

Finding Common Ground

Best practices for state policies supporting
Transit-Oriented Development

WCRER

WASHINGTON CENTER FOR REAL ESTATE RESEARCH

Introduction to TOD

Transit-Oriented Development (TOD): Goal to create sustainable and equitable livable communities that meet both housing and transportation needs through mixed use, mixed income developments

Goals of TOD

- Decrease traffic congestion
- Lower environmental impacts
- Improve social equity
- Increase affordable housing options near transit
- Support economic growth by attracting business and housing development

Requirements of successful TOD

- Implement comprehensive plans and zoning that allow mix of uses and density
- Eliminate or greatly reduce parking requirements

TOD social and economic impact potential

- Concerted approach to urban growth
- Emphasizes connection between transportation and housing infrastructure
- Direct implications for social and economic landscapes of communities

Challenges and opportunities for TOD in Washington

Washington's unique opportunities and challenges for TOD

- Planned investment in transportation infrastructure (\$54B by 2044 planned to date)
- Pressing need for affordable housing and sustainable urban development
- Well positioned to become leader in TOD

Requirements to optimize TOD in Washington

- Specific tools to increase development near transit and include affordable units
- Concerted policy reform and efforts by legislature
- Cooperation between policy makers, developers and researchers
- Strong structural framework to bridge housing and transit needs

Parking and housing supply

Pivotal considerations for TOD

- Parking requirements in housing development
- Housing needs and future supply pipeline

Unnecessary constraints

- Data driven evidence on parking minimums shows drastic, underutilized parking
- Additional costs contribute to increased rents and prices
- Elimination and/or reduction in transit rich locations is feasible

Potential positive impacts of legislative reform removing parking

- Decreased costs for developers
- Encourages otherwise unfeasible development
- Increase housing production and lower construction costs and rents



Image courtesy of TriMet

Equity and affordability

Displacement risks associated with TOD need to be addressed

- Identify areas of higher displacement risk and require mitigation measures

Potential tools to provide units affordable to households earning 50-120% of area median Income:

- Make all TOD zones eligible for MFTE by default
- Provide meaningful density bonuses (1 or 2 additional FAR) for projects including affordable units
- Make smaller projects and homeownership projects eligible for grant programs

Potential tools to provide units affordable to households earning less than 50% of area median income:

- Establish Housing Benefit Districts to make land available at low or no cost for affordable housing
- Provide state tax credits (offset Washington State business and occupation tax) for companies that provide capital for housing investment in TOD zones
- Create state levy to fund affordable housing projects in TOD zones to be administered through the Housing Trust Fund

** Direct rental subsidies will most likely be necessary for these tools to be effective in serving households earning less than 80% AMI

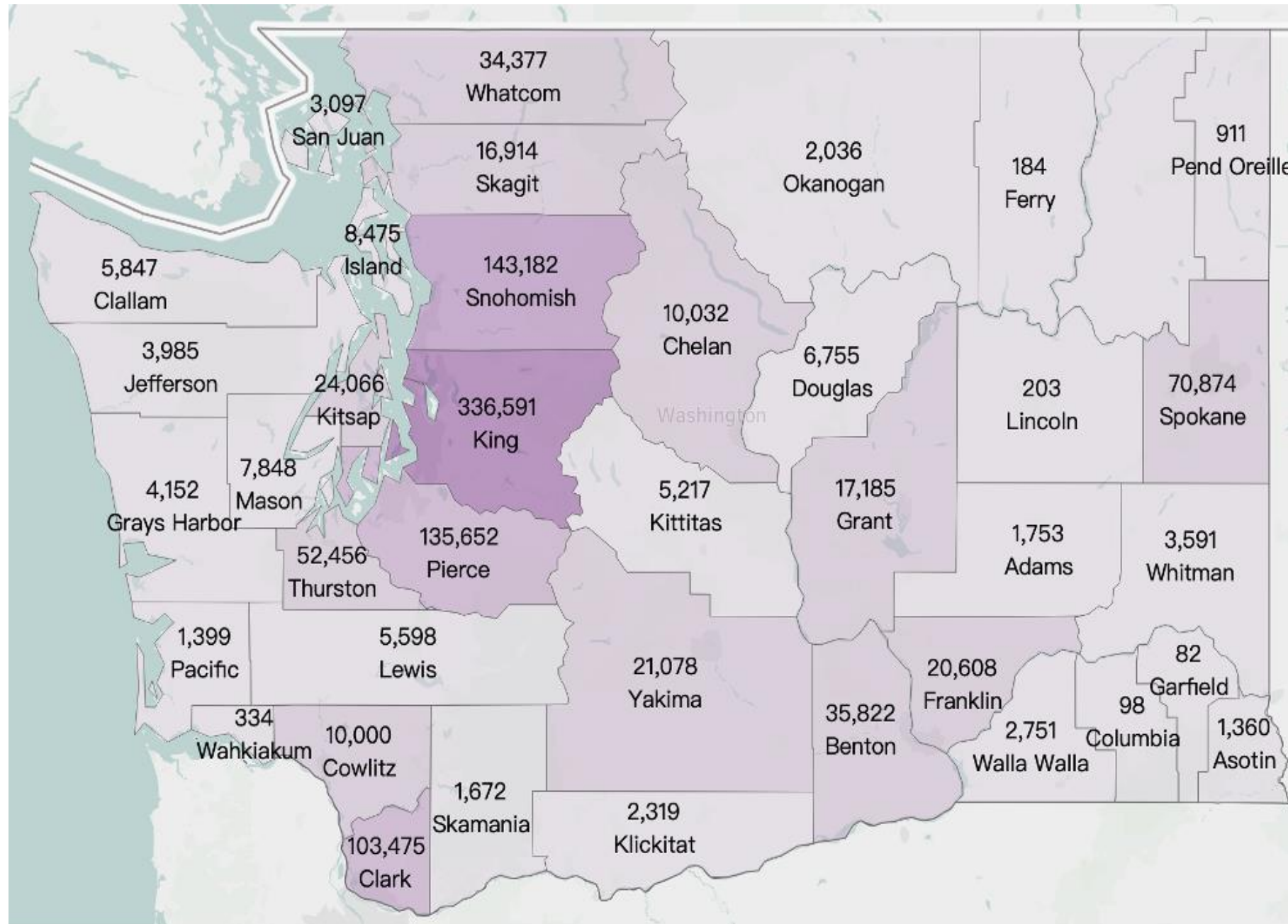


Image courtesy of The Urbanist

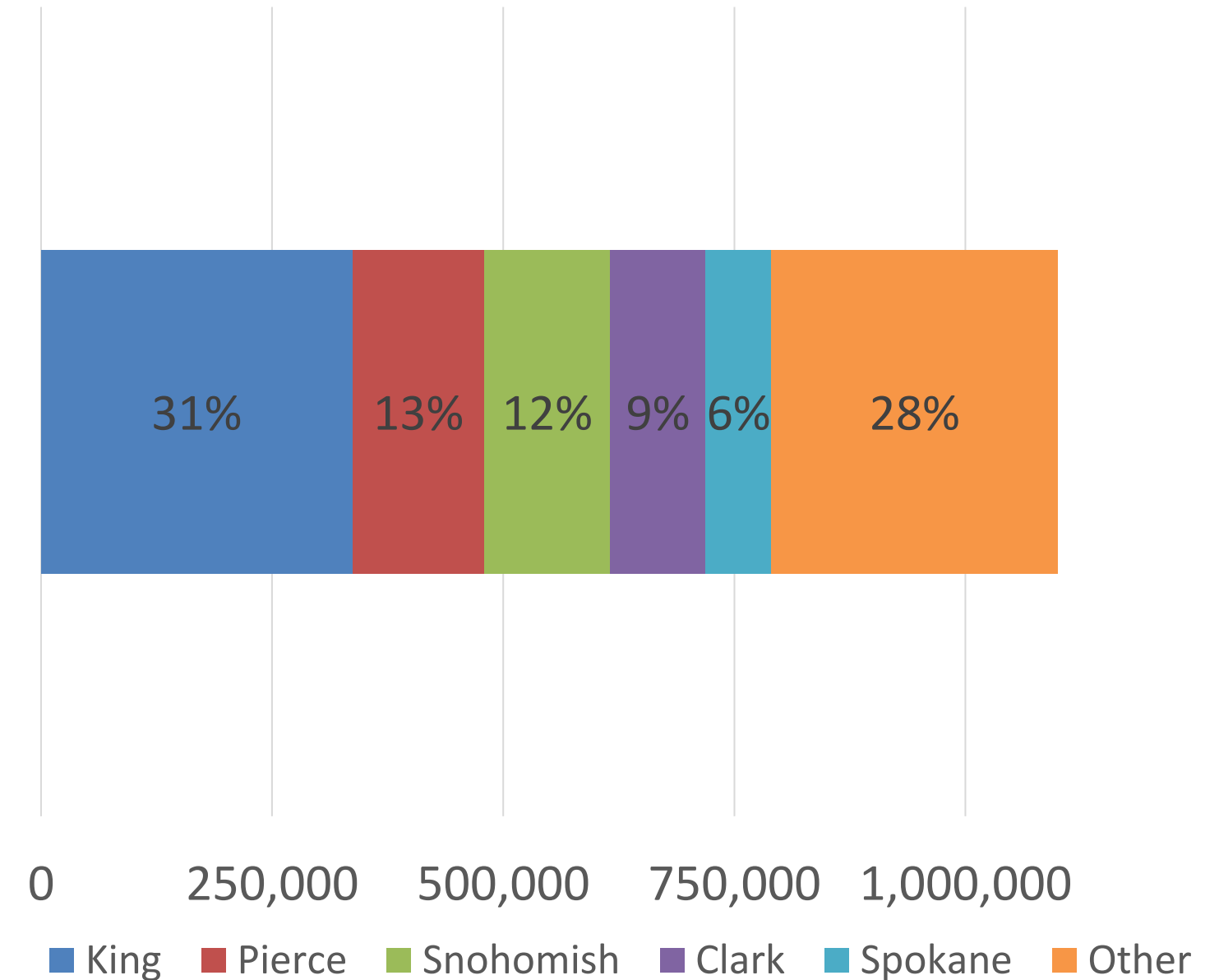
1.1M units needed in Washington by 2044

Over 2/3 in 5 counties with greatest TOD potential

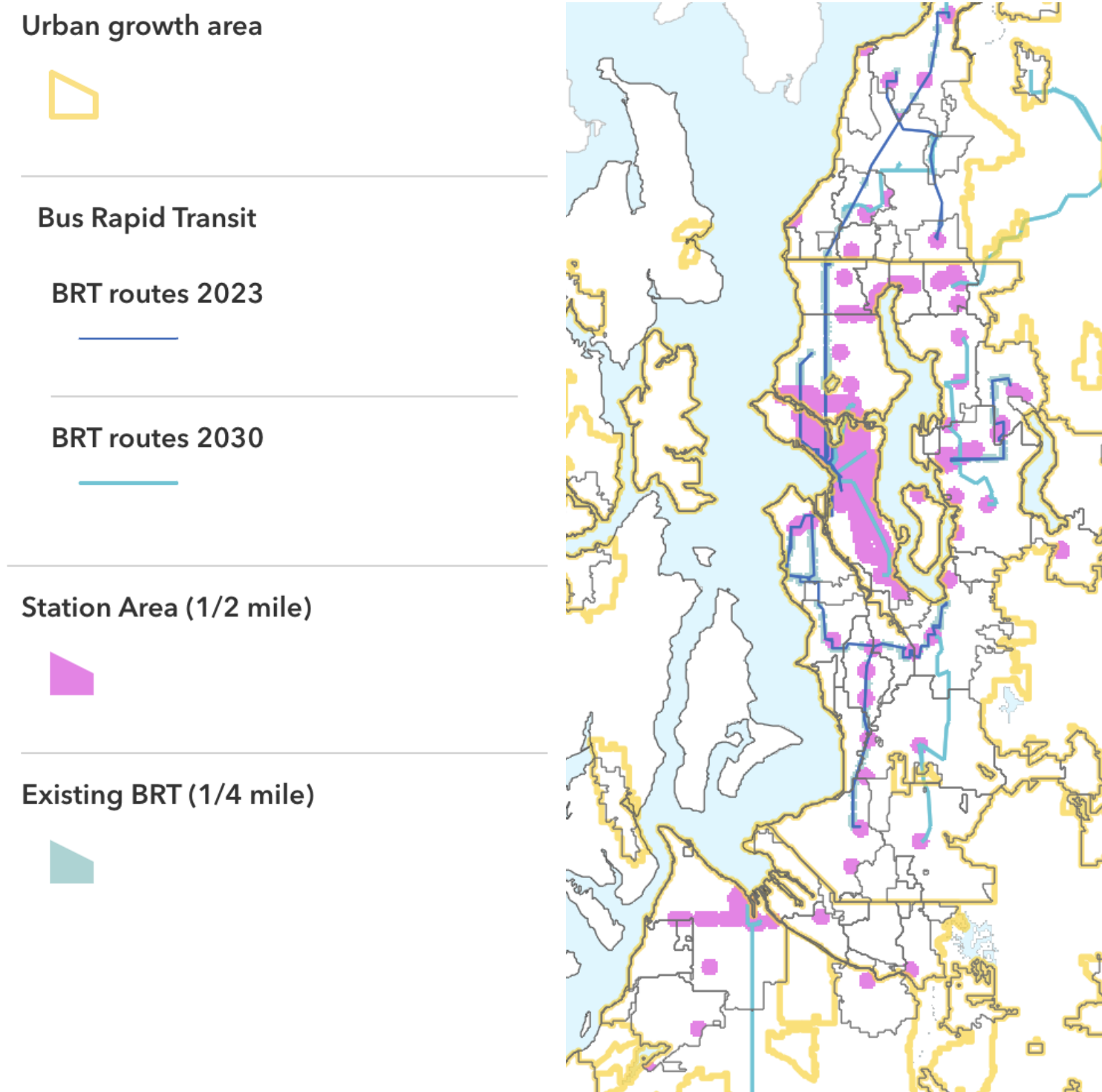
Additional housing units needed by county



Housing need by 2044



TOD potential in Puget Sound



TOD potential concentrated around new and planned transit stations

- Within urban growth area
- Extensive environmental review has established these areas' appropriateness for development

Appropriate density and parking requirements can maximize benefits of public investments in transit

- Potential for establishing nodes of centrality with mix of uses (residential, retails and services, and office)
- Maximize number of residents and employees that can take advantage of existing and new transit
- Limit car usage by allowing households to commute by transit

****Further analysis outside of Puget Sound needed**

TOD legislation and policy trends

Policy trends to support TOD

- Legislation and TOD policies are expanding with states taking increasingly proactive role
- Recent state legislation passed in California, Oregon and Massachusetts

Existing TOD legislation in Washington

- Mandates regional transit authorities to develop system plans
- Focus on diverse, mixed-used, mixed-income communities
- Significant provisions for affordable housing

Recent TOD legislation

- **California:** Focus is removing permitting timelines and parking minimums
- **Massachusetts:** 'MBTA communities' mandate municipalities to allow multifamily development with minimum density within ½ mile of transit stations
- **Oregon:** Policy to bolster affordable housing development in TOD zones
- **Other Cities:** Many cities are exploring TOD to propagate affordability and sustainable growth
- **Los Angeles:** 'Transit Oriented Communities' program used to generate development activity
- **Common trends:** Utilization of legislative and policy measures to foster sustainable urban development

TOD programs in other cities and states

Proactive land use regulation supporting TOD emerging in other locations

California

- **AB 2011:** Streamlined permitting and increased density
 - Research shows potential for additional 2 million housing units as a result of legislation
 - 15% Requirement for affordable housing units for new development program
- **AB 2097:** Remove minimum parking requirements within ½ mile of major transit stop

Massachusetts

- **Chapter 40R** program offers incentives for TOD
- Municipalities required to have multifamily housing districts with a minimum gross density of 15 units per acre within 1.2 mile of transit stations
- Policies stipulate requirements for affordable housing inclusion

Oregon

- **Oregon Metro TOD Program**
- Investment in mixed-use projects near transit stations
- Expanded transit network, strengthening transit use and market potential for development

British Columbia

- Increased zoning density near rapid transit
- Creation of affordable housing development by increasing competition for affordable developers

Guidelines for TOD policies and legislation

- ✓ Increase densities around transit stations
- ✓ Incorporate TOD policies in zoning reforms
- ✓ Reduce or remove parking minimums for housing development
- ✓ Streamline the development permitting process
- ✓ Align TOD definitions and development requirements
- ✓ Provide technical assistance and transparency in data
- ✓ Offer financial and non-financial subsidies to incentivize TOD
- ✓ Protect against displacement and exclusion in housing policies



Guidelines for TOD policies and legislation

- **Increase densities around transit stations:** Mandate average minimum floor-area ratio requirements but allow local jurisdictions to implement specific height limits, setbacks, and other regulations at parcel level based on local context
- **Incorporate TOD policies in comprehensive plans but also in zoning codes:** Upzone near transit station to enable mix of uses (residential, office, and retail)
- **Reduce or remove parking minimums:** Make more project cost feasible and support reduction in car travel. California and Oregon have seen positive results
- **Reduce development permitting times and uncertainty:** Creating streamlined review and approval processes for developments within TOD, particularly if they include affordable housing units, increases the financial viability of that development without using only cash subsidies
- **Align TOD definitions and development requirements:** Consistent distances from stations and methods of calculating those distances, and types of transit included. Also align affordable housing requirements, thresholds, methods for determining area median incomes, percentage of affordable units required, and requirements for on-site production
- **Technical assistance and data:** Provide technical assistance, planning grants, and training programs, develop model ordinances or handbooks, and supply relevant data to support local jurisdictions
- **Provide financial subsidies:** Tools like tax exemptions and tax credits, land transfers and reduced fees are essential to ensure projects are financially viable for transit-oriented development with affordability requirements

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