



Transit Oriented Development



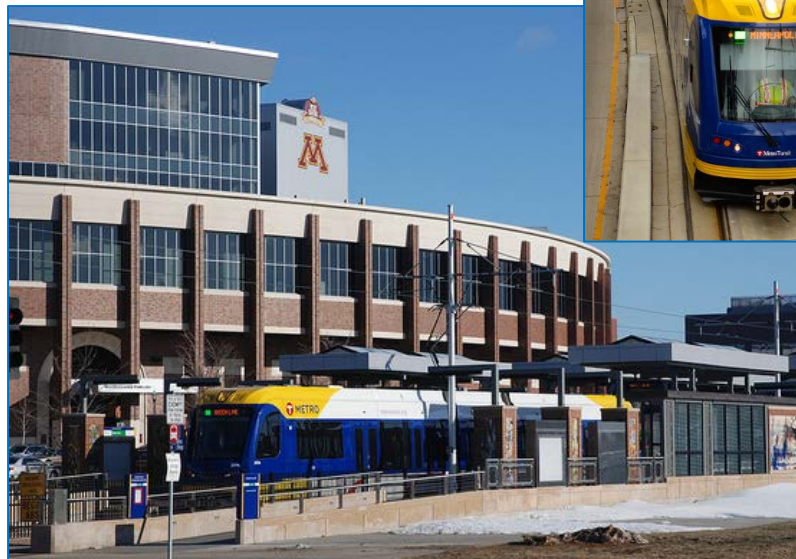
Lucy Ferguson Galbraith, AICP
Director, TOD



- What is TOD?
 - *Walkable, urban development supported by transit*
 - *TOD Policy*
- TOD programs in the Met Council
 - *TOD Office in Metro Transit*
 - *TOD in Community Development*
- Federal, State, and Regional
 - *FTA Joint Development*
 - *Legal Authority*
 - *Funding Restrictions*
- Summary



TOD Means Connections & Choices



Transit Needs Density



Transit Needs Diversity



Transit Needs Walkable Streets



TOD Policy Goals



- Maximize the development impact of transit investments
 - Community building
- Support regional economic competitiveness
 - More people connected to jobs
- Advance equity
 - Housing affordability & job accessibility
- Support a 21st century transportation system
 - Ridership & revenue



- **Prioritize Resources**
- **Focus on Implementation**
- **Effective Communication**
- **Collaborate with Partners**
- **Coordinate Internally**



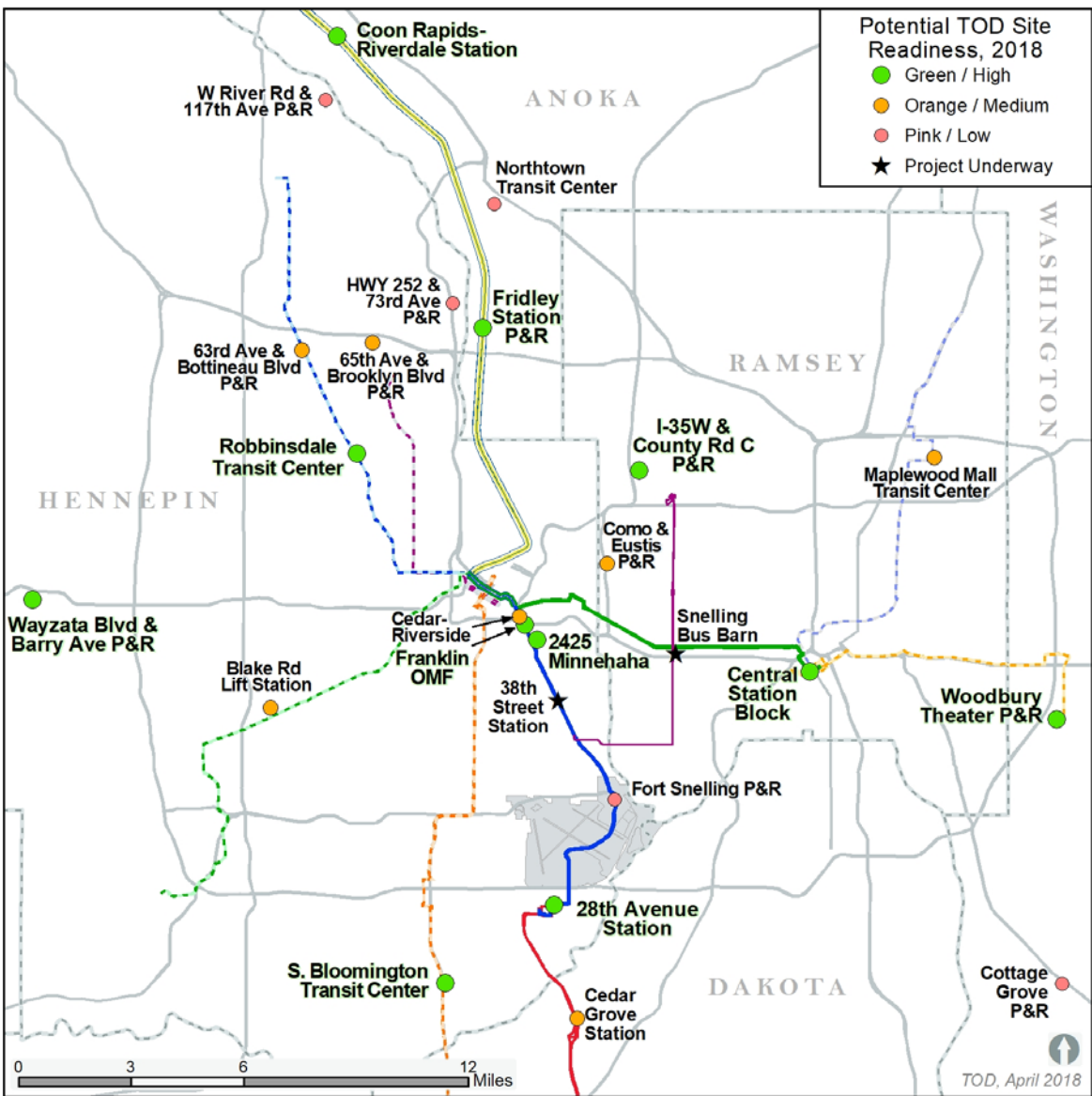
NorthStar TOD @ Ramsey Station

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- **Projects**
 - Create TOD on Council-owned land
- **Programs**
 - Convene TOD community
 - Hold forums on TOD topics
- **Resources**
 - Best Practices
 - Online public property database
 - Regional and national workshops & conferences
- **Partnerships**
 - Work with partner jurisdictions on TOD
 - Connect the development community with Council resources





Factors considered

- Demographics
- Market values
- Transit frequency
- Zoning
- Potential for development



To Put Up Paradise, Build Over a Parking Lot?

The Impacts of Parking Reform in the Twin Cities



T Metro Transit
TOD Forum

Ground Leases | A Guide for Developers, Public Officials, and Lenders **T**

Preface

In recent years, transit agencies have discovered the ground lease as a transit improvement. By leasing underutilized public property, private developer or business owner, transit agencies can "cash value that is a result of public investment in transit." This practice recognized by the Federal Transit Administration (FTA) as an alternative allows transit projects to realize a return on investment and on transit.

Another benefit of ground leases is that they allow the landowner means a transit agency serving as the landowner can ensure a transit oriented and conducive to increasing ridership. These transit oriented development (TOD) and capturing the value from its leases on transit-adjacent public land increasingly popular.

The practice of ground leasing is complex, however, and the practice is often a simpler alternative which yields a more immediate benefit nationwide expand, transit agencies will increasingly face the surplus property. This guide is designed to provide developers a general understanding of the merits and challenges of ground oriented development.

What is a Ground Lease?

Ground leases are a long-term, land only rental in which the tenant pays for the right to use the landowner's property to construct a building or to put the land to another use. An inherent feature of a ground lease is that it separates land ownership from building ownership, with the land being owned by the landowner while the building and other improvements are owned by the tenant.

This arrangement necessitates several other features of ground leases. Because a building is tied to the land it is on, a ground lease must specify what is to become of any improvements once the lease ends. This is often done through a "reversion" provision which states that the building and all other improvements become the property of the landowner at the end of the lease. This reversion clause means that ground leases must be long-term, generally between 50 and 99 years, as it would not be financially viable for a tenant to construct a building they must soon forfeit.

Metro Transit TOD Site Evaluation

A ULI Minnesota Technical Assistance Panel for Metro Transit TOD Office

June 28, 2018

ADVISORY SERVICES

Urban Land Institute
Minnesota

Building 21st Century Suburbs:
The Future of Suburban Development in the Twin Cities **T**

Introduction

Over the last 25 years, the postwar trend of suburban population loss at the expense of the city has gradually come to an end for many metropolitan areas. This reemergence of city life has no single explanation, but rather can be viewed in the context of a variety of social and economic changes such as smaller households, higher transportation costs and later interest in the style of life associated with traditional neighborhood design. Despite these changes, America in many ways remains a suburban nation. According to recent figures, in America's 50 largest metropolitan areas, suburbs account for 79 percent of the population, 67 percent of the employment and nearly to popular perception, about 75 percent of the racial minority and 25-35-year-old population. As these statistics indicate, suburbs are a central feature of American life.

Market Forces Behind Suburban Transformation

Changing Preferences of Millennials

Millennials influence all sectors of the economy, and the real estate market is no different. After years of uncertainty about the lifestyle preferences of millennials, many remain unsure how they will affect the real estate markets in the coming years. As millennials reach about 31 percent of the population of the Twin Cities Area, and are by far the largest of new demand for rental housing and first-time home purchases. It is important to understand exactly what their preferences are before it is possible to understand how they may affect the Twin Cities' real estate market in the future.

Perhaps the most recurrent finding of numerous studies is that millennials show a inclination towards housing in walkable neighborhoods where car-independent living is possible. One study found that 63 percent of millennials say they would like to live

T A Developers Guide to Transit Oriented Development (TOD)

T Metro Transit
Transit Oriented Development

- TPP Policies

- Land use expectations around transit
- Local government comprehensive plans
- Station areas
- Targeted by community type of transitway type

- TOD Policy

- Focused on the Council's role
- Developed prior to, and provided foundation for, 2014 TPP transitway policies

Metropolitan Livable Communities Act

Livable Communities Demonstration Account Transit- Oriented Development

Promote moderate to high density development projects located within walking distance of a major transit stop that typically include a mix of uses such as housing, jobs, restaurants, shops, and entertainment.

- \$5 million per year
- Design advice & concept plans in spring, full applications in July
- Two-step review process August - October



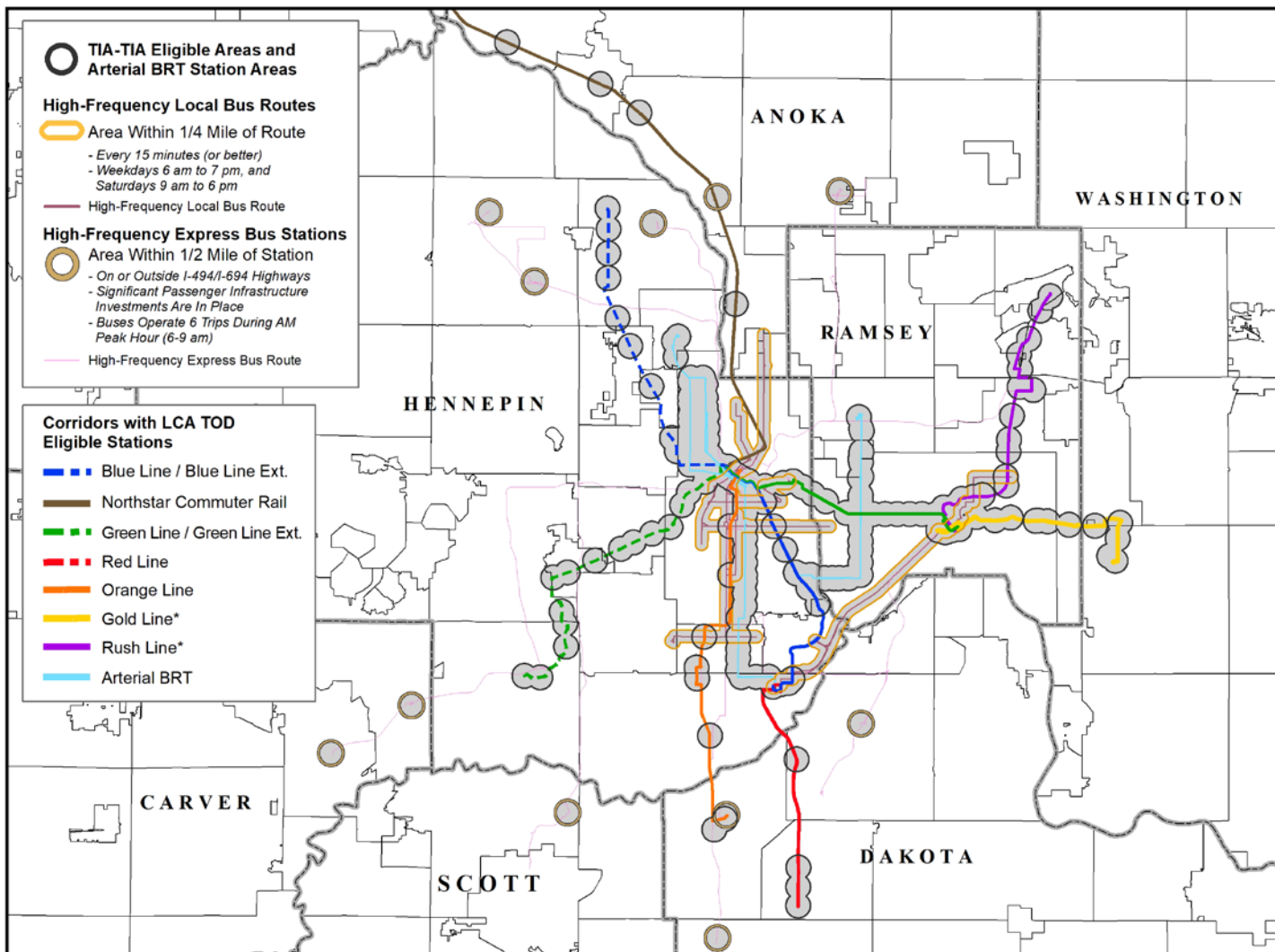
4th Street Infrastructure (Prospect Park Station)

Video at: <https://youtu.be/jlFw34oGHMs>

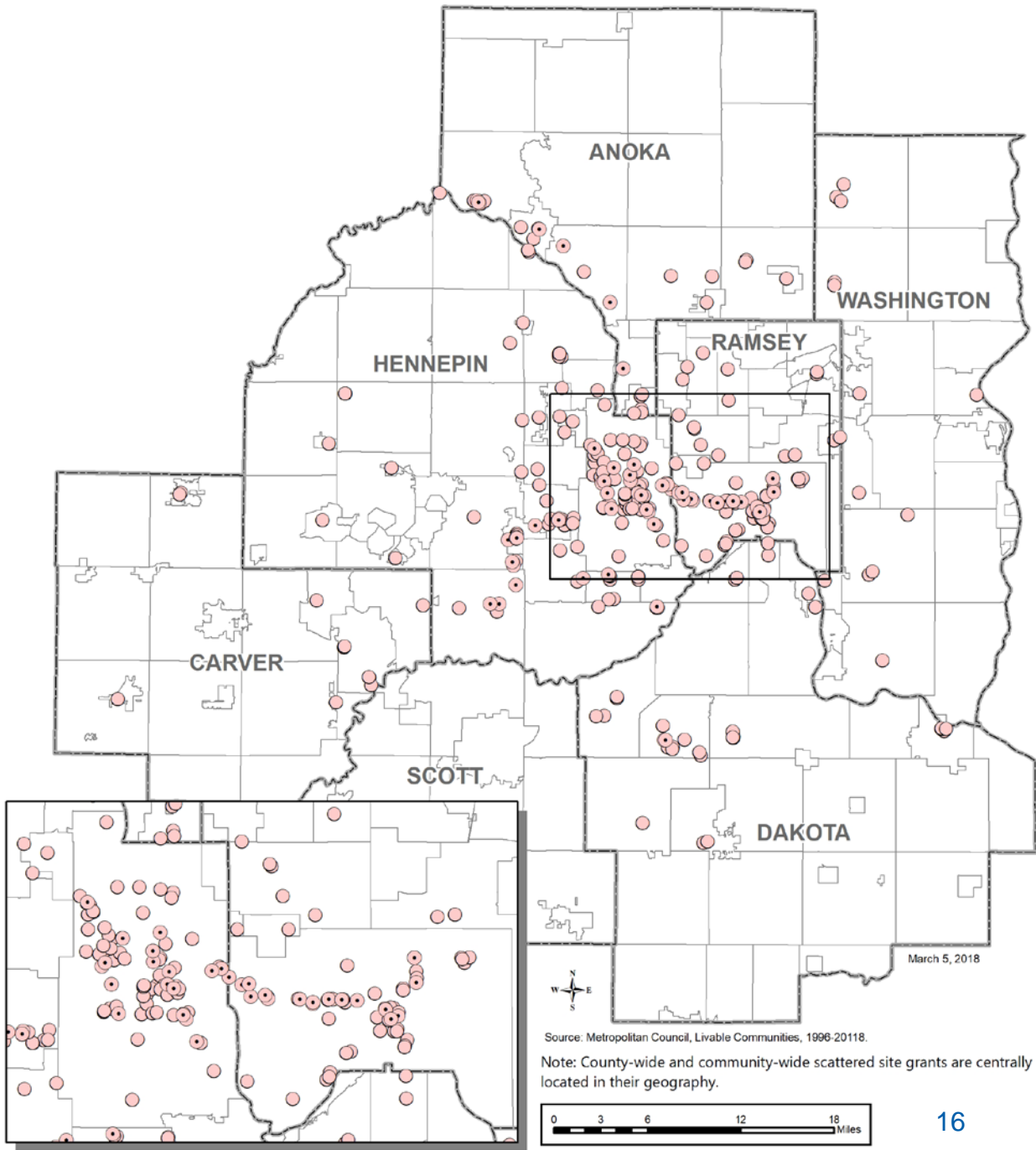


Hopkins Artery
Video at:
<https://youtu.be/stnRHKWDnwg>

Areas eligible for Transit-Oriented Development grants



Livable Communities TOD Awards 2011-2018



● LCDA - Transit-Oriented Development



Transit Oriented Development Guide

www.metrocouncil.org/tod

The screenshot shows the website's navigation structure. At the top, there are links for 'About Us', 'News & Events', 'Data & Maps', 'Publications & Documents', 'Doing Business', and 'Council Meetings'. Below this is the Metropolitan Council logo and a secondary navigation bar with 'COMMUNITIES', 'PARKS', 'TRANSPORTATION', and 'WASTEWATER'. The main content area features a 'TRANSIT ORIENTED DEVELOPMENT GUIDE' section with several expandable categories: 'ROLES & SUPPORT' (Metropolitan Council, Counties, Cities), 'MARKETS-EQUITY-IMPLEMENTATION' (Markets, Equity, Implementation), 'PLANNING FUNDAMENTALS' (Density-Diversity-Design, Connections, Parking & Travel Demand Management, Land Use Regulations), and 'RESOURCES' (Contact Us).

TRANSIT ORIENTED DEVELOPMENT

Investing in transit and supporting transit oriented development (TOD) are priorities for the region. These efforts support the outcomes of Thrive MSP 2040: Stewardship, Prosperity, Equity, Livability, and Sustainability.

The Metropolitan Council's **TOD Policy** states that the Metropolitan Council will play a leadership role in planning and implementing TOD. We will continue to support local communities whose growth supports a reliable and cost-effective transit system. Cities leverage private investment, and advance their vision.

Purpose of TOD Guide

For local planners, elected officials, planning consultants, and others interested in planning, this TOD Guide:

- Explain the **roles and responsibilities** of each stakeholder.
- Address the **importance of market needs of people** most dependent on transit.
- Emphasize **implementation** strategies.
- Share **case studies and best practices** on how cities overcame challenges to achieve successful outcomes.
- Help local planners **build capacity** for TOD planning and implementation.
- Reflect **topics of interest** to local communities in TOD planning and implementation.

Suggestions on Resources

We want this resource to be useful to you. Do you have any suggestions?

Sign up for email updates when new information is available.

The tilted graphic displays a page from the 'Vandalia Tower' TOD guide. It features a map of the site, a 'PROJECT SUMMARY' section, and a 'HOW DOES THIS PROJECT SUPPORT TOD (AND MORE)' section. The 'PROJECT SUMMARY' describes the renovation of a 5.5-acre industrial site into a 100-foot tall water tower. The 'HOW DOES THIS PROJECT SUPPORT TOD' section includes three key points: 'Connect' (improving connections to the METRO Green Line), 'Intensify' (restoring seven factory buildings and creating a 300,000-square-foot outdoor plaza), and 'Demonstrate' (providing jobs for creative professionals). The page also includes a photograph of the public plaza at the center of the development.

TOD 201

MIXED-INCOME HOUSING NEAR TRANSIT

Increasing Affordability With Location Efficiency



One in a series of best practices guidebooks from The Center for Transit-Oriented Development

Continue to next page →

Purpose of the TOD Guide

- Roles and responsibilities
- Importance of market demand and the needs of people
- Case studies and best practices
- Build and share knowledge
- Reflect topics of interest to local planners

DENSITY, DIVERSITY, & DESIGN

High-quality and convenient transit depends upon high levels of ridership. High demand for transit depends upon on regional development patterns, real estate markets, and urban design that support transit.

Density is critical for the transit system because it concentrates trip origins or destinations so that sharing rides becomes practical as well as economical. A diversity of land uses at destinations means that transit can serve multiple purposes (employment, shopping, and recreation), increasing the system's efficiency and its convenience for transit riders. The design and orientation of buildings and public spaces matters so that walking is not only safe but rewarding.



St. Paul, University Avenue. New development density along the METRO Green Line adds to the corridor's economic vitality with new residential and commercial uses.

DENSITY & LOCATION

The Transit Markets section explains how density, car ownership, and the interconnectedness of the local street system result in different **Transit Market Areas**. Development density in one location is not likely to significantly change a Transit Market Area. However, density near existing transit service can generally build support for increased frequencies, hours of operation, and amenities.

Density Appropriate to Context

The appropriateness and feasibility of density varies from community to community. Density in the right locations can help improve transportation options for



St. Paul, 808 Berry Place. Residential development located within a block of the METRO Blue Line.

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- FTA JD is “an originally authorized purpose” of existing and new FTA grant agreements
- FTA JD may be included in any FTA-funded capital project and may be eligible for Federal capital grants
- FTA requires an application for an FTA JD project
- FTA has recently indicated that some public purposes, such as affordable housing, may be approved at less than full market value.
- *FTA authority for TOD and Joint Development does not provide the Council with the legal authority to pursue these activities*

FTA JD is a transit capital project that meets certain criteria:

To be approved, the project must

- Create an economic benefit by enhancing economic development or incorporating private investment;
- Provide a public transportation benefit by either: (a) enhancing the effectiveness of a public transportation project and relating physically or functionally to the public transportation project, or (b) establishing new or enhanced coordination between public transportation and other transportation
- Provide a fair share of the produced revenue for public transportation
- Provide that a person occupying space in a facility constructed with FTA funds must pay a fair share of the costs of the facility through rental payments or other means.

FTA JD is not a disposition; the property retains the Federal interest. The Transit Agency retains the proceeds and can use those as program income, i.e., either operating or capital.

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The Council is a creation of the Legislature and has only those powers and authorities that the Legislature expressly gives to it (primarily in Minnesota Statutes Chapter 473 -- e.g. transit, wastewater services, community development, and parks and open space) or those powers that are necessarily implied in furtherance of a legislatively authorized power.

The statutory power and authority provided to the Council is more limited than that provided to cities and counties, which have broad police powers.

The Minnesota Legislature has not granted the Council economic development, transit oriented development, or joint development powers.

FTA authority for TOD and Joint Development does not provide the Council with the legal authority under state law to pursue these activities.

Implied Powers

Minn. Stat. § 473, 129, Subd. 1 grants the Council:

“all powers which may be necessary or convenient to enable it to perform and carry out the duties and responsibilities now existing or which may hereafter be imposed upon it by law.”

While seemingly broad, this language doesn't provide any new or additional authority or powers. Such powers must be exercised *in furtherance of a legislatively authorized power.*

While the Council does not have express or implied TOD, joint development, or economic development powers, the Council has express authority to engage in activities that may be elements of (or related to) TOD or joint development.

Example:

Council sale of surplus transit property with the Council's imposition of deed restrictions that protect the Council's transit activities.

- Internal — If funds were borrowed for the project, then private use is restricted for the life of the bonds. (RTC bonds are usually 10 years. Council bonds are usually 5 years.)
- Regional—County and County RRA funding agreements have language restricting use and requiring approval for any disposition or any use other than the transit project as defined at the time of the agreement. Share is defined by funding as share of total project funding. State law also imposes restrictions on these funds.
- State — State bonds restrict all private use (all uses other than the project as defined in the original funding) for the life of the bonds, including rollovers.
- Regardless of language of state grant/bond, any state funding for a project means that everything in the project is bound by state bonding restrictions.

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CCLRT project
funding sources:
FTA
CTIB
HCRRA
RCRRA
State Bonds
+others

Complex transit operations

Future transit plans

Auxiliary service needs, e.g. PD cameras and fare collection vehicles

- TOD is needed to meet regional goals for affordability and sustainability Better transit creates more TOD opportunities
- TOD Policy has guided the first 5 years, built a good foundation in terms of gathering data, identifying sites, standardizing the due diligence process.
- TOD programs have provided resources, expertise and built partnerships in the region,
- Fragmented funding poses obstacles both of substance and in process of working with various partners.
- Comparisons with other places suggest reasons why we are more constrained
- Options for Council consideration?



Questions?



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