

Subtask 2.7. Development Opportunities and Risks

Requirement

There are several opportunities for development along the Wally route in the City of Howell, Genoa Township, Hamburg Township, Northfield Township and in Downtown Ann Arbor should those stations become operational. Hamburg Township is the only community with Transit Oriented Development included in its Planning documents. The contractor shall evaluate the opportunities and risks of transit oriented development near the proposed stations.

Discussion

Transit Oriented Development (TOD) is a land use planning concept that involves a focus on mixed-use development within a quarter to a half mile of a transit (commuter rail) station. It is often talked about in the context of smart growth initiatives or reviving underused or blighted property in a downtown area that is proximate to a rail line. By encouraging development close to transit stations TOD encourages commuters to reduce their dependence on driving or to lessen the use of automobiles during their trips to and from work. From reviewing various examples of TOD and the Ten Principles for Successful Development Around Transit (as defined by the Urban Land Institute), it becomes apparent that thoughtful and thorough planning on the part of the Coalition and all other interested parties, will be of paramount importance to effective transit oriented development, as it also will be with establishing the Wally service itself.

The developed space of a TOD project tends to breakdown into 60 percent residential, 30 percent commercial, and 10 percent professional, according to Earl La Fave of Beck Development Company. Beck Development is contemplating a project in the vicinity of the proposed Whitmore Lake Station location.

Six of the Urban Land Institute's Ten Principles for Successful Development Around Transit are most relevant to development of Wally and can be summarized as:

1. Make it better with a vision: A community embraces a vision for the type of living and work place it wants to be, and uses transit oriented development as a vehicle to help achieve that vision.
2. Apply the power of partnerships: Mutually beneficial partnerships among the transit authority, the public, local governments and private sector must be established and sustained.
3. Think development when thinking about transit: Integrate land use planning with commuter rail planning.

4. Get the parking right: A station's parking requirements will have a large impact upon the extent to which the surrounding community feels connected to or separated from the commuter rail system.
5. Build a place, not a project: The transit agency, through its partnerships (see # 3), encourages station design that creates a sense of place.
6. Make retail development market driven, not transit driven: The retail development must be able to thrive independent of the commuter rail service, although commuter rail access can strengthen the retail market.

RLBA discussed elements of transit oriented development (TOD) with Coalition members to gather their perspectives on potential opportunities and risks of TOD near the proposed stations. These observations were integrated with the experience, research and observations of RLBA staff to produce the following opportunities and risks.

Opportunities

The opportunities that arise from transit-oriented development are mostly in areas of enhancing property values and municipal tax revenues through enriched quality of life values.

- TOD might appeal to financially conservative local and county governments who could see an increase in business-generated tax revenues as an offset to contributions, grants or subsidies that would be needed from the governments to support Wally.
- Property value appreciation yields an increasing tax base value which also could increase revenue to local governments. Development plans in the vicinity of Whitmore Lake are valued at \$25 to 30 million according to a developer.
- New businesses that arise in the course of development will create new jobs.
- Municipal and county government organizations might become eligible to earn Federal carbon credits for reducing car use of roads.

Risks

Two types of risks potentially threaten communities' plans for TOD in conjunction with Wally service. The first is that the service may not achieve its goals in terms of service delivery and attraction of ridership. This could result from various circumstances, including the following.

- The Wally service may not be competitive with car-based commuting in terms of transit time, cost and ease of use.
- Financing needed to accomplish TOD may not be forthcoming – large amount of private up front capital is needed.
- Delays could occur in construction of supporting public infrastructure (roads, water, electric, etc.)
- Zoning approvals could be delayed or disapproved.
- Elements of the public may resist to high-density development..
- Wally leadership may be unable to convince the public that no public transit system can support itself solely from farebox revenue, and that Wally will therefore need long-term government and non-government funding support.
- Local fears of congestion in downtown or on surrounding roads which might result from commuters driving to the station from farther-out locations.
- Parking may be of insufficient quantity and poorly placed. This issue has been prominent in RLBA's conversations with Coalition members and it has been discussed in Subtask 2.2 Station Development, of this study. The fact that the Urban Land Institute made "Getting the Parking Right" (Principle # 4) one of its Ten Principles for Successful Development Around Transit reinforces the importance of this element of Wally development, and so failure in this area would seem to be a significant risk.

The second element of risk associated with TOD is that plans may not accurately reflect the actual volumes of passengers/customers drawn to the various stations. Startup commuter rail passenger volumes are far less than those experienced by mature services and often less than higher density transit services such as heavy rail. Plans for retail, commercial or residential development should be based upon a realistic estimate of potential near and far term ridership.

Examples

The following examples of TOD initiatives provide perspective for further discussion among Coalition members about issues associated with TOD in the Wally corridor. These cities were chosen because they are close in population

size to those of cities along the Wally corridor and because most of them involve commuter rail operations.

Village of Arlington Heights, Illinois: After the downtown began to decay in the 1970's, the Village of Arlington Heights began to revitalize its town center. The area was designated with two tax increment financing districts, as well as a zoning ordinance designed to allow for a mix of densities. The commuter rail station was moved and rebuilt to make it a more integral part of the downtown. The revitalization has resulted in over 600 new residential units and mixed used development that includes restaurants, retail, and entertainment options in the central business district near the rail station. Arlington Heights has a population of 78,000 and is located on the Metra commuter rail network's Union Pacific Northwest Line which provides a 45-minute ride to downtown Chicago. [Sustainable Development Series, Northeastern Illinois Planning Commission and the Campaign for Sensible Growth, Vol. 1, January 2004].

Saco, Maine: The development of a \$100 million mixed-use project centered around a rail station, including full passenger amenities as well as office space, in Saco, Maine, is proof that transit oriented development has emerged from the fringes, even in communities with small populations. Saco is served by five roundtrip Amtrak trains daily, which link Boston and Portland, Maine, only one more than being proposed by the Wally Coalition and while the situations may not seem comparable, the catalyst of the transit oriented development in Saco is that Saco is only 22 minutes from Portland, an ideal commute. Saco's population is 19,143.

Tri-County Metropolitan Transportation District of Oregon (TriMet) is heavily involved in TOD, as well. When the agency built its Westside light-rail extension in the early 1990s, officials determined they would need to focus on station area planning to meet ridership projections. TriMet launched the Westside Light Rail Station Area Planning and Development Program under which the agency implemented a coordinated approach for land use around stations. TriMet worked with developers, landowners, residents and communities to create standards for zoning, design and transportation access. "At the time, we didn't really understand the power light rail had to shape communities", says TriMet Senior Planner Jillian Detweiler. Since TriMet embraced TOD in the mid-1990s, the agency has recorded about \$4 billion worth of development near its stations. TriMet took advantage of a Federal Transit Administration (FTA) joint policy issued in 1997 that enables transit agencies to sell property for less than market value to attract TOD. The agency also adopted its own policy to manage real estate in an effort to promote ridership and vibrant station areas, says Detweiler. [<http://www.progressiverailroading.com/pr/article.asp?id=16066>, 4/11/08]

Wilson County, Tennessee: Along the Music City Commuter Rail line, Lebanon (east end of the 31 mile line), and Mt. Juliet have begun exploring potential transit oriented development through a workshop sponsored by the Middle

Tennessee American Institute of Architects Chapter and through design assistance from the University of Tennessee School of Architecture. Lebanon's population is 43,512 and Mt. Juliet's is about 20,500.

Conclusions

High priority should be placed upon establishing a first-rate, automobile-competitive commuter rail service, because this is what will attract riders.

Coordination is necessary between private developers and local and county government agencies.

Service planners and land use planners should work in close consultation to develop realistic plans.