



U.S. Department  
of Transportation  
**Federal Highway  
Administration**



# Value Capture Strategies & Infrastructure Banks: FHWA's Every Day Counts Initiative

*May 12, 2021*



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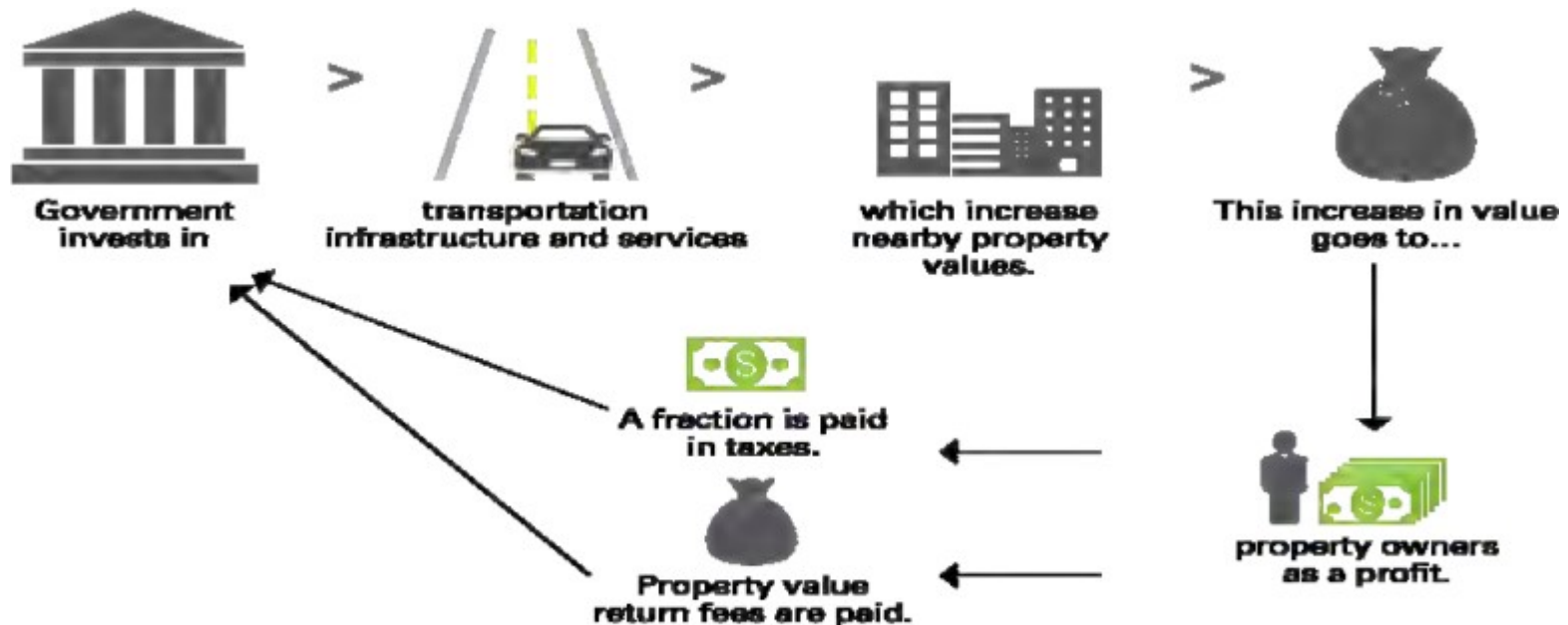


***On-Ramp to  
Innovation***  
every day counts

# Value Capture Overview

# What is Value Capture (VC)?

“Value capture” refers to toolbox of strategies used by public agencies to share portion of increased property or other adjacent value created as result of public infrastructure investment



Source: NCHRP Research Report 873

# Value Capture Can Fund Project Capex and O&M and Foster Sustainable Development



## Value Capture



**Value capture projects can recover up to 50% or more of overall project costs**

Can support multimodal projects



**Revenues captured are a portion of the benefit landowners receive**

Facilitates better land use and transportation planning



**Creates sustainable revenue sources**

TIFs don't raise taxes; they expand the tax base



**Can fund capital projects, as well as maintenance and operations**

Appropriate for all roads, from Interstate highways to local roads



**There are techniques available appropriate to urban, suburban, and rural settings**

Promotes efficient land use

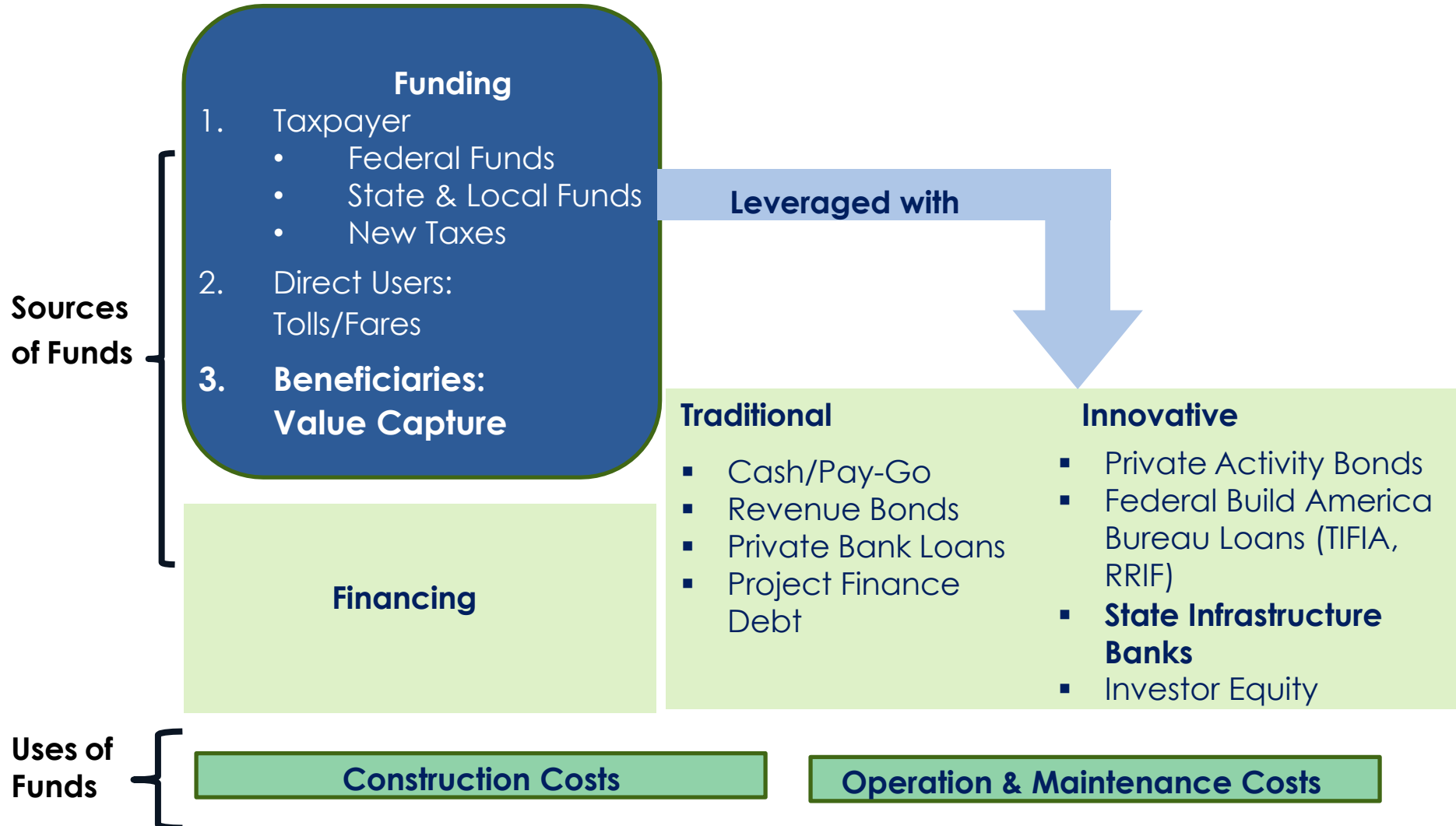
# VC Techniques Vary, incl. By Funding/Financing

	Capex or O&M	Use for Highways and Roads	Funding or Financing	Revenue Potential	Timing of Revenue Received
Impact Fees	Capex	✓✓	Funding	✓✓	Immediate
Negotiated Exactions	Capex	✓✓	Funding	✓✓	Immediate
Transportation Utility Fees	O&M	✓✓✓	Funding	✓	Delayed
Special Assessment Districts	Capex	✓	Funding & Financing	✓✓/✓✓✓	Delayed
Business Improvement Districts	O&M and Capex	✓	Funding	✓	Immediate
Land Value Taxes	Capex / O&M	✓	Funding	✓✓✓	Delayed
Sales Tax Districts	Capex	✓✓	Financing	✓✓✓	Delayed
Tax Increment Financing	Capex	✓✓	Funding & Financing	✓✓/✓✓✓	Delayed
Joint Development	Capex	✓✓	Funding & Financing	✓✓	Immediate or delayed
Concessions	Capex	✓✓	Funding & Financing	✓✓✓	Immediate
Naming Rights/Sponsorships	Capex	✓✓	Funding	✓	Immediate



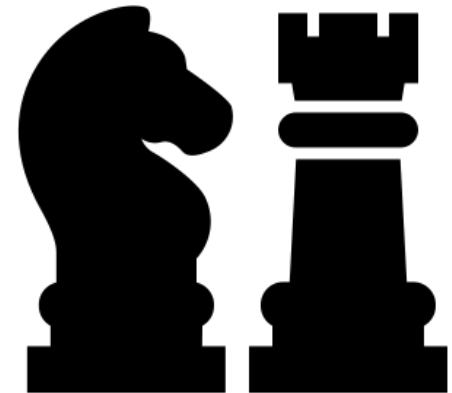
# Leveraging Infrastructure Banks With Value Capture Strategies

# Value Capture Can Leverage Variety of Financing Instruments



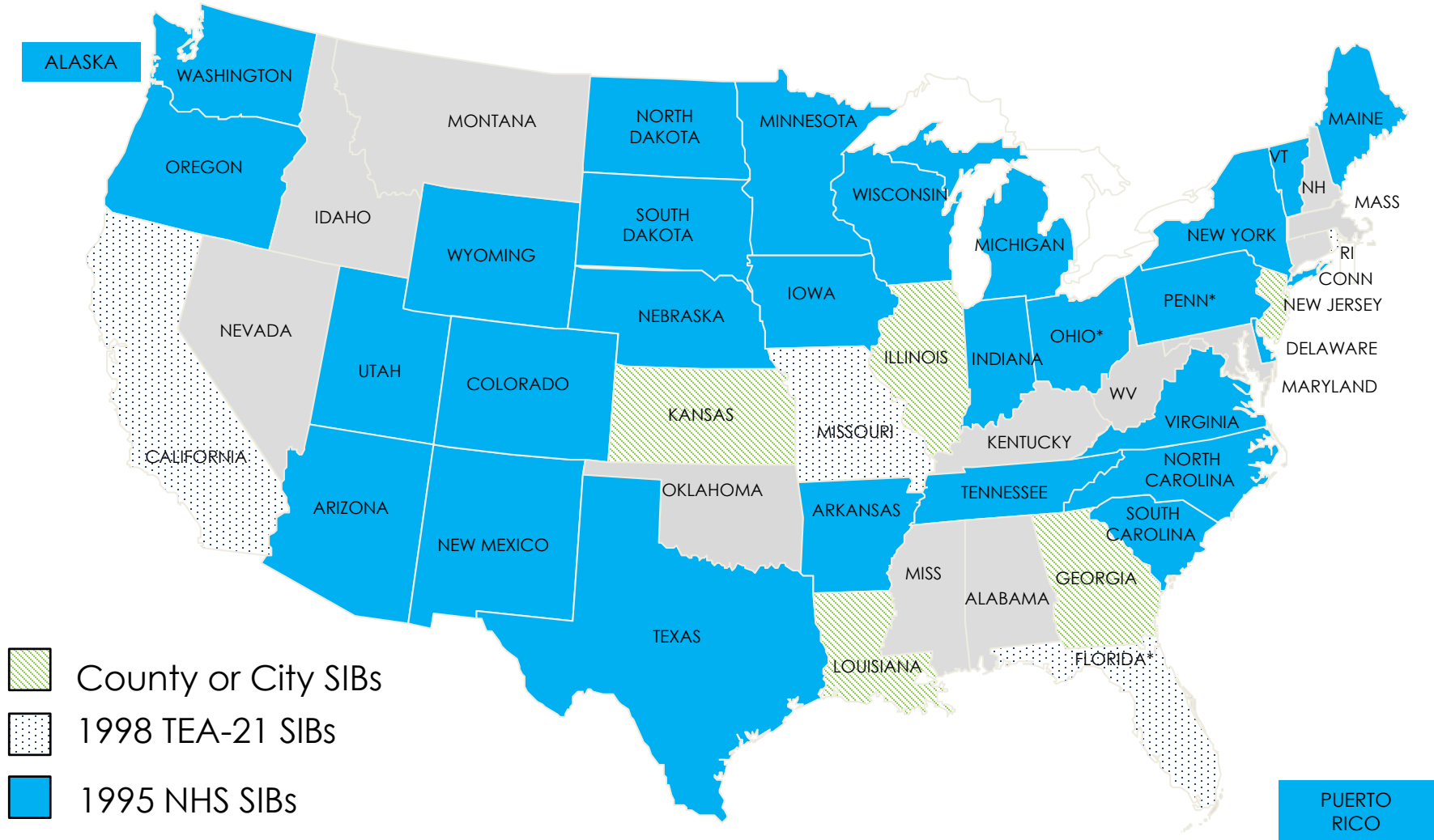
# SIBs Enable Several Value Capture Strategies

- Serve as **revolving loan** and credit enhancement program
- Provide **financing options** to address local transportation improvements
  - ✓ **Low interest rate and low financing cost**
  - ✓ **Vary widely in size**, from less than \$1 million to more than \$100 million
  - ✓ Short-term loans
- Support projects with **direct link between mobility and economic growth** (*i.e., job creation, private investment*)
- Established as **Federal, State, & county SIBs**





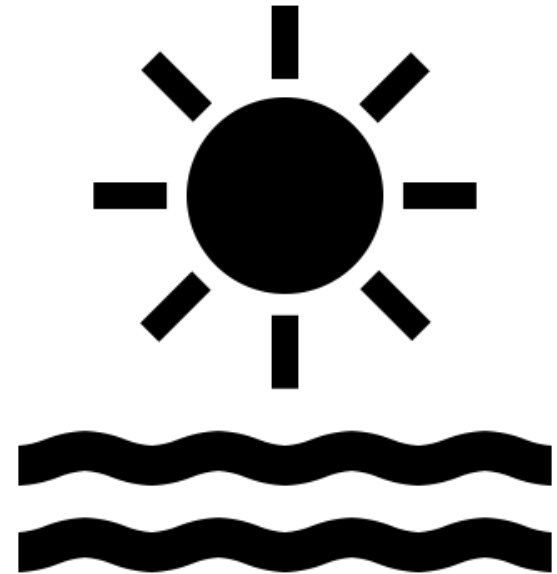
# Many States offer Federal-, State-, and/or locally capitalized SIBs



\*States that also have State, County, or City SIBs

# State Infrastructure Banks - Advantages

- **State sets interest rate** based on policy objectives; maximum loan term can be as long as **35 years**, but many are shorter
- State may be willing to **take more risk** than commercial banks would for project with significant public benefits
- A SIB loan can make a **large project** affordable by allowing for smaller annual payments
- Can **create jobs** and **increase tax revenue** to State and local governments

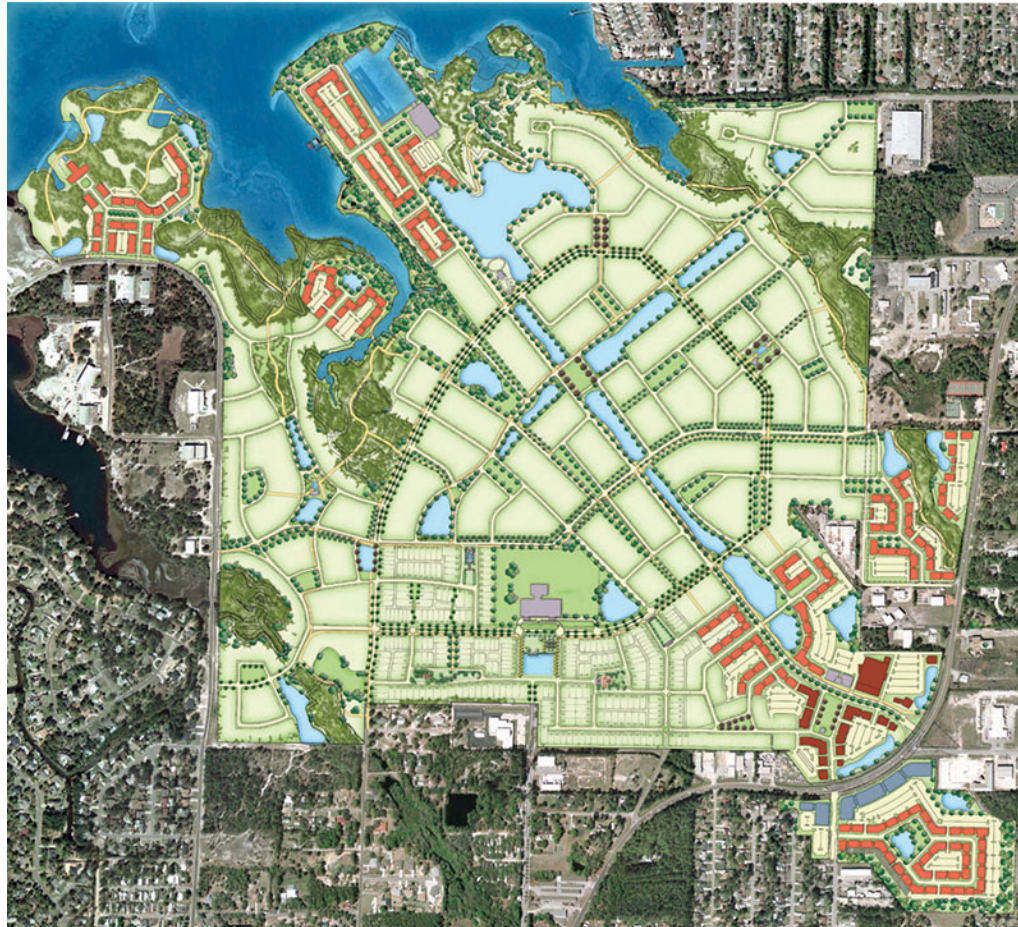


# State Infrastructure Banks - Obstacles

- States **lacked legislative authority** to leverage their funds and increase capitalization level of bank
- Federal requirements are very **complex**
- Requirements for **smaller projects** can delay construction schedules and increase costs
- Insufficient demand for loans due to **limited marketing efforts**



# Examples: Florida SIB's \$45M loan secured in part by old Panama City airport land sale



# Examples: Virginia VTIB's \$50M loan for \$370M Potomac Yards Metro Station via special tax



Source: <https://www.bizjournals.com/washington/news/2020/03/04/even-more-designs-unveiled-for-north-potomac-yard.html>



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## Infrastructure Banks:

- Dauphin County infrastructure Bank
- Georgia Transportation Infrastructure Bank
- Missouri State Infrastructure Bank