

What is Transit-Oriented Development?

- More compact and dense development within a 10-minute walk or 1/2-mile distance around high frequency transit facilities
- A mix of uses, usually including residential, retail and office
- High-quality, pedestrian-oriented urban design and streetscapes



Windsor at Broadway Station
I-25•Broadway Station



Depot Square
Boulder Junction



Lofts at Lincoln Station
Lincoln Station



West Line Flats
Lamar Station

Benefits of TOD

- Less sprawl
- Lower VMT
- Improved air quality
- Better walkability



Benefits to the Transit Agency

- Ridership/Fare revenue
- Revenues from land



TOD as of 2018



0.6%

of **land area** in the Denver and Boulder MSAs is within a half-mile of an RTD station. This area accounted for



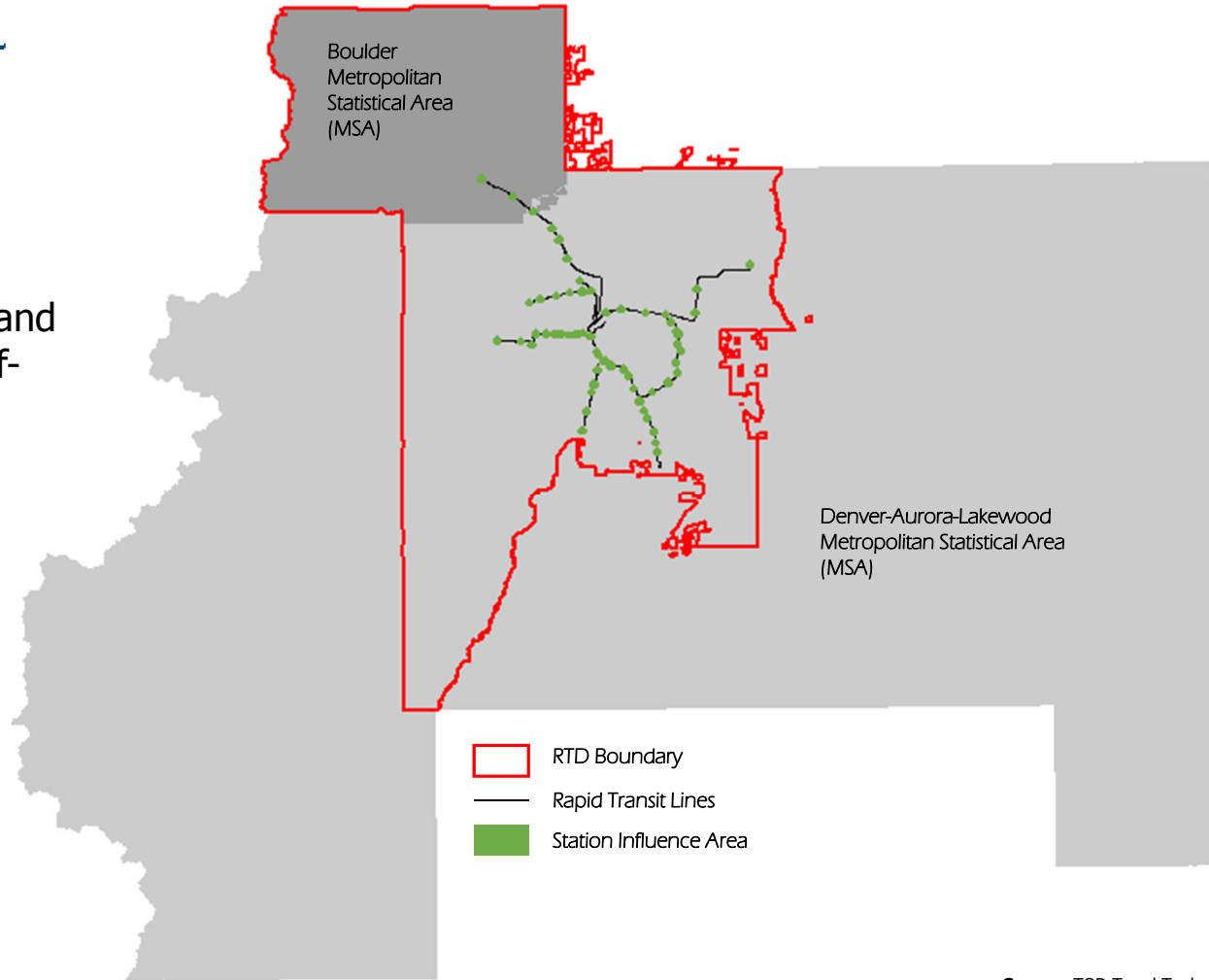
24%

of all **multifamily*** development and



32%

of all **office*** development between 2005 and 2018.



*Excludes DUS, downtown Denver, and Boulder. When DUS, downtown Denver, and Boulder are included, multifamily equals 43% and office equals 55%.

What is RTD's Vision for TOD?

From RTD's Strategic Plan for TOD

Originally adopted by RTD Board 4/18/06, amended 9/16/08 and 9/21/10

- Promote multi-sector, cross-jurisdictional partnerships
- Encourage livable communities and sustainable development that supports the transit system
- Ensure a hierarchy of multimodal access; and
- Protect and enhance RTD's transit assets

RTD's Role in TOD

- Support station area planning efforts
- Provide information to jurisdictions and the development community
- Coordinate with RTD operations and capital programs departments re: access to transit and construction near transit elements

RTD's Role in TOD on RTD Land

- Coordinate and negotiate land deals with local jurisdictions and developers, who then implement joint development
- RTD Board approval is required to sell or ground lease land

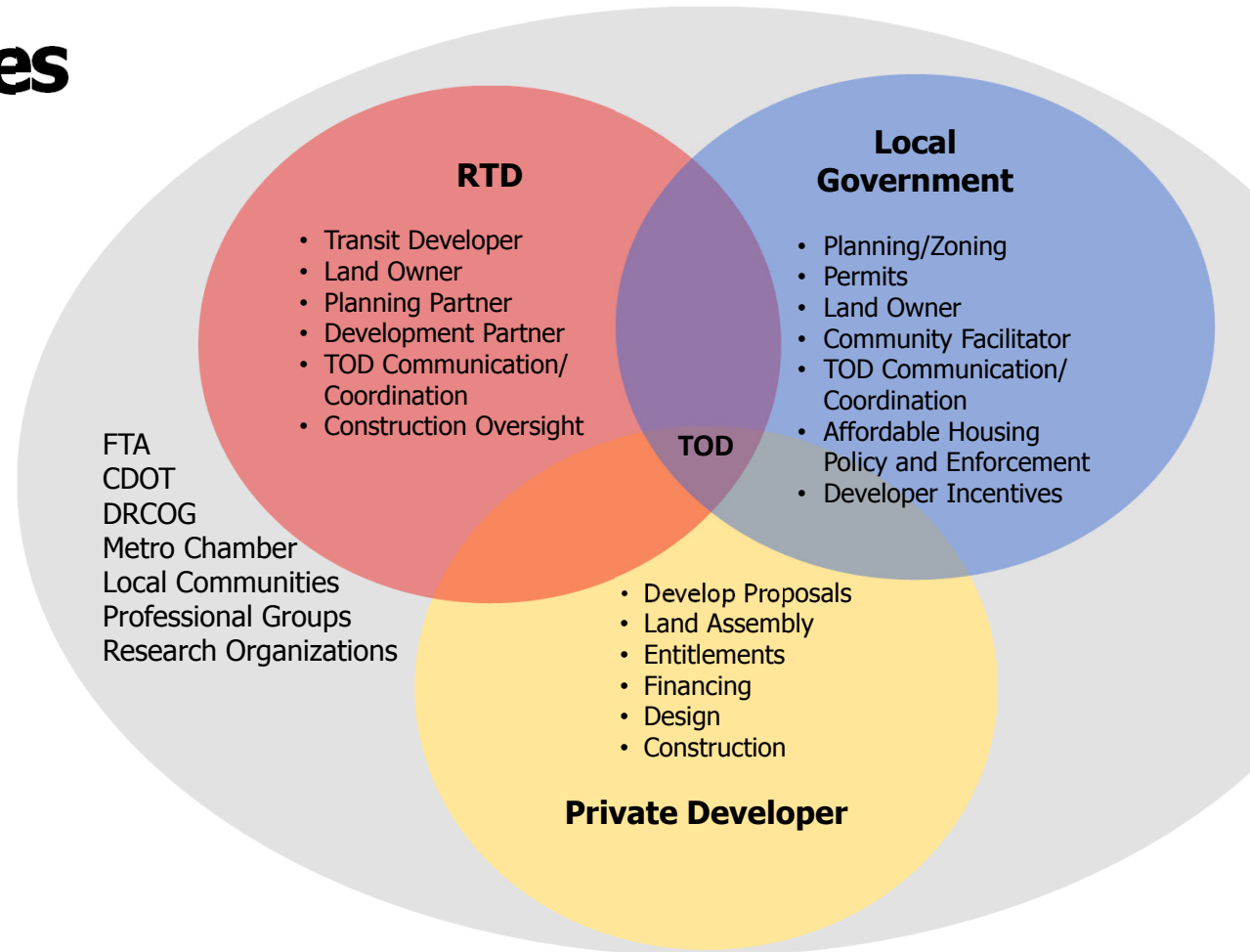


Challenges to TOD on RTD Land (a.k.a. Joint Development)

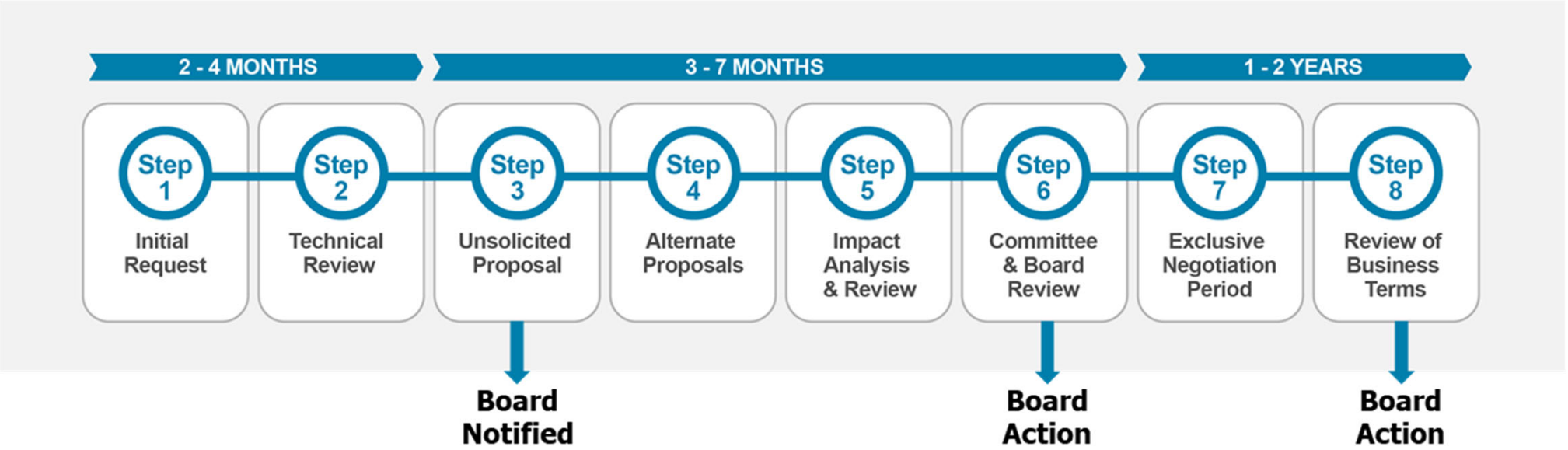
- Parking Replacement
- Transit Infrastructure
- Land values
- Local densities
- Development-supportive infrastructure (e.g. roads, sewers)
- Rising construction costs (e.g. materials and labor)
- ~~FTA~~
- ~~Legislation~~

Development Roles

- Partnerships are required to bring TOD to fruition



Procedure for Unsolicited Proposals for Joint Development



TOD Evaluation Guidelines

Principles

Project must:

- Be budget neutral or positive
- Increase Ridership
- Prioritize ground lease over sale
- Abide by Parking rules
- Maintain safety and security
- Have Jurisdiction support

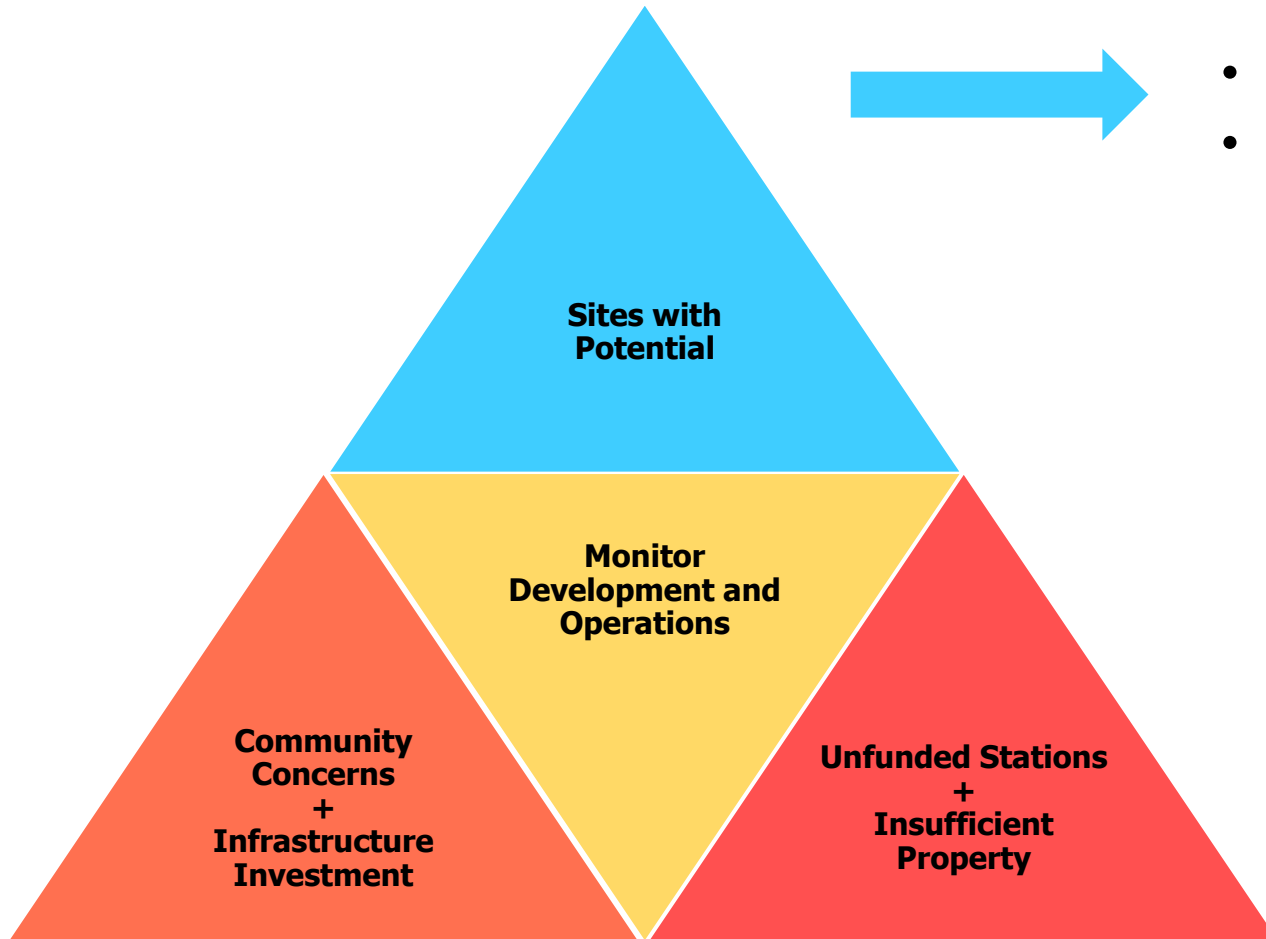
Factors

Project will be evaluated based on:

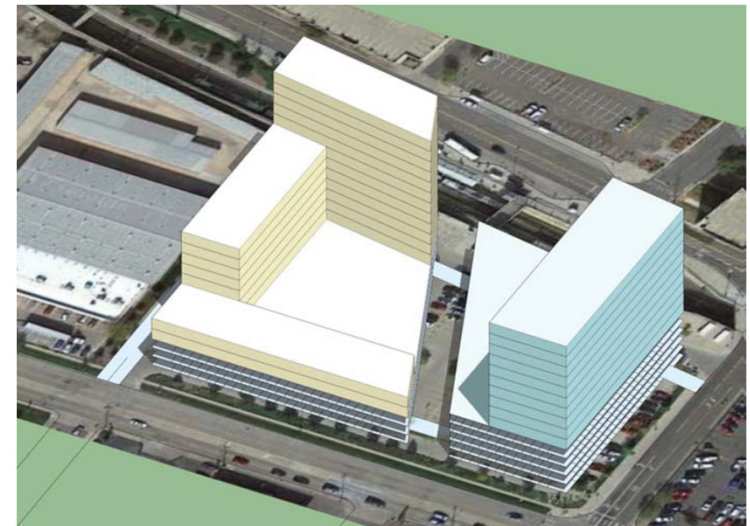
- Revenue
- Ridership
- Operations & Maintenance impacts
- Amenities/Access improvements
- Community Facilities/Affordable Housing provided
- Benefits to RTD brand image

* Approved by RTD Board Winter 2018

Assessment of Development Potential



- Design a mock development
- Estimate Land Value
 1. Comparative Sales
 2. Residual Land Value (what a developer can afford to pay)

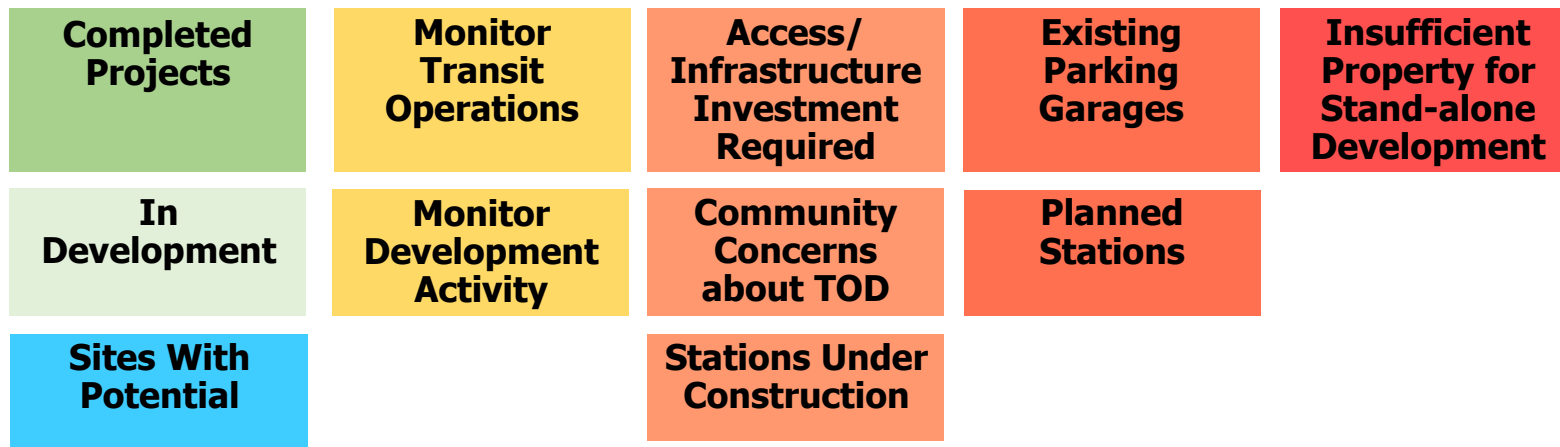


TOD Assessment of Potential Joint Development Sites – Categorization

Objective:

Prioritize analysis of stations and PnRs in order to

- Proactively plan for development
- Document transit operations needs
- Manage expectations of value capture potential
- Strategically allocate staff time
- Improve negotiating position with developers



TOD Assessment – Long-Term Infeasible Sites

Existing Parking Garages

Existing parking structures preclude RTD-initiated TOD at this time

Arapahoe at Village Center
 Englewood
 Iliff
 Jeffco
 Lakewood-Wadsworth
 Lincoln
 Nine Mile
 US 36/Sheridan
 US 36/Table Mesa
 Westminster

Planned Stations

To be evaluated when the stations are funded

33rd & Downing
 35th & Downing
 144th
 162nd
 C-470/Lucent
 Gunbarrel
 Louisville

Insufficient Property for Stand-alone Development

RTD does not own sufficient land at these stations for RTD-initiated TOD

10 th & Osage	Fitzsimons Parkway
16 th & California	Florida
16 th & Stout	Garrison
18 th & California	Knox
18 th & Stout	Lamar
20 th & Welton	Louisiana/Pearl
25 th & Welton	Oxford/City of Sheridan
27 th & Welton	Pepsi Center
61 st & Peña	Perry
Auraria West	Red Rocks College
Bellevue	Skyridge
Colfax	Sports Authority Field
Colfax/Auraria	Theatre District
Dry Creek	

TOD Assessment – Near-Term Infeasible Sites

Access/Infrastructure Investment Required
Further investment in road access and / or other infrastructure required to facilitate TOD

- 13th Avenue
- 60th & Federal
- 60th & Sheridan
- Lone Tree City Center
- Pecos Junction
- Peoria
- RidgeGate

Community Concerns about TOD
Community has raised concerns about density and impact of TOD

- Dayton
- Littleton/Downtown
- Littleton/Mineral
- Orchard
- Southmoor

Stations Under Construction
To be evaluated after operations begin

- 70th/72nd
- 88th
- 104th
- 112th
- 124th/Eastlake
- National Western Center

TOD Assessment – Sites to be Monitored

Monitor Transit Operations

Operations needs are in flux and should be monitored / preserved for future expansion

2nd Ave & Abilene
30th & Downing
Arvada Ridge
Longmont Depot PnR
US 36/Church Ranch
US 36/Flatiron
Wheat Ridge-Ward

Monitor Development Activity

As development in area occurs, potential for TOD may improve

40th & Airport
Aurora City Center
Decatur-Federal
Federal Center
Lafayette PnR
Oak
Thornton PnR
Wagon Rd PnR

TOD Assessment – Highest Potential Sites

Completed Projects

TOD projects completed

Alameda
Boulder Junction
Union Station

In Development

TOD projects in process

29th & Welton
Downtown Longmont
Olde Town Arvada

Sites With Potential

Market conditions, political support, property size, site accessibility, and infrastructure availability recommend these sites for TOD

38th & Blake
40th & Colorado
41st & Fox
Central Park
Civic Center
Colorado
County Line
Evans
I-25 & Broadway
Sheridan
University
US 36/Broomfield
US 36/McCaslin
Yale

Proactively Complete Additional Research

- *TOD Team works with other RTD departments to determine transit needs and rough cost of reconfiguring operations*
- *TOD Team and financial consultants estimate land value and development capacity*

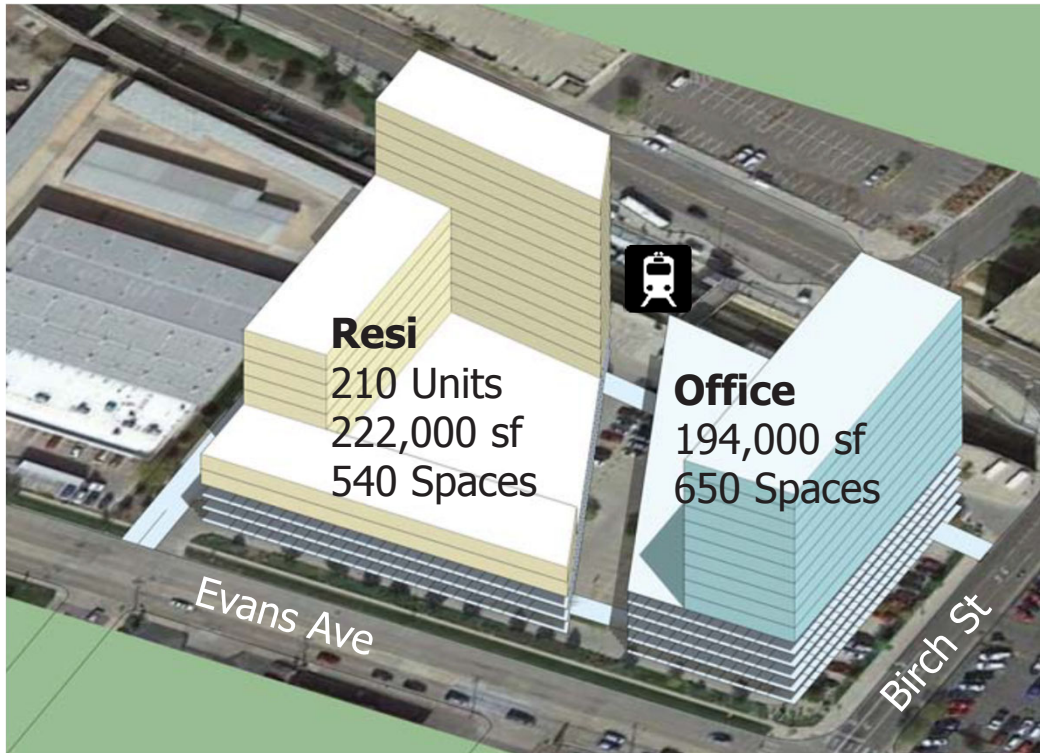
Determine Next Steps

Where potential for development is

- **Great** - *consider issuing a Request for Proposals*
- **Fair** - *keep analysis updated in case of unsolicited proposal*
- **Challenging** - *evaluate opportunities to improve potential through partnerships with local jurisdictions and neighboring landowners*



Development Potential Case Study 1 – Colorado Station



**Transit parking spaces:
360, 100% utilized**



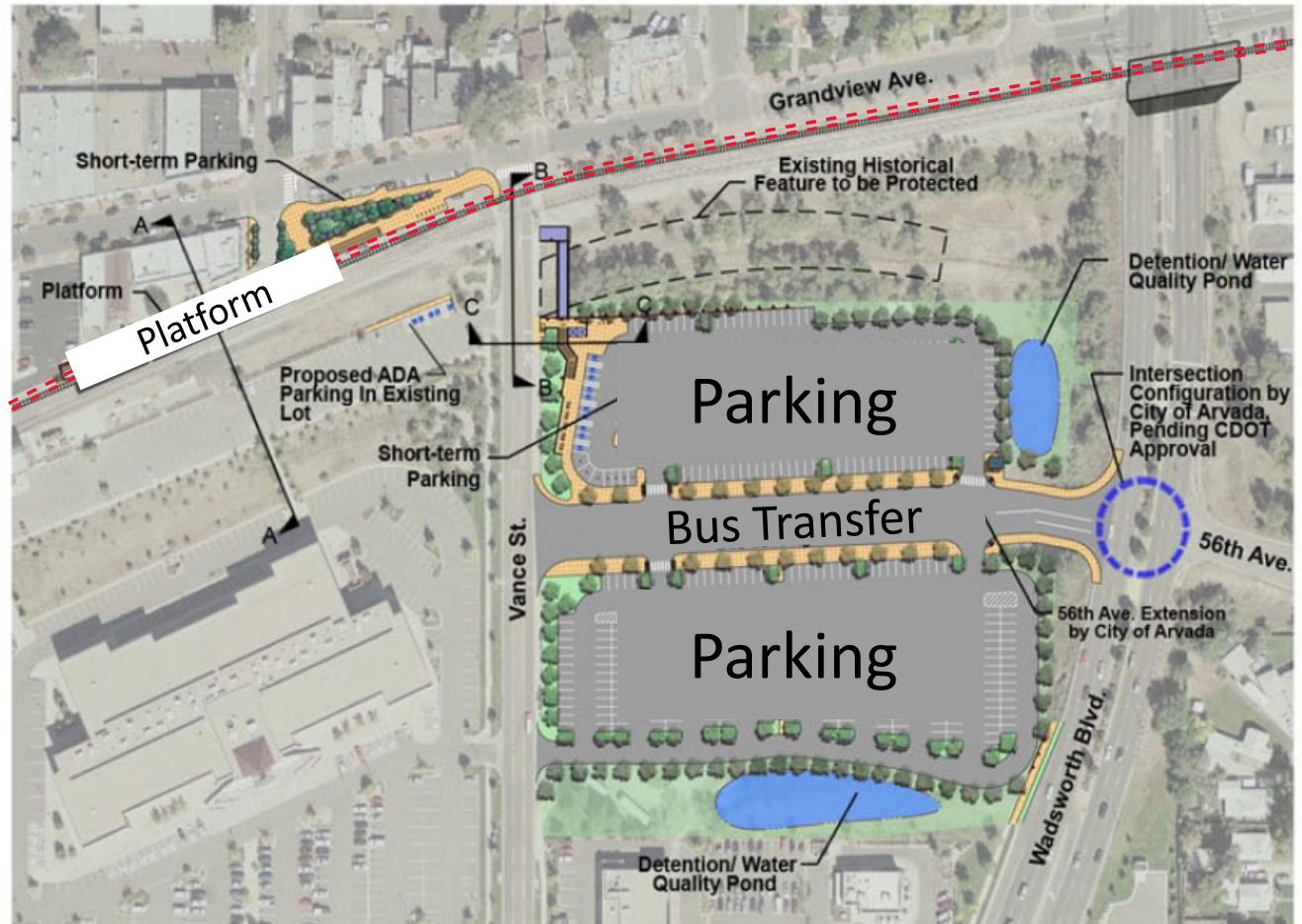
**1:1 Replacement parking cost:
\$9M**



**Residual Land Value:
Negative**

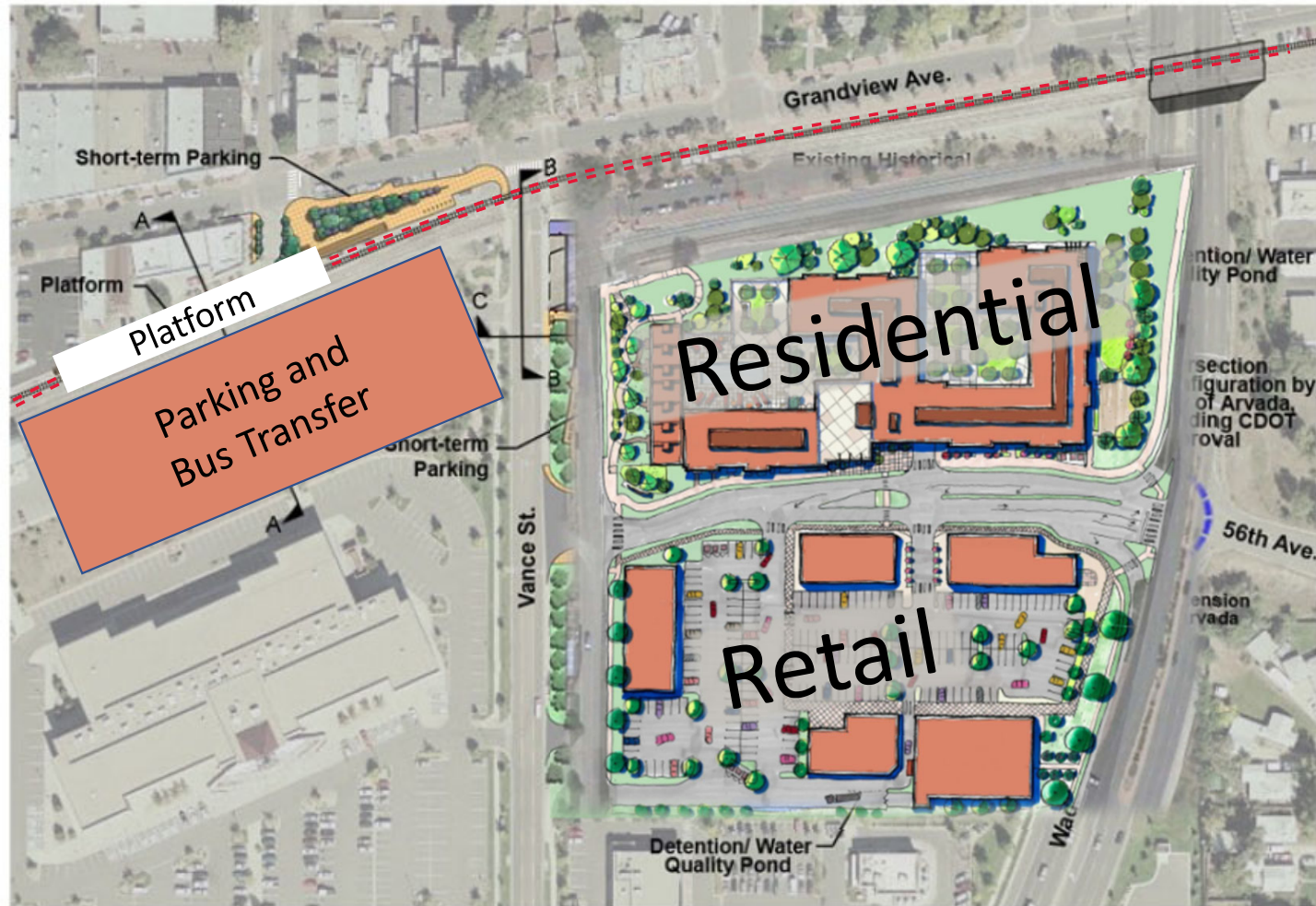
Development Potential Case Study 2 – Olde Town Arvada

Original Plan: Surface Parking

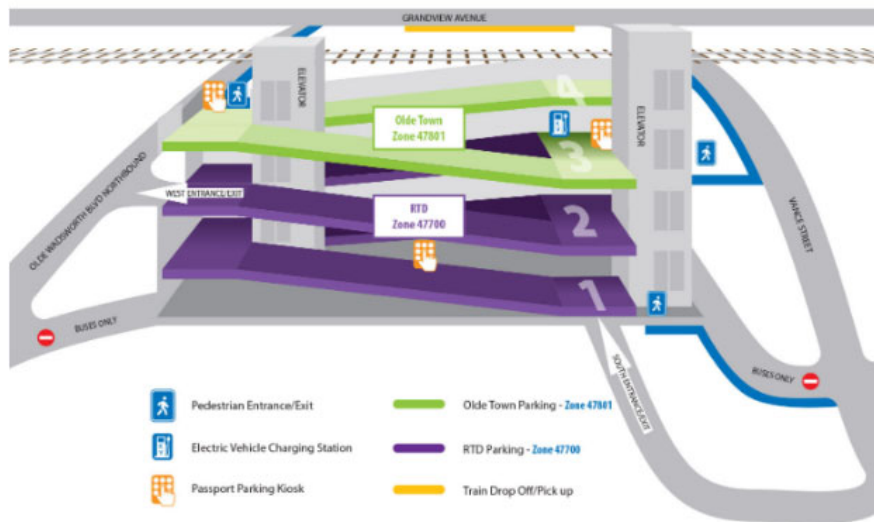


Development Potential Case Study 2 – Olde Town Arvada

**Final Plan:
Structured Parking
and Development**



Development Potential Case Study 2 – Olde Town Arvada



- RTD: \$3.4M in land value and \$7M for garage/bus facility
- Arvada: \$24M for garage
- CDOT Faster Grant: \$1.5M for garage

TOD Assessment – Highest Potential Sites

Sites With Potential <i>Market conditions, political support, property size, site accessibility, and infrastructure availability recommend these sites for TOD</i>	Actual Potential	Total Potential
38 th & Blake 40 th & Colorado 41 st & Fox Central Park Civic Center Colorado County Line Evans I-25 & Broadway Sheridan University US 36/Broomfield US 36/McCaslin Yale	Great Challenging Challenging Fair Fair/Challenging Fair Fair Fair Challenging Great Challenging Challenging Fair Fair	<p><i>Best case scenario:</i></p> <p><i>7 properties are developed and generate limited revenues for RTD</i></p>

TOD Value Evaluation

Review of 10/31 Discussion

How should RTD prioritize different **values** in our evaluation of TOD projects?

Direct Value (\$)

- Revenue from lease/sale
- Increased ridership/fare revenues
- Replacement or new facilities
- Outsourced maintenance
- Enhanced operations

Indirect Value

- Improved safety/security
 - Upgraded amenities and access
 - Jurisdictional support
 - Community facilities/affordable housing
 - Sustainable development
 - Brand image enhancement
- Others?

TOD Value Evaluation Guidelines

Purpose

- Guide internal decision-making around TOD projects occurring on or adjacent to high-frequency transit facilities

Categories of Guidelines

- **Principles** - Six standards all developers are expected to meet
- **Factors** - Eleven elements of a development project that will be considered for every project; divided into Tier 1 and Tier 2

TOD Value Evaluation Guidelines

Principles, 1-3

1. The TOD project must be **budget neutral or budget positive** for RTD.

Evaluations of budget impact should take into account direct revenue to RTD, including property sale or lease revenue, increased fare revenue, or other revenue sources. Replacement, major rehabilitation, maintenance, administrative, and other operational costs, as well as any capital expenditures, should be considered over the long and short terms.

2. The TOD project must be expected to **increase ridership**.

The proposer must demonstrate that ridership will increase due to the project, and RTD must concur with the analysis. Immediate increases are preferred, but long-term increases should also be considered.

3. Where feasible, **ground leases** of RTD property are preferred over sales.

It is to RTD's benefit to maintain fee interest in property, particularly property adjacent to transit. In some cases, such as condo development or an unfavorable economy, a ground lease may not be feasible, and a land sale should be considered.

TOD Value Evaluation Guidelines

Principles, 4-6

4. The TOD project must reflect the **Parking Guiding Principles (PGP).**

In particular, RTD will evaluate third-party parking operations and parking replacement based on the factors described in the PGP.

5. The TOD project must enhance **safety and security.**

The TOD project should positively contribute to the safety and security of the RTD system by remedying any known problems at the site, as well as by addressing issues of pedestrian safety and walkability, and by increasing “eyes on the street” through activation.

6. The TOD project must have **jurisdictional support.**

The TOD project must be consistent with the local jurisdiction’s plans and the jurisdiction, formally or informally, must demonstrate support for the project.

TOD Value Evaluation Guidelines

Factors, Tier One, 1-3

1. Ground Lease/Land Sale

Revenue from a land sale or ground lease supports RTD's fiscal sustainability.

2. Increased Ridership/Fare Revenues

TOD projects that generate riders support RTD's mission and directly benefit RTD through increases in fare revenues.

3. Replacement or New Facilities

Leveraging development to provide new or replacement facilities that are needed for transit operations supports a state of good repair. The value of the facility may be large, such as for a new parking structure, or smaller, such as for a Driver Relief Station.

TOD Value Evaluation Guidelines

Factors, Tier One, 4-6

4. Outsourced Maintenance

When developers take on maintenance responsibilities, such as landscaping, cleaning, general maintenance, snow and ice removal, and graffiti removal, RTD's maintenance costs are reduced.

5. Jurisdictional Support

The extent to which a jurisdiction supports the TOD project beyond basic planning demonstrates the importance of the project to the local community. Such demonstrations of strong support might include updating zoning, providing financial support, employing Tax Increment Financing (TIF), contributing to capital projects that support the TOD project, or assuming part of the project's risk.

6. Enhanced Operations

Improved operations may mean more efficient routing, more optimal transfers, or other operational efficiencies.

TOD Value Evaluation Guidelines

Factors, Tier Two, 1-3

1. Improved Safety/Security

Safety and security improvements may address known issues at the location for riders or RTD employees, such as emergency egress, lighting, trip hazards, fire/life/safety communication systems, etc. The activation of previously isolated stations also contributes to positive impacts to security.

2. Upgraded Rider Amenities/Access

Improvements to rider amenities or access include seating, vending, walkways, open space, wayfinding, First Mile/Last Mile solutions, etc.

3. Community Facilities/Affordable Housing

TOD projects may provide space and/or facilities that directly serve the community, such as community centers or affordable housing.

TOD Value Evaluation Guidelines

Factors, Tier Two, 4-5

4. Sustainability

Green-building design and construction techniques enhance TOD projects that inherently support efficient multi-modalism, air quality improvements and sustainable land use.

5. Brand Image Enhancement

Where RTD is positively associated with a project that supports community objectives, its brand is enhanced and the agency as a whole benefits.

TOD Value Evaluation Principles

	Budget Neutral or Positive	Increase Ridership	Ground Lease	Parking Guiding Principles	Safety/Security	Jurisdictional Support
DUS Transit Project	Yes	Yes	No	n/a	Yes	Yes
DUS Historic Building	Yes	Yes	Yes	n/a	Yes	Yes
Alameda	Yes	Future	No	No	Yes	Yes
University Garage	Yes	No	Yes	No	Yes	Yes
Boulder Junction	Yes	Yes	No	Yes	Yes	Yes
Olde Town Arvada	Yes	Yes	No	Yes	Yes	Yes

TOD Value Evaluation Factors

Tier 1 Factors							Tier 2 Factors				
	Revenue	Ridership	Improved Transit Facilities	Maintenance Reductions	Jurisdiction Support	Enhanced Operations	Safety/ Security	Amenities/ Access	Community Facilities	Sustainability	Brand Image
DUS Transit Project	++	++	++		++	++	++	++		++	++
DUS Historic Building	++	++		++	++		++	++	++	++	++
Alameda	+			+	++		+	+		+	+
University Garage							+	+	++	+	
Boulder Junction	+		++		+	+	++	++	++	++	+
Olde Town Arvada	++	TBD	++	+	++	+	++	++	+	TBD	++

Real Estate Economics

Estimating Land Value

Developers and appraisers arrive at a Fair Market Value estimate to facilitate negotiations, using the three approaches below. RTD uses Fair Market Value as a basis for all its transactions, including acquisitions and dispositions.

1. Sales Comparison Approach

- Evaluates sales of properties that are similar to a subject property.
- Most accurate when numerous sales of comparable properties are available.
- Becomes more challenging to apply when development program of asset is specialized.

2. Cost Replacement Approach

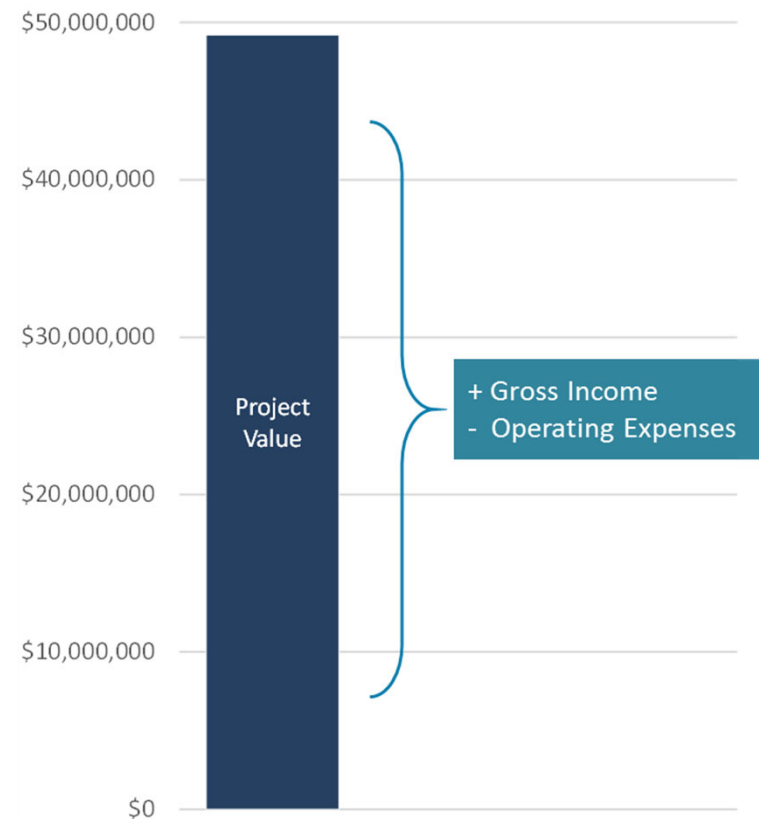
- Sets value of property based on the cost of reproducing a substitute property, incl. land, building, parking, etc.
- Costs are 'all in' and include hard, soft, land, profit, etc.

3. Income Approach

- Most appropriate when land is under consideration for future development.
- Works well when context offers few comparable sales or when the surrounding uses do not represent the highest and best use of the property.
- Measures the present worth of a future income generated by a property, and its eventual resale value.
- Determines the **residual land value** after accounting for total development costs and sales revenues.

Determining Project Value

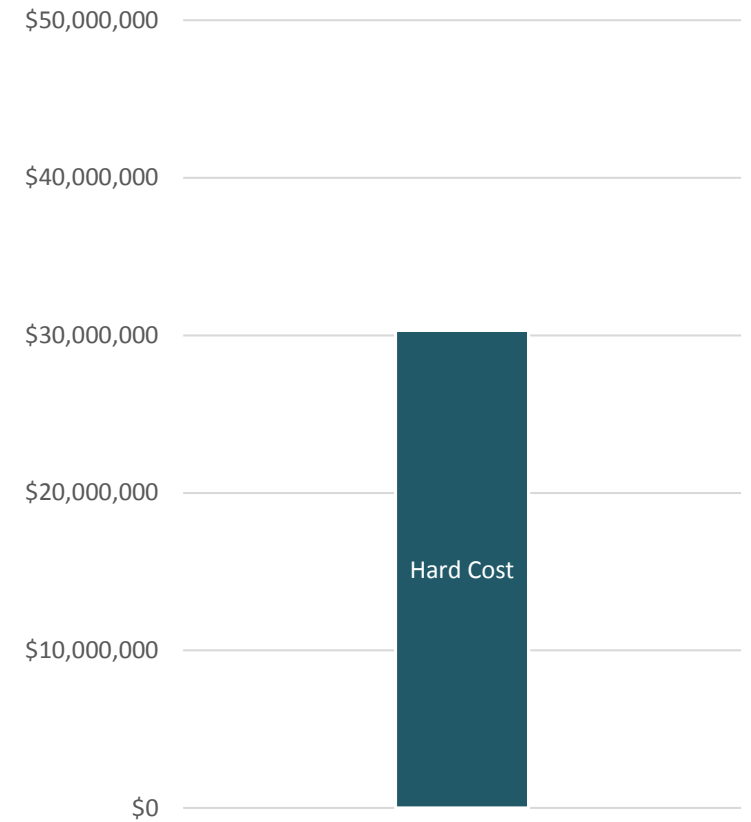
- Project Value is a function of the net income it will produce over time
- Developers compare potential projects based on expected income vs. land costs
- Project value and project costs are calculated independently, using different factors



Project Cost

Project development can be broken down into four elements:

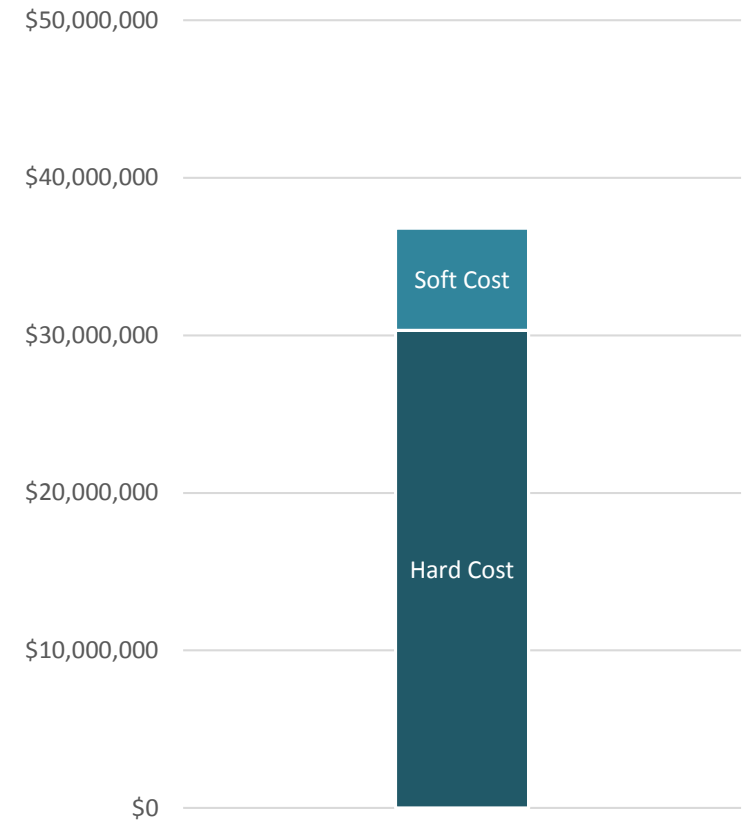
- 1. Hard Costs** (~60% of total cost)
 - Construction materials
 - Labor



Project Cost

Project development can be broken down into four elements:

- 1. Hard Costs** (~60% of total cost)
 - Construction materials
 - Labor
- 2. Soft Costs** (~15-20% of total cost)
 - Professional Services
 - Architects/Engineers
 - Legal
 - Survey
 - Market Studies
 - Costs for off-site expenses
 - Financing costs
 - Leasing costs



Project Cost

Project development can be broken down into four elements:

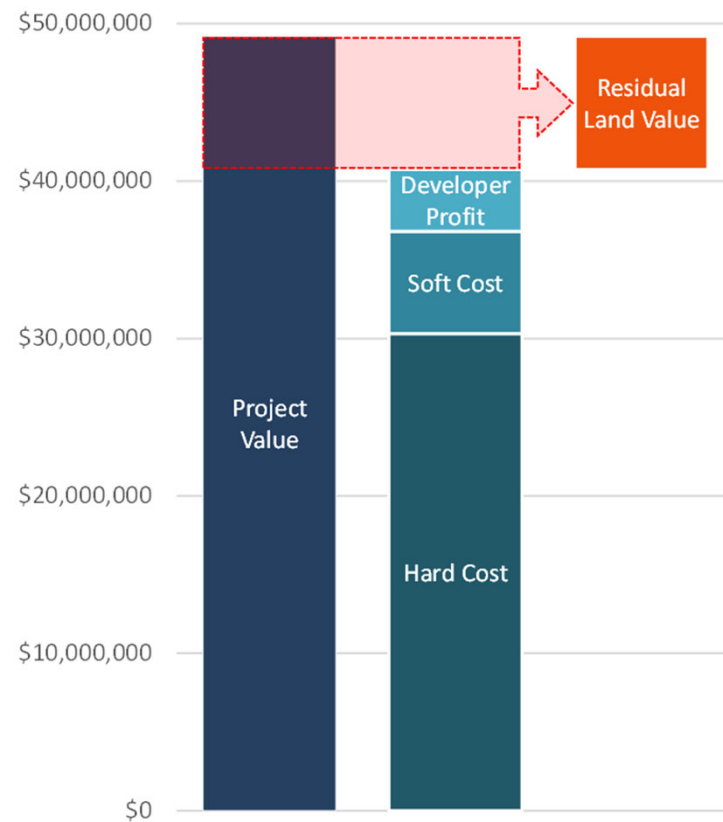
- 1. Hard Costs** (~60% of total cost)
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 - Professional Services
 - Architects/Engineers
 - Legal
 - Survey
 - Market Studies
 - Costs for off-site expenses
 - Financing costs
 - Leasing costs
- 3. Developer Profit** (~8-10% of total cost)



Residual Land Value

Project development can be broken down into four elements:

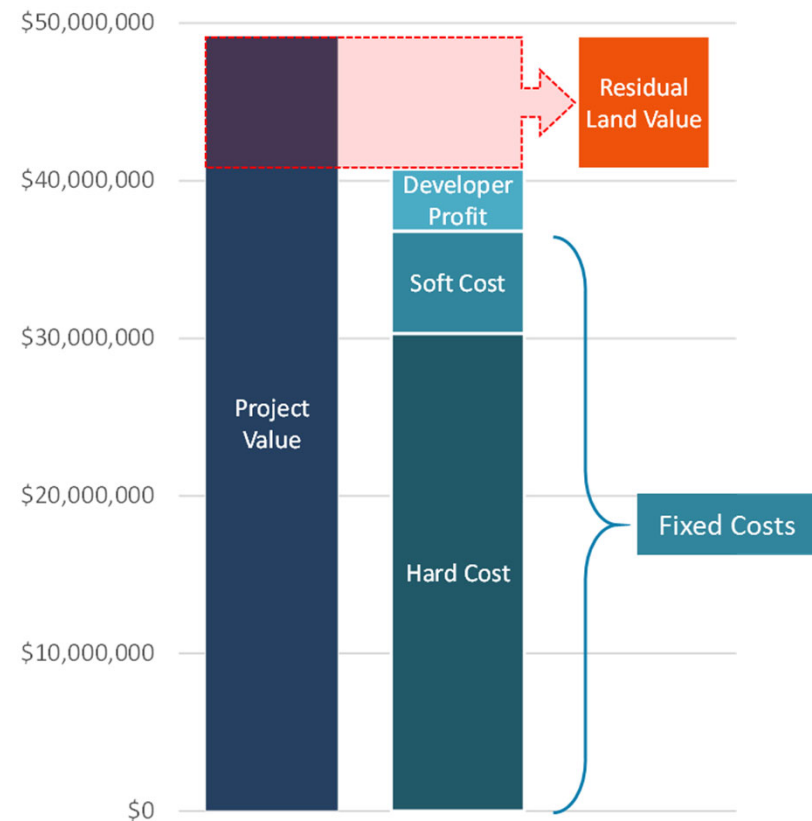
1. **Hard Costs** (~60% of total cost)
2. **Soft Costs** (~15-20% of total cost)
3. **Developer Profit** (~8-10% of total cost)
4. **Residual Land Value** (~13% of total cost)
 - $\text{Project Value} - \text{Project Cost} = \text{Residual Land Value}$



Residual Land Value

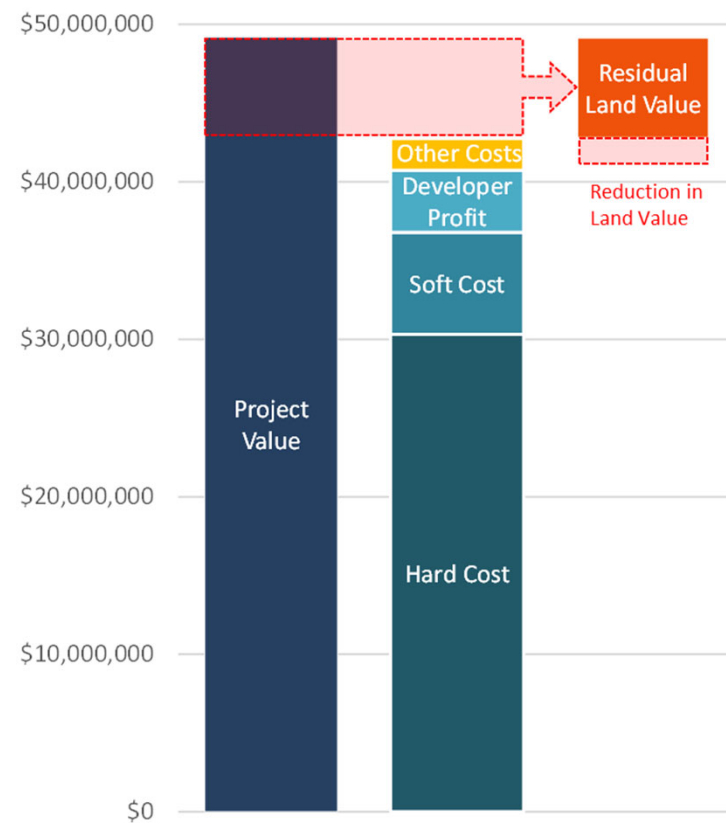
Key Considerations

- In most markets, hard and soft costs are fixed and do not vary substantially between submarkets
- Higher land values correlate to higher density and higher market pressure
- Greater net income provides greater project value and flows directly to land value



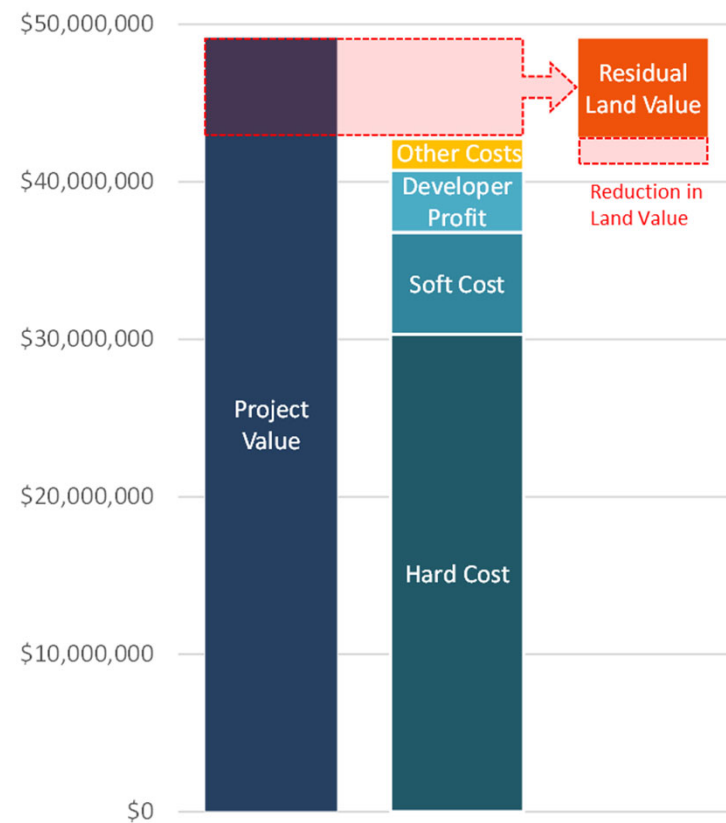
Residual Land Value

- Several factors can cut into residual land value:
 - On-site costs for RTD replacement facilities
 - Affordable housing or other community facilities
- In some cases, RTD may need to prioritize:
 - Revenues to the agency;
 - Construction of transit-related facilities; or
 - Affordable housing or other community facilities



Residual Land Value

- Costs for RTD facilities, affordable housing or other additional costs can be partially offset by
 - Jurisdiction Subsidies
 - Tax Increment Financing
 - Metro District Taxes or Fees



Approaches to TOD

How does the FTA approach TOD?

How do peer agencies approach TOD?

How has RTD approached TOD in the past?

How should RTD approach TOD going forward?

How does the FTA approach TOD/JD?

From FTA Guidance on Joint Development, Circular 7050.1A

- FTA understands tradeoffs are necessary to achieve benefits of development
- FTA encourages Joint Development that satisfies four criteria:
 1. Creates economic benefit
 2. Enhances public transportation
 3. Partner provides a fair share of revenue
 - A. RTD must receive revenue equal or greater to original FTA investment
 - B. UNLESS the project is a community/public facility or affordable housing
 4. Tenant pays a fair share of costs

How do peer agencies approach TOD?



Source: Adapted from 2016 TOD Assessment report