Transit-oriented development is a regional planning approach characterized by transit infrastructure, high-density development, and walkable urban landscapes. Implemented through coordinated planning and financing mechanisms, transit-oriented districts seek to remake the way people move through metro areas by maximizing mobility and localizing amenities. As urban centers around the country continue to boom, this development strategy is an increasingly popular antidote to urban sprawl, vehicle congestion, and public health concerns. Like green infrastructure investment, transit-oriented development has impacts on property values, neighborhood change, and displacement by funneling public and private investment into targeted areas. Examining the practices and impacts of transit-oriented development offers important lessons for understanding green gentrification.

The Popularity of Transit-Oriented Development

Transit-oriented development can deliver benefits ranging from increased foot traffic for curb-side businesses and more flexible transit options to reduced air pollution and shorter commutes. In addition to popularity among urbanists and density advocates, these benefits are recognized through regional and federal programs alike which incentivize transit-oriented development-based land-use strategies.

Lessons from Transit

When it comes to the connection between public investment and gentrification, transit and green infrastructure have a lot in common. Both are publicly-funded, desirable amenities that are likely to raise nearby property values. Perhaps where transit and green infrastructure differ most is in terms of scale; transit developments almost always have wide reaching geographic impacts while green infrastructure projects can be more localized. Because transit projects are so high-impact, they present good test cases for analyzing the relationships between investment and displacement.

Transit-Oriented Development and Gentrification

Part of the reason that transit-oriented development has been so successful is that city leaders, business owners, and property holders know that promoting transit generates value, whether through saving commute times or inflating the value of adjacent properties. The existence of transit-oriented value-capture has been backed up by quantitative research that clearly demonstrates the connections between transit and higher property values.

In many cases, transit-related gentrification and the resulting influx of wealthier residents has displaced those who are the most reliant and frequent transit users: primarily low-income people and people of color. Some research has raised the possibility that transit-oriented development may actually lead to an increase in area car ownership as neighborhood incomes rise. At the same time, displacement can compound impacts on vulnerable residents by pushing them into neighborhoods with fewer accessible and affordable transit options, forcing them to spend a higher percentage of income on transit even as they seek more affordable housing.
Transit-oriented development by definition integrates transit and development planning. The real innovation in transit-oriented development is in the new financing structures that allow transit and housing to uplift one another, particularly when it comes to affordable housing. These joint-financing mechanisms are a useful blueprint for considering models that could allow for similar joint-financing between housing and parks.

- Dedicated transit-oriented development acquisition funds to acquire sites near transit lines for future development before rising property values make such proximate development less feasible.
- Incorporating transit criteria into regional- and state-level affordable housing trust funds and the state allocation of low-income housing tax credits.
- Using tax increment financing specifically targeted at transit corridors.
- Harnessing development fees and inclusionary zoning to leverage demand for high density housing near transit development and bolster affordable housing funding pools.
- Jurisdictions can leverage federal transportation funding to incentivize dense affordable housing near transit.
- Local transit authorities may participate directly in joint-development projects. Projects could include selling or leasing agency-owned land near transit corridors.

**Spotlight on: Denver Regional Transit-Oriented Development Fund**

In 2010, a partnership of public agencies, non-profit funders, and private philanthropy launched a first-of-its-kind Regional Transit-Oriented Development Fund. The creation of the fund came from a recognition that the Denver region needed to act proactively on affordable housing as it planned to invest heavily in expanding transit networks. The fund provides loans to organizations that want to preserve or build affordable housing in proximity to public transit as mitigation for transit-induced displacement pressures.

Denver’s transit-oriented development fund is managed as a Community Development Financial Institution (CDFI). It is designed to ease the loan and acquisition process for housing authorities and affordable housing developers by providing fixed-interest, below-market rate loans with flexible financing terms. These terms allow affordable housing developers to compete with market-rate real estate interests. Similarly structured funds are managed in the Bay Area, Puget Sound Region, and Los Angeles.

**TRANSIT AND HOUSING JOINT FINANCING MECHANISMS**

Transit-oriented development by definition integrates transit and development planning. The real innovation in transit-oriented development is in the new financing structures that allow transit and housing to uplift one another, particularly when it comes to affordable housing. These joint-financing mechanisms are a useful blueprint for considering models that could allow for similar joint-financing between housing and parks.