

Executive Summary Economic Impact Analysis Passenger Rail Station Areas

Prepared for



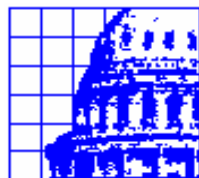
Austin-San Antonio Intermunicipal Commuter Rail District

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Introduction

The Austin-San Antonio Intermunicipal Commuter Rail District (Rail District) was authorized by the 77th Texas State Legislature and was created in 2003. The initial members included the cities of Austin and San Antonio, Travis and Bexar Counties, and VIA and Capital Metro transit authorities. The Rail District is currently conducting planning studies for implementing and operating commuter rail service in a 112-mile corridor that runs from Georgetown, at the north end, to KellyUSA in San Antonio, at the south end. The results of this planning work will be submitted to the Federal Transit Administration (FTA) for potential “New Starts” federal funding and will include an evaluation of the economic development potential and a financial plan for the commuter rail system. Funding will also come from local sources.

The Station Area Economic Impact Analysis focuses on the economic development potential for 15 station locations in the corridor and addresses the potential for tax base enhancement and revenue generation at each station location. Under the enabling legislation, the Rail District may create Tax Increment Finance (TIF) districts for each station area. Revenues from these TIF districts can be used to help pay for station construction, infrastructure upgrades and the operation of the commuter rail service. Consequently, it is important to quantify this potential revenue stream and calculate its contribution to the overall financing plan for the commuter rail system.

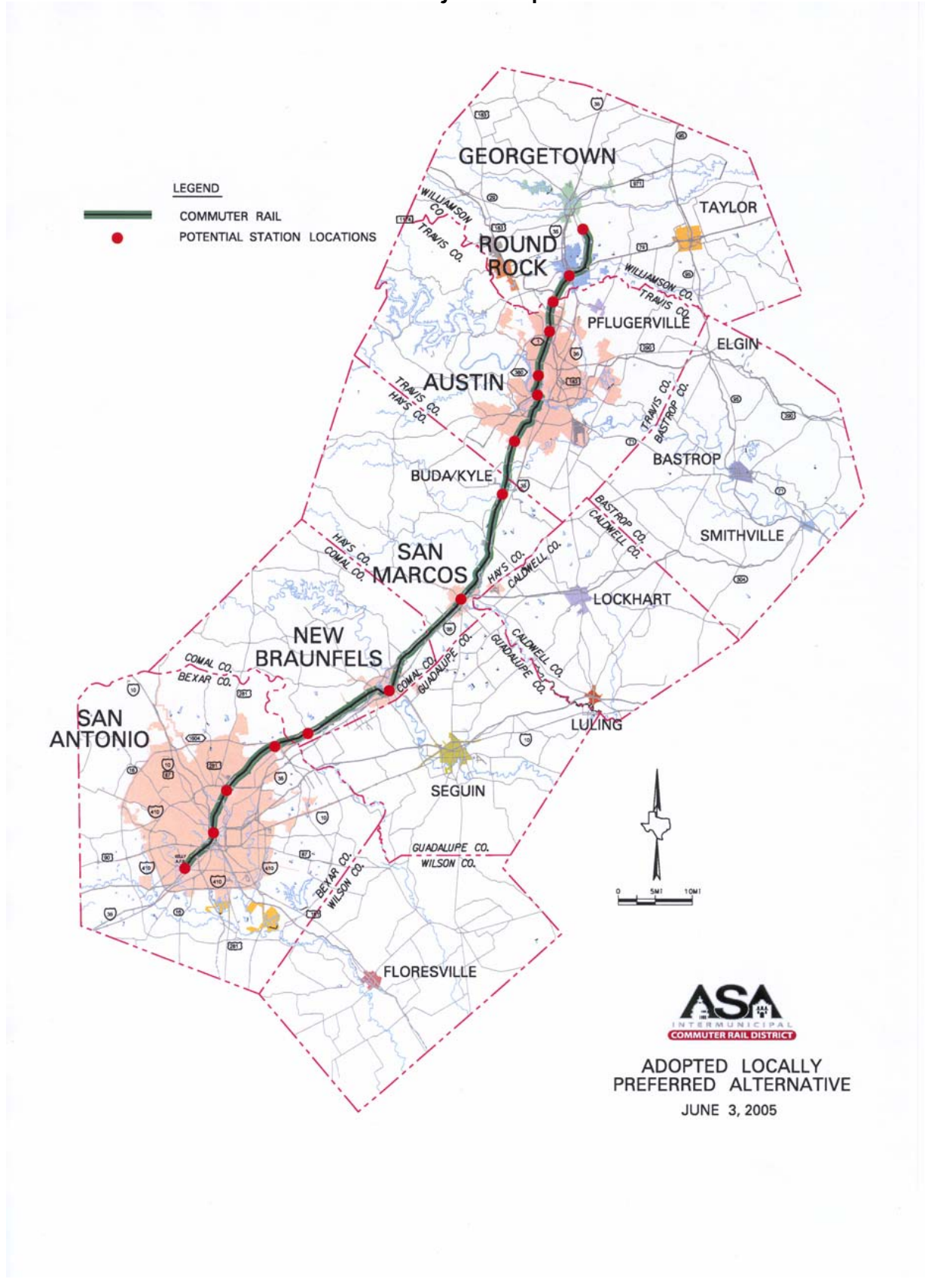
The results of the station area economic impact assessment are summarized in Table 1 below. The revenue calculation for each station location is based upon 30% of the tax revenue increment over 25 years that results from development around the stations. This 30% capture rate is the maximum amount allowed under the current legislation and includes all ad valorem taxes with the exception of affected school districts. The revenue estimates also do not include any potential sales tax revenue sharing agreement with the affected cities.

Table 1
Station Area Impact Analysis

Station Area	Current Value	Value in 2030	Increase in Value	Property Taxes less ISD	Potential Property Tax Revenue (30%)
Georgetown	\$2,432,882	\$301,285,559	\$298,852,677	\$0.8459	\$6,873,291
Round Rock	\$37,248,059	\$107,495,505	\$70,247,446	\$0.8907	\$3,227,736
McNeil Road	\$1,107,190	\$419,369,546	\$418,262,356	\$1.3662	\$22,643,597
Braker Lane	\$67,166,533	\$287,198,288	\$220,031,755	\$1.0981	\$12,257,605
35th Street	\$43,358,457	\$356,323,620	\$312,965,163	\$1.0981	\$15,040,301
Seaholm	\$142,736,610	\$689,928,820	\$547,192,210	\$1.0981	\$30,312,463
Slaughter Lane	\$41,796,175	\$462,827,707	\$421,031,532	\$1.0981	\$12,539,042
Kyle-Buda	\$610,449	\$389,621,229	\$389,010,781	\$0.7951	\$8,400,021
San Marcos	\$36,296,335	\$353,914,523	\$317,618,188	\$0.9340	\$11,383,019
New Braunfels	\$18,479,540	\$125,340,823	\$106,861,283	\$0.8272	\$4,159,574
Schertz	\$6,624,636	\$182,290,030	\$175,665,394	\$0.6113	\$2,934,856
Loop 1604	\$5,182,294	\$210,729,165	\$205,546,872	\$1.3249	\$10,153,697
Loop 410	\$17,324,833	\$251,488,924	\$234,164,091	\$1.2771	\$11,341,315
San An. CBD	\$23,360,365	\$294,187,758	\$270,827,393	\$1.2771	\$9,778,935
KellyUSA	\$1,468,300	\$2,722,146	\$1,253,846	\$1.2734	\$56,158
Total	\$445,192,658	\$4,434,723,643	\$3,989,530,987	\$1.05	\$161,101,636

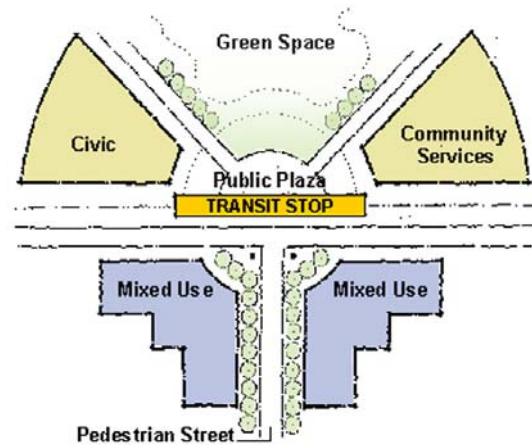
Source: Capitol Market Research, April 20, 2006

Figure 1
Project Map



Transit-Oriented Development

The concentration of land uses near transit stations, generally referred to as “Transit-Oriented Development” (TOD), is intended to be a mixed-use, pedestrian-oriented environment where people can live, work, shop and be entertained within easy access to transit facilities. Because access to transit services brings people to the station area, the prospect for economic development within a 1,500-foot radius of the station is enhanced relative to other land parcels in the market area. The increased accessibility offers an opportunity to develop housing at higher density than might otherwise be feasible, while also encouraging a broader mix of uses. Overall, the benefits of TOD include the development of underutilized land uses, an increase in transit ridership, expansion of retail sales in the market area and increased local tax base.



The development of a Station Area (TOD) Development plan must respect the market forces active in the area and at the subject sites. The analysis conducted by Capitol Market Research (CMR) establishes a framework for determining the scale of development and likely mix of uses that will develop around the stations. The increment in development value (over the base year value) varied widely from one station to another, based on the market opportunities and development constraints present at each station location. In addition, the variance in tax rates among various jurisdictions had a significant impact on the potential for generating revenue for the Rail District.

TIF Revenue Potential

Table 1 indicates the total revenue potential from property tax increments of \$161.1 million based on an increase in assessed value of \$3.99 billion, over the next 25 years. The average increment in value is \$265.9 million per station, but the increment ranges from \$547.2 million at the Seaholm Station in downtown Austin to \$1.3 million at the station located near KellyUSA. Figure 2 shows that stations located at “Greenfield” locations had more potential for value enhancement, while “Redevelopment” infill locations offered fewer opportunities due primarily to the presence of existing single-family neighborhoods within the ¼-mile radius. The most notable exception to this rule is at the Seaholm Station in downtown Austin, where several dense infill developments are planned in close proximity to the station platform. Most of the sites in the corridor are infill/redevelopment sites; however seven of the 15 stations are Greenfield locations (Georgetown, McNeil, Braker Lane, Slaughter Lane, Kyle-Buda, Schertz and Loop 1604).

Figure 3 shows the variance in the cumulative tax rates for each station location. The highest tax rate (\$1.3662) is at the McNeil Road station, which has City of Austin and Williamson County taxes. The lowest rate is in Schertz (\$0.6113), which has city and Comal County taxes. Consequently, the variance in value increment combined with the variance in tax rate yields a very wide range in potential for rail district revenue enhancement.

Figure 2
Increment in Value by Station Location

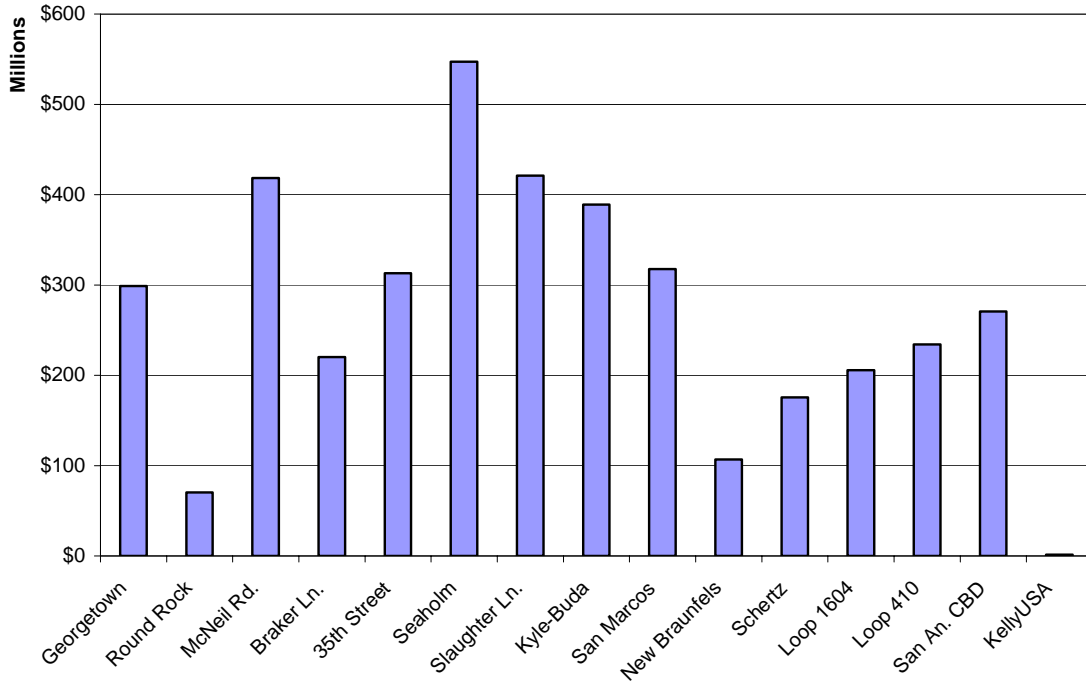
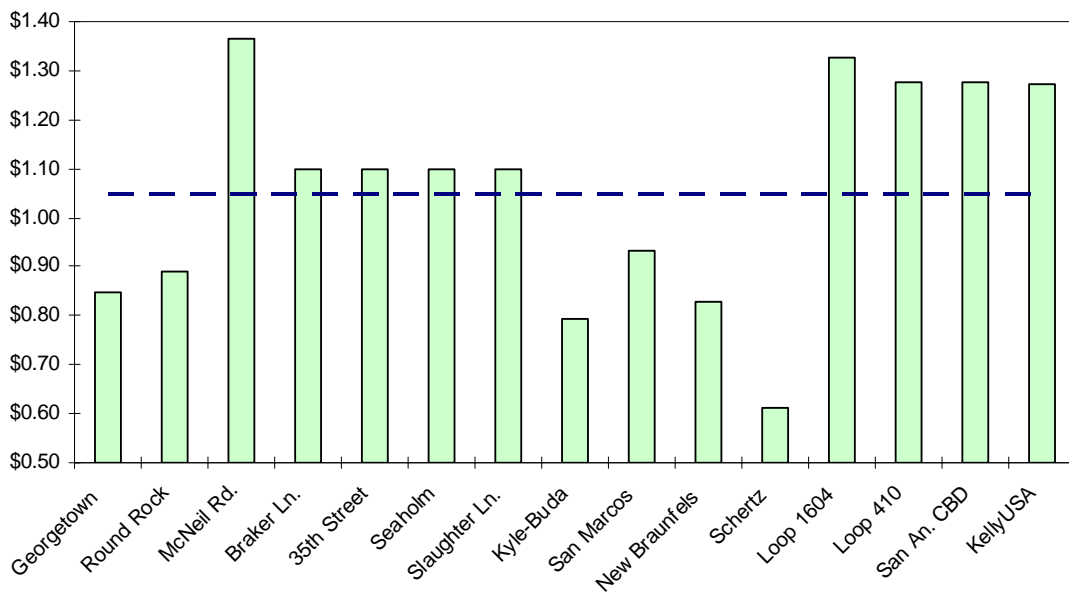


Figure 3
Cumulative Tax Rate by Station Location



The opportunities for new development are significantly affected by the market forces already evident in the area and current plans underway for new development. The future development prospects at Braker Lane, for example, are already established by the site plans filed for Domain Crossing and Arborwalk, which call for a traditional low-density suburban power center. While the potential for value increment is good (\$220.0 million), market demand in the area could support denser development, and a higher increment in value. In another example, the site that would serve the KellyUSA redevelopment is located outside the base, isolated by grade-separated roadways, constrained by existing land uses and located in an under-performing market area. For this location, the potential for value enhancement is negligible.

The existing roadway system and planned improvements also have an effect on the economic development potential at the station locations. The opportunities for new development are enhanced if the area is located at the intersection of two major thoroughfares (e.g. McNeil Road and 35th Street) and diminished if the thoroughfare capacity is under sized (e.g. Georgetown and New Braunfels).

And finally, the potential for development or redevelopment is significantly affected by the amount of land within a quarter mile of the station that can be developed. This is particularly true for urban infill sites that are already built out (like Round Rock) or where the land is government-owned and unlikely to be redeveloped (e.g. 35th Street, west of MoPac and Downtown San Antonio).



Thus, the combination of market demand, development already underway, proximity to major arterials and development constraints results in a unique development prospect for each station area. These factors have been evaluated for each station and are summarized in Table 2 below.

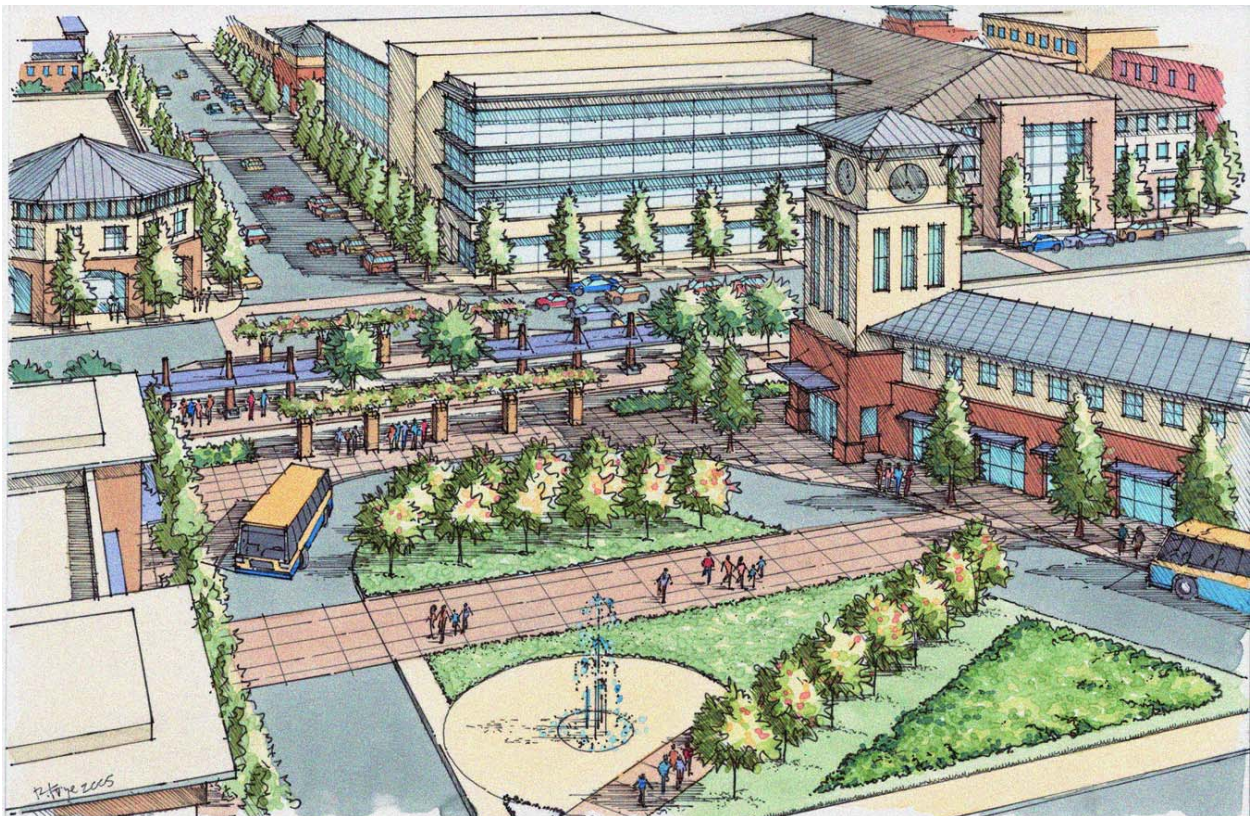
Table 2
Station Area Development Potential

Station Area	Development Potential	Planned Development Underway	Current Roads and Visibility	Development Character	Land Availability
Georgetown	Very High	SF Housing	Adequate	Greenfield	Good
Round Rock	High	None	Adequate	Redevelopment	Low
McNeil Road	Very High	None	Excellent	Greenfield	Excellent
Braker Lane	Very High	Power Center	Excellent	Greenfield	Good
35th Street	Very High	Some Housing	Excellent	Redevelopment	Low
Seaholm	Very High	Condos & Retail	Excellent	Redevelopment	Low
Slaughter Lane	High	None	Good	Greenfield	Good
Kyle-Buda	Very High	Retail Center	Excellent	Greenfield	Excellent
San Marcos	High	None	Good	Redevelopment	Good
New Braunfels	Moderate	new apartments	Adequate	Redevelopment	Low
Schertz	High	Off/Whse & Retail	Good	Greenfield	Good
Loop 1604	Moderate	New Retail	Excellent	Greenfield	Excellent
Loop 410	High	New Retail	Excellent	Redevelopment	Low
San Antonio CBD	High	None	Good	Redevelopment	Low
KellyUSA	Very Low	None	Poor	Redevelopment	Low

Source: Capitol Market Research, January 9, 2006

Recommendations

In the course of conducting this analysis, it became apparent that in some areas, a rather minor adjustment to the station location would result in a substantial improvement in the potential for value enhancement as a result of improved development potential. Most of the station locations with very high development potential are located in the north end of the rail corridor. This is due, in part, to the selection of station locations in Austin that have more potential for TOD development due to their greenfield location or very strong area redevelopment trends. The station area locations that might benefit from relocation include Round Rock, Braker Lane, New Braunfels, Loop 1604, San Antonio CBD and KellyUSA. The most dramatic improvements are likely to occur in New Braunfels and KellyUSA. Of course, Capitol Market Research (CMR) recognizes that the economic development potential at the stations is only one of several important factors to be considered when determining where to locate a commuter rail station, but in some cases such as KellyUSA, the lack of development potential may be a compelling argument for relocation.



Appendix A

Alternative Tax Revenue Rates for Rail District

Station Area Impact Analysis

Station Area	Current Value	Value in 2030	Increase in Value	Property Taxes less ISD	Potential Property Tax Revenue @ 30%	Potential Property Tax Revenue @ 50%	Potential Property Tax Revenue @ 75%
Georgetown	\$2,432,882	\$301,285,559	\$298,852,677	\$0.8459	\$6,873,291	\$11,455,485	\$17,183,227
Round Rock	\$37,248,059	\$107,495,505	\$70,247,446	\$0.8907	\$3,227,762	\$5,379,561	\$8,069,341
McNeil Rd.	\$1,107,190	\$419,369,546	\$418,262,356	\$1.3662	\$22,643,597	\$37,739,329	\$56,608,339
Braker Ln.	\$67,166,533	\$287,198,288	\$220,031,755	\$1.0981	\$12,257,605	\$20,429,341	\$30,644,012
35th Street	\$43,358,457	\$356,323,620	\$312,965,163	\$1.0981	\$15,040,301	\$25,067,168	\$37,600,752
Seaholm	\$142,736,610	\$689,928,820	\$547,192,210	\$1.0981	\$30,312,463	\$50,520,771	\$75,781,157
Slaughter Ln.	\$41,796,175	\$462,827,707	\$421,031,532	\$1.0981	\$12,539,042	\$20,898,403	\$31,347,605
Kyle-Buda	\$610,449	\$389,621,229	\$389,010,781	\$0.7951	\$8,400,021	\$14,000,035	\$21,000,052
San Marcos	\$36,296,335	\$353,914,523	\$317,618,188	\$0.9340	\$11,383,019	\$18,971,699	\$28,457,549
New Braunfels	\$18,479,540	\$125,340,823	\$106,861,283	\$0.8272	\$4,159,574	\$6,932,623	\$10,398,934
Schertz	\$6,624,636	\$182,290,030	\$175,665,394	\$0.6113	\$2,934,856	\$4,891,427	\$7,337,140
Loop 1604	\$5,182,294	\$210,729,165	\$205,546,872	\$1.3249	\$10,153,697	\$16,922,828	\$25,384,242
Loop 410	\$17,324,833	\$251,488,924	\$234,164,091	\$1.2771	\$11,341,315	\$18,902,192	\$28,353,288
San An. CBD	\$23,360,365	\$294,187,758	\$270,827,393	\$1.2771	\$9,778,935	\$16,298,226	\$24,447,338
KellyUSA	\$1,468,300	\$2,722,146	\$1,253,846	\$1.2734	\$56,158	\$93,596	\$140,394
Total	\$445,192,658	\$4,434,723,643	\$3,989,530,987	\$1.05	\$161,101,636	\$268,502,684	\$402,753,370

Source: Capitol Market Research, April 20, 2006