

Value Capture Techniques Summary Sheet

Category	Techniques	Definition	Allowed in New York?	Capital Expenditure / Operations & Maintenance	Modal Applicability	Funding or Financing	Revenue Potential	Timing of Revenue Received	Ease to Implement	Public Acceptance	Notes	Case Studies
Developer Contributions	Impact Fees	Fees imposed on developers to help fund additional public services, infrastructure, or transportation facilities required due to the new development.	1) A statute does not exist in NYS that authorizes impact fees 2) Potential legal authority through: general home-rule power; State Environmental Quality Review Act	Capex	All Modes	Funding	Medium	Immediate	Simple	High	<ul style="list-style-type: none"> ~ One-time charge; imposed as a condition of approval (building or occupancy permit) ~ Segregated from the general fund and deposited in dedicated accounts and be used solely for allowable purposes ~ Impact fees should be reasonably related to the cost of service provided ~ Must have a "rational nexus" and "rough proportionality" to development impacts ~ Do not directly affect existing taxpayers, less public resistance ~ Directly link those paying for and those receiving benefits ~ Not as commonly used for transit improvements ~ Low implementation costs 	Bozeman, Montana, Impact Fees
	Negotiated Exactions	Negotiated charges imposed on developers to mitigate the cost of public services or infrastructure required as a result of the new development.	Found an example in New York City. Also, the Town of Greenbush worked with Whiteman Osterman & Hanna LLP to establish a Highway Improvement Area Agreement, which provided the legal backing for the collection of exactions via Town Law 200. Also, Town of Victor.	Capex	Highway & Transit	Funding	Medium	Immediate	Simple	High	<ul style="list-style-type: none"> ~ Can be structured as one-time cash payment ~ Imposed as a condition for planning approvals or as in-kind contributions of land or infrastructure ~ Exactions should be segregated from the general fund and deposited in dedicated account ~ Used solely for the purposes for which the fee is established ~ Similar to impact fees, local governments must have the statutory authority to impose exactions under State law. This authority can be granted through enabling legislation or through statutes. Some courts have upheld the concept of implied authority where enabling legislation for exactions did not exist. ~ Require a rational nexus and proportionality between the exaction and the services or infrastructure provided ~ Used to fund local roads 	Colorado E-470 Toll, Road and Vehicle Registration Fees
Transportation Utility Fees	Transportation Utility Fees	Fees paid by property owners or building occupants to a municipality based on estimated use of the transportation system.	Not implemented in New York	O&M	All Modes	Funding	Low	Delayed	Moderate	Medium	<ul style="list-style-type: none"> ~ Paid on an ongoing basis, often monthly ~ Imposed on an entire area and continue in perpetuity ~ Fees are determined by the number of parking spaces, square footage, or gross floor area ~ Levied on property owners or occupants of the property, including renters ~ Dedicated to the purpose for which they were established ~ Generally collected with other utility fees ~ Existing billing systems are used ~ States may uphold local governments' ability to charge fees, in most, State enabling legislation is required ~ Some courts have upheld as a fee and not a tax ~ Fund road maintenance, especially for local roads that are ineligible for Federal-aid highway funding 	Hillsboro, Oregon, Transportation Utility Fee (TUF)
Special Taxes and Fees	Special Assessment Districts	Fees charged on property owners within a designated district whose properties are the primary beneficiaries of an infrastructure improvement.	Yes	Capex	Highway & Transit	Funding & Financing	Medium / High	Delayed	Moderate	Medium	<ul style="list-style-type: none"> ~ Use when substantial funding is required for an infrastructure investment ~ Roadway improvements (repaving, sidewalks, etc.) 	Virginia Route 28
	Business Improvement Districts	Fees or levies charged on businesses within a designated district to fund or finance projects or services within the district's boundaries.	Yes	Capex / O&M	All Modes	Funding	Low	Immediate	Moderate	High	<ul style="list-style-type: none"> Common uses: Safety/security, cleaning streets, waste/recycling collection, pedestrian & streetscape improvements. Street maintenance, pedestrian/bike facilities, parking management. Often supports ancillary investments to transportation (parks, lighting, safety, etc.). 	Union Square, Business Improvement District
	Land Value Taxes	"Split tax rates", where a higher tax rate is imposed on land than on buildings.	Yes	Capex / O&M	All Modes	Funding	High	Delayed	Difficult	Low / Medium	<ul style="list-style-type: none"> ~ Land Value Taxes (LVT) have not been implemented anywhere in NYS. ~ Pennsylvania is the only state that successfully used LVT. 	
	Sales Tax Districts	Additional sales taxes levied on all transactions or purchases in a designated area that benefits from an infrastructure improvement.	Yes	Capex	All Modes	Funding & Financing	High	Delayed	Moderate	Medium	<ul style="list-style-type: none"> ~ Can be used to back bonds or loans (to finance a project's capital cost) ~ Sales tax revenues are used to repay debt service (must segregate revenue into separate fund) ~ Within a sales tax district, levies apply to nearly all consumer purchases, subject to a few exceptions ~ Incremental sales tax rates are established by statute ~ Sales tax district statutes also define eligible costs sales tax funds may be used to support ~ Sales tax districts require local voter approval, have finite terms, are used for tangible projects ~ One of the most common forms of revenues for transit agencies 	U.S. 63 Missouri Sales Tax District
Tax Increment Financing	Tax Increment Financing	Charges that capture incremental property tax value increases from an investment in a designated district to fund or finance the investment.	Yes	Capex	All Modes	Funding & Financing	Medium / High	Delayed	Moderate	Medium	<ul style="list-style-type: none"> ~ Two conditions that MUST be met before a TIF district is created: 1) the area must be 'blighted' and 2) must show the area would not develop 'but for' the TIF district ~ New infrastructure can be funded by existing TIF funds, or ... ~ Or, a TIF district can be created to fund a specific project ~ TIF funds rely on redevelopments and real-estate market ~ Can raise substantial revenues for capital projects through value-backed bonds ~ Not frequently used for highways/roads, has been used for service roads and transportation improvements ~ Typically associated with Transit Oriented Development ~ used for a portion of the financing for construction of the No. 7 Subway extension in New York City ~ GML 970-a allows real property taxes to be used to repay debt and stipulates that property taxes for the TIF district be apportioned as follows: 1) the municipality receives an amount equal to the current property tax rate applied to the last assessed property value for the TIF district before it was formed; 2) once the municipality has been paid the remaining revenue can be used to pay TIF debt service; 3) if revenue exceeds debt service the difference is returned to the municipality. (S. Munson 2013) 	Yankton County, South Dakota - Napa Junction Park, Industrial Park Tax-Increment Financing El Paso, Transportation, Reinvestment Zones
Joint Development	At-Grade Joint Development	Projects that occur within the existing development rights of a transportation project.	Yes	Capex	Highway & Transit	Funding & Financing	Medium	Immediate or delayed	Simple / Moderate	Medium	<ul style="list-style-type: none"> ~ Particularly useful for challenges with neighborhood connectivity and housing affordability ~ Retail concessions or service station development projects; neighborhoods divided by highways 	
	Above-Grade Joint Development	Projects that involve the transfer of air rights, which are development rights above or below transportation infrastructure.	Yes	Capex	Highway & Transit	Funding & Financing	Medium	Immediate or delayed	Simple / Moderate	Medium	<ul style="list-style-type: none"> ~ Particularly useful for challenges with neighborhood connectivity and housing affordability ~ Joint developments near transit stations 	Capitol Crossing - Air Rights Joint Development
	Utility Joint Development	Projects that take advantage of the synergies of broadband and other utilities with highway right-of-way.	Yes	Capex	Highway & Transit	Funding & Financing	Medium	Immediate or delayed	Simple / Moderate	Medium	<ul style="list-style-type: none"> Common uses: fiber optics, gas pipelines, solar panels, electrical utilities. 	
Naming Rights	Naming Rights	A transaction that involves an agency selling the rights to name infrastructure to a private company.	Yes	Capex / O&M	Transit	Funding	Low	Immediate	Simple	Medium / High	<ul style="list-style-type: none"> ~ Doesn't have to be a developer, can advertise any company ~ Often used for transit stations, rest stops, and agency-owned fleets 	Ohio Department of Transportation, Freeway Safety Patrol Naming Rights