Value Capture – Legal Tools and Challenges

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Introduction – Value Capture

- Principle: increases in economic value created by a public policy should accrue to the public benefit
- Leverages location, location, location
- Linked to increases in land value induced by presence of public transit facility
Introduction – Value Capture

- Varied types of value capture mechanisms:
  - Incentives
  - Special allocations
  - Fees
- Benefit realized over time
- More targeted than region-wide tax initiatives
Value Capture Species

- **Incentives:**
  - Density bonuses
  - Optional method zoning
  - Inclusionary zoning
  - Air rights
Value Capture Species

- Zoning changes – general increase in property tax revenue as development occurs around station
- Special allocations:
  - Special assessment districts – tax or fee levied on properties within a defined area
  - Tax allocation/tax increment financing districts – tax increment above an established baseline used to fund public infrastructure investment within a defined area
Value Capture Species

- Fees:
  - Transit impact fees – developer pays up front
  - Licensing levies
  - Parking fees/cash-in-lieu payments
Legal and Policy Considerations

- State and local enabling legislation may be necessary to allow use of:
  - Tax-increment financing
  - Special allocation districts
  - Impact fees

- Entity responsible for imposing fees or administering special allocation district is frequently not the entity providing the public transportation
Legal and Policy Considerations

- **Watch this space – potential Federal legislation:**
  - National High Performance Passenger Rail Transportation-Oriented Development Act of 2012
    - H.R. 4361 - introduced April 16, 2012
  - Establishes program within USDOT – FRA and FTA
  - Coordinated by a Planning Developer
  - “Transportation-oriented development” around rail and multi-modal stations
  - Program to provide technical assistance for:
    - (a) RRIF; (b) TIFIA; (c) Leveraging state and local resources
  - Interaction with existing programs (New Starts, Livable Communities) not specified
Denver Union Station

Overview:
• $480 MM station redev
• Multi-modal transportation hub
• High-density residential and commercial development
• Public space
Denver Union Station

**Project Participants:**
- Denver Union Station Project Authority
- City and County of Denver
- Regional Transportation District
- CO DOT
- Denver Regional Council of Governments
- Union Station Neighborhood Company – Master Developer
Denver Union Station

**Funding Sources:**
- RRIF and TIFIA loans – 1\(^{st}\) project to combine both
- FTA and FHWA grants
- Stimulus funds
- State appropriations
- Private financing for real estate development components
- All tax increment revenue for 30 year period pledged to repay federal loans
Atlanta BeltLine

Overview:
- $2.8 B projected total cost
- Integrated transportation and open space corridor
  - Light rail – 22 mi. rail corridor
  - Multi-use trail – 33 mi.
- Trail links to neighborhoods
- Will increase parkland within City of Atlanta by 40%
- Tax Allocation District
- Incentives to stimulate private economic development
  - Zoning and master plan changes
  - Home purchase program
  - Beltline Affordable Housing Trust Fund
  - Economic development zones
Atlanta BeltLine

Project Participants:
• City of Atlanta
• Atlanta Development Authority
• Atlanta BeltLine, Inc.
• MARTA
• Trust for Public Land
Atlanta BeltLine

Funding Sources:
- Tax Allocation District
- City of Atlanta
- Capital Campaign
- Federal Grants
Atlanta BeltLine

Project Characteristics:
• Public development of public transportation infrastructure
• Public and nonprofit development of open space
• Stimulus to private development

Photo: Alan Long
Questions?

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