

## **Transit Oriented Development and Real Estate**

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Transit-Oriented Development (TOD) offers clear advantages over conventional real-estate projects because it deliberately aligns land use with public-transport investment, producing social, environmental and fiscal returns that piecemeal development rarely achieves. At its core TOD clusters homes, jobs, retail and public space within a short walk of high-quality transit, which raises ridership, reduces car dependence, and supports denser, more walkable neighbourhoods. Compared with a typical single-use development, TOD delivers higher social value per hectare: better access to jobs and services for a broader population, lower household transport costs, reduced greenhouse-gas emissions, and improved public health through increased walking and cycling. Economically, proximity to transit tends to generate greater land-value uplift and commercial footfall, creating opportunities for value capture that can help finance infrastructure and affordable housing—outcomes that conventional developments only realize sporadically and often leave to the private sector to appropriate.

From a fiscal perspective TODs are potent because they turn public capital investment in transit into predictable streams of economic activity and higher property values. That creates multiple levers for municipal finance—betterment levies, land leases, Tax Increment Financing, and targeted fees—that can be structured to recover a portion of the public investment. By contrast, typical real-estate projects often externalize infrastructure costs (roads, parking, new utilities) to the public while concentrating the upside with private owners. TOD's mixed-use density also supports vibrant street life and local commerce, producing sustained local tax bases rather than the low-value, car-dependent patterns that undermine long-term municipal revenues.

For an authority planning a TOD, success starts with fit-for-purpose sequencing and governance. First, set a clear vision and boundary: define the transit node, the appropriate walking shed (commonly 400–800 metres), and the intended mix of housing, retail, offices and civic space. Embed objectives—ridership targets,

affordable housing quotas, and environmental standards—so that the project is judged against public as well as private outcomes. Second, secure enabling regulations early: raise permissible FAR/density near the node, relax parking minimums, and put in place design controls that require active frontages and high-quality public realm. These zoning changes are the simplest tool to capture value and steer development toward transit-supportive forms.

Finance and value capture must be planned in tandem with design. Produce a transparent financing plan that models one-time and recurring revenue options, balances up-front land monetization with long-term tax streams, and sets rules for ring-fencing proceeds for transit operations, maintenance and affordable housing. Establish an accountable delivery vehicle—an SPV or municipal development corporation—with clear powers to negotiate land leases, administer betterment levies, and enter PPPs. Integrate social safeguards: mandatory affordable units, anti-displacement measures, and community benefit agreements to maintain local support.

Operationally, phase works so transit infrastructure and public realm improvements lead private construction; early public improvements demonstrate benefits, stimulate demand, and justify value-capture measures. Prioritize local procurement and workforce development clauses to retain multipliers within the community. Finally, set measurable KPIs (ridership, mode share, affordable units delivered, revenues captured) and maintain transparent reporting to build political resilience.

In short, TOD outperforms typical real-estate development when authorities align planning, zoning and finance to capture the public value created by transit. With early design of land-use rules, a clear financing strategy, and strong governance, a TOD can convert mobility gains into lasting, equitable urban transformation.