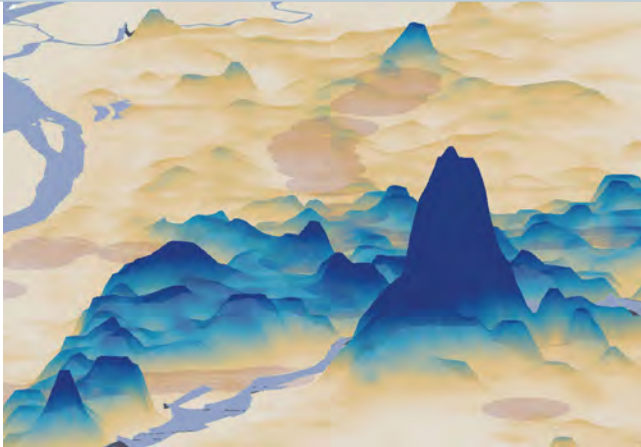




Transit-Oriented Development Strategic Plan / Metro TOD Program



Prepared for  Metro

by **CTOD** CENTER FOR TRANSIT-ORIENTED DEVELOPMENT with  NELSON AXE GROUP

## About this report

This report was prepared by the Center for Transit-Oriented Development with Nelson\Nygaard Consulting Associates for the Metro TOD Program in Portland, OR.

The **Center for Transit-Oriented Development (CTOD)** is the only national nonprofit effort dedicated to providing best practices, research and tools to support market-based transit-oriented development. CTOD partners with both the public and private market sectors to strategize about ways to encourage the development of high performing communities around transit stations and to build transit systems that maximize development potential. CTOD works to integrate local and regional planning, generate new tools for economic development, real estate and investment issues, improve affordability and livability for all members of the community, and respond to imperatives for climate change and sustainability. The Center for TOD is a partnership of Reconnecting America ([www.reconnectingamerica.org](http://www.reconnectingamerica.org)), the Center for Neighborhood Technology ([www.cnt.org](http://www.cnt.org)), and Strategic Economics ([www.strategiceconomics.com](http://www.strategiceconomics.com)). For more information visit CTOD's website at [www.ctod.org](http://www.ctod.org).

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# I. Introduction

The Portland region has a successful history at achieving transit-oriented development and compact growth. It continues to outperform many of its peer regions when it comes to connecting jobs to transit, promoting alternative modes of transportation beyond the car, and promoting successful new compact development.

But, there is room for improvement throughout the region as a whole. Many areas outside of central Portland have not been able to generate momentum for infill and higher-density development and the creation of more walkable, livable neighborhoods. New development near transit and amenity-rich walkable communities remain priced out of reach for many households. Thus, the combined cost of housing and transportation burdens many families, and particularly low- and moderate-income families. Vehicle miles of travel (VMT) and greenhouse gas (GHG) emissions from transportation continue to be key environmental challenges in the region. The Metro TOD Program fills a critical gap in addressing these challenges, but it will never be the only responsible entity promoting this type of regional transformation.

This Strategic Plan is designed to guide future investments by the Metro TOD Program, in order to ensure the program maximizes the opportunities for catalyzing transit-oriented development throughout the region and effectively leverages additional resources to comprehensively advance TOD in all station areas and frequent bus corridors.

This plan contains the following components:

- An evaluation of regional existing conditions influencing the ability of TOD as a strategy to achieve Metro's 2040 Growth Concept goals.

- A typology framework that classifies station areas and corridors based on their "TOD readiness."
- Guidelines for phasing of TOD Program activities based on this typology.
- Discussion of potential future activities for the program, and funding strategies to support them.

## About the TOD Program

Metro's Transit-Oriented Development Program serves a unique and critical implementation-based role that is unmatched in other regions around the country. The TOD Program is designed to provide incentives, primarily in the form of modest funding grants, to private developers to build higher-density, mixed-use projects located near transit. The program is structured to encourage projects that "push the envelope" in terms of density or building type, acknowledging that these projects are often more expensive to build or carry additional risk. The Program's strategies for maximizing TOD potential include:

- Contributing to local identity through multi-year investments in catalyst projects and place-making elements.
- Creating market comparables for higher-density mixed-use development near transit and in centers.
- Cultivating developers with expertise in higher-density and mixed-use development in suburban settings.
- Building community acceptance of urban style building types in suburban communities.

## Current Program Activities

The TOD Program implements these strategies through a series of existing activities that include direct investment in development projects, limited acquisition and banking of property near transit, supporting the addition of neighborhood amenities or “Urban Living Infrastructure” and providing education and outreach to local jurisdictions, developers, and citizens throughout the region. The activities of the TOD Program are complemented by the activities of Metro’s Development Center which typically focuses on the region’s downtowns and main streets. Figure 1 outlines the various activities and grant programs in detail, the scale of the program and its funding source(s). Activities are listed in the descending order of level of investment, with those activities which have received the most TOD Program resources listed first.

## Project Evaluation

Selection of projects and decision-making around distribution of funding to individual projects is a key component of program effectiveness. The program uses a spreadsheet model as a primary tool to assess applicant project cost effectiveness and financial need. The model is not the sole consideration used by staff to develop recommendations for project funding, but program history shows that model outputs have been the most important guide in determining actual funding allocations to private developers and also provides a key data source for measuring program success. Results from the model are considered along with other criteria and presented as part of staff’s recommendation to the program’s Steering Committee and Metro Council when approving projects and funding amounts.

Metro’s model is currently set up to make two primary calculations, the lower of which serves as a maximum project subsidy:

1. A calculation of the total cost premium associated with achieving higher density and/or mixed-use development. These include, but are not limited to, the cost of structured or tuck-under parking; costs related to elements of mixed-use development, such as firewall separation; and higher construction costs associated with taller buildings (e.g., elevators, structural systems, fire sprinkler systems, or more expensive building materials).
2. A calculation of the benefit associated with additional transit use, and specifically the incremental transit revenue associated with a project’s higher density and/or mix of uses. The model calculates a maximum project subsidy based on the net present value of additional transit revenue associated with increased ridership over a 30-year period. Specifically, the model computes:
  - The estimated number of new transit trips made per day (“induced ridership”)
  - The cost per trip (Metro’s investment divided by induced trips)
  - The net present value dollar amount of transit fares over 30 years as a result of the project (“capitalized fare box revenue”)

Both of the above calculations require comparison of a proposed project to a “baseline” project, defined as a project that would be delivered in the private market with no assistance. The baseline project is typically based on recent market-rate development that has occurred nearby.



Figure 1: TOD Program & other Development Center Activities that Support TOD (page 1 of 2)

Current Activities	Program Description	Scale of Program	Funding Sources
<b>TOD capital improvements</b>	Grants toward physical real estate improvements in TODs in Metro-designated station areas and corridors; goal is to lower the cost premiums associated with higher density development & establish market; mainstay of TOD program. Grants are typically available on a three installment basis - at close of financing, completion of shell construction & granting of certificate of occupancy.	Approximately \$14.9 million over the life of the program (51% of total expenditures)). Individual grants have averaged \$300,000, but range widely with a ceiling of \$500,000.	Metropolitan Transportation Improvement Program (MTIP) funds, including Urban Formula Grants, Surface Transportation Program and Congestion Mitigation & Air Quality Improvement Program funds. These funds are traded for TriMet farebox revenues to increase the flexibility of funding allowances.  Approximately \$2.9 million in MTIP funds are allotted to the Program annually.
<b>Land acquisition</b>	Land banking around suburban stations, most acquisitions prior to 2005.	\$8.5 million over the life of program (29% of total expenditures); FY 2009/2010 - one transaction (Gresham Tri-Met ROW).	Originally, the Program received a direct federal transportation grant for land banking. More recently, MTIP funds have been used.
<b>Program Operations</b>	Approximately 5 full-time employees. Operate grant programs; perform outreach to local jurisdictions and stakeholders.	Approximately \$600,000 FY 2009/2010.	MTIP funds (see TOD Capital Improvements, above).
<b>Urban Living Infrastructure</b>	Grants toward fixed tenant improvements that promote commercial activity (i.e. HVAC system necessary to restaurant operation); grants issued to projects in areas where Metro owns property (i.e. Beaverton, Hillsboro).	\$165,000 for pilot program budget FY 2009/2010.	Interest on other funding sources.

Current Activities	Program Description	Scale of Program	Funding Sources
<b>Green improvements</b>	Green Building Program - grants towards green improvements.	\$280,000 total. No expenditures FY 2009/2010.	Business Energy Tax Credit allocation; one-time only source.
	Green Innovation Fund (pilot) - grants towards technologically innovative green demonstration projects in urban settings. While not designated as TOD-specific, TOD locations receive preference.	\$200,000 in total pilot program budget over two fiscal years; grant size ranges from \$15,000 to \$60,000.	Metro general funds; 2009/2010-2010/2011 only.
<b>Implementation activities</b>	Development Opportunity Fund (pilot) - grants toward predevelopment activities that catalyze urban development (i.e. development/ market/ urban renewal feasibility studies & strategies; downtown retail tenanting efforts; walkability audits). While not designated as TOD-specific, TOD locations receive preference.	\$270,000 in total pilot program budget over two fiscal years.	\$200,000 - Metro general funds; 2009/2010-2010/2011 only. \$70,000 - base Development Center budget allocated to Fund.
	<b>NOTE:</b> Outside of the DOF, the TOD program makes occasional grants toward implementation studies (i.e. Metro Parking Air Rights Study, \$40,000, FY2009/2010); however, there is no dedicated allotment of program budget towards predevelopment activities.		
<b>Educational/ promotional activities</b>	"Get Centered" programs, quarterly half-day workshops educating key members of public regarding urban centers & promoting infill and redevelopment.	Limited to significant staff time expenditure.	

Source: TOD Program Annual Report June 2009 - July 2010, August, 2010; Metro TOD Revenue and Expenditures FY 2009 - 2010; interviews with Lisa Miles and Meganne Steele (August 18, 2010).



## Program Issues and Opportunities

To maximize the effectiveness of the TOD Program, Metro needs to address a range of issues associated with where, how, and whether different types of investment make sense in partnership with other regional stakeholders in transit-oriented development implementation. The Program also needs to leverage key TOD investment opportunities that exist with other initiatives within Metro and other public agencies. These issues and opportunities are described below.

### Program Issues

While Metro's TOD Program has demonstrated success at leveraging more intensive development near transit, its funding levels have not kept pace with the rapid expansion of the region's rail and frequent bus system. Whereas the square miles of TOD funding eligible areas have increased more than sevenfold since the program's creation in 1998, program funding has not yet doubled. In order to be more strategic with these limited funds, the following issues need to be recognized and addressed:

1. Limited funding sources keep the scale of the TOD Program relatively small.
2. The TOD market readiness of station communities varies significantly across the region.
3. Many suburban stations have limited near term market rate development potential, but have substantial land opportunity.
4. Station design and existing transit alignments are not always conducive to TOD, making some stations harder to develop than others.

5. A range of housing options is needed in station areas, including affordable housing, workforce housing, and market-rate housing.
6. Other programs, agencies and policies are needed to complement the TOD program in promoting transit-oriented development – the TOD Program cannot “go it alone,” especially in weak market areas.

These issues are discussed in greater detail below:

#### ***1. Limited Funding Sources Keep the Scale of the TOD Program Relatively Small***

With a biannual operating budget of approximately five million dollars, the TOD Program cannot operate on a scale large enough to be widely impactful throughout the region. Given the scale of the program there is no doubt that Metro has leveraged its dollars efficiently, but this does limit the ability of Metro to invest in areas that may require higher levels of subsidy, or to invest in a wide range of communities throughout the region each year. Therefore it will be important to enhance the impact of the TOD Program by seeking complimentary or matching sources of funding.

The TOD Program can be further maximized by leveraging programs and investments from other programs within Metro and at the state and local levels. For example, by setting up basic requirements for regulatory, political, and local support (e.g. financial incentives, public/private letters of support, design approval) in order to qualify for TOD Program funding, the time, expense and uncertainty of taking projects through the entitlements and community outreach process could be significantly limited. Chapter 3 of this report describes how the TOD Program can set these priorities.

## ***2. TOD Market Readiness Varies Significantly Across the Region***

As a Metro initiative, the TOD Program has a responsibility to promote TOD on a region-wide scale rather than just focusing in on a handful of areas. However, not all parts of the region are equally prepared to support TOD. The significant hard and soft costs associated with TOD require strong market demand and high achievable rents/sales prices. Near-term TOD potential tends to be focused in close-in neighborhoods and historic suburban downtowns and main streets, where higher density development is more feasible from a market- and financial perspective. Moreover, bringing TOD to scale will require changes to occur in a range of geographic and economic contexts, rather than just in core, urbanized areas.

## ***3. Many Suburban Stations have Limited Near Term Market Rate Development Potential, but have Substantial Land Opportunity***

In addition to the designated centers and corridors in the 2040 Growth Concept, the region's rail station areas have been identified as key targets for future regional growth. Indeed many of the region's more suburban station areas have significant developable lands, and the region could accommodate a large share of its needed growth through infill development in these areas. However, there are many challenges hindering the development of these areas, including high suburban land supply with limited market demand, a lack of road, bicycle, and pedestrian infrastructure, superblocks that need to be retrofitted and a lack of retail and service amenities to promote district living. This raises many questions for the pursuit of a more compact development program in areas outside of Central Portland.

## ***4. Station Design and Alignment of Transit is not always Conducive to TOD***

Not all of the region's transit corridors are conducive to catalyzing compact

urban development. As demonstrated in communities including Beaverton and Gresham, a transit station alone cannot create a sufficient draw to result in large-scale expansion of a nearby existing downtown. Highway-aligned corridors such as the Green line and the Banfield stations have been more "cost-effective", because of lower right-of-way costs, and until very recently have been favored in the Federal Transit Administration's New Starts allocation process. However, this type of design and alignment limits the ability of the TOD Program to help create a pedestrian oriented environment. For example, TOD opportunities at the highway-aligned Hollywood Station are constrained due to pedestrian access challenges, and most development in the neighborhood has happened several blocks from the transit center. Other regions around the country struggle with these same alignment challenges, and several have developed innovative funding approaches to help make stronger pedestrian connections to stations.

## ***5. A Range of Housing Options is Needed Near Transit, Including Mixed-Income, Workforce, and Market-Rate Housing***

In the region's lower income station communities much of the new development has been in the form of subsidized affordable housing. These areas generally do not have the market strength to support new, market rate development and are often underserved by neighborhood serving retail and services. There is a lasting concern that concentrating more affordable housing in existing low-income areas, however, is neither equitable, nor economically beneficial to existing local residents.

In middle to higher income station communities, the region has been relatively successful at attracting new compact development. The market rate units in these new development projects, however, remain out of the reach of many working families. Much of this new market rate development has been occurring in the

region's most amenity and transit-rich areas, which can accept significantly higher levels of density without a proportional increase in congestion or vehicle miles traveled. Providing additional density in these areas—as well as mixed-income and workforce housing opportunities—should be a key priority to help achieve regional goals.

***6. Other programs and policies are needed to complement the TOD program in promoting transit-oriented development – the TOD Program cannot “go it alone,” especially in weak market locations***

The scope of activities within the TOD Program, and the program's budget, is limited to promoting new development but cannot address many of the other critical investments needed in the region's station areas in order to truly maximize TOD potential. Many stations require significant local incentives and infrastructure improvements in order to promote urban style development, biking, walking, and transit use. Additionally, station area planning and implementation efforts are needed particularly in outlying station areas. TOD investments are intended to stimulate a market response, but many other critical investments and/or incentives are needed leading up to development or concurrent with it.

The comprehensive set of investments needed to promote TOD suggests that significant further coordination is needed between the TOD program and other Metro programs and public agencies throughout the region. While there is some coordination and regular communication across Metro programs, further coordination of investments within key station areas could result in a substantial growth in TOD opportunities throughout the region.

## Program Opportunities

Though there are many challenging issues that TOD Program must address, now

is an excellent time to take advantage of emerging national and regional opportunities to maximize the program's future success and forge new partnerships that bring TOD to scale:

1. A growing market preference and demand for TOD
2. Federal support for integrated urban development, housing and transportation planning is at an all-time high
3. The TOD Program is operating with a successful track record
4. There is potential for greater coordination and partnerships with local jurisdictions and other Metro programs
5. TOD, economic development, and pedestrian/bicycle connections are likely to be weighed more heavily when evaluating future transit corridor investments

These opportunities are discussed in greater detail below.

### ***1. A Growing Market Preference and Demand for TOD***

CTOD has forecasted that between 2005 and 2030, 184,000 new households in the Portland region will want to live near transit, beyond those households who already live near transit. About 72,000 of these households will fall within the smaller, non-family household types likely to prefer living in more compact apartment and condominium units. The Metro TOD Program can help capture this demand, by continuing to provide investments that accelerate the market for compact living throughout the region.

### ***2. Federal support for integrated urban development, housing and transportation planning is at an all-time high***

Federal level policy is becoming more aligned with the goals associated with

transit-oriented development. The HUD-DOT-EPA Interagency Partnership for Sustainable Communities is guided by six principles that closely mirror the fundamental values of the 2040 Growth Concept. The federal partnership principles are:

1. Provide More Transportation Choices
2. Promote Equitable, Affordable Housing
3. Enhance Economic Competitiveness
4. Support Existing Communities
5. Coordinate Policies and Leverage Investment
6. Value Communities and Neighborhoods

The Interagency Partnership is aggressively seeking new ways to ensure that federal policy and funding sources support local and regional efforts to achieve these principles. The TOD Program and other Metro activities are a natural connection for initiatives and funding streams already stemming from the Partnership.

### ***3. The TOD Program is operating with a successful track record***

It is important to note that the TOD Program has been successful at working with developers to push the private market towards more intensive and sustainable development accessible to transit. Relationships with the region's development community and local governments are solid foundations to build on the existing strengths of the program. The TOD Program can continue to build on this success while piloting new approaches to issues such as implementation planning and partnerships around infrastructure investments.

### ***4. There are opportunities for coordination with other Metro programs, and with other public agencies***

The 2040 Growth Concept, and the Making the Greatest Place effort clearly pave the way for establishing a more coordinated set of investment strategies across programs within Metro. Moreover this kind of coordination is critical to make sure every program can maximize its effectiveness. For example, staff from the TOD Program will need to play a larger role in evaluating future potential transit corridors, and can provide valuable insight about development opportunities and market strength. Moreover, the Pearl District has proven that parks and other public infrastructure are a critical piece of the success of good transit-oriented districts and complete neighborhoods, but this component is beyond the reach of the TOD Program specifically. More coordination with internal programs and other external public entities offers a clear opportunity for achieving regional compact development and greenhouse gas reduction goals.

### ***5. TOD, economic development, and pedestrian/bicycle connections are likely to be weighed more heavily when evaluating future transit corridor investments***

There has been a clear shift in the understanding of how station design and placement play a role in maximizing development opportunities and walkability. The Yellow line in North Portland, for example, is aligned more with revitalization opportunities and the pedestrian scale in mind. Metro should continue to seek new ways to engage and integrate the transit alignment process internally with land use and TOD programs, as future light rail, streetcar, and rapid bus alignments are planned. The recent High Capacity Transit study has considered the integrated roles of land use and transportation in particular, and offers a data-driven, local foundation of knowledge upon which to build this new inte-

grated transit planning process. And perhaps most importantly, integrated planning efforts gained significant traction with the Federal Transit Administration's spring 2010 announcement that the cost effectiveness criterion for building new lines will no longer be its number one priority for funding allocations in the New Starts program. FTA is currently revisiting the criteria for allocating funding, and the Center for Transit-Oriented Development anticipates that changes to these criteria will result in funding to lines that are more supportive of transit-oriented development. Metro's TOD Program represents a significant and ongoing commitment to maximizing the benefits of transit investments in the region, and will serve the region well in pursuit of competitive transit funding for future expansion projects.

## Plan Objectives

This plan strives to address the above issues and leverage opportunities by:

- **Strategically targeting TOD program investments:** the typology approach developed for this plan will help both the TOD Program, and other public agencies and programs with an interest in TOD, to understand the types of investments that are appropriate given variable local physical and market contexts.
- **Ensuring investment activities respond to changing market cycles, and variable local market conditions:** TOD Program activities on a year-to-year basis will vary depending on the strength of the regional real estate market. This plan describes how different activities can be employed in different market cycles. Likewise, not all transit communities can effectively support real estate investments, but the plan describes other types of investments that might be appropriate for transit communities with mild or moderate market strength.
- **Leveraging the resources of other agencies/programs:** The typology and funding strategies describe activities that may not be core to the TOD Program specifically, but may be core to other Metro Programs or other public agencies. This plan therefore can be used as a reference for public agencies beyond the TOD Program in evaluating appropriate neighborhood and transit corridor level investments based on a range of local conditions.
- **Identifying overall needs related to TOD implementation region-wide, and determining where the TOD Program's involvement is most appropriate:** The typology and cost effectiveness model recommendations help evaluate not only where TOD Program investments should occur, but what types of investment make the most sense for the program in particular. Some "bricks and mortar" projects might make sense more than others in a particular transit community.
- **Identifying potential areas for program expansion, and funding options:** Metropolitan Planning Organizations (MPOs) across the country are becoming more creative in their use of transportation funds for projects that support transit use and reduce vehicle miles traveled. This plan describes some of these various activities and the funding mechanisms used to support them, and evaluates whether the TOD Program is an appropriate entity to pursue these activities.

## II. Existing Conditions for TOD in Portland Region

To help set priorities for the TOD program, it is first important to understand how Portland's transit communities<sup>1</sup> are currently performing relative to these values, and how transit-oriented development can help improve their performance. This chapter evaluates current regional performance, and existing transit community and regional conditions while Chapter 3 provides a more comprehensive view of how some of these factors can be integrated into the TOD Program's decisions about future activities. Chapter 4 then provides recommendations that will enhance the future effectiveness of the Metro TOD Program.

### The 2040 Growth Concept and TOD

Metro's 2040 Growth Concept identifies regional centers, town centers, station areas and corridors as priority locations for growth over the next 30 years. While some of the centers that the concept identifies currently accommodate concentrated jobs, housing units, or retail destinations, not all of these centers share the infrastructure, urban design, or land use patterns needed to support sustainable growth with reduced auto dependence. Some identified centers, such as Gateway, are key transit nodes and therefore offer some infrastructure to support future sustainable growth, but lack the pedestrian access and land uses that would support this growth. Moreover, not all of the centers have experienced any past investment to support this transformation either from the public or the private sector.

Given that the centers, corridors, and station areas have been designated as priority investment areas for Metro's programs, an issue facing the TOD Program is determining how and when centers with less market momentum, and limited pedestrian infrastructure, fit into its objectives and priorities.

The Metro 2040 Growth Concept outlines long-range regional goals associated with improving livability, preserving open space, and reducing greenhouse gas emissions throughout the Portland Region. The fundamental values espoused in the 2040 Growth Concept include:

- Vibrant Communities
- Economic Prosperity
- Equity
- Safe and Reliable Transportation
- Environmental Leadership
- Clean Air and Water

Implementation of these values will require the ongoing integration of transportation planning and land use planning to preserve undeveloped land outside the urban growth boundary, while concentrating growth within designated centers and transit rich areas. Transit-oriented development is one key approach to implementation of the 2040 Growth Concept. The current conditions of the region—and an evaluation of how the Metro TOD Program can most effectively help implement the 2040 Growth Concept—are best assessed through an evaluation of each of these values, with the understanding that many elements are interconnected and touch on multiple values.

### Vibrant Communities

High quality transit-oriented neighborhoods are a subset of vibrant, sustainable communities. Residents of TOD are able to reduce their auto dependence by



accessing jobs, shopping and services on foot, bicycle or transit, thus enjoying a range of benefits such as reduced transportation costs, improved public health, and more stable property values.

There are three key components to vibrant communities:

- **Development intensity and mix of land uses:** vibrant communities include compact development and access to housing, employment, shopping, and civic uses in close proximity.
- **Walkability:** vibrant communities are places where residents and visitors have travel options and can meet daily needs without using a car if they choose.
- **Meeting future demand:** in order to maintain the existing quality of life of the region, discussion of vibrant communities needs to include future demand as well as current conditions.

## Development Intensity and Mix of Land Uses

There is no “One Size Fits All” way to achieve vibrant communities. Station areas (the ½-mile surrounding fixed-guideway stations) in the Portland region have a wide range of intensities, and mix of land uses. Many station areas are primarily residential in nature and fairly low intensity, while others are more jobs oriented and high intensity. Therefore the types of TOD investments needed in these different station areas will be very different based on local station area context.

Figure 2 shows how station areas in the Portland region compare with station areas in Los Angeles on two scales: development intensity (number of residents and employees living and working in a station area), and mix of land uses (here defined as the ratio of workers to residents). While Los Angeles is a very different region historically, economically, ethnically, politically, and geographically, its

transit system is comparable in size to Portland’s and has been built in a relatively similar time frame. While these measures of intensity and land use mix only provide a rough snapshot of station area performance, they offer some particular insights about Portland’s station areas.

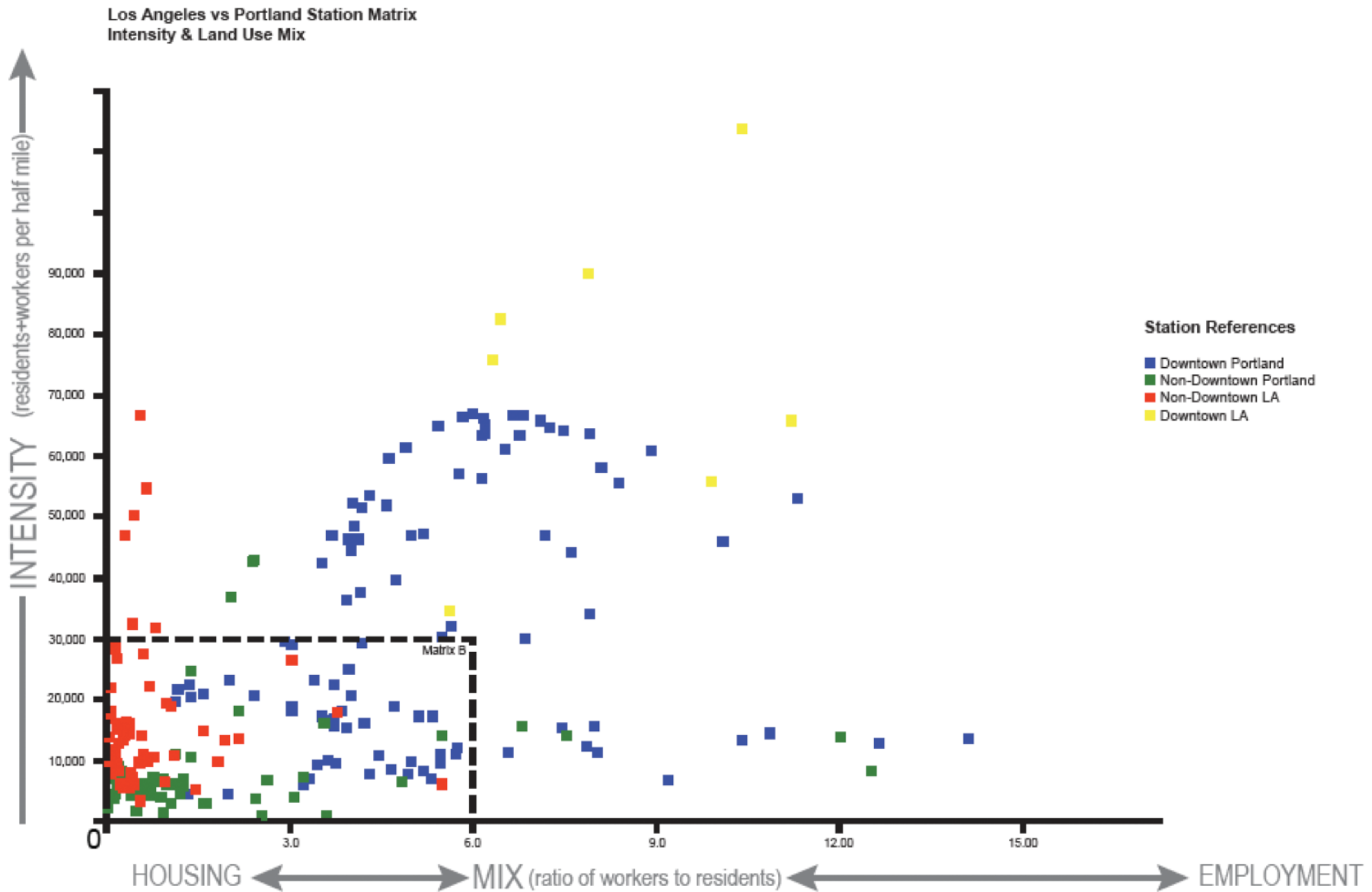
While Portland’s downtown station areas are very high intensity, non-downtown station areas in the region are low intensity. Notably, there seems to be a clear delineation between the intensity of Portland’s core station areas (in blue – which includes the Portland Streetcar), and the region’s non-core station areas (in green, clustered in the lower left corner of the chart). While areas at the core of the region are very high intensity, the intensity of station areas quickly drops outside of the core. This reinforces the need for strategies that can help more outlying station areas to become more intensive – a clear direction for the TOD Program.

The Los Angeles transit system has more high intensity, primarily residential station areas. A comparison with Los Angeles’s non-core station areas (shown in red) shows that Portland lacks the more intensive residential-focused station area type that is prevalent in Los Angeles outside of the CBD. Examples of these high intensity residential areas in Los Angeles include Koreatown, Hollywood and Vine, and Vermont and Beverly. While some of these dense neighborhoods developed for historic reasons, there have been new investments in many in the recent years. Notably, these examples achieve their more “high intensity” status with a range of building types, from residential high-rises to more moderate height, small-scale multifamily buildings. This type of neighborhood could potentially be achieved in Portland through the development of three- to five-story multifamily buildings.

Station areas in Portland show a much greater mix of uses than those in Los Angeles, which tend to be more exclusively residential- or employment-focused.



Figure 2: Comparison of Portland and Los Angeles station areas based on intensity and land use mix





Preserving and enhancing this blend will be an important component of enhancing vibrant communities throughout the region.

Fortunately most of the Portland region's transit communities have transit supportive zoning in place (Figure 3), which at the very least ensures that the regulatory environment is supportive of intensifying land uses in outlying areas. However, there are clearly market, physical, political and/or other barriers to actually achieving these more intensive land uses. Many station areas may lack the pedestrian or bicycle connectivity, transit richness, or land opportunities needed to support new development. The following sections explore some of these other factors that influence the potential to create and enhance the region's vibrant communities.

## Walkability

In considering walkability, the street pattern in the surrounding area determines not only whether residents and workers can access rail and bus transit, but also whether they can access the shopping, jobs, and services that might be located in their immediate neighborhood (if these uses are even present). Non-work trips continue to grow as a share of Americans' travel patterns<sup>2</sup>, making local walkability a critically important component of building vibrant communities.

Block sizes are a good proxy for the walkability of a neighborhood, and small block sizes have a demonstrated correlation with reducing vehicle miles traveled. Figure 4 shows the block size patterns for the region's station areas and corridors. While central Portland has the smaller block sizes associated with increased pedestrian connectivity, there are notable walkable areas throughout the region. However, block sizes are less consistent, and often not directly connected to light rail or bus transit in communities outside of central Portland, making it more

challenging for nearby households to reduce their auto use.

A healthy mix of land uses that includes housing, shopping, services, and jobs, has also been correlated with reduced vehicle miles traveled.<sup>3</sup> In addition to promoting walkability, a Metro TOD Program sponsored study found that key retail and services such as grocery stores, restaurants and shops, or urban living infrastructure (ULI), can increase residential rents and sales values, thereby enhancing the feasibility of TOD. Figure 7 demonstrates graphically this general relationship between ULI and higher property values.

*A new residential project in Koreatown showing housing characteristic of density at the Vermont and Beverly station, Los Angeles, CA*



Figure 4: Block sizes in transit communities

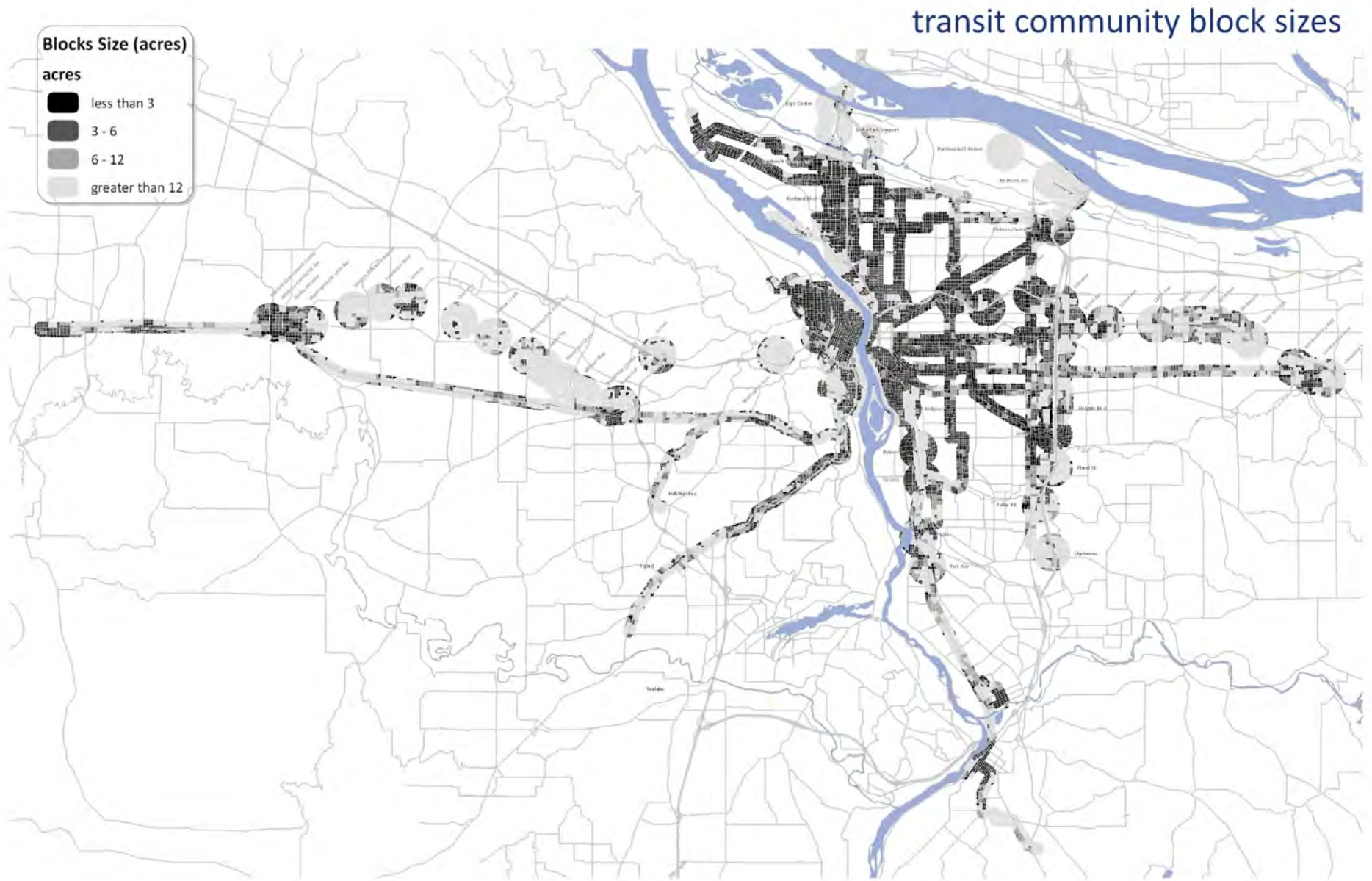
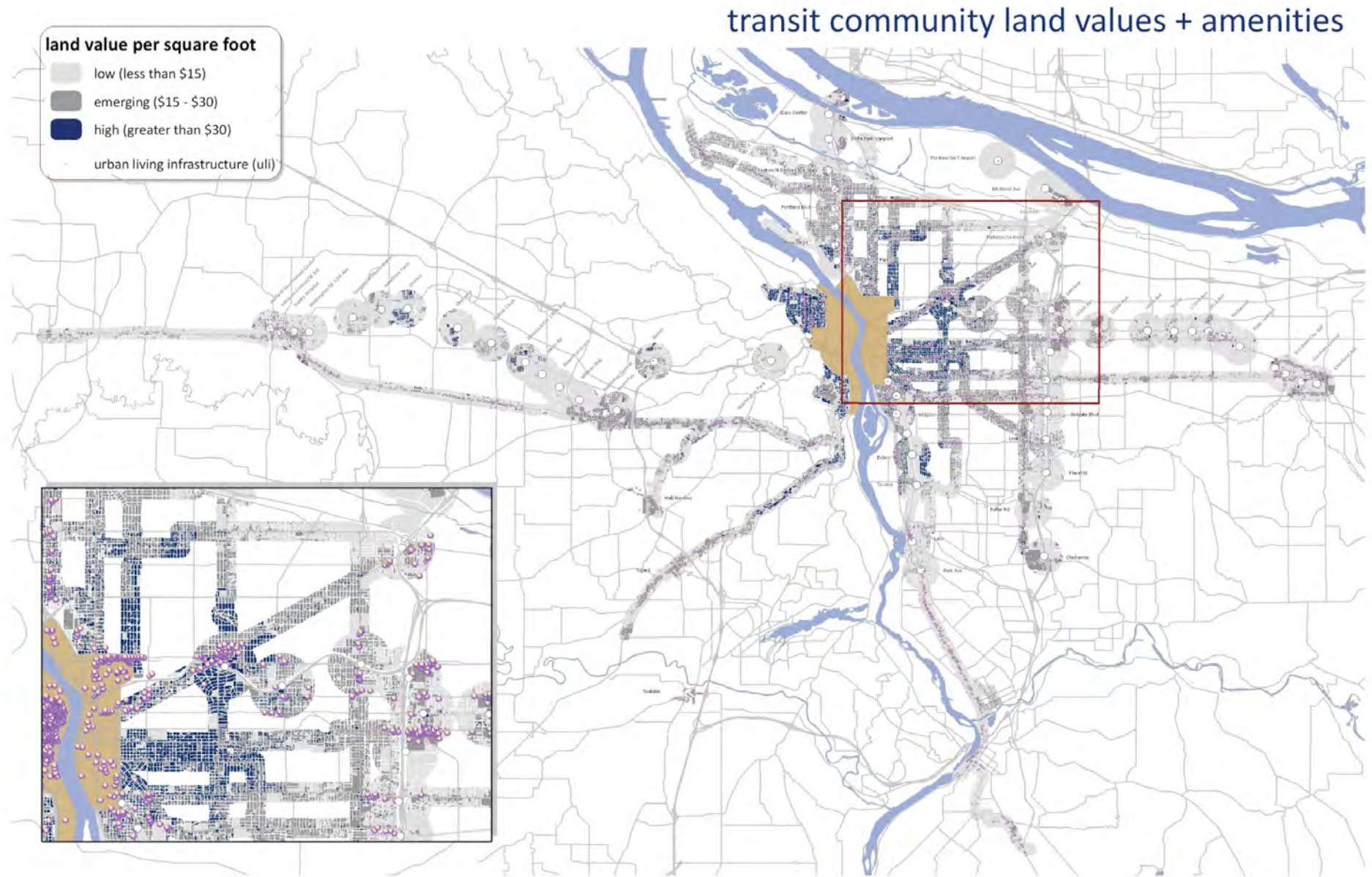




Figure 5: Land values and amenities in transit communities



## Future Demand for TOD & Vibrant Communities

New development is a fundamental way to improve the vibrancy of station areas and corridors, but the potential to attract private investment is clearly predicated on both neighborhood market conditions and regional market demand for more compact housing types. The land value data shown in Figure 5, and historic real estate market transactions are both indicators used to understand local market strength, absent the ability to do a detailed market analysis for every transit community in the region. Additionally, with the current real estate downturn, it is important to gauge the long range potential demand for compact development, including multifamily ownership and rental housing, townhomes, and smaller single-family detached units.

During the last housing market boom, downtown and other neighborhoods at the region's core, such as the Pearl District, absorbed a significant share of new regional growth, much of it in compact housing types including apartments and condominiums. Frequent bus corridors in Portland's inner east side also saw significant infill housing development, including three- to five-story apartment and condominium buildings, many with limited or no on-site parking. Outlying suburban station areas and frequent bus corridors have thus far been less successful at attracting compact apartment and condominium development. Future market potential for new high-end multifamily housing will clearly be impacted by the current surplus of condominiums in the core of the region, but to what extent did the most recent strong market cycle absorb longer term demand for all multifamily development?

By looking at national data on the types of households who are most likely to want to live near transit, CTOD has forecasted that by 2030, 184,000 new households in the Portland region will want to live near transit, beyond those house-

holds who already live near transit. About 72,000 of these households will fall within the smaller, non-family household types likely to consider living in more compact apartment and condominium units.

An evaluation sponsored by Portland Streetcar, Inc.<sup>4</sup> estimated that 10,212 new multifamily housing units were built within three blocks of the westside streetcar route between 1997 and 2008. The U.S. Census has estimated that permits for over 32,000 multifamily units were issued between 1999 and 2009 in the Portland-Vancouver region. Conservatively, assuming that all 32,000 permits resulted in built units, and that all of these units were built near transit, there would still be potential demand for approximately 40,000 units near transit over the next 20 years. Therefore, while the most recent housing boom may have resulted in a highly publicized short term surplus of high-end multifamily units on the market, over the next 20 years there will still be significant demand for construction of new transit oriented apartment and condominium units at a range of prices.

## Economic Prosperity

One key to economic growth is ensuring that workers with a broad range of skill sets have stable access to regional employment opportunities. Expansive, integrated transit networks and transit-supportive development provide more diverse economic opportunities than individual transit lines, and can therefore support upward mobility and help the region better weather economic fluctuations. Recent trends indicate that workers increasingly prefer to live near where they work and enjoy a higher quality of life that is free from the strains of traffic and congestion, making jobs and housing near transit an increasingly popular choice. Moreover, connecting dense job clusters by transit has been shown to have a greater impact on boosting transit ridership than increasing residential density.<sup>5</sup>

Portland already outperforms many regions when it comes to linking regional job destinations into its transit network. Over a third of the region’s jobs are within a half mile of a rail station, exceeding even Philadelphia which has a much larger existing transit system (Figure 6). When frequent bus corridors are added in, 45 percent of regional jobs are readily accessible by quality transit.<sup>6</sup>

Comparing Portland’s job distribution to other regions illustrates the extent to which the region enjoys a relatively monocentric employment pattern. Figure 8 shows the distribution of jobs in each census block relative to the region’s light rail system and Metro’s designated centers. Figure 7 shows the job distribution within other regions, such as Atlanta, which have experienced more employment growth at the urban edge thus making it nearly impossible to connect a large share of regional jobs to transit.

Though Portland does outperform most regions due to a continued heavy con-

*Figure 6: Percent of regional employment within 1/2-mile of fixed-guideway rail and bus stations in selected transit systems*

Region	Transit Network Size	% Employment within 1/2 mile of Fixed-Guideway Transit
Phoenix, AZ	Small	11.2
Atlanta, GA	Medium	13.7
Minneapolis - St. Paul, MN	Medium	19.6
Los Angeles County, CA	Large	22.5
Philadelphia, PA	Extensive	29.8
Portland, OR	Large	33.8

Sources: U.S. Census Bureau Longitudinal Employer Dynamics, 2006; Center for TOD

centration of center city employment, over half of the region’s jobs remain beyond walking distance of a station or frequent bus line. Many of the major suburban job centers are outside walking distance of light rail stations and often lack quality “last mile” transit, biking, and walking connections. Enhanced pedestrian/ bicycle connections and future new transit alignments can help connect some of the region’s outlying job centers, but the reality is that there will always be some less connected job centers, leaving some commuters with limited options beyond driving.

## Safe, Reliable Transportation

Residents in communities with reduced auto-dependence own fewer cars and use them less. This yields multiple benefits, including:

1. More stable transportation costs, even when gas prices increase;
2. Higher household disposable incomes, more likely to be circulated within the local economy;
3. A reduced need to expand freeways or other road infrastructure to accommodate new growth;
4. Healthier residents as a result of more physical activity, which reduces both individual health care costs as well as public health expenditures; and
5. A more stable and sustainable source of transit ridership, which leads to additional fare box recovery and revenue for transit agencies.<sup>7</sup>

Portland is a national model for providing diverse transportation options to local citizens. Its existing bike ridership and annual transit trips per capita are among the highest in the country. However, the most robust transit service and pedes-



Figure 7: Comparative distribution of jobs in other regions

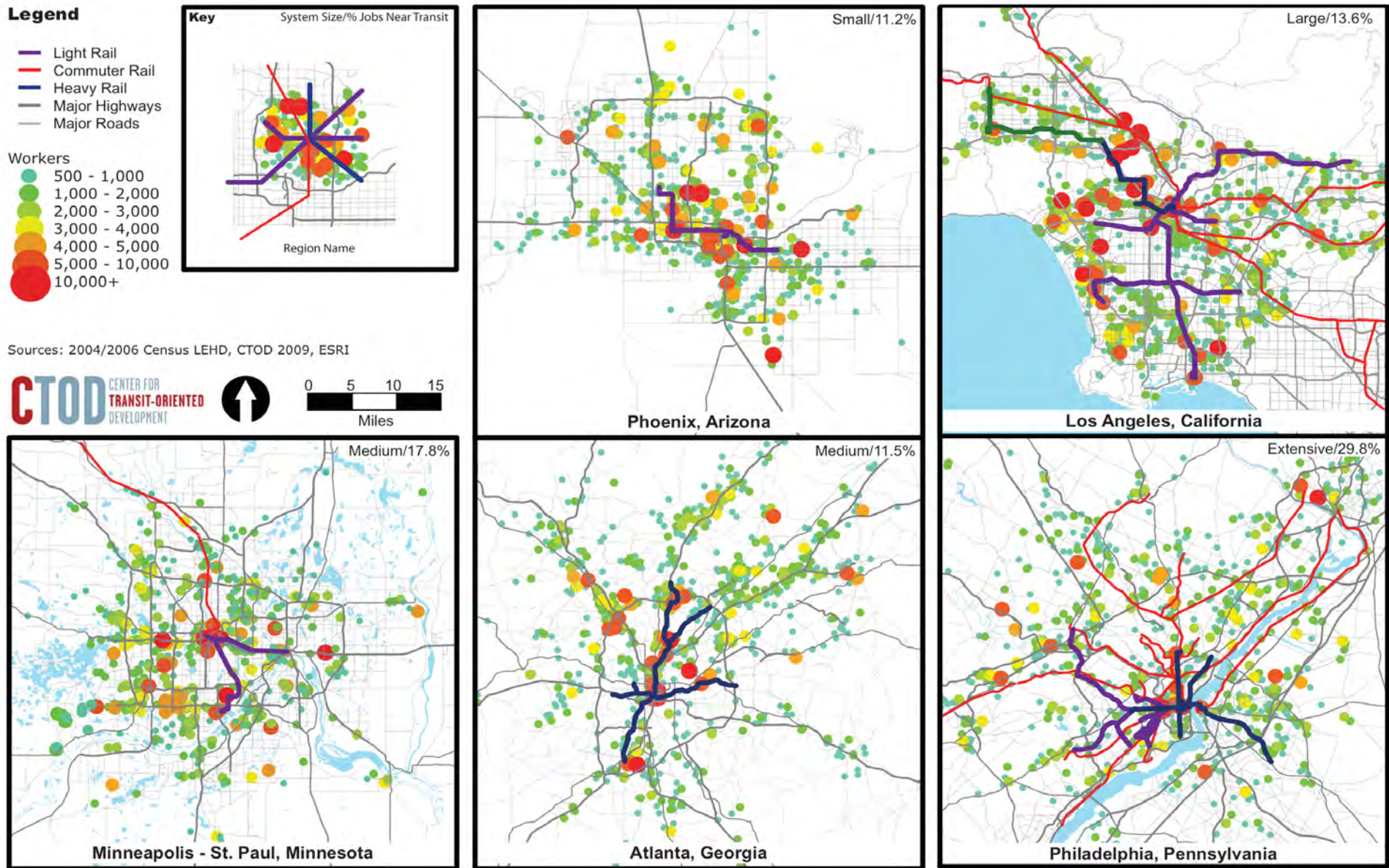
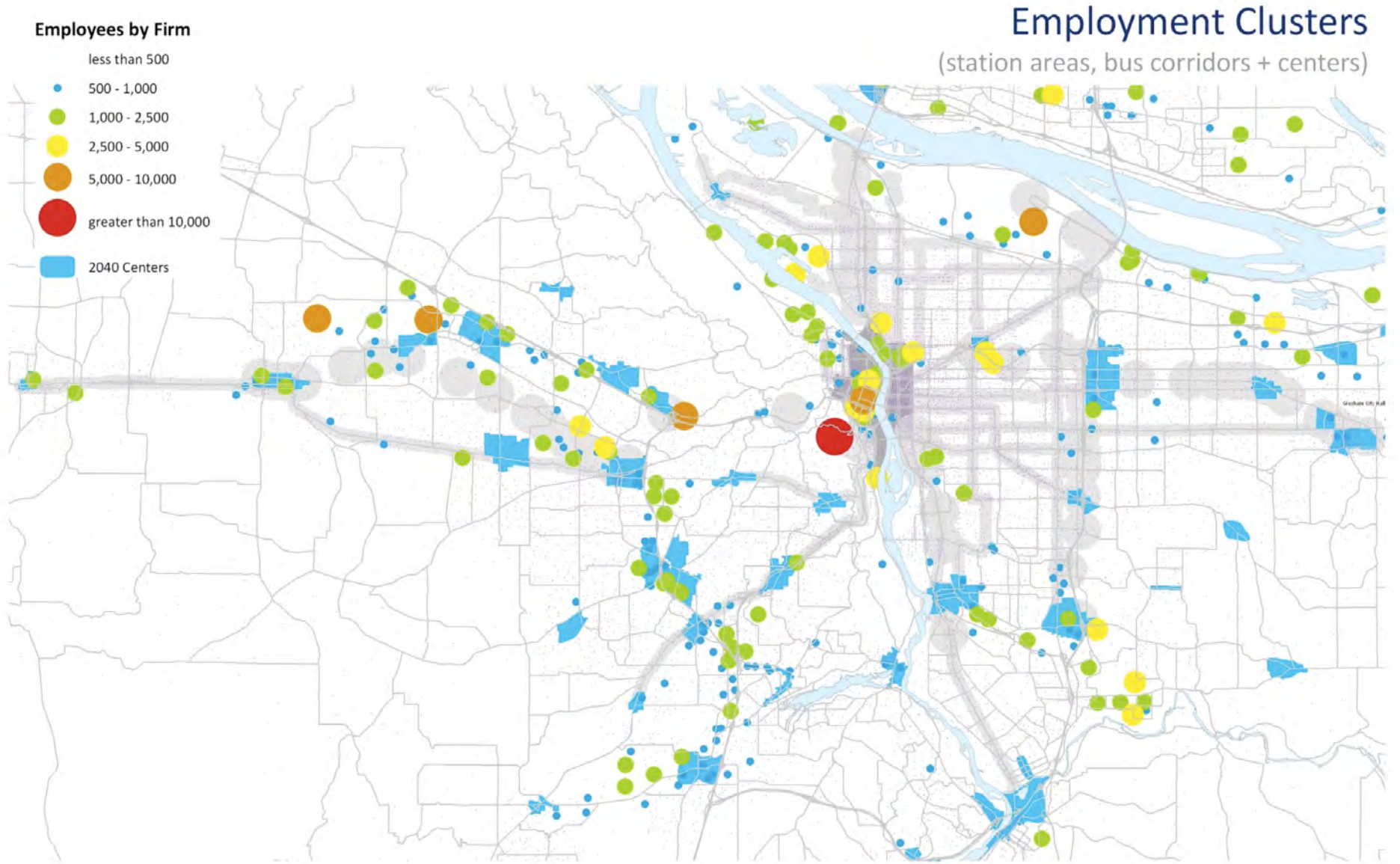




Figure 8: Distribution of jobs relative to transit communities and designated centers



trian/bicycle networks naturally tend to be concentrated primarily in the region’s historic downtowns and former streetcar neighborhoods. Other parts of the region are left behind in terms of enjoying the transportation connections, urban design, and land use patterns that foster independence from single occupancy vehicles.

Moreover, not all of the region’s station areas offer significant travel time savings to commuters going to the downtown. Figure 10 shows the ratio of transit time to drive time to downtown by station, a common measure of transit competitiveness, and overlays this information with block size as a proxy for walkability. Even when accounting for average vehicular congestion delay, the transit travel times for a majority of the station areas is 50 percent greater than driving times. A large number of these station areas also have lower block densities, thereby further diminishing transit competitiveness by limiting accessibility.

Notably some of Portland’s most walkable neighborhoods have less competitive transit times, which may deter commuters from getting out of their cars even as they walk or bike to shopping and services within their neighborhoods. This helps explain why over the last decade transit mode share has been relatively constant in the Portland Region while bicycle mode share has increased, particularly in Portland and communities east of the Willamette River. This trend is likely attributable to the investment in cycling infrastructure, making riders more comfortable riding on street, and the travel time and cost competitiveness of cycling for trips under three to four miles. For a commuter traveling from an inner east side Portland neighborhood, a cycling trip may take 30 to 50 percent less time than a transit trip. Indeed, transit accessibility and the cycling network are mutually supportive and should both be jointly considered in planning and evaluating investments.

## Equity

Achieving the 2040 Growth Concept will require a significant amount of the region’s growth to occur in transit-rich centers, corridors and station communities. As of 2000, only 12 percent of the region’s households lived within ½-mile of rail station areas. A key challenge for the region will be to direct more of its growth to the region’s highly accessible transit communities, including station areas, suburban centers and quality bus corridors. Moreover, developers will need to build near the region’s high quality bus corridors in order to maximize transit rich housing opportunities. This new development near transit will need to serve the full range of household types living in the region, including both family and nonfamily households, households of all income levels, and people with mobility impairments or special transportation needs.

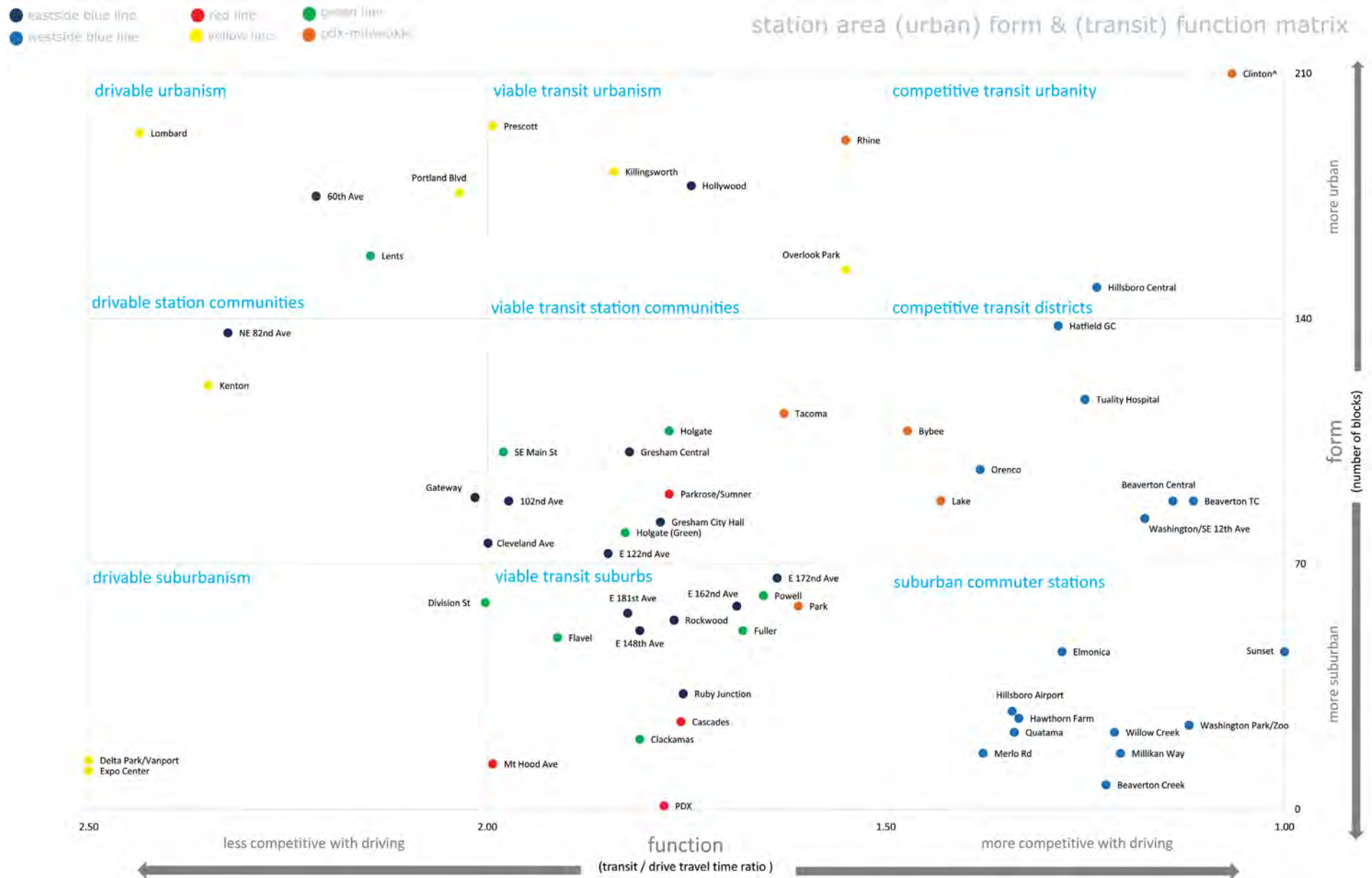
Financially constrained households must weigh the costs of living in different neighborhoods—costs that cannot be accurately estimated unless one combines the local cost of housing with the local cost of transportation. Transit-rich areas offer lower transportation costs than auto-oriented locations by providing increased access to regional job centers and other important destinations in walkable neighborhoods such as grocery stores. The American Public Transportation

Figure 9: Housing and transportation costs in Portland region

	Portland Region	Station Areas
Housing only	29%	22%
Transportation only	21%	18%
Combined Housing and Transportation	50%	40%

Source: Housing + Transportation Affordability Index®, CTOD

Figure 10: Block characteristics (i.e. walkability) and transit function of station areas



Association reports that riding public transit saves Portland residents an average of over \$9,500 a year in transportation costs.<sup>8</sup> And households living near transit are five times more likely to use transit than other households. Households living within ½-mile of rail transit in the Portland region already spend about 10 percent less of their household budgets on the combined cost of housing and transportation than the average household in the region, as shown in Figure 9.

Figure 11 compares the income distribution in the region’s station areas to the regional income distribution in 2000. The region’s station areas accommodated a significantly larger share of low-income households compared with the region, with nearly 30 percent of households living near transit earning less than \$20,000, and over half of households near transit earning less than \$35,000. Households near transit were also more likely to be living alone or in non-family household types (Figure 12), but the difference in household size alone does not explain why households near transit were more likely to earn less. Nearly 40 percent of single and non-family households near transit earned less than \$20,000, compared with 30 percent of the same household types region-wide.

While Portland has been more successful than other regions at building a large supply of transit-rich, compact housing units over the last decade, the new mar-

Figure 11: Station Area and Regional Income Distribution, 2000

2000 Household Income	Station Areas	Region
< \$20,000	29%	18%
\$20,000 - \$34,999	23%	19%
\$35,000 - \$49,999	17%	17%
\$50,000 - \$74,999	17%	22%
\$75,000 +	15%	24%

Source: U.S. Census 2000, CTOD

Figure 12: Station Area and Regional Household Type Distribution, 2000

Household Type	Station Areas	Region
Single & Non-Family	58%	40%
Married Couple Family	34%	52%
Other Family	7%	8%

Source: U.S. Census 2000, Center for TOD

ket-rate units built at the height of the housing boom are still priced out of reach of most working families in the Portland region. In mid-2007, at the peak of the market in Portland, the median home resale price was approximately \$305,000, out of reach for households making less than \$55,000 per year. Meanwhile, a household renting a newer unit in the region would have to earn over \$35,000 to afford the \$1,044 median rent.<sup>9</sup> Affordability of homes and apartments in transit rich areas, however, can be enhanced by reduced transportation costs.

Therefore one of the key challenges that future TOD implementation will need to address is fostering new transit oriented housing that is affordable to the workforce. Indeed, nearly two-thirds of the forecasted TOD demand in the Portland region will be among households earning below \$50,000.<sup>10</sup>

Mixed income housing is a key strategy for offering households of all incomes the opportunity to live near, and benefit from, transit. Economically diverse neighborhoods tend to be more stable than those with concentrated low-income populations and support and foster greater opportunities for upward economic mobility.<sup>11</sup>

Research also shows residents in TOD communities spend a lower percentage of household income on transportation and housing, and ride transit more. See Figure 13.



Figure 13: Income levels and mode share for the region and station areas

Geography And Income Level	Share of Region	Total Commuters	Total Transit	Total Bike/Walk
<b>All Incomes</b>				
Portland Region	100%	951,430	6%	4%
Station Areas	10%	96,237	12%	10%
<b>Under \$25K income</b>				
Portland Region	44%	422,097	8%	6%
Station Areas	5%	49,691	15%	13%
<b>\$25K - \$50K Income</b>				
Portland Region	35%	333,982	5%	2%
Station Areas	3%	32,272	10%	7%
<b>\$50K - \$75K Income</b>				
Portland Region	13%	119,743	4%	2%
Station Areas	1%	8,981	6%	6%
<b>Over \$75K Income</b>				
Portland Region	8%	75,646	3%	2%
Station Areas	1%	5,235	6%	7%

Source: U.S. Census 2000, Center for TOD

## Environmental Leadership, and Clean Air and Water

Reducing auto dependence is clearly a key strategy to help achieve several of Metro’s values. Indeed, even with Portland’s history and reputation as a leader in compact development and open space preservation, the transportation sector in Oregon still accounts for 34 percent of carbon dioxide emissions. Reducing vehicle miles traveled in the state’s most concentrated population centers is key to ensuring that residents continue to enjoy a healthy environment even while

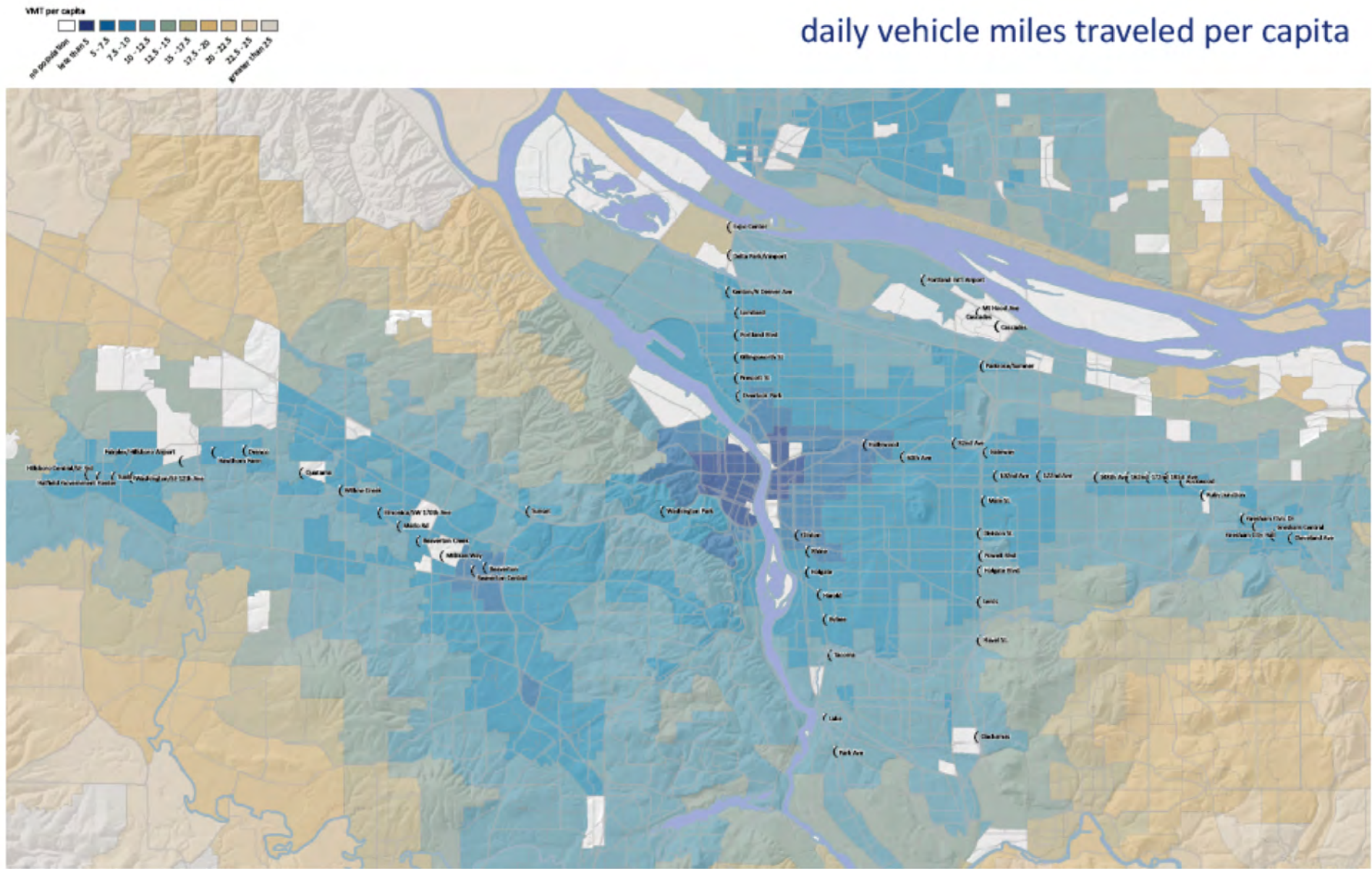
accommodating much needed economic growth. Transit-oriented development is a proven mechanism for reducing per household vehicle miles traveled, and thus carbon emissions, and an economic development strategy to create vibrant communities. Figure 14 shows that there is a direct relationship between Portland’s transit communities and places where residents have lower per capita VMT. There are many factors beyond transit richness that influence the ability of households to drive shorter distances, and live without a car. Some of the factors that have a proven relationship to vehicle miles traveled performance include:

- Transit connectivity (local and regional)
- Walkability (block size)
- Mix of land uses / Proximity to shopping and services
- Proximity to employment
- Residential density
- Household size
- Cars owned per household<sup>12</sup>

Transit-oriented development offers tremendous opportunity to influence many of these key factors and potentially reduce vehicle miles traveled. For example, households in Portland’s station areas own an average of 1.32 cars/household, and 62 percent of households have 0 or 1 car available, compared with 1.77 cars/household and 41 percent of households with 0 or 1 car available in the region.<sup>13</sup>

This discussion of existing conditions in transit and TOD in the Portland region has implications for the design and delivery of the Metro TOD Program into the future. The next chapter addresses the opportunities for thinking about TOD at each station and the region, and making decisions about investments by the Metro TOD Program and other partners.

Figure 14: Daily vehicle miles traveled per capita





### III. Regional Framework for TOD Investments

Metro's TOD Program makes small, but highly strategic grants to private developers to promote high quality urban development in transit rich areas. To help ensure that TOD program investments are well targeted to meet program goals as well as broader regional land use and mobility goals, CTOD and Metro TOD Program staff have developed a TOD typology and investment framework. This typology has been developed specifically for Metro's TOD Program as a tool to guide the types and timing of program investments based on the readiness of transit communities to support urban development that promotes transit ridership and non-auto mobility. The typology allows transit communities to be clustered based on a range of conditions related to transit orientation and market strength, and each cluster is connected to a particular type of appropriate investments to maximize TOD potential.

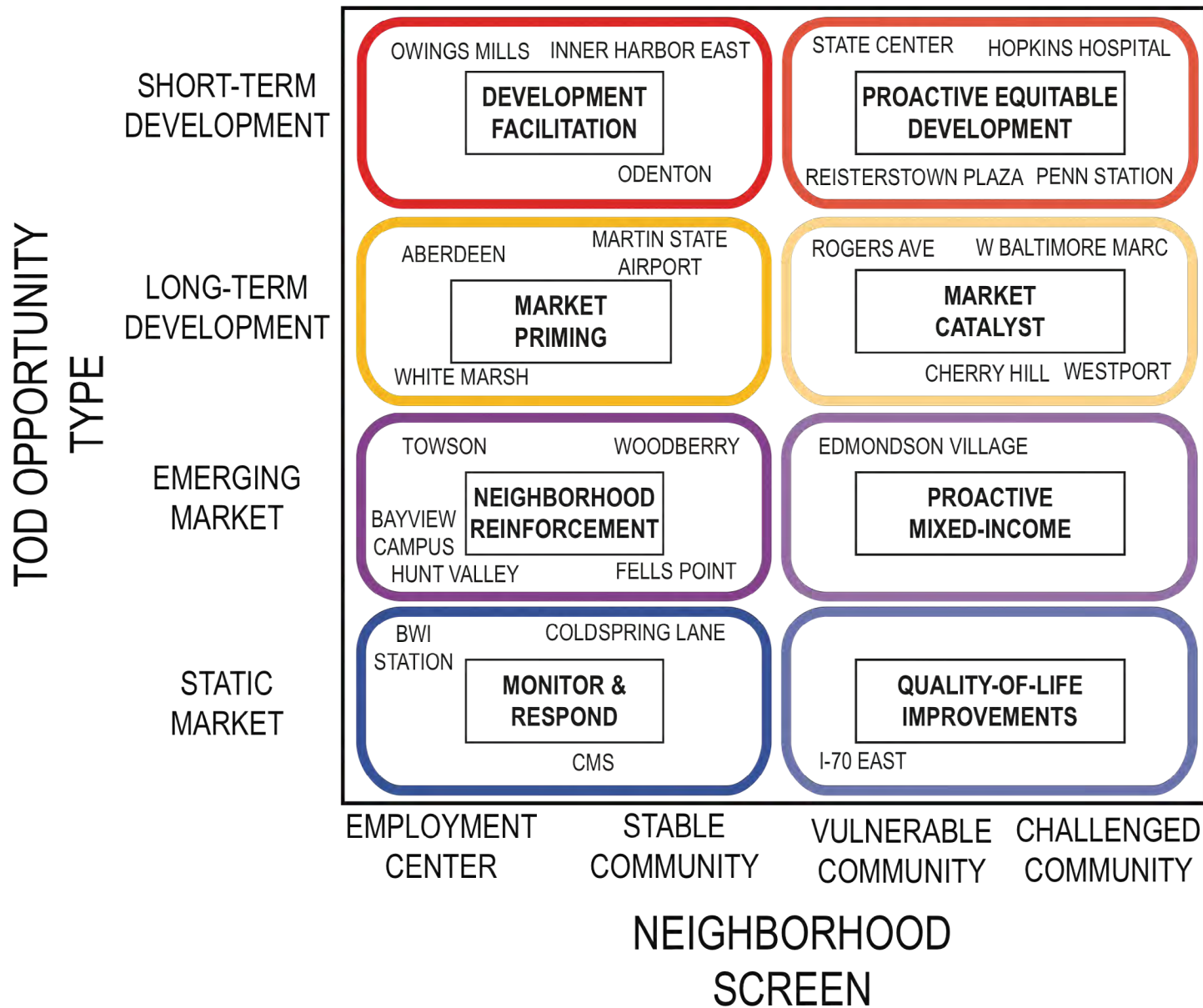
The TOD typology is a powerful tool to help Metro TOD Program staff to prioritize where and when to make investments, determine the types of investments that are appropriate in varying transit communities, and guide the timing and scale of those investments. The TOD typology is also a dynamic tool, backed by regional data that will be updated over time, allowing the designations for specific station types and corridors to evolve. Although the TOD typology and investment framework is specifically intended to provide direction to the TOD Program, it is important to note that the TOD Program should be considered as only one component of a comprehensive package of TOD implementation tools that Metro and other regional stakeholders can deploy. Achieving Portland's full TOD potential will require the coordination and involvement of many public and private entities beyond Metro.

The typology is not intended as a tool to evaluate specific decisions related to individual development projects or acquisition of land once Metro staff have determined that those activities are appropriate in the given station area. Recommendations for the evaluation system at the project scale are provided in Chapter IV along with recommendations for other program activities.

#### What is a Typology?

Many cities and regions around the nation have recently turned to typologies as a key tool for structuring short- and long-term investments in transit communities. A TOD typology provides a means of classifying and differentiating the many transit rich communities throughout the region by grouping them based on key shared characteristics. Typologies have seen a variety of uses in different regions. Denver developed a TOD typology to provide a vision for the density and land use mix that would be appropriate in each of the city's existing and planned light rail station areas. The typology was a guide for subsequent detailed station area planning studies. In Baltimore, a typology was developed to identify and assign station area investment needs to a broad range of TOD actors and stakeholders including affordable housing developers, the State of Maryland, the City of Baltimore and its surrounding counties, and non-profit and philanthropic groups. This typology was folded into a broader TOD Strategic Plan that has enabled Baltimore to more systematically fund transit-supportive projects, rather than continuing the historic practice of investing in a less effective, piecemeal fashion.

Figure 15: The Baltimore Typology and TOD Strategic Plan evaluated development and demographic characteristics to define future investment priorities.



## Investment Framework Overview

To prioritize station areas for investment in TOD, this framework evaluates the current physical, economic, and demographic characteristics of transit communities throughout the region. The TOD Investment Framework has two primary components:

- The place types divide the transit communities into nine categories that connect the market and urban form characteristics of each area.
- Similar place types are grouped into clusters to offer a general overview of the types of actions appropriate for each. This also allows new programs or activities to be introduced where appropriate to maximize future TOD potential.

The framework is then used to make recommendations on the phasing of investment activities and a description of how these investments can be made.

## Typology: Market Strength and Transit Orientation

The typology divides transit communities into nine distinct types based on two key variables: relative market strength, and transit orientation. These variables were chosen to capture development potential and transit supportiveness through modeling market and urban form characteristics. Most of the TOD Program's strategies are intended to work in areas where small programmatic investments can catalyze a much more significant transformation in terms of development activity, travel behavior, community support, and/or physical transformation of

a district. To be effectively catalytic, the program's investments are best suited for those transit communities with some existing local strengths.

## Market Strength

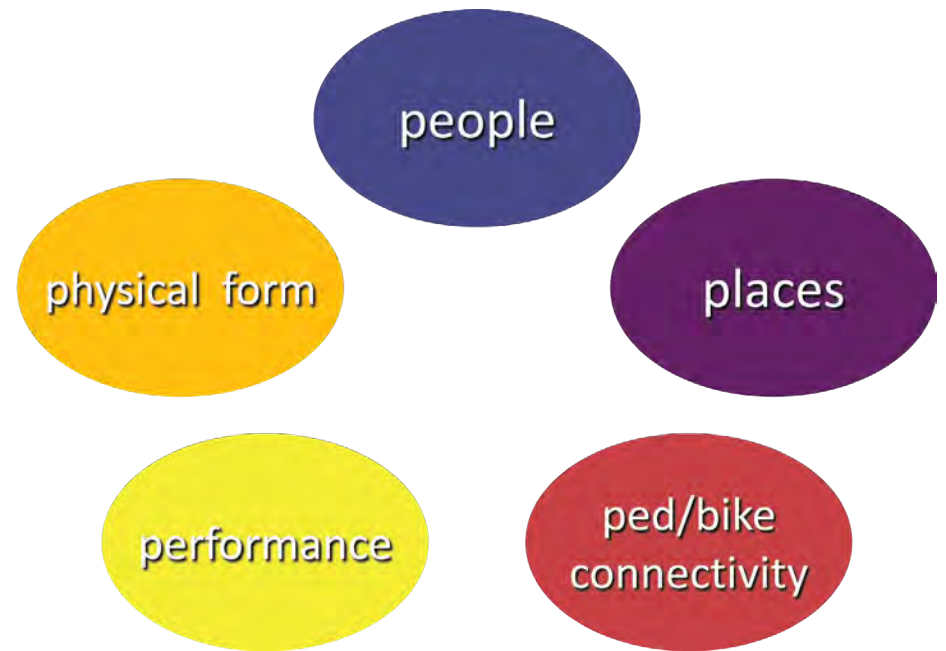
The strength of the real estate market in a particular transit community is a significant determinant of the type of investment that might be made by the TOD Program. It is difficult for the TOD Program to catalyze private development in an area with limited or no existing market activity. Conversely, an area with strong market activity may not need the same level of intervention to attract development or encourage desired building types. Emerging areas that have some market strength, but few successful urban, mixed use buildings, on the other hand, may be ideal candidates for TOD Program investment. Here, program intervention can help to push a ripening market and escalate development intensity and quality since higher density mixed-use building types cost significantly more to build on a per square foot basis.

The market strength component of the typology is determined using data on residential (including mixed use) and commercial real estate sales by square foot from around the region.<sup>14</sup> This is a common measure of market strength that offers a uniform data source for the entire region. This measure uses all real estate transactions that occurred between 2000 and 2010 for residential and mixed-use (residential/commercial) land uses. This decade-long time frame enables the sales transactions to span several market cycles, offering a more normalized, long-range look at performance. The typology divides market strength into three categories: Limited, Emerging and Stronger. The division between each category is based on natural breaks in the sales data.

- **Limited:** these areas have weaker market conditions and lack the sales values necessary to support new compact and/or mixed use development. TOD Program investments in these areas, thus, are less likely to catalyze additional private development and should be used only on a limited basis. Emphasis on visioning and planning is more appropriate to begin to develop physical and regulatory conditions that could influence future private development interest.
- **Emerging:** these are areas that have limited to moderate real estate market conditions and where intensive building types are generally not supported in the near-term. Although they may lack immediate market support for TOD, emerging areas may be ideally suited for catalytic TOD Program investments to enhance local market strength. These areas represent a “sweet spot” for TOD program investment, since land and development costs are not elevated (as in Stronger market areas) and small investments may catalyze further market investment by creating market comparables.
- **Stronger:** these are areas where market conditions are beginning to support higher density mixed use development and infill. Since the markets of these areas are already ripe or ripening, TOD Program investments should focus on improving urban living infrastructure (amenities), developing prototype developments for the region and funding more “aggressive” (e.g. more significant increase in density compared to recent development in the area) TOD projects. Low- to moderate-income housing development in these areas may be more challenging due to high land prices, so strong market areas may be an appropriate place for Metro TOD program to support affordable and workforce housing projects.

This approach is not predictive of the financial feasibility of new development in

Figure 16: The 5 “P’s” of Transit Orientation



any given category, but rather it provides a relative sense of how any individual area performs relative to the region. Because of its market strength, downtown Portland is excluded from this analysis. A closer look at the areas falling in each category, however, shows that generally there is limited new market-rate development occurring in areas with limited market strength, while emerging and stronger market areas are witnessing some new infill, redevelopment and adaptive reuse activity. Market rate projects in emerging areas are relatively lower density (and a lower cost to build) than those projects being built in stronger market areas. Generally, stronger market areas tend to be closer to the core of the city of Portland and concentrated along the city’s key corridors. A handful of outlying station areas and corridors, often close to historic centers, also fall into the

stronger and emerging market categories.

## Transit Orientation

While the market strength metric provides a rough measure of compact development feasibility based on local real estate conditions, it does not offer any indication of how supportive the surrounding physical environment is for transit supportive uses, including higher density development with lower parking ratios. Research has shown that a few key measures can strongly predict the readiness of an area to support walkable, mixed-use development and to allow residents to live a transit lifestyle that includes less reliance on a personal automobile. The transit orientation measure is a composite of these important elements of TOD-supportive physical form:

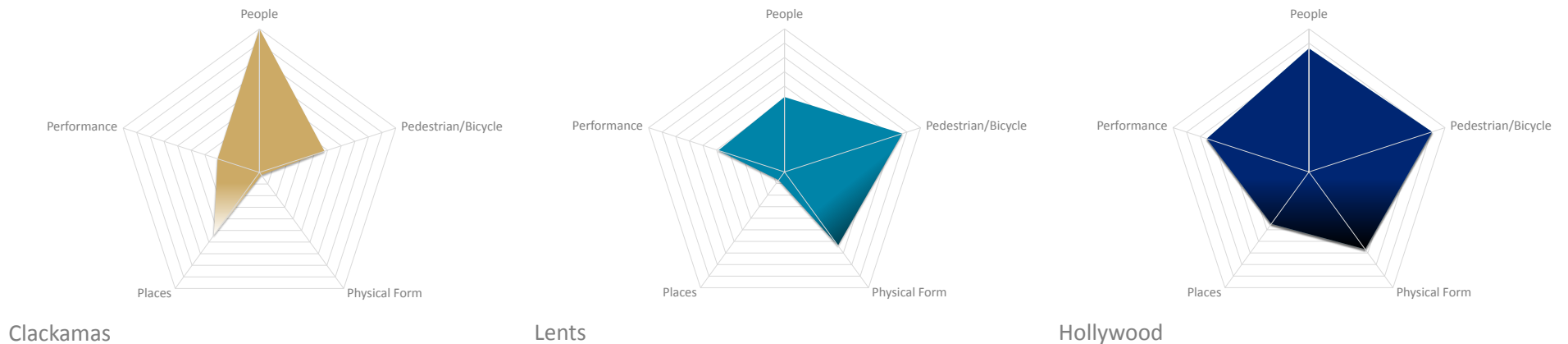
### The 5 “P’s” of Transit Orientation

Traditionally, true TOD has been said to possess the 3 “D’s” of density, diversity (e.g. mix of uses, age cohorts, income groups), and design (pedestrian scale and

orientation). For the purposes of better capturing “urban character” in a composite measure, a more holistic view of the transit friendliness of transit communities is proposed here. The 5 “P’s” used for this analysis are as follows:

- **People:** The number of residents and workers in an area has a direct correlation with reduced auto trips<sup>15</sup>;
- **Places:** Areas with commercial urban amenities such as restaurants, grocers, and specialty retail not only allow residents to complete daily activities without getting in a car, but they also improve the likelihood of higher density development by increasing residential land values<sup>16</sup>;
- **Physical Form:** Small block sizes promote more compact development and walkability<sup>17</sup>;
- **Performance:** High quality, frequent bus and rail service makes public transportation a more reliable means of getting around and can be correlated to

Figure 17: These three station areas demonstrate very different outcomes of evaluating the 5 ‘P’s for specific locations.



less driving.

- **Pedestrian/Bicycle Connectivity:** Access to sidewalks and low stress bikeways encourages many more people to walk or cycle to transit and neighborhood destinations.

Some locations may be strong on one or more of the five ‘P’s but weaker on the others. Figure 17 shows three different station areas evaluated based on their ‘P’s. It is useful to look at both the composite score for each station area, as well as the factors in which each is strong or weak. Relative to station areas outside of downtown Portland, the Merlo Road station area scores low on every dimension of the 5 ‘P’s, while the Hollywood Station has a much higher overall score. However, even in the Hollywood station area, there is room for continued improvement.

## Transit Orientation Scores

Figure 18 is the composite, or Transit Orientation Score, map of the 5 P’s for the region. The region’s diversity is reflected in the range of scores, from “transit oriented” areas with a strong combination of the five factors delineated above to “transit adjacent” communities where transit service is or would not be supported by the surrounding built environment. Figure 19 shows the Transit Orientation Score in 3D, which more clearly displays the relative readiness of different areas to support transit-oriented development.

- **Transit Oriented:** Areas that are most likely to support a transit lifestyle. Describes more densely populated areas served by high quality rail and/or bus transit, good to excellent pedestrian/bicycle connections, a finer grain of blocks, and a supportive mix of retail and service amenities.
- **Transit Related:** Areas that possess some, but not all, of the components

of TOD. Generally describes moderately populated areas served by higher quality transit, a good or improving pedestrian/bicycle network, and some mix of neighborhood supportive retail and service amenities.

- **Transit Adjacent:** Non-transit areas or areas proximate to quality transit without possessing the urban character that would best support it. Generally describes low to moderately populated areas perhaps within walking distances of higher quality rail stations or bus stops, but lack a combination of the street connectivity, pedestrian and bicycle facilities, and urban amenities to more fully support the level of transit service.

Note that transit communities that score well are not limited to close-in Portland neighborhoods. Many outlying transit communities, especially those in or near the historic downtowns of suburban communities, also exhibit strong blends of the 5 P’s.

## Combining Transit Orientation with Market Strength

While some transit communities enjoy both strong market activity and transit orientation, others may be strong on one measure but moderate or limited on the other. The performance of each transit community against these measures has implications for the types and timing of TOD Program investments. Figure 20 overlays stronger market activity (real estate sales per square foot > \$200) and transit orientation scores for the region’s transit communities. The overlay of transit orientation and market strength lays the foundation for the TOD Program’s investment typology, illustrated in Figure 21.



Figure 18: Composite transit orientation map for the region

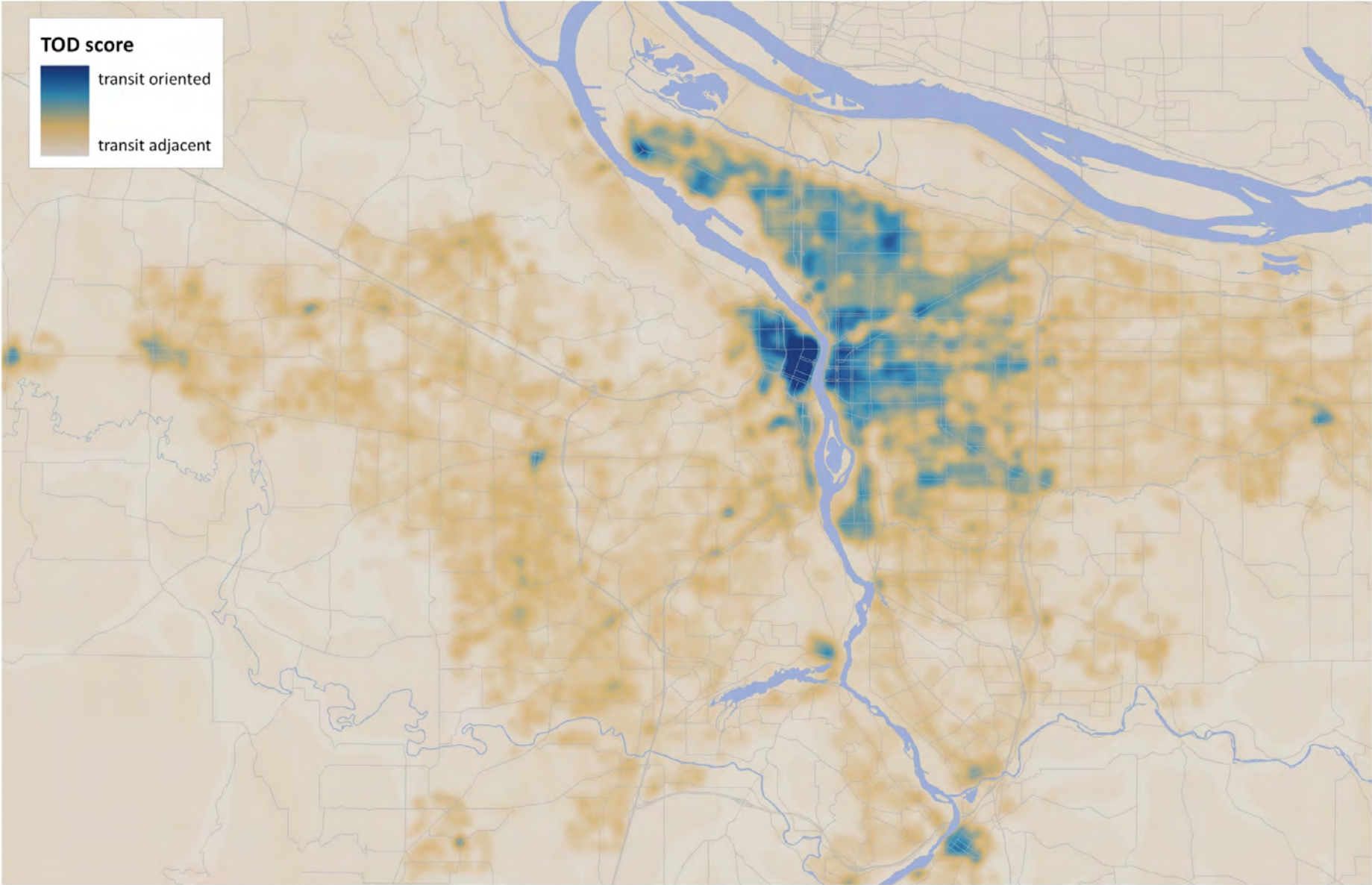




Figure 19: Transit Orientation Score in 3D, as viewed from the southeast

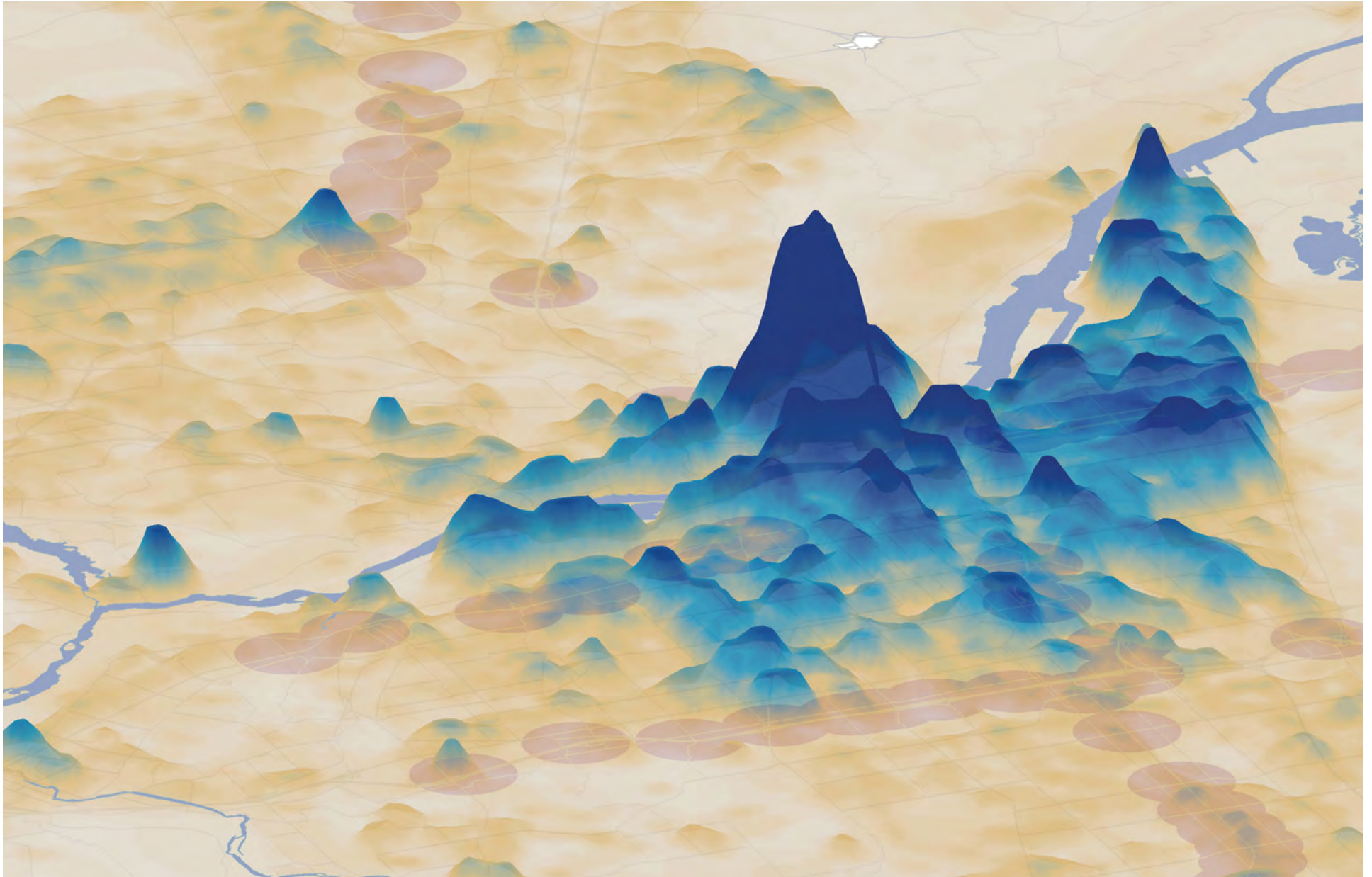
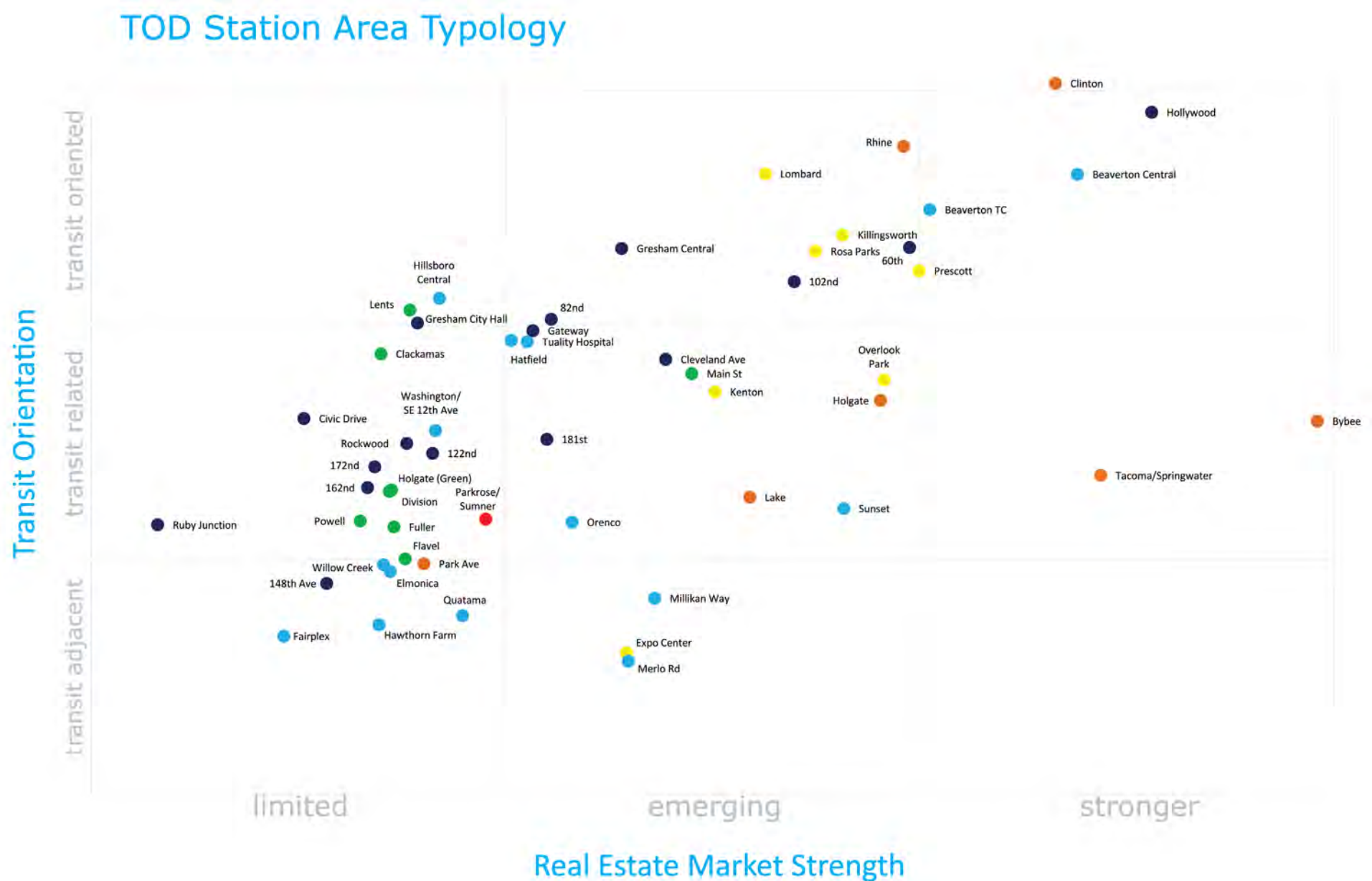


Figure 20: Overlay of market strength and transit orientation



Overlaying market strength and transit-orientation characteristics creates 9 distinct place types. The nine unique place types offer a framework for determining the very specific activities that the TOD Program may want to pursue in those areas (discussed in the “Phasing” section below).

Figure 21: TOD Station Area Place Types

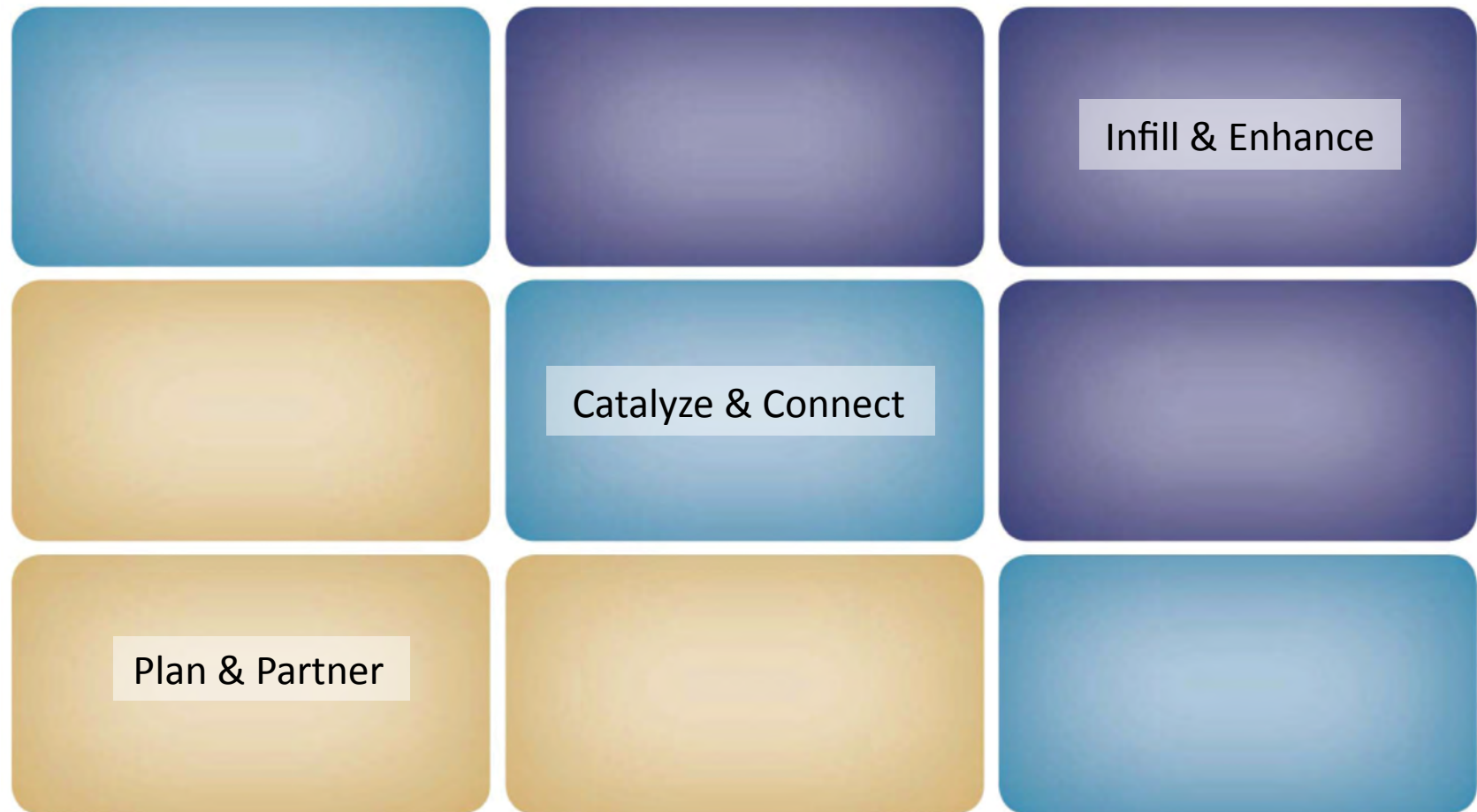




## Using the Typology to Define TOD Program Investments

The nine place types provide the first step in an investment strategy for the Metro TOD Program. However, many of the place types face similar challenges, and clusters of place types would benefit from similar investment strategies. To address this, the place types are grouped in three clusters that are commonly positioned for investments and implementation actions that could be administered by the TOD Program. The place type clusters are described in Figure 22. Each of the clusters is described below and illustrated with case examples from existing stations and corridors in the Portland region.

Figure 22: TOD Place Type Clusters

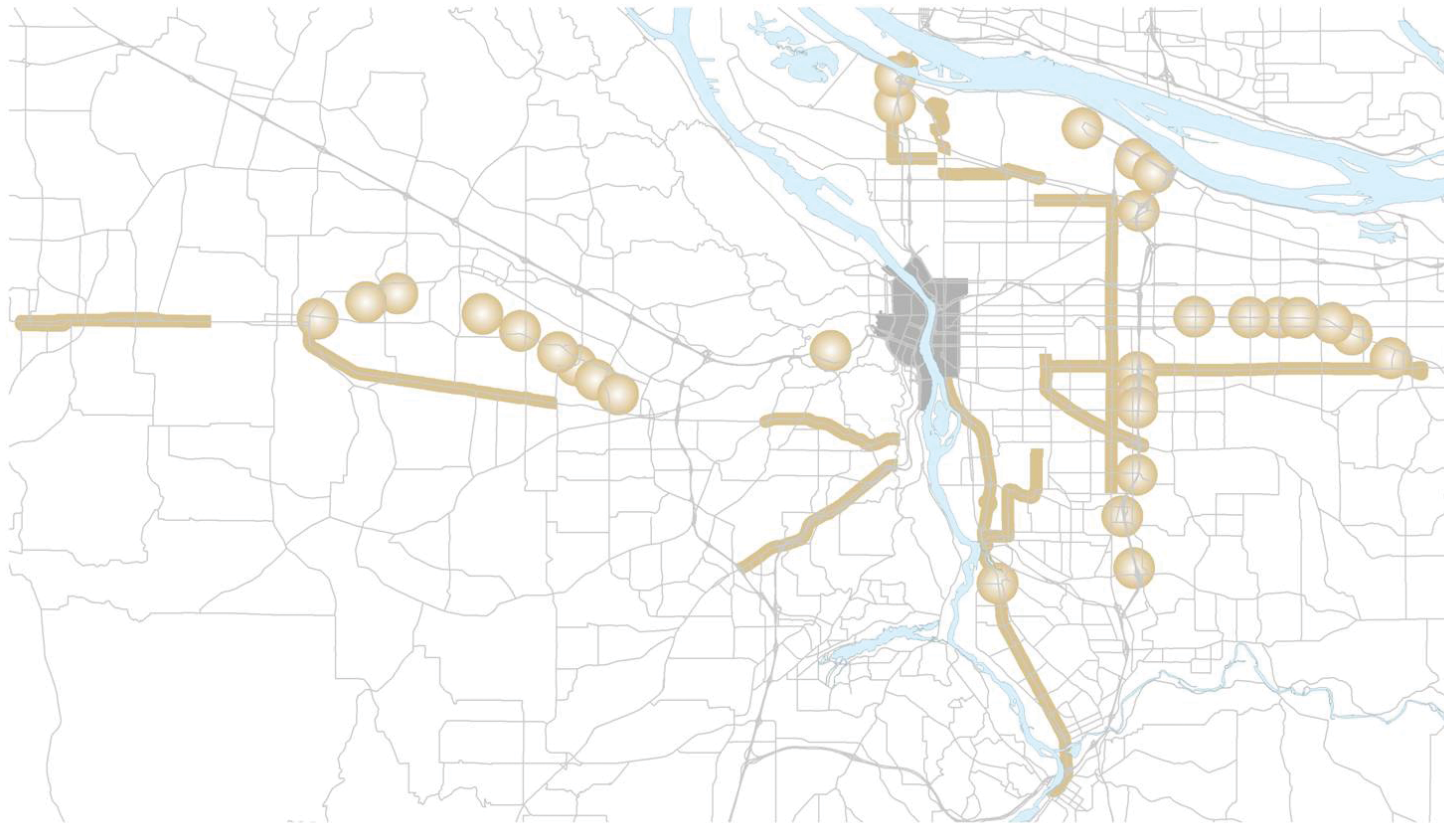


## Plan and Partner Cluster

Plan and Partner transit communities are currently the lowest priority areas for direct investments in new developments, since these areas lack many of the key market and physical features needed to ensure that Metro TOD Program investments will leverage further investment or catalyze an emerging market. However, these are areas where the region has made important transit investments and long range planning is needed to ensure that the full value of these investments is captured in the future.

**Place Types Included:** Transit Related (Limited), Transit Adjacent (Limited), Transit Adjacent (Emerging)

**Broad Investment Approach:** Participate in station area and corridor planning efforts as they occur; work with local governments to encourage this type of planning; offer connections between local governments who have identified infrastructure or other non-development investments needed to support TOD, and other entities who may be able to help fund such needs.



*Figure 23:  
Map of Plan &  
Partner stations  
and corridors*

Figure 24: Plan & Partner place types and identified stations





## Plan & Partner in a Corridor Segment: Middle Barbur (area outside of Downtown to Hwy 217)

Barbur Boulevard is a major arterial and part of historic interstate Highway 99, providing connections between downtown Portland, SW Portland neighborhoods and neighboring communities. Frequent bus route 12 serves this corridor. Barbur is a primary thoroughfare typified by automobile-oriented land uses. The central portion of the corridor is identified as a Plan and Partner area in the TOD typology. The well-established neighborhoods lining the corridor are characterized by large setbacks and streets designed for high speeds and low connectivity. Pedestrian access is limited due to a disconnected street grid and barriers such as I-5—which runs parallel to the corridor—and gaps in the sidewalk network. In order to elevate Barbur Boulevard to a walkable and well-served transit neighborhood, long-range corridor planning must integrate a more intense and efficient use of developable land with the transportation investments planned for the corridor—most notably high capacity transit. Being designated a transit corridor of regional significance, ODOT, the City of Portland, local residents, and businesses must take part in a visioning process to determine whether the primary land use and transportation goals surround mobility or access and placemaking. Metro’s key roles in the short term are planning support, providing technical assistance in association with upcoming corridor planning, and potentially funding station area planning.



## Plan & Partner in a Station Area: Green Line + Westside + Eastside Commuter Stations

Clackamas Town Center Transit Center on the MAX Green Line, identified as a Plan and Partner area in the TOD typology, is an example of a Transit Adjacent commuter station. Clackamas is supplemented by 10 local feeder routes and a 750-space parking structure. Despite the station’s presence within the Clackamas Regional Center, a key regional shopping and employment center, pedestrian connections are limited due to its location next to I-205, low street connectivity, large surface parking lots and a general lack of land use orientation toward the station. Station area planning must occur in order to better integrate transit with existing and future development. Strategic partnerships between Metro, Trimet, and land owners is a critical element of leveraging catalytic mixed use and residential development within walking distance of the station. In the short term, Metro’s key roles could include technical assistance, planning support and offering dedicated funding for future station area planning efforts, as well as engaging and connecting local public and private actors with information and support.



## Catalyze & Connect Cluster

Catalyze & Connect transit communities are areas demonstrating either a strong transit orientation but limited market support or transit related urban form and emerging market support. Theoretically, this cluster could also include stronger markets with transit adjacent characteristics, but in practice, no stations or corridor currently exhibit this condition.

### Place Types

**Included:** Transit Oriented (Limited), Transit Related (Emerging), Transit Adjacent (Stronger).

### Broad Investment Approach:

These areas offer some physical and/or market foundation for supporting transit oriented development, but are not yet able to achieve TOD building types given their current market or physical context. Projects that help to catalyze future

private development, and increase activity levels through density and/or urban living infrastructure are appropriate. There is also opportunity to work with local and regional jurisdictions to develop infrastructure that enhances the pedestrian orientation of the street network and provides better connectivity for all modes. The TOD Program does not make infrastructure investments, but can help identify key improvements and work with regional partners to advance those projects.

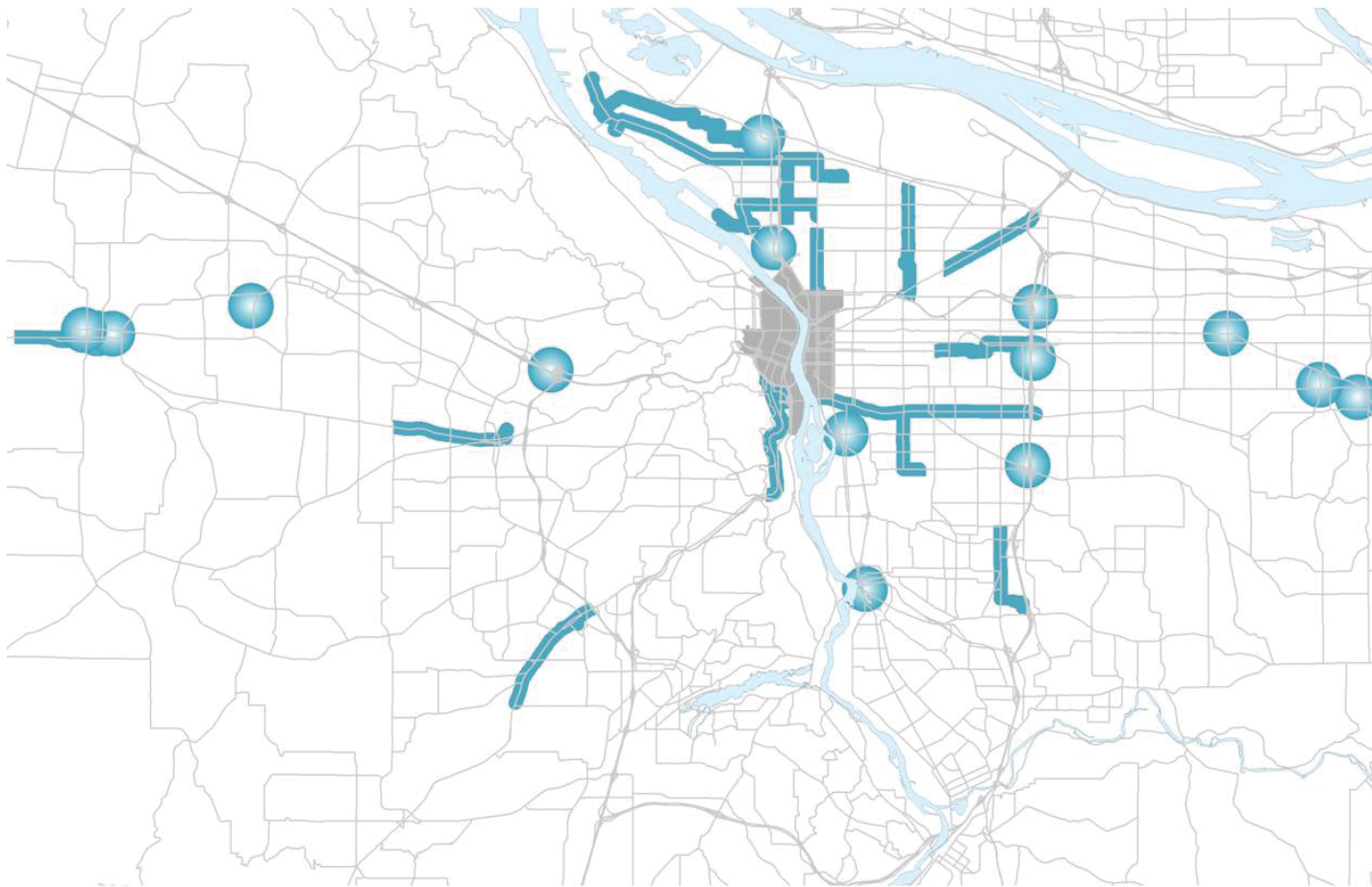


Figure 25: Map of Catalyze & Connect stations and corridors

Figure 26: Catalyze & Connect place types and identified stations





## Catalyze & Connect a Corridor Segment: SE Foster Rd.

SE Foster Road is a classic automobile-oriented arterial connecting outer SE Portland and the historic Lents neighborhood with downtown Portland and the Powell, Division, and Hawthorne commercial corridor districts. Foster is served by frequent bus route 14. The corridor segments between Lents and Powell Blvd. are identified as a Catalyze and Connect corridor in the TOD typology. Land uses and transportation infrastructure are almost exclusively oriented toward automobile use although various pockets of medium density mixed use land uses occur. Although street connectivity in the residential neighborhoods surrounding Foster is relatively high, the current streetscape design and land uses along Foster do not promote a walkable, urban lifestyle. In the short-term, Metro could promote workforce housing development and provide technical support with implementation studies. Considering the amount of underutilized and vacant land parcels and lower market value, Metro could invest in market rate medium-density TOD projects as away to catalyze further investment.

## Catalyze & Connect a Station Area: Hillsboro Central

The Hillsboro Central is a station area served by MAX Blue Line offering a convenient transit connection to downtown Hillsboro, Beaverton, and downtown Portland.

The station area is well served by local retail, a walkable street grid, and multiple civic and institutional land uses. Within the TOD typology, Hillsboro Central is a Catalyze and Connect area. Hillsboro Central is relative well-oriented toward transit, yet the market for TOD is immature at present. Land uses are currently low density in nature which creates a barrier in catalyzing a meaningful connection to transit. A catalytic development project is a crucial step in encouraging TOD investments into the future. Metro's role in the short term could be to provide implementation support, invest in market rate TOD projects, and offer financial support to develop workforce housing.





## Infill & Enhance Cluster

Infill & enhance transit communities are the most “TOD ready” in the region outside of downtown Portland. Some of these areas may need little support from Metro to support the market investment in quality TOD, but others areas are transforming more slowly and should be top priorities for catalytic investments.

**General Characteristics:** strong urban character including medium to higher densities, a mix of activities, quality urban form and transportation options combined with moderate to stronger market strength. The private market may support infill and moderate density mixed-use, but may not be able to meet the aspirations or potential for transit rich station and corridor communities.

**Place Types Included:**

Transit Oriented (Emerging),  
 Transit Oriented (Stronger),  
 Transit Related (Stronger)

**Broad Investment Approach:**

Promote more intensive infill development, and enhancement of local services and amenities. Given their existing pedestrian- and

bicycle-oriented environments, significant changes to the street network are not always needed in these areas, but enhancement of local goods and services, and placemaking via urban living infrastructure development could help maximize local TOD potential and catalyze further private market investment. In general, the TOD Program will likely make more limited investments in these areas, except in the case of important strategic opportunities that may include investments in prototypical projects, Urban Living Infrastructure or workforce/affordable housing.

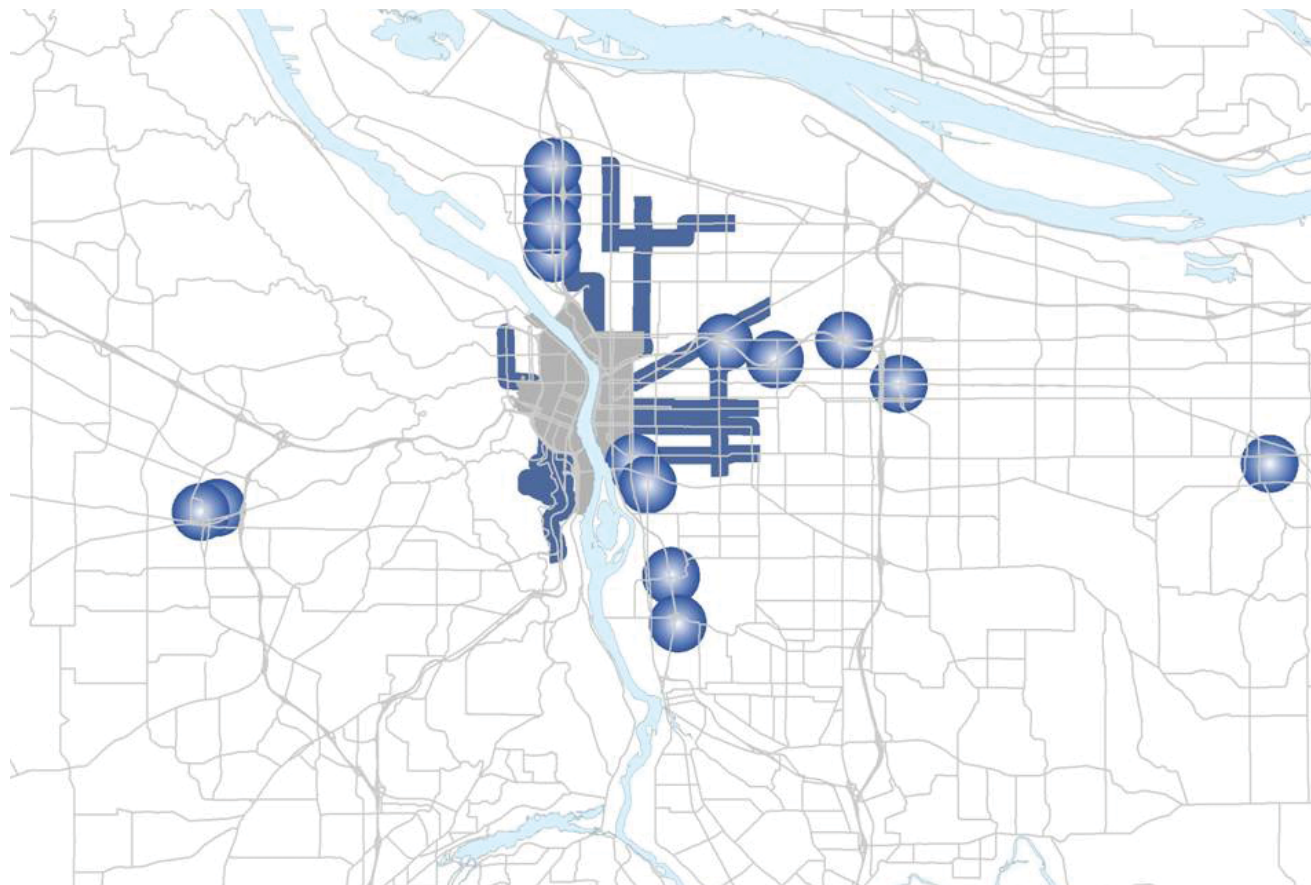


Figure 27:  
 Map of Infill  
 & Enhance  
 stations and  
 corridors

Figure 28: Infill & Enhance place types and identified stations





## Infill & Enhance a Station Area: Hollywood Transit Center

Hollywood Transit Center is a key transit facility served by the MAX Blue, Red, and Green Lines and connecting local bus service (Routes 12, 66, 75, and 77). The Hollywood station area is categorized as an Infill & Enhance TOD typology. Hollywood currently offers the density, land use diversity, pedestrian infrastructure, and regional transportation assets of an urban district. In order to enhance the station area, several key actions must be taken. High-density infill is slowly occurring with several larger scale mixed-use projects, although the connections to the Transit Center are negligible. Similarly, I-84 and Sandy Blvd. are significant barriers to station access. Thus, Metro's role in the short-term could be to promote seamless integration of high density development within and oriented toward the station by acquiring development parcels, investing in more aggressive building types, and aiding the integration of urban living infrastructure along Sandy, Broadway, and streets that feed into the station.



## Infill & Enhance a Corridor Segment: Inner Division

The inner Division Street corridor, categorized as an Infill & Enhance area in the TOD typology, is a relatively dense commercial corridor supported by medium-density small lot residential development. Division is served by frequent service route 4, which connects SE neighborhoods with downtown Portland and Gresham Transit Center. Although it serves as a key east-west traffic street, Division is becoming more urban in nature as adjacent neighborhoods use the corridor as a walkable outlet for retail and vital services. This is enabled by the inner Division neighborhood's dense network of local streets, bicycle boulevards and many pedestrian improvements along the corridor. High-density, mixed-use infill development is already underway which creates an opportunity to leverage an impending wave of TOD along Division. Metro's key roles in the short-term could be to facilitate placemaking and good urban design, promote a mix of land uses and income groups, and push for higher densities given the amenity richness of the corridor.



## TOD Investment Strategies and Phasing

Overlaying all of the place types and clusters shows the mosaic of conditions throughout the region (see Figure 29). Using the TOD Typology and Framework as a guide, this suggests that different investment tools and strategies, as well as different phasing of investments will be needed in different locations.

Each given place type will require a different mix of actions to maximize future TOD potential, ranging from technical support and visioning, to significant infrastructure investments, to station area planning, and more detailed implementation efforts. With the right set of activities and investments, any of the transit communities could support TOD, but some are more likely to support market-rate TOD sooner than others.

The three clusters roughly correspond with three stages of potential TOD readiness:

- Infill and Enhance place types offer short-term TOD opportunities, in that they have the market and physical conditions to support TOD today. But to make these places the best that they can be, public agencies might pursue a range of activities that enhance local amenities and push for continued reduction in auto dependence.
- Catalyze and Connect place types offer mid-term TOD opportunities, in that they might support certain types of development today and offer some opportunity, but to fully maximize TOD opportunities specifically, certain interventions are needed.
- Plan and Partner place types offer long-term TOD opportunities. To truly

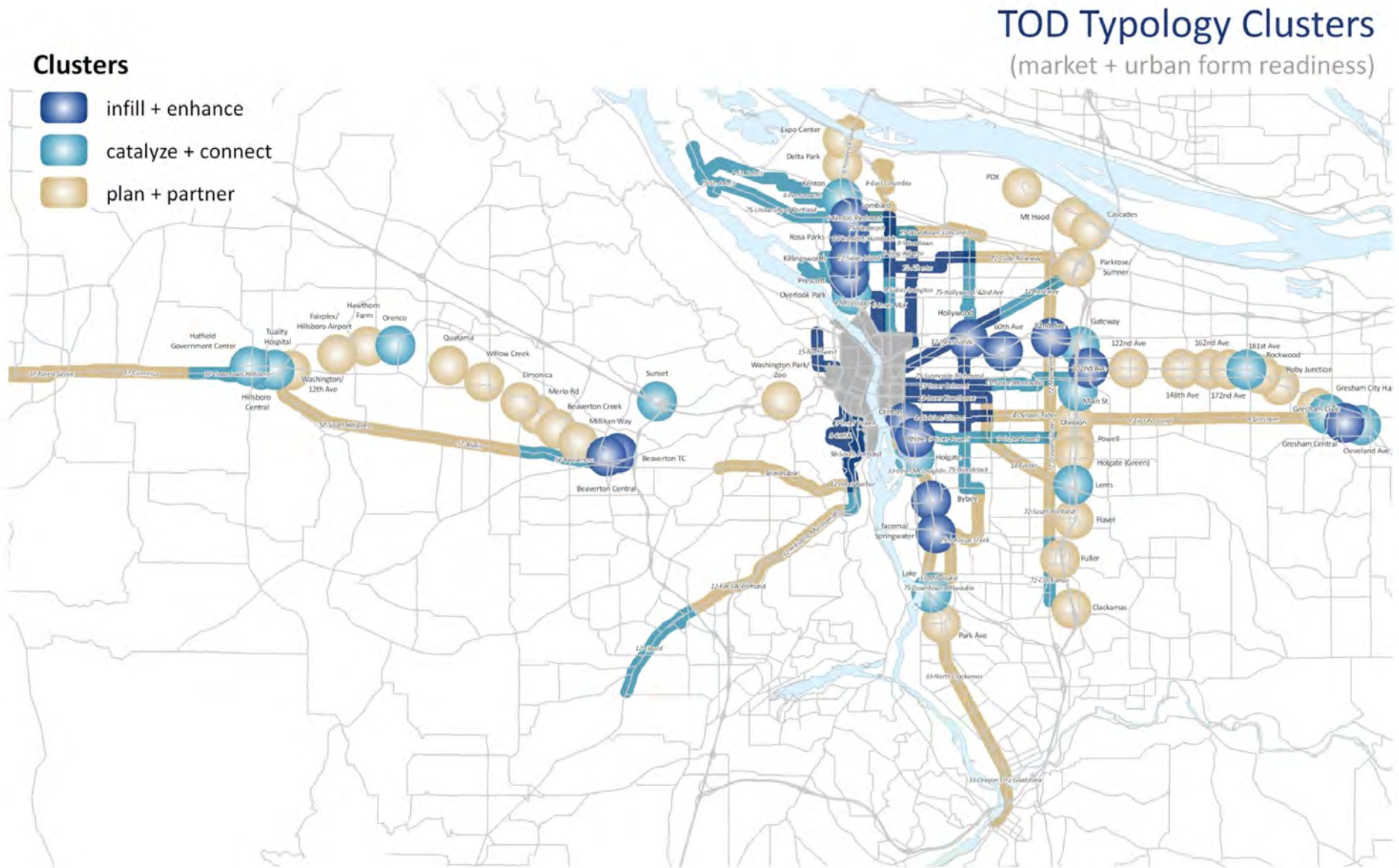
bring these areas to a place where they can support TOD, these areas require significant interventions which are likely to take longer to achieve.

The TOD Typology and Framework methodology means that over time, individual transit communities should be able to enhance their performance on both the market and urban character measures by pursuing a variety of activities related to planning, revitalization, and access improvements. As this process occurs, individual transit communities would be reclassified into new place types and clusters. However not all of the activities needed to promote TOD fall within the work plan of the TOD Program specifically. Ideally, in the long term this typology could offer an organizing framework around which public agencies in the region coordinate the full range of TOD investments.



*Transit-oriented development at the 122nd Avenue Station along East Burnside St.*

Figure 29: Composite TOD cluster types





## Using the TOD Framework to Identify Investment Strategies

The TOD Program has a role to play in each of the nine place types, although that role varies from involvement of program staff in technical assistance on planning efforts, to direct investment in development projects. Figure 30 shows how the TOD Program can use the nine place type categories to determine which strategies are appropriate in each of the nine place types, and Figure 31, on the following pages, describes each investment approach in detail.

In addition, the TOD Typology and Framework helps Metro TOD Program staff make decisions about three key aspects of program investments:

- Investment Phasing
- Partnerships
- Conditional Investments

Individual transit communities can move from one place type to another as local market strength changes, or as activity levels increase and local infrastructure improvements enhance transit orientation. The place types offer a way to gauge what types of TOD Program investments make sense when local conditions in an area shift. Moreover, significant financial investment by the TOD Program will generally be directed to locations with local government support (incentives, regulatory, etc) for TOD principles, so that program investments are best leveraged. Therefore, policy and political changes, or improvements in local planning efforts, can open up areas to new types of investments from the TOD Program. The TOD typology also provides guidance to Metro and local jurisdictions about phasing of investments, including short-, medium-, and long-term actions.

## Partnerships

To optimize the project-specific investment strategies of the TOD Program, these activities must be complemented with planning, community outreach, development incentives, and infrastructure development activities from other local jurisdictions, agencies, and Metro Programs. Figures 32 and 33 identify strategies where the TOD Program can play a supporting role in long-range planning for infrastructure and land use regulation, and not just where the TOD Program will take a lead role in making direct investments in catalyst projects or ULIs. While the Metro TOD Program is organized around providing small catalytic investments in market ready areas, it should also play an important role in building support and regulatory conditions that support low-trip generation development around transit stations and in transit corridors. Building partnerships with local jurisdictions throughout the region should continue to be a critical focus of program activities as well as continued coordination with Metro programs that support TOD program objectives, including: Long Range Planning, Nature and Neighborhoods, Corridor Planning, and the Regional Travel Options Program.

## Conditional Investments

While the TOD Framework creates a general guide for the types of investments that are appropriate in each station area and corridor segment, certain types of investments need to be based on the local conditions in an individual station area or corridor segment. Investments in some aspects of TOD implementation, including affordable housing development, land acquisition, mixed-use and urban living infrastructure, and employment uses may need to be evaluated against local market conditions and truly supportive local partners, as evidenced by leveraging of local funds through direct contributions, abatements, SDC credits or discounts, tax increment financing, reduced permitting fees, or other actions.



## Guide to Implementation Matrices

The following matrices show the universe of activities that the TOD Program currently invests in, and could more substantially invest in given additional funding in the future. To differentiate between activities that are core to the Program, activities that are more secondary to the program, and activities where the program staff only play a supportive role to other agencies, each of the matrices uses the following key:

- **Bold Text:** Current core activities of the TOD Program
- Regular Text: Activities of the TOD Program, but do not take as intensive a

role in program staff time or resources as core activities

- *Italicized Text:* Activities that the TOD Program may participate in, but more peripherally, and on an as-needed basis.

Additionally, Figure 30 describes whether the activities identified would be (“X”) critical in transit communities falling in the different place types, (“C”) conditional depending on whether the unique characteristics of the station area or proposed project are appropriate, or (“O”) areas of core focus for other agencies or Metro programs, but where the TOD Program would play a supporting role.

This guide is repeated within each of the figures below as well.



The TOD Program’s urban living infrastructure (ULI) investment in The Venetian helps reinforce revitalization efforts in downtown Hillsboro.

Figure 30: TOD investment strategies and TOD place types

		Longer-Term Strategies											Shorter-Term Strategies			
		<---- Continuum of TOD Investment Strategies ---->														
		<i>Participate in Community Visioning/ Outreach (with local governments)</i>	Connect Local Government Partners with Infrastructure, Community Development Partners	Provide Technical Assistance with Planning Efforts	<b>Bank Land</b>	Allocate Funding for Station Area Planning (if additional funding secured)	<i>Support Implementation Studies</i>	<b>Invest in Market-Rate Transit Oriented Development Building Types</b>	<b>Invest in Workforce Housing Development</b>	Invest in Affordable Housing Development	Assemble Parcels	<i>Assist with Holding Costs if Others Assemble Parcels</i>	<b>Invest in Aggressive TOD Building Types or Features</b>	<b>Invest in Urban Living Infrastructure Improvements and Mixed-Use</b>	<i>Actively Support Employment Uses</i>	
Plan & Partner	Limited Transit Adjacent	O	O	X	C	X									C	
	Emerging Transit Adjacent	O	O	X	C	X			C						C	
	Limited Transit Related	O	O	X	C	X	X	X	X						C	
Catalyze & Connect	Strong Transit Adjacent	O	O	X		X	X	X								
	Emerging Transit Related	O	O	X		X	X	X	X	C	C	C		C	C	
	Limited Transit Oriented	O		X	C	X	X	X	X					C	C	
Infill & Enhance	Strong Transit Related		O			X	X	X		X	C	C	X	C	C	
	Emerging Transit Oriented						X	X	X	C	C	C		C	C	
	Strong Transit Oriented									X	C	C	X		C	

X: TOD Program leads these efforts

O: TOD Program plays a supporting role in these efforts

C: TOD Program invests when local conditions are right

**Bold** = Current core activities of the TOD Program

*Italics* = Current secondary activity of the TOD Program

Figure 31: TOD Program investment strategies

Strategy	Description	TOD Program Involvement	Example
<i>Participate in Community Visioning/Out-reach</i>	<i>Play an ongoing role in supporting planning efforts or other advisory committees working to enhance transit-rich communities.</i>	<i>Program staff play a support role to other agencies</i>	<i>TOD Program staff regularly participate in planning meetings throughout the region, and serve on planning/technical advisory committees</i>
Connect Local Government Partners with Infrastructure, Community Development Partners	Act as a clearinghouse for information on funding sources or programs that engaged local governments can apply for. Link local government staff to other Metro programs that are more appropriate to fulfill their station area or corridor planning and infrastructure needs. As possible, identify grant opportunities for candidate localities.	Program staff play a support role to other agencies	
Provide Technical Assistance with Planning Efforts	Offer data, development expertise, or key contacts as part of station area and corridor planning	Program staff play a support role to other agencies	
<b>Bank Land</b>	<b>Acquisition of land in order to hold critical parcels of land until the market can support more intensive development.</b>	<b>Financial commitment from TOD Program, conditional upon appropriate market conditions (see "Land Banking" section).</b>	<b>The TOD Program has purchased a site in downtown Hillsboro with the intent of ultimately catalyzing reinvestment through new development.</b>
Allocate Funding for Station Area Planning	Allocate station area planning grants to local governments who demonstrate a support for TOD.	This program does not currently exist as part of the TOD Program, but would be an appropriate expansion area. Refer to the "Funding Strategies" chapter for more information.	Similar programs exist at other Metropolitan Planning Organizations, including MTC in the San Francisco Bay Area, DRCOG in Denver, and the Met Council in the Twin Cities, MN.
<i>Support Implementation Studies</i>	<i>Offer supportive analysis at the local or regional scale to provide critical information and analysis for enhancing region-wide TOD opportunities.</i>	<i>The TOD Program's Development Center funds and directs these types of studies</i>	<i>The Development Center recently sponsored a "walk audit" to gauge the true walkability of the region's neighborhoods. This type of research can help local governments and Metro to measure and track performance over time.</i>

**Bold:** Current core activities of the TOD Program *Italic:* Current secondary activities of the TOD Program

Figure 31: TOD Program investment strategies (continued)

Strategy	Description	TOD Program Involvement	Example
<b>Invest in Market-Rate TOD Building Types</b>	<b>Invest in private development in order to encourage introduction of TOD building types to a community. This strategy involves investing in more "conventional" TOD building types, which are moderate to higher densities, to create market comparables for private investment.</b>	<b>Financial commitment from TOD Program, as well as involvement and endorsement from program staff in entitlements process. Conditional upon cost effectiveness, and support from local government.</b>	<b>The TOD Program invested in The Crossings, a mixed-use pedestrian oriented development in Gresham. The program helped assume some of the risk of building taller, and adding ground floor retail in a market where these concepts were untested.</b>
<b>Invest in Workforce Housing Development</b>	<b>Promote development of workforce housing to introduce this much needed product type to the market, provided the design and density of this housing is appropriate to TOD.</b>	<b>Financial commitment from TOD Program, conditional upon cost effectiveness and support from local government.</b>	<b>Center Commons, near the NE 60th Light Rail station, provides both affordable and market rate housing. Market rate housing was made available to first time homebuyers</b>
<b>Invest in Affordable Housing Development</b>	<b>Invest in affordable housing development in transit oriented areas with emerging or strong markets. Intent can be to push developers to build TOD product types, or to provide moderate and lower income households the ability to live in Portland's stronger market TOD areas.</b>	<b>Financial commitment from TOD Program, conditional upon appropriate local context, cost effectiveness, and support from local government.</b>	
<i>Assemble Parcels</i>	<i>Acquisition of land in order to assist with parcel assembly that facilitates development. Similar programs elsewhere also acquire land to promote affordable housing.</i>	<i>Financial commitment from TOD Program, conditional upon appropriate market conditions (see "Land Banking" section). Area of potential future expansion for program. Note that most acquisition program budgets around the country are 2 to 6 times larger than the TOD Program as a whole.</i>	

**Bold:** Current core activities of the TOD Program

*Italic:* Current secondary activities of the TOD Program



Figure 31: TOD Program investment strategies (continued)

Strategy	Description	TOD Program Involvement	Example
<i>Assist with Holding Costs if Others Bank Land</i>	<i>Less costly than direct land acquisition, this strategy involves assisting other parties (private developers or other public agencies) with costs associated with holding land, in order to promote higher density development or workforce/affordable housing in the future. Holding costs can include loan interest, insurance, property taxes, maintenance, etc.</i>	<i>Financial commitment from TOD Program, and possible endorsement of future projects from program staff. This strategy is more to scale with the TOD Program than direct land acquisition, but investments should be conditional upon market and site conditions.</i>	<i>The TOD Program owns land in the City of Beaverton, in partnership with the City.</i>
<b>Invest in Aggressive TOD Building Types</b>	<b>In areas with TOD supportive market and physical characteristics, the TOD Program invests in projects that substantially 'raise the bar' for development. Projects include significantly higher densities and/or mix of uses than market comparables, innovative green building designs, aggressively reduced parking ratios and supportive infrastructure for alternative transportation.</b>	<b>Financial commitment from TOD Program, conditional upon appropriate local context, cost effectiveness, and support from local government.</b>	<b>The TOD Program invested in College Station, a mixed-use residential, commercial and transit project in downtown Portland. This is the highest density project in the TOD Program.</b>
<b>Invest in Urban Living Infrastructure and Mixed-Use Development</b>	<b>Enhance community amenities by investing in improvements that promote new retail and services. Such investments might include direct investment in mixed-use development, or investment in tenant improvements to attract desirable retailers.</b>	<b>Financial commitment from TOD Program, conditional on appropriate retail market conditions. Note that the TOD Program currently only invests in ULIs where it owns land.</b>	<b>The TOD Program is covering a portion of the tenant improvement costs for a small grocer in Gresham.</b>
<i>Actively Support Employment/Destination Uses</i>	<i>The majority of TOD Program investments in development are more residential in nature, but TOD Program investments can also support employment or institutional uses where appropriate. These investments create additional transit-accessible destinations and can have a significant impact on transit ridership.</i>	<i>Financial commitment from TOD program, conditional on supportive area characteristics.</i>	<i>The TOD Program invested in The Rocket, a mixed use retail and office building on East Burnside. This project offers creative office space, and was built on a 3,800 square foot parcel.</i>

**Bold:** Current core activities of the TOD Program

*Italic:* Current secondary activities of the TOD Program

## Current TOD Investment Needs

The TOD Framework can be a tool to identify the aggregate investment needs based on the place type clusters and the identified TOD investment activities on previous pages. Figure 32 shows the share of 55 non-central city station areas that are likely to most immediately need each type of investment activity based on the TOD Framework. Many station may have a need for the below type of investments (e.g. all station areas could use more equitable TOD given the severe affordable housing shortage facing the region), the below table only identifies those areas where the strategies are most pressing and/or should be a TOD Program priority (e.g. equitable TOD is focused in stronger market areas where it might be prohibitively expensive without the program).

Figure 32: Station Areas Needing Different Investments/Activities to Spur TOD <sup>18</sup>

	Longer-Term Strategies					Shorter-Term Strategies			
<b>TOD Investment Strategies</b>	Education/ Technical Assistance/ Resource Provision	Infrastructure & Public Amenity Improvements	Station Area Planning	Land Acquisition	Implementation & Pre-development Studies	Catalytic Market-Rate TOD Project	Equitable TOD	Urban Living Infrastructure	Employment Uses
<b>Number of Station Areas out of 55 Total</b>	Approx 75% of station areas	84% of station areas	84% of station areas	40% of station areas	66% of station areas	71% of station areas	51% of station areas	35% of station areas	40% of station areas

Figure 33 shows the distribution of the different potential activities that would be needed to support TOD across the 55 non-core station areas. The majority of stations require investments in planning, infrastructure, or education of community members as a next step in supporting TOD. This figure shows that the types of investments that are core activities of the TOD Program – namely, direct investment in higher intensity real estate projects, and local implementation studies - are really only appropriate in half of the station areas considered in this plan. Even then, the TOD Program will not be the only entity with the ability or responsibility to pursue these activities.

Based on this analysis, the greatest need is for station area planning and infrastructure or other public amenity investments (i.e. utilities upgrades to support higher density development, or access improvements such as sidewalks and bikeways). Neither of these two activities/improvements is currently an activity of the TOD Program, but instead are more a focus of local jurisdictions. Public amenity and access enhancements, like the Gresham Civic MAX Station, are led by the TOD Program only as other funding sources for TOD improvements arise.

The second most common group of recommended activities or improvements includes educational/technical assistance/resource provision, followed by investments in catalytic market-rate TOD projects, and implementation/predevelopment studies (i.e. market and development feasibility studies and financing strategies). All of these activities can currently be funded or performed by the Program, although much of the Program’s implementation work has occurred through the Development Opportunity Fund, which only has a temporary, two-year funding source and a limited focus on downtowns and centers.

A smaller share of station areas have immediate needs for investments in equi-

Figure 33: Distribution of most needed investments/activities to spur TOD, across non-core station areas

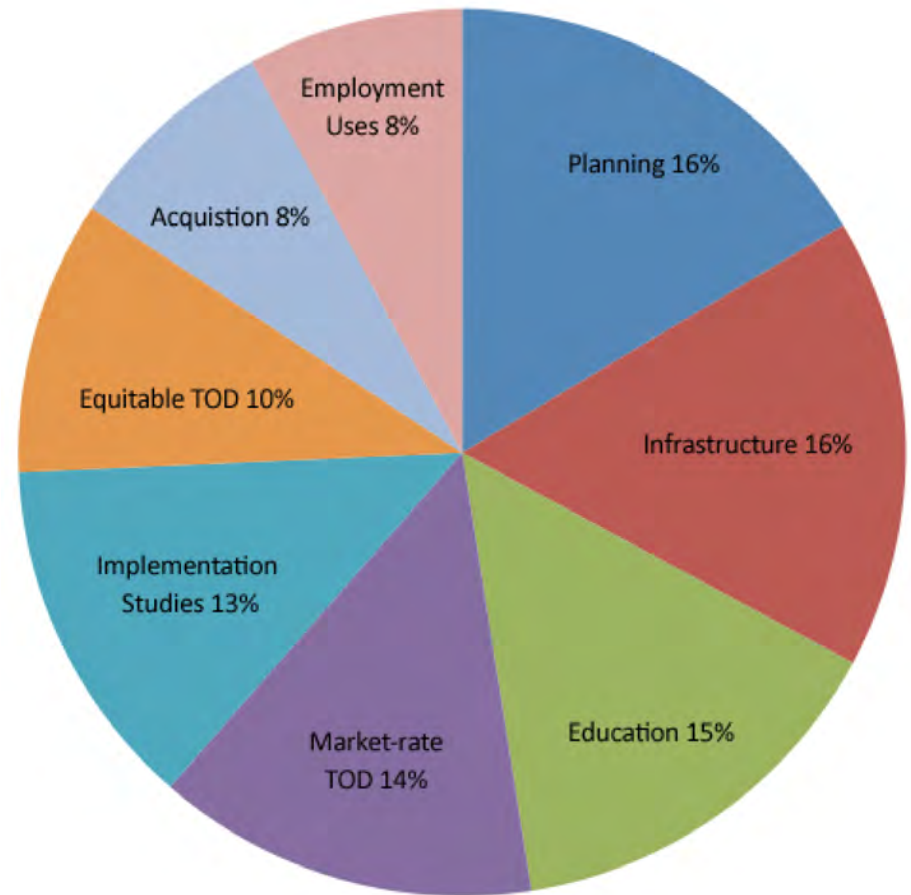


table TOD, land acquisition and employment uses, and urban living infrastructure to enhance their TOD potential. Equitable TOD in this case focuses on development of lower-income, workforce and mixed-income housing in station areas where such development would otherwise be priced out (i.e. stronger market place types). In addition to market-rate TOD and implementation studies, these investments represent the core activities of the TOD Program.

## IV. Strategic Recommendations for the TOD Program

Metro’s TOD Program has built a strong foundation as a successful tool for implementing transit-oriented development and the broader 2040 Growth Concept. But there are opportunities to strengthen and refine existing program activities, and to explore the potential for new activities that continue to meet the evolving needs of the region. The following recommendations seek to position the TOD Program as a key implementation tool, while also broadening the partnerships and ensuring the outcomes of program investments maximize the benefits of Metro’s funds by leveraging additional resources.

These recommendations are intended to provide Metro staff with a menu of possible actions to pursue depending on whether new financial resources can be secured, and whether these actions would help achieve TOD readiness by catalyzing change and leveraging related programs falling under the purview of other public agencies.

To support the Program in expanding its existing activities and exploring the potential for new areas of TOD implementation, this section makes recommendations for ways to modify and expand the scope of the TOD Program by leveraging new funding sources, in order to meet the significant needs for TOD investment identified in previous chapters. The recommendations include lessons learned from the experiences of other MPOs or COGs that are relevant to Portland Metro. This section organizes activities into four major categories that are generally distinguished from one another based on funding and financing resources:

- a. Non-capital investments including planning, education & implementation/predevelopment studies;

- b. Public infrastructure including access, utility and amenity improvements;
- c. Transit-oriented real estate development projects and TOD Grants ; and
- d. Property acquisition and land banking.

These categories address the activities identified and discussed in Chapter 3 as follows:

Recommendation Category	Identified TOD Investment Strategies
<b>A. Non-capital investments</b>	Education / Technical Assistance / Resource Provision
	Station Area Planning
	Implementation and Pre-development Studies
<b>B. Public Infrastructure</b>	Infrastructure and Public Amenity Improvements
<b>C. Transit-oriented real estate development and TOD Grants</b>	Catalytic Market-Rate TOD Projects
	Equitable TOD
	Urban Living Infrastructure
<b>D. Property Acquisition and land banking</b>	Employment Uses
	Land Acquisition



# Recommendations Summary

Figure 34: Summary of recommendations, implementation needs, and funding options

Action	Implementation Needs	Funding Options	Programs/Agencies To Leverage (If Any)
<b>A. Non-Capital Improvements</b>			
TOD staff participate in station area planning processes	None - Existing activity in program	Corridor project funds Metro General Funds	Metro Corridors Projects Local Jurisdictions
Leverage other resources toward comprehensive station area planning and supportive land use regulations	Short-Term: Identify staff resources necessary for further engagement with local jurisdictions.	No additional funding needed; may require additional staff time.	Metro Corridors Projects ODOT TGM Grants Local Jurisdictions
Develop discrete grant program for predevelopment & implementation studies in station areas and corridors	Short-Term: Shift more program investment to these activities until the real estate market recovers. Mid- to Long-Term: Tie TOD planning into corridor projects and transportation funding	Need to secure permanent funding source. Tie into larger infrastructure capital improvement funding sources.	Metro Transportation Planning Program Other programs and agencies with responsibility for funding infrastructure improvements
Expand current education and outreach program using staff resources	Short-Term: develop work program and staffing needs.	Fee-for-service from local jurisdictions Metro General Funds Inclusion in federally funded UPWP	Local Jurisdictions
<b>B. Infrastructure and Amenities</b>			
Continue to invest in Urban Living Infrastructure improvements, and promote mixed-use development where appropriate. Modify ULI investment criteria to include additional transit areas.	Short-Term: modifications to current ULI criteria	Existing MTIP funding interest earnings	Local Jurisdictions
Expand capital improvements grants to include infrastructure; work to secure portion of Community Investment Fund measure for TOD infrastructure	Short-Term: Shift more program investment to these activities until the real estate market recovers Mid- to Long-Term: Community Investment Fund or other possible new sources for infrastructure funding	Existing MTIP funding Community Investment Fund	Other programs devoted to infrastructure planning/funding at all scales (federal, state, regional, and local)

Figure 34: Summary of recommendations, implementation needs, and funding options (continued)

Action	Implementation Needs	Funding Options	Programs/Agencies To Leverage (If Any)
<b>C. Transit-Oriented Real Estate Development and TOD Grants</b>			
Dedicate MTIP funds exclusively to TOD capital improvements; shift staff operations to Metro funds	Short-Term: Metro Council approval for funding sources and levels.	Metro General Funds	Metro
Develop a strategy and priority locations for investment in equitable TOD.	Short-Term: Work with stakeholders develop a strategy around equitable TOD and identify future funding needs and leveraging opportunities.  Medium- to long-term: Explicitly define priority locations and investments in equitable TOD.	Metro General Funds for developing strategy.  Potential funds for implementation or investment through Community Investment Strategy	Local housing departments Oregon Housing and Community Services Affordable housing developers Community Development Corporations Enterprise Community Partners
Support Employment or Destination Uses to Advance the 2040 Growth Concept	Existing informal activity in program. Consider more active promotion of employment/destination projects.	No additional funds needed	Other Metro Programs will also focus on Centers and employment areas
Coordinate with other regional and state programs	Short-Term: Coordinate with other programs  Mid- to Long-Term: Work to add transit proximity to Oregon LIHTC allocation	LIHTC (Leverage)  New Markets Tax Credits (Leverage)  Local Sources of Funds (Leverage)	Metro Regional Travel Options Program  Local jurisdictions  Oregon Housing and Community Services
<b>D. Property Acquisition and Land Banking</b>			
Evaluate Program intentions regarding property acquisition	Short-Term: staff review of program priorities	No additional funds needed – staff time	Local jurisdictions
Develop guidelines for strategic disposition of current and future acquisitions	Short-Term: disposition strategy for current properties  Ongoing: disposition strategies for acquisition opportunities as they arise	No additional funds needed – staff time	Local jurisdictions

# Detailed Recommendations and Background

## A. Non-Capital Improvements: Planning, Education & Implementation Studies

The TOD Program currently has a limited TOD educational & promotions program (“Get Centered”) and provides some informal technical assistance to local jurisdictions planning for station areas. The Development Center also has a Development Opportunity Fund that is dedicated to grants for pre-development and implementation studies, but it is a pilot program with funding for only 2 years and is primarily focused on Regional and Town Centers.

The Lessons Learned sidebar, adjacent, describes the experience of the Bay Area’s metropolitan planning organization in awarding planning grants in support of transit access. Figure 35, on the following two pages, identifies a menu of possible strategies for expanding resources for station area planning, educational activities and implementation studies. Many of the strategies in this figure will require modification of policies outside of the control of the TOD Program, but offer information on ways that the region as a whole can maximize its support of planning, education, and implementation studies for TOD.

Figure 35 is followed by specific recommendations regarding non-capital improvements for the TOD Program.

### Lesson Learned Regarding Planning Grants: Bay Area MTC’s Transportation for Livable Communities Program (TLC)

The Bay Area TLC program was created in 1998 to improve walking and bicycle access to public transit hubs and stations, major activity centers and neighborhood commercial districts through planning and capital grants to local jurisdictions and community partners. For the first ten years of the program, the majority of planning grants were awarded for modest technical assistance projects, averaging approximately \$50,000 per grant. After a program evaluation in 2008, however, the TLC planning grant program was re-structured to focus on large-scale station area planning efforts. TLC now funds approximately two \$750,000 planning grants per year; successful projects include implementation of land use and zoning code changes and include detailed financing and implementation strategies. The evaluation found that the smaller grants were more effective at generating demand for TLC capital grants than improving access, and that funding of fewer large-scale projects that implemented development regulation changes would better achieve program objectives.

Figure 35: Menu of resources for station area planning, educational programs, and implementation studies

Resource / Potential Actor	Description	Exemplary Programs
Leverage Tool: <b>Regional TOD policies for transit funding</b> <b>Metro</b>	Require local governments to approve supportive land use plans and zoning designations to compete for regional transportation improvement funding	San Francisco Bay Area Metropolitan Transportation Commission (MPO) adopted a TOD policy in 2005 that requires adoption and implementation of transit-supportive land use and zoning designations and improvements in transit extension corridors that will receive regional discretionary transportation funds. The policy determines corridor housing thresholds, identifies whether each planned extension is in compliance and lays out the sequence of transit agency, city & MTC actions necessary to coordinate land use planning and transit implementation. ( <a href="http://www.mtc.ca.gov/planning/smart_growth/tod/TOD_policy.pdf">http://www.mtc.ca.gov/planning/smart_growth/tod/TOD_policy.pdf</a> )
Leverage Tool: <b>Incentives for TOD-supportive land use &amp; zoning</b> <b>State / Metro</b>	Financial or other incentives for adoption of higher density, sustainable land use and zoning designations within station areas or bus rapid transit corridors.	The State of Massachusetts has created financial incentives for smart growth-designated areas (including near high quality/frequency transit) that adopt smart growth overlay districts. The amount of the incentive payment is based on the potential number of new housing units. ( <a href="http://www.mass.gov/envir/smart_growth_toolkit/pages/mod-40R.html">http://www.mass.gov/envir/smart_growth_toolkit/pages/mod-40R.html</a> )
Leverage & Funding Resource: <b>Informal local fund-raising, partnerships &amp; networking</b> <b>Metro</b>	MPOs solicit voluntary contributions from member jurisdictions and/or developers, partner with non-governmental associations, or facilitate peer information exchanges in order to support low or no cost TOD educational activities.	Denver Regional COG created a TOD educational program in 2006 that includes a Planner Idea Exchange, website ( <a href="http://tod.drcog.org/">http://tod.drcog.org/</a> ), TOD Best Practices workshop series, and a “Who is TOD in Metro Denver?” study. The workshop series is largely an Urban Land Institute project, with assistance from DRCOG; the TOD study was paid for with contributions from local governments and one developer; the cost of the Planner Idea Exchange is the price of a dozen bagels.
Planning & Funding Resource: <b>Unified Planning Work Program</b> <b>Metro</b>	Federally required regional plan detailing use of transportation funds and outlining work programs for mandated transportation planning activities. Station area plans, market studies, station access studies, technical assistance programs, corridor analysis and the development of regional typologies fall under the UPWP. UPWPs are regularly funded through: Federal Highway Administration Planning grants, Federal Transit Administration Planning Grants, State Regional Transportation Planning Organization Planning & Long-range Planning Grants, Special Award Planning Grants, and Non-Federal Match.	Metro Washington COG’s Transportation/Land Use Connection Program is paid for through the regional UPWP. It includes the TLC Technical Assistance Program which provides focused consultant assistance to local jurisdictions for sustainability projects. TA includes: <ul style="list-style-type: none"> <li>• Public involvement facilitation</li> <li>• Development of visualization techniques</li> <li>• Streetscape and infill design assistance</li> <li>• Long-term plan scoping assistance</li> <li>• Other transportation and land use coordination help</li> </ul> North Central Texas COG includes TOD education events implementation action plans, market analysis and visioning charrettes in their UPWP.



Figure 35: Menu of resources for station area planning, educational programs, and implementation studies (contintued)

Resource / Potential Actor	Description	Exemplary Programs
Funding Source: <b>FTA State &amp; Metropolitan Planning, Sections 5303 – 5305</b> ODOT / Metro	These programs provide funds to support planning for transportation investment decisions in metropolitan areas and state-wide; they are typically used to support planning for new and extension fixed rail projects paid for by New Starts. Eligible uses include planning for projects that protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns.	These programs constitute a significant portion of funds for planning of fixed rail projects in the UPWP (see above). Funds are first allocated to State DOTs and then apportioned to the MPOs, so the State transportation funding structure is critical to the degree of MPO control over these funds.
Finance Tool: <b>Special tax districts</b>	In some states, special tax districts can retroactively pay for plans related to improvements financed by the district.	In the State of California, Mello-Roos or community facilities districts established to pay for community improvements or services can also be used to pay for planning and design work directly related to the improvements being financed.

*Non-Capital Improvements: Leveraging & Funding Recommendations*

- **Participate in station area planning processes.**

As indicated by the shift in the TLC planning grant program design sidebar above, as well as the typology-derived needs identification for implementation of TOD in metropolitan Portland, station area planning is key to setting the stage for private investment in TOD. Given the significant need for station area planning in the region, there has been some discussion about whether the TOD Program is an appropriate lead agency to secure and allocate funding for station area plans. The cost implications of completing station area plans are potentially substantial. Based on the assessment of implementation needs in Figures 33 and 34, there are approximately 46 sta-

tions that would be appropriate for station area planning, and 36 that would be appropriate for implementation and predevelopment studies. Assuming roughly \$350,000 for a full and robust station area planning process, and \$100,000 for implementation or predevelopment studies, completing this work for all appropriate stations in the region could cost up to \$20 million.

It may be more strategic for Portland Metro to direct transportation planning funds toward station area plans at the local level via the Unified Planning Work Program, as described in Figure 35, and Program staff to participate in local development of these plans to ensure that Metro’s TOD objectives are met.

- **Leverage other resources toward comprehensive station area planning and supportive land use regulations in general.**

A regional TOD policy can require transit-supportive local development regulations as a prerequisite for transit funding; the HCT System Expansion Policy, which is currently being implemented, will do just this. Alternately, a state incentive program can reward jurisdictions that achieve housing density thresholds in designated areas. Finally, the existing corridor planning group in the long range planning division at Portland Metro can work more closely with Long Range Planning and TOD Program staff and local jurisdictions to achieve TOD-supportive regulations near transit nodes, and local jurisdictions can act more aggressively to fund plans via finance districts.

- **Develop discrete grant program for predevelopment & implementation studies in station areas.**

Though station area planning may be prohibitively costly for the TOD Program given its current resources, there are nonetheless many activities related to plan implementation and predevelopment that are appropriate to the scale of the program. Appropriate program activities may include, for example studies focused on correcting zoning barriers, identifying development opportunities, and devising implementation financing strategies for station area plans. The current Development Opportunity Fund at the Development Center completes many of these activities. However, it focuses on catalyzing development in Regional and Town Centers and is not focused explicitly on the station areas, except where those designations coincide; it also has only a two-year funding source. CTOD recommends creating a similar permanent grant program, possibly with a greater focus on station areas and bus corridor segments. Given the on-going housing market and real estate credit recession, these may be the Program's best investment opportunities in the

near future.

TLC's experience in the Bay Area with planning grants does point to the drawbacks of identifying and designing recommended public improvements without a larger framework for paying for them. Identification of these needs is critical to the integration of neighborhoods and job centers with transit, whether via walkability audits or more comprehensive infrastructure needs assessments. These assessments must tie into larger infrastructure capital improvement planning efforts and funding programs to be effective. The transportation planning group in long range planning at Portland Metro does capital improvement planning that ties in to the Metropolitan Transportation Improvement Plan; many access improvements identified through more localized, small efforts could be incorporated in the MTIP and paid for with federal transportation funds if they are of sufficient priority.

- **Expand current education and outreach program using staff resources.**

The TOD Program's current "Get Centered" program and limited technical assistance efforts are akin to the Denver Region COG's TOD education program, which is funded on a project-by-project basis. Given the widespread need for educational activities identified through the typology analysis (approximately 75 percent of station areas would benefit from educational activities), the Program could consider expanding its promotional and technical assistance efforts through greater devotion of staff time to these efforts. Such an expansion could be funded by direct fee-for-service by local jurisdictions, funding of Program staff from Metro general funds (discussed in greater detail in Section C: Transit-Oriented Real Estate Development), or the inclusion of an expanded educational program in the UPWP. However funded, TOD Program staff are the appropriate personnel for such an effort.

## B. Public Infrastructure: Access, Utility and Amenity Improvements

Public infrastructure improvements are one of the two most widespread investment needs identified through the typology analysis. This includes walking, biking, vehicular and multi-modal access improvements needed to connect surrounding uses and travel paths to transit, utility capacity expansions needed for higher intensity development, and public amenity improvements, such as streetscaping, traffic calming, open space and greening efforts.

The typology analysis is based on the general characteristics of each station area and does not include any on-the-ground assessment of necessary improvements or engineering estimate of costs. A recent station-by-station engineering assessment of all public and private investment needed for the Central Corridor light rail line in the Twin Cities, Minneapolis, found \$492 million in public above- and below-ground infrastructure investment needs and \$957 million in transit station and line improvements, or approximately \$1 in infrastructure investment needed for every \$2 in transit investment.<sup>19</sup>

Unfortunately, while it is possible to include some of these improvements (i.e. access enhancements) in fixed-guideway transit projects, the current formulation of the New Starts' cost effectiveness measure discourages inclusion of any additional costs, even if federal funds are not sought for that portion of the project. This can result in a significant disparity between new or extension rail transit projects and the surrounding public realm unless MPOs and local jurisdictions are simultaneously planning and implementing supportive connectivity and infrastructure improvements. These improvements set the stage for private TOD investment and are critical to the development of successful transit-oriented neighborhoods

### Lesson Learned Regarding Coordination of Infrastructure and Land Assembly Investments: Minneapolis-St. Paul Metropolitan Council's Livable Communities Demonstration Account

The LCDA is available to local jurisdictions applying on behalf of developers for infrastructure upgrades, transportation improvements (including parking structures), and land assembly. It does not have the same geographic focus of the Portland Metro TOD Program, rather applications are rated on criteria including land use, innovation and project readiness for selection by the Met Council. Because of this, some grants go to projects in areas that are not the highest regional priorities for TOD.

The LCDA has two sister programs, the Local Housing Incentive Account for gap financing of affordable housing and the Tax Base Revitalization account that together comprise the Livable Communities Grant Program. Unlike the TOD Program and TLC, the program is funded at approximately \$8 million per year by a regional property tax levy that must be renewed each year. While there is no cap on individual projects, the largest grant has been \$2.5 million.

The LCDA has had many projects that received funding in multiple years. The combination of infrastructure and land assembly grants has had significant success in improving the feasibility of higher-density mixed use development projects in suburban and urban settings.

and job centers.

The TOD Program does not currently have a public infrastructure grant program. The Lessons Learned sidebar, adjacent, describes the Twin Cities metro-

politan planning organization’s experience in distributing in infrastructure grants that support livability. Figure 36, on the following page, identifies opportunities for leveraging existing capital improvements funds toward TOD, new funding

sources being developed in Portland and elsewhere and existing infrastructure financing tools. Recommendations follow.

Figure 36: Resources for infrastructure & public amenity improvements

Resource / Potential Actor	Description	Exemplary Programs
<b>Funding Source: Federal Transportation Funds</b>  <b>Metro</b>	Federal transportation funding sources that can be used for infrastructure include Transportation Enhancements portion of Surface Transportation Program funds, Congestion Mitigation and Air Quality Improvement Program funds, and Urban Formula funds. States can also elect to transfer or "flex" considerable portions of other highway programs to programs that can pay for enhancements. Several MPOs, including Portland Metro, have also exchanged transportation funds for non-restricted sources of funding from local transit agencies or cities.	The Bay Area MTC Transportation for Livable Communities (TLC) program makes planning and capital grants for projects that improve walking and bicycle access to transit and activity centers. Two of the capital grant funding categories are streetscape improvements and non-transportation infrastructure improvements like sewer and water upgrades that support TOD; streetscape projects are funded primarily with direct CMAQ and STP funds, while utilities improvements are typically paid for with CMAQ or STP funds that have been swapped with local agencies for non-restricted funds. In 2010, the TLC program allocated \$44 million towards planning, implementation, and capital grants.
<b>Leverage Tool: Local Capital Improvement Plan &amp; Metropolitan Transportation Improvement Plan</b>  <b>Metro / Local Governments</b>	Local Capital Improvement Plans and Metropolitan or Regional Transportation Improvement Plans identify and coordinate funding for city and regional infrastructure projects. Inclusion of TOD-related public capital improvements in these plans is key to funding access.	The TLC program, as described above, requires a minimum 20% local match for allocation of funds to infrastructure projects. In many cases, local governments identify funds in their CIP program as the local match.
<b>Funding Source: Regional Travel Options</b>  <b>Metro</b>	Direction of existing vehicle miles travelled reduction programs to walking and biking improvements in station areas.	For FY 2011/2012, the Metro Regional Travel Options program has \$533,000 for projects that improve air quality, address community health issues, reduce auto traffic and create more opportunities for walking and biking. The program has supported transportation demand management efforts, promotional events and biking and walking improvements. The scope of the program is limited, however, and insufficient to meet the needs of the entire region.



Resource / Potential Actor	Description	Exemplary Programs
<p>Finance Tool: <b>Regional Toll Revenue</b> <b>Metro</b></p>	<p>Entities with control over state highways may enter into agreements with tolling authorities to construct, operate and maintain toll roads. Funds generated by these agreements can be used to pay for sustainable transportation, infrastructure and planning efforts.</p>	<p>North Central Texas COG and Regional Transportation Council have instituted a tolling mechanism that will, in part, fund sustainable infrastructure and planning projects. In June, 2010, \$41 million was allocated to Sustainable Development projects that:</p> <ul style="list-style-type: none"> <li>• Reduce pollution by promoting mixed-use development through public/private partnerships.</li> <li>• Support sustainable, walkable communities.</li> <li>• Foster growth around historic downtowns, main streets, infill areas and passenger rail lines and stations.</li> </ul>
<p>Finance Tool: <b>Special Regional, County, or City Sales, Transaction or Property Taxes</b> <b>State/Metro</b></p>	<p>Dedicated sales taxes, taxes on real estate transactions, or ad valorem property tax levies may be passed at the local or regional level to pay for public improvements with broad benefit. The most common uses are for major funding of schools, parks, roads and transit, and affordable housing. Recently, packaging of many smaller above and below-ground improvements for dedicated taxation and bonding is having some success. Legal restrictions on special sales, and, in particular, property taxes, vary widely from state to state.</p>	<p>There are innumerable examples of special local taxation for public infrastructure improvements; none, however, specifically dedicated to TOD. However, inclusion of TOD improvements in a larger infrastructure tax effort could be a successful strategy. For example, In 2006, Seattle voters passed a nine-year, \$365 million property tax levy for transportation-related maintenance and improvements known as Bridging the Gap, which included funds to repair pedestrian and bicycle safety.</p> <p>The design of a campaign for passage of a dedicated regional tax to fund community infrastructure (Community Investment Fund) is currently underway for the Portland region. Public opinion polls are testing response to various types of needed improvements; anecdotally, the word “infrastructure” tests poorly, while specific improvements like parks or sidewalks have strong support.</p>
<p>Finance Tool: <b>Special Assessment District</b> <b>Local Government</b></p>	<p>Special assessment districts (i.e. local improvement districts in Oregon), which assess properties in proportion to the benefit conferred by the improvement, may be used to pay for local infrastructure improvements. Typical items financed include access improvements like street paving, curbs, sidewalks, and street lighting, utilities expansions such as water lines, storm and sanitary sewers and plant expansions, and shared facilities like open space and off-street parking. In Oregon, enactment of LIDs is governed by local ordinance, so requirements for passage of districts (i.e. percentage of residents or property owners and/or value of property represented in petition process) vary.</p>	<p>In the late 1990s, the Hillsboro Downtown Business Association petitioned its City Council for approval of a Downtown Hillsboro local improvement district. The project implemented the vision of the downtown TOD plan and included new sidewalks, curbs, decorative paving, street lamps, and greenery complementary to light rail street improvements.</p>

Resource / Potential Actor	Description	Exemplary Programs
<p>Finance Tool: <b>Tax Increment Finance</b> <b>Local Government</b></p>	<p>Most states have tax increment finance tools that allow local jurisdictions to capture a greater portion of taxes generated by increases in property value in designated areas and use these funds to finance special improvements or services in those TIF districts. Districts must meet special criteria (i.e. blight conditions) to qualify as TIF districts. Historically, projected TIF revenues have been bonded and used to help pay for major development initiatives or infrastructure investments that catalyze private investment and increases in property values. The recent downturn in the real estate market and constriction of real estate investment capital has had a negative impact on the viability of new TIF districts.</p>	<p>In 2008, the City of Dallas created a TOD TIF District around the DART Lancaster Corridor to help pay for access improvements to the public rights-of-way, including sidewalks, and make the area more attractive to private investment. Unfortunately, the district has not yet generated any tax increment due to declines in property values; the City is currently expanding the district to encompass a large, newly proposed mixed-use development project with significant catalytic potential.</p>
<p>Finance Tool: <b>Bonds</b> <b>State / Metro / Local Government</b></p>	<p>General obligation bonds, revenue bonds, private activity bonds and Build America bonds are all different types of bonds that can be issued by cities or regional governments to help pay for different types of infrastructure, and are each best suited to different types and scales of improvements and variations in the bond market.</p>	<p>In 2004, the State of Massachusetts initiated a Transit-Oriented Development Infrastructure and Housing Support Grant Program to be paid for by \$30 million in general fund bonding capacity. The multi-year program is dedicated to increasing compact, mixed-use, walkable development close to transit stations. It provides financing for pedestrian improvements, bicycle facilities, housing projects, and parking facilities within .25 (1/4) miles of a commuter rail station, subway station, bus station, bus rapid transit station, or ferry terminal.</p>
<p>Finance Tool: <b>Development Impact Fees</b> <b>Local Government</b></p>	<p>Local jurisdictions may exact fees or other exactions through approvals processes to compensate for the projected impact that new development will have on local public infrastructure and services; while fee eligibility varies by state, there must generally be a nexus between the impact of the project and the improvement to be paid for, as well as rough proportionality between the public burden and the exaction. The most common impact fees are for water and sewer systems, roads, schools, libraries, and other recreation facilities that can demonstrate an immediate increase in need from new development. The major drawback with development fees is that they are “pay-as-you-go” and therefore difficult to bond.</p>	<p>The City of Portland exacts a Transportation Systems Development Charge to new projects and changes in use. Fees are often dedicated to station area infrastructure and place-making investments in the city. SDC revenue, however, can only be used on new capacity improvements.</p>

### *Placemaking Infrastructure and Amenities: Leveraging & Funding Recommendations*

Of the four regional sustainable development investment programs highlighted above, the Metro TOD Program is the only one that emphasizes direct investment in real estate projects over infrastructure improvements. One of the TOD Program's primary objectives is "causing construction of higher density housing, mixed-use projects," and strategies that ensue from this include creating market comparables, building developer capacity and building community acceptance for sustainable development near transit.<sup>20</sup>

Unlike the majority of Metro programs, the TOD Program is explicitly charged with delivering 'bricks and mortar' rather than providing traditional planning and regulation.<sup>21</sup> Investment in real estate is not the only way to meet this charge and incentivize private investment in sustainable development. Higher density and mixed-use projects that depart from surrounding suburban development patterns require significant place-making investments to succeed at lowering resident and worker vehicle miles travelled and provide a quality urban living environment. Such improvements, including pedestrian realm investments like sidewalks, bike-ways, street trees and street crossings, amenities like neighborhood serving retail and services, open space and community facilities and utilities upgrades including water, sewer and drainage improvements have the additional advantage of benefiting many properties, both those that are likely to redevelop and those that are not. This physically sets the stage for multiple higher intensity development projects and builds community acceptance among existing single-family homeowners who also benefit from a better walking environment and higher quality public amenities and utilities.

- **Continue to invest in Urban Living Infrastructure Improvements, and promote mixed-use development. Modify ULI investment criteria.**

Another component of the TOD Program is reinforcing urban living infrastructure, or retail and service amenities that help to create complete, livable districts where people can walk to many basic daily needs. The presence of retail stores and services, such as a corner store or dry cleaners, can help deliver on the promise of transit to add amenity value to existing neighborhoods and reduce vehicular trips that households need to make on a regular basis. ULI have also been shown to boost surrounding residential property values, thereby enhancing the feasibility of new private investment in TOD.

As with its market comparable investments, the TOD Program's most effective investments in Urban Living Infrastructure will be in areas where targeted investments can help to complete the mix of retail and services in the area. Figure 37 shows the current ULI amenities that exist in station areas. Metro's TOD program has been funding ULI as a pilot program. This important program should be established as a formal program element, but may require some refinement of eligibility criteria to tie ULI investments to appropriate place types. **One key modification will be to enable ULI investments in station areas and corridor segments where Metro does not own land.**

Even within a station area or corridor with a strong critical mass of Urban Living Infrastructure, retail investments will need to be considered on a case-by-case basis. Parcels to be considered for mixed-use or ULI investment should enjoy a minimum level of access and visibility from major arterial roads, such that retail tenants will find it beneficial to locate in these places. Transit ridership alone is not sufficient to support retail businesses; retail

patronage will require a combination of high visibility from transit users, surrounding residents and employees, and vehicular traffic.

- **Expand capital improvements grants to include infrastructure; work to secure portion of Community Investment Fund measure for TOD infrastructure**

Akin to other regional TOD programs across the country, Metro should consider expanding its resources so that capital grants could include station area infrastructure improvements as well as real estate investments, especially in the aftermath of the recession. In addition to the existing MTIP funding stream that may be used directly, or exchanged for farebox revenues depending on the type of improvement, the potential future Communities Investment Fund could provide a source of funding for such grants. It is recommended that Program staff work to dedicate some portion of Fund initiative proceeds to infrastructure improvements for TOD in station areas and corridors with significant in-fill or redevelopment potential.

## C. Transit-Oriented Real Estate Development and TOD Grants

Direct grant investment in TODs is the mainstay of the Metro TOD program, as described previously. Program staff are diligent in performing pro forma financial analysis of development projects to ensure grant funds go to projects that meet the “but, for” litmus test: without Program investment, these projects would not move forward. This concept and its thorough application directs Program funds to projects that pioneer taller building construction types and more intense uses and mixed uses in areas that have not previously seen such development.

Current funding derives almost exclusively from the exchange of MTIP funds

(Urban Formula, CMAQ and STP) for unrestricted TriMet revenues. Figure 38, on the following pages, outlines current and potential funding sources and planning and financing tools for expanding existing resources for TOD investment. Following Figure 38 are recommendations regarding real estate investments.



Figure 37: Urban Living Infrastructure by Station Areas and Frequent Bus Corridors

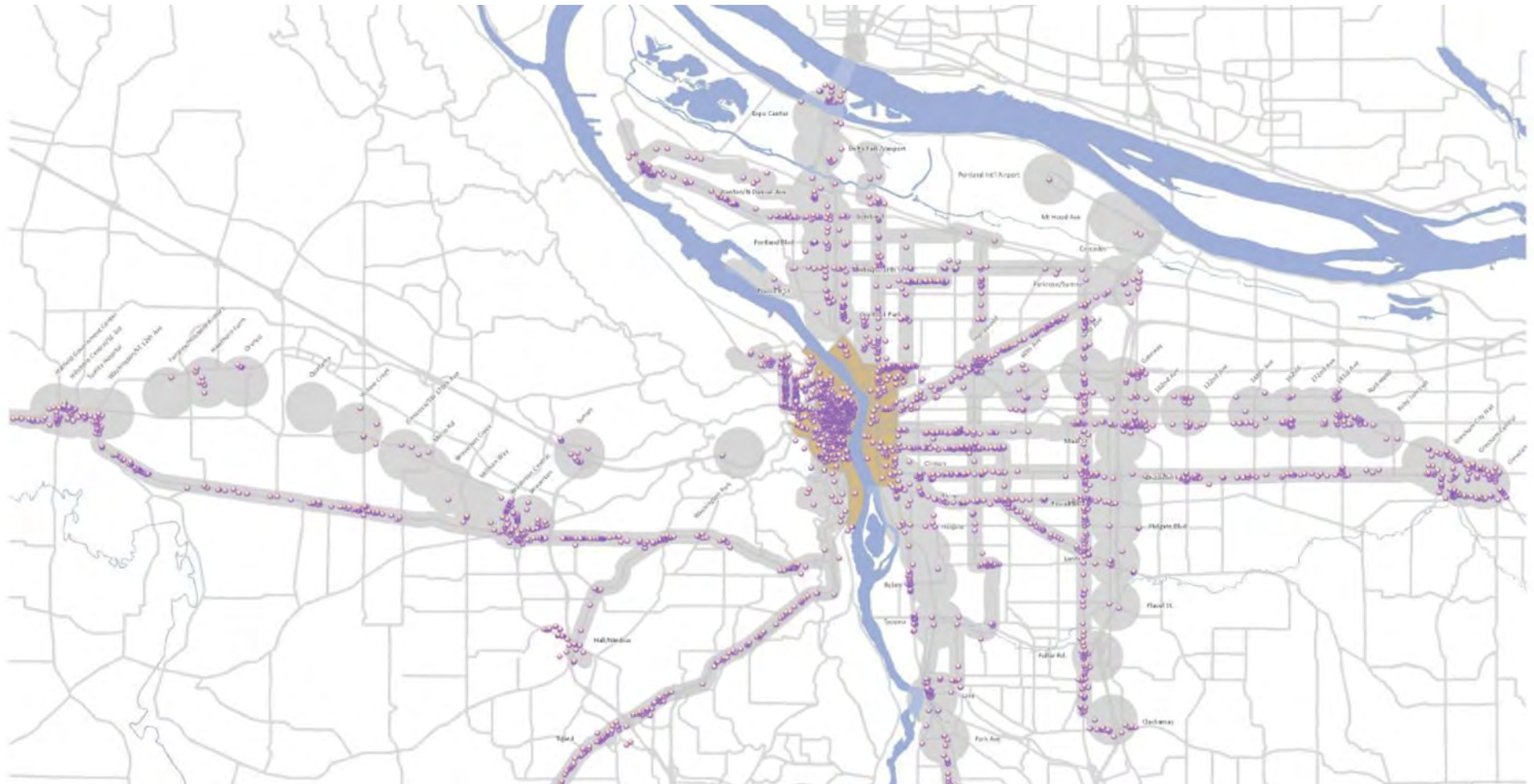


Figure 38: Resources for Public Investment in TOD

Resource	Description	Exemplary Programs
<p>Planning Resource: <b>Consolidated Housing Plan</b> <b>Housing Authorities</b></p>	<p>Under HUD regulations, regional Public Housing Authorities develop Consolidated Housing Plans that articulate regional housing affordability goals every five years. MPOs and PHAs can coordinate planning processes to ensure that affordable housing near transit is created or preserved.</p>	<p>In 2010, the City of Greensboro and Guilford County, NC published a Consolidated Housing Plan that identifies a spatial mismatch between affordable housing and access to transit, services and jobs in the city/county area. While this is the first known example of integration of transit objectives in a CHP, it could offer an innovative way of better linking housing and transportation objectives.</p>
<p>Leverage Tool: <b>State LIHTC Allocation Criteria</b> <b>State</b></p>	<p>Federal allocation criteria for Low Income Housing Tax Credits does not require or even reward transit locations. However, through the required state Qualified Allocation Plan (QAP), states may include preference or award points for transit locations.</p>	<p>36 states either include preference for transit locations, or award points to such projects, through their QAPs. Oregon is one of the 14 states that do not.</p>
<p>Funding Source: <b>Federal Transportation Funds via MTIP &amp; Exchange with Local Revenue Centers</b> <b>Metro</b></p>	<p>Portland Metro currently exchanges MTIP funds for unrestricted TriMet farebox revenues (federal sources of funds described in infrastructure matrix). This allows these funds to be used for real estate improvements and allows ease of administration and maximum flexibility.</p>	<p>Portland Metro TOD Program has an on-going source of unrestricted funds and an intergovernmental agreement to facilitate the flow of these funds. However, current use of MTIP funds for TOD is restricted to the limited scale of this revenue flow and a portion is used for TOD Program operations (staff), unlike other Metro staff positions that are paid for by Metro general funds. Bay Area MTC does not have an on-going source of unrestricted funds for exchange, but instead trades funds on an ad hoc basis with local jurisdictions that have capital improvements that qualify for funding from STP or CMAQ and local sources of revenue that can be used for TLC grants.</p>
<p>Funding Source: <b>Regional Travel Options</b> <b>Metro</b></p>	<p>In addition to funding walking and biking improvements, as described in the infrastructure funding matrix, RTO also funds and implements Travel Demand Management programs throughout the region.</p>	<p>The TOD Program could attempt to negotiate with the RTO program to provide a small pot of matching funds to implement site or area specific demand reduction programs as part of TOD funded projects. One possible site specific program could provide funding to developers for fully subsidized transit passes for all residents or employees for 1 or 2 years. This could encourage developers to build less parking and increase the attractiveness of their products.</p>

Figure 38: Resources for Public Investment in TOD

Resource	Description	Exemplary Programs
<p>Funding Source: <b>New Markets Tax Credits</b> <b>Local Government / Developers</b></p>	<p>Issuance of tax credits to investors in exchange for stock or capital interest in designated Community Development Entities. Most of the investment must then be used for qualified projects in low-income areas.</p>	<p>Construction is currently underway on the MacArthur Park Metro Apartments next to and over the Westlake/MacArthur Park Red/Purple Line Station in Los Angeles. Phase I includes 90 units of affordable rental housing over approximately 15,000 square feet of ground floor retail space and residential, retail and commuter parking. Total development costs for Phase I are approximately \$45 million and financing sources include New Markets Tax Credits.</p>
<p>Finance Tool: <b>Joint Development</b> <b>Tri-Met / Metro / Local Governments (with control of land)</b></p>	<p>There are many different tools that facilitate public and private co-development of real estate projects. These include Requests for Proposals for private development of publicly owned sites, development agreements that delineate investment, responsibilities and outcome for each participant, co-use of improvements and air rights/ground lease development whereby a property owner retains ownership of a parcel while allowing development over an extended lease period. Local and regional governments may use these to obligate private development in exchange for various public contributions, or to delineate agreements with other institutional partners engaged in real estate development.</p>	<p>The former surface parking lot at Woodlawn Station on the Green Line in suburban Boston has been redeveloped into a six story, 180 unit apartment project with 25% affordable units and a structured parking garage. The garage, new access road and re-designed station platform were built with prepayment fees from ground lease of the MBTA-owned property.</p>
<p>Finance Tool: <b>Tax Increment Finance</b> <b>Local Governments</b></p>	<p>See definition in Table 4. TIF may be used to pay for land assembly for private development projects.</p>	<p>The Skyland Mall redevelopment project, in the Anacostia Station area in Washington, D.C. received \$25.7 million in TIF funds for acquisition of 18.5 acres of strip mall and vacant property from 15 different property owners. The properties will be redeveloped as a 915,000 square foot transit-oriented development.</p>
<p>Finance Tool: <b>Private Activity Bonds</b> <b>State / Local Governments</b></p>	<p>Private activity bonds are issued by local or state governments to finance the project of a private user. Interest on private activity bonds is taxable unless they meet certain qualifications, including issuances for multifamily housing with affordable units; redevelopment in blighted areas, facilities owned and used by 501(c)(3) organizations.</p>	<p>Cities in the Denver Metro Mayors’ Caucus have pooled their PAB authority to provide an incentive for TOD projects with a minimum of 50 units that include affordable housing (45% of units at or below 60% AMI).</p>

Figure 38: Resources for Public Investment in TOD (continued)

Resource	Description	Exemplary Programs
<p>Finance Tool: <b>Structured Acquisition Funds</b></p> <p><b>Metro / CDFI / Philanthropy / Non-profit Entities</b></p>	<p>Structured acquisition funds combine debt, equity and grant investments from public entities, community development finance institutions, commercial banks seeking CRA credit and foundation program and mission-related investment to provide lower cost property acquisition financing to equitable TOD projects (affordable, workforce and mixed income housing). These funds help meet the acquisition financing gap created by the limitations of permanent affordable housing finance which are exacerbated for TOD by the higher cost and scarcity of quality opportunity sites near transit. Public subsidy investments with no return expectations occupy the critical top loss risk position for these funds and are essential to their formation.</p>	<p>There are approximately 12 different structured acquisition loan funds for affordable housing in operation or being formed across the country. The Denver TOD fund, which closed in early 2010 and is operated by Enterprise Community Loan Fund, is the first to have an exclusive TOD dedication. Top loss investment for this fund come from Xcel Energy franchise fee revenues and Economic Development Business Incentive funds. The Low Income Investment Fund in the Bay Area and the Seattle Office of Housing (a housing finance authority) in Seattle are currently soliciting investment for equitable TOD funds in those regions. The Bay Area fund has a commitment of \$10 million in top loss grant investments from MTC in the form of exchanged STP &amp; CMAQ funding. The Puget Sound fund will have some top loss investment from the Seattle Housing Levy and is seeking additional federal funds through the HUD Sustainable Communities Grant process, as is the Denver Fund.</p>
<p>Finance Tool: <b>Tax Abatement</b></p> <p><b>State</b></p>	<p>Full or partial exemption from real estate taxes for a limited time period.</p>	<p>The State of Oregon has a Vertical Housing property tax exemption program that allow local governments to designate areas in which multi-story mixed-use projects receive tax abatements for 10 years; the percent exemption increases with the height and affordability of the project. Under this program, the city of Portland created the TOD Property Tax Abatement Program which exempts qualifying projects from property taxes on residential improvements and non-residential improvements with public benefit for 10 years. Qualifying projects meet a 10 to 20% affordability requirement, TOD design specifications, minimum of 10 units, and are located in designated areas. This program will sunset in 2012 unless re-authorized.</p>



### ***TOD Grants: Recommendations for the TOD Program***

In the first decade of the Program's life, prior to 2008, its focus on small direct grants that shift the development feasibility of TODs dovetailed with burgeoning housing and real estate credit markets to bring higher intensity development prototypes to many Portland Metro station areas for the first time. Unfortunately, the 2008 financial crisis and subsequent downturn in the housing market has changed the credit environment for real estate development. This challenge is likely to persist for several more years, as the economy as a whole recovers, and the real estate investment market stabilizes and returns to growth.

The TOD Program should continue with its current level of judicious, detailed analysis of the eligibility and feasibility of all projects proposed for grant assistance. Given the current scarcity of debt for anything other than apartments, the Program could focus its investments in this product type given the greater likelihood that pioneering projects of this type will have short-term catalytic effects. The Program might also consider prioritizing investment in existing properties that could become multi-use, as foreclosed properties change hands and seek funding and financing for rehabilitation and conversion. While the for-sale housing market and real estate debt investment market recover, we have also recommended consideration of the extension of the Development Opportunity Fund and Urban Living Infrastructure Program toward implementation and predevelopment studies and place-making amenities to help set the stage for the return of significant private investment in new product.

The following bulleted paragraphs describe opportunities and recommendations for expansion of the Program's direct investments in TOD:

- **Use the typology and framework as a first filter for project eligibility, and develop a project-specific evaluation form that considers how**

**well a proposed project achieves program priorities.**

Developing a simple project evaluation form that staff could work with developers to complete, showing how specific criteria affect project qualification/awards, would create a more formal process for communicating program priorities. Another specific action might be to create and include a map in a project application that shows preferred investment zones based on the typology work. Such a form could also include further project screens such as a minimum and maximum award amount, and a "but for" test to show that other funding sources are not available to cover the gap. This type of evaluation will ensure that program dollars are spent more efficiently and with the maximum impact. Figure 39 shows the basic flow of the proposed project evaluation process, stressing that the cost effectiveness model and a standardized project assessment application be used iteratively to determine project merit and award value.

- **Dedicate MTIP funds exclusively to TOD capital improvements; shift staff operations to the Metro General Fund.**

While there are several other finance tools that can be used to assist development of TOD, MTIP funds, brownfield redevelopment funds, and affordable housing funds are the only on-going types of federal equity or grant investment that can be directed to real estate development. For the non-affordable portion of TOD projects, MTIP-derived grant funds are critical; current programs include higher-density mixed-use TOD grants and ULI grants. For this reason, CTOD recommends devoting all MTIP funds toward capital improvements and funding program operations through another more flexible source of funds such as Metro general funds, like other Metro programs, allowing greater dedication of available MTIP toward capital improvements.

- **Develop a strategy for investment in equitable TOD.**

The TOD Program can use the station area typology to create an explicit policy and strategy regarding investments in equitable TOD, defined as affordable, workforce or mixed income TOD. While 12 of 17 completed TOD projects have included a majority of housing affordable to lower income households, development of equitable TOD is not an explicit program objective and there is no current policy that identifies those stations areas, or locations within station areas, that are best suited for affordable housing. The TOD Typology and Framework now provides a powerful tool in helping Metro staff engage with equitable TOD stakeholders to define a strategy for future investments and program criteria around equitable TOD.

There may be different needs in different station areas with respect to equitable TOD. For example, households in East Portland and West Gresham tend to be lower income and are more likely to be renters than households in the region's other station areas. While subsidized affordable housing investments in these types of station areas may have improved the housing stock overall through higher quality design, they add to the concentration of lower income housing in certain parts of the region and miss the opportunity to promote mixed-income housing in more amenity-rich station areas.

Future TOD Program investments in affordable and workforce housing should be focused on maximizing access of low and moderate income households to opportunities provided in the region's emerging and strong market station areas and corridors. Affordable housing can be difficult to build in these station areas, which generally have higher land costs, but such opportunities are critical to maximize opportunities for the region's transit dependent populations who most greatly benefit from living in these places. Given that

many other sources of public and private funding are available for affordable housing, the TOD Program's limited flexible funds can often be better directed towards other catalytic activities or investments.

There may continue to be affordable projects where TOD Program investment makes sense, but staff should carefully consider whether these projects achieve the Program's many other objectives. In addition to the transit access equity needs met by various kinds of affordable TOD, higher-density affordable projects that are more insulated from market forces can begin to alter the physical environment of station areas to be more urban and transit-supportive, thereby setting the stage for future market-rate housing and employment uses. Such investments should be made only in station areas where affordable or workforce units increase the diversity of housing options available, rather than further concentrating disadvantage households, as identified by the typology analysis.

Affordable housing is not currently a designated Metro funding target, however, the recent proposed Community Investment Strategy includes alleviating the disproportionate burdens of growth borne by lower income households. This may generate further sources of funding to help achieve the equity objectives associated with TOD.

- **Support Employment or Destination Uses to Advance the 2040 Growth Concept.**

The majority of the TOD Program's development investments are more residential in nature, but TOD Program investments have also supported employment or institutional uses where appropriate. Such investments create additional transit-accessible destinations and can significantly boost transit

ridership by creating more transit destinations and promoting bidirectional flows. Moreover, research has shown that areas with a greater mix of land uses enjoy reduced auto dependence by encouraging walk and bike trips. The Metro TOD program should continue to consider appropriate opportunities to support destination retail, entertainment, cultural and institutional uses in addition to office and residential development types.

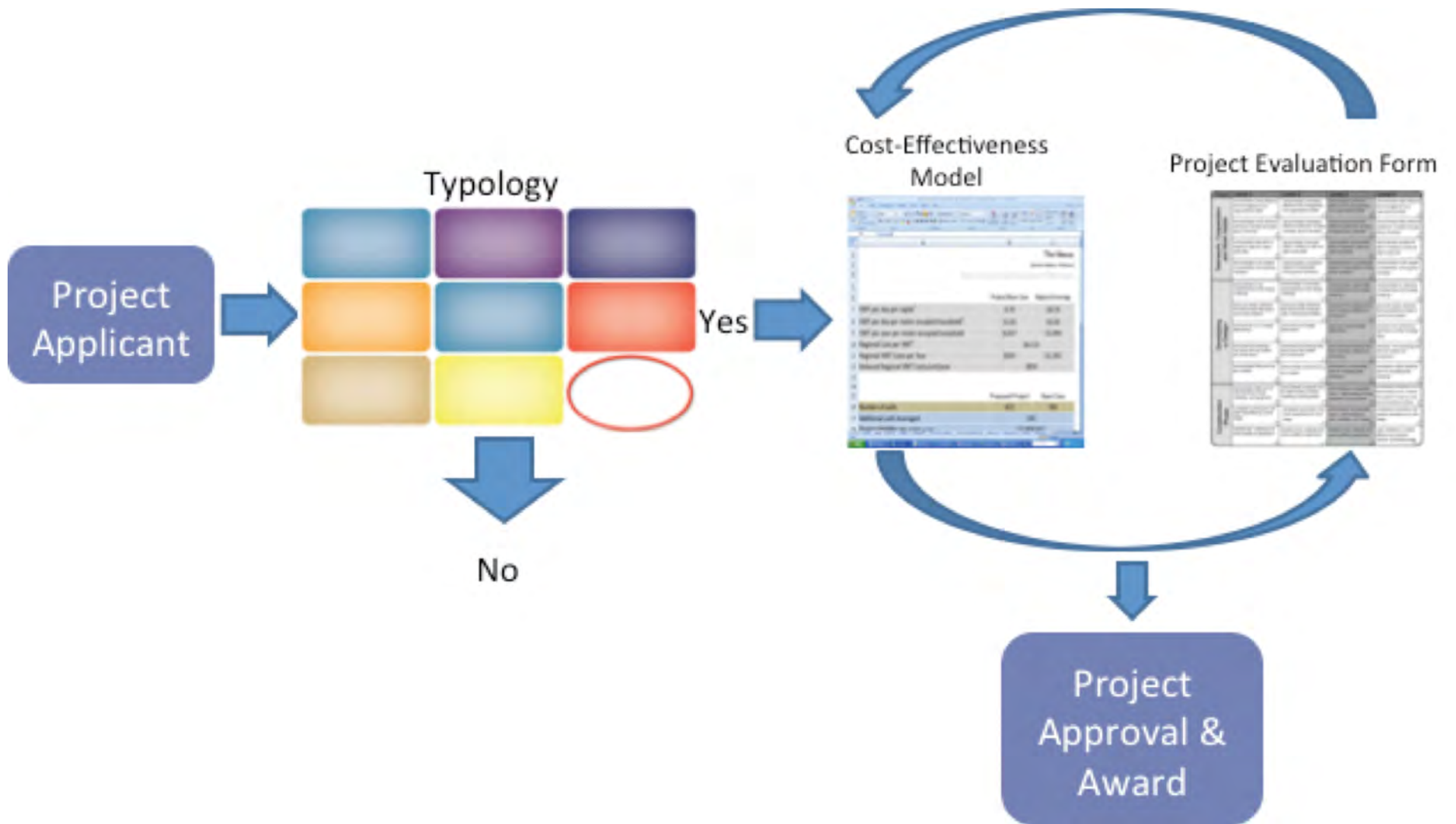
Certain station areas are more readily able to support destination-related uses than others. A wholly residential station, for example, will be an unlikely candidate for a new office building. Many office developers require candidate sites to maintain a minimum critical mass of adjacent office space or supporting commercial space, or require easy arterial and highway access. Figure 8 mapped existing employment clusters throughout the region; where these clusters intersect with transit stations and corridors, there is some potential to support new employment uses. This figure additionally shows that while all of the centers designated in Metro's 2040 vision plans are designated for some mixed-use development, only some of these centers currently maintain a large enough critical mass of jobs to support future employment growth in the short- to mid-term.

- **Coordinate with other regional and state programs.**

There are other regional resources that could benefit TOD projects with coordination of planning efforts and targeting of funds. One program that appears to have opportunity for coordination is Regional Travel Options, which funds and implements Travel Demand Management programs throughout the region. TOD Program staff participation in the Portland Metro Consolidated Housing Plan process could also help steer available housing subsidy towards the station areas.

- As described in Figure 37, the state of Oregon is one of only 14 states that do not have a transit preference or points for transit locations in its Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan. LIHTC currently accounts for almost 90% of subsidized affordable housing finance and is critical to the development of equitable TOD. Especially given current tightening of the tax credit and exempt bond markets, LIHTC should be strongly concentrated in station areas to ensure equitable access to higher quality transit service and relief from lengthy commutes. Albeit on a much smaller scale, New Markets Tax Credits (NMTC) are one of the few federal finance tools that could help support ULI investments. Metro and the TOD Program should lobby for preference for transit locations in the state allocation criteria for both LIHTC and NMTC.

Figure 39: Recommended modifications to project evaluation based on the TOD Typology and Framework





## D. Property Acquisition/Land Banking

Since its inception, the TOD Program has acquired strategic properties for development as TODs. Properties in Milwaukee, Hillsboro, Gresham and Beaverton remain in Metro ownership until an appropriate transit-oriented project is proposed. All of these properties were acquired opportunistically, as desirable property became available and/or the TOD Program had access to federal funding resources that could be used for acquisition.

Metro is the only regional government in the United States that directly acquires land for development as TOD; most local governments with interest in stimulating TOD via land assembly assist private developers in acquiring land, rather than directly purchasing, owning and maintaining property themselves. Several regional governments and central cities make grants or no-interest loans toward private acquisition of property for development as TOD. As described previously, the Twin Cities has a regional grant program that assists sustainable development projects with infrastructure, transportation access and land assembly costs; the constellation of these grants, often multiple grants to the same project over several years, has improved the feasibility of higher-density mixed use development throughout the region. As described in the adjacent sidebar, The North Central Texas Council of Governments has a no-interest loan program that makes loans to cities which then makes loans to sustainable projects, but the COG/city/developer relationship has been challenging to manage and the program is not likely to be renewed.

As described in Figure 38, Bay Area MTC and the Cities of Denver and Seattle have contributed federal or local sources of revenue towards the development of structured property acquisition loan funds for equitable TOD projects. These funds make short-term, below-market rate loans to developers seeking to acquire

### Lesson Learned Regarding Acquisition Loans: North Central Texas Council of Governments (NCTCOG) Sustainable Development Program (Dallas-Fort Worth, Texas)

The Sustainable Development Program funds planning, infrastructure and land banking efforts by local jurisdictions with public-private development partnerships in place for projects in targeted transit corridor or infill areas. The program was originally funded with \$40.6 million in local capital improvement funds swapped for CMAQ and STP Metropolitan Mobility funds, similar to the TOD Program and TLC, and to be disbursed over a four year funding cycle. Future funds will come from toll revenue from the North Texas Toll Authority, as described in Table 4.

\$8.1 million of these funds are designated for no-interest loans of no more than \$1 million for land banking. Loans require a 20% minimum local match and the city partner may keep any profit, but also incurs any loss. Unfortunately, the scale of funding requests has far outstripped program resources and the NCTCOG/City/ Developer relationship has been challenging for program staff to manage. Staff feels the land banking program has not been successful and is not recommending a next round of funding.

property near fixed guideway transit for development as affordable or mixed-income TOD. Loans are repaid when projects receive construction or permanent financing. Public investments in these funds are usually grant funds that are instrumental in risk absorption and leveraging of private source of debt investment because they have no return requirements and are not repaid, but continue to revolve.

Unlike these structured loan funds or the MPO land assembly grant/loan programs, the TOD Program's current approach to acquisition is more oriented towards preservation than near-term catalyst objectives. As described in the Work Plan, the purpose of establishing site control is "to ensure design and density of a TOD can be determined before the land is developed."<sup>29</sup> Public holding of these properties preserves them for eventual development at densities, mixes and with design features that support transit usage. Because Metro is exempt from property taxes as a public entity and has in-house legal and maintenance staff, it has relatively low carrying costs for land banking and can hold property in perpetuity without significant burden.

There are, however, opportunity costs involved with investment in land holding where there is no prospective development deal. Given the high cost of property, the TOD Program has significant program capital investment resources invested in TOD sites that could be going towards investments in immediate real estate projects or infrastructure improvements that would have immediate catalytic impacts on TOD. Given the orientation of other Program activities toward catalyst objectives, clarification and elaboration of the purpose of its property acquisition activities is needed.

- **Evaluate Program intentions regarding property acquisition.**

The immediate objectives of the TOD Program's property acquisition activities need to be aligned with the larger mission of the TOD Program. The ultimate goal of ensuring transit-supportive uses, densities and building design on key sites, as described in the Work Plan, could also be met through local zoning and design requirements at a cost that is more in line with the scale of resources currently available to the program. Though there is a need to address the financial gaps faced by developers, truly addressing this need will

require a substantially greater pool of money for land acquisition. Moreover, most of the other current activities of the TOD Program are catalytic in nature, which is not often the case with property acquisition.

However, there may be specific circumstances in which acquisition for land banking, as opposed to near-term development, is needed; i.e. where key properties will otherwise be developed in a manner that does not support transit, or where owner circumstances result in a particularly advantageous and time-limited opportunity. Depending on Metro's objectives for acquisition, the relative lack of market demand and credit supply could result in new acquisition opportunities for the Program in the next couple of years. More precisely defining the Program's goals for acquisition will assist in strategic decision-making regarding use of program resources towards any opportunities that arise.

- **Develop guidelines for strategic disposition of both current and future acquisitions.**

Program staff should develop a disposition strategy for current properties under the ownership of the TOD Program, as well as future potential acquisition opportunities. This strategy should take the program's goals for acquisition (recommended above) into account. If such a disposition strategy were required particularly for future acquisitions, it might help program staff to determine whether and how this activity will further the Work Plan for the program.

## Notes

1. This plan uses the term “transit communities” to refer to the combination of Portland’s station areas (the half mile radius around its light rail and streetcar stops), and the quarter mile around its quality bus corridors (divided into segments based on shared characteristics). To the extent possible the authors have analyzed data and provided maps for both station areas and bus corridors; however in some cases data was only available for station areas.
2. Pisarski, Alan E. *Commuting in America III*. Washington, D.C.: Transportation Research Board, 2006. Available at: <http://onlinepubs.trb.org/onlinepubs/nchrp/ciaiii.pdf>
3. Center for Neighborhood Technology, *Housing + Transportation Affordability Index®*. Available at [htaindex.org](http://htaindex.org)
4. Ed Hovee & Company, *Portland Streetcar Development Impacts*. Prepared for Portland Streetcar, Inc., October 2005.
5. Pushkarev, Boris S. and Jeffrey M. Zupan, *Public Transportation and Land Use Policy*. Bloomington: Indiana University Press, 1977. Published for the Regional Plan Association.
6. Frequent bus is defined as bus lines with headways of 15 minutes or greater. CTOD evaluated jobs within a quarter mile of these bus lines.
7. Center for Neighborhood Technology. “Pennywise Pound Fuelish: New Measures of Housing + Transportation Affordability” (2010)
8. [http://www.apta.com/mediacenter/pressreleases/2010/Pages/100112\\_Transit\\_Savings.aspx](http://www.apta.com/mediacenter/pressreleases/2010/Pages/100112_Transit_Savings.aspx)
9. Source: American Community Survey, 2006-2008. Median rent price of \$1,044 is for units built after 2005. Housing “affordability” is defined as at or below 35 percent of household income.
10. In 2000 dollars.
11. Source: Vartanian, Thomas, “Adolescent Neighborhood Effects on Labor Market and Economic Outcomes,” *Social Service Review*. Chicago, IL: University of Chicago Press, June 1999.
12. Source: Center for Neighborhood Technology, *Housing + Transportation Affordability Index*, [www.htaindex.org](http://www.htaindex.org)
13. US Census 2000, Center for TOD
14. CTOD has found it challenging to collect meaningful data that measures market strength on a regional basis. Often the only source of information available at this scale is assessor’s data, which is of variable quality from city to city or county to county. Given that it is based on actual market transactions, sales data represents the most reliable source of information to determine relative variation in market strength across a region.
15. Newman, Peter and Jeff Kenworthy, “Urban Design to Reduce Automobile Dependence.” *Opolis*, v. 2 no 1 (2006).
16. *An Assessment of the Marginal Impact of Urban Amenities on Residential Pricing*. Johnson-Gardner (2007).
17. Holtzclaw, John, Robert Clear, Hank Dittmar, David Goldstein, and Peter Haas, “Location Efficiency: Neighborhood and Socio-Economic Characteristics Determine Auto Ownership and Use?” *Transportation Planning and Technology*, Vol. 25, March 2002, pgs. 1-27.

18. The categories of investment strategies discussed here collapse categories that are indistinguishable from a funding or staffing perspective (i.e. “participate in community visioning/outreach” and “provide technical assistance with planning efforts”). Additionally, based on current national trends in MPO TOD activities, as well as the critical nature of the investment, “connect local government partners with infrastructure/community development partners,” has been made more direct, i.e. “infrastructure and public amenity improvements”. This assessment of need is based only on the number of station areas that require each type of assistance, not the actual magnitude of need within each station area (i.e. via engineering survey analysis).
19. Estimated private investment needed is \$6.1 billion. “Central Corridor Improvement Analysis”, Bonestroo Engineering, April, 2010.
20. “Transit-Oriented Development and Urban Centers Implementation Program Work Plan,” Planning Department, Portland Metro, Revised November, 2007, pg. 2.
21. “Transit-Oriented Development and Centers Program: Annual Report 2007,” Portland Metro, November, 2007, pg. 2.
22. “Transit-Oriented Development and Urban Centers Implementation Program: Work Plan,” Metro Planning Department, revised 2007, page 5.