

Funding Parks, Transit & Streetscape Improvements Through Value Capture

How to create a capital budget in the absence of funding from higher levels of government



1

Business improvement districts

Ground leases

Tax increment financing



2

Bryant Park: Midtown Manhattan, immediately behind public library


DECLINE AND EARLY EFFORTS

1935-1987



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Deteriorated drug park: 1970s & 1980s



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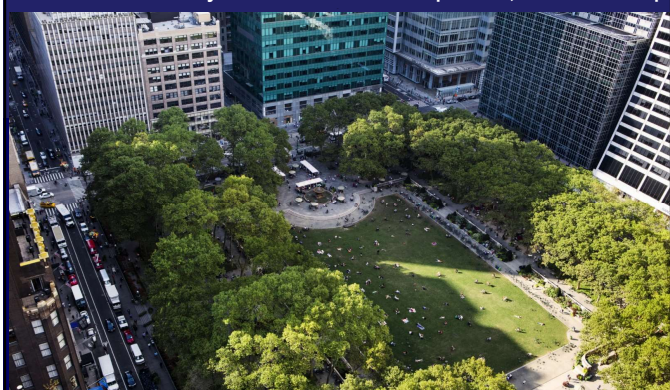
Very poor maintenance



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1987: Completely rethought & renovated; traditional fundraising & formation of a BID <https://bryantpark.org> Bryant Park Restoration Corporation; Olin Partnership



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Between 5th & 6th Avenue, 40th to 42nd Streets West of Public Library, Manhattan



Ample seating is available throughout Bryant Park.
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Great green lawn



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Moveable chairs



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Historic fountain



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Very generous landscaping



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Café: breakfast & lunch



Olin Partnership

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14



15



16



17

Outdoor concerts & movies



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Programmed with continuous events



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Winter Iceskating



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Holiday markets



22

Bryant Park Restoration Corporation



Maintenance & management funded by a **business improvement district** that draws its revenues from surrounding office buildings



23

As visitors increased
Expanding ability to secure sponsorship

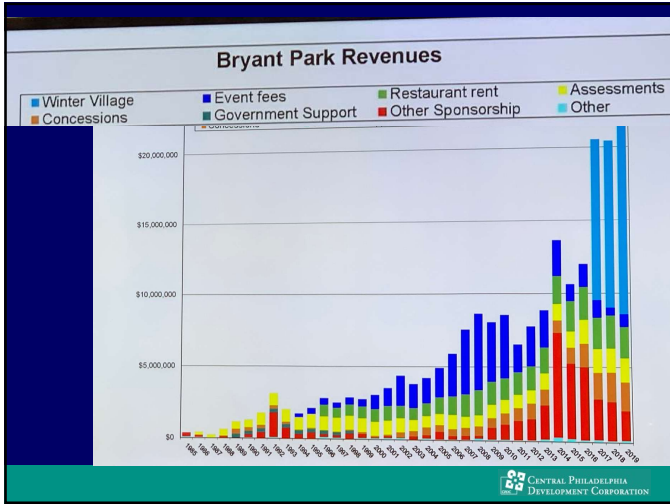


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Bank of America: Winter Village



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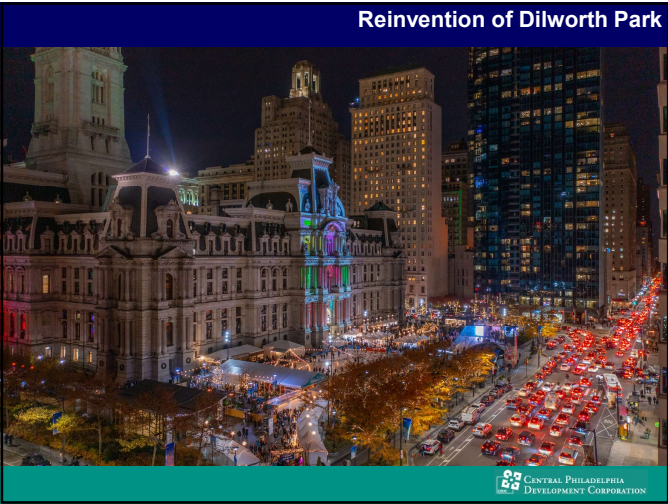
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27



28



29

\$60 million construction project
Broad range of public, private & foundation funding
Federal TIGER grant

Contributors to the Transformation of Dilworth Park

Major Public Donors

Center City District	\$15 million
City of Philadelphia	\$5.75 million
Commonwealth of Pennsylvania	\$16.35 million
Federal Transit Administration	\$15 million
SEPTA	\$4.3 million

Major Donors to Construction

The Albert M. Greenfield Foundation	\$225,000
John S. and James L. Knight Foundation	\$400,000
PNC	\$300,000
William Penn Foundation	\$1.2 million

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31



32



33

Land transferred to non-profit development corporation



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Passive & active recreation piers



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Carousel at the northern end



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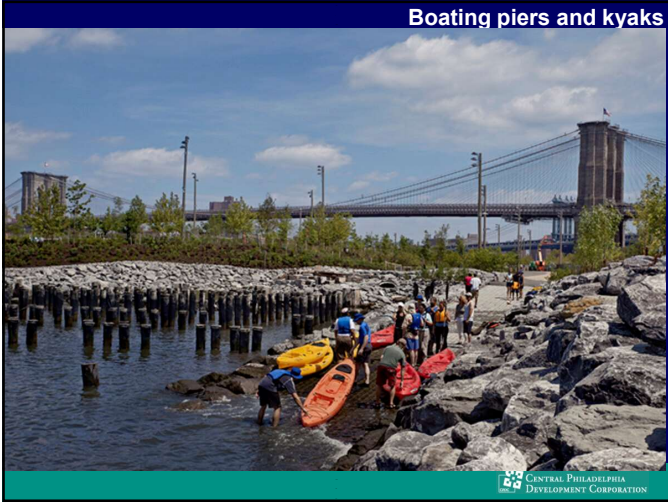
Soccer, sand volleyball, lawns, picnic tables, fishing piers



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Boating piers and kyaks



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Basketball



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Miniature golf



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Ping pong



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tennis



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All real estate developed along edge pays ground rent



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Units include affordable housing



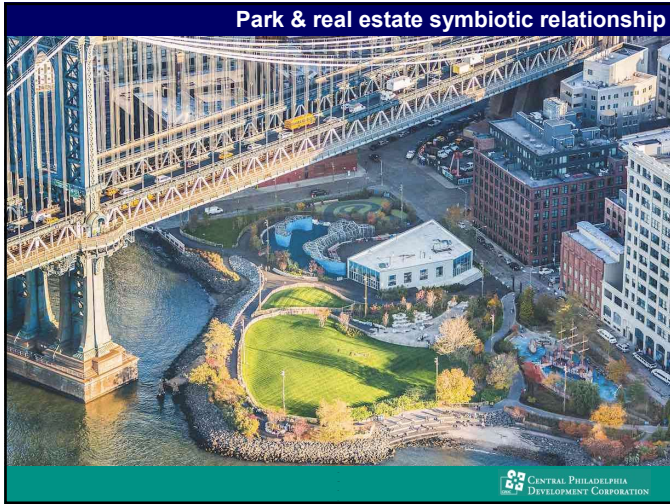
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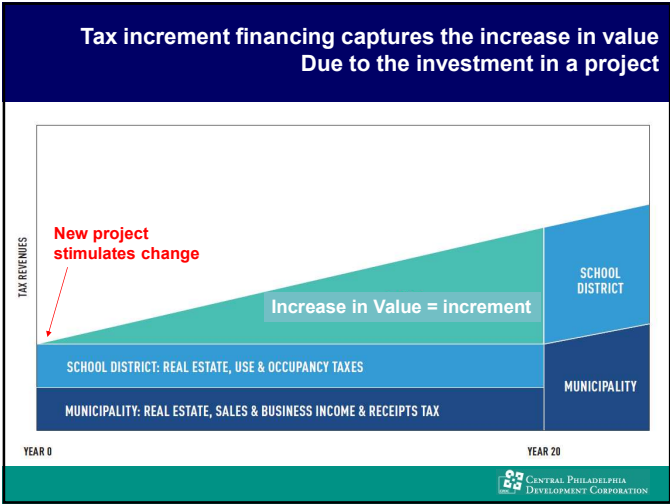
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48



49

Remove a parking garage and replace it with...



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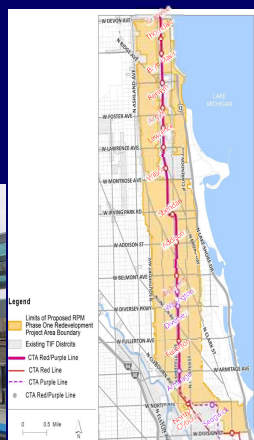
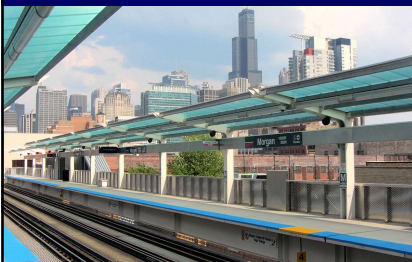
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Build a new train line increases desirability & value of adjacent properties



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Tax Increment Financing

- Authorized by Commonwealth of Pennsylvania & implemented under Section 21-1400 of the Philadelphia code with City Council creating a geographic district in which TIF is authorized to capture future value of development.
- A TIF can apply to real estate property, use & occupancy, city sales, & business income and receipts taxes.
- PIDC & the City work with a developer to calculate amount of incremental tax revenue that would result from a development over the term of a TIF & the developer then takes out a loan in the form of municipal bonds that can be supported by the tax revenue stream. (public purpose is job creation; interest income tax-exempt)

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Tax Increment Financing for private development

- Lower interest bond financing repaid with the *incremental* tax revenue that results from the annual increment generated by the development & recapturing those increased taxes that would otherwise go to the city or school district; the revenue that would have gone to taxes, goes to debt service – a significant public subsidy to project
- Project numbers would not work without TIF; project costs are in excess of income from project
- Developer guarantees to cover any shortfall; no risk to city
- Taxing bodies continue to receive the base amount of tax revenues (the amount paid annually prior to the improvements), but forgo increased tax revenues during the life of the TIF, which is limited to 20 years.



Single building, single developer Tax increment financing



55

56

Single-developer, multi-building TIF Goldman Properties, 13th Street



Faded retail corridor in the 1960s



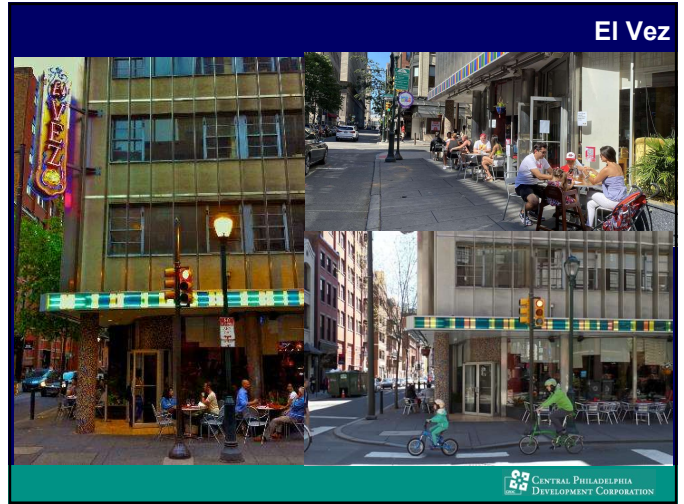
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59

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El Vez

60

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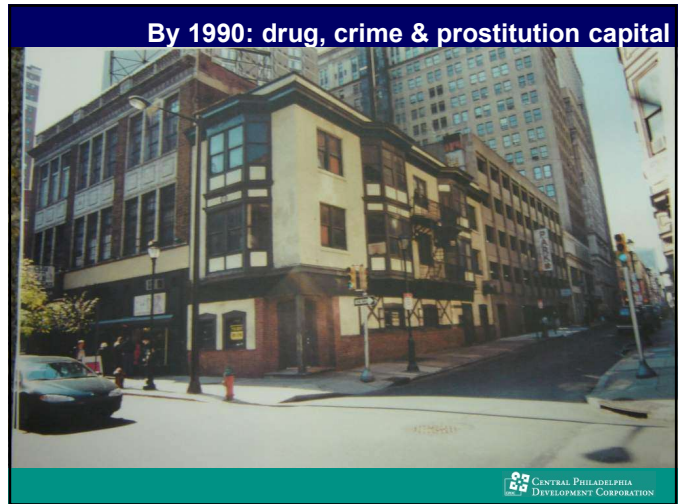


107-115 South 13th Street

1960s

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By 1990: drug, crime & prostitution capital

62

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Before

- Acquisition of 14 properties; architectural interest; ground floor retail potential; 1990s
 - Assembled quietly & quickly many from well-known slum-lord
 - Patient about longer term leases
- Raised investor equity not bank debt



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The Portfolio

Philadelphia

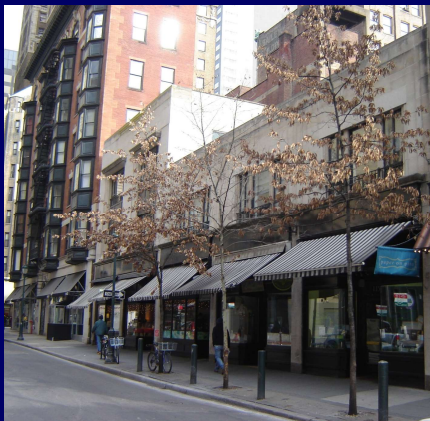


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After

- Placemaking
- Common design vocabulary
- Creative economy tenants upstairs
- Owner proprietor retailers/lower rents
- Create a street scene to attract upper floor tenants
- TIF District; façade improvements



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Before



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After



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107-115 South 13th Street

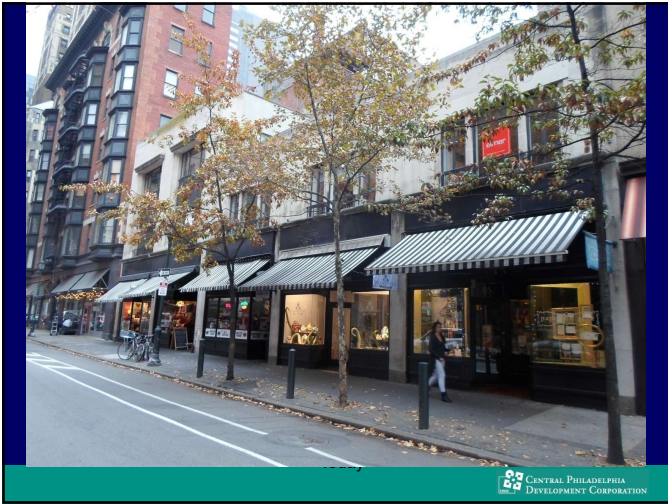
Philadelphia



1990s

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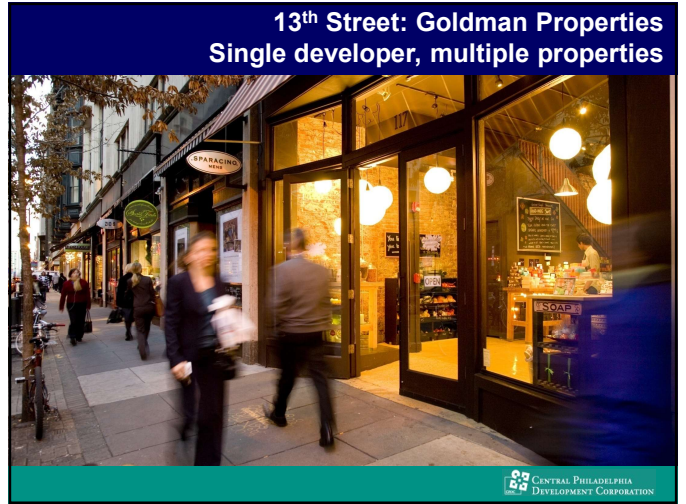


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71



72



73



74

Transferred to city 1990s; Liberty Property Trust
Selected developer funds Stern masterplan



75

1,000 acre campus



76

Extensive public area; streetscape improvements

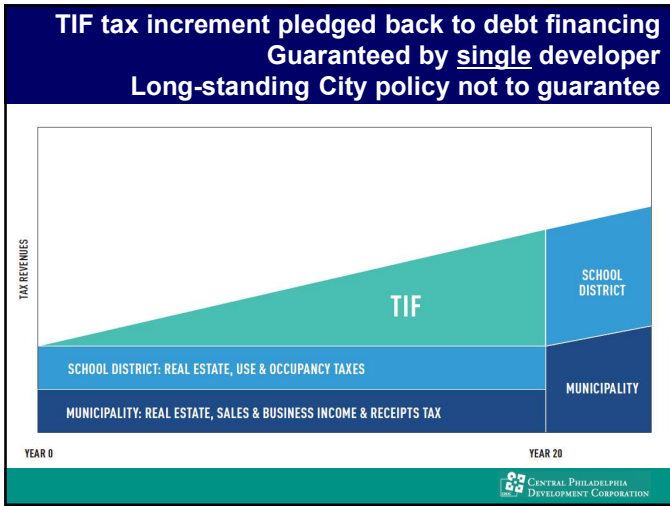


77

Funded through TIF: 1% of city jobs



78



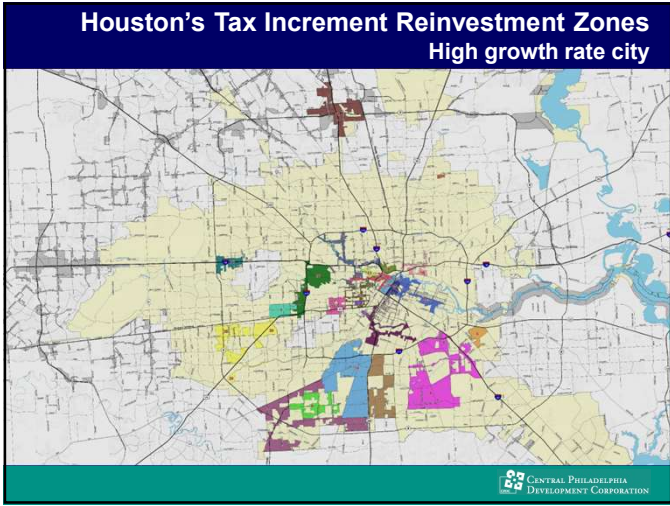
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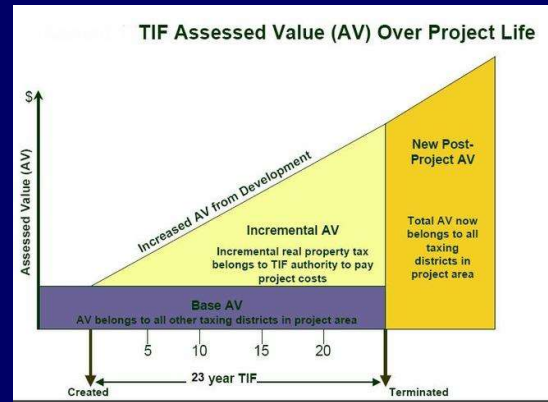
Texas Tax Increment Financing Act

(Chapter 311 Texas Tax Code)

- Creation powers given to municipalities with petition, project plan, hearing and action of City Council
- To address areas *lacking strong growth, poor land-use deterioration, faulty lot layout, inadequate street & sidewalk layout*
- Broad definition of allowable “project costs”
- Allows for real property and/or sales tax increments

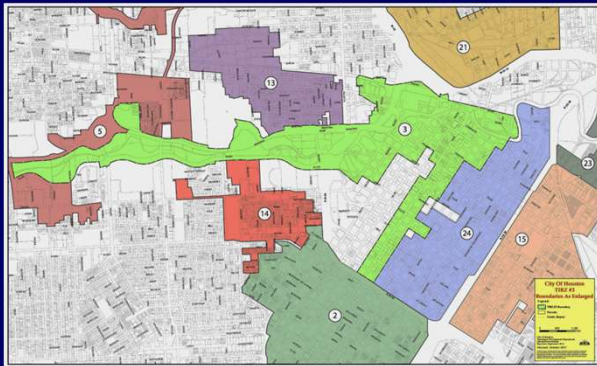
122

25 year life: multiple owners



123

Downtown Tax Increment Reinvestment Zone (TIRZ #3) Includes Buffalo Bayou Park



124

TIF financing for streetscape enhancements in Downtown Houston



125

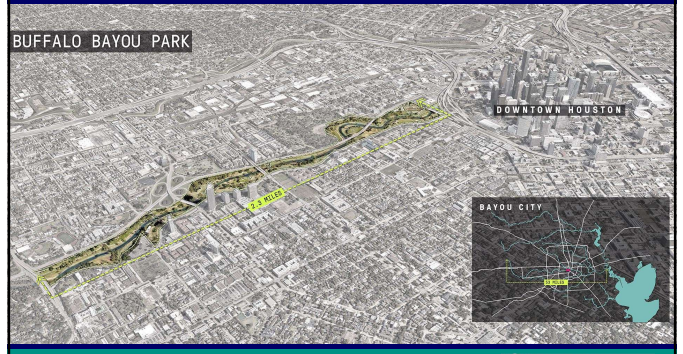
Buffalo Bayou Park



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Adjacent to office district & residential area Buffalo Bayou Park



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River that periodically flooded



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Buffalo Bayou Park



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Flood control & park creation



130

Buffalo Bayou Park: Partners

- City of Houston- *owner*
- Buffalo Bayou Partnership- *philanthropic funding, developer & operator*
- Kinder Foundation- *lead donor*
- Harris County Flood Control- *flood control improvements & maintenance*
- Texas Department of Transportation- *hike & bike trails*
- TIRZ# 3/ Downtown Redevelopment Authority- *maintenance & operating funding*



132

TIF financing for maintenance of the park

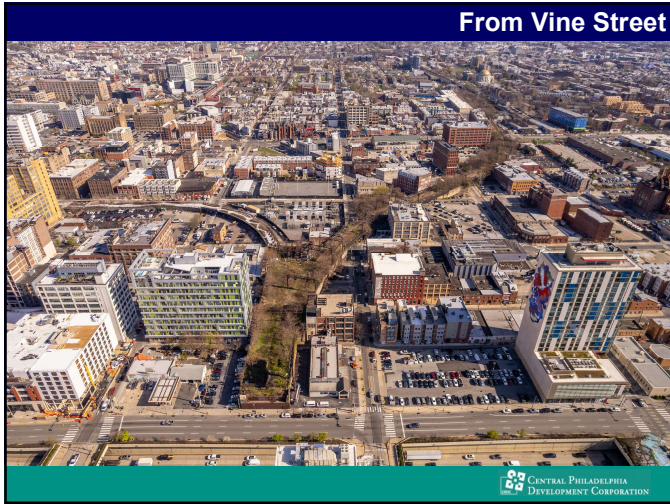


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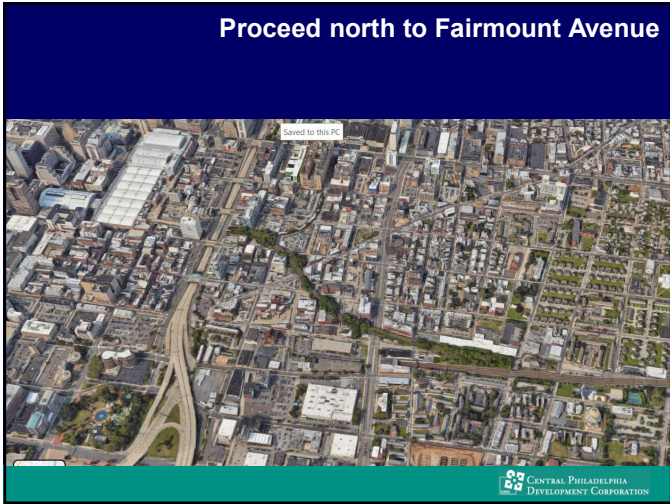
Can this be applicable to Phase 2 of Rail Park



134



135



136



137