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](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](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

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

<table>
<thead>
<tr>
<th>City</th>
<th>Line</th>
<th>Years</th>
<th>Commercial</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis</td>
<td>Hiawatha Line</td>
<td>2003-2009</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Denver</td>
<td>SE Corridor</td>
<td>2004-2009</td>
<td>6,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Charlotte</td>
<td>Blue Line</td>
<td>2005-2009</td>
<td>10,000,000</td>
<td>8,000,000</td>
</tr>
</tbody>
</table>

**Estimated Square Feet of New Development**

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

Land in the Region

- Outside Station Areas: 99.6%
- Southeast Corridor: 0.2%
- Other Station Areas: 0.2%

Housing Development in the Region

- Outside Station Areas: 94.4%
- Southeast Corridor: 2.2%
- Other Station Areas: 3.4%
Development Projects by Type & Size
Completed or Under Construction (2005-2009)

Civic
- Less than 20,000 SF
- More than 100,000 SF

Residential
- Less than 100 Units
- 100-200 units
- More than 200 Units

Commercial
- Less than 20,000 s.f.
- 20,000 - 100,000 s.f.
- More than 100,000 s.f.

Mixed Use
- Less than 100,000 s.f. Commercial & 100 Residential Units
- More than 100,000 s.f. Commercial & 100 Residential Units

Some projects may not appear due to overlapping dots.

- Light Rail Stations
- South Corridor/Blue Line
- Major Highways
- Half Mile Station Area

1 Mile

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

Percentage Vacant/Underutilized

- Downtown/Urban Center
- Suburban Center
- Legacy Industrial Area
- Mixed-Use Neighborhood
- Commercial Corridor
- Industrial/Distribution Area
- Low Density Residential
- Major Greenfield/Infill
- Other

Share of Development

- Hiawatha Line – Context of Opportunity Sites and Development

0%  20%  40%  60%  80%  100%
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):
- Private Development
- Public Sector Financing Strategies
- Transit, Infrastructure and Amenities

Financing Strategy in Cooler Market Locations (Activities to Improve Neighborhoods and Enable Development):
- Public Sector Financing Strategies
- Transit, Infrastructure and Amenities
- Private Development
Ideally These Strategies Can Work Together to Build Value

Private Development

Transit, Infrastructure and Amenities

Public Sector Financing Strategies
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

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