

# Local Tools for Financing TOD and Transit: Transit Benefit Assessment Districts

*The Economics of Land Use*



Oakland  
Sacramento  
Denver  
Los Angeles

*presented to*

Rail~Volution Conference 2016

*presented by*

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October 10, 2016

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# Local Tools: A Small Sample

## Public Investments

- Tax Increment Financing
- Bond Measures
- Sales Tax Measures

## Development Incentives & Requirements

- Density Bonus Overlays
- Transit Benefit Covenants
- Development Agreements
- Transit Impact Fees

## Private Property Participation

- Community Facilities Districts
- **Transit Benefit Assessment Districts**

*I am presenting preliminary findings from ongoing TBAD feasibility study for BART*

# Transit Benefit Assessment Districts (TBAD)

- **Authorized by SB 142 in 2013 to allow transit agencies to form assessment districts**
  - **Property owners agree to assessment above current taxes and special charges**
  - **Can pay for “eligible transit projects”**
  - **Limited to ½-mile radius from stations**
  - **Sunsets in 2021 but TBADs formed will remain**
- **Subject to Improvements Act of 1911 and Proposition 218 / Article 13D of CA Constitution**
  - **Show “special benefit” rather than “general benefit”**
  - **Subject to “protest vote” of affected property owners**

# TBAD Eligible Projects -- Examples

## Likely

- Pedestrian bridges and paths
- Lighting and landscaping
- Noise mitigation
- Transportation Demand Management

## Possible

- New stations
- Intermodal improvements
- Station capacity upgrades
- Enhanced maintenance

## Not Recommended

- Bike improvements
- State of Good Repair
- Structured parking

*Source: Strategic Economics; Willdan*

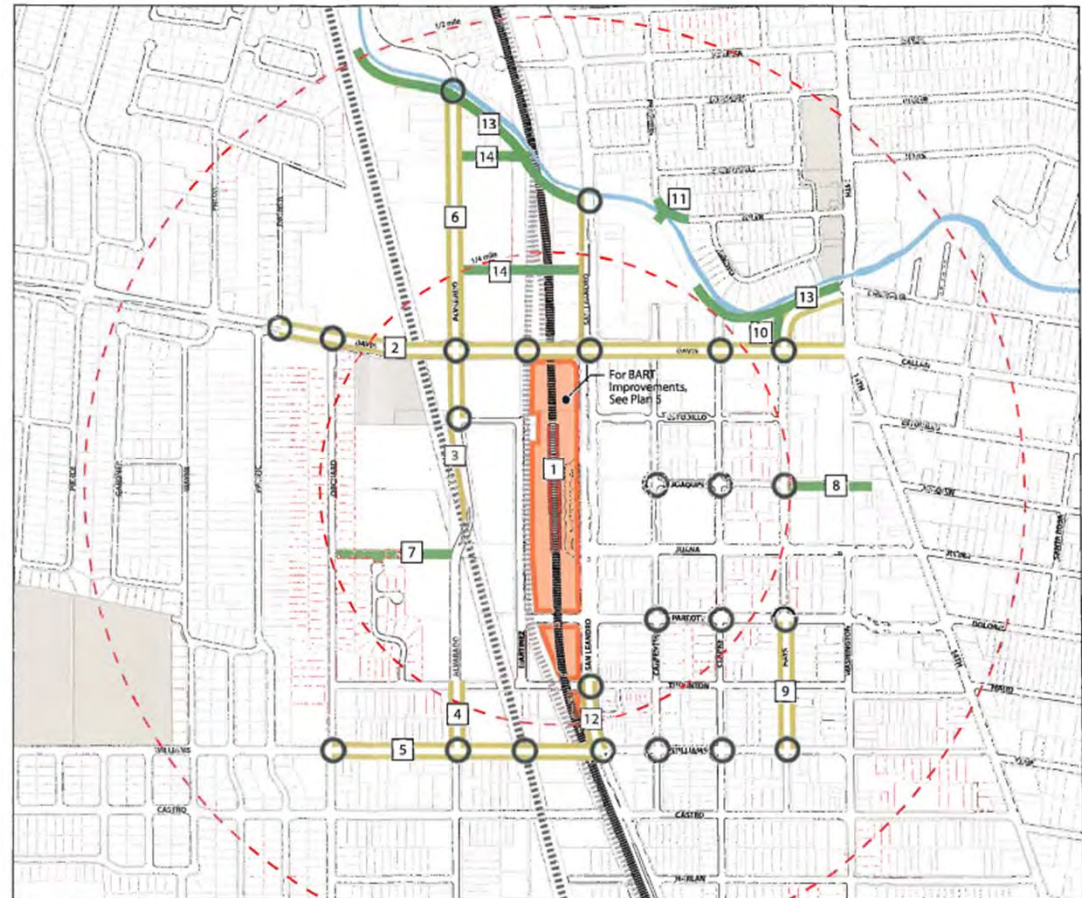
## TBAD Economics

- **Property owners may perceive value gains from enhanced transit service/access**
  - **BUT assessment levels and “special benefits” can not be linked directly to assessed value or property value creation**
- **Feasibility limits on potential assessment**
  - **Willingness-to-pay will vary by property owner/type**
  - **Target: Total Cost Burden < 1.75% of Assessed Value, but complicated by Prop 13**

# San Leandro TBAD

## Projects:

- **\$4.9M of streetscape and pedestrian improvements in station area and on BART property**
- **Scrubbed of items deemed “general benefit”**
  - **Bike paths, station art, etc.**



Source: Page/BMS

# San Leandro TBAD

**Special Benefits: Aesthetics and public safety**

**Special vs. General Benefit: 50/50 based on median walking distance to BART**

Category of Improvements	Total Value of Eligible Improvements	Special Benefit Proportion	Special Benefit Value
On-Site BART Station Improvements	\$274,248	50%	\$137,124
Other Station Area Improvements	\$4,635,420	50%	\$2,317,710
<b>Total</b>	<b>\$4,909,668</b>	<b>50%</b>	<b>\$2,454,834</b>

# San Leandro TBAD

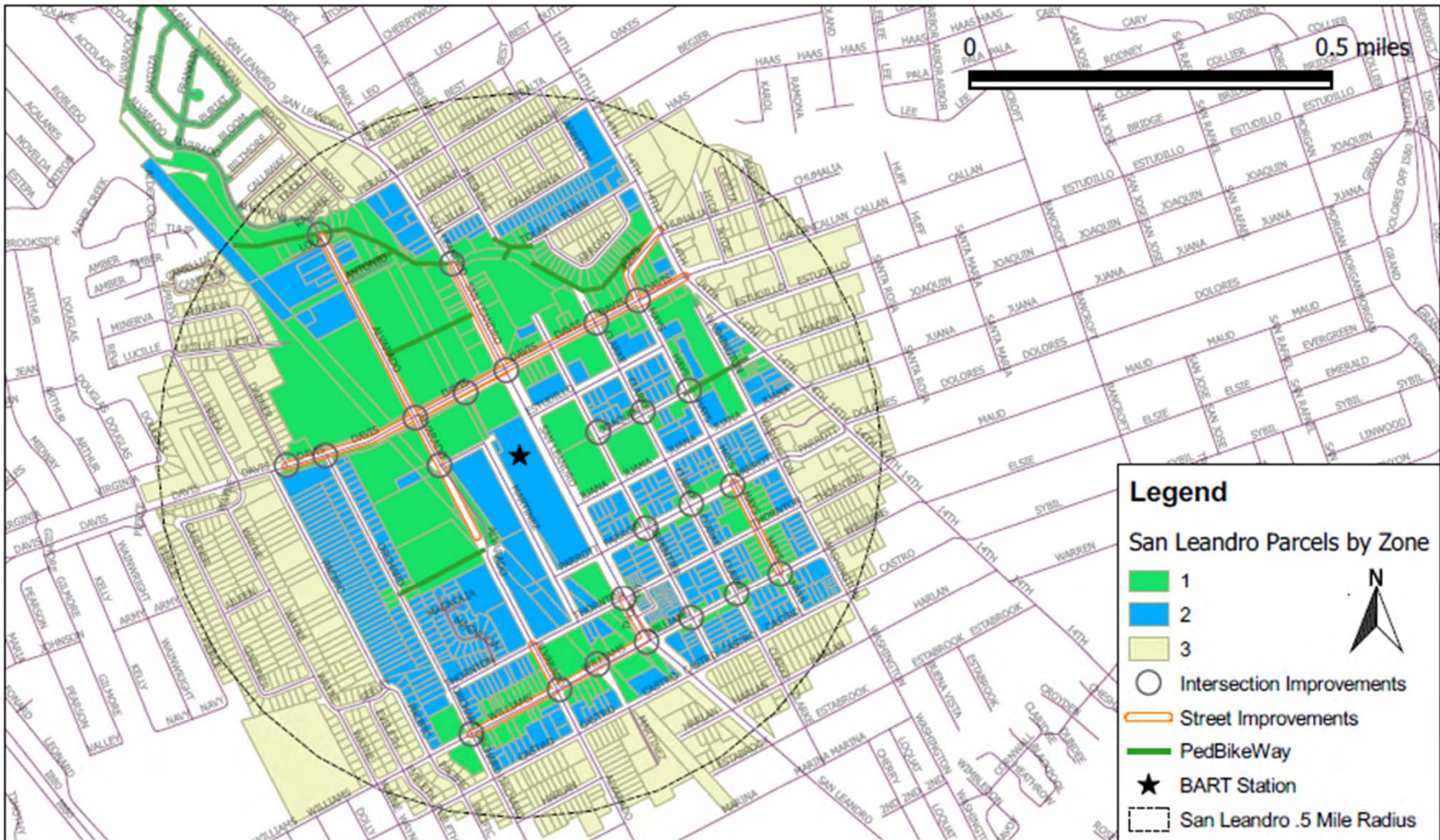
## Allocation Process within TBAD:

- 1) Proximity to improvements
- 2) Relative usage based on trip generation

Zone	Description	Allocation of Total Special Benefit	Amount of Special Benefit
1	Properties that physically abut the envisioned improvements	60%	\$1,472,900
2	Properties on blocks receiving improvements, but not directly abutting those improvements	30%	\$736,450
3	Properties elsewhere in the half-mile TBAD radius	10%	\$245,483
<b>Total</b>		<b>100%</b>	<b>\$2,454,834</b>



# San Leandro TBAD



Source: EPS.

Prepared by EPS

# San Leandro TBAD

**Results:** Believed to be feasible even at maximum levels

Zone	San Leandro TBAD Assessment Levels, Annual Rate			
	<i>Single-Family Residential (per lot)</i>	<i>Multifamily Residential (per acre)</i>	<i>Office (per acre)</i>	<i>Retail (per acre)</i>
1	\$57	\$1,035	\$1,724	\$2,299
2	\$27	\$483	\$804	\$1,072
3	\$6	\$110	\$184	\$245

**Major Need:** Funding for other “general benefit” portions

# Walnut Creek TBAD

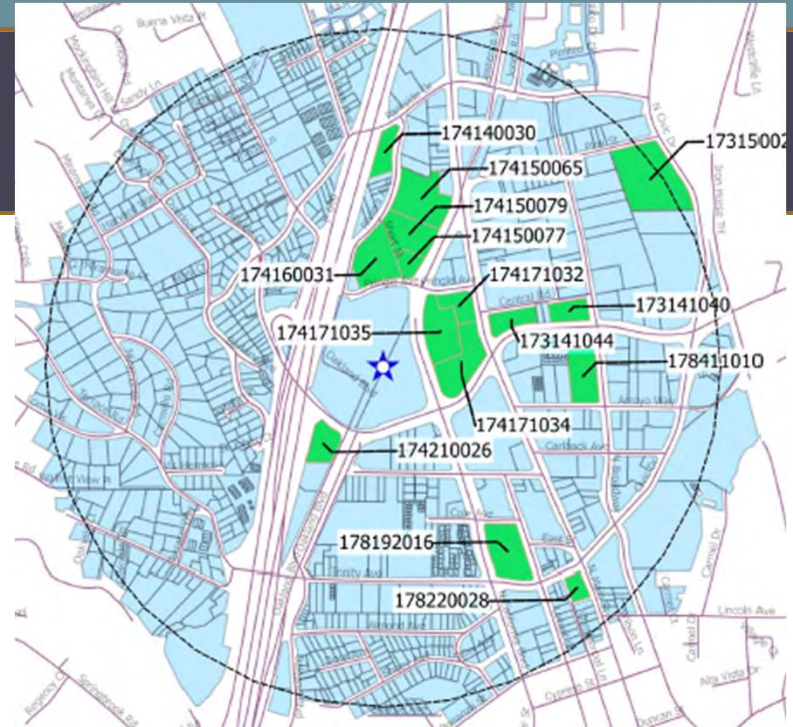
**Project:** TDM program  
~\$335,000/year

**Special Benefits:** Services/  
subsidies for tenants of  
participating properties

**Special vs. General Benefit:** Almost all “special” but TBD  
based on more advanced planning of shuttle service route

**Allocation Process within TBAD:** Pro rata based on SF of  
commercial properties over 50,000 SF

**Results:** Believed to be feasible at \$0.14 per building SF





# Warm Springs TBAD

**Project:** Pedestrian bridge maintenance ~\$56,000/year

**Special vs. General Benefits:**  
Hard to say with current data

- Pedestrians vs. kiss-and-ride, etc.
- Best-served sites are not yet developed

**Results:** Too small to be worth setting up TBAD



Source: City of Fremont; Perkins + Will

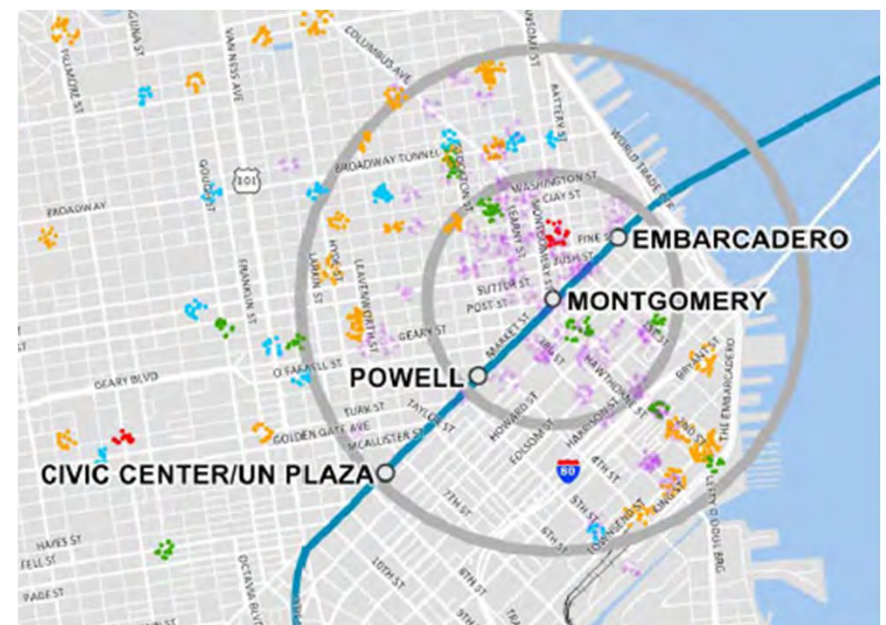
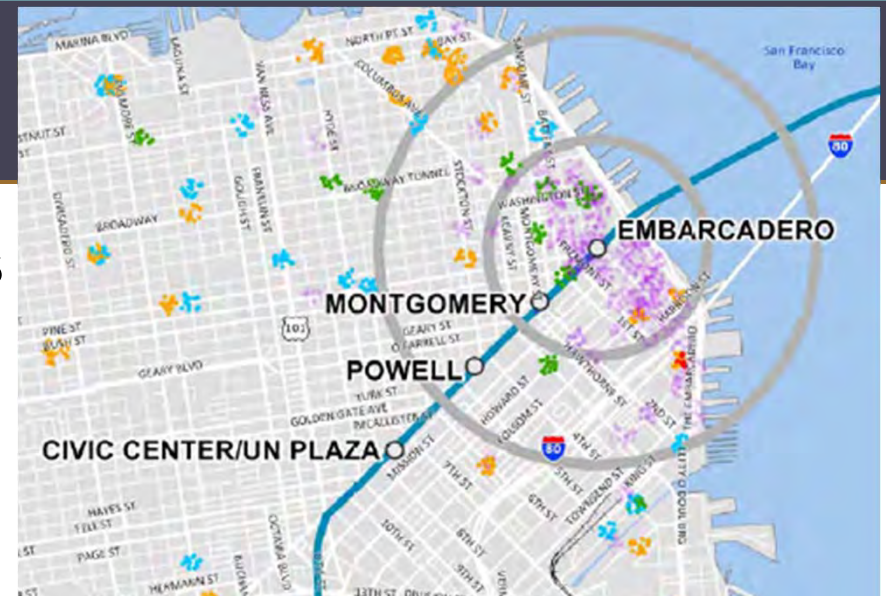
# San Francisco TBAD?

**Project:** Capacity improvements at Embarcadero and Montgomery stations

**Special vs. General Benefits:** Very high % of BART riders from properties within 1/2-mile

**Allocation Method:** Based on building square footage and occupancy density

**Results:** TBD



Source: BART

# TBAD Conclusions and Next Steps

## Conclusions:

- **TBADs are promising but require voter approval and careful vetting**
- **Other mechanisms may be better in many cases**
- **Nice that transit agencies have this tool, though!**

## Next Steps for & after completing TBAD feasibility study:

- **Legal review**
- **Outreach to cities and property owners**
- **Formal Engineers Report(s)**
- **BART Board action and voting process**

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