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**CENTER FOR
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How-To Brief No. 12: HOW TO GENERATE STAKEHOLDER SUPPORT FOR VALUE CAPTURE PROJECTS

Support from stakeholders—ranging from public agencies to private developers—can determine the success of transportation projects that rely on value capture techniques. Generating stakeholder support for value capture projects requires transparency and accountability from project sponsors to ensure that such projects keep to the timeline.

Key Takeaways

- > **Identifying stakeholders is integral to implementing value capture techniques for transportation projects.** Most projects affect both public and private sector stakeholders, so project sponsors should expect to identify and engage a variety of businesses, civic organizations, government agencies, and citizens.
- > **Developing a public involvement program can provide the foundation for communication and negotiation between stakeholders.** FHWA provides a variety of resources to assist in developing public involvement programs suitable for different kinds of stakeholders.
- > **Stakeholder support is important for all transportation infrastructure projects, and especially for projects funded through value capture.** All value capture techniques require some degree of private sector cooperation and participation and public support, ranging from direct engagement (in negotiated exaction), willingness to pay developer fees or recurring transportation utility fees, or voter support for a ballot initiative or city council action.

Why Is Stakeholder Support Important for Value Capture?

Successful value capture implementation often rests on the effectiveness of stakeholder engagement throughout the planning, environmental, permitting, and construction processes. If stakeholders are opposed to the transportation project, the project funding program, or both, gaining stakeholder support can be challenging. Value capture implementation often affects or involves a range of public agencies with different functions at various levels of government, and sometimes in multiple jurisdictions. Coordination of information and actions among agencies can improve value capture design and implementation significantly.

Effective outreach and engagement can communicate the need, benefit, and fairness of a value capture technique to help fund a project while soliciting feedback from potential sponsors. The stakeholder engagement process is an excellent opportunity to communicate the equity benefits of the value capture technique. In many communities, some stakeholder groups may view the

proposed value capture technique as a public giveaway to developers, while developers may view that same technique as a threat to their economic viability. Property owners may feel that they are being asked to pay twice, once through property taxes and again through value capture, without acknowledging the disproportionate share of benefits they receive from the infrastructure investment. Business owners may worry that value capture fees will affect their competitiveness against businesses in other areas, and housing advocates may worry that value capture will further reduce the availability of affordable housing.

The stakeholder engagement process is an opportunity for the sponsor to provide clear messaging to allay concerns, which often are based on stereotypes and preconceptions rather than on the specific value capture technique being proposed. The process provides a forum for stakeholder groups to voice their concerns and for project sponsors to acknowledge and address them.

And a good-faith stakeholder engagement process can help the sponsor identify and head off potential legal challenges. In addressing concerns and soliciting stakeholder input and feedback, the sponsor can identify aspects of the proposed implementation that need additional research (such as for determining the basis for transportation utility fees, development impact fees, or exactions), documentation (such as assumptions regarding property value impacts), additional legislation that supports or clarifies use of the proposed technique, or a community benefits agreement that specifies how the project will address community concerns.

This how-to brief lays out best practices in stakeholder engagement to support value capture implementation and presents three case studies of successful stakeholder engagement.

Public Involvement and Public Participation

The public, in any one area or jurisdiction, may hold a diverse array of views and concerns on issues pertaining to their transportation needs. Meaningful public participation involves seeking public input at specific and key points in the decision-making process on issues that have a real potential to help shape the final decision or set of actions.

Public participation activities provide more value when they are relevant and timely by providing a balanced approach of all stakeholders, that include measures to seek out and consider the needs of all stakeholders. This is especially important when resolving issue of those that are underserved by current and past transportation programs, facilities, or services.

—Excerpted from “Public Involvement and Public Participation.”
https://www.fhwa.dot.gov/Planning/public_involvement/

Who Are the Stakeholders?

Stakeholders can vary greatly among projects and communities, but they can be grouped into two categories: the public sector and the private sector. Although the unique context of each community and project will determine a project's stakeholders, the following public and private sector stakeholders are commonly affected by use of value capture techniques for infrastructure projects:

- Public-sector
 - Economic development agencies
 - School districts
 - Neighborhood groups
 - Elected representatives
 - Planning, housing, transportation, or finance agencies
 - Regional agencies (councils of governments metropolitan planning organizations, regional planning agencies)
 - Federal agencies
 - Neighboring jurisdictions
 - Local and tribal governments
- Civic, nonprofit, and private sector stakeholders
 - Landowners
 - Developers and investors
 - Residents, voters, taxpayers
 - Local businesses and major employers
 - Industry groups, business associations, and chambers of commerce
 - Major institutions (hospitals, universities, prisons)
 - Housing, jobs, or transportation advocacy groups

Project sponsors should identify the public and private sector stakeholders and integrate both into the project planning, development, permitting, and funding processes. Stakeholder groups may have conflicting needs or values for how the project will be used by pedestrians, cyclists, transit, or single-occupancy vehicles, and therefore may have different understandings of how project benefits will be distributed (and therefore, how funding responsibility should be assigned). But the interests, concerns, and priorities of stakeholder groups may shift at different stages. As concerns are addressed, a group might shift its focus to a new concern, such as the value capture technique's impact on housing affordability, while another shifts its focus to job creation, and a third group escalates concerns about environmental impacts.¹

The timing of outreach is important when project sponsors must obtain regulatory approval before certain deadlines while negotiating value capture techniques with private stakeholders. When a technique has been implemented, unexpected economic or real estate market changes

¹ See How-To Brief No. 5: How to Integrate Value Capture into Transportation and Land Use Planning for a discussion of how a project's funding source (including value capture) relates to affordable housing, economic development, the environment, and other public policy areas.

may require stakeholder re-engagement to determine how the implementation might be adjusted in response to the new circumstances.

Engaging with Stakeholders for Fair and Equitable Value Capture Techniques

Value capture techniques must be seen as fair by both public and private stakeholders. Fair value capture techniques are those that:

- Advance transportation goals, such as safety, mobility, accessibility, or connectivity
- Complement, or at least do not undermine, other policy goals
- Remain equitable to both public and private stakeholders.

A shared understanding of the fairness of value capture techniques for a project is built on consensus that using these techniques accomplishes the project's goals equitably, for all parties. The processes that can create such consensus and generate stakeholder support for value capture techniques are spelled out below. (How-To Brief 1: Adopting a Business Case Mindset for Value Capture provides more information.)

Resources for Developing a Public Involvement Program for Value Capture

FHWA provides a wide range of resources for implementing public involvement programs. These resources are intended for transportation projects in general and are not value capture-specific, but they provide the foundation necessary to elicit stakeholder support for value capture projects. When designing a public involvement program, project sponsors should consider the following:

1. **Follow democratic principles.** Public involvement is more than simply following legislation and regulations. The public needs to know details about a plan or project to evaluate its importance or anticipated costs and benefits. Agency goals reflect community goals. Through continued interaction with the entire community, agencies build community support and ensure that the public has the opportunity to shape the substance of plans and projects.
2. **Maintain contact between agency and non-agency people throughout transportation decisionmaking,** from identifying a problem, to defining purpose and need or planning principles, to developing a range of potential solutions, to deciding to implement a particular solution.
3. **Use a variety of public involvement techniques that target different groups or individuals in different ways or target the same groups or individuals in different ways.** A single, one-size-fits-all approach usually results in missing many people.
4. **Search out the public and work hard to elicit response.** Transportation agencies have repeatedly found that going after the public and changing unsuccessful approaches brings greater results.
5. **Focus on decisions rather than on conducting participation activities only because they are required.** A focus on the wide range of possible decisions gets agencies past

simply offering the public passive opportunities to comment on proposals just before formal decisionmaking.²

These guidelines provide the foundation for public involvement programs, which can be developed according to the five steps described in Planning Public Involvement and Its Role in Project Development.³

1. **Set goals and objectives for your public involvement program.** The goals and objectives derive from the specific circumstances of a given transportation plan, program, or project. Public input can be in the form of a consensus on a plan or project. Consensus does not mean that everyone agrees enthusiastically but that all influential groups and individuals can live with a proposal. The more specific the objectives, the better they will guide the involvement program.
2. **Identify the people to be reached.** The general public and those directly affected, such as abutting property owners. Review who is affected directly and indirectly. Identify traditionally underserved populations and look for innovative ways to engage the public. Ask members of the public for their input on goals, objectives, and design elements.
3. **Develop a general approach or set of general strategies** that are keyed to the goals and objectives of the public involvement program and the characteristics of the target audiences. General approaches respect agency resources of time, money, and staff. A general approach can be a civic advisory committee focused on specific planning or project decisions. Alternatively, a general approach could be viewed as a focus on public groups or interests.
4. **Flesh out the approach with specific techniques.** Consult past experience for what works and does not work. See ideas from agencies that have had success with public involvement. Approaches that fit the general public often do not fit specific groups and result in lack of attendance at meetings. Do not isolate groups; provide a way for them to come together and for the general public to review what groups have contributed.
5. **Ensure that proposed strategies and techniques aid decisionmaking to close the loop.** If a consensus is needed for decisionmaking, consensus-building techniques like negotiation and mediation or collaborative task forces may be useful. Ask participants who is missing from the participation process. Reevaluate and make midcourse corrections.

More resources are available to supplement public involvement programs, including virtual public involvement techniques.⁴

²Federal Highway Administration Office of Planning, Environment, and Realty. "Planning Public Involvement and Its Role in Project Development." https://www.fhwa.dot.gov/planning/public_involvement/project_development/

³ FHWA Office of Planning, Environment, and Realty. "Planning Public Involvement and Its Role in Project Development." https://www.fhwa.dot.gov/planning/public_involvement/project_development/

⁴ FHWA, "Public Involvement/Public Participation," https://www.fhwa.dot.gov/planning/public_involvement/ and "Virtual Public Involvement," https://www.fhwa.dot.gov/planning/public_involvement/vpi/

Case Studies

The following case studies demonstrate how stakeholder support can contribute to the success of value capture for transportation projects.

5th Street: Atlanta, Georgia

In 2016, the segment of 5th Street between Williams Street and Myrtle Street in Midtown Atlanta was identified as requiring multimodal improvements to keep pace with conditions elsewhere in the neighborhood.⁵ These improvements required significant local capital, which were funded through revenue from two value capture techniques. The value capture techniques were part of proposed sales tax initiatives in 2012 to raise \$7.2 billion over 10 years to fund a variety of transportation projects, from highway to transit improvements, in Atlanta. Voters overwhelmingly rejected the proposal.⁶ Subsequent analyses concluded that the proposal required too big of a compromise for stakeholders at both ends of the political spectrum: in short, too much transit funding for suburban stakeholders and too much highway funding for urban stakeholders.⁷

The result was three new initiatives: (1) to allow counties and municipalities to raise funds for transportation, (2) to put Transportation Special Purpose Local Options Sales Tax (TSPLOST) to a vote, and (3) set forth a project prioritization list and budget. (See Case Study: 5th Street Complete Street Atlanta, Georgia, for more details.)

The lack of consensus among stakeholders presented a challenge for generating stakeholder support.

Project sponsors can build consensus among stakeholders through continuous contact to progress the project, by renegotiating with stakeholders as financially, legally, and politically possible in response to opposition. In 2019, the City of Atlanta reallocated sales tax revenues, increasing revenues dedicated to Complete Streets by 10 percent. The City of Atlanta is collecting revenues from the Special Assessment District and TSPLOST necessary to break ground on the project and thus, 5th Street remains promising in supporting future necessary transportation improvements for an even more vibrant Midtown Atlanta.

Atlanta BeltLine: Atlanta, Georgia

The Atlanta BeltLine is one of the largest ongoing urban redevelopment projects, connecting over 45 neighborhoods in the Atlanta Metropolitan Area through infrastructure improvements along abandoned freight corridors. Given the expansive nature of this project, the Atlanta BeltLine requires numerous funding sources to achieve its goals.

A tax increment financing (TIF) district, known in Georgia as a tax allocation district, was developed following a series of financial feasibility studies that estimated the tax revenue that

⁵ City of Atlanta, "City of Atlanta Proposed TSPLOST Purposes and Recommended Projects." www.atlantaga.gov/home/showpublisheddocument/22900/636245709418400000.

⁶ *Atlanta Journal-Constitution*, "Voters Reject Transportation Tax." www.ajc.com/news/state--regional-govt--politics/voters-reject-transportation-tax/fZB3UVE1IM5jMVlhZvpruN/.

⁷ *Atlanta Magazine*, "Where It All Went Wrong." www.atlantamagazine.com/great-reads/marta-tsplost-transportation/.

would fund the Atlanta BeltLine.⁸ In 2005, the TIF was expected to generate over \$3 billion in tax revenue until 2030, which would provide over two-thirds of the funding necessary to complete the BeltLine.⁹ But the project's feasibility studies had not accounted for the Great Recession and the associated financial challenges that would halve the expected tax revenues in subsequent years.

Nonetheless, the Atlanta BeltLine front-loaded high-priority improvements at the beginning of the project. In doing so, the Atlanta BeltLine earned community support, so that the property owners welcomed creation of a special services district¹⁰ that helped keep the BeltLine on schedule.¹¹ The Atlanta BeltLine demonstrates the importance of accountability and transparency from project sponsors; the stakeholders acknowledged that the support from the project sponsors would advance the project, despite financial challenges.

N Street Protected Bikeway: Lincoln, Nebraska

This Complete Streets project in Lincoln was a high priority for the city's mayor and planning department and was proposed in response to residential growth, high-density development, and a lack of connectivity to the regional bike trail system in downtown Lincoln. The project required funding from numerous sources, including four TIF districts, one of which contributed the majority of project funding.

This project received significant stakeholder support, including that of the Great Plains Trail Network, a local advocacy group for recreational trails, which also supported the project through fundraisers dedicated to construction costs.¹² As the project was about to begin, however, the developer of the largest TIF failed to secure funding for its project, and the TIF was not established. The mayor, who had developed strong relationships with downtown real estate developers, negotiated with the developer of a nearby TIF district to expand its boundaries to include a portion of the bikeway so that the existing TIF district could contribute enough revenue to close the sudden funding gap.

But there was opposition to the project as well. A city council member was concerned about project scope and cost. The city responded to those concerns by emphasizing the catalyzing nature of the project that could not be achieved through simple signage and restriping. There was also opposition from businesses and residents concerned about the reduction of travel lanes and parking spaces. In response, the city converted parking spaces from parallel to diagonal on side streets, reducing the net loss of parking spaces. It also conducted a traffic

⁸ FHWA, Center for Innovative Finance Support, "Atlanta BeltLine: Tax Allocation District." www.fhwa.dot.gov/ipd/pdfs/value_capture/case_studies/atlanta_beltline_tax_allocation_district.pdf.

⁹ Atlanta BeltLine, "Project Funding and Financials." www.beltline.org/the-project/project-funding.

¹⁰ Georgia's version of a special assessment district

¹¹ FHWA, Center for Innovative Finance Support, "Atlanta BeltLine: Tax Allocation District." www.fhwa.dot.gov/ipd/pdfs/value_capture/case_studies/atlanta_beltline_tax_allocation_district.pdf.

¹² FHWA Value Capture Webinar: Tax Incremental Finance Districts & Transportation Reinvestment Zones (September 24, 2020) https://www.fhwa.dot.gov/ipd/value_capture/capacity_building/webinar_series/2020/transcript_092020.aspx

study that indicated ample roadway capacity even with the lane reduction, which ultimately proved correct.

The success of value capture in funding the N Street Protected Bikeway came about by engaging a wide range of stakeholders at various stages of the project, ranging from developing good working relationships at the planning stage to gaining trust by making decisions based on planning studies.¹³

Conclusion

Stakeholder outreach and engagement for projects considering value capture techniques that begins early in the process and continues throughout is critical for successful value capture implementation. Value capture techniques rely on private sector cooperation and participation in one form or another, ranging from direct engagement to a willingness to pay fees, to showing support for a ballot initiative or city council action. As the case study examples show, value capture can require flexibility and the ability to respond quickly to the unexpected, which is greatly facilitated by stakeholder support. Existing planning and stakeholder engagement tools and guides can be applied to all aspects of a project throughout its lifecycle including value capture design, implementation, operations and maintenance, and other elements of funding and financing. In the case of the Atlanta BeltLine, early stakeholder engagement demonstrated the benefits of the project to the community, and paved the way for additional value capture techniques to be implemented in response to unanticipated revenue shortfalls. In the case of the N Street Protected Bikeway, stakeholder support championed by the mayor allowed the funding plan to pivot quickly to replace one value capture revenue source with another. This saved a complex funding plan carefully assembled from numerous sources, and helped complete a popular active transportation and recreation corridor.

¹³ Interviews with Dan Marvin, Director of Urban Development, City of Lincoln, and Dallas McGee, Assistant Director of Urban Development, City of Lincoln.