

Capturing the Value of Transit



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Studies show that transit can
generate a significant amount of value
for surrounding properties

But, most value capture strategies are related to new development



Why new development?

REASON #1: The impact of transit on property values is difficult to predict

Land Use	Range of Property Value Premium
Single Family Residential	+2% to +32% (San Diego Trolley, 1992) (St. Louis MetroLink Light Rail, 2004)
Condominium	+2% to +18% (San Diego Trolley, 2001)
Apartment	+0% to +45% (San Diego Trolley, 2001) (VTA Light Rail, 2004)
Office	+9% to +120% (Washington Metrorail, 1981) (VTA Light Rail, 2004)
Retail	+1% to +167% (BART, 1978) (San Diego Trolley, 2004)

Why is the evidence so uneven?

Many factors influence the impact of transit on property values:

- Transit Connectivity
- Ease of Access to the Station (Pedestrian Connections, Parking)
- Frequency of Transit Service
- Market Conditions
- Land Uses in the Station Area
- Disincentives to Driving (Congestion, High Gas Prices)

Why new development?

REASON #2

Many property owners do not benefit immediately from increased property values

- Households who occupy their own homes don't realize an increase in value until they sell (or refinance)
- Property owners who are landlords may or may not be able to increase rents

Why new development?

REASON #3

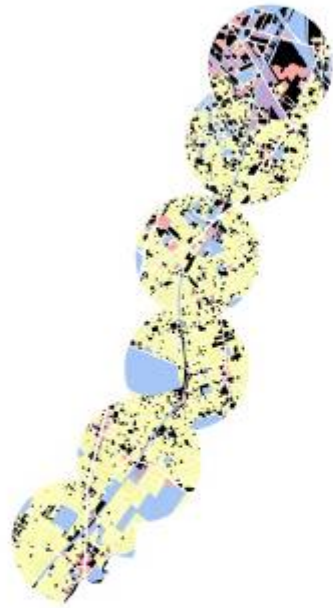
Developers can look beyond the “transit premium” to create value

- Access **new infill sites** made available by transit
- Take advantage of **increased density**
- **Reduce costs** through lower parking requirements
- **Benefit from a cooperative public sector**, e.g., faster entitlements, project subsidies

The Public Sector Has Four Main Value Capture Strategies:

1. Assessment districts
2. Joint development
3. Tax increment financing
4. Development impact fee/exaction

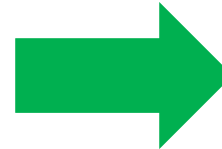
Key Ingredients for Public Agency Value Capture



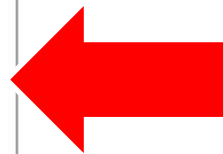
Boston Indigo Line
340 acres of opportunity

1. Future development opportunities (land)
2. Transit access unlocks potential for development

Good candidate



Poor candidate



Charlotte South Line
1,295 acres of opportunity

More Key Ingredients for Public Agency Value Capture

- Good timing
- Ability to match value capture tools with the geographic area receiving transit benefits
- Experienced developer and public sector partners

Expert Panel

- **Jeff Ordway**
Bay Area Regional Transit District (BART)
- **Lori Mason Curran**
Vulcan, Inc.
- **Rick Rybeck**
District of Columbia Department of Transportation
- **Paul Morris**
Cherokee Fund