URBAN MOBILITY PLANNING AND THE DEVELOPMENT OF PROPERTY VALUES – Views From Around the World

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Contents

• Urban Mobility and Real Estate Values

• Case Study: Union Station, Washington, D.C.

• Case Study: Central Station, Bucharest, Romania
Urban Mobility and Real Estate Values Principles and Practice

William Kohn Fleissig, Communitas Development Inc.
Ian R. Carlton, University of California Berkeley

- U.S. literature: over the past decade, it has become increasingly clear that the presence of transit can increase property values and result in valuable development opportunities.
- Today: constrained transit funding and widespread demand for new and expanded transit systems.
- Policy makers, transit planners and elected officials - interested in using a portion of the value that transit confers to surrounding properties to fund transit infrastructure or improvements in station areas.
Public transit offers numerous economic, social, and environmental benefits.

The perceived value of these benefits is, to a certain extent, reflected in increased property values near transit stations. Americans are increasingly prioritizing the advantages provided by neighborhoods near transit, including economic savings to households, reduced carbon emissions, healthier lifestyles, fewer traffic accidents, and reduced suburban sprawl.

Demographic and cultural changes lead to a growing interest and increased demand for neighborhoods that are most likely to be served by transit.

There is a measured and documented value “premium” for properties near transit.
Value capture is seen as a way to pay for capital projects as well as a potential source of income for paying ongoing operating costs.

**Stakeholders** capitalizing on it:

- **Transit agencies**
- **Local jurisdictions** hope to tap into rising property values to encourage transit-oriented development (TOD) and help pay for neighborhood improvements such as local infrastructure, improved pedestrian linkages, and affordable housing.
- **Property owners** see transit as a highly desirable amenity that has the potential to increase the value of surrounding properties.
- **Developers** see lucrative development opportunities in the increased value of properties
Built Transit-Oriented Development (TOD) has a mixed track record, with most examples realizing neither their planning benefits nor their financial expectations.

Research distinguishes three levels of TOD:
- **TOD 1.0**, focused on federal funding formulas that are disconnected from real estate market forces;
- **TOD 2.0**, a more integrated transit and real estate funding strategy that is conceived and coordinated on a corridor scale; and
- **TOD 3.0**, an emerging model that aligns development districts transit with broader community needs.

**ALIGNING TRANSIT AND REAL ESTATE:**
An Integrated Financial Strategy (2009)
William Kohn Fleissig, Communitas Development Inc.
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Housing and transportation, the two economic sectors mostly closely tied to the built environment, were both severely impacted by the economic downturn.

Planners, real estate professionals, and economists are trying to identify the economic benefits of alternative transportation modes, but also the impact that they have on housing prices and value retention.

The real estate mantra of “location, location, location” is more important than ever.
Consumers are willing to pay more for housing located in areas that exemplify new principles or are “traditional neighborhood developments”: walkable, higher density, and with a mix of uses as well as access to jobs and amenities such as transit.

- Research - how well residential properties located in proximity to fixed-guideway transit have maintained their value as compared to residential properties without transit access between 2006 and 2011 in five regions: Boston, Chicago, Minneapolis-St. Paul, Phoenix, and San Francisco.

- Across the study regions, the transit shed outperformed the region as a whole by 41.6 percent. Boston station areas outperformed the region the most (129%), followed by Minneapolis-St. Paul (48%), San Francisco and Phoenix (37%), and Chicago (30%).
Case study - Washington Union Station
Project Overview

- 3-million square-foot mixed use development built atop the rail yards north of the Station.
- Aims to fill an existing hole in the urban fabric of the city and to develop a high-capacity intermodal transportation center.

- It is expected to include first-class office, residential, hotel and retail uses, and includes expansions and enhancements to Union Station.
- Joint venture between city’s central business district, Capitol Hill, and the emerging NoMa and H Street, NE neighborhoods with each other and the region.
On 14 acres only six blocks from the U.S. Capitol, the project’s potential is vast and could accommodate a **global headquarters, major cultural institution**, or **multi-building campus**. Within **easy walking distance**, residents, workers, and visitors will enjoy a multitude of **neighborhood amenities**, a variety of parks and plazas, and unparalleled connectivity to the city, region, and beyond.

Early projections for the project suggest:
- 1.5 million square feet of office space
- More than 1,300 residential units
- More than 500 hotel rooms
- 100,000 square feet of retail
Project Features

• Transformation of an existing rail yard and overpass into a thriving commercial neighborhood.

• Creation of a grand plaza along H Street at the foot of a magnificent Train Hall, and an elevated “greenway” for walking, running, and biking which will provide a direct connection into the NoMa neighborhood.

• Multiple new pedestrian connections to and from the adjoining neighborhoods.

• Design with great sensitivity to historic resources and assets

• Coordination of planning with all stakeholders and multiple reviews at the local and federal levels.
The bridge that spans over the tracks will become a pedestrian, retail-lined street that will reconnect long-separated neighborhoods.
Development Team

- Shalom Baranes Associates - lead architect for Burnham Place.
- AECOM - industry-leading rail and transit engineers.
- Thornton Tomasetti - established structural engineer for over 50 years.
- HOK – lead architect for Amtrak’s Master Plan.
- Parsons Brinckerhoff – lead engineer for Amtrak’s Master Plan.
Case study - Case Study: Central Station, Bucharest, Romania
VISION, MISSION AND IMPLEMENTATION PRINCIPLES

• **A Sense of Urgency** - The new “silk road” is a global concept which envisions an Asian-European East-West connection.

• **Mobilization and Action** - Capitalizing on this opportunity requires immediate mobilization and action from the central and local administration, and a close partnership between government, the private sector, the civic society and the international donor organizations. **The risk of delaying the initiative** is obvious.

• **The Goal and the Mission** - To develop a coherent, and integrated business plan/white paper in order to present to the central and local administration, to EU, to the international organizations.

• **The Feasibility** – Feasible over a period of 10-15 years.
• Implementation Principles: Partnership and Cooperation - It requires a close coordination between a number of components: the technological/railroad component, the urban mobility component, the urban development/zonal plan, the business/real estate component, the economic development, social and environmental components.

• State-of-the-art Development - The modern Euro-station, with buried tracks and an option for a high-speed train tunnel link to the Southern area of Bucharest and a large urban tract developed very attractively on high density, with the right mix of offices, retail, residential and public spaces, and supported by state-of-the art features: smart city, green buildings, solar panels, walkability, convenient park & ride facilities, electric mini-buses running free of charge, and area-wide wireless internet provision.

• Institutionalized Approach - a development agency set up by the main land owners, the Ministry of Transportation and the Bucharest City Hall, in partnership with utility companies, banks and the business community
Various design and implementation options were considered where the central railroad station turns transition station from terminal station, with buried rail tracks, a new station built next to the old station, and a government-agreed option of a high-speed train to connect Vienna to Istanbul through Bucharest.
Challenges in the Modernization of the Rail Infrastructure

- What is the purpose of the complex project for Bucharest Central Station?
- Should the station remain on its present site or should it be moved up North?
- The technical challenge of resolving the intersection of the rail tracks with existing metro tunnels and utility lines
- The relationship between Central Station and the other railroad stations:
- The project proposals impact on the technical rail structures: depots, rail car checks and repairs, and railroad yards
- The logistics of rail traffic during works on the site

Metro Line Crossing Under the Rail tracks
THE URBAN MOBILITY COMPONENT

Bucharest Central Station as a major regional and local transit node.
Bucharest Central Station is the main access point of the capital, and its surrounding area is a major component of the local and regional economy.

Public transportation lines directly connected to the Central Station

Public transportation stops around Central Station

GARA DE NORD HUB
Bucharest SUMP (Sustainable Urban Mobility Plan)

Bucharest SUMP basic principles (mandatory):

• Increasing the attractiveness and improving the accessibility and convenience of public transport and non-motorized vehicle use;
• Ensuring accessibility for traffic generators by providing facilities for friendly transport: walking, cycling and public transport;
• Clearly defined areas where private vehicles might be prohibited to enter or severely restrained, or restricted;
• Developing electric transport in the cities as a priority
• Analyzing bus routes as feeder lines to rail based passenger transportation;
• Analyzing interconnections to air transport (regional & international);
• Using the national railway for suburban passenger transport
• An integrated network of pedestrian footways and cycle routes
• Improving the availability of public transport routes and stops
• Analyzing specific exclusive routes for public transport vehicles
• Establishing a comprehensive parking policy; Park & Ride systems
Bucharest Central Railroad Station

Concepts and principles retained from ULI for the Bucharest Central Station

• Make It Better with a Vision.
• Apply the Power of Partnerships.
• Think Development When Thinking about Transit.
• Get the Parking Right.
• Build a Place, Not a Project.
• Make Retail Development Market Driven, Not Transit Driven.

Excerpts from “Ten Principles for Successful Development Around Transit”, by Dunphy, Myerson and Pawlukiewicz, The Urban Land Institute, Washington, DC, 2003
THE BUSINESS / REAL ESTATE COMPONENT

The business/real estate component is **critical in determining the feasibility of the project** because it provides the connection between ideas and plans, the investors/developers and the end users. If **people and businesses** do not make the **decision to buy or rent in the urban regeneration area**, no plan can succeed, no matter how attractive to architects and planners, and no matter how well regarded by the administration and the civil society.

<table>
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<tr>
<th>USE</th>
<th>LAND AREA</th>
<th>FLOOR AREA RATIO</th>
<th>BUILDABLE AREA</th>
<th>ESTIMATED GROSS DEVELOPMENT VALUE (GDV) - EURO/SQ M BUILDABLE AREA</th>
<th>TOTAL GDV -EURO</th>
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<td>Square urban</td>
<td>42,770</td>
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<td>Exiting building, office hotel, mixed use areas</td>
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Source: CBRE-Romania
THE URBAN DEVELOPMENT COMPONENT - ZONAL PLAN

- Physical delimitation of the project area
- Legal aspects / land and buildings’ property (general statement)
- Functionality (offices, residential, hotels, retail, green space, local auto and pedestrian crossing, pedestrian plazas and streets)
- Densities, FAR (floor area ratio)
- Integrated and dynamic urban design
- Analysis of the area based on 1992, 2002 and 2012 Census data – by census tracts
- Proposal for complex impact analysis
- Area design integrated in the ongoing Master Plan of Bucharest
- Design and development principles: concrete slab over sunk railroad tracks, “smart city” concept, green buildings concept, solar energy
- Energy and telecommunication
Main volumes and spaces

Integration in the surrounding urban tissue
• Institutional Setting
• Public-private partnership solutions: partnerships and concessions
• Draft Implementation Plan: short, medium and long-term