

# Value Capture From Mega-Region World City to Small Town Texas

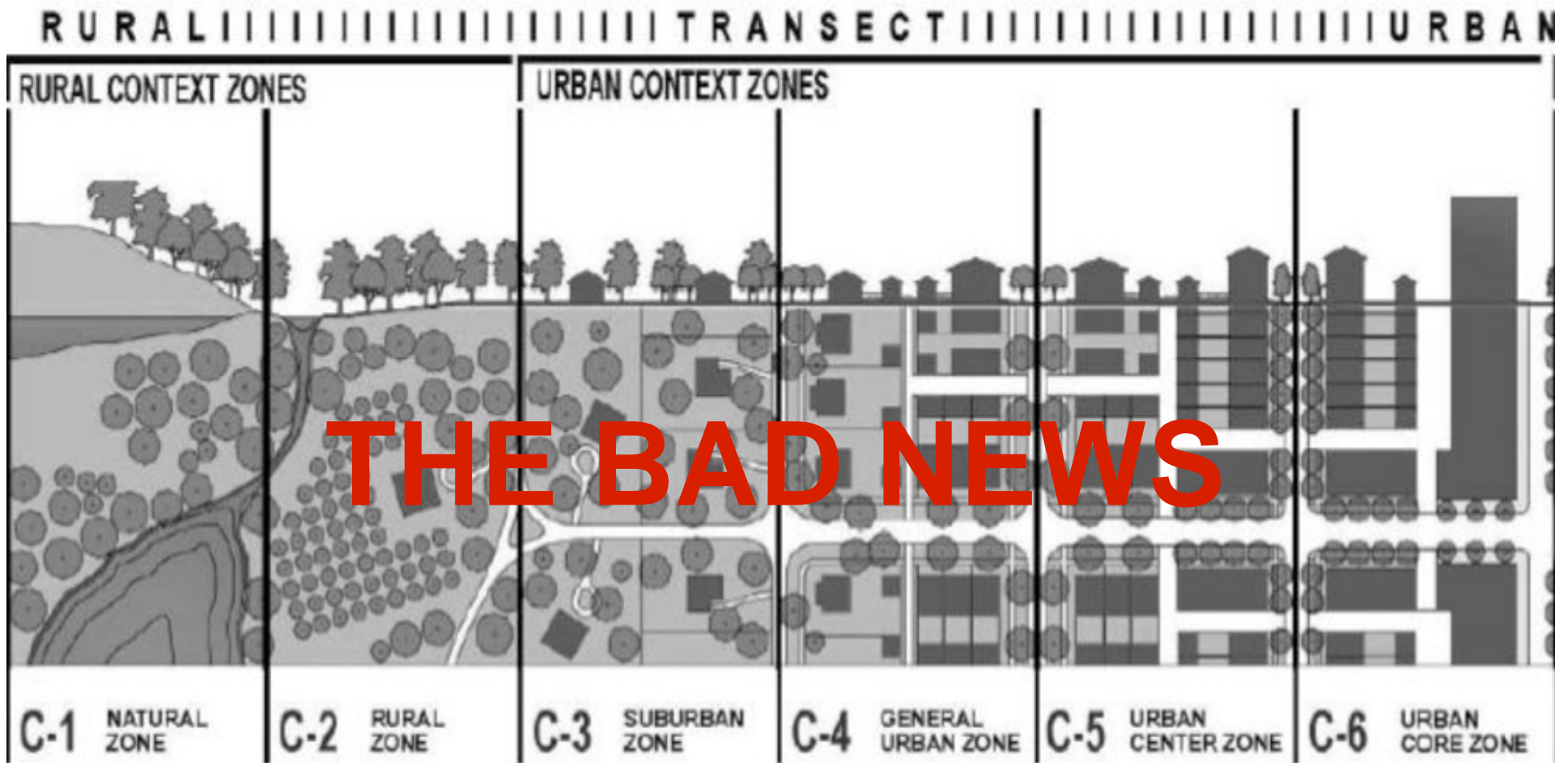
Value Capture Through TOD and Form-Based Codes  
CNU Annual Conference April 5, 2008



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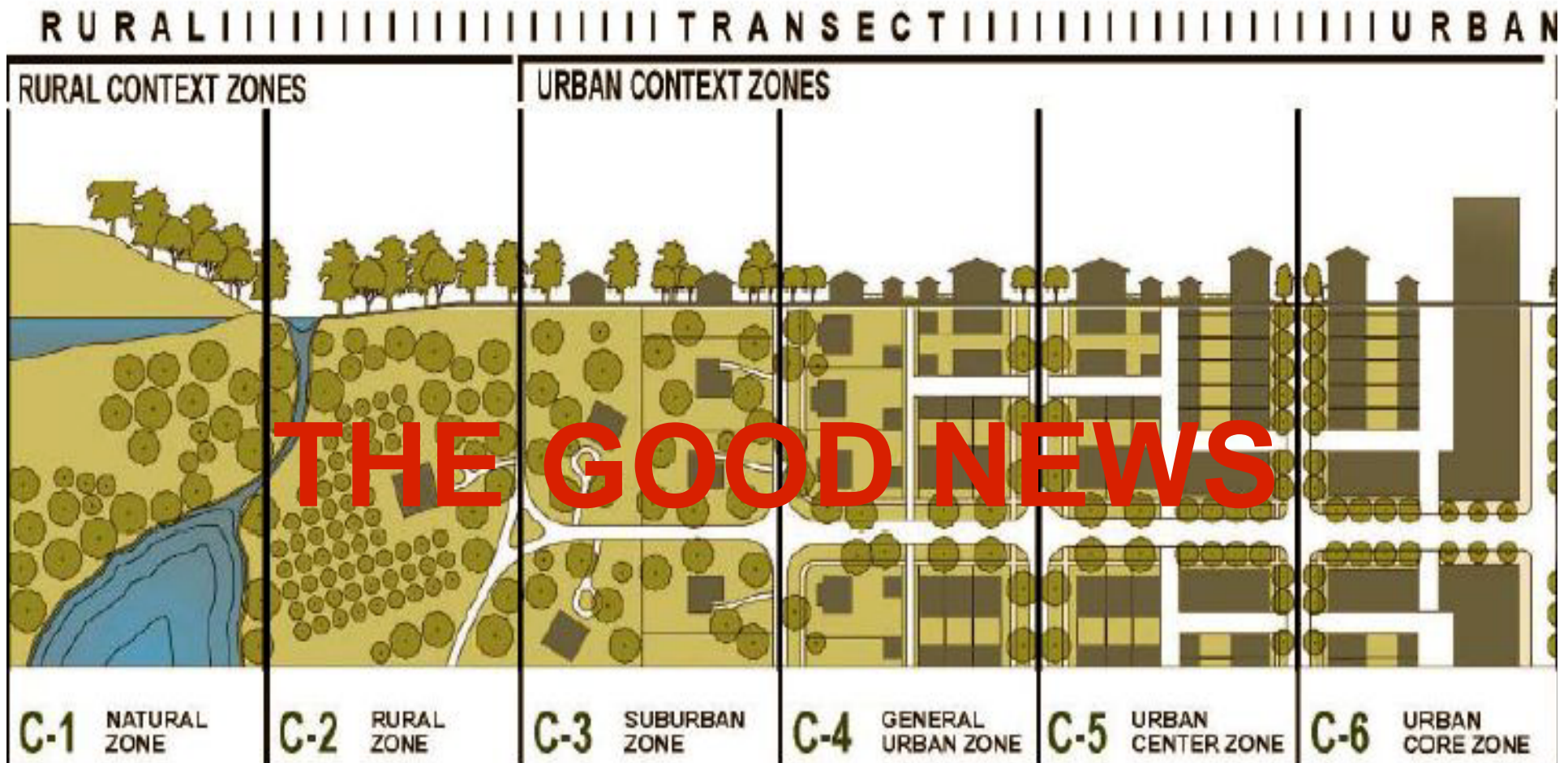
**Unit costs are higher in higher zones**

**Regulation and review times increase in higher zones**



**Standard codes limit development rights in the higher zones and encourage development at the municipal edge.**

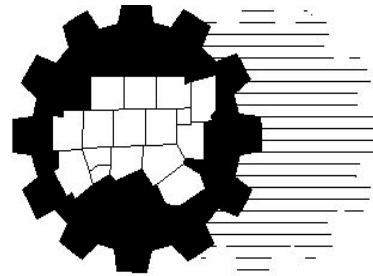
**Financial value is concentrated in the higher zones**  
**VMT per Household is lower in the higher zones**



**Form-based codes allow local governments to vest development rights in the higher zones without reducing the quality or sustainability of the community.**

## **NCTCOG Case Study:**

**Value capture to keep a large region growing strong**



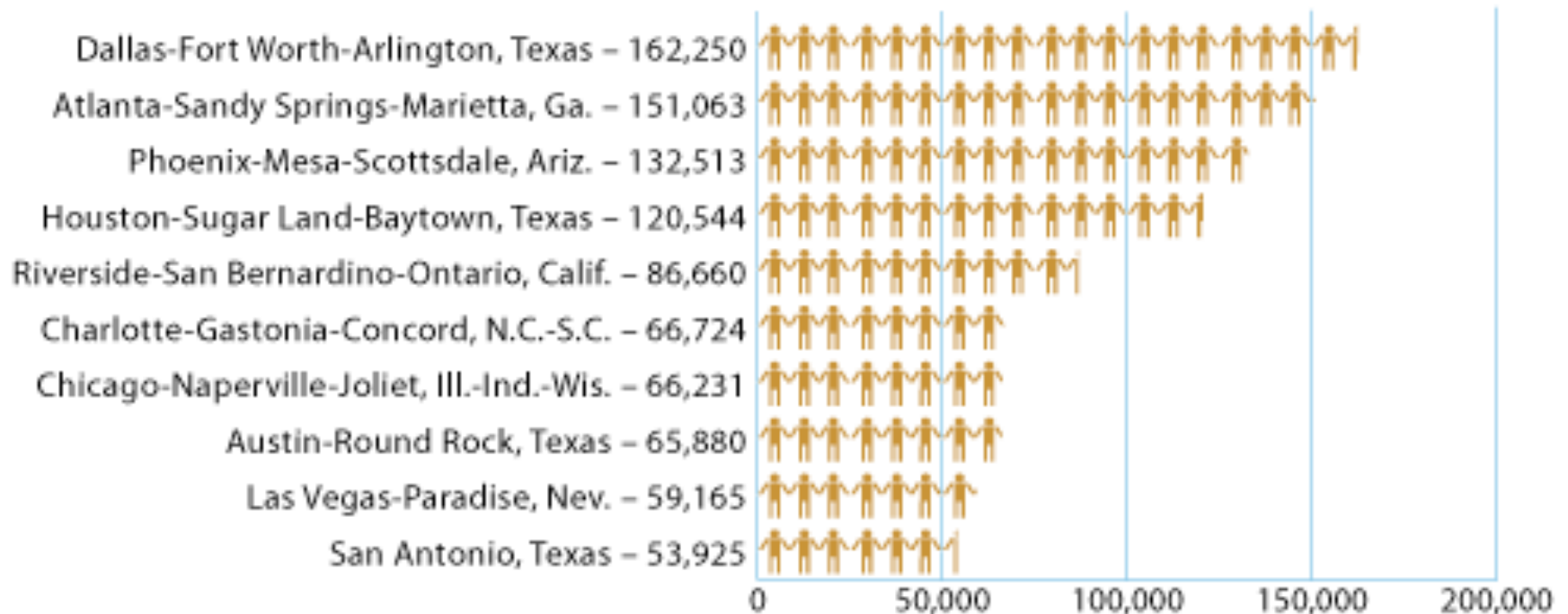
## **The City of Terrell Case Study:**

**Value capture to enhance the core city, protect the tax base and improve new adjacent development**



# Metropolitan Area Population Growth

10 U.S. Metro Areas With The Highest Numerical Growth: July 1, 2006- July 1, 2007



Source: U.S. Census Bureau, Population Estimates

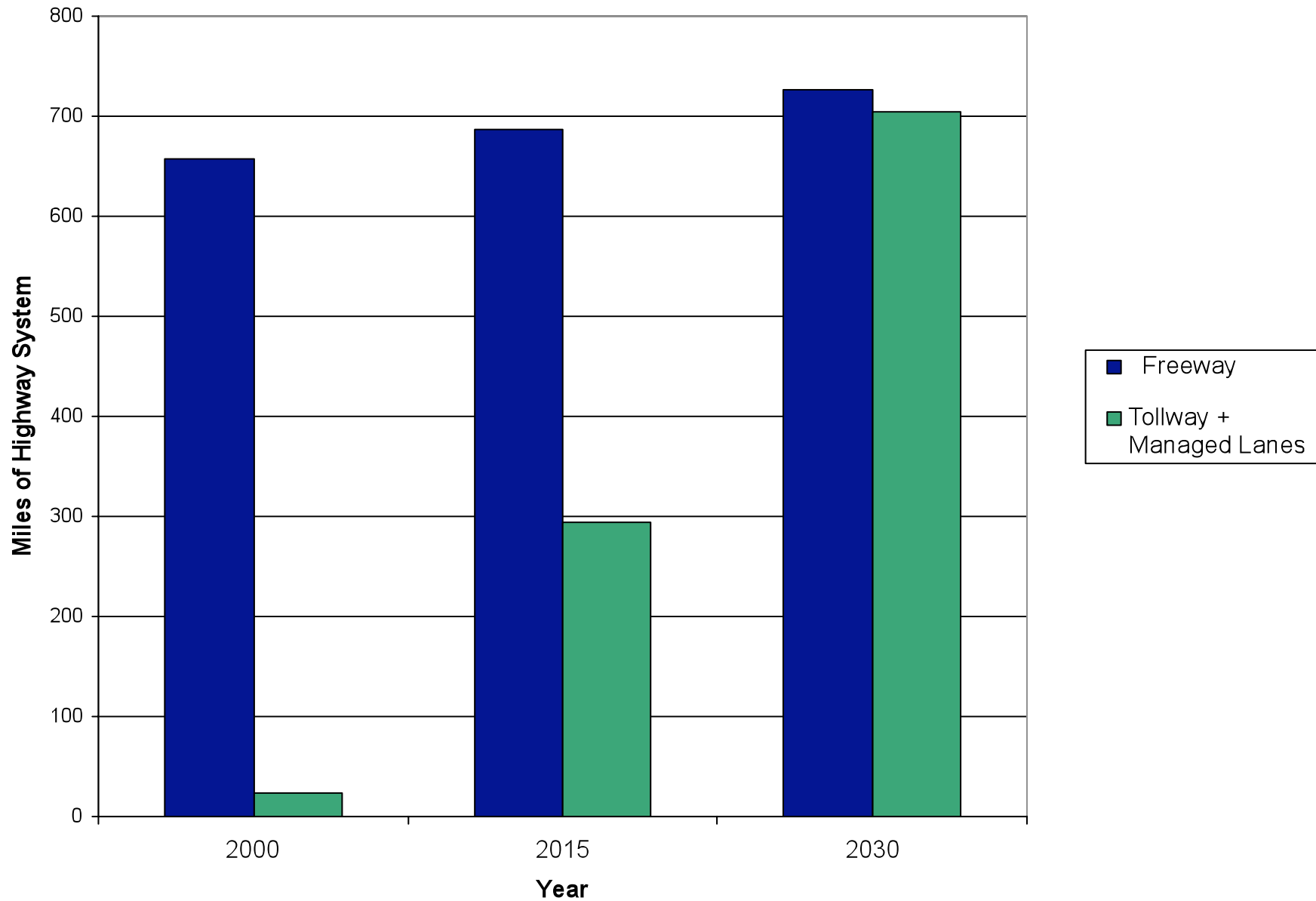
U S C E N S U S B U R E A U

**The Dallas-Fort Worth-Arlington region is the fourth largest in the U.S. with 6.15 million residents.**

# Value Capture Questions for North Central Texas

- What's the value of a new Toll Road?
- Can Tax Increment Refinance Districts Replace Sales Tax Revenue as a Financing Mechanism for Transit?
- Can Public Private Transportation Partnerships Change Regional Land Use Trends?

## Growth of Revenue-Producing Highway System: 2000 to 2030



# What's the Value of a New Toll-Road?

S.H. 121 (Normalized Base Case)

	NTTA	CINTRA
Upfront Payment	\$2.4B	\$2.1B
Annual Repayment	\$0.6B - \$0.7B	\$0.7B
Revenue Share*	-	\$0.0B
Public Benefit*	\$0.2B - \$0.3B	-
<b>Sub-Total</b>	<b>\$3.2B - \$3.4B</b>	<b>\$2.8B</b>
TSA NTTA (Interoperability)*	-	\$0.5B
<b>Sub-Total</b>	<b>\$3.2B - \$3.4B</b>	<b>\$3.3B</b>
Tax (Federal)*	-	\$0.1B
<b>Estimated Financial Value Capture</b>	<b>\$3.2B - \$3.4B</b>	<b>\$3.4B</b>

\*The financial value associated with these items is a function of the traffic and revenue numbers achieved in the project.

Analysis provided by Pricewaterhouse Coopers for the Regional Transportation Council



# Value Capture Opportunity

## Expanding Light Rail Access

### Dallas Area Rapid Transit Example<sup>1</sup>

- 1999** 25% greater increase in commercial valuations around DART Stations than control areas.
- 2002** 66% greater increase in multi-family residential valuations around DART Stations than control areas.
- 2004** 115% greater increase in office valuations around DART Stations than control areas.
- 2008** \$3.3 billion in new investment has been announced, broken ground or been planned near DART Stations since 1999.



<sup>1</sup> Data reported by the University of North Texas

# Dallas-Fort Worth Region

## Incremental Property Tax Redirected to Sub-Area Infrastructure Needs

<b>Fiscal Year</b>	<b>Number of TIF Districts</b>	<b>Total Revenue</b>
2001	25	\$35,744,073.00
2002	28	\$75,917,080.00
2003	32	\$65,038,312.00
2004	32	\$45,300,566.00
2005	34	\$65,038,312.00
2006	49	\$59,993,975.00






# Revenue Sources For Additional Regional Rail<sup>1</sup>

Estimated Capital and Operating Annualized Costs	Necessary Sales Tax Increase	Necessary Motor Fuels Sales Tax Rate	Necessary Motor Vehicle Sales Tax Rate
\$167.3 Million <sup>2</sup>	<b>0.5 %</b>	6.375 % per gallon	2.375 % per sale
<p>Note: Covers Regional Rail in Tarrant, Johnson, Ellis Counties and Non-DART portions of Dallas and Collin Counties.</p>	<p>Note: New sales tax in Tarrant, Johnson, Ellis Counties and Non-DART portions of Dallas and Collin Counties.</p> <p>Would allow for additional local cap space for non-transit allowed in DART area.</p>	<p>Note: New sales tax in Tarrant, Johnson, Ellis Counties and Non-DART portions of Dallas and Collin Counties.</p>	<p>Note: New sales tax in Tarrant, Johnson, Ellis Counties and Non-DART portions of Dallas and Collin Counties.</p>

1 Includes possibility, at local discretion, of minimal feeder bus, air quality projects, bottleneck improvements, etc.

2 Assumes 10% Farebox Recovery and 15% Federal/State Grant Funds.

# New Emphasis Area: Housing Near Transit

Name	Suburban	General Urban	Urban Center	Near Urban Core	Urban Core
Regional Examples					
	<b>Illinois Station</b> Hurst/Bell Station Parker Road Station	<b>CentrePort Station</b> Kiest Station	<b>Downtown Plano</b> Addison Circle	<b>Mockingbird Station</b> Cityplace Station	<b>Downtown Dallas</b> Downtown Fort Worth
Building Height	Surface Parking to Single Story	2 Stories	4 Stories	11 Stories	18+ Stories
Residential Density (units/acre)	6	12	24	48	96
Office Employment (employees/acre)	100	225	450	900	1800
Retail Employment (employees/acre)	75	125	250	525	1050
Uses	sf residential, some retail, office, light to heavy industrial	sf residential, mf residential, retail, office, light to heavy industrial	sf residential, mf residential, retail, office, light industrial	sf residential, mf residential, high-density retail, office, entertainment	mf residential, high-density retail, office, entertainment
Smart Code ID	T3	T4	T5	T5.5	T6

**Goal: Improve the financial performance of passenger rail by promoting more activity at rail stations.**

# NCTCOG's

## 2005-06 Sustainable Development Call for Projects

### Funding For:

Transportation Infrastructure

Land Banking (not to exceed 20% of total sustainable development funds)

Center of Development Excellence

Local Sustainable Development Planning Programs

### Funding Goals:

Expand Rail Service Accessibility

Support Transit-Oriented Developments

Support Local Infill Developments

### Minimum Criteria For Transportation Infrastructure:

Consistent With "Areas of Interest"

Correct Zoning In Place

Public/Private Partnership

### Incentives For:

Housing-Income Match

Workforce Housing Near Transit

Areas with High Emitting Vehicles

Density/Walkability

Mix of Residential and Non-Residential Uses

Job Creation In High Unemployment Areas

Public sector action to un-bank previously banked land



**Multi-year program total \$120 million.**

# **2005-2006 Sustainable Development Funding Program**

**\$40.2 Million in Federal Funds (RTC Local Funds)**

**Center of Development Excellence**

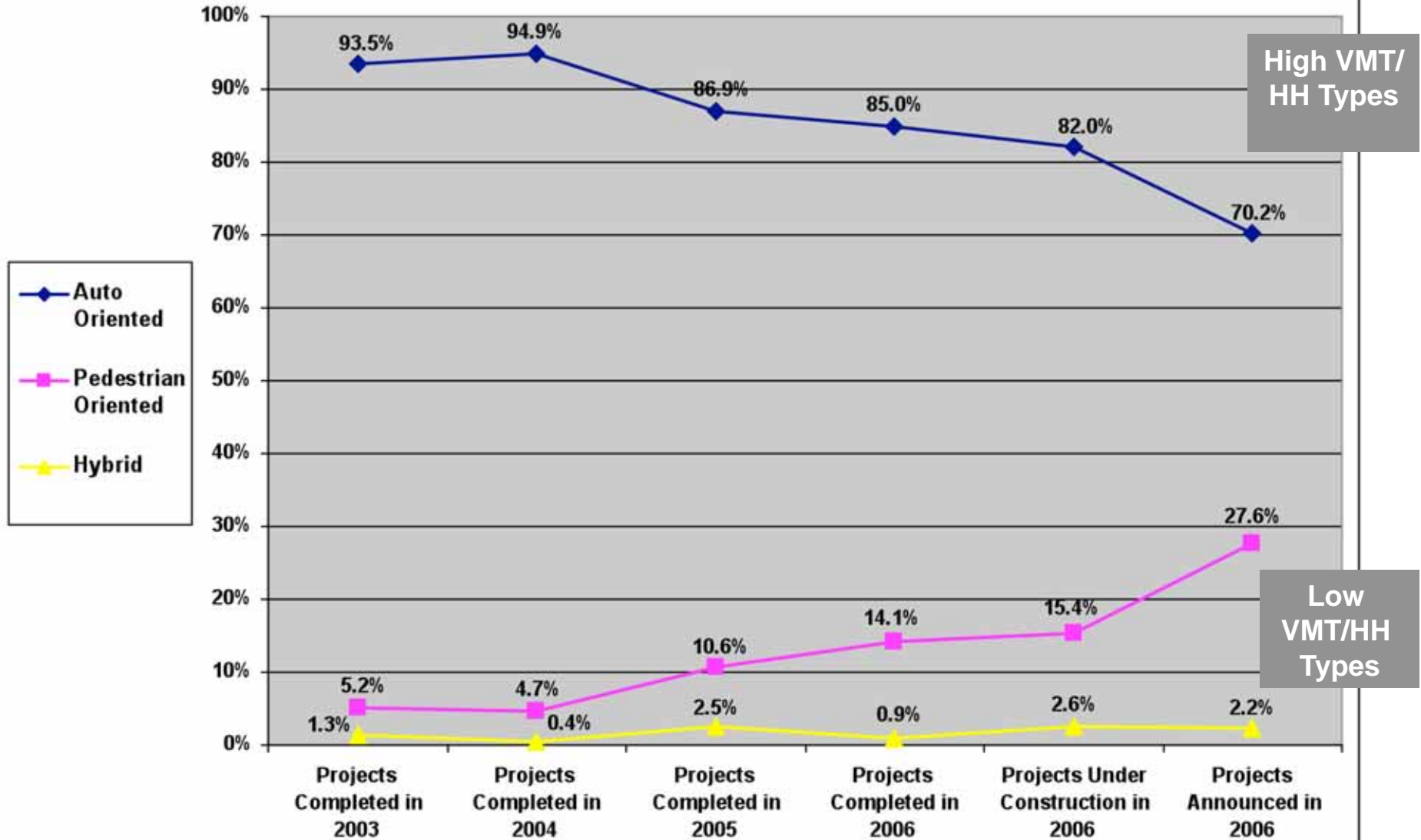
**28 Infrastructure Projects**

**8 Planning Projects**

**4 Land Banking Projects**

**52 Transit Oriented Development Implementation  
Assistance Projects**

## Major Developments By Type



# Local Regulations Create Market Opportunity, Place and Value

**Human scale urban forms**

**A sense of neighborhood**

**Involvement in civic life**

**Diverse Tax Base**

**Reduced per-capita infrastructure system costs**

**Opportunity to capture value**



**Automobile scale urban forms**

**A sense of isolation**

**Disinterest in public affairs**

**Limited Tax Base**

**Increased per-capita infrastructure system costs**

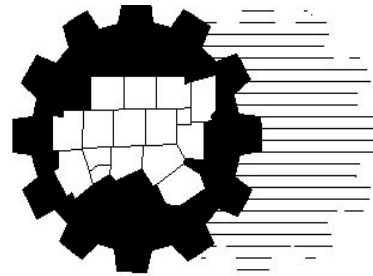
**No opportunity to capture value**





## **NCTCOG Case Study:**

**Value capture to keep a large region growing strong**



## **The City of Terrell Case Study:**

**Value capture to enhance the core city, protect the tax base and improve new adjacent development**



# Terrell, Texas

**Founded in 1873**

**30 miles east of  
Downtown Dallas**

**Home to 18,000 residents**



# City of Terrell Growth

**Forbes List of Fastest Growing Cities in the United States – Terrell ranked 96 of 100.**

**Terrell is the largest city in Kaufman County, the 23<sup>rd</sup> fastest growing county in the United States. <sup>1</sup>**



*1. U.S. Census Bureau, July 2006 – July 2007, Counties with Population 10,000 or Greater*

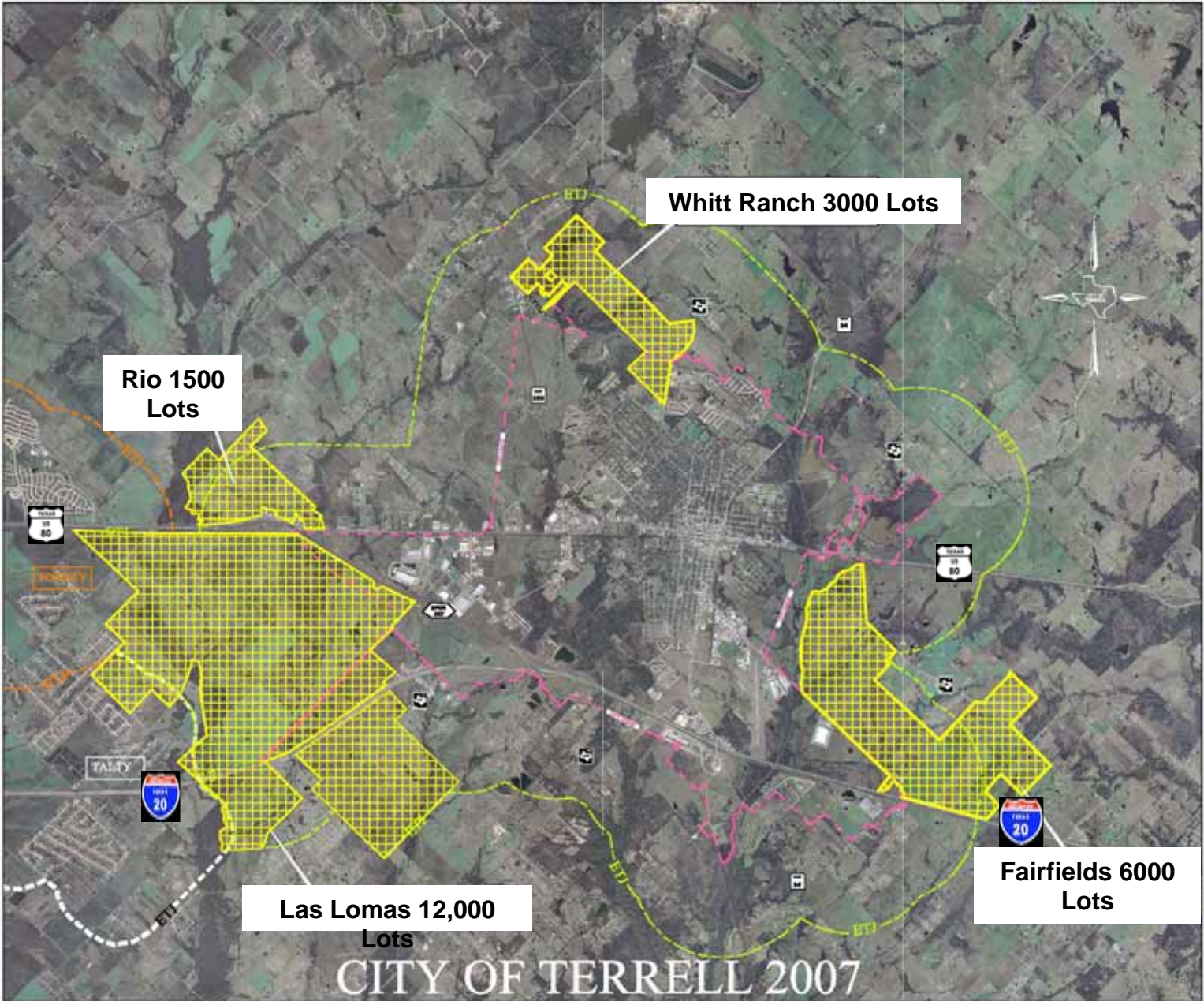
# City of Terrell Growth Challenges

**In 2005 and 2007, the legislature approved bills establishing Special Utility Districts in the City's ETJ.**

**For a rural community (third ring city), these Special Law Districts represent the largest combined master-planned development communities in Texas with over 22,000 projected new homes, 70,000 population.**

**By 2025, Terrell may reach a population over 100,000.**





**Rio 1500  
Lots**

**Whitt Ranch 3000 Lots**

**Las Lomas 12,000  
Lots**

**Fairfields 6000  
Lots**

**CITY OF TERRELL 2007**

# City of Terrell Surrounding Developments



# **City of Terrell**

## **Opportunities/Problems**

**Residents welcome some change, but are uneasy about uncontrolled growth. City officials are concerned about the potential strain on the City's infrastructure.**

**City of Terrell used a proactive innovative land-use approach utilizing existing state law to confront development.**

**A lack of a mechanism to fund construction of infrastructure in the ETJ area, rural communities in the path of urban expansion often limit infrastructure development to their own corporate limits and do not expand to ETJ areas.**

**For a small city to take on responsibility to service these mega-developments with water and wastewater service on its own is almost impossible.**

**In the absence of proactive planning, competition between the new and existing areas can cause economic disinvestment in the core.**

# **City of Terrell**

## **Partnership Achievements**

**Positive economies of scale for the construction of infrastructure, water and wastewater distribution systems.**

**Cost sharing mechanisms to support construction of water and wastewater infrastructure inside city limits.**

**Strategic Partnership Agreements – sales tax sharing agreements; generating sales tax through limited special purpose annexation.**

**City maintains control of development standards and quality in ETJ area through development agreements.**

**First TIF established in Kaufman County – partnership between City and County Commissioners.**



# City of Terrell

## Proposed Zoning Ordinance

Removes the previous central city requirements

New CBD District is Form-Based, including:

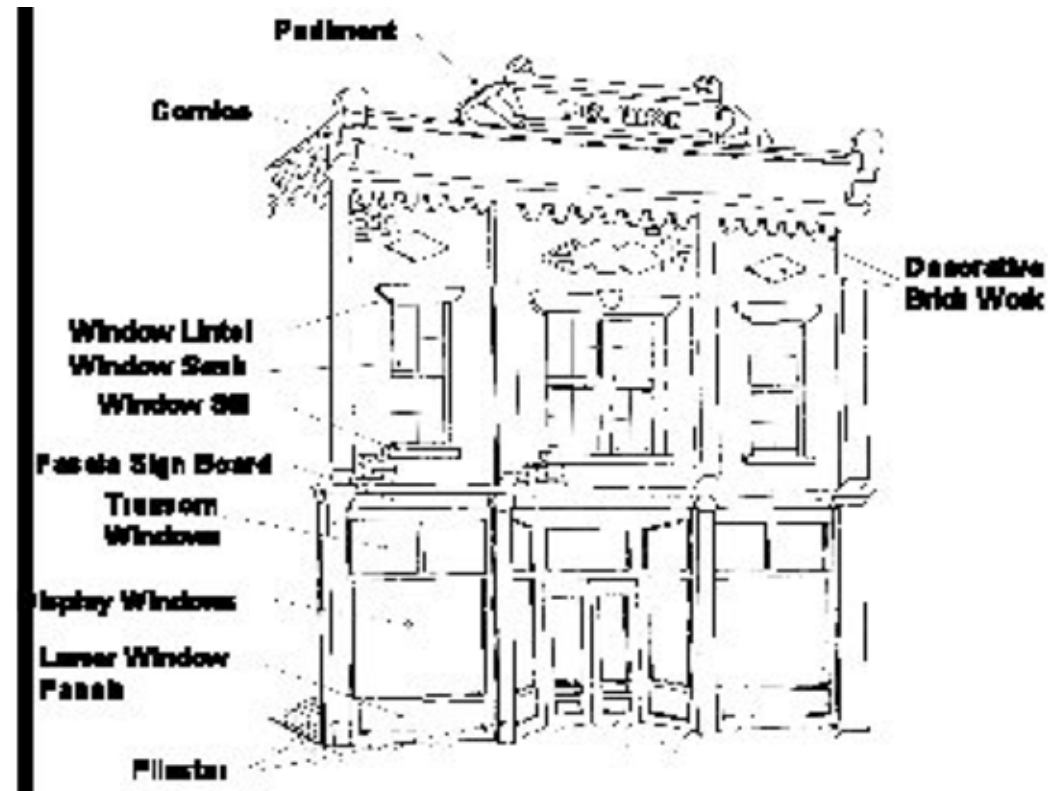
Mixed use by right (residents above, commercial below)

Four story by right

100% lot coverage by right

No parking requirement

Variety of building front design criteria



# City of Terrell CBD Reinvestment



# City of Terrell Value Capture Toolbox

## Completed/Underway:

- Execution of Special District Development Agreement – July 2006
- Creation of TIF District – January 2008
- Update of 1961 Zoning ordinance, including form based CBD zone – public hearings on-going
- Execution of Special District Cost-Share Agreement (Phase 1) – Summer 2008

## Possible Next Steps:

- Update of Comprehensive Plan/Thoroughfare Plan
- Creation of Annexation Strategy
- Creation of Development Agreement Policy
- Creation of Form-Based Overlay
- Update of Official Zoning Map
- Update of Subdivision Regulations
- Execution of Additional Development/Cost Share Agreements

# City of Terrell National Recognition

The innovative techniques used by the City of Terrell are endorsed by eminent urban planners, and published in the national professional journal *Public Works Management & Policy*, July 2007 Symposium Issue. The article title is “Sustainable Intergovernmental Agreements: A Case Study of Civil Infrastructure Design and Regional Cooperation”.

- “Case study meets the infrastructure needs of a fast-growing population in and around Terrell, TX.” - *William M. Leavitt and John C. Morris (Old Dominion University)*
- “This case empowers local governments, public authorities and developers to work together to manage growth and provide needed infrastructure services.” – *William M. Leavitt and John C. Morris (Old Dominion University)*
- “A lot of other places will get to go to school on Terrell lessons.” – *Richard Little (Director of the Keston Institute for Public Finance and Infrastructure, University of Southern California, Dallas Morning News)*

**“Cutting edge innovation to preserve  
small-town character.”**



**- Mayor Hal Richards, City of Terrell**

# Value Capture From Mega-Region World City to Small Town Texas



For More Information:  
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