

Will Car-Happy South Florida See a Rail Renaissance?

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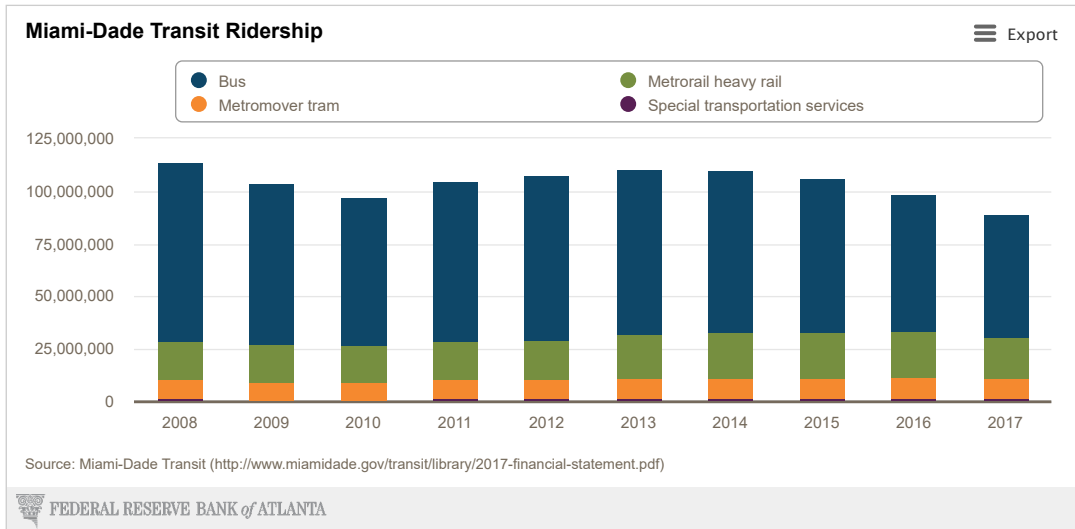


Editor's note: This is the third in a series of articles on transit-oriented development.

Automobile-happy South Florida could become a laboratory for the future of rail travel in America.

That outcome would create an historical symmetry. Miami, after all, was born as what might now be called a transit-oriented development, or TOD. In the late 19th century, fewer than a million people lived in Florida, and Jacksonville was the fashionable destination for wealthy northerners. Railroad impresario Henry Flagler changed that by extending a [railroad](#) down Florida's eastern edge, creating a metropolis that today sprawls more than 50 miles along the Atlantic coast and is home to about 6 million people.

To be sure, in modern times transit and rail in particular, has not been a dominant mode of transportation in South Florida. Ridership on Miami-Dade County Transit has fallen 20 percent since 2013, a much steeper decline than the national average. Ambitious transit expansion plans and existing services have been jeopardized, and at times cut, amid financial concerns.



Yet an optimist might look at current conditions and conclude that the most populous part of the nation's third most populous state might be on the verge of a rail resurgence. Such a renaissance, difficult though it may be, could also spark an accompanying rise of TOD, which is getting renewed interest in the Miami-Fort Lauderdale metropolitan area after its early promise there largely fizzled.

Transit-oriented development is generally defined as dense, walkable, mixed-use development within a half-mile of a public transportation station, most often a rail station. Among TOD's main goals is generating revenue for transit agencies through increased ridership and fares, as well as through land leases to private developers.



Photo courtesy of Brightline

In the Miami-Fort Lauderdale metro area, much of rail's potential remains unrealized. However, the first experiment in private-sector intercity passenger rail since Amtrak's founding in 1971 could change things. Brightline, owned by a New York private equity firm, which in turn is owned by the massive Japanese investment fund SoftBank, this year began service on a 70-mile route between West Palm Beach and Miami. Brightline has also announced plans to extend service from Miami to Orlando by 2021. A station to accommodate Brightline is under construction at Orlando International Airport. In June, the company revealed a plan to link Orlando and Tampa.

Brightline is a high-end service, fundamentally different from public commuter or intracity rail. For instance, its West Palm Beach-Fort Lauderdale-Miami round-trip fares range from \$40 to \$60.

Still, anything that stirs interest in rail is a good thing, transit promoters figure. If Brightline ultimately succeeds, real estate development will clearly play a key role. Brightline has announced ambitious development plans next to two of its three stations and appears likely to hatch a project at its third.

TOD on the rise in Miami

Near train stations in Miami, some big buildings are going up. But the two most prominent projects do not necessarily fit what advocates and experts typically view as classic transit-oriented development. The projects do not involve public transit agencies as central players and may not significantly boost the agencies' revenues, for one.

One of these developments is at Brightline's MiamiCentral downtown station, which opened in May. It includes a 12-floor office and retail tower and another office building expected to be finished this summer. Two residential towers with a combined 816 units are slated to open in 2020. The MiamiCentral station is adjacent to a [Metrorail public transit](#) station and a station the [public commuter service Tri-Rail](#) hopes to begin using in 2019.

Then there is the sleek, \$1.05 billion Brickell City Centre just south of downtown Miami. The developers incorporated a station for the Metromover—a free, electrically powered tram—into its complex of office, retail, restaurants, and high-end residences. Brickell City Centre could ultimately generate additional revenue for Miami-Dade Transit's heavy Metrorail, but riders board the Metromover for free.



Photo courtesy of Metrorail

Even if these high-profile real estate developments may not neatly fit the standard definition of a TOD, rail is a significant element of MiamiCentral and at least a part of Brickell City Centre. Moreover, those projects straddling train tracks appear to be convincing South Florida real estate developers that being near transit has value.

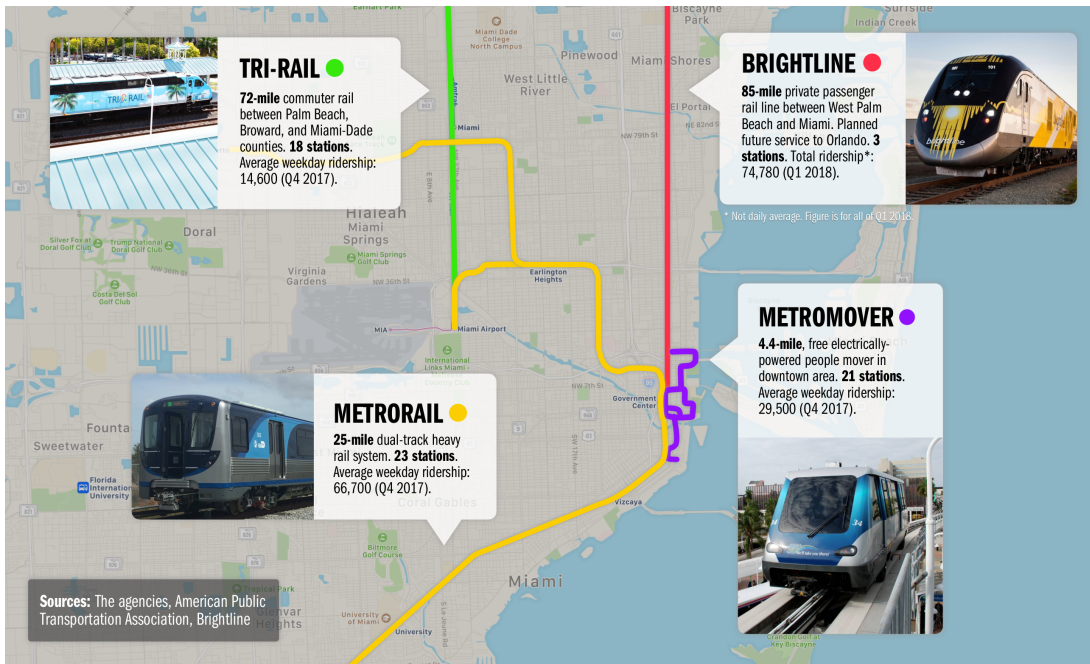
Brian Gale, vice chair of Cushman & Wakefield of Florida, says in a report from the real estate services firm that "key improvement to our commuting system with the Bright Line Rail System" is helping to fuel demand for office space in 2018. Apartment construction near stations serving Brightline and Tri-Rail will also likely continue, the report says.

Indeed, the train stations are already attracting multifamily development, according to CoStar, a real estate research and analytics firm. The three Brightline stations—in Miami, Broward, and Palm Beach counties—have helped spark apartment construction. Units under construction over the past two years more than doubled within a half mile of Brightline's MiamiCentral station, thanks in part to Brightline's own development, and soared from none to more than 3,000 at the Broward station. It's unlikely all of those increases are attributable to the stations, but they are certainly a factor, said CoStar analyst Pamela Stergios.

Train not in vain

Miami-area transit officials hope the buzz and building that Brightline has generated will extend to public transit. Transit agencies figure renewed interest in rail travel will eventually help them create new development projects and revitalize others that have languished amid legal skirmishes, financial problems, and other complications. Signs indicate that it's already happening.

Several years ago, Miami developers often located emergency exits from their buildings to face downtown Metromover stations, said Alice Bravo, director of Miami-Dade County's Department of Transportation and Public Works, which operates Metromover along with Metrorail and Metrobus (see the infographic). By contrast, developers of Brickell City Centre integrated an adjacent Metromover station into its complex.



Infographic by Sadat Karim

"From the development community we're really starting to see interest (in TOD) now," Bravo said.

Miami-Dade Transit's [2018 transit development plan](#) includes a list of about 20 transit-oriented developments. Half are wholly or partially complete, a couple are under construction, and the rest are in various stages of planning. That list encompasses most of Metrorail's 23 stations. Yet not all of the projects check all the TOD boxes, which include walkable, mixed-use, dense and with limited parking spaces to encourage transit use. Some of the projects near Metrorail stations, for example, include only a single office or residential building or other relatively small projects.

The area's oldest transit-oriented development, called Datran Center at the Dadeland South Metrorail Station, remains a standout. Its first phase opened in 1984, the year Metrorail began operating. The development includes two high-rise office buildings and a 302-room hotel and conference center.

The recent push for TOD by local elected officials and transit leaders aims to make good on the founding vision of Metrorail and Tri-Rail: to spur development near stations and thus reduce traffic congestion and boost transit ridership. That original strategy, however, "stalled for decades" after the Datran Center was built, according to the *Miami Herald*.

Miami-Dade's development plan makes clear that the agency wants to encourage transit-oriented development, including some ambitious project proposals. The document also notes that plans are starting to progress on a couple of significant projects—including at the South Miami and Coconut Grove Metrorail stations—that had been mired in legal disputes.



Photo courtesy of TriRail

Tri-Rail, the commuter rail line serving Miami-Dade, Broward, and Palm Beach counties, is likewise seeing renewed interest in development from private developers and municipalities, said Jack Stephens, executive director of the South Florida Regional Transportation Authority, which operates Tri-Rail. Part of the reason, he added, is the area is "choking on its success" in traffic congestion. Miami's total congestion cost was sixth worst in the nation in 2014, according to the most recent listing from the [Texas A&M; Transportation Institute](#).

The transportation authority's governing board approved a formal TOD policy in April 2017. Those efforts generally have borne little fruit, Stephens said. The sluggish progress has resulted in part from the complexities inherent in crafting and executing plans that must involve numerous private and public-sector parties.

The authority has for 15 years supported efforts to build a development at its West Palm Beach station, on land owned by Palm Beach County. The fact that little has happened illustrates the difficulties of accelerating zoning, land use, and other regulatory approvals and measures to suit private investors, Stephens said.

Zoning is only one hurdle. As in most municipalities, ordinances in the city of Miami, Miami-Dade County, and nearby jurisdictions traditionally require a minimum number of parking spaces based on the size of a building. In 2015, Miami-Dade County and the city of Miami each approved measures designed to encourage true TOD by requiring fewer or no parking spaces. Nevertheless, some TOD promoters believe the zoning framework and general public-private cooperation need to go further.

"The market and investors are shifting much quicker than zoning," said Andrew Frey, a multifamily developer and member of the South Florida Regional Transportation Authority governing board.

Stephens agreed. "It's an issue...to get the local governments—and I include us—to understand that most developers and investors cannot tie up their money in decision making for long periods of time," Stephens said. "They need to move." If the development plans progress too slowly, then "they take their money elsewhere."

Development a potentially critical funding source

TOD could prove vital to regional transit's financial health. Indeed, the transportation authority's policy statement identifies it as the most important factor in boosting ridership, which Stephens acknowledges might be a small overstatement. Even so, he said two of TOD's major benefits—making transit more convenient and generating new revenue—are essential, because even the best-run big public transit systems cost more to operate than they can bring in through fares if they keep prices reasonable for the public that depends on transit. For instance, in the most recent fiscal year, operating expenses exceeded operating revenues by more than a factor of five for both Miami-Dade Transit and Tri-Rail.

Transit-oriented development can help. For instance, a planned residential, office, and hotel development at the Metrorail Douglas Road Station could generate more than \$400 million for Miami-Dade Transit over 30 years, according to the [Miami Herald](#).

"We have a fixed federal subsidy. We have a fixed county subsidy and a fixed state subsidy, and costs keep going up. The only area where we can affect our top-line [operating] revenue is in fare collection," Frey said. "So we need TOD."

New line a key for Tri-Rail's TOD future

Tri-Rail leaders figure their best chances for successful TODs lie in a new route the authority hopes to open next year. Tri-Rail Coastal Link would traverse an 85-mile stretch of track close to the coast between downtown Miami and Jupiter to the north. Florida East Coast Railway, a freight carrier owned by the same firm as Brightline, controls the track.

Growth trends are favorable. Florida's population growth is shifting toward established downtowns. Thus, Tri-Rail's proposed stations could attract significant development in those resurgent urban centers, said Stephens and Anthony Catalina, the authority's director of planning and capital development.

Officials from numerous cities along the coastal railway have expressed eagerness to have Tri-Rail stations. "With the enthusiasm for TOD and the push forward, I think we're going to see a lot more progress," Catalina said.

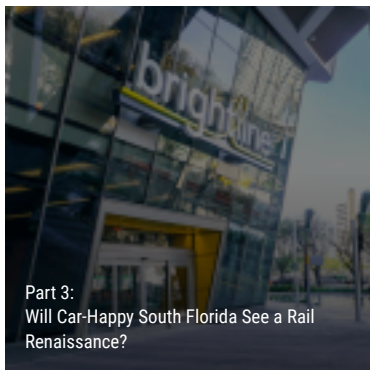
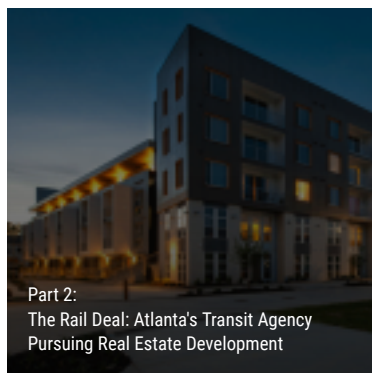
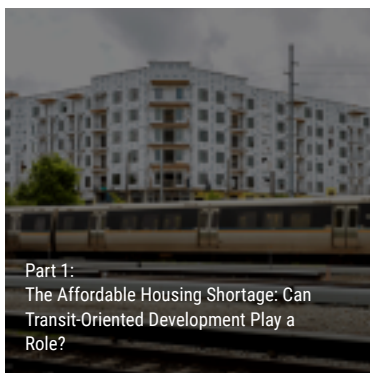
The timing of the Tri-Rail Coastal Link is uncertain, which is typical of major rail projects. (Brightline itself originally announced plans to begin service in 2015 but didn't start until 2018.) Stephens had hoped Tri-Rail Coastal Link service would be rolling by late this summer. However, after delays working out a track-use agreement with Florida East Coast Railway, Stephens now hopes the commuter rail's new line will open by the third quarter of 2019.



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