

# TODs for Southern California: Challenges and Prospects

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When the idea of transit oriented development (TOD) entered the lexicon of planning in the late 1980s, it was enthusiastically endorsed by some planners and academics who viewed TODs as a way of mitigating the ubiquity of sprawl and as a strategy for smart growth. But actual implementation of TOD projects was slow to follow as developers and funding institutions were hesitant about the level of public acceptance and marketability of such projects in a region that seemed to be married to the private automobile.

Twenty years later, however, the concept of TOD is no longer “academic,” but has been successfully implemented in many metropolitan regions throughout the nation. In Los Angeles County, many housing and mixed-use projects have appeared in close proximity to stations in Pasadena, South Pasadena, Hollywood, Long Beach, and other areas, and more are on the drawing boards or at various stages of the approval and development process. Municipalities and Metropolitan Planning Organizations, and even many developers are enthusiastic about building



near transit. Why has development around transit become popular? Which are the motivations and incentives but also the constraints and problems of building adjacent to stations? Can TODs have an effect in reducing traffic congestion, improving environmental quality, and enhancing housing supply and affordability in Southern California? Finally, what are the necessary antecedents and appropriate strategies for attracting development around stations and along transit corridors?

To address these questions I will draw from the experiences of two transit lines which represent the first and last built segments of Los Angeles County’s metro rail system: The Blue Line and the Gold Line. The Blue Line opened in 1990 as the first twenty-two mile increment of a long-awaited light rail system, connecting downtown Los Angeles to downtown Long Beach. The line used existing, but largely unused tracks of an earlier system. While the line has been operating for 17 years it has not been able to realize its development potential of creating vibrant transit station neighborhoods. With the exception of a few TODs, especially near the Long Beach stations, there has been little development along the Blue Line corridor. The Gold Line, on the other hand, which opened in July 2003 linking downtown Los Angeles to Pasadena, has generated considerable development activity around many of its stations, although it has not yet reached its projected capacity in terms of transit trips. I will argue that a lot has changed in the region in the thirteen years that separate the inauguration of the two lines, which is partly responsible for the change in attitudes and the new-found popularity of TODs.

## **Learning from Past Mistakes**

When the Blue Line was still at a conceptual stage of development, rail advocates emphasized the various benefits, in addition to mobility, that the line could bring to the depressed inner city neighborhoods

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it was passing through. But when my colleague Tridib Banerjee and I studied the line, ten years after its inauguration, we found empty fields and classical inner city decay in the vicinity of many stations. We argued that the line was suffering from the “Blue Line Blues,” which was a combination of four types of problems and a number of missing antecedents for economic development, whose combined presence was halting development and positive change around its stations.

There were certainly *planning problems*, which included a general lack of planning by municipalities and jurisdictions in anticipation of the line, and a lack of coordination among the different public-sector agencies to instigate joint development opportunities. *Environmental problems* that plagued development in the vicinity of Blue Line stations included an abundance of contaminated sites and incompatible land uses. Much of the land along the corridor was simply not fit for new housing or neighborhood development or it was zoned for uses not compatible with TODs. The *social and structural problems* and obstacles that beset many inner city communities—poverty, unemployment, crime, and gang violence -- defined a negative image for investment in many of the Blue Line’s station neighborhoods. Being populated mostly by minority and immigrant residents these neighborhoods were also lacking the political clout and ability to voice their opinions in public hearings or demand more resources. Finally, *economic problems* such as the high cost of land near stations combined with a general lack of development incentives frustrated development along the line.

The Blue Line corridor represented a clear case of lacking preconditions or missing antecedents for TODs. These included: 1) the back door location of many stations, which are located in the industrial backlot of metropolitan Los Angeles, away from the center of communities; 2) an absence of a critical mass of density near station areas; 3) a lack of



a good interface with other transportation modes that led to the poor accessibility of many stations; 4) pedestrian unfriendly stations lacking good pedestrian connections to the surrounding neighborhoods; 5) a lack of an overall urban design framework or vision for station area development; 6) a landscape of deprivation in the immediate station neighborhoods and a general lack of desirable neighborhood amenities; 7) regulatory barriers such as antiquated zoning and a lengthy permitting process; 8) lack of institutional commitment and missed opportunities for land acquisition and joint development from the part of municipalities and transportation agency; and 9) a lack of community involvement and participation in the planning process.

Indeed, when the Blue Line was built, municipalities seemed unprepared or unconcerned with planning for development in adjacent sites. This stymied opportunities for development around its stations. Since that time, however, municipalities have learned from past mistakes and have become increasingly eager to make TODs happen by specifically

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planning for them and offering development- and financial incentives. In anticipation of the Gold Line, for example, the city of South Pasadena created a master plan for not just the station site but for the whole Mission District, awarding additional density entitlements if the developers allowed for a mixture of uses and provided public parking near the station. The city also raised a total of \$5 million funds from different sources to subsidize the Mission Meridian project. Seeking to maximize development opportunities by increasing allowable densities around its station areas, the city of Pasadena also prepared plans in anticipation of the Gold Line, and reduced parking requirements for developers building near stations.

In the years that separated the construction of the two lines many municipalities realized that growth and development around station areas does not simply happen by the mere presence of the transportation network. There is a need for a plan and a vision for the station area combined with incentives for TODs.

### **Pressing Issues, Pressing Trends**

Pressing issues and trends in the Southern California region have forced many municipalities to start considering ways of accommodating urban growth and its associated effects. During the thirteen years that separated the inauguration of the two light rail lines, drastic demographic, economic, and environmental transformations took place in the region, which made the visioning of an alternative urban form necessary and urgent. For one, population size has reached 9.5 million in Los Angeles County alone, and according to SCAG projections, is expected to grow by 30% by 2025. If cities are to continue to accommodate Southern California residents into the single-family homes that are dotting the region's landscape, they would have to keep pushing the urban boundaries ever outwards, leapfrogging into farmland and extending



the urban sprawl. Also importantly, the region's changing demographics, which include a growing share of Latino transit-dependent households and more older people often willing to consider alternatives to the suburban single family housing, are likely to generate more demand for TODs.

Second, the supply of housing in the region fell far short from meeting consumer demand, while housing prices skyrocketed. Median home prices generally doubled over the span of four years, from 2001 to 2005, and housing affordability reached a record low in 2005. These trends mean of course that an increasing share of households can no longer afford the singly-family home of the American dream. Different and more affordable housing options should be made available that may include duplexes, town homes, apartments, and condominiums.

Third, the region reached the dubious record of the worst traffic congestion in the nation. Traffic gridlocks are now a daily occurrence

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on Southern California freeways and surface streets. It comes as no surprise that transportation emerged as the top concern of residents in the Southern California Public Opinion survey. Urban housing in close proximity to jobs and retail opportunities has become a desirable option for urbanites wishing to avoid long commutes and the accompanying exposure to traffic congestion. In Los Angeles County, for example more than half of the residential building permits issued in 2005 were for multi-family housing.

Fourth, solo driving has also become much more expensive in recent years. Since 2001 gasoline prices have doubled from \$1.60 to \$3.20 per gallon. Having more transportation options, including walking and riding the bus or the train, is becoming quite appealing for a number of households. While the private car still remains the undisputed travel mode of choice for most households in the region, transit has increased its share. Indeed the region experienced a record high of 672 million transit boardings in 2005.

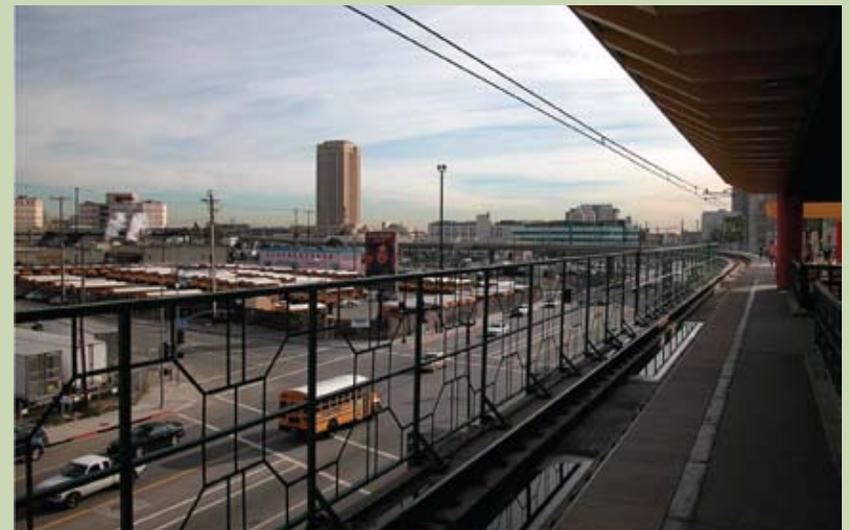
Finally, concerns about the region's air quality and the effects of global climate change are worrisome for Southern Californians who placed the environment as their third most important concern in the Southern California Opinion Poll. The region's excessive reliance on the automobile means that residents use more energy for transportation (about 40%) than for other activities. The burning of fossil fuels from automobile emissions, therefore, contributes greatly to its air quality woes. Indeed, the South Coast Air Basin has some of the worst air quality in the nation.

The aforementioned demographic and economic realities, trends, and concerns have expanded the market for TODs and have encouraged or forced a larger segment of the public to seek alternative ways of living beyond the single-family house.

### **Regional Response: An Enabling Policy Environment**

When we studied the reasons for the lackluster effect of the Blue Line on its adjacent neighborhoods we observed a lack of institutional will and initiative. We emphasized the need for regional thinking and public sector involvement, commitment, and support. Today, this seems to be happening at different scales.

California voters have approved Proposition 1C, a \$2.8 billion bond for affordable housing that includes \$300 million for a TOD implementation program. This is supposed to provide grants for municipalities and transit agencies to build the necessary infrastructure that can make TODs feasible. An additional provision of Prop 1C is the availability of loans for mixed-use, housing, and commercial developments within one quarter mile of a transit station. The California Department of Housing and Community Development with the help of MPOs including SCAG are in the process of drafting program guidelines to implement the provisions of such a TOD program.



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In Southern California, SCAG has initiated the Compass Blueprint 2% strategy that envisions the direction of future development in strategic opportunity areas that do not exceed 2% of the region's land resources. A significant part of this development is anticipated to happen around transit hubs, railway stations, major bus stations, and along transit corridors. More importantly, the large scale visioning process initiated by Compass educates sub-regional and local stakeholders about the necessity of alternative types of development that are more compact and sustainable. The combined effect of these actions at the state, regional, and municipal levels creates an enabling policy environment which was absent a decade ago. It comes as no surprise that developers are responding.

### **A Changing Mindset of Developers**

Indeed, today some of the initial fears that developers and lending institutions had for TODs have been appeased and a significantly higher number of development projects are being planned and built around transit stations and along transit corridors than in the late 1980s and 1990s. For quite long, developers were reluctant to build TODs because they perceived them as only attractive to a narrow market segment: singles, young professionals, and 'empty nesters.' For one, this market segment is by no means small, as national trends have indicated. Indeed, by 1980, only 30% of the US households were dual-career couples with children. Specifically along the Gold Line corridor, 38% of the households are composed of only one person, according to the 2000 Census. Talking to developers who built along the Gold Line corridor we found that they now target a significantly larger market segment that also includes different age groups of families, seniors, two-income households, and single-income earners. Developers attributed this widening of the market to a rising demand for an alternative way of living generated by the aforementioned pressures. Additionally,

developers seem to appreciate the enabling policy environment that includes development incentives such as increased floor-area ratios (FARs), reduced parking ratios, relaxed open space requirements, and sometimes public sector subsidies. Importantly, these developers and their architects now see a good potential for TODs, acknowledging the demand for more affordable homes, schools, and offices in the metropolitan core instead of the edge cities.

### **Tensions and Challenges**

While a number of motivations give incentives to municipalities and developers to pursue more compact and higher density development around transit stations and along transit corridors, a number of tensions and contradictions still remain. A first concern has to do with the difficulty of changing a long-standing urban form dominated by low-density, single-family uses. When TODs are developed in and around established residential neighborhoods, we often witness tensions between integrating the broader TOD goal of higher density dwelling and the desire of communities to maintain the character of their existing built form. This creates a design challenge of how to make higher





density look less dense, as well as a broader challenge of “bringing the public along” to share the TOD concept.

Another tension exists between the desire for pedestrian uses and market realities. In some cases the commercial uses that cities or developers are interested in attracting cannot afford the high rents in these districts. In other cases, municipal desires for tax revenue may encourage certain uses or a mix of uses that interferes with creating the best mix of uses (pedestrian-oriented and transit friendly) for a TOD.

For residential units, high rents and sale prices in some TOD areas mean that units are more likely to be occupied by more affluent households with multiple cars and not by those who are transit dependent. Indeed, a recent LA Times article claimed that residents of many TOD projects in the region do not use transit. This creates an ongoing tension for transit agencies, planners, and city council members who want TODs to provide a resource for those who need it, to boost transit ridership,

and lessen automobile use. At the same time, the introduction of high density development in a neighborhood without a simultaneous modal change from driving to walking, biking, or riding transit is likely to increase traffic congestion in the immediate area, a concern raised by many critics of high-density projects. Thus a tension arises between the short term impact of TODs, which may indeed generate more vehicular traffic in their localized areas because of the increased density, and their anticipated long-term impact which will hopefully reduce the regional VMT by giving more people good access to a well-coordinated and improved transit system.

Another important tension emerges around parking requirements for TODs. It is difficult to strike the right balance between providing enough parking for residential and commercial tenants and customers who own cars and/or access the area by car, while accounting for those who access the site by rail and encouraging more people to do so. Too much parking might prompt people to drive when they could just as easily ride the train, whereas too little parking may frustrate residential and commercial tenants. The parking paradox poses a number of difficult dilemmas for planners and cities. Municipal decisions about residential parking requirements may contribute to how quickly new and existing residents choose transit use over car use. At the same time, some developers are concerned about the marketability of their project if it does not have the “right amount” of parking.

The decision of whether to provide development incentives or to impose development fees and other requirements represents a delicate balance with market forces in a given station area. Finding the right balance between “carrots and sticks” is important for cities. Incentives such as density bonuses, higher FARs and building heights, and decreases in parking requirements allow developers to improve the profitability



of their developments. Certain development fees and requirements such as for affordable housing or open space can give cities important amenities but may also serve as disincentives for development.

Building around transit stops and along transit corridors faces four types of challenges in Southern California: 1) *Procedural/Planning challenges* that impede the process of development causing, tension, delays, and money include the difficulties of coordination among the multiple parties involved and the complexity of building joint development and infill projects; 2) *Economic/Market challenges* include the high cost of land and construction, and certain ill-conceived ordinances that make developments more expensive or reduce the developable square footage of a site; 3) *Cultural/Perceptual challenges* relate to the negative attitudes held by various communities towards higher densities; 4) *Physical/Environmental challenges* include the noise from the trains and the technical difficulties of building very close to a transit line.

## **Addressing the Challenges**

At this time in the region's history a lot seems to work in favor of development around transit: A willingness from the part of municipalities to encourage TODs, a regional vision that strives to focus development around strategic points, an enabling policy environment that favors and funds TODs, a changing mindset from the part of developers who discover an increasing market for TOD projects, and pressing environmental and transportation concerns in the region which are prompting some to desire alternative living conditions. Still certain challenges and tensions remain and the following suggestions respond directly to them.

### ***Plan stations near people and activities***

Good planning for TODs begins with the planning of the transportation line. A good location is the most important attractor to and motivation for building at a particular site. Therefore, choosing a good station location is crucial to stimulating development. As the failure of the Blue Line to stimulate development poignantly shows, stations should be located at or in close proximity to the "front door" of communities, near other urban amenities and existing nodes and hubs of activity, such as schools, parks, and retail.

### ***Pre-plan for TODs***

The Gold Line example shows that municipalities that preplan for TODs in anticipation of a transit line are in a better position to attract developers and projects in their jurisdiction. The development of transit overlay zones that extend ½ mile around transit stations and have defined guidelines and incentives for TODs can be extremely helpful to a) ensure that a city's vision and goals will be followed; b) minimize uncertainty for developers, letting them know beforehand

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what to expect from the city and what the city expects from them; and c) streamline the development process thus reducing time costs.

### ***Educate and involve the public***

Extensive education of the public about the potential benefits of TODs is especially important during this transitional period where transit use is not yet part of the region's culture. While community meetings are important venues for developers to learn about and respond to community concerns, it is necessary to begin the public conversation early. Ideally, a shared community vision can be formulated prior to the designation of a transit-oriented district as part of proactive public sector planning in anticipation of a rail line. Municipalities should also compile an inventory of "best practices" as good examples of high-density developments that make a smooth transition to the existing urban fabric. Finally, TODs are more likely to be welcomed if they increase the kinds of housing options available. Well-designed and centrally located TOD projects with smaller but more affordable units (condos, apartments, and lofts) can be appealing to those who are currently excluded from the single-family housing market.

### ***Develop strong public/private partnerships***

TODs provide opportunities for joint development agreements and cost-sharing projects (such as parking structures, public plazas, etc.). The development of strong partnerships between municipalities, transportation agencies, and MPOs on the one hand, and the private sector on the other, can help reduce the cost of TOD projects and also ensure desirable amenities. The cost for developers can be reduced if cities streamline the development processes of TODs allowing developers to build "by right" if they comply with all requirements of a transit overlay zone. Cities may also consider exploring the idea of a "Global EIR" that could apply to all projects within the TOD overlay

zone which comply with the requirements of the zone. Cities can also underwrite the cost of environmental mitigation of contaminated sites, identify empty or underutilized sites and help convert them to developable lots.



### ***Achieve better coordination among different public entities***

Frequently the involvement of different public agencies and actors with different requirements, goals, expectations, and levels of authority, frustrates TOD projects and stymies opportunities for regional thinking. For this reason the establishment of a *Corridor Coordinating Council* as a Joint Powers Authority consisting of high-level representatives from all different public sector agencies involved in corridor development can help establish a corridor-level TOD vision and set goals that promote successful projects.

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### ***Find the right balance between “carrots and “sticks”***

Development fees and other requirements can bring desirable amenities to a jurisdiction (e.g. open space) but if they prove too burdensome they may scare developers away. It is very important that cities constantly monitor the balance between incentives and requirements (the carrots and sticks of development) weighing the condition of the economy and other market forces, the development potential and desirability of the site for developers, as well as whether a developer owns the land or only has an option to it.

### ***Actively recruit pedestrian-oriented, transit-friendly uses***

The ideal of a transit village with pedestrian-oriented and transit-friendly uses, neighborhood retail, galleries, drug stores, bakeries, and coffee shops generating foot traffic cannot be realized if such commercial tenants do not have the financial means to rent space in new developments. Developers, who are always interested in maximizing profit, are likely to opt for larger commercial tenants (banks, furniture stores, warehouses, etc.). Therefore, the public sector should play a crucial role in identifying and attracting desirable commercial tenants. In certain cases, cities may consider offering tax incentives or even rent subsidies (for the first few years) to help create a critical mass of desirable pedestrian-oriented tenants.

### ***Find a solution to the parking dilemma***

Cities can follow a number of approaches to address the parking dilemma for TOD projects that would include a) decoupling parking from residential development and giving residents the option of purchasing a unit with or without parking; b) developing maximum parking standards for TODs; c) exploring the potential for shared

parking; and d) allowing developers to satisfy parking requirements by leasing parking spaces in adjacent structures.

### ***Make transit more appealing***

The last recommendation is also the most important. Part of the appeal of TODs for cities is the expectation that they will help switch many motorists to transit riders. This, however, will not take place if transit is inconvenient. Buses and trains should be reliable, safe, affordable, and convenient in linking points of origin to destinations. Good multimodal linkages should connect transit stops to the neighboring areas. To incentivize ridership, cities and developers may consider offering free weekend rail passes and monthly passes at reduced cost as well as free shuttle rides connecting stations to neighborhoods.

### **Conclusion**

By concentrating development in selected areas near transportation corridors, expanding the supply of housing, and offering convenient transit as a modal choice, TODs have the potential to help reduce traffic congestion, improve environmental quality, and enhance housing supply and affordability in the region. Such developments cannot of course happen overnight as it takes time for people's preferences and behavior to change and for a transit system to mature. Thus, quick assessment of the effectiveness of recent TOD projects in reducing congestion or boosting transit ridership seem to be rather premature. While TODs are certainly not a panacea for the region's problems they are, nevertheless, an indispensable component of an overall strategy to address its chronic traffic challenges and also accommodate growth in ways that preserve its long-term sustainability.



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