Though ConnDOT and the MTA have been sluggish to catch on to the potential of transit-oriented development (TOD), both agencies recently made clear their intent to embrace TOD principles.

At yesterday’s State of the MTA speech, MTA CEO Elliot Sander said his agency must “be a catalyst for environmentally sound land-use, smart growth and transit-oriented development.” The statement comes after the MTA announced the creation of a sustainability cabinet which is examining TOD, and issued a “request for expressions of interest” in transit-oriented development around the Beacon Metro-North station last year.

Last month, acting ConnDOT commissioner Emil Frankel called transit-oriented development “an integral component of [ConnDOT’s] comprehensive transportation policy, plan and strategy.” ConnDOT began to move towards a TOD strategy last year, when the agency hired Deputy Commissioner Albert Martin to focus on linking transportation and responsible growth; state legislators also set aside $5 million for ConnDOT to undertake a TOD pilot study in the October 2007 bonding bill.

As a next step, both ConnDOT and the MTA should create formal programs to promote TOD. A recent Council of State Governments review found six states with “proactive” state-level TOD policies. Of these states, California, Massachusetts, and New Jersey stood out. Here’s what each one can offer the agencies.
California
The Transit Villages Act of 1994 created a formal TOD program to be run by the California Department of Transportation (Caltrans). The Act encouraged cities and counties to prepare plans for “transit villages,” which the legislation defined as dense, mixed-use areas within 1/4 mile of a rail transit station. By doing so they would become eligible for transportation funding and receive help expediting permits from the Office of Permit Assistance. Unfortunately, Caltrans’ ability to promote TOD was limited by the fact that the promised transportation funding never materialized. Nevertheless, instituting a statewide policy of encouraging Transit Villages has motivated numerous municipalities to apply for the designation. According to Caltrans, “at every major transit agency… there are at least one or more new TOD projects currently underway at its bus and/or rail stations.”

Caltrans is also experimenting with tax increment financing (TIF), which allows some of the expenses of TOD, such as enhanced stations, to be paid for by bonding against anticipated increases in tax revenue resulting from the TOD’s influence on the value of nearby property. While there are obvious questions regarding this funding mechanism (for example, it must be established who pays for the bonds if tax revenues fail to rise as much as projected), it is one interesting way to fund transit improvements linked to development.

New Jersey
New Jersey has been a leader in transit-friendly development policies since the mid-1990s; NJ Transit’s 1994 “Planning for Transit-Friendly Land Use: A Handbook for New Jersey Communities” is a resource that is still relevant today. Since the establishment of NJ Transit and NJDOT’s Transit Village Program in 1999, 19 municipalities have become designated “Transit Villages,” and more are in the process of doing so, as MTR wrote about earlier this month. To gain designation, municipalities must demonstrate a commitment to revitalizing and redeveloping the area around transit into a compact, mixed-use neighborhood with a strong residential component. Once designated, the localities benefit from technical support and priority funding from state agencies, and the ability to apply for grants from the $3 million a year NJDOT sets aside to promote TOD. A recent New York Times article highlighted how New Jersey’s intensive efforts to promote TOD have led to dramatic neighborhood revitalizations in Hoboken, Jersey City, Cranford, and New Brunswick.

Massachusetts
Massachusetts has set up an online tool-kit to encourage localities to zone for transit-oriented development and lower the challenges they face in doing so. The state also promotes TOD with district improvement financing, tax increment financing, and location efficient mortgages (a product of Fannie Mae that allows people taking out mortgages in walkable, transit-oriented neighborhoods to qualify for better terms). These measures have spurred development projects across Massachusetts in localities like Somerville, Canton, Concord, and throughout Boston.

Other Programs
Though most of the above policies are designed to incentivize TOD, it is also important to define what makes a good transit-oriented development. One promising set of design standards is the pilot LEED for Neighborhood Development (LEED-ND) certification program for “green neighborhoods.” LEED-ND certified developments must be compact, intelligently located (in existing urban cores, for example), reduce automobile dependence, be convenient for pedestrians and bicyclists, and should include green building technologies. One developer working on transit-oriented developments and seeking LEED-ND certification is Jonathan Rose Companies, which has projects in Stamford and New York City.

A good transit-oriented development incorporates affordable housing. TOD sites are natural locations for affordable housing because they reduce residents’ car-related expenses. Both California and New Jersey identify affordable housing as a TOD benefit, and New Jersey is now actively working to encourage affordable housing as a component in Transit Village applications. Furthermore, many localities and redevelopment agencies have inclusionary zoning policies (which reward developers for building affordable housing) or mandatory affordable housing requirements. A state TOD program could condition state assistance on local support for affordable housing.

Lessons for Connecticut and New York

There is much that ConnDOT and the MTA can take from the above examples. First, it is vital that the agencies provide financial and technical assistance to interested municipalities, as they often don’t have the resources to invest in exploring TOD. Any program should be highly visible and transparent so that localities are encouraged to apply for funding and assistance. Cost-effective measures like online tool-kits and hosting charettes can be extremely useful. The agencies should ensure that developments around transit include affordable housing and are designed in a way that reduces automobile dependence and encourages sustainability. Both New York and Connecticut allow the use of tax increment financing (in fact, NYC is partially funding the No. 7 extension this way) and should consider promoting more use of TIF or other innovative financing as a way to fund TOD projects. In Connecticut, Gov. Rell should release the $5 million set aside in the October bonding bill to encourage TOD.

After years of being behind the curve, it is heartening to see that ConnDOT and the MTA are considering transit-oriented development as a way to capitalize on transit infrastructure and increase ridership. Connecticut’s transportation problems will not be solved by TOD alone, but TOD promises to bring together transportation and land use in a state which historically hasn’t connected the two. In New York, an MTA-led TOD program could help the state attract economic development and escape the costs of congestion.

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