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Authors
Bernick, Michael
Carroll, Michael

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Working Paper 546

A Study of Housing Built Near Rail Transit Stations: Northern California

Michael Bernick and Michael Carroll

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A Study of Housing Built Near Rail Transit Stations: Northern California

Michael Bernick and Michael Carroll

University of California at Berkeley
Institute of Urban and Regional Development

This study is part of a larger project on development around rail transit stations throughout the nation, funded by the State of California Air Resources Board.

TRAC
Transit/Residential Access Center

Institute of Urban and Regional Development
316 Wurster Hall
University of California
Berkeley, CA 94720
TELE: (510) 642-4874
FAX: (510) 643-9576

TRAC is part of the University of California's Institute of Urban and Regional Development. TRAC is an applied research project with the goal of higher density development, especially residential development, where appropriate around California's rail transit stations.

Throughout California, the state and localities are embarking on multi-billion dollar expansions and developments of rail transit systems. TRAC seeks to justify this public money and prevent continued sprawl, by siting density housing within a one-third mile radius of transit stations.

Among TRAC's current research efforts:

1. A database of land use within a one-third mile radius of rail transit stations in California
2. A database of local development plans near rail transit stations
3. A study of transit use by proximity to rail transit stations

TRAC directors are Professor Peter Hall, IURD Director and author of over 20 books on urban and regional development questions; and Michael Bernick, municipal finance attorney at the San Francisco-based firm of Arnelle & Hastie.

About the authors:

Michael S. Bernick, Co-Director of TRAC, specializes in municipal finance at Arnelle & Hastie. Mr. Bernick has been on the adjunct faculty at UC Berkeley since 1984, and is the author of several previous studies on land use and rail transit.

Michael Carroll is a graduate student in the Department of City and Regional Planning at UC Berkeley. He is pursuing a Masters Degree in Transportation Planning and a dual degree in Transportation Engineering. He has a B.S. in Urban and Regional Studies from Cornell University.

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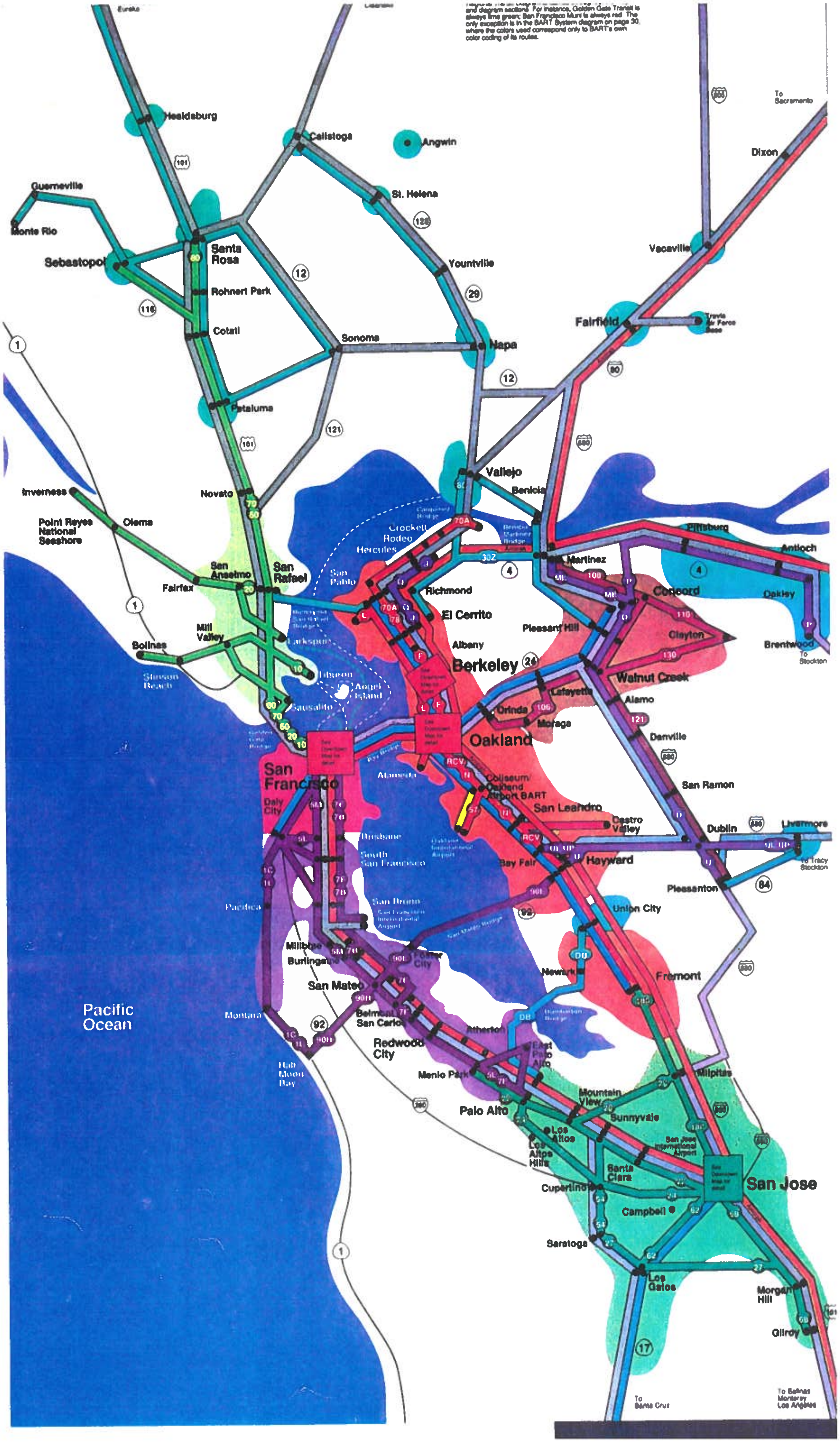
and diagram sections. For instance, Golden Gate Transit is always lime green; San Francisco Muni is always red. The only exception is in the BART System diagram on page 30, where the colors used correspond only to BART's own color coding of its routes.



REGIONAL TRANSIT GUIDE

- AC Transit
- AC Transit Service Area
- Oakland Air-BART
- BART
- BART Express Bus Service
- CalTrain/Amtrak
- Central Contra Costa "County Connection"
- "County Connection" Service Area
- Golden Gate Transit
- Golden Gate Transit Service Area
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- Greyhound
- Local Bus Service
- Local Bus Service Area
- Red & White Fleet Ferries
- SamTrans (San Mateo County Transit)
- SamTrans Service Area
- San Francisco Muni
- San Francisco Muni Service Area
- Santa Clara County Transit
- Santa Clara County Transit Service Area
- Transit Stops

Introduction

WHAT HAPPENS WHEN HOUSING GOES UP NEXT TO RAIL TRANSIT STATIONS?

In just the past year, the idea of utilizing rail transit stations as centers of development, particularly residential development, has attracted increasing attention from state legislators and state and local growth-management organizations. For example, at the statewide hearings of the Governor's InterAgency Council on Growth Management in August of this year, the idea received frequent mention as part of a wider strategy of in-fill development.

The discussion has taken place mainly in theory: the housing densities that appear desirable from a planner's point of view. Absent has been hard data on such practical questions raised by developers and housing practitioners as "Are there examples now of density housing near rail?", "Do Californians want to live in multi-family housing near rail stations?", "Do persons who live near rail transit stations actually use rail transit for their commutes or recreation?"

To address these questions, in 1991 TRAC researchers identified major residential projects built or in the process of being built near the stations of three major rail transit systems in Northern California: the Bay Area Rapid Transit District (BART), CalTrain, and Santa Clara Light Rail. This research followed research conducted by TRAC in 1989 and 1990 for CalTrans and for the State Senate Transportation Committee addressing the major urban, commuter, and inter-regional rail lines in the state, surveying their past and existing densities, and setting out approaches the state government could take to generate housing near the stations.

TRAC researchers limited the projects studied to those over 30 units in size and over 15 units per acre in density, and to projects that had been built in conjunction with the rail transit system -- either subsequent to the construction of the rail transit system or with the rail transit system in plan.

Sixteen major projects were identified: eleven projects built in the past five years, and five projects in the process of construction. Surveys were sent to the developers and/or property managers of these projects regarding designs/densities, government incentives, financial viability, and transit ridership. The surveys were followed by site visits, resident surveys, and in-depth interviews with the developers/property managers. The following pages set out the findings.

Chapter 1

MAJOR PROJECTS BUILT NEAR RAIL TRANSIT STATIONS IN NORTHERN CALIFORNIA

The following 11 major projects have been built in the past five years within a quarter-mile radius of Bay Area rail transit stations. Each of these projects met the survey criteria of over 30 units in size and over 15 units per acre.

Project	Year Built	Number/Type Units	Developer
Mission Wells (Fremont BART)	1989-1991	392 (rental)	.F. Evans
Treat Commons (Pleasant Hill BART)	1987	510 (rental)	Trammell Crow
Veranda Apts (Union City BART)	1988-1989	360 (rental)	Oewell Partners
Wayside Plaza (Pleasant Hill BART)			Desco Group
a. Phase 1	1985-1986	36 (ownership)	
b. Phase 2	1986-1987	60 (ownership)	
c. Phase 3	1987-1988	60 (rental)	
Bay Landing (Pleasant Hill BART)	1986-1988	282 (rental)	Oewell Partners
The Foothills (South Hayward BART)	1986-1987	188 (rental)	MH Podell
Mission Bay Condominiums (South Hayward BART)	1988-1989	52 (rental)	Marcotte & Sons
Palo Alto Central (Palo Alto CalT*)	1988	74 (ownership)	SummerHill Homes
River Oaks Village (River Oaks SCLR**)			
a. Villagio	1989	273 (ownership)	Shea Homes
b. Elan	1991	941 (rental)	
Park Place (Mt. View CalT*)	1989	370 (rental)	Prometheus
Villa Mariposa (Mt. View CalT*)	1985-1986	248 (rental)	Greenbrier Development Co.

* CalTrain
** Santa Clara Light Rail

The following four major projects proximate to Bay Area rail transit stations that are in construction.

Project	Expected Opening	Number/Type Units	Developer
Del Norte Place (El Cerrito Del Norte BART)	August 1992	135 (rental)	Ibex Group
Park Regency (Pleasant Hill BART)	November 1992	892 (rental)	GBW Properties
The Gardens (Fremont BART)	August 1992 (first phase)	1,065 (rental)	MH Podell
Renaissance Village (Planned Vista Montana SCLR**)	Mid-1993 (first phase)	421 (ownership) 1,120 (rental)	Forest City

A 16th project, San Mateo Center, 358 units, is being developed one block from the San Mateo CalTrain station. San Mateo Center currently is in the Environmental Impact Report stage, to be completed in March 1992.

Project	Number/Type Units	Developer
San Mateo Center (San Mateo CalT)	328 (ownership) 30 (rental)	TRI

***

These 16 projects are referred to as "transit-based housing." Yet, it is important to note that among these projects, the influence of the rail station has varied.

In a few projects -- Verandas next to the Union City BART, Bay Landing next to the Pleasant Hill BART, Treat Commons next to the Pleasant Hill BART -- the developer actively sought out a site near a rail transit station. In other projects, the proximity to rail actually was a minor factor -- the cost of land, the rents or sales prices in the area, the usual factors in development decisions were more important. The MH Podell Company developed the Foothills near the South Hayward BART station primarily on the basis of land costs, and only secondarily due to the proximity to BART. Greenbrier Company developed Villa Mariposa near Mountain View CalTrain, with the CalTrain proximity as a minor factor.

Most commonly, the station proximity has been one of several factors in development -- for developers, not sufficient to justify a project, but a significant factor. For example, in the development of Del Norte Place, next to the El Cerrito Del Norte BART station, the Redevelopment Agency of El Cerrito took the lead in assembling land, as the BART station is part of a Redevelopment zone. Similarly, Park Regency, near the Pleasant Hill BART station, is part of a Redevelopment zone, the project assisted in development by the Contra Costa Redevelopment Agency.

Who are the developers of these projects?

Almost exclusively, they have been Bay-Area based development firms. Only one developer, GBW Properties of Los Angeles, is located outside of the Bay Area, and only Forest City, developer of Renaissance Village near the planned Vista Montana Santa Clara Light Rail Line, and Trammell Crow Residential, developer of Treat Commons, are the Bay Area offices of national firms.

Only one of the developers, Oewell Partners, the developer of Bay Landing in Pleasant Hill and Verandas in Union City, has focused on development near rail stations. The other developers have been involved in a variety of housing projects: primarily multi-family housing, but also senior housing, congregate care housing, and single-family housing. For them, transit-based density housing is still in the "show me" stage.

Chapter 2

DENSITIES AND DESIGNS

When residential development near rail transit stations in California is discussed today, it is often in terms of high-rise buildings adjacent to stations. In a March 19, 1991, front-page *San Francisco Chronicle* article, Frank Viviano, the land use writer, speaks of multi-story minicities over and around rail transit stations, and points to the high-rise residential and commercial towers in Toronto, as an example of land use planning.

In fact, none of the existing or planned major residential projects near rail stations in the Bay Area are more than four stories in height or more than 70 units per acre. Most of the projects are in the range of 30 to 50 units per acre. The one exception is the proposed San Mateo Center project, a block from the San Mateo CalTrain station, at 12 stories in height and over 220 units per acre. San Mateo Center, though, has yet to win planning approvals, and is part of the San Mateo downtown development currently being challenged by a citizen's initiative.

Densities

The densities of the existing 11 projects range from 18 du to 60 du as set out below:

Project	Number/Type Units	Densities
Mission Wells (Fremont BART)	392 (rental)	35 du
Treat Commons (Pleasant Hill BART)	510 (rental)	43 du
Veranda Apts. (Union City BART)	360 (rental)	36 du
Wayside Plaza (Pleasant Hill BART)		
a. Phase 1	36 (ownership)	24 du
b. Phase 2	60 (ownership)	60 du
c. Phase 3	60 (rental)	60 du
Bay Landing (Pleasant Hill BART)	282 (rental)	43 du
The Foothills (South Hayward BART)	188 (rental)	33 du
Mission Bay Condominiums (South Hayward BART)	52 (rental)	20 du
Palo Alto Central (Palo Alto CalT*)	74 (ownership)	18 du
River Oaks Village (River Oaks SCLR)		
a. Villagio	273 (ownership)	25 du
b. Elan	941 (rental)	25 du
Park Place (Mt. View CalT)	370 (rental)	49 du
Villa Mariposa (Mt. View CalT)	248 (rental)	25 du

The projects in construction range in densities from 30du to 72 du.

Project	Number/Type Units	Densities
Del Norte Place (El Cerrito Del Norte BART)	135 (rental)	30 du
Park Regency	892 (rental)	72 du
The Gardens	1,065 (rental)	50 du
Renaissance Village (Planned Vista Montana SCLR)	421 (ownership) 1,120 (rental)	43 du

As noted above, the exception to these densities is the proposed San Mateo Center project, which is a proposed 12 stories, and 220 units per acre.

Project	Number/Type Units	Densities
San Mateo Center (San Mateo CalT)	358 30 (rental) 328 (ownership)	220 du

The limited densities in the projects, excepting San Mateo Center, are usually thought of as the result of zoning limitations, imposed by local governments. In fact, none of the developers surveyed sought higher densities for their projects. The considerably higher costs incurred in building over 4 stories, and the perceived lack of a market for higher densities outside of San Francisco and downtown Oakland, have been the main factors in keeping structures at 4 stories or below, and densities below 70 units per acre.

Designs

The existing and planned projects are mainly of three designs:

(1) three to four stories of residential, with underground parking;

(2) two to three stories of residential above ground-floor retail;

(3) three to four stories of residential mixed with retail and commercial;

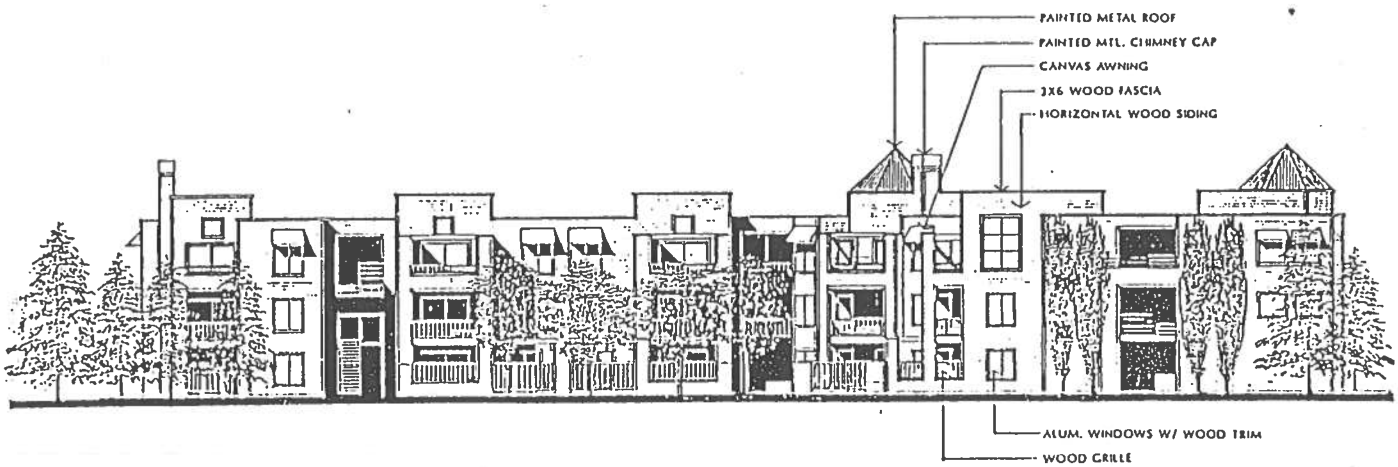
(4) High Rise Residential and Retail.

1. Design (1): *Three or four stories of residential, with underground or ground-level parking*: This is the most frequent design, of such projects as Verandas at Union City (3 stories above underground parking), Palo Alto Central at Palo Alto CalTrain (3 stories above underground parking), Foothills at South Hayward BART (3 stories with carports), Mission Wells (3 stories above underground parking), Treat Commons at Pleasant Hill BART (3 stories with carports), and The Gardens (3 stories above underground parking).

The Gardens, as shown on Chart 2-1, was designed by the San Francisco-based firm of Fisher Friedman Associates; while Treat Commons, as shown on Chart 2-2, was the work of Starnes, Stovall, & Daniels of Houston; and Mission Wells, as shown on Chart 2-3, was the work of

CHART 2-1

The Gardens (Fremont)
3 stories above underground parking, 50 du



(2) BUILDING TYPE I: ELEVATION

(1) BUILDING TYPE I: ELEVATION

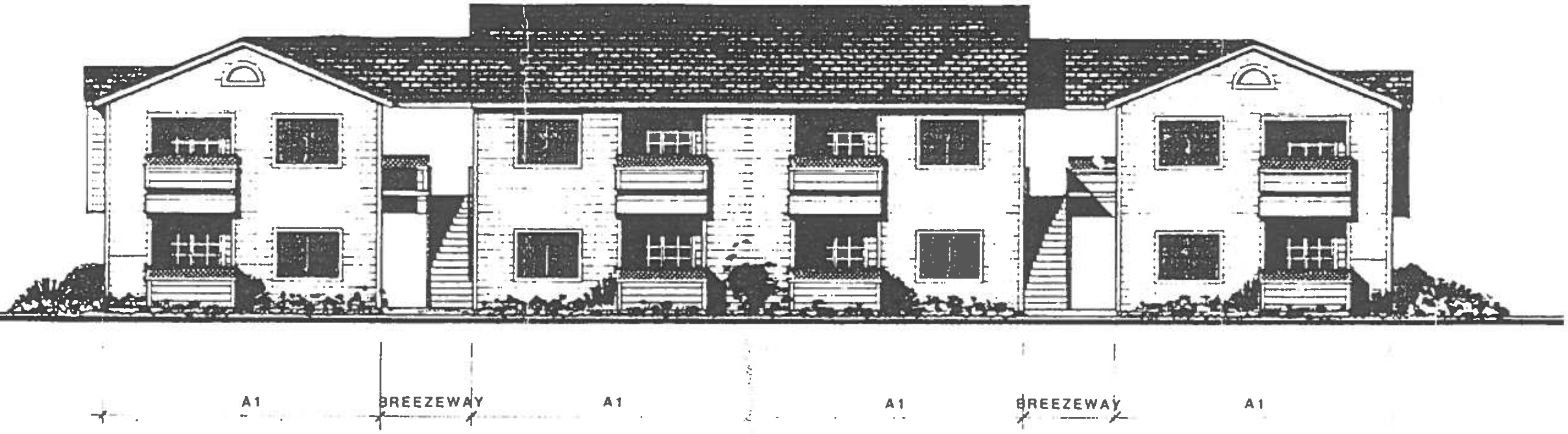
7

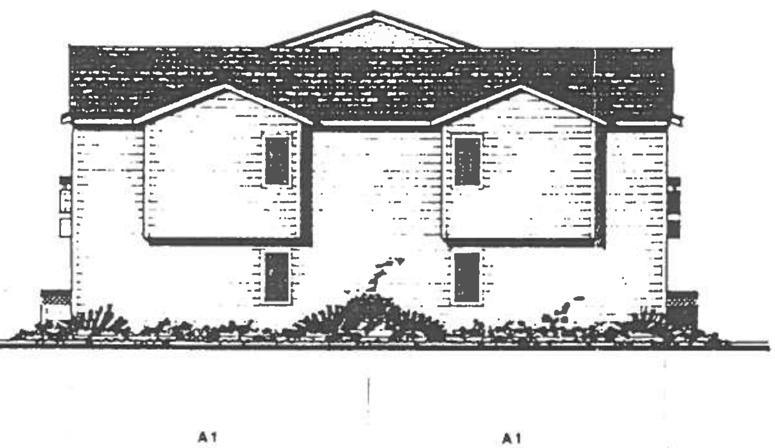
BUILDING TYPE 1
ELEVATIONS
1/8" = 1'-0"

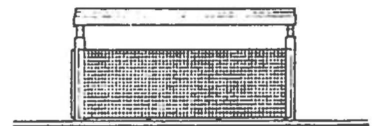
CENTRAL PARK ⊖ FREMONT
M.H. PODELL COMPANY

FISHER FRIEDMAN ASSOCIATES AIA
ARCHITECTURE PLANNING URBAN DESIGN
333 BRYANT STREET

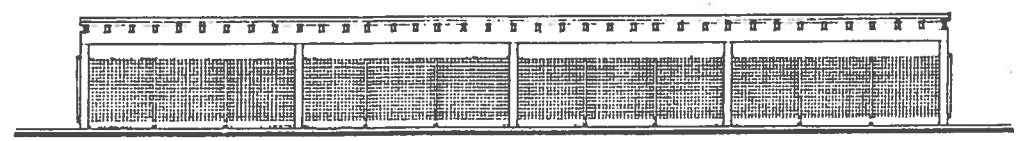
2-3 stories with carports, 43 du







CARPORT END ELEVATION



CARPORT FRONT ELEVATION

ELEVATIONS

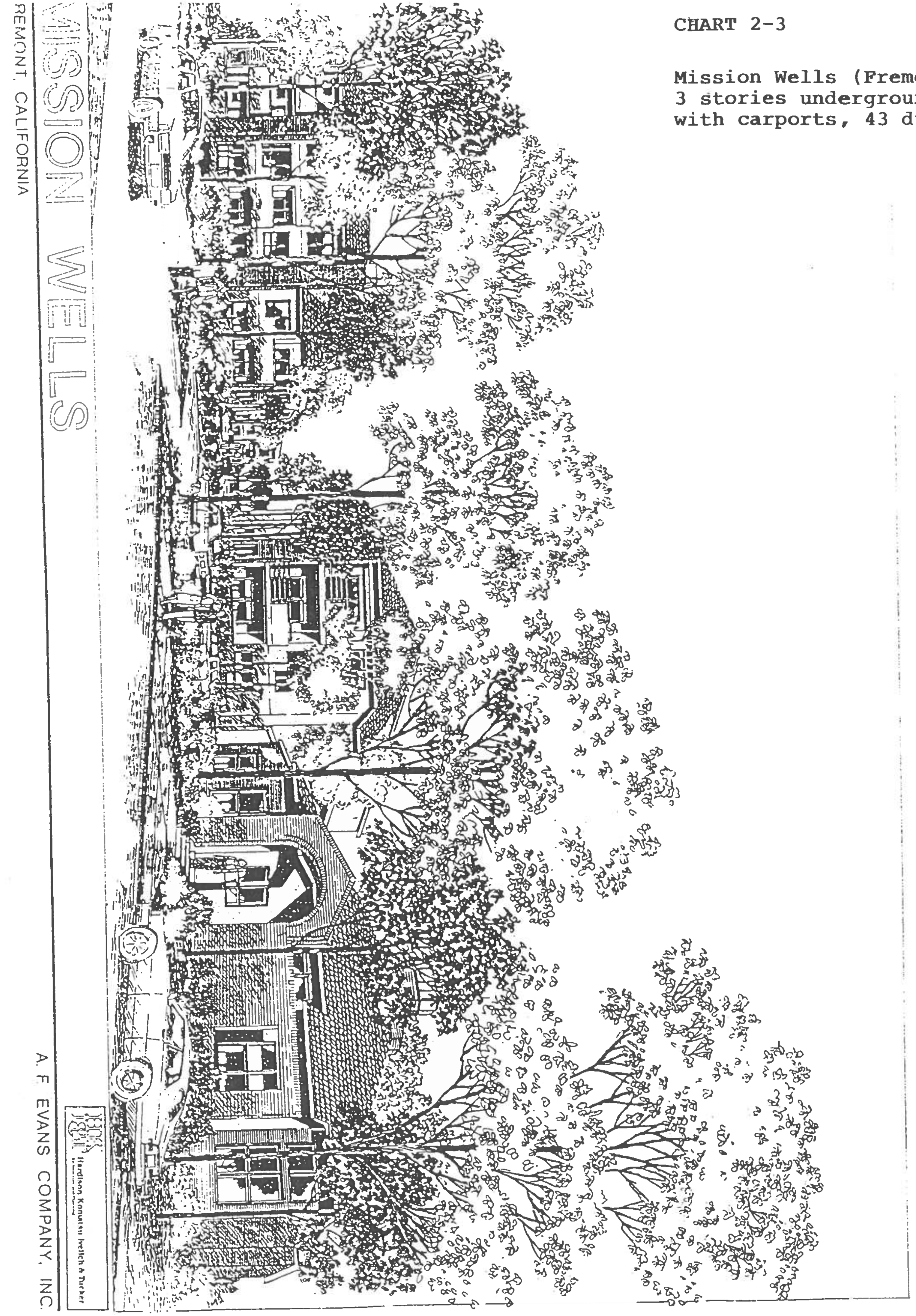
BUILDING TYPE IV

StarnesStovall&DanielsInc.

ARCHITECTS

CHART 2-3

Mission Wells (Fremont)
3 stories underground
with carports, 43 du



Hardison, Komatou & Tucker of San Francisco. None of these designs, nor the designs of the other projects in this section, is influenced by the rail transit station.

2. Design (2): *Two to three stories of residential, above ground-floor retail*: This is the design of Del Norte Place, a block from the El Cerrito Del Norte BART station, as shown on Charts 2-4 and 2-5.

As Chart 2-5 indicates, Del Norte Place is an attempt to replicate the higher-end retail shops present at the Rockridge BART station: gourmet coffee bars, french pastry cafes, fresh produce and fresh meat-fish-poultry shops. The retail shops are intended to serve the residents of Del Norte Place and also BART riders coming to and from the station by car, bus, and walking.

3. Design (3): *Three to four stories of residential in a mixed-use project with retail and commercial*: This is the design of Park Place, near the Mt. View CalTrain station, as shown on Charts 2-6 (retail and commercial) and 2-7 (residential). The mixed-use development includes nearly 300,000 sq.ft. of residential, 36,000 sq.ft. of retail, and 164,000 sq.ft. of commercial.

River Oaks Village, the master planned community near the River Oaks Santa Clara Light Rail station, is a second example of mixed-use development, 1,214 residential units when completed, combined with a separate retail center.

Similarly, Renaissance Village near the planned Vista Montana Santa Clara light rail station, as shown on chart 2-8, features 1541 units with a separate 10,000 sq. ft. retail center.

4. Design (4): *High-Rise Residential and Retail*: As noted above, the exceptional high-density project near rail transit in the Bay Area is the proposed San Mateo Center, at the San Mateo CalTrain stop. The Center, as shown on Charts 2-9 and 2-10, is a mixed-use project of 331,615 sq.ft. of residential and 24,300 of retail, in a 12-story structure.

CHART 2-4

Del Norte Place
3 stories above retail
(note depiction of BART train in background)

CHART 2-5

Del Norte Place Retail Component of Project

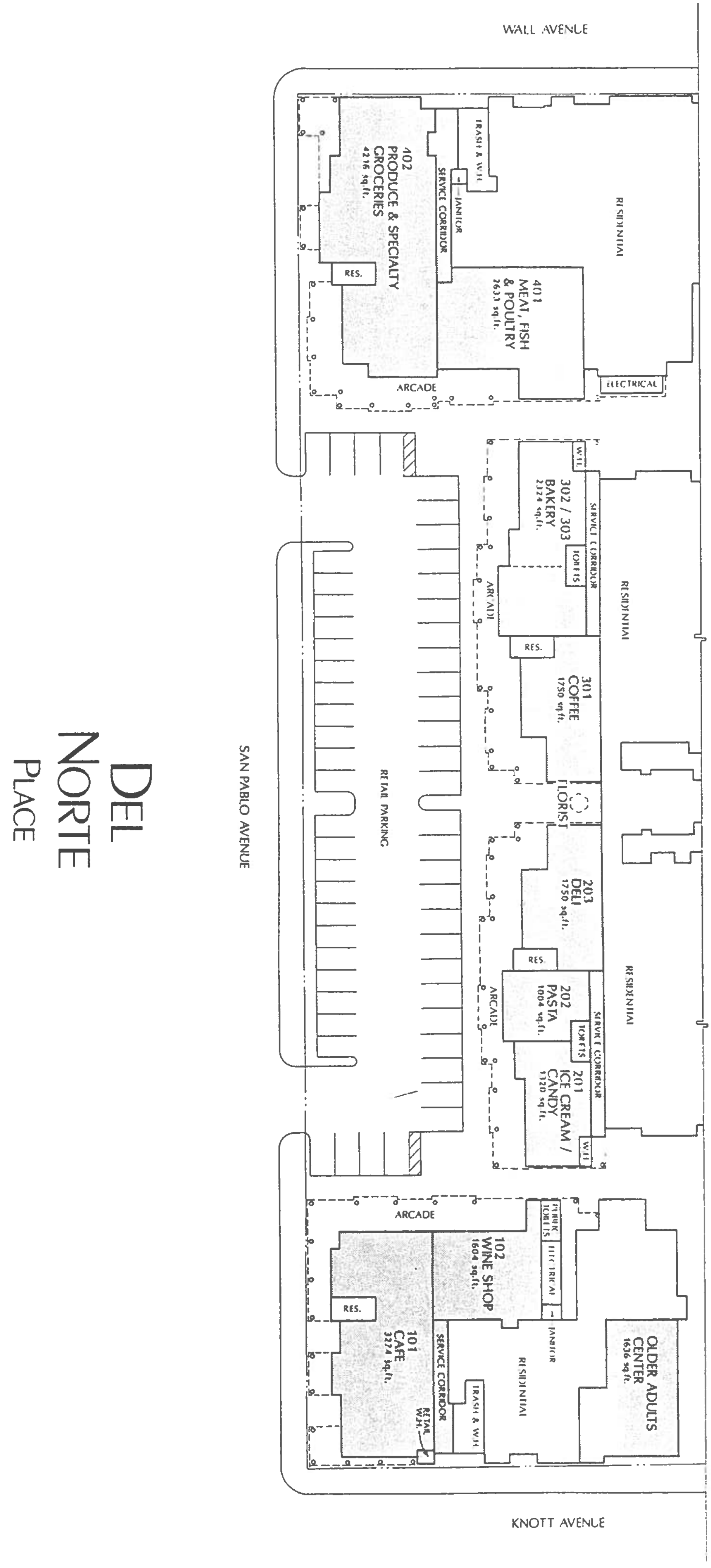


CHART 2-6

Park Place (Mt. View)
Residential Component

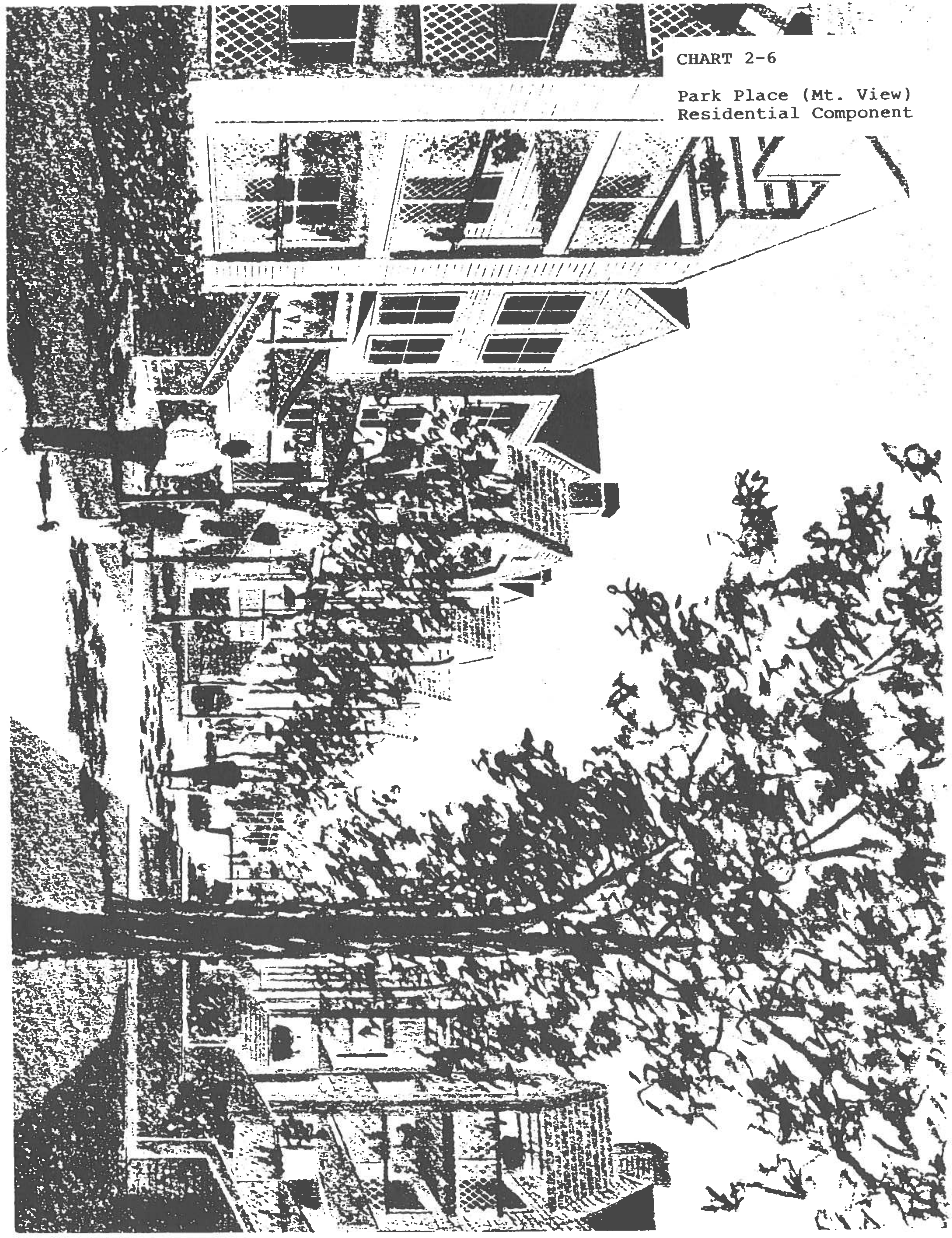


CHART 2-7

Park Place (Mt. View)
Commercial Complext

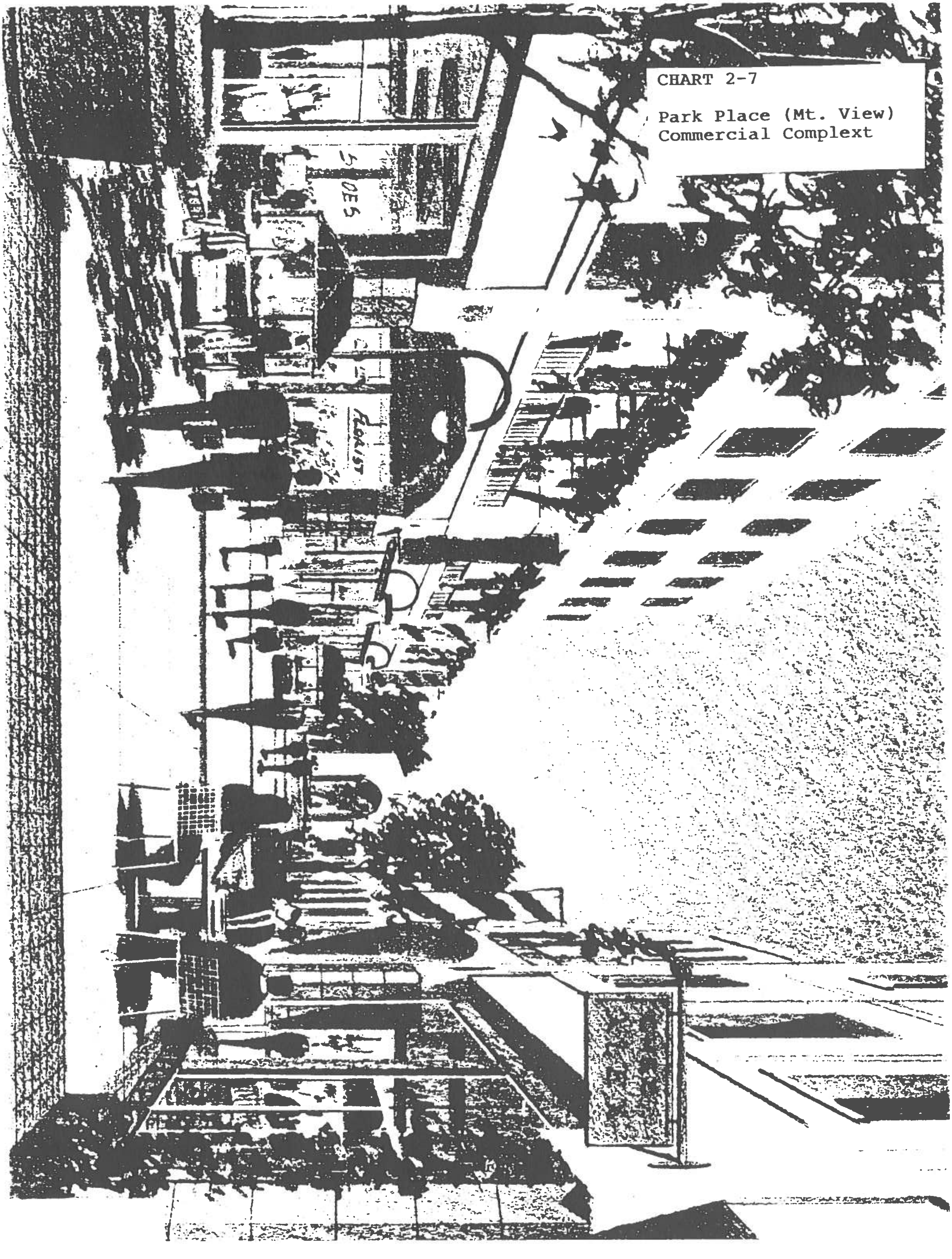


CHART 2-8

Renaissance Village
(Santa Clara)

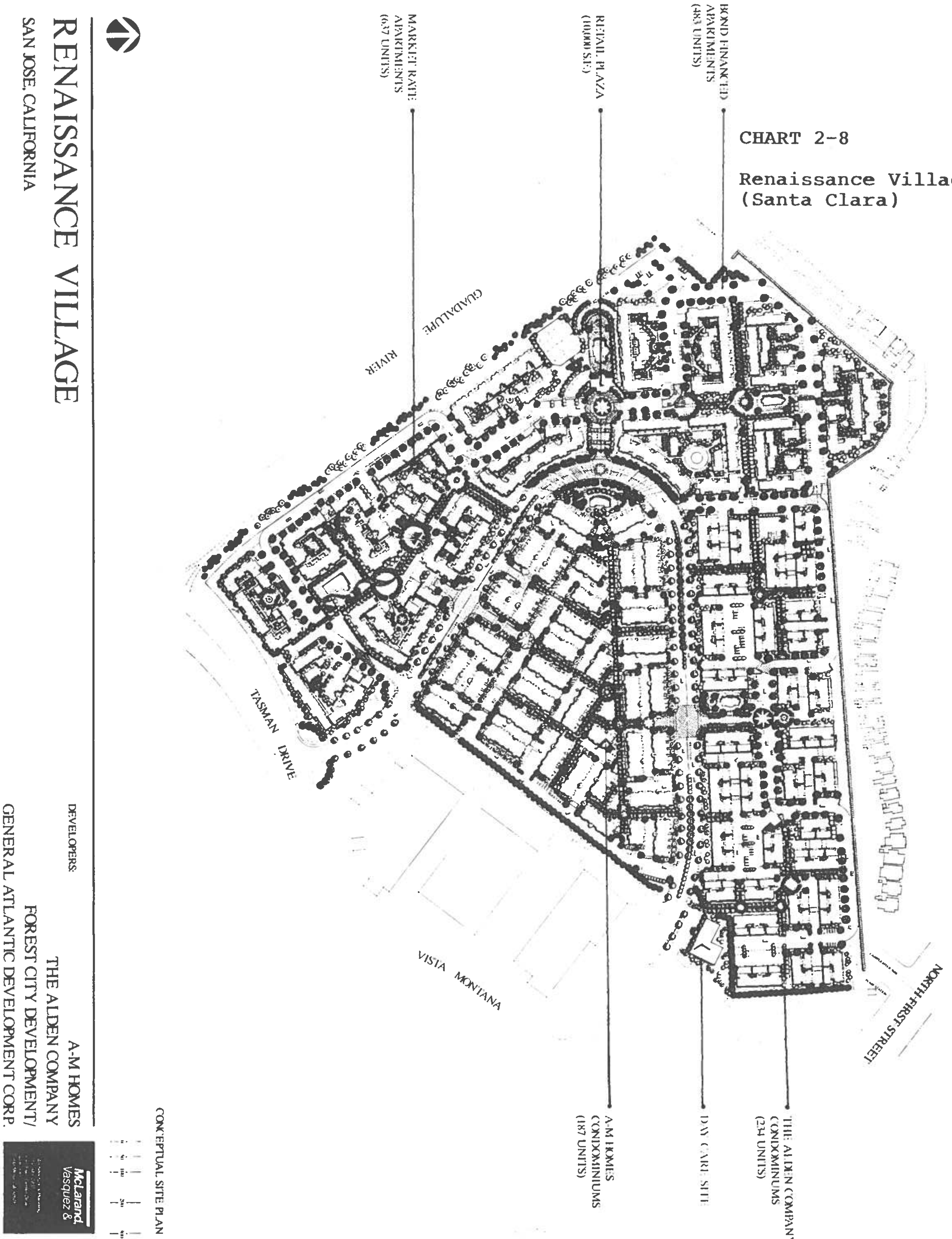
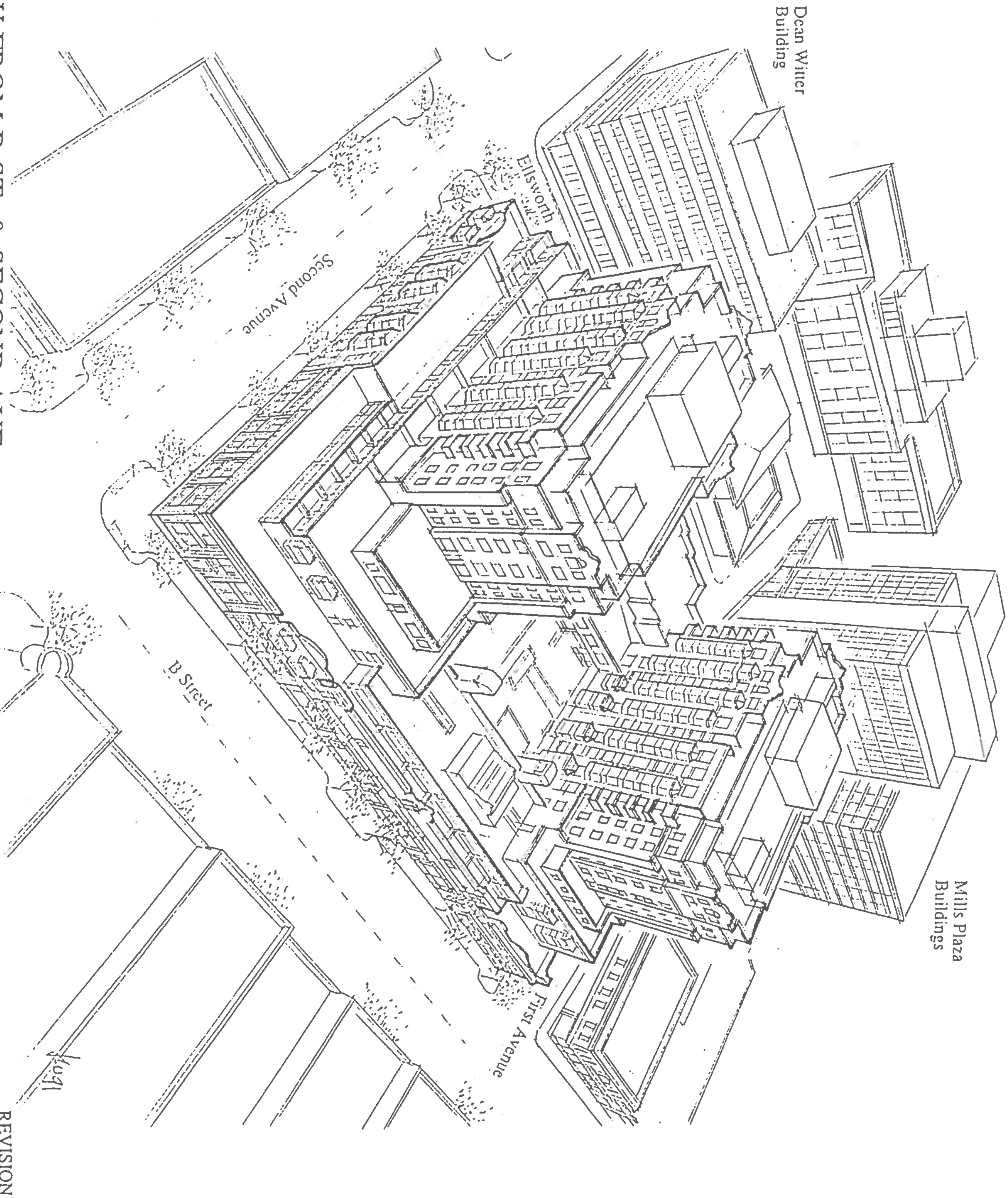


CHART 2-9

San Mateo Center (San Mateo)



AERIAL VIEW FROM B ST. & SECOND AVE.

REVISION 2 - August 20, 19

VIEW FROM SECOND AVE. & B STREET

Chapter 3

GOVERNMENT INCENTIVES

The local Bay Area governments have offered basically four lines of incentives in the achievement of the region's existing transit-based housing.

1. Redevelopment powers in assembling land, writing down land costs, and providing tax increment financing
2. Tax exempt financing
3. Reduced parking requirements
4. Density bonuses

1. Redevelopment Powers

Redevelopment powers have been the most influential incentive in spurring transit-based housing. The Contra Costa Redevelopment Authority, in whose jurisdiction the Pleasant Hill BART station area lies, has helped assemble and write-down land for the development of two projects near the station: Park Regency and Wayside Plaza. The El Cerrito Redevelopment Authority assembled and packaged the land for Del Norte Place near the El Cerrito Del Norte BART station.

Del Norte Place

The El Cerrito Redevelopment Agency initiated this project by issuing an RFP to developers in 1989 as part of its more general redevelopment plan for nearby San Pablo Avenue. The Ibex group, headed by the general partner, San Francisco-based John Stewart Company, won the competition and entered into a development agreement with the Redevelopment Agency, through which the Redevelopment Agency agreed to the following:

- The assembling and write-down of land. The Agency assembled the land and owns the 4.4-acre site. It is leasing it to the Ibex Group at $1 per year and 15-20 percent of cash flow. In effect, the Redevelopment Agency is an equity partner in the venture. The Ibex Group partners contribute $3.7 million in equity financing, and share the $115,000 of annual tax credits for 10 years.
- The use of tax increment financing. The infrastructure improvements and construction cost $14 million, of which over $10 million is financed through a combination of two tax-exempt bond issues, the largest of which is a tax increment bond issue by the Redevelopment Agency.

Park Regency

The area surrounding the Pleasant Hill BART station is part of a redevelopment area formed by the County of Contra Costa. For Park Regency, a project of 892 units, the Contra Costa Redevelopment Agency acquired and conveyed to the developer, GBW Properties, various privately owned parcels. The County Redevelopment Agency also wrote-down land costs to subsidize 15 percent of units for low-income families.

Wayside Plaza

The developers of Wayside Plaza near the Pleasant Hill BART station had completed 156 condominiums in three phases through 1988. In order to facilitate a fourth phase of 211 rental units, to begin in 1992 and be completed in 1994, the Contra Costa Redevelopment Agency earlier this year entered into agreement with the developer, the Desco Group, to acquire and convey various privately and publicly owned properties. Additionally, the Agency is assisting in tax-exempt financing through an assessment district.

2. Tax-Exempt Financing

Local governments have aided transit-based housing through forms of tax exempt financing: assessment district financing, Mello Roos financing, and Multifamily Rental Housing financing (see Chart 3-1).

Assessment district financing: This traditional form of financing in California for infrastructure improvements enables developers to obtain tax-exempt bond financing for a range of improvements: street paving, sidewalks, curbs, gutters, local gas and electrical services. For example, assessment financing was made available by Contra Costa County for the Wayside Plaza development.

Mello Roos financing: Mello Roos financing is a variant of assessment financing that also enables developers to obtain tax-exempt financing for infrastructure improvements: in a nutshell, Mello Roos enlarges the types of improvements available under assessment financing, and allows greater flexibility to developers in devising the assessed district. Contra Costa County did a $40 million Mello Roos financing for the development of Park Regency.

Chart 3-1
Government Incentives for Transit-Based Housing

Project	Redevelopment	Tax-Exempt Financing	Reduced Parking	Density Bonuses
Wayside Plaza (Pleasant Hill)	X	X	X	X
Del Norte Place (El Cerrito)	X	X		
Park Regency (Pleasant Hill)	X	X		X
Mission Wells (Fremont)			X	X
The Foothills (South Hayward)			X	
Villa Mariposa (Mtn. View)			X	
Treat Commons (Pleasant Hill			X	
The Gardens (Fremont)				X
San Mateo Center (San Mateo)				X

Multifamily Rental Housing financing: Multifamily rental housing bonds provide tax-exempt funds for residential projects that reserve at least 20 percent of the units for lower-income households. The city of El Cerrito did a multifamily rental housing bond issue for Del Norte Place.

3. Reduced Parking Requirements

Four projects have been given reduced parking requirements, due to their proximity to transit stations. The developers' views toward such reduction, though, have been mixed: some have welcomed the reduction because of the obvious savings in construction costs; others have regarded reduced parking in their circumstances as a detriment in marketing.

1. Mission Wells (Fremont BART): In this project, the City of Fremont agreed to a reduction in parking from 2 spaces per unit to 1.65 spaces per unit, which the developer, AF Evans, favored.

2. Foothills (South Hayward): Because of the proximity to transit, the Foothills' parking requirement was reduced from 2 spaces per unit to 1.75 spaces per unit. The developer, the MH Podell Company, has come to regard the 1.75 spaces as too restrictive for the South Hayward area.

3. Wayside Plaza (Pleasant Hill): For the first three phases of Wayside's Plaza development, the Desco Group was given a parking requirement of 1.7 spaces per unit. After five years of project performance, the Desco Group has come to regard the 1.7 requirement as too limited for the Pleasant Hill area.

4. Treat Commons (Pleasant Hill): For Treat Commons in Pleasant Hill, the parking requirement was even stricter than Wayside Plaza, at 1.06 spaces per unit. According to the developer, Trammell Crow Residential, this parking requirement has been too strict, and a serious detriment in marketing.

4. Density Bonuses

For a number of projects, the local city or county granted density bonuses, due to proximity to the rail station.

1. Mission Wells (Fremont), The Gardens (Fremont): The City of Fremont in the 1980s zoned for high density around the BART station, requiring, at first, 30 units per acre, and more recently requiring at least 50 units per acre. Mission Wells was built at 30 units per acre, and The Gardens are at 50 units per acre.

One impact of this zoning and rejection of lower-density projects, though, has been that several of the parcels have been left vacant. In the view of the parcel owners, rents required to make the densities possible have not been obtainable on the market, and the City of Fremont has rejected lower densities.

2. Wayside Plaza, Park Regency (Pleasant Hill): To encourage residential densities around the Pleasant Hill station, Contra Costa County zoned for minimum densities of 35 units per acre. Wayside came in at 24 to 60 units per acre, Park Regency at over 70 units per acre.

3. San Mateo Center (San Mateo): San Mateo Center, at 12 stories, has benefited from the City of San Mateo's zoning for high-rise residential in its downtown area, near the CalTrain station.

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The incentives employed by the cities and counties turn out to be relatively minor influences in the development of transit-based housing so far.

Two of the incentives used -- redevelopment powers and tax-exempt financing -- are used in similar fashion for projects outside of transit areas. The projects benefiting from redevelopment powers have benefited mainly because of their locations in redevelopment zones, not because of their proximity to rail transit stations. The tax-exempt financing has been similar to tax-exempt financing outside of transit areas.

With two other incentives -- reduced parking and density bonuses -- the uses have yielded mixed results: in a number of cases, the developers have regarded the incentive as more of a detriment in marketing than a positive.

For the majority of projects, no significant government incentives were offered or utilized. Importantly, none of the projects reported receiving reduced open space or reduced housing fees. None reported receiving assistance from the local transit agency.

Chapter 4

FINANCIAL VIABILITY

It is one thing to plan housing around rail transit stations; but does anyone want to live near these stations? Can multifamily housing projects built near rail stations succeed on the market?

The Higher-End Nature of the Bay Area's Transit-Based Housing

When transit-based housing is discussed, it is at times automatically identified with low-cost or below-market housing. In fact, of the 16 existing and proposed Bay Area projects, nearly all are market-rate projects, and a number are higher-end, luxury apartments. The only below-market units built have been ones connected with projects built or planned in Redevelopment zones, such as Del Norte Place and San Mateo Center.

These higher-end projects have been mainly rentals. Only Palo Alto Central currently exists as a full condominium project. Eleven of the projects are rentals, though some, like Park Place, intend to convert to condomiums in the future (in the case of Park Place by 1999). The remaining four are a mix of rentals and condominiums.

Projects like Palo Alto Central and River Oaks aim at smaller-sized households with financial assets. At Palo Alto Central, condominiums range from $200,000 for a one-bedroom to over $245,000 for two-bedroom townhouses. The advertising material for Palo Alto Central, as shown on Chart 4-1, emphasizes the woodburning fireplaces, private decks, landscaped grounds, proximity to Stanford, and the ability to have "a Palo Alto adddress at a Mountain View price!" This particular advertisement does not mention the proximity to CalTrain, though such proximity is mentioned in other advertisements. Rick Denman of SummerHill homes, developer of Palo Alto Central, explains in a letter to TRAC:

> The buyer profile is a white collar worker who is employed locally or commutes by Southern Pacific train to San Francisco, San Jose or the Peninsula. The person is either single between 40 to 55 years old or married between age 28 to 35 years old. The person places a financial priority on housing amenities, a short convenient commute, nearby shopping, and an established community.

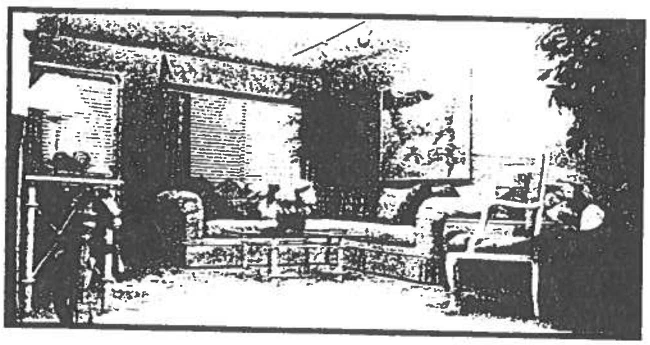
At River Oaks -- the 273-unit condomiunium project of Villagio and 941-rental-unit of Elan -- prices range for the Villagio condominiums from $154,400 to $345,000 (three-bedroom). The

CHART 4-1
Ad For Palo Alto Central

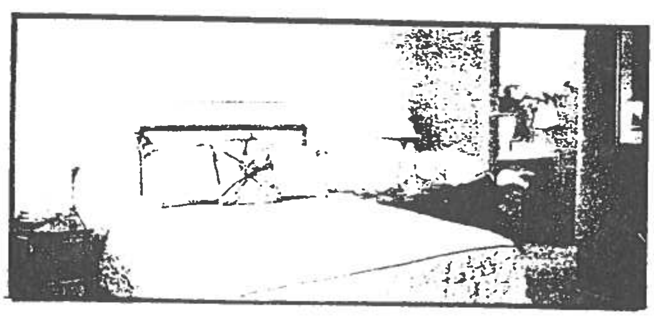
PALO ALTO CENTRAL
Palo Alto Lifestyle at an Affordable Price

One Bedroom — From $200,000
Two Bedroom Townhomes
from $245,000

PALO ALTO CENTRAL



Over 50% Sold in the first phase, these beautifully refurbished one and two bedroom condominium homes are located in the old Mayfield area of Palo Alto. Close to Stanford, University Avenue shopping and Page Mill Road employers. These spacious condominium homes will appeal to the busy young professional as well as retirees who want a Palo Alto address at a Mountain View price!



- **Woodburning Fireplaces**
- **Private Decks or Patios**
- **Spacious Kitchens with Jenn-Air Range and Convection Oven**
- **Refrigerator and Washer/Dryer**
- **Controlled Access Entry and Parking**
- **Beautifully Landscaped Grounds**

101 California Avenue
Palo Alto, California

74 Condominiums, Flats & Townhomes

Architect: Crosby Yandell Associates

brochure for Villagio provides up-scale names for the eight models of apartments: "Epicurean," "Journalist," "Voyager," and "Designer."

At other projects, rents range for a basic 1-bedroom/1-bath from $680 at Treat Commons and $695 at the Foothills to $950 at Park Place in Mountain View.

The Financial Condition of the Bay Area's Transit-Based Housing

To begin determining the financial condition and any financial advantage of the Bay Area's transit-based housing, three approaches were taken: (1) survey of developers; (2) comparing rents/sales with similar projects in adjacent areas not proximite to rail; and (3) survey of residents.

1. Survey of Developers:

"Has proximity to the station increased (or decreased) rent (sales) values?"

In answer to this question on the developer survey, among the eleven existing projects, three of the project developers -- Mission Bay Apartments in South Hayward, Villa Mariposa in Mountain View, the Foothills in South Hayward -- responded that in their view the proximity had no impact on values. Six others -- Verandas, Bay Landing, Treat Commons, River Oaks Village, Wayside Plaza, and Palo Alto Central -- replied that station proximity increased value. The remainder did not respond.

Nearly all of the developers claimed that their projects had shown a profit. The exceptions identified factors unrelated to rail transit, and common to residential projects in general. Two separate developers of projects near BART claimed that their projects were unprofitable as they were too expensively designed for the local market.

2. Comparison of Rents with Similar Projects Not Near Rail Transit:

Rents were sought for comparable residential projects in the adjacent areas. Four projects in particular were studied for "comps": Treat Commons and Bay Landing in Pleasant Hill, the Foothills in Hayward, and Park Place in Mountain View.

The "comps" for Treat Commons and Bay Landing are shown on Chart 4-2. Both Treat Commons and Bay Landing show high occupancy rates -- 97 percent for Treat Commons and 97

Chart 4-2 (a)
"Comps" for Treat Commons, Bay Landing
(Pleasant Hill)

July 1991
1 Bedroom, 1 Bath

Apartment Style		Number	Sq. Footage	Street Rate	Rent Per Sq.Ft.	Deductions: Descrip.	Deductions: Amount	Base	Specials	Effective Rent	Rent Per Sq.Ft.
Treat Commons	A	206	558	$680	$1.22			$680	0.00	%680	$1.22
510 Units	B	160	674	$750	$1.11			$750		$750	$1.11
415/943-7977	C										
Trammell Crow											
Occupancy 97%											
Bay Landing	A		510	$595	$1.17	W/D	$25	$570	0.00	$570	$1.12
360 Units	B		603	$705	$1.17			$580		$680	$1.13
415/256-8000	C										
Lincoln Property											
Occupancy 97%											
Stoneridge	A		695	$725	$1.04			$725	0.00	$725	$1.04
340 Units	B		770	$745	$0.97			$745		$745	$0.97
415/932-1900											
Sequoia Equity											
Occupancy 98%											
Woodcreek	A		798	$885	$1.11			$885	0.00	$885	$1.11
256 Units											
415/682-2898											
Grupe Mgmt											
Occupancy 97%											
The Villas	A		676	$750	$1.11	W/D	$25	$705	0.00	$705	$1.04
105 Units						Micro	$ 5				
415/939-1926						Park	$15				
Occupancy 100%											
Park Place			570	$700	$1.23			$700	0.00	$700	$1.23
148 Units			660	$715	$1.08			$715		$715	$1.08
415/256-0506											
Park Place Asset Mgmt											
Occupancy 96%											
Park Lake			775	$700	$0.90	FP	$20	$680	0.00	$680	$0.88
184 Units											
415/930-0559											
Occupancy 98%											
Bridgeport			777	$870	$1.12	Garage	$50	$770	0.00	$770	$0.99
4165/256-8001						Micro	$ 5				
Occupancy 100 %						FP	$20				
						WD	$25				

Chart 4-2 (b)
"Comps" for Treat Commons, Bay Landing
(Pleasant Hill)

2 Bedrooms, 1 or 2 Bath

Apartment Style		Number	Sq. Footage	Street Rate	Rent Per Sq.Ft.	Deductions Descrip.	Deductions Amount	Base	Specials	Effective Rent	Rent Per Sq.Ft.
Treat Commons	A		817	$ 880	$1.08	VC	$30	$820	0.00	$820	$1.00
510 Units	B		880	$1000	$1.14	FP	$20	$940	0.00	$940	$1.07
415/943-7977	C					WD	$10				
Trammell Crow											
Occupancy 97%											
Bay Landing	A		955	$1015	$1.06	FP	$20	$955	0.00	$955	$1.00
360 Units	B					WD	$25				
415/256-8000	C					Park	$15				
Lincoln Property											
Occupancy 97%											
Stoneridge	A		870	$860	$0.99			$860	0.00	$860	$0.99
340 Units	B		1150	$905	$0.79			$905	0.00	$905	$0.79
415/932-1900											
Sequoia Equity											
Occupancy 98%											
Woodcreek	A		1019	$1020	$1.00	Garage	$25	$ 970	0.00	$ 970	$0.95
256 Units	B		1029	$1040	$1.01	WD	$25	$ 990	0.00	$ 990	$0.96
415/682-2898	C		1212	$1215	41.00			$1165	0.00	$1165	$0.96
Grupe Mgmt											
Occupancy 96%											
The Villas	A		956	$990	$1.04	Park	$15	$970	0.00	$970	$1.01
105 Units	B		914	$990	$1.08	Micro	$ 5	$970	0.00	$970	$1.06
415/939-1926											
Occupancy 100%											
Park Place	A		835	$ 932	$1.12			$ 932	0.00	$ 932	$1.12
148 Units	B		1082	$1062	$0.98			$1062	0.00	$1062	$0.98
415/256-0506											
Park Place Asset Mgmt											
Occupancy 96%											
Park Lake	A		988	$880	$0.89			$880	0.00	$800	$0.89
184 Units	B		1160	$900	$0.78			$900	0.00	$900	$0.78
415/930-0559											
Occupancy 98%											
Bridgeport	A		945	$1030	$1.09	WD	$20	$920	0.00	$920	$0.97
415//256-8001	B		1011	$1020	$1.02	Garage	$50	$910	0.00	$910	$0.91
Occupancy 100 %						FP	$20				
						Micro	$20				

percent for Bay Landing -- though all of the eight projects surveyed have occupancy levels above 96 percent, reflecting the very strong rental housing market in the area.

For a 1-bedroom/1-bath unit, the rents at Treat Commons and Bay Landing are above five of the six other projects. At Treat Commons, the effective rent per sq.ft. for an "A" unit is $1.22, and at Bay Landing it is $1.12. Only Park Place at $1.23 per sq.ft. is higher. For two-bedroom units, Treat Commons and Bay Landing are near the top -- only lower than Park Place and slightly lower than the Villas.

The limitations of these "comps" are clear. They do not control for numerous factors -- such as age of the building (Treat Commons and Bay Landing were built in the late 1980s, while Stoneridge was built in 1971) or other amenities. Still, they provide a starting point for analysis.

The "comps" for the Foothills in Hayward are shown on Chart 4-3. A basic 1-bedroom/1-bath unit in the Foothills rented for $695 in June 1991, higher than $650 at Austin Commons and $680 at Huntwood Terrace, lower than Waterford ($725) and Clarendon Hills ($720-$780). According to Mr. Nicolas Podell, developer of the Foothills, these differences in part reflect factors other than transit: Austin Commons and Huntwood Terrace are in less desirable areas of Hayward, while Waterford and Clarendon Hills are newer projects with superior amenities.

At Park Place in Mountain View, a 1-bedroom/1-bath rents for $950 per month and a 2-bedroom for $1200. Comparable projects identified by the architect Fisher-Friedman Associates that are located further from CalTrain rent for considerably less -- $825 for a 1-bedroom and $1,050 for a 2-bedroom. Fisher-Friedman, though, cites the primary reason for higher rents in the area as "security podium parking reasons."

3. Survey of Residents on Willingness to Pay More to Live Near Rail Transit:

TRAC researchers surveyed residents of four of the projects, and asked about willingness to pay more for living near rail transit: "Under identical conditions, please estimate how much less rent you would pay if there were no nearby transit station?"

The responses are shown on Chart 4-4. At Treat Commons, 25 of the 29 respondents indicated they would be willing to pay more to live near rail transit. Only 4 said they would not pay more to live near the rail transit station, and 10 declined to comment. The willingness to pay more was considerable among at least 15 of the respondents: 8 said they would pay more than $125 per

Chart 4-3
The Foothills (South Hayward)

Apartment Complex	Sq. Ft.	Rates as of 6/6/91
Foothills		
A: 1 Bd/1 Ba		$695
B: 1 Bd/1 Ba		$800
C: 2 Bd/2 Ba		$810
D: 2 Bd/2 Ba		$810
Austin Commons		
1 Bd/1 Ba		$625-650
2 Bd/1 Ba		$770-795
Huntwood Terrace		
1 Bd/1 Ba		$680
2 Bd/1 Ba		$780
3 Bd/2 Ba		$950
Waterford		
1 Bd/1 Ba		$675-725
2 Bd/2 Ba		$775-820
Clarendon Hills		
A: 1 Bd/1 Ba		$720-780
B: 2 Bd/1 Ba		$860-900
C: 2 Bd/2 Ba		$880-995

Chart 4-4

"Under identical conditions, please estimate how much less rent would you pay if there were no nearby transit stations?"

	Over $125	$75-125	$0-75	$0	N/A
Treat Commons	8	7	10	4	10
Mission Wells	3	7	8	21	22
Verandas	2	1	6	21	5
Foothills	1	6	22	10	15

month -- roughly 15 percent to 18 percent of rent; 7 said they would pay between $75 and $125, and 10 said they would pay up to $75.

At the Verandas, the willingness to pay more for rail transit proximity was considerably more muted: only 9 of the 30 respondents indicated willingness to pay more to live near a rail transit station. Responses at Mission Wells were between Treat Commons and the Verandas: 18 of the 39 respondents indicated a willingness to pay more to live near a rail transit station, 10 willing to pay more than $75 a month more to live near rail transit.

At none of the projects did residents indicate that living near rail transit stations was a detriment or should reduce value.

***

These three "first impression" surveys indicate developers are less impressed by the financial viability of transit-based housing than consumers. The "comps" show a slight advantage to transit-based housing, and the consumer surveys indicate a greater advantage. Clearly, the market has yet to show a high financial premium on living near rail transit, though the resident surveys suggest that this premium will grow.

Chapter 5

TRANSIT RIDERSHIP

To what extent do persons who live near a rail transit station actually use rail transit on a regular basis for their commutes? To what extent do they use rail transit rather than the auto for recreational use or shopping trips? How much of a factor is the presence of the rail transit station in the decision to rent or buy?

To address these frequently-asked questions, TRAC researchers surveyed residents of four of the major residential projects: Treat Commons (Pleasant Hill), the Verandas (Union City), Mission Wells (Fremont), and The Foothills (South Hayward). Residents were surveyed by phone. To ensure a representative sample, the phone surveying was done in the evenings and on weekends.

The results showed considerably higher rail transit ridership among these residents than among the population at large. The most recent travel estimates by the Metropolitan Transportation Commission (MTC) place rail transit ridership for weekday commutes among all East Bay residents at 8 percent.

In contrast, at Treat Commons, 40.5 percent of residents indicated they used the nearby rail transit system, BART, on a regular basis for their commutes. At the Verandas, the relevant percentage was 41.1 percent using BART, at the Foothills 42 percent using BART, and at Mission Wells 27.6 percent using BART.

Further, the percentage of persons saying that "if faced with relocation" they would actively seek to live near BART ranged from 67 percent at Verandas, 65 percent at Mission Wells, 62 percent at the Foothills, and 51.3 percent at Treat Commons.

Treat Commons

Forty residents of Treat Commons near the Pleasant Hill BART station were surveyed by phone, and the results shown on Chart 5-1. Over 40 percent indicated they used BART for their commute on a regular basis. BART was used for other trips on a less frequent basis, with 57.5 percent of residents indicating they used BART 1-3 trips per month. 60 percent cited the BART station as a "main" or "major" factor in choosing their residence, and 51.7 percent indicated they would pay $75 per month or more in additional rent to be near the BART station.

Chart 5-1
Transit Ridership Survey
Treat Commons

Treat Commons

Conducted by TRAC Staff

How many days do you take BART to work per week?

BART ≥ 4	BART 1-3	Not BART	NC	Total	Pct. commute by BART ≥ 4
					40.54%
15	2	20	3	40	Pct. commute by BART ≥ 1
					49.95%

How many times do you ride BART for other trips each month?

BART ≥ 4	BART 1-3	Not BART	Total	Pct. other trip by BART ≥ 4
				2.50%
1	22	17	40	Pct. other trip by BART ≥ 1
				57.50%

How much a factor was the BART station in choosing this project?

Main	Major	Ordinary	not a factor	Total	Pct. factor main or major
					60.00%
11	13	8	8	40	Pct. factor main
					27.50%

Since moving here, have you been riding BART more often?

Much more	Slightly more	Same	Less	NA	Total	Pct. "much more"
6	6	7	4	17	40	**26.09%**

How much less would you pay if there were no nearby BART station?

X ≥ \$125	\$125≥X≥\$75	\$75>X	0\$	NA	Total	Percent \$X≥\$75
8	7	10	4	11	40	**51.72%**

If faced with relocation, would you actively seek to live near BART?

Yes	No	Don't know	Total	Pct. relocate="yes"
19	18	3	40	**51.35%**

Verandas

Thirty-five residents of the Verandas were surveyed by phone, and the results indicated on Chart 5-2. The majority of surveys were conducted by the Verandas' staff when residents phoned in work orders; other surveys were conducted on the weekends by phone.

41.8 percent of the residents indicated they used BART on a regular basis for their commutes. 62 percent cited BART as a "main" or "major" factor in choosing their residence, though only 10 percent indicated a willingness to pay at least $75 in additional rent to be near the BART station.

Foothills

Fifty-three residents of the Foothills were surveyed by phone by the Foothills staff, primarily on the weekends, and the results indicated on Chart 5-3. 42 percent indicated they used BART on a regular basis for their commutes. A relatively low percentage, 44.4 percent, cited BART as a "main" or "major" factor in choosing their residence, and 18 percent indicated they would pay at least $75 in additional rent to be near the BART station.

Mission Wells

Sixty residents of Mission Wells were surveyed by phone by the TRAC staff, and the results indicated on Chart 5-4. The percentage of BART commuters in Mission Wells was 27.6 percent, considerably lower than the other developments. One explanation for this is the high number of Mission Wells residents who work in the San Jose area, where BART does not currently operate, rather than the East Bay or San Francisco. 56.7 percent indicated BART to be a "main" or "major" factor in their location decision, though only 25.6 percent indicated they would pay at least $75 per month more to be near BART.

Chart 5-2
Transit Ridership Survey
The Verandas

The Verandas

Conducted by The Verandas Staff

How many days do you take BART to work per week?

BART ≥ 4	BART 1-3	Not BART	NC	Total	Pct. commute by BART ≥ 4
					41.18%
14	2	18	1	35	Pct. commute by BART ≥ 1
					47.06%

How many times do you ride BART for other trips each month?

BART	Not BART	Total	Pct. other trip by BART ≥ 1
25	10	35	**71.43%**

How much a factor was the BART station in choosing this project?

Main	Major	Ordinary	Not a factor	Total	Pct. factor main or major
					62.86%
7	15	5	8	35	Pct. factor main
					20.00%

How much less would you pay if there weere no nearby BART station?

X ≥ $125	$125≥X≥$75	$75>X	0$	NA	Total	Percent $X≥$75
2	1	6	21	5	35	**10.00%**

If faced with relocation, would you actively seek to live near BART?

Yes	No	Don't know	Total	Pct. relocate="yes"
22	11	2	35	**66.67%**

Chart 5-3
Transit Ridership Survey
The Foothills

The Foothills

Conducted by The Foothills Staff

How many days do you take BART to work per week?

BART ≥ 4	BART 1-3	Not BART	NC	Total	Pct. commute by BART ≥ 4
					42.00%
21	3	26	4	54	Pct. commute by BART ≥ 1
					48.00%

How many times do you ride BART for other trips each month?

BART ≥ 4	BART 1-3	Not BART		Total	Pct. other trip BART ≥ 4
					29.63%
16	30	8		54	Pct. other trip by BART ≥ 1
					85.19%

How much a factor was the BART station in choosing this project?

Main	Major	Ordinary	not a factor	Total	Pct. factor main or major
					44.44%
14	10	11	19	54	Pct. factor main
					25.93%

How much less would you pay if there were no nearby BART station?

X ≥ $125	$125≥X≥$75	$75>X	0$	NA	Total	Percent $X≥$75
1	6	22	10	15	54	**17.95%**

If faced with relocation, would you actively seek to live near BART?

Yes	No	Don't know	Total	Pct. relocate="yes"
30	18	6	54	**62.50%**

Chart 5-4
Transit Ridership Survey
Mission Wells

Mission Wells

Conducted by TRAC Staff

How many days do you take BART to work per week?

BART ≥ 4	BART 1-3	Not BART	NC	Total	Pct. commute by BART ≥ 4
					27.66%
13	3	31	13	60	Pct. commute by BART ≥ 1
					34.04%

How many times do you ride BART for other trips each month?

BART ≥ 4	BART 1-3	Not BART	Total	Pct. other trip by BART ≥ 4
				26.67%
16	23	21	60	Pct. other trip by BART ≥ 1
				65.00%

How much a factor was the BART station in choosing this project?

Main	Major	Ordinary	Not a factor	Total	Pct. factor main or major
					56.67%
16	18	13	13	60	Pct. factor main
					26.67%

How much less would you pay if there weere no nearby BART station?

X ≥ \$125	\$125≥X>\$75	\$75≥X	0\$	NA	Total	Percent \$X≥\$75
3	7	8	21	21	60	**25.64%**

If faced with relocation, would you actively seek to live near BART?

Yes	No	Don't know	Total	Pct. relocate="yes"
37	20	3	60	**64.91%**

Chart 5-5
Transit Ridership Survey
Compilation

AVERAGES OF RESULTS

Total Responses	Behavior Measured	Sample Proportions
167	Percent of residents who commute to work by BART at least 4 times per week.	37.50%
167	Percent of residents who commute to work by BART at least 1 time per week.	43.45%
154	Percent of residents who ride BART for other trips at least 4 times per month.	21.43%
189	Percent of ressidents who ride BART for other trips at least 1 time per month.	70.37%
189	Percent of residents declaring a nearby station the main factor in choosing a project.	55.03%
189	Percent of residents declaring a nearby station at least a major factor in choosing a project.	25.40%
189	Percent of residents expecting to pay at least $75 less, for housing not near to BART.	26.07%
189	Percent of residents who would actively seek to reside near BART.	61.68%

Chapter 6

TRANSIT-BASED HOUSING: WHAT HAS AND HAS NOT BEEN ACHIEVED

Transit-based housing in Northern California remains at an early stage of development. On the one hand, it is important to note that of the 16 major residential projects in the Bay Area,

- Only one is above 70 units per acre in density, and none is designed specifically to tie into the station area.

- The local governments and transit agencies have had almost no impact in spurring these projects. Redevelopment powers of assembling and subsidizing land have been utilizied, but in no different fashion than redevelopment projects in general. Similarly, tax-exempt assessment, Mello-Roos, and multi-family rental housing financings have been done, but in no different fashion than tax-exempt financings outside of rail transit station areas. Other incentives of reduced parking and density bonuses have been little-utilized and with mixed results.

- The transit-based projects do not consistently show significantly higher rents than comparable projects outside of rail transit station areas.

On the other hand, the 16 residential developments do suggest that transit-based housing is more than planning theory:

- Use of rail transit rather than automobile for the regular commute is dramatically higher among residents of the developments than among the population at large. While BART ridership among East Bay residents in general for commutes is 8 percent, among residents of major developments near BART stations it is frequently over 40 percent.

- A number of the developments do show higher rents than comparable projects outside of rail transit areas.

- The resident surveys do indicate a consumer willingness to pay more to live near rail transit. More tracking of rents and consumer behavior is needed, but the resident surveys do suggest a possible growing market premium on proximity to rail transit.

Moreover, in only the past few months, two of the local transit agencieos, BART and Santa Clara County Transit Authority, have begun the process of issuing RFQs for housing on land they own adjacent to their stations. The response among local Bay Area developers has been dramatic. Within a week of the time that announcement of BART's intent was made public, fourteen developers contacted the agency to express interest building multi-family housing adjacent to the station.