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PLANNING & ECONOMICS
GROUP

Value Capture Analysis

NW 27th Avenue Addendum

Miami-Dade Citizens' Independent Transportation Trust

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A. Introduction and Background

To move forward with the development of major transit corridors in Miami-Dade County, including NW 27th Avenue (the Corridor), the Citizens' Independent Transportation Trust (CITT) requested an update of the value capture estimates prepared in August 2014 for the Corridor by IMG Rebel and Planning and Economics Group (the Project Team). The results of the work performed and the new estimates are presented in this Addendum.

This Addendum discusses the results of the real estate value capture analysis, including assessment districts (ADs) and tax increment financing (TIF) for the Corridor, incorporating the new assumptions. Specifically, three value capture techniques were analyzed:

- AD₁ – This assessment district is based on annual *ad valorem* assessment on property assessment values;
- AD₂ – This assessment district is based on a specific annual assessment on the projected total floor area; and
- TIF – Tax increment financing is based on *ad valorem* annual assessment on incremental property assessment values and incremental floor area development. TIF estimates are prepared for both countywide millage (County TIF) and city or unincorporated municipal services area (UMSA) millage (City/UMSA TIF).

Value capture revenues can be used to fund transit improvements either as: (i) debt service for bonds issued to finance capital costs or (ii) availability payments for the delivery of the transit projects under a public-private partnership.

The August 2014 report on the Corridor applied the same methodology used in the 2013 study titled *Applying Innovative Financing Options for a New Fixed-Route Line in Miami-Dade County*, which focused on a fixed-link between Downtown Miami and Miami Beach. The methodology in this and the other value capture studies has remained the same, but certain assumptions differ.

B. Brief Overview of the Corridor

NW 27th Avenue is one of the few continuous north-south arterials within the County and serves as a gateway between Broward County and central Miami-Dade County. The Corridor is varied with a major sports stadium, commercial developments, a community college and a nearby university, residential areas, and blocks of car repair shops.

The Corridor begins at the Miami Intermodal Center (MIC), located adjacent to the Miami International Airport and extends north along NW 27th Avenue from State Road (SR) 112 (Airport Expressway) to NW 215 Street at the Broward County Line. The total length of the Corridor is approximately 13 miles.

C. Highlights of Changes in Value Capture Analysis

The Project Team made certain changes to assumptions and the manner of determining capacity of bond issuance. It also incorporated a new value capture revenue source and has presented annual value capture revenues. The changes are highlighted below.

- **Assessment in AD₁ and AD₂:** Previously, AD₁ was estimated based on an assessment of \$1 (also known as millage rates) for \$1,000 of property assessment value. In the Addendum the assessments are assumed to be \$0.10, \$0.20, and \$0.50 for \$1,000 of property assessment value. In addition, AD₂ was previously based on \$1 per square foot of floor area while it is \$0.10, \$0.20, and \$0.50 per square foot of floor area in Addendum.
- **Tax Increment Financing (TIF):** In the previous report, TIF estimate was based on 50% of incremental tax revenues dedicated to transit improvements. Currently, the base case share of incremental revenues dedicated to TIF is retained at 50%. A 100% scenario is also presented.
- **Residential Properties in AD₁:** In the previous report, AD₁ estimate did not include residential properties. The Addendum includes residential properties in the AD₁ estimate.
- **Bond Issuance Capacity:** Formerly, bond issuance capacity was calculated on all revenues as of year zero. Currently, it is calculated on incremental value capture revenues. That is, issuance of bonds based on the incremental value capture revenues assumes that bond issuance occurs at specific intervals. Once a certain level of value capture revenues is achieved, bonds are issued backed by those value capture revenues. Relying on incremental revenues to issue bonds reduces the uncertainty of the underlying revenue stream, as uncertainty is restricted only to achieving incremental revenues. ADs rely less on future growth than TIFs as they are based on revenues generated from the initial year (Current Year). TIF revenues, on the other hand, rely on future growth. Future growth supporting TIF revenues can be the result of new floor area development and/or increase in property assessment valuation through the accrual of value premium, which only may occur several years after the transit project is completed.
- **City/UMSA TIF:** TIF was previously calculated only on County millage. A new type of TIF is added to the value capture analysis based on the city or UMSA millage rate. The weighted average city/UMSA millage rate used for the Corridor is \$4.9203. County TIF is based on countywide millage of \$4.6669.
- **Tables for Annual Revenues:** A summary of annual value capture revenues was introduced in the new methodology. Since annual value capture revenues can be used for availability payments in addition to bonding future revenues, this approach allows policymakers broader options with availability payments. It is important to note that availability payments are fixed annual payments subject to indexation while value capture revenues are not necessarily so. This mismatch may require the public agency to supplement availability payments in some years when value capture revenues are volatile.

Table 1: Summary of Current (2014) Property Assessment Value and Floor Area for the Corridor

<i>Land Use Category</i>	<i>Property Assessment Value (\$M)</i>	<i>Percent of Property Assessment Value</i>	<i>Floor Area* (Millions of Square Feet)</i>	<i>Percent of Floor Area</i>
Commercial	339	12.80%	6.19	15.09%
Office	201	7.60%	2.97	7.24%
Industrial	77	2.91%	2.06	5.03%
Other	236	8.93%	3.19	7.77%
Residential	981	37.07%	19.97	48.68%
Government/Public Use	812	30.68%	6.65	16.20%
Total	2,647	100.00%	41.03	100.00%

* Parcels without assessment value such as canals, streets and roads, transit and railroad properties, canals and waterways, etc. have been excluded.

Table 2: Summary AD1 Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>\$0.10 / \$1000 of Property Assessment Value</i>			
<i>Slow Growth</i>	Current Year	2,268,540	183,119
	Year 5	289,538	23,373
	Year 10	253,753	20,483
	Total	2,811,831	-
<i>Medium Growth</i>	Current Year	2,268,540	183,119
	Year 5	452,744	36,546
	Year 10	416,958	33,654
	Total	3,138,242	-
<i>Fast Growth</i>	Current Year	2,268,540	183,119
	Year 5	1,268,769	102,415
	Year 10	253,753	20,483
	Total	3,791,062	-
<i>\$0.20 / \$1000 of Property Assessment Value</i>			
<i>Slow Growth</i>	Current Year	4,537,080	366,238
	Year 5	579,076	46,746
	Year 10	507,506	40,966
	Total	5,623,662	-
<i>Medium Growth</i>	Current Year	4,537,080	366,238
	Year 5	905,488	73,092
	Year 10	833,916	67,308
	Total	6,276,484	-
<i>Fast Growth</i>	Current Year	4,537,080	366,238
	Year 5	2,537,538	204,830
	Year 10	507,506	40,966
	Total	7,582,124	-
<i>\$0.50 / \$1000 of Property Assessment Value</i>			
<i>Slow Growth</i>	Current Year	11,342,700	915,595
	Year 5	1,447,690	116,865
	Year 10	1,268,765	102,415
	Total	14,059,155	-
<i>Medium Growth</i>	Current Year	11,342,700	915,595
	Year 5	2,263,720	182,730
	Year 10	2,084,790	168,270
	Total	15,691,210	-
<i>Fast Growth</i>	Current Year	11,342,700	915,595
	Year 5	6,343,845	512,075
	Year 10	1,268,765	102,415
	Total	18,955,310	-

Table 3: Summary AD2 Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>\$0.10 / Square Foot of Floor Area</i>			
<i>Slow Growth</i>	Current Year	17,852,592	1,441,080
	Year 5	6,797,493	548,700
	Year 10	6,797,493	548,700
	Total	31,447,578	-
<i>Medium Growth</i>	Current Year	17,852,592	1,441,080
	Year 5	11,329,153	914,502
	Year 10	11,329,153	914,502
	Total	40,510,898	-
<i>Fast Growth</i>	Current Year	17,852,592	1,441,080
	Year 5	33,987,461	2,743,504
	Year 10	6,797,493	548,700
	Total	58,637,546	-
<i>\$0.20 / Square Foot of Floor Area</i>			
<i>Slow Growth</i>	Current Year	35,705,184	2,882,160
	Year 5	13,594,986	1,097,400
	Year 10	13,594,986	1,097,400
	Total	62,895,156	-
<i>Medium Growth</i>	Current Year	35,705,184	2,882,160
	Year 5	22,658,306	1,829,004
	Year 10	22,658,306	1,829,004
	Total	81,021,796	-
<i>Fast Growth</i>	Current Year	35,705,184	2,882,160
	Year 5	67,974,922	5,487,008
	Year 10	13,594,986	1,097,400
	Total	117,275,092	-
<i>\$0.50 / Square Foot of Floor Area</i>			
<i>Slow Growth</i>	Current Year	89,262,960	7,205,400
	Year 5	33,987,465	2,743,500
	Year 10	33,987,465	2,743,500
	Total	157,237,890	-
<i>Medium Growth</i>	Current Year	89,262,960	7,205,400
	Year 5	56,645,765	4,572,510
	Year 10	56,645,765	4,572,510
	Total	202,554,490	-
<i>Fast Growth</i>	Current Year	89,262,960	7,205,400
	Year 5	169,937,305	13,717,520
	Year 10	33,987,465	2,743,500
	Total	293,187,730	-

Table 4: Summary County TIF Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>50% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	12,011,166	969,554
	Year 10	11,205,283	904,502
	Total	23,216,449	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	19,345,863	1,561,618
	Year 10	18,539,979	1,496,566
	Total	37,885,842	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	56,019,338	4,521,938
	Year 10	11,205,283	904,502
	Total	67,224,621	-
<i>100% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	24,022,332	1,939,107
	Year 10	22,410,566	1,809,004
	Total	46,432,898	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	38,691,726	3,123,235
	Year 10	37,079,958	2,993,131
	Total	75,771,684	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	112,038,676	9,043,876
	Year 10	22,410,566	1,809,004
	Total	134,449,242	-

Table 5: Summary City/UMSA TIF Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>50% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	12,667,195	1,022,509
	Year 10	11,817,551	953,925
	Total	24,484,746	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	20,402,713	1,646,927
	Year 10	19,553,071	1,578,344
	Total	39,955,784	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	59,080,303	4,769,022
	Year 10	11,817,551	953,925
	Total	70,897,854	-
<i>100% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	25,334,390	2,045,017
	Year 10	23,635,102	1,907,849
	Total	48,969,492	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	40,805,426	3,293,854
	Year 10	39,106,142	3,156,687
	Total	79,911,568	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	118,160,606	9,538,044
	Year 10	23,635,102	1,907,849
	Total	141,795,708	-

Table 6: Range of Annual AD₁ Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
<i>\$0.10 / \$1000 of Property Assessment Value</i>				
<i>Slow Growth</i>	183,119	206,490	226,974	387,951
<i>Medium Growth</i>	183,119	219,665	253,322	387,951
<i>Fast Growth</i>	183,119	285,535	306,019	387,951
<i>\$0.20 / \$1000 of Property Assessment Value</i>				
<i>Slow Growth</i>	366,238	412,980	453,947	775,903
<i>Medium Growth</i>	366,238	439,330	506,644	775,903
<i>Fast Growth</i>	366,238	571,071	612,038	775,903
<i>\$0.50 / \$1000 of Property Assessment Value</i>				
<i>Slow Growth</i>	915,596	1,032,451	1,134,868	1,939,757
<i>Medium Growth</i>	915,596	1,098,324	1,266,610	1,939,757
<i>Fast Growth</i>	915,596	1,427,677	1,530,094	1,939,757

Table 7: Range of Annual AD₂ Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
<i>\$0.10 / Square Foot of Floor Area</i>				
<i>Slow Growth</i>	1,441,080	1,989,780	2,538,480	6,928,083
<i>Medium Growth</i>	1,441,080	2,355,580	3,270,081	6,928,083
<i>Fast Growth</i>	1,441,080	4,184,582	4,733,282	6,928,083
<i>\$0.20 / Square Foot of Floor Area</i>				
<i>Slow Growth</i>	2,882,159	3,979,561	5,076,960	13,856,167
<i>Medium Growth</i>	2,882,159	4,711,159	6,540,162	13,856,167
<i>Fast Growth</i>	2,882,159	8,369,164	9,466,563	13,856,167
<i>\$0.50 / Square Foot of Floor Area</i>				
<i>Slow Growth</i>	7,205,398	9,948,901	12,692,400	34,640,417
<i>Medium Growth</i>	7,205,398	11,777,899	16,350,404	34,640,417
<i>Fast Growth</i>	7,205,398	20,922,910	23,666,408	34,640,417

Table 8: Range of Annual County TIF Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
50% Revenues for Transit Funding				
<i>Slow Growth</i>	-	969,553	1,874,055	9,044,965
<i>Medium Growth</i>	-	1,561,617	3,058,183	9,044,965
<i>Fast Growth</i>	-	4,521,938	5,426,440	9,044,965
100% Revenues for Transit Funding				
<i>Slow Growth</i>	-	1,939,107	3,748,110	18,089,930
<i>Medium Growth</i>	-	3,123,235	6,116,367	18,089,930
<i>Fast Growth</i>	-	9,043,876	10,852,879	18,089,930

Table 9: Range of Annual City/UMSA TIF Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
50% Revenues for Transit Funding				
<i>Slow Growth</i>	-	1,022,509	1,976,434	9,539,192
<i>Medium Growth</i>	-	1,646,928	3,225,271	9,539,192
<i>Fast Growth</i>	-	4,769,022	5,722,947	9,539,192
100% Revenues for Transit Funding				
<i>Slow Growth</i>	-	2,045,018	3,952,867	19,078,384
<i>Medium Growth</i>	-	3,293,855	6,450,543	19,078,384
<i>Fast Growth</i>	-	9,538,044	11,445,893	19,078,384