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U.S. Department of Transportation
Federal Highway Administration

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Value Capture:
Capitalizing on the Value Created by Transportation

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Presenters

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Agenda

- What is the EDC-5 Value Capture initiative?
- Why is Value Capture needed?
- Value Capture Overview and Benefits
- Project Examples
- FHWA Role in Value Capture Initiative
- Q&A/Do you know?

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What is the EDC-5 Value Capture initiative?

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EDC 5 Value Capture Initiative

Promotes the use of value capture mechanisms as part of a mixed funding and innovative finance strategy to accelerate project delivery and provide equitable funding for sustainable transportation investments

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What is Value Capture?

Source: NCHRP Research Report 873

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Example: Value Capture Funds Corridor Improvement

Virginia Route 28 Transportation Improvement District

- District formed in 1987 jointly by Loudoun and Fairfax Counties
- Maximum tax rate of \$0.20 per \$100 of assessed value
- Raises ~ \$23 million in revenue
- \$138 million, 14 - mile widening from two to six lanes completed in 1991
- District and State share project costs 75/25



https://www.fhwa.dot.gov/ipd/project_profiles/va_route28.aspx

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Why is Value Capture needed?

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The Case for Value Capture

- Federal funding availability
- Local project funding
- Untapped revenue source
- Equitable
- Sustainable economic development

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FHWA Roles in Value Capture Tools

- FHWA seeks to improve consideration of **all** revenue and finance options in the project development process
- FHWA seeks to **build capacity for consideration and implementation** of revenue options/value capture tools
- USDOT's Build America Bureau offers **innovative financing** through the TIFIA and RRIF programs that can leverage value capture monies

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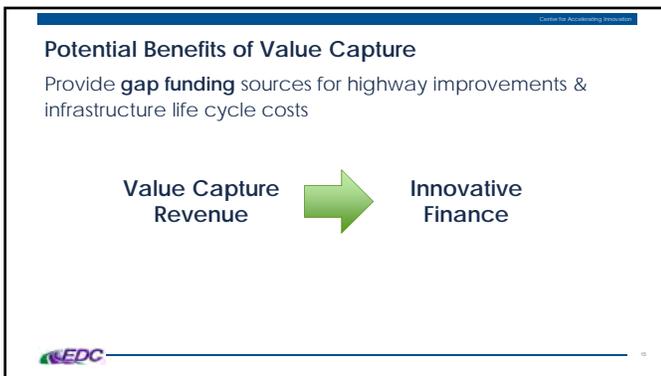
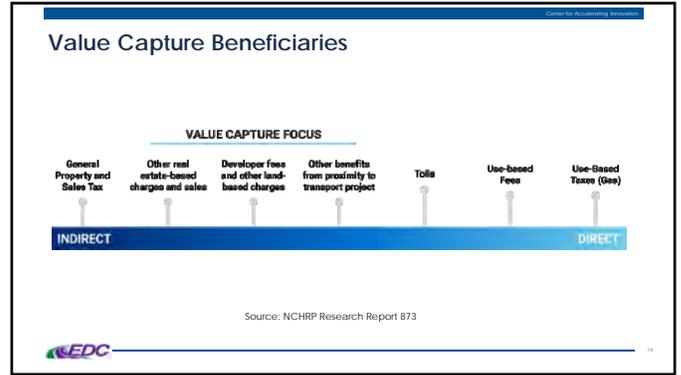
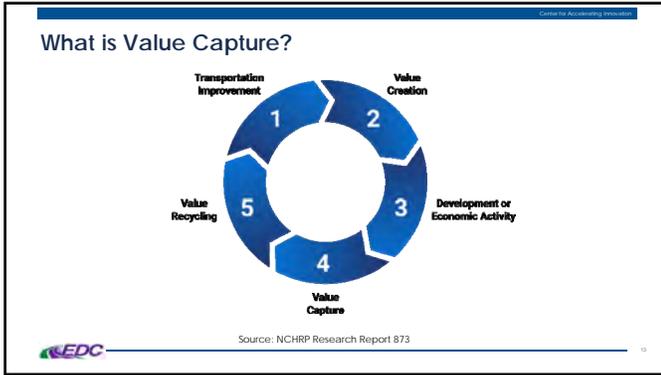
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Value Capture Overview & Benefits

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- ### Potential Benefits of Value Capture
- Facilitate access to **ongoing revenue stream** to Local Public Agencies
 - Accelerate** project delivery & safety Improvements
 - Induce **private investment**

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Value Capture Mechanisms

- ### How is the Value Captured?
- Developer Contributions
 - Impact fees
 - Negotiate Exaction and Ongoing developer contributions
 - Transportation Utility Fees (TUFs)
 - Special Tax and Fee Approaches
 - Special assessment district
 - Sales tax district
 - Business improvement district
 - Land value tax

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How is the Value Captured? (cont.)

- Incremental Growth Approaches
 - ✓ Tax increment financing (TIF)
 - ✓ Transportation reinvestment zones (TRZ)
- Joint Development
 - ✓ ROW Use Agreements
 - Concessions, leasing
 - Airspace (above or below)
 - Parking
 - Fiber-optic leasing
 - Pipelines or other utilities not addressed by Utility Accommodation Policies or State Law

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How is the Value Captured? (cont.)

- Advertising Rights and Sales
 - ✓ Naming rights
- Other
 - ✓ Transportation Corporation (TC)
 - ✓ Section 63-20 Corporation

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Challenges

- Every jurisdiction is different
- Must target projects with economic benefits for leveraging
- Stakeholder involvement process can be lengthy, due to:
 - ✓ Coordination between multiple jurisdictions
 - ✓ Discussions with private developers and property owners
 - ✓ Establishing project location and design
 - ✓ Considering legal issues
- Securing political support

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Challenges (cont.)

- Perceived as another tax
- Requires accuracy of activity and real estate projections:
 - ✓ If I build it, will they come?
 - ✓ If I build it, will developers build on nearby property?
- Identify the magnitude benefits & boundary of value capture mechanism

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Ingredients of a Successful Value Capture Project

- Identified in long-term planning/capital improvement program – primarily local
 - ✓ Incorporated early in the project development process
 - ✓ Right technique selected for the right project
- Integrated funding and finance strategy
- Community support generated through effective outreach

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Value Capture Summary

Value Capture is...

- A set of powerful funding tools that can help address funding gaps. (USDOT supports Value Capture)
- Can be part of the mix of funding sources for transportation improvement solutions
- Can accelerate project delivery, save time and money when done properly

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Case Studies

The Atlanta BeltLine

FHWA EDC-5 Summit

18 Oct 2018

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Strategic Partnerships



Bringing 45 neighborhoods Together

 22 MILES of transit	 1,100 ACRES of environmental clean-up
 46 MILES escapes and complete streets	 \$10-20B in economic development
 33 MILES of urban trails	48,000 construction jobs / 30,000 permanent jobs
 1,300 ACRES of new green space	28,000 new housing units / 5,600 affordable units
 700 ACRES of renewed green space	CORRIDOR-WIDE public art, historic preservation, and arboretum

- Framework for a multi-use and transit corridor in the heart of the region
- Links many of Atlanta's historical landmarks and cultural destinations
- Connects four historic rail corridors




The Atlanta BeltLine TAD

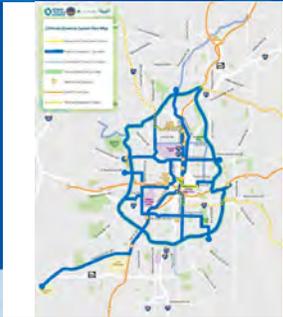
- Area: 6,000 acres
- Part of Total Planning area: 15,000 acres
- 22% of the City of Atlanta population is within the planning area
- 19% of the City's land is within the planning area



Atlanta BeltLine

Proposed Streetcar System

- Atlanta BeltLine Planning Area overlaps with Streetcar System Plan
- Transit has been at the heart of the Atlanta BeltLine from the start
- SSP focused on the Atlanta BeltLine and connectivity with MARTA and the City's core
- Policy framework for 50+ miles of streetcar service
- Adopted by City Council in Dec 2015



Atlanta BeltLine

Atlanta Streetcar NEPA Clearance

- Gateway to Federal Funds
- 16+ Miles so far
- 2018-2020, clear remaining 50 mi



Atlanta BeltLine

Why?

USERS

- INTOWN PROFESSIONAL
- COMMUTING PARAPROFESSIONAL
- LOCAL COLLEGE STUDENT
- OUT-OF-TOWN VISITOR/TOURIST
- SERVICE INDUSTRY WORKER
- NON-WORKING/RECREATIONAL

Why?

MODES

- PEDESTRIAN
- BICYCLE
- CAR
- LOCAL BUS
- CIRCULATOR
- EXPRESS BUS/BRT

Why?

A lot more people.

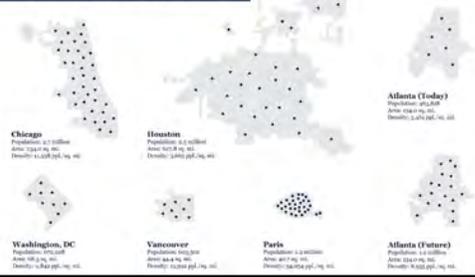


1.2 million

If we assume the region will grow to 8 million people and 15% of those people want to live in the City of Atlanta, then the population of the City will grow to 1.2 million.

Why?

Our potential growth in comparison.



What are we Working Towards?



What are we Working Towards?



What are we Working Towards?



What are we Working Towards?



How it's Gotten Done, so far...



Economic Development: Priority Activities




KEY ACTIVITIES

- Job Attraction (permanent & construction)
- Private Investment Attraction
- Product Development
 - Supporting Good Development
 - Establishing Viable Commercial and Light Industrial Product
- Corridor Activation/New Revenue
- Existing Business Engagement
- Technology Innovation



JOB CREATION



CONTEXT

- Actual jobs through 2015 pending Census Data Update for '16 & '17
- 2016 – 2017 conservative forecast considers full Prince City Market Activation, Piedmont Hospital growth, SW Atlanta Film and Digital Media activity)
- Construction activity has been consistently trending up

PERMANENT JOB CREATION (BELTLINE PLANNING AREA)

Annual Job Totals

Year	Jobs
2013	4,000
2014	9,000
2015	11,200
2016	13,000
2017	15,000

Actual Thru '15: 11,200 | '16-'17 Forecast: 15,000

ONE-YEAR CONSTRUCTION JOB CREATION (BELTLINE PLANNING AREA)

Construction Jobs Estimate

Year	Jobs
2014	17,700
2015	22,400
2016	26,000
2017	28,000

2017 Estimate: 29,600



JOB BREAKOUT BY SECTOR



CONTEXT

- Healthcare, Hospital & Food Services are leading job types but overall job types are diverse
- The "Other" category includes Manufacture, Real Estate, Construction and Logistics
- Digital Media & Film SW are emerging & number of technology firms are located in NE and SE
- Leading job nodes: Piedmont Hospital, Armour Yards, Prince City Market & West Midtown

ATLANTA BELTLINE OVERLAY JOBS BY INDUSTRY SECTOR

Sector	Percentage
Other (Manuf. & Constr.)	28%
Healthcare	19%
Hospitality & Food Service	15%
Retail	14%
Admin. Support	10%
IT	7%
Consulting	7%



Equity & Affordability




Reynoldstown Senior

NEW FUNDING STRATEGY

- \$18+ million commitment of TAD revenue over next three years:
 - 20% of available TAD increment
 - \$11.6M from 2016 bond issue
 - 75% of any mid-year increment

PROGRAMS

- Affordable Housing Trust Fund incentives
- Acquisition and predevelopment

PARTNERSHIPS (in addition to Invest Atlanta and City of Atlanta)

- Atlanta Housing Authority: Englewood partnership
- Atlanta BeltLine Partnership: Homeowner education workshops



Trails & Parks




Eastside Trail from Edgewood Ave



Eastside Trail





Eastside Trail



Eastside Trail



Eastside Trail



Eastside Trail



Eastside Trail



Fourth Ward Park



Fourth Ward Park



Westside Trail



Westside Trail



Westside Trail

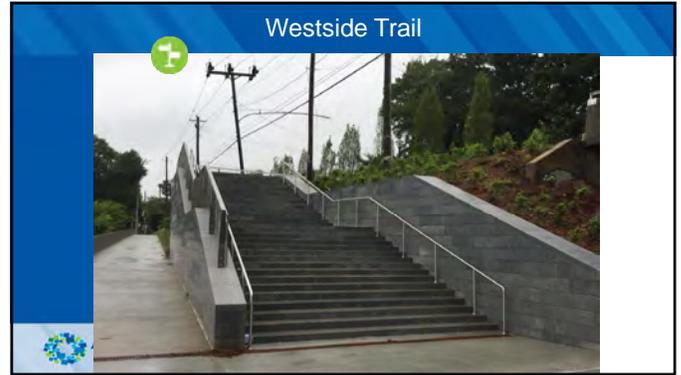


Westside Trail



Westside Trail





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The Washington DC
I-395 Capitol Crossing Project

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Background: Washington D.C. I-395 Capitol Crossing

- The construction of the I-395 in the late 1960's created divisions between the Capitol Hill and East End Districts.
- The idea of decking over the Interstate 395 dates to 1989
- The area is one of the largest areas in development in downtown Washington, DC

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Background: Washington D.C. I-395 Capitol Crossing

- In 2012, the District awarded the right property to Property Group Partners (PGP)
- The largest air rights project ever undertaken in Washington D.C.
- The Capitol Crossing broke ground in May 2015. The entire project is expected to be completed by 2021

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Capitol Crossing - Background

- \$1.3 billion highway, local, street, and real estate development project in Washington, D.C.
- Located above I-395 between E Street and Massachusetts Ave and 2nd and 3rd Streets NW
- Five mixed-use buildings with 2.2 million square feet
- Seven-acre decked development site above I-395



Photo Credit to Property Group Partners



Development Detail



Photo Credit to Property Group Partners



3rd Street Tunnel Project (Transportation portion of the Capitol Crossing Project)

\$270 million in transportation improvements/costs paid by the private sector real estate developer

- Restoration of the original street grid (F and G Streets, NW)
- Enhanced vehicular, pedestrian and bicycle connections around and across I-395
- Utility relocations
- Reconfiguration of 395 ramps at 2nd Streets, NW

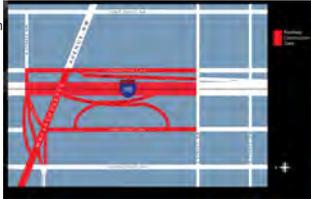


Photo Credit to Property Group Partners



From the Facebook page of Capitol Crossing

<https://www.facebook.com/search/top?q=Capitol%20Crossing%20construction>



THE MAKING OF A GREAT PROJECT
Capitol Crossing Construction Animation



Capitol Crossing Value Capture

Property Group Partners (PGP) acquired the air rights from the District of Columbia in 2012 for a fee of up to \$120 million

The completed project will generate an estimated \$40 million in annual new property tax revenue

PGP will fund the \$270 million Third Street Tunnel Project

- Employment
- 4,000 construction jobs
- 8,000 permanent jobs




Sustainability

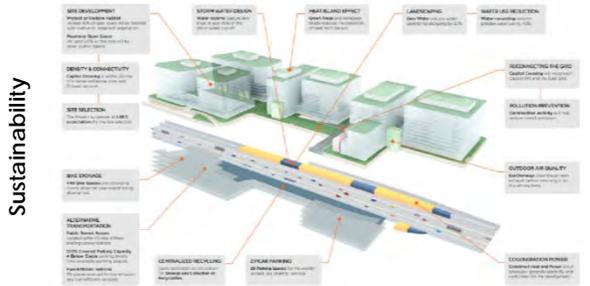


Photo Credit to Property Group Partners



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Examples of Value Capture used in Highway System

Right of Way Use Agreements, Joint Development

- I-395 Air Rights Development/Capital Crossing
- Massachusetts Turnpike Air Right Parcels 23 and 15 (I-90)

Special Assessment

- Virginia Route 28 Transportation Improvement District
- Foothill/Eastern and San Joaquin, California Toll Roads
- City of Fort Worth Transportation Impact Fee

Transportation Utility Fee

- Hillsboro, Oregon uses a Transportation Utility Fee to pay for street repairs

Developer Impact/Traffic Mitigation Fees

- Idaho Eagle Road SH 55 and Fairview Ave Intersection
- State Route 4 Bypass, Eastern Contra Costa County, CA



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Resources

- NCHRP Synthesis 459, Using the Economic Value Created by Transportation to Fund Transportation, 2014. <http://www.trb.org/Publications/Blurbs/170750.aspx>
- ICRP Research Report 190, Guide to Value Capture Financing for Public Transportation Projects, 2016. <http://www.trb.org/Main/Blurbs/175203.aspx>
- NCHRP 19-13, Guidance for Use of Value Capture to Fund Transportation, TBD. <http://apps.trb.org/cmsfeed/TRBNetProjectDisplay.asp?ProjectID=4058>
- OIPD project profiles link https://www.fhwa.dot.gov/ipd/project_profiles/
- Council of Development Finance, TIF State-by-State Map <https://www.cdfa.net/cdfa/tifmap.nsf/index.html>
- Innovative Finance Support Value Capture Resources. https://www.fhwa.dot.gov/ipd/value_capture/



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Capitol Crossing – Questions?



Photo Credit to Property Group Partners



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Federal Roles

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FHWA Roles in Value Capture

- Build capacity among partners
- Assemble VC Implementation Team
- Interact with key stakeholders
- Develop VC Implementation manual
- Develop clearinghouse for VC resources
- Conduct various peer exchanges, training, and technical assistance activities
- Funding



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Value Capture Implementation Team

Co-Leads

- Thay Bishop, FHWA Office of Innovative Program Delivery
- Stefan Natzke, FHWA Office of Planning, Environment, and Realty

Members

- Jennifer Ahlin, Virginia Department of Transportation
- Janine Ashe, FHWA District of Columbia Division
- John Duet, FHWA Office of Planning, Environment, and Realty
- Ben Hawkinson, FHWA Transportation Policy Studies
- Kathleen Hulbert, FHWA Infrastructure Office
- Chip Millard, FHWA Freight Management & Operation
- Diane Mobley, FHWA Chief Counsel Office
- Kevin Moody, FHWA Resource Center
- Ben Orson, South Dakota Department of Transportation
- Jill Stark, FHWA Office of Planning, Environment, and Realty
- Lindsey Svendsen, FHWA Office of Planning, Environment, and Realty
- Jim Thorne, FHWA Office of Planning, Environment, and Realty
- Marshall Wainright, FHWA Resource Center



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VCIT Focus Areas

- **Communication** – Developing the tools to help FHWA staff and others promote Value Capture to local public agencies (Value Capture Guidebook)
- **Technical assistance** – Providing technical assistance to local public agencies interested in pursuing Value Capture (Peer Program)
- **Clearing House** ([website](#)) – Identification of best practices and lessons learned and promoting further discussion on innovative funding options for local public agencies, lessons learned from past and current efforts, etc.



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Key Stakeholders

- State Department of Transportations
- Federal Agencies (HUD, USDA, FTA)
- Metropolitan Planning Organizations (MPOs, RTPOs)
- Local & Tribal Governments
- Transportation Providers (Transit Operators)
- Business Communities
- Developers
- Community residents



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Value Capture Activities

- Webinars
- Workshops
- Peer Exchanges
- Case Studies
- Sponsorships (local, regional, & national events)
- Technical Assistance
- Website (Clearinghouse)

Value Capture:
Capitalizing on the
Value Created by Transportation

DRAFT Implementation Plan
Every Day Counts | Innovative Initiatives
September 2018



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Value Capture Clearinghouse

- Currently under development
- Value Capture Manual “How to” implement value capture under development
- Clearinghouse for best practices/lessons learned
 - ✓ Resources:
https://www.fhwa.dot.gov/ipd/value_capture/resources/value_capture_resources/default.aspx
 - ✓ Project Profiles:
https://www.fhwa.dot.gov/ipd/project_profiles/
 - ✓ Value Capture Mechanism Factsheets:
https://www.fhwa.dot.gov/ipd/fact_sheets/



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Questions & Answers



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Do you know? Value Capture Techniques



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Thank You

https://www.fhwa.dot.gov/innovation/everydaycounts/edc_5/index.cfm