

Presentation before the Pennsylvania Senate Transportation Committee

April 22, 2014

Bruce A. Dorbian
Borough Manager
Marcus Hook Borough
1015 Green Street
Marcus Hook, PA 19061
610-485-1341

MARCUS HOOK TRANSIT ORIENTED DEVELOPMENT PLANNING

BACKGROUND

Situated on the SEPTA R2 rail line, the Borough of Marcus Hook is conveniently accessible to Philadelphia and Wilmington by transit. Before Transit Revitalization Investment District (TRID) legislation existed, the Borough began examining the potential of its train station and nearby land as a development opportunity. The Borough's 2002 Comprehensive Plan called for improving connections between its built environment and open space amenities to improve economic development while encouraging pedestrian mobility, access to recreation, and job opportunities. The plan highlighted the large Borough owned vacant parcel adjacent to the rail line on the east side of Market Street and one block from the central business district as a key parcel for a Transit Oriented Development (TOD) that could take advantage of its proximity to the rail station.

THE PLANS

Comprehensive Plan & Zoning Ordinance

The Marcus Hook Comprehensive Plan, adopted on October 7, 2002, proposed for the vacant land adjacent to the SEPTA rail station a transit-oriented development. The plan indicated that *"this type of development is characterized by a variety of retail and service establishments and high-density apartments/condominiums, with walkways connecting the residential and commercial development with the train station and other areas."* *"The Borough should attempt to attract these type of uses to the area."*

A Transit Oriented Development zoning district specifically defined the type of development the Borough envisioned for the area adjacent to the train station. The new zoning district seeks to implement the recommendations in the comprehensive plan and advance TOD in the Borough. The Marcus Hook Zoning Ordinance was adopted by Borough Council on October 3, 2005.

RENAISSANCE PROGRAM / Planning Area 1 Action Plan

This strategic plan conducted by Heyer Gruel Associates through the Delaware County Renaissance Planning Program presented the Action Program for Renaissance Planning Area 1, which included the municipalities of Lower Chichester Township, and the Boroughs of Marcus Hook and Trainer. The final plan was received by the Borough on April 24, 2003. The three municipalities face a common set of challenges based upon their shared history, regional location and unique land use pattern, which includes residential neighborhoods and downtowns set amidst heavy industrial activity such as oil refineries and manufacturing plants. Additionally, all three are physically constrained from the rest of the County by I-95.

A key economic goal in the plan was to create a mixed-use TOD around the Marcus Hook train station with connections and streetscapes improvements in Marcus Hook and neighboring Lower Chichester Township. The long range economic development and revitalization vision identified the train station as an underutilized transit resource.

Transit Oriented Development Feasibility Study

The Borough of Marcus Hook was awarded a \$68,000 *Transportation and Community Development Initiative* (TCDI) grant in 2002 to prepare a Transit Oriented Development (TOD) Plan. Funding came from the Delaware Valley Regional Planning Commission. The purpose of the plan was to assess the feasibility of creating a new mixed-use development and relocation of the Marcus Hook SEPTA rail station on vacant ground east of the Market Street Bridge. The study recommended keeping the train station at its current location and developing the vacant 7-acre site located directly east of the Market Street Bridge that is primarily owned by Marcus Hook Borough and AMTRAK as a mixed-use residential area with a small retail component.

On February 3, 2003, Borough Council selected Kise Straw & Kolodner (planning and urban design) in cooperation with Zimmerman Volk Associates (project economic consultant) and Michael Baker, Jr. (transportation engineers) for the project. The consultant team provided base mapping, assessed the feasibility of a TOD development, developed a conceptual land use plan with scenarios, cost estimates and designed a final plan illustrated in perspective. The TOD Feasibility Study was completed in January 2005.

The plan concluded that the benefits to Marcus Hook from a new private development on this site would be considerable, not only in terms of direct tax benefits, but also from its ability to provide new housing choices, create an important physical connection from the rail station to the CBD, and provide the ability for the Borough to significantly enhance its quality of life and unify other land use features and destinations. The CBD would greatly benefit from an influx of new residents to the area.

Transit Revitalization Investment District (TRID) Financing Plan

The Borough secured a LUPTAP grant from the Pennsylvania Department of Community and Economic Development to undertake a financing plan for the TRID. The Marcus Hook TRID Financing Plan was completed in July of 2009. This plan actually accomplished several additional steps in the TRID process, starting with the creation of a TRID boundary in the Borough, which included three separate development areas

as suggested phases. Furthermore, the plan established the Borough as the TRID management entity; identified necessary public infrastructure improvements and associated costs; outlined a suggested development program containing a variety of housing options appropriate for the location; and determined the anticipated value capture of the proposed development, or the incremental tax revenue resulting from increased property values within the designated TRID area as a result of new public and private reinvestment.

The TRID Financing Plan was formally endorsed by Resolution by the governing bodies of the Borough, the County, and the School District.

PLANNING - A RECAP

The Marcus Hook Comprehensive Plan (2002), the Renaissance Program Area 1 Action Plan (2003), the Marcus Hook Transit Oriented Development Plan (2005), the Marcus Hook Zoning Ordinance (2005), the TRID Financing Plan (2009), and the TRID Implementation Plan (2012), speak to the extensive amount of advance planning that specifically recommends transit-oriented development. The TOD and TRID studies provide site specific details and the zoning ordinance allows for the development as a permitted use. As described in the zoning ordinance the purpose of the TOD is to *“promote well-integrated residential, commercial, and other development close to regional transit stations, to support public transit by locating higher density, mixed use development adjacent to or near transit stops, to reduce automobile dependency and roadway congestion by combining trips and locating destinations within walking or biking distance, and to provide an alternative to conventional development by emphasizing pedestrian-oriented mixed use development.”*

MARCUS HOOK TRID PROJECT

In cooperation with the Chichester School District and Delaware County, major steps have been taken toward creating a Transit Revitalization Improvement District (TRID) at the Marcus Hook SEPTA station and elsewhere within Downtown Marcus Hook. This progress has included the unanimous adoption of resolutions by the Borough Council, School Board and County Council supporting in principle the creation of this TRID district and the dedication of a portion of the tax increment within the district to support needed infrastructure investment.

The most critical portion of the designated TRID district is property owned by the Borough where the community has expressed the desire to expand homeownership opportunities. Market research supports the potential for new housing, but at sales prices that make community investment in infrastructure necessary to reduce the cost of development.

The public improvements necessary to attract the desired private residential development include transit station improvements, roadways and sidewalks, park facilities, and water and sewer utility lines. In the Marcus Hook TRID Financing Plan of June 2009 we have identified the costs associated with the TRID's public infrastructure improvements for this area, which amount to approximately \$3,255,000. It is this infrastructure investment that has been targeted for a major portion of TRID funds.

Understanding that owner-occupied sales housing development is a multi-year process, we have discovered two timing issues as a result of completing the TRID Financing Plan for Marcus Hook for which we require clarity.

1. According to the TRID Act, and similar to the Tax Increment Financing (TIF) Act, local municipalities, school districts, and counties shall establish a trust fund and amortization schedule for the receipt, investment, and expenditure of any TRID tax revenues not to exceed a 20-year period. Due to the complex nature of real estate development, construction is likely to be completed at different times for different properties in the TRID over several years.

As a result, we have requested clarity of the TRID legislation regarding the commencement of the 20-year amortization period. **Specifically, does the TRID legislation allow local government to amend the TRID to add newly development property to the TRID over time so that the 20-year period would restart each time new development is added?** We are concerned that a policy not permitting this amendment procedure would hinder local governments from participating in TRID. **We have asked PADCED or another department to assure local governments that restarting the amortization period is permissible so they we move forward with the development process.**

2. The TRID Act, similar to TIF, dedicates a portion of the tax increment, or value capture, associated with the development to the TRID. However, the collection of the value capture from the TRID will not begin until the development is complete, which could take several years. In the case of Marcus Hook, several million dollars worth of infrastructure improvements need to be constructed prior to the generation of any tax revenues in the TRID. **Therefore, there is a need for an interim financing tool to bridge the gap between the time that the local government invests in the necessary TRID infrastructure and the point when the local government is collecting sufficient value capture to float a bond that will pay for the infrastructure.** We estimate this financing period would last approximately four to six years. **Are there sources available from the Commonwealth, such as through the Commonwealth Financing Authority, to assist local governments with interim financing for TRID-related infrastructure improvements?**

3. We would support an amendment to the TRID Act to provide a state TRID Development Fund to advance necessary infrastructure improvements at eligible TRID locations. From this fund multi-year grants will be made available for TRID projects. If local government matching grants are a prerequisite for funding, a TRID advancing in Marcus Hook is not likely. **Only with a dedicated source of state funds will we be able to attract private development money into our community.**

REDEVELOPMENT CHALLENGES AND THE TRID ACT

TRID legislation was intended to provide an important financial tool for Pennsylvania's municipalities, counties, and public transportation agencies because it drew a strong link between economic development and mass transportation. The goal of the TRID legislation was to foster economic development on sites adjacent to transit stops with the ultimate goal of increasing ridership for transit agencies and advancing community revitalization. The legislation failed to produce the results envisioned by the Act. Today, no development has occurred as a result of the TRID legislation.

Although TRID allows for the capture of property tax revenue, in many cases, the potential annual increment generated by new development is not sufficient to cover costs associated with infrastructure, parking, and transit improvements. This is the case in Marcus Hook. The seven-acre site, although allowing for dense

redevelopment, does not create sufficient tax increment to cover the costs of site remediation, developing a new station, developing new pedestrian linkages and amenities, and constructing sufficient parking facilities to support transit use and development.

In order to create meaningful development while generating sufficient revenue to cover costs associated with improvements at transit stations and pedestrian connections/amenities, the TRID Act should be amended to allow a community to capture additional revenue from a designated TOD project area. These amendments should include the following:

- State sales tax revenue generated by all businesses located within the TRID boundaries.
- State corporate tax revenue.
- Personal income tax withheld from employees working within the TRID boundaries.

The Commonwealth should also develop a TRID grant program that would provide funding to TRID's which have been formally designated by the Commonwealth. The funding would be distributed to communities based on greatest need. Also, given the Pennsylvania Department of Transportation's access to additional funding sources at the federal and state levels, PennDOT should be given a more explicit partnership role in funding and implementation of the TRID program. The Commonwealth should also prepare policy for transit agencies regarding participation in real estate development and municipal planning linking to ridership and revenue generation, as well as capital infrastructure.

THE BOTTOM LINE

The Marcus Hook TOD project will improve opportunities for redevelopment of the Station Area in the Borough. SEPTA has now recognized the need to upgrade the train station. A redeveloped train station with enhanced amenities will attract new ridership. The Market Street Bridge, the "gateway to the Borough" will be demolished and construction on a new bridge is slated to start in 2015. This \$16 million PennDOT project will result in an inviting "front door" to the town and provide better accessibility to the train station and TOD site. The U.S. Route 13 streetscape project funded by a \$1.5 million transportation enhancement grant is scheduled to start in 2014. A complete make over of the major north-south through road in town will rejuvenate the CBD and adjoining residential area to the north. And lastly, the development of the TOD site will attract a critical mass of new and existing residents to support economic redevelopment of the Route 13/CBD commercial corridor.

Where the TRID Financing Plan left off the Borough will hope to formalize developer interest, identify specific funding sources for individual projects, and obtain specific contractual commitments between the selected developer(s), the three governing bodies, SEPTA and AMTRAK.

The TRID in Marcus Hook will help jump start the Marcus Hook TOD project and result in a new mixed-use residential and commercial project that will provide a new anchor of growth in the Borough. A new mixed-use TOD development will address the Borough's critical community and economic development needs and use the access to transit to leverage needed private investment by developers, business owners, and new home owners. The project will promote the ideals of the Borough to grow as a walkable and livable community that is attractive to families and workers throughout the region.

THANKS FOR LISTENING

I leave with you this concern. Communities like Marcus Hook can gain from TOD. A TOD development next to our Central Business District will benefit and could reinvigorate the downtown. However, as a low-income community with few financial resources help is needed. If there are few viable businesses in the TRID where is the TRID state tax revenue coming from? State TRID funds should be made available to communities based on some measure of community need.

On behalf of the Borough of Marcus Hook, we appreciate the efforts of the Pennsylvania Senate Transportation Committee to reform the Transit Revitalization Investment District Act so that it can be used as a catalyst to advance Transit Oriented Development.