

# Smaller Scale Joint Development: San Diego Trolley

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The purpose of this paper is to share San Diego's experience with joint development related to "smaller scale" light rail transit (LRT). It is a narrative account of the Metropolitan Transit Development Board's (MTDB's) relatively modest but promising experiences to date. This is not a report of the results of a rigorous or structured research analysis effort; it is instead a summary of practical experience and of some intuitive insights based on that experience.

A word about smaller scale joint development and why it is an appropriate topic for the MTDB is in order. Joint development has been and will continue to be a key goal and tool for implementing San Diego's LRT system. Smaller scale is not descriptive of the potential or aspirations for LRT joint development in San Diego; it is, however, reflective of experience to date. In San Diego it has been found that a constellation of smaller scale joint development efforts is cumulatively adding up to more than the sum of their parts. The result is the building of a foundation of joint development experience that can be expanded as the relatively new (less than 4 years old) LRT system expands and matures.

## SAN DIEGO'S LIGHT RAIL TRANSIT SYSTEM

The present San Diego light rail transit system consists of two lines. The existing South Line operates along 15.9 mi between San Diego's Centre City and the Mexican border and makes 18 station stops. A second line, the Euclid Line, is presently under construction. This 6-mi line will operate between Centre City and Euclid Avenue to the east and will make 11 stops (seven of which are common to the South Line). An extension of the East Line 11.5 mi east from the Euclid terminus is one alternative being considered in a study of potential transportation improvements in the East Urban Corridor. San Diego's adopted regional transportation plan proposes a coordinated bus and light rail network that includes additional light rail extensions. Implementation of the proposed extensions could occur within a 5- to 20-year time frame.

## EXAMPLES OF JOINT DEVELOPMENT IN SAN DIEGO

### Station Area Development

The joint development implementation process and evaluation criteria used by the MTDB have been re-

financed into an adopted policy on "Joint Use and Development of Property." MTDB is currently preparing a joint development prospectus for each station site in the LRT system for use by potential developers. A summary of existing joint use opportunities follows:

- San Ysidro station concession. MTDB has leased a food kiosk to a concessionaire who plans to serve coffee and Mexican pastries at the San Ysidro-International Border LRT station. Proceeds from rent will be supplemented by a percentage of gross sales.

- Chula Vista Bayside station. After completion of the South Line, the city of Chula Vista and San Diego County executed an agreement with MTDB specifying city and county responsibility for planning and funding of a new, additional station to serve a newly approved redevelopment project. MTDB, local agencies, and the local chamber of commerce are considering development of joint office and commercial uses with the station.

- Grossmont shopping center. Construction of an LRT extension in the East Urban Corridor brings the potential for a major joint use project involving MTDB with an adjacent major regional shopping center. MTDB owns a parcel of approximately 7.5 acres adjacent to the Grossmont regional shopping center. A memorandum of understanding (MOU) that commits both parties to jointly develop a future transit station-commercial-office facility has been executed between MTDB and the shopping center.

- La Mesa station. The proposed downtown La Mesa LRT station would adjoin a major redevelopment project. The project developer has incorporated the LRT station into preliminary plans and proposes to fund construction of a station integrated into the commercial-office development.

- Southeast San Diego Euclid Line stations. Four stations on the Euclid Line (under construction) fall within the planning and development area of the Southeast Economic Development Corporation (SEDC), which plans and implements projects in the trolley corridor. MTDB is involved in a joint effort with the SEDC to evaluate the potential of station sites and surrounding developable area for joint development.

- Imperial Avenue transfer station site. MTDB owns 2.65 acres at the site of the Imperial Avenue transfer station, which will accommodate LRT passenger transfers between the South Line and the Euclid Line and perhaps among additional future lines. MTDB is evaluating a joint development at the site that would consist of approximately 25,000 ft<sup>2</sup> of office space (including MTDB's headquarters offices)



and 10,000 ft<sup>2</sup> of ground floor retail commercial space.

#### Developer Contributions to Plan, Construct, and Operate Light Rail Transit

This category of joint development involves developer contributions of right-of-way or funds, or both, to plan, construct, or operate LRT. Contributions are often made as a form of mitigation for traffic and parking impacts associated with development. Two examples of developer participation follow:

\* Mission Valley projects. Mission Valley is a rapidly developing urban commercial-office-residential area adjacent to the San Diego River. Traffic and parking problems could severely constrain development. The city of San Diego, in consultation with MTDB, has approved major projects in Mission Valley subject to developer participation in future light rail transit including a contribution for a light rail transit study, reservation and dedication of LRT right-of-way within the Northside project, funding for construction of an LRT line and station within the Northside project, 20 percent funding for an LRT grade separation project, and funding for the construction of an LRT line through an adjacent property.

\* Major Centre City project. The Santa Fe Land Improvement Company is implementing a major commercial-office-hotel development in downtown San Diego. In seeking approval for the project, the developer agreed to a donation of right-of-way, or to a financial contribution not to exceed \$1 million, for a future light rail extension to the north.

#### WHAT HAS BEEN LEARNED ABOUT LRT JOINT DEVELOPMENT IN SAN DIEGO

##### Lesson 1: Realistic Expectations

Joint development does not simply occur as a function of the presence of a new LRT line. There are many determinants of station site joint development potential, some of which are more amenable to control and change than others:

1. Station site environs. An LRT station is not an island, and station site joint development does not occur in a vacuum, independent of the surrounding environment. The following features of station environs can help or hinder joint development potential:

A. Development density and urban form. High-density development in station environs is one determinant of joint development potential that many cities (San Francisco, Philadelphia, Boston) may take for granted. In San Diego it is a relatively new concept that must be actively fostered. The relatively low-density development around many LRT stations can challenge efforts to encourage joint development.

B. Surrounding land use. The historical presence of a freight railroad in the LRT corridors has been a primary determinant of the types of surrounding land uses. Much of the LRT environment consists of the "back door" of industrial and manufacturing uses that were and continue to be served by freight delivery trains. The land uses provide a less favorable joint development environment.

C. Redevelopment and new development environment. In the Euclid line and East Urban extension areas, concerted redevelopment efforts

by local cities and redevelopment authorities could create an impetus for change in the urban environment that would enhance joint development potential. In Mission Valley a booming new development environment could be more conducive to joint development than the South and Euclid line environs proved to be.

2. Physical attributes of the site. An LRT station site is no different from any other potential development site. Physical constraints can affect development potential.

3. Amount of developable land available and potential for combined development with adjacent lands. MTDB has acquired a suitable amount of real property necessary to implement LRT facilities without resulting in a surplus. Therefore joint development potential is enhanced by the possibility of combined development with land adjacent to station sites and owned by others.

Given these determinants of station site development potential, the most promising joint development possibilities in San Diego involve development of air rights, parking areas (where the development incorporates adequate station as well as project parking), and development of small joint development uses (news kiosks, automatic teller machines, flower stands) that can be accommodated in surplus area pockets on station sites.

##### Lesson 2: Strong Public Policy Commitment

A firm public policy commitment to successful implementation of joint development is an essential prerequisite for success. The mere presence of the LRT does not usually result in spontaneous development. Public policy makers must "prime the pump" for station site joint development to happen, and the pump must be primed early and often.

In San Diego the newness of and lack of familiarity with the implications of the first South LRT Line resulted in a perhaps understandable hesitancy to aggressively change public policy to address the LRT line's full potential. For the Euclid Line and other proposed lines, joint development-related cooperative planning efforts and private sector involvement are occurring during planning and early construction.

Specific policy actions that foster joint development include

- \* Appropriate land use designations and zoning that are conducive to joint development;

- \* Integrated planning (e.g., station area plans) that establishes the LRT station as an integral part of community development and provision for well-planned pedestrian station access and circulation;

- \* Development incentives that encourage joint development (e.g., density bonuses or reduced parking requirements, or both) of locations adjacent to a station;

- \* Aggressive LRT-focused policy commitment to pursue joint development by the city and redevelopment agencies

- \* Private sector outreach by the LRT authority (transit development board), city council, and redevelopment authority, emphasizing the advantages of joint development to the private sector;

- \* Adoption of transit development board policies demonstrating a commitment to seek developer assistance in financing transit improvements and indicating where developer contributions are appropriate;

- \* City land use plans, zoning, and policies



that designate planned LRT corridors and require developer contributions for transit to help ensure orderly growth and reduce adverse development impacts; and

- \* Strong city infrastructure policies that view developer contributions to finance transit improvements in the same light as more traditional developer-provided necessities (e.g., schools, roads).

#### Lesson 3: Benefits of Joint Development

Private sector developer participation in joint development can be achieved when the advantage to the private sector participant is clear and compelling. In San Diego (e.g., Mission Valley) developer participation in funding transit can mean the difference between approval and denial of a project by local authorities concerned about adverse traffic and parking impacts associated with a project.

Developers can be enthusiastic about participation in LRT implementation when the economic and patron access advantages of the LRT to private enterprise are clearly demonstrated and emphasized.

#### Lesson 4: Smaller Scale Joint Developments

A number of smaller scale joint developments can have cumulative nonquantifiable benefits in addition to financial benefits. Such nonquantifiable benefits include

- \* Increased visibility of the LRT in the potential rider community;
- \* Increases in LRT station amenities and resulting overall enhancement of the LRT rider experience;
- \* Promotion of the idea of joint development and the LRT-private sector partnership; and
- \* An opportunity to gain joint development experience that will be applicable to subsequent, more ambitious efforts.

These nonquantifiable benefits of smaller scale joint development efforts could ultimately result in quantifiable gains in LRT revenues and in increased and more ambitious joint development.