Joint Development –
The Transit Agency Perspective
Paul L. Marx
Director of Planning
How Does RT Do It?

- Basics of the RT System
- Why Joint Development?
- Major Players/Interests
- How RT Works with these interests
- Lease vs. Sell
- Follow-through – RT’s program
# The Regional Transit District

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Population</td>
<td>1.3 million</td>
</tr>
<tr>
<td>Service Area</td>
<td>418 Sq. Miles</td>
</tr>
<tr>
<td>Employees</td>
<td>1,181 as of June 2006</td>
</tr>
<tr>
<td>Passenger Miles</td>
<td>124.6 million</td>
</tr>
<tr>
<td>Total Ridership</td>
<td>30.4 million</td>
</tr>
<tr>
<td>Bus Trips</td>
<td>19.4 million (2005)</td>
</tr>
<tr>
<td>Rail Trips</td>
<td>14 million</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>$118.1 million</td>
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</tbody>
</table>
Major Public Players/Interests

- City of Sacramento
  - Zoning
  - Design standards
- Sacramento Council of Governments (SACOG)
  - Metropolitan Planning
  - Place3s land use software
- Other Municipal Governments
  - Elk Grove (E-Tran service)
  - Sacramento County (Both RT and own service)
  - Rancho Cordova (RT Service)
- State agencies – Housing, Transportation, etc.
- Civic Groups and Community Organizations
Major Private Interests

- Developers
  - May own or control property
  - Respond to current market (limiting your options)
  - May be specialized by type of development

- Banks/Finance
  - Conservative
  - May view mixed-use as too risky

- Community Development Entities
  - May be strong allies or opponents to specific project
The Policy Framework for JD

◆ Federal Grant Programs
  ➔ New Starts land use criteria
  ➔ Joint Development guidance 2007
  ➔ Context-sensitive solutions and Smart Growth

◆ Regional Policies
  ➔ Blueprint – MPO land use/transportation plan
  ➔ Smart Growth principles

◆ Air Quality
  ➔ Reducing automotive trips, trip lengths
  ➔ Requires land use planning and increased transit use

◆ RT’s Transit for Livable Communities (TLC) program
RT’s Guidance

• Try to influence local decisions, particularly with regard to density of use and pedestrian scale
• Conform to local general plan
• Review and comment on development projects
• Be reasonable in expectations
• Make the best of what you have (what’s already there)
Sale or Lease?

- Lease has the benefit of short FTA review
  - Lease provides effective continuing control
  - Lease usually provides ongoing revenue stream
  - Lease can be used to provide implicit financing for project
  - Transit has stronger hand in project outcomes

- But there are disadvantages
  - Developer may not be able to build “for sale” product
  - Outside financing harder to come by, more expensive
  - Far fewer developers are interested
  - Transit may have to wait a long time for revenue
Sale or Lease (II)

- Sale has longer FTA review
  - Evidence of effective continuing control
    - Amend the basic FTA certification
  - Demonstration of reasonable return to transit
  - Preparation and near-execution of JD Agreement

- But there are still advantages
  - Developer can pledge the property for financing
  - The reasonable return to transit is more certain
  - A greater range of developers may be interested in your property, making it more competitive
## Total Acreage ~ 137.6

<table>
<thead>
<tr>
<th>Station</th>
<th>Acreage</th>
<th>Station</th>
<th>Acreage</th>
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<tbody>
<tr>
<td>47th Ave.</td>
<td>6-7</td>
<td>Swanston</td>
<td>21</td>
</tr>
<tr>
<td>Florin</td>
<td>22</td>
<td>Royal Oaks</td>
<td>4.5</td>
</tr>
<tr>
<td>Meadowview</td>
<td>20</td>
<td>Marconi</td>
<td>20</td>
</tr>
<tr>
<td>Watt/Manlove</td>
<td>7</td>
<td>University/65th</td>
<td>2.5</td>
</tr>
<tr>
<td>Mather Fields/Mill</td>
<td>3</td>
<td>Power Inn</td>
<td>13.6</td>
</tr>
<tr>
<td>Sunrise</td>
<td>5.8</td>
<td>Butterfield</td>
<td>3.2</td>
</tr>
<tr>
<td>Hazel</td>
<td>7</td>
<td>Others</td>
<td>2</td>
</tr>
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</table>
The Real Estate Market

◆ Commercial Real Estate
  ➔ Significant construction undertaken in 2006 and 2007
  ➔ Commercial occupancy rates good – over 93%
  ➔ Lease rates are around $25 per sq. ft. in downtown (NNN)

◆ Residential
  ➔ New housing sales hit records in 2006 but falling in ‘07
  ➔ Prices of new and existing homes fell both end-2006 and ‘07
  ➔ Sub-prime lending is affecting transitional neighborhoods
  ➔ At least one keynote project in difficulties (Capitol Towers)

◆ Retail
  ➔ Vacancy rate down, absorption rate up, new development
How is RT Proceeding?

- Prepare the land
  - Site preparation as needed
  - Entitlements (land may already be in Transit Overlay)
- Offer via RFP
  - Select developers on the basis of TOD standards
- Remain open w/ regard to sale or lease
- Enter into Exclusive Negotiating Agreement (ENA)
- Facilitate access to funding sources (Housing, etc.)
- Seek FTA review and concurrence on JD Agreement
- Execute Disposition and Development Agreement (DDA)
Recent infill examples
Thank you.

FOR MORE INFORMATION:

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