Six lessons for successful transit-oriented development

1. Transit alone cannot create market demand.

2. Public-private partnerships require an empowered public partner.

3. Public sector must have flexible goals to respond to shifts in market and timing.

4. Anchor tenants and thoughtful phasing are critical to long-term project success.

5. Public sector must utilize available tools and often make significant investments to incentivize risky private investment.

6. Parking is a persistent constraint for TOD and must be addressed creatively.
Six lessons for successful transit-oriented development

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Challenges & risks inherent in TOD for private developers

1. **Land assembly** around transit stations
2. **Infrastructure upgrades** to accommodate density
3. **Structured parking** to accommodate density and replace surface parking
4. **Limited private market** of mixed-use expertise and financing
5. **Regulatory risks** with local municipalities
Empowerment often requires significant public sector coordination

- **Authority and Capacity**
  - Land ownership
  - Planning and zoning
  - Public realm and infrastructure investment
  - Development incentives

- **Public Partners**
  - Transit agencies
  - Municipalities
  - State/local redevelopment agencies

- **Coordination**
  - Master planning
  - Parking
  - Other public benefits (transit enhancements, open space, affordable housing)
  - Developer selection
  - Funding/investment
Hoboken Terminal: 64 acre TOD opportunity
Opportunity for transformation

Five modes of mass transit

- Railroad, light rail, PATH commuter rail, Trans-Hudson ferry service and regional service

Market strength

- Strong office, residential and retail markets
- Hudson River access and views

Public support

- Commitment to historic restoration; state policies encouraging TOD
LCOR/NJ TRANSIT 2008 Master Plan
Significant potential economic benefits

- Proposed Development: 9.2 m SF mixed-use (5.4 million SF Phase I)
- Permanent Hoboken Jobs: 18,000
- Annual City Tax Revenues: $51 million
- Annual State Tax Revenues: $100 million
- Public Infrastructure: $150 million
Project future is uncertain: lack of policy alignment among NJ Transit/Developer and City

NJTransit Master Plan

NJTransit Master Plan Revisions

2005  2006  2007  2008  2009  2010  2011  2012

NJTRANSIT selects LCOR to redevelop 64-acre parcel

LCOR

City Redevelopment Plan I

FXFOWLE

City Redevelopment Plan II

WRT

Hoboken mayor ready to unveil scaled-down plan for skyline

Published: Wednesday, September 05, 2012, 8:00 AM
By Mike Frassinelli/The Star-Ledger
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Hudson Yards: Coordinated vision for a 21st Century Business District

Rezoning for mixed use development:
- 24 msf of Class A office space
- 13,600 units of housing
- 2 msf of hotels
- 1 msf of retail

Agreement for development of MTA Railyards

Over 20 acres of new parks and public open space
Coordination among public stakeholders on site and District Planning to optimize private sector response

New York City Economic Development Corporation

MTA

Hudson Yards Development Corporation
Aggressive zoning and incentives for a New Midtown

Implementation Entity: **Hudson Yards Development Corp.**

**2005 Rezoning.** Changed use from industrial to commercial, including some residential. Up-zoned from a 2 FAR to 10 FAR, with bonus up to 33 FAR.

**District Improvement Bonus.** Development rights sold to finance extension of the 7 subway line.

**Transferrable Development Rights.** The MTA’s Eastern Rail Yards parcel was up-zoned to 19 FAR with only 11 FAR allowable on site to create TDR’s to enhance large-scale development opportunities and revenue for the MTA.

**Tax Abatements.** PILOTs allow up to 40% abatement for 20 years.
Supportive public realm investments

- High Line, Phase 3
- Hudson Boulevard
- 7 line extension
- Javits Expansion
- Javits Convention Center
- Moynihan Station
- Hudson Park & Boulevard
Coordinated developer selection; strong private response
Coordinated developer selection; strong private response
Master Plan implementation under way

- First office tower with Coach as anchor tenant to break ground November 2012
- High Line Phase 3 groundbreaking September 2012
- Subway extension to open by December 2013
Fulton Center, New York: TOD within station buildings
MTA assumes full authority for space use, investment, and lessee procurement
MTA Fulton Center Project Goals

1. Ensure the highest standards of daily maintenance and long-term capital asset management.

2. Deliver an experience befitting a great civic space and transportation facility.

3. Engender confidence among prospective subtenants.

4. Optimize MLA Rent and MTA Sublease Rent in predictable amounts.
Lessons learned to date: Hoboken Terminal, Hudson Yards, Fulton Center

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<th>Hoboken Terminal</th>
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<th>Fulton Center</th>
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Transit Agencies: opportunities for better public partnership

1. Obtain authority for development entitlements through legislation

2. Coordinate Master Plan with partner municipality before bringing to market

3. Allow Municipality/Redevelopment Agency to lead development process

4. Pursue TOD opportunities within Transit Agency jurisdiction, i.e., within existing or newly-constructed stations
Questions?