Why Some Cities Think Developing At Rail Stops Is a Mighty Good Road

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ENGLEWOOD, Colo. — A decade ago, the fortunes of this lower-middle-class Denver suburb were inextricably linked to Cinderella City, a mall virtually devoid of retailers, and to the automobile.

Today, where the 1960s mall and its parking lots once sat, Englewood has latched onto a new hope: 55 acres of apartments, stores and offices anchored by a stop on a light-rail line that links Englewood to downtown Denver. The $155 million development features 438 apartments, 350,000 square feet of retail space, including a Wal-Mart, and the town's library and city hall. "Our community has a new core," says Gary Sears, Englewood city manager.

Opened in 2000, CityCenter Englewood is one of a growing number of developments offering a mix of uses that have emerged around mass-transit rail lines, a trend that is particularly notable in the car-friendly West. In Dallas, Mockingbird Station on the city's light-rail system boasts an artsy Angelika Film Center, loft apartments that utilize a 1940s warehouse, and retail and office space. And the Del Mar stop in Pasadena, Calif., along Los Angeles's light rail includes 347 apartments stacked over ground floors intended for shops that will give the project a dense, urban feel amid its low-rise Southern California surroundings when it is completed early next year.


Union Station Neighborhood Co.

A rendering of Denver's $1 billion Union Station redevelopment as a hub for regional rail.

Such projects still have plenty of challenges, one of the reasons the Federal Transit Administration counts only about 100 of them nationwide. Because zoning often favors a single use, such as residential or commercial, developers must work with city officials to change the rules. Land can be difficult to assemble. And upfront costs for developers — especially with demand to include features such as plazas and parks — are high with financial returns often slow in coming.

In Houston, about half the land along the city's 7.5-mile light-rail line — which connects a medical center, sports venues and downtown — is vacant and developers who have locked up parcels are hanging back. "There hasn't been a rush to build," says Kimberly Callahan, a spokeswoman for Houston-based Camden Property Trust, a real-estate investment trust which eventually hopes to build a residential and retail project on several acres it owns along the city's Main Street rail corridor.

Development around rail stops is nothing new around cities such as New York and Boston, with their well established commuter and subway lines. On the West Coast, cities such as Portland and San Francisco invested in rail as an alternative to new freeways in the late 1970s. But cities such as Phoenix, Denver and Salt Lake City are only now looking to light rail as an alternative to automobiles and suburban sprawl.

Sunbelt cities' recent efforts to woo projects that marry residential, commercial and office development are likely to spur more growth around station stops. The number of households located near transit stations will more than double by 2030, to 16 million from six million, estimates a study by the Center for Transit Oriented Development, part of Oakland, Calif.-based nonprofit Reconnecting America, which promotes ties between transit and community development.

"It's an opportunity for automobile-oriented cities to recreate themselves," says Marilee Utter, president of Citiventure Associates LLC, a Denver firm that has worked with a number of cities on development around light rail, Englewood among them.

Over the next decade Denver will add 119 miles of light and commuter rail connecting most of the metro area, in addition to increased bus service and thousands of park-and-ride spaces, at a cost to area taxpayers of $4.7 billion. Denver's FasTracks light-rail system will include about 50 stations where retail, residential and office development can occur, according to Denver's Regional Transportation District. Tom Clark, executive vice president of the Metro Denver Economic Development Corp., a public-private nonprofit group, says land values are up around the designated stops as much as 30%.

The biggest prize is the $1 billion transformation of downtown Denver's Union Station into a hub for the entire transit system. Last month, locally based Continuum Partners LLC and East West Partners, of Avon, Colo., were named master developers under the name Union Station Neighborhood Co. The team has announced plans for the renovation of the city's historic train station and 1.8 million square feet of office, residential and retail space on 19.5 acres extending north into the once-blighted Central Platte Valley.

Some critics say development around light rail could have been even more effective if the Regional Transportation District hadn't decided to build along highways and freight lines. While less expensive, that limited the ability to develop land on either side of rail stops. Still, the district says 18 projects valued at nearly $680 million are built or are under construction near stations along its fourth light-rail line, a 19-mile segment extending southeast from downtown which opened last month.

Mockingbird Station on Dallas's light-rail system boasts an art-film center, loft apartments, shops and offices.

In Englewood, a city of 33,000 people 10 miles south of downtown Denver, local officials had agreed years ago on a plan to redevelop languishing Cinderella City into a big-box shopping center. In late 1996, they abruptly reconsidered. With the southwest light-rail line then in the works, they set about developing a plan that would incorporate a proposed station.

But city officials say the developer they had chosen for the shopping center, Miller-Weingarten Realty LLC, had neither the expertise nor the interest in a project that combined retail and residential, so Englewood took on the role of master developer.

"It was like climbing Kilimanjaro," says Mr. Sears, the city manager. Miller-Weingarten did not return phone calls.

Much of the land had to be rezoned to accommodate the mix of uses, a laborious, time-consuming process, even though city officials had considerable public support. A squabble over the price retail developer Miller-Weingarten was to pay residential developer Trammell Crow Residential for ground-floor shops in its apartment complex was settled out of court. And the Regional Transportation District built its parking lots in such a way that riders miss CityCenter's independent retailers such as Mile High Coffee, a problem that persists today.

But with the southwest line attracting 20,000 passengers daily, up from 13,400 in 2000, downtown Englewood has transformed itself into an urban-style village. The residential units, which city officials say Trammel Crow Residential built at a cost of $36 million and sold to UBS Global Asset Management Real Estate in 2004 for $52 million, are about 90% leased. Besides the Wal-Mart, CityCenter also features a Bally health club, a Ross department store and an Office Depot.

Zachary Bradshaw, 28 years old, is the kind of resident Englewood officials feel they need to attract in order to rejuvenate this declining suburb. Mr. Bradshaw, who works for a downtown-Denver software-development company, moved to CityCenter in 2002. He rides the light rail to work and runs most errands on foot. And Mr. Bradshaw says he takes comfort not having to drive to downtown bars and restaurants on weekend nights.

"The location," he says, "is awesome."

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