

Project Evaluation Report
Implementing Transit-Oriented Development
in the
Philadelphia Metropolitan Area

Transportation and Community and System Preservation Pilot Program (TCSP)



Delaware Valley Regional Planning Commission
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Created in 1965, the Delaware Valley Regional Planning Commission (DVRPC) is an interstate, intercounty and intercity agency that provides continuing, comprehensive and coordinated planning to shape a vision for the future growth of the Delaware Valley region. The region includes Bucks, Chester, Delaware, and Montgomery counties, as well as the City of Philadelphia, in Pennsylvania; and Burlington, Camden, Gloucester and Mercer counties in New Jersey. DVRPC provides technical assistance and services; conducts high priority studies that respond to the requests and demands of member state and local governments; fosters cooperation among various constituents to forge a consensus on diverse regional issues; determines and meets the needs of the private sector; and practices public outreach efforts to promote two-way communication and public awareness of regional issues and the Commission.



Our logo is adapted from the official DVRPC seal, and is designed as a stylized image of the Delaware Valley. The outer ring symbolizes the region as a whole, while the diagonal bar signifies the Delaware River. The two adjoining crescents represent the Commonwealth of Pennsylvania and the State of New Jersey.

DVRPC is funded by a variety of funding sources including federal grants from the U.S. Department of Transportation's Federal Highway Administration (FHWA) and Federal Transit Administration (FTA), the Pennsylvania and New Jersey departments of transportation, as well as by DVRPC's state and local member governments. The authors, however, are solely responsible for its findings and conclusions, which may not represent the official views or policies of the funding agencies.

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Executive Summary

In April 1999, the Delaware Valley Regional Planning Commission (DVRPC) was competitively selected to receive a \$665,600 grant from the Federal Highway Administration (FHWA), through the Transportation and Community and System Preservation Pilot Program (TCSP) in the Transportation Equity Act for the 21st Century (TEA-21). This new program is intended to generate innovative and practical solutions to transportation issues and problems, emphasizing the linkages between land use and transportation and the involvement of affected communities during the planning and implementation process. DVRPC's grant application was entitled *Implementing Transit-Oriented Development in the Philadelphia Metropolitan Area*, and included three interrelated tasks:

- **Station Area Planning** to encourage transit-oriented development (TOD) around five station sites along the Southeastern Pennsylvania Transportation Authority (SEPTA) and Berks Area Reading Transportation Authority's (BARTA) proposed Schuylkill Valley MetroRail (SVM) corridor.
- **Communications and Outreach Activities** to promote TOD throughout the Delaware Valley Region, including publication of a periodic newsletter, *Great Places With Transit*.
- **Development and Initiation of a Transit-Friendly Mortgage Pilot Program** in southeastern Pennsylvania, working with the financial community.

This **Project Evaluation Report**, which is a recipient requirement of the TCSP grant program, provides a summary of the issues, obstacles and outcomes that occurred during the overall study's 3 year duration, from contract execution to project completion. Local experiences in the Philadelphia region are also compared with findings from a national survey of TOD planning activities, undertaken by one of the project consultants.

It is hoped that the practical lessons learned in the Philadelphia region and the generally positive outcome of the overall study will provide valuable support and assistance to other regions or agencies interested in initiating some or all of the study tasks defined above. Interested agencies, organizations and individuals are encouraged to contact DVRPC to learn more about the study process and outcomes, or to receive copies of the individual products prepared under this project.

Project Evaluation Report Implementing Transit-Oriented Development in the Philadelphia Metropolitan Area

Section I. Background

A. Project Initiation

On November 13, 1998, the Delaware Valley Regional Planning Commission (DVRPC), on behalf of a team of public agency and private, non-profit partners, filed a Letter of Intent to undertake a project entitled, "Implementing Transit-Oriented Development in the Philadelphia Metropolitan Area." Following acceptance of the Letter of Intent by the Federal Highway Administration (FHWA), DVRPC prepared and submitted a full application for a TCSP grant in February 1999. (A copy of the Project Abstract is included in the Appendix.) In May 1999, DVRPC and the program partners received formal approval from the FHWA for a \$665,600 grant to undertake the proposed project's three-task work program. In mid-2000, following an approximately one year period to obtain a Supplemental Agreement for the new grant funding from the FHWA's Pennsylvania office and the Pennsylvania Department of Transportation, DVRPC completed a three-month consultant selection process, with project initiation occurring that August.

This Project Evaluation Report, a TCSP grant recipient requirement, describes key aspects of the overall project, emphasizing process issues, obstacles, local participation, outcomes and end products. As described in the grant application, the overall project had three primary objectives:

- To promote and implement the concepts and benefits of transit-oriented development (TOD) to a region-wide audience of local officials, the development community, financial institutions and the general public;
- To explore innovative financing mechanisms (such as a transit-friendly mortgage program) that can serve as an incentive to foster growth and development around transit stations; and
- To work in partnership with community residents and local government officials to plan for future transit-oriented development at five diverse stations along a proposed new transit service corridor, including preparation of necessary plan and zoning amendments.

As defined in the grant application, primary **project outcomes** were to result in:

- Greater local municipal official, developer, public understanding and acceptance of TOD concepts and development principles;
- Establishment of a pilot transit-friendly mortgage program in the region;
- Development of informed and committed Community Task Force members as advocates for TOD around each of the proposed station areas; and

- Continuation and strengthening of an effective partnership among the study participants.

Examples of **end products** produced throughout the project include: a periodic newsletter on TOD issues, ideas and projects (locally, regionally and nationally); municipal comprehensive plan and zoning ordinance amendments for five station sites; a citizen and local official-oriented Summary Brochure that captures the essential aspects of the Station Area planning task; a computer-based TFM data program coordinated with the regional financial community; and this Project Evaluation Report.

The overall project was initially scheduled for completion in two years, with staff activities by the study partners and the assistance of a consultant team, working closely with local residents of the study communities and pertinent agencies and organizations. However, due to unforeseen delays in initiating the transit-friendly mortgage program, and the desirability of allowing additional time to monitor mortgage sales results, the actual duration of the overall project was about three years.

B. Proposed Innovative Aspects

The project work program included the following innovative features.

- **Partnership/Management:** The diverse study partners included three suburban counties, a major city, two public transit agencies, a metropolitan planning organization, a private non-profit environmental education and advocacy organization and a private, non-profit housing finance and implementation organization. The study partners comprise the Project Management Team (PMT) that guided the overall study process. PMT members and alternates are listed in Appendix II, as well as key members of the consultant team. The mix of project funding to match the TCSP grant and the shared responsibilities for project implementation are a reflection of the partners' commitment and desire for success.
- **Community Task Forces:** Five Community Task Forces (CTFs) were established for the selected station areas, working with the pertinent city or county planning agency. The CTFs were intended to be more than an attempt to enhance public involvement in the study process. Rather, they were intended to become the local advocates for the resulting TOD plan and zoning amendments; in effect, to become the local "sales force" to help attain implementation.
- **SmartCommute Mortgage Program:** The transit-friendly mortgage concept was initially conceived as the *Location Efficient Mortgage* by the Center for Neighborhood Technology in Chicago. However, DVRPC's approach evolved into the *SmartCommute* Mortgage (SCM) Program sponsored by Fannie Mae. Demonstration programs are planned or are underway in several major cities, including Philadelphia. Although the concept of a SCM is a new approach for the Philadelphia Region, the relatively dense transit network makes the area an ideal setting for further exploration through the current demonstration program.

Section II. Preparation and Contents of Project Evaluation Report

A. Evaluation Process

The final Project Evaluation Report represents an expansion and follow-up to an interim evaluation report submitted to the Federal Highway Administration on January 4, 2001 (which was further updated and resubmitted in early 2002). DVRPC, as the overall project manager for the TCSP grant, was responsible for compiling the information, preparing the draft and final Project Evaluation Reports and submitting the final report to the FHWA. The importance of the TCSP project evaluation, as expressed by the FHWA in the TCSP Guidance, has been discussed with the Project Management Team (PMT) at several meetings, as described below.

1. Initial PMT review and discussion of the draft evaluation report occurred in 2001. It was emphasized to both the study partners and the consultants (and included in their contracts) that a key aspect of the TCSP project was preparation of a final evaluation report concerning the process, outcomes, barriers and lessons learned. Specifically, study participants were asked to think about evaluation comments summarizing their experiences with the project, both positive and negative, keeping in mind the three project objectives.

2. Through a mailed survey, the membership of the five Community Task Forces (CTF) were also asked to submit their impressions of the study process and outcomes, as well as their thoughts on future prospects for successful TOD in their community.

3. Consultant, partner and CTF evaluation reports were solicited for submission to DVRPC for incorporation in the overall project evaluation report.

4. A special meeting of the PMT, in May 2002, was devoted to a discussion of the individual evaluation report submissions, as well as progress on the overall project. The outcome of this meeting and discussion was also incorporated in the final evaluation report.

5. The National Survey and analysis was conducted by sub-consultant Parsons Brinckerhoff in early 2002 and forwarded to prime consultant Wallace Roberts & Todd.

6. DVRPC circulated a draft of the evaluation report to the PMT and incorporated review comments and proposed changes in this final evaluation report.

B. Key Performance Measures

The following process and technical performance standards and outcomes were defined.

1. Process Measures

- a. **TOD Acceptance.** The degree of acceptance of TOD principles at the five station sites by using the CTFs to increase community participation in the TOD planning process and advocacy for plan and implementation recommendations (as evidenced by CTF and local official (governing body) acceptance of plan and zoning amendments and private sector interest in future development).
- b. **TOD Awareness.** The degree of TOD awareness as evidenced by distribution of the project newsletter *Great Places With Transit*, and the extent of other public information activities (like the information provided on DVRPC's web site about TOD and the CTF station planning process). In addition, in 2001, the corporate business association Greater Philadelphia First created a committee to marshal support for the Schuylkill Valley Metro project. The project consultant briefed the Committee about the status of the station planning and market studies, and additional coordination on the station planning activities was pursued through a new real estate development subcommittee that begin to meet this year. The DVRPC project manager serves on both of these committees.
- c. **Transit-Friendly Mortgage (TFM) Program Initiation.** Determining the level of financial community interest in the TFM approach. Introduction of a pilot TFM program in southeastern Pennsylvania.
- d. **Study Partnership.** Establishing and maintaining a coordinated, cooperative and responsive study partnership by the study participants throughout the project.

2. Products

- a. **End Products.** Completion of the specified end products in the overall project work program: station area planning report with comprehensive plan and zoning amendments; *Great Places With Transit* newsletters; GIS and database for the SmartCommute Mortgage program.

C. Rationale for Non-Technical Emphasis of Performance Measures

It is understood that the TCSP encourages technical measurement of the benefits of grant projects wherever possible, in terms of such aspects as improved air quality (in kilograms), reduced fuel consumption (in gallons), increased transit ridership (in trips) and reduced congestion on local roads (in vehicle miles of travel). While desirable, it was not feasible to develop such indicators for this study, for two reasons:

- (1) The proposed Schuylkill Valley MetroRail project is still more than five years away from implementation (it has only just completed the Draft Environmental

Impact Statement (EIS) phase and is awaiting development of the Final EIS, as part of preliminary engineering funding, and an overall financial plan). The Draft and Final EIS for the project include the more detailed performance indicators described above, for the project as a whole, but not allocated to particular stations. Nevertheless, definition of technical benefits for the station area planning-related aspects of the Station Area Planning task might be more feasible, if the proposed, new transit service were already in operation.

- (2) The plan and zoning recommendations represent policy and implementation actions by local officials that may or may not lead to desired changes in development over time. This level of uncertainty makes it difficult to quantify the ridership or reduced vehicular trips benefits of local actions.

Likewise, the introduction of a transit-friendly mortgage program in the Philadelphia region is without precedent; there are no benchmarks for comparison. Instead, the evaluation focuses on completion of the technical components of the TFM, the goals of gaining financial community interest and acceptance of the approach and attaining operational status.

Section III. Project Progress and Scope Modifications

A. Status and Accomplishments

- **Year 2000 Progress (July to December).** The project was initiated in August 2000, following a three-month consultant selection process for two separate consultant tasks. During the balance of 2000, two Project Management Team (PMT) meetings were held; the five CTFs were formed and initial orientation meetings held. The TFM program database development task was begun in cooperation with The Reinvestment Fund and in coordination with the Center for Neighborhood Technology. Preparation of the design and logo for the region-wide newsletter, *Great Places With Transit*, was also initiated. The consultant team began work on the base mapping and existing conditions information for each station area, as well as information gathering for the corridor and station area real estate market research task. The Pennsylvania Environmental Council (PEC) staff prepared a presentation that describes the features of TOD and its significance as a sound land use strategy. Two versions of the presentation were developed: one as a general overview of TOD and one with additional information about the proposed Schuylkill Valley Metro project. Other, more specific presentations were tailored to various audiences. The following presentations were made in 2000.
 - Fall 2000: Presentations given at two meetings for Community Task Force members of DVRPC's Schuylkill Valley Metro Station Area Planning task. Approximately 40 were present at each meeting.
 - October 2000: Presentation given as a part of the American Institute of Architects Continuing Education Program. Approximately 50 attended.
 - November 2000: Presentation given to the American Institute of Architects Urban Design Committee. Approximately 15 were present.
 - November 2000: Presentation on French Creek Corridor Project given at National Neighborhoods Coalition/Local Initiatives Support Coalition (Philadelphia Region) conference. Approximately 45 attended.
- **2001 Progress.** The Corridor and Station Area Real Estate Market Assessment was completed and published (Summer). Three PMT meetings were held in 2001. CTF workshop meetings were held in King of Prussia and near 52nd Street (Spring) to review TOD planning principles; additional CTF meetings were held (Summer) to review alternative station area planning concepts; and to select final station area plans (Fall). Three issues of *Great Places With Transit* were published and the fourth issue drafted for publication in January 2002. The DVRPC web site was expanded to include more information about TOD and the project

newsletter, with an icon and link to an expanded web site covering CTF station planning and implementation activities along the Schuylkill Valley Metro corridor. Failure to achieve a contractual agreement among the Center for Neighborhood Technology, DVRPC and the Reinvestment Fund resulted in deferred completion of the TFM GIS database. In addition, in late 2001, DVRPC was informed that Fannie Mae had withdrawn their support for the national *Location Efficient Mortgage* demonstration program. This change necessitated adjustments to Philadelphia's proposed TFM approach in 2002 to respond to the new "SmartCommute" program to be administered by Fannie Mae. In November 2001, a panel discussion on TOD was organized by PEC for a meeting of the Society for Marketing Professional Services. Approximately 25 attended.

- **2002 Progress.** Preparation of final plans for four station areas; publication of three issues of *Great Places With Transit*; preparation of recommended zoning amendments for four station areas; completion of a site-specific design plan for Phoenixville station; completion of GIS database for the *Smart Commute* TFM program; initiation of demonstration phase of Smart Commute mortgage program; supplemental information (final plans and zoning recommendations) added to the station planning web site; held two rounds of CTF meetings and three PMT meetings; completion of Draft Project Evaluation Report. In addition, the study partners were pleased to see the acceptance of the Pottstown station area plan (in addition to the previous action by Phoenixville Borough Council) by Pottstown Borough Council. Additional outreach and information activities also occurred through the PEC.
- June 2002: Five panel discussions on TOD presented as part of "Transportation, Land Use and Economy," a conference organized by PEC. The relevant presentations were entitled "TOD: What's All the Buzz About?" (50 attendees); "New Starts & TOD: Perfect Together" (30 attendees); "Retrofitting TOD at Existing Stations" (42 attendees); "Public/Private Finance, a Strategy for Unlocking Transportation Investment" (15 attendees); and "Programmatic Models for Institutionalizing TOD" (38 attendees). The conference as a whole had about 150 attending.
- November 2002: Talk on TOD at West Chester University Geography Course on Land Use Planning and Suburbanization (15 attendees).
- **2003 Progress (January to June).** Completion of the Station Area Plans final report; completion of a Summary Brochure for the Station Area Plans task; publication of an "extra" issue of *Great Places With Transit*; evaluation of

the *SmartCommute* program; and completion and publication of the Project Evaluation Report.

B. Project Scope Modifications

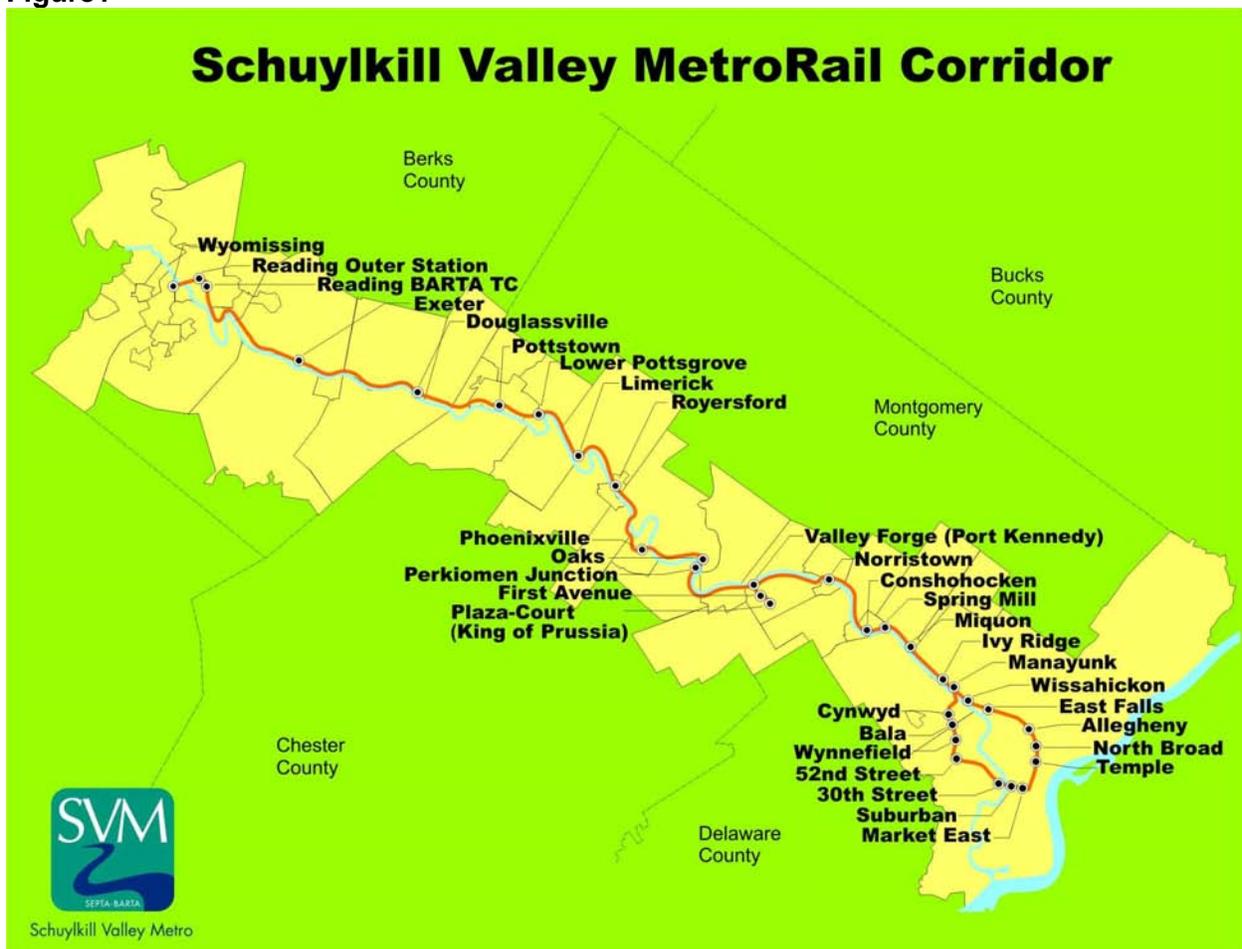
1. The first major change in the project scope occurred in 2000, and involved the composition of the CTF and scope of work for the Phoenixville Station Area. Between the TCSP application submission (1999) and actual study initiation, the municipality and developer worked together cooperatively to prepare and enact TOD-oriented plan amendments (2000) followed by consistent zoning amendments (2001). Given this progress, the study partners agreed to create a smaller CTF for Phoenixville composed primarily of local elected and planning commission officials, and the approved developer. Instead of developing planning and zoning recommendations for this station area, the consultants have focused on joint development and parking guidelines for the station site, working cooperatively with the developer, local officials and the transit agency. (The site-specific recommendations were accepted by the local developer in 2002.)
2. The second change, also in 2000, involved agreement by the participants in the study to group the initial CTF and Workshop meetings for the four suburban stations (two CTF meetings instead of four and one Workshop meeting), while holding separate meetings for the 52nd Street, Philadelphia CTF. This change reflected the desires of the 52nd Street CTF members to not have to travel to the suburban meetings, and the desire of the suburban CTFs to have conveniently located meetings, where common information could be conveyed. This pattern was changed for the most recent round of CTF meetings, in late 2001, where it was decided to hold individual meetings for each CTF to help focus their review of the draft station area plans.
3. The third scope adjustment occurred between late 2001 and early 2002 to incorporate technical and coordination activities to implement Fannie Mae's *SmartCommute* Mortgage Program, with additional time for evaluation of progress on mortgage sales.
4. A fourth change was the publication of a seventh edition of the *Great Places With Transit* newsletter in Spring 2003.

Section IV. Transit-Oriented Development Concepts and Lessons Learned from the Station Area Planning Task and National Survey Comparisons

A. Background

The Schuylkill Valley Metro (SVM) is a proposed 62-mile rail transit corridor between Reading and Philadelphia (see Figure 1). The Delaware Valley Regional Planning Commission (DVRPC), in conjunction with City, County, transit agency and non-profit organization representatives, took steps to foster success of the SVM by initiating a TCSP-funded transit-oriented development (TOD) study for five of the proposed stations along the rail corridor. These stations include 52nd Street in Philadelphia, Valley Forge, in Upper Merion Township, and Pottstown in Montgomery County, Phoenixville in Chester County, and Douglassville in Amity Township, Berks County.

Figure 1



Source: Southeastern Pennsylvania Transportation Authority, 2003

The study sought public involvement to promote community awareness of the SVM's potential ability to support desirable land uses in the five station areas. Community outreach fostered the development of knowledge and implementation tools needed to take advantage of the opportunities presented by the SVM. Knowledge gained through the development of TOD strategies around the five selected stations will better equip local officials and residents to shape the growth expected as a result of the implementation of SVM.

This section of the report seeks to evaluate the study process, by answering **three key questions: “What worked, what didn’t, and why?”** The evaluation includes an assessment of the Community Task Forces (CTFs) in reviewing and promoting station area plans, as well as the study team’s ability to help forge consensus among their constituents and successfully communicate the benefits and limitations of TOD planning. This section is organized into four parts:

- (1) Background about the study’s objectives and activities, including the results of a Community Task Force member survey;
- (2) Key successes and disappointments;
- (3) Results of a national survey and analysis of station-area planning activities to assess SVM’s relative success and progress; and
- (4) Lessons learned from national and local experience about “what works” and “what doesn’t” regarding planning for transit-oriented development.

B. Study Objectives

The SVM station area planning study had the following objectives.

- **Partnerships** - Promote and implement the concepts and benefits of TOD to a region-wide audience of diverse partners including three suburban counties, a major city, two public transit agencies, a MPO and non-profit agencies.
- **Consensus Building** - Build consensus in each community for zoning and other regulatory changes that will facilitate implementation of transit-oriented development close to the proposed station sites
- **Innovative Funding** - Explore funding mechanisms such as transit-friendly mortgage programs as incentives to foster growth and development specifically around stations. Also demonstrate private sector interest in more intense development around the station areas, thereby providing increased revenue for the host municipalities and reductions in auto-dependency throughout the region.

C. Project Supporting Efforts and Workshops

- **Community Task Forces.** Five CTFs were established, one for each designated station area along the proposed transit corridor. The CTFs included one or more representatives from the following: the local municipal governing body, planning commission, neighborhood group or civic association, chamber of commerce or economic development agency, or other pertinent representation as determined by the local community. The CTFs were actively involved in work sessions, bringing study information to their communities and local insights and ideas to

the study team (see Figures 2, 3 and 4). A key goal of the CTF process was for each CTF to become the advocate for its respective station area plan.

Figure 2



Upper Merion Township, Montgomery County, CTF members listen to TOD concepts for the proposed Valley Forge station area.

- **Community Task Force Survey.** In April 2002 an evaluation survey instrument was developed by the study team and mailed to members of the five Community Task Forces (CTF). The Evaluation Survey form is Appendix III of this report. Total CTF membership is approximately 65. Nine of the members, or approximately 14 percent, returned their surveys. Questions could be answered with a yes, no, or in some cases a somewhat. Each question provided space for additional comments.

Six of the nine surveys were completely positive. Respondents answered all the questions to indicate that, in their opinion, the process worked well and that they and their communities had benefited. Of these six, four had additional comments. These were the following:

— “I thought the planning process was very professional.”

— “The process was helpful beyond the specific objective through the relationships developed in our community. They will continue beyond this project. I do hope the project goes forward.”

— “I appreciate having the opportunity to be involved in the planning process.”

— “The community planning process was helpful in developing a plan for the station TOD area. Additional coordination in organizing meetings may be helpful in the future to increase the level of participation.”

One survey form, while responding positively to all other questions, noted that the respondent felt he/she had only a somewhat better understanding of transit-oriented development.

Another respondent, while positive in all other ways, wrote that: “The area plan and implementation will be dictated by economic considerations and by the timetable of SVM implementation. The CTF was helpful in developing possible zoning changes or overlays to facilitate desired area development.”

One respondent was somewhat negative, criticizing the fact that not all of that individual’s specific site planning and illustrative desires were incorporated in the agreed upon plan. While this respondent agreed that the number of CTF meetings and information provided throughout the planning process was sufficient, he/she noted that: “Comments and concerns as stated in previous meetings do not appear to be incorporated into proposed planning.” However, this respondent returned the survey form prior to receiving the amended plans that addressed their concerns.

- **Transit Friendly Mortgage Program.** This new mortgage concept was initially conceived by the Center for Neighborhood Technology in Chicago as the “*Location-Efficient Mortgage*”. The concept of the TFM would represent a new approach to property financing in the Philadelphia region. Because of its relatively dense transit network, the Philadelphia region was viewed an ideal location as a test market.
- **Corridor and Station Area Real Estate Market Assessment.** The real estate study projected population and job growth to 2025 with two different sets of assumptions. First, the “Trends Scenario” assumed current trends continue from 2000 to 2025. Second, the “Opportunity Scenario” predicted growth from 2007 (the assumed opening date for the SVM) to 2025. It also assumed that transit-friendly improvements were implemented to make each area more attractive to real estate investors. The Opportunity Scenario revealed a much brighter future for the five proposed SVM station areas – a reflection of the beneficial impacts that improved transit service can provide. This scenario showed that between 2007 and 2025, the five station areas could attract approximately 2,010,000 SF of office space, 615,000 SF of retail space, 1,550 residential units, and 1,200 hotel/lodging rooms.

D. Key Outcomes of SVM Station Area Planning

Numerous factors affected the SVM study's success – some positive, some negative, some within the study team's control, and others outside the direct influence of the study team. Not surprisingly, the activities over which the study team had the greatest influence tended to result in more positive outcomes, while the most negative outcomes tended to relate more to circumstances beyond the study team's control. Some of the key issues are listed below, along with designations indicating their positive (+) or negative (-) effect on the study.

(1) Visual Design Concepts Proved to Be Very Effective (+)

The lead project consultant produced attractive presentation boards that showed design concepts using isometric buildings, trees, stations, sidewalks and other features, rather than the traditional colored maps that are normally used to represent proposed land uses. CTF participants responded favorably by showing signs of becoming more engaged in the study recommendations. The presentation boards, which required developing design schemes to a greater level of detail than typically associated with this level of project planning, became a central focus of meetings and helped participants to better understand the proposed design concepts.

(2) Public Awareness (+)

The study successfully communicated the benefits and limitations of TOD planning concepts, educating public and local officials about the Schuylkill Valley Metro, transit-oriented development, and the linkages between regional, county and local planning and implementation. The CTF workshops discussed the general benefits of transit-oriented development and the potential to use SVM to leverage desirable development in proposed station areas. The workshops also facilitated participants' expression of local needs and addressed barriers to implementation. These activities raised public awareness and educated both CTF participants and planning officials about how to implement TOD most effectively.

In addition, the study piqued the interest of local planning officials and transit planners who attended one of two sessions dedicated specifically to the “dos and don'ts” of TOD implementation. One session, held publicly, comprised a three-hour morning presentation and question-and-answer period, followed by an afternoon workshop in which CTF participants began applying some of the ideas. A second session, held privately, invited numerous transit planners and municipal officials to a more focused, one-hour presentation on the same subject. These successful sessions, coupled with subsequent application of TOD principals and discussion among CTF members, heightened local awareness of TODs and how to implement them effectively.

(3) Public Support for SEPTA/BARTA Capital Project (+)

The study's efforts to engage public participants and local planning officials promoted SVM's relevance to local communities and resulted in greater support for the Schuylkill Valley Metro project. This expression of local support, where followed by local

implementation actions, can represent a financial “credit” and stronger commitment in SEPTA/BARTA’s continuing efforts to advance the financial plan for the overall SVM project with the Federal Transit Administration.

(4) Corridor and Station Area Real Estate Market Assessment (+)

The market study has proven helpful to the overall corridor study by setting a baseline of likely development without SVM service, as well as illustrating a potential alternative future that shows the beneficial influences of the proposed service and related implementation strategies.

(5) SVM Project Uncertainty (-)

After the transit-oriented development study began, the SVM project suffered some setbacks that were independent of the station area planning study. Issues arose over the technical feasibility of building the rail system, due to its shared right-of-way with an active freight railroad. Meanwhile, FTA also changed its matching funds policy, increasing the required threshold local funding share to 40% rather than the former 20% of project costs. At the same time, SEPTA’s support for the SVM project seemed tenuous to some, in part because the project’s high costs might divert much-needed funding for other capital projects. Further project uncertainty arose with a change in leadership at SEPTA. As with any changing of administration, some wondered whether SEPTA’s priorities might change, particularly with regard to SVM. (This uncertainty has since been resolved.) These lingering doubts collectively promoted the sense that SVM was less than a “sure thing” – which in turn affected the TOD study by reducing its perceived relevance among participants.

(6) Initial Community Contact via Market Study (-)

The TOD study unwittingly made its initial contact with some communities via the Real Estate Market Study, the study’s first technical task. In hindsight, the study team realized that this initial contact could have occurred in a manner that communicated greater enthusiasm and engaged communities more effectively.

(7) Community Involvement Required More Resources Than Anticipated (-)

The diverse and politically fragmented corridor required more effort to engage community participants than the study had anticipated. Several factors contributed to this outcome:

- CTF Workshops each required two work sessions instead of the originally planned one, since the City of Philadelphia expressed concern that participants in the 52nd Street Station area would have difficulty traveling to a suburban location and therefore opted for a second City Workshop. This type of decision in part reflected the corridor’s extended geography, unwillingness of city residents to come out to the suburbs for meetings (and vice versa) and political fragmentation. As a result, the effort required by the study team to plan for and conduct workshops nearly doubled, and the opportunity for substantive interaction between suburban and City CTF participants was eliminated. Also,

because of this unforeseen arrangement, the participants did not all have access to the same information about transit-oriented development planning. For example, around the time the decision was made to have separate workshops, the study team had invited a national expert in TOD planning to speak with the CTF; unfortunately, this highly informative experience was available only to the larger and earlier planned suburban CTF workshop. In general, a greater amount of project resources than was available would have been desirable to address the corridor's community involvement needs.

- In numerous recent studies to revitalize the area, enthusiastic CTF members in the 52nd Street Station area had full-heartedly contributed to the project. However, after none of those studies resulted in the types of revitalization for which they had raised promise, the participants seemed to feel less inclined to invest themselves in the TOD planning process (i.e., another study).
- Inconsistent dissemination of meeting notices and related information by the consultant team and neighborhood residents (in the case of 52nd Street) contributed to sporadic attendance at some CTF meetings, although this was alleviated as the study moved into the recommendations phase.

Figure 3



Amity Township, Berks County, CTF members discuss TOD concepts for the Douglassville station area.

(8) Transit Friendly Mortgage Program (+/-)

In 2002, Fannie Mae withdrew its support for the national *Location Efficient Mortgage* (LEM) demonstration program, creating an obstacle to formulating an independent program for the region. The study team originally intended to coordinate with the national LEM effort. Due to the high uncertainty of innovative concepts like the LEM, heightened sensitivity to uncontrollable circumstances was not fully taken into consideration. The study's transit-friendly mortgage program therefore relied too heavily on the successful administration of the independent LEM demonstration program. Fortunately, this effort was "revived" by the simultaneous involvement of Fannie Mae in the new *SmartCommute* program (as described in Section V. of this report).

E. National Survey Findings

To put the Philadelphia region's experience with SVM into the proper national context, the study team surveyed twenty-four regions in the country with major fixed guideway projects currently in the same phase of development as SVM. (A copy of the survey form is in Appendix IV of this report.) The survey period was late June/early July of 2002. Of the 24 surveyed agencies, completed responses were received from ten, including DVRPC. The responding agencies included transit providers or MPOs in Cleveland; Dallas;¹ Hartford; Los Angeles; Lowell, Massachusetts; Minneapolis; Orange County, California; Philadelphia; Phoenix; and Raleigh. The 42% response rate yielded a rich set of qualitative data that helped evaluate the Philadelphia region's process and success with the station-area planning process for SVM. Responses and insights are summarized below.

(1) System Opening Dates Similar, Yet Station Area Planning Efforts Vary Widely

In terms of projected start date, respondents' projects represented a fairly homogenous group. All but one of the respondents' projects is expected to begin operations between 2005 and 2007, with the only exception in Orange County, California, expecting to begin service in 2011. SVM, by comparison, is expected to begin operations no earlier than 2007 (possibly later), near the latter end of the main group.

Despite the similarity in opening dates, the commencement dates for station area planning efforts varied widely. Compared to their projected opening dates, survey respondents began their planning efforts three, four, six, six, eight, nine, eleven, and 13 years in advance (one respondent did not provide a valid answer). SVM began its station planning efforts in 2000, exactly in the middle of this group, a projected seven years in advance.

(2) Little Association Between Duration and Depth of Planning, and Time Left Before Opening Day

¹ The Dallas respondent's answers regarded the region's entire light rail system, rather than just the stations presently being planned. Thus, these results could not be included in much of the following summary and interpretation.

It follows from the observations discussed above that the duration and depth of station area planning activities to-date correlate little with the amount of time left before operations begin. At one end of the spectrum, Hartford expects to begin service as early as 2005, but is only just about to commence its first phase of station area planning for the new system. At the other end of the spectrum, Orange County does not expect its new service to open until 2011, yet began station area land use planning in 1998, during the conceptual engineering stage of the project; 13 years before projected operation.

(3) Strong Association Between Early Start to Planning Efforts and Influence on Regulations and Land Uses

The amount of planning lead time seems to affect the quality and quantity of tangible outcomes considerably. Consistently, the earlier these systems began station-area planning in advance of their projected start dates, the more their planning activities have advanced and matured, and the greater their influence has been on development regulations and actual land uses. Since the projects have very similar projected start dates, their tangible results can be compared on a fairly consistent basis with regard to their planning lead time.

Orange County's station-area planning process, which has had the longest lead time, led very early to publication of Transit Supportive Development Guidelines that provided guidance to corridor cities regarding how to update their regulatory and planning documents to ensure patterns of development and circulation that would encourage use of the future system.

Raleigh's efforts, which had the second longest lead time, probably qualify as the most extensive of the respondents. Very early in the process, during conceptual engineering, the Triangle Transit Authority (TTA) created Station Area Development Guidelines, developed station concept plans, conducted a Corridor Market Study, and adopted joint development policies. These activities closely reflect DVRPC's efforts with SVM. TTA's long planning lead time and proactive efforts facilitated the development of three master plans and one small-area plan that include transit-supportive development guidelines in the future station areas. Durham, in turn, has allowed for higher density residential developments and reduced set backs in station areas. Also, Raleigh and Cary have adopted station-area design guidelines. Developers in turn have followed suit. For example, a 26-acre mixed use, high-density development, the Triangle Metro Center, is proposed adjacent to TTA's southern Research Triangle Park Station; separately, new apartments are being developed near TTA's future 9th Street Station, at a density of 60 dwelling units per acre. This high density would not have been allowed had the development not been within a station area. Note that Phase I Raleigh's proposed light rail line is not projected to open for another five to six years. Early and thorough planning has been a key ingredient in TTA's success.

Cleveland's RTA efforts, with the third longest lead time, have resulted tangibly in a special overlay district that relaxes parking requirements and setbacks and promotes other TOD principles; and the codification of live/work space zoning. No projects can be attributed to the planned bus rapid transit system yet; however, development interests have been influenced by the project.

In Minneapolis, with eight years of lead time, efforts have resulted tangibly in a city-adopted master plan for the downtown Minneapolis station, and some TOD-supportive zoning moratoriums and re-zoned property. Also, one station, Elk River, sparked the interest of a private developer who created its own plan and proposal for a development named after the station: "Elk River Station".

Schuylkill Valley Metro, in the context of other projects' experience, has achieved an amount of tangible results that is consistent with its seven-year lead time. The SVM project is completing station area plans and proposed comprehensive plan amendments and zoning ordinances for five stations. Also, a developer has proposed a major new office/retail complex at the site of one of the stations, and local plans and zoning have been adjusted to facilitate the proposal. SVM planners also have worked with this developer to include more transit-supportive elements in the proposal.

Although progress on SVM is consistent with progress on other projects of similar maturity, the SVM's station-area planning efforts have great potential to yield tangible results within the next year or two. Unlike other projects in the sample, SVM is at a critical planning juncture; its planning efforts are about to result simultaneously in five new station-area plans and proposed plan and ordinance amendments, which in turn could spur additional transit-supportive plan, zoning and development activities. To fully evaluate the success of current station-area planning efforts for SVM, one needs to include resulting activities that may occur within the next year or two. At very least, the SVM project has progressed no less than peer projects to date, and it has the potential and poise to progress more rapidly in the near future.

A light rail project in Phoenix, with six year of lead time in its station-area planning efforts, is conducting a market study of potential station-area development. Meanwhile, the City of Phoenix is beginning a process to implement an interim transit-supportive zoning overlay, which will support the City's recently adopted general plan goals to promote transit-oriented development. The Cities of Tempe and Mesa have agreed to pursue overlay zoning as well. In the downtown areas, several condo and loft housing projects are being developed near future LRT stations, and one can presume that these plans were influenced to some extent by the proposed rail system.

Three of the remaining four projects, all of which have planning lead times of six years or less, have not yet demonstrated specific, tangible results. A valid response was not available from the respondent for the last of these projects.

(4) Some Transit Agencies Plan Proactively; Others Support the Efforts of Others

Consistently, respondents indicate that the transit agency or MPO has no jurisdiction to influence plans in the form of ordinance changes or actual development. However, respondents differ in their roles in developing station-area plans.

Most agencies, like those in Cleveland, Hartford, Los Angeles, Lowell, Orange County, Philadelphia, Phoenix, and Raleigh, take a proactive approach, championing coordinated planning efforts with affected municipalities and public and private stakeholders, and then promoting those plans as needed and possible. In Dallas, in contrast, DART takes a more passive approach, playing a supporting role. The transit agency simply produces a fact sheet of development potential for affected municipalities to use in their own planning processes, and then assists on an ad hoc basis. Similarly, in Minneapolis the transit agency takes an even more passive role, partnering with the Northstar Corridor Development Authority (NCDA) to provide oversight of most station-area planning tasks. NCDA offers guidance to municipalities on the benefits and goals of TOD. The affected counties and cities sometimes fund and/or develop station area plans on their own, and in some cases enact zoning changes.

Interestingly, all of these approaches seem to demonstrate the potential to work well, in their particular circumstances. DART's function in a supporting role seems to complement the initiative and awareness of the region's municipalities, without which transit-oriented development would be very unlikely to occur. In the past, Dallas area municipalities have aggressively worked with developers, changed zoning to allow mixed-use development and have even purchased land to take direct control of development around a station. However, in most regions for which information is available, including Philadelphia, the transit agency or MPO must champion transit-oriented development ideas and convince affected stakeholders to "buy in".

F. Lessons Learned

The sampled projects also offer important insights about how to plan effectively for TOD. The respondents state some of these insights explicitly, while other lessons are gleaned from comparing respondents' responses. Lessons relate to public involvement approaches, the importance of developing partnerships, how best to involve stakeholders and how to engage developers.

Overall, nationally, TOD planning consistently yields public benefits. Station-area planning efforts generally succeed in educating public and local officials about TOD, engendering community support for specific proposals, improving awareness of the transit project, responding to public needs regarding site and development proposals and coordinating with existing projects. One agency even observes that through the TOD planning process, members of the public have a more positive image of the transit agency, because the agency is working directly with members of the public on development and quality-of-life issues. These consistent benefits of the station-area

planning process cannot go unrecognized, since they are by no means certain outcomes of a project's engineering and environmental planning processes.

In the Philadelphia region, one of the SVM planning effort's particular strengths was the ability to educate local stakeholders of the benefits and potential for TOD. The SVM effort achieved this outcome through effective visual presentation tools and numerous public workshops that always returned to discussing TOD concepts and principles, including a special session in which a national expert on TOD planning presented his research and experience.

Key Lessons and Guidance for others interested in pursuing TOD are summarized below:

(1) Start planning very early. The strongest association with extensive TOD implementation is beginning with enough lead time. Agencies that begin planning early for TOD have more opportunity to build successful partnerships, establish a collective sensibility that improved land uses are a primary benefit of the project, locate stations most effectively, and – most importantly – begin shaping development long before the new system ever opens. Numerous examples demonstrate that developers are willing to build transit-oriented development many years before the related transit station ever comes on-line. These early TOD projects both strengthen the new service's potential for actual implementation and reinforce its real potential to attract additional transit-oriented development. Furthermore, experience with light rail systems built in the 1990s demonstrates that planning efforts that begin early are more likely to continue attracting new transit-oriented development even after the system opens, because a successful precedent has been set, and because land in station areas is less likely to have been developed into a transit *un*-friendly manner. Despite some implementation uncertainties, the SVM project began its formal station-area planning efforts with only an average amount of lead-time.

(2) Include all affected stakeholders, and listen carefully. National experience demonstrates that a successful design process must:

- Bring to the table all those affected by the planning process.
- Be flexible, to meet diverse needs.
- Balance needs of various stakeholders, including cities, counties, the transit agency, property owners, etc.
- Be consensus-driven. Designers or planners cannot dictate design elements to local residents and stakeholders.

With regard to the last point, a project in Lowell, Massachusetts has an important experience to share. Through its station-area planning efforts the project chose an entirely new site for its station, in response to concerns raised by community members. Using other agencies' experience as a guide, keeping the original station location would have ensured the TOD planning effort's failure.

Figure 4



Douglassville station area CTF members provide their responses to TOD planning concepts near the Schuylkill River.

The SVM study exemplifies all of the desirable qualities listed above. DVRPC brought together interests from all types of station areas, and the planning effort listened carefully and responded effectively to workshop participants' stated needs. However, a weakness of the SVM effort was the relatively low attendance that it attracted to some workshops, particularly 52nd Street station area, due in part to a long history of planning efforts, including a recently completed one that had raised hopes but delivered little. Attendance varied from one person to over twenty-five, more in reaction to local neighborhood politics than efforts of the planning team. This happened in spite of personal calls and mailing of project materials to CTF members prior to each meeting.

(3) Establish partnerships. Every successful aspect of every TOD planning effort involves a partnership of some type, whether formal or informal. Transit agencies' limited direct control over development requires working closely with many diverse interests to establish compelling support among stakeholders for a design concept that only local governments and developers can implement. Ultimately, only counties and municipalities with local jurisdiction can enact TOD-supportive master plan updates, zoning changes, and regulatory changes. Partnering with these decision-makers early in the planning process aids TOD implementation. One survey respondent offers some specific, additional, advice on the subject: "Stakeholders can be your biggest supports

within the entire political, social, financial, and public arenas. Make the best use of them for the benefit of your project.”

The SVM planning effort recognized the importance of establishing partnering relationships and worked with affected municipalities to engender their input and support, as well as with a developer to help orient his plans in a more transit-supportive manner. However, the SVM effort was not been able to forge strong partnerships, since an unexpectedly lengthy process to develop station-area plans left little time to outreach extensively to local officials to seek support for zoning of plan amendments. The lengthy process resulted from greatly increased requirements for community outreach, due to SVM project uncertainty and severe political fragmentation. Thus, the planning process had limited success in achieving enactment of zoning and regulatory changes to date. These experiences prompt the next “lesson learned”.

(4) Build contingencies into the TOD planning scope. Experiences with SVM demonstrate the importance of mitigating risk to the TOD planning process when structuring the effort. DVRPC carefully defined a very well structured scope, which, assuming favorable exogenous circumstances and good execution, was likely to have resulted in strong partnerships and much greater engagement among public officials. However, experience demonstrates the importance of not relying too heavily on the successful administration of independent programs, and of securing the resources that could be required to respond to unforeseen circumstances – such as stepping up community outreach efforts or revising technical results as needed to win buy-in from important stakeholders. The scope and budget of the process included limited resources for extensive outreach activities – the need for which was not clearly foreseen. Public outreach required more than double the effort anticipated.

(5) Promote an active transit agency or MPO role wherever appropriate. In most regions, TOD must be encouraged actively by transit and planning professionals. Usually, the transit agency or MPO must champion TOD planning efforts. In rare cases, where affected municipalities are very proactive, the transit agency can take a supporting role. Still, even in these cases, the transit agency must educate local stakeholders of the benefits and potential for TOD. In all cases, the transit agency or MPO must promote TOD among prospective developers, who do not always recognize the benefits. The SVM study has benefited greatly from a very proactive MPO.

(6) Design process must have a limited duration and focus on consensus. One respondent cited this lesson explicitly, stating that issues must be addressed and resolved to advance the design. In their experience, re-hashing old issues tends to be unhelpful, extremely time-consuming, expensive, and detrimental to the planning process. Instead, those participating in design decisions must agree early on to move on and compromise when needed. The SVM study was fortunate to experience no problems in this regard, in large part because the study focused its planning efforts around a Community Task Force whose composition remained consistent throughout the study.

G. Station Planning Conclusions

The SVM station-area planning study performed very well in regard to most of the important guidance discussed above. In retrospect, starting the TOD planning process earlier might have helped yield greater benefits down the line, though only after some time can it be known for sure. The publication of five station area plans could yield significant positive benefits in the near future, though this memo cannot observe those results. Second, in retrospect, we can observe that if the SVM study had greater flexibility in its scope and budget to respond to unforeseen circumstances, it potentially could have formed stronger partnerships with affected municipalities to effect additional zoning and regulatory changes.

The “lessons learned” provide a valuable guide for projects that desire to promote transit-oriented development, as well as a useful assessment of the station area planning efforts for the SVM. National experience shows that just undertaking a sincere TOD planning effort will yield positive public benefits. In addition, the TOD planning effort’s potential for success can increase greatly by starting TOD planning efforts very early, listening closely to all affected stakeholders, establishing productive partnerships, building contingencies into the scope, promoting an active agency or MPO role when appropriate, and focusing the design process on consensus. All of these lessons can help promote more productive TOD planning efforts both locally and nationwide.

Section V. *SmartCommute* Mortgage Program

In September 2002, Citizens Bank and Fannie Mae initiated a pilot *SmartCommute* mortgage program in the Philadelphia Region, for Philadelphia and the four suburban counties of southeastern Pennsylvania. The development of the technical data and analysis of eligible mortgage areas to support the new program was undertaken by DVRPC and The Reinvestment Fund. This section summarizes the intent and mechanics of this new mortgage program, initial activities and an evaluation of results to date.

A. Program Rationale

The intent of the Fannie Mae's *SmartCommute* program is to help expand opportunities for homeownership by rewarding borrowers who choose to live near transit and use it on a regular basis. Other simultaneous benefits include reducing vehicle miles of travel; adding new transit riders; providing additional marketing for development near transit; public education on how personal spending decisions affect the ability to own a home; and increased disposable income for borrowers for uses other than maintaining multiple automobiles. It is assumed that the borrower would most likely own a car, but would at least take transit to work on a daily basis, with the commute trip savings enabling them to spend more on housing.

According to background information provided by Fannie Mae:

- Transportation costs are the second largest household expense (after rent or mortgage payments) with some metropolitan area households spending more for transportation than they do for housing. In addition, auto loans are the largest category of household debt outside of home mortgages. These expenses have a higher impact on lower income households, which spend up to a third of their income on transportation costs, and experience reduced job opportunities, if their access to transportation is reduced. (An estimated 60% of transit riders are minorities and in cities with populations of more than one million, more than 50% of the riders have household incomes of less than \$15,000 a year.)
- Depending on the developmental character of a region (auto-dependent or more modally balanced), more than 20% of household expenditures (more than \$8,500 a year) are devoted to surface transportation versus less than 17% (less than \$5,500 a year) where transit is available.
- A family of four with two vehicles, each driven about 15,000 a year, would have an estimated annual transportation cost of \$10,000. The same family, residing in a more transit-accessible location, could possibly get by with only one car, while also reducing annual travel to about 10,000 miles. The result would be estimated annual savings of \$4,000, thus saving \$6,000 that could support as much as \$100,000 in additional housing expense.
- More specifically, \$10,000 spent on an automobile yields only \$910 in long term equity, while the same investment in housing results in \$4,730 in equity. The ancillary benefits of reducing annual vehicle mileage saves fuel costs, reduces need for repairs and maintenance, reduces vehicle depreciation, defers replacement of existing vehicles and may reduce vehicle ownership.

In response to these facts, Fannie Mae initiated the *SmartCommute* mortgage program in 2001, building upon previous efforts to implement the *Location Efficient Mortgage* Program, beginning in 1999, in Chicago, Seattle, Los Angeles and San Francisco. DVRPC, working with The Reinvestment Fund, contacted Fannie Mae to inform them of the transit-oriented development project and to solicit their support for a Philadelphia pilot program. In the summer of 2002, following Fannie Mae's expression of support, DVRPC and The Reinvestment Fund solicited lender interest in the new program and were fortunate to receive interest from Citizens Bank and their willingness to be the lead commercial bank offering this loan program in the region, with up to \$10 million in loans guaranteed through Fannie Mae.

B. Program Criteria

In the Philadelphia region's application of the concept, the demographic and GIS database for the *SmartCommute* program was developed cooperatively by DVRPC and The Reinvestment Fund. A map of the eligible "target" mortgage areas, derived from the technical criteria, is included as Figure 5. The *SmartCommute* location and demographic criteria area as follows:

- Home must be located no more than ½ mile from a rail line and no more than ¼ mile from two or more bus routes
- Must be a single unit
- Must be owner-occupied

To qualify a borrower for the *SmartCommute* program involves two steps: determining if the home is located within an eligible area and determining the amount to add to the borrower's income to enable them to obtain a higher mortgage amount. For households with one employed borrower up to \$200 a month is added to the borrower's qualifying income. For households with two employed borrowers, up to \$250 a month is added to the borrower's qualifying income. The program has these additional borrower guidelines:

- No income limit for standard mortgage
- Requires a 3% borrower down payment
- Secondary financing is accepted
- Cannot own more than two cars

C. Program Background

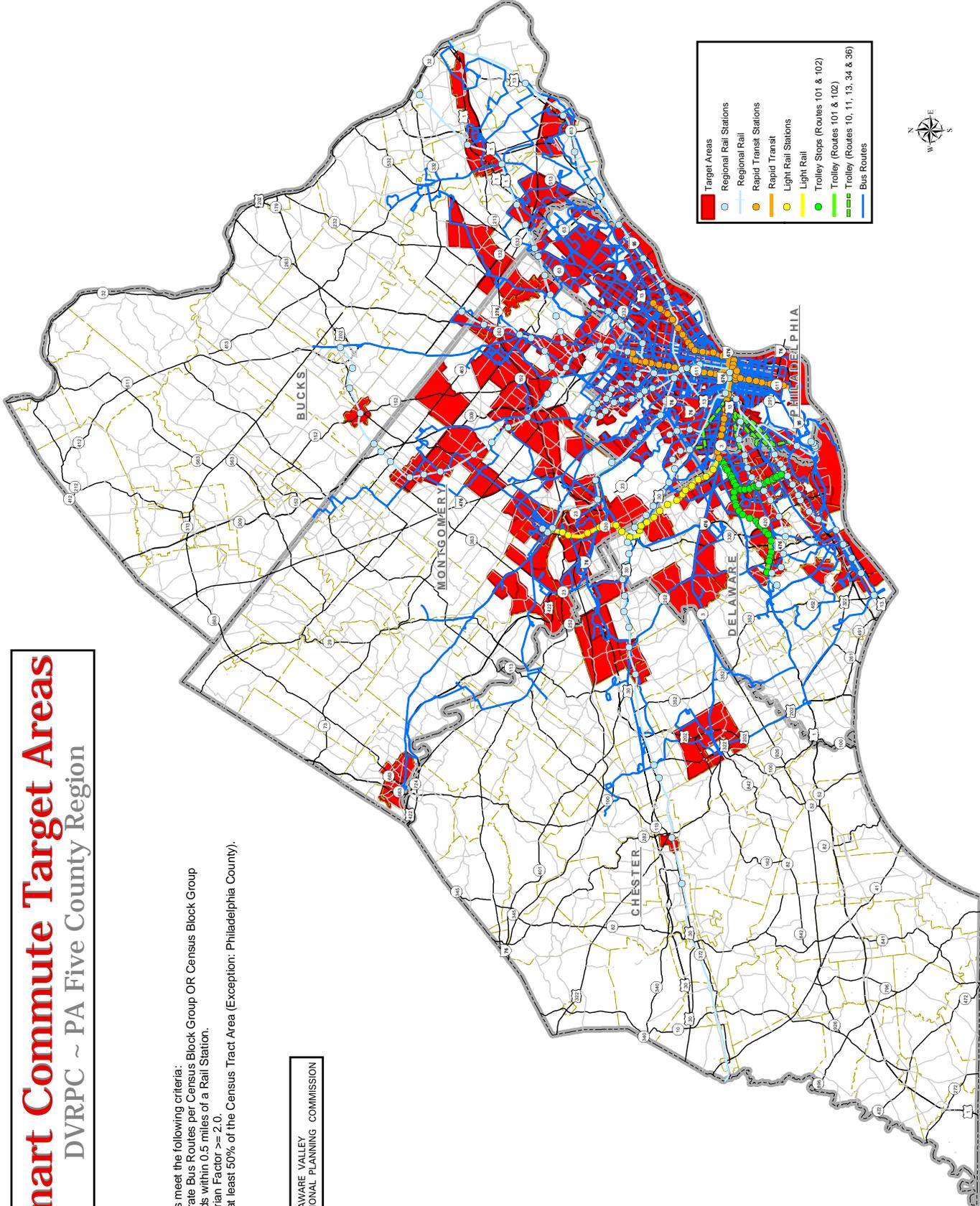
As part of the TCSP grant work program, DVRPC asked The Reinvestment Fund (TRF) to evaluate the status of Fannie Mae's *SmartCommute* Initiative in the Philadelphia area and create some recommendations for the program's future. The *SmartCommute* program for the Philadelphia area was announced in September 2002, with a partnership consisting of Fannie Mae, Citizens Bank, SEPTA, DVRPC and TRF. (See Appendix V - Philadelphia *Inquirer* Story dated 9/22/02). The program was initially promoted with advertisements on local media and on SEPTA buses (see Figure 6 for a sample advertisement).

Smart Commute Target Areas

DVRPC ~ PA Five County Region

NOTE

- Hot Spots meet the following criteria:
- 2 separate Bus Routes per Census Block Group OR Census Block Group centroids within 0.5 miles of a Rail Station.
 - Pedestrian Factor ≥ 2.0 .
 - Cover at least 50% of the Census Tract Area (Exception: Philadelphia County).



(Figure 5)

According to Messrs. Held and Forker at Citizens Bank, although the announcement was received warmly and initial interest was significant, TRF determined that the program has yet to yield a single loan in the Philadelphia area. The reasons for this are

Figure 6



Looking to buy a home?
Look for one of these first.

 **If you buy a home near transit, you may qualify for Smart Commute™**, a special mortgage program offered by Citizens Bank. Living in a transit-friendly neighborhood means you have transportation at your doorstep, so you can save on automobile costs. Now it can also mean a better mortgage.

As part of a program to encourage transit use and support neighborhoods served by transit, Citizens Bank is offering a "location-efficient" mortgage for homes with easy access to several public transit options. So if you're looking for a home in southeastern Pennsylvania, think about making the move near transit.

For more information, contact Citizens Bank at 1-888-801-4651 or go to www.citizensbank.com.

Smart Commute is a registered trademark of Fannie Mae

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explored in the text that follows. Because no loans were made, it was impossible to conduct the degree of evaluation initially contemplated to ascertain the extent to which the *SmartCommute* product influenced locational choices. Accordingly, TRF interviewed a number of people in other locales where the *SmartCommute* product is available and the results of these interviews serve as the basis for some recommendations designed

to enhance the likelihood of success of Philadelphia's program. (See Appendix VI for a list of the interviewees).

Fannie Mae's *SmartCommute* Initiative is designed to encourage homeownership in areas around mass transit, thus creating an anti-sprawl incentive. The program recognizes savings from the utilization of public transit by allowing families purchasing a home within a set distance from a mass transit stop to increase their monthly disposable income by a set amount when calculating debt servicing ratios for mortgage underwriting. The initiative offers a low down payment of 3 percent in addition to other incentives that may be provided by local partnering organizations throughout the country such as free transit passes, down payment assistance and homeowner counseling.

Qualified borrowers enhance the amount of debt for which they may qualify by adding up to \$250 of monthly disposable income in two wage-earner households and \$200 in single wage-earner households. This, theoretically, is the incentive to purchase a home (and perhaps *more* home) in an area that is served well by public transportation.

As noted previously, in the Philadelphia region, the program requires that the property be within a half mile of a SEPTA rail station or within a quarter mile of two or more SEPTA bus stops in Philadelphia, Bucks, Montgomery, Delaware and Chester Counties. Borrowers must also certify that they own two or fewer automobiles.

Philadelphia was third in the string of nine pilot cities for the *SmartCommute* program, beginning with Minneapolis in early May 2001. Other cities and regions were introduced in the following order: Pittsburgh, (Philadelphia), Salt Lake, State College (PA), El Paso, Louisville, Delaware and Burlington (VT). Eleven more sites are in process, including Baltimore and Washington, DC, where the program will be introduced in July 2003. Philadelphia is the largest of the current pilot cities, which makes comparisons somewhat difficult, but nonetheless still valuable. (See Appendix VII for a list of other *SmartCommute* cities.)

D. Program Evaluation Approach

TRF's process of evaluating the success of the program was limited first by the short time span of *SmartCommute's* implementation (i.e., less than one year). Second, acknowledging the newness of the program, there have not been any loans made in the Delaware Valley to enable an evaluation of the impact of the program.¹

Optimally, the project's success would be gauged by the reaction of participating borrowers, but this was not an option in light of the fact that no loans have been made. Instead, TRF chose to examine the reaction of various participants in the program's implementation both locally and nationwide.

- Initial facts were gathered through press release materials found on Fannie Mae's and other websites to determine in which areas the program had been implemented.

¹ Citizens Bank is planning to trace back some loans made since September of 2002 to see if they might qualify under the Smart Commute label.

- Next, calls were made to lenders participating in the *SmartCommute* Initiative in five other pilot cities: Minneapolis, Louisville, Pittsburgh, El Paso and State College. No representatives were available in Salt Lake City, so TRF spoke with representatives of the Utah Transit Authority, the local transit authority partnering in the implementation.
- TRF then conducted an extensive interview with John Held and Thomas Forker, Philadelphia regional representatives of Citizens Bank, in order to learn what steps Citizens had taken to implement *SmartCommute* and what obstacles they would point to in order to understand the lack of activity with the program.
- TRF completed the program evaluation by interviewing Ed Dodson and Michelle Desiderio regional and national representatives of Fannie Mae, respectively. Dodson and Desiderio gave a larger view of the program nationwide, some ideas of what Fannie Mae has learned through the various stages of the program's implementation and a few thoughts about the future direction of *SmartCommute* in the coming years. It is important to note that notwithstanding the lack of activity in Philadelphia and some of the other *Smart Commute* areas, Fannie Mae remains committed to the program for at least the foreseeable future.

E. Outcome of National and Local Evaluation Interviews

In researching the *SmartCommute* program, TRF's questions posed to representatives at other *SmartCommute* sites focused on: (a) level of activity; (b) criteria for qualification; (c) program benefits; (d) impressions of the level of success for that program. Examining factors that successful lenders have in common allows for some degree of insight into what might help the program succeed in Philadelphia. Looking at common issues for lenders across the nation sheds better light onto what might need to be changed in the program to make it more appealing to its target market. Lastly, TRF queried interviewees for common exogenous factors, such as low interest rates, which may now impede the program's activity but which may in the future change, thereby allowing the program to reach its full long term potential.

- First, virtually every interviewee was thoroughly supportive of the idea of the *SmartCommute* loan and its intended purpose. That said, when it came to whether the product worked (or could work), the opinions were far more mixed. Many lenders across the country noted that the *SmartCommute* Initiative tends to get lost in the currently heavy business of the mortgage market. Many borrowers are calling with refinancing inquires, and even of those who are looking to buy a home, few are concerned about the added buying power provided by the *SmartCommute* product. This is a common problem in all of the pilot cities, even those that have seen success. Citizens Bank suggested that this is one of the key reasons the *SmartCommute* has not had more activity in Philadelphia.

Bill Hagan, Executive Vice President of Originations of Rocky Mountain Mortgage in El Paso, suggested that the program is hampered due to what he termed a "learning curve" within the organization. Simply put, loan officers are too busy answering endless calls and presenting a variety of programs to prospective borrowers that they simply do not have the capacity to devote to another program with what many view as limited market potential.

- Several other interviewees noted that the *SmartCommute* loan product is one of many programs available to assist low and moderate-income borrowers. Other programs provide a direct financial benefit while *SmartCommute* only allows the borrower to take on more debt. Eric Otterness, a loan officer at Irwin Mortgage in Minneapolis (one of the most active *SmartCommute* markets), noted a high number of callers who have interest in the *SmartCommute* program but who also typically qualify for FHA and other subsidized mortgage programs. Once realizing they qualify for a subsidized interest rate, borrowers naturally opt for the lower monthly payments provided through these programs rather than the greater buying power available through the *SmartCommute* program. Thus, the program does not provide a significant economic incentive for the borrower, which is a crucial problem noted by Messrs. Forker and Held at Citizens Bank.
- Another frequently noted issue involves the extent to which advertising is necessary to promote the program. Advertising is absolutely needed to promote public interest in any program, but *SmartCommute* advertising expenditures may frequently outweigh the benefits lenders may derive from loans originated out of the small pool of eligible *SmartCommute* borrowers. Thus many of the programs, especially those in the less active pilot regions do not have the significant advertising effort required to extend information about the program to those who might qualify.

Despite these issues, some regions, namely Minneapolis, Salt Lake and Louisville, have seen some degree of activity with the *SmartCommute* program. A major factor in this success is the dedication to the program by all the partnering organizations involved. Examples include:

- Louisville's TARC and Salt Lake's UTA offer a free six month transit pass; Metro Transit in Minneapolis offers a free two year transit pass;
- Pat Harman, Director of Specialty Lending for National City Bank in Louisville devotes entire training sessions for new employees about the *SmartCommute* program;
- Louisville Metro Housing Authority features down payment assistance and works closely in conjunction with the area lenders to create incentives for borrowers to participate in the program;
- In all three of the successful locations, transit authorities have put ads on busses and rail cars for the *SmartCommute* program. Minneapolis' Twin City Federal (TCF), where an estimated twenty-seven loans have been made in amounts totaling over four million dollars since the program's inception in May 2001, has displayed the most aggressive dedication. TCF has gone as far as putting bank representatives on bus routes to find eligible for-sale real estate and to search for realtors selling eligible properties to ask them to refer their buyers to the program.²

It is likely not realistic or practical to have a program that requires lenders to carry out the extraordinary efforts of TCF. Nevertheless there are steps TRF recommends taking

² It is important to note that the DVRPC had discussions with SEPTA about providing a transit benefit like a Transpass or equivalent for Smart Commute borrowers. SEPTA ultimately declined.

to enhance the *SmartCommute* Loan's success in the area. Foremost are the strategies suggested by Pat Harman: aggressive training for and enhanced awareness among in-house staff at lending institutions in an effort to lower the "learning curve" described by Bill Hagan. The costs of this solution are presumably low (i.e., incremental), as product-related training in many lending institutions is ongoing.

Michelle Desiderio (FNMA) is now recommending banks designate a set person within mortgage departments to field all questions on the *SmartCommute* feature. This decreases the need for extensive knowledge about the program among all loan officers, and just increases additional training for one person, who can easily become well acquainted with the program in a short amount of time. This too is a recommendation TRF would support.

In addition to efforts to increase lender awareness, there are several low cost measures worth considering in order to increase borrower awareness. Among those are:

- Working with local housing counseling agencies so that they understand the program and can view this as one of the tools they have to enhance homeownership opportunity in areas served well by public transportation. In Philadelphia, the Homeownership Counseling Association is a natural for this sort of outreach as they serve as a trade association for most agencies operating in the Philadelphia area.
- Finding ways to merge the benefit of certain municipally run programs so that *SmartCommute* participants not only receive the added buying power of the program but also the financial benefit of, for example, down payment assistance, will also enhance the attractiveness of the program, as *SmartCommute* only requires 1 percent of the loan to come from the borrower's own funds (the other 2 percent of the 3 percent required for down payments may come from an outside source).
- TCF has had success promoting the program among its own staff. This is not only applicable to banks, but also to other organizations that hold stake in the program's success. For instance, the Mayor's office in Baltimore has already featured the *SmartCommute* Initiative in a weekly newsletter distributed to City staff. A similar initiative in Philadelphia may have some success, as so many of the City employees must live in the City anyway.
- Outreach to realtors and the pertinent Philadelphia area boards of realtors is a strategy that could afford some added attention to the program. Providing the map of *SmartCommute* eligible areas, describing the program and letting realtors know that certain of their listing may be attractive to an additional market segment would undoubtedly be beneficial.

Even without making any adjustments to the program, there are reasons to be optimistic about the *SmartCommute* Initiative's future in the Philadelphia region. Philadelphia was one of the earliest pilot cities involved in the implementation of the project and both Citizens Bank and Fannie Mae have learned from watching the program evolve over the past nine months. Citizens Bank is planning to examine which loans made since the program's introduction would have qualified as *SmartCommute* loans, to give them a

better idea of the market they have missed. Desiderio is making new recommendations (such as having a designated loan officer to handle all *Smart Commute* inquiries) to lenders nationwide based on the program's varying degrees of success. Fannie Mae is obviously still optimistic about the program's merits, and is demonstrating this confidence through the upcoming launch of the program in new cities such as Baltimore and Washington, DC. Lastly, the universally experienced impediment to *SmartCommute's* success of the low interest rate climate is perhaps only temporary. When rates regress towards historical averages, lenders may be forced to use programs like the *SmartCommute* loan to obtain a competitive advantage as the overall market shrinks.

F. Conclusion

To reiterate, **not a single loan under this program was made since inception in September 2002. Accordingly, not a single buyer has been influenced to make a locational decision based on the added buying power of the *SmartCommute* loan product.** While buyers may in the future, they have not so far. And, Philadelphia's lack of activity is not entirely unique. Many areas have *SmartCommute* products and only a few have had any significant number of participants.

TRF recommends the steps above to promote and streamline the product and perhaps most importantly, to marry the *SmartCommute* product with other programs that (especially) benefit moderate income homebuyers. As the Citizens Bank representatives noted, higher income borrowers do not need the benefit and lower income borrowers can get a better benefit. While FNMA stated that the *SmartCommute* product can be used in conjunction with other programs, it is clearly the case that Citizens Bank and any other lenders that may come on-line in the future will need to be educated about how this can work.

While no one can guarantee the success of the program in Philadelphia, we believe that adoption of these recommendations will significantly improve the odds of the *Smart Commute* loan being effective towards its original goal: increasing housing accessibility and promoting socially and economically sound high density urban growth, thereby curbing the effects of sprawl in the Delaware Valley.

Section VI. Overall Project Lessons Learned and Conclusions

During the conduct of any project or study, valuable lessons can be learned from the successes, shortfalls and unexpected events that occur during the planning and implementation process. The following section summarizes these outcomes.

A. Successes

1. After some initial start-up delays and low attendance at meetings, the draft station plans and implementation recommendations were well received by the city/county planning agencies, local municipalities and CTF members. In general, the CTFs developed an appreciation for TOD principles and saw how these principles were transformed into specific recommendations for their communities (see the CTF Evaluation Survey responses).
2. The most successful aspect of the project was the *Great Places With Transit* newsletter, which was widely disseminated within the region and praised by all who have seen it. A rebudget of unexpended funds from earlier tasks enabled the publication of an “extra,” seventh newsletter in Spring 2003.
3. The smooth working relationships among the study partners and responsiveness of the consultant team were continuous. Issues that arose at the local level were responded to quickly and resolved on a mutual basis through coordination among the city/county planning agency, the consultant and the DVRPC project manager. PMT meetings were generally well attended and study issues and concerns were addressed in a timely fashion. Minutes of each meeting were prepared and circulated within a week of each meeting.
4. The introduction and expansion of a station planning web site with project information was also a positive addition to the overall communication and information program, particularly for the station area planning task. This information can be accessed via DVRPC’s web site at www.dvrpc.org.
5. Increasing attention to the issue of TOD in the vicinity of the SVM stations and regionwide through the *Great Places With Transit* newsletter, has furthered opportunities for development and redevelopment beyond the scope of the project (see Figure 7). DVRPC has initiated a new project to inventory and assess the TOD prospects at 45 stations throughout the bi-state region (beginning with an overall total of more than 300 stations). In addition to the inventory phase, this project will include four station area plans to demonstrate the application of TOD planning principles, working with pertinent counties and local officials. The inventory phase will be completed in 2003, and the station area planning phase will be completed in mid-2004.

Figure 7



B. Delays and Project Administrative Issues

- 1. Project Contract Initiation.** The primary project delay occurred between grant award and initiation of the consultant selection process (approximately one-year). The delay was the result of contract processing between the FHWA Division office, the pass-through agency (the Pennsylvania Department of Transportation) and DVRPC, given the nature of the new TCSP grant program. To resolve this problem in the future, we believe FHWA should explore direct grants to successful applicants, rather than seeking amendments to existing State DOT-MPO contracts. DVRPC used the delayed start productively, to develop the Request for Proposals for the pending consultant contracts, the individual contract agreements for the study partners and to coordinate with the City and counties to initiate the CTF formation process. This enabled us to initiate the study quickly when project funding contract was finally in place.
- 2. SmartCommute Mortgage Program.** Despite several efforts to seek a contractual agreement on use of the Center for Neighborhood Technology's proprietary LEM products, including numerous telephone calls, e-mails and several coordination meetings, negotiations among DVRPC, The Reinvestment Fund and the Center eventually proved to be unsuccessful. With the Fannie Mae's withdrawal from the national LEM program, the local pilot program was quickly reoriented to the new *SmartCommute* program. While successful completion of the *SmartCommute* database by the end of the TCSP contract period appeared to be a challenge, the no cost time extension provided the additional time needed to put the necessary database in place. Most important, however, was the less complicated methodology proposed by Fannie Mae. On September 3, 2002, in the Norristown Transportation Center, U.S. Representative Joe Hoeffel announced the initiation of a pilot mortgage program. Program partners include Citizens Bank, Fannie Mae, DVRPC, SEPTA, The Reinvestment Fund and the Montgomery County Association of Realtors.

3. Station Area Planning Study Start-Up and Process Issues.

- (a) Collection of data and preparation of study area base maps for the five station sites proved more difficult than expected and caused some initial delays in the study schedule. The consultants had to supplement available information with more extensive field visits than was originally envisioned. In addition, the policy shift in mode for the public transit project (from light rail to commuter rail) and the lack of detail in the transit concepts in the EIS also necessitated more extensive coordination with the transit agencies and their consultants to refine implementation issues. The resultant delay from these various factors was not significant, however, and was mitigated later in the study.
- (b) CTF participation and support. In several cases, the CTFs took longer than expected to be appointed and to become actively engaged in the project. This resulted in the consultants spending more time and resources than was contemplated to try to enhance meeting attendance and to bring these CTFs “up to speed.” Initially, more proactive support from some PMT members for the CTFs in their jurisdiction might have helped to facilitate the CTF process and level of involvement.
- (c) Initial confusion among the CTF members about the TCSP study and its purpose versus the concurrent SEPTA and BARTA Environmental Impact Statement for the Schuylkill Valley Metro project. This confusion was eliminated following formation of the CTFs and the initial briefing meetings. The overlap of the EIS and the TCSP studies also resulted in some station planning or implementation issues being viewed by some CTF members as already settled (because of prior agreement with the transit agencies), rather than open for review and discussion as part of the TCSP study process. These agreements stifled the creativity of the study process, at least initially, and produced some friction between CTF members and the consultants.
- (d) Additional stakeholder meetings were necessary to ensure that the recommended station area plan concepts received support from key CTF members and local officials. These additional meetings were also not contemplated in the project scope.
- (e) The special situation in Phoenixville (early acceptance and adoption of a TOD development plan) was unforeseen, but resulted in helpful and cooperative local and developer planning activities on a more site-specific basis.

4. Need For Additional Outreach Resources

It is clear, from the experiences gained over the 24 months of the CTF process, that significantly more resources and meeting time are needed to develop the CTF concept as local advocates for TOD plans. Gaps between scheduled CTF meetings and lack of constant communication, especially

during the first six months of the project, resulted in inconsistent participation and understanding of program goals by some CTF participants. This was less of a problem during the project's second year, due to greater project momentum and more community interest in the plan alternatives and recommended station area plans. To address this issue, efforts were expanded to supplement meeting notices by telephone calls to CTF members to inform them about pending meetings and to solicit their attendance and involvement.

5. Conclusions

The Delaware Valley Regional Planning Commission and its partners in the overall Planning For Transit-Oriented Development work program worked cooperatively over a four and a half-year period to: apply for TCSP grant funding, select project consultants, form Community Task Forces, prepare station area plans (with multiple meetings and workshops, as well as a published technical report and widely distributed summary brochure), prepare and distribute seven Great Places With Transit newsletters, develop the technical basis for a *SmartCommute* Mortgage Program and organize the public/private cooperative relationships to implement this new mortgage program. Throughout the long planning process, the study partners and consultants worked closely and cooperatively to expand knowledge and awareness of transit-oriented development and implementation techniques among southeastern Pennsylvania's local officials and the public. Through these efforts it is hoped that the linked goals of achieving expanded public transit use and more transit-oriented development in the region will be attained.

APPENDIX I – TCSP Grant Application Project Abstract

Transportation and Community and System Preservation Program (TCSP)

SUMMARY INFORMATION

Type of Project Request: Planning and Implementation Grant

Project Title and Location: Implementing Transit Oriented Development in the Philadelphia Metropolitan Area: Schuylkill Valley Metro (SVM) Corridor Station Area Planning and Implementation; Berks, Chester, Montgomery and Philadelphia counties, Pennsylvania (See attached Study Corridor Map).

Organization: Delaware Valley Regional Planning Commission (DVRPC)

Key Contact: Richard G. Bickel, Deputy Director, Regional Planning

Address: The Bourse Building, 111 South Independence Mall East, 8th Floor, Philadelphia, Pennsylvania 19106-2515

Phone/Fax/E-mail: 215-238-2830; 215-592-9125; rbickel@dvrpc.org

Grant Request: \$893,000 total program cost; \$665,600 federal grant request (74.5%)

ABSTRACT

The proposed project involves a coordinated, cooperative, region wide and focused transit oriented development (TOD) program, encompassing three concurrent components:

- A regional Location Efficient Mortgage (LEM) Product.
- A regional TOD advocacy and educational support campaign.
- A prototype corridor case study to prepare five (5) transit station area plans, TOD regulations, consistent with current and forecasted real estate market conditions, and a concurrent, multi-media and technology-driven public participation process.

The proposed project strives to implement TOD principles and induce private sector investment in TODs by: (1) creating an innovative LEM Product that provides mortgage financing for housing in transit dense areas, (2) undertaking a region wide advocacy project to sow the seeds of public support for TODs, (3) producing a transit corridor-specific real estate market demand feasibility study that provide a greater level of understanding of TODs within the real estate community (thereby reducing the perceived risk to developers) and (4) preparing zoning ordinance language, to implement focused station area plans, that provides a supportive regulatory environment for TOD. The creative and innovative aspects of the overall program include: (1) the proposed LEM Product; (2) the timing of the planning and development regulations work and garnering public support for TOD, well in advance of implementing a major transportation investment; and (3) basing the development controls on a corridor and station-focused real estate market study.

The regional aspects of the program are complemented by the case study activities along the Schuylkill Valley Metro (SVM) corridor, which extends for approximately 62 miles, from Center City Philadelphia to Wyomissing Borough and the City of Reading in Berks County, traversing portions of Montgomery and Chester counties. Implementation of the three program components will accomplish the following outcomes:

- The Philadelphia Metropolitan Area will have in place an on-going LEM Product for application in the SVM corridor and other existing and proposed transit service areas.
- At the same time, individuals, organizations and local officials from communities throughout the region will be better informed about the goals and principles of transit oriented development.
- Communities, local officials and residents will be better equipped to shape expected growth around proposed rail station areas, by replicating the development tools and knowledge base obtained from the corridor case study.

Appendix II

Schuylkill Valley Metro Corridor Station Area Planning and Implementation Study

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Project Management Team (PMT) January 2003

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Appendix III – Community Task Force Member Evaluation Survey

Community Task Force Member Evaluation Survey – April 2002

To: Community Task Force Members

From: Richard G. Bickel, Project Manager, Delaware Valley Regional Planning Commission (DVRPC)

On behalf of the Project Management Team for the overall transit-oriented development (TOD) project, thank you very much for your service and contributions to the station area planning process for the proposed Schuylkill Valley Metro station in your community. We appreciate your help during the process, and look forward to sending you a copy of the final report for your station area, when it is completed later this summer. The end result and the overall station planning project could not have been successfully completed without your participation and viewpoints.

The Community Task Force (CTF) concept was a central public participation approach in the Schuylkill Valley Metro Station Area Planning and Implementation study conducted over the past two years.

- Five CTFs were created, and each met up to four times during the study process to review and comment on proposed station plans, as well as comprehensive plan and zoning amendments to achieve the plans.
- In addition, two workshop meetings on transit-oriented development (TOD) were held early in the study process to provide consistent information to the CTFs on TOD principles that would be pursued by the consultant team in the individual station area plans.
- CTF members also received copies of the project newsletter, *Great Places With Transit*, and a website was created, in conjunction with the Delaware Valley Regional Planning Commission's website, to summarize the background and planning activities for each station area.
- An overall final report, encompassing all five station area plans, will be prepared to summarize the station area study process, and individual plan reports will be prepared for distribution to each of the CTF members.
- Should opportunities for station area implementation actions be required over the next few months and years, we hope to be able to call upon the CTFs, on an informal basis, to show your support for the station area plans that you helped to create. SEPTA, BARTA, Philadelphia, Montgomery, Chester and Berks counties appreciate your assistance and support for the overall Schuylkill Valley Metro project.

As the final step in the CTF process, we request your help to respond to the questions included on the attached CTF Member Evaluation Survey. This will help DVRPC to prepare the Final Project Evaluation Report required by the Federal Highway Administration's grant program that helped to fund the station area planning work. Your views are very important to us, and can help to shape

future TOD and station area planning activities throughout the United States. Thanks again for your time and for a job well done!

Community Task Force Member Evaluation Survey – April 2002

Please take a few minutes to respond to these questions about the Community Task Force (CTF) process over the past two years. We appreciate your views and space is provided for additional comments if you wish to add to your response. A stamped, return envelope has been provided for your convenience and use. Thank you very much for your help with the survey. Please call Richard Bickel at 215-238-2830 if you have any questions.

Please return surveys **by May 10, 2002** to:
John Beckman, AICP
Wallace Roberts & Todd, LLC
260 South Broad St., 8th Floor
Philadelphia, PA 19102

SURVEY

Question 1: Overall, do you now feel that you have a better understanding of transit-oriented development (TOD) concepts and principles than you did when the study started?

Yes__ No__ Somewhat __

If no or somewhat, do you have any comments that clarify your response?

Question 2: Overall, do you now feel that you have a better understanding of the proposed Schuylkill Valley Metro project than you did when the study started?

Yes __ No __ Somewhat __

If no or somewhat, do you have any comments that clarify your response?

Question 3: Do you believe your CTF was important in shaping the eventual station area plan and implementation approaches recommended for your community?

Yes__ No__ Somewhat __

If no or somewhat, do you have any comments that clarify your response?

Question 4: Do you feel that the consultant team and the study project manager were responsive to your concerns and those of your CTF?

Yes __ No __ Somewhat __

If no or somewhat, do you have any comments that clarify your response?

Question 5: Do you think the number of CTF meetings and the information provided throughout the planning process was sufficient?

Yes __ No __

If no, what specific improvements could have been made?

Question 6: If given the chance, would you participate in a similar station planning process in the future?

Yes __ No __ If no, why not?

Question 7: Do you have any other comments or concerns about the CTF process and your role in the station area plan for your community?

Thank you for your participation in the survey.

Appendix IV - Transit-Oriented Development Station Area Planning National Evaluation Survey

The Delaware Valley Regional Planning Commission (DVRPC), Philadelphia's MPO, has recently carried out station area planning for several stations along the proposed Schuylkill Valley MetroRail line and is interested in assessing its process for evaluating opportunities for transit-oriented development. We are sending this survey to you in order to know more about how your agency approached this issue.

Please answer the following questions and send this survey back to me,

*Katherine Gray Still,
by **June 12, 2002.***

Send by email to still@pbworld.com, or by FAX to
503-274-1412.

If you have any questions, please call me at 503-274-
7219.

***** S U R V E Y *****

If you have more than one rail project in the planning stage, please answer the following questions with the one that is in the Preliminary Engineering phase.

- 1. Have you carried out station area planning as part of the overall transit planning for your rail line?**
- 2. What is the total number of stations and for how many have you carried out planning?**
- 3. How long has planning for these station areas been underway?**
- 4. Are there finished plans for each station area? Please provide a brief description of their status.**
- 5. What jurisdictions were involved in the station area planning process? Please list each and briefly note what their respective roles were.**

- 6. In what way was the public involved?**

- 7. How have you gauged the public and business support of the station area planning process?**

- 8. Have any special ordinances, design guidelines, or other transit supportive development policies been adopted to support the station area plans? If so, please briefly describe them.**

- 9. Have there been any private developments built or approved in which the location was influenced by the presence of a rail station?**

- 10. What are your plans or strategies for the station areas during the next phase of project development?**

- 11. When do you expect the proposed line to be operational?**

- 12. What are several of the key outcomes of your station area planning process?**

Appendix V - Philadelphia Inquirer, The (PA)

September 22, 2002

Lenders tap new markets

Public transit users, rural residents and minorities are targets.

Author: Alan J. Heavens INQUIRER REAL ESTATE WRITER

Edition: ADVANCE

Section: REAL ESTATE - NEW HOMES

Page: J01

Article Text:

How long does it take you to get to work?

If the answer is forever, maybe you should move closer, say within a half-mile of a train station or a quarter-mile of two or more bus stops, to save wear and tear on your nerves.

In Southeastern Pennsylvania, there's now a mortgage program designed to make such moves easier. The **Smart Commute** mortgage, available through Citizens Bank, lets commuters factor the money they save by taking public transportation into the amount for which they can qualify.

For example, if you and your spouse work and both take the train five days a week, the \$3,000 you are supposed to save in transportation costs over a year is considered additional qualifying income on the mortgage application.

The **Smart Commute** mortgage, for which \$10 million has been set aside in Southeastern Pennsylvania (including Philadelphia), isn't for everyone, obviously. But it's just one example of how lenders, with the help of Fannie Mae and Freddie Mac, are developing products for specific audiences.

Such initiatives are designed to increase business for the two quasi-public corporations, which underwrite most of the nation's residential mortgages, usually in partnership with lenders, nonprofit groups, and government agencies.

In the recession years of the early 1990s, lenders sought to tap markets they had long ignored because their traditional market - suburban, white, middle-class couples with children - had until then appeared bottomless.

The new markets - minority, immigrant, single, one-parent, rural, special needs and urban core - could not be served without changes in underwriting that circumvented the traditional 20 percent down payment and income sources.

Nothing could be done unless Fannie Mae and Freddie Mac, which together supply most of the money that lenders use to make mortgages, came on board.

In 1994, just as the recession had run its course, Fannie Mae came up with a "trillion-dollar commitment" - even though many of the programs and funding were already in place - to create one million homeowners by 2000 (the final number actually was 10.6 million), according to Fannie Mae chairman Franklin Raines.

Fannie Mae then committed \$2 trillion in 2000, targeting minority, rural and immigrant buyers, hoping for 18 million new homeowners.

Raines said the first effort "reinvented" Fannie Mae, with the target groups now accounting for 68 percent of its business, compared with 55 percent in 1994.

Freddie Mac also is targeting such groups, with its "Catch the Dream" program encompassing 25 related initiatives.

There are mortgage products tailored to states. For example, HomeNebraska is a Fannie Mae initiative that has provided \$614 million in loans to first-time home buyers in that state.

In Florida's Duval County, a program helps public school teachers obtain mortgages for housing there with a 5.95 percent interest rate and just \$500 down.

The University of Pennsylvania and Syracuse University in New York have mortgage programs that encourage employees to buy housing in the university neighborhoods.

Local 26, the restaurant workers' union in Boston, has a mortgage program run by the Neighborhood Assistance Corp. of America. The program includes down-payment assistance, special mortgage products, credit counseling, and home-purchase planning.

Then there is the mortgage initiative offered by the Lambeth Building Society in England. To every borrower who can prove his or her support of the Crystal Palace football (that is, soccer) team, the loan comes with a lower interest rate, a three-year season ticket, and a vacation valued at 150 pounds.

Many programs require credit counseling, which often involves up to a year of meetings and preparation - depending on the buyer's financial condition and credit history - before a mortgage can be approved.

These credit-counseling agencies or program sponsors work with lenders approved by Fannie Mae and Freddie Mac, which then take the resulting loans and repackage them as securities sold to investors on the secondary market.

They also work with real estate brokers and nonprofit agencies to obtain housing for these buyers.

The originating lenders do not necessarily service the mortgages. The buyer could send a monthly mortgage check each month to a servicer on the other side of the country.

That is one result of the increasing dependence by lenders on money from Fannie Mae and Freddie Mac for mortgages since the 1970s.

In the old days, banks would lend money and keep the mortgages in their portfolios until they were repaid. That limited the amount of money available for mortgages, and made the requirements for borrowing money restrictive.

Being able to recycle the money has helped in the last three decades to increase the rate of homeownership in the United States to a record 68 percent.

The vastly higher amount of money available for mortgages also has increased the number of lending sources, and, to the benefit of the buyers in all parts of the spectrum, the number of mortgage products available.

Contact Alan J. Heavens at 215-854-2472 or aheavens@phillynews.com.

Caption:

JOHN SLAVIN / Inquirer Suburban Staff

Commuters arrive and depart from the Doylestown train station, the last stop for SEPTA's R5 line. The **Smart Commute** mortgage, available through Citizens Bank, lets commuters factor the money they save by taking public transportation into the amount for which they can qualify.

CHART

An Array of Mortgage Products

PHOTO AND CHART

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Record Number: 7003853652

Appendix VI - List of *SmartCommute* Program Interviewees

Contacts				
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John Held	Director of Mortgage Banking	Citizens Bank	Plymouth Meeting, PA	
Thomas Forker	Vice President, Regional Manager; Mid-Atlantic Region	Citizens Bank	Plymouth Meeting, PA	
Kevin Laird	Vice President	Howard Hanna Financial Services	Pittsburgh, PA	(412) 967-9000 ext. 219
Bill Hagan	Exec. VP of Originations	Rocky Mountain Mortgage	El Paso, TX	(915) 593-3111
Eric Otterness	Loan Officer	Irwin Mortgage	Minneapolis, MN	(952) 546-1520
James Walker	Assist. VP and CRA Business Development Officer	Republic Bank	Louisville, KY	(888) 584-3600 ext. 8602
Pat Harman	Director of Specialty Lending for Kentucky	National City Bank	Louisville, KY	(270) 745-9225
Patty Schuwylar	Senior VP	Twin City Federal Bank	Minneapolis, MN	(612) 661-7543
Jim Horner	Assist. VP	Omega Financial Services	State College, PA	(800) 494-1810 ext. 6117
Julie Bonne	Regional Marketing Specialist	Utah Transit Authority	Salt Lake City, UT	(801) 262-5626 ext. 2066

Appendix VII - Other SmartCommute Programs

Region	Affected Counties	Sponsoring Organizations	Date of Activation (press conference)	No. of Loans
All Regions Philadelphia, PA	Bucks, Montgomery, Chester, Delaware and Philadelphia	Fannie Mae SEPTA, TRF, DVRPC, and Citizens Bank	Sep-02	0
Minneapolis/St. Paul, MN	target areas of Dakota, Hennepin, Ramsey, Scott, Anoka, Carver, and Washington	Irwin Mortgage and Twin City Federal	May-01	~27 at Twin City Federal, 0 at Irwin Mortgage
Pittsburgh, PA	Allegheny	Howard Hanna Financial Services, the Port Authority of Allegheny County	Apr-02	1
Salt Lake City, UT	Davis, Weber, Box Elder, Tooele, and Utah	Utah Transit Authority (UTA), America First Credit Union	Aug-02	some?
El Paso, TX	City of El Paso only	Sun Metro, Countrywide Home Loans, Rocky Mountain Mortgage	Mar-03	0
Louisville, KY	all areas with TARC lines, including Jefferson, Louisville, and parts of Southern Indiana	Transit Authority of River City (TARC), Louisville-Jefferson County Metro Government, Coalition for the Advancement of Regional Transportation, Louisville/Jefferson County Information Consortium, National City Mortgage and Republic Bank & Trust Company	Mar-03	0, several have been pre-approved
State College, PA	Centre County	Centre Area Transit Authority (CATA), Omega Financial Corporation, Citizens Bank	Mar-03	0

Programs In planning/ lacking	
Burlington, VT Atlanta, GA Delaware Chicago, IL Baltimore, MD Washington, DC	statewide DART First State, Citizens Bank

Region	Marketing Methods	Website
All Regions Philadelphia, PA	brochures none	http://www.efanniemae.com/hcd/single_family/mortgage_products/smartcommute.html
Minneapolis/St. Paul, MN	signs on busses, signs on buildings, promos at branch openings, officers on busses, ads in newspapers	http://www.fanniemae.com/newsreleases/2001/1323.jhtml
Pittsburgh, PA	ads on city busses, realty listings	http://www.fanniemae.com/newsreleases/2002/1828.jhtml
Salt Lake City, UT	ads on and in busses	http://www.fanniemae.com/newsreleases/2002/2121.jhtml
El Paso, TX	public info ads	http://www.fanniemae.com/newsreleases/2003/2449.jhtml
Louisville, KY	positive newspaper coverage	http://www.ridetarc.org/News-Events/Newsreleasesdetail.asp?ID=103
State College, PA	none	http://www.fanniemae.com/partnershipoffices/northeastandcentralpennsylvania/story2.jhtml

Programs In planning/ lacking information		
Burlington, VT Atlanta, GA Delaware Chicago, IL Baltimore, MD Washington, DC		http://www.dartfirststate.com/information/mortgage

Title of Report: Project Evaluation Report Implementing Transit-Oriented Development in the Philadelphia Metropolitan Area

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Geographic Area Covered: Five Counties of Southeastern Pennsylvania; five station areas: Pottstown Borough, Montgomery County; Phoenixville Borough, Chester County; Upper Merion Township, Montgomery County; 52nd Street neighborhood (West Parkside) in the City of Philadelphia; and Amity Township, Berks County.

Key Words: transit-oriented development (TOD), Schuylkill Valley Metro, SEPTA, BARTA, comprehensive plan, zoning ordinance, zoning districts, public involvement, transit-friendly, SmartCommute Mortgage, rail stations, pedestrian and bicycling environment.

ABSTRACT

This report summarizes and evaluates the outcome of the three-year work program for the Delaware Valley Regional Planning Commission's FY 1999 Transportation and Community and System Preservation (TCSP) pilot program grant from the Federal Highway Administration.

- **Station Area Planning** to encourage transit-oriented development (TOD) around five station sites along the Southeastern Pennsylvania Transportation Authority (SEPTA) and Berks Area Reading Transportation Authority's (BARTA) proposed Schuylkill Valley MetroRail (SVM) corridor.
- **Communications and Outreach Activities** to promote TOD throughout the Delaware Valley Region, including publication of a periodic newsletter, *Great Places With Transit*.
- **Development and Initiation of a Transit-Friendly Mortgage Pilot Program** in southeastern Pennsylvania, working with the financial community.

Successes and shortcomings of the planning, community education, outreach involvement and implementation activities are highlighted, as well as lessons learned that may benefit future TOD endeavors within the Philadelphia Region or elsewhere.

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PROJECT EVALUATION REPORT

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TRANSPORTATION AND COMMUNITY
AND SYSTEM PRESERVATION PILOT PROGRAM (TCSP)

 DELAWARE VALLEY REGIONAL PLANNING COMMISSION



JUNE 2003

