SO WE HAVE A TOD PLAN, NOW WHAT?

TOD Infrastructure Finance and Plan Implementation

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STRATEGICECONOMICS

“So We Have a Plan, Now What?”

- Many communities complete “station area plans” with no concrete implementation strategy
- To address this issue, U.S. EPA commissioned a “catalog” of infrastructure financing tools
  - 30 tools
  - 15 case studies
  - Technical assistance for 4 communities
    - Wheat Ridge, Colorado
    - South Suburban Mayors & Managers Association, Illinois
    - Cobb County, Georgia
    - Sandy, Utah

What The EPA Effort Revealed:

1. Cities need to be strategic – think like a “master developer”
2. There is no one tool that gets the job done
3. Partnerships and collaboration are key

You Still Need:

People, partnerships, and strategy

Many Challenges to Funding & Financing TOD Infrastructure

- Doesn't always pay for itself because many benefits accrue to the general public
- Infrastructure improvements needed to support TOD need to be "front loaded" before development occurs
- Structured parking is expensive and difficult to finance in suburban locations
- Existing real estate market conditions do not always support community vision for higher density development

TOD Has Three Parts:

T = Transit

O = Other Stuff (bike/ped connections, street trees, infrastructure etc.)

D = Development

Each of these has separate funding and financing sources, but they are all interconnected in terms of creating value.

Defining TOD “Infrastructure” as the “O” In T-O-D

- **Grey** Infrastructure – streets, sidewalks, bike lanes, wet and dry utilities, storm water, structured parking
- **Green** Infrastructure – street trees, parks, open space
- **Gold** – affordable housing, community center, health clinics, day care center, etc.

Some, but not all, Infrastructure Generates Revenue

Infrastructure Type	Revenue Generating?
Gray	
Local streets	No
Sidewalks, bike lanes	No
Wet & dry utilities	Yes
Parking	Maybe
Green	
Streetscaping, street trees	No
Parks & open space	No
Gold	
Affordable housing	Yes
Community center, day care, etc.	Yes

Value Capture Tools, in Particular, Rely Mostly on New Development

Mechanism	Source of Value	Reliance on Development
TIF	Property Value Increase/ Development	Yes
Developer Fees/ Exactions	Development	Yes
Joint Development	Development	Yes
Assessment District	Estimated Property Benefit	Not in theory, but often in practice
Utility Fees	Fee Based on Property Characteristics	No
Land Tax/ Split-Rate Tax	Property Value	No

Potential Methods of ***Financing*** Infrastructure – All Require Revenue

Pay-As-You-Go

Pay (or save up) over time as revenues are generated

- Requires patience
- Challenging to use where up-front investments are needed

Debt

Borrow money up front, pay back using future revenues

- Bonds can be general obligation or revenue bonds
- Requires predictable revenue stream
- Many factors can impact ability to issue debt

Public-Private Partnerships

Shift financing risk to the private sector

- Requires revenue stream
- Costs and benefits are shared
- Requires collaboration and cooperation

Enabling Legislation & Priorities Often Determine Funding Availability

- State/local enabling legislation usually required to implement value capture mechanisms (TIF, special assessment districts) & sometimes to introduce or raise user fees
- State, regional, and local priorities can determine funding availability. For example:
  - MPOs allocate federal transportation dollars according to regional priorities
  - Localities often set priorities through Capital Improvement Programs (CIPs)

Changing Federal Priorities will Affect Local Capabilities

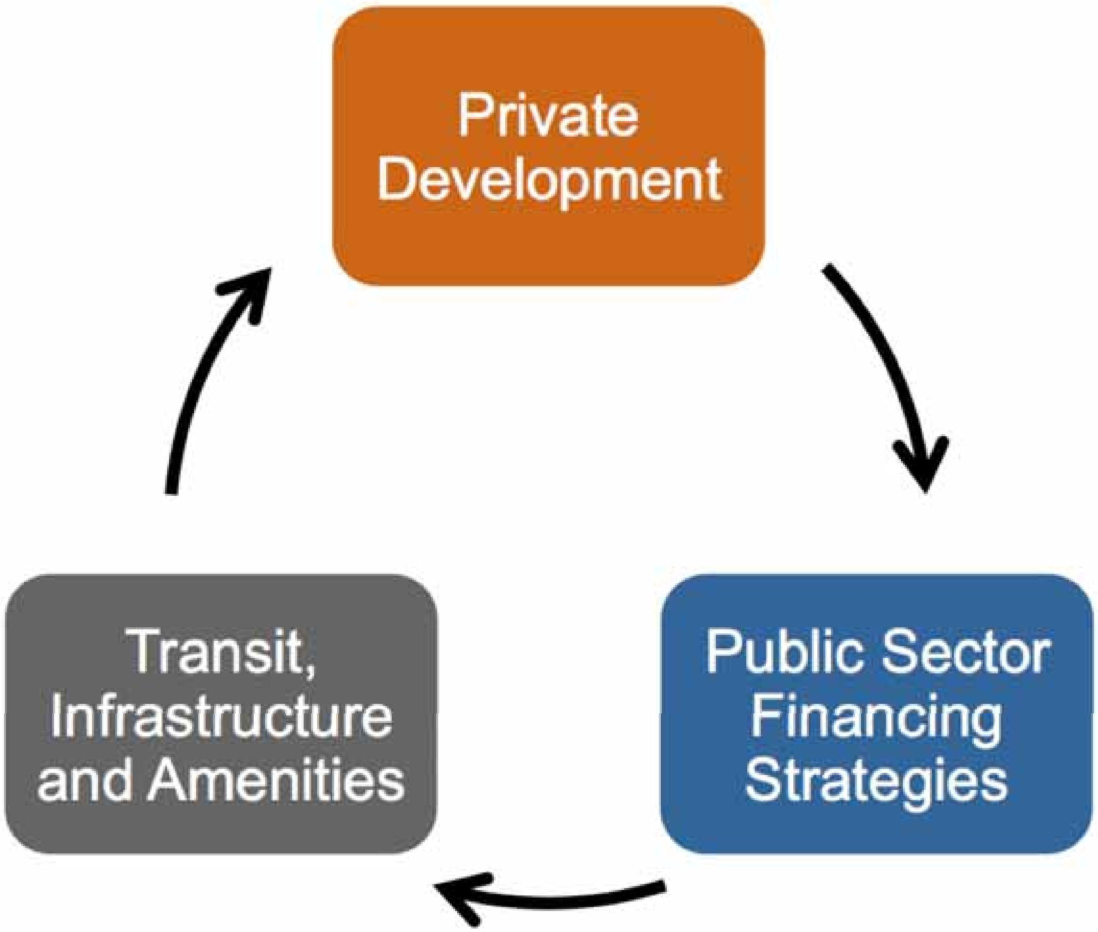
- Transportation bill passed in late June (MAP-21)
  - Reduced funding for bike/ped ("Transportation Alternatives")
  - Increased state/local discretion over Transportation Alternative funds
  - TOD Pilot Program - $10 million for station area planning
  - Increased reliance on TIFIA
- Recent cuts to HUD (CDBG) and EPA budgets (state and regional clean air and water grant programs)

Two Primary Kinds of Financing Strategies

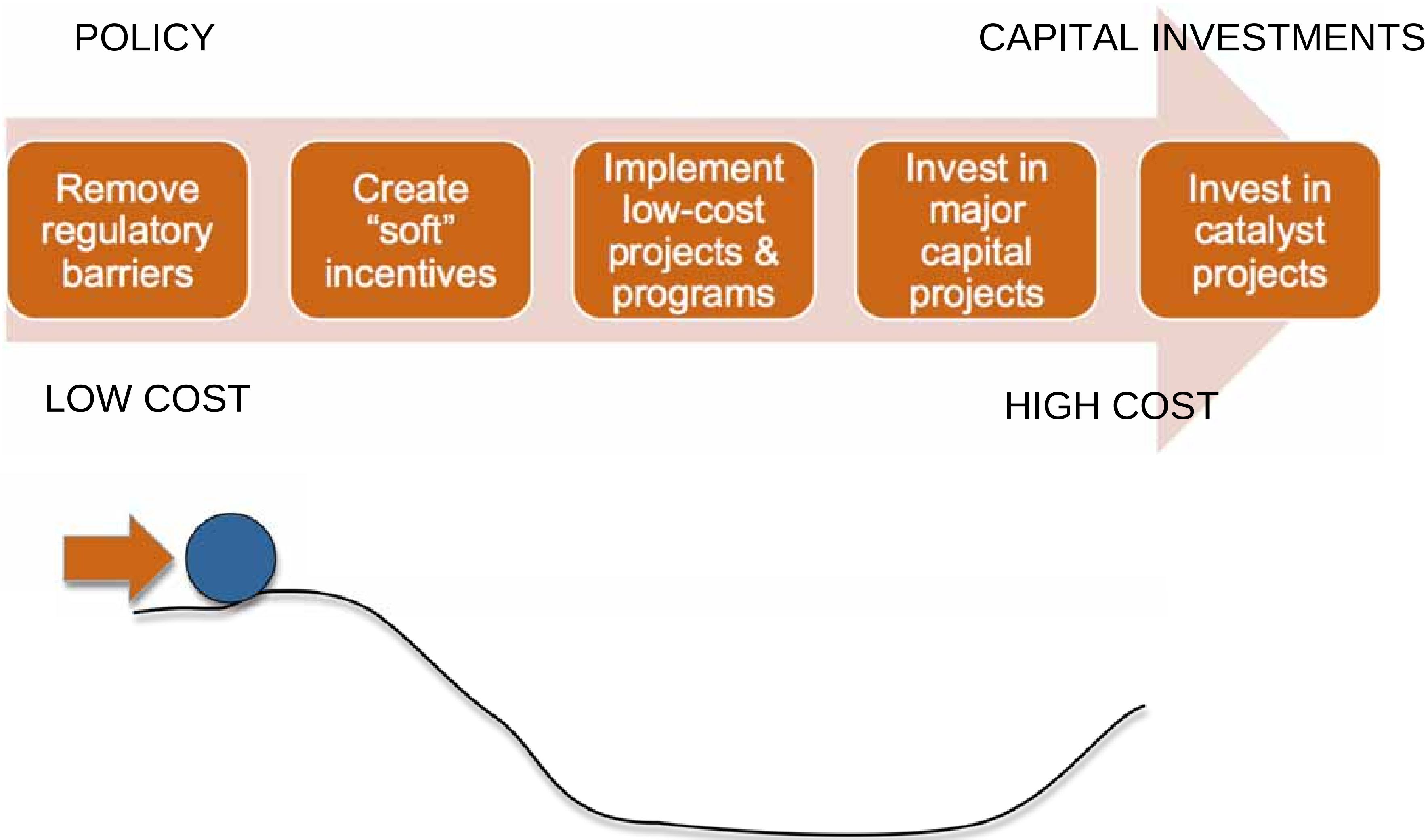
Financing Strategy in Strong Market Locations
(Value Capture):

Financing Strategy in Cooler Market Locations
(Activities to Improve Neighborhoods and Enable Development) :

Ideally These Strategies Can Work Together to Build Value



Strategies for "Getting the Ball Rolling"



Developing a Financing Strategy

- Four Fundamental Steps:
  - Understand existing conditions and have a clear plan
  - Identify all infrastructure components necessary to achieve the plan
  - Look for the money
  - Look for short-term strategies to build long-term value

Concluding Thoughts

- Successful financing and implementation is about having a strong strategy, not just finding money
- The public sector has to be proactive and manage infrastructure financing the way a “master developer” would: incrementally
- Set implementation priorities based on existing assets, funding availability, and market strengths, not just on solving the “biggest” problems.
- Look for long term opportunities to shift regional, state and federal funding priorities for funding

Read the Full Report:

http://www.epa.gov/smartgrowth/infra_financing.htm