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June 25-27, 1978

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The Urban Land Institute (ULI) is an independent nonprofit educational and research organization dedicated to improving the quality of land use planning and development. ULI was founded in 1936 by a group of concerned individuals who recognized the need for developing accurate, unbiased land use information useful to both the practitioner and the public.



The Urban Consortium for Technology Initiatives was formed in 1974 to pursue technological solutions to pressing urban problems in the Nation's major cities and counties. The Urban Consortium is a coalition of governments of 28 cities and eight counties with populations over 500,000. The Consortium brings together local and Federal officials, private industry leaders and representatives of the research community in a cooperative effort to address the problems of America's major cities and counties. It encourages public and private investment to develop new products and systems which will improve the delivery of local public services and provide cost-effective solutions to urban problems. It also serves as a clearinghouse for information concerning existing technology and technological research.



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**Proceedings
of the
Joint
Development
Marketplace**

June 25-27, 1978
Washington, D.C.

Prepared by:
Public Technology, Inc.
1140 Connecticut Avenue, N.W.
Washington, D.C. 20036

Sponsored by:
U.S. Department of Transportation
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THE ADMINISTRATOR

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
WASHINGTON, D.C. 20590

This was a new kind of conference in which we had before us in one place a tremendous array of local plans--more than one hundred of them--for enhancing the value of public transportation investments in our cities through a private-public partnership.

We already have visible evidence in a number of cities of the benefits of joint development. This is only a beginning. Many new, exciting prospects are within our grasp if we have but the foresight and the courage to reach them.

As President Carter said in his urban policy message: "The Federal government doesn't have the resources by itself to do the job. But we are ready to provide the leadership, the commitment and the incentives which will encourage all sectors of our country to rebuild and to maintain the quality of America's communities."


Richard S. Page

PREFACE

Local, State and Federal governments are committed to making major improvements in urban transportation facilities. This commitment has been accompanied by a rapidly increasing interest in related joint development.

A result of this widespread interest was the JOINT DEVELOPMENT MARKETPLACE at Washington in June, 1978. The conference was sponsored by the U.S. Department of Transportation's Urban Mass Transportation Administration through the Urban Consortium for Technology Initiatives, the Urban Land Institute, and Public Technology, Inc., which serves as secretariat to the Urban Consortium.

This document contains:

- A summary of the Joint Development Marketplace.
- A developer's perspective on joint development.
- A Federal perspective on joint development.
- Two Mayoral perspectives on joint development.
- Two success stories.
- Two Evolving Projects.
- A summary of the Federal Panel.
- A summary of the Financial Panel.
- A series of background papers prepared for the use of the conferees.
- A summary of the Joint Development Marketplace workshops.
- A Site Marketing Information Summary and Sheets.
- A list of the Joint Development Marketplace attendees.

It is hoped that Marketplace participants and others who wish to pursue joint development projects find these proceedings to be useful.

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PART I

JOINT DEVELOPMENT MARKETPLACE: A SUMMARY

JOINT DEVELOPMENT MARKETPLACE: A SUMMARY

On June 25, 26, and 27, 1978, more than 600 persons met at Washington, D.C. to learn about and discuss emerging joint public-private development opportunities throughout the United States.

One hundred forty-six private companies and firms were represented.

Seventy-eight cities and urban counties sent their mayors or other senior officials. Thirty-six of these cities and counties exhibited plans for more than 100 joint development projects, and their representatives were available--in formal site marketing sessions and informally--to answer questions about them.

Top Federal officials, including Secretary of Transportation Brock Adams and Assistant to the President Jack Watson, emphasized the opportunity for a creative partnership among all levels of government and the private sector in the revitalization of our cities.

Nationally recognized leaders in the fields of urban planning and economic development, urban transportation, land development, and real estate investment discussed joint development from their particular perspectives and took part in a series of workshops relating to public-private negotiations and the planning of joint development projects.

The JOINT DEVELOPMENT MARKETPLACE--as the title indicates--was designed to be a marketplace for projects ready for development and a marketplace for ideas.¹ In this respect it differed from the traditional Federally sponsored activity, at the conclusion of which is brought forth a transcript of the proceedings and a series of recommendations. The value of the JOINT DEVELOPMENT MARKETPLACE was in being there, seeing what others had to offer, exchanging experiences, and making contacts.

¹The JOINT DEVELOPMENT MARKETPLACE was sponsored by the U.S. Department of Transportation, Urban Mass Transportation Administration and Office of the Secretary, through the Urban Consortium for Technology Initiatives, the Urban Land Institute, and Public Technology, Inc.

Summary

Despite the pragmatism of this approach, three themes were so pervasive during the marketplace that they must be reported here.

- The Federal government is fully committed to joint development as a means of enhancing the desirable impact of public transportation investments in urban areas.

Direct evidence of this is the repeated invitation of Urban Mass Transportation Administrator Richard S. Page to local governments to use the amendment to Section (3) of the Urban Mass Transportation Act of 1964 which then-Congressman Andrew Young sponsored in 1974. Recently, President Carter signed the 1978 Surface Transportation Assistance Act which has clarified and broadened the Young Amendment.

The original Young Amendment authorized financial aid to public or quasi-public transit corridor development corporations or entities.* Eligible costs included buses and other rolling stock and the acquisition of land "within the entire zone affected by the construction and operation of transit improvements, including station sites." Public highways were excluded.

In the 1978 Act, public highways are again excluded with the exception of fixed guideway facilities such as rapid transit systems, busways and transit malls. The 1978 Act also includes assistance for new technologies in the form of innovative and improved products such as downtown people movers.

In addition to land acquisition and rolling stock, "eligible costs" under the new Act include those for demolition of existing structures, site preparation, utilities, building foundations, walkways, and open space. It also provides for the acquisition, construction, and improvement of facilities needed for intermodal transfers (e.g., intermodal terminals, transit malls, park-and-ride lots), but not for the construction of commercial revenue-producing facilities or of public facilities not related to public transportation. Under the old Young Amendment, intermodal terminals were not eligible, except for the portions which directly affected the public transportation system.

There is also a requirement in the 1978 Act that the disposition of any net increases in property value be worked out prior to project approval and that all persons or entities occupying space in facilities will pay a "fair share" of the cost of such facilities through rental payments or any other means acceptable to the grantor.

*While the 1978 Act removed the phrase "public or quasi-public transit corridor development corporation or entities," such entities are still eligible to apply for aid as public bodies.

Summary

An annual funding ceiling of \$200 million has been placed on joint development projects to be funded out of the revised Young Amendment. This is one of the first pieces of legislation to be enacted from President Carter's Urban Initiative proposals made early in 1978.

The Urban Mass Transportation Administration has refrained from issuing regulations based on the Young Amendment until actual project experience can be accumulated. However, discussions during the marketplace clearly indicate that Federal policy is directed toward flexibility in administering the statutory authority in terms of the requirements of particular projects and that project applications are welcome.

Perhaps even more significant was the personal participation in the marketplace of Jack Watson and Secretary Adams, as well as the presence of Administrator Page and his staff and of high-level representatives of the Federal Highway Administration, the U.S. Department of Commerce, and the U.S. Department of Housing and Urban Development.

This level of participation underscores Jack Watson's statement, during the plenary session on the Federal Perspective, that:

If there is a central theme to the President's recently announced urban policy, I have absolutely no doubt what that theme is. It is partnership.

It is partnership not only between and among the levels of government--Federal, State, city, county--but creative partnership between and among all those levels of government and the private sector which, in the opinion of the President and of Brock Adams, and of the other leaders of this Administration, is really the great motor that must move us toward vital cities.

- Actual and potential delay in the joint development process is still a major deterrent to joint development.

It has long been obvious that a major risk to the developer in a joint development project is unpredictable delay, caused by the public nature of the project, that may increase costs and defer rental income. This marketplace made it clear that delay is the enemy not only of the developer, but of all the participants in a project.

- Financial institutions operate on budgets. They need to know where and when their money will be invested. It is a serious matter to them when a planned flow of money is deferred over a substantial, and often indefinite, period of time.

Summary

- Public officials are concerned that delays in project completion will result in criticism and may bring in its wake political repercussions, such as the loss of support for community development activities generally or, even, the loss of an election.
- And transit operators fear that delays in the private development will cause politically unacceptable delays in providing transit improvements or in initiating new service.

There are three paths by which the problem of delay may simultaneously be approached.

1. By prepackaging as many as possible of the items that must be completed before a developer can move ahead with assurance. These may include enabling legislation, referendums, tax abatement and other local ordinances, public hearings, environmental impact reviews, zoning and subdivision actions, and variances.
 2. By providing firm assurance that planned public improvements will be made on schedule. This requires political commitments, as well as assured sources of funds for the transportation and other public improvements, and cooperation agreements among the public agencies which are to provide them.
 3. By simplifying and making more flexible the processes by which Federal assistance in support of joint development is committed and made available.
- The joint development process must include means by which residents can participate in planning projects that affect them and their neighborhoods and can themselves realize some of the economic benefits that result.

This subject was discussed in three of the six workshops. Harold B. Williams, Director of Civil Rights, Urban Mass Transportation Administration, summarized the issues in a background paper prepared for the conference. He writes:

There are three areas in which action must be taken in a specific and timely manner to assure that the people's interests are realized:

- Participation of local neighborhood organizations and citizens in planning, site selection, transit station design, and resulting area development.
- Employment and training, through the setting aside of jobs and the provision of training for unemployed and disadvantaged youth.

Summary

- Provision of opportunity for minority businesses to reach their full potential.

The JOINT DEVELOPMENT MARKETPLACE showed that the opportunities for joint development are there--perhaps more of them than most persons recognized. So are the financial aids available from the Federal government--in programs already authorized and administered by the Departments of Transportation, Commerce, and Housing and Urban Development. There is no better way to conclude this summary than to repeat what Secretary Adams said in closing his keynote address to the conferees:

It's time to take America's cities off the sick list, and mayors off the hook. Our urban communities are a valuable national asset. Through a new partnership of commitment and investment, we can preserve, protect, and improve those urban assets for the future.

PART II
JOINT DEVELOPMENT MARKETPLACE:
HIGHLIGHTS and MATERIALS

Section 1: Speeches

This section includes four general speeches concerning the various developer, Federal, and mayoral perspectives of joint development.

In the first speech, Harold Jensen of the Urban Land Institute discusses what a developer is interested in obtaining from the local project participant. Next, Honorable Brock Adams, U.S. Secretary of Transportation, and Honorable Jack Watson, Special Assistant to the President, give personal opinions on what they feel the Federal role in joint development is and will be. The two last speeches concern the attitudes of Mayor Thomas Moody of Columbus, Ohio and Mayor Hans Tanzler of Jacksonville, Florida on joint development prospects in their urban areas.

DEVELOPER'S PERSPECTIVE

Harold S. Jensen
Metropolitan Structures
President, Urban Land Institute

Let me start this candid dialogue by taking a few minutes to tell you what's on my mind as I approach this meeting--speaking now as a developer.

First, I am concerned that you public officials be aware of what we developers will be looking for when you outline your various joint development opportunities. Joint development, after all, can be a complicated and sometimes risky enterprise so I am going to approach your proposals with caution. Metropolitan Structures, of which I am a partner, is active in four cities and examining opportunities in three others. We, like many developers and lenders, think of our market as being national rather than local. We feel we can and must carefully choose among the many cities with development opportunities.

In analyzing development potential within a city and, more importantly, between cities, there are a number of variables that I consider very important. Some obviously have to do with demand characteristics; others have to do with supply factors or our ability to bring a project to market on time and within budget. In this forum, it is probably not necessary to dwell on demand factors, so let me dispose of that quickly.

In general, we look for opportunities where demand for space--be it office, retail, or residential--is strong. Strong demand means that the prevailing market demand price is high enough to return an acceptable profit over the cost of constructing new space. We determine this by looking at vacancy rates, rate of absorption, competitive products, type and quality of tenants in the area, general economy of the city, and, possibly, the changing or emerging role of the CBD. We are also concerned about site specifics such as vehicular and pedestrian access, proximity to ancillary services, adjacent activity, and general perception of location as a good place to work or live.

Many sites being presented by cities exhibiting in the marketplace today and tomorrow are not in what I would define as strong market areas but rather are located in uncertain markets. In these latter cases the demand price for finished space is not well enough known for developers or lenders to be able to determine whether there is a profit to be earned by developing a project. In situations like these, one is very cautious and, in addition to the specific types of information just described, it is necessary to look at factors directly controlled by local government.

The local factors that affect supply in the uncertain market (and in many strong markets as well) are numerous. To interest a developer in a proposed site requires the right answers to the following questions:

First, is the use proposed appropriate for the site? Many cities have plans outlining an elaborate scheme for downtown redevelopment. If the whole plan could be put in place at once, each component might work. Unfortunately, instantaneous redevelopment does not occur and thus the site available for development today frequently must stand on its own, depending solely on existing demand.

Second, is the site cleared and ready for use? Sites offered to a developer, especially one from out of town, that are encumbered with tenanted buildings or rights-of-way are not ready for use and will not generally be considered. When acquiring a site from a public agency in an uncertain market, a cleared parcel is expected.

Third, are development tools at hand? Does local government have the authority, the funding, and the delivery mechanism to provide the incentives or the assistance promised? Frequently, major projects call for land write-downs or special public improvements such as a parking garage or improved street access. A developer wants to know if what is needed to make a project possible is available, can be promised, and, more importantly, will be delivered.

Fourth, is the local political climate responsive? A Mayor and council must be supportive of a major project, especially one requiring public assistance. Development takes years to complete and requires commitments to its major partners throughout. Helpful to a developer is support from local business leadership and cooperation from labor. A local administration that can pull business and labor together in support of a project is a tremendous asset.

Fifth, does the administration appear competent to deliver on commitments made? This unquestionably is a subjective judgment but one frequently made by developers. Certain cities have a reputation as a good place to do business. When all other things are equal, in a choice between two projects in two different cities, it is the one with the good reputation that wins out. How are judgments made regarding competence? There are a number of key variables: Strong desire by Mayor's staff to expedite; a zoning review process that supports development; evidence of the willingness and capacity to provide infrastructure in advance of development; and finally, a Mayor with a stout heart who does not shy away from controversy.

These five questions are indicative of what developers ask either their consultants, their staffs, or other developers. Though frequently phrased in different ways, these questions do represent what we need to know. Cities that have "yes" answers to these questions will catch our attention.

Aside from looking for certain features in public agency proposals or solicitations, private developers are concerned with the process of

development. The saying that time is money can't be repeated often enough. If we have any choice at all, we will choose to work in situations where the development process is "reasonable." Unfortunately, what is reasonable from our perspective seems too often to be of no interest or irrelevant from a public agency's viewpoint.

Moving through the stages of the development process is becoming more difficult and taking ever-increasing amounts of time. To the extent that the added hurdles--be they environmental reviews or citizen participation or whatever--improve the final product or the environment in which it is located, we are generally receptive to their inclusion.

However, when regulations and procedures merely mask indecision, hidden no-growth agendas or bureaucratic ineptitude, then it is appropriate and essential for those of us involved in creating a development product to object to the burden and to seek to have it removed.

The development of a major project today requires an inordinate amount of cooperation. But cooperation between public and private sectors doesn't just happen. First, we must try to understand and accept the credibility of each other in the development process, our goals and the constraints under which we operate. Second, we must have the willingness to resolve conflicts that arise and to do so expeditiously.

The words about cooperation appear simple and are therefore taken for granted; unfortunately, the case they describe is not common to many communities. How often, for example, has it been necessary for a developer to justify a profit simply because those who demanded the information have made no effort to understand the dynamics of investment? This is as unfortunate in my mind as the need for a Mayor to remind a developer that the appearance of doing business together has political liabilities.

Cooperation, as you can tell by my definition, *is a state of mind*. It entails a recognition that developers need local officials and local officials need developers. Cooperation does not require that the public sector neglect its own goals to please the developer. Nor does it demand that the developer forego his profit for the community. Both are essential.

In conclusion, if you feel "leaned on" by a developer, be assured that the public agency point of view will be represented by others at this meeting. The public agency participants have gone to a great deal of effort to make this an effective marketplace. Let's all join in the effort. I'm sure we will be rewarded.

FEDERAL PERSPECTIVE

Honorable Brock Adams
Secretary
U.S. Department of Transportation

Good Morning. The President's Urban Initiatives proposal has now been made. The 15th and final piece of legislation in that package has been sent to Congress. As Vice-President Mondale told the Conference of Mayors last Tuesday, the national development bank President Carter proposes would generate \$16 billion in private investment for the cities most in need. Our purpose today is to examine some of the prospects for joint development--to put public and private investment dollars to work on urban improvement projects.

In his urban policy message President Carter said: "The Federal government doesn't have the resources by itself to do the job. But we are ready to provide the leadership, the commitment and the incentives which will encourage all sectors of our country to rebuild and to maintain the quality of America's communities."

That's what brings us here today. We are saying to the private sector: "The momentum is swinging back to the cities; join us in revitalizing urban life." We're saying, as President Carter has said, that "everyone has a stake in the health of our urban places." We're also saying: "Don't blame your mayor or council member or UMTA for the condition of your city, unless you're prepared to do your part to make it better." We're saying: "We're all in this together to make it work."

With that in mind, there are three short messages I want to bring to you.

1. *Federal dollars are needed for salvation of the cities.*

This Administration is dedicated to the salvation of our cities. As was pointed out at last week's Conference of Mayors meeting, the sections of the Federal budget that have been growing most rapidly are those dealing with assistance to States and cities. Under President Carter, Federal aid to State and local governments has increased 25 percent in two years, going from \$68 billion in fiscal 1977 to \$85 billion for fiscal year 1979. In addition, as a part of his national urban policy proposal, the President is budgeting another \$200 million for urban public transportation capital investment projects.

2. *Federal dollars alone are not enough.*

Federal dollars alone won't solve our urban problems. That's not the answer. Piling a little more money on top of every existing Federal program will not cure the root problem. And we do not have the funds to do it.

What I'm saying is, we want to modernize the way we invest in State and community projects.

First, we want to simplify transportation planning, so that highway and transit developments are planned together and in concert with other community objectives. We want States and localities to be able to make long-range plans, so private development can proceed accordingly.

Second, we want to improve the management of transportation resources, so narrow categorical restrictions do not limit the ways funds can be used and prevent us from using the money available.

Third, we want uniform funding formulas - 80/20 for everything except Interstates or transfers from them--so local officials' decision-making won't be dominated by the amount of money the community has to put up to get a Federal grant.

Fourth, we want to make better use of the dollars available, by managing the long-term commitments so we can cover those commitments without increasing taxes or adding to the deficit.

The proposed highway/transit bill now enacted moves in that direction. The President's urban policy moves in that direction. This meeting moves us further in that direction. Then we will restore vitality to our cities, and promote long-term growth and development at a cost we can all afford.

3. *A partnership is necessary.*

The "conservation of our communities" and the "coherent long-range urban policy" the President has called for can't be achieved by the public or the private sector alone; and it won't be accomplished by piecemeal programs being pursued independently by a galaxy of Federal agencies. That's why joint efforts like this are so essential. It is also why coordinated transportation planning is vital to the future of our urban communities.

Transportation ties a city together, links it with its suburbs, moves its commerce and provides mobility for its people. We can't have an effective urban policy without an effective transportation policy.

Twenty-five years ago department stores began following the highways to the suburbs. As shopping centers became more popular, downtown business districts declined. Public transit, deprived of its bread-and-butter traffic and forced to expand its lines--at greatly increased costs--collapsed as a private enterprise industry in the United States.

But today, new transportation projects can provide excellent catalysts for joint development opportunities.

Detroit, Michigan, for example, has a downtown people mover and pedestrian "sky-way" system in the works together with a combination parking facility and commercial development to serve the new Renaissance Center.

Baltimore, Maryland is already working with local planners on the joint development of three transit station sites for the city's new rail system.

Gary, Indiana is preparing a joint development proposal around a relocated terminal of the South Shore rail line on the edge of its downtown district.

In New York, there is a proposal to create commercial space in refurbished passageways connecting Grand Central station, a rebuilt Commodore Hotel and an existing subway station. There are two other immediate prospects in the New York City area, including a transit mall in the South Bronx and the development of Jamaica Center in connection with the Kennedy Airport rail line relocation and extension.

Here in Washington, a joint development venture is being planned around the Columbia Heights station in the 1968 riot corridor.

I am pleased to announce this morning (June 26, 1978) the award of a \$2.6 million UMTA grant to the Denver Regional Transportation District to assist in the design of a pedestrian transit mall to be served by free, low-polluting transit vehicles. A major terminal facility will be tied into the mall to connect express commuter buses with the mall shuttle buses. This transfer facility offers the opportunity for the construction of a major commercial office building on the land adjacent to and the rights over the terminal.

I would point out that, in this particular example of joint development, the only Federal investment is in the transit mall itself. Denver is fortunate in that it generally is experiencing a strong local economy. Other cities may not be as fortunate and we recognize that additional funds may be necessary to stimulate the private investment in their development projects. Our program is designed to be flexible, to provide the necessary catalysts for an entire range of joint development opportunities.

That's why we're trying to provide cities the means to develop their public transportation potential, and produce alternatives to the private car.

This involves three key decisions by local people.

One: *The solutions have to fit the city they serve.* New York and Los Angeles, for example, can never have the same kind of system. Cities must build the type of system their people want and will support. Where rail systems are appropriate, they should be built in segments. Private development will be better served by a system planned in total but built in increments.

Two: *Be certain the system affords new opportunities for the redevelopment of urban properties.* As urban highways made land less useful, we must now make urban land more useful. Park-and-ride stations provide natural points for suburban business ventures, and as the downtown areas are gradually liberated from their dependence on the private car, land and facilities now needed to accommodate vehicles can be put to other use.

Three: *The recycling of public transportation will help restore civic pride and the city loyalty and spirit that comes from building a community.* Certainly the "working alliance" of all levels of government with the private sector and with the citizens of the community will serve, as President Carter has said, to instill a new sense of purpose and mutual interest.

Thank you for your interest in this important endeavor.

FEDERAL PERSPECTIVE

Honorable Jack Watson
Assistant to the President

I am very pleased to be here this morning. I would like to begin by stating that the Carter Administration believes that the Nation's cities have a tremendous amount of potential. For all of our problems, for all of our difficulties, deficiencies and short-falls, we have tremendous strength to build on. We have tremendous wells of creativity and imagination in the private sector. If there is a central theme to the President's recently announced urban policy, I have absolutely no doubt what that theme is. It is partnership.

It is partnership not only between and among the levels of government--Federal, State, city, county--but creative partnership between and among all those levels of government and the private sector which, in the opinion of the President and of Brock Adams and of the other leaders of this Administration, is really the great motor that must move us toward vital cities.

To the extent that we can leverage government expenditures creatively, with massive imagination, private sector investment and innovation, our cities will be saved, our cities will be strong, our cities will be nice places to live.

One of the things that the Federal government has not done very well traditionally, which we're working very hard on now, is packaging across agency lines. Some of the men on this platform with me--Bob Hall, who is the Assistant Secretary for Economic Development in the Department of Commerce, Bob Embry, Assistant Secretary for Community Development in the Department of HUD, and Mort Downey, Assistant Secretary of DOT--sit with me and others on an Interagency Coordinating Council that Dick Page mentioned. We met this morning, as a matter of fact.

What we're doing with the interagency group of policy and decision makers is packaging. We are trying to create synergisms from the Federal side that will respond to synergisms that we hope are going to emanate from you--from mayors and city councils and county governments and private sector developers.

I cannot think of a better, more apt illustration of partnership than is represented by this Joint Development Marketplace. I went down to see the exhibits this morning and, to coin Dick Page's phrase, I am swept away with enthusiasm at what is being thought about, at what the potentialities are.

Before I leave this stage, it is my privilege on behalf of the President and, speaking for him at this moment, to thank you, to

Speech: Watson

welcome you here, to urge you on to the kinds of creative collaborations that this country, this government, our cities, towns, and counties need.

Thank you.

MAYOR'S PERSPECTIVE

Thomas Moody
Mayor
City of Columbus, Ohio

Good afternoon. I'd like to talk about something this afternoon that could have a major impact on our ability to carry out joint development projects--the California tax initiative, Proposition 13. The repercussions of its passage could well change the future course of local government in this country. In reacting against property taxes pushed ever upward by the pressure of inflation, the voters in California may be heralding a mood of austerity. But their vote also underscored some very basic concerns that have been on the minds of local officials for some time. It is clear that while the local property tax is the principal source of local revenues, it is not the right way to support the vast array of services that local governments are called upon to provide. The local property tax was not designed to support them, and it never will be able to. Nor should it, since many of the costs that our citizens must bear through their local property tax payments--costs of such programs as air and water quality planning, uniform wage and hour laws that are set without attention to local conditions, mandated benefits and pensions for local employees, and a variety of other costs--are mandated by Federal and State laws.

Proposition 13 can be read as a clear statement in opposition to the imposition of these burdens on property owners.

What's the remedy? From the point of view of the National League of Cities, there are some basic strategies that could be applied.

The first of these is to broaden the local tax structure. A broader array of local services could be supported locally if States would give cities the local option to rely on such alternate sources of revenues as local sales taxes or payroll taxes. These are possible in some communities, but they have traditionally been denied to cities in this country.

A second strategy would be to shift the burden of financing local services. The National League of Cities has long advocated the Federal assumption of welfare programs. We would also support State funding of education. We strongly support the use of fiscal notes or similar forms of reimbursement for paying for programs mandated by State or Federal laws.

Another basic strategy for local government would be to greatly improve the management capacity of local government and local officials. One of the messages that the California voters delivered is a call for reduced government spending. To balance that demand for austerity with the real and pressing needs of cities and the people who live in them

will require management ability of the highest order. It will require that local officials know how to get the most and best use out of every dollar they take in through local taxes. It will require that every program, every project, serve a variety of needs. It will require that every resource a city offers--human, physical, cultural, or economic--be used wisely.

Improved management, higher productivity, greater application of technology must continue to be of high priority to local government. This was the basic motivation of the National League of Cities and other public interest groups when they created Public Technology, Incorporated. If ever the knowledge and experience gained by this organization in its seven years of existence is needed, it is now. Clearly, greater cooperation between the public and private sectors in the efficient utilization of scarce resources permeates this conference.

What is required, in the end, is a strong sense of urban conservation. The response to Proposition 13 need not be a radical and sudden one. Proposition 13 really only underscores the importance of a concept that has been at the foundation of everything the National League of Cities has been doing for the past few years. That concept--that philosophical foundation for League policies--is the idea of urban conservation.

Urban conservation, at its simplest, is the thought that cities are resources, and like other resources they must be used wisely and conserved, not used up and discarded. Our cities represent immense investments of time, money, brick, steel, concrete, hope, dreams, labor, sweat, tears, and laughter. These investments cannot be allowed to go to waste through misguided and inappropriate programs at any level of government.

There are countless examples of Federal and State programs that have worked against our cities rather than conserving them. Some of the most visible ones, however, have been transportation programs.

Transportation has often done as much to divide our cities as it has to hold them together. There has been a wrong side of the tracks ever since there were railroads. Highways have filled the suburbs with people and filled downtowns with cars. Expressways have created walls between people who once were neighbors.

Things have been changing, however. Ten years ago, highway planning became something of an adversary proceeding. Engineers and highway planners found themselves confronted by well-organized community groups who were not going to be divided by expressways that would bring them nothing but air pollution and noise.

"What's your highway going to do to my neighborhood?" is the basic question. And if you substitute any other form of transportation for highways, the concern is still the same. People have realized that transportation must do more than just move people and goods.

Richard S. Page, Administrator of the Urban Mass Transportation Administration (UMTA) at the U.S. Department of Transportation, lists five purposes for public transit--mobility, energy conservation, environmental protection, employment and economic development. Those five purposes are also important parts of what the National League of Cities has been defining as urban conservation--and they are high goals for the sort of joint development that you have come here to talk about.

Mobility--the simple ability to get from home to work and back--is crucial, and a large number of people must depend on public transit for that mobility. We have all become aware of the need for energy conservation and for environmental protection. Neither can be achieved without some cost, but neither of them can be ignored for much longer. Employment is essential for all our people, but it is extremely important for inner city residents, and it is the key to revitalizing center cities.

Transportation plays a vital role in reaching each of those five goals. The joint development of transportation facilities which meet the wider needs of our cities, their neighborhoods, and their people is not only a sensible approach but an essential one. Thank you.

MAYOR'S PERSPECTIVE

Hans Tanzler
Mayor
City of Jacksonville, Florida

Thank you. In the eleven years that I've served in the National League of Cities, the United States Conference of Mayors and various other organizations, the cry has been the same--urban crisis and urban conservation. We called it 14 different things throughout those years and there have been as many solutions and recommendations as we've decried the problems which face us, but they really were summed up and surrounded by another problem spelled out in urban flight.

The shift of population from the incorporated city into the unincorporated areas has created problems for cities. We've decried the Federal incentives--the highway systems, and the tax incentives--that made it possible for one to go into the larger areas, build a bigger house and deduct the interest rates and so forth. You were better off than trying to refurbish the dwelling in which you were living inside the city limits.

There is another war going on in this nation to which we are going to have to address ourselves. And I'm sorry that we will. What I'm referring to is the interstate economic tax incentive war that many states are engaging in.

Industries are moving from the major cities of the North into the so-called "sunbelt" of the nation. There are a number of reasons for this shift, not the least of which are the taxes, the working conditions, and the climate. As these industries shift, what is taking place in Florida and in other southeastern States is certainly an unhealthy growth.

For instance, the State of Florida has increased its population by more than two million people since the last census. Growth like that creates tremendous problems. Fort Meyer has, for example, had a 42 percent population increase in a single year.

Believe me, before I go on, that I'm here today competing with all the other cities to encourage industry relocation to my area. Such encouragement has already resulted in many new developments in the City of Jacksonville of which I'm very proud. I do know, however, that every time a plant relocates to Jacksonville, some other mayor is having additional problems. As the tax base forces one industry out of a city, the mayor of that city is faced with the need to provide the basic level of services with a declining tax base.

We do have some alternatives to urban flight. One of the ways to minimize center city decline is through annexation. You can't flee from

the incorporated limits of Jacksonville into the unincorporated areas of the county because there aren't any--the city limits go to the county line. While we still have urban flight, it's one hell of a long drive. If it takes you an hour to get back and forth on an expressway or an Interstate, with the cost of energy, then it isn't worth the effort to flee the city. So, to some extent, it is a solution to the problem. Yet in some ways we're punished for our progressive organization.

I would like to be critical, if I may for a moment, about the attitudes (Congressional, regulatory, or otherwise) used in developing the guidelines for use of Urban Development Action Grant (UDAG) monies. Our city, because it did annex, was unable to participate in this year's UDAG program because we now average the population residing in the core of the city with those that were in the unincorporated areas of the county. When we combine the two, we end up a little above the standard set for use of UDAG monies. However, we still have a large population in the core of the city which is well below the poverty level and would meet every UDAG guideline.

On the other hand, the solution has been recognized--the self-help solution of annexation or flexibilities of your city limits. However, those that take advantage of this are, to a very large degree, penalized for having helped themselves.

Also, another potential solution for center city decay is the downtown people mover. The City of Jacksonville is first on the list of additional people mover projects, if the Urban Mass Transportation Administration (UMTA) ever gets around to funding any new ones. I must say, parenthetically, that I am personally pulling for the Mayor of Cleveland in his efforts to overcome the recall election. I hope he gets re-elected because, as you know, he rejected the \$42 million the Federal government has allocated for Cleveland to build a downtown people mover. If he doesn't want it, then UMTA will just have to see who is next on the list. I think that is only fair.

The City of Jacksonville has an Economic Development Administration grant to establish an Economic Review Office within the Office of the Mayor. The office will evaluate every grant that we might possibly apply for and determine what the economic impact will be on our community.

What I'm saying to you is that if there is a solution to the directions that cities are taking on a national basis to solve local government problems, there has to be some method of emphasizing and maximizing the economic multiplier effect on private development. I have suggested repeatedly that every project should have at least a four-, five-, or maybe a ten-time multiplier effect. If a city can show the Federal government just how many times those dollars are going to be

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multiplied on a private scale, the Federal government can make decisions that will automatically stimulate the economy.

Keeping downtown Jacksonville economically strong and a vital urban center is a constant problem, as it is in every downtown throughout the Nation. Trying to convince people of the importance of maintaining the Downtown is a problem. I don't have the city limit, as I said, so that's not the problem; however, there are still those who myopically reject the concept of spending money on the downtown since we have such fabulous shopping centers farther out. The argument is: "My office is out there and I don't need to go downtown; therefore, why spend my tax dollar downtown?"

These are familiar arguments, I'm sure. Trying to convince the people that more than 15 percent of our total taxes comes from less than one square mile of the city's 847 square miles is not easy. One should easily be able to see the necessity of preserving that one square mile. Also, if one-fourth of the population work there, then certainly we would want to preserve it.

We want to save downtown from a standpoint of public safety and of making it an ideal place to work and shop. It is still amazing to me that I find so many people, whose intelligence I admire, are still against spending tax dollars on downtown development. They will say that you should let the free enterprise system work by itself and that the development will take care of itself.

I'll close with this observation. If you see a picture of Jacksonville, you will see Independence Square, the magnificent jewel of our skyline. This block paid the City of Jacksonville's and the County of Duval's coffers less than \$100,000 in taxes. It was that way when I came into office. There was a rundown bowling alley and a few dilapidated corner shops. It looked terrible. This year the Jacksonville Independence Square will generate \$1,000,000 in taxes. Now, which is better, \$100,000 or \$1,000,000?

How important was it to get that developer to make a decision to put that building there? If it is a \$32 million building, what are the multiplier effects? How many others with millions of dollars of investments made the decision to expand banks and other holdings in that area? Once there was a sign of progress in downtown Jacksonville, investors and developers began to flock to the area. Developers and financial institutions have indicated that they are willing to commit almost \$400 million dollars to the revitalization of Jacksonville's downtown not only because of the new building, but because of the hope that a people mover might someday be built downtown. If we have to fight every inch of the way, the goal will be accomplished.

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As I step down after 12 years as Mayor of Jacksonville, the advice I give to you is to keep things simple so that the public can understand. If the people don't understand what the project is, regardless of the project's efficiency, they will not go along with it. Communication is, was, and will always be the number one problem we have.

Thank you, God bless you, and I appreciate this opportunity to speak to you.

Section 2: Project Presentations

This section describes both success stories and evolving projects in joint development.

The first two presentations, by Gerald Maier of the Philadelphia Redevelopment Authority and the other by W. Scott Toombs of Rouse-Philadelphia, Inc., briefly summarize some of the facts concerning the successful Philadelphia Gallery joint development project. J. David Hunt describes the Portland Mall success story and Mayor George Latimer of St. Paul covers the St. Paul Galleria project which is now underway.

The next four presentations cover joint development projects related to the Washington, D.C. Metro stations. J. Kirkwood White of the D.C. Municipal Planning Office and Henry Cord of Washington Metropolitan Area Transit Authority (WMATA) give general descriptions of the Metro system and their views of the Metro system joint development process. John Israelson of Woodward and Lothrop department stores describes their joint development project with WMATA. Ronald T. Goode of the Oliver T. Carr Company, a developer, describes an evolving joint development at the Metro Farragut West Station.

SUCCESS STORY: THE GALLERY, PHILADELPHIA, PENNSYLVANIA

Gerald Maier*
Director, Market Street East
Philadelphia Redevelopment Authority

Good morning. We feel that the Philadelphia Gallery was a very successful joint development project. The three main financial participants included:

- Gimbel's Department Store
- Rouse Company
- Philadelphia Redevelopment Authority

In addition to the preceding, the City of Philadelphia, primarily with Housing and Urban Development funds, contributed funds for land acquisition and utilities relocation.

The Southeastern Pennsylvania Transportation Authority (SEPTA) was responsible for making the major transit improvements associated with the project--those at the 8th Street Subway Station. I believe that the rail and commuter connections made the project work.

The Philadelphia City Council took the lead in organizing the project by passing 15 ordinances. Including redevelopment funds, the city contributed 30-35 percent of the project costs. The Gallery has created 30,000 jobs.

(At this point there was a slide presentation).

* Mr. Maier gave a slide presentation on the Gallery. This text describes some of the project facts he brought out prior to the presentation.

SUCCESS STORY: THE GALLERY, PHILADELPHIA, PENNSYLVANIA

W. Scott Toombs
Sr. Development Director
Rouse-Philadelphia, Inc.

Good morning. During the past several months I've been impressed with the amount of interest shown in all aspects of revitalization of U.S. central cities. New Orleans, Chicago, Pasadena, Boston and many other cities have revitalization projects in planning or under construction. It's important for all of us that these projects become successful realities because our collective investment is too great to write off as a depreciated asset.

Philadelphia's success with revitalization has been tremendous. The Gallery is a part of that process. There were many hurdles to overcome in developing the Gallery; problems that could only be overcome by a trust relationship between the government and the private developers. Each of the parties had to take extraordinary risks in order to perform their part of the bargain. There were several important ingredients which led to the success of the Gallery. They included the following:

- Philadelphia is a city with an excellent track record in urban renewal. It has brought excellent office and residential development back to the center city. Also, a great amount of retailing was going on before the idea of the Gallery was conceived. People use mass transit in Philadelphia--900,000 riders daily.
- The department stores were willing to make major commitments to the Gallery's success. A total of \$47 million were committed by two major department stores. Both stores agreed to long-term operating covenants which were very important to project financing. Project financing is extremely important, as those of you in the private sector know.
- The City Administration was extremely supportive of the project. The Mayor said that the Gallery Project was one of his major objectives and followed through on that objective.
- The \$20 million in Federal funds granted to Market Street East created a project of distinguished design, and magnificent structure. Because of this, the project was one in which development economics could work favorably for both the project participants and the city.

The Mayor saw to it that the project ran correctly and quickly through the city approval processes. In addition--

- The project was never a political issue.
- The public supported the project.
- The business community was united in making the project a success.
- The financial community ultimately provided the mortgage, probably more as a public service at the time than the excellent investment the Gallery has turned out to be.
- Revitalization had been going on for a long time in the same area.

Seventy percent of the customers come to the Gallery by public transit.

The Gallery has approximately 200,000 square feet of retailing located on five levels between the two large department stores. One of the retailing levels is underground.

In conclusion, I'd like to express my appreciation for the opportunity to discuss the Gallery at this Joint Development Marketplace.

Thank you.

SUCCESS STORY: THE PORTLAND MALL, PORTLAND, OREGON

J. David Hunt
Executive Director
City of Portland Development Commission

Mayor Goldschmidt was asked to talk today about a success story: The Portland Transit Mall and the redevelopment--the joint development--that has been the result of the Mall's construction in the center of our downtown.

He would tell you, first, that back in March of 1971, when the concept of a Portland Mall was first envisioned, and then in September, 1973 when that vision was first put to paper as a grant application for \$12 million to UMTA, we never talked--publicly--about development or redevelopment because, in those days, UMTA wasn't interested in anything but a pure transportation project. And even though most of us recognized that the Portland Mall, if funded, would be the largest single public investment to Portland's downtown in 40 years, and its major impact would be as a catalyst for turning around years and years of neglect and decline, *we couldn't say that.*

Today, of course, *joint development* is a Federal programming catchword. The Department of Housing and Urban Development will fund a housing project when one of the key objectives is jobs. The Economic Development Administration will support a downtown performing arts center if it demonstrates that it will attract people and economic activity. And the Urban Mass Transportation Administration now keys its transportation project funding on the basis of the joint development that it will stimulate. Legislation (since enacted) that would open up the Young Amendment and that was a part of President Carter's original transportation legislative package would do more than make *joint development* an explicit objective of urban transportation projects--it would actually fund joint development projects.

Mayor Goldschmidt feels that the difference between the approach to local government needs now being taken by the major agencies of the Federal government under President Carter, and the kind of Federal policy that we were forced to live with over the past several decades, is like night and day.

If the redirection and coordination of Federal urban policy that President Carter and the Congress have brought to this Nation's cities in the last two years is anything like the initiatives that Thomas Wolfe saw when he returned to his home city in the late 1930's, then we now know why he said, "I think the true discovery of America is before us."

For we now believe the true discovery of Portland is *before us*, and we hope this is true for other American cities as well. We say

this because of the success we have had in the recent years with the redevelopment of Portland's downtown, and because of new Federal initiatives that now open up new opportunities to keep the momentum of our success going.

Before we talk about this redevelopment in Portland, we want to describe to you where we began six years ago, and our strategy to get from where we were to where we are today.

We began six years ago with the recognition that if the downtown died, the city would die. Our downtown is almost 10 percent of the city's tax base, and today it provides 72,000 jobs and about 10 percent of the city's employment. And more than this, it is Oregon's only urban center, with cultural activities, theaters and restaurants that are resources that exist nowhere else in the State. Our downtown is as important to Oregon as our mountains, rivers, and our ocean coasts.

Six years ago, the downtown was in a state of decline and the negative impact of the lack of confidence in the future of the downtown was affecting the whole city.

Retailers were leaving the city. The air was seriously polluted, and EPA's Clear Air standards threatened to limit the access of shoppers and clients to what downtown merchants and offices still remained. New potential projects were caught in planning hassles and red tape because no one seemed to know what we wanted and there was no downtown plan to guide new investments.

First, *we had to resolve the region's major transportation deadlocks--Mt. Hood Freeway.* One of the last segments of the Interstate highway system and a symbol of all that had gone wrong in our city, it had to be stopped from cutting up our neighborhoods and destroying 5,000 households that would use the downtown as their shopping center.

Second, *we had to improve the region's air quality.* Because of downtown Portland's location in the Willamette Valley between Portland's hills on the west and Mt. Hood on the east, our air quality had become a serious obstacle. In 1972, the City got together with the State and the transit agency to devise a plan that would bring us into compliance with the mandate of the 1972 Clear Air Act, which placed a lid on parking in our downtown with emphasis on public transit.

Third, *we took advantage of our inherited resources in the downtown:*

- Along the east of the central business district--the riverfront --and our two historical districts.
- Along the west, running from the north end of the business district to the south end, the Park Blocks, an attractive area for housing.

- And between these two corridors, at the center of the business district, the historic Pioneer Courthouse.

The point is that we knew we could use these inherited resources as anchors for our downtown redevelopment.

Fourth, *we invested all of the City's discretionary resources in a way that maximizes private sector involvement.* And this is where the real pay-out is, because we know that government, alone, cannot and should not be expected to do it all. Public spending should reflect public policy and, as such, be a signal to the private sector. And once the signal is given, it has got to be consistent; government has got to decide what it *does* want. Basically, we needed a plan.

Each of the strategies--resolving transportation deadlocks, cleaning up the air, taking advantage of inherited resources, and targeting public resources--were all merged into a larger downtown plan which is the basis for the recent success, the Portland Mall.*

* A slide presentation followed these remarks.

EVOLVING PROJECT: THE GALLERIA, ST. PAUL, MINNESOTA

George Latimer
Mayor
City of St. Paul

Good morning. I would like to begin by giving you a brief description of the City of St. Paul. I would then like to share with you our experience with what a developer looks for when deciding to develop a site.

I would also like to thank the organizers of this Joint Development Marketplace. I have learned a great deal. I think that the objectives of the Carter Administration's Urban Policy, the repercussions of the energy shortage, and the need to develop our center cities are best approached by organizing cross sections of groups, such as we have here today.

St. Paul is an older northern city which is the capital of Minnesota. It has a population of about 300,000. Together with Minneapolis, which has a population of 375,000, the metropolitan area has about 2 million people. I would like to talk about some of its distinguishing demographics for a moment because I feel they are worth noting.

We are all familiar with *out-migration*, when the population leaves the city for the suburbs. St. Paul has had *out-migration*, but nowhere near as much as some other large cities across the country. During the last 15 years, Minneapolis has lost approximately 27 percent of its population, Cleveland around 33 percent and St. Louis about 40 percent. However, St. Paul has lost only 11 percent of its population and, compared to many northern cities, has a fairly stable population.

St. Paul has a diverse economy. It is a city with 17 institutions of higher education, State capital government offices and many Federal offices. All of these facilities have a stabilizing effect on our city.

Our unemployment rate is around 3.8 percent which, if you examine other cities our size across the nation, is fairly good. St. Paul has a higher than usual Medicare age which tends to make the City more stable. There are so few areas with underemployment and poor that we can respond to their needs. St. Paul has fewer persons, slightly under 10 percent of its population, living below the poverty level than any of the 50 largest cities in the country.

As far as development goes, the last several years have been very productive and exciting. In 1977-78, even with the devalued dollar, St. Paul has had a larger amount of money invested in development per capita than any other U.S. city.

Two years ago we had one 500-unit, high-quality housing complex for downtown. Since then, three highrises for senior citizens have

been constructed. These units represented all of the available housing in downtown with a working population of 70,000. This has caused us to do two things:

- Construct additional retail development in downtown.
- Develop a downtown residential population.

This has a snowball effect because we have constructed 1,000 additional housing units in the downtown area. I anticipate that before construction ends, the population in the downtown area will exceed 10,000. I feel that a residential component is very important to assure the success of downtown development projects.

As mentioned by Mr. Jensen earlier, there are five key ingredients a developer looks for:

- Whether the land-use is appropriate for the sight. Each component should stand by itself.
- Whether the site is clear and ready for development.
- Whether the necessary development tools exist, including the authority to make commitments, funding and financing ability, and a delivery mechanism.
- Whether the local political structure will be responsive throughout the project.
- Whether the local administrator can deliver on the commitments that are made.

St. Paul has all of these. This accounts for the success of the Galleria.

Another element that is important and enhances our ability to respond quickly to development opportunities is that, upon taking office in 1976, I organized the Economic Development, Housing Authority, Planning Department, Community Development, and Capital Improvement Budget Fund. After a year of organizing, along with the proper legislative actions and community participation, we have a department with a unified budget. This unified budget allows me to move in a variety of ways to finance a project.

Because the community supports the plans, a large amount of Community Development money is being used to revitalize the blighted downtown. The reason we have used Community Development money to develop downtown is that St. Paul has a good housing program. We have invested in renovating our housing stock, most of which is old; therefore, while

the downtown deteriorated, the neighborhoods did not. This, too, has prevented a high *out-migration* of city residents.

The one financial tool I have not mentioned is the Port Authority, which has been active in St. Paul for the past 15 years. The Board of Directors is appointed by the Mayor. The Port Authority has independent bonding authority, as long as the City Council and the Mayor grant approval. Presently, the Authority is expanding into housing development and is building a parking garage, which is part of a joint development project. The Port Authority provides a flexible tool and has had a good financial record.

Every project undertaken by St. Paul has had a prompt response and cooperation from the Federal government. The tools are there to be used. In the Galleria project, we had a private commitment of \$38 million, a public commitment of \$65 million, and another commitment from a private hotel to develop a new retail-hotel project. Because of a Federal UDAG grant, we were able to complete that package. The end product was the hotel, the Galleria, and the retail-office complex going up all at the same time with a terrific savings in construction costs.

In conclusion, I have tried to share some of our experiences in St. Paul with you. I hope this information has been beneficial.

EVOLVING PROJECT: THE WASHINGTON, D.C. METRO STATIONS

J. Kirkwood White
Assistant Director
Zoning and Planning Coordinator
D.C. Municipal Planning Office

Good morning. Three joint development projects will be discussed during this session, but first I would like to give you a little background on Washington.

Washington has one of the largest geographic downtowns of any city in the country. This is one of the reasons why Metro is so important to us. The downtown stretches for nearly 2 square miles, including the Federal buildings and the local business community. We have a low scale downtown due to height restrictions which accounts for the spread rather than building up.

There are more than 400,000 Federal and private employees working in the downtown area. Therefore this requires a very large public transportation commitment. The Federal commitment along with local matching funds has allowed us to build one of the finest transportation systems in the world.

In the early planning stages of Metro, we recognized the value of joint development at Metro stations. The city acquired the Metro Center sites, which have excellent development opportunities. Firstly, this land was acquired because Metro Center is the key station with two major lines crossing in the core of the city. Secondly, it is a prime development site with 600,000 square feet of land. This property has been offered on the market and we have received very responsive bids. The D.C. government will make a decision on the developer next month.

The city also acquired a large site at the Gallery Square station, the second major transfer point in downtown. This land, next to a major department store and the National Portrait Gallery, has been offered for development. To date there have not been any bids. Also, Metro runs into sections of the city that are in need of development due to the riots in 1968. Sites have been acquired and are available for development.

In the early planning stages, the D.C. government applied for, and was granted, UMTA funds to construct Metro. The Mayor and the City Council established a transportation development team to identify "knock-out" panels which would give direct access to a number of local businesses, office complexes, and hotel complexes. This has already been accomplished at a major department store in downtown Washington.

We have updated our planning and zoning processes to take full advantage of Metro.

A new mixed-use zoning ordinance has been passed in the western region of downtown where residential development is under construction. We recognized the need to get residential development in the downtown area. The new Pennsylvania Avenue Development Corporation (which was established by Congress to revitalize the Pennsylvania Avenue Downtown Corridor) has also recognized the need for downtown residential development.

Commercial zones in the downtown area have been revised to encourage mixed-use development. There is no longer a penalty for residential use in certain areas. Also, the number of public hearings required for planning and development has been reduced in order to expedite and encourage interest and stability in the investing community.

We have prepared and have before the City Council new goals and policies under the new Comprehensive Planning Authority. A new Civic Center is planned and we have prepared a downtown pedestrian system for the sole use by pedestrians in a major downtown retail corridor.

Another major step in planning was taken by working very closely with the business community. We have also had a great deal of success working with the Metropolitan Board of Trade. We have found that there has to be a great deal of coordination between the Washington Metropolitan Area Transit Authority, the District Government, and other agencies that have something to do with the development of the city. Since this is a Federal city, there are Federal agencies looking over our shoulders. Consequently, they must be involved in the development process also.

In the development of the joint development site at Connecticut and L Streets and International Square, zoning adjustments were necessary, roof structures had to be approved and set-backs had to be approved.

In the development of the site around the Van Ness Station, a planned-unit development to permit development over a Metro Station is in the process.

Our basic suggestions are:

- Plan early with the transit authority
- Obtain Federal commitments for money
- Conduct the necessary studies

- Provide physical access between the station and the development sites adjacent to the stations.
- Set up the phasing of the development process so that all concerned know how long it takes to go from the initial stage to the actual development.

If you have not visited Washington in the past several years, I think all of you will see Washington, D.C. as a changed city. The population is stable, the local government is stable, and there is a rebuilt stable economy. Please see the Metro system.

Thank you very much.

EVOLVING PROJECT: THE WASHINGTON, D.C. METRO STATIONS

Henry Cord
Head
Management, Disposal and Special Projects
Washington Metropolitan Area Transit Authority

Thank you and good morning. I would like to talk about the roles that Metro, WMATA and the District Government play in the developments being presented to you today. I represent the Washington Metropolitan Area Transit Authority and we operate Metro.

Presently, the Metro System operates along 23 revenue miles with 29 operating stations. Later this year we are expanding the system to 29 revenue miles with 34 operating stations (effective November 20, 1978). There are another 20 miles under construction. This represents only a part of the planned 100-mile, 87-station system. The WMATA Board of Directors announced earlier this month that the operating hours will be extended to midnight and operation will begin on Saturdays. Two weeks ago we reached 1 million weekly riders, which means our daily ridership exceeds 200,000.

Metro has already contributed to the fulfillment of the President's Urban Policy. It is encouraging urban development, shaping urban growth, increasing urban accessibility and mobility, and improving the general state of urban environment in the Washington area. Through coordinated efforts, a new partnership exists which seeks to capitalize on this region's emerging transit system.

Our purpose here is to emphasize the joint development relationship in the development of transit stations. Metro impacts seven major municipalities in the greater D.C. area, four of which have actively participated in the Marketplace and identified development opportunities at 11 transit areas in D.C., Prince George's County, and Montgomery County in Maryland, and the city of Alexandria, Virginia.

The first step taken by WMATA in 1961 was to develop policy guidelines for acquiring real estate properties. These policies are:

- Develop guidelines to enable WMATA to exercise the necessary controls in construction and operations.
- Ensure that all of the long-term leases provide for payment of taxes to the local jurisdictions.
- Focus attention to the size, shape, location and accessibility of the property to be acquired, as well as the utility for the remaining property.
- Ensure that the acquisition will occur in a manner that does not impair future re-use potential.

This policy guidance gives direction to the planning and engineering phases of our activities.

There is one careful consideration when acquiring a site: *partial acquisition*. This may inhibit future development of that site, precluding re-use. This is a problem encountered when acquiring downtown sites with multiple owners. On the Connecticut and L Street joint development project, the entire site was purchased. A 12-story retail/commercial/office building was constructed and now is occupied. Our long term leases provide for payment of real estate taxes. This project received 100 percent support from the local government. The normally required below-grade parking was substituted with retail space that has a direct connection to the Metro system. Off-street loading space was reduced. There is a net rental area of 145,000 square feet of commercial office space and 41,650 square feet of net retail space.

In conclusion, it is my belief that WMATA has successfully established the ability to pursue joint development at Metro stations. The key elements have been coordination with local governments and private developers. Through this form of partnership, joint development can occur and contribute to the following:

- Improving the environment surrounding transit stations;
- Providing an aesthetically pleasing development;
- Providing a greater convenience to Metro riders;
- Assisting local governments in meeting their objectives; and
- Achieving a form of value capture by its investments in public projects.

Thank you for your attention.

EVOLVING PROJECT: THE WASHINGTON, D.C. METRO STATIONS

John A. Israelson
Vice President
Store Planning and Engineering
Woodward and Lothrop

Good morning. As I was sitting here, I could not help thinking about the subway station that is being constructed very close to this room. I, along with other retailers, have been down into the tunnels to observe the construction. I was thinking about the amount of passengers that this hotel, along with the other establishments in the area, will bring to the downtown Metro Center, the station I am going to discuss.

I represent a major downtown department store. For those of you who are from out of town, it is called Woodward and Lothrop, probably the largest volume department store in the area. We have 14 stores throughout the area. Oddly enough, all of these stores either are or will be located in the vicinity of a Metro station.

Before the beginning of this joint development project, Woodward and Lothrop had two buildings--950,000 square feet of retail space--on both sides of G Street, which is the main subway entrance. There was an archaic tunnel connecting the two buildings. One of the buildings is very old and we are waiting for the new convention center to be completed so we can tear it down and start a major development on that side of the street. Our south building is relatively new and we are in the process of investing \$6 million for remodeling.

The financial arrangements for this joint project with WMATA were not a one-way venture for us, as the developer or retailer, or for WMATA. It was a legitimate business deal. WMATA gained a lifetime easement for their major subway entrance through our building and we, in turn, gained the mezzanine on the top of the subway tunnel, which amounts to 4,400 square feet of retail space connecting our two buildings. The formula for this is good planning.

In 1976, when the first subway line opened, the Red Line, we took traffic counts during lunch hours on the mezzanine. We were getting 1,600 to 1,700 young ladies that would not normally be there because the travel time from their place of employment to the downtown store was impossible with a one-hour break. Now we know who the customer is, the age range and the income level.

In July 1977, when the Blue Line opened, we took another count. There was a 70 percent increase in traffic through our doors. In late 1977, we found that there was another 50 percent increase in traffic. One-fourth of our downtown customers arrive by Metro.

Because we know the age group of our customers entering the store, the merchandising on the mezzanine level is geared toward that age level. There is a completely new, modern look in the main building. We also constructed three fast food restaurants which attract young customers. They have a variety of foods with a common eating area.

I would like to conclude this discussion by emphasizing the need to begin your planning early. It should not take 11 years, as it did in our case. Many of you have the opportunity to begin planning immediately and I urge you to do so. For example, look at Montreal, Canada for commercial development and Toronto, Canada for housing development opportunities. To show you our optimism, we are planning for a subway connection and a major remodeling of our Chevy Chase store, located in Friendship Heights just across the District line.

I hope I have given you some insight on our view on joint development.

EVOLVING PROJECT: WASHINGTON, D.C. METRO STATIONS

Ronald Goode
Vice President
Oliver T. Carr Company

Good morning. I appreciate the opportunity to be here today. I will begin by talking about International Square, which is a mass transit-oriented office/retail complex being developed in downtown Washington. It is situated along the Metro Blue Line, which links downtown Washington with National Airport.

The development encompasses 106,000 square feet of land. It is the largest single private development in the central business district. The land transfers, ownership, and financing were all done privately, but it is a joint development project because it has a Metro connection and an easement agreement with the city.

International Square was conceived in 1962 as a joint venture involving an automobile company, Equitable Life Insurance Company, and other private investors. There is a 99-year lease with the Washington Medical Center. The first phase of the project is completed and occupied. The second phase is under construction. The development will occupy 961,000 square feet of office space on 11 levels, 108,000 square feet of retail space on two levels, and 220,000 square feet of parking space with a capacity for 800 cars. The total cost of the project is \$80 million.

The project will be completed in three phases in order to:

- Accommodate the relocation of the Washington Medical Center facilities.
- Assure that we could release manageable increments of office space, based on what we thought the market could absorb.

Phase I was completed in March 1977 and it is 100 percent leased. Phase II should be completed in April 1979 and is already 65 percent leased. We hope to have Phase III completed in 1983.

The actual Metro connection is scheduled for Phase III. There will be a direct entrance from the street level to the mezzanine of the Farragut West Station. In addition, there is a "knock out" panel in this station which will allow us to construct an escalator leading to the lower retail level of International Square.

The accommodation of this Metro connection was accomplished by an easement agreement with WMATA, a surface, subsurface and aerial easement. This allows us to construct escalator connections from two levels of International Square to the subway, install elevators for handicapped

Project Presentation: Goode

persons, and relocate the cooling towers for the subway on the roof of the building. This easement agreement involved no cost to WMATA.

The Metro connection as well as the size of International Square will create a unique design along with excellent marketing opportunities. We will be able to construct two levels of retail space with a diagonal pedestrian mall leading from 19th and K Streets to the Metro entrance at 18th and Eye Streets.

We encountered one major problem in dealing with the Metro entrance. The locations of the foundations of Metro's escalator entrance were incompatible with the column spacing planned for the Phase III building above. Also, the foundations were insufficient to hold the load capacity of a 12-story building. Fortunately, we realized the problem early and were able to change the design. There was an additional cost of \$250,000 in design and construction cost change orders. We negotiated an agreement with WMATA to share this cost.

Phase I has been extremely successful. As I stated earlier, the office/retail space is 100 percent leased and rents for an average of \$11.25 per square foot with 335,000 square feet of office space. Ground floor retail space rents for an average of \$25.00 per square foot encompassing 16,000 square feet. Leases for Phase II, which is not completed, will average \$12.00 per square foot.

I would like to emphasize that WMATA has played a large role in the success of this project. This cooperative effort has created benefits for all parties:

- The Carr Company will have the most unique commercial development in downtown Washington.
- WMATA will have increased ridership from the 6,000 occupants of International Square.
- The project will employ a full-time staff with an annual payroll of \$350,000, in addition to a night cleaning crew of 90 with an annual payroll of \$300,000.
- The city will get an additional \$1.4 million dollars in real estate taxes, \$100,000 in parking taxes, and \$½ million in retail sales taxes.
- The public will have a more vibrant downtown and a pleasant place to work and shop.

I hope you will be able to benefit from our experiences, both good and bad.

Thank you.

Section 3: Panels

FEDERAL PANEL: PRESENTATIONS

The Federal panel includes descriptions of the Federal role in joint development. The panel includes brief reviews by:

- Honorable Mortimer L. Downey, Assistant Secretary for Budget and Programs, U.S. Department of Transportation
- Honorable Richard S. Page, Administrator, Urban Mass Transportation Administration, U.S. Department of Transportation
- Robert C. Embry, Jr., Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development
- Robert Hall, Assistant Secretary, Economic Development Administration, U.S. Department of Commerce
- Lester Lamm, Executive Director, Federal Highway Administration, U.S. Department of Transportation.

FINANCIAL PANEL: QUESTIONS AND ANSWERS

This section summarizes the responses to common questions, prepared by the Urban Land Institute, concerning the financing of joint development projects. Panelists included:

- Ronald R. Rumbaugh, Executive Vice President, Urban Land Institute
- Bowen H. McCoy, President, Morgan Stanley Realty, Inc.
- Gillis Pratt, Jr., Executive Vice President, Galbreath Mortgage Company
- Brian Strum, Vice President, Real Estate Investments, Prudential Insurance Company of America

FEDERAL PANEL

Honorable Mortimer L. Downey
Assistant Secretary
Budget and Programs
U.S. Department of Transportation

Good morning. I will try to keep my remarks brief. As Secretary Adams stated a few minutes ago, coordination of effort is a difficult task and there is never enough money for what we put highest in our priorities. Each year, the cry is more money for UMTA, more money for highways, and more money for all the important efforts we are sharing.

In sharing these programs and projects, we now have the kind of coordination between Federal, State, local, and private agencies which we would like continued in the future. Through coordination, those priorities which have the most potential will have a chance to rise to the top. That's not to say that everyone will get every dollar they would like, but rather through the process of coordination of effort, those projects that really offer major potential will be the ones that move to the top of the priorities list.

As some of you may know, we recently sent a budget amendment to Congress for the Mass Transportation Program. This proposed amendment will attempt to accomplish two goals and more importantly, put some muscle behind the words "Urban Policy." The first specific initiative is an addition of \$200 million to support urban development projects and the kinds of things we are talking about here today. The second part of the amendment deals with an attempt to get advanced funding for some of the major transportation projects that many of you may have underway (both were enacted in the 1978 Surface Transportation Assistance Act). Again we think we can get better planning if we can put those appropriations a year or two out in front, so that we know there are no uncertainties about funding.

Now we must get moving, and begin developing the basic transit projects, and the ancillary joint development projects we are talking about today.

Thank you.

FEDERAL PANEL

Honorable Richard S. Page
Administrator
Urban Mass Transportation Administration
U.S. Department of Transportation

Thank you very much for the kind introduction. If none of us knew what joint development was a few months or years ago, it seems pretty clear that there is a great deal of enthusiasm about it here.

I am pleased to welcome you to Washington, and to an unusual conference--the Joint Development Marketplace. The enthusiasm is evident when one views the exhibits, some of which were brought here at great expense by cities and private business sponsors. This is an unusual gathering because it is designed with the Urban Land Institute's original idea and active participation as a marketplace of ideas, not as a proceedings of Federal speeches. I also want to congratulate each of you who came and especially the city and county representatives who volunteered their time and their effort with their projects, even some have subjected themselves to public scrutiny and analysis at the Marketplace.

A few years ago, no one was quite sure what joint development was, or meant. When then Congressman Andrew Young sponsored his amendment to the 1969 Urban Mass Transit Act a few years ago, it seemed like a good idea. The Congress agreed and the Urban Mass Transportation Administration (UMTA) agreed, but it was still a skeleton without flesh and blood.

Now, after several studies and some false starts, we have some existing projects and proposals which can be seen downstairs. These projects are in all types of cities across America, large and small. At least two dozen cities have come to UMTA with potential projects. In fact, I'm told there are 104 projects in 36 cities and counties represented at this conference.

We have some outstanding success stories, like the Gallery in Philadelphia and the Portland Mall in Portland, Oregon which you heard about this morning. In short, we have an idea whose time has come. We now know that joint development means a combined effort of public and private dollars, which enhance a project to make it better, more useful and more attractive than it otherwise would have been.

Surely, this combined effort and enhancement can stretch scarce government funds and can harness the energy and talent of developers so that transportation projects are used to improve the quality of life in our cities. I am not supposed to make a speech, so I shall stop, but not without restating UMTA's active interest and support with grant funds for joint development. And not without a special thank you to all of you, especially The Urban Land Institute and Public Technology, Inc.

FEDERAL PANEL

Robert C. Embry, Jr.
Assistant Secretary
Community Planning and Development
U.S. Department of Housing and Urban Development

To begin with this morning, there are several things that I'd like to stress very briefly. The first is that *there is no clear dividing line between transportation, community development and economic development*. People who are looking at it from the private sector probably see these funds as interchangeable and are disturbed that they have to deal with two or three agencies in order to put projects together.

But fortunately, there is a transportation element, there is an urban and community development aspect and there is a business aspect to what goes on in cities, and so there's a necessity for these three departments and three departmental programs. But I think *we're all committed to make these projects happen*, and we don't care which agency is assigned, is out on the street, identifying that project. We want to use our resources to move these projects ahead, and we, that is, the U.S. Department of Transportation, the Economic Development Administration and the U.S. Department of Housing and Urban Development, meet jointly on all these projects to find out how we can add the additional ingredient which will allow these projects to occur.

The point has been made a couple of times that the atmosphere has changed. If we were having this meeting ten years ago, we perhaps would be engaged in a lot of wishful thinking about what we'd like to see happen in cities, but we'd be running against some major market forces that were going to defeat a lot of our objectives.

But in the late 1970's, those market forces are turning around, and we think we're spending Federal money in areas where the future exists, and in areas where we'll have a very real and immediate payoff.

But the important additional lesson that we've learned is that the discipline of the private market is absolutely essential. Government officials, no matter how much experience they've had, can never know whether private money will follow public money.

The central theme of each of our programs is *leverage*. The word is repeated in the legislation many times so that it can become a cliché and a catch phrase. The importance of *leverage* is that we want to make sure that the limited public money that we have will in fact lead to private investment. We want to avoid the wishful thinking brought on by land use marketability studies which say, if you put in all this public money, it can't help but generate private investment. Based on many years of experience, we know that it can not happen. In fact, private investment usually does not happen unless you nail down exactly who is going to do what.

Therefore, we want to make sure that the private sector is involved from the beginning. We also want to make sure that city officials see the representatives of the private sector as their partners--not their enemies.

We want to see the city officials sit down, when they begin a project, and talk to the private business community to find out what is realistic and what is not realistic. We also want the private business community to understand the constraints that the public officials are operating under, and to understand the very real problems and procedures that public officials have to go through.

The Department of Housing and Urban Development has three programs that are specifically relevant to what you are doing at this Joint Development Marketplace. As I look through the list of joint development projects that are being discussed, and I look around the room, I know that our programs are already being used.

The first is the Community Development Block Grant Program--the \$3.5 billion in block grant money that goes out to cities. That money can be used for joint development and for economic development. We amended the law last year to make it clear that the money was eligible for commercial and industrial development, and that it can be used in any way the city wants to use it. It can be used as equity, as a loan, to build a building, and to equip a building. There is no limit on the imagination that can be used in putting Community Development funds to work. The funds can be used alone or to supplement an EDA project, a U.S. Department of Transportation project or a project that's city-funded.

The second program is the Urban Development Action Grant program which was outlined in Section 110 of the Housing and Community Development Act of 1977. We completed our first round of funding about three months ago. This week we're deciding on our second round of funding. That is \$400 million, with an addition of \$275 million now in Congress, along with an additional \$275 million for EDA for Title IX. The UDAG program is available to distressed cities only, of which there are about 310 over 50,000 in population and about 1,800 below 50,000 in population.

The UDAG money can be used as the glue to put together a specific project deal, where a private commitment has already been made. The commitment has to be firm so that we know who the lender is and who the developer is. The leverage in the first round of action grants was six and a half private committed dollars for each dollar of public money. For example, for \$150 million of public money, almost a billion dollars in development will take place.

We are very excited about the response of the private sector to this new program. We think that our success will grow.

The final program is one that is not widely used--Section 108 of the Housing and Community Development Act of 1977. Section 108 permits a community to borrow up to three times their annual community development allocation, which they can in turn lend out at the Federal borrowing rate. Section 108 has a \$3.5 billion ceiling, and it means a city like Detroit, for instance, which receives \$60 million in community development money a year, can borrow up to \$180 million in Federally insured notes. It is a pure Federal guarantee, and does not go against the bonding of the City of Detroit. Detroit could use that \$180 million to lend out, to make commercial and industrial development take place. And the security for the loan is their community development money, so if there's a shortfall in pay-backs in future years, we can draw on their annual \$60 million to make up the difference.

We think that with these three tools--in combination with the EDA programs and the U.S. Department of Transportation programs--*there are no reasonable programs that can't take place in urban areas, that won't take place because of the lack of Federal tools.* We have the tools, we want to help, and we're ready to cut red tape wherever possible. In fact, the UDAG program has almost no regulations, and we want to keep it that way. You can do anything--we have yet to have the proposal made to us that is not fundable under the UDAG program, because we realize that diversity of cities and the diversity of opportunities prevent a Federal dictation of a model that must be used elsewhere.

The final point I want to make is the fact that the Department of Transportation is sponsoring this meeting today. The Department of Transportation is now not just thinking about moving people from one place to another as quickly as possible, but is looking at what the total economic and social impact of their programs are. This is at the heart of the new Federal urban policy. The people now running the Department of Transportation have been right in the lead of this effort from the beginning. Therefore I would like to thank them for their efforts and to assure them of our complete cooperation in the future.

Thank you.

FEDERAL PANEL

Robert Hall
Assistant Secretary
Economic Development Administration
U.S. Department of Commerce

Thank you. I, too, am delighted and quite excited to be here.

When I joined the EDA, the Economic Development Administration, it became very clear to me rather quickly that most economic development decisions for urban areas were being made in the transportation and the water and sewer area rather than in the so-called economic development area. I think that this fact underlies the importance of the inter-agency coordinating council, and the other joint efforts that Federal agencies are establishing.

If budgets are the main criteria, the Economic Development Administration is not a major agency. Historically it has worked primarily in rural and non-urban areas dealing with areas of economic distress. EDA has other related functions, other than working with targeted economic development programs. It runs some cyclical efforts, and also has a lot of economic adjustment programs, like trade adjustment, military base closings and so forth.

But, under the Carter Administration, we are moving more into the urban areas. Some recent Congressional legislative amendments now enable us to do that. There has been a doubling of our budget, and half of our 1979 budget will be going towards urban renewal. Compared to other Federal programs, it is not a lot of money (about \$300 million), but we see it as good seed and catalytic money.

As for the kinds of things we are engaged in, we have a full array of tools for economic development, starting with planning, technical assistance and business development loans. Our 1979 budget will be somewhere on the order of \$130 million in direct loans, guaranteed loans, and also public works grants and infrastructure costs.

As part of the present urban package, we will be administering the differential tax credit--an additional five percent tax credit for businesses in designated areas. Also, we'll be participating in the national development bank.

One point I want to leave with you this morning is that, in reviewing our past policies, we have found that EDA may have been inadvertently contributing to center city decay by financing and supporting the development of industrial parks on the periphery of urban areas.

Federal Panel: Hall

But we are turning that policy around, and focusing our economic development assistance in urban areas into the central city to the extent that it's economically feasible. As part of our re-examination of how we operate and how we do business, we have started a pilot demonstration effort in 37 urban areas. We call this the Comprehensive Economic Development Strategy.

Basically, this strategy is intended to improve local-based economic planning--not only to improve planning, which is not an end, but in effect to provide a better influence on the decision-making related to investments. And we are not just talking about EDA investments, but other Federal agencies, and, ultimately, private sector investments.

In the short run, within our own agency, we are trying to improve our packaging of programs--i.e., business development loans, public works loans, and technical assistance packages. We are trying to achieve a critical mass with our resources.

As part of this effort, we're asking you local decision-makers to tell us how you are going to use your Urban Development Action Grant (UDAG) money. We would also like to know your thoughts on the general direction of EDA, and how environmental or transportation strategies affect your decision-making process. We would like this information to make sure that these sorts of strategies and directions influence the degree to which our agency will go into an area and the kinds of investments we'll make.

I'd like to give one example of the kind of thing we're interested in and excited about. In the city of Portland, we developed a year and a half commitment for about \$12 million worth of packaged economic development grants and loans. As part of the package, the City of Portland had identified some UMTA and other Department of Transportation investments that they were going to make, and we said, "Okay, if that piece is going to be there, then we'll go along with your industrial park." This industrial park was not out in the boondocks, but in the heart of the city. Also as part of this package, there will be some parking and other transportation arrangements so that the jobs we do create in Portland will go to the people that need them the most.

There is nothing magic about this. It's just common sense. What we have to do is get the Federal act together so that we can allow common sense to work, not only at the Federal level, but the local level as well.

And I think we will all see, in a couple of years, how we've begun to break down some of the institutional barriers and some of the programmatic barriers. The net result will certainly be a benefit and a gain to our communities across the country.

Thank you.

FEDERAL PANEL

Lester Lamm
Executive Director
Federal Highway Administration
U.S. Department of Transportation

Thank you. I'd like to echo a lot of the sentiments expressed by the other panelists, namely, that the Federal Highway Administration as an agency is also committed to the concept of making joint development work.

In our case, we don't have a Young Amendment type of authorization within the Federal aid to highways program area. Therefore, we are forced to look at each joint development proposal on its individual merits. Working in a cooperative relationship with State and local agencies we have to determine what portion of any particular action can be funded through the highway categories and what classes of funds are more likely to be available in this case.

It has been working, however. Historically, we have close to 500 individual examples of joint development activities using ongoing highway projects, some of which I was happy to notice were emphasized and brought out in the displays in the exhibit area.

As far as what we'd like to emphasize in the future, the foremost requirement is that local and State public agencies and the appropriate sector have their act together when coming to us with a proposal for joint development. It is necessary that we see how the highway related portion of the project ties into some of the other public and private funding sources.

While not a hard and fast rule, due to the lack of specific legislative initiative which we have, the highway portion of the project is normally limited to what goes on within, above, or below the highway right-of-way itself.

One thing we're trying to emphasize is the development of auto-restricted zones, downtown malls, or whatever you want to call them. Along this line, FHWA and UMTA have jointly administered a demonstration project which involves 100 percent Federal financing for auto restricted zones.

At this point, viable projects are proceeding down the mill. There were a large number of good proposals submitted which were not found to be candidates for the 100 percent Federal money. We'd like to point out that when other existing UMTA and Federal Highway Administration programs are considered, there are more than four cities moving along a Federally financed ARZ projects at this point.

I would like to mention that we and UMTA would like very much to receive a number of multi-modal transportation related proposals. We have found it much easier in recent months to talk to and to work with UMTA. I think, as has been mentioned several times during the panel, that the spirit of cooperation has all but eliminated the competition or ill feelings between Federal agencies that may have been noticed previously by the local or State levels.

We consider ourselves part of a team that is put together to help you solve your problems, and we want to do our part. We'd also like to emphasize, to the extent the national urban policy (as represented in the 1978 Surface Transportation Assistance Act) is passed by Congress, that we will fulfill our role in solving some of the long-standing, deep-seated problems in the target cities that have more than their share of urban problems.

I would also like to mention that, within this context, you should not feel restricted in talking about or thinking about proposed joint development projects. While you might consider the types that are exhibited here at the Marketplace or those in the vicinity of brand new highway projects, a lot of our program emphasis is designed now to improve the existing road and street network in ways which utilize the existing system better. It may be that a joint development project in connection with one of these activities fits the bill.

The final point I'd like to mention is that there are several different classes of Federal-aid highway dollars that are available. From the cities' point of view, the city perspective in particular, I'd like to highlight the availability of Federal-Aid-Urban-System (FAUS) money.

This money is available for either highway or transit projects and it really is the local prerogative as to what is done with the funding. The local role in using FAUS funds is far greater than with many of the other classes of Federal-aid highway funds.

At the same time, it's ironic to me to note that we have very nearly \$1.5 billion worth of FAUS money which is unobligated. So, it is a source of funding that exists now. It is not subject to any singular Congressional constraint on how much you can use.

We would like to find a way to match up the dollars that are there with the problems or with the proposed projects which are being developed at this stage.

In conclusion, I would like to say that I appreciate your attention and hope that this information will be of use to you in setting up future joint development projects related to streets and highways.

FINANCIAL PANEL; *QUESTIONS AND ANSWERS*

Ronald Rumbaugh - *Executive Vice President, Urban Land Institute*

Bowen H. McCoy - *President, Morgan Stanley Realty, Inc.*

Gillis Pratt, Jr. - *Executive Vice President, Galbreath Mortgage Co.*

Brian Strum - *Vice President, Real Estate Investments, Prudential Insurance Company of America*

Question : What is the best method to present a good joint development project to a prospective developer?

Mr. McCoy : Deliver the best package possible that focuses on issues which will allow the developer to have success with the commercial financing. The package should include:

- zoning and permits;
- environmental impacts;
- prospective tenants;
- reasonable tax abatement, if possible;
- parking facilities; and,
- available transportation.

Question : Why is a developer needed if all of the above processes have been done?

Mr. McCoy : Usually if a developer is not involved in the picture, the project is not financed or doesn't get developed.

Question : What issues involving a project are developers concerned with the most?

Mr. McCoy : Developers are concerned with time delays because they are costly. They are also concerned with cash flows, since they operate on their own budget. Lastly, developers need to know when their money is going to be invested.

Question : What factors are involved with underwriting a joint development project from an investment or financial point of view?

Mr. McCoy : ● Projecting the possible income of the project is a major factor because costs usually are much more easily determined.
● Determining exactly what the rental rates will be.
● Determining the stability of the commercial rental flow.

- Making agreements between the developer and the financial institutions on the size and stability of the project's income.

Question : What can be done to encourage a joint development project from both the developer's and the financial institution's viewpoints?

Mr. McCoy : The best way to get both the developer and the financial institution interested in a project is to create a scarcity value by giving the project an appearance of meeting a seriously unmet need. Also, you can generate an air of excitement and novelty about the project.

Question : What is the possibility of obtaining foreign equity capital for an urban development project?

Mr. McCoy : Foreign sources of equity money are unique because the investor usually wants to remain passive--not bothered with the intricate problems of a joint development project. Foreign investors like to be sheltered by an active and successful developer.

Question : From a financial institution viewpoint, what should one consider when determining leases in a joint development project?

Mr. Strum : One should consider the following:

- What the rental price will be?
- What is the financial stability of the lessee in terms of paying the rent?
- What is the future of the project?

Question : What factors should be considered when determining the price of rent for the development?

Mr. Strum :

- The public sector has to determine whether it wants to charge the same rates it would receive under normal development conditions. This includes the real estate taxes that normally would be assessed and whether the city wants to consider itself a developer and make a profit on the project.
- The public sector has to determine whether the rent would be based on a percentage factor, which would generate an amount equal to the real estate taxes otherwise generated by a similar piece of property.
- The public sector that wants increased rents should not think in terms of net profits, but in terms of a percentage of the gross amount of money.

- A financial institution looking at a lease has to consider the effects of the rent on the income flow from the project. Also they must consider whether or not a lease is subordinated. This means that the financial institution can view the initial project as subject to its mortgage. The financial institution can project that it will always have the entire project; therefore, it does not have to pay rent if it inherits the project or if there is a foreclosure.

Question : What happens if a financial institution wanted to foreclose on a city or public body?

Mr. Strum : Politically it would never do this and it is questionable whether such a foreclosure could be enforced.

Question : How can you avoid the problem of foreclosing on a city?

Mr. Strum :

- Allow foreclosure only against the lease hold itself. This means that even though the land is subordinated, the mortgages do not have to kick the city out and, thus, do not have to take the risk of bad publicity.
- Build into the agreement an option to buy the land from the city at the time of foreclosure.
- Make sure the lease is not subordinated, but look at the minimum rent needed, deduct this from the income flow, and measure the projects financing capabilities by the income flow. As a consequence, when the lease hold is foreclosed, the minimum rent continues to be paid.

Question : Does a financial institution have any other options to prevent foreclosure on a public body?

Mr. Strum : There is a fourth option, which is a middle of the road type, that you can call an economic subordination. This means that the lease provides that no rent is payable until the mortgage payment is made; therefore, if there is not enough cash in the project to pay the mortgage, then the rent will not be paid.

Question : What happens upon foreclosure in the above situation?

Mr. Strum : The mortgagee does not have to pay any rent until the debt service due on the pre-existing mortgage has been earned. Rent payment can be looked upon as sort of a second loan. The city remains entitled to the land so it is not legally subordinated to the loan on the mortgage.

- Question : How does a municipality or a developer guarantee that there will always be vital management of a particular project in a lease?
- Mr. Strum : ● You cannot guarantee anything; however, one can get a percentage rent from a retail establishment. There are books written about what each type of retail establishment can afford to pay as a percentage of the gross sales. The percentage can vary from 15% up to 60% of the gross sales as rent.
● The person in charge of the retail component of your project has to have knowledge of what percentage of the gross sales a retail store can afford. If he pushed too much, he will force a higher turnover situation.
- Question : If a developer or municipality presented a financial institution with a project that is already leased with a rental percentage, what things would the financial institution look for?
- Mr. Strum : The financial institutions take a careful look at the type of retail stores and the percentage of the gross sales which have been allocated for rents. On paper the retail establishments may produce tremendous streams of incomes, but if the financial institution is not convinced that the retail store can produce the sales, they know that the lease will fail.
- Question : Many people feel that you get a lot through leases. For example, if you have a 25-year lease or a 30 year lease, you are guaranteed rent for 25 or 30 years. Is this true?
- Mr. Strum : No. Take, for example, the bankruptcy of Grants Department Stores. The courts held that even on a 25 year lease, the longest Grants had to pay rent was three years.
- There are exceptions, though. For example, many of the Grant Stores which went bankrupt were taken over by K-Mart. Let's say that K-Mart boarded up one third of a store. This store may generate much higher sales per square feet on the remaining space than the original Grants. Thus, K-Mart would end up paying a higher rent on a gross sales percentage than Grants.
- Question : Are there any formulas used today which require a percentage of a project's space to be pre-leased before financing can be approved?

Mr. Strum : Financing institutions do not finance what builders build. Builders build whatever a financing institution will finance. If all financing institutions are loaning money, then the required amount of preleased space will be around zero. On the other hand, if you are in 1975 and just went through a recession, then the required amount of preleased space will be around 102 percent. Right now, in 1978, the amount of required pre-leasing is around 50 percent.

Generally, for apartment projects, there are no pre-leasing requirements. Finance institutions put in a commitment provision that states if the project is not leased when it is funded, 20 percent of the loan is taken away and they fund what is called the *floor amount*.

If you are talking about an office building development, most financial institutions want to see at least 30 to 40 percent rented office space--not just letters of intent, but a key lease subject to completion from a major tenant.

If you are talking about a doctor's office building, then financial institutions are looking for a percentage of leased space higher than 50 percent; however, in many doctor's office complexes, the doctors are involved as equity partners. When you get into financing industrial projects, most of them are not speculative, especially in the warehouse area. Generally, the financial institutions are looking for key leases which provide enough income to service the debt.

Question : Do financial institutions make any exceptions to these pre-leasing agreements?

Mr. Pratt : Yes, for example, late in 1975, a totally empty (no pre-leases) office building was financed. It was in Rosslyn, on top of a new subway site. The point is that each financial package is customized and financing in a great part depends on location.

Mr. Strum : One important point in this situation is that many times the major life insurance companies that make loans on commercial projects have what they refer to as an *escalating clause* in the financial paper. In essence, it means that if the project gets into trouble, the lender will not hold the developer legally responsible for any deficiencies in the event of a foreclosure; therefore, the large lending institutions are looking for the financial risk to be minimized with either super locations or by contractual obligations from tenants that have the ability to remain in business over the term of the mortgage.

Question : What is the best position for a large corporation to take when considering occupying a large amount of new office space--that of a tenant, a developer, a land owner, etc.?

Mr. Rumbaugh: They can be a *tenant only* and could work directly with a developer. The large corporation can drive a terrific bargain because they are the anchor tenant and are responsible for making the building possible. The large corporation gets the needed space delivered at the cost specified in the lease. If cost overruns occur, theoretically, the developer is responsible to make up the difference. In this case, the developer can charge higher rentals on the additional speculative space remaining.

On the other hand, the large corporation can buy the land and ground--lease the land to themselves. This involves a lot of complex areas--financial accounting standard boards, whether the mortgage on the office building is corporate debt or not and numerous other problems. Many corporations used to be able to finance office buildings and get the benefits of ownership while not having this impact on their financial statements or their corporate debt capacity; however, it is increasingly more difficult to do so.

Question : Who advises a large corporation on whether they should be the tenant or the developer?

Mr. Rumbaugh: Financial institutions spend a large amount of time advising corporations on which role to play and how that role will have an impact on their financial statements and their borrowing capacity. The answers require a very sophisticated balancing of corporate financial implications and their desire to have equity in the project. Also, there can be a terrific interplay between a corporation and a developer on all of these points.

Question : Are there any good reasons why a tenant would want to put equity into a project?

Mr. Pratt : The large tenant is usually an institution which wants to protect the continuity and the quality of the building management. They have more control over this issue if they own part of the property than they would as a tenant trying to enforce clauses in a lease which often are based in favor of the landlord.

For the past 10 years, financing institutions, major life insurance companies, and others have taken equity positions in large development deals, both urban down-town development as well as suburban development. Financing institutions recognize that equity ownership of real estate is a good investment and that developing a project is as good a vehicle, if not better, than buying existing properties.

Question : What should potential equity holders look for before investing money in a project?

Mr. Pratt : The competition should be carefully examined; for example, what rents are being paid in the community? What are the future projects being planned for development? What is their location relative to the subject property? And, is the rent that will be charged on the remaining space left going to pay expenses and give a satisfactory return on the equity? The major debt service, even in an over-built market, is carried by the major tenant.

It is conceivable to say that the equity owners of a project would rather have the building occupied if they went below the market, if the lender agrees, to get tenants into the building so that the surplus of space will be occupied in two to three years. This would cause the tenants to eventually end up with a lease based on the on-going market prices.

Question : Many redevelopment areas are located in places that do not have records in terms of economic activity. Is it true that no one wants to be a pioneer in this situation?

Mr. McCoy : If you have to turn an entire community around to make a particular site work, the community takes the lead in the project in order to eliminate as much of the financial risk as possible. Many times these projects can be a catalyst for further development.

Question : Why is it felt that urban pioneers do not make money in real estate?

Mr. Pratt : The ideal location is not there, the people or pedestrian traffic. In addition, the costs price you out of the market.

Section 4: Issue Papers

This section includes nine issue papers prepared prior to the Joint Development Marketplace. The issues covered include:

- "Joint Development in Connection with Public Transportation Projects in Urban Areas."
- "Transit and Urban Economic Development."
- "Appropriate Public Actions in Support of Joint Development in Different Market Situations."
- "Transit Corridor Development Corporations and Interim Control Measures."
- "Social and Economic Opportunities in Joint Development."
- "Minority Business Participation in Transportation System Joint Development Projects."
- "Urban Development and Urban Conservation: Conflict and Accommodation."
- "Urban and Architectural Design Problems of Joint Development Projects."
- "Joint Development Potential of Intercity Rail Stations: An overview of the Northeast Corridor Improvement Project."

JOINT DEVELOPMENT IN CONNECTION
WITH PUBLIC TRANSPORTATION
PROJECTS IN URBAN AREAS

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Prepared as a background paper for the
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The views expressed in this paper are those of the author and do not necessarily reflect the views of the Urban Mass Transportation Administration, the Urban Consortium, the Urban Land Institute, or Public Technology, Inc.

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INTRODUCTION

Over the past several years there has been a growing awareness of the need to coordinate public transit investments and private investments in land development as part of urban economic growth and revitalization strategies. In March 1978, President Carter gave renewed support to this effort in his Urban Initiatives Program, a commitment by the Federal government to help in the revitalization of urban America. A major part of the transportation element of the President's program includes the stimulation of transportation joint development projects.

Joint development, as the term is used here, refers to a product: A land development that is related functionally and physically to a public transportation facility. ^{1/}

The transportation facility is often a fixed guideway transit system or a limited-access highway. It may also be a high-volume bus terminal, a pedestrian mall or transitway, a commuter railroad station, an airport, or a waterport.

The related development may include a wide variety of public and private uses, both on land that is made available for redevelopment and on land that is vacant or is being used for agricultural or other low density uses. Thus, some public officials supportive of joint development may seek center city revitalization while others desire to strengthen the economic base of suburban political subdivisions. The same diversity of interest may be found in potential private investors in joint development projects.

BACKGROUND

Local, State, and National governments, as a matter of public policy determined by elected representatives, are committed to major investments in transportation facilities. These investments are being

^{1/} The term joint development is qualified in this definition in order to keep the discussion which follows within the scope of the Joint Development Marketplace, which is concerned with land development in connection with public transportation projects. It should also be observed that joint development is not synonymous with public-private cooperation. Since land development is usually a private sector responsibility and transportation the responsibility of the public sector, the successful implementation of joint developments usually requires public-private cooperation. But, this does not always have to be the case. Grand Central Terminal was a joint development in which the privately-owned railroad owned both the transportation facility and the related land development. As a practical matter today, however, the transportation facility will be publicly-owned, and the joint development process will usually involve public-private cooperation.

made to achieve a wide spectrum of public purposes; individual mobility, economic development, urban revitalization, conservation of natural resources, and environmentally sound patterns of land use.

While the concept of coordinating transportation with land development is of ancient origin, the term joint development appears to have gained use in relation to highway projects during the 1950's, with considerable research on the subject being funded by the Federal Highway Administration. Less well-known is the attention given to the subject by aviation planners. In fact, some of the most successful joint developments have been built around airports. This has occurred in part because the Federal Aviation Administration has encouraged the multiple use of airport facilities in order to attain greater economic returns from airport investments.

The renewed public interest in public mass transportation has been accompanied by an increasing interest in transit-related joint development. This interest is discussed in greater detail below.

✓ THE MAJOR ACTORS IDENTIFIED

This paper focuses on the major issues related to the implementation of joint development projects in connection with mass transit systems.

The participants in planning, designing, and implementing these joint development projects can be placed into four general categories:

- Transit agencies.
- Private developers.
- State and local governments.
- Federal government.

Transit Agencies

In all of the major urban areas, mass transportation services are a public responsibility. Transit agencies must be responsive to public purposes and goals. They depend upon special taxes or appropriations for funds for capital investment and a substantial proportion of their operating costs. They must obtain, and hold, not only the support of their riders, but also the support of political leaders, the public at large, and various special interests who may hold differing views. This broader public accountability places constraints on the actions taken by public transit agencies not generally experienced by private operators.

Within this context, it is apparent why some transit agencies may not be eager to become engaged in joint development. Joint development is another objective to contend with. It places a drain on limited staff resources, leads to construction and operational delays, and creates unfamiliar administrative and technical problems. Public support for joint development may not be widespread, and important segments of the public may be actively hostile toward a specific plan.

There are, however, clear benefits which a transit agency can realize from joint development. These include:

- A built-in source of transit patronage.
- More adequate amenities at and around stations.
- Improved intermodal connections.
- Shared capital improvement costs.
- Income from land sales and leases, as well as increased revenues from taxes, dedicated to the construction and maintenance of the transit system. Joint Development also helps fare box revenues because it assures that ridership will be within easy access, and may, in fact, result in an increase in ridership. However, it should be remembered that all these financial benefits may not be enormous.

These benefits are substantial and should be given greater attention than they currently receive. Under private ownership, they ranked high in the minds of transit operators. The construction of many of the private transit systems in the United States was promoted by companies which were also in the land development business. Trolley lines in cities such as Los Angeles were built by entrepreneurs who intended to develop large tracts of land along transit corridors.

Issues

Transit authorities must work within difficult political and economic constraints. They must contend with legal constraints that are not conducive to joint development. They must work with planning and forecasting tools that are inadequate for forecasting the conditions under which successful joint development is assured.

Nevertheless, it appears likely that in the future, transit agencies will play a more active and positive role in joint development. In doing so, they must address these issues:

- Greater attention must be given to joint development potentials in station location and route alignment decisions. This may be the most crucial aspect of any attempt to encourage joint development. One possible solution to this problem may be to place the control of the transit planning process within agencies and governing bodies having wider urban planning and economic development experience and objectives. Another solution could involve the inclusion of incentives that encourage active promotion of joint development in the transit planning and funding processes (as has been the case in Detroit).

- Transit agency staffs are generally unfamiliar with real estate development issues and problems. Greater attention should be paid to the development of staffs who can actively market and dispose of property.
- Transit design and construction techniques emphasize engineering and operating considerations. Parallel emphasis should be placed on methods and materials which make it easier to adapt transit facilities to unanticipated long term joint development potentials.

Private Developers

The private real estate developer is the crucial participant in the joint development process, yet developer participation, especially in relation to the development of transit systems, has been difficult to obtain. Generally, the real estate community in the United States has been slow to acknowledge that important benefits can accrue from participation in joint development projects. These include:

- Improved market potential as the result of increased accessibility, especially at high-volume stations.
- Creation of additional development sites--especially where air rights over transit-related facilities are made available for development.
- Improved internal circulation and other area-wide amenities which increase the competitive advantage of a project.

Issues

While it is possible to make a long list of issues which may arise in connection with a joint development project, a few key concerns are of particular importance to potential private developers. Public agencies must meet each of these concerns if they are to be successful in inducing private participation in the joint development project.

- The private developer must be satisfied that he or she will receive a reasonable rate of return--a return commensurate with the risks he or she assumes.
- Time is a critical factor in financial planning, laying out the work, meeting third-party commitments, and determining risk. It pervades all other considerations. The possibility of delays in effecting public actions, meeting legal challenges, and securing required concurrences under the development contract is a major deterrent to private participation in a joint development project.

- The consistently successful private developer is not a speculator. While some financial risks are inevitable, and must be reflected in the expected rate of return, the private developer is not interested in the projects which involve substantial risks against which it cannot protect itself. Joint development projects present two specific areas of risk which must be addressed by the responsible public agencies:
 1. High front-end costs associated with the planning and negotiation of potential developments are lost to unsuccessful candidates and are not recovered for a substantial period of time by successful candidates.
 2. Uncertainty that critical public commitments to the project will be fulfilled in the event of changes in political leadership or public policies and objectives.
 - a. The private developer must look to the protection afforded by a legally-enforceable contractual obligation, which provides indemnification for losses suffered through non-performance by a public agency participant in the project. Similarly, private developers must accept the fact that the public agency must also protect itself against non-performance by a developer.
 - b. On the other hand, contractual commitments must not be so rigid that changes cannot be made to reflect external circumstances which may arise during the development period and which jeopardize attainment of project objectives or give rise to substantial risks which the parties to the agreement could not reasonably foresee or protect themselves against.
- The private developer generally prefers that a responsible public official will be designated as a single point of contact in the execution of the development contract. The developer cannot be expected to assume the burden of coordinating public agency actions or the resolution of disagreements among such agencies which may arise during the development period.

State and Local Governments

State and local governments can benefit in many ways from joint development projects. Some of these benefits, such as revenues from sale or lease of land, have been covered in the discussion of transit agency involvement. There are others which may, in fact, be substantial. They include:

- Increased Tax Revenues. However, it should be recognized that development which occurs around a transit station may be the result of regional shifts and not the result of a net increase in regional growth.

- Quality Design and Urban Environment. One of the primary objectives of joint development is to encourage high-quality development at and around stations. However, the achievement of this objective will only be assured through the development of reasonable design controls.
- Increased Opportunity. Joint development projects provide increased employment, shopping, and residential opportunities.
- Reduced Public Costs. Joint development projects will often lead to greater mixtures of complementary uses and increased density thereby reducing the relative costs of supportive public capital investments.

Issues

State and local public agencies involved in major transportation investments in urban areas also have key concerns which must be satisfied before they embark upon a joint development project. These concerns may bear a superficial resemblance to the key concerns of private developers--but the issues are essentially different, as indicated below:

- The risk which the public agency assumes in joint development is different from that of a private developer. The latter is concerned only with financial risk. The public agency is also concerned with financial risks, but the basic risk is political: an unpleasant legislative investigation, the loss of public support for this and future projects, the loss of an election.
- If market conditions change, then the role of the public sector will change. In strong market situations, assistance may be necessary to assemble land (raising legal questions as to the powers of eminent domain) but many design and development objectives can be achieved through application of regulatory powers. Marginal and weak market situations raise the need for wider uses of public powers and assistance.
- The rate of return required by a private investor before it will participate in joint development requiring public assistance may be perceived as excessive, or even as a windfall. Such a response often raises accusations that public officials and the public generally do not fully appreciate private sector needs in terms of profits. This issue raises sensitive questions about rates of return and public sharing in project profits for which no set standards should be established.
- Public policy and objectives may, in fact, change during the course of project development. Where private investment is involved, these changes in policy can have enormous financial

implications and will raise the questions of who should be responsible for covering the costs if projects already begun are suddenly terminated.

- The public agency not only bears responsibility for recruiting private participation, but also responsibility for selecting a reliable private developer. In doing so it must take into account State and local laws which require open competition, requirements of Federal and State agencies that are providing funds and are themselves bound within a framework of laws and regulations, demands of legislators and citizens for detailed information about the project and the prospective developers, requirements for public hearings, Sunshine laws, and other constraints over which the local public agency has little or no control.
- The public agency may find it legally impossible to enter into a development contract which has the effect of abrogating legislative authority to raise and appropriate public funds or the statutory powers of public officials.
- Community preservation and environmental concerns will continue to be an important consideration in the public response to joint development. The maintenance of effective citizen participation will also be an important consideration. Developing successful mechanisms for balancing these concerns with economic growth and other public objectives will greatly affect the prospects for joint development.

The Federal Government

Except for limited public works assistance during the depression of the 1930's, Federal aid in the construction of urban mass transportation facilities did not become available until 1964. As the Federal investment has grown, there has arisen a complementary interest in joint development.

The benefits of joint development at the Federal level may appear on the surface to be less tangible than those derived by the other participants. In fact, they are quite substantial:

- Joint development can actively support other Federal policies, including:
 1. Urban revitalization, an objective which has been reiterated recently in the President's urban policy statement.
 2. Energy conservation, by reducing the long term use of private automobiles and promoting maximum utilization of transit facilities.

3. Environmental protection, through better spatial and physical relationships.
 4. Economic opportunity, by increasing the mobility of socially and economically disadvantaged people.
- As indicated above, joint development can be a source of direct revenues to local governments and transit agencies. It can also indirectly benefit transit revenues by increasing potential ridership. Thus, by encouraging joint development activity at the local level, the Federal government can help to improve the financial condition of transit agencies and local governments.

Evolution of UMTA's Interest in Joint Development

The Federal government's interest in joint development first appeared in the early days of the urban mass transportation program--then lodged in the Housing and Home Finance Agency and (in 1966) in its successor, the Department of Housing and Urban Development--when local public agency applicants were asked to describe the relationship between a proposed project and other Federally assisted programs such as urban renewal, and community development activities generally. Projects for which a positive relationship could be shown were given preference in the allocation of Federal funds. One of the first five capital assistance projects under the 1964 Act provided Federal assistance in the construction of the transit-related features of the Nicollet Mall in Minneapolis. Additional Federal funds, for street furniture, were provided by the Housing and Home Finance Agency under its urban beautification program.

The transfer of the Federal urban mass transportation program to the newly established Department of Transportation in 1968 severed the urban mass transportation-urban development connection. Under the Reorganization Plan, some Section 9 planning funds were left with the Department of Housing and Urban Development to assist regional planning agencies in planning for urban development related to public transportation investment. By 1973, most of these planning funds had been spent, and the balance was transferred to the Urban Mass Transportation Administration (UMTA). This transfer coincided with approval of joint development planning as part of a planning grant made to Atlanta for its rapid transit system.

The planning done in Atlanta brought to the fore the need for greater flexibility in the use of capital assistance funds available under Sections 3 and 5 of the Urban Mass Transportation Act of 1964. In 1974, the Congress, responding to concerns advanced in behalf of the Atlanta urban area, adopted the Young Amendment in the 1974 Act.

Congressman Young's amendment changed Section 3(a) of the Act significantly :

1. It added a new authorization for the Secretary of Transportation to make grants and loans to public bodies to assist in financing the establishment and organization of public or quasi-public transit corridor development corporations or entities.
2. It amended the definition of eligible facilities and equipment, which originally read:

Eligible facilities and equipment may include land (but not public highways), buses and other rolling stock, and other real and personal property needed for an efficient and coordinated transportation system.

to read:

Eligible facilities and equipment may include personal property including buses and other rolling stock and real property including land (but not public highways), within the entire zone affected by the construction and operation of transit improvements, including station sites, needed for any efficient and coordinated mass transportation system which is compatible with socially, economically, and environmentally sound patterns of land use.

Some UMTA Related Issues

The Young Amendment represented a major change in UMTA's purposes which could have far reaching impact. Administrative guidelines have not yet been prepared to implement the Young Amendment. The Urban Mass Transportation Administrator, at a conference on Joint Development and Value Capture on September 23, 1976 said:

UMTA has intentionally not yet issued regulations under the Young Amendment. I'm not sure that we could artfully write such regulations in a way that would not constrain opportunities that might be available. It has been my instinct, instead, to let transit authorities and developers come to us with proposals; I would hope that, over time, we could distill what might become the guidance and regulations for this program out of practical experience rather than the other way around.

Since that conference a number of cities have been preparing applications for UMTA consideration. One city, Baltimore, has a project partially through the application process, but has not received formal project approval.

Local transit and government representatives have generally applauded UMTA for not issuing restrictive regulations, and they support the idea of funding a broad range of demonstrations leading up to the preparation of regulations. On the other hand, many have found UMTA's joint development program too open-ended and ambiguous. With one or two exceptions, these local representatives have sought some form of guidance, particularly on the nature of eligible applicants, eligible facilities, the use of project income, and total budget constraints.

UMTA's response has been to informally establish some project criteria. It has indicated a willingness to fund projects physically or functionally related to a transit station facility. Eligible costs might include but are not necessarily limited to:

- Access links, including pedestrian walkways, parking facilities, and direct entrances to private structures from stations.
- Foundations which are adequate for the support of private structures over stations and rights-of-way.
- Open space, plazas, malls, and other amenities.
- Land acquisition and cost writedown.
- Site clearance and preparation, including the provision and relocation of utilities.

These indicate that UMTA is leaning toward reasonably broad definitions of project eligibility. The principal exclusion which seems generally agreed upon is that of equity financing for construction of space for sale or rent.

This attempt at clarifying the Young Amendment has been paralleled by an administration proposal to make the legislation more specific. The Congress has been asked to consider--and has not yet acted upon--a proposal which would amplify the Young Amendment by authorizing the Secretary of Transportation to make grants and loans to assist States and local public bodies in financing, among other things:

Section 102(a)(1)(D) The cost incurred in connection with projects for the acquisition of land and the preparation of such land for urban development purposes to enhance the effectiveness of any mass transportation project approved under this Act, and which are physically and functionally related to such mass transportation projects. Such assistance can include but is not limited to the cost of demolition, site preparation, utilities, building foundations, walkways, and open space but cannot include the cost of construction of commercial revenue-producing facilities, whether publicly or privately owned, or those portions of public facilities not

related to public transportation. Such grants or loans shall be subject of the terms, conditions, requirements and provisions (similar insofar as may be appropriate to those applicable to grants and loans under this Section and Section 5 of this Act), as the Secretary (of Transportation) may determine to be necessary or appropriate for the purposes of this Section, including requirements for the disposition of the net increase in value of such land resulting from the project assisted under this Section In administering this subparagraph, the Secretary shall confer with the Secretary of Housing and Urban Development and the Secretary of Commerce concerning community development activities and plans for urban area development which may be benefitted by the program assisted under this subparagraph (S. 2441 as reported).

But other issues still remain to be answered:

- Funding Levels. So far no funds have been specifically set aside for joint development. The question remains--where does this come from? Transit representatives may be expected to oppose joint development funding if it materially reduces the funds available for capital improvements directly related to transit systems.

Funds for joint development have been proposed in the President's Urban Initiatives Program. When this program was announced the administration had already submitted its transportation legislation to Congress. Thus, the Secretary of Transportation submitted a letter requesting that the proposed legislation be amended to include an additional authorization of \$200 million a year for fiscal year 1977-1982 to the amounts already proposed for Section 3 discretionary grant program. This letter also asked that authorizing language be included for improved coordination between public transportation and other forms of transportation, including intermodal terminals, and repeated the request for modifying the joint development language (excerpted above).

The Senate and House have responded differently to the Administration's requests. The Senate Banking Committee has included the proposed joint development and intermodal facilities language into subsections D and E of Section 3 of the UMTA legislation. It has also included a provision in the budget authorization for Section 3 which says "not more than 200 million dollars of sums appropriated for each fiscal year" 1979-82 shall be available for grants and loans under subsections D and E. The House Public Works Committee kept the existing joint development language and has added provisions for \$50 million a year for intermodal terminals and another \$50

million a year for joint developments. This would be in addition to the projects that could be funded under the \$1.8 billion which would also be authorized for Section 3.

- Project Income. There is a major question over who gets back any project income. Section 4(a) of the 1964 Act provides that the Federal government shall pay 80 percent of net project cost. Since 1964 this has been held to mean that any gains from the lease and sale of property and any other revenues that serve to reduce the local share (20 percent) of net project costs must be shared proportionately with the Federal government.

While many have argued that this issue could be resolved administratively under the existing terms of the Young Amendment, it has also been addressed directly in the pending legislation quoted above. This would allow the Secretary of Transportation to modify the pay-back requirement when money is derived from land sales, rents, and tax increments.

- Minority Participation. The Urban Mass Transportation Administration has recently strengthened its regulations for minority business participation in projects funded through its programs. This is an important part of overall efforts to use Federal financial resources and powers to promote greater social justice. There is an opportunity for minority participation in the planning, design, construction management, and utilization of joint development projects. Greater attention must be given to encouraging the different actors to participate creatively in realizing this opportunity.
- Federal Agency Coordination. A major procedural question appears to be that of how to secure the active cooperation of other Federal agencies--particularly HUD and EDA--in joint development project financing. Can application procedures and grant management be simplified and coordinated for projects which are jointly funded at the Federal level?

CONCLUSIONS

The concerns and issues identified in this paper are common to many, if not all, transit-related joint development projects.

However, the mechanisms by which these concerns can be met will vary according to local circumstances. Nor is the list complete. These are the major common concerns. Other concerns will come up in connection with specific project proposals, and these must also be resolved in the light of local circumstances.

Thus, it is difficult for Federal and State agencies that provide financial assistance to local public agencies to prepare general

policies and rules that will fit the needs of particular projects.

The need now is for those who are interested in joint development, at all levels of government and in the private sector, to understand the basic issues and to appreciate the underlying concerns of the various project participants. This should permit joint development efforts to move ahead on the basis of individually negotiated agreements among the public participants and between local agencies and private developers. The experience gained through this process can provide a sound basis for the later development of Federal and State policies and regulations which take into account the legitimate concerns of all the participants. Finally, in the interim period, some means should be devised for continuing the interchange of ideas and experiences among participants.

TRANSIT AND URBAN ECONOMIC DEVELOPMENT

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Prepared as a Background Paper for the
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The views expressed in this paper are those of the author and do not necessarily reflect the views of the Urban Mass Transportation Administration, the Urban Consortium, the Urban Land Institute, or Public Technology, Inc.

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INTRODUCTION

How Cities Could Use Transit As A Development Tool; Why They Don't; What To Do About It ^{1/}

Unfortunately, this paper must begin on a discordant note. I find the connection between transit and urban economic development much looser than many of us would like. By urban economic development I refer to the planned investment of public resources to attract private resources and attendant jobs, income and tax revenues for local communities. Explicit reliance on "leveraging" private investment is what distinguishes economic development from many traditional government programs and public works projects that affect local economies.

The idea that transit can be used as an important lever to influence private investment decisions was pioneered in several large scale real estate projects in the early decades of this century, ^{2/} and has received growing attention in professional planning circles, particularly during the past decade. Yet few aspects of today's transit in this country are more disappointing, if findings of BART's impact study are any indication. Except for a possible influence on downtown San Francisco and Oakland, BART "has had few detectable effects on urban development patterns, and its effects on traffic congestion are similarly undetectable." ^{3/}

Many "exogenous" factors may help explain these failures (e.g. local economic conditions). But a major reason is that advanced planning to relate transit and urban economic development is either too abstract or altogether non-existent. As a result, early decisions about transit often overlook development opportunities or the specific means for exploiting these potentials effectively.

"DETAILS" MAKE THE DIFFERENCE

For certain development opportunities to be available at all, decisions as to route alignment, station location and placement of access points to adjacent properties are critical. For example, a variation of only one block in transit access to a developable downtown site can make or break a major project proposal, and consequently affect all related land use decisions that would otherwise "fall into line" thereafter. Moreover, deliberate initiatives may be required by responsible public agencies to exploit development potentials effectively. The Gallery at Market Street East in Philadelphia is an excellent illustration of both points. Likewise, individuals or small citizen groups not visible at the regional planning scale may have more influence on private investment than the most attractive station area. This is particularly true where local communities oppose new development (and may secure downzoning of a station area to accomplish their objectives).

At certain locations and times, these "details" make the difference in joint development. Moreover, recourse to government incentives for business investment may be required to accomplish certain public objectives, particularly in weak market conditions. Securing commitments from business and government for a key development project are not things to be predicted, but must be obtained through deliberate effort. Public agencies, as well as the private sector, may have to work very hard to make things happen as desired. At this "micro" level, where most investment decisions are made, there is little "inevitable" about the business of urban development.

MULTIPLE BENEFITS

Joint development, the focus for this paper, refers to the multiple use of transport corridors and station areas for real estate projects and transit facilities. From an economic standpoint, the combined benefits from such complementary capital improvements can be greater than were they accomplished separately. From an organizational standpoint, since transportation is generally a government responsibility and land development primarily a private function, joint development often requires close coordination (and in some cases a "partnership") between both sectors. For business, the result can be an improved return on investment and enhanced property values, stemming from skillful integration of the transport improvement and adjacent land uses. Combining multiple uses and facilities into a single project is already familiar to practitioners in the real estate field. In mixed use development, for example, developers deliberately plan and manage a mutually supporting mix of uses and activities so that economic "spillovers" reinforce each other on the same site.

Joint development may also be a means to achieve multiple public objectives, from increasing transit ridership to encouraging private investment in blighted areas and strengthening center city economies. Another advantage to government, often overlooked in the emphasis on traditional revenue sources for transit (e.g. the farebox and local general funds), is to gain access to new sources of funds. These innovative techniques include: tax increment financing, special benefit or a dedicated property tax on station areas, lease or sale of air rights already acquired in the course of transit construction, and incentive zoning and similar controls which shift some share of the financial burden for transit from public to private sectors (e.g. developer provision of pedestrian connections to a station stop as a condition for zoning approval).

Many of these innovative financing techniques are legally feasible and practicable for transit applications. As such, they represent an untapped source of transit revenues that most localities have been slow to investigate. A common denominator is their reliance for transit financing potentials on private investment in land around transit facilities or station areas. Most innovative techniques, in fact, require

development of new revenue-producing land uses (e.g. offices, shops, housing, hotels) for financing potentials to be realized--hence joint development.

As to financing potentials, recent analysis indicates that a combination of innovative financing techniques could defray perhaps 5 to 15 percent of the capital costs associated with certain fixed guideway facilities. These facilities might include a light rail line constructed in a central city, or a small area system such as a DPM (downtown people mover). This suggests the important contributory role of joint development and innovative financing techniques, as such revenues pay a material part of the local share of Federally oriented transit improvements. 4/

PRACTICAL IMPLICATIONS

In the United States and most other countries, major transit improvements are public investments paid for with the taxpayer's money. Yet, these investments can have significant impacts on urban development, affecting the location, scale, physical configuration and economic success of new and existing real estate projects. If the public authorities who plan and build these systems are to take such impacts into account, joint development issues need to be addressed at each stage of transit planning and implementation.

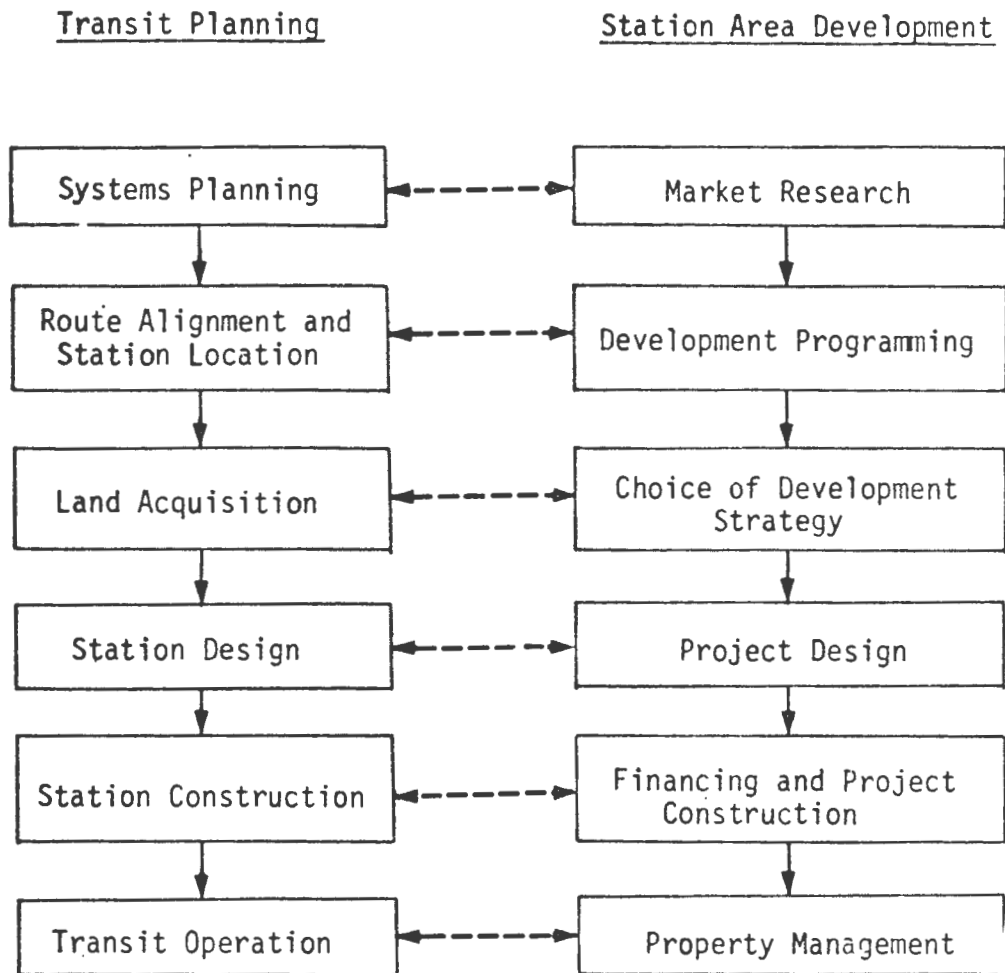
Given this objective, what are the practical implications that arise? First and foremost, this new concern for urban economic development will require collaboration and cooperation of individuals and organizations--local government, transit authorities, renewal or economic development entities, private developers, business groups--on a scale seldom encountered before. This means devising a transit planning process which begins to identify development opportunities and constraints at an early stage, before route alignment and station location decisions have been determined. It also calls for involving key private sector decision-makers (including real estate interests and major lending institutions) at an early point, in addition to local government officials, the residents of major neighborhoods affected, and so forth.

A second practical implication is the expanded view of costs and benefits that many leaders in business and government have sought in recent years. Looked at with this expanded view, the least-cost solution from a transportation perspective may be very expensive from the standpoint of a community's economy.

A third implication is that, if transit is to contribute to other objectives such as urban economic development, these benefits must be better measured and credited against the additional costs. What is important is that long-range benefits of development (e.g. local jobs and tax revenues) be considered together with the costs (e.g. provision for knock-out panels and reinforcement of station footings and founda-

tions for subsequent air rights development). Likewise, the feasibility of new development needs to be evaluated from a private investment perspective (i.e. will the proposed project pay for itself, or will it require some type of subsidy or local public support?). Moreover, for certain projects, the concept of "self support" relevant to local government may be much broader than for private investors. For instance, a new convention center that generates more local jobs, retail sales and hotel patronage may be economically feasible in the publicly relevant sense, even if it loses some money on a "private accounts" basis.

In order to illustrate these implications, it is helpful to review key linkages between transit planning and joint development. This process, as shown in Exhibit 1 in a somewhat simplified form, should involve important interrelationships at every step. Thus, for development potentials to be identified and exploited effectively, each stage of transit planning should incorporate key decisions about transit station area development before proceeding to the next step. 5/



Source: Administration and Management Research Association;
 • Gladstone Associates.

Systems Planning

Transit will be most effective as an economic development tool when improvements build upon, and are closely linked to, existing economic strengths of the community served. For example, subway stations "anchored" to a downtown's major department stores are generally far more successful than those "afloat" in a sea of parking spaces, or in the midst of low-density residential areas removed from special amenities or strong institutions.

Among the most important strengths, upon which a community can build its transit area development efforts, are the following:

- Office space demand, which will continue to expand over the long run in many cities, notably those serving a regional headquarters function (although some now have short-term surpluses of office space);
- Major existing retail establishments, business firms or other commercial facilities which may require added room for renovation, expansion or parking;
- Major existing institutions such as hospitals, universities, museums and art centers. They may also need added space and can create housing demand nearby for their employers and users, as well as attracting others who consider it desirable to live nearby;
- Attractive amenities like parks, riverfronts or lakes, as well as historic sites or areas, which can establish a particular style that attracts intensified local demand for retail services and even housing;
- Major public buildings and facilities (e.g. city halls, courthouses, convention centers) which can create demand for ancillary services nearby; and
- The rising number of small, adult-oriented households in most metropolitan areas. They can form a potential source of housing demand for upgraded residential areas if the housing offered there is designed to meet their needs, tastes and ability to pay.

To identify these supports for new development, specific social, economic and physical characteristics of the areas to be served by transit should be thoroughly evaluated through market research.

Route Alignment and Station Location

The related issues of route alignment and station location are typically the two key planning decisions from the standpoint of transit station area development. To intensify development potentials around station areas, transit improvements should be located where economic conditions and other major factors act to reinforce rather than counteract the impact of improved accessibility. As a rule, this means targeting transit investment in areas with strong market conditions, the potential for viable assemblies, suitable zoning, and similar supporting factors. In some station areas, developer interest may be already significant. In others, market research may be required to document development potentials and/or identify conditions under which private investment would prove feasible.

The most important conditions can be grouped under the heading of "local market factors." Although national demand and supply patterns are important, regional and "micro" patterns are what most critically affect the success of a particular real estate project. An additional important factor concerns the availability of assembled land. Where land ownership is badly fragmented around transit facilities, developers may not be able to assemble the sites they require at reasonable cost. Hence, development may be inhibited despite generally favorable market conditions.

Other factors can also be important. For example, stations situated in areas where transit will intercept other modes of travel such as feeder buses, commuter rail, and paratransit can enjoy correspondingly greater development potentials. In addition, successful integration of transit with access by other modes will help determine whether activity modes will have sufficient intensity to generate the economics for development.

Land Acquisition

All too often, land acquisition for joint development purposes is an afterthought in transit planning. Ideally, however, land acquisition policies should reflect the development strategy chosen for a specific station area. For example, given strong market conditions and special district zoning governing a station area, only acquisition of land for the transit facility and accessory parking may be required. On the other hand, given weak market conditions, supplemental (or "excess") acquisition may be called for, along with "co-development" of ensuing projects, the combined development of a project by business and government (i.e. where the public sector assumes some of the risks and/or costs that are normally borne by private developers).

Likewise, a development strategy for specific station areas should reflect an appropriate level of involvement by government in the development process, given local economic conditions, the costs and benefits of government involvement, and public and private resources available at one time.

Station Design

Ideally, the transit station and adjacent development should be designed simultaneously, so as to properly integrate the multiple uses, facilitate pedestrian flow, and maximize market potentials through proper placement of key project components (e.g. retail). Simultaneous design is seldom possible, however, since station implementation rarely coincides with the decision-making cycle for private developers.

Accordingly, joint development can be facilitated through such measures as the following: placement of access points (e.g. off-street station entrances) on adjacent properties, provision of knock-out panels, reinforcement of station footings and foundations to allow for future air rights development. In some cases, construction of a temporary station facility may be called for, to be replaced by a permanent structure whenever development occurs.

REQUIREMENTS FOR REAL ESTATE DEVELOPMENT

Real estate development is a specialized business. At first blush it may seem alien to transportation planners. Although appearing complex, it actually is a relatively straightforward process. It depends, however, on a detailed economic analysis to identify development potentials, to determine the feasibility of specific projects (including matters of market, financing and management), and to provide the documentation necessary to gain access to necessary sources of private (and sometimes public) funds. Feasibility determinations involving market and financial data should be very specific about current and prospective conditions; generalities will not do.

Failure to respect these requirements for real estate projects in the transit planning process is one basic reason why joint development opportunities of major transit investment are not often realized. One specific problem is that few plans are explicit about how transit can affect private investment decisions, beyond general references to improving accessibility. Within the scope of this paper, I have attempted to address this issue by identifying these specific functions in Exhibit 2. Far more specific economic data and analysis are required, of course, to determine whether or not to proceed with a given development project, to define the scale and type of its facilities, and to quantify its prospects for financial success or failure with reasonable accuracy.

Failure to identify and exploit development potentials can also stem from a lack of understanding on the part of local government and transit officials about what urban economic analysis should accomplish as part of transit planning. Many public officials consider the economic elements of transit plans (e.g. a joint development study cost-benefit analysis, and a financial plan) as something one "goes along with" in order to gain access to Federal funding.

Today, however, a professional economic study as part of transit planning offers significant benefits to both government and business alike. No two economic studies as part of transit planning are ever identical, nor should they be. The various types of market and financial analysis which follow, however, are generally applicable to most investigations of the prospects for private investment as part of a major transit improvement.

In conclusion, I believe the prospects are bright for transit station area development around the country, providing public officials implement the kinds of land use and development decisions that support taxpayer investment in transit by deploying these improvements (and other incentives, if necessary) as tools for urban economic development. In choosing the proper course of action, however, the costs and benefits should be weighed in much more specific ways than has been the case in most U.S. transit planning efforts to date.

Type of Transit Impact

Illustrative Examples

Improves general accessibility of area served.

Extension of a rail segment links outlying area to nearby sources of employment, housing demand and urban services, and to other activity centers in the metropolitan region.

Examples: early evolution of Los Angeles, Shaker Heights in suburban Cleveland.

Improves specific accessibility of parcels at key points along arteries (otherwise stated: changes relative accessibility among specific parcels), and concentrates development potentials at parcels so served.

Location of key access points around transit stations tends to cluster certain types of high-intensity land uses (e.g. high-rise residential development in outlying areas, high-rise commercial or multi-use projects at "close-in" locations).

Examples: Park Place residential complex and Sheppard Center mixed use project in Toronto.

Creates "new" sites with superior accessibility, through air rights development or transfer of development rights to adjacent locations.

Air space associated with transit improvement makes possible large, pre-assembled sites for development at "choice" locations in high density centers, where land costs are high and land ownership is fragmented. ^{1/}

Examples: Park Avenue/Grand Central Terminal complex in New York City, Penn Center in Philadelphia, Illinois Center in Chicago, Place Bonaventure in Montreal.

Note: Refers mainly to fixed guideway system impacts at the sub-regional scale, where significant private investment is involved.

^{1/} A closely related type of impact concerns transfer of development rights associated with one piece of property (e.g. air space over a transport arterial) to another piece of property, so as to allow the receiving property to be developed more intensively than would otherwise be permitted. A common situation, for instance, is "sale" of

Type of Transit Impact

Illustrative Examples

Creates transfer facilities and attendant development potentials as a result of transit riders shifting modes.

Location and design of transit terminals takes advantage of change in travel mode to enhance economics for development at specific sites. When transit patrons leave their vehicles they typically move on foot to local buses, shuttle service, taxicabs, or further pedestrian journeys. Likewise, when entering a transfer terminal, passengers move from these other modes to transit service. In both cases, this modal shift creates a "natural break" in their journeys where travellers can conveniently patronize various types of commercial enterprises, especially convenience goods stores and service outlets.

Examples: Alexis Nihon Plaza in Montreal, Eglinton Center in Toronto, proposed terminal facilities for Denver's Transitway/Mall.

Improves internal circulation by linking otherwise dispersed activity center and functionally related, business operations, and by facilitating year-round movement in all-weather facilities.

Subway lines or DPM (downtown people mover) connect existing office and retail concentrations, hotel/motel to convention center and so forth, and/or provides access to potential activity centers not otherwise feasible for development and/or ties into outlying parking areas. DPM

air rights over a highway or transit line to allow an adjacent building to have higher density and/or windows overlooking the donor property (a situation that might otherwise not be allowed because of the right of the donor parcel to have a tall building also, which might require a party wall rather than a window wall).

Development rights transfer was a technique used to facilitate development of Rosslyn Center, a 20-story office and retail building located in Arlington, Virginia at a stop on the Washington Metropolitan Area Transportation Authority's (WMATA) rapid transit system (Metro).

Type of Transit Impact

Illustrative Examples

to office development provides both better communication to other office space and elevator-like access to restaurants, stores, and services. DPM to retail development provides tremendously greater visual exposure to passing pedestrian traffic.

Examples: Internal circulation provided by downtown subway segments in Toronto, Montreal and Washington, D.C.; proposed DPM's in Los Angeles, Houston and St. Paul.

Source: Gladstone Associates.

Exhibit 3.

**GRAPHIC REPRESENTATION MARKET RESEARCH,
DEVELOPMENT PROGRAMMING AND FINANCIAL
FEASIBILITY ANALYSIS**

Issue Paper: Witherspoon

1

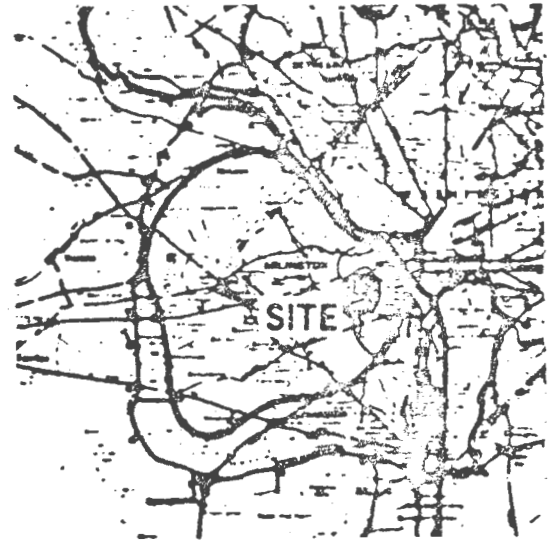
MARKET POTENTIALS

RESIDENTIAL DEMAND

Annual Income of Purchasers/Renters	Sales Housing Market	Rental Housing Market	Total Average Annual Sales And Rental Potential
Less than \$10 000	30	900	930
\$10 000 - \$15 000	80	750	830
\$15 000 - \$20 000	140	670	810
\$20 000 - \$25 000	100	210	310
Over \$25 000	250	220	470
Total	600	2 750	3 350

COMMERCIAL DEMAND

Market Area	1980(000)		Sales at Site
	Total Shoppers Goods Expenditures	Estimated Capture Rate	
Market Area	\$402 100	5.0%	\$20 100
Site Residents	\$ 9 800	15.0%	\$ 1 470
Site Employees Inflow	\$ 14 720	15.0%	\$ 2 210
Total			\$24 750

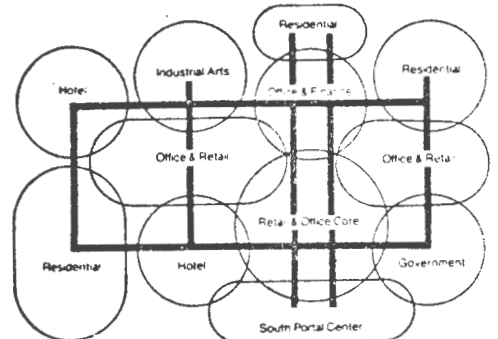


2

DEVELOPMENT PROGRAM

COMPLETION YEAR

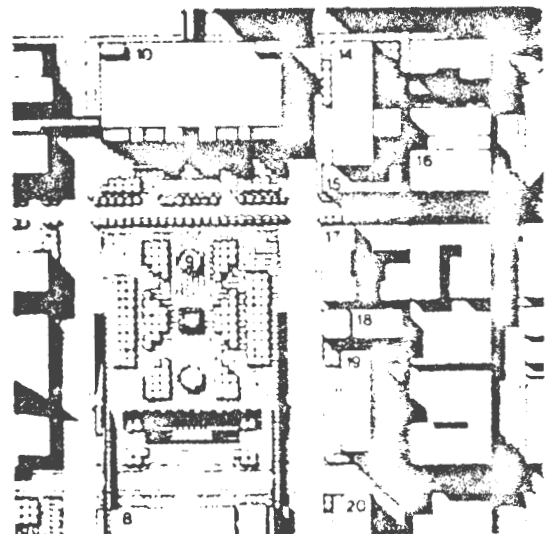
YEAR	RESIDENTIAL			COMMERCIAL		
	Rental Apts (Units)	Sales Apts (Units)	Swingles Apts (Units)	FHA 236 Apts (Units)	Office Gross S F	Retail Gross S F
1978	-	-	-	-	275 000 S F	-
1979	450 units	300 units	-	-	275 000 S F	-
1980	450 units	200 units	-	-	235 000 S F	50 000 S F
1981	450 units	200 units	-	200 units	235 000 S F	-
1982	450 units	200 units	300 units	-	235 000 S F	-
1983	450 units	200 units	-	300 units	235 000 S F	-
1984	450 units	200 units	-	-	235 000 S F	-
1985	450 units	200 units	300 units	200 units	240 000 S F	-
1986	450 units	200 units	-	100 units	245 000 S F	100 000 S F
1987	450 units	200 units	-	-	255 000 S F	-
1988	450 units	200 units	-	-	285 000 S F	-
1989	-	200 units	-	-	275 000 S F	-
1990	-	200 units	-	-	280 000 S F	-
1991	-	200 units	-	-	285 000 S F	-



3

FINANCIAL MODEL

	1983	1984	1985	1986	1987
DEVELOPMENT USES					
OFFICE (000'S OF \$ F.T.)					
1 STATE	200.0	...	...	...	166.0
2 CITY HALL	...	...	...	...	132.0
3 BILL TELEPHONE	...	...	...	...	164.0
4 OTHER RECEIPTS	30.0	30.0	30.0	...	120.0
5 N. & PRESENTATION	70.0	70.0	70.0	...	180.0
6 SUBTOTAL	300.0	100.0	100.0	...	222.0
RETAIL (000'S OF \$ F.T.)					
7 SHOP, GOODS-PLATE	...	...	...	...	16.0
8 SHOP, GOODS-F	...	...	...	...	16.0
9 FOOD & DRINK	...	...	...	...	16.0
10 CONVENIENCE	...	...	...	...	16.0
11 SUBTOTAL	...	...	...	...	64.0
12 HOTEL (RPOS)	...	...	...	...	11.0
RESIDENTIAL					
13 RENTAL APTS.	...	...	...	...	11.0
14 PURCHASE APTS.	...	...	...	...	11.0
15 PURCHASE APT	200.0	...	...	...	11.0
16 SUBTOTAL	200.0	...	...	...	11.0



Source: Gladstone Associates.

TYPES OF ECONOMIC ANALYSIS AND POSSIBLE
BENEFITS TO PUBLIC AND PRIVATE SECTORS
IN TRANSIT/JOINT DEVELOPMENT PLANNING

Issue Paper: Witherspoon

TYPE OF ANALYSIS

POSSIBLE BENEFIT

Market Research

Involves both measurement of economic variables (e.g. size, age and composition of households, and their propensity to consume), and analysis of economic relationships (e.g. supply and demand for relevant trade area). Should be based on analysis of statistical series and original field research.

Results expressed as "market potentials," the expected total sales of a service or product (e.g. office space, as measured in square feet) over a stated period of time (e.g. per year).

Can assist transit planning by establishing economic trends, land use patterns, and other major factors affecting future transportation requirements for moving people and goods.

Can benefit transit or development entity by providing basis for decisions about alternate transport modes, route alignment and station location.

Can benefit private developer(s) by identifying scale of available development opportunities (e.g. average absorption of office space downtown = 500,000 square feet/year), relevant supply/demand factors, dominant nodes of building activity (e.g. around transport facilities) and so forth.

Development Programming

Based on market research and further evaluation of related factors such as access, site attributes and land ownership patterns, derives "development potentials," which reflect the share or capture of the market potential which is possible for a specific area or site (e.g. downtown locations served by transit).

Results are expressed as development programs, which specify land and/or building development (e.g. units of housing, square feet of office space), along with timing, phasing, acreage allocations and program alternatives.

Can assist transit planning by identifying amount and type of development that can be absorbed at each stop, based on market realities (there is a limit on regional demand).

Can benefit transit or development entity by identifying and enumerating joint development opportunities in and around transport corridors and transit station areas, through inventory of key properties, analysis of alternate land uses and derivation of specific development programs which are consistent with available market potentials for the area.

TYPES OF ECONOMIC ANALYSIS AND POSSIBLE
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TYPE OF ANALYSIS

POSSIBLE BENEFIT

Development Programming (cont'd.)

Can benefit investors by permitting private developers and lenders to review real estate opportunities in a format with which they are familiar. Also assists in the design of marketable real estate products.

Financial Feasibility Analysis

Financial feasibility analysis translates market potentials and development programs into financial terms, to test project feasibility and bottom line results.

In addition to establishing whether the proposed project is feasible (i.e. would pay for itself), such analysis should identify key factors affecting feasibility (including matters of market, project financing, and management, as well as supporting public actions), and evaluate the extent to which these factors affect feasibility.

Results are expressed in terms of capital investment requirements, financing alternatives, leveraging possibilities, cash flow and return on investment (ROI). Financial analysis can also be extended to assess after-tax implications, earnings per share, and tax shelter possibilities.

Even simple financial analysis (e.g. to level of pro formas) can assist transit or development entity in determining the impact of public actions on real estate development (e.g. minimum development densities which would be feasible for private investment at specific locations). Such analysis can also give dimension to financing potentials for certain innovative techniques (e.g. what added costs would a developer be willing to incur for transit-related improvements in return for a density bonus for building near a transit station stop?).

Can benefit private developer(s) by evaluating project feasibility through a standard type of analysis widely used in the development industry.

Source: Gladstone Associates.

TYPES OF ECONOMIC ANALYSIS AND POSSIBLE
BENEFITS TO PUBLIC AND PRIVATE SECTORS
IN TRANSIT/JOINT DEVELOPMENT PLANNING.

TYPE OF ANALYSIS

POSSIBLE BENEFIT

Economic Feasibility
(also called cost-benefit analysis)

Whereas financial feasibility analysis typically focuses on return on private individuals or firms, economic feasibility analysis broadens the concept of costs and benefits to terms relevant for government. This analysis is particularly critical for urban renewal, new stadiums, public buildings and other facilities. Moreover, the concept of "self support" relevant to local government is often much broader than for private enterprise.

Can benefit transit or development entity by evaluating projects not normally undertaken by private developers (e.g. projects of questionable feasibility or in an initial condition of economic distress). In such situations, joint development may not be possible without special incentives to stimulate private investment and/or more direct public intervention in the development process.

Results expressed after comparison of costs and benefits in terms of economic return on investment. For transport facilities and other major investments expected to involve substantial capital improvement over an extended period of time, present value techniques should be employed to relate future costs and benefits to an appropriate base year.

Can benefit private developers by providing economic basis for public assumption of risks and/or costs which are normally borne by the private sector.

Implementation Strategy

The essential end-product of a complete economic analysis should be a feasible, responsible development strategy, backed up by specific plans of action capable of being implemented.

Can benefit both transit or development entity and private developers by defining a feasible development program and efficiently organizing the means of production.

Source: Gladstone Associates.

1/ Many of the findings and conclusions in this paper are derived from two research projects conducted by Gladstone Associates in major U.S. and Canadian cities. One is a recently completed report for UMTA, Innovative Financing Techniques: A Catalog and Annotated Bibliography of Transit Applications (1978). The other, now nearing completion with The Urban Land Institute, is a series of case studies--evaluating prominent joint development projects, with an emphasis on deals structured between business and government--based in this country and Canada. Both studies have proven quite illuminating about widespread inadequacies in U.S. transit planning practice, with respect to joint development. I want to stress, however, that the observations in this paper are my own, and do not necessarily reflect the views of UMTA, ULI, or any of our other clients.

2/ Perhaps the most ambitious promotion attempted was that of Henry Huntington of Los Angeles. As historian Daniel Boorstin observes:

"The urban sprawl which characterizes modern Los Angeles received its initial impulse from the designs of Henry E. Huntington. In 1900, after inheriting a vast fortune from his uncle, Huntington began to extend streetcar lines in all directions from Los Angeles. Simultaneously, he purchased thousands of acres of real estate along the lines and began developing residential and resort communities. In this way, Huntington constantly recouped the cost of his car lines through sale of his real estate.

Eventually his streetcar lines, valued at \$100 million in 1910, extended 30 miles from the city, served at least 40 incorporated communities and added 12 suburbs to metropolitan Los Angeles."

3/ See Melvin M. Webber, "The BART Experience: What Have We Learned?" (Institute of Urban and Regional Development and Institute of Transportation Studies: October 1976), p. 39.

Webber elaborates as follows:

"The initial plan for BART was also to generate growth at selected subcenters throughout the metropolitan region. In addition to the high average speed, that was the other rationale for widely spaced stations. The planners fully expected that increased accessibility at train stations would make the surrounding areas attractive to business firms and apartment dwellers, following the model of earlier commuter railroads in the East. In turn, clusters of offices, shops, and high-density housing around these stations would visibly restructure the region, stemming from the drift toward low-density dispersion and urban sprawl.

3/ (Cont'd.)

It is now 14 years since the BART project was approved, and there is, as yet, little evidence to corroborate those forecasts and hopes. Most suburban stations stand in virtual isolation from urban development activity in their subregions, seemingly ignored by all except commuters who park their cars in BART's extensive lots. A few apartment houses have been built within one-mile radii of a few stations, but they are exceptions. Two modest sized office buildings were erected, in Berkeley and Walnut Creek, close to the stations and as a direct response to BART's coming. Although they were initially in trouble owing to BART's delayed opening, they now are reported to be occupied. In general, however, the transit stations have not attracted higher density suburban developments.

On the contrary, in a few places, Oakland's Rockridge neighborhood may be the most dramatic example, BART's coming has provoked citizen protests against potential high-density or commercial development. In turn, zoning regulations have been changed to prohibit apartment houses and shops, securing the established single-family housing pattern. The area surrounding the Rockridge station experienced an actual decline in property values when BART opened. Following the zoning change to one-family houses, land values have been rising, the highest being nearest to the station."

Ibid, p. 15.

4/ See Gladstone Associates, Innovative Financing Techniques: A Catalog and Annotated Bibliography of Transit Applications (Urban Mass Transportation Administration: 1978).

5/ The following exhibit and discussion build upon materials first set forth in Administration and Management Research Association, Office of Midtown Planning and Development, Office of the Mayor, City of New York, Transit Station Area Joint Development (1976).

APPROPRIATE PUBLIC ACTIONS IN SUPPORT OF
JOINT DEVELOPMENT IN DIFFERENT MARKET SITUATIONS

Allan Borut
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Prepared as a Background Paper for the
JOINT DEVELOPMENT MARKETPLACE
June 25-27, 1978

The views expressed in this paper are those of the author and do not necessarily reflect the views of the Urban Mass Transportation Administration, the Urban Consortium, the Urban Land Institute, or Public Technology, Inc.

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Transit agencies
City planning departments, renewal authorities,
development agencies
Federal agencies
Land owners
Lenders
Tenants

STAGES IN THE DEVELOPMENT PROCESS

Site Acquisition
Negotiations with Public Entities
Planning, Design, and Engineering
Financing

THE PUBLIC ROLE IN INFLUENCING JOINT DEVELOPMENT IN DIFFERENT MARKET SITUATIONS

The Market Environment
Appropriate Public Response to Different Market
Situations

THE LIMITS OF PUBLIC ACTION

EXHIBIT 1: APPROPRIATE PUBLIC ACTIONS IN DIFFERENT MARKET SITUATIONS

INTRODUCTION

This paper discusses the factors that influence the private development sector to undertake joint development. The discussion is approached from the perspective of the private sector. Key issues affecting developer decision-making are the primary focus. The underlying assumption regarding those decisions is that market forces and not public objectives determine whether activity will take place and what type of activity it will be.

Advocacy of greater public attention to market forces is the real message of this paper. Joint development, if it is to be a public objective, must be recognized as a response to market situations. Public policies and programs which seek to promote such activity must be responsive to those forces as well. Many public actions, unfortunately, can be inconsistent with or contrary to the pressures of the market and thus are unlikely to produce the desired response. Unless and until government officials approach joint development with recognition that private investment is constrained by the market many desired projects will not be built and thus, in turn, many public objectives associated with these projects will not be realized.

To set the framework for analyzing appropriate public responses aimed at promoting joint development activity in different market situations, the first sections of the paper provide definitions, describe actors, and analyze stages of the development process. Once this is taken care of, Section IV gets to the heart of the subject by laying out three different market situations and suggesting appropriate governmental response to each. Section V closes the paper with a short discussion of the limits of public action.

Definition of Joint Development

The term Joint Development as used in this paper describes a product. It is a real estate development that is in some way physically and functionally connected to a transportation facility and deriving some benefit from it. The word joint refers to the two components: real estate development and transportation. It does not refer to the public and private actors.

A joint development project should be similar to any other real estate development project in that its feasibility must be determined by market forces. By judging those market forces a developer determines the scale and type of use subject to constraints set by public actions, principally by zoning. A transportation component can change market conditions, thereby improving the use potential and enhancing the economic return possibilities of a particular site.

However, it should be stressed that such a transportation improvement, as in the case of other forms of public investment, tends to affect only some of the conditions in the marketplace and these only slowly.

A private developer reacts to a perceived market demand as manifested through vacancy rates; prices for office, retail, and hotel space; current construction activity; absorption rates; etc. He invests time and money intending to earn a return that compensates him for these investments. The greater the risk associated with the investment, the less the desire to invest. Some of this risk, though certainly not all, can be compensated through a commensurately higher than normal return. However, where a developer does not or cannot perceive market demand, he does not see the opportunity to earn his return. Public action aimed at promoting transit-related or any other form of development must therefore affect the market situation in such a way that a developer is not only aware of it but can respond to it.

Real estate activity is subject to more constraints than just market demand. The most significant are probably (1) land assemblage; (2) zoning and other land use regulations; (3) financing difficulties; and (4) a host of problems such as weather, labor strife, and material shortage, all beyond the control of the developer. A transportation-related project compounds these constraints for the private developer with some complexities of its own: additional public agencies to negotiate and coordinate activity with, more opportunity for citizen involvement and objections, more difficult financing, and potentially many more. All result in time delays and other costs. A joint development project clearly takes more effort to accomplish correctly. Both public and private participants must understand the difficulties and find approaches to overcome them. In those cities enjoying a cooperative spirit between the public and private sectors, development activity has taken place. Unfortunately, all cities have not had this good fortune. In these latter cases, the failure to create an environment conducive to joint development has reduced developer interest and prevented projects from reaching their full potential.

THE MAJOR ACTORS IN THE PROCESS OF JOINT DEVELOPMENT

Many actors affect real estate projects that are coordinated with transportation improvements. They do so wittingly and unwittingly through independent actions. In addition to the developers, the major participants are (1) transit agencies, (2) agencies of local government, such as a city planning department, renewal authority, or development agency, (3) Federal agencies, (4) land owners, (5) lenders, and (6) tenants. Though many other individuals and organizations play important roles in any given project, most joint developments can be broadly defined by the actions of these six groups.

Joint developments are built when the separate objectives of all participants meet at some common ground. Where this does not occur it

is because the objectives of one or more actors appear to be incompatible with the needs of the others. A closer look at these situations often reveals that the incompatibility is more attitudinal than real, and that attempts to overcome the conditions can lead to successful joint developments projects being undertaken. In discussing the actors below, the stress is twofold. First, to identify the primary focus of the participants and second, to uncover where and how public action might influence them to be more responsive to joint development opportunities.

Transit agencies are generally empowered to operate and construct a system to move people within a designated area. In regard to the first function, their principal objective is to maximize ridership subject to budgetary constraints imposed on them by other agencies of government. The constraint exists because typically, revenues generated through the fare box cover only a portion of the total operating costs of a system and thus subsidies are required. Loss minimization in such situations becomes a political necessity which frequently is achieved through service cutbacks. Uncertain service ultimately influences the performance of businesses dependent on it. A factor not lost on developers.

The construction of new transportation facilities or transit systems are also constrained, in this case by two factors: budget limits and engineering parameters. These constraints influence transit agency objectives. Generally, cost minimization and not development maximization are the end result. If station locations and routing decisions are made based primarily on cost, certain types of future development activity are often precluded. Knowing how their actions affect development might cause some transit planners to rethink their decisions.

City planning departments, renewal authorities, and development agencies have numerous objectives. These include preservation of neighborhoods, promotion of economic development, disposal of excess land, development of housing for low and moderate income families and many more. Rarely in the United States is enhancement of joint development opportunities one of these. If transit planning and land use planning were to be coordinated, it could most easily be done as it is in Canada. Provision of density bonuses on land adjacent to transit and imposition of constraints on land distant from transit would have a dramatic impact. In addition these agencies could assist the developer's land assemblage problem through holdout condemnation and liberal use of the eminent domain power. Alas, the politics of such policies are probably too treacherous for even the most dedicated of joint development advocates. Whatever the apparent virtues of coordinating transportation planning and development planning, the future, like the past, appears to hold little hope that it will become public policy.

Federal agencies distribute funds to urban areas through a myriad of departments, agencies, and programs. The objectives and regulations of each are widely divergent and only minimally coordinated even with the

advent of an urban policy and a Presidential mandate that the executive branch will work together. Joint development, until recently, has been low on the apparent priority scale of most agencies other than the Urban Mass Transportation Administration. Improvements seen recently generally reflect passive Federal response to local initiatives rather than an aggressive policy to leverage transit dollars through other funding sources. Local public action can do little in theory to influence policy objectives. In practice, however, constant pressure on the institutional structure will probably result in innovative funding arrangements in support of joint development that were never previously anticipated.

Land owners other than public entities have a profit maximization goal that is not inconsistent with joint development. Unfortunately fragmentation of ownership frequently precludes conversion of land to a use compatible with the transportation component because an individual owner usually cannot realize his highest return by making an early commitment to such a course of action. Unless and until a number of parcels are put together, joint development cannot take place. Realizing the value of the last piece or outage, most owners wait to see. Timely development, therefore, becomes a difficult if not impossible task to achieve. Government action can help overcome this constraint by holdout condemnation procedures and through incentive zoning procedures that accrue benefits only to the joint developer.

Those public agencies owning land, such as renewal authorities, school boards, the postal service, and others often have disposition objectives that are not responsive to public agency needs. Coordination between governmental units appears to be as cumbersome as that between the public and private sectors. For an individual developer to purchase publicly-held land from one of these agencies in anticipation of a possible joint development project is a risky procedure at best. Bidding procedures, politics, and bureaucracy all intervene to make the process time-consuming and costly. Government action could easily reduce these diseconomies by better coordination.

Lenders are by nature a conservative breed. A stable return with low risk is probably the best statement of their mortgage loan objectives. Their lending practices show a strong bias towards emulating their institution's deal of yesterday rather than innovating a new type of deal for today. Given limited experience with the complexities of joint development financing packages, most act as if they are reluctant dragons who are forever hungry for a deal but are afraid to taste what they have not eaten before. Public action can reduce the dissonance by providing some guarantees and through friendly arm twisting.

Tenants, the end user of developed space, make their location decisions on the basis of a number of factors including cost; convenience for employees, executives, and customers; proximity to complementary

activities; and transportation. Various types of users weigh each of these factors differently. Some office tenants, such as insurance companies or other large corporate firms, are likely to pay little heed to the convenience of a subway or bus stop at their door except where climate is especially severe or where public transit is the preferred way to commute. Others, such as a firm with sales, consulting, or counseling activities, might be highly oriented to a subway or a new DPM system. Retail tenants, on the other hand, are probably much more sensitive to the potential of pedestrian traffic. If transit riders can be drawn through retail shops and if these potential shoppers can be induced to focus on the goods at hand, access to transit can have tremendous value. Joint development does, therefore, offer possible benefits to some tenants but certainly not all.

Having looked at the major actors, though certainly not all of the actors, who influence joint development, we turn next to a discussion of the development process. This gives perspective to joint development by showing the constraints imposed on all real estate projects by that development process.

STAGES IN THE DEVELOPMENT PROCESS

There are essentially eight stages in any real estate development. They are (1) market analysis, (2) project identification, (3) site acquisition, (4) negotiations with public entities, (5) planning, design and engineering, (6) financing, (7) construction, and (8) marketing. Whatever the complexity of a project, all the functions represented by these categories must be undertaken. Each constitutes a potential pitfall to the success of any venture.

In relating the stages in the process to the discussion of joint development, it is helpful to focus on those areas where public action can assist private development activity to achieve a mutual objective. Though assistance is possible and common in all areas, it is typically site acquisition, negotiations with public entities, planning, design and engineering, and financing that require the most concerted efforts.

Site Acquisition

As previously mentioned, it is often difficult to assemble a large enough parcel of land to undertake a major development project. Private land assemblage techniques, which include (1) acquisition of parcels slowly and quietly over time and (2) partnership arrangements with land owners who receive a percentage of the return as compensation, work only in some situations. Unfortunately, where joint development is a possibility, interest in sites is frequently extensive. This generally rules out secretive purchases and limits opportunities for joint venture arrangements. What frequently is left is development on publicly-owned land. In principle, this is not bad; however, without an expanded land acquisition program, the number of sites suitable for joint development might prove very limited.

Negotiations with Public Entities

Negotiation by developers with public entities probably is the most variable of all the stages in the development process. The difficulty the developer perceives is that, unlike most other activities in the process, it is frequently impossible to discover the area of mutual interest. Because local governments have many different objectives, interest groups, and institutional concerns which must be reconciled before development approvals can be given, it is often impossible for a developer to receive the timely response to ideas and submissions. The results of delay are often abandoned projects that cities and developers both desired.

Many solutions have been sought to resolve the problem. They include (1) establishment of a lead public agency empowered to coordinate public actions on a given project, (2) early designation of a developer who will in cooperation with the public agency plan and execute a development package, and (3) partnership undertakings between a public agency and a developer with the public agency bearing some of the cost and some of the risk traditionally borne by the private sector. The desirability of each of these approaches depends on the situation. Their consideration in itself is a good sign that the problem has been recognized.

Planning, Design, and Engineering

The physical design of any project typically involves trade-offs within a developer's organization between design people and marketing and construction people. On top of this, joint development, by its very definition, also requires coordination between a developer's staff and representatives of the transportation planning agency. To be physically and functionally connected entails a certain overlap of physical space. Excellent examples of this can be seen in the transit access arrangements at the numerous joint developments in Canada and at the Gallery project in Philadelphia.

The record of coordination in cities around the country is generally not very good. Institutional jealousies, short-sightedness, and general lack of concern have plagued many joint development and other types of projects. A solution, if there is one, depends on the capacity of both public and private representatives to accept the legitimacy of the other's concerns.

Financing

Financing can be the bane of the developer's existence. He sees what he considers to be good projects abandoned for lack of adequate funding. The solution to the problem is not easy to find. Major lenders, including life insurance companies and savings and loan associations, are reluctant to enter into long-term mortgages on projects when there is uncertainty in their minds as to the adequacy of the return and long-

term security. The risks they perceive, especially in joint development projects, result from one of four factors: (1) general project complexity, suggesting higher than expected construction and financing costs; (2) uncertain demand; (3) unusual ownership or legal arrangements; and (4) developer capability. All can be affected by public actions.

Perhaps the most significant advance in public response to these problems has been the assumption of the extraordinary risk portion of certain loans. By providing second mortgage money or by supplying mortgage insurance it has been possible for the public sector to overcome major problems perceived by lenders. In this case and in others, a small public action is symbolic of an important attitudinal change which to many in the private sector is the most meaningful event of all.

THE PUBLIC ROLE IN INFLUENCING JOINT DEVELOPMENT IN DIFFERENT MARKET SITUATIONS

Joint development occurs only where market demand, whether natural or reinforced by public action, justifies the building of the non-transit portion of a project. Evaluating that demand should and must be a function of those involved in transportation planning. Even when system design takes place before there is concern for future development, it is possible to influence private development activity if the market forces prevailing at the time of the hoped-for development are understood and heeded. The first part of this section outlines the characteristics of three different market situations. The remainder will deal with appropriate public actions for each.

1. The Market Environment

The opportunities for joint development can be discussed in terms of the strength of existing market demand. Three situations describe that demand: Strong market, uncertain market, and weak market. The characteristics of each will be discussed below.

a. Strong Market Situation

A strong market can be loosely defined as one where private market activity supports new development. What this means is that demand for space exceeds supply at the prevailing market price and that this price is high enough to attract development and investment activity. Key factors apparent in many strong market situations are (1) strong local economies, (2) locations in the mainstream of traffic close to similar and complementary activities, and (3) in cities with high transit ridership, access to that transit. A strong market designation can refer to any type of use: office, retail, residential, hotel, or industrial. It does not usually describe a mixed-use situation, which is merely the integration within one development of a number of other types of space usage, each with their own demand. A mixed-use project frequently combines uncertain market sectors with strong market sectors.

b. Uncertain Market Situations

Uncertain markets are those markets where the demand price for space is unknown. This can result from (1) changes in general market conditions, (2) changes in use, (3) changes in activities in surrounding locations, or (4) a mixture of uses whose impacts on one another have yet to be determined. When any of these conditions exist, both developers and investors are unsure whether the price they can charge for developed space will be high enough to justify undertaking a project.

As a general rule, central cities in the midst of decline or revitalization, or on the brink preceding these movements, are likely to have uncertain markets within their central business districts. The first three conditions listed above characterize a changing central city role. The private sector finds such changes to be highly risky and usually seeks to forestall investment until the future is more clearly defined. An uncertain market resulting from new uses or an unlikely mixture of uses can occur in almost any city. Within the Sun Belt, for example, a number of mixed-use projects were built in what appeared to be strong market areas that did not produce a favorable return to investors. The common failing has been weak demand for one of the components. When one aspect of a balanced project fails, no matter how successful the other components, the project is likely to have serious financial problems.

c. Weak Market Situations

Weak markets, by our definition, exist when the demand price for space is below its supply price. Many factors can explain this situation. Within an older central city the most common factor is a shift in demand out of the core into the suburbs or beyond due to declining neighborhoods, population changes, or relocation of businesses. Within generally strong growth markets, a weak market for a certain use reflects demand not yet generated. Weak market situations are distinct from uncertain markets and cannot and should not be treated the same by public entities. Market forces determine how much a particular economic activity can afford in the way of space costs. A price insufficient to induce investment in supply reflects the inappropriateness of a use in a location at a certain time.

2. Appropriate Public Response to Different Market Situations

The options available to public agencies bent on promoting joint development are extensive. They run the gamut from providing a transportation improvement that can readily accommodate private development connections without further government action, through real estate developments undertaken in partnership between public and private sectors with an assortment of zoning, financing and risk assistance tools, up to complete public sector development of the non-transit

component. All can achieve the same objective: the creation of a real estate project connected physically and functionally to a transportation improvement and benefitting from it.

A problem many government agencies have is identifying what actions are appropriate for a given market situation. Most questions are raised, unfortunately, after the transportation improvement has been planned or even installed. After a system is in place, it is too late to affect some decisions which influence joint development opportunities. It is not too late, however, to respond to specific site opportunities. To do this effectively, it is necessary for local governments to evaluate existing market conditions and then develop a plan of action which supplements and supports, where appropriate, private sector activity. The chart at the end of this paper presents a schematic view of the types of public response suggested by different market conditions. A perusal of that chart before proceeding to the next section might be helpful to the reader.

The chart is predicated on the assumption that the primary public objective in each market situation is to achieve private development at the project site which generates the greatest amount of economic activity. This assumption probably does not reflect the concerns of most cities in the process of planning or building a subway or DPM system. Other objectives are generally given more attention. These include development control, community preservation, cost recovery, and design improvement. ^{1/} These latter objectives, the author believes, can receive far too much attention, frequently at the expense of promoting the development with the greatest economic impact on the local community. It would be presumptuous to believe that public officials and citizen groups will reorder their priorities. Rather, it is hoped that, by stating clearly which actions can beneficially impact development, an inappropriate response will not be offered out of ignorance. One result, hopefully, will be less wasted expenditures and more successful development.

Let us now turn to a discussion of the appropriate public role in support of joint development. Each market role will be discussed separately.

^{1/} For a fuller discussion of these objectives and of the impact of implementation techniques on them in strong and weak market situations, one should read Administration and Management Research Association of New York City, Inc. (AMRA) Office of Midtown Planning and Development, Office of the Mayor, City of New York, (1970) Transit Station Area Joint Development: Strategies for Implementation, Final Report, especially pages 41-54.

a. Public Action in a Strong Market Situation

To generate the greatest amount of economic activity at a joint development site, local government can most appropriately do two things. It can, first and foremost, assist developers to overcome land assemblage difficulties and, second, offer special zoning which increases the amount of rentable space that can be developed. Both of these types of actions reflect the strong market situation's unique characteristic--demand for space greater than available supply at the prevailing prices. Developers do not need subsidies in this situation. They do need assistance overcoming institutional constraints--multiple ownership and limits on the size of development.

Other public actions that make sense in a strong market situation are (1) transit-related incentives aimed at promoting a physically and aesthetically desirable connection with the transportation component and (2) public financing mechanisms. The latter are means of financing public improvements through the imposition of a special tax on those who benefit but also on those who can afford to pay. These are helpful tools and probably result in a more desirable environment for joint development; they are not, however, essential.

Many cities have used other tools listed on the chart in strong market situations. At best, they probably resulted in greater profits for the developer; at worst, they had no noticeable effect at all. In a world of limited resources, neither of these results seem to be worthy goals of public action.

b. Public Action in an Uncertain Market Situation

To promote extensive development activity at a transit station or other transportation facility in an uncertain market, two public actions again stand out as being paramount. One is risk assumption, the other is special zoning. The purpose of the first is to overcome an inherent weakness of an uncertain market: lower developer risk due to the risk public officials assume can approximate the conditions of a stronger market, thereby facilitating lender financing. Special zoning, the next most appropriate action, aids an uncertain market through the provision of development incentives which frequently allow planning for an entire site but require only incremental, less risky development.

Many other tools are also appropriate to a lesser degree in uncertain market situations. Land acquisition, for example, can be a major aid by speeding up the assemblage process, thereby reducing planning time and risk. Demand creation through construction of public improvements will frequently spill over effects on the joint development site. The ubiquitous transit-related incentives will also improve the desirability of the non-transportation component of any site.

One comment about a possible inappropriate tool ought to be made. Too frequently, it seems, an uncertain market is mistaken for a weak market. As will be stressed below, the latter situation generally requires large doses of public dollars to overcome a deficiency in investment that the market will not and cannot support. An uncertain market, on the other hand, possibly can support such private investment. To invest public dollars before the uncertainty of the situation is removed is potentially very wasteful. If the market proves to be strong, the dollars will never be recovered. An uncertain market cries out for risk assumption and not cost reduction.

c. Public Actions in a Weak Market Situation

The two primary responses of local government to weak market situations should be demand creation and cost reduction. Weak markets, by definition, cannot support private investment in the real estate development component of a joint development. A public objective to promote economic activity adjacent to a transportation facility in such a situation can be realized only if there is an investment, frequently substantial, of public dollars. Both demand creation and cost reduction techniques entail this large public commitment. They are appropriate because they attack the market problem that forbids private investment, namely, a demand price below a supply price.

Demand creation techniques can and should be used in weak market situations. These include public lease of space, user-financing and public improvements. Similarly, cost reduction techniques have a role to play. Property writedowns, tax exemptions, and abatements are the principal ones here.

Other appropriate techniques in weak market situations relate to investment of public dollars in one form or another. They can be differentiated from the most significant public actions in the strong and uncertain market situations by their emphasis on restructuring the market rather than on trying to overcome some imperfection in it. The real problem with weak markets is knowing when it is best for the public sector to do nothing. This topic is addressed in the next section.

THE LIMITS OF PUBLIC ACTION

Available public action in support of joint development can be listed on a continuum beginning with no government action at one end running to public development at the other extreme. A review of cities will probably show a fairly even spread along this continuum. The problem with this spread is that a technique that is available may not be appropriate in the market situation.

Public action must address a specific type of problem, otherwise it can be and frequently is wasteful. The chart at the end of this section graphically identifies public responses suitable for various

market situations. One type of response was excluded--that was the response of no public action. The paragraphs below will correct the deficiency.

Strong market situations with large public or private landholdings around station locations are obviously not in need of land assemblage assistance. If zoning restrictions set height limits that are non-negotiable, as in Washington, D.C., and if major sites already have maximum densities and highest use designations, special zoning may also be unnecessary.

Does this mean there is no appropriate public action in this circumstance? The answer would seem to be no. Transit access assistance is generally appropriate in all markets if joint development is, in fact, a public objective. Providing knock-out panels and building in columns strong enough to support anticipated future development will probably never be a wasted expense. To ignore either the inevitable or desired development use is really the major error of the no-action posture.

Uncertain market situations along with weak market situations call, at times, for no action. If general economic conditions are changing for reasons other than transportation improvement, it may be better to let development opportunities evolve. Uncertain markets on their own frequently lose their uncertainty and become strong or weak. Frequently it is easier for public officials to deal politically with these latter market demand situations than it is with the former.

Exhibit 1

Appropriate Public Actions in Different Market Situation

Issue Paper: Borut

Public Actions

Market Situation

Strong Uncertain Weak

<u>Cost Reduction</u>			(2)
Property writedowns			X
Tax exemptions and abatements			X
<u>Demand Creation</u>			(1)
Public lease of space			X
User financing			X
Public improvements (e.g. convention center, fare free concourse, public garages)		X	X
<u>Land Acquisition</u>	(1)		
Supplementary purchase for transit			X
Supplementary condemnation for transit		X	
Holdout condemnation	X		
<u>Public Financing Mechanisms</u>			
Federal grants		X	X
Special tax districts	X		
Tax increment financing	X		
<u>Risk Assumption</u>		(1)	
Loans		X	
Guarantees		X	
Equity participation			X
<u>Special Zoning</u>	(2)	(2)	
Special District		X	
Bonus or incentives	X	X	
Floating zones		X	
Public Utility Districts		X	
Conditional	X	X	
TDR	X		
<u>Transit related incentives</u>			
Coordinated planning of transit access	X	X	X
Coordinated construction	X	X	X
<u>Other</u>			
Public development			X
Jawboning		X	

Note: The numbers in parentheses represent the most appropriate public actions in the author's view.

TRANSIT CORRIDOR DEVELOPMENT CORPORATIONS AND INTERIM
CONTROL MEASURES

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Prepared as a Background Paper for the
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TRANSIT CORRIDOR DEVELOPMENT CORPORATIONS AND INTERIM
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OVERVIEW

This paper discusses two important issues involved in the formulation of a comprehensive corridor scale joint development program. The first issue involves the full background to what should be considered in the decision of whether or not to establish a Transit Corridor Development Corporation (TCDC). Included in this evaluation is a status report on decisions pending in various U.S. cities (TCDC).

The second issue examined in this paper involves the range of interim control measures and comprehensive planning techniques now being utilized to establish "consensus" long term policy agreements regarding joint development. This evaluation also includes a status report on recent innovations and policy decisions that have been made regarding corridor development control under consideration in other U.S. cities.

I. TRANSIT CORRIDOR DEVELOPMENT CORPORATIONS

INTRODUCTION

A transit corridor development corporation (TCDC) is a special-purpose public or quasi-public development entity.^{1/} The major purpose of a TCDC is to coordinate and package a new development within the station areas of a "fixed" guideway transit system. In order to achieve its basic development coordination function, a TCDC can be organized as either a management corporation or as a "true" ^{2/} development corporation.

Structured as a management corporation, the TCDC would normally be chartered as a development entity operating under the authority and budget control of a municipality. Under this organizational framework the corporation would: (1) manage the assets (i.e. land) and (2) represent the municipality's interests in the coordination and negotiation of private development projects located within the defined transit "corridor" area.

Structured as a "true" development corporation, the TCDC would be chartered as a self-sustaining entity with an independent budget. Under this organizational framework, the TCDC would carry out the same project coordination and land development responsibilities as the management corporation; however, its posture towards the initiation and degree of financial participation in joint development projects would be more active. For example, in this form a TCDC could, under its own authority, issue debentures or secure other types of long-term capital financing to sustain the joint development process.

In concept a TCDC would appear to be a valuable organization that needs to be examined or an optional means to promote and implement joint development project. Before one is established, however, there are several issues for local governments to address. For example:

- What is the locally intended role and function of the corporation?
- What special advantages would it afford over the existing development entities now responsible for community development controls and programs?
- What other public action, such as enabling legislation, would be needed to achieve implementation of a TCDC?

- What local resource commitments and Federal monetary support are available or would be needed to ensure its ultimate success?

Each of these issues are discussed below and related to the current status of TCDC programs now under consideration in several U.S. cities. Subsequently, general observations are provided regarding the future outlook for both the wider acceptance and ultimate success of the TCDC concept.

ADVANTAGES OF TCDC OVER EXISTING AGENCIES, OR, WHY HAVE A TCDC?

Even if the local municipality already has established a development corporation,^{3/} a TCDC has one universal advantage. This advantage is that, with a TCDC, corridor/station scale joint development would be given at least equal, long-term priority in relation to the corridor community's ongoing economic development programs.

Secondly, private sector developers could look to a single entity that would represent the city, or cities in the coordination or packaging ^{4/} of joint development projects. Without a separate TCDC it is likely that the short-term joint development opportunities would still be implemented but the follow-up efforts to secure and coordinate second stage or long-term development would be hindered.

Thirdly, the establishment of a TCDC could also have funding advantages over existing agencies. These advantages relate to the fact that either the prior "track record" or otherwise demonstrable capability of the local government to coordinate and manage the implementation of joint development projects is recognized as a major factor in potential Federal grant awards. In cities with less extensive experience with large-scale community or joint development programs, the creation of a TCDC would (1) provide greater assurance that the joint development project could be successfully carried out and (2) could help demonstrate the "consensus" public sector support for joint development. In cities with extensive experience with large scale community or joint development projects, the establishment of a TCDC would enhance the probabilities of a larger scale or additional long term funding from the Federal government. ^{7/}

Fourthly, through the appointment of the local transit authority director to the TCDC board, the city can obtain the type of ongoing higher level policy "interface" that is necessary to properly coordinate the transit system facility design and construction with joint development activity. Recent experience in all "new start" fixed guideway transit cities has shown that serious joint development accommodation decisions within the transit authority can only be resolved at the executive level of the agency. The director of the TCDC would be afforded the type of executive "access" that would ensure better advance planning and follow-up between the parallel implementation of the new facility and joint development projects. Normally, this desired level of cooperation is extremely difficult to achieve through existing agencies.

Finally, TCDC could cut across city and other local jurisdictional lines--it could provide a forum for coordinated regional development where growth no growth policies could be worked out. This is an arduous process, but in many metropolitan areas, community preservation and economic development proponents have no forum for reaching some coordinated decision; the result is haphazard situations.

MINIMUM "GO AHEAD" CONDITIONS

First of all, unless the magnitude of documentable joint development opportunities related to the committed transportation facility is viewed to be significant, consideration of a TCDC is usually not warranted. For example, if concentrated urban development is likely to occur only at one or two stations and the complexity of the proposed projects is similar to those now carried out by the local community development authority, it would be more appropriate to place responsibility for joint development with the existing entity.

Secondly, an agency should be prepared to fully participate in the TCDC feasibility studies and formally concur in any recommendation for its adoption and implementation. An extremely high level of coordination must take place between the TCDC and the local transit agency. Without a prior understanding of the need for the acceptance of the defined role of the corporation's future, success will be limited or even possibly politically obstructed.

The necessary policy and financial support requirements of a TCDC must be clearly defined at the local government level, prior to the time serious consideration is given to create this type of development entity. Ideally, a "consensus" support decision would be made, based on the results of an overall feasibility analysis ^{3/} participated in by all affected public agencies and segments of the local community.

Background

The institutional aspects related to the establishment of a TCDC range from basic political "acceptance" to, in certain cases, the formulation and passage of enabling legislation. Initially, the most critical institutional aspect is to determine the significance of the advantages a TCDC would have over the agency now responsible for community-wide development programs. Subsequent to the determination of the overall merits of the creation of a development corporation, the issues of functional accommodation by other existing agencies or expanded legal authority can be addressed.

Need for Institutional Accommodation

The legal authority and responsibilities of the TCDC must be established by corporate charter with the full knowledge and concurrence of other existing agencies. Even in matters that would continue to be

handled by other parts of city administration such as zoning, utility connection, etc. the (1) procedural priorities available to the TCDC and (2) means by which future disputes are to be resolved between agencies should be defined and formally adopted.

If the TCDC is, for example, to direct and administer a corridor master plan program, the altered responsibilities of the local city planning department should be agreed upon in advance. In particular, the type of formal representation or procedural inputs that are to be guaranteed in the TCDC in area-wide development planning, Federal grant strategy development, etc., must be identified and incorporated into its adopted management program.

Need for Expanded Legal Authority

To a large extent, the definition of the role and responsibilities of the TCDC will determine the level of expanded legal authority that will be needed to establish the corporation. In many states-- Oregon, California, Pennsylvania, etc.--State legislative approval is needed to create a new development authority such as a TCDC. In an increasing number of states--Ohio, Maryland, Florida, etc.-- special purpose development corporations can be created by local approval and the preparation of a standard corporate charter application. The final determination of the level of expanded legal authority must be made locally.

It is important to note that the (1) calendar time frame required and (2) political prospects of obtaining expanded legal authority will often become important criteria in either defining the role of the TCDC or, even in the final decision, whether or not to establish the organization. Therefore, serious legal investigation of existing local and state statutes should be undertaken early on in the TCDC feasibility evaluation efforts.

Summary

The entire set of institutional accommodation and legal issues must be carefully evaluated during the formative stages of the TCDC feasibility studies. Due to the unique institutional framework and varying legal authority of most cities, the solutions to each of these issues will not be directly transferable to other cities. However, the principles used to resolve conflicts and attain consensus, as well as the procedures followed by cities which implement a TCDC, will undoubtedly afford valuable insights for others considering the concept.

After examining the funding needs and opportunities for establishing and operating a TCDC, this paper reviews the status of cities actively considering or which have already decided to form this type of development corporation.

FUNDING/STAFF REQUIREMENTS

Background

To date, a TCDC has not been established or even formally approved for funding under existing Federal legislation. The only technical bases available to estimate staff requirements or identify funding eligibility are: (1) previously completed ^{8/} or ongoing research ^{9/} undertaken by UMTA or local cities and (2) tentative draft guidelines. However, what has been learned or thus far documented still provides valuable guidelines for cities that are or would consider establishing this type of development corporation.

Funding Requirements

In order to establish and maintain this type of development corporation there are four types of funding support that will be required. The key elements of a comprehensive TCDC financial program should include provisions for: (1) feasibility/policy formulation studies; (2) management/organization evaluation studies; (3) staff recruitment, ongoing legal, and administrative payroll costs and (4) local capital investment funding. In Table I, shown on the following page, the order of magnitude of estimates, tentative of their costs, the available funding sources and the tentatively adopted eligibility criteria to secure their funds are presented for each major program element.

Staff Requirements

During its formative years, the professional staff requirements of a TCDC would typically involve: (1) an agency director, (2) a project manager, (3) a financial analyst, an inter-agency program coordination staff and (4) an appropriate level of administrative (i.e. secretarial, accounting and legal) support. Specialized professional service needs such as appraisal, possibly legal, etc., would probably be contracted for. Initially, site plan reviews and engineering feasibility analysis would most logically be obtained through inter-agency agreements. The actual administrative/payroll budget for a TCDC would be established during the management/organizational study phase of its development. It should be noted that current Federal legislation only provides for financial support to "establish" a TCDC. The eligibility of ongoing administrative costs has not been clearly defined. Under the pending "Urban Initiative Program" legislation a reasonable level of ongoing administrative TCDC costs would be eligible for UMTA funding. However, the proliferation of a larger bureaucratic entity would (1) be discouraged by the pending Federal guidelines and (2) be counterproductive to the success of the TCDC.

Summary

Through existing or pending Federal legislation nearly all TCDC funding requirements ranging from organization studies to capital investment

TABLE I

FUNDING PROGRAM REQUIREMENTS TO ESTABLISH AND OPERATE A TCDC

Issue Paper: Harmon

<u>Program Element</u>	<u>(\$000) Cost Estimate</u>	<u>Available Funding Source</u>	
Feasibility/Policy Studies (i.e. one time)	\$50 - \$75	UMTA (Section 9)	<ul style="list-style-type: none"> ● Approved Study Design ● Committed Fixed Guideway/Intermodal Center
Management/Organizational Studies <u>a/</u> (i.e. one time)	150 - 200	UMTA (Section 6,9)	<ul style="list-style-type: none"> ● Policy Consensus ● Institution Accommodation Commitment
Start-up Costs <u>b/</u> (i.e. one time)	50 - 100	UMTA (Section 3,6)	<ul style="list-style-type: none"> ● Policy Consensus ● Preparation of Approved Management Plan/ Local Match
Ongoing Administrative Costs <u>c/</u> (annual)	200 - 250	UMTA (Section 3)	<ul style="list-style-type: none"> ● Establishment of TCDC ● Local Match
Local Capital Investment Funds <u>d/</u> (ongoing)	2 - 10,000	UMTA (Section 3 80 - 20 match)	<ul style="list-style-type: none"> ● Public Policy Consensus ● Private Sector Commitment ● Local Match ● Local Capability

a/ Including legal fees

b/ Including accounting, staff recruitment, etc.

c/ Includes outside appraisal, financial and legal support.

d/ Eligible capital grant (Section 3). If urban initiatives legislation passes, up to \$200 million will be available for this purpose.

Source: Robert J. Harman & Associates Inc.

needs could be eligible for program support (i.e. UMTA) on a 80-20 match funding basis. Technically, the corporation could be an eligible recipient of any Federal community or economic development program as well as private foundational support. Under any foreseeable circumstances the construction costs of any commercial facility would not be eligible for Federal program support. However, for those joint development project elements that could be classified as "site preparation" costs it is quite possible that Federal grant monies will become available. The commitment of local matching funds equal to at least 20 percent of the total TCDC program costs will be necessary. In addition, the reorientation of local community and economic development practices to support both the TCDC itself as well as any approved joint development project is likely to be required.

The staffing of the TCDC will most likely require recruitment of a specialized group of professionals highly skilled in large scale real estate project "packaging" and implementation. Staff needs beyond that required for administrative support will most likely not be eligible for Federal support.

STATUS OF TCDC PROGRAM IN U.S. CITIES

Background

Currently, there are five or more U.S. cities that made formal decisions to undertake or that are seriously considering efforts to establish a TCDC. These cities include Baltimore, Portland, Jacksonville, Columbus, and Miami. Of these cities, only Baltimore and Portland have advanced beyond the initial commitment to include consideration of a TCDC in their transportation facility implementation program planning. The current status of the TCDC programs in each of these cities is highlighted below.

Baltimore

In January 1977, the City of Baltimore formally submitted a Section 3 grant application to the Urban Mass Transportation Administration for a joint development/value capture demonstration. This grant requested \$10 million for site preparation costs for joint development projects at three stations (Lexington Market, North Avenue and Reisterstown). Also included was a request for \$1.2 million to establish and operate a Transit Corridor Development Corporation.

The Baltimore TCDC is proposed to be organized as a management corporation to function similarly to the successful Charles Center Inner Harbor. It would have an initial staff of three to four professionals supported by outside consulting service. The corporation's role would be to (1) manage the implementation of the three proposed joint development projects, (2) coordinate all future development within the station areas, 10/ and (3) package and foster future joint development projects throughout the corridor.

To date, UMTA has provided an original and an amended letter of "no prejudice" to allow ongoing station construction to be coordinated with

the largest of the three proposed joint development projects (i.e. Baltimore Gardens). Public environmental impact statement (EIS) hearings are now scheduled for August 1978. Subsequent to satisfactory completion of the process, it is expected that UMTA will approve the joint development capital cost and the TCDC funding elements of the Baltimore grant application.

Portland

Under the sponsorship of the TRI-MET, the Portland metropolitan area has completed a study design to undertake a detailed feasibility analysis of (1) a TCDC, (2) alternative corridor scale joint development control techniques and (3) interim development control measures for the Banfield corridor. One of the unique aspects of this evaluation of joint development techniques (including a TCDC) is that all corridor communities and regional agencies are fully participating in the study program from the outset. In the case of the corridor communities the senior heads of government will participate directly in the monthly progress/work sessions. The feasibility program has been founded under an UMTA (Section 9) planning grant. The study will begin this summer and will require six months to complete. If the outcome of the feasibility study recommends a TCDC, the next step will be to apply for funding to complete the management and organizational studies leading to implementation of a TCDC.

Jacksonville

The City of Jacksonville and the Jacksonville Transit Authority (JTA) are currently undertaking a DPM system feasibility study. Unique to all other DPM feasibility and preliminary engineering studies now underway in the United States, a detailed examination of a TCDC was specifically included in the joint development element of their work program. One of the most important outcomes of the feasibility of the overall Jacksonville DPM Program will be the recommendation of the implementation techniques that will be employed to achieve joint development. The prospects that a TCDC will be included as an integral part of this program is now viewed to be very good.

Columbus

The City of Columbus is currently conducting a joint development reconnaissance study in the I-670 corridor. The transportation facility improvements under consideration include: (1) an interstate freeway, (2) High-occupancy vehicle lanes; and (3) light rail. Serious consideration is being given to the creation of a TCDC to package and coordinate future joint development activity in this corridor. Pending the final outcome of the EIS hearings (scheduled for September 1978), a formal joint development program will be adopted. Currently, it is expected that a TCDC will be a recommended part of the overall implementation program.

Future Outlook

During the next 12 to 24 months, at least one and possibly two TCDC's will be established under the Young Amendment provisions of the 1974 Urban

Mass Transportation Act. This approach to corridor scale joint development is especially relevant to cities (e.g. Baltimore, Portland and Columbus) that decided to initiate their joint development programs well in advance of the construction and operation of the transportation corridor improvement. In summary, this concept offers major advantages in ensuring the successful implementation of a comprehensive long-term joint development program.

II. INTERIM CONTROL MEASURES

INTRODUCTION

During the critical period in which a community is formulating its corridor scale joint development program, after the transportation system improvement has been approved, land use speculation and unguided private development often pre-empt many joint development opportunities. Several factors, including: (1) the strength of local market forces; (2) the portion of vacant/developable land within station areas under public ownership or control; (3) the scale of the short term joint development opportunities and (4) the sensitivity of the urban environmental integration issues determine the need for interim control measures.

Based on these factors, varying degrees of interim control measures have been adopted or are under consideration in most "new start" transit cities. In the following discussion, the major types of interim control measures that are suitable for application at the corridor scale, are examined in relationship to their purpose, legal requirements and operational features.

TYPES OF CORRIDOR SCALE CONTROL MEASURES

The types of corridor scale development control measures range from the extreme of a complete development moratorium to traditional types of master planning. Quite often special area control measures such as sector planning serve as corridor development control measures. This occurs when these tools are applied at all stations to provide support for a comprehensive corridor development strategy. This latter type of control measure is generally more politically acceptable and in many instances, can achieve the same result as more stringent types of controls.

The purpose, legal requirements and operational features of the six most prevalently used (or considered) types of corridor scale control measures are presented in Table 2, shown on the following page. Even when the type of control measure is selected, local policy considerations and community input will determine its duration, and geographic coverage. It should also be noted that there is a considerable amount of flexibility regarding the level of control that is established through the application of any of these types of corridor development control measures.

The selection of the type of corridor scale control measure should take into account (1) existing legal powers, (2) the magnitude and timing of "indeed" market pressures, and (3) the calendar time frame required to formulate a corridor scale joint development strategy and program. For example, if the joint development planning efforts begin late in the system construction process and immediate public sector

TABLE 2. INTERIM CONTROL MEASURES

<u>Corridor Content Measure</u>	<u>Purpose</u>	<u>Legal Requirements</u>
1. Moratoriums	<ul style="list-style-type: none"> ● Complete freeze on all new development 	<ul style="list-style-type: none"> ● Consensus political decisions by corridor communities ● Enabling state legislation unless now available
2. Masterplanning	<ul style="list-style-type: none"> ● Undertake a comprehensive revision of zoning, public infrastructure plans in relation to a staged development strategy 	<ul style="list-style-type: none"> ● Consensus policy decision by corridor communities ● Application of existing legal authority
3. Joint Powers Agreements	<ul style="list-style-type: none"> ● Increase the effectiveness of existing local development controls by concentrating on combining existing legal authority 	<ul style="list-style-type: none"> ● Consensus policy decision by corridor communities ● Preparation and execution of a contractual agreement between all affected jurisdictions or special purpose entities
4. Sector Planning	<ul style="list-style-type: none"> ● Strengthen and revise existing zoning controls within corridor areas 	
5. Urban Renewal Districting	<ul style="list-style-type: none"> ● Immediately apply urban renewal district controls and legal powers to all station areas in accordance with comprehensive development strategy 	<ul style="list-style-type: none"> ● Revision of existing zoning code or policy decision by general purpose governments
6. Benefit Assessment Districts	<ul style="list-style-type: none"> ● Allow all development to proceed, with knowledge that projects will be subject to stricter planning requirements and special types of tax levies 	<ul style="list-style-type: none"> ● Consensus political decision of each municipality ● Enabling state legislation unless available ● Full public hearing process with affected land owners

SOURCE: Robert J. Harmon & Associates

action is required, then there is no time to seek enabling legislation for any new type of controls. Similarly, existing legal authority may be the only means to establish interim controls until comprehensive planning can be completed. In general, the more stringent types of controls should only be considered for very high growth corridors.

REVIEW OF RECENT OR PENDING CORRIDOR CONTROL DECISIONS

Several of the cities most actively involved in joint development program planning have recently made decisions regarding interim or long-term transportation corridor development control measures. The following discussion reviews the background and expected results of these decisions.

Baltimore

In July of 1977, the City of Baltimore designated all nine rapid transit stations on the Phase A-1 system as general districts. By this action all future private development was "automatically" required to be in compliance with the station area master plans that were being developed for each station. This decision provided both interim and long-term control within the context of a comprehensive corridor development strategy.

Results

The decision has allowed the city time to complete its station area master plans and receive community input before finalizing either station designs or circulation plans. At the same time unwarranted speculation at or near station areas has been reduced and private sector development plans can proceed within a consistent public policy framework.

Montgomery County

The Maryland National Park and Planning Commission has recently completed the sector plans for each of the twelve WMATA stations located in Montgomery County. This sector planning effort was initiated under special enabling state legislation passed in January of 1973. No zoning change decisions were allowed in the designated station area until the sector plan was completed and formally adopted. High, medium and low growth stations were also defined.

The traffic capacity of local streets and the general goal of refocusing high-density development nearer to "high growth" station areas were the major parameters used to allocate the revised estimates of station area holding capacity.

Results

The resolution of local community concerns regarding high density development required a longer time period than was originally envisioned. As each sector plan is adopted, however, private development can proceed within a consistent public policy framework. It should be noted that each sector plan has been approved well in advance of any station opening. In addition the individual sector plans will be automatically reviewed every three years to take into account changes in local market or traffic conditions.

The City/County of Honolulu

The City and County of Honolulu has this past month prepared a draft set of comprehensive corridor zoning regulations for the proposed alignment row of the HART rapid transit system. This development control measure will allow an orderly coordination of future development within the context of adopted station area master plans.

Expected Results

When implemented, this corridor scale control measure will reduce unwarranted speculations and provide a realistic basis for private sector investment planning.

Portland

In July of this year, the Portland metropolitan area will undertake a comprehensive feasibility study of both the TCDC concept and a full range of interim control measures from sector planning to moratoriums. The significance of this study is that all corridor communities are fully participating. In addition, it represents the earliest time in the implementation schedule of a major transportation facility in which comprehensive evaluation has been made of corridor scale joint development implementation techniques.

Future Outlook

Ultimately the decision regarding either interim controls or long term coordination measures establishes the basic policy framework for the corridor communities' overall joint development program. Therefore, the timing and outcome of this decision is very critical to the program's success. Both from the public and private sector viewpoints, the earlier this policy evaluation begins the (1) better the "public interest" is served and (2) the greater the overall economic returns will be to the system and the city.

In my view, this policy formation process should begin at or before the start of the preliminary engineering phase of transportation system development. When this occurs, joint development packaging can be undertaken soon enough to prevent construction delays. In addition, it then will be viewed and accepted as a cooperative rather than an antagonistic input to the station location and design process.

- 1/ As defined in the Young Amendment contained in the 1974 Mass Transportation Act.
- 2/ Meaning one required to become financially self-sustaining.
- 3/ Three of the cities (Baltimore, Columbus and Jacksonville) that have decided to, or are most actively considering creating a TCDC, have existing development corporations or authorities.
- 4/ Land assembly, property negotiation, lease term negotiations and project approval.
- 5/ Especially through the addition of senior staff experienced in private sector project packaging and coordination.
- 6/ This is especially true in the case of the pending Urban Initiatives Program funding (\$200 million per year) prepared by the Carter Administration for joint development under the Urban Mass Transportation Administration.
- 7/ This type of regional forum "consensus" model evaluation of a TCDC is now underway in Portland, Ore.
- 8/ See "Joint Development Implementation Strategies and Techniques" report prepared by AMRA (1977) for the Urban Mass Transportation Administration.
- 9/ Especially the direct city consultation work now being conducted by the Rice Center Joint Development Team.
- 10/ Baltimore declared all station areas as renewal districts by City Council action in July of 1977.

SOCIAL AND ECONOMIC OPPORTUNITIES IN JOINT DEVELOPMENT

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Prepared as a Background Paper for the
JOINT DEVELOPMENT MARKETPLACE
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The views expressed in this paper are those of the author and do not necessarily reflect the views of the Urban Mass Transportation Administration, the Urban Consortium, the Urban Land Institute or Public Technology, Inc.

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INTRODUCTION

People, rail, brick, and mortar are the prime elements in joint development and urban revitalization. The architect's and engineer's plans, the draftsman's T-square, and the builder's trowel have achieved excellence in the structural improvement of the physical environment. For the most part, however, developers have not done as well in improving the human side of their creations.

Transit is a catalyst and a stimulator of physical and economic development; it is also a catalyst and stimulator of social development.

Urban Mass Transportation Administration (UMTA) assistance to public bodies in carrying out mass transportation projects covers a range of activities which result directly in new transit facilities, transit malls, rehabilitation and refurbishment of existing stations, pedestrian walkways, and indirectly in business communities, residential areas, and recreational facilities. The funds used in making these public improvements have a multiplier effect, not only in the fiscal sense, but in the broader social sense as well. Transit-related development provides new opportunities for local participatory planning, employment, and minority business. By capitalizing on these opportunities, joint development and urban revitalization programs can achieve the social objectives that have eluded past Federal efforts to produce economic stability and improve the quality of life in cities.

The UMTA joint development effort, however, has not so far focused adequate attention on the human, economic, and social potential which is created by urban revitalization projects. When the first UMTA joint development conference was convened in September 1976, there was considerable discussion of station impact, slum clearance, new activity centers, high density concentration around stations, and corridor development. Conversely, there was little discussion of people involvement from Day One to the completion of structures and about what happens to people in the redeveloped space and the contiguous area after the builder has vacated the site.

In the nearly two years since the first conference, increasing emphasis has emerged on the relationship of urban revitalization to local governments, neighborhoods, and voluntary associations. President Carter, in his new urban initiatives, New Partnership to Conserve America's Communities, has stated that the objectives of Federal assistance are to arrest and reverse the deteriorating infrastructure of core cities which causes economic decline and population migration. Three of the six principles of the new partnership are people-oriented:

- To involve all levels of government, the private sector, neighborhoods, and volunteer associations.
- To increase access to opportunities for disadvantaged people.
- To focus resources on conserving existing communities.

To carry out these principles the President proposes to:

- Provide employment opportunities for long-term unemployed and disadvantaged persons in urban areas.
- Encourage States and neighborhood groups to become partners in urban revitalization.
- Improve the physical environment and cultural facilities in urban areas by producing additional assistance for housing, mass transit, the arts, and recreation.

The Administration's position on urban conservation offers a new opportunity for UMTA to rewrite its chapter on the nontransportation impact of transit decisions, to make decisions which take into consideration the economic, political, and social effects of mass transit on the quality and form of urban life. States, cities, developers, and a cast of urban participants must negotiate, under Federal leverage, a means of bringing about a more equitable distribution of involvement and benefits to urban dwellers in the community rehabilitation process.

There are three areas in which action must be taken in a specific and timely manner to assure that the people's interests are realized:

- Participation of local neighborhood organizations and cities in planning, site selection, transit station design, and resulting area development.
- Employment and training, through setting aside jobs and the provision of training for unemployed and disadvantaged youth.
- Provision of opportunity for minority businesses to reach their full potential.

PARTICIPATION

Penetrating the business participation cycle by citizens in core cities is no easy task. The planning, financing, and construction communities are a tight-knit fraternity with protectionist patterns that make change and inclusiveness difficult. Moreover, many of the participatory programs which resulted from the Great Society and New Federalism programs of the last dozen years have left developers with a negative view of the merits of citizen participation. Many experimental efforts at community involvement were fragmented and poorly coordinated, primarily because these efforts were understaffed, underplanned, and underfinanced.

There is substantial evidence to show, however, that where social and human development values are given equality with the development of physical facilities, and where staffing, planning, and financing are adequate, effective group participation occurs.

The salient element, however, is timing. Participation must begin at the beginning, and be inclusive in each phase of the process. Through participation on representative boards, citizens must be part of the planning, design, and approval process. Advisory committees must participate in site selection and in economic and social impact analysis. These groups must be involved in the establishment of community development corporations and other community-based economic infrastructures to carry out urban revitalization during and after the transit construction is completed. These recommendations, properly applied, will go a long way in humanizing joint development.

EMPLOYMENT AND TRAINING

The major metropolitan areas of this country contain a high concentration of minority and disadvantaged unemployed youth and adults. Many of these metropolitan areas are already recipients of UMTA funds to improve mass transit and to revitalize their areas. Without a doubt, these transit improvement program investments have a major employment impact. The Department of Transportation estimates that each billion dollars of transit funds results in up to 83,000 person-years of employment.

Several of the recent major UMTA funding commitments have included requirements for employment and training opportunities for minorities and unemployed youth. These efforts should be expanded through concurrent action by local transit authorities, joint developers, and local governments:

- To establish apprenticeship training programs.
- To develop additional manpower training programs to assure skills for the operation of transit systems.
- To set a percentage goal for the employment of unemployed youth.
- To employ residents of target areas.

These programs should be a part of a planned effort to make the system work for the unemployed urban dweller by making him or her part of the system. This simplistic axiom takes more than sloganeering to make it work; it requires the system to deliver training skills and to provide gainful employment to the ultimate beneficiary--the unemployed.

The Department of Labor encourages the establishment and expansion of apprenticeship training programs based upon the size of the construction project and the projected manpower needs of the area over a period of time. These projections are made so as to assure that adequate skills are available when public works projects are begun. Therefore, public bodies must consult with the Department of Labor and local apprenticeship training councils to ascertain the necessary level of participation to meet the construction requirements before joint development projects are underway.

The construction of transit stations, pedestrian walkways, office buildings, and the development of the surrounding area generates new categories of occupational needs. Additionally, the initiation of rail rapid transit service requires the training and deployment of new technological skills. The magnitude of the training needs and the critical construction path require careful planning and coordination with all elements--Federal, State, city, and community--at an early point in the planning process.

The establishment of employment goals for affected classes of Americans in the construction industry work force is an accepted practice. In joint development and urban revitalization this requirement is the single most important factor in assuring benefits to the ultimate beneficiary--the unemployed. The establishment of realistic employment goals at the local level by UMTA grant recipients in consultation with local groups reviewing local conditions is the best way to assure acceptance and understanding of the objectives of the employment program.

When major long-term construction projects, such as transportation complexes, are undertaken in a neighborhood, it is recommended that residents of that area be given some job preference. This site-specific employment creates economic stability in the area, minimizes disruption and inconvenience, and promotes project acceptance.

These employment programs can be carried out through the establishment of new programs and the review of existing programs in conjunction with schools, private nonprofit organizations, apprenticeship training councils, etc. UMTA has and will continue to participate in the cost of these project-related programs.

OPPORTUNITIES FOR MINORITY BUSINESS ENTERPRISES

The establishment of sound business firms is a challenge to anyone, but it is an even greater challenge to minorities and women. Recognizing the importance of a viable business structure to the minority community, as well as the potential offered to minority entrepreneurs by UMTA-assisted transit improvement projects, UMTA has already gone far in defining specific requirements for the utilization of minority business enterprises (MBE's). The transfer of the UMTA MBE principles

to joint development and the guidance and technical assistance available make accomplishment in this area highly likely.

It is important to plan for MBE participation at an early stage in the development process. MBE's are available to carry out many of the categories of work which are required to plan, design, and construct the transit system and the buildings resulting from joint development efforts. Moreover, the redeveloped area will encourage the establishment of additional minority-owned firms to serve the community. Finally, minority banks can provide the full range of services offered by other banking institutions and can thus be used for joint development investments. These various types of minority business participation will greatly strengthen the community.

In order to achieve full participation of minority and women-owned firms in joint development projects, special programs must be established. These firms face problems in bonding and cash flow which must be addressed. Lowered bonding requirements, staged bonding, and wrap-up bonding are some ways to assist MBE's in overcoming their bonding difficulties. The establishment of local minority enterprise small business investment companies (MESBICs) and assistance in the formation of joint ventures and in the development of loan packages can aid these firms in meeting their cash flow and start-up money problems.

Goals for the utilization of MBE's can and should be established. Requirements by UMTA that its grantees establish and meet realistic goals and the concurrent requirements by grantees that their contractors meet these goals has proven to be the most effective mechanism for insuring MBE participation in UMTA-assisted activities. To ensure that these goals are given adequate consideration in the contracting process, UMTA is requiring that compliance with the MBE requirements of bid specifications be a condition of responsive bidding. In this way, MBE participation is as important a factor in bidding as are technical considerations and the level of MBE involvement in the contract is known when the bid is submitted.

Finally, efforts to encourage MBE's to locate in the revitalized area will increase acceptance of the project and strengthen the community. A coordinated effort, by the State, city, and minority and non-minority business community, with the support of UMTA, to involve MBE's in all phases of the revitalized effort, can lead to substantial gains for MBE's and, as a result, increased economic stability in the local community.

CONCLUSION

In the months ahead, the UMTA Office of Civil Rights will provide in greater detail the guidance necessary to assist State and local governments, developers, and neighborhoods in assuring full participation in the benefits of joint development.

Joint development provides us with the opportunities for constructive change, greater participation of development decisions, the sharing of business with minorities and women, gainful employment for the unemployed, and the fostering of project acceptance. All of these are enormous benefits to our society. By properly undertaking joint development, we can improve our human value system, upgrade our communities, preserve our free enterprise system, and strengthen our democratic ideals.

MINORITY BUSINESS PARTICIPATION IN TRANSPORTATION SYSTEM
JOINT DEVELOPMENT

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Prepared as a Background Paper for the
JOINT DEVELOPMENT MARKETPLACE
June 25-27, 1978

The views expressed in this paper are those of the author and do not necessarily reflect the views of the Urban Mass Transportation Administration, the Urban Consortium, the Urban Land Institute, or Public Technology, Inc.

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NATIONAL MINORITY TRADE AND PROFESSIONAL ASSOCIATIONS

INTRODUCTION

Minority-owned businesses remain an untapped resource for public and private joint development for a variety of reasons: developers' unfamiliarity with the minority firms and vice versa; the lack of effort to do business with these firms; and effects of discrimination. Private developers do not know who the minority firms are, what their capabilities are, and how they can be an asset to a development project.

In fact, many major developers and prime contractors view the subject of minority enterprise participation as just one more obstacle to efficient implementation of a project. Unfortunately the call to increase minority business involvement has been considered as another plea for charity or a new form of a dole.

Actually minority firms are motivated to provide quality services and products and thereby to make a profit, just as are non-minority firms. No black or hispanic individual in his or her right mind would invest thousands of dollars of savings, hard work and the total effort necessary to establish a viable business without expecting to perform well and to benefit financially as a result. The concept of contracts being "given" to minority firms is totally contrary to the actual experience of these firms.

Increasingly, public agencies are imposing more stringent requirements for contractors and other recipients of public funds to take affirmative action assuring minority businesses an equitable opportunity to compete for work. In some instances, local laws and regulations require recipients of funds or prime contractors to meet set goals for minority business participation. In addition, local agencies are required to adhere to Federal regulations for minority business participation when Federal funds are involved.

In March of this year, the Urban Mass Transportation Administration (UMTA) issued stronger requirements for grant recipients (local public agencies). These requirements, delineated in UMTA Circular C 1165.1, include provisions that grant recipients must establish percentage goals for the dollar value of work to be awarded to minority firms, set procedures to ensure that these firms will have an equitable opportunity to compete for contracts and subcontracts, and maintain records of their efforts. Prime contractors are required to set goals for minority firms and to include in their bids the names of minority subcontractors, and the scope and dollar value of the work to be performed.

The more stringent requirements at both the Federal and local levels stem from the fact that discrimination in contracting on the basis of race and sex prevailed despite general regulations to the contrary. Less specific requirements did not result in significant change.

These requirements also reflect the increased political clout of the minority business community at both the Federal and local levels. Working through their own trade associations, minority political organizations and the major political parties, minority firms are successfully influencing elected officials to place a greater priority on assuring that these firms have an equitable opportunity to participate in economic development.

This political involvement of minority firms can be an asset to a development project when these firms are included in the development team. Their lobbying for a particular project can help obtain the cooperation and financial benefits of local agencies in a timely fashion.

The lack of communication between developers and minority businesses goes both ways in that the key decision makers in private development firms are strangers to minority businesses. Often minority firms with relevant expertise do not have timely knowledge of business opportunities and are unfamiliar with the way in which developers do business.

Yet there are many viable experienced minority firms that can contribute to the planning, design and construction phases of development projects. Even though the need for improvement of minority business participation in contracting remains, during the past 10 years minority firms, particularly architecture and engineering and construction firms, have experienced considerable growth. Thus, developers of major ventures can turn to experienced minority firms and it is not necessary to seek out brand new minority firms.

The fact that many of these firms have performed Federal jobs can also be advantageous to a developer or construction manager, since the firms are already familiar with Federal requirements. If the venture entails public funds, these firms know the paper work requirements and restrictions of some Federal agencies. In general, the inclusion of minority businesses in development will enhance and expand the resources available for profitable development.

In recognition of the lack of experience of developers with minority firms, this paper offers practical suggestions for including minority firms. The following discussion briefly outlines:

- What a minority firm is.
- How to identify minority businesses with experience relevant to proposed ventures.
- How to set goals for minority business participation.
- How to assist minority firms with cash-flow problems.

- How to provide technical assistance to minority firms.

WHAT IS A MINORITY-OWNED BUSINESS?

A minority-owned business is an enterprise that is owned and controlled by one or more socially or economically disadvantaged persons. A specific definition is stated below:

A minority-owned business is a business of which 50 percent is owned by minority group members, or in the case of a publicly owned corporation, 51 percent of the stock is owned by minority group members.

Minority group members are identified as: Black Americans; Hispanic Americans (including Mexican Americans, Puerto Ricans, and Cubans), Oriental Americans, American Indians, and Alaskan Natives.

This definition may seem obvious, however, there have been attempts to circumvent minority-owned business requirements by misrepresentations of the true ownership of a firm. One way to help avoid phony representations is to require the firm to provide a written statement identifying the firm's owners by name, percentage of stock held by each owner, and the race or ethnic origin of the minority owners.

How to Identify Minority Businesses with Relevant Capabilities

In order to identify minority firms with capabilities relevant to a particular venture, it is practical to obtain information on several minority firms indicating their general capabilities; prior work experience, including the names of clients, scope of work performed and the dollar amounts of contracts; average annual volume of business; locations in which they are licensed to work, etc. This information would assist a developer, construction manager or local agency in making a preliminary assessment that discussions or bids from those firms would be worthwhile to both the client and the minority business. Clearly the depth of this information goes beyond a simple listing of names and addresses of minority firms.

There are several ways to obtain detailed information on the capabilities of specific minority firms in a fairly short amount of time. One of the fastest methods is to contact a minority trade association which will provide information on their members, and, if desired, circulate information on an opportunity to bid or negotiate a contract. Attached is a list of minority architecture, engineering and construction trade associations with addresses and telephone numbers of key contact people. Many of these organizations have been strong advocates of minority business participation in transportation and real estate development and have worked closely with both Federal and local agencies to identify minority businesses.

Other sources of information on minority firms include:

Small Business Administration Local Offices

In addition to its loan program, SBA certifies small businesses for a set-aside program for Federal procurement, referred to as the "8(A)" program. Many minority businesses have been certified for this program. SBA helps the "8(A)" firms to market their services not only in the Federal sector, but also encourages marketing in the private sector. In order to be certified a firm must provide detailed information on ownership, financial viability, credit information and prior work experience. The data is updated periodically. Hence SBA has detailed knowledge of these firms and will refer developers to particular minority firms upon request.

Office of Minority Business Enterprise, U.S. Department of Commerce

OMBE funds local agencies to provide management, marketing, and technical assistance to minority firms. Some of these agencies have worked closely with local agencies to identify minority firms and to provide assistance after contracts have been obtained. The Department of Commerce prints a directory of the funded local agencies.

UMTA Minority Business Data Bank

As a part of its effort to strengthen its minority business program, UMTA initiated in 1977 a computerized data bank of minority business capabilities. While the data bank was principally created for UMTA's own use and for local public transit properties, the information is available to the public at a nominal cost. The data bank contains information on each firm's prior experience, including the names of clients, scope of work performed, dollar amount of the contract, gross receipts, bonding level, etc. Prior transportation work is identified. The data bank primarily includes architecture, engineering, construction, CPA, and manufacturing firms, although other types of businesses are included. Developers or local agencies interested in obtaining information about the data bank may contact UMTA's Office of Civil Rights.

Interagency Council on Minority Business

This Council was established to coordinate activities in the Federal Government regarding minority businesses. Although its major responsibility is Federal, a major thrust of the Council is to encourage minority business procurement in the

private sector. The Council plans to create a centralized data bank of capability information on minority firms reflecting the experience of all of the various agencies by the Fall of 1978.

State and Local Directories of Minority Businesses

In some geographic areas, detailed capability information on minority firms is compiled in directories. However, in some cities this information is too superficial to be of practical use. Local governments may be contacted for information on minority business directories.

HOW TO SET GOALS FOR MINORITY BUSINESS PARTICIPATION

The purpose of setting goals is to establish a benchmark for implementing commitments to offer opportunities to minority firms to compete for work within a specified time frame. Adequate planning is critical to the success of minority business participation, just as it is to any other aspect of a development project. In order to be successful, goals for minority participation must be closely related to projected procurement needs of the proposed venture.

The minority business community encompasses firms with capabilities related to the various phases of development: planning, design and construction. In setting goals, developers should consider their projections for contracting and the capabilities of minority firms. Based on this information, practical goals may be established for minority business participation. Prior to implementing each development phase, the developer and its prime contractors should conduct an outreach effort to identify minority firms using the methods previously discussed in this paper.

Factors found to contribute to successful minority business goal setting are:

- Goals should be based on projections of contract awards determined from the venture planning process.
- Goals should be expressed as a percentage or dollar amount of total contracts projected to be awarded to MBE's.
- Goals should reflect the full range of procurement activity and not be confined to only one area, such as construction.
- Different goals may be set by type of procurement, e.g., one goal for architecture and engineering firms, another for construction, and a third for purchasing.
- Achievement of MBE subcontractor goals specified by the developer should be required of prime contractors.

- Goals may be related to the availability of MBE's.

Goals that reflect these considerations constitute one of the most important steps leading to effective minority business participation.

HOW TO ASSIST MINORITY BUSINESSES WITH CASH-FLOW PROBLEMS

One of the most serious problems faced by many minority businesses once they have been selected for a job is having sufficient cash-flow. A developer can assist in the solution of this problem in several ways. Progress payments at stipulated intervals can be provided. Also, a developer's connections with banks and insurance companies may help minority firms obtain lines of credit and other financial assistance from the lending community.

Minority Enterprise Small Business Investment Companies (MESBICs), which exist in many areas of the country, may be useful in providing financial assistance to a minority firm. The developer or construction manager's endorsement of the minority firm's request for financial assistance may be a significant factor in gaining approval of assistance from MESBICs.

HOW TO PROVIDE TECHNICAL ASSISTANCE TO MINORITY BUSINESSES IN COMPLETING A JOB

Every developer has a particular way in which he does business and has a preference for particular procedures. At the beginning of a contract with a minority firm, the developer or construction manager should brief the firm on the requirements and procedures. Periodically the work of the firm should be monitored so that problems can be identified early. The experience of the developer may be quite valuable to the firm in solving problems. Communication between the manager and the firm will avoid design or construction delays.

The techniques for developing successful minority business participation in joint public and private ventures can only be highlighted in this paper. It is hoped that these recommendations will stimulate further exploration of this subject. Increased participation of the minority business community in public and private development will strengthen the economic viability of the country and enhance confidence in the capability of the private sector to employ initiatives resulting in economic and social progress.

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URBAN DEVELOPMENT AND URBAN CONSERVATION:
CONFLICT AND ACCOMMODATION

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INTRODUCTION

How do we induce the private sector to return to cities and invest in ways that create jobs, profits, and economic growth? The answer in the Administration's urban policy initiative involves government, the private sector, and the residents of America's communities and neighborhoods.

Two Federal agencies with sizable funds for cities have come forth with versions of such partnerships: The Department of Housing and Urban Development's Urban Development Actions Grants (UDAG's) and the Department of Transportation's joint development program. The Economic Development Administration and other Federal agencies, as well as many cities and States, are reassessing their activities in stimulating urban economic development. The potential funding is quite large, especially when the additional private dollars the programs intend to attract are taken into account.

The dialogue about these programs has so far largely focused on two members of the partnership, the private sector and government. The issues being hammered out revolve around what government has to provide--in grants, loans, guarantees, tax incentives, the streamlining of regulations, and so forth--to convince the private market to invest in job-creating ventures in urban places it would otherwise avoid. This is admittedly a formidable enough challenge. But it is not enough.

If we have learned anything about cities in the past decades of governmental intervention in urban policies, then an even more difficult question has to be raised that goes beyond "how" to "what". What kinds of development do we want? What kinds of cities do we wish to encourage with public money and public stimulus?

The lessons of an older partnership between the public and private sector--urban renewal--should remind us that the answer cannot be limited to private profits and jobs, important as these are. Urban renewal did spur some good projects and did create jobs and economic activity. Yet, because of the legacy of what was and what was not built, the program today is judged as a failure.

The questions about "what" are most likely to be raised by the third element in the economic development partnership--the residents. The rumbles from residents have already begun, in fact, in the criticism by neighborhood groups over the first beneficiaries of the UDAG grants and in localized community debates over the impacts of subway construction in Washington, Atlanta, and Baltimore.

CONFLICTS AMONG THE PARTNERS

Item: Of 50 UDAG grants to "improve the quality of life in our vital urban centers," totaling \$150 million, seven involved direct aid for building hotels and seven indirect aid to projects which

include hotels as major elements. Most involved large new center-city construction. Neighborhood spokesmen protested the emphasis on brick-and-mortar projects that would change the downtown skyline and involve major developers.

Item: In Baltimore, Maryland, the Urban Mass Transportation Administration is considering the funding of a joint development project. The city has developed plans for a posh shopping center, Baltimore Gardens, adjacent to a new subway stop in the heart of the now-blighted retail district. Federal money is to pay for acquisition and clearance of the site, including demolition of several viable small businesses, and buildings that preservationists believe meet the criteria for listing on the National Register. Final agreement between the Federal government and the city has been delayed while a detailed environmental impact statement is prepared considering the architectural merits of the structures on the site and setting forth alternatives to the city's plan.

Item: In Friendship Heights, District of Columbia, private developers created a multimillion dollar retail center around a Metro station being constructed in the midst of a settled affluent community of single-family homes. Following a local uproar, the area was down-zoned and replanned. Developers believe they have been unfairly deprived of building rights. The result is a new major shopping area bereft of pedestrian amenities, design integration with transit, or adequate parking.

In these three examples, residents have been sharply critical of the decisions reached as a result of public-private sector planning. In the first example, they questioned the kinds of jobs and development involved; in the second, the use of Urban Mass Transportation Administration grant funds to tear down valued older buildings and viable businesses; in the third, the lack of planning for the joint impacts of a transit station and a sizable new retail center in a settled community. Such controversies should really come as no surprise.

In raising such questions, residents are not necessarily right, nor do they necessarily speak for all the residents who may be affected. However, the questions they raise are legitimate ones not likely to be aired without their involvement. In each instance, public officials and private developers have been anxious to get projects underway and ways of securing the views of the residents have not been clearly worked out.

In Toronto, Canada, a more serious confrontation occurred in the early 70's in response to the high-rise commercial-retail development in the downtown area adjacent to the city's subway. The coordinated public planning and incentives which facilitated this dense development are often praised by U.S. planners. Toronto residents were sufficiently displeased, however, to topple the then-mayor and elect new city officials committed to reversing these policies. A moratorium on high-rise deve-

lopment ensued, along with a strengthening of neighborhood sentiment and a review of the kind of development public policies should encourage.

The city's new plan down-zoned the central area of the city. Explaining the change, Toronto's planning board said the new plan, "rather than encouraging wholesale massive change and demolition..., attempts to strike a balance between accommodating desirable growth and change on the one hand, and maintaining those aspects of the area which are perceived at this time to be worthy of retention and enhancement; its neighborhoods, its distinctive views, streetscapes and buildings, and its diversity of people and opportunities." ^{1/}

Further, following extensive public debate, the transit system is being expanded with light rail (trolleys), in part to ease the pressure for high-density development of land adjacent to the transportation system.

Given these conflicts, it is not surprising that public officials should be somewhat sensitive about involving citizens. The processes have been imperfect even when one Federal agency and one program was involved. The complexities of the new urban development initiatives, particularly joint development, and the need to involve the private sector, will make the issues of timely and effective community participation much more difficult.

It is in everyone's interest that the concept of partnership reinvestment in cities be given as much chance to succeed as possible. To do so means addressing the issue of involving citizens, and not only because they can be effective spoilers. Citizens have been demonstrating their capacity to move beyond negativism to constructive involvement, and their participation is both legitimate and necessary. The question is not how long the experts can avoid controversy, but rather whether the inevitable differences will result in divisive confrontation and conflict, or be resolved through processes that acknowledge the validity of differing views and attempt to reach negotiated settlements.

WHAT IS THE PUBLIC INTEREST?

The fundamental question about whether neighborhood sentiments should be incorporated into government actions that affect their lives was presumably settled decades ago, when urban renewal was brought to a halt as the gap between its stated objectives and the realities widened beyond political acceptability. An early critic of the urban renewal program, J. Clarence Davies, III, saw back in 1966 that the involvement of neighborhood groups did not so much kill urban renewal projects in New York as expose the vulnerability of their premises. While residents

^{1/} City of Toronto Planning Board, Central Area Plan Review Part 1, Summary, October 1975, p.4.

did delay projects and had partial views of the city's needs, Davies observed that "the perspectives of the experts, however, were also limited." He concluded, "A unitary conception of renewal goals is both unfeasible and undesirable. A compromise among the different interests is necessary." 2/

The fundamental ingredient of success in working out compromises among different interests, according to a recent study of citizen participation in transportation planning, is an open process. The report defines such a process this way:

Openness means that the purpose and the content of the process, as well as the schedule for doing it, are described as clearly and concretely as possible--the decisions that have to be made, the information that will be used to make them, the choices which are and are not open for consideration and why, and the time when different steps are necessary or desirable. It means the "ground rules" are clearly laid out, especially about who makes decisions and on what basis. Openness means that planning is done publicly, to the maximum extent possible--because the decisions that are to be made are public business....Such openness does not guarantee that there will be trust or agreement between planners and public, but it does help to ensure that what conflict does take place will be over the real issues rather than over the question whether an honest intent to resolve them is the real objective of the process. 3/

Of course, such openness is an ideal rarely achieved--or sought. The view too often persists that citizens are spoilers rather than partners.

Joint development raises the issue of public participation in the context of a program with multiple goals, innovative ideas about attracting the private sector, and the need to involve different government programs and levels of government with varying regulations and requirements. Involving the community as a legitimate, even equal partner in this, it must be admitted, raises issues not at all easy to resolve.

2/ J. Clarence Davies, III, Neighborhood Groups and Urban Renewal, (New York: Columbia University Press, 1966), pp. 210-212. Dr. Davies is now Executive Vice President of the Conservation Foundation.

3/ U.S. Department of Transportation, Federal Highway Administration, Effective Citizen Participation in Transportation Planning, Vol. I, 1976, pp.8 and 9.

So far, there are not many signals about how these will be addressed. The definitions in background material reviewed for this paper stress the striking of a deal between public officials and the private sector--not quite the partnership advanced by the President. Federal and local officials, along with citizens, interviewed were vague about the process, and indicated many unclear notions about the concept of joint development itself.

The existence of ambiguities and uncertainties in a new program is not unique to joint development, of course. The ambiguities do, however, underscore the need for careful scrutiny of the public purpose of what is proposed as joint development with the aid of public resources.

For example, a city may decide that it would be a good idea to have high-density development coordinated with a transit improvement to reverse blight in its downtown core. Is the purpose to create land values to "recapture" for the public? What if the city has to write down the land costs significantly and give substantial tax abatements to attract a developer? The prospects for recapture from the adjacent land may evaporate. Is the purpose to create customers for a high-capacity transportation system? Then public funds may be heavily subsidizing a costly transit station as well as the development around it, each presumably justifying the other. If the idea is, more broadly, to create a climate in which private investors will participate in revitalizing cities, increase the tax base, and so forth, then a range of options can be considered, depending on one's view of what urban revitalization is, whom it is for, and what activities, and related transportation improvements, promote it. The involvement of citizens will probably modify the ideas that public officials and the private sector come up with.

THE DIFFERING PERSPECTIVES

Neighborhood pressures, according to Davies, resulted in at least three major changes in New York City's urban renewal program: (1) an increased emphasis on rehabilitation, (2) an abandonment of the principle of developing urban renewal sites to their highest economic potential, and (3) an increased emphasis on improved relocation procedures. ^{4/}

In the decade that has followed Davies' analysis, the major directions of neighborhood thinking have not changed significantly. Indeed, the constituency has become stronger. Today in many American cities there is considerable interest in historic and older buildings, a preference for low scale, and a sensitivity to the displacement of people,

^{4/} Davies, Neighborhood Groups and Urban Renewal, P. 212.

especially by government action. These concerns have more legal recognition and political backing now. The private sector and public officials still tend to produce economic development projects that are both large and new. There are major exceptions to these generalizations, of course--but, on the whole, experience, self-interest, and preference often produce these differences in perspective.

The Private and Public Sectors

For the public official, large projects mean fewer projects for which paperwork must be cleared. They present the prospect of something highly visible, photogenic, and politically salable. A big developer may seem (and be) more responsible and solvent, more ready to proceed, more able to comprehend government incentives, more experienced in dealing with government red tape. Moreover, the concept of leverage called for in the new economic initiatives--maximizing the amount of private investment and numbers of jobs created with a given amount of Federal dollars--seems, on the face of it, to call for the multiplier of big projects.

New construction appeals to the private sector's need to reduce risk. Despite signs of new opportunities, investing in cities is likely to be a gamble in unfamiliar territory. The predictability of costs in a new development on a cleared site and previous experience in marketing new buildings thus can provide guideposts in assessing the economics of the project. Image is important too. Corporate builders of headquarters towers can view a new structure as a statement of up-to-date thinking. The fact that new economic functions are often involved--an expansion in retail, office, or tourism facilities--also favors new buildings.

A word must be said about the taxing structure, and other system incentives which are generally acknowledged to create a more favorable bottom line for new construction over old. Economists George Peterson of the Urban Institute and Richard Nathan of the Brookings Institute have argued that programs should be "neutral" in their impact on a developer's decision whether to build new or redo the old. Such criticisms have modified some of the incentives that keep reappearing in governmental programs designed to encourage the private sector. While these incentives are important to recognize and modify, what may be even more important is the fact that prevailing attitudes--both in the private and public sectors--favor new construction, for a variety of reasons, and it may be that the mind set creates the incentives more often than the other way around.

UMTA's joint development program, proposed by the President for \$200 million funding, has emerged in a context that implies even greater incentives for high-density redevelopment, since advocates talk about attracting riders to expensive transit installations, creating high land values adjacent to transportation facilities in order to "recapture" some of the gain, and concentrating new development in the conventional planning vision of rational urban form.

The Residents

Public officials and developers will find among city residents today some strongly held opinions about what makes a city a desirable place to live, work, and invest. The reasons for the increased interest in city living are complex, and probably beyond our ability to comprehend entirely at this time. But a revival in many American cities is evident both in the new middle-class, young persons attracted to city living and among many less affluent residents, in the past often viewed as trapped, who now act as if they want to stay where they are. 5/

This positive change is admittedly only one trend in cities, many of which--the older ones, in particular--continue to signal distress. The new middle-class residential market is a trickle in many cities, but it is a stream in a few--Washington, Baltimore, Philadelphia, and Boston, for example.

We don't know how durable this trend is. Some experts see it as a temporary phenomenon caused by the falloff in suburban building, high interest rates, or the bulge in household formation caused by the postwar baby boom. 6/ But at the present time, interest in living in cities appears to be strengthening. The message from this new market can be summed up in the words neighborhood and conservation--both of which are hard to define, but which could have great significance for new economic development initiatives.

First, the residential movement in cities primarily involves fixing up older houses. And these older homes seem to be more than a second choice. Their occupants like the older streets, the established trees and parks. They see as assets the low scale of development, the design and character of the structures, and the mixture of architectural styles. In some communities, neighborhood stores are reviving, although residents value their accessibility to downtown and their shopping preferences have not been scrutinized too carefully.

City living has other attractions. Many newer residents enjoy the diversity, cultural opportunities, and sense of community they find. Long-time residents may have deep roots in homogeneous neighborhoods, on the other hand. There are numerous community groups organized around

5/ See, for example, Phyllis Myers and Gordon Binder, Neighborhood Conservation: Lessons From Three Cities (The Conservation Foundation, Washington, D.C., 1977).

6/ See for example, Franklin James, Back to the City: An Appraisal of Housing Reinvestment and Population Change in Urban America (The Urban Institute, Washington, D.C., 1977).

such local self-help goals as improving city services, prodding lenders to invest in the neighborhood, diverting city traffic from residential streets, and fixing up houses.

No one should be surprised when these kinds of people show an interest in what happens in the downtowns, or if they think that what they have learned in their neighborhoods about rehabilitation, scale, amenities, and incremental change applies to economic development as well. Maybe they have something important to say. It is, after all, their confidence in their neighborhoods that is the basis for any optimism about the prospects for profitable reinvestment in cities.

A COMMONALITY OF INTERESTS

Despite the different perspectives, government, private entrepreneurs, and residents have a commonality of interests in improving the economic health of cities. Of course, there are extremists: neighborhood people who see all public-encouraged investments in downtown as sell-outs to businesses, and investors who don't understand why it is important for people to live in the city. However, most people fall somewhere in between, and can be persuaded by reasonable arguments, or put off by acrimonious debate. Most people can probably agree on the merit of using public money to see whether the city economy can provide more jobs for the under- and unemployed.

The questions residents raise about what kinds of projects can best accomplish this goal and achieve other purposes as well is mirrored in the more sophisticated language of urban experts. Thus, Professor Norton E. Long of the University of Missouri points to the example of New Haven, "which had more money spent on it per capita than any city ever has or ever will" as a lesson in the failure of the trickle-down theory of brick-and-mortar renewal of central business districts. Professor Long believes the healthy functioning of cities is dependent on neighborhoods "that are organized through cooperative self help to significantly and favorably affect the security, the housing, the employment, the health and the self respect of their inhabitants." ^{7/}

There are successful models of neighborhood-based economic development--Jeff-Vander-Lou in St. Louis, Hough in Cleveland, and East Baltimore, for example. But neighborhood development projects have failed, too. A number of large downtown projects have been misguided, it is true--but others can be counted among our valued achievements.

^{7/} Norton E. Long, "Federalism and Perverse Incentives: What is Needed for a Workable Theory of Reorganization for Cities?" Paper read at the Woodrow Wilson Center for Scholars, Washington, D.C., September 1977.

The fact that there is no single urban economic strategy that can be advanced today with certainty, either at the neighborhood level or in a downtown development project--should increase respect for varying views and make room for accommodation. Further, while it is to be hoped that the power of residents can be used positively to help shape our cities, the power to delay projects, especially those funded by the Department of Transportation, is a reality that must be taken into account.

How then should the partners try to reach an accommodation? One approach is to smooth the processes by which the partners plan and review concepts, make choices, and monitor results; another is to encourage different models of economic development.

IMPROVING THE PROCESSES

Public Participation and Impact Review

Each Federal agency is supposed to work out procedures for timely, effective public participation. While there has been considerable unevenness, these procedures have, on the whole, opened up decision-making. They have also been accused, with some justification, by citizens of being a charade and by developers as causing costly delays. The economic development initiatives raise a new set of questions about these imperfect processes. "Nothing like this has ever been tried before," an Urban Mass Transportation Administration planning official has said of the joint development program, which calls for an orchestration of the resources of several Federal agencies, local governments, and the private sector in projects which may involve simultaneous planning and construction of a transportation system along with an adjacent land development project.

When is a timely review? Can economic data and profit projections be aired to the public while sensitive negotiations are underway? How possible is it to anticipate the growth impacts of a transportation system? Should a plan be made public before there is developer interest? How feasible is it to develop several alternatives? What happens when regulations of the involved public bodies differ?

For transportation-related projects, timely review means review before system choices are made. Citizens who think they are opting for a transportation system, and then find its cost used as a justification for redeveloping their communities, may become hostile unless these changes were explicitly considered.

On the other hand, if residents want heavy rail investments in their communities and city, an open discussion will reveal they probably have to anticipate substantial land-use changes. One way to resolve this was worked out in Atlanta, where neighborhoods helped develop the

plans for land use around stations. In some instances, greater density was accepted; in others, not. In Georgetown, in Washington, D.C., the community decided to do without a subway station. But in neither city were the land impacts discussed widely at the time the rail system was chosen.

Guidelines for public participation and environmental impact review under the joint development program and responsibility for their adequacy have yet to be worked out. At this time, however, it seems that the Federal responsibility will be more direct than is the case with the block grant and UDAG programs of the Department of Housing and Urban Development, which are considered local efforts. However, impact review for Department of Transportation programs can be shared with the city to cut down duplication and red tape.

Planning and Design

Improved planning and design that takes broad community values into account may reduce controversy. Many of the land-use conflicts that arose in connection with the Atlanta rail system can be traced, according to Leon Eplan, former director of that city's Department of Planning and Budgeting, to the fact that it was laid out initially by engineers solely concerned with efficiency. Eplan does not necessarily fault the engineers' training and expertise, but rather sees the need to broaden the team of professionals working on system design. The entire project should probably be controlled by an entity independent of the engineering or transportation department. While this approach may complicate the administrative effort, the end result will probably be worth it.

The Atlanta experience also pointed up an inadequacy of basic planning data about the city's housing stock. Major investments in transportation systems or redevelopment projects in a city call for a careful, current review of existing buildings and communities in and around the site. Residents should participate, so that they can signal to project planners what is of value and what their priorities are.

Planning money for these activities is not easily found. The Department of Housing and Urban Development has recently taken the welcome step of making environmental design an eligible cost under the community development block grant program. Funds for mass transportation planning are allocated through regional planning agencies, however, and thus may reflect regional priorities more than those of local jurisdictions.

Protection of Historic Assets

There has been a significant increase in the numbers of buildings recognized as having special significance since urban renewal days.

Federal funds can't be used to knock them down quite as easily as in the past, both because of legal protections and because a broader constituency cares about them and recognizes their contribution to the current wave of revitalization.

These protections are especially potent in the case of Department of Transportation funds, a legacy of the highway battles. The power of citizens to cause delay may be very frustrating to project planners and developers. Yet, it should be remembered that the protections incorporate values learned only after considerable damage was done in cities. Rather than attempt to end-run the provisions, project planners should consider in advance various alternatives to deal with older buildings on the site that may be significant to the city, the State, or the Nation.

Oliver Carr, a private developer in Washington, D.C. appears to be taking this approach. Carr is developing a major block-sized retail and commercial development near a new downtown Metro station. He has employed a preservationist to come up with specific mechanisms and sources for reducing the dollar loss in construction costs and rentable space attributable to incorporating landmarks on the site into the project. Developers using public funds may find their project cost reduced if they plan to reuse older buildings, since this could significantly lessen the time needed for approval.

Zoning

Often, areas have been zoned without careful planning, or the zoning is obsolete. The undertaking of a joint development project calls for a careful review of existing zoning on and around the site. In areas where market interest is high, zoning bonuses for amenities and design could be considered. Residents may view change more favorably if they see some community benefits, and the time to negotiate these is before the developer has a legal right to go ahead with a plan. On the other hand, if zoning is changed quietly, or a private-public arrangement comes to light that takes advantage of very generous zoning that has not been previously used, an uproar can be expected.

A significant problem is that in many instances, residents find it difficult to visualize the impacts until a project is well along. When they then respond critically, developers and officials claim, often with justification, there was an earlier opportunity for the community to register their objections, while citizens may say they weren't really informed about the implications.

There is no easy answer, except to stress the need for public officials to make a significant effort to meet with the community early, to take every effort to give the community an idea of the impacts of a proposed zoning change, and to avoid giving a developer permits as a matter of right until the community has had a full chance to react.

Reducing Adverse Impacts

Some impacts may be temporary or are compensable. In Friendship Heights, the community was concerned over the traffic that new development would induce. After years of fighting, traffic diverters were installed to keep shoppers' automobiles off residential streets, and some neighborhoods instituted parking permit systems to prevent all-day commuter parkers from clogging the streets. Subway construction is being speeded with extended work hours to reduce the time the community will be impacted with the noise and pollution of construction. The greater openness of local officials now to legitimate concerns of nearby residents has earned them respect and cooperation.

ENCOURAGING MANY MODELS

Processes alone are not the complete answer. How do we encourage good things to happen in cities? Even the most enthusiastic advocates for cities must admit the uncertainties faced by private investors as they look for profitable investments in cities. Even though there are signs of upturn or bottoming out in some older cities, their future economic role is unclear. Will some prosper and others decline? How will functions change? No one knows.

These uncertainties suggest the need to experiment with a variety of models and to plan incrementally.

Neighborhood advocates stress the need for long-term jobs in the community--small businesses, local services, rehabilitation and maintenance crews. While these do not have the immediate job impact of construction created by a new highway or demolition, they may provide significant longer-term job opportunities and strengthen the neighborhood as well.

Further, there are models of successful downtown development projects that accord both with the conservationists' valuation on existing assets and amenities and the developer's need to lessen risk. In Portland, Oregon, for example, joint development involved a modest public investment in a transit mall and street furniture. Private owners refurbished the adjacent older retail buildings, downtown business picked up markedly and, as a result, over \$100 million in rehabilitation and new development has been invested around the downtown core. The Portland strategy offered a way of testing the economic climate. If downtown profits did not pick up, Portland would not have destroyed viable buildings and businesses.

In some cities, developers have discovered profitable new markets in the reuse of older buildings. Such areas attract people because they are pleasant places to be. Imaginative combination of old and new structures, combined with open spaces, greenery and a blend of activities--not all commercial--have proven to have a special appeal.

The historic Faneuil Hall area of Boston, for example, has been renovated into an exciting city shopping area whose gross sales significantly outpace the same developer's suburban malls. The positive impact of this once-blighted space is spreading outward to neighboring streets. Around the Pike Place Market in Seattle, a rehabilitation strategy provides a viable economic alternative to a discarded plan for a luxury highrise residential, hotel, and convention complex. The area's special character--including its low income, elderly residents--has been maintained while jobs have been created. Both of these developments are in central locations and attract dense pedestrian traffic.

A joint development model in Union Square, in New York City, involves the restoration and redesign of a neglected park and rundown subway station. Funding sources include a foundation, a public utility, and the Urban Mass Transportation Administration. Through this investment in a blighted area well-served by transit, the public will create an attractive urban space in the city. There is some feeling that this is an opportune time for private investors to put money into nearby vacant, underused, and deteriorated structures, but the timing will be up to them.

A STRATEGY FOR PARTNERSHIP

The conservation mode is not offered as a single approach for a city, any more than any other. There is a need for new development, and conservationists must move beyond their often automatic rejection of new development. They should help in identifying priorities and welcoming private investor interest in areas that have suffered from lack of market attraction. The concept of leveraging public funds deliberately to attract the private sector is an attractive idea, and probably the only one that fits today's constraints. But the perspectives of what might be economically healthy for cities and their residents needs to be enlarged, and government incentives and examples should encourage many models.

The public can help check the tendency of public officials and the private market to get carried away by their own plans. Residents may delay projects or even kill them--but sometimes this is because they are asking the right questions about projects developed with public funds: What are the alternatives? What will each accomplish? For the city as a whole? For its economy, for its people, for its livability?

How can these questions be weighed in an atmosphere in which the participation of private investors is needed? How can our still-evolving open processes apply to these new economic development initiatives? The only answers seem to be "not easily" and "yet they must be."

There is a tension between getting some done quickly and an appropriate determination of the public interest. The arguments for action are compelling to public officials who want to demonstrate to skeptics that they can make the partnership work. The perils of an overly hasty approach, however, are considerable.

URBAN AND ARCHITECTURAL DESIGN PROBLEMS OF
JOINT DEVELOPMENT PROJECTS

The Gallery at Market East
Philadelphia, Pennsylvania

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Prepared as a Background Paper for the
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The views expressed in this paper are those of the author, and do not necessarily reflect the views of the Urban Mass Transportation Administration, Urban Consortium, the Urban Land Institute, or Public Technology, Inc.

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INTRODUCTION

Role and Client

The Market Street East project lay dormant from 1964 to 1969, since government funds were unavailable to construct the public infrastructure, and interest by private developers lagged. In 1969, Bower and Fradley Architects was retained as architect for the 1234 Market Street project, to design a mixed-use structure, primarily office, on the south side of Market Street to tie into the adjoining landmark buildings--the Philadelphia Saving Fund Society Office Tower and the John Wanamaker Store.

This private development, with public facilities funded by the Department of Housing and Urban Development, put in place the first increment of the Market Street East spine, containing a three-level mall, a main level tied into the Federally funded subway station improvements, and the upper level connecting the store and banking facilities over the street network. As stated by Mildred Schmertz in "New Directions for Downtown and Suburban Shopping Centers" (Architectural Record, April 1974): "In the process of designing 1234 Market Street, Bower and Fradley strongly reinforced the Market Street East concept and literally brought it back to life. The Redevelopment Authority rewarded them by naming them Coordinating Architects to continue the work and bring the Market East design up-to-date."

From 1969 to 1974, we redesigned and updated the Market Street plan to prepare for project execution. This role involved on-going urban design study, in concert with the Market East staff, to accommodate prospective developers. Under separate contract to the Redevelopment Authority, we prepared the complete schematic architectural and engineering documentation for the five-block area, and carried the first phase of public improvements to final working drawings.

In 1974, during a period of intense evaluation regarding the project's viability and funding sources, the Rouse Company became interested in the project and engaged us for a crash redesign effort to determine the viability of the project to meet their requirements for a major retail complex. These studies indicated initial feasibility, and Rouse entered into negotiations with the Redevelopment Authority to become the developer. As a result, we were retained by the Redevelopment Authority to be the architects for the joint public-private development culminating in the GALLERY at Market East, which was opened in August 1977.

Our present role in the Market East project is as architects for the public sector, under contract to the City's Department of Housing and Community Development. This is primarily an urban design effort to relate to the surge of new activity, both public and private, as a result of the phenomenal success of the GALLERY project. This includes the redesign of a new commuter rail station to accommodate air rights development; a scheme for the 1000-block involving joint development by J.C. Penney Company, the Rouse Company, and an office developer team; and a

major commercial rehabilitation of the historic Reading Railroad Station and Shed by the Rouse Company. In all this work we are representing the public sector with other professionals under contract directly with their respective developers and public agencies. This involves initial design studies to establish the framework and then on-going design consultation.

Market Street East

Market Street East is an ambitious commercial urban renewal project of the City of Philadelphia, extending six blocks from City Hall almost to Independence Mall. The project has been in planning since the late 1950's by the City Planning Commission, the Redevelopment Authority, and their consultants. Its current form is the work of Bower and Fradley, the coordinating architects, building on concepts by Edmund Bacon developed successively by Willo Von Moltke, Ramaldo Giurgola and Skidmore, Owings and Merrill.

Market Street East is a unique urban mini-city containing most of the major uses found in a city core. The goals of the project are to revitalize the city's major retail shopping district; to help the center city capture a major share of the anticipated regional office demand through the 1980's; to complete the interface of Philadelphia's potentially superb transit system; and to create a humane pedestrian environment for business, shopping, working and entertainment.

As in all the previous plans for Market Street East, a major mixed-use commercial complex has been envisioned to tie together the existing downtown department stores--originally five, now reduced to three with a fourth in planning.

The GALLERY at Market East

The GALLERY at Market East, a fully enclosed four-level mall, connects the refurbished Strawbridge & Clothier Department Store and Gimbels, the first new department store to be built in a northeast city since World War II. The project is tied by pedestrian bridge to a new parking structure and by lower level malls to a renovated major transit station. The project is unique in its use of air and subsurface rights, and in its joint development by the Redevelopment Authority Company acting as lessee, manager and developer of the interior retail space.

DESIGN ISSUES

Plan for Ultimate Density

Bower and Fradley's charge in 1969 was to develop the urban design framework for a project of much greater magnitude than originally projected in the 1964 Urban Renewal Plan. The new economic projections indicated a need to increase the office segment of the plan from 3 million square feet.

Prior to this time, there was great concern for ensuring major emphasis and activity at the mall level, one level beneath the street. Therefore, all office cores and lobbies were taken to the mall-transit level. With the increase in density, the cores grew in size from 8 to 10 elevators to 18 to 20 elevators. This would result in extended interruptions in retail frontage of over 100 feet. As a result, we redesigned the three-dimensional framework and placed all office and hotel lobbies one level above the street. In the GALLERY project, there is an air-rights provision for a hotel with lobby at the fourth level.

Project Staging

The project was originally envisioned to stack many of the uses to provide a compact plan and reduce land acquisition and relocation. The vertical mix included commuter rail and truck tunnels, retail uses, car-bus arrival, parking, and 30 floors of office and hotel uses. In the redesign stage, while attempting to accommodate the varying needs of the private developers and the availability of public funding, we found it imperative that the project be planned for stage development to meet changing market demands, and that it had to be articulated with elements which could function separately before all the components were in place. This was accomplished by sliding the parking out of the sandwich and locating it to the north adjoining the development. This allows the demand for parking to be satisfied independent of, and in response to, private development.

Project Controls

In the early development of the Renewal Plan, elaborate detailed controls were developed for all facets of the project. Due to the uncertainties of the marketplace and the loss of Federal loan and grant guarantees, it was not possible to update and maintain the controls, or to guarantee funding.

The Market Street East staff was, however, able to use a great variety of on-going negotiations to overcome this impediment. By having available an urban design effort with very specific architectural, engineering, and cost information, it has been possible for the disposition agreements to be worked out with active design participation rather than relying on controls set down in the absence of the real world pressures. This was the case in the negotiations with the Gimbels Department Store and the joint public-private development of the GALLERY, in the latter case with the design effort an integral part of the team effort.

Building and Zoning Codes

The project was of such a magnitude and complexity, with such unusual building requirements, that its viability depended on prior

assurance that it could be built within public code limitations. The major issues involved multi-level open spaces penetrating through a variety of public and private activities, design for open balcony circulation, open shop fronts, and continuous climate-controlled pedestrian levels for six city blocks, to mention a few. As part of our schematic design contract, we were asked to develop with the City's Department of Licenses & Inspections and Fire Department a complete code review to establish guidelines and secure variances and approvals prior to the developer's arrival on the scene. This was done over a period of a year, and set down in a set of documents so that each developer was able to plug his work into a framework which was already developed. This was done in the case of the GALLERY project. Once on board, the developer was able to go back to the city and refine and elaborate on the framework already established.

Freestanding Public Improvements

During the redesign stage, it was anticipated that the public facilities would be Federally financed and that Department of Housing and Urban Development guidelines would have to be followed. The major issue was the insistence that all public facilities must be free-standing. To adhere to this requirement, the public truck street, malls, bridges, walkways, and skylights were organized in a vertical envelope with their own structure and mechanical systems. The private development had to have independent columns and transfer structures where it was superimposed over public space. Obviously the complexity and cost impact was tremendous.

With the advent of the Rouse Company's interest in the project in late 1973, and their conviction that this requirement could be adjusted, we began a redesign of the GALLERY portion with combined public facilities and retail shell. The simplification and reduction in project costs were convincing. As a result, the City's Market Street East staff and Rouse were able to present a unified project to the Department of Housing and Urban Development, and support the safeguards intended with their long-term commitment. The project has been executed on this basis.

Transportation Improvements

A major objective of the project has been to tie together the transportation network which includes: two subway lines, the PATCO high speed rail line to New Jersey, buses, trolleys on grade and below, and a projected center city railroad commuter tunnel and station in Market Street East.

The scheduling of the transit improvements has been accomplished by making application for rehabilitation and construction funds to complete the interface of public areas simultaneously with the construction of each piece of development: i.e., 13th Street Subway

Station rehabilitation and platform extension with 1234 Market Street Building, 8th Street Subway rehabilitation and platform extension with GALLERY mall, and construction of a segment of the commuter tunnel under Gimbel's and the GALLERY during that construction. This approach allowed coordination of our design efforts with that of the transit consultants in shared facilities and compatible forms, materials, and graphics.

Pedestrian Studies

During the redesign of the Market Street East Complex, we had to analyze the impact of an increase in project density from 3 to 10 million square feet, resulting in a projected increase to some 65,000 of the number of persons to be accommodated in the public pedestrian areas at the peak hour. We were particularly concerned that space sized to accommodate the peak-hour crush not appear devoid of activity in off-peak periods. Working with Wilbur Smith Associates, we were able to project pedestrian flow in all public areas for various times of the day. To visualize the actual physical result, we used a 1/4-inch model and filled the space with cutout photographs of real people to simulate the actual density, recording the various conditions with color slides. As a result, the configuration of the spaces was adjusted to ensure a balance of activity.

A most interesting real-life condition has resulted in the ultimate design and use of the GALLERY portion. The Rouse Company required about 200,000 square feet of retail area to make a viable retail center. To do this we had to add a fourth level, add retail space on pedestrian bridges over the street, and reduce the width of most of the public spaces. The result is to be experienced in the actual project. The number of people coming to the project has exceeded expectations, and will increase once the commuter station block and the Penney-Rouse Development comes on-line. To say the least, it is alive with activity.

The Architectural Form

Any project which is made up of the scope and variety of inter-connecting elements involved in Market Street East cannot be thought of in plan only, but must be conceived as a three-dimensional mix of public and private activities. In any great city, the most important streets project a character and expression which influence the nature and order of the buildings associated with them.

The GALLERY project is like an iceberg with much of the total volume unseen and below grade. This is necessary to allow the main mall and transit station public areas to extend uninterrupted beneath the existing street network. To remove the stigma usually associated with below-grade pedestrian areas, providing access to basements and lighted by holes cut in the ground plane, we simply extended the

ground treatment through stepped, cascading courtyards to the lower level. To ensure the dominance of this level, all public space at street and above is made of balconies edging and bridges passing through the space.

To achieve a coherent scheme of ever-changing volumes, we established a simple palette of materials--red tile floors, white metal columns, walls, fascia, and ceilings--which enclose all public elements. All color and animation are in the ever-changing retail activities, landscape, and public graphics. The natural light is the glue that binds the spaces together. The public pedestrian streets are enclosed with a glass roof which transmits constantly changing light and shadow to the floor of the mall; the public lighting adds life both day and night.

ROLE OF THE URBAN DESIGNER-ARCHITECT

As described earlier, Bower and Fradley has maintained a continuous involvement in the project for more than seven years under contract to the public sector, with direction from the private developer acting as development consultant. Prior to that, we were involved in Market Street East under contract to the private sector, with responsibility to meet the public objectives in Federally funded areas. In addition, we have had numerous smaller contracts with Rouse Company for special facilities--Market Fair, in space they lease from Gimbels, special studies, their work within Strawbridge & Clothier and the public facilities provided by them. In all these circumstances I feel our work is related; there is a common underlying set of objectives that is our responsibility as "City Architects" to fulfill.

Our continuous role has provided a stability and continuous expertise and knowledge that can only come with involvement. One of the major concerns in any long-term, large-scale project is to sustain the effort. During this process most of the major decision-makers have changed a number of times. Of the original members of this group only Gerald Maier, Director of the Market Street East staff, and Craig Schelter, Deputy Director of the City Planning Commission staff, are still involved in the project. As a result we were called on to react to situations today out of our knowledge and experience rather than through detailed studies.

Level of Design Expectations

A major factor in our longevity with the project has been the maintenance of a consistent level of concern and design input with a high degree of objectivity and diplomatic conduct. It does no one any good to go down in flames over each and every detail; I believe we have achieved a complete design result through persistence in the expectation of a high-level concern for quality by making positive compromises to that end.

Architect as Urban Designer

I believe strongly in the need to approach all design as architecture. If the ultimate goal is to build, it is architecture. Good plans do not ensure good built form. Our success in great measure has been in being able to see the GALLERY through from the master plan diagram to the final gilding details. With the number of actors involved in a complex joint development project, there are as many objectives to be satisfied. At every juncture, the baby can be lost with the wash water. Market Street East is unique among development projects in that it has had intensive on-going design effort over many years shaped by a defined set of public objectives maintained over prophesies of doom. Presumably history will judge the wisdom of this stance--certainly the recent success has brought about major public-spirited involvement in the center city.

THE JOINT DEVELOPMENT POTENTIAL OF
INTERCITY RAIL STATIONS: AN OVERVIEW OF
THE NORTHEAST CORRIDOR IMPROVEMENT PROJECT

Skidmore, Owings & Merrill

Prepared as a Background Paper for the
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The views expressed in this paper are those of the authors and do not necessarily reflect the views of the Urban Mass Transportation Administration, the Federal Railroad Administration, the Northeast Corridor Project Office, the Urban Consortium, the Urban Land Institute, or Public Technology, Inc.

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INTRODUCTION

The Northeast Corridor Improvement Project (NECIP) offers an excellent opportunity to examine the potential for joint development at the major rail passenger stations. Established by the U.S. Congress to revitalize intercity rail passenger service between Boston, Massachusetts, and Washington, D.C., the NECIP proposes to make improvements at 15 stations that could provide the basis for additional development activity on the part of private investors and/or state and local public agencies. The NECIP is not designed to preclude such activity, and the planning and design work that has been done to date does indicate that there is potential for joint development projects at some of the stations. The potential is not unbounded, however, and a number of critical institutional, financial, and physical design factors set real limits on the opportunities for joint development that exist under the program.

This paper will review the central issues affecting the process of joint development in conjunction with the Northeast Corridor Improvement Project. In the discussion, the term joint development refers to commercial, retail or other non-transportation facilities that are developed in conjunction with new or renovated transportation facilities. An office tower built in air rights over a transit or railroad station is a classic example of this definition. The term also is understood to mean the complex process of negotiation and coordination among public agencies and private developers by which joint development projects are conceived, designed, financed and executed. With these definitions in mind, the paper briefly describes the main features of the Northeast Corridor Improvement Project, outlines the potential for joint development that may exist in the station improvement program, and then examines the main issues that constrain joint development activity under the NECIP. It should be clear from the onset, however, that the subject is far too large and complex to be treated more than superficially in the pages of this review.

The NECIP

The Northeast Corridor Improvement Project was established by the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act). The Act authorizes \$1.6 billion for this program, as well as an additional \$150 million in Federal funds which may be matched with state and local contributions. The U.S. Department of Transportation delegated responsibility for implementing the program to the Northeast Corridor Project Office of the Federal Railroad Administration (FRA). The DeLeuw Cather/Parsons organization is under contract to the FRA/NECIP to manage the project with Skidmore, Owings & Merrill as the Project Architects, with primary responsibility for the design and implementation of the station improvement program.

The 4R Act states that the primary goal of the NECIP is to provide improvements to the speed and dependability of intercity rail passenger

service within the Northeast Corridor (NEC). It sets out the explicit goals of operating passenger service on a three-hour and forty-minute schedule between Boston and New York, and a two-hour and forty-minute schedule between New York and Washington.

In order to achieve these objectives, the NECIP proposes to carry out several interrelated types of improvements. These include route realignments, improvements to interlockings, upgrading track structures, repairing or replacing bridges, rehabilitating and modifying tunnels, installing fences and barriers, providing new and improved electric traction, improving signaling and train control mechanisms, installing new communication systems, expanding and building new maintenance facilities, and upgrading and rehabilitating stations.

The NECIP station program has programmed funds for improvements at 15 stations along the Corridor. Selected on the basis of existing and projected patronage, spatial distribution along the Corridor, comparative costs, and growth potential, these stations are:

- Union Station, Washington, D.C.
- Beltway Station, New Carrollton, Md.
- Pennsylvania Station, Baltimore, Md.
- Wilmington Station, Wilmington, De.
- 30th Street Station, Philadelphia, Pa.
- Trenton Station, Trenton, N.J.
- Metropark, Iselin, N.J.
- Pennsylvania Station, Newark, N.J.
- Pennsylvania Station, New York, N.Y.
- Stamford Station, Stamford, Ct.
- Union Station, New Haven, Ct.
- Union Station, New London, Ct.
- Union Station, Providence, R.I.
- Route 128, Dedham, Ma.
- South Station, Boston, Ma.

With the exception of the suburban beltway stations at Route 128, Metropark, and New Carrollton, the other stations are located in or immediately adjacent to central business districts. Many of these areas are undergoing redevelopment, and one of the objectives of the NECIP station program is that station improvements be compatible with these redevelopment plans.

The station program involves two general categories of improvement which are illustrated on the accompanying chart. The first category is operational improvements, which are those that are considered essential to intercity passenger operations and safety. In general, they include structural and infrastructural improvements to the station buildings; ticketing, waiting, staging and support facilities; public services; improvement to concourses and circulation; and improvements to intercity platforms, including escalators, stairs or elevators.

The second general category of improvements covers those called non-operational as well as facilities related to the station projects. A non-operational improvement is one which indirectly facilitates inter-city rail passenger service, such as certain commuter ticketing and support activities, and station access or site improvements which facilitate intermodal connections to local bus and commuter rail facilities. Related facilities are those which are not part of a station but the operation of which, with respect to the station, would enhance the purpose of the station project. Site landscaping, and short- and long-term parking would be included under this definition.

The overall NECIP budget for the station improvement program now stands at \$212,850,000. Of this sum, \$77.5 million is allocated for operational and safety-related improvements, and \$135 million is for non-operational improvements, half of which is available from the Federal Railroad Administration. Under the terms of the 4R Act, the Federal Railroad Administration will fund 100 percent of the cost of operational and safety-related improvements and share the cost of non-operational improvements on a 50/50 basis with participating state, regional and local authorities.

In the design process that is now underway for the Northeast Corridor station program, the specific improvements proposed for particular stations are undergoing continuous refinement. Design studies, financial feasibility analyses, environmental impact assessments, and discussion with local officials and citizens groups all will influence the final package of improvements that will be proposed for a given station.

OPPORTUNITIES FOR JOINT DEVELOPMENT UNDER THE NECIP

The opportunities for joint development vary markedly from station to station. At some there is strong local interest in undertaking joint projects, while at others there has been little private or public interest in capitalizing on whatever joint development potential might exist. For purposes of this discussion, the situation can be described best in terms of general types of development potential. To some extent, this potential could exist at all stations, but the examples given below will only be those which most explicitly illustrate the case.

ELIGIBILITY FOR FRA FUNDING

Station Components	100% FRA Operational	50% FRA Nonoperational	50% or 100% FRA*	50% FRA Related Facility	Non-FRA
A. Station Building					
Infrastructure	•				
Utility systems	•				
Intercity ticketing	•				
Intercity personnel support	•				
Commuter ticketing		•			
Commuter support facilities		•			
Baggage facilities					•
Intercity employee facilities	•				
Public services	•				
Concessions					•
Waiting/staging	•				
Circulation/concourses	•				
Intercity platforms	•				
Escalators	•				
Stairs	•				
Elevators	•				
Commuter platforms			•		
Escalators			•		
Stairs			•		
Elevators			•		
Signing and graphics	•				
Communications	•				
Security	•				
B. Station Access/Site					
Curbside drop-off/pick-up			•		
Sidewalks			•		
Entry/exit canopies	•				
Landscaping				•	
Local bus facilities		•			
Local rail facilities		•			
C. Parking					
Sidewalks				•	
Short-term parking				•	
Long-term parking				•	
D. Other Facilities					
Commercial/office facilities					•
Commissaries					•
Long-haul platforms					•
Intercity bus facilities					•
Intercity rail regional facilities					•

* Amount of FRA contribution dependent upon benefit of facility to intercity rail.

Source: Federal Register, Vol. 43, No. 83--Friday, April 28, 1978;
 [FR DOC. 78-11571, Filed 4-27-78; 8:45 a.m.]

Air Rights Development

The first example is air rights development. Theoretically, the potential for building over the railroad tracks, stations or above parking structures exists at any of the stations. But the site and cost constraints involved in construction over live rail operations, the lack of local commitments to air rights projects, and the economic realities of the development market have limited the cases where this kind of potential really exists. The strongest example is at South Station in Boston, where the Boston Redevelopment Authority (BRA) and the Massachusetts Bay Transportation Authority (MBTA) have plans to develop the air rights over the proposed parking deck which would be located above the track and platforms serving Amtrak intercity passengers and the MBTA's commuters. The BRA's plans call for the development of additional parking and an office tower and hotel complex. The city and state have also expressed interest in introducing an intercity bus terminal in this air rights complex.

Another, less elaborate example of this type of development can be found at the station in Stamford, Connecticut. In this case the station site, bisected by the rail right-of-way, is owned by a private developer, Transportation Plaza Associates, Inc. It plans to build an office tower on one portion of the site which would incorporate space for an Amtrak station whose concourse may be built either in air rights over the tracks or below the tracks. The Federal Railroad Administration and Transportation Plaza Associates are presently analyzing the feasibility of this concept.

Other locations such as the suburban stations located at Route 128 outside of Boston and the New Carrollton Station on the outskirts of Washington, D.C. might offer the opportunity for joint development in conjunction with parking facilities. Private developers have expressed some interest in these possibilities in the case of Route 128, but at New Carrollton, where both the Washington METRO and Amtrak share the site, the limited capacity of the traffic access system puts definite constraints on anyone wishing to add more development to this multi-modal complex. There is a fundamental issue at New Carrollton concerning the degree to which the identity and operational efficiency of the transportation complex might be compromised by overly ambitious joint development schemes. There is also the critical market problems in which plentiful land exists for development in the vicinity of the stations without paying the cost premium of air rights construction.

Non-Transportation Uses Within Stations

The second general type of joint development opportunity involves those cases in which local agencies or private entrepreneurs have expressed strong interest in using portions of stations which are to be rehabilitated under the NECIP for non-transportation uses such as

office or retail activities. Real potential for this kind of mixed-use development exists in the Headhouse at Boston's South Station; in the complex of historic buildings at Union Station in Providence, Rhode Island; at New London's Union Station, whose private owner, Union Station Trust, Inc., leases space to Amtrak as well as to private offices; and at the historic station at New Haven which will be rehabilitated and reopened under the Northeast Corridor Project. One of the firm objectives of the City of New Haven is to create an intermodal terminal at this station and renovate the upper floors of the building for commercial use. Investments in such mixed-use facilities will help preserve the vitality and longevity of these historic structures.

Station Rehabilitation as a Catalyst

The third general area in which the NECIP may provide the basis for other development activity is not joint development in the strictest sense. Instead, it is a variant defined as those cases where the Federal Railroad Administration's investment in a station may act as a catalyst in increasing the return to the station owner or revenue-producing concessions within the station complex. In cases like Penn Station, New York, Newark, or Philadelphia, the infusion of Federal funds can help maximize the mutually supportive influence of transportation functions and commercial concessions within the station. Extensive concession space now stands vacant in the south concourse of Philadelphia's 30th Street Station which could regain its economic vitality with the increase of intercity rail patronage and the renovation of the station.

Intermodal Facilities

Finally, mention should be made of the proposals to create new intermodal facilities at some of the major downtown stations. Once again, the intermodal concept is not the most classic form of joint development, but the creation of additional facilities for intercity buses at these stations could help reinvigorate commercial concessions within the station proper and economic activity in the surrounding area. Serious proposals for intermodal facilities have been put forth for the Northeast Corridor stations in Boston, Providence, New Haven, Baltimore, and Washington, D.C.

This review only touches on the general types of joint development opportunities that may be fostered by the Northeast Corridor station improvement program. A closer look at the situation also indicates that there are a number of factors which limit the extent that the full benefits of joint development can be achieved within the context of the project. Before summarizing some of these limitations, a more detailed look at the problems and opportunities associated with joint development in the case of Union Station in Providence, Rhode Island should illustrate the situation faced by private developers and public entities interested in joint development projects.

THE PROVIDENCE CASE

The Providence Union Station Complex is a particularly interesting example, representing a unique development opportunity but with a host of complex legal and other impediments to joint development. The station complex, consisting of four historic buildings on a 4.3 acre site, is located in downtown Providence near the State Capitol.

While the title to the station is somewhat clouded, it appears that the main building is owned by the Rhode Island Department of Transportation (RIDOT), and the remainder of the site is owned by Amtrak. Amtrak and RIDOT are in the process of negotiating an agreement whereby Amtrak would receive control of the main building and transfer its interest in the remainder of the 4.3-acre site to RIDOT. RIDOT is prepared to transfer development rights for the site to the City of Providence. In turn, the City of Providence has entered into agreement with a private corporation, Textron, Inc., for the development of the site and the surrounding area. Textron is preparing at this time to seek a co-developer.

Both the City and the State are planning for a number of public improvements that will benefit the development of the site, including transit parking and pedestrian improvements. Planners for the project anticipate a strong market for various commercial and retail functions in the development packages.

To bring these plans to fruition will require financial commitments from the City, the State, and the private sector. Many legal problems will have to be resolved, and coordination of the various and sometimes conflicting interests is a major problem. Nevertheless the Providence Union Station Complex represents a unique joint development opportunity which could become a national showpiece and a commercial success.

THE LIMITS OF JOINT DEVELOPMENT

On the face of it, the Northeast Corridor program represents a major Federal stimulus to joint development, but a closer look at the experience to date indicates that several complex factors work against the implementation of joint development projects. The legislative mandate of the Northeast Corridor Project, the complexity and fragmentation of the institutional context in which the projects must be worked out, financial constraints, and the design and construction problems posed by the potential sites themselves, combine to dampen public as well as private interest in initiating and carrying through the process of joint development.

The primary objective of the Railroad Revitalization and Regulatory Reform Act of 1976 is not directly concerned with the promotion of joint development opportunities. Although one beneficial effect of the overall program may be to stimulate economic activity and employment

within the Corridor, the program is designed to upgrade public inter-city rail passenger service, and its legal authorities and funds must be aimed at transportation projects related to these ends. Neither the 100 percent Federal funding available for operational improvements at stations nor the 50 percent matching funds for non-operational improvements may be devoted to non-transportation related projects or projects leading directly to the gain of a private party. Under the appropriate circumstances the funds could contribute to the development of inter-modal facilities or the expansion of concession space to serve a transportation use, but Northeast Corridor Project funds cannot be applied to purely commercial profit-making ventures.

With regard to the institutional framework, there are a variety of public or quasi-public agencies which may become involved in development decisions at the stations. These may include Amtrak, Conrail, state transportation departments and commuter rail authorities, regional planning agencies, local governments and redevelopment authorities. Formulating a clear, coordinated consensus among these participants on the objectives for a given joint development program can be a difficult task, and it is sometimes made more complicated by basic questions over the actual ownership and distribution of responsibilities for the operation and maintenance of a station.

Related to these problems of institutional coordination and agreement are the issues attendant to securing funds for specific joint development projects from a multiplicity of state, local, and private sources. In each case, different legal and financial requirements affect the funding process, and when coupled to the requirements binding the Federal Railroad Administration, these factors can add up to such a high degree of unpredictability that it may become extremely difficult to program and schedule a successful joint development project. This kind of uncertainty in the financing process is almost always intolerable to private developers.

Institutional and financial complexity are not the only obstacles that make the costs of joint development too high. As mentioned previously, the architectural and engineering problems posed by building in air rights (or below-tracts) can be severe. Not only may the visual presence, the noise, and the air pollution associated with live railroad operations be incompatible with the objectives of a development dedicated to office or retail activities, but the structural constraints imposed by railroad clearance requirements on the site may raise development costs to unacceptable heights.

CONCLUSION

The Northeast Corridor Improvement Project offers a number of opportunities for joint and mixed-use development at the major stations being rehabilitated and upgraded between Boston and Washington, D.C.

These opportunities are not unencumbered with institutional, financial, and physical issues, however, and the successful fulfillment of the joint development potential that does exist at the stations covered by the Northeast Corridor Improvement Project will depend on the degree to which a number of basic conditions can be met. For projects to be genuinely attractive, conflicting institutional priorities must be reconciled to produce more explicitly defined public objectives for potential development; questions of ownership must be resolved so that it is clearly understood which entity, be it public or private, has the lead responsibility for the future of a station complex; the availability of local funds for development must be placed on a more certain basis; and, finally, the size and configuration of the sites for potential joint development projects must be such that development can take place without running into the complex obstacles posed by live railroad operations. Where these conditions can be met, the Northeast Corridor Improvement Project should be able to contribute to the successful implementation of joint development projects.

Section 5: Workshops

This section summarizes the results of the six informal workshops which were held at the end of the JOINT DEVELOPMENT MARKETPLACE.

Workshops #1-3 addressed public/private negotiations related to joint development, and Workshops #4-6 examined planning and designing issues.

The summaries were prepared from staff notes taken during the various workshops and are not verbatim transcriptions.

WORKSHOP #1

MARKETING AND NEGOTIATING A SITE

- Moderator: Alan L. Canter, Director, City Planning Department, City of Denver
- Panelists: Allan Borut, Research Associate, Urban Land Institute
- N. Jack Huddle, Director, Department of Development, City of Columbus
- J. Kirkwood White, Assistant Director, Zoning and Planning Coordinator, D.C. Municipal Planning Office

SUMMARY

Discussion in the workshop entitled "Marketing and Negotiating a Site" covered a wide range of potential joint development situations, from small to large cities, weak to strong markets, and modest to major-scale projects. Topics included inducement techniques, strategies for a strong market situation, appropriate approaches for transit agencies, neighborhood projects, and land banking.

PRESENTATIONS BY THE PANELISTS

Mr. Allan Borut led off with a short review of his paper, "Appropriate Public Actions in Support of Joint Development in Different Market Situation." which served as a starting point for the discussion. He emphasized the need to carefully study market forces and promote appropriate development. Government action, he pointed out, can only marginally alter the market climate that makes a site attractive or unattractive to a developer.

Mr. Jack Huddle and Mr. Kirkwood White spoke briefly about how government development agencies can be effective. Mr. Huddle pointed to the need for consultation among all affected government agencies, and the need to consider the individual merits of each project. Mr. White advised preparation of a thorough and forthright prospectus, provision of adequate national media publicity, and flexibility in financing arrangements.

OVERALL APPROACH

In response to questions, the panelists outlined aspects of an overall

strategy for marketing a major site. Development schemes should be modest, with the proposed use appropriate to the site. Careful research and analysis is needed to ensure the success of the marketing effort. Cities should be conservative, yet still expect to learn by trial and error.

MARKETING THE OBSCURE SITE

Smaller cities may have attractive sites which have not come to the attention of major developers. Panelists pointed out that a developer who is unfamiliar with the local market and the local agencies involved will require more inducements. They recommended attempts to interest local developers as a logical approach.

GUIDING DEVELOPMENT IN A STRONG MARKET

One participant raised a question about a very different market climate, that of some sun belt cities with a high amount of office space potential. Panelists suggested that to promote a development pattern supportive of public transportation, such cities should focus their promotion efforts on one parcel at a time, in a strategy to maximize achievement of transportation and development goals.

DEVELOPMENT INDUCEMENTS

Discussion centered on the need for adequate but not unnecessary inducements. Tax abatement was discussed extensively and the importance of local discretion in tax abatement decisions highlighted. One observer pointed out that local officials should consider which projects require maximum abatement, and which are attractive without special inducements. Changes in market conditions are an important consideration. When several projects are completed, a once unattractive area can become highly desirable with inducements unnecessary.

Several participants described local and State programs to facilitate development, such as interest subsidies and write-downs, local bank loan pools, and neighborhood public improvements. In neighborhood commercial districts, the tools used in housing rehabilitation programs--such as street improvements and beautification--can often be applied. The need for cooperation and support of local business people was stressed. One panelist pointed out that one of the major advantages of suburban shopping malls is management by a single firm.

Another question that surfaced was the potential inducements for agencies without zoning powers--including most transit agencies. The need for coordination with local and regional planning agencies was stressed. A specific technique mentioned was transfer of development rights in a land trade transaction.

LAND BANKING

The workshop concluded with several participants giving the pros and cons of the practice of land banking. The discussion showed that different cities have very different needs in this area. In some cities, and under strong market conditions, land assemblage can be the most effective tool available to local officials. On the other hand, in a weak market situation a city may hold tracts of vacant land, or numerous abandoned parcels in which there is no developer interest.

Several participants mentioned the difficulties public agencies have in managing extensive land holdings. A computerized land inventory information system was suggested as a means of improving the ability of local agencies to promote development of publicly-held land.

WORKSHOP #2

SELECTING A DEVELOPER

Moderator: Gerald Henigsman, Assistant City Manager,
City of Dallas

Panelists: Lewis Arnold, Director of Development, San
Francisco Redevelopment Agency

Sanford Parisky, Director, Urban Planning &
Design, Hartford Economic Development Corp.

SUMMARY

There were only informal discussions during this workshop. The discussions rarely touched on selecting a developer, but more on how to work with a developer once one is selected, or how to provide incentives that will attract developers and lenders.

ATTRACTING DEVELOPERS

Mr. Parisky opened discussion by outlining the procedures the Hartford Downtown Council group uses to attract developers. The Hartford Downtown Council is sponsored by major businesses and views itself as a catalyst for development. Typically, the Downtown Council will select (but not necessarily purchase) a downtown site and then do 15 percent of the design phase (which means schematic plans) for a particular use. The desired use is determined prior to developer selection. (The use is determined, presumably, by the Downtown Council, but this was not clear from the discussion.)

John Murphy, a developer, stated that in general, developers would be easier to attract if the land use was not pre-determined, or at least was flexible. He cited urban renewal as one consequence of taking developers and financing for granted, reminding the city personnel not to clear land before a developer was committed.

LEAD TIMES

Tom Black of the Urban Land Institute discussed typical requests for proposals for developers and the short notice (usually 90 days) given for response. Developers will seldom commit themselves to a project without a lead tenant, and it is difficult to get a lead tenant for a major project in 90 days.

LENDER DECISIONS

One observer asked why cities don't work with lenders on the front end of a project to learn what land uses will be most likely to obtain financing. The consensus answer was that lenders are low-overhead groups that do not have to plan as far ahead as city planners and administrators. Lenders decisions are influenced by variables that change daily and therefore do not get involved in long-range projects (in advance of committing funds).

GOALS AND OBJECTIVES FOR DEVELOPMENT

Mr. John L. Murphy of the Ackerman Development Company of Atlanta, Georgia, stated that a city can attract developers by having clear goals and objectives for a site, without having a pre-determined use, so that a developer can determine if its goals and objectives are compatible with those of the city. When asked how useful a city's market analysis of a site is to a developer, Murphy responded that a developer wants factual information, rather than market feasibility statements, from the city. (Earlier, however, he contradicted himself by criticizing the Marketplace exhibits and sheets for containing only site information and not having any market analysis)

PUBLIC/PRIVATE NEGOTIATIONS

Mr. Lewis Arnold of the San Francisco Redevelopment Authority stated that to assure quality and completion of projects, San Francisco requires a deposit from developers before work begins. He also stated that the developer selection process is done by staff consultation, with some elected official participation. In his view, almost all joint development projects are underwritten by the Department of Housing and Urban Development (HUD) and the terms of public/private negotiations are dictated largely by HUD regulations.

WORKSHOP #3

INSTITUTIONAL AND MANAGEMENT ISSUES

Moderator: David Callies, Ross, Hardees, O'Keefe

Panelists: Robert Harmon, Harmon and Associates

G.B. Arrington, TRI-MET Transit Authority,
Portland, Oregon

Judith Jenkins, One America, Inc.

Dan Townsend, Community Development Agency,
Los Angeles

SUMMARY

This workshop discussion was based on two papers, the first entitled "Transit Corridor Development Corporation and Interim Control Measures," by Robert J. Harmon, and the second entitled "Minority Business Participation in Transportation System Joint Development Projects," by Judith Jenkins.

The majority of the afternoon's discussion centered on the transit corridor development corporation (TCDC) because this type of institution was legislatively approved in the original Young Amendment of the Urban Mass Transportation Act of 1974. ^{1/} In the recently enacted Surface Transportation Assistance Act of 1978, TCDC's are still eligible recipients of funds under the newly revised Young Amendment. See the Introduction to these Proceedings for further information on the revised Young Amendment. While the new Act allows for institutional mechanisms other than transit corridor development corporations, it appears that UMTA is interested in funding the TCDC structure.

TRANSIT CORRIDOR DEVELOPMENT CORPORATIONS

Mr. Harmon opened discussion by describing the main points of his paper. He stated that, in theory, there are two types of development

^{1/} The Young Amendment changed the UMTA Act (found in the United States Code 49, Statute 1602), Section 3 which authorizes the Secretary "to make grants or loans...to assist States and local public bodies and agencies thereof in financing...the establishment and organization of public or quasi-public transit corridor development corporations or entities." The section further defines eligible facilities and equipment under the Act.

corporations. The first is a form of management corporation with no revenue source of its own. The second is what has been called a true transit corridor development corporation in that it has more powers, its own revenue source, and its own interests to protect.

There are, at present, no working models of this concept. However, several cities --Baltimore, Columbus, Portland, Jacksonville, Detroit, and Boston--are considering instituting transit corridor development corporations.

WHY HAVE A TCDC ?

The major points raised by Mr. Harmon on why a TCDC should be developed are summarized below:

- The entire corridor right-of-way is included within the scope of the TCDC. This geographic coverage is more complete than individual institutions might permit.
- The TCDC would have the ability to package more than one project and be able to handle a series of projects pertaining to corridor development.
- The TCDC would have an institutional life relative to the needs of the corridor. This is particularly important because there are few institutions now which are responsible for the long-term development of a subway corridor, for example.
- The TCDC provides one entity for private developers to focus on and deal with.
- High-level policy people from all involved institutions would be closely involved with the TCDC. With frequent and regular policy board meetings, changes to corridor development can take place more quickly than if suggestions have to filter through layers of bureaucracy.

MINORITY BUSINESS DISCUSSION

Ms. Jenkins discussed minority business participation in joint development.

It was pointed out that UMTA requires minority business participation in projects funded through its programs. There is a need to identify all parts of a Federally funded project that can be contracted out. There is also a need to identify qualified minority firms. One suggestion was to have more funding available early in the project to allow minority firms to gain experience in the subject area earlier than is presently possible.

TCDC FUNDING

A TCDC can use money from both private and public sources, and can use moneys from all Federal agencies, not just UMTA.

IMPORTANCE OF GOALS

The TCDC is only a tool for joint development. Its functions depend upon the needs of specific projects, the role of involved institutions, and the agreed-upon goals established for the TCDC.

RELATION TO LABOR

UMTA appears to be deferring to the U.S. Department of Labor in all labor matters. Labor issues may delay a project, especially if it appears the project might cause a loss of jobs or a disparity of wages.

LAND ACQUISITION AND DISPOSAL

Mr. Callies stated that issues of the "best public good" vary by state and have not been nationally determined. Historically, the courts in ruling on the issue of eminent domain have been more concerned if development is outward and takes more land, rather than upward, i.e., air rights over a public project. Regulations concerning land ownership and disposal have tended to be highway-oriented rather than transit-oriented.

Mr. Harmon said that, for example, Metropolitan Atlanta Regional Transportation Authority (MARTA) took a conservative approach to land acquisition for joint development. MARTA tended to purchase property around stations only when the property owners requested this be done. This procedure may be the result of the lack of a board approved joint development policy.

With the Federal policy spelled out as it is in the 1978 Act, local jurisdictions may be better able to determine their own joint development policy and the appropriate institutional mechanisms for carrying out that policy.

WORKSHOP #4

ADVANCED PLANNING AND SITE DESIGN

- Moderator:** Anthony Pangaro, Massachusetts Bay Transportation Authority
- Panelists:** John Bower, Bower and Fradley Architects
Phil Hammer, Hammer, Siler, George and Associates
Satish Jindel, University of Pennsylvania
Marilyn Jordan, Skidmore, Owings & Merrill
Robert Witherspoon, Gladstone Associates

SUMMARY

Three papers provided background information for workshop participants. They are:

- The Gallery at Market East Philadelphia, Pennsylvania by John Bower
- Movement Relationships in Joint Development Projects; The Design Aspects by Satish Jindel
- Transit and Urban Economic Development by Robert Witherspoon

Much of the discussion explored the economic incentives (and potential disincentives) of joint development.

TRANSIT--A POSITIVE FACTOR

The Gallery in Philadelphia was suggested as an example of how transit could be a positive factor in encouraging land development. It was later pointed out, however, that the old Gimbels building next to the Gallery was still vacant. Some felt that this may suggest more of a shift in old development than new development has occurred thus far.

DOWNTOWN PEOPLE MOVERS

Downtown people movers (DPM) were discussed as a major economic incentive experiment. Very little is known about how to use DPM's to encourage development. Since the original Young Amendment did not provide guidelines about developing the area in the vicinity of the stations, most of the regulations would have to come from the "ground up."

Workshop: Pangaro

It was suggested that the four DPM demonstration cities (Los Angeles, Houston, Miami, and possibly Cleveland) could learn a great deal from the cities which have built or are building fixed guideway systems, especially San Francisco, Washington, and Atlanta. In San Francisco, for example, community groups successfully downzoned land around the station, thereby preventing new development. The point was made many times throughout the workshop that a city must begin early to coordinate land development with proposed transportation facilities.

WHO SHOULD BENEFIT FROM JOINT DEVELOPMENT

The problem of who benefits from the economic development was discussed extensively. An approach to let the adjacent community benefit from increased land value is soon to be tried in Washington, D.C. near one of the new Metro stations. Residents in the station vicinity may join a development corporation, which will receive a loan from the Economic Development Administration. When the corporation develops a parcel of land around the station, the profits will go to the shareholders (neighbors, thereby allowing the immediate community to benefit from increased property values.

ECONOMIC INCENTIVES

How much in the way of additional incentives the city or transit authority should give to a developer was debated. Some felt that developers tend to undervalue a transportation facility when asking for additional concessions, ignoring the fact that millions of public dollars may have already been invested. Others suggested that if a condition of the new development is another small concession, it is better to meet it rather than lose the development.

The presentations on the Northeast Corridor Improvement Program (NECIP), the railroad redevelopment effort from Boston to Washington, and the Gallery in Philadelphia were illustrative of public/private coordination problems. The Gallery took many years from plan to reality, and even though the NECIP should have many opportunities, there are many legal, institutional, and financial constraints. Simple solutions are not likely to develop, although experience in joint development may cut implementation time. One person voiced the concern that if the lead time is not reduced, developers may learn to avoid those projects.

WORKSHOP #5

COMMUNITY PRESERVATION

- Moderator: Albert Baugher, Assistant Commissioner, Department of Planning, City and Community Development, Chicago, Illinois
- Panelists: Phyllis Myers, Senior Associate, The Conservation Foundation, Washington, D.C.
- David Nutter, Mass Transit Development Coordinator, Baltimore, Maryland
- Jeffery Stern, Director of Regional and Intergovernmental Programs, Department of City Planning, New York, N.Y.
- Walter Arrensburg, Skidmore, Owings & Merrill, Washington, D.C.
- Andy Eusten, Urban Design Program Officer, Office of Assistant Secretary of HUD for Community Planning and Development, Washington, D.C.

SUMMARY

This workshop focused on the issues brought out in Phyllis Myer's paper, "Urban Development and Urban Conservation: Conflict and Accommodation."

CITIZEN INPUT

Phyllis Myers of the Conservation Foundation opened the discussion by giving a brief synopsis of her paper, "Urban Development and Urban Conservation: Conflict and Accommodation." Ms. Myers felt that the title of the Workshop, "Community Preservation," was inappropriate and should be changed to "How Citizens or Cities Welcome Positive Changes." She felt that citizen input in joint development projects is ignored.

Ms. Myers pointed out that President Carter in his Urban Policy Statement stressed that joint development should include the Federal government, local government, private developers, and local citizen input, but this Joint Development Marketplace stressed only three sectors-- Federal, local, and private developers. At no point were local citizens involved in the Marketplace. She felt that the following three points are vital to the Joint Development process:

- Public citizens' participation must be included even if it causes delays.

- One should expect the eleventh-hour skepticism from private citizens to cause delays in adoption of a Master Plan for a joint development project.
- One must accept citizen participation as being valid--issues are raised and should be considered. (E.g., Grand Central Station Supreme Court Decision is a good example of what private developers can run into).

REHABILITATION VS. REDEVELOPMENT

Another issue brought out by Ms. Myers was that the joint development approach to site development seems to stress the "tear down" approach. She feels that revitalization of existing structures is another approach.

Ms. Myers asked David Nutter whether he thought UMTA encouraged the "tear down" approach to site development. Mr Nutter's answer was that he didn't know because there are no clear definitions as to what UMTA will accept. A good example of this is Baltimore Gardens, a very blighted area, in which the following happened:

- Baltimore saw this as a test case to determine exactly what UMTA wanted in a joint development site.
- An urban design concept which encouraged demolition was proposed.
- The same guidelines applied as in a rapid rail project--UMTA required an environmental impact statement.
- The area falls under Regs. 106 and 4F-- Historic Preservation.
- Actually there are 10 merchants remaining on the project site, but they do not oppose the project. The merchants, however, were opposed to the downtown businessmen's (Greater Baltimore Committee) proposal to have widespread demolition.

THE DEVELOPER AND THE CITIZEN

Walter Arrensburg posed the question: "At what point does community participation cut off before the private developer comes in?" It was generally felt that the developer must feel out the situation and create strategies to move the project along. The Urban Land Use Redevelopment Procedures in New York develops a timetable which is adhered to.

1. When one talks about a joint development market analysis, he is actually talking about design.

2. Panelists gave some examples of neighborhoods that have been able to preserve character:
 - a. Friendship Heights (Washington, D.C.) downzoning which was upheld by the court.
 - b. Grand Central Station (New York) Supreme Court decision.
 - c. Preferential parking in neighborhoods which was upheld by the courts.

WORKSHOP #6

THE FEDERAL ROLE

- Moderator:** Lawrence Schulman, Director, Urban Mass Transportation Administration-Office of Policy Development
- Panelists:** Reginald Diamond, Equal Opportunity Specialist, Urban Mass Transportation Administration-Office of Civil Rights
- Charles H. Graves, Director, Urban Mass Transportation Administration-Office of Planning Assistance
- David Dresser, Director of Urban Studies Division, Department of Housing and Urban Development

SUMMARY

The Federal role workshop focused on four areas of concern: 1) minority participation in Urban Mass Transportation Administration (UMTA) programs, 2) UMTA joint development programs, 3) HUD joint development programs, and 4) the coordination of Federal programs. There were no papers discussed in this workshop.

UMTA MINORITY PILOT PROJECTS

Mr. Diamond opened the panel with a brief description of the pilot projects being sponsored by the UMTA Office of Civil Rights. Mr. Diamond focused on the Boston pilot project which was initiated by the Massachusetts Bay Transit Authority in 1976. Each pilot project provides--

- Financial support for minority businesses.
- A training program for minorities.
- An apprenticeship program for minorities.

The private sector is required to get involved from the beginning to help the transit agency set up a working program.

One observer commented that minority residences are affected by many of the displays the cities have prepared for this conference, yet none of

the residents of these areas were invited to attend. In addition, the observer was concerned because the conference displays showed very few residential uses for joint development projects.

Moderator Schulman responded by commenting that downtowns were stressed because things are happening there. Residential uses other than hotels are generally not pushed in most downtowns.

UMTA JOINT DEVELOPMENT PROGRAMS

The moderator then turned the floor over to Charles Graves of UMTA. Mr. Graves described UMTA programs in joint development. He pointed out that UMTA now has "seed" money which can be used to encourage joint development. Since the announcement of the President's Urban Policy Initiative, he feels that now is the best time to apply for Federal funds, when the red tape is low. (The 1978 Surface Transportation Assistance Act provides \$200 million in additional aid earmarked for joint development.) Each joint development proposal is being judged on its own merits.

According to Mr. Graves, a project has three parts--

- A bus station/train station/mall.
- A real estate component, with public funds committed to reduce the risk of the venture.
- Private development (UMTA would not be involved with this aspect).

UMTA has planning assistance through Section 9 funds which may be passed through to a city by the A-95 agency. These funds may be used for administrative, legal, architectural, engineering, or other planning related costs.

The UMTA Section 3 capital funds may be dispersed directly to cities or the Metropolitan Planning Organization. These funds may be used for land acquisition, preparation of the site, purchase of vehicles, and the purchase and preparation of related open space. There is a lot of flexibility in the use of these funds.

Mr. Graves also stated that there is no firm project selection criteria, although projects affecting distressed areas will be given preference. Projects in suburban areas are not ruled out, but ones in downtowns are preferred. A project has to be connected to public transportation and should have broad positive economic as well as environmental impacts.

At this point, a few comments were made by observers. A developer was concerned about UMTA's low bid policy. He asked if UMTA would accept a developer if the applying agency approved the developer. Bill Hurd,

former Associate Administrator of UMTA, replied that there is no low bid requirement in the legislation, but that it has been UMTA's policy to accept only low bids. Mr. Graves seconded this opinion, stating that if an agency requested a particular developer that it could be approved.

Another observer asked whether UMTA could make low interest loans to small businesses adversely affected during the construction phase of a transit mall. Mr. Graves replied that it was possible, it has just never been given much thought.

The observer stated that many larger businesses are able to weather a transit mall construction phase without major cash flow problems. Small businesses often do not have this kind of cash flow stability, and may fail during the construction phase even though they would probably more than make up losses after completion of the mall. As a result, some transit malls are politically unacceptable because small businesses succeed in stopping them on the grounds that they may be driven out of business.

HUD JOINT DEVELOPMENT PROGRAMS

Dave Dresser of the Department of Housing and Urban Development (HUD) gave a brief description of HUD programs.

He said that HUD is very interested in using the resources of the developers-as HUD, for example, has a \$3.5 billion Community Development Block Grant program. The overall goal of this program is to eliminate urban blight. The funds from this program go directly to city governments. Big cities get \$2.5 billion in formula grants; but sun belt and frost belt formulas differ. The remaining \$1.0 billion goes to small cities for "one-shot" projects. Block Grant funds can be used for physical development and land acquisition, structures, and assistance to small businesses. Block grant funds can also be used to fund site planning and traffic planning with the authorization of the local grantee agency.

In addition to the Block grant program, HUD has a \$400 million Urban Development Action Grant (UDAG) program. In order to qualify for UDAG money, a city must prove need for early action by meeting specific economic criteria. Cities in distress are given top priority for the grants. Big cities and county metropolitan areas get \$300 million and \$100 million goes to small cities. This is considered "gap-filling" money because the object is to get private developers to finish the job. Funds can be used for land acquisition and clearing. HUD is trying to maintain a reasonable balance between industrial, commercial, and residential neighborhood projects in the UDAG program. UDAG funds can also be used to finance housing and to provide public facilities.

FEDERAL COORDINATION

Remaining questions to the panelists revolved around integrating and

coordinating Federal programs and eliminating red tape. Moderator Schulman cited the Presidential Interagency Coordinating Council which was set up for the purpose of finding the best ways to package these programs together to reduce duplication at the local level.

Mr. Graves commented that there is an urgency to get on with joint development programs and that some problems remain on how best to combine these projects with existing programs to get out timely decisions. The panel was ended on this note.

APPENDICES
to
JOINT DEVELOPMENT MARKETPLACE

APPENDIX A

SUMMARY OF CITY AND COUNTY SITE MARKETING SHEETS

A total of 140 areas were marketed at the Joint Development Marketplace. Of these areas, potential joint development projects can be categorized in the following manner:

- Primary Transportation Mode
 - 58 areas have or will have in the future rapid rail transit with joint development being contemplated
 - 9 areas related to light rail
 - 23 areas related to Downtown People Mover systems
 - 18 areas related to bus systems
 - 8 areas related to transit mall projects
 - 17 areas related to limited access highway interchanges
 - 7 others
- Development Preferred
 - 31 office
 - 15 retail
 - 25 residential
 - 11 industrial
 - 7 hotel
 - 28 mixed use
 - 23 others
- Availability
 - 65 areas have parcels ready for development this year or in the coming year. The remaining sites will be ready for development in two or more years.
- Ownership
 - 20 areas have sites primarily owned by the local transit authority
 - 46 areas have sites owned by the local city or county government
 - 40 areas have sites which are privately owned

APPENDIX A (Cont.)

- 2 areas have sites owned by others
- 32 areas have sites on which the land ownership information is not clear, not available or the developer has been selected.

Since this information was prepared six months ago, the site marketing sheets are not included in this document. They have been assembled and may be obtained by requesting JOINT DEVELOPMENT MARKETPLACE TECHNICAL APPENDIX: SITE MARKETING SHEETS by writing to PTI c/o Alinda Burke, Vice President, 10th Floor, 1140 Connecticut Avenue, N.W., Washington, D.C., 20036.

CITY	Principal Transportation						Preferred Development							Number of Years Before Property is Available				Ownership						
	Number of Areas	Parcels	Rapid Rail	Light Rail	Downtown People Mover (DPM)	Bus	Transit Mall	Limited Access Hwy.	Other or NA	Office	Retail	Residential	Industrial	Hotel	Mixed Use	Other or NA	0-1	2-4	5+	Unknown	Transit Authority	City or County	Private	Other or NA
Alexandria, VA	1		1												1									1
Atlanta, GA	7	12	6				1		4			1		2			3	4			4	2	1	
Baltimore, MD	4	7+	3					1	2		3							4			1	3		
Boston, MA	2	7		1			1				1	1					1	1				1		1
Bridgeport, CT	2	2+						2	1	1							2					1	1	
Buffalo, NY	3	3+					2	1		1	1		1				2	1				2	1	
Burlington, VT	3	3+				3				1				2			3			2		3		
Chicago, IL	4	4+	1			1	1	1		2				1	1		1		2				3	
Cleveland, OH	4	4	3	1									1	3			3	1				2	2	
Columbus, OH	2	8				1	1							2			2					1	1	
Dade County, FL	20	NA	20							3	5	2		2	8				20					20
Dallas, TX	5	5				2	3		1		1	1		1	1		3			1		5		
Decatur, GA	1	6	1												1		1							1
DeKalb, GA	1	7	1												1		1						1	
Denver, CO	1	1				1								1						1	1			
Detroit, MI	9	9+	5		4				2	1	6				1		9						9	

CITY

CITY	Number of Areas		Principal Transportation						Preferred Development						Number of Years Before Property is Available				Ownership					
	Parcels		Rapid Rail	Light Rail	Downtown People Mover (NPM)	Bus	Transit Mall	Limited Access Hwy	Other or NA	Office	Retail	Residential	Industrial	Hotel	Mixed Use	Other or NA	0-1	2-4	5+	Unknown	Transit Authority	City or County	Private	Other or NA
Hartford, CT	4	12						3	1		1	2		1		4					3	1		
Houston, TX	1	1			1				1										1			1		
Jacksonville, FL	4	4+			3		1				1		1	1	1						1	3		
Kansas City, MO	7	7+				7			3			2	1	1		6			1		5	2		
Los Angeles, CA	5	5			5				4				1			5				5				
Medford, MA	1	1		1										1			1			1				
Memphis, TN	1	1					1						1			1					1			
Milwaukee, WI	1	1					1			1									1		1			
Montgomery County, MD	3	3	3						1					2		3				3				
Nanticoke, PA	1	1			1				1							1					1			
New York, NY	4	4+	1				2	1	2	2						4						4		
Norfolk, VA	2	3			2				2							2					2			
Pittsburgh, PA	5	NA		5											5		5							5
Portland, OR	1	12+		1										1					1			1		
Prince George's County, MD	4	4	2				2		2			2				4					1	3		
St. Louis, MO	8	8+			6		1	1		1		1	1	3	1	4			4		4	3	1	

APPENDIX B
JOINT DEVELOPMENT MARKETPLACE
ATTENDEES

BETTS	ABEL	OLIVER T CARR CO	WASHINGTON DC
JOHN	ABRAHAM	LUZERNE COMM COLLEGE	NANTICOKE, PA
HON BROCK	ADAMS	OFFICE OF THE SECY	WASHINGTON, DC
LARRY	ADAMS	FLORIDA POWER & LIGHT	MIAMI, FL
MARTIN R.	ADLER	MBTA	BOSTON MA
KENNETH	ALLEN	ATLANTIC HOMES CORP	NEWPORT NEWS, VA
JOHN E.	ANDERSON	K. C. AREA TRANSPU AUTH	KANSAS CITY, MO
ROGER	ANDERSON	OWENSBORO METRO PLAN COMM	OWENSBORO, KY
PETER J	ANDOLINA	MIAMI DOWNTOWN DE AUTH	MIAMI FL
VLADIMIR	ANISIMOW	OTIS	DENVER, CO
WILEY S	ANSLEY	WILEY S ANSLEY CO	DECATUR GA
WALTER	ARENSBERG	SKIDMORE OWINGS & MERRILL	WASHINGTON, D.C.
GLENN	ARNETTE	BUFFALO CONVENT. CTR	BUFFALO NY
LEWIS	ARNOLD	CITY OF SAN FRANCISCO	SAN FRANCISCO CA
CAESAR A.	ARREDONDO	ARREDONDU & CO	GREENWICH, CT
G. B.	ARRINGTON, JR	TRI-MET	PORTLAND, OR
DAVID L.	ASCHHEIM	DC DEPT OF HOUS & COMM DEV	WASHINGTON, D.C.
DANNY	ATHERTON	OWENSBORO METRO PLAN COMM	OWENSBORO, KY
ED	AUERBACH	NEW COMM. DEV. CORP.- HUD	WASHINGTON, D.C.
HEATHER	AVEILHE	OFFICE OF POLICY DEV, HUD	WASHINGTON, D.C.
EDMUND N	BACON	MONDEV INTERNATIONAL LTD	PHILADELPHIA, PA
TED	BAKER	NEW COMM. DEV. CORP.- HUD	WASHINGTON, D.C.
ALAN	BALLARD	GTR BRIDGEPORT CHA OF COMM	BRIDGEPORT, CT
CAROL	BALTHAZAR	EQUITABLE ASSUR ASSOC	NEW YORK, NY
CALVIN	BANKS	US DEPT OF TRANSPORTATION	WASHINGTON, D.C.
KNOX	BANNER	BUS & ECON DEV OF DC	WASHINGTON, D.C.
MICHAEL N.	BARR	PEOPLES SAVINGS BANK	BRIDGEPORT CT
GARY L.	BARKETT	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.
WILLIAM R.	BARRON	MD-NATL. CAPITAL PARK	SILVER SPRING, MD
STEVEN A.	BARSONY	UMTA	WASHINGTON D.C.
SIDNEY J.	BARTHELEMY	CITY OF NEW ORLEANS	NEW ORLEANS, LA
MICHAEL	BATES	CHF CNSL'S OFF UMTA	WASHINGTON, D.C.
ALBERT	BAUGHER	CITY & COMM DEVELOPMENT	CHICAGO, FL
RICHARD	BAUMAN	CENTENNIAL ENGR	WHEAT RIDGE, CO
CHERYL	BAXTER	REAL ESTATE RESEARCH CORP	CHICAGO, IL
ALAN	BEALS	NATL LEAGUE OF CITIES	WASHINGTON, D.C.
PETER S.	BEHRMAN	UMTA	WASHINGTON D.C.
PETER	BENJAMIN	UMTA	WASHINGTON DC
BERNARD	BERKOWITZ	MAYORS PLANNING DEPT	BALTIMORE, MD
RENEE	BERLIN	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.
KEVIN	BERNAUER	CITY OF COLUMBUS	COLUMBUS OH
LYNNE	BERSHAD	CHAIN STORE AGE EXEC	NEW YORK, NY
JAMES	BESTE	FEDERATED STORES	CINCINNATI, OH
MIMI	BETZ	USDEPT OF TRANSPORTATION	WASHINGTON, D.C.
DUANE	BIGSBY	CALDWELL DEVELT CORP	WILLIAMSVILLE, NY
LUCY	BIRMINGHAM	OLIVER T CARR CO	WASHINGTON DC
DAVID	BLACK	CITY OF MIAMI PLAN DEPT	MIAMI, FL
THOMAS D.	BLANCHARD	CITY OF NORFOLK	NORFOLK, VA
STEVEN	BLOOMFIELD	CINCINNATI PLAN COMM	CINCINNATI, OH
ALFRED	BLUMBERG	w MD NATL CAPTL PARKS & PLA	SILVER SPRING, MD
LARRY	BOATMAN	OTA-METRO DADE CTY	MIAMI, FLA
MELVIN	BOFFMAN	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.
STEPHEN T	BOLAND	CITY OF EASTPOINT	EASTPOINT GA
CASIMIR	BONKOWSKI	UMTA	PHILADELPHIA, PA
JOHN D.	BORAH	DOWNTOWN DEVELOPMENT AUTH	JACKSON, MI
ALLAN	BORUT	URBAN LAND INSTITUTE	WASHINGTON, D.C.
PETER	BOTTAI	EMP & ECON POLICY ADM	BOSTON, MA
WILLIAM	BOUCHER	GREATER BALT COMM	BALTIMORE, MD
SIDNEY	BOWER	CITY OF BALTIMORE	BALTIMORE MD
FW	BOWMAN	JACKSONVILLE TRANSIT AUTH	JACKSONVILLE FL

DARCIA D.	BRACKEN	US HOUSE OF REP	WASHINGTON DC
RICHARD	BRADLEY	WESTPORT TRANSIT DIST	WESTPORT, CT
HARRY	BRIDGES	FHWA HEV-22	WASHINGTON, DC
WILLIAM	BRIDGE	NORFOLK REDEV. & HOUSING	NORFOLK VA
DAVIS M.	BRODIN	COLDWELL BANKER & CO	WASHINGTON, DC
GRVILLE L.	BROTHERTON	ST LOUIS, INC	WASHINGTON, D.C.
SUNYA A.	BROWN	URBAN MASS TRANS ADMIN	PHILADELPHIA, PA
H. JAMES	BROWN	HARVARD UNIVERSITY	CAMBRIDGE, MAA
BRUCE	BROWN	OFF OF PLAN & ZONING	INDIANAPOLIS, IN
KATHRYN M	BROWN	CITY OF EVANSTON	EVANSTON IL
DENNIS M	BROWNE		LONDON UK
ROBERT C	BUCHANAN	ATE MGT AND SERVICE CO	ARLINGTON VA
THOMAS J.	BULGER	NATIONAL ASSOC. OF COUNT.	WASHINGTON, D.C.
ALINDA C.	BURKE	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.
FRED B.	BURKE	FRED B. BURKE INC.	WASHINGTON, D.C.
RUSS	BURKHARDT	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.
MALIN	BURNHAM	SAN DIEGANS, INC	SAN DIEGO, CA
DAVID	BURROWSKI	LUZERNE COMM COLLEGE	NATICOKE, PA
DARYL J.	BUTCHER	ECONOMICS RESEARCH ASSOC	MCLEAN, VA
WILLIAM F.	CALDWELL	CALDWELL DEV CORP	WILLIAMSVILLE, NY
DAVID L	CALLIES	ROSS HARDIES BABCOCK O'KEEFE	CHICAGO, IL
GEORGE	CAMPOS	COMM DEV DEPT	BUFFALO NY
ANNE P.	CANBY	US DOT B-1 KM 10132	WASHINGTON, DC
ALAN	CANTER	CITY OF DENVER	DENVER, COLO
HUN NICK	CARBONE	CITY OF HARTFORD	HARTFORD, CT
OLIVER T.	CARR, JR	OLIVER T. CARR CO.	WASHINGTON, D.C.
CHARLES	CARTER	MONTGOMERY COUNTY	ROCKVILLE, MD
RICHARD B.	CARTER	CITY OF EVANSTON	EVANSTON, IL
SAL	CARUSO	UMTA	WASHINGTON DC
E R PETER	CASS	TRI-MET	PORTLAND OREGON
JOHN A.	CASTAGNA	DEPT OF COMMU DEVEL	NANTICOKE, PA
BRUCE	CASTERLINE	KANSAS CITY, DEV DEPT	KANSAS CITY, MO
BERNARD K	CATALINOTTO	GEBBS AND HILL INC	N Y NY
DURWARD W.	CAUDILL	KAISER TRANSIT GROUP	MIAMI, FL
WILLIAM	CHAFEE	TRANSIT IMPROVEMENT-RTA	DENVER, CO
DAVID	CHAPIN	INTERSTATE DIV FOR BALT CITY	BALTIMORE, MD
DIANE	CHICGINE	REG TRANS AUTH	CHICAGO, IL
DAVID	CHIKVASHVILI	IDBC	BALT MD
MICHAEL R	CHITWOOD	SALT LAKE CITY REDEV AGENCY	SALT LAKE CITY UT
WILLIAM	CHRISTIAN	ATLANTA REGIONAL COMM	ATLANTA, GA
JAMES P	CITRAND	ST JOHNS PLACE	JACKSONVILLE FL
RICHARD	CLAIR	WESTPORT TRANSPD CENTER	BRIDGEPORT, CT
MICHAEL C	CLARK	URBAN DEVELOPMENT GROUP	LOS ANGELES, CA
DONALD E.	CLARK	MULTNOMAH COUNTY BD COMM	PORTLAND, OR
FRANK	CLARK	FHWA US DOT	WASHINGTON DC
JERRY	CLINGERMAN	DOT	WASHINGTON DC
JAMES A	CLUAR	CENTRAL BUS DIST ASSN	DALLAS TEXAS
ABE	COHEN	YONKERS DEPT. OF DEVEL.	YONKERS, NY
RICHARD	COHEN	US DOT UMTA	WASHINGTON DC
WILLIAM A.	COLE	CITY OF ALEXANDRIA	ALEXANDRIA, VA
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JOHN P.	COMERFORD	WHITE HOUSE CONF.	WASHINGTON DC
JAMES	CUNANT	UMTA	WASHINGTON, D.C.
JAMES	CUNANT	UMTA	WASHINGTON DC
EUGENE F.	CUNWAY	EQUITABLE LIFE ASSURANCE	NEW YORK, NY
WAYNE	COOK	SAN ANTONIO TRANS SYSTEM	SAN ANTONIO, TX
TERRY	COOPER	CITY OF KALAMAZOO TRANST	KALAMAZOO, MI
STEVE	COOPER	NORFOLK REDEV. & HOUSING	NORFOLK, VA
HENRY W.	CURD	WASH METRO TRANS AUTH	WASHINGTON, DC
TERKY	CORRIGAN	LEG TRANSP COMM	OLYMPIA WA
WILLIAM	COSTA	BOSTON REDEV AUTHORITY	BOSTON, MA

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GLEN E.	COVERDALE	METRO. LIFE INS. CO.	NEW YORK, NY
CHARILYN W.	COWAN	OFF OF HENRY J NOWAK	WASHINGTON DC
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MR RALPH	CRAMER	CHITTEN CO TRANSP AUTH	BURLINGTON VERMONT
MARTIN	CRAMTON	DEPT OF ENVIRON SER	PORTLAND, OR
TONY EDWARD	CRAPP	OFF OF TRADE & COMM DEV	MIAMI FL
VICTORIA	CROSS	PORT AUTH OF NY & NJ	NEW YORK, NY
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ANTHONY M.	CUCCIA	NEW JERSEY ECON DEV	TRENTON, NJ 08625
LEE	CUNNINGHAM	COMM PLANS - W MD NATL CAP	SILVER SPRING, MD
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RENA	CUSMA	MULTNOMAH COUNTY	PORTLAND OR
WALTER H.	DAGGETT	DIVERSIFIED SER GROUP, INC.	DUBLIN, OH
ALAN	DANAHER	N E ILLNOIS PLANNING COMM	CHICAGO, IL 60606
ROBERT G.	DAVID	CITY OF MIAMI BEACH	MIAMI BEACH, FL
RICHARD H	DAVIS	ECONOMIC DEVEL CORP.	SAN DIEGO, CA
JAMES M.	DAVIS	CITY OF ROCKVILLE	ROCKVILLE, MD
WARD W.	DEEMS	DEEMS, LEWIS, & PARTNERS	SAN DIEGO, CA
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FRANK	DERRO	PRINCE GEORGES CTY PLANNING	UPPER MARLBORU MD
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NICHOLAS M.	DEVITO	ATTORNEY	CLEVELAND, OH
JOHN P.	DEWITT	EQUIT LIFE ASSUR SOC OF US	NEW YORK NY
REGINALD K.	DIAMOND	UMTA OFF OF CIV RTS.	WASHINGTON DC
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LESTER	DINOFF	LESTER DINOFF ASSOC	NEW YORK, NY
STUART	DIXON	RICE CENTER FOR COMM DES & R	HOUSTON, TX
WILLIAM	DONAHUE	CITY HALL	BUFFALO NY
JOHN F	DUNNAN	CITY OF WAUKEGAN	WAUKEGAN IL
HELEN	DOO	OFFICE OF THE SECRETARY-DOT	WASHINGTON, DC
LETEE P	DUTY	MANAGT CONCEPTS	BRIDGEPORT CT
MORTIMER L.	DOWNEY III	DOT	WASHINGTON DC
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JOHN L.	DREW, III	CITY OF ST. LOUIS	ST. LOUIS, MO
JOHN J.	JUDAS	CENTER CITY COMMISSION	MEMPHIS, TN
DONALD R	DUNKER	COUNTY ADMIN BLDG	UPPER MARLBORU MD
PAM	JUNLOP	DEPT OF PLANNING & COMM DEV	CHICAGO, IL
DAVID	JUNN	CITY OF BRIDGEPORT	BRIDGEPORT CT
ROY L	DUPOIS	THE WAUKEGAN NEWS SUN	WAUKEGAN IL
JOHN	DYER	METRO DADE COUNTY	MIAMI, FL
DR RICHARD	EASTWOOD	TEXAS MED CNTR, INC.	HOUSTON, TX
TIMOTHY	ECKERLE	DEPT OF HUMAN RES & ECON	SOUTH BEND INDIANA
SHIRLEY P.	EIG	PISNER & EIG	CHEVY CHASE, MD
G.	EISEMAN	MITRE CORP	MCLEAN, VA
WILLIAM	ELDRED	COMMUNITY DEVEL AGENCY	ST LOUIS MO
STEWART	ELLIOTT	OWENSBORO METRO PLAN COMM	OWENSBORO, KY
ROBERT	EMBRY	H U D ROOM 8100	WASHINGTON DC
MR DAN	LAWERENCE	AKRON CITY PLANNING DEPT	AKRON OH
BARBARA D	ENGEL	NATIONAL MALL MONITOR	CLEARWATER, FL
RODNEY E	ENGELN	BARTON ASCHMAN ASSOC INC	EVANSTON ILL
ORRIN A.	ERICSON	ERICSON DEV CO, INC	BLOOMINGTON, MN
WILLIAM	EVERS	SAN FRANCISCO DEVL P CNCL	SAN FRANCISCO, CA
HOWARD D.	EVUJ	UMTA	WASHINGTON, DC
PATRICIA	FAIRBAIN	DC MUNIC PLNG OFF	WASHINGTON DC
RICHARD	FARRIS	MILWAUKEE REDEV CORP	MILWAUKEE, WI
RONALD	FATTIBONE	BEDCO	BRIDGEPORT CT
FRANCIS	FAUST	GRTR BUFFALO DEV FONDTN	BUFFALO NY
MARTHA	FEAGIN	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.

MICHAEL A.	FEINER	U.S. REALTY INVESTMENTS	CLEVELAND, OH
STANLEY	FEINSOD	APTA	WASHINGTON, D.C.
CHAPIN A.	FERGUSON, III	RTKL ASSOCIATES INC.	BALTIMORE, MD
RON	FISHER	UMTA	WASHINGTON DC
ROBERT E	FLAHIVE	CITY OF NY MAYORS MID TWN OF	NEW YORK NY
HARVEY	FLECHNER	METRO. DADE COUNTY PLNG. DEP	MIAMI, FL
RICHARD C	FLEMMING	HUD	WASHINGTON DC
HAROLD K.	FLETCHER	ERIE COUNTY INDUSTRIAL DEV	BUFFALO, NY
RONALD	FLIES	CITY OF DETROIT COMM & ECON	DETROIT MI
JAMES T.	FOLEY	NATIONWIDE DEV CO	COLUMBUS, OH
SERGIOO	FORNASIERO	FORNASIERO BRUS. INC.	BUFFALO NY
LEONARD S.	FRANK	PARDEE CONST. CO	LOS ANGELES, CA
BETH IRONS	FRENCH		WASHINGTON, DC
PAUL	FRIEDLAND	1ST NAT BANK OF CHIC	CHICAGO, IL
MARVIN	FUTRELL, JR	UMTA - DDT #6419	WASHINGTON, DC
GLORIA	GAINES	MARTA	ATLANTA, GA
JAMES	GATTON	CAUDILL ROWLETT SCOTI	HOUSTON TX
MS PENROSE	GEARIN	CITY OF BURLINGTON	BURLINGTON VERMONT
VERNON	GEORGE	HAMMER SILEK GEORGE	WASHINGTON, D.C.
DENNIS	VIERRA	UMTA, REG 5	CHICAGO, IL
SUL	GERSTMAN	BALT CITY PLNG DEPT	BALTIMORE MD
JAMES R	GETZEWICH	UMTA - DDT UMP-11	WASHINGTON, DC
DAVE	GIALANELLA	MCMANIS ASSOC, INC	WASHINGTON, D.C.
JAMES F.	GIEGERICH	MONTGOMERY COUNTY	ROCKVILLE, MD
BEN	GILBERT	MUNICIPAL PLNG OFFICE	WASHINGTON, DC
THOMAS F.	GILL	ECONOMIC DEVELOPMENT ADMN	BRIDGEPORT, CT
FRANZ K.	GIMMLER	DEPT. OF TRANS, UMTA	PHILADELPHIA, PA
MR M	GLADSTONE	GLADSTONE ASSOCIATES	WASHINGTON DC
IRV	GLASSER	US DEPT OF TRANSPORTATION	WASHINGTON, D.C.
HON STANLEY	GLAZENSKI	CITY OF NANTICUKE	NANTICUKE, PA
CARVEL	GLENN	RICE CENTER FOR COMM DES & R	HOUSTON, TX
HON NEIL	GOLDSCHMIDT	CITY OF PORTLAND	PORTLAND OR
RONALD	GOODE	OLIVER T. CARR, INC	WASHINGTON, D.C.
JOSEPH	GOODMAN	US DEPT OF TRANSPORTATION	WASHINGTON DC
BARRY M	GOODMAN	CITY OF HOUSTON	HOUSTON, TEX
HAROLD	GORDON	GORDON & HEALY	WASHINGTON, D.C.
JOSEPH J.	GORKA	CITY OF NANTICUKE	NANTICUKE, PA
GEORGE M.	GOTTUSO	LAWRENCE TOWNSHIP	LAWRENCEVILLE, NJ
WILLIAM A.	GOULD	WILLIAM A. GOULD AIA & ASSOC	CLEVELAND, OH
CHARLES	GRAVES	US DEPT OF TRANSPORTATION	WASHINGTON, DC
NAT	GREEN	CAMBRIDGE REDEV AUTH	CAMBRIDGE, MA
SHARON	GREENE	CHARLES RIVER ASSOC	BOSTON, MA
FRED	GREENE	ECON DEV COMMITTEE	LANHAM, MD
ELIZABETH	GREENOUGH	COMM DEV AGENCY	ST. LOUIS, MO
ALAN S.	GREGGERMAN	MICHIGAN TRAN RESEARCH PRO	ANN ARBOR, MI
HON JAMES	GRIFFIN	CITY OF BUFFALO	BUFFALO, NY
LESTER	GROSS	HARBISON DEV CORP	COLUMBIA, SC
LARRY	GROSSMAN	DEPT. OF PLANNING	ALEXANDRIA, VA
GEORGE	GUGLE	GALBREATH MORTGAGE COMPANY	COLUMBUS, OH
EARLENE	GUINN	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.
LEE	HAASE	NORFOLK REDEV. & HOUSING	NORFOLK, VA
WILLIAM C.	HABIG	MID-CHIO REG PLAN COMM	COLUMBUS, OH
ROBERT	HALL	US DEPT OF COMMERCE	WASHINGTON DC
JUDY	HAMILL	CITY HALL, RM 1006	CHICAGO, IL
KENNETH J	HANCE	NATIONAL REALTY COMM	WASHINGTON, D.C.
PROF IRVING	HAND	PENN STATE UNIV	CAMP HILL, PA
RICHARD C	HANNON	US DEPT OF TRANSPORTATION	WASHINGTON, D.C.
THEODORE C.	HARDY	PORT AUTH OF ALLEGHENY CTY	PITTSBURGH PA
TAMARA	HARMON	CITY OF DETROIT PLNG DEPT	DETROIT MI
BARBARA	HARSHA	NLC	WASHINGTON DC
JOHN M.	HART	CONNECTICUT GEN. LIFE INS.	HARTFORD, CT

J. KEVIN	HASTINGS	DEPT OF LABOR & INDUSTRY	TRENTON, NJ
GARY	HEBERT	PUBLIC TECHNOLOGY INC.	WASHINGTON, D.C.
JOHN D.	HEIMBAUGH	CHARLES H. SHAW CO	CHICAGO, IL
EDWARD	HELFELD	COMM REDEVEL AGENCY	LOS ANGELES, CA
DALE F.	HELSEL	CITY OF MIDDLETOWN	MIDDLETOWN, OH
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