Capturing the Value of Transit

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Rail~Volution
October 28, 2008
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

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

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

- Good candidate
  - Boston Indigo Line
  - 340 acres of opportunity

- 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