PRELIMINARY REGIONAL POLICIES AND INCENTIVES TO ENCOURAGE TRANSIT-ORIENTED DEVELOPMENT

I. PURPOSE

The Metropolitan Transportation Commission (MTC) has developed a set of policies to improve the integration of transportation and land use in the Bay Area—including a specific policy to condition the allocation of regional discretionary transit funds under MTC's control, provided by Resolution 3434, on supportive land use policies for station areas and corridors included in the region's transit expansion program. The intent of this regional Transit-Oriented Development (TOD) policy is to improve the cost-effectiveness of regional investments in new transit expansions and to encourage transportation agencies, local jurisdictions, and the private sector to work together to create development patterns that are more supportive of transit.[i] The purpose of this paper is to propose draft performance measures and implementation strategies for the regional TOD policy. It will be widely circulated for public comment, and the proposed performance measures and implementation strategies will be tested through a series of case studies, to be refined and eventually adopted as part of an update to Resolution 3434 in 2005.

II. BACKGROUND

The five regional planning agencies, led by the Association of Bay Area Governments (ABAG), released a Smart Growth Vision for the nine-county Bay Area in 2002 that established a goal of capturing half of all new development over the next two decades around the region's transit hubs and corridors.[ii] In December 2003, the Metropolitan Transportation Commission made a commitment to assist in the implementation of the vision by adopting a Transportation/Land Use Platform.[iii] The platform establishes MTC's overall approach to improving the integration of transportation and land use in the Bay Area, and builds upon MTC's Transportation for Livable Communities (TLC) and Housing Incentive (HIP) programs. One of the key Platform points is to condition the allocation of regional discretionary transit funds under MTC's control, provided by Resolution 3434, on supportive land use measures by local jurisdictions.

MTC's Resolution 3434 provides a funding commitment of $11.7 billion for nearly two dozen new transit expansion projects in the nine-county San Francisco Bay Area (see Attachment A for a complete list of projects). Some of these projects are planned for newly growing areas and others are intended to improve service in the urban portions of the region. These projects encompass a wide range of transit technologies (BART, light rail, ferry, commuter rail, streetcar, and bus rapid transit) and will support a diverse range of places (urban downtowns, suburban centers, residential neighborhoods, and park-and-ride stops).

III. Existing MTC Policy

The Commission's Transportation/Land-Use Platform calls for a stronger linkage between transportation and land use planning in the Bay Area. As a key element of the platform, the Commission took a further step to condition the award of regional discretionary transit funding on supportive local land use policies. The policy states that the Commission will:

- *Encourage changes to local general plans that support Transit Oriented Development for Resolution 3434 investments.*
- *Promote development of land uses adjacent to major transit extensions to support ridership markets that will make these investments economically feasible.*
- *Condition the award of regional discretionary funds under MTC's control for Resolution 3434 expansion projects on the demonstration by local government that plans are in place supporting some level of increased housing/employment/mixed use density around transit stations.*

This paper defines how the above policy to condition transit funding on supportive land use could be implemented. It is based on extensive work undertaken as part of the ongoing Transit-Oriented Development study conducted by MTC in partnership with the Association of Bay Area Governments. It is also an attempt to build on and support two other existing policies for linking supportive land use with transit investments—BART's system expansion policy and FTA's New Starts process for federally funded transit expansions.[iv]

There are three key elements of the regional TOD policy as proposed: (a) utilize a simple performance measure to quantify appropriate minimum levels of development around transit stations to support cost-effective transit investment decisions; (b) provide financial assistance for the development of local station area plans for transit stations subject to the regional TOD policy; and (c) establish a transparent implementation process that defines expectations, timelines, roles and responsibilities for key stages of the transit project development process.

IV. Corridor Performance Measures

The goal of transit-oriented development is to maximize the number of potential transit riders that live and work within walking distance of transit stations. A key part of the implementation of this regional TOD policy is to establish a quantitative performance measure that can be applied to regional transit investments under Resolution 3434. MTC and the TOD Study consultant—the Center for Transit-Oriented Development—spent several months developing a set of alternative performance measures and vetting them through a variety of stakeholders including local transportation agencies, city planning staff, private

developers, non-profit housing providers, community organizations and other industry experts.

These initial performance measures included: (1) a proposal to establish a threshold for a minimum percentage of riders that walk to the transit stations as a proxy for surrounding transit-oriented development; (2) a proposal to measure population and jobs along the proposed transit corridor; and (3) a proposed point system that would evaluate population, employment, urban design standards, and other supportive local policies to promote TOD. The first and third measures have since been eliminated due to a variety of concerns. Forecasting walk access to future transit stations was seen as too burdensome for transit agencies and local governments since it is not a traditional measure and could easily prove to be unreliable. The point system was discarded due to concerns around the subjectivity and the complexity involved in the proposed evaluation process.

Two options for performance measures are presented here—Option 1 is based on population, while Option 2 is based on both population and jobs. Option 1 would establish a threshold for minimum levels of population in the areas immediately around transit stations along a proposed corridor, based on studies that conclude that people who live within a close walk of a transit station are far more likely to ride transit.[v] Option 2 would include both population and jobs, based on the additional findings that commuters whose jobs are close to transit are more likely to commute on transit. Either one of these options would set threshold levels—of population or a combination of population and jobs—for a corridor under consideration, tailored to the type of transit being proposed and based on both existing land use patterns and future land use plans. How targets are distributed along the corridor, and how the targets are distributed within the proximity of each station – e.g. by housing type, employment type and density—would be determined collaboratively by the affected local jurisdictions in each corridor.

It is essential to note that developing vibrant transit villages and quality transit-oriented development throughout the region—and building places that people will want to live, work, shop and spend time in—will not be solved through housing or population alone. Parks, shops, neighborhood services, street design, block size, parking policies and design features that enhance community character are all critical elements of creating successful transit-oriented developments. MTC believes that these are issues that are best addressed on a station-by-station basis as part of the proposed Station Area Plan process (see below for more details).

Both corridor performance measures presented below are based on higher thresholds for transit systems that are costlier to build but also serve as better attractors for transit-oriented development. Thus higher population thresholds will be proposed for BART expansions, and lower thresholds for commuter rail and ferry terminals. As the policy is proposed, there would be no population threshold test applied to any express bus or enhanced bus projects as part of Resolution 3434.[vi]

OPTION 1: AVERAGE POPULATION PER SQUARE MILE RESIDENTIAL ONLY				
	BART	Light Rail	Bus Rapid Transit	Commuter Rail/Ferry
Population Per Square Mile	11,000-21,000	10,000-20,000	8,000-18,000	6,000-16,000
Population per square mile is an average per station based on planned residential population within a half mile of all new stations.				

OPTION 2: AVERAGE POPULATION PER SQUARE MILE RESIDENTIAL PLUS EMPLOYMENT				
	BART	Light Rail	Bus Rapid Transit	Commuter Rail/Ferry
Population+Jobs Per Square Mile	25,000-45,000	15,000-35,000	15,000-30,000	15,000-25,000
Population per square mile is an average per station based on planned residential and employment population within a half mile of all new stations.				

V. Regional Support: Station Area Plans & TLC

MTC is in the process of developing a Station Area Planning Program to assist local governments and transit agencies in the development of these station area plans. As part of the implementation of the regional TOD policy, each proposed transit project seeking funding through Resolution 3434 must develop a station area plan—funded by MTC as part of the Station Area Planning Program—for each

proposed station.[vii] Station Area Plans should, at a minimum, define both the land use plan for the area as well as the policies—
zoning, design standards, parking policies, etc.—for implementation.[viii] The plans should also include the following elements:

- Market assessment of the timing and viability of various proposed land uses;
- Transit ridership estimates and estimates of patrons walking from the station area to the station itself;
- Station access and circulation plans for motorized, non motorized and transit access;
- Urban Design standards, such as block size, "build to" lines, streetscape and sidewalk standards, particularly those that will promote the livability and walkability of the station area;
- TOD-related parking standards for each land use, along with provision for shared parking;
- A financial plan for identification of public infrastructure required and needed revenue tools such as tax increment financing, parking revenues or parking districts and assessment districts;
- Implementation plan for the station area plan that addresses how development proposals should be evaluated based on their consistency with the station area plan. Definition of a process for how the local jurisdiction will deal with project proposals that do not meet or contribute to the standards, criteria and expectations established in the local Station Area Plans.

It is also envisioned that TLC capital project funding, as well as funds available under MTC's Housing Incentive Program (HIP), would provide additional financial incentives to carry out projects identified in the Station Area Plans.

VI. Proposed Implementation Process

Transit-oriented development involves the implementation of both transit projects and land use decisions, which have traditionally been developed in different policy arenas and on separate schedules. Major transit projects typically involve the following major steps: (1) Alternatives Analysis/Environmental review, (2) Preliminary Engineering, (3) Final Design/Right of Way, and (4) Construction. Land use development decisions relating to transit stations typically involve the major steps of general plan amendments, station area plans, zoning amendments, and permitting. In both cases some of these steps may be conducted concurrently or in a slightly different order.

In order to implement the regional TOD policy, it is proposed that a more coordinated process be developed for linking Resolution 3434 transit projects with supportive land use policies as shown in the accompanying flowchart and table. The flowchart focuses on MTC's process – particularly two threshold tests: 1) Plans are developed that meet the test after the EIR, and 2) Plans are adopted and in place before construction. The table provides more information regarding concurrent activities by different agencies. Note that while the typical proposed

implementation process is described here, the exact implementation steps would need to be addressed for individual Resolution 3434 projects to correspond to specific situations.

Each of the major transit extensions subject to this process will need to convene a Corridor Working Group—many already have a working group that may be adjusted to take on the role of addressing supportive land use policies. The Corridor Working Group should be coordinated by the relevant county congestion management agency (CMA), and will need to include the sponsoring transit agency, the local jurisdictions in the corridor, ABAG, MTC, and other parties as appropriate.

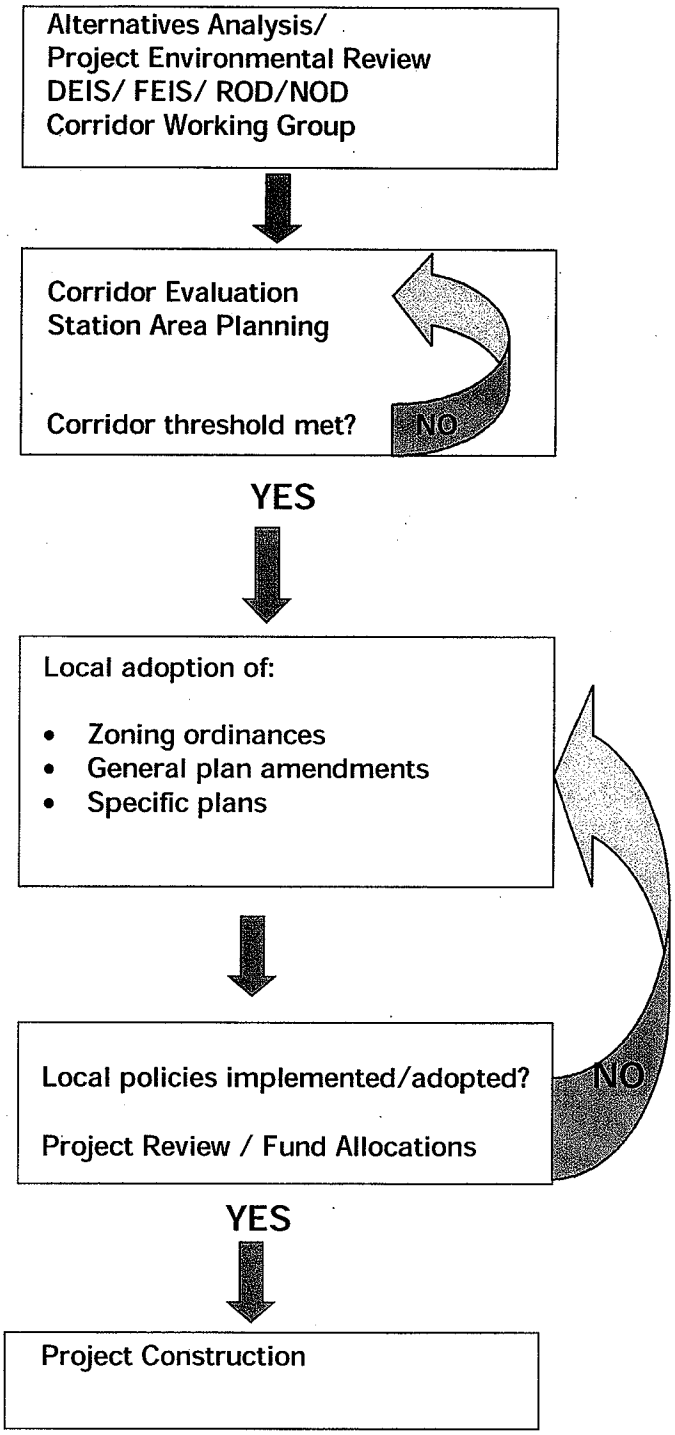
The Corridor Working Group must assess whether the planned level of development—the level of local development planned around each of the stations and summed for the entire transit extension in the corridor—satisfies the corridor threshold as defined for the mode. The Corridor Working Group should also address how to distribute target levels of development among individual stations. MTC will assist in the development and funding of Station Area Plans for transit stations under Resolution 3434.

One key purpose of the Corridor Working Group is to connect the development of station area planning with the development of the transit project—creating transit stations that strengthen local communities and promoting local development patterns that effectively support the transit system. The Corridor Working Group will continue with corridor evaluation and station area planning until the corridor threshold is met and supporting Station Area Plans are adopted.

The next step of the process involves the adoption of local policies to enable and facilitate the implementation of the Station Area Plans. The Corridor Working Group should monitor the development of station area plans and to assess whether the corridor will meet the corridor population threshold for the defined transit mode. At this point MTC project review can occur, with the subsequent fund allocation for project construction. MTC can then further assist in the implementation of the Station Area Plans through TLC and HIP grants.

As noted at the beginning of section, the intention here is to describe a proposed "typical" or "model" implementation process—the exact implementation steps need to be addressed for individual Resolution 3434 projects to correspond to specific situations. The Resolution 3434 Transit Expansion Projects are included as Attachment A—note that the application of these thresholds to the individual projects will be subject to subsequent discussion with sponsors that assess the development stage of the project, the type of project, and the role of regional discretionary funds.

TOD Policy Implementation Process for Res. 3434 Projects



REGIONAL TOD IMPLEMENTATION PROCESS RESOLUTION 3434 TRANSIT EXPANSION PROJECTS		
Transit Project Stage / Transit Agency[ix]	**City**	**MTC/CMA/ABAG**
Establish Corridor Working Group to address corridor threshold Conduct initial corridor performance evaluation, coordinate station area planning		
Environmental review	**Conduct Station Area Plans**	**Coordination of corridor working group, funding of station area plans**
Step 1 Threshold: (a) corridor must have plans that meet corridor development thresholds; and (b) Station Area Plans must be completed. Transit project continues with planning effort (meeting corridor threshold for mode or reconsidering mode) until threshold is met.		
Preliminary Engineering /Final Design/ROW	**Adopt Station Area Plans. Revise general plan policies and zoning, environmental reviews**	
Step 2 Threshold: (a) local policies adopted for station areas; (b) implementation mechanisms in place per adopted Station Area Plan.[x]		
Construction	**Implementation (financing, MOUs) Solicit development**	**TLC planning and capital funding, HIP funding**

VII. KEY QUESTIONS FOR THE REGIONAL TOD POLICY

This paper defines how MTC's policy to condition transit funding on supportive land use could be implemented. It is intended to define a set of policy proposals with enough specificity to allow useful discussion and debate, while allowing enough flexibility for meaningful feedback and input over the coming months. In addition to "testing" the performance measure options and implementation process through a series of TOD case studies between now and Spring 2005, there are also a number of major policy questions that must be answered before the final policy is adopted. These include:

- *Is residential population around transit stations the best overall measure for TOD supportive land use in the Bay Area? Should some measure of employment be incorporated? Are the thresholds as defined appropriate?*

- *Is a performance measure at the corridor level the best approach? How does the corridor-level performance measure function for stand alone stations, such as infill stations on an existing corridor, or the new ferry terminals that don't fit the traditional definition of a corridor?*

- *How does this policy apply to transit projects that are farther along in the project development process under Resolution 3434?*

- *This paper proposes to exempt smaller scale express bus and enhanced bus projects from the regional TOD policy. Are there other types of transit projects that should be exempt? Should corridor enhancements and upgrades that don't include new stations be exempt?*

- *Should some minimum level of existing development be in place before final approvals for the transit project proceed into the construction phase?*

- *Is there additional assistance and incentives that local governments need in planning for TOD and completing station area plans?*

- *Are the roles and responsibilities of the involved agencies appropriate? What is the best role for the private sector, community and neighborhood organizations?*

VIII. Next Steps for the Regional TOD Policy

MTC and its partners will conduct outreach to transit agencies, local elected officials and staff, public interest stakeholders, developers/business interests and city staff to receive feedback on the proposals. During this outreach period, MTC will also be conducting a series of case studies to test how the proposed TOD policy would be applied and the degree to which it would be effective in meeting the proposed goals.

MTC's Transportation-Land Use Task Force, the MTC-ABAG Joint Policy Committee, MTC's Planning and Operations Committee, and ABAG's Regional Planning Committee will all vet this policy proposal, and will be briefed on the findings from the case studies as they are used to test the proposals. A final policy will be amended into Resolution 3434 as part of a larger update in the spring of 2005.

Attachment A - Resolution 3434 Transit Expansion Projects		
Project	Sponsor	Project Cost (2004 $; in millions)
AC Transit Berkeley/Oakland/San Leandro Bus Rapid Transit: Phase 1	AC Transit	167
Major Corridors Enhancements - Bus Rapid Elements	AC Transit	97
BART/Oakland Airport Connector	BART	254
Tri-Valley Transit Access Improvements to BART	BART/ACCMA	445
BART East Contra Costa Rail Extension	BART/CCTA	390
BART Fremont to Warm Springs	BART	678
BART: Warm Springs to San Jose/Santa Clara	VTA	4,149
Caltrain Express: phase 1 ** OPEN FOR SERVICE**	Caltrain JPB	128
Caltrain Express: Phase 2	Calltrain JPB	482
Caltrain Electrification	Caltrain JPB	602
Caltrain Downtown Extension/Rebuilt Transbay Terminal	TJPA	1,817
Capitol Corridor Phase 1 Expansion	CCJPA	158
Capitol Corridor: Phase 2 Enhancements	CCJPA	96
Regional Express Bus **Phase 1 OPEN FOR SERVICE**	MTC	102
MUNI Third Street Light Rail Transit Project Phase 2 - New Central Subway	Muni	694
Altamont Commuter Express (ACE): service expansion	SJRRC, ACCMA, VTA	128
Sonoma-Marin Rail	SMART	288
Dumbarton Rail	SMTA, ACCMA, VTA, ACTIA, Capitol Corridor	300
Downtown/East Valley: Santa Clara/Alum Rock Corridor and Capitol Expressway LRT Extension to Nieman	VTA	550
Expanded Ferry Service Phase 1: Berkeley, Alameda/Oakland/Harbor Bay, and South San Francisco to San Francisco, Downtown Ferry Terminal Improvements, and Spare Vessels.	WTA	100
Expanded Ferry Service Phase 2: Alameda to South San Francisco, and Hercules, Antioch, Treasure Island, Redwood City and Richmond to San Francisco.	WTA	139
TOTAL		$ 11,764

ENDNOTES

[i] Many studies suggest strong linkages between population density and transit ridership, and that Transit-Oriented Development increases transit usage. Research utilized for this paper includes: (1) Jeffrey Zupan and Boris Pushkarev, Public *Transportation and Land Use Policy*, (Bloomington: Indiana University Press), 1977; (2) L.D. Frank and G. Pivo, Impacts of Mixed Use and Density on Utilization of Three Modes of Travel, *Transportation Research Record*, 1466, 44-52; (3) Reid Ewing and Robert Cervero, Travel and the Built Environment: A Synthesis, *Transportation Research Record*, No. 1780, pp. 87-114; and (4) Robert Cervero and Samuel Seskin, An Evaluation of the Relationships Between Transit and Urban Form, Transit Cooperative Research Program, 1995.

[ii] See http://www.abag.ca.gov/planning/smartgrowth/ for more information.

[iii] In 2004, MTC convened a broad-based Transportation-Land Use Task Force to further refine and develop this initial policy platform. The latest version of the Transportation/Land Use Platform is included in the region's draft Transportation 2030 Plan available at www.mtc.ca.gov.

[iv] See Bay Area TOD Study's completed Task 2: "Review of Existing Transit-Oriented Development Policies" available at www.mtc.ca.gov.

[v] "Travel Characteristics of Transit-Oriented Development in California" (Lund, Cervero and Willson, 2004) found that residents living within close walking distance of rail transit stations were five times more likely to commute by transit as the average resident worker in the same city.

[vi] Note that in the case of 'Bus Rapid Transit,' we are using the definition that includes exclusive right-of-way dedicated for bus transit vehicles.

[vii] Planning efforts that would satisfy such a requirement are already underway in some locations, and could be used to meet this requirement

[viii] A typical method for developing this type of focused land use plan in California has been the specific plan. Defined in state law, the specific plan is essentially an update of the local general plan for a targeted area with certain elements required. The benefit of this approach is that an environmental review can be conducted on the plan as a whole, and subsequent development projects are exempt from further environmental review as long as they conform to the specific plan.

[ix] Transit projects begin with a definition of purpose, location and potential mode, and proceed to environmental review. After the completion of environmental review (draft environmental impact report or DEIR), final environmental impact report (FEIR), the project will be issued a Record of Determination (ROD) for Federal projects or a Notice of Determination (NOD) for state projects (or both if a joint federal/state project) upon satisfaction of the Federal or State requirements.

[x] An additional threshold test may involve a minimum percentage of planned development for a corridor that is either built, permitted or in the entitlement process.