JOINT DEVELOPMENT

"Capital Program funds can be used for a variety of joint development activities, so long as they are physically or functionally related to a transit project and they enhance the effectiveness of the transit project."

This was the essence of FTA's Joint Development policy, which was incorporated into the definition of a Capital Project in TEA-21. Thus, transit capital funding may be used to provide space for day care, senior care, public health, safety and security services, and the transit operator is expected to generate a reasonable return on the space that is made available for these services.

Santa Clara County Transit Authority (TA) requested regulatory flexibility to use excess land (an 11-acre park-and-ride lot) adjacent to a light rail station for a transit/housing joint development project. FTA capital funds were used to make improvements to the park-and-ride lot and provide a bus transfer facility. This investment attracted a private developer to build the housing development, and was projected to generate between $200,000 and $300,000 annually in lease revenues for the transit district. At current interest rates (5%), such a revenue stream has a net present value of between $2.6 and $4.3 million in the first 25 years of the project's life. This does not include fare revenues from increased transit system use.

This project was particularly successful because it attracted the attention of a private land owner next door who ultimately chose to participate in the development. As currently under way, the Ohlone Chynoweth development is now over 17 acres in size, and includes three distinct activity centers around which are built mixed-use retail/commercial space and a variety of medium to low-density housing. All offices and residences will be within walking distance of the light rail station.

ARTIST'S RENDERING OF THE SANTA CLARA JOINT DEVELOPMENT PROJECT AT OHLONE-CHYNOWETH STATION.