



## Board Report

---

**File #:** 2019-0463, **File Type:** Informational Report

**Agenda Number:** 7.

---

**PLANNING AND PROGRAMMING COMMITTEE  
JULY 17, 2019**

**SUBJECT: VALUE CAPTURE STRATEGY**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE Value Capture Strategy (Attachment A).

**ISSUE**

Value capture can generate additional funding resources from increased land values or through taxing authority such as special assessments. The opportunity for value capture is particularly high in areas with proximity to Metro's current and planned transit infrastructure. Staff will undertake a Value Capture Assessment as part of a broader Value Capture Strategy that will allow Metro to identify and quantify value capture potential along transit corridors and create opportunities to partner with municipalities to realize multi-beneficial impacts of Metro's transit investments.

**BACKGROUND**

The Metro can have an important role in supporting and partnering with municipalities to realize value capture strategies around both existing and in-development transit corridors. The Transit Oriented Communities Policy adopted by the Board of Directors (Board) in June 2018 has five goals, one of which is to "capture value created by transit."

Value capture can generate additional funding resources from increased land values or through taxing authority such as special assessments. The opportunity for value capture is particularly high in areas with proximity to Metro's current and planned transit infrastructure. The additional funding resources realized through value capture can help Metro, municipalities and stakeholders realize a number of benefits, including:

- Funding betterments, acceleration and/or enhancements to existing and new transit infrastructure;
- Improving active transportation infrastructure;
- Funding the local agency contribution for transit projects (the "3% contribution"); and
- Realizing transit oriented communities by supporting equitable development that:

- expands and preserves the supply of affordable housing,
- protects and preserves legacy businesses, and
- ensures that community serving amenities are located near transit.

### A Value Capture Assessment

The Value Capture Assessment can be applied to both existing and new transit corridors, though focus will likely start with new corridors funded by Measure R and Measure M. The assessment includes a work plan to:

1. Educate staff about value capture and key value capture tools;
2. Inform municipal stakeholders about the Metro work plan, and map any existing value capture efforts underway across Los Angeles County;
3. Perform an initial assessment of value capture opportunities along Measure R and Measure M transit corridors to determine a rough estimate of the financial opportunity across a number of different value capture tools, and identify locations that have the best potential and could be prioritized; and
4. Share results of the initial assessment with municipal stakeholders to identify the best path forward, which could include pursuit of an identified value capture tool and/or recommendations for legislation to amend existing or create new tools.

Each aspect of the work plan is further detailed in the attached Value Capture Strategy. The Strategy has incremental steps, initially focused on sizing the opportunity, considering the appropriate tools, and gauging interest from key partners. While stakeholder engagement is not included in this initial assessment, if municipal partners decide to partner with Metro to pursue a value capture tool, Metro would require broad stakeholder engagement to determine priorities for use of any funds generated.

### Key Considerations

The assessment work plan is guided by four key considerations:

1. The starting point for the work plan is to assess the opportunity for value capture where Metro is making major transit investments. It will identify corridors with potential to capture significant value, provide a rough estimate of the value potential across the existing tools, compare the tools, and determine interest from municipalities in pursuing a value capture tool. It will not definitively determine what funding would be spent on or preclude options to pursue value capture along other corridors.
2. Metro understands that municipalities, and in particular the entities that collect property taxes, have the authority to form value capture districts, and in the case of tax increment finance (TIF) districts, these entities determine if and how much tax increment will be included in a TIF district.
3. There are, and will be, compatible and competing demands for funds generated by value capture tools, both market driven and in consideration of public policy objectives. Many stakeholders must be at the table to discuss potential funding levels and tools, and to prioritize

any funds generated through implementation of a value capture tool.

4. Once the initial assessment is completed, next steps for forming any value capture districts must include deeper engagement of community stakeholders, and in particular, consideration of impacts on equity.

#### Staff Resources

The work plan will be carried out by staff in the Countywide Planning & Development department. The Strategic Financial Planning Unit will be the lead with close support and coordination from the Transit Oriented Communities team and input from the Treasury and Finance team, Communications, and others as appropriate. Metro will utilize professional services to undertake the Value Capture Assessment.

#### Timeline and Reporting

Staff anticipates completion of the Value Capture Assessment and identification of next steps within one year and will provide a report to senior leadership and the Metro Board with findings and recommendations.

#### Equity Platform

The Value Capture Strategy is consistent with the equity platform's third pillar: "Focus and Deliver". The assessment stage does not recommend broad community engagement because the focus is on sizing the opportunity and determining interest. If any value capture strategies are to be pursued, Metro will recommend, and if directly involved, Metro will require, broad stakeholder engagement to determine priorities for use of any funds generated. This is consistent with the "Listen and Learn" pillar of the Metro equity platform.

### **DETERMINATION OF SAFETY IMPACT**

The Value Capture Strategy will have no impact on safety. If value capture strategies are pursued and funding is generated, future infrastructure improvements could improve safety for both users and non-users of transit.

### **FINANCIAL IMPACT**

There is no financial impact related to this receive and file.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Value Capture Strategy could lead to additional funding sources that could be invested in transit and active transportation infrastructure as well as community serving uses around transit. These support four Strategic Plan Goals: under Goal 1, improve connectivity to provide seamless journeys; Goal 3.2, leverage transit investments to catalyze transit oriented communities and help stabilize neighborhoods where these investments are made; Goal 4.1, collaborating with cities to create new opportunities to meet broader policy objectives like transit oriented communities, active transportation, and additional housing; and Goal 5.1, leverage funding to accelerate the achievement of goals and initiatives. The Value Capture Strategy also supports realization of Goal 5 in the Board-

adopted Transit Oriented Communities Policy, "Capture Value Created by Transit."

### **NEXT STEPS**

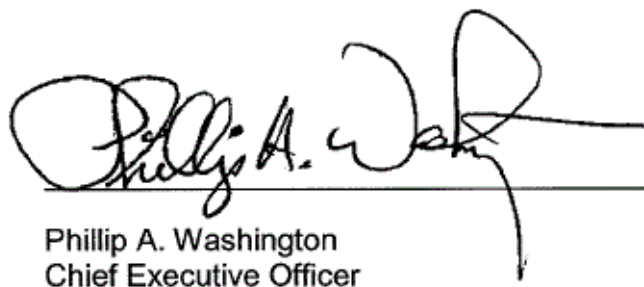
Staff will solicit a professional services contract to begin the Value Capture Assessment, and will report back to the Board with findings and recommended next steps by mid-2020.

### **ATTACHMENTS**

Attachment A - Value Capture Strategy

Prepared by: Wells Lawson, Senior Director, Countywide Planning & Development, (213) 922-7217  
Craig Hoshijima, DEO, Countywide Planning and Development, (213) 418-3384  
Holly Rockwell, SEO, Countywide Planning and Development, (213) 922-5585  
William Ridder, Interim SEO, Countywide Planning and Development, (213) 922-2887

Reviewed by: Laurie Lombardi, Interim Chief Planning Officer, (213) 418-3251



---

Phillip A. Washington  
Chief Executive Officer