

FTA

FEDERAL TRANSIT ADMINISTRATION

Joint Development

Striking a Balance Between Value Capture and Equity

**LOCUS National Leadership
Summit**



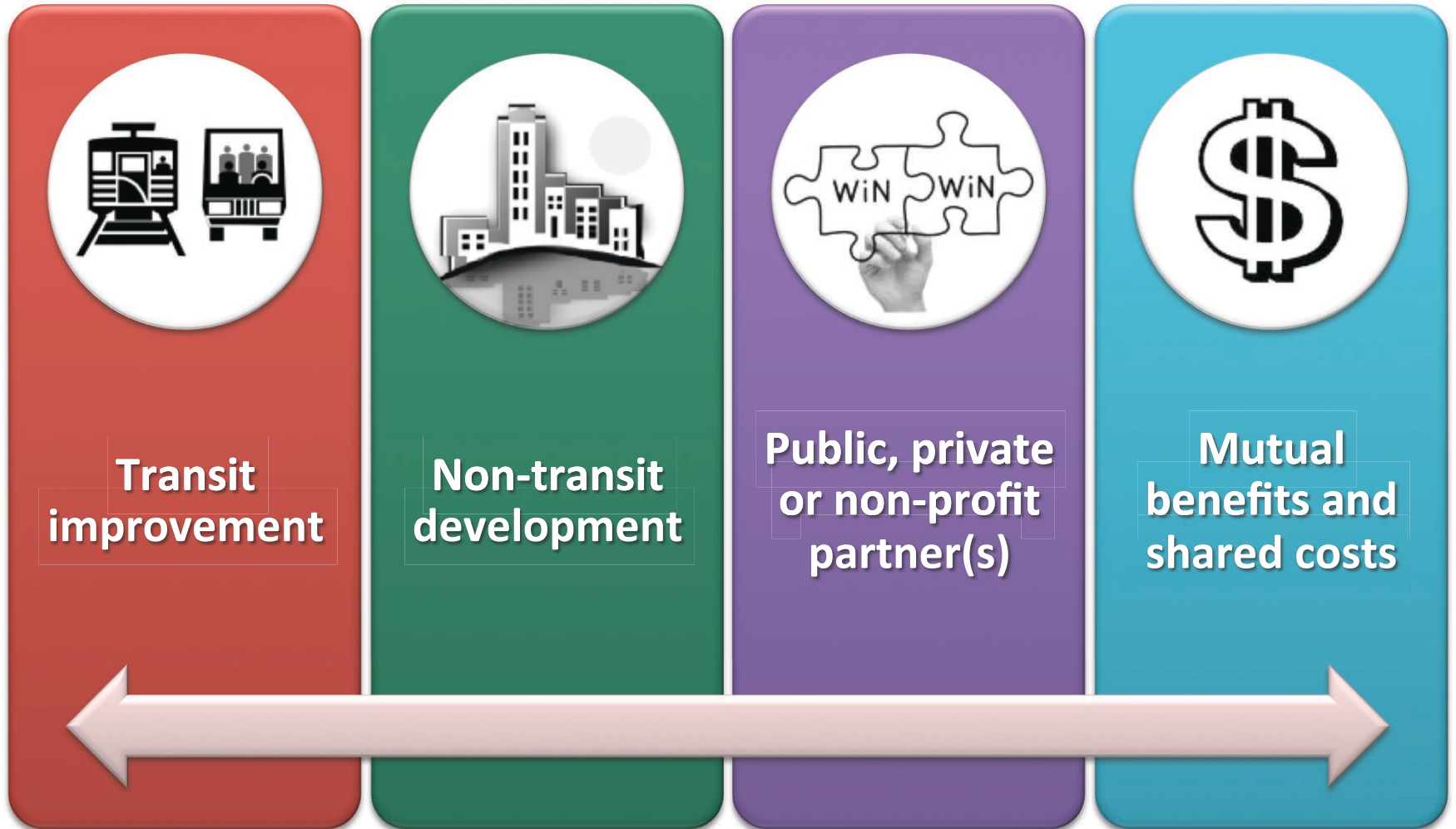
U.S. Department of Transportation
Federal Transit Administration

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Welcome & Introductions

- Presenter:
 - Daniel Schned, FTA Office of Budget & Policy

What is Joint Development?



What is FTA-Assisted Joint Development (JD)?

- FTA interest in the JD project, either:
 - New FTA funding, or
 - Property previously acquired with FTA funds
- No FTA funding programs specifically for JD
- FTA-assisted property can be used for JD and FTA funds can be spent on some JD activities (statutory), subject to:
 - Statutory eligibility criteria
 - Use of real property considerations
 - Other cross-cutting federal requirements
- FTA policy established in Circular 7050.1A.

FTA-Assisted Joint Development Eligibility Criteria

i. Creates *economic benefit*

ii. Enhances *public transportation*

iii. Partner(s) provides a *fair share of revenue*

iv. Tenant(s) pays a *fair share of the costs*

iii. Fair Share of Revenue

(I) Minimum threshold policy

- Project sponsors must receive revenue equal to, *or greater than*, the amount of the original FTA investment in the JD project.
- *EXCEPTION: Community Service/Publicly-Operated Facilities and Affordable Housing*
 - Can be less than the original FTA investment, but must be based on the actual revenue generated by the community service/publicly-operated facility, or affordable housing.

iii. Fair Share of Revenue

Example:

FTA-assisted real property contributed	1 ½ acres
Original cost of land acquisition (2005)	\$2.25 million
FTA's share of the original cost	80%
Original FTA investment	\$2.25 million X 0.8

FSR ≥ \$1.8 million

Goals/Principles of FTA-Assisted Joint Development (JD)



As a value capture strategy, JD generates revenue for transit capital and operations

JD maximizes the utility of transit system improvements and FTA-funded projects

JD also provides other benefits to transit agencies and local communities

JD is a tool transit agencies use to support specific, locally-preferred TOD

St. Paul, MN

- *Project Name: Snelling Ave Soccer Stadium – Ground Lease*
- *Project Sponsor: Metro Transit*



St. Paul, MN

- *Project Name:* Snelling Ave Soccer Stadium – Ground Lease
- *Project Sponsor:* Metro Transit



Source: <https://www.minnpost.com/politics-policy/2016/02/st-paul-prepared-commit-18-million-infrastructure-improvements-soccer-stadiu>

Seattle, WA

- *Project Name:* Capitol Hill Station TOD
- *Project Sponsor:* Sound Transit



Source: <http://www.capitolhillseattle.com/2014/08/developers-vying-to-build-capitol-hill-station-housingretail-say-properties-are-overvalued/>

Seattle, WA

- *Project Name:* Capitol Hill Station TOD
- *Project Sponsor:* Sound Transit



Tacoma, WA

- *Project Name:* Tacoma Veterans TOD
- *Project Sponsor:* Pierce Transit



Source: Google Maps

Tacoma, WA

- *Project Name:* Tacoma Veterans TOD
- *Project Sponsor:* Pierce Transit



Tacoma, WA



FTA-Assisted JD Generates Revenue for Public Transportation

- Of the JD projects FTA approved in 2016:
 - FTA's total original investment = **\$24.8 million**.
 - Project sponsors have leveraged that investment to generate **\$277.8 million** in contracted future revenue for transit purposes.
 - Project sponsors estimate these projects will also generate local economic development benefits and attract private investment worth **\$335 million**.

FTA Joint Development Updates

- December 2015: FAST Act signed into law
 - Changed the definition of “joint development” in 49 U.S.C. §5302
- December 2016: Circular 7050.1A published
 - Addressed: 1) the change to 49 U.S.C. §5302 and 2) the “fair share of revenue” minimum threshold policy for affordable housing

Affordable Housing

- The fair share of revenue minimum threshold is an FTA policy, established in the 2014 Circular (7050.1), was continued in Circular 7050.1A
- FTA modified the fair share of revenue policy for affordable housing projects to make it equivalent to community service and public facilities
 - Allowing the revenue collected to be less than the “fair share of revenue” minimum threshold and instead based on actual revenue generated.

iii. Fair Share of Revenue

Example:

FTA-assisted real property contributed	1 ½ acres
Original cost of land acquisition (2005)	\$2.25 million
FTA's share of the original cost	80%
Original FTA investment	\$2.25 million X 0.8
Market rate share of project	75%

~~**FSR = \$1.8 million**~~

FSR = \$1.35 million

For More Information

- FTA Resources (Circular 7050.1A, and Project Request and Attachments Forms):
 - www.transit.dot.gov/JointDevelopment
- FTA Points of Contact:
 - Daniel Schned, TBP:
 - daniel.schned@dot.gov or 202-366-1652
 - Chris Hall, TCC
 - christopher.hall@dot.gov or 202-366-5218