

Eugene River Road Economic Study

April 2019

Prepared for: City of Eugene

DRAFT REPORT

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ECONorthwest prepared this report to the City of Eugene as part of the River Road Transit Community Implementation Plan (referred to throughout this document as the “Corridor Study”). The Corridor Study is sponsored by a Federal Transit Administration grant for transit-oriented development.

ECONorthwest received assistance from City of Eugene staff, other consultants involved in the Corridor Study, and several people in the development industry who participated in interviews. That assistance notwithstanding, ECONorthwest is responsible for the content of this report.

The staff at ECONorthwest prepared this report based on their general knowledge of market conditions and on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors’ current opinions, which may change as more information becomes available.

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Table of Contents

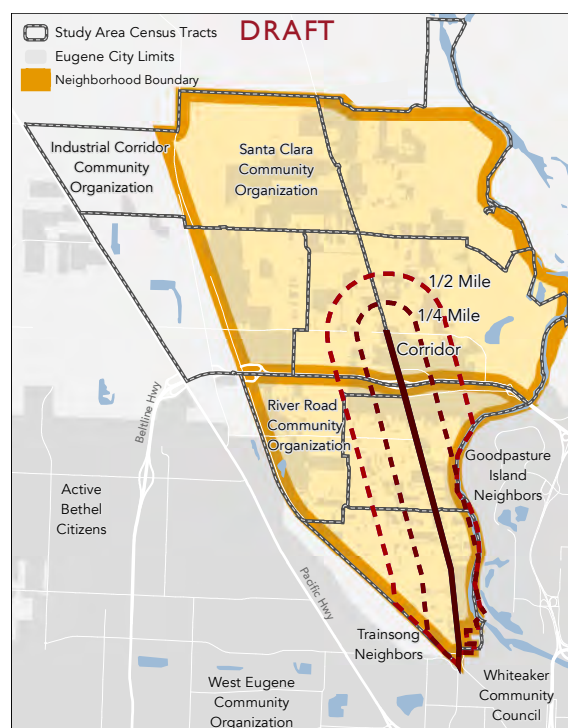
EXECUTIVE SUMMARY	1
1 PURPOSE AND BACKGROUND	5
2 DEMOGRAPHICS AND HOUSING PROFILE	7
INTRODUCTION	7
POPULATION AND GROWTH	8
HOUSING STOCK AND HOMEOWNERSHIP	9
DEMOGRAPHICS	14
COMMUTE PATTERNS	22
IMPLICATIONS	23
3 MARKET CONDITIONS	26
INTRODUCTION	26
SINGLE FAMILY HOUSING MARKET	26
MULTIFAMILY HOUSING MARKET	27
COMMERCIAL MARKET	32
IMPLICATIONS	36
4 LITERATURE REVIEW OF BUS RAPID TRANSIT'S IMPACT ON THE REAL ESTATE MARKET	37
THEORY	37
METHODS	38
FINDINGS FROM RESEARCH ON LTD'S BRT NETWORK	38
SUMMARY OF NATIONAL RESEARCH FINDINGS	40
IMPLICATIONS AND KEY TAKEAWAYS	43
5 CASE STUDIES OF TRANSIT-ORIENTED DEVELOPMENT LINKED TO BUS RAPID TRANSIT	45
TROOST MAX, KANSAS CITY	45
PULSE BUS RAPID TRANSIT, RICHMOND, VIRGINIA	47
IMPLICATIONS FOR EUGENE	48

Executive Summary

ECONorthwest prepared this economic report to inform land use and physical planning for the City of Eugene's River Road Transit Community Implementation Plan (referred to throughout this document as the "Corridor Study"). The Corridor Study will implement the River Road Santa Clara Neighborhood Plan and community vision by developing physical plans, economic models, and ways to improve transit connections to better serve people in the area. This report provides analysis and informs assumptions that will be used in modeling the impact of transit service enhancements and possible changes to land use policy and development regulations. This section summarizes the highlights of the analysis in this report. For details and sources, please see the body of the report.

Demographics and Housing Profile

- Housing in the River Road/Santa Clara area¹ is predominately single family detached, with much less multifamily housing than the city overall. The area's homeownership rate is substantially higher than the city overall. However, about 37% of single family homes are rentals, along with nearly all the multifamily units and duplexes, triplexes, and fourplexes. There are few regulated affordable housing units in the area.
- Homeowners in the River Road/Santa Clara area tend to be higher-income, older households without children, while renter households tend to be lower-income, younger, and more likely to have children under 18.
- The River Road/Santa Clara area has higher shares of children and seniors than in the city overall. The student-age population (18-24) is much lower than in the rest of the city.
- Older homeowners will likely continue to occupy much of the existing single family housing in the River Road/Santa Clara area for the next 10 or more years, with little



¹ This section references the "River Road/Santa Clara area", which includes the River Road and Santa Clara neighborhoods, using Census geography. This geography is larger than the study area for the Corridor Study (roughly a half-mile from the section of River Road where transit enhancements are under consideration) to provide a broader context for the planning effort and to align better with the geography of available data.

appetite for infill or redevelopment aside from some interest in accessory dwelling units. However, in the longer term, more of the units owned by older householders are likely to turn over to new owners, creating opportunities for new families to move in or for new owners to consider infill or redevelopment options.

- The median income in the River Road/Santa Clara area is higher than the city and region over all. Most of the higher-income households are homeowners.
- While rates of renter cost burden are lower than in the city and region as a whole, more than half the renters in the River Road/Santa Clara area spend more than 30% of their income on rent, including over 90% of renters earning less than \$35,000 per year. These renters could be vulnerable to displacement if rents in the area increase as a result of transit, infrastructure, or private investments.
- There are about 2,350 likely rental housing units in the Corridor Study Area.² They include a mix of single family rentals, duplex/triplex/fourplex units, and apartments. Of these, roughly 1,780 units (excluding regulated affordable housing, retirement/nursing homes, and recent construction, which tends to charge top-of-market rents) may be more susceptible to rent increases if market conditions change in the area.

Market Conditions

- River Road/Santa Clara area home values are slightly lower than the city overall, with an average sales price of \$287,000 in 2018 compared to \$310,000 in Eugene. The sales price of homes in the River Road/Santa Clara area built since 2008 averaged roughly \$200 per sq ft in 2018, compared to roughly \$210 per sq ft citywide.
- Rents for single family homes are lower in the River Road/Santa Clara area than in most other parts of the region. The average single family rent in the River Road/Santa Clara area is roughly \$1,460 per month.
- While older apartments in the River Road/Santa Clara area have lower rents than the citywide average, the Ecco Apartments, built in 2014, are closer to the top of market for multifamily units in Eugene (excluding student housing). Top multifamily rents for new properties in comparable locations in Eugene range from \$1.20 per square foot per month (for larger units) to over \$2.20 per square foot (for smaller units), with an average of roughly \$1.70 per square foot.
- Vacancy rates for multifamily rental housing in the River Road/Santa Clara area have been declining slowly and are lower than they have been in at least 18 years. This is consistent with the trend in the city overall.
- Retail space in the River Road/Santa Clara area is largely strip commercial in buildings that are at least 10 years old. From 2006 to 2018, retail rents declined in River Road and

² The Corridor Study Area extends roughly a half-mile from River Road between Hunsaker and the Northwest Expressway.

remained relatively stagnant city-wide. Current retail rents average roughly \$14.50 per square foot (annually). However, retail vacancy rates in River Road have declined sharply since 2012, mirroring a trend in the city's retail space overall.

Impact of Bus Rapid Transit on Market Conditions

- The available literature generally finds that proximity to BRT is associated with higher rents/prices and land values, particularly for residential and office uses, but not for retail outside of city centers. Exhibit 1 summarizes the range of relevant impacts identified in the literature within a quarter mile and half mile of BRT, relative to sites a mile or more away.
- Though the transit service itself may be a *contributing* factor to increased property values and economic development, the associated public investments, policies, and programs are also important contributors to the influence of transit on development outcomes.
- BRT improvements on River Road that improve service quality and enhance the public realm could lead to an increase in achievable rents and property values for at least some adjacent land uses. Exhibit 1 summarizes recommended assumptions for modeling purposes for the Corridor Study. Because some studies did not differentiate impacts in urban versus suburban locations, we recommend using conservative estimates of the impact in River Road.

Exhibit 1: Summary of relevant impacts to rents and sales prices from BRT investment and recommended assumptions for modeling purposes

Metric	Estimated range of impacts within ¼ mile (relative to sites 1 mile away)	Estimated range of impacts between ¼ and ½ mile (relative to sites 1 mile away)
Single family property values / sales prices	\$3,200-\$8,600 Recommended assumption: \$3,200	\$2,100-\$5,700 Recommended assumption: \$2,100
Multifamily rents	Up to 3.7% Recommended assumption: 2%	Up to 3.7% Recommended assumption: 1%
Retail rents	0-10% Recommended assumption: 0%	0-10% Recommended assumption: 0%
Office rents	1.3-30% Recommended assumption: 2%	1.3-30% Recommended assumption: 1%

Source: ECONorthwest analysis of literature

- These results would vary based on the quality and scope of a transit investment. For example, if enhanced bus service was not able to attract as many choice riders and included fewer public realm improvements or other signals of permanence it would likely have less impact than a BRT investment.

Case Studies

- Both Kansas City, Missouri and Richmond, Virginia successfully implemented programs to encourage transit-oriented development along their bus rapid transit lines through a combination of zoning reforms that reduced parking requirements and allowed greater

intensity of development and coordinated public investments to provide amenities as well as improved transit service.

- The case studies show that coordinating land use and public investment actions is important, and that development impacts may be concentrated in particular locations where there is a combination of growth potential and heavier public investment.

1 Purpose and Background

ECONorthwest prepared this economic report to support the City of Eugene’s River Road Transit Community Implementation Plan (“Corridor Study”), which will implement the River Road Santa Clara Neighborhood Plan and community vision by developing physical plans, economic models, and ways to improve transit connections to better serve people in the area. Through the participation of community members, the City of Eugene and Lane Transit District, the Corridor Study will prioritize investment and produce an updated land use code for the Corridor Study Area.

Pursuant to Task C3 of the project scope, this report is intended to provide:

- **Demographics and Housing Profile:** Information on demographic and socioeconomic trends, including a review of incomes relative to housing price points in the Corridor Study Area and in Eugene and an inventory of rental housing in the Corridor Study Area from available data sources to identify housing that could be affected by any rent increases to understand the risk of gentrification
- **Market Conditions:** A summary of market conditions for relevant residential and commercial property types
- **Literature Review:** A summary of relevant literature on the impacts of bus rapid transit on sales and rent prices of a new line on the River Road/Santa Clara area
- **Transit-Oriented Development Case Studies:** Examples of other, similar communities that have implemented bus rapid transit and transit-oriented development, highlighting the challenges they faced, the strategies they employed, and the successes they achieved

This report will inform land use and physical planning and modeling the impact possible changes to land use policy and development regulations for the Corridor Study Area.

Study Area

The Corridor Study is focused within a half-mile of River Road in the area where potential transit enhancements are being considered. For purposes of this market overview, we have used a broader area that aligns with Census geography and neighborhood boundaries where possible. (See Exhibit 2.) This approach helps provide a broader context and expands the amount of data available.

For comparison, we have looked at the City of Eugene as a whole and the Eugene-Springfield region (based on the Census County Division³). (See Exhibit 3.)

Exhibit 2: Study Geographies

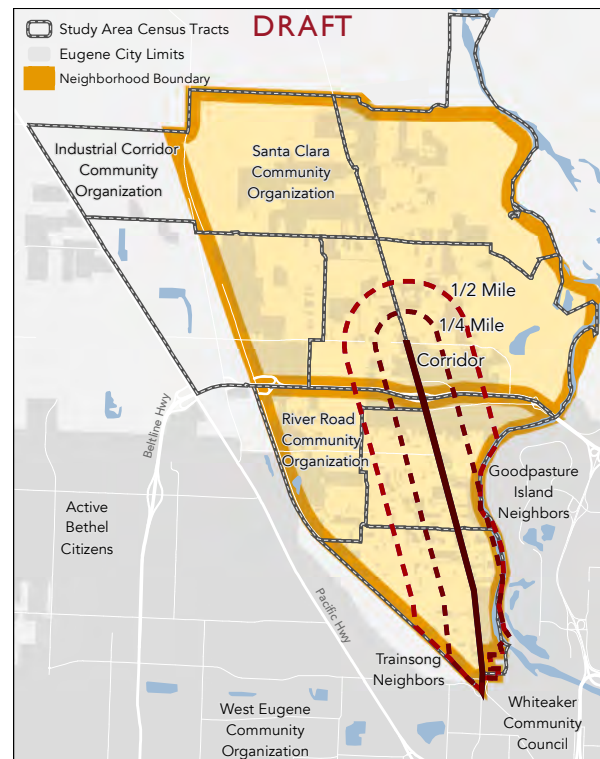
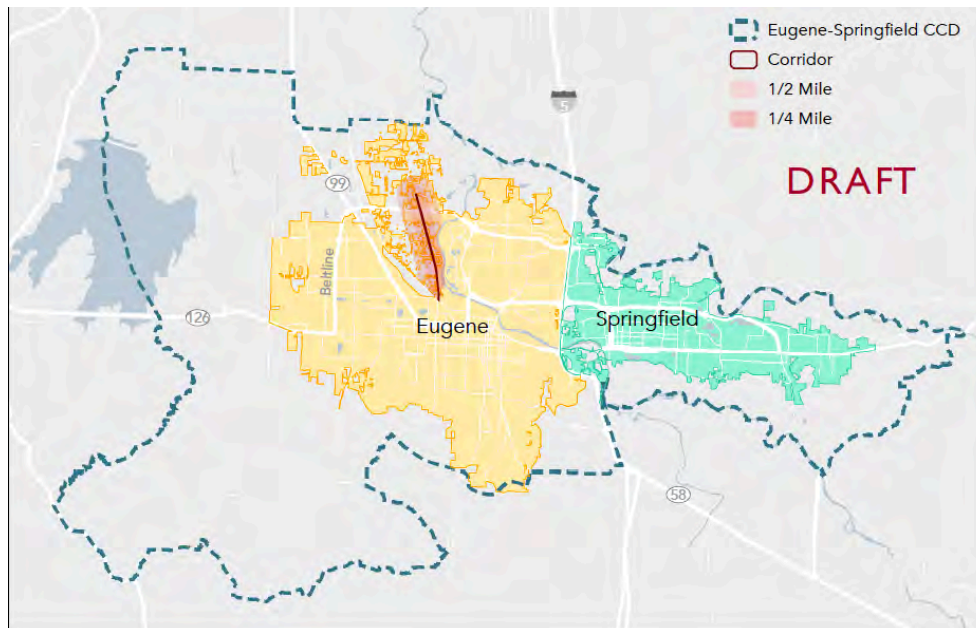


Exhibit 3: Regional Comparison Geography



³ Census County Division (CCD) is defined as a subdivision of a county that is a relatively permanent statistical area established cooperatively by the Census Bureau and state and local government authorities. Used for presenting decennial census statistics in those states that do not have well-defined and stable minor civil divisions that serve as local governments.

2 Demographics and Housing Profile

Introduction

This section provides an analysis of the demographics and existing housing stock in the River Road/Santa Clara area. It is intended to inform the evaluation of suitable housing types for the area going forward, the existing customer base for existing and possible new businesses, and the potential risk of displacement in the area if market conditions change.

Population and Growth

Almost 21% of Eugene's population lives in the River Road/Santa Clara area.

TOTAL POPULATION BY GEOGRAPHY

Source: Census Bureau, 2013-2017 Population Estimates.

33,591

River Road/Santa Clara Area

163,135

Eugene

262,715

Eugene-Springfield region

Eugene's population growth has been somewhat volatile, but generally slower than the State's.

The growth rate has generally increased since 2010, and decreased and leveled off from 2014-2015 onward.

AVERAGE ANNUAL POPULATION GROWTH RATE, EUGENE, OREGON, 2010-2018

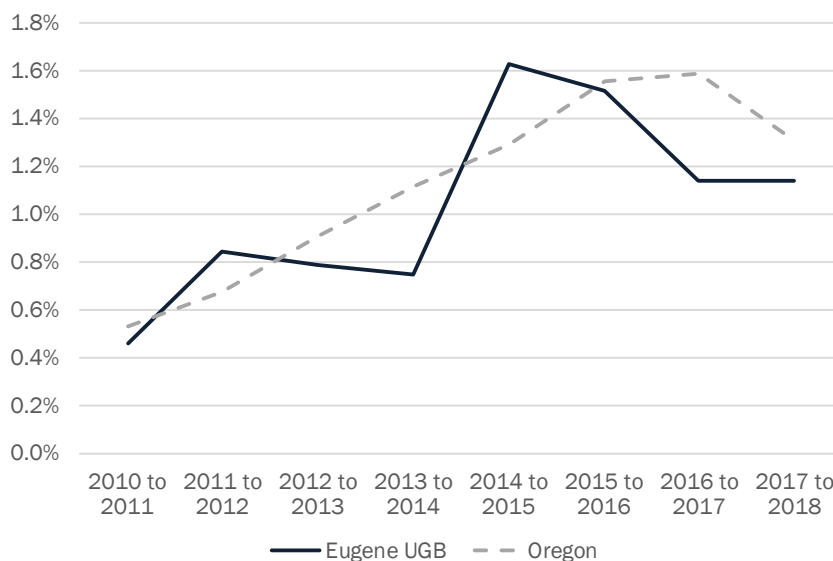
Source: Portland State University, Population Research Center

1.03%

Eugene UGB

1.12%

Oregon



Eugene is expected to grow slightly slower than the State, but the growth rates are more-or-less comparable.

About 40,000 new residents are expected in the Eugene urban growth boundary by 2035.

FORECASTED AVERAGE ANNUAL GROWTH RATE THROUGH 2035, EUGENE URBAN GROWTH BOUNDARY

Source: Portland State University Population Research Center (City & County); Office of Economic Analysis Oregon (State)

1.1%

(2015-2035)
Eugene UGB

1.16%

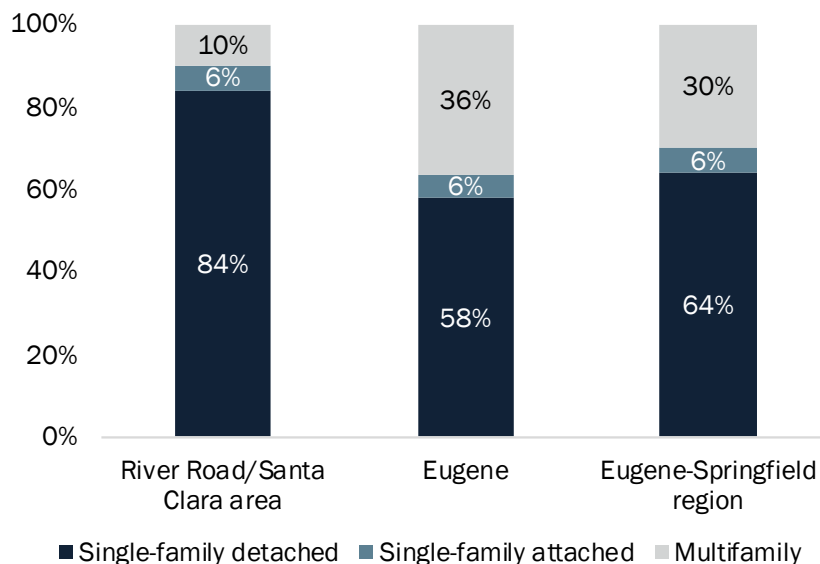
1,059,100 people
(2015-2035)
Oregon

Housing Stock and Homeownership

The River Road/Santa Clara area has a smaller share of households living in multifamily housing than Eugene or the region.

HOUSING MIX BY GEOGRAPHY

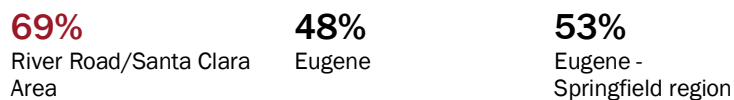
Source: Census Bureau, 2013-2017 ACS Table B25024



The River Road/Santa Clara area has a higher homeownership rate than the city or Eugene-Springfield region.

HOMEOWNERSHIP RATE BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017



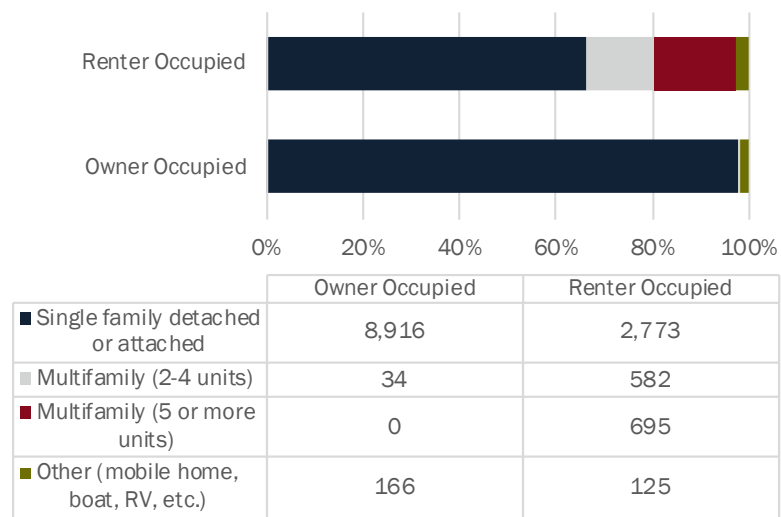
The study area has just over 4,100 renter households.

While the vast majority of multifamily units in the area are rentals, almost two-thirds of renter households in the River Road/Santa Clara area live in single family homes.

Renter-occupied units account for about 19% of single family homes in the area.

HOUSING TYPE BY TENURE FOR OCCUPIED HOUSING UNITS, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, 2013-2017 ACS Table B25032



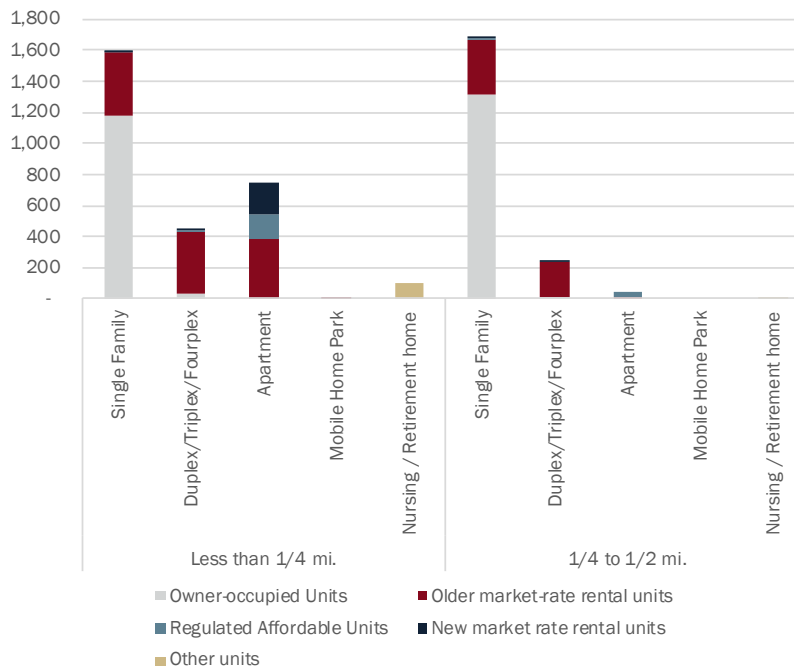
Existing Rental Housing

Out of a total of about 4,900 housing units in the Corridor Study Area⁴, just under half (about 2,360) are likely rentals⁵, and a little over a third (about 1,790) are older market-rate rentals⁶ that are more likely to be susceptible to rent increases.

Older market-rate rental units are distributed between single family, duplex/triplex/fourplex units and apartments, plus a few mobile homes. There are about 1,200 older market-rate rental units within a quarter-mile of River Road and roughly another 600 between a quarter-mile and a half-mile of River Road. These are shown on the maps in Exhibit 4 and Exhibit 5 on the following pages.

RENTAL HOUSING AND REGULATED AFFORDABLE HOUSING UNITS WITHIN CORRIDOR STUDY AREA BY UNITS ON PROPERTY

Source: ECONorthwest analysis of assessor's data, address points, and City of Eugene affordable housing data



Distance to River Road	Housing Type	Total Units	Owner-occupied Units	All Rental Units	Regulated Affordable Units	New market rate rental units	Older market-rate rental units	Other units
Less than 1/4 mi.	Single Family	1,602	1,178	424	1	15	408	
	Duplex/Triplex/Fourplex	444	36	408	7	3	398	
	Apartment	747	-	747	164	201	382	
	Mobile Home Park	8	-	8	-	-	8	
	Nursing / Retirement home	106	-	106	-	-		106
1/4 to 1/2 mi.	Single Family	1,688	1,315	373	3	14	356	
	Duplex/Triplex/Fourplex	251	15	236	-	9	227	
	Apartment	49	-	49	39	-	10	
	Mobile Home Park	-	-	-	-	-	-	
	Nursing / Retirement home	6	-	6	-	-		6
Total		4,901	2,544	2,357	214	242	1,789	112

⁴ The Corridor Study Area extends roughly a half-mile from River Road between Hunsaker and the Northwest Expressway.

⁵ Likely rentals include single family homes, duplexes, triplexes and fourplexes where the owner's mailing address is different from the property's address; all multifamily units (there are no condominiums in the Corridor Study Area); and mobile home parks.

⁶ This figure includes units identified as likely rentals that are at least 10 years old, excluding regulated affordable housing (identified in the City of Eugene's affordable housing data set or based tax-exempt status for the housing authority or low-income rental housing in the County tax assessor's data) and retirement/nursing homes.

Exhibit 4: Existing Likely Rental Housing in the in the Corridor Study Area and Vicinity by Housing Type

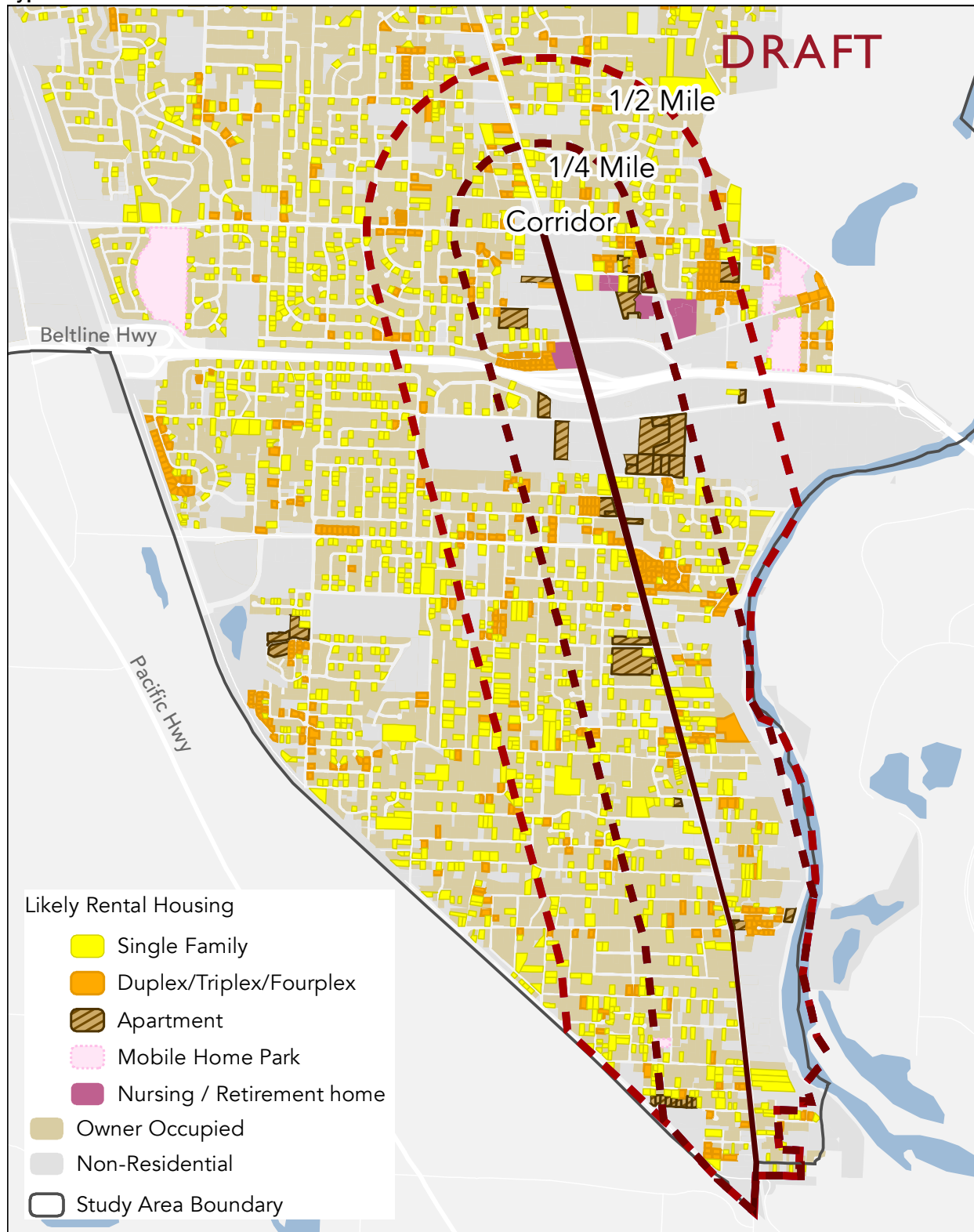
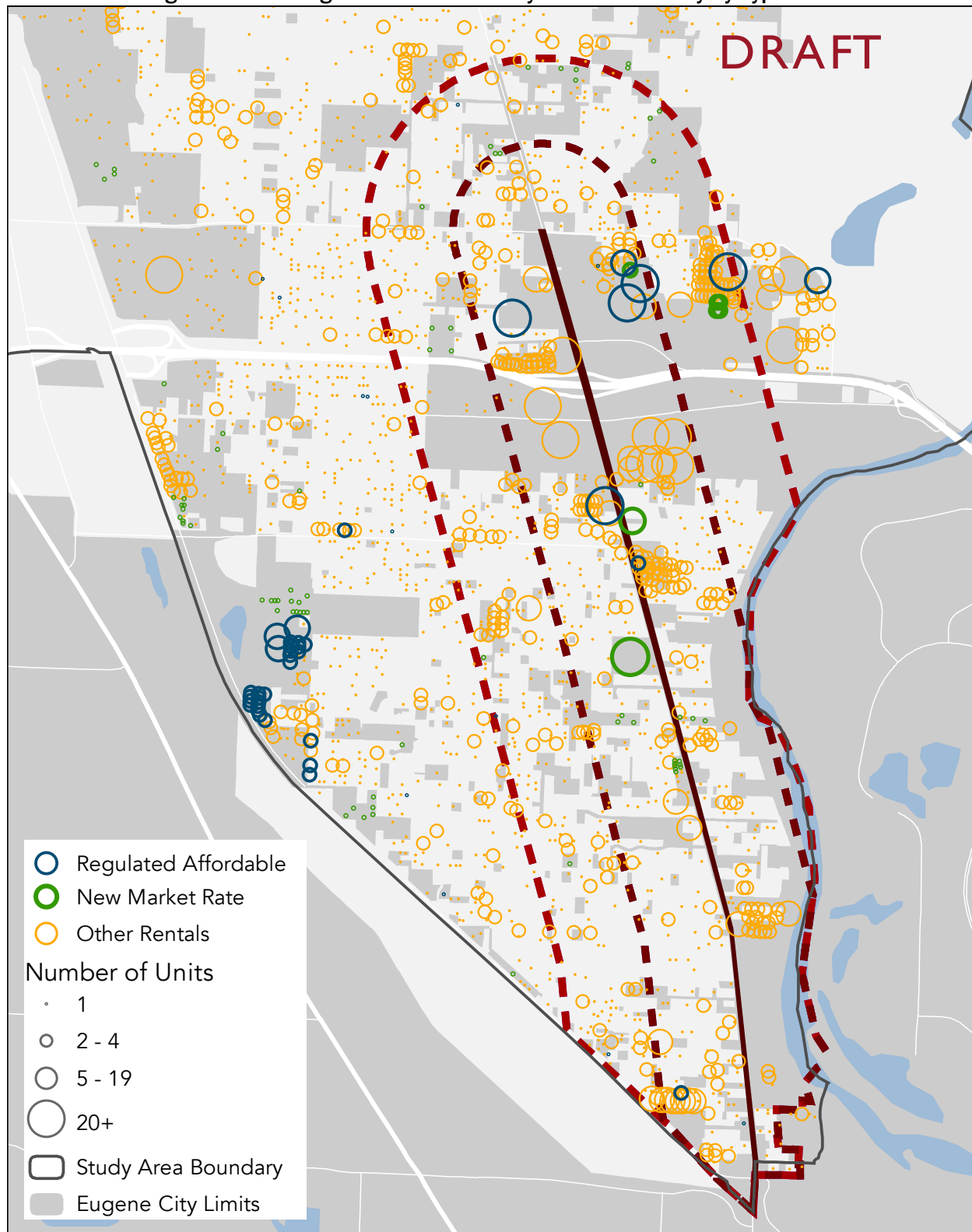


Exhibit 5: Existing Rental Housing in the Corridor Study Area and Vicinity by Type of Rental



Demographics

The River Road/Santa Clara area has larger household sizes than Eugene or the region.

While one- and two-person households are prevalent among renters city-wide, in the River Road/Santa Clara area there are more one- and two-person households among homeowners (68%) than among renters (56%). This is likely due to a smaller student population than other parts of the city.

AVERAGE HOUSEHOLD SIZE BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017

2.52⁷

River Road/Santa Clara Area

2.33

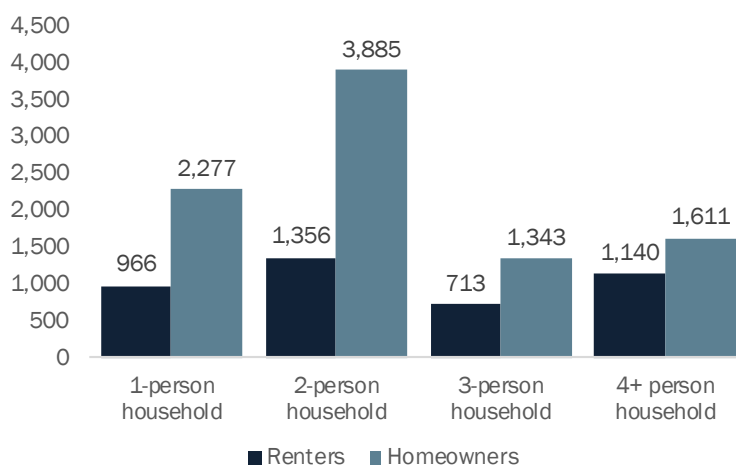
Eugene

2.38

Eugene-Springfield region

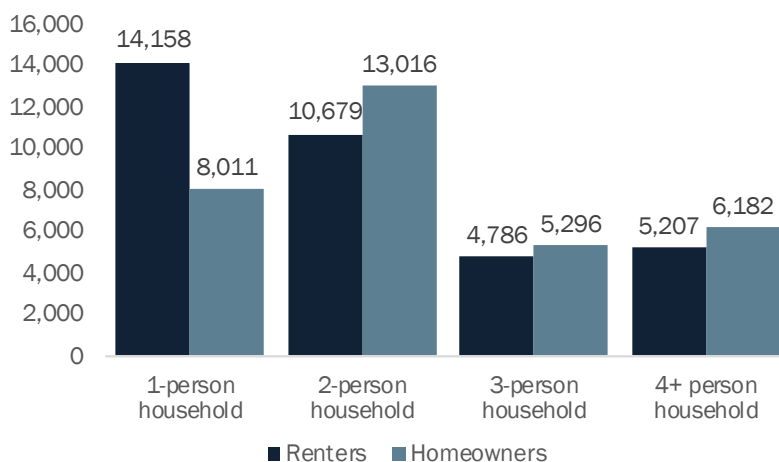
HOUSEHOLD SIZE DISTRIBUTION BY TENURE, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, ACS 2013-2017



HOUSEHOLD SIZE DISTRIBUTION BY TENURE, EUGENE

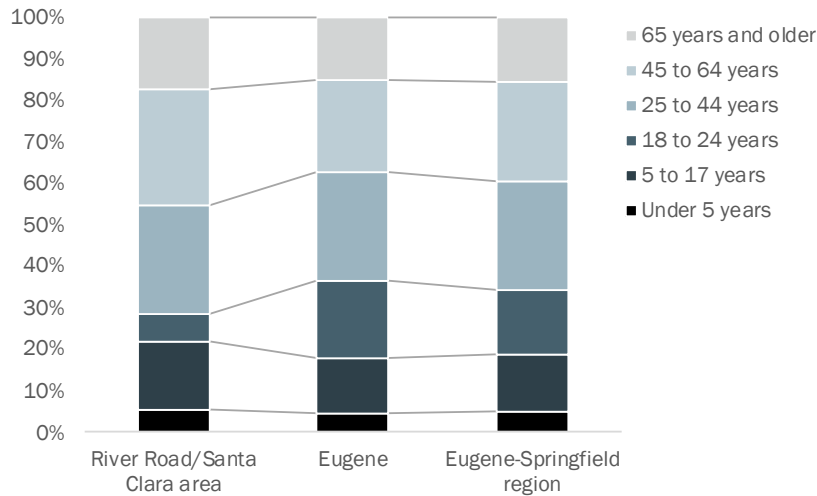
Source: Census Bureau, ACS 2013-2017



⁷ Average household size for River Road and Santa Clara estimated using 2013-2017 ACS data and dividing the total population in households (table B25008) by the total number of occupied housing units (table B25002).

The River Road/Santa Clara area has a higher proportion of people under 18 and over 65 than the city and the region but has fewer people between the ages of 18 and 24.

POPULATION DISTRIBUTION BY AGE, RIVER ROAD/SANTA CLARA AREA, EUGENE, EUGENE-SPRINGFIELD REGION
Source: Census Bureau, ACS 2013-2017



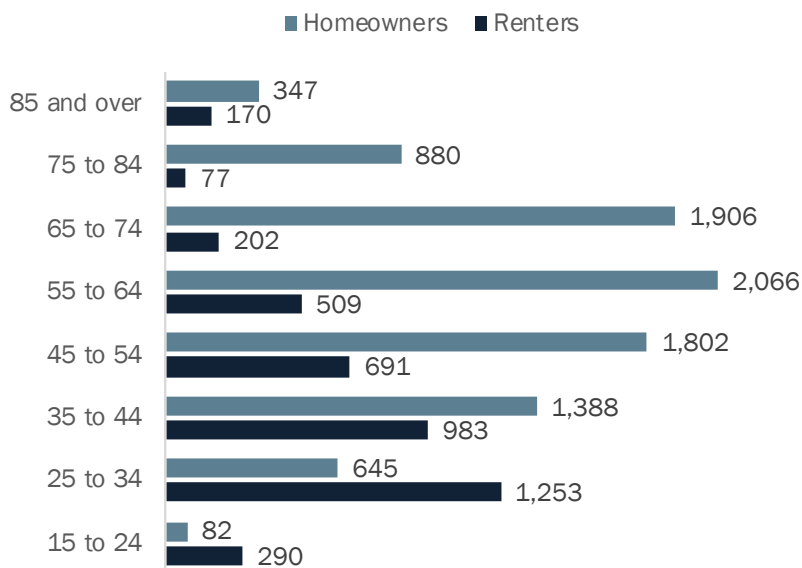
Homeowners tend to be older than renters.

Most homeowner head of households are between 45 to 84 years old. Homes occupied by owners ages 65 and older account for roughly a quarter of the single family housing stock in the River Road/Santa Clara area.

Most renters in the River Road/Santa Clara Area (as in Eugene) are 25 to 44 years old; however, households headed by someone under age 35 (and especially those headed by someone under age 25) are much more prevalent among renters city-wide than in the River Road/Santa Clara area. This likely indicates a smaller population of university students and young professionals than in other parts of the city.

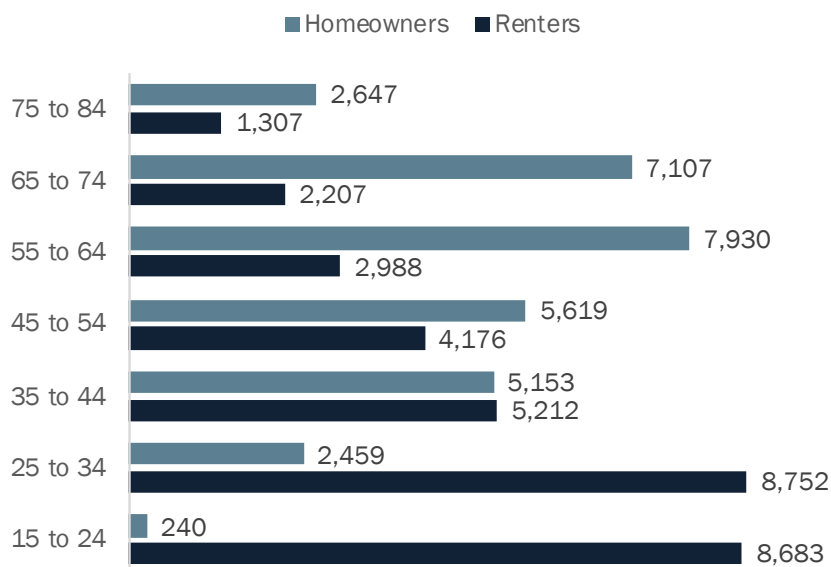
AGE DISTRIBUTION OF HEAD OF HOUSEHOLD BY TENURE, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, ACS 2013-2017



AGE DISTRIBUTION OF HEAD OF HOUSEHOLD BY TENURE, EUGENE

Source: Census Bureau, ACS 2013-2017

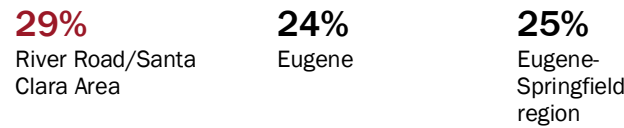


More households in the River Road/Santa Clara Area have children under age 18 than in City of Eugene and Eugene-Springfield region.

A higher proportion of renters have children in the home than homeowners in the River Road/Santa Clara area.

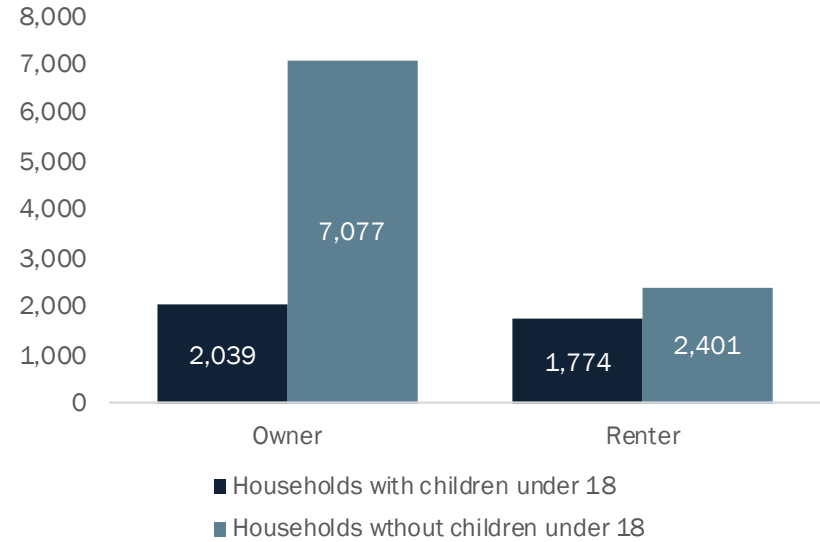
HOUSEHOLDS WITH CHILDREN UNDER 18 BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017



HOUSEHOLDS WITH CHILDREN UNDER 18 BY TENURE, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, ACS 2013-2017



Median household income is higher in the River Road/Santa Clara Area than the city and region. Over 25% of households earn \$75,000 or more per year.

Renters tend to have lower median household incomes than homeowners. More than three-quarters of households in River Road/Santa Clara area earning \$50,000 per year or more are homeowners.

MEDIAN HOUSEHOLD INCOME BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017

\$56,959⁸

River Road/Santa Clara Area

\$47,489

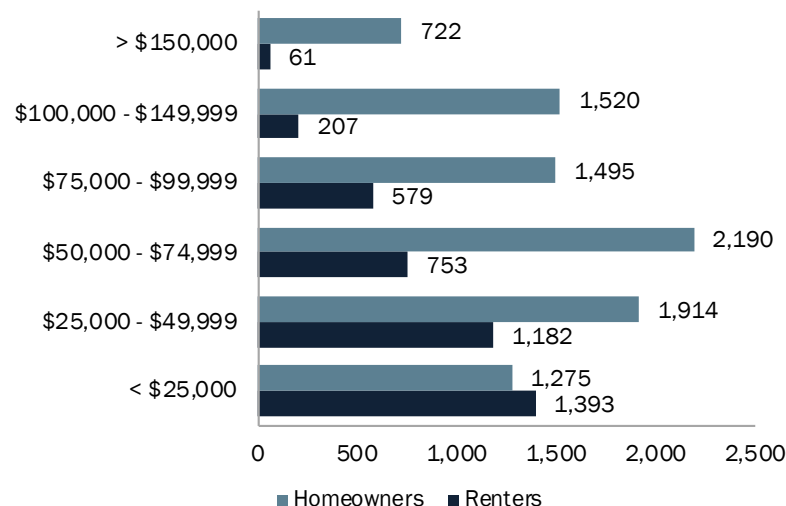
Eugene

\$47,208

Eugene-Springfield region

INCOME DISTRIBUTION BY TENURE, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, ACS 2013-2017

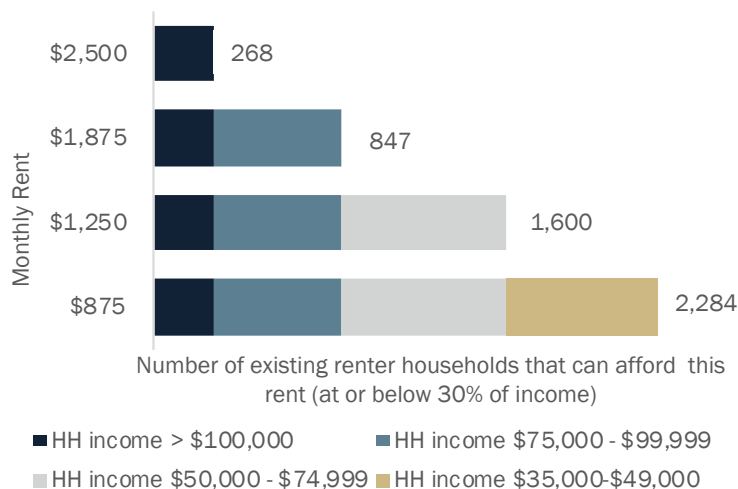


1,600 existing renter households in the River Road/Santa Clara area can afford to pay at least \$1,250 per month in rent.

This includes all renter households earning \$50,000 or more.

MAXIMUM AFFORDABLE MONTHLY RENT AT 30% OF INCOME FOR EXISTING RENTER HOUSEHOLDS IN RIVER ROAD/SANTA CLARA AREA

Source: ECONorthwest analysis of Census Bureau, ACS 2013-2017



⁸ Median household income estimated for River Road/Santa Clara using 2013-2017 ACS census data and by calculating a weighted average for census tracts in the study area, weighted by the number of occupied housing units (table b25002).

The River Road/Santa Clara area has a lower share of cost-burdened households than the city and the region.

The prevalence of cost burden is lower among renters in the River Road/Santa Clara area than in the city and region overall, but still affects more than half of renter households in the area.

Households that spend 30% or more of their income on housing are considered cost-burdened. Those that spend 50% or more of their income on housing are considered severely cost-burdened.

Cost burden rates also vary by income. Rates of cost burden are highest among the lowest-income renters.

Over two-thirds of renters earning less than \$50,000 per year are cost-burdened.

PERCENT OF HOUSEHOLDS EXPERIENCING HOUSING COST BURDEN (30% OR MORE OF INCOME SPENT ON HOUSING) BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017

All households	35%	42%	45%
Homeowners	28%	29%	28%
Renters	52%	62%	59%
	River Road/Santa Clara Area	Eugene	Eugene-Springfield region

COST BURDEN BY TENURE, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, ACS 2013-2017

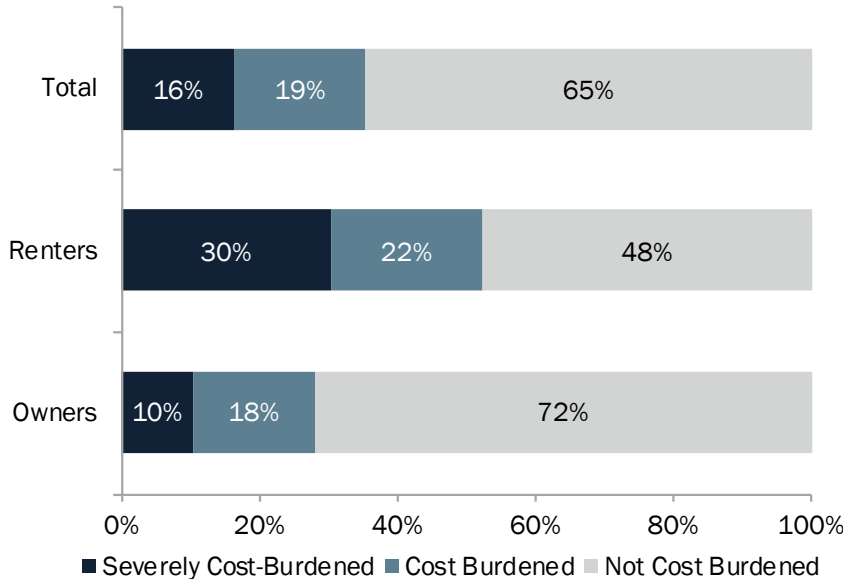
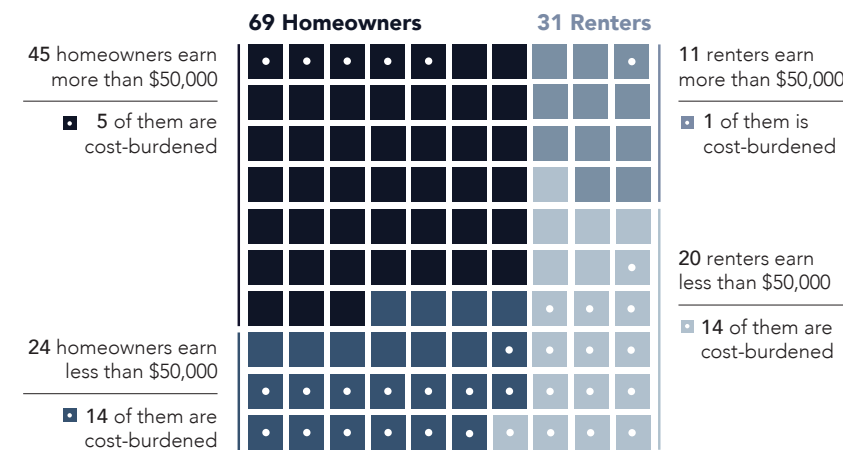


ILLUSTRATION OF COST BURDEN: IF ALL OF RIVER ROAD'S HOUSEHOLDS WERE 100 RESIDENTS

Source: U.S. Census Bureau, 2013-2017 ACS Table B25106.



The River Road/Santa Clara area is slightly less ethnically and racially diverse than the city and region overall.

Nearly all racial and ethnic groups other than white alone not Hispanic or Latino are less prevalent in the River Road/Santa Clara area than the city overall.

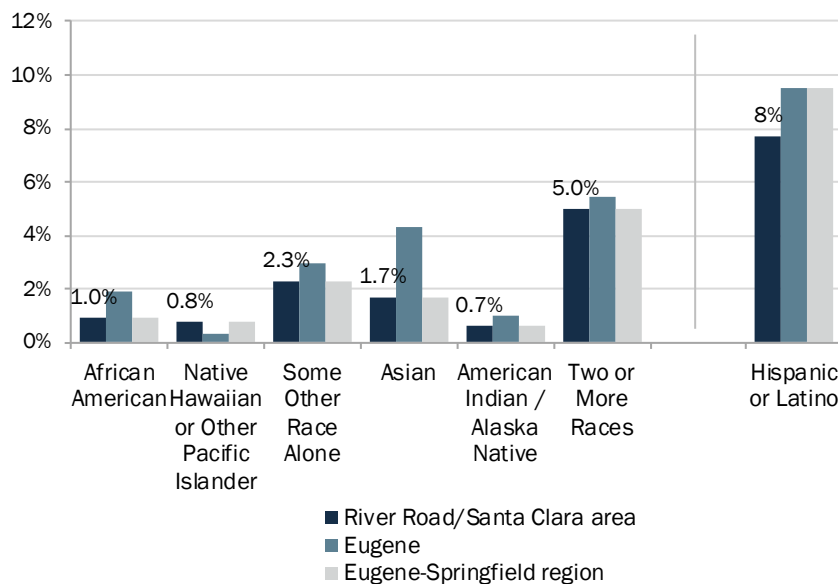
PERCENT OF POPULATION THAT IS WHITE ALONE, NOT HISPANIC OR LATINO BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017

84%	79%	80%
River Road/Santa Clara Area	Eugene	Eugene-Springfield region

RACE AND ETHNICITY⁹ BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017



Education levels are slightly lower in the River Road/Santa Clara Area than in the Eugene and the region.

PERCENT OF RESIDENTS 25 YEARS AND OVER WITH A BACHELOR'S DEGREE OR HIGHER BY GEOGRAPHY

Source: Census Bureau, ACS 2013-2017

18%	23%	20%
River Road/Santa Clara Area	Eugene	Eugene-Springfield region

⁹ Note that because Hispanic / Latino is an ethnicity and not identified as a race by the Census bureau, some overlap will exist between the Hispanic / Latino category and the race categories.

A lower proportion of the River Road/Santa Clara area population moved within the last year than in the city overall.

Of those who moved, almost 2,000 people moved to the study area from outside Lane County during the 2013-2017 period. This is about 6% of the River Road/Santa Clara area's population – a lower share than the city overall, at 11%. (This does not account for people who moved away.)

POPULATION IN SAME HOUSE AS LAST YEAR, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, ACS 2013-2017

84%

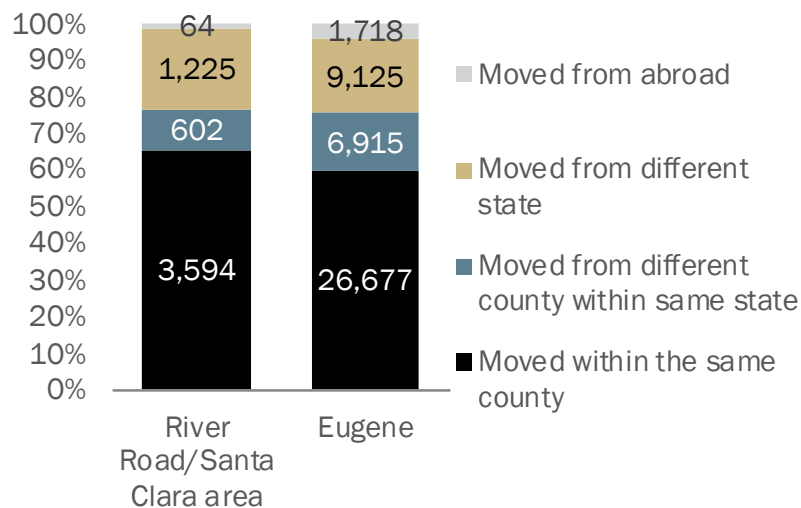
River Road/Santa Clara area

73%

Eugene

POPULATION WHO HAS MOVED WITHIN THE PAST YEAR, RIVER ROAD/SANTA CLARA AREA

Source: Census Bureau, ACS 2013-2017



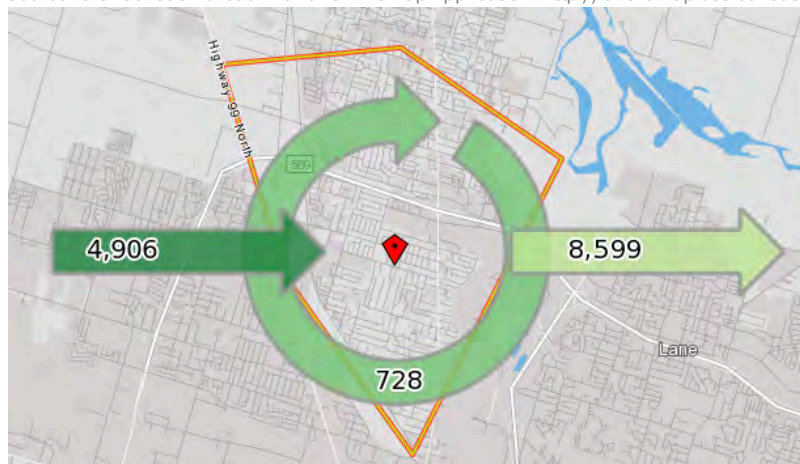
Commute Patterns

Almost twice as many people commute out of River Road as those who commute into it.

About 8,600 residents in River Road commute outside of the area for work, though there are about 4,900 people who commute to jobs near River Road as well. Nearly 80 percent of employees in River Road live within 10 miles of their job; roughly 40 percent work in Eugene. Many commute southeast less than 10 miles, and may benefit from enhanced transit service in the River Road corridor.

COMMUTE PATTERNS, RIVER ROAD/SANTA CLARA AREA

Source: U.S. Census Bureau. 2015. OnTheMap Application. <http://onthemap.ces.census.gov>



RESIDENTS COMMUTING OUT OF RIVER ROAD/SANTA CLARA AREA BY DISTANCE/DIRECTION, 2015

Source: U.S. Census Bureau. 2015. OnTheMap Application. Residents in River Road.

Job Counts by Distance/Direction in 2015 All Workers



The colored segments at left indicate the number of workers commuting out of the River Road / Santa Clara area from a given direction (i.e., 3,500 commuting southeast). The color indicates the distance they are commuting – see legend below.

Jobs by Distance - Home Census Block to Work Census Block

2015		
	Count	Share
Total Primary Jobs	9,327	100.0%
Less than 10 miles	7,342	78.7%
10 to 24 miles	364	3.9%
25 to 50 miles	227	2.4%
Greater than 50 miles	1,394	14.9%

79%

Less than 10 miles

4%

10 to 24 miles

2%

25 to 50 miles

15%

50+ miles

**University of Oregon,
Oregon's flagship
research university, is
roughly three miles
away from the River
Road/Santa Clara
Area's southern end.**

The University is about a 20-minute bike ride, a 10- to 15-minute drive, or a 30- to 45-minute bus ride away from the southern end of the study area.

ERB MEMORIAL UNION, UNIVERSITY OF OREGON

Source: SERA Architects



Implications

Compared to the rest of Eugene, the current residents of the River Road/Santa Clara area are more likely to be older homeowners with higher incomes. While the data does not clearly show this, it is likely that many of those older homeowners have lived in the area for many years – possibly since raising their children there. Homes occupied by homeowners ages 65 and older account for roughly a quarter of the single family housing stock in the River Road/Santa Clara area, with homeowners ages 75 and older representing roughly 10% of the single family housing stock. According to a national survey by the AARP, 76% of adults age 50 and older prefer to remain in their current home as they age. Only 13% expect to move within their community as they age; roughly a quarter say they plan to relocate to a new area (outside their existing community).¹⁰ Those who do remain in their own home are likely to focus remodeling expenditures on age-friendly features.¹¹ This suggests that older homeowners will likely continue to occupy much of the existing single family housing in the River Road/Santa Clara area for the next 10 or more years, with little appetite for infill or redevelopment aside from some interest in ADUs. However, in the longer term, more of the units owned by older householders are likely to turn over to new owners, creating opportunities for new families to move in or for new owners to consider infill or redevelopment options.

There are also proportionately more families with children (particularly those with school-age children) among both homeowners and renters in the River Road/Santa Clara area than in the

¹⁰ Binette, Joanne and Kerri Vasold. 2018 *Home and Community Preferences: A National Survey of Adults Age 18-Plus*. Washington, DC: AARP Research, August 2018. <https://doi.org/10.26419/res.00231.001>

¹¹ Home Instead Senior Care survey results, Mar 26, 2019: <https://www.prnewswire.com/news-releases/should-i-stay-or-should-i-go-aging-in-place-has-a-new-meaning-for-seniors-300817785.html>

city and region overall. The area is likely to remain attractive to families going forward given the number of schools in the area and the prevalence of single family homes.

There is comparatively little influence from University of Oregon students in the River Road/Santa Clara area. Even with improvements to transit service in the area, it is likely to remain no more desirable as a location for students than other outlying areas of Eugene. The area may be able to attract some older (e.g. graduate) students, faculty and staff willing to live further from campus, but will likely continue to have relatively little housing demand from undergraduate students.

Rates of rent burden are lower in the River Road/Santa Clara area than in the city and region overall, yet over half of renter households in the area still face cost burdens. (Renters are much more likely to spend more than 30% of their income than homeowners, particularly low-income renters). About 1,780 older market-rate rental housing units in the Corridor Study Area may be susceptible to rent increases if market conditions change in the area, whether as a result of public investments and actions or other market forces. If rents for older, private-market rental housing increase faster than the incomes of low-income renters in the area, displacement is a potential risk. (Displacement can also affect businesses if commercial rents increase, but the analysis in this report focused on residential displacement). The call-out box on the following page provides context for the evaluation of gentrification and displacement pressures in the area going forward. Later phases of the project will also consider potential policy tools to mitigate displacement risk.

Defining Terms: What do we mean by Gentrification and Displacement?

The Urban Displacement Project out of the University of California, Berkeley, defines gentrification as “a process of neighborhood change that includes economic change in a historically disinvested neighborhood by means of real estate investment and new higher-income residents moving in, as well as demographic change, not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents.”¹² These economic shifts can be spurred by either private or public reinvestment, including new transportation infrastructure and expanded transit options for higher-income residents.¹³ This transition has winners and losers—some people tend to see the change as positive, while others experience only the downside.

Displacement is a component of the gentrification story relating to the inability of existing households’ to remain in a neighborhood in transition due to escalating costs or other factors. Gentrification can lead to displacement in several ways, including:

- 1) Escalating rent for existing housing that the household can no longer afford
- 2) Evictions or non-renewal of a lease in advance of a major property remodel, redevelopment, or conversion to condominiums, or simply to replace existing tenants with higher-income tenants
- 3) Deteriorating conditions in existing housing slated for remodel or redevelopment
- 4) Increasing property taxes that homeowners can no longer afford

Some sources also consider a household’s inability to relocate within the neighborhood (even if they are moving for reasons unrelated to gentrification) to be a form of displacement. For purposes of this report, the examples listed above in which a household is unable to remain in their existing housing are described as *direct displacement*, while inability to move within the neighborhood when relocating voluntarily due to reasons unrelated to changes in the neighborhood is described as *indirect displacement*.¹⁴

Homeowners in Oregon are largely insulated by measures adopted in the 1990s that limit annual increases in property taxes to 3% per year regardless of the change in market value.¹⁵ Additionally, if a homeowner does choose to sell their home, they are more likely to capture the increase in property values in the form of home equity, giving them a greater chance of buying a similar home in the same neighborhood. Thus, **renters are at much greater risk of both direct and indirect displacement than homeowners.**

¹² Urban Displacement. “Gentrification Explained.” Retrieved from <http://www.urbandisplacement.org/gentrification-explained>.

¹³ Herrera, Roanel and Sandoval, Gerardo. *Transit-Oriented Development and Equity in Latino Neighborhoods: A Comparative Case Study of MacArthur Park and Fruitvale*. April 2015. National Institute for Transportation and Communities

¹⁴ Research has shown that disadvantaged residents in gentrifying neighborhoods do not necessarily move more frequently than similar residents in other non-gentrifying neighborhoods, suggesting that the neighborhood demographic changes may be due more to a change in who is moving into the neighborhood than to an increase in the rate of low-income residents moving out. Ding, Lei, Jackelyn Hwang, and Ellen Divringi. 2016. “Gentrification and Residential Mobility in Philadelphia.” *Regional Science and Urban Economics* 61: 38-51

¹⁵ For some parts of the River Road/Santa Clara area, property tax increases as a result of annexation are a consideration if the City’s annexation policy were to require annexation for certain property owners.

3 Market Conditions

Introduction

This section provides market data for single family housing (for sale and rental), multifamily rental housing, and retail and office space within the River Road/Santa Clara area. It is intended primarily to inform the development feasibility analysis for new housing and commercial development in the Corridor Study Area.

Single Family Housing Market

Home sales data is based on over 3,600 transactions in the River Road/Santa Clara area since 2014. Of those, fewer than 500 transactions are for homes built since 2008.

River Road/Santa Clara area home values are slightly lower in general than Eugene home values.

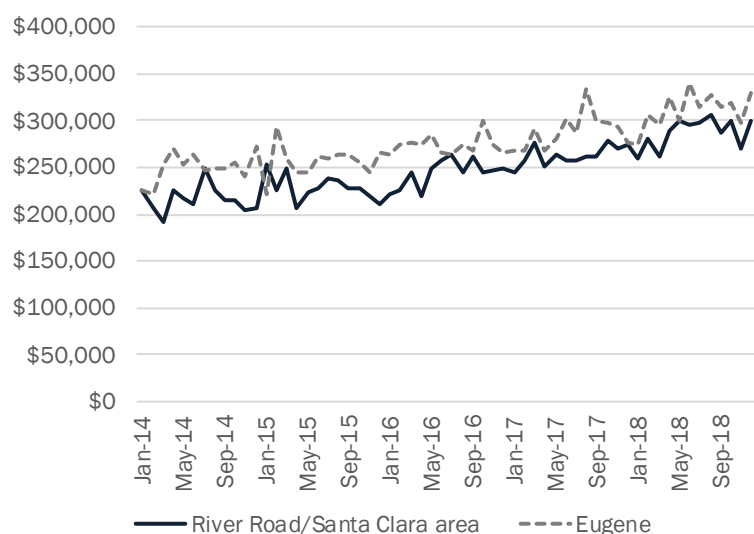
The median home sales price for the River Road/Santa Clara area in 2018 was \$287,000 compared to \$310,000 in Eugene.

Sales price of homes in the River Road/Santa Clara area built since 2008 averaged roughly \$200 per sq ft in 2018, compared to roughly \$210 per sq ft on average in the rest of the city (about 5% less).

City-wide, units on small lots (under 3,000 square feet) tended to have smaller homes (averaging roughly 1,600 square feet) and sold for close to \$250 per sq ft on average in 2017 and 2018. There were few of these sales in River Road/Santa Clara, but if the same 5% reduction relative to the city average held for these homes, it would suggest pricing of roughly \$238 per sq ft.

HOME VALUE TRENDS, RIVER ROAD/SANTA CLARA AREA, EUGENE, 2014-2018

Source: Property Radar

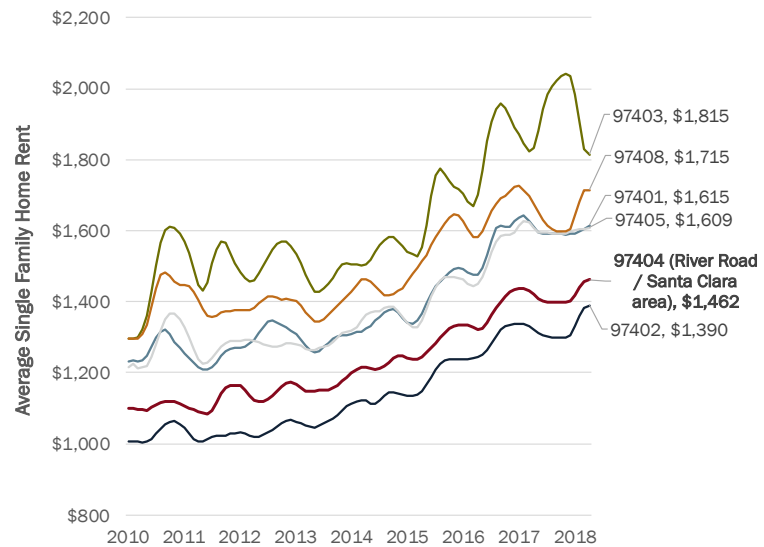


Rents for single family homes are lower in the River Road/Santa Clara area than in most other parts of the region.

The average single family rent in the River Road/Santa Clara area (zip code 97404) as of February 2019 was roughly \$1,460, compared to a city-wide average of roughly \$1,530 (roughly 5% less). Rent trends show seasonal variation, but not to the same degree as areas closest to the university (zip code 97403), which also have higher single family rents.

SINGLE FAMILY RENT TRENDS, BY ZIP CODE, RIVER ROAD/SANTA CLARA AREA, EUGENE, 2010-2019

Source: Zillow Rent Index for Single Family Residential by Zip code



Multifamily Housing Market

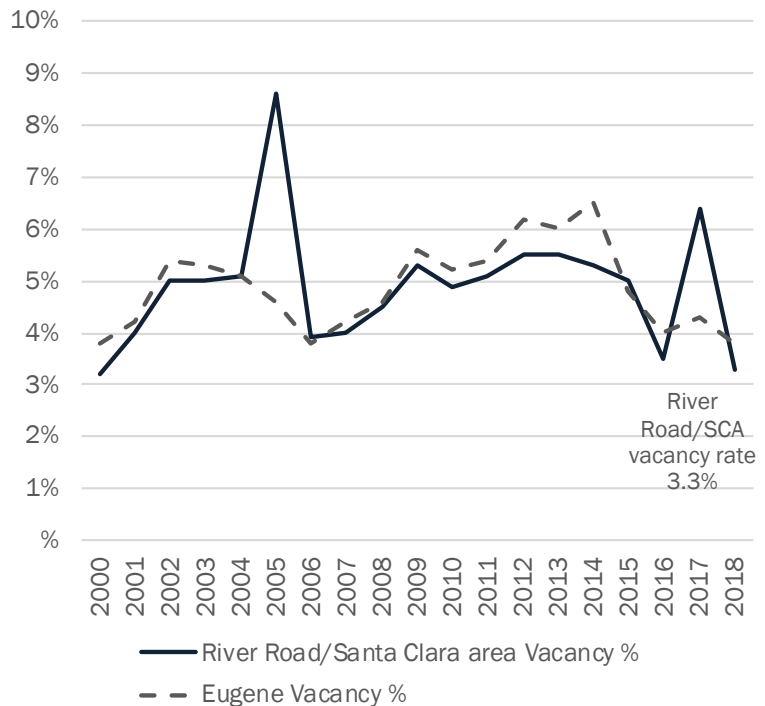
Few multifamily buildings in the River Road/Santa Clara area are tracked in the available data sources. The City of Eugene collected rental rate and vacancy data for a sampling of multifamily properties city-wide, but few are within the Study Area. Most of the existing multifamily housing in the Study Area is at least 20 years old, with the exception of the Ecco Apartments, which were completed in 2014.

Multifamily vacancy rates in the River Road/Santa Clara area track multifamily vacancy rates in Eugene closely.

Vacancy rates have been declining slowly and are lower than they have been in at least 18 years.

MULTIFAMILY VACANCY RATES, RIVER ROAD/SANTA CLARA AREA AND EUGENE, 2000 TO 2018

Source: CoStar, Market Rate Multifamily, January 2019

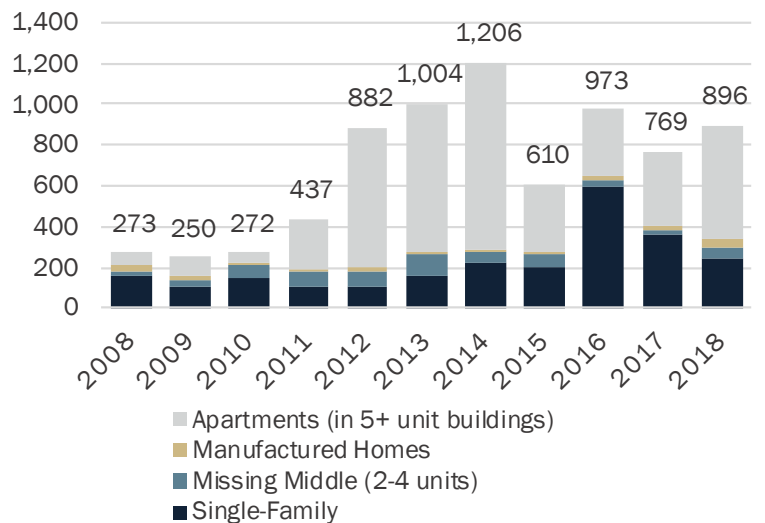


The City of Eugene has seen a significant amount of multifamily development in the past ten years.

Between 2008 and 2018, Eugene permitted an average of about 688 permits annually.

HOUSING UNITS PERMITTED BY YEAR AND HOUSING TYPE, EUGENE, FISCAL YEARS 2008 THROUGH 2018

Source: City of Eugene

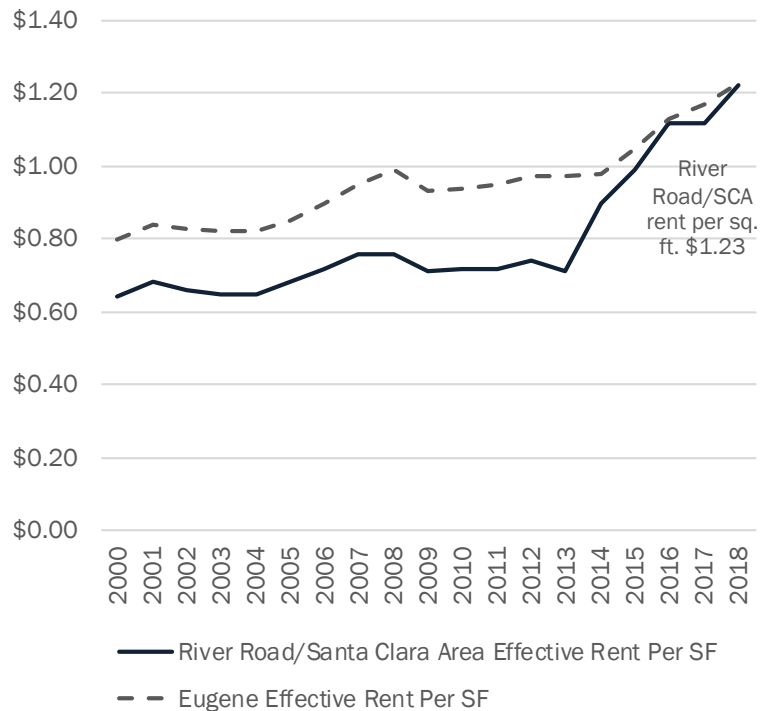


Multifamily rents per square foot are higher on average in Eugene than they are in River Road/Santa Clara.

The addition of the Ecco Apartments in the River Road/Santa Clara area in 2014 brought the average for the area up to more closely match the average for the city as a whole. (This is a result of adding a higher number into an average rent calculation, not a result of the rents in other buildings increasing.)

MULTIFAMILY ASKING RENT PER SQUARE FOOT, RIVER ROAD/SANTA CLARA AREA AND EUGENE, 2000 TO 2019 YEAR TO DATE

Source: CoStar, Market Rate Multifamily, January 2019



Top multifamily rents for new properties in comparable locations in Eugene range from \$1.20 per square foot (monthly) to over \$2.20 per square foot, with an average of roughly \$1.70 per square foot.

Many of Eugene's top-of-market complexes cater to the city's student population (these are not included in the data shown). More comparable properties in locations further from the university do not achieve the same premiums as those adjacent to the University of Oregon.

COMPARABLE MARKET RATE UNIT SIZES AND RENTS, EUGENE

Source: ECONorthwest analysis of rent data from City of Eugene for market rate multifamily (excluding student housing) complexes, December 2018

Unit Type	Size range	Rent range (monthly)	Rent range (per sq ft)
Studio	470 - 486 sq ft	\$989 - \$1,075	\$2.10 - \$2.21
1 bedroom	637 - 854 sq ft	\$1,130 - \$1,420	\$1.35 - \$2.23
2 bedroom	980 - 1147 sq ft	\$1,475 - \$2,191	\$1.29 - \$2.12
3 bedroom	1200 - 1985 sq ft	\$1,615 - \$2,400	\$1.21 - \$1.47

Unit Type	Weighted Average Size (sq ft)	Weighted Average Rent (monthly)	Weighted Average Rent (per sq ft)
Studio	480	\$1,030	\$2.16
1 bedroom	710	\$1,320	\$1.87
2 bedroom	1,070	\$1,530	\$1.44
3 bedroom	1,260	\$1,740	\$1.38

Nearly all comparable new apartment properties featured amenities such as swimming pools, spas, 24-hour fitness centers, and were generally pet-friendly.

Ecco Apartments, located near River Road, has **192 units** with an average rent of **\$1.52 per square foot**.

The unit mix includes one, two, and three-bedroom units. Amenities include a swimming pool, a fitness center, a business center, a game room, and an on-site dog park.

ECCO APARTMENTS – BUILT 2014

Source: CoStar (amenities), City of Eugene (rent, unit size, unit mix), ECONorthwest (photo)



Unit Type	Number of Units	Rent	SF	\$/SF	Average \$/SF
1B	72	\$1,156 - \$1,233	681 - 726	\$1.70 - \$1.70	\$1.70
2B	48	\$1,376 - \$1,508	938 - 1,022	\$1.47 - \$1.48	\$1.48
3B	48	\$1,525 - \$1,616	1,185 - 1,215	\$1.29 - \$1.33	\$1.31
Total/ Average	192				\$1.52

The newly opened, mixed-use development **Amazon Corner**, located just south of Amazon Park in Southeast Eugene, has **117 units** with a weighted average rent of **\$1.73 per square foot**.

The units are a mix of studios, and one- and two-bedroom units. The complex features gas stoves in units, underground parking, and fiber-optic internet.

AMAZON CORNER – BUILT 2018

Source: CoStar (photo, amenities), City of Eugene (rent, unit size, unit mix)



Unit Type	Number of Units	Rent	SF	\$/SF	Average \$/SF
Studio/1b	57	\$775 - \$1,450	397 - 716	\$1.95 - \$2.03	\$1.99
1B/1b	43	\$811 - \$1,625	650 - 1,320	\$1.25 - \$1.23	\$1.24
2B/2b	17	\$2,050 - \$2,350	961 - 1,103	\$2.13 - \$2.13	\$2.13
Total/ Average	117				\$1.73

The Bailey at Amazon Creek, located in western Eugene, has 252 units with an average rent of \$1.36 per square foot.

Unit mix includes one-, two-, and three-bedroom units. Amenities include an over-sized hot tub, a "resort-style" pool, open parking, a community keg with craft beers, and a dedicated dog park.

THE BAILEY AT AMAZON CREEK – BUILT 2015

Source: CoStar, City of Eugene, (Includes a pool, not pictured)



Unit Type	Number of Units	Rent	SF	Average \$/SF
1B		\$1,238	854	\$1.45
2B		\$1,535	1,144	\$1.34
3B		\$1,655	1,271	\$1.30
Total/ Average	252			\$1.36

Commercial Market

This section provides an overview of the commercial real estate market trends in and around the River Road/Santa Clara area. We examine both office and retail comparing rents, vacancy, and absorption within the River Road/Santa Clara area to the rest of the City of Eugene and Eugene-Springfield region.

Office

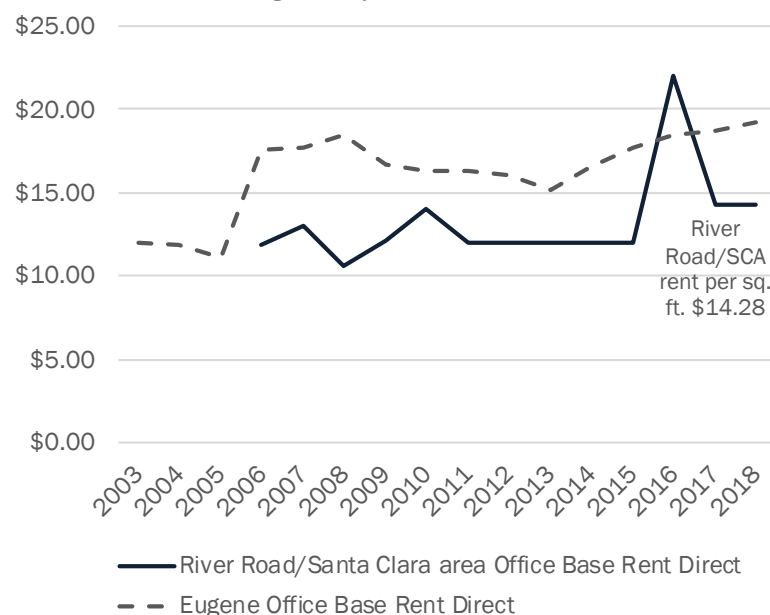
There is little available data on office rents and vacancy rates specific to the River Road/Santa Clara Area. This summary draws on the data that is available, but the small number of buildings that are captured make the data more variable and less robust than the city-wide data.

In general, office rents in River Road/Santa Clara are lower than the average city-wide.

Office rents per square foot have remained relatively flat in River Road/Santa Clara from 2006 to 2018 but have climbed slightly. In 2018, office rents in River Road/Santa Clara were \$14.28 per square foot.

OFFICE GROSS RENT PER SQUARE FOOT, RIVER ROAD/SANTA CLARA AREA AND EUGENE, 2000 TO 2019 YEAR TO DATE

Source: CoStar, Office buildings, January 2019

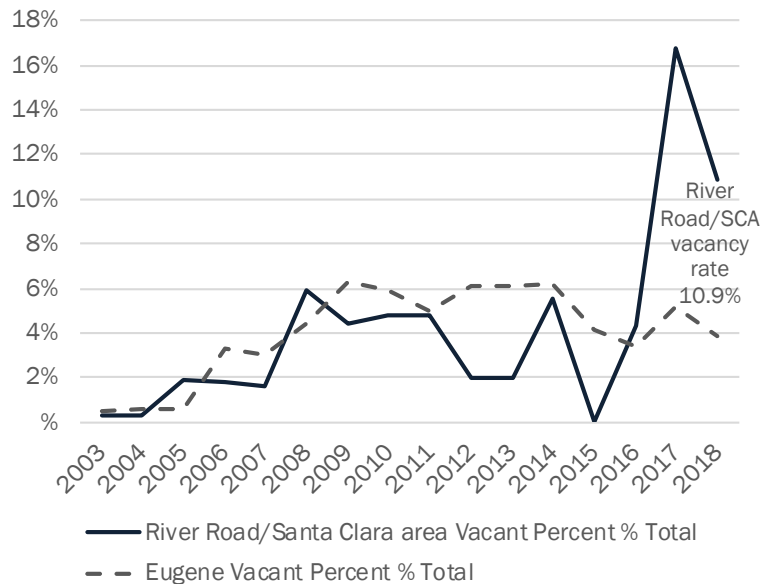


Office vacancy has fluctuated over the past ten years.

The study area's office market vacancy rate spiked to over 16 percent in 2017. However, office vacancy rates in the River Road / Santa Clara area have historically tracked office vacancy rates in Eugene closely.

OFFICE VACANCY RATE, RIVER ROAD/SANTA CLARA AREA AND EUGENE, 2000 TO 2019 YEAR TO DATE

Source: CoStar, Office buildings, January 2019

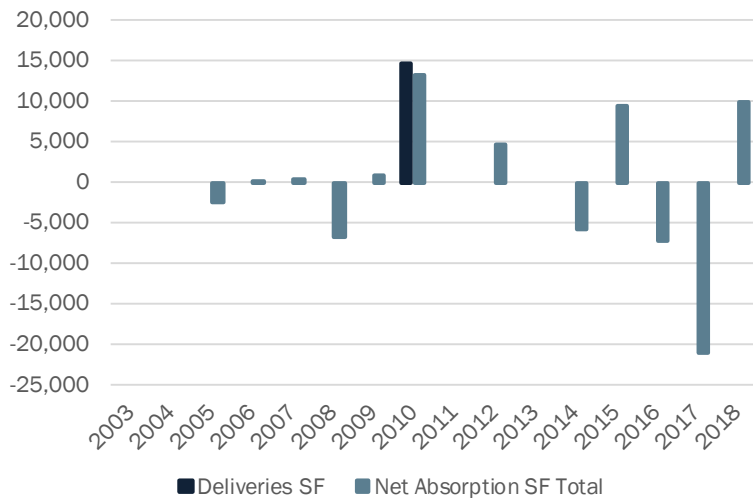


Office absorption (new space leased net of space vacated) has been up and down in the River Road/Santa Clara area over the last 15 years.

There have been very few office deliveries (new construction or addition of office space to existing buildings) in the River Road/Santa Clara area for the past 15 years.

OFFICE DELIVERIES AND ABSORPTION (SQUARE FEET), RIVER ROAD/SANTA CLARA AREA, 2000 TO 2019 YEAR TO DATE

Source: CoStar, Office buildings, January 2019



Retail

The retail data for buildings in the River Road/Santa Clara area is also quite limited. While more buildings are included in the inventory, very few have rent data available.

There are over 1 million square feet of retail space in the River Road/Santa Clara area today.

The existing retail space is primarily strip commercial development in buildings that are at least 10 years old. Larger buildings are mostly clustered near the interchange with the Beltway, with smaller buildings distributed along the corridor.

EXAMPLES OF EXISTING RETAIL SPACES (LARGE AND SMALL)

Source: ECONorthwest (photos); CoStar (total square footage)

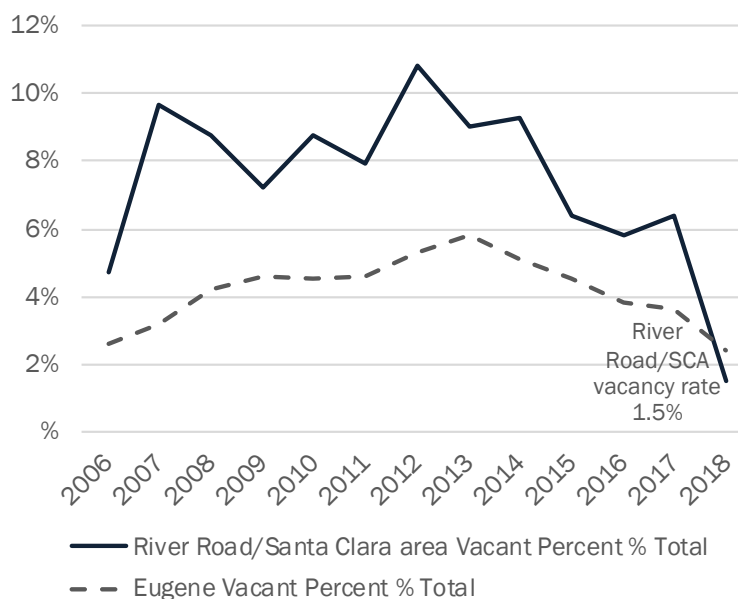


Retail vacancy rates in the River Road/Santa Clara area and in the city overall have declined since 2012.

In 2018, River Road/Santa Clara's retail vacancy rate was lower than Eugene's at 1.5% (compared to Eugene's rate of 2.4%). (Note that the Goodwill building vacancy is not included in the 1.5% vacancy shown, but even after including it, the vacancy rate is only 2.4%.) With no new space added since 2012 (see absorption and deliveries chart, next page) and leasing activity continuing since that time, available space has become scarce.

RETAIL VACANCY RATE, RIVER ROAD/SANTA CLARA AREA AND EUGENE, 2000 TO 2019 YEAR TO DATE

Source: CoStar, Retail buildings, January 2019

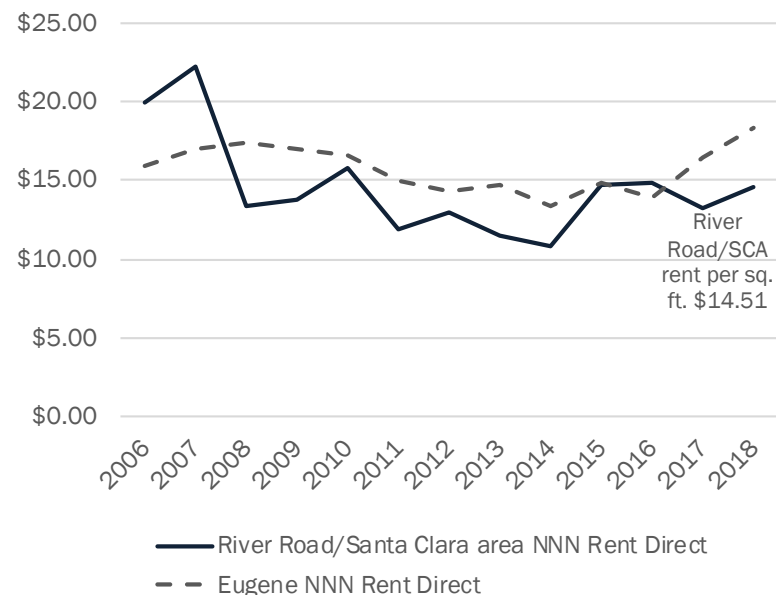


Retail rents declined in the River Road/Santa Clara area from 2006 to 2008 and have been largely flat since then.

Retail rents city-wide also remained relatively stagnant over the same time period with a slight increase in the last two years. One possible reason is a transition in the type of retail tenants in some of the spaces along River Road (e.g. Office Max being replaced by an indoor trampoline gym, which likely can't afford as much in rent). Property owners may be keeping spaces full by keeping rents reasonable, and may not be able to raise them appreciably without compromising occupancy.

RETAIL TRIPLE NET (NNN)¹⁶ RENT PER SQUARE FOOT, RIVER ROAD/SANTA CLARA AREA AND EUGENE, 2000 TO 2019 YEAR TO DATE

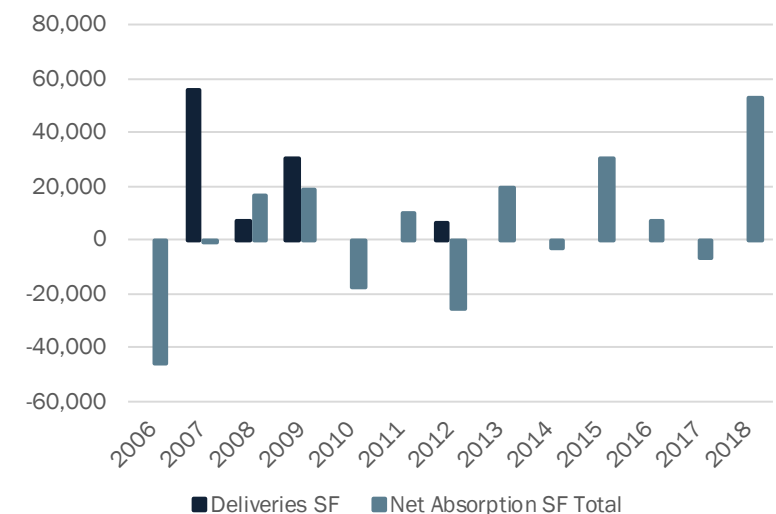
Source: CoStar, Retail buildings, January 2019



The River Road/Santa Clara area has had generally positive retail absorption since 2013, with little new retail space delivered since 2009.

RETAIL DELIVERIES AND ABSORPTION (SQUARE FEET), RIVER ROAD/SANTA CLARA AREA AND EUGENE, 2000 TO 2019 YEAR TO DATE

Source: CoStar, Retail buildings, January 2019



¹⁶ Triple net rent refers to rent that does not include utility costs or other operating expenses — the tenant is responsible for paying a proportional share of all expenses associated with occupancy of the building in addition to the base rent.

Implications

The available data suggests the following implications for the River Road/Santa Clara area development feasibility analysis:

- New for-sale detached housing could be expected to sell for roughly \$200/sf.
- New single family housing could be expected to rent for at least \$1,460 per month (likely higher for new homes).
- Top multifamily rents for new properties in comparable locations in Eugene range from \$1.20 per square foot per month (for larger units) to over \$2.20 per square foot (for smaller units), with an average of roughly \$1.70 per square foot. These rents provide a reasonable estimate of the achievable rents for new multifamily development in the River Road/Santa Clara area.
- Residential rents and sales prices in River Road/Santa Clara area tend to fall roughly 5% below the city-wide average.
- The prevalence of older homeowners who tend to prefer to remain in their homes as they age may limit infill and redevelopment potential in single family neighborhoods in the near-term, with greater shifts possible in the longer-term.
- There is likely little demand for new office space in the River Road/Santa Clara area aside from small service offices (e.g., medical and dental), unless turnover of existing retail spaces with low rents entices businesses to locate back-of-house administrative functions in the area.
- The demand for the existing retail space has not been strong enough to push rents up, even with what appears to be a very low vacancy rate. This suggests that new retail space (in stand-alone buildings or in the ground floor of mixed-use buildings) with higher rents might not be able to attract tenants. However, low rents in existing space create an opportunity for small and start-up businesses that need to keep overhead costs low.

4 Literature Review of Bus Rapid Transit's Impact on the Real Estate Market

The purpose of this literature review is to summarize research to date on the impact of transit investments, particularly Bus Rapid Transit (BRT), on real estate markets, including impacts on residential rents, commercial rents, and property values. The project team will use this information to evaluate how future transit service could affect both the financial feasibility of new development and the risk of displacement for existing residents.

This section is organized as follows:

- Theory and methods
- Findings from research on LTD's BRT network
- Findings from the national literature with a specific focus on the effects of BRT

Theory

The theories of urban economics are clear that transit service can increase property values, because landowners will pay more for land that is accessible to more places. For commercial businesses, the economic benefits of being close to other businesses will cause many businesses to desire central locations. Those demands will cause developers of those locations to bid up the prices of that land. Reducing the cost of accessing central locations through transit or other transportation services makes it easier for businesses to cluster and further drives up land rents. Retail businesses benefit from this clustering especially.

For households, transit can provide an additional transportation option, and can reduce travel time and decrease the need for a car (in some cases). Some households will be attracted to dense, mixed-use areas with a concentration of commercial businesses and large public investments in streetscapes and open space.

The literature also outlines several drawbacks associated with transit service. Providing new transit where there is little demand may have a modest or even negative effect on property in certain circumstances. Noise and construction costs and impacts are the most significant negative effects of transit investments. However, unlike heavy rail, BRT has little noise and vibration, thus the offsetting impacts to property values are smaller.¹⁷

¹⁷ Bartholomew, Keith, and Reid Ewing. 2011. "Hedonic Price Effects of Pedestrian- and Transit-Oriented Development." *Journal of Planning Literature*: 26(18).

Methods

The literature is sparse on empirical and controlled estimates of the impact of different modes of public transportation on various economic development indicators. The majority of the literature focuses on quantifying the price impacts of proximity (using hedonic modeling¹⁸) in a single market area. There are few published studies looking across markets. Note that most of these studies were not designed (or designed well enough) to definitively address two important questions:

- **Multiple effects.** Are the observed effects the result of just the transit itself, or were other significant public improvements (e.g., streetscaping, lighting, parks, signalization, way-finding, parking, public contribution to mixed-use development) part of the package? As important: did public policy change to allow densities that it had previously prohibited or otherwise made impractical?
- **Causality.** Would the observed changes have happened even if the transit service had not been built? E.g., Was the transit placed in a high-density, high-demand corridor well served by roads and parking, and one that was going to develop even without the transit? Establishing a causal link between proximity to transit corridors and physical development is particularly challenging because of locations that are attractive for public transportation also have the same amenities that are attractive for physical development.

The data and statistical controls necessary for such studies can be expensive, and there is little demand for such studies by local transit agencies. It is more common to report total change and then present more qualitative analysis about how transit contributed to the change.

Findings from Research on LTD's BRT Network

Several researchers have completed studies on LTD's BRT lines, looking at the economic development and redevelopment impacts. These studies show positive impacts to property sale value, office rents, and employment levels from being proximate to EmX BRT lines:

- For property values, Goodwin and Snyder found a 9.2 percent premium in commercial and mixed-use property values from being located a quarter mile from the EmX BRT line.¹⁹
- Perk et al. found a small positive impact of proximity to EmX stations on single family home values before and after construction of the EmX. Over time, that value premium

¹⁸ A method of estimating demand or value through regression analysis. The studies in this literature review utilized hedonic models to measure the impacts of proximity to transit on real estate prices.

¹⁹ Goodwin, Eli, and Zack Snyder. 2013. "Hedonic Evaluation of the Effects of EmX Routes on the Value of Commercial and Mixed Use Properties." University of Oregon Department of Economics.

was higher than in the earlier model years, showing that the value of proximity to EmX stations had grown.²⁰

- Nelson found that office properties within a half mile of the EmX line had a rent premium of \$1.93 per square foot per year relative to similar properties outside of transit corridors.²¹
- Nelson et al. found an increase in jobs within a quarter mile of EmX stations between 2004 and 2010, even as the metropolitan area lost jobs over that time period.²²

Exhibit 6 provides an overview of the literature that ECONorthwest reviewed.

Exhibit 6. Summary of Literature focused on Eugene

Authors	Metric Evaluated	Geography Evaluated	Key Findings
Goodwin, Eli, and Zack Snyder. 2013. ²³	Property values	Franklin EmX line	The authors observed a positive and non-linear effect on commercial and mixed-use property values. Being located on the corridor before and after the completion of the EmX line had positive effects on sale value. The model reports an increase in the value of a property located a quarter-mile off the corridor of 9.2 percent due to the EmX.
Hodel, Peter, and Megan Ickler. 2012. ²⁴	Property values	EmX BRT Eugene, OR	<ul style="list-style-type: none"> • Home prices increase the closer that homes are to the nearest EmX stop. • For every walking-minute moving away from EmX stops, home sale prices are estimated to decrease by 0.11 to 0.18 percent
Perk, V., Catala; M. Mantius; K. Corcoran. 2017. ²⁵	Property values	Lane Transit District's BRT (Eugene, OR)	<p>Proximity to the EmX BRT stations contributes to a small (but increasing), statistically significant positive impact on the actual market sale prices of single family homes.</p> <ul style="list-style-type: none"> • For the 2005 model (prior to EmX implementation), the coefficient on distance indicates that a 100-meter decrease in distance to a station (i.e., getting closer to the station) increases sale price by \$823 on average, holding all other factors constant. • In the 2010 model (a few years after implementation), a 100-meter decrease in distance to a station increases average sale price by \$1,056, all else constant. • In 2016, with both corridors having several years of operation, the magnitude of the coefficient increases yet again; a 100-meter decrease in distance is associated with a \$1,128 increase in the average sale price.

²⁰ Perk, V., Catala; M. Mantius; K. Corcoran. 2017. "Impacts of Bus Rapid Transit (BRT) on Surrounding Residential Property Values." NITC-RR-894. Portland, OR: Transportation Research and Education Center (TREC).

²¹ Nelson, Arthur C. 2016. "Bus Rapid Transit and Office Rents." National Institute of Transportation and Communities.

²² Nelson, Arthur, et al. 2013. "Bus Rapid Transit and Economic Development Case Study of the Eugene-Springfield, Oregon, BRT System." Journal of Public Transportation, 16(3): 41-57.

²³ Goodwin, Eli, and Zack Snyder. 2013. "Hedonic Evaluation of the Effects of EmX Routes on the Value of Commercial and Mixed-Use Properties." University of Oregon Department of Economics.

²⁴ Hodel, Peter, and Megan Ickler. 2012. "The Value of Bus Rapid Transit: Hedonic Price Analysis of the EmX in Eugene, Oregon." University of Oregon Department of Economics.

²⁵ Perk, V., Catala, M. Mantius, and K. Corcoran. 2017. "Impacts of Bus Rapid Transit (BRT) on Surrounding Residential Property Values." NITC-RR-894. Portland, OR: Transportation Research and Education Center (TREC).

Authors	Metric Evaluated	Geography Evaluated	Key Findings
Nelson, Arthur C. 2016. ²⁶	Office rents	Various, including Eugene, OR	Regression analysis estimates that locations within one-half mile of Eugene's BRT corridor confers a positive rent premium of \$1.93 per square foot, or about 12 percent of the mean office rent.
Nelson, Arthur, et al. 2012. ²⁷	Job growth	0.25 and 0.50 miles around BRT stations	Between 2004 and 2010, total jobs stayed about the same between 0.25 and 0.50 miles of station areas but increased by about 10 percent (or nearly 3,000 jobs) within 0.25 miles of station areas. Sectors that appear to be attracted to BRT station areas include Retail Trade, Transportation and Warehousing, Finance and Insurance, Real Estate and Rental & Leasing, and other services.

Summary of National Research Findings

Impact on Sales Prices

There are numerous studies that find empirical support for transit's influence on property value. However, there are few studies that focus specifically on the impacts of BRT on property values. Key studies include:

- **Effect on condominium prices:** Wardrip (2011), in a literature review summary, found the effect of transit on condominium prices to be higher than on single family homes.²⁸ A study of the effects of the 2002 implementation of a BRT line in Boston on condominium prices showed similar results, with a BRT premium of 7.6 percent for properties near stations, and a more pronounced impact closer to the stations and little impact past a quarter-mile.²⁹
- **Disparate effect on home prices across different types of stations:** Property value increases from the implementation of transit are not universal. A study of 14 metropolitan areas over a 10-year period finds that there is a higher premium for proximity to walk-and-ride stations than to park-and-ride stations. The prices of homes in the areas around a park-and-ride station decreased by 1.9 percent whereas those around a walk-and-ride station increased by 5.4 percent. Over a 20 year period, the

²⁶ Nelson, Arthur C. 2016. "Bus Rapid Transit and Office Rents." National Institute of Transportation and Communities.

²⁷ Nelson, Arthur, et al. 2012. "Bus Rapid Transit and Economic Development Case Study of the Eugene-Springfield, Oregon, BRT System."

²⁸ Wardrip, Keith. 2011. "Public Transit's Impact on Housing Costs: A Review of the Literature." Center for Housing Policy.

²⁹ Perk, Victoria, et al. 2012. "Land Use Impacts of Bus Rapid Transit: Phase II Effects of BRT Station Proximity on Property Values along the Boston Silver Line Washington Street Corridor." National Bus Rapid Transit Institute. Funded by the Federal Transit Administration.

value of homes around a walk-and-ride station increased by 10.8 percent relative to control areas.³⁰

- **Being very close to a station has a positive impact on home values:** Housing cost premiums are greater around stations in walkable, mixed-use, and pedestrian-oriented areas.³¹
 - Perk (2009) found that holding all else constant, property 1,000 feet away from a BRT station in Pittsburgh is valued \$9,745 less than one that is 100 feet away from the station. This study also found that every 1,000 feet closer to a station increases market value of single family home by \$836. The study controlled for distance, property characteristics, locational amenities, and neighborhood characteristics.³²
 - Shen et al. (2018) looked at the impact of BRT on single family property values and found that single family houses located within 0.5 mile or between 0.5 and 1.0 mile from the transit center command a large premium. Home sales price is expected to reduce by \$2,215 if the distance to the corresponding transit center increases by 1,000 feet. Conversely, adding an additional bus stop within a quarter mile radius was estimated to increase the housing price by \$1,540.³³
 - Ulloa (2015) found that “Properties that were in an area between 0.4 and 0.8 mile (network distance) away from a BRT station, possessed about a \$5,000 premium in sales price during the bust and initial recovery of the real estate market that occurred between 2009 and 2013.”³⁴
- **Delayed effect of transit investment on real estate market:** Liu (2012) studied the impact of 11 Los Angeles fixed-guideway transit stations on the local real estate market. Liu found that median home values in station areas are more stable during recession periods and that long-term impacts are stronger than short-term (3 year) impacts: the market needed adjustment time for people to realize the benefits of being near the transit station and added accessibility brings in new development.³⁵

³⁰ Kahn, M. E. 2007. “Gentrification Trends in New Transit-Oriented Communities: Evidence from 14 Cities That Expanded and Built Rail Transit Systems.” *Real Estate Economics* 35:155-182.

³¹ Wardrip. 2011.

³² Perk, Victoria. 2009. “Impacts of Bus Rapid Transit (BRT) on Surrounding Property Values.” National Bus Rapid Transit Institute. PowerPoint Presentation for the APTA Bus Rapid Transit Conference.

³³ Shen, Qing, Xu, Simin, and Lin, Jiang. 2018. “Effects of Bus Transit-Oriented Development (BTOD) on Single Family Property Value in Seattle Metropolitan Area.” *Urban Studies* 55(13): 2960-2979.

³⁴ Ulloa, Steven Thomas. 2015. “The Impact of Bus Rapid Transit Implementation on Residential Property Values: A Case Study in Reno, NV”. Graduate Theses and Dissertations. University of South Florida.

³⁵ Liu, Chen. 2012. “The Impact of LA’s Fixed-Guideway Transit Stations on the Local Real Estate Market.” UCLA Urban Planning Department for SCANPH.

Impact on Rents

The amount that a building owner is able to rent a space for has a direct impact on the property value.

- **Effect on office rents:**
 - Nelson et al. (2012) analyzed the effect of proximity to BRT with commercial property values, within one-half mile of BRT lines in Cleveland, Eugene- Springfield, Kansas City, Las Vegas, and Pittsburgh. They found that in all cases, BRT proximity confers an office space asking rent premium ranging from \$1.57 per square foot (Pittsburgh) to \$4.81 per square foot (Las Vegas) representing 9% to 30% of the variation in asking rents, respectively.³⁶
 - Looking specifically at office properties outside downtowns and within a half-mile of BRT stations, Nelson (2016) found a rent premium of 1.3% - less than half the premium for office properties in downtown settings adjacent to BRT identified in the same study (2.9%).³⁷
- **Effect on retail rents:** Nelson (2016) found a positive impact (10.4% premium) on retail rents within a half-mile of BRT stations in a downtown setting, but not for properties outside a downtown area.³⁸
- **Effect on multifamily rents:** In looking at 20 metropolitan counties with high-capacity transit systems, Nelson and Ganning (2015) found that multifamily units within one half mile of a BRT corridor had a 3.7% premium over units outside of those corridors. This is compared with a 4.4% premium for light rail transit and 8.0% premium for streetcar transit. The study controlled for age of building, recent renovations and other physical form variables; however, it did not disaggregate downtown properties from those outside a downtown in the multifamily model. Given that the other models found less rent impact outside downtowns, this could be true for multifamily rents as well.³⁹

³⁶ Nelson et al. 2012.

³⁷ Nelson 2016.

³⁸ Ibid.

³⁹ Nelson, Arthur C., and Joanna Ganning. 2015. "National Study of BRT Development Outcomes." National Institute for Transportation and Communities (NITC).

Contributing Factors

Several reports (Thole and Samus, 2009;⁴⁰ Vincent and Callaghan, 2008;⁴¹ GAO, 2012⁴²) used case study examples to identify factors that contribute to the impact of BRT on economic development and development outcomes. Contributing factors include:

- Transit-supportive local land use policies and shorter approval processes for projects near the BRT
- Financial incentives and increased cooperation between private and public sectors
- “Walkable streetscapes,” attractive amenities, and physical BRT features that give developers a sense of “permanence”
- The frequency, convenience, and speed of the BRT — these affect the ability to attract “choice riders” who tend to be higher-income and able to pay more for convenience and premium locations
- Presence of centers and important destinations along/near the BRT corridor
- Developer interest and the economic climate

Implications and Key Takeaways

Key conclusions on the state of the literature include:

- The available literature generally finds that proximity to BRT is associated with higher rents/prices and land values, particularly for residential and office uses, but not for retail outside of city centers. Exhibit 7 summarizes the range of relevant impacts identified in the literature within a quarter mile and half mile of the corridor, relative to sites a mile or more away.
- Though the transit service itself may be a *contributing* factor to increased property values, the associated public investments, policies, and programs are also important contributors to the influence of transit on development outcomes.
- Enhanced bus service would likely generate less impact on rents and property values, since bus service is perceived as less desirable than other transit modes,⁴³ and choice

⁴⁰ Thole, Cheryl, and Joseph Samus. 2009. “Bus Rapid Transit and Development: Policies and Practices that Affect Development Around Transit.” National Bus Rapid Transit Institute. Sponsored by Federal Transit Administration.

⁴¹ Vincent, William, and Lisa Callaghan. 2008. “Bus Rapid Transit and Transit Oriented Development: Case Studies on Transit Oriented Development Around Bus Rapid Transit Systems in North America and Australia.” Washington D.C.: Breakthrough Technologies Institute.

⁴² United States Government Accountability Office (GAO) “Bus Rapid Transit Projects Improve Transit Service and Can Contribute to Economic Development” 2012.

⁴³ Thompson, Gregory L, et al. 2012. “Understanding Transit Ridership Demand for a Multi-Destination, Multimodal Transit Network in an American Metropolitan Area: Lessons for Increasing Choice Ridership While Maintaining Transit Dependent Ridership.” Mineta Transportation Institute.

riders are more likely to be willing and able to pay a premium for convenience and the amenity value of an enhanced public realm. Bus service also does not offer developers a sense of permanence that encourages investment.

- While the available literature is not directly transferrable to the River Road context and likely captures the impacts of multiple contributing factors, the evidence is strong enough to conclude that BRT improvements on River Road that improve service quality and enhance the public realm could lead to an increase in achievable rents and property values for at least some uses adjacent to the corridor. For modeling purposes for the Corridor Study, we assume that rent and sales price impacts will be stronger within a quarter mile of the corridor than between a quarter- and a half-mile from the corridor,⁴⁴ and that rent impacts will be more modest than those in studies that did not differentiate downtowns from suburban locations. Recommended assumptions are summarized in Exhibit 7.

Exhibit 7: Summary of relevant impacts to rents and sales prices from BRT investment and recommended assumptions for modeling purposes

Metric	Estimated Range of Impacts Within ¼ Mile (relative to sites 1 mile away)	Estimated Range of Impacts between ¼ and ½ mile (relative to sites 1 mile away)
Single family property values / sales prices	\$3,200-\$8,600 Recommended assumption: \$3,200	\$2,100-\$5,700 Recommended assumption: \$2,100
Multifamily rents	Up to 3.7% Recommended assumption: 2%	Up to 3.7% Recommended assumption: 1%
Retail rents	0-10% Recommended assumption: 0%	0-10% Recommended assumption: 0%
Office rents	1.3-30% Recommended assumption: 2%	1.3-30% Recommended assumption: 1%

Source: ECONorthwest analysis of literature cited above

Currie, Graham. 2006. "Bus Transit Oriented Development- Strengths and Challenges Relative to Rail." *Journal of Public Transportation* 9(4).

Currie, Graham. 2005. "The Demand Performance of Bus Rapid Transit." *Journal of Public Transportation* 8(1): 41-55.

⁴⁴ Distances are measured from the corridor rather than from stop locations for the River Road corridor because stop locations have not yet been finalized and depend on the transit service alternative selected.

5 Case Studies of Transit-Oriented Development linked to Bus Rapid Transit

This section provides case studies from other similar communities that have implemented BRT along with an intentional set of policies, regulatory reforms, and/or investments to support transit-oriented development (TOD). The purpose of these case studies is to provide insights for the City of Eugene in considering how to maximize the value of the BRT investments to catalyze TOD in the River Road corridor.

In selecting similar communities, we considered the following criteria:

- Mid-size cities
- Cities with a BRT line, preferably in transit systems that do not include other forms of fixed-guideway transit (e.g. commuter rail or light rail)
- The transit is currently open and operating, allowing an opportunity to observe actual impacts to market conditions
- The land use context for the BRT line is broadly similar to the River Road corridor – a lower-density, suburban arterial
- The city has made a concerted effort to encourage TOD
- The city's efforts and the results of those efforts have been documented

Based on those criteria, we identified the Kansas City, Missouri, and Richmond, Virginia as the most appropriate available case studies. While these examples do not align perfectly with conditions in Eugene's River Road, they provide some insights into development outcomes associated with BRT.

Troost MAX, Kansas City

The Troost Metro Area Express (MAX) is an expansion of the Downtown Main Street MAX Corridor, providing bus rapid transit along Troost Avenue. Since 2011, Troost connects a neighborhood with high transit dependency to over 20 transit routes. Troost has the highest transit ridership in Kansas City.



Challenges to TOD Implementation

The Corridor's designation as a commercial zone posed a challenge—this zone permitted development inconsistent with TOD, leading to overzoned and overbuilt commercial and retail buildings that became blighted and vacant. This was inconsistent with the City's goal to

encourage new, urban design standards for new construction, infill development, or rehabilitation of existing buildings and properties.⁴⁵

Strategies for TOD Implementation

The Troost BRT project was concurrent with a TOD Corridor Redevelopment Plan.⁴⁶ With input from local community and business owners, the plan proposed redevelopment projects along the Corridor, and the appropriate public investments needed to facilitate improvements. The City modified zoning regulations to allow reduced parking requirements and denser land development opportunities to further promote mixed-use land use along the Corridor. Alongside BRT construction, the City invested in the replacement of the Troost Bridge over Brush Creek, improving safety for motorists and pedestrians.⁴⁷

Troost MAX connects to the Green Impact Zone – “a 150-square block area in the urban core of Kansas City, Mo., that serves as a national model of place-based investment, demonstrating how a distressed community can be transformed through intense, focused coordination of programs and resources” (e.g. a community center and capacity-building grants). This synergy allowed for TOD-focused infrastructure improvements in that neighborhood.⁴⁸ A transit plaza developed on 31st street doubles as a community gathering and event space.

Successes in TOD implementation

Transit-led land use and economic development proliferated as part of the Corridor Redevelopment Plan. Public artwork and pedestrian, bicycle and trail improvements followed along BRT stations. Development projects in the Green Impact Zone include a 13.5 acre senior housing redevelopment, satellite public clinic, expansions of the medical center (Hospital Hill) and Rockhurst University, and potential new Federal Complex and downtown housing.⁴⁹

⁴⁵ Mid-America Regional Council. 2013. “Troost Corridor Redevelopment Plan.” <http://www.marc.org/Regional-Planning/pdf/TroostCorridorFinalReport.aspx>

⁴⁶ Part of a larger regional development project—Creating Sustainable Places is a regional plan for sustainable development in the greater Kansas City Region. See <http://www.marc.org/Regional-Planning/Creating-Sustainable-Places/assets/Regional-Plan-for-Sustainable-Development-v2.aspx>

⁴⁷ National Bus Rapid Transit Institute Center for Urban Transportation Research, University of South Florida. 2012. “Community-Oriented BRT: Urban Design, Amenities, and Placemaking.” https://www.transit.dot.gov/sites/fta.dot.gov/files/FTA_Report_No._0034.pdf

⁴⁸ Green Impact Zone of Missouri and Mid-America Regional Council. 2011. Year Two Annual Report. <http://greenimpactzone.org/assets/2011annualreport.pdf>

⁴⁹ Ibid.

Local businesses have also benefited. A 2014 survey of Troost Avenue business found that 82 percent of respondents felt that the Troost MAX increased store traffic, 60 percent said that they themselves used the MAX as a form of travel.⁵⁰

Pulse Bus Rapid Transit, Richmond, Virginia

The Pulse BRT is a seven-mile regional transit line connecting the City of Richmond and Henrico County, Virginia. Initial assessment studies were conducted from 2010 to 2014. The BRT began operating in June 2018.



Challenges to TOD implementation

Several station stops and their surrounding areas, especially in Henrico County, displayed suburban development patterns—automobile-oriented, with lower population- and employment-densities. This was a challenge to transit-oriented development in the City and region's long-term vision. For one, 341 acres along the Corridor, or 23 percent of the walkshed⁵¹ were surface parking lots. These were identified as key opportunities for infill development. Additionally, a large amount of property lots were found to be tax-exempt, discouraging private development.⁵²

Some station areas suffered from vacancy issues. For example, 29 percent of the Adams St. station area was considered vacant or redevelopable.⁵³

Strategies for TOD implementation

The initial project assessment phase included a land use analysis, which considered population, housing, and employment densities; and land use designations and policies, and their potential to incorporate more mixed-use, pedestrian-oriented, and transit supportive density and intensity. The project identified station areas with the greatest near-term TOD potential, and conducted market assessments.

The City initiated a re-zoning process to match the Corridor's future land use map. This rezoning was part of a densification strategy that also allowed for the City to direct new

⁵⁰ Jarrold, Dick, "Sustainable Development and Kansas City's MAX Bus Rapid Transit System," Retrieved from <https://www.kansascityfed.org/~media/files/publicat/events/community/2015-creating-communities/kansas-city-presentations/sustainable-development-and-kansas-citys-max-brt-system-wo-extra-slides.pdf?la=en>

⁵¹ The network of streets that pedestrians can travel in a given distance. In this plan, the walkshed was set as a ten-minute walk (half-mile) from a station (or the midpoint between eastbound and westbound stations).

⁵² City of Richmond. 2017. "The Pulse Corridor Plan." Retrieved from http://www.richmondregional.org/Publications/Reports_and_Documents/Planning/PulseCorridorPlan-July2017.pdf

⁵³ "Broad Street Rapid Transit Study Land Use and Multimodal Connectivity Report." 2011. <http://ridegrtc.com/media/main/brt/Land%20Use%20and%20Multimodal%20Connectivity%20Technical%20Report.pdf>

development toward more transit-oriented form, as well as update priority streets and establish new parks and open space. The City created a new mixed-use zone that permitted the development of mid-rise buildings. Bonuses for affordable housing projects (building heights and reduced parking) were in place to further promote mixed-used districts.

To reduce the number of surface parking lots, the City incentivized underground and wrapped parking decks. The City reduced parking requirements in order to encourage the redevelopment of surface lots as new infill sites, such as for smaller-scale housing projects. The final project plan also included recommendations to explore tax increment finance districts and a technology zone to promote job creation.

Successes in TOD implementation

While the system has been operating for less than a year and little data has been collected on results since, initial assessment studies expected property values along the Corridor to increase by 12 percent, or \$1.1 billion in 20 years.⁵⁴ Under BRT-induced development and the region's long-term TOD vision, the Corridor's tax base is projected to increase to \$900,000 by 2040 (in 2016 dollars), versus \$370,000 projected under the No Build Alternative. Several business communities in Henrico County have been identified to benefit from Pulse BRT. Willow Lawn Shopping District, Dabney Road Industrial Park, and Rocketts Landing, for example, are anticipating further proliferation of local businesses along with employment opportunities.⁵⁵

Implications for Eugene

The case studies show that coordinating land use and public investment actions is important. The areas with the greatest public investments seem to have had the greatest impact on stimulating development. Those developments may be concentrated in particular locations where there is a combination of growth potential and heavier public investment, rather than distributed along the length of the BRT line.

⁵⁴ Regional Transit Alliance. 2017. "RTA Leadership Briefing and Tour to Richmond, VA". Retrieved from <http://letsgetmoving.org/cms/wp-content/uploads/2017/12/final-Tues-ppt-RTA-Tour-No2817.pdf>

⁵⁵ HenricoNow. April 2017. "GRTC Pulse Will Connect Vibrant Henrico Business Communities". Retrieved from <http://news.henrico.com/work/grtc-pulse-will-connect-vibrant-henrico-business-communities>