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System Case Study of Chicago's Metra Union Pacific-Northwest Line:

Transit as a Catalyst for Redevelopment

Arlington Heights Metra Station at Night

Image courtesy of Village of Arlington Heights Planning Department

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LONG ISLAND INDEX

Metra—Actively Advocating TOD

Communities along Chicago's commuter rail corridors have long provided living space for the City's workers, starting in the mid-1850s in what are now considered inner-ring suburbs[1] and later in more and more distant suburbs and exurbs. Because commuter rail has been a part of its development for the better part of 150 years, the Chicago metropolitan area has experienced urban sprawl and transit-oriented development (TOD) concurrently. Many inner-ring suburbs have allowed the type of development now associated with TOD all along, but communities farther out tended to adopt single-use zoning districts and lower density development patterns. Though the latter communities grew and prospered from the presence of commuter rail stations, they uniformly failed to take full advantage of the potential of the areas around their stations. Typically, most of the vitality drained from the historic downtown before a community started to realize what it was at risk of losing and how TOD could help turn the tide and prevent the loss.

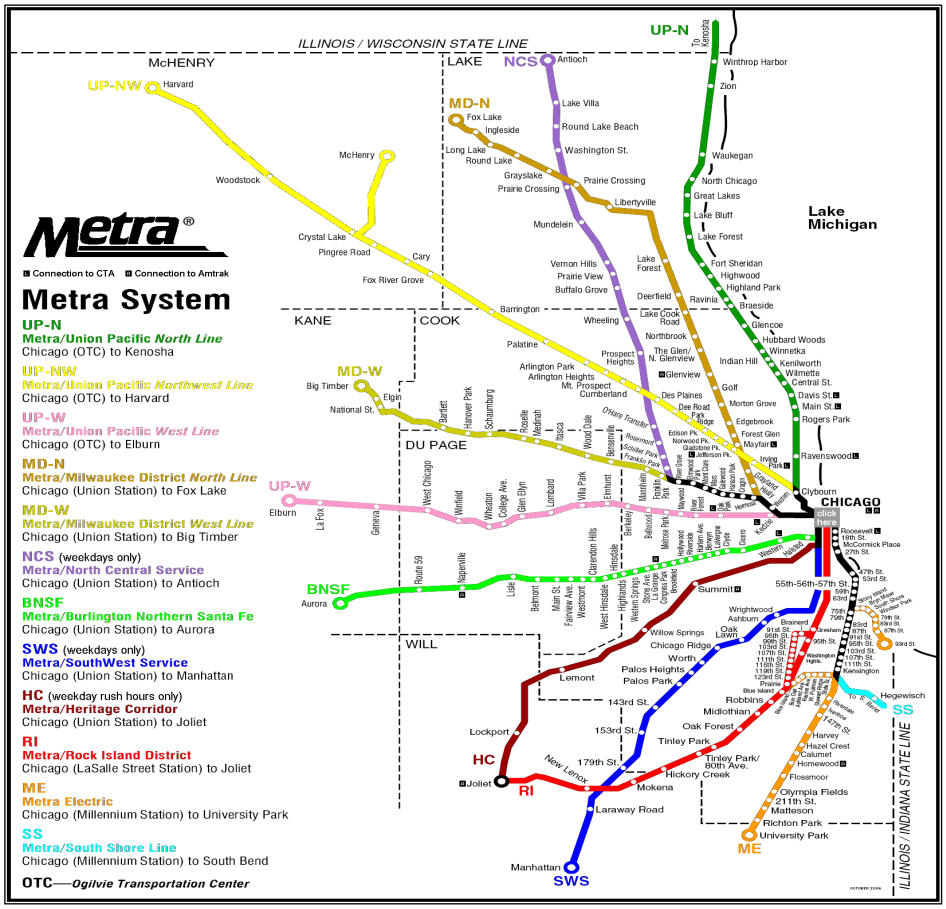

Image courtesy of METRA

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[1] The first commuter line began operating in 1856 between downtown Chicago and Hyde Park. Source: Chicago Historical Society, Encyclopedia of Chicago, http://www.encyclopedia.chicagohistory.org/pages/323.html (November 10, 2010)

Chicago's regional transportation agency Metra has long promoted TOD as a way to combat the increasing traffic congestion and lengthening commutes that vex Chicago suburbanites. The situation on the roadways makes suburban rail-served downtown locations that offer mixed-use developments highly competitive, and the point is not lost on Metra planners and property managers or on municipal authorities anxious to revitalize their downtowns. **Seeing the mutually beneficial possibilities, local communities have formed partnerships with Metra and other regional planning agencies not only for planning purposes but to form joint development agreements with private developers for properties abutting Metra's right-of-way.** Steadily increasing Metra ridership and studies like that conducted by Gruen Gruen+Associates in 1997 have strengthened the case for TOD. That study found that **property values increase with proximity to transit:** prices for homes within 500 feet to more than a mile away (5,300 feet) of Metra and Chicago Transit Authority rail stations declined by 1 percent for every additional 100 feet they were from the station.[2]

For its part in supporting TOD, Metra has made system-wide improvements, including expanded reverse-commute services, grade-separated tracks at road crossings, refurbished rolling stock, and planned new alignments. It also provides model TOD guidelines,[3] helps individual communities identify local economic benefits,[4] and recommends implementation strategies for integrating commuter rail stations with surrounding communities to create more livable places.[5]

Metra's Union Pacific-Northwest Line

Average weekday ridership on Metra lines is more than 300,000, ranking second only to New York City's Long Island and Metro North railroads.[6] Metra's Union Pacific-Northwest (UP-NW) Line currently carries the second highest number of riders of Metra's 11 commuter lines and accounts for more population and jobs than any other corridor. With 63 trains running per day, it serves 72 communities in Cook, Lake, and McHenry counties.

Demand for commuter rail service in the UP-NW corridor is expected to grow commensurate with the 60 percent projected increase in employment by 2030. There are

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[2] Robert Cervero, et al, "Transit-Oriented Development in the United States: Experiences, Challenges, and Prospects," TCRP Report 102, (Washington, DC: Transportation Research Board, 2004), 294.

[3] *Land Use in Commuter Rail Stations: Guidelines for Communities* (Chicago, IL: Metra,1999) http://rtachicago.com/downloads/Land%20Use%20in%20Commuter%20Rail%20Station%20Areas_Guidelines%20for%20Communities%20%28Metra%29.pdf (Accessed November 2010).

[4] General information regarding economic benefits is provided in *Local Economic Benefits of Commuter Rail Stations for Communities and Businesses* (Chicago, IL: Metra, 1999). http://rtachicago.com/downloads/Local%20Economic%20Benefits%20of%20Commuter%20Rail%20Stations%20for%20Communities%20and%20Businesses%20%28Metra%29.pdf (Accessed November 2010)

[5] Station design guidelines are available on Metra's website. http://www.metrarr.com/techservices/guidelines.html (Accessed November 2010).

[6] Metra, http://metrarail.com/content/metra/en/home/utility_landing/riding_metra/faq.html#q1 (Accessed October 2010).

significant employment centers on the UP-NW Line and many are expected to experience solid job growth. Employment is expected to increase by 28 percent by 2030 in the Palatine/Barrington area, while the Des Plaines/Mt. Prospect/Arlington Heights area is expected to create 8,000 additional jobs during the same time period. Major businesses currently located in the corridor include Ameritech, GE Capital, Motorola, Affinia Corporation, Northern Illinois Medical Center, Northwest Community Hospital, and United Parcel Service.[7]

The communities along the UP-NW Line vary widely in size and character—from the farther out communities of Crystal Lake and Barrington to the closer-in Des Plaines (adjacent to O'Hare International Airport), Palatine and Arlington Heights (Table 1). Not all communities have embraced TOD, but Arlington Heights, Barrington, Des Plaines, Mt. Prospect, and Palatine have and have done so successfully. Below is a closer look at how the largest of these—**the Village of Arlington Heights—used a long neglected asset, its Metra station, to reinvent its downtown.**

Table 1: UP-NW Line Communities

Community	Population*	Distance to Chicago** (miles)
Des Plaines	59,116	18
Mount Prospect	54,473	20
Arlington Heights	**72,264**	**23**
Palatine	66,045	27
Barrington	10,847	32
Crystal Lake	43,344	43

* Source: Nielsen Site Reports 2010 estimates

** Source: City Data, www.city-data.com

Reinventing Downtown Arlington Heights

Transit certainly played a starring role in the story of how downtown Arlington Heights was transformed from a down-at-the-heels district into a vibrant urban center; but fundamentally, it was the human elements that provided Arlington Heights with a happy ending. It was strong and consistent leadership by the Village Board,[8] a willingness to take risk, commitment of public resources, perseverance despite criticism, and continuity and dedication of staff in implementing a plan that made it happen.

The renaissance in the Village of Arlington Heights (the Village) transformed a downtown filled with vacant storefronts and suffering from bland curb appeal into a dynamic destination filled with urban vitality and synergy. The downtown was reinvented into a

[7] Metra's Primary Rail Alternative, http://metraconnects.metrarail.com/upnw.php (Accessed October 2010).

[8] The Board members are elected at large on a non-partisan basis, and they serve as the community's decision-makers. The Village Board members are composed of eight trustees, and one Village President, Mayor Arlene J. Mulder elected to the Board in 1991 and Mayor since 1993.

pedestrian-friendly, attractive, and unique destination. A variety of factors, including strategic location, changing demographics, the new retail and business environment, aesthetically pleasing architecture of new and old buildings, and a variety of exciting downtown housing options led to the success now being enjoyed. But **increasing allowable density and adding residential properties were key to the redevelopment.** The downtown now offers distinctive shopping experiences with national chains, specialty retailers, upscale boutiques, fine dining and casual restaurants, a performing arts centre, movie theaters, entertainment activities, night clubs, and special events. The revitalization effort has produced prestigious awards for the Village, including the 2000 James C. Howland Gold Award sponsored by the National League of Cities for enriching urban areas, and the 1999 Daniel Burnham Award from the Metropolitan Planning Council for excellence in planning.[9]

The Village of Arlington Heights

Located 23 miles west of Chicago, the Village of Arlington Heights is the 12th largest municipality in the state of Illinois. The Village offers excellent access to major thoroughfares and the UP-NW Line makes travel convenient to nearby suburbs, Chicago, and O'Hare International Airport. With a population of nearly 72,300, Arlington Heights is the largest suburb in Cook County.[10] It was incorporated in 1887 and, historically, the catalyst for population growth was the original train depot that served the nearby farming community, which used the railroad to transport its goods. The train depot became the locus of activity and spurred the development of a downtown as more people settled in the Village,[11] but with the advent of the auto-oriented culture and the introduction of retail malls that changed consumer shopping patterns, the energy of the downtown dissipated. By the mid-1980s, the downtown was in a steep decline with numerous vacant storefronts, buildings in disrepair, and empty parking lots.[12] Many stores had gone out of business and few were replaced, and a mere 350 residents lived in the downtown in 150 housing units. [13]

The Village board, governing bodies, and local developers realized **the need not only to redevelop but to redefine downtown**. **They realized they needed a critical mass of downtown residents to support any retail activity moving into the area.** Officials developed the Central Business District (CBD) Master Plan in 1987—a blueprint for guiding development in downtown

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[9] Nancy Kluz, "Arlington Heights (IL) Mayor Mulder Promotes Downtown Revival," U.S. Mayor Newspaper, June 7, 2004 (http://www.usmayors.org/bestpractices/usmayor04/mulder_bp.asp).

[10] *About Arlington Heights,* http://www.vah.com/village_info/about_us/default_more.aspx (November 1, 2010).

[11] Janet Souter and Gerry Souter, *Arlington Heights, Illinois: Downtown Renaissance,* (South Carolina: Arcadia Publishing, 2001), 7.

[12] Douglas R. Porter, *"Eminent Domain: An Important Tool for Community Revitalization,"* (Washington, DC: A ULI Report, 2007), 22.

[13] One of the factors in this decline may have been the decrease in the number of residents aged 21 to 44 both in real terms and as a percentage of population. The 1990 Census and Census 2000 indicate a drop from 38% to 34% over the decade. More recent data are not available.

Arlington Heights—that focused on encouraging high density mixed-use developments through strategic public action. **The seven main objectives of the 1987 CBD Master Plan were to:**

1. **Promote diversity and concentration of use in the downtown core;**
2. **Create a quality pedestrian environment;**
3. **Strengthen downtown's residential function;**
4. **Create a unique image and identity;**
5. **Promote quality development through design review;**
6. **Emphasize public/private partnership in implementation; and**
7. **Emphasize early action and tangible results.**

Revitalization Strategy: Putting the Pieces Together

In order to revitalize downtown, the Village redeveloped underutilized commercial, manufacturing, and residential parcels close to the Metra station. It established two tax-increment finance (TIF) districts in 1983 and 1986 and introduced new zoning that allowed for a mix of uses and higher densities and reduced parking requirements near the rail station. The two TIF districts allowed the Village the power of eminent domain, which was used aggressively to purchase and assemble properties so that new infrastructure such as structured parking could be built. The TIF districts made bond proceeds available for gap financing of new developments, grants and loans for interior renovations and façade improvements, and assistance for business relocation. Moreover, the TIF district was able to purchase and hold key properties in downtown for future projects, operating many of the lots in the meantime for commuter parking.[14] New zoning regulations mandated first-floor retail uses in mixed-use buildings and permitted buildings up to 140 feet in height.[15] The downtown revitalization strategy started paying dividends in the late 1980s.

The Village completed its first TOD projects—two mid-rise apartments with 620 units and ground floor retail—in the late 1980s. In 1983, a private developer built a mixed-use development with 210 rental units and 14,000 square feet of commercial uses. In 1986, another development was built with 410 rental units and 42,000 square feet of commercial uses. The Village supported the new developments by building an 800-space public parking structure.[16] However, these two developments were only precursors to the major push for downtown redevelopment that came in 2000 with the building of the new award-winning Arlington Heights Metra station, the development of Arlington Square, the renovation of the Metropolis Performing Arts Center, and the construction of the Village Green project.

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[14] Porter, 22.
[15] Cervero, 288.
[16] PBS&J, *City of Laguna Niguel, Gateway Specific Plan, Transit-Oriented Development Case Studies,* (Los Angeles: Prepared for the City of Laguna Niguel, November 2007), 4.

Leveraging an Underappreciated Asset

The redesign and reconstruction of the Arlington Heights Metra train station was a $4.8 million project was funded by six different sources: the Village of Arlington Heights (through a TIF), Metra, Intermodal Surface Transportation Efficiency Act of 1991 funds, Operation Greenlight, Pace, and the Northwest Municipal Conference. A diverse group of stakeholders, including the business community, interested citizens, and elected and appointed officials, were involved in the planning process. Planning efforts included a needs assessment, studies and surveys of commuter and pedestrian habits in and around downtown, and an all-day design charrette. **The attention to architectural detail and design of public spaces has created a sense of place that has worked to generate pedestrian activity.** The project received a distinction award from The Chicago Area Transportation Study (now Chicago Metropolitan Agency for Planning) for central business district train-station design.[17]

The result of these efforts is a true multimodal hub, the center of a network of improvements that accommodate pedestrians, bicyclists, buses, trains, taxis and passenger vehicles. Perhaps most significantly, the new station also serves to eradicate a division that previously existed between the north and south sides of the central business district. Before construction, pedestrians had to cross three parking lots, a four-lane thoroughfare, a sidewalk, three train tracks, and yet another street to get to from one side of the CBD to the other—together these constituted a physical, mental, and visual barrier that few would hazard crossing. The design of the new Metra station has eliminated that divide by enhancing the pedestrian corridor along the railroad tracks and providing opportunities for bicyclists and pedestrians to access not only the station but also rest of the downtown. It also relocates the platform to keep trains from blocking traffic.

Other enhancements to the station area include the addition of parks and public art next to the rail platform. The use of brick pavers, decorative lighting, and benches similar to those used throughout the downtown unifies the area. Through the use of natural materials like stone, brick, and slate, the building façade evokes the feel of a traditional station.[18]

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[17] *Ibid.*

[18] Award for Excellence: Bicycle and Pedestrian Promotion, http://www.catsmpo.com/bikeped/solesandspokesawards.htm#ArlingtonHeights, (October 28, 2010)

Arlington Heights Metra Station with Village Green in the background
Image courtesy of Reconnecting American

Arlington Town Square

An aggressive redevelopment of the downtown core was undertaken concurrently with the Metra station area renovation. The Arlington Town Square opened in 2000. One block from the Metra train station, it is a mixed-use project comprising 72,000 square feet of retail space, 30,000 square feet of office space, a six-screen movie complex, and 94 condominium units. The development has 50 surface parking spaces and a 325-space underground parking garage. Tenants include, among others, Arlington Theaters, GAP, California Pizza Kitchen, Starbucks, Ann Taylor Loft, JoS. A. Bank, Yankee Candle, Panera Bread, Noodles & Co., and Bath & Body Works.

Images courtesy of Joseph Freed and Associates LLC ©

Arlington Town Square is the result of a public-private partnership in which the Village first assembled the site and then sold it to the developer with a buy-back provision. Under the arrangement, the Village was required to buy back the land after a year if the developer did not like the final development deal; the Village also had the option to buy back land if it did not like the developer's program. Additionally, the Village was instrumental in building the underground parking garage for the project at $30,000 per space. Though expensive, the underground parking freed up land for open space and reduced the building massing.

The Village provided $13.9 million in public financing from TIF funds: $1 million to underwrite land costs, $2.6 million for developer gap financing, and $9.9 million for the parking garage. **Before Arlington Town Square was completed, the property generated $65,000 in annual property taxes; now it generates $1.5 million annually in property and sales taxes.**[19]

The underlying strategy at Arlington Town Square was to build an 18-hour urban place—a shopping and leisure destination anchored by a residential development. And yet the key feature of the strategy, the 13-story condominium tower, was the most controversial part of the development. Although the residential units sold out quickly and the new residents energized downtown, some complained about the excessive height of the residential tower given the Village's small town character. In response, the Village has reconsidered development guidelines, including allowable heights and height bonus incentives available to developers in downtown. In its new 2007 Downtown Master Plan for the Village, building height limits in downtown have been reduced to 70 feet with a maximum of 100 feet with height bonuses, and several early triggers for bonuses have been eliminated in favor of such features as landscaped plazas, enclosed underground parking, upper floor setbacks, office space, and larger retail spaces.[20] Arlington Heights had to adjust its policies and regulations over time to ensure that new development would be compatible with the Village's established character.

Metropolis Performing Arts Center

In 2001, the Metropolis Performing Arts Center, another successful mixed-use project, was completed in Arlington Heights. Located in the heart of downtown across from Harmony Park and one and a half blocks from the Metra Station, the Metropolis development features a 310-seat, live performance theatre, 64,000 square feet of retail and office space, 63 condominium loft units, and 816 parking spaces in an adjacent public garage. The loft units sold

Image courtesy of Village of Arlington Heights

[19] Cervero, 288.
[20] The Village of Arlington Heights Planning & Community Development Department, *2007 Downtown Master Plan*, http://www.vah.com/assets/1/planning_department/Downtown_Master_Plan.pdf (October 24, 2010.

quickly, as they were priced below other downtown units. To make this project pencil out, the Village provided $2.35 million in gap financing for the theater and retained rights of first refusal should the owner seek to sell the theater.[21]

Patrons in the 2008-2009 season spent an estimated $1.6 million in the downtown area after paying for their Metropolis tickets. As a destination venue, Metropolis generates demand for overnight accommodation and serves as a major attraction for downtown nightlife and entertainment.[22]

Village Green

The third major project was Village Green, a mixed-use development featuring three 8- to 10-story buildings with 250 condominiums, 53,000 square feet of retail space, and 17,000 square feet of office space. The Village Green is a well-proportioned mix of shops, restaurants, and residences. The original sales prices of the condominium units ranged from $260,000 to $1 million and many of them were sold to professionals, seniors, and empty nesters.

The 10-story structure, newest among the three towers, has an aesthetically pleasing stone finish reminiscent of buildings in downtown Chicago, which creates an urban image for the downtown. Village Green was another step in the long-term vision of creating high density housing with complementary businesses to keep the downtown alive. By bringing a critical mass to downtown, the three residential developments were instrumental in keeping a big grocery store downtown that was considering relocating out of the Village. The Village contributed $8.7 million for land acquisition and gap financing to facilitate the Village Green project.[23]

Village Green and Train Station from Northwest Highway looking south
Image courtesy of Village of Arlington Heights

[21] Cervero, 289.
[22] The Village of Arlington Heights Planning & Community Development Department, *2010 Arlington Heights Hotel Market Feasibility Study*, http://www.vah.com/assets/1/planning_department/Arlington_Heights_Hotel_Market_Study_2010_-_Final.pdf (October 26, 2010).
[23] Cervero, 289.

Arlington Heights' Retail Strategy

The Village has pursued a focused retail strategy to attract and retain quality commercial businesses for the downtown area. As a result, commercial space increased from 300,000 square feet in 1983 to 522,000 square feet in 2006. Table 2 provides a breakdown by commercial use for downtown.

Even though public input received by the Village suggests that the downtown has become a successful place to live, dine, and to be entertained, retail sales analysis indicates that the downtown lacks strong national retailers which serve to attract shoppers downtown to patronize not only the national stores but also the locally owned smaller retailers. Compared to average retail sales for successful shopping centers, which average $300 to $400 per square foot, retail sales in the Village's downtown averaged only $181 per square foot in 2004. Seventeen out of the 43 retail stores analyzed had sales of less than $100 per square foot, making survival difficult in light of increasing rents downtown. Nevertheless, restaurant sales have fared much better, averaging $256 per square foot in downtown. The number of restaurants in downtown has increased from 13 in 1999 to 35 in 2006, and total restaurant sales have increased from $7 million to over $21 million from 1998 to 2006.[24]

Table 2: Commercial Space (First-Floor), Downtown Arlington Heights, 2006

Use	Square Feet	Percentage
Restaurant	93,000	18%
Retail	109,000	21%
Service	130,000	25%
Office	82,000	16%
Entertainment	35,000	7%
Vacant	73,000	14%
Total	**522,000**	**100%**

Source: Downtown Master Plan, 2007

Tax Increment Financing

The Village has used Tax Increment Financing (TIF) extensively to redevelop the downtown since 1983 when the TIF 1 area was established for the southern portion of downtown. TIF 2 was established in 1986 in the northern portion of downtown. From 1983 through 2009, the Village leveraged approximately $50 million in TIF funds to facilitate $200 million in private investment. All bonds issued by the Village in these two TIFs were repaid on time wholly from TIF increments. The Equalized Assessed Value (EAV) of land in the downtown increased from $10.7 million in 1983 to nearly $105 million in 2006 (Table 3).[25] Over the same period, property tax receipts increased from $950,000 to $8.4 million.[26]

[24] http://www.vah.com/assets/1/planning_department/Downtown_Master_Plan.pdf
[25] http://www.vah.com/departments/planning_and_community_development/tif.aspx.
[26] Interview with Bill Enright, Deputy Director Planning and Community Development, the Village of Arlington Heights.

Table 3: Growth in Equalized Assessed Value

	Established	Base EAV	EAV 2006	Percent Change	Terminated
TIF #1	1983	$8.5 million	$80.9 million	852%	2006
TIF #2	1986	$2.2 million	$23.9 million	986%	2009

Source: The Village of Arlington Heights Planning & Community Development Department, *Tax Increment Financing*, http://www.vah.com/departments/planning_and_community_development/tif.aspx (October 25, 2010).

Parking

Parking—its location and its treatment—significantly impacts an area's visual character and spatial structure. The impact is often negative as it affects the quality of downtown's pedestrian environment. Cognizant of this issue, **the Village has commissioned parking studies and has used the findings to devise a parking program in which developments participated in shared facilities to provide an adequate but not excessive number of spaces.** The Village has relied on developing parking garages in downtown to accomplish this. **The placement and design of the municipal parking structures have reduced the visibility of parked cars and have helped create a pedestrian-friendly environment.**

The Village provides over 3,500 downtown public parking spaces in a park-once-and-walk environment. Nearly 85 percent of the total public parking spaces are available within three blocks (750 feet) of the geographic center of downtown. Parking is free for two hours on-street and three hours in parking garages and permits are sold for merchant parking, guest parking and overnight parking permits.[27] The Village has taken a variety of steps to improve public parking, among them better maintenance and lighting, installing way finding and parking directional signs, and publishing a downtown parking guide for patrons and businesses on the Village's website.[28] Metra has taken a context-sensitive design approach to commuter parking in the new station design. With 1,261 commuter spaces and over 6 lots to choose from, the Arlington Heights Metra station commuter parking is dispersed among a number of smaller lots instead of concentrated on one super-sized lot. This strategy extends the commuter walk shed, directing people past shops and services in a comfortable, human-scaled environment that is not dominated by parked cars.[29]

[27] Arlington Heights Downtown Parking Guide, http://www.vah.com/assets/1/documents/parkingguide.pdf (October 31, 2010).
[28] http://www.vah.com/assets/1/planning_department/Downtown_Master_Plan.pdf
[29] Cervero, 286.

Lessons for Long Island

The story of TOD in Arlington Heights is one of incremental implementation of long-term vision through a combination of supportive public policies and targeted public investments to leverage private enterprise in revitalizing suburban downtown. The take-away lessons of its success are these:

- There truly are no substitutes for visionary leadership, careful planning, strength of conviction and perseverance. These are the essential ingredients for success in building TOD communities.
- Plan carefully and engage the public to avoid missteps, continually monitor progress and be prepared to reassess programs and incentives to keep them current with changing demographic trends and business models.
- Existing train stations are diamonds in the rough that if polished can play a vital role in bringing luster back to tarnished downtowns.
- Creating or augmenting a discernible, cohesive and positive sense of place is important and ought to begin at the station area. Partnerships with the transit authorities are important.
- Parking facilities can amplify the positive effects of other efforts if they are situated conveniently and designed attractively so that they do not detract from the pedestrian experience. Their location can also help promote pedestrian traffic past shops and services.
- The Village illustrated its commitment to TOD by dedicating substantial public resources to the effort and forging public-private partnerships that were instrumental. Few communities have undertaken TOD without these public commitments.