MAKING IT HAPPEN:

Opportunities and Strategies for Transit-Oriented Development in the Knowledge Corridor

EXECUTIVE SUMMARY

September 2013
More than $1.5 billion in construction is underway in three new transit and transportation investments in the Knowledge Corridor:

2015: CTfastrak
A 9.4 mile new bus rapid transit (BRT) system that will provide frequent, fast, and reliable connections between important destinations in central Connecticut. CTfastrak will have 11 landscaped stations and will serve major employment destinations on a dedicated corridor and nearby destinations served by feeder routes extending from Hartford to New Britain.

2016: NHHS Rail
Rail service that will provide up to 25 daily train trips each in north and south directions to connect major destinations in the Knowledge Corridor from downtown Springfield to downtown Hartford to New Haven. Much faster connections will be provided to the New York region and to the Northeast Corridor from Washington to Boston. A frequent bus shuttle will link the rail service with Bradley International Airport from the Windsor Locks rail station.

2014: The Vermonter Rail
An Amtrak rail corridor connecting Washington D.C. to St. Albans, Vermont that will have one to two trains per day. Service will be restored to its original alignment along the Connecticut River, and will add rail service to Northampton and Holyoke.

Key Findings

The six key findings of the full report are:

- **Demographics are Promising for Transit-Oriented Development (TOD).** A rising tide of aging Baby Boomers and young urban professionals in the Knowledge Corridor are promising for TOD. The report estimates that during the next 30 years, the region will have sufficient demand for 9,000 to 12,000 more housing units near transit to meet the growing demand for those attracted to a walkable urban lifestyle. This represents 15 to 20 percent of all new households.
Corridor-Centered Growth is Needed.
To capitalize on the modest regional demand for TOD-supportive commercial space some growth can be directed into the NHHS Rail and CTfastrak corridors. The region has existing strengths in TOD-supportive industries, including knowledge-based, health care services, educational services, and public administration, and a significant share of jobs in these sectors are already located in the transit corridors. Assuming modest job growth in the region, it is estimated that there will be demand to accommodate approximately 50,000 new TOD-supportive jobs during the next 25-year period. This corresponds to an increase of eleven percent in TOD-supportive jobs, and about seven percent in jobs overall.

TOD Supportive Industries Are Growing.
Health care, social assistance and educational services jobs are growing in the corridor, while the traditional bases such as finance, insurance and manufacturing are shedding jobs. The growing industries are also TOD-supportive and many of them are already located along the transit corridors. The growth of these industries is largely occurring within and relating to the region’s anchor institutions, which include its universities, colleges and hospitals. It is expected that future expansion of commercial real estate will be connected to the growth of these institutions.

TOD Needs More than Transit. Transit alone does not make a market for new development. In many station areas, current real estate values are insufficient to make new development feasible.

The recent economic downturn has exacerbated negative impacts on real estate market dynamics, resulting in high office and retail commercial vacancy rates, minimal rental housing growth, and very low levels of new construction activity and development financing availability. However, there are promising signs that real estate market conditions are improving. Multifamily vacancy is down and rents are up, single-family values appear to be stabilizing and transaction volume is increasing, and commercial transaction volume is significantly up from 2011. If these trends continue as the national and statewide economies recover, market conditions may improve in the next few years to the point where new construction becomes more broadly financially feasible throughout the region.

Realizing the Potential for TOD in the Region will Require Pro-active Efforts.
Municipal leaders, local planners, state governments, the metropolitan planning organizations, community members, institutional partners, and other stakeholders all have a part to play in making TOD happen. Regionally, new residential and commercial development has been occurring in suburban areas, while the urban areas on the transit corridors have experienced employment declines and, in some cases, population loss. Cooperation among various partners will be needed to help redirect regional growth to the transit corridors, and to plan for and implement TOD.

- **Active Leadership is Crucial for Success.** Connecticut and Massachusetts state governments can facilitate TOD in the Knowledge Corridor in a number of ways beyond the construction of the transit itself. The report identified two key strategies to support development near the new transit corridors:
  
  - **Leverage State Resources:** Leverage existing state resources by directing them comprehensively to the station areas as priority locations.
  - **Partner with Anchor Institutions.** Develop partnerships with regional anchor institutions to direct their future growth towards the station areas.

  Within these two over-arching strategies, the following are specific strategies that the consultant team identified as most likely to lead to new TOD:

### State Investment Strategies

- **Direct state economic development resources to station area locations.** The New York Times estimates that governments spend nearly $80 billion each year in economic development incentives to private companies, ranging from tax credits to grants. But for nearly all of the states, the economic development incentives are “place-neutral,” that is, the states do not necessarily target these investments in specific locations like existing job centers or locations near transit. Existing business incentive programs in Connecticut and Massachusetts have not reversed the trends towards government job dispersal. Many of the existing economic development grant and loan programs have been directed to companies in suburban locations disconnected to the new transit infrastructure. An alternative approach would be to award assistance to firms that locate in the new station areas. One such model exists in Illinois with the Business Location Efficiency Incentive Act, which considers location near mass transit and affordable
workforce housing as a factor in making economic development awards.

- Reinforce state government presence in new and existing buildings in the transit corridors. The states have the most leverage and control over their own available resources. By prioritizing the station areas when making decisions related to these resources—such as leasing office space or building facilities near the station areas—the effects of the investment in the transit by the states will be magnified. As the prospect for residential and commercial development is limited in terms of the private market, states can take the lead and begin to change the character of the station areas—making future, complementary development more likely. As new space and facilities are needed, the choice to locate just a small fraction of these employees in station areas would have a significant impact on these places, boosting the office market and spurring demand for ancillary services. Over time, the presence of major employers in the station areas, including government offices, can also help to improve the potential for new housing and commercial development nearby. Some of these efforts are already underway in Connecticut, with the state consolidating state agency offices in the vacant buildings in downtown Hartford.

- Prioritize station areas for other forms of state financial assistance. Connecticut and Massachusetts are already supporting development through a variety of state financing mechanisms, including funds directed towards affordable housing, infrastructure, environmental clean-up, public magnet schools, and expansion of the states’ university systems. Both states are already directing many of these funds to TOD locations, such as Massachusetts’ Housing Development Incentive Program and Connecticut’s CHAMP program, which could serve as models for aligning other forms of state financial assistance to TOD locations.

- Provide technical assistance to municipalities along the transit corridors. A key challenge in some station areas is zoning for higher density development and/or site assemblage and disposition for redevelopment. In many of the municipalities there is limited capacity within the municipal government for the more complex and intensive public processes required to accomplish these objectives. State governments can assist municipalities by providing direct technical assistance from its agencies’ staffs, as is currently occurring in Connecticut at the Meriden HUB site.

- Direct Metropolitan Planning Organization (MPO) discretionary funds to station areas. MPOs can also direct their discretionary infrastructure funds to station areas to prepare them for redevelopment, or to better connect them to the new transit corridors through enhanced pedestrian and bike infrastructure. Higher
density development in infill locations often requires substantial investments in infrastructure—sidewalks, expanded roadways, upgraded utilities—that can impede development, especially when there are other sites in greenfield locations that do not pose this challenge. In many regions, regional planning organizations are directing their more flexible funding sources to making infrastructure improvements in transit locations. For example, the Atlanta Regional Commission’s Livable Centers Initiative distributes federal transportation dollars as grants to local governments and neighborhood districts for planning activities, as well as for capital investments that support higher intensity housing, mixed-use development, and enhanced connectivity. Similar programs exist in the Minneapolis-St. Paul Twin Cities, San Francisco Bay Area, Portland, and other regions.

**Anchor Institution Strategies**

- **Engage regional anchor institutions in a dialogue about how their future expansion can be transit oriented.** Anchor institutions (hospitals, universities/colleges, and large employers) represent a significant source of employment and real estate activity in the region and are, in many cases, closely linked to the new transit service. Several of these institutions are located within walking distance of the planned transit stations and have a long legacy in the region. Opportunities exist in the Knowledge Corridor to leverage its anchor institutions by encouraging private development of student or employee housing in and around universities and hospitals, improving transit service to and from anchor institutions, or spurring development of research facilities linked to universities, as discussed in more detail in this report. The regional planning organizations can serve as leaders in this effort by setting up an outreach initiative with regional anchor institutions to discuss their expansion plans and investigate opportunities for alignment with the transit expansion.

- **Encourage and explore opportunities to relocate or expand components of state university systems to station areas.** As they expand out from their historic central campuses, the state university systems in Connecticut and Massachusetts offer a tremendous opportunity for supporting TOD in the Knowledge Corridor. Connecticut has already taken a step in this direction by announcing the relocation of University of Connecticut Hartford from its West Hartford campus to downtown Hartford. University of Massachusetts Amherst is establishing a Springfield campus. In addition, there are other opportunities within the Knowledge Corridor.
Corridor, such as the planned East Campus of Central Connecticut State University between the East Street and Cedar Street CTfastrak stations in Newington.

- **Convene a partnership between the region’s research hospitals and its universities.** The region already contains excellent research hospitals and both states are supporting expansion of the biosciences industry from their university systems. The transit systems and station areas offer a great opportunity to support the creation of an innovation economy in the biosciences by connecting its research institutions. One example of such a partnership is Bay State Health’s partnership with Tufts University in Boston. The state and regional planning organizations can play a role in bringing together the research institutions and supporting the creation of incubator and business start-up space at the station areas closest to these institutions.
The market potential for TOD varies depending on the role of the station area within the corridors and greater region. The report studied existing urban form conditions and market characteristics of each station area to create a typology that describes the context for new development at each location. The typology serves two primary functions: 1) to quantitatively describe each station area in the region; and 2) to categorize similar station areas into “place types” that can inform recommendations on next steps to implement TOD. Using this framework, the consultant team classified the stations into four place types:

**INFILL**

These station areas have the strongest likelihood of new TOD in the near-term, due to their stronger market conditions and very supportive urban form. These station areas are generally built-up and are not likely to offer large tracts of land for redevelopment; rather, new TOD will largely consist of infill development building on the historical development patterns and filling out underutilized sites. The infill stations include Northampton, and station areas in and around Hartford, underscoring the fact that the near term TOD opportunities will likely be in places that have an existing base of residents and employees on which to build.

**OUTREACH**

These station areas also have relatively strong market demand for new development, but the station area urban form is less supportive of TOD. In these station areas, the prevailing existing development is suburban and automobile-oriented, which will inhibit pedestrian and bicycle connections to the stations from surrounding TODs. In many cases, changes to zoning regulations may be required to permit mixed-use and higher-density TOD, which the market is likely to support. Due to the existing character of these places, TOD in outreach stations is likely be lower in intensity, including products like attached townhouses, small-lot single-family houses, and potentially small scale apartment projects if regulations allow.

**CATALYZE**

These station areas occupy a middle ground, where market conditions are not strong enough to support TOD in the near term but the urban environment is conducive to TOD. In these types of places, the implementation of TOD-supportive zoning regulations alone is not likely to be enough to spur private-sector development due to soft demand. The participation of public and/or anchor institutions can help to unlock the private market in these locations. Some examples include working with hospitals, universities, or government agencies to either expand or create a new presence in the area, thereby generating more activity, or creation of a tax-incentive zone to encourage larger businesses to locate in the station area.
REPOSITION

These station areas have a common legacy of historic buildings in an urban context, ranging from industrial mills in Holyoke and Park Street to downtown centers in Springfield and New Britain, which have experienced decades of slow decline. While existing development patterns are somewhat supportive of TOD, these locations will generally require significant repositioning to attract new development and regain vibrancy. A combination of policies will be necessary, including introducing new “demand drivers”, offering significant incentives to developers, and making strategic infrastructure and “place-making” investments to attract private capital.

The results of the typology analysis are summarized in the report to assist planners, advocates, and community members better understand the types of development that are most likely to occur near a new rail or BRT station (residential, retail, office, etc.)—as well as the probable scale or density of future development—within the next five years. The recommendations are organized into six broad categories:

1. Planning and Visioning
2. Zoning and Land Use Regulations
3. New Development
4. Neighborhood Revitalization
5. Local Transportation and Infrastructure
6. Economic Development

The report details major strategies and tools, and identifies the lead implementers, existing programs and potential funding sources. It describes the applicability of each tool and strategy to the individual station area place types based on the typology framework. The recommendations are intended to provide a framework for decision-makers to craft implementation policies that are appropriate for the station area’s context, rather than applying “one-size-fits-all” solutions for implementing TOD throughout the region.

Implementation of these strategies will require coordination between government and non-profit sector entities at multiple geographic scales, from municipal planning commissions to the state economic development departments. The strategies may require a phased approach over time, as economic conditions change and different needs arise.
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