



U.S. Department of Transportation
Federal Highway Administration



Value Capture: Peer Exchange Report

September 17-18, 2019

Chicago, Illinois

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Executive Summary

This report highlights noteworthy practices and key recommendations identified in the Federal Highway Administration (FHWA) Every Day Counts Round 5 (EDC-5) peer exchange focused on value capture, held on September 17-18, 2019, in Chicago, Illinois.

About EDC-5

The FHWA EDC program identifies and deploys proven, yet underutilized innovations to shorten the project delivery process, enhance roadway safety, reduce traffic congestion, and integrate automation. Proven innovations promoted through EDC facilitate greater efficiency at the State and local levels, saving time, money, and resources.

FHWA works with State departments of transportation, local governments, tribes, private industry, and other stakeholders to identify a new collection of EDC innovations to champion every two years. EDC facilitates regional summits for transportation leaders to discuss and identify opportunities to implement the innovations that best fit their needs. Following the summits, States finalize their selection of innovations, establish performance goals for the level of implementation and adoption over the upcoming two-year cycle, and begin to implement the innovations with the support and assistance of FHWA technical teams.

Value capture was identified as one of the 10 EDC-5 innovation techniques for the 2019-2020 cycle.

About the Illinois Value Capture Peer Exchange

The Illinois peer exchange was the first in a series of EDC-5 peer exchanges aimed at facilitating knowledge transfer and capacity building by connecting peers from different States and regional and local agencies to discuss best practices about value capture. The Illinois Department of Transportation (IDOT) requested the peer exchange to learn about methods of implementing value capture techniques in Illinois, specifically focused on innovative project financing and delivery. The Chicago Metropolitan Agency for Planning (CMAP) hosted the peer exchange.

Julie Kim, Senior Fellow at Stanford's Global Projects Center and Fellow at the New Cities Foundation, served as a subject matter expert on value capture, researching best practices and assisting FHWA in preparing materials and selecting peers for the peer exchange.

Selecting the Peers

Prior to the exchange, representatives from FHWA's Center for Innovative Finance Support, FHWA's Office of Planning, Environment, and Realty (HEP), and the Volpe Center worked with IDOT to identify peers that would be able to share their experiences, lessons learned, and recommendations for using value capture techniques to finance transportation infrastructure projects. The peers selected for the exchange were:

- **Scott Hamwey**, Director of Transit Planning, Massachusetts Department of Transportation
- **Gregg Hostetler**, Executive Vice President, Structural Assessment and Alternative Contracting, CONSOR Engineers
- **Brent Riddle**, Senior Transportation Planner, Coordination and Funding Division, Fairfax County Department of Transportation
- **Raymond Telles**, Executive Director, Camino Real Regional Mobility Authority

Format of the Event

The two-day peer exchange was held on September 17-18, 2019, at CMAP's headquarters in Chicago, IL. Participants included the four peer presenters, facilitators from the Volpe Center, Dr. Kim, and representatives from the following organizations (in alphabetical order): CMAP, FHWA headquarters, FHWA Illinois Division Office, IDOT, Illinois Tollway, Kane County Department of Transportation, Metra, Metropolitan Planning Council, and Regional Transportation Authority (RTA). Approximately 20 people from various groups and agencies attended the two-day event. A full list of attendees is available in Appendix B of this report.

The exchange began with a brief round of introductions and remarks from IDOT and CMAP on their goals for the exchange. The four sessions on the first day included an introduction to value capture techniques, followed by sessions focused on tax increment financing and transportation reinvestment zones, special taxes and fees, and developer contributions. These sessions featured a brief overview by the subject matter expert and one to two peers, followed by discussion with other peers and participants. On day two, the sessions focused on joint development and other tools based on development rights and entitlements, as well as an open discussion of key takeaways and next steps. An agenda for the program is included in Appendix C of this report.

Value Capture Techniques and Key Examples

Value capture refers to a set of techniques that take advantage of increasing property values, economic activity, and growth linked to infrastructure investments to help fund current or future improvements. Value capture is rooted in the notion that public action should generate public benefit.

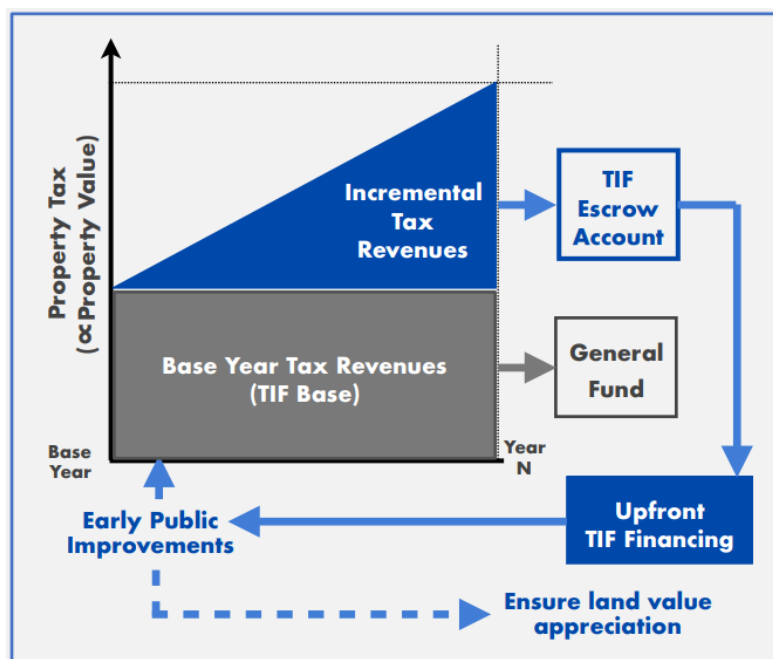
FHWA staff and Dr. Kim provided materials describing in depth the techniques of value capture and the benefits realized through their implementation. The materials are provided in full in Appendix D of this document.

Over the course of the two-day exchange, peers shared their experiences and engaged in discussion about value capture projects and techniques. Example techniques and projects are shared below.

Tax Increment Financing and Transportation Reinvestment Zones

Value capture techniques, like tax increment financing (TIF), help capture property value increases within designated districts that are attributable to transportation investments. Without increasing the tax rate, a TIF enables earmarking of incremental tax revenues to be put into separate escrow accounts, which can then be leveraged to secure upfront TIF bond financing to pay for public improvements. These public improvements further support value appreciation. The longevity of TIF districts varies from State to State, but, in general, earmarks for TIF-related financing end when the investments in public improvements for TIF districts have been paid off. See Figure 1.

To note, although agencies can issue bonds backed by activated incremental tax revenues upfront, the tax revenues are not always guaranteed. For this reason, some States restrict the issuing of TIF bonds until the incremental revenues reach a minimum threshold level. In California, for example, the value increase must be at least 25 percent above the base level before bonds can be issued.



Source: Dr. Julie Kim (2019)

Figure 1. Diagram displaying the finance structure for tax increment financing.

Elizabeth Schuh, Principal Policy Analyst at CMAP, described CMAP’s desire for value capture to play an increasing role in transportation project financing in the Chicago region. CMAP noted that it can be challenging to convince local jurisdictions to use value capture techniques. The agency has created resources on value capture to educate its stakeholders on the subject; CMAP includes value capture strategies and recommendations in their regional long-range transportation plans, and has released two reports on value capture analysis in the CMAP region.¹

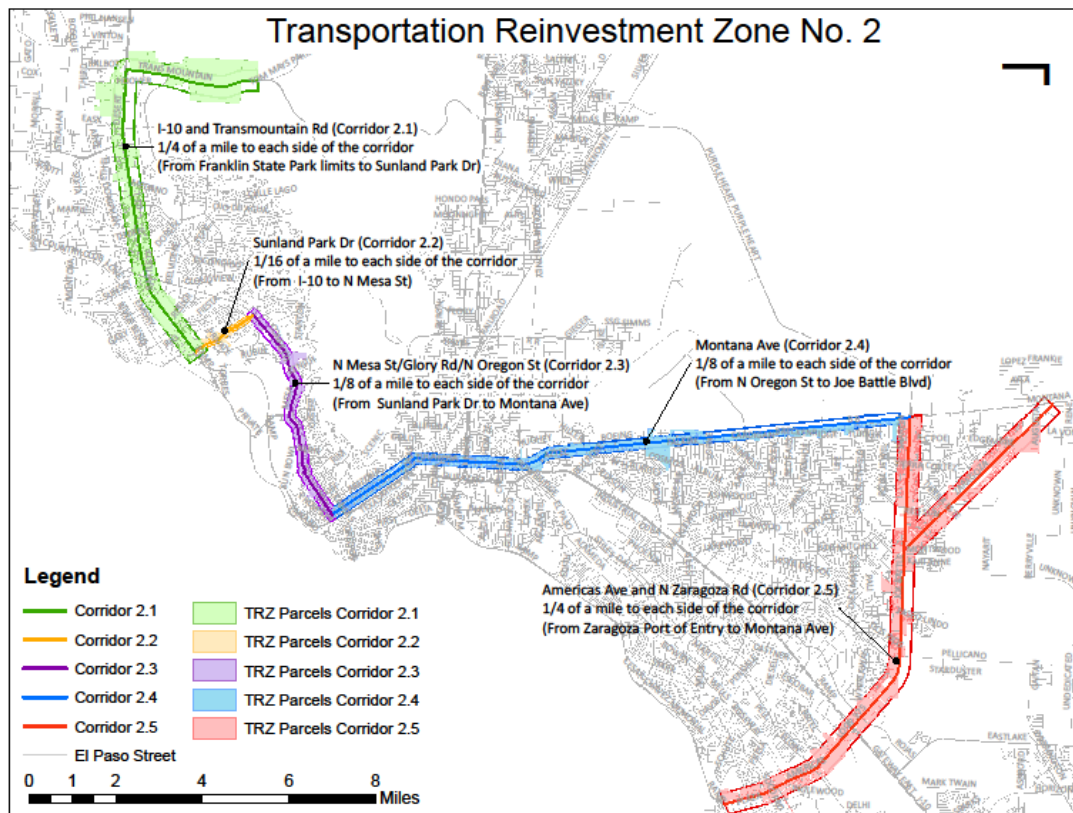
Chicago currently uses TIF districts and Transit Facility Improvement Areas (TFIAs) in some transportation projects. CMAP’s project analysis found that, although TIF and TIF-like districts provide the highest revenue potential in Chicago compared to other methods, underinvested areas need significant additional resources to supplement value capture revenues. This is especially true given that TIFs can be used in Chicago only if specific blight, age, and property value criteria are met as stipulated in law. CMAP, IDOT, and other partners have used TIF districts and TFIAs to construct the Central Lake Thruway/Route 120 Bypass and the 425-space parking garage near the Wilmette Metra Station. The Chicago Transit Authority (CTA) is currently evaluating the potential to extend the Red Line south from its existing terminus at 95th Street to 130th Street, and add four new stops along that length. CTA is considering utilizing TIF to fund a new CTA railyard within the project’s geographic area.

Many States, including Illinois, allow the use of TIF districts, although they may be called different names and have variations in applicability, such as transportation allocation districts in Georgia, urban renewal areas in Oregon, and transportation reinvestment zones (TRZs) in Texas.

Raymond Telles, Executive Director of the Camino Real Regional Mobility Authority (CRRMA) in Texas, shared his extensive experience with TRZs. CRRMA is a unique authority with geographical operation in the county of El Paso, TX; the State of New Mexico; and the country of Mexico. This jurisdiction stems from the plethora of transportation assets that cross through multiple towns, counties, and—at times—State and international boundaries.

CRRMA used TRZs for the **Americas Interchange Project in El Paso, TX**. This project included the design and construction of eight direct connectors and other related improvements for the Loop 375 and I-10 interchange. Construction was pursued in phases to allow for gradual generation and spending of funds. The city of El Paso established three TRZs, the revenues of which were assigned to CRRMA in order to issue debt and finance the design and construction of the project’s phases. CRRMA packaged borrowed capital as a [Build America Bond \(BAB\)](#), half of which was used to pay down the debt with the city of El Paso. See Figure 2.

¹ Chicago Metropolitan Agency for Planning, Transit Value Capture Analysis for the CMAP Region, December 2010, https://www.cmap.illinois.gov/documents/10180/27573/Value-Capture-Analysis_12-10-2010.pdf/622b876a-2eb4-4a89-bb02-5724e97f8c89; Chicago Metropolitan Agency for Planning, *Transportation Value Capture Analysis for the CMAP Region*, June 2011, https://www.cmap.illinois.gov/documents/10180/27573/VC-Final-Report_7-26-11-Executive-Summary.pdf/5efa8c6f-da3b-4fe8-8a61-33d322850a01.



Source: CRRMA (2019)

Figure 2. Transportation Reinvestment Zone corridors along the I-10 interchange.

The Americas Interchange Project offers the following key lessons:

- **TIF district and TRZ boundaries should be decided jointly by the entities impacted by them.** For example, CRRMA brought together the financial teams of the city and county of El Paso to discuss the development of TRZ boundaries.
- **Invest in public outreach and education efforts,** especially if the creation of a value capture district will be decided by public vote. Ensure that the public and elected and appointed officials understand that TIFs and TRZs are not new taxes, merely the reallocation of existing taxes.
- **Be conservative in projections of return on investment.** TRZ revenues, and, to some extent, TIF district revenues, tend to be minimal in early years and then increase over time. Debt and other investments should be structured accordingly.

Special Taxes and Fees

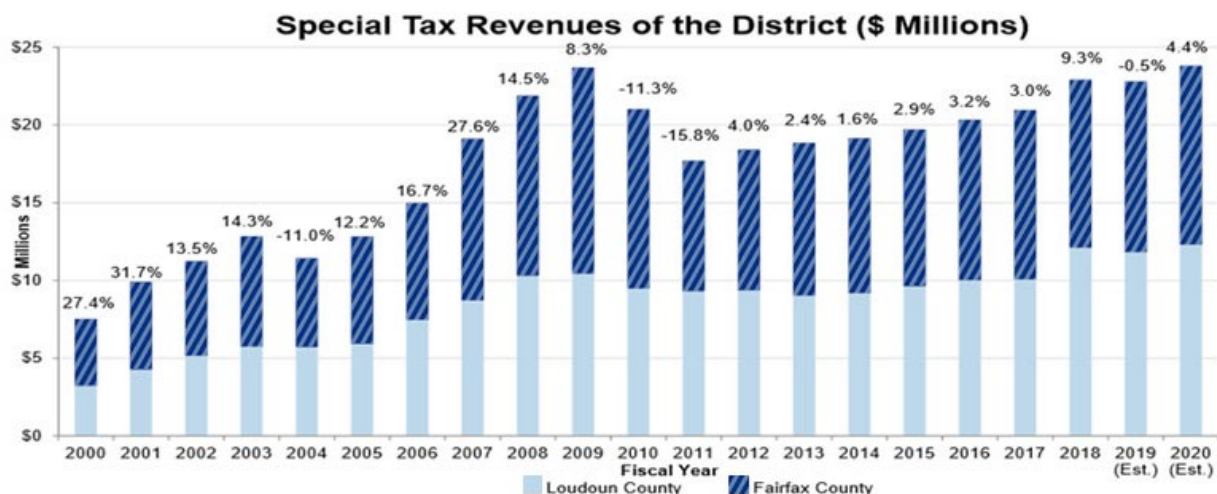
Special assessments—usually special taxes and fees—can fund public improvements and services within a designated district. These improvements are financed by property and business owners and tenants who live within the district. Special assessments involve a new levy imposed on the property and business owners and tenants over a specific time period. Generally, special assessments can be used for both physical improvements (such as construction and maintenance) and public services (including police and fire services).

Special assessment districts are called by different names in different States. Broadly, the formation of special assessment districts can be triggered by local community and business improvement needs. These are commonly referred to as business, community, or local improvement districts (or BID, CID, or LID). More often than not, these improvement districts are limited to a single jurisdiction. Special assessment districts can also be triggered specifically by transportation infrastructure needs. Transportation improvement or transportation development districts (TID or TDD) are typically formed in high-growth areas where infrastructure needs cannot be met through local or State capital programs alone. The use of TID/TDD typically involves multiple jurisdictions and regional/State-level transportation needs.

Special assessment districts have been challenged more recently in courts due to an increased financial burden on property owners, who also are the primary beneficiaries of these improvement projects. In response, some States have introduced new regulations to restrict special assessment districts, such as requiring voter approval by a two-thirds margin. Increasingly, the basis for special assessments is confined only to special benefits that are unique, measurable, and direct, with the burden of proof generally on local governments.

Brent Riddle, Senior Transportation Planner for Fairfax County, VA, shared how Fairfax County used TIDs to finance improvements to the State Route 28 corridor. In 1987, local business owners formed the TID in response to roadway capacity concerns. The TID is governed by a commission comprised of nine members—four elected officials from Loudoun County, four from Fairfax County, and the Secretary of Transportation for the Commonwealth of Virginia—and a landowners’ advisory board with no voting power. The TID has financed seven interchanges and five widening projects through issuing bonds that are paid for by revenues generated along the corridor. See Figure 3.

- One Penny = \$1.3 million in revenue in FY 2020



Source: Fairfax County Department of Transportation (2019)

Figure 3. Recorded and projected revenue from the Route 28 Tax District, split between Loudoun County (light blue) and Fairfax County (dark blue).

The Route 28 TID offers the following key lessons:

- **Tax districts can be vulnerable to larger economic trends, so agencies must be prepared for fund fluctuations.** For example, during the 2008 recession, revenue from the Fairfax County TID declined, resulting in a moratorium on TID-funded improvements projects.
- **Invest in communication and education efforts**, especially in instances of overlapping tax districts. It is important to educate the public and elected and appointed officials about the benefits of TIDs.
- **Advisory committees, particularly those made up of landowners and business leaders, help guarantee stakeholder buy-in over the life of TID-funded projects.** However, they may be administratively burdensome. Districts should properly structure these committees to fit their needs while understanding administrative burdens.
- **Where possible, agencies and organizations must dedicate resources to training and/or hiring dedicated staff** to manage TID and other value capture projects.

Developer Contributions (Impact Fees, In-Lieu Fees, and Negotiated Exactions)

Developer exactions are the financial responsibilities that local governments place upon developers to provide some or all of the public improvements necessitated by their development projects. They are generally imposed as conditions of approval at major project milestones and directly linked to land use entitlements. As most exactions are collected at the project outset, projects funded through this value capture mechanism have flexibility to generate and use funds early when the public improvements are being made.

Developer exactions can be either voluntary or contractual. They primarily result in developers' dedication of land for streets, sidewalks, and utility easements, and involve the transfer of land ownership to local agencies. Developers can also provide voluntary in-kind contributions in the form of public services and/or physical facilities.

Impact Fees and Linkage Fees

Local governments can impose impact fees and other mandatory exactions through the exercise of their police power, which permits restrictions on private activities to protect public health, safety, and welfare. However, impact fees are also commonly contested, and therefore have historically been determined by court rulings. Impact fees are associated with cost of any incremental public service capacity necessitated by new development projects and can include a wide range of improvements and services both on- and off-site, such as utility improvements. Linkage fees are typically associated with new, large-scale developments and used to pay for secondary effects, such as offsetting significant increased traffic or providing affordable housing. In transportation, impact fees can also be called mobility fees, traffic impact fees, intersection development charges, or system development charges.

Scott Hamwey, Director of Transit Planning at the Massachusetts Department of Transportation (MassDOT), described the benefits and challenges of developer contributions, especially for transit projects. He shared details from the following MassDOT projects:

- **MBTA subway station at Assembly Square, Somerville, MA.** This subway station, which opened in 2014, was created in response to strong advocacy from the city of Somerville and residents to fill a 1.5-mile gap between existing stops. The developer associated with the project contributed \$15 million in what would become a \$57 million transit station project. The station has spurred

the successful development of additional mixed-use office space, retail, and housing units in the area.

- **MBTA commuter rail station at Boston Landing, Boston, MA.** New Balance approached the MBTA to build a new commuter rail station that would provide direct access to its new American headquarters and close a 7-mile gap between existing commuter rail stations on the Framingham/Worcester commuter rail line. New Balance fully funded the \$26 million construction of the new station. Since its opening in 2017, the New Balance campus and MBTA commuter rail station have attracted additional development in the form of practice facilities for Boston-area sports teams (NBA Celtics and NHL Bruins), and mixed-use housing, office space, and retail.
- **Increased MBTA subway service and potential bicycle/pedestrian improvements near Encore Casino, Everett, MA.** Wynn Resorts built Encore Boston Harbor, a luxury resort and casino, in Everett. The project is 1.5 to 2 miles from two MBTA subway stations across the Mystic River. As part of their agreement with the MBTA, Wynn Resorts agreed to provide \$7.4 million in operating funds over the next 15 years to support more night and weekend subway service. In addition, Wynn Resorts will pay for station improvements to both nearby stations. Wynn Resorts is also in negotiations to contribute to the planning and design of bicycle and pedestrian connections across the Mystic River, and has committed to advocating for additional transportation infrastructure such as priority bus lanes.
- **MBTA commuter rail station at Foxboro, MA.** This new commuter rail station was created in partnership with the Kraft Group, initially only for use during special events at nearby Gillette Stadium, home of the New England Patriots football team. The MBTA has since approved regular commuter rail service. The Kraft Group paid for station design and marketing outreach about the new service. Operating cost contributions from the private developer are capped at \$225,000 a year, which is below the full operating cost of the commuter rail line. This is an example of a project that was motivated by a private partnership with a public agency.
- **Development area memorandums of understanding (MOUs).** The MBTA has recently begun concerted efforts to develop MOUs with area developers to create pooled funds to support transit services in dense business areas. For example, Kendall Square in Cambridge, MA, has a daily population of about 50,000 people and a growing residential population, with existing subway and bus transit service nearing capacity. A major developer and the city of Cambridge entered into an MOU to mitigate for additional development rights in exchange for an initial contribution of \$6 million to improve the Red Line subway system, add bus lanes, increase bus and rail frequency, and invest in other transportation improvements. Other cities in Massachusetts, like Lynn—about 4 miles from Boston and home to approximately 95,000 people—have also begun negotiations for MOUs. Lynn is in talks with a developer seeking to build 1,200 housing units about contributing funds to transition an on-demand commuter rail station into a full-service corridor.

The MassDOT project examples offer the following key lessons:

- **Accurate estimates of project cost are essential to project success, and agencies should be especially mindful of scope creep.** This is especially important given that the amount of developer contributions tend to be locked in at the beginning of a project and are typically not adjusted based on final project cost. Financial challenges will occur if fees are set below the cost of providing infrastructure to the new development.
- **Impact fees tend to favor existing development and not future development.** The main challenge here is to ensure equity between existing and new development. Developers may be

more attracted to already wealthy areas, which may not be the transportation agencies' top priorities. Costs to developers are often passed on to sale prices and the cost of services, which can also influence the existence and pace of gentrification.

- **Administering developer contributions is complicated and requires skilled staff and significant time.** Agencies must be prepared for a potentially lengthy and involved process.

Communicating the value of operating cost assistance to a developer is especially difficult, as they may not see the value of their contribution being absorbed into the larger system.

Gregg Hostetler, Executive Vice President of Structural Assessment and Alternative Contracting for CONSOR Engineers, shared his experiences with developer contributions in Osceola County, FL. Osceola County, primarily rural, sought to use impact fees to finance improvements to existing roads and bridges, amounting to nearly \$1 billion over a ten-year period. The ensuring projects were bundled using alternative contracting methods, such as the Construction Manager/General Contractor (CM/GC) process. In the CM/GC process, the project owner hires a contractor to provide feedback during the design phase before the start of construction. This method was highlighted during Round 2 of FHWA's Every Day Counts Initiative ([EDC-2](#)). See Figure 4.

The impact fees were assessed on new developments to provide funding to the county. They were set at the issuance of the building permit and needed to be paid prior to construction. The housing crash and recession in 2008 introduced challenges to this process and led to a moratorium from 2008 to 2010. The county was later able to use revenues from impact fees to pay the debt service on bonds used to finance the county's infrastructure projects.

SUMMARY	
Program Goals	Projects were bundled in a CM/GC program to speed up delivery and save money.
Bridge Selection Criteria	Bridges were part of roadway projects.
Delivery and Procurement Method	Construction Manager/General Contractor (CM/GC) – Qualifications-Based Selection.
Funding Sources, Financing Strategy	100% locally funded through impact fees.
Environmental, Right-of-Way, and Utility Considerations	CMs were involved in planning and design to minimize impacts to the environment, right-of-way, and utilities. CM was the lead for all utility coordination efforts. Projects were built in “mini” phases. Instead of waiting for the entire project to be completed and clear for permitting, right-of-way, and utilities, segments of the projects were constructed as soon as they were ready, greatly accelerating the projects.
Risks	The risk shared between the owner, designer, and construction manager. All entities worked together to ensure the designs were constructible and within budget. Due to the fact that plans were less detailed, overruns were budgeted for instead of relying on errors and omission claims.
Owner Management/Quality Assurance	The construction engineering inspection (CEI) firm was hired by the owner. The CM included the CEI in the plan reviews and developed to ensure constructability. The role of the CEO during construction was reduced. The CM manages the general contractors and the CEO ensures quality.
Stakeholder Communications	The Osceola County administration completed an intensive training effort to educate the design firms and contracting community about the benefits of CMGC. Once chosen, the CM was responsible for communication with the affected community.

Source: Osceola County (2019)

Figure 4. Osceola County project summary, using impact fees to fund new development across the county.

The Osceola County project example offers the following key lessons:

- **Impact fees are most effective when agencies can expect future growth.** The context of each project will determine the level of burden that can be placed on developers, landowners, and other stakeholders, as well as the best use of impact fees to fund the project. Therefore, it is important for agencies to mitigate negative impacts from potential externalities, such as a declining economy or change in administration.
- **Infrastructure improvements by themselves will not necessarily produce increases in land values.** It is important for agencies to consider development and other land use changes alongside value capture methods in a comprehensive plan for investment.

Joint Development

Joint developments involve monetizing the unused land use entitlements on publicly owned property by transferring them to private developers for some form of revenue and/or cost-sharing arrangements. These developments can involve sale or lease of development rights above, below, or adjacent to transportation rights-of-way, such as above railroad tracks or expressway turnpikes. These tools often can serve as the means to meet larger policy goals, such as promoting transit-oriented development.

Scott Hamwey described the benefits and challenges of joint developments for highway and transit projects. To date, MassDOT has not successfully utilized naming rights as a value capture tool, but is currently exploring a naming rights solicitation for transit assets. The agency has had success with joint development, particularly those related to air rights. Mr. Hamwey shared details from the following MassDOT projects:

- **Air Rights Development over the Massachusetts Turnpike.** The development of air rights over the Massachusetts Turnpike is a decades-long plan stemming from a master plan developed in the 1990s by the city of Boston and the Massachusetts Turnpike Authority. The only parcel currently completed, Copley Place, is a \$400 million, mixed-use development project built on a 9.5-acre, land-air parcel above the Massachusetts Turnpike. The land below Copley Place was cleared in the late 1950s for the construction of the Massachusetts Turnpike Extension and includes a major interchange connecting the Turnpike to Boston's Back Bay neighborhood, as well as freight and intercity passenger rail lines. The developer, chosen after an open bidding process, holds a 99-year lease with the Massachusetts Turnpike Authority and paid \$1.2 million in annual rent from February 1992 to February 2002. As part of the air rights agreement, the developer also funded corridor investments that included highway tunnel ventilation and improvements to the nearby MBTA subway station. In 1993, the Massachusetts Turnpike Authority identified 23 air rights locations along Interstate 90 through Boston. To date, the parcels identified in the air rights master plan are still in the planning stages.
- **Air Rights Development from the Central Artery project.** Other parcels were created downtown as part of the Rose Kennedy Greenway in the space previously occupied by the elevated I-93 roadway, the demolition of which was coined the “Big Dig.” Today, multiple developers across four parcels continue to enter into joint development agreements with MassDOT, producing 1,086 housing units—of which 336 are designated as affordable/workforce—and contributing \$60 million in ground leases to MassDOT and the MBTA. See Figure 5.
- **Air Rights Development over MBTA-owned facilities:**
 - Back Bay Station is an Amtrak and MBTA rail station in downtown Boston. In the 1970s, the former Turnpike Authority leased air rights to John Hancock, Inc. to build a parking

garage over the transit facility for use by the new Hancock Tower nearby. These air rights were purchased as a 99-year lease by Boston Properties in 2014 for \$37 million. This lease requires Boston Properties to manage and improve Back Bay Station. Known as the Back Bay-South End Gateway Project, the lease allows Boston Properties to build three towers (two over the Hancock garage and one over the rear Back Bay Station). Each project will require additional payments as they are permitted.

- North Station is home to two MBTA subway lines and handles one-third of all MBTA commuter rail traffic. It is also connected to the TD Garden, home to the NBA Celtics and NHL Bruins. The TD Garden and North Station underwent significant renovations in 2007, including the following joint development projects: construction of a weather-protected underground passageway from the station's subway platforms to the commuter rail; \$50 million lease of the MBTA-owned North Station garage; and \$3 million sale of air rights over the garage for a 500-unit tower.
- South Station is the busiest transportation station in the city with two-thirds of all commuter rail traffic, in addition to Amtrak, regional bus service, and Red Line and Silver Line subway access. MassDOT entered into a joint agreement in exchange for air rights over the station that will provide \$100 million in improvements, including 12 new bus terminals, a weather-protected connection between the bus and rail terminals, and other improvements. The city of Boston will receive an additional \$26 million for the air rights under its ownership.



Source: David L. Ryan, Boston Globe (2007)

Figure 5. Before and after financing and construction of the Rose Kennedy Greenway, using air rights.

The MassDOT project examples offer the following key lessons:

- **Joint development can be a balancing act between maximizing revenue and retaining control of a development.** Development may influence larger policy goals (such as housing plans, overall urban form and design, etc.); therefore, it is important to balance the long-term impacts of a joint development with the need to generate revenue.
- **The predictability of revenue from joint development projects depends on the structure of the payment stream.** Most joint development models require that both public and private conditions be predetermined. In long-term payment structures, future payments could be jeopardized by the strength or weakness of the commercial or real estate markets.
- **Agencies may be limited in their ability to take advantage of joint developments.** Not all transportation agencies will have the legal powers, mission, political approval, land capacity, and/or staff capacity to engage in joint development activities.
- **Joint development is opportunistic.** Agencies must be proactive in pursuing specific opportunities with clear objectives. Investment in transportation infrastructure alone will not spur joint development projects.
- **Naming rights opportunities may be restricted by Federal, State, and local laws and regulations.** In addition, even when there is an opportunity to use naming rights as a value capture technique, it is important for agencies to be realistic in which facilities private entities would be interested in sponsoring, if any.

Concluding Thoughts

This section highlights overall key takeaways for individuals and agencies that are planning or seek to plan value capture projects. It summarizes the key recommendations that emerged from the peer exchange and profiles noteworthy practices employed by peer agencies and organizations.

Value capture provides financial flexibility to State and local governments. Given the increasing burden on State and local governments to finance large- and small-scale infrastructure projects, value capture tools are arguably some of the most powerful tools at local governments' disposal to develop new revenues for local infrastructure needs.

When implemented strategically, value capture can increase equitable access to funding and new and/or improved infrastructure for governments and residents. Integrated approaches to value capture strategies are critical to ensuring that the potential financial burdens can be spread more equitably across the multiple stakeholders who benefit from the capital improvements. These stakeholders can include, but are not limited to, taxpayers, property and business owners or tenants, developers, and private investors.

It is advantageous for agencies implementing value capture to be nimble, streamlined, and responsive to changing project elements. Value capture projects may especially benefit from lean teams with expertise implementing value capture, and the internal support to make decisions.

Value capture implementation must adapt to local context and concerns. There is no one-size-fits-all approach for value capture or any one technique.

Collaboration among agencies and the private sector, especially at the regional level, can increase the potential for success of value capture projects. Intergovernmental agreements, where possible, can enable the communication and project management necessary for success. It is important to invest in regular communication and relationship-building between agencies, even when not actively engaged in projects, to set up opportunities for future collaboration. Fairfax County's partnership with an adjacent county, and CRRMA's cross-jurisdictional projects are important examples of the collaboration needed to advance regionally beneficial projects.

Public education campaigns about the benefits of value capture projects may be needed. Public sentiment can be a challenge. Agencies may need to invest in open communication methods to educate the public about what value capture techniques are and how they will impact communities.

Appendices

Appendix A: Key Contacts

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Appendix B: Event Participants

First Name	Last Name	Agency
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Aseal	Tineh	CMAP
Gregg	Hostetler	CONSOR Engineers
Brent	Riddle	Fairfax County
John	Donovan	FHWA
Christopher	Hall	FHWA
Stefan	Natzke	FHWA
Jim	Thorne	FHWA
Neil	Adams	Illinois DOT
Sam	Beydoun	Illinois DOT
Rocco	Zuccherro	Illinois Tollway
Tom	Rickert	Kane County DOT
Scott	Hamwey	MassDOT
David	Kralik	Metra
Audrey	Wennick	Metropolitan Planning Council
Violet	Gunka-Gurgul	RTA
A.J.	Nazem	RTA
Patricia	Cahill	USDOT Volpe Center
Julie	Kim	USDOT Volpe Center
Terry	Regan	USDOT Volpe Center



Appendix C: Peer Exchange Agenda

Federal Highway Administration (FHWA) EDC-5: Value Capture

Agenda for Illinois Value Capture Technique

Dates: September 17-18, 2019

Exchange Host: Illinois DOT & Chicago Metropolitan Agency for Planning (CMAP)

Exchange Location: CMAP, 233 South Wacker Drive, Suite 800, Chicago, IL

Length of Exchange: 1.5 days

Value Capture Peers:

- **Raymond Telles, Camino Real Regional Mobility Authority**
- **Scott Hamwey, MassDOT**
- **Brent Riddle, Fairfax County**
- **Gregg Hostetler, CONSOR Engineers**

Subject Matter Expert: Julie Kim

Format:

- Brief presentations by value capture implementers.
- Facilitated discussion among all participants with emphasis on hearing from participants what is most applicable for the Chicagoland region and what are some potential barriers.

Purpose of the event:

- This FHWA EDC-5 outreach effort is to provide a discussion with interested parties on the potential benefits of value capture techniques and to provide examples of how these techniques have been applied nationally. Information on FHWA's EDC-5 value capture effort can be found at:
https://www.fhwa.dot.gov/innovation/everydaycounts/edc_5/value_capture.cfm

Day 1:

Time	Topic	Lead Presenter
8:30 a.m.	Welcome and Overview: <ul style="list-style-type: none"> • Welcome message from the CMAP representative and FHWA Illinois division representative • FHWA provides a brief EDC-5 Value Capture Innovation & Benefits • Facilitator welcomes attendees, reviews the agenda, describes documentation/follow-up, and establishes ground rules for discussions. 	Terry Regan (Facilitator) Erin Aleman, CMAP Executive Director FHWA Illinois Division representative Stefan Natzke, FHWA
8:50 a.m.	IDOT and CMAP overview of current activities and desired outcomes for the peer exchange	Sam Beydoun, IDOT Elizabeth Schuh, CMAP

Time	Topic	Lead Presenter
9:15 a.m.	Value capture techniques and facilitated discussion Presentation and overview of value capture techniques that are well suited to urban & suburban areas including municipalities, and other transportation agencies	Julie Kim, Subject Matter Expert
10:00 a.m.	Break	
10:15 a.m.	Value Capture Enablers: Tax Increment Financing and Transportation Reinvestment Zone <ul style="list-style-type: none"> • Overview of technique and its applicability to large urban areas • Chicago experience with TIF projects • Americas Interchange Project, El Paso, TX • Discussion and potential applicability by agencies 	Terry Regan (Moderator) Julie Kim, SME Elizabeth Schuh, CMAP Raymond Telles, CRRMA
11:45 a.m.	Lunch	
12:30 p.m.	Special Taxes and Fees (Special Assessment Districts, Improvement Districts, Transportation Utility Fees) <ul style="list-style-type: none"> • Overview of technique and its applicability to urban areas • Route 28 Corridor Improvement, Fairfax County, VA • Discussion and potential applicability by agencies 	Terry Regan (Moderator) Julie Kim, SME Brent Riddle, Fairfax County
2:00 p.m.	Break	
2:15 p.m.	Developer Contributions (Impact Fees, Other In-Lieu Fees, Negotiated Exactions) <ul style="list-style-type: none"> • Overview of technique and its applicability to urban and suburban areas • Osceola County • Discussion and potential applicability by agencies 	Terry Regan (Moderator) Julie Kim, SME Gregg Hostetler, CONSOR Engineering Scott Hamwey, MassDOT
3:45 p.m.	Wrap-up and charge for day 2 <ul style="list-style-type: none"> • Identification of key takeaways from Day 1 • Identification by participants about topics to explore during Day 2 	Terry Regan (Facilitator)
4:30 p.m.	End of day 1	

Day 2:

Time	Topic	Lead Presenter
8:30 a.m.	Welcome and Overview of the Day Facilitator welcomes attendees, reviews the key takeaways from Day 1 and provides context for Day 2	Terry Regan (Facilitator)
8:45 a.m.	Joint Developments and Others Tools Based on Development Rights and Entitlements <ul style="list-style-type: none"> • Overview of technique and its applicability to urban areas • Massachusetts DOT air rights development (Mass Turnpike parcels) • Boston Landing and Assembly Square, Boston • Naming Rights solicitation by the MBTA • Discussion and potential applicability by agencies 	Terry Regan (Moderator) Julie Kim, SME Scott Hamwey, MassDOT
10:30 a.m.	Break	
10:45 a.m.	Discussion, Identification of Key Takeaways, and Next Steps <ul style="list-style-type: none"> • Discussion of applicability, opportunities, and barriers of value capture techniques identified • Discussion of other potential tools to use in conjunction with value capture • Next steps 	Terry Regan (Moderator)
12:00 p.m.	Wrap-up & Follow-up Actions	Terry Regan (Facilitator)
12:30 p.m.	Adjourn	

Appendix D: Peer Exchange Materials

Provided by Julie Kim, SME.

Overview of Value Capture Categories, Techniques, and Definitions

Category	Technique	Definition
Developer Contributions	Impact Fees	Fees imposed on developers to help fund additional public services, infrastructure, or transportation facilities required due to the new development.
	Negotiated Exactions	Negotiated charges imposed on developers to mitigate the cost of public services or infrastructure required as a result of the new development.
Transportation Utility Fees	Transportation Utility Fees	Fees paid by property owners or building occupants to a municipality based on estimated use of the transportation system.
Special Taxes and Fees	Special Assessment Districts	Fees charged on property owners within a designated district whose properties are the primary beneficiaries of an infrastructure improvement.
	Business Improvement Districts	Fees or levies charged on businesses within a designated district to fund, or finance projects or services within the district's boundaries.
	Land Value Taxes	Split tax rates, where a higher tax rate is imposed on land than on buildings.
	Sales Tax Districts	Additional sales taxes levied on all transactions or purchases in a designated area that benefits from an infrastructure improvement.
Tax Increment Financing	Tax Increment Financing	Charges that capture incremental property tax value increases from an investment in a designated district to fund or finance the investment.
Joint Development	At-grade Joint Development	Projects that occur within the existing development rights of a transportation project.
	Above-grade Joint Development	Projects that involve the transfer of air rights, which are development rights above or below transportation infrastructure.
	Utility Joint Development	Projects that take advantage of the synergies of broadband and other utilities with highway right-of-way.
Naming Rights	Naming Rights	A transaction that involves an agency selling the rights to name infrastructure to a private company.

Appendix E: Acronyms

BID	Business improvement district
CID	Community improvement district
CM/GC	Construction Manager/General Contractor
CMAP	Chicago Metropolitan Agency for Planning
CRRMA	Camino Real Regional Mobility Authority
CTA	Chicago Transit Authority
EDC	Every Day Counts
FHWA	Federal Highway Administration
FHWA HEP	Federal Highway Administration Office of Planning, Environment, and Realty
IDOT	Illinois Department of Transportation
LID	Local improvement district
MassDOT	Massachusetts Department of Transportation
MBTA	Massachusetts Bay Transportation Authority
MOU	Memorandum of understanding
RTA	Regional Transportation Authority
SME	Subject matter expert
TDD	Transportation development districts
TFIA	Transit Facility Improvement Areas
TID	Transportation improvement districts
TIF	Tax increment financing
TRZ	Transportation reinvestment zones