



Date: March 29, 2013  
To: JPACT Members and Interested Parties  
From: Megan Gibb, AICP, Development Center Manager  
Subject: Regional Program Review: Transit-Oriented Development

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## Transit-Oriented Development Program

The core mission of the Transit-oriented development (TOD) program is to stimulate private sector investments to create vibrant urban centers and station areas where people walk, bike and use transit, as envisioned in the Region's 2040 Growth Concept. The TOD program effectively optimizes our significant regional investment in transit by bringing more residents and workers to the existing system.

Metro partners with local jurisdictions to foster public-private partnerships in TOD development near transit. Metro's innovative TOD program helps offset the private sector costs of high quality dense and vertical mixed-use development by directly investing in transit-oriented development projects and, in some cases, acquiring and selling land near transit at a reduced cost. These easements and land sales carry with them conditional use requirements such as minimum densities and/or building heights, mixed land uses, pedestrian friendly design and amenities, and reduced parking ratios.

## Regional Implementation Context

Transit-oriented development is a cost-effective strategy for achieving each of the Regional Transportation Program goals. Most significantly, TOD is an implementation effort that: fosters vibrant communities and efficient urban form; sustains economic competitiveness and prosperity; expands transportation choices; promotes environmental stewardship; and enhances human health. The relationship of TOD to the regional performance targets is well-documented:

- **Travel** – *reduce vehicle miles traveled per person:*

Recent research finds that in comparison to typical suburban development, compact suburban development reduces vehicle miles travelled by 20% and urban development reduces VMT by up to 60%. As the amount and quality of compact development increases, the reduction in VMT accelerates, resulting in a permanent reduction in greenhouse gas emissions.<sup>1</sup>

- **Active transportation** – *increase walking, biking and use of transit:*

Residents of TOD developments walk, bike and use transit more than they did previously when they were living in areas without good urban form and transit service.<sup>2</sup> To be considered for TOD program participation, the development must be higher density, create an

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<sup>1</sup> Urban Land Institute. Land use and Driving: the role compact development can play in reducing greenhouse gas emissions. Washington DC: Urban Land Institute, 2010.

<sup>2</sup> Dill, Jennifer. Survey of Merrick TOD Residents. Portland State University. March, 2005.

attract pedestrian realm, and be bike-friendly. Funding eligibility is determined based upon the extent to which the development will result in increased transit ridership.

- **Affordability** – *reduce the average household combined cost of housing and transportation:*

Living in a walkable neighborhood with a mix of uses and good access to public transportation makes an average of 16% of total household income available for other expenditures. Combined housing and transportation costs drop from 57% of household expenditures for those living in auto-dependent areas to 41% for those living in walkable neighborhoods with good access to transit.<sup>3</sup>

- **Basic infrastructure** – *increase the number of essential destinations accessible by trails, bicycling, sidewalks and public transit for all residents:*

The TOD program improves accessibility to essential destinations by stimulating compact residential and mixed-use development near transit, and by requiring that all projects create an attractive pedestrian realm, minimize parking, and be bike-friendly.

- **Access to daily needs** – *increase the number of essential destinations accessible by bicycling and public transit for low-income, minority, senior and disabled population:*

More than half (59%) of the 2,091 housing units constructed with Metro's TOD program funding are affordable to low and moderate income persons: 531 units are affordable for up to 60% median family income households, and another 703 units have market rate rents affordable for up to 80% median family income households. These new residential units are designed to meet or exceed current requirements for accessibility by disabled persons. More than one-fourth (27%) of all housing units are designed to serve seniors.

- **Climate change** – *reduce transportation-related greenhouse gas emissions;*  
**Clean air** – *eliminate population exposure to at-risk levels of air pollution; and*  
**Congestion** – *reduce vehicle hours of delay (VHD) per person:*

Metro Travel Behavior surveys have found that per capita vehicle miles traveled (VMT) in neighborhoods with good transit service and mix of uses is less than half that of the average regional household. As a result, the TOD Program's completed projects are estimated to have reduced greenhouse gas (GHG) emissions by more than 100,000 metric tons compared to traditional development.

National research concludes that transit oriented development reduces transportation-related greenhouse gas emissions and exposure to at-risk levels of air pollution through travel mode shifts and congestion mitigation.<sup>4</sup> Two Portland studies documented substantial changes in travel behavior, including 15% to 16% mode share increase in transit commuting among

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<sup>3</sup> Center for Transit Oriented Development. TOD 201: Mixed-Income Housing Near Transit: increasing affordability with location efficiency. Washington DC: Federal Transportation Administration, 2009.

<sup>4</sup> Transportation Cooperative Research Program, Estimating Greenhouse Gas Savings from Transit. TCRP Synthesis 84: Current Practices in Greenhouse Gas Emissions Savings from Transit, page 34. Washington DC: Transportation Research Board, 2010.

people who moved into TODs.<sup>5</sup> Less driving results in fewer auto-emissions and less congestion. Air pollution exposure is reduced because of reduced transportation-related emissions and fewer hours spent stuck in traffic.

## Recent Policy Work

The TOD Program Strategic Plan guides the cost-effective allocation of limited TOD funding based upon region-wide analyses of each station area, urban center, and corridor. The Plan profiles the transit-orientation characteristics and market readiness of each area. Areas with (re)development and placemaking potential are prioritized for near-term TOD investments. Areas that have relatively weaker market strength and transit-orientation characteristics are identified for partnership opportunities and technical assistance.

## Regional Funding Strategy Context

Regional Flexible Funds (RFF) are the only source of funding for the TOD program's direct investments in catalytic transit oriented development projects, and JPACT members have concurred that RFF are the appropriate source of funding for the TOD program.<sup>6</sup> Significantly, Metro's TOD investments are frequently the only direct financing tool available for public-private partnerships in local jurisdictions around the region. The TOD Program has received funding from Regional Flexible Funds each cycle since its inception in 1998.

Working together with city, county, state, business and community leaders, Metro is researching how land use and transportation policies and investments can be leveraged to help build great communities, support the region's economy and meet goals for reducing greenhouse gas emissions. On April 2, 2010, MPAC and JPACT held a joint summit to learn more about climate change science and policy choices related to greenhouse gas emission reduction. Nearly 200 people attended the summit, including other elected officials in addition to MPAC and JPACT members, local government staff, and non-government partners. The top rated strategy for greenhouse gas emission reduction, identified by more than 73% of survey respondents, was to "increase mixed-use development in centers and corridors." A second summit held in 2011 with more than 250 people, reaffirmed this level of support for increased mixed-use development in centers and corridors.

In 2012, Metro found that current adopted plans for mixed-use development in centers and corridors served by transit provide a strong foundation for meeting these goals. If realized, they will result in substantial per capita greenhouse gas emissions reductions, reduce air pollution and increase physical activity. However, market-readiness, significant investment, partnerships and leadership will be needed to realize these aspirations.<sup>7</sup>

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<sup>5</sup> Transportation Cooperative Research Program, Traveler Response to Transportation System Changes. TCRP Report 95, Transit Oriented Development, Chapter 17, page 17-9. Washington DC: Transportation Research Board, 2007.

<sup>6</sup> "RTP Modal Finance Approach," Joint Policy Advisory Committee on Transportation, May 2009 retreat work product.

<sup>7</sup> Understanding Our Land Use and Transportation Choices: Phase 1 Findings (January 2012).

## Program accomplishments

- **28** TOD projects have been completed in centers and stations areas across the region, including Hillsboro, Orenco, Beaverton, Hillsdale, Milwaukie, Clackamas, Gresham, Gateway, and Portland.<sup>8</sup>
- **641,000** more travel trips are made by transit every year rather than by car as a result of projects built with TOD program funding.
- **3,155** housing units have been constructed to date and serve a diverse population including low and moderate income, disabled, and senior households.
- **305,000** square feet of retail, restaurant and office space have been included in completed TOD projects to contribute to placemaking by creating transit destinations, generating more pedestrian activity and introducing amenities for urban living.
- **\$480,000,000** of transit oriented development investment has been leveraged because of the public-private partnerships made possible by modest contributions of TOD program funding.

## Opportunities

The TOD program makes modest public investments in order to stimulate large private investments in compact and mixed-use projects that otherwise would not be developed. TOD project funding generally falls in the range of \$200,000 to \$500,000 and represents 1% to 6% of total development cost. Developers and lenders report that having Metro's TOD program financially participate also increases lender and investor confidence in the project, which in turn helps in securing private financing, local tax abatements, and other public financing.

The twenty (28) TOD projects completed to date have leveraged more than \$480 million in direct project investment. As the vendors and craftspeople spend to purchase goods and services, the economic impacts multiply. On average, every \$1 invested in development generates more than \$2 in economic activity in this region.<sup>9</sup>

In this economic climate, more substantial public investment has been necessary to move projects forward. In response, the TOD program is partnering more often with other public and non-profit agencies. Local jurisdictions have contributed through limited property abatements, urban renewal funds, system-development charges adjustments, and in-kind contributions.

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<sup>8</sup> See TOD Annual Report, June 2010.

<sup>9</sup> Oregon Housing and Community Services. Housing as an Economic Stimulus, pages 5 and 6. Salem, Oregon: Oregon Housing and Community Services, 2008.

## **Proposed Regional Allocation Request**

Guided by its strategic plan, the TOD program seeks to maintain its historical funding consistent with inflation and to identify investment opportunities that will have the highest beneficial impact for RTP goals. The three year funding request is for approximately \$3.06 million per year for this RFF cycle for a total of \$9.19 million. A key growth strategy for transit-oriented development will be to leverage other funds to promote high-density mixed use development.

Since the TOD Program's inception, the land area eligible for TOD Program investment has expanded from approximately 12 square miles to 93 square miles, a nearly eightfold increase, with the addition of urban centers, frequent bus corridors, and the steady expansion of the transit system. As a result, the demand and need for TOD incentives far exceeds the program's available resources.

Links to the TOD FY 2012 Annual Report and Strategic Plan Executive Summary are listed below:

[http://library.oregonmetro.gov/files//tod\\_2012\\_annualreport\\_web.pdf](http://library.oregonmetro.gov/files//tod_2012_annualreport_web.pdf)

[http://library.oregonmetro.gov/files//tod\\_strat\\_plan\\_execsum.pdf](http://library.oregonmetro.gov/files//tod_strat_plan_execsum.pdf)