



Value Capture and Streetcar Development

Shyam Kannan – LEED® AP, Vice President, RCLCO

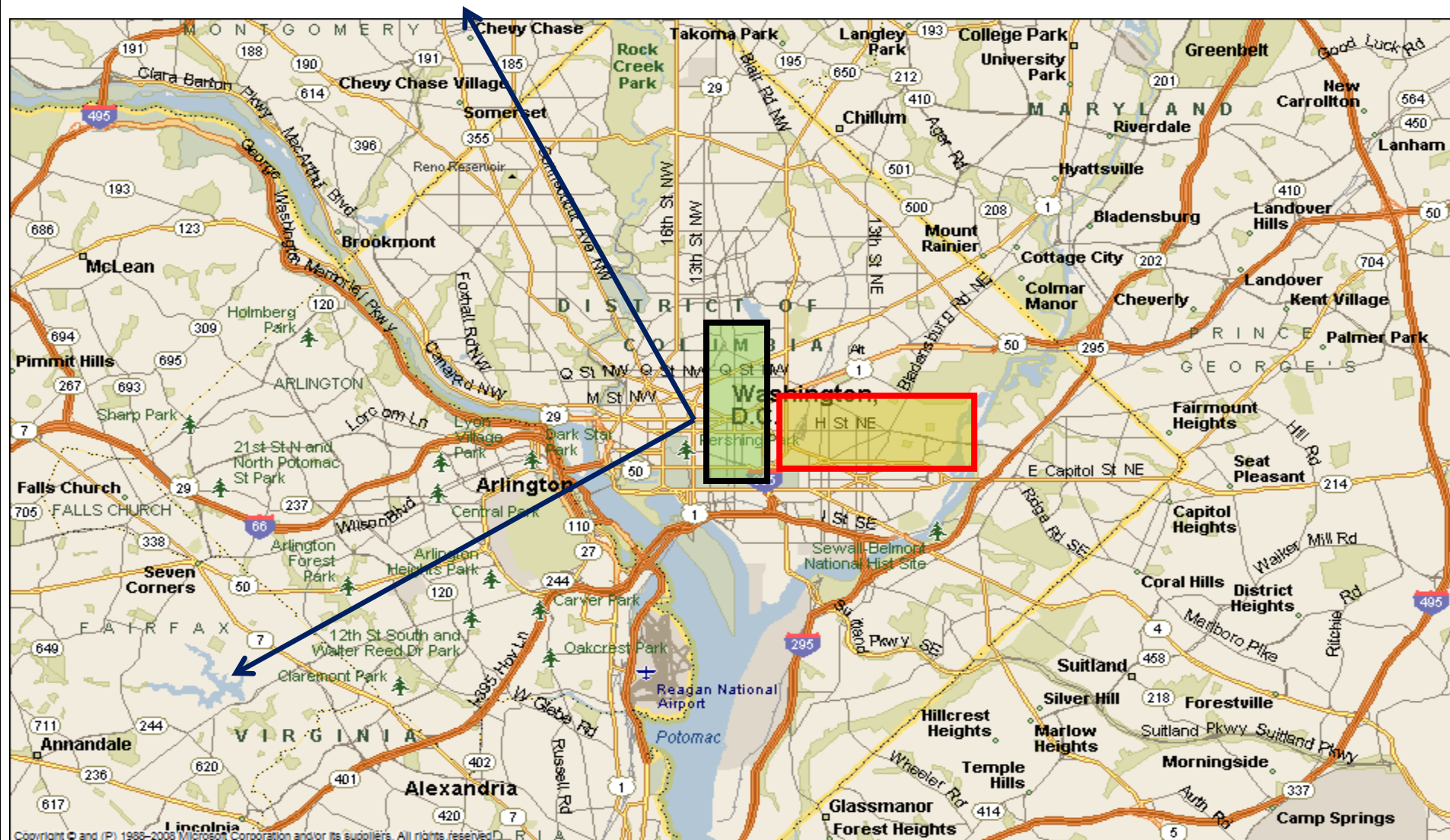
DC Surface Transit – May 5, 2010



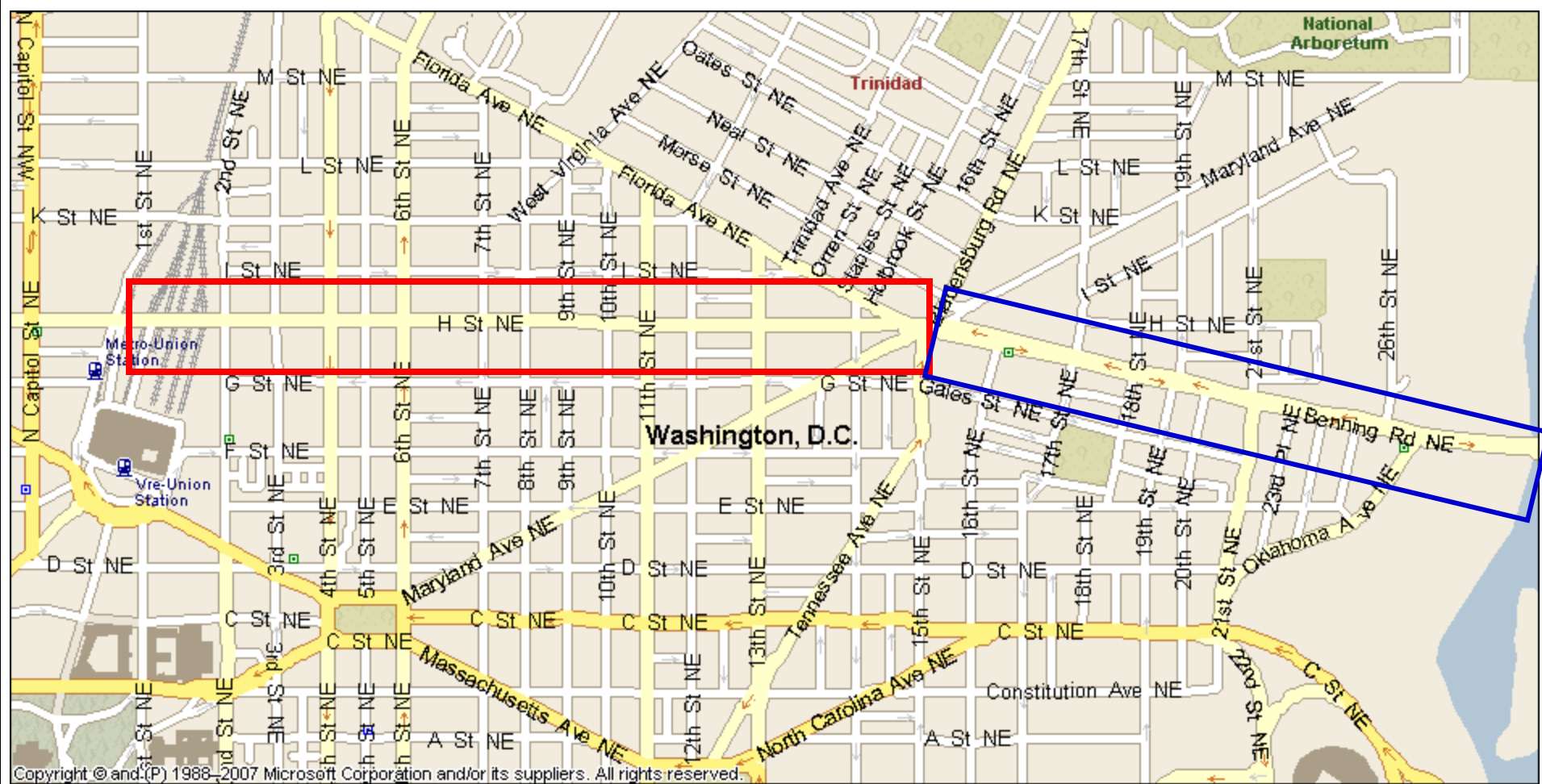
AGENDA

- ▶ **The H Street Line in Context**
 - ▶ Value Creation Evidence
 - ▶ Incentives for Private Investment
 - ▶ Applications to H Street
 - ▶ Implementation - How Do I Pay for This Stuff?

STREETCAR LINE MARKET AREA

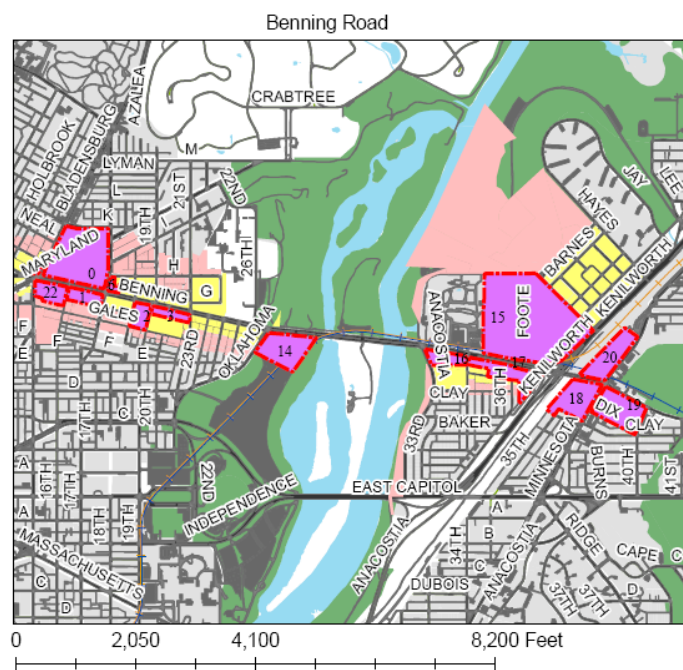
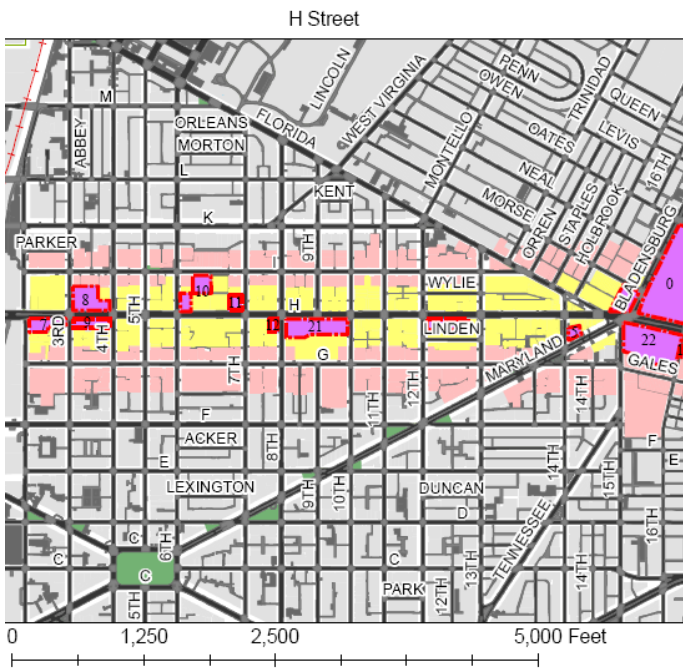
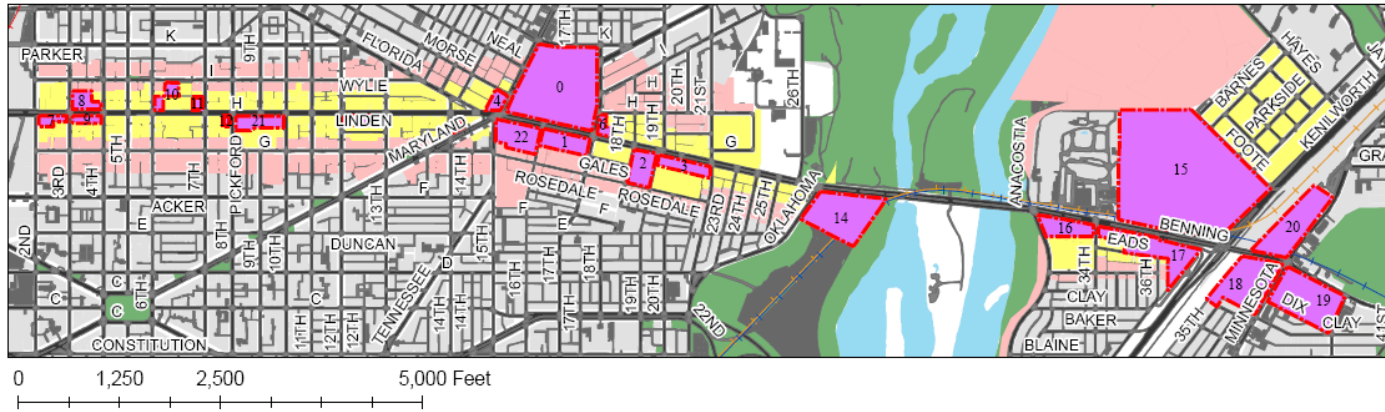


STREETCAR LINE MARKET AREA



THE PHILADELPHIA MODEL IN WASHINGTON, D.C.

WORKING WITH MULTIPLE PROPERTY OWNERS



Opportunities

- ▶ Connect revitalized with revitalizing
- ▶ Catalytic development sites
- ▶ Anchor institutions and transit hubs
- ▶ Underperforming real estate assets

Challenges

- ▶ Four impact areas
- ▶ 2,909 Parcels
- ▶ 33% income-producing property
- ▶ \$1.7 B in assessed value

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PRECEDENT ANALYSES CONFIRMS VALUE

STREETCARS ARE UNIQUE – LINEAR VALUE-CREATION

Land Use

Range of Property Value Premium

Single Family Residential

+2% w/in 200 ft of station to +32% w/in 100 ft of station
(San Diego Trolley, 1992) (St. Louis MetroLink Light Rail, 2004)

Condominium

+2% to 18% w/in 2,640 ft of station
(San Diego Trolley, 2001)

Apartment

+0% to 4% w/in 2,640 ft of station to +45% w/in 1,320 ft of station
(San Diego Trolley, 2001) (VTA Light Rail, 2004)

Office

+9% w/in 300 ft of station to +120% w/in 1,320 ft of station
(Washington Metrorail, 1981) (VTA Light Rail, 2004)

Retail

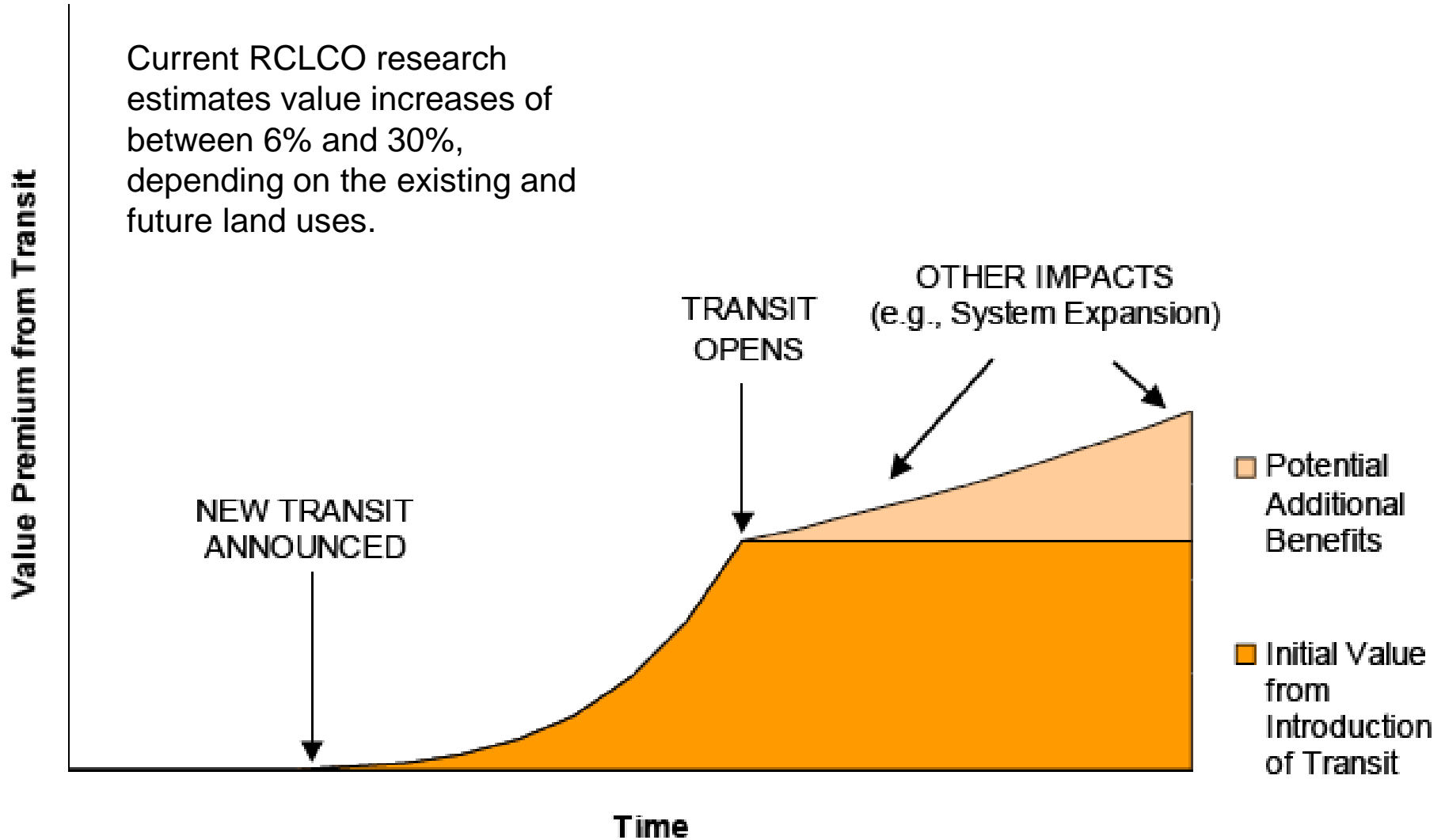
+1% w/in 500 ft of station to +167% w/in 200 ft of station
(BART, 1978) (San Diego Trolley, 2004)

SOURCE: Reconnecting America

THE PHILADELPHIA MODEL

VALUE CURVE FOR REAL ESTATE DEVELOPMENT

Current RCLCO research estimates value increases of between 6% and 30%, depending on the existing and future land uses.



SOURCE: Reconnecting America

NEW TRANSIT INCREASES PROPERTY VALUES

PORTLAND, OR

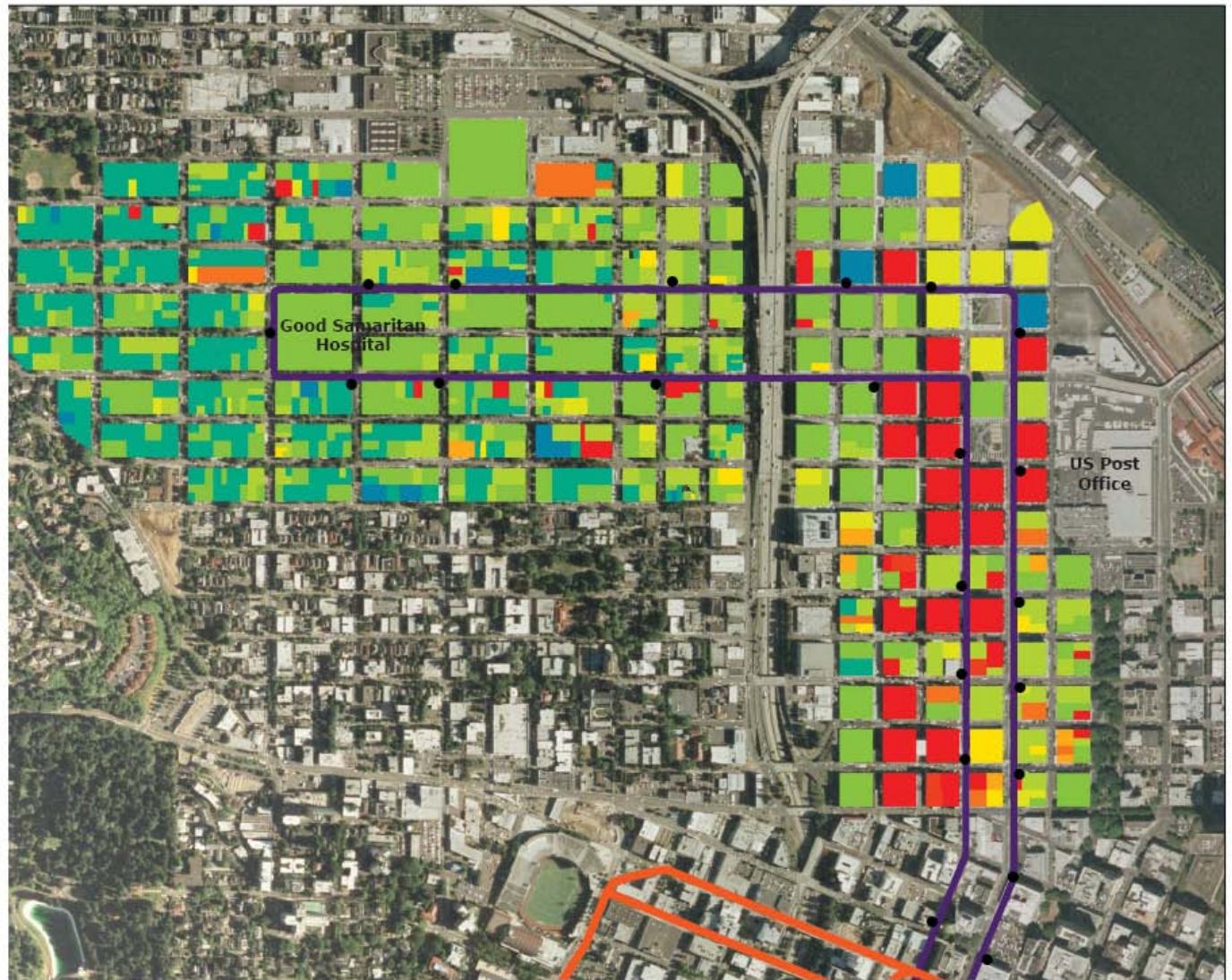
Portland Streetcar Property Value Change 1997-2003

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+



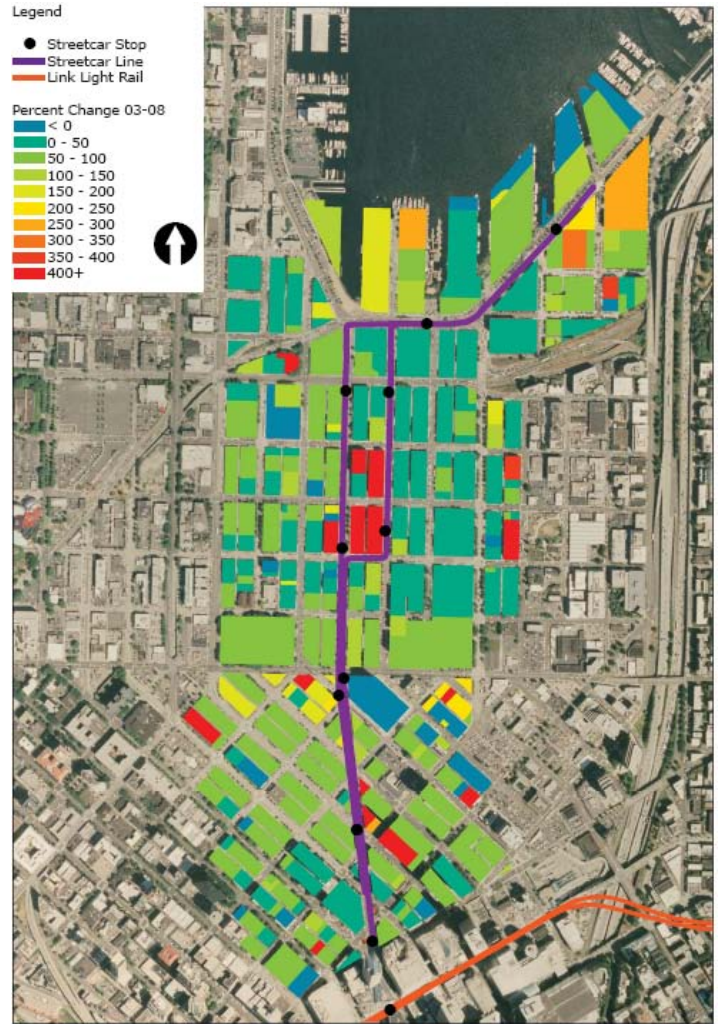
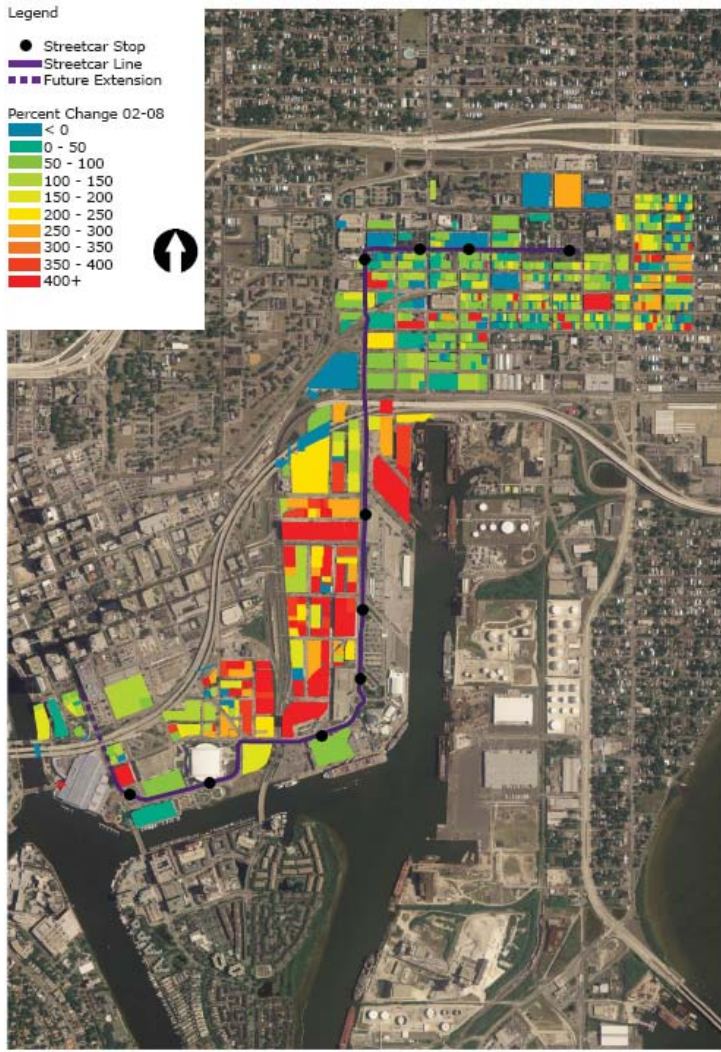
Original cost - \$54M

Catalyzed
Investment - \$3.8B

Multiplier – 74X

SOURCE: RCLCO,
Reconnecting America

NEW TRANSIT INCREASES PROPERTY VALUES SEATTLE, WA AND TAMPA, FL

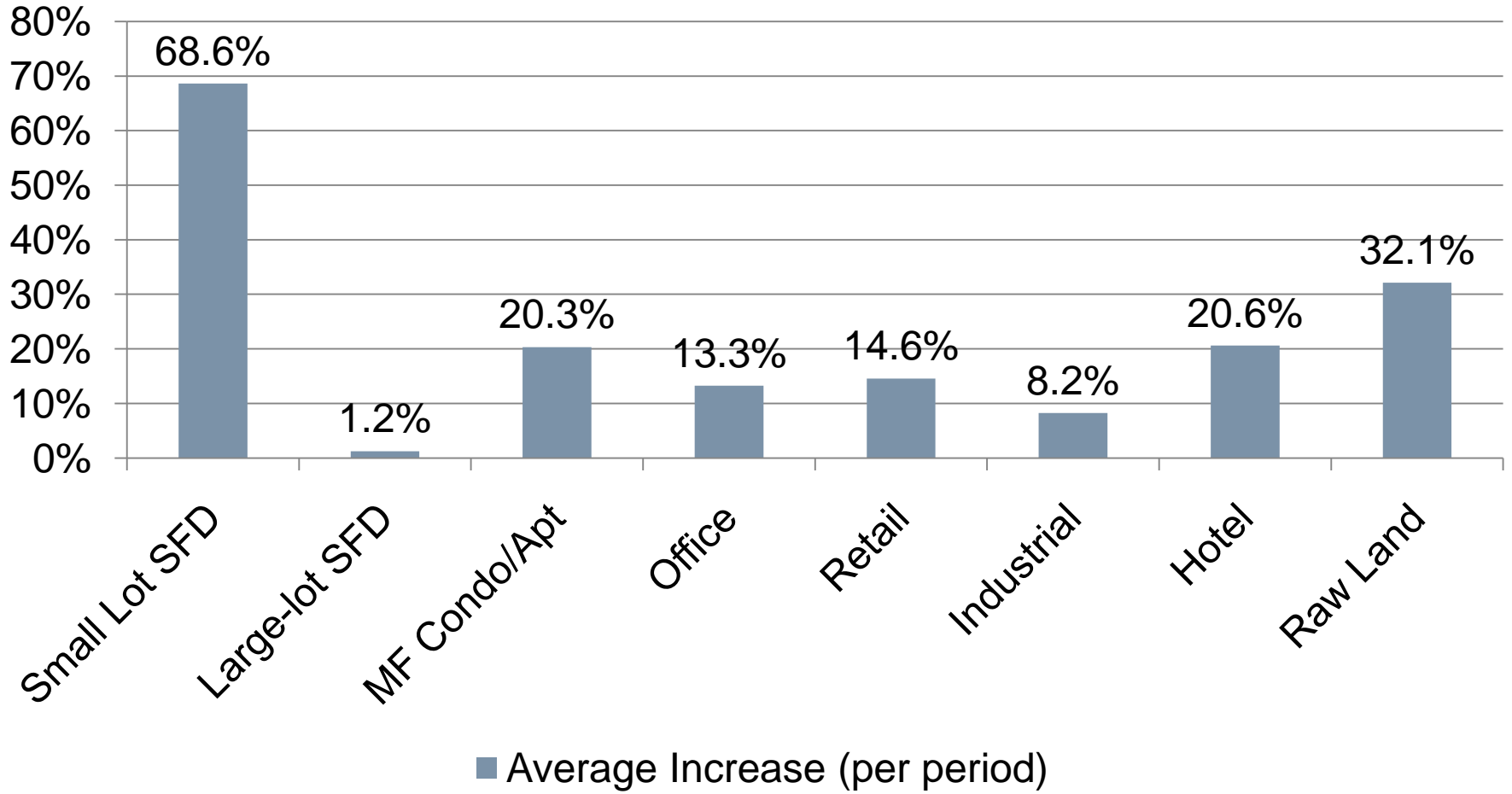


SOURCE: RCLCO, Reconnecting America

VALUE INCREASES FROM STREETCAR

LARGE VALUE-CREATION POTENTIAL CONFIRMED

Average Increase (per period)



■ Average Increase (per period)

SOURCE: RCLCO, Reconnecting America

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CATALYTIC DEVELOPMENT TYPOLOGIES

Category	Size (NSF)	Land Uses
Small	< 100k	Local Retail, MF Residential OR Boutique Office
Medium	100k – 250k	Neighborhood Retail Limited Service Restaurants MF Residential (FS or FR) Boutique Office
Large	250k – 750k	Community Retail Limited Service Restaurants Full Service Restaurants MF Residential (FS and FR) High End Boutique Office
Catalytic	750k +	Destination Retail MF Residential (Two Types of FS) MF Residential (Two types of FR) Class A Office

STRONG CATALYTIC POTENTIAL CREATES PUBLIC AND PRIVATE VALUE

Land Use	Quantity (GSF)
Retail	938,338
Office	610,000
Hotel	150,000
Rental Apartments	1,280,000
Condominiums	510,000
Total	3,288,388

TIF	Discount Rate	Value
	5%	\$98,921,641

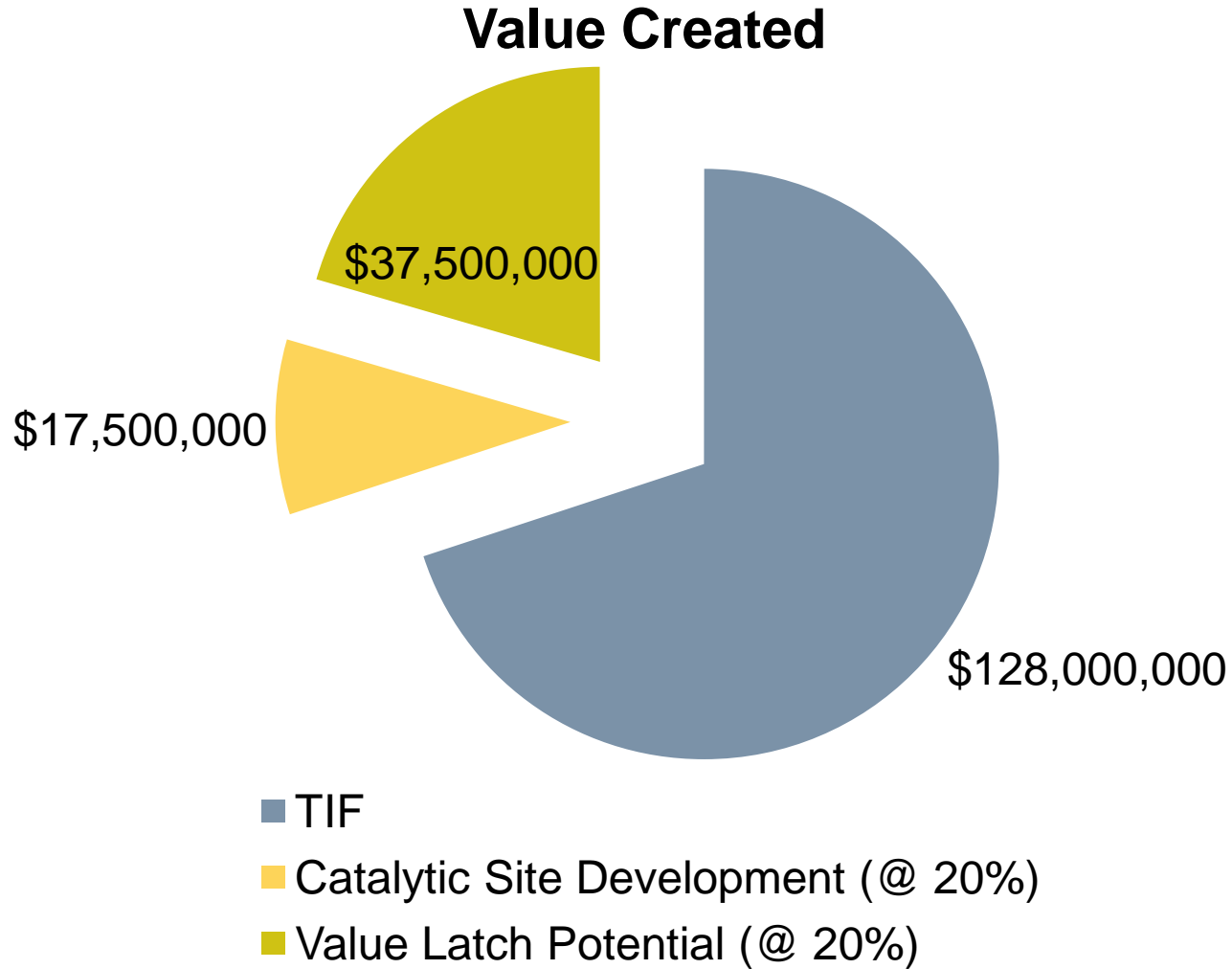
Opportunity to develop catalytic sites creates value for both private sector players and the public sector sponsor.

More than offsets the infrastructure investment

Private Return (after Financing)	Discount Rate	Value
	5%	\$733,797,581
	10%	\$431,681,529
	20%	\$145,999,060

PAYING IT FORWARD

CREATING VALUE THAT PAYS FOR TRANSIT



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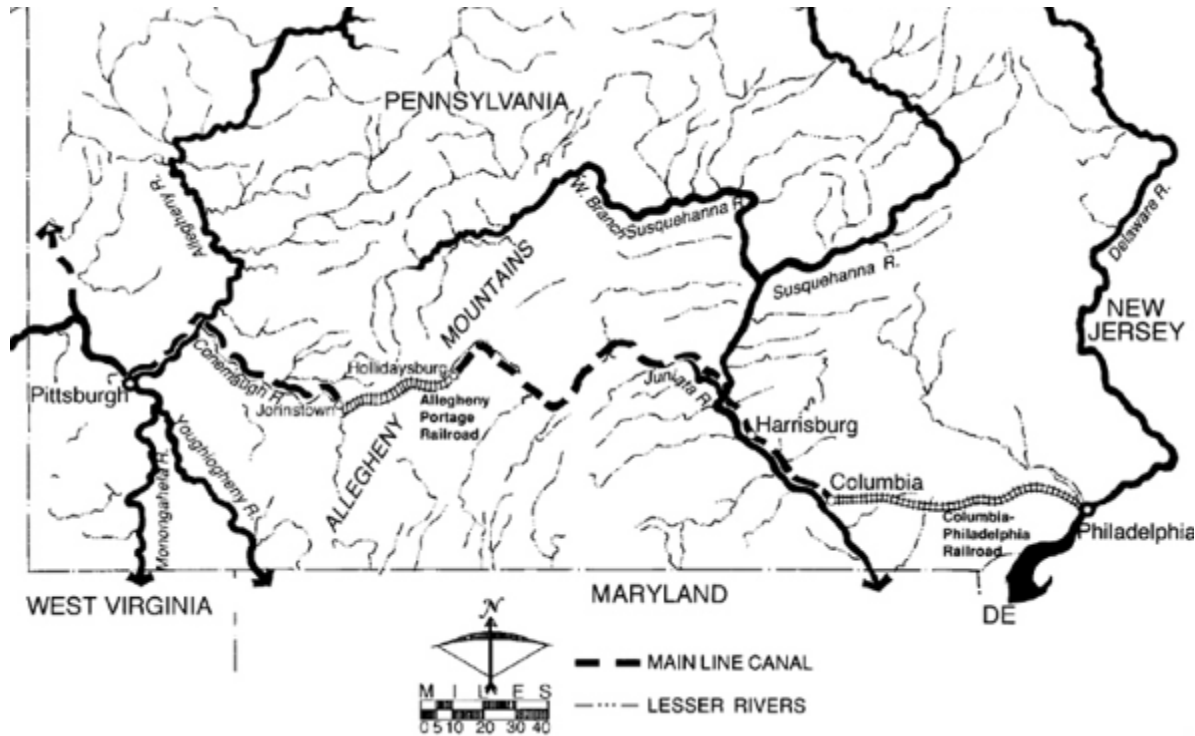
Implementation

CHALLENGES

1. Multiple Landowners (almost 3,000 parcels)
2. Legal issues
3. Convincing the private investment market (especially in today's climate)
4. Participation Structure
5. Policy and Politics

THE PHILADELPHIA MODEL

DEVELOPMENT-ORIENTED TRANSIT



- ▶ The Main Line of the Pennsylvania Railroad (PRR) connected Philadelphia with Pittsburgh via Harrisburg.
- ▶ Originally the Philadelphia and Columbia Railroad (82 miles from Philadelphia to Columbia), was completed in 1834 as part of the Main Line of Public Works
- ▶ The Philadelphia and Columbia Railroad was sold to the Pennsylvania Railroad (PRR) in 1857.
- ▶ By 1858, the PRR was offering continuous rail service to Pittsburgh

THE PHILADELPHIA MODEL

DEVELOPMENT-ORIENTED TRANSIT

Bryn Mawr Station in 1891



Courtesy of the American Premier Underwriters Inc. Photo by William Rau

- ▶ 1868 – PRR purchases land in Humphreyville to build a summer resort – the Bryn Mawr Hotel (today it is the Baldwin School)
- ▶ In 1868-1870, the PRR relocated the main line in order to create a straight path from Ardmore (formerly Athensville) and Rosemont (formerly West Haverford).
- ▶ Roberts family owned land along Main Line since the 1683 (the “Welsh Tract”) – John Roberts developed much of the land adjacent to rail in mid 1800s
- ▶ ***Rail development was a vehicle for real estate development***



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