Value Capture Overview

Rail~Volution
Value Capture Today and Tomorrow
October 21, 2018
Presentation Outline

• Transit Creates Value

• Value Capture “Toolbox”

• Funding/Financing Mechanisms
Infrastructure Creates Value

Anytown, USA

Parcel A

Parcel B

Transportation Improvement

Value Capture

Reduced Travel Times, Increased Accessibility to Jobs and Retail

Increase in Land Values
The transit premium is on average 30-40% and up to 150%.

“Value capture” describes a toolbox of public financing mechanisms aimed at capturing a share of the land value that transit creates.

– Land value is largely a function of how “accessible” it is.
Value Capture Strategies

• Value Capture strategies include:
  – Tax Increment Financing (TIF) Districts
  – Special Assessment Districts
  – Development Impact Fees
  – In-Kind Contributions
  – Joint Development
  – Others
Tax Increment Financing

- Total Assessed Value (pre-TIF)
- Base Assessed Valuation: Tax Revenue retained by taxing jurisdiction(s)
- Tax Increment Revenue funds new infrastructure
- Total Assessed Value (post-TIF): All revenue retained by taxing jurisdiction(s)

Time (Years)

FTA FEDERAL TRANSIT ADMINISTRATION
What is FTA’s Role in Most Value Capture Strategies?

Universe of Land Around Transit Under State Legal Authorities

- **Land Owned/Acquired by Transit Agency**
  - Strong opportunity for transit-supportive value capture
  - Decision lies with Transit Agency and FTA

- **Land Owned/Regulated by City/County**
  - Potential opportunity for value capture, yet challenging
    - Highly dependent on the local government’s policies, transit agency negotiations with private land owners and/or city/county, other outside factors, etc.
  - Decision lies at the City/County level
    - Transit agency and FTA have no direct influence

- **Land Acquired with FTA Funding**
  - Strong opportunity for transit-supportive value capture
  - Decision lies with Transit Agency and FTA

The Federal direct role in value capture is limited to the orange box
Next Steps

- Advance value capture strategies:
  - Webinars and roundtable discussions on value capture
  - Update FTA value capture website
  - Support joint development and TOD