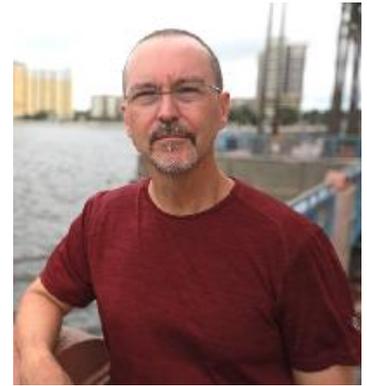


JANUARY 28, 2021

Funding Local Transportation Improvements through Value Capture

By Dr. Mark Hafen, Master Instructor & Program Director, Urban & Regional Planning

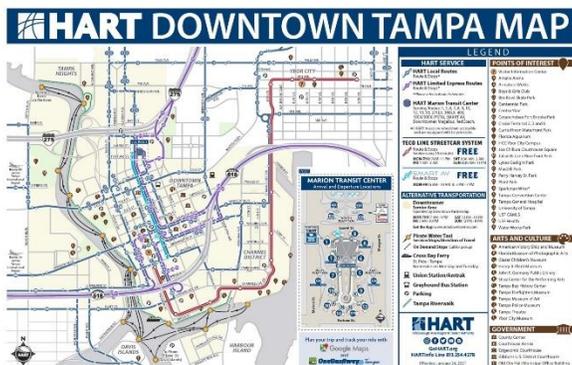


What is Value Capture and Why Do We Need It?

Standard revenue sources—property taxes, sales taxes, developer fees, fares, tolls, and other user fees—can be insufficient for transportation improvement initiatives, with many projects competing for limited general government funds. Grants from federal and state governments are sometimes available, but they are usually one-time sources that can only get new initiatives off the ground. Thus, alternative means are needed to create ongoing revenue streams for investment in transportation enhancements.

Value capture is a term which broadly defines a variety of techniques used to generate revenue to invest in mobility improvement projects. These may be for road repairs and construction, public transit expansion, and micromobility initiatives, among others. All hinge on the fact that the planning and execution of these improvements have effects from which additional revenue sources can be obtained. Examples include:

- incremental tax revenues from increased property values around transit stops, along transit corridors, and as a result of transit-oriented development (TOD);
- creation of special taxing districts from which a portion of revenues are used directly for transportation improvements;
- revenues from naming rights (routes, stations, other system infrastructure); and
- public-private partnerships and joint development agreements, among others.



The Tampa Bay area’s transportation infrastructure must expand concurrently with its rapid growth, especially in Tampa/Hillsborough County. Once that infrastructure falls behind urban development, it is difficult to catch up. This creates problems economically and environmentally, while also producing inequitable conditions for many of the area’s citizens. More revenue sources are needed to proactively plan and implement the mobility systems the area will need to keep pace, and to provide a variety of options that meet the needs of all of the area’s citizens.

HART downtown transit system map.

The Study

In Fall 2019 we began working with Plan Hillsborough—the City-County Planning Commission and the Metropolitan Planning Organization (MPO)—on a study to explore how transportation planning agencies elsewhere have used innovative value capture methods to increase revenue streams for transportation enhancements. The ultimate goal of the study was to ascertain which methods may be applicable to Tampa and Hillsborough County to successfully create revenue streams to augment currently available mobility funding.

With the help of five Master of Urban & Regional Planning (MURP) students in a Supervised Research course, we delved into the academic literature, technical papers, and other transit agency publications to first provide for our client an extensive annotated bibliography of information on value capture strategies in North America and around the world. After reviewing our data, we worked with our client to create a shorter list of the most

Results and Moving Forward

A final discussion among all workshop participants, as well as the final results of the value capture study, produced several key takeaways:

1. For value capture strategies to be successful, they must be embedded in local and regional context. There is no one-size-fits-all method.
2. Value capture revenue streams need to be targeted to transportation improvements from the onset, so that they are not subject to competition from other urban needs.
3. A diversity of revenue sources is an effective way to guard against the impact of external forces (economic and sometimes legal) on funding for transportation improvements. Sales tax revenues, especially, are susceptible to economic downturns.
4. Forming coalitions of stakeholders both for planning and for pursuing a diversity of value capture mechanisms can be complicated. But they are highly effective in completing large-scale projects.
5. To ensure equity, the planning of transit stations and TOD must include proper zoning, as well as housing options for low- and middle-income residents, even if it potentially reduces projected value capture revenues.
6. Opposition to transit projects, or a lack of cooperation from local governments, can come unexpectedly and must be anticipated and addressed early on.



Rendering from TBARTA of bus rapid transit (BRT) system.

One question that emerged from the final discussion related to the plans for improved transit—specifically BRT—in the Tampa Bay region. Participants were curious as to how they are being coordinated across jurisdictions. Plan Hillsborough is moving forward with proposals for a suite of transportation improvement projects, several of which center around BRT routes. BRT consists of buses with fixed routes, dedicated lanes, fewer stops, and often intersection priority. In short, it operates much like a light rail system, but at a lower cost. The Tampa Bay Area Regional Transit Authority (TBARTA) is also exploring BRT that would

connect Pinellas, Hillsborough, and Pasco counties.

Expansion and development of transportation mobility improvements in Hillsborough County is already moving forward, with voter approval in 2018 of a 1% sales tax increase. Pending the outcome of litigation brought forward by a Hillsborough County Commissioner, this potential new source of revenue could serve as a starting point for planning for mobility improvements, providing opportunities to explore value capture mechanisms that augment existing revenue streams and move the County towards greater mobility for its citizens.

I would like to acknowledge the significant contributions of MURP students Vasilya Allakhverdieva, Mercy Muga, Samuel Stokes, Aaron Young, and Hanbo Zhou to the study. This project was funded by a grant from Plan Hillsborough.