

# Economic Development Analysis Update

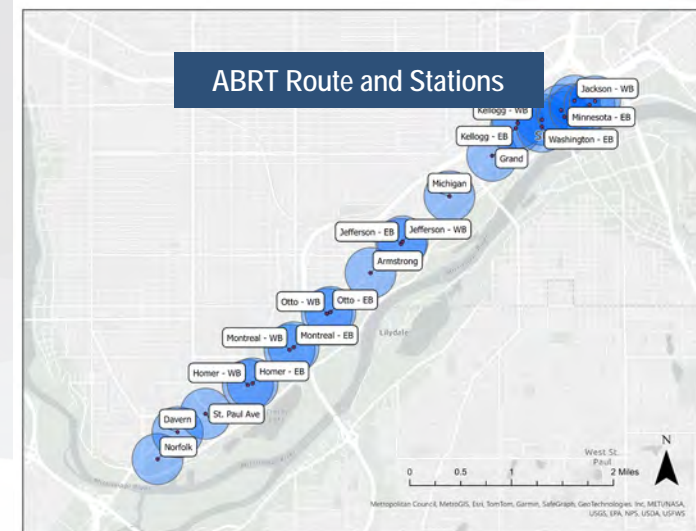
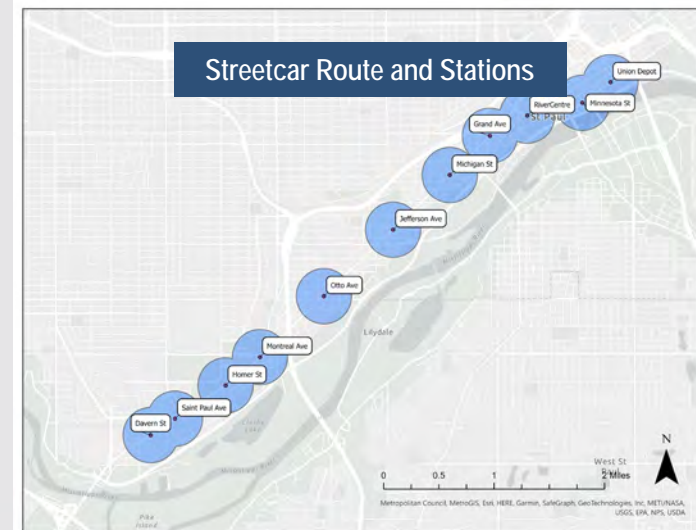
# Riverview Economic Development Analysis (EDA)

## Purpose

- Analyze the projected economic development impacts of Arterial Bus Rapid Transit (ABRT) and Streetcar in the Riverview Corridor:
  - Real estate value appreciation.
  - New development generated by new transit investment.

## Not a “Return on Investment” Assessment

- Does not include detailed equivalent cost comparison.
- Does not evaluate benefits other than real estate value and new development.
  - No analysis of direct benefits such as reduced travel times, enhanced safety, and reduced emissions.
  - No analysis of indirect benefits such as improved access to labor shed and regional construction benefits.
- Only looks at economic development benefits in Saint Paul.



# The Riverview EDA does not look at the difference between Streetcar Option 1 and Option 2

- Qualitative differences can impact economic development.
- But differences are not easy to measure and forecast.

Potential Economic Development Issue	Streetcar—Option 1 (Center-Running Portion)	Streetcar—Option 2 (Side-Running Portion)
Ridership Numbers	Ridership numbers are nearly equal (2040 Forecast: 11,600)	Ridership numbers are nearly equal (2040 Forecast: 11,200)
Speed and Reliability	More dedicated lanes means more reliable service	More shared use lanes means more potential for delays
Pedestrian Access	Pedestrians must cross to center stations and can only cross at signalized intersections	Pedestrians can access transit from the curb and can cross at most intersections
Vehicular Traffic Movements	Limited left turns for vehicles	More options for left turns for vehicles
On-Street Parking	Very limited space for on-street (about 35 spaces remain)	Much on-street parking can remain (about 400 spaces remain)
Delivery/Loading Operations	Impact to curb-side delivery	Impact to curb-side delivery but option to add loading zones at expense of parking

# The Riverview EDA uses four model studies to develop methodology

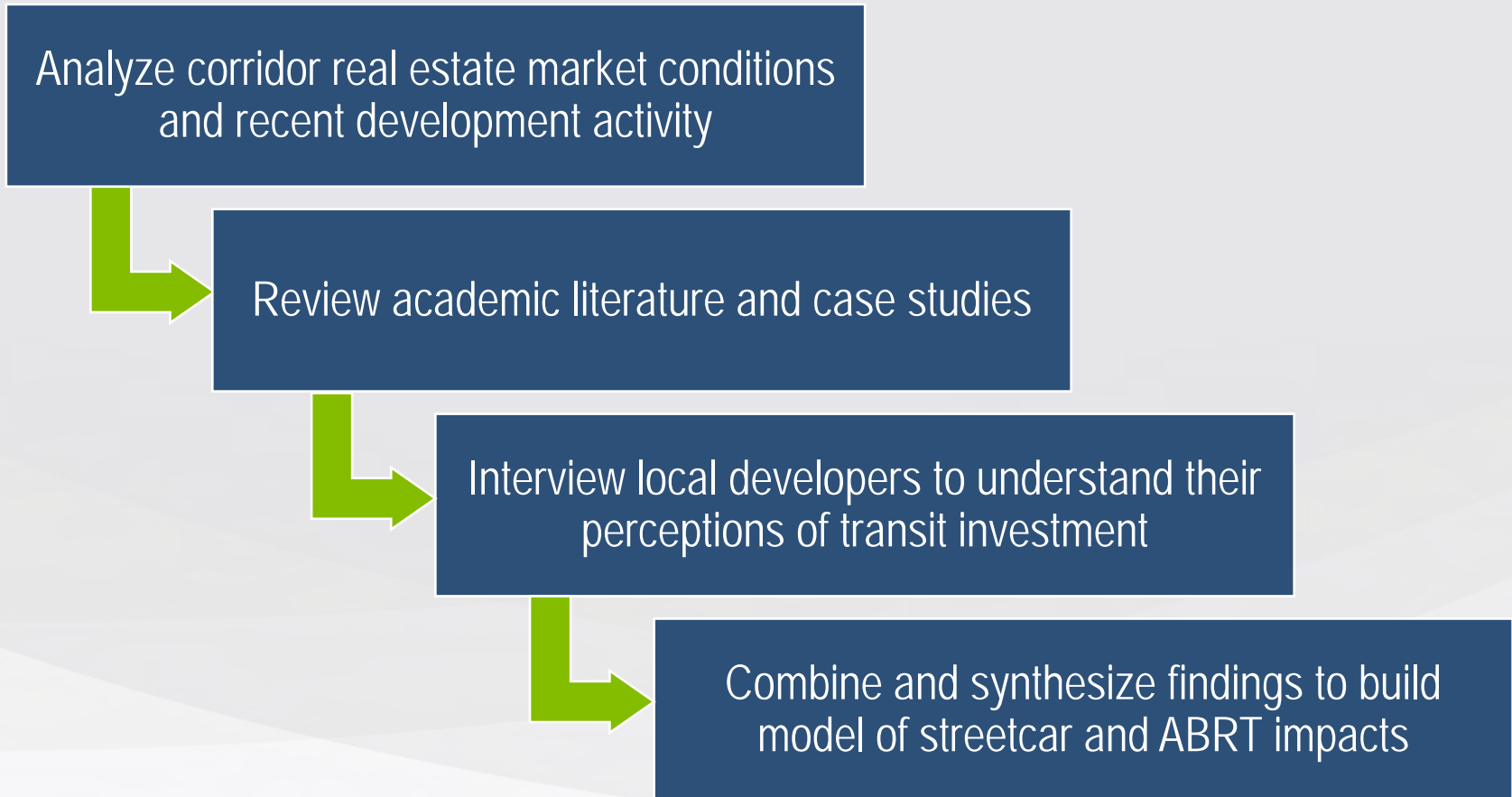
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- **Economic Development Impacts of Transit Alternatives—West Broadway Transit Study** (SRF Consulting Group Team), Minneapolis, Minnesota, November 11, 2015
- **Oklahoma City Modern Streetcar Project Land Use and Economic Development Assessment** (E.D. Hovee & Company, LLC), Oklahoma City, Oklahoma, November 6, 2013
- **Economic Development Impacts for Colfax Corridor** (Leland Consulting Group and P.U.M.A.), Denver, Colorado, June 2013
- **Value Capture and Tax-Increment Financing Options for Streetcar Construction** (The Brookings Institution, HDR, Re-Connecting America, and RCLCO), Washington, D.C., June 2009

# The Riverview EDA follows the same basic methodology as the model studies

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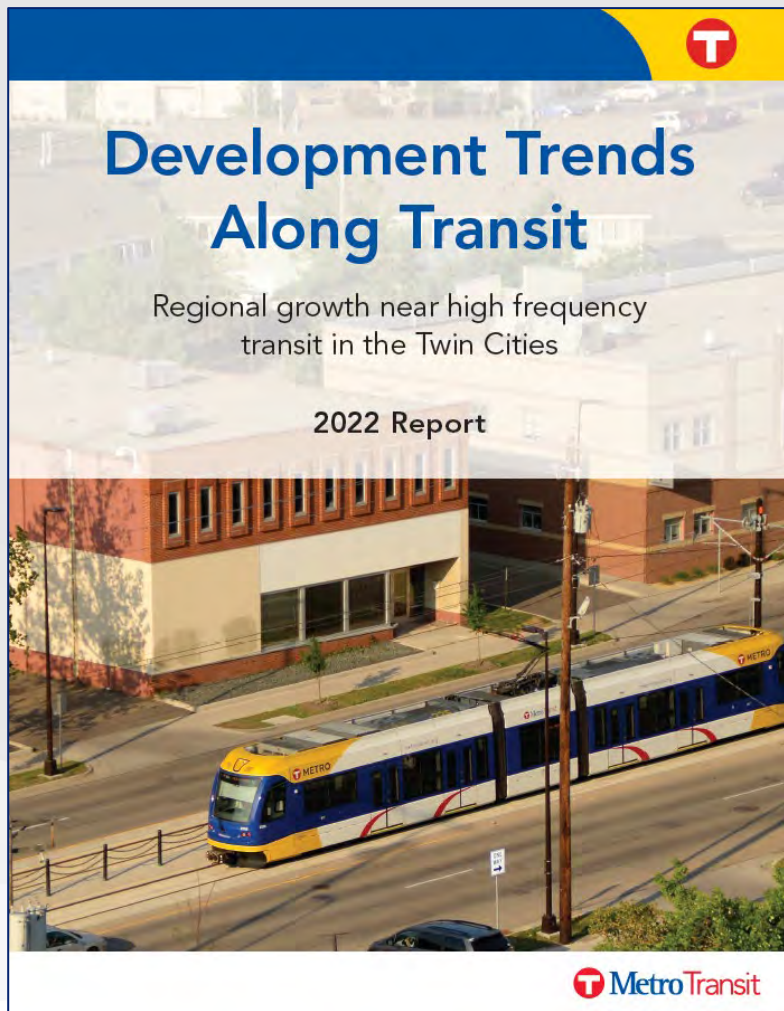
# Literature review and case study analysis finds that, generally, fixed rail is more impactful than arterial BRT



- Most significant drivers of development are supportive public policy and favorable market conditions.
- Light rail systems and streetcars have generated significant value premiums for multifamily and commercial uses.
- BRT with dedicated lanes can create value premiums comparable to fixed rail premiums. However, BRT without dedicated lanes is less impactful.
- Results vary significantly across different metro areas and time periods.
- No study can provide definitive estimates of modality differences.

Photos from Steve Morgan, Wikimedia Commons, and King County

# Local development trends were analyzed to understand evidence for the Twin Cities Metro Area



- Study found that since 2009, 36% of regional development has occurred along high-frequency transit lines.
- More development occurred along fixed-rail LRT than ABRT or high-frequency bus lines.
- These corridors include popular neighborhoods, so much of the development momentum cannot be attributed to transit.
- The quality and frequency of the line are critical to attract new development.



# Interviews with local developers echoed findings from case studies and literature review

- Interviewed eight real estate developers and economic development professionals.
- Asked about how they think about fixed rail versus ABRT infrastructure.
- Most agreed that fixed rail is more attractive for developers.
- Some said that ABRT can also drive development, but not as strong as fixed rail.
- Developers said it was a qualitative factor for development.
- Concerned about recent ridership trends/crime trends for transit projects.



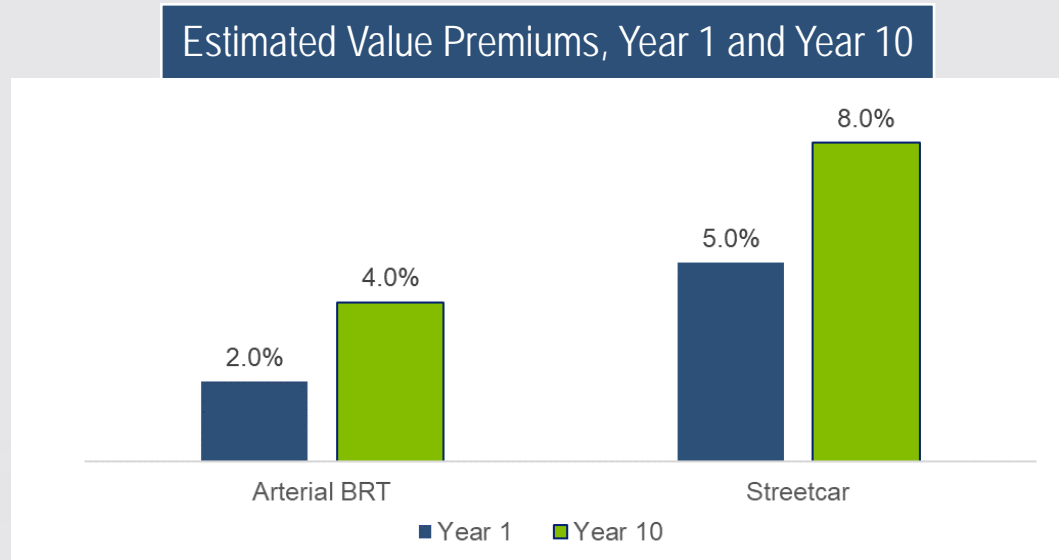
Photos from LOCi Consulting LLC



# Transit projects create value two ways:

## (1) The project drives existing property values higher

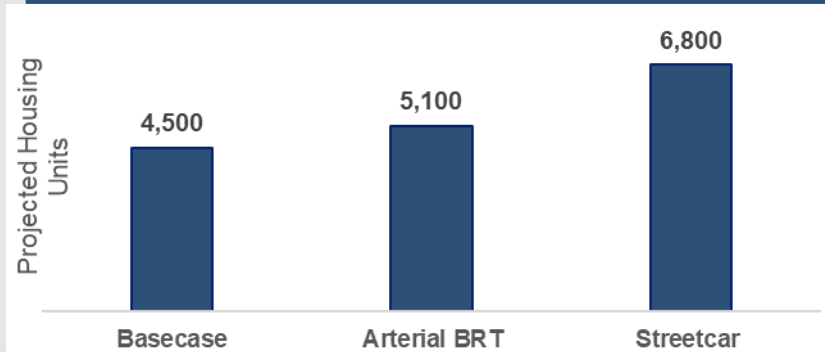
- Existing property value premiums are estimated using model studies, literature review, and case studies.
- Properties within 0.25 miles of stations.
- Impacted real estate is projected to see value premiums in Year 1 of operations.
- Growth is projected to continue through Year 10.



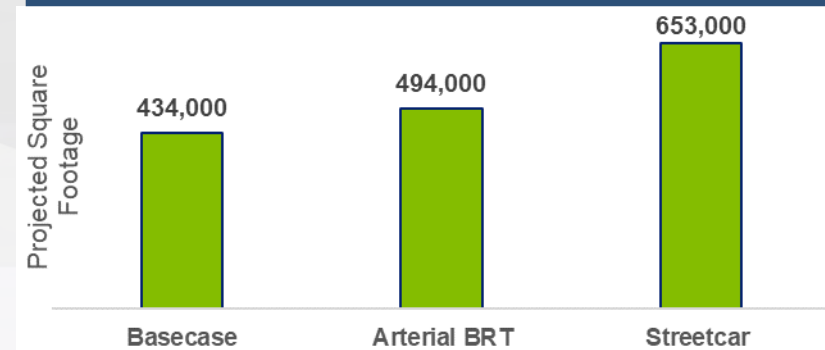
Source: Perkins+Will; LOCi Consulting LLC

# And (2), higher values incentivize new development and redevelopment projects in the corridor

Forecasted Residential Development, 2033-2053



Forecasted Commercial Development, 2033-2053



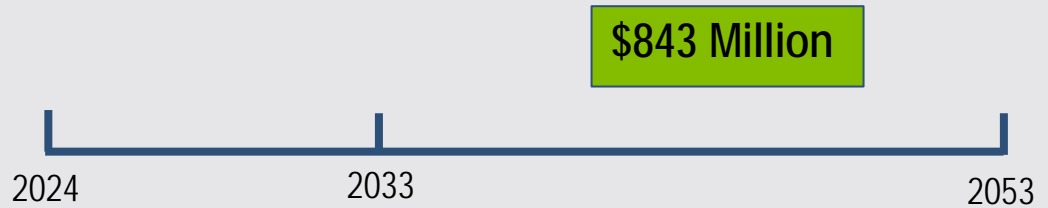
Source: Perkins+Will; LOCI Consulting LLC

- The Riverview EDA identified key areas for potential development or redevelopment in the corridor.
- Estimated base case development forecast using previous development trends.
- Synthesized model studies, literature review, case studies, and developer interviews to estimate incremental new development and redevelopment.

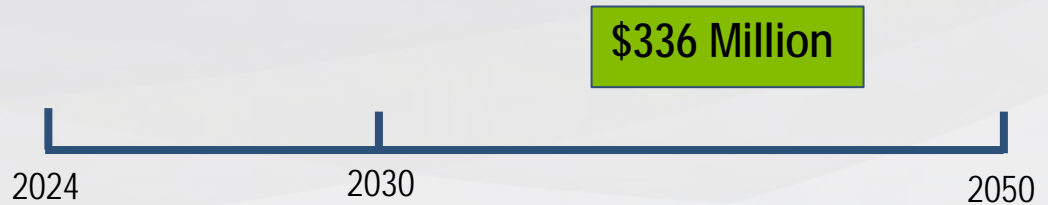
# Riverview EDA Findings—Estimated Incremental Real Estate Value Created



## Streetcar:



## ABRT:



\* 20-year post-development period. Dollars are shown in projected dollars for first year of operation (2033 for Streetcar; 2030 for ABRT) with assumed 3.5% inflation. Estimate is present value discounted to the first year of operations.