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New Planning Strategies for Transit-Based Housing in Northern California

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New Planning Strategies for
Transit-Based Housing in
Northern California

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Assembly Transportation Committee. Funding
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University of California at Berkeley
Institute of Urban and Regional Development/
National Transit Access Center

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NEW PLANNING STRATEGIES FOR TRANSIT-BASED HOUSING IN NORTHERN CALIFORNIA

Executive Summary

The National Transit Access Center (NTRAC) (formerly the Transit/Residential Access Center, or TRAC) was established in 1991 under the auspices of the Institute of Urban and Regional Development (IURD). In Fall 1991, funded in part by the California Policy Seminar, NTRAC researchers surveyed city and county planning departments throughout Northern California with rail transit stations (existing or planned) in their jurisdictions. The goals: determine the current land uses within a one-third-mile radius of the stations, and plans for development in these areas.

From the survey information and follow-up information, NTRAC has developed the most complete database of land use/transit planning in Northern California, which can be accessed by NTRAC members and the Assembly Transportation Committee. This NTRAC "Database of City and County Transit-Based Development Plans" designates current land uses and planning visions.

The NTRAC database indicates the heightened role assumed by transit-based development in only the past few years. More than a third of the municipalities have launched major planning efforts to site development around rail transit. San Jose, for example, undertook a Housing Initiative Program, a major goal of which was to site "high-density" housing within a 2,000-foot radius of the rail transit stations; while the cities of Hayward, Union City, and Daly City all have undertaken specific plans for the rail station areas, emphasizing multi-family housing. The County of Sacramento has developed an extensive Transit-Oriented Development (TOD) plan, to complement the expansion of the Sacramento light rail system.

Despite this interest on the part of planners, the incentives currently employed by cities and counties to achieve transit-based housing have been limited. (See TRAC, "A Study of Housing Built near Rail Transit Stations: Northern California," October 1991.) These incentives— reduced parking, density bonuses, zoning, redevelopment powers— have rarely been strong enough to play a major role in development location.

In this brief paper, two state roles to achieve sensible transit-based development are put forward: (1) amendment of the current Congestion Management Plan (CMP) legislation to encourage development within a one-quarter-mile radius of rail transit stations, and (2) establishment of "Transit-Based Development Districts," to utilize a form of tax-increment financing.

NEW PLANNING STRATEGIES FOR TRANSIT-BASED HOUSING IN NORTHERN CALIFORNIA

Part I ***Survey of Transit-Based Housing Plans*** ***Throughout Northern California***

Chapter 1 **NTRAC Database of City and County Transit-Based Plans**

In Fall 1991, NTRAC researchers surveyed city and county planning departments throughout Northern California with rail transit stations (existing or planned) in their jurisdictions. The goals: determine the current land uses within a one-third-mile radius of the stations, and plans for development in these areas.

NTRAC's survey, included as Attachment 1-1, inquired in five major areas:

1. Existing major residential and mixed-use projects within a one-third-mile radius;
2. Planned major residential and mixed-use projects within a one-third-mile radius;
3. Public sector plans for development within a one-third-mile radius;
4. Public sector incentives utilized to induce transit-based housing;
5. Vacant land within a one-third-mile radius.

Surveys were received from 26 of 36 the cities and counties in Northern California with rail transit stations.

The survey information was coded and computerized. Twenty-two fields were established as follows:

- Station name
- City or County
- Existing Residential? (Y/N)
- Existing commercial? (Y/N)
- Existing Industrial? (Y/N)
- Number of vacant parcels within a one-third-mile radius over one-half acre
- Number of proposed residential projects within a one-third-mile radius
- Brief description of proposed residential projects
- Number of proposed mixed-use projects within a one-third-mile radius
- Brief description of proposed residential projects
- Number of recent residential projects within a one-third-mile radius
- Number of recent mixed-use projects within a one-third-mile radius
- Station site in a redevelopment area? (Y/N)
- Does the city or county offer reduced parking requirements for projects near the station? (Y/N)
- Does the city or county offer density bonuses near the station site? (Y/N)
- Does the city or county offer any other incentives for transit-based housing? (Y/N)

- Does NTRAC have a copy of the city or county general plan? (Y/N)
- Type of software the city county uses for land use and zoning information
- The name of the person familiar with the software
- Phone number of the computer person
- Name of the City Planning agency
- Contact person for the agency

In addition to these fields, there is a miscellaneous field that contains information not easily categorized, such as history of a station site area, or any further comments about specific projects or government incentives.

The NTRAC "Database of City and County Transit-Based Development Plans" is currently on-line and can be accessed by NTRAC members and the Assembly Transportation Committee.

Attachments 1-2 and 1-3 demonstrate applications of the database. Attachment 1-2 was produced in response to the inquiry of "Which transit stations in the Bay area are in designated redevelopment zones?" Attachment 1-3 indicates "Which planning departments currently offer density bonuses for transit development?"

The database can be used for numerous other inquiries, including, say, the residential and mixed-use projects proposed near the Union City BART station, or the vacant land within a one-third-mile radius of the Menlo Park CalTrain station.

This NTRAC database (combined with NTRAC's database of land use within a one-third-mile of rail transit stations) includes the most complete information on land use and planning around rail transit stations in Northern California. NTRAC is in the process of expanding the database to include rail transit stations in Southern California.



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**HOUSING NEAR CALIFORNIA'S RAIL TRANSIT STATIONS:
A SURVEY OF LOCAL PLANNING DEPARTMENTS**

As part of our research and efforts to encourage housing development near rail transit stations, TRAC is compiling a database of existing and planned residential projects within one-third mile of these stations. We appreciate your cooperation in completing this survey. For more information contact Michael Bernick or Barbara Hadenfeldt at (510) 642-5200. PLEASE RETURN THIS SURVEY BY NOVEMBER 22, 1991.

1. Agency _____
Division _____
Contact Person _____
Phone Number _____
Transit Station(s) _____

2. What are the predominant land uses around the rail transit station(s)? Are there any significant land parcels (over 0.5 acre) vacant or underutilized within a one-third mile radius of the station(s)? Please attach maps or other descriptive materials if available.

3. Are you aware of any recent mixed-use or residential projects where proximity to transit was a factor in their design or development?

4. What is the General Plan land use for the area around the rail transit station(s)? Please send us a recent draft of the Housing Element of the General Plan and enclose the relevant maps.

Attatchment 1-1 (cont.)

5. What are the future plans and/or incentives for residential or commercial development within one-third mile radius of the rail transit station(s) ?

Plans:

Incentives:

Government:

Private:

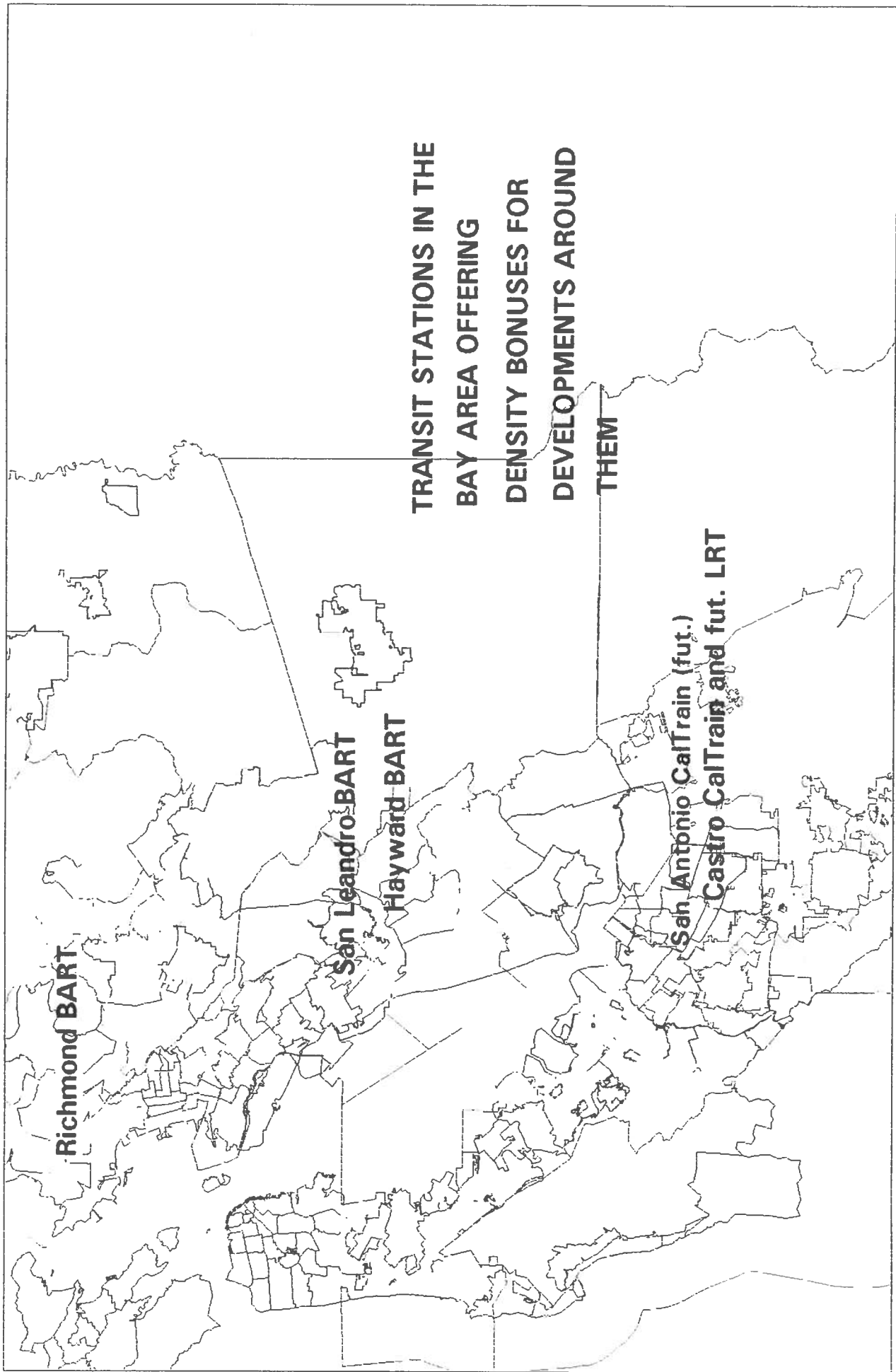
6. Are there specific redevelopment plans for the area around the station(s)? If so, please attach if available. If not, are any plans in preparation?

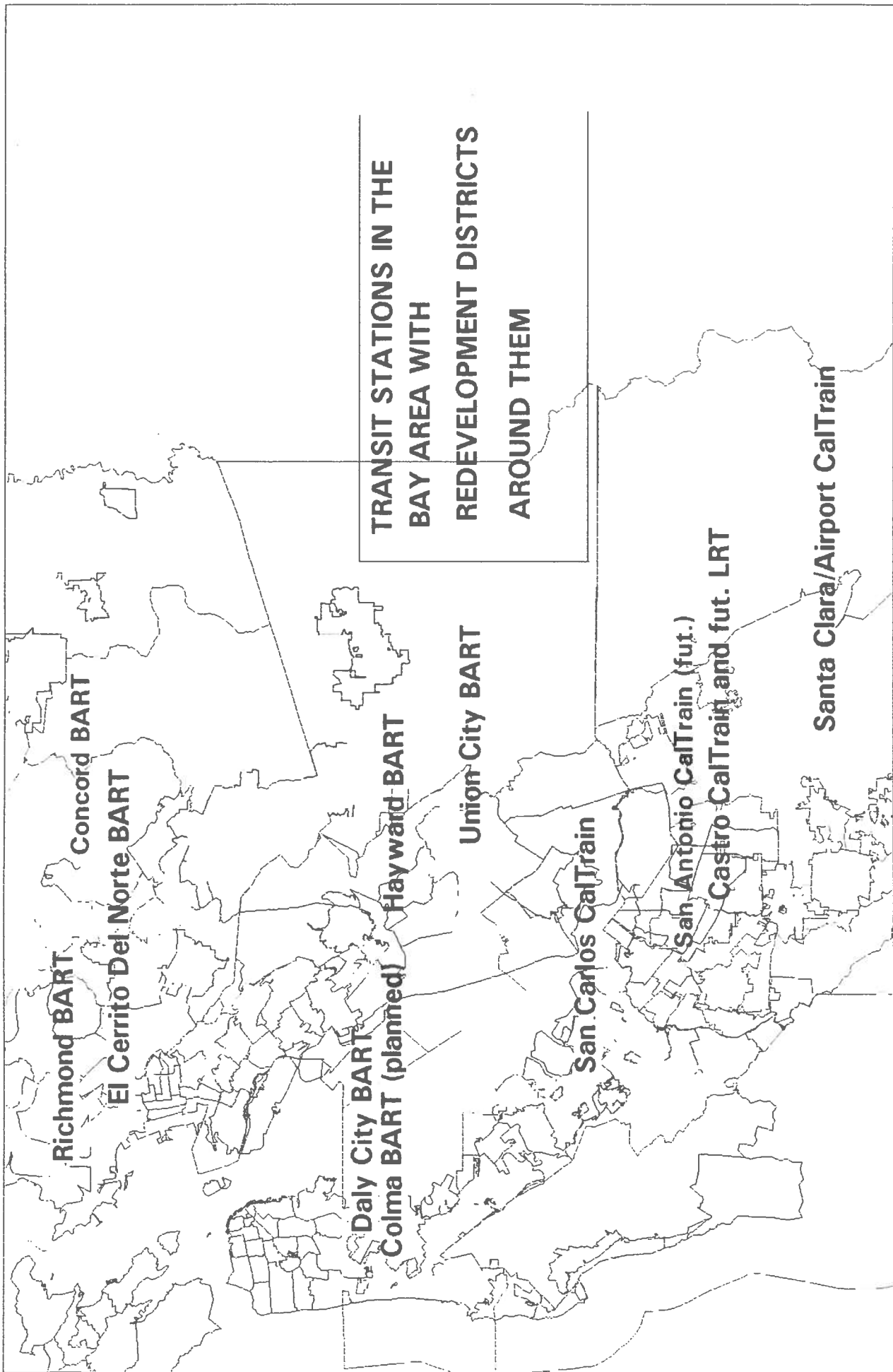
7. Is your land use/zoning data computerized? If so, please provide the following information:

a. Computer system, software used : _____

b. Name and phone number of person familiar with the computerized database: _____

c. Geo-based system, if any, especially for land parcels around the rail transit station: _____





Chapter 2

Transit-Based Housing Plans in the Bay Area

Among the 36 city and county planning jurisdictions in the Bay Area, the idea of transit-based housing has taken on new importance in just the past few years.

Ten of the jurisdictions have undertaken major planning activities to site development around rail transit stations. Several others have incorporated transit-based development prominently in their goals.

Among the most aggressive jurisdictions in the planning of transit-based housing have been the cities of San Jose, Hayward, Union City, Daly City, El Cerrito, Mountain View, and Oakland, the county of Alameda, and the Contra Costa Redevelopment Authority. Briefly noted:

1. *San Jose*

In 1989, the city of San Jose established its Housing Initiative Program, a main goal of which was to locate "high-density" housing proximate to the expanding light rail system. By "high density," the city meant housing in the range of 12-40 dwelling units per acre. By "proximate to" the light rail system, the city meant a 2,000-foot radius around the existing and planned stations, and major arterials radiating from San Jose's downtown.

A study was undertaken by Bay Area Economics to examine the additional housing that could be built in these designated areas near transit. The conclusion: between 9,000 and 13,700 units of high-density housing could be built on over 70 identified sites— an increase of 5,300 to 9,900 units over existing General Plan designations.

In the past two years, the city has altered General Plan designations to allow density housing near the rail stations. Additionally, the city has undertaken two specific planning efforts: the Jackson-Taylor Residential Strategy to convert an older industrial area to "a pedestrian-oriented neighborhood that supports the use of public transportation," and the Midtown Specific Plan for 175 acres of older industrial area, west of downtown.

2. *Hayward*

The City of Hayward in 1990 contracted with San Francisco-based architect Dan Solomon to prepare a specific plan for development of the downtown BART station area. The area, part of a 220-acre designated redevelopment zone, is seen by city planners and redevelopment officials as the center for new development, with multi-family housing as the main form of development. The multi-family housing envisioned is in the range of 50-60 units per acre— as, for example, a 311-condominium project approved by the city, adjacent to the BART parking lot.

The transit agency, BART, in 1991 also commissioned a feasibility analysis of high-density apartments (50-70 units per acre) on a part of a 3.5-acre site. The analysts, Keyser Marston

Associates, concluded that a project of up to 210 units could be developed, though a rebate of the annual property tax increments was needed.

BART is planning to issue an RFP this year for development of multi-family housing on a portion of its downtown Hayward station surface parking lot. Additionally, the City of Hayward is planning to issue an RFP this year for development of multi-family housing on several of the parcels it owns in the downtown redevelopment area.

3. Union City

Union City in 1990 undertook a major redevelopment effort for the area around the BART station —the Decoto Industrial Park planning process (DIPSA). The entire area is approximately 440 acres, and includes the area bounded by Decoto Road, Mission Boulevard, the Union City-Fremont border, and Alvarado-Niles Road, and an additional 40 acres of state-owned land west of Alvarado-Niles Road. The Environmental Impact Report has been completed. Preparation of a General Plan Amendment is underway.

Based on the preliminary issues paper prepared by William Spangle and Associates:

(a) DIPSA covers 440 acres of land, including 225 acres of vacant or "underutilized" land.

The major land holders are:

- Southern Pacific Industrial Development Company (106 acres)
- Pacific States Steel Corporation (90 acres)
- Pacific Gas and Electric Company (30 acres)

(b) The main land use is industrial, including users such as Cascade Steel, Liquid Air, Pengo Corporation, Higgins Lumber, and the PG&E Pipe Yard. Several of the industrial operations utilize materials regarded as hazardous. These uses have been the focus of many complaints from nearby residents, and some chemical spills in the area have required emergency response, including a short-term shutdown of the BART line.

(c) Transportation includes the Southern Pacific and Western Pacific main lines that traverse the area. Alvarado-Niles Road, Decoto Road, and Mission Boulevard provide the key links for vehicular traffic. BART crosses the DIPSA, and the Union City BART station is located toward the southwest corner of the area.

(d) The 63-acre Pacific States Steel use located between the Western Pacific and Southern Pacific main lines has been vacated and is in the process of being dismantled. Thirty-four acres of the site have been estimated to be contaminated from the PSS operation. The McKesson Chemical facility on the north side of 7th Street has been recently vacated, and the ground contamination from chemical use is estimated to have gone beyond the site boundaries.

The proposed land use for the site is a combination of residential and light industrial.

Within a one-third-mile radius of the BART station in the DIPSA area, several land parcels have been identified with potential for multi-family residential development.

Environmental contamination due to the previous light and heavy industries has been identified as the main problem preventing immediate redevelopment.

An RFP for development of multi-family housing on part of the land owned by the transit district is planned for calendar 1992. Other multi-family housing is expected on the nearby land owned by Southern Pacific.

4. El Cerrito

El Cerrito has pursued three major multi-family projects over the past year near the El Cerrito del Norte BART station. All three are in the redevelopment zone that includes the land near the station, and two have been assisted by redevelopment incentives of tax-exempt financing and subsidies for below-market housing.

The city sees both of its BART stations— El Cerrito del Norte and El Cerrito Plaza— as sites for multi-family housing.

5. Mountain View

The City of Mountain View has an existing rail transit station, the Mountain View CalTrain station, and a new rail transit station planned for the extension of the light rail line in Santa Clara County.

Near the CalTrain station, Mountain View planning officials have encouraged the development of several multi-family projects, including the Old Mill Shopping Center, where the Plymouth Group plans to build 700 units of housing. A 370-unit project, Park Place, built in 1989, includes 370 units.

6. Oakland

Oakland has six existing transit stations in its planning jurisdiction, and a seventh planned with the development of the inter-regional Capitol Corridor rail service. The city has been most aggressive in encouraging development around the Fruitvale station, where a specific plan, including multi-family housing, was completed in 1991 by the University of California at Berkeley.

7. County of Alameda

The County of Alameda has planning responsibility for the new Castro Valley BART station. The county is designing a specific plan for multi-family housing near the site. The county also is designing a specific plan for multi-family housing around the new East Dublin BART station site.

* * *

Beyond these examples, there are a number of cities that have plans for major developments near transit stations: Redwood City has the Sequoia Station commercial development adjacent to its CalTrain station; Richmond has an affordable housing development by Bridge Housing Corporation adjacent to its BART station; and Concord has zoned its land near the BART station for over 80 dwelling units per acre.

Though planners in the Bay Area have taken increased interest in transit-based housing, the incentives offered for siting housing near rail transit have been limited, and remain limited. Chief among these incentives are:

- Zoning for higher densities;
- Reduced parking requirements;
- Tax exempt financing; and
- Redevelopment

As set out in an earlier paper examining Bay Area transit-based housing ("A Study of Housing Built Near Rail Transit Stations: Northern California," October 1991), of these incentives, only the redevelopment incentives — assembling land, writing down the cost of land— have been strong enough financial incentives to play a major role in the development of new housing.

Chapter 3

Transit-Based Housing in Sacramento, California

The Transit System

The City of Sacramento and portions of surrounding Sacramento County are presently served by an 18.3-mile light rail transit system (LRT) operated by Regional Transit (RT), the region's principal transit provider. Construction of the system began in 1984 and service began in 1987. The system has 27 stations, of which eight are in the downtown core, approximately six are in genuinely suburban areas, and the remainder serve a mix of industrial, lower income, and transitional areas.

The four-county Sacramento area has a population of approximately 1.4 million, with slightly over 1 million people residing in the central urbanized area. The 1991 *Jane's Urban Transport Systems* lists total RT ridership at about 65,000 daily trips, 19,000 of which are made on light rail. (Current RT figures put LRT ridership at between 20,000 and 25,000 daily.) This translates to a mode share of approximately 1.7 percent.

The LRT system provides 18-hour-a-day service seven days a week, with 30-minute base headways in both directions and a minimum of 15-minute headways in the peak direction during peak periods. There is extensive park-and-ride use of the system for downtown workers, though transit service to other employment centers is very limited. Timed-transfers are made with selected bus routes.

The system is operated in an efficient, "user-friendly" manner and is now generally perceived by the community as a success, thus overcoming years of criticism and controversy prior to startup. Like all transit operations serving lower-density areas, however, the system is widely viewed as being unable to provide effective service except to and from the downtown core, a reality corroborated by its under-2-percent mode share.

Present expansion plans include extending the existing two corridors by several miles and constructing a third corridor to the south. Completion dates for these improvements are presently uncertain, with the late 1990s often mentioned as a planning horizon.

The Regional Economy

The latter half of the 1980s witnessed a dramatic surge of population and employment growth in the region, resulting in construction of extensive new housing and commercial space (office and retail). Long an economic backwater, Sacramento was "discovered" by Bay Area residents afflicted with rising housing costs and a declining quality of life, and later by the national media, who labeled Sacramento "the" growth area for the '90s. Relatively affordable housing, a generally pro-growth attitude, virtually unlimited land, and as-yet manageable mobility and environmental problems all contributed to Sacramento's new desirability. State employment, long the

mainstay of the local economy, declined to less than 25 percent of the regional total for the first time. Some high-tech firms located operations in the region, while construction, finance, and professional services all enjoyed boom times.

While the downtown saw extensive commercial development during this period (primarily office), the overwhelming majority of new housing consisted of single-family units built in outlying suburban districts. As will be described in more detail below, very little housing was constructed in central areas served by the LRT system, and most of that was sponsored by local or state redevelopment agencies.

Currently, the Sacramento economy has cooled considerably, mirroring conditions in most other parts of the country. Housing starts are less than a quarter—in some cases less than a tenth—of levels only three years ago. Resales are lagging and median prices have fallen for the better part of a year. The region is now suffering from "growing pains," such as increased traffic congestion, declining air quality, and a host of other land use concerns such as water availability, flood control, maintenance of wetlands, farmland, wildlife habitat, etc. Once the current economic downturn has reversed itself, however, the size, assets, and location of Sacramento almost guarantee that growth pressures will continue well into the next century.

Local Planning and Development Policy

The land use planning environment of the Sacramento region can best be described as "in transition," and "ambivalent." A good bit of attention has focused on the need to create land use and housing policies more supportive of transit non-SOV (single-occupancy vehicle) transportation, but in reality the market has been allowed to drive virtually all development decisions. The city's general plan was updated in 1987-88. Taking advantage of the new LRT system, the plan designated 13 station areas as qualifying for potentially special treatment: higher allowable residential densities, lower minimum parking requirements, density bonuses, access to redevelopment tax increment financing, and potential use of industrial development bonds (IDBs). In the view of city planning staff, however, to date none of these "areas of opportunity" have spawned new multi-family housing projects.

Independent of the LRT project but potentially affected by it is a proposed specific plan district for the "R" Street corridor, stretching across the southern portion of the downtown core for some 26 blocks. This old freight rail corridor is presently underutilized with older industrial and commercial structures and a scattering of vintage single-family homes. The present LRT facility follows R Street from 12th Street east to 29th Street, a segment which includes four stations. A possible extension to the west is proposed.

The draft R Street specific plan has as its primary goal the encouragement of more and higher-density housing. Specific policies proposed in the draft plan include:

- Maintain all current residential zoning
- City to purchase up to 30 acres of land for housing
- City to implement other supportive policies, including waiver of fees, use of tax-increment funds, reduction of parking requirements, etc.
- All residential densities up to 60 dwelling units per acre by right. Higher densities, allow with city approval.
- Limited office heights and densities. Require significant housing construction as a condition of office project approval.

This plan has generated tremendous controversy and has not been adopted to date. At present, concerns about downtown job retention (especially state agencies) suggest that these requirements may be diluted.

Only two of the present LRT stations lie within unincorporated Sacramento County, and during the period 1987-1990 the county did not act in any significant way to provide policy support for higher-density residential development. Nevertheless, a reasonably large market apartment project was constructed within walking distance of the southeast, or Folsom, line of the LRT system. It is described below.

Currently, however, Sacramento County has prepared a draft update to its general plan, which at this writing is under environmental review prior to public comment and final Board action. This plan has generated national attention, primarily due to its proposed use of "transit-oriented developments" (TODs) and "pedestrian-oriented developments" (PODs) in the spirit of proposals advanced by planners such as Peter Calthorpe and Robert Duany. In its own language, the plan calls on the use of TODs and PODs to "promote strong linkages between transit and land use by facilitating the development of higher residential densities and commercial intensities at transit stops and along transit corridors." The key characteristics of the proposed TOD/POD are as follows:

General

- Mixed use required
- 20-160 acres
- No more than one-third-mile distance from transit stop
- Use for infill, revitalization, and for urban fringe

Urban TOD

- Higher densities, more emphasis on employment
- On LRT or express bus trunk line

Neighborhood TOD

- More emphasis on residential and neighborhood commercial
- On bus feeder line within ten minutes of trunk line

Not unexpectedly, the TOD concept has generated tremendous controversy; and it remains to be seen which of the proposals will ultimately be approved by the Board of Supervisors. It should be noted that two of the three proposed extensions of the LRT system lie entirely within the unincorporated county, as does a significant portion of the third. The ultimate nature of the county plan should figure heavily in what kind of development occurs around those extensions.

Part II
Two State Strategies to Encourage
Local Transit-Based Housing

Chapter 4
The Use of Congestion Management Plan Legislation

In 1990, as part of the legislative package for Proposition 111 (the increase in the state gas tax approved by the voters), AB471 (Katz) set out a program requiring urban cities and counties to develop Congestion Management Plans (CMPs).

The CMP program, set out in Government Code 65088 et seq., requires urban cities and counties to counter the adverse traffic impacts of new development on regional transportation systems. Under existing law, cities and counties were required to counter impacts of new development only on local transportation systems. The CMP program added regional transportation, particularly the state highways and principle arterials.

Among measures to counter adverse traffic impacts were carpools, vanpools, transit, and parking management programs. New developments found to have adverse traffic impacts would be required to pay for one or more of these measures. The city or county that failed to undertake an adequate CMP would see its gas tax funds withheld by the state.

In discussions with the Assembly Transportation Committee Chief consultant, Mr. John Stevens, questions have been raised concerning amendments to the Congestion Management Plan program in the current session. One amendment being considered would encourage the siting of housing near rail transit stations by exempting such development from the requirements of the CMP. Further amendments could exempt housing near rail stations from these requirements.

As Mr. Stevens notes, since the CMP program is only beginning to come into operation, there is no record of the strength of its requirements or the cost to the developer of CMP compliance. How important it will be in influencing residential development in California remains to be seen.

However, based on its research, noted in earlier chapters and elsewhere, NTRAC recommends that any amendment to the CMP program to encourage high-density development near rail stations include the following elements:

- the relevant radius for development be one-quarter mile,
- the definition of high-density housing be relative to neighboring uses, rather than in absolute terms, and
- any office or retail development that is done in conjunction with housing near transit be exempted from the requirements of the CMP program.

Taking each of these points briefly:

1. *A radius of one-quarter mile:* In discussions on transit-based housing, the radius frequently put forward is one-half mile. In NTRAC's research, this distance is not the relevant walking

distance for walking to rail transit station throughout California. The relevant distance is one-quarter mile. It is within the one-quarter-mile radius that transit ridership significantly increases.

2. *"High density" defined relative to neighborhood scales:* What constitutes "high density" differs considerably among municipalities in California. In some suburban areas, high density is defined as 30-40 dwelling units per acre, whereas in other suburban areas high density is defined as 70-90 dwelling units per acre. In urban areas, high density can be over 70 dwelling units per acre.

For state legislation, any definition of high density should be in the context of neighborhood zoning standards. One suggested definition: density at least 20 percent over the otherwise maximum residential density allowed under the general plan and any applicable zoning and development ordinance.

3. *Recognition of mixed-use development:* For state legislation, the concept of transit-based housing should include more than housing alone. In part, this reflects the economics: at many station area, financially viable development will require a mix of housing with retail and office uses. In part, this call for mixed-use development reflects sound urban planning practices: the development of station areas as centers of activity, not only housing.

Chapter 5

Transit-Based Development Districts

As the earlier chapter indicated, city and county planning departments are recognizing the value of transit-based housing. However, the current incentives utilized by cities and counties have had limited impact, as they have been relatively minor compared to other market forces.

Transit-based housing, of course, will be spurred most of all by financial incentives that make building such housing more attractive to developers than building multi-family housing elsewhere. Where transit-based housing has been built most widely in California has been primarily where broader redevelopment powers have been utilized—the government role in assembling parcels, writing down the cost of land, and providing tax-exempt financing.

Despite the strength of redevelopment powers, redevelopment zones are not present at most California rail transit stations and are not appropriate for these stations. Under the state Community Redevelopment Act, enacted in 1951, the use of redevelopment powers requires a finding that an area is "blighted" —characterized by physical, social, or economic liabilities which require redevelopment.

A parallel form of financing could be enacted with many of the same powers as redevelopment districts: "Transit-Based Development Districts." The districts would replicate powers now given to redevelopment agencies under state law. In particular, the districts would utilize the concept of tax increment financing now utilized by redevelopment agencies. The districts also would utilize the power to assemble land possessed by redevelopment agencies.

The transit-based development district would not require a finding of blighted physical, social, or economic conditions, as is required for redevelopment areas. Instead, the transit-based development district would be defined by proximity to the transit station: it would include land within a one-quarter-mile radius of California rail transit stations.

The primary source of district funding would be tax increment financing, the annual difference between the property taxes generated in a project area before the district is formed and the property taxes generated in later years. The increment approach is similar to the tax increment used in redevelopment. The increment could be used to provide the financial incentives to spur development around stations.

A question has arisen in the past two years regarding the ability of the state legislature to use tax increment for purposes other than redevelopment projects. In 1990, the state legislature enacted the Infrastructure Finance District program (Government Code Section 53395 et seq.), authorizing the creation of tax increments to finance public facilities with an estimated useful life of 15 years or longer. Among municipal finance attorneys, opinions differ as to whether the program is consistent with section 16 of Article XVI of the California Constitution. As no Infrastructure Finance District has been established in the state, California courts have yet to rule on the constitutionality of the program.

