

Chronology of Application of Land Use and Economic Development in New Starts Criteria

Transit Supportive Land Use Policies

- 1991 **ISTEA** included additional consideration of “transit supportive land use policies and future patterns” as part of New Starts criteria.
- 1994 **FTA Policy Discussion Paper** and industry outreach on alternative approaches for New Starts evaluations
- 1995 **Federal Register Notice as a Statement of Policy** establishes multiple measure approach, and includes “transit supportive land use policies and future patterns” as additional consideration in New Starts criteria.
- 1996 **FTA Pilot Project** on how to measure and apply Land Use measure
- 1997-98 **FY1999** began applying “transit supportive land use policies and future patterns” as one of measures in New Starts criteria. Qualitative approach addressing: 1) existing land use patterns and 2) land use plans and policies
- 1998 **TEA-21** continues consideration of transit supportive land use as one of the New Starts criteria; establishes formal project ratings of highly recommended, recommended, not recommended.
- 2000 **Final Rule for Major Capital Investments.** Inclusion of “existing land use, transit supportive policies and future patterns” as one of the multiple measures to evaluate and rate projects.
- Increasing FTA staff efforts to introduce quantitative land use measures and more clearly distinguish between projects (cluster of “medium” land use ratings), and efforts to begin to measure “economic development” impacts.
- 2003 FTA convened a panel thru Urban Land Institute to assess and comment on the land use measures. Staff and industry efforts to improve the measure (2003-2005), including introduction of measurement of “performance and impacts of policies” (beginning to measure economic development).

2004 **FY2005 Appropriations Bill Conference Report** directs FTA to perform a review of the ratings imbalance under which six of seven projects recommended for FFGAs have low-medium cost effectiveness ratings but received a medium or higher land use rating. Conference Report states:

“A separate measurement that FTA uses in a new start project evaluation is the land use rating, which targets economic development opportunities around the project. The IG has found that in some cases, even if a project has received a low cost-effectiveness rating, a high land use rating could result in a total project rating of medium. Therefore, FTA may be promoting projects where the cost effectiveness does not support continuation of the project, yet possible development opportunities around the project may allow it to continue forward. This is the case in six of FTA’s recommended projects for fiscal year 2005. Positive secondary benefits of a new rail line should not be able to change the measurement of its cost-effectiveness. In evaluating projects, the direct transportation benefits need to be the most significant measurements. To local communities, it is understandable that non-transportation criteria may be important in local decision-making. However, before the local community decides to seek scarce federal transportation funding for the project, they must be able to emphasize the direct transportation benefits that the project will demonstrate.....” (emphasis added)

2005 **April 2005 Dear Colleague Letter from FTA Administrator** stating that New Starts funding recommendations will be limited to projects with a “medium” cost effectiveness rating (no longer counter-balanced by land use rating).

2005 FY2006 Appropriations Bill, House Appropriations Committee Report states:

“...However, many cities have built or are building systems that are overpriced or underutilized. The Committee has encouraged FTA to continually and consistently improve the evaluation and decision-making process for the new starts process. All parties involved, including FTA, the Congress, and local transit agencies, need to be able to assess projects based on a capable ratings and evaluation system, and the FTA needs to be more adept at weeding out projects that do not relieve the most congestion, move the most people and have the greatest cost-benefit ratio. The committee is encouraged by the recent proposed changes to the new starts program earlier this year....” (emphasis added)

2005 **SAFETEA-LU** includes “public transportation supportive land use policies and future patterns” as one of evaluation criteria (as well as economic development effects) for projects seeking greater than \$75 million in New Starts funds.

SAFETEA-LU includes “public transportation supportive land use policies” as one of evaluation criteria (as well as effect on local development) for projects seeking less than \$75 million in New Starts funds (Small Starts)

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Economic Development Effects

2004-05 pre-Reauthorization industry outreach on New Starts and Small Starts programs, including project evaluations and ratings, land use, and economic development.

Aug 2005 **SAFETEA-LU** includes “economic development effects” as one of evaluation criteria for projects seeking greater than \$75 million in New Starts funds.

SAFETEA-LU includes “effect on local development” as one of evaluation criteria for projects seeking less than \$75 million in New Starts funds (new Small Starts program).

Jan 2006 **FTA Federal Register Notice of Availability of Guidance on New Starts Policies and Procedures and Request for Comments.** In addition to procedural changes, document discusses alternative approaches for New Starts project evaluation and rating, and solicits comment. Option 1 was extension of existing framework possibly adding economic development and reliability of forecasts. Option 2 was development of a broader framework evaluating “project merit” to include discussion of the problem/opportunity, effectiveness (including economic development) and current cost effectiveness measure – introduced new measure of project uncertainty which included land use assessment of current versus future plans and policies.

Articulated FTA concerns and challenges in implementing economic development measure, including difficulty distinguishing from land use measure. FTA noted two generally accepted methods of characterizing economic development benefits: 1) regional economic benefits and 2) station area development impacts. FTA raised concerns on double-counting, lack of predictive tools, and expense of analysis/reporting.

Jan 2006 **FTA Advanced Notice of Proposed Rulemaking on Small Starts Program.**

Document presents alternative approaches for Small Starts project evaluation and rating, nearly identical to approach outlined for New Starts in Jan 2006 Notice, and solicits comment. Option 1 was extension of existing framework possibly adding economic development and reliability of forecasts. Option 2 was development of a broader framework evaluating

“project merit” to include discussion of the problem/opportunity, effectiveness (including economic development) and current cost effectiveness measure – introduced new measure of project uncertainty which included land use assessment of current versus future plans and policies.

For economic development measure, ANPRM states “No predictive tools are available in standard practice and development of new tools is infeasible. Consequently, the best available measures of likely economic development/land use benefits may be derived from the circumstances in which the projects would be implemented rather than from forecasts of their specific development impacts....Specific measures might be 1) current land use conditions, 2) development plans and policies, 3) the economic development climate in the corridor and region, 4) the project related change in transit accessibility for developable areas in the corridor, and 5) the economic lifespan of new transit facilities proximate to those developable areas.”

May 2006 **FTA Federal Register Notice of Availability of Final Guidance on New Starts Policies and Procedures, Updated Reporting Instructions and New Starts Rating and Evaluation Process.**

Announced availability of updated Reporting Instructions for New Starts criteria to be used for submittal for upcoming FY2008 project ratings and other milestone ratings. Until issuance of a Final Rule, the basic criteria and measures remain unchanged. FTA will consider economic development as an “other factor”, and will continue to report and rate projects on the same measure of “Public Transit supportive land use policies and future patterns”.

Jun 2006 **FTA Notice of Availability of the Proposed Interim Guidance and Instructions for Small Starts** outlined proposed guidance and solicited industry comments.

Jun 2006 **FY2007 House Appropriations Markup** states:

“The Committee has reservations on using land use and economic development as measures in the new starts rating methodology, and reiterates the concern expressed in House Report 108-671 regarding the weight these two measures may carry in determining the merits of a project proposal. The Committee encourages the use of transit, especially in light of rising fuel costs. In the past, most recently in House Report 108-671, the Committee raised concerns that locally developed ridership forecasts were optimistic, at best. The Committee places priority on ridership and

congestion mitigation—especially for under this budget climate. The Committee provides \$4,200,000,000 under HUD Community Development Block Grants for economic development. Should the highest rating of a new start, or especially a small start, come from the economic development or land use rating, the Committee would strongly urge that community to instead use local community and economic development funds rather than transit funds which could be used more appropriately for congestion mitigation.” (emphasis added)

Aug 2006 **FTA Federal Register Notice of Availability of Interim Guidance and Instructions for Small Starts.**

Until issuance of the Final Rule, the Small Starts evaluation framework and measures will be consistent with the existing New Starts framework with fewer measures required. No specific economic development measure is introduced at this time; it will be evaluated as an “other factor”. FTA states *“This in no way diminishes the importance of economic development as a rating factor. Project sponsors are strongly encouraged to submit, in as much detail as possible, any documentation that supports the finding that the proposed project will result in economic development benefits. This documentation should be focused on evidence showing that proposed development is directly related to the Small Starts project and would not occur without the Small Start being built.”*

Fall 2006 Recent outreach and discussions with FTA leadership indicate increased sensitivity to need to incorporate broader interpretation of economic development effects in evaluation for New Starts and Small Starts projects.