

Transit-Oriented Development:

New practices and trends at the agency level



INTRODUCTION

Transit-oriented development (TOD) is having a moment. TOD projects have surged nationwide, with the sector diversifying to include everything from small-scale initiatives like repurposing commuter parking lots at suburban transit stations to high-profile, multi-billion-dollar developments like New York's Hudson Yards. Growth in the sector can be attributed to several factors: increasing pressure on urban land availability, proactive efforts by public landholders to support TOD, and availability of funding mechanisms dedicated to TOD, specifically the expansion of the U.S. Department of Transportation's Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing (RRIF) programs.

Public support for TOD projects can originate at the federal, regional, state, and local levels. A complex network

of stakeholders often backs these projects, including transportation, housing, community development, economic development, and environmental organizations. As urbanization accelerates, the public sector—including state governments, Metropolitan Planning Organizations (MPOs), and transit agencies—is creating dedicated teams to support TOD projects. These teams' functions are highly interdisciplinary and often differ from other core operations offered by transit stakeholders, requiring deep real estate, project finance, transaction negotiation, and legal expertise.

Rebel Americas researched 30+ state, regional, and local entities supporting TOD, conducting interviews with six leading TOD teams across the US to understand better teams' success factors and notable challenges. Among the most successful teams, we found common themes and noteworthy differences in each group's organizational structure, core functions, and key challenges.

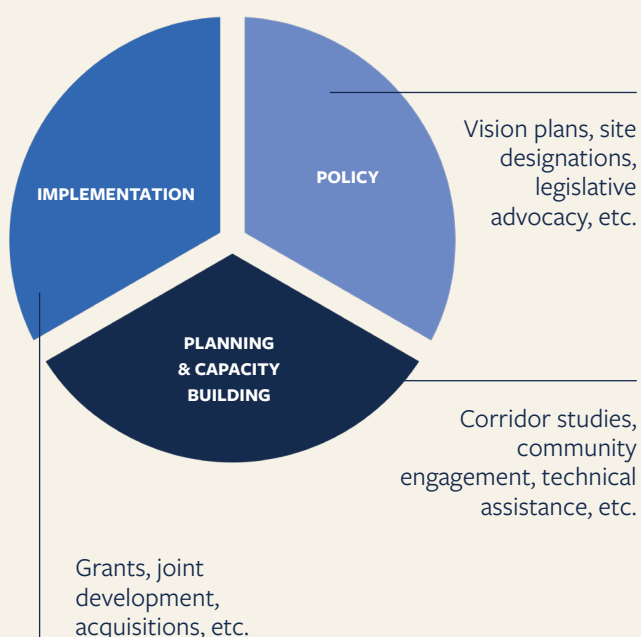
THEME #1: TOD TEAMS HAVE TYPICAL AREAS OF FOCUS, BUT UNEVEN DISTRIBUTION.

Research highlighted three primary support functions within TOD-specific teams:

- Policy, including TOD vision plans for a city/region, authorizing legislation, legislative advocacy, land use regulations, zoning, and TOD site designations.
- Planning and capacity building, including dedicated TOD planning grants, funding and/or conducting corridor studies, technical assistance, design guidelines, community engagement support, and “knowledge hubs” that centralize TOD case studies and information.
- Implementation, including property acquisition, developer procurement, and financial incentives to execute projects on agency-owned land.

A PROMINENT TOD POLICY TOOL: TOD SITE DESIGNATION PROGRAMS

Both the State of Maryland and the State of New Jersey have established TOD site designation programs to induce TOD projects and create benefits for specific spatial locations. New Jersey’s Transit Village designation has been available since 1994; Maryland’s TOD Site Designation, on the other hand, started last year. In both cases, designation unlocks additional technical assistance, stakeholder organization, and funding opportunities for municipalities – collectively signaling the state’s support of TOD work.



Among entities we spoke with, work in the policy focus area featured the least, with very few entities focused on legislative advocacy, opting to leave this responsibility to other actors (state policy groups, legislative lobbying teams) within the broader transit ecosystem.

Many teams addressed the other two focus areas—planning and implementation—through separate people—or even different teams. For example, the planning division (within capital planning) carried out one transit agency’s TOD planning activities. In contrast, implementation activities were carried out by the real estate division (within finance). One municipality conducted planning work and land use regulation under long-range comprehensive planning but established a dedicated Urban Projects team for implementation activities. While the separation between implementation and planning was often clearly delineated, many teams pointed to the value of having strong and consistent interaction. All teams emphasized the importance of planning studies in reducing friction with downstream stakeholders, creating local buy-in, and shortening solicitation processes. Specifically, teams noted that having a planning exercise ahead of implementation team efforts allowed locally relevant stakeholders to establish a vision that could be built into the developer solicitation and get utilities and other departments to articulate issues that could inform the solicitation materials.

THEME #2: TOD TEAMS MUST BE BOTH ENTREPRENEURIAL AND ENTERPRISING WITH AVAILABLE RESOURCES

We found successful TOD teams embedded in state DOTs, MPOs, transit agencies, and municipal governments; **there is no standard TOD team structure or institutional location.** Yet, we consistently found that most TOD teams do not map cleanly to line departments, no matter where they sit. To mobilize funding and get projects done, staff must be opportunistic and adopt an entrepreneurial attitude, necessitating a broad set of skills.

Interviewees consistently expressed that **team capacity remains a constraint and a challenge**, especially for time-intensive transaction negotiations. Teams often address this challenge by anticipating what tasks and activities should be completed in-house vs. contracting to third parties for support. For example, one team explained that their annual transaction volume did not warrant building transaction expertise in-house, so they regularly brought on consultants to lead project-specific negotiations.

TOD TEAM SIZE:

The typical TOD team size varied significantly, but among those interviewed, the number of staff ranged between 6 and 11 FTEs. In interviews, team leaders emphasized the importance of capabilities like business

and real estate, urban planning, community engagement, and GIS and the value of having access to in-house legal experts (even if only provided as a shared resource with other parts of the organization).

THEME #3: COLLABORATION IS A PRACTICE

Along with fostering entrepreneurial efforts among internal stakeholders to ensure project delivery, **effective collaboration with external partners** is also a crucial success factor for TOD teams. This is due to the diverse range of activities performed by teams, the lack of standardization across functions, and the limitations of mandate, meaning that teams needed to reach beyond their core team to deliver projects successfully.

Many TOD teams noted the value of using tools such as **memoranda of understanding (MOUs)** to collaborate with external partners and to clarify roles, responsibilities, and funding expectations before the project begins. Interviewees emphasized that local governments (including municipalities, towns, and villages) were a crucial stakeholder group—with both opportunities and significant challenges. **Local jurisdictions lead community engagement processes and control zoning decisions** that determine if (and how) a project is completed. TOD teams typically offered direct funding support (by, for example, covering pre-development costs) and technical assistance to local partners to smooth the project's path. For example, one TOD team supported local jurisdictions in conducting community engagement to develop a “stakeholder statement” reflecting the community's needs, which was included in developer solicitations.

Despite the successful use of various collaboration tools, some interviewees highlighted a **need for further research** and operational support. For example, teams noted that there are few mechanisms readily adapted to support effective delivery and efficient implementation when a TOD site crosses multiple municipal boundaries.

THEME #4: MONEY (STILL) MATTERS

TOD projects are expensive and often rely on complex capital funding/financing stacks that leverage different sources such as debt, equity, tax credit, and grants. One area helpful in reducing projects' capital burden is providing land for the deal. Successful TOD teams bring agency-owned land to joint development efforts, and most are seeking opportunities to expand their ability to assemble and acquire additional land to enhance their portfolio potential. For example, one MPO-sponsored TOD team focused on and successfully lobbied for \$5M in state funds to proactively purchase land along a new

Bus Rapid Transit (BRT) corridor. On the other hand, teams with limited acquisition resources are making the most of their existing funding by using revenue from projects (such as re-investing ground lease revenue) to fund strategic land purchases rather than for other uses.

Beyond land value, successful TOD teams also bring other capital funding sources to joint development projects. This capital may be provided through direct grants to prioritized TOD projects or through a state or regional revolving loan fund. For example, one TOD team offers grants of up to \$250K to TOD projects that will generate incremental transit ridership and advance affordability. The team creatively funds these grants by “swapping” federal formula dollars equivalent to fares generated by this incremental ridership with the transit agency's local funds. TOD teams may also make smaller contributions toward the project's bottom line by, for example, defraying pre-development costs by conducting site assessments or holding land during the early stages of development.

FINANCIAL CONSTRAINTS: OPERATIONS AND MAINTENANCE COSTS

Some TOD teams noted that operations and maintenance (O&M) of TOD sites often become a central sticking point in negotiations. This is usually because the developer solicitation process fails to address the ambiguities of project life-cycle costs beyond construction. The teams observed that, when effectively lobbied, dedicated financial resources allocated to a reserve operations and maintenance (O&M) fund would be a significantly valuable tool. This fund would address any gaps between public sector objectives and private sector limitations, ensuring that deals can be successfully completed.



CONCLUSION

Successful TOD teams at local, state, and regional levels are entrepreneurial and collaborative; by focusing on TOD planning and implementation and bringing innovative sources of funding to the table, they drive impact in their communities by moving projects from ideation to realization. Looking forward, TOD teams are also moving beyond traditional rail modes toward new forms of transit like Bus Rapid Transit (BRT) and beyond traditional joint development toward land acquisition.



Questions, comments,
or new ideas?

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AEBEL

THEME #1: TOD TEAMS HAVE TYPICAL AREAS OF FOCUS, BUT UNEVEN DISTRIBUTION

ACTION: Establish a TOD site designation program to prioritize resources directed toward municipalities and build regional momentum for TOD.

THEME #2: TOD TEAMS MUST BE BOTH ENTREPRENEURIAL AND ENTERPRISING WITH AVAILABLE RESOURCES

ACTION: Use annual transaction volume to right-size your team and inform in-source / outsource decisions.

THEME #3: COLLABORATION IS A PRACTICE

ACTION: Offer technical assistance and community engagement support to local partners to smooth project execution by, for example, working with community members to develop a Stakeholder Statement for inclusion in the RFP.

THEME #4: MONEY (STILL) MATTERS

ACTION: Find creative ways to stretch resources, like paying ground lease revenues back into a revolving fund used for land purchases.