Atlanta Beltline Rail:
A Blueprint for Transit Funding

Image credit: [Atlanta BeltLine, Inc.]

Presented by

BELTLINE RAILNOW!

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To learn more about BeltLineRail Now, please visit www.beltlinerailnow.com.

A Vision To Fight For

"Atlanta is on the verge of either tremendous rebirth or demographic meltdown. Atlanta has the highest income inequality in the entire country, blighted neighborhoods and hideous highways, suburban sprawl, and racial injustice. While many cities across America suffer similarly, nowhere but Atlanta have they so dangerously collided. The most promising plan for Atlanta's rebirth is the BeltLine - a massive ring of defunct railways already being transformed into a series of parks, pathways, and streetcars. Cutting through neighborhoods from affluent to impoverished, the BeltLine will complete a twenty-two mile loop encircling downtown: shifting the character of the city toward a more walkable, prosperous, and enlightened future. By embracing its physical limitations, by building infrastructure and public amenities, and by offering citizens a vision to fight for, Atlanta is hoping to redeem its past and save its future."

Mark Pendergrast,
City on the Verge, 2017

A Note to the Reader

Twenty years after the Atlanta BeltLine idea was presented to city leaders, not a single mile of track on the 22-mile rail and trail loop connecting to MARTA rail has been laid. MARTA says it will be 2027 before the first tiny 1.4 mile segment is operational. The rest of the project is 25-30 years out under the best scenario. Atlanta's leaders – its Mayor and City Council – have lost sight of the *complete* BeltLine vision, particularly the affordable housing component's connection to transit. Today, neither Mayor Keisha Lance Bottoms nor the City Council considers the rail portion of the BeltLine a top priority.

Spread access and mobility to areas that never had them. Connect 45 neighborhoods. Enable residents to stay in their homes as the city grows. Build thousands of units of affordable housing. These have always been the goals of the BeltLine, and BeltLine rail is an essential part of the solution. Without the density and mobility that transit allows, there can be no significant affordable housing. And without transit built-in from the beginning, gentrification – and its worst consequence, displacement of long-time residents – is accelerating. The promotion of a tax-subsidized trail without BeltLine rail has made these problems worse.

It would be a tragic and inexcusable failure of leadership to take another generation to complete this transformational project. With each passing year, the chances to deliver on the real promise of the Beltline diminish. The time to reassert the will is now, in this election year.

Atlanta residents voted in record numbers (71%) in 2016 to pass the 0.5% More MARTA sales tax, designed to fund rail on the BeltLine and other transit projects. To date, the City has collected over $200 million from it. But leaders inside the City, at ABI, and at MARTA point to a lack of funding to explain the delays and unambitious timeline. We don't believe them. Given the urgent need for a more diverse and equitable funding model, we created one.

This paper is the product of our research, identifying sources of money where there doesn't appear to be any. We have looked at other cities' successes, and illustrate how Atlanta can do the same. We can pay for the BeltLine with less reliance on regressive sales taxes, which burden lower-income residents disproportionately and are volatile in times of recession. Yet the argument is not about funding scarcity. It is about our leaders' political will. We cannot settle for a park and trail system that gives a bonanza to developers while sidelining equity, affordability and sustainability.

BeltLine Rail Now formed in 2018 after the first More MARTA plan left two-thirds of the loop without rail. Funding was redirected to pricier, less 'shovel-ready' projects, some of which deliver transit to wealthier, whiter areas of the city before neighborhoods that most depend on MARTA. With grassroots action, BRN helped achieve changes to More MARTA. These became part of the 2050 Regional Transportation Plan and include rail on the entire 15 miles of BeltLine that the City of Atlanta owns.

Today, we seek a rapid acceleration of the timeline to build the **entire** BeltLine -- the trail, transit, and parks. With committed City leadership and a broader funding model, BeltLine rail will be fully operational by 2035.

Those we have entrusted to lead our city are responsible for delivering the *complete* BeltLine vision. Our insistence is on accountability. We will ensure that candidates for key elected offices in 2021 are informed about this paper's findings, and we commit to providing opportunities for them share their views on completing the Beltline in the next decade. We believe this document will give them the tools to deliver on that promise.

It is time for vigorous and positive action. We must not let 'too late' become our legacy.

BeltLine Rail Now, Inc.

January 2021

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Executive Summary

This white paper analyzes the funding gap between the cost of Atlanta BeltLine Rail Transit and committed funds, examines funds that should already be available, and identifies additional funding sources necessary to accelerate construction and complete the BeltLine vision within a decade. It is clear that BeltLine TAD funds, MARTA sales tax, and currently anticipated Federal Transit Administration (FTA) grants are insufficient to get BeltLine Rail Transit built in a reasonable time frame. There can be no argument that a completion date of 2050 is reasonable. It is not. Indeed, BeltLine Rail is not projected to be completed even by 2050 because the Northwest corridor is not on the map. This is unacceptable, and compels us to present the ideas in this paper as a means to accelerate the construction timeline and finish negotiations to close the loop.

BeltLine Rail Now estimates that it will take $2.5 billion to build the Beltline Rail project on the 22 miles of the Beltline. This includes the right of way already controlled by the City of Atlanta, often referred to as the "J", from the Lindbergh area on the NE all the way around to Bankhead on the NW side, and the 7 miles on the NW side not yet owned by the City of Atlanta (see Appendix B). Here is a summary of the components:

- Widening BeltLine bridges to accommodate trails and transit, advancing engineering studies, and acquiring right-of-way are all ways that largely local funding can advance BeltLine transit and prepare for a competitive application for discretionary federal funding. We estimate $250 million for these "links."

- Infill MARTA stations that can provide seamless transfers for BeltLine Rail Transit are critical catalysts for transit supportive development and they eliminate miles of time-wasting backtracking. Building these regionally significant multi-modal hubs first will provide logical connection points for constructing transit in contiguous phases that remain true to the BeltLine's promise of connecting neighborhoods across quadrants of the city - ultimately as a continuous trunk line loop. We estimate $1 billion for these "hubs" (see Appendix A).

- BeltLine Rail Transit capital cost estimates range from $1.1011 billion (in the 2018 More MARTA Technical Analysis) to $2.298 billion (in the 2013 Atlanta BeltLine Strategic Implementation Plan). In addition to $1.25 billion for the foundational connections of "links" and "hubs" mentioned above, we estimate another $1.25 billion for the physical infrastructure and construction cost of BeltLine Rail.

Although it will cost $2.5 billion to complete Beltline rail, the 2050 Regional Transportation Plan (RTP) allocates less than $900 million in combined local and federal funds spread out over the next 30 years in disconnected phases. This is a significant failure to accomplish the unifying mission of BeltLine Rail.

The current RTP anticipates only $257 million in FTA funding for the BeltLine. Our proposal recommends nearly tripling that goal to $750 million from the FTA New Starts program - including $250 million for infill stations and $500 million for light rail. Many of the criteria needed to succeed in that national competition are the same objectives that will make the BeltLine a success for Atlanta: more space dedicated to people, nature, and neighborhood amenities; and less space dedicated to the storage and movement of privately-owned motorized vehicles, i.e. the parking towers or decks that accompany nearly every mixed-use development in this city.

Some of the funding ideas we present include flexible federal highway funds and special assessment districts. These are proven tools for equitable transit project funding that ask property owners and regional partners to help unlock the full potential of the Atlanta BeltLine.

The Atlanta Regional Commission (ARC) receives over $200 million per year in flexible federal Surface Transportation Program (STP) funding that can be used for transit construction, but it is predominantly allocated to roads, bridges, and expressway widening projects that are otherwise eligible for state gas tax funding. From this source, we seek $250 million for the realization of BeltLine Rail to bring the federal contribution total to $1 billion, or 40% of the total project capital cost. The Portland, OR case study demonstrates successful "flexing" of federal highway funds to build light rail.

A single, continuous doughnut-shaped BeltLine Transportation Improvement District (TID), including all commercial property roughly within ½ mile from the transit corridor, would provide a long-term revenue stream from a special assessment millage via land value for transit construction debt service. We recommend that a BeltLine TID be structured to provide $100 million for infill stations and $300 million for light rail construction by generating principal of at least $400 million.

A Station Area Land Assessment District (SALAD) created within ¼ mile around each prospective MARTA infill station (on top of the BeltLine TID) could collectively raise $100 million (10%) of the $1 billion we estimate it could cost to create four new multi-modal hubs at BeltLine crossings that would provide seamless transfers among buses, streetcar, light rail and future regional rail.

Special assessment fees levied on adjacent properties receiving the most benefit from the BeltLine investment can be structured in layers tailored to different goals. Considered together, special assessment districts in the form of a BeltLine TID and several smaller overlapping SALADs should produce enough revenue over 30-35 years to support loan or bond principal of $500 million or more.

Case studies of best practices in the Washington D.C. metro area show how private landowner contributions through special assessment districts, TIFIA loans and innovative partnerships have been used in the last decade to accelerate construction of 23 miles of new rail and over a dozen new Metro stops, including two infill stations on existing Metrorail lines.

A public private partnership (P3) in the sense of a "design-build-finance-operate-maintain" (DBFOM) contract is another technique that could accelerate delivery of BeltLine Transit by leveraging the value it will create for a stream of performance based "availability payments." And there's more: Federal TIFIA loans provide a low-cost financing method to speed up construction and can responsibly access revenue currently reserved for decades in the future. A $600 million TIFIA loan backed by More MARTA sales tax could provide $250 million for infill stations and $350 million for BeltLine Rail.

For decades, a state-imposed cap on local sales tax rates prevented Atlanta and other jurisdictions participating in the base 1% MARTA sales tax from considering the kind of Transportation Special Purpose Local Option Sales Tax (T-SPLOST) used by suburban counties who opted out of MARTA. This changed in 2016 when Atlanta voters approved the city's first T-SPLOST, which provided the funds to purchase the Southeast BeltLine right of way in 2018. If renewed in 2021 and 2026 and if the BeltLine continues to receive 25% of the proceeds, the next decade of T-SPLOST funds could provide $150 million.

Finally, the BeltLine Tax Allocation District (TAD) was originally anticipated in 2005 to generate $1 billion in total revenue and provide $500 million of local matching funds for transit construction, but economic conditions of the past 15 years reduced the projection for the remaining 10 years to only $500 million in net TAD revenue after existing commitments. On the original principle that half of the BeltLine property tax increment should go to transit construction, the BeltLine TAD should provide $250 million for the foundational connections of 'links and hubs', as described later in this paper.

The History of BeltLine Rail Transit

How Did We Get Here?

The Atlanta BeltLine is a former railway corridor around the core of Atlanta, under development in stages as a multi-use trail. Its original vision proposed by Ryan Gravel in his master's thesis and adopted by the City of Atlanta was as a transit corridor in which the abandoned rail corridor would be rebuilt to accommodate much needed transit within the city of Atlanta. This transit vision has become lost from lack of funding and progress on the project, and is the focus of this white paper. And yet, the collective efforts of the BeltLine Redevelopment Plan and the BeltLine Transit environmental review process represent the largest public engagement effort in the history of Atlanta. Both citizens and city leaders alike embraced the total BeltLine idea from the beginning, in what may be the largest citizen grassroots effort for transit in any American city.

For more information on the original vision and full history visit www.beltlinerailnow.org. The scope of this paper focuses on the capital construction costs of BeltLine Rail, while also considering requirements for its operational success through transit supportive development.

One of the most common complaints about MARTA is that it does not go where riders need to go, leaving them miles short with multiple transit connections to make. BeltLine Rail Transit solves that issue by providing a circumferential link between radial corridors of the MARTA rail system and diverse neighborhoods to parks, jobs, and services. It is much more than a commuting solution. Completing the transit portion of the BeltLine will address important problems related to affordability, equity, sustainability and mobility, and will rightfully place the city of Atlanta among top-tier cities.

BeltLine rail is an infrastructure investment necessary for the type of community development that can simultaneously address the most pressing and intractable disparities of Atlanta: automobile dependency, poor air quality, extreme income inequality, lack of affordable housing, and access to quality jobs - all while accommodating a doubling of the city's population. With 100,000 residents already living in the surrounding neighborhoods, compact new development along the BeltLine can accommodate another 100,000 people in a sustainable way as Atlanta grows. According to the Atlanta Regional Commission, Metro Atlanta will add 2.9 million people by 2050, pushing the 21-county region's population to 8.6 million. If even 10% of that growth occurs within the city limits, where will 290,000 new residents live and how will they get around the city? If done right: many in communities along and adjacent to the Atlanta Beltline and on free flowing transit that's not stuck in traffic.

In 2005 the City of Atlanta adopted the BeltLine Redevelopment Plan and together with Atlanta Public Schools and Fulton County, created the BeltLine Tax Allocation District (TAD) to set aside incremental property tax revenue above baseline amounts for 25 years to fund investments to make BeltLine transit a reality. Atlanta BeltLine, Inc. (ABI) was created as an arm of the Atlanta Development Authority (d.b.a. Invest Atlanta) to manage the funds and the vision of this project. The original redevelopment plan anticipated a total cost of $1 billion for BeltLine rail, of which the TAD would provide $500 million as local match for 50% federal funding.

Sadly, in 2007, after a housing crisis followed by The Great Recession, there were huge unanticipated impacts to both the TAD revenue and sales tax collections. Major components of the project came to a halt as did most development in and around Atlanta. When development picked up again around 2011-2012, there was a distinct lack of focus on affordable housing for Atlanta, and there was no focus on BeltLine transit at all. Only the trail and the parks components of the BeltLine vision received significant attention and development funds when the project restarted.

The pitfalls of relying on accumulations through the BeltLine TAD as the primary local source of funding for BeltLine Transit are revealed by a member of the team that put together the original financing plan:

> "We did not think of the BeltLine as a 'transit corridor first' proposition. Because the BeltLine needed to be primarily funded using property tax increments, we thought of the project as an economic development project first and foremost. We realized that the majority of the economic development benefits – in the range 70-80% of the projected property tax increase – could be generated through the construction of the trail and parks system. Since the trail and greenway constituted only 20% of the capital costs (excluding right of way acquisition), it quickly became clear to us that the priority should be to build the trail and parks."
>
> *David Edwards, former CEO, Purpose Built Communities (Saporta Report 9/1/2019)*

This was a shocking distortion of the public mandate that citizens of Atlanta expected for the rail portion of this project as seen by the huge support for passage of the T-SPLOST referendum, from public input in MARTA hearings and from public surveys. Counting on development to precede and fund transit, rather than using transit to shape the pattern of development along the BeltLine violates accepted best practices for urban planning and design. As a result of this backwards approach, development without the requisite transit has exacerbated traffic congestion and accelerated displacement due to gentrification. And it has failed to produce enough new real estate value to be the only source of local funding for BeltLine rail transit.

In 2013, ABI adopted the 2030 BeltLine Strategic Implementation Plan (SIP) that identified a funding gap of approximately $1 billion needed to complete all aspects of the redevelopment plan within the 25-year lifetime of the BeltLine TAD. This assumed securing a 50% Federal Transit Administration (FTA) contribution to an estimated $2.3 billion cost for BeltLine Rail including infill stations at Murphy Crossing and Boone. FTA funding for transit "New Starts" projects is frequently only 30% and matching grants of 50% no longer seem attainable.

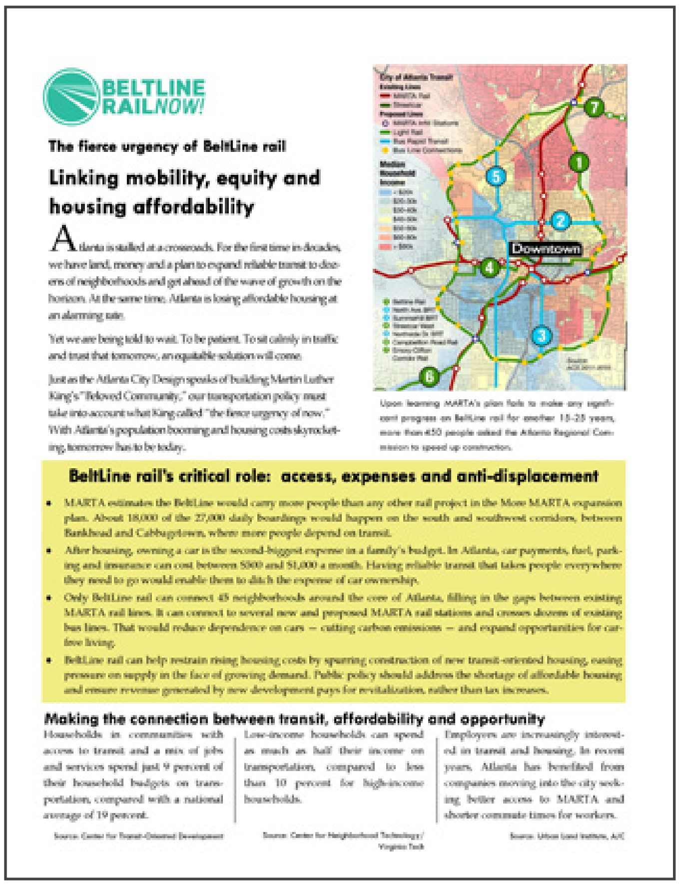
Chapter 6 of the SIP - Funding and Financing - includes a detailed catalogue of potential sources at the federal, state, local, and private levels. In this White Paper, we highlight the funding sources that we feel are the most impactful, most equitable and that peer cities have used successfully to build major transit projects over the past two decades while Atlanta has remained stalled.

2030 BeltLine Strategic Implementation Plan (Click image for full document)

Because the Atlanta BeltLine project has not fulfilled its promises of transit and affordable housing, the imbalanced and incomplete BeltLine has become a convenient proxy for blame about the city's gentrification problems. This gentrification and historical lack of affordable housing has caused some to lose interest in or develop opposition to the BeltLine, and city leaders began to defer to MARTA and ABI on details related to the project timeline rather, than using their own leadership to drive it forward.

Transit and Equity

After high profile leadership resignations followed by citizen outrage in 2017 over the lack of affordable housing for the now heavily developed and gentrified areas around the BeltLine Eastside trail, new leadership was put in place at ABI to address this failure. In addition, ABI and the Atlanta Housing Authority (AHA) signed a 5-year Memorandum of Understanding for AHA to invest $30 million on top of $15 million in newly committed BeltLine TAD funds for affordable housing development beyond $13 million previously committed BeltLine funds. New ABI leadership is expected to prioritize affordable housing in every aspect of the project. The need for affordable housing leads to an even more fierce urgency to build BeltLine rail, which links mobility, equity and housing affordability, factors which we discuss here.



BELTLINE RAILNOW!

The fierce urgency of BeltLine rail

Linking mobility, equity and housing affordability

Atlanta is stalled at a crossroads. For the first time in decades, we have land, money and a plan to expand reliable transit to dozens of neighborhoods and get ahead of the wave of growth on the horizon. At the same time, Atlanta is losing affordable housing at an alarming rate.

Yet we are being told to wait. To be patient. To sit calmly in traffic and trust that tomorrow, an equitable solution will come.

Just as the Atlanta City Design speaks of building Martin Luther King's "Beloved Community," our transportation policy must take into account what King called "the fierce urgency of now." With Atlanta's population booming and housing costs skyrocketing, tomorrow has to be today.

Upon learning MARTA's plan fails to make any significant progress on BeltLine rail for another 15-25 years, more than 450 people asked the Atlanta Regional Commission to speed up construction.

BeltLine rail's critical role: access, expenses and anti-displacement

- MARTA estimates the BeltLine would carry more people than any other rail project in the More MARTA expansion plan. About 18,000 of the 27,000 daily boardings would happen on the south and southwest corridors, between Bankhead and Cabbagetown, where more people depend on transit.
- After housing, owning a car is the second-biggest expense in a family's budget. In Atlanta, car payments, fuel, parking and insurance can cost between $500 and $1,000 a month. Having reliable transit that takes people everywhere they need to go would enable them to ditch the expense of car ownership.
- Only BeltLine rail can connect 45 neighborhoods around the core of Atlanta, filling in the gaps between existing MARTA rail lines. It can connect to several new and proposed MARTA rail stations and crosses dozens of existing bus lines. That would reduce dependence on cars – cutting carbon emissions – and expand opportunities for car-free living.
- BeltLine rail can help restrain rising housing costs by spurring construction of new transit-oriented housing, easing pressure on supply in the face of growing demand. Public policy should address the shortage of affordable housing and ensure revenue generated by new development pays for revitalization, rather than tax increases.

Making the connection between transit, affordability and opportunity

Households in communities with access to transit and a mix of jobs and services spend just 9 percent of their household budgets on transportation, compared with a national average of 19 percent.

Source: Center for Transit-Oriented Development

Low-income households can spend as much as half their income on transportation, compared to less than 10 percent for high-income households.

Source: Center for Neighborhood Technology/Virginia Tech

Employers are increasingly interested in transit and housing. In recent years, Atlanta has benefited from companies moving into the city seeking better access to MARTA and shorter commute times for workers.

Source: Urban Land Institute, AJC

BeltLine Rail Now fact sheet, linking BeltLine rail to mobility, equity, and housing affordability (Click image for full document)

Atlanta voters understand the vision of the Beltline as a transit project to address these critical issues. Voters have consistently and overwhelmingly supported taxation to fund construction of BeltLine transit, most recently in 2016 when they approved another 0.5 cent "More MARTA" sales tax to fund transit expansion, with MARTA using the BeltLine rail project as its premier headliner project in the many public meetings that it held. In the same election, voters approved the City of Atlanta's first Transportation Special Purpose Local Option Sales Tax (T-SPLOST), which was used to acquire the Southeast BeltLine ("Southside Trail") in 2018 that links the previously acquired Northeast BeltLine ("Eastside Trail") and Southwest BeltLine ("Westside Trail") segments into a nearly complete "J" shape wrapping around central Atlanta clockwise from Buckhead to Bankhead (Appendix A).

Together, these self-taxing votes along with surveys conducted by ABI, Inc., and indeed, even the formation of BeltLine Rail Now, indicate that Atlanta citizens desperately want the transit portion of this project to succeed.

The Atlanta Regional Commission's Regional Transportation Plan (RTP) adopted in January 2020 allocates $149 million of More MARTA Atlanta sales tax revenue to extending the Downtown Streetcar on the Beltline to Ponce City Market by 2027, and $477 million More MARTA funds along with $257 million federal funds to BeltLine Transit from 2031 through 2050.

Although plagued with problems, we recognize that the Streetcar East Extension which includes 1.4 miles of track on the BeltLine to the Ponce City Market node is the first way to demonstrate proof of concept for BeltLine rail (see Appendix D). However, we hope that practical solutions will be implemented to resolve some of the current streetcar project's shortcomings, including synchronized traffic signals, dedicated lanes, increased frequency, and better connections to MARTA at Peachtree Center. Without these simple and inexpensive fixes, the streetcar will continue to suffer from low ridership and a tarnished reputation.

As we prepared this paper in the summer and autumn of 2020, major developments and land purchases all around the BeltLine were announced, continuing a steady drumbeat of developer interest and accelerated building, as was expected from the beginning. The most recent announcements include one in early September 2020 that MailChimp will move more than 1,000 employees into a new $1 billion project at 760 Ralph McGill Parkway, adjacent to the Eastside trail. Another one was made on September 23rd by news outlets that reported buyers acting on behalf of Microsoft acquired a 70 acre parcel called Quarry Yards adjacent to MARTA's Bankhead rail station and located along the Beltline Westside Trail. Also this September, Trees Atlanta announced that it will relocate its operations to the Murphy Crossing area on the southside BeltLine. And most recently, on November 17th a $132 million mixed-use project was announced near the Atlanta BeltLine's Southside trail that was termed as "massive" by the Atlanta Business Chronicle.

BeltLine Rail Now urges the mayor and the City Council Transportation Committee to press for acceleration of the first segment from 7-8 years to three (with fixes to the streetcar). We do not accept a timeline of 30 years for BeltLine Rail to meet its mission of making connections between radial corridors of the MARTA system and the rest of the City. This paper is our plea to city leaders to reaffirm and accelerate the vision of BeltLine Rail Transit, and take control of this project so that its completion will be realized in a timeline that is acceptable: 2030-2035 for all portions of the project.

Image credit: Atlanta BeltLine, Inc.

"From the Atlanta Housing Authority's perspective, we want to develop mixed-income communities and the underutilized land that lies along the BeltLine is a perfect opportunity to incorporate that."

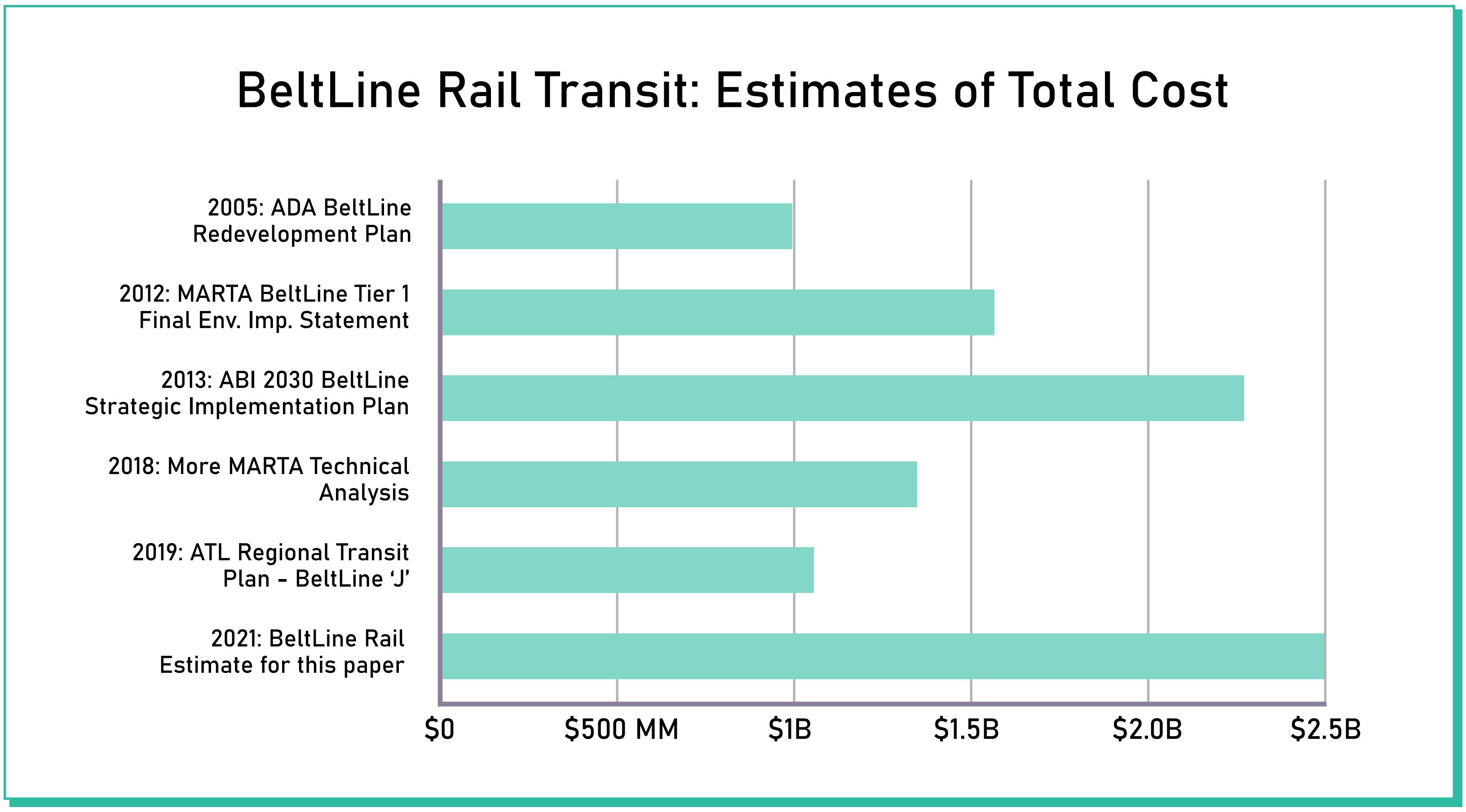
Anthony Pickens, Senior Project Manager, AHA
2003 video: Friends of the Beltline

The Funding Problem

How much will BeltLine Rail Cost?

Let's begin at the beginning: how much will it cost to complete the rail portion of the BeltLine corridor? It is difficult to accurately assess BeltLine rail costs as different agencies and studies have provided different cost estimates, and the 15-year length of time between when the city of Atlanta committed to the project and where we are today, coupled with two recessions throughout the two decades.

As shown below, capital construction cost estimates range from $1 billion to $2.3 billion from these different agencies. In order to be as conservative as possible, we propose a cost estimate of $2.5 billion and propose solutions to close that gap, thereby including the full spectrum of professional opinions. We attribute $1.25 billion (half of the total cost) to establishing foundational connections necessary for BeltLine transit and another $1.25 billion to the physical light rail infrastructure of tracks, trains, and traction power.



The rail corridor that the BeltLine would repurpose currently divides neighborhoods, separates communities and creates holes in the urban fabric with warehousing and industrial uses. Transforming the BeltLine into a wheel of connections requires specific infrastructure and planning that lays the foundation for high-performing transit. Foundational connections comprise "links" that close the loop from both physical and planning perspectives as well as "hubs" that anchor the BeltLine corridor and mend holes in the urban fabric with transit-supportive development around infill MARTA stations (Appendices A and E).

BeltLine Links: Engineering, Bridges, and Right of Way

Much of the work needed to advance BeltLine Rail could happen now with local sales tax revenue and BeltLine TAD funds. In 2014, the century-old BeltLine bridge over Martin Luther King, Jr. Drive in west Atlanta was replaced with a wider structure designed to accommodate two transit tracks, in addition to the bicycle and pedestrian trail. The same design principle of building a new structure to accommodate future planned transit will be applied to the BeltLine bridge over United Avenue in southeast Atlanta that began to collapse in 2020.

The rebuilding of bridges to make them wide enough to accommodate both trails and transit should include the dozens of BeltLine/street crossings across the city. Acquisitions of easements and right of way to complete the BeltLine loop need not wait on federal construction funds. Additional engineering and environmental studies are necessary precursors to prepare for an aggressive and competitive FTA New Starts award process. Altogether, we estimate $250 million for these preliminary "links."

BeltLine Multi-Modal Hubs: The Promise of Regional Mobility

While the BeltLine crosses existing MARTA lines at five different areas of the city, none of these has a MARTA station, and BeltLine rail, as originally envisioned, would have to double back to reach the closest MARTA station as the way to connect. But city planners always thought infill stations were possible, and as denser development occurs along the BeltLine and other transit projects come very near BeltLine rail connection points, intermodal connections will form a necklace of transit nodes to serve our far-flung city with a minimum of time and connections.

Infill MARTA stations recommended by the [2018 Atlanta Transportation Plan] for seamless connections with BeltLine Rail Transit provide unique opportunities for reaching critical mass development densities that support car-free living, high transit use and extremely limited parking. Yet the final More MARTA priorities include **none** of them - an unbelievable lack of vision from planners of the Southeast's largest urban city.

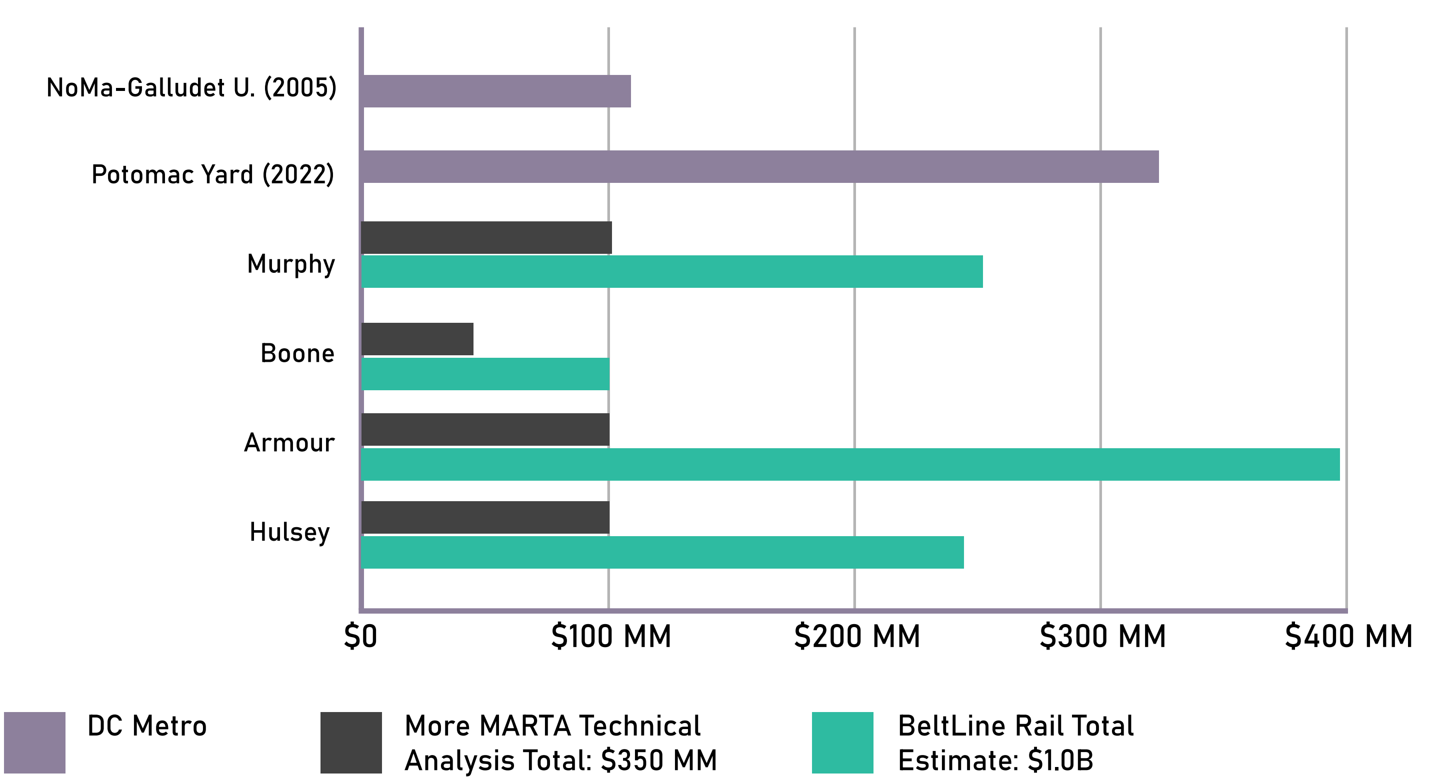
> These infill compass point stations should be the crown jewels of the BeltLine, with millions of square feet of commercial space and thousands of new residents at each hub that could support revenue generation through a special assessment district for transit infrastructure.

The performance measure used by the More MARTA prioritization process to evaluate multimodal connectivity was to assign a point for each suburban bus system (CobbLinc, GRTA Xpress, Gwinnett County Transit) currently providing service to a proposed project in the More MARTA project list. This is a misguided approach and completely misses the point of proposed infill stations, which is to introduce new opportunities for seamless transfers that don't currently exist.

These infill compass point stations should be the crown jewels of the BeltLine, with millions of square feet of commercial space and thousands of new residents at each hub that could support revenue generation through a special assessment district for transit infrastructure. Adding infill MARTA stations in the gaps between existing rail stops opens new opportunities in currently under-invested and under-resourced zones for development of affordable housing and community amenities that support car-free living. The world-class connectivity and additional density supported by infill stations reinforce both the operational success of BeltLine transit and the debt coverage ratio of a BeltLine Transportation Improvement District (See Appendices A and C).

The infill stations will connect MARTA to BeltLine rail at compass points of the MARTA heavy rail system, but they will connect even more transit than the two rail systems and become new models of transit oriented development. All have the potential to make much more out of a more robust bus network. These infill stations are already a part of the city's 2018 Transportation Plan (Appendix A).

Multi-Model Hubs: Cost Comparisons of Four Infill Stations



- Armour (Red/Gold North) is a junction for connection to the Emory Clifton Corridor, future commuter rail to points such as Gainesville and Athens, and to Amtrak intercity rail. That's a win-win.
- Hulsey (Blue/Green East) eliminates the need for the Beltline rail to use Inman Park as its connection and can serve future commuter and intercity rail to Augusta (Appendix C).
- Murphy Crossing (Red/Gold South) will fill the gap between Oakland City and West End and be the hub of a new community where connections to Campellton Rd LRT, MARTA Clayton County Commuter Rail, BRT, and future intercity rail to the southwest and southeast can happen.
- Boone (Green West) provides an anchor for revitalization of the Westside, and a cross-town connection from the Northeast BeltLine at North Avenue.

Preliminary engineering is needed to produce more accurate estimates, but based on the experience with infill stations on the DC Metro (Case Studies 2 and 3), it is prudent to plan for higher costs than the More MARTA Technical Analysis (about $350 million total for four stations).

The Challenges

For all modes of transportation over the next 30 years, the 2050 Regional Transportation Plan (RTP) adopted in February of 2020 anticipates about $173 billion total funds, including $45 billion in state gas tax revenue, $35 billion in Federal Highway Administration (FHWA) funds, $25 billion MARTA sales tax, $52 billion in local T-SPLOST revenue, $5 billion in state funds (primarily lodging fees), $5 billion in dependable FTA formula funds, and $5 billion FTA discretionary grants that could be awarded.

Of the $35 billion from FHWA, at least 20% is

> "The Appropriations Act mandates that no less than 22% of Virginia's Surface Transportation Block Grant (STBG) apportionment shall be allocated for public transportation purposes."
>
> Virginia Transportation Secretary's 2018 Report to the General Assembly on the Use of Transit and Travel Demand Management to Reduce Congestion

flexible Surface Transportation Program (STP) funding eligible for transit expansion projects. These dollars are already largely allocated to metro Atlanta expressway mega projects including new toll lanes on 400, flyover ramps and numerous lane expansions. However, these mega projects are eligible for state gas tax funds, which transit projects are not.

The Georgia legislature has mandated that state gas tax revenue not be used for transit implementation, but there is no reason federal gas tax revenue cannot be used for BeltLine Rail. Congress encourages the use of flexible STP funds for transit projects, yet only a few state DOTs and innovative metropolitan planning organizations take full advantage of this flexibility. Shifting the regional funding burden for eligible projects more onto state gas tax could free up STP funds for transit in Georgia. Virginia dedicates 22% of statewide STP funding to transit across the board. Indeed, the Georgia legislature could repeal the state gas tax restrictions against transit to benefit all parts of the state, including the state's economic engine, Atlanta.

Portland, Oregon received federal approval in 1980 to transfer highway funds to the first MAX light rail line, which opened in 1986. Oregon shares Georgia's constitutional restrictions on the use of state gas tax revenue for roads and bridges, so those dollars are focused on roadway reconstruction elements of in-street transit projects since they are not available to spend on vehicles, tracks, and catenary wires. Georgia could and should do the same.

Although performance measures for the Atlanta RTP currently reinforce automobile dependency by chasing the insatiable demand for lane miles, the Atlanta BeltLine can reduce total and per capita vehicle miles traveled (VMT) and create a car-free lifestyle for thousands of new people moving to Atlanta - young persons interested in an urban setting, empty nesters who want a walkable community, those seeking affordable housing with access to mass transit, and thousands of current residents who wish to enjoy city life and remain in place.

Current BeltLine transit funding sources in the 2050 Regional Transportation Plan (RTP) capital investment grants provide approximately $850 million. Incorporating $250 million from BeltLine TAD and $150 million from T-SPLOST funds still leaves a funding shortfall of up to $1.25 billion - half of the project's cost. But as we demonstrate here, sufficient funding IS available, and long before 2050. A chief premise is that contributions from adjacent properties through special assessment fees are the key to unlocking more federal funding. We hope that as leaders realize this fact, that they will advocate for immediate adoption and pursuit of many of these recommendations AND accelerate the timeline of completion of the rail.

Left: An undeveloped segment of the BeltLine as it stands today.
Right: Same BeltLine segment, exhibiting proposed placement of multi-use trail and transit.

Image credit: [Atlanta Development Authority]

"Today, most of the land value created by new or improved infrastructure ends up as a windfall to those landowners who own the best-served land. And, not surprisingly, the best-served land in most communities is owned by very wealthy individuals and corporations. So most communities are collecting taxes from everyone and enriching those who are already the most affluent and powerful. This is part of the dynamic of growing inequality."

Rick Rybeck,
Just Economics, LLC

Proposed Funding Strategies

In the table below, we outline four main areas of funding for BeltLine Rail Transit, some already in place and some new. As discussed earlier in this paper, this is a conservative approach which integrates several professional estimates into a final cost of $2.5 billion, which accommodates all estimates.

Although we present how the $2.5 billion in funding requirements can be met here, this is not the only possible route of funding: there are others which we discuss elsewhere in this paper. The ones presented here are the most likely to succeed and to raise the greatest sums.

Proposed Funding for BeltLine Rail Transit by 2030	Municipal Bonds/Grants	Federal TIFIA Loan
Federal Funding Assistance (40%)		
FTA §5309 New Starts Award (30%) Threefold Increase from $257 million in RTP	$750,000,000	
Flexible Federal Hwy STP Funds FHWA (10%) New Source	$250,000,000	
Special Assessment Districts (20%)		
Transportation Improvement District TID (16%) New Source		$400,000,000
Station Area Land Value Assessment Districts SALADs (4%) New Source		$100,000,000
Sales Tax (30%)		
TIFIA Loan Backed by More MARTA Sales Tax (24%) Earlier Access		$600,000,000
City of Atlanta T-SPLOST Sales Tax (6%) Continued Support	$150,000,000	
Tax Increment Funding (10%)		
BeltLine Tax Allocation District (TAD) Commitment to Transit	$250,000,000	

Summary of Funding Mechanisms	
Federal Funding Assistance	$1,000,000,000
Special Assessment Districts	500,000,000
Sales Taxes	750,000,000
Tax Increment Financing	250,000,000
Total Project Cost	**$2.500,000,000**

Here is an explanation of each funding mechanism in the table and the rationale for its selection.

Federal Funding Assistance (40%)

The first and largest source of funding includes two components: Federal Transit New Starts Awards & Federal Hwy Administration Surface Transportation Program.

1. Federal Transit Administration (FTA) §5309 New Starts Awards: $750 Million

Major US transit projects have traditionally relied on the Federal Transit Administration (FTA) discretionary capital investment grant (49 USC: Section 5309) programs such as "New Starts" appropriations by Congress from the general fund. Awarded on a nationally competitive basis, these funds historically provided 50% federal funding for selected projects, but that share has fallen to 35% in recent years. By contrast, highway programs can provide 80% federal funding, and states can choose to use many of those highway funds for transit projects.

Very few major transit projects move forward without direct federal grant assistance. Although Trump administration policies have increased the local cost share, time burden, and uncertainty related to Federal Transit Administration (FTA) discretionary capital grants, a change in administrations is likely to result in renewed transit funding matching assistance. There is a long tradition of federal government assistance for regional and local transit projects and there is no reason to believe this history will not continue. Therefore, we have included this as a likely source of future funding.

2. Flexible Federal Highway Administration (FHWA) Surface Transportation Program: $250 Million

Many states share Georgia's constitutional restrictions on the use of state gas tax revenue for roads and bridges. However, the 18.4 cents per gallon federal gas tax is returned to the states through formula allocations from the Highway Trust Fund. Since 1991 Congress has allowed states to "flex" Surface Transportation Program (STP) highway funds to fixed guideway transit projects and retain the 80% federal funding share with 20% local match requirements typical of roadway projects. As part of their funding formulas, states can count on dependable regular STP allocations.

Nationally, less than 10% of eligible flexible funds have been used for transit projects - largely concentrated in a handful of states with large urban areas, many of which flexed one-third or more of available highway funding: DC (48%), Massachusetts (42%), New York (38%), Oregon (34%), California (33%), Pennsylvania (29%), and Virginia (18%).

This is an attractive source of funds that the Atlanta Beltline should pursue, as a similarly large urban area.

Special Assessment Districts (20%)

This second bucket of funding includes two components: A BeltLine Transportation Improvement District, and Station Area Land Value Assessment Districts.

1. BeltLine Transportation Improvement District (TID): $400 Million

In a Special Assessment District (SAD) property owners agree to pay additional taxes as a shared investment in transit infrastructure that will in turn increase their property values and support higher density development. Similar to, but more focused in scope and time frame than self-taxing Community Improvement Districts, Special Assessments Districts can help fund and service debt for transit projects. This is a complete reversal of the developer-friendly tax abatements that are frequently issued for projects along the BeltLine and indeed, throughout metro Atlanta that repeatedly result in public outrage. The popularity of the BeltLine and growing housing density and gentrification should preclude any tax incentives or abatements.

As the nonprofit adjunct to Atlanta Beltline Inc. (ABI), the Atlanta Beltline Partnership (ABP) is the outside fundraising arm for the Atlanta Beltline project. To date, ABP has raised $77 million from private and philanthropic sources. ABP may be best positioned to spearhead informal conversations with private property owners that could ultimately lead to a formal public engagement process to establish special assessment districts needed to close the transit funding gap and move BeltLine Rail forward in this decade.

2. Station Area Land Value Assessment Districts (SALADs): $100 million

As previously discussed, an important factor for BeltLine Rail is the creation of multimodal hubs with seamless connections to MARTA. Areas around infill stations would benefit from direct access to BeltLine light rail and to MARTA heavy rail. In addition to contributing to the overall BeltLine TID described above, the areas within walking distance of infill stations would pay an additional Station Area Land-value Assessment District (SALAD) fee dedicated exclusively to repayment of construction financing debt. We estimate these special assessment districts could generate $100 million toward the overall $1 billion cost estimate for the infill MARTA stations. That's a very small fraction of the land value growth that would follow from increased zoning density supported by transit access. Proper negotiation and discussion with landowners should resolve concerns that they and developers may have by pointing out these facts. This would eliminate the unending and inappropriate requests for tax abatements for these types of properties. Developers and landowners are already aware of how profitable the Atlanta Beltline is for them. What they don't know is that the city of Atlanta is also aware.

Sales Tax (30%)

The third source of funding includes two components: TIFIA loans backed by More MARTA sales taxes and City of Atlanta 2021 T-SPLOST sales taxes.

1. TIFIA Loans Backed by More MARTA Sales Taxes: $600 Million

In 2016, BeltLine Rail Transit featured prominently in the More MARTA transit sales tax referendum. MARTA held multiple meetings throughout the city explaining the need for more transit funding and the project priorities, if the referendum were to pass. BeltLine rail was prominently featured at the top of every list. Voters in the City of Atlanta overwhelmingly approved the additional ½ cents sales tax for transit, expected to raise more than $2.5 billion over 40 years.

Yet, the final More MARTA priority list adopted in 2019 was vastly different than was expected. MARTA delayed most of the BeltLine "J", the city-owned portion of the loop running clockwise from Buckhead to Bankhead, to 2050 or beyond. Furthermore, there is no funding at all for the loop's NW segment linking Lindbergh, jobs-rich Piedmont Hospital, the new westside park, and the west side of the BeltLine at Bankhead MARTA.

Federal TIFIA loans provide a low-cost financing method to speed up construction that can responsibly access tax revenue currently reserved for decades in the future. A TIFIA loan would allow a 5-year window for construction before starting a 30-year repayment period - effectively accessing More MARTA funds decades in advance of sales tax collection.

We recommend drawing upon the More MARTA budget allocations for the BeltLine ($570 million), Southeast/Southwest ($600 million), the Clifton Corridor ($350 million) and the Downtown Streetcar ($553 million)that were adopted in 2018 in order to secure $600 million upfront construction financing BeltLine Rail Transit and connecting infill MARTA stations through a TIFIA loan.

2. City of Atlanta 2021 T-SPLOST Sales Tax: $150 Million

Atlanta's five-year 0.4 cents T-SPLOST approved in 2016 allocated $65 million (25%) for the BeltLine out of a total program of $260 million for improvements including streetscapes, trails, resurfacing, and traffic signals. Assuming City of Atlanta voters renew the T-SPLOST in 2021 and 2026, the next two referenda could generate up to $600 million total transportation funding over the next decade. The 25% allocation to BeltLine projects could provide $150 million to help build connections that lay the foundation for BeltLine Transit, including wider bridges, right-of-way acquisitions, engineering studies, and infill MARTA stations.

The 2016 program has $20 million remaining for the BeltLine project as of the September 2020 Budget Book. We propose that some of the $20 million remaining for the BeltLine project from the 2016 T-SPLOST be used to advance detailed engineering of infill MARTA stations that would support high intensity transit oriented development and the creation of special assessment districts discussed above.

Tax Increment Financing (10%)

The final mechanism of funding includes one component: The BeltLine Tax Allocation District (TAD).

BeltLine Tax Allocation District (TAD): $250 Million

The Atlanta BeltLine Tax Allocation District (TAD) is a 6,500 acre redevelopment area created in 2005 to collect incremental revenue gains from increasing property values. The TAD freezes property taxes and the original revenue level continues its funding allocation, but increased revenues from increased property values that the Atlanta BeltLine will generate will fund the costs of the BeltLine subcomponents: the trail, the parks, affordable housing, and rail.

The original redevelopment plan expected the TAD to raise more than $1 billion, of which $500 million would provide the local match for federal dollars to reach $1 billion for transit. As a result of the 2007-2009 recession and a legal battle with Atlanta Public Schools, estimated BeltLine TAD revenue to 2030 was halved, leaving slightly more than $500 million in projected revenues before the TAD expires in 10 years.

Nevertheless, the original purpose of the BeltLine TAD to provide a source of local matching funds for transit construction remains essential. It is time for Atlanta BeltLine Inc. to formally commit the greater of $250 million, or 50% of remaining BeltLine TAD revenue, to laying the groundwork for BeltLine Rail Transit by funding the engineering studies and infill MARTA stations necessary to make it work.

How Atlanta Can Achieve BeltLine Rail Transit by 2030

As we've articulated above, funding for BeltLine rail is feasible via a variety of mechanisms. Now we discuss how to get this done.

Return on Investment: Transit-Supportive Development

Transit supportive development around stations - especially affordable housing - and high levels of transit service amplify the benefits of transit infrastructure investments. Combined, they support reduced private vehicle ownership and the household budget costs associated with it. This is the true promise of BeltLine rail transit: a car-free lifestyle that addresses Atlanta's biggest problems: inequality and lack of affordable housing, The car free lifestyle that younger generations desire and disadvantaged communities need was the vision that earlier city leaders wanted to fulfill with BeltLine rail. Delivery of this vision will accommodate the hundreds of thousands of future people moving to Atlanta while addressing the deep inequity issues that the project was meant to address.

> Calibration of ABI's housing policies to align with FTA's measures of permanently affordable housing would directly increase the competitiveness of BeltLine Rail for federal transit construction funds.

Unfortunately, the official housing affordability targets promulgated by ABI are at odds with criteria measured by the FTA in evaluating projects for limited New Starts funding. ABI aims to provide units affordable for rent at 80% Area Median Income (AMI) and for sale at 120% AMI. By contrast, FTA measures the concentration of Legally Binding Affordability Restrictions on housing units for rent at 60% AMI and for sale at 100% AMI. Calibration of ABI's housing policies to align with FTA's measures of permanently affordable housing would directly increase the competitiveness of BeltLine Rail for federal transit construction funds. These FTA rules were adopted in 2016 and it is incumbent on ABI to update their affordable housing targets.

Another specific measure that FTA uses to evaluate applications for New Starts funds is the number of trips the proposed transit project will provide to households without a privately owned vehicle. The BeltLine corridor traverses some of Atlanta's most transit dependent communities, and intentional development of car-free housing by investing in transit infrastructure to serve them will enhance both affordability and mobility points for FTA assistance, while helping to close equity disparities in Atlanta.

Since land within walking distance of transit is in limited supply, the development that happens there will determine transit's effectiveness in reducing vehicle traffic for decades to come. When new developments on these scarce parcels build large amounts of parking spaces, more residents, workers, and customers drive to park at the stations, the opposite of what needs to happen.

Development impact fees are assessed when the city issues a building permit to support improvements to transportation, parks, and public safety necessary to maintain current service levels. An unintended, but perverse, consequence of Atlanta's current transportation impact fee program rewards the oversupply of parking near transit by offering an automatic 50% discount for any development on a parcel located near a transit station. Atlanta's 2020 Impact Fee Update study notes staff recommendations to link the impact fee **reduction** to a reduction in parking provided by the new development:

> City transportation staff propose that the ordinance language for the [transportation impact fee] reduction [within 1000 feet walking distance of a transit station] be modified to require that developments provide reduced parking: (e.g., no more than 103% of the minimum parking requirement, and no more than 80% of the maximum requirement unless that is lower than the minimum requirement, in which case no more than 103% of the minimum requirement would be determinative).
>
> *City of Atlanta 2020 Impact Fee Study (Duncan Associates + Kimley Horn)*

If ABI (via City of Atlanta leadership) and MARTA accelerate the rail construction completion date to 2030-2035, we recommend that city of Atlanta zoning codes completely remove minimum parking requirements for multifamily residential uses near MARTA and BeltLine rail transit stations. We also suggest that City Council adopt more stringent linkages to parking reductions for impact fee discounts than the staff recommendation. Transportation impact fee reductions near transit should be directly proportional to parking reductions, such that a reduction to 75% of maximum parking would pay 75% of the transportation impact fee rate rather than an automatic reduction to 50%.

Our ask: Link the reduction in transportation impact fees for development within walking distance of transit stations to a proportional reduction in parking.

In conjunction with updating impact fee rates from their 1993 levels, linking transportation impact fee reductions to parking reductions would provide much needed additional revenue for City of Atlanta transportation improvements even if these funds would not be directly available for construction of BeltLine Rail Transit without changes to state law (although we hope state law would change). A bill to explicitly authorize the use of impact fees for public transit facilities failed in the Georgia legislature in 2007 but could be reintroduced in light of changed attitudes towards automobile congestion and transit.

Our ask: Link transportation impact fee reductions to parking reductions on transit footprint.

Revenue that can be generated from parking is a critical source of funding for frequent, high quality operations of transit service. The More MARTA Technical Analysis estimates that operations and maintenance of the BeltLine could require $50 million or more per year. Availability payments originally planned for 30 years of operations of the Maryland National Capital Purple Light averaged $150 million per year for a contracted service level of eight trains per hour of peak hour light rail service in each direction.

The 2030 BeltLine Strategic Implementation Plan adopted by ABI in 2013 identified findings from previous studies regarding two options for generating transit revenue from parking fees - a transactional tax and an ownership tax. According to these estimates, a $1 surcharge on each transaction at 200,000 paid parking spaces in the City of Atlanta could generate between $76 million and $181 million per year by 2030. Alternatively, a 10% annual ownership tax on 50,000 monthly rental parking spaces in the City of Atlanta would generate between $5.4 million and $13.4 million per year. Increased parking costs in employment districts is another criteria that works in favor of securing FTA New Starts funding for transit, so we encourage the city to pursue parking fees as a way to both fund high quality transit service operations and to encourage its greater use.

The Opportunities

Special Assessment Districts (SADs) are difficult to initiate, but once begun, they are easy to sustain and manage. Although we present case studies in the appendix that approximate the principle of value capture to fund transit, there is a full philosophical leap of understanding that is explored here in regards to land value return. Structuring fees exclusively on land value is an important mechanism to treating all property fairly.

In Washington DC the SAD for NoMa Station (Case Study 2) extends 2,500 feet - about ½ mile - from the new DC Metro station while excluding parcels within 1,250 feet of existing Union Station and contributed $25 million, comprising 23% of the $104 million total cost. By encompassing the underdeveloped area with many vacant parcels and by establishing a fixed annual payment amount based on initial value, the SAD functioned chiefly as a de facto land value capture mechanism.

In Seattle, WA a 2005 Local Improvement District provided $25 million (over half the cost) for the 1.3-mile South Lake Union Streetcar. In Portland, OR Special Assessment Districts have provided almost $35 million (14% of total) for streetcars since 2001. In Los Angeles, CA the Benefit Assessment District for segment 1 of the Metro Rail Red Line extended 1.5 miles walking distance from central business district stations and collected an average of 25 cents per square foot of commercial floor area from 1992 to 2009, contributing $340 million, or 9% of the total project cost.

In Georgia, HB642 passed the house but failed to get a senate vote in the 2018 General Assembly. This so-called 'BeltLine Bill' would have enabled a special improvement district to raise $100 million over 30 years.

Our ask: Pass the BeltLine Bill and use the proceeds to fund actual construction of transit portion of the BeltLine.

Land Value Return

Land Value Return and Recycling is a specific form of value capture that begins with the understanding that private investments create the value of buildings while public investments create the value of land. Conventional property tax (outside of Pennsylvania) treats land and buildings as the same class of property, but the consequences of considering them separately for special assessments are significant: taxes and fees on buildings increase the cost of development and the price of housing, while taxes and fees on land value alone increase the cost of holding underdeveloped land.

The distinction between "value capture" fees on publicly created land value and "value transfer" fees on privately created building values is not trivial. A new transit station enhances the value of adjacent property equally. Value transfer fees on development allow a vacant lot to pay nothing while adding an economic burden to new construction of housing and businesses. With land value capture, all benefiting properties contribute and the incentive for development is increased.

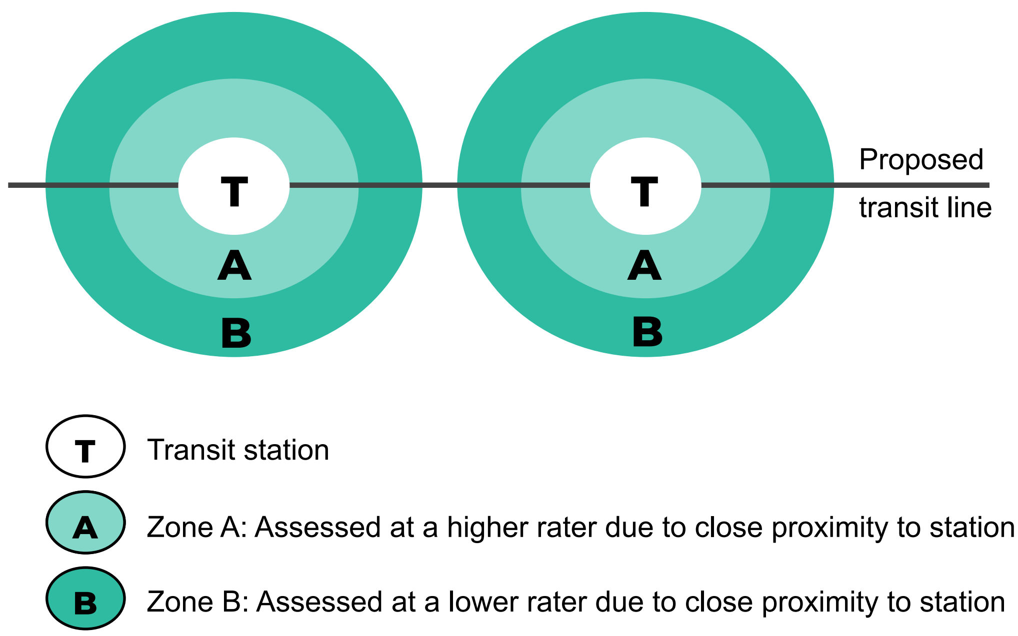
Land value capture as a funding source for public transportation represents an access fee for real estate that benefits from the investment. Although the original builders of streetcar lines in the cities of North America were the developers of streetcar neighborhoods on previously inaccessible rural land, modern transit projects in the United States must fully embrace the potential for land value return in establishing successful special assessment districts.

Benefit Zones

Although most special assessment districts use a uniform rate, some apply distance based zones reflecting the fact that greater benefits are expected to accrue to properties closer to infrastructure facilities. Two case studies from Northern Virginia demonstrate ways special assessment benefit zones could work for transit projects here.

In Arlington, VA the Potomac Yard Special Assessment District (Case Study 3) is one component of a larger Station Fund negotiated through a rezoning process with a single master developer transforming a big box mall into a high-density mixed-use center. The Tier 1 special assessment district established in 2011 collects 2 mills additional property tax on parcels within ¼ mile of the new Metro station, which is under construction for an opening in 2022.

Special Assessment District Proximity Zones



Potomac Yard (Case Study 3)
Special Assessment District
Original Proposal
¼ mile: Tier 1: $0.20 per $100 (2 mills)
½ mile: Tier 2: $0.10 per $100 (1 mill)

Dulles Silver Line (Case Study 4)
Fairfax County Districts
As Established
½ mile TID: $0.22 per $100
Countywide: $0.11 per $100

Zhirong Jerry Zhao and Kerstin Larson
Special Assessments as a Value Capture Strategy for Public Transit Finance

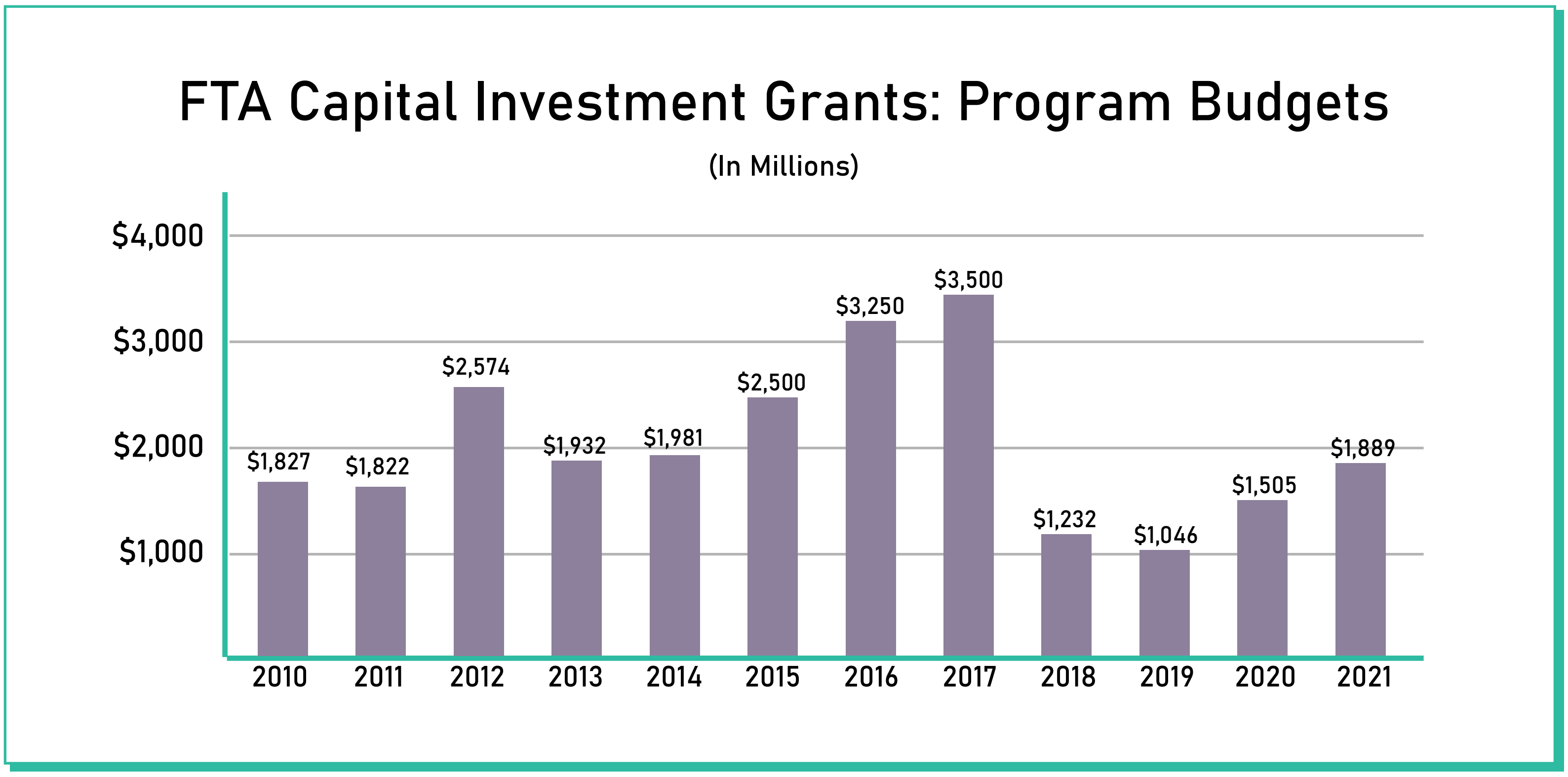
The original proposal for a Tier 2 district (surrounding the Tier 1 district) collecting 1 mill additional property tax on parcels extending up to ½ mile from the station was withdrawn when a grant from the Northern Virginia Transportation Authority (NVTA) provided an alternative source of funds. The station fund also collects one-time fees on new construction and net new revenue from existing sales, property and business taxes. Combined Station Fund revenues provided $250 million of the $320 million total project cost. The contribution from the special assessment component may be estimated at 25%.

In Fairfax County, VA the Dulles Silver Line Metrorail Extension (Case Study 4) combined revenue from a Phase 1 Transportation Improvement District (TID) within ½ mile of stations, initially set at $0.22 per $100 assessed value (capped by legislation at $0.40 maximum) together with a countywide special assessment $0.11 per $100 assessed value on all commercial property.

New Starts Funding is Worth the Effort

The Federal Transit Administration (FTA) evaluates and recommends well-justified projects for an annual average of $2.3 billion in Congressional appropriations within the budgetary authority of the Title 23 Section 5309 Capital Investment Grants (CIG), including the flagship "New

Starts" program. Although §5309 total funding has fluctuated over the last ten years, the fiscal year 2021 federal budget returns to 2010-2011 levels. Nationwide there are 70 transit projects somewhere along the path to seeking a §5309 construction grant award - unfortunately, none of these is located in Georgia. In fact, Atlanta hasn't received a capital investment grant from the FTA since the Red Line expansion for the 1996 Summer Olympic Games.



Just after MARTA's Tier 1 Final Environmental Impact Statement (FEIS) received a favorable Record of Decision (ROD) in 2013, the entire regulatory framework for FTA's evaluation and rating of projects seeking funding under the discretionary "New Starts" and "Small Starts" construction grant programs began an overhaul. The Final Interim Policy Guidance issued in June 2016 streamlines the process by reducing the number of steps required and adds performance criteria to measure a wider range of benefits transit projects provide.

Projects that FTA recommends for funding must receive a composite rating of "medium" across overall ratings ranging from "low" to "high" on multiple measures of project justification and local funding commitment. Several of the project evaluation measures positively reinforce the role of transit investments to support equitable and sustainable community development patterns that put people and services in close proximity to each other and build up "15-minute neighborhoods", defined as a neighborhood where everyone is able to meet most, if not all, of their needs within a short walk or bike ride from their home.

The breakpoints FTA has established for a "medium" rating on mobility, environmental, congestion relief, affordable housing concentration, and parking reduction measures are the same across all sizes of transit projects. However, the maximum federal cost per trip for a medium rating on cost-effectiveness drops from $10 with "New Starts" to $4 with "Small Starts."

FTA Capital Investment Grant Programs Example Project Evaluation Criteria Breakpoints	Low to Medi-um	Medium to High
Concentration of permanently affordable housing Ratio of LBAR % of housing units within ½ mile of transit project / LBAR % of housing units in surrounding county as a whole Legally Binding Affordability Restrictions (LBAR) for Purchase at 100% Area Median Income Rent below 60% Area Median Income	1.5	2.25
Car-free housing mobility bonus Total annual trips provided by project - gets double points for riders from households without a privately-owned vehicle	5 million	15 million
Station-front business development Employment accessible without a transfer (Corresponding square feet of commercial building space) New weekday trips (diverted from automobiles)	70,000 jobs (35 million) 2,500	140,000 jobs (70 million) 10,000
"Small Starts" Annualized Federal Cost per Trip for Projects with Total Cost < $300 million AND Federal Grant Request < $100 million	$4	$2
"New Starts" Annualized Federal Cost per Trip for Projects with Total Cost > $300 million OR Federal Grant Request > $100 million	$10	$6

New Starts Process

Projects on the New Starts program pathway must pass FTA evaluations at the end of two distinct phases. The New Starts Project Development phase provides only a two-year window from admission to complete environmental review, secure 30% of funding from non-CIG sources, and complete design sufficient to lock in the dollar amount of a future CIG grant request. While in the program, local expenditures are eligible for future reimbursement. Nationwide 7 projects are in New Starts Project Development.

Once approved by FTA to enter into the New Starts Engineering phase, projects have a three-year limit to receive a second overall medium rating and secure 50% of funding sources other than Section 5309 Capital investment grants programs (New Starts) or risk being withdrawn. Nationwide, eight projects are in New Starts Engineering, while three more (e.g. tunnel upgrades) are in the Core Capacity Engineering phase.

While a project sponsor is tying up loose ends required to receive a construction award recommendation, FTA may issue a Letter of Intent (LOI) to obligate funds from future budgets. Once 100% of funding and design are complete, FTA can recommend a Full Funding Grant Agreement (FFGA). Nationwide 12 projects are in the New Starts Construction phase.

Minimum Operable Segment

The scope of projects competing for New Starts construction grants must be sufficient to complete at least a Minimum Operable Segment (MOS) that can function as a stand-alone project independent of future extension segments. The initial MOS of a larger project should provide the most cost-effective solution with the greatest benefits for the community and the project as a whole.

By our estimation, an 8-mile initial segment of South BeltLine Transit connecting the SW BeltLine (Westside Trail) to the SE BeltLine (Southside Trail) at a Murphy Crossing multimodal hub with an infill MARTA rail station would provide the most cost-effective and impactful transit investment for stimulating economic development - and mitigate the effects of gentrification on legacy residents by providing mobility now, before it is too late.

Infrastructure Banks and TIFIA Loans Beat Traditional Municipal Bonds

The Transportation Infrastructure Finance and Innovation Act (TIFIA) of 1998 provides federal credit assistance in the form of secured (direct) loans, lines of credit, and loan guarantees from the U.S. Department of Transportation for up to 49% of the cost of eligible transportation projects, with repayment over 30 years deferred up to five years for construction. In this way the BeltLine rail project can begin construction now paid for by TIFIA loans, and then repaid over 30-35 years.

ABI's BeltLine Strategic Implementation Plan (SIP) of 2013 noted that "with the current TIFIA rate of 2.89% compared to existing TAD bonds at 6.7% to 7.5%, the benefits of this program are low interest rates and flexible repayment terms....Atlanta BeltLine would obtain the maximum benefit of a 35-year TIFIA loan by identifying a dedicated funding source that extends for that period."

We would like to raise the profile of and generally have civic leaders recognize that special assessment districts designed to capture increases in land value created by the realization of BeltLine Transit can almost double the amount of funding provided for the BeltLine through the More MARTA Program. Collectively these districts combined with More MARTA can secure TIFIA loans in excess of $1 billion to accelerate the construction timeline. There is truly no need to wait.

Three metro areas have been particularly adept at using TIFIA loans to advance multiple transit projects in the past 15 years:

Request	Lead Agency	Transit Expansion Project	Opening	TIFIA Loan	Total Project
Washington, DC *(TIFIA loans to be repaid with special assessments, regional sales & gas taxes and toll revenue)*					
2005	Airport Authority	Dulles Silver Line Metrorail	Ph1: 2014 Ph2: 2021	$1.87B	$5.68B
2013	MTA Maryland	Purple Line Light Rail	2023	$875MM	$2.65B
2016	Alexandria VA	Potomac Yard Infill Station	2022	$88MM	$320MM

Request	Lead Agency	Transit Expansion Project	Opening	TIFIA Loan	Total Project
Los Angeles, CA *(TIFIA loans to be repaid with voter-approved sales taxes: Propositions A and C, Measure R)*					
2011	LACMTA	Westside Purple Metro Line	Ph1: 2013	$1.87B	$5.68B
2011	LACMTA	LAX Light Rail Line	2023	$875MM	$2.65B
2014	LACMTA	Westside Purple Metro Line	Ph2: 2027	$88MM	$320MM

Seattle, WA *(TIFIA loans to be repaid with voter-approved taxes: sales/use, rental car, motor vehicle)*					
2012	Sound Transit	East Link Light Rail	2023	$1.33B	$4.03B
2015	Sound Transit	Lynwood Link Light Rail Ext	2030	$658MM	$3.12B
2015	Sound Transit	Federal Way Ext	2024	$629MM	$3.16B

Public Private Partnerships (P3)

In the traditional "design-bid-build" procurement process, the public agency sponsoring (and financing) a transit project hires one firm for engineering and another for construction, and then assumes responsibility for operations and maintenance in-house. USDOT defines public private partnership (P3) contracts as agreements that transfer some level of risk and responsibility for delivering projects on time and on budget to the private sector. This definition is more limited than colloquial use of the P3 term to describe any kind of private financial or in-kind contribution. When we use P3 here, we are referring to the USDOT definition.

With a design-build contract, construction can begin before all the design work is completed, giving the contractor flexibility to meet performance specifications at the lowest possible cost while accepting penalties for delays. At the other end of the P3 spectrum, the DBFOM structure (design-build-finance-operate-maintain) allows a public agency to retain project ownership while transferring almost all aspects of project service delivery to the private sector and allowing the long-term concessionaire flexibility to innovate in return for future payments based on agreed upon performance standards.

Special rules for Private Activity Bonds issued to P3 concessionaires allow favorable tax status typically reserved for municipal bonds to extend to equity partners in a transit project. DBFOM partners can apply for a low-cost federal TIFIA loan that does not impact the debt load of local governments and transit agencies.

At their best, DBFOM contracts deliver projects quickly at the lowest possible cost. However, they also risk producing the same project an agency could have built while funding a private profit margin. A full P3 contract depends on a source of funds for contractually promised 'progress payments' and 'availability payments' when performance standards are met.

In conjunction with proposed additional revenue sources such as special assessment districts and flexible federal formula funds, a full P3 contract could speed up delivery of BeltLine Rail Transit so that it can begin generating public benefits decades sooner. Funding sources required for high levels of BeltLine transit operations - such as parking revenue - would need to be included in the post-construction "availability payments" to a private concessionaire.

One final note: we can learn from others to avoid their mistakes. An ambitious plan by the Maryland Transit Administration to deliver the planned 16-mile National Capital Purple Line Light Rail, crossing 4 DC Metrorail lines and 3 MARC commuter rail lines in Prince George and Montgomery counties, fell apart over the course of 2020 as the private consortium Purple Line Transit Partners walked off the job due to contract disputes over costly delays. Proceeding without right of way in hand and with lawsuits pending, and selecting a bid with lower scores on technical criteria than price may all turn out to be hasty and expensive decisions on the part of the Maryland Transit Administration.

Image credit: Atlanta BeltLine, Inc.

"A well-structured P3 agreement can provide strong financial incentives that facilitate improved coordination and problem resolution by the private entity. In the end, financial incentives are often far less costly than delay."

Tranportation for America, Creative Approaches to Financing Transit Projects

Areas of Concern

In this paper, we have presented solutions to the BeltLine rail funding shortfall. We included examples of how transit was funded elsewhere, and we now conclude with other areas of concern related to Beltline Rail. The money alone is not enough: it will take political leadership and policy changes to elevate the priority for the 16 miles of continuous BeltLine transit that can be built by 2030 and make progress on securing agreements on the missing sections. And it will also take transparency and an attitude of equitable distribution of the funds from the elected officials accountable for it. Without political and policy changes it is unlikely that BeltLine rail, even with funding, can ever move to completion.

The "S-Concept" Phasing Plan

The chief obstacle to achieving the full benefits of a complete loop of BeltLine Transit by 2030 is the "S-Concept" phasing plan adopted for the More MARTA Program in 2019. This serpentine route strings together fragments of the BeltLine right-of-way with traffic-bound surface streetcar routes and unrelated corridors that should be developed separately with their own appropriate technology. This is not an effective way to implement BeltLine rail. Building the greatest continuous track mileage of the BeltLine rail that connects neighborhoods with, between, and across the spines of the MARTA rail system should be the highest priority.

We recommend discarding the "S-Concept" phasing plan in favor of building new MARTA connections along the "J" part of the BeltLine, which promises the most ridership in the shortest period of time. In terms of equity, priority implementation of a Minimal Operating Segment (MOS) for federal transit funding assistance should immediately proceed on the South BeltLine Rail segment connecting Bankhead (north of I-20w) and Memorial Drive at Bill Kennedy Way (I-20 East) to a multimodal transportation hub and infill MARTA station at Murphy Crossing.

The More MARTA Intergovernmental Agreement (IGA)

In August of 2020, The City of Atlanta and MARTA entered into an agreement regarding the build of extensions of the downtown streetcar and BeltLine rail. In the Intergovernmental Agreement (IGA) adopted by Atlanta City Council Resolution 20-R-4194 in August 2020, MARTA agreed to pursue additional funding options, including private partnerships to speed up the program timeline. However, the IGA sets up roadblocks to creating a BeltLine Transportation Improvement District (BeltLine TID) and a Station Area Land-value Assessment District (SALAD) around proposed infill MARTA stations - funding tools that would get transit on the entire BeltLine loop underway in this decade - at least 20 years sooner than currently planned.

Raising funds for transit expansion is the responsibility of MARTA's sponsoring local governments, so the City of Atlanta must lead the way in tapping the potential of land value return. The IGA perpetuates and calcifies the fragmented "S-Concept" phasing plan discussed above. Furthermore, the IGA effectively prohibits ABI from necessary community engagement about the need for and benefit of special benefit assessment fees that would advance the timeline and deliver BeltLine Transit to the 45 neighborhoods and four MARTA lines it can connect.

Even worse, the IGA currently excludes ABI from the Program Management Team (PMT) that can propose changes to the More MARTA phasing plan, yet it notes that MARTA and ABI will need to execute Project Based Agreements (PBA) for transit projects in the BeltLine right-of-way. This does not make sense. While MARTA's expertise is extensive and essential, Atlanta taxpayers have put their trust in our mayor and City Council to deliver essential results. Only the elected leadership of the city can provide the direction MARTA needs to prioritize the transit projects that benefit the city.

In order to facilitate a coherent public involvement process that explores special assessment districts for accomplishing transit on the complete BeltLine loop, we propose that the BeltLine Project Based Agreement (PBA) delegate leadership to ABI for the following responsibilities and decisions otherwise reserved for MARTA in the IGA:

- A main role in prioritization of the BeltLine transit projects and the allocation of the More MARTA tax to those projects.
- Planning - including a Tier 2 Final Environmental Impact Statement (FEIS) for transit on the BeltLine as a whole - in conjunction with establishing a single, continuous BeltLine Transportation Improvement District (BeltLine TID) .
- Preliminary Engineering (design to 30%), including four infill MARTA stations recommended by Atlanta's Transportation Plan - in conjunction with establishing a multimodal Station Area Land-value Assessment District (SALAD) around each one.

Working Together

Until now, different transportation delegations from the state of Georgia have traveled to D.C. separately to meet with Federal Transit Administration (FTA) officials seeking federal grants and matching dollars for their individual transit projects. Agencies traveling to D.C. to meet with federal officials and members of Congress include the Atlanta Regional Commission (ARC), MARTA, the Georgia Department of Transportation (GDOT), GRTA, Atlanta Beltline Inc. (ABI), Gwinnett County Transit (GTC), CobbLinc, and City of Atlanta Department of Transportation officials.

At times these delegations have competed with each other for FTA funds for Georgia's projects. Senior officials at the FTA have asked Georgia's agencies to coordinate with each other in their asks for federal support.

Presenting a coordinated approach to pursuing federal assistance is a key reason for the state's 2016 establishment of the Atlanta Transit Link (ATL) Authority, which considers proposals from transit agencies and local governments in setting project funding priorities through the Atlanta Regional Transit Plan (ARTP).

Our ask: Designate a single agency be the coordinated voice for the region when seeking FTA grants or initiating TIFIA loan applications, thus increasing the likelihood of success. It may be useful for ABI to present local BeltLine Transit projects before the ATL Board, allowing the ATL Authority to represent the entire region to the FTA.

Public Participation

The public participation that advanced the BeltLine from feasibility studies to area master planning and selection of a locally preferred alternative for light rail transit represents Atlanta's broadest community engagement effort to date. But the process has frequently been bifurcated between efforts championed by MARTA to satisfy federal transit funding review requirements and efforts spearheaded by ABI and the City of Atlanta to realize the entirety of the BeltLine transit greenway vision. Conflicting priorities and competing agendas create confusing messages and citizen consternation.

It is the singular mission of ABI to achieve the goals of the BeltLine Redevelopment Plan - including the full loop of transit - as much as possible before the 2030 sunset of the BeltLine Tax Allocation District (TAD). ABI has a $5 million annual staff budget to support that mission and those resources should be optimized to deliver results. If MARTA deferred community-facing leadership to ABI for the next phases of BeltLine Transit project development and engineering, as we recommend, MARTA can then focus resources on expediting those projects in the More MARTA Atlanta program that lie outside of the BeltLine corridor.

The Connection Between Transit and Affordable Housing

Without immediate investment in transit, the BeltLine will become what everyone fears — a beautiful greenway flanked by gentrified neighborhoods, limited to people who can afford them. That's not what Atlantans wanted in their enthusiastic support for the Atlanta BeltLine.

It is within the unique purview of the Atlanta Housing Authority (AHA) to generate an abundant supply of permanently affordable housing units by optimizing the development of land it owns and leveraging federal and local housing program funds. By focusing these AHA resources on the BeltLine corridor to create a concentration of rental units affordable for households below 60% Area Median Income (AMI), Atlanta Housing would enhance the chance for BeltLine Rail to secure $1 billion in federal transportation funds. Why do that?

After housing, owning a car is the second-biggest expense in a family's budget. In Atlanta, car payments, fuel, parking and insurance can cost between $500 and $1,000 a month. Having reliable transit that takes people everywhere they need to go would enable them to ditch the expense of car ownership.

Furthermore, households in communities with access to transit and a mix of jobs and services spend just 9 percent of their household budgets on transportation, compared with a national average of 19 percent. Low-income households can spend as much as half their income on transportation, compared to less than 10 percent for high-income households. BeltLine rail is a solution to reducing such large cost burdens for people who need mobility but can't readily afford their own vehicles.

Employers are increasingly interested in transit and housing. In recent years, Atlanta has benefited from companies moving into the city seeking better access to MARTA and shorter commute times for workers. Infrastructure investments in transit reduce inequalities of access and benefit communities such that employers will commit jobs in those areas.

Building support from the owners of income-generating property along the BeltLine to increase the value of their real estate by advancing transit construction through special assessment fees depends on putting BeltLine Rail back on track for construction within a decade as a cohesive whole: continuous light rail transit seamlessly connected to MARTA with infill stations as recommended by Atlanta's Transportation Plan.

Our funding model does not deviate substantially from the allocation adopted for the More MARTA Atlanta program, which allocated $570 million from the More MARTA sales tax while we advocate for $600 million. We simply ask that these funds be made available sooner, and that other More MARTA project segments also leverage sales tax dollars with CID contributions (special assessments) and TAD funds (property tax increment). This pursuit of FTA funds in collaboration with local sales tax revenue will achieve the most bang for the buck.

The 'user-fee' on land value in the form of special assessments is the key that will unlock greater sources and amounts of federal funding. If the City of Atlanta is ready once again to champion the full potential of the BeltLine, then ABI must be empowered to fulfill its mission. To do that, the funding allocated for the BeltLine from the More MARTA program should be liberated from the phasing plan (dependent more than 70% on sales tax) that would delay transit on the Southeast and Southwest BeltLine segments for decades. This delay is an unconscionable failure of elected city leaders to invest in desperately needed transit infrastructure in areas of the city where car ownership and income are the lowest, and where residents are often last in line to receive mobility improvements.

A Call to Action

The Atlanta Beltline was originally intended to be a transit project, not a vehicle for land ownership windfalls. Light rail transit, a path for bicycles and pedestrians, and connections to MARTA rail at the compass points were the core of the initial vision. In Atlanta, we are the beneficiary of the unique geography and urban history that makes this amazing vision possible. And while rail was a main feature, the transit component was always in service of the higher ideals of equity, affordability, and sustainability. Indeed, that context was at the forefront when the City created ABI and the Beltline TAD: to spread access and mobility to areas that never had it, to unify 45 neighborhoods, to create a way for residents to stay in their homes as the city continues to grow, and to build affordable housing. **This is the Beltline vision.** Yet without the rail as its conduit and catalyst, it remains an unfulfilled dream.

> This project and its wonderful outcomes remain within our grasp, but only if city officials and the citizens who elect them recommit to the Atlanta Beltline's **entire** vision.

City leaders have outsourced funding and prioritization decisions for Beltline rail to MARTA, a multi-county transit agency. Yet there is an alarming and unacceptable lack of accountability from MARTA and a cone of silence from the mayor's office and the City Council on equitable distribution of the MORE Marta funds. The result is a dubious prioritization of transit projects. The Emory Clifton Corridor (ECC) LRT project - with no right-of-way assemblage and no required multi-jurisdictional partner identified - serves as a conspicuous example. Assigning $350M of More MARTA sales tax funds to ECC prevents a more rapid build on the BeltLine's south side — the most transit-dependent part of the city — including the infill station at Murphy Crossing. Given the racial and income disparities between the two areas of the city, prioritization by way of a regressive sales tax mechanism is a stunning failure of accountability.

On December 20, 2020, the Atlanta Journal Constitution published an essay from two City of Atlanta cabinet members, Tim Keane, Commissioner of the City's Office of Planning, and Terri Lee, Chief Housing Officer for the City. Entitled *Intentionally Shaping a Better Housing Future in Atlanta*, the essay documents how zoning and design policies have contributed to segregation and inequality in Atlanta. The authors articulate how the city can improve housing accessibility by changing outdated zoning codes, reducing minimum parking requirements, and allowing small apartment buildings to be built near transit stops— all recommendations supported by BeltLine Rail Now in this paper and elsewhere.

The Beltline project is nearly 20 years old. It is both outrageous and unacceptable to say that we must wait 20-30 more years for meaningful progress, service which could begin in three years and be completed in 10 years.

This project and the wonderful outcomes of mobility, car free sustainable living, and affordable housing remain within our grasp, but only if city officials and the citizens who elect them recommit to the Atlanta Beltline's **entire** vision. BeltLine Rail Now respectfully requests that city council members and the mayor provide the leadership necessary to deliver that vision.

"One of the most important benefits of transit is its ability to serve as a focal point for future development - in the process raising property values and generating additional tax revenues. The commitment to build transit is the ultimate expression of faith in your community. It says your hometown has a future and its people believe enough to plan for it and to make investments that will outlive them while paying dividends today."

Transportation For America,
[Creative Approaches to Financing Transit Projects]
by Kevin Good

We pay the tax, now lay the track march on the BeltLine, organized by BeltLine Rail Now Oct 7, 2019.

Image credit: [Atlanta Journal-Constitution]

Case Study 1: Portland-Milwaukie Orange Line MAX Light Rail

Portland TriMet MAX Orange Line (Open 2015)	Cash, Grants, Grant Anticipation Notes (GANs), Grant Anticipation Revenue Vehicles (GARVEEs)	
FTA §5309 New Starts Award (50%)	$745MM	GAN's for 2012 - 2019 Appropriations
Local & State Funds (40.5%)	$604MM	Includes Payroll Tax, Lottery
FHWA Flexible STP & CMAQ Funds (9.5%)	$141MM	GARVEE Bonds for 2012 - 2027 Funds
Total Project Cost:	**$1.49B**	**7.3 miles, 10 stations**

Constructed from 2011 to 2015, Portland TriMet's 7.3 mile Orange Line MAX Light Rail extension combined $140 million (9.4%) of flexible federal highway funds with $745 million (50%) of FTA New Starts transit capital investment grants to bring the federal share of the $1.5 billion project to nearly 60%.

Flexible Federal Highway Administration (FHWA) funds allocated prior to 2011 provided $21 million and the remaining $119 million of FHWA funds came from 2011 GARVEE bond proceeds being repaid with FHWA formula funds in fiscal years 2012 through 2027.

Portland formally rejected the proposed Mount Hood Freeway project in 1973, created a directly elected regional planning board Metro in 1978, adopted an urban growth boundary in 1979.

Modern Streetcar service introduced in 2001 and growing to 14.7 miles by 2012 relied on a combination of tax increment financing ($21.5 million, 8.5%) and special assessment districts ($34.9 million, 13.9%) to capture increasing property values for local matching funds that secured a $75 million federal Small Starts grant. Parking revenue provided $30.6 million (12.2%) and Oregon state funds provided $20.2 million (8.8 %) of the $251.4 million total.

Bechtel Enterprises contributed one quarter of the cost of the Airport Red Line MAX Light Rail in return for development rights on a 120-acre gateway site, eliminating the need for federal funds.

Portland, Oregon established regional transit agency TriMet and a payroll tax to provide funding for it in 1969 and received federal approval in 1980 to transfer highway funds to the first MAX light rail line, which opened in 1986. Oregon shares Georgia's constitutional restrictions on the use of state gas tax revenue for roads and bridges, so those dollars are focused on roadway reconstruction elements of in-street transit projects since they are not available to spend on vehicles, tracks, and catenary wires.

Case Study 2: NoMa-Gallaudet U. Infill Metro Station

NoMa-Galludet U. Infill Metro Station (Opened 2024)	In-Kind Land Donations	Cash and Grants	Municipal G.O./Revenue Bonds
FTA §5309 New Starts Award (24%)		$25MM	
District of Columbia Budget (42%)		$44MM	
Special Assessment District (24%)			$25MM
Private Property Contributions (10%)	$10MM		
Total Project Cost: $104 Million			

The Washington Metropolitan Area Transportation Authority (WMATA) Metrorail system's first "infill" station opened in 2004 on the eastern branch of the Red Line as "New York Ave - Florida Ave" in the North of Massachusetts (NoMa) neighborhood. Built at the same time as MARTA, the DC Metrorail system originally skipped through an area of freight rail yards and warehouses (and 5000+ predominantly Black residents) north of Union Station without a Metro station.

As industrial uses declined, planning in the 1990's focused on redevelopment anchored by a new Metrorail station. ULI (Urban Land Institute) Fellow James Curtis of the Bristol Group and Dr. Marc Weiss of DC's Department of Housing and Community Development spearheaded the community engagement effort that ultimately led to $10 million in land donations and $25 million in contributions from property owners toward the $104 million station construction cost.

The 1997 National Capital Revitalization Act called for an infill station to stimulate development (especially of affordable office space for federal agencies) in the NoMa area. In 1998, Action 29 of "The Economic Resurgence of Washington, DC: Citizens Plan for the 21st Century" identified finding private partnership funding to help construct an infill station as key to unlocking the area's potential. The city created the New York Avenue Task Force, which morphed into the Action 29 Corporation, to organize and leverage private investment.

In 1999, landowners within 2500 feet of the proposed station agreed to additional property taxes and WMATA conducted a feasibility study. In 2000, Congress allocated $25 million in federal funding (FTA New Starts) and DC (acting as both state and city government) committed the $44 million balance from its capital budget. In 2001, the DC Council created the New York Avenue Special Assessment District to collect additional property taxes necessary to service debt on a 30-year bond issue for $25 million, with payments set as a fixed annual amount based on an assessed current valuation of the 35-block area at $535 million. This "value capture" approach emphasizes a shared investment that leads to increased land values for private owners and accumulates revenue prior to construction.

The station opened in 2004 and by 2007 new development around the station had added a technology magnet high school, 5000 more residents and 15 million square feet of commercial space, bringing the valuation to $2.3 billion - a net positive for landowners and city tax revenues alike. Recognizing the resurgent NoMa neighborhood's common nickname, WMATA renamed the station in 2012.

"When we build a transit project, there is often a lot of work rebuilding streets, utilities, sidewalks, bike lanes, and landscaping that can be paid for with funding from road sources."

Alan Lehto, TriMet Planning and Policy

Portland, Oregon

Case Study 3: Potomac Yard Infill Metro Station

Potomac Yard Infill Metro Station (Opening 2022)	Cash/ Grants	Virginia TIB Loan	Federal TIFIA Loan	Muncipal Bonds
Northern Virginia Transportation Authority Hotel, Sales, and Transfer Taxes (22%)	$70MM			
Station Fund:Special Assessment, Tax Increment, & Development Fees (78%)	$44MM	$50MM	$88MM	$68MM
$320MM Total Project Cost **$206MM Borrowed**		2.19% Interest	2.91% Interest	4.5% Interest

The Washington Metropolitan Area Transportation Authority (WMATA) Metrorail system's second "infill" station is currently under construction with an anticipated opening in 2022 - but it could have been the first. The original proposal by landowner RF&P corporation in 1996 to pay the entire $20 million estimated cost to build a Potomac Yard station by 2000 was thwarted when the City of Alexandria "down-zoned" (reduced permissible development density on the site), thereby undermining the economics of transit oriented development and ironically attracting higher vehicle traffic with lower density retail.

Today, in the area immediately south of National Airport and the planned Amazon HQ2 in Arlington, the City of Alexandria has partnered with developer JBG Companies to transform an aging 600,000 square foot big box mall surrounded by a sea of parking into an envisioned 7.5 million square foot mixed-use development centered around a new Potomac Yard Metro Station.

To facilitate this transformation, Alexandria established a "Station Fund" to collect net new tax revenues and developer contributions. Chief amongst the participating funding sources is the Tier 1 Special Assessment District (SAD) established in 2011 to collect $0.20 per $100 assessed value (2 mills) within approximately ¼ mile of the planned station. A proposed Tier 2 SAD to collect 1 mill in the surrounding concentric ring extending ½ mile from the station (around the Tier 1 district) has been tabled as other funding sources became available.

The developer has agreed to also make one-time payments equivalent to $10 per square foot on the first 4.9 million square feet of development. Collection of the full $49 million has been deferred in order to catalyze initial development, but interest is accruing on the ultimate amount due.

Net new taxes included in the Potomac Yard Station Fund include real estate property tax, as well as site-generated sales tax revenue and business license fees— after an across the board public service set-aside for schools and public safety. This combines elements of a TAD and the deal provided for Centennial Yards at Atlanta's Gulch - but Alexandria focuses all of the funds into public infrastructure rather than giveaways to developers.

When WMATA initiated the Environmental Impact Statement (EIS) for Potomac Yard Station in 2011 the City of Alexandria had been planning to issue $240 million general obligation bonds at 5.4% interest with a lifetime debt service cost of $475 million.

Once a federal Record of Decision (ROD) was received for the $320 million Locally Preferred Alternative (LPA) “Location B” in 2016, the project received a $70 million grant from the regional Northern Virginia Transportation Authority (NVTA), a $50 million loan at 2.19% interest from the Virginia Transportation Infrastructure Bank (VTIB), and an $88 million TIFIA loan at 2.91% bringing total borrowed principal down to $206 million with lifetime debt service cost about $360 million - out of a total project cost of $320 million. The lower cost VTIB and TIFIA loans save over $100 million in lifetime finance charges compared to using municipal bonds alone.

WSK (formerly Parsons Brinckerhoff) estimates the Potomac Yard Station Fund will generate a $1 billion surplus by 2040 and a $2 billion surplus by 2050. This coverage ratio also helps to minimize overall debt servicing costs.

As part of the incentive package for the Amazon HQ2 in neighboring Arlington, the Commonwealth of Virginia has also committed an additional $50 million to add a south entrance to the Potomac Yard Metro station, which will open in 2026.

Case Study 4: Dulles Silver Line Metrorail Extension

Dulles Silver Line Metrorail Extension (Completion 2021)	Cash/Grants	Federal TIFIA Loans	Municipal G.O./Revenue Bonds
FTA §5309 New Starts Award (17%)	$975MM		
Virginia Commonwealth Award (10%)	$975MM		
Airport Authority - Dulles Toll Road (48%)	$975MM	$975MM	
Airport Passenger Facility Charge Fees (4%)	$975MM		
Special Assessment Districts (21%)			
Fairfax County Commercial Property Tax		$403MM	$515MM
Loudon County Commercial Property Tax		$195MM	$78MM
$5.75B Total Project Cost	**$3.29B**	**$1.87B**	**$593MM**
$2.46B Borrowed (42.7%)	**23 miles, 11 stations**		

The idea to connect Metrorail to Washington Dulles Airport is as old as Metrorail itself, but only in 1999 with a campaign to establish a Transportation Improvement District (TID) did a funding model to get there emerge. With Phase 1 to Tysons's Corner open in 2014 and 11-mile long Phase 2 now under construction, Metrorail service to Washington Dulles will begin in 2021 with a 21% ($1.2 billion) involved in the construction costs from special assessments on commercial property through the TIDs.

The Washington Metropolitan Airport Authority (WMAA) is the lead sponsor for construction and will hand over the finished product to the Washington Metropolitan Area Transit Authority (WMATA) for operations and maintenance upon completion. TIFIA loans provided 43% of construction costs.

Considering how to expand Metrorail along the airport toll road median right of way reserved since 1964, the Dulles Access Rapid Transit study in 1985 recommended raising funds through special assessments. In 1988 the Virginia General Assembly allowed landowners to petition for a self-taxing transportation improvement district (TID). In 1999 the Landowners Economic Alliance for Dulles Extension of Rail (LEADER) funded a campaign to recruit a majority of property owners in the Tyson's Corner office district to approve a Phase 1 TID to complete the Fairfax County share of the Silver Line Metrorail extension.

In 2003, owners holding 64% of the corridor's value established the Dulles Metrorail Phase 1 TID the following year, securing debt servicing revenue for a $403 million TIFIA loan. This allowed the Airport Authority to award the Phase 1 design-build contract to Dulles Transit Partners (Bechtel, URS joint venture) in 2008 for the first 12 miles and 5 stations that opened in 2014.

In 2009, Fairfax County established the Phase 2 TID, providing a source of repayments for an additional $515 million in bonds. Loudon County followed suit in 2012 with Metro Service Districts that helped secure a $195 million TIFIA loan and $78 million in bonds. WMAA awarded the Phase 2 design-build contract in 2013 to Capital Rail Constructors (Clark Construction, Kiewit Infrastructure South joint venture) for the next 11 miles and six stations, with airport service opening and operations handover to WMATA expected in 2021.

Combined with a $975 million FTA New Starts grant, a $575 million Virginia Commonwealth grant, a $1.27 billion TIFIA loan to WMAA backed by Dulles Toll Road revenue and $1.74 billion toll revenue cash reserves and other airport revenue, special assessment districts around 11 new Metro stations closed the funding gap for the Silver Line by leveraging enhanced property values created by increased development rights through higher density zoning.

Securing the funding for the Dulles MetroRail Corridor was a prerequisite for enacting the Comprehensive Plan for Tysons Corner, Virginia. Timothy J. Steffan, senior vice president at Macerich, described why his (real estate development) firm supported the assessment: Transportation For America:

"You didn't get any upzoning until the delivery of Metro was assured. And you could only be assured of bringing Metro if you had more funding."

Urban Land Institute, Using Special Assessments to Fund Transit

Image credit: Atlanta BeltLine, Inc.

Appendices

A

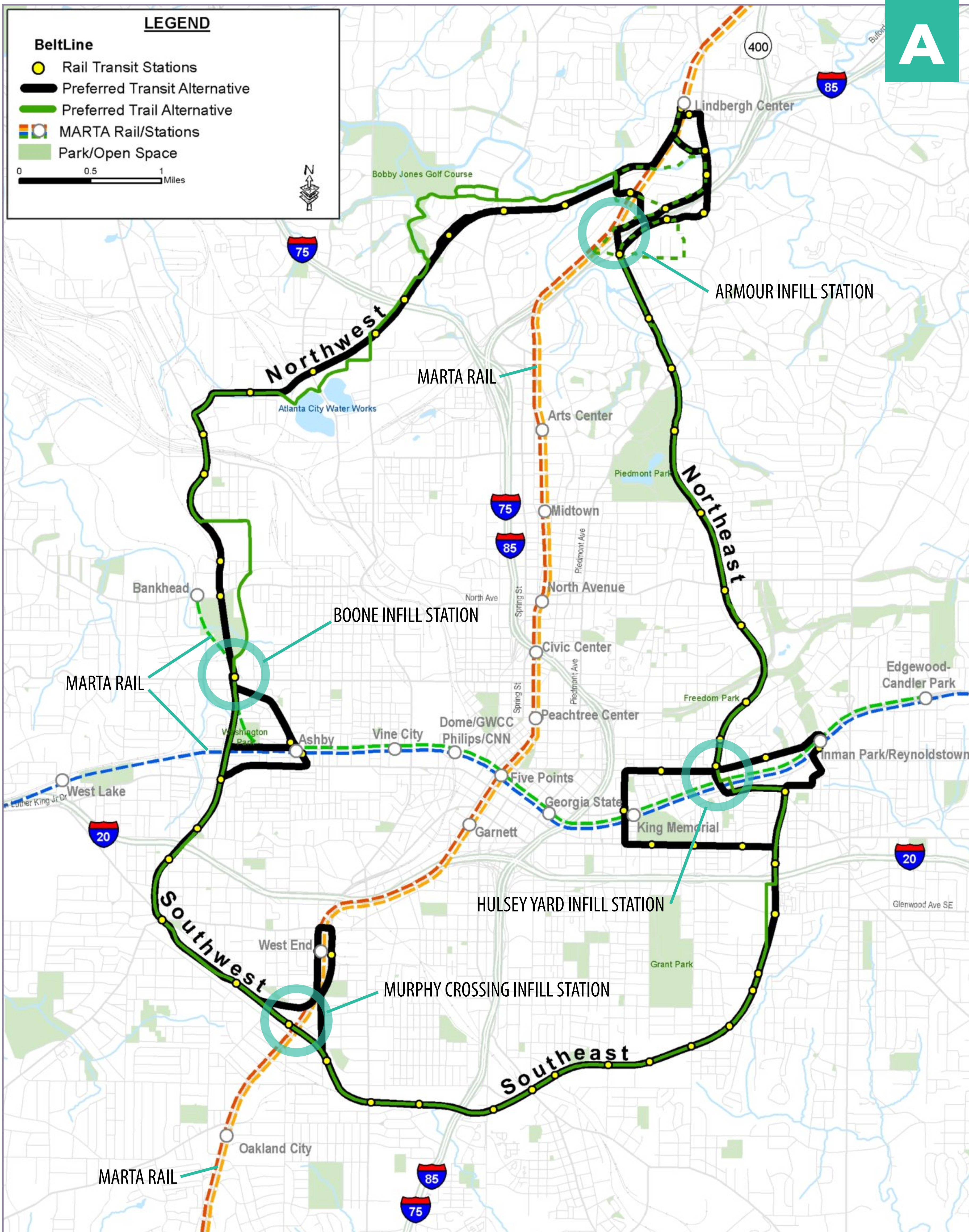


Image credit: [MARTA]

B

More MARTA Atlanta Program

As funded by the 2016 More MARTA referendum, and finalized in January 2019. The 'J' of the BeltLine Rail project is a nickname for the city-owned right of way composed of segments A, B, C, D, and G.

- A BeltLine Northeast LRT
- B BeltLine Southwest LRT
- C BeltLine West LRT
- D BeltLine Southeast LRT
- E Campbellton Road LRT
- F Clifton Corridor LRT
- G Streetcar East Extension
- H Streetcar West Extension
- I Capitol Avenue BRT
- J North Ave - Donald L. Hollowell Pkwy BRT
- K Northside Drive BRT
- L Peachtree Road ART
- M Cleveland Avenue ART
- N Metropolitan Parkway ART
- O Frequent Local Bus Service
- P Greenbriar Transit Center
- Q Moores Mill Transit Center
- R MARTA Stations

LEGEND

- Light Rail Transit LRT)
- Bus Rapid Transit (BRT)
- Arterial Rapid Transit (ART)
- Frequent Local Bus
- Station Improvements

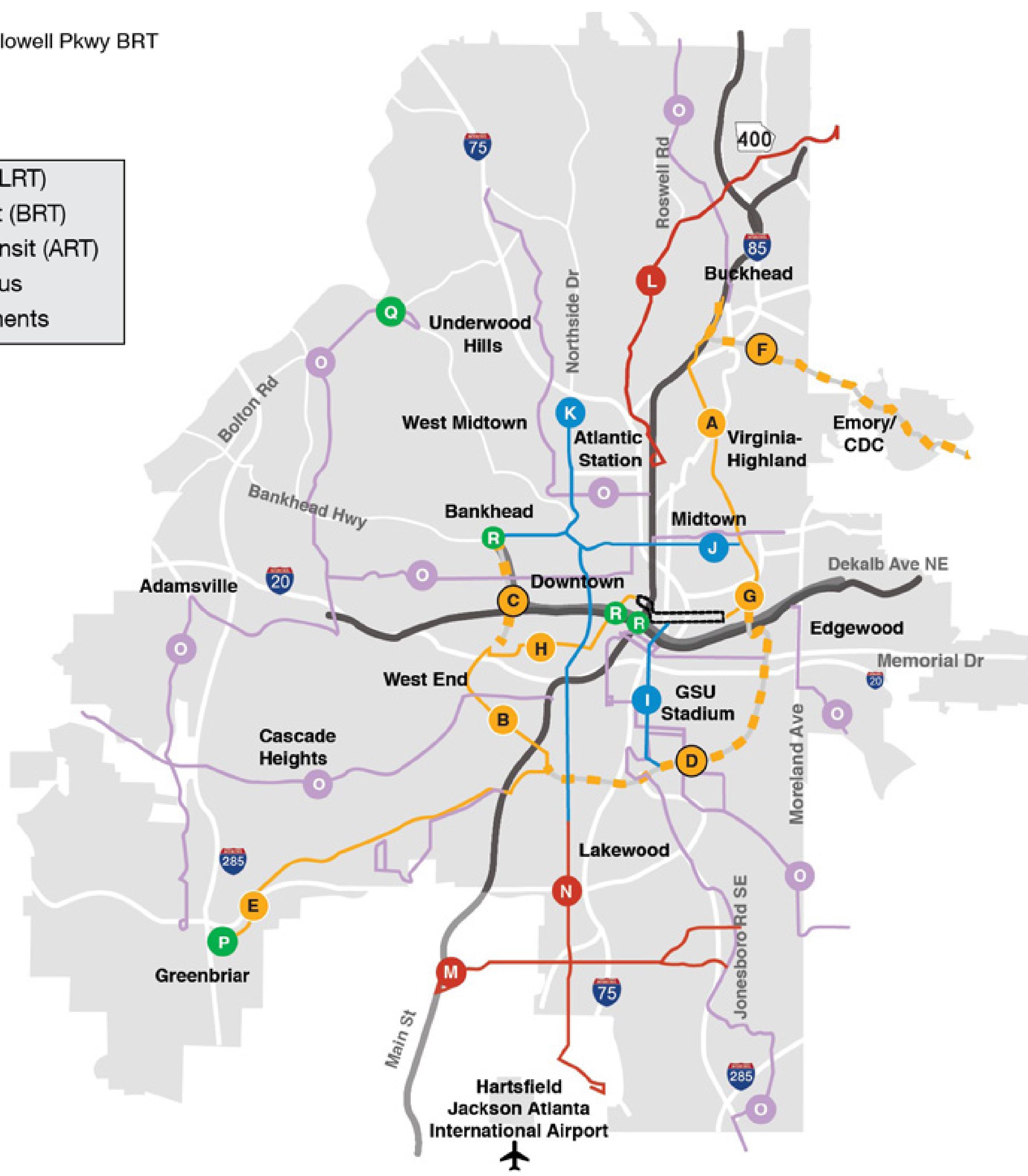


Image credit: MARTA

Design Proposal: Hulsey Yard Infill Station

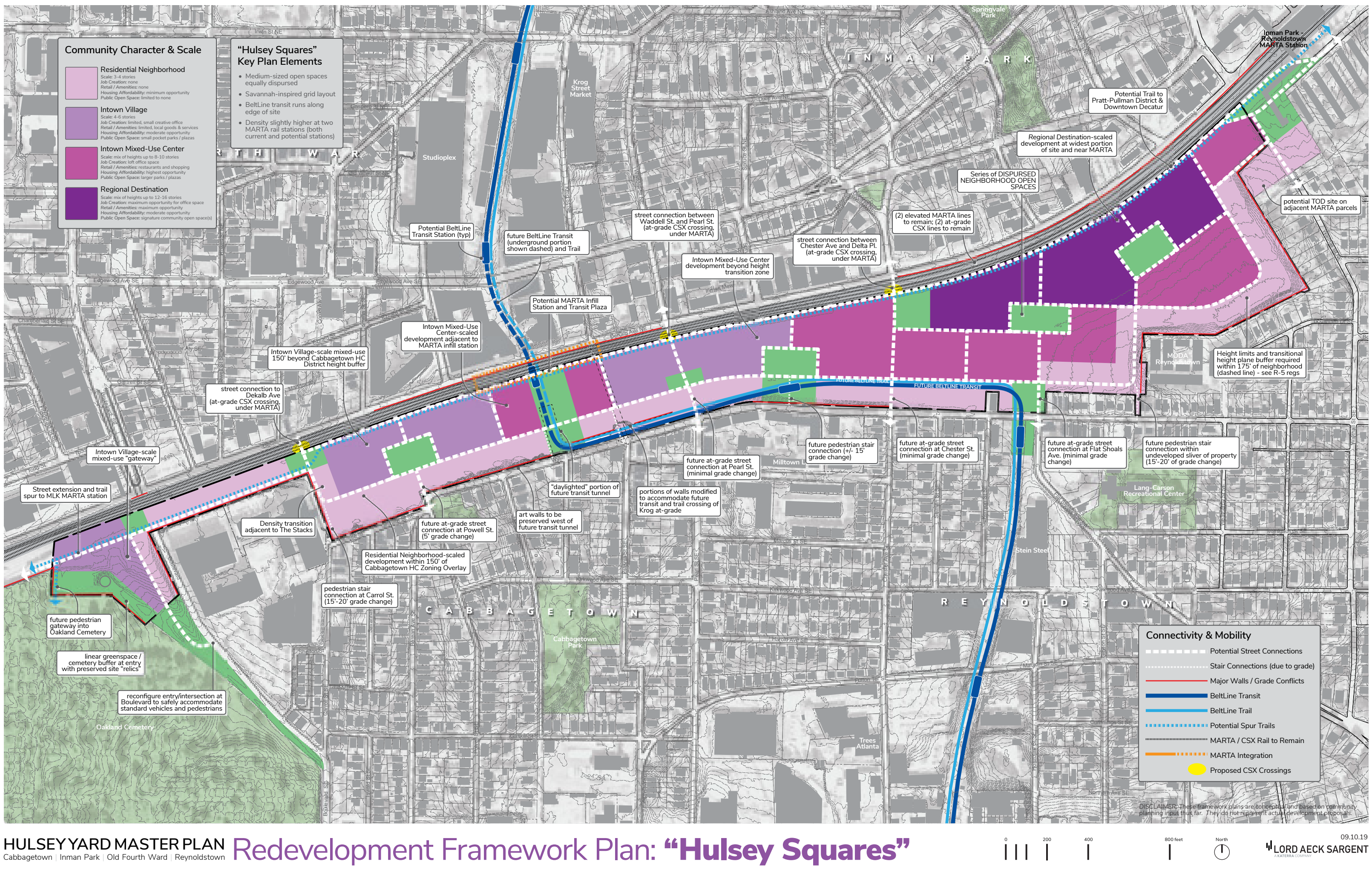


Image credit: Lord, Aeck, Sargent

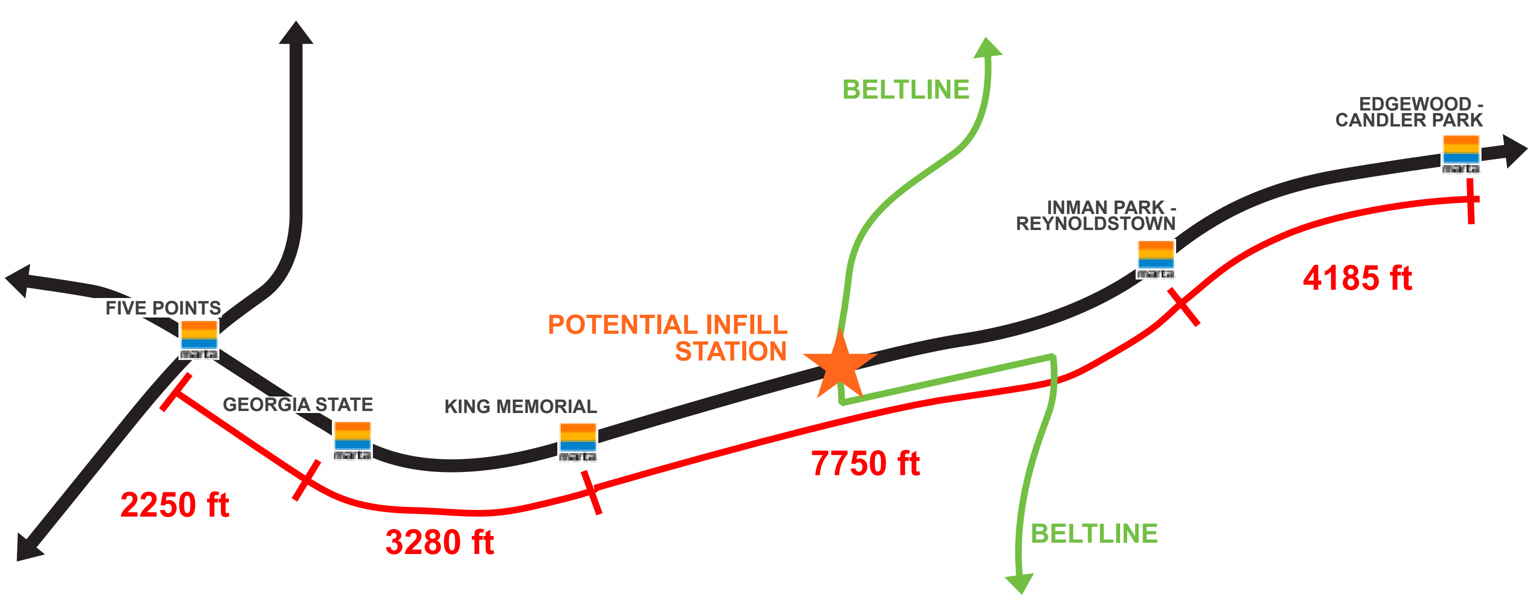
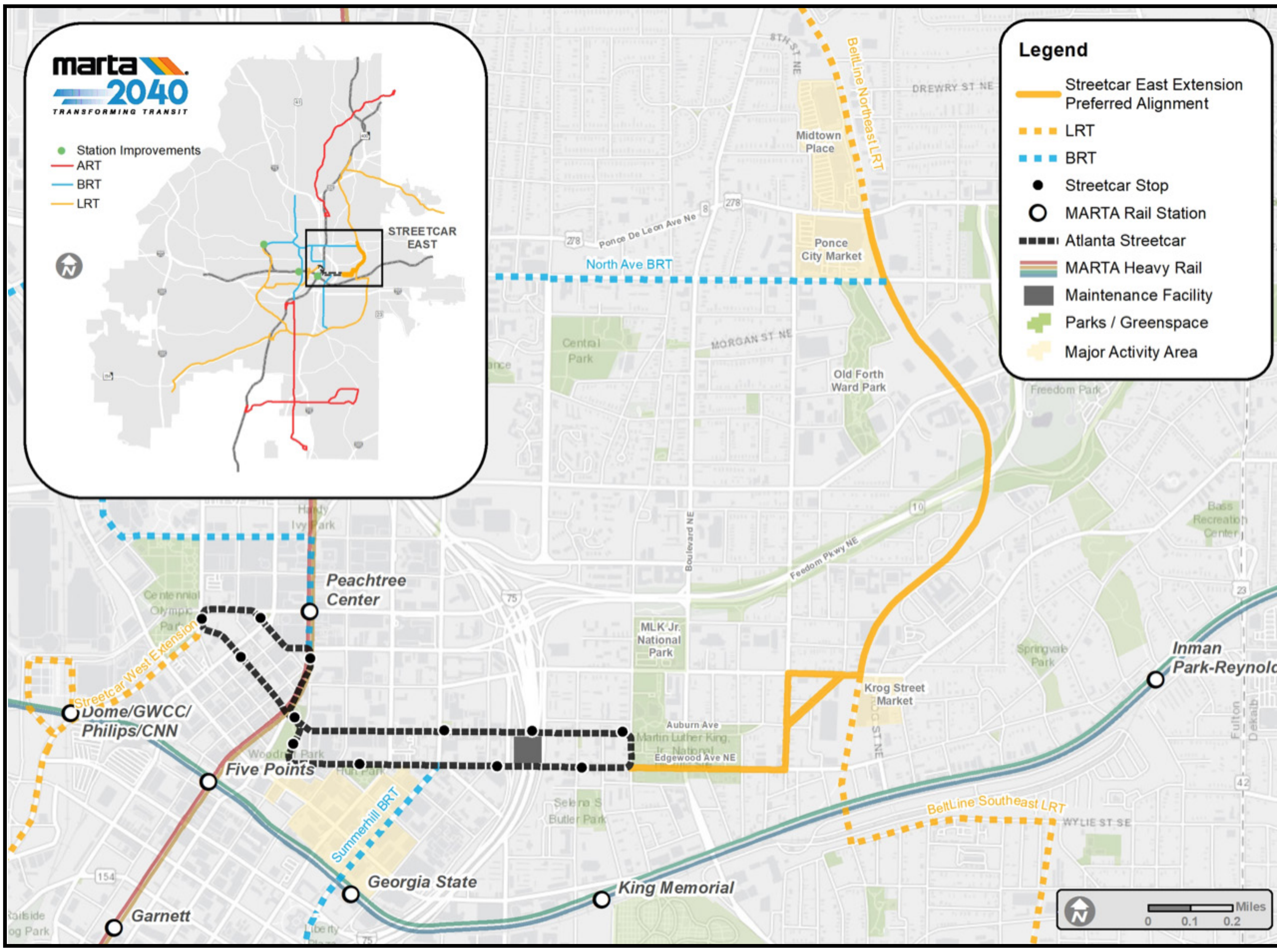


Image credit: Lord, Aeck, Sargent and Carlton W. Ingram

D

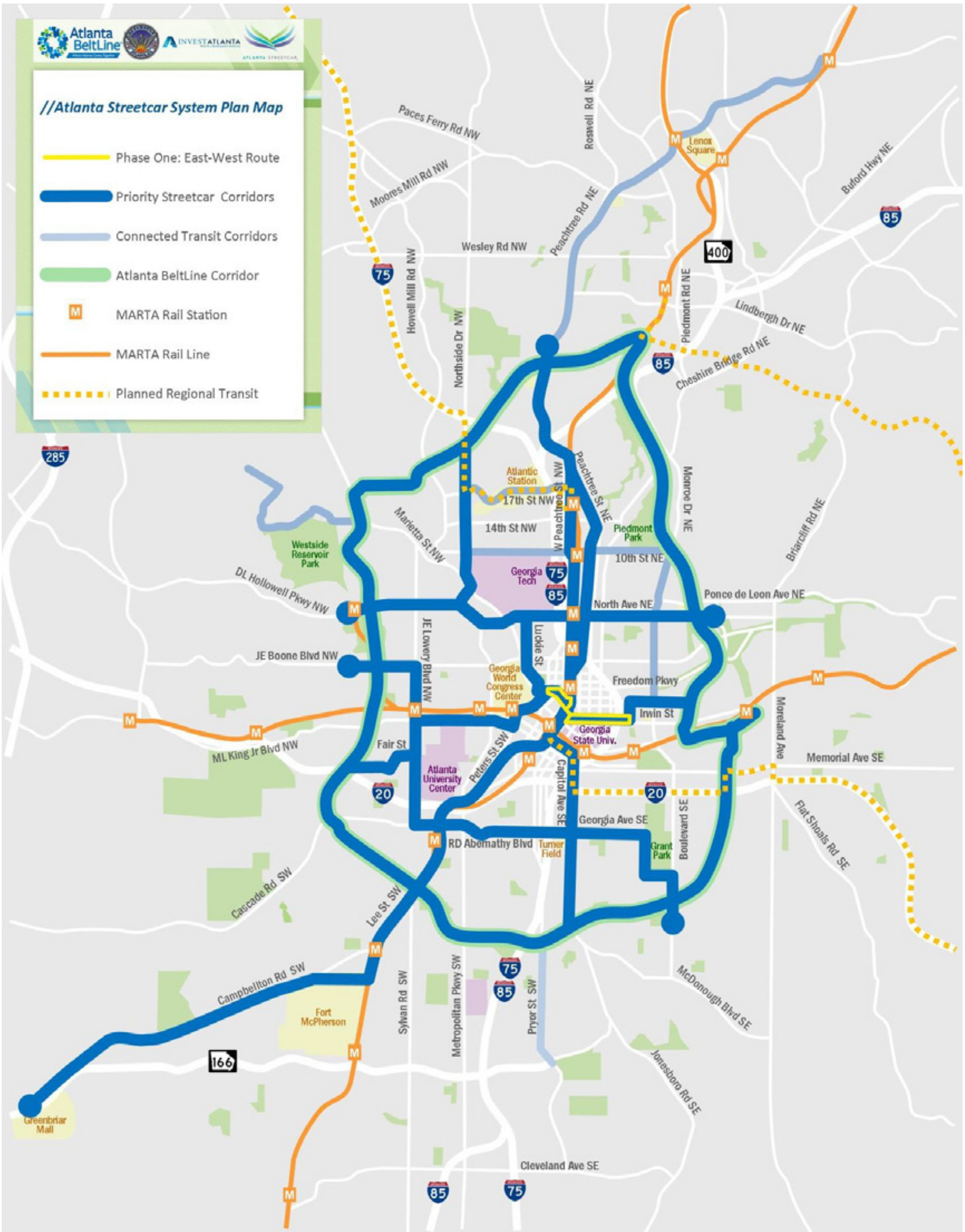
Atlanta Streetcar East: Detail Map



The first light rail More MARTA project will put 1.4 miles of BeltLine rail in service by extending the downtown streetcar .8 miles from its end at Jackson Street.

Image credit: MARTA

Atlanta Streetcar System Plan



The BeltLine is a circulator between MARTA's radial heavy rail, the city's streetcar plan and the 45 neighborhoods it touches. See Fig. B for the parts that became More MARTA projects. Image credit: City of Atlanta Streetcar and Transit Plan 2015

Glossary

ABI	**Atlanta BeltLine, Inc**: The arm of City of Atlanta's Development Authority created to manage the 2005 BeltLine Redevelopment Plan and oversee the 25-year BeltLine TAD
ABP	**Atlanta Beltline Partnership:** The fundraising arm for the Beltline and is responsible for raising capital for the BeltLine
ARC	**Atlanta Regional Commission**: The federally designated Metropolitan Planning Organization (MPO) that develops the RTP for 20 Metro Atlanta counties
ATL	**Atlanta Transit Link**: A board established in 2016 to coordinate regional transit priorities for federal funding
CID	**Community Improvement District**: A kind of special assessment area with its own board that sets the millage rate and governs the use of additional commercial property fees
FHWA	**Federal Highway Administration** funding programs return federal gas tax revenue to the states through dependable formula allocations to fund roadway and transit projects
FTA	**Federal Transit Administration** funding programs provide dependable operating assistance as well as nationally evaluated competitive discretionary construction grants
Impact Fees	One time payments required with building permit fees used to pay for transportation, parks, and public safety infrastructure needs generated by new development
MARTA	**Metropolitan Atlanta Rapid Transit Authority** operates buses, streetcars and 48 miles of heavy rail for the City of Atlanta as well as Fulton, DeKalb, and Clayton counties
More MARTA	City of Atlanta voters in 2016 approved an additional 0.5% sales tax for 40 years to fund over $2.5 Billion in MARTA transit expansion projects in the city of Atlanta
New Starts	A nationally competitive FTA funding program that provides discretionary Capital Investment Grants for construction of transit projects over $300 million in total cost
RTP	**Regional Transportation Plan:** A long-range (20-30 years) plan for projects that will use federal transportation funding or impact air quality, updated every 4-5 years
SAD	**Special Assessment District**: An area where a fee typically based on some component of property value is dedicated to pay for public improvements that directly benefit the area
SALAD	**Station Area Land-value Assessment District (SALAD)**: The SALAD's proposed in this report would be special assessment districts designed to help fund infill MARTA stations
STP	**Surface Transportation Program** Block Grants provide a flexible source of FHWA formula funds that can be used for transit expansion; a few states account for most "flexed" funds
TAD	**Tax Allocation District**: A tax increment financing area where net new taxes generated by increasing property values above a baseline amount are segregated for 25 years
TID	**Transportation Improvement District**: A kind of special assessment district where extra fees are dedicated to funding transportation infrastructure serving the area
TIF	**Tax Increment Financing**: A form of revenue segregation that diverts property or sales tax revenue above a baseline amount within a district to provide funds for improvements
TIFIA	**Transportation Infrastructure Financing Innovation Act** of 1998 provides low-cost federal credit from the USDOT for up to 48% of the cost of transportation infrastructure projects
T-SPLOST	**Transportation Special Purpose Local Option Sales Tax**: The City of Atlanta introduced a 0.4 cent T-SPLOST in 2016 that voters can renew in 2021 and 2026