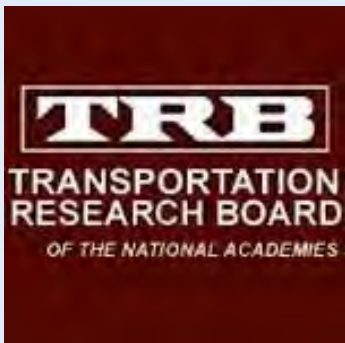


Guide to Joint Development for Public Transportation Agencies

The Transportation Research Board

TCRP H-57

September 2020



The Study

TCRP H-57: A Guide to Joint Development for Public Transit Agencies

Sponsor: the Transportation Research Board of the National Academies of Sciences, Engineering, and Medicine

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- ***Strategic Economics, Inc. Dena Belzer, MCRP, President***
- ***4ward Planning, Inc. Todd J. Poole, EDFP, Managing Principal***

Purpose

To expand the successful practice of joint development through:

- *the number and diversity of transit agencies engaged*
- *the variety and quality of projects achieved*



The Research Effort: Stakeholder Surveys

32 transit agencies

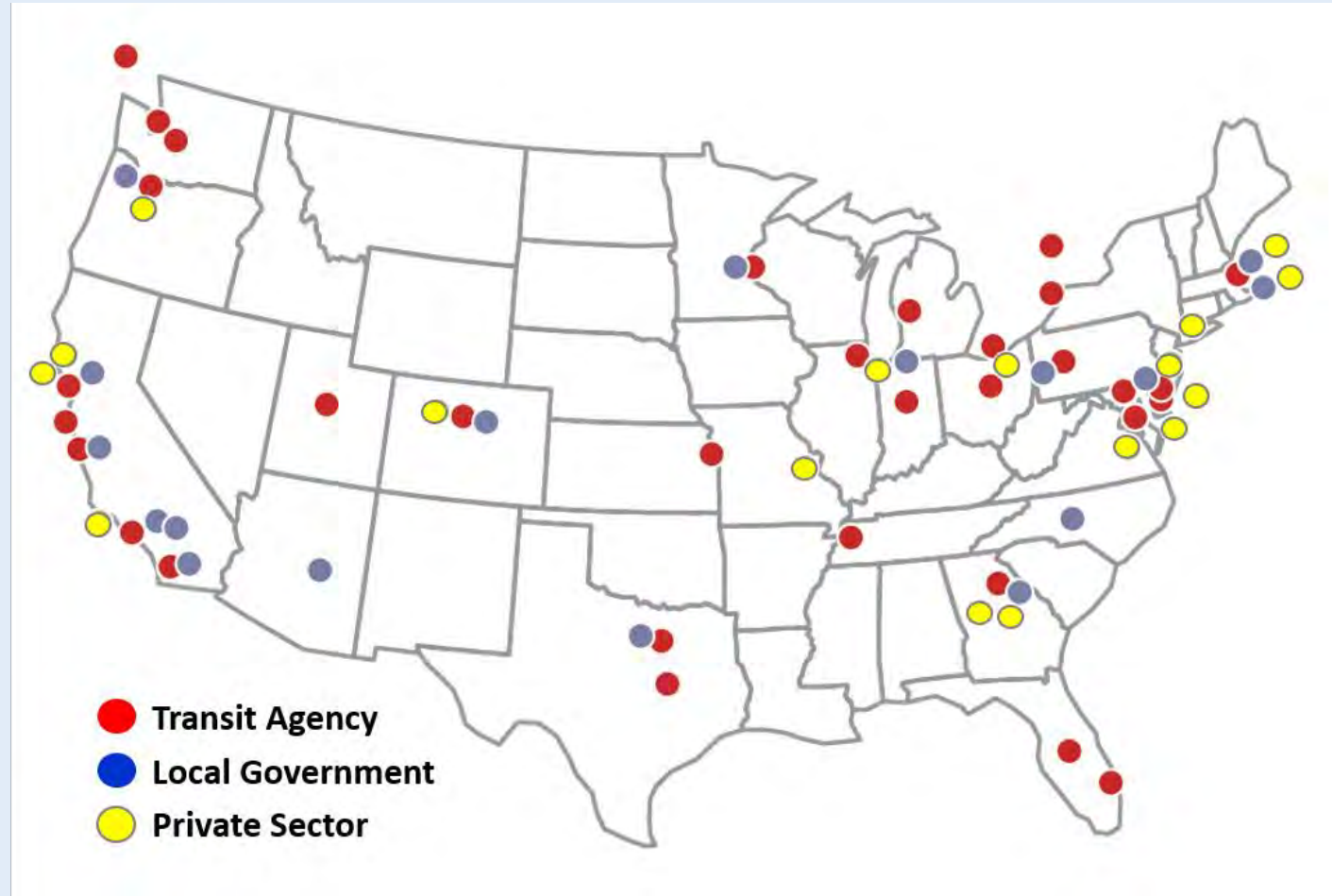
- Diversity of region, system size, transit modes, JD experience

18 local government entities

- Diversity of region and size
- Municipal, county, and regional

17 developers, lenders, investors

- Diversity of size, region, type of development, for-profit/non-profit



The Research Effort

- An extensive literature review, including peer-reviewed research and agency policies.
- A series of Technical Appendices covering the research and the literature review.

A Note on the Pandemic

The research was undertaken in 2019, before the advent of COVID-19. The *Guide* was written in 2020, as the pandemic was decimating every aspect of American life. While it is likely that real estate markets and transit ridership will take time to recover, the research team and the project panel believe that the findings and recommendations presented in the *Guide* will transcend current public health issues.

Chapter 1

Joint Development in the United States



Defining Joint Development

*Joint development is real estate development that occurs **on transit agency property or through some other type of development transaction** to which the transit agency is a party.*

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*Joint development is **physically or functionally related** to a transit facility and often involves the coordinated improvement of the transit facility and the affected real property.*

Defining Joint Development

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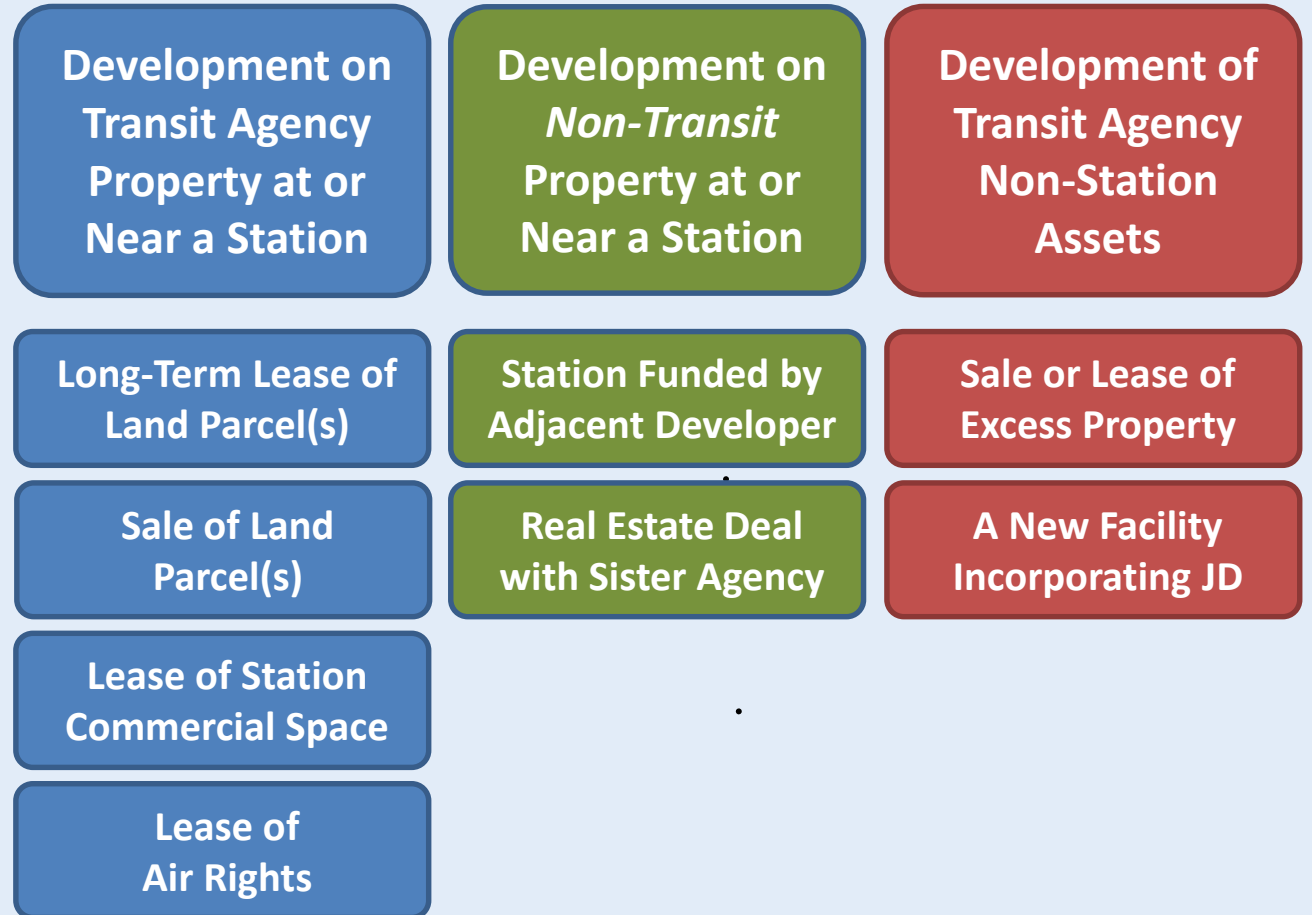
*Joint development is **physically or functionally related** to a transit facility and often involves the coordinated improvement of a transit facility and the affected real property.*

*Transit agencies actively participate in joint development, generally by contributing property or funding; they benefit by deriving **revenues, increased ridership, or transit improvements.***

Defining Joint Development

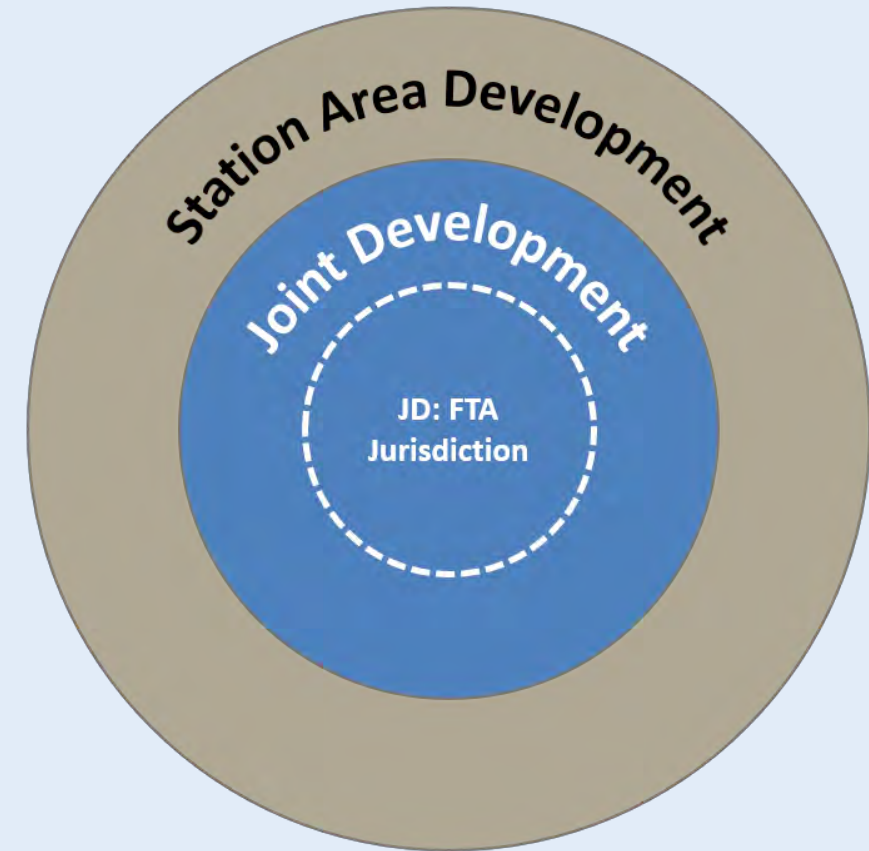
This transaction-based definition encompasses a diversity of project types in current and emerging practice.

Joint development most often occurs on transit property at a station but is not definitionally limited to it.



Joint Development in Context

- Joint development—the focus of this *Guide*—is a subset of station area development.
- (Exception: joint development of non-station assets in a non-transit location.)
- FTA-assisted joint development is in turn a subset of joint development.



Joint Development and TOD

- A foundational principle: station-area development, including JD, should be ***transit-oriented*** rather than merely ***transit-adjacent***.
- JD is not defined as a subset of TOD. Transit-oriented outcomes (density, mixed uses, public realm, right-sized parking) are ***achieved*** through intentional policies, not assumed.
- You have allies: a generation of TOD developers and progressive local jurisdictions.



Charlotte Lynx Blue Line

Why Undertake Joint Development?

Transit agencies cite three over-arching goals, in varying orders of priority.

Raise revenue from the JD transaction itself—“monetizing” an agency asset to help fund capital improvements and on-going operations.

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Raise revenue from the JD transaction itself—“monetizing” an agency asset to help fund capital improvements and on-going operations.

Increase ridership, for its own sake and for added farebox revenue.

Promote transit-oriented development as a strategy for placemaking, equity, sustainability, and smart growth.

Table of Contents: Chapters 2-5

A step-by-step “How-To”: the sequential stages of the JD process

Chapter 2:
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Cross-cutting strategies to advance the scope and state of the practice

Chapter 6 JD and FTA

Chapter 7 JD Economics

Land value
Parking
Affordable housing

Chapter 8 The JD Horizon

Hub stations
Sister public agencies
Adjacent owners
JD and value capture
New corridors
Non-station assets



Best Practices

An organizing theme throughout.

It is understood that:

- One size never fits all—some agencies use alternative practices with great success.
- Not every practice is applicable in every case.
- Best practices are conceptual; agencies fill in the details, nomenclature, and exact sequence.



CHAPTER 2: CREATING A JOINT DEVELOPMENT PROGRAM

- ❖ Confirm that the enabling act is aligned with JD requirements; if not, seek amendment.
- ❖ Organize for success: build necessary skills and capacities through staff and consultants.
- ❖ Organize for success: create a TOD/JD office with appropriate functions and reporting lines.
- ❖ Create and maintain an inventory of potential JD sites.
- ❖ Adopt an official TOD/JD policy commensurate with the agency's portfolio and program.
- ❖ Include TOD use, density, urban form, and parking standards in the TOD/JD policy.



CHAPTER 3: PLANNING A JOINT DEVELOPMENT PROJECT

- ❖ Assess site suitability, market demand, transit connectivity, and jurisdictional support.
- ❖ Do site and facility planning to determine transit requirements and development concept.
- ❖ Create Development Requirements and Guidelines (DRGs) to carry into developer solicitation.
- ❖ Work with the local jurisdiction and stakeholders to vet the project and advance entitlement.
- ❖ Establish key parameters of the JD transaction: methods of conveyance (lease, sale, or other) and the developer's roles and responsibilities.



CHAPTER 4: CHOOSING A DEVELOPER

- ❖ Determine the appropriate solicitation format.
- ❖ Define the selection process, which normally includes short-listing and interviews.
- ❖ Define the project through Development Requirements and Guidelines from prior planning.
- ❖ Avoid a "price only" selection. Use multi-criterion "best value" with clear evaluation criteria.
- ❖ For unsolicited proposals: if of interest, advance via competitive solicitation; exception may be considered for public agency or abutter.



CHAPTER 5: EXECUTING A JOINT DEVELOPMENT PROJECT

- ❖ Maintain an inter-departmental coordination and review committee throughout the process.
- ❖ Conduct an orderly negotiation sequence: exclusive negotiating agreement (ENA), joint development agreement (JDA), closing (lease, sale, other), or their equivalents.
- ❖ Maintain an appropriate agency role in press and stakeholder relations and entitlements.
- ❖ Conduct design review and construction oversight based on the agency's published standards, complexity and risk of project, and degree of proximity.
- ❖ Establish a durable framework ensuring long-term project control: e.g., limits on change of use and sale or assignment; non-subordination of ground lease.
- ❖ Establish a durable framework to enforce on-going developer obligations: e.g., payments, reporting, operation and maintenance standards, safety, remedies for default.



CHAPTER 6: JOINT DEVELOPMENT AND FTA

- ❖ Pursue JD on property where FTA has an interest, including FTA-funded park & ride lots and construction staging areas.
- ❖ Where possible, use the financially favorable FTA-Assisted Joint Development method of approval and conveyance.
- ❖ Align the FTA process with the project's planning, solicitation, and implementation stages.
- ❖ Plan new FTA-funded corridors with an eye toward FTA-assisted JD as part of the project.

CHAPTER 7: THE ECONOMICS OF JOINT DEVELOPMENT STRATEGIES TO ENHANCE FEASIBILITY

- ❖ Define agency financial return based on residual land value, downstream participation, and enhanced farebox revenues.
- ❖ Make the pie bigger by working with the zoning jurisdiction to increase allowable density before initiating a project.
- ❖ Make the gap smaller by seeking state, regional, and local infrastructure or gap financing.
- ❖ Create a culture of predictability across all stages of the JD process.

PARKING AND JOINT DEVELOPMENT

- ❖ Provide new transit passenger parking at appropriate stations only.
- ❖ Evaluate park & ride replacement on a case-by-case basis, allowing significant reduction or elimination where appropriate.
- ❖ Pursue reduced, TOD-friendly parking ratios for residential, commercial, and mixed-use JD.
- ❖ JD parking should be shared among uses, including park & ride where feasible.
- ❖ Parking should be located and designed so as to be compatible with TOD/JD.

AFFORDABLE HOUSING

- ❖ Promote affordable housing in JD projects. This may involve inclusionary requirements if the transit agency or zoning jurisdiction finds such measures appropriate.
- ❖ Reflect the economics of affordable housing in setting or negotiating the land value.
- ❖ Work with housing agencies to prioritize the site for applicable affordable housing subsidies.
- ❖ Work with local jurisdiction to secure density bonuses and reduced parking requirements.



CHAPTER 8: THE JOINT DEVELOPMENT HORIZON HUB STATIONS AND TRANSIT CENTERS

- ❖ Opportunities for small and medium-sized bus agencies as well as larger rail/bus agencies.
- ❖ Collaborate to solve the puzzle of ownerships, tenancies, roles, and responsibilities.
- ❖ Create a “place” as well as a “node”. All transit modes do not necessarily go in one building. Nor should adjacency of parking to the station preempt transit-oriented JD.
- ❖ In smaller projects or weak markets, consider government, service, or educational tenants.

SISTER LAND OWNING AGENCIES

- ❖ Partner with city, county, or other entities: combine holdings, issue joint RFPs, share benefits.
- ❖ Obtain right-of-way donations from public agencies whose land is enhanced by new transit.
- ❖ If the transit agency is a division of the city, county, or region, work with sister departments to involve their station-area land in JD.

ADJACENT PRIVATE LAND OWNERS

- ❖ Exploit opportunities for infill, replacement, or extension stations funded by adjacent owners.
- ❖ If the contribution is partial, make it the first money in, covering pre-construction costs.
- ❖ If advantageous, negotiate for the developer to design or design-build the station.

JOINT DEVELOPMENT AND DISTRICT VALUE CAPTURE

- ❖ Transit agencies should seek ways to participate directly in tax increment financing or special assessment districts.
- ❖ Pursue intergovernmental agreements with the taxing jurisdictions, dedicating value capture revenues or bond proceeds to specific transit projects.

NEW AND EXTENDED CORRIDORS

- ❖ Agency policy should include a “day one” focus on integrating potential JD into corridor planning.
- ❖ Station location, orientation, and access should anticipate JD.
- ❖ Consistent with enabling act, acquire land for park & ride lots and construction staging sites with future JD and shared facilities in mind.
- ❖ New park & ride garages should be located to avoid conflict with future JD.
- ❖ Evaluate partial versus full takings strategically; minimal taking is not always most advantageous.

NON-STATION ASSETS

- ❖ Evaluate new non-station facilities, or facility upgrades or replacements, as JD opportunities.
- ❖ Such JD projects may or may not represent TOD, depending on use and location relative to transit, but they achieve other JD goals, including asset monetization.
- ❖ Consider a full range of public-private and intergovernmental partnerships.

Chapter 2

The Foundation: Creating a Joint Development Program



Summary

Chapter 2:
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JD Program

Chapter 3:
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Chapter 4:
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Developer

Chapter 5:
Executing a
JD Project

- ***For agencies contemplating a full JD program, these are the essential foundation.***
- ***For agencies undertaking a single project or two, the applicable steps—at project scale—are essential.***



BEST PRACTICES

CREATING A JOINT DEVELOPMENT PROGRAM

1. Confirm that enabling act is aligned with JD requirements; if not, seek amendment.
2. Organize for success: build necessary skills and capacities through staff and consultants.
3. Organize for success: create a TOD/JD office with strong functions and reporting lines.
4. Create and maintain an inventory of potential JD sites.
5. Adopt an official TOD/JD policy commensurate with the agency's portfolio and program. A "model table of contents" is suggested.
6. Include TOD use, density, urban form, and parking standards in the TOD/JD policy.

Legal Tools

The agency's Enabling Act or charter must provide sufficient authority to undertake joint development. If not, an amendment or "work-around" will be required.

- Authority to engage in JD activities—ideally explicit, but at least implicit.
- Power to acquire and dispose of real property.
- Broad powers to contract with public and private entities.



BEST PRACTICE

Explicit authority to engage in joint development (by description if not by name)

Power to acquire and dispose of real property, including acquisition for development

No distinct limitations on disposal of property acquired by eminent domain

Broad and versatile power to contract with federal government, state agencies and subdivisions, private entities

SUFFICIENT AUTHORITY

Implicit authority for JD (general power to act broadly consistent with/in support of the transit mission)

Power to acquire and dispose, including disposal for development of property originally acquired for transit purposes

Manageable limitations on disposal of property acquired by eminent domain

Broad and versatile power to contract with federal government, state agencies and subdivisions, private entities

Organize for Success: Skills & Capacities

- JD requires specialized skills, often outside the traditional competencies of US transit agencies.
- These can be provided through a combination of in-house staff and outside consultants.
- Core capacity should be in-house—program leadership, decision-making, management of consultants.
- Developers stress the need for transit agencies to have real-world development/market/TOD knowledge close at hand—and preferably in-house.



JD SKILLS & CAPACITIES

Program leadership, project decision-making, and flow of information to the governing board

Interdepartmental vetting and coordination

Consultant procurement and management

FTA relations and compliance

Community and local government outreach

Participation in TOD planning and zoning

Specialized real estate legal capacity

Right-of-way assembly and management

Real estate market analysis

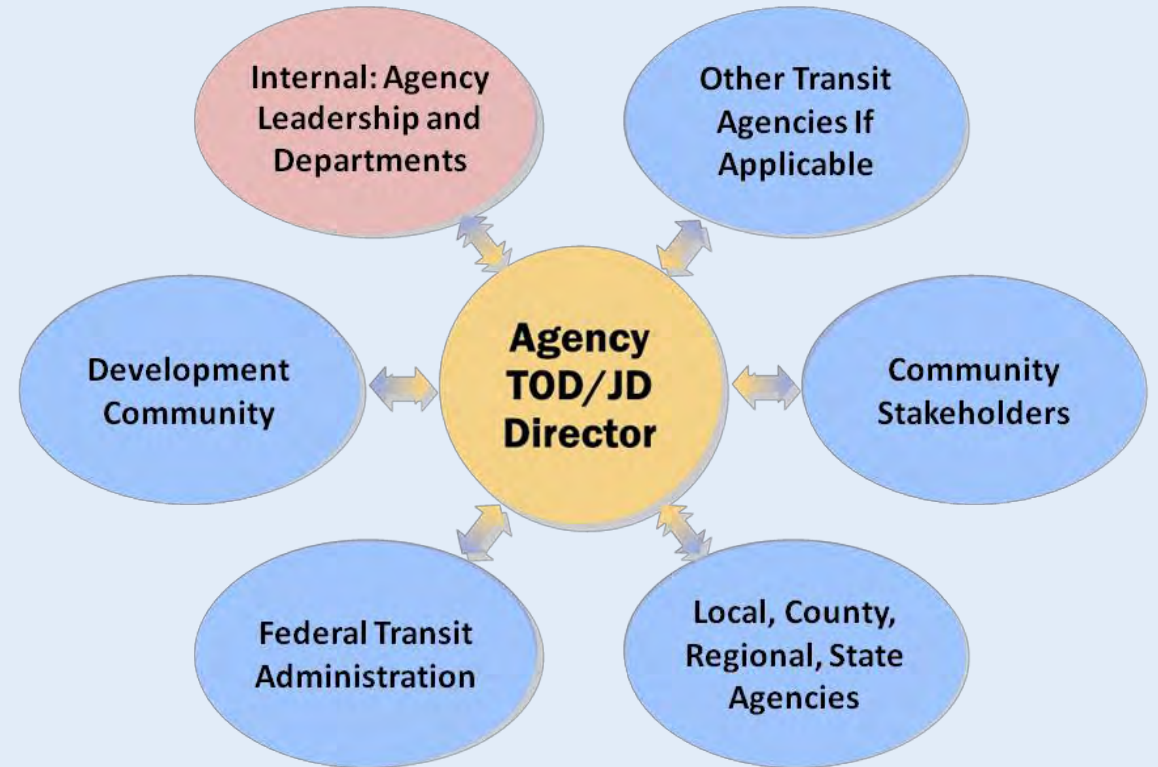
Real estate transaction expertise: pro forma review, residual land value analysis, complex business terms

Design and engineering review, construction oversight

Monitoring of long-term developer obligations

Organize for Success: a Strong TOD/JD Office

- Led by a strong director, reporting to the CEO or other senior manager and visible to the Board.
- Charged with—and skilled at—proactive **internal** coordination, among all relevant operational and supporting departments, throughout the process.
- Charged with—and skilled at—**external** coordination with FTA, developers, local government, and other stakeholders.
- Not just a communicator, but a **translator**.



An Inventory of Potential Sites

To plan for JD, an agency must know what it owns:

- land parcels excess to current or future system needs
- Surface park-and-ride lots and their level of utilization
- busways and other operating facilities that could be relocated, reconfigured, or consolidated
- air rights over rail or bus alignments or station facilities
- leasable commercial premises within a station
- non-revenue facilities (operation and maintenance centers, police stations, utility plants, headquarters)
- properties with an FTA interest
- complex ownership patterns in historic rail corridors



**Dormont Junction Station and Parking Lot
Port Authority of Allegheny County**

An Official TOD/JD Policy

Adopting and publishing a policy:

- Tells staff, developers, local officials, and other stakeholders, *in a single voice*, how the agency will approach and implement JD.
- Most transit agencies surveyed have adopted an official JD policy or are actively working on it.



MODEL TABLE OF CONTENTS

1. Philosophy, definition, and goals
2. The distinction between Joint Development and TOD
3. TOD use and design standards
4. Step-by-step procedural manual
5. Developer selection process and unsolicited proposal policy
6. Explicit preference for long-term lease over sale
7. Station access and replacement parking policy
8. Affordable housing policy
9. New corridor planning and multi-agency partnerships

TOD Land Use and Design Standards

- The policy should include flexible standards for land use, density, public realm, and parking.
- For JD: the standards indicate, to the degree consistent with zoning, what the transit agency expects in projects to which it is a party.
- For station area development in general: the standards signal what the agency will advocate as a stakeholder.

Compactness and density. Station-area development (including major bus and streetcar stops) should be compact and dense compared to its surroundings. There is no “one size”; appropriate and sustainable density will reflect the community setting, the type and level of transit service, and any applicable “TOD place typology.”

Mixed uses. Development should include a rich mix of uses, in each corridor and, where possible, in each station area. Mixed uses create animation and security, while supporting shared parking and robust bi-directional transit use in peak hours.

Public realm. The public realm should be safe and inviting for pedestrians and cyclists; inter-connected through complete streets and small blocks; and seamlessly tied to the ground floors of buildings. TOD emphasizes the form and the quality of design.

Parking. Parking should be reduced, shared, well-designed, and located so as not to conflict with joint development and other TOD.

Chapter 3

Planning a Joint Development Project



Summary

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- *How a transit agency determines that a site is ready for development and prepares to make it available.*
- *The essential bridge between the site inventory and overall JD policies (previous chapter) and the developer solicitation process (next chapter).*



BEST PRACTICES

PLANNING A JOINT DEVELOPMENT PROJECT

1. Assess development readiness based on site suitability, market demand, transit connectivity, jurisdiction support.
2. Do predevelopment site planning to determine the transit requirements and conceptual development program.
3. Create Development Requirements and Guidelines (DRGs) to carry forward into developer solicitation.
4. Work with local officials and community stakeholders to vet the project and advance entitlement.
5. Establish the key parameters of the JD transaction: method of conveyance and roles and responsibilities.

Assessing Development Readiness

Development readiness is measured by four interactive criteria.

Site Suitability

- Available and large enough for a viable project?
- Compatible with future system plans?
- Free and clear or encumbered?
- Extent of extraordinary cost premiums (remediation, air rights, facility replacement)?

Transit Connectivity

- The basics: mode, capacity, frequency, ridership
- A single transit line, multiple intersecting lines, or a multi-modal hub and feeder node?
- Network location: near the core or periphery?
- Transit commuter shed for jobs and workforce

Market Demand

- Assess by industry outreach, in-house data analysis, or formal market study
- Market behavior metrics: nearby activity, real estate transactions, trend in sale/rental prices
- Is the value sufficient to support cost premiums?
- Can soft market demand be overcome by finance incentives and other jurisdictional support)?

Jurisdictional Support

- Is current zoning TOD-compatible?
- Is there will to upzone density? Reduce parking?
- Concrete plans/policies for this site or corridor?
- A priority for economic development, affordable housing, or brownfield remediation programs?
- In a TIF district? New Market Tax Credit eligible?

Predevelopment Site Planning

If the site is development-ready:

- The core planning stage—building on the development readiness analysis.
- Identify a site plan, transit program, and development program (or set of alternatives) that fit the physical, market, and zoning parameters.
- The product—a set of **Development Requirements & Guidelines (DRGs)**—is carried forward into the developer solicitation.

1

Assess demand for transit patronage and access and for private development.

2

“Right-size” the parking program.

3

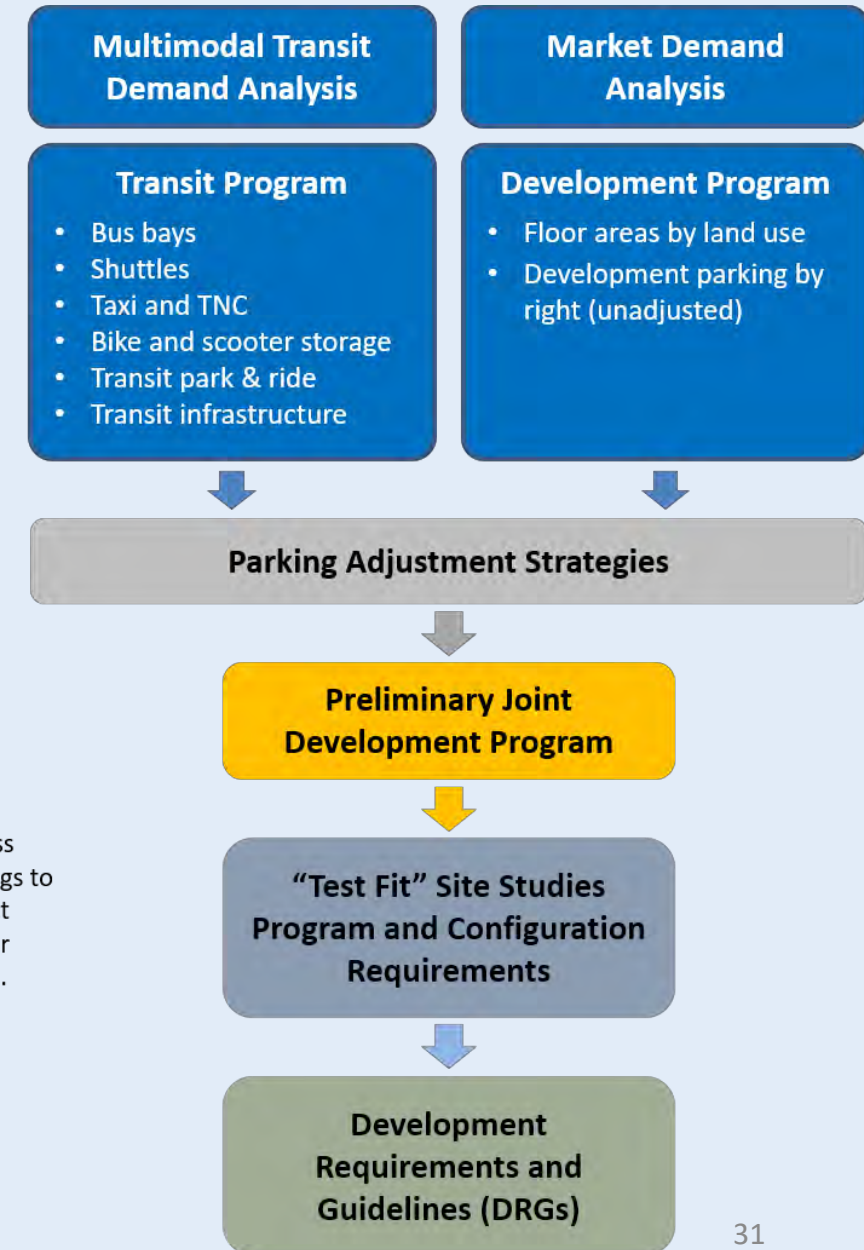
Establish a Preliminary Joint Development Program (JDP).

4

Conduct “test fit” studies to assess physical feasibility. Use the findings to refine the JDP and identify project configuration parameters for later stages of design and construction.

5

Prepare Development Requirements and Guidelines (DRGs) based on the JDP, test fit, and confirmed feasibility parameters.



Planning Principles: Station Access

Station access is critical from two perspectives:

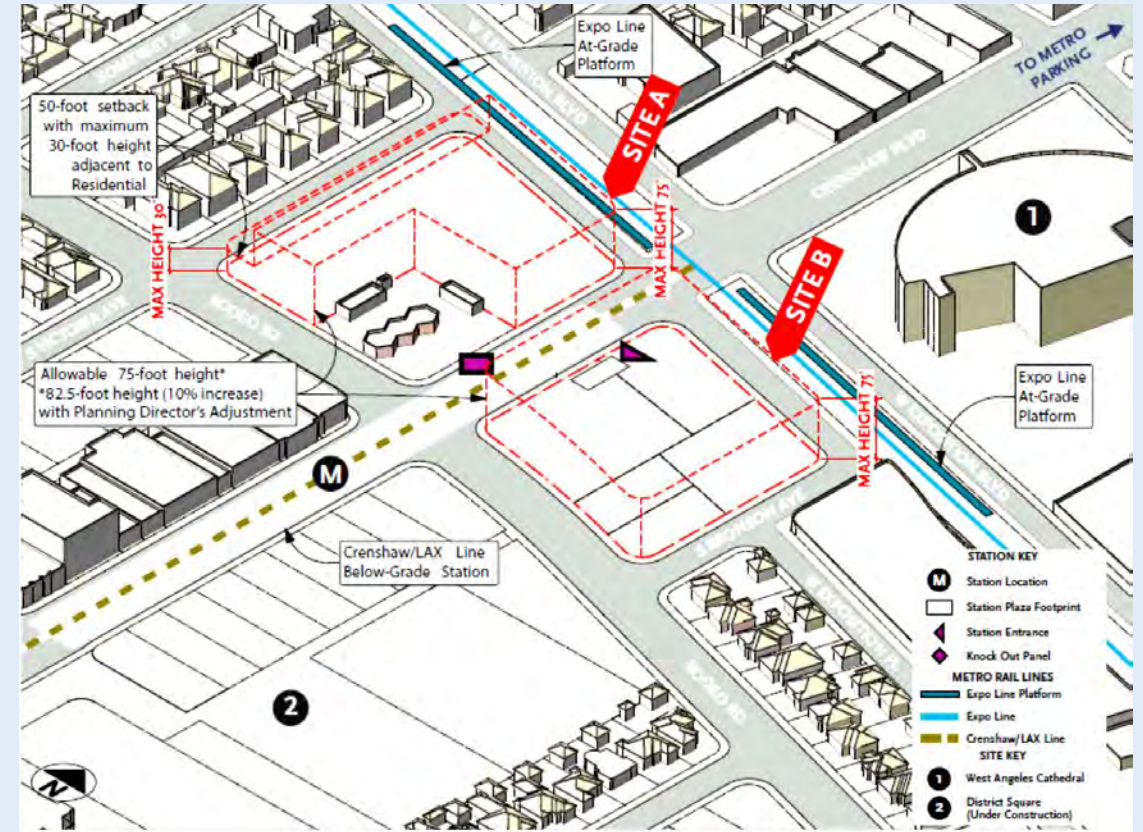
- How passengers access the station's primary mode of transit. For a rail station, do people get there by bus, on foot, by car, or some other way?
- How people who live or work in the joint development buildings come and go. Do they access the train as pedestrians? Do they commute by bus, car, or bicycle, not using the train?
- Finite land and circulation capacity must be allocated among modes. Best practice is to adopt an “access hierarchy” favoring pedestrians, bicycles, and transit, as shown here.



BART Station Access Hierarchy

Community Vetting and Early Entitlement

- Virtually all joint development is subject to local land use regulation and zoning.
- To add value and predictability, the transit agency should work with stakeholders and local officials during the planning stage, to:
- Align the Development Requirements & Guidelines with community expectations.
- If warranted, seek zoning changes to allow greater density and/or reduced parking requirements.



LA Metro Predevelopment Guidelines for Expo/Crenshaw JD
Prepared collaboratively with City and community

Setting the Deal Parameters

The key parameters of the potential transaction should be established before developer solicitation:

- The **method of conveying** the development rights:
 - long-term lease,
 - outright sale, or
 - equity partnership.
- A **long-term lease**, with participation in future revenue, is strongly preferred over sale.
- Roles and responsibilities: will the developer be required to **deliver** any station facilities, **operate and maintain** them, and/or **fund** them?

Potential Developer Responsibilities with Respect to One or More Station Elements

| Element (garage, concourse, busway, etc.) | Is this a task the developer will be assigned to perform? | Is this an in-kind obligation the developer must pay for? |
|--|--|--|
| Design | ? | ? |
| Construct | ? | ? |
| O & M | ? | ? |

Chapter 4

Choosing a Developer



Summary

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- *The goal : attract highly advantageous proposals from capable, trustworthy developers.*
- *Transit agencies are generally required by law, FTA regulations, or board policy to use a competitive solicitation that is fair, open, and transparent.*



BEST PRACTICES

CHOOSING A DEVELOPER

1. Determine the appropriate solicitation format.
2. Define the selection process, which normally includes short-listing and interviews.
3. Define the project through Development Requirements and Guidelines (DRGs) from pre-solicitation planning.
4. Avoid a “price only” selection. Using a multi-criterion “best value” approach, define clear, project-specific evaluation criteria.
5. For unsolicited proposals: if of interest, advance via competitive solicitation; exception may be considered for public agency or abutter.

Determine the Solicitation Format

There are four common formats:

- Request for Qualifications (RFQ)
- Request for Proposals (RFP)
- Request for Expressions of Interest (RFEI)
- Simple Invitation to Bid (ITB).

Agency objective: gather the most information before selecting.

Developer objective: shorten the timeframe or defer cost until clearly in contention.

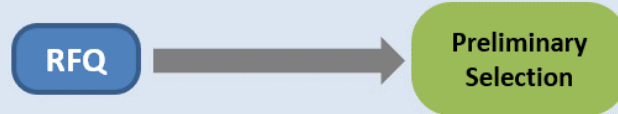
The two-step RFQ/RFP is the most thorough but also the most costly and time-consuming.

Two-Step RFQ/RFP



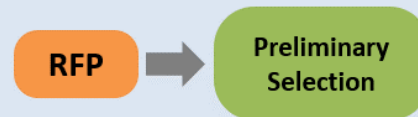
- For agency: provides the most information on qualifications and plans prior to selection
- For proponents: defers heavy cost and effort until they know they are short-listed
- Most costly and time-consuming for both parties

One-Step RFQ



- Both parties: reduces cost and time prior to selection
- Selection precedes program and financial details; terms are not set by market competition
- Requires longer and more complex negotiation with greater risk of not reaching agreement

One-Step RFP



- Both parties: reduces cost and time prior to selection
- Submittal should include a Statement of Qualifications
- For agency: program and financial terms are known prior to selection; a competitive Best and Final Offer can be used to sharpen market competition on terms
- For proponents: shortens the process but does not defer the full proposal effort

Define and Follow the Selection Process

- Establish—and state clearly in the solicitation document(s)—the process that will unfold once proponents have submitted their responses. A typical process:



- Clearly identify the issuing and awarding authority and the makeup of the selection panel.
- Spell out the agency's intent with respect to shortlisting and interviews and whether a Request for Best and Final Offers (BAFO) may be directed to the finalists.
- Spell out any disclaimers and reservations of rights—including the right, with no obligation to any proponent, to reject any and all submittals and cancel the solicitation.

Define the Project and Criteria

Define the Project

Explain the agency's expectations of what the developer is expected to build, to do, and to fund.

- Using the Development Requirements & Guidelines (DRGs) developed in the planning stage, describe the intent with respect to site plan, transit facilities, program of uses, density, parking, and urban design.
- Find the **sweet spot** between prescriptiveness and flexibility. Identify elements that are “must-haves” versus those open to judgment and creativity.
- Set forth clearly the key deal structure parameters—method of conveyance (lease, sale, or equity deal), and roles & responsibilities.

Define the Evaluation Criteria

State the criteria for evaluating (a) developer qualifications and (b) the merits of the proposals.

- Qualifications: financial capacity, technical capacity, experience with TOD/JD and other comparable projects, team's experience working together, mandatory disclosures of legal or ethical issues.
- Proposal content: for all but simple ITBs, and unless required by law, best practice is to use a multi-criterion best value evaluation, reflecting agency goals—**not** “highest responsible bid”.
- Be clear about the composition of the financial offer—what is included, how should it be calculated?

Chapter 5

Executing a Joint Development Project



Summary

Chapter 2:
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- ***At preliminary developer selection, the project has barely begun. Ahead lie:***
 - ***negotiating a joint development agreement;***
 - ***finalizing the award;***
 - ***advancing design, permitting, and financing;***
 - ***closing on the conveyance;***
 - ***overseeing construction;***
 - ***monitoring on-going terms and conditions.***
- ***Move expeditiously—"time kills deals."***



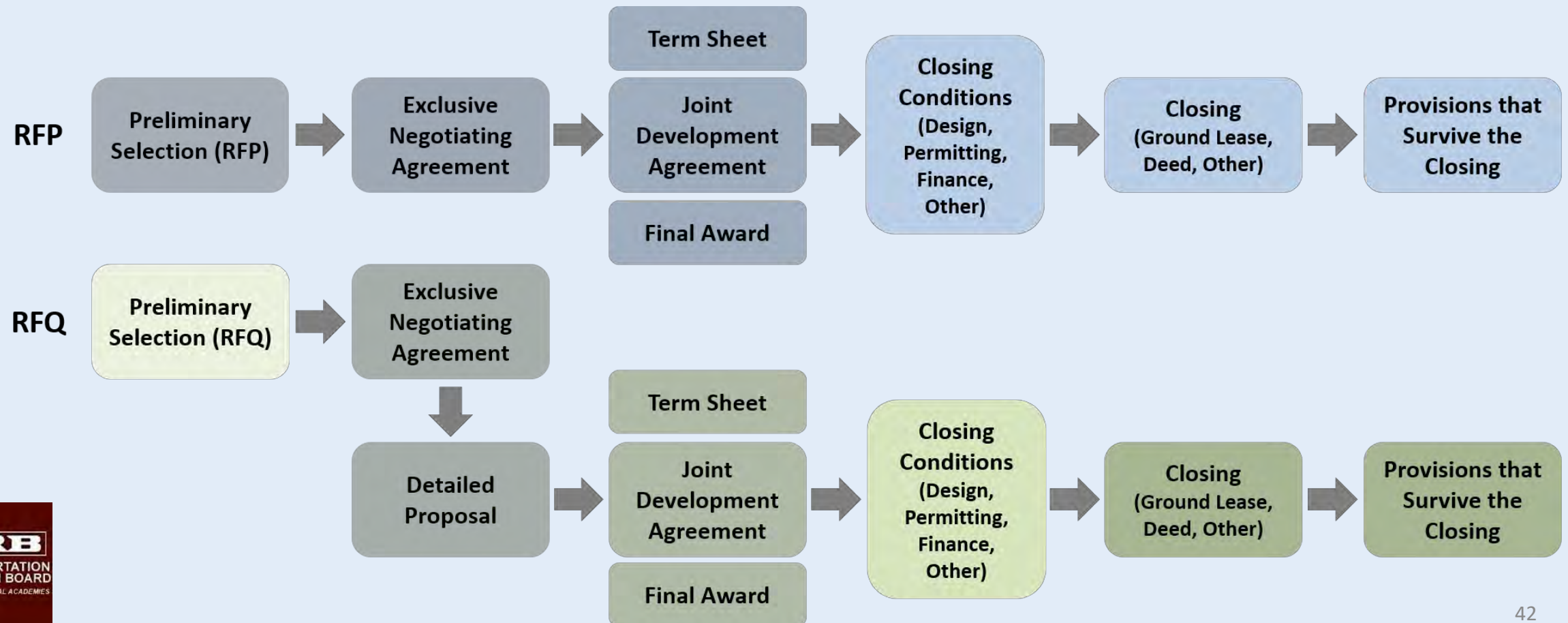
BEST PRACTICES

EXECUTING A JD PROJECT

1. Maintain inter-departmental coordination and review throughout the process, driven by TOD/JD office.
2. Conduct an orderly negotiation sequence: exclusive negotiating period, joint development agreement (JDA), closing (lease, sale, other).
3. Maintain an appropriate role in press and external stakeholder relations, entitlements and approvals.
4. Conduct design review and construction oversight based on the agency's published manual or standards, complexity and risk of project, and proximity to station.
5. Establish a durable framework ensuring long-term project control: e.g., limits on change of use and sale or assignment; non-subordination of ground lease.
6. Establish a durable framework to enforce on-going developer obligations: e.g., payments, reporting, operation and maintenance, safety, remedies for default.

The Core Sequence

Typically, the board vote approving the preliminary selection authorizes staff to begin exclusive negotiations with the developer. The goal is to conclude a joint development agreement (JDA), finalize the award, and close on the real estate conveyance. The project is then ready for construction.



The JDA

The joint development agreement (JDA) governs the closing, the substantive and legal conditions leading up to it, and all the rights and obligations that survive it. A composite table of contents is shown here.

- For most projects, the exclusive negotiating period (ENP) is 60-120 days. However, if the developer was chosen using a one-step RFQ, the ENP has to be long enough to negotiate the detailed development plan and business terms.
- Some agencies negotiate a detailed ***term sheet*** first, as the basis for the full JDA.
- The conveyance document (lease, sale, or equity deal) to be executed at the closing is negotiated alongside the JDA, which it generally supersedes.

The Project: Substantive and Commercial Terms

- The project's agreed-upon plan and program (text and exhibits)
- The development schedule, with specific performance milestones
- Agreed-upon phasing plan (if applicable)
- Financial terms, including the amount, calculation, and schedule of payments to the transit agency for the development rights
- Roles and responsibilities for design, construction, operation, maintenance, and funding of each project component

Procedural Provisions from the JDA to the Closing

- Protocol for interaction with public officials and the press
- Responsibility for concluding entitlements and approvals
- Design review requirements and process
- Relationship among the JDA, conveyance instrument (ground lease, deed of sale, or other), and surviving provisions

Closing Deadline and Closing Conditions

After the Closing: Building the Project

- Construction period oversight, standards, and procedures
- Maintenance of operations during construction

Durable Governance Framework

- Measures for Satisfactory Continuing Control (if FTA is involved)
- Limitations on subordination, change of use, sale, or assignment
- Decision-making for transit, commercial, and common areas
- Future financial or operational obligations and their enforcement
- Defaults and remedies at each stage of execution
- Risk protection and mitigation

From the JDA to the Closing

Closing Conditions

At the heart of the JDA—who is obligated to do what for the closing to occur. Typical developer obligations:

- Current financial statements
- Legal opinions validating corporate powers
- Evidence of sufficiency of funds
- All required permits and approvals
- Completion guarantee, bonds, default insurance
- Final plans and specs approved by transit agency
- Maintenance of traffic & operations plans
- Site-specific work plan for construction
- Executed construction and architecture contracts
- Any associated easements or covenants

Permits and Approvals

Even if major entitlements were lined up prior to solicitation , there is still approval work to be done.

- Best practice: in the JDA, make the developer responsible, but don't "hand them the keys". Retain input on strategy, follow the process-
- Set a protocol for any agency contacts that should be initiated by the transit agency (such as FTA, or elected officials).
- The agency should support the developer in any funding or financing programs for which the developer is the applicant.

Overseeing Design and Construction

To the extent applicable, the agency should maintain an Adjacent Construction Manual or similar standards for building in close proximity to tracks, busways, stations, and garages.

- ***Design review.*** The breadth and depth of the review should reflect the degree of physical proximity to the transit facility, the prominence of the building, and the extent of review by local building officials. The review should cover, at minimum, any impact on operations, safety, and accessibility, and consistency with the plan approved in the JDA.
- ***Construction oversight:*** the Adjacent Construction Manual should provide detailed standards for management, monitoring, safety protocols, maintenance of traffic and operations, and impacts on nearby properties. A site-specific plan should be a closing condition.

1. Any construction of, or proximate to, an operating transit facility:
Detailed engineering review and construction oversight for safety, compliance with standards, and any other impacts on transit assets

2. A building for the transit agency, or commercial space in an operating environment:
Above as applicable, plus detailed architectural review

3. Typical JD building on transit property:
Review site plan, program, massing, and parking for consistency with approved plan; review for operation, safety, and accessibility impacts on transit

4. Prominent JD building on transit property:
As above, with option of more detailed architectural review

Hierarchy of Design
Review Priorities

A Durable Governance Framework

Project Control

The conveyance instrument, and/or provisions of the JDA that survive the closing, should ensure the transit agency's long-term interests relative to:

- Satisfactory continuing control (as required in FTA-assisted projects)
- Limitations on change of use, assignment or sale
- Non-subordination of the ground lease
- Decision-making relative to the transit, commercial, and common areas
- In multi-phase projects, requirements to prevent the developer from “sitting” on future parcels

Enforcement of Obligations

The agreements should optimize enforcement of the developer's long-term obligations. This requires long-term monitoring and enforcement.

- Financial benefits to transit agency; this is especially important in long-term leases with multiple “tiers”
- Insurance, indemnification, and safety protocols
- Defaults and remedies

Chapter 6

Joint Development and the Federal Transit Administration



Summary

Chapter 6 JD and FTA

Chapter 7 JD Economics

Land value

Parking

Affordable housing

Chapter 8 The JD Horizon

Hub stations

Sister public agencies

Adjacent owners

JD and value capture

New corridors

Non-station assets

- ***FTA policy broadly supports JD, but JD involving FTA land or jurisdiction is only a subset of all US joint development.***
- ***Where FTA is involved, their process, methods of engaging, and costs and benefits of doing so are changing.***



BEST PRACTICES

JOINT DEVELOPMENT AND FTA

1. Pursue JD on property where FTA has an interest, including FTA-funded park & ride lots and construction staging areas.
2. Where possible, use the financially favorable FTA-Assisted JD method of approval and conveyance.
3. Align the FTA process with the transit agency's planning, solicitation, and implementation stages.
4. Plan new FTA-funded corridors with an eye toward FTA-Assisted JD as part of the project.

FTA Jurisdiction

FTA jurisdiction is limited to projects involving:

- prior FTA funding for the acquisition or improvement of the property; ***or***
- a request to use new FTA funding for joint development improvements.

New corridors planned as FTA-assisted capital projects present opportunities for FTA/JD, including the siting of construction staging areas and surface parking lots.

Joint development related matters are delegated to the 10 FTA Regional Administrators, whose staffs should be consulted early when considering potential JD.

If:

There is no FTA real property interest, and no new FTA funding is sought...

The project site has a pre-existing FTA real property interest...

New FTA funding is sought for the joint development project...

Then:

Proceed.
There is no FTA jurisdiction.

Consult FTA Guidance and staff. Evaluate FTA/JD vs excess property disposition.

FTA will review as an FTA-assisted joint development (FTA/JD).

Alternative Methods

When FTA jurisdiction arises from a prior real property interest, there are two alternative ways to proceed, with FTA Region approval:

- FTA-Assisted JD, in which the conveyance is ***not*** a disposition, the FTA interest remains, and the JDA must provide “satisfactory continuing control”. The transit agency retains all revenue.
- Disposition of the site as excess property; the FTA interest terminates and must be settled.

The FTA/JD method is financially preferable for the transit agency.

The Guide explains how to mesh FTA process with all stages of a transit agency JD process.

Conveying real property originally acquired or improved with FTA assistance:

FTA-Assisted Joint Development

- JD is legally an FTA-assisted transit capital project.
- Property can be leased, sold, or contributed as equity to JD.
- FTA property interest remains, requiring “satisfactory continuing control”.
- Proceeds belong 100% to the transit agency for virtually any capital or operating use.
- Minimal application of FTA cross-cutting requirements (when FTA has a pre-existing real property interest only).

Disposition of Excess Property

- Property is declared “no longer needed for transit purposes”.
- Property is usually sold outright to the developer.
- FTA interest is extinguished; thus no FTA-mandated “continuing control” or on-going FTA review.
- FTA interest must be repaid, or transferred to another capital project; transit agency gains only a portion of the proceeds.
- Generally no FTA cross-cutting requirements (assuming no new FTA funds are involved).

Chapter 7

The Economics of Joint Development



Summary

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Chapter 7 JD Economics

Land value
Parking
Affordable housing

Chapter 8 The JD Horizon

Hub stations
Sister public agencies
Adjacent owners
JD and value capture
New corridors
Non-station assets

- *A JD project must be market-receptive and financially feasible, or it will not happen.*
- *The overlapping but distinct interests of the agency and the developer create a push-and-pull over land value.*

Two issues have emerged as cost and revenue drivers affecting this push-and-pull:

- *structured parking, whether for park & ride or for the JD program itself;*
- *affordable housing, which many local jurisdictions and transit agencies encourage as a matter of public policy.*

Strategies to Enhance Feasibility

The discussion begins with strategies to enhance the prospects for feasibility across the board.

- ***Make the pie bigger.*** The tension over land value reflects the buildable development envelope. A proactive strategy is to pursue “up-zoning” prior to launching the project.
- ***Make the gap smaller.*** A transit agency should work with economic development agencies—before developer solicitation—to line up support for site assembly, remediation, infrastructure, or gap financing. This is particularly important when trying to draw development into a “soft market”.
- ***Strategically define financial return*** (next slide)



BEST PRACTICES

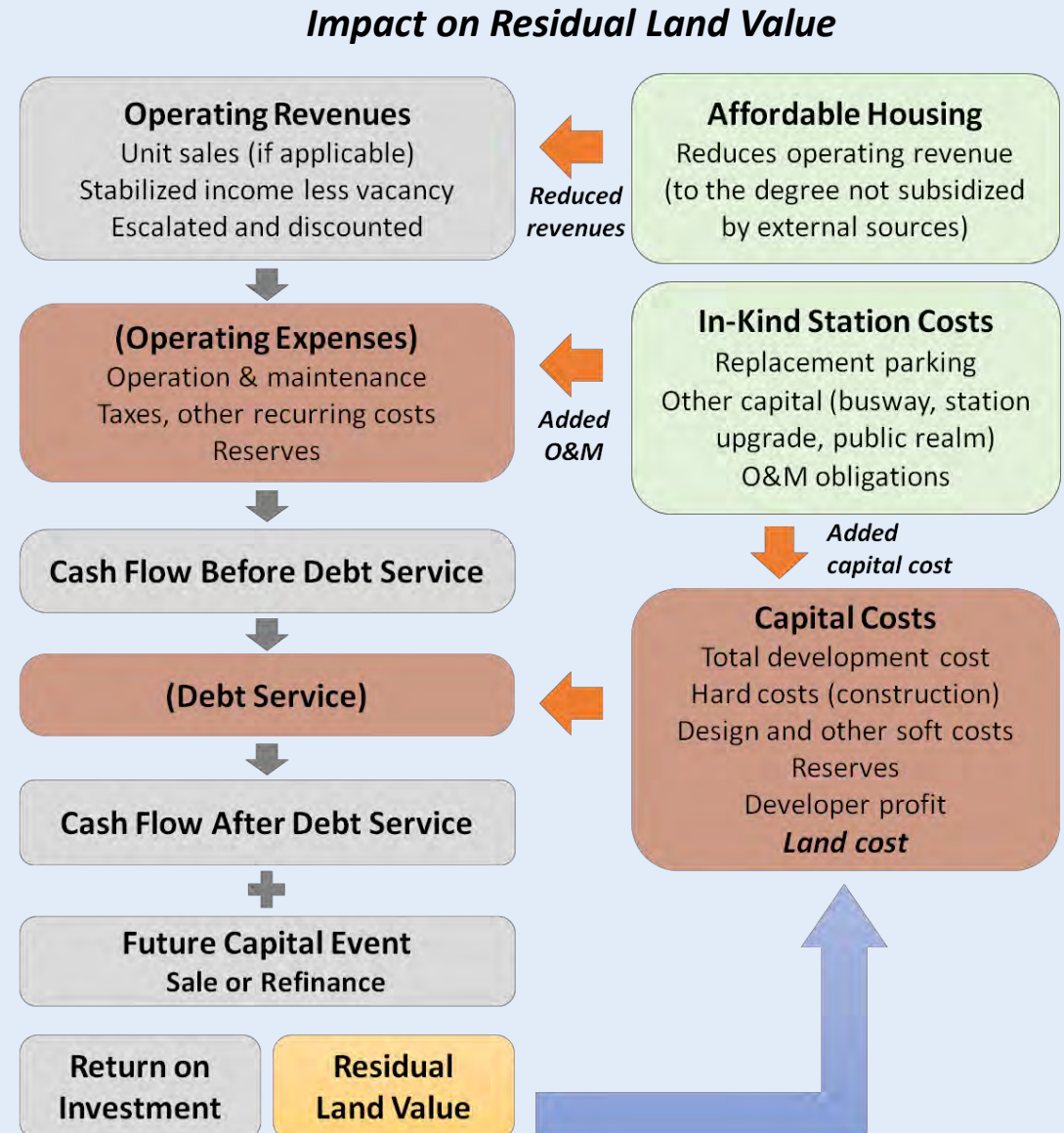
STRATEGIES TO ENHANCE FEASIBILITY

1. Define agency financial return based on residual land value, downstream participation, and enhanced farebox revenues.
2. Make the pie bigger by working with the zoning jurisdiction to increase allowable density before initiating a project.
3. Make the gap smaller by seeking state, regional, and local infrastructure or gap financing.
4. Create a culture of predictability across all stages of the JD process.

Strategically Define Financial Return

A transit agency's expectations of financial return, and its assessment of the outcome, depend on how they defined financial return in the first place.

- Financial return is broader than the developer's lease or sale payments—it is the “business case” for undertaking the project.
- It should recognize in-kind capital or operating obligations by the developer; the present value of downstream participation in project revenues; and (although not part of the developer negotiation) net new farebox revenues attributable to the project.
- Fair market value should be understood as **residual land value**—what a developer can pay for the site when **all** project costs are recognized. These include structured parking and affordable housing.



Parking and Joint Development

The economic impact of parking on JD arises both from park & ride and the parking needs of the JD program.

- **Reduced ratios for development.** To the degree consistent with zoning (or anticipated relief), the transit agency should establish JD parking ratios that reflect the mixed-use transit environment.
- **Shared parking.** Shared parking among uses with divergent peak demand profiles is an established strategy. The concept should be extended to facilities that accommodate both TOD **and** park & ride.
- **Location and design.** Off-street parking should be located in the site plan, designed relative to the streetscape, to minimize conflicts with TOD/JD.
- **Park & ride location and replacement** (next slide)



BEST PRACTICES

PARKING AND JOINT DEVELOPMENT

1. Provide new transit passenger parking at appropriate stations only.
2. Evaluate park & ride replacement on a case-by-case basis, allowing significant reduction or elimination where appropriate.
3. Pursue reduced, TOD-friendly parking ratios for the residential, commercial, and mixed-use JD.
4. JD parking should be shared among uses, including park & ride where feasible.
5. Parking should be located and designed so as to be compatible with TOD/JD.

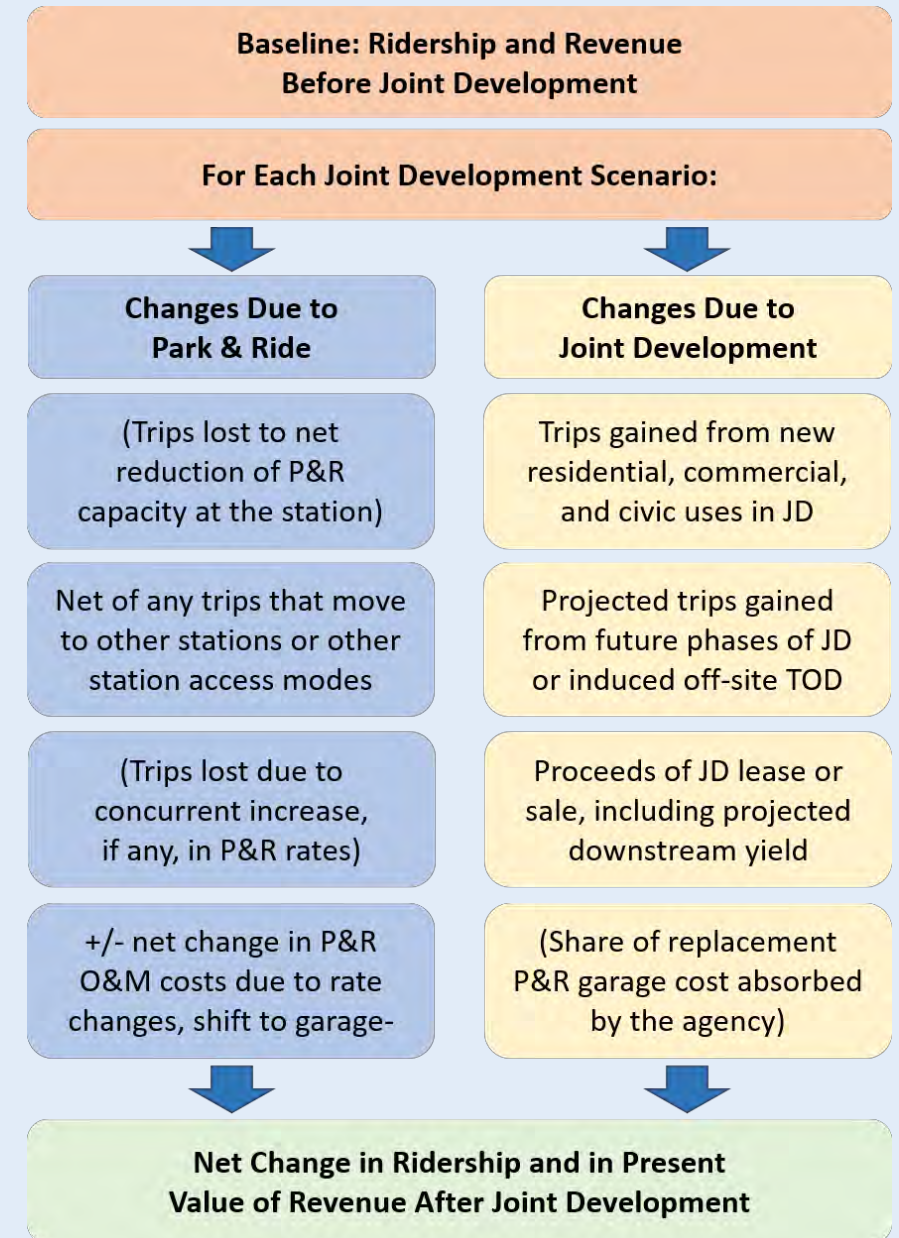
Park & Ride

New park & ride. Provide new transit customer parking only where warranted by transportation network needs: at or near the ends of radial corridors or at strategic roadway locations.

Replacement. The conversion of surface park & ride lots to joint development sites is a cornerstone strategy at some rail agencies.

- Replacement directly impacts project costs and land value.
- There has been a sea change in agency strategy—from 1:1 replacement to a **case-by-case approach**, which may result in substantial reduction or even elimination at a particular site.
- This change reflects construction costs, the rise of last-mile alternatives, and FTA’s clarification that “1:1” is not required.
- The “all-in” analytic logic takes into account net revenue and ridership impacts from **JD as well as park & ride**.

Park & Ride Replacement Analysis



Affordable Housing and Joint Development

Transit agency JD programs in regions with significant housing cost issues should play an active role in advancing affordability.

- ***Inclusionary policy.*** This *may* be appropriate, but not in every case. (There may also be an applicable inclusionary policy in the local jurisdiction.)
- ***Land value.*** Agencies may discount land value to support affordable units, either as explicit policy or by factoring affordability into the appraisal.
- ***Help from state, local, and non-profit partners.*** A variety of programs help lower the cost of affordable housing. Agencies should line up support prior to developer solicitation.



BEST PRACTICES

AFFORDABLE HOUSING AND JD

1. Promote affordable housing in JD projects. This *may* involve inclusionary requirements if the transit agency or zoning jurisdiction finds such measures appropriate.
2. Reflect the economics of affordable housing in setting or negotiating an acceptable land value.
3. Work with housing agencies to prioritize the site for applicable affordable housing subsidies.
4. Work with local jurisdiction to secure density bonuses and reduced parking requirements.

Chapter 8

Expanding the Joint Development Horizon



Summary

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Chapter 7 JD Economics

Land value
Parking
Affordable housing

Chapter 8 The JD Horizon

Hub stations
Sister public agencies
Adjacent owners
JD and value capture
New corridors
Non-station assets

- *Joint development still occurs most commonly on transit-owned property (land, air rights, or commercial space) at existing rail transit stations.*

- *This chapter addresses six ways to expand the horizon of US joint development practice:*
- Hub stations and transit centers
 - Sister land owning agencies
 - Adjacent private land owners
 - District value capture
 - New and extended corridors
 - Non-station assets

Hub Stations and Transit Centers

Most systems have key locations where routes or modes converge. Transit agencies of all sizes are likely to own off-street real estate or find other JD transaction opportunities.

- Projects vary from mixed-use, multi-modal train stations (like Denver Union Station) to bus hubs with commercial and institutional tenants.
- Key: create a **place**, not merely a **node**.
- Key: solving the project-specific jigsaw puzzle of ownership, funding, roles, and responsibilities.
- In weak or pioneering markets, seek institutional tenants that need transit—daycare, public agencies, community college satellites.



Denver Union Station
Denver Regional Transportation District

Sister Land Owning Agencies

Partnering with a sister land owning agency is a versatile strategy, especially if collaborating on district planning. Transaction types include:

- Work opportunistically with city, county, or other agencies. Combine adjacent holdings and/or issue joint RFPs and/or have local government act as developer or agent.
- Obtain right-of-way donations from public agencies whose land is enhanced by new transit.
- If the transit agency is a division of the city, county, or region, work with sister departments to involve their station-area land in joint development.



**Allianz Field and Superblock
Metro Transit and City of St. Paul**

Adjacent Private Land Owners

An emerging model: an off-site adjacent developer funds an infill station, replacement station, or major station improvements.

- The developer agrees because the market location is “hot” —but for high-capacity transit.
- If the developer contribution is partial, require that it be the “first money in”, enabling pre-construction steps to advance.
- If advantageous, negotiate for the developer to also design and/or build the station, under agency supervision and to agency standards.

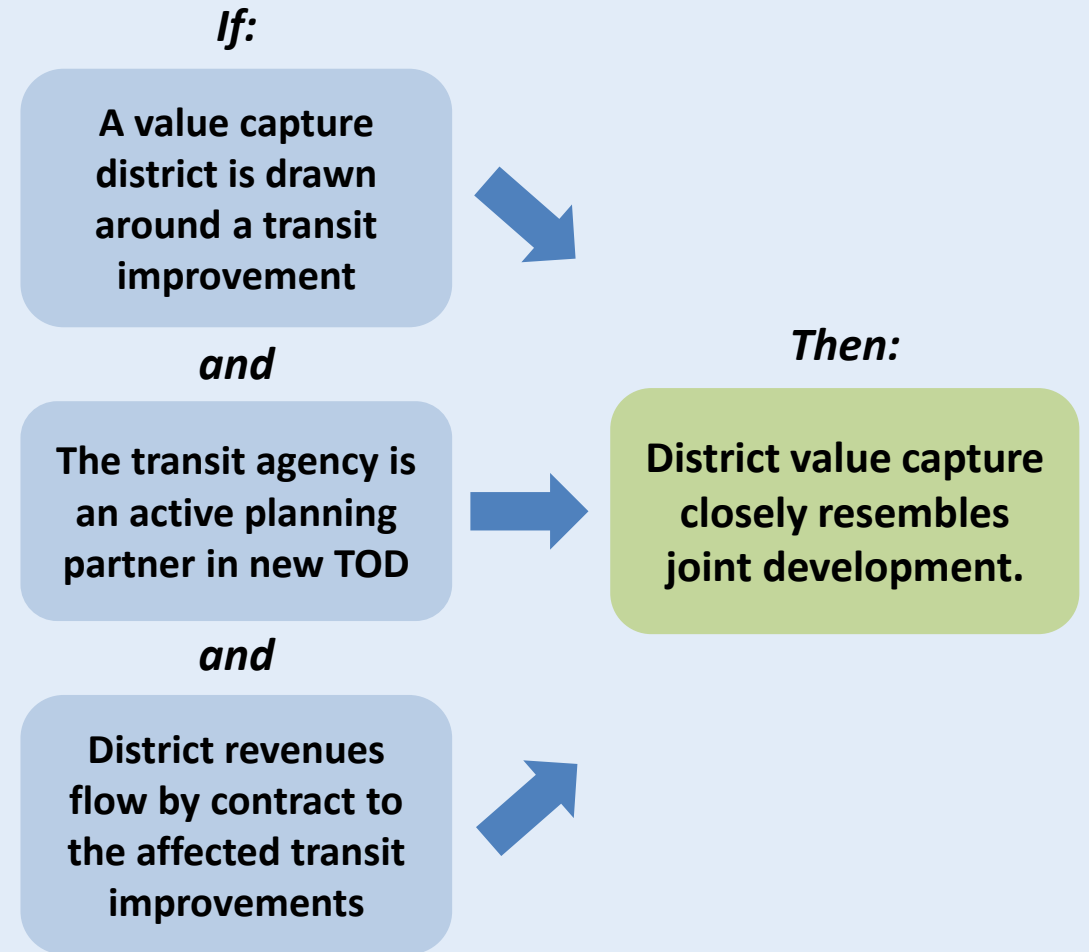


Assembly Row (Somerville, MA)
MBTA and Federal Realty Investment Trust

District Value Capture

District value capture consists of tax increment financing (TIF) and special assessment districts. In general, district value capture and joint development are different concepts. However:

- Under the circumstances shown here, a value capture transaction that directly funds transit improvements closely resembles joint development and may be combined with it.
- This is an emerging model. The *Guide* identifies numerous examples across the US of district value capture applications that meet this description.



New and Extended Corridors

For agencies planning system expansion, a new or extended corridor is a potential joint development opportunity from the outset of the planning process.

- Station location, orientation, access and garage placement should anticipate and facilitate joint development.
- Consistent with its enabling act, the agency should locate and acquire construction staging sites or surface P&R lots with future JD in mind.
- Evaluate partial versus full takings strategically; minimal taking is not always most advantageous.

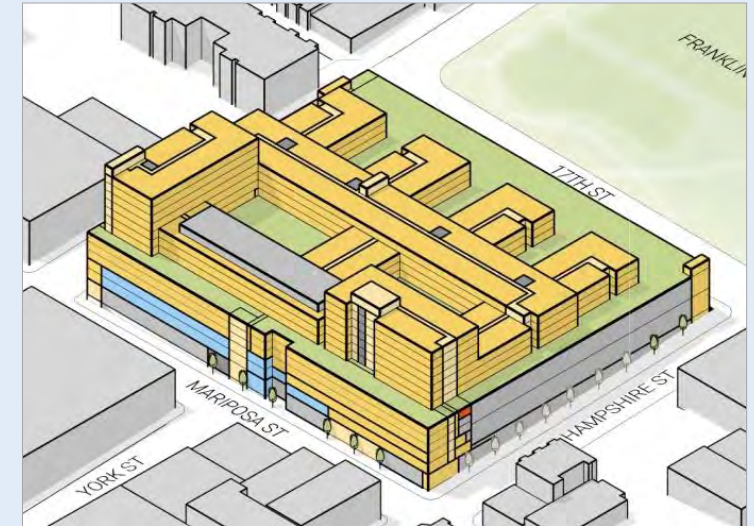


**Sound Transit's Future Federal Way Station
Preliminary Design Concept**

Non-Station Assets

Transit agencies may find joint development opportunities at non-station facilities.

- Yard & shop or other “back of house” facilities; express bus or carpool lots; agency HQ or transit police stations in valuable real estate locations.
- In some cases, the facilities can be relocated, freeing up an emerging development site.
- In others, new facilities may be delivered as part of a JD project or a P3 with a JD component.
- Some of these projects are located near rail or bus stops and can be developed as TOD.



**Potrero Yard Modernization Plan
To be co-developed with housing
San Francisco Muni**

Chapter 9

Conclusion



Conclusion

Transit agencies cite three overarching JD goals: ridership, financial return, and various outcomes related to TOD. The Guide concludes with a framework for measuring the attainment of these goals in:

- the near- to mid-term, when the impacts of successful JD most likely involve the projects themselves;
- the mid- to long term, when impacts might extend across the affected station areas and corridors;
- the long term, when JD and TOD might “move the needle” with respect to regional land use and mobility.

| | A. Near-Term | B. Mid-Term | C. Long-Term |
|-----------------------------|--|--|---|
| | Implementation of JD project(s) | Broader station-area and corridor development | “Moving the needle” on land use and mobility |
| Ridership Outcomes | Ridership at affected stations (raw and net new) Transit mode share in affected station areas and corridors Directionality of trips (stations) | Ridership at affected stations and corridors (raw and net new) Transit mode share in affected station areas and corridors Directionality of trips (stations and corridors) | Ridership at affected stations and corridors (current , trend) System ridership System mode share Directionality of trips (corridors and system) |
| Financial Outcomes | Net new farebox revenue from JD project(s) JD cash in-hand JD in-kind contributions Net present value of JD transaction(s) JD share of affected station cost | Net new farebox revenue from JD and other station area devt Annual stream of JD revenues Pct. of operating budget covered by net farebox and JD revenues NPV of JD transactions | Farebox revenue from JD and other station area development Annual stream of JD revenues Pct. of operating budget covered by net farebox and JD revenues |
| TOD / Smart Growth Outcomes | Housing units and SF of commercial space built or under construction in JD projects Pct. of region’s housing and jobs within a half-mile of transit Pct. of affordable JD units Housing+transportation index for affected station areas Non-SOV mode share VMT per capita in affected station areas and corridors | Housing units and SF of commercial space built or under construction in station areas Pct. of region’s housing and jobs within a half-mile of transit Housing+transportation affordability index for affected station areas Non-SOV mode share VMT per capita in affected station areas, corridors, and region | Pct. of region’s housing and jobs within a half-mile of transit Housing+transportation affordability index for aggregate of all station areas and region Non-SOV mode share VMT per capita in affected station areas, corridors, and region as a whole |

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[Website placeholder](#)

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