

# MARYLAND PARKWAY CORRIDOR



## TRANSIT-ORIENTED DEVELOPMENT

### Value Capture Toolkit

*September 1, 2020*



In association with: MIG, Inc. | Economic & Planning Systems





# TABLE OF CONTENTS

- 1. Introduction ..... 3
  - » What is Value Capture? .....4
  - » Key Questions to Answer .....9
- 2. Value Capture Tools .....11
  - » Developer Contributions ..... 12
  - » Taxes, Assessments, and Fees..... 16
  - » Monetization of Public Land.....24
  - » Monetization of Private Assets..... 30
- 3. Value Capture Tool Evaluation Framework ..... 39
- 4. Analysis of Value Capture Tools for the Maryland Parkway Corridor ..... 45
  - » Answers to Key Questions ..... 46
- 5. Summary and Recommendations for Next Steps ..... 51
  - » Implementing Value Capture .....52
- 6. Appendix ..... 55



*Figure 1: This figure shows an example of transit-oriented development—vibrant, high-density residential development with wide sidewalks, street trees, and other amenities, and close and easy access to public transit.*

# 1

## INTRODUCTION

### MARYLAND PARKWAY CORRIDOR TRANSIT STUDY BACKGROUND

The Maryland Parkway Corridor Transit Oriented Development (TOD) Plan is a collaborative endeavor between the Regional Transportation Commission of Southern Nevada (RTC), the City of Las Vegas, Clark County, stakeholders, and community members to improve transportation and spur TOD (see Figure 1 on left page) along the Maryland Parkway Corridor. Based on extensive input from local stakeholders and multi-agency technical groups, the resulting Plan will identify priority locations for TOD, preferred types of development and characteristics, as well as implementation actions and tools to guide investment along the Corridor. This value capture toolkit is one such tool to guide investment in the Corridor.

### GOALS

Participants in the Maryland Parkway TOD plan described many aspirations for the future of the Maryland Parkway Corridor. In considering results from the range of engagement activities, several commonalities emerged. Below are five outcomes for which to strive for through planning and investment, which will help guide the value capture tool evaluation and selection process:

- Significant Mode Shift to Transit
- Easy, High Quality Transit and Destination Experience
- Diverse Housing Options
- Safe, Comfortable Environment
- Quality Development



## WHAT IS VALUE CAPTURE?



Government **invests** in



**infrastructure** which improves  
the performance of the  
**transportation** system



and raises nearby  
**land values.**

Figure 2: Investment in transportation infrastructure increases property value. (Source: Adapted from National Academies of Sciences, Engineering, and Medicine 2018. *Guidebook to Funding Transportation Through Land Value Return and Recycling*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/25110>)

Our transportation thoroughfares (streets, highways, transit lines, bike paths, sidewalks, and multi-use paths, etc.) are the most common forms of public space. Not only do they shape our cities, empower our economies, and make public space inviting (or the opposite), they also provide access to people, places, and property. New transportation infrastructure projects, like roads and transit systems, further improve access to property and can add significant increases to property values (see Figure 2).

However, as the value of real estate increases from transportation investments, most governments do not have systems in place to benefit from the value they deliver in neighborhoods (see Figure 3). And in fast-growth markets, neighborhoods are at risk of becoming unaffordable for current residents. This raises three important questions:

1. **As public space is planned, prioritized, and improved, and property values begin to rise, how can some of that increased property value be captured and reinvested into the community?**
2. **How do we do this in a way that sustains the operations of public transit that catalyzed value creation?**
3. **And how can we capture and distribute a portion of this new value—in real estate, local business, jobs, and more—in a manner that benefits local residents?**

The answers to all of these questions can be provided by the proper implementation of value capture tools.<sup>1</sup>

Two similar properties are in different neighborhoods that are five miles from a city. A new **BRT line** that leads directly to the business district is built near Property A.



When value capture principles are applied, a portion of Property A's increased value is returned to the government.

Figure 3: Property with better transit access provides higher increases in land values than equally situated properties without similar accessibility. (Adapted from National Academies of Sciences, Engineering, and Medicine 2018. *Guidebook to Funding Transportation Through Land Value Return and Recycling*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/25110>)

## VALUE CAPTURE AND THE INFRASTRUCTURE FUNDING CHALLENGE

Paying for improved access from transportation is often very expensive. It has been well documented that the Federal Highway Trust Fund—the primary funding vehicle for federal investment in transportation infrastructure—has declined significantly in real dollars and has led to the inability of the federal government to keep pace with the need for investment in transportation.

Nevada has responded to this situation by increasing state and local transportation revenues from the indexation of the gas tax to inflation. However, the Nevada Constitution prevents gas tax funds from being used for mass transit projects. As such, southern Nevada, and much of the rest of the country, has not been able to rely on traditional funding sources at the federal, state, or local level to build and maintain transit infrastructure. However, as we will see from this toolkit, value capture funding and financing tools can help fill transit funding gaps so that needed projects can go forward and provide for viable alternatives to single-occupant vehicle travel (significant mode shift to transit). And, if implemented properly, value capture tools can simultaneously help achieve other desired outcomes such as:

- Housing choices for all income levels (diverse housing options)
- Improved streetscapes and walkability (safe, comfortable environment)
- Environmental sustainability and placemaking (high-quality transit and destination connections)
- Revitalization of economically distressed Corridors (quality development)

All of these outcomes correspond well with the goals that stakeholders set for the Maryland Parkway TOD study.

---

<sup>1</sup>Value Capture in the Civic Commons, 2018.

## CURRENT FUNDING MODEL VERSUS VALUE CAPTURE FUNDING MODEL

As mentioned previously, federal, local, and state governments don't have the money to build their planned transportation programs. Land value created by transportation investments that improve performance is largely overlooked as a means of generating funding for such investments. Traditional property taxes return only about 1% of the land value created by public infrastructure investment.<sup>2</sup>

The basic concept behind land value capture, as opposed to the current system of funding transportation, is that providing public transportation infrastructure creates value, and those who receive that value should return a portion of that value to the public sector to compensate for the costs incurred to provide the public goods and services.

Figure 4 demonstrates this concept that those who benefit from the transportation value should return an equal portion of the value created from it, which is also known as the "Beneficiary Pays Principle." The left side of the figure shows the current system where the government, which pays for all the cost of transportation investments, only receives a marginal return on its investment, and the adjacent property owners capture the majority of the monetary benefits resulting from that investment. The right side of Figure 4 demonstrates the Beneficiary Pays Principle, where the government and the adjacent property owners jointly pay for the transportation investment and equally benefit from the increased land value created.

Stated another way, value capture is the public recovery of a portion of the increased land value created as a result of public-sector investment in infrastructure. Under the right circumstances, this may allow practitioners to help close funding gaps and accelerate project delivery, as well as provide other real-estate-related benefits.<sup>3</sup>

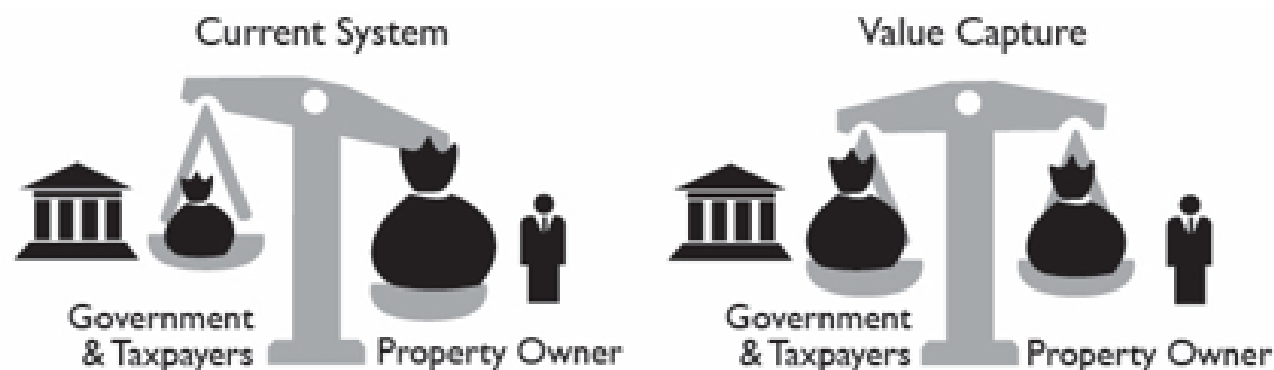


Figure 4: The figure to the left demonstrates the current system of transportation funding with its subsequent disproportionate benefits to property owners compared to those who paid for the transportation. This is contrasted with the figure on the right that shows the value capture system of more balanced funding and equal benefit to property owners and those who paid for the transportation.

<sup>2</sup>National Academies of Sciences, Engineering, and Medicine 2016. Guide to Value Capture Financing for Public Transportation Projects. Washington, DC: The National Academies Press. <https://doi.org/10.17226/23682>.

<sup>3</sup>FHWA Value Capture Manual, 2019.

<sup>4</sup>Federal-aid Fund Management Tools, Federal Highway Administration, Center for Innovative Finance Support, [https://www.fhwa.dot.gov/ipd/finance/tools\\_programs/federal\\_aid/](https://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_aid/)

<sup>5</sup>FHWA Value Capture Manual pg. 3 exec summary

<sup>6</sup>TCRP Report 190.

<sup>7</sup>Bus Rapid Transit and Transit Oriented Development, Allen and Bongirone, April 2008.

<sup>8</sup><http://www.riderta.com/healthline/about>



## KEY PRINCIPLES OF VALUE CAPTURE

When public agencies consider pursuing value capture as a form of public infrastructure funding, there are key principles to keep in mind that are based on the experience of those jurisdictions that have implemented them. These key principles are as follows:

1. Early partnership of private and public developers, local government, and transit agencies is critical for success. When included in the first phases of project planning and throughout the project delivery process, value capture can be a planning and policy lever to align public and private objectives.
2. Careful and purposeful integration of transportation planning and land use planning is necessary for successful outputs. Development, in this case TOD, then supports transit.
3. Value capture is not a replacement for traditional funding sources for transportation. It is only a complement to, instead of a replacement for, the traditional funding sources of federal, state, and local funds, farebox revenues, and tolls.<sup>4</sup>
4. A strong value capture business case is an equitable distribution of costs and risks among both public and private participants.
5. The value capture business case should consider the need of investors and developers to meet profitability, financing, and timing thresholds. Public and private benefits and costs should appropriately balance return and risk for each party to make value capture investment feasible.<sup>5</sup>
6. The cornerstone of successful value capture implementation is the clear identification of the broader economic opportunity associated with (1) transit projects, and (2) embracing a value capture strategy that optimizes benefits both for public and private partners.<sup>6</sup>

This last key principle of value capture emphasizes the need to demonstrate to landowners and developers that there is a clear economic benefit that will accrue to them if they participate in the funding of a project that will clearly raise their property value. But what can a community do if the business case value of the transit project is not perceived as strong, attractive, or readily apparent? One case study indicates that if a strong value capture business case is not provided from either the transit investment itself or the basic underlying characteristics of the real estate market in and around the Focus Areas, then external incentives need to be infused to strengthen the business case for value capture. Such was the case in the weak real-estate market in Cleveland, Ohio, when the Greater Cleveland Regional Transit Authority (RTA) embarked on using The Health Line, a Bus Rapid Transit project, to revitalize the Euclid Avenue Corridor that connected a number of key hospitals and medical centers to downtown Cleveland.

The City of Cleveland and the RTA worked with developers to implement a number of different incentives to spur development up and down the Corridor, including the implementation of a TIF District, property tax abatements, and historical tax credits.<sup>7</sup> By 2018, the RTA estimated that the Health Line brought 9.5 billion dollars of economic development to the Euclid Corridor.<sup>8</sup>

Other TOD-related incentives that have been successfully used to improve the prospects for TOD in weak real-estate markets include the following:

- Discounted or free land
- Expedited entitlements
- Waiver of development fees
- Subsidies such as cash, lease guarantees, prepaid infrastructure, utilities, parking, discounted loans, etc.



Figure 5: High-density development is seen behind a Health Line transit station along the Euclid Corridor in Cleveland, Ohio.

## BENEFITS OF VALUE CAPTURE

The primary reason jurisdictions pursue value capture is to secure project funding so that transportation projects can be accelerated. Value capture is rapidly becoming much more of a traditional funding source, however. For example, the Chicago Metropolitan Agency for Planning (CMAP) began evaluating land value return for major capital projects as part of its Go To 2040 long-range plan after it realized the potential number of additional projects that could be funded while keeping within the same financial constraints. Also, several state Departments of Transportation now are turning to value capture forms of funding as part of their standard funding processes.<sup>9</sup>

But value capture can be much more than a way of achieving project funding. Value capture also presents an opportunity to meet public policy objectives. Because communities like sharing the costs along with the benefits, projects funded by value capture may more likely meet community goals and advance equity, sustainability, and quality. Value capture facilitates projects that are tailored to maximize community benefits. Selecting a value capture strategy that meets community values and policy objectives can result in a way forward to implement a coherent vision for transportation, mobility, and land use. As the case studies in Section Two will illustrate, there are many policy and community benefits tied to implementation of value capture tools. A brief summary of those benefits is summarized on the right.

1. Value capture can encourage community members to become more involved in a project because it requires engaging diverse stakeholders and bringing them together around a common goal of maximizing a transit project's value. This support can then often be leveraged to gain the political support to move forward with a value capture funding tool that is then used to obtain needed funds.
2. Value capture helps to integrate the land-use planning and transportation planning processes. Value capture tools such as Special Assessment Districts, Tax Increment Financing, and Joint Development are strongly associated with TOD.
3. Value capture can promote smarter land use by minimizing developer speculation. If developers know they are being assessed a fee for the benefit of being located next to a significantly improved transportation system, the uncertainty about the expected payoff from a development project is reduced thereby promoting envisioned development. It is also important to note that land speculators are simply taking advantage of a system that allows publicly created land values to accrue as windfalls to private owners (see Figure 4). The solution is to change the system. Land value capture, by returning publicly created land values to the public sector, removes the fuel for land speculation.
4. Value capture can advance social equity, sustainability, and quality of life objectives. Revenues collected through value capture are sometimes used to fund related infrastructure, affordable housing, community service facilities, or to revitalize distressed neighborhoods (see the case studies on Portland Streetcar, Cleveland Healthline BRT, and Denver TOD Fund)
5. By involving communities, value capture can also create opportunities for open space and recreational facilities, streetscapes or environmentally sustainable designs, reconnection of divided neighborhoods, business districts and parks, and other improvements to quality of life and economic development.



Figure 6: TOD is often the result of the successful implementation of the value capture process.

<sup>9</sup>Guidebook to Funding Transportation Through Land Value Return and Recycling

## KEY QUESTIONS TO ANSWER

The key questions that this toolkit will answer are as follows:

***“Can value capture tools be readily applied to the Maryland Parkway BRT project to achieve the goals of the TOD Study?”***

If the answer is yes, then the next question is:

***“Where in the Clark County portion of the Maryland Parkway Corridor can value capture tools be successfully applied (blocks, specific Focus Areas, districts, jurisdiction, entire Corridor)?”***

Followed by:

***“Which value capture tools are most likely to be successful in Clark County to meet the goals of the Maryland Parkway High Capacity Project as stated in the introduction?”***

This exercise needs to be done in the context of the legal, institutional, political, regulatory, and market environment unique to Clark County. We also need to incorporate the analysis of the unique property ownership, Focus Area markets, and economic (Re)development opportunities of the Corridor as well as the institutional capacities of not just Clark County but also the RTC.

To help answer these questions, an analysis of what types of public policies that different value capture techniques support will be required. For example, if an equitable financing approach is a desired policy outcome, then the Beneficiary Pays model from a Special Assessment District may work best. If social policies such as the provision of affordable housing are desired, then joint development agreements, establishment of a community land trust, and/or a new redevelopment district where a portion of the increment of the new property tax generated by development is dedicated to incentivizing affordable housing may work best.

The next section will discuss the universe of tried and true value capture tools as implemented by municipalities and transit agencies from around the country. We will also briefly highlight some emerging value capture tools for further consideration. The last section will conclude with answers to the key questions stated above and recommendations for how to take the next steps in implementation of the selected tools.

(this page intentionally left blank)

# 2

## VALUE CAPTURE TOOLS

In this section, we will provide an overview of existing value capture tools and put them into the following categories:

- Developer Contributions
- Special Taxes or Fees
- Monetization of Public Lands
- Monetization of Private Lands

We will then outline the benefits and drawbacks of each tool, and also identify best practices/case studies that are applicable for each tool to Clark County's implementation context. Finally, we will provide a brief summary of the following key evaluation criteria (the key criteria will be explained in more detail in Section 3 for each value capture tool):

- Legality to use tool in Nevada
- Ease of implementation
- Revenue considerations
- Stakeholder support
- Jurisdiction implementation capacity
- Fit of tool to the Maryland Parkway Corridor context and goals



# DEVELOPER CONTRIBUTIONS

## IMPACT FEES

Impact fees are charges imposed on developers by municipalities to help fund additional public services, infrastructure, or transportation facilities required due to the new development.

### Use of Impact Fees for Transit

Impact fees are frequently used to fund transit projects in Texas, California, Oregon, and Florida. In these states, impact fees are used for both capital and operations and maintenance. Impact fees traditionally have produced small amounts of revenue when compared to the large capital and operations and maintenance costs required of high-capacity transit systems.

### Benefits of Impact Fees

- Because impact fees do not directly affect existing taxpayers, they are less likely to create public resistance. Impact fees may be appropriate in jurisdictions in which taxpayers oppose property tax increases on current residents to pay for new infrastructure.
- Impact fees are economically efficient, relatively easy to implement, and create little public resistance. Because they are collected up front, public agencies can access these funds earlier than with incremental tax charges or property tax revenues.
- Although impact fees may not fully

offset new infrastructure costs, they directly link those paying for and those receiving benefits, promoting economic efficiency and equity.

- Without impact fees, municipalities may not be able to make the required investments in infrastructure to accommodate growth.
- Because impact fees are applied similarly across all new developments within a jurisdiction, they help create a level playing field and predictability and certainty for the developer.

### Drawbacks of Impact Fees

- Impact fees are unlikely to fund the entire cost of the infrastructure or service required. In addition, it can be challenging to estimate the incremental cost impact of a new development. Impact fees also sometimes face resistance from developers and landowners.
- The public may not be aware of the benefits and challenges of impact fees, including by whom they are paid and for what they are intended, and they could be perceived as a new tax.
- Impact fees could discourage development by raising the cost. This could result in developers moving their projects—and the accompanying job growth and development—to jurisdictions that do not have an equivalent impact fee.

### Legal in Nevada?

It's complicated. Nevada Revised Statutes (NRS) Chapter 278b indicates that "streets, including all their appurtenances, traffic signals and incidentals necessary for any such facilities" are an allowable use for impact fees in Nevada, which would include many of the elements of the Maryland Parkway Bus Rapid Transit (BRT) project, but use for transit systems is not specifically authorized. NRS 278b 160.1 specifies that "a local government may by ordinance impose an impact fee in a service area to pay the cost of constructing a capital improvement or facility expansion necessitated by and attributable to new development." Thus, it is the new development that requires the transportation project, which is not the case for the Maryland Parkway BRT project. The lack of a specific authorization for impact fees to be used for a mass-transit project, coupled with the requirement that the impact fee needs to be necessitated by new development may likely preclude the implementation of impact fees in Clark County. New authorizing legislation would likely be required if use of impact fees is desired.

However, NRS 278.710 authorized Clark County to impose a "Development Tax" on all new residential, commercial and industrial developments throughout all jurisdictions within Clark County. Although Clark County exclusively uses this source of revenue for the Bruce Woodbury 215 Beltway, it is clear this impact fee can be used for the roadway elements of any eligible roadway. This legislation, which applies only

to Clark County specifically, authorizes the county to expend this source of funds on any roadway project if there is an interlocal agreement with the Regional Transportation Commission.

### **Ease of Implementation of Impact Fees**

Easy. As one-time, standardized charges included in the development process, impact fees typically have low implementation costs. Nevertheless, an implementing agency should possess a robust framework for estimating the costs of development on existing infrastructure and services. This may be easier for greenfield projects than for existing developments that create incremental cost impacts. This tool is difficult to use for large, complex infrastructure projects in an already built-up area. It might be possible to use this tool for upgrades to utilities that may be needed for higher

TOD densities along the Maryland Parkway Corridor.

### **Revenue Considerations**

Impact fees are typically used for capital expenses, although state law in Nevada does allow jurisdictions to use impact fees for maintenance, repair, or replacement of existing facilities. Impact fees are immediately distributed; however, they typically do not pay for a significant portion of a transit project as the development industry cannot bear that much of a major capital cost that often ranges in the hundreds of millions of dollars to the billions of dollars. Impact fees, similar to Clark County's 215 Beltway development tax, demonstrate a pattern of very wide fluctuation in annual revenue because they are driven by the level of development from year to year. As such, they are too unreliable for use as a primary

financing source for capital.

### **Stakeholder Support**

There is very little to no support for the imposition of impact fees for a BRT project. However, because impact fees do not directly affect existing taxpayers, they are less likely to create resistance from the general public.

### **Fit to Context and Typology**

Impact fees may be easier to justify in robust real estate markets. The high demand for student housing around UNLV may provide the best place along the Clark County portion of the Corridor where developers may be more willing to pay an additional levy to build a highly profitable development.

### **Institutional Capacity**

Clark County has extensive experience in administering impact fees.

## **Best Practice for Transit Implementation:**

### ***San Francisco, CA, Transportation Sustainability Fee***

The transportation sustainability fee is a citywide impact fee that addresses impacts by non-residential uses on the transit system. The fee has been in place since 1981 after a rise in office development in the 1970s increased the demand for transit. Although the transportation impact development fee was initially limited to funding growth in demand during peak hours and through the downtown, it was eventually applied to the entire city.

Revenue generated by the transportation sustainability fee is directed to the San Francisco Municipal Transportation Agency (SFMTA) and can be used to fund transit capital and operating expenses imposed by new developments. The fee is assessed in proportion to the size of the new development, with residential, non-residential, and production distribution paying \$7.74, \$18.04, and \$7.61 per square foot, respectively.

The transportation sustainability fee represents a small component of SFMTA's revenues and can be an unreliable funding source given year-to-year fluctuations. Nevertheless, the fee provides an important additional revenue stream. The transportation sustainability fee is projected to add \$14 million per year, or \$1.2 billion over 30 years.



Figure 7: San Francisco's world-famous cable car is partially subsidized by their "Sustainability Impact Fee": Image Source MUNI website

<sup>10</sup>FHWA, *Value Capture Implementation Manual*, 2019.

## EXACTIONS

Exactions and proffers are one-time, negotiated requirements placed on a private developer to provide in-kind services, property, or payment as a condition for development approval where existing infrastructure, including transportation, lacks the capacity to accommodate new development.

Exactions differ from development impact fees, which are cash payments determined by a legislated formula. They can take the form of private provision of land, or construction of transportation, or other infrastructure facilities. Exactions are intended to cover costs that would otherwise be incurred by the public sector in providing needed infrastructure to serve new development. Exactions are applied very locally to site-specific improvements and are negotiated on a case-by-case basis. The legal requirements for exactions and proffers are very similar to those required for development impact fees in that the exaction or proffer must be related to and proportional to the infrastructure requirements created by the proposed development. Agencies may consider negotiated exactions when a new development creates demands on existing infrastructure or municipal services.

### Use of Exactions for Mass Transit

Most of the jurisdictions in southern Nevada have used the exaction process for decades to obtain right of way and capital from developers to construct bus turnouts for the RTC's bus system. Other jurisdictions have obtained significant amounts from developers in exchange for connection rights

to rail transit—please see the best practice example in the below section.

### Benefits of Exactions

- Because exactions do not directly affect existing taxpayers, they are less likely to create public resistance.
- Exactions are relatively easy to implement. Because they are collected up front, public agencies can access these funds/infrastructures earlier than with incremental tax charges or property tax revenues.
- Although exactions may not fully offset new infrastructure costs, they directly link those paying for and those receiving benefits, promoting economic efficiency and equity.
- Without exactions, municipalities may not be able to make the required investments in infrastructure to accommodate growth.

### Drawbacks of Exactions

- Exactions are unlikely to fund the entire cost of the infrastructure or service required. In addition, it can be challenging to estimate the incremental cost impact of a new development.
- Exactions can also face resistance from developers and landowners.
- The public is generally unaware of the existence of exactions including by whom they are paid and for what they are intended.

- There is always the potential legal concern that exactions could be considered so onerous that they become a public taking of private property.

### Legal in Nevada?

Yes, NRS 278—Planning & Zoning Chapter. This chapter specifically authorizes local governments to enter into development agreements with private parties and to grant developers development privileges in accordance with the exercise of statutorily granted zoning powers. Clark County Code outlines an exactions process referred to as “Development Agreements” which is defined in Title 30.08 of County code and applies to “High Impact Projects.” The “Development Agreement” process is spelled out in Table 30.16-20 of the code.

### Ease of Implementation of Exactions

Similar to impact fees, exactions are essential one-time, standardized charges/in-kind services included in the development process. Exactions typically have low implementation costs. Nevertheless, an implementing agency should possess a robust framework for estimating the costs of development on existing infrastructure and services and have staff skilled in negotiations with developers. This may be easier for greenfield projects than for existing developments that create incremental cost impacts. This tool is difficult to use for large, complex infrastructure projects in an already built-up area. It might be possible to use this tool for upgrades to utilities that may be needed for higher densities in the Maryland Parkway Corridor.

## Revenue Considerations of Exactions

Revenue generation is relatively low for exactions, but it depends on the size, scope, and scale of the project. Revenue can be cash or in-kind goods. Contribution or payment is made one time, not on a recurring basis. As such, exactions are limited to capital contributions only. Exactions are a funding source and cannot be used for financing. Exactions are also dependent on the rate of development and demonstrate a very high fluctuation from year to year.

## Stakeholder Support for Exactions

Based on developer and stakeholder interviews, there is very little to no support for the use of exactions for a BRT project. However, because exactions do not directly affect existing taxpayers, they are less likely to create resistance from the general public.

## Fit to Context and Typology

Exactions from developers may be easier to obtain in hot real-estate markets. The area around UNLV may be the best place along the Corridor where developers may be more willing to pay for infrastructure to build a highly profitable development.

## Institutional Capacity

Clark County has extensive experience in the use of exactions.

## Best Practice of Transit Implementation of Exactions:

### *Boston, MA*

The Brighton neighborhood in western Boston is the site of the 15.48-acre Boston Landing at Allston/Brighton (Boston Landing) development. Boston Landing is a mixed-use development adjacent to the existing New Balance world headquarters building. The site is being developed by NB Development Group, a subsidiary of New Balance. The estimated \$500 million Boston Landing project includes a \$25 million commuter rail stop that is primarily funded and built by New Balance as part of the Exaction process (see Figure 8 below). An additional \$8 million of track and signal work will be funded by the Massachusetts Department of Transportation. The station will be on the MBTA's east-west Framingham/Worcester Commuter Rail Line. New Balance has also agreed to contribute \$47,000 per year for 10 years for costs incurred by the MBTA for station maintenance, repairs, and replacements. Interestingly enough, the Boston Landing development utilizes two value capture mechanisms: negotiated exaction and naming rights.<sup>11</sup>



*Figure 8: New Balance Corporation paid \$25 million dollars to construct a new commuter rail station as seen in this rendering to be integrated into the overall Boston Landing development.*

<sup>11</sup>Guide to Value Capture Financing for Public Transportation Projects, Page, Bishop & Wong, 2016.



## TAXES, ASSESSMENTS, AND FEES

### TRANSPORTATION UTILITY FEE (TUF)

Fees paid by property owners or building occupants to a municipality based on their estimated use of the transportation system. TUFs treat the transportation system like a utility, charging property owners or occupants for their share of transportation costs based on system use.

TUFs are paid on an ongoing basis, often monthly. They are imposed on an entire area and continue in perpetuity. Fees are typically determined by the land use of the property, the number of parking spaces, square footage, or gross floor area of all buildings in the area.

TUFs are based on the cost principle, which is those who impose costs on the transportation system should compensate the public for those costs, and that if users are not responsible for paying their fair share, overuse and inefficiencies in the system result. It is precisely these inefficiencies that are applied currently by using gasoline taxes, property taxes and sales taxes to pay for roadway maintenance.

#### Benefits of TUFs

- TUFs are more equitable and efficient than a property tax or a sales tax. With a property tax, a percentage of road users do not pay due to tax-exempt status, while every local traffic generator contributes to supporting the road system through TUFs.

- TUFs advance economic efficiency by linking the cost of maintaining transportation with the derived benefits.
- When the TUF is combined with other utility bills, the jurisdiction can easily discontinue water and other utility services for failure to pay the full utility bill, which is a very effective enforcement mechanism.
- TUFs works well in any real-estate market.

#### Drawbacks of TUF

- TUFs require broad stakeholder acceptance of the methodology for pricing and assessing fees. In cases where stakeholders have challenged the pricing methodology, the fees have had to be eliminated.
- TUFs may be subject to political resistance because they are perceived as a new or an additional tax.
- Because the TUF fee often places group land-use codes into broad categories, inequities can arise in fee categories.
- Other institutions such as not-for-profits, schools, etc. may try to be exempted from the fees. If imposed only within a benefit area, transportation utility fees may discourage location in the area near the transportation facility.

#### Legal in Nevada?

No. Perceived likelihood of legislative authorization is also low because Transportation Utility Fees are considered a tax and would require a super majority vote of the Nevada legislature, as well as a signature from the Governor, to be approved.

#### Feasibility/Ease of Administration Difficult

When existing billing systems are used, local governments theoretically incur no additional costs beyond initial costs associated with classifying land uses and, in some cases, establishing accounts for properties that do not yet receive services. Experience shows, however, that local governments still suffer an administrative burden from the TUF.

#### Revenue Considerations

Revenue generated from a TUF is considered to be low as they are designed specifically to provide for ongoing maintenance of roads or as an operational subsidy for transit systems—see the case study for Corvallis, Oregon. Residents and businesses in the TUF district make monthly payments, usually as part of their utility bills.



## Stakeholder Support

TUF is difficult to understand as a new concept and would take a very high level of public and stakeholder outreach for the general public to understand, trust, and support it. TUFs are often perceived as an additional tax and so are rather unpopular.

## Institutional Capacity

It seems likely that Clark County staff have little to no experience in administering such a program.

## Tool Fits Maryland Parkway Corridor Context and TOD Typology

This tool is seldom used for public transit but is more frequently used for financing roadway maintenance. This is because the concept that virtually everyone benefits from use of the roads, so everyone should pay to have that benefit is perceived as equitable. However, if Clark County were to create a TUF district along the Maryland Parkway Corridor, and require all residents and businesses along the Corridor to pay a separate fee for transit, whether or not they actually use the transit, such a policy may be perceived as highly inequitable. This would be true especially if fares continue to

be charged for users of the transit system. Unless the transit project is perceived to offer a very high benefit to those in close proximity to it, a TUF fee would not fit the scale of the transit well. TUF has a better fit for application throughout an entire jurisdiction rather than in a specific Corridor or portion of a Corridor. However, if applied to an entire jurisdiction, a TUF fee that bundled together roadway, transit, sidewalk, bike lane, and landscaping maintenance together would result in a more efficient and more equitable source of funding than gas taxes, property taxes or sales taxes.

## Best Practice of TUF in Transit Application:

### Corvallis, OR

In 2011, Corvallis, OR, passed a transit operations fee that was imposed on all 56,425 city residents. This ordinance, which narrowly passed with a 5-4 vote, started out as a recommendation from a community sustainability task force to make the Corvallis Transit System (CTS) completely fare free for all users. The city still needed to somehow replace the revenue from the transit farebox, so they proposed to impose a monthly transit utility fee (TUF) of \$2.75 on all utility users in the City of Corvallis.

The ordinance did three things: (1) It eliminated fares systemwide on CTS, (2) it ended the property tax subsidy of CTS from the City of Corvallis's general fund, and (3) it added additional funds to expand the CTS route network. The TUF is generating an annual surplus of \$72,000 compared to the former property tax subsidy. The result has been an astounding 71% increase in ridership on the CTS. Of note, Corvallis, OR, uses the TUF proceeds to improve and maintain sidewalks and street trees as well as the street that the buses run on.<sup>12</sup>



Figure 9: Corvallis Transit System buses are fare free to all because of imposition of a Transit Utility Fee.

<sup>12</sup>Implementations and Outcomes of Fare Free Transit Systems, 2012, National Academies Press <https://www.nap.edu/read/22753/chapter/6>

## LAND VALUE TAXATION

A land value tax (LVT) is where a higher tax rate is imposed on land than on buildings. This is also known as a split rate property tax. By shifting the property tax from the value of improvements to the value of the land, property tax payments are in proportion with benefits from public investments.

Under the typical property tax regime in the United States, property owners pay a tax that is tied to the total value of land and improvements on each piece of property. Investments in civic assets often increase nearby land value. LVTs would allow municipalities to capture a portion of the value of positive spillover effects and inject it back into the public spaces that boost land values. They are a way to redistribute a portion of land value from individual property owners to the civic assets that boost land value.<sup>13</sup>

Under the current conventional property tax assessment method in Clark County, investing in a property causes its assessed value and property tax level to rise, where such taxes on improvements can discourage investment. This system also creates very low holding costs for vacant land, which encourages land speculation. If a lot is unimproved or is kept for a low-value use like site storage or parking, the owner may pay little in property taxes. Speculative real

estate developers may purchase vacant, underdeveloped land in hopes that a surge in nearby development will increase the value of their property. LVTs discourage this type of speculative land holding by requiring property owners to pay a significant tax regardless of how well or poorly the land is used.<sup>14</sup>

### Application to Transit

A land value tax has a significant place in the literature for value capture funding for transportation, yet there are no extant examples of property tax revenue actually being used to fund mass transit. While it is true that a land value tax was implemented in several cities in Pennsylvania for many decades during the 20th century, those tax revenues were used for city general fund budgets, which may have included transit in some cities such as Harrisburg or Scranton, PA, but there is no mention of it in the literature. Certainly, there is great potential to equitably fund transit and other municipal activities from a land value tax, but actual implementation has not found a wide foothold in the United States.

### Benefits of LVTs

- Taxing land at a higher rate than property is more economically efficient and equitable than taxing

land at a lower rate than buildings.

- LVTs encourage investment and development.
- By returning the publicly created land value to the public sector, a land value tax removes incentive for land speculation.

### Drawbacks of LVTs

- LVTs are often misunderstood and require significant outreach and education to implement.
- Because of their limited use to date, implementation costs may be high.
- Public opposition has meant for very limited applications of LVTs nationwide.
- It is difficult to separate the value of the land from the value of land improvements.
- LVTs can result in significant changes in property tax liabilities for some property owners; it may be beneficial to phase in land value taxes over time. A phase-in period enables property owners to adjust their investment decisions to the new incentives.

<sup>13</sup>Ozimek, Adam. *The Problem With 100% Land Value Taxes*. March 2015. <https://www.forbes.com/sites/modeledbehavior/2015/03/29/the-problem-with-100-land-value-taxes/#555b0b165349>

<sup>14</sup>*Value Capture in the Commons*, 2019.

<sup>15</sup><https://www.apta.com/wp-content/uploads/Resources/resources/reportsandpublications/Documents/APTA-Value-Capture-2015.pdf>

<sup>16</sup>Bradley, Bill. *Why Don't More Cities Tax Based on Value of Land Rather Than What You Put On It?*. Next City. August 2013. <https://nextcity.org/daily/entry/cities-split-rate-property-taxes-value-capture-land-value-Innovation-lab>

<sup>17</sup>*Land Value Tax Policy in Harrisburg, PA, U.S., Density Policy*. <https://blogs.ubc.ca/rosenluo/2013/04/08/land-value-tax-policy-in-harrisburg-pa-u-s-density-policy/>

## Legal in Nevada?

No. To implement LVTs in Nevada new, authorizing legislation is required. Since LVTs would be a new tax, 2/3 of both houses of the Nevada legislature, and the Governor of Nevada, would need to approve them.

## Feasibility/Ease of Administration

The experience of the Pennsylvania cities demonstrates that LVTs are difficult to set up and administer at first. Once set up and appeals are dealt with etc., the normal land assessment and taxation process will adjust.

## Revenue Generation High

Revenue generation is high, and because it is a property tax, the revenue source is perpetual, very reliable, and can be used to finance bonds. It can be used for both capital and operations and maintenance.

## Stakeholder Support

Despite their equity and efficiency, LVTs have proven to be a highly controversial issue in their implementation in other states and municipalities. Private landowners of existing properties would likely be opposed to such a policy change.

## Institutional Capacity

It is likely that no Clark County staff have any experience in implementation of LVTs.

## Match to Clark County Maryland Parkway Context

Clark County has several vacant parcels and a few vacant buildings along northern portion of the Maryland Parkway Corridor, and general underinvestment in much of the rest of the Corridor so LVTs are a good match to the Clark County context.

Section 2: Value Capture Tools

## Best Practice Example:

### *Pennsylvania Cities*

Pennsylvania state law authorizes cities to tax land value at a higher rate than structures or improvements. Pittsburgh, Harrisburg, and Scranton were the only large cities to enact the land value tax, and did so in 1914. In the late 1970s and 1980s, Pittsburgh increased its tax on land values to six times the rate of the city's tax on buildings. Office and residential development in Pittsburgh grew considerably in the 1980s, even as the city's steel industry was struggling. Development within the city was faster than in the suburbs, unlike much of the United States, which demonstrated the ability of the land value tax to discourage land speculation.<sup>15</sup> In 1995, a review of Pittsburgh's land value tax practice found that it produced significant revenues for the city while causing no harm to the local economy. Although the practice was successfully challenged in court by wealthy homeowners in Pittsburgh, it has continued to show promise in cities like Harrisburg.<sup>16</sup>

Between 1982 and 2010, Harrisburg witnessed several positive outcomes from its land value tax policy. The taxable value of properties increased from \$212 million to \$1.6 billion, the number of residential units in the city sharply increased, and vacant structures in the city fell by 80 percent.<sup>17</sup>

The land value tax revenues went to the City of Pittsburgh's general fund and did not fund transit. In Harrisburg, the revenues appear to have contributed to funding Harrisburg's transit system as well as the city's general fund.



Figure 10: Pittsburgh, PA used an LVT for almost a century.



Figure 11: Harrisburg, PA



Figure 12: A Harrisburg bus



## SPECIAL ASSESSMENT DISTRICTS

Special Assessment Districts (SAD)s are a funding technique under which a fee is charged on property owners within a designated district whose properties are the primary beneficiaries of an infrastructure improvement.

In Nevada, SADs apply an additional property tax assessment on all private land parcels within a defined geographic area in order to fund a specific public improvement project. Most states, including Nevada, require at least 50% or more of all property owners in the proposed assessment district to not oppose the additional tax.

SADs are often implemented in areas that are already economically stable but are looking to make additional investment in infrastructure—most often consisting of curbs, gutters, streetlights and sidewalks. But, in Nevada, according to NRS Chapter 271, they can also include roads, water and sewer systems, transit projects, streetscapes, landscaping, public parks, greenspaces, and other amenities.

### Benefits of SADs

- Equity: users pay for and users benefit from the transportation investment.
- Relatively easy to administer once created.
- Establishing a SAD may speed up the project's timeline because it is typically more efficient than waiting to assemble all the public funds needed.

- Municipalities sometimes offer zoning concessions that allow for increased density on properties within the SAD, which is an excellent incentive for TOD.
- SADs are commonly used throughout Clark County in forms such as Special Improvement Districts (SIDs) and Local Improvement Districts (LIDs) Note: Business Improvement Districts are not legal in Nevada, but businesses can impose costs on all willing participants.
- SADs are the most common form of value capture for transit projects nationwide.

### Drawbacks of SADs

- It is a new tax and can often result in significant opposition from property owners.
- Coordination between property valuations/schedules of different jurisdictions can be problematic.
- Coordination of large numbers of different property owners in urban areas is difficult.
- Requires extensive due process: public outreach, notifications, public hearings, and coordination to obtain landowner approval.
- Tends to exacerbate displacement of existing residents due to higher taxes.

## Use of SADs in Public Transit

SADs are considered the gold standard in transit value capture funding. One of the primary reasons SADs are so popular is that a SAD distributes a significant portion of the costs of the project to those (property owners close to the transit line) who benefit directly from the increase in property value the transit investment provides. The property owners themselves are frequently the ones who advocate for the SAD and other funding so they can benefit. The list of transit projects funded partly from SADs is impressive and diverse as seen in Table 1 to the right.

### Legal in Nevada?

Yes. NRS Chapter 271, and NRS 318 for SADs. NRS 271.369 specifically authorizes a transportation improvement district. NRS 271.237 defines a "Transportation Project" to mean "a project to provide local transportation for public use, and includes works, systems, and facilities for transporting persons, rolling stock, equipment, terminals, stations, platforms, and other facilities necessary, useful, or desirable for such a project, and all property, easements, rights-of-way and other rights or interest incidental to the project." This language clearly authorizes a mass-transit project as eligible for use of a SAD.

### Feasibility/Ease of Administration

It is relatively easy to incorporate additional special assessments into existing property tax billing processes; municipalities can use existing collection and enforcement processes to collect assessment fees, incurring little to no additional cost.

## Revenue Generation

Depending on the district context, a SAD can provide a high amount of revenue. SADs are designed to primarily pay for new capital projects by providing a very stable, low-risk source of financing to repay bonds over time, but they can also be used for paying as you go funding of capital projects. In Nevada, SADS are limited to capital only, but many other states authorize SAD use for operations and maintenance.

## Institutional Capacity

Staff in Clark County are very familiar with SADs having used them extensively, usually in the form of a special improvement district or a local improvement district, in a wide variety of locations throughout the county.

## Match of SADs to Clark County Context

SADs fit best in districts, neighborhoods, and corridors where there is a good real-estate market and characterized by a high-density urban typology with strong prospects of continued growth.<sup>19</sup> The linear layout of the Maryland Parkway Corridor within unincorporated Clark County does offer a

distinct geographical boundary for a SAD district, but it lacks the vibrant real estate market and high-density urban typology typically associated with successful SAD implementation. However, the consolidated land ownership of the Boulevard Mall does lend itself well to a SAD in that area. The market demand for student housing in and around UNLV may add potential for SAD implementation. Currently the growth prospects for the Corridor are not high, however. The Midtown Maryland Parkway Overlay District does provide some incentives that improve the case for SAD in Clark County.

## Stakeholder Support

The Environmental Assessment for the Maryland Parkway High Capacity Transit Project indicates there is much higher economic development potential and public support for Light Rail Transit (LRT) as opposed to Bus Rapid Transit (BRT).<sup>20</sup> SADs are successful only in the case of considerable public and private support for the proposed improvements. However, SAD may be a successful strategy to use to transition the BRT project to an LRT project seeing as several developers, and the public have expressed support for LRT, and that SAD has been such a successful source of local match financing and generation of community support for rail projects in other jurisdictions around the country.

SAD Funded Projects	Transit Type
Denver Union Station, Denver, CO	Transit Transfer Terminal
Tacoma, WA	Urban Streetcar
Lake Union, Seattle, WA	Urban Streetcar
Kansas City, MO	Urban Streetcar
Portland, OR	Urban Streetcar
Cincinnati, OH	Urban Streetcar
Detroit, MI	Urban Streetcar
Atlanta, GA	Urban Streetcar
Milwaukee, WI	Urban Streetcar
Los Angeles, CA	Urban Streetcar
Oklahoma City, OK	Urban Streetcar
Dallas, TX	Light Rail
Noma Station, Washington, D.C.	Heavy Rail
Red Line, Los Angeles, CA	Heavy Rail

Table 1





Figure 13: A rendering of the proposed LA Streetcar—the project is on track for completion in 2021.

## SADs Best Practice Example

### Los Angeles, CA, Streetcar

Since 2011, the City of Los Angeles, CA, and the LA Metro have worked on a streetcar system for downtown Los Angeles. The project consists of a 3.8-mile loop that will serve many downtown districts and destinations. The \$290 million project is expected to be funded through an \$85 million SAD, funds from the Los Angeles Department of Transportation, a grant from the State of California, and a \$100 million Federal Transit Administration Small Starts grant.

In December 2012, local businesses voted overwhelmingly in favor, by 72.9 percent, of a special tax assessment, officially called the “City of Los Angeles Community Facilities District No. 9” (Downtown Streetcar). Properties in the district will be taxed based on their proximity to the streetcar line and on their size. A 10,000 square-foot parcel directly on the route will pay \$4,490 annually, properties one or two blocks from the streetcar line will pay \$3,640, and properties three blocks away will pay \$1,730. Most property owners will pay less than \$100 a year, and the median property owner will pay \$60 annually.

This case highlights the importance of strong public outreach for the establishment of a tax district. LA Streetcar Inc., (Streetcar or LASI), a non-profit formed to promote the project, worked with property owners for more than four years. They held outreach events to educate potential voters prior to the 2012 vote organizing meetings, presentations, a “Taste of Streetcar” event, and a public screening of the project at a new local park. In August 2012, they launched a voter registration and streetcar education campaign related to the community facilities district. As a result of their efforts, the number of registered voters increased from 7,497 on May 21, 2012, to 10,283 on November 1, 2012—a 37.2 percent increase. The general counsel for LASI noted that “the more people knew and understood the streetcar and why it’s important for Downtown, the more strongly they supported the streetcar.”<sup>18</sup>

<sup>18</sup>FHWA Value Capture Implementation Manual, D’Angelo, Edun, Hovey, Ladley, & Page, 2019.

## EMERGING TOOL: EXCESS CAPITAL GAINS TAX

A capital gains tax is a tool a government or municipality can use to capture the value generated by the appreciation of real estate. Unlike a transfer tax, which is applied when a property changes hands and is typically based on the sale price of the property, a capital gains tax targets the profit generated from the sale of property. Ideally, a capital gains tax would be used in addition to the real property transfer tax. The capital gain is defined as the difference between the original (adjusted) purchase price and the sale price. Municipalities can fine tune the capital gains tax to apply only to gains that exceed the average gains on parcels in the area. These newly generated funds can then be dedicated to civic asset maintenance or affordable housing, which may help both offset potential displacement from rising real-estate values and advance residential socioeconomic mixing.<sup>19</sup> In mature strong markets, it may be too late to put capital gains taxation into place as a tool to capture value.<sup>20</sup> This emerging value capture tool has yet to be used to fund public transit, but it offers potential to do so and should be considered for further study.

---

<sup>19</sup>Value Capture in the Commons, 2019.

<sup>20</sup>Reforming the Property Tax in Developing Countries: A New Approach. Roy Bahl and Sally Wallace. <https://icepp.gsu.edu/files/2015/03/ispwp0819.pdf>

# MONETIZATION OF PUBLIC LAND

## JOINT DEVELOPMENT (LEASE OR SALE OF PUBLIC LAND)

In a joint development project, a public agency or a group of agencies partner with a private developer, or developers, to improve the use of land near, at grade, or above or below the infrastructure facility. An agency may solicit private developer involvement and then provide the private partner with access to land near transportation infrastructure. The agency can also alter zoning and other regulations—or at least advocate that with other public bodies—to incentivize the private partner to improve the land.

### Benefits of Joint Development

- Joint development is characterized by the sale or lease of public property that is part of or directly adjacent to the transportation infrastructure, which creates very high value land and allows developers to charge high lease rates to tenants for that direct access to the transit
- Besides revenue windfalls for the lessee, the municipality receives increased property and sales taxes from the development
- Increased walking, biking and transit use

- *Explicit requirements for affordability can help prevent displacement of low-income residents*

### Drawbacks of Joint Development

- Financing on leased land may be difficult to obtain unless the lease term is long
- Very tall buildings on leased government land can be very controversial
- Market rate only development may result in displacement of low-income residents

### Potential Application to the Transit System

Many large transit agencies, particularly those with rail systems have acquired a sizable portfolio of land, especially in the form of surface park-and-ride lots. The success of the rail transit investment has caused the value of the park-and-ride lots to increase to the point that private development has sought to develop transit-oriented development either at grade or above or below the surface parking. Transit agencies then enter into direct sale agreements or, more typically, long-term leases for development of their surface parking lots as transit-oriented development.

Agencies may consider at-grade or above or below-grade joint development to fund transportation projects. In New York City, the New York Metropolitan Transit Authority entered into an agreement with The Related Company to build 12 million square feet of new residential and commercial property on top of their 27 acres of commuter rail yards in midtown Manhattan. The MTA leased the site to The Related Company for 99 years in exchange for one billion dollars.<sup>21</sup>



Figure 14: Phase 1 of Hudson Yards with the new commercial and residential buildings toward the back and the existing MTA rail yards (which will be covered by future phases of Hudson Yards) in the foreground.

Some transit agencies, such as Sound Transit in Seattle, use their land to address other social and equity challenges, particularly those of affordable housing and neighborhood connectivity. Sound Transit’s new policy requires that all of its surplus land be developed with equitable transit oriented

<sup>21</sup><http://www.mta.info/press-release/mta-headquarters/mta-finalizes-hudson-yards-deal>  
<sup>22</sup><https://www.soundtransit.org/get-to-know-us/news-events/news-releases/board-adopts-policy-promoting-equitable-development-near>  
<sup>23</sup>Value Capture Implementation Manual, FHWA, pg. 93

development where a minimum of 80 percent of the residential units built on their surplus land be leased to area residents who earn 80 percent of the area median income for the county in which the property is located.<sup>22</sup> The RTC and its partner jurisdictions could consider a similar policy.

### Legal in Nevada?

Yes, NRS 277A, and NRS 277.180.

### Feasibility/Ease of Administration

Simple at-grade joint development projects such as land sales or leases are very straightforward and simple to administer. Negotiating a lease of public land will require real estate and legal expertise. Once the lease is in place it is simple to administer with minimal resources.

### Best Practice Case Study:

#### *Atlanta, GA's Metropolitan Atlanta Rapid Transit Authority*

(MARTA) began its joint development program in 2001, but despite a major transaction in the early 2000s, the program did not truly take off until 2013 when MARTA sought to enter into agreements to develop land near five of its rail stations. Currently, MARTA engages in air rights leases above its rail stations and ground leases for land adjacent to its stations. It was projected to receive \$7.4 million from current lease obligations in 2018. MARTA engages in a wide range of joint development transactions, and one of its most common strategies is to replace underutilized parking lots near metro stations with mixed-use commercial and residential developments. In addition to the

### Revenue Generation

Joint development payments can be made one time in a land sale, up-front in a lease payment, or over time in several installments (the latter is typically the case). The funds from joint development can be spent on capital expenses or operations and maintenance over time. Funds from the sale or ground lease of public land typically only provide a small portion of the capital cost required for a major transit investment. Leasing of public land is typically considered to be the better approach to revenue generation than a sale. Depending on timing and location, a long-term lease of property after the transit investment has occurred can secure significant long-term rental revenue compared to the cost of acquisition of the land. This revenue can then

revenue and ridership benefits of MARTA's joint development projects, the agency is also seeking to increase density, create jobs, and ensure a supply of affordable housing with easy access to transit stations.<sup>23</sup>



Figure 15: Chamblee Station is where a local developer is building a 70,000 square foot office building with 10,000 square feet of retail on a two-acre parcel owned by MARTA. The parcel is directly adjacent to Chamblee Station.

be used for operations and maintenance of the new transit line, or it can pay for the cost of new civic space, or it can help with bond payments.

### Stakeholder Support

Joint development is well supported and usually non-controversial in many jurisdictions nationwide. It adds taxable development on land that previously was tax exempt, and it provides a mechanism to deal with equity issues and other social and neighborhood problems.

### Institutional Capacity

The RTC has limited real-estate expertise, but it has the resources to outsource it when needed. Clark County has an entire department that focuses on real property management and their considerable real-estate portfolio.

### Tool Fits Context and TOD Typology

Unfortunately, Clark County does not own any land in the Corridor that could be considered a candidate parcel. RTC, however, leases land from UNLV for the UNLV Transit Center. There have been some discussions of the possibility of expanding the transit center as part of an expanded mobility hub, including student housing, retail, etc., above and/or south of the transit center. The RTC's Onboard study also recommends turning the UNLV Transit Center into a mobility hub. UNLV also owns other parcels directly on or near the Maryland Parkway Corridor that also could be used for joint development.



## GREEN INFRASTRUCTURE

Green infrastructure is a network providing the “ingredients” for solving urban and climatic challenges by building with nature. The main components of this approach include stormwater management, climate adaptation, less heat stress, more biodiversity, food production, better air quality, sustainable energy production, clean water, and healthy soils, as well as the more anthropocentric functions such as increased quality of life through recreation and providing shade and shelter in and around towns and cities. Green infrastructure also serves to provide an ecological framework for social, economic, and environmental health of the surroundings.<sup>24</sup>

Green infrastructure can create a wealth of benefits that extend beyond environmental stewardship. Incorporating green infrastructure into civic asset projects can make each asset work double time by offering environmental and financial value. By developing a revenue-producing asset, green infrastructure can return the upfront investment over time in the form of an ongoing revenue stream. This revenue can supplement public space maintenance over the long term. Power purchase agreements for solar are mechanisms civic institutions can consider when thinking about additional ways to monetize their assets.

### Potential Application to the Transportation System or the Civic Commons

State Departments of Transportation have been leasing surplus rights of way for solar companies as a common practice for decades. There are also numerous examples of roadway and transit projects that incorporate the use of green infrastructure such as bioswales, green roofs, permeable pavement, etc. The RTC has even incorporated solar infrastructure into the transit stations along the Strip to Downtown Express route. The surplus energy is not captured for value since it is just returned to the grid.

Solar panels, green roofs, urban forests, bioswales, permeable pavement, water harvesting, and other stormwater management practices are all examples of green infrastructure. None at this time, however, appear to be legal for monetization in Nevada except for solar energy generation. With solar infrastructure, for instance, power purchase agreements (PPAs) provide investors with rights to the revenue produced by the solar panels for decades.

The Maryland Parkway BRT project provides an opportunity to combine various green infrastructure components into not just the transit system itself but also into the transit-oriented development projects that will come from the transit investment. Such a system, coordinated by a local Community Development Corporation or other not for profit, could include a large enough solar program to justify the program costs.

### Benefits of Green Infrastructure

- Easy to obtain stakeholder support.
- Programs provide environmental as well as financial value.
- Green infrastructure improves property value and lends itself to use with other value capture tools.

### Drawbacks of Green Infrastructure

- Projects need to be large enough to drive economies of scale on the cost side of building the green infrastructure. It may be difficult to put together a large enough solar project on building roofs, transit stations, etc., in the Corridor to amount to anything to justify the costs to administer the program.
- Typically, civic institutions are not in the green infrastructure business, so they will likely need to seek third party ownership models such as a Community Development Corporation.

### Legal in Nevada?

Yes, NRS 82 Not for Profit Corporations, NRS 704 Regulation of Public Utilities, and NRS 598.9807 Power Purchase Agreements.

### Feasibility/Ease of Administration

Difficult to set up at first—may need perpetual subsidy.



## Revenue Considerations

Depends on the scale of the program, but revenue generation would likely be low. The revenue would be used for Operation and Maintenance (O&M) only and would be returned periodically.

## Stakeholder Support

Stakeholder support is high for such programs as they can provide significant community benefit, solve many environmental problems, and have little controversy.

## Institutional Capacity

Clark County has a new Office of Sustainability that enjoys considerable support from the Clark County Commission. The establishment of Maryland Parkway as a new, green infrastructure corridor presents a great leadership opportunity for Clark County. There are also institutions such as NV Energy, the Clark County Regional Flood Control District, the Southern Nevada Water Authority, and the Desert Research Institute that could be very helpful in supporting a program.

## Tool Fits Context and TOD Typology

Green infrastructure does not necessarily lend itself to any particular urban or suburban typology. It can be deployed anywhere there is an organization to administer it and a market for the green infrastructure product—solar energy, stormwater credits, etc. However, the presence of existing neighborhood associations such as the Maryland Parkway Coalition and the Las Vegas Medical District, etc., are good indicators of neighborhood support systems that can be sponsored and supported by both public and private interests and philanthropy to move forward.



Figure 16: The four heavy rail stations that make up the Southern Green Line Station Area Green Infrastructure Plan.

## Best Practice Example:

### *Washington D.C. and Maryland, the Southern Green Line Station Area Plan*

The Maryland-National Capital Park and Planning Commission used HUD Community Challenge Planning Grant funding to develop the Southern Green Line Station Area Plan. The focus of the plan was on four metro rail transit station areas at the southern end of the Metro Green Line operated by the Washington Metropolitan Area Transit Authority in southeast Washington, DC, and in Prince George's County, Maryland. The plan contains policies and recommendations for how shared green infrastructure could be coordinated with future transit-oriented development in the four heavy rail station areas of Maryland.<sup>25</sup>

<sup>24</sup>Hiltrud Pötz & Pierre Bleuze (2011). *Urban green-blue grids for sustainable and dynamic cities*. Delft: Coop for life. ISBN 978-90-818804-0-4.

<sup>25</sup><https://www.hud.gov/sites/documents/GREENINFRASTRUCTSCI.PDF>

## NAMING RIGHTS

In a naming rights transaction, an agency sells the rights to name infrastructure to a private company. This type of value capture does not have to involve a traditional real-estate developer; it can involve any private company that is looking to advertise.

Agencies may consider naming rights for transit stations and agency-owned fleets as a relatively straightforward way to raise funds. But revenue from any naming rights program has to be weighed against the reputational risks of naming rights projects because constitutional free speech and equal protection clauses prevent agencies from limiting the types of organizations that can purchase naming rights from them.

### Benefits of Naming Rights

- It can be an easy way to earn revenue with very little expense or effort from the agency.
- It can help to improve overall recognition of the transit by “branding” a Corridor.

### Drawbacks of Naming Rights

- Legal risk from free speech and equal protection clauses can cause bad publicity, legal expense, and political challenges.

### Legal in Nevada?

Yes, NRS 277A.

Naming rights agreements appear simple on the surface, but implementation of naming rights can be problematic because of the free speech mandates of the First Amendment and the equal protection clause of the 14th amendment to the United States Constitution. First Amendment principles disallow “viewpoint discrimination,” meaning that a company cannot be excluded from a naming rights transaction because of its image or business practices or whether it is a match with an agency’s desired image. Therefore, if an agency rejects a naming rights sponsorship, it could potentially be exposed to legal challenges.

### Feasibility/Ease of Administration

Naming rights agreements are not usually complex, as they involve a standard procurement process. However, they should involve a financial feasibility study before implementation so that their potential revenues are accurately gauged.

### Revenue Generation

There are very few instances of naming rights in the transit industry, and those examples usually can only raise moderate sums of money. Naming rights typically require periodic payments over a specified term. The payments can be used for both capital and operations and maintenance.

### Stakeholder Support

The type of organization that wins a naming rights deal and its behavior may also create political challenges, since controversial organizations cannot necessarily be denied

by the transit agency as discussed above under Legal in Nevada. As such, a public asset sponsored by a company with a controversial reputation could damage an agency’s public image. One way to deal with the legal issues and potential political issues is to exclusively negotiate with one respected, noncommercial entity. UNLV plans to use the Maryland Parkway BRT line as an unofficial, intercampus shuttle, and there have been discussions within UNLV about the potential of theming the line to reflect the university and its two campuses along the Corridor. Additionally, RTC has always shown the vehicles in the renderings for Maryland Parkway in red colors, which are reflective of UNLV’s colors. It is noteworthy that several developers have recommended a UNLV theme/colors to identify stations and to add value to their developments and property.

### Institutional Capacity

The RTC, which would likely be the entity that would control any naming rights deal for transit, has an extensive history and experience dealing with the legal and administrative issues associated with free speech and the equal protection clauses through its highly successful bus advertising program.

### Tool Fits Context and TOD Typology

UNLV has both of its campuses as major destinations: The Main Maryland Campus on the southern end of the Corridor and the Shadow Lane Campus at the far northern end. Sunrise Hospital and the Boulevard Mall may also be interested in exploring a naming rights agreement.

## Best Practice in Implementation:

### *NRG Station, Philadelphia, PA*

In 2018, the South East Pennsylvania Transit Authority (SEPTA) negotiated a five-year \$5.25 million agreement to rename Pattison Avenue Station to NRG Station. NRG is the regional electric utility provider in the Philadelphia area. This naming rights agreement is thought to be the most lucrative agreement in the United States transit industry. NRG Station is the terminus for the Broad Street Subway, and the station serves the nearby stadium complex. NRG Station averages over one million passenger boardings per year. NRG will pay for changing out all of the station name plaques and signs.



Figure 17: A view of NRG Station from the street.

## EMERGING TECHNOLOGY: TRANSFER OF DEVELOPMENT RIGHTS

Transferable development rights (TDR) are a mechanism through which the public sector and other civic institutions can generate revenue, especially in markets with a scarcity of developable land. With TDR, landowners can sell their development rights to another property owner. The unused floor area then transfers to the buyer's property, allowing them to build a taller or larger building than local zoning would otherwise allow. At the same time, the height of the seller's property becomes capped permanently. Transferring unused floor area from public land to a nearby property owner can generate revenue to help cities accomplish multiple goals, such as maintaining designated landmarks, conserving environmentally sensitive areas, or generating revenue to be used for other public purposes. TDR has been tested and shown to be effective in densely populated cities with a scarcity of land.<sup>26</sup> TDR has yet to be used to fund transit infrastructure probably because it is very difficult to establish and administer a TDR program. However, it has potential as a value capture tool, especially in markets where there is both the desire to conserve and protect development of environmentally sensitive land and transfer development to districts with high demand and very little developable land.

<sup>26</sup>Value Capture in the Commons, 2019.

# MONETIZATION OF PRIVATE ASSETS

## TAX INCREMENT FINANCING

Tax increment financing (TIF) is a mechanism for capturing all or part of future tax revenue increases above an established base level within a designated geographic area that will benefit from a transportation investment.

Unlike special assessment districts, TIF programs do not increase tax rates, but rather capture the additional tax revenue generated when improved properties increase in value. After a TIF district is established, property tax revenues from the district are split between the existing tax districts (e.g. state, municipality general fund, public schools, libraries) and a fund for special projects inside the TIF district, with a focus on investments that could attract new economic activity. The existing tax districts

continue to receive property taxes generated from the base asset value of properties in the redevelopment district (blue area in Figure 18). The incremental value, or the additional tax collected from properties in the district that increased in value, goes into a fund for economic development projects within the TIF district (gold triangle area in Figure 18).

In Nevada, cities and counties are authorized to create redevelopment districts so that they can use the incremental property tax revenue created over time to revitalize a district that has demonstrable blight and underinvestment and to improve public health, safety, and welfare within the district.

NRS also authorizes TIF revenue created from a redevelopment district to be used “to develop an adequate supply of decent, safe, and sanitary low-income housing,” which could be an important subsidy for TOD if a new redevelopment district is created along the Maryland Parkway Corridor.

If accelerated project benefits are desired, Nevada redevelopment law allows a redevelopment authority to borrow against a redevelopment district’s future property tax revenues to help fund public projects, including civic assets. The municipality may opt to sell bonds secured against the district’s expected revenues in order to help start construction immediately, which can jump start development and increase real estate value in the redevelopment area. The bonds are repaid over time using the tax increment funds.<sup>27</sup>

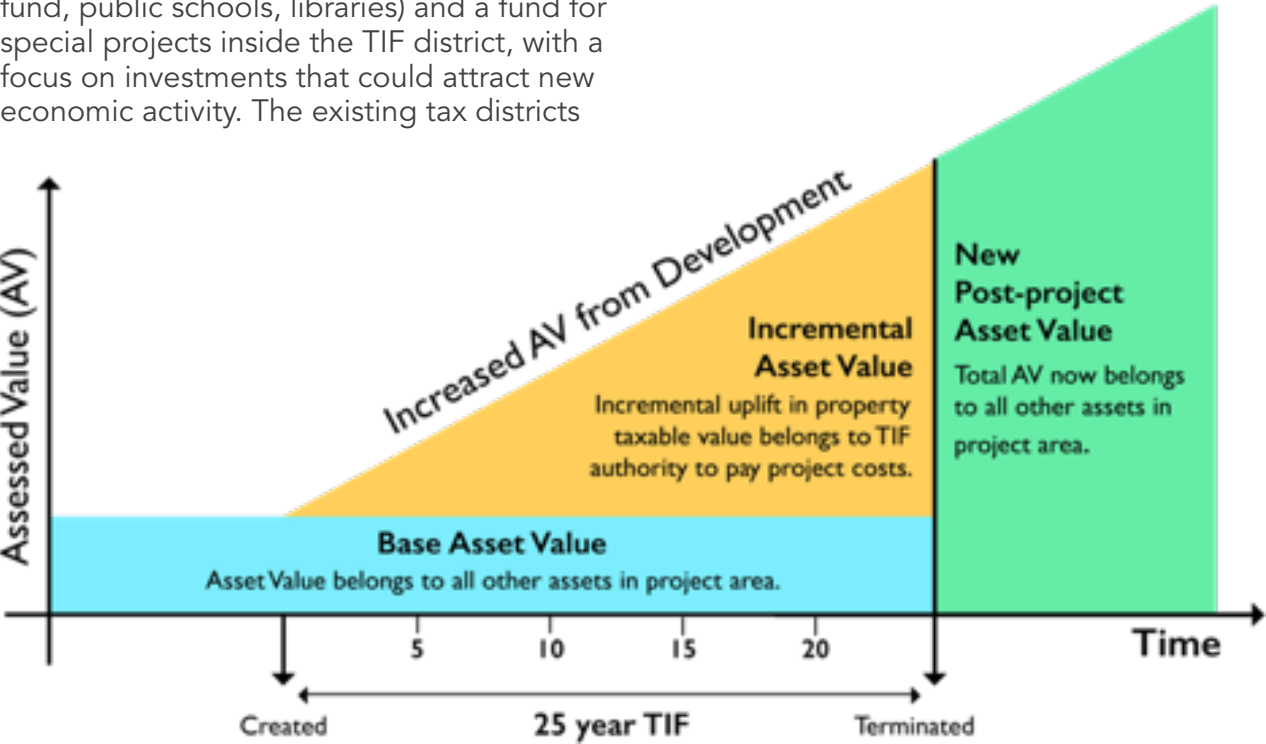


Figure 18: How tax increment financing works.



## Use of TIF for Public Transit

### City of Chicago TIF Districts

- The City of Chicago has ten TIF districts and has made extensive use of TIF revenue to support public transit for commuter rail (Metra), heavy rail and bus (Chicago Transit Authority) infrastructure. The state of Illinois has 250 jurisdictions that have collectively authorized more than 1000 TIF districts that fund all types of infrastructure, including TOD development.<sup>28</sup>

### The Transbay Transfer Terminal in San Francisco

- The Transbay project is partially funded through a tax increment. A portion of the tax increment is allocated to pay capital costs for the Transbay Terminal, while the rest is used to address other needs, including affordable housing. Specifically, **\$126 million of the total tax increment will fund affordable housing activities** within the Transbay Redevelopment Project Area.<sup>29</sup>

### Denver Union Station

- Denver's main transit transfer terminal in Lower Downtown (LoDo) has used both a SAD and TIF to provide funding and financing for the project.

## Benefits of TIF

- TIF's biggest benefit is that it is not a tax; it does not add to development costs and, therefore, is easier to obtain stakeholder support than other tools.
- TIF financing often provides development incentives to transportation or TOD by using TIF revenues to pay for infrastructure that a developer would normally be required to pay for on their own.
- Nevada redevelopment law offers enormous flexibility to use TIF to pay for a wide variety of infrastructure and redevelopment costs.

## Drawbacks of TIF

- TIF can be complex and expensive to administer, often requiring extensive financial and fiscal impact analyses, the use of experts in bond financing, economic development, real estate appraisal, civil engineering, and redevelopment law.
- Opportunity cost: Existing units of government, typically school districts, library districts, or the municipality itself pay for the project by forgoing the incremental growth in property tax revenue that is diverted away from them to the TIF project.

- Tax increment financing revenue is speculative and can fall short of projections as a result of reasons both related and not related to the infrastructure investment (i.e., changes in general economic conditions, delayed or incomplete development, decline in assessed property values, or abatements and incentives).
- How property is taxed in Nevada: Property value in Nevada is based on an estimated land value that is generated by comparable sales (standard approach). The improvement/building is valued based on replacement cost and this value is discounted/depreciated based on age of the building. Given this (not factoring in growth in value from re-evaluations), the amount a building produces in property tax decreases annually. This valuation approach makes TIF even more volatile/risky in Nevada. Specific project-based TIF approaches can be more risk adverse than a large district-based TIF where timing of development is unknown.

<sup>27</sup>Funding Economic Development in Nevada: Redevelopment Fact Sheet 12-89 Frederick Steinmann <http://www.nvnaco.org/wp-content/uploads/Funding-Redev-Fact-Sheet.pdf>

<sup>28</sup><https://chicago.suntimes.com/2018/7/24/18361514/cook-county-tif-districts-bring-in-1-billion>

<sup>29</sup>(San Francisco Office of Community Investment and Infrastructure, 2016)

## Legal in Nevada?

Yes NRS 278 & 279. Nevada redevelopment law does not specifically identify transit projects by category, but there is very broad eligibility in the language of NRS 279.408 where “Redevelopment” is defined as follows:

1. “Redevelopment” means the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a redevelopment area, and the provision of such **residential, commercial, industrial, public or other structures** or spaces as may be appropriate or necessary in the interest of the general welfare, including:

- Recreational and other facilities appurtenant thereto.
- Eligible railroads or facilities related to eligible railroads.
- **The alteration, improvement, modernization, reconstruction or rehabilitation, or any combination thereof, of existing structures in a redevelopment area.**
- **Provision for uses involving open space, such as:**
  - **Streets and other public grounds;**
  - Space around buildings, structures and improvements;
  - Improvements of recreational areas; and
  - **Improvement of other public grounds.**

This broad eligibility language specifically authorizes the use of TIF revenue for buildings, streets, public spaces, sidewalks, bike lanes, traffic signal systems and controls, as well as electrical and all other utility systems. While this interpretation is not an official legal opinion, it appears TIF revenue can be used for many elements of a transit system that uses a roadway or other public space. It also seems clear TIF revenue can be used for improving access to transit in public space, and it appears, arguably, that TIF revenue can even be used to subsidize private transit-oriented development (buildings) and spaces (vacant land). We recommend getting a separate legal opinion for the specifics of what transit elements are TIF eligible and what specific types of TOD incentives that TIF can be used for.

## Feasibility/Ease of Administration

NRS 278 requires the formation of an organizational structure (redevelopment agency) that is separate from the municipality. Supporting the required analysis and administration of the agency is complex and expensive.

## Revenue Considerations

TIF can generate sizable revenues (depending on the size of the redevelopment area and actual market growth) that can be used for both capital and O&M, but only for a maximum of 30 years in Nevada, unless the legislature authorizes an extension. However, there is no guarantee that any TIF funded project will actually result in the generation of incremental tax revenues from new growth in assessed value. For example, during the great recession of 2008–2013, assessed value growth was negative in a number of redevelopment districts statewide.

## Stakeholder Support

Clark County does not currently have any TIF districts, but our interviews with Clark County landowners and developers in the Maryland Parkway Corridor indicate strong support for imposition of TIF as part of a redevelopment district. Previous discussions about the creation of a redevelopment district in Clark County have resulted in the Clark County School District and Clark County officials expressing concern about diversion of property tax increment to other projects.

## Institutional Capacity

Clark County has acquired experienced staff and has considerable legal and administrative revenues and expertise to institute and administer a redevelopment district and TIF revenue.

## TOD Context/Typology for Tool Use

TIF is of greatest value where transit stations will serve new, as opposed to existing, development. This is because every dollar of new, additional assessed valuation will contribute to the TIF revenue stream, and values of vacant land or blighted or underutilized property are likely to be less than those of existing and fully occupied buildings. In general, TIF is an effective tool for weaker or stable neighborhoods within communities where the overall market is strengthening, which are prevalent throughout the Clark County portion of the Corridor.<sup>30</sup>

## Best Practice in Implementation of TIF:

### *Portland, OR, Streetcar, TOD, and Affordable Housing*

Tax increment financing (TIF) is a tool that municipalities use not just to spur development in blighted or underdeveloped areas, but also to achieve specific social, equity, and economic goals. One such example is the Targeted TIF district created in the City of Portland, Oregon.

Portland was the first city in the United States to revive the urban streetcar. The City of Portland funded the streetcar primarily by using value capture tools, including a SAD and a Targeted TIF. While most of the Targeted TIF revenue (60%) was used to fund the construction of the streetcar, Portland made it a primary goal to increase the number of affordable housing units in the Pearl District. **40% of the future Targeted TIF revenue (\$250,000,000 since 2010) was set aside to a dedicated fund for affordable housing in the district. Portland used the dedicated Targeted TIF revenue to construct more than 2,200 affordable housing units in this now, upscale and highly desired neighborhood.** These new affordable housing developments are interspersed with market rate developments throughout the Pearl District, which has been experiencing rapid development. The Targeted TIF strategy has been particularly effective at preserving housing affordability in the area.

When compared to other methods of affordable housing production, Targeted TIF financing in the Pearl District has outperformed the most popular methods. In fact, the number of affordable units generated in the Pearl District through Targeted TIF assistance has exceeded those produced by inclusionary housing programs in all but a few cities.

Portland's plan to use Targeted TIF funds for affordable housing is desirable for two reasons. First, Targeted TIF funding doesn't cost developers any additional money or add costs to the development process. Second, Targeted TIF generates revenue from both the value of new investment and the appreciation of existing properties and structures.<sup>33</sup>



Figure 19: Photo of the redeveloped Pearl District several years after the TIF was imposed.

<sup>30</sup>National Academies of Sciences, Engineering, and Medicine 2016. *Guide to Value Capture Financing for Public Transportation Projects*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/23682>

<sup>31</sup><http://cityobservatory.org/a-solution-for-displacement-tif-for-affordable-housing/>

## LAND BANKING

A community land trust (CLT) is a property trust which aims to benefit the surrounding community by ensuring the long-term availability of affordable housing and access to land. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed. Using this mechanism, a community land trust, usually known as a CLT, attempts to meet the needs of residents least served by the prevailing market.<sup>32</sup>

### Potential Application to the Civic Commons and the Transit System

A direct way to capture increases in real estate value is to acquire and hold land parcels (well in advance of the transit) in prime locations relative to the planned transit system. For example, when planning the design of a transit line a not-for-profit entity,

such as a mission-based Community Land Trust (CLT), could acquire key properties in close proximity to transit stations early in the process. The CLT then leases their acquired land to affordable housing developers, or for that matter, any prospective buyer that meets the CLT's criteria.

Ground leasing gives prospective buyers the right to develop the land or acquire physical structures on it, but not to acquire the land itself. Since the value of land typically increases at a faster rate than the value of built structures, CLTs keep housing and other structures affordable. When the lessee of the built addition sells the structure, the lessee receives their investment paid to date plus a portion of the structure's increase in value (typically 25%). The CLT receives the remaining 75% of that equity and can use it to acquire new property or other mission-related costs such as ongoing maintenance and operations etc.<sup>33</sup>

The CLT could then work with the jurisdictions to improve access to and from those properties to the transit stations. This would help capture the most value to deploy toward the operations of the asset (affordable or workforce housing) while also ensuring that existing residents can stay and thrive in place and benefit from the new transit system and its accompanying access amenities.

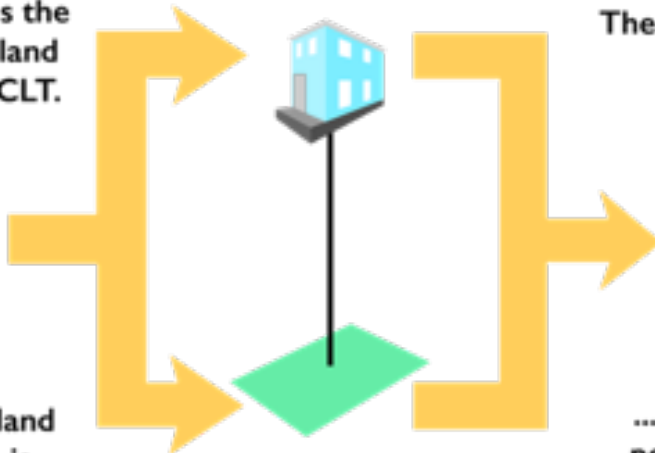
### Benefits of CLTs

- **Long-term affordability:** CLTs keep land and housing affordable for low income residents over the long term and they also account for the needs of the very- and extremely-low income households in the corridor.
- **Match municipal goals to mission of CLT:** A mission-based community development organization (CDO) can acquire and maintain ownership of land as a tool to advance community objectives, such as programming and maintaining public spaces, preventing displacement of lower-income or workforce individuals by ensuring long-term housing affordability, providing affordable retail or office space for local businesses, etc.
- **Deep community engagement:** The CDO can provide a sense of permanent community control and deeply engage community members in decision-making processes. This is especially true where the governing board is made up of representatives of neighborhood associations, business districts, philanthropies, and local government.

A new buyer purchases the house, but leases the land underneath from the CLT.



With the cost of the land removed, the home is more affordable.



They pay a minimal lease fee to the CLT...

...and the CLT retains permanent ownership of the land.

Figure 20: How a community land trust works. (Source: Beverly Lamont Community Land Trust.)



- **Blight prevention:** CLTs prevent blight by requiring the owners of homes and other structures on CLT land to adhere to established maintenance standards.
- **Reduces absentee ownership of affordable housing stock.**

## Drawbacks of CLTs

- **Dependence on additional funding:** Many CDOs will depend on outside funding sources (municipal, state, philanthropic) unless a reliable revenue-generating model is created such as a revolving loan fund (See discussion of Denver TOD Fund).
- **Access to property in high-cost markets:** Acquiring land can be difficult if CDOs are bidding against for-profit developers.
- **Management continuity:** CDOs may also struggle to continue operations after a management transition and risk dissolution if a clear succession plan is not in place.<sup>34</sup>

## Examples of Community Land Trusts:

- Bay Area Transit Oriented Affordable Housing Trust Fund (TOAH)
- Beverly Lamont Community Land Trust
- Community Housing Land Trust (Reno, NV)

## Legal in Nevada?

Yes NRS 82 Not for Profit Corporations (formed by interested parties, potentially supported by Clark County)

## Feasibility/Ease of Administration

CLTs are essentially simple not for profits that are self-governing and relatively easy to administer.

## Revenue Generation

CLTs, and TOD Trust Funds are not-for-profit organizations, and they do not generate revenue for transit systems; rather, they take the land value out of a real-estate transaction to preserve affordability of use of the buildings that are built on the land. Nevertheless, the land value they capture can be used to generate equity that stays in the organization, and that equity can be used to purchase additional land or to operate and maintain the organization and its assets.

## Stakeholder Support

Support for such an organization has been growing in southern Nevada as evidenced by the newly formed Nevada Housing Coalition and the activism and support of Southern Nevada Strong, The Federal Reserve Bank of San Francisco, and other similar organizations.

## Institutional Capacity

Southern Nevada does not currently have a CLT, but a new CLT could obtain support and guidance from the two CLTs in northern Nevada (the Community Housing Land Trust and the Northern Nevada Land Trust). The State of Nevada Housing Division and the Nevada Housing Coalition and other community-based organizations could also provide additional support.

## Tool Fit to Maryland Parkway Context and Goals

The Clark County portion of the proposed transit route has vacant properties, both publicly and privately owned, that could be acquired and donated or sold at a discount to a new CLT.

<sup>32</sup>The Beverly Lamont Community Land Trust website: <http://www.bvclt.org/what-is-a-community-land-trust.html>

<sup>33</sup>Value Capture in the Commons, 2019

<sup>34</sup>Ibid

## Best Practice Case Study:

### *Denver Regional Transit-Oriented Development (TOD) Fund*

Investment in public transit infrastructure often prompts land speculation, new development, gentrification, and displacement of low-income households from station areas. However, these households are most likely to use transit, thereby limiting the effectiveness of the infrastructure investment. Therefore, low-cost property-acquisition loan funds can be invaluable tools to preserve land affordability before speculation and until station areas can support affordable-housing development.

In 2010, Denver-area partners launched a first-of-its-kind fund to create and preserve affordable housing along current and future transit Corridors in the City of Denver. As the region's transit system extended beyond the City, the fund expanded to meet new demand. Today, the \$24 million Denver Regional Transit-Oriented Development Fund is available to qualified borrowers in seven Metro Denver counties to acquire property for affordable housing and supportive commercial space.

Since the Fund's inception, sixteen loans have been made, deploying \$32.8 million in capital for acquisition of land or operating properties near public transit in the Denver Metro area. Of the sixteen loans made, eleven loans have been repaid, allowing money to be recycled into future acquisitions, creating additional leverage for all the Fund's investors. The loans made to-date have created or preserved 1,354 affordable homes, a new public library, and well over 100,000 square feet of supportive commercial and non-profit space, all near public transit.<sup>35</sup>

In most urban areas including Denver, transportation is the second highest household expense after housing. In Denver, working families who earn between \$20,000 and \$55,000 spend an average of 59 percent of their gross household income on housing and transportation.

Locating affordable housing in transit Corridors allows households to reduce expenses while increasing access to employment, educational opportunities, and services. It is essential that transit-accessible, affordable housing in the Denver region be preserved and developed to ensure long-term affordability and access to greater opportunity for low-income residents.



*Figure 21: Evans Station Lofts, in Denver, CO. Denver TOD Fund purchased this one-acre parcel and developed this five-story workforce housing development—the first ever family-based low-income housing to be build adjacent to a Denver light rail station.*

## EMERGING TOOL: PUBLIC UPZONING MARKET

A public upzoning market is a tool for generating revenue when a change in zoning, such as an increase in height limits, creates additional development opportunities in an area. Rather than granting the new development rights to all existing property owners, an open auction could be created where developers trade or purchase development rights or floor area ratio (FAR) credits.

The proceeds would then contribute to a public fund that could be used to improve, maintain, or operate civic assets. While a public upzoning market is effective at generating upfront revenue, future revenue streams are less predictable. In addition, it would require significant upzoning to work in certain areas and possibly downzoning in other areas to create the market.

Upzoning may also be effective in neighborhoods with weak markets if applied close to a particular site, such as a new or improved amenity. While this tool has not been widely used in the United States, Latin American cities are experimenting with it.<sup>36</sup>

---

<sup>35</sup>Urban Land Conservancy website <https://www.urbanlandc.org/denver-transit-oriented-development-fund/>

<sup>36</sup>Value Capture in the Commons, 2019.

(this page intentionally left blank)



# 3

## VALUE CAPTURE TOOL EVALUATION FRAMEWORK

To determine whether any of the above value capture tools can be considered to be reasonably available as a funding source to meet the unique challenges of the Maryland Parkway Corridor and the transit technology used (Bus Rapid Transit), we selected the following key factors to build our evaluation framework:

1. Legal and Due Process
2. Ease of Implementation
3. Revenue Considerations
4. Stakeholder Support
5. Institutional Capacity
6. Match to Corridor Typology and Context

## 1. LEGAL AND DUE PROCESS

Because Nevada is a Dillon's rule state, jurisdictions such as Clark County, the RTC, or any other implementing entity will need to have specific legal enabling powers to use value capture tools. If none of the implementing agencies has the express legal authority to use the tool, then that tool cannot be used until the Nevada legislature and the Governor of the State of Nevada authorize its use. So, for each tool, we did research to determine the answer to the following questions:

- Does the implementing agency have the legal authority from the State of Nevada to impose and collect a particular value capture tax or fee?
- Does the jurisdiction have due process steps/requirements in place to ensure that people who have to pay the proposed tax or fee are provided with an adequate opportunity to be informed of the fee well in advance of its imposition, and then be able to oppose, approve, modify, or appeal the tax or fee?

Jurisdictional authority to use the tools is a very important evaluation factor so we have assigned a total of ten points maximum if the jurisdictions have the authority to use that particular tool and also have in place the due process steps to minimize legal challenges to the use of the tool.

*Maximum point value: 10 points.*

## 2. EASE OF IMPLEMENTATION

This factor is based upon if existing systems of administration within Clark County and/or the RTC can be used to easily implement and administer the new value capture revenue stream. For example, most local governments, including Clark County, already have the ability to easily administer a TUF by adding on the TUF assessment to monthly utility bills. In this case, the TUF score for Clark County would be the highest score possible, which for this factor is 5 points. Other tools such as TIF districts, which require the formation of separate entities to administer the TIF and the frequent use of financial, legal, and real-estate professionals, and can be difficult to set up and costly to administer, would have a lower score.

*Maximum point value: 5 points.*

## 3. REVENUE CONSIDERATIONS

The ability to generate a significant amount of revenue to fill funding or financing gaps in a project is one of the primary reasons why transit agencies and municipalities around the country are using value capture tools. We used guidance from our review of value capture literature, federal source guidance, and our professional experience to generate the following revenue considerations table. Table 2 shows each value capture tool along with (1) that tool's ability to generate low, medium, or high revenue amounts, (2) that tool's timing for generation of revenue (immediate or over time), and (3) that tool's legal support and/or precedent for use for capital or operations and maintenance funding or both.

It is noteworthy to point out that the RTC's current financial plan for the Maryland Parkway BRT project shows the use of three primary sources of capital: (1) \$100 million contribution from the federal government in the form of a Small Starts transit capital grant from the Federal Transit Administration, (2) \$60 million from eligible roadway improvements from the RTC's local fuel tax account, and (3) the remainder from future Congestion Mitigation Air Quality or other flexible funding accounts the RTC has access to. The design scope of the project is now capped at a \$250,000,000 total project cost to maintain eligibility for the Small Starts grant.

The above summary indicates that the RTC is not seeking additional capital dollars for the project. It should be noted, however, that operations and maintenance costs for the Maryland Parkway BRT project are not identified for the long term, especially in light of the extensive financial setbacks from the outbreak of COVID 19, and the continued erosion of transit market share from Transportation Network Companies such as Uber, Lyft, and other forms of new mobility.

While the various jurisdictions may identify additional desired capital needs such as infrastructure for TOD, biking, and walking facilities, affordable housing, etc., there appears to be a greater need for O&M

funding for the transit project. Because of this discrepancy of need, the value capture tools that provide ongoing O&M funding will receive an additional two points.

The use of value capture techniques in funding transit projects is not a new or recent innovation. There is a substantial track record of the use of value capture tools to fill funding gaps in transit projects nationwide. Because revenue is such a key factor in being able to fill funding gaps in transit projects, this factor will have a maximum allocation of twelve points, including the two extra points for tools that provide O&M funding.

*Maximum point value: 12 points.*

Revenue Considerations	Revenue Generation Potential	Timing of Revenue Received	Capital, O&M, or Both
Impact Fees	Low	Immediate	Capital
Exactions	Low	Immediate	Capital
Transportation Utility Fees	Low	Delayed	O&M
Special Assessment Districts	Medium/High	Delayed	Both
Land Value Taxes	High	Delayed	Both
Tax Increment Financing	Medium/High	Immediate or delayed	Both
Land Banking	Low	Delayed	O&M
Green Infrastructure	Low	Delayed	O&M
Joint Development	Low/Medium	Immediate or delayed	Both
Naming Rights	Low	Immediate	O&M

Table 2

<sup>37</sup>National Academies of Sciences, Engineering, and Medicine 2018. Guidebook to Funding Transportation Through Land Value Return and Recycling. Washington, DC: The National Academies Press. <https://doi.org/10.17226/25110>.

## 4. STAKEHOLDER SUPPORT

Value capture has been a frequently overlooked source of transportation funding partly because stakeholders take for granted the tremendous value that transportation infrastructure provides to property owners. Many landowners feel that because they pay property taxes, sales taxes, fuel taxes, etc., that they should not have to pay anything additional to support transportation. This is because landowners do not have a full appreciation of the government's cost in providing that infrastructure. For example, for every \$100 of land value created by government investment in transportation, landowners typically only pay \$1 to \$2 annually in existing traditional property taxes.<sup>37</sup>

Obtaining support for using value capture tools from stakeholders, the general public, and elected officials will require a change in this understanding and in expectations regarding how transportation infrastructure is funded. Depending on the value capture strategy and mix of tools selected, stakeholder support may also be needed to obtain new legislative authority as well as general concurrence with a new funding approach.

Because of the sensitivity and difficulty in establishing a new and potentially controversial source of funding transportation, stakeholder support from the general public, elected officials, and property owners becomes a key evaluation factor and is allotted a maximum of ten points.

*Maximum point value: 10 points.*

## 5. INSTITUTIONAL CAPACITY

Institutional Capacity refers to the knowledge, skills, abilities, experience, and training that Clark County/RTC key personnel will be required to use in the implementation and administration of the selected value capture tools. For example, Clark County has made extensive use of SADs and they have the full suite of expertise necessary to administer SADs. Therefore, the County's score for SADs would be the highest score possible, which is 5 points. Conversely, since a land value tax is currently illegal in Nevada, and the county has no or very limited experience dealing with a land value tax, the score for land value tax would be very low.

*Maximum point value: 5 points.*

## 6. MATCH TO CORRIDOR TYPOLOGY AND CONTEXT

Corridor context and typology refers to how well each value capture tool fits within the development context of each Focus Area. Some value capture tools will work well in a Focus Area with a specific real-estate market dynamic, a certain type of development intensity and urban form, but may not work at all in a Focus Area with a different context. Thus, different value capture strategies may be appropriate depending on where along the Corridor they are going to be used.

While the evaluation of this factor may be a bit more art than science, there is some experience and guidance that will help guide the evaluation process. For example, we have inserted Table 3, "Value Capture Mechanisms by Station Type" from the Transit Cooperative Research Program's Guide to Value Capture in Public Transit. This table provides some rough guidance in categorizing how some value capture tools apply to station type. For example, station types (Focus Areas) that are in mature urban locations may lend themselves well to a transfer of development rights, naming rights, and possible joint development.

Table 3 also indicates that use of a SAD may not work well in this context because a lack of future development may be likely in the context of the Metro Center area—the most densely developed area in Washington, D.C. Conversely, in instances where land for development, automobile ownership, travel, and parking are plentiful and inexpensive, such as that found in the Clark County portion of the Corridor, developers may perceive significant additional market risk both in pursuing optimal TOD yield and in embracing value capture. In these types of brownfield Focus Areas, value capture tools that offer benefits, incentives, or subsidies to developers, such as TIF, naming rights, joint development, and land banking may be more appropriate.

We have applied the cited source guidance, our previous work, and data gained from analysis of the Maryland Parkway Corridor Focus Areas, the previous real estate market analysis done by EPS, the Task 1 Existing Conditions report, as well as the guidance obtained from our literature review to generate a score for each Focus Area.

*Maximum point value: 10 points.*



Station Type (Example)	Value Capture Opportunity
<b>Mature urban locations</b> (Metro Center in Washington, D.C.)	Densely developed; increased density realizable only through upzoning; more difficult to impose special assessments; naming rights and some joint development possible.
<b>Greenfield</b> (Dulles Metrorail in Washington, D.C., region)	Greatest opportunity for new development, dependent on land use and zoning changes; transit agency may own property for joint development; special assessment district could be implemented with property owner cooperation.
<b>Brownfield</b> (Denver Union Station)	Depending on neighborhood, TIF may be most applicable; joint development could also be attempted if the transit agency or local government owns nearby property.
<b>Park and ride</b> (Eagan Transit Station in Minneapolis, MN)	Like greenfield yet with more limited short-term development opportunity; depends on surrounding planning since access to station may be limited to cars or infrequent buses.

Table 3: Value Capture Mechanisms by Station Type. Different transit station context lends itself to different Value Capture Tools. (Source: TCRP, Guide to Value Capture Financing for Public Transportation Projects, 2016.)

(this page intentionally left blank)

# 4

## **ANALYSIS OF VALUE CAPTURE TOOLS FOR THE MARYLAND PARKWAY CORRIDOR**

Now that our evaluation framework is complete, we can move onto the analysis of the framework so that we can answer the key questions outlined in the introduction section of this toolkit.

# ANSWERS TO KEY QUESTIONS

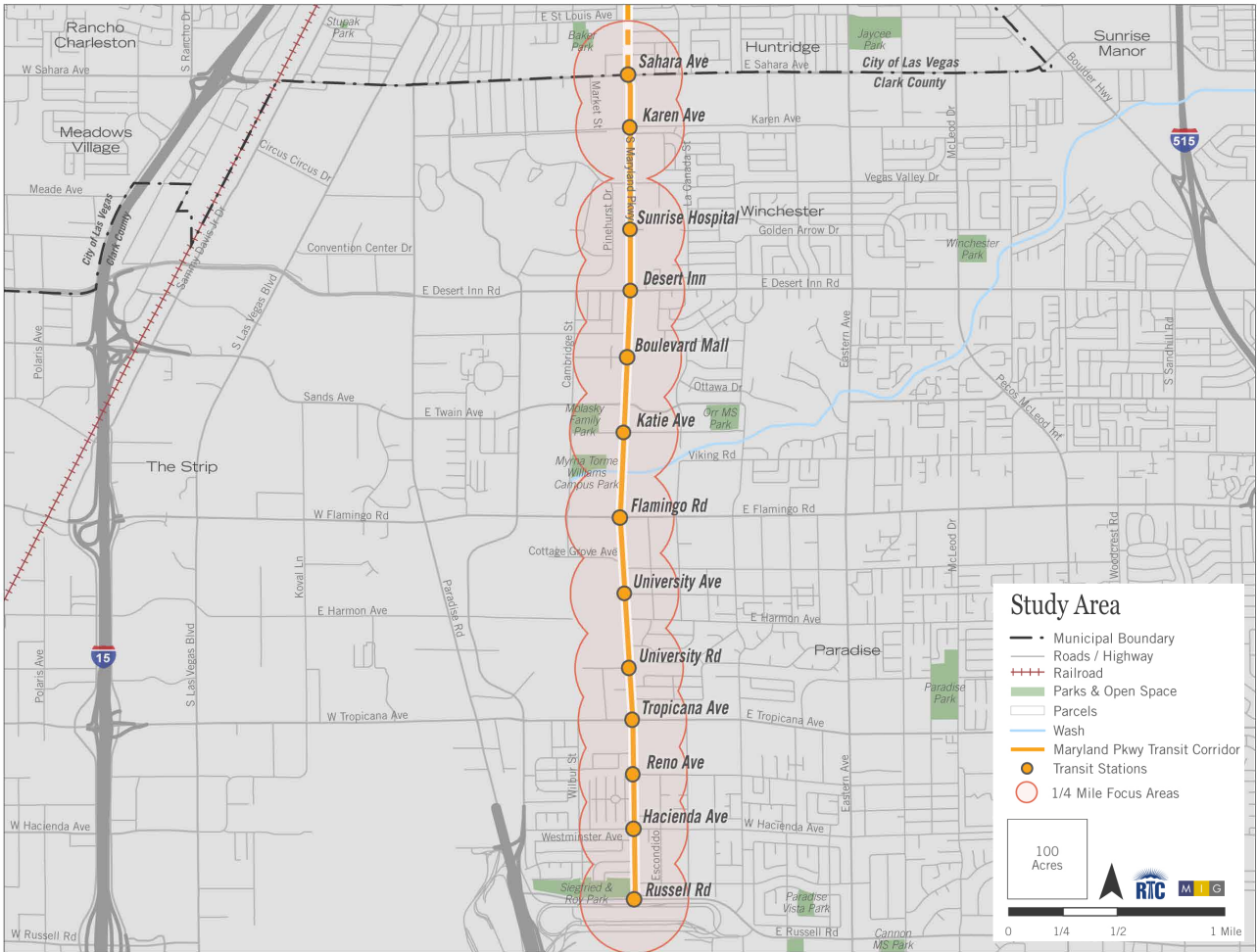
## KEY QUESTION #1:

*Can Value Capture techniques be readily applied to the Maryland Parkway High Capacity Transit Project to achieve the goals of the TOD Study?*

Answer: Yes

Based on the research we have undertaken, it is apparent that not only can many value capture tools be applied to the Maryland Parkway High Capacity Transit Project, Clark County already uses some value capture tools as follows:

- Clark County has extensive experience with special assessment districts, more commonly referred to in Nevada as special improvement districts (SID) or Local Improvement Districts (LID). SIDs and LIDs have been used extensively for transportation improvements—usually for roads, curbs, gutters, sidewalks, and streetlights.
- Clark County is also very familiar with negotiated exactions and impact fees. Exactions have even been used extensively to provide bus turnouts for transit infrastructure in the County.



Clark County Maryland Parkway Corridor High Capacity Transit Project and Focus Areas



## KEY QUESTION #2:

### *Where in the Clark County Portion of the Maryland Parkway Corridor Can Value Capture Tools be Successfully Applied?*

As discussed in Section 3, Match to Corridor Context, the opportunity for value creation and subsequent value capture will vary as a typical, linear transit line progresses through different districts, neighborhoods and station types. Each Focus Area will have different real estate market and zoning characteristics etc., that will lend themselves to different value capture tools.

For example, the relatively few landowners around the Boulevard Mall may work well for the formation of a special assessment district if a few key property owners could see the benefits of working together for their own mutual interests. Conversely, the age, blight and presence of several vacant, abandoned or underutilized properties along much of the northern portion of the Clark County portion of Maryland Parkway could lend itself to the formation of a redevelopment area and the use of TIF revenue to fund needed infrastructure. And finally, the shortage of developable land and good student housing around both

UNLV campuses has created tremendous residential market demand. By coupling the available vacant land and or abandoned buildings in the Corridor, with the presence of a transit system that connects properties further away from both campuses, UNLV and the jurisdictions could create opportunities for the use of joint development or land banking tools.

To answer the questions of where can value capture tools be used by Focus Area, we analyzed each value capture tool to determine which were the most favorable for the scope, scale and real estate market

for each Clark County Maryland Parkway Corridor Focus Area. We then applied the data and principles used in our Tool Match to Context analysis. A score of “High” indicates a good fit for that tool in that Focus Area. A “Med” score indicates a fair fit for that tool in that Focus Area, and a “Low” score indicates a poor fit for that tool in that particular Focus Area. The results can be seen in Table 4 below.

VALUE CAPTURE POTENTIAL BY CLARK COUNTY FOCUS AREA													
VALUE CAPTURE TOOL	RUSS	HACI	RENO	Trop	U RD	UAVE	FLAM	KATI	BLVD	DINN	SUNR	KARN	SAH
	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>	Med	Med	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>
	Low	Low	Low	Low	Med	Med	Med	Med	Med	Med	Low	Low	Low
	Low	Low	Low	Low	Low	Low	Med	Med	Med	Med	Med	<b>High</b>	<b>High</b>
	Low	Low	Low	Low	Med	Med	Med	Med	Med	Med	Low	Low	Low
	Low	Low	Low	Low	Med	Med	Med	Med	Med	Med	Low	Low	Low
	Low	Low	Low	Low	Med	Med	Med	Med	<b>High</b>	Med	Med	Med	Med
	Low	Low	Low	Low	<b>High</b>	<b>High</b>	Med	Med	<b>High</b>	<b>High</b>	<b>High</b>	Low	Low
	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
	Low	Low	Low	Low	Med	Med	Low	Low	Low	Low	Low	Low	Low
	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Med	<b>High</b>	<b>High</b>

Table 4: Value Capture Potential by Clark County Focus Areas

### KEY QUESTION #3:

#### *Which Value Capture Tools are Most Likely to be Successful in Clark County?*

To determine the answer to the question of which value capture tools provide the best fit for the Clark County portion of the Maryland Parkway Corridor, we applied the evaluation framework discussed in Section 3 for each value capture tool. Table 5 to the right contains the scores in the framework as applied.

#### VALUE CAPTURE TOOLS

Eval. Factor	Legal	Feasibility	Revenue	Stakeholder Support	Institutional Capacity	Tool Fit to Context	Point Total
Max Points	10	5	12	10	5	10	
TIF	10	2	8	8	5	10	43
SAD	10	5	7	1	5	4	31
LVT	0	3	12	1	0	10	26
Impact Fees	10	5	2	0	5	2	24
Exactions	10	5	2	0	5	3	25
Green Inf	8	4	3	10	2	7	34
Naming Rt	10	5	2	10	5	10	42
TUF	0	4	8	0	0	4	16
Joint Dev	10	5	5	8	5	7	40
Land Bank	10	5	5	9	3	7	39

Table 5: Clark County Evaluation Framework Matrix

## RECOMMENDED VALUE CAPTURE TOOLS FOR FURTHER EVALUATION AND IMPLEMENTATION

We recommend that those tools with a score above 30 be considered for further evaluation and possible implementation by Clark County, the RTC and their partners. Based on the scores as applied, the tools that are the best fit for Clark County's portion of the Corridor are ranked in order as follows:

1. Tax Increment Financing
2. Naming Rights
3. Joint Development
4. Land Banking
5. Green Infrastructure
6. Special Assessment District

(this page intentionally left blank)



# 5

## SUMMARY AND RECOMMENDATIONS FOR NEXT STEPS

If Clark County and/or the RTC decide they want to implement the recommended value capture tools, then they will be making some major changes to “the way things have always been done.” When you ask stakeholders to actually start to pay for the economic benefit they have been receiving for free or for very little cost, there may be challenges ahead. Whenever there is change to the status quo, there is usually opposition because stakeholders may react with fear and anxiety to the unknown, or they may actively organize and work against the change because they perceive that they will be at a disadvantage if the change is made.

To address the concerns of stakeholders; transit investments, TOD, and any associated value capture tools must demonstrate the potential to create more value for landowners/developers than they cost, or property will not be developed, and the transit may not be funded. The key question that will need to be answered if value capture is to be seriously considered for implementation is “Does the proposed transit project provide enough of a value proposition that landowners/developers will be motivated to take on the increased risk and costs that come with the transit project and any accompanying TOD?”

Providing a solid business case for the transit project and its plan of finance is the solution to attracting stakeholders and keeping them on board for the implementation of the value capture process. Value capture is appropriate only when there is support for moving forward from key stakeholders and the general public. Such circumstances and conditions are indicative of a well-thought-out business and economic case. The jurisdictions should consider a range of funding options before deciding which value capture tools are most appropriate for a particular project. Value capture tools that align with government policies and stakeholder infrastructure priorities will have the best chance for success.

## IMPLEMENTING VALUE CAPTURE

For value capture tools to be accepted, the proponents of value capture will have to pursue a number of steps and put in a considerable amount of time and effort to build a compelling business case for the project and financing. We suggest the following steps:

### 1. IDENTIFY, RECRUIT AND TRAIN VALUE CAPTURE CHAMPIONS

An agency undertaking the utilization of land value return and recycling should have champions to provide leadership. Leadership should be broad based and should come from developers, business leaders, elected officials, agency staff, and appointed officials. Champions can focus public attention and motivate action. Champions for any transportation agency or local government should be able to bring credibility and a broad reach of influence over numerous stakeholders and constituencies. When it comes to influencing a decision or shifting a debate, the messenger can be as important, or even more important, than the actual message.

### 2. INCORPORATE VALUE CAPTURE TOOLS INTO STANDARD PROJECT SELECTION PROCEDURES

As a funding tool, value capture is growing in frequency. As mentioned above, some state departments of transportation now regularly include the use of value capture tools as part of their fiscally constrained transportation planning processes. Also, one of the nation's leading Metropolitan Planning Organizations, The Chicago Metropolitan Agency for Planning (CMAP) began considering value capture funding options as part of their long range, fiscally constrained transportation plan. CMAP plans to continue using value capture funding going forward. Clark County and the RTC may also want to consider adding value capture review as part of their transportation planning process.

### 3. CONSIDER FORMING A NOT FOR PROFIT FOR VALUE CAPTURE ADVOCACY

Not-for-profit corporations can be very effective in assisting public agencies to educate and build support from the community. The not-for-profit corporation would be formed by interested parties and potentially supported by Clark County. As we have seen from one case study in this toolkit, the Los Angeles Streetcar benefited tremendously from the advocacy efforts of a not for profit. Landowners and community advocates near NOMA Station, part of Washington D.C.'s heavy rail metro system, also successfully formed their own not for profit to promote using a SAD to fund the station.

#### 4. BRING IN OUTSIDE EXPERTS

Other transportation agencies and local governments have had much success with value capture as a funding source to fill gaps in important transit capital and operating budgets. Success tends to breed success. Bringing in another community's successful champions to tell their story and discuss how they overcame adversity to bring about a successful project can help to start the value capture ball rolling and overcome initial opposition. These visits and visitors can inspire others and help to identify local champions. Training for agency officials and peer exchanges with colleagues who have experience can enrich the champions' and others' understanding of the tools of value capture and how the use of these tools may vary to achieve specific objectives.

#### 5. BUILD A SOLID ECONOMIC CASE FOR VALUE CAPTURE

To build a compelling economic and business case for value capture, the project sponsor(s) will need to conduct specific, formal studies to ascertain value generation increases resulting from the Maryland Parkway BRT project or other transportation projects. An implementing agency will need to develop specific technical information to build their case such as the following:

- Forecasting of revenue streams
- Forecasting of economic benefits
- Estimation of property value
- Fiscal impact analysis

#### 6. CONDUCT A FORMAL STUDY/EVALUATION OF THE MERITS OF ESTABLISHING A REDEVELOPMENT AGENCY IN CLARK COUNTY TO IMPLEMENT VALUE CAPTURE TOOLS

Nevada law allows for redevelopment agencies to operate in a much more streamlined and simpler fashion compared to local governments. Using a redevelopment agency could offer Clark County several advantages for efficient implementation of value capture tools including:

- One agency/department to implement an entire suite of value capture tools
- Ease of acquiring needed right of way
- Less bureaucratic operating restrictions than a local government

Clark County will be able to better establish the pros and cons of forming a redevelopment agency after a more focused and detailed study of the subject.

This study identified and recommended that Clark County evaluate six Value Capture Tools for possible implementation. Three of these tools, TIF, Joint Development and Land Banking/Community Land Trusts, which are often combined together, have demonstrated effectiveness in the **provision of long-term housing affordability and providing transit supportive land uses**. Administration of these value capture tools could be greatly facilitated by the establishment of a redevelopment agency within Clark County.

(this page intentionally left blank)

# 6

## APPENDIX

- A. Value Capture Tool Implementation Checklist
- B. A Summary of Tax Increment Financing Best Practices
- C. Special Assessment District Checklist
- D. Joint Development Checklist
- E. Naming Rights Checklist
- F. Further Readings on Emerging Value Capture Tools



## APPENDIX A: VALUE CAPTURE TOOL IMPLEMENTATION CHECKLIST (ADAPTED FROM TRCP VALUE CAPTURE AND PUBLIC TRANSPORTATION)

### Step 1: Understand what is possible.

- Engage legal counsel to make a list of all possible value capture mechanisms that can be used for the project.
- If a desired value capture tool is not currently authorized, then begin the process to identify a bill draft request and seek political support to support needed authorizing legislation.
- Explore strategic land parcels near the project area that may be used for joint development and other mechanisms. Pay particular attention to parcels that are owned by the local government or another public entity.
- Identify possible stakeholders and partners (public, private, and institutional) that could serve as a starting point for strategic partnerships and investments.

### Step 2: Select promising mechanisms for further exploration.

- Review value capture tools by Focus Area type to help identify value capture tools that may be most appropriate for the project.
- Consider Focus Area context including existing land uses, density, demographics, real-estate market dynamics, zoning, and other economic considerations such as opportunity zones, redevelopment districts, etc., when selecting value capture tools.

- Use the needs of the project as selection criteria for the value capture mechanisms. For example, if up-front capital costs are needed, then a financing option that offers a large infusion of funds up front such as a Special Assessment District or Tax Increment Financing funds from a redevelopment district may be more appropriate. If operations and maintenance funds are needed, then an assessment that provides long-term, dedicated funding streams such as a Transit Utility Fee or a Land Value Tax may be more applicable.

### Step 3: Evaluate promising tools to ascertain value capture potential.

- Coordinate with public agencies such as the RTC's metropolitan planning organization and transit departments, planning departments, redevelopment agencies, county assessor, and state department of taxation to gather needed data and initiate conversations.
- Establish appropriate criteria and assumptions for estimating and evaluating value capture tools.
- Include assumptions for growth, inflation, catchment areas, assessment levels, and so forth.
- Evaluate promising mechanisms to get a back-of-the-envelope estimate of revenue and data.

### Step 4: Decide on the most appropriate value capture tools that will further the project.

- Create selection criteria for the value capture mechanisms based on feasibility, appropriateness of the revenue generated in relation to project needs, stakeholder support, and so forth.
- Include major stakeholders in discussions and up-front coordination.
- For large, complex projects, consider establishing a task force to help with generating stakeholder support, decision making and providing recommendations.

### Step 5: Engage with wide array of stakeholders and the public.

- Engage a wide array of stakeholders and the public, and include ample time for this process and workshops, as needed.

### Step 6: Initiate and establish value capture tool(s).

- All tasks in this step are dependent on the specifics of the project and what is needed to utilize the selected value capture tool

## APPENDIX B: A SUMMARY OF TAX INCREMENT FINANCING (TIF) BEST PRACTICES

Experience with several TIF financial models that have been used extensively throughout the country quantify several important issues to consider in evaluating potential TIFs.

These financial issues are as follows:

1. Property assessment growth rates are key to identifying worthy TIF reinvestment zones. Areas with above average growth rates (in the local context) are developing without TIF and probably do not warrant public stimulus.
2. Net Present Value (NPV) is the appropriate tool to assess program paybacks. NPV is strongly affected by assumed interest rates. High bond rates decrease NPV, while low rates elevate NPV. The goal is to select rates that reflect market conditions so that observed paybacks match original estimates.
3. Financial viability is the minimum criterion for TIF programs. A TIF needs to repay fully borrowing and administrative costs related to its creation. It is deemed financially viable if it can.
4. Financial efficiency is highly desirable. Many underperforming areas will experience assessment growth without a TIF. Incremental tax receipts generated (above the underlying assessment growth pattern) determine a TIF's efficiency—the greater this value, the more

valuable the TIF is to a community and to potential developers in the redevelopment area.

5. Spillover effects are highly desirable. When a TIF positively influences assessment growth rates in adjacent non-TIF areas, this contributes to the TIF's efficiency and contributes to the public good.

In addition to the financial criteria presented above, the literature review identified several characteristics of successful TIFs. These are:

1. A seriously blighted zone holding little attraction for private development. Public investment is needed to encourage private interest in the target area. Typically, there is poor infrastructure and coordinated redevelopment must be undertaken. A TIF program can provide the administrative structure and project plan to make large projects happen.
2. Well-planned projects conforming to the County's master plan for development. The resulting investment will enhance the community and contribute to the public good, especially if the County's master plan has been based on extensive community feedback and direction.
3. Projects with extensive public support. Public support will lessen opposition and encourage overlying

tax districts (school districts) to participate.

4. Projects with clear causal linkages to private development within the target area. Clear attribution of assessment gains to a TIF will lessen opposition and encourage the participation of overlying tax districts (school districts,) because the overlying tax districts will perceive that there is long term property tax benefit that will accrue to them after the term of the TIF district is complete.
5. Projects presenting few barriers to implementation. Factors strongly conducive to success include:
  - No/minimal residential relocation needs.
  - No/minimal business relocation needs.
  - No requirement to provide low/moderate income housing.
  - Current property ownership concentrated in few hands.

Adapted from Tax Increment Financing (TIF) Best Practices Study Institute for Policy and Economic Development

## APPENDIX C: SPECIAL ASSESSMENT DISTRICT CHECKLIST

1. Review NRS legislation to determine the extent of SAD eligibility to fund the desired project elements
2. Conduct detailed research on how other counties have implemented SAD for transit in their communities
3. Conduct a risk assessment for how SAD could function from a real estate market standpoint including revenue generation needs and assessment scenarios
4. Conduct a benefit assessment study to determine how the project will benefit the properties assessed, e.g., reductions in travel time, increased transit capacity, etc., to establish a solid business case for property benefits
5. Determine the geographic area that will fund the SAD and what type of properties, e.g., commercial and/or residential, public, etc. that will be assessed.
6. Once the economic benefit data and business case are established, consider forming a not for profit to advocate for the creation of the district or begin outreach to stakeholders to gauge support for SAD creation
7. Determine the best process to ascertain amount of assessment fees, e.g., property frontage, property value, distance from improvement, type of use, size of property, etc.
8. Determine how property owners will pay for the assessment, e.g., up front, over time, etc.
9. Decide how the County will collect and manage the assessment fees
10. Proceed with the County Special Assessment District due process requirements, e.g., engineering, engineer's estimate, resolution, public hearing, etc.

## APPENDIX D: JOINT DEVELOPMENT CHECKLIST

1. Determine if vacant property or air rights above or below existing public facilities would be available for lease or sale as TOD
2. Match available properties with surrounding context to see if medium to high residential/commercial density is appropriate for the location
3. Assess if up-front cash is desired or if long term revenues would be preferred to ascertain if a direct sale or a long-term lease is preferable.
4. Determine desired mix of uses on the site, e.g., residential, commercial, industrial, mixed income housing, affordable housing, market rate housing, etc.
5. Consider using economic consultants to evaluate market feasibility of desired land use mix
6. Issue Request for Interest (RFI) document and/or contact potential developers to ascertain interest.

## APPENDIX E: NAMING RIGHTS CHECKLIST

1. Consider a financial feasibility analysis of the use of naming rights along the Maryland Parkway Corridor
2. Contact potential sponsors, e.g., UNLV, Boulevard Mall, Sunrise Hospital, etc., to determine interest for sponsorship of either a station, a group of stations or for the entire Corridor
3. Evaluate the political and legal risk for naming a public infrastructure in the Corridor
4. Issue Request for Information or Request for Proposals for identified station(s) or Corridor



## APPENDIX F: FURTHER READINGS ON EMERGING VALUE CAPTURE TOOLS

### Municipal Tax on Excess Capital Gains Tax

- State Taxes on Capital Gains, Elizabeth McNichol, December 2018  
<https://www.cbpp.org/research/state-budget-and-tax/state-taxes-on-capital-gains>

### Transfer of Development Rights

- A Survey of Transferable Development Rights Mechanisms in New York City. Department of City Planning. February 2015  
<https://www1.nyc.gov/assets/planning/download/pdf/plans-studies/transferable-development-rights/research.pdf>
- Nevada Planning Guide: American Planning Association Nevada Chapter, 2017  
[http://lands.nv.gov/uploads/documents/Docs\\_and\\_Pubs\\_E2017-146.pdf](http://lands.nv.gov/uploads/documents/Docs_and_Pubs_E2017-146.pdf)
- Brookings Institution "TDRs, How They Work and Their Role in Shaping Metropolitan Growth"  
<https://www.brookings.edu/research/tdrs-and-other-market-based-land-mechanisms-how-they-work-and-their-role-in-shaping-metropolitan-growth/>

### Public Upzoning Market

- <https://urban-regeneration.worldbank.org/node/21>

### Upzoning, Public Policy & Fairness—A Study & Proposal

- <https://scholarship.law.wm.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=2494&context=wmlr>

