

All Aboard

# The Stars Are Aligned for Transit-oriented Development

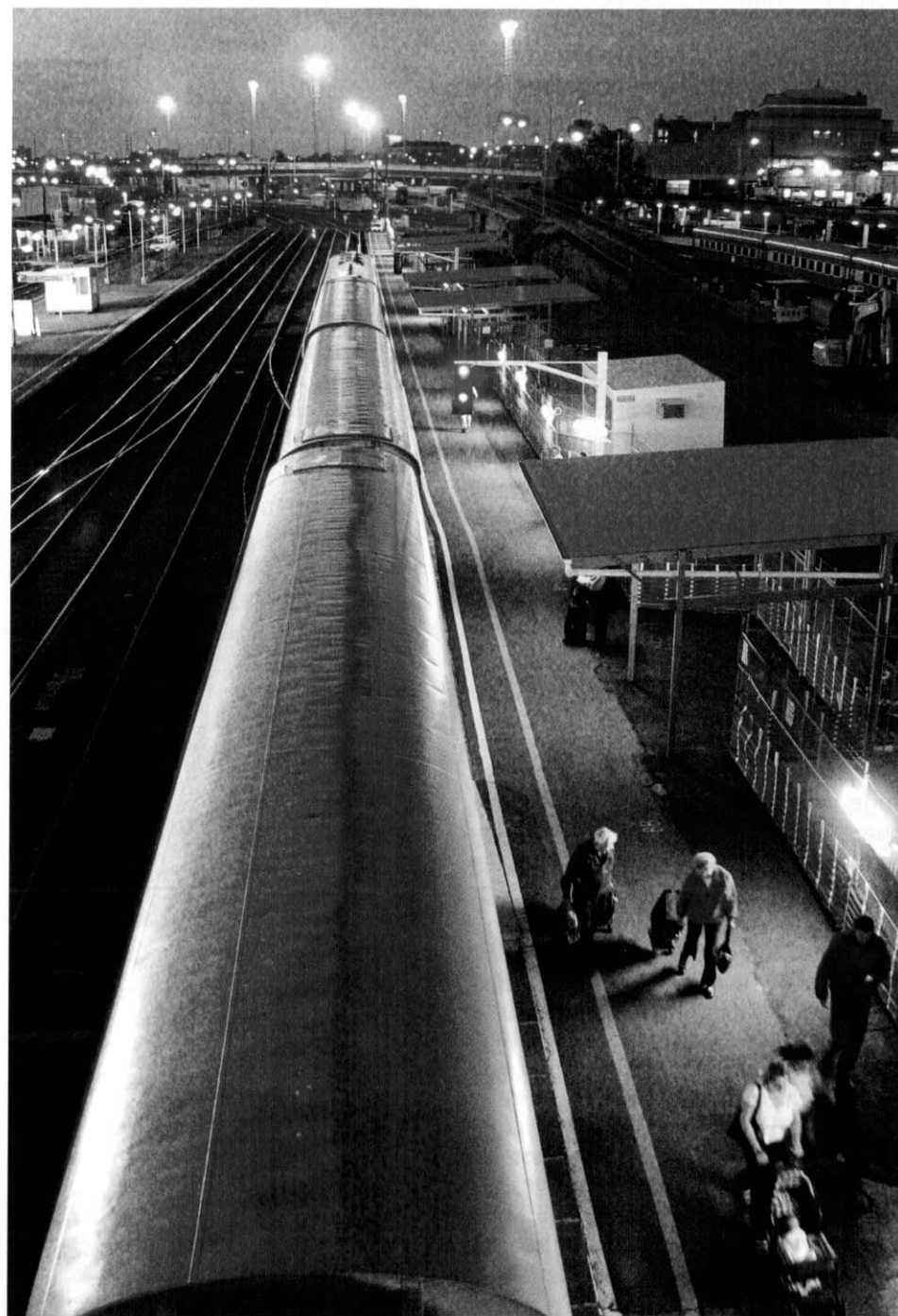


By Martin Robins  
Senior Fellow, Alan M. Voorhees  
Transportation Center

**N**ow is the time for New Jersey's municipalities with rail passenger stations to plan for transit-oriented development. That admonition, forcefully expressed by New Jersey real estate valuation expert Jeffrey Otteau, also applies to those municipalities that have explored transit-oriented development in the past but backed away due to public resistance. For any municipality with a rail station, the evidence for heading in this direction is becoming too compelling to ignore.

NOW IS THE TIME,  
IN THIS PERIOD WHEN  
DEVELOPMENT ACTIVITY  
IS SLOW, FOR MUNICIPAL  
LEADERS, THOUGHTFULLY  
AND OPENLY, TO LAY A  
FOUNDATION TO MEET  
THE NEW JERSEY HOUSING  
MARKET'S FUTURE NEEDS.

The recent federal environmental approval of the Access to the Region's Core project strengthens the case for transit-oriented development within scores of northern and central New Jersey municipalities that will benefit from its improved quality of rail service. Upon the project's completion, all or portions of seven lines with diesel-powered service will be able to offer their customers one-seat, no transfer rides through the existing and future rail tunnels into midtown Manhattan.



**Changing Demographics** As municipal officials consider how they might want to redevelop underutilized property within walking distance of their rail stations, they should bear in mind that the housing market is changing. Several of the of the key assumptions that have shaped the New Jersey housing market after World War II no longer apply to a majority of people who will be looking for housing.

According to Otteau, profound and inescapable demographic and lifestyle shifts are underway. The result is a pressing demand for multi-family housing for small households. This is a shift away from a housing market long dominated by families with children who sought single-family homes in auto-dependent suburban communities with a desirable school district.<sup>1</sup>

Otteau writes that a new majority of households has begun to favor walkable, transit-oriented urban/semi-urban housing for households without children. This lifestyle trend has been reinforced by concerns about rising energy costs and conservation.

According to Otteau, the new demographic majority is composed of two cohorts. First, the 78 million-strong Baby Boomer generation (age 44-62) are fast becoming "empty nesters" who would like to trade down to more manageable living quarters in an urban or semi-urban setting with access to transit. The second cohort, the 75 million-strong Generation Y (age 14-31), is just entering the housing market. They are first time buyers, who are more likely to be childless and are expected to bear children at a later age than their predecessors. This group, according to Otteau, is expressing a clear preference for a more urban lifestyle with access to transit.

Squeezed between the Baby Boomers and Generation Y is the much smaller cohort of Generation X (age 32-43), only 50 million in size. People who live more frequently in traditional family households with children are more prevalent in this generation.

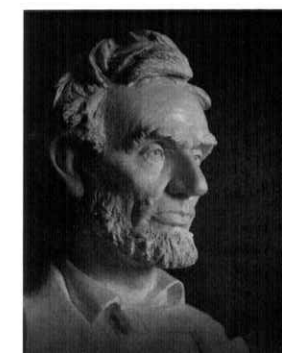
**Affordable Housing** Today, New Jersey municipalities are required to examine their housing supply through the lens of affordable housing. In most cases, they have found an overwhelming number of single-family homes. Irrespective of income, many towns will find their current supply of housing

contains an inadequate supply of multi-family dwellings to meet the demand.

Thus, the combination of COAH's legal requirements for affordable housing and market demand suggests municipalities with underutilized land in their downtowns near train and bus stations may want to consider building transit-oriented, multi-family housing. Making this direction even more appealing, research nationally and in New Jersey has concluded that transit-oriented-development projects generally attract

few families with school-aged children and minimize local traffic impacts because of the availability of rail service for commuting and the ability to walk for many shopping and other needs.

Evidence is available that, in our currently weak housing market, this twin generational market demand is already bolstering housing in rail communities. Otteau has found that residential sales in rail communities are holding up best and should recover the fastest. For example, as of last April, nine of the



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top ten towns in New Jersey with the lowest number of months of unsold housing inventory were towns on NJ TRANSIT's railroad lines with access to Manhattan.<sup>2</sup> The "Top Ten" included towns on the Morris & Essex, Montclair-Boonton, Bergen County and Northeast Corridor lines. The only town on this list without a rail station, Highland Park, is within walking distance of the New Brunswick rail station, an option used by many Highland Park residents.

**Access to the Region's Core** Municipalities throughout northern and central New Jersey should take note that the massive Access to the Region's Core project, the proposed new passenger rail tunnels under the Hudson River, has recently received federal environmental approval. This makes the project eligible for swift funding and start of construction. The project's estimated completion date is 2017. Those involved in municipal master planning should take into account the benefits the massive project will offer them upon completion and even as much as five years earlier.

The main features of the \$8.7 billion project are construction of new twin passenger rail tunnels, a new station adjacent to Penn Station New York under West 34th Street with extensive subway pedestrian links, and a connection in the Meadowlands for direct midtown Manhattan service from Bergen and Passaic counties. Significantly, the project also includes the purchase of a fleet of dual-mode locomotives that can operate on both electrified and non-electrified rail lines.

This new physical plant and rolling stock will permit NJ TRANSIT to more than double the number of peak hour trains between New Jersey and midtown Manhattan, the nation's largest central business district. The facility expansion will permit an increase in the frequency of trains, and therefore the quality of service, for rail travel not only to midtown Manhattan but also for rail travel within New Jersey.

Most pertinent from the viewpoint of transit-oriented development, is that the Access to the Region's Core project will provide a one-seat ride into midtown Manhattan for numerous com-

munities that do not have that today. Only the electrified Northeast Corridor and the electrified portions of the North Jersey Coast and Morris & Essex lines, at this time, are permitted to use the existing tunnels.

These lines, or portions of lines, include the Main/Bergen, Port Jervis, Pascack Valley, Montclair-Boonton west of Montclair State University, Morris & Essex west of Dover, Raritan Valley and North Jersey Coast south of Long Branch. Thus, citizens residing in municipalities such as Ridgewood, Paterson, Westwood, Hackensack, Boonton, Mt. Arlington, Rockaway Township, Plainfield and Asbury Park would now all be able to travel to the Penn Station area of midtown Manhattan without changing trains.

The expansion of the physical plant will also lay the foundation for extending the commuter rail system into several currently inactive service corridors, such as western Monmouth and Ocean counties, West Trenton and eastern Pennsylvania.

Even before the project is completed, corridors in non-electrified territory might benefit from the deployment of dual-mode locomotives by as early as 2012. The availability of such motive power would permit one-seat weekend operations into midtown Manhattan, for the first time, along the entire length of the Raritan Valley Line, from the southern end of the North Jersey Coast Line and from the western end of the Morris & Essex Line.

**Community Outreach** Towns benefited by the one-seat ride service can prepare themselves for these new opportunities. They can determine what types of housing will be in demand in their communities by conducting "visioning" sessions with community outreach.

Early and intensive community outreach is essential to win project support and address concerns, such as increased demands on school and emergency services and traffic growth. Now is the time, in this period when development activity is slow, for municipal leaders, thoughtfully and openly, to lay a foundation to meet the New Jersey housing market's future needs. ▲

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1 Otteau, Jeffrey, "Transit-Oriented Housing—Shelter in a Storm?," Transit-Friendly Development Newsletter, December 2008, Volume 4, No. 3.

2 Otteau, 2008.