



VALUE CAPTURE AND DEVELOPMENT

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Rail-volution

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CTOD Value Capture Research

- ***Capturing the Value of Transit, 2008***
An introduction to value capture and examples from across the country <http://ctod.org/portal/node/2177>
- ***Rails to Real Estate, 2011***
A retrospective look at development along three recently constructed light rail lines in the Denver, Charlotte, and Twin Cities regions <http://www.ctod.org/portal/node/2302>
- **Current Research:**
An exploration of the potential for expanded use of value capture for transit capital and operations

Most Value Capture Strategies Rely on Development

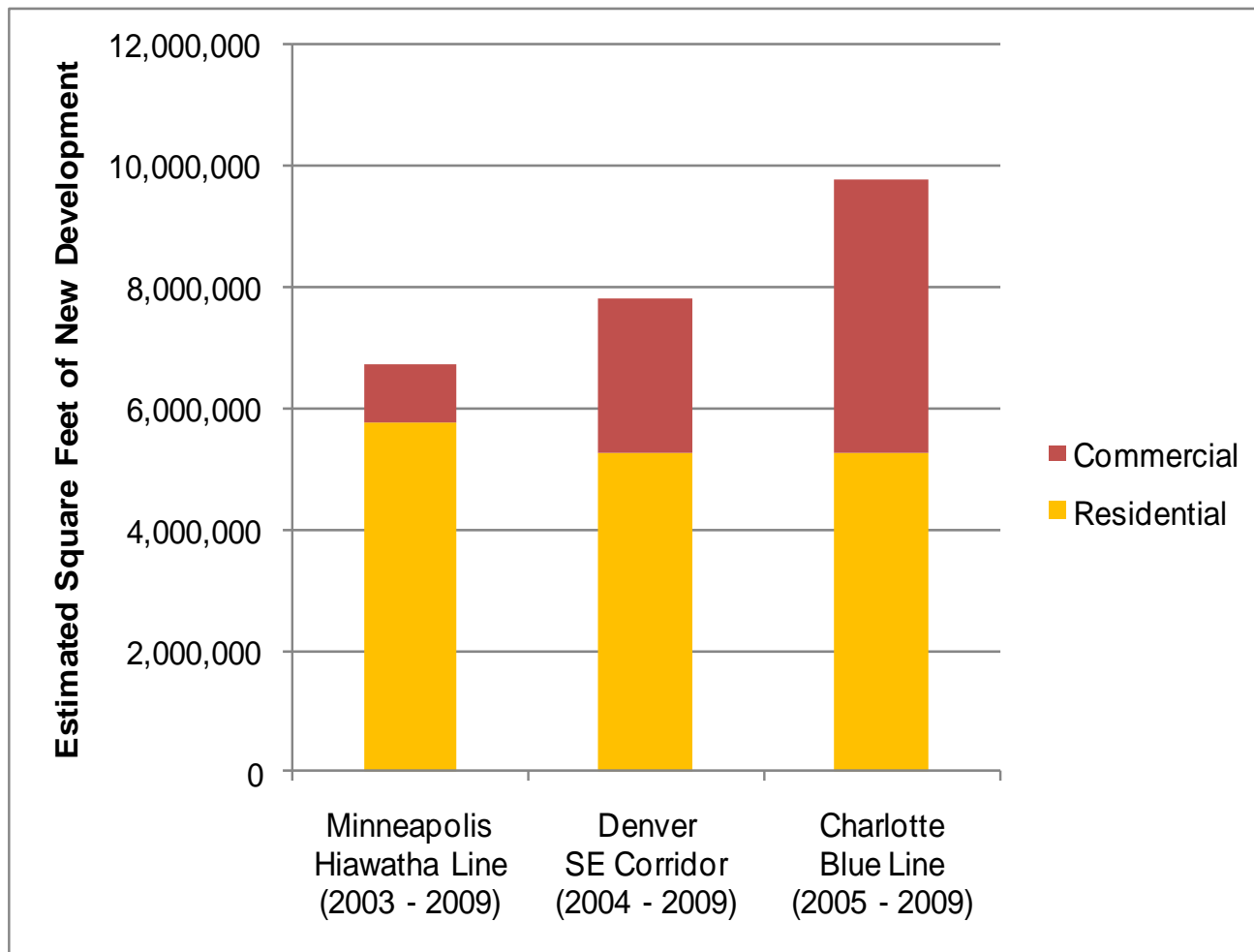
Mechanism	Source of Value	Reliance on Development
TIF	Property Value Increase/ Development	Yes
Developer Fees/ Exactions	Development	Yes
Joint Development	Development	Yes
Assessment District	Estimated Property Benefit	Not in theory, but often in practice
Utility Fees	Fee Based on Property Characteristics	No
Land Tax/ Split-Rate Tax	Property Value	No

New Development Can Capitalize on New Transit to Create Value

- Tap into growing **demand** for “**walkable**”, **transit-oriented places**
- Take advantage of **zoning** for **increased density**
- **Reduce costs** through lower parking requirements
- Access **new infill sites** made available by transit

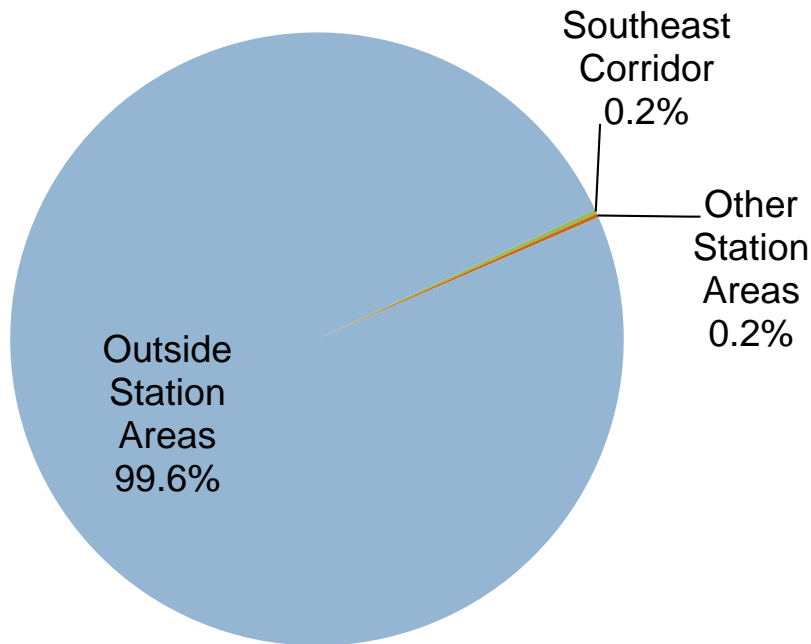


Significant Amount of Development Along Recently Constructed Lines

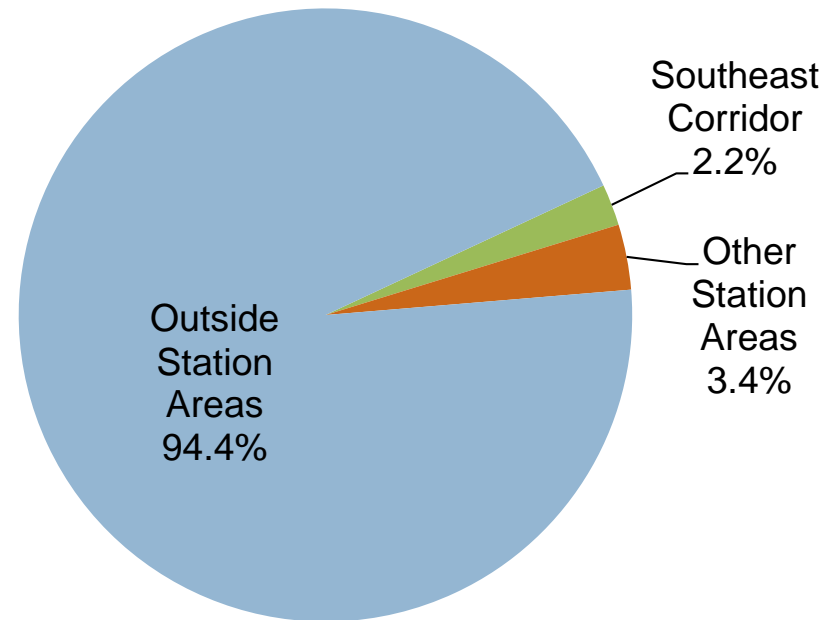


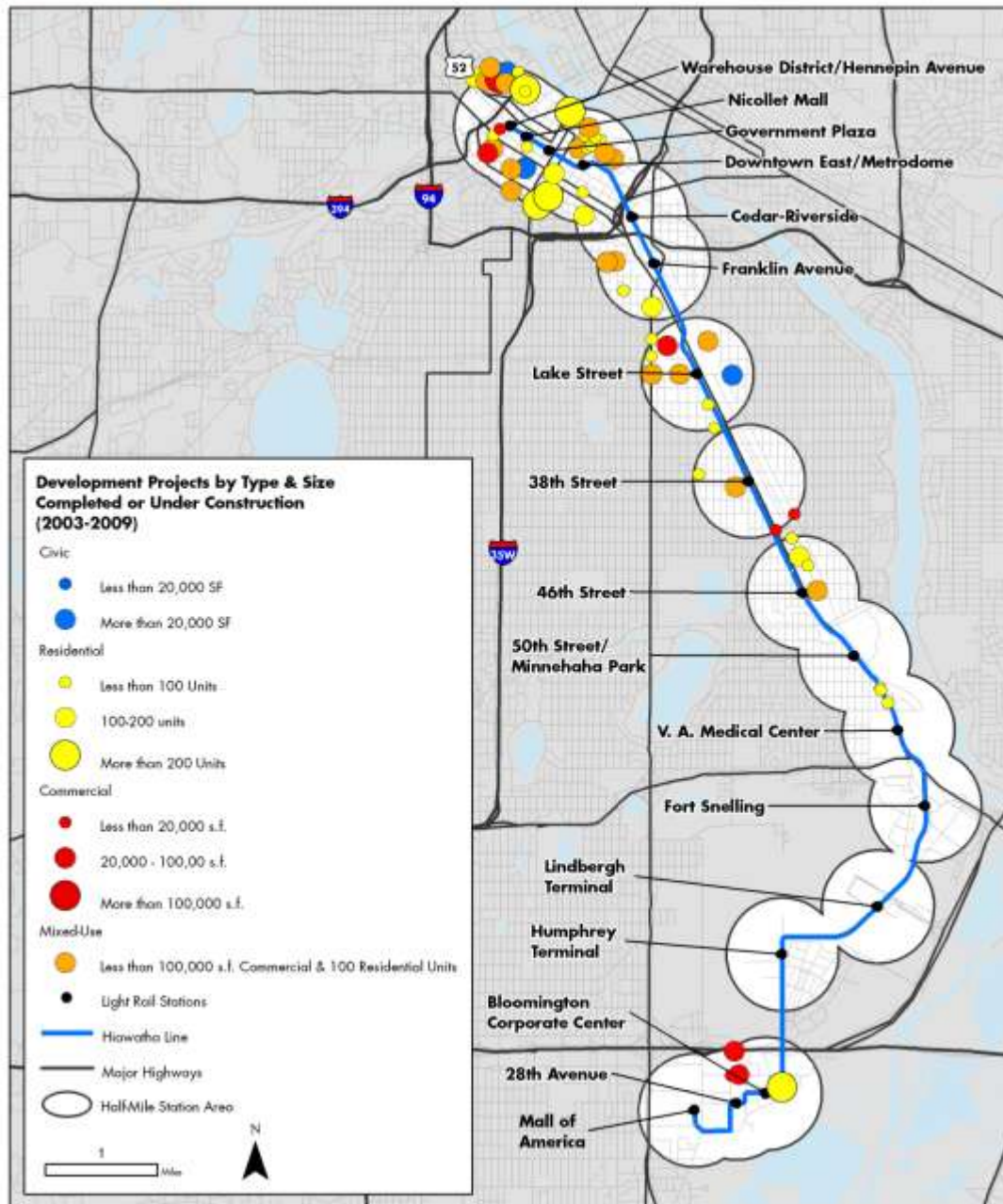
Transit Corridors are Attracting More than their “Fair Share” of Development Based on Land Area

Land in the Region

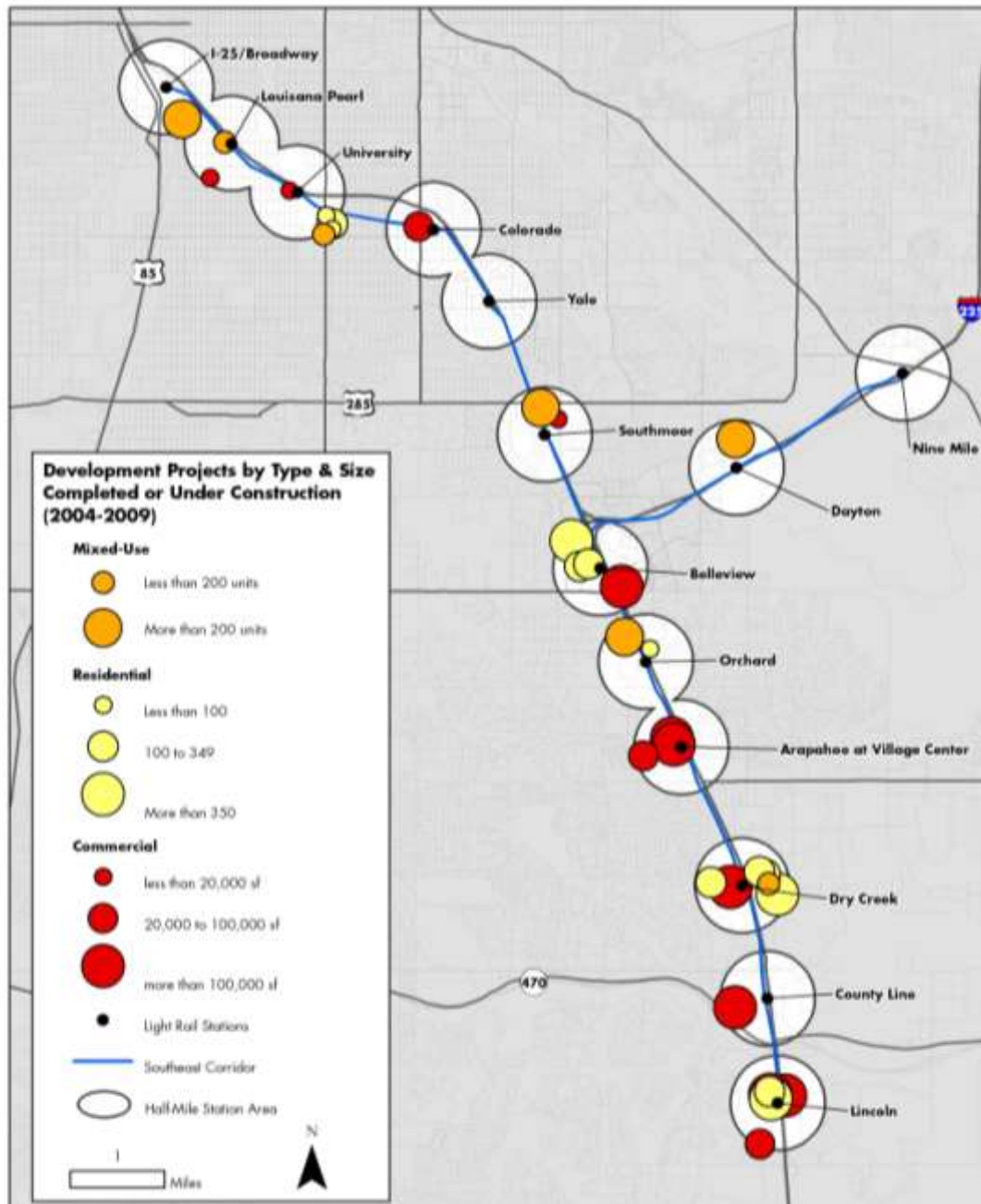


Housing Development in the Region

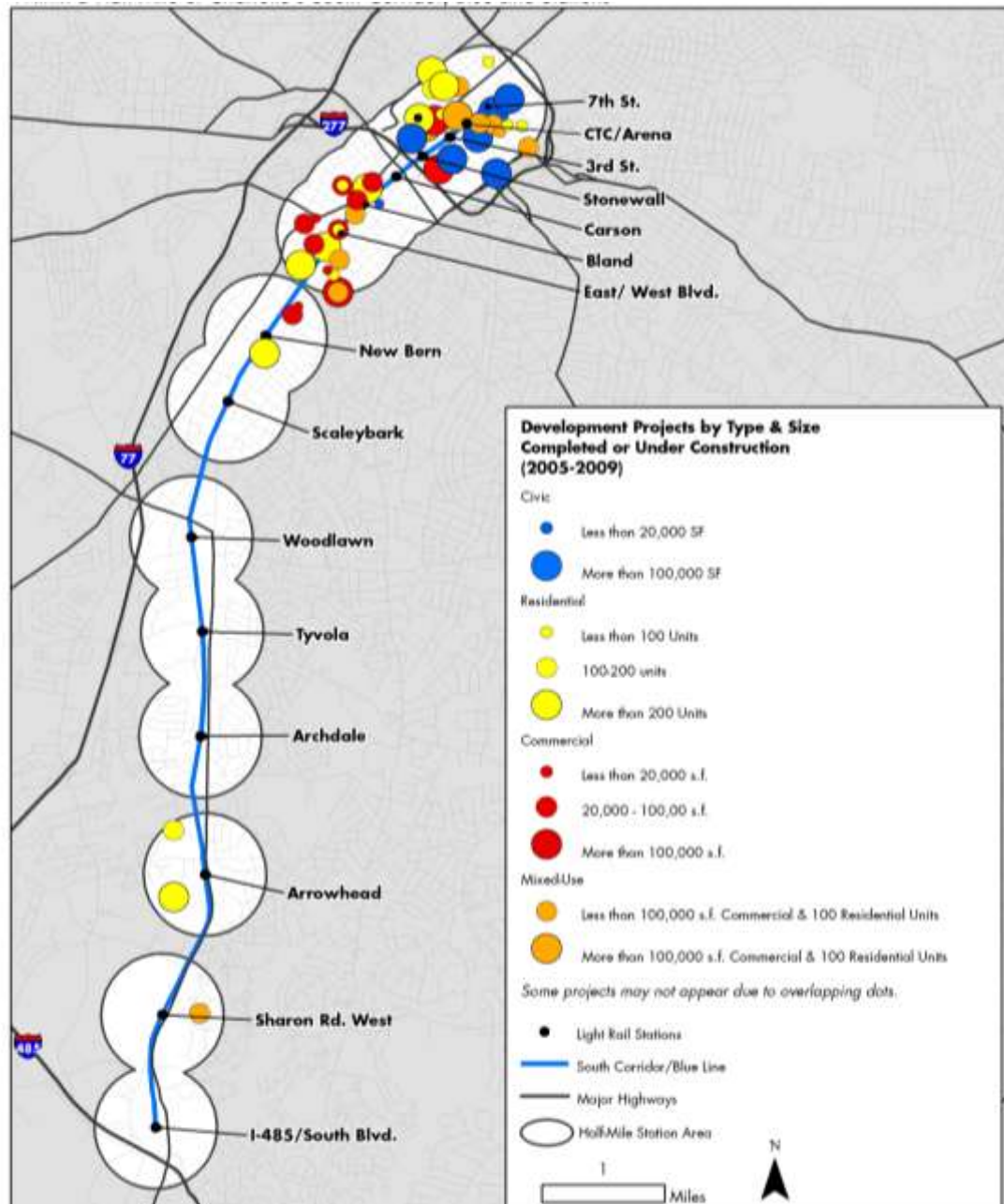




HIAWATHA LINE, MINNEAPOLIS-ST. PAUL REGION



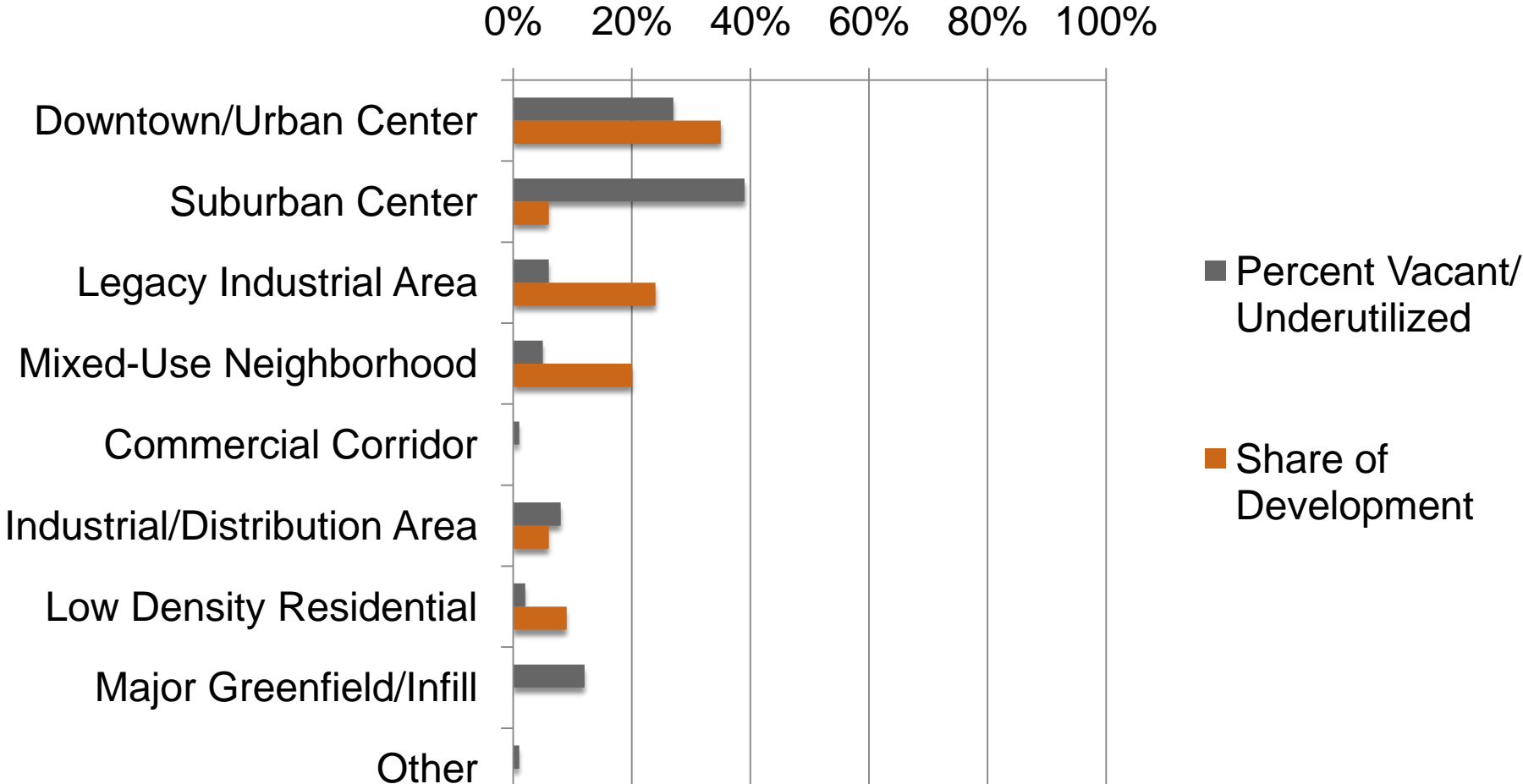
SOUTHEAST CORRIDOR, DENVER REGION



BLUE LINE, CHARLOTTE REGION

Development Does Not Always Occur in Places with the Most Vacant or “Underutilized” Land

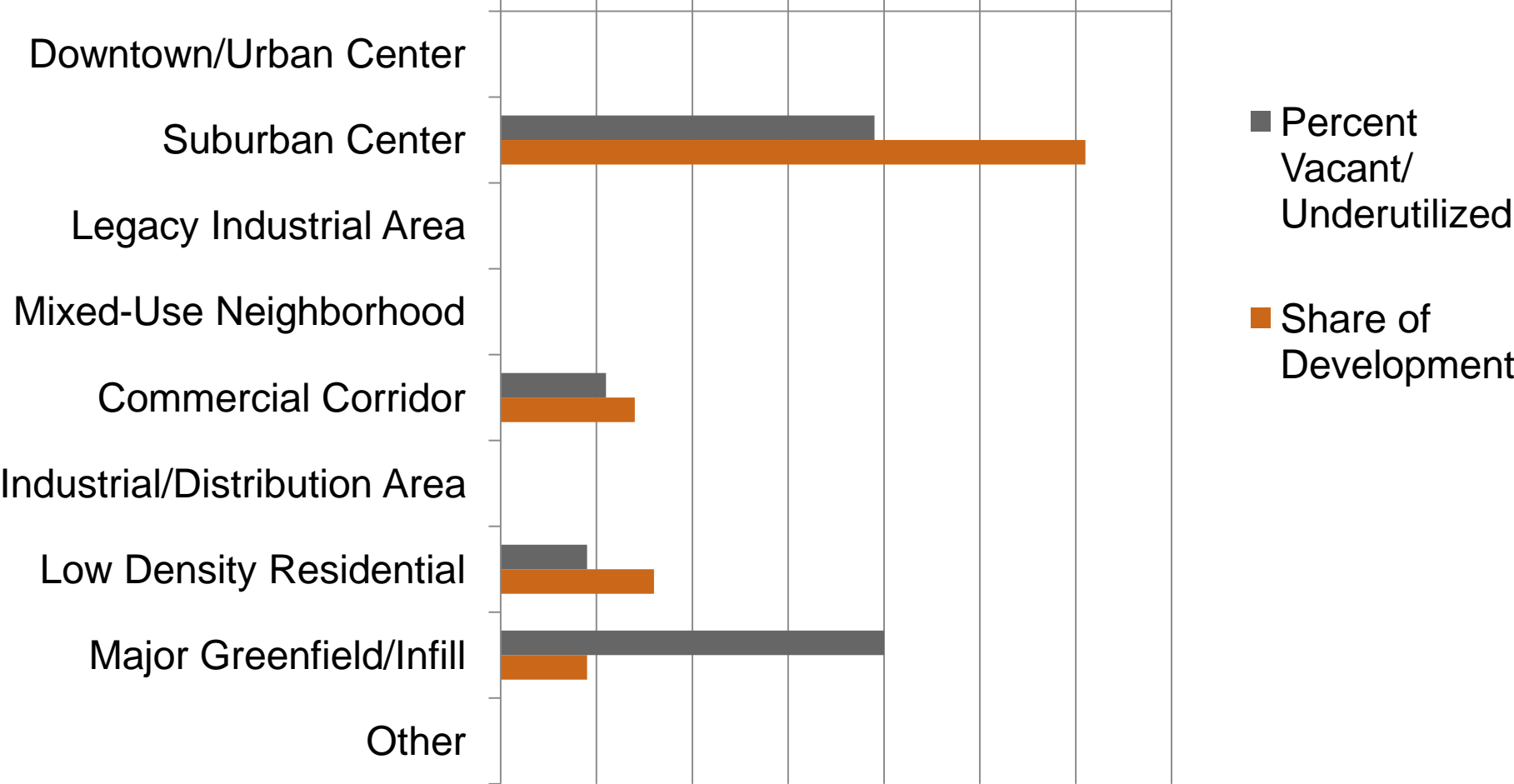
Hiawatha Line – Context of Opportunity Sites and Development



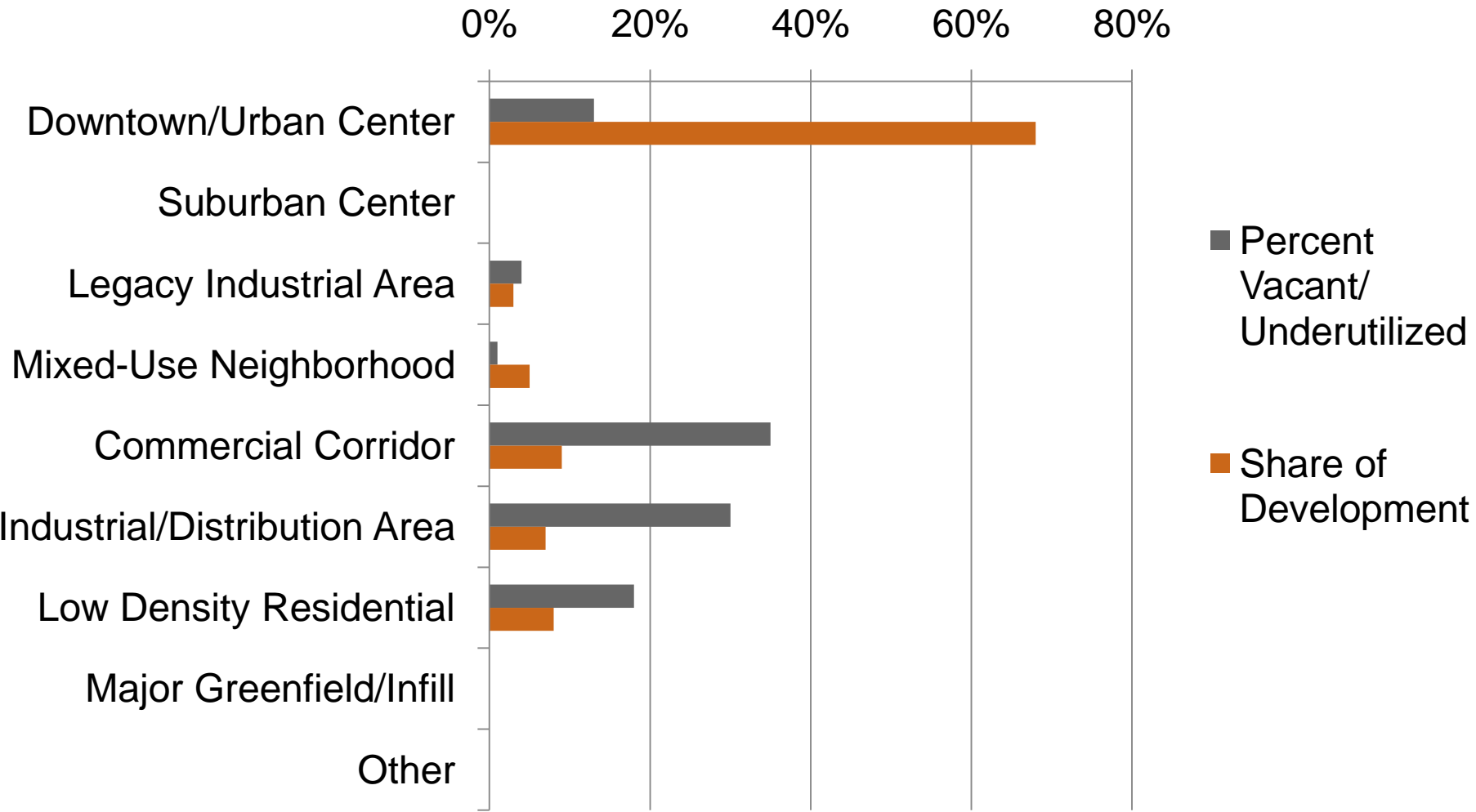
Southeast Corridor, Denver Region



0% 10% 20% 30% 40% 50% 60% 70%



Blue Line, Charlotte Region



Where is Development Most Likely to Occur? (i.e., where is value capture possible?)

- Areas with strong real estate markets (of course)
- In and adjacent to major employment/activity centers (especially where employment is growing)
- Places that have been the focus of strategic efforts to promote infill development
- Greenfield sites in locations with strong markets
- Locations that offer “placemaking” and other amenities

Two Kinds of Financing Strategies are Needed Along Most Corridors

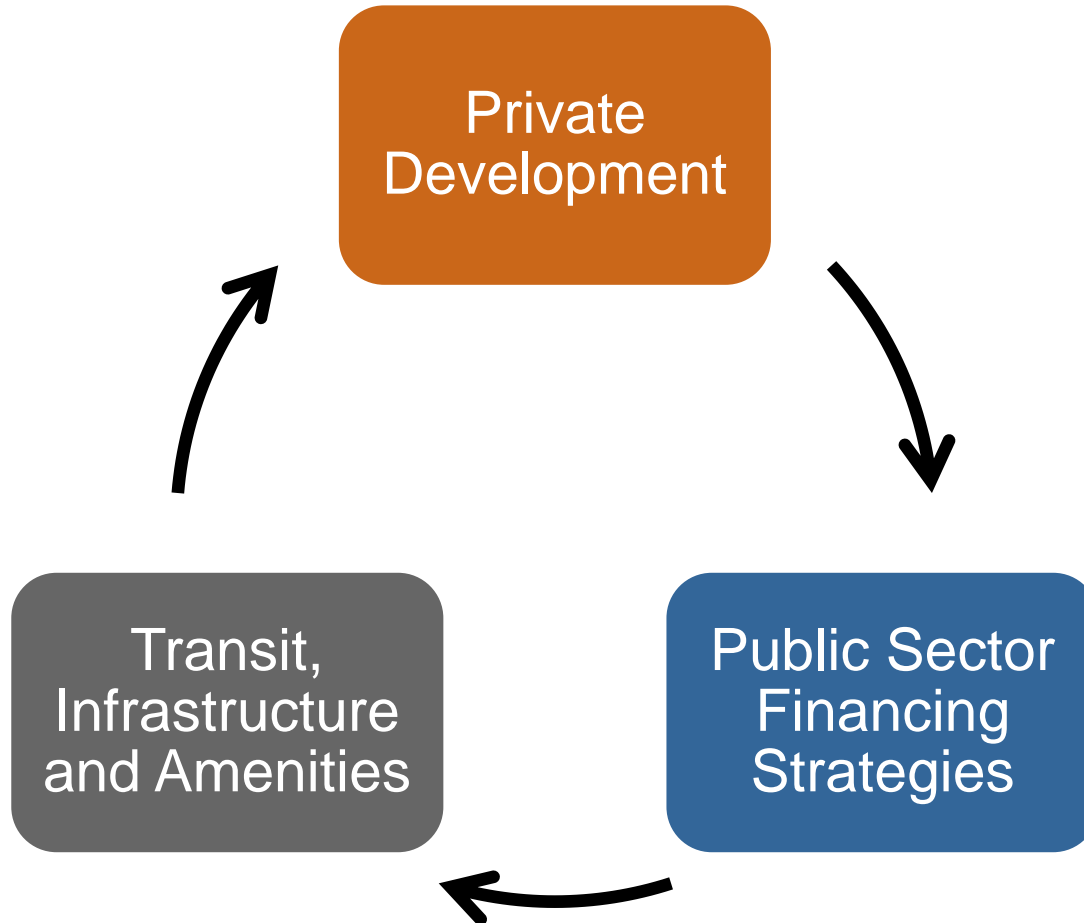
Financing Strategy in Strong Market Locations (Value Capture):



Financing Strategy in Cooler Market Locations (Activities to Improve Neighborhoods and Enable Development) :

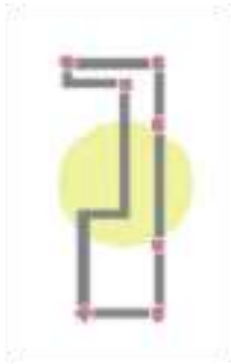


Ideally These Strategies Can Work Together to Build Value



Value Capture Potential and Corridor Types

District Circulator



Facilitate movement within an activity center, typically a downtown

Destination Connector



Link residential neighborhoods to multiple activity centers

Commuter



Typically provide access to one employment center from a series of residential areas

Key Corridor Characteristics Influencing Value Capture Potential

	District Circulator	Destination Connector	Commuter
Typical Length	2 -3 Miles	6-10 Miles	More than 20 Miles
Typical Cost per Mile	\$20 to \$30 M	\$50 to \$100 M	\$10 to \$50 M
Typical # of Jurisdictions	1	Varies	More than 2
Typical # Activity Centers	1	2 or More	One
Typical Market	Often downtowns, sometimes very strong	Varies	Varies, usually one economic driver

Some Preliminary Findings

Greatest potential for value capture:

- District Circulators
- Destination Connectors with significant development opportunity and a limited number of jurisdictions
- Infill stations on existing lines

Based on an (unscientific) sample of 28 planned transit corridors:

- 18% in relatively strong market locations
- 43% in a single jurisdiction