A ULI Advisory Services Panel Report

# Advanced Regional Rail Integrated Vision–East San Bernardino County, California

September 7–10, 2014


Urban Land Institute

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## Envisioning an Implementation and Development Strategy in the Metrolink Corridor

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# About the Urban Land Institute

**THE MISSION OF THE URBAN LAND INSTITUTE** is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both the built and natural environments;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Established in 1936, the Institute today has more than 34,000 members worldwide, representing the entire spectrum of the land use and development disciplines. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.

Cover: San Bernardino Metrolink station.
Photographer: Daniel Lobo


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# About ULI Advisory Services

**THE GOAL OF THE ULI ADVISORY SERVICES** program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfield redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's advisory services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a three-day panel assignment is intensive. It includes an in-depth briefing composed of a tour of the site and meetings with sponsor representatives; hour-long interviews of key community representatives; and a day of formulating recommendations. Long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI's five-day panel assignments are able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academics, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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# Acknowledgments

**THE PANEL WISHES TO THANK** not only the primary sponsors of this Advisory Services panel—the San Bernardino Associated Governments (SANBAG), the Southern California Association of Governments (SCAG), and the California Department of Transportation (Caltrans)—for their tremendous support of this project, with excellent informational and logistical resources, but also all the people who through their committed efforts made the process for the project possible.

Appreciation also goes to all the interviewees—residents, developers, businesspeople, consultants, and nonprofit and government staff members—who participated in the project, helping the panel members understand the reality facing the county, region, and development around the Metrolink system in order to craft informed recommendations. The enthusiasm and commitment of the interviewees were impressive and vital to the success of this effort.

The panel extends special thanks and recognition to the following individuals who were critical in supporting the panel's work: Ray Wolfe, SANBAG executive director; Tim Byrne, SANBAG chief of planning; Steve Smith, SANBAG planning director; and Steve Fox, SCAG senior regional planner. The panel also thanks the staff of Gruen Associates and HR&A, in particular Elaine Carbrey, Judy Taylor, Amitabh Barthakur, and Meghna Khanna.

Finally, the panel would like to acknowledge ULI Orange County/Inland Empire. That ULI district council is proactively demonstrating its support to the San Bernardino area and is showcasing leadership in addressing regional and local development issues. Its engaged members represent a valuable resource in continuing to support developing the efforts recommended by the panel and other related challenges to foster thriving and sustainable communities for the residents of San Bernardino County, and all the people engaged in its development.

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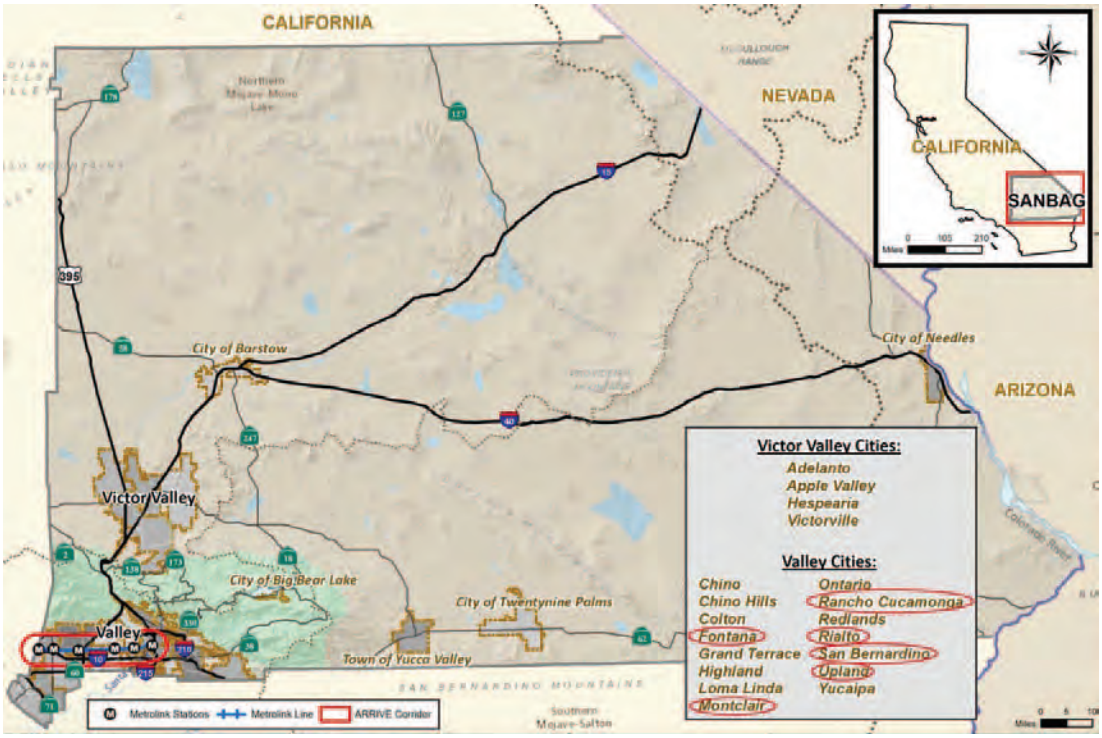
# Foreword: The Panel's Assignment

**THE FIFTH-MOST-POPULOUS COUNTY** in California and the largest in the United States, San Bernardino County is part of the Inland Empire, a term commonly used to refer to the U.S. Census Bureau's Riverside–San Bernardino–Ontario metropolitan area. With a population of about 4.3 million and an area of more than 27,000 square miles, this metropolitan area consists of Riverside and San Bernardino Counties. It sits adjacent to the Los Angeles metropolitan area, which the U.S. Census Bureau combines with the Inland Empire into one larger region known as the Greater Los Angeles area with a population of over 17 million.

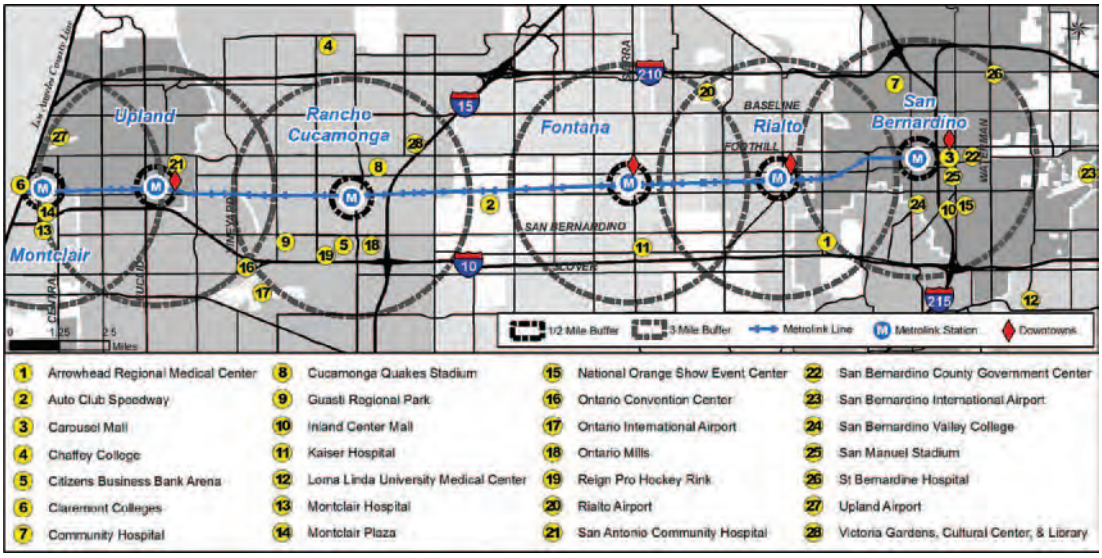
The Inland Empire has evolved from its agricultural past through the 20th century with rapid population growth, resulting in residential, industrial, and commercial development. In the past 30 years, it has doubled in population, becoming the iconic suburban bedroom community, with low housing costs and a high proportion of its population commuting to other counties for work.

The county's current land use pattern concentrates population in the San Bernardino Valley corridor southwest of vast areas of thinly populated deserts and mountains. The corridor, with a population of almost 1 million, is served by multiple freeways (Interstate 10, Interstate 15, Interstate 215, and State Route 210). In addition, multiple transit providers (bus and rail) serve the corridor, including the San Bernardino Line of the Metrolink commuter rail system.

Metrolink is a large rail system serving the Greater Los Angeles Area and consists of seven lines and 55 stations operating on 388 miles of rail network in Los Angeles,




*Corridor regional context: San Bernardino Associated Governments (SANBAG) and San Bernardino County and member cities. The ARRIVE corridor is located in the southwest corner of the county.*




*The ARRIVE corridor: major destinations.*

Orange, Riverside, San Bernardino, and Ventura counties, as well as Oceanside in San Diego County. It connects with the Los Angeles County Metro Rail system, the San Diego Coaster commuter rail, the Sprinter light-rail services, and Amtrak's Pacific Surfliner, Coast Starlight, Southwest Chief, and Sunset Limited intercity rail services. Multiple bus lines serve most of the Metrolink stations, with ridership at some stations exceeding those for Metrolink.

The San Bernardino Associated Governments (SANBAG) has focused on the San Bernardino Line of Metrolink to develop a Regional Rail/Land Use Vision and Implementation Strategy for the San Bernardino Metrolink Line Project (the Advanced Regional Rail Integrated Vision–East [ARRIVE] corridor) to serve as a blueprint for transitioning this traditional commuter rail corridor to a more integrated transit-oriented development (TOD)/regional rail corridor. Challenges to achieving that vision are numerous and include converting obsolete surrounding land uses, site assembly, needs for new infrastructure, and connectivity with the surrounding community. To assist with analyzing and realizing that vision, SANBAG requested an Urban Land Institute Advisory Services panel to explore the following areas of inquiry:

- Determine how to address barriers, including physical, environmental, and economic;
- Determine how to address the challenge of moving people in the context of the dual use of the track for the movement of goods;
- Provide people with enhanced links to commercial, employment, and residential centers;
- Determine how best to serve as the backbone of an integrated regional transit network with seamless connections at key transit hubs to local transit services;
- Identify policies and incentives to encourage local governments to mitigate barriers to transit-oriented development and to create well-designed, walkable communities with a mix of services near transit; and
- Explore institutional structures that can develop regional system improvements and deliver coordinated, customer-oriented services.

As the ULI Advisory Services panel addressed those questions, it noted that they present a very large scope that once addressed could enable more detailed analyses and proposals focused on different areas within the corridor. Consequently, it focused its efforts on evaluating how to address the current market dynamics, land use plans, and constraints as a means of catalyzing creation of more detailed integrated land use/transit plans for specific locations within the corridor.

# Summary of Challenges and Recommendations

**ENHANCING TRANSIT-ORIENTED** development in the ARRIVE corridor will require a collaborative effort among SANBAG and the six cities within the corridor to, first, acknowledge four contextual challenges and, second, to embark on specific actions in four areas. Those challenges and actions are detailed more extensively in later sections of this report; they can be summarized as follows:

## The Four Challenges

- **Existing suburban development pattern:** Currently, the corridor has no vertical mixed-use development. And there is an extensive amount of vacant land within the urban boundaries of the six cities that will compete with transit-oriented development near the Metrolink stations.
- **Recovering economy:** The region is in recovery from significant effects of the Great Recession for both the housing and job markets. Although recent recovery has been strong, it will need to continue for the market to support new development around the Metrolink stations.
- **Conversion of existing uses around the stations:** Vacant sites around the stations are relatively small or confined, and developed sites frequently have multiple owners that are reluctant to give up rental income from existing uses to sell for higher-density mixed-use development. Sites that are converted or assembled around the stations will likely be more expensive to develop than the vacant land along the more vacant northerly corridors.
- **Metrolink cost and service deficiencies:** Metrolink is relatively expensive to use, with scheduling difficulties with connecting buses. It also lacks easy connections to nearby economic hubs, such as Ontario International Airport, hospitals, and employment centers.

## Recommended Implementation Strategies

- **Create place making:** The transit connection at the Metrolink stations is insufficient to overcome the challenges of suburban development patterns, a relatively weak economy, and Metrolink service deficiencies. SANBAG must catalyze action at the city level to foster place making that changes the land use around the stations to produce higher density, more connectivity, and greater concentration of interesting uses.
- **Address the gap between market and costs:** The market in the San Bernardino Valley is not strong enough to support the costs of higher-density, transit-oriented development around the Metrolink stations, especially where those costs include the expense of additional infrastructure to address the place-making goal. SANBAG needs to direct resources to address that gap between market and costs.
- **Empower the cities:** Although SANBAG can provide leadership and help catalyze change, the cities will be on the front line of implementation. SANBAG needs to help the cities with specific planning processes, infrastructure financing, and organizational expertise at crafting the public/private partnerships necessary for transit-oriented development to occur.
- **Collaborate on implementation:** In addition to empowering the cities, SANBAG needs to foster a more collaborative decision-making ethic on many fronts. Here are some key areas of collaboration:
  - Greater outreach and collaboration between the cities and the private sector;

- Partnership with SCAG on funding allocations to transit-oriented development;
- Greater coordination of the multiple transit providers; and
- Greater involvement of the cities in a regional economic development entity.

The remainder of this report details the challenges and strategies.

*ULI Advisory Services panelists and staff address the ARRIVE sponsor briefing.*

# Key Strategic Issues

**THE ARRIVE PROJECT STRIVES** to create a detailed implementation plan for bringing more transit-oriented development (TOD) to the easterly six stations of Metrolink's 55-mile San Bernardino Line, which connects Los Angeles's Union Station to San Bernardino. The San Bernardino Line has a total ridership of 12,000 daily boardings, 26 percent of Metrolink's daily total and the largest of Metrolink's seven lines.

The six Metrolink stations in San Bernardino County make up the most easterly 25 miles of the line and are located in the following six cities:

- Montclair
- Upland
- Rancho Cucamonga
- Fontana
- Rialto
- San Bernardino (Santa Fe Station)

With the one-mile extension into downtown San Bernardino that is under construction, a seventh station will be added in the county.

The six Metrolink cities in the ARRIVE project have a total population of about 800,000; with adjacent Ontario, the population of the corridor is about 970,000. However, total boardings at the San Bernardino County stations are relatively low, only about 3,500 daily. In addition, 90 percent of those riders arrive at the stations by car. The low ridership and high car access both highlight the scarcity of residential development adjacent to the stations and the difficulties that are described below with Metrolink's schedule and locational coordination with bus service. Also, as mentioned earlier, an additional aspect to note is that multiple bus lines serve the majority of the Metrolink stations, with some stations exceeding bus ridership over Metrolink.

In the dual role of county transportation commission and authority, SANBAG brings significant resources to the ARRIVE project, as described in the text box on SANBAG. In addition to allocating state and federal highway and transit funds for the county, SANBAG also administers the $5 billion Measure I sales tax funds, three-quarters of which are expected to be allocated to the cities in the San Bernardino Valley, which includes the six Metrolink station cities and adjacent Ontario.

## The ARRIVE Study

ARRIVE—for Advanced Regional Rail Integrated Vision–East—is a study sponsored by the San Bernardino Associated Governments (SANBAG), with funding from the Southern California Association of Governments (SCAG) and the California Department of Transportation, to develop practical strategies for transitioning the San Bernardino Line, over time, from a traditional commuter rail corridor to a more integrated transit-oriented development/regional rail corridor.

Governments SANBAG Working Together

Caltrans

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## SANBAG

The San Bernardino Associated Governments (SANBAG), the county transportation commission, supports freeway construction projects, regional and local road improvements, train and bus transportation, railroad crossings, call boxes, ride sharing, congestion management efforts, and long-term planning studies.

In addition. SANBAG is responsible for the administration of the county voter–approved Measure I (2010–2040) half-cent sales tax. Measure I is projected to raise over $5 billion in today's dollars, 75.6 percent of which is expected to be invested in San Bernardino Valley projects (where the ARRIVE corridor is located). Of San Bernardino Valley's share, about 18 percent is projected to go toward transit-oriented projects (8 percent for Metrolink/rail, 8 percent for transit service for seniors and disabled persons, and 2 percent for express bus/bus rapid transit service).

SANBAG also allocates state and federal funding for highway and transit projects.

The ARRIVE project faces at least four significant challenges to creating more urban, TOD patterns around the San Bernardino Line Metrolink stations.

- **Predominant suburban development:** The six cities in the ARRIVE project are part of the Inland Empire (the Riverside–San Bernardino–Ontario metropolitan area) with a total population of about 4.3 million. The region's population has increased by 95 percent since 1988, with a similar increase in employment. Although the Inland Empire has a strong logistics sector and pockets of office development, the area has developed largely as the iconic suburban bedroom community, with many workers commuting to the high-employment, high-housing-cost areas of Los Angeles and Orange County. That development pattern will likely continue in the San Bernardino Valley with the extensive amount of vacant land available for development in the northern two transportation corridors of State Routes 210 and 66. In fact, during its tour of the six Metrolink cities, the panel saw no examples of vertical mixed-use development, an indication that lower-density suburban development continues to predominate.
- **Jobs and housing:** The region has a weak housing market, and its economy is still recovering from the Great Recession. Housing prices are relatively low: the median house price is about $251,000, compared with Los Angeles's $510,000. In addition, conditions in the Inland Empire housing market have been difficult; in 2010, it was the fourth-ranked region nationally in foreclosures. Although last year's median house prices increased by 24 percent, the region's housing market is still climbing out of the Great Recession.

  The region experienced almost 150,000 job losses (about 8.5 percent of total jobs) with the Great Recession; construction jobs constituted almost 45 percent of that number. The region has the lowest jobs-to-housing ratio of southern California metropolitan areas, with about 0.9 job per occupied residence compared with the southern California average of 1.26. Only about 14 percent of the lost jobs have been recovered, though unemployment has declined to about 9.5 percent, having reached peaks of 15 percent since 2008.
- **Conversion of historical land use patterns around the station:** Development around the six Metrolink stations will involve converting or assembling sites currently occupied by historical uses, such as packing sheds and processing plants that clustered around the freight line that still operates on the tracks used by Metrolink. Vacant sites around the stations are relatively small or confined. There are, of course, multiple owners, many of which may be unwilling to give up rental income from existing uses to sell for higher-density mixed-use development. Added to the challenge of converting or assembling sites around the stations is the fact that more urban, transit-oriented development will be more expensive to build than development on the vacant land along the more northerly corridors.
- **Metrolink cost and service deficiencies:** Metrolink itself has operating characteristics that are challenging: it

is relatively expensive to use, it has difficulty with schedule and location coordination with connecting buses, and it does not connect easily to nearby economic hubs, such as Ontario International Airport or nearby hospitals and employment centers.

Added to those four major challenges is the reality that each of the six stations has very different market, regulatory, and site availability conditions. Residential and commercial rents are highest around the western stations and decline significantly east of Rancho Cucamonga. Entitlement requirements and the clarity of specific plans vary by city. Each station area has different availabilities of opportunity sites and different needs for converting old uses into more viable ones. Clearly, strategies in each city will need to be tailored to respond to the unique context around each station.

The ARRIVE project has just started and has finished its first phase of information gathering. In preparation for the project's proceeding to craft implementation strategies, SANBAG asked the Urban Land Institute Advisory Services panel to provide recommendations for advancing the goal of increasing transit-oriented development at the easterly six or seven San Bernardino Line Metrolink stations. Specifically, the panel was asked to address the following questions:

- What is the development potential in each of the station areas, and what corridor-wide development strategy might be employed to give the entire corridor the best opportunity for success?
- Barriers exist to development of significant TOD around the existing San Bernardino Line Metrolink stations. What is the spectrum of barriers, and how can each of those barriers be overcome? What will be the financial, institutional, and policy requirements?
- What transit service and nonmotorized access improvements are required to address first-mile, last-mile access needs associated with TOD implementation along the corridor?


*The Metrolink system with the ARRIVE corridor boxed in red.*

- What mix and density of uses would complement the characteristics of each station area?
- How should TOD within this corridor relate to development on the San Bernardino Line within Los Angeles County?
- How can the benefits and costs associated with TOD projects along the corridor be evaluated?
- What interrelationships between service improvements and land use changes are needed to optimize the efficiency of the Metrolink service and to increase ridership?
- How might the strategies in the San Bernardino corridor be applicable to other commuter rail corridors in southern California?
- On which population sector(s) should station-oriented developments focus—millennials, families, seniors, or all?
- What sorts of amenities are needed to accommodate the targeted sector(s)?

*The Pacific Electric Bike Trail.*

- What infrastructure changes are necessary for the Metrolink Line?

As the panel considered those questions, it identified four strategic issues that encompass the questions and create a framework for the ARRIVE project to organize its efforts from that point forward. Specifically, the four areas are (a) creating value through place, (b) addressing the gap between market and costs, (c) empowering the cities, and (d) collaborative implementation. The panel's recommendations are organized around those four strategic issues and are set forth in the sections that follow this summary and that discuss each issue in more detail.

## Creating Value through Place

Success in achieving transit-oriented development at the Metrolink stations requires more than just having a transit connection. It will depend on creating value with the character of development, character that will differ from the suburban low-density development patterns in the two northern transportation corridors of State Routes 210 and 66. For TOD around the Metrolink stations to succeed, it must create a livable place with amenities and connections to surrounding uses. It must compete effectively not just with nearby suburban low-density development but also with more livable mixed-use neighborhoods in the higher-density nodes to the west. The "Place Making" section of this report describes principles and practices that should be applied to value creation around the stations.

Place making around the Metrolink stations goes beyond what private development will create; it also requires creating an urban fabric that has connectivity infrastructure vital to livability. The Pacific Electric Bike Trail running between Montclair and Rialto is a perfect example of that type of infrastructure. The "Collaborative Implementation Strategies" section discusses the need for that type of infrastructure financing using regional funding sources to help achieve livability and place making around the stations.

And although the transit connection is not in and of itself a sufficient value creator, improving the transit will be a necessary part of the value creation process. The need for improvement means addressing the operational deficiencies of Metrolink. Here are some:

- Metrolink is a relatively expensive transit option; for example, the round-trip fare from San Bernardino to Union Station is about $26.50, for many, a more expensive fare than the comparable cost of driving the 110-mile round-trip. Shorter trips within the study area also present a significant cost; for instance, an adult return trip between Montclair and San Bernardino is $17.50.
- The San Bernardino Metrolink Line runs 38 trains per day, with very good service frequency for a commuter rail line but not as frequent as light-rail or heavy-rail systems.
- Metrolink has poor connections with Omnitrans bus services at the Upland, Rancho Cucamonga, Rialto, and San Bernardino stations. As an example, bus passengers connecting to Metrolink in Upland must walk two blocks to the train station, because access to the station is limited by the street pattern.
- Metrolink does not connect to economic nodes of activity, such as Ontario International Airport, hospitals, or other employment centers.

Some of those deficiencies derive from the fragmented decision making for Metrolink connectivity, a problem that has been highlighted on other Metrolink lines as well. Another deficiency concerns limited track capacity, an issue that SANBAG and Metrolink are working to address. Others relate to limited resources, street patterns, or jurisdictional competition. The "Collaborative Implementa-

tion Strategies" section of this report suggests approaches to defragmenting the decision making and creating more collaborative problem solving.

Job creation is another aspect of creating value through place. Mixed-use development around the Metrolink stations holds huge potential for creating locations that will attract jobs involving the new economy and will bring higher-paying jobs to the San Bernardino Valley. But being effective at attracting new-economy jobs will require a more collaborative approach to economic development than exists today. The cities need to be more involved, and there needs to be greater focus on regional competitiveness instead of jurisdictional competition. The "Collaborative Implementation Strategies" section of this report suggests a more regional approach to economic development.

Montclair is embarking on exactly the approach that the panel feels is vital for TOD in the Metrolink corridor to succeed. The city is working with private landowners to connect the old retail center, Montclair Plaza, to the Metrolink station area with a public plaza. Rancho Cucamonga has the potential for accomplishing similar place making in working with Lewis Homes on the mixed-use development conversion of the Empire Lakes golf course.

## Addressing the Gap between Market and Costs

As shown on the graph provided, market rents for residential units in the Metrolink San Bernardino corridor are relatively low and generally decline from west to east.

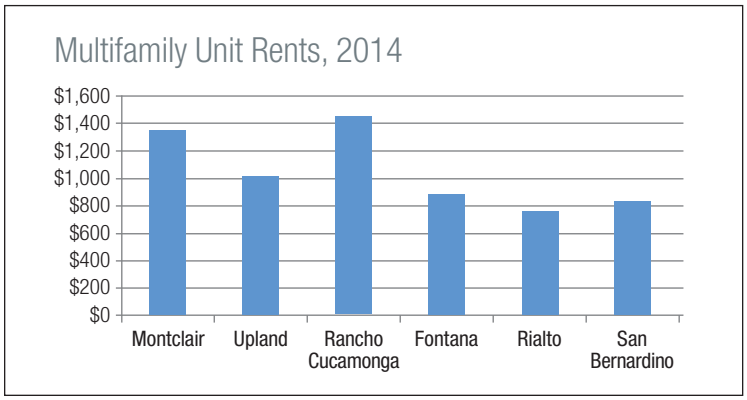
The relatively low rents, especially those in the lower-rent markets, have significant implications for the financial viability of mixed-use transit-oriented development. The panel analyzed the economics of development around the stations on the basis of market and cost data. For most of the stations, the market is simply not strong enough to create projects with enough value to cover their cost of development. With the added costs of place-making amenities, it is clear that some source of "gap" funding will be needed for TOD around the stations to succeed. In other words, creating place around the stations will require development that is more expensive to build than competing greenfield development in the corridor, especially with the need to assemble multiple parcels and clear historical, obsolete uses. The value created must be high enough to support the higher cost, or a source of available outside financing will be necessary to cover the gap between market value and cost of development. Mechanisms to address the issue of financial viability will be needed for that conversion to mixed use to succeed. The panel's recommendations on gap funding are described in more detail in the "Financial Viability" and "Collaborative Implementation Strategies" sections.

## Empowering the Cities

As catalytic as the ARRIVE project can be, the cities will be the ones on the front lines of implementation, entitling projects and creating the specific plans under which private investment occurs. Regional leadership and resources will be vital, but they need to focus on empowering the cities to be effective implementers.

Four critical dimensions will determine the cities' success in attracting more TOD: (a) strengthening their specific plans for place making, (b) streamlining the entitlement process for TOD, (c) having access to regional resources for upgrading specific plans and addressing the financial gaps of TOD projects, and (d) negotiating effective public/private partnerships.

Although each city in the ARRIVE study has adopted a specific plan for the areas around the Metrolink stations,



the panel suggests that the cities examine those plans to ensure that they address the place-making opportunities for creating value around the stations. Connectivity, mixed uses, and livability are all issues that should be considered.

Creating value through place also requires addressing the risk profile of entitlement processing, so that developers and investors are attracted to the station areas. The predevelopment process (typically, entitlement and design before construction begins) is the development phase in which a developer has the highest risk of losing money. A development opportunity that requires years of environmental review and numerous steps in rezoning or general plan amendments will cause developers to shun that opportunity for less risky opportunities. The Metrolink cities can address that risk profile by working with their communities to take their specific planning process to a point at which developers can proceed straightforwardly to design approval and a building permit.

With the loss of redevelopment funding, regional resources will be critical to the cities' success both in enhancing their specific plans for place making and streamlining and in funding place-making infrastructure and the gap between market value and the financial viability of development projects.

Finally, because of the need for financial gap financing, the cities will likely engage in public/private partnerships that address the viability of projects. The ARRIVE project could assist in building the capacity among both policy makers and professional staff to be able to craft responsible public/private partnerships.

The panel lays out its recommendations for enhancing specific plans, streamlining the entitlement process, allocating regional resources, and building capacity in the "Empowerment of the Cities" and "Collaborative Implementation Strategies" sections of this report.

## Collaborative Implementation

As noted already, the panel identified several issues in the corridor that appear entangled with fragmented and competitive decision making or for which greater collaboration could result in more effectiveness.

As a starting point, Metrolink cost and connectivity need improvement. In addition, the panel senses that the cities and real estate developers and investors appear isolated from one another, resulting in a lack of idea incubation and cultivation. As described in the "Financial Viability" section, there will clearly be a need for identifying regional financial resources for better planning and for contributing to the economic viability of transit-oriented development. Finally, and very important, economic development in the corridor is fragmented with seven cities, including Ontario, operating separately from one another and the county nominally taking lead.

On the basis of those observations, the panel sets out in the section titled "Collaborative Implementation Strategies" five areas for enhancing collaborative activity in the corridor:

- **Improve coordination among the multiple transit service providers:** The panel suggests working to increase the effectiveness of the overall transit experience through improved coordination of the multiple transit service providers, including the following:
  - Omnitrans connections
  - Silver Streak BRT express service
  - Gold Line (future extension)
- **Emphasize intracounty transit services:** Transit connections from Metrolink to economic nodes, such as Ontario International Airport or the numerous hospitals in the region, are lacking. Efforts such as the future restructuring of service by Omnitrans may help in this direction and require support. In addition, a significant area of collaboration appears to be the need to involve the city of Ontario more fully in transit decision making.
- **Increase collaboration between municipalities and real estate developers:** The panel was struck by the lack of developer participation in the ARRIVE project.

SANBAG and the cities need to break down barriers to discussion and foster cross-fertilization of ideas with the development community.

- **Identify creative financial resources:** With the loss of redevelopment funding, gap financing to create financially viable mixed-use transit-oriented development will come from regional, state, and federal sources. SANBAG and SCAG could assist in seeking resources for the cities to use in leveraging private investment. The One Bay Area Grant Program operated in the San Francisco Bay area could be a model for that kind of investment. Such funding could be used for site assembly or for gap financing within a public/private partnership.

  Another suggestion that should be pursued is the possibility of a "greenfield" tax, where developers of vacant land areas of each city pay a development impact fee that could go toward place-making facilities adjacent to the Metrolink stations. Such a fee would be for public facilities, such as bike trails, plazas, and parks.

- **Establish a regional economic development entity:** The panel perceived a significant need for greater collaboration involving economic development. The region is far too dependent on construction and retail service jobs and needs to bring in higher-value jobs. Job development in the corridor is a key objective for creating a better quality of life and for completing the transition of the region to a new economic base. And yet it appears that the seven cities (including Ontario) have no forum for cooperative/collaborative action on economic development and, instead, rely on the County Office of Economic Development. The reality today is that economic development is a competition among regions, and the seven cities and the county in the ARRIVE corridor need to act more collaboratively to compete effectively with other regions.

# Analysis and Recommendations

**THE PANEL APPLAUDS SANBAG** and its partner sponsors for initiating the catalytic ARRIVE project. It addresses some of the fundamental land use and economic issues of the region. Success at achieving transit-oriented development around the Metrolink stations will also create success in quality of life, economic vitality, and community building for the region as a whole.

The panel's recommendations in the four strategic areas of place making, financial viability, empowerment of the cities, and collaboration are summarized below with seven "to-do" items:

- Identify and solicit regional resources and grants from SANBAG (for infrastructure) and from SCAG, the state, and the federal government to fund specific planning by the cities, place making, infrastructure, and gap financing of TOD projects;
- Focus on place making; help the cities improve their specific plans to create urban fabric, mixed uses, and connectivity;
- Streamline entitlement for TOD around the stations;
- Empower the cities with knowledge about private finance and public/private partnerships;
- Create more collaboration between the public and private sectors on TOD;
- Collaborate on transit connectivity among the multiple providers, and create better connections between Metrolink, other transit providers, and economic nodes in the San Bernardino Valley; and
- Collaborate on economic development.

As a first step toward achieving those seven goals, the panel suggests that the ARRIVE project focus on the following issues and activities:

- Partner with and help each jurisdiction with place making in their specific plans;
- Identify ways to enhance skills and knowledge of policy makers and professional staff on place making and public/private partnerships;
- Work with the jurisdictions to enhance entitlement streamlining for TOD around the stations;
- Create more access to market data and property owner information for development;
- Pursue options for enhancing collaborative work between the public and private sectors on TOD around the stations;
- Examine and implement ways to create regional collaboration on economic development;
- Examine and implement ways to create more collaborative decision making on transit connections and service provision; and
- Identify and implement regional funding sources for
  - planning grants to upgrade specific plans,
  - place-making infrastructure, and
  - gap funding sources.

The panel believes that the San Bernardino County Metrolink corridor has the potential for achieving a higher quality of life through an open and collaborative process involving multiple jurisdictions and commitment of needed

resources. The panel offers its suggestions in the hope of shaping that effort to become more effective.

The remainder of this report documents the panel's analysis and recommendations.

# Place Making

**TRANSIT CORRIDORS WITH A HIGH RIDERSHIP** attract investment in higher-density development with a range of amenities and connection to the surrounding urban fabric by virtue of the value that the transit itself creates. But is a transit station with low ridership enough to catalyze a neighborhood's revitalization and to create transit-oriented development? Probably not, especially in a market where competing development offers amenities and livability superior to what is easily obtained around the transit station. That is the essence of the challenge faced by the ARRIVE stations.

Although the six stations along the ARRIVE corridor each face different circumstances and will require different strategies to achieve TOD, they all present different stages of integration with the Metrolink system. A significant challenge lies in understanding each of the six stations along the ARRIVE corridor next to the other stations that suffer from low ridership and from difficulty in competing with the suburban development along the 210 and 66 corridors with regard to convenience, amenities, and livability factor. The ARRIVE stations themselves do not currently generate the high ridership numbers required for future TODs. Each station, therefore, needs to pursue a strategy responding to the individual circumstances around that station to make it an attractive place to live.


GREATER PITTSBURGH ADVISORY PANEL

*The same development densities can offer very different approaches to place making. For example, compare transit-oriented development in the top right corner to transit-adjacent development in the lower left corner.*

As the panel examined the planning efforts for each of the stations and its surroundings to achieve higher-density, mixed-use, pedestrian-friendly developments, it concluded that, for the most part, that is, with the exception of efforts in Montclair, the planning strategies lack descriptive qualitative place-making aspects. During the site visits, it became apparent that the current state of the stations and surrounding neighborhoods would require tremendous transformation, since they all fell short in demonstrating a cohesive sense of place. To achieve a successful outcome, there must be a design process that emphasizes place making and quality of space, since those are critical elements for creating a safe community, elements that attract people to live and work in communities with a transit focus.

## Process for Place Making

Designing and strategizing all six station neighborhoods of the ARRIVE corridor cannot be done in isolation. With the workshop schedule constraints and the additional critical information that must be gathered from a public outreach effort, key principal recommendations will be made instead of specific design solutions for each station. The following recommended design process is a general guide to help set a direction and focus for achieving the qualitative aspects of place making.

### Strategic Vision Plan—Regional Scale

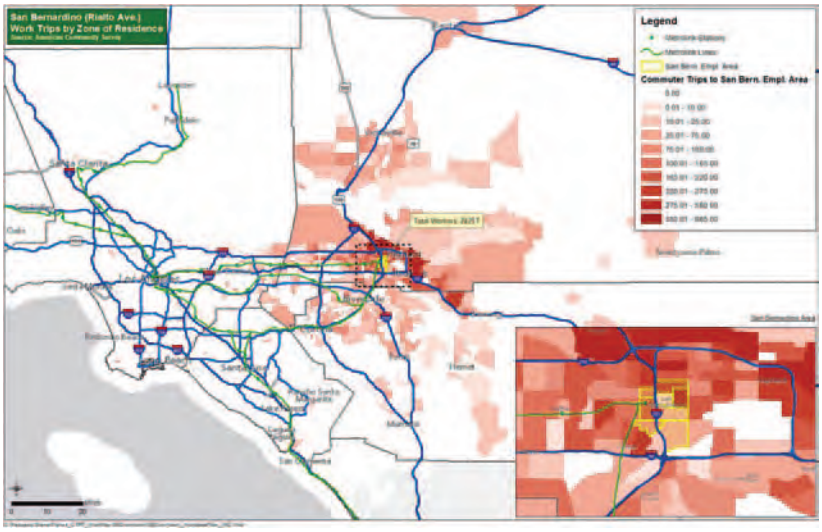
Analyzing and understanding the city and region at multiple scales (scales for the region, the city, the community, and the site) will provide a better understanding of the macro- and micro-issues. At first, the ARRIVE corridor requires an examination and analysis through a larger corridor-wide strategic vision plan. A strategic vision plan executed at the regional scale can be used to initially identify the advantages and disadvantages that may be associated with setting key goals and key challenges from an economic and design perspective. Finding the right balance between the economic realities while striving for a future vision is important.

### Vision Master Plan—City/Neighborhood Scale

The vision master plan is complementary to the specific plan and conveys the overall concept of the place by emphasizing the qualitative parameters of place making. Zooming in on the Metrolink city/neighborhood scale and executing a vision master plan will help test guiding parameters and clarify the qualitative aspects of the concept and the "big idea." The city of Rialto made some positive attempts by initiating a downtown vision and strategic plan, and other cities should study the outcome and determine how best to execute their own vision and strategic plan.

The vision master plan should identify the following key elements:

- The big idea: what the city is trying to achieve;
- The destinations: why come here and where does everyone go;
- A clear urban structure: built and open-space network;
- Connectivity: a pedestrian and bicycle framework and continuity in the transit infrastructure;
- Enhancement of the public realm: the social and environmental context and safety and security; and
- Scale, density, and program: defining the correct balance that is economically viable.




*One of several regional challenges, as pointed out in the sponsor's brief, is the dispersion of origins and destinations that are related to different study areas—for instance, as the San Bernardino (Rialto Avenue) work trips by zone of residence illustrate.*

### Develop the Big Ideas!

A series of previous specific plans and studies for the cities along the ARRIVE corridor examines the cities from land use, zoning, and circulation perspectives. Those are all critical elements for master planning; however, there must be big ideas that support those elements within the master plan.

A master plan synthesizes aspirations and key goals into a framework conveying a proposed vision. Too often, a master plan has all the correct elements but lacks a hierarchy of those elements to convey a clear overall idea. A successful master plan should demonstrate a clear concept vision that is driven by the big ideas. The master plan for all the ARRIVE cities should be able to demonstrate big, transformative ideas as they address the goals.

### Destination (There-There)

Each city has unique qualities that help give it identity and character. Each of those cities may start by identifying its role within the ARRIVE corridor and by determining whether it has the potential to become a higher-demand destination.

The destination is critical to how people experience a city, and the destination is an essential element of a master plan framework in order to make a place work. The typology of the destination must be derived and identified from

OLEG ALEXANDROV

*Santana Row shopping center in San Jose, California, has energized a sense of place through collaborative development that includes 800 residences.*

the market analysis and through a community outreach effort. The destination can be conceived as a built space, open space, programmed spaces, or a variety of different typologies, but people must collectively acknowledge it as a major highlight within the area. Such a special place is often referred to as the there-there, a place that draws people in and where everyone wants to go. Examples of there-there places include Bryant Park in New York City and Santana Row in San Jose, California, a mixed-use retail park square.

JEAN-CHRISTOPHE BENOIST

*Bryant Park in New York City, with its iconic Great Lawn, represents another transformative effort to generate a sense of place. It took a long-term vision and a dedicated commitment to transform and reenergize an open space, resulting in a critical improvement of the urban fabric surrounding it.*

### Emphasis on the Public Realm

The public realm is one of the most important elements within the city. It is where the city is connected socially and economically; it is essentially the glue that brings together the public and private realms. The public realm is where people walk, meet, play, and socialize, and where they become more familiar with their neighborhoods. That public realm is often forgotten, with piecemeal development. However, by examining a city through a comprehensive vision master plan, a cohesive public realm becomes possible. The cities within the ARRIVE corridor should place economic and design emphasis on enhancing the public realm to embrace areas for civic life.

For example, Montclair has elevated its public realm by acknowledging strategies that connect a neighborhood-wide green corridor and street network, tying together the train station and extending north to the Pacific Electric Bike Trail in its specific plan. Montclair has also established basic urban design guidelines that begin to address the character of the neighborhoods through the relationship of buildings and the street.

The following are some key principles to consider for improving the public realm:

- Connect the local open space system with the regional open space network;
- Incorporate a robust pedestrian and bicycle circulation network that connects to the regional system;
- Improve the safety and security of the street by providing adequate lighting;
- Create a street that has a distinct identity to the place;
- Consider the relationship of private and public spaces;
- Provide value by establishing a typology and a hierarchy of spaces; and
- Rethink the relationship of buildings to the street.

### Improving Connectivity

Connectivity is vital for any city. Improving connectivity at the pedestrian and transit level is critical to achieve a more successful transit community. Connectivity must be easy, efficient, and seamless, and people should be able to walk or bicycle to the transit hub from their work, residence, and retail businesses conveniently, quickly, and safely.

A primary issue with connectivity that was found across all the Metrolink stations along the corridor was the inaccessibility to the stations from both sides of the tracks. The stations were often biased to the north or south of the tracks, resulting in difficulty to centralize the station so it benefits from development on both sides. For the stations to be successful, it is necessary to decrease the walking distances to the stations. Therefore, a finer grain of pedestrian paths and efficient network of streets resulting in smaller blocks will help provide shorter walking distances and a better sense of connectivity.

The transit station must be able to accommodate transfer between different modes of transportation without any hesitation. Although stations like Montclair, Rancho Cucamonga, and Fontana had formally planned accommodation for transferring to other modes of transit, other stations lacked the infrastructure necessary to get transit close enough to provide formal areas for transit modal changes.

In all cases, the stations require a better understanding of connectivity to the larger circulation network for pedestrians, bicycles, and transit.

Here are some key principles to consider for connectivity:

- Provide connectivity from both sides of the station tracks;
- Create a finer grain of pedestrian paths and smaller blocks;
- Provide right-of-way street design to accommodate local buses to engage with the Metrolink station;
- Improve operation of connectivity from all modes of transit by providing a design solution to accommodate bus stations even if constrained by space;
- Provide safe connection to a larger pedestrian and bicycle network; and
- Consider a better alignment of bus and train schedules.

*Connectivity—linking the two sides of the railway tracks—is essential for both pedestrians and vehicles to ensure the success of TOD strategies. At the Rancho Cucamonga Station, the two sides of the station are linked by an underground walkway.*

### Balancing Density and Program

Even though the cities along the ARRIVE corridor have attempted to create their respective future development visions, the specific plan and other relevant plans require more emphasis on generating an incentive for living or working in communities that are in proximity to the Metrolink stations. TODs require a concentration of density closer to the transit station in order to shorten walking distances and for a critical mass of destinations. If the market allows them, high-intensity work environment uses will generate more transit demand than residential uses. When considering the density and the concentration of growth and development, it is vital to understand the balance of densities and programs with the best and highest use for the entire ARRIVE corridor, since simultaneous population and employment growth of all the cities along the ARRIVE corridor would be rare.

### Strategies for Guiding Place Making

Place making is a fundamental element in creating a destination for a livable community and in establishing an identity for the place, regardless of whether it is a TOD or a community that is more transit oriented. Place making is how the public realm is shaped, and it is the collective establishment of what is important and what benefits the community. Place making is a process and requires support from designers, the community, stakeholders, and the city, among others. And all can agree without hesitation that a community that is accessible on foot and by bicycle,

that provides amenities and destinations (there-there), that has minimal barriers of connectivity, and that is a safe environment is a better integrated place for people. Public investment, urban design strategies, and specific guidelines are critical to guide plans for the creation of value through place making.

### Public Investment

Place making with an emphasis on elevating the public realm requires public investment. Public investment may come in many different forms, from financial commitments to even community support. The investment in improving the public realm will bring economic benefits that can ultimately increase property and land values, attracting more investment, enhancing walkability and safety, and providing opportunities for more attractive areas for businesses and residences.

Investment in larger collective efforts, such as the Pacific Electric Bike Trail, that bring together the vision of the region and provide an element of connectivity that is integral to the overall vision is fundamental. Those types of incentives for people are necessary for continued improvement, growth of the region, and enhancements for the public realm.

### Urban Design and Urban Design Guidelines

Urban design is about creating strategies that make the connection between people and places to improve the functionality, character, and relationship of the built environment. Urban design is an integral aspect of planning and architecture, especially to communicate the physical form and dimensions of elements that may have an effect on planning policy decisions.

The urban design guidelines help promote quality development and provide a more detailed description to guide the master plan. They can guide a variety of elements, such as the relationship of the buildings to the site boundary, ensuring that the street frontage contains buildings and not surface parking and enforcing the build-to-line regulations; building height and massing; connections and circulation; and other design criteria that are necessary for a vibrant community. Inevitably, the urban design guidelines help communicate the key elements for place making.

# Financial Viability

**AS PLACE MAKING AND A VISION PLAN** are essential in making each station workable, accessible, and walkable from a design perspective, the financial viability of each station area is key to any sustained growth and development along the six-station ARRIVE corridor. Financial viability is the ability of an entity to continue to achieve its operating objectives and to fulfill its mission over the long term. To gain insight into the financial viability of a project, a review of multifamily and retail market data along the corridor is in order.

Market data for apartment rents and retail commercial lease rates along the corridor reveal that all stations and the 2.5-mile market radius of each station are not created equally. For example, traversing the Metrolink corridor from west to east, apartment monthly rents range from $1,430 to $858, while retail commercial rates range from $1.63 to $1.00 per square foot. To see how those rates are viable, the panel selected an apartment pro forma to test the current viability of apartment development along the corridor. From a sampling of apartment complexes at each station, the current average rent is $1.61 per square foot. The

## Pro Forma Analysis

| | Input | Value @ $2.00/sq ft | Market-rate pricing value @ $2.00/sq ft |
|---|---|---|---|
| Revenue | | | |
| Lease rate monthly | | $2.00 | $1.61 |
| Months | 12 | $24.00 | $19.28 |
| Vacancy loss | 5% | $1.20 | $0.96 |
| **Annual $/sq ft rent** | | **$22.80** | **$18.32** |
| Average square feet (corridor average) | | 877 | 877 |
| **Effective income** | | **$19,996** | **$16,060** |
| Expense | | | |
| Operating costs | 30% | $5,999 | $4,818 |
| **Net operating income** | | **$13,997** | **$11,242** |
| Capitalization rate | 5% | | |
| **Capitalized value** | | **$279,938** | **$224,842** |
| Construction costs | | | |
| Hard costs | $150,000 | $150,000 | $150,000 |
| Design/finance/marketing | $45,000 | $45,000 | $45,000 |
| Fees | $15,000 | $15,000 | $15,000 |
| Land cost | $36,000 | $36,000 | $36,000 |
| **Total construction costs** | | **$246,000** | **$246,000** |
| Builder profit | $30,000 | $30,000 | $30,000 |
| **Total development costs** | | **$276,000** | **$276,000** |
| **Land residual (per unit)** | | **$3,938** | **–$51,158** |


*Montclair Station and the nearby Montclair Plaza.*

panel then assumed a vacancy loss (5 percent), unit size (877 square feet), operating expense (30 percent), capitalization rate (5 percent), construction cost ($246,000 per unit), and builder profit ($30,000 per unit) and ran the second pro forma using the same assumptions at $2.00 per square foot, which reflects current rents outside and west of the corridor. Those side-by-side pro formas reveal that if construction were commenced in the current development environment and at the current average market rents, a "gap" or loss would result.

The pro formas also reveal a strong indication that some stations along the corridor will be unable to expand at the same growth rate without some financial assistance from outside sources, such as a consortium of county, state, or federal agencies.

Three cities within the region have reached or are close to reaching the economic threshold where development is feasible, and projects have begun within each station's 2.5-mile catchment area. The three cities are Montclair, Upland, and Rancho Cucamonga. Here is what the cities have accomplished thus far.

### Montclair

The Montclair Station/Transit Center sits just a half mile north of Montclair Plaza, which, with the recent announcement in February 2014 of new ownership by the CIM Group, the mall is anticipated to regain its status as a regional catalyst for new retail and residential development. With respect to the station area proper, development has already begun with the recent completion of the Paseos at Montclair, a 385-unit apartment complex at the area located between Arrow Highway and Monte Vista.

In addition, across the street (on the north side of Arrow Highway), construction has begun on a 129-unit for-sale residential development by Meritage Homes. That development will consist of 99 attached units and 30 small-lot detached homes.

With all that development activity though, there has yet to be a fundable plan that would further expand the platform foot traffic from the station to Arrow Highway and onto Montclair Plaza. Efforts to seek local funds are not anticipated until 2022, and federal funds are thought not to be available until 2026.

### Upland

The Upland Station is only 2.5 miles east of the Montclair Station and just a half mile north of I-10, making the station area easily accessible from Euclid Avenue for commuters. Upland is considered an established city, comprising primarily single-family homes with new residential development priced in the $500,000–$600,000 range. Upland's Historic Downtown Specific Plan definitively lays out detailed land uses and design standards for 210 acres, which are located both north and south of the Metrolink tracks. On the south side just opposite the station platform, land clearing is underway on 9.5 acres for a 209-unit development by Lyon Homes that will include a mix of duplexes, townhouses, and condominiums. That development activity

*Commuters arrive at Rancho Cucamonga.*

is anticipated to energize the downtown and the area immediately around the station.

### Rancho Cucamonga

The third station demonstrating increased financial viability for development around a Metrolink station is Rancho Cucamonga. Located adjacent to heavily traveled Milliken Avenue, the station property is also adjacent to expansive parking lots that accommodate both neighboring office employees and Metrolink commuters. Significant too, the station property on the west abuts the 170-acre Empire Links Golf Course. Discussions are currently underway to potentially change the land use of the golf course to a higher mixed-use density, enabling future development of mixed uses with the vision of a transit village being a major component of the master plan.

*Fontana Station and adjacent housing.*

### Fontana/Rialto/San Bernardino

The three remaining cities along the transportation corridor have each developed an approved specific plan for their respective transit stations. Each specific plan spells out a long-range road map for each city, as well as for each station's development. The vision for those cities' stations must be more long term, as the financial viability, under current market conditions, is infeasible to attract development today. That being said, the timetable could be moved up if an opportunity arose to secure outside funding to supplement the development gap as demonstrated in the earlier pro forma example.

## Additional Considerations to Enhance the Viability of the Corridor

### City's Go-To Book

It was the panel's consensus that although each city has been working closely with SANBAG and SCAG, each needs to develop its own development opportunity profile to enhance its visibility to the builder/developer community. That individual summary of data would give the development community firsthand knowledge of the investment opportunities available within each city.

The good news is the basis for each city's development profile is currently available in existing reports provided by the various agencies. For instance, an August 20, 2014, report titled "ARRIVE Corridor Market Assessment Briefing Book" is an excellent example of each city's regional demographic and real estate profile along the corridor. An important addition to that report would be an in-depth listing of each parcel's ownership in each city and its contact information. Further, that document should be considered the *go-to book* that each planning department of each city can proactively distribute to the development community.

### Improving Metrolink ARRIVE Corridor Ridership

A review of Metrolink ridership statistics over the past six years system-wide and along the corridor has demonstrated a decline in ridership that reached its lowest level in 2011. Although ridership has slightly recovered since 2011 as the economy improved, another dip occurred in


*A ticket-dispensing machine at Rancho Cucamonga.*

2014—particularly along the ARRIVE corridor—which has been attributed to the recent fare increase.

Further, a review of fares in cities and counties with similar metropolitan statistical areas, like Portland, Salt Lake City, Phoenix, and Seattle, reveals that one-way fares are running $2.00–$2.50, whereas one-way fares on the ARRIVE corridor range from $5.25 to $13.25. Although reduced-rate options are available weekdays as are monthly fares for commuters within the current rate structure, significant reductions are limited to those monthly and weekly fares and to passes for senior citizens and active military personnel. A broader program of rate reduction for noncommuter, one-time short-distance riders, as well as the steadfast commuter, must be in any plan to increase ridership along the corridor.

In tandem with the recommendation for a reduced-fare plan to increase ridership is the continued improvement of the bus/rail connectivity with individual stations along the corridor. The best example is Montclair Station, where buses arrive and depart continually. Having that level of coordination and connectivity will increase ridership and will certainly enhance financial viability along the corridor.

### Promoting Urban Design along the Corridor

As the corridor cities gain economic and development momentum, it is important that new development embrace a more urban character through design and architecture in order to more effectively compete with TOD station locations that are positioned west of the ARRIVE corridor. All cities along the corridor must keep in mind that they are trying to attract new residents and future rail transit riders who will be coming from outside their cities and from more urban areas or jurisdictions.

### Path to Financial Viability

Certainly, financial viability is being demonstrated at specific stations along the corridor as markets stabilize and improve, and the development economics are improving to a level that is attracting private investment capital. To further encourage *early* development for station areas that have not yet reached that development threshold, each city, with the close assistance of SCAG and SANBAG, must seek out grants from state and federal agencies, as well as thoroughly explore the formation of public/private partnerships for individual projects, to close the gap in financing projects.

Finally, a number of action items can in the near term help build momentum, encourage development, and ultimately increase ridership:

- Develop a go-to book outlining each city's market data and land opportunities,
- Scrutinize the corridor train schedule for better train–bus connections,
- Continue to promote special trains to coastal locations and sporting events, and
- Encourage cities to embrace urban design and densities as a way to attract new residents and to improve ridership.

# Empowerment of the Cities

**THE ENCOURAGEMENT OF TRANSIT USE** and walkable urbanism along the ARRIVE corridor will require the partnership of and contributions from many entities, including regional planning organizations such as SCAG and SANBAG, elected officials and staff, local landowners and business operators, residential groups, civic groups, end users, and the local and regional communities of brokers and developers. However, even the best-conceived regional planning effort will fail without an empowered staff to coordinate stakeholders and guide implementation. The local jurisdiction retains wide discretion over land use policy and regulation and is generally responsible for maintaining backbone infrastructure that serves the transit catchment area.

Consequently, the panel recommends four discrete areas of opportunity to empower local jurisdictions along the ARRIVE corridor to encourage transit-oriented development. Those areas are (a) visionary plans and a streamlined entitlement process, (b) a focus on place making, (c) increased funding, and (d) increased organizational capacity.

## Visionary Plans and Streamlined Entitlement Process

A visionary plan provides a broad basis for the activities of an empowered jurisdiction. An effective plan has at least four critical attributes:

- **Relevance:** The plan must reflect recent best practices, current critical issues, and reasonable goals. Plans that predate the Great Recession and the dissolution of the California Redevelopment Association are often overoptimistic about future economic growth and available financing resources. Consequently, the "new normal" of reduced economic expectations and resources should be acknowledged. Furthermore, plan policies must be consistent with transit-supporting goals, such as appropriate level-of-service standards and growth management policies that prioritize infill sites.
- **Distinctiveness:** The broad aspirational goals that typify most plans must be tightly framed within a specific context and distinctiveness of the jurisdiction—that is, its geographic, demographic, and economic conditions—to ensure relevance and promote differentiated place making.
- **Local ownership:** The plan must faithfully reflect the contributions of stakeholders. The involvement of key stakeholders helps ensure that plan goals are relevant and distinctive and creates local champions invested in the plan's successful implementation.
- **Action-oriented goals:** Plan goals should rest on a foundation of complementary tactical initiatives that yield both short- and long-term outcomes. Such initiatives should also be aligned with available financing resources. Furthermore, if a plan is linked to an adopted environmental impact report (EIR), it helps streamline the approval process for both public and private investments by bypassing the costly and time-consuming California Environmental Quality Act (CEQA) compliance process.

A visionary plan can yield many benefits that directly stimulate development and transformation within a jurisdiction. A certified EIR with comprehensive mitigation strategies associated with the plan addresses costly entitlement risk, which is often the primary deterrent to private investment. Furthermore, clearly defined by-right uses, development densities, and building envelopes, which minimize discretionary review, reduce investment risk for prospective developers and underwriters. A plan that recognizes and cultivates a distinctive context in the service of place making will attract interest and investment from users seeking


*The Paseos residential project in Montclair.*

an authentic environment in which to live, work, and play. And finally, a visionary plan helps ensure continuity even as staff and officials change.

A visionary plan, which establishes unambiguous by-right development opportunities, should also be accompanied by a streamlined and equally unambiguous entitlement process. That process should include fast-track permitting procedures, which quickly recognize when projects conform to permissible parameters established by the plan, to help minimize entitlement costs and the time required to obtain entitlement.

There are several examples of such plans within the ARRIVE corridor, such as the Montclair Downtown Specific Plan and the Historic Downtown Upland Specific Plan. Those plans are arguably responsible in part for strong development initiatives occurring in those cities.

For example, in Montclair, the plan is tied to an EIR, which has obviated the need for additional CEQA compliance work. That has helped expedite both the Paseos and Arrow Station residential projects. The recent acquisition of Montclair Plaza by the CIM Group is another example. The CIM Group, a well-regarded infill developer, was influenced in its purchase decision by the vision of a higher-density transit node articulated in the Montclair plan (Liset Marquez, "Montclair Plaza Acquired by Hollywood-Based CIM Group," *Inland Valley Daily Bulletin*, February 12, 2014, www.dailybulletin.com/business/20140212/montclair-plaza-acquired-by-hollywood-based-cim-group).

Likewise, in the city of Upland, the Downtown Specific Plan, which is also tied to an EIR, has helped keep the development process on track for several transit-oriented projects during a time of instability and transition in the planning department. The pipeline projects include the proposed Lyon Homes development, which would construct 209 multifamily units just south of the Metrolink tracks, and a proposed adaptive reuse and new construction project that would incorporate one of the city's historic packing houses.

## Focus on Place Making

The local jurisdiction can play a central role in enacting place-making strategies that encourage higher-density development within a transit station catchment area. Strategies may range from low-cost tactical interventions, such as quality-of-life and community building initiatives like a weekly open-air market, to direct developer support for projects that create open space and support walkable urbanism.

For example, in Claremont Village, the city promotes and coordinates a full calendar of public and typically free events, such as farmers markets, artisan markets, and musical performances that activate the areas of downtown near the Metrolink station.

Elsewhere along the corridor, staff members in the city of Rancho Cucamonga have engaged in a comprehensive campaign to convince local officials and stakeholders that increasing residential densities in designated TOD areas is in the city's long-term best interest. That effort—which included tours of TODs in Pasadena, Monrovia, and Santa Clarita—is making the case that transit-oriented development can complement the quality land use patterns and high-income demographics cultivated by the city. Simultaneously, staff members are working closely with interested developers on conceptual plans that comply with that vision, as the staff believes strongly that a successful project could prove the concept and catalyze further high-density development in the city. That campaign will culminate in the coming months as the City Council votes on proposed changes to the city's Development Code.

Even in cities where economic conditions prevent feasible short-term development of higher-density transit-adjacent

uses, staff can play a critical role in preserving future TOD potential by discouraging low-density car-dependent uses, such as warehousing and self-storage. Other place-making strategies that local jurisdictions can engage in include (but are certainly not limited to) the following:

- Formation of business improvement districts,
- Facade improvement programs,
- Marketing programs, and
- Creation of development support services, such as market data resources, lists of available parcels, and contact information of local owners and brokers.

## Increased Funding

For execution of transit-supporting initiatives at the local level, the staff needs more funding—funding that before the dissolution of redevelopment agencies was often provided by property tax increments in redevelopment areas. Other funding challenges for many ARRIVE corridor cities include market conditions that do not support private investment, aging infrastructure, and land use patterns and land costs that favor lower-density development.

Critical uses for that funding in the ARRIVE corridor include land assembly, subsidies to reduce development feasibility gaps, and public financing for construction of supporting infrastructure, such as streets, drainage ditches, and pedestrian and bicycle infrastructure. Specific examples include landownership patterns in downtown Rialto, where parcels are small and ownership is divided across many entities. Consolidation of land into a pad that can accommodate a project of feasible size is a time-consuming and expensive process that serves as a deterrent to private investment. Although local jurisdictions' ability to consolidate land is limited, subsidies to help private developers formulate feasible projects under those conditions can help remove that obstruction.

Furthermore, existing infrastructure supporting pedestrian and bus access is inadequate in several ARRIVE corridor cities, including Rialto, Upland, and San Bernardino. Public investments in streets, parking, utilities, and public facilities can significantly affect the feasibility of infill development by promoting walkable urbanism and ensuring adequate public services.

And finally, infill vertical development at a density sufficient to encourage walkable urbanism cannot be supported by current market rents in most areas along the ARRIVE corridor without some form of subsidy to close the feasibility gap. The cost of high-density construction typically requires rents higher than those found in most of the ARRIVE corridor cities.

## Increased Organizational Capabilities

Implementation of transit-supporting policies and initiatives at the local level occurs in a context of multiple disciplines, including city fiscal policy, urban planning, capital improvement requirements, and municipal finance. Yet many of the cities in the ARRIVE corridor currently operate under fiscal duress, which has steadily reduced staff capacity and capability.

Consequently, some degree of support and training is necessary to strengthen local capabilities, so that staff may better grapple with the opportunities and challenges of encouraging transit-oriented development. That measure would not only increase staff effectiveness in implementing policy, it would also provide metropolitan planning organizations with a means to better align regional goals with local opportunities.

In particular, training in the following four topic areas should be considered:

- Area plan cost and feasibility analysis;
- Evaluation of funding and financing policies and options;
- Application for and administration of funding programs; and
- Negotiation of complex public/private joint ventures.

# Collaborative Implementation Strategies

**THE ULI ADVISORY SERVICES** panel's charge was to provide practical advice on how to overcome barriers to transit-oriented development in the ARRIVE corridor. Several challenges exist, but most have one thing in common: it will require collaborative efforts to ensure long-term success.

However, there are some relatively "quick hits," for example, the conversion of the golf course in Rancho Cucamonga to TOD and mixed use and the purchase and planned upgrade of Montclair Plaza to incorporate mixed uses, both of which are significant opportunities to demonstrate the benefit of such development practices. Focusing resources to accomplish those projects will benefit other communities in the corridor by serving as vivid examples of what can be done.

In the meantime, herewith is a synopsis of efforts that will benefit from collaboration.

### Improve Coordination among the Multiple Transit Service Providers

Ridership on Metrolink will benefit from the inclusion of communities adjacent to the ARRIVE corridor in the planning to better connect north–south transit services to the Metrolink stations. The half-mile radius from the train stations is too rigid and restrictive to reflect the potential for increasing ridership on Metrolink. Many of the potential corridor's major destinations just exceed that distance but represent a potential for increasing ridership if the myriad transit services are better coordinated with Metrolink service. Specifically, transit service to Ontario International Airport and the large employment center in that vicinity should be extended from the appropriate Metrolink stations and coordinated with Metrolink's schedule.

### Emphasize Intracounty Transit Services

The opportunity exists to increase the effectiveness of the overall transit experience in San Bernardino County through improved coordination of the multiple transit service providers, including Omnitrans connections, Silver Streak BRT express service, and the Gold Line (future extension).


*BRT efforts—including the San Bernardino Express, as illustrated by the San Bernardino Transit Center stop servicing the future complex—offer critical opportunities to improve the overall transportation experience.*

In the immediate future, improvements to "intracounty" transit service should be given a higher priority than improvements to the Metrolink as a practical means to improve transit services for the residents of San Bernardino County. That is particularly true in light of the fact that only 20 percent of the San Bernardino workforce has a college education. Given the higher fares, Metrolink ridership consists primarily of professionals traveling to downtown Los Angeles. It is anticipated that that cohort will not grow substantially in the near future; thus, the opportunity to attract professionals to live in transit-oriented developments is slight.

Emphasis should be given to completing the planned extension of the Gold Line into Montclair, with serious discussion and deliberation of future extensions into San Bernardino County to follow. Light rail designed for intracounty ridership will benefit more of those people employed in the lower-wage jobs in San Bernardino County.

### Increase Collaboration between Municipalities and Real Estate Developers

The Great Recession that began in 2008 has had profound implications for commercial real estate development. Increasingly, municipalities will need to rely on public/private partnerships to facilitate beneficial real estate development projects. Reliance on the old regulatory model—in which the municipality generates long-term plans and then tries to implement those plans through regulation—is no longer the best way to accommodate optimal community growth.

Local planners need to become more proactive and reach out to developers to achieve quality development. That paradigm shift is significant, but it is becoming increasingly common throughout the country. Skeptics may ask, "What is the city doing in the real estate business?" In reality, cities have always been key players in real estate by providing the infrastructure and services to support growth and development. With cities facing decreased revenues to support municipal services, it is paramount that cities (a) play a more active role in development to achieve the most efficient design and (b) find additional ways to increase revenues and decrease expenses. Both objectives can be achieved through increased use of public/private partnerships.

An initial step would be to direct SANBAG planning funds to municipal planning agencies to facilitate detailed specific plans for the TOD neighborhoods. The objective should be to have the specific plans prepared to the point where the requirements of CEQA are met.

Municipalities should be proactive in seeking and working with private developers that have previous experience in transit-oriented development. Cities should identify mixed-use TOD projects in other areas that they may be able to replicate in their respective jurisdictions. The panel does not recommend using the request for proposal process, as proposals may be very expensive to prepare, which may deter qualified developers from engaging in the process.

Requests for qualifications—whereby developers submits a standard information package with a specific letter explaining their interest and general ideas for a project—will result in greater response. A follow-up interview can usually identify the best entities to work with. At that point, predevelopment funds could be made available to the selected developer(s) to do some conceptual planning and analysis. SANBAG and SCAG could assist cities in seeking resources for that step.

In addition, local planners should become familiar with available financial resources to help developers fill development cost gaps so as to assist in implementing TOD and mixed-use projects. The following are examples of such programs:

- EB-5 financing;
- New markets tax credits;
- Affordable housing tax credits; and
- Federal and state grants.

### Identify Creative Financial Resources

The loss of redevelopment and tax increment financing powers has created a serious void in California local governments' ability to promote desired transit-oriented mixed-use development and urban redevelopment. That type of development is typically more expensive than greenfield development. Expediting the entitlement process for transit-oriented development that is consistent with the specific plans can reduce the risk and carry cost associated with real estate development and may somewhat level the playing field for redevelopment versus greenfield development.

Efforts should be made to find ways to generate funds for municipalities to acquire land parcels and encourage redevelopment of core areas. Consideration should be given to developing alternative "public" financing tools. For example:

- SANBAG funds could be used to fund a pool to assist with transit-oriented developments that have been identified as consistent with specific plans.
- A "greenfield tax" (impact fee) levied on "easier"-to-develop outlying areas could be used to fund land assembly within designated TOD areas.

The logic behind the greenfield tax is to level the playing field between less costly development associated with fringe urban areas and redevelopment of existing developed areas. With the loss of redevelopment, eminent domain, and tax increment financing tools in California, it is becoming increasingly difficult to assemble land to accommodate viable infill projects, including TOD projects.

### Establish a Regional Economic Development Entity

Job creation is the most significant means for increasing transit ridership and encouraging transit-oriented development around transit hubs. That approach may not immediately apply to Metrolink, as its most effective link is to downtown Los Angeles, and the types of jobs created in San Bernardino County most likely will not attract reverse commuters at current fare levels.

Economic development throughout the nation is very competitive and is typically best implemented by a regional entity. San Bernardino County and the corridor communities need to review their economic development strategy. It appears that the San Bernardino County Economic Development Department focuses primarily on workforce development and spends little time on attracting employers to the area.

The municipalities need to work together to attract jobs; jobs benefit an area larger than the municipality in which the employer locates. Several excellent examples of regional economic development agencies already exist and should be studied to determine which model works best for the ARRIVE corridor.

# Conclusion

**SAN BERNARDINO COUNTY** faces an extraordinary opportunity to develop value through place making, and the panel admires and encourages the current efforts undertaken to make it happen.

As outlined earlier in this report, the panel strongly believes that the vision hinges on several action elements:

- Identify and deploy regional resources to fund specific planning;
- Focus on place making;
- Streamline entitlement for TOD around the stations;
- Empower the cities with knowledge about private finance and public/private partnerships;
- Create more collaboration between the public and private sectors on transit-oriented development;
- Collaborate on transit connectivity among the multiple providers and create better connections between Metrolink, other transit providers, and economic nodes in the San Bernardino Valley; and
- Collaborate on economic development.

Accomplishing that vision, adopting the strategies outlined in this report, and engaging the communities involved require dedicated effort and a committed emphasis on sustaining momentum. The sponsors of the panel have demonstrated their engagement to lead the way. The panel hopes that the recommendations and strategies presented in this report will help further sustain the region's effort to continue crafting a thriving future.

# About the Panel

## Charles A. Long

*Panel Chair*
*Oakland, California*

Long is a developer specializing in mixed-use infill projects, including acquisition, entitlement, consulting, and development. He has 40 years of diverse experience in local government and development with an emphasis on economic development, finance, management, and public/private partnerships. Since 1996, he has worked as a consultant to public and private clients on development and management.

Long served for eight years as city manager in Fairfield, California. He has also held interim positions for several cities in finance, redevelopment, and management, including interim town manager of Mammoth Lakes and interim city manager of Pinole and Hercules, California. His assignments have been diverse and have included the negotiation of development agreements, writing of redevelopment plans, pro forma analyses, strategic planning, economic development, organizational development, capital and financial planning, budget reform, base reuse, and alternative energy development. He has overseen over $600 million of public financing in his career.

His work on development is focused in California with an emphasis on public/private partnerships and mixed-use infill.

Long is a full member of the Urban Land Institute. Within ULI, he is a member of the Public/Private Partnership Council and a faculty member of the ULI Real Estate School, teaching both in the United States and internationally. He is also a faculty member in San Jose State University's Urban and Regional Planning Department.

In addition, he has worked on 17 ULI Advisory Services panels, chairing panels in Salem, Oregon; Boise, Idaho; Dallas, Texas; Buffalo, New York; and Pasco County, Florida. He is the recipient of the 2012 Robert M. O'Donnell Award for distinguished service in the Advisory Services program.

He cochairs the Sustainability Committee for ULI San Francisco. In that capacity, he has initiated several reports, including recommendations for streamlining California's environmental review process and a directory of financing sources for building efficiency. In addition, he is building a program titled Real Estate 101 for Public Officials, training a volunteer faculty to teach public officials how to do public/private partnerships. He is the author of the book *Finance for Real Estate Development*, published by ULI in April 2011, and the winner of the 2012 National Association of Real Estate Editors Silver Award.

Long has a BA in economics from Brown University and a master's in public policy from the University of California, Berkeley. He served in the U.S. Army as an infantry platoon sergeant.

## Jerold Franke

*Milwaukee, Wisconsin*

Franke was named president of Wispark LLC, the real estate development subsidiary of Wisconsin Energy Corporation, in August 2000. In that role, Franke has overseen the development of several master-planned business parks in Wisconsin, including LakeView Corporate Park in Pleasant Prairie, GrandView Business Park in Yorkville, and OakView Business Park in Oak Creek. He also led Wispark's development of Drexel Town Square in Oak Creek.

His career with Wispark began in 1988 as director of business development. He advanced to vice president in 1989 and was subsequently named senior vice president in 1998. Before joining Wispark LLC, Franke was vice president for economic development of Forward Wisconsin Inc., the state's economic development marketing organization. Previously, he was director of community development and acting city manager for Janesville, Wisconsin. Before relocating to Wisconsin, Franke served in various planning positions in Des Moines and Waterloo, Iowa.

Franke graduated from the University of Wisconsin–Platteville with degrees in urban geography and economics. He is presently a member of the board of directors for Wispark LLC, Johnson Financial Group, CenterPoint Wispark Land Company, and UW–Platteville Real Estate Foundation.

Franke is active in NAIOP, the national commercial real estate development association. He previously chaired NAIOP's urban redevelopment, mixed-use development, and business-park development forums and served as past president of the Wisconsin chapter. He has also served as adjunct professor at Marquette University, teaching a commercial real estate development course.

Franke is a member of the Urban Land Institute and past president of the Wisconsin Economic Development Association. He was named to *Midwest Real Estate News*'s "Forty over 40" in 2012 and was selected as a Real Estate Icon by the Real Estate Forum in 2013. Franke has been active in many community organizations, including the United Way of Kenosha County (campaign chair). He is past chair of the Kenosha Area Business Alliance, Racine County Economic Development Corporation, and Downtown Racine Corporation.

## Andrew Kaplan

*Los Angeles, California*

Kaplan joined Economic & Planning Systems (EPS) in 2011 to open and lead the firm's Los Angeles office, its fourth after offices in Oakland, Sacramento, and Denver.

EPS is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, and economic revitalization. The firm excels in preparing objective and concise analyses that disclose risks and effects, support decision making, and provide solutions as part of multidisciplinary land planning efforts. At EPS, Kaplan has led several projects concerned with economic feasibility, fiscal impacts, and financing strategy for transit-oriented development in the southern California region.

Prior to EPS, Kaplan was a project developer for Forest City Enterprises, a national developer of retail, office, residential, and specialty real estate, where he oversaw an initiative to develop retail and commercial centers in Hispanic communities. He has also worked as a management consultant for PricewaterhouseCoopers Consulting and IBM Business Services, focusing on business economics and strategy for clients in the media, entertainment, and telecommunications sectors. In addition, he has worked as a travel writer for Frommer's and the *Let's Go* travel guide series, covering portions of eastern Europe and western Turkey.

Kaplan graduated from Harvard College with a bachelor's degree in Russian history and literature, from Columbia Business School with an MBA, and from the USC Price School with a master's in real estate development.

## Riki Nishimura

*San Francisco, California*

Nishimura is the director of urban strategies for Woods Bagot, a global design and consulting firm, working across studios in North America, Australia, Asia, the Middle East, and Europe with a diverse portfolio spanning more than 140 years. Its Next Generation Global Studio model allows the firm to work collaboratively across borders, using the latest technology to share design intelligence and strengthen its knowledge base around the world.

Woods Bagot offers services in architecture, master planning and urban design, workplace consulting, and interior design. Its focus is to understand its clients' functional, operational and cultural needs, drawing on Woods Bagot's research and experience to create solutions that work.

Nishimura is an architect specializing in urban design and architecture with a focus on repairing cities. He is based in Woods Bagot's San Francisco office and plays a key role in research focused on design strategies that extend into areas beyond the traditional boundaries of architecture and urbanism while ensuring pragmatic but visionary solutions for his clients. Nishimura's projects all seek a critical balance between visionary design and fiscally responsible economic development to achieve memorable, sustainable, and enduring places for both the public and private realm.

His global experience with projects in the United States, Canada, the Middle East, and Asia is reflected in his award-winning portfolio of ecologically minded projects that range from large-scale mixed-use urban regeneration districts, future cities, and next-generation waterfronts to urban cultural parks, corporate and research and development campuses, university campuses, and institutional buildings. Nishimura has diverse experience, having previously worked with Sasaki Associates, OMA, Harvard University Planning, KPMB architects, and Bruce Mau Design.

Nishimura is a member of the American Institute of Architects and has also been active in the Urban Land Institute for ten years, serving on multiple committees. He is a cochair of the Membership Committee for ULI San Francisco and is a member of the Sustainability Committee. In addition, Nishimura cofounded and cochairs the ULI San Francisco University Outreach Initiative. He has also participated as a review critic at Harvard, Rhode Island School of Design, and Northeastern University.

Nishimura received a bachelor's degree in architecture from the University of Toronto and a master's in architecture and urban design from Harvard University's Graduate School of Design.

## John Shumway

*Newport Beach, California*

Shumway is a principal in the Concord Group's Newport Beach office and has over 29 years of experience in market feasibility analysis for both residential and commercial properties. He has managed numerous engagements focused on strategic planning and highest- and best-use analysis. Those engagements have ranged from large master-planned communities to higher-density mixed-use developments in urban areas.

Shumway is affiliated with numerous professional organizations and is especially active in the Urban Land Institute. He was selected by ULI to participate on the panel that initially developed and published the *Ten Principles for Successful Development around Transit*. Shumway is also the chair of and has participated in the ULI Orange County/Inland Empire Transit-Oriented Development Technical Advisory Program (TAP) panels, including the city of Ontario's Meredith Airport Center and the city of Corona's Transit Village Connection to Downtown. He is a member of the executive committee for ULI Orange County/Inland Empire and is the current chair of all TAP panels for this district council.

Shumway is a frequent guest lecturer before professional and academic organizations, including the University of California, Irvine, and the University of California, Los Angeles. He has also spoken overseas, including a recent lecture to key Japanese homebuilders about expanding market penetration in a downsizing economy. Shumway's other affiliations include the National Association of Home Builders, the Building Industry Association, and the National Association of Industrial and Office Parks.

Shumway holds a BA in business and economics from the University of Oregon.

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