Business Case for Transit-Oriented Development
Who is LOCUS?

• **Only** organization working directly on behalf of developers and investors of walkable urban, transit-oriented and smart growth development.
Steering Committee

USAA Real Estate Company

Jonathan Rose Companies

Forest City

CH & Cairn Cross Hempelmann

Attorneys at Law

RENAISSANCE DOWNTOWNS

dp point C

LANDER Group

SLOSS REAL ESTATE

ARCADIA

McCormack Baron Salazar

EBL&S Development

ATLANTA BELTLINE

ZRZ Realty Company

Larson Realty Group
only two general ways to build the built environment

The Pendulum Swings in How America Invests

Walkable Urban

Option of Either

Drivable Sub-Urban

Post 1946
2nd Half of the 20th Century
built environment’s greenhouse gas emissions & energy usage

73%

11%  
17%  
17%  
28%

INDUSTRIAL NON-REAL ESTATE
INDUSTRIAL REAL ESTATE RELATED
COMMERCIAL
RESIDENTIAL
TRANSPORTATION
AGRICULTURE
OTHER

LOCUS: RESPONSIBLE REAL-ESTATE DEVELOPERS & INVESTORS
CO\textsuperscript{2} Per Household; Proxy for energy consumption

Source: Center for Neighborhood Technology, TravelMatters.com
…The market has changed
THE BEGINNING OF ANOTHER STRUCTURAL SHIFT

The Pendulum Swings in How America Invests

Walkable Urban  Drivable Sub-Urban

Option of Either

Mid-1990s on
3rd Version of the American Dream: 
*Option* of Walkable Urban *OR* Drivable Sub-Urban
GDP vs VMT GROWTH: Disconnect After All These Years

Knowledge Economy requires fewer car/truck trips

Data Sources:
GDP: BEA National Income and Product Account Table, Table 1.1.6 Real GDP, Chained (2006) Dollars.
Decline from 2004 peak by 6% on average; the young (16-34) declined by 23% since 2001
WHAT'S THE PRIMARY REASON FOR MARKET DEMAND FOR WALKABLE URBAN PLACES?

The Millennials!

Television as a reflection of how we want to live... then & now.
Attracting new residents

Young professionals

64% of college-educated 25- to 34-year-olds looked for a job after they chose the city where they wanted to live.

- U.S. Census
OTHER REASONS FOR MARKET DEMAND FOR WALKABLE URBAN PLACES

- **Baby Boomers** have become *empty nesters* and soon *retirees*, starting in 2012 in big numbers.
- 50% of Households in **1950s w/children / 50% w/no children; 25% w/children Today / 75% without** ➔ target WU market

**ONLY** 14% of new households over **next 20 years** will have children / **86% without**

- **Boredom** with drivable sub-urbanism; “More is Less”
- **Creative Class** demanding the option of urbanism
- **Expense** of maintaining the household fleet of cars
Smart Growth/Walkable Urban Places are Different & Complex to Manage

- Each New Element Adds Value to Existing Assets... IF within Walking Distance (1500-3000 feet)
- Creates a Special Place and Significantly Greater Asset Values and Taxes = More is Better
- Conscious Affordable & Workable Places making the Neighborhoods Required
- Go straight, up, down, left & right if 150 mph

LOCUS: RESPONSIBLE REAL-ESTATE DEVELOPERS & INVESTORS
The Economics of Walkable Urbanism: DC Region Perspective
Arlington Starts Transforms in 1980s: Rail Transit, Overlay Zoning & Mgmt

1980s: Ex-Sears Stores

Same Place Today

Two blocks north and south, single family housing that is highest priced in Arlington on $/foot basis: Best of Two Worlds

10% of the land=50%+ of government revenues

Among best schools in Country...new housing has 0.4 per unit
the 6 types of walk ups

TRADITIONAL DOWNTOWN

DOWNTOWN ADJACENT

URBAN COMMERCIAL
the 6 types of walk ups

SUBURBAN TOWN CENTER

STRIP COMMERCIAL REDEVELOPMENT

GREEN FIELD
rental apartments in walk ups

1990s 12%

2000s 19%

2009 > 42%
average office rent for walk ups

$36.78 per square foot

68% of rents generated by Walk UPs
values of for-sale housing in walk ups

$380.00 per square foot

71% higher per sq. ft.

$222.28 per square foot
rents by product type

- Coppers
- Silver
- Gold
- Platinum

Rent (or Rent Equivalent) per Square Foot

<table>
<thead>
<tr>
<th>Category</th>
<th>Coppers</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
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<tr>
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<td>Retail</td>
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<td>Residential (Rental)</td>
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<td>Overall</td>
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average performance by economic level

Walk Score: +6.22 points
Office rent: +$7.28/square foot annually
Retail rent: +$6.71/square foot annually
Rental apartment rent: +$6.22/square foot annually
For-sale housing price: +$113/square foot

COPPER WALK SCORE: 70-77
SILVER WALK SCORE: 86-92
GOLD WALK SCORE: 93-100
PLATINUM WALK SCORE: 93-100
Tools to Fund or Finance Infrastructure Improvements
How to Pay for Transit? Local Taxes
But Also...Value Capture & TIFIA

VALUE CAPTURE—PUBLIC (TIF) & PRIVATE
Gentrification Pays Transit

Value Latching
Federal Tools at a Glance

**Funding**

- Flexible Federal Highway Funds (STP)
- TIGER
- New Start/Small Starts
- State Capital Funds

**Project Financing**

- Revenue/General Obligation Bonds
- Transportation Innovative Financing Infrastructure Act (TIFIA)
- Railroad Rehabilitation Improvement Financing (RRIF)
- State Infrastructure Banks
7 Tips for Developing TOD/Walkable Urban
DEVELOPING WALKABLE URBAN PLACES

1. Determine where walkable urban places (TOD or transit-ready) could or should be
2. Draw boundaries (50-400 acre) and start visioning/strategy process ⇒ overlay zoning
3. Management organization (city, indigenous non-profit, imported non-profit, for-profit); missing level of governance
4. NIMBYs become YIMBYS
5. Catalytic development company (city land contribution/land assemblage, master planning, horizontal development, JV with vertical developer)
6. Infrastructure improvement in CIP at city/MPO & directly
7. Private/Public initiative
Thank You!
More information, please visit: LOCUSDevelopers.org

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