



# Project Summary

Texas Department of Transportation

## 0-6538: Planning Tools to Assess the Real Estate Leveraging Potential for Roadways and Transit

### *Background*

A funding crisis exists for financing much-needed transportation infrastructure projects across the nation, and Texas is no exception. Texas has responded to the crisis by passing several bills allowing innovative financing and alternative options for project financing. Among these is Senate Bill 1266 (SB1266), which is landmark legislation passed in 2007 during the 80th Legislative Session. It provides the legal backdrop for the creation of Transportation Reinvestment Zones (TRZs) to facilitate value-capture of the tax increment from a future transportation project.

This research project augments implementation of SB1266 provisions across Texas. More specifically, it addresses knowledge gaps and provides guidance with respect to the bill, and provides cost-effective and standardized procedures for TRZ development.

### *What the Researchers Did*

Researchers studied in detail three TRZ implementation examples in Texas where TRZs had been established. Two of these—in El Paso and Hidalgo—were in regions with a Regional Mobility Authority (RMA) and the third—in Forney—was in a city without an RMA. During the project, all aspects of TRZ development in these regions were assembled through document reviews and through extensive interviews with stakeholders in the region.

This research addressed four distinct components to augment TRZ implementation. The first was an awareness and outreach component. The second component pertained to the development of standardized methods to facilitate TRZ development. The third component was the development of recommendations to enhance SB1266 provisions. The final component was exploration of the implications of SB1266 on financing transit systems in Texas and discussion of the larger concept of value-capture for transit investments in the state of Texas.

#### **Outreach Components**

For the outreach component, the researchers conducted extensive surveys of several organizations in Texas including cities, counties, RMAs, and central appraisal districts (CADs) with an aim to identifying the current awareness of TRZs, data quality, and near-term plans to establish TRZs. Some of these potential stakeholders were later invited to an online implementation workshop conducted in June 2010.

### *Research Performed by:*

Texas Transportation Institute (TTI),  
The Texas A&M University System

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## Standardized Methods Component

For the development of standardized methods, the research team developed three simple cost-effective tools for stakeholder use in various stages of TRZ establishment. The first of these was a simple TRZ worthiness spreadsheet to be used as a screening application. The second was a prototype Geographic Information System-based toolkit to automate the process of TRZ planning, development, and visualization of TRZ parcels. The third was a prototype web-based revenue feasibility toolkit to allow preliminary revenue feasibility assessments.

## Recommendations Component

For the development of recommendations to augment SB1266 implementation, the team interviewed several stakeholders from implementing regions to obtain their views on challenges associated with the bill's provisions, and the team then combined responses with the team's input. The team investigated several legislative amendments that had been put forth in the 81<sup>st</sup> Legislative Session (but did not pass). Based on the stakeholder feedback and other information, a list of recommendations for areas of SB1266 needing amendment was developed.

## Implications for Transit

For the implications of TRZ to transit, the team investigated current provisions of SB1266 with respect to transit. The team presented a discussion of value-capture techniques and their limitations as currently practiced in Texas. Finally, some recommendations for value-capture enabling legislation were made in regard to financing transit systems.

# What They Found

From the case study examples, the researchers found little commonality across implementing agencies in regard to methods and processes adopted to establish TRZs within each implementation stage. While broad steps were identical across regions, the implementing methods were distinctly different.

From the outreach exercise, researchers found extensive knowledge gaps regarding SB1266 and TRZs.

The interviews with implementing agency stakeholders revealed many problematic areas with the interpretation and practice of current provisions of SB1266. From the standardization component, it was found that data standards are lacking for critical inputs available from CADs, which led to development of automated procedures requiring users to preload needed layers and provide missing inputs.

From the evaluation of SB1266 implications to transit and general value-capture practices for Texas and elsewhere, several limitations for transit finance were observed including limitations of TRZs and the widely practiced tax increment reinvestment-zones.

# What This Means

This research provides TxDOT and local government entities with an enhanced understanding of TRZs and their implementation steps, multi-agency partnership aspects throughout the process, and project finance aspects with local matching funds. It arms stakeholders with a variety of planning tools to be used to aid in implementing TRZs including workshop materials and cost-effective robust tools. This information will be of value to TxDOT and local governments in developing local matching funds for critical mobility projects. The recommendations for amendments to SB1266 and for transit may have lasting implications for financing roadway and transit systems in the state of Texas.

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