



Comprehensive Financial Solutions for City Resilience Conference

Global Best Practices to Raise Capital Through Land Value Capture – Special Assessments

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November 2017



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The goal of this session is to introduce the concept of the special assessment LVC tool and how it can fund infrastructure projects

- 1 Introduction
- 2 Overview of Special Assessments
- 3 Case Study: Funding a New Metrorail Station
- 4 International Examples and Other Applications
- 5 Best Practices and Important Considerations

An aerial night photograph of a city skyline. In the foreground, a large park with many trees is illuminated by warm streetlights. A body of water, likely a lake or river, reflects the city lights and the colorful sky. The background is filled with numerous skyscrapers, some of which are brightly lit. The sky is a mix of deep blue, purple, and orange, suggesting a sunset or sunrise. A semi-transparent dark blue banner is overlaid across the middle of the image, containing white text.

**At HR&A, we empower urban communities to
address pressing resilience challenges by
leveraging urban assets to create value.**



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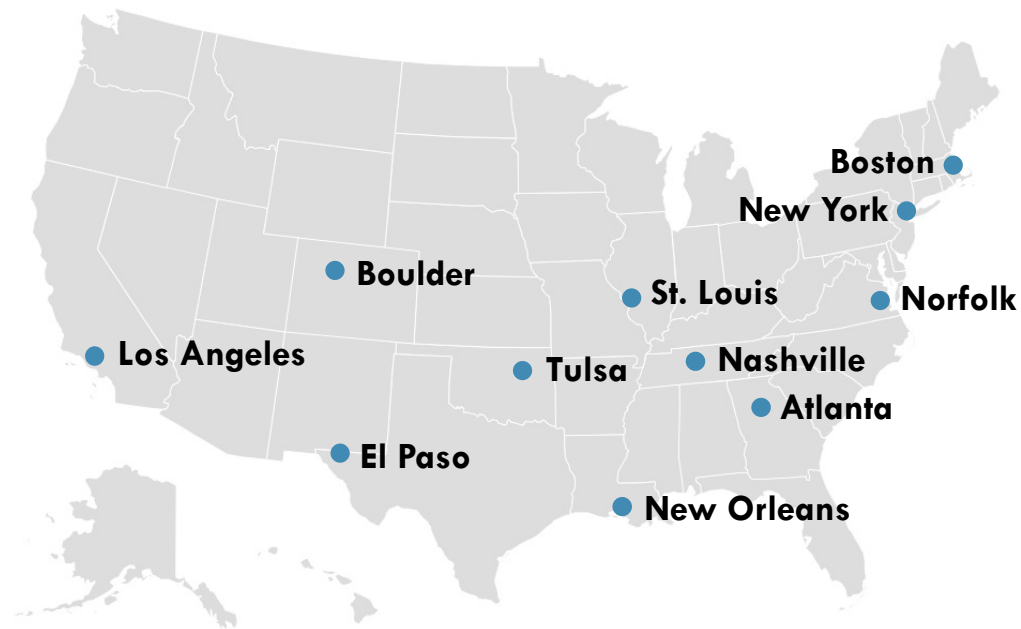
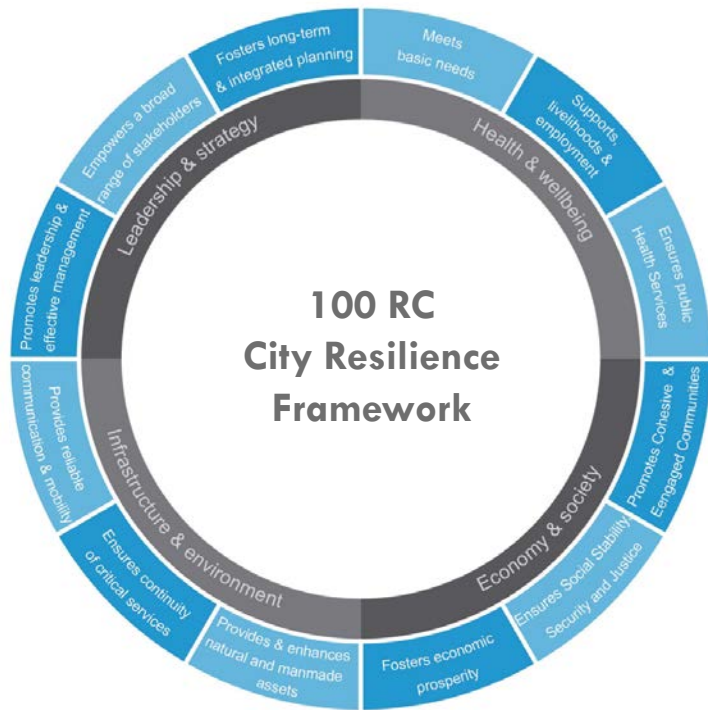
Land Value Capture – Special Assessments

INTRODUCTION

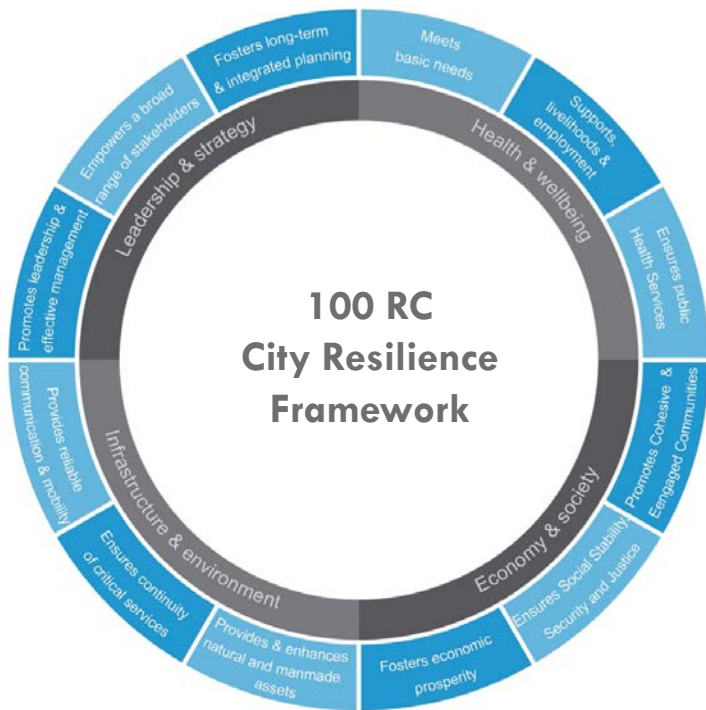


1 Introduction

We have supported the Rockefeller Foundation's 100 Resilient Cities Program and led resilience strategies for cities across the U.S.



The Infrastructure & Environment dimension represents many of the types of projects that cities at this conference are seeking to finance



Infrastructure & Environment

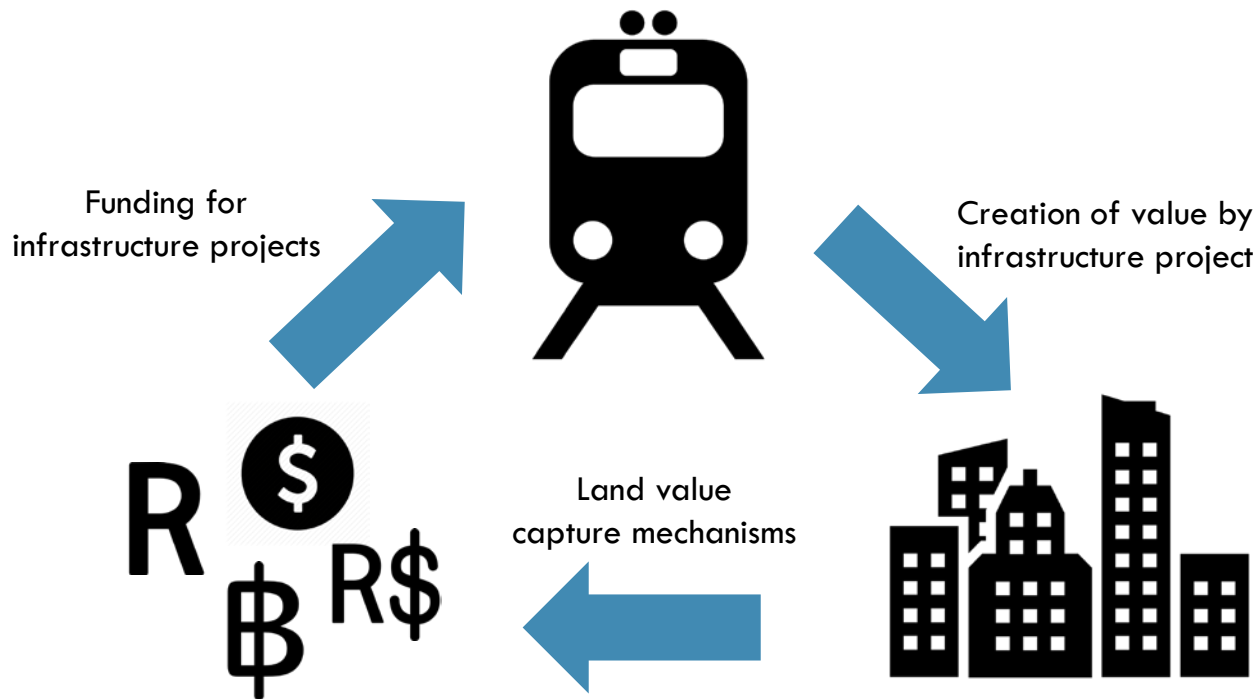
Provide Reliable
Communication
and Mobility

Ensure
Continuity of
Critical Services

Provide and
Enhances
Protective
Natural and Man-
Made Assets



Many infrastructure projects can positively impact resilience, while also creating value that can be captured to finance these projects



A nighttime photograph of a city skyline, likely Singapore, featuring numerous illuminated skyscrapers. In the foreground, a lush green park with a winding lake is visible, with city lights reflecting on the water. A semi-transparent dark blue banner is overlaid across the middle of the image, containing the section title.

2 Overview of Special Assessments

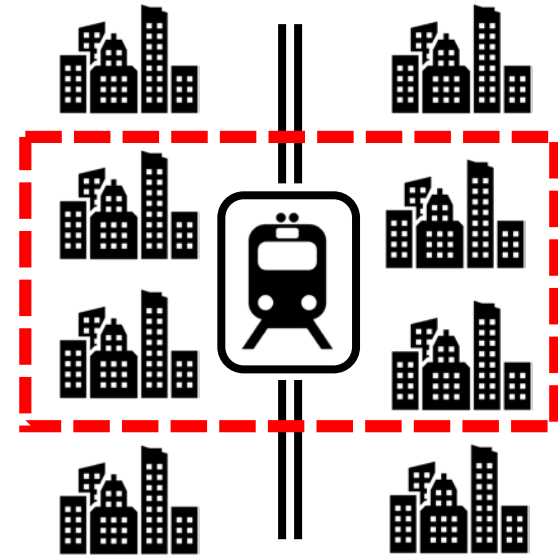
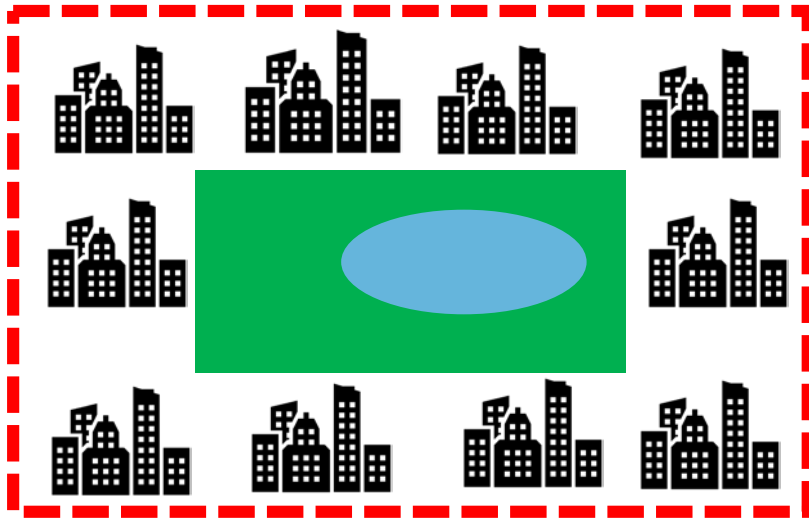


Special assessments are a form of land value capture that have been implemented with different approaches, but with similar goals

- **Special Assessment:** An additional tax or special rate levied to property owners within a specifically defined geographic area **expected to benefit** from a public infrastructure investment
- **Betterment Levy:** A fee/tax levied on land that **has gained in value** because of public infrastructure investments
- **Developer Exaction / Impact Fee:** In-kind (land, improvement) or cash contributions by a developer to support infrastructure upgrades



Care must be taken to create special assessment districts in an **equitable manner** based on value created for landowners



Funds used from special assessments can be used to fund capital and/or operating costs for infrastructure and local improvements



A nighttime photograph of a city skyline, likely Bangkok, featuring numerous illuminated skyscrapers and buildings. In the foreground, a large, dark lake reflects the city lights, surrounded by a lush, green park area with some lit-up trees and pathways. The sky is a mix of deep blue and purple hues from the twilight.

3

Case Study: Funding a New Metrorail Station



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Local planning, housing and community development agencies identified the NoMa district as an area for targeted investment



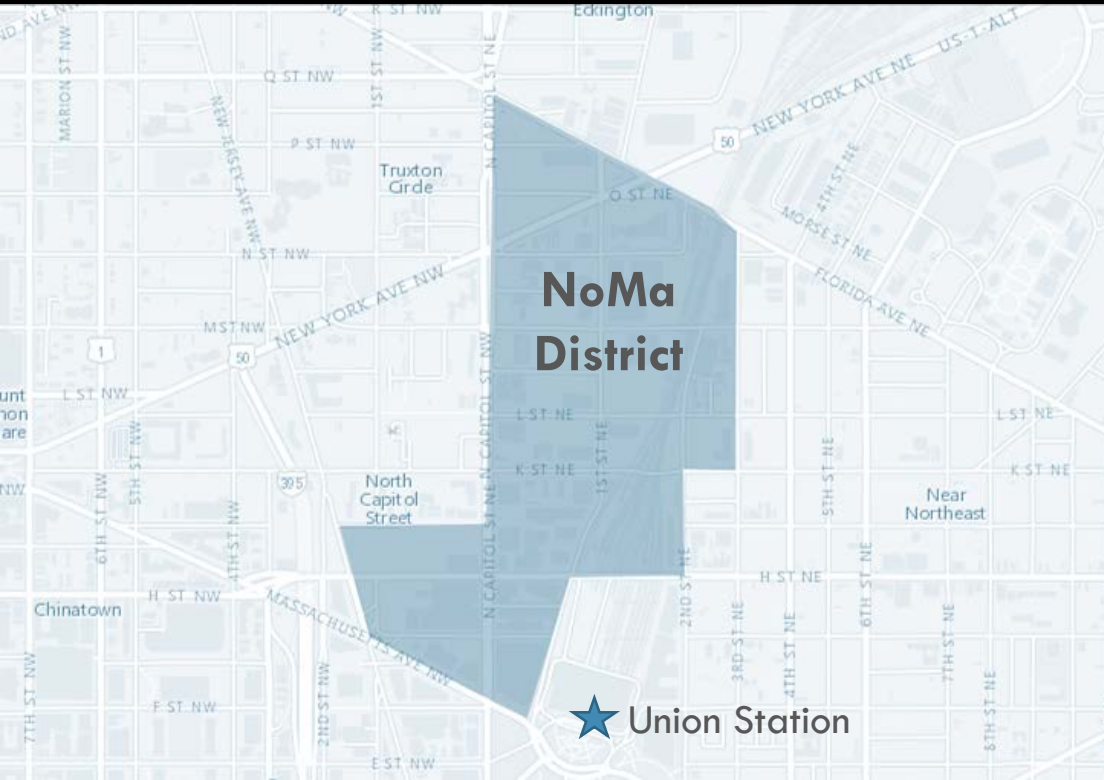
Land Value Capture – Special Assessments

CASE STUDY: FUNDING A NEW METRORAIL STATION

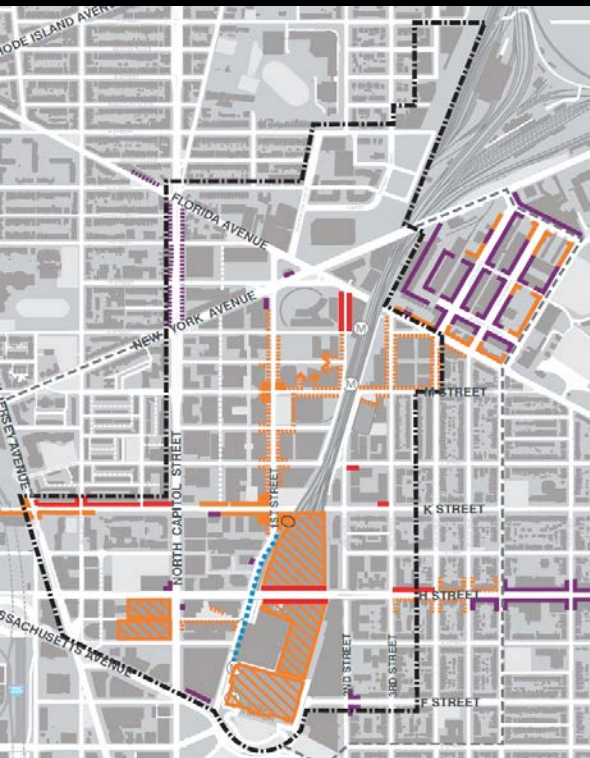


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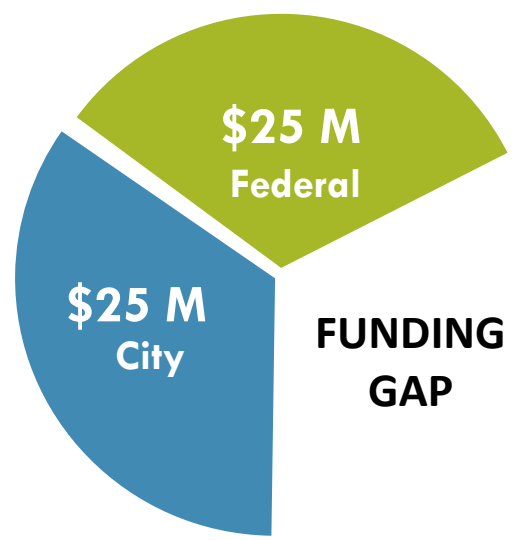
The goal was to create a catalyst for development of underutilized land by building transit infrastructure to better connect the community



The City engaged in an area planning effort for the NoMa district to establish a supportive framework to realize expected value creation



Feasibility studies for the proposed station indicated a need to identify \$25 million in gap funding for construction

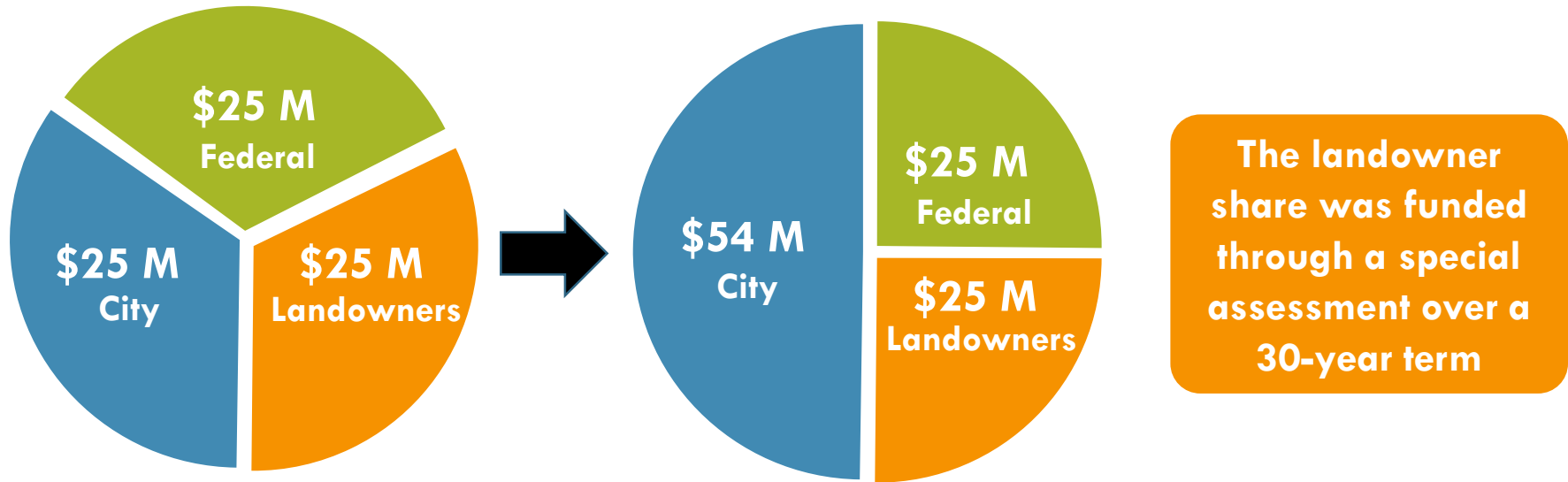


Original Budget Estimate: \$75 Million

City officials and community members engaged adjacent landowners to participate and contribute



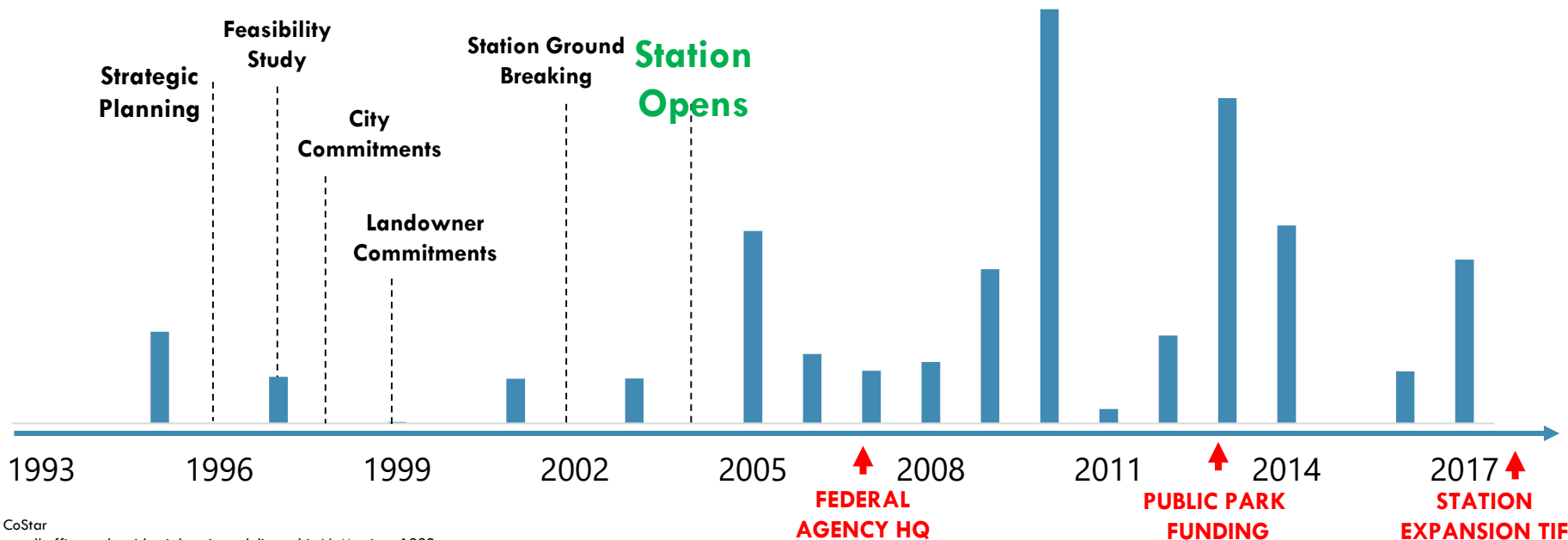
The original funding agreement envisioned an equal split of costs, but the City was responsible for the cost overruns for the project



Original Budget Estimate: \$75 Million Final Cost: Approx. \$104 Million

The timeline from initial planning to station opening was 8 years, and there has been ongoing new private development since then

Total Square Meters of Projects Delivered in NoMa neighborhood



Source: CoStar
Represents all office and residential projects delivered in NoMa since 1993.

The new Metrorail station opened in 2004, and since then it has become one of the busiest stations in the system (20th out of 91 stations)



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CASE STUDY: FUNDING A NEW METRORAIL STATION

The station has been an overwhelming success in bringing increased mobility to an underserved area and catalysing private investment

BEFORE



AFTER



Land Value Capture – Special Assessments

CASE STUDY: FUNDING A NEW METRORAIL STATION

The station has been an overwhelming success in bringing increased mobility to an underserved area and catalysing private investment



- Over **\$3 billion invested** in the immediate neighborhood
- Full build-out will contain over **2.9 million square meters** of mixed-use development

A nighttime photograph of a city skyline, likely Bangkok, featuring numerous illuminated skyscrapers and buildings. In the foreground, a large, lush green park with a winding path and a body of water is visible. The sky is a mix of deep blue and purple hues, suggesting dusk or dawn. The overall scene is vibrant and modern.


4

International Examples and Other Applications



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The cities of Bogota and Manizales, Colombia have and continue use special assessments to finance significant infrastructure improvements

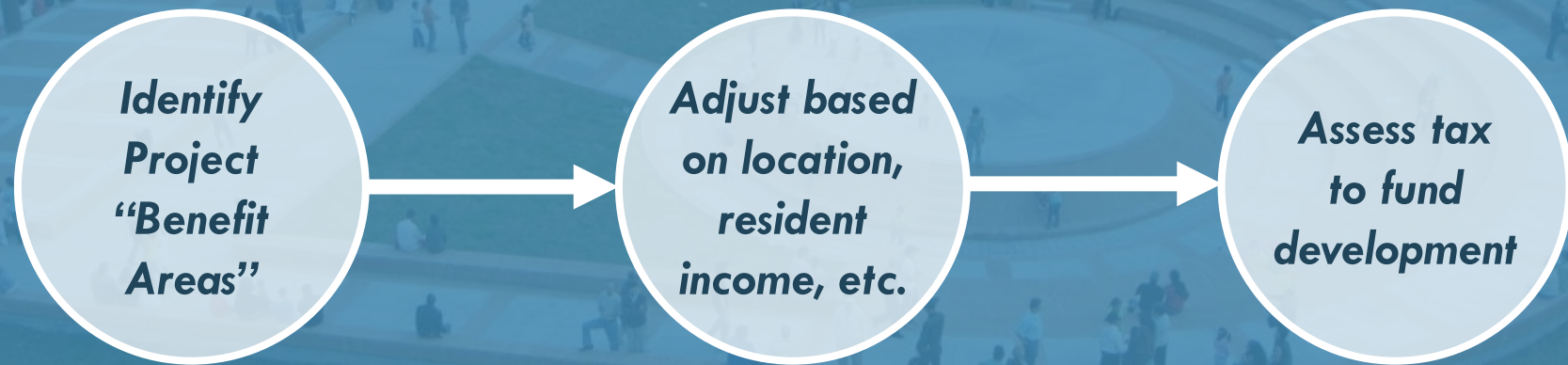


The term applied for in Colombia is **contribución de valorización**, and they have implemented the tool to allocate the **full cost** of these infrastructure projects.

Land Value Capture – Special Assessments

INTERNATIONAL EXAMPLES, OTHER APPLICATIONS

The cities of Bogota and Manizales have used assessments to fund ongoing infrastructure improvements and development



From 1997-2007 Bogota financed 217 public works projects, (over \$1 billion USD), through contribución de valorización across the city



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INTERNATIONAL EXAMPLES, OTHER APPLICATIONS

The City of Manizales has funded development of public parks and infrastructure through local assessments



BEFORE



AFTER

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INTERNATIONAL EXAMPLES, OTHER APPLICATIONS

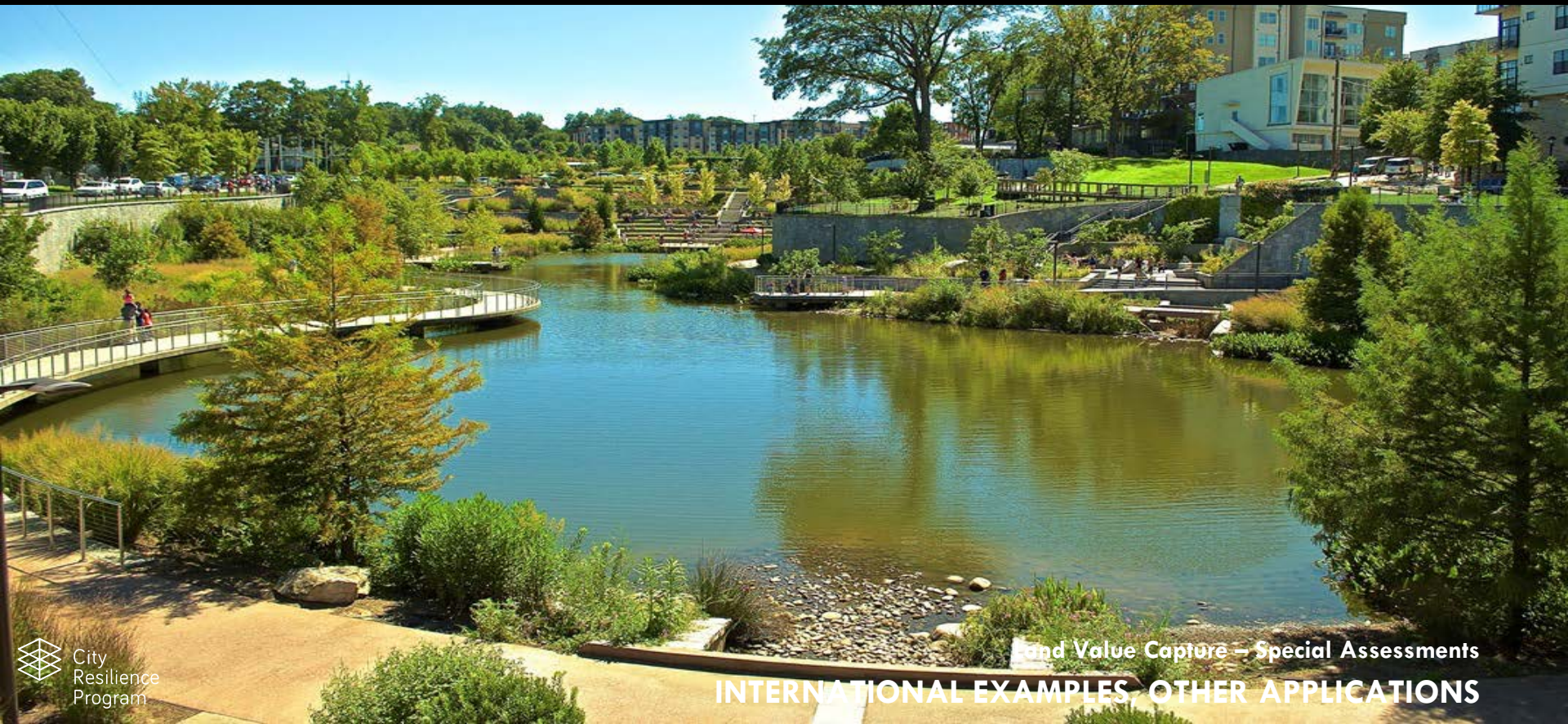


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The special assessment tool can be used to help fund many types of infrastructure, if such projects are designed as public amenities



Storm water and flood management infrastructure can be transformed into value-creating regional destination parks and public spaces



Land and Value Capture – Special Assessments

INTERNATIONAL EXAMPLES, OTHER APPLICATIONS

A nighttime photograph of a city skyline, likely Bangkok, featuring numerous illuminated skyscrapers and buildings. In the foreground, a large, lush green park with a winding path and a body of water is visible. The sky is a mix of deep blue and purple hues, suggesting dusk or dawn. A semi-transparent dark blue banner is overlaid across the middle of the image, containing the text "5 Best Practices and Important Considerations".

5

Best Practices and Important Considerations



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There are a number of considerations and best practices that can increase successful special assessment district outcomes

- **Significant engagement should occur with property owners to establish support for proposed projects**
- **Assessment levies must be carefully allocated to those who impact or benefit from investments**
- **Special assessments may not always fund 100% of project capital requirements, and should be combined with other sources of funding**
- **Planning and land use policy must enable value creation to be realized**
- **A strong property appraisal process and land database is necessary to implement and monitor collections**



Thank You



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