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TRANSPORTATION  
COMMISSION

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## *Memorandum*

TO: Planning Committee

DATE: September 12, 2008

FR: Executive Director

W.I.: 1611

RE: Portland TOD Tour Follow Up/ Next Steps for FOCUS

This memo provides some detailed follow up to the June Planning Committee tour of transit-oriented development (TOD) projects in Portland, Oregon. It provides a summary of lessons learned from the Portland experience, how they might apply to our focused-growth efforts here in the Bay Area, and a set of recommendations for next steps. There are three attachments with this memo: Attachment A provides a summary of lessons learned from Portland; Attachment B includes snapshots of several Priority Development Areas under the FOCUS program, including key infrastructure projects and their costs; and Attachment C is the TOD financing white paper that presents specific recommendations to re-orient the TLC program to more directly support TOD communities.

### Lessons Learned from Portland

As we saw on the tour, the Portland region has seen impressive results from its long-standing commitment to smart growth and transit-oriented development. Attachment A provides a detailed overview of these innovations and their potential applicability to the Bay Area. The overall themes can be summarized as follows:

- *Doing It Right Takes Time and Commitment*: Portland has been a leader in growth management and transit-oriented development since the 1970s. The region's urban growth boundary was adopted in 1979, the MAX light rail system opened in the 1980s and expanded to the west side of the region in the 1990s. On a smaller scale, the region's commitment to TOD is evidenced at the "Round" in Beaverton, where despite several development failures over the last decade, the transit agency and METRO are continuing to solicit development proposals showing their long term commitment to making the area work for TOD.

- *Scale and Simplicity are Key:* While Portland obviously benefits from its relatively manageable size (with a total regional population of 1.4 million), it has also taken advantage of a relatively streamlined set of transportation institutions. METRO is the regional Metropolitan Planning Organization (MPO) and Tri-Met is the principal public transportation provider for the region. Tri-Met operates the bus system, the light rail network and the newer Portland streetcar. Compared to the institutional complexity of the Bay Area, Portland agencies can spend less time on coordination and avoiding duplication of effort, and more time encouraging and implementing on-the-ground change.
- *The Total Transit Experience:* Due in part to the benefits of a single regional transit agency, part of the Portland story is the convenience and seamlessness of their transit system. Connections are well timed and free within their downtown. Real time information for bus and rail departures is posted both at transit shelters but also inside shops, restaurants and public buildings. These various efforts have appeared to pay off in terms of transit ridership. While Portland ranks just 31<sup>st</sup> in terms of population for major U.S. cities, they are 11<sup>th</sup> in terms of total weekday public transit ridership and in the top ten nationwide in terms of weekend transit ridership. This high share of weekend/off-peak ridership speaks to the region's success in creating mixed-use corridors, balanced and appropriate station area land uses, and overall transit connectivity allowing residents a more complete transit experience.
- *Density by Design:* While architectural design varies from region to region for many good reasons (abundance of local materials, climate, etc.), it is difficult to miss the quality of both architectural design and attention to detail throughout downtown Portland, particularly in the revitalized Pearl District. It should be noted that a number of local community critiques of newer Bay Area infill projects are based in part on their poor design features and quality of construction.
- *Public-Private Partnership Showcased in Portland Streetcar:* The successful Portland Streetcar was financed in part by tax increment and by local businesses and developers in the Pearl District. The streetcar itself is a reincarnation of early 20<sup>th</sup> century technology (similar to but cheaper than light rail), but in Portland's case used for local circulation and as an additional mitigation to make the higher densities and lower parking ratios work in the Pearl District. Portland officials themselves will tell you streetcars aren't for everyone – they are best used where there is significant intensification of land use on the horizon. Two applications worth exploring in the Bay Area are San José and Oakland, where planned redevelopment of the downtown and connecting corridors contemplate similar high density development.
- *Transit Agency Takes an Active Role in TOD:* Tri-Met, Portland's regional transit agency, has been very active and engaged in land use and transit-oriented development. When the light rail system was extended to the west side of the Portland region in the

mid-1990s, Tri-Met made sure the rail alignment was designed to maximize the potential for development around the stations. Tri-Met funded local station-area planning around the Westside extension stations and actively acquired property for joint development purposes. Tri-Met has a TOD policy as well as a policy of no park-and-rides within five miles of downtown Portland.

- *Regional MPO Directly Finances TOD Projects:* METRO, the Portland region's MPO, has articulated a strong role and vision for smart growth and TOD. To back up that vision, METRO provides direct financing for a range of TOD projects through the Portland region. Part of METRO's philosophy is to pay for the incremental cost of additional density or amenities that will boost transit ridership but that aren't yet supported by the local development market. The goal is to provide "proof of concept" to developers and investors so that the market will shift to support a new model.

### Staff Recommendations and Next Steps

In light of the lessons learned from the Portland tour, staff recommends that the Committee consider the following actions over the course of the next 12 months:

- (1) As recommended in the TLC program evaluation presented to the Committee in April 2008 and the white paper on TOD financing included with this memo, rework the TLC program guidelines to allow a broader set of eligible expenditures that are focused on providing the best possible incentives for TOD. Staff proposes that these new guidelines would be developed this fall in collaboration with the CMAs, transit agencies and other partners, with final adoption by the Commission in the spring of 2009.
- (2) Work with the CMAs and other partners to consider the broader range of discretionary funding programs in the financially constrained Transportation 2035 Plan and how any of these expenditures could benefit TOD in general and the Priority Development Areas (PDAs) under FOCUS in particular.
- (3) Work with ABAG, the transit agencies and CMAs to develop a framework for providing comments on local development projects of regional significance. This includes, perhaps first and foremost, minimizing any "lost opportunities" around key transit stations and corridors, particularly for Resolution 3434 projects.
- (4) Develop an ambitious 2009 state legislative agenda for supporting FOCUS, including the creation of new financing – or financial tools – for local governments that are attempting to support TOD.

(5) Fund a regional technical assistance program for TOD within the Priority Development Areas. Such a program would be coordinated with the CMAs and transit agencies and provide quick-response assistance to cities that are struggling with a variety of implementation issues related to TOD such as parking management.

(6) Develop comprehensive joint MTC-ABAG work plan for FY2009 that would incorporate the above tasks.

After a brief presentation, staff will seek your input on these recommended action steps at your September 12<sup>th</sup> meeting.

We look forward to translating your interest and enthusiasm into a productive focused-growth program moving forward.

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Steve Heminger

**ATTACHMENT A: LESSONS LEARNED FROM PORTLAND**

<b>Portland Experience</b>	<b>Bay Area Application</b>	<b>Notes</b>
Invest Regional Discretionary Funds Directly in TOD projects; including land acquisition.	Re-orienting TLC to more directly supporting TOD.	Portland lesson: while FTA approved spending federal funds directly on TOD, federal strings weren't worth it. They now swap federal funds with transit agency for local funds.
Regional "2040 Growth Concept" – adopted in 1994 – guides regional growth decisions and incentives.	FOCUS is the analog to the Portland region's 2040 Growth Concept though Bay Area is much newer and more "bottom up" in approach.	Part of regional growth concept's success may be due in part to some degree of regional land use control and relatively small and compact region.
Cities in Oregon don't have sales tax, there is therefore little to no "fiscalization of land use."	Likely no application in short term due to current state fiscal policies, Proposition 13 etc.	
MPO and transit agency directly comment on local development projects	Commenting on development projects proposed for PDAs/station areas may be one way to start.	
Transit agency very active in joint development projects with explicit TOD goals based on maximizing ridership.	Coordinate with key land holding transit agencies on joint development opportunities. Solicit transit agency input on PDA development.	
New rail extensions are aligned to maximize TOD potential – alignments in freeways are not preferred.	Important lesson that has also driven the success of the Arlington VA METRO corridor.	Higher cost of land may make acquisition, and thus overall project, costlier – e-BART wanted a non-freeway alignment but was denied by UP for alternative ROW acquisition.

<b>Portland Experience</b>	<b>Bay Area Application</b>	<b>Notes</b>
<p>Local streetcar in downtown helped fuel intense redevelopment of “Pearl District” north of downtown.</p>	<p>Streetcar as “circulator” and land use intensification tool important distinction with line haul transit or even BRT – application perhaps best in Oakland or San Jose.</p>	<p>Potential for capital costs of streetcars to be funded through tax increment in Bay Area should be investigated. Portland lesson: streetcars only make sense where near-term land use intensification is expected.</p>
<p>Excellent quality of design for infill projects in Portland. Public amenities such as parks and grocery stores are planned along with new density.</p>	<p>Better design for infill projects badly needed in Bay Area to improve acceptability among neighbors, elected leaders.</p>	<p>Urban design guidelines are best advanced at the local level though design shortcomings on infill projects have negative regional impacts.</p>
<p>Region benefits from one regional transit agency.</p>	<p>Bay Area has been pursuing better coordination of regional planning activities; individual local transit agencies will need to pursue TOD policies.</p>	<p>Some opportunities may exist in Resolution 3434 projects.</p>
<p>More than half transit operating revenue for Tri-Met is generated through an employer payroll tax.</p>	<p>TDA and district taxes provide a large share of transit capital and operating revenues in Bay Area; doubtful that a region-wide employer payroll tax would have any chance of being passed in Bay Area.</p>	
<p>Strong correlation between development of regional bicycle facilities and bicycle usage.</p>	<p>Investigate potential for better measures of bicycle usage in relation to completion of regional bicycle plan.</p>	