

## **TRANSIT-ORIENTED DEVELOPMENT IN FOUR REGIONS**

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### **ATLANTA**

The diaspora of the white-middle class north out of Atlanta during the past three decades earned Atlanta a reputation as the U.S. capital of sprawl. Experts conjectured the region had undergone the greatest geographic expansion of any urban area in history, with a commuting shed that stretched north to North Carolina and Tennessee and west to Alabama, south to Macon and east to Athens. Residents drove more than in any other region; air quality was so bad that federal transportation funding was briefly halted; Atlanta ranked second to Detroit in the volume of office space existing outside the city; and the city was deadly for pedestrians.

Moreover, sprawl, racism and poverty were all linked through exclusionary zoning practices that drove up the cost of housing by requiring large lot sizes and low densities that made it difficult to build affordable and multi-family housing. Very little land was zoned for affordable housing, and development approvals were often conditioned on large minimum house sizes and onerous design and landscaping standards. As a result, compared to other Sunbelt cities, Atlanta had the largest lot sizes and the lowest percentage of affordable and multifamily housing. Whereas 44 percent of all new housing in Tampa was affordable, for example, in Atlanta new affordable housing comprised only 15 percent.

Traffic was so bad, however, that commuting was untenable, and people began moving back into Atlanta proper, not just to the wealthier northern communities like Buckhead but further south into Midtown and Decatur, a close-in suburb to the east, and even into downtown. By 2004 the economy had ground to a halt in Atlanta but still people continued to move into the city, and condos, townhomes, lofts and apartments -- including some that were affordable -- were being built to accommodate the influx of urban residents. Five multi-family residences were built for every single family home from 2000 to 2003, and for the first time the city had more multi-family than single-family dwellings.

Midtown was hot, and by 2004 it was replacing the more monied, car-oriented Buckhead as Atlanta's most fashionable neighborhood. The residential population had grown by 250 percent since 1997, with 8,000 residents moving into 6,000 new residential units, many within walking distance of four MARTA (Metropolitan Atlanta Regional Transportation Authority) rail stations. Buckhead's commercial corridors were gridlocked from dawn to dark, there wasn't the same access to culture or transit, and walking was neither safe nor fun.

Midtown, on the other hand, was “the place where folks cruise in shoes rather than cars, the home of Atlanta’s coronet of cultural centers,” enthused the Atlanta Journal Constitution, “and the place to perform that most modern of phenomenons: live, work and play.” Decatur was popular for the same reasons, and like Midtown was an older neighborhood seeing a layering-on of infill development. The MARTA station was underneath the town square, which was surrounded by unusual shops, restaurants, music venues and multi-family housing. City planners said that the lively town square served as the community’s “living room.”

Other neighborhoods couldn’t provide the live-work-play-walk dynamic, because mixed-use and a walkable urban fabric were two things Atlanta lacked. The city’s 48-mile heavy rail system had been built in the 1970s, and while a few of MARTA’s 38 stations had attracted significant development, it wasn’t because of the proximity of transit but because of the “special public interest” zoning that permitted Manhattan-scale densities at stations. The resulting development wasn’t at all transit-oriented; it was inwardly focused, monolithic, and mostly office or commercial with a thin veneer of mixed use. Transit-adjacent development like Resurgens Plaza and the Perimeter Mall were the result, the former consisting of office towers surrounded by parking and grass, the latter a shopping mall with big box retail in a sea of parking – creating a jobs-housing mismatch of 8 to 1. There weren’t any residential projects going up at MARTA stations until 2003.

Atlanta really was a TOD worst-case scenario: Lots of density and lots of destinations but walking to them, even from the stations, was difficult, because there was also lots of parking, generating impossible traffic conditions. One unfortunate example was the 47-acre mixed-use development at Lindbergh station, the result of a bold initiative by BellSouth, one of the region’s largest employers, to locate employees at MARTA stations. Just in case BellSouth employees working in Lindbergh’s two office towers didn’t take transit, they could park in 10,400 parking spaces. The resulting traffic all around Lindbergh would separate low-income residents living in adjacent neighborhoods from the transit on which they depended. The dot.com bust exposed another flaw in this joint development project built to suit one large and influential employer: By 2004 BellSouth was struggling, the office towers were only half occupied, and none of the residential or retail had been built.

Atlanta was handicapped by the fact that Georgia provided no state funding for transit, which compelled MARTA to maximize lease revenues from joint development by building whatever would provide the highest returns – which had been office towers. Moreover, politics in Georgia pitted Atlanta against the rest of the state, and rural highways – not sidewalks – were the infrastructure of choice. Fortunately, the Atlanta Regional Commission dedicated \$1 million a year in federal transportation funding to support local land use planning around transit, and \$70 million for plan implementation.

This "Livable Communities Initiative" program was credited with seeding many of the better, smaller-scale TODs and infill projects that were only now being built, by providing developers with enough incentive that they were willing to take a risk.

Decatur had received LCI funding for a mixed-use affordable housing development at its second MARTA station. LCI funded the planning at the Chamblee station to the north, where excess parking was being converted to lofts, townhomes, mixed-use, and apartments. And there were other mixed-use projects planned with funding from LCI or pursued by MARTA that would go in, when the economy improved, at several other stations.

But it was the infill development in Midtown, with four stations, and downtown, with nine stations, that held the most promise of creating truly transit-oriented neighborhoods. Commercial property owners in both places had enacted self-taxing community improvement districts to fund the large-scale streetscape projects that would never be funded by the state. The non-profit Midtown Alliance, which administered its CID, had launched a community-based visioning and planning exercise in 1997 geared toward making the neighborhood lively and walkable. The resulting master plan, Blueprint Midtown, had detailed guidelines for everything from curb cuts to the location of gas stations, offered density bonuses for affordable housing, and instituted parking maximums. It was adopted unanimously by the Atlanta City Council in 2001, resulting in the largest rezoning in Atlanta's history.

Since the rezoning dozens of new residential projects with groundfloor retail had been built, the High Museum had doubled in size, there was a new symphony hall, a new dormitory for the College of Art, which peopled the streets with young artists, and a new Technology Square campus for Georgia Tech that was neighborhood-oriented, with ground-floor retail and a hotel. Many of the start-up businesses spun off research initiatives at Georgia Tech were also setting up shop in Midtown's lofts, warehouses and old factories. Technology Square was linked to the rest of Georgia Tech, located on the other side of the I-75/85 connector -- which had ruined a wide swath of neighborhoods when it slashed through in the 1960s -- by a bridge and frequent shuttle bus. Also on the other side and connected by a bridge was the gigantic 138-acre Atlantic Station, a master-planned town center built on what had been a steel mill. A few townhomes were open; Atlantic Station would eventually house 5,000 residents.

While there were still vacant lots and surface parking around many of Midtown's signature tall buildings in 2004, the neighborhood was quickly filling in with development. The master plan was credited with attracting developers because it clearly articulated what the community wanted and provided a predictable environment. The CID had raised \$42 million for wider sidewalks, lighting, trees and bike lanes, and the Midtown Alliance was operating a transportation demand management effort. The alliance was

embarked on Blueprint II in 2004; whereas in 1997 residents had sought a balance between cars, transit and pedestrians, this time they were only interested in alternatives to the car.

The unlikelier success story was downtown, which served as Atlanta's commercial center and was home to only 25,000 residents but was expected to house another 8,000 residents by 2010. Two public housing projects downtown had been razed as part of HUD's Hope 6 program, and would be replaced by mixed-use, mixed-income developments housing 1,500 residents. A thousand more residential units were being constructed at MARTA's Civic Center Station, 600 were going up near the Georgia Dome, and Georgia State University was building a 2,000-bed dormitory, which promised to enliven the pedestrian environment and increase sales tax receipts. The Hope 6 projects had helped pioneer this wave of new residential development because it was understood that there would be contiguous nice neighborhoods, with significant access to jobs and transit, and more and more housing.

While Atlanta remained a suburban city served by the car in 2004 it was beginning to offer residents choices in housing, neighborhoods, lifestyles and transportation. While the big projects at MARTA stations – many of which were first-generation TODs built in the '80s -- had proved disappointing both in design and execution, the second generation of TOD projects seemed to be of a more reasonable scale and held more promise, incorporating a better integration of uses including affordable housing. And there were beginning to be a few transit-oriented neighborhoods, which were getting more interesting and more walkable as surface parking lots were filled in with new mixed-use projects. Atlanta didn't provide an urban experience yet, but taken all together, this layering of neighborhoods and development and incomes and lifestyles would make for a city with a richer personality.

## **THE BAY AREA**

The Bay Area had been slow to embrace the idea of TOD –as recently as five years ago BART (Bay Area Rapid Transit ) was surrounding its stations with large surface parking lots – and in 2004 the slumping economy had diminished developer interest in large TOD projects. Many planners believed this relative lull in development was a blessing after the hyper-hot real estate market pre-9/11 and the dot.com bust, because it would allow some time for the region to come to a consensus around planning and zoning that would support better projects and neighborhoods. But ambitious TOD projects that had been planned and financed earlier continued to go up all over the place.

The massive 300-acre Mission Bay project adjacent to Pacific Bell Park would create an entire neighborhood next to the waterfront with 6,000 residential units, and offices, shops and parks wrapped around a new UC-San Francisco campus traversed by a streetcar line. The long-awaited 20-acre Fruitvale transit village at a BART station in a low-income ethnic neighborhood in

Oakland, developed by a community organization called the Unity Council, had opened with shops, a healthcare facility, child care, a public library, computer technology center, senior center, space for community organizations, and 47 units of housing. Berkeley boasted some spectacular projects, including the Gaia building, which had 230 units of housing and just 21 parking spaces – instead of building parking the developer built a community room. In the Tenderloin another developer built 67 affordable units on what had been a parking lot; instead of parking, he built a pool, gardens, and a great community space.

Transit villages were planned around all eight BART stations in Oakland, and mixed use development along transit corridors – with retail on street corners and high-density housing in between -- was a key element of the new General Plan. High density housing was going in at the City Center station, and there was keen interest in plans for the 15-acre Uptown transit village, with 1,000 residential units, 25 percent of which would be affordable, neighborhood serving retail and a public park -- helping Mayor Jerry Brown reach his goal of bringing 10,000 residents downtown. When Brown took office in 1999 everyone had been curious how he would tackle the issue of downtown redevelopment, and they were surprised when he said housing was the answer.

The suburbs, too, had become transit-oriented. Hayward, where the BART station was once separated from the historic downtown by a large parking lot, had embraced the station by extending its sidewalks, then constructing a new City Hall that faced the station across an expanse of green space, and then infill housing and a full-service supermarket had been built. Walnut Creek had encouraged high-density housing and compact development around its retail center and BART station, and ran a free shuttle bus around the downtown, to BART and to local office parks. Suburban Mountain View, site of Peter Calthorpe's the Crossings, a first generation TOD, was successfully intensifying land uses around transit, providing much-needed housing in a very tight Silicon Valley market. And Pleasant Hill was getting better and better over the course of three decades and would soon replace 18-acres of surface parking with an urban village containing a town square and community green.

Some of the work on these and other TOD projects in the Bay Area was supported by the Metropolitan Transportation Commission's Transportation for Livable Communities (TLC) and Housing Incentive Program (HIP). TLC, like the Atlanta Regional Commission's LCI program, provided money for planning and implementation; HIP awarded transportation funding to those communities that located compact housing within a third of a mile of transit - - \$1,000 per bedroom for 25 dwelling units per acre up to \$2,000 for 60 du. Both programs had proven enormously popular, and Governor Arnold Schwarzenegger's new secretary of business, transportation and housing – who was from the Bay Area -- was talking about also linking statewide transportation funding to the provision of housing. In 2004 MTC planned to

increase the size of TLC from \$18 million to \$27 million a year in order to provide additional support for those communities who wanted to develop specific plans and precise plans that would make it easier for developers to come in and build larger projects.

The Bay Area had by 2004 developed a considerable number of transit hubs with a critical mass of lines and service frequency, and these were great places to build housing in a housing market that, despite the economy, hadn't cooled down. And there was a lot of transit-oriented housing -- mixed-use and mixed-income and with very little parking -- that were either up or going up all over the region. Bridge Housing, the state's largest provider of affordable housing, didn't even consider sites that weren't near transit. Competition for the state's low income housing tax credit and other funding sources -- used to fund 70 percent of affordable projects in the state -- was fierce. And the smart growth screens used to rank projects -- the screen for the tax credit was especially rigorous -- made it virtually impossible to win the requisite points unless projects were transit-oriented.

Moreover, in the most expensive housing market in the U.S. there was every reason to locate housing -- both affordable and market-rate -- near transit: Transit-oriented locations made it possible for residents to use transit, thereby reducing their cost of living. Transit made it possible for developers to build less parking, thereby reducing the cost of projects. Transit meant projects would have reduced traffic impacts, thereby increasing the likelihood they would make it through the approvals process. Neighborhoods near transit were more likely to have in place the kind of zoning that permitted the densities required to make affordable projects pencil out. And the less space that was required for parking the more dense and profitable a project could become.

The lack of automobile infrastructure made possible an intensity of uses that created an unparalleled vitality in San Francisco and other cities built before the automobile. This made the city more intimate and engaging, and was why people were willing to pay more to live in San Francisco than almost anywhere else in the U.S. Because the market put the value of an off-street parking space at anywhere from \$20,000 to \$75,000, lower parking ratios reduced the cost of a project by millions of dollars, which improved profitability at the same time that it allowed for the use of higher-quality design and building materials and the provision of amenities for residents. An increasing number of parking consultants were willing to make the case for project entitlements by arguing that locations near transit significantly reduced traffic impacts. The data necessary to make that argument was being accumulated. A new study, for example, showed that while 45 percent of residents living near BART stations used the train in 1990, by 2000 the number had risen to 60 percent.

Car-sharing was one strategy being used to reduce parking requirements. A third of City Car Share's 3,000 members had given up a car within two years

of joining, according to a study by UC-Berkeley professor Robert Cervero, who would also be calculating VMT and emissions reductions, data that would be used to argue that car sharing should be codified into the planning code to help projects with reduced parking get approved. The existence of a car sharing "pod" had already helped 15 projects get through the approvals process. New San Francisco Mayor Gavin Newsome had made the campaign promise that there would be a car-sharing pod within five minutes of 90 percent of all residents. City Car Share was proving to be an immensely successful venture. The non-profit was recouping 60 percent of costs from farebox revenues in 2003, and the goal of self-sufficiency by 2008 seemed do-able.

Of course San Francisco and Oakland, where most of the car sharing pods were located, were a very different ballgame than the rest of the Bay Area. Thirty-four percent of all San Francisco residents were car-less. And why not? Parking was difficult and expensive in San Francisco, and 95 percent of all addresses were within walking distance of transit. Oakland was nearly as transit-rich. But even in these cities the issues of density and parking could still get a rise out of residents. For this reason the ?? Planning Department's Better Neighborhoods program had proven enormously helpful by going into neighborhoods before projects were proposed in order to build understanding about and consensus around the fact that higher densities and lower parking ratios were essential to creating the kinds of lively and dynamic neighborhoods residents wanted. Communities reacted much more positively when approached by the city about these issues than when a developer was breathing down their necks.

But despite the pro-TOD stance of agency and city staff, elected officials sometimes opted to endorse uses at stations that didn't support transit. Proposition 13 had reduced property tax revenues enough that cities badly needed to generate sales tax revenues. A Walmart had been built next to the Warm Springs BART station, and a Costco had gone up at a station in South San Francisco. BART had adopted land use guidelines that it used when ranking requests for rail lines and stations in order to ensure that there would be uses that supported the investment. In 2004, the MTC was also considering making funding for rail or busway projects contingent on supportive land uses in a community. But what exactly was supportive land use? Communities everywhere were clamoring for BART extensions, but didn't want the densities that would support the investment, and they definitely didn't want them before the rail line was built. The devil would be in the details. How could MTC be ensured of a commitment to changes in zoning?

The region adopted a "Network of Neighborhoods" growth scenario for the new regional transportation plan that channeled most development into existing city centers and along significant transportation corridors. This scenario, which would be used to justify transportation funding, would undoubtedly shift more resources to transit and thus had real potential to

shift growth patterns. But it also relied on the assumption that cities would upzone to increase densities. This scenario – which was the middle path in between the all-TOD and all-greenfield scenarios – didn't accommodate all growth around stations, channeling the much of the rest along major transportation corridors. Some corridors ran through very low-density areas in several cities and counties, creating the need for multi-jurisdictional coordination.

The Association of Bay Area Governments was putting together planning sessions along these corridors involving every agency with resources to bring to this effort, and had discovered that despite the fact that the state budget deficit meant there would be little new funding, a coordinated effort would leverage significant existing resources. For these corridors which could also provide an incentive for cities to work with ABAG on implementing the Network of Neighborhoods.

One irony at the start of 2004 was that the dot.com bust had wreaked havoc with the Silicon Valley's economy, and San Jose -- which had pioneered smart growth in the Bay Area with a consistent TOD planning effort – was seeing transit ridership, agency revenues and service frequency plummet, though not housing prices. Nonetheless, the city continued to plan for intensified uses, and especially housing.

## **CHICAGO**

Chicago has almost an embarrassment of riches when it comes to rail lines, especially compared to brave, young cities like Dallas or Denver trying to play catch up with starter systems built less than a decade ago. Chicago transit maps depict a web of lines radiating out from the Loop that encircles downtown, with seven Chicago Transit Authority lines and twelve Metra commuter rail lines and almost 400 rail stations. And in 2004 Chicago was looking to the new federal transportation bill to provide funding for significant new rail projects – including a new \$1.1 billion suburb-to-suburb line as well as extensions, expansions and refurbishments of existing lines.

Chicago has been building neighborhoods around transit ever since the turn of the century, and many of those neighborhoods were built by the same developers who also built and operated the transit that made their property valuable. There's so much density and so much transit in the city that there's limited opportunity for significant new infill. The suburbs, however, have become keenly interested in transit-oriented development, even if though they may call it something else -- downtown revitalization, with a train station as the anchor and major asset. There's a premium attached to access to transit, and even suburban single family homes are advertised as being within walking distance of a train.

Arlington Heights, Evanston, Elmhurst, Oak Park, Tinley Park -- all had rebuilt their downtowns by changing zoning and/or acquiring land in order to



build higher density housing and mixed use and to improve access to transit. Arlington Heights had rebuilt its downtown with very high residential densities and very tall buildings – and Mayor Arlene Mulder, who'd championed these projects, had been re-elected, a lesson that wasn't lost on other elected officials. Palatine, too, had built structured parking, and then surrounded it with condos, townhouses and rowhouses. Even the newest suburbs along the most recent Metra extensions, like the little farming village of Elburn, slated for a new commuter rail station that would have 103 trains coming through daily and anticipating a population growth rate of 1000 to 2000 percent by 2020, was planning to house residents not in single family detached units but in high-density townhomes and condos in downtown.

Everybody understood that if they cared about the success of their downtowns they had to care about housing. And they understood that demographics were changing, and that the residential market was being driven not by families with several children but by older and younger and smaller households. It's a broad generalization to say that commuter rail agencies still prefer to build parking lots -- not TOD -- at train stations. But this is starting to change. In Chicago the suburbs were beginning to take the position that parking is not what they wanted, and urging Metra to consider shared parking so that transit-oriented development could be built near train stations instead. Even the transit agencies were realizing that density was as important to ridership as parking. But still, there were problems. Suburbs with their cul de sacs didn't necessarily have the street grids that could connect their train stations to the community in order to permit easy access for pedestrians and buses.

Whether or not new development would be transit-oriented depended, however, on whether the community had sufficient resources and planning staff to pull off these ambitious makeovers, and while there was lots of TOD activity in northern suburbs, there was not so much to the south. Tensions had been brewing over the fact that the affluent North Side communities *had*, and those less fortunate communities to the South *had not*???. The South Side had missed out on the boom in land and housing values that was experienced by property owners to the north during the past decade. Now that growth was beginning to move south – where land was still cheap – some communities were reluctant to put any brakes on growth.

Moreover, there were real inequities that became glaringly apparent when the new STARline showed up on Metra's list of proposed projects linking suburbs to the north and west with O'Hare Airport but stopping short of serving suburbs in the south. Race was always an issue in these north-south disputes, and a furor ensued until service to the south was restored. Ten communities along this proposed southern segment had been planning for TOD around the STARline, using funding from the Regional Transportation Authority's Regional Transportation Assistance Program, which was responsible for forging partnerships between the transportation planning

agency and local jurisdictions and seeding TOD in many of the northern suburbs.

The question of equity was a big one. Transit was a subsidized service, and service was inequitable. Many commuters in the south had to ride the train north in order to catch a train or bus that would take them to their final destinations in the south. Service in the south was uncoordinated, inconsistent, and not nearly as nice as in the north. But the inequity of public investment was also at the root of two other regional problems – the cost of housing and the jobs-housing imbalance – and it was clearly driving sprawl.

Jobs were continuing to move out of the city, but the lack of a good regional bus system, and the lack of coordination between existing transit systems – and the lack of a universal fare card -- meant that often workers couldn't get to those jobs. Moreover, the lack of housing that was affordable combined with the lack of transit meant that both jobs and residents were moving not only out of Chicago but into Wisconsin to the north – and the loss of residents and jobs and tax revenues were troubling.

The 2000 U.S. Census showed Chicago was gaining residents again after three decades of decline, but the demographics were different. The only real growth would be in Hispanic families – who historically showed a preference for living in multi-family housing in compact urban communities near transit. These trends argued for greater investment in transit and in communities that provided housing for a mix of incomes and a mix of uses that corrected the jobs-housing balance – in short, TOD. And not only was planning for and investing in TOD important, it was popular because it could transform a barren communities into lively places with improved access to housing, jobs, shopping and transit.

Meantime, back in the city, similar dynamics were at play, and while there wasn't much activity around big, new TOD projects, there was a continuing effort to increase the intensity of uses around transit and to preserve the urban fabric and scale of existing transit-oriented neighborhoods. The City of Chicago was now producing more housing than the suburbs, and there was increasing pressure to adopt an inclusionary zoning ordinance to ensure the provision of new affordable housing despite rising land values and housing prices. Mayor Daley was against this, however, so what was put forward instead was totally voluntary: for every unit of affordable housing a developer could put in an additional four market-rate units.

But while everybody loved density in the city, they didn't love it that much in the neighborhoods. Much of the city had been upzoned in 1957, when a projected population increase didn't materialize. Now that it had, thirty years later, and people were moving back into the city in droves, graceful older buildings constructed pre-1957 were being torn down and replaced with the taller buildings that responded to the higher densities allowed in the zoning code but which were out of scale with the existing neighborhood. Chicago is a

city of neighborhoods, and they're about as good as neighborhoods get: densely populated but comfortable, walkable, with fine architecture, ample parks, big trees, street life. Residents were vigilant about protecting neighborhood character, and aldermen all over the city were asking for height limitations and down-zonings.

There were other problems with the antiquated zoning, especially now that the city's population was increasing. Chicago had, during the heyday of the streetcar, developed commercial districts that stretched like ribbons down the length of the ubiquitous streetcar lines – it was estimated there were 700 miles of these commercial districts. Now that the streetcars were gone and the market had moved elsewhere many of these storefronts and commercial spaces stood vacant. It was thought that by changing the zoning to permit residential as well as retail and commercial uses it would be a way to increase residential densities that would help to support transit as well as the retail that still existed.

The city had begun a massive overhaul of the zoning code in an effort to address these and other problems. There had been talk about creating a transit-oriented development zone to intensify transit-supportive uses and protect land around stations, but there was a reluctance to put any kind of restrictions on the market and this proposal hadn't moved forward. There would be, however, protection for the city's great pedestrian "districts," which would indirectly promote transit-oriented development since most, thought not all, were around transit stations. Within these designated districts there would be restrictions prohibiting driveways, curb cuts and parking lots and requiring street-facing entrances, transparent windows and ???

The city was also involved in a consortium of commuter rail and freight rail lines seeking federal funding for flyovers, grade separations and other improvements to ease the bottlenecks that often slowed rail traffic through the city to a crawl. That wasn't all Chicago wanted from the federal government, however: funding was needed for the refurbishment of the Brown Line with expanded platforms to accommodate more cars, money to rebuild the Douglas branch of the Blue Line, as well as the money for the STARline and for the double tracking and extension of several commuter lines. It was the transit system, not the highway system, that was being expanded in Chicago in 2004. But some critics pointed out that there were still underdeveloped neighborhoods around rail in the city, especially along the Green Line. And they questioned whether the commuter rail extensions, in particular, were a tool for smart growth or for sprawl.

## **DENVER**

Like other cities across the U.S. Denver has attracted a significant number of lofts, condos and apartments and a lot of mixed-use infill development in its transit-rich downtown. But at the start of 2004, ten years after opening its

20-mile starter rail system, there was still really only one TOD "project" – a strange and wildly successful one -- out of the ground. The 10-acre Englewood City Center, in a suburb several stops out of downtown, was built to accommodate a good mix of usual TOD ingredients including 450 residential units, as well as a City Hall, library, museum, park, open space, and a street grid, plus a Walmart and other big box retail, and it was parked at almost suburban ratios. As unlikely a combination as this was, somehow it worked, and it was nationally celebrated for having revived a lower-income community using the site of what had been a dead shopping mall.

But despite the fact that the Denver Regional Transportation District had hired two transit-oriented development directors who had lasted two years apiece -- and was conducting a national search for a third -- the agency hadn't really taken to the real estate business. The RTD still believed that a transit agency should focus on moving people from point A to point B and that parking – not developing density or the environment around stations – was the key to ridership. Moreover, much of the Southwest line traversed industrial neighborhoods, while a second line, the 19-mile T-REX, due to be completed in 2006, traveled down the side of a freeway, limiting the opportunity to work in what planners called "360-degree environments" and introducing the complications of traffic and noise.

Worse yet, T-REX was being constructed through a design and build contract, which meant station areas were designed and constructed before communities and developers had had time to think through what to develop. The development business is an iterative process, and in the context of the design-build arrangement it necessitated one expensive change order after another. The cement had been ordered and sometimes poured before the community or developer had a chance to ask, for example, if maybe the parking structure couldn't be moved over a bit to provide pedestrian access to a project. Developers lamented that design-build was proving a popular choice for agencies building new rail lines across the country.

But Denver was poised to take a leap of faith in transit and TOD: It was likely that there would be a four-tenths percent sales tax increase on the November 2004 ballot, which would fund, at \$4.7 billion, the full build-out of Denver's transit system in about a dozen years – the largest system expansion since Washington D.C.'s Metro system was built in the 1960s. If the measure, called FasTracks, passed Denver would become one of the top five U.S. cities in miles of light rail and commuter rail, and there would be money for a regional suburb-to-suburb bus system and other transportation improvements. The RTD would construct six light rail and three commuter rail lines and 70 stations, and Denver's Union Station would be turned into a bustling intermodal station serving 32 trains an hour. Denver would need to ask the federal government for help with funding only 20 percent of the total cost.

Initial polling for the measure was positive. Colorado was one of five states that provided no state funding for transit until 2002, when 10 percent of the transportation budget was devoted to transit, and there was a general recognition that when it came to transit, Denver was behind the curve. The RTD's nascent rail system had proven very popular, with ridership at 43 percent over projections. Bus was also popular. The 16<sup>th</sup> Street Transit Mall downtown, nearly 25 years old and the granddaddy of Denver TOD, was built up around a free and frequent shuttle bus that ran its two-mile circumference 18 hours a day, and it was bisected by the light rail line. The MallRide bus was over capacity, and the Transit Mall was lined with a mix of housing, offices and retail, including the Denver Pavilions shopping and entertainment complex, and both the Colorado Convention Center and the Denver Center for the Performing Arts were nearby.

Adjacent to the Transit Mall was both Union Station and LoDo, or Lower Downtown, where every building that could be converted into lofts had been converted. There were more condos and lofts going in around Union Station, including the spectacular Riverfront Park residential project, which was surrounded by the South Platte River, a public park, Cherry Creek and the train yards – and outfitted with triple-pane windows because there were 50 freight trains going by every day. A thousand residential units had been constructed there and another thousand would be built, and the same developer, East West Partners, had secured the rights to build more residential on the 19 blocks out of 24 in front of Union Station; the remainder would be commercial. These downtown neighborhoods had become the beating heart of Denver during the past five years, and the sophistication of the projects and the high real estate values made it clear that there was a market for something other than single family homes in Denver – and that transit was a part of the winning formula.

The 16<sup>th</sup> Market Square mixed-use building across from the Civic Center bus station on the Transit Mall, built by Continuum Partners and including office and some retail and 23 luxury penthouses, was a perfect example. Though land and construction costs were higher for 16<sup>th</sup> Market Square than for two similar buildings several blocks away, 16<sup>th</sup> Market Square commanded higher rents, remained fully occupied -- unlike the others -- and appreciated in value during the 2002-2003 recession. The developer is convinced the proximity of transit is what kept tenants there.

Just west of downtown was the Central Platte Valley, served by a 1.4-mile spur line and four stations, with its baseball, football, basketball and hockey stadiums, Elitch's/Six Flags amusement park, a children's museum and aquarium, and the Auraria campus with three colleges. To the east of downtown was the Welton Street Corridor, a historic African American neighborhood that was beginning to see some infill and loft development, including one project developed by a community association and another including affordable lofts. This remarkable cluster of destinations and jobs and infill development in and around the central business district was the

reason light rail had been so successful. Critics complained, however, that light rail in Denver wasn't a working transit system so much as it was used for recreational purposes. Once T-REX opened, however, it would also connect residents with Denver's other major employment center, the Denver Tech Center, and would become even more important for commuters.

But Denver's economy had suffered more than most because it had been heavily dependent on the technology sector. And proponents of FasTracks were thinking about pitching rail as an economic development tool, which some other cities, including Phoenix, had done with great success. And indeed, as with most major policy and infrastructure initiatives, FasTracks had already stimulated significant developer interest. Many of the projects were very large and ambitious, perhaps because in the West there were still a number of large landowners. An earlier, similar funding proposal had been defeated in 1997 in part because it had been roundly criticized for being short on details. This time the corridors had been identified and major investment studies and environmental impact statements had already been completed. And the Urban Land Institute, in an effort to stimulate further interest, was holding seminars focusing on development opportunities along each of the proposed lines.

One of the more ambitious projects was in the well-off Republican enclave of Lone Tree, which had voted overwhelmingly to tax itself in order to extend the terminus of T-REX two miles to a planned New Urbanist village including tens of thousands of residential units and thousands of jobs. Another proposed line would connect with the massive 5,000-acre Stapleton Center on the site of the old international airport. Peter Calthorpe had done the master plan, and construction of 8,000 single family homes and 4,000 multi-family units was already underway. Also planned was a transit village on the site of an auto dealership in Boulder, and another transit village around a busway in the suburb of Broomfield.

Meantime, preparatory work done along T-REX would likely yield a few projects, including an ethnic marketplace at 10<sup>th</sup> and Osage. Last year the City of Denver had crafted a special "transit mixed-use" or "TMU" zoning designation for transit-adjacent sites with a minimum of 12 acres that permitted a floor area ratio of five and a height limit of 220 feet (18-20 stories) to create densities and massing similar to a downtown. It had been crafted specifically for a 50-acre mixed-use TOD project on the site of the old Gates Rubber Factory owned by Cherokee Denver, which developed environmentally distressed properties, at the juncture of the Southwest and T-REX lines and Interstate 25. The designation would also be applied to another 48-acre mixed-use development planned to include 1,300 residential units in a mixed-use urban core around the Belleview light rail station immediately adjacent to the Denver Tech Center.

But developers complained it took forever to get project approvals, and they suspected the permitting process was being used by communities to slow

growth in reaction to the overheated market of several years before. Moreover, there had been a lack of leadership and coordination, but at the start of 2004 there was a new mayor, 12 new City Council members, a new planning director, a new Denver Urban Renewal Authority Director, and a new director of the Department of Public Works. So Denver remained poised on the brink. "There's a whole cadre of developers here who have figured out how to do infill development and who know they can get financing and who know they can make money – both in Denver and in Boulder," complained one developer. "These developers get it, and they're willing to do it, and they're just looking for communities to partner with."

Agreed another developer: "It works better if a community comes to the transit agency with a plan than if the transit agency tries to work directly with developers. It's better yet if the city and the transit agency and the redevelopment agency work together with the private sector. Because transit agencies and their boards of directors don't really know the real estate business, and they don't know how to determine whether development proposals they get in response to RFPs are valid or not. It's best if a community comes to the agency with a vision of a project's scale and uses, because the community needs to remain in control."