area—to accommodate denser, more transit-oriented growth.

Each of California’s 18 metropolitan planning organizations (MPOs), which consist of the largest metropolitan areas in the state, now must draft a sustainable communities strategy (SCS) in its regional transportation plan that integrates transportation and housing planning to meet the goal of reducing greenhouse gas emissions. The SCS must state a vision for growth that takes into account the regional transportation, housing, environmental and economic needs and provides guidance on how the region will meet its greenhouse gas reduction target. In addition, all future plans must reflect funding choices that reduce greenhouse gas emissions and meet requirements of the law.¹²⁴ Regional transportation plans must be updated every four or five years, depending on air quality attainment in the region.¹²⁵ According to William Craven, chief consultant for the California Senate’s Natural Resources and Water Committee, the four largest

MPOs alone—the Los Angeles, Sacramento, San Diego and San Francisco Bay area regions—account for 84 percent of vehicle miles traveled in the state; 63 percent of the state’s population now lives in a region that has adopted an SCS.¹²⁶

Each SCS must be reviewed and approved by the California Air Resources Board. If the board determines the SCS does not meet the target reductions for the region, the MPO must develop an alternative strategy to meet the target. In addition, ARB must “... update the regional greenhouse gas emission reduction targets every eight years consistent with each metropolitan planning organization’s timeframe for updating its regional transportation plan under federal law until 2050.”¹²⁷ The hope is that SCSs will discourage suburban development distant from retail and employment centers and encourage retail, employment, urban infill and mixed-use development near public transportation.

As of mid-2012, Los Angeles, Sacramento and San Diego had adopted an SCS. An analysis of their respective plans and budgets indicate that all promise heavy future funding for transit system development—32 percent in Sacramento and 47 percent each in the Los Angeles and San Diego regions.¹²⁸



Source: LA Metro.

The Los Angeles SCS is linked to 30/10, the area’s ambitious public transit plan. In 2008, Los Angeles County voters approved Measure R, which will fund approximately \$40 billion in transportation improvements. The intent of the 30/10 plan is to use long-term revenue from Measure R as collateral to procure bonds and federal loans. If the 30/10 funding plan is successful, it will rapidly accelerate the construction schedule for extending existing transit lines (subway, light rail and bus rapid transit), with 12 key projects to be finished in 10 years instead of 30.

Senate Bill 375 contains provisions that would streamline and exempt certain urban infill or transit projects from the California Environmental Quality Act. A transit priority project (TPP), for example, is exempted from CEQA requirements if is part of a region’s SCS. A transit priority project must be within a half-mile of a major transit stop, provide at least 50 percent residential use and have a minimum density of 20 dwellings per acre.¹²⁹

Senate Bill 375 contains provisions that would streamline and exempt certain urban infill or transit projects from the California Environmental Quality Act. A transit priority project (TPP), for

skeptics argue that California is making many requirements without providing necessary funding to support the change in development and transportation systems. The sustainable communities strategy requires each region to consider in future transportation plans where its residents will work and live; however, the law contains no requirement for funding transit near these areas.¹³⁰ The law appears to assume that funding will follow transit-oriented projects. Since some of the necessary funding must come from local entities, however, it is uncertain whether money will be available for projects.¹³¹ Another criticism is that MPOs have no land use planning authority and are not granted such authority under Senate Bill 375. They can, however, place conditions on allocation of transportation funds.¹³²

Craven notes that some communities were skeptical about SCS requirements and intentions. However, some stakeholders are realizing the possible ancillary benefits, such as improved public health, additional conservation of agricultural lands, and reduced energy and fuel costs.¹³³ “Overall,” says Craven, “the benefit of more compact development is driving the implementation of Senate Bill 375 instead of climate change.”¹³⁴ Craven believes the law’s most significant effect is changing the conversation about future growth in California. “While there is more to do,” he says, “it is clear that local governments, regional planners, nonprofit advocates and many private sector developers now are talking about a smaller urban footprint and locating jobs nearer to housing and to transit.”¹³⁵

Will the requirements of Senate Bill 375 be enough to help reduce California’s transportation-related greenhouse emissions? The plans from the Los Angeles, Sacramento and San Diego MPOs indicate they are embracing the challenge, but it may prove difficult to shift the development and transportation patterns in the state that gave birth to the modern car culture.

Appendix. Selected State Transit-Oriented Development Statutes and Programs

California

Cal. Government Code §65080

The Sustainable Communities and Climate Protection Act of 2008 requires the state Air Resources Board (ARB) to develop regional greenhouse gas emission reduction targets for passenger vehicles. ARB is to establish targets for 2020 and 2035 for each region covered by one of the state's 18 metropolitan planning organizations (MPOs). Each of California's MPOs then must prepare a "sustainable communities strategy (SCS)" that demonstrates how the region will meet its greenhouse gas reduction target through integrated land use, housing and transportation planning. Once adopted by the MPO, the SCS will be incorporated into that region's federally enforceable regional transportation plan (RTP). ARB also must review each final SCS to determine whether it would, if implemented, achieve the greenhouse gas emission reduction target for its region. If the combination of measures in the SCS will not meet the region's target, the MPO must prepare a separate "alternative planning strategy (APS)" to meet the target.

Cal. Government Code §65470

This law allows cities and counties to create incentives for transit priority projects (TPPs). As part of the greenhouse gas reduction requirements, certain communities must create a sustainable communities strategy (SCS). This law authorizes a city or county to participate in the Transit Priority Project Program (TPPP) by adopting an ordinance indicating its intent to participate in the program and by forming an infrastructure financing district (IFD). IFDs may reimburse a developer for any permit or construction costs associated with affordable housing units in a TPP.

A TPPP development project must, among other things:

- Be located in a designated TPP and within one-half of one mile of a transit station;
- Be located within a zone in which buildings of three stories or more are authorized;
- Provide onsite bicycle parking;
- Provide for carsharing if a carsharing program is available in the city or county;
- Provide to all units transit passes for 10 years as part of the rent or condo fees, if transit passes are available from local providers;
- Provide open space onsite, including, but not limited to, accessible roof gardens, or pay a fee into a fund established for local open space;
- Provide 20 percent affordable units in rental or owner-occupied housing for low- or moderate-income people and families, or pay a fee in an amount equivalent to the cost to provide affordable units elsewhere within the city's or county's jurisdiction.

Cal. Government Code §65460 through §65460.11

The Transit Village Development Planning Act of 1994 declares that a transit village development district shall include all land within a quarter-mile of a transit station. A city or county may prepare a transit village plan for a transit village development district that addresses the following characteristics:

- A neighborhood centered around a transit station that is planned and designed so that residents, workers, shoppers and others find it convenient and attractive to patronize transit;
- A mix of housing types, including apartments, within not more than a quarter mile of the exterior boundary of the parcel on which the transit station is located;
- Other land uses, including a retail district oriented to the transit station and civic uses, including day care centers and libraries;

- Pedestrian and bicycle access to the transit station, with attractively designed and landscaped pathways; and
- A transit system that encourages and facilitates intermodal service and access by modes other than single occupant vehicles.

Cal. Health and Safety Code §53560 through §53564

This law creates in the state treasury the Transit-Oriented Development Implementation Fund. To the extent that funds are available, the Department of Housing and Community Development shall make grants to cities, counties, cities and counties, or transit agencies to provide the infrastructure necessary for development of higher density uses within close proximity to a transit station, or to facilitate connections between that development and the station. The department also shall make loans for development and construction of a housing development project within close proximity to a transit station. To be eligible for a loan, at least 15 percent of the units in the proposed development must be made available at an affordable rent or at an affordable housing cost to people of very low or low income for at least 55 years. Developments assisted pursuant to this subdivision shall be on parcels at least a portion of which are located within a quarter mile of a transit station. A housing development project may include a mixed-use development consisting of residential and nonresidential uses.

Connecticut

Conn. Gen. Stat. §13b-79kk

Defines “Transit-Oriented Development” as “the development of residential, commercial and employment centers within one-half mile or walking distance of public transportation facilities, including rail and bus rapid transit and services, that meet transit supportive standards for land uses, built environment densities and walkable environments, in order to facilitate and encourage the use of those services.”

Conn. Gen. Stat. §124b-8-13m

This law allows a municipality to create a housing incentive zone, which must be in an area near a transit station, an area of concentrated development, or an area that, because of existing, planned or proposed infrastructure, transportation access or underutilized facilities or location, is suitable for development as an incentive housing zone. The zones must accommodate higher densities and the municipalities must agree to ensure that 20 percent of the housing units in each development will be affordable to residents who earn 80 percent of the area median income or less. The incentives include state payments of 1) \$2,000 per unit allowed in the zone, and 2) \$2,000 per multi-family unit or \$5,000 per single-family unit for each building permit issued in the zone. The law gives municipalities complete control over the location, amount and design of the new housing.

Conn. Gen. Stat. §13b-79ll

This law allows the State Bond Commission to authorize issuance of bonds, not to exceed \$5 million, to be used by the state Department of Transportation to establish a transit-oriented development pilot program. It also designates four locations as transit-oriented development pilot projects in the state that are eligible for the bond money.

Note: The TOD bond program is a one-time allocation, with no further funding at the present time.

Florida

Fla. Stat. §163.3164

This law defines transit-oriented development as “a project or projects, in areas identified in a local government comprehensive plan, that is or will be served by existing or planned transit service. These designated areas shall be compact, moderate to high density developments, of mixed-use character, interconnected with other land uses, bicycle and pedes-

trian friendly, and designed to support frequent transit service operating through, collectively or separately, rail, fixed guideway, streetcar, or bus systems on dedicated facilities or available roadway connections.”

Fla. Stat. §343.91

This law defines transit-oriented development as a mixed-use residential or commercial area designed to maximize access to public transportation that often incorporates features to encourage transit ridership. A transit-oriented development neighborhood typically has a center with a train station, tram stop or bus station surrounded by relatively high-density development with progressively lower-density development spreading outward from the center, typically within one-half mile of the stop or station.

Illinois

Ill. Rev. Stat. ch. 35, §11

This law creates the Business Location Efficiency Incentive Act, which authorizes companies applying to the Department of Commerce and Economic Opportunity for certain economic development assistance tax credits to seek increased or extended tax credits if the company’s proposed project site is located in an area that capitalizes upon affordable workforce housing or accessible mass transit. In addition, the company may also receive the tax credit if it submits to the department an approved remediation plan to improve housing or access to mass transit, or the company’s project is located in labor surplus areas.

Louisiana

La. Rev. Stat. §51:1783

This law defines transit-oriented development as “a mixed-use development, consisting of at least fifty percent multifamily residential housing and at least thirty percent commercial or retail facilities, on a single contiguous site, all or part of which is located within one-quarter mile of a multimodal transit center, with at least ten million dollars in capital expenditures for new construction or conversion of existing structures.”

Maine

Me. Rev. Stat. Ann. tit. 30-A, §§5221 et seq.

The statute establishes authority for creation of transit-oriented development (TOD) districts under the tax increment financing laws to provide an impetus for transit-oriented development. It defines “transit-oriented development” as a type of development that links land use with transit facilities to support and be supported by a transit system, which combines housing with complementary public uses such as jobs, retail or service establishments that are located in transit-served nodes or corridors. A TOD area must be no more than one-quarter mile from an existing or planned transit facility. Eligible capital costs for a TOD district include, but are not limited to, transit vehicles such as buses, rail conveyances and related equipment; bus shelters and other transit-related structures; benches, signs and other transit-related infrastructure; bicycle lane construction and other bicycle-related improvements; and pedestrian improvements such as crosswalks, crosswalk signals and warning systems, and crosswalk curb treatments.

Maryland

Md. Transportation Code Ann. §7-101

The law defines transit-oriented development (TOD) as a land parcel within a half-mile of a transit station that is planned to maximize resident and employee use of transit, walking and bicycling. It allows the state and the local government with planning responsibility to designate a TOD.

Md. Housing and Community Development Code Ann. §6-201

The Sustainable Communities Act of 2010 created a funding stream for designated TOD sites. It expands an existing tax credit until 2014 to rehabilitate existing structures in designated areas that now include TOD sites. The law is meant to encourage investment, development, housing options and employment in designated areas.

Note: House Bill 300 of 2009 amended various statutes to allow localities to finance the costs of public infrastructure improvements or operation and maintenance of improvements located in a transit-oriented development. Tax increment financing, special district taxing bonds and other methods may be used to improve, operate and maintain such transit-oriented developments.

Note: As of June 2012, Maryland has designated 15 TODs for priority state support.

Massachusetts

Transit-Oriented Development (TOD) Bond Program

House Bill 4771 of 2006 created a program to provide financial assistance to promote transit-oriented development. The program provides \$30 million for preliminary design of bicyclist and pedestrian facilities and for construction of housing, bicyclist, parking and/or pedestrian facilities serving a mixed-use development within one-quarter mile of a transit station. It also requires that 25 percent of housing must be affordable to households that earn no more than 80 percent of area median income.

Mass. Gen. Laws Ann. ch. 40R

This law allows municipalities to establish “smart growth zoning districts” that encourage affordable housing construction, as well as communities that are in-fill developments and/or transit-oriented. The law contains certain density requirements and also requires that 20 percent of units in projects of 12 units or more must be affordable, which applies to people who earn less than 80 percent of the median income. This law also is intended to provide a mix of housing stock. The state will pay \$10,000 for up to 20 units of qualifying housing, as well as a one-time density bonus of \$3,000 for each unit, upon issuance of a building permit.

Mass. Gen. Laws Ann. ch. 23-A, §63

The law creates, within the Executive Office of Housing and Economic Development, a MassWorks infrastructure program to issue public infrastructure grants to municipalities and other public instrumentalities for design, construction, building, land acquisition, rehabilitation, repair and other improvements to publicly owned infrastructure, including, but not limited to, sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian and bicycle ways.

Michigan

Mich. Comp. Laws §123.632

This law defines transit-oriented development as infrastructure improvements that are located within one-half mile of a transit station or transit-oriented facility that promotes transit ridership or passenger rail use. It also defines “transit-oriented facility” as a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

Minnesota

Minn. Stat. Ann. §469.351

The statute defines transit improvement areas as “a geographic area designated by the commissioner composed of land parcels that are in proximity to a transit station,” and requires such areas to increase the effectiveness of a transit project by incorporating one or more public transit modes with commercial, residential or mixed-use development and by providing for safe and pedestrian-friendly use. The commissioner designates transit improvement areas that meet the objectives under this subdivision, in consultation with affected state and regional agencies.

Minn. Stat. Ann. §473.25

The law requires the Metropolitan Council to establish criteria for uses of the Metropolitan Livable Communities Fund (provided in §473.251) that promote:

- Creating and preserving living-wage jobs in the fully developed area;
- Providing incentives for developing communities to include a full range of housing opportunities;
- Providing incentives to preserve and rehabilitate affordable housing in the fully developed area; and
- Creating incentives for all communities to implement compact and efficient development.

The Metropolitan Council must establish guidelines for the livable community demonstration account for projects that the council would consider funding with either grants or loans. The guidelines must provide that the projects will, among other things:

- Interrelate development or redevelopment and transit;
- Interrelate affordable housing and employment growth areas; and
- Intensify land use that leads to more compact development or redevelopment.

Nevada

Nev. Rev. Stat. §278.235

The law provides for financial incentives or density bonuses to promote appropriate transit-oriented housing developments that would include an affordable housing component.

New Jersey

N.J. Rev. Stat. §34:1B-207 through §34:1B-209

This law creates the Urban Transit Hub Tax Credit Act, which directs the New Jersey Commerce Commission to designate areas in a one-half mile radius around rail stations in nine communities as an “urban transit hub.” A business that invests \$50 million of qualified capital in a business facility in an urban transit hub and employs at least 250 people at that facility may qualify for tax credits equal to 100 percent of the qualified capital investment that may be applied against corporation business tax, insurance premiums tax or gross income tax liability. Annually for 10 years, the taxpayer may use a credit equal to 10 percent of the qualified capital investment.

“Urban transit hub” is defined as:

- A property located within one-half mile radius surrounding the midpoint of a New Jersey Transit Corporation, Port Authority Transit Corporation or Port Authority Trans-Hudson Corporation rail station platform area, including all light rail stations, and property located within a one mile radius of the midpoint of the platform area of such a rail station if the property is in a qualified municipality;

- A property located within one-half mile radius surrounding the midpoint of one of up to two underground light rail stations' platform areas that are closest to an interstate rail station; or
- A property adjacent to, or connected by rail spur to, a freight rail line if the business uses that freight line for loading and unloading freight cars on trains.

Note: Senate Bill 1562 of 2012 raised the total lifetime cap on the urban transit hub tax credit program by \$250 million, from \$1.5 billion to \$1.75 billion, and extends the deadline for initial tax credit application submissions from Jan. 13, 2013, to July 1, 2014, and for final tax credit application submissions from Jan. 12, 2016, to July 28, 2017. Since the creation of the Urban Transit Hub Tax Credit Program, 19 projects have been approved for a total benefit of more than \$1 billion.

[N.J. Rev. Stat. §34:1B-209.2 and §34:1B-209.3](#)

This law defines a qualified residential project as any building, complex of buildings or structural components of buildings consisting predominantly of residential units, located in an urban transit hub within an eligible municipality. A developer, upon application to and approval from the authority, shall be allowed a credit of up to 35 percent of its capital investment in a qualified residential project.

[N.J. Rev. Stat. §52:27D-489c](#)

This law defines a Transit Village as a community with a bus, train, light rail or ferry station that has developed a plan to achieve its economic development and revitalization goals and has been designated by the New Jersey Department of Transportation as a transit village.

Note: Urban Transit Hubs and Transit Villages are exempt from the imposition of a nonresidential development fee. There are currently 26 designated Transit Villages.

New Mexico

[N.M. Rev. Stat. §5-15-5](#)

As part of the Tax Increment for Development Act to provide tax financing for public infrastructure, the law requires a tax increment development plan to include a description of innovative planning techniques, including mixed-use transit-oriented development, traditional neighborhood design or sustainable development techniques, that are deemed by the governing body to be beneficial and that will be incorporated into the tax increment development project.

New York

[N.Y. Environmental Conservation Law §6-0103 and §6-0107](#)

“Municipal centers” are defined as areas of concentrated and mixed land uses that serve as centers for various activities, including, but not limited to, transit-oriented development.

Among other provisions, the State Smart Growth Public Infrastructure Policy Act prohibits a state agency from financing a public infrastructure project unless it is consistent with state smart growth public infrastructure criteria. These criteria include, among other things, fostering mixed land uses and compact development, diversity and affordability of housing near places of employment, recreation and commercial development, and integration of all income and age groups; advancing projects for the use, maintenance or improvement of existing infrastructure; and providing mobility through transportation choices, including improved public transportation and reduced automobile dependency. The chief executive officer of a state infrastructure agency shall attest in a written smart growth impact statement that the project, to the extent practicable, meets the relevant criteria. If compliance with these criteria is considered impracticable, the agency must prepare a statement of justification.

North Carolina

N.C. Gen. Stat. §160A-536

As used in this section, the term "transitoriented development" includes the provision within a public transit area of any service or facility listed in this subsection. A public transit area is an area within a one-fourth mile radius of any passenger stop or station located on a mass transit line. A mass transit line is a rail line along which a public transportation service operates or a busway or guideway is dedicated to public transportation service. A busway is not a mass transit line if a majority of its length also is generally open to passenger cars and other private vehicles more than two days a week.

The following services and facilities are included in the definition of transit-oriented development if they are provided within a transit area:

- Any service or facility that may be provided in a downtown area as a downtown revitalization project under subdivision (a)(2) and subsection (b) of this section;
- Passenger stops and stations on a mass transit line;
- Parking facilities and structures associated with passenger stops and stations on a mass transit line; and
- Any other service or facility, whether public or public-private, that the city may by law provide or participate in within the city, including retail, residential and commercial facilities.

N.C. Gen. Stat. §136-252

Local government entities are eligible to receive grants from the Congestion Relief and Intermodal 21st Century Transportation Fund for public transportation purposes, which include planning and engineering. The applicant must approve a transit plan that includes a number of criteria, including, among other things: promotion of a pedestrian- and bikefriendly environment around and connected to transit stations; promotion of mixed-use and transitoriented developments and other land use tools that encourage multimodal mobility; and promotion of access to public transportation for those who live in areas with a disproportionate number of households below the area median income.

Oregon

Or. Rev. Stat. §307.600 through §307.637

This law is meant to stimulate construction of transit-supportive, multiple-unit housing in the core areas of Oregon's urban centers. A city or county shall designate core areas, light rail station areas or transit-oriented areas. The building of multiple-unit housing in such areas will be eligible for a local property tax exemption. "Transit oriented area" means an area defined in regional or local transportation plans to be within one-quarter mile of a fixed route transit service. In the case of the construction, addition or conversion of multiple-unit housing:

- (a) The owner has agreed to include in the construction, addition or conversion as a part of the multiple-unit housing one or more design elements benefiting the general public as specified by the city or the county, including but not limited to open spaces, parks and recreational facilities, common meeting rooms, child care facilities, transit amenities and transit or pedestrian design elements; and,
- (b) The proposed construction, addition or conversion project is or will be, at the time of completion, in conformance with all local plans and planning regulations.

Pennsylvania

2004 Pa. Laws, Pamphlet Law 1801, No. 238

The Transit Revitalization Investment District Act allows municipalities, counties, transit agencies and other entities to establish a Transit Revitalization Investment District (TRID). The district must have a minimum radius of one-eighth

mile and not exceed a radius of one-half mile from a transit stop. The need for transit and community facility improvements is to be assessed in a TRID planning study. The planning study must consider the need for capital improvements to transit-related facilities and adjacent public infrastructure, including roads, sidewalks and water, sewer and storm drainage service and public facilities, as well as opportunities for private sector real estate development and ways in which such facilities, services and development can be financed.

The act provides funding to conduct a TRID planning study, with a 25 percent local match requirement and a cap of \$75,000 per municipality. The law also allows creation of a value capture area to enable local municipalities, school districts, the county and the public transportation agency to share the increased tax increment of real estate and other designated tax revenues generated by new real estate investment within the TRID. Tax revenues generated within a TRID shall be dedicated to completion and future maintenance of the specific and necessary improvements designated in the comprehensive plan amendment and TRID planning study. The municipality and the public transportation agency must jointly conduct at least one public meeting in the proposed TRID area prior to the enactment of a TRID, TRID planning study, comprehensive plan or zoning amendment.

Tennessee

[Tenn. Code Ann. §§64-8-201 et seq.](#)

This law defines transit-oriented development to mean, without limitation, land use development centrally located around a transit station, sometimes part of the station or where the station is a prominent feature of the development, that has a mixture of land uses in close proximity to one another, including office, residential, retail, public and civic uses, occurring at a relatively high density. TOD is designed to be walkable and easy to navigate by bicycles and other non-motorized modes of transportation.

The law also requires that each regional transportation authority must have a board that is to develop a plan for operation and expansion of mass transit services in the authority's region. The plan also must have an overview of the authority's intent to pursue transit-oriented or transit-adjacent development. The law allows the authority to purchase or acquire real property by eminent domain in furtherance of the authority's transit and transportation plans and plans for transit-oriented or transit-adjacent development. The law defines and lists the methods by which the authority may raise money for building and operating a transit system.

Texas

[Texas Tax Code Ann. §311.01005](#)

This law states that revenue from a tax increment fund may pay for the cost of acquiring land if the zone will be served by a rail transportation project or bus rapid transit project

Utah

[Utah Code Ann. §17B-2a-802 and §804](#)

This law allows a public transit district to become a limited liability partner in a mixed-use transit-oriented development in the proximity of transit stations and rights of way. Transit-oriented development is defined as a mixed-use residential or commercial area that is designed to maximize access to public transit. Five projects can be undertaken before an automatic review by the Legislature. A public transit district may contribute property owned along transit lines. Participating developers must make an equity contribution of at least 25 percent of the value of the property contributed by the public transit district. Contribution of the property to such a private development removes existing tax exemptions, thus providing local governments with additional property tax and sales tax revenues. The public transit district will receive a priority return on its capital contribution and a share in the upside profits to off-set system operating expenses

that would otherwise come from tax funds. The law does not provide a public transit district with land use or eminent domain authority.

[Utah Code Ann. §63A-5-224](#)

The Division of Facilities Construction and Management may transfer title to a parcel of land it owns to a public transit district to facilitate development of a commuter rail transit station and associated transit-oriented development if 1) the parcel is within one mile of the proposed commuter rail transit station and associated transit-oriented development; and 2) the division receives in return fair and adequate consideration.

Washington

[Wash. Rev. Code §36.70A.350](#)

A county required or choosing to plan under Wash. Rev. Code §36.70A.040 may establish a process as part of its urban growth areas for reviewing proposals to authorize new, fully contained communities located outside the initially designated urban growth areas if the community meets certain criteria, including, but not limited to, implementation of transit-oriented site planning and traffic demand management programs.

[Wash. Rev. Code §39.102.040](#)

Before applying to the Community Economic Revitalization Board to use local infrastructure financing, a sponsoring local government must designate a revenue development area. The board shall, in consultation with the Washington Economic Development Commission, develop the relative weight to be assigned to certain criteria, including the project's ability to encourage mixed use and transit-oriented development and the redevelopment of a geographic area.

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