

Value Capture Strategies Toolkit for Practitioners:

Innovative Strategies for Funding, Financing, and Project Delivery for Multimodal Infrastructure Projects

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Background

Value Capture refers to the concept of capturing the benefits generated by investment in infrastructure, to either finance the infrastructure itself or to re-invest in other unfunded infrastructure projects in beneficial ways. The Value Capture strategy has been used increasingly in the context of transportation funding and finance, particularly as a means to fund new transportation infrastructure, such as highway corridors, public transportation/transit, active transportation, or multimodal facilities. Value Capture is one proven sustainable source that can be tapped to supplement much-needed funding and get the project off the ground for a variety of State and local transportation projects.

Value capture is an umbrella term covering a range of innovative revenue generation strategies that enable State and local communities to recover a portion of increases in property tax revenues and economic growth resulting from transportation infrastructure investment and other State and local actions. Municipalities utilize value-capture mechanisms because they offer a targeted method of closing funding gaps and incentivize private investment in specific areas. Though most commonly used to finance water and sewage systems and public transportation systems, Value Capture is a topic of growing interest in other areas such as community development and funding infrastructure improvements to create more efficient and equitable transportation systems.

The toolkit lays out a series of Value Capture strategies that State and local governments around the country should consider in the capital planning process prior to making transportation investment decisions. The type of innovative financing tool can be leveraged and the best project delivery approach to maximize the cost and time savings can be chosen. Key to the effective use of Value Capture strategies is the ability to recognize what strategies are suitable to what type of projects. What type of financing tools are best suitable to the Value Capture revenue profiles and what type of procurements can be used to deliver the project?

In general, three areas should be considered when delivering an infrastructure project:

1. *Consider a Funding Option/Source: Identify a funding source or revenue stream to pay for the project, whether pay-as-you-go or pay-as-you use.*
2. *Consider the Financing Tool: Determine an approach to pay for the infrastructure in two ways: pay-as-you-go or financing. Select the right financing tool to obtain capital (cash) to pay for the project's up front cost.*
3. *Determine relevant procurement and delivery method (traditional or innovative contracts).*

Typically, identification of the revenue source is usually missing in the planning process—and you cannot fix a revenue problem with a finance or procurement tool. Both revenue/funding and financing strategies should be part of the transportation planning process via long- and short-range planning.

In a pay-as-you-go approach, an improvement is made only when the revenue has been collected to cover the cost of the improvement.

By contrast, with a financing approach, the improvement is paid for before the revenue for the full cost of the improvement is available, typically by borrowing against future revenue and issuing bonds that are paid back over time with taxes, user fee payments, or other revenue sources

Target Users

The toolkit is designed to give transportation professionals the information, resources, and materials they need to implement Value Capture strategies and by selecting the right financing tool and procurement/project delivery methods matching Value Capture mechanisms for revenue profiles such as its yield and stability. The toolkit also provides the practitioner with information to communicate and conduct outreach to the public and decision makers. Additionally, a series of Value Capture application options are laid out that practitioners should consider when thinking about how to expand the range of ideas available to local decision makers. These strategies take different forms in various locations where they have been adopted, as jurisdictions vary with respect to the path of development and the range of solutions that are politically possible. The toolkit should spur the practitioner's creative thinking around these concepts and lead to the adoption of strategies that benefit public interests in various communities.

Toolkit Navigation

As mentioned in the previous section, practitioners need three things to deliver a project: a financing tool to raise capital to pay for the project up front, funding/revenue to pay back the costs of the project, and a procurement/project delivery method. These tools are divided into three main categories:

1. **Funding-Value Capture Gap Funding:** Below are summaries of Value Capture mechanisms and how each are used to capture value from transportation investments.
 - **Value Capture Mechanisms:** Brief description of each VC mechanism and how it is used.
 - **Value Capture Technical Publications:** Technical resources for practitioners who want to dive deep into each VC mechanism, including VC legislation, primers, frequently asked questions, case studies, and technical publications.
 - **Training (virtual) and Peer Exchanges:** Provides how to and proven successful projects from implementing agencies. Each session is 120 minutes covering every aspect of each project. The training also includes discussion on the roles of Federal, State, and local agencies for each VC mechanism.
 - **Value Capture Analytical Tools:** A clear path to success describes the actions that the local and State DOTs will advance to move the vision to a reality. Practitioners may use the Value Capture Analytical Tools to better understand the concepts, Value Capture strategies, applicability of Federal Innovative Funding Management and Finance Programs, and Innovative Project Delivery tools. The objective of the analytical tools is to assist public sector policymakers, legislative and executive staff, and transportation professionals in the implementation of Value Capture infrastructure projects.

2. **Financing-Innovative Financing Tools:** The Innovative Finance Strategies section provides a resource guide to raise upfront capital to pay for transportation investments covering Federal and Non-Federal sources. Table 1: provide a summary of matching applicable tools to highway projects.
3. **Project Delivery Methods:** Traditionally, the delivery of transportation projects is tied to the ability to fund the improvements. This creates a disconnect between the design and construction of a project. Basic innovative delivery methods currently being employed around the country include Design-Build to Public-Private Partnerships (P3s).

Together, these resources constitute a toolkit that State and local transportation agencies' practitioners can use to implement Value Capture Strategies and maximize benefits of saving money, time, and resources. As new components of the Value Capture Toolkit are completed, they will be added to this website.

Funding & Financing Define

Although the terms funding and financing are often used interchangeably, they mean very different things. Understanding this difference is an important part of analyzing and communicating the challenges to closing the infrastructure gap.

In the Funding and Financing phase of the infrastructure lifecycle, current or prospective infrastructure owners, including governments and private developers, must identify the future revenue source(s) necessary to pay for the development, capital, and operational costs of a proposed project. A project could include the construction of a new infrastructure asset or modernize/retrofit of existing infrastructure to address infrastructure conditions. While there are other points along the infrastructure lifecycle in which the need to pay for development, capital and/or operational costs arises, this is the point in time when the greatest planning and coordination efforts related to funding and financing occurs.

Funding and financing are intrinsically linked from a transportation infrastructure perspective as oftentimes decisions related to transportation project are governed by the availability and sources of financing at the start of a project, and these decisions will influence long-term funding needs during operation and in the event of a climate stress or shock. As the financing of transportation infrastructure is a rapidly evolving space, this phase identifies infrastructure funding and financing.

Funding/Revenue: Funding is the means by which a project's costs are repaid, regardless of the period to which these costs are time-shifted. For infrastructure, this generally means identifying the long-term future revenue stream necessary to repay the money initially invested, plus interest.

Funding can also mean money allocated to a project that does not need to be repaid such as Federal and State grants. For government infrastructure projects, funding may come from money set aside for a project, typically sourced from taxes and fees, or it may come from a grant issued by the national government to the government entity leading the development of the infrastructure project. In low-income countries, funding may also be provided by international donors or development banks.

Financing: is money that is borrowed and must be repaid. Financing is how you pay *upfront* for infrastructure. In this context, it refers to how governments or private companies that own infrastructure find the money to meet the upfront costs of building it. Financing represents the money borrowed and has the effect of time-shifting costs incurred. For example, a city borrows money to construct an infrastructure project and doesn't start to repay the loan for five years. In this case, the cost of the project has been time-shifted into the future through financing. However, financing does not set out how the funds to repay the loan will be earned.

Funding/Revenue Sources - Value Capture Strategies

One characteristic that all innovative financing tools and P3s have in common is the need for a source of revenue to support the financing tools. Almost exclusively, funding for transportation comes from traditional sources. Value capture is an untapped revenue source that can be used to supplement traditional funding pay for roadway and transit improvements by leveraging localized benefits. While more common with transit projects, Value Capture techniques may also be used with highway improvements, as is the case with the San Joaquin Toll Road in southern California and E-470 outside Denver, Colorado, and others. Most Value Capture revenue is generated at the local level. Thus, Value Capture strategies provide opportunity for collaboration and partnerships of State, local, and private sector to advance infrastructure project.

The Role of Value Capture: Value capture is a set of mechanisms and funding tools that work by capturing additional revenues from the catalytic impact of public investment, such as transportation improvements. As an example - after a public improvement is put in place, nearby property values increase, resulting in additional property tax revenues. Value capture mechanisms are designed to leverage this increase in value and invest it back into the communities, spurring additional public and private investment. Value capture sources can be used not only to fund the transportation improvement itself, but also for a variety of uses such as housing, public spaces, streetscape improvements or multimodal infrastructure improvements.

Value capture can generate sustainable, long-term revenue streams that can support debt issuance and repayment used to build highway interchanges, corridor improvements, transit stations, and other infrastructure. It can also be used to leverage Federal and State grants, attract private capital, provide access to Federal low-interest-rate loans, and can seed funding to get the project off the ground. Revenue from Value Capture techniques can also be used to fund the highway on-going operations and maintenance costs, which are generally not eligible for Federal-aid funding. Value Capture can be used in a wide range of scales and settings (urban, suburban, and rural). Until recently, most domestic Value Capture applications have been used to generate new funding for transit projects. More recently, however, a growing number of States and localities have begun using innovative Value Capture to help fund highway improvements that including complete streets projects, safety enhancements, preventive maintenance, electric vehicle charging stations, fiber optic broadband in the public right of way (ROW), and smart technologies. Several Value Capture techniques have been used successfully to supplement traditional funding highway improvements and road maintenance in the States of California, Colorado, the District of Columbia, Florida, Georgia, Massachusetts, Missouri, Ohio, Oregon,

Pennsylvania, Texas, and Virginia as demonstrated in Table 3. Table 3 provides Value Capture Project Case Examples Representative (excel spreadsheet)

Developer Contributions

One-time charges to the developer. Can be voluntary or compulsory contribution from private sector or developers. Compulsory contributions include Negotiated Exaction and Development Impact Fees or Mobility Fees.

Negotiated Exaction: Direct payments to local governments from a private developer can be used to offset development investment costs. These may be set a necessary condition before a development approval is granted. Negotiated exactions are determined on an ad hoc project-by-project basis through the development approval process. Similar to Impact Fees but generally applied to only on-site infrastructure. One-time developer agreement is created that must not exceed impact. The costs for the developer are upfront by providing land or making a payment with the money to be used for infrastructure serving the development

Impact Fees (Mobility Fees, Development Charges, and Connection or Facility fees): one-time, up-front payment by the developer to pay for capital costs needed to serve new development. Implementation is based on legislatively enacted fee, not a tax. Impact Fees generally do not require voter approval. Must meet the Dual Rationale Nexus Test:

- The needed improvements are tied to the impact of new development
- The new development that pays the fees should receive a benefit from the payment

In general, Impact fees are designed to recover a portion of the costs associated with new development to serve the new development such as Construction of off-site roadways, local street improvements, or intersection improvements.

- **Applicable Purpose:** Cost recovery for a purpose of financing a portion of the cost of public facilities related to the development project. These are one-time charges applied by a local governmental agency to an applicant in connection with approval of a development project.
- **Revenue Potential:** Marginal, generate marginal revenue for highway (mostly)
- **Use of Fund:** Impact fees can only use for capital expenditures not operating & maintenance
- **Leveraging:** Can be used as local matching share to Federal and State grants, borrow from State Infrastructure Bank, or long-term debt obligation such as tax-exempt bonds (Osceola County, Florida)
- **Project Delivery:** Design Bid Build (DBB), Design Build (DB), Construction Manager/General Contractor or Construction Manager at Risk (CMGC/CM@R), Design Build Finance (DBF).

Special Assessments

Authorized in 50 States. In most States, special assessments may be initiated in two ways, either by local governments that determine to make improvements in a given area or by a majority of property

owners in a given area who decide, through a petition process, they want to collectively fund an improvement that mutually benefits everyone within the area.

Local jurisdictions can create special assessment districts (SADs) around transportation improvement projects and can impose new fees or tax increases on owners within those areas. The taxes can be based on property value, sales, special business fees, or other measures of value. Members of the benefiting district pay a property tax directly for the cost of the improvement, which is levied annually to the property owner in the district before and after an improvement is made. Although this special assessment resembles a tax—it is not (Chadban, City of Grandville; 442 Mich 495 (1993); quoting Knott v City of Flint, 363 Mich 483 (1961)). The Special Assessment District is initiated either by the local jurisdictions and by resolution of the City Council or County Commission or by a property owner request for formation of the Petition for specific assessment duration.

- ***Government Districts Initiates-Transportation Improvement District (TID)/Transportation Development District (TDD)***: Formed as a separate political subdivision with a board of directors. A local government body, typically a county commission, acts as the lead entity in forming the district in some States for the purpose of coordinating and financing transportation infrastructure improvement programs, particularly road construction projects, among local governments in a specific area. Depending on the State, the lead entity may have the authority to levy sales or property taxes. Transportation Improvement Districts or Transportation Development Districts are authorized in Missouri, New Jersey, Ohio, and Virginia.
- ***Property Owners Initiates-Community Improvement District (CID)/Business Improvement Districts (BID)/Neighborhood Improvement Districts (NID)***: Property owners initiative to manage and improve the environment of a district with services financed by a self-imposed and self-governed assessment. Voluntarily impose assessment/fee by the property owners to fund improvements and services within the district.
 - ***CID/BID***: A not-for-profit corporation formed by commercial property owners voting to impose a self-assessment to pay for special public improvements or services. A simple majority of affected property owners (51 percent) or property owners representing 75 percent of property values within the CID boundary must consent and the request must be ratified by the governing authority.
 - ***NID***: Strictly a local initiative with a special taxing district where revenues are collected within the designated boundaries to help pay for public infrastructure, facilities, or other improvements that confer a benefit on property within the district, normally a residential and not a commercial area. NIDs are created by election or petition of owners of property within the proposed boundaries of the district and typically generate funding for projects through the sale of municipal revenue bonds backed by the district’s special property assessments, which may be extended beyond retirement of the bonds to pay for maintenance and upkeep.
- ***Applicable Purpose***: Captures project expansion benefits and returns them to the public. These are typically collected by the city for city service provided improvements that benefit property owners. The benefit may be a new transportation development and or improvements such as complete street improvement to enhance public safety.
- ***Revenue Potential***: High, can generate substantial revenue to fund the entire project and is applicable to all modes

- Use of Fund: Can be used to fund infrastructure that does not generate revenue, so the tool is applicable to a wide variety of circumstances. SADs can fund capital and operating and maintenance expenditures, including correcting deficiencies. Georgia CID has initiated major transportation improvements, such as for complete street projects, pedestrian safety, etc.
- Leveraging: Can be used as local matching share to Federal and State grants by borrowing from the State Infrastructure Bank, or creating a long-term debt obligation, such as tax-exempt bonds
- Project Delivery: DBB, DB, CMGC/CM@R, DBF, P3s.

Sales Tax District

Sales tax districts levy an incremental sales tax on goods sold within a designated area that derives benefit from a transportation improvement. The resulting revenue is used to support the development of the infrastructure improvement. Sales tax districts may be established at the municipal or county level, but they are more commonly implemented in smaller local areas. States establishing sales tax districts normally specify the rate of the incremental sales tax and the types of projects their proceeds may support. Unlike other special assessment districts, there is no formal process for establishing the rate of the incremental sales tax that is a local benefit because of the accruing sales tax property due to improved access. Members of the benefiting district pay a small sales tax directly for the cost of improvement on levied sales within the district.

The revenue raised by the tax, however, should reflect the value the area derives from the transportation improvements funded by the district.

- Applicable Purpose: Captures project expansion benefits and returns them to the public. Applicable to all modes
- Revenue Potential: High, can generate substantial revenue
- Use of Fund: Can be used in tandem with TIF and can fund for capital and operating and maintenance expenditures including correcting deficiencies
- Leveraging: Can be used as local matching share to Federal and State grants by borrowing from the State Infrastructure Bank, or creating a long-term debt obligation, such as tax-exempt bonds
- Project Delivery: DBB, DB, CMGC/CM@R, DBF, P3s

Tax Increment Finance Districts (TIF)

Authorized in 49 States and the District of Columbia. A popular revenue or funding generation Value Capture mechanism available to local districts to spur economic development, build strong communities, and create jobs that would not occur without public investment/assistance. It allows the local district to use the incremental increase in property tax revenues and economic activities within defined areas to fund infrastructure improvements. Tax revenue from properties in the district is capped at a certain level, and all revenue over the capped amount is directed into the TIF fund. ***The key is no new taxes are requested and no existing taxes are used to pay for the project.***

- ***Applicable Purpose:*** Spur economic development and create jobs. Generate sustainable stream of funding by capturing project expansion benefits and returning them to the public. This funding method estimates the level of development that will occur as a result of the transportation improvement and uses this funding stream as the basis for securing a bond to help fund the transportation improvements. Expected growth in property tax revenues is securitized to provide funds for infrastructure improvements.
Municipalities use TIF to incentivize property development in distressed areas – areas that frequently overlap with Qualified Opportunity Zones (QOZs). TIF allows municipalities to pledge a portion of the property tax increment that results from project investment to reimburse the project developer for certain eligible project costs. The combination of TIFs and QOZs may be particularly attractive to Real Estate Investment Trusts (REITs) and real estate developers who are looking to reduce project development costs.
- ***Revenue Potential:*** High, can generate substantial revenue for transportation improvements and is applicable to all modes
- ***Use of Fund:*** Can be applied to infrastructure that does not generate revenue. Typical items financed include street improvements; sidewalks; street lighting; utilities, including water lines, storm and sanitary sewers, and plant expansions; parks and open space; and off-street parking. TIF/Tax Increment Reinvestment Zones or Transportation Reinvestment Zones (TRZs) can fund capital expenditures including correcting deficiencies. TRZs can only be used for transportation improvement projects
- ***Leveraging:*** Can be used as local matching share to Federal and State grants by borrowing from the State Infrastructure Bank or creating a long-term debt obligation such as tax-exempt bonds, and/or access to Transportation Infrastructure Finance and Innovation Act (TIFIA) and/or Railroad Rehabilitation & Improvement Financing (RRIF) Federal low interest rate loans. Another option is developer finance where local jurisdictions reimburses the developer for TIF-eligible costs, such as tax incremental revenues as they become available.
- ***Project Delivery:*** DBB, DB, CMGC/CM@R, DBF, P3s, or developer financing

Joint Development

Joint Development refers to cooperating public and private partners who provide facilities based on the financial contribution for the benefits received. One-time developer-related opportunities typically happen after an improvement (can be on- and off-site improvements). Joint Development is mostly

used in transit, where the practice of developing public transit agency-owned land in partnership with a private entity is most common. This can provide new sources of revenue for public transportation agencies, meaning more funding for public transit improvements.

- **Air Space/Air Rights:** A form of Value Capture that involves the establishment of development rights above, below, under, and nearby/adjacent highway right of way by transfer of rights and joint development for public and private benefit. These rights are a one-time developer-related opportunity that typically happens after an improvement. One example may be selling rights to build a station with shopping spaces on top of a metro exit to a private actor, as this will increase land value and be beneficial for both the public and private party. Air Space/Air Rights give the transportation agency an opportunity to transform underutilized ROW into a revenue source for renewable energy and fiber broadband; provide economic development techniques controlled by the local jurisdictions to spur economic development by increasing a local jurisdiction's tax base and creating new jobs; and providing collegial cooperation between the State, localities, private sector, Federal agencies, and transportation modes to create a seamless connectivity of transportation networks.
- **At-Grade Joint Development:** Development near or at the transportation facility. Retail concession at the transit station or parking garage near a highway or road or use highway ROW for solar energy to generate revenue or save on operating costs.
- **Below-Grade/Utility Joint Development:** The ROW is leased to a private entity or the public agencies use ROW for fiber optics infrastructure.
- **Development Above-Grade Joint Development:** The agency sells or leases the development rights on the top of the train station or on the top of the highway to the developer, or caps a portion of the highway for community amenities, such as for parks and green space.
 - Applicable Purpose: By capturing the created value, a cost and revenue share of the transportation investment between the public sector and private operators and developers is formed.
 - Revenue Potential: Moderate, generate moderate revenue for highway and transit by sales or on-going lease revenue
 - Leveraging: Can be used as local matching share to Federal and State grants by borrowing from the State Infrastructure Bank or creating a long-term debt obligation such as tax-exempt bonds, and/or access to Federal low interest rate loans such as TIFIA and/or RRIF.
 - Project Delivery: DBB, DB, CMGC/CM@R, DBF, or P3 Concession

Asset Recycling

Asset Recycling is monetization of public or non-public infrastructure assets by selling or leasing assets to create revenue streams to pay for other infrastructure needs. Asset recycling involves at least two pieces of infrastructure: the asset being sold or leased to the private sector and the infrastructure unrelated to the first piece; built or repaired with the proceeds from the sale or lease. Value Capture by Asset Recycling strategies creates a continuous funding cycle that stretches lease proceeds much further and can also supplement traditional funding sources. Some types of Asset Recycling are land banking, lease of public lands, and the monetization of green infrastructure.

- Applicable Purpose: Generate immediate revenue for State and local jurisdictions, while at the same time ensuring infrastructure improvement needs are met. Such assets are typically unused or

underutilized land or buildings, or assets that are more valuable such as toll roads, for any number of reasons, if they are sold or leased to a private entity for an up-front payment.

- **Revenue Potential:** High, generates substantial revenue for highway and transit
- **Leveraging:** A portion of this revenue can be allocated for long-term investment to generate on-going revenue for unfunded projects/programs. Also, can capture economic benefits from the project funded with the revenue to create a virtuous cycle
- **Project Delivery:** Sales or Long-Term Lease Concession

Land Value Tax/Split-rate Property Taxes

Most jurisdictions apply one property tax rate to the entire value of a parcel that includes the value of the land as well as the value of the buildings on the parcel. Split-rate property taxes impose separate tax rates on the values of land and buildings – with a higher rate on the value of the land. Higher tax rates on land encourage development in high-value areas, such as those with public transportation infrastructure, by making it more expensive to purchase an empty parcel and wait for the value to appreciate. Split-rate property taxes can reduce land speculation and can help areas grow faster by creating infrastructure improvements. An example is in the late 1970s and 1980s, Pittsburgh increased its tax on land values to six times the rate of the city’s tax on buildings. Office and residential development in Pittsburgh grew considerably in the 1980s, even as the city’s steel industry was struggling. Development within the city was faster than in the suburbs, unlike much of the United States.

- **Applicable Purpose:** Captures project expansion benefits by assessing land value rather than property value and focuses on landowners in order to encourage development. Implemented in Pennsylvania Counties
- **Revenue Potential:** High, generates substantial revenue for transportation improvements and can be applicable to all modes
- **Leveraging:** Can be used as local matching share to Federal and State grants by borrowing from the State Infrastructure Bank or by obtaining a long-term debt obligation such as tax-exempt bonds, and/or access to Federal low interest rate loan such as TIFIA and/or RRIF.
- **Project Delivery:** DBB, DB, CMGC/CM@R, DBF, or P3 Concession

Transportation Utility Fees

Fees assessed on properties based on number of trips generated/used. These are levied annually to property owners for charges before and after improvement. This charge has been used for recovering operating expenses as opposed to project capital costs.

- **Applicable Purpose:** Recovers operating and maintenance costs. The fee is treated as a utility (e.g. water, electricity). Rather than establish a fee with respect to the value of the property, the fee is estimated on the number of trips that property would generate.
- **Revenue Potential:** Moderate, recover a portion of the local transportation improvement expenditures and can be applicable to all modes.

- Leveraging: Can be used as local matching share to Federal and State grants and/or borrow from State Infrastructure Bank.
- Project Delivery: DBB, Job Order Contract, or CMGC/CM@R

Advertising/Sponsorships/Naming Rights

A public agency may choose to sell a station or another asset’s naming rights to a private entity in exchange for an up-front or ongoing payment. The venue advertising/sponsorship/naming rights industry continues to expand and has become a key medium and measurable media tool for a wide range of corporations. Naming rights generate revenue by selling the right to name transportation assets to the private sector. Naming rights are an alternative means to generate revenue for transportation agencies that are looking for new sources of funding other than taxes and fees. For example, Salesforce pays \$110 million for the right to name the Transbay Station for 25-years. Naming rights are prohibited for highways. However, some public transportation agencies around the country are utilizing a variety of innovative ways to use naming rights to derive greater value from existing assets to subsidize operating and maintenance expenses.

- Applicable Purpose: Recovers some of the operating and maintenance costs by selling rights to name public facilities, e.g., toll roads, highway corridors, transit stations.
- Revenue Potential: Moderate, offset some of operating and maintenance expenses and can be applicable to all modes.
- Leveraging: Can be used as local matching share to Federal and State grants or access to State Infrastructure Bank.
- Project Delivery: Sponsorships can be volunteered from communities or paid for by third party services; Naming rights can be processed via RFI and RFP to select the best corporation.

Parking Fees

Parking fees may be established within a district, or regionwide to fund transportation investment.

- Applicable Purpose: Generate funding for paying project cost. Can complement the use of TIF and SADs when building its streetcar project or active transportation
- Revenue Potential: Moderate
- Leveraging: Can be used as local matching share to Federal and State grants, access to State Infrastructure Bank, or tax-exempt bonds.
- Project Delivery: DBB, DB, CMGC/CM@R, DBF, or P3 Concession

Value Capture Technical Publications

A suite of primers, guides, discussion papers, and informational reports designed to help practitioners understand and navigate the different aspects of implementing Value Capture projects.

Value Capture Strategies Factsheets: The fact sheets related to each Value Capture strategy provides transportation professionals an overview and applicable examples to creative thinking and application of real-world projects.

Value Capture Legislations: Provides direct links to Federal, State, and local legislations that enables the use of different Value Capture strategies.

Value Capture Frequently Asked Questions: The FAQs provide users with information on frequent questions or concerns or in case users just want to know about Value Capture strategies but did not know where to start. The FAQs format is structured by the Value Capture Strategy Catalog. The Value Capture revenues generated can help finance the transportation improvement, or it can go toward further transportation investment, spurring a new round of increased accessibility and property value. Among the menu of mechanisms that are most widespread in the United States: special assessments, tax increment financing, development impact fees, developer contributions, and joint development.

Value Capture Primers: Resource guides to support the use of innovative funding strategies for highway projects funded with Federal and/or non-Federal funds. An understanding of how each Value Capture strategy operates and its purpose is an important first step in analysis.

- **Best Development Practices: A Primer for Smart Growth:** This primer is a compilation of principles and practices from Best Development Practices, a publication originally prepared for Florida's Department of Community Affairs and updated for the American Planning Association and the Urban Land Institute.
- **Development Agreements and Other Contract-Based Value Capture Techniques—A Primer:** This primer focuses on Development Agreements (DAs) and other contract-based Value Capture strategies. DAs tend to be the most evolved VC techniques available. They provide more flexible and less litigious solutions to generating new revenues for infrastructure. DAs also provide effective means to integrate multiple VC tools over a long term for large scale development projects
- **Development Impact Fees and Other Fee-Based Development Charges—A Primer:** This primer provides introduction to Development Impact Fees (DIF) and other development charges and basic information you need for implementing a DIF program. It includes an overview of DIFs, DIF efficiency and equity concerns, DIF legal history and legislative needs, key elements of DIF structure, basic DIF implementation principles and steps, and a real world case example for transportation-specific DIFs.
- **Capital Improvement Programming Using Value Capture to fund Transportation Capital Improvements—A Primer:** This primer provides an overview of the most important elements of a capital improvement program (CIP) and the capital improvement process, with an emphasis on the

use of Value Capture techniques for the transportation component of the CIP. Its audience includes two groups of practitioners:

1. Practitioners from communities that do not currently have a CIP but may be considering adopting one in the near future.
 2. Practitioners from communities that already have a CIP but are interested in learning how Value Capture techniques may assist them in generating transportation funding for critical projects.
- **[Making the Business and Economic Case—A Primer:](#)** The primer provides an introduction to making the business and economic case (BEC) for using various Value Capture (VC) strategies including the purpose of making BEC for VC, discuss where BEC fits in the overall VC implementation process, identify basic building blocks in making BEC, review both qualitative and quantitative assessments involved in the process, and real-world case examples.
 - **[Special Assessment District—A Primer:](#)** This primer provides practical information for implementing special assessments (also known as special assessment districts, benefit assessment districts, community improvement districts, etc.) for State and local departments of transportation and public works agencies as one approach for adding Value Capture to their infrastructure funding strategies. It includes an overview of this technique, processes involved in implementation, as well as real-world examples of when and how it can be used.
 - **[Tax Increment Financing—A Primer:](#)** The primer provides practical information for implementing tax increment financing (TIF) for State and local departments of transportation and public works agencies as one approach for adding Value Capture to their infrastructure funding strategies. It includes an overview of this technique, the processes involved in implementation, and real-world examples of when and how it can be used.
 - **[Transportation Reinvestment Zones—A Primer:](#)** This primer provides the basic concepts to understand how transportation reinvestment zones (TRZs) work and the implementation stages. Additionally, it highlights the role that TRZs play in the delivery of transportation projects, the type of projects that can be funded using TRZ revenues, and the TRZ financing methods commonly used by local governments. Finally, this primer presents the opportunities and challenges associated with the use of TRZs to fund transportation projects and a case study that illustrates how a local government of a small community used TRZs to deliver a critically needed transportation project.
 - **[Transportation Utility Fees: Maintaining Local Roads, Trails, and other Transportation—A Primer:](#)** The primer provides information for State departments of transportation and local public agencies to consider when implementing Transportation Utility Fees (TUFs). TUFs can also provide a source of funding to upgrade sidewalks and add or improve pedestrian safety features and curbs, as well as comply with the Americans with Disabilities Act of 1990. The primer provides practical information on what TUFs are and examples of how municipalities use them. It also provides points for consideration when thinking about instituting a TUFs program, such as the favorability of the

legal and regulatory environment for TUFs, as well as how and whether TUFs can be used for financing.

- **[Transit-Oriented Development Guide—A Primer:](#)** Transit-Oriented Development (TOD) is a pattern of development that consists of compact, relatively dense development that is walking or biking distance from transit. TODs are usually safe, walkable, and interconnected and include a lively mix of uses: housing, jobs, services, shopping, entertainment, and education. This document is a collection of best practices for creating TODs with bus and rail integration. Development plays a key role in making transit a success, and the more transit is considered in the design of a project early on, the more the development will benefit from the proximity to and integration with transit.
- **[Pedestrian and Transit Friendly Design: A Primer for Smart Growth:](#)** This primer is based on Pedestrian- and Transit-Friendly Design, a manual prepared for the Florida Department of Transportation and the American Planning Association by Reid Ewing. The primer and manual draw primarily on three sources: 1) classic urban design literature 2) transit-oriented design manuals, and 3) transit-related studies undertaken to give the manual an empirical base.
- **[Understanding Value Capture Risks—A Primer:](#)** The primer is designed to provide risk information to transportation agencies that have implemented or are considering the implementation of Value Capture strategies. In pursuing these tools, public agencies should plan for anticipated risks (project delays, project scope changes, economic downturns, higher than expected costs) but may need to provide additional guarantees to further attract investors and should be flexible with the project timeline.
- **[Managing Economic Shocks to Value Capture-Funded Projects-A Primer:](#)** The Primer provides an overview on how economic shocks, such as those experienced during the Global Financial Crisis (GFC) of 2007-2009 and those caused by the COVID-19 Pandemic of 2020-2021, can affect value capture funding sources for transportation and other infrastructure and how to mitigate those shocks. Although no two economic shocks are the same, the Primer illustrates through real-world cases the various ways that economic shocks can affect value capture funding and be mitigated. While there is uncertainty on the full-extent of COVID-19’s impact on real estate and value capture, the experience in the last two years provides useful data in planning for similar shocks when utilizing value capture techniques. The Primer also walks through various tools project planners can use to build more economic resilience into their value capture-funded projects.

Value Capture Analytical Tools

Practitioners may use the Value Capture Analytical Tools to better understand the concepts, Value Capture strategies, applicable Federal Innovative Funding Management and Financing Programs, and Innovative Project Delivery tools. The Value Capture Analytical Tools also provide the self-assessment for agency capacity, the how to brief in various Value Capture strategies for building support for, and accelerating projects, and the Essential Nexus, Rough Proportionality, and But-For Tests State of Practice. The objective of the analytical tools is to assist public sector policymakers, legislative and

executive staff, and transportation professionals in implementation of Value Capture infrastructure projects.

- **Existing Conditions Assessment:** Prior to initiating a successful Value Capture initiative, there are existing conditions that should be assessed for the project area:
 - **Economic:** Is there either existing growth or reasons to assume that the area is prone to future growth? Are the market conditions right? (Note population density, income growth, employment levels, occupancy rates, real estate price trends, prospects for planned developments/corporate relocation). Is there private sector interest?
 - **Regulatory:** Do current zoning regulations allow for the necessary development that is required to achieve successful Value Capture? (If not, what can be changed?) Is Value Capture permitted by local or State authorities? How will Federal regulations be followed? (transit projects using Federal funds must comply with the National Environmental Policy Act: <https://www.epa.gov/nepa/national-environmental-policy-act-review-process>).
 - **Financial:** How can the case for private involvement best be marketed? Is the Value Capture structure financially viable? What are the risks and how will they be accounted for?
 - **Organizational:** Who are the main partners? (State DOT, transit agency, local government, metropolitan planning organizations (MPOs), Federal agencies, land owner, private developer, financier)
- **Notable Value Capture Approaches Database.** This database captures notable value capture techniques used by state and local transportation agencies. The purpose of this database is to assist agencies and others in the early development of value capture projects, programs, and initiatives. It was created as part of the Federal Highway Administration's Everyday Count Five (EDC-5) Value Capture Innovation Initiative. It is divided into six tabs:
 1. **VCT Database Dictionary:** A description of how to interpret the fields in the Value Capture Techniques (VCT) Database.
 2. **VCT Database:** The master database that includes qualitative and quantitative information about value capture techniques and specific projects that have applied such technique.
 3. **Federally Designated OZ Areas:** A list of designated Qualified Opportunity Zones (OZ) as of December 2018. (Source: US Department of Treasury Community Development Financial Institutions Fund, <https://www.cdfifund.gov/opportunity-zones>)
 4. **Documents & Resources:** A library of value capture related documents.
 5. **VCT Project Profiles:** A list of FHWA Center for Innovative Finance Support Project Profiles that have used value capture and other revenue sources. There is a total of 155 Value Capture Project Profiles listed in this tab.
 6. **VCT Category Definitions:** Helpful definitions for the techniques that are identified in the database
 7. **Summary Value Capture Revenue Strategies Spreadsheet:** Revenue derived by mechanisms that capture the value created by transportation facilities and services. This is intended to serve as a practical tool to enable understanding of how Value Capture revenue strategies can be used to leverage Federal Innovative Finance Programs and innovative project delivery tools that are beyond the economic developments.

8. ***Federal Innovative Finance Tools – Comparison Spreadsheet***: Assessment of Federal Innovative Finance Programs and its applications.
 9. ***Innovative Project Delivery Tools for Infrastructure Spreadsheet***: Demonstrate practices and methods that can be utilized by State and local agencies to more effectively deliver transportation projects and services using Value Capture strategies and Federal Innovative Finance tools. The basic innovative delivery methods currently being employed around the country include CM/GC, DB DBF, DBOM, and P3 Concession
- **Template-letter to the State Attorney General** to ascertain Value Capture information with the greatest ease and accuracy suitable to implement in your State and local jurisdictions.
 - **Public Agency Self-Assessment Tool**. Value capture strategies are time consuming and complex, and typically require the expertise of municipal bond financing experts, economic development experts, real estate appraisers, financial analysts, and planners. Projects must be of sufficient scale and offer significant potential for the public and private sectors in order to justify the time and effort involved in implementation.
 - **Value Capture Capacity Maturity Matrix/Model (CMM)**: The Capability Maturity Model (CMM) structure is intended to provide a framework for organizations to characterize their current capabilities, determine their current situation in relation to a desired future level of expertise, and devise and execute an improvement plan. The Value Capture CMM is being designed to help State and local DOTs and MPOs to implement Value Capture techniques and identify the skills needed to effectively use Value Capture techniques as part of their day-to-day planning and funding processes.
 - **Essential Nexus, Rough Proportionality, and But-For Tests State of Practice**. As States explore Value Capture implementation, they seek to understand the legal prerequisites and standards applied to these techniques. Value Capture mechanisms must meet uniformity and due process requirements.
 - **Essential Nexus, Rough Proportionality**: Development Impact Fees and Special Assessment must meet the two tests: 1) “nexus” and 2) “rough proportionality.” Nexus means the exaction must have a rational connection (nexus) to the burden the government seeks to avoid, and Rough proportionality means that the amount of the exaction must roughly correspond to the burden placed on the government, resulting from the proposed development.
 - **“But For” Test for TIF**: The “but for” test is an inquiry into whether the property would be redeveloped without TIF assistance – but for the approval of TIF, the redevelopment would not occur. An important safeguard for protecting local revenue sources. It is essential for determining the size of the TIF investment necessary to spur economic development and without TIF investment development would not occur at the proposed level solely from private investment in the reasonably foreseeable future.
 - **Value Capture Implementation Manual**. This document provides information for State DOTs and local public agencies to consider when implementing Value Capture. It covers Value Capture strategies and features, including developer contributions, transportation utility fees, special taxes and fees, tax increment financing, joint development, and naming rights. The manual includes

options for making the business case for Value Capture, as well as overviews of the regulatory framework involved and risk management. Several case studies and examples are provided.

- **How to Brief.** The How-to Brief topics address key challenges that impede implementation of Value Capture practices. These "how-to" topics will help practitioners have a deeper understanding of how to implement the detailed practices or consider better approaches and processes.
 - [How to Adopt a Business Case Mindset for Value Capture](#)
 - [How to Determine Value Capture Revenue Potential and Boundaries for Transportation Infrastructure](#)
 - [How to Create Interagency Overlay Districts for Multi-Jurisdictional Value Capture](#)
 - [How to Use Market Analysis Value Capture](#)
 - [How to Integrate Value Capture into Transportation and Land-Use Planning](#)
 - [How to Overcome Barriers to Value Capture](#)
 - [How To Identify and Mitigate Risk for Value Capture](#)
 - [How to Use the Marketing Value of Transportation Assets to Fund Transportation Infrastructure and Operations](#)
 - [How To Incorporate Value Capture into Capital Improvement Plans or Programs](#)
 - [How To Select an Appropriate Value Capture Technique](#)
 - [How To Communicate Innovative Infrastructure Funding Through Value Capture to Executive Decision-Makers](#)
 - [How To Generate Stakeholder Support for Value Capture Projects](#)
 - [How To Meet the Administrative and Institutional Requirements for Value Capture Techniques](#)
 - [How To Manage Revenue Collection, Monitoring, and Reporting for Value Capture](#)
 - [How To Identify Beneficiaries, Set Boundaries, and Establish Benefit Areas that Meet Common Legal Standards](#)
- **Value Capture Case Studies.** Case Studies were developed to help transportation agencies explore the opportunities and challenges of implementing Value Capture strategies to accelerate Value Capture Initiative deployment. Table 3 provides the summary of case studies by VC mechanism.
- **Value Capture Project Profiles.** These Value Capture project/program profiles provide practitioners a brief overview of projects/programs have successfully used Value Capture strategies.
- **Value Capture Frequently Ask Questions.** Provide practitioners with information on frequent questions or concerns or if case users want to know about Value Capture strategies but don't know where to start. The FAQs format is structured by the Value Capture Strategy Catalog.

Training/Webinars

FHWA is launching a variety of capacity building initiatives and events to assist public agencies in using Value Capture strategies to capture a portion of the value generated by public infrastructure investment. These activities are being undertaken as part of the fifth cycle of the Everyday Counts

(EDC-5) program. Under the right conditions, Value Capture techniques can be powerful funding tools that can help public agencies bridge funding gaps and accelerate the implementation of needed projects. Value capture can be used in a wide range of settings to help fund transportation improvement projects, as well as operations and maintenance.

- **2019 EDC-5 Value Capture: Capitalizing on the Value Created by Transportation:** This virtual training series provided participants clear definitions of each VC mechanism, why there is a need for VC strategies, how to implement the strategies, and where to use these strategies in practices.
- **The Value Capture Implementation Manual Workshop Series** were delivered for four locations, including the District of Columbia, Georgia, Illinois, and Arizona. Four in-person targeted peer exchanges were conducted in Illinois, Louisiana, Michigan, Nevada, and Texas.
- **2020 Virtual Peer Exchange/Workshop:** A series of 7 peer exchanges on 7 Value Capture mechanisms. The COVID-19 pandemic has forced FHWA Value Capture Innovation Team (VCIT) to cancel all of our in-person peer exchanges/workshops and certainly has effected how the EDC-5 Value Capture Implementation Team is delivering our work plans. To ensure the safety and well-being of all state and local partners and FHWA employees, FHWA will host a series of Value Capture Virtual Peer Exchanges/Workshops using a web conferencing platform starting on May 7, 2020. The program features peer experts who have successfully used Value Capture techniques, such as transportation impact fees, special assessments districts, tax increment finance, transportation utility fees, joint development, and naming rights to fund previously unfunded infrastructure projects.
- **2021 Value Capture Webinar Series:** A series of 12 virtual peer exchanges with experienced consultants and experts who successfully used Value Capture strategies and innovative finance techniques to advance new and modernized infrastructure projects.
- **2023 Value Capture Webinar Series:** A series of 17 virtual exchanges focuses on Value Capture strategies to leverage Federal and state grants including the intersection of Federal innovative finance and innovative project delivery tools. These webinars will detail value capture best practices collected from across the nation.
- **Online Self Learning Value Capture Series (link to CLAS):** The series takes approximately 1.5 hours to complete. These courses can be taken at your own pace. This training is the first in a series of 3 courses.
- **Value Capture Videos:** These videos discuss value capture and how transportation agencies can use value capture methods to recover a portion of their investment to build, maintain, or reinvest in the transportation system.
 - [Value Capture Overview](#)
 - [Value Capture Innovation Spotlight](#)
 - [CDFA & ICSC Tax Increment Financing Video Series: Tax Increment Financing Explained](#)
 - [Special Assessment District/Special Service District https://beltline.org/the-project/special-service-district/](https://beltline.org/the-project/special-service-district/)
 - [Transportation Utility Fee, City of Bend, Oregon](#)
 - [Transportation Utility Fees, City of Lake Oswego](#)
 - [Transportation Improvement Districts: A Guide for Delaware Local Governments](#)

- [Transportation Improvement District, Allen County](#)
- [Transportation System Development Charges \(TSDCs\), Portland Bureau of Transportation](#)
- [Mobility Fees, City Port St Lucie](#)
- [Transportation Reinvestment Zones \(TRZs\) in Horizon City, Texas](#)
- [Tax Increment Reinvestment Zones, Texas Comptroller](#)
- [Transfer of Development Rights \(TDRs\), Rural Land Management Tools](#)
- [Transfer of Development Rights \(TDR\), City of Milton, Georgia](#)
- [Surface, Sub Surface & Air Rights in Real Estate, Agent Learning Academy](#)
- [Why is the air above Grand Central worth millions, City Beautiful](#)
- [Asset Recycling: Lessons for the U S from Australia](#)

Financing-Leverages Innovative Finance Tools

This section explains how transportation practitioners can leverage Value Capture revenues using Federal funding/resources via Federal Matching Share or Federal Innovative Finance Programs, which are low interest rate credit program. These Innovative Financing Tools help to raise upfront capital in order to finance transportation improvements with secured Value Capture mechanisms. This can include infrastructure facilities that are vitally important to sustained economic growth.

Leverage Federal Resources-Federal Grant Management Tools

Grant Management strategies are commonly termed cash flow tools. Under the Federal-aid Highway Program, States receive annual share of Federal obligation authority and then obligate or commit Federal funds for individual projects throughout the year. The Federal reimbursement expenditure on the project is set to a predetermined matching share, usually 80 percent.

These Federal fund management tools do not increase the total amount of Federal aid available to States, but they can help to accelerate construction of certain projects (which limits exposure to cost escalation) and may enable States to reallocate funds that otherwise would have been used to provide the non-Federal match.

Advance Construction (AC) and Partial Conversion of Advance Construction (PCAC)

Advance Construction (AC) allows States to begin a project even if the State does not currently have sufficient Federal-aid obligation authority to cover the Federal share of project costs. Under Partial Conversion of Advance Construction (PCAC), a State may elect to obligate funds for an advance-constructed project in stages.

- **Applicable Purpose:** AC and PCAC allows States to begin the projects with their own funds, such as Value Capture funding sources, and later convert these projects to Federal assistance.

Tapered Match: With tapered match, the non-Federal matching requirement applies to the aggregate cost of a project rather than on a payment-by-payment basis. For example, the Federal share could start out at 100 percent and taper off to zero as the project nears completion.

- **Applicable Purpose:** Enables States to advance the project before fully securing bond and capital market financing. The applicable purpose can also be used if the State lacks the funds needed to match a Federal-aid project at the start, but will accumulate the match over the life of the project. For example, this technique may facilitate a project when a new SAD has recently been enacted. Using tapered match, the project can move forward immediately with 100 percent Federal funds, allowing time for the new SAD revenues to accumulate. The use of tapered match also may help a State overcome near-term gaps in State matching funds.

Flexible Match: Flexible match allows States to substitute private and other donations of funds, materials, land, and services for the non-Federal share of funding a highway project.

- **Applicable Purpose:** In a project with a public or private partner, the applicable purpose makes sure the partner has a clear interest in seeing a given project advance and is willing to make a contribution toward the project’s construction.

Toll Credits: Allows States to count expenditures of toll revenues on capital investments serving interstate travel as part of a State's required match for Federal highway grants.

The State may apply toll revenue used for capital expenditures to build or improve public highway facilities as credit toward the non-Federal matching share of certain transportation projects. State credits are accrued when capital investments are made in Federally-approved tolled facilities, including toll roads and bridges. These credits can then be used as a “soft match,” meaning that they do not represent an actual source of funding. Essentially, these credits reduce the amount of funding a State or local entity has to contribute and allows many programs to be funded with 100 percent Federal funds, as opposed to the traditional 80/20- percent split between Federal and State/local funding sources.

- **Applicable Purpose:** While toll credits lack cash value, States can use those credits to cover the local match on Federally funded highway and transit projects – especially as many States find themselves left with more toll credits than they can use. This can also free up State money that would need to be used to meet the Federal matching requirement.

Off-System Bridge Credits: Similar to toll credits, State and local funds expended on off-system bridges may be credited to the non-Federal share of Federal-aid bridge projects.

Bridge or toll credits earned in accordance with 23 U.S.C. 133(f)(3) or 23 U.S.C. 120(i) may be used for the Competitive Highway Bridge Program (CHBP) match. If the bridge or toll credit is proposed as part of the financing proposal, States may fund the credit from either the National Highway Performance Program (NHPP) or Surface Transportation Block Grant (STBG) Program funds. If a State proposes to use NHPP or STBG funds in addition to the amount needed for application as credit with CHBP funds, then the funds for the credit must be from the same funding category.

- **Applicable Purpose:** Encourages State and local entities to improve the off-system bridge condition. This is similar to the applicable purpose of toll credit. In Ohio, for example, counties have the option of buying and selling (brokering) CBP credit, and several counties have taken advantage of this. Credit is typically sold at a discount as determined by the selling county. The County Engineers Association of Ohio (CEAO) must be provided with supporting documentation for all credit sales so that they can be accounted for in the CBP records.

Debt Financing

Debt financing occurs when a municipality raises upfront money by selling debt instruments for repayment of debt obligation with Value Capture revenue sources, most commonly in the form of bank loans or bonds, often referred to as financial leverage. As a result of taking on additional debt, the company makes the promise to repay the loan and incurs the cost of interest. The State or local entity can then use the borrowed money to pay for large capital expenditures or fund its working capital. This includes both long-term and short-term debt, tax-exempt and taxable debt, as well as debt issued for the purpose of refunding existing indebtedness.

- **Municipal Bonds (<http://www.msrb.org/EducationCenter/Issuers/Issuing.aspx>):** Municipal bonds represent a promise by government agencies or other qualified issuers to repay to investors/bondholders an amount of money borrowed via Value Capture revenues, called the principal, along with interest according to a fixed payment schedule. Municipal bonds generally are repaid, or mature, anywhere from 1 to 40 years from the date they are issued. For more information about municipal bonds related to transportation see *Municipal Bonds and Tax Increment Financing-A Primer*. There are two types of municipal bonds – General Obligation Bonds and Revenue Bonds
- **Tax Increment-backed Bonds or TIF Bonds:** Tax increment-backed bonds are Revenue Bonds and the pledged revenue is tax increment. A good rule of thumb when using TIF bond proceeds is that anything associated with development is applicable, such as roads and bridges, public improvements, utilities, transit, land acquisition, relocation, site preparation, planning and financing costs. [TIF bonds are often used with Special Tax District or Special Assessment in Transit Oriented Development](#). For more information about municipal bonds related to transportation, see *Municipal Bonds and Tax Increment Financing-A Primer*
- **Build-America-Bonds (BABs):** BABs were introduced by the Federal government as part of the American Recovery and Reinvestment Act, signed into law by President Obama on February 17, 2009. The BABs program is designed to help State and local governments pursue various capital projects for construction of public buildings, schools, roads, energy projects, public utilities, and other public infrastructure projects. BABs were first used by universities. Investors in BAB municipal bonds receive interest payments that are taxable, but issuers receive a subsidy from the U.S. Treasury. The BAB program was expired in December 2010. BABs are a more efficient way of helping State and local governments to finance infrastructure projects and are attractive to a broader segment of potential investors, as compared to traditional tax-exempt municipal bonds
- **Grant Anticipation Revenue Vehicles Bonds (GARVEEs):** GARVEEs permit States to pay debt service and other bond-related expenses with future Federal-aid highway apportionments. GARVEEs Bonds can provide the State with a significant opportunity to accelerate its capital construction program through leveraging its future Federal highway reimbursements. States must decide how to match the Federal reimbursement of debt service. A TRZ can be used as a GARVEE debt service State matching share.
- **Certificates of Participations (COPs) and Lease Revenue Bonds (LRBs):** COPs and LRBs are tax-exempt bonds issued by State entities usually secured with revenue from an equipment or

facility lease. COPs enable governmental entities to finance capital projects without technically issuing long-term debt. This can be advantageous, as the issuance of long-term debt is commonly subject to voter approval and other State constitutional and statutory requirements. COPs have been used primarily for transit investments, as transit operations often rely on capital equipment, such as rolling stock, buses, or depots that are well suited to lease agreements.

- **Private Activity Bonds (PABs):** SAFETEA-LU amended Section 142 of the Internal Revenue Code to add highway and freight transfer facilities to the types of privately developed and operated projects for which PABs may be issued. This change allows private activity on these types of projects, including development, design, finance, construction, operation, and maintenance, while maintaining the tax-exempt status of the bonds. PABs are issued by a public conduit issuer on behalf of a private entity. The private entity is the obligor on the PABs. No substantive changes have been made to the PAB program by subsequent legislation. Value Capture Tax Increment and Special Assessment revenues can be pledged as repayment of the PABs debt service payments.

Credit Assistance Programs

- **Infrastructure Banks:** Infrastructure banks use initial seed capital to lend money for infrastructure projects and then recycle the repayments in a revolving loan fund to finance future projects. This provides a self-sustaining funding opportunity. Several States have used their banks to accelerate the delivery of both large and small public works projects, while also leveraging Federal funds into projects.
 - **Federal/State Infrastructure Banks (SIBs):** Allow States to capitalize revolving loan funds with regularly apportioned Federal-aid highway for surface transportation that are established and administered by States. SIBs can offer a range of flexible finance assistance, including loans and various forms of credit enhancement. SIB loans can be repaid with Federal funds or dedicated revenue sources such as tax revenues, special assessments, tax increment, transportation/street maintenance fees, impact fees/mobility fees, tolls, and other fees associated with the use of the project, such as fees for parking.
 - **County Infrastructure Banks:** [The Dauphin County Infrastructure Bank](#) in Pennsylvania and the [Franklin County Infrastructure Bank](#) in Ohio are revolving loan programs, which provide low-interest loans for transportation improvements. These loans can be used for supporting tourism, economic development, and roadway safety. These counties have provided loans to TIF districts to attract private capital. The loans are more flexible and affordable for municipal recipients. These county banks provide timely, flexible, and below market rate loan financing for economic development projects within county. The size of these loans ranges from less than \$1 million to \$10 million for roads, bridges, bike trails, traditional energy infrastructure, drinking water, stormwater, telecommunications, fiber optics, and more.
 - **State Infrastructure Banks:** Several States have established State infrastructure banks with State only funds such as [the Georgia Transportation Infrastructure Bank \(GTIB\)](#). GTIB has provided over \$165 million in grants and loans to highly competitive transportation projects that have enhanced mobility and driven economic development in local communities

throughout Georgia. [GTIB provides loans to local, regional, and State government entities in Georgia, including CIDs](#) (a form of Value Capture Special Assessment District).

- **Section 129 Loans:** One of the key advantages to Section 129 loans is the opportunity for States to get more mileage out of their annual apportionments, by allowing States to use regular Federal-aid highway apportionments to fund loans to projects with dedicated revenue streams. For projects that do not meet the cost threshold required for TIFIA projects, or do not fit the profile of TIFIA projects, Section 129 loans remain a good alternative.
 - Dedicated revenues may include, but are not limited to: tolls, excise taxes, sales taxes, property taxes, motor vehicle taxes, and other beneficiary fees (Value Capture revenue sources such as Special Assessments, Tax Increment Financing, Transportation Utility Fees, Developer Impact Fees, Parking Fees, etc.).
- **Transportation Infrastructure Finance and Innovation Act (TIFIA) program:** TIFIA allows USDOT to provide direct credit assistance, up to 49 percent of eligible project costs, to sponsor major transportation projects. The project must have a dedicated revenue source pledged to secure both the TIFIA and senior debt financing. Credit assistance can take the form of a loan, loan guarantee, or line of credit. For more information about the TIFIA program, visit [USDOT Build America Bureau, TIFIA website](#)
- **Railroad Rehabilitation and Improvement Financing (RRIF):** RRIF provides direct Federal loans and guarantees to support the development of railroad infrastructure. The US Department of Transportation is authorized to provide direct loans and loan guarantees up to \$35 billion to finance development of railroad infrastructure. Not less than \$7 billion is reserved for projects benefiting freight railroads other than Class I carriers.

Private Financing: The involvement of the private sector in developing, constructing, and operating transportation facilities also introduces additional sources of capital to leverage through project finance mechanisms. Through a public-private partnership, a contractual agreement between a public agency and a private sector entity allows for greater private sector participation in the delivery and financing of transportation projects. To this end, recent legislation and finance mechanisms have helped projects leverage private capital and redistribute project risk.

P3s help infrastructure projects get built faster. This is because private investors fill in the gaps of public funding with private capital. This is known as financing. Private investors are repaid only if a project is built and operated as contractually required by the government, protecting taxpayers, and ensuring long-term stewardship of the asset.

Innovative Project Delivery/Procurement

This section identifies and defines some of the more common types of procurement techniques that can be used with Value Capture Strategies to advance the transportation improvement project. Transportation improvements/investments provide economic, mobility, and safety benefits. These benefits include improved goods movement, reduced congestion, and safer roadways. While the direct beneficiaries are those areas within the corridor, most highway corridors generates broader regional

and national benefits. These benefits cannot begin accruing until the project is completed. In order to accomplish this, it will be necessary to utilize the most innovative delivery mechanisms to deliver the project in an efficient manner and pair with appropriate revenues and financial structure that balances the public policy objectives of the State with the fiscal reality of modern and generation transportation. Basic innovative delivery methods currently being employed around the country include:

1. **Construction Manager/General Contractor (CM/GC) or Construction Manager at Risk (CM@R)**: An alternative contracting method to Design-Bid-Build or Design-Build. CM/GC allows an owner to engage a construction manager during the design process to provide constructability input. The Construction Manager is generally selected on the basis of qualifications, past experience, or on a best-value basis. CM/GC has been used by Osceola County to deliver the roads and bridges program via Value Capture Development Impact Fees revenue.
2. **Design-Build (DB)**: DB contracting process with a single entity to both design and construct segments of independent utility. Projects are often awarded not on the basis of a low bid, but instead on the best value to the State and local jurisdiction. DB includes schedule, price guarantees, and resources available to commit to the project. Depending upon how the specific DB contract is structured, a government can transfer significant cost and schedule risk to the private sector. It has been proven that this delivery method can reduce the time and money spent on a project.
3. **Design-Build-Maintain (DBM)**: DBM projects are identical to DB projects, with the exception that the private contractor retains responsibility for maintaining the facility for a given number of years. This maintenance responsibility can be limited to mowing, snow removal, and sign replacement, or it can be expanded to include major rehabilitations. This additional responsibility transfers the risk associated with fluctuations in long-term maintenance to the private sector.
4. **Design-Build-Operate-Maintain (DBOM)**: DBOM is commonly used for projects such as shopping and leisure centers, light rail, highways, tunnels, bridges, and other infrastructure. Projects are procured from the private sector in a single contract while work is typically paid for by the government. DBOM, also refers to as ‘turnkey’ procurement and ‘build-operate-transfer,’ is a variation of the classic design and build method of procurement in which the main contractor is selected to design and construct the project.
5. **Design-Build-Finance (DBF)**: The DBF model has been implemented successfully in highway construction by State DOTs with projects constructed in Florida and Georgia. The DBF allows State and local jurisdictions the efficiencies of the DB model and the opportunity to expedite delivery of projects that would otherwise have to wait for public funding to become available in the out-years of the Capital Improvement Program. Responsibility for the ordinary and long-term maintenance and operation of the project will remain with the public sector.
6. **Design-Build-Finance-Transfer (DBFT)**: A project delivery method that allows a single contractor with expertise in design, construction, and financing to be selected to design, construct, and arrange financial resources for the works. This is similar to DBFO, except that the contractor eventually transfers ownership of the project back to the client. Variations include DBO, and BOOT.
7. **Design-Build-Finance-Operate (DBFO)**: A project delivery structure in which the private sector party is awarded a contract to design, construct, finance, and operate a capital project. In consideration for performing its obligations under the agreement, the private sector party may be

paid by the government agency (for example, availability payments) or from fees collected from the project's end users, such as tolls. The government or government-owned entity retains ownership of the project.

8. **Design-Build-Finance-Maintain (DBFM):** Allows one contractor to design, build, and finance a project and then to handle facilities maintenance services under a long-term agreement. DBFM can be attractive to some States and local jurisdictions, as it creates a single point of responsibility for delivering the project, reduces long-term risk, and incentivizes the contractor to adopt low-maintenance solutions. It may also be an attractive option for the contractor who is providing maintenance services, since it results in regular payments from the client over a long period (sometimes as long as 25 to 30 years).
9. **Public Private Partnerships (P3s):** P3s for new build facilities can involve construction of a new surface transportation asset or modernization, upgrade, or expansion of an existing facility. These P3s are structured as DBFOM concessions that bundle together and transfer to a private sector partner responsible for design, construction, finance, and long-term operations and maintenance over the concession period.
 - **Design Build Finance Operate Maintain (DBFOM) Toll Concessions:** Also known as real toll concessions—tolls generated by the project are the primary revenue source for the P3 transaction. The private sector partner maintains the right to collect the revenues during the concession period, but bears the risk that the project toll revenues may not be adequate to pay the underlying project loans and interest and make a fair return on its investment. To protect the public sector interest in the event of robust revenue generation, some concession agreements include a revenue-sharing provision between the private partner and public sector if revenues exceed certain specified thresholds.

DBFOM toll concessions have been used in highway projects to develop toll roads, tolled bridge or tunnel waterbody crossings, and priced managing .
 - **Design Build Finance Operate Maintain (DBFOM) Availability Payment Concessions:** With availability payment DBFOM concessions, project revenue risk is retained by the public sector sponsor. The sponsor provides the private partner with availability payments to compensate for designing, constructing, operating, and maintaining the facility for a set concession period. During this time, the private partner receives a predictable set of income. Availability payments may be used on non-tolled projects or on tolled projects where the revenue may not be sufficient to cover the debt repayment, or in cases where the project sponsor wants to retain control over toll rates.
 - **CASE (Contracting Alternatives Suitability Evaluator):** The CASE Webtool Is an Innovative Approach to Selecting Your Project Delivery Method In addition to the traditional Design-Bid-Build (DBB) project delivery method, Alternative Contracting Methods (ACMs) effectively deliver transportation improvements by integrating design, construction, and sometimes private financing. The most common ACMs include Design-Build (DB), Construction Manager/General Contractor (CM/GC), Progressive Design-Build (PDB), and Public-Private Partnerships (P3s). ACMs are often used for more complex projects due to their ability to bring significant time and cost savings through improving risk management

and incorporating innovation. However, it can be challenging for an agency to decide when to use an ACM and which ACM to use for a given project.

10. **Bundled Facilities/Project Bundling:** Project bundling is a procurement process where a single contract is used for the rehabilitation or replacement of multiple projects. Bundled contracts may also include the design and ongoing maintenance of those facilities. Bundled contracts may be used by a single county, metropolitan region, or State and may also be tiered to allow a combination of different types of work. Bundling strategies achieve economies of scale and build momentum to remediate critical facilities that are often in deficient condition. Value Capture strategies have been used to fund project bundling and may be used to address the deficiencies such as local bridges, complete streets, and citywide lighting replacements.
11. **Special Purpose IRS 63-20 Alternative Project Delivery:** A 63-20 financing option may enable governmental agencies, such as port districts, cities, or counties, working in partnership with the private sector to satisfy demands for additional capital facilities in a very cost-effective manner. Typically, a governmental entity utilizes 63-20 financing avoiding the practical, legal, and political problems associated with the construction of its own facilities or the issuance of its own debt and with the added benefit of receiving unencumbered fee titles to the facilities once the bonds are retired. In a 63-20 financing, a nonprofit corporation created under the nonprofit corporation laws of a State may issue tax-exempt obligations on behalf of a State or political subdivision for the purpose of financing governmental facilities as long as certain requirements are met. The nonprofit corporation must transfer title to the financed facility to a governmental entity when the debt is retired. 63-20 debt in the form of tax-exempt bonds generally is sold in the same financial markets as governmental tax-exempt bonds. Interest on 63-20 debt is exempt from Federal income taxation. The cost of capital financing is, therefore, lower than it would be in the conventional capital markets.

Implementing Value Capture

1. **Engage with legal counsel** and assemble a multi discipline team to assist in assessment all possible Value Capture options based on project funding needs and explore possible land parcels near the project area. The team can also help guide the project forward.
 - Note: The legal counsel reviews the status for potential remove/alter statutes that prevent Value Capture mechanisms, require segregation of land uses, set minimum parking requirements, or install density maximums
2. **Identify, Recruit, and Train Value Capture Champions:** An agency undertaking the utilization of land value return and recycling should have champions to provide leadership. Leadership should be broad based and should come from developers, business leaders, elected officials, agency staff, and appointed officials. Champions can focus public attention and motivate action. Champions for any transportation agency or local government should be able to bring credibility and a broad reach of influence over numerous stakeholders.
 - Identify multiple beneficiaries relevant to Value Capture mechanisms. There are not a one size fits all approach in Value Capture strategies. Each State and local jurisdiction and project is specific. A framework for should be used to determine the beneficiaries.

3. **Incorporate Value Capture Tools Into Standard Project Selection Procedures:** As a funding tool, Value Capture is growing in frequency. As mentioned above, some State DOTs now regularly include the use of Value Capture tools as part of their fiscally constrained transportation planning processes. Also, one of the nation’s leading Metropolitan Planning Organizations, the Chicago Metropolitan Agency for Planning (CMAP) began considering Value Capture funding options as part of their long-range, fiscally constrained transportation plan. CMAP plans to continue using Value Capture funding moving forward.
 - Major infrastructure improvements have the potential to generate a wide range of benefits. However, the scale and nature of these benefits will vary substantially. These improvements also depend on the ability to leveraging financing mechanisms and the type of project delivery option.
4. **Consider Forming a Not For Profit for Value Capture Advocacy:** Not-for-profit corporations can be very effective in assisting public agencies to educate and build support from the community. For example, [the Los Angeles Streetcar](#) benefited tremendously from the advocacy efforts of a not for profit. For example, Landowners and community advocates near NOMA Metro Station, part of Washington, DC’s heavy rail metro system, also formed their own not for profit to promote using a SAD to fund the station.
5. **Bring in Outside Experts:** Other transportation agencies and local governments have had much success with Value Capture as a funding source to fill gaps in important transit capital and operating budgets. Success tends to breed success. Bringing in another community’s successful champions to tell their story and discuss how they overcame adversity to bring about completion of a successful project can help to start the Value Capture conversation and overcome opposition. These visits and visitors can inspire others and help to identify local champions. Training for agency officials and peer exchanges with colleagues who have experience can enrich the champions’ and others’ understanding of Value Capture tools and how best to use these tools to achieve specific objectives.
6. **Build a Solid Economic Case for Value Capture:** To build a compelling economic and business case for Value Capture, the project sponsor(s) will need to conduct specific, formal studies to ascertain value generation increases resulting from the transportation projects. An implementing agency will need to develop specific technical information to build their case such as forecasting of revenue streams, forecasting of economic benefits, estimation of property value, and fiscal impact analysis

Conclusions/End notes

This toolkit is designed to encourage the use of Value Capture funding strategies to assist in supplement funding transportation projects. Specifically for practitioners who need to have a thorough understanding of Value Capture strategies in order to communicate with decisionmakers and conduct outreach to communities. It also is intended to provide practitioners with a starting point for framing how to capture the value created by investments in transportation infrastructure improvements, both to sustain ongoing operations and to benefit the local population in a way that elevates diversity and affordability. As indicated throughout, not all tools will be applicable to each set of assets, but many can be layered to provide maximum flexibility and sustainability. End notes:

VALUE CAPTURE TOOLKIT FOR PRACTITIONERS

- Value Capture presents an opportunity to **meet funding challenges** for transportation projects at a local and state level and deliver on public policy objectives
- While value capture can contribute significant revenue to projects for both capital and operating needs, it usually **supplements, rather than replaces**, traditional funding sources
- As shown through multiple case studies, it is critical for sponsors of projects involving value capture techniques to **involve stakeholders** and foster public involvement
- **Careful planning and implementation** are required to deliver on the potential benefits of value capture. this includes awareness of the economic, legal, and delivery implications of the various value capture techniques.

We welcome ideas and feedback from practitioners. To share your thoughts or questions, please contact Thay Bishop at thay.bishop@dot.gov

GLOSSARY

Bond – A debt security issued by a State, municipality, or county to finance capital projects. A bond is different than a loan in that the money is provided by the capital markets, rather than by a lender. The debt security is paid back similarly to a loan, with a specific interest rate and payment date(s).

Credit Enhancement – The improvement of the credit profile of a financial transaction to obtain better terms for repaying a debt. There are several types of credit enhancement including collateral, third-party guarantees, and insurance.

Gap Financing – The difference between what is needed to finance a project and what is already pledged. A lender providing gap financing often does so through a bridge loan until all of the capital can be secured.

Interest Rate – A percentage of the loan amount that is paid to the lender as the cost for borrowing money.

Loan – An agreement between a lender and borrower that the borrower will receive a specified monetary benefit and in exchange will also incur a debt until the principal and interest are paid.

Loan Guarantee – A loan that a third-party agrees to pay for in the event that the borrower defaults. Some loan guarantees are covered at a portion of the principle balance, while others cover 100 percent of the unpaid balance.

Local governments – Cities, towns, counties, and other local government entities have traditionally been responsible for building and maintaining basic local infrastructure like sewer, water, other utilities, roads, bicycle and pedestrian improvements, and public parking. In some cases, local governments have established special districts or municipal utilities to operate revenue-generating infrastructure such as a sewer or water system.

Tax Allocation District (TAD) – Areas that are specifically designated by local governments for Tax Increment Financing (TIF) projects where real estate property taxes gathered above a particular threshold for a set period of time must be used to fund specified improvements.

Tax Credit – A tax credit is a dollar for dollar reduction of a taxpayer's tax liability. A tax credit could reduce either Federal or State taxes owed depending on its structure.

Appendices

Appendix A: Resources/Endnotes

- FHWA Value Capture Website: https://www.fhwa.dot.gov/ipd/value_capture/
- Development Impact Fees/Mobility Fees: https://www.fhwa.dot.gov/ipd/value_capture/defined/development_impact_fees.aspx
- IRS Bond Issuers — Compliance Resources: <https://www.irs.gov/tax-exempt-bonds/bond-issuers-compliance-resources>
- TOD Best Practices, Maryland, Tax Increment Financing (TIF) for TOD: <https://planning.maryland.gov/Pages/OurWork/tod/bptif.aspx>
- Dallas Economic Development, Texas, <https://www.dallascodev.org/367/Deep-Ellum-TIF-District>
- Transportation Funding & Financing, BATIC Institute: An AASHTO Center for Excellence, [Financing: Build America Transportation Investment Center \(BATIC\) \(financingtransportation.org\)](https://www.baticinstitute.org/financing-transportation)
- Dauphin County Infrastructure Bank (DCIB), Pennsylvania: https://www.dauphincounty.org/government/departments/community_and_economic_development/industrial_development_authority/infrastructure_bank.php
- Franklin County Infrastructure Bank (FCIB): <https://development.franklincountyohio.gov/infrastructure-works>
- Georgia Transportation Infrastructure Bank (GTIB): <https://www.srta.ga.gov/gtib/>
- Ohio State Infrastructure Bank (SIB): <https://www.transportation.ohio.gov/wps/portal/gov/odot/programs/state-infrastructure-bank/#page=1>
- FHWA Section 129 Loans: https://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_credit_assistance/section_129/
- Transportation Infrastructure Finance and Innovation Act (TIFIA): <https://www.transportation.gov/buildamerica/financing/tifia/tifia-credit-program-overview>
- Private Activity Bonds, USDOT Build America Bureau: <https://www.transportation.gov/buildamerica/financing/private-activity-bonds>
- Innovative State Transportation Funding and Financing Policy Options for States: <https://www.nga.org/wp-content/uploads/2021/02/0901TRANSPORTATIONFUNDING.pdf>

APPENDIX B: Value Capture Tool Implementation Checklist

(ADAPTED FROM TRCP VALUE CAPTURE AND PUBLIC TRANSPORTATION)

Step 1: Understand what is possible

- Engage legal counsel to make a list of all possible Value Capture mechanisms that can be used for the project.
- If a desired Value Capture tool is not currently authorized, then begin the process to identify a bill draft request and seek political support to support needed authorizing legislation.
- Explore strategic land parcels near the project area that may be used for joint development and other mechanisms. Pay particular attention to parcels that are owned by the local government or another public entity.
- Identify possible stakeholders and partners (public, private, and institutional) that could serve as a starting point for strategic partnerships and investments.

Step 2: Select promising mechanisms for further exploration

- Review Value Capture tools by focus area type to help identify Value Capture tools that may be most appropriate for the project.
- Consider focus area context including existing land uses, density, demographics, real-estate market dynamics, zoning, and other economic considerations such as opportunity zones, redevelopment districts, etc., when selecting Value Capture tools.
- Use the needs of the project as selection criteria for the Value Capture mechanisms. For example, if upfront capital costs are needed, then a financing option that offers a large infusion of funds up front such as a Special Assessment District or Tax Increment Financing funds from a redevelopment district may be more appropriate. If operations and maintenance funds are needed, then an assessment that provides long-term, dedicated funding streams such as a Transit Utility Fee or a Land Value Tax may be more applicable.

Step 3: Evaluate promising tools to ascertain Value Capture potential.

- Coordinate with public agencies such as the metropolitan planning organization and transit departments, planning departments, redevelopment agencies, county assessor, and State department of taxation to gather needed data and initiate conversations.
- Establish appropriate criteria and assumptions for estimating and evaluating Value Capture tools.
- Include assumptions for growth, inflation, catchment areas, assessment levels, etc.
- Evaluate promising mechanisms to get a back-of-the-envelope estimate of revenue and data.

Step 4: Decide on the most appropriate Value Capture tools that will further the project.

- Create selection criteria for the Value Capture mechanisms based on feasibility, appropriateness of the revenue generated in relation to project needs, stakeholder support, etc.
- Include major stakeholders in discussions and up-front coordination.
- For large, complex projects consider establishing a task force to help with generating stakeholder support, decision making, and providing recommendations.

Step 5: Engage with wide array of stakeholders and the public.

- Engage a wide array of stakeholders and the public, and include ample time for this process and workshops, as needed.

Step 6: Initiate and establish Value Capture tool(s).

- All tasks in this step are dependent on the specifics of the project and what is needed to utilize the selected Value Capture tool.

Appendix C: Matching Tools to Highway Projects

Project Characteristics	GARVEEs	PABs	SIBs	Section 129	TIFIA
Size	Generally >\$10M	Generally >\$100M	Depends on State capitalization	State establishes its own procedures	\$50M min. (\$15M ITS or \$10M Rural)
Revenue Generation /Sources	Future Fed funds & State match are ultimate source of repayment	Any dedicated source, if Federal funds, Federal requirements apply	Any source, if Fed funds, Fed requirements apply to 2nd round for NHS SIBs	Any dedicated non-Federal source (need not be project revenue)	Any dedicated non-Federal source (generally project revenue)
Private sponsor eligible?	Maybe (unlikely)	Yes, but must have public issuer	Yes	Yes	Yes
Where should project sponsor apply or who will decide on implementation?	State DOT, generally; CA Transportation Commission (CTC)	USDOT Build America Bureau	State DOT or SIB, if separate	State DOT (FHWA approves the project for loan and executes project agreement)	USDOT Build America Bureau

Table 1: Notable Value Capture Approaches Database (Excel Spreadsheet)

This excel spreadsheet captures notable value capture techniques used by transportation agencies. The purpose of this Database is to assist individuals and organizations in the early development of value capture initiatives. This database was created as part of the Everyday Count Initiative, fifth round (EDC-5). To download the complete database, click [here](#)

Table 2: Comprehensive List of Transportation Value Capture (VC) Tools

VC Category	Tool/Technique	States with Profile Examples	Mandated, Negotiated or Market-Based	Who Pays?			
				Taxpayers (Existing Tax Base, No New Taxes)	Property/ Business Owners/ Tenants	Developers	Private Investors/ Corporate Sponsors
Property and Other <i>Ad Valorem</i> Taxes (e.g., Land Value Taxes)	Tax Increment Financing (TIF) (VC Enabler, No New Taxes)	CA, FL, GA, IL, IN, NJ, OR, PA, WA	Mandated	✓			
	TIF Districts (e.g., Tax Allocation Districts, Transportation Reinvestment Zones, Urban Renewal Areas (TAD/TRZ/URA)) (VC Enabler, No New Taxes)	GA, OR, TX	Mandated	✓			
Special Assessments, Taxes and Fees (Non-Ad Valorem)	Special or Benefits Assessment Districts	DC, FL, MI, NV, TX, VA	Mandated		✓		
	Business/Community/Local Improvement or Community Facility Districts (BID/CID/LID/CFD)	CA, GA, ID, MO, OR, WA	Mandated		✓		
	Transportation Improvement or Development Districts (TID/TDD)	CO, FL, KS, OH, VA	Mandated		✓		
	Special Service Areas (SSA)	IL	Mandated		✓		
	Sales Tax Districts	AZ, CA, CO, DC, IL, LA, MN, MO, NC, NV, NY, OR, TX, WA	Mandated		✓		
	Local Option Transportation Taxes (LOTT)		Mandated		✓		
	Transportation Utility Fees	OR	Mandated		✓		
Developer In-Lieu Fees	Impact Fees	CA, CO, FL, GA, ID, MA, MD, OR, VA, WA, WY	Mandated			✓	
	Linkage Fees		Mandated			✓	
	Mobility and Related Fees (e.g. Road or Traffic Impact Fees, Intersection Development Charges (IDC), System Development Charges (SDC))		Mandated			✓	

VALUE CAPTURE TOOLKIT FOR PRACTITIONERS

Developer Negotiated Exactions/Agreements/Fair Share Mitigation	Land Dedications	CA, CO, FL, NY, OR, PA, TX, VA, WA	Negotiated			✓	
	In-Kind Facility and/or Service Contributions		Negotiated			✓	
	Development Agreements		Negotiated			✓	
	Community Benefits Agreements (CBA)		Negotiated			✓	
Development Rights and Other Entitlements Related	Joint Developments	CA, NY, OR, VA	Negotiated		✓	✓	✓
	Transfer of Development Rights (TDR)	CA, NY, OR, VA	Negotiated		✓	✓	
	ROW Use Agreements	CA, CO, DC, KY, OH	Negotiated		✓	✓	✓
	Naming Rights	CA, OH, MA, NY, PA	Negotiated		✓	✓	✓
	Solar Energy Uses	CA, CO, GA, MA, MD, MI, OR	Negotiated		✓	✓	✓
Others VC Based Revenue Generators	Private Contributions	CA, FL, IL, KY, NV, OH, OK, PA, VA, WA, WV	Negotiated			✓	✓
	Asset Recycling (Lease/Sales)	CO, IL, IN, MD, OH, PR, VA	Negotiated			✓	✓
	Certificates of Potential Additional Construction (CEPACs)	Brazil (Sao Paulo)	Market-Based	✓	✓	✓	✓
Other Relevant "Financing" Enablers	Transportation Corporations	CA, FL, MO, TX	Mandated		✓	✓	✓
	State Infra Banks (SIBs)		Mandated	✓			
	Infra Financing Districts (IFDs)		Mandated	✓	✓	✓	✓

Table 3: Value Capture Strategies Modal Applicability & Funding Profiles

Value Capture Strategies	Capex or O&M	Modal Applicability	Funding and/or Financing	Revenue Potential	Timing of Revenue Received
Impact Fees/Mobility Fees/Multi Modals Fees	Capex	All Modes	Funding	✓ ✓	Immediate
Negotiated Exactions	Capex	Highway & Transit	Funding	✓ ✓	Immediate
Transportation Utility Fees	O&M	All Modes	Funding	✓	Delayed
Special Assessment Districts	Capex	Highway & Transit	Funding & Financing	✓ ✓ / ✓ ✓ ✓	Delayed
Community/Business Improvement Districts	Capex & O&M	All Modes	Funding	✓ ✓	Immediate
Land Value Taxes	Capex & O&M	All Modes	Funding	✓ ✓ ✓	Delayed
Sales Tax Districts/Local Options	Capex	All Modes	Funding & Financing	✓ ✓ ✓ / ✓ ✓ ✓ ✓	Delayed
Tax Increment Financing	Capex	All Modes	Funding & Financing	✓ ✓ / ✓ ✓ ✓	Delayed
Joint Development	Capex	Highway & Transit	Funding & Financing	✓ ✓	Immediate or Delayed
Asset Recycling	Capex	Highway & Transit	Funding	✓ ✓ / ✓ ✓ ✓	Immediate or Delayed
Naming Rights	Capex / O&M	Transit	Funding	✓	Immediate
Advertising/Sponsorships	O&M	Highway & Transit	Funding	✓	Immediate

- ✓ Marginal
- ✓ ✓ Moderate
- ✓ ✓ ✓ High
- ✓ ✓ ✓ ✓ Very High

Table 4: Value Capture Representative Project Case Examples

This excel spreadsheet provides summary of project profile examples with different Value Capture tools applications for different mode, location settings, project size, and the percentage of Value Capture techniques share of total project costs used by transportation agencies. This database was created as part of the Everyday Count Initiative, fifth round (EDC-5). To download the complete database, [click here](#) or in [PDF file](#)

