



10-Year Transit-Oriented Development Work Plan Outline



10-Year Work Plan for Transit-Oriented Development - Outline

Table of Contents

1. Introduction
2. TOD Program Overview
3. Prioritization Process for Advancing Development
4. BART's Priority Sites
5. Advancing Development More Quickly
6. Impact of AB 2923 Requirements on BART's TOD Work Plan
7. Next Steps

DRAFT



1. Introduction

This Ten-Year Work Plan for Transit-Oriented Development (TOD) is intended to provide transparency about how the San Francisco Bay Area Rapid Transit District (BART) will work with jurisdictions, stakeholders, and private and non-profit developers to develop its property with housing, commercial, and/or institutional uses. This document provides a summary of BART's internal TOD Program functions and current capacity, a description of BART's proposed process to prioritize development on properties at its stations, and preliminary recommendations on how BART's TOD Program can respond to the new requirements in AB 2923.

2. TOD Program Overview

BART Board-Adopted Policies Guiding the TOD Program

The BART Board has adopted several documents to support and direct the transit-oriented development program. This includes:

- An affordable housing policy, requiring at least 20% of units at a station to be affordable
- A new transit-oriented development policy (2016, rev. 2019)
- Transit-oriented development performance targets for 2025 and 2040
(Please see Section III for further description of these targets)

Additionally, several other policies influence the way that BART's TOD projects are built:

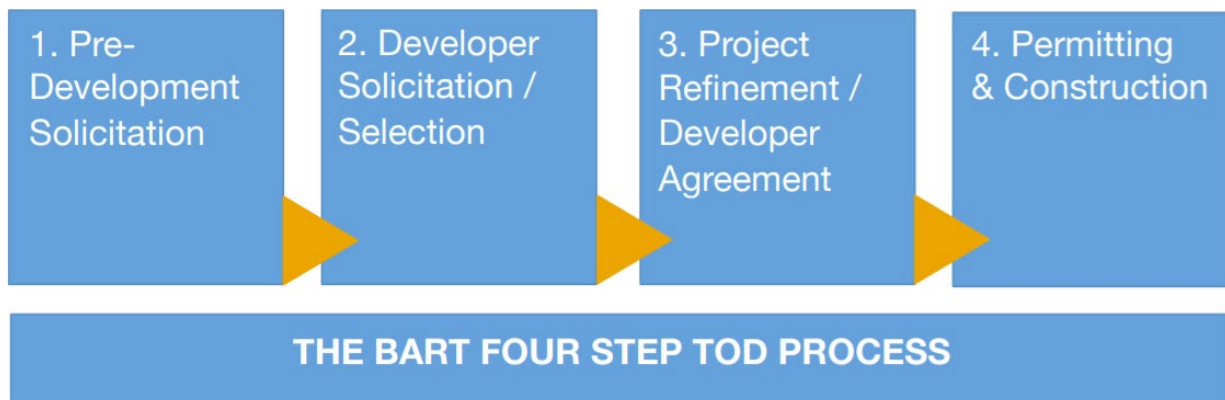
- Project stabilization agreement policy, requiring project labor agreements on BART's TOD projects (2011)
- Station Access Policy and Performance Targets (2016)
- Art in Transit Policy (2015, rev. 2018)

The Four Step Transit-Oriented Development Process

Chapter 3 of BART's [2017 TOD Guidelines](#) describes BART's process to advance TOD on BART's land. The Guidelines include a description of the four steps in the development process as shown in Figure 1, as well as typical roles and responsibilities. BART staff actively support all stages of the development process, from early station area planning, zoning, and community engagement, through project construction. While BART is engaged in early planning and zoning efforts for many BART properties, this 10-Year Work Plan is focused on the way in which BART would move a station area into Step 2 – Developer Solicitation and Selection. This is the point at which BART would advance a site for development.

Whereas the AB 2923 Guidance Document focuses on *zoning*, this 10-Year Work Plan focuses on *when and how BART will advance*

Figure 1: The BART Four-Step Transit-Oriented Development Process





BART Staff Involvement and Workload

Since the inception of the TOD Program over 25 years ago, BART has historically released less than one new developer solicitation each year. With the adoption of the 2016 TOD Policy and Performance Targets, BART will need to increase the number of solicitations, and is currently aiming to release two solicitations per year. The complexity and duration of an individual project will vary considerably based on its scale, phasing, mix of uses, and proximity to BART operations. While the solicitation process alone does not require a full staff person, a project at the height of design review, financial negotiation, and construction can require involvement from several staff from BART's Real Estate, Planning, Customer Access, and Maintenance and Engineering departments.

Because staff involvement is more intensive towards the end of a project than the beginning, BART must consider upcoming work on its existing projects when identifying future projects to initiate. Projects that are not as intensive today in concept planning stages will require more staff time as they move closer to construction.

3. Prioritization Process for Advancing Development

This section describes the process by which BART plans to advance projects into Step 2 – developer solicitation and selection. The prioritization process will be updated every two years. Renewing this information regularly will allow for flexible response to changing market conditions and the ability to maximize BART’s TOD performance. The process will identify sites that BART plans to move forward to the solicitation stage in the short-term (2 years), mid-term (2- 4 years) and long-term (5- 10 years). If appropriate – and if staff capacity and funding exists – staff may engage in planning work for sites in the 2-4 year time frame to prepare for a future solicitation. For example, there may be additional community engagement, station access work, or a funding strategy for affordable housing.

A. Evaluate TOD Program Performance and Set Current Land Use Priorities

Review actual TOD program performance against 2016 Board-Adopted BART TOD Policy Performance Targets and set current priorities by use (housing, affordable housing, office/commercial).

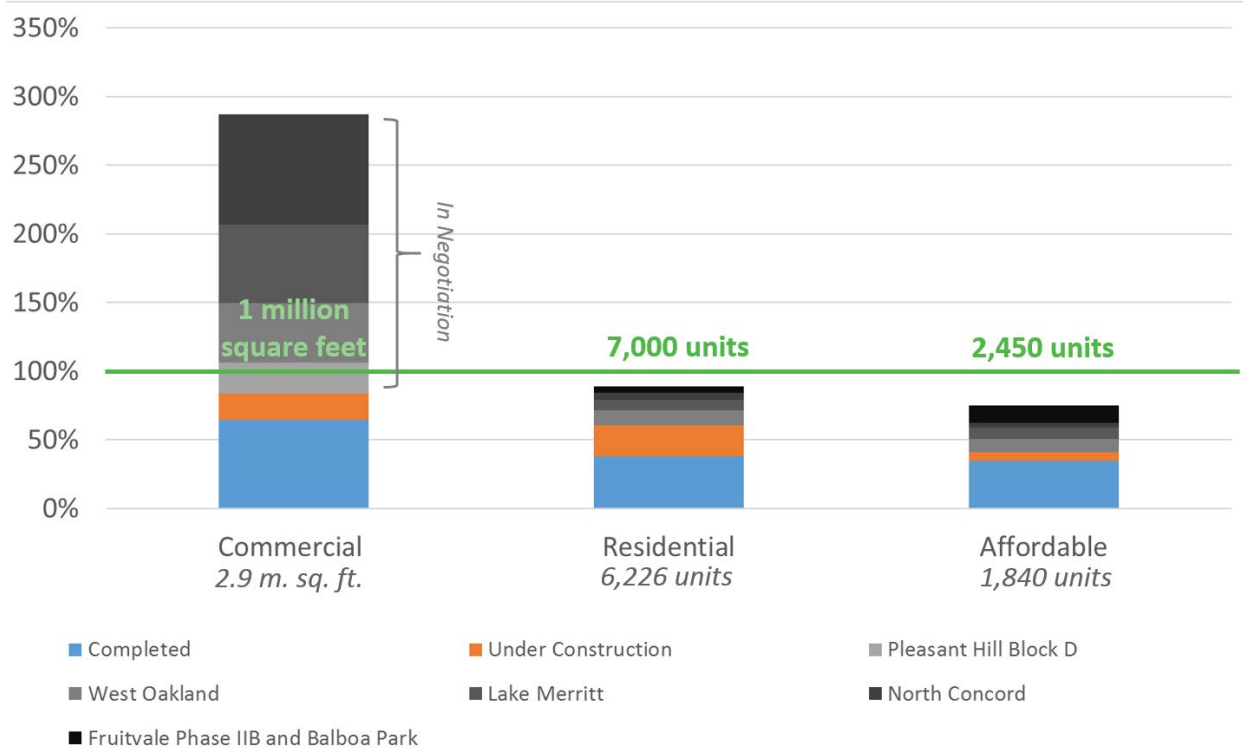
BART’s performance targets for development on BART property are summarized in Table 1, and the full set of targets [can be found on BART’s website](#).

Table 1: Board-Adopted Performance Targets for On-Site TOD, 2025 and 2040

Land Use	2025 Target	2040 Target
Office Space (Sq. Ft.)	1 million	4.5 million
Housing Units	7,000	20,000
Affordable Housing Units (35%)	2,450	7,000

BART’s performance as of February 2020, towards the 2025 target, is shown in Figure 2, on the next page.

Figure 2: Current BART TOD Program Process Towards 2025 Performance Target



Source: BART Real Estate & Property Development Department, Strategic Economics

Presently, BART falls short of its residential targets, with the greatest deficit in affordable housing. To meet its 2025 goal, BART will need to complete all projects under negotiation, and add nearly 775 additional housing units to its portfolio, at least 610 of which are affordable.

BART's existing and planned commercial projects represent nearly 300% of the 2025 goal, but it is important to acknowledge that only 64 percent of the 2025 goal has actually been constructed to date. While BART is planning for a significant amount of additional commercial development, the market for office space is more speculative and thus tenuous than housing, and some of BART's planned projects may not come to fruition.

B. Clarify Transit-Oriented Development Opportunities

Methodology:

B.1: Confirm the BART property that is available for joint development by station area:

- *Define the scale of development potential at each site, including consideration of (a) BART capital facility needs (e.g., property needed for construction staging for BART operational or maintenance needs); and (b) site characteristics (e.g., physical factors that inhibit development, such as topography or parcel configuration).*

B.2: Articulate BART land use expectations by property for:

- *General parking replacement expectations based on Station Access Typology.*
- *Areas to preserve for Job-generating uses based on expected long-term market potential.*
- *Affordable housing expectations (goal of no less than 20% at each station with a residential component on BART-property, with a higher affordable share at some stations).*

B.3: Identify current and future potential BART staff capacity for advancing solicitations within the next two-year period.

C. Prioritize Sites for TOD Projects

Methodology:

Properties will be ranked based on the three categories of factors described below.

C.1: Development readiness. Factors to be considered include:

- Does BART's desired use (or mix of uses) and density appear likely to be feasible given current and expected future local market conditions and property characteristics?¹*
- Are other properties in the immediate station area being developed?*
- Does the station area support transit use, walking, and biking (including robust first mile/last mile connections, possibly reducing the need for on-site parking?)*

C.2: Local support. Factors to be considered include:

- Is the local jurisdiction in favor of transit-supportive development on BART's property and in the surrounding area, as represented by local plans, inclusion of the full station area in a Priority Development Area in regional plans, or other Council action?*
- Do BART and the jurisdiction agree on the expected land use mix of a future development?*
- Are zoning and other policies in place to support development of BART's property at the highest feasible density/intensity being achieved in the market? If appropriate and feasible to build, has the jurisdiction voluntarily updated the area zoned density to exceed the requirements of AB 2923?*
- Has there been a recent public outreach process offering evidence of local community support for the desired development program?*
- Has the area been identified as vulnerable to displacement? And if so:*
- Are policies in place to prevent and/or mitigate displacement of residents in the surrounding neighborhood, e.g.:*

¹ Note: this could include uses that do not rely upon market support, such as institutional uses.

- *Are tenant protection ordinances in place?*
- *Does the jurisdiction have an inclusionary policy, impact fee, linkage fee or other policies to encourage provision of affordable housing?*

C.3: Implementation Barriers and Opportunities. Factors to be considered include:

- *Cost and complexity of any BART infrastructure needs that would need to be addressed as part of development (e.g., replacement parking, station modernization/capacity increase).*
- *Opportunity created by a change in the use of a station (e.g. system expansion occurs and parking at a station no longer used as it once was)*
- *Is the site competitive for state and federal affordable housing funding sources such as Affordable Housing and Sustainable Communities Program funding and Low-Income Housing Tax Credits?*
- *Is local (County and/or City) financial support available to incentivize development, provide gap funding for affordable housing, offer wraparound services for special needs populations, or provide funding for parking/access improvements?*
- *Are there other available funding sources for access, infrastructure, or other needs (e.g. local transportation bond, transportation impact fee, County sales tax)?*
- *Does the jurisdiction support the use of a district-based approach to implementation (e.g. district-based financing mechanisms, business improvement district activating or maintaining public spaces, parking management district)?*

D. Define Short-Term Priorities

Methodology:

The above analysis will result in a list of the top five to ten station areas that are development-ready. From this list, BART will identify near-term TOD projects that BART will move forward to solicitation within the next four years. BART will rank the priority sites, considering:

- *How well would a development address BART's performance target shortfalls?*
- *Is there a way to address outstanding implementation barriers in the short term (e.g. district-wide financing is advancing, City pursuing affordable housing bond)?*
- *Could the project achieve an unusual opportunity or objective for BART? (e.g. strong opportunity for generation of off-peak ridership, delivery of critical BART infrastructure, large-scale parcel assembly)*
- *Could a project on BART's property catalyze another major growth opportunity in the station area?*
- *Is the project a good investment of limited staff resources, and/or are other resources available to support implementation such as jurisdiction staff?*

4. BART's Priority Sites

The final draft of this section will summarize BART's actual priorities for development in the 1-2 year time frame, 2-4 year time frame, and 5-10 year time frame, based on methodology described in Section III.

5. Advancing Development More Quickly

Since AB 2923 was authored, one of the main questions that BART has received is: "given the housing crisis, what would it take for BART to initiate more development projects and accelerate delivery of TOD?" This question is pertinent to AB 2923 in particular as the original intent of the legislation was to accelerate development of BART-owned property.

In the final draft, this section will include an evaluation of BART's current staff capacity, and a resource need to advance a greater number of projects each year. This section will also include an estimate of the potential magnitude of additional development that could take place if external resources were allocated to accelerate the program.

It is important to note that BART has many operational needs, and it is unlikely that the TOD program will continue to expand at this point without additional external resources. This section is provided so that external parties may understand the relative investment and potential effect.

6. Impact of New AB 2923 Requirements on BART's TOD Work Plan

It is BART's understanding that AB 2923 was intended by the State as a supportive response to BART's ambitious 2040 performance target to build 20,000 homes, 35 percent of which are affordable to low-, very-low, and extremely-low income households, and transit supportive populations. BART followed the dialogue between the State legislature and several local jurisdictions who expressed concerns about the loss of local control of land use regulation. Other stakeholders and housing advocates pointed to the strong need to explore innovative solutions to accelerate housing production as a way to address the region's housing crisis. The BART Board of Directors voted to be neutral on this bill as it advanced through the legislature.

Following then-Governor Brown's approval of the bill on September 30, 2018, then-BART General Manager Grace Crunican issued a statement indicating BART's continued intention to work in close collaboration with cities and communities as BART advances development of its properties.

CA Public Utilities Code Section 29010.6(b)(1) requires BART to *"meet with each jurisdiction in which the station is located, as well as any relevant infrastructure agencies. The consultation required pursuant to this section shall include all of the following:*

- (A) A review of the housing needs of the jurisdiction.*
- (B) A review of the TOD approved and built in the past year in the jurisdiction.*
- (C) A review of any TOD projects proposed by the district in the jurisdiction for the past year.*
- (D) A discussion of any obstacles to development of any project proposed by the district."*



As a follow up to BART's commitment to collaborating with local jurisdictions on AB 2923 implementation, and to address this section of the legislation, BART staff met with staff from 22 jurisdictions in spring 2019.

Some early findings from these discussions and BART's analysis have emerged around how this legislation will affect the way the TOD Program operates. As a reminder, BART is continuing its analysis and community engagement, and these findings are preliminary:

1. The majority of local jurisdictions affected by AB 2923 are supportive of some type of development occurring on BART-owned property in their communities.

- BART asked local jurisdiction staff to gauge local interest in BART development in the next 5 years, 5-10 years, or beyond 10 years. Figure 3 summarizes the responses received.
- There is jurisdiction support for short-term (0-5 year) development of property at 14 BART stations, and only four jurisdictions showed strong disinterest or concern about BART developing local property in the next decade.

2. Some of the greatest perceived barriers to development of BART property are: a) the need for parking replacement, b) the desire for land uses and/or density that may not be market feasible today, c) escalating construction costs, and d) insufficient subsidies for affordable housing.

Parking Replacement and Job Generating Uses

- Among the jurisdictions with an interest in development, those jurisdictions with a more auto-dependent or auto-reliant access type often indicated that their support would be predicated on a solution to the need for BART customer parking.
- While many jurisdictions communicated support for development, there was stronger support among jurisdictions in more outlying parts of the BART

system for mixed-use or commercial development only. Figure 4 shows the local preference for development of BART property by use, as stated by the jurisdiction staff in early 2019. Housing-rich communities often tended to support jobs on BART property, and areas in closer proximity to job centers in San Francisco and Oakland expressed stronger support for housing, and affordable housing in particular.

- To address these issues, BART's proposed prioritization criteria factor in replacement parking need and availability of funds, as well as BART alignment with local land use goals.
- BART will need to engage in further discussion on how to prioritize sites for job-generating uses, balancing BART's ridership goals with short-term market feasibility and the regional jobs-housing imbalance.

Construction Cost Escalation and Affordable Housing Needs

- Escalating construction costs have slowed development in many subregional markets. In BART's interviews with local jurisdictions, several observed a large pipeline of approved projects that are not advancing as expected due to issues with financial feasibility.
- Cost escalations have had a major impact on BART's own affordable housing projects as well, with recent per unit construction costs ranging from \$650,000 to upwards of \$900,000. As a result, many affordable developers focus on advancing projects in jurisdictions that offer local funding to help address the gap. This could create a regional imbalance within BART's TOD projects because jurisdictions will more likely offer a local source of funds for affordable housing if they strongly support affordable housing development. BART will need to explore ways to expand affordable housing production in other locations – particularly as roughly 40% of BART's portfolio is in Contra Costa County, which lacks a countywide source of funding for housing.

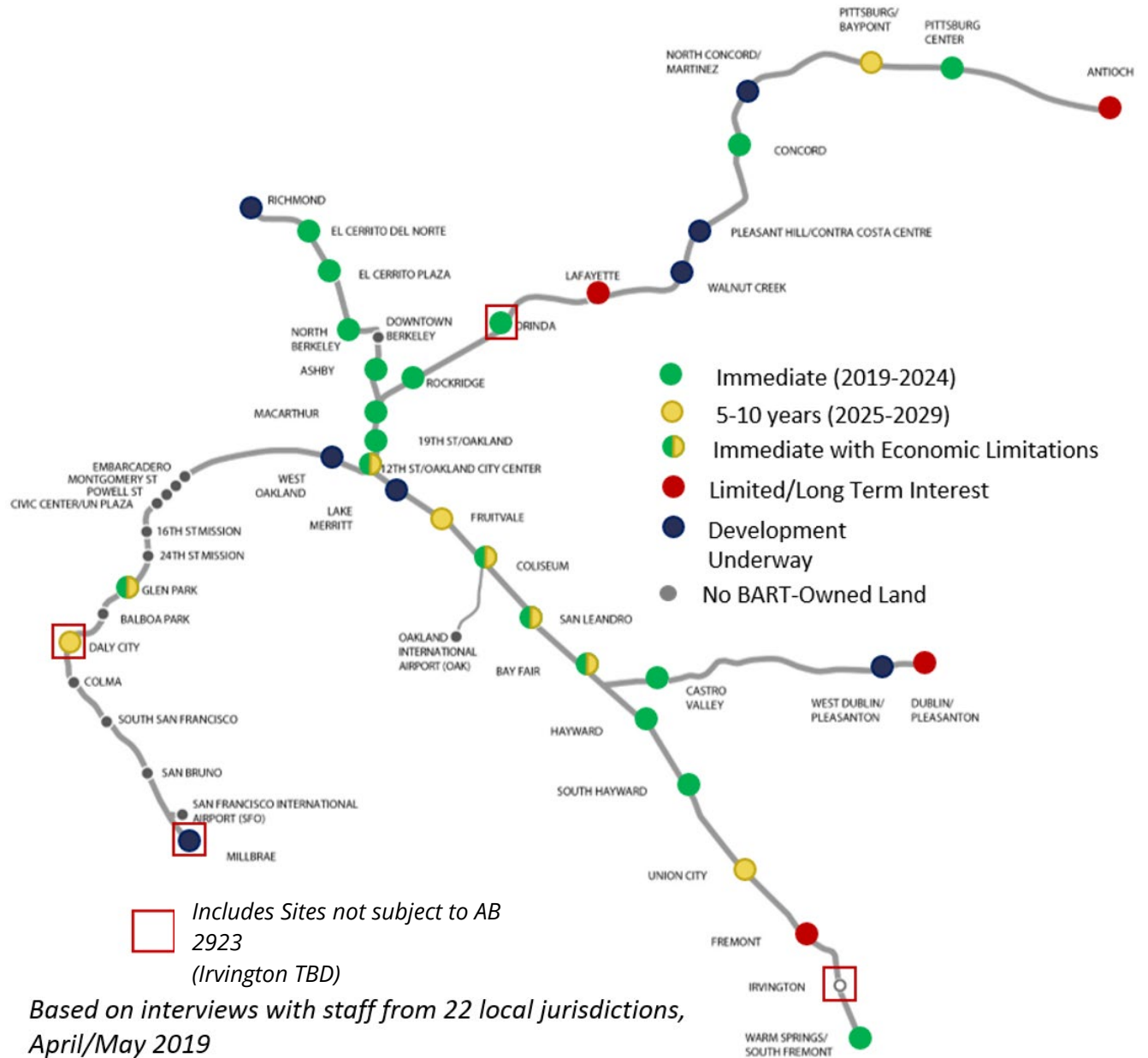


3. Consistent with BART's Board-adopted TOD policy, BART will continue to only work with jurisdictions that are supportive of TOD.

There are several reasons why BART intends to follow this existing Board-adopted policy:

- Finding #1 indicates that BART has no shortage of willing partners for development. It would be unfair to these communities to pursue development with a less supportive community.
- Working with an unsupportive jurisdiction is costly for a developer, and an inefficient investment of BART staff resources. Based on BART's historic experience with TOD projects, support of a local jurisdiction extends well beyond the zoning of a site. BART and jurisdictions need to work together on many decisions such as lot line adjustments, joint maintenance agreements, public service agreements, shared parking arrangements, construction and safety oversight, and formation of parking management districts or business improvement districts. These decisions become prohibitively challenging and expensive with an unsupportive jurisdiction.
- There may still be times when BART initiates a project with a supportive jurisdiction, and a political change occurs. Unless the project is not beneficial to BART or the Board decides otherwise, it is BART's intent to see these projects through to completion.

Figure 3: Local Interest in Development of BART Properties (As of June 2019)





4. For many communities, the height and floor-area ratio zoning requirements of AB 2923 are in excess of what can be built by the market today.

- Many communities, particularly in southern Alameda County and central and eastern Contra Costa County, are not yet able to support the rents needed to construct buildings greater than five stories. However, as AB 2923 regulates zoning, these communities will still be able to advance mid-rise development meeting BART's minimum zoning performance target of 75 units per acre.

5. Due to the zoning standard requirements of AB 2923, it will be more important than ever for BART to collaborate closely with local jurisdictions on project design elements.

- Per AB 2923, CA Government Code section 29010.6(f) states that *"In the event that the TOD zoning standards, objective planning standards, general plan, or design review standards are mutually inconsistent, the TOD zoning standards shall be the controlling standards. To the extent that the zoning standards do not resolve inconsistencies, the general plan shall be the controlling standard."*
- In many cases, the zoning standards in AB 2923 – height, floor-area ratio, residential density, parking minimums and maximums – will leave very little flexibility for additional design review or planning standards to apply from a regulatory standpoint. Where this is the case, BART staff will work closely with local jurisdictions prior to a solicitation to try to come to agreement on design parameters to be considered in an actual development project. While local zoning regulation capabilities may be diminished, BART will still have control as the property owner who must ultimately approve the deal and the project.

7. Next Steps

Based on BART's work to date, there are several areas requiring further analysis or discussion with the BART Board and local jurisdictions:

1. Engage communities of concern
2. Resolve how BART intends to prioritize and reserve land for job-generating uses.
3. Summarize BART's replacement parking policies and approaches
4. Publish a list of BART's developable properties
5. Complete the prioritization of sites
6. Revisit BART's approach to collaborating with jurisdictions, based on analysis to be completed for AB 2923 Guidance Document.

DRAFT