SPECIAL REPORT:

IS TRANSIT-ORIENTED DEMAND ON THE RISE?

MARCH 18, 2016
BY TIM EVANS, RESEARCH DIRECTOR

Most of New Jersey's 244 transit stations (including rail, ferry, and major bus terminals, as described in New Jersey Future's 2012 report *Targeting Transit: Assessing Development Opportunities Around New Jersey's Transit Stations*[1]) are located in older urban areas or built-out suburbs that experienced their initial growth periods many decades ago. For that reason, population "growth" in the neighborhoods around these stations in recent decades has tended to be stagnant or even negative.

But something happened near the end of the last decade to change the fortunes of transit-adjacent neighborhoods: The Great Recession and its attendant housing market crash, $4-per-gallon gas, and the emerging preference of the Millennial generation for "walkable urbanism" all converged to produce a new tide of interest in aging transit neighborhoods, giving many of them a second wind. Or at least that's what a wave of articles in the national and academic press is suggesting. But is this phenomenon a real thing, or just anecdotal evidence?

It's real, it turns out. New Jersey Future has examined population trends for both the pre-recession and post-recession periods,[2] at the census-tract level, to compare population growth in census tracts that are within half a mile of a transit station with growth in the balance of the state. The turnaround is striking.

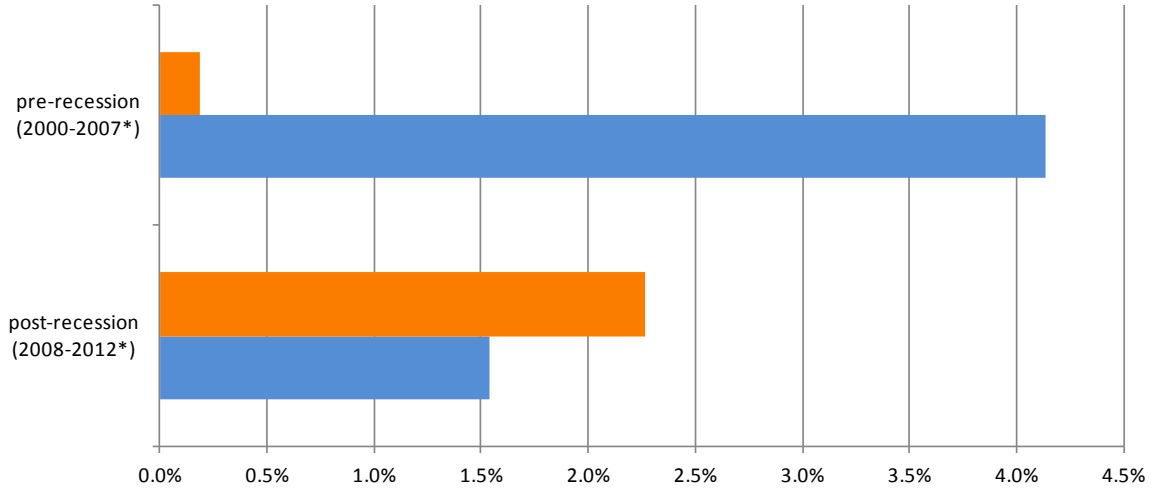
For the analysis, New Jersey Future relied on a database we assembled of census tracts that either contain or are within a half-mile of a transit station. (A description of our methodology for delineating transit station neighborhoods, using census tracts as the building blocks, can be found in Appendix A, "Defining Transit-Station Neighborhoods Using Census Tracts," of our 2015 report *OFF TRACK? An Assessment of Mixed-Income Housing Around New Jersey's Transit Stations*.) There are a total of 615 census tracts (under the 2010 Census definition[3]) that met our criteria for being part of the neighborhood around one of the state's 244 transit stations.

From 2000 through the 2005-2009 ACS,[4] New Jersey's total state population grew by 2.8 percent, but with most of the growth happening in non-transit areas: Transit station neighborhoods as a group grew by only 0.2 percent over this time period, while the non-transit balance of the state grew by 4.1 percent. (See Figure 1.) This differential is hardly surprising, considering again that most transit stations are in built-out neighborhoods, the kinds of places whose population growth was anemic at best before economic and demographic trends conspired to make redevelopment the "new normal."

But from the 2006-2010 ACS to the 2010-2014 ACS (which can roughly be thought of as covering the period from2008 to 2012 – see footnote #4), transit station neighborhoods as a group grew in population by 2.3 percent, while the balance of the state grew by only 1.5 percent. The transit station neighborhoods' collective growth rate thus went from being less than 1/20 the rate of the rest of the

state before the recession to being one-and-a-half times *greater* than the rest of the state's growth rate post-2008. Not only is population growth in transit-oriented neighborhoods no longer anemic, it's now actually outstripping the rest of the state. The significance of this change is hard to overstate.

Figure 1. Population Growth in Transit vs. Non-Transit Census Tracts, Pre- vs. Post-Recession



*Estimates for 2007, 2008, and 2012 are approximated by the corresponding 5-year American Community Survey having that year as the middle year. See footnote 4.

Looked at from another angle, transit station neighborhoods went from accounting for a meager 2.3 percent of total statewide population growth from 2000 to 2007 to accounting for a remarkable 38.3 percent of statewide growth from 2008 to 2012. People seeking to live in mixed-use, walkable centers near transit are now contributing more than a third of New Jersey's population growth. How much of this reversal of fortune is specifically due to city-loving Millennials is not discernible from looking at basic population totals not broken out by age group, but it is unquestionably true that neighborhoods near transit are growing at dramatically faster rates (faster than the rest of the state, in fact) in the wake of the Great Recession than they had been before.

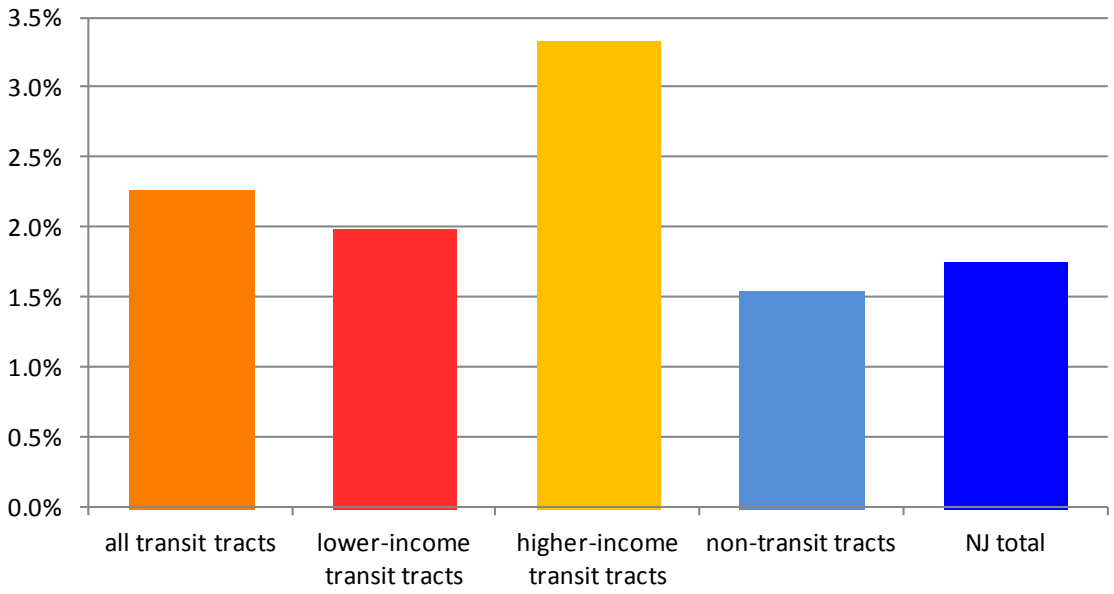
New Jersey Future wondered if this growth is happening across the full spectrum of station areas, or whether certain types of places are more likely than others to be experiencing a second wind. To answer this question, we used a typology of census tracts – and thence of transit station neighborhoods – developed for the *Off Track* report that was designed to identify geographic areas whose income distributions are skewed to either the low or the high end. (See the report for details.) Of the state's 244 transit stations, 86 qualified as "lower-income" by our methodology and 91 qualified as "higher-income," with the remainder falling somewhere in between.

Our analysis found that the higher-income station areas have generally fared better than their lower-income counterparts since the recession. In the post-recession period, 53 of the 91 higher-income station neighborhoods (58 percent) grew at rates higher than the statewide growth rate. But even among the lower-income stations, fully half (43 out of 86) experienced population growth in their surrounding neighborhoods that outpaced the statewide population growth rate. So the move back to

transit is not just happening in higher-income places like Hudson County's Gold Coast (Hoboken, Lincoln Harbor in Weehawken, the Exchange Place, Grove Street , and Newport PATH stations) or picturesque commuter-rail suburbs (e.g., Ridgewood, Maplewood, Summit, Metuchen, Princeton, or Cranford); it's also happening in still-struggling places like Paterson, Harrison, Journal Square in Jersey City, the Bergenline Avenue stop on the Hudson-Bergen Light Rail in Union City, Plainfield, New Brunswick, Perth Amboy, several PATCO and River Line stations in downtown Camden, 10 of the station stops on the Newark Light Rail as well as Newark Penn Station downtown, and the bus terminals in Lakewood, Passaic, and Vineland.

Taken as a group, the 169 higher-income census tracts that are near transit had faster post-recession growth – 3.3 percent – than did the 296 lower-income tracts near transit, which grew by a smaller 2.0 percent. (See Figure 2.) But the lower-income transit tracts nonetheless grew slightly faster than the statewide population growth rate of 1.8 percent and faster than the 1.5 percent growth rate for non-transit tracts as a group, representing a significant change from the pattern that prevailed over most of the last half-century, where lower-income places of all types (whether they have transit or not) tended to be stagnant or shrinking.

Figure 2. Post-Recession Population Growth Rates



Even transit tracts with concentrations of lower-income households have grown faster than the state as a whole since 2008.

What this means is that New Jersey's municipalities that play host to a transit station – including both higher-income suburbs whose zoning codes might be inhibiting housing diversity and lower-income urban centers long unaccustomed to demand for new real estate – need to start finding ways of adding housing stock to their downtowns. The demand clearly exists for transit-oriented, in-town living, in all parts of the state and around all kinds of transit stations. Now it's a matter of letting the market do its work and allowing supply to keep pace.

ENDNOTES

[1] The report puts the count of transit stations at 243; the new addition is the recently-opened Pennsauken Transit Center, where the Atlantic City commuter rail line intersects the River Line.

[2] For "pre-recession" we use the 2000 Census as the starting point and the 2005-2009 5-year American Community Survey (ACS) as the endpoint; for "post-recession" we use the 2006-2010 and 2010-2014 5-year American Community Surveys, respectively, as the beginning and ending points. See footnote #4 for more details.

[3] Transit station areas were earlier delineated by NJ Transit using census tracts as they were defined for the 2000 Census. The 2012 *Targeting Transit* report used these earlier NJ Transit definitions of station areas. New Jersey Future undertook our own redefinition of transit-station neighborhoods after the 2010 decennial Census, using new tract definitions as the building blocks. Because census tract boundaries are often redefined for a new decennial census, the 2000 and 2010 tract-based definitions of station neighborhoods do not always line up exactly. But we can still produce meaningful estimates of pre- vs. post-recession population changes, because we have both a beginning and an endpoint for each period that use the same transit neighborhood definitions. Census tract populations from the 2000 Census and from the 2005-2009 5-year American Community Survey both use the 2000 definition of census tracts and can thus be used to compute pre-recession population trends. And the 2006-2010 and 2010-2014 iterations of the 5-year American Community Survey both use the 2010 tract definitions and can thus be used to compute internally consistent post-recession trends.

[4] Because the five-year version of the American Community Survey (which must be relied upon for estimates at the census tract level) produces estimates using 5 years' worth of pooled data, the question of assigning level estimates to a specific year becomes ambiguous. Because a given level estimate is effectively an average of data over a 5-year period, it is probably best to think of it as pertaining to the middle year of the period. Thus the 2005-2009 ACS, for example, should probably be thought of as corresponding roughly to a snapshot from 2007, the middle year of the period covered by the survey.