Study: Streetcar could add 400 homes by '15

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A century ago streetcars ran throughout Atlanta, carrying people to work, shopping and home. Now years after autos made them obsolete, they will make a limited comeback when the city launches service downtown. Local leaders hope the cars will evoke not just nostalgia, but also a healthy dose of economic development.

Sometime next year a trio of electrically powered streetcars will connect the Martin Luther King Jr. Historic Site to Centennial Olympic Park. The line is expected to jump-start a new round of mixed-use development, including multifamily residential, along the route. At least that's the plan.

"The problem is we've never done this before and the reason that we're doing it is because of the experience of what this type of investment has done in other cities," said **Central Atlanta Progress** President A.J. Robinson.

Robinson
Central Atlanta Progress

Other cities that have built streetcar lines found that capital investment in mixed-use quickly followed. People liked the idea of living near the routes and businesses usually followed them.

According to a study conducted by independent real estate advisory firm **RCLCO**, the Atlanta streetcar will add about 400 new housing units within a two-block radius by 2015, representing a 4.5 percent growth over forecasts. Of the estimated 725,000 square feet of new retail space projected downtown in the next 20 years, the project is expected to contribute 32,000 square feet of demand as new residents move in. By 2030 more than 8,800 housing units are expected to be in place, the study found.

"What we experienced in Portland was that as properties are redeveloped because they're next to the streetcar they develop differently — at higher density and more supportive of all the mixed uses rather than single uses," said Rick Gustafson, principal at Shiels Obletz Johnson Inc. and director of operations for The Portland Streetcar project.

The downtown streetcar becomes a circulation system that extends the ability of pedestrians to get around to places along or near the line, he said.

The key to all this new development is locating underutilized properties that can be converted to mixed-use purposes.

"The potential of your corridor depends on how much redevelopment of your property is possible," Gustafson said. "Sometimes you have a built-out community."

An earlier Atlanta study identified approximately 80 acres of land downtown that was ripe for redevelopment. How much of that potential will be realized is hard to say at this point since the recession ended most residential development.

One upside to the economic uncertainty has been improving fundamentals for class A apartments. As Atlanta has moved into the top five among U.S. cities in apartment development activity, according to one survey, that has spurred interest at several sites around Centennial Olympic Park.

Some of the streetcar stops are already developed, but proponents are counting on new projects sprouting up not just on the line, but within one or two blocks of it, according to Robinson.

"The Auburn Avenue area and Edgewood Avenue are already in the beginning of re-creating themselves," Robinson said. "There is a lot of smaller activity that has taken place over the last few years. As you come further toward Peachtree you have Georgia State University exploding. We believe these two stretches are ripe for development."

On the west side, a number of parcels along Luckie Street and others that front Centennial Olympic Park represent the last pieces of underutilized property around this fast-growing area, Robinson said.

In Portland, residential development has sprung up all along the line and not just at stops, according to Gustafson. "Of course, we have stops every 700 feet."

The critical factor is whether the streetcar begins to change minds about whether downtown is a good place to live, according to Ian Carlton, a former Central Atlanta Progress staffer who now runs **TransAct**, a firm that focuses on transit-oriented development projects.

"Once you see those rents start to rise, that's when developers take interest," he said. "That's the critical thing — will this project change location choices, change where we decide to live? It doesn't take many people. Will it change where executives and leasing agents think they want to work?"

Plans call for the streetcar, which will be operated by MARTA, to eventually connect to the Atlanta Beltline, a 22-mile loop of former railroad tracks that will link existing neighborhoods and new developments with shopping and office. Exactly how much of this connection will happen depends to a large extent on whether voters approve a proposed 1-cent regional transportation sales tax next year. About $600 million for the Beltline and a planned streetcar extension is included.

In the meantime, Atlanta isn't waiting for those funds to build its first streetcar loop. The $69 million cost is being covered by a combination of money from the city, downtown businesses and a federal Department of Transportation grant.