



The Business Opportunity for Smart Growth

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New Partners for Smart Growth – Charlotte, February 3, 2011



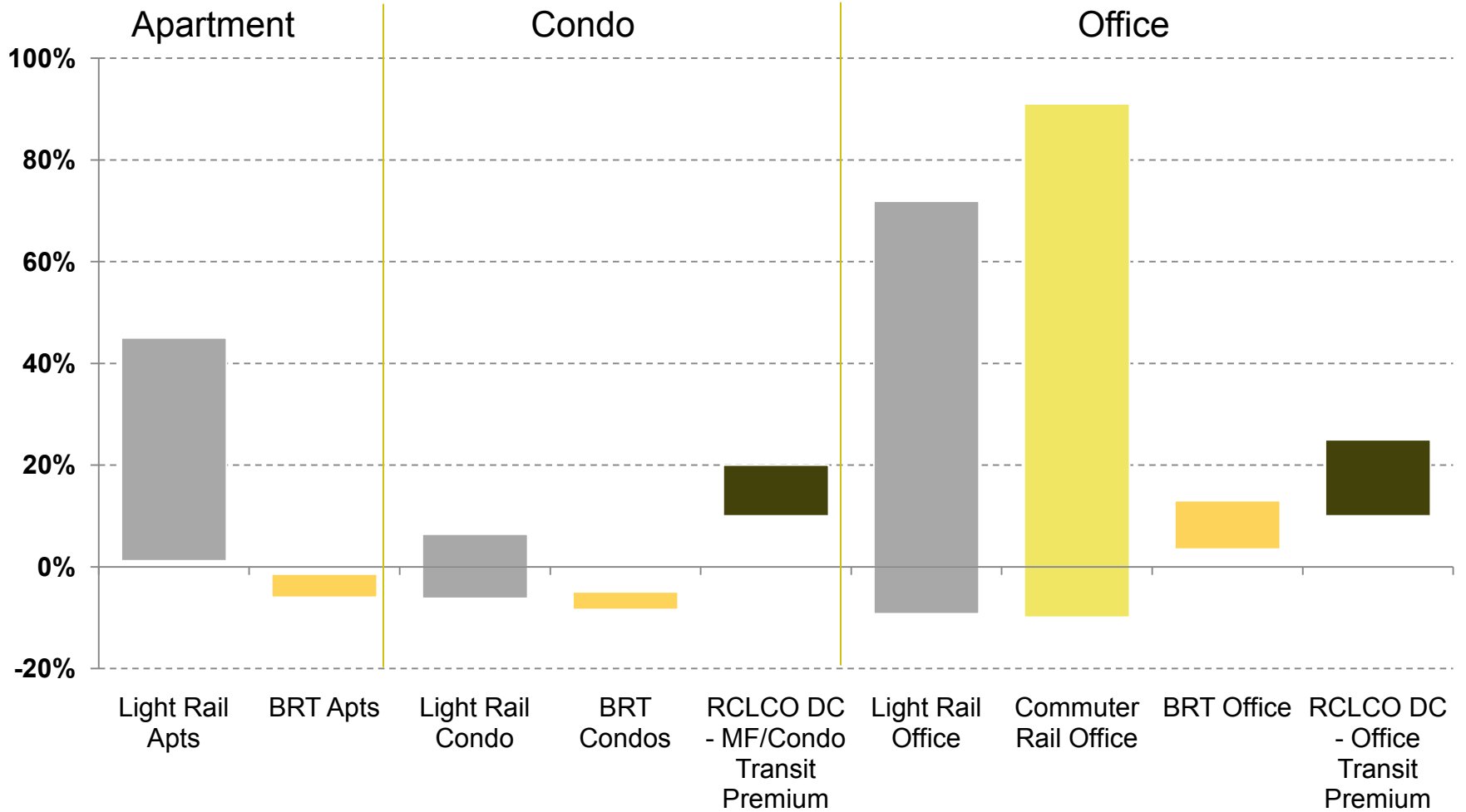
AGENDA

- ▶ **Market Impact of Smart Infrastructure**
 - ▶ Response of Private Property Owners
 - ▶ Smart Growth and Investment Risk

TRANSIT INVESTMENTS CREATE VALUE

SMART GROWTH INFRASTRUCTURE = UPSIDE POTENTIAL

Summary of National Case Study Data – Transit Premiums on Land Values



NEW TRANSIT INCREASES PROPERTY VALUES

PORTLAND, OR

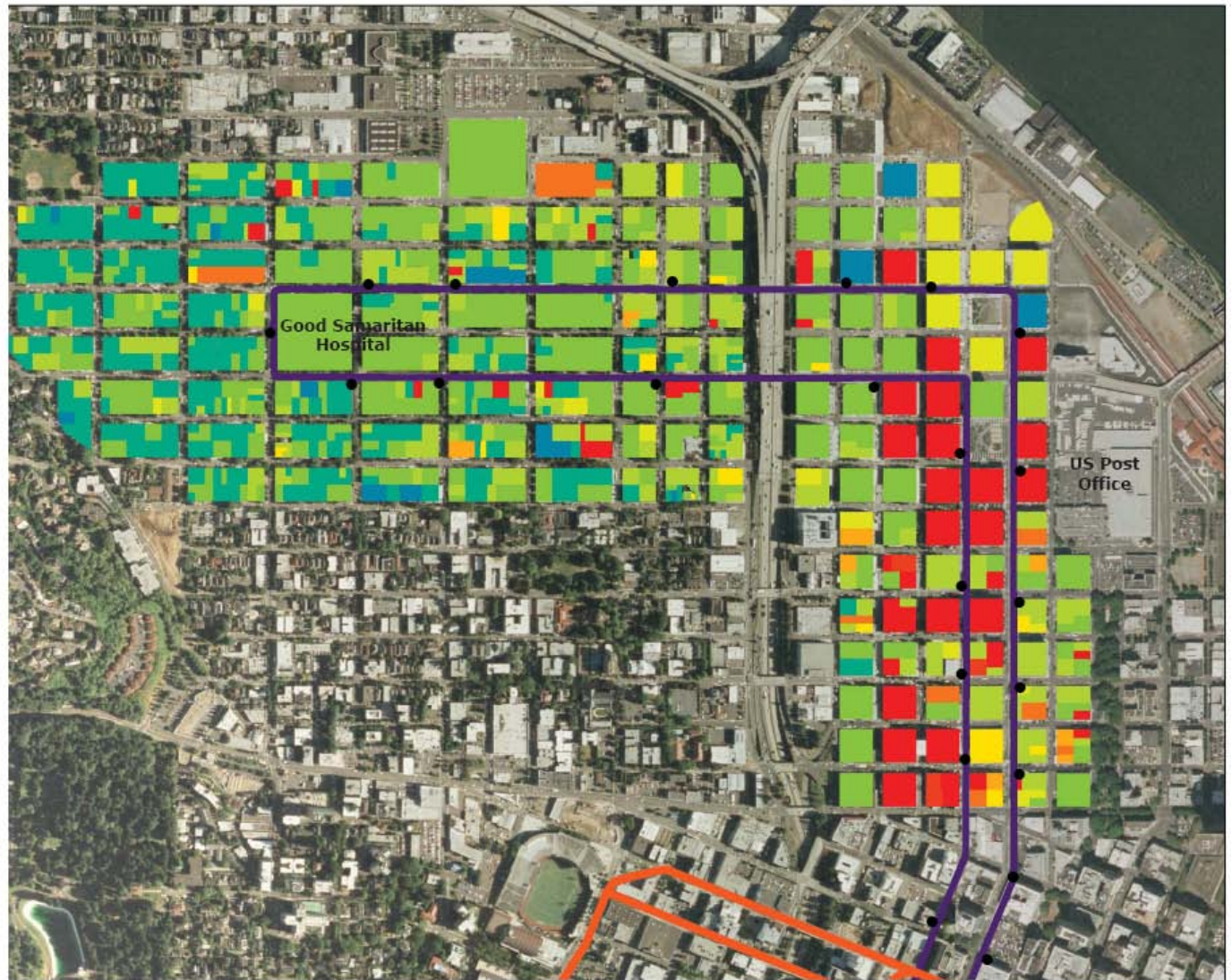
Portland Streetcar Property Value Change 1997-2003

Legend

- Streetcar Stop
- Streetcar Line
- MAX Light Rail

Percent Change 97-03

- < 0
- 0 - 50
- 50 - 100
- 100 - 150
- 150 - 200
- 200 - 250
- 250 - 300
- 300 - 350
- 350 - 400
- 400+



Original cost - \$54M

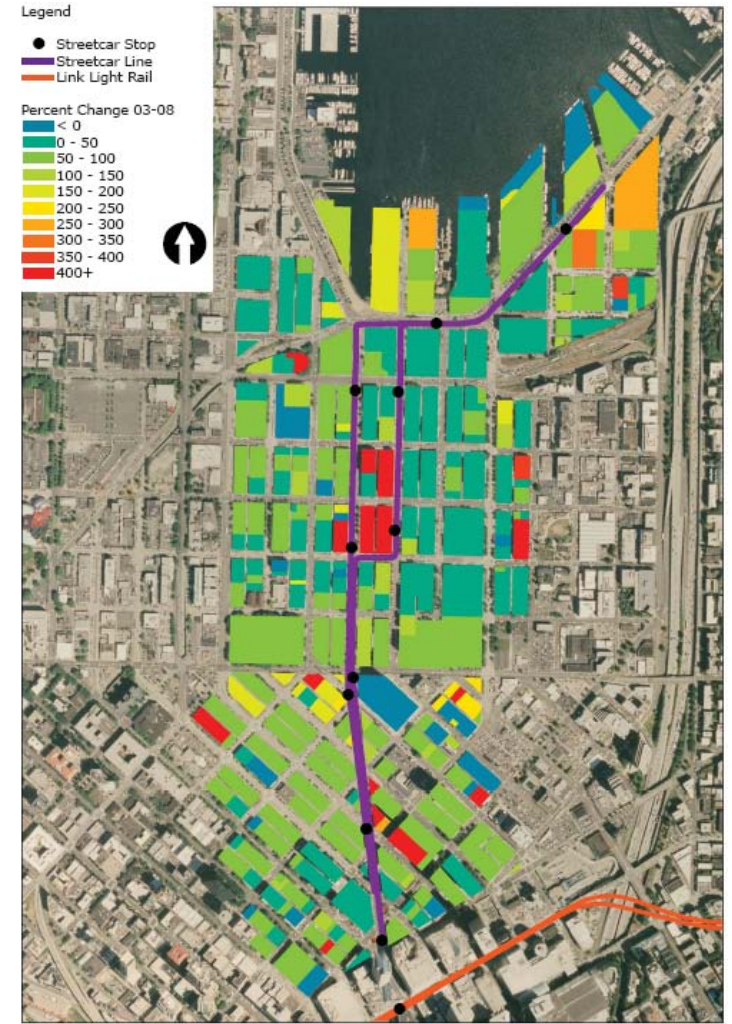
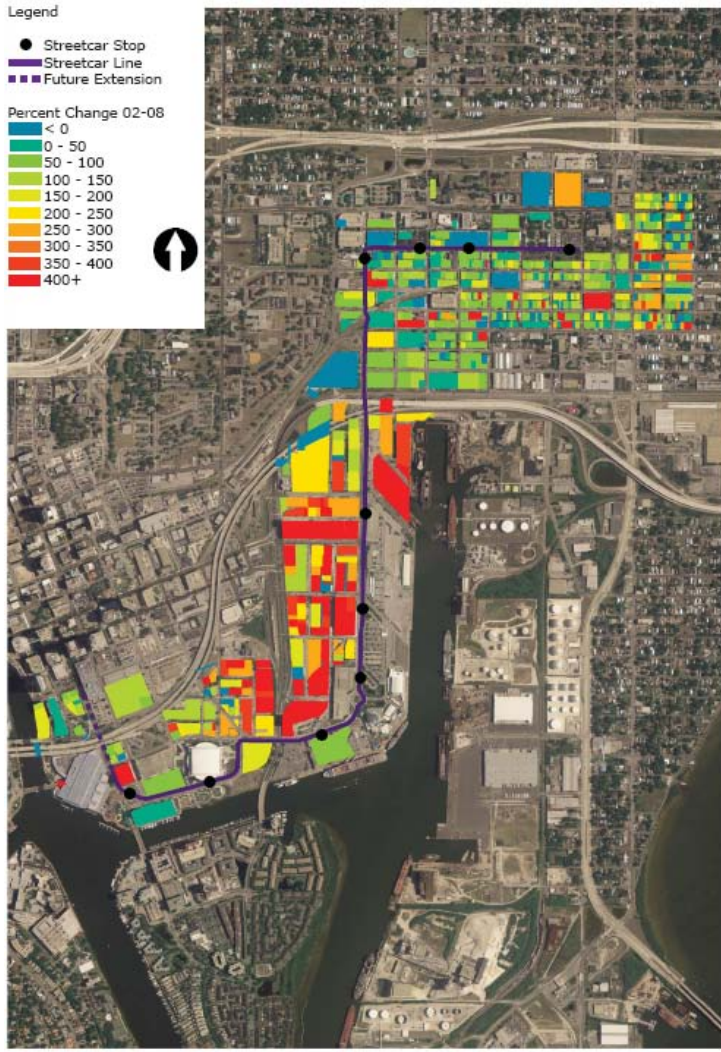
Catalyzed
Investment - \$3.8B

Multiplier – 74X

SOURCE: RCLCO,
Reconnecting America

NEW TRANSIT INCREASES PROPERTY VALUES

TAMPA, FL AND SEATTLE, WA

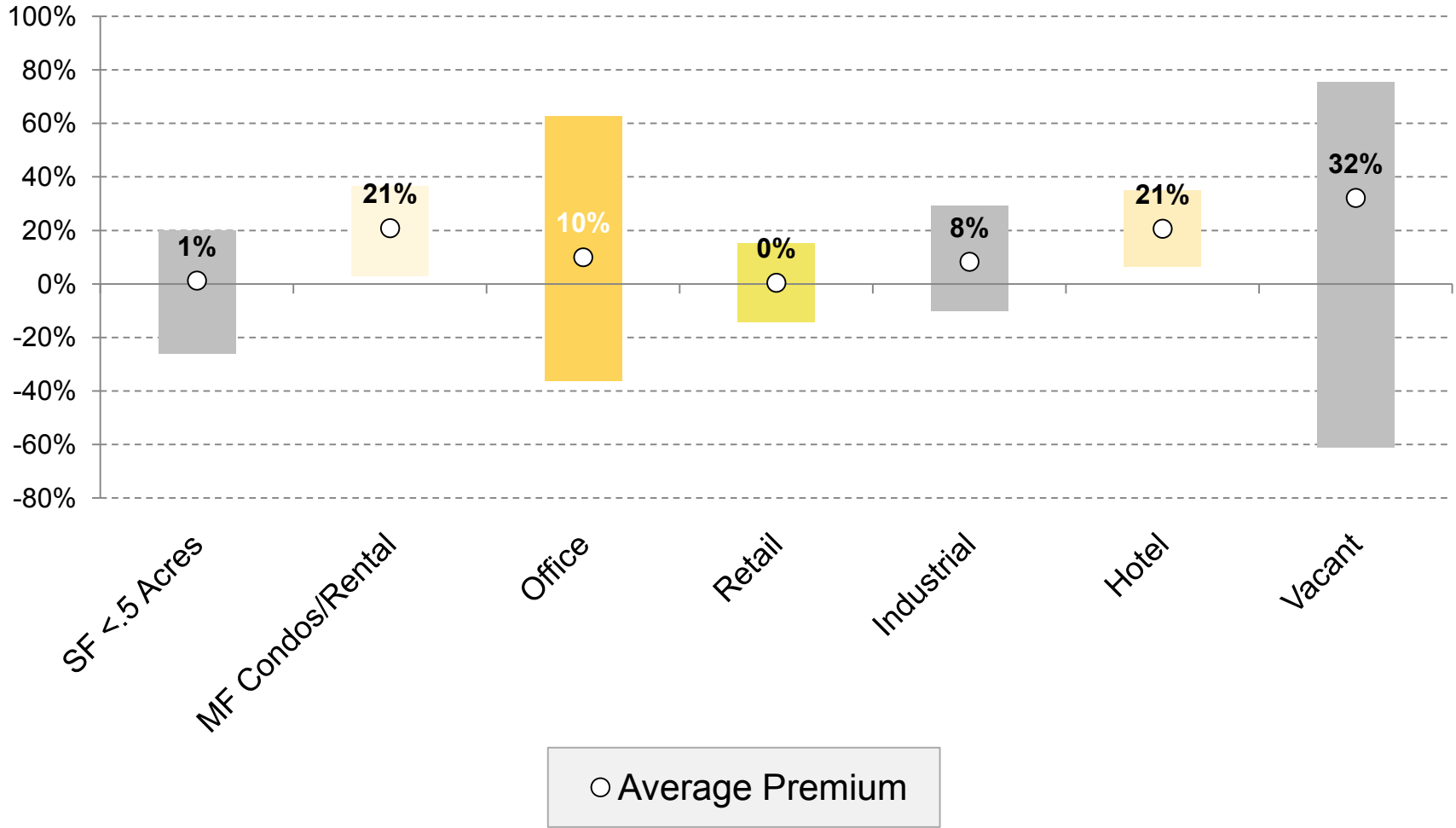


SOURCE: RCLCO, Reconnecting America

TRANSIT INVESTMENTS CREATE VALUE

SMART GROWTH INFRASTRUCTURE = UPSIDE POTENTIAL

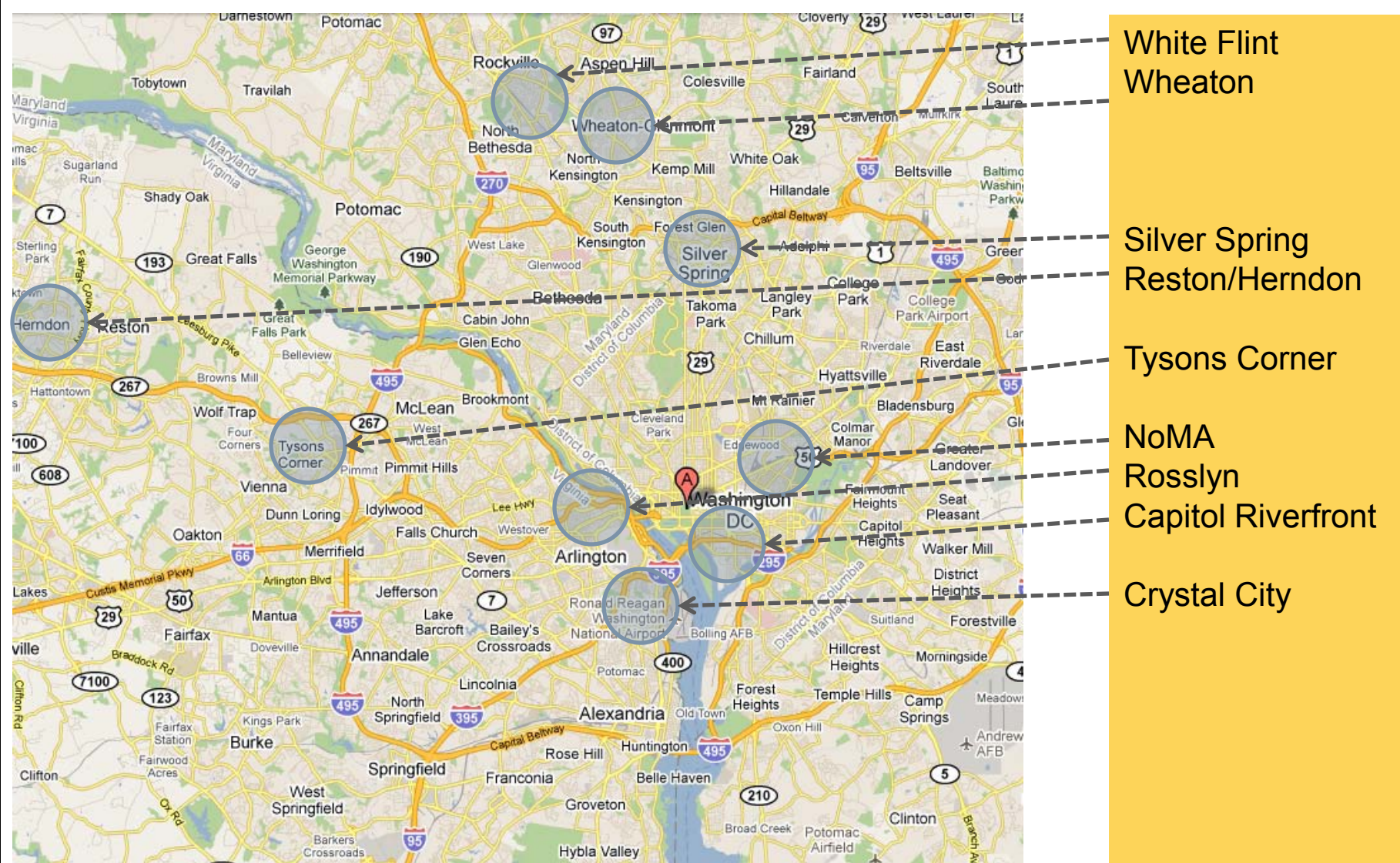
Summary of Case Study Value Premium – Seattle, Tampa, Portland – 1997-2008



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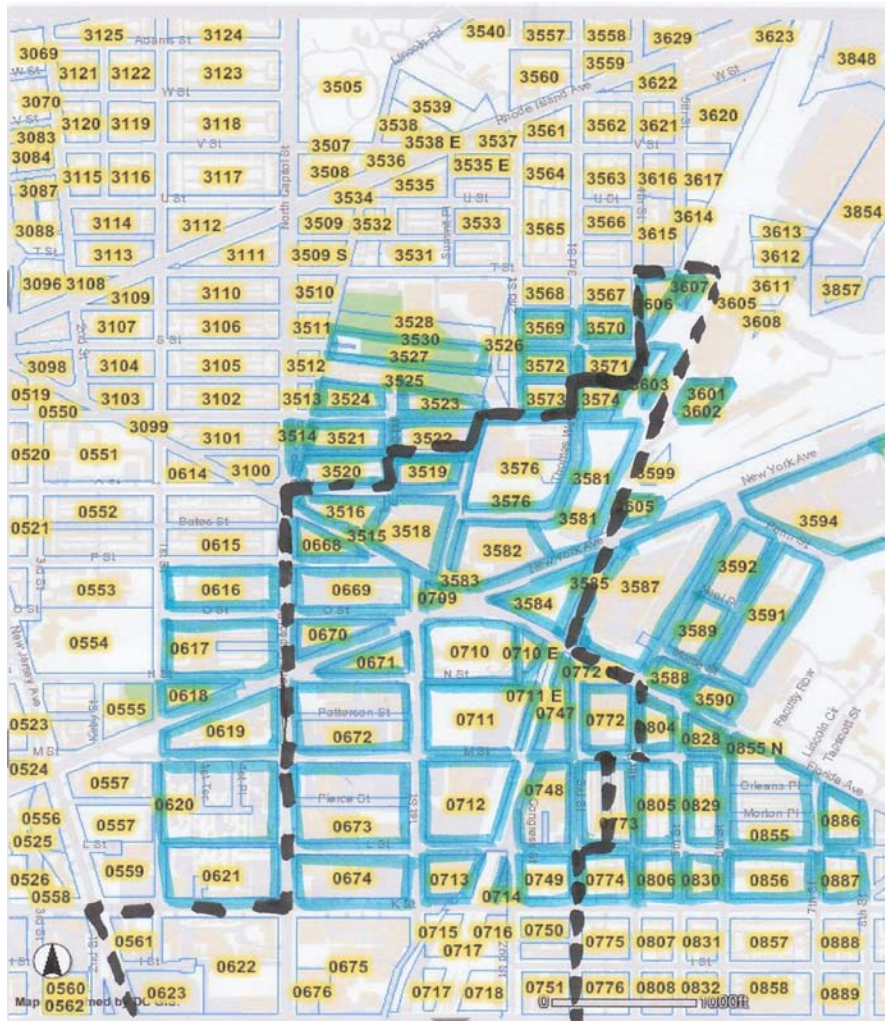
DC REGION PRIVATE PUBLIC INVESTMENT REGIONAL COMPETITION UNDERWAY



- White Flint
Wheaton
- Silver Spring
Reston/Herndon
- Tysons Corner
- NoMA
Rosslyn
Capitol Riverfront
- Crystal City

NEW YORK AVENUE (NoMA DC)

PRIVATE FUNDING FOR NEW STATION



Concept	1996
Private-Public Agreement	1999
Groundbreaking	2000
Opening	2004

The major developers agreed to contribute \$25 million, or 33%, of the originally projected \$75 million station cost (though the final total cost was \$105 million).

Based on a city general obligation bond financing, a \$1.5 million annual debt service calculation was made.

Individual contributions decline as more properties are added to assessment roll.

Rentable Square Feet in Area (2000)	4,330,791
Rentable Square Feet in Area (2001-2009)	8,909,877
Total Square Feet in Area	13,240,668

CRYSTAL CITY BID (Arlington, VA)

PRIVATE FUNDING FOR NEW STATION/INFRASTRUCTURE



Crystal City
Business Improvement District
Boundary Map

CRYSTAL CITY BID (Arlington, VA)

PRIVATE FUNDING FOR NEW STATION/INFRASTRUCTURE

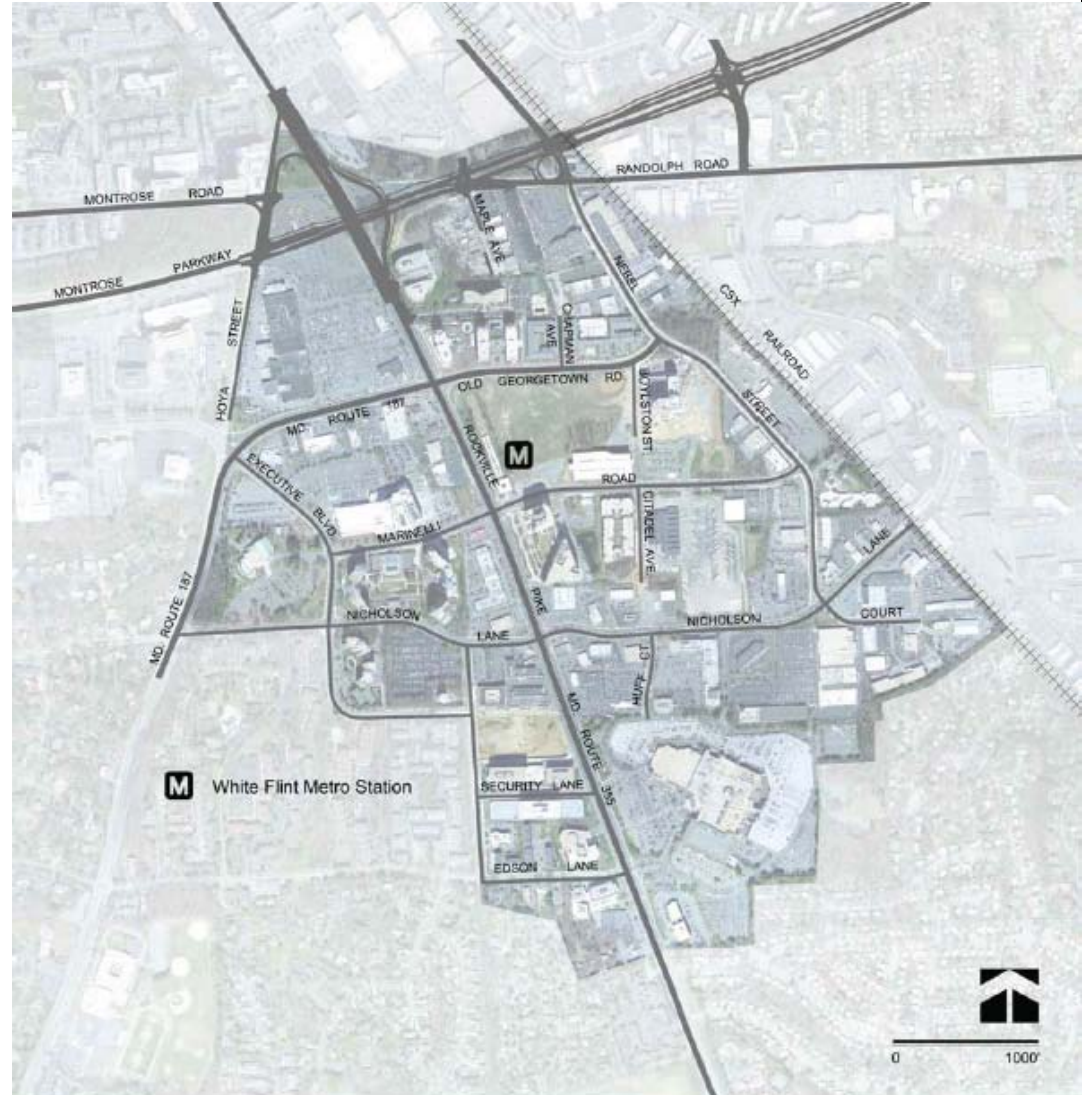


	TIF through 2016	TIF through 2028
Low	\$82M	\$798M
Medium	\$98M	\$960M
High	\$112M	\$1.1B

- 33% of the above used to fund infrastructure, including streetscape, streetcar, and pipes/roads
- **NEW** 20 cent special assessment district to fund Potomac Yard metro station
 - New developments pay into assessment, which is layered with TIF and contributions
 - Proposed residential special assessment in discussion
 - Property owners led this charge – got unanimous Council approval
- *Little-known fact* Potomac Yards Shopping Center was always a “temporary use”

WHITE FLINT (Montgomery County, MD)

PRIVATE FUNDING FOR NEW INFRASTRUCTURE



WHITE FLINT (Montgomery County, MD)

PRIVATE FUNDING FOR NEW INFRASTRUCTURE



Commercial Special Assessment

- 10% new assessment for all commercial property owners

Residential Impact Fees

- impact fees for new residential developments

FUNDING STRATEGY SUMMARY

	\$2011	Share		Fund Use
		Private	Public	
Ia	\$2.97M	100%	0%	Road Narrowing
Ib	\$58.9M	78%	22%	Roads, ROW Acquisition, Utility Undergrounding
II	\$97.7M	65%	35%	Circulator Bus, Roads, Utilities
III	\$130.9M	54%	46%	Metro Entrance, Roads

WASHINGTON, D.C. STREETCAR PRIVATE FUNDING FOR NEW INFRASTRUCTURE



Private Financing Taskforce -

- Residential property values near streetcar would rise 5% to 12%
- Commercial property valuations rising by 2% to 10%
- Value of existing real property in the District would increase by \$5B-\$7 B
- Will add \$5B to \$8B in new property
- Adds \$13.2 M in annual retail sales tax after ten years
- Adds \$71.4M per year in income tax in 10 years

IMPACT ON COMPETITIVENESS

WINDOW OF OPPORTUNITY IS NOW

	Average GMP Per Capita	Average GMP Growth 00 - 10	Average Population Growth 00 - 10
Metro Areas with Transit	\$46,056	21.3%	14.2%
Metro Areas without Transit	\$42,106	20.1%	12.4%
% Difference	9%	6%	15%

	Average GMP Per Capita	Average GMP Growth 00 - 10	Average Population Growth 00 - 10
Seattle	\$57,765	22.0%	13.1%
Portland	\$47,902	42.4%	17.9%
% Difference	25%	60%	25%

إمارة أبوظبي للاستثمار
Abu Dhabi Investment Authority




PROGRAM-RELATED
INVESTMENTS

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- ▶ **Smart Growth and Investment Risk**

WALKSCORE AS A PROXY FOR SMART GROWTH

www.walkscore.com

Walk Score: 78 out of 100 — Very Walkable [Share your score](#) Worst  Best 

Something missing? [Expand all](#)

- Grocery Stores**
 - Foster & Dobbs Auth 0.08 Mi
- Restaurants**
 - Foster & Dobbs Auth 0.08 Mi
- Coffee Shops**
 - Mio Gelato 0.1 Mi
- Bars**
 - Mc Menamins Pub 0.47 Mi
- Movie Theaters**
 - Lloyd Mall 8 0.69 Mi
- Schools**
 - Irvington School 0.11 Mi
- Parks**
 - Irving Park 0.45 Mi
- Libraries**
 - Albina Library 0.52 Mi
- Bookstores**
 - Broadway Books 0.49 Mi
- Fitness**
 - Root Whole Body 0.08 Mi
- Drug Stores**

Short Sale Houses
View Photos & Neighborhood Info. Find Great Bargains. Up To 50% Off!

Downtown Lofts For Sale
New Tranquil Condominium Homes. Close to Downtown. Visit us today

Ads by Google

[Link to your score](#) [Go to street view](#)



Map data ©2008 The Atlas

[Improve America's Walk Score](#)

Walk Score Destinations

- Grocery Store
- Restaurant
- Coffee Shop
- Bar
- Movie Theater
- School
- Park
- Library
- Bookstore
- Fitness
- Drug Store
- Hardware Store
- Clothing and Music Store

Walk Score Values

- 90–100 = Walkers' Paradise
- 70–89 = Very Walkable
- 50–69 = Somewhat Walkable
- 25–49 = Car-Dependent
- 0–24 = Car-Dependent (Driving Only)

HIGHER WALKSCORE = HIGHER VALUE

Two Neighborhoods

Walk Score

walkable neighborhood

Prev City | Next City

Neighborhood

- 1 Cherry
- 2 Fourth Ward
- 3 Downtown Charlotte
- 4 Dilworth
- 5 First Ward
- 6 Ashley Park
- 7 Brookhill
- 8 Wilmore
- 9 Third Ward
- 10 Chantilly
- 11 Madison Park
- 12 Commonwealth
- 13 North Charlotte
- 14 Eastover
- 15 Grier Heights
- 16 Echo Hills
- 17 Barclay Downs
- 18 Freedom Park
- 19 Coliseum Drive
- 20 Briarcrest-Wood
- 21 Plaza Midwood

Source: Walkscore.com

- Ashley Park:
 - Median Walk Score
 - Walk Score 54
 - Median Value: \$280,000
- Wilmore
 - 75th Percentile Walk Score
 - Walk Score 71
 - Median Value: \$314,000

Gain: \$34,000 or 12%

25%)

Walk Score Distribution

Streets Satellite

View Big Map

Walker's Paradise Scores 90-100

SOURCE: CEOs for Cities

HIGHER WALKSCORE = LOWER DEFAULT RISK

WINDOW OF OPPORTUNITY IS NOW

Rauterkus, Thrall, and Hangen, 2010

Examination of 4,000 mortgages outstanding as of December 2008

Adjusted for location by:

- Vehicles per households, normalized for incomes
- Walkscore

Exhibit 1 | Chicago, IL



Exhibit 2 | Jacksonville, FL

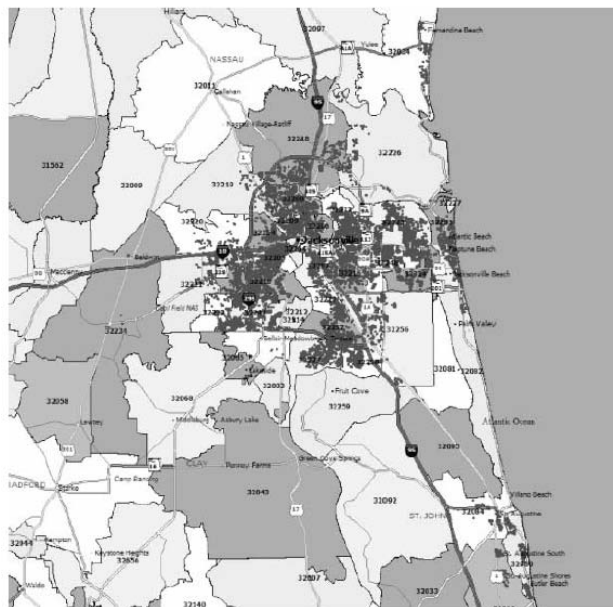
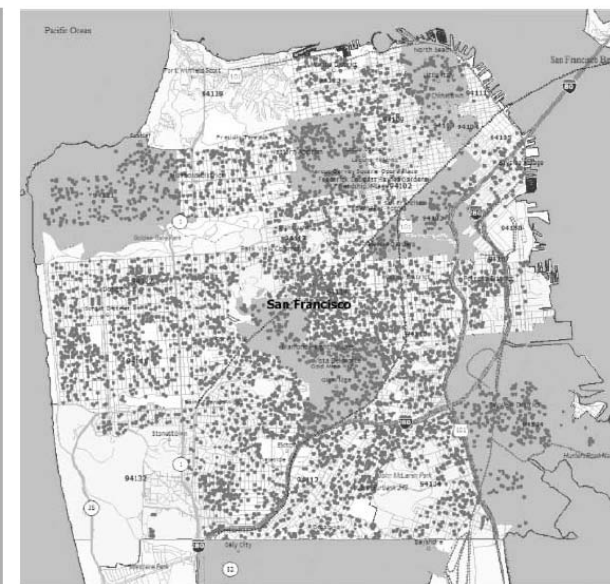


Exhibit 3 | San Francisco



HIGHER WALKSCORE = LOWER DEFAULT RISK

WINDOW OF OPPORTUNITY IS NOW

Chicago Example

A hypothetical buyer has the following characteristics:

FICO	680
Debt-to-Income	41%
LTV	80%

Their location does impact their probable default rate:

Default probability for average location efficiency	9.9%
Default probability for location-efficient home	7.2%

AND

The default rate rises with the rate of vehicle ownership



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