



BOUNTIFUL HOUSING, BOULEVARDS, AND BRT

BOUNTIFUL HOUSING, BOULEVARDS, AND BRT

Authors:

Sasha Page

Place:

Washington, D.C.

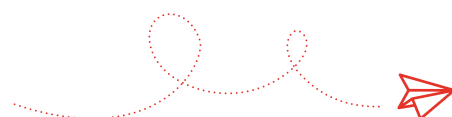
Date:

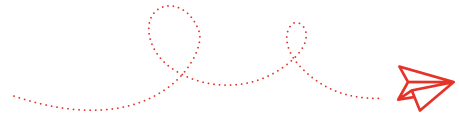
January 24, 2023

Rebel

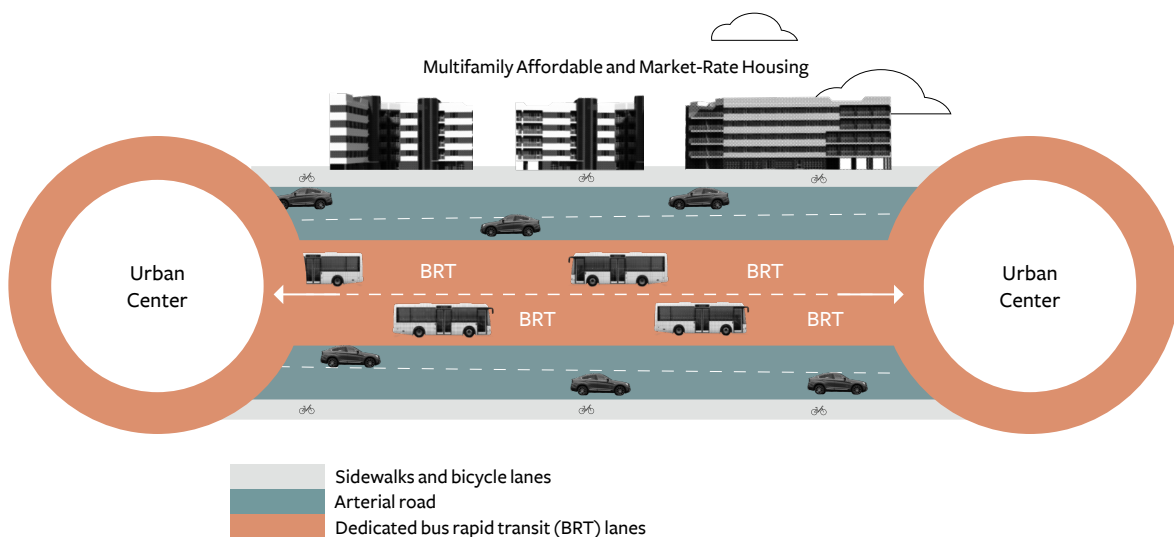
1015 15th Street NW, Suite 600
Washington, DC

info@rebelgroup.com
www.rebelgroup.com





In the Fall of 2022, the California legislature passed the “Affordable Housing and High Road Jobs Act of 2022 Act” (AB 2022), a law that may become a critical tool in addressing the state’s dire housing needs, a way for it provide better transit for poorly served urban/suburban areas, and another method to reduce carbon emissions.i AB 2022 gives developers the right to build multi-family housing along the state’s numerous “arterials,” roads that are currently zoned for commercial use—the classic suburban “strip mall”—as long as 15% of the units are reserved for affordable housing. Making these densely developed corridors accessible will probably require bus rapid transit (BRT), a relatively flexible and less expensive transit solution that could also be appropriate for so much of the U.S. urban/suburban landscape as the graphic below illustrates. Given the scale of the potential developments, a good portion of the capital costs of BRT and other infrastructure may be covered through value capture techniques.



Arterial boulevard with affordable housing and BRT

AB 2022: Delivering Workforce Housing and Overcoming Nimbyism

AB 2022 allows developers to build multi-family housing up to five stories or 80 dwelling units per acre in areas zoned commercial, as long as existing housing is not torn down, not 500 feet from a highway, and not close to industry. The developer has to build at least 15% affordable or “lower income” housing based on 80% of the area median income (AMI). The poster child is “El Camino Real” in northern California, connecting San Francisco and San Jose (and beyond). It is a classic “strip” with all types of retail, stores, gas stations, hotels, and some apartments, connecting some of the most expensive U.S. communities as seen in the photo below.



El Camino Real, San Carlos, CAⁱⁱ

Critical to the law is that this entitlement is “by right,” removing the procedural obstacle of seeking local zoning board approval that sometimes requires fatal concessions.ⁱⁱⁱ This helps to overcome “not in my backyard” (NIMBY) objections from those who view density as a threat to land values and neighborhood character. However, the legislation does not affect existing single-family housing neighborhoods, avoiding antagonizing a critical constituency. (Another California housing law passed in 2019, SB 9, allows duplexes and accessory dwelling units (ADUs) by right on single-family housing lots). Of course, this does limit local control, which is frustrating for those who want to shape communities in their own unique, and sometimes exclusionary, ways.

One of the key architects of the legislation—figuratively and literally—is architect and planner Peter Calthorpe. He estimates that the bill could result in 1.6 to 2.4 million new residential units,^{iv} going a long way to address California’s housing gap of over two million units.^v It will create “ribbons of density”^{vi} in both urban and suburban areas, meeting much of the market demand for workforce housing and housing that reflects a more diverse household make-up—smaller families, single-parent households, older people, and singles.^{vii}

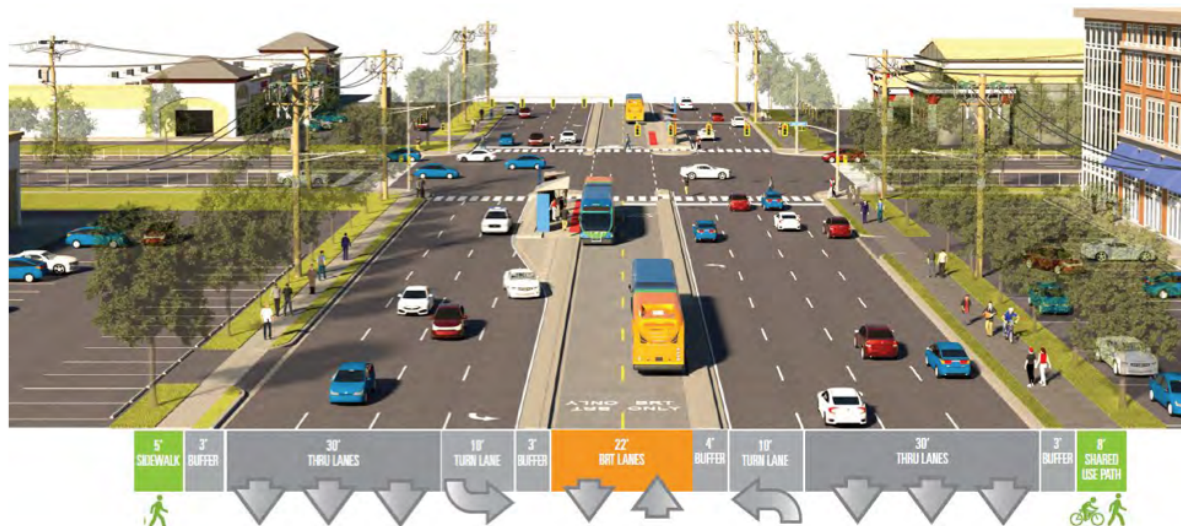
Transit Connectivity: Utilizing BRT

The glue that has the potential to hold this policy vision together is the development of frequent transit service along the corridors, to provide efficient and affordable mobility for those living nearby. BRT is a transit service that uses hybrid or all-electric buses with dedicated lanes, off-board fare collection, and traffic signal prioritization. This transit mode generally offers greater flexibility and lower costs than others, although it can easily link up with them like rail services, bikes, or scooters. Furthermore, its acceptance in the U.S. is growing. Of course, many new residents will also drive, but hopefully much less, especially because AB 2011 generally does not impose parking requirements. In

the future, Calthorpe predicts that automated buses or vans, on the BRT right-of-way, may be even more efficient and cost-effective.

Flexibility is the watchword as boulevard housing develops. Despite streamlined regulations, it will take time for developers to build. For many years—five or more—there will be pockets of development along these routes, perhaps around BRT stations and other transportation nodes. A well-thought-out BRT program increases service and frequency as the corridor densifies—more stations, greater frequency, larger buses, links to other modes, and more jurisdictions served. However, it may be important to build ahead of time, signalling to the real estate market that the BRT is permanent.

For those of us who were raised or live in single-family home neighborhoods, living on a former strip route may not seem promising, and equating corridors to Parisian boulevards is a bit far-fetched. However, high-quality housing, enlivening the area with people around the clock, some ground floor retail and services, and new street infrastructure—including sidewalks, benches, and trees—can go a long way to make these corridors very attractive. The transformation of an arterial to a boulevard can be seen in the MD355 FLASH bus rapid transit plans in Montgomery County, MD in the Washington, D.C. suburbs as shown below. These developments also foster linear trails for walking and biking and sometimes, linear parks, which have won rave reviews in New York (Highline), Atlanta (Beltline), and Miami (Underline). Some of these arterials are close to single-family residential neighborhoods, as is El Camino Real, so residents can benefit from strolls and other green spaces in these communities.



Conceptual rendering of MD355 Flash BRT, Montgomery County, MD.viii

Building in commercial corridors is not unique to California. There are numerous efforts around the U.S. where communities are planning BRT on a variety of commercial routes. As mentioned, in

suburban Washington, D.C. planners have spent over a decade turning the commercial spine of MD 355 into a vibrant mixed-use corridor^{ix}. Miami-Dade County recently passed an ordinance applying “rapid transit zone” zoning to many portions of its transit corridors, including the 20-mile South Miami Transitway BRT, fostering greater density of 36 to 125 dwelling units per acre depending on a property’s proximity to the transit corridor and urban centers.^x And in San Antonio, Via Metropolitan Transit is planning its first BRT, an “Advanced Rapid Transit,” in dedicated lanes on the north-south San Pedro corridor connecting the downtown to the airport.^{xi} San Pedro has a variety of low-density uses, typical of many cities—retail, empty buildings, warehouses, restaurants, single-family homes, two-story apartments, and a smattering of educational and religious institutions. While BRT is several years away, one developer is already planning five-story multi-family workforce housing on the route.^{xii}

Funding: Utilizing Value Capture

What is encouraging about AB 2011 is that BRT and other needed infrastructure improvements could be funded using value capture techniques. Tax increment financing (TIF) and special assessment districts (SAD) have funded 20% to 40% of US transit projects.^{xiii} Where a government has surplus land on a proposed corridor, it can lease or sell it off to drive development—sometimes ahead of the market, if necessary. AB 2011 economic analysis finds that many California retail centers were significantly under-assessed and that converting those properties to housing could result in 20 times the tax assessments of existing commercial properties.^{xiv}

Furthermore, public agencies developing BRT may be able to leverage developers’ interest in realizing BRT to pay for some stations or certain operations to boost developments—as long as these contributions fit within the overall BRT and transportation plan. The densities that AB 2011 affords—up to 80 dwelling units per acre—should meet or exceed the thresholds that the typical developer requires to accommodate 15% lower-income housing. Of course, even in the expensive California real estate market feasibility will vary widely by region, corridor, and block. Maybe a community looking to jumpstart its development will seek a public-private partnership with a BRT developer? While it is unlikely, in a market like California’s, where the pressure to build middle-class housing is intense, a housing and infrastructure developer might team up together to build these projects more quickly?

Finally, the Federal government may be able to fund and finance part of this transit and housing. The U.S. Department of Transportation’s (USDOT) Federal Transit Administration (FTA) will likely be positively disposed to funding transit projects which are closely associated with new low-income and multifamily housing as its Thriving Communities Program, among others, suggest.^{xv} Joint development projects that create economic development, enhance public transportation (such as increasing ridership), fairly share revenue from the development to the BRT system (such as through tax increment finance), and fairly share the costs of the housing development, could be eligible for capital grants. These could pay for a variety of horizontal infrastructure, like site preparation, utilities, foundations, walkways, and parking improvements, among others.^{xvi} In addition, the USDOT’s Build America Bureau’s Transportation Infrastructure Financing and Innovation Act (TIFIA) loan program

provides attractive loans to finance BRT and other transit infrastructure and the same horizontal infrastructure to a private development under the Bipartisan Infrastructure Law (BIL).^{xvii} The BIL's other programs, like Carbon Reduction Program, have additional resources if the proposed project helps reduce climate impacts, which is expected to be the case.^{xviii}

Final Thoughts: COVID, Work, and Housing

Not only does AB 2011 and hopefully future copycat legislation elsewhere address some of the U.S. housing crisis, but it also provides partial solutions to the unwillingness of many white-collar employees post-COVID to commute from suburbs to downtowns to traditional offices. They may want to live downtown—and work at home. Or live away from downtown and office districts, and occasionally travel to work. Or they may want to work in “third spaces”—coffee shops, shared offices, or other locations as encouraged by their employers or for their own mental health. Boulevard housing and high-quality transit may help address some of these locational shifts. Furthermore, creating accessible and affordable housing is one solution to the housing crisis, complementing the inevitable—but time-consuming—retrofitting of unused commercial office buildings in downtown areas and office parks. I join many others who are keen to see how AB 2011 will transform the California and eventually the U.S. urban and suburban landscape.

i California Legislative information, downloaded 12/24/2022:

https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202102020AB2011. See also: Peter Calthorpe, “Grand Boulevards and the AB 2011 Revolution: A Framework for Workforce Housing, Environmental Repair and Economic Balance,” HDR, June 2, 2022, downloaded 12/23/2022: <https://www.hdrinc.com/insights/grand-boulevards-and-ab-2011-revolution>.

ii Google Streetview, El Camino Real, Image Capture, September 2022, downloaded 1/7/2023.

iii Benjamin Schneider, “New law represents ‘seismic shift’ in California housing policy,” San Francisco Examiner, September 8, 2022, downloaded 12/24/2022: https://www.sfoxaminer.com/our_sections/fixes/new-law-represents-seismic-shift-in-california-housing-policy/article_d3b78e5e-2ef6-11ed-9d55-933b202d19b2.html.

iv Joe Distefano and Peter Calthorpe, “Can commercial corridors solve California’s housing crisis: An Analysis of California Assembly Bill 2011,” Urban Footprint, August 3, 2022, downloaded 12/23/2022: <https://urbanfootprint.com/blog/policy/ab2011-analysis/>.

v Jonathan Vankin, “SB 6 and AB 2011: 2 New Bills Try to Turn the Tide on Housing Crisis,” California Local, October 10, 2022, downloaded 12/23/2022: <https://californialocal.com/localnews/statewide/ca/article/show/13010-affordable-housing-crisis-sb6-ab2011-newsom-bills/>.

vi Schneider, “New law.”

vii William Shutkin & Andy Bush, “Reinventing the Strip: In Conversation With Renowned Urban Designer Peter Calthorpe, MIT Press Reader, downloaded 12/24/2022: <https://www.google.com/search?client=safari&rls=en&q=Reinventing+the+Strip%3A+In+Conversation+With+Renowned+Urban+Designer+Peter+Calthorpe&ie=UTF-8&oe=UTF-8>.

- viii Montgomery County Department of Transportation, "MD 355 FLASH Phase 2 Study Results: Briefing to the Montgomery County Council Transportation and Environment Committee, July 25, 2019," downloaded 1/20/2023: https://www.montgomerycountymd.gov/dot-dte/Resources/Files/355_TE_072519_web.pdf.
- ixMontgomery County Planning Department, MD "White Flint 2 Sector Plan, Approved and Adopted, January 2018," downloaded 12/26/2022: <https://montgomeryplanning.org/wp-content/uploads/2018/10/2018-White-Flint-2-Sector-Plan-Final-Documents-Web-compressed.pdf>.
- xMiami-Dade County Board of County Commissioners, "CCP Agenda Item No. 1(G)(1), Ordinance relating to the Rapid Transit System-Development Zone," July 13, 2022, downloaded 12/26/2022: <https://www.miamidade.gov/govaction/legistarfiles/Matters/Y2022/221198.pdf>.
- xiVIA Metropolitan Transit, "Advanced Rapid Transit," downloaded 12/26/2022: <https://keepsamoving.com/advanced-rapid-transit/>.
- Adolfo Pesquera, "San Antonio-Apartment Developer Proposes Five-Story Building on San Pedro Avenue," January 13, 2022, Virtual Builders Exchange, downloaded 12/26/2022: <https://www.virtualbx.com/construction-preview/san-antonio-apartment-developer-proposes-five-story-building-on-san-pedro-avenue/>.
- xiii Sasha Page, Bill Bishop, Waiching Wong, *Guide to Value Capture Financing for Public Transportation Projects*, Transit Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, Washington, DC: The National Academies Press, downloaded 12/26/2022: <https://doi.org/10.17226/23682>.
- xiv Calthorpe, "Grand Boulevards."
- xv United States Department of Transportation, "Biden-Harris Administration Launches New Program to Help Communities Seek Infrastructure Projects, Thursday, October 6, 2022" downloaded 01/07/2023: <https://www.transportation.gov/briefing-room/biden-harris-administration-launches-new-program-help-communities-seek-infrastructure>.
- xvi Federal Transit Administration Guidance on Joint Development," U.S. Department of Transportation, Federal Transit Administration, Rev. 2, August 14, 2020, downloaded 12/26/2022: <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-08/Joint-Development-Circular-C-7050-1B.pdf>.
- xvii United States Department of Transportation, Build America Bureau, "Transit Oriented Development – Guidance FAQs," downloaded 12/26/2022: <https://www.transportation.gov/buildamerica/TOD/faqs>.
- xviiiU.S. Department of Transportation, Federal Highway Administration, Bipartisan Infrastructure Law, "Carbon Reduction Program (CRP)," downloaded 12/26/2022: https://www.fhwa.dot.gov/bipartisan-infrastructure-law/crp_fact_sheet.cfm.

Sasha Page

sasha.page@rebelgroup.com

