Regenerative Value Capture
Scott Polikov
1.17.13
Who primed the pump?
But what about today?

The new "Patrons"
Opportunity?

The Shifts
The role of government—unfounded fear or legitimate criticism?
Can we align underlying economic realities?
What does the past tell us?
The new de facto Master Developer

Form-Based

Use
Operations
Form

Form
Operations
Use
Public-Private Redevelopment
Oak Street
Downtown Roanoke, Texas
Analysis of context, history and culture
Recapturing leakage through downtown place-making
(building on destination traffic of Babes and Classic Café)
Master plan based on market study and analysis of authentic drivers
The analysis provided basis to commit $8 million public funds for Oak Street improvements.
Today downtown flourishes
Average Taxable Value (land only)

2006   $4.06 per SF
2011   $12.25 per SF

Average annual restaurant sales

$600/SF
Using micro-placemaking to create market momentum
Regulatory
“master developer”
A regional application to support infrastructure
The Cotton Belt Corridor

13 Cities, 3 Counties, DFW Airport

Fort Worth

Plano

Richardson

DFW Airport

Dallas
DART Availability Payments Trending Down
Shifting to development patterns driving transportation, rather than the opposite. $50 Billion in highways removed from 2030 Plan in updating 2035 Long Range Plan.
Value Capture Opportunity (Lost)

Arlington, Virginia

31% of taxbase in 7% land area
INNOVATIVE FINANCE INITIATIVE
COTTON BELT CORRIDOR

PHASE 1 FINAL REPORT
DECEMBER 2011

Urban Land Institute Minnesota

GATEWAY PLANNING
A VIALTA GROUP PARTNER

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
**Cotton Belt Proposal Summary Schedule**

**Pre-Proposal Phase**
- Dec 2012 – Jan 2013
- Define business approach
- Stakeholder communication
- Consensus building
- Define procurement strategy
- Execute inter-local agreements
- Develop procurement processes, policies & procedures
- Confirm legislative authority to receive proposal
- Define governance structure
- Develop governance framework
- Define legislative requirements
- Initiate legislative processes
- Develop and finalize proposal

**Unsolicited Proposal Submittal**
- Apr-May 2013
- Receive unsolicited proposal
- Validate proposal assumptions
- Prepare RFP
- Issue RFP
- Receive competing proposals
- Issue Preliminary Development Agreement/Interim Award

**RFP Phase**
- Jul-Sep 2013
- Pre-CDA Phase
- Validate proposal assumptions
- Land use planning/TIF
- Negotiate local agreements
- Environmental approvals
- Financial agreements
- Establish governance structure
- Preliminary engineering & design
- Negotiate and execute final CDA

**Comp Dev Agreement**
- May-Aug 2014
- Project Delivery
- 2016-2017
- Finalize overall work program
- Validate proposal assumptions
- Final engineering & design
- Execute D/B contract
- Execute O&M contract
- Execute EPC
- Deliver project
- Begin Service

**Operation**

**MMD Established LGC 375**
All RGE Procurement responsibilities transferred to MMD

**Established LGC 375**
All RGE Procurement responsibilities transferred to MMD

**MMD**

**All RGE Procurement responsibilities transferred to MMD**
We examined almost 9,008 acres (26 station areas), parcel by parcel, not relying on arbitrary walking radii.
### Table 12 LAND-USE TYPOLOGY FINDINGS ($2010)

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Developed/ Redeveloped Acres</th>
<th>Share of Development</th>
<th>Avg. Developed Sq. Ft./Acre</th>
<th>Avg. Value / Developed Sq. Ft.</th>
<th>Avg. Developed Value/Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOD</td>
<td>755</td>
<td>8.4%</td>
<td>54,400</td>
<td>$146.16</td>
<td>$7,951,000</td>
</tr>
<tr>
<td>TND</td>
<td>990</td>
<td>11.0%</td>
<td>13,938</td>
<td>$134.19</td>
<td>$1,870,313</td>
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<tr>
<td>Transition</td>
<td>1,265</td>
<td>14.4%</td>
<td>9,725</td>
<td>$130.35</td>
<td>$1,275,000</td>
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<tr>
<td>Retail</td>
<td>480</td>
<td>5.3%</td>
<td>12,825</td>
<td>$133.05</td>
<td>$1,706,375</td>
</tr>
<tr>
<td>Office</td>
<td>505</td>
<td>5.6%</td>
<td>16,125</td>
<td>$138.72</td>
<td>$2,236,875</td>
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<tr>
<td>SMF</td>
<td>270</td>
<td>3.0%</td>
<td>16,100</td>
<td>$95.31</td>
<td>$1,534,500</td>
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<tr>
<td>C&amp;I</td>
<td>1,195</td>
<td>13.3%</td>
<td>8,712</td>
<td>$30.00</td>
<td>$261,360</td>
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<tr>
<td>Unchanged</td>
<td>3,518</td>
<td>39.1%</td>
<td>NA</td>
<td>NA</td>
<td>$347,008</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9,008</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$1,453.152</strong></td>
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</table>

*Partnership for Liveable Communities, July 2011*
### Table 17: Summary of Results Under Different Scenarios

**$ in Millions**

Note: Discount rates are applied to create a present value calculation for each Scenario in Tables 2.8 – 2.11

**2.39% Inflation Rate**

<table>
<thead>
<tr>
<th></th>
<th>5% Discount; 35% Facility Share</th>
<th>5% Discount; 50% Facility Share</th>
<th>7% Discount; 35% Facility Share</th>
<th>7% Discount; 50% Facility Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash/Current Commitments</td>
<td>$342.00</td>
<td>$342.00</td>
<td>$342.00</td>
<td>$342.00</td>
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<tr>
<td>New Starts (T)</td>
<td>$305.00</td>
<td>$305.00</td>
<td>$305.00</td>
<td>$305.00</td>
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<tr>
<td>Sales Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grapevine (@ 3/8 cent)</td>
<td>$174.37</td>
<td>$174.37</td>
<td>$123.77</td>
<td>$123.77</td>
</tr>
<tr>
<td>4B (@ 10% of collections)</td>
<td>$55.04</td>
<td>$55.04</td>
<td>$40.12</td>
<td>$40.12</td>
</tr>
<tr>
<td>DART Contribution</td>
<td>$388.11</td>
<td>$388.11</td>
<td>$214.33</td>
<td>$214.33</td>
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<tr>
<td>Farebox (@ $0.14)</td>
<td>$280.40</td>
<td>$280.40</td>
<td>$191.85</td>
<td>$191.85</td>
</tr>
<tr>
<td>Non-Geographic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Naming Rights</td>
<td>$28.80</td>
<td>$28.80</td>
<td>$28.80</td>
<td>$28.80</td>
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<tr>
<td>Advertising (</td>
<td>$30.80</td>
<td>$30.80</td>
<td>$30.80</td>
<td>$30.80</td>
</tr>
<tr>
<td>Fiber Right-of-Way</td>
<td>$89.28</td>
<td>$89.28</td>
<td>$89.28</td>
<td>$89.28</td>
</tr>
<tr>
<td>Public Value Capture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Property Tax</td>
<td>$352.09</td>
<td>$502.99</td>
<td>$224.19</td>
<td>$320.28</td>
</tr>
<tr>
<td>County Property</td>
<td>$126.50</td>
<td>$180.71</td>
<td>$80.41</td>
<td>$114.87</td>
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<tr>
<td>Sales Tax</td>
<td>$35.61</td>
<td>$50.87</td>
<td>$22.32</td>
<td>$31.89</td>
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<tr>
<td>Hotel Tax</td>
<td>$45.09</td>
<td>$64.41</td>
<td>$28.52</td>
<td>$40.74</td>
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<tr>
<td>Special District</td>
<td>$86.31</td>
<td>$86.31</td>
<td>$55.30</td>
<td>$55.30</td>
</tr>
<tr>
<td>Land Value</td>
<td>$262.31</td>
<td>$262.31</td>
<td>$262.31</td>
<td>$262.31</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,601.70</strong></td>
<td><strong>$2,841.40</strong></td>
<td><strong>$2,038.99</strong></td>
<td><strong>$2,191.33</strong></td>
</tr>
</tbody>
</table>
COMMERCIAL ENTERPRISE

PRIVATE DEVELOPMENT
WITHOUT MONUMENTS & INSTITUTIONS

SUSTAINABLE COMMUNITY

THE RESILIENT EXCHANGE
OF GOODS & KNOWLEDGE

RSP 11

Courtesy Russ Preston
Bush/Central TOD
Conventional zoning was stunting development
New zoning
Form-Based Code

Urban Land Institute Minnesota

Gateway Planning Group
Tying together zoning and complete streets
5+ Million Square Feet of walkable urbanism
Share the growing pie – Tax Increment Finance

- Baseline Property Value
- Appraised Value
- Captured Appraised Value
- Value After Termination

Time:
- Creation
- Termination

Tax Increment
Fiscal impact of build out

- Potential capture for just 57 acres out of 300 acres = +$100 Million

Table 8: Total Revenue Pre- and 20 Years Post-Buildout ($2010)

<table>
<thead>
<tr>
<th>City of Richardson</th>
<th>Pre-Buildout</th>
<th>Post-Buildout</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Property Tax Revenue</td>
<td>$20,561,079</td>
<td>$39,163,960</td>
<td>$59,725,039</td>
</tr>
<tr>
<td>City Sales Tax Revenue</td>
<td>$3,937,500</td>
<td>$7,500,000</td>
<td>$11,437,500</td>
</tr>
<tr>
<td>City Lodging Tax Revenue</td>
<td>$7,009,653</td>
<td>$13,351,720</td>
<td>$20,361,373</td>
</tr>
<tr>
<td>City of Richardson TOTAL</td>
<td>$31,508,232</td>
<td>$60,015,680</td>
<td>$91,523,912</td>
</tr>
<tr>
<td><strong>Other Local Jurisdictions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Property Tax Revenue</td>
<td>$8,193,224</td>
<td>$15,606,140</td>
<td>$23,799,364</td>
</tr>
<tr>
<td>CC District Property Tax Revenue</td>
<td>$3,212,223</td>
<td>$6,118,520</td>
<td>$9,330,743</td>
</tr>
<tr>
<td>ISD Property Tax Revenue</td>
<td>$43,811,586</td>
<td>$83,450,640</td>
<td>$127,262,226</td>
</tr>
<tr>
<td>TOTAL ALL JURISDICTIONS</td>
<td>$86,725,265</td>
<td>$165,190,980</td>
<td>$251,916,245</td>
</tr>
</tbody>
</table>

Source: TXP
Approach attracted developer-buyer and 6000 new jobs

State Farm signs onto KDC's $1.5B Richardson project

Bloomington, Ill.-based State Farm Insurance has signed onto KDC's recently announced $1.5 billion mixed-use development near North Central Expressway and President George Bush Turnpike in Richardson.
SAVE THE DATE:
MAY 29-JUNE 1 2013
SALT LAKE CITY, UT

CNU 21
LIVING COMMUNITY
21st Annual Congress for the New Urbanism

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