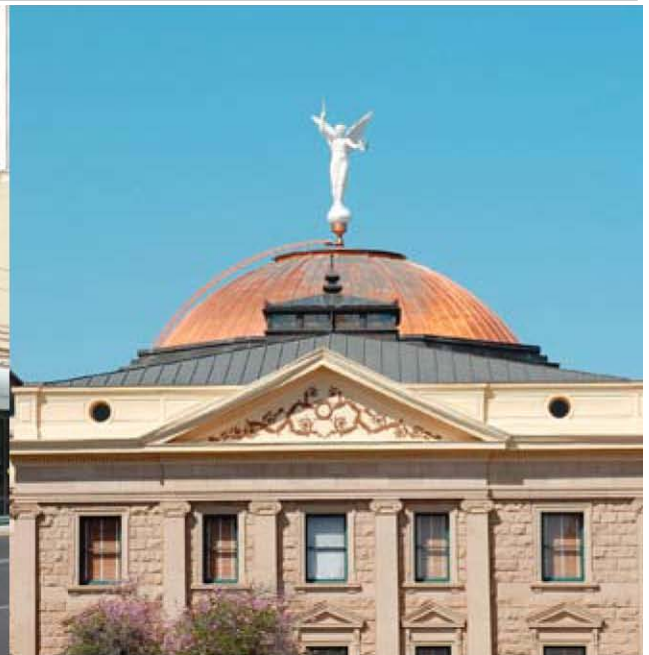


US EPA ARCHIVE DOCUMENT



Next Steps to Promote Transit-Oriented Development in Metropolitan Phoenix



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Background

After years of waiting for the right opportunity, Metropolitan Phoenix found an appropriate alignment of political will, funding, consumer interest, and support from the development community to encourage the approval and construction of light rail.. In this decade, the country has seen several rail systems open – in Houston, Charlotte, and the Twin Cities – with many others in the planning stages. As the largest city in the country without a rail transit system, Phoenix had been waiting for this service. According to METRO, the light rail served an average 30,600 riders per day during January 2009, 15% the amount projected during planning phases.¹ In April 2009, the average daily ridership was over 37,000. METRO anticipates that these figures can be maintained and increased as the system matures and continues to grow. Yet, in order to maintain interest and ridership, strategies need to be developed and implemented to continue to spur investment in transit oriented development through public policy and incentives. The purpose of this project is to create the system for success by aligning public policies with land use incentives to encourage development around transit stations, thereby increasing ridership and keeping the system viable over the long term.

Through the U.S. Environmental Protection Agency's (EPA) Smart Growth Implementation Assistance Program, the cities of Phoenix and Mesa, along with METRO, applied for assistance to encourage transit-oriented development (TOD) while considering constraints associated with Private Property Rights Protection Act (Proposition 207) passed by the voters in 2006. In its most basic form the definition of TOD is intense, comprehensive development around transit stations. The 2002 publication, *Transit Oriented Development: Moving from Rhetoric to Reality* explores how to define TOD in the 21st century including a focus on location efficiency, value recapture, livability, financial return, choice and efficient regional return.² A team of national smart growth experts, including Strategic Economics, Community Design and Architecture, and Reconnecting America, worked with staff from Phoenix, Mesa, and METRO. Other partners included the Urban Land Institute Arizona, the Phoenix office of Local Initiatives Support Corporation, the Sonoran Institute, Gammage and Burnham, and the Lincoln Institute for Land Policy.

This project, at its core, is about promoting TOD. Of course, with the Center for Transit Oriented Development represented in this project through Strategic Economics and Reconnecting America, the analysis conducted for this project benefited from a comprehensive archive of all things TOD. While this project sought to help the Phoenix metropolitan region promote TOD, as with all Smart Growth Implementation Assistance projects, the results and lessons learned are

¹ Metro News Release, February 18, 2009

http://www.valleymetro.org/images/uploads/ligtrail_publications/090218_January_ridership_nr.pdf

² Belzer, D. and Aulter, G. *Transit-Oriented Development: Moving from Rhetoric to Reality*. The Brookings Institution Center on Urban and Metropolitan Policy, June 2002. p. 8-16.

http://www.reconnectingamerica.org/public/display_asset/bestpractice021

broad enough to be applied to communities all over the country. In fact, any city or region that currently has a transit system could benefit from the products that have been produced. Any city or transit system can go through the matrix in the Strategic Package of Tools and determine the viability of each tool for their existing conditions. Each tool is described, along with the conditions needed to apply it and the conditions affecting its expected value, so that a range of communities can benefit. These places will experience varying results, which is to be expected. Other products from this project, including the Case Studies and the Impact of TOD and Smart Growth Incentives on Development, could be valuable to communities around the country as well.

To address the parameters of encouraging TOD in metropolitan Phoenix, the project team (including the EPA expert team and local contacts) created four distinct products that address various issues raised in this work. These are:

- TOD in Phoenix and Mesa: Developing a Policy Toolbox for the Post-Proposition 207 Environment;
- Strategic Package of Tools to Promote TOD in Metropolitan Phoenix;
- Encouraging TOD in Metropolitan Phoenix: Case Studies that Work; and
- Impact of TOD and Smart Growth Incentives on Development in Phoenix.

Each of these sections provides a building block to establish and maintain the light rail in Phoenix. The ideas discussed in each of the sections are primarily intended to address issues related to the Phoenix metro, but also can be used as examples and best practices for application in communities around that country that are trying to promote TOD. Communities that use these reports should be encouraged to use these in cooperation with the private sector to better understand the tools that can be used and how each stakeholder can benefit from the application of these resources.

In April 2009, the city of Phoenix hosted a workshop to review these project components. Over four days, the expert and local teams met with a variety of stakeholders, including the mayor and city council members, municipal staff, and developers. The aim was to get feedback from these stakeholders about methods for encouraging TOD and to assess the most effective strategy for creating public policies that support these methods. In particular, the team wanted to find out what tools could be implemented to promote TOD and what roadmap or strategy decision-makers could follow to achieve successful implementation. This memo provides some ideas for next steps to encourage TOD around light rail stations.

Description of Stakeholder Roles and Contributions

For this project, public and private organizations were brought together to give input on policies and strategies to promote TOD in the Phoenix region. Beyond the partners mentioned above mentioned, this project attracted public and private entities to collaborate with city staff and

think about how their work affects not only their organizational objectives, but also the strategies and goals of other organizations.

At the beginning of the workshop, the city council was viewed as the agenda setter for policy. The mayor and city council identified their priorities for encouraging TOD and suggested a process for its adoption, such as focusing resources toward station area planning. Prioritizing actions tells city staff and other stakeholders how and where to devote time and resources, including identifying the tools that will promote incentives for transit. Based on direction from the city council, staff conducted a training session with the EPA team to discern the viability of TOD tools given market conditions, political will and the overall viability of each tool. Staff review of these tools is but one facet of understanding how and to what extent these tools will be effective.

Private-sector developers are another crucial component of this work. They contribute by “ground-truthing” the concepts and values that staff have identified as the incentives for TOD, based on direction from city council. During the workshop, developers wanted to know how they could use tools that have already been offered as solutions along with those being considered.

Two other partners contributed to the overall project: the Maricopa Association of Governments and the Smart Growth Interagency Committee (SGIC). Both of these groups provided overarching perspectives that go beyond the implementation of TOD in metropolitan Phoenix and speak to how the metropolitan area will continue to grow. The SGIC brings together different state government agencies. While each agency individually may not focus on smart growth, collectively, the staff who serve on this committee have a strong interest in and influence on smart growth. Their influence can assist in determining how some incentives can be coordinated with other resources.

Tools for Promoting TOD

During the workshop, each stakeholder group was asked to designate the tools they felt were most viable for the implementation of transit-oriented development around the metropolitan area. While the sample size was small, the results did indicate the priorities for each stakeholder group.

Workshop participants were asked to rate 23 tools described in the *Strategic Package of Tools for TOD in Metropolitan Phoenix* section of this report based on how effective the tools would be in implementing TOD in the region. The scale for the rating was: 1= Problematic, 2 = Not Useful, 3 = Neutral, 4= Somewhat Useful, 5= Essential. Exhibit 1 shows the average rating for each tool. Exhibit 2 shows how the results differed among the stakeholder groups.

Although the response rate among participants in the technical workshop was low, some results can be gleaned from the survey. For example, the three developers who completed the survey all rated “Capital Funding for Infrastructure” and “Tax Increment Financing” as “Essential,” while these tools received an average “Somewhat Useful” rating from other participants. The city staff, consultants, non-profit representatives, and elected officials all rated “Strategic TOD Planning” and other land use-specific policy tools as the most effective.

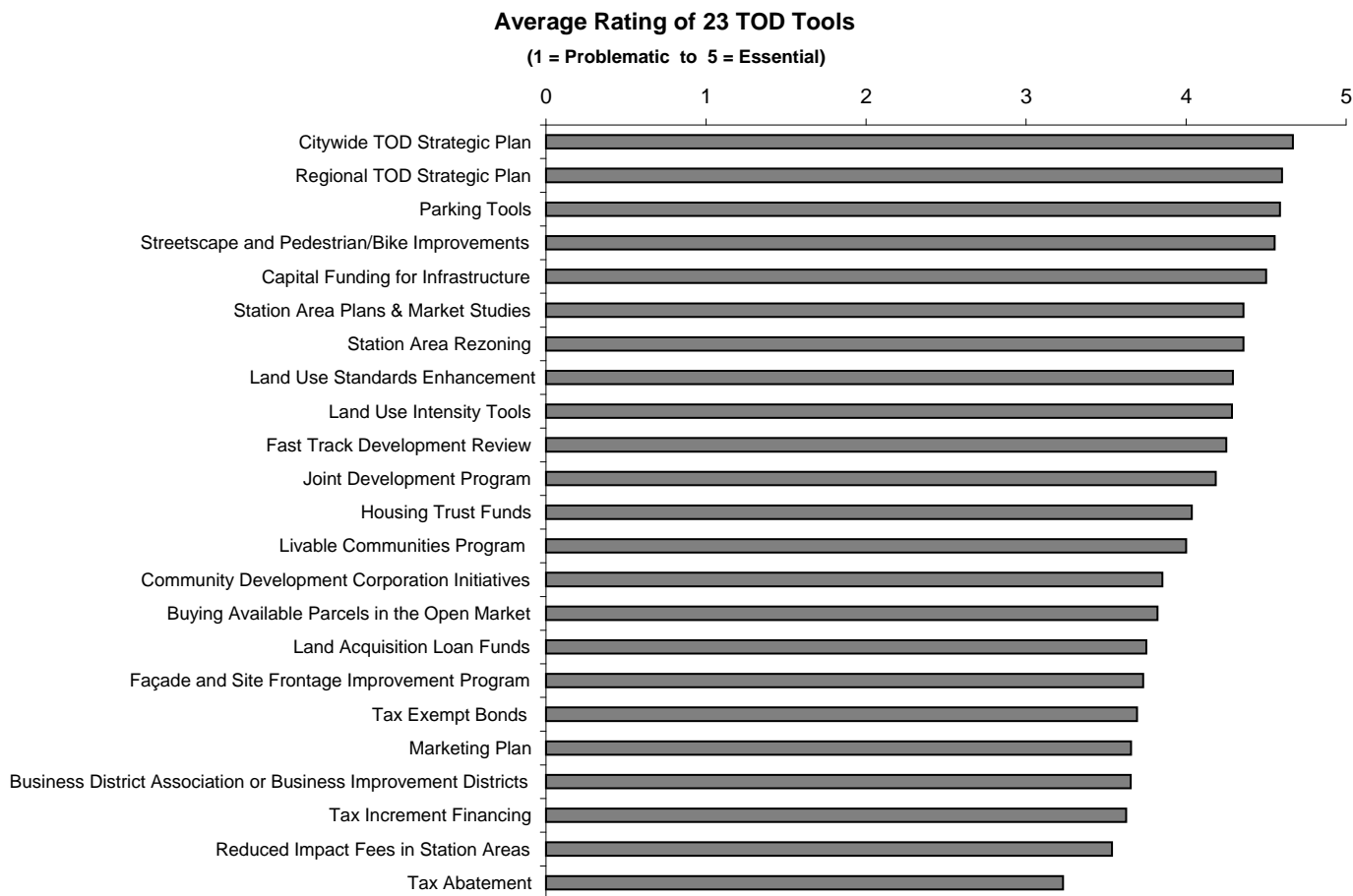


Exhibit 1

Elected officials and city staff believe that the way to ensure the viability and stability of TOD is to start with planning. During the workshop, other types of planning and visioning tools were described as tools for providing a framework for future development investment. Incentives related to taxes and tax packages tended to have less support than other tools. To maximize the effectiveness of tax tools, staff and elected officials could consider launching an education campaign regarding their use.

Exhibit 2: Rating of TOD Tools by Workshop Participant Group

Developers n = 3	Staff* n = 13	Non profit n = 4	Elected Official n = 2	Other** n = 8	All Respondents n = 30
Capital Funding for Infrastructure 5.0	Citywide TOD Strategic Plan 4.8	Regional TOD Strategic Plan 4.5	Citywide TOD Strategic Plan 5.0	Parking Tools 4.7	Citywide TOD Strategic Plan 4.7
Tax Increment Financing 5.0	Land Use Standards Enhancement 4.8	Citywide TOD Strategic Plan 4.5	Station Area Rezoning 5.0	Regional TOD Strategic Plan 4.6	Regional TOD Strategic Plan 4.6
Buying Parcels in the Open Market 5.0	Regional TOD Strategic Plan 4.7	Station Area Rezoning 4.5	Land Use Standards Enhancement 5.0	Citywide TOD Strategic Plan 4.6	Parking Tools 4.6
Regional TOD Strategic Plan 4.7	Parking Tools 4.7	Fast Track Development Review 4.5	Parking Tools 4.5	Streetscape and Pedestrian/Bike Improvements 4.4	Streetscape and Pedestrian/Bike Improvements 4.6
Station Area Plans & Market Studies 4.7	Streetscape and Pedestrian/Bike Improvements 4.7	Capital Funding for Infrastructure 4.5	Fast Track Development Review 4.5	Housing Trust Funds 4.4	Capital Funding for Infrastructure 4.5
Station Area Rezoning 4.7	Joint Development Program 4.7	Streetscape and Pedestrian/Bike Improvements 4.5	Capital Funding for Infrastructure 4.5	Capital Funding for Infrastructure 4.2	Station Area Plans & Market Studies 4.4
Land Use Intensity Tools 4.7	Capital Funding for Infrastructure 4.6	Land Use Intensity Tools 4.3	Streetscape and Pedestrian/Bike Improvements 4.5	Station Area Plans & Market Studies 4.1	Station Area Rezoning 4.4
Fast Track Development Review 4.7	Station Area Plans & Market Studies 4.5	Parking Tools 4.3	Land Acquisition Loan Funds 4.5	Fast Track Development Review 4.1	Land Use Standards Enhancement 4.3
Tax Exempt Bonds 4.7	Station Area Rezoning 4.5	Tax Increment Financing 4.3	Buying Available Parcels in the Open Market 4.5	Land Use Intensity Tools 4.0	Land Use Intensity Tools 4.3
Land Acquisition Loan Funds 4.7	Land Use Intensity Tools 4.4	Joint Development Program 4.3	Regional TOD Strategic Plan 4.0	Tax Exempt Bonds 4.0	Fast Track Development Review 4.3

* staff from Phoenix and surrounding jurisdictions

** primarily consultants and academic researchers

Next Steps

Based on the workshop and input from stakeholders, the team developed some next steps that local partners can consider to help encourage TOD in the region. These next steps are presented as options for consideration; decisions about implementation are solely up to elected officials and staff from Phoenix and Mesa. Potential next steps include:

During the course of the project, the project team and local stakeholders developed a list of 23 tools and incentives that could be implemented in Phoenix and Mesa as well as other communities. Examples include: parking reductions in the downtown; draft station area plans; and TOD Overlay District design standards.

Education and outreach is an important, over-arching tool that was not specifically analyzed by the expert team. There was consensus during the workshop that developers, other staff beyond those that attended workshop meetings, and the general public could benefit from informal and formal education. Staff at the cities and METRO could increase its focus on training and information exchanges to help developers and the public better understand how development decisions are made. Also, staff could put together a briefing on the topic of Proposition 207 and the promotion of transit-oriented development or a “tools roadshow” for interested parties in the metropolitan region or throughout the state. The goal is to demonstrate the benefits and features of TOD to constituents. With more education about TOD, more informed voices will create further demand and opportunities for increased enhancement of development around transit stations.

Successful implementation of tools that promote TOD in Phoenix will require **collaboration**. Building partnerships with both usual and unlikely partners will help spur interest and support for the light rail and for development projects around key stations. Staff from several cities that are not on the current or future light rail alignments attended the staff training session to learn more about TOD and the tools that are available to them, even if their transit system is focused around buses rather than light rail. The tools presented in this project primarily addressed issues associated with light rails transit stations, yet, many of these tools can be applied to bus routes, more as strategies for development of transit corridors versus specific nodes. The state—especially the Smart Growth Interagency Committee—could provide important leadership for specific tools and initiatives.

Another step worth considering is **increasing capacity for implementation**. Before this project began, the cities of Phoenix and Mesa were using a variety of tools to encourage TOD. The tools used locally were evaluated and discussed in *Strategic Package of Tools to Promote TOD in Metropolitan Phoenix* (a section of this final report). These tools were being used to spur development at key stations appropriate to its location, such as downtown stations along Central Avenue with a range of office and housing options or restaurants and entertainment uses near Chase Field. Currently, the city of Phoenix promotes transit-oriented development through its two zoning overlay districts, TOD 1 and TOD 2. These overlays provide a zoning structure to encourage uses appropriate for higher densities and a structure for encouraging pedestrian friendly uses and design standards that can make the foundation of successful TOD. Higher densities and a mix of uses are the foundation of a successful TOD.. According to staff at

METRO and the city of Pheonix, the most viable implementation tools are “Fast Track Development Review” and “Capital Funding for Infrastructure.” Staff would need to determine how to incorporate these tools with other implementation tools such as joint development, land acquisition and façade improvement that have been found to be effective in other markets.

Next, **institutionalization** of programs and incentives that support TOD can assist advocates in ensuring that demand is realized and that capacity to accommodate TOD exists. Support for TOD incentives and promotion of policies that encourage developers and property owners to understand that TOD is the preferred development model is needed. This step would require local staff to serve as “circuit riders,” going around to different partners and providing information, training, and leadership to interested cities and organizations. This consistent checking-in with partners and educating them about current and projected trends will ensure that innovative TOD practices will continue to be at the forefront of the development conversation. The more communities understand how these tools can be used, the better the prospects for TOD will become.

Taking the steps described above can help make transit-oriented development successful. To provide a comprehensive framework for implementation, communities might consider the **adoption of form-based codes** to create a regulatory framework to encourage the type of development appropriate for station areas. Form-based codes do not dictate or regulate the land use; rather, as the name implies, the code designates the building forms that are most appropriate for the area. For example, downtown stations might have higher building densities than those stations in industrial areas along Washington Street closer to the airport. Not designating land uses could ameliorate any tension that might exist with respect to Proposition 207 due to property owner’s perception regarding the value of their land under different policy scenarios..

A secondary purpose of this smart growth implementation assistance project is to provide ideas about how to promote TOD for the extensions of the light rail system. In other words, city staff wanted to address the need that all planning for future extensions incorporates the most current Federal Transit Administration (FTA) **guidelines for land use and cost effectiveness**. During the course of the project, this issue was addressed with representatives from FTA. The section of this report called *TOD in Phoenix and Mesa: Developing a Policy Toolbox for the Post-Proposition 207 Environment* includes a discussion about the FTA New Starts evaluation process. Specifically, while future TOD near station areas is no longer counted toward the ridership projections that underpin the cost-effectiveness calculation, TOD policies still play an important role in the rating criteria. FTA’s land use criteria are addressed through a complement of TOD-promoting tools and incentives. Future consideration could be given to ensure that the TOD goals for metro Phoenix are in sync with FTA’s objectives.

Next Steps Lessons and Directives

What are the key lessons for these next steps?

- Through this project the team learned that Proposition 207 is not the impediment that many thought it would be when it was passed in December 2006. However, it must be considered carefully because the impact of its passage and application creates questions about how best to encourage growth and development while protecting property values.
- Not every tool will be appropriate at every location, and the tools cannot be effective without appropriate zoning.
- It will be important to keep partners informed about how TOD in the Phoenix area is evolving. The issue of affordable housing is important across the country. While this project did not directly address affordable housing, the application of TOD tools needs to consider how affordable units will be encouraged at stations throughout the system. LISC, Arizona APA and Urban Land Institute were all involved in this project to ensure that local planning, housing and community development issues are considered throughout this project. Their input should be incorporated into future public policy.
- The cities can also use existing resources in new ways. For instance, the city of Phoenix's property database could help staff better understand where opportunities exist for TOD investment. Prioritizing these sites could help the city use its resources more effectively as developments come online.
- The cities could set up corridor working groups with staff, developers, and other interested parties to discuss and map out how development tools would be used, consistent with the goals in the cities' strategic planning processes. These groups could consider existing developments and the appropriate scale and intensity of development as they work on additional planning for the station area.
- The existing municipal partnership consists of Phoenix and Mesa, but reaching out to include Tempe in the partnership could be very helpful. Tempe's location on the light rail line is critical for the long-term success of TOD in the region. When the cities present a united front to promote these tools and encourage TOD, the incentives and the private sector response to them will be stronger.

Near-Term Market Success

Near-term successes can be extrapolated from the work that has already been accomplished and can guide other efforts that could be addressed in a short timeframe. Furthermore, the lessons learned from these successes can be applied to other communities around the country that are trying to implement TOD.

First, the data and support provided in the various sections of this report can be applied to the successful TOD projects at Roosevelt, Montibello, and other demonstration projects. These projects have illustrated how tools and incentives can both encourage TOD and work within the confines of Proposition 207.

The *Strategic Package of Tools to Promote TOD in Metropolitan Phoenix* itself represents a near-term market success because of the depth and breadth of tools examined. While these ideas were culled from national experts who reviewed what is working in cities across the country and has national application for TOD implementation, this resource was specifically designed for Phoenix. This type of summary of TOD tools does not exist anywhere else, and it could serve as the model for what to consider as a starting point for TOD implementation. Communities around the nation could implement and support TOD by applying these tools, adapting them to fit local needs and to appeal to local stakeholders.

Beyond the resources of tools and incentives, another important area of consideration is the location of the station. Specifically, the half-mile radius around a station provides a critical view of not only existing conditions, but the potential for build-out based on what the market can support. Success lies with understanding this potential, as the city of Phoenix does, and aligning policies to ensure that this potential is met. Phoenix, Mesa, and METRO understand what to promote in many station areas along the alignment. Matching the market analysis with specific tools can spur the projected growth. The cities and METRO could start this process by revisiting the station area plans to compare what had been planned with the potential for the station.

A final topic that has resonance in this conversation is the impact of access improvements. For this component, a near-term success would be gathering the information that is needed to determine what improvements are necessary to increase the value and performance of specific sites. Access improvement strategies cover various access types: urban, urban with parking, multimodal, multimodal-auto reliant, and auto dependent.³ Categorizing stations by these access types and designated strategies and tools that fit these objectives will assist in the development of this concept and ultimately will help make these stations successful.

Environmental Benefits

The benefits of TOD can be described as social, community, fiscal, health as well as environmental. Quality of life is typically regarded as a good marker for benefits related to TOD. Living in a neighborhood that allows one to drive less and walk, bike and use public transit more increases physical activity and offers a safer living environment. As such, TOD is regarded a promising approach to providing a more livable and sustainable future. Other benefits, which tend to be more specific, can include reduced road expenditures, preservation of open space, and lower parking costs are generic to any program that reduces sprawl and automobile usage, and more specifically, VMT (vehicle miles traveled).

A recent California study of TOD has measured some additional impacts. Here we highlight those that contain a specific environmental benefit. For instance, the study claims that TODs can

³ TOD Decision-Making: One Size Does Not Fit All, presentation at New Partners for Smart Growth Conference, February 7, 2008 <http://www.smartgrowthonlineaudio.org/np2008/026-b.pdf>

help households reduce rates of greenhouse gas emissions by 2.5 to 3.7 tons per year for each. Because of its location, design, and density the Uptown District TOD in San Diego was estimated to have 20% less emissions per household compared with households in nearby developments.⁴ A similar study could be undertaken in metropolitan Phoenix to illustrate similar figures. Other studies suggest that residents in a pedestrian friendly community walked, bicycled, or rode transit for 49% of work trips and 15% of their non-work trips, 18- and 11-percentage points more than residents of a comparable automobile oriented community. Finally, a study found that in metropolitan areas with TOD households near transit stops own an average of 0.9 cars, compared to an average of 1.6 cars in the metro regions as a whole. Also, only 54% of residents living in TOD's commute by car, compared to 83% in the regions as a whole.⁵

Conclusion

Transit spurs development, and development spurs transit. The interconnection is apparent in transit-rich communities like New York, Chicago, and San Francisco. Places like Charlotte, North Carolina; Salt Lake City, Utah; Richmond, Virginia; and now Phoenix are making transit work for them. This project started with a question about viability—that is, how robust can Phoenix's light rail system be when the city needs to consider the rights of private property owners? In other words, will the efforts to assemble the right mix of uses that encourage transit ridership be in concert with the realities of Proposition 207? The truth is that, even in a down market, there are positive signs that show that transit and the land uses that support it are brimming with life. The areas around the light rail stations provide transit options, increase access to affordable housing, create distinctive and attractive places, and deliver environmental benefits through compact development. The opening of the light rail in December 2008 represents a new era for what is possible in the Phoenix region. People are getting out of their cars, experiencing the corridor on foot, and discovering the benefits of living and working near transit.

The agenda and charge for moving forward is clear. Key local staff and stakeholders, including elected officials, have realized the benefits of investing in transit. This report provides options for how to turn those investments into long-term solutions.

⁴ Parker, T, Arrington, G., McKeever, M, and Smith-Heimer, J. Statewide Transit-Oriented Development Study: Factors for Success in California. Sacramento: Department of Transportation, 2002, p. 94-95.

⁵ New Tools for Building Wealth: Linking Affordable Housing to Transit, PowerPoint presentation, Accessed November 10, 2009, <http://www.reconnectingamerica.org/public/show/newtoolsppt>