

Arlington Virginia COUNTY

Neighborhoods for Transit, Transit for Neighborhoods

THE ORANGE LINE RAIL CORRIDOR

Arlington County, Virginia is one of the Capital region's most desirable places to live. Just across the Potomac River from Washington, D.C., the county is home to 190,000 people and more than 200,000 jobs. Arlington's neighborhoods have exemplified transit-oriented development since the turn of the 20th century. Transit investment spurred the initial development along Wilson Boulevard in the late 1890s, and transit investment was the crown jewel of the corridor's revitalization in the late 20th century.

COMMUNITY HISTORY

In the late 1890s, private developers created three 'commuter villages'—Clarendon, Virginia Square, and Ballston—along the new trolley lines serving Arlington County. Housing styles in these neighborhoods included four-squares, bungalows and Federal-revival residences. Young families attracted to these areas infused their neighborhoods with a spirit of civic enterprise that persists today in resident associations, park committees, and neighborhood activities.

In the 1930s and 1940s, thousands of new homes and garden-style apartments were built in Arlington to accommodate the federal government's expansion during the New Deal and World War II. One of the most prominent of the garden-apartment communities is Colonial Village, completed in 1940 and listed on the National Register of Historic Places.

By the early 1950s, the Clarendon-Virginia Square-Ballston area was a regional center for shopping, offices, and residences. The construction of the Capital Beltway in the 1960s pushed development away from Washington, and eroded Arlington's retail and office base.

Arlington revisited its land use planning and transit investment simultaneously in the 1970s, when the development of a master plan for Arlington County coincided with planning for the region's new Metrorail system. Close coordination of land use and transit planning during this crucial era enabled the county to direct major rail investment into the Wilson Boulevard corridor and build on existing street patterns that are conducive to transit use. The opening of the Orange Line in 1979 launched an unprecedented era of growth in Arlington County, guided by a transit-oriented General Land-Use Plan.

"Arlington has a long history of civic involvement in setting public policy. Much of our prosperity and growth is directly attributable to the grassroots participation of citizens who have cared about Arlington's future."

CHRISTOPHER ZIMMERMAN
2002 CHAIRMAN OF THE
ARLINGTON COUNTY BOARD

LAND USE AND TRANSIT

In the 1970s, extensive study and citizen participation led Arlington to ask the Washington Metropolitan Area Transportation Authority (WMATA) to reroute the proposed Orange Line from the median of Route 66 to the Wilson Boulevard/Fairfax Drive corridor. This action shifted development from the automobile-intensive Route 66 corridor, where park-and-ride facilities would have been required to serve the new Metro stations, to the historically transit-oriented Wilson Boulevard. This decision protected the property values and traditional character of neighborhoods in both areas by reducing auto traffic on nearby residential streets.

After finalizing the decision about the new rail route, Arlington County initiated its land use plan and developed flexible planning guidelines that gave clear instructions and incentives to developers of transit-oriented projects. The development community has taken full advantage of these guidelines, with confidence that their designs would be approved or easily amended to address county concerns.

WMATA now operates two Metrorail lines, the Blue and Orange, that serve Arlington County and connect the county to downtown Washington, D.C. and outlying suburbs. The Blue Line provides service to Ronald Reagan National Airport as well as the mixed-use developments of Pentagon City and Crystal City. The Orange Line serves the developing Rosslyn-Ballston corridor and Arlington's many residential communities. Five stations on the Orange Line have been the focus of intensive development: Rosslyn; Courthouse (with large-scale multiple-use developments for housing, retail, entertainment, government functions, and office space); Clarendon (an eclectic, mostly residential area with a bustling commercial core); Virginia Square, (site of a satellite campus for the state-run George Mason University); and Ballston (a residential/office/retail area anchored by a major shopping mall).

Metrobus and local bus services support rail service. Arlington County has limited parking at Metrorail stations through land-use policies that make walking easy and promote pedestrian access to Metrorail stations. >>>CONTINUED>>>



Historic garden-style apartments provide affordable housing throughout Arlington County.



Arlington's modern "urban village" concept preserves the sense of the historic community while permitting up-to-date development.

- More effective coordination among county departments on neighborhood services;
- Active citizen participation and civic awareness; and
- Effective neighborhood service delivery tailored to the needs of individual neighborhoods.

PUBLIC-PRIVATE PARTNERSHIPS

Arlington has formed public-private partnerships in Metrorail station areas to bring residents, developers, and business interests together to discuss and resolve issues and to sponsor activities such as jazz festivals and an array of community events. Key partners include the Ballston-Virginia Square Partnership, the Clarendon Alliance, the Rosslyn Renaissance, and the Columbia Pike Revitalization Organization.

WMATA has played a significant role in the redevelopment of the rail corridor through the transit agency's Joint Development Program, particularly around the Ballston station, where WMATA controls just under 2 acres of land, enough for a sizeable redevelopment project. The Ballston station project is comprised of 200,000 square feet of office space, 277 residential units, 26,000 square feet of retail, plus a hotel, all at an estimated value of \$135 million. WMATA owns a 99-year lease on the project and receives \$450,000 in annual lease revenue, plus 8 percent of tenants' and developers' adjusted gross income. WMATA also realized profit from the sale of about 15,000 square feet of the parcel for residential development.

The county's Neighborhood Conservation Program (NCP), established in 1964, has financed neighborhood groups in self-planned improvements to schools, playgrounds, street lighting, traffic controls, and sidewalks in 40 of Arlington's traditional neighborhoods. In 1999, when the program celebrated its 35th anniversary, Arlington residents voted \$3.8 million in Community Conservation Bond funds for the NCP.

Neighborhood conservation and the partnerships exemplify the importance Arlington places on the "public-private collaboration [that] helps create a modern 'urban village' concept that seeks to preserve historical essence while providing up-to-date amenities," according to recent information from Arlington County.

COMMUNITY INVOLVEMENT

Arlington County's numerous citizen commissions have helped to engage, educate, and support a strong cadre of well-informed residents who understand the intricacies of land use and transit policies, and who have bought into a long-term course of action for their community. The county has come to be known regionally for "the Arlington Way" of successfully involving thousands of citizens directly in government decision making.

The Arlington County Planning Commission, established in 1956, is the chief citizen advisory group that advises the five-member Arlington County Board on land use matters. Members of the County Board are elected to terms long enough to permit them to learn about the issues at stake and take controversial stances. The county government has a high-caliber staff and low staff turnover to support the Board's decisions. Elected officials work hard to capture citizens' expertise in the planning process through appointments to numerous commissions, committees, and boards addressing neighborhood preservation and economic development.

In 1998 the Arlington County Planning Division created the Office of Neighborhood Services to emphasize the county's commitment to neighborhood services and to consolidate existing neighborhood preservation and improvement programs within one unit. The Office of Neighborhood Services consists of three service areas: neighborhood planning and service delivery, historic preservation, and capital improvement planning and development. The goals of the office include the following:

- Better communication between residents and county government;
- Increased county responsiveness to neighborhood needs and trends;

signs of success

Arlington County residents enjoy the lowest tax rate in the Washington metropolitan region, with considerable help from the development in the Metrorail corridors. Using only 6 percent of the land in the county, the rail corridors produce almost half of the total tax revenues for the county. The local tax base has increased from \$5.3 billion to \$27.2 billion since 1980, the year after the Orange Line opened, and the value of homes has also increased.

Office space along Wilson Boulevard has more than doubled since 1980, and 53 percent of all the county's office space is located in the corridor. The two Metrorail corridors along the Blue and Orange Lines account for 67 percent of all jobs in Arlington County. The addition of over 15,000 residential units in the Rosslyn-Ballston corridor alone since 1980 represents 19 percent

of the county's population and 23 percent of the total housing units. Almost 1 million square feet of retail space has followed the residential and office development, transforming Ballston from a declining area in neglect to a vibrant locale. The five stations in Arlington County account for 6 percent of Metrorail's weekday ridership throughout the entire Washington, D.C. region. Use of these stations has increased 41 percent since 1980.

Interest in preserving Arlington's historic resources was rare in the 1970s. Today, the effort is widespread, involving the county's Historical Affairs and Landmark Review Board, the Arlington Historical Society, the Arlington Heritage Alliance, and the Neighborhood Conservation Program. As of 2001, the County Board had designated 28 local historic districts.

lessons learned

- **Engage citizens and business people in long-term planning and development.** Today's informed resident or business owner could be tomorrow's planning commissioner, council member, or even mayor. Support ad hoc mechanisms (focus groups, charettes, and so on) with standing citizen committees, permanent community liaisons at planning commissions, or routine training for citizens and elected officials.
- **Define and protect your community's particular strengths.** In Arlington, for example, the variety and historical significance of housing types increase the county's attractiveness in the regional marketplace. The convenience derived from mixing uses and transportation choice adds to the value of all real estate.
- **Make planning guidelines flexible and realistic, and include incentives for high-density development.** Arlington has demonstrated that the integration of land use and transportation planning need not be overly prescriptive or constraining. The development community has taken advantage of flexible planning guidelines and incentives for greater densities because they are confident that their projects are viable both economically and according to planning guidelines. The result is significant regional growth in a compact, older area of the region.

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Chicago *Illinois*

Transit Line Reconstruction Lends Muscle to West Side Conservation

THE GREEN LINE CONSERVATORY STATION PROJECT

Chicago's history is full of transformations and miraculous recoveries. Taking its name from a Native American word for "strong," the city was already a center for river and railroad transportation before the Great Chicago Fire threatened to undo all its progress in a single night. In a characteristic burst of energy and vision, Chicagoans used the fire's devastation as a jumping-off point for revising and rebuilding the city, ushering in its Golden Age, as symbolized by the 1893 World's Columbia Exposition and the establishment of a rich and diverse architectural heritage, embodied in the city's 1909 master plan by architect Daniel Burnham.

Today the city is once again enjoying a remarkable comeback. Under the leadership of Mayor Richard M. Daley, Chicago has stemmed the population losses caused by earlier middle-class flight and urban disinvestment. Through the rehabilitation of older neighborhood assets and significant new construction, the city is attracting residents and revenues. Chicago's population, now approaching 3 million people, grew 4 percent during the 1990s.

Chicago's recent rehabilitation of the Green Line rail route and stations has dovetailed with the revitalization of several communities along the Green Line, including the predominantly African American community of West Garfield Park. The upgrade of the city's oldest elevated line and strategic relocation of the rail station have significantly complemented the longtime efforts of a private nonprofit group, Bethel New Life, to revitalize the area. More recently, the city has completely restored the historic Garfield Park Conservatory, within walking distance of

the station. The renewed conservatory has attracted thousands of weekend transit users from all over the city and has made this community a focal point for cultural events and tourism. Through its work on the Green Line Conservatory Station and the Garfield Park Conservatory, Chicago has balanced and enhanced the interplay of history, civic character, ethnic diversity, and public transportation that make this great city so unique.

COMMUNITY HISTORY

West Garfield Park is located on Chicago's West Side, an area that historically was home to immigrants from Ireland, Italy, and Eastern Europe, and became predominantly African American during the past century. The area is served by the Lake Branch of the Green Line, built in 1892. At the center of West Garfield Park is one of the city's great open spaces, the 185-acre park that gives the neighborhood its name. The park's crown jewel is a 1908 conservatory that has been described as a work of "landscape art

under glass.” The Park Conservatory is within a half-mile of the Chicago Transit Agency (CTA) Conservatory Station. Until recently this area was overrun with drug traffic and crime, and attracted few outside visitors.

In the mid-1990s, CTA initiated a program to reconstruct and rehabilitate its oldest lines, starting with the Green Line in 1994. The \$300 million project was funded with a combination of FTA rail modernization grants, matched by state and local funds. The restoration of the Green Line and the rebuilding of the Garfield Park Station helped to spur the rehabilitation of the conservatory. Both efforts have complemented existing initiatives to establish high-quality affordable housing and create jobs and cultural amenities in the area. Much of the revitalization activity is the work of Bethel New Life, a faith-based nonprofit group that has brought an estimated \$110 million of new investment into this credit-starved community, creating more than 1,000 new units of affordable housing and securing 5,000 job placements in West Garfield Park since 1979.

GREENING THE GREEN LINE

Chicago’s public transportation network is one of the world’s most sophisticated, with railroads, transit, and bus routes reaching out in all directions to connect the city with its region. In addition, Chicago is the nerve center for passenger and freight rail in the United States.

CTA is the largest transit provider in the Chicago region. CTA’s 11 rapid transit lines provide access throughout the city and in the surrounding suburban communities. Annual ridership on the rail lines exceeds 151 million trips. Ridership has increased steadily since 1998, helped by recent growth in population and employment.

Within this complex network, the three-branched, 25-station Green Line serves the West Side. Riding the Green Line from end to end demonstrates the diversity and contradictions of the city it serves: Its span connects industrial wastelands with genteel residential areas, breathtaking historic sites with brand-new construction, and open green spaces with busy urban >>>CONTINUED>>>



The rebirth of the Garfield Park Conservatory complemented the redevelopment of the Garfield Park Station on Chicago’s Green Line elevated rail route.

The restored Garfield Park Conservatory, served by nearby transit, now attracts 15 times more visitors each year than in 1995.

streets. West Garfield Park and the conservatory at its heart combine many of these contradictions, and with them come both challenges and opportunities.

Undertaken by the Chicago Park District, the restoration of the conservatory began in 1994, the same year that CTA began to reconstruct the West Garfield Park elevated train station. Although the station rehabilitation helped the Chicago Park District raise public and private resources, in typical Chicago fashion it also took a disaster to drive home the importance of preserving the conservatory. In the winter of 1994, a burst pipe froze and killed most of the rare and tropical plants housed inside the conservatory. “That was the wake-up call,” says Lisa Roberts, director of conservatories for the Chicago Park District. Faced with demolition or an \$8 million restoration effort, the city bravely chose restoration. This former “ghost town” (with only 3,000 visitors in all of 1995), is once again a green oasis, attracting 15 times that many visitors in more recent years, and drawing a record-breaking 500,000 visitors to a recent show of glass works by artist Dale Chihuly.

Just as the Green Line rehabilitation enhanced the restoration of the West Garfield Park Conservatory, so has the conservatory’s rebirth enhanced 20 years of housing and business redevelopment efforts in the area. The faith-based community development organization Bethel New Life, established in 1979, has implemented a holistic community revitalization plan that addresses housing, daycare and educational needs, traffic, neighborhood safety, recreation, and open spaces. Bethel New Life, which itself has been the engine of so much change in this challenging community, calls the redevelopment of the conservatory “one of the major breakthroughs for this neighborhood.” Bethel New Life is building on the twin assets of a renewed historic park preserve and new train station to develop and implement plans for additional community reinvestment in West Garfield Park, including new homes in Parkside and three other areas, and a new commercial investment at the adjacent Green Line station at Lake and Pulaski with child care, community stores, and local jobs.



Mayor Daley (second from left) performs the honors at ribbon-cutting for the Children’s Garden at the Garfield Park Conservatory.



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signs of success

The recent infrastructure revitalization efforts are helping the city make better use of existing infrastructure, particularly transit, which once supported larger populations living and working within the city's borders. CTA relocated and retained the original historic station houses along the Green Line, supplementing them with new compatible construction that is ADA-compliant and modernized. During 2001, customers took one million more rides on the Green Line than in 1993, its last full year of service before it was closed for the rehabilitation. In fact, growth in ridership from 1990 to 2000 exceeded the growth in the region's population. Ridership on the Lake Branch alone, along which the Conservatory Station is located, has grown by more than 52 percent since 1993. Annual ridership was nearly 9.5 million in 2001.

The conservatory has become a center of community and commercial activity. The Garfield Park Conservatory Alliance, in partnership with public and private organizations, constructed an Urban Demonstration Garden at the conservatory in 2001 to teach gardening techniques specific to the challenges of urban spaces and to work with Westside community groups and residents to create, sustain, and improve neighborhood green spaces.

In May 2003 the Chicago Park District opened the Garfield Market, a green market that converts a historic building and rustic grounds at the conservatory into a European-style open-air bazaar offering unique green products from local merchants each weekend. The market also houses CityEscape Garden Center, a 10,000-square-foot privately operated landscaping store begun by a first-time local business owner, as well as 12 "green-friendly" shops. The Garfield Market adaptively reuses an old horse stable once used by the Chicago Park District.

"A park should draw and attract visitors from around the city and those who live nearby," said Chicago Park District General Superintendent David Doig. "At Garfield, exhibits such as *Chihuly: A Garden of Glass* and *Chocolate Festival* have made tremendous progress calling residents back to the historic hot-house, and now with the addition of The Green Market, selling products and foods, we hope visitors will extend their stay and neighbors will return to the Conservatory."

The rehabilitation of the Green and Brown Lines, two of Chicago's elevated rail lines, has spurred reinvestment in the areas adjacent to the lines. Bethel New Life has built almost 40 new homes in the area since 1994, replacing derelict apartment buildings that had become drug dens.

lessons learned

- **Look into the activities of nonprofit and faith-based groups in challenged neighborhoods.** Nonprofit housing developers are avatars of redevelopment in traditional and older neighborhoods. They are also natural partners in creating transit-supportive communities.
- **Never underestimate the power of a single historic landmark to be a flash point of community pride.** The restoration of the Garfield Park Conservatory created the opportunity for residents and visitors alike to see the surrounding neighborhood in a new light and consider it a Chicago destination in its own right.
- **Stay aware of major transit investments in the vicinity of historic resources.** In the case of the Garfield Park Conservatory, the rehabilitation and relocation of the Conservatory Station helped the Chicago Park District raise critical resources, both public and private, to save the site.

Cleveland Ohio

Reawakening a Historic Commercial District

SHAKER SQUARE SHOPPING CENTER

Cleveland Union Terminal has epitomized the concept of transit-oriented development in that city since the terminal's dedication in 1930. Now known as Tower City, the refurbished intermodal station in downtown Cleveland features a huge office and retail complex, the result of a public/private partnership led by the city's leading entrepreneurial family, the Ratners.

The original builders of Tower City were not interested in transit-oriented development, as we know it today. Instead, M.J. and O.P. Van Sweringen—two brothers affectionately known as “the Vans”—were interested in development-oriented transit. Owners of several railroads and transit companies, the Vans initiated rail routes from downtown to the garden-city suburb they were developing in Shaker Heights, east of Cleveland.

Like Tower City, the retail center in Shaker Heights has been recently restored and upgraded. Conceived when trolleys and automobiles had just begun to share the streets, Shaker Square was designed to serve and enhance the surrounding neighborhood. The story of the creative public-private venture that brought new life to Shaker Square offers practical lessons for how communities can encourage local businesses, increase transit use, and reinvigorate residential areas while attracting visitors by transit.

COMMUNITY HISTORY

In 1905, the Van Sweringen brothers purchased property in a former Shaker community on the heights east of Cleveland. Inspired by the rural setting, and with a keen interest in city

planning and design, the brothers envisioned one of the country's first “garden-city” suburbs with a mixture of handsome houses, apartments, shops, schools, and places of worship along tree-lined streets, interspersed with parks and lakes.

The brothers formed the Cleveland Interurban Railroad to bring streetcar lines and prospective homeowners from downtown Cleveland to the suburban homes they were building on lots east of the current location of Shaker Square. Dissatisfied with the streetcars' slowness and delays because of competing horse and automobile traffic, the Vans built a grade-separated trolley line to enhance service between Shaker Square and downtown. The “rapid,” as it was known, ran through Shaker Heights along the landscaped median of Shaker Boulevard, flanked by cartpaths for local travel. The line was eventually connected to the newly dedicated Cleveland Union Terminal in 1930.

Shaker Square, a retail center, opened in 1929. Located at the intersection of Shaker and Moreland Boulevards, the Square featured a trolley station and public green at the heart of a walkable network of shops, offices, and apartment buildings along landscaped boulevards, with streetscapes designed for walking.

"We wanted a mixture of tenants that created synergy, making the Square an exciting and fun place."

ADAM FISHMAN
CENTERPOINT PROPERTIES

The Shaker Square RTA Light Rail Station shuttles residents and visitors to this newly revitalized commercial district to enjoy unique shops, boutiques, restaurants, and entertainment venues.



A limited number of curbside parking spaces fronted the stores, and larger lots were located behind the stores to accommodate foot traffic in the retail area.

In 1976, a half-century after its design was approved, Shaker Square

and its surrounding apartment complexes were listed on the National Register of Historic Places. By that time, the once-vibrant shopping center was on the wane, and its many local owner-operated shops were struggling to keep up with newer, larger shopping centers in distant suburbs. Vacancies in Shaker Square were increasing and the center's physical plant was threatened with decline.

For Adam Fishman and Randy Ruttenberg, partners in a local development company, CenterPoint Properties, and residents of Shaker Heights, going to the Square had been a way of life. Sensitive to its history and role in the community, they began to formulate ideas for how to bring the Square back.

SHAKING UP SHAKER SQUARE

Working with its development partner the Rosen Corporation, the development team of CenterPoint Properties sought a mix of tenancies that would not only meet the everyday needs of neighborhood residents, but would serve more discretionary demand and draw people from beyond the primary market area with unique shops, boutiques, restaurants, and entertainment venues.

An important consideration in selecting tenants was to match the pocketbooks of the community. The average household income within the Square's primary trade area is more than \$94,000, and incomes in the Shaker Heights neighborhood to the east are even higher. The western portion of the Shaker Square neighborhood, which includes many of the apartment complexes, is also among Cleveland's highest-income communities, but averages a more moderate \$32,000 per household. That population includes a high proportion of young professionals, with significant discretionary spending habits despite lower overall income. The developers planned to create a tenant mix that would appeal to the range of middle- and upper-income households within the shopping area. CenterPoint also wanted to carefully balance national, regional,

and local stores: "We didn't want just another center filled with the same national chains," says Fishman. Several of the existing tenants were seen as local institutions, and enjoyed strong local support. Fishman and Ruttenberg wanted to retain these and attract other local stores and restaurants. The developers set aside space for only a handful of recognized national retailers.

Fishman's vision for a tenant mix that included non-chain tenants was informed by the 1997 experience of the Greater Cleveland Regional Transit Authority (GCRTA) in leasing space in Shaker Square's historic transit station. Maribeth Feke, GCRTA's director of planning, recalls the agency's enthusiasm over a proposal by McDonald's to replace the station's outgoing tenant, undertake \$250,000 in renovations, and pay a high annual rent. Now, Feke admits the agency blundered: "There was major opposition from the local community, and it made all the papers. There was even a group formed called MAM: Moms Against McDonald's." Chastened, Feke reached out to the community. Although residents made it clear that a national fast-food chain was out of the question, they also suggested a hometown alternative: a diner.

A second RFP was issued, and Michael's Diner became the station tenant. The proprietor invested \$150,000 toward rehabilitation and finishes. GCRTA contributed \$35,000 from their station renovation fund for mechanical system and roofing upgrades. The diner opened in 1997.

Since then, GCRTA has completely revamped its approach to station area projects and leases. "We now have a neighborhood representative at the table from the beginning,"

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Trendy shops, such as the ones pictured, cater to the growing number of residents in the Shaker Square neighborhood.



notes Feke, “and we go to the community throughout the process. We learned a valuable lesson.”

THE REMAKING OF SHAKER SQUARE

After about 18 months of negotiations and planning, CenterPoint launched an extensive community outreach effort. Reid Robbins, executive director of the Shaker Square Area Redevelopment Corporation (SHAD), a community development corporation that serves much of the surrounding community and focuses on the Square, reports that the developers “attended a ton of meetings, worked really hard, and did really well.” Despite minor controversies over repositioning some tenants, Robbins recalls that CenterPoint’s sensitivity to community and design issues, combined with strong support for saving the Square, assured that the proposals would be well received.

The project began in 2000, and was largely completed and leased within 12 months. Approximately 132,000 square feet of retail and 29,000 square feet of office area accommodates 56 different tenants. Initial anchor tenants included the upscale Wild Oats Market grocery store; Joseph Beth Booksellers, a regional bookstore and café; and Shaker Square Cinema, a refurbished historic movie house under a new, local owner. Other tenants include a variety of restaurants, from moderately priced to upscale; clothing stores; specialty stores offering housewares and kitchen accessories; stationary and gift shops; bakers and confectioners; art and photo galleries; hairdressers and spas; and a bank.

To accommodate the grocery store, three existing vendors were moved, their former store spaces combined, and the building footprint expanded. Parking was added to an enlarged rear lot. Aside from those alterations, the original Shaker Square structures were retained and restored. Extensive upgrades included awnings and a signage regime, all approved through the local historic review procedures. The streetscapes and public areas throughout the complex were also improved. To enhance pedestrian activity, outdoor café spaces were added at some restaurant locations, and the developers have also programmed outdoor events and occasional street performers on the public greens.

FINANCING

Total project costs were projected at \$25.6 million. Fishman and Ruttenberg raised approximately \$17.3 million from conventional debt and equity sources, leaving an \$8.3 million gap. To make up the shortfall, CenterPoint cobbled together a wide-

ranging public-private partnership involving state, county, and local officials and community development organizations.

A particularly interesting aspect of the gap financing was the role of tax increment financing (TIF). Although Shaker Square is located entirely within Cleveland’s city limits, 80 percent of the area’s property falls within the Shaker Heights School District. The developers had to secure approval for a TIF bond from both Shaker Heights and Cleveland. After a number of presentations, the developers were able to convince both jurisdictions that the investment in revitalizing Shaker Square would be in their interest. Without it, the property was likely to continue to lose value and tax revenues decline. With the TIF, values and tax revenues were certain to rise.

Shaker Heights agreed to forgo taxes on 75 percent of increased value for a period of 25 years. The jurisdiction would collect increased revenues against the remaining 25 percent. Cleveland agreed to forgo 100 percent of increases in non-school tax revenues for a period of 30 years.

Bond purchasers also had to be assured not only that the tax base would be adequately expanded to produce revenues to pay off the bonds, but that the project would have the resources to make the service payments in lieu of taxes to the bond fund as well. This combination proved difficult. In an unprecedented move for a private project, the Cuyahoga County Commissioners stepped in with a pledge to support the bonds. With the enhanced credit provided by that pledge, Cleveland Tomorrow, a community boosting subsidiary of the Cleveland Development Bank, and Neighborhood Progress, Inc., a community investment subsidiary of Village Capitol Corporation, purchased the bonds.

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signs of success

Today, historic Shaker Square has been completely renovated. Building exteriors have been restored and interiors rehabilitated, streetscapes upgraded and enlivened with cafes and awnings, and the public green space improved. The area is alive with activity throughout the day and into the evening. The \$4.1 million tax base prior to renovation grew into \$18.5 million in just two years.

When the project started, 31 percent of the space at the center was vacant. Within a year, the project was able to attract new and replacement tenants, reaching virtual full occupancy. CenterPoint met its initial base rent projections and is realizing additional percentage rents from a number of tenants, a clear sign of good sales. Before renovation and repositioning, average rents at the Square were between \$7 and \$9 per square foot. Rents now average between \$17 and \$24, triple net. Net operating income produced from the center has quadrupled.

One anchor tenant, Wild Oats Market, closed in 2003, accounting for approximately 20 percent of the retail area in the complex. The Boulder-based company cited corporate problems and restructuring that resulted in the closing of a number of locations across the nation. CenterPoint was in active discussion with replacement grocers as this report went to press.

Transit use has been depressed throughout Cleveland since the national economic downturn. Boardings at the Shaker Square station are no exception. GCRTA's Feke believes that the numbers for Shaker Square might have been worse without the renovation. The transit agency's anecdotal evidence suggests that the project has generated new trips to see the reborn facility: "I have talked with many people who have a renewed interest in taking the train to Shaker Square," says Feke. "It is being seen as a destination by folks who had not gone there before and by those who had been there but not for a long time because the area had lost its luster."

Robbins agrees: "We are getting people from downtown and west-side urban types riding out for a nice evening at the restaurants and shops. Before, there was none of that."

The land use and urban design concept of Shaker Square has proven to have enduring merit.



lessons learned

- **Notice and respect what has withstood the test of time.** The land use and urban design concept of Shaker Square has proven to have enduring merit. The transit station is integrated into a shopping and service complex at the center of a moderate-to high-density residential community, which continues to provide the foundation for both shop patrons and transit ridership. Shaker Square locates parking to the rear of stores to preserve the historic character and accommodate pedestrians. Walkable, appealing streetscapes lead to the station and a public green, reinforcing the Square as the center of community activity.
- **Encourage public-private partnerships.** The combined clout of private development know-how with public resources and informational mechanisms for raising public awareness can greatly assist in a retail redevelopment of any scale.
- **Reach out to the public early and often.** CenterPoint made a substantial investment in community outreach. Their programs were not only informed by those contacts, but the investment laid the foundation for community support for renovation plans, public participation in financing, and ultimately patronage of transit and stores as well.

Evanston *Illinois*

Bustling 'Burb Boasts Intermodal Connection

DAVIS STREET TRANSPORTATION CENTER DEVELOPMENT

Evanston, a suburban city 13 miles north of Chicago's Loop along Lake Michigan, has been linked to Chicago throughout its history by rail lines, trolleys, and buses. Incorporated in the late 1800s, Evanston is now home to 74,000 people.

Evanston's recently completed Davis Street Transportation Center has given the community a single facility to serve as a hub for commuter rail (Metra), regional subway (the Chicago Transit Authority), and suburban bus services (PACE). The Transportation Center is the only transfer point outside the City of Chicago that brings all three transit providers together. As a result, the Davis Street Center is the twelfth most active transfer point in the Chicago region.

More than just a connection for rail and bus service, however, the Davis Street Transportation Center is a strong contributor to the broader redevelopment of downtown Evanston. Coupled with focused investment within the station area, Evanston has strengthened its overall market appeal for employers, while providing creative housing and retail opportunities to draw residents downtown, and offering incentives to developers to preserve and reuse historic commercial buildings.

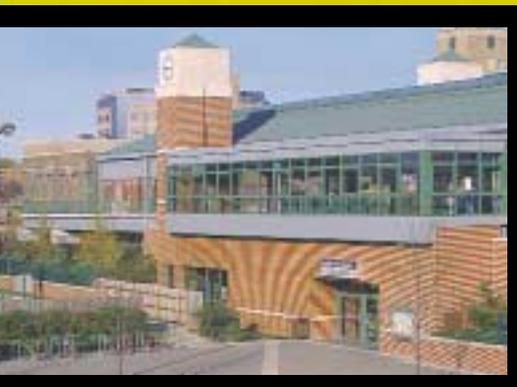
Evanston's current comprehensive plan emphasizes creating "an attractive, convenient, and economically vibrant" mixed-use downtown, and offering "safe, affordable, and easily accessible alternatives to the automobile." The earlier development patterns support these goals well. Developers are finding new uses for older assets, supported by transit service and anchored by the Davis Street Transportation Center.

COMMUNITY HISTORY

Downtown Evanston developed as a traditional suburban center with a mix of retail and small office space, pedestrian facilities, strong public transit service, and a variety of architectural styles. As shopping centers were built along new highways, retail activity in Evanston's downtown declined. But the pedestrian orientation, mix of architectural styles, and access to public transportation remained.

Redevelopment efforts during the late 1980s focused on creating office space for high-tech organizations, which in turn led to the construction of the Evanston Research Park in downtown, on land located between the Chicago Transit Agency (CTA) and Metra rail lines.

Beyond the Research Park initiative, the city's redevelopment plan for downtown Evanston emphasized mixed uses, including residential, and creating a "24/7" environment. Early projects included a hotel, a movie complex, additional parking, a grocery, 280 rental apartments, and a new office tower near the Davis Street Transportation Center.



Left and Below: The Davis Street Transportation Center in Evanston, Illinois is a hub for intermodal transportation serving the community.

The growth of traffic congestion throughout the Chicago metropolitan area, changing demographics, and the desire for urban amenities without all the urban headaches helped to make the 1990s the strongest real estate market since the 1920s for Evanston. The new area of development is focused within walking distance of the Transportation Center.

REDEVELOPING YESTERDAY'S EVANSTON FOR TODAY

A number of older buildings are within walking distance of the Davis Street Transportation Center. Many of these buildings have been adapted to new uses. The variety of architectural styles and periods contributes to Evanston's uniqueness, and the physical context provides an interesting place where people want to be.

To support its redevelopment efforts, Evanston uses tax increment financing (TIF) districts to fund extraordinary costs for site preparation such as the cost of demolition, environmental remediation, parking structures, and streetscape improvements. The City of Evanston does not usually use tax abatements. The county provides for reduced assessments for landmark buildings and reimbursement of state sales tax.

Developers have recognized the market appeal of a downtown location with easy access to good transit services, as well as the advantages of redeveloping older buildings. The Davis Street Land Company, for example, has transformed the Chandler's Building (a 25,000 square-foot former variety store built in 1929) into a mixed-use development with ground-level retail and office space above. The project, located one block from the Davis Transportation Center, involved tearing down a smaller nineteenth-century structure that was determined to be unusable and redeveloping the five-story L-shaped 1929 building. The county designated the building a historic landmark and granted it a 10-year tax abatement, a critical element in the project's success. No parking was provided for the project. The developer, who spent \$4.3 million on the project, also made use >>>CONTINUED>>>





The historic Chandler's building shown here during a veteran's parade through downtown Evanston, now offers mixed retail and office space in 25,000 square feet, just steps from the new Davis Street Transportation Center.

of the federal historic rehabilitation tax credits. The City of Evanston participated in financing the costs of the public plaza in front of the building through a TIF district.

A former Marshall Field department store built circa 1910 has been converted into 55 condominiums with 43,000 square feet of commercial/retail space, including a community church. The building at 807 Church Street is located in the heart of downtown, just a short walk from the Davis Street Transportation Center. The developer, Creative Designs and Builders, transformed the building into rental housing in the early 1980s, converting to market-rate condominiums in 2001. The cost of transforming the department store to housing was \$4.2 million, all financed privately.

In recognition of the importance of pedestrian facilities to downtown redevelopment and transit access, Evanston created a special service district in the downtown to provide for pedestrian and streetscape improvements, and property owners agreed to tax themselves to provide funding for these improvements.

Parking spaces have been added in the downtown to support the new development. In one garage, the 1,400 spaces are shared (commuters use the spaces during the daytime, and retail and movie goers use the spaces during the evenings and on weekends). The city encourages shared parking to reduce the overall number of spaces required to serve the different, non-competing uses.

signs of success

Evanston is enjoying its strongest real estate market since the 1920s, as developers and citizens discover that close-in suburbs offer a mixture of architectural styles, around-the-clock activities, and the convenience of a good pedestrian environment and transit alternatives.

From 1998 to 2003 more than \$300 million of private funds have been or will be invested in more than 600,000 square feet of commercial/retail space, more than 1,000 residential units, and almost 3,000 new parking spaces. New and old buildings together have created a renewed “sense of place,” which is leading to more proposals for residential, retail, and commercial spaces.

As older buildings are converted to new uses, they have added to Evanston’s revenue base through sales and real estate taxes. On the Chandler Building, Evanston has more than doubled its tax

revenue from sales and real estate taxes as a result of the rehabilitation, even with the landmark tax abatement.

Transit ridership accounts for more than 12,000 weekday trips to and from downtown Evanston. Metra, the commuter rail operator, has had the greatest growth in riders, almost 150 percent between 1983 and 1999. CTA rail accounts for the greatest number of trips, roughly 7,000 each weekday. The development and redevelopment in downtown Evanston have increased off-peak weekend trips as well as weekday.

As the downtown adds new office, residential, and retail uses, the market for transit grows. The relationship is synergistic: Good transit encourages more development, which in turn increases transit ridership.

lessons learned

- **Use local transit planning efforts to give your community a sense of direction and commitment, opening the way to private-sector development and investment.** When Evanston sought to revitalize its downtown in the 1980s, it put forward a comprehensive vision and set of planning goals to encourage transit use, retail, and new workers in the suburban center. Improvements to the transit infrastructure through the Davis Street Center have reinforced the local planning efforts.
- **Encourage a mixture of old and new buildings that offers a physical context and visual interest, and that adapts to a range of activities.** Most older suburban areas have the infrastructure and range of building types to attract new uses and activities. These areas also have underdeveloped lots and sometimes brownfields that are available for new development. Evanston’s planning guidelines provide for a variety of uses and building types, making the downtown equally attractive for historic preservation projects, adaptive reuse, and new construction.

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Gaithersburg Maryland

Progressive Parking Strategy Creates Transit-Supportive Development

OLDE TOWNE REVITALIZATION

When civic leaders began the revitalization of Gaithersburg's historic downtown, transit was not the primary focus of attention. Although the Maryland Transit Administration operates a MARC commuter rail line through Gaithersburg, and a historic 1884 commuter train station stands at the town center, commuter service was perceived as a means for residents to leave Gaithersburg for job locations elsewhere, not a mechanism for attracting riders to Gaithersburg.

Gaithersburg town officials were seeking ways to create a mixture of land uses downtown; attract new business patrons, workers, and residents; make better use of existing and often historic properties; and stimulate complementary infill projects that reinforced traditional small-town character. An overarching objective was to accommodate automobile parking for all those hoped-for new workers, visitors, and employees. By adopting a progressive parking strategy, Gaithersburg is not only achieving its primary objectives, but has set in motion a dynamic that is creating transit synergies as well.

Gaithersburg offers insights into how a town can revitalize its historic resources, address current parking needs while evolving to greater transit use and development that recognizes the transit connection as beneficial.

COMMUNITY HISTORY

Gaithersburg's pattern of growth and disinvestment in the 20th century mirrors that of many small towns throughout the Chesapeake Bay region. Its downtown, once the market and freight center for a flourishing agricultural community, has maintained its low scale, historic character, and charm, and rapid residential expansion from the 1950s onward occurred mostly in suburban subdivisions at the fringes. Retail and commercial centers (conventional strip centers, office parks, and malls) were also located on the perimeter of the downtown, siphoning off most business revenue.

The cherished character of the historic core was threatened. Several traditional downtown businesses, such as the large Southern States store, no longer met changing market demand. As these anchors slipped, the number of patrons for remaining stores also declined. Many shop owners and businesses were just hanging on by the 1990s, when revitalization efforts began.

TOWN AND PARKING

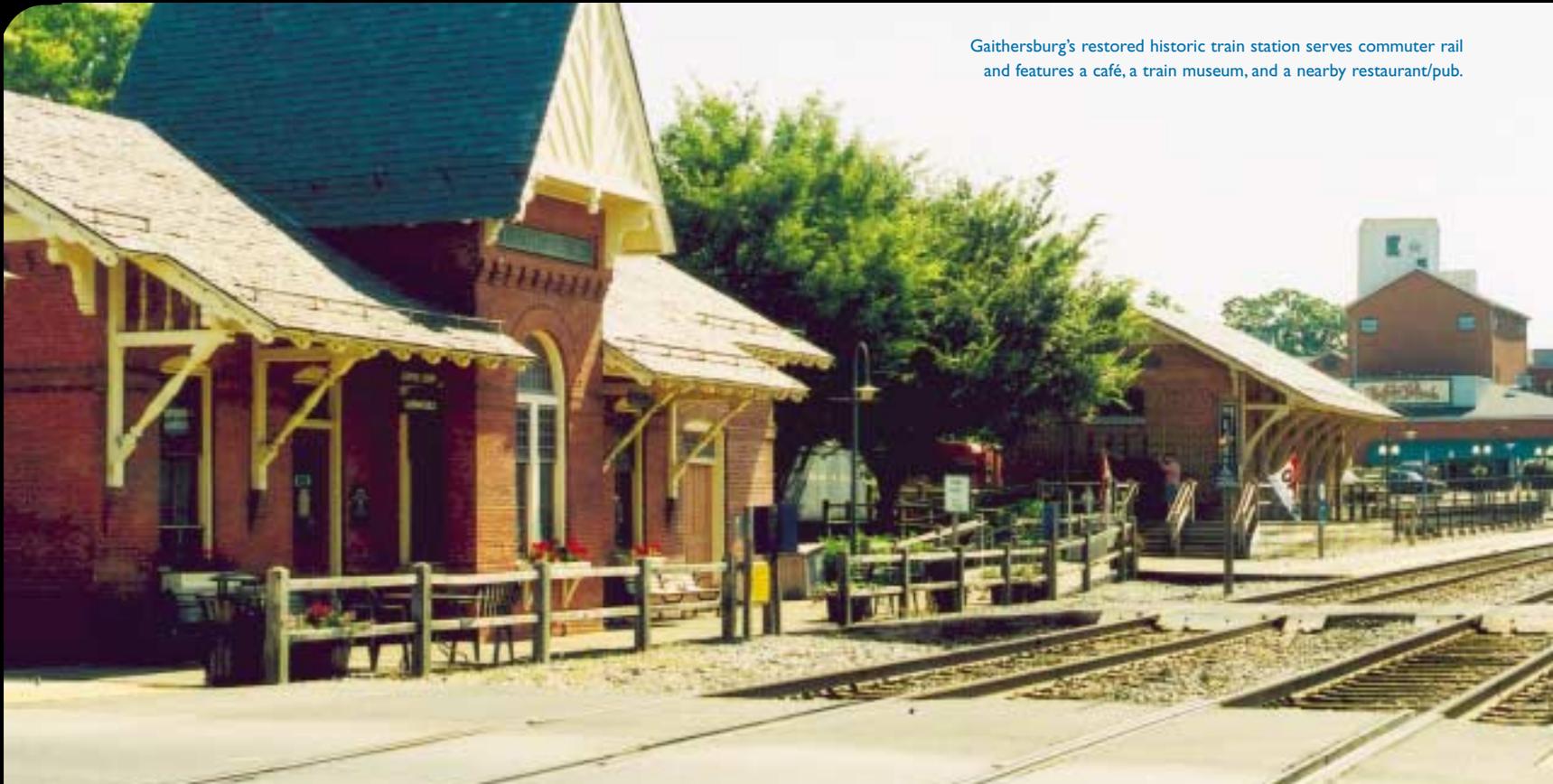
In early 1995, a diverse group of concerned citizens, property owners, and civic leaders recognized that Olde Town Gaithersburg was at a crossroads. Although individual projects, such as the restoration of the small historic commuter station, were important, a more comprehensive approach was needed. The city hired internationally known town planner Andres Duany to conduct an intensive community charette to flesh out ideas. About a year later, after continued discussion and refinement, consensus around a downtown plan emerged.

A key concept of the plan was accommodating parking to the side and rear of buildings whenever possible. This approach supported the restoration of historic properties, rather than their removal for parking lots, and encouraged developers to site complementary infill projects at the traditional building line

to maintain the pedestrian feel of the street. In combination with a program for calming through-traffic and improving streetscapes, this strategy promised an environment that was convenient, walkable, and attractive.

Another important concept was investment in municipal parking garages. Land was scarce and demand for parking was rising. Decked parking not only reduced the pressure to raze existing properties for surface lots, but made possible redevelopment of vacant and underutilized properties as well. Without a garage and the regulatory framework allowing existing and new projects to meet parking needs, potential infill lots would likely be retained for parking. Land economics in Gaithersburg simply did not support private investment in a garage, and so public investment was essential. >>>CONTINUED>>>

Gaithersburg's restored historic train station serves commuter rail and features a café, a train museum, and a nearby restaurant/pub.





Landscaping and public art enliven the area surrounding Gaithersburg's historic train station and nearby municipal parking.

WHERE TO START

The sector of Olde Towne targeted for initial redevelopment was situated immediately south of the railroad tracks and west of the town's main street, Summit Avenue. Principal uses included the Southern States store and scattered surface parking lots. The lots were used by shoppers and commuters boarding MARC trains (Maryland's commuter railroad) at the restored station opposite Summit Avenue. Just to the north is Olde Towne's historic district, which includes most of the area's shops and restaurants.

Redevelopment concepts emerging from Duany's work called for a new commercial project to be located along Summit Avenue on a parcel owned by the city and used by MARC commuters for parking. A large adjacent parcel, occupied by the Southern States store, would also be repositioned. On it would be a multi-story parking garage next to the railroad tracks, where it would provide a buffer from train noise. Parcels fronting the garage along Summit Avenue would be redeveloped for office and retail uses. A realigned street would border the southern portion of the sector, again with a redevelopment pad between the street and parking garage. Apartments were suggested for that parcel.

The parking garage, projected at approximately 700 spaces, was to serve several uses. About one-third of the spaces would be used by MARC commuters, with the rest devoted to meeting the needs of the new development projects on fronting lots, as well as the general public. On evenings and weekends, when commuting and worker demand is low, spaces would be available for shoppers and visitors attending cultural and civic events.

GETTING THE FIRST PROJECT ON THE GROUND

By 1997, City Manager Dave Humpton was receiving inquiries from developers. Town officials decided to look first at the infill possibilities for the MARC commuter parking lot along Summit Avenue. Municipal ownership of this key parcel provided the best opportunity for influencing the quality of development. The city also owned another lot in the vicinity where parking could be relocated with little inconvenience. The city issued a Request for Proposals.

Steve Virostek of the DANAC Corporation, a local development company, proposed an office project to bring daytime employment to Olde Town. Virostek knew this type of project would not be an easy sell to prospective tenants. To compete with the spacious suburban office parks nearby, DANAC would have to offer higher-quality design and finishes than the competition—with lower rents. To afford that combination, and address the risks listed by financial partners, he would need the city to be a partner.

Not only did Gaithersburg's officials select DANAC's proposal, Mayor Ed Borher and City Manager Dave Humpton enthusiastically supported DANAC's development program and financial incentive package. The City Council agreed to contribute its property to the project. To ensure that the project set the bar high for quality building and streetscape design that complemented the downtown's historic character, the city also provided a \$1 million loan to DANAC, to be repaid interest free through DANAC's dedication of half of the cash flow from the project. DANAC assumed all responsibility for both the office and public space improvements, and for getting underway immediately. DANAC also assumed the biggest financial risk: whether the project could attract office tenants to the 42,000-square-foot project.

By May 1998, when the ribbon was cut, the project was already 100 percent leased. Virostek credits the city's willingness to help finance more expensive tenant finishes, such as sound attenuation from the warning blasts of CSX freight trains as they crossed Summit Avenue.

MORE SUCCESS

Encouraged by the success of his initial project and the partnership enjoyed with the city, Virostek explored purchase of the adjacent parcel owned and occupied by Southern States. The company was ready to sell, but the site was contaminated by leakage from an old



The pedestrian scale of Gaithersburg's historic Olde Towne has not been disturbed by new nearby development.

underground petroleum storage tank. After testing and negotiation about the clean-up costs, DANAC entered into a contract to purchase the parcel.

During the clean-up, Virostek began discussions with Humpton and other town officials on a detailed reuse program for the property. By 1999, DANAC and the city had reached agreement. While modifications were made to Duany's concept, the basic components remained.

A multi-story rental apartment, with first-floor retail space (68 units and 20,000 square feet retail/service) would be constructed on the south parcel, which DANAC had sold to the Magruder Companies, an area residential company. DANAC would build and own an office building of approximately 65,000 square feet, with 6,000 square feet held in reserve for retail development as the market matured. Although higher in density and scale than the predominant pattern, the project was carefully designed to complement the character of the town and its abutting historic district. Quality materials and finishes would again be used. The city would begin immediately to implement the planned infrastructure and streetscape upgrades in the sector, targeting completion to coincide with the opening of the private projects. The city forgave half of its permit fees.

The agreement also specified how the 720-space parking garage component would be built and managed:

- The city bought the parcel for the parking garage from DANAC for \$750,000. Gaithersburg would own both the land and the garage and would be responsible for operation and management.
- Under a negotiated agreement, the city hired DANAC as its development manager to construct the garage. DANAC was responsible for overseeing all aspects of design and development, subject to city approval. A not-to-exceed fee was set at \$6,925,000. DANAC assumed the risk of overruns and agreed not to take any fee for its management or personnel expenses.
- In consideration of services provided by DANAC, the city agreed to reserve 126 spaces for the new, multi-family housing project. Another 200 spaces were reserved for the office project. All remaining spaces were for the general public. Spaces were allotted to a planned restaurant, but not formally reserved.
- MARC commuters were expected to use spaces set aside for the general public, and DANAC agreed to construct a pedestrian bridge across the railroad tracks, connecting to the historic district and providing convenient access to the train station along reconstructed streets.
- The city has no current plans to charge for parking. In the future, payments by the housing and office projects would be imposed on negotiated schedules. The schedule for office workers provides an initial period of no parking charges and rises to 100 percent of the fee charged to the general public over a 20-year period. The residential fee schedule is more generous, and provides for a 30-year phase-in period.

FINANCING

The combined public/private price tag for the project was estimated at \$42.3 million. Costs of land and improvements for the office, residential, and restaurant projects would be approximately \$13.4 million, to be shouldered by the developers. The remaining \$28.9 million was to be raised from public funds to acquire the parcel, construct the garage, and rebuild public infrastructure. Costs included acquisition of land for street realignment and streetscape improvements (brick sidewalks, lighting, signage, benches, trash receptacles, intersection improvements, and underground utilities).

Fiscally conservative Gaithersburg had always maintained a “pay-as-you-go” philosophy. The city was prepared to take on the lion’s share of public costs from its capital accounts, but it needed partners for the rest. Over several months it aggressively lobbied county and state officials for support. At the same time, Humpton

worked closely with Virostek to ensure that the schedule for payment of the city’s obligations for the garage would coincide with funding cycles. In the end, \$24,900,000 was secured from three public sources over a three-year period from fiscal years 1999 through 2001: \$13,100,000 in cash, reserves, and anticipated tax revenues from the City of Gaithersburg; \$5,800,000 in cash or General Obligation bonds from Montgomery County; and \$6,000,000 in cash and Smart Growth grants from the State of Maryland. Although \$4 million short of the full funding estimate, these committed funds were adequate to satisfy all partners that enough work would be completed to allow the project to proceed. The city pledged to continue to work with the state to identify additional funding, possibly through state transportation programs, and if not feasible, through a combination of its own and private funds.

signs of success

Like the first phase, the second phase has been a strong success. By 2001, the three main components of the project (the apartment, office complex, and garage) were completed and occupied. Infrastructure and streetscape improvements were in place. There have been numerous expressions of interest in the restaurant pad, which is still undeveloped.

Initially, Virostek lured a high-tech company as the prime tenant for the office. With the downturn of that sector of the economy, the tenancy evaporated. Replacement tenants were relatively easy to find, however. The office leased ahead of schedule, and met or exceeded rent projections. Virostek reports that some tenants cited the location on the MARC commuter line as a consideration in taking space.

Similarly, the apartments were snatched up more quickly and at higher rents than projected. The Magruder Companies actively marketed the project’s location on the MARC commuter line. While definitive surveys on transit use have not been completed, project manager Scott Reed and leasing director Nancy Malloy observe that a number of tenants commute to work by transit, and the service was cited as a reason for renting units. “The transit connection is a definite plus,” says Malloy.

The garage is functioning well. Its brick façade and decorative tower and pedestrian bridge complement the character of the adjacent historic district. Most of the MARC line’s nearly 300 daily commuters are using the fourth floor and pedestrian bridge, as designed. This frees the lower levels for shorter-term visitors to local businesses. Shop owners report having employees use the garage, making street spaces adjacent to their businesses available for patrons.

On most days the garage operates at well below capacity. Far from suggesting overbuild, Humpton sees this excess capacity as an investment. Plans are underway for additional development projects to the rear of the garage site. Allocating spaces to those projects, thus reducing costs to the eventual developer, is being considered as a tool to leverage the same type of quality and design exemplified by the DANAC and Magruder projects.

Most importantly, the development, parking, and streetscape projects have breathed new life into Olde Towne, while maintaining desired small town charm. More jobs and retail activity are located in Olde Towne now, although additional market support is still needed. The success of the initial projects has laid the foundation for continued residential and commercial infill projects and for adaptive reuse of underutilized historic properties.



lessons learned

Gaithersburg didn't really set out to become a model of transit-oriented development. Although the presence of MARC commuter service to the community was a factor in the city's redevelopment scheme, city officials were more focused on the current buzz about smart growth and new urbanism. Whatever the motivation, Gaithersburg's adoption of a progressive parking plan—and subsequent urban design guidelines and zoning that support both historic preservation and new downtown development—shows how parking design can encourage compact growth and help accomplish transit-oriented design.

Some advocates for transit-oriented development have promoted imposed limitations on parking around station stops to encourage transit use. Likewise, some preservationists have sought to reduce or limit parking in historic areas. Given the practical realities of auto dependence in Gaithersburg, however, its leadership recognized that parking needed to be maintained and expanded. By opting for a strategy that focused on parking design and management approaches, the city provides an example that may be applicable to other commuter towns. In a very real sense, Gaithersburg's parking strategy has facilitated both increased preservation and construction of transit-supportive projects. The garage also provides a venue for monitoring parking demand as revitalization continues—with the flexibility to use that experience to adjust allocation of parking and encourage additional transit-supportive projects as the automobile-transit dynamic evolves.

- **Put muscle and money where your mouth is.** Beyond a good framework, the critical decision Gaithersburg made was to support its progressive parking approach with investment of public personnel, property assets, and funding to see the project through.
- **Private developers and public entities need each other.** The public and private sectors in Gaithersburg each brought their own resources to the table, and created a successful downtown strategy that took advantage of what each sector could offer. Virostek and DANAC brought market savvy, persistence, and creativity to the table. Mayor Bohrer and City Manager Humpton brought a specific vision for the downtown, city-owned property, funding, and connections to county and state officials with whom they aggressively pursued partnerships.
- **Don't create parking for parking's sake.** The Gaithersburg parking garage was conceived as a tool to leverage achievement of the city's objectives for land use, urban design, historic preservation, and economic development. The garage is a critical element in the success of the new development projects. The garage is also designed to support instead of undermine the historic character of the town and the attractiveness of transit to its residents and employees.



New development across from Gaithersburg's historic train station reflects similar design elements to those of the station.

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Memphis *Tennessee*

South Main is Happening

ADAPTIVE REUSE AS A STRATEGIC URBAN NEIGHBORHOOD INVESTMENT

Back when “cotton was king,” the South Main section of Memphis was bustling. Today, the warehouses and factories of Memphis’s South Main historic district are being filled with residents, artist studios, galleries, local restaurants, and locally owned shops. Strategic public investments catalyzed South Main’s rebirth, and local private investors rescued the area and gave it new life.

The rebirth of South Main began with the restoration of a downtown trolley system in 1993 and renovation of Central Station as a mixed-use intermodal center at the southern end of downtown. The new National Civil Rights Museum is among the attractions that have motivated visitors to take the trolley into the South Main area.

Most of the pioneering developers and investors in South Main are Memphis-based individuals with a personal connection to local history. No mega-projects or large public subsidies have been necessary to entice developers. With the area’s rebirth have come increasing trolley ridership, tourism, and housing opportunities downtown.

COMMUNITY HISTORY

Up to 50 trains a day once delivered passengers and cargo to South Main via Central Station. The post-war period, however, saw rapid decline of both rail travelers and the industries that sustained business activity. The downtown trolley system was dismantled after World War II. Many of the handsome historic buildings lining South Main Street fell into disrepair, vacancy, and virtual abandonment.

An effort to revitalize downtown with a pedestrian mall in the 1970s failed. By the late 1980s, the mall was actually seen as contributing to lack of mobility and parking problems in the South Main area.

In 1993, Memphis inaugurated the first leg of the Main Street Trolley system in the right-of-way of Main Street. This two-track line largely traced the route of the old streetcar line. By 1997, the single-track Riverfront Loop was added, doubling the system’s length to five miles. Most of the new segment used existing railroad tracks located parallel to Main Street and running along the bluffs fronting the Mississippi River, before reconnecting to Main Street at the south and north ends.

DOWNTOWN TROLLEY AND CENTRAL STATION

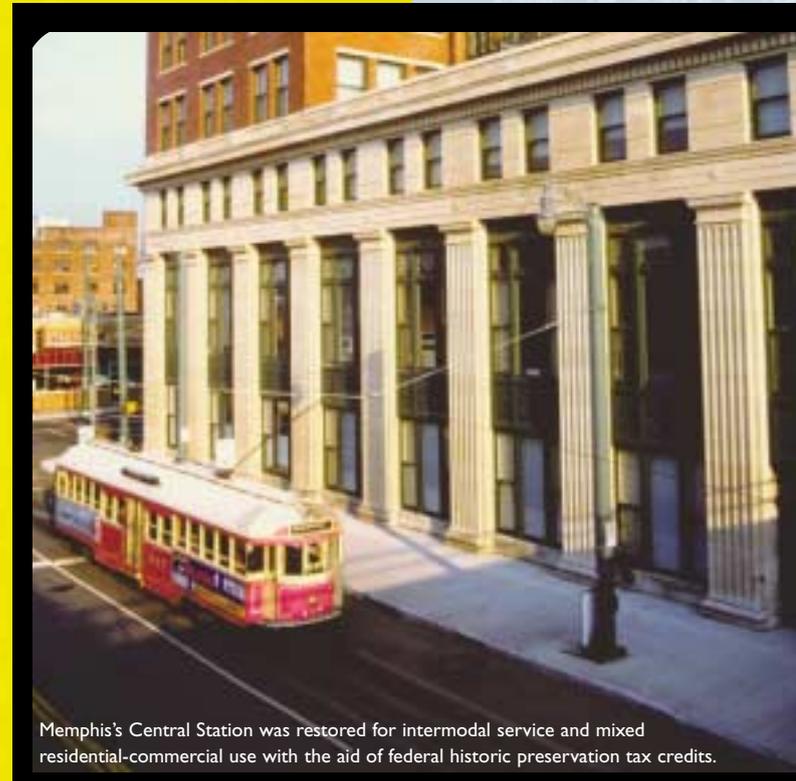
More than just a downtown circulator, the Main Street Trolley connects to the city’s bus system through transfer facilities and park-and-ride lots at its north terminus and through bus, park-and-ride, and Amtrak connections at the south terminus, the recently renovated Central Station.

Initially criticized as a gimmick to save downtown, the trolley has nonetheless succeeded. Ridership has grown from just short of 500,000 in the first year of operation to about one million in 2002. Tom Fox, director of planning and capital projects for the Memphis Area Transit Agency (MATA), estimates that approximately half of the riders use the trolley to commute, run errands, and make work-related trips. The other half are made by tourists, visitors, and residents in pursuit of entertainment. Jeff Sanford, president of Memphis Center City Commission, which plans for and promotes downtown's economic development, believes the trolley has helped draw more than \$2 billion in project investments in downtown during recent years, especially in the South Main area.

Built in 1914, Central Station was the last building designed by Daniel Burnham. In the early 1990s, MATA officials planned to transform the then-derelect building into an intermodal terminal for the trolley, bus services, and the remaining twice-daily Amtrak trains. MATA also sought new uses for long-vacant office and retail spaces that were part of the complex. In 1995, MATA acquired the building and, after securing federal, state, and city funding, joined with city agencies, the Center City Commission, preservationists, and neighborhood groups to devise a plan for the station's rebirth.

Judith Johnson, who was then a preservation analyst for the City of Memphis and is now principal of the preservation consulting firm Judith Johnson and Associates, suggested the use of historic preservation tax credits. MATA asked the National Trust for Historic Preservation's Community Partners Program to join the planning team. That collaboration resulted in a palette of potential uses for the space and, importantly, a proposed ownership structure that could make use of tax credits. As a public agency, MATA could not use the credits. The stakeholders decided to form an independent, for-profit limited partnership that would include MATA. Through a Request for Proposals process, the Alexander Company of Madison, Wisconsin was selected as a private partner. Over a period of approximately 15 months, the partnership developed a program for restoring Central Station, structured a partnership agreement that met with all parties' approval, and secured funding to accomplish the program. The restoration was completed in 1999.

About 30,000 Memphis residents and officials gathered in December 1999 to celebrate Central Station's rebirth. In addition to the intermodal component, the project includes 63 apartment



Memphis's Central Station was restored for intermodal service and mixed residential-commercial use with the aid of federal historic preservation tax credits.

units occupying former office space, three storefront retail spaces, a precinct police station, and a conference area adjacent to the fully restored Main Hall. Total project costs were approximately \$23.3 million. In addition to the \$17.9 million from federal, state, and city sources, the project received \$3.0 million in preservation tax credits, \$2.4 million in bank financing, and \$0.1 million from Amtrak.

SOUTH MAIN NEIGHBORHOOD

The most remarkable outcome of the trolley and Central Station efforts is how they catalyzed private-sector activity along South Main. Placed on the National Register in 1982, the South Main historic district includes approximately 90 buildings, all but a few determined as contributing to its historic character. More than 60 percent of South Main's historic buildings had been renovated by 2002. Historic properties are also being restored in areas adjacent to South Main. Infill construction on vacant lots is also taking place. Virtually all this reinvestment has occurred since start-up of the trolley, and the majority has occurred in the years after Central Station was restored. >>>CONTINUED>>>

Skillful restoration in Memphis's South Main
has preserved the beauty and integrity
of historic buildings.

Most of this activity has been undertaken by a half-dozen smaller developer/investors who recognized South Main's potential, had sufficient financial capacity to acquire and improve buildings, and have been successful in their risks, enabling them to invest in additional projects.

One such investor is Phil Woodard. Owner of a local plumbing business, Woodard used to visit South Main with his father as a child. He purchased his first small building at a modest price in 1994. Today, Woodard has completed ten buildings in South Main and vicinity, all benefiting from a tax freeze the Center City Commission provides to downtown investors, as well as the federal preservation tax credit.

Woodard saw the potential to attract residential tenants to upper-story apartments, with first-floor retail and commercial space. Previous planning work and examples from other jurisdictions suggested that an arts and entertainment focus might work. Artists were recognized



as willing to pioneer in untested areas to take advantage of low-cost space. The converted warehouses, factories, and shops offered adaptable space for artists, arts organizations, and restaurateurs. And the trolley promised to bring patrons to the area.

Woodard and his wife Terry joined with other local business partners to create the South Main Association. Artists and gallery owners became interested and began to sign leases, albeit at very low rents. Small businesses have leased much of the first-floor space in renovated buildings, providing services in keeping with the urban lifestyle residential tenants seek.

signs of success

South Main's success is generating new riders for MATA. Woodard estimates that between 20 and 30 percent of his tenants use the trolley to go to work in the downtown core, a figure he suspects holds for other residential projects in the area. Most of the others commute by car to jobs east of the city center. That may change when MATA completes a new, interconnecting rail line in that direction. Meanwhile, Woodard estimates that almost all tenants use the trolley for evening and weekend use. "They park their cars on Friday evening and don't get in them again until Monday morning."

The trolley is bringing more customers to area shops and restaurants. In November 2000 the South Main Association inaugurated a free trolley tour on the last Friday of each month to promote the area. Initially, the association rented the trolley from MATA for \$300 per evening, and attracted 50 or 60 people. Within the first year, more than 3,000 riders participated. "We actually had a problem, because we only had about 18 art galleries on the tour at that time. They were packed to overcapacity. Now, we have about 30 restaurants and shops on the tour, and folks can find enough room," says Woodard. MATA and the association now provide the tour in partnership: MATA provides the trolley and operator, while the association offers promotion and advertising.

There is little doubt that the investments in the trolley and Central Station played a major role in alerting investors to the latent opportunities on South Main. Once aware of the opportunities, and with prudent continuing financial assistance, Memphis found that investors were willing to assume the risk of restoring the historic buildings. Because the projects were small, they created an opportunity to test and mature the market. And when the market was proven, the historic properties enabled a number of smaller developer/investors to quickly capitalize on their investments.

Property values in South Main have tripled, according to Woodard: "When I started, you could buy buildings for \$8 a square foot and there were plenty of them. Now, six years later, it's hard to find anything and you have to pay \$24 a foot." But that has not discouraged him from continuing to invest. A handful of projects are underway and more are planned.

The development of South Main produced significant new support for transit not only from the new residential and business expansion along the trolley line, but in the greater Memphis area as well. Having been introduced to rail transit, residents are demanding more. Observing the success at South Main, the business and development community is eager to invest in historic preservation projects adjacent to transit lines.

Financing Credits Aid Historic Preservation along South Main

In undertaking his historic rehabilitation and adaptive reuse projects in South Main, Phil Woodard sought assistance from the Center City Commission. The commission has the authority to grant tax freezes to commercial property in the central business area. Mixed commercial and residential rental properties qualify. In return for an owner's commitment to invest 60 percent or more of a property's current value in rehabilitation, the commission can hold the property taxes at the going-in year's payment. Each project is evaluated first to determine need, and then to establish the number of years the freeze will stay in place. The maximum term is 16 years. Because real estate taxes are a substantial portion of operating expenses, the freeze allows owners to offer lower rents to attract tenants, and the financial flexibility to hold them there if required.

A second program offered by the commission combines tax freezes with a development loan. The commission established a loan fund from a portion of its resources (raised by special assessment on downtown property owners). The fund is available for low-interest, soft second loans of up to \$90,000. Through this program, developers may elect to take the up-front loan capital in exchange for a reduced (10-year) term for the tax freeze. Because the loan is subordinate to a bank loan, it can be used to reduce the equity requirement a lender might otherwise impose, an especially attractive feature for smaller developers.



South Main's success is generating new riders for transit.

lessons learned

- **Take advantage of strategic transit investments to stimulate revitalization of historic resources and extend transit possibilities beyond the immediate area.** Although the trolley started out primarily as a circulator, it connected with bus terminus points and became an important transit resource when Central Station was restored for rail and transit use. Erin Hanafin Berg, a planner with the Memphis Landmarks Commission, sees a direct link between the trolley and South Main's renaissance. She terms it a "vehicle for discovery," bringing residents and visitors who, absent the transit loop, would have been unlikely to travel beyond more central and well-known tourist attractions.
- **Encourage the availability and use of financial incentives to stabilize emerging markets.** Incentives such as the federal rehabilitation tax credit and local tax freeze and loan programs help make historic properties an attractive investment option (see "Financing Credits Aid Historic Preservation along South Main," above).
- **Have faith in small, targeted private reinvestments.** Adaptive reuse of historic resources, even at the relatively low scale present in South Main, can generate significant demand for transit ridership, as well as additional preservation. Hanafin Berg estimates that more than 60 percent of South Main's buildings have been renovated.

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St. Louis *Missouri*

Saving Transit Resources While Saving a Historic Downtown

METROLINK REDEVELOPMENT

Since 1993, St. Louis's investment in a light rail system, MetroLink, has spurred interest in creating travel choices, although the automobile continues to dominate investment strategies in the region. Major developers have recognized opportunities for revitalizing St. Louis' neglected historic resources in downtown, an effort that has been supported and often led by transit investments.

In just ten years, reinvestment in downtown historic buildings and neighborhoods has begun to pay off. The recent conversion of the Cupples Warehouses into downtown commercial and living space, as well as preservation of historic houses in the nearby Skinker-DeBaliviere neighborhood, have helped the city begin to recoup a stronger tax base downtown, which had been eroded by decades of decline in inner-city population and employment.

In late 1999, the St. Louis City Planning Commission adopted the Downtown Development Action Plan, calling for an organized method of revitalizing downtown St. Louis, including more housing units.

COMMUNITY HISTORY

St. Louis's location on the Mississippi River near the mouths of the Illinois and Missouri guaranteed the city's early, rapid development as a trading community. By 1850, St. Louis was the second largest port in the country, exceeded only by New York. By the middle of the 20th century St. Louis's wealth of historic downtown buildings were neglected, as population and development moved to suburban areas.

The revitalization of downtown St. Louis got underway in the early 1990s, spurred by the opening of the MetroLink light rail line, the growth in suburban congestion, changing demographics, and additions to the entertainment scene. A series of public investments, including a new convention center and a 70,000-seat sports stadium, were made as part of a \$1.2 billion plan for downtown that featured historic preservation.

TRANSPORTATION

Transit services in the St. Louis region are provided by Metro (formerly the Bi-State Development Agency). Metro operates a multimodal transit system, providing fixed-route bus, paratransit and light rail services. The agency is using its authority to promote the development and redevelopment of areas surrounding MetroLink stations to support the creation of mixed-use, pedestrian-oriented environments. Metro sees this emphasis as critical to its mission.

St. Louis launched MetroLink in 1993 on an 18-mile light rail system serving 19 stations, connecting East St. Louis and Lambert Airport via the historic Terminal Railroad Association (TRRA)

tunnels. These tunnels run beneath the heart of downtown on track first laid more than a century ago. Phase I of a 17.4 mile extension into St. Clair County, Illinois opened in May 2001; Phase II is under construction. Segment I of the Cross County Corridor is in the planning stages.

MetroLink connects the airport, the major sports arenas and convention and entertainment venues, and education facilities. More than 200,000 jobs and 150,000 residents in St. Louis are concentrated within a half-mile of MetroLink stations. This is the highest concentration of jobs along a transportation facility in the region. The location of the line is a key to its ability to attract riders.

According to a 1997 ridership profile, 55 percent of the riders have incomes above \$35,000 and 55 percent have two or more cars *per household*. Ridership has increased by 40 percent through 1997, far exceeding projections. Although ridership declined slightly between 1998 and 2001, the decrease is significantly less than the decline in St. Louis's population during that time. Weekend trips have grown steadily and represent almost 50 percent of the usage on MetroLink. Three out of five trips are now for purposes other than commuting to work.

As the success of the original MetroLink becomes apparent, greater emphasis is being given to planning for redevelopment in the station areas, and Metro is seeking more input from citizens to determine the nature and type of development in their neighborhoods. >>>CONTINUED>>>

Located in the heart of downtown St. Louis, MetroLink offers access to more than 200,000 jobs for more than 150,000 residents.



FROM WAREHOUSES TO HOUSING AND MORE

St. Louis's mercantile heritage is evident in its downtown, which is characterized by numerous historic commercial buildings. The Cupples Warehouse complex is the focus of a \$300 million downtown redevelopment plan for the Busch Stadium Station on the MetroLink. When it opened in 1891, Cupples became the most heavily used wholesale storage complex in the city, with 18 individual warehouses (10 of which remain) and connections from the Eads Bridge via the Terminal Railroad Association tunnel.

The project combines 440,000 square feet of Class A office space, street-level retail and restaurants, hotel, loft and high-rise housing, and parking facilities, resulting in more than 1 million square feet of new development. In 2001, a Westin Hotel opened in four of the Cupples Warehouses. The hotel's location on the MetroLink route is a key reason why Westin chose the site.

The 310,000-square-foot Paul Brown Building, built in 1925 as an office building, was recently converted into 222 loft apartments that will rent for about \$1.00 per foot. This is the largest downtown residential project to date.

New Orleans-based Historic Restoration Inc. (HRI), has redeveloped the Gateway-Statler and Lennox, both historic hotels adjacent to the new Convention Center, for use by Marriott Corporation, which opened the hotel in February 2003.

Loftworks developer Craig Heller has created 31 loft units in the 10th Street Lofts project at 10th and Locust out of a former garment distribution warehouse and an additional 21 units in the Louderman Building at 11th and Olive. These two projects, within four blocks of the MetroLink station at 8th and Pine, are within walking distance of the downtown, and have access to thousands of jobs throughout the St. Louis region via MetroLink. To offset the limited number of parking spaces, Heller plans to include the cost of a commercial car-sharing service, such as Flexcar or Zipcar, in the purchase price of his units in the Louderman Building.

FINANCING

The Missouri Historic Preservation Tax Credit Program is central to the financing for the Cupples Warehouse redevelopment project. Enacted in 1998, the law provides for a 25 percent transferable credit toward eligible rehabilitation costs for both residential and commercial projects that meet rehabilitation standards set by the U.S. Department of the Interior. The program is managed by the Missouri Department of Economic Development. The enactment of the state historic tax credit statute has helped spur additional revitalization efforts.

McCormack Baron & Associates and SunAmerica own and developed the \$97 million hotel element of the redevelopment project, using \$15.8 million in federal and \$19.8 million state historic tax credits on \$79.3 million of qualified rehabilitation costs.

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signs of success

The reinvestment in downtown St. Louis has already benefited the city, homeowners, private developers, Metro, and the people who live, work, and shop downtown. The decision to locate new MetroLink routes along existing lines and to serve areas that already have dense, mixed-use development created opportunities for redevelopment that took advantage of historic railroad infrastructure and other historic assets. Reinvestment in these existing downtown resources created new uses, including office, residential, commercial, and entertainment.

Beyond downtown, MetroLink is also being used to reinforce the benefits of older, more compact, walkable neighborhoods such as Forest Park and Skinker-DeBaliviere, where the Forest Park Station is within walking distance of 1,387 residences. West of downtown, former warehouses and factories are being converted into lofts. Inner-city neighborhoods have seen property values increase with the introduction of MetroLink.

Overall, demand for downtown or near-in housing has risen. Tom Leonhard, president and chief operating officer of Historic Restoration Inc., says, "Demand for housing far exceeds the supply. I think there's demand for 5,000 units." HRI recently announced plans to convert two more buildings at the historic Cupples Station warehouse complex into a \$37 million, 188-unit apartment complex. Developers are recognizing that the market for downtown development and neighborhood infill near MetroLink stations can be profitable.

Metro has documented the benefits of creating more walkable access to MetroLink and the bus system. Ridership has grown far faster than projections, even with the decline in population and employment in St. Louis. Weekday ridership averaged 40,000 in 2002. Non-work trips represent a growing share of MetroLink trips. As the new extensions and lines open for service, the value of MetroLink will grow even more.

lessons learned

- **Know and use the laws in your state.** St. Louis's revitalization has been helped greatly by Missouri's adoption of historic tax credits and state law designating redevelopment areas with significant powers, including eminent domain. The state also authorized tax abatements that played a critical role in making reinvestment in historic resources more attractive and feasible.
- **See the benefits of an old system.** St. Louis's rich array of historic resources represents significant community assets. For MetroLink itself, using the historic TRRA railroad tunnel helped to hold down the capital cost of the project. Locating the line in an historic area opened up access to a rich supply of historic buildings in St. Louis.
- **Extend the benefits of downtown transit beyond downtown.** Transit played a pivotal role in the rediscovery of historic assets that may have been forgotten or neglected. Reinvestment in the Skinker-DeBaliviere neighborhood can clearly be linked to the improved access provided by MetroLink.
- **Match the transit technology to the existing and desired community form.** Light rail is a pedestrian-oriented mode. The location of the line and associated development should reflect this and provide for strong pedestrian linkages and appealing public spaces.
- **Envision and capture transit's potential to reinvigorate downtown.** MetroLink has played a key role in attracting attention to the richness of St. Louis's historic resources. The attractiveness of these resources has grown as a result of improved transit service. By creating new access to areas that for other market-related reasons may not be ready for reinvestment, transit can play a pivotal role in shaping market demand.
- **A committed core of supporters from the private and public sectors is essential.** To gain and maintain these commitments, stick to reality regarding ridership estimates and economic development benefits. Avoid overselling a project; instead, aim to ensure its credibility.

South Orange

New Jersey

It Takes a Station to Raise a Transit Village

SOUTH ORANGE VILLAGE, NEW JERSEY'S DOWNTOWN REVITALIZATION

The Township of South Orange Village, New Jersey is one of seven participants in the statewide Transit Village program sponsored by New Jersey Transit (NJ Transit). As a state-level transit agency, NJ Transit is in a prime position to support broadscale efforts such as the Transit Village program, which encourages towns to focus on compact, mixed-use development, including residential development, within a quarter-mile of train stations.

South Orange boasts one of 49 historic train stations actually owned by NJ Transit. The current train station in South Orange was constructed in 1916, when the line was upgraded to provide for grade separation between tracks and local streets. Designed by Frank J. Neis, who was architect for a number of other stations on the Morristown line, the station is an eclectic blend of Renaissance Revival with Prairie and Craftsman elements. It features a main entry hall and ticketing area, with stairways leading to canopied boarding platforms elevated above the surrounding streets and structures of the village's downtown core. Integral to its architecture is a flanking trestle system that carries trains to platform grade. Local streets pass below and through the trestle on either side of the station. In addition, the village has a variety of historic and older buildings that add to the texture of downtown, including Town Hall and the fire station.

"A lot of towns in New Jersey grew up around train lines in the nineteenth century, and the train station is at the center of town" says Mark Gordon, NJ Transit's senior director of real estate and economic development. "We're looking to go back to the future and restore the transit center as a center of municipal life."

BACKGROUND

South Orange, New Jersey is home to nearly 17,000 residents. Originally founded as a summer community, the village grew up around a train station of the Morris and Essex Line before the Civil War, becoming a bedroom community for Newark and New York City after the rail line was extended to Hoboken in 1868. But by 1990, the downtown was languishing, with about 30 of 130 stores vacant, and virtually no foot traffic.

During the past decade, several factors came into play to promote the train station area redevelopment. An important catalyst was the new MidTown Direct train service to Manhattan, which permits a rapid, transfer-free trip from South Orange to New York City, shaving 20 minutes off the commute time. The village leadership, which had long wanted to revitalize downtown and rehabilitate the dilapidated commuter train station, seized the opportunity to focus attention on local needs at a time when the real estate conditions were favorable to redevelopment.

The key bargaining point for the village was that NJ Transit wanted the downtown to accommodate anticipated parking needs for

the new service. Public feedback to NJ Transit was consistent and emphatic: The village residents would only discuss additional parking and related new transit development if NJ Transit agreed to address the blighted storefronts on NJ Transit-owned property surrounding the station.

In 1994 the Village Trustees had adopted a redevelopment plan for the downtown area. This plan, now being implemented, called for improvements to the historic railroad station, a shared parking program, strategies for attracting development to the underused properties in downtown, and improvements to the pedestrian environment. All these investments would create the “feel” of a village center.

RENOVATING THE STATION AND STATION AREA

Cary Heller, who operates his family’s real estate office in South Orange, saw the opportunity created by the MidTown Direct service, and in 1993 he embarked on an effort to make South Orange’s historic train station the heart of revitalization plans.

Starting at the station posed challenges. Not only were the station and immediately adjacent stores in disrepair, vacancies were high in the surrounding area. Remaining tenants offered a disjointed hodgepodge of goods and services and were struggling. NJ Transit’s effort to convince the station’s tenant to upgrade the stores was going nowhere. After several meetings, the tenant agreed to sell, but at a high price. NJ Transit was investing available capital in rail upgrades and the rolling stock necessary for the new service; funds were not available for repositioning tenancies. Lenders were unwilling to risk capital for ventures in a “bad” area, on the unproven dream of revitalization, and where public ownership of marginal property assets compromised pledging them as security for loans.

Heller proposed a partnership with NJ Transit and the Village of South Orange to develop a program for the Sloan Street stores at the station. The project’s success has been a key catalyst for South Orange’s initial and ongoing revitalization. >>>CONTINUED>>>

Blighted storefronts and vacancies plagued downtown South Orange before the station area revitalization.



In 1995 NJ Transit bought out the lease for all retail space in the train station and Heller's company leased the space to new tenants that matched the town's redevelopment profile for higher-quality stores. Redevelopment included gutting the stores and installing new heating and cooling systems, plumbing, facades, and a roof. The stores were ready for occupancy in 1996.

According to Village President William Calabrese, "It was important to stress the positives to show residents, developers, and other government agencies that we could create a place for people and community activities in downtown."

With the help of the National Main Street Program of the National Trust for Historic Preservation, Main Street South Orange, which had been formed in 1991 and had already begun coordinated efforts to revitalize the Central Business District along South Orange Avenue, encouraged the township to invest in public improvements in its downtown to increase the positive impact of the redevelopment project. Main Street South Orange and the township had several objectives: enhance the pedestrian environment, improve the look of the storefronts, bring people back downtown through promotional events, create a sense of safety, and improve traffic flow. The avenue's sidewalks were widened, the street was narrowed by reducing the lanes to one in each direction with a center turn lane, street lighting was replaced, and landscaping was used to soften the urban environment. Nancy Adams-Shippy, who was then the executive director of Main Street South Orange, worked closely with the organization's Design Committee, the Village's lead engineer Sal Renda, and landscape architect Bill Scerbo to design a project that was both beautiful and functional, while keeping in mind the needs of the local businesses.

TRANSPORTATION CHOICES AND PARKING

Commuter rail service to South Orange is complemented by NJ Transit bus service to Newark, Newark Airport, and the Port Authority Terminal in Manhattan. The Township and NJ Transit are also supporting a jitney service to provide local transit for residents of South Orange to the station area in the center of town.

Even with the jitney service, parking remains an issue in downtown South Orange. Surface parking occupies prime land within the station area. The Township and NJ Transit found the costs of building and operating structured parking to be prohibitive. Instead, South Orange and NJ Transit pursued the idea of shared parking to serve downtown retail and other uses while still

providing park-and-ride spaces for commuters within 1,200 feet of the station, as required by NJ Transit.

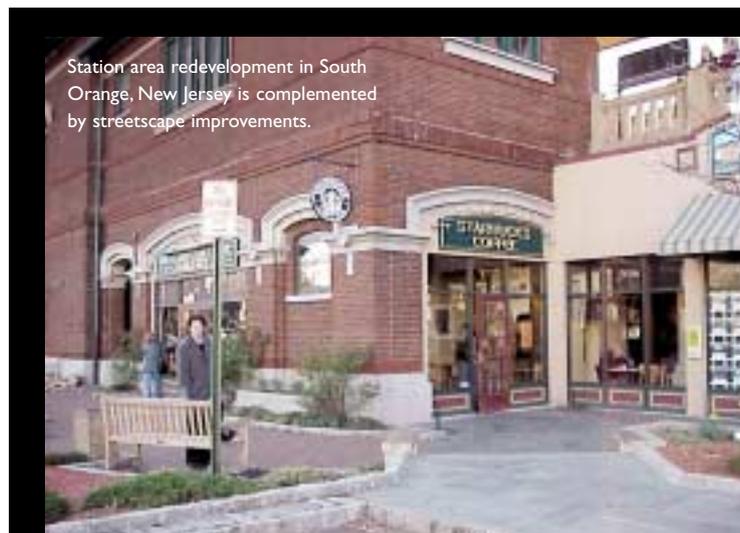
Located on a former lumber yard, the new parking area was designed with input from the Village. Fronting storefront properties were retained to better incorporate parking into the town's traditional fabric. In addition, a parcel was reserved to become the future home of the South Orange Performing Arts Center. The Center's principal need for parking will be in the evening and on weekends, when commuter demand is low. NJ Transit and the Village have created a shared-use arrangement to manage the parking lot for maximum efficiency.

A total of 273 spaces were provided, with 65 spaces assigned for daily users who did not hold permits. To encourage retail shoppers, parking is free after 1 p.m. NJ Transit owns the parking lot and sets the parking fee schedule. The Township's Parking Authority manages the lot, collecting the parking fees and managing the waiting list for permits.

PARTNERSHIPS

NJ Transit was active in the redevelopment process, both as owner of the train station and through its Transit Village Program. The program brings together 10 state agencies to coordinate project approval for municipalities seeking to redevelop train station areas.

Other participants in the South Orange revitalization were Essex County, the NJ Department of Community Affairs, and several private developers who worked on specific developments.



Station area redevelopment in South Orange, New Jersey is complemented by streetscape improvements.



The revitalized Sloan Street Stores offer transit users many services and amenities.

FINANCING

The initial investments of the local government and the state sent a strong signal to the development sector that the station area redevelopment plan was viable. A variety of sources were drawn on to support the public investment, including Community Development Block Grants from the U.S. Department of Housing and Urban Development, low-interest loans from the Essex County Improvement Authority, private donations, and proceeds from municipal and county bonds. Each project drew upon its own specific mix of funding sources.

The Township provided tax incentives for the first several development projects to help launch the residential market. Now that residential development has taken off in the center, there is no longer a need for tax incentives to make a project viable.

COMMUNITY ACCEPTANCE

Changes of the magnitude the village leadership envisioned required extensive outreach to community residents and the building of a consensus. A vision for the village was critical to gaining support for specific projects. During the plan development process, the Township worked closely with residents and business owners through its Planning Board. The Township involved residents in focus groups to learn what people wanted to see happen in their village center. The Main Street group assisted in bringing business owners and residents together to help determine what actions to take and to gain consensus on what the Township was working to accomplish. The consistent advocacy of William Calabrese and other Village leaders for downtown revitalization has eased the way for approval of individual projects, especially residential projects. This support built confidence among developers.

CONTINUING PARTNERSHIP

Since the stores opening, the parties have continued to work together. In 1998, the Village completed the first phase of an ambitious streetscape and parking improvement program. The Village once again showed leadership, raising most of the \$4.1 million for the project by selling municipal bonds. The remaining portion was funded with a federal Community Development Block Grant allocated through Essex County. A plaza, with area for sidewalk cafes, was created in front of the station and stores. Angled parking and other “traffic calming” measures were implemented along Sloan Street and other downtown streets. These improvements transformed Sloan Street into a town square and have been well received.

NJ Transit, while remaining financially constrained, is gradually upgrading its main station. Currently, station accessibility and related platform and lighting improvements are under construction. The agency has scheduled other station restoration and improvement investments in its Fiscal year 2004-2007 capital program.

NJ Transit has also made the station’s main waiting room available to the Village for special events at no charge. These activities, run by Main Street South Orange, are important in bringing the community to downtown during evening and weekend periods. They benefit the Sloan Street stores as well as other area merchants. Events also serve to market NJ Transit’s services to new riders.

signs of success

Since they opened in 1995, the Sloan Street Stores have been a popular downtown attraction. Seven establishments (bakery, ice cream parlor, diner, coffee house, dry cleaner, real estate agency, and children's toy store) occupy 13,000 square feet. Cary Heller's firm continues to own and manage the property. He reports that the stores are performing above initial projections. All loans are being paid on time and in full. NJ Transit has been receiving both base rent and its performance rent "kicker." Only two of the initial tenants have turned over in the project's seven-year history, and those were quickly replaced.

The project gave new life to South Orange's downtown and station area. Even before the inaugural run of the Midtown Direct service in 1996, patrons flocked to the stores. Indeed, Heller estimates that approximately 20 percent of the stores' sales are generated from commuters, a critically important margin for the businesses, but reflecting the continuing support from the general population as well.

South Orange's ongoing revitalization was catalyzed by the success of the station rehabilitation. Rediscovering and refurbishing this important place in the community not only contributed to the Village's positive identity, helping make the formerly overlooked town center "investment friendly," but the collaborative working partnerships established among local, state, county, and transit officials laid the foundation for continuing progress as well. Those interrelationships and experiences were useful when the subsequent success of Midtown Direct generated demand for additional residential and commercial growth in the area surrounding the station.

Several mixed-use development projects are moving through the approval process, including a new grocery store, the first in South Orange for several decades. Projects that have been completed or are underway include Gaslight Commons, a 200-unit residential redevelopment project that takes advantage of a 50 percent tax abatement; the Village Mews townhouses and Church Street apartments, the train station renovation for retail use, and the South Orange Performing Arts Center with a five-screen movie theatre and performance facilities. Both the train station and the performing arts center projects are tax exempt. Also under development is the mixed residential-retail Beifus Project.

A number of indicators can demonstrate the benefits of mixing development types in the village center to take advantage of traditional street grids, nearby transit service, and historic buildings. For example, tax assessments have increased in South Orange, real estate sales and rental prices are up, transit ridership has grown, and residents have fewer reasons to drive.

One redeveloped property in South Orange Village's center has increased its assessable tax base from \$838,000 to almost \$4 million, yielding an additional \$100,000 to the Township each year. In the case of another property, revenue for the Township increased from \$26,000 to \$500,000. After the tax abatement programs run their course, the village will experience a significant increase in its property tax revenues. Although no comprehensive data are available, retail rents have more than doubled as leases have turned over. NJ Transit's lease income from the 12,000 square feet of retail space in the train station shops has significantly increased.

Rail ridership has risen dramatically since the introduction of the MidTown Direct service. From 1995 to 2000, transit ridership increased more than 150 percent. This growth had significant impact on the share of transit and SOV trips, with transit increasing as a percent of trips from 14 percent to 21 percent, and single occupant auto trips declining from 63 percent to 54 percent between 1990 and 2000.



lessons learned

- **Encourage collaborative relationships.** Successful station area development requires a collaborative working relationship among the transit agency, the local jurisdiction, funding groups, and involved property holders, the developer and tenants. As a number of these entities have related parts (separate boards, commissions, bureaus, interest groups, etc.)—each with its own operating peculiarities, perspectives, and authority—dedicated and patient leadership is needed to work these projects to completion.
- **Remain solution oriented.** At any step, progress on the Sloan Street stores could have stalled. Through the leadership of many parties, most noteworthy Heller, Gordon, and Calabrese, solutions were found to address challenges.
- **Think creatively about financing.** The collaborative approach carried over to the financial arrangements for the Sloan Street Stores project. Starting with the property lease and ending with funding tenant improvements, the project challenged conventional development and financing practices. At completion, funding participation came from private, state, county and local sources—sometimes involving allocation of qualifying federal dollars. Participants negotiated arrangements that mixed public and private funding, spreading perceived risks and sharing rewards.
- **Have a plan.** The Township was able to use its station area plan to focus all parties on opportunities for development and redevelopment.
- **Improve transit service to open up new opportunities for revitalization.** In the case of South Orange, the introduction of the MidTown Direct service was a catalyst for the station area redevelopment.
- **Make quick, tangible improvements.** Such improvements build morale and show the community that change is afoot. The public's willingness to use its funds shows developers a commitment on the part of the community and signals that redevelopment is viable.

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Washington

D.C.

Putting the Life Back into Downtown

WASHINGTON'S METRO CENTER AND THE "NEW" OLD EAST END

Washington, D.C.'s East End is booming. In the past three years alone, some 36 projects, representing almost \$2 billion in investments, have been completed in the area between the White House and the Capitol, the heart of Washington, D.C. Another 23 projects are under construction, and 31 are in planning. These projects represent the near-total revitalization of the city's traditional downtown, an area that had been plagued by decades of disinvestment.

The East End's make-over reinvigorated numerous historic properties that have mixed in with newly constructed projects to accommodate a lively assortment of land uses. The East End's mixture of hotels, residential units, retail shops, restaurants, museums, and cultural facilities in old and new buildings is a refreshing change from the heavy orientation toward office development that is apparent in the rest of downtown.

The East End's success results in large part from a strong regional economy, despite the recent market downturn. Credit should also be given to decades of public planning, regulatory reform, citizen activism, and strategic investments that directed growth to the area and created opportunities for the development community.

The key public decision was made almost four decades ago, when plans were made to construct a regional transit system that would have the East End as its hub. Over the succeeding decades, local planning and development policies evolved to capitalize on that investment. In a real sense, the 658-acre East End has become one big

transit-oriented development project. Washington's historic resources have not only benefited from this transit orientation, they are helping make transit successful.

COMMUNITY HISTORY

Historic downtown Washington is the traditional heart of political, social, and commercial life in the nation's capital. Long before rail or even trolley cars came to Washington, the central part of the city was characterized by street design and building densities that lend themselves to transit-oriented development. The mostly mid-rise buildings of the East End housed and provided commercial space for thousands of immigrants to Washington, including Germans, Greeks, Italians, and Chinese. Also in the East End are several significant government buildings, including the old City Hall on Indiana Avenue and the Patent Office Building (now the National Portrait Gallery) which served as to an Army hospital during the Civil War, where Walt Whitman nursed Union soldiers.



The International Spy Museum-These historic buildings with carefully restored exteriors are devoted to mixed uses in the heart of Washington's arts and entertainment district. They are served by several Metro stations and a network of good walking streets - classic transit oriented development



Most of the commercial buildings of the old downtown are still intact, and many have been refurbished. Approximately 200 buildings within the Downtown Historic District carry a historic registry designation. Nearby Chinatown gives its unique visual identity to mostly federal-style buildings housing restaurants and shops.

After years in planning, the Washington Metropolitan Area Transit Authority (known locally as "Metro") was formed in 1967 by an interstate compact among the District of Columbia and neighboring jurisdictions in Maryland and Virginia. Metro was conceived to design, construct, and operate a coordinated regional transit system, consisting of bus service and a proposed 103-mile subway system. Construction of the subway began in 1969, with service inaugurated in 1976. Today, all but 3 of the system's 84 stations are open and operating, and the remaining stations are under construction.

All of Metro's five service lines cross beneath the East End, and are served by eight stations, including the system's two main inter-line transfer points, Metro Center and Gallery Place. Each station incorporates two or more portals, providing extensive and convenient coverage of the entire sector. The lines extend through principal population and employment corridors within the District of Columbia, connecting to existing and emerging growth corridors and centers in the surrounding jurisdictions.

A number of the stations also serve as transfer points to Amtrak's inter-urban service and to the regional commuter rail systems of Maryland and Virginia, thus extending Metro's reach and connectivity to and from the East End. The system's design reflected recognition of the East End's role as the historical and still-substantial core of the region. Metro's first planners were also committed to help the city rebuild a sector of Washington that had been hit hard during the riot of 1968, following the assassination of Dr. Martin Luther King, Jr.

Alex Eckmann, administrator of the city's Mass Transit Office, points out that many of the subway routes and station locations traced abandoned trolley lines that had radiated from the core to neighborhoods and commercial centers in the city and close-in suburbs. Those lines reinforced the core and directed growth and development during the preceding era. The new subway was planned to do the same, serving existing transit demand as well as reinforcing and directing now-booming suburban expansion to planned growth corridors.

PLANNING AND PRESERVATION POLICY

Much of Washington's planning and development policy during the time Metro was being mapped out was influenced by the urban renewal movement of the preceding decades. >>>CONTINUED>>>

The revitalized East End was envisioned as a dense, almost exclusively commercial center, taking advantage of its central location and connectivity to be enhanced by the transit system. Full-scale redevelopment scenarios were favored.

As the 1970s progressed, however, a new sensibility emerged. Public support for preservation of historic resources was growing and becoming more institutionalized as part of the planning process. A new preservation ordinance was passed in 1978, dramatically expanding protection to historic landmarks and districts, and the preservation community was proactively seeking designations in an attempt to avoid last-minute, case-by-case fights over impending demolitions. Further, the idea of integrating residential and commercial uses to create lively, 24-hour sectors was taking hold. These concepts were reflected in federally sponsored plans for the southern sector of the East End, along Pennsylvania Avenue, and endorsed as planning objectives when the city initiated a new “Living Downtown” plan for the East End in the early 1980s.

In an effort to identify and reach consensus on historic resources to be preserved in the East End, the city hired preservation consultant Russell Wright to identify and rank the preservation merits of all older buildings within the area. That work resulted in proposals for nomination of several new landmarks and certification of building clusters as contributing to the historic character. The plan, adopted in the mid-1980s, called for these buildings to be preserved in keeping with the new ordinance, and recommended formulation of regulatory and incentive regimes to promote adaptive reuse. Several historic buildings were targeted for the mixture of residential, retail, arts, and cultural uses prescribed to balance the previous, more exclusively office orientation.

PRESERVATION REGULATION AND INCENTIVES

Upon adoption of the plan, focus shifted to regulatory reform. Ellen McCarthy, then executive director of the Downtown Partnership—a public-private sector collaborative formed to promote the East End’s revitalization—and now deputy director of the city’s Planning Office with responsibility for regulatory and preservation policies, recalls that zoning then in place was “inappropriately dense” for most historic properties. Allowable height and density created an unrealistic expectation of value, and thus pressure for demolition or substantial alteration of the historic resources to capture that envelope. Some property owners resisted preservation, sitting on vacant and underutilized properties,

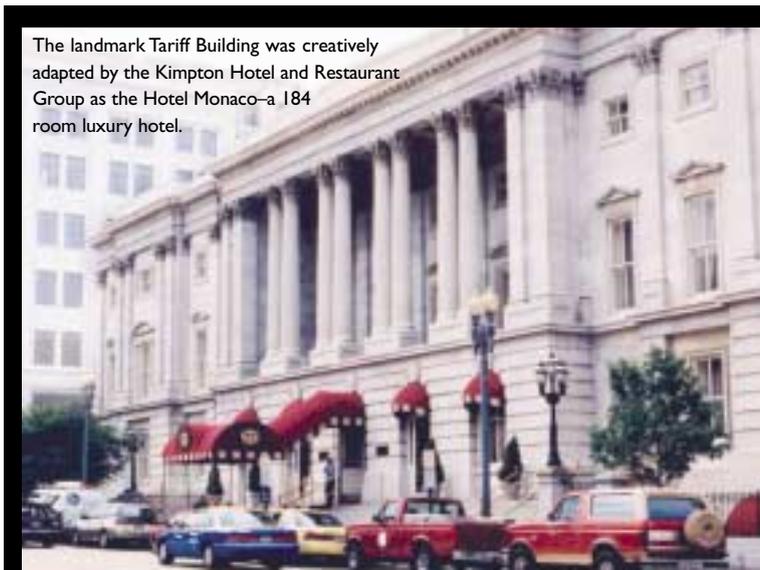
or testing the flexibility of the new preservation ordinance with proposals that retained few historic characteristics, mostly restored facades appended to larger office buildings. Many projects were contested. McCarthy recalls, “We still needed something to avoid fights on individual buildings as development progressed.”

McCarthy was instrumental in initiating a “Small Buildings Study” to explore implementation issues and options. She assembled funding from grants provided by the National Trust for Historic Preservation, Department of Interior, and the National Endowment for the Arts, and matched by contributions from a local developer and in-kind services from several agencies of the city government.

Ultimately, the study concluded that downzoning was required. The amount of reduction was compromised to allow property owners the potential to realize more density than was represented by most historic buildings, through complementary development to the rear of lots or by shifting density to increase the envelope allowed on adjacent, non-historic parcels assembled with the historic properties.

In addition, echoing recommendations of the now-adopted plan, the study recommended instituting Transferrable Development Rights (TDRs) as an incentive to undertake preservation projects. An owner could sell and transfer unused density (calculated from the allowable density before the proposed downzoning) to other redevelopment sites in the East End or designated “receiving zones” elsewhere in the greater downtown area.

The landmark Tariff Building was creatively adapted by the Kimpton Hotel and Restaurant Group as the Hotel Monaco—a 184 room luxury hotel.





This beautifully rehabilitated block within Chinatown provides restaurants and entertainment venues to a steady stream of downtown visitors and is conveniently located near the MCI Center and the Gallery Place/Chinatown Metro Station.

The preservation recommendations of the Small Building Study were largely incorporated into a rezoning of the East End in 1990 and 1991. This rezoning also modified use provisions that had previously allowed, but not required, the desired mixture of uses. That situation was resulting in the predominance of higher-yielding uses, such as office use, which pushed property values to levels that made preferred uses difficult to achieve. The new zoning prescribed minimum standards for use mix, thereby moderating values to reflect the mixed-use objectives. Additionally, the regulations provided incentives to encourage inclusion of preferred uses.

PARKING REQUIREMENTS IN SUPPORT OF TRANSIT AND PRESERVATION

Washington also put in place a series of transit- and preservation-supportive parking provisions in the zoning code. In recognition of the transit investment, the primary commercial zones in the greater downtown and East End do not have minimum parking requirements for office projects. Given the high expense of providing parking, it was determined to allow the marketplace to dictate parking ratios, on the presumption that the development community would see the benefit of encouraging transit ridership by not providing more parking than was necessary to successfully market office space. Maximum ratios (capping parking) were eschewed by the code in favor of this market approach. Further, zoning provides for special exception relief from parking requirements for all uses within Metrorail impact areas (800 linear feet of station).

This strategy appears to be working. A survey of recently completed office projects in the East End shows that newly constructed office buildings are providing approximately one

space for every 1,150 square feet of building. Given Washington's standards, that equates to about one space for every five employees, which suggests that a substantial number of employees are arriving at work by means other than private auto. Transit is likely to account for a significant portion of those trips.

Importantly, unlike many cities, Washington does not provide off-street municipal parking within the downtown areas. Privately provided parking is all there is. The city does not otherwise subsidize or provide off-street parking. This policy reinforces use of the transit alternative, essentially giving priority to public spending for an extensive transit network as contrasted with auto-oriented systems.

In addition, the code specifically exempts historic properties from meeting parking ratios applicable to other buildings. These structures, upon rehabilitation, are required only to provide the number of spaces in existence before restoration. As many of the properties were constructed in the pre-auto era and occupied almost 100 percent of lot area, it is frequently the case that no parking is required as a matter of code compliance. Providing on-site parking in these instances would have been a practical impossibility without at least partial demolition or very costly alterations.

STRATEGIC INVESTMENTS AND FINANCIAL INCENTIVES

The city has also made strategic investments designed to catalyze and reinforce preferred uses and character. Two decades ago, it constructed a convention center in the East End. Today, based on its success, a new and greatly expanded center is nearing completion immediately to the north. Proposals are being sought to redevelop the current center's site for a mixture of residential, retail, and cultural uses as soon as the new center comes on line.

Additionally, the city agreed to sell one of its urban renewal parcels immediately adjacent to the Downtown Historic District (one of three historic districts in the East End) for redevelopment as an arena and to provide \$60 million in infrastructure improvements to support that project. Opened in 1997, the \$260 million MCI Center attracted approximately 2.5 million attendees during its first four years of operation.

Both projects were designed to rely heavily on transit. The new 2.3-million-square-foot Convention Center has a direct, mezzanine-level connection to the subway, and only 100 spaces of restricted parking. Similarly, the 20,000-seat MCI Center has very limited VIP parking on site. It shares its site with a grade-level Metro station. Approximately 50 percent of attendees have been arriving by subway. Those arriving by car use private garages beneath commercial buildings in the vicinity. As most events are held during evenings and weekends, these spaces are available at those times for joint and shared use, and provide significant additional revenue for garage owners and operators. The management of the new convention center anticipates following that example.

The city has used tax increment financing (TIF), revenue bonds, community development loans, capital improvement grants, and tax abatements, and has accepted less-than-market value for city-controlled redevelopment sites to assist private development projects that will help realize the mixture of retail, cultural, and residential objectives established for the East End.

PRESERVATION/TRANSIT EXPERIENCE

The investments made by the city to prepare the East End for desired redevelopment are paying off. Nowhere is this more apparent than in the downtown historic district. One of three historic districts in the East End, it contains the greatest number of contributing buildings.

Virtually all the historic properties in this sector have recently been restored or are now undergoing renovation. Most of the projects involve essentially full restoration of building exteriors, with little exterior alteration. A handful of properties have incorporated portions of historic properties, with new additions occurring after a setback from the street to respect the historic scale of the district. These alteration projects, approved through the “special merit” provisions of the local ordinance, include design and land use features determined especially desirable that compensate for the partial alterations.

A sample of recent projects includes the following:

- Courtyard Marriot: adaptive reuse of a historic bank building for 188 hotel rooms with ground-floor restaurants and retail.
- Hotel Monaco: adaptive reuse of the landmark Tariff Building as a 184-room luxury hotel.
- 7th Street Historic Row: restoration of a row of low-scale historic commercial buildings including 80,000 square feet of retail and 120,000 square feet of office on upper floors.
- Atlas/Ledroit Buildings: full restoration of historic buildings for adaptive reuse as 80,000 square feet of office on upper stories, 25,000 square feet of restaurant and retail space, and 40,000 square feet for the International Spy Museum (the museum received TIF and revenue bond funding from the city). This project also includes 12 luxury apartments in newly constructed space to the rear of the project.
- Old Marlow Furniture Building: restoration of this former retail furniture store to include 11,000 square feet of first-floor retail space and 30,000 square feet of office space on upper floors.

In addition, the Smithsonian Institution is carrying out a \$211 million restoration of the Old Patent Building. When completed in 2006, the Smithsonian’s National Portrait Gallery and Museum of American Art will reopen in renovated spaces, further adding to the area’s appeal. Again, no parking is planned.

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signs of success

Today, Metro's combined bus and rail services carry about 1 million passengers per day. It is the nation's fourth-largest transit system; its rail system ranks second. Approximately 40 percent of all travelers to downtown take transit, and evidence suggests the figure is higher for people with a destination right next to a Metro station. Washington's, and particularly the East End's, commercial space rents are consistently in the top tier of cities nationwide, and its occupancy rates typically rank first or second.

Additional projects are underway in the area, including the following:

- Terrell Place, a mixed-use project including office, retail, arts, and residential units that involves the gut rehabilitation and façade restoration of several historic properties as well as some new construction. The 548,000-square-foot project includes approximately 220 parking spaces, a low parking ratio of 1 space per 2,500 square feet of building area.
- The Jefferson at Penn Quarter includes rehabilitation of two historic properties, 420 luxury housing units, a theatre with dining for 250 persons, and 40,000 square feet of retail. Here, 450 parking spaces are planned, again reflecting a strong reliance on transit.
- Gallery Place is a mixed-use project under construction on a joint development site owned by the Washington Metropolitan Area Transit Authority. Bordering the historic district and located immediately north of the MCI Center, this \$250 million project's massing and exteriors have been designed both to respect the area's historic character and to capitalize on Metrorail connections. Its nearly 1 million square feet of space will include offices, apartments, and a major retail and arts center. A parking ratio of 1 space per 1,450 square feet is programmed. The project is slated to open early in 2004.

lessons learned

The success of Washington's East End was not happenstance, nor is it the result of recent project initiatives. Rather, it was made possible by decades of careful, creative, and deliberate decisions and investments. Those activities positioned the East End to attract investors as market conditions allowed. Today, Washington is experiencing the return on those strategic investments. Key recommendations include the following:

- **Plan for and invest in a regional transit system that purposefully interconnects existing, emerging, and future population, employment, and activity centers.**
- **Prepare an area plan that takes advantage of and reinforces the transit opportunity, builds on the historic resources and strengths of the area, and promotes a mixture of synergistic uses.**
- **Establish a regulatory framework that both controls and provides incentives for achieving land use, preservation, and transportation objectives.**
- **Assemble a kit of financing tools so that public officials can respond to the needs of projects meeting adopted objectives as opportunities to leverage private investment emerge.**
- **Encourage strategic public investments in projects that stimulate and support desired uses, including transit use.**

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Jennifer gave generously of her time to show us how transit and historic preservation worked together to revitalize Denver. Her advice and counsel shaped both the Denver case study and much of the thinking in the entire report.

Architect, planner, passionate about cities and historic preservation, she will live in her substantial contributions to the Denver of today and tomorrow.

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