



Community and Economic Development in North Carolina and Beyond Blog: Transit-Oriented Development? Or Development-Oriented Transit?

By CED Program Interns & Students

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Mixed-use, higher density, walkable neighborhoods serviced by rapid transit are models of good city planning today. Bringing people, different building uses, and public spaces closer together and providing transit access between those activity hubs and other parts of the city improves equity, sustainability, and resilience. But, a little like asking yourself, “which came first, the chicken or the egg?” you might wonder if building development should follow (or partner with) transit development, or take the lead and allow transit to follow at a proven, fitting scale. Well, one can make the case for either. Below is a discussion of some pluses and minuses of Transit-Oriented Development (TOD) and development-oriented transit.

Transit-Oriented Development

Transit-Oriented Development (TOD) is development designed to create walkable, compact urban spaces that include a mix of commercial and residential uses built around or incorporating transit, like Bus Rapid Transit (BRT) or rail lines, making it easy to get around without a car. This type of planning is seen as way to provide better access to jobs, housing, and amenities for people of all ages and incomes.

The shift from more conventional development to TOD has a number of benefits including some opportunities for federal and local support. In 2018, the Federal Transit Administration (FTA), through their Pilot Program for TOD Planning, granted over \$16 million to TOD projects, including two projects in North Carolina. TOD planning also lends itself to the opportunity for local public-private partnerships and regional funding. For example, in the Bay Area, the Transit-Oriented Affordable Housing (TOAH) Fund came out of the Metropolitan Transportation Commission (MTC) and receives funding from the Great Communities Collaborative (GCC) to create racially and economically diverse, transit-oriented, mixed-use communities.

However, higher rents and sales prices are associated with TOD, partly due to the incorporation of infrastructure construction costs and partly due to high demand for living or doing business in TOD areas. So, including affordable housing within TOD projects is (even more) difficult without a strategic plan for inclusion, like the one mentioned above. Without it, TOD has the potential to exclude the demographic which would most benefit from access to transit. While the North Carolina’s Qualified Allocation Plan (QAP), a tool used to evaluate affordable housing development projects for Low Income Housing Tax Credits (LIHTC), awards points to projects near grocery, shopping, and pharmacy amenities, it only awards points for transit access as an alternative to the above-listed amenities. In other words, transit access does not make affordable housing projects more competitive for state tax credit awards, providing little incentive (from the state) to develop affordable housing near transit.

In addition, with the Bus Rapid Transit (BRT) or light rail component of a TOD project preceding or accompanying the building development, there may be a delay in achieving maximized ridership. If transit is overdesigned for the ridership it is able to attract, it will not be a financially sustainable system. If it is overly redundant to an existing bus system, it can detract bus ridership, resulting in two underperforming systems. However, TOD centers are seen as catalytic projects, and additional growth and increased ridership is likely to follow over time.



Along with the emphasis on TOD as of late has come some flexibility and creativity in funding structures for these complex projects. For instance, the high parking requirements traditionally associated with commercial bank loans may be negotiated down to a level more appropriate for the high accessibility characteristic of these projects, and this can help secure the feasibility of a project. In addition, North Carolina TOD projects seeking LIHTC can physically integrate affordable housing units but must extricate that component of the development as a separate legal entity. Likewise, New Market Tax Credits may be earned for commercial, job-producing components of the project.

Development-Oriented Transit

Development-Oriented transit (DOT) occurs when transit systems are built to connect existing, successful living, working, and entertainment activity areas. Strong Towns, a 501(c)3 dedicated to building strong and resilient places, makes the argument for development-oriented transit because it is reminiscent of traditional, slower-pace urban growth which is served by transportation incrementally as is appropriate (i.e., activity centers are serviced first by shuttle, then by bus, then by rail, for example). In this process, transit is always both viable, and serving of the next level of growth. It does not incur the risk over designing an underused transit system.

However, DOT does go up against the high hurdle of changing a locale's ingrained commuting behaviors. Once sprawling patterns and the associated car-dependent transportation behaviors are established, it is much more difficult to develop an efficient transit system to serve the community. Another challenge to DOT, is how to incorporate multi-model infrastructure once development patterns have been established with no forethought to transit. For instance, a car traffic lane might need to be converted to a bus lane, or the transit authority could potentially have to navigate private land owner's resistance to any perceived negative impacts of transit infrastructure on or near their properties.

Neither the Transit-Oriented Development nor the Development Oriented-Transit approach is objectively better than the other. All towns and cities are different, and the approach to achieve compact, walkable communities must suit a specific set of local circumstances. There are case studies for both techniques, including in Evanston, IL (TOD) and Indianapolis (DOT), which serve as good examples of how each can be successful.

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