ITEM 4

METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
Tel: 510.464.7700
TDD/TTY: 510.464.7769
Fax: 510.464.7848

Memorandum

TO: Joint Policy Committee DATE: April 8, 2005

FR: Executive Director

RE: MTC's Transit Oriented Development (TOD) Policy

At the Joint Policy Committee meeting on April 15th we would like your input on several important policy issues that have been raised as part of MTC's larger efforts to develop a new transit-oriented development policy for regional transit expansion projects under Resolution 3434. The JPC has provided important feedback to date on the initial development of the TOD policy, and staff is seeking additional input from the committee—in addition to other stakeholders and our own Commission—before we release a final draft of the policy for public review and comment in May. The policy issues discussed below (and summarized in Attachment A) represent some of the key issues that have been raised as part of our outreach on the TOD policy over the last five months.

Background

Many of you are by now well aware of the origins, rationale and context for the development of our TOD policy. Briefly stated, the Commission adopted the latest Regional Transit Expansion Plan for the region in 2001 – known as Resolution 3434 – and issued a strong directive to staff to develop a policy that would condition the allocation of regional discretionary funds for transit expansion projects on supportive local land use plans and policies. In December 2003, MTC adopted a five-point Transportation/Land Use Platform that reconfirmed the Commission's commitment to conditioning funds under Resolution 3434 on supportive land use. Since that time, staff has been developing the TOD policy with the JPC and input from numerous stakeholders.

In November 2004, staff reviewed a draft white paper with the JPC that suggested an approach to implementing a regional TOD policy. The white paper proposes a TOD policy approach that is based on a set of assumptions that are important to re-confirm before proceeding into the remaining policy questions. The draft TOD policy assumes the following:

(a) A corridor approach to land use thresholds for housing and employment densities along corridors that allows station-by-station variation and flexibility;

(b) Land use thresholds that vary by mode of transit, with more capital-intensive projects like BART extensions and light rail expansions having higher land use

expectations;

(c) Land use thresholds that are based on both what's already on the ground and what local jurisdictions plan for in the future;

(d) A requirement to prepare individuall station area plans—which MTC would help fund— to plan for increased land use densities, access, design standards, parking and other amenities based on the unique circumstances of each station area and city;

(e) Creation of Corridor Working Groups that would bring together local government staff, transit agencies, congestion management agencies and other key stakeholders with an interest in TOD along the corridor to help develop station area plans to meet the MTC corridor-wide land use thresholds. The draft TOD policy assumes that the CMAs will take a lead role in organizing these working groups.

Key Policy Questions

Following the release of our draft TOD policy white paper in November 2004, staff has been soliciting input from partner agencies, interest groups and local governments around the region and in the key Resolution 3434 corridors that will be affected by this policy. The following key issues are some of the more important policy questions that staff believes need to be resolved in order to proceed with development of a final policy (also see Attachment A for a summary of the following policy issues and the relevant options proposed by staff for each issue).

I. Application of the Policy

MTC Funding Leverage

(1) The Commission's leverage for the TOD policy is financial, based on the fact that regional discretionary dollars are being used to fund the Resolution 3434 projects. But should MTC's TOD policy apply to all Resolution 3434 projects regardless of how much regional discretionary funding the project requires? Or should there be a threshold for the portion of the total project cost that is regionally funded—a specific dollar amount or percentage—below which the regional TOD policy wouldn't apply?

(2) In addition to potentially exempting projects from the Resolution 3434 TOD policy that only use a small amount of regional funding, should an exemption also be extended to projects that are more limited in scope and don't include the addition of any new stations, such as electrification projects and service upgrades along existing corridors?

II. Corridor Land Use Thresholds

(3) Land Use Measures

The draft TOD policy white paper suggests two options for the corridor level thresholds—a housing only threshold and a combined jobs plus housing threshold. Members of the JPC and others have expressed interest in maintaining a requirement for some level of employment to be

planned for in addition to housing in the corridors. Yet some local jurisdictions have expressed concern over their ability to measure future employment in station areas. What are the most appropriate threshold measures for the corridors?

(4) Treatment of Affordable Housing

Much of the research around TOD suggests that lower-income households are much more likely to ride transit. Another key policy issue for the Commission to consider is to what extent affordable housing should be part of MTC's larger TOD policy. Should there be requirements for affordable housing either in the Station Area Plans or at the corridor level as part of the thresholds? Alternatively, can there be some sort of incentive or bonus provided for affordable housing as part of the corridor thresholds?

(5) Landbanking

While some frown on big box retail, large parking lots and auto dealerships around transit stations, others see it as a form of landbanking—providing an interim use that will eventually reach its life expectancy and can be turned over into higher density residential or employment uses over the coming decades. Some have suggested that MTC should allow this concept of "landbanking" where current market conditions aren't strong enough to meet the type of housing or employment densities called for in MTC's corridor-level thresholds. Still others will point to the difficulties of redeveloping the parking lots around BART stations over the last two decades as evidence that landbanking is difficult at best. How should MTC treat the concept of landbanking in the TOD policy? Should the policy allow limited-term landbanking, providing the necessary local policies are in place to allow for future housing or employment densities that support the corridor thresholds? Can the possibility of future housing on an existing or near term commercial site be used to meet the corridorwide thresholds?

III. Station Area Plans

(6) Funding for Station Area Plans

Included in the Commission's five-point Transportation/Land Use Platform adopted in December 2003 was a commitment to use a portion of regional funds available under the Transportation for Livable Communities /Housing Incentive Program (TLC/HIP) to help finance local Station Area Plans in Resolution 3434 corridors. Several stakeholders have suggested that these Station Area Planning funds should also be available for redeveloping existing station areas that are not part of Resolution 3434 but have strong potential for transit-oriented development. Should MTC restrict Station Area Planning funds to Resolution 3434 corridors to help local jurisdictions meet the proposed land use thresholds? Or should MTC Station Area Planning funds be available for all stations in Resolution 3434 corridors? Or should MTC allow existing station areas around the region also to compete for the funds? What portion of future regional TLC/HIP funding should be dedicated to Station Area Plans? Should the CMAs be asked to use a portion of the county TLC/HIP funding to supplement the regional commitment to Station Area Plans?

(7) Regional TOD Design Standards

Should MTC develop its own regional TOD design standards that any recipients of the Station Area Planning grants must adhere to? Or should MTC rely on other TOD design guidelines that already exist – some published by other Bay Area transit agencies such as BART, Caltrain and VTA – and use them as suggested guidelines that local jurisdictions can use?

(8) Parking Management

As many of you know and as much of the research also suggests, parking management is also a critical component of any successful TOD. The establishment of maximum parking requirements, shared parking, and pricing of parking in both residential and commercial developments can be important tools in an overall TOD strategy for a station area. But what requirements or incentives, if any, should MTC provide around parking as part of the overall TOD policy? Should MTC require use of regionally developed TOD parking policies within station areas, or require use of locally developed TOD parking policies? Or should MTC merely suggest a menu of parking policies that local jurisdictions could consider, but avoid requiring either standards or studies?

(9) Auto-Dependent Uses

Some TOD experts also suggest that larger-scale auto-dependent uses like big box retail are incompatible with transit-oriented developments. Still others suggest that big box retail can co-exist comfortably in a TOD as long as it incorporates pedestrian-friendly design elements and minimizes land dedicated to parking. Should MTC incorporate any requirements for local jurisdictions to prohibit auto-dependent uses in the TOD policy? Should MTC ask local jurisdictions to incorporate designs that are more inviting and safer for pedestrians such as smaller block sizes and wider sidewalks? Or should MTC defer to local decision-making on this issue and offer only suggested guidelines for local jurisdictions to follow as part of their station area planning process?

Next Steps on the TOD Policy

These key policy issues will provide a framework for our discussion at the Commission retreat on April 13, 2005. We continue to extend the offer for our staff to present the overall TOD policy to any relevant boards, commissions or councils over the next two months.

Our timetable (see Attachment B) suggests returning to the JPC with a revised policy at your May meeting and final action by the Commission the TOD policy in June 2005 as part of an overall revision to Resolution 3434. We intend to do everything we can before then to make sure all affected parties understand the direction and implications of our efforts. We look forward to a productive discussion on April 15th.

Steve Heminger

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ATTACHMENT B: TOD POLICY SCHEDULE

Item	Event	Date
Review Key TOD Policy Issues	Commission Workshop	April 13, 2005
	Joint Policy Committee	April 15, 2005
Release Final Draft of TOD Policy	MTC Planning & Ops Committee	May 13, 2005
Review Final Draft of TOD Policy	Joint Policy Committee	May 27, 2005
Final Action on TOD Policy/Res 3434	MTC Planning & Ops Committee	June 10, 2005
Final Action on TOD Policy/Res 3434	Commission	June 22, 2005

ATTACHMENT A: MTC's TOD POLICY – KEY ISSUES MATRIX

POLICY ISSUE	Framing Question	Option 1	Option 2	Option 3
Application of the Policy				
1. MTC's Funding Leverage	*Which projects should the TOD policy apply to?*	All Res. 3434 projects receiving regional discretionary funding	Only projects that use more than a certain amount/percentage of regional discretionary funding	
2. Type of Project	*Which types of projects should the TOD policy apply to?*	All types of Res. 3434 improvements (transit service upgrades, expansions and extensions)	Transit projects that expand service by enhancements or extensions	Only physical transit extensions
Corridor Level Thresholds				
3. Thresholds: Housing / Job	*What are the appropriate housing and/or job measures for the corridor level thresholds?*	One combined measure for jobs and housing	A separate measure for housing and a separate measure for jobs	Only a measure for housing
4. Affordable Housing	*Should the TOD policy require affordable housing in the corridors?*	Require a minimum of new housing to be affordable	Give affordable housing additional weight toward meeting corridor housing threshold	Do not require or weight affordable housing
5. Landbanking	*Should the TOD policy allow landbanking to count toward the thresholds?*	Allow limited future interim uses with a specific plan and time-specified conversion plan	Only allow parking lots or other non-building uses as future interim use	Do not allow land banking to count toward the thresholds
Station Area Plans				
6. Funding	*Should MTC's station area planning grants be restricted to Resolution 3434 corridors?*	Restrict Station Area Planning Grants to stations in Res. 3434 corridors that don't currently meet the land use thresholds	Make Station Area Planning Grants available to stations in all Res. 3434 corridors	Make Station Area Planning Grants available to both Res. 3434 and existing stations
7. Design Guidelines	*Should the station area planning grants include design guidelines?*	Require use of regional design standards	Require use of relevant transit agency standards or other specified design guidelines	Do not require use of design guidelines
8. Parking Management	*Should the policy require local parking policies for land uses close to transit stations, e.g. maximum ratios and pricing?*	Require use of regionally developed parking policies for transit station areas	Require use of locally developed parking policies for transit station areas	Do not require TOD-oriented parking policies
9. Auto-Dependent Uses	*Should the TOD policy prohibit auto-dependent uses, e.g. big box retail?*	Require local jurisdictions to prohibit auto-dependent uses in station areas	Require local jurisdictions to adopt pedestrian friendly design standards such as small block sizes and wider sidewalks	Do not prohibit any specific land uses or require any specific pedestrian design standards