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TRANSPORTATION and URBAN DEVELOPMENT

A Review of Federal Programs, Projects and Strategies That Promote
Coordination of Public Transportation and Private Investment

November 11, 1979 — Pittsburgh, Pennsylvania

Prepared for
U.S. DEPARTMENT OF TRANSPORTATION
Office of the Secretary
Contract No. DOT-OS-90011

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Part of a Series prepared by the U.S. Conference of Mayors
on Urban Transportation: New Roles for Mayors and Cities

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United States Conference of Mayors

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Mayor of Gary
President

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Foreword

Dear Mayor,

The coming decade brings great challenges to the nation's Mayors. Public transportation is in the forefront of these. The energy crisis, and the future of our cities, will greatly depend on the transportation decisions we make in the next several years.

To assist you in examining ways in which local transportation systems can be improved, the U.S. Conference of Mayors has prepared a series of issue papers on urban transportation. This paper, "Transportation and Urban Development" discusses federal programs and local actions that promote the benefits of effective coordination of public transportation and private investments. As central cities try to rejuvenate their downtown areas, local leaders need to be aware of all the strategies and projects that other cities around the country have tried and found successful.

We hope this series of papers on urban transportation helps clarify issues and guides you towards creative approaches for your city in developing urban transportation policy.



Richard G. Hatcher
President

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Transportation and Urban Development

Urban revitalization in today's central cities reflects a variety of economic and social trends, with many linked to the quality of a city's or region's public transportation system. As downtown areas continue to attract substantial investments of money for urban development and redevelopment, the proximity of a reliable, modernized transit system becomes a major factor to project value. Current concerns about traffic congestion, pollution and energy savings have created dramatic increases in public transit use: Transit vehicles carry not only the poor and transit dependents who traditionally ride the buses and trains, but also the more affluent who are returning to the cities to live and work. The federal government, supported by actions at state, regional and local levels, has initiated a number of programs to support these patterns of urban revitalization and link them to high quality public transit.

"Transportation and Urban Development" examines these new federal programs and the benefits of effective coordination or public transportation and private investments. It presents examples of fresh, new "joint development" projects in progress across the country.

Chapter I

Background

Within the past century, innovations in urban transportation have ranged from horsecars to modern subways and the private automobile, creating a tremendous expansion of the city with each advance in technology. Before the auto, urban growth resulted along the transit lines as the population grew and the economy rapidly expanded and industrialized. Other urban growth pressures also contributed to this development pattern. Geographical restraints, prior development and its value, and early land use controls and taxation policies produced significant effects.

Today the use of the auto has produced greater individual mobility which has often led to expanded urban development and "sprawl." Because recent transportation improvements have not had the same degree of impact as those in the past, the potential for similar transit-induced land use impacts can only be realized in the following two ways:

- through innovations which create major improvements in accessibility, and
- through increased coordination of transit with other complementary forces.

Current improvements in mass transit fluctuate widely in their impact on land use. Where impact has occurred, key inducements to intensified development near transit stations both in central business districts and in outlying areas have been present although only when supported by other favorable forces. It has been noted that "transit is seldom, if ever, a sufficient cause in and of itself to induce land use changes."¹ However, its land use impact can be important.

A Combination of Factors

In cities such as Washington, D.C. and Philadelphia, public transit projects have contributed to significant office, commercial and residential development around transit stations. These trends have also begun in relation to the new fixed-guideway systems in Atlanta and San Francisco and older systems such as New York and Boston, and the two excellent examples in Canada, Toronto and Montreal. In each case, the following economic, governmental and social factors were essential to realizing station area development:

- **Regional demand for new development.** Each city had an already healthy and active commercial area which encouraged both consumers and developers of land.
- **Availability of developable land.** This concept refers to nearby open or underutilized parcels of land and the feasibility of assembling these parcels into a site large enough for economically viable development.
- **Complementary local governmental policies.** Cities and counties have ordinances and land use plans conducive to well-planned transportation corridors.

¹Payne-Maxie Consultants and Blayney-Dyett, *A Review of Literature and Documents on Joint Development Relative to Mass Transit*. Prepared for U.S. Department of Transportation, Office of the Secretary, January, 1980, p. 21.

- **Appropriate adjacent land uses.** Many public investments coordinated with transit improvements can influence other transit-oriented development.
- **Attractive sites for development.** General unattractiveness of particular areas involved as well as the lack of economic demand have restrained action by developers.
- **Improvements in accessibility.** Subways have provided many of the older large cities with the much-needed increase in access to the downtown area, thereby assisting in their growth. Pedestrian access is especially important and approaches should be spacious, attractive, well lit and safe.

A Definition of “Joint Development”

In discussing the ways in which private investment relates to a public transit system and overall urban revitalization, we are actually defining “joint development”, a term coined by transportation and land use planners. One recent definition of joint development is “a process in which public transportation investments are coordinated with private land development investments so they

will generate a maximum stimulus to economic development and urban revitalization.”² Another definition goes further,

Since transportation is generally a public sector responsibility and land development primarily a private function, joint development requires a successful partnership between both sectors to effect a proper inter-relationship between transportation and land use.³

Supportive Government Policies

Since 1964 federal funds have been available for the planning and construction of bus, rail and other transit systems through the Department of Transportation’s Urban Mass Transportation Administration (UMTA). Authorization to use federal funds for joint development purposes did not happen until 1974 and the Young Amendment, however; and actual appropriation of monies did not occur until the Urban Initiatives program was included in the Surface Transportation Assistance Act of 1978. The Young Amendment (introduced by then Congressman Andrew Young, of Atlanta), of 1974 authorized local bodies to use federal monies to acquire and improve facilities (including real property and land) within



The subway-level shops incorporated into the Farragut North Metro stop in Washington, D.C. represent a classic example of joint development.

² “Transportation as Economic Development Tool,” *The Nation’s Cities*, October, 1978, p. 45.

³ Administration and Management Research Association of New York City, Inc., Office of Midtown Planning and Development, Office of the Mayor, *Transit Station Area Joint Development: Strategies for Implementation*, Vol. 1, February, 1976, p. 2.

the zone affected by the construction and operation of mass transit improvements needed in order to be compatible with sound patterns of land use. Further assistance is available for establishing public or quasi-public corridor development corporations.

The first established funding program implementing the Young Amendment was part of the 1978 transportation legislative package and is called the Urban Initiatives program. This program, which made its first \$25 million in awards in April, 1979, and has awarded a total of \$130 million as of July, 1980, was a key element of President Carter's National Urban Policy.

"The Urban Initiatives Program," the Department of Transportation announced at its unveiling, "takes into account a new potential for solving the problems of living and getting around in our communities—namely the combining of federal aid for urban redevelopment and federal aid for transportation."

The program helps finance transit-related projects, such as joint development, intermodal transfer facilities and transit malls which will contribute to the revitalization of the nation's cities. Descriptions of some of the first Urban Initiatives grantees are included in this report, along with a partial listing of other cities who have also received Urban Initiatives grants in the past year.

Chapter II

How Does Joint Development Work?

Joint development, while linking public transit and private real estate investment, can offer several real benefits:

- economic development
- more efficient use of transit systems
- enhanced potential for the public to capture land value increases (the concept of “value capture”) which can be applied to finance transit or transit-related improvements
- increased opportunities for improved design, which can encourage greater use of transit
- ability to direct urban growth

In order for a city to reap these benefits, there must be close coordination between transit planning and land use development in the following areas:

- In the process of planning route alignments and station locations, factors other than transit have a great deal of influence that can help determine the overall joint development potential of the system.
- The development strategy to achieve joint development will be determined largely by the amount of land that will be acquired.
- Ideally, the project design and the station design should be done at the same time. However, when this cannot occur (which happens quite frequently) one option is for the local government or transit authority to build adaptable station structures,

which can be adjusted and made permanent at a later date when they could be designed and paid for by private developers.

- The construction of the station area should be done at the time of the transit station, particularly if the financing in part or whole is provided by private developers, in order to greatly increase benefits to the city.

The way to achieve these objectives is through agreements between public agencies, and permanent lenders. These arrangements can include land assembly and transfer, access agreements, public facilities, management of combined or coordinated construction, and operating agreements.⁴ Those involved can include a wide range of participants including developers, investors, mortgage bankers, institutional lenders, land owners, constructors, real estate management companies, and various public agencies.

Types of Urban Revitalization/Joint Development Projects

Joint development projects can take a variety of forms. Some of the major projects that have been fore-runners in the joint development field have been planned

⁴ Urban Land Institute with Gladstone Associates, *Joint Development: Making the Real Estate-Transit Connection*, (Washington: Urban Land Institute), 1979, p. 203.

and implemented in New York, Philadelphia and Boston. They have ranged from intermodal terminals to transit malls to private development built in conjunction with new or modernized rapid transit stations.

New York, using tax abatements, income participation, the powers of a development corporation, and a range of federal grants, including some Urban Initiative funds, is in the process of modernizing and revamping the Grand Central Terminal area. The plan calls for improving access between pedestrian passageways and subway concourses, renovation of the Lexington Avenue subway concourse, connecting it to the terminal mezzanine, rehabilitating the Commodore Hotel into a new Hyatt Regency Hotel and enhancing the terminal as an historic landmark.

Philadelphia's Gallery Project combines transit improvements involving subways, commuter rail, bus terminals and new auto and trucks facilities, with a downtown shopping center. The City of Philadelphia is owner of the retail mall and thereby master developer and general contractor. The transit improvements package includes a renovated subway station; a Lindenwald Line commuter connection, and the right-of-way of an underground tunnel connection between the old Penn Central and Reading Railroad commuter lines. The four-level shopping center already completed in the first phase of the Gallery project includes two major department stores, 125 shops and restaurants, a renovated department store and a parking garage.

The country's first transit mall now completed in Portland, Oregon, has had a successful beginning, with retailers modernizing their stores instead of moving out. Bus riders find the shelters in the mall and the sculptures and fountains attractive.

Other cities, including Denver, Baltimore, Honolulu, Atlanta, Los Angeles, St. Paul, and Chicago, have plans underway for large-scale developments near transit facilities. Three cities that received grants in the first round of awards in 1979 for joint development projects through the Urban Initiatives program are Pittsburgh, Long Beach, California, and Bridgeport, Connecticut. On-site visits were made to these cities as part of the Conference of Mayor's transportation program, and brief descriptions of each of the projects follows:

Pittsburgh — The Urban Initiatives grant awarded to the City of Pittsburgh was for the first phase of activities (preliminary engineering, land acquisition and utility relocation) related to the Midtown Station, the city's key station in the new light rail transit (LRT) system. The total project cost is set at about \$173.4 million, with the following major components: 30,000 square feet of retail space; 1.7 million square feet of office space, a 600 room hotel, an "open space" plaza, pedestrian accessways, parking for 1,500 cars, and a new underground LRT station. The major project elements are divided between the Port Authority of Allegheny County, the City and the property owner/developer, U.S. Steel. The Port is the

recipient of this initial Urban Initiatives grant of about \$7 million, with those funds going into station-related costs. The City is funding about \$15.4 million in parking and street improvements. U.S. Steel is financing about \$126.5 million in retail and office space, hotel, and open space and pedestrian links.

The Midtown project is a vital element in downtown Pittsburgh's revitalization, linking other major existing buildings to insure their continued maintenance and use. The City, particularly the Mayor's office, took a strong role in pulling together the various elements of the downtown area's rebirth. When Mayor Richard Caliguiri took office in 1977, he established an informal group called the Development Council which meets for two hours on a regular weekly basis. The Council includes the heads of the City's Departments of Planning, Public Works and City Development; the City Parking Authority and Urban Redevelopment Agency; the County Port Authority and Planning Commission; and the Regional and Industrial Development Corporation, a quasi-public body. Each department head must attend the weekly meetings; no alternates are allowed, and attendance is excellent. The group reviews all major development projects, with dozens having been reviewed over the past couple of years. As one Mayor's aide explains, a major advantage to the Council is that having all development-oriented department heads gathering on a regular basis makes it harder for projects to "slip" because of lack of coordination between two or three city departments. The Mayor chairs the Council himself, and the group's executive director is one of the Mayor's top aides.

Long Beach, California — A transit mall which will connect elements of a proposed new civic center, shopping mall and convention complex comprises the Long Beach project which is an excellent example of inter-agency coordination between four federal agencies, the State of California, and the city. The four agencies providing federal funds are the Urban Mass Transportation Administration (UMTA), Department of Housing and Urban Development (HUD), Economic Development Administration (EDA) of the Department of Commerce, and the Department of Labor (DOL).

The project is part of Long Beach's overall revitalization plan that addresses the City's need to establish the downtown as a tourist and retail center with some residential character by providing housing for a variety of income levels.

In addition to the public development (the Civic Center, mall and convention complex), negotiations are being conducted for about 280 acres of private development in the downtown, with total private investment in this area estimated at about \$170 million.

With a new design and planning study started in 1977 that aimed at providing an overall downtown design plan, development activity in the downtown area began

to proceed in a more coordinated manner. An integrated transit, pedestrian and traffic circulation scheme is the major organizing factor of the downtown plan. According to this plan, the two major existing shopping streets—Pine Avenue and Long Beach Boulevard—are reinforced as arteries by routing all downtown buses along these routes. These transit streets are linked by a two block transit exchange along which all bus routes pass. The Locust Avenue transit/pedestrian mall intersects the transit transfer exchange at Locust Plaza and provides local circulation within the downtown area. Total cost to UMTA of the project is estimated at about \$18 million, with UMTA financing construction of the transit mall which connects the three centers.

Regarding the funding levels by other federal agencies, HUD and EDA will help finance elements of the shopping center, parking facilities and housing units in the central business district. HUD investment is estimated at \$16 million and EDA at \$17.5 million. DOL participation includes a \$15 million CETA grant and a \$300,000 Equal Employment Opportunity Action Grant. Approximately 7,375 new permanent jobs will be created as a result of the city's downtown redevelopment projects.

According to the city's application for this Urban Initiative project, the use of public funds to trigger private investment is an underlying assumption to any downtown revitalization project. "Past experience in downtown Long Beach and the nation's other declining urban centers clearly indicates that this level of private investment cannot be reasonably anticipated without substantial public incentives," the grant application states. It also describes a downtown financing plan for the City of Long Beach for public costs "that are intended to a) provide sufficient incentive for private development to occur, and b) construct capital projects representing long-term benefits to the community."

Bridgeport, Connecticut — While most joint development projects in cities across the United States are formulated within the context of high density urban areas and fixed-guideway rail systems, Bridgeport's Urban Initiatives project does not follow that traditional pattern. The Greater Bridgeport Transit District's (GBTD) Urban Initiatives project is a technical studies grant to continue study of an extensive program of central business district-oriented transportation improvements including proposals for paratransit services, bus transfer facilities, pedestrian circulation improvements, conventional transit improvements and a transit mall. In an effort to maximize the impact of these programs and to promote the development opportunities associated with them, the study will also include the City, the Greater Bridgeport Transit District and private business interests undertaking the identification, market analysis and development of implementation strategies, including the solicitation of development proposals.

Bridgeport's unique approach as a smaller urban area to UMTA's Urban Initiatives program is part of the GBTD's broader view of the responsibility of transportation services. In material prepared by the District, the GBTD describes its experimental approach:

In contrast to the earlier (joint development) projects in larger cities, the GBTD is attempting to show how the objectives of joint development can be accomplished in relation to a relatively low capital intensive transit system that is composed of a fixed route bus and less conventional paratransit services. More importantly, it is attempted to show how the concepts of joint development can be applied not only to dense commercial and retail centers but also to lower density suburban subcenters and even more importantly at the neighborhood level.

As one of the nation's major industrial cities and the biggest city in the state of Connecticut, Bridgeport today is in many ways representative of the declining older city surrounded by relatively wealthy suburbs. The economic and demographic problems and trends it faces are shared by many communities of roughly similar proportion across the United States. The city's efforts in revitalizing its downtown are strongly tied to the transit district's ambitious attempts to dramatically upgrade transit service. The GBTD is in the process of taking over three private bus companies, consolidating them into a new system, and introducing service improvements.

Thus, the technical studies grant for Bridgeport under the Urban Initiatives program has two main objectives. They are:

- 1) Development of a transportation plan for the central business district which accommodates and accounts for expanded bus services in the Greater Bridgeport Region. The emphasis of the planning effort should be on the development of bus transfer strategies and facilities, and the creation of traffic, pedestrian, goods delivery and other transportation improvements necessary to accommodate the improved bus service.
- 2) Identification and evaluation of potential joint development projects related to proposed bus transfer facilities which could contribute to the economic revitalization of the CBD and to initiate steps which could bring one or more of these projects closer to actual development.

In general, the Urban Initiatives grant awarded to Bridgeport is enabling the District to continue to define the role of a public transit agency in creative, innovative

ways. A background paper prepared by the GBTD views the role in this way:

If public transportation, through service improvements, can bring more people to a downtown area, correspondingly,

improvements in a downtown area will make more people want to ride public transportation to come to downtown. That partnership is equally applicable to neighborhoods, community shopping centers and industrial centers.



The Eastern Market Station area on the Washington, D.C. subway line represents another example where the presence of the transportation system helped revitalize a part of the city, in this case an old marketplace.



Other Efforts

Besides Pittsburgh, Long Beach, and Bridgeport, other cities with major projects funded under the UMTA Urban Initiatives Program include:

- Toledo — \$1.7 million for a transit loop encircling a 12-block core area, with five stations.
- San Jose — \$760,000 for a downtown transit-pedestrian mall.
- Cedar Rapids, Iowa — \$1.6 million for a ground transportation center and air rights development.
- Indianapolis — \$2.7 million for an intermodal transportation center.
- Lowell, Mass. — \$4 million for construction of the Gallagher Transportation Terminal.
- Philadelphia — \$9 million for Gallery II.
- Los Angeles — \$600,000 to plan and engineer a pedestrian concourse above one of the stations on the proposed downtown peplemover loop.
- St. Louis — \$4.8 million for renovation of two buildings in an historic area.
- Dallas — \$2.5 million for a transfer facility.
- Baltimore — \$10 million for three joint development projects linked to new subway system.
- Boston — \$4 million for redesign of the South Station area.
- Camden — \$1.5 million for the city's transportation terminal.
- Auburn, Maine — \$600,000 for an intermodal transit terminal.

Chapter III

The Role of the Mayor

As shown in the case study of the Pittsburgh project, the Mayor can choose to exert a strong, personal role in urban revitalization. The fragmented nature of many local governments, however, combined with the complex business of land use and project development, can place burdens on local elected officials that require expertise and leadership in decision-making. To put together viable joint development projects, cities need to have a clear assessment of economic and social needs as related to urban land use patterns, and Mayors can play a key role in this process. In addition, the city needs to project a positive image in its economic development efforts: the Mayor is the city's chief image-maker. Other areas where joint development can get challenging for cities and deserves the Mayor's personal focus include:

- **Inadequate interagency coordination which often occurs on the government side.** Many government agencies are too narrow in their scope of responsibilities and have difficulty working with other agencies. With the large number of agencies needed in coordinating joint development, it is often confusing for developers to work with appropriate governmental contacts and to gain all approvals. Cities need integrated land use and transit improvement planning operations.
- **Limited development potential, which is often attributable to station location.** The construction of a station in an area does not guarantee an automatic increase in land value and economic development. Frequently it only redistributes development potential within a region.

- **Multiple ownership of land which can create three serious consequences.** These include: 1) land value increases accruing to private landowners; 2) developers being discouraged from providing public improvements because the resulting benefits would be felt by those surrounding properties; and 3) creation of a complete land parcel for development being impossible due to the fragmentation of ownership.

Conclusions

Despite the constraints that Mayors and local governments may face when structuring a joint development package, the fact that scores of cities are taking advantage of UMTA's Urban Initiatives program and submitting project applications indicates that the process is working and roles are being defined.

One of the first questions a local government tackles when it contemplates getting involved in a joint development project is whether it has the adequate support structures to be a full partner in planning and negotiations. These support structures, or tools, can include a government's infrastructure investment to support development, comprehensive land use plans, zoning, taxing schemes, regulations, among others.

Once a public body has examined its adequacy in terms of these legal and service support areas, the issue invariably emerges as to which local agency should handle the overall responsibility for joint development projects. Some cities choose to define roles loosely and allow the top elected official or chief administrative offi-

cer to assume a major role. In other cities, this authority is delegated to one municipal agency. Other options include use of regional-type governments (county or state) as the responsible agency; expansion of transit authority functions, or creation of a transit corridor development corporation. Choosing a form is a sensitive political issue and one that requires careful review at the local level.

After a city has perfected its own organizational tools to proceed with and develop a joint development

project, it must then deal with the appropriate federal, state and regional agencies, as well as the private sector, that are all part of the implementation process. Some cities have expressed concern about the time and expense needed to deal with all the appropriate bureaucracies. Streamlined methods to deal with these problems, however, have been formulated by creative, persistent cities, and future Conference of Mayors activities will examine the successful implementation of joint development projects in these cities.

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Appendix B

Proceedings of the Workshop on Transportation and Urban Development, Annual Conference of Mayors, Pittsburgh, Pennsylvania, June 11, 1979.

Transportation and Urban Development

Monday, June 11
2:30-4:30 P.M./Ballroom 3, Mezzanine
Moderator: Henry L. Marsh III
Mayor of Richmond

Agenda

INTRODUCTORY REMARKS	Mayor Marsh
OVERVIEW OF URBAN INITIATIVES PROGRAM	Gary D. Gayton Acting Administrator Urban Mass Transportation Administration
INDIVIDUAL CITY PRESENTATIONS	Richard S. Caliguri Mayor of Pittsburgh Thomas J. Clark Mayor of Long Beach Richard Bradley Executive Director Greater Bridgeport Transit District
WRAP-UP REMARKS	Mayor Marsh, Mr. Gayton Questions and answers; discussion

Overview

The series of regional meetings on urban transportation sponsored by the U.S. Conference of Mayors around the country in 1979 started with a workshop in June on "Transportation and Urban Development" at the Annual Conference of Mayors in Pittsburgh. The workshop focused on the general goals and objectives of the Urban Mass Transportation Administration's Urban Initiatives program and included presentations from cities where successful joint development projects were in progress.

Introductory remarks with a short discussion of the important role of transportation on urban and economic development by the Mayor Henry L. Marsh, III, Mayor of Richmond, Virginia, opened the meeting. The Mayor also commented on the impact of beltways as experienced by Richmond and the importance of joint development and such federal catalysts as the Urban Initiatives program.

Gary Gayton, former Acting Administrator of the Urban Mass Transportation Administration, provided an overview and a short description of the Urban Initiatives program, especially pointing out the five policies the Department of Transportation outlined earlier in 1979 that would guide federal investment in urban transportation.

Other speakers included the Mayor Richard Caliguri of Pittsburgh, former Mayor Thomas Clark of Long Beach, California, and Richard Bradley, Executive Director of Greater Bridgeport Transit District, each making presentations on their cities' current successful joint development programs.

Mayor Caliguri emphasized the importance of both UMTA's new Urban Initiatives grant in the development and completion of the city's light rail transit system; and

the significance of a cooperative partnership between the city and private industry in transforming the city into a more economically viable place.

The significance of the Urban Initiatives program in Long Beach's struggle to stop deterioration and blight was described by the former Mayor Thomas Clark. He stressed the importance of cooperation between the city, state and federal governments in the successful completion of joint development programs.

Richard Bradley, Executive Director, Greater Bridgeport Transit District, showed how UMTA's Urban Initiatives funding has impacted Bridgeport as reflected in two projects currently in progress; and how the developmental process brought about other issues such as public transportation, pedestrian circulation and preservation.

Following are excerpts and summaries of remarks by Mayors at the workshop.

Introduction

Mayor Henry L. Marsh, III

In order to set the stage for these presentations, I would like to take a few minutes to illustrate as clearly as possible the direct relationships between the modes of transportation and the direction, timing and quality of development that occurs by using the experience of my City of Richmond as an example.

Richmond was founded on the fall line of the James River. That's as far upstream as boats could come by water in those early days. Later, railroads were built along the river for ease of construction and operation, and the city became the hub of eight railroad lines. As Richmond changed from a colonial town to an industrial city, the principal means of transportation was by foot or by horse. Houses were built closer together on narrow lots called row houses; and in every acre were 60 to 80 persons which made this urbanized area densely populated. As the streetcar system grew, the city quadrupled its size between 1900 and 1920 and density also increased from 6 to 10 persons per acre.

It was the automobile, however, that had the greatest impact on the shape and size of Richmond. The speed and mobility of the automobile caused the outward spread of suburbia, and the "Auto City" covered six times the area of the "Streetcar City". Historically, the city reached out with annexation and recaptured the human resources and tax base lost by the outward growth beyond the city limits. Now, however, the state legislators have prevented any further annexation in Virginia, and the City of Richmond has been concentrating on ways to strengthen its tax base and revitalize the central business district and other commercial areas.

A downtown development commission with the help of expert consultants developed a strategy for action

to turn around the downtown area and enhance its economic growth. While making recommendations on this particular strategy, the consultants reminded the city of the importance of transportation as a factor in shaping its future, and as a result, the city hired the Urban Institute to study the economic impact of the Richmond area beltway on the central city. The result of the study showed that construction of the beltway would be detrimental to the city because it would cause existing industries and businesses to move from the city to new sites near the intersections. In addition, the city would lose its tax base and economic strength at a time when it is struggling to survive.

If revitalization is to occur, and if the President's Urban Policy is to be more than lip service, federal highway programs must complement and support, not detract or be counter-productive to the other federal efforts to redevelop our cities.

The workshop today is all about the need for federal aid for transportation to complement other programs of urban redevelopment. We will focus on UMTA's new Urban Initiatives program and some of the projects it has funded.

The Urban Initiatives Program

Gary D. Gayton
Acting Administrator
Urban Mass Transportation Administration

A year ago in March, the President announced the country's first comprehensive urban policy based on a new partnership between the government and private sector. As part of this plan, UMTA announced an Urban Initiatives program of which \$200 million was set aside under the discretionary funding program for FY79 to be used for transit-related projects contributing to the revitalization of our cities. In the second quarter of this year, there were awards totalling \$7 million and \$20 million reserved for projects that are close to fulfilling UMTA requirements.

UMTA's involvement in urban development is important because construction of transit stations, malls and other transit facilities can determine patterns of urban development. A new direction in urban transportation policy is needed which our Secretary of Transportation has recognized. Emphasis on construction has been redirected to conservation, better management and use of existing facilities. It is important to take into consideration the social, environmental, and energy implications and cost of transportation activities prior to implementation of policies because of increasing limitations on availability of resources.

Five policies were outlined by the Secretary in his speech at Harvard's School of Government in February that are worth repeating here:

First, we will make transportation money a magnet to bring back to the cities the people, shops, schools and jobs which we have over the years driven away. Second, we will demand that every transportation decision be measured against its energy costs; third, we will require that those who are adversely affected by an urban construction project, particularly minorities and women, get a piece of the action. Fourth, we will use federal dollars to repair existing facilities in urban areas wherever possible instead of abandoning them; and fifth, we are reforming the process by which urban transportation projects are designed and approved.

A report from the National Commission on Neighborhoods released in March had 200 recommendations calling for the realignment of existing programs. It is important to emphasize that in spite of the sizeable amount of money involved in Urban Initiatives projects, in many cases, development starts from existing transportation facilities. But, almost before it's off the ground, the Urban Initiatives program is in trouble brought about by the financial needs of the transit industry and by the demand of a balanced budget. Its FY79 budget of \$200 million was cut to \$60 million and from \$200 million, the FY80 budget was cut to \$80 million, which was recently voted upon by the Transportation Subcommittee of the House Appropriations Committee. There are several well-considered and worthy projects in many cities that will be affected by the budget cutback.

The rationale provided for the proposed cuts is the fear that transit will lose out to expensive and grandiose "development". The Urban Initiatives program's \$200 million mark represents 6 percent of UMTA's \$3.2 billion annual budget and if the cuts are approved, it will represent 3 percent. In spite of the fact that it has been proven in many instances that the only way to attract people to utilize mass transit is to provide convenient and attractive facilities; these proposed budget cuts are viewed as more important than upgrading mass transit facilities.

The solution to the budget cuts points to cities forming partnerships with private industries because they can provide the commercial incentives and bring tremendous cash benefits to transit. For example, there are four proposals to locate large retail complexes astride rail or downtown people mover stations in the central business districts of Los Angeles, Oakland, Detroit and Atlanta of which \$5 to \$10 million will be UMTA's share in each of these projects. Because each of these projects will generate about 20,000 new transit trips each day with 15,000 less car trips on each one of them, transit will surely benefit.

UMTA money has been contributed to several cities to develop or improve transit. Some of these UMTA funded projects are: the shopping mall and convention complex in Long Beach; Dallas' first major sheltered bus transfer facility in their downtown area, technical studies leading to the rejuvenation of Atlanta's historic under-

ground in conjunction with a subway station, the conversion of a railroad depot in Bellingham, Washington to a central bus transfer facility and terminal; and the extension and enlargement of a transit station in Baltimore to accommodate the development of a multi-level complex expected to generate annual retail sales of more than \$40 million.

It is important that people be guaranteed alternative modes of travel to discourage them from getting around in their cars. Providing buses, related equipment and service that is efficient, dependable and convenient is the only way to encourage utilization of mass transit and other alternative modes of travel.

As long as the potential of our inner cities is left untapped and businesses find it more desirable to relocate; as long as our cities' tax rolls continue to decline and development progresses apart from transit facilities; we have not done enough for our cities. We have to help each other.

Pittsburgh – Grant Street East

Mayor Richard Caligiuri

Pittsburgh is one of the first cities whose transit system was selected for the Carter administration and UMTA's new Urban Initiatives program. The \$7.2 million grant to the city represents an important first step in the full funding of its light rail transit system that the city had been working to develop for more than a decade. We believe this project will be an important piece of our regional transit system and a major factor in making our entire city more economically viable. The Urban Initiatives Grant by UMTA further confirms our belief that the development project we call Grant Street East, on which we have been intensively working for two years, represents a unique opportunity for innovative urban economic development and a fine example of public/private partnership which produces new jobs. This is what our city program called Renaissance II is all about. There is no doubt in my mind that all of us Mayors must establish such a partnership to further proceed with any activity within our cities. There is no way that we are going to do it alone.

One of the first projects we developed when I became Mayor was to work with U.S. Steel on a cooperative development project for an important downtown site, much of which was already owned by the company and for which it had been considering major development for some time. The land that was not owned by the company was owned by the City Parking Authority, and the Urban Redevelopment Authority. In addition, the Port Authority had also designated the site for one of its downtown light rail stations.

One of the City's goals has been to utilize this coincidence of development interest to realign the street

patterns and to carry out recommendations of our downtown traffic plan. Most of the funds for such street improvements will come from the proceeds of the sale of the publicly held property for development. These proceeds will also aid in the construction of needed new parking facilities, all within the same complex. Another goal is to maximize the potential for an exciting people-oriented place which effectively integrates the transit facility with retail, hotel and office users.

Since our first proposal and joint development with U.S. Steel, the City has been working with the corporation, the URA and the Port Authority to devise a mutually acceptable formula and timetable for development. An important factor in ensuring the project's progress is the Mayor's Development Council which meets every week to act as a clearinghouse for all the policies and activities that go on in the city. This council which I formed is chaired by my Executive Secretary and includes the heads of the City Planning Departments of Public Works, Housing and City Development, the City Parking Authority, the Urban Redevelopment Authority, the County Port Authority and the Regional Industrial Development Corporation. The regular meeting of the different key public agencies has aided in the developmental stages of the project and has ensured us of being responsible for information and public decisions needed by U.S. Steel. The red tape that often results when one tries to deal with different departments have been eliminated with the opportunity to sit down and discuss pertinent issues.

With the cooperation of U.S. Steel, we hope that very soon we can exhibit a major development in our mutual project which we call Grant Street East. When government and private industry work closely together through exchange of ideas and differences, problems are resolved and most important, goals are accomplished.

Long Beach – Downtown Revitalization

Mayor Thomas Clark

The downtown area of Long Beach was constructed in the 1920's and therefore like most other cities, is suffering from aging, deterioration and blight. In addition to the normal problems that most cities have, Long Beach has to contend with an earthquake factor making unreinforced masonry buildings subject to rehabilitation. Several years ago, we lost the home port of the Navy which had a negative impact on our downtown commercial area.

Our city's deterioration has been evidenced in several negative ways. In California where property values have soared high within the past few years, Long Beach property values have declined since 1970. The retail business that we have in the City is half of what we had and 90 percent of our downtown residents are defined by HUD as low-income. The middle-income residents have left the central city area for suburbia and elsewhere.

On the other hand, the Long Beach downtown has several attributes such as being situated next to the shoreline which gives the City an advantage over many of the areas of Los Angeles, not the least of which is a healthy air quality. In addition, Long Beach has the largest and fastest growing port on the west coast and a downtown that is served by the region's highway and public transportation system.

The transportation project that I will discuss today has been enhanced by several developments from the public sector such as the City Hall library, a \$30 million investment of both city and county; a convention center and an exhibition hall, to name a few.

The Civic Center, the Convention Center and the new Retail Center also formed the three major activity points for our downtown revitalization. And they were located in such a way that they tended to pull apart somewhat from the older downtown area. They were also related to each other in a way that did not lend itself necessarily to many people's walking patterns. So we selected a location that was midway between these three activity nodes. The location that we called Locust and First and Long Beach Boulevard appeared to be a natural focusing point.

A major element of our project was the designation of Pine Avenue and Long Beach Boulevard as the north/south transit collector streets by rerouting all buses around these streets and being able to make improvements on these two streets on a larger scale than otherwise.

Next, we created an identifiable transit center enhancing transit opportunities. The third element will be the construction of a transit pedestrian mall connecting the retail shopping center on the north and the shoreline. This mall would be located on Locust and would end in a southerly portion of boardwalk going in and out towards the ocean.

The major redevelopment project that will support and be supported by this project includes a 750,000 square feet regional shopping center, a 542 room hotel and a dozen other retail motel and hotel projects. As indicative of the city's commitment to public transportation's role in downtown program, the total amount of parking for all these projects has been cut 34 percent below what would normally be required. We believe that this reduced parking, which was viewed somewhat skeptically by some of our car-oriented private developers and their financial backers, would be viable because of the public transportation improvements previously described. It is interesting that with the gas shortage that we had in California recently, bus activity has been increased considerably and I think that this is something that we are looking for in the future, of people trying the public transportation.

Looking at the Urban Initiatives program, two key elements that were attractive to us were: 1) federal commitment to consider funding requests to its various agencies in a comprehensive and integrated manner, and

2) funding for transit-related projects under considerably relaxed rules of project eligibility. We felt this program signaled a federal willingness to move from the categorical item by item mode of funding approval to a more comprehensive, rational assessment of the merits of a project.

The City approached the White House with a comprehensive financial program utilizing city, state, federal and private funding sources. As originally conceived, the public cost of this program will approximate \$78 million, with \$30 million from local sources and \$48 million from the federal sources including UMTA's Urban Initiatives program, also tax allocation notes and EDA grants. The \$78 million program was to include \$40 million in long-term public capital improvements and \$38 million in land assembly and preparation cost. This money was anticipated to generate an initial private investment of \$169 million dollars for an average ratio of almost 4½ to 1. This program was initially presented to the White House's Interagency Coordinating Council and to each of the

involved federal departments. The City was immeasurably assisted by gaining entre to these departments and decisionmakers by our Congressman Glen Anderson who was very helpful to us and I am sure that you all find that that's the key in Washington. However, once we were inside the door, we had to demonstrate that the project was feasible and we were able to show our administrative and technical ability to implement it.

During the time that we were reviewing this in the White House, we were able to generate another program with the Department of Labor to fund a program to train people to work in the new downtown sector and utilize these opportunities to create new jobs.

In closing, I would note that the City is optimistic and believes that the review and approval of our funding application will continue in that spirit during the implementation of our project. Continued fair-mindedness and hard work by both Long Beach and Federal partners will be necessary in order to finish what we have begun together so well.

