



**Institute of Urban and Regional Development (IURD)
TRANSIT & CITIES CONFERENCE
UC Berkeley
March 20-21, 2014
Plenary Session 4: The Economics of Sustainable Transit**

**VALUE CAPTURE AND
SUSTAINABLE TRANSIT**

STRATEGICECONOMICS

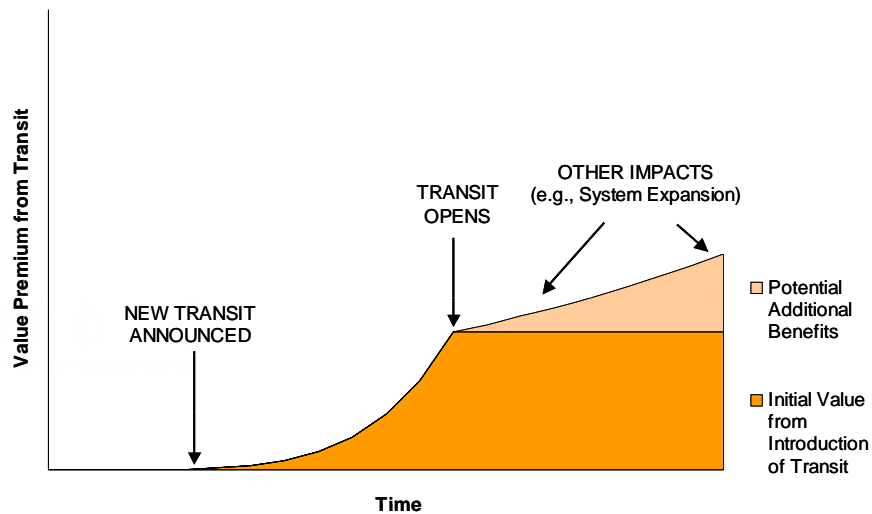
Dena Belzer, Strategic Economics
March 21st, 2014

How Does Value Capture Relate to Sustainable Transit and Cities in the U.S. Context

Capturing growth in property values generated by transit projects could pay for transit lines and/or other land use improvements



The “Value Curve” in Theory



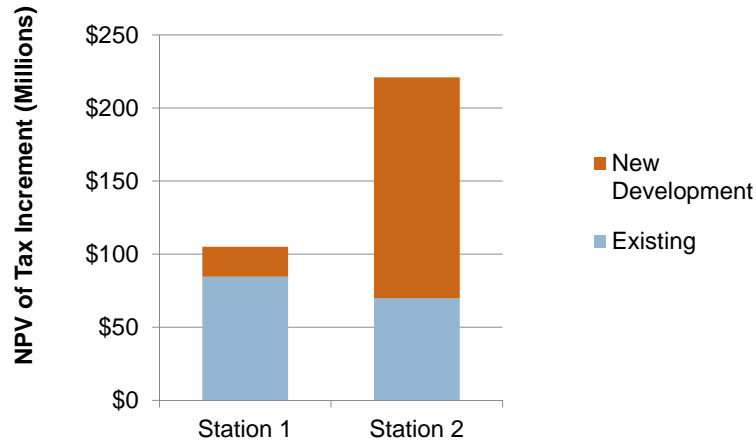
However...

- The value generated by transit varies according to many factors
 - Frequency of transit service
 - Transit connectivity
 - Real estate market conditions
 - Land uses in the station area
 - Land use regulations
 - Ease of access to stations (e.g., pedestrian connectivity, parking, etc.)
 - Disincentives to driving (congestion, high gas prices)
- Impacts can also be difficult to predict
- Some property owners may not realize benefits immediately

Key Factors Influencing Value Capture Strategies for Transit

- Market strength/development potential
- State enabling legislation
- Jurisdictional or district boundaries
- Political/stakeholder support
- Availability of financing tools to help pay for up front investments

The Greatest Value is Created Where There is a Strong Market AND Major Development Opportunities



Different Transit Corridor Types Have Different "Track Records" with Value Creation and Capture

	District Circulator	Destination Connector	Commuter
Typical Length	2 -3 Miles	6-10 Miles	More than 20 Miles
Typical # of Jurisdictions	1	Varies	More than 2
Typical # Activity Centers	1	2 or More	One
Typical Market	Often downtowns, sometimes very strong	Varies	Varies, usually one economic driver

Strong VC Track Record

Moderate VC Track Record

Weak VC Track Record

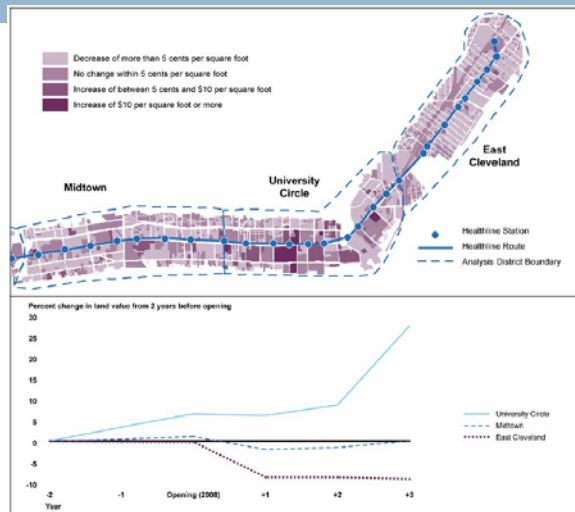
Evidence Shows that BRT Corridors Also Create Value

- Pittsburgh, PA: A single-family home within 100 ft. of a station is worth \$9,745 more than a house that is a 1,000 ft away, all else equal (Perk and Catala)
- Eugene, OR: Between 2004 and 2010, the number of jobs within 0.25 miles of the EmX BRT line grew by 10%, while jobs in the metro area declined by 5% (Nelson et al.)



The EmX BRT line.
Source: Lane Transit District, <http://www.ltd.org/>

But, These Value Increases Are Greatest When There Has Been Other Investment Complimenting the BRT

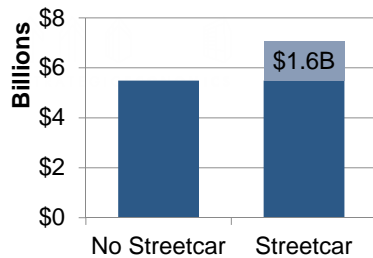


Source: U.S. Government Accountability Office, "Bus Rapid Transit: Projects Improve Transit Service and Can Contribute to Economic Development," July 2012, GAO analysis of Cuyahoga County Office of the Fiscal Officer Information

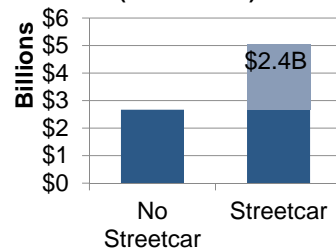
Streetcars Have Multiple Benefits/Beneficiaries in Compact Areas

- Property value increase
- Retail sales increases
- Hotel Occupancy increases

Estimated 2035 Property Values in 3 Block Area with and without Streetcar (2013 dollars)



Projected Cumulative Growth in Retail Sales in 3 Block Area with and without Streetcar, 2013-2035 (2013 dollars)



Source: Strategic Economics, 2013

Final Thoughts

- Value capture tools are not a silver bullet, but can be one important source of revenue for projects
- Financing tools are needed to pay for up front improvements
- Value capture strategies are more likely to be successful in strong market areas
- Important to be aware of competing interests and needs
- Scale and geography are important considerations