Cypress Creek Mobility Hub Master Plan

Technical Memorandum #3:

Preliminary Joint Development Strategies

Prepared for:
HNTB Corporation
Miami, FL

On behalf of:
Broward Metropolitan Planning Organization (MPO) &
South Florida Regional Transportation Authority (SFRTA)

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General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible. These data are believed to be reliable at the time the study was conducted. This study is based on estimates, assumptions, and other information developed by WTL +Associates (referred hereinafter as "WTL+a") from its independent research effort, general knowledge of the market and the industry, and consultations with the client team and its designated representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and/or representatives, or any other data source used in preparing or presenting this study.

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Introduction

HNTB Corporation of Miami, FL is assisting the Broward Metropolitan Planning Organization (MPO) and the South Florida Regional Transit Authority (SFRTA) in preparing a Mobility Hub Master Plan for the area surrounding the Cypress Creek Tri-Rail Station in Fort Lauderdale. WTL+a, a national real estate development and economic consulting firm based in Washington, DC, is part of HNTB's multi-disciplinary consultant team, and was retained to evaluate a series of possible development strategies focused on implementation of joint development on a parcel owned by the SFRTA.

Key Findings & Recommendations

To assist SFRTA in implementing joint development on its 5.83-acre parcel using national best practices in the field of transit-supportive development, WTL+a evaluated a *limited* number of selected joint development projects across the U.S. Case studies focused on 1) **joint development projects** (i.e., sites owned by, and involving, transit agencies), and 2) **located on heavy commuter rail lines** with equipment and schedules generally similar to SFRTA; 3) located within **suburban employment centers**; and 4) located **adjacent/proximate to major highways** similar to I-95. Other heavy commuter rail systems, such as Sound Transit/Seattle, Northstar/Minneapolis and Music City Star/Nashville are newer with limited or no joint development or TOD experience, although Sound Transit produced a strategic plan in 2014 to guide future transit-supportive development.

Case Study Findings

Three case studies were selected with direct applicability to Cypress Creek: BART/Pleasant Hill station (Walnut Creek, CA); MBTA/Riverside station (Newton, MA); and New Jersey Transit/Morristown station (Morristown, NJ). We also considered the experience of several others: MBTA/Route 128 station (Westwood, MA); MBTA/Alewife station (Cambridge, MA); and Caltrain/Hayward station (San Mateo, CA). Key findings suggest:

- With regard to potential land use and zoning changes needed to develop the site (and whether transit agencies have completed the land use and zoning changes prior to issuing an RFP/RFQ for joint development), **transit agencies typically pursue rezoning *prior to* issuance of an RFP/RFQ;**

- To minimize uncertainty and maximize potential developer interest in the site, SFRTA should work with the City of Fort Lauderdale to **initiate the rezoning process *prior to* issuing the RFP.** Notably, the agency will be best-served to proactively pursue the appropriate zoning and entitlements to maximize opportunities for redevelopment than are currently allowable under existing Industrial zoning. Without a zoning change, developers will anticipate additional time and expense, thereby delaying opportunities to receive a return-on-investment (including potentially missing the current real estate cycle), and delaying a potential revenue stream generated by joint development to the transit authority. Developers are likely to resist assuming full liability for the zoning change (i.e., developers seek a course of least resistance in determining which projects to pursue);
- The general pattern indicated in the case studies suggests that **successful joint development/TOD projects appear to require between five and 10 years (or longer) for execution**, in part due to the time required for zoning changes and full entitlements and to allow for fluctuating market conditions and changing real estate cycles;
- Significant public outreach is a hallmark of the rezoning and development process. While the public process is both appropriate for future approvals and policy explorations (as a developer's objectives are sometimes inconsistent with the public interest), **the developer should *not* be responsible for leading the public outreach process**. Developers should participate in the public outreach process led by SFRTA (or its designated third-party representative), but we do not recommend that they lead that process;
- In terms of successful joint development efforts using either a Request for Proposals (RFP) or Request for Qualifications (RFQ), an RFQ is a legitimate way to pre-qualify candidate developers and exclude those that are not qualified to undertake joint development (or TOD) projects. However, specific terms of a development deal will be determined by specific expectations of the transit agency and a developer's specific response to those requirements. In all of the case studies, **an RFP process was utilized to frame negotiations for subsequent development agreements**;
- The extent to which successful joint development efforts by transit agencies have included partnerships for development of adjacent parcels at the same time depends on the size of the transit property and its relationship to the zoning of adjacent parcels;

- There are multiple examples of transit agencies implementing joint development through both long-term ground leases and land sales. Long-term ground leases may vary in time (e.g., 30 years with two 30-year options, or 80 to 100 years), and are more common than direct land sales/disposition. A **long lease term (of 80 to 100 years) ensures that a joint development project is financeable, thereby reducing overall risk from the lender's perspective**. Detailed financial analyses (completed before/during developer negotiations to measure potential revenues to SFRTA), and a clear understanding of short- and long-term objectives regarding disposition of SFRTA properties will determine whether a long-term ground lease or parcel disposition strategy is most appropriate;
- Transit agency boards are engaged throughout the joint development process—from setting initial policies and financial objectives through issuance of an RFP and review and approval of a final deal structure. Day-to-day management of the decision process, however, is typically directed by a transit agency real estate division staffed or advised by qualified real estate professionals. Precedents suggest that SFRTA will need to marshal a comprehensive management team, incorporating Planning, Legal, Real Estate and Public Outreach expertise, to advise the Board throughout the process; and
- Any necessary **environmental remediation should be completed *prior to* selection of a developer**. In addition, all necessary infrastructure to support joint development on the SFRTA-owned site should be in place; entitlements are pre-approved (or at least assured, including a commitment from the City of Fort Lauderdale regarding acceptable shared parking ratios); and, the selected developer will not have responsibility for, nor bear the cost of, any environmental remediation or off-site infrastructure.

Recommended Development Strategy

Based on the case studies and evaluation of various strategies, our recommended strategy focuses on two key recommendations: 1) master planning, rezoning and entitlements designed to encourage long-term, transit-supportive mixed-use development *for a larger geography including and surrounding the SFRTA-owned site*; and 2) **creation of a special purpose or assessment district approved by impacted property owners for the primary purpose of financing necessary infrastructure and public realm improvements**, to include replacement commuter parking. Specifically, we recommend the following:

- Undertake an area-wide master planning process for the SFRTA site and adjacent properties to the north, west and south (this could be completed as part of the anticipated Envision Uptown plan);
- Complete a land use plan amendment (LUPA) with Broward County, followed by City rezoning from the existing Industrial classification to other zoning categories that are more conducive to transit-supportive development in the broader area; and
- Create a Special Assessment District (e.g., Community Development District/CDD) under Chapter 190 of the Florida Statutes as a funding mechanism for construction of related public realm improvements (e.g., parking deck, transportation network and streetscape upgrades, utility and infrastructure extensions, and/or other public improvements) as identified in the master planning process.

We propose this strategy for several reasons:

- This mechanism reflects the significant commercial tax base in the Envision Uptown area. In fact, Uptown represents the second largest commercial tax base citywide (after Downtown); its economic health is paramount to its continued growth in ad valorem tax ratables, non-ad valorem taxes, jobs and other economic activity generators;
- It is not known whether the Envision Uptown area would qualify for creation of a CRA district as defined in the criteria in Chapter 163 of the Florida Statutes. If Broward County would support creation of a CRA, then a Finding of Necessity report would need to be undertaken. If not, then designation as a Community Development District may be a viable alternative; and
- Infrastructure improvements authorized under Chapter 190 include the provision of transportation and parking improvements. Combined with creation of a public-private partnership for a larger "transit village" district surrounding the Cypress Creek station, it may be possible to consider creation of a CDD to finance specific infrastructure projects, such as commuter parking (possibly off-site) as well as other infrastructure improvements such as streetscape treatments, gateway features and pedestrian linkages that will enhance the overall marketability of the Cypress Creek site over time.

Under this strategy, land use plan amendments and area-wide rezoning would be undertaken in advance of redevelopment efforts, after completion of the master planning process but before site-specific RFPs are issued. A land use plan amendment is the only mechanism by which residential development can be accommodated in future mixed-use redevelopment in areas currently zoned for industrial uses. Another distinguishing factor of this strategy is the ability to maximize value by virtue of expanding the sphere of influence for private redevelopment with higher-intensity uses than would be possible with the Cypress Creek site alone.

In conclusion, as the first development in the Cypress Creek area with a transit-oriented and pedestrian focus, the provision of any needed public infrastructure will benefit not only the SFRTA-owned site, but also adjacent sites and the broader Uptown area. This strongly suggests that this strategy will best serve SFRTA in which **a broader planning effort is undertaken, land use and entitlements can be aligned with broader goals for the area and maximize future flexibility, shared parking solutions can be explored, and an appropriate funding mechanism can be put in place to allocate infrastructure costs fairly to all beneficiaries**. The timeline for pursuing a broader plan and land use amendment coincides with the finding of the market study that the market for transit-oriented uses on the SFRTA site will improve over the next several years, increasing options for mixed and denser development on the site than would be achievable in the short-term.

Overall Purpose of the Master Plan

The overall purpose of the Mobility Hub Master Plan is to identify infrastructure improvements, site plan concepts and joint development strategies that can be implemented around the Cypress Creek Tri-Rail Station and, more specifically, on a parcel of land comprising approximately 5.83 gross acres located immediately adjacent to the rail station, and owned by SFRTA. These improvements, concepts and strategies are intended to provide the groundwork and incentives necessary to concentrate growth and development and improve bicycle and pedestrian connectivity as part of the primary objective of supporting a transit-oriented environment on the SFRTA-owned site and surrounding the station area.

The Broward MPO's 2035 Long Range Transportation Plan (LRTP) specifically defines Mobility Hubs as transit access points with frequent transit service, high development potential, and a critical point for trip generation or transfers within the transit system. As noted by HNTB in its existing conditions analysis (Technical Memo #1) of the Cypress Creek Mobility Hub:

- The Cypress Creek submarket is the second largest commercial and employment hub in Broward County, with approximately 66,500 employees in the study area as well as 8.1±

million sq. ft. of office space and 1.4± million sq. ft. of retail space according to the market study. This reinforces the need for improved and seamless connections between various modes of transportation and local land uses;

- The station is served by three Tri-Rail shuttles, two Uptown Link shuttles, three Broward County Transit (BCT) bus routes, an interchange with I-95, and is adjacent to the Fort Lauderdale Executive Airport; and
- The station ranks in the top five out of Tri-Rail's 18 stations based on the average daily passenger boardings of 1,097 per day (2013 origin-destination study).

Another objective of the Mobility Hub Master Plan for Cypress Creek includes identifying joint development potentials on the SFRTA-owned parcel that will enhance both mobility options as well as achieve other critical objectives, including: increasing Tri-Rail ridership and strengthening revenues for SFRTA, and growing the tax base of the City of Fort Lauderdale, surrounding jurisdictions, and Broward County.

Figure 1: Aerial of SFRTA Site & Surrounding Development Patterns

Market Study & Site Plan Options

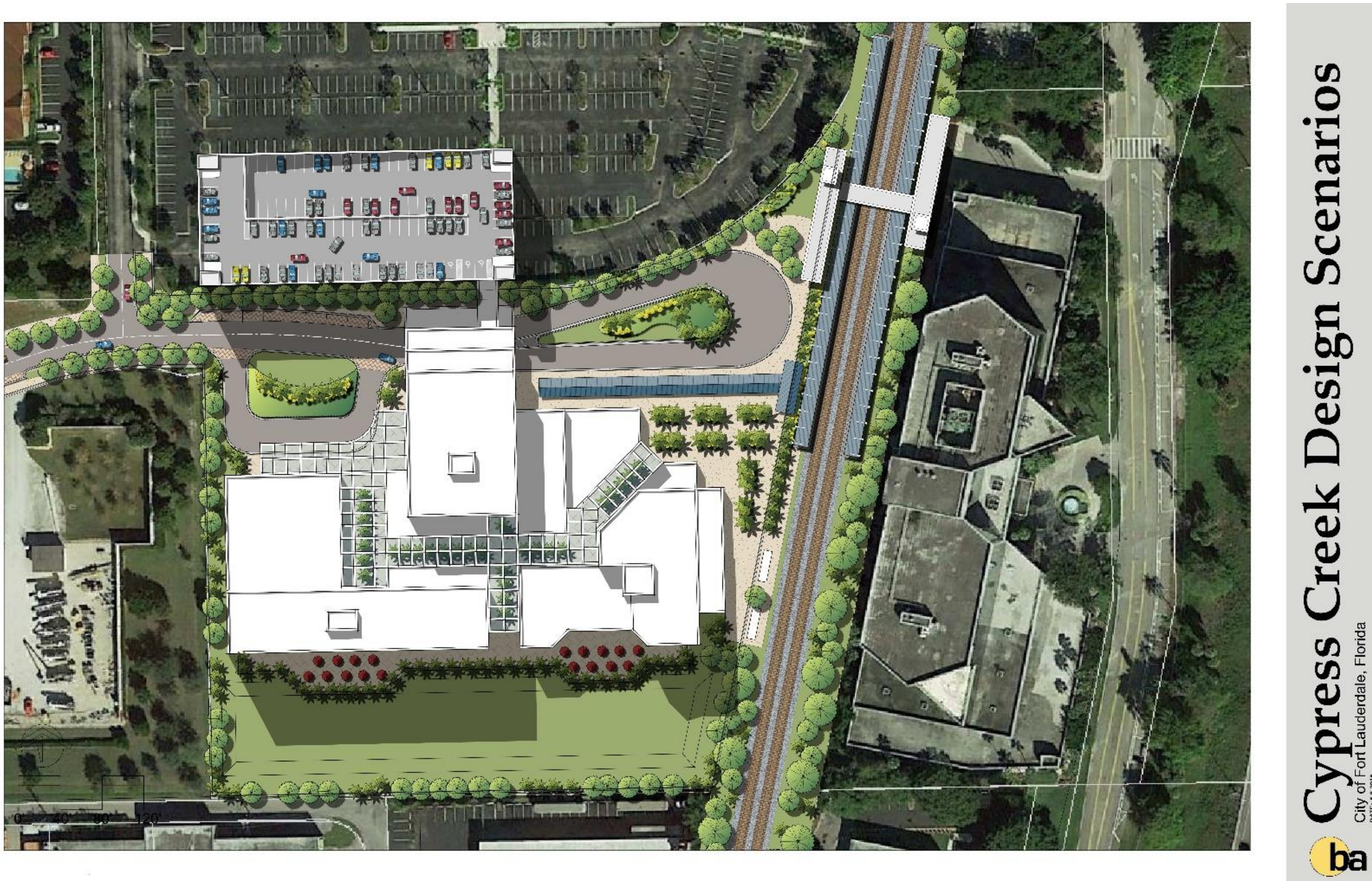
To that end, a market study and economic analysis was completed by Lambert Advisory of Miami, FL, and a series of site plan options were prepared by the HNTB consultant team. The market study has identified the following, market-supportable uses:

- **Residential**—200 to 250 multi-family rental units
- **Office**—125,000 to 150,000 sq. ft. of Class A space
- **Hotel**—150-room limited-service lodging facility

Based on the market study, multiple site plan options were created, including: a minimum buildout concept; a maximum buildout concept; a mixed-use concept; and, single-use concepts. In addition, in order to refine the site plans, evaluation criteria are proposed to better establish priorities and balance competing interests. The criteria have been grouped into the following six categories: Zoning and Land Use; Site Utilization; Project Phasing Potential; Surrounding Context Linkages; Vehicular Mobility; Project Image, Aesthetics and Urbanity, and Project Investment and Economic Factors. Of the multiple site plan options, two have emerged as potential/preferred candidates for development at the SFRTA-owned parcel based on the evaluation criteria. Each option is illustrated below:

Figure 2: Concept Plan #1 (Site Plan Scenario 4A/B)

Figure 3: Concept Plan #2 (Site Plan Scenario 7)



Preliminary TOD Design Criteria

HNTB has prepared the following preliminary TOD/joint development design criteria as part of this memorandum. As illustrated above, the development program should accommodate an integrated mix of uses, including up to 150,000 sq. ft. of Class A office space; a 150-room limited-service hotel; and ancillary/supporting retail, to include a transit-supportive mix of restaurant, convenience retail and personal services to the extent feasible. In terms of preliminary design criteria, the development concept should establish a high quality and cohesive "neighborhood" character through provision of the following:

- Development massing that creates a comfortable and appealing environment *for pedestrians*, providing a traditional storefront character in mid-rise structures that establish a "street wall" character and accommodate ground-floor retail with other uses above;

- A site plan that focuses the overall development, and visibility and access to primary building entrances and retail uses in particular, toward 59th Court and the Tri-Rail station;
- A site plan that utilizes some or all of the existing drainage retention area to the south of the site as an amenity for the development, within a coherent network of visually appealing and pedestrian-friendly urban space(s);
- A site plan that balances the short-term need to "buffer" adjacent industrial uses with a long-term opportunity to expand the new development pattern to adjacent sites in each direction, for both pedestrians and vehicular traffic;
- Amenities for pedestrians and bicycle users throughout the development, including shaded seating areas and convenient bicycle racks, within a consistent "streetscape" environment of generously scaled walkways and plazas;
- Identity and wayfinding signage throughout that aids users in orientation to and through the development; aids users in orientation to and from the Tri-Rail station and transfer area; and establishes a consistent identity/brand for the development within the overall Cypress Creek corridor;
- Loading and service areas should be concealed from view, in particular from 59th Court and the Tri-Rail station; and
- No drive-through facilities will be permitted.

The development program should provide an **efficient shared parking strategy** to serve the Tri-Rail station and on-site uses through provision of the following:

- Provision of dual-purpose parking spaces to the extent feasible, to significantly reduce the need for new parking capacity on the site beyond the 250 dedicated commuter spaces to be provided, additional spaces should serve more than one purpose (daytime office and evening restaurant use, for example);
- Parking spaces provided primarily in one or more parking structure(s) that accommodate both commuter and non-commuter parking, located to encourage movement through the site and patronage of retail uses by commuters moving to and from the station;
- Some minimal "on-street" surface parking convenient to retail uses, with marked time limits to prevent commuter use of the spaces; and

- Preferred spaces in the garage(s) for electric vehicles and car sharing services.

The development concept should seamlessly accommodate transit services, including transfer activity between Tri-Rail, BCT buses and shuttles, and private shuttles and taxis through coordination with transit agencies regarding placement of curbside pick-up and drop-off areas that are convenient to the Tri-Rail station and on-site retail uses, maintaining (at a minimum) the existing number of bus bays.

Lastly, the development concept should reflect a custom and high quality architectural design, including elements such as: varied building massing, durable and high quality exterior materials and finishes, interesting rooflines and elevation treatments, a design that addresses all sides of each building including the view from the Tri-Rail tracks, a parking garage design that reflects elements of the adjacent buildings, and well-appointed outdoor plaza and green spaces that provide for pedestrian use.

Approach to Development Strategies

To assist SFRTA in implementing joint development on the 5.83-acre SFRTA-owned parcel using national best practices in the field of transit-supportive development, Technical Memo #3 evaluates best practices among a *limited* number of selected joint development projects across the United States. In the case studies, WTL+a focused on 1) **joint development projects** (i.e., sites owned by, and involving, transit agencies), and 2) **located on heavy commuter rail lines** with operating equipment (and schedules) generally similar to that of SFRTA. The best practice review is intended to vet up to three strategies for joint development on the SFRTA-owned site.

We note, however, that many joint development and TOD projects tend to be concentrated along both light rail and heavy *subway* (surface and below-grade) rail lines, with selected systems such as Bay Area Rapid Transit (BART) and the Washington Metropolitan Area Transit Authority (WMATA), which both operate heavy rail subway lines, having the greatest experience and significantly higher ridership and service levels as compared to Tri-Rail. Other heavy commuter rail systems, such as Sound Transit/Seattle, Northstar/Minneapolis and Music City Star/Nashville are newer systems with limited or no joint development or TOD experience, although Sound Transit produced a strategic plan in 2014 to guide future TOD and joint development projects.

As a result, WTL+a selected three case studies with direct applicability to the Cypress Creek site. These include: BART/Pleasant Hill station in Walnut Creek, CA; MBTA/Riverside station in

Newton, MA; and New Jersey Transit/Morristown station in Morristown, NJ. We also utilized the experience of several additional projects to support findings from these three case studies, including: MBTA/Route 128 station in Westwood, MA; MBTA/Alewife station in Cambridge, MA; and Caltrain/Hayward station in San Mateo, CA. Each case study is structured around the following key issues:

- Transit System Joint Development & TOD Policies
- Planning Process & Public Outreach
- TOD/Joint Development Uses
- Overall Development Strategy
- Lessons Learned/Applicability to Cypress Creek

In evaluating national best practices for joint development and recommending the strategy most appropriate for the Cypress Creek site, these strategies were also framed by a range of specific issues identified as topics of interest by SFRTA. These include:

- If land use and zoning changes are needed in order to develop the site, have transit agencies completed the land use and zoning changes *prior to* issuing an RFP/RFQ for joint development, or has the developer agreed to administer the land use and zoning changes? What is the best practice?
- If administrative zoning changes are needed in order to develop the site, have transit agencies successfully assigned this responsibility to developers in development agreements?
- In terms of public outreach, have transit agencies included public outreach responsibilities for the developer in successful joint development efforts?
- Have successful joint development efforts by transit agencies used an RFP process or an RFQ process?
- Have successful joint development efforts by transit agencies included partnerships for development of adjacent parcels at the same time?
- Have successful joint development efforts by transit agencies included transit parking in adjacent shared parking structures (i.e., potentially not located on the SFRTA parcel)?

- Are the authorities used in TODs in California (such as a Surplus Parking Authority and a Joint Powers Authority) available in Florida for funding purposes?
- Are there examples of successful TODs on commuter rail systems?
- Are transit agencies selling or leasing their properties for joint development purposes?
- At what point do successful joint development processes engage their Boards? Do they seek approval of an RFQ/RFP process, then return to the Board once the joint development agreement is negotiated?

The three potential strategies identified for the Cypress Creek parking lot parcel are described in detail in the following sections, with direct responses to the questions above highlighted where applicable.

Strategy #1: Third-Party Developer Lead

Key Approach/Assumptions

- SFRTA Funds & Constructs New Parking Deck
- Selected Third-Party Developer Funds Require Non-Commuter Parking to Support Commercial Uses
- Selected Third-Party Developer Responsible for Securing:
  - Land Use Amendments, Rezoning & All Entitlements
  - Needed Infrastructure Upgrades

In Strategy #1, SFRTA funds and constructs a new parking deck accommodating commuter parking at a one-for-one replacement (345 spaces), and will phase construction to ensure that a minimum of 250 spaces are maintained during development. This strategy also assumes that the selected third-party developer will be responsible for providing additional parking required to support office, hotel and/or supporting retail uses to be built on the SFRTA-owned site, which will be part of the master development agreement. (This parking may be located within the SFRTA garage or elsewhere on the site).

Strategy #1 also assumes that the selected third-party developer will be responsible for securing land use amendments, rezoning and other entitlements necessary to support the identified uses to be built, in addition to needed infrastructure upgrades to serve the site.

Land Use & Zoning Changes

With regard to potential land use and zoning changes that may be needed to develop the site in Strategy #1 (and whether transit agencies have completed the land use and zoning changes prior to issuing an RFP/RFQ for joint development), in numerous case studies reviewed **the transit agencies pursued rezoning *prior to* issuance of an RFP/RFQ**. Without the zoning change, developers will anticipate additional time and expense, thereby delaying the opportunity to receive a return-on-investment (including potentially missing the current real estate cycle), and delaying a potential revenue stream generated by joint development to the transit authority. In addition, the developer is likely to resist assuming full liability for the zoning change (i.e., developers seek a course of least resistance in determining which projects to pursue). Without zoning considered most appropriate for a site (particularly in light of unmet market opportunities), developers will pursue other, less complex and more expedient sites.

In terms of best practices, the general pattern indicated in the case studies illustrated suggests that **successful joint development/TOD projects appear to require between five and 10 years for execution**, in part due to the time required to change the zoning and receive full entitlements as well as to allow for fluctuating market conditions and changing real estate cycles.

Both Broward County and the City of Fort Lauderdale currently designate the site's future land use as Industrial, forming the northern edge of an industrial corridor extending south along Powerline Road to the south and west of the site. **As a result of HNTB's analysis of zoning and best practices findings, we recommend in Strategy #1 that <u>SFRTA take the lead in getting the site rezoned</u> to a non-industrial designation to support the desired mix of uses on the site, aligned more closely with non-industrial (i.e., commercial)** uses to the north and east. Rezoning would likely be to a zoning category of Heavy Commercial/Light Industrial Business (B-3), which is the current designation on the site immediately to the north (the "University of Phoenix" site). This designation allows for office, hotel and retail uses, including stand-alone retail uses. In addition, an allocation from Broward County's "flexibility zone" for the area will be needed to accommodate any office, retail and/or hotel uses on the site. Given the site's relatively small size (5.83 acres), it is not anticipated that receiving a "flex" allocation sufficient to cover the site would be problematic.

While other zoning designations could be considered, a B-3 designation would be consistent with surrounding properties and would allow the anticipated range of uses on the SFRTA site (non-residential). The rezoning and flex allocation process typically takes five to six months to complete.

As property owner, SFRTA would likely need to be the applicant for the rezoning. **To minimize uncertainty and maximize potential developer interest in the site, SFRTA should work with the City of Fort Lauderdale to initiate the rezoning process *prior to* issuing the RFP**, so that at a minimum the timeline for approval is known even if the rezoning application is still in process.

In order to apply for a rezoning, a site plan layout (Level III) would have to accompany the rezoning application, and a public hearing would be held. As noted in the review of public outreach below, support from neighboring property owners and area stakeholders will be important, although opposition is not anticipated. Once the rezoning is approved, the approved site plan can be altered if the change represents no more than a 5% deviation from the originally approved development program.

We do *not* recommend assigning responsibility for these actions to the selected developer(s) in Strategy #1, as the redevelopment process frequently requires ongoing negotiations with regard to developer proffers and concessions as well as a contribution of public incentives (whether implemented as policy or through direct financial participation). As noted in the MBTA/Riverside case study, the MBTA in Boston selected a developer *in advance of* seeking a zoning change so that the developer's input could be considered, but the transit agency still led the rezoning request from the City of Newton. Otherwise, our case study research did not indicate any examples of a third-party developer lead assuming this responsibility.

Public Outreach

In addressing whether public outreach should be the responsibility of the developer in successful joint development initiatives in Strategy #1, while the public process is both appropriate for future approvals and policy explorations (as a developer's objectives are sometimes inconsistent with the public interest), **the developer should *not* be responsible for**

leading the public outreach process. Developers should participate in the public outreach process in Strategy #1, but we do not recommend that they lead that process in any potential development strategy. That is rightly the responsibility of the transit agency (or any public-sector agency for that matter).

For example, in the BART/Pleasant Hill case study, the Contra Costa County Redevelopment Agency led a community charrette in 2001, which resulted in a concept plan that served to assist BART's Planning Department in preparing a Comprehensive Station Plan for 18 acres of surface parking owned by BART and located immediately surrounding the station. The station plan, prepared in 2002, guided BART in soliciting bids for joint development through an RFP process. (It would require another nine years after the station plan was completed in 2002 before the first phase of joint development at Pleasant Hill was delivered in 2011).

RFP/RFQ Process

In terms of successful joint development efforts for Strategy #1 using either a Request for Proposals (RFP) or Request for Qualifications (RFQ) process, an RFQ by its very nature is a legitimate way to pre-qualify candidate developers and exclude those that are not qualified to undertake joint development (or TOD) projects. However, the specific terms of a development deal will be determined by specific expectations of a transit agency and a developer's specific response to those requirements. As illustrated in the selected case studies, in all cases, an RFP process was utilized to frame negotiations for subsequent development agreements. **We recommend an RFP process as part of Strategy #1.**

Partnerships for Development of Adjacent Parcels

The extent to which successful joint development efforts by transit agencies or others have included partnerships for development of adjacent parcels at the same time depends on the size of the transit property and its relationship to the zoning of adjacent parcels. In Strategy #1, for a very small site that is surrounded by incompatible uses (such as the industrial uses bordering SFRTA's parcel to the south and west), it is unlikely that redevelopment partnerships will occur.

On the other hand, with larger sites/areas of 100 acres or more, the sphere of influence for creating or adding value through redevelopment is greater and more likely to stimulate development partnerships, even with multiple/fragmented ownership patterns. For example, New Jersey's Transit Village Initiative, is a partnership formed by the New Jersey Department of Transportation and New Jersey Transit in 1999 that provides incentives to local governments for redeveloping and revitalizing areas around transit facilities. Various state agencies work closely with municipalities and property owners to enable TOD through the use of incentives that include: preferential access to state grants; expedited regulatory approvals; grants; and technical assistance. Similarly, with California's Transit Village District Act of 1994, local governments that implement such districts may grant density bonuses of up to 25% to development projects meeting certain standards, and may be eligible for special state funds allocated for transportation improvements in transit village districts. Once a local government adopts a transit village district only public works projects, subdivision and parcel maps, and zoning ordinance amendments that are consistent with the district may be approved. With such incentives, it is in the best interest for partnerships with adjacent/nearby property owners to be formed/enhanced. Of course, this presumes that market conditions and real estate dynamics are supportive of a mix of new development.

Adjacent Shared Parking

None of the examples analyzed involved non-transit agency parking structures on adjacent parcels. This does not preclude this type of development project; however, the initiative would need to be undertaken by the transit agency rather than by adjoining property owners. There are multiple potential scenarios to explore joint development with parking on adjacent sites in Strategy #1 (in fact, in all strategies). These could include: 1) use of public financing to build a dual-purpose parking structure (e.g., the MBTA/Alewife parking garage as well as New Jersey Transit's Morristown garage both have reserved/dedicated parking for commuters as well as publicly-available parking for other uses).

On the other hand, owners of adjacent parcels may require additional commercial and/or residential densities, height and/or other zoning relief to offset the reduction in land required for a parking structure that could otherwise be used for commercial development.

If construction of a parking structure on an adjacent parcel is desired by SFRTA, we recommend that SFRTA initiate discussions with adjacent property owners (such as the University of Phoenix site, or the FP&L site) to determine their level of interest, and understand specific negotiating terms, such as density bonuses on remaining acreage or direct financial compensation for impacted acreage. As participating adjacent property owner(s) will expect compensation for acreage used, SFRTA would still need to fund the parking structure, and potential funding sources could be limited by constructing the garage on leased property.

Enabling Legislation for Various Authorities

While a detailed review and analysis to determine whether the authorities/structures for funding or implementation purposes as used in other states such as California (such as a Joint Powers Agreement) are available in Florida is beyond the scope of this study, we understand that Chapter 125 of the Florida Statutes is the specific statute that authorizes local governments in Florida to grant rights in real property and air rights over real property. This is the specific statute that Miami-Dade Transit is using to solicit developer interest through the RFP process for a TOD project to be built on MDT-owned land located at NW 215th Street and NW 27th Avenue in Miami.

Additional analysis will be required on this subject, and should be referred to SFRTA's Legal Department for a legal opinion.

Use of Ground Leases or Parcel Sales for Joint Development

There are examples across the United States of transit agencies implementing joint development through both long-term ground leases and land sales. For Strategy #1, we note that long-term ground leases (frequently 90 to 100 years) are more common than direct land sales/disposition. For example, BART negotiated a 100-year ground lease with the selected developer for its 18-acre joint development parcel surrounding the Pleasant Hill BART Station in Pleasanton, CA. The MBTA negotiated an 85-year ground lease for its 9.38-acre joint development at the Riverside Station in Newton (plus two years for construction). In its recently-released RFP (due October 2015), Miami-Dade Transit anticipates a minimum 30-year ground lease for its NW 215th Street property, with automatic renewal for two additional 30-year terms and an agreed-upon adjustment in ground rent based on the fair market value of the land at each renewal term.

By comparison, in its very first joint development initiative, New Jersey Transit sold a 3.6-acre surface parking lot in Morristown in exchange for a share of the long-term revenue stream generated by the residential and limited retail uses in this joint development project. As illustrated in the case study, the Master Development Agreement between New Jersey Transit and the developer requires that the developer share a portion of its commercial rental income with the transit agency. In addition, the former tax-exempt property is now taxable, and the developer pays property taxes to the township. New Jersey Transit receives a minimum of $230,000 per year in ground rent plus additional rent from the commercial retail space, a portion of parking proceeds, and a percentage of income generated by the project's residential component. We note that it is unclear whether SFRTA will even generate any revenue from a parking structure for commuter and/or other users of that structure.

The results of detailed financial feasibility analyses (which will be completed before and during developer negotiations to measure potential revenue streams to SFRTA) as well as clear understanding of SFRTA short- and long-term objectives regarding disposition of its properties, will determine whether a long-term ground lease or parcel disposition strategy is most appropriate.

Transit Board Engagement

SFRTA is interested in understanding how transit Boards are engaged in successful joint development processes. Typically, transit agency boards are engaged throughout the process—from setting initial policies and financial objectives through issuance of an RFP and review and approval of a final deal structure. Day-to-day management of the decision process, however, is typically directed by a transit agency real estate division staffed by qualified real estate professionals.

The extent to which transit agency real estate departments engage their Boards varies. In some, the Boards are very actively involved; in others, special committees are set up; and, in others (like BART) Board members are selected to become part of the structure or authority established to implement the joint development (such as negotiations with the selected developer). It will depend on specific enabling legislation or Board charters, general degree of involvement of Board members, and their specific areas of professional expertise (such as real estate/property development).

Conclusions—Strategy #1

In conclusion, a range of **factors and issues have been identified in Strategy #1 that suggest a developer-led process to implement joint development on the SFRTA-owned parcel is *not* an advisable way to proceed.** Notably, strategies to pursue joint development on the SFRTA-owned site need to mitigate as much uncertainty and risk to the development community as possible; and evaluate the need for, and provide, public infrastructure to facilitate broader TOD/joint development goals as SFRTA's first project, with heightened development standards. Other factors leading to this conclusion also include:

- Level of complexity of the site, project and potential deal structure, including the fact that the site is not yet "development ready" (e.g., inadequate existing roadway and pedestrian access, current lack of utilities, etc.) and time required for administrative implementation;
- Uncertainties/limitations associated with the site's current Industrial zoning (and attendant limitations for commercial development) as well as lack of current zoning/entitlements considered appropriate for successful joint development;
- The lack of a "public parking" model in place to support a mix of uses and higher densities in the larger Cypress Creek/Envision Uptown area as well as the requirement that a minimum of 250 parking spaces be available at all times during the construction period;
- Current zoning on surrounding properties is *not* supportive of broader transit-oriented development, nor is the market *immediately* ready to support TOD/joint development (i.e., the market study identified a timeline of up to three to five years); and
- The necessary public infrastructure to be provided, including off-site utility lines, off-site roadway improvements, a pedestrian network and the like are not the responsibility of a developer to be selected by SFRTA for the Cypress Creek site; the lack of these features may significantly impede developer interest in the site.

In conclusion, successful utilization of Strategy #1 would assume that any **necessary environmental remediation is completed *prior to* selection of a developer**; all necessary infrastructure to support joint development on the SFRTA-owned site is in place; entitlements are pre-approved (or at least assured, including a commitment from the City of Fort Lauderdale regarding acceptable shared parking ratios); and, that the selected developer will not have responsibility for, nor bear the cost of, any environmental remediation or *off-site* infrastructure, including streetscapes, roadway improvements, and other infrastructure necessary to prepare the site for development.

Strategy #2: SFRTA Lead

Key Approach/Assumptions

- SFRTA Funds & Constructs New Parking Deck
- SFRTA Secures Rezoning & All Entitlements

- SFRTA Provides Necessary Infrastructure Upgrades
- Selected Third-Party Developer Potentially Reimburses SFRTA for Non-Commuter Parking

In Strategy #2, SFRTA pursues several pre-development activities on and for the SFRTA-owned site to maximize development readiness prior to issuing a developer RFP. SFRTA responsibilities would include:

- Construction of a new parking deck, accommodating a one-for-one replacement of the existing 250 commuter spaces to be maintained as well as additional structured parking required for anticipated office, hotel and/or retail uses;
- Rezoning and other entitlements necessary to support the identified uses to be built; and,
- Addressing the provision of needed infrastructure upgrades to serve the site.

In addition, in Strategy #2 SFRTA would lead preparation and issuance of a developer Request for Proposals for joint development, and negotiates a Master Development Agreement with a selected developer(s), potentially to include reimbursement for structured parking spaces already constructed.

Land Use & Zoning Changes

With regard to potential land use and zoning changes that may be needed to develop the site (and whether transit agencies have completed the land use and zoning changes prior to issuing an RFP/RFQ for joint development), in numerous case studies reviewed **the transit agencies pursued rezoning *prior to* issuance of an RFP/RFQ**. Without the zoning change, developers will anticipate additional time and expense, thereby delaying the opportunity to receive a return-on-investment (including potentially missing the current real estate cycle), and delaying a potential revenue stream generated by joint development to the transit authority. The developer is likely to resist assuming full liability for the zoning change (i.e., developers seek a course of least resistance in determining which projects to pursue). Without zoning considered most appropriate for a site (particularly in light of unmet market opportunities), developers will pursue other, less complex and more expedient sites.

In terms of best practices, the general pattern indicated in the case studies illustrated suggests that **successful joint development/TOD projects appear to require between five and 10 years for execution**, in part due to the time required to change the zoning and receive full entitlements as well as to allow for fluctuating market conditions and changing real estate cycles.

As noted previously, Broward County and the City of Fort Lauderdale currently designate the SFRTA site's future land use as Industrial, forming the northern edge of an industrial corridor extending south along Powerline Road. Similar to the first strategy, in Strategy #2 the SFRTA site would be rezoned to a non-industrial designation to support the desired mix of joint development uses on the site, aligned more closely with non-industrial uses to the north and east. Rezoning would likely be to a zoning category of Heavy Commercial/Light Industrial Business (B-3), which is the current zoning designation on the "University of Phoenix" site immediately to the north. This designation allows for office, hotel and retail uses, including stand-alone retail uses. In addition, an allocation from Broward County's "flexibility zone" for the area will be needed to accommodate any office, retail and/or hotel uses on the SFRTA site. Given the site's relatively small size (5.83 acres), it is not anticipated that receiving a "flex" allocation sufficient to cover the site will be problematic.

While other zoning designations could be considered, a B-3 designation would be consistent with surrounding properties and would allow the anticipated range of uses on the SFRTA site (i.e., non-residential). The rezoning and flex allocation process typically takes five to six months to complete.

As property owner, SFRTA would likely need to be the applicant for the rezoning. **To minimize uncertainty and maximize potential developer interest in the RFP, SFRTA should work with the City of Fort Lauderdale to initiate the rezoning process *prior to* issuing the RFP**, so that at a minimum the timeline for approval is known even if the rezoning application is still in process.

In order to apply for a rezoning, a site plan layout (Level III) would have to accompany the rezoning application, and a public hearing would be held. As noted in the review of public outreach below, support from neighboring property owners and area stakeholders will be important, although opposition is not anticipated. Once the rezoning is approved, the approved site plan can be altered if the change represents no more than a 5% deviation from the originally approved development program.

In conclusion, while SFRTA is not likely to act as the developer, it would be in the agency's best interest to proactively pursue the appropriate zoning and entitlements to provide more opportunities for redevelopment than are currently allowable under the existing Industrial zoning designation. As noted in Strategy #1, case study research did not find examples of transit agency's assigning this responsibility to their developer partner. Preparation of a proposed site plan could be completed by competing developers (who may take different approaches to the site's development opportunities), but SFRTA should determine the characteristics of redevelopment that will best meet its objectives so prospective developers have specific guidelines, seeking zoning approval based upon a marketable development program, from which proposing developers could vary by up to 5% without triggering a need to re-apply to the City for approval.

Public Outreach

In addressing whether public outreach should be the responsibility of the developer in successful joint development initiatives in Strategy #2, with SFRTA as lead, the responsibility for public outreach would clearly fall within the purview of the transit agency. We recommend in Strategy #2 that **the selected developer(s) should be required to participate and respond to a public outreach process to be led by SFRTA or its designated, objective third-party representative**.

For example, the MBTA/Riverside joint development project required more than five years *after* the developer had been selected (through an Invitation to Bid by the transit agency) for rezoning, planning and entitlements, and public outreach—before the project's first phase even commenced. In fact, significant community outreach and opportunities for public input were provided during the entire process and led by the MBTA and City of Newton officials. This resulted in multiple plan iterations, which occurring during the economic recession of 2007—2010, with the agency allowing the developer to wait for recovery in Greater Boston's real estate sectors, which were significantly weakened, particularly in the suburban office market.

RFP/RFQ Process

In terms of successful joint development efforts for Strategy #2 using either a Request for Proposals (RFP) or Request for Qualifications (RFQ) process, an RFQ by its very nature is a legitimate way to pre-qualify candidate developers and exclude those that are not qualified to undertake joint development (or TOD) projects. However, the specific terms of a development deal will be determined by specific expectations of a transit agency and a developer's specific response to those requirements. As illustrated in the selected case studies, in all cases, an

RFP process was utilized to frame negotiations for subsequent development agreements. Similar to Strategy #1, **we recommend an RFP process as part of Strategy #2.**

Partnerships for Development of Adjacent Parcels

Similar to our response in Strategy #1, the extent to which successful joint development efforts by transit agencies or others have included partnerships for development of adjacent parcels at the same time depends on the size of the transit property and its relationship to the zoning of adjacent parcels. In Strategy #2, however, with SFRTA in the lead role, the redevelopment process would more strongly suggest that the transit agency explore partnership initiatives with owners of adjacent parcels and with other public stakeholders such as the City of Fort Lauderdale, the MPO and Broward County. Under Strategy #2, SFRTA would be in the leadership role, would coordinate activities with all public and private partners, and would hold final decision-making authority.

Notably, Sound Transit created a strategic plan for TOD and joint development for its 12 heavy commuter rail stations in/around Seattle in 2014. Its policy regarding partnerships for development of adjacent parcels is noted below:

> "An adjacent property owner may propose a development concept that leads to a property transaction. In such cases where interested parties are adjacent, the agency may enter into direct negotiations, forgoing the typical competitive RFQ/RFP process".

Adjacent Shared Parking

None of the examples analyzed involved non-transit agency parking structures on adjacent parcels. This does not preclude this type of development project; however, the initiative would need to be undertaken by the transit agency rather than by adjoining property owners. There are multiple potential scenarios to explore joint development with parking on adjacent sites in Strategy #2. For example, these could include: 1) use of public financing to build a dual-purpose parking structure (e.g., the MBTA/Alewife parking garage as well as New Jersey Transit's Morristown garage both have reserved/dedicated parking for commuters as well as publicly-available parking for other uses).

While SFRTA would have the ultimate responsibility to finance one (or more) parking structures required to accommodate parking requirements as part of the site's development under Strategy #2, the agency would also have a primary opportunity to initiate discussions with adjoining property owners (such as the "University of Phoenix" site and/or the FP&L site or others). Through this approach, shared parking structure(s) could be negotiated to the benefit of both SFRTA and other adjoining owners or developers, subject to the same conditions outlined in Strategy #1.

Enabling Legislation for Various Authorities

While a detailed review and analysis to determine whether the authorities/structures for funding or implementation purposes as used in other states such as California (such as a Joint Powers Agreement) are available in Florida is beyond the scope of this study, we understand that Chapter 125 of the Florida Statutes is the specific statute that authorizes local governments in Florida to grant rights in real property and air rights over real property. This is the specific statute that Miami-Dade Transit is using to solicit developer interest through the RFP process for a TOD project to be built on MDT-owned land located at NW 215th Street and NW 27th Avenue in Miami.

Additional analysis will be required on this subject, and should be referred to SFRTA's Legal Department for a legal opinion.

Use of Ground Leases or Parcel Sales for Joint Development

As discussed in detail in Strategy #1 above, there are examples across the United States of transit agencies implementing joint development through both long-term ground leases and land sales. Long-term ground leases may vary in time (e.g., 30 years with two 30-year options, or 80 to 100 years), and are more common than direct land sales/disposition. As illustrated in detail in the New Jersey Transit/The Highlands at Morristown case study, in its very first joint development initiative, NJT sold a surplus, 3.6-acre surface parking lot in exchange for a share of the long-term revenue stream from joint development, including multi-family rental units and ground-floor retail uses.

As noted above, Sound Transit prepared a strategic plan for TOD at its 12 stations in/around Seattle in 2014. Its disposition strategy considers that TOD and joint development may involve partnerships and, that as part of its due diligence in planning for site disposition, **timing the market for optimum responses to Requests for Qualifications, Requests for Proposals or in direct negotiation partnerships with adjacent property owners, is critical.**

Most importantly, **a long lease term (of 80 to 100 years) ensures that a joint development project is financeable, thereby reducing overall risk from the lender's perspective.** The results of detailed financial feasibility analyses (which will be completed before and during developer negotiations to measure potential revenue streams to SFRTA) as well as clear understanding of SFRTA short- and long-term objectives regarding disposition of its properties, will determine whether a long-term ground lease or parcel disposition strategy is most appropriate, for some or all of the SFRTA parcel.

Transit Board Engagement

SFRTA is interested in understanding how transit agency boards are engaged in successful joint development processes. Typically, transit agency boards are engaged throughout the process—from setting initial policies and financial objectives through issuance of an RFP and review and approval of a final deal structure. Day-to-day management of the decision process, however, is typically directed by a transit agency real estate division staffed or advised by qualified real estate professionals.

The extent to which transit agency real estate departments engage their Boards varies. In some, the Boards are very actively involved; in others, special committees are set up; and, in others (like BART) Board members are selected to become part of the structure or authority established to implement the joint development (such as negotiations with the selected developer). It will depend on specific enabling legislation or Board charters, general degree of involvement of Board members, and their specific areas of professional expertise (such as real estate/property development).

Conclusions—Strategy #2

Similar to Strategy #1, strategies to pursue joint development on the SFRTA-owned site under Strategy #2 will likewise need to mitigate as much uncertainty and risk to the development community as possible. Also, as the first development in the Cypress Creek area with a transit-oriented and pedestrian focus, public infrastructure to facilitate broader TOD/joint development goals will need to be evaluated and provided concurrently with planning for the SFRTA site.

Prior to SFRTA issuing any developer RFP, and in particular taking a leading role in major aspects of the development, other precedents suggest that the transit agency will need to marshal a comprehensive management team incorporating Planning, Legal, Real Estate and Public Outreach expertise, and should begin this organizational effort immediately.

Other factors leading to this conclusion also include:

- Level of complexity of the site, project and potential deal structure, including the fact that the site is not yet "development ready" (e.g., inadequate existing roadway and pedestrian access, current lack of utilities, etc.) and time required for administrative implementation;
- Uncertainties/limitations associated with the site's current Industrial zoning (and attendant limitations for commercial development) as well as lack of current zoning/entitlements considered appropriate for successful joint development;
- The lack of a "public parking" model in place to support a mix of uses and higher densities in the larger Cypress Creek/Envision Uptown area as well as the requirement that a minimum of 250 parking spaces be available at all times during the development period;
- Current zoning on surrounding properties is *not* supportive of broader transit-oriented development, nor is the market *immediately* ready to support TOD/joint development (i.e., the market study identified a timeline of up to three to five years); and
- The necessary public infrastructure to be provided, including off-site utility lines, off-site roadway improvements, a pedestrian network and the like are not the responsibility of a developer to be selected by SFRTA for the Cypress Creek site; the lack of these features may significantly impede developer interest in the site.

In conclusion, successful utilization of Strategy #2 would assume that **any necessary environmental remediation is completed *prior to* selection of a developer**; all necessary infrastructure to support joint development on the SFRTA-owned site is in place; entitlements are pre-approved (or at least assured, including a commitment from the City of Fort Lauderdale regarding acceptable shared parking ratios); and, that the selected developer will not have responsibility for, nor bear the cost of, any environmental remediation or *off-site* infrastructure, including streetscapes, roadway improvements, and other infrastructure necessary to prepare the site for development.

Strategy #3: Public-Private Partnership

Key Approach/Assumptions

- City and County Jointly Conduct Area-wide Master Planning Process
- City and County Pursue Area-wide Land Use Amendments & Rezoning Based on Master Plan
- City Creates Area-wide Special Purpose Taxing District to Fund Infrastructure and Public Realm Improvements

The third strategy focuses on two key recommendations: 1) master planning, rezoning and entitlements designed to encourage long-term, transit-supportive mixed-use development *for a larger geography including and surrounding the SFRTA-owned site*; and 2) creation of a special purpose or assessment district approved by impacted property owners for the primary purpose of financing necessary infrastructure and public realm improvements, to include replacement commuter parking.

Specifically, the third strategy would include the following:

- Undertake an area-wide master planning process for the SFRTA site and adjacent properties to the north, west and south (this could be completed as part of the anticipated Envision Uptown plan);
- Complete a land use plan amendment (LUPA) with Broward County, followed by City rezoning from the existing Industrial classification to other zoning categories that are more conducive to transit-supportive development in the broader area; and
- Create a Special Assessment District (e.g., Community Development District/CDD) as a funding mechanism for construction of related public realm improvements (e.g., parking deck, transportation network and streetscape upgrades, utility and infrastructure extensions, and/or other public improvements) as identified in the master planning process.

As a result of the additional time required to accommodate the planning and policy changes identified above, SFRTA would delay issuance of a developer Request for Proposals until the planning process is complete, entitlements are secured, and a funding mechanism is in place to appropriately allocate public improvement costs to all benefitting property owners.

Community Development District

In Florida, special districts such as CDDs are local units of special purpose government within limited geographical areas which are utilized to manage, own, operate, construct, maintain and finance basic capital infrastructure, facilities and services. Special purpose districts have the statutory authority under Chapter 190 of the Florida Statutes to raise revenue through such vehicles as the issuance of bonds and the levy and collection of both ad valorem and non-ad valorem taxes, fees and assessments. Typically, these special purpose districts are an alternative to municipal incorporation for managing and financing infrastructure. CDDs have been particularly popular in fast-growing areas across Florida since 2000.

According to the Florida Department of Economic Opportunity (DEO), there are 1,634 special purpose districts across the state. Of this total, 1,006 are independent and another 628 are dependent special districts; several are inactive. Collectively, these districts produced fully $15.5 billion in revenues in 2009 (latest data available), and are therefore a significant mechanism to finance infrastructure improvements throughout the state.

Property owners within a CDD district receive three major classes of benefits:

- The CDD provides landowners consistently high levels of public facilities and services managed and financed through self-imposed fees and assessments;
- The CDD ensures that these community development facilities and services will be completed concurrently with other parts of a project; and
- CDD landowners and electors choose a Board of Supervisors, which determines the type, quality and expense of CDD facilities and services.

However, special purpose districts are not without controversy. The real estate recession of 2007 to 2010 resulted in a number of special districts being placed on “watch lists” and others being placed on “default lists” for defaulting on bond payments when ad valorem tax revenues declined as a result of the recession. As a result, in 2012 the Governor of Florida issued an Executive Order that tasked the state Office of Policy & Budget with preparing an in-depth evaluation of all special purpose districts across Florida, with a special focus on increasing efficiency, fiscal accountability and the transparency of operations to the public.

We propose this alternative strategy for several reasons:

- This mechanism reflects the significant commercial tax base in the Envision Uptown area. In fact, Uptown represents the second largest commercial tax base citywide (after Downtown); its economic health is paramount to its continued growth in ad valorem tax ratables, non-ad valorem taxes, jobs and other economic activity generators;
- It is not known whether the Envision Uptown area would qualify for creation of a CRA district as defined in the criteria in Chapter 163 of the Florida Statutes. If Broward County would support creation of a CRA, then a Finding of Necessity report would need to be undertaken. If not, then designation as a Community Development District may be a viable alternative; and
- Infrastructure improvements authorized under Chapter 190 include the provision of transportation and parking improvements. Combined with creation of a public-private partnership for a larger "transit village" district surrounding the Cypress Creek station, it may be possible to consider creation of a CDD to finance specific infrastructure projects, such as commuter parking (possibly off-site) as well as other infrastructure improvements such as streetscape treatments, gateway features and pedestrian linkages that will enhance the overall marketability of the Cypress Creek site over time.

Land Use & Zoning Changes

Strategy #3 most closely follows other precedents for joint development/TOD, such as the Transit Village initiatives in both California and New Jersey. The process is neither fully private nor fully public, and the joint nature of this approach (involving the City of Fort Lauderdale, Broward County, Envision Uptown and private property owners) would allow greater flexibility for both the public and private sectors to achieve mutual goals and objectives. Under Strategy #3, **land use plan amendments and area-wide rezoning would be undertaken in advance of redevelopment efforts, after completion of the master planning process but before site-specific RFPs are issued**.

It is critical to note that *a land use plan amendment is the only mechanism by which residential development can be accommodated in future mixed-use redevelopment* in areas currently zoned for industrial uses.

A distinguishing factor of Strategy #3 is the **ability to maximize value by virtue of expanding the sphere of influence for private redevelopment with higher-intensity uses than would**

be possible with the transit site alone. Multiple joint development/TOD precedents have proven that, over time, the value created by transit access can extend up to one-half mile beyond a station site based on typical pedestrian walk times and distances, the provision of regular and frequent transit service, and creation of pedestrian-friendly, mixed-use districts. This includes potentially significant amounts of new housing throughout the district, which will serve to create potential transit riders as well as meet a key objective of large employers in the Uptown area, who have noted repeatedly the importance of adding a mix of new housing product throughout the Cypress Creek corridor. For example, fully 2,570 new housing units have been built in the 140-acre Contra Costa Transit Village district surrounding BART's Pleasant Hill station since it opened in 1973.

The potential scale of a larger transit-oriented sub-district will provide greater opportunities for property value increases, thereby producing greater property (and potentially other) tax revenues (including the potential for a special purpose tax dedicated to infrastructure improvements), and redevelopment of a larger area under a unified, shared vision.

Consistent with the involvement of multiple levels of government in these Transit Village initiatives, a public-private process can offer the most effective approach to determining zoning and flex allocations to enhance development opportunities. As noted in the case studies for both California and New Jersey, public agency involvement includes state departments in Planning/Community Development, Transportation and Economic Development as well as municipal- and county-level agencies working collaboratively with a key objective of considering public interests (such as increasing transit ridership and revenues) in this process.

California's Transit Village Development Planning Act of 1994 established a planning goal for local, regional, and state agencies to direct new development into transit station areas and authorized both cities and counties to adopt transit village development districts that meet specified land-use and transit operational standards. Local governments that implement such districts may grant density bonuses of up to 25% to development projects meeting certain standards, and may become eligible for special state funds allocated for transportation improvements in transit village districts. Once a local government adopts a transit village district, only public works projects, subdivision and parcel maps, and zoning ordinance amendments that are consistent with the district may be approved.

Public Outreach

Similar to both Strategy #1 and Strategy #2, the public sector should lead any public outreach effort as part of master planning efforts, with private property owners (and quasi-public groups such as Envision Uptown) having a key voice in the process. By approaching Strategy #3 as a public-private partnership from the start, private property owner (and developer) interests and opinions will be fully integrated into the process, so that all participants understand these mutual objectives.

RFP/RFQ Process

In terms of successful joint development efforts for Strategy #3 using either a Request for Proposals (RFP) or Request for Qualifications (RFQ) process, an RFQ by its very nature is a legitimate way to pre-qualify candidate developers and exclude those that are not qualified to undertake joint development (or TOD) projects. However, the specific terms of a development deal will be determined by specific expectations of a transit agency and a developer's specific response to those requirements. As illustrated in the selected case studies, in all cases, an RFP process was utilized to frame negotiations for subsequent development agreements. Similar to Strategy #1 and #2, **we recommend an RFP process as part of Strategy #3.** Alternatively, pre-qualifying a potential developer(s) through the RFQ process would provide the benefit of collaborating with a developer through the extensive pre-development process required in all strategies, but particularly in Strategy #3.

Partnerships for Development of Adjacent Parcels

Similar to both previous strategies, the extent to which successful joint development efforts by transit agencies or others have included partnerships for development of adjacent parcels at the same time depends on the size of the transit property and its relationship to the adjacent parcels. Since Strategy #3 encompasses a larger geography and potential multiple property owners (and development interests), the redevelopment process by necessity would involve exploring partnership initiatives with owners of adjacent and nearby parcels and with other public stakeholders such as the City of Fort Lauderdale, the MPO, Broward County and various state agencies.

The key difference between the first two strategies and Strategy #3 is that it would likely also involve additional levels of government as noted above. For example, New Jersey's Transit Village Initiative was created in 1999 as a partnership between the New Jersey Department of

Transportation and New Jersey Transit that provides incentives to local governments for redeveloping and revitalizing areas around transit facilities. Various state agencies work closely with municipalities and property owners to enable TOD through the design of incentives that include: preferential access to state grants; expedited regulatory approvals; grants; and technical assistance from an eleven-member Transit Village Task Force created by the state. The Task Force includes representatives from state and regional environmental, planning, economic development, housing, and transportation agencies.

Under Strategy #3, **a multi-agency task force (similar to the Transit Village Initiative in New Jersey) would take a leadership role, coordinating activities with all public and private partners and holding final decision-making authority**. Strategy #3 would more easily foster mutually beneficial joint development opportunities on adjacent parcels because any (and all) adjacent property owners could both join in the master planning process of the larger district), helping shape the district's future redevelopment direction, including mix of land uses and densities.

Adjacent Shared Parking

None of the examples analyzed involved non-transit agency parking structures on adjacent parcels. As a public-private partnership, the opportunities for joint/shared parking are enhanced when multiple owners are involved in the redevelopment vision and process, and can jointly determine the most appropriate location(s) of shared parking facilities in partnership with SFRTA as well as other state agencies. Similar to Strategy #2, there are multiple potential scenarios to explore joint development with parking on adjacent sites in Strategy #3. For example, these could include: 1) use of public financing to build a multi-purpose parking structure (e.g., the MBTA/Alewife parking garage as well as New Jersey Transit's Morristown garage both have reserved/dedicated parking for commuters as well as publicly-available parking for other uses).

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As discussed in detail in both strategies above, there are examples across the United States of transit agencies implementing joint development through both long-term ground leases and land sales. Long-term ground leases may vary in time (e.g., 30 years with two 30-year options, or 80 to 100 years), and are more common than direct land sales/disposition. As illustrated in detail in the New Jersey Transit/The Highlands at Morristown case study, in its very first joint development initiative, NJT sold a surplus 3.6-acre surface parking lot in exchange for a share of the long-term revenue stream from joint development, including multi-family rental units and ground-floor retail uses.

Another key advantage of the approach in Strategy #3 is that many more property owners (and development interests) could be expected to participate to help shape the district's future redevelopment direction. As a result, SFRTA will benefit from a better understanding of real estate market dynamics (including how to competitively position the SFRTA parcel to maximize transit agency objectives) as well as the short- and long-term objectives of adjacent and nearby property owners.

Most importantly, **a long lease term (of 80 to 100 years) ensures that a joint development project is financeable, thereby reducing overall risk from the lender's perspective.** The results of detailed financial feasibility analyses (which will be completed before and during developer negotiations to measure potential revenue streams to SFRTA) as well as clear understanding of SFRTA short- and long-term objectives regarding disposition of its properties, will determine whether a long-term ground lease or parcel disposition strategy is most appropriate, for some or all of the SFRTA parcel.

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The extent to which transit agency real estate departments engage their Boards varies. In some, the Boards are very actively involved; in others, special committees are set up; and, in others (like BART) Board members are selected to become part of the structure or authority established to implement the joint development (such as negotiations with the selected developer). It will depend on specific enabling legislation or Board charters, general degree of involvement of Board members, and their specific areas of professional expertise (such as real estate/property development).

Conclusions—Strategy #3

Similar to Strategy #1 and #2, strategies to pursue joint development on the SFRTA-owned site will need to mitigate as much uncertainty and risk to the development community as possible. Additionally, as the first development in the Cypress Creek area with a transit-oriented and pedestrian focus, it is clear that the provision of any needed public infrastructure will benefit not only the SFRTA-owned site, but also adjacent sites and the broader Uptown area. This strongly suggests that **the best path forward is Strategy #3, in which a broader planning effort is undertaken, land use and entitlements can be aligned with broader goals for the area and maximize future flexibility, shared parking solutions can be explored, and an appropriate funding mechanism can be put in place to allocate infrastructure costs fairly to all beneficiaries**. The timeline for pursuing a broader plan and land use amendment coincides with the finding of the market study that the market for transit-oriented uses on the SFRTA site will improve considerably over the next several years, increasing options for mixed and denser development on the site than would be achievable in the short-term.

As noted in previous strategies, other factors relevant to this recommendation also include:

- Level of complexity of the site, project and potential deal structure, including the fact that the site is not yet “development ready” (e.g., inadequate existing roadway and pedestrian access, current lack of utilities, etc.) and time required for implementation;

- Uncertainties/limitations associated with the site's current Industrial zoning (and attendant limitations for commercial development) as well as lack of current zoning/entitlements considered appropriate for successful joint development;
- The lack of a "public parking" model in place to support a mix of uses and higher densities in the larger Cypress Creek/Envision Uptown area as well as the requirement that a minimum of 250 parking spaces be available at all times during the development period;
- Current zoning on surrounding properties is *not* supportive of broader transit-oriented development, nor is the market *immediately* ready to support TOD/joint development (i.e., the market study identified a timeline of up to three to five years);
- Necessary public infrastructure to be provided, including off-site utility lines, off-site roadway improvements, a pedestrian network and the like are not the responsibility of a developer to be selected by SFRTA for the Cypress Creek site; the lack of these features will significantly impede developer interest in the site; and
- Necessary environmental remediation should be completed *prior to* selection of a developer; this task would be undertaken by SFRTA concurrently with the master planning effort.

Selected case studies referenced in Technical Memo #3 are illustrated below.

Case Study: BART—Pleasant Hill/Contra Costa Centre Station (Contra Costa Transit Village)

Location: Treat Boulevard, Walnut Creek, CA
(Adjacent to I-680)

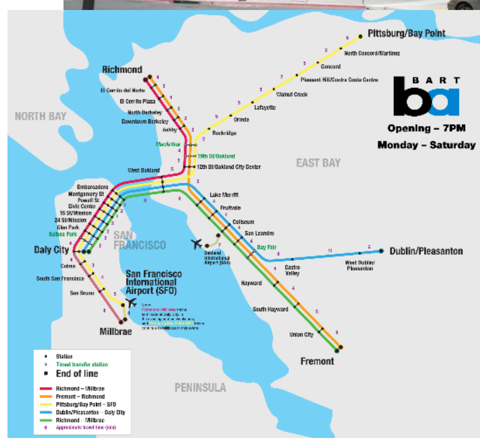
Station Open: May 1973

Operator: San Francisco-Bay Area Rapid Transit (BART)

System: Heavy rail public transit & subway

Ridership: 6,579 exits/day (2013)

BART Site: 18 acres



BART Joint Development/TOD Policies

BART is one of the leading transit agencies in the United States in implementing both transit-oriented and joint development at/surrounding the system's stations. The agency has 22 projects (at 19 stations) either completed, approved or in negotiations, and is currently active in 18 of these projects. At buildout, these projects, with an estimated total value of approximately $3.07 billion, will deliver over 6,900 housing units, 292,100 sq. ft. of retail space, and 467,000 sq. ft. of office space. In addition, the agency estimates that these projects will generate approximately $8.9 million in new revenue annually for the transit agency.

In July 2005, the BART Board of Directors adopted a Transit-Oriented Development Policy, which updated its previous policies in two key areas. The first urges BART to pursue TOD (and not solely joint development), working proactively with participating communities to **plan for**

development over larger geographic areas that is both supportive of transit service and maximizes the value of BART-owned land. The second key policy change recommends that BART **develop alternative parking strategies that enhance development opportunities**, as developers, cities and funding agencies view BART's application of a 1:1 parking replacement practice as a significant barrier to joint development and TOD.

Contra Costa Transit Village was created as a result of California's Transit Village Development Planning Act of 1994, which establishes a planning goal for local, regional, and state agencies to direct new development into transit station areas and authorizes both cities and counties to adopt transit village development districts that meet specified land-use and transit operational standards. Local governments that implement such districts may grant density bonuses of up to 25% to development projects meeting certain standards, and may become eligible for special state funds allocated for transportation improvements in transit village districts. Once a local government adopts a transit village district, only public works projects, subdivision and parcel maps, and zoning ordinance amendments that are consistent with the district may be approved. Notably, while tax increment financing and land-assemblage authority were included in the original version of the Act, these powers were excised from the legislation before final passage. Insufficient state funding has reportedly hampered the Act's impacts on local TOD planning and zoning.

Planning Process & Public Outreach

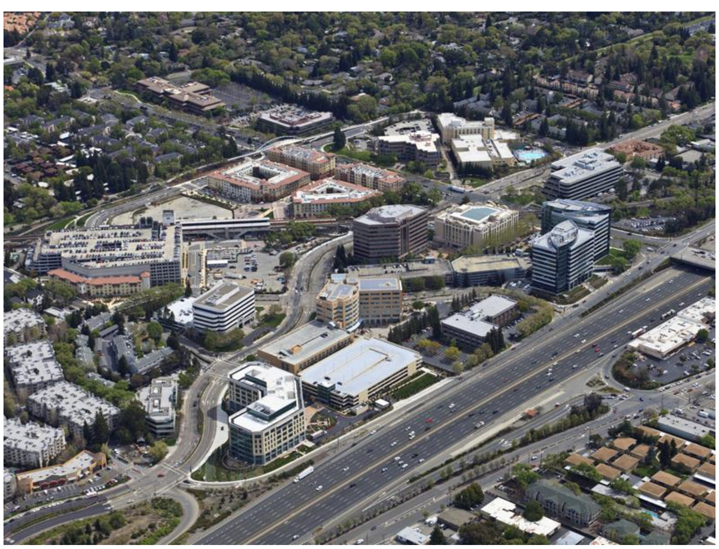
Planning for joint development at the Pleasant Hill Station commenced in 1983—fully 10 years after the station had opened—with preparation of a BART Station Area Specific Plan. Its primary objective was a land use plan focused on creation of a mixed-use housing and employment center, the "Contra Costa Centre Transit Village", on approximately 140 acres surrounding the station. During this time, the County's Redevelopment Agency began assembling land and financing infrastructure improvements to facilitate mixed-use development in the Transit Village. Between the station's opening in 1973 and 2000, a substantial amount of both residential and commercial development was built in the Transit Village (within approximately one-third of a mile surrounding the station):

- 2,570 residential units;
- 1.9 million sq. ft. of office space, 15,230 sq. ft. of retail space, and 248 hotel rooms; and

▪ 3,840 non-BART parking spaces and 3,398 permanent and temporary BART parking spaces.

A tenants/owners association, the Contra Costa Centre Association, was also created to market the Transit Village area, and provides services such as daycare and a midday shuttle bus for area residents and employees.

In 2001, the Contra Costa County Redevelopment Agency conducted a community charrette, which resulted in a concept plan that served to assist BART's Planning Department to define objectives in a Comprehensive Station Plan for 18 acres of surface parking owned by BART immediately surrounding the station. The station plan, prepared in 2002, was intended to guide the agency in soliciting bids for joint development. A competitive bid process and negotiations (over three years) followed between BART and its selected development team—Pleasant Hill Transit Village LLC—comprised of Avalon Bay Communities for the project's residential component and Millennium Partners for the project's commercial elements. A Final Development Plan and negotiated development agreement was completed in 2005.



TOD/Joint Development Uses

Prior to initiating construction of any joint development uses, BART required a 1:1 replacement (plus 75 spaces) of surface parking surrounding the station. The County's Redevelopment Agency provided $45.7 million to build structured parking (and a new Intermodal Center for local and regional bus lines) by issuing revenue bonds (the developer's contribution totaled $5.5 million). Costs equated to approximately $31,000 per space (inclusive of the Intermodal Center), and the facility opened in 2008. Revenue bonds also financed other public improvements, including: $2.7 million for "backbone infrastructure" (roads and drainage); $9 million in placemaking elements (parks, plazas and streetscape); $2.5 million to construct affordable housing; and, a $12 million pedestrian bridge that connects the station to the Iron Horse Trail, an 18.3-mile regional trail system in Contra Costa County.

Phase 1

Not surprisingly, the national economic downturn delayed delivery of the first phase of joint development. After two years of construction, the first phase was delivered in 2011, and included the following uses at a reported cost of $150 million:

- **Residential**—Avalon Bay Communities built "Avalon Walnut Creek", 422 multi-family rental units (549 units are approved in the plan), which equates to a development density of approximately 30 units per acre
- **Retail**—The project includes 35,590 sq. ft. of unanchored, street-level retail space
- **Office**—The plan entitles the developer to construct a 12-story, 290,000 sq. ft. office building, which has been delayed until market conditions warrant.

By 2011, market conditions in the Bay Area (particularly for rental housing) had improved sufficiently that absorption/leasing activity in the project's first phase residential component had achieved stabilized occupancies within 18 months (suggesting monthly absorption in the range of 20 units per month). As a result, planning for the project's second phase has commenced. However, the project's retail component has been *very* difficult to lease, and remains substantially vacant fully three years after delivery.

Phase 2

AvalonBay Communities, Inc. Avalon Walnut Creek at Contra Costa Centre Transit Village Block C STEINBERG

In 2014, the developer, Pleasant Hill Transit Village LLC, requested a plan amendment to build an additional 200 multi-family units on "Block C" of the site. The original Preliminary and Final Development Plan authorized 100 for-sale units; however, the developer has been unable to secure financing for this product. As the original plan capped residential uses at 549 units, the developer is seeking modifications to the plan, which is currently in review. The 200 additional units will yield 622 total units at buildout—above the cap. In addition, as a result of the significant challenges of leasing the project's phase one retail component, the commercial uses in phase two will be limited to 2,310 sq. ft. of retail/civic uses.

Overall Development Strategy

To implement the joint development program at the Pleasant Hill Station, **BART created the BART/Pleasant Hill Leasing Authority**. The purpose of the Authority is to serve as a conduit for leasing and development of the Transit Village project, by leasing specified property from BART. In turn, the Authority sub-leases the property to the master developer, Pleasant Hill Transit Village LLC, through a 100-year ground lease. The Authority also specifies the responsibilities of the County's Redevelopment Agency in funding and implementing the range of public improvements identified above through various partnering agreements.

The Authority includes two members of the Contra Costa County Board of Supervisors; two members from the BART Board of Directors; and membership from the County's Redevelopment Agency. The Authority is governed by a Joint Exercise of Powers Agreement, which was created in 2004 and amended in 2012.

Other specific terms (such as the annual ground lease payment) are not known.

Lessons Learned/Applicability to Cypress Creek

There are a host of lessons learned from BART's experience in implementing joint development at Pleasant Hill Station that may be applicable to Cypress Creek. These are summarized as follows:

- **Significant Planning/Time Horizon**—Completion of the first phase of joint development at Pleasant Hill required fully 14 years from the community charrette conducted in 2001 and preparation of the Comprehensive Station Plan in 2002. In fact, five plans were produced over a 22-year period between 1983 (with preparation of a Station Area Specific Plan) and 2005 (when the Final Development Plan was approved). Notably, planning and implementation also occurred over multiple real estate cycles.
- **Supporting TOD Across Larger Geographies**—As noted, in 2005 BART's Board of Directors voted to support changes in the agency's TOD policies to work proactively with participating communities to **plan for transit-oriented development over larger geographic areas** that is both supportive of transit service and maximizes the value of the land. This reinforces the idea of SFRTA supporting redevelopment over a larger area surrounding the Cypress Creek station than its immediate site.

- **Flexibility in Final Development/Land Plan**—As delivery of the first phase of uses at Pleasant Hill occurred over multiple real estate cycles, the developer should be provided a certain amount of latitude/flexibility to respond to shifting market conditions, the availability of financing/construction capital and timing/phasing. The inability to lease the project's first phase retail uses also suggests that allowable uses (and building design) be sufficiently flexible to change the mix (such as shifting from ground-floor retail to office and/or live-work uses).
- **Replacing Commuter Parking**—Funding and construction of structured parking that replaces surface parking will necessitate additional time before joint development uses can be delivered. The negotiated development agreement secured $5.5 million from the developer for construction of the parking garage, with remaining funds provided by bonds issued by the Contra Costa County Redevelopment Agency. In addition, as noted previously, BART's Board of Directors voted in 2005 to **develop alternative parking strategies that enhance development opportunities**, as developers, cities and funding agencies view BART's application of a 1:1 parking replacement practice as a significant barrier to TOD. We note, however, that BART is a much larger system, with significantly greater service and reduced headways, than the existing Tri-Rail service at Cypress Creek.
- **Variable Parking Ratios by Use**—Several factors combined to approve a reduction in parking for the project's residential component. These include the frequency and reliability of rail service on the BART system; installation of a car-sharing service (Zip Car); and, construction of an Intermodal Center, which secured the role of Pleasant Hill as a location for multiple local and regional bus lines. The overall parking ratio for the project's first-phase residential component is 1.23 spaces per unit. Conversely, the developer insisted (and secured) in the Final Development Plan higher parking ratios for the project's retail component because of concerns associated with the availability of parking, particularly for restaurant tenants. Parking ratios for the project's retail component is just shy of industry standards—with three spaces per 1,000 sq. ft. of retail space.
- **Development Terms & Revenue Sharing**—The BART/Pleasant Hill Leasing Authority negotiated a 100-year ground lease with the developer, which was required by the capital markets (particularly for any for-sale residential product that may be built). In addition, the ground lease also ensures the following:

- ✓ A long-term revenue stream to acknowledge and compensate the County's Redevelopment Agency for its significant front-end investment in infrastructure and other public realm improvements as well as BART for its land value;
- ✓ A revenue-sharing arrangement whereby annual ground lease payments are split between the County (75%) and BART (25%) to provide BART with value capture and revenues for transit-related operations and improvements through annual ground lease payments.

- **Aligning Public Objectives with Private Investment**—From the developer's perspective, it is critical that public objectives and the developer's interests are sufficiently aligned. The developer also sought flexibility to modify the deal structure to preserve private investment thresholds in the event of uneven/declining real estate cycles (and flexibility to change uses as market conditions warrant).

Case Study: The Station at Riverside

Location: Grove Street, Newton, MA

(Adjacent to I-95/Route 128)

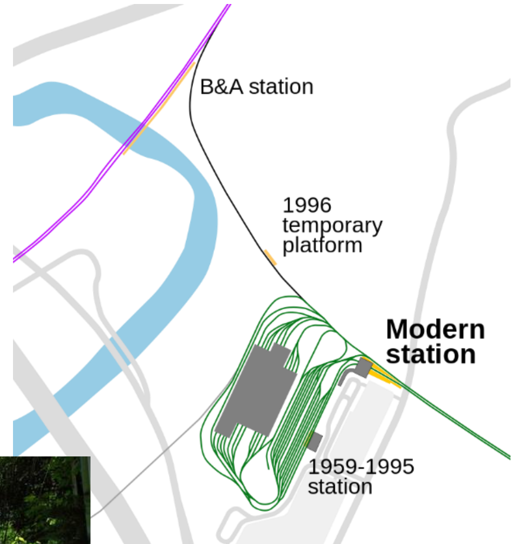
Station Open: July 1959

Operator: Massachusetts Bay Transportation Authority (MBTA)

System: Light rail surface & subway

Ridership: 2,192 boardings/day

MBTA Site: 9.38 acres



MBTA Joint Development/TOD Policies

The MBTA has been actively promoting TOD and joint development projects at a number of stations on various transit lines within its system, particularly over the past 15 years. It promotes and facilities such projects through ground leases of agency-owned sites; parcel sales; air rights; access easements; utility connections; rails-to-trails; and, support for private development. The MBTA works in cooperation with numerous state agencies, such as MassDOT and the Offices of Housing and Economic Development and Energy and Environmental Affairs as well as municipal planning departments across the Commonwealth of Massachusetts.

To date, seven TOD projects have been completed; four are under construction; nine projects are pending/in review; and two additional projects are planned at various stations throughout the system. In each of the completed projects, land uses include a mix of residential (including affordable housing) and commercial retail and/or office. Notably, in two of the projects, the negotiated deals generated upfront cash payments to the transit agency:

- $1.43 million for a 38,000 sq. ft. parcel at Ashmont Station (Red Line) that was developed with 116 mixed-income housing units, 10,500 sq. ft. of street-level retail, and 80 below-grade parking spaces, with a negotiated, 85-year ground lease; and
- $1.15 million for a 60,000 sq. ft. parcel at Jackson Square Station (Orange Line) in the Roxbury, a low-income neighborhood of Boston. The site was developed with 438 housing units (291 affordable) as part of a public-private partnership involving the MBTA, the Boston Redevelopment Authority, the Massachusetts Housing Department and the developer.

Several other completed TOD projects include long-term ground leases of 85 and 99 years. In two projects, developers financed and built structured parking, including a 700-space commuter garage at the Wellington Station (Orange Line) in Medford, and a 1,600-space commuter garage at the Hingham Shipyard (commuter ferry terminal) that was built at no cost to the MBTA as part of a land swap.

Planning Process & Public Outreach

MBTA's Riverside Station is the terminus of the Green Line's "D" Branch, part of the system's light rail (electrified surface and subway) network in metropolitan Boston and its western

suburbs. The station is located on approximately 22.6 acres of land, and includes a car and rail maintenance facility, inter-city bus depot, and a 960-space surface parking lot.

Planning for TOD at Riverside began in the mid-2000s when the MBTA initiated discussions with City of Newton planning officials for mixed-use development on the T's 960-space surface parking lot. In 2008, the MBTA issued an Invitation to Bid (ITB) and selected BH Normandy Riverside LLC through a competitive process. Formal master planning and public outreach commenced in 2009, upon authorization of an 85-year ground lease (plus two years for construction) between the MBTA and the developer. Over approximately four years, the planning process included:

- Traffic impact and access studies in 2010 and 2012;
- Subsurface investigations and noise assessments;
- Stormwater management plan (due to the site's proximity to the Charles River);
- Meso-scale air quality and greenhouse gas analyses;
- Pathway plan and tree replacement on scenic roads application;
- Water and sewer easement plans;
- Draft Environmental Impact Statement (completed in June 2011);
- Multiple zoning and planning hearings with the City of Newton and meetings with both Federal, state (five agencies) and local officials from adjacent communities;
- Significant community outreach and public hearings; and
- Multiple revised site plans based on community outreach and public hearings.

Notably, over the course of the planning process, the project's overall densities were reduced *significantly* (four times) as a result of community response. In fact, the initial plan contained approximately 874,000 sq. ft. of gross building area; the final site plan contains approximately 580,000 sq. ft. of gross building area.

TOD/Joint Development Uses

In 2012, the MBTA petitioned the City of Newton for a zoning change—from Public Use and Manufacturing (to reflect the rail maintenance facility) to Mixed-Use 3/Transit Oriented District—and for a Special Permit and Site Plan Approval for the project, which was approved in August 2013. The zoning change was requested for approximately 9.4 acres of the site to accommodate the following uses:

- 225,000 sq. ft. of office space in a 10-story building and 571 parking spaces (2.54 spaces per 1,000 sq. ft.);
- 290 apartment units (including 44 affordable units) in a 3- to 5-story building containing 324,000 sq. ft. of gross building area and 441 parking spaces (1.52 spaces per unit);
- 20,000 sq. ft. of convenience and service retail space, including 5,000 sq. ft. at street-level of the residential building and 15,000 sq. ft. in a separate building;

- 11,000 sq. ft. of community space on the second floor of the larger retail building; and
- Open space comprising approximately 3.99 acres (or approximately 43% of the total site).

Overall Development Strategy

To implement the TOD project at Riverside, the MBTA entered into a long-term ground lease totaling 87 years (85 years plus two years for construction) with the designated developer. The guaranteed annual rent begins at $850,000 per year and escalates 12.5% every five years. According to the MBTA, the development rights are valued at $218 million over the lease term.

The project will be constructed in two phases. The first phase will include the project's 15,000 sq. ft. retail building, public plaza and Intermodal Commuter Facility, including the 1,025-space commuter parking garage. Phase one was completed in May 2015, and included 21 months for design, community outreach and construction of the Intermodal Commuter Facility. The second phase, which commenced in May 2015, is expected to take two years to deliver the office and residential buildings, with completion expected in May 2017. Off-site roadway improvements will also be completed concurrently with phase two construction.

No information on development costs was available.

Lessons Learned/Applicability to Cypress Creek

There are several lessons learned from the MBTA's experience in implementing TOD at Riverside Station in Newton that may be applicable to Cypress Creek. These are summarized as follows:

- **Significant Planning/Time Horizon**—Similar to BART's experience, the first phase of TOD at Riverside required more than five years from initial outreach between the MBTA and local officials and construction of the project's first phase. Significant community outreach and opportunities for public input—as well as multiple plan iterations—were provided during this period. Notably, planning and public outreach occurred during the economic recession of 2007—2010, which allowed the developer to wait for recovery to occur in Greater Boston's real estate sectors, which were significantly weakened, particularly in the suburban office market.
- **Rezoning & Site Plan Strategy**—The MBTA sought a rezoning of the property to Mixed-Use 3/Transit-oriented District *after* the developer had already been selected and preliminary terms of a development deal had been outlined in February 2009. This strategy allowed input from the developer on possible development options so that the most appropriate zoning designation could be identified.
- **Replacing Commuter Parking**—Funding and construction of commuter parking in the Intermodal Commuter Facility (that replaces surface parking) necessitated an additional 21 months before the TOD uses can be delivered in phase two. The developer is financing and building the 1,025-space Intermodal Commuter Facility. Construction costs and financing terms for the ICF are not available.
- **Variable Parking Ratios by Use**—While a 1:1 parking replacement was required (plus 65 spaces) for MBTA commuter parking, parking ratios for the project's commercial office and residential components have been reduced—to 2.54 spaces per 1,000 sq. ft. of office space and 1.52 spaces per residential unit. Similar to BART, the MBTA is a much larger system, with significantly greater service and reduced headways, than the existing Tri-Rail service at Cypress Creek. In addition, reduced parking ratios also reflect Riverside's intermodal functions for local and regional bus lines (including Peter Pan, Greyhound and Bolt bus service to New York City).

- **Development Terms**—The MBTA and developer negotiated an 87-year ground lease (including two years for construction), which secured a guaranteed, long-term revenue stream for the transit agency. In addition, the lease term also ensures that the project's uses are financeable, and reduces overall risk from the lender's perspective (particularly in the event that the project's multi-family housing component is converted to for-sale condominium units in the future).

- **Adapt to Local Market Conditions/Real Estate Cycles**—Similar to Cypress Creek, Riverside Station is located in a suburban commercial real estate market that remains in recovery from the 2007—2010 recession. Surrounding land uses (particularly alongside I-95) include a significant amount of office and light industrial space in mixed-density suburban office and business parks. This location in the Route 128/West Suburban office submarket is one of Greater Boston's largest, with an inventory of approximately 29 million sq. ft. in several adjacent communities (Needham, Newton, Wellesley, Waltham and Lexington). The length of the planning process coincided with the 2007—2010 recession and its subsequent, ongoing recovery. The recession significantly weakened the West Suburban submarket, resulting in vacancy rates approaching 20%, declining rents, limited new construction and negative net absorption. On the other hand, the extensive time required for the planning process coincided with market recovery—particularly in the commercial office market—which has benefitted the developer in his pre-leasing efforts for the project's office and retail buildings.

Case Study: The Highlands at Morristown

Location: Lafayette Avenue, Morristown, NJ

Station Open: November 1913

Operator: New Jersey Transit (NJT)

System: Heavy commuter rail

Ridership: 1,935 boardings/day (2013)

NJT Site: 3.6 acres

New Jersey Transit (NJT) is the nation's largest statewide public transportation system, providing more than 827,000 weekday trips on 240 bus routes, three light rail lines, and 11 commuter rail lines. It is the third largest transit system in the country, with 162 commuter rail stations, 60 light rail stations, and 18,000+ bus stops linking points in New Jersey, New York and Philadelphia. Notably, 30% of New Jersey residents live within walking distance of rail stations, and 10% use mass transit for work trips, which is fully twice the national average.

New Jersey Transit Joint Development/TOD Policies

New Jersey's Transit Village Initiative was created in 1999 as a partnership formed by the New Jersey Department of Transportation and New Jersey Transit that provides incentives to local governments for redeveloping and revitalizing areas around transit facilities. Various state agencies work closely with municipalities and property owners to enable TOD through the use of incentives that include: preferential access to state grants; expedited regulatory approvals; grants; and technical assistance from an 11-member Transit Village Task Force created by the state. The Task Force includes representatives from state environmental, planning, economic development, housing, and transportation agencies.

To qualify, local governments must demonstrate a commitment for future housing, job and population growth; have a commuter rail, light rail, ferry or bus transfer station; and have vacant or underutilized land within walking distance of the transit station. The local government must also have an adopted TOD redevelopment plan or zoning ordinance that contains transit-supportive land-use designations, densities, site and architectural design guidelines, and parking regulations for a one-half mile radius around a transit station. A designated Transit Village is a municipality that has been approved for designation by the Task Force. A municipality may only be designated after these specific Transit Village Criteria have been met.

Since the program's inception in 1999, 30 transit villages across New Jersey have been designated. A 2005 evaluation of 16 Transit Villages determined that, in the program's first five years, more than 800 new housing units (with an estimated value of $191 million) and more than $330 million in commercial office and retail uses had been built in the villages. Morristown was the first (of five) villages created during the first year of the initiative in 1999.

Overall Development Strategy & Joint Development Uses

In 1996, NJ Transit began "Midtown Direct" rail service, allowing a one-seat ride from Morristown to Penn Station in Manhattan. This had a large impact on transit ridership, which increased by fully 72% along the corridor from 1997 to 2007.

As a result of increasing transit demand, a 460-space commuter parking lot was built adjacent to the Morristown train station to address parking shortages. Of the 460 spaces, 124 spaces were permitted and the remainder were daily parking spots for residents and non-residents; at the time, NJT had a waiting list of 600 seeking parking. By 2007, each parking space was generating annual revenue of $700 per space, which was considerably higher than neighboring stations on the line. Only 2% of the spaces were vacant at the time. (These factors were considered when NJT was negotiating its Master Development Agreement below).

After the parking lot opened, NJT received significant interest from developers seeking development opportunities on the 3.6-acre site. While NJT was mutually interested in developing the site, any development proposal had to retain parking. As a result, the transit agency collaborated with the Township of Morristown to develop a special TOD zoning overlay to facilitate denser, mixed-use development surrounding the station. Rezoning was also important to the state's selection of Morristown as a Transit Village because it signified that Morristown was willing to grow in population and density. After the new zoning overlay district was approved, NJT issued a Request for Proposals to develop the site. Competition was strong, which allowed NJT to choose among five developers. Notably, 60% of the criteria in the RFP were based on factors other than cost, such as "project creativity". Rosewood Lafayette Commons, LLC, a spin-off of Roseland Properties, was selected as the site's developer.

In 2007, NJT and Rosewood signed Purchase and Sale and Master Development Agreements that created two condominium units: one for transit parking (422 dedicated spaces) and one for residential, commercial and associated parking (300 dedicated spaces). NJ Transit retains the commuter parking condominium and the developer retains the other. Other development terms include:

- Rosewood agreed to fund $7 million (80%) of the $8.75 million cost of the five-story, 722-space parking structure ($12,100 per space);
- The Master Development Agreement requires a personal completion guaranty and a $10 million irrevocable letter of credit in case of default by the developer; and

- The Master Development Agreement contains easements to ensure that NJ Transit can maintain ongoing transportation operations on the site as well as a management agreement for interim parking during construction

Rosewood began construction of the garage and a wrap-around residential building in 2008. The garage was completed first to meet commuter parking demand. The residential building, known as "The Highlands at Morristown Station", is a five-story, mixed-use structure containing 218 multi-family rental units, 8,000 sq. ft. of street-level retail space, which is located on a prominent, highly visible corner of the building. The project is bordered by existing retail uses, light industrial, the Whippany River and NJT's rail line. Current retailers include The Godfather of Morristown and Cambridge Wines.

In addition to gaining riders (and farebox revenues) due to the project's adjacency to the Morristown train station, the Master Development Agreement requires that Rosewood share a portion of its commercial rental income with NJ Transit. In addition, the former tax-exempt property is now taxable, and Rosewood pays property taxes to the township. New Jersey Transit receives a minimum of $230,000 per year in ground rent plus additional rent from the commercial retail space, a portion of parking proceeds, and a percentage of income generated by the project's residential component.

Lessons Learned/Applicability to Cypress Creek

There are several lessons learned from New Jersey Transit's experience in implementing joint development at its 3.6-acre site in Morristown that may be applicable to Cypress Creek. These are summarized as follows:

- **Lengthy Planning & Approvals Process—**Although Morristown was one of the first communities in New Jersey to receive a Transit Village designation (1999), it took almost nine years from this designation for rezoning/entitlements, developer solicitation and selection and site plan approvals before construction commenced in 2008. The lengthy planning and approvals process may also have resulted from the project being the very first joint development project between New Jersey Transit and a private developer, who had to obtain approvals from the Township, including final design.

- **Replacing Commuter Parking—**The developer paid 80% of the $8.75 million in costs associated with construction of a garage to accommodate commuter parking (that replaced surface parking) with a one-for-one replacement strategy. Also, the Master Development

Agreement included a management clause that ensured that interim commuter parking would be available during the construction process.

- **Transit Agency Facilitates Zoning Change**—The transit agency collaborated with the Township of Morristown to develop a special TOD zoning overlay to facilitate denser, mixed-use development surrounding the station. Rezoning the joint development site was also important to the state's selection of Morristown as a Transit Village because it signified that Morristown was willing to grow in population and accept higher densities around the train station. After the new zoning overlay district was approved, NJT issued its Request for Proposals to develop the site.
- **Land Sales Instead of Ground Lease**—This case study illustrates a transit agency that opted to sell its joint development parcel instead of structuring a long-term ground lease with the selected developer. The Master Development Agreement requires that the developer share a portion of its commercial rental income with NJT. In addition, the former tax-exempt property is now taxable, and the developer pays property taxes to the township. New Jersey Transit receives a minimum of $230,000 per year in ground rent plus additional rent from the commercial retail space, a portion of parking proceeds, and a percentage of income generated by the project's residential component.

Applicable Findings: Other Transit-Supportive Projects

In addition to the selected joint development/TOD case studies, WTL+a analyzed selected other transit-supportive development projects to determine if there are relevant findings for the SFRTA joint development site in Cypress Creek. While other examples considered have some differences with Cypress Creek, there are also valid 'lessons learned' from the experience in these locations that may inform future decisions about joint development at Cypress Creek. We note that, in some cases, aspects of other transit-supportive projects may not have met their original goals or expectations, but results can provide strategic knowledge as the Cypress Creek project moves forward.

MBTA/University Station (Westwood, MA)

The University Station project is a mixed-use development currently under construction on approximately 120 acres of land located adjacent to I-95/Route 128 in the western suburbs of Boston. The site is attached to a combined Amtrak-Northeast Corridor rail station and a heavy commuter rail station operated by the Massachusetts Bay Transportation Authority (MBTA) station, which provides commuter rail service between Providence and Boston. University Station also includes limited bus connections, and is located in three different municipalities—mostly in Westwood, but with small portions of the site located in neighboring Walpole and Canton.

The rail station was originally constructed in the 1950s as a park and ride station; in 2000, the MBTA and Amtrak built a $30 million, 2,589-space parking structure (including 44 designated disabled spaces) to accommodate suburbanites who park at the station and commute into Boston. According to the MBTA, the garage is used predominantly by suburban commuters; it is rarely filled; and, is one of the few MBTA garages where overnight parking is allowed as a result of excess capacity. The parking fee is $7.00 per day. Originally, the transit agencies anticipated that parking revenues would fund much of the garage's construction costs, but this has not been the result due to its excess size/capacity.

University Station is being built in phases adjacent to the rail station on a site that was formerly known as Westwood Station, and zoned as an industrial park. The owners, Cabot, Cabot & Forbes (CC&F), had been unsuccessful in completing the industrial park, which had little relationship with either MBTA or Amtrak, despite the fact that the station is one of the busiest rail stations in Massachusetts.

The site was rezoned by the Town of Westwood for mixed-use commercial development in 2006, and entitled to accommodate 4.5 to 5 million sq. ft. of space, largely because the town needed to expand its commercial tax base in order to cover increasing budget obligations.

CC&F brought in development partners, particularly New England Development (an experienced retail developer) to serve as fee developers for the retail components. However, the economic downturn of 2007—2010 resulted in the project being postponed while CC&F waited for market conditions to improve. Notably, despite the rezoning and the site's adjacency/proximity to a major transit station, the project went into receivership and was sold to a Texas-based investment company. The site was later re-sold to New England Development and two additional financial partners.

With new ownership, the redevelopment plan was reduced in scale to approximately two million gross square feet of space with the following mix of uses:

- 550,000 sq. ft. of retail space (configured as a Big Box-anchored strip shopping center with surface parking in front);
- 500 to 600 residential units, including: 114 affordable units; 150 units of senior housing; and, a 'memory care' component containing 48 units;
- 150 to 175 room hotel (postponed until a later phase);
- 300,000 to 400,000 sq. ft. of office space; and
- 60,000 to 70,000 sq. ft. of 'Village Retail' uses.

The first phase of University Station is opening this summer (2015), with a Wegmans Grocery anchor; several Big Box retailers such as Target and PetsMart; and, a small number of limited-service retailers in an adjacent strip center. The retail component is organized around a large surface parking lot in front of the stores. The first phase of residential, a 130-unit market rate, multi-family rental complex (Gables University Station), is also nearing completion. The first office building is also under construction.

WTL+a notes that there is very little synergy or direct walkable access between the rail station and garage and the University Station project. According to the Town Manager in Westwood, project investors are most interested in selling the project when it is complete. The Town Manager also suggested that the retrogressive planning concepts appear to be future tear-downs if a future owner wants to increase overall density in 20 to 25 years.

Lessons Learned/Applicability to Cypress Creek

- **Parking Structure Capacity—**Size the parking structure appropriately. If MBTA and Amtrak had reduced the size of the parking garage at the outset, unused capacity would have reduced the original economic burden on the transit agencies for their capital investment. Due to excess capacity, the garage is one of only several in MBTA's system that allows overnight parking.

- **Flexible Zoning—**Ensure that zoning is sufficiently flexible to accommodate future changes in both market conditions/demand and land use. As a result of the market downturn of 2007—2010, the developers of University Station reduced densities by over 50% to secure financing, get the project built, and generate property and sales tax revenues to the Town of Westwood.

- **Protect TOD Principles**—The final plan includes very few of the walkable characteristics that usually characterize TOD planning. In our view, University Station's connections with the rail station are *barely* walkable, and visibility is limited from the transit component; this is a reaction to the Town of Westwood's desire to increase the commercial tax base rather than to create a true TOD.

- **Integrate Transit & Development**—While MBTA owns and operates the parking garage, it has no investment involvement with the University Station project. Combined with the Town's focus on tax ratables, this allowed private market forces to delay appropriate densities and construct a very conventional, suburban strip center configuration; transit-related development is best suited for developers with long-term investment horizons.
- **Consider Long-term Implementation Schedules**—The Route 128 MBTA station on this site was originally built in the 1950s with the objective that commercial development would occur around it. The low-density industrial park characteristic of initial workplace uses along I-95/Route 128 was never fully developed. The plan for University Station as well as its current densities suggest that it may require another 25 to 30 years and redevelopment of the Big Box strip center, before transit-supportive development densities will be realized.

MBTA/Alewife Station (North Cambridge, MA)

MBTA's Alewife Station is located in North Cambridge at the gateway to State Route 2, a major commuter highway to Boston's northwest suburbs. Alewife accidently became the terminus station on MBTA's Red Line, a heavy *subway* rail line, when its planned extension to suburban

Lexington was cancelled as a result of a lack of funding. Notably, trains on MBTA's Fitchburg Line, a heavy commuter rail line, do not stop at Alewife despite the opportunity to interline with the Red Line's subway system, as the MBTA's analysis of impacts and costs for modifying the existing commuter rail line determined that any increase in daily ridership would not support the additional costs of passenger service, required facility construction, and lengthened commute times.

Alewife is a true intermodal station, with multiple bus connections to this part of Greater Boston. As redevelopment has occurred in the surrounding area, bicycle commuting to the rail station has increased, and there is now locked bicycle storage for almost 500 bicycles in three cages. The station is connected to the Minuteman Bikeway and Linear Park to Fitchburg, a distance of approximately 35 miles. The bicycle cages are located within a 2,733-space, nine-floor parking garage built by MBTA on transit agency-owned land as a result of a 1979 Master Plan. The garage has been successful in attracting ridership and commuters, but when the Massachusetts legislature requested that the MBTA add two additional floors to expand parking by 1,300 spaces, the transit agency refused, citing its unwillingness to provide the funding.

Alewife is a redevelopment district in North Cambridge that was largely industrial through the mid-20th Century. Its redevelopment as a transit-related district has been driven by municipal planning policies and developer incentives linked to private investment in infrastructure and amenities supporting the transit station. Alewife was the location of much of the historic manufacturing and distribution space (and jobs) in Cambridge. The area maintained its historic industrial uses—both manufacturing and warehousing/distribution—as a result of low rents and types of industrial buildings available.

In the 1960s Alewife was identified by the City of Cambridge as a place where affordable housing could be created to support population growth in North Cambridge and alleviate a citywide shortage of affordable housing. To that end, Rindge Towers (three, 22-story residential towers with 504 housing units), were built in 1971, but were badly planned and not well-managed. This resulted in a host of problems (such as crime and disrepair) and did not catalyze other redevelopment at that time. As a result, a master plan prepared in 1979 by the City initiated redevelopment of Rindge Towers and other sites, and was part of a larger reconsideration of land uses in this area of Cambridge. Notably, it was another 22 years (2001) before the area was rezoned to incentivize more density and housing development near the

Alewife Station. The master plan was updated in 2005, and designated the 250-acre redevelopment district into four sub-districts:

- **Cambridge Highlands—**A 20-acre sub-area containing largely residential neighborhood of single-family dwellings and limited multi-family housing;
- **The Quadrangle**—A 130-acre zone that remains largely industrial, but is under significant development pressure to change to higher densities and more mixed-use. Notably, the loss of industrial land is also considered problematic, as the area has retained many industrial jobs and is the largest site in Cambridge with industrial zoning;
- **Fresh Pond Shopping Center**—A 40-acre, auto-oriented strip shopping center with a large surface parking lot in front and low-density development. The center is located next to an environmental preserve at Fresh Pond; and
- **The Triangle**—A 60-acre mixed use zone that includes the Alewife Station, 300 housing units, and large office and R&D buildings. Notably, redevelopment of The Triangle sub-area has been significantly influenced by public policy-driven incentives such as bonus densities, bonus building heights, bonus density if a developer constructs a pedestrian/bike crossover bridge at the rail tracks, and PUD overlay opportunities to increase overall densities near the Alewife Station transit hub.

The City of Cambridge provided a number of policy-based developer incentives rather than providing direct financial subsidies. Under the revised rezoning designations for this area of Cambridge, the following provisions were included in the 2001 plan:

- As-of-right baseline FARs were raised from 0.75 FAR to 1.5 FAR;
- Allowable building heights were increased from 35 feet to about 70 feet (depending on other components included);

- Developers were offered a bonus density of 0.25 FAR in exchange for construction of a pedestrian/bike crossing over the rail tracks;
- An FAR bonus was granted equal to the square footage area of a parcel transferred to wetlands; and
- Unused development densities in the Cambridge Highlands residential neighborhoods could be transferred for value to 'receiving zones' in the Commercial, Industrial and Shopping Center sub-areas.

The planning policy recommendations for redevelopment of the Alewife Station area were all created and promoted by the City of Cambridge, with limited assistance from the MBTA. The planning policy recommendations for long-term redevelopment of the Quadrangle, the Triangle and the Shopping Center included:

- Increase the amount of structured parking (the request was not accepted by MBTA);
- Create more residential density near the Alewife Station;
- Require than any new office and R&D space include retail on the ground floor to activate the streets (a planning goal that was not analyzed from a market demand point-of-view);
- Increase the allowable building heights of commercial office and R&D buildings to 60 feet, and increase the allowable height of new infill residential buildings to 70 feet;
- For certain consolidated sites within the Transfer of Development Rights (TDR) 'sending zone' in Cambridge Highlands, allow for creation of special PUD overlay districts at higher FARs, bonus densities and taller building heights, including density 'transferred' from the Cambridge Highlands 'sending zone'.

Lessons Learned/Applicability to Cypress Creek

- **Plan for the Future, but Wait for the Market—**As in other TOD and joint development projects, the Alewife Station has been in development (or redevelopment) for almost 50 years, and is still evolving. New development is dependent on market conditions to support the changes in uses and densities, sometimes supported by planning-based incentives.

- **Bicycles Are Important/Include in Facility Planning—**Connectivity to existing infrastructure, and planning for new bike-friendly linkages to surrounding neighborhoods, will encourage more bicycle commuting—even in a cold climate like Massachusetts. However, bicycle riders need safe, lockable storage areas to encourage their use.

- **Public Policies Can Leverage Private Investment—**The City of Cambridge has used public policy incentives to attract new development and private investment, but this has only occurred when new uses are in synch with market demand/feasibility.
- **A Comprehensive, Area-Wide Approach is Necessary—**The presence of a transit station can affect its immediate environs, but a larger, more comprehensive redevelopment strategy for the entire area around a station is required if broader goals are to be reached.

Caltrain/Hayward Park Station (San Mateo, CA)

Hayward Park is one of two stations located in San Mateo on the peninsula below San Francisco. It has one of the lowest ridership levels among Caltrain's heavy commuter rail system's 29 stations and 56,700 daily riders. In fact, Caltrain even considered closing the station in 2011 as a result of low ridership.

In 2005, the City of San Mateo prepared a Rail Corridor Plan for a 607-acre study area. The plan, consistent with California's Transit Villages Act, encourages high-density development between the city's two Caltrain stations—Hillside and Hayward Park. (The plan is also credited with encouraging the redevelopment of the former Baymeadows race track as part of a two-phase project). Notably, the city created a citizens advisory committee as part of the public outreach process to assist in formulating the Rail Corridor Plan.

In 2014, fully nine years after the Rail Corridor Plan was completed, the Peninsula Corridor Joint Powers Board, which operates Caltrain, solicited developer interest in a 2.67-acre site owned by the transit agency that is currently a surface parking lot containing 213 spaces. Through an

RFP process, the Joint Powers Board selected the Sares Regis Group of Northern California, in June 2015 to develop between 100 and 150 multi-family rental units on the triangular-shaped lot. The master development agreement, which is still being negotiated, requires that the developer maintain a minimum of 50 parking spaces and provide direct pedestrian connections to the rail station. Other development terms of the ground lease are not known at this time.

The Hayward Park joint development site is located proximate to two other parcels that are being redeveloped with transit-supportive uses. These include:

- **Station Park Green**—a 12-acre site being redeveloped with 599 multi-family rental units on a site of a former retail center anchored by K-Mart and Michael's Crafts. This project was approved in 2011, and is scheduled for completion in 2016. The developer is Essex Property Trust.
- **Hines Office Complex**—this site, the former Telecenter Appliance Center, is also being redeveloped to accommodate 267,500 sq. ft. of Class A office space as well as 139,600 sq. ft. of surface and structured parking decks.

Caltrain is working with both developers to integrate pedestrian connections, and to resolve urban design and circulation issues to enhance ridership potentials at its Hayward Park station.