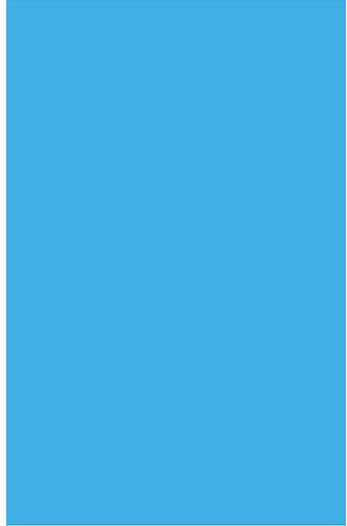
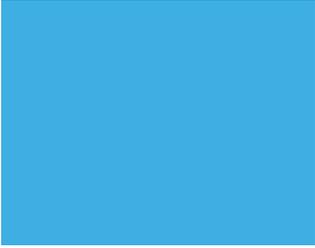




**Regional  
Transportation  
Authority**



# **Transit-Oriented Development**

***The Future of Development***

*September 2011*

# TOD Area

Transit-Oriented Development (TOD) is a moderate to high-density, mixed-use community generally located within a half-mile radius (ten-minute walk) of a rail station or bus corridor designed to maximize walkability and transit access. TOD provides residents with increased mobility options, a variety of retail and commercial outlets within a short distance of their homes while the compact style of development preserves open space. Interest in TOD is driven by a desire to reduce traffic congestion, changing demographics and a growing desire to live in mixed-use, green and walkable communities accessible to transit.

## Mixed Use Development.

Mixed-use is a style of development where a building, a block, or neighborhood are used for more than one purpose. This can mean the zoning allows for some combination of residential, commercial, industrial, office, institutional, or other land uses.

## Livability.

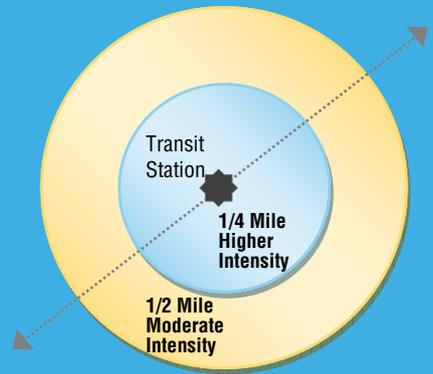
Livability is used to evaluate the general well-being of individuals and societies. Standard indicators of the quality of life include not only wealth and employment, but also the built environment, physical and mental health, education, recreation and leisure time, and social belonging.

## Walkability.

Walkability is a measure of how friendly an area is to walking. Factors influencing walkability include the presence of sidewalks, access to transit, traffic, land use patterns, building accessibility, and safety. Walkability has many health, environmental, and economic benefits.

- American Planning Association. *Planning and Urban Design Standards*. 2006

## Station Area Zones



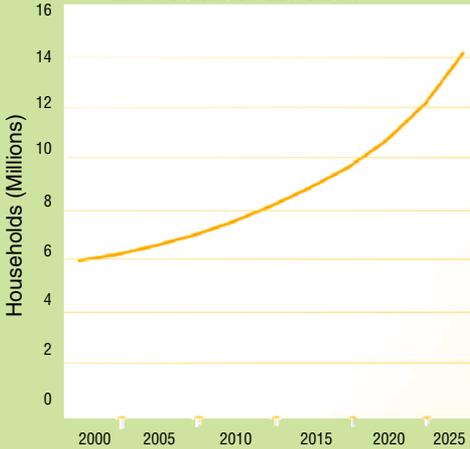
***“If people can safely walk to the transit stop and bank, buy groceries, and return library books on their way home from the station, they are more likely to use the transit system.***

- National Transportation Library. *Mobility Partners: Transit-Oriented Communities*.



# Demand for TOD

## Projected Demand for Housing in Transit Zones



CTOD, Hidden in Plain Sight

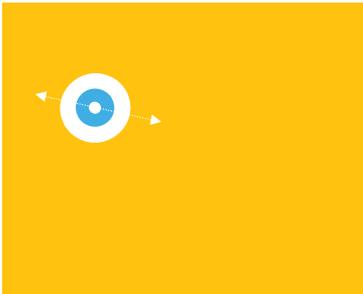
There is a growing trend in the United States for locating housing near transit. The 2004 *Hidden in Plain Sight Study* conducted by the Center for Transit Oriented Development shows that in the United States from 2000 to 2025, households near transit are expected to rise by 117%. The study finds that demand is likely to be very significant and suggests there will be potential to more than double the amount of housing in transit zones by 2025. They cite changing household types and age of the head of the household as primary factors for the increase.

## Transit Households to Grow in the Chicago Metro Area

Households located near transit in the Chicago Metropolitan Area are expected to grow at a substantially larger rate than those not located near transit. By 2025 the region is expected to gain 630,661 households in transit zones.

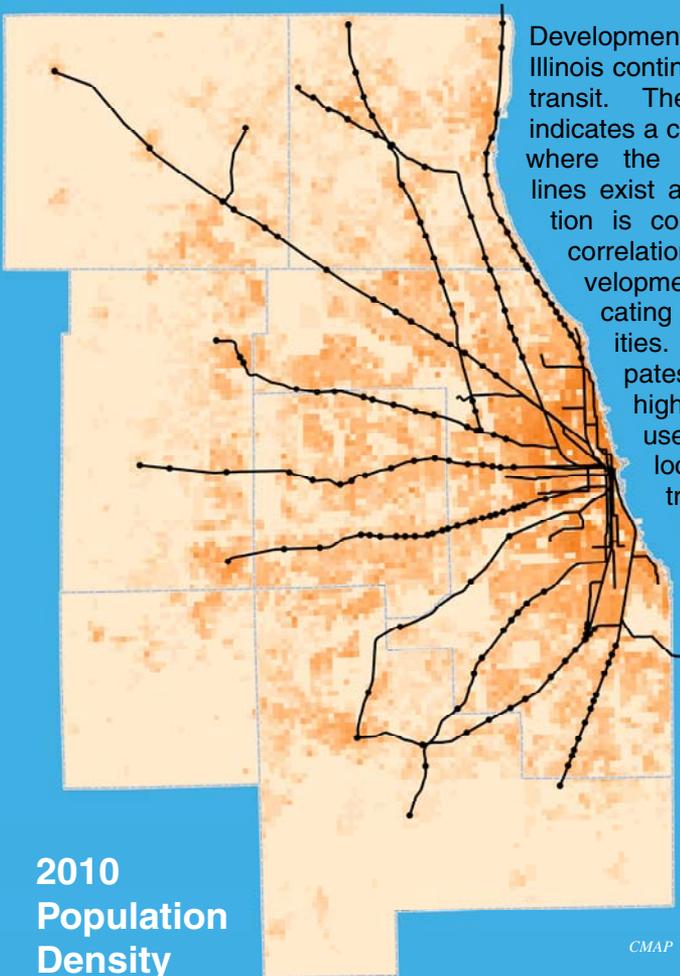
	Projected Households		
	2000	2025	% Change (2000-2025)
Total Regional Households	3,361,804	3,968,797	18%
Transit Zone Households	816,351	1,447,012	77%

CTOD, Hidden in Plain Sight





# Development Loves Transit



Development in northeastern Illinois continues to locate near transit. The map to the left indicates a correlation between where the commuter transit lines exist and where population is concentrated. This correlation shows that development is prone to locating near transit amenities. The RTA anticipates and promotes high density mixed use development to locate in proximity to transit.

2010  
Population  
Density

*CMAP*

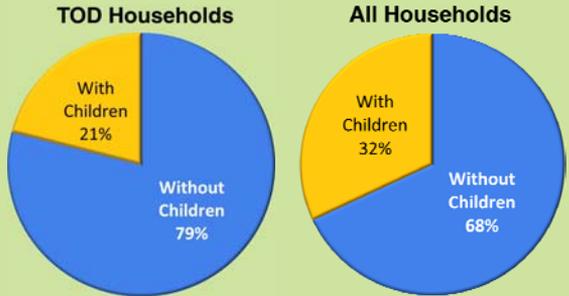
Less Dense  More Dense — Train Line • Station

# Who is living in TODs

## Household Types

Housing near transit is anticipated to account for twenty percent of the United States household demand by 2025. Of the anticipated 14.6 million transit zone households, 80% of the demand will come from households without children. This is disproportionately larger than the US average for all households.

### 2025 Projected Household Types

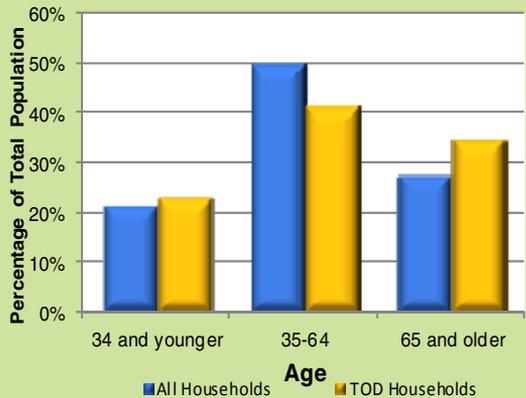


CTOD, Hidden in Plain Sight

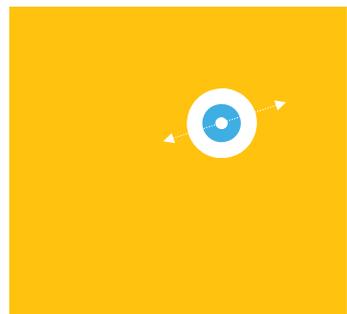
## Age

Projections show households headed by 34 and younger and 65 and older individuals will have a stronger preference for living near transit as compared to the 35-64 age cohorts. By 2025, it is anticipated that 8.4 million households headed by these cohorts will live near transit. Senior led households 65 and older will disproportionately be represented in TODs.

### 2025 Projected Head of Household Age



CTOD, Hidden in Plain Sight



# Seniors and Millennials are Key Targets

Based on lifestyle choices, seniors, college age citizens and young professionals are the most likely age groups of citizens to locate in TODs. These age groups are more prone to not own a car and thus become more likely to use transit. These groups are also willing to pay a premium for the ability to walk to services and places of work.

College age citizens and young professionals primarily fall into the generation known as Millennials. Millennials comprise approximately 80 million people in the US. The boomers/soon to become seniors, boast 76 million people. Millennials have shown strong preferences for having the ability to walk everywhere and live in urban settings. They are known to be mobile and entrepreneurial, desiring modest rental living situations. Conveniences like neighborhood grocery stores, drugstores, Wi-Fi networks, and access to transit are amenities that they desire. (Crain's Detroit. Stores, Transit, Walkability. August 12, 2007)

## Senior Population Growth

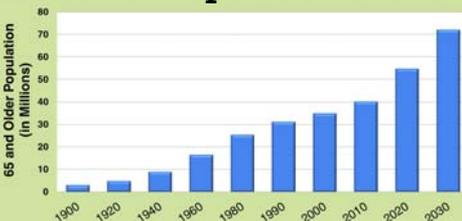
As seen from the below graph, senior population in the United States is growing at a rapid rate. The growing senior population will be looking for lifestyle appropriate living situations to meet their changing needs.

## What Seniors Desire

According to an AARP Survey, seniors desire options in housing and transportation. It is also important for them to have access to services, entertainment, public spaces and places of worship. The transit-oriented development model, which integrates a mix of uses around a transit hub, is one solution to satisfying many of these challenges.



## US Senior Population Growth



www.mcfarlin-group.com

**“80% of Americans over age 45 decide where to live based on proximity to the things they need as they become less mobile.”**

– AARP National Survey

# Housing Prices

Nationally, there is a substantial amount of evidence showing that **home prices are higher when they are in proximity to a transit station**. Locally, data compiled by RE/MAX in November 2010 showed that municipalities with Metra service had an average sale price of \$275,266, compared to the total suburban area average sale price of \$239,064. The data also shows that there is a 15% increase for housing prices in communities that have Metra service as compared to those that do not. Additionally, Metra municipalities averaged 10 percent more home sales growth in the first half of 2010 than non-Metra towns. Benefits of TOD can be realized by municipalities in addition to homeowners; increased housing values combined with higher densities allow for municipalities to capture more property taxes per acre and generate more retail sales tax.



**Suburban Chicago  
Average Home Price  
per municipality**



RE/MAX, 2010

**“Access to public transit may be more significant to home buyers going forward than at any time in recent years.”**

-RE/MAX Northern Illinois regional director Jim Merriion

# Housing Price vs Proximity

## Rail Transit and Land Value Premiums



The weight of evidence to date shows that development near transit stations enjoys land-value premiums and generally outperforms competitive markets. This generally holds for residential housing (especially condominiums and rental units) as well as office, retail, and other commercial activities.

(TCRP Report 102: TOD in the US)

Robert Cervero

## Housing Stabilization

Transit-Oriented Development has shown to be a stabilization factor for housing in the recent market downturn. Homes in **TODs are less likely to depreciate in value as compared to all other homes**. Additionally, homeowners tend to appreciate the convenience of being located near transit and are less motivated to sell, resulting in fewer homes near transit to be on the market.

Proof of TOD stabilization factors are supported by a 2010 study conducted by RE/MAX of the Chicagoland area. The study found “the average sales price of a home in Chicago’s suburbs during the first six months of 2009 was

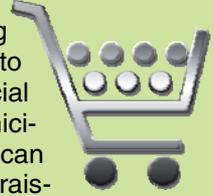
19% less than during the same period in 2008. Thirty-two towns served by Metra were examined in the study, and they experienced an average price decline of 15.2% for the same period. Median prices in the Metra served towns declined 15.4%, versus 17.4% for all suburbs.”



“We believe the explanation may be that those who live close to Metra service appreciate the convenience offered by their location and were less motivated to sell. That not only would reduce transaction volume but, with fewer properties for sale, home values would be more resistant to downward pressures.”

# Retail

TOD has the potential to create greater sales for retailers. Since TOD promotes mixed-use multi-story buildings, TOD retailers can capitalize on greater foot traffic, reduced parking costs, and greater discretionary income of local buyers to boost their profit margin. Related, increased commercial retail activity can also lead to the potential for local municipalities to capture greater amounts of sales tax. TOD can help communities' economics by raising revenue without raising tax rates and by concentrating economic development in specific corridors, thereby reducing sprawl and increasing the efficiency of public service delivery.



# Restaurants

Restaurants tend to find success in transit-oriented developments. Increased foot traffic at varying hours of the day allows for restaurants to tap into a variety of markets. In the Chicagoland market an assortment of restaurants have found success in TOD from coffee shops, to breakfast and lunch establishments, to fine dining.



The success of restaurants in a TOD has been seen locally in Arlington Heights. As documented in their Downtown Master Plan From 1999 to 2006 the number of restaurants increased from 13 to 35 in downtown Arlington Heights. This resulted in total sales increasing from \$7 million to over \$21 million from 1998 to 2006. In 2006 downtown Arlington Heights averaged \$265 per square foot in restaurant space.





# Office

The creation of office space in transit-oriented developments can serve as an ideal complementary land use. Office space, may it be business or medical, makes a great second floor use in many TODs, especially in a community that does not want development over three stories. Offices pay property taxes, fill leases and hold the potential to draw in people and provide employment. Creating a TOD as a destination and an origin provides more opportunities for people to populate the street throughout all hours of the day.



Office uses bring people to the TOD area during the daytime, creating a activity and a market during the weekday that may traditionally not be there. This in turn makes the local retail and restaurant establishments more sustainable by bringing in consumers during off-peak hours. Similar to office uses, institutional uses such as civic, religious, and educational uses are ideal for TOD. These uses create a daytime destination which attracts population to help make the retail and restaurant uses more viable.

# Jobs

The presence of retail, restaurants, and offices provide more opportunities for jobs. Transit-oriented development's ability to attract new investments and businesses creates new and better paying jobs. New employment has the multiplier effect of spinning off other local jobs.

TODs allow business owners to have greater access to a larger pool of employees. Locating near transit increases the commuting options, allowing for prospective employees that choose not to or cannot own a car to apply for jobs. Jobs in TODs also increase the opportunities for employees to live near work.

# Future of Development

Americans want to belong to a community – a “village”- and TOD is one solution to satisfy this desire. A well-developed TOD creates a community where people can live, work and play. This is a structure for good placemaking, from which real estate value derives.



Skyrocketing gasoline prices, longer commuting distances, greater commute times, congestion, and escalating parking costs have caused people to seek solutions to reduce vehicle usage. TOD can help reduce these rising transportation concerns by encouraging the use of public transit. Additionally, building densely with designated pedestrian amenities reduces the need for a vehicle and encourages people to walk to destinations.

TOD addresses profound changes in metro areas of America such as changing demographics and family compositions. No longer are married couples with kids dominant; singles are becoming the new majority. The population of senior Empty Nesters and single Millennials is on the rise and both demographics desire urban housing in proximity to public transportation. More than a third of the US housing demand is for denser, walkable, mixed-use communities; less than 2% of new housing starts are in this category.

Developers are looking for building scenarios to create a product that is marketable. America’s needs and desires are pointing toward a desire for more transit-oriented communities, and developers and communities can capitalize on this by making TOD the “Future of Development.”



*Village of Tinley Park*

**“In dozens of cities -- from Charlotte, NC, to Denver, CO to Portland, OR -- the hottest redevelopment project is happening next to the local train station.”**

The Wall Street Journal - 6/11/07

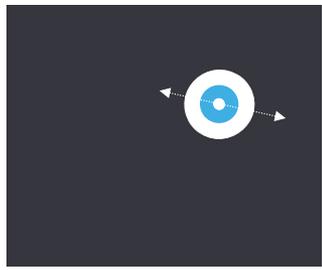


# Development Testimonial

At the national and local levels, developers believe TOD is one of the most profitable and viable development styles. For several years organizations such as the Urban Land Institute (ULI) have documented TOD as one of the top emerging trends, stating in 2009, “Metropolitan areas nationwide realize they need to build or expand mass transportation systems in order to overcome road congestion, which strangles economic growth and increases carbon footprints. Increasingly, people want to drive less and seek subway, commuter railroad, or light-rail alternatives. **Developers can’t miss securing project sites near rail stops and train stations.**” The popularity of TOD continues to grow as documented in the ULI 2011 annual Emerging Trends report “**Smart money figured out you can make a ton on infill land parcels, and anything near transit stations looks like gold.**”

In the Metro Chicago market, developers are finding TODs to be a successful building strategy. As documented in a 2011 Chicago Tribune *A Builder's Strategy for Jump-Starting Market* article, even in the existing tough market situation some local developers are finding the niche market of building urban infill next to train stations to be a profitable venture. This is where people want to live and developers have been pursuing those deals. It is anticipated that developers interest will grow even stronger and they will start buying infill properties as the economic conditions improve.



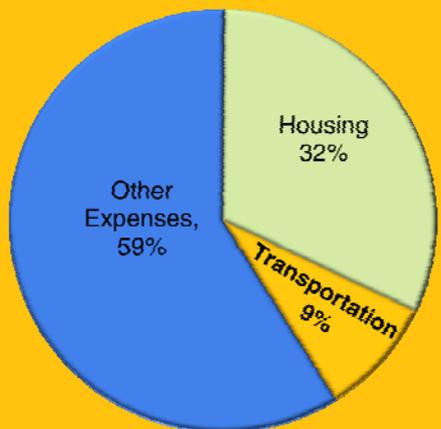
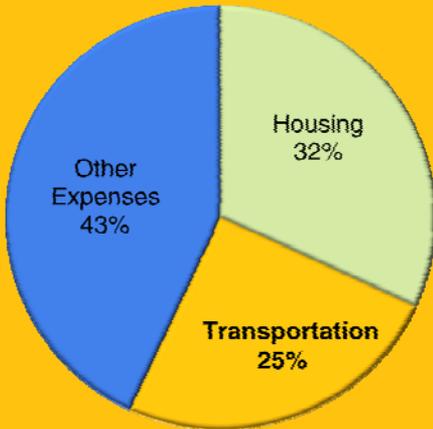


# TOD = More Disposable Income

Households in transit-rich, walkable, "mobility-option" neighborhoods have far more disposable income — due to lower transportation costs — than the average American family or those who live in the outer, "auto dependent" suburbs. Income not spent on transportation is used for food, entertainment, apparel, healthcare insurance, and other expenses. Reduced transportation costs effectively make a location more affordable.

**Auto Dependent Neighborhood**

**Mobility Options Neighborhood**



# Capturing the TOD Market

As municipal leaders and planners there are several things you can do to encourage TOD in your community.

- Create a Plan Specific to Your TOD
- Establish Proper Zoning for the Area
- Assemble Properties
- Encourage Mixed Use Blocks vs Mixed Use Buildings
- Encourage a Mix of Rental and Owner Occupied Housing
- Encourage a Mix of Housing Prices
- Encourage Alternative Parking Strategies
- Engage Stakeholders
- Establish Community Support for TOD
- Explore Innovative Financing Options
- Streamline the Entitlement Process

The RTA offers funding opportunities through the Community Planning and Subregional Planning Programs to assist communities in the creation of TOD and transit improvement plans. Past recipients of RTA Grants are also eligible to receive implementation assistance. Please contact RTA or visit our website at [www.rtachicago.org/programs](http://www.rtachicago.org/programs).



# *Setting Ideas in Motion*



This pamphlet was created by the Regional Transportation Authority (RTA) of Northeastern Illinois.

For more information about the RTA's Transit-Oriented Development initiatives please visit our website [www.rtachicago.org/programs](http://www.rtachicago.org/programs) or to see all previously completed TOD studies visit [www.rtams.org](http://www.rtams.org).



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The Regional Transportation Authority (RTA) is the oversight, funding, and regional planning agency for the transit Service Boards including the Chicago Transit Authority (CTA) bus and rail, Metra commuter rail and Pace suburban bus and paratransit.



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