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SEPTA Transit-Oriented Development (TOD) Policy Research

Identifying Opportunities to Promote TOD in Greater Philadelphia

DELAWARE VALLEY dvrpc REGIONAL PLANNING COMMISSION

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A Note about COVID-19

This report was conducted and completed prior to the COVID-19 pandemic. Therefore it does not consider how the pandemic's potential impacts on transit ridership, land use, and funding may influence TOD implementation. However, finding new and varied sources for funding and creating additional ridership for transit will always be important. DVRPC believes the findings of this report still stand.

Executive Summary

Transit-oriented development (TOD) is an approach to planning and building communities around transit stations that enables residents and workers to drive their cars less while walking and taking transit more often. Land use planners have long advocated for TOD based on its ability to help communities achieve a variety of transportation, economic development, and sustainability goals.

In recent years, transit agencies have come to view agency support for TOD planning and implementation as a promising strategy that can be used to address declining ridership levels and the prospect of decreasing public funding.

This report is the culmination of research conducted by the Delaware Valley Regional Planning Commission (DVRPC) to identify strategies that SEPTA can consider employing to enhance its support for TOD in Greater Philadelphia. This document summarizes the information DVRPC has gathered through literature review, research, and interviews and is designed to serve as a resource that can help SEPTA and its local partners strengthen the connections between transit, land use planning, and development decisions.

This report offers a sequential and comprehensive approach to enhancing SEPTA participation in land use planning and development decision-making at the regional, corridor, municipal, and individual site scale. The TOD strategies discussed in this document have been organized into three interconnected categories:

1. **Plan and advocate** for TOD at the regional level,
2. **Coordinate and facilitate** TOD on non-agency-owned land near stations, and
3. **Partner on and sponsor** TOD projects on agency-owned land.

Each of these categories and their associated strategies emphasizes a different role (advocate, stakeholder, and sponsor) that SEPTA can play in the development process.

In addition to describing TOD strategies that SEPTA may wish to pursue, this document identifies and describes aspects of the regulatory and policy environment that influence SEPTA's ability to promote TOD at and near its stations. The information presented in this report can help SEPTA self-assess its readiness to effectively participate in the land use decision-making process and improve the agency's interactions with key stakeholders in the process.

CHAPTER 1

Introduction: Connecting Land Use and Transit Ridership

Land use policy and development decisions play a key role in shaping the success of any transit system.

Land use factors such as density, mix of uses, and connectivity all influence how people travel within a community, the overall performance of the transportation system, and the ability of any transit service to draw ridership and generate revenue.

Unsurprisingly, neighborhoods with a higher density of jobs and/or residents and higher-quality transit service have higher ridership rates than other areas. Despite the predictable relationship between development patterns and transit ridership, entities other than transit agencies, such as municipalities, county and state agencies, and private developers, are largely responsible for shaping the development patterns that can influence access to and demand for transit. Furthermore, many transit agencies have traditionally considered issues related to land use and development as extraneous to their core transportation mission.

However, declining ridership, new fiscal realities, and a lack of proactive local planning are forcing many transit agencies to take a more active role in the land development process. Faced with decreasing levels of public funding that can jeopardize operating and capital programs, transit agencies are increasingly seeking to collaborate with a broad range of stakeholders to help achieve transit-supportive land use and development outcomes near their stations.

Development that is specifically designed to promote transit use is often referred to as transit-oriented development (TOD). TOD is an approach to planning and building communities around transit stations that enables residents and workers to drive their cars less while walking, biking, and taking transit more often. Transit agency efforts to support TOD can broadly be divided into two categories: those designed to promote **Community TOD** and those designed to promote **Agency TOD**.

Community TOD refers to transit-supportive private development near a transit station on land that is not owned by the transit agency. Transit agencies support Community TOD when they advocate for transit-supportive development along existing and planned transit routes and when they participate in station area planning activities designed to promote better design, access to, and integration with transit facilities.

Alternatively, transit agencies promote Agency TOD when they sponsor transit-supportive development on land that the agency owns. Under the right circumstances, SEPTA can partner with a developer to incorporate private development on, above, or adjacent to a transit station on land they own through a process called joint development. Through this process, developers could design, finance, build, and operate complementary uses through long-term ground leases and development agreements with SEPTA. When the Federal Transit Administration (FTA) contributes funds, or real property or assets acquired with FTA funds, to a joint development, the project is then "FTA-assisted" and subject to a variety of federal requirements.

SEPTA's interest in TOD has grown in recent years and the agency has begun investigating how greater organizational support for TOD can be part of a comprehensive strategy to increase ridership in order to enhance revenue and promote the efficient operation of its transit system.

As part of this investigation, the Delaware Valley Regional Planning Commission (DVRPC) was asked to research the TOD practices of transit agencies around the United States and identify strategies that SEPTA can consider undertaking to enhance its support for both Community and Agency TOD. This document summarizes the information DVRPC has gathered through literature review, research, and interviews and is designed to serve as a resource that can help SEPTA strengthen the connections between transit, land use planning, and development decisions.

In addition to describing TOD strategies that SEPTA may wish to pursue, this document describes various aspects of the regulatory and policy environment that influence SEPTA's ability to promote TOD at and near its stations. This report presents information that SEPTA can use to self-assess its ability to expand its participation in the land use decision-making process while improving the agency's interactions with key stakeholders.

Exploring a Range of TOD Strategies

The transit service that SEPTA operates has and will continue to serve as the foundation for TOD in Southeastern Pennsylvania.[1] However, there are other ways that SEPTA can promote TOD and multiple roles that SEPTA can play in the land development process. SEPTA's future investments in TOD can be organized into three interconnected categories:

1. **Plan and advocate** for TOD at the regional level,
2. **Coordinate and facilitate** TOD on non-agency-owned land near stations, and
3. **Partner and sponsor** TOD projects on agency-owned land

These categories and their associated strategies (see Figure 1) present a sequential and comprehensive approach to enhancing SEPTA's participation in land use planning and development decision making at the regional, corridor, municipal, and individual site scale. Each goal emphasizes different roles—advocate, stakeholder, and sponsor—that SEPTA can play in the development process. These goals build on each other and provide opportunities for SEPTA to promote both Community and Agency TOD.

Figure 1: Exploring a Range of TOD Strategies for SEPTA

	COMMUNITY TOD		AGENCY TOD
GOAL	**PLAN & ADVOCATE** for TOD at the regional level	**COORDINATE & FACILITATE** TOD planning near stations	**PARTNER ON & SPONSOR** TOD projects on agency-owned land
OVERVIEW	These strategies can be used to formalize agency support for TOD while clearly communicating SEPTA's expectations for transit-supportive development near its stations to external partners.	These strategies establish and communicate the ways that SEPTA can participate in the land use and development process for projects on non-agency-owned land.	These strategies outline opportunities for SEPTA to proactively develop its own land in partnership with public and private entities.
SEPTA ROLE	Advocate	Stakeholder	Development Partner; Landowner
FOCUS AREA	SEPTA Service Area	SEPTA Station Areas	SEPTA-owned Land
POTENTIAL STRATEGY	■ Incorporate transit-supportive land development considerations into SEPTA's strategic planning and promotional materials. ■ Establish a TOD working group. ■ Adopt a TOD policy. ■ Develop TOD guidelines. See Chapter 3	■ Promote TOD in station area planning studies, workshops, and meetings. ■ Formalize development review services. ■ Create a web page summarizing SEPTA's TOD resources and support services. ■ Monitor development proposals near key stations. ■ Coordinate capital improvements with anticipated development activity. See Chapter 4	■ Enhance database of SEPTA-owned land. ■ Assess TOD potential of SEPTA-owned land. ■ Solicit joint development partners for select sites. See Chapter 5

Document Overview

The remainder of this chapter provides additional background on TOD, including a review of key design principles and potential benefits. The chapter concludes with a discussion of the factors that are influencing the implementation of Community TOD in Greater Philadelphia right now.

Chapter 2: Addressing Agency TOD Questions and Concerns
TOD presents some obvious benefits for SEPTA; however, becoming more directly involved in land use and development activities through joint development represents a significant departure for the agency. This chapter inventories and addresses many of the preliminary questions and concerns related to joint development that arose during this study.

Chapter 3: Plan and Advocate for TOD at the Regional Level
This chapter outlines strategies that SEPTA can pursue to formalize transit agency support for TOD while clearly communicating the agency's expectations for transit-supportive development near its stations to external partners.

Chapter 4: Coordinate and Facilitate TOD Planning Near Stations
The strategies discussed in this chapter communicate the ways that SEPTA can participate in the land use and development process for projects on non-agency-owned land.

Chapter 5: Partner and Sponsor TOD Projects on Agency-Owned Land
This chapter outlines the process by which SEPTA could consider proactively developing its own land in partnership with public and private entities.

Chapter 6: Conclusion: Evaluating Potential Strategies
The document concludes by reviewing a number of factors that will influence the success of SEPTA's efforts to promote improved land use and development decision making.

Defining TOD

TOD is a way of building neighborhoods that concentrates development around high-quality transit stations and along frequent transit corridors. However, TOD requires more than transit and development. Truly orienting development toward transit requires careful attention to several aspects of community and site design that influence the land use, circulation, urban form, and character of a place.

Navigating this Document

This document incorporates information from a wide variety of sources. Look for the following symbols as you read to help you navigate the document:

Data Point: Critical data and research influencing best practices in TOD planning.

Case Study: Brief profiles of TOD activities that have been undertaken by other transit agencies.

Best Practice: Concepts and strategies to keep in mind while formulating TOD policy.

Key Resource: Links to external resources that provide useful information.

TOD includes a complementary mix of land uses, including residential, retail, and commercial, within easy walking distance, generally one-half mile/10-minutes, of the transit station. It incorporates enough density of people and activities to create an active, well-defined center. Most importantly, the streets around the station are easy, convenient, and attractive places to walk and cycle. More information on the elements that create TOD can be found on page 8.

A Strong Foundation for TOD

Although many people may not realize it, TOD has a long history in Greater Philadelphia. The compact communities that grew up around the region's expanding network of streetcars and commuter rail lines in the late 19th and early 20th centuries helped to establish the template for what we now refer to as TOD. Today, many of these historic communities are among the most desirable places to live and do business in our region.

Interestingly, transit providers played an active role in the development of many American cities during the first wave of TOD at the turn of the 20th century. At the time, transit companies frequently purchased land to build railroads. Because of limited car ownership during this era, suburban development could only occur in areas that were well-served by a transit system. Therefore, urban development patterns reflected the size and shape of the local transit network. Transit companies supplemented any profits they made by selling off excess land to developers who capitalized on growing demand for suburban real estate.

TOD Benefits

After subsequent decades of suburbanization and development patterns shaped by the automobile, TOD reemerged as a distinct planning concept in the last years of the 20th century. Today, a broad coalition of stakeholders advocate for TOD as part of a comprehensive approach to growth and development that can help achieve a variety of regional growth management, mobility, sustainability, and economic goals.

From SEPTA's perspective, the prospect of increased ridership is the most important potential benefit of TOD. Greater implementation of TOD in our region can lead to a broad customer base which can help the agency achieve multiple interrelated goals, including increased fare revenue, better integration of transit facilities into the surrounding built environment, and improved effectiveness of transit investments.

Orienting development toward transit can help to integrate transit facilities with the surrounding community, increase transit ridership, and enhance nonmotorized access to transit. Development that supports transit can also help communities manage growth in a way that meets local economic development, environmental, and transportation goals.

TOD provides a number of direct and indirect benefits that extend beyond increased transit ridership and fare revenue. When properly designed, the benefits of TOD can include:

- Reduced household driving and thus lowered regional congestion, air pollution, and greenhouse gas emissions,
- Walkable communities that accommodate more healthy and active lifestyles,
- Supporting economic development by helping to revitalize aging downtowns and declining urban neighborhoods, which can enhance tax revenue for local jurisdictions,
- Improved access to jobs and economic opportunity, and
- Bolstering household income by reducing household driving costs.

BEST PRACTICE
Principles of TOD

No two train stations are identical and there is no strict quantitative definition of TOD in terms of size, population density, or the mixture of land uses. However, organizations like Reconnecting America and the Center for TOD have identified several best practices, some summarized below, for creating successful TOD.[2] Many of these principles have been incorporated into the design of Wyandanch Village (right), a redevelopment project now being constructed adjacent to Wyandanch Long Island Rail Road Station in Babylon, New York.[3]

1. Get the land uses right
Encourage a mix of uses that allows people to live, work, and play in the same place and will together generate activity in both the peak and off-peak hours. Transit-supportive uses include medium– to high–density residential, offices, and civic and educational institutions, along with appropriate retail, restaurant, and personal services.

2. Create compact development patterns
An interconnected network of streets with smaller block sizes helps to keep walking distances short and provide sites for clustered development.

3. Promote density
Locating your densest development close to a transit station can help support higher–frequency service and foster lively, walkable communities. The intensity of development can taper off away from the station to create appropriate transitions to the surrounding neighborhoods.

4. Make walking easy
Ensure that pedestrian routes between the station and key destinations are short and continuous.

5. Design for the pedestrian
Every transit trip starts and ends with a pedestrian trip. TOD requires an interesting, human-scale public realm that is comprised of pedestrian-friendly streets and architectural variety.

6. Manage parking
Abundant free or low-cost parking encourages people to drive rather than use transit. TOD strives to manage parking supply and demand by strategically locating parking facilities and drop-off zones and making it easy to walk between destinations.

7. Create distinctive places
Capitalize on landmark buildings, attractive public spaces, and effective signage to create memorable destinations.

ILLUSTRATING TOD PRINCIPLES

Source: Rendering created by Torti Gallas + Partners. Graphic adapted from material created by the New York City Metropolitan Transportation Authority (MTA).

Climate for TOD

Greater Philadelphia's extensive rail network provides tremendous opportunity for TOD. However, building successful TOD can be challenging. It requires intense collaboration across a variety of subject matters: urban design, zoning, community development, and infrastructure. In some cases, it also means overcoming challenges that inhibit the implementation of TOD in older, slower growing regions like Greater Philadelphia. Some of the potential challenges are listed below.

Existing land use patterns
The existing automobile-centric development in some station areas detracts from the overall pedestrian environment and limits the value of transit.

Regulatory barriers
Land use regulations and decisions are made at the municipal level in our region. As such, development expectations and processes can vary widely from one rail station to another. In many locations, the zoning regulations governing land uses, building heights, parking ratios, and setbacks may not support the mix of uses and the intensity of development necessary to create effective TOD.

Political and public opposition
TOD often faces political and public opposition for many of the same reasons that higher-density development in general does. In some cases, development proposals may face opposition based on real and perceived traffic, fiscal, and community impacts. In other cases, public opposition may be motivated by more dubious claims and/or a resistance to any type of change.

Overall project complexity, cost, and uncertainty
Building TOD in Greater Philadelphia typically requires the redevelopment of existing properties, a process that is typically more complex, costly, and longer than developing on a greenfield site. Similarly, designing effective TOD that thoughtfully integrates density, open space, and parking into an existing neighborhood context requires a more intensive design process and may necessitate the use of more expensive structured parking.

TOD Supportive Trends

Despite these challenges, continuing to invest in and around our transit network remains one of the best ways that our region can remain competitive nationally and attract and retain the next generation of residents and businesses. Planners often advocate for TOD as a strategy to address traffic congestion and promote sustainability. However, the demand for TOD is also being driven by changing demographics and a growing desire to live in mixed-use, walkable communities with greater transportation options.

The changing nature of American households and a surge in the number of households renting their home is driving demand for TOD-friendly housing products.[4]

- Households with children have historically driven demand for single-family homes. Despite an overall population increase of 44 percent since 1980, there are fewer married families with kids today than in 1980. Nineteen percent of all households in 2017 were composed of married couples with kids, compared to 31 percent of all households in 1980.
- The average household size has fallen from 2.76 people per household in 1980 to 2.52 per household in 2017.[5] Over the same period, the share of households that are single people living alone rose from 23 percent to 28 percent.[6]
- Eighteen to 34-year-olds, the age group most likely to rent, have become the largest demographic group. The sheer number of

young adults is helping to fuel demand for apartments. Economic challenges facing this cohort, such as student loan debt, is often cited as a barrier to home ownership.

- Many young adults are also delaying household formation and marriage. Historically, Americans have bought their first houses around the same time that they get married. However, both women and men on average are marrying for the first time five years later than they did in 1980.
- Furthermore, renting increasingly appeals to older Americans. Over half of the net increase in renter households from 2006 to 2016 came from baby boomer households, headed by individuals born between 1946 and 1964. By 2030, some demographers estimate that one in five Americans will be over the age of 65.

Walkable, transit-accessible communities are well positioned to capitalize on the growing demand for less-car-dependent lifestyles.

Periodic surveys conducted by the National Association of Realtors are some of the best indicators of national community preference trends. A 2017 survey indicates broad support for community features inherent to TOD. When asked to indicate the importance of several neighborhood features, three of the highest rated attributes were:

- Sidewalks and places to take walks (*Very or somewhat important to 86 percent of respondents*),
- Being within an easy walk of other places and things in a community, such as shops and parks (*Very or somewhat important to 80 percent of respondents*), and
- Being within a short commute to work (*Very or somewhat important to 74 percent of respondents*).[7]

When a 2015 survey asked respondents to choose between two hypothetical neighborhoods, 51 percent of millennials preferred an apartment or townhouse within an easy walk to shops and restaurants and a shorter commute over a detached, single-family home with a longer commute and shops and restaurants in driving distance.

Even three out of four millennials considering a suburban home prefer close-in locations (within 20 minutes of the city) that offer convenient access to central city jobs and may serve as employment centers in their own right.[8]

DATA POINT

Proximity drives transit use

A 2016 study conducted by TransitCenter suggests that walking is the most important mode of accessing transit. Based on surveys of people in 17 metropolitan areas, they found that the majority of transit riders typically walk to transit, and the percentage is largest among those who use transit most frequently.

This finding underscores the importance of building offices and housing within walking distance of transit and providing more and safer pedestrian routes to transit. For more information, see Who's on Board 2016, What Today's Riders Teach Us About Transit That Works.

Jobs grow faster in rail-accessible locations

According to analysis conducted by JLL, 67.3 percent of the increase in Philadelphia's regional jobs between 2005 and 2015 occurred within 0.75 miles of a rail station.[7]

Rail-served locations have seen double the job growth of less accessible locations: there were 118,654 more jobs in transit-accessible places (an 11 percent increase) in 2015 than there were a decade before. Jobs outside of rail-served locations are up by 57,654, or 4.4 percent.

CHAPTER 2

Addressing Agency TOD Questions and Concerns

TOD presents some obvious benefits for SEPTA and the communities of Greater Philadelphia. However, expanding organizational support for TOD is a new endeavor for SEPTA. Of all the strategies discussed in this report, Agency TOD strategies related to joint development represent the most significant departure from SEPTA's traditional roles and responsibilities.

Although the term joint development was first applied to transit in the Urban Mass Transit Act of 1964, the use of joint development by transit agencies to promote ridership and enhance revenue is a relatively recent practice. A transit agency's involvement in joint development activities is governed by multiple levels of government that can add complexity to a project and require special knowledge.

In SEPTA's case, the ability to engage in joint development is subject to the agency's legal powers, mission, staff capacity, and other factors unique to the agency. Accordingly, SEPTA staff raised numerous questions about how and why the agency should pursue joint development opportunities, including:

- How do TOD and joint development relate to SEPTA's core mission?
- What laws and regulations dictate what SEPTA can do with the land it owns?
- How does owning and managing a legacy transit system affect SEPTA's TOD efforts?
- Does SEPTA have the expertise necessary to engage in joint development?

These and other related questions represent real and perceived barriers to SEPTA's participation in TOD planning and implementation. This chapter is organized into a series of questions and responses that are designed to summarize some of the most relevant information about SEPTA's legal authority to engage in joint development and the organizational implications of doing so. Much of the information presented in this chapter helps set the stage for strategies discussed in Chapter 5: Partner on and Sponsor TOD Projects on Agency-Owned Land. However, the information presented in this chapter is not intended to be exhaustive. Additional consultation with internal subject matter experts at SEPTA and external partners at agencies such as the FTA will be required as SEPTA continues to investigate this topic.

What is Joint Development and How is it Related to TOD?

Joint development and TOD are terms that are sometimes used interchangeably. However, the distinctions between the two are important for SEPTA and its planning partners to understand. As discussed in Chapter 1, TOD refers to development located within close proximity to a transit station that is designed in a way that encourages people to drive less and use transit more. Alternatively, joint development describes a relationship between a transit agency and a developer to execute a specific project located at or near a transit station. FTA describes joint development as "the coordinated development of public transportation facilities with other, non-transit development, including commercial and residential." Joint development projects should incorporate TOD design principles, but successful joint development projects also require formal public-private partnerships.

Transit agencies can actively participate in joint development by contributing either property or funding. In turn, transit agencies can benefit from joint development by enjoying transit facility improvements and/or receiving a share of the development revenues. Examples of joint development projects may include:

- Building an office tower over an existing station through the use of air rights,
- Constructing a mixed-use development that is connected to a transit station, or
- Converting an underutilized surface parking lot near a station to affordable housing.

The most common form of joint development is the leasing of ground space or air rights on or above authority property. However, following changes to FTA rules in 1997, sales of such rights and space have gained favor as well. Other forms of joint development can include the sharing of operating and/or construction costs of a project that incorporates both public facilities, such as a parking garage, and private development.

TOD requires collaboration among many players and the same is true of joint development. At a minimum, joint development involves one transit authority, one local government, and one developer. Overlapping jurisdictions and service areas can add additional parties, as can the need for multiple lenders and investors beyond those directly involved. Comprehensive public involvement, a crucial component of TOD planning that should be initiated as early as possible, adds local advocacy groups, business organizations, neighborhood associations, and other stakeholders to the mix.

The defining characteristic of joint development is a relationship between the transit agency and the developer. This relationship involves a contractual arrangement and financial transaction that ensures mutual benefit and shared cost among all parties involved.

The basic strength of this public-private coordination is that direct public investment and support makes TOD more attractive to profit-reliant developers, while direct involvement allows public authorities to shape projects around civic goals. In this way, joint development can foster TOD through the creation of transit-supportive commercial, residential, or mixed-use development that is physically or functionally related to a transit station. Additionally, a joint development project can include transit-supportive improvements that enhance access to or the quality of a transit facility including pedestrian and bicycle infrastructure, construction, renovation, and improvements to rail stations, and improvement of historic transportation facilities.

A joint development is considered "FTA-assisted" if the project incorporates FTA funds or "real property" acquired with FTA funds. Because SEPTA is a legacy transit system largely consisting of properties previously acquired with FTA assistance, issues related to using, conveying, and/or disposing of real property carrying a "federal interest" will be critical. The rules and processes governing the use the use of property previously acquired with FTA assistance as they relate to joint development are outlined in Circular 7050.1A *Federal Transit Administration Guidance on Joint Development*. Some of the key provisions are discussed later in this chapter.

These FTA rules and regulations described in this circular do not apply to property that SEPTA has acquired without a Federal interest.

How Does Joint Development Relate to SEPTA's Primary Mission?

For many transit agencies, issues related to land use and development have traditionally been thought of as extraneous to an agency's core transportation mission. While SEPTA is generally supportive of TOD, land use and development concerns have understandably been subordinate to key objectives related to rebuilding the system, operations, safety and security, customer service, and new technologies.

However, concerns about transit ridership and the uncertainty of future funding levels have driven many transit agencies to broaden their missions to more directly encompass TOD initiatives generally and joint development specifically.

Successful joint development can have important direct and indirect benefits for SEPTA

One of the most highly touted strengths of joint development is its potential for supporting increased transit use. Just as importantly, joint development offers SEPTA the opportunity to capture some of the value that transit services add to adjacent and surrounding real estate. Competition for public money will likely always be intense. TOD value capture can provide the means to help fund transit projects by sharing in the real estate benefits of transit access.

Other agencies that have initiated joint development activities have also emphasized indirect benefits that extend beyond revenue and ridership, including:

- cost sharing on facility construction and/or operations,
- improved station facilities and surrounding properties, and
- better links between transit and other transportation modes.

Joint development projects can have a major impact on the character of a station area and access to the transit station. These projects can help to set the precedent for design, increase ridership, and further signal to the market the attractiveness of the station area, which in turn can help foster the larger community and regional goals of TOD in and around station areas.

Statutory and policy support for transit agency involvement in joint development is growing

Just as trends nationwide are reflecting demographic shifts and market preference that favor housing and jobs located in more walkable, transit-accessible locations, federal policy is providing greater support for joint development.

Congress gave joint development a boost in 2005 through the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) transportation bill. It stated that a capital project may include transit improvements that "incorporate private investment, including commercial and residential development." This change to federal transportation law allows programs such as New Starts to fund development activities, such as real estate acquisition and site preparation, that were formerly off limits.[1]

Through passage of MAP-21 in 2012, Congress for the first time explicitly included "joint development" under the definition of a transit capital project. MAP-21 also provides guidance on what constitutes a joint development and is explicit on some of the joint development actions that are eligible for funding. In an important administrative move, FTA consolidated its joint development guidance into a single circular in 2014, with an update in December 2016 (see p.18). The move towards a single circular was intended to address and clarify the perception that FTA guidance on joint development was confusing and that federal restrictions on joint development revenues could be burdensome.

FTA's official joint development policy summarizes the agency's support:

> FTA's policy is to maximize the utility of FTA-funded projects and encourage transit agencies to generate program income through joint development. The benefits of joint development include revenue generation for the transit system through "value capture" mechanisms, such as income derived from rental or lease payments, and private sector contributions to public infrastructure. Other benefits include shared costs, efficient land use, reduced distance between transportation and other activities, economic development, increased transit ridership, and improved transit connectivity.

The number of transit agencies using joint development is increasing

In the wake of these trends, an increasing number of transit agencies of varying types have started TOD programs with the specific intent to include and enhance joint development opportunities.

For example, the Washington Metropolitan Area Transit Authority (WMATA) has adopted joint development policies and guidelines, and has completed at least 18 joint development projects since 2006. The Los Angeles County Metropolitan Transportation Authority (LA Metro) also has adopted joint development policies, and since 1995 has completed at least 14 joint development projects and has at least 16 projects in the pipeline. The San Francisco Bay Area Rapid Transit District (BART) recently updated its TOD policy and performance targets and aims to build 20,000 housing units (35 percent affordable) and 4.5 million square feet of commercial space by 2040.[2]

WMATA is one of the leaders in the joint development of real estate. The agency's *Joint Development Policies and Guidelines*, revised in 2013, illustrate how one transit agency has structured its joint development program to help achieve Community and Agency TOD goals in a way that supports WMATA's primary transportation mission. The stated goals of WMATA's joint development program include:

- Promote Transit-Oriented Development (TOD) by giving priority to joint development proposals that contain the following smart growth development principles: reduce automobile dependency; increase pedestrian/bicycle originated transit trips; foster safe station areas; enhance surrounding area connections to transit stations, including bus access; follow good land use principles, including establishing higher-density near transit; provide mixed-use development, including housing in compliance with local laws and requirements; and promote the opportunity to obtain goods and services near transit stations and offer active public spaces.
- Attract new riders to the transit system—particularly riders who will use underutilized transit capacity in reverse commutes and in off-peak time periods—by fostering commercial and residential development projects on WMATA-owned or controlled land and on private properties adjacent to Metro stations.
- Implement station access improvements that support pedestrian, bicycle, bus, ADA (Americans with Disabilities Act), and automobile access consistent with each station area's particular station access needs as determined by WMATA's station access planning program.
- Create a source of revenue for WMATA to operate and maintain the transit system by negotiating Joint development Agreements between WMATA and public or private development entities.

Growing interest in joint development is further evidenced by two ongoing Transit Cooperative Research Program (TCRP) investigations into the topic. TCRP Project J-05: *Joint Development Agreements Using FTA Funds or FTA-Funded Assets* is expected to be completed in late 2019 and TCRP Project H-57: *Guide to Joint Development for Public Transportation Agencies* is scheduled to be released in 2020.

Would Pursuing Joint Development Require New Expertise, Staff, and/or Resources?

Despite the potential benefits, the development of real estate is a sophisticated endeavor that is rarely a core skill of transit agencies. Transit agencies may have real estate departments that manage and dispose of a variety of properties, but they may not be well equipped to lead the development of real estate for non-transit uses. For example, certain provisions inherent to the joint development process can be intimidating for developers not used to involving a third party such as FTA in approving their deals. In this way, it can be very important for any transit agency looking to start or strengthen its joint development program to have a staff person or consultant that can work with developers to make them comfortable with these provisions and rules.

SEPTA may not currently possess the expertise and organizational capacity to evaluate and facilitate complex joint development activities. However, SEPTA has recently hired a TOD/Joint Development Manager tasked with exploring opportunities to proactively partner with the private sector, examining relevant legal issues, and promoting the cross-departmental coordination and data sharing that will be needed to more effectively support TOD. Other transit agencies have used a combination of strategies to fill knowledge gaps when initiating joint development activities, including hiring new staff with joint development experience, training existing staff, and engaging consultants and attorneys.

One of the largest impediments to joint development for many legacy transit agencies is the lack of a consolidated, accurate, up-to-date inventory of agency-owned property. Over the years, SEPTA has acquired and inherited property in various manners from a variety of sources and entities. The challenge of tracking these properties and any attached encumbrances was cited as a potential organizational barrier to joint development. Without a comprehensive database of agency land, creating a systematic approach to assessing joint development opportunities across SEPTA's system will be challenging. For this reason, improving its existing database or creating a system for tracking agency-owned land, including documentation of any limitations on the use of the land, will be an important exploratory step for SEPTA.

Does SEPTA Have the Legal Authority to Engage in Joint Development Activities?

As a matter of policy, FTA encourages transit agencies to undertake joint development, and promotes the project sponsor's ability to work with the private sector and others to pursue joint development. Conversations held with FTA staff in the Region 3 office as part of this study reinforced the message that FTA wants to work with its transit agency partners and can be flexible to make a joint development project happen. Some of the key rules governing the FTA-assisted joint development process are described on pages 18–21.

In addition to these federal policy considerations, any transit agency's ability to engage in joint development is governed by relevant state laws. Some states have implicitly or explicitly prohibited transit agencies from directly engaging in or investing in development activities. In some cases, the prohibitions are constitutionally-based and hence, difficult to overcome. Other states, however, have addressed actual or perceived barriers by passing legislation explicitly granting agencies TOD development authority.

Pennsylvania state law does not appear to preclude SEPTA from joint development

During discussions with SEPTA, provisions within the agency's enabling legislation, Title 74, were cited as a potential barrier to joint development. Our reading of this legislation does not find any explicit restrictions on the agency's ability to enter into joint development agreements on agency-owned land. Provisions within the legislation that seemingly authorize SEPTA to engage in these kinds of activities can be found in Section 1741: (a) General Powers:

> (12) To acquire by purchase, gift or otherwise, hold, lease as lessee and use any franchise, right or property, real, personal or mixed, tangible or intangible, or any interest or right therein necessary, desirable or useful for carrying out the purposes of the authority; to sell, lease as lessor, transfer, dispose of or otherwise convey any franchise, right or property, real, personal or mixed, tangible or intangible, or any interest or right therein, at any time acquired by it; or to exchange the same for other property or rights which are useful for its purposes.
>
> (24) To explore alternative means of raising revenue or reducing expenses, including, but not limited to, real estate leases and rentals, equipment leases and rentals, contracting of services, the solicitation of competitive bids and the awarding of contracts to the highest responsive, responsible bidder for both interior and exterior advertising on all authority equipment on which the public is charged a fare for riding.

Section 1741(a)(24) also outlines the process by which the general manager may recommend a finding of special opportunity (FOSO) with respect to a real estate-related matter. Using a process outlined in its enabling legislation, SEPTA's board can approve a FOSO that allows the agency to modify the public bidding process that usually governs the authority's transactions. For example, rather than being obligated to select the lowest bid from prospective contracting parties or the highest bid from a potential property buyer, a FOSO allows the agency to factor other explicitly-listed considerations into real estate-related decisions.

Legal support for SEPTA's authority to engage in commercial activity is seemingly reinforced by the Pennsylvania Supreme Court case *Southeastern Pennsylvania Transportation Authority v. Board of Revision of Taxes*, decided on July 28, 2003. This decision found that property SEPTA had leased to commercial entities was subject to local real estate taxes. In doing so, the Court recognized that Title 74 had given SEPTA the power to lease property to raise revenue and reduce expenses. In his dissenting opinion, Justice Nigro asserts that the "General Assembly has specifically empowered SEPTA to lease real estate," and that "such leasing carries out the authorized governmental purpose of raising revenue and reducing expenses."[3]

The implications of TRID legislation on joint development are unclear

By passing the Transit Revitalization Investment District (TRID) Act in 2004, Pennsylvania took steps towards encouraging TOD. This legislation was designed to encourage private development at mass transit stations through establishing value capture areas as a means to reserve and use future, designated incremental tax revenues for public transit capital improvements, related site development improvements and maintenance.

Amendments to the TRID Act were signed by Governor Wolf on November 4, 2016 and took effect on February 2, 2017. These amendments clarify and update existing language and provide for the establishment of a TRID Fund by the PA Treasury for the purpose of providing grants to two TRIDs. The Pennsylvania Department of Community and Economic Development (DCED) issued updated TRID guidelines and a funding application in spring 2017. DCED ultimately selected two TRID projects to fund in the summer of 2017: East Liberty TRID Revitalization Authority in Pittsburgh and Middletown Township (Delaware County) for infrastructure projects in the vicinity of the new Wawa Regional Rail Station on SEPTA's Media/Elwyn Line.

Although this legislation has had a limited effect on the implementation of TOD in Pennsylvania, it reinforces the importance of transit agency participation in TOD planning in the state. Ultimately, however, the impact of TRID legislation on SEPTA's ability to participate in joint development is still somewhat unclear.

Transit agencies, along with a municipality, county, redevelopment authority, and business improvement districts, are eligible to be a TRID management entity with the ability to administer, manage, and facilitate implementation of a TRID. Accordingly, transit agencies are one of the entities that are eligible to acquire, improve, and ultimately sell property to the private sector. Additionally, transit agencies may advertise the presence of available development sites within a TRID and solicit interested developers to submit proposals in coordination with the pertinent local jurisdictions and agencies. However, in either case, the transit agency may not be the primary real estate developer, and joint development activities are "confined to the construction of support and access facilities: that is, vehicular access, parking, pedestrian ways, building pads, foundation columns, signage, and similar items."[4]

What Rules Must SEPTA Follow Regarding Joint Development?

Even if SEPTA is technically authorized to engage in joint development, the question of whether or not the agency should pursue joint development and how will depend on a variety of factors, including an understanding of how federal and state rules will affect the joint development process. Some transit agencies have cited unfamiliarity with federal processes that are viewed as bureaucratic and confusing as a potential barrier to joint development. Other agencies have cited the potential delays and increased costs associated with various processes as factors that discourage developers from participating in joint development. The remainder of this chapter discusses some of the key rules influencing the potential eligibility and feasibility of joint development projects.

FTA Policy and Satisfactory Continuing Control

FTA's two primary concerns for any joint development project are funding eligibility and property. The rules governing both of these concerns are described in an FTA Circular published in 2016, FTA-C7050.1A *Federal Transit Administration Guidance on Joint Development*. Under federal transit law, joint development is a kind of transit capital project. As such, project sponsors may fund joint development using any FTA funding source that is available to assist a capital project. The criteria governing the eligibility of FTA-assisted capital projects are described in Chapter 3 of FTA-C7050.1A. Real property considerations that may apply to land that SEPTA owns are discussed in Chapter 4 of the circular and described below.

Although FTA encourages the pursuit of joint development, SEPTA is restricted in how it can use or dispose of property that was previously acquired with FTA funds or assistance. The concept of "satisfactory continuing control" underlies many of the rules outlined in FTA-C7050.1A. The circular states that "joint development must not interfere with a project sponsor's continuing control over the use of project property or the project sponsor's ability to continue to carry out the originally authorized purpose for which the property was acquired." This provision requires that the overall transit use of the property must be protected, even during the construction phase of a joint development project.

This requirement persists through any form of conveyance necessary for a project. FTA recognizes that many of the arrangements a project sponsor may enter into pursuant to a joint development may require conveyance of an interest in real property that is subject to the federal interest. Because federal transit law includes joint development as an eligible grant purpose, FTA may authorize a project sponsor to convey any interest in real property acquired with FTA assistance, provided that

KEY RESOURCE

FTA Joint Development Guidance

The most complete guidance on FTA regulations governing the joint development process can be found in Circular 7050.1A *Federal Transit Administration Guidance on Joint Development*.

FTA Circular 7050.1A includes the following elements:

- Defines and clarifies the term "joint development,"
- Explains how a joint development project can qualify for FTA assistance,
- Describes the legal requirements applicable to the acquisition, use, and disposition of real property acquired with FTA assistance,
- Outlines the most common crosscutting requirements applicable to FTA-assisted joint development projects, and
- Describes FTA's process for reviewing joint development project requests.

This circular and a variety of other joint development resources can be found at www.transit.dot.gov/JointDevelopment.

Not all joint development projects use FTA funding or FTA-assisted real property or other assets. FTA Circular 7050.1A applies only to joint development projects assisted by FTA, and which, therefore, have an FTA financial interest.

the project sponsor can maintain satisfactory continuing control over the property to ensure that the federal interest in the property will be reasonably protected and the property will continue to be used for authorized grant purposes.

Should a transit agency enter into any agreement that subordinates or encumbers FTA's interest in real estate, the contract must contain provisions that protect FTA's interest in the property. FTA will review any proposal and determine whether or not the proposed transfer, conveyance, or encumbrance of the property meets the "satisfactory continuing control" standard.

FTA will review proposals based on inclusion of mandatory contractual provisions that seek to:

- Extend the requirements of the grant or cooperative agreement between the recipient and FTA.
- Ensure that the recipient maintains satisfactory continuing control of the property.
- Ensure that the federal interest in the property will be reasonably protected.
- Ensure that the recipient participates in any further transfer or disposition of the real property in a manner consistent with this and other applicable guidance, laws, or regulations.

With FTA's express written consent, a project sponsor may enter into the following illustrative arrangements:

- Sale (after which a federal interest still remains)
- Exchange
- Lease
- Lien
- Pledge
- Mortgage
- Easement
- Covenant
- Third-party contract
- Sub-agreement
- Grant anticipation note
- Innovative finance arrangement

Incidental Use

Incidental use is the limited non-transit use of a property acquired with FTA assistance. In the interest of permitting maximum flexibility in determining the best and most cost-effective use of FTA-assisted property, FTA encourages incidental use of real property that can raise additional revenues for the transit system and enhance system ridership. Incidental uses must be compatible with the approved purposes of the project and may not interfere with either the intended public transportation uses of the property or the project sponsor's ability to maintain satisfactory continuing control. The primary distinction between incidental use and joint development is that joint development is a capital project, while incidental use is a limited use of property.

Parking Considerations

Parking is a key consideration in any TOD and many joint development projects involve building residential, retail, or office space on surface parking lots and meeting the overall parking needs through the addition of a parking garage. FTA has been criticized in the past for their lack of clarity regarding how much parking transit agencies need to replace in such projects. FTA does not require the project sponsor to replace existing automobile parking spaces at a one-to-one ratio. However, a project sponsor must consider the following factors:

- If the parking lot has useful life remaining, the agency must "account for the remaining federal interest in the asset prior to any change or disposition."

- The joint development must have a net benefit for public transportation. This is often demonstrated by studying the effects on ridership and showing that the joint development will increase ridership despite the loss of some parking.
- The change cannot violate terms of a "full funding grant agreement" that require certain user benefits be met.[5]

FTA Review Process

Joint development projects are initiated with FTA by electronically submitting a Joint Development Project Request Form (available at www.transit.dot.gov/jointdevelopment/projectrequestform) to the Region III Administrator. Procedurally, joint development projects are subject to a two-tiered review process that includes preliminary and formal requests and reviews before taking a final action.

Generally, FTA guidance stipulates that joint developments meet four criteria:

1. Economic Benefit: project must enhance economic benefit or incorporate private investment.
2. Public Transportation Benefit: project must provide a physical transit improvement or enhanced connection between modes.
3. Revenue: project must provide a fair share of revenue for public transportation that will be used for public transportation.
4. Tenant Contributions: tenants pay a fair share of the costs of the facility through rental payments or other means.

FTA's process for reviewing an FTA-assisted joint development project proposal is detailed in Chapter 6 of FTA-C7050.1A. Project sponsors are encouraged to discuss their plans for undertaking a joint development project in advance with the respective FTA Regional Office. Early discussions with FTA are intended to identify the applicable federal laws, regulations and directives, the appropriate course of action to take, and any potential impediments to completing the joint development project review. Such discussions will also aid the project sponsor's joint development partners in understanding federal requirements. FTA Regional Office staff will consult with FTA Headquarters staff, as required, in reviewing joint development project proposals.

Cross-Cutting Federal Requirements

In addition to the rules outlined above, FTA-assisted joint development projects are subject to a series of common requirements applied to projects using federal funds. These requirements are outlined in Chapter 5 of FTA-C7050.1A. In general, FTA' s Master Agreement contains the terms and conditions governing the administration of a project supported with assistance from FTA through a grant agreement, cooperative agreement, Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, loan guarantee, or line of credit.

When FTA funds will be used for the joint development, a number of federal transportation planning requirements apply. For example, any FTA-assisted capital project, a joint development, or a larger project that includes joint development, must be included in the applicable metropolitan transportation plan (DVRPC's *Connections 2045 Long Range Plan for Greater Philadelphia*) and the Transportation Improvement Program (TIP).

Similarly, joint development projects may trigger requirements contained in the National Environmental Policy Act (NEPA). Typically, FTA's control over a proposed project is related to the financial assistance provided for project development and/or construction, and the degree of influence it has on the siting and design of such a facility. Federal "control" and responsibilities for environmental reviews may extend to all elements of the project, regardless of whether such elements utilize any FTA assistance, are provided as local match, donated by a third party, or provided in some other way, including the non-transit element of joint development projects.

In some cases that may be relevant to SEPTA, an FTA NEPA evaluation may not be necessary. For example, if a joint development project is being proposed on property acquired with FTA assistance for a transit purpose and FTA is not funding the actual joint development, the project sponsor may request a "lack of objection" from the FTA.

Several other types of regulations may apply to a joint development project depending on the nature of the project. These include regulations related to additional environmental concerns, historic preservation, procurement standards, civil rights, Americans with Disabilities Act (ADA), labor protection, and others.

Pennsylvania State Rules and Requirements

In addition to the federal cross-cutting requirements alluded to here, joint development projects may be subject to a variety of Pennsylvania state requirements dealing with labor and wage protections, procurement, and contracting. For example, in Pennsylvania, public construction projects are nearly always governed by the Separations Act. This act stipulates that for all public building construction in excess of $4,000, all public owners must prepare separate specifications, solicit separate bids, and award separate contracts for general construction, plumbing, heating and ventilating, and electrical work. In general, these requirements were cited by SEPTA staff as factors that potentially raise the cost of joint development projects in Pennsylvania.

Does Operating a Legacy System Complicate Joint Development?

Because Greater Philadelphia is an older, relatively slow growth region, TOD of any kind can be challenging due to established land use patterns, aging stations and infrastructure, and fragmented property ownership near stations. These factors, and the others affecting the prospects for TOD outlined in Chapter 1, also influence the climate for joint development opportunities in the region.

In addition to these general concerns, SEPTA staff cited two specific potential challenges to joint development that stem from its history and current operation: Amtrak ownership of some rail assets and legacy deed restrictions in effect on some properties that predate SEPTA's origination.

Amtrak Considerations

Three of SEPTA's Regional Rail lines are owned by Amtrak. These lines include stations that have significant development potential; however, the additional layer of coordination that would be needed to pursue joint development on these lines was cited as a barrier by SEPTA staff. Stakeholder support and coordination is an important factor for SEPTA to consider when investigating joint development opportunities. As such, any real estate database that SEPTA uses to support TOD and joint development will need to inventory issues related to station ownership and stakeholder involvement. Issues related to coordination between the two agencies, as well as any legal issues affecting existing or future shared-use arrangements will need to be addressed before a joint development can be initiated.

Legacy Deed Issues

SEPTA's Regional Rail System is based on the remains of the Pennsylvania and Reading Railroads. SEPTA staff has suggested that the agency's ability to develop some of the land that it has acquired from these predecessor agencies may be limited by deed restrictions placed on these properties that predate SEPTA's ownership. Reversionary clauses in deeds are one example of potentially relevant restrictions. Reversionary clauses may state that the ownership of a property will revert back to a previous owner given certain conditions, such as a change in land use or the addition of other uses to a railroad parcel.

Additionally, as the Pennsylvania and Reading Railroads struggled financially in the middle of the twentieth century, they often looked to their real estate assets to increase cash flow. For example, in some instances, the Pennsylvania Railroad sold portions of, or interest in, properties in the form of air rights above railroad rights-of-way or development rights at stations. These agreements may represent additional constraints on SEPTA's ability to develop land they own. However, the documentation of these sales is not always readily available and typically only comes to light with specific research efforts.

Many other legacy transit agencies on the east coast also deal with similar constraints on their properties. For example, the New York City Metropolitan Transportation Authority (MTA) sought to systematically and proactively address reversionary property rights that existed along the Long Island Railroad (LIRR) in suburban Long Island, NY. Addressing these property concerns included hiring a genealogist to research the modern-day heirs of these property rights in order to reach an agreement to clear the restriction. An MTA representative stated that while this process was time-consuming, the financial cost of clearing these restrictions was relatively minor.

NJ TRANSIT has taken a more ad hoc approach to dealing with legacy deed issues that influence the future development of their properties. In recent years, NJ TRANSIT has completed an extensive inventory of their properties and attempted to note the presence of these types of restrictions. As an agency, NJ TRANSIT has prioritized TOD and joint development opportunities and attempts to work through any such property issues on properties with development potential on a case by case basis using internal legal counsel.

Each SEPTA-owned property is a unique instance that needs to be carefully researched to ensure that the agency has adequate rights to complete a successful project. Given the scale of SEPTA's property, it may not be practical or timely to compile a complete inventory of real estate restrictions or provisions. Rather, SEPTA should identify stations that have the greatest potential to support some form of joint development and research ownership history and potential restrictions on those specific locations. Additionally, these efforts to research and document historical restrictions can be incorporated into station modernization efforts as detailed surveys and site plans are developed.

More information on techniques for assessing the development potential of individual properties is included in Chapter 5.

CHAPTER 3

Plan and Advocate for TOD at the Regional Level

The most fundamental way that transit agencies can play a more active role in the land development process is by advocating for transit-supportive development along existing and proposed transit routes. The four strategies discussed in this chapter can be used to help align SEPTA's internal support for TOD and educate external land development partners on the value and characteristics of transit-supportive development.

Public support for TOD from transit agencies like SEPTA can establish a shared understanding of TOD principles, communicate expectations for transit-supportive development, and inform broader discussions around land use regulations and transportation policy.

STRATEGIES DISCUSSED IN THIS CHAPTER

- Incorporate transit-supportive land development considerations into SEPTA's strategic planning and promotional materials
- Establish a TOD working group
- Adopt a TOD policy
- Develop TOD guidelines

STRATEGY

Incorporate transit-supportive land development considerations into SEPTA's strategic planning and promotional materials.

In order for SEPTA to effectively advocate for TOD, the agency's support for transit-supportive land use and development must be clearly articulated to agency staff, its partners, and the public. Although TOD is referenced in SEPTA's *Strategic Business* and *Sustainability* plans, SEPTA can further emphasize the central role that land use and development patterns can play in promoting transit ridership by developing a well-defined, consistent message that extends across the agency's planning, policy, and promotional documents and materials. Key opportunities for expanding SEPTA's institutional support for TOD include iterations of the agency's *Strategic Business* and *Sustainability* plans.

In addition to highlighting the link between land use and transit ridership, these materials should advocate for TOD as part of a holistic sustainable approach to land use and development along all transit corridors in the region. As such, SEPTA's TOD messaging should highlight the relationship between land use and transportation while also emphasizing the regional and community benefits of transit-supportive development. By highlighting community goals such as economic development, transportation choice, and public health, SEPTA can engage a broad array of stakeholders, many of whom focus on other objectives besides mobility.

BEST PRACTICE

Communicating with Elected Officials

Elected officials throughout Greater Philadelphia have the responsibility of establishing local priorities and enacting policies and regulations to implement them and may require targeted outreach. To encourage support from elected officials, engagement on transit-supportive development issues must be proactive and begin early in the planning process of any specific development project or transit facility. After all, transit agencies may fully understand the benefits of transit, but many local decision makers may need more information.

As part of its **Transit Supportive Planning Toolkit**, Metro (the Los Angeles County Metropolitan Transportation Authority) provides guidance on how to make the case for transit-supportive planning to elected officials. This resource reinforces the value of focusing on the community benefits that can be provided by transit-supportive planning, policies, and projects. Metro suggests that elected officials should be approached with the goal of highlighting a broad array of community benefits, rather than focusing on one or two areas. Furthermore, Metro cites the usefulness of case studies in garnering the support of elected officials. The agency has developed a number of case studies that can be coupled with tailored strategies to show how transit-supportive projects can be implemented in a community.

For more information, visit Metro's TOD Toolkit website: www.metro.net/projects/tod-toolkit/making-case.

Source: Metro

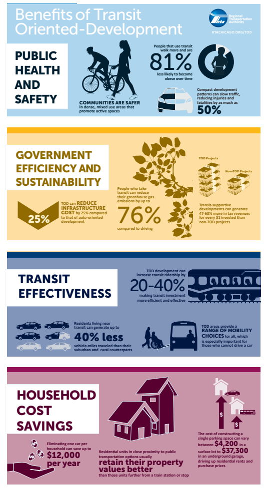
CASE STUDY

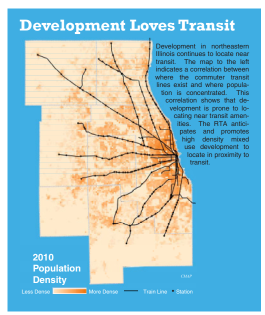
Engaging the Public

Educating and engaging the general public is an ongoing responsibility of transit agencies as they develop long-term visions for their systems. Just as the recent report, *SEPTA Drives the Economy of Pennsylvania,* framed the benefits of SEPTA service to the regional economy for a large constituency, some transit agencies have developed informational materials designed to cultivate public support for transit-supportive development.

The Regional Transportation Authority (RTA) is charged with financial oversight, funding, and regional transit planning for transit operators in the Greater Chicago Region, including the Chicago Transit Authority, Metra, and Pace Suburban Bus. As part of its support for TOD, RTA has developed materials that appeal to members of the public, local government officials, and the private development community.[1] The *Transit Works* brochure was designed as an educational and marketing piece that conveys the benefits of placing development and redevelopment near transit.

Similarly, RTA's 2011 *TOD: The Future of Development Brochure* seeks to demonstrate the importance of TOD by highlighting TOD-supportive demographic trends and demonstrating the positive effect of development near transit on housing, retail, office, and restaurant markets.





Source: RTA

Recently published RTA documents tout the benefits and value of TOD for a broad audience.

STRATEGY

Establish a TOD working group

In addition to solidifying support for TOD in agency planning documents, SEPTA can establish a TOD Working Group to help guide the organization's future TOD efforts. These types of working groups or steering committees vary in membership and authority, but they typically comprise an interdisciplinary collection of individuals with diverse expertise and perspectives on TOD and land development activities.

In SEPTA's case, the creation of such a working group would allow the agency to leverage the experience of the local development, government, and planning community while developing its own internal capacity to deal with these issues. One model for a transit agency-led TOD coalition is the Regional TOD Working Group formed by the RTA (Greater Chicago Region) in 2008. This group meets quarterly with the goal of providing a forum for regional government and non-profit agencies, to discuss and coordinate TOD initiatives throughout the region.

Alternatively, in some regions, transit agencies are active participants in TOD working groups organized by Metropolitan Planning Organizations, regional councils of governments, or other relevant commissions. Facilitated by agencies such as the North Central Texas Council of Governments, the South Florida Regional Planning Commission, and the Puget Sound Regional Council, these types of groups meet on a regular basis to discuss, coordinate, and promote TOD in a region.

A regional approach to TOD collaboration in Greater Philadelphia would present the opportunity for a holistic approach to TOD implementation that incorporates multiple transit providers and legislative contexts.

CASE STUDY
Convening TOD Stakeholders

Creating a TOD Working Group is one way to help cultivate a community of TOD champions from the public, private, and not-for-profit sectors. In 2008, the Tampa Bay Area Regional Transit Authority (TBARTA) established a Land Use Working Group (LUWG) tasked with coordinating local land use planning concerns, including TOD. In addition to using regular bi-monthly meetings to share information about transit-supportive land use planning activities, this group was instrumental in the creation of TBARTA's TOD Resource Guide.

In 2012, the LUWG merged with the One Bay Livable Communities Working Group, a task force organized by the Tampa Bay Regional Planning Council designed to engage a diverse partnership of private and public leaders in discussions about the built environment, natural environment, and mobility in the Tampa Bay Region.

CASE STUDY
TOD Policies

Many transit agencies have adopted TOD policies in recent years to help guide their TOD-related programs and activities. In June 2018, Metro adopted a groundbreaking Transit-Oriented Communities (TOC) Policy. This policy document formalizes Metro's commitment to partner with municipalities throughout Los Angeles County to create and reinforce vibrant communities around transit. The TOC approach goes beyond the traditional TOD model, which typically concentrates on a single-development, by encouraging Metro and its planning partners to think more holistically about how neighborhoods can be designed to maximize access to transit.

Metro's TOC Policy defines key terms, outlines key goals, and outlines the types of activities that Metro will be seeking to support. Currently, Metro supports TOCs throughout its service area through four key programmatic areas: First/Last Mile Connections, Systemwide Design, Joint Development, and Transit-Supportive Planning.

STRATEGY
Adopt a TOD policy

A transit agency's commitment to TOD can be formalized through the creation and adoption of a standalone TOD policy. In some cases, a transit agency may use a TOD policy to acknowledge that the success of the transit system is directly related to the ease of access by riders.

When deciding to actively support local government or private sector TOD projects and potentially pursue a joint development program, SEPTA should establish clearly articulated goals related to increasing ridership and generating revenue. The agency can then craft a TOD policy that establishes a vision for TOD around stations that features compact, mixed-use, walkable development that increases ridership, supports long-term system capacity, and promotes livable communities. TOD policies can also contain specific strategies that the transit agency will employ as an advocate and stakeholder to help achieve their TOD vision.

In addition to outlining agency goals related to TOD, some transit agencies have used TOD policies to outline policies and procedures for the disposition of agency-owned real estate assets and define the business objectives associated with joint development decisions. These more intensive TOD strategies are discussed in more detail in Chapter 5.

In all cases, the creation of a TOD policy can help guide the interaction of a transit agency as it engages with political and community stakeholders during the planning and development process. Transit agencies are understandably wary of endorsing individual development projects due to the potential controversy inherent in the development process. However, transit agencies can potentially insulate themselves from local controversies by being able to reference a consistent set of land use goals and objectives that it supports across its entire service area.

STRATEGY
Develop TOD guidelines

TOD is a development concept that is familiar to a relatively small circle of planning professionals, municipal officials, and real estate professionals across the country. Accordingly, many local governments, transit agencies, and advocacy groups have developed guidelines and handbooks designed to educate a broader audience about the purpose, value, and characteristics of transit-supportive development.

Design guidelines are a tool that transit agencies can use to communicate and establish a set of expectations and goals for the built environment near transit stations. The TOD guidelines created by transit agencies do not supersede any municipal laws or regulations on land use or development. Instead, TOD guidelines are intended to provide a diverse set of stakeholders with a common vocabulary and frame of reference. TOD guidelines can provide directed guidance that can be modified to fit the unique needs of each station area and community.

Transit-supportive land use and design guidelines provided by transit agencies may be most valuable to local stakeholders during the creation of site plans. As such, TOD guidebooks often provide recommendations on street design, building orientation, and parking provision that are designed to enhance nonmotorized accessibility and minimize the distance between destinations and transit.

However, in addition to physical planning strategies, TOD guidelines can also play a valuable role in educating local government planners and private developers about the benefits of and need for transit and the relationship between land use and transit ridership. Furthermore, transit agencies can use these documents to detail critical service and operational issues that need to be taken into account during the development process and make the case for including transit officials early on in the development process.

BEST PRACTICE
Communicating Key Principles

TOD guidelines can help shape development proposals and promote the creation of transit-supportive buildings and neighborhoods. Due to the nonbinding nature of most TOD guidelines, these documents need to be flexible and emphasize key principles that can lead to positive land use and development outcomes. The American Public Transportation Association (APTA) has identified several key urban design standards that should form the foundation for any built environment strategies contained in TOD guidebooks.[2]

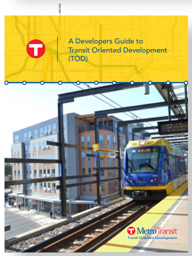
1. Accessibility: All individuals, regardless of physical ability, should be able to easily and safely access transit services without any significant and unavoidable impediments or barriers.
2. Walkability: All transit riders are pedestrians before and after their transit trips, and should be able to comfortably access transit facilities and surrounding communities.
3. Mix of uses: Access to a range of uses, services and amenities are necessary to support transit and community vitality.
4. Connectivity: Transit needs to be part of a network of travel options that allow riders to meet everyday needs, both locally and within the region.
5. Density: Riders depend on a concentration of activity and intensity in close proximity to transit facilities.

CASE STUDY
TOD Guidelines

The creation of design guidelines has become an increasingly common way for transit agencies to address challenges and overcome barriers associated with TOD. Four guidebooks created by transit agencies are profiled below.

MARTA, *TOD Guidelines*
Metropolitan Atlanta Rapid Transit Authority (MARTA) released a set of TOD guidelines in 2010. This document begins with a policy discussion of why TOD is important and details how MARTA and its partners have worked together to promote TOD to this point. It includes chapters dedicated to foundational principles essential to the success of TOD: Density and Mixed Uses; A Great Public Realm; and A New Approach to Parking. The final chapter includes a TOD model zoning overlay based on the standards described in the core chapters.

LANta, *Transit Supportive Land Uses for the Lehigh Valley*
Most TOD guidelines are created in reference to rail transit service. However, the Lehigh and Northampton Transportation Authority (LANta), which operates the LANta bus system, published a set of land use guidelines in 2013. The report discusses why the site planning elements it sets forth are important for effective transit service. It also provides a series of vignettes that illustrate key operational considerations related to various land use, such as the amount of time that is required for a bus to leave the main thoroughfare to directly serve individual developments.



Metro Transit, *A Developers Guide to TOD*
In response to a growing demand for TOD in the Twin Cities of Minneapolis and St. Paul, Metro Transit created a resource for developers in 2016. The web-based and printed document features resources, statistics, and other helpful information to both educate and entice developers to explore development around transitways in the Twin Cities. The *Developer's Guide* is written in plain language and includes useful local examples, best practices, and design guidance. The document includes a TOD checklist for development projects that includes design, land use, community engagement, and equity considerations.

Port Authority of Allegheny County (PAAC), *TOD Guidelines*
PAAC uses its TOD guidelines, published in 2016, to advertise its role and interest in land use and development and educate regional stakeholders on best practice standards for TOD. As part of this effort, PAAC classified the region's transit stations according to six typologies based on a combination of density and land use mix. These classifications, along with local community goals, can serve as the foundation for future efforts to enhance multimodal connectivity and design development that expands transit use.

CHAPTER 4

Coordinate and Facilitate TOD Planning Near Stations

Although local municipalities have the ultimate authority on individual land use and development decisions, SEPTA can play a key role in the development process by coordinating and facilitating TOD planning in the areas around its stations. In its role as coordinator and facilitator, SEPTA would not lead the development process, but rather seek to foster TOD by offering valuable transit-supportive guidance and assistance to municipalities and developers.

Enhancing SEPTA's support for Community TOD near its stations can lead to increased ridership through the creation of compact development that is well-connected to transit. Early and continuous discussion and collaboration between SEPTA and its municipal partners can help provide the best development outcomes and enhance project design. The strategies described in this chapter can help establish and communicate the ways that SEPTA can work with its local partners to help guide the development of non-agency-owned land.

STRATEGIES DISCUSSED IN THIS CHAPTER

- Promote TOD in station area planning studies, workshops, and meetings
- Formalize development review services
- Create a web page summarizing SEPTA's TOD resources and support services
- Monitor development proposals near key stations
- Coordinate capital improvements with anticipated development activity

STRATEGY

Promote TOD in station area planning studies, workshops, and meetings

Each year, DVRPC, county planning commissions, and municipalities conduct numerous planning studies that include SEPTA station areas as part of their purview. These initiatives, frequently initiated by local municipalities and counties, serve many purposes and take many forms, including comprehensive plan updates, corridor plans, and neighborhood plans. Although few of these studies focus exclusively on TOD, many of these studies represent an opportunity for SEPTA to promote transit-supportive land use and transportation principles near individual station areas in collaboration with its local planning partners.

SEPTA already participates in a variety of local planning activities around the region. For example, SEPTA staff frequently serve on advisory committees for individual studies and regularly attend stakeholder meetings and workshops that are convened as part of a planning process. In these situations, SEPTA is often called upon for guidance on issues related to station facilities and service operation. Referencing relevant materials, including the TOD guidelines referenced in Chapter 3, SEPTA can more effectively use these studies as opportunities to educate stakeholders on and advocate for transit-supportive planning and development.

While these planning processes do not immediately lead to new development, they can help create a framework for transit-supportive growth by

- accelerating the adoption of transit-supportive land use regulations,
- identifying critical pedestrian and bicycle improvements near a station, and
- building positive working relationships between SEPTA and local partners.

CASE STUDY

Agency Support for TOD in New Jersey

NJ TRANSIT and the NJ Department of Transportation (NJDOT) have initiated programs to focus resources and attention on how transit stations can be used to promote community development. NJ TRANSIT's Transit-Friendly Planning Program was established in 1999 and has offered technical assistance to NJ municipalities interested in leveraging their transit assets to catalyze development.

NJDOT's Transit Village Initiative is a multiagency partnership that was also created in 1999 with the goal of fostering redevelopment and revitalization around transit facilities. In order to be designated a Transit Village, interested municipalities must host a transit station, meet certain criteria, and complete an application. Transit Village designation provides a municipality with technical assistance from state agencies as well as priority funding from some state agencies. There are currently 33 Transit Villages; however, only three are located in our region: Riverside (Burlington County), Collingswood (Camden County), and West Windsor (Mercer County). For more information on this program, please visit: www.state.nj.us/transportation/community/village.

STRATEGY

Formalize development review services

While participating in planning studies throughout the region presents opportunities to advocate for TOD, SEPTA can provide more immediate and direct feedback to municipalities and the development community by establishing a protocol for commenting on individual development proposals. SEPTA already conducts some informal development review activities in an ad hoc manner. By formalizing development review services, SEPTA can expand and enhance coordination with municipalities and developers with the goal of creating real estate projects that improve access to and integration with local transit services.

SEPTA staff have commented that invitations to consult on development proposals have often come during later stages in the development process, at a time when the developer may not be open to changes in the project. Transit agencies have the best opportunity to engage local land use planners and developers when zoning reviews or amendments are up for discussion. Accordingly, SEPTA should look for opportunities to engage in project review at the earliest possible stage, such as a pre-proposal land use conference or other similar predevelopment stage.

Pace Suburban Bus offers a complimentary in-house technical review of development proposals that may be instructive for SEPTA. Pace's Design Review Assistance for Transit (DRAFT) is a voluntary advisory program designed to help local developers and designers incorporate transit-supportive features into their projects. Local municipalities have the option of requiring Pace review as part of the local approval process. See the case study on this page for more information.

Expanding development review services will require SEPTA staff time and coordination. Establishing criteria related to a project's scale, proximity to transit, land use, and form can help SEPTA prioritize which projects could potentially benefit most from this service while managing staff capacity. For example, SEPTA involvement in the design of a larger commercial property, mixed-use center, or multifamily development will be more valuable than consultation on a single-family subdivision. SEPTA's county and local planning partners can also play a role in coordinating SEPTA feedback on individual development projects by mandating agency feedback on significant projects and/or offering incentives for seeking collaboration. Overall priority should be given to projects that might impact SEPTA services and infrastructure, including projects that abut SEPTA stations or corridors served by SEPTA or other circumstances that may significantly alter the potential for local ridership.

CASE STUDY

Pace Design Review Assistance for Transit

Pace is the suburban and regional paratransit division of the Regional Transportation Authority in the Chicago metropolitan area. Pace's DRAFT program provides a complimentary in-house technical review of a development proposal to help coordinate private development with municipal services and local bus services and facilities. These reviews are conducted by a Pace Transportation Engineer. The agency's *Guidelines for Transit Supportive Communities*, along with other industry standards and specifications, serve as the basis for the review of plans. Based on the level of conformance with these standards and the nature of individual development projects, Pace staff may provide an advisory or formal level of review, consisting of:

- Advisory comments that are non-binding,
- Formal comments that must be addressed related to transit infrastructure, or
- Formal letter granting approval or endorsement of the development plan if requested or required.

The DRAFT program application generally asks participants to provide design plans similar to what municipalities require for review by zoning and/or public works staff. The DRAFT process can vary depending on the complexity and scale of the project, however, Pace attempts to complete the collaborative review process within two to four weeks of submittal.

For more information, please visit: www.pacebus.com/guidelines/draft.asp.

STRATEGY

Create a web page summarizing SEPTA's TOD resources and support services

SEPTA frequently collaborates with DVRPC, the City of Philadelphia, and county planning commissions throughout Greater Philadelphia. However, many of the municipalities that host SEPTA stations may not have well-established working relationships with SEPTA. These relationship gaps, when compounded by political and professional turnover at the municipal level, may result in missed opportunities to promote transit-supportive development.

Creating a SEPTA web page that serves as a clear starting point for real estate and development information and inquiries can serve a basic, yet essential, role in improving coordination between SEPTA and local land development partners. Real estate and TOD planning web pages have become standard parts of many transit agencies' websites. These web pages vary in format, purpose, and content based on an agency's land use goals and the sophistication of their TOD program and resources.

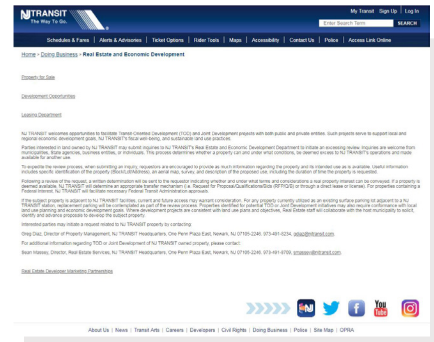
NJ TRANSIT's Real Estate and Economic Development web page has traditionally served as the agency's clearing house on real estate and TOD matters. Organized under a portion of their website entitled "Doing Business," this simple text-based web page provides background on the agency's interest in TOD and joint development and includes hyperlinks to information regarding property for sale, development opportunities, and retail leasing opportunities. This web page provides an overview of the process by which a public and private entity can express interest in land owned by the agency and contact information for NJ TRANSIT staff in the Property Management department.

In March 2018, NJ TRANSIT launched a new website, "NJ TRANSIT Development Opportunities" (www.njtransitdevelopment.com), to host procurement documents specifically for TOD opportunities. The site is maintained by NJ TRANSIT's real estate advisor, Greystone Management Solutions.

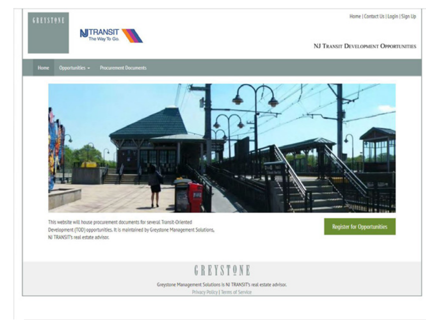
NJ TRANSIT also partners with the Alan M. Voorhees Transportation Center, part of the Bloustein School of Planning and Public Policy at Rutgers University to maintain www.njtod.org. This website, formerly known as the Transit-Friendly Development Newsletter, advertises itself as New Jersey's online resource for up-to-date information on TOD news from communities around the state and the country. The website serves as a repository of best practices, model programs, relevant legislation, and local problem-solving experiences.

WMATA's Metro Real Estate & TOD website (www.wmata.com/business/real-estate/) offers a more robust collection of resources related to TOD and joint development. Text on this page makes the connection between TOD and agency goals explicit: "By promoting high quality, more intensive development on and near Metro-owned properties, Metro can increase ridership, support long-term system capacity and generate new revenues for transit." While some aspects of WMATA's joint development program are discussed in the next chapter, this website is notable because it also serves as a repository for recently completed station area plans that WMATA has conducted or participated in. These studies are presented alongside WMATA's *Station Area Planning Guide*, a resource that the agency has created to help provide clear design guidance for station site and access planning for WMATA's real estate partners.

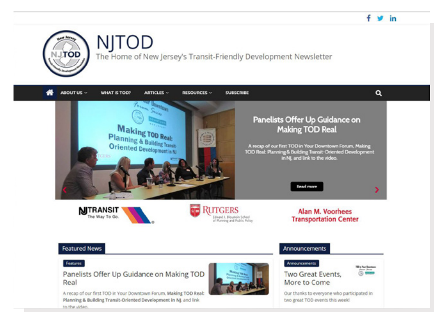
NJ TRANSIT: TOD-Related Websites



Real Estate and Economic Development



Development Opportunities



NJTOD

STRATEGY

Monitor development proposals near key stations

While the region's extensive transit network is a great asset, the large number of stations and diversity of transit modes can make planning for TOD a daunting task. Accordingly, any expansion of development review services would need to be carefully considered so as not to overwhelm SEPTA staff capacity.

As a complement to the expanded development review services described above, SEPTA may wish to proactively monitor land use changes, such as major rezonings, and development proposals in particular station areas where the potential benefits of new development will be most impactful. Actively monitoring selected station areas is a lower cost way that SEPTA can channel technical assistance and development guidance to projects that can maximize the benefits of transit supportive development. Factors such as overall development activity and TOD potential can be used to help prioritize the station areas that are most worth the investment of the agency's limited time and resources.

Station areas with higher overall levels of real estate activity may reflect market support for the compact, walkable development that typifies TOD. Each of the counties in our region track land development activity in some way, and SEPTA can leverage these relationships to better understand local land use trends and development activity. Similarly, DVRPC's Office of Smart Growth maintains an online inventory of significant development projects near the region's rail stations as part of its Smart Growth Project Database (www.dvrpc.org/webmaps/SGPD/). In addition to projects that have been recently completed or are currently under construction, this database inventories development proposals that may benefit from coordination with SEPTA.

Alternatively, SEPTA can choose to focus its attention on station areas with higher levels of TOD potential. TOD potential can be defined as a combination of demographic, transit, built environment, and market conditions around transit stations that support transit ridership and higher-density development. In recent years, planning studies to determine TOD readiness have become increasingly common. Many of these studies, often conducted by Metropolitan Planning Organizations or city or county planning commissions, incorporate criteria and/or methodology developed by advocacy organizations such as Reconnecting America and the Center for TOD (CTOD).

DVRPC conducted an assessment of TOD opportunities in Greater Philadelphia in 2017. This report, entitled *Building on our Strengths* (www.dvrpc.org/Products/16036/), can serve as a foundation for future efforts to identify SEPTA station areas with higher TOD potential. In consultation with regional transit providers and DVRPC's member counties, DVRPC inventoried and analyzed 12 demographic, physical, and market factors that can help identify station areas where TOD will be most successful. According to this analysis, many of the greatest opportunities for TOD in our region can be found along the Market-Frankford and Broad Street lines in Philadelphia and along Regional Rail lines that serve the region's Core Cities and close-in suburbs. In the future, the criteria used in this analysis could be recalibrated and updated to capture current conditions. Like WMATA, DVRPC also maintains a TOD webpage (www.dvprc.org/tod) that compiles TOD station area plans created in the region over the last 20 years.

KEY RESOURCE

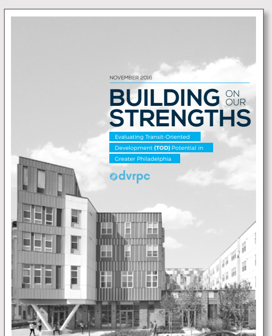
Identifying TOD Opportunities

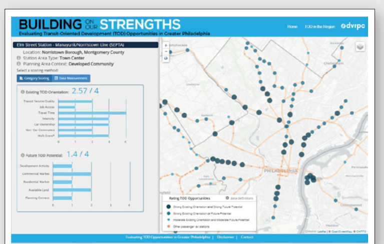
DVRPC's TOD planning work includes a 2017 study *Building on our Strengths: Evaluating TOD Opportunities in Greater Philadelphia*. This was DVRPC's latest effort to systematically identify TOD opportunities throughout Greater Philadelphia, including an examination of over 140 SEPTA stations. DVRPC inventoried and analyzed 12 demographic, physical, and market conditions that can influence an individual station area's readiness for transit-supportive investment.

Although many of the highest scoring locations were found to be in Philadelphia itself, this tool also identifies suburban locations with potential for TOD. TOD may be most appropriate and successful in the places that:

- offer convenient, timely transit access to the University City/Center City employment center,
- feature transit travel times that are competitive with automobile travel during peak hours,
- represent competitive residential and office real estate markets, and
- demonstrate a transit-supportive planning context.

These and other related factors can be explored for transit stations throughout our region in the Building on our Strengths web app: www.dvrpc.org/webmaps/TOD.





STRATEGY

Coordinate capital improvements with anticipated development activity

A portion of every SEPTA Capital Program is reserved for investments in stations, transit loops, and parking facilities. SEPTA can potentially expand the impact of these investments on ridership and revenue by evaluating station projects, in part, on their ability to attract interest for development near the station. Similar to the TOD potential criteria previously discussed, numerous factors can help identify locations where station facility and/or access improvements can contribute to local development momentum. These factors may include:

- Recent changes in rent and/or home values,
- The presence of a TOD plan or transit-supportive land use regulations, and/or
- Underutilized land near the station that may be appropriate for redevelopment.

CASE STUDY

Port Authority of Allegheny County (PAAC): Integrating TOD into a Station Improvement Program

As part of the agency's pursuit of TOD, PAAC has set out to make capital investments that encourage new ridership and attract interest from the development community. To identify which fixed-guideway stations receive investment as part of PAAC's Station Improvement Program, the agency established an objective process and evaluation method designed to assess stations and surrounding neighborhoods based on factors that contribute to successful TOD.

Relying on the input of internal and external advisory groups, PAAC evaluated each station area based on four criteria:

1. Transit: physical characteristics and condition of a station
2. Walkshed: extent of station area that is accessible to a pedestrian within a 10-minute walk
3. Orientation: existing patterns of land use and population density within the station area
4. Development: market conditions, available land, and political will.

This review process, first conducted in 2015, produced a ranking of 73 stations that will be revisited annually. PAAC strives to review the top 50 percent of these stations annually to identify the priorities for the Station Improvement Program. For more information about the program, please visit: www.portauthority.org/inside-Port-Authority/projects-and-programs/transit-oriented-communities/station-improvement-program.

CHAPTER 5

Partner on and Sponsor TOD Projects on Agency-Owned Land

SEPTA's role as an advocate and stakeholder can have a critical impact on Community TOD efforts around the region. However, SEPTA can potentially have a much more direct impact on land use decisions around its stations by evaluating opportunities for development on land that the agency owns.

Joint development is the term for the process through which a transit agency partners with the private sector to develop agency-owned land. Joint development is based on the concept of value capture—defined broadly as a means by which some increment of increased land value resulting from transit investment is captured by some means for use by the transit agency. Joint development provides SEPTA with the opportunity to lead the development process in select situations where its TOD objectives align with market, political, and financial realities.

There is no single formula for navigating the joint development process or realizing a successful joint development project. Pursuing joint development will require that SEPTA takes an entrepreneurial approach to leading a development process that includes the private sector, other agencies, and the public. The

STRATEGIES DISCUSSED IN THIS CHAPTER

- Enhance database of SEPTA-owned land
- Assess TOD potential of SEPTA-owned land
- Solicit joint development partners for select sites

three strategies described in this chapter represent sequential steps that SEPTA can take to identify and evaluate opportunities for transit-supportive development on agency-owned land. Collectively, these strategies represent the highest level of transit agency involvement in the land development process and the first steps in creating a formal joint development program.

Although joint development is often used to implement TOD, several aspects of the joint development process distinguish it from broader TOD planning. First, a joint development project is mutually beneficial to its private and public sector participants. Each side benefits in different ways:

- The transit agency gains revenue from the transaction and may gain increased ridership through better development outcomes and/or more effective links between transit and adjacent development.
- The developer gains access to developable land or air rights with prime access to transit and a partnership with the public sector that may help expedite local development review.

Second, joint development is tied to a specific location and, as such, is a tool designed to help transit agencies tap into the value of land assets that are ripe for development. An important first step for any agency considering joint development is to evaluate the market conditions in a station area and carefully study the market feasibility of potential projects. A successful joint development project requires an opportunistic transit agency seeking to capitalize on the specific opportunities presented at a site.

Third, joint development involves a contractual arrangement and financial transaction between the transit agency and developer. Typically, the project will include revenue or cost sharing between the transit agency and a private partner. The nature of the revenue or cost sharing is negotiated between the transit agency and developer and often expressed through a development agreement. The financial aspect can include air rights, ground leases, station connection fees, and other initiatives that promote real estate development at or near transit stations to the mutual benefit of both public and private interests.

Successful joint development has direct and indirect potential benefits to SEPTA's operations and overall efforts to promote TOD. The direct benefits may include:

- A new source of revenue,
- Increased ridership at the joint development station through effective TOD design,
- Cost sharing on facility construction, and
- Improved station facilities.

Indirectly, joint development projects can serve as a demonstration of SEPTA's and a local government's commitment to TOD goals. In this way, joint development may help catalyze additional transit-supportive development, setting up a positive cycle of investment that can help transform a station area. Joint development can also help advance a variety of other public goals, such as providing new affordable housing, public open space, or retail or other needed services in an area.

Joint development involves policies and processes that differ in many respects from typical agency roles and responsibilities. Furthermore, before establishing a joint development program, it is critical that SEPTA internally vet the legal framework as well as the constraints and opportunities associated with these projects. Please see Chapter 2 for a discussion of the key legal, organizational, and regulatory considerations that inform the strategies discussed in this chapter.

STRATEGY

Enhance database of SEPTA-owned land

Continually improving SEPTA's real estate asset management database is an ongoing priority for SEPTA's Real Estate Department. However, proactively promoting Agency TOD will require new ways of thinking about and understanding the land that SEPTA owns. The creation of a joint development program may require revisions to the existing database or the creation of a new property inventory database that can provide SEPTA staff with a holistic framework for decision-making about the use and potential development of agency-owned land.

Conducting a comprehensive inventory of SEPTA-owned land would be beneficial to the agency for a variety of reasons. However, the scale of SEPTA's transit network and the complexity of the agency's land holdings make this a long-term endeavor. For joint development purposes, SEPTA should prioritize improvements to its real estate tracking system that expand the type of information available on each property and the ease with which it can be shared between various SEPTA departments that would play a role in joint development.

Ultimately, an enhanced inventory of agency-owned land should be able to help SEPTA staff answer the following questions:

- Where does the agency own sufficient land for development next to its most valuable stations?
- Where can the agency potentially sell air rights above their properties?
- Which station areas have strong market demand for commercial and/or mixed-use development?
- Which, if any, stations have underutilized parking next to them?

Transit agencies initiating joint development programs have frequently sought to develop property inventory databases using Geographic Information Systems (GIS) technology. These systems are typically built on a relational database of key property attributes and feature a user-friendly interface that allows staff to view a combination of spatial and tabular data on a desktop computer. Key features of these databases typically include:

- a catalogue of property ownership, easement, and lease documents,
- the ability to overlay multiple geographic datasets, such as parcel lines, environmental factors, historic sites, and utilities, and
- access to relevant photos, site plans, and deeds.

CASE STUDY

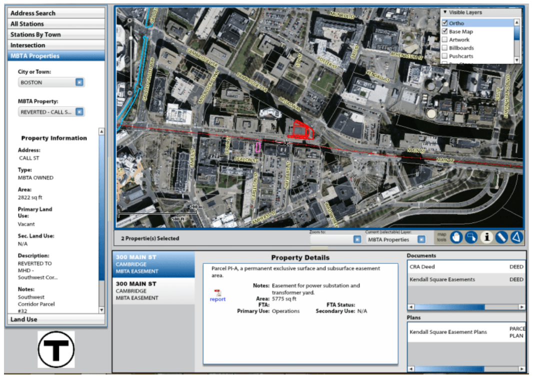
MBTA LandTracker System

The Massachusetts Bay Transit Authority (MBTA) LandTracker is an online application containing data on all MBTA-owned property, including address, use, size, title information, and relevant deeds and site plans. The first version of this digital property database was created in 1996 when the MBTA privatized and outsourced a variety of real estate functions. Since that time, the database has been used to:

- Research disposition, leasing and licensing, and indemnification information,
- Select sites for new, relocated, or consolidated facilities, and
- Respond to internal and external property ownership inquiries.

LandTracker has recently been expanded to include the Massachusett's Department of Transportation's (MassDOT) highway database as well. The use of MBTA LandTracker is currently restricted to MBTA and MassDOT employees only.

For more information, please visit: www.mbtarealty.com/landtracker.



Source: MBTA

During interviews conducted for this study, NJ TRANSIT staff cited "knowing what you own" as an essential precursor to the creation of a TOD/joint development program. NJ TRANSIT's "four-to-five-person" Real Estate Department undertook a multiyear effort designed to modernize its property inventory with the goal of distinguishing parcels that they had clear control over from those with mixed-ownership.

These efforts predated New Jersey Assembly Bill 3654 which established an Office of Real Estate Economic Development and Transit-Oriented Development at NJ TRANSIT in 2018. The bill requires that the new office submit a report annually directly to the governor's office with an inventory of each parcel owned by NJ TRANSIT including the appraised value, revenues generated, and current use. While NJ TRANSIT is the second-largest landowner in the state, there has never been an inventory of all properties owned by the agency.

Once an inventory of agency-owned land is established, the new office will be responsible for developing recommendations for economic development and transit-oriented development on these properties in order to generate revenue for the transit system. Non-farebox revenue generation was a major impetus for the bill and a recent audit found that while agency costs rose 30 percent over the last decade, funding has been cut, making for an unsustainable system.

STRATEGY

Assess TOD potential of SEPTA-owned land

Given the extensive nature of SEPTA's system, the agency may wish to initiate broader joint development activities by working with its planning partners to assess the development potential of individual sites. Not all transit stations will have joint development opportunities, and not all opportunities will be economically feasible at a given point in time. The goal of these assessments should be to prioritize locations where SEPTA may wish to pursue joint development opportunities.

The process of screening properties will be multifaceted because the appropriateness of sites for joint development is dependent on several factors, including market conditions, community input, local regulations, and SEPTA resources and objectives. These factors will ultimately provide the basis for establishing priority sites, project implementation strategies, and the creation of any site-specific development guidelines.

The first step in the evaluation should be designed to evaluate the potential outcomes and trade-offs between preserving SEPTA properties exclusively for current and future railroad needs and allowing potential commercial leases and joint development projects on the property. In some cases, these evaluations will be simple and straightforward. No development project should interfere with SEPTA's ability to safely operate and maintain transportation facilities on its properties. As such, many SEPTA properties can immediately be ruled out because they host transit facilities or equipment or are otherwise essential to transit operations.

However, in other cases, the tradeoffs between transit needs and longer-term development opportunities will be less clear. In these cases, SEPTA can develop screening criteria to help staff assess the potential local impacts of development on service operations, station access, and maintenance needs.

- Would the development of a site allow sufficient right-of-way to meet SEPTA's operational needs?
- Would development impede connecting buses and shuttles or negatively impact local pedestrian and bicycle routes to the station?
- How would a potential development affect the visibility of a station or the visual cues that help customers find the station?
- How would the development of a site impact the supply of commuter parking and, in turn, ridership levels at a station?

In addition to these important operational considerations, the success of any individual TOD proposal is influenced by a variety of practical, economic, and regulatory factors. DVRPC's 2017 *Building on our Strengths* study, discussed in more detail on page 34, provides a tiered assessment of the TOD potential of transit stations areas throughout Greater Philadelphia. Like similar studies that have been conducted for other regions, this effort evaluated station areas based on their "transit orientation" and "market potential." Transit orientation refers to a variety of physical, demographic, and transit characteristics that correlate with TOD. Market potential refers to a blend of the real estate market conditions and political context that are suggestive of development opportunities. Ultimately, these types of assessments can help SEPTA evaluate the ability of any proposed project to generate transit ridership, fare revenue, lease payments, parking revenues, and/or cost savings.

Disposition as an Alternative to Joint Development

SEPTA's assessment of agency-owned land may reveal properties that are no longer needed to support transit operations. These sites, often referred to as excess or surplus properties, may represent candidates for joint development in which SEPTA partners with a third party. Alternatively, SEPTA can consider selling surplus property to private developers for transit-supportive development. For land that SEPTA owns fee simple and was acquired without federal funds, this process is fairly straightforward and is governed by SEPTA's internal policies and guidelines.

However, surplus properties that were acquired with federal assistance must follow FTA's disposition process before they can be sold. Transit agencies must maintain satisfactory continuing control over real property until it is no longer needed for its originally authorized purpose. SEPTA can request disposition instructions from FTA. After completing the disposition process,

CASE STUDY

Prioritizing Development Opportunities in the Twin Cities

Metro Transit's TOD Office helps to implement TOD by arranging and facilitating development opportunities on land owned by the Metropolitan Council, the regional entity that serves as the planning agency and transit provider for Minneapolis and St. Paul. In 2018, the TOD Office completed a development site prioritization process on all properties owned by the Metropolitan Council within a half-mile of transitways using criteria jointly developed in partnership with Reconnecting America.

MetroTransit posts a list, map, and aerial images of 20 TOD priority sites on its TOD Developer Tools and Resources website: www.metrotransit.org/tod-developer-tools-and-resources. Publishing this list is designed to generate interest from municipalities and developers about joint development opportunities. Metro Transit also seeks to drive developer interest in other agency-owned land by maintaining an interactive ArcGIS Online tool that identifies all publicly-owned land along active and pending transitways in the region.

Many of the TOD opportunity sites identified by Metro Transit are park-and-ride facilities such as this one located in Snelling, MN.

Source: MetroTransit

the property is no longer subject to any federal grant agreements. The net sale proceeds must be applied to other eligible capital projects or used to compensate FTA. Property can also be transferred to a local government as long as it will remain in public use for at least five years and the federal government does not want to acquire it. Furthermore, it cannot be used for any other purpose eligible for FTA assistance and the overall benefit of the transfer must be greater than the federal interest.

NJ TRANSIT invites parties interested in the development potential of agency-owned property to contact the Manager of Property Development. Private developers can initiate what is known as an excessing review to determine whether a property can and under what conditions, be deemed excess to NJ TRANSIT's operations and made available for another use. In order to expedite this review, requestors are encouraged to provide as much information as possible, including block and lot information, an aerial map, and description of the proposed use. Discussions between NJ TRANSIT and a requestor will typically revolve around future access needs, local land use regulations and plans, and potential parking considerations. If a property is ultimately deemed to be available for the development, NJ TRANSIT will determine an appropriate transfer mechanism.

WMATA and the Utah Transit Agency (UTA) have also recently emphasized the role that surplus property can play in promoting TOD. In January 2019, WMATA announced that eight surplus properties with the potential for commercial, residential, and/or mixed-use development are up for sale in Maryland, Virginia, and the District of Columbia. WMATA officials suggest that the sale of surplus property is expected to save money by reducing maintenance expenses on property that Metro no longer needs, while generating additional revenue for capital and operating expenses.

UTA continues to investigate TOD opportunities created through a 2010 state Senate bill that allowed the agency to enter into agreements with developers on up to five sites owned by UTA. The purpose of Senate Bill 272 is to increase ridership by supporting TOD and increasing UTA's self-reliant operating funds. Under this authorization, UTA can contribute sites that have been designated as excess land to a developer's project in exchange for a say in how to develop the land and a share of the profits.

CASE STUDY

Supplementing Real Estate Operations

Becoming a development partner brings exposure to the risk that arises from the inherent complexity of a real estate project. WMATA was the first transit agency to hire in-house real estate professionals to organize its real estate portfolio specifically for joint development opportunities.

However, some transit agencies contemplating joint development programs have also outsourced aspects of their real estate management functions in order to focus on core competencies, cut operating expenses, and better respond to market opportunities. In addition to MBTA, which privatized a variety of real estate functions in 1996, CTA and NJ TRANSIT have turned to the private sector for help managing their real estate programs.

CTA launched a strategic partnership with Jones Lange LaSalle in 2008 that covers numerous aspects of its real estate activities and operations, including negotiating and monitoring leases, identifying and curing encroachments, concession property management, real estate information management, and TOD services.

NJ TRANSIT retains Greystone Management Solutions to supplement and support the agency's Real Estate and Economic Development team to identify and develop non-farebox revenue opportunities for the agency. Under the terms of its real estate advisory agreement with NJ TRANSIT, Greystone provides the agency with a team of dedicated real estate professionals who prepare and administer RFPs and transactional documents for retail, vacant and excess land, right-of-way utility agreements, and parking operator agreements. Greystone additionally provides tenant management services for the entire real estate portfolio and provides TOD advisory services.

Replacement Parking Considerations

Many transit agencies have found that some of their most compelling candidates for joint development are larger park-and-ride surface parking lots owned by the agency. Similarly, many communities may independently determine that a park-and-ride lot is not the most appropriate use for a particular parcel. However, parking is often a critical piece of station infrastructure that directly supports ridership. As such, transit agencies considering development on existing parking lots may wonder how to balance the ridership gains from new development against the potential loss of riders due to the removal of parking. For example, building TOD on agency property may bring new riders, but this ridership boost may be offset if the number of parking spaces is reduced and park-and-ride customers stop taking transit.

Some transit agencies have addressed this question by undertaking a parking replacement study and/or developing a parking replacement policy. A replacement parking analysis investigates how much of the existing parking supply (or demand) should be replaced when an existing parking facility is replaced by a different land use. Depending on an agency's replacement parking policy and post-TOD project parking demand at a particular station, these projects sometimes require replacing existing surface lots with a parking structure. These studies also commonly identify strategies that can help reduce overall TOD parking demand, including shared parking, priced parking, and Transportation Demand Management (TDM) strategies.

The Santa Clara Valley Transportation Authority (VTA) worked with a consultant to investigate how much parking for transit riders should be replaced when VTA pursues TOD at 13 light rail stations with park-and-ride facilities. The results are documented in the 2012 *VTA Replacement Parking Study*.[1] After forecasting future ridership based on a set of TOD assumptions, the study identifies the stations where parking demand is expected to exceed capacity in 2035, the horizon year of the study. The study suggests that the project parking deficit can be addressed in several ways, including constructing additional parking facilities, accommodating demand at nearby stations, improving non-auto access to transit, and establishing shared parking agreements.

BART uses a Parking Replacement Model as a planning tool to quantify the ridership and revenue impacts of different TOD scenarios. The tool calculates the revenue generated by ridership and parking in an easily communicable format, so different development scenarios can be compared against each other. The analysis approach for the Parking Replacement Model was documented in R*eplacement Parking for Joint Development: An Access Policy Methodology*.[2]

MARTA describes its approach to the replacement of park-and-ride capacity as a "right-sizing" policy which seeks to optimize the tradeoff between park-and-ride and joint development.[3] Agency policy suggests that the decision about how much parking capacity to replace at a given station will be based on an analysis evaluating both ridership and revenue, taking into account actual utilization of existing park-and-ride facilities; ridership and revenue to be generated by the park-and-ride facility; ridership and revenue to be generated by the proposed joint development; and the net real estate proceeds to be generated by the joint development project.

MARTA insists that park-and-ride replacement will be decided on a case-by-case basis, with no assumption that replacement will uniformly be 1:1. Based on the analysis described above, MARTA may opt for partial replacement (a ratio of less than 1:1) if an equivalent or larger volume of riders can be attracted with fewer park-and-ride spaces. Conversely, if park-and-ride demand at a particular station is expected to increase significantly, MARTA may opt for replacement at a greater than 1:1 ratio. While ridership will be the primary factor, MARTA will generally seek to avoid replacement outcomes in which garage construction consumes most or all of the joint development proceeds from the project in question.

STRATEGY

Solicit joint development partners for select sites

Once a theoretical list of agency-owned land with development potential has been created, SEPTA staff can monitor market conditions and communicate with local jurisdictions to identify the best candidates for joint development. Based on determinations made by SEPTA staff and discussions with local stakeholders, SEPTA can choose to engage in more formal joint development planning on select sites.

The remainder of this chapter outlines the typical steps in the joint development process and presents supplemental information designed to inform SEPTA about the opportunities and challenges inherent in this process.

Steps in the Joint Development Process

The generalized joint development process described below was based on a review of TOD programs and policies from transit agencies around the country. Transit agencies have customized this process based on their mission, organization, and specific regulatory framework.

Community Outreach and Analysis

Once a site has been selected as a candidate for joint development, transit agencies should consult with local jurisdictions and conduct outreach to solicit input from the community surrounding the site. The goal of this outreach is to help establish a vision for the potential project that is informed by local priorities and community feedback. Early outreach efforts can help transit agencies integrate their projects with community plans and initiatives, help establish buy-in from stakeholders, and help agencies understand and address any opposition to the project. Considering that there are numerous ways that agencies can pursue community engagement, it is important to define a strategy appropriate for each community and project.

Joint development planning at this stage may also incorporate station access planning designed to establish the specific station access needs for the property. This planning can focus on a functional needs assessment and/or concept designs that are designed to address the provision of different types of station access facilities.

At this point, an agency should assess whether the current zoning and/or recent plans are compatible with transit-supportive development and any priorities that emerged during station access planning. If regulatory changes are needed, staff can consult with local officials about the potential for rezoning and/or amendments that would allow a conceptual project to advance. At the same time, staff can be refining any market research that has already been conducted to assess the general readiness of a site for development based on the latest market conditions.

In some cases, a transit agency may prepare development guidelines specific to the site. The purpose of the guidelines is to articulate the intensity and type of development that the agency and community envision for a site, as well as any desired transit and urban design features.

Joint development is a multiyear process that depends on a healthy real estate market and intense collaboration among development partners. Before soliciting interest in a particular site, a transit agency should be able to satisfactorily answer the following set of questions about a potential joint development opportunity.

- Has the transit agency built a network of supportive partners to achieve the desired outcome?
- Has the transit agency consulted with the local government and community early in the planning process to understand potential concerns?
- Does political will exist to implement the project?
- Is the transit agency's proposal generally consistent with current land use and zoning plans (e.g., comprehensive plan, neighborhood plan, station-area plan)?
- Has the transit agency clearly articulated the benefits to the community for the proposed improvement?
- Are there major obstacles/barriers to successfully achieving a transit-supportive decision?

Metro Joint Development Process

STAGE	Initial Community Outreach	Developer Solicitation/ Selection**	Project Refinement, Joint Development Agreement Ground Lease Negotiations	Permitting and Construction
ACTIONS	>Community meetings >Creation of Development Guidelines*	>Issue Request for Information and Qualifications (RFIQ) and/or Request for Proposals (RFP) >Evaluate proposals >Community update	>Developers progress architectural design >Community outreach and input - several iterations >Entitlements and CEQA process*** >Negotiation of financial terms	>City engineering >Construction documents >City building permits >Seek concurrence from FTA (for properties with federal interest) >City-related approvals >On-site construction >Occupancy
RESULT	Metro Board approves Development Guidelines	Metro Board authorizes Exclusive Negotiation Agreement (ENA) with recommended developer(s)	Metro Board approves Joint Development Agreement and Ground Lease Agreement	Completed project
approximate overall time frame: 48 - 70 months				
	6 - 8 months	6 - 8 months	18 - 30 months	18 - 24 months

Source: LA Metro

LA Metro divides its joint development process into four stages: Initial Community Outreach, Developer Solicitation/Selection, Project Refinement, and Permitting and Construction. For more information, please review Metro Joint Development Process, available at www.metro.net/projects/joint_dev_pgm/.

Competitive Solicitation Process

Pending any necessary approvals from an agency's Board of Directors, solicitation documents advertising the joint development opportunity should be developed and issued according to agency procurement policies and procedures.

Joint development proposals should be evaluated by a panel that can include key agency staff, representatives from the local jurisdiction, as well as outside consultants with urban design and/or financial services expertise as needed. In general, development proposals should be evaluated based on their support of an agency's overall TOD objectives and conformance with site-specific design and/or development guidelines. Specifically, individual proposals should be evaluated based on their feasibility and ability to enhance ridership and generate revenue. For example:

- Does sufficient market support exist for the project to succeed as proposed?
- Does the proposal maintain or enhance transit ridership, safety, and/or access?
- Does the proposal maintain or enhance the agency's ability to operate transit services and/or maintain the system?
- When considering estimated revenue from ridership, real estate, and parking, does the project have a positive net fiscal impact on the agency?
- Do project revenues cover costs, including a reasonable developer profit?
- Does the project require public assistance or financing tools, and would they be available?
- Does the project comply with local land use and economic development plans?
- Does the project meet broader public goals, such as promoting local economic development and/or job opportunities, as appropriate?
- Does the project comply with FTA guidelines?

SEPTA may wish to make a finding of special opportunity (FOSO) in response to specific joint development opportunities. A FOSO provides the agency with a degree of flexibility during the public bidding and contracting phases of real estate-related projects. The process by which the general manager may recommend a FOSO is outlined in Section 1741(a)(24) of Title 74. Once approved by SEPTA's board, a FOSO permits the agency to evaluate real estate proposals based on characteristics determined to be in the best interest of the agency. The characteristics by which a proposal may be evaluated under a FOSO may include:

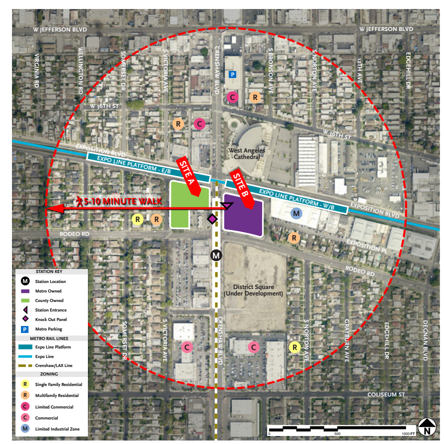
- the likely complexity of the transaction;

CASE STUDY

Framing Joint Development Opportunities

Transit agencies frequently develop guidelines to affirmatively inform and shape responses to RFPs that are released for specific joint development opportunity sites. In preparation for the opening of the Crenshaw/LAX light rail line, LA Metro has developed some of the most thorough and well-organized examples of these types of documents. Development Guidelines produced by Metro, with support from urban design and economic consultants, for joint development opportunities sites along this under-construction line have included:

- overviews of the Metro joint development process,
- summaries of community outreach activities,
- physical descriptions of the opportunity sites,
- research on the local housing and commercial real estate market,
- overviews of the relevant planning and policy framework, and
- summaries of transit facility operational needs and considerations.



Source: LA Metro

- the amount of investment any selected contracting party will be required to make in the real estate-related matter;
- the experience and prior success of the proposed contracting party;
- the quality, feasibility and potential for economic success of the proposal;
- any cost or potential return to the agency;
- the date by which the proposed contracting party agrees to complete the real estate-related matter; and
- other factors that the board may specify.

Once an agency selects a developer, the developer and agency might consider establishing a preliminary agreement of the intent to negotiate that defines the process to reach a final agreement. These agreements can include exclusive dealings agreements (EDAs), letters of intent (LOI), or memoranda of understanding (MOU). The preliminary agreement outlines the roles and responsibilities of the respective parties while they negotiate a formal development agreement, which can occur concurrently with the preliminary site design and preliminary city approval process. A preliminary agreement provides the benefit of providing a level of certainty to the developer while requiring them to meet certain milestones as a precursor to finalizing a development agreement.

FTA Coordination

There is no specific guidance on when to bring the FTA in for consultation and review of joint development initiatives. On process and procedural issues, it makes sense to talk with the FTA at the earliest possible time. However, it may be difficult for FTA staff to provide meaningful feedback before a development concept has been sufficiently fleshed out. Like early community

BEST PRACTICE

Improving Joint Development Agreements for TOD

The unique public-private partnership nature of joint development projects requires that transit agencies and private developers work together in ways that may be new and challenging to both parties. In preparing a report for the Florida Department of Transportation, Renaissance Planning Group identified several lessons for transit agencies as they seek to create more effective partnerships with the development community.[4]

Be proactive and realistic: The most successful joint development projects are backed by a strong community vision for TOD, political will and support for public-private ventures, a proactive planning and zoning framework, and a strong marketing strategy that can help position the project for success.

Procure better odds: Agencies can increase the number and quality of procurement responses by reducing the difficulty and cost burden of the solicitation process. Attracting developers is easier when expectations and requirements are documented in a set of clear policies, procedures, and development guidelines.

Don't be overly prescriptive: The transit agency should have a vision, but it must also be flexible in order to respond to market realities of what developers are able to build.

Ridership vs. revenue: While many agencies expect to generate substantial new revenue through joint development, the longer-term benefits of increased ridership may be a more important component of these projects.

Be patient: Both private sector partners and public sector agencies will need to be realistic about timeframes needed to complete the project. To reduce the risk of missing a favorable property market, transit agencies must enable their development staff to make routine decisions along an established timeline that is responsive to the private sector.

Selling land vs. ground lease: The FTA and many transit agencies prefer to lease land for joint development, but developers and lenders may be less experienced with this arrangement for residential projects. Transit agencies can build developer trust and comfort by building staff expertise on these types of deals.

Discounting often necessary: Joint development may come with more uncertainty, higher financing costs, and fewer local examples than conventional development. Therefore, a financial incentive, such as a discount on the lease or sale price, is often necessary to attract a developer.

stakeholder integration, the goal of early coordination with the FTA is to develop buy-in and to prevent unpleasant surprises late in the process.

Transit agencies should have a thorough understanding of all applicable state and federal regulations at the earliest stages of the joint development process. As discussed in Chapter 2, these regulations may include FTA Award Management Requirements, FTA Joint Development Guidelines, applicable NEPA and state environmental requirements, and applicable state and federal procurement regulations.

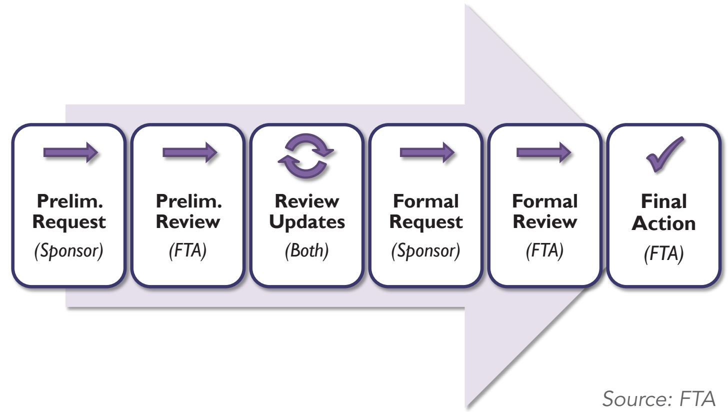
Following the selection of a developer and any preliminary agreements, agency staff can begin negotiating a term sheet that outlines the major business terms of the project, including the financial terms of payment for the development rights. In the event that these negotiations are unsuccessful, the agency may have the ability to re-advertise the joint development opportunity. If a term sheet is approved, the agency will negotiate a joint development agreement with the developer. If a proposed joint development site was acquired with FTA assistance, FTA must be consulted and ultimately approve any transfer of the federal asset and the corresponding joint development agreement.

Current guidance on FTA joint development policies are contained in FTA Circular 7050.1A (also discussed on page 18). Some of the key stipulations outlined in this circular are discussed in Chapter 2. FTA's review of the formal joint development project proposal will include a review of four eligibility criteria and an examination of issues associated with the acquisition and use of real property that was or will be acquired with FTA assistance. Each project must:

Create economic benefit by enhancing economic development or incorporating private investment.

- **Enhancing economic development**: Demonstration that the joint development project will contribute to privately or publicly funded economic development activity occurring in close proximity to the transit facility.
- **Incorporating private investment**: Demonstration that the joint development project includes private investment, generally by identification of a joint development partner and its role in the project. Private investment does not need to be monetary; contribution of capital assets to the project, either initially or over the life of the project, will suffice. The amount and form of private investment is up to the project sponsor and its partners.

Figure 2: FTA Joint Development Review Process



Source: FTA

The FTA joint development review process consists of preliminary and formal review requests that are detailed in Chapter 6 of FTA Circular 7050.1A. FTA will approve a joint development project proposal submitted for formal review only.

A preliminary request can be initiated by completing a project request form. However, a formal request includes several required elements, including a joint development agreement, baseline market analysis, certificate of compliance, and an appraisal. FTA will identify any elements of the package that it finds to be unacceptable, and work with the project sponsor to seek resolution.

The FTA Regional Administrator has been delegated the authority to approve joint development projects, and will notify the project sponsor of the joint development approval in writing, including any terms and conditions warranting caution.

CASE STUDY

The Highlands at Morristown Station[5]

The first joint development project that NJ TRANSIT initiated was built in Morristown, NJ. This project, known as the Highlands at Morristown Station, represents an example of agency-instigated joint development on the parking lot of a commuter rail station in an older suburban township with historic character.

Located in central New Jersey, Morristown is a small historic township with 19,000 people. Following the introduction of Midtown Direct rail service in 1996, transit ridership at this station grew significantly. With an eye toward future development opportunities, NJ TRANSIT collaborated with the township to develop a TOD zoning overlay to facilitate denser, mixed-used development surrounding the station. This regulatory support for TOD led to Morristown being selected as one of the first communities to participate in New Jersey's Transit Village Initiative.

NJ TRANSIT sought to capitalize on this momentum by soliciting developer interest in a 299 space/three-acre commuter parking lot that had been built across the street from the station in the late 1990s. NJ TRANSIT issued a request for proposals in 1999 to develop the property and build a parking structure that would support the new development and increase the amount of parking available to commuters.

The agency received five responses and selected a developer in 2000. Eventually opened in 2010, the Highlands consist of 217 apartments, 8,000 sq. ft. of retail space, and a parking structure with 722 total spaces. All of the units were leased before the building opened.

NJ TRANSIT originally envisioned transferring the parking lot through a 99-year ground lease. However, negotiations with the chosen developer revealed that the ground lease would not be financially feasible. Ultimately, NJ TRANSIT sold the land to the developer in exchange for dedicated parking in the new garage.

The parking lot parcel was split into two separately owned condominiums—one for the transit parking and one for private development. The developer financed the majority of the parking structure. Upon completion, the agency owned 415 spaces, but did not own the structure itself. The agency receives revenues from parking fees, parking spaces leased by the adjacent development, and a share of the development's commercial and residential rental income.

Despite the success of the development, the project presented several challenges. One of the largest obstacles was the amount of time needed to resolve design issues between the developer and the City. Although the zoning was approved in 1999, the site plan did not receive final approvals until 2005. Structuring the deal that governs ownership and operation of the parking garage further delayed the project. Additionally, NJ TRANSIT had to develop an interim parking plan for serving the commuters that were using the lot prior to construction. They ultimately secured spaces in a parking deck nearly a half mile away and the developer paid for the cost of running shuttles between the station and the deck.

The greatest benefit from NJ TRANSIT's perspective is the additional commuter parking. NJ TRANSIT increased commuter parking by nearly 40 percent through the project. The additional parking and new apartments adjacent to the station have substantially increased ridership. NJ TRANSIT also received a financial benefit because the additional parking came at little cost to the agency.

Source: Google Maps, Accessed June 29, 2019

The Highlands at Morristown Station is an apartment complex and parking structure that was developed on the site of a surface parking lot owned by NJ TRANSIT.

Enhance the effectiveness of public transportation by increasing ridership, saving travel time, or improving access. Alternatively, the project can establish or enhance coordination between transit and other kinds of transportation.

Provide a fair share of revenue for project sponsors. The project sponsor must receive revenue equal to, or greater than, the amount of the original FTA investment in the property. Guidance on calculating the fair share of revenue is contained in Chapter 6 of FTA Circular 7050.1A.

Pay a fair share of the costs. Joint development agreements must include provisions for tenants to cover a fair share of the costs to create, operate, and maintain the facility and any occupied space.

Additionally, the project sponsor must ensure that the real property remains available for the transit purpose originally authorized by FTA and that it will satisfactorily maintain transit access and operation of the real property for the duration of the joint development project. The project sponsor must specifically describe any interests in the property to be conveyed, including any encumbrance, easement, long-term lease, or similar interests, the means of conveyance, and elements of property identification or recordation. The project sponsor must also specify the terms and conditions stipulated for preserving satisfactory continuing control to ensure the use of the property for its transit purpose. The conveyance of any real property interest requires FTA's written consent.

CHAPTER 6

Conclusion: Evaluating Next Steps

Continuing to invest in and around our network of transit infrastructure remains one of the best ways that Greater Philadelphia can attract the next generation of residents and businesses and respond to a variety of shifting demographics, evolving citizen preferences, and new fiscal and environmental realities.

SEPTA can continue to contribute to these efforts by expanding their support for TOD. The strategies discussed in this document outline a variety of ways that SEPTA can directly and indirectly promote land use and development patterns that support agency goals related to ridership and revenue and community goals related to transportation and sustainability.

As SEPTA considers how best to direct its TOD planning and implementation initiatives in the future, the agency must balance efforts geared toward site-specific projects with those geared toward influencing the broader plans and policies that shape land use and development throughout our region. In many cases, the individual site-related land use decisions that influence transit ridership—such as what land uses are desirable and how much parking to provide—are addressed early in the land use planning process, before a development proposal is created. For this reason, SEPTA may be more effective over the long-term by prioritizing efforts designed to influence longer-term plans and policies that reduce the need to intervene in the more numerous shorter-term or site-scale decisions.

Similarly, SEPTA's effectiveness in supporting transit supportive land use and development will be enhanced by understanding how different parties involved in the land development process define success. The large number of players in TOD projects can create logistical challenges, particularly if individual parties focus narrowly only on their perceived role and fail to address the mutually supportive benefits offered by TOD. Figure 3 identifies the numerous and sometimes conflicting priorities that different stakeholders may bring to a TOD project.

In order to create transit-supportive station areas, each stakeholder must feel that their concerns and needs

Figure 3: TOD Stakeholders and Their Priorities

	STAKEHOLDERS					
	Transit Authority	Riders	Local Residents	Local Government	Federal Government	Developer/ Lender
PRIORITIES	Maximize ridership	Convenient free or low-cost parking	Property values	Maximize tax revenue	Protect public interest	Maximize return on investment
	Maximize fiscal return on land	Improved service and access	Minimize traffic	Foster economic growth	Control use of investments	Minimize Risk
	Capture long-term value	Mobility choices	Mobility choices	Serve constituents		Ensure long-term value
		Pedestrian access	Access to transit, service, and jobs	Expand tax base		
			Community amenities			
			Expand tax base			

Source: Adapted from material presented in the Greater Cleveland Regional Transit Authority's Transit-Oriented Development Guidelines (2007)

are being addressed. For example, a successful TOD project will help each of the following stakeholders achieve their goals:

- State and regional agencies want to reduce sprawl, traffic congestion, and auto dependence, while improving air quality and other environmental conditions.
- Transit agencies want increased ridership.
- Local governments and communities want economic revitalization, a reduced ecological footprint, and developments that not only fit within the community context but positively impact the community.
- Private developers want a decent rate of return and profit.

Agency Success Factors

One of the most exhaustive research inquiries into the role that transit agencies can play in land use planning is the Transit Cooperative Research Program's (TCRP's) *Linking Transit Agencies and Land Use Decision Making: A Guidebook for Transit Agencies*. Published in 2016, this document identifies five preconditions that may ultimately determine the success of a transit agency's efforts to promote improved land use and development decision-making.

These preconditions are briefly described below and presented as a screening tool that SEPTA can use to determine how well the agency is positioned to pursue the strategies described in this document and become a more meaningful participant in land use and development planning. Reviewing these success factors can also help SEPTA identify strategies to strengthen its ability to influence land use decision-making over the long-term.

Supportive Transit Agency Board

The experience and influence of a transit agency board can be used as an asset to gain support from a wider range of key stakeholders in the land use decision-making process. Key traits of this precondition are:

- The transit agency board knows the fundamentals of the transit–land use connection and understands the important role that the transit agency can have in shaping land use decisions to achieve transit-supportive land use outcomes; and
- Through its actions and policies, the board has signaled its support for building a transit-supportive land use culture within the transit agency through some combination of policy, budget decisions, service design, advocacy, and partnerships.

Designated Staff Person with Technical Competency

With a dedicated staff person knowledgeable in transit land use, the transit agency is better able to monitor land use issues, develop relationships with local governments, and serve as a developer's point of contact; ultimately, the transit agency can speak with one voice on land use issues. A project-specific project manager within the transit agency increases the chances of successful project outcomes and coordination. Without a responsible staff person for coordination, it is difficult to follow up with land use/transit needs. Key traits of this precondition are:

- The transit agency has a dedicated staff person with technical competency who works full or part time on transit and land use issues;
- The transit agency staff person is fluent in the language and art of the transit land use connection;
- Through training and experience, transit agency staff understand the perspective of their land use and development partners; and
- Transit agency staff understand when transit brings value, where the key decision-making points are for both developers and local governments (where they can have an impact), and when it is likely too late to make a meaningful difference in land use decisions.

Coordination Process

Overall, early communication provides the best outcomes and increases the chances of better project design. Both formal and informal processes of engaging transit in the decision-making process can be effective in fostering early communication. In instances where both the transit agency and the local government reciprocate the value of participation, informal structures of coordination can be as worthwhile as formal structures. Key attributes of this precondition are:

- The transit agency has formed a network of partners to achieve better transit land use outcomes;
- Key local governments have seen the value of regularly coordinating with the transit agency in the development of plans, policies, strategies, and development approvals in order to better integrate transit and land use; and
- Internal coordination processes have been established (since land use touches many aspects of a transit agency) to enable the timely and consistent decision-making required by developers and local governments.

Common Understanding
Each stakeholder involved in transportation and land use–related planning and decision-making has its own terminology and priorities that other stakeholders (transit agencies, land use planners, transportation planners, local governments, financiers, and developers) should strive to understand. Part of being able to collaborate successfully is educating the different stakeholders about the requirements others are facing and arriving at a common definition of the concept, agreeing on the intent of the concept, and helping each other understand how land use planning and development decisions are made. Key characteristics of this precondition are:

- The various parties use common terms that the other parties can understand. For transit agencies, this means being able to speak and listen to land use and developer terminology.
- Transit agency staff realize that local governments, transit agencies, and developers each have different priorities.
- Transit agency staff seek to learn the basic terminology, timelines, priorities, and motivations of their local government and development partners engaged in land use decisions.

Transit-Supportive Community
Transit agencies will be more successful in communities that have adopted transit-friendly plans and zoning. The key attributes of a transit-supportive community are:

- The transit agency provides quality transit service, and local government is a willing partner and advocate for transit;
- Local government is sold on the benefits of transit;
- Experience, derived benefits, and community perceptions have created an environment where local government, developers, and civic leaders see and act on a collective value in connecting transit and land use; and
- Local governments will work with the private sector to overcome timing and cost-related issues.

ENDNOTES

Chapter 1: Introduction: Connecting Land Use and Transit Ridership

[1] The vast majority of SEPTA stations are located in Pennsylvania; however, SEPTA also provides transit service to stations in New Jersey and Delaware. Many of the TOD planning and coordination strategies discussed in the document can be used to support TOD near any of its stations. However, SEPTA's ability to engage in joint development activities is limited to stations where the agency owns land. SEPTA does not own any land associated with its New Jersey and Delaware stations. Accordingly, some of the strategies discussed in the document will only apply to stations in Pennsylvania.

[2] Numerous resources related to TOD best practices can be found on the Center for Transit-Oriented Development (CTOD) website: ctod.org/tod-ucation.php. Some of the TOD principles described here were adapted from *TOD 202 Station Area Planning: How to Make Great Transit-Oriented Places*. This resource can be viewed at ctod/pdfs/tod202stations.pdf.

[3] Wyandanch Village is a 40-acre development currently being constructed in Wyandanch, a hamlet within the Town of Babylon, located in Suffolk County, NY. Wyandanch Village has been designed as a comprehensive, "smart growth" TOD adjacent to the existing Wyandanch Long Island Rail Road station. For more information on this project, please see *Wyandanch Rising: A Community's Transformation*, available at www.townofbabylon.com/DocumentCenter/View/2180.

[4] Much of the demographic information cited here was adapted from the *USAFacts 2019 Annual Report*, available at www.usafacts.org/reports.

[5] For more information on historical household size trends, see Table HH-4. Household by Size: 1960 to Present on the United States Census Bureau Historical Household Tables website: www.census.gov/data/tables/time-series/demo/families/households.html.

[6] These national trends are largely reflected in our region; however, there is significant variation across counties. For example, the share of households that are single people living alone ranges from a low of 21.9 percent in Chester County to a high of 38.2 percent in Philadelphia.

[7] National Association of Realtors, *National Community and Transportation Preferences Survey*, September 2017. www.nar.realtor/sites/default/files/documents/2017%20Analysis%20and%20slides.pdf.

[8] National Association of Realtors and Portland State University, *2015 Community Preference Survey*, July 28, 2015, www.nar.realtor/reports/nar-2015-community-preference-survey.

[9] JLL Research, Jones Lang LaSalle, *Jobs grow faster in rail-accessible locations: 67.3 percent of the increase in Philadelphia's regional jobs occurred within 0.75 miles of a rail station 2005-2015*, August 7, 2018. Viewed on NJTOD website, New & Noteworthy: August 2018. www.njtod.org/news-august-2018/.

Chapter 2: Addressing Agency TOD Questions and Concerns

[1] Renne, John L., Keith Bartholomew, and Patrick Wontor. *Transit-Oriented Development: Case Studies and Legal Issues*. Federal Transit Administration, Transit Cooperative Research Program. August 2011.

[2] TCRP J-05/Topic 18-04 RFP, *Joint Development Agreements Using FTA Funds or FTA-Funded Assets*, Posted Date: August 6, 2018.

[3] *Southeastern Pennsylvania Transportation Authority (SEPTA), Appellant, v. Board of Revision of Taxes, City of Philadelphia and School District of Philadelphia, Appellees*. Supreme Court of Pennsylvania, Decided July 28, 2003. caselaw.findlaw.com/pa-supreme-court/1014395.html.

[4] Pennsylvania General Assembly, *Transit Revitalization Investment District Act – Omnibus Amendments, Act of November 4, 2016.*

[5] Parking considerations related to FTA-assisted property are discussed on pages IV-6 and IV-7 of FTA Circular 7050.1A.

Chapter 3: Plan and Advocate for TOD at the Regional Level

[1] TOD resources created by the Regional Transportation Authority can be viewed on www.rtachicago.org/index.php/plans-programs/guides-and-resources/transit-oriented-development.

[2] American Public Transportation Association (APTA), *Forming Partnerships to Promote Transit-Oriented Development and Joint Development*, APTA SUDS-UD-RP-002-009, December 31, 2009.

Chapter 5: Partner and Sponsor TOD Projects on Agency-Owned Land

[1] Metropolitan Transportation Commission, *VTA Replacement Parking Study*, March 2012. www.mtc.ca.gov/sites/default/files/PDA%20Technical%20Assistance%20VTA%20Replacement%20Parking%20Study%202012.pdf.

[2] Willson, Richard, *Replacement Parking for Joint Development: An Access Policy Methodology*. April 18, 2005. www.bart.gov/sites/default/files/docs/2005%20Access%20Policy%20Methodology.pdf.

[3] MARTA's approach to replacement parking for joint development projects on park-and-ride lots is outlined in *Policies for Implementing MARTA's TOD Guidelines*. www.itsmarta.com/uploadedFiles/More/Transit_Oriented_Development/MARTA-TOD-Implementation-Policies-Adopted-Text-November-2010.pdf.

[4] This guidance was adapted from material contained in *Promoting Joint Development in Florida*, a report prepared for the Florida Department of Transportation by Renaissance Planning Group. This document can be viewed at https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/content/transit/pages/jdtechmemofinal20140109.pdf?sfvrsn=5eb25c9_0.

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Abstract

In recent years, transit agencies have come to view agency support for Transit-oriented development (TOD) as a promising strategy to address declining ridership levels and the prospect of decreasing public funding. This report identifies strategies that SEPTA can employ to enhance its support for TOD in Greater Philadelphia. This document summarizes the information DVRPC has gathered through literature review, research, and interviews and is designed to serve as a resource that can help SEPTA and its local partners strengthen the connections between transit, land use planning, and development decisions.

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