29 Effect of Suburban Transit-Oriented Developments on Residential Property Values- Shishir Mathur

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Summary:

OVERVIEW
Public transit systems are most effective in the presence of high volume of potential ridership. This ridership generally requires high density development at the ends of the system and along transit corridors. The development of Transit Oriented Developments (TODs) is increasingly being used to increase transit ridership.
TOD, apart from providing the transit ridership, has also gained popularity as a “smart growth” tool that addresses the problems of traffic congestion, pollution, and other ills of auto-oriented sprawl-like development. TOD’s increasing popularity is evident in efforts at all levels of government to promote the coordination of transportation and land use.
The Federal government, through ISTEA, TEA-21 and most recently, SAFETEA, has reinforced the need to integrate land use and transportation planning, and provide public transit. Other federal programs like the “Livable Communities Program” and the “New Starts Program” have given additional impetus to the development of public transit coordinated with land use.
At the state and regional level too, the last three decades have seen a dramatic increase in the number of new rail-based public transit systems. There are three general categories of rail transit systems: Heavy rail (for example, Bay Area Rapid Transit- BART), commuter rail (for example, METRA in the Chicago area) and light rail transit (for example, Santa Clara VTA, and Portland TRI-MET).
While the development of TOD is a desirable planning goal, the development of successful TODs often encounters several barriers. These barriers include: a lack of inter-jurisdictional cooperation; auto-oriented design that favors park and ride lot over ridership generating uses; and community opposition. Like any new high-density development, TODs are likely to face community opposition. This opposition may be more vocal in suburban areas where residents of predominantly single-family neighborhoods may feel that the proposed high-density, mixed-use development will bring noise, air pollution, increased congestion and crime into their area.
Community opposition has been instrumental in stopping many TOD projects in the San Francisco Bay Area. These include plans for Rockridge, Ashby, North Berkeley, and Pleasant Hill Stations of the BART system.
While the community opposition to TODs has been pronounced, very little research exists that indicates whether this opposition is well-founded. Economic theory suggests that if a TOD has a negative effect on the surrounding residential neighborhoods then that effect should lower the housing prices in these neighborhoods. Similarly an increase in the housing prices would mean a positive effect of TOD on the surrounding neighborhoods.

THE STUDY : METHODOLOGY AND APPROACH
This study, using hedonic regression method, estimates the impact of suburban TODs on surrounding single-family residential neighborhoods. It can be safely assumed that the impacts of the TOD would be more strongly felt on single-family homes that are relatively close to a TOD — we suggest roughly within one-half mile — with the impact likely to dissipate after that. The study objectives and the economic theory suggest following TOD selection criteria:
• Suburban location
• Substantial single-family residences within one-half mile radius of the TOD
• Good mix of uses, including residential, office and/or commercial uses within the TOD
• All or major portion of the TOD built

Based upon these criteria four TODs -- Ohlone Chynoweth TOD in San Jose, Pleasant Hill TOD in Contra Costa County, Downtown Hayward TOD in the City of Hayward in Alameda County, and Bay Meadows TOD in the City of San Mateo in San Mateo County -- were chosen for further analysis.

STUDY FINDINGS

This study finds that the Ohlone Chynoweth TOD positively impacts the surrounding single-family residences. For homes within 0.5 mile of the TOD, every 100 feet decrease in distance of a single-family home to the TOD increases the home sale price on average by $10,150. As the average single-family home price for this distance band is approximately $660,000, this translates into a 1.5 percent increase in home prices. However, the remaining three TODs do not have any effect -- positive or negative -- on the prices of surrounding single-family homes.

This study will be of interest to the following audiences: local, regional, state and national transportation policy makers as they plan, advocate, and allocate funding for TODs; and the technical staff of the jurisdiction and the transit agencies as they measure the benefits of the TODs.

All levels of public officials and professional staff can use the study results as they educate the existing residents about the potential impacts of TODs. Furthermore, accurate estimation of the monetary benefits of the TODs will help in assessing the use of these developments as an economic development tool.