Economic Benefits of Multi-Modal Transportation and Mixed-Use

NACTO Phoenix 2013
In transportation planning, a mode is a type of travel. For instance, taking the bus is one mode, while driving is another. Walking is the most basic mode. Improving the function of streets is vital and must be viewed as a means to move people; not just cars. Multi-modal streets are streets that can comfortably accommodate multiple modes of transportation, including:

- public transportation,
- pedestrians,
- bicycles,
- private vehicles

Multi-modal streets accommodate more trips by more people in the same amount of space by improving transit and providing better pedestrian and bicycle facilities. Multi-modal streets consider all types of transportation to be equally important, helping mixed-use development become successful as well as reducing traffic congestion.

greenprint denver

Multi-modal Transportation defined
ITE definition of MXD: “A mixed-use development or district consists of two or more land uses between which trips can be made using local streets, without having to use major streets. The uses may include residential, retail, office, and/or entertainment. There may be walk trips between the uses”
Mixed-use development is development that blends residential, commercial, cultural, institutional, and where appropriate, industrial uses. Mixed-use development: allows for greater housing variety and density, reduces distances between housing, workplaces, retail businesses, and other destinations encourages more compact development strengthens neighborhood character promotes pedestrian and bicycle friendly environments.
Smart growth at the neighborhood level

Status Quo

Smart Growth

Walkable versus Drive-Only
Must-Drive Sprawl  vs  Walkable Urbanism

Must-Drive versus Walkable Neighborhood
Walkable Neighborhood with Mixed-Uses means more Multi-Modal Transportation
The optimal size of a neighborhood is a quarter-mile from center to edge. For most people, a quarter mile is a five-minute walk. For a neighborhood to feel walkable, many daily needs should be supplied within this five-minute walk. That includes not only homes, but stores, workplaces, schools, houses of worship, and recreational areas.
Phoenix, AZ
East Van Buren Street at North 37th Street
Phoenix, AZ

East Van Buren Street at North 37th Street
Phoenix, AZ
East Van Buren Street at North 37th Street
Phoenix, AZ
East Van Buren Street at North 37th Street
Phoenix, AZ

East Van Buren Street at North 37th Street
The Walkable Urban Structural Shift

There is a game-changing structural shift underway in real estate.

New research reveals how walkable urban places and projects will drive tomorrow’s real estate industry and the economy.

Different public policy and real estate strategies are needed to take advantage of these market trends.

What was perceived as a niche market has become the market.
WalkUPs vs. Drivable Sub-Urban

Comparing Average Rents per Sq. Ft.

- Average annual office rent in Established WalkUPs is $18.55 per square foot, compared to $14.23 for drivable sub-urban office rents, a 30-percent rental premium. This is a lower differential than in metro D.C., where there was a 75-percent office premium. One potential reason
SMART GROWTH AND ECONOMIC SUCCESS:
BENEFITS FOR REAL ESTATE DEVELOPERS, INVESTORS,
BUSINESSES, AND LOCAL GOVERNMENTS
<table>
<thead>
<tr>
<th>Strategy</th>
<th>Potential Benefits to Real Estate Developers and Investors</th>
<th>Potential Benefits to Businesses</th>
<th>Potential Benefits to Local Governments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop compactly, redeveloping land with existing infrastructure when possible</td>
<td>Reduced costs for land and infrastructure</td>
<td>Increased economic productivity that attracts additional investment</td>
<td>Reduced costs of providing fire and police protection, utilities, schools, and other public amenities</td>
</tr>
<tr>
<td>Create walkable places</td>
<td>Increased sales and increased sale prices</td>
<td>Increased economic activity</td>
<td>Higher property and sales tax revenue</td>
</tr>
<tr>
<td>Provide a diverse range of choices in land uses, building types, transportation modes, housing, workplace locations, and stores</td>
<td>Increased sales and increased investment value</td>
<td>Increased ability to attract employees and customers</td>
<td>Increased tax base from higher property values and new residents</td>
</tr>
</tbody>
</table>
Exhibit 8: Average Annual Costs for Housing Plus Transportation. Transportation costs vary significantly by community even where housing costs and income are similar. Communities in the city and inner suburbs consistently have lower combined housing and transportation costs than outer suburban and exurban communities. Census block group data on median income is averaged to produce a community average median income. Median income is reported for urban locations because they correspond to single block groups. Chart courtesy of Center for Neighborhood Technology.
Green Infrastructure’s contribution to economic growth: a review

A Final Report for Defra and Natural England

July 2013
## Case studies

<table>
<thead>
<tr>
<th></th>
<th>Glasgow Green Renewal</th>
<th>Birmingham Canalside</th>
<th>Philadelphia Land Care</th>
<th>Stream Restoration, Seoul</th>
<th>Highline Linear Park, NYC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change</strong></td>
<td>Park Improvement</td>
<td>Canal and canal-side improvement</td>
<td>Greening of vacant residential lots</td>
<td>Restoration of stream with footpath, man-made wetland and forest</td>
<td>New elevated urban public park</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>£15.5 million</td>
<td>Not quantified</td>
<td>Small - not quantified</td>
<td>Not quantified</td>
<td>$153 million</td>
</tr>
<tr>
<td><strong>Anticipated outcome</strong></td>
<td>Job creation;</td>
<td>Job creation;</td>
<td>Property value increase.</td>
<td>Businesses relocate to area;</td>
<td>Businesses relocate to area;</td>
</tr>
<tr>
<td></td>
<td>tax revenue;</td>
<td>Land values;</td>
<td></td>
<td>Tourism spend;</td>
<td>Jobs created;</td>
</tr>
<tr>
<td></td>
<td>land values;</td>
<td>Visitor spending.</td>
<td></td>
<td>Health benefits.</td>
<td>Health benefits.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>47% increase in Council Tax receipts;</td>
<td>30 FTE jobs created plus 77-96 jobs supported through visitor expenditure; 25.7 - 57.1 million property value uplift.</td>
<td>Significant increase in property value in some areas.</td>
<td>Number of workers increased by 0.8% against a decrease of 2.6% in other areas of central Seoul;</td>
<td>103% increase in property values near the park between 2003 - 2011; 4 million visitors.</td>
</tr>
<tr>
<td><strong>Other causal factors considered?</strong></td>
<td>Impact of wider regeneration of the East End of Glasgow not considered.</td>
<td>Impact of the wider regeneration of the area, the state of property market and some additional public funding all relevant and not considered.</td>
<td>Other causes of changes to property prices were considered and the model controlled for these.</td>
<td>Before and after comparison does not allow for displacement or other factors.</td>
<td>Before and after comparison does not allow for displacement or other factors, such as macro-economic conditions.</td>
</tr>
</tbody>
</table>
Neighborhoods First
A low risk, high return strategy for a better Brainerd.

2014 Neighborhood Improvements
Northeast Brainerd
prepared by
A Better Brainerd
PUBLIC RETURN ON INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>College Drive Expansion</th>
<th>Airport Utility Extension</th>
<th>Neighborhood Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Cost</td>
<td>$9,695,940</td>
<td>$7,100,000</td>
<td>$16,746</td>
</tr>
<tr>
<td>Payback Period (years)</td>
<td>20</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Annual Worth Factor (3%)</td>
<td>0.0672</td>
<td>0.0672</td>
<td>0.2184</td>
</tr>
<tr>
<td>Needed Annual Revenue</td>
<td>$651,634</td>
<td>$477,120</td>
<td>$3,657</td>
</tr>
<tr>
<td>Assumed Development Mix</td>
<td>50% Commercial, 50% Residential</td>
<td>100% Commercial</td>
<td>100% Residential</td>
</tr>
<tr>
<td>Tax Classification Rate</td>
<td>0.015</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>City Tax Rate</td>
<td>54.24%</td>
<td>54.24%</td>
<td>54.24%</td>
</tr>
<tr>
<td>Needed Tax Base Growth for the Project to be Viable (in current dollars)</td>
<td>$80,092,720</td>
<td>$43,982,301</td>
<td>$674,286</td>
</tr>
</tbody>
</table>

To be financially viable for the future residents of the city, College Drive needs to create $80 million in additional tax base and the Airport utility extension an additional $44 million just to cover the long term infrastructure costs. This does not include the additional costs of snow plowing, landscape maintenance, staffing, fire and police service or other costs associated with new growth, which will require even more tax base growth to fund. Since these projects are ostensibly undertaken for the overall health and betterment of the city, it should also be pointed out that these are the bare minimum numbers needed to avoid future tax increases on all private property owners. Far more growth in the tax base is needed for the public’s “investment” in these projects to actually result in a reduction in tax rates or more money for improved services.

In comparison, the Neighborhood Improvements outlined in this report can be sustained indefinitely with only a $674,000 increase in the tax base, a small percentage of the neighborhood’s overall value. No additional services will be needed so any net increase above that amount provides additional revenue that can be used to improve services and/or reduce taxes.

“Free money is bankrupting the city of Brainerd.”
Redwood City, CA - Downtown Renaissance
Three steps to downtown economic renaissance

Redwood City, California, brought a humdrum business district back to life by:

• creating better public spaces,
• adding an anchor,
• Implementing form-based codes to unleash the private sector.

Better! Cities & Towns  7 Aug 2013
Downtown Redwood City Housing Production

- Fully Private
- RDA Assisted

Redwood City, CA - Renaissance
# Exhibit 1: Annual Tax Yield per Acre in Sarasota County

<table>
<thead>
<tr>
<th>Rank</th>
<th>Use Description</th>
<th>Tax Yield (Thousands of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>County Single-Family</td>
<td>$63,654</td>
</tr>
<tr>
<td>2</td>
<td>County Multi-Family</td>
<td>$77,907</td>
</tr>
<tr>
<td>3</td>
<td>City (of Sarasota) Single-Family</td>
<td>$88,021</td>
</tr>
<tr>
<td>4</td>
<td>Big Box Discount Shopping Center</td>
<td>$8,374</td>
</tr>
<tr>
<td>5</td>
<td>Regional Mall (Sarasota Square)</td>
<td>$10,579</td>
</tr>
<tr>
<td>6</td>
<td>Grocery-Anchor Shopping Center (Sarasota Crossings)</td>
<td>$13,087</td>
</tr>
<tr>
<td>7</td>
<td>Fast Food Restaurant</td>
<td>$15,458</td>
</tr>
<tr>
<td>8</td>
<td>Upscale Mall (Southgate)</td>
<td>$21,732</td>
</tr>
<tr>
<td>9</td>
<td>Mixed-Use Low-rise (33 Palm Avenue)</td>
<td>$1,472</td>
</tr>
<tr>
<td>10</td>
<td>Mixed-Use Mid-rise (Orange Blossom Tower)</td>
<td>$790,452</td>
</tr>
<tr>
<td>11</td>
<td>Mixed-Use High-rise (1350 Main Street)</td>
<td>$1,195,740</td>
</tr>
</tbody>
</table>

- Residential
- Single-Use Commercial
- Urban Mixed-Use


*Based on average sales price, per Sarasota County Board of Realtors, 2009 data.

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The Missing Metric - Peter Katz
$50,800
Total Taxes/Acre to City

$414,000
Total Taxes/Acre to City
Preliminary results from a new study suggest that Americans are willing to pay about $850 more per Walk Score point when purchasing a home.

Emily Washington and Eli Dourado, the researchers behind the project, used revealed preference theory to uncover the extent to which walkability can inform a homebuyer’s choices.

Planetizen.com
1. Urban Design: cnu.org
8. The Smart Math of Mixed-Use Development - Joe Minicozzi: http://www.planetizen.com/node/53922