

IMPLEMENTING TRANSIT REVITALIZATION INVESTMENT DISTRICTS IN PHILADELPHIA

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1.0 INTRODUCTION

The Commonwealth of Pennsylvania's Transit Revitalization Investment District (TRID) Act of 2004 is meant to encourage collaboration between municipalities and transportation authorities towards transit-oriented development (TOD) initiatives. Since then, a number of potential TRIDs have been proposed across the Commonwealth, including two in Philadelphia: the 46th and Market Market Frankford Line station in West Philadelphia and the Temple University Regional Rail station in North Philadelphia.

The purpose of this report is to provide guidance on why and how to implement TRIDs in Philadelphia, starting with these first two sites. In doing so, the report builds from existing work undertaken by NeighborhoodsNow and Econsult Corporation in support of TOD in Philadelphia.¹ This introductory section provides the following context for the remainder of the report:

- First, it introduces TOD as a concept, and notes its increased popularity in recent years.
- Second, it discusses the extent to which TOD can be an effective neighborhood-level strategy.
- Third, we take a closer look at the TRID legislation itself.
- Finally, we provide a road map for the report as a whole.

¹ See "Transit-Oriented Development in Philadelphia: Using a Proven Strategy to Create More Vibrant, Livable Neighborhoods," Econsult Corporation (October 2007).

1.1 A Groundswell of Interest in Transit-Oriented Development

Rising gas prices have led to record transit use and an increased awareness of the merits of TOD. However, the current groundswell of interest in TOD can be attributed to a confluence of many factors.

What is Transit-Oriented Development?

While there is not yet a universally accepted definition of TOD in the US, most experts would agree that it refers to *a mixed-use development in close proximity to a public transit station, which provides a community with a variety of transportation options, multiple uses in a compact setting, and pedestrian-friendly design.*² When done right, TOD confers a number of important economic, environmental, and social benefits to a number of stakeholders.³

Environmental Considerations

TOD's environmental benefits merit additional attention. For one, TOD encourages infill urban development, reducing pressure to convert farmland and open space into low-density suburban-style development.⁴ It also encourages transit use, which reduces costs associated with fuel consumption, air pollution, and traffic congestion.⁵ Stemming sprawl and reducing automobile dependence have taken on enhanced importance in a new era of high energy prices, thus increasing the attractiveness of pursuing TOD initiatives.

Transportation Infrastructure as a Topic of National Concern

The I-35 bridge collapse in Minneapolis in 2007 was a stark reminder of the consequences of deteriorating *transportation infrastructure*. This has led to a dramatic increase in public awareness and policy response. Arnold Schwarzenegger (Governor of California), Edward Rendell (Governor of Pennsylvania), and Michael Bloomberg (Mayor of New York City) have formed a bipartisan coalition called "Building America's Future" and have passionately advocated for increased attention to and investment in the nation's transportation

² See Appendix A for a working definition of TOD.

³ See Appendix B for a list of benefits of TOD.

⁴ One of the highest costs associated with low-density, automobile-supported patterns of growth are outlays for roads, sewer- and water-line extensions, and other necessary infrastructure expansion. Research suggests that TODs can reduce outlays for infrastructure by as much as 25 percent. "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

⁵ It is estimated that traffic congestion costs the US \$68 billion a year in time lost and extra fuel consumption, wasting 3.6 billion hours and 5.7 million gallons of fuel. "Highway Congestion Worsens," Texas Transportation Institute (July 2008).

infrastructure.⁶ Also, at the local level, an unprecedented number of cities are pursuing infrastructure initiatives.⁷

A Celebration of the Urban Form

Fortunately, many of those new initiatives favor transit. Nationally, cities are enjoying a sort of renaissance, as past negative assumptions about urban places are being replaced with more positive images. As a result, many cities are *embracing their urbanness* – density, walkability, reliance on transit - rather than running from it. For example, fundamental to New York City’s comprehensive sustainability plan is the assumption that continued growth and vibrancy will require an increased reliance on transit.⁸

The Legacy of TOD in Philadelphia

Future growth and vibrancy in the City of Philadelphia will also go hand in hand with transit. Many of Philadelphia’s most storied neighborhoods grew up around transit and railroad lines. However, subsequent decades have been marked by decentralization and decline, such that transit-proximate neighborhoods are among the most disinvested and decaying parts of the City.

Rising oil prices and enhanced environmental awareness have now made *Philadelphia’s transit infrastructure and overall walkability a huge plus*. In a recent speech on the future of the Philadelphia City Planning Commission, Mayor Michael Nutter explicitly connected transit infrastructure to real estate development and to the City’s ability to meet his goal of adding 75,000 residents in the next 10 years.⁹

⁶ “Governors, Mayors form Coalition to Rebuild Ailing U.S. Infrastructure,” Environmental News Service (January 2008).

⁷ Since 2001, New York City has invested \$5 billion in bridge inspection, maintenance, and reconstruction. During this time, the number of bridges rated as poor has dropped from forty to three, and the number of bridges ranked as good or very good has increased from 200 to 328. “City of Good Repair,” New York City Department of Transportation (August 2007).

⁸ “PLANYC 2030,” City of New York City (2008).

⁹ From Mayor Nutter’s speech to the Philadelphia City Planning Commission in June 2008: “I’ve asked Andrew Altman, Deputy Mayor for Planning and Economic Development and Rina Cutler, Deputy Mayor for Transportation and Public Utilities, to make absolutely certain that Planning Commission decisions have the full benefit of the very best thinking on the transportation consequences of proposed development.”

1.2 TOD as a Neighborhood Strategy

Importantly, many of the benefits of TOD are of great interest to neighborhoods and neighborhood advocacy groups. Consider “the three A’s” of neighborhood-level revitalization:

- TOD can lead to greater *affordability* in housing costs (by enabling a mixing of house price levels) and in transportation costs (by reducing or even eliminating the need for a car and related expenses).¹⁰
- Proximity to transit options also improves a neighborhood’s access to other job and retail centers, and facilitates the neighborhood’s *accessibility* as a job and retail center.¹¹
- Finally, TOD is often characterized by good urban design, in terms of *aesthetics*, pedestrian friendliness, and safety, matters that are of particular relevance to previously disinvested communities.¹²

The Cira Centre and the Comcast Center represent high-profile, regionally oriented TOD initiatives that have been successfully implemented within the City recently, and that effectively capitalize on the advantages of TOD and on the City’s existing infrastructure. *The time is right for the City to now aggressively pursue TOD initiatives at the neighborhood level.*

Given the amount of coordination involved in pulling off successful TODs, as well as the difficult real estate climate in which we find ourselves, successes will not be easy to come by. However, the aforementioned local and national trends together make for a moment in which TOD can and should be pursued.

¹⁰ The transportation system as a whole benefits when more compact residential and employment areas are situated along major transit routes. Travel times are reduced and there is better use of fixed public transportation investments. “Transit Oriented Development: Moving from Rhetoric to Reality,” The Brookings Institution on Urban and Metropolitan Policy” (June 2002).

¹¹ The Rosslyn-Ballston Corridor in Arlington, Virginia is a textbook example of this. Ballston was previously a neighborhood in transition, with an odd mix of low-density garden-style apartments, fast-food outlets, auto-repair shops, acres of parking lots, and other marginal land uses. TOD triggered the transformation of the entire corridor into a vibrant mixed-use community. Today it is one of the densest neighborhoods in the county and also one of Northern Virginia’s most prestigious addresses. “Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102),” Transit Cooperative Research Programs (2004).

¹² Increased social interactions caused by more walking and less driving lead to personal relationships and civic engagement. Surveys of residents living in a TOD in Portland, Oregon, found that the “human-scale” feel of the community has increased the social capital of the community by strengthening the bond between residents and their neighborhood. “Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102),” Transit Cooperative Research Programs (2004).

1.3 The Transit Revitalization Investment District Act of 2004

The Purposes of the Legislation

Fortunately, the Commonwealth has provided a mechanism to facilitate the cooperation and funding that is needed to help make TOD projects work at the local level. Thanks to active participation from the Delaware Valley Regional Planning Commission (DVRPC) in its creation, *the Transit Revitalization Investment District Act (TRID) of 2004* was enacted by a 194-1 vote in the House of Representatives and a 47-0 vote in the Senate.¹³ TRIDs enable municipal governments and transit authorities to more closely coordinate transportation infrastructure, land use, and private development in the following ways:

- Providing incentives for transit-oriented development,
- Establishing mechanisms to capture the value added by development around transit stops,
- Encouraging community involvement in the location, design, and implementation of development activities, and
- Receiving priority for grants and technical assistance through the state's Department of Community and Economic Development (DCED).

Thus, this enabling legislation provides unprecedented flexibility and funding in support of joint TOD efforts by municipalities, transit authorities, and neighborhoods. In essence, *TRID represents the Commonwealth's position on TOD*: it has expressed its approval of TOD at the local level, affirmed the importance of cooperation between municipality and transit authority, honored the role of neighborhoods in advancing TODs, and provided a legislative mechanism and upfront funding to make projects happen.

The TRID Process

Per the TRID legislation, a local government can designate a TRID in any geographic area within 1/8 to 1/2 of a mile from a transit stop. Once a location is identified, a four-step process begins:¹⁴

- *Planning* - A municipality undertakes a TRID Planning Study, which provides the rationale for the designated TRID and which must be public reviewed.
- *Program management* - The municipality then forms a management entity to implement the TRID, and the municipality and transit agency prepare public infrastructure improvement lists and coordinate value capture shares with the applicable school district and county.

¹³ See Appendix C for a copy of the TRID legislation.

¹⁴ See Appendix D for a more detailed account of the step-by-step process, as delineated by DVRPC.

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- *Implementation* - The TRID Implementation Program, which is also subject to public review, is then executed by the municipality and transit agency, and developer interest is solicited and development proposals reviewed.
 - *Execution* - Finally, a Development Agreement is executed, construction begins, and the management entity administers the value capture revenues and expenditures in accordance with the TRID Implementation Program.

Within these four major steps are a total of 16 tasks from start to finish, which seems like a lot at first. Bear in mind, though, that the creation of a TRID involves the simultaneous completion of the following actions:

- Producing a planning study for the entire district
- Determining zoning and land use needs for a particular development or developments
- Establishing a value capture district
- Codifying a partnership between a municipality and transit authority, with delineation of roles
- Forming a management entity with local representation and subject to public input
- Generating a list of desired public infrastructure improvements

From this perspective, the road map for completing the TRID process can be seen to expedite rather than delay progress, to the extent that it is the intersection of many important and overlapping objectives related to development around a transit stop. Such is the intention of the TRID process: *to promote TOD and the multi-entity cooperation that is needed to make it work best.*

1.4 Scope of Work

The goal of the remainder of this report is to work within this framework provided by the TRID Act and produce a draft agreement that can be used by the City of Philadelphia and the Southeastern Pennsylvania Transportation Authority (SEPTA) to create TRIDs in Philadelphia, starting with the first two sites: at the 46th and Market Market Frankford Line station in West Philadelphia and the Temple University Regional Rail station in North Philadelphia. Our draft agreements are annotated along the way to provide some narration of their various components, and can be found in the appendices.

The remainder of this report makes the case for why and how to create TRIDs in Philadelphia.

- First, we scan the environment and activities of other cities and regions to determine *the ingredients for successful TOD initiatives* (Section 2).
- Second, we take a close look at the local context, to see *if and how TOD principles would work here* and what local characteristics make implementation easier or harder (Section 3).
- Third, we estimate *value capture amounts that could be generated* from the two sites, to provide a sense of scale of funds that could be made available for various infrastructure and development investments (Section 4).
- Fourth, we consider *general principles that we seek for the agreement to help achieve*, which will hopefully be adhered to even if subsequent drafts of the respective agreements need to be modified for legal or institutional reasons (Section 5).
- Finally, we conclude our report with some *general policy recommendations* that emerge from this study, and that can be used to guide future action from here towards the implementation of TRIDs in Philadelphia (Section 6).
- Among the many supporting appendices provided with this report are *two draft TRID agreements*, for the 46th and Market TRID and the Temple University TRID (Appendix AA, AB).

2.0 THE LANDSCAPE IN OTHER CITIES AND REGIONS

The increasing popularity of transit-oriented development (TOD) has spawned a number of innovative approaches by states, municipalities, and transit agencies in working together to coordinate infrastructure development, public transportation, and land use. This section attempts to gather relevant examples from other parts of the country to offer general guidance on how such inter-agency collaborations are structured.

The net result of this effort is a useful summary of what others are doing and what has worked and not worked in the arena of transit-oriented development. Having reviewed the landscape in other cities and regions, we identify the following key ingredients to successful TOD initiatives:

- Transit infrastructure that is well-funded and well-used (Section 2.1).
- A transit authority that has defined what TOD looks like (Section 2.2).
- A healthy working relationship between the municipality and the transit authority (Section 2.3).
- TOD-friendly zoning and land use policies (Section 2.4).
- Innovative financial incentive programs (Section 2.5), including effective use of value capture (Section 2.6).
- Neighborhood services in the mix (Section 2.7).
- Strong private sector participation (Section 2.8).
- Multiple outlets for public engagement (Section 2.9).

Finally, we drill down to other Transit Revitalization Investment District (TRID) initiatives within the Commonwealth of Pennsylvania, to get a sense of how other municipalities and transit agencies have envisioned TRID in action (Section 2.10). Together these explorations provide a suitable context for understanding how TOD can work in Philadelphia.

2.1 Transit Infrastructure

While we have drawn insight and examples from numerous other transit systems, we have focused our study on seven systems in particular: New Jersey Transit (NJT), the Metropolitan Atlanta Rapid Transit Agency (MARTA), the Charlotte Area Transit System (CATS), the Chicago Transit Authority (CTA), Bay Area Rapid Transit (BART) in San Francisco / Oakland, the Tri-County Metropolitan Transportation District of Oregon (TriMet) in Portland, and the Washington Metropolitan Area Transit Authority (WMATA) in Washington DC (see Figure 2.1).¹

Each of these transit authorities is characterized by a level of infrastructural reach and overall ridership that is conducive to TOD, even though some are much smaller than the Southeastern Pennsylvania Transportation Authority (SEPTA) here in Philadelphia. Notably, all systems serve a variety of populations within their region, from downtown areas to more residential neighborhoods. Therefore, it is not for lack of scale, nor because of the nature of SEPTA’s service area, that prevents Philadelphia from more effectively pursuing TOD.

Figure 2.1 – Comparison of Transit Systems

	<i>Philadelphia</i>	<i>New Jersey</i>	<i>Atlanta</i>	<i>Charlotte</i>	<i>Chicago</i>	<i>San Francisco</i>	<i>Portland OR</i>	<i>Washington DC</i>
Agency Name	SEPTA	New Jersey Transit	Metropolitan Atlanta Rapid Transit Agency (MARTA)	Charlotte Area Transit Systems (CATS)	Chicago Transit Authority (CTA)	Bay Area Rapid Transit District (BART)	Tri-county Metropolitan Transportation District of Oregon (TriMet)	Washington Metropolitan Area Transit Authority (WMATA)
Number of Riders (millions)	307.2	250.9	147.5	21	493.6	97	97	339.4
Service Area Population (millions)	3.9	8.7	4.1	1.5	3.8	7.1	2.3	3.5

Source: various

¹ See Appendix E for a more extensive comparison table and Appendix F for brief write-ups on each of these transit systems.

2.2 Defining TOD Principles

It is important to remember that different transit agencies across the nation have *different definitions of TOD*, influenced by different priorities as well as different legal powers and different economic and political environments in which to pursue TOD initiatives. Portland, Oregon, for example, has worked vigorously to combat decentralization, most notably with its Urban Growth Boundary; not surprisingly, the city has an aggressive TOD program with some form of TOD taking place at nearly every transit stop in the region.² More expansive legal authorities enables WMATA in Washington, DC, to more easily enter into joint development projects, in which private development occurs on, above, or adjacent to a transit agency's property.³

Differences in TOD across areas reflect both local context and variation in priorities. Accordingly, the manner by which other transit agencies choose to define TOD is instructive.⁴ Those authorities that have codified their understanding of TOD demonstrate that their commitment is not just to the operation of a transit system but to *the collaborative effort required to integrate that transit system into the region's overall vitality*. Importantly, since TODs not only connect people to other parts of a region but are themselves distinct projects sited in particular locations, progressive transit agencies also concern themselves with the extent to which *TODs can become neighborhood-serving, neighborhood-sensitive developments*.

A rich mix of TOD is found today across the US, and all indications are that TOD types and numbers will continue to grow in years to come. All of the transit agencies highlighted in this section have adopted similar definitions of what constitutes TOD. These definitions echo smart-growth principles and accentuate the importance of medium- to high-density development and the mixing of uses, not to mention the importance of actually orienting that development and those uses to capitalize on the mobility made possible by proximity to a transit station.

Not coincidentally, having a definition of TOD also provides a helpful framework for transit agencies to implement actual TOD initiatives. Codifying what TOD will look like can thus serve as a road map for making it happen, and therefore makes a transit agency's exercise of defining TOD principles an essential ingredient for success, and an important first step for SEPTA to consider taking.

² One such example is the Pearl District in downtown Portland, an emerging mixed-use neighborhood of upscale loft housing, park, art galleries, boutiques, cafes and restaurants. The average housing density of the District is 120 housing units per acre and at complete build out, it will be home to over 10,000 residents, 5,550 housing units, 21,000 jobs, and over 1 million square feet of new commercial and retail space. "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

³ WMATA's top performing and most impressive joint development project is the Metro Center in downtown Bethesda which features some 400,000 square feet of office space, a 380 room Hyatt Hotel and 60,000 square feet of retail that lies above or adjacent to the Bethesda Metro Station. The project has spurred other nearby office, retail, and residential development within a walkable distance, including a popular nighttime restaurant, arts, and entertainment district. The air-rights lease at the Bethesda Station generates \$1.6 million annually in rents, the highest earnings of any single joint development project in the country. "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

⁴ See Appendix G for TOD program definitions and illustrative projects by selected transit agencies.

2.3 Municipality and Transit Agency Collaboration

Of course, a transit agency alone cannot pursue TOD without the participation of the municipality or municipalities that intersect a particular station area. Indeed, this necessary partnership lies at the core of the TRID legislation. To the extent that the City and SEPTA seek to use TRID as a way to work together on neighborhood-level TODs, the example of BART in the San Francisco Bay Area is an instructive one.

At least six of BART's neighborhood TOD projects serve as illustrative examples of multi-agency collaboration towards the implementation of a TOD and the enjoyment of its promised advantages to a variety of stakeholders and users.⁵ The mechanisms for collaboration across institutions may go by different names – memoranda of understanding, steering committees, and technical working groups – but the intention has been the same: *to designate a place of intersection so that shared objectives can be jointly implemented.*⁶

These collaborative efforts have facilitated the effective implementation of TOD initiatives in a variety of neighborhood settings, when absent active attempts to work together entities might have worked at cross purposes instead. TRID can be that place of intersection for the City and SEPTA; it is how the Commonwealth has envisioned it, and it can lead to the kind of collaboration that is needed to implement TODs.

To the extent that the City and SEPTA are both creatures of the Commonwealth, it is particularly appropriate that a mechanism for their collaboration is initiated at the state level. Our look at other cities and regions has therefore necessarily included a look at what is being done at the state level to facilitate municipality and transit agency collaboration, most notably through land-related enabling legislation and the allocation of transportation funding that originates from the federal or state level. California and New Jersey are two examples of states that have enacted legislation that encourages TOD, provides resources to get specific types of initiatives off the ground, and facilitates cooperation across jurisdictions and agencies.⁷

⁵ See Appendix H for detailed descriptions of municipality and transit agency collaboration by station.

⁶ BART has also actively pursued joint development agreements, aided by hot real estate markets and therefore greater openness to mixing of uses and to increased density. BART's first joint development project was a intergenerational mixed-income residential development project at the Castro Valley BART Station. Bridge Housing, a nonprofit affordable housing developer worked with Alameda County and BART to build 96 affordable units with 66 units set aside for seniors, with the remaining units available to families. The \$13 million project was financed with low-income housing credits, grants from MTC and the S. H. Cowell Foundation, and Alameda County predevelopment funding. "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

⁷ See Appendix I for a more detailed look at the role of states in encouraging TOD.

2.4 TOD-Friendly Zoning and Land Use Policies

One important tool that municipalities have in their arsenal to encourage or discourage TOD is zoning. Zoning ordinances can restrict or allow various uses and scales in a way that facilitates or squelches TOD. Furthermore, successful TOD initiatives are ones that emerge from a shared vision and coordinated plan, which is usually accomplished through the requirement of a master plan or station area plan.⁸

Notably, all of the cities studied in depth in this study have a *strategic plan in place to guide TOD*. Many have also instituted some form of *TOD zoning overlay district*, or have rewritten their zoning ordinances altogether, to encourage development around transit stations as well as achieve other public policy objectives:⁹

- Traditional zoning separates land uses, sets density thresholds and minimum lot sizes, and usually contains minimum parking requirements. Many cities are therefore not otherwise zoned for the type of high-density, mixed-use, transit-focused development that defines TOD.
- To promote mixed uses and increase densities, special overlay zones can therefore be created. An overlay zone modifies, eliminates, or adds regulations and restrictions to the base zone. If the overlay requirements conflict with the base use requirements, the stricter regulations of the overlay zone apply.
- Of course, a more thorough approach to encouraging TOD is to rewrite the zoning code itself. In fact, many cities, including Philadelphia, are in the midst of such a process, and are welcoming the opportunity to imbed TOD principles into such a revised code.
- In the meantime, overlay zones serve as an effective interim tool. Even better, floating TOD overlay zones allow a municipality to apply a TOD zoning overlay when the opportunity arises rather than pre-zoning a site before the market is ready, since pre-zoning can lead to land speculation and higher land costs, thereby preventing future TOD development.¹⁰

Together, the approaches found in other cities and regions form a rich repository of ideas for Philadelphia, and are of particular relevance given current discussions on zoning and land use. Three innovations merit particular attention:

- *Disallowing auto-intensive uses near transit stations.* The City of Charlotte's transit station area design principles forbid auto-intensive uses near transit stations, such as auto dealerships, car washes, auto service centers, and drive-thru windows.¹¹ Given the many examples in Philadelphia

⁸ "Tools for Mixed-Income TOD," Center for Transit Oriented Development (August 2006).

⁹ See Appendix J for a list of TOD planning policies in selected cities and regions, Appendix K for a list of TOD zoning overlay districts in selected cities and regions, and Appendix L for a list of zoning code rewrites or proposed rewrites in selected cities and regions.

¹⁰ "Tools for Mixed-Income TOD," Center for Transit Oriented Development (August 2006).

¹¹ "Transit Station Area Principles," City of Charlotte (November 2001).

of transit-intensive intersections that are dominated by suburban-style retail, this is a particularly germane concept (see Figure 2.2).

- *Implementing “wedding cake” density patterns.* Arlington, Charlotte, and Portland are two examples of cities that employ a tiered approach to zoning near transit stations, allowing higher densities closer in to a station while transitioning to lower densities as one goes further from a station and reaches areas adjacent to single-family residences.¹²
- *Encouraging the construction of affordable housing units.* Arlington, Virginia, was able to achieve its affordable housing goals by developing and implementing an affordable housing overlay. The Special Affordable Housing Protection District (SAHPD) permits high density development to ensure that a range of housing choices are available to accommodate households of all income levels.¹³

¹² “Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102),” Transit Cooperative Research Programs (2004).

¹³ Arlington County’s Department of Planning website.

Figure 2.2 – Philadelphia Example of Auto-Oriented Uses Near A Transit Stop: Three out of Four Corners at Broad and Girard Are Taken Up by Suburban-Style Drive-Through Retail



Source: Google Maps (2008)

2.5 Financial Incentives

There are a number of reasons *TODs may need upfront subsidies to bring to fruition*, some of which are applicable to Philadelphia and some of which are not:

- *Weak markets.* Sagging demand may make any construction otherwise infeasible.
- *Inadequate infrastructure.* Insufficient or aging infrastructure may make potential TOD sites more expensive than other sites, either because higher density drives up infrastructure costs or because older infrastructure must be replaced or upgraded.
- *Social objectives.* Governments may choose to combine TOD with other social objectives such as affordable housing or employment access.
- *Administrative complexities.* Land assemblage and permitting may be more complicated at TOD sites, driving up the cost of development.

As a result, governments across the country have developed a number of innovative approaches to making public investments in TOD initiatives.¹⁴ Some of the mechanisms are familiar – tax incentives, land assembly, planning grants – but their direct application to TOD makes them tools that should be considered here in Philadelphia, to the extent that policymakers want to encourage TOD in general, and particularly see its benefits accrued to neighborhoods.

For example, the City may want to consider working with the Pennsylvania Housing Finance Agency (PHFA), and other funding programs such as Homeownership Choice, to add TOD-friendly scoring criteria to evaluate projects for eligibility for federal housing tax credits, as the State of California and the State of Utah have done to stimulate neighborhood TODs. Other municipalities and regional authorities have similarly *diverted existing resource streams or dedicated new resource streams* for the purpose of investing in TODs.

¹⁴ See Appendix M for a list of financial incentive programs in selected cities and regions.

2.6 Value Capture

To the extent that TODs enhance nearby property values, tax increment financing (TIF) can be an elegant and effective way to help seed them. TIFs are used by many cities, including Philadelphia, to generate gap financing in support of a development project that otherwise would not have been able to move forward.

Using TIFs to facilitate TOD simply puts a transit orientation to the district: the district’s figurative or literal midpoint is a transit station, and the large-scale project or projects within the district are intended to capitalize on proximity to that station. To the extent that these specific projects help activate the area in terms of more fully capitalizing on the value associated with being near a transit station, transit-oriented TIFs make a lot of sense.

Not surprisingly, a number of jurisdictions have used this value capture mechanism to seed TODs.¹⁵ While sources of funds tend to not differ materially from TIFs,¹⁶ the transit orientation of these value capture districts may make for slightly different uses of funds (see Figure 2.3).

Figure 2.3 - Illustrative Uses of TOD Value Capture Funds

<i>Development Project</i>	<i>Land/Infrastructure</i>	<i>Station/Amenities</i>
<ul style="list-style-type: none"> • Gap financing • Affordable housing • Underground parking • Parking garage 	<ul style="list-style-type: none"> • Site assembly • Site remediation • Road widening • Upgrading utilities for higher density 	<ul style="list-style-type: none"> • Transit infrastructure • Parks • Landscaping • Pedestrian walkways

Source: various

TIFs can be considered a form of financial incentive, although they are not technically public subsidies, in that municipalities are not committing new funds but rather dedicating newly generated funds that technically would not have existed but for the value-enhancing effect of the new development or developments. In that sense, value capture districts are not unlike special service districts, in that new increments of taxes generated in a specially designated area are captured in that area for the purpose of serving and improving that area.

¹⁵ See Appendix N for a list of transit-oriented value capture initiatives in selected cities and regions.

¹⁶ As with most TIFs, municipalities tend to capture property tax revenues, and occasionally some will also designate sales and/or business tax revenues.

The City of Chicago is a particularly aggressive user of TIF and in particular of a broader, district-wide rather than single-site application of TIF.¹⁷ Less well-known are the efforts of states to encourage through enabling legislation similar approaches within their municipalities.¹⁸ Philadelphia trails on both fronts: to date, Chicago has ten times more TIF districts, and all of Philadelphia's TIF districts have been single-site in nature. Current discussion in Philadelphia about creating more TIFs, as well as using a more district-wide approach, can and should be effectively coupled with efforts to implement TRIDs in Philadelphia, particularly because the existence of a citywide property tax abatement makes capturing value generated in nearby existing properties all the more important.

¹⁷ See Appendix O for additional detail on TIFs in Chicago.

¹⁸ See Appendix P for additional detail on TIF policies at the state level.

2.7 Neighborhood Services

An important characteristic of TODs is the mixing of uses. Rather than segregating uses, TODs capitalize on the synergies of co-locating residential, office, retail, entertainment, and/or community uses. To the extent that we are looking not at any development but expressly at ones that are oriented to transit stops, neighborhood services can be an important component of a mixed-use TOD for two reasons. First, proximity to a transit stop makes those services accessible to a vast geographic area of users. Second, the surrounding neighborhood benefits from having agglomerations of services within walking distance; save for the locational value provided by proximity to transit, this scale of offerings would not likely be available.

As a result, a number of innovative neighborhood-serving TODs have emerged across the country¹⁹. The range of non-profit partners (CDCs, community centers, housing advocates) and community services provided (arts space, affordable housing, social services) is impressive, and demonstrates the value and possibility of TOD at the neighborhood scale.

To cite but one example, MetroWalk, a Richmond Transit Village project, overcame some extraordinary hurdles to development, most notably building modestly priced housing in an area that had seen little market-rate investment in decades. Combining 231 housing units with retail and cultural space, MetroWalk exemplifies the “three A’s” of neighborhood revitalization as earlier described:

- *Access* – Transit proximity increases mobility for residents and makes the development’s non-residential uses more accessible for others in the region.
- *Affordability* – Access to the three sets of transit lines in this intermodal station drives down transportation costs for working families.
- *Aesthetics* – Program funds were used to improve the pedestrian experience coming in and out of the station.

Again, it must be noted that MetroWalk and other such projects were not simply ingenious developments that happened to be near a transit stop, but rather ones that were thoughtfully oriented to the stop itself. If TOD is envisioned as a neighborhood-level strategy for Philadelphia, these examples provide a template for implementing similar neighborhood-serving developments.

¹⁹ See Appendix Q for a list of neighborhood-serving TODs in selected cities and regions.

2.8 Private Sector Participation

When municipalities, transit agencies, and neighborhood groups stand together on TODs, the private sector takes notice. Consider the payoff to businesses of all types and sizes if TOD is done right:

- *Ease of commute.* Firms are becoming increasingly sensitive to the commutes of their workers, both from the standpoint of environmental sustainability and employee convenience.
- *Non-work options.* People like being able to run errands, go shopping, and consume food and entertainment near their workplace.
- *Locational premium.* An attractive and well-used transit station and surrounding mixed-use environment can command a premium on land prices and rents.

Ultimately, the goal of public partnership in making TODs work is to catalyze private sector participation. TODs need private sector developers, private sector capital, and private sector tenants to thrive. Success in Philadelphia will therefore require forging the kinds of private sector involvements that are seen in working TOD projects across the country: developments in which large corporations become anchor tenants, equity investors see profit opportunity, and businesses of all sizes and types seek to locate.²⁰

²⁰ See Appendix R for a list of private sector participation examples in selected cities and regions.

2.9 Community Engagement

Community participation is a fundamental precept of TOD. Community buy-in may also take more time and education, to the extent that mixed uses, higher densities, and other non-traditional approaches are characteristic of TODs. Consider the many topics that have been covered in this section that intersect with the very localized concerns – both hope for positive change and fear of negative change – of residents and businesses:

- Zoning changes
- New construction
- Aesthetic and pedestrian-level enhancements
- New public amenities
- Higher density of development and possibly greater pedestrian and automobile congestion
- New tenants and potentially new uses
- The introduction of neighborhood services
- Somewhat coordinated and somewhat separate actions undertaken by a municipality and a transit agency

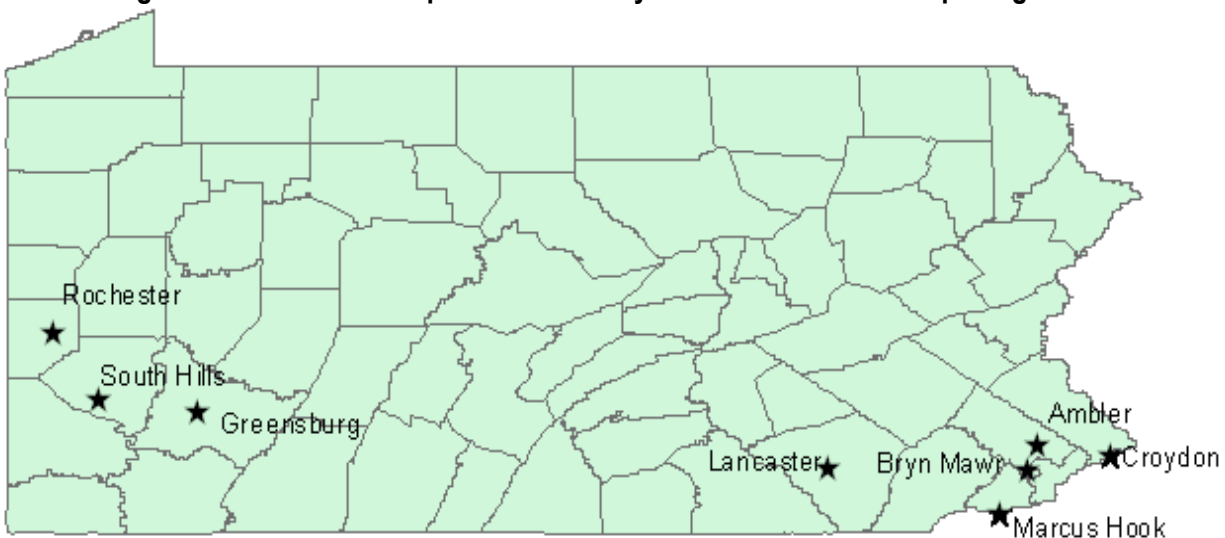
Accordingly, municipalities and transit agencies have employed a number of approaches to engaging the local community in their TOD efforts.²¹ Mechanically, the outlets for participation may take a number of forms – public gatherings, community visioning sessions, design charrettes - and in fact the most successful campaigns tend to employ multiple channels. At the core of the most successful efforts is the commitment to encouraging public input throughout the planning and implementation process.

²¹ See Appendix S for a list of community engagement approaches in selected cities and regions.

2.10 Other TRID Plans within the Commonwealth of Pennsylvania

Eight other municipalities in Pennsylvania, all suburban, have received TRID planning grants to date (see Figure 2.4).²² All are at various stages in the planning process, and none have reached formal agreements with their respective transit authorities.

Figure 2.4 – Other Municipalities in Pennsylvania That Are Contemplating TRIDs



Source: Econsult Corporation (2008)

Nevertheless, a study of actions taken and proposed offers a sense of the range of approaches that appear to be acceptable within the TRID legislation, and the range of approaches that municipalities and transit agencies are taking to implement TOD within the TRID framework. For example, three municipalities in Allegheny County envision a multi-stop TRID covering three adjacent light rail stations; while at least four of the TRID sites involve both a local transit authority and Amtrak.

These examples illustrate in particular the flexibility that has been written into the TRID legislation. There are many differences between these eight parts of the Commonwealth and between the transit-municipality partnerships that are envisioned there, and it is anticipated that the TRID legislation is broad enough to be a useful framework for a variety of approaches and outcomes.

²² See Appendix T for a list of other municipalities in Pennsylvania that are contemplating Transit Revitalization Investment Districts.

3.0 LOCAL CONTEXT

The overview in the previous section of objectives and approaches in other parts of the country provides a useful starting point from which to consider whether the City of Philadelphia has the right ingredients in place to do transit-oriented development (TOD). It is important to remember, though, that the principles that make for successful TOD initiatives in other parts of the country may apply to Philadelphia to different degrees, based on similarities and differences in local context.

In this section, therefore, we consider the status quo in Philadelphia, to get a sense of what is taking place at the local level that might help or hinder the establishment of Transit Revitalization Investment Districts (TRIDs). Specifically, we note the following characteristics of the local landscape:

- The Southeastern Pennsylvania Transportation Authority (SEPTA) is enjoying record ridership levels, long-term funding security, and new leadership (Section 3.1).
- The City and SEPTA have an unprecedented willingness and ability to work together (Section 3.2).
- The City is in the midst of sweeping reforms to land use and zoning (Section 3.3).
- The City has a number of financial incentive programs at its disposal (Section 3.4).
- The City has a mixed record on the use of tax increment financing (TIF) and special service districts to capture locally generated funds for local uses (Section 3.5).
- The City's first two potential TRID sites are located in promising neighborhoods that are well-served by existing SEPTA service, and are anchored by strong non-profit development partners with aggressive mixed-use strategies (Section 3.6).

We close this section by considering a number of philosophical and logistical challenges to implementing TOD in Philadelphia (Section 3.7). Together, these explorations help make the case for pursuing TODs in Philadelphia and using the TRID legislation as an enabling mechanism in that pursuit, and provide some guidance as to changes that will need to be made to facilitate implementation.

3.1 SEPTA Today

Practically since its inception in 1964 from a conglomeration of failing private transit providers, SEPTA has lurched from budget crisis to budget crisis, each with a resulting effect on the long term certainty of part or all of its system. In recent years, SEPTA has had to prepare for drastic service reductions and fare increases in the face of potential budget shortfalls.

However, things are currently looking up for SEPTA. The Commonwealth of Pennsylvania's recent multi-year commitment of funding to SEPTA has given the agency the ability to get out of "survival" mode and look more to long-term development.¹ Furthermore, rising fuel costs and growing environmental concerns have led to increased ridership and enhanced support of SEPTA by the general public.²

SEPTA's newest general manager, Joseph Casey, thus finds himself at the helm of a *transit agency that can begin to craft a vision for the agency and for transit's role in the region*, and in fact he has led SEPTA accordingly, with a particular focus on the customer experience.³ TRID provides a mechanism for SEPTA to fulfill that vision and to join the conversation with the City, neighborhood groups, and private development to catalyze and guide development.

The fact of the matter is that SEPTA can be a capable partner in TOD. It boasts the nation's fifth largest transit system, providing over 300 million unlinked trips on multiple modes throughout the region. Furthermore, when it comes to TOD, stability is just as important as scale: proximity to transit can only be valued to the extent that service is consistent and not interrupted by fiscal concerns. The Commonwealth's long-range funding investment in SEPTA therefore makes the present day an attractive moment to aggressively pursue TOD.

¹ "All of the state's rural and urban public transit agencies will now receive increased, stable, and performance-driven funding annually. Transit funding is being generated through the monetization of bonds based on Mainline Turnpike (I-76) toll increases" (Pennsylvania Turnpike Commission, 2008).

² SEPTA's overall ridership increased by more than 10 million passengers in 2007, and ridership on regional rail lines is at a 25-year high.

³ "SEPTA to Launch 'Customer Connection' Communication Program," PR Newswire (July 9, 2008).

3.2 City/SEPTA Relations

Historically, SEPTA has not had a seat in such discussions about real estate development. For one, SEPTA's enabling legislation has not allowed it to acquire land for non-transportation purposes. Further, SEPTA owns relatively little land in areas suitable for TOD. SEPTA has not made it a priority to alter these institutional constraints, and its recent funding woes have forced it into a short-term mindset, through which long-term investments and partnerships are hard to entertain.

On a related note, SEPTA and the City were just recently in court over the use of transfers. Thus, far from working collaboratively, the two institutions were actively opposing each other on legal matters.⁴ The newfound certainty regarding SEPTA funding thus represents a major step towards facilitating successful TOD, both by freeing SEPTA to think along those lines as well as by reducing the risk of service cuts at stations being considered for TOD.

In addition, the creation of TRIDs empowers SEPTA to become more active in the pursuit of TOD. This legislation provides the mechanism through which SEPTA and the City can work together to facilitate TODs, and comes at a time in which a new mayor, Michael Nutter, has expressed his interest in working with SEPTA for the benefit of the City, as evidenced by his appointment of Rina Cutler as Deputy Mayor for Transportation and Utilities, a Cabinet-level position.

In addition to new leadership and newly secured funding sources, *there is renewed activism towards the coordination of transit and development*. NeighborhoodsNow has been working hard to encourage TOD at the neighborhood level and as a neighborhood strategy. NeighborhoodsNow recently supervised the creation of planning studies at the first two proposed TRID sites, the 46th and Market Market Frankford Line station in West Philadelphia and the Temple University Regional Rail station in North Philadelphia.⁵

⁴ "SEPTA Imposes Another Fare Hike," Philadelphia Inquirer (September 2007). These court proceedings were symptomatic of a dysfunctional relationship between the two institutions. To cite but one consequence of this lack of coordination, major investments in transit infrastructure, such as the rebuilding of the elevated portion of the Market Frankford Line in West Philadelphia, have been undertaken virtually no consideration of TOD surrounding its station areas. Rather than representing a (literally) once-in-a-lifetime chance to coordinate new transit infrastructure with neighborhood development and integrated design, the track and station reconstruction has simply been one big, expensive construction project that has produced only disruption for businesses on Market Street and congestion for people driving through West Philadelphia.

⁵ See "Transit Revitalization Investment District Planning Study," Interface Studio (September 2008).

3.3 Zoning and Land Use

Philadelphia's zoning code is one of the oldest among US cities. The 1962 document has compiled a number of piecemeal amendments over the years, making it overly complicated, full of loopholes, and vastly inadequate to promote modern development based on modern principles. In parallel, the areas around many of the City's most significant transit hubs are characterized by crumbling infrastructure, anemic and low-density development, and/or transit-adjacent development that does not fully capitalize on the value that could be captured from access to transit.

Two important policy decisions made by the Nutter administration, however, provide hope that zoning can be reformed to suit TOD rather than make it cumbersome or even illegal to pursue:

- The *Zoning Code Commission* has been established to move forward on a complete rewrite of the zoning code. The bulk of the work remains to be done, but the preliminary sense is that this version will be form-based; that is, a focus on consistency in physical form rather than in segregation of different uses. This truly opens up the playbook for TOD and its focus on mixing of uses and on place-sensitive aesthetics.
- *Planning and economic development have been fused* into one coordinated, Cabinet-level department, under the supervision of Andrew Altman, Mayor Nutter's Commerce Director and a seasoned planning professional. To the extent that the interface between TOD projects and City administration will cut across both planning and economic development functions and agencies, this coordination bodes well for facilitating approvals and catalyzing action.

In the meantime, the City is actively looking at zoning overlays as a useful, short-term solution, so long as they are consistent with the eventual precepts of the revised zoning code. This presents an opportunity to explore language and principles that can effectively steer development to transit-adjacent areas and in ways that are truly transit-oriented.

3.4 Financial Incentives and Mixing of Uses

Of course, one important way in which the City has the power to encourage and guide development is through *incentives, financial and otherwise*. As noted earlier, TOD projects may require subsidy, to the extent that there is insufficient profit motive to stimulate development absent public assistance.

Philadelphia is certainly such a case; notably, high labor costs, burdensome tax structures, and cumbersome administrative processes make new development prohibitively difficult. These cost barriers make present efforts such as reductions in business tax rates and the 10-year abatement on property taxes all the more important to recommit to, to the extent that they stimulate new investment.

However, because the city's property tax abatement provides a financial incentive for development for all projects, it does not differentially favor TOD. Moreover, the existence of the abatement reduces the value captured by a TRID to the degree that any property taxes generated by new development are not collected for the first ten years.

In order to encourage more TODs, and effectively utilize the TRID mechanism provided by the Commonwealth, the City has other mechanisms at its disposal: other taxes besides property taxes can be captured, urban renewal grants can be made available, site assembly assistance can be provided, and density bonuses may also be of use. Furthermore, the TRID legislation indicates that TRIDs will receive preference for grants from the Commonwealth's Department of Community and Economic Development (DCED) and other state agencies, thus allowing City investments to be augmented by state funds.

3.5 Tax Increment Financing and Special Service Districts

While no TRIDs currently exist in Philadelphia (or anywhere in the Commonwealth, for that matter), the City has established 14 tax increment financing districts and another 13 special services districts. Both jurisdictions are similar in concept to TRIDs, in that *taxes are generated within the boundaries for uses solely within those same boundaries*.

TIFs in Philadelphia have tended to be single-site in size. That is, a development is proposed that, but for the funds generated by value capture, would not be able to advance. The TIF district consists solely of the parcel or parcels of the development, such that increments in taxes generated at the site itself are captured and used to generate the upfront funds to fill the gap to make the development possible in the first place.⁶

There is growing interest in utilizing *TIFs using a district-wide approach rather than a single-site approach*. Partly this is philosophical: value is generated not only at a new development itself, but at adjacent properties that benefit from their proximity to the new development. In this sense, TRIDs are in the interest of local residents and businesses because they potentially enhance the value of a neighborhood, and also result in a larger share of locally generated tax revenues being spent locally. Partly this is mechanical: the existence of the citywide ten-year abatement on property taxes makes it all the more important to capture incremental value increases at adjacent properties, since any new tax revenue increases on the new development itself are abated away for the first ten years.

As for special service districts, Philadelphia is highly regarded for the success of its Business Improvement Districts (BIDs) and Neighborhood Improvement Districts (NIDs) in improving neighborhoods and corridors.⁷ BIDs and NIDs work similarly to TIFs in that they provide revenue to specific areas for redevelopment. The key difference is that funding for such districts is provided by property owners in the district in the form of a direct bill (i.e. an additional tax, or, in some cases, a voluntary payment in lieu of taxes) rather than as an increment of increased value in the form of increased property taxes.⁸

Between TIFs and special service districts, Philadelphia therefore has some track record, however mixed, of implementing mechanisms similar to the value capture districts allowed by the TRID legislation. Although any TRIDs in Philadelphia will likely include at least one large-scale development, the extent to which a larger area around a transit stop is reclaimed and re-oriented to derive value from that location makes the TRID legislation's district-wide approach a particularly important and compelling one for future such value capture districts.

⁶ See Appendix U for a list and map of TIF sites in Philadelphia.

⁷ See Appendix V for a list and map of special service districts in Philadelphia.

⁸ Econsult Corporation and the Philadelphia chapter of Local Initiatives Support Corporation (LISC) recently completed a study on retail in Philadelphia that highlights the positive influence of BIDs and NIDs on both retail sales at the commercial corridor level as well as residential property values. See "Commercial Corridors: A Strategic Investment Framework," Econsult Corporation (Fall 2008).

3.6 Development Plans at the First Two TRID Sites

Heretofore, we have spoken broadly and generically about implementing TRIDs in Philadelphia; indeed, the main purpose of this report is to provide general guidance to that end. However, it is useful to look at specific TRID sites, since so much depends on the very local context. Fortunately, both of the first two likely TRID sites in Philadelphia are anchored by strong non-profit development partners with aggressive plans for mixed-use, transit-oriented development.

Development around the *Temple University Regional Rail Station* is being driven in part by the September 2007 announcement of Ann Weaver Hart, president of Temple that the university would be providing financial incentives for Temple employees to live near campus. Temple is also working with the *Asociacion de Puertorriquenos en Marcha (APM)*, a large social service agency and developer of retail and residential units that is actively developing in this vicinity. Including a 44,000 square foot grocery store, APM currently manages over \$50 million in development projects (see Figure 3.1).

In addition, this area as a whole is being aggressively developed currently. Recent residential and retail developments around Temple University include the Avenue North TIF project consisting of more than 100,000 square feet of retail and restaurant space as well as an 800-unit student-residential facility. In addition, a Fresh Grocer is expected to be completed just south of Temple's campus early in 2009. These developments and the increasingly positive climate of the area only further signify the appropriateness of the regional rail stop as a site for TOD.

The development plan for the Temple Regional Rail site, as planned by Interface Studios LLC in conjunction with APM, includes over 1,000 units of new, mixed-income housing both for students and neighborhood residents, 80,000 square feet of office space, 40,000 square feet of retail, a new gateway park, and a 10,000 square feet "Media Center" located at the entryway to the rail station.⁹

⁹ See Appendix W for a map of the Temple University TRID boundaries, and Appendix X for the estimated 20-year development potential.

Figure 3.1 - New or Proposed Developments Near the Temple University Regional Rail Station

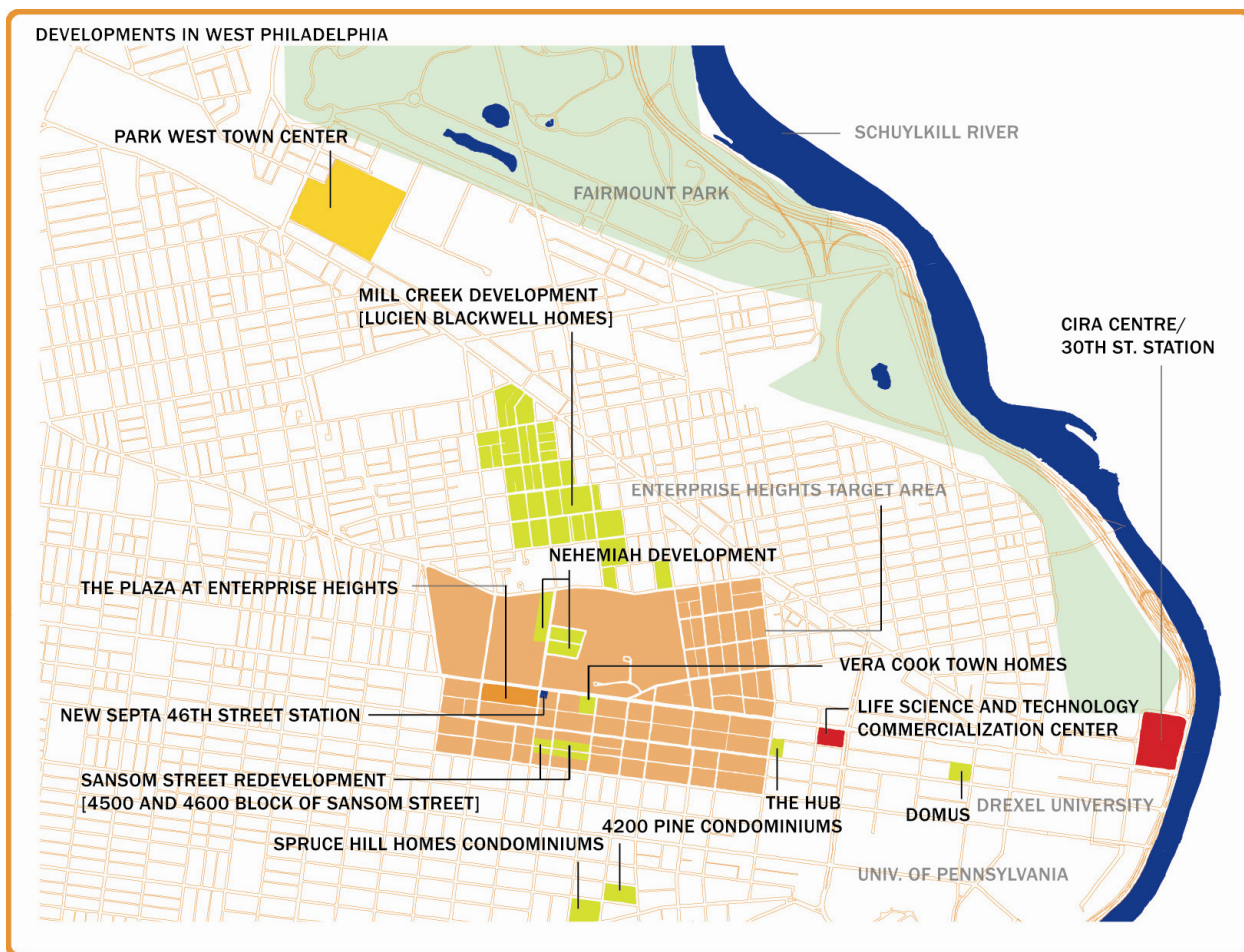


Source: Interface Studio (2008)

Development around the 46th and Market Street Market Frankford Line Station is being spearheaded by The Enterprise Center Community Development Corporation (TEC-CDC), highlighted by the Plaza at Enterprise Heights, an environmentally friendly development of 30,000 square feet of commercial space. Enterprise Height is just one of the many TEC-CDC development initiatives, which makes the 46th and Market Street MFL station even more attractive as a TRID. In addition, this station is included in the University City District, which is very active in promoting and assisting commercial sites as well as

implementing capital renovations, public safety measures, and city beautification efforts. University City is now home for a number of existing new and proposed developments. (see Figure 3.2).¹⁰

Figure 3.2 - New or Proposed Developments Near the 46th and Market Street Market-Frankford Line Station



Source: Interface Studio (2008)

These first two TRID sites represent high-potential development areas that promise to both advance and benefit from TOD principles, for the enjoyment of local residents and businesses. Importantly, initial projects conceived and soon to be realized are but a first phase of larger intended development plans for the respective areas, thus making early success all the more important for long-term growth (see Figure 3.3).

¹⁰ See Appendix Y for a map of the 46th and Market TRID boundaries, and Appendix Z for the estimated 20-year development potential.

Figure 3.3 – 20-Year Development Potential at the First Two TRID Sites

<i>Temple University</i>	<i>46th and Market</i>
<ul style="list-style-type: none"> • Housing: 1,155 units • Retail: 92,000 SF • Manufacturing: 135,000 SF • Office: 42,000 SF 	<ul style="list-style-type: none"> • Housing: 885 units • Retail: 195,000 SF • Office: 76,000 SF • Plus: Renovated 4601 Market; Youth Study Center; new high school

Source: Interface Studio (2008)

The active involvement of APM and TEC-CDC in the TOD plans in their respective neighborhoods is very much in the spirit of the TRID legislation's intent to secure community involvement and enable local representation. Most notably, local participation by residents and businesses on the subject of TRID plans, conducted in conjunction with related outreach efforts by both APM and TEC-CDC, have yielded useful input as to the kinds of amenities desired within the TRID, such as police substations and green space.

After all, a TRID is more than just an accumulation of individual real estate developments; it is intended to be a TOD that fits naturally within the fabric of a neighborhood, and provides that neighborhood with aesthetic, recreational, and functional benefits. The community involvement requirements embedded in the TRID legislation, and put into action by APM and TEC-CDC, provide the mechanism for identifying and prioritizing what is actually preferred.

3.7 Implementation Challenges

The fact that both entities have invested considerable time, resources, and effort into their developments is also a positive towards the City's first two TRIDs being successful. However, it makes it all the more important that the TRID mechanism introduces few if any distractions to actual implementation.

On that note, the disadvantage of being the first of anything is that there are no direct guidelines to streamline matters. The challenge in providing guidance on how to implement TRIDs in Philadelphia is in making sure that guidance is simultaneously useful in general as well as appropriate to individual examples. Therefore, it is appropriate that we identify and address any potential difficulties in implementation, to make sure that it is not the case that TRIDs make sense only on a theoretical level and not in the reality of the City's first two potential sites.

To begin with, the presence of existing or future TIFs and special service districts poses some intriguing questions when considering the implementation of TRIDs in Philadelphia. Most notably, to the extent that value capture is used to generate some of the funds that will help make the TRID possible, *a particular tax can only be captured once*.

To use the 46th and Market Street TRID as an example, once taxes associated with properties within a half-mile of that station are captured, they become unavailable for any future such value capture districts. If at some later date a TRID is envisioned for the 52nd and Market Street station and/or the 40th and Market Street station, TRID boundaries there could be as much as a third smaller, due to the encroachment of the pre-existing 46th and Market Street TRID.¹¹

Alternatively, a potential TIF district that ran the length of the Market Frankford Line from 40th Street to 63rd Street would not be able to include the half-mile around the 46th Street station. This is a less troublesome scenario, because the perspective in that case accounts for the entire corridor from 40th Street to 63rd Street, and the fact that the area around 46th Street is already captured for uses exclusively around 46th Street is not inconsistent with such a perspective (see Figure 3.4).

¹¹ It is also possible that the existence of the first TRID will drive up property values in some of the nearby parcels that will be contained in a second TRID, thus increasing the base year tax revenue amounts and potentially lowering the incremental amounts that can be generated as a result of new development within the second TRID.

Figure 3.4 – Potential Overlap Between a 46th and Market Street TRID and Future Value Capture Districts



Legend

- ◆ Market Frankford Line Stops
- Half-mile Buffers
- 46th and Market Streets TRID Boundaries
- Streets
- ▭ City Limits
- Rivers and Streams
- Parks

Source: Econsult Corporation (2008)

There are a number of potential and not necessarily mutually exclusive responses to these potentially conflicting boundaries. The most important consideration is the varying timetables of development plans around different stations. Drawing more expansive boundaries too soon just so that additional stations could be included within the boundaries has the negative effect of wasting valuable value capture years: if a second station’s marquee development project takes place five years from the TRID’s start year, that represents five years less of value capture than if that project was in a separate value capture district that

commenced closer to that project's opening year. Conversely, holding off on the establishment of a TRID so as to line up development projects at multiple sites has the negative effect of stalling development at locations that are currently further along in the process.

Another approach is to draw initial TRID boundaries smaller than is allowable, to avoid future overlap with adjoining TRIDs; or, alternatively, to consider using different tax revenue sources for adjoining TRIDs. This seems administratively cumbersome, and minimizes the advantage that deservedly accrues to the "first mover" whose plans are most ready to proceed to action.

Ultimately, future TODs, TRIDs, and TIF districts are speculative. *Executing one or two projects first makes future districts more likely, and not less likely, by providing an early and tangible example of success for others to follow.* These first TRIDs, at the 46th and Market Market Frankford Line station in West Philadelphia and the Temple University Regional Rail station in North Philadelphia, therefore ought to have every advantage in being brought to fruition: boundaries should be drawn and agreements drawn up to that end, and future efforts can proceed from there.¹²

A second noteworthy element of executing TRIDs is the importance of *property assessments based on actual value*. Value capture is a virtuous cycle only to the extent that new development enhances value, which increases tax revenues, and provides the bondable funds to make the upfront investments to make the new developments possible in the first place. In other words, our evaluation, both philosophical and numeric, of the efficacy of value capture is based on the assumption that property assessments are reasonably accurate.

Finally, we note that TRIDs are not mandatory. Absent TRID legislation, the City still possesses the ability to directly subsidize private development, set up value capture boundaries, and/or implement special services districts. One must determine, both theoretically and practically, whether the benefits of creating a TRID outweigh any additional associated costs or burdens. Ultimately, the answer to this question rests on two points:

- *TRID is the Commonwealth's preferred way of encouraging and helping fund TODs.* Absent setting up a TRID, it is less likely that projects or districts will obtain the kind of support from the Commonwealth that is made available through the TRID legislation.
- *Truly transit-oriented developments require SEPTA's involvement.* If a development is merely transit-adjacent, not fully or at all capitalizing on the mobility afforded by proximity to a transit stop, then there really is no reason to involve SEPTA and no reason to call it a TOD. If, instead, a development is truly transit-oriented, it makes sense to fold SEPTA into its upfront implementation and ongoing operation.

As noted previously, TRIDs take a lot of steps to set up because a lot of steps and a lot of entities are necessarily involved. Implementing a TRID is challenging primarily because a lot is being simultaneously implemented; it remains a useful framework for tackling these many intersecting objectives.

¹² Although future districts may have to work around "off-limits" parcels, it is also possible that non-overlapping parcels that are allowed to be included within their boundaries will be positively enhanced by the pre-existing TRIDs, thus somewhat mitigating the loss of "capturable" parcels.

4.0 VALUE CAPTURE ANALYSIS

Having highlighted some innovative approaches across the country and having looked at the local context in which such approaches could or could not work, we now turn our attention to the value capture mechanism by which funds can be raised in support of transit-oriented development (TOD) for Transit Revitalization Investment Districts (TRIDs) in Philadelphia in general. We consider in particular the first two TRID sites: the 46th and Market Market Frankford Line station in West Philadelphia and the Temple University Regional Rail station in North Philadelphia.

- First, we provide a general overview on the mechanisms by which value capture generates funds for development (Section 4.1), and then describe how those mechanisms would be used in a TRID (Section 4.2).
- Second, we state the numeric assumptions we used in estimating value capture amounts (Section 4.3).
- Third, we provide the results of our analysis (Section 4.4).

4.1 Value Capture Theory

In the face of shrinking federal subsidies, tight state and local government budgets, and intense intra-regional competition for economic development, the use of *tax increment financing (TIF)* has grown sharply, becoming a standard part of many local economic development subsidy arsenals. The purpose of TIFs is straightforward: a jurisdiction uses a TIF as a form of public investment in a development, by “capturing” some of the increased taxes generated by the increased value (to any tax base, but most commonly property tax revenues) created by that particular real estate development project (or a group of projects) within a defined geographic area (typically referred to as “TIF districts”). Instead of going to the jurisdiction’s general revenue fund, these increased or “incremental” taxes are diverted into a fund that can be used in various ways to support the real estate development project, directly through gap financing or indirectly through infrastructure or other investments. The use of TIF funds is often limited to parts of projects that can be considered “public purpose,” but the constraints of that restriction vary significantly across states.

The mechanics of TIF are simple and, procedurally, very elegant. First, state legislatures typically must authorize the use of TIFs, which essentially means they authorize a local legislative option of treating certain tax revenues in certain portions of the jurisdictions differently than other general tax revenues. After some type of public review process, a jurisdiction legislatively defines (1) the TIF district, (2) the term of the TIF, (3) the types of taxes to be included and (4) the “base” year (before the impact of the project) for taxes generated from a particular property, so as to “freeze” that amount for the general fund for the term of the TIF.

During the TIF term, any selected taxes generated in excess of the base year amount can be used to fund and/or finance the project. Mathematically, this can be the equivalent of granting tax abatements, except in the case of TIF, the project/land owner/businesses still pay the taxes. These taxes, however, are diverted from their original (typically general fund) use, and allowed to be used for the project, either ongoing, or to pay off debt incurred upfront via a “TIF project financing.”

4.2 Value Capture and TRIDs

Before we consider the specific numeric assumptions that undergird our estimation of funds that can be generated at each of the TRID sites by value capture, it is important to explore three broader, philosophical assumptions. These assumptions affect the way the value capture mechanism is applied to the establishment of a TRID.

First, it is worth noting that the approach taken here varies significantly from a typical TIF in Philadelphia, since to date, all TIFs have been single-site locations. With TRIDs, a *district wide approach* seems not only beneficial, but intellectually reasonable. This district-wide approach yields more potential capturable value than a single-site approach: a single-site approach captures new property tax revenues within the development itself, but a district-wide approach also captures the likely increase in property taxes from existing and adjacent properties that benefit from the relative improvement in the attractiveness of the location.

Importantly, the assumption that adjacent properties will increase in value is based not only on the fact that they are near new development and related infrastructure, but also near a transit station whose attractiveness and usefulness has been enhanced by the new development and related infrastructure. A district-wide approach is thus more consistent with an underlying precept of value capture, since value that is generated in a particular location is captured at that location: both property taxes on the new developments as well as the incremental increase in property taxes on adjacent parcels that benefit from the new developments.

A district-wide approach also makes more possible the co-existence of value capture districts and a citywide property tax abatement program (see Figure 4.1). When TIFs are single-site in nature, it is practically impossible to offer both incentives to a developer, since net new taxes can either be abated away or captured, not both. A district-wide TIF therefore captures value from two sources:

- Incremental increases in tax revenues from existing adjacent properties, and
- Tax revenues from newly developed properties (Years 11 through 20 only).¹

¹ The City's property tax abatement allows for 10 years of abatement, while TIFs can be up to 20 years in length.

Figure 4.1 – How TIFs and Tax Abatement Programs Can Successfully Co-Exist

It is instructive to understand the mechanics of how a TIF district can be successfully implemented within a jurisdiction in which taxes are abated. The way in which a TIF district is able to generate funds is by securing future tax revenues, which might at first seem to not reconcile with a geographic area in which those future tax revenue are being foregone. However, TIFs can and do still work if taxes are abated, for two reasons:

First, when a new development is built, the taxes associated with the new construction are abated, but surrounding properties continue to pay taxes, and because their values increase as a result of the new development,² there are net new tax revenues that are captured as a result, and which therefore immediately contribute to the size of the TIF. This is an important argument for drawing the boundaries of a TIF district more expansively, to capture the positive spillover effect of enhanced property values onto neighboring parcels, rather than more restrictively, to include just the new development itself.

Second, the time horizon for the TIF is usually longer than the time horizon for the tax abatement. Therefore, in addition to enjoying the tax revenues associated with the net new property value increases surrounding the development, the TIF also captures the net new property value increases of the development itself, during the years after the tax abatement has expired but before the TIF period has ended. For example, a 20-year TIF in an area that enjoys a 10-year tax abatement would include in its value capture Years 11 through 20 of the tax revenues associated with the new development.

Source: Econsult Corporation (2007)

We are therefore careful to account for the property tax abatement when estimating the value capture potential of any new development projected for each TRID, considering only those property tax revenues that are generated in Years 11 through 20 at those sites. We also include the incremental increases over and above base year levels in property tax revenues generated at existing properties within the TRID boundaries.³

² This assumes that assessed values also grow over time, and not just market values.

³ To be sure, the existence of a citywide property tax abatement program means that, all else equal, a TIF district will not generate as much in capturable tax revenues, since there are no net new property tax revenues generated in the first ten years of a new development. However, the abatement program is also responsible for a considerable amount of development that would not have otherwise occurred, and its ongoing existence will contribute to additional development into the future, such that, combined with the net new property tax revenues captured from adjacent properties, the TIF district will likely generate more during the 20-year TIF period if the abatement program exists than if it does not.

In addition to redefining value capture as applying to districts rather than just single sites, we state two other philosophical assumptions that shape the way we approach the establishment of value capture districts. These additional assumptions may not influence our value capture calculations, but they do affect the drafting of our TRID agreements.

To begin with, we understand a TRID to be not just any value capture district but one in which the transit station is the figurative, if not literal, midpoint. TRID is, as noted above, the Commonwealth's preferred mechanism for encouraging TOD, and has provided implementation guidelines, upfront planning dollars, and priority status for additional funds in that direction (see Figure 4.2). A TRID is therefore best understood not as a value capture district that happens to be near a transit stop, but as a *transit-oriented district that happens to use value capture as one of its funding mechanisms*.

Figure 4.2 – TRIDs as Transit-Oriented TIFs

- Same principles and mechanisms as TIFs
- + District-wide approach to reflect the value-enhancing nature of transit stations
- + Additional flexibility in facilitating the necessary cooperation between the City and SEPTA
- + Enhanced development powers for SEPTA
- + Upfront planning dollars from the Commonwealth
- + Priority status for additional funds from the Commonwealth

Source: Econsult Corporation (2008)

Also, and on a related note, we understand the intent of the TRID legislation is to not see value capture as the sole source of funds needed to implement and maintain the TRID. In addition to enabling value capture, the Commonwealth has given priority status on additional funding sources for TRID projects.

Thus, we assert the importance of *mutual investment by all involved stakeholders*, each of whose investments are leveraged by the investments of the others. In this sense, if not in a mathematical sense, the funds generated by value capture are but a small portion of the funds that end up being used to enhance a TRID:

- The Commonwealth, in addition to enabling value capture, puts forth additional financial resources, particularly for gap financing;
- The City can also provide gap financing, and has responsibility over ongoing streetscape, maintenance, policing, and other services;

-
- Other overlay jurisdictions, such as special service districts, may add their own streetscape, maintenance, policing, and other services on top of the City's functions;
 - Neighborhood groups may add more services, in the form of landscaping, greening, and safety initiatives;
 - The private developer is investing his or her own equity, as well as soliciting investments, loans, and/or grants from other sources; and
 - SEPTA has budgeted ongoing dollars for station maintenance and capital improvements, and can undertake additional investment in the TRID to spur transit use and enhance the rider experience.

Taken from this perspective, the scale of sources of funds for the TRID increases dramatically. In concert, the scale of uses of funds for the TRID also increases, to the extent that the TRID boundaries and the TRID agreement are merely the geographic and legal intersection of all of these and other stakeholders, a common place for shared objectives to come to fruition together.

Returning to the TRID itself, those funds generated directly by value capture can then be focused on upfront and ongoing expenditures that contribute to development that is more in line with TOD principles, since the purpose of the TRID is to affirm the value-enhancing characteristic of transit access;

- If increased density or aging systems require infrastructure investments;
- If gap financing is needed over and above what can be obtained from other Commonwealth sources; and
- If infrastructure investments surrounding the station can lead to more pedestrian friendliness, such as landscaping, traffic calming solutions, security initiatives, and aesthetic improvements.

We do not recommend that value capture funds directly replace any outlays that would otherwise be made by SEPTA, the City, other overlay jurisdictions, or neighborhood groups. All of these entities will benefit not by being able to spend less within the TRID but by having what they have intended to spend leveraged by the additional investments also being made within the TRID.

If anything, other stakeholders may end up investing more resources within the TRID, buoyed by the mutual investments being made by other entities and the shared success they can all derive. In fact, most of the recommended priority projects from the TRID planning study work require multi-entity investment and collaboration, and all of them are high-leverage activities that strengthen and are strengthened by other investments in the area.

TRIDs, and the value capture funds they generate, are therefore not the sole or even the main source of funds for important neighborhood-level enhancements. They are, instead, an important new source of funding for such amenities, and, more significantly, *an important new mechanism for multiple entities to come together to make mutually reinforcing investments.*

4.3 Numeric Assumptions

Estimating the incremental tax revenues that can be generated by the establishment of a TRID is an imprecise science. Because any bonding of ongoing incremental revenues results in a “hard” liability, it is particularly important to employ conservative assumptions, so that results represent a low estimate; this has the added benefit of ensuring that the TRID does not over-extend itself in terms of infrastructural or other expenditures that it cannot then pay for or keep up.

These assumptions, in addition to being constrained by conservatism, are also informed by what has been done in other parts of the country, and what has been the practice here in Philadelphia. Accordingly, we utilize the following assumptions in our value capture model:⁴

- Debt service coverage ratios of 125 percent, 150 percent, and 200 percent were used.⁵
- Though bond interest rates are usually much lower, the model assumes a rate of 8% so as to include potential administrative costs and remain at the low end of the possibilities spectrum.
- While TRIDs, like TIFs, allow for the use of a variety of taxes, only real estate taxes were used to produce these estimates.⁶
- We model results at zero percent, 50 percent, and 100 percent participation of School District property taxes.
- Finally, we employ conservative assumptions as to the amount of new development and the organic growth of existing properties.⁷

⁴ One additional assumption deserves consideration. Other TRIDs within the Commonwealth have considered withholding certain specific parcels otherwise within the TRID boundaries from the initial round of value capture. These parcels, once they are developed at a later date, can then be added to the TRID, and a full 20 years of value capture made available to the TRID. We do not use such an approach, partly because we are not aware of the specific sites within the two TRIDs where such large-scale development would take place in the medium-term and long-term future, and partly because this approach does not actually add too much to the value capture total, because of the existence of the ten-year abatement on property taxes, which further pushes incremental tax revenue increases into the future.

⁵ A 200 percent debt service coverage ratio would mean that for every potential bondable dollar generated, only 50 cents would be captured.

⁶ Our review of other value capture districts in Philadelphia and in other cities certainly affirm that other taxes could be considered. It may make sense, for example, to designate incremental business taxes to a fund that provides technical and other assistance to businesses within the TRID.

⁷ Large-scale developments are already planned for both TRID sites. We take the current programs as given, and conservatively estimate the property tax revenues they will eventually generate. We also take as given additional, medium-term and long-term development programs that were used in the planning studies for the two TRID sites. As new developments, all of these developments are eligible for the City's ten-year abatement on property taxes; therefore, no incremental taxes are captured on these properties for the first ten years.

4.4 Value Capture Results

Based on these conservative assumptions, we estimate the following amounts that can be captured at each of the two TRID sites: \$3.3 million to \$12.6 million at the 46th and Market Street TRID, and \$1.3 million to \$4.8 million at the Temple University TRID (see Figure 4.3). Notably, if these TRIDs were single-site in nature, they would generate far less in value capture funds: \$0.3 million to \$1.2 million at the 46th and Market Street TRID, and \$0.6 million to \$2.1 million at the Temple University TRID (see Figure 4.4).⁸

Figure 4.3 – Estimated Value Capture Amounts for the Two TRIDs (District-Wide Approach), Based on Different Debt Service Coverage Ratios and School District Participation Levels (in 2008 Dollars)

		46th and Market			Temple University		
		Debt Service Coverage Levels			Debt Service Coverage Levels		
		200%	150%	125%	200%	150%	125%
School District Participation Levels	100%	\$ 7.8	\$ 10.5	\$ 12.6	\$ 3.0	\$ 4.0	\$ 4.8
	50%	\$ 5.6	\$ 7.4	\$ 8.9	\$ 2.1	\$ 2.8	\$ 3.4
	0%	\$ 3.3	\$ 4.4	\$ 5.3	\$ 1.3	\$ 1.7	\$ 2.0

Source: Econsult Corporation (2008)

⁸ As mentioned previously, single-site TIFs do not include the net new property tax revenues generated from adjacent existing properties whose values increase as a result of nearby new development. See Appendix AC for additional charts that depict value capture amounts over time.

Figure 4.4 – Estimated Value Capture Amounts for the Two TRIDs (Single-Site Approach), Based on Different Debt Service Coverage Ratios and School District Participation Levels (in 2008 Dollars)

		46th and Market			Temple University		
		Debt Service Coverage Levels			Debt Service Coverage Levels		
		200%	150%	125%	200%	150%	125%
School District Participation Levels	100%	\$0.8	\$1.0	\$1.2	\$1.3	\$1.8	\$2.1
	50%	\$0.6	\$0.7	\$0.9	\$1.0	\$1.3	\$1.5
	0%	\$0.3	\$0.4	\$0.5	\$0.6	\$0.8	\$0.9

Source: Econsult Corporation (2008)

These amounts represent initial, conservative estimates. It is important to remember that the actual value captured will be determined by the actual incremental tax revenues generated within the TRID. Therefore, if development is more robust than we have anticipated, funds will be generated on an annual basis far in excess of what is needed to make bond payments. These excess funds can then be used for future needs within the TRID, most notably gap financing for future development projects and/or more infrastructure improvements around the station.

4.5 Mutual Investment, Mutual Benefit

It is also important to remember that these value capture amounts are but a fraction of the funds that are intended to be invested within each TRID. The TRID legislation, recognizing the importance of TOD as well as the need for additional subsidy to make it happen, makes allowance for priority for additional funds from the Commonwealth. Furthermore, as noted earlier in this section, other stakeholders should be expected to make their fair share of investment, most notably the City in streetscape improvements and ongoing maintenance, and SEPTA in capital and operating expenditures associated with the station itself.

Sources and uses of funds can be paired off accordingly to each entity’s stake in the TRID (see Figure 4.5), and each entity stands to gain from the mutual investment of the other entities (see Figure 4.6). This principle of mutual investment and mutual benefit is central to effective TODs, and is further elaborated in the next section and in the draft agreements for the first two sites.

Figure 4.5 – Illustrative Distribution of Sources and Uses of Resources in Support of a TRID

<i>Source</i>	<i>Use</i>
TRID Management Entity (via value capture)	<ul style="list-style-type: none"> • Gap financing for large-scale developments • Upfront infrastructural investments and related ongoing maintenance around transit station: pedestrian amenities, traffic calming solutions, aesthetic enhancements
Commonwealth of Pennsylvania (via DCED)	<ul style="list-style-type: none"> • Additional gap financing for large-scale developments
City of Philadelphia	<ul style="list-style-type: none"> • Additional gap financing for large-scale developments • General contribution to TRID via capture of incremental increases in tax revenues • Status quo level of capital improvements and ongoing maintenance of municipal structures: street cleaning, road maintenance, policing • Upfront infrastructural investments and related ongoing maintenance around transit station: infrastructure enhancements in light of increased density, landscaping, streetscape initiatives

<i>Source</i>	<i>Use</i>
School District of Philadelphia	<ul style="list-style-type: none"> • General contribution to TRID via capture of incremental increases in tax revenues
SEPTA ⁹	<ul style="list-style-type: none"> • Upfront infrastructural investments and related ongoing maintenance related to station • Potential to consider investment in maintenance and aesthetics in area surrounding station
Any special services districts whose jurisdictions overlap a TRID	<ul style="list-style-type: none"> • Status quo level of ongoing maintenance and other services: additional cleaning and landscaping, security, signage
Any neighborhood groups whose areas of interest overlap a TRID	<ul style="list-style-type: none"> • Conduit for expressing neighborhood's preferences to TRID management entity in terms of recommended enhancements as well as evaluation of past use of funds
Private developer	<ul style="list-style-type: none"> • Private investment in support of new development • Coordinate contact points of the development with the general public in ways that are consistent with TOD principles and with the shared vision of all stakeholders

Source: Econsult Corporation (2008)

⁹ For the past five years, SEPTA spent more than \$80 million annually on preventive and station maintenance. This aggressive maintenance funding is continued in future budget projections and even extended upwards to \$100 million per year due to increased funds from Act 44. This only represents ongoing operating expenditures and does not account for capital expenditures and other large-scale outlays.

Figure 4.6 – Benefits Enjoyed by Each Entity As A Result of Mutual Investment by All Entities

<i>Entity</i>	<i>Benefit</i>
Commonwealth of Pennsylvania (via DCED)	<ul style="list-style-type: none"> • Early success to stimulate additional TRIDs
City of Philadelphia	<ul style="list-style-type: none"> • Increased tax revenues during and after TRID period¹⁰ • Enhanced infrastructure at the neighborhood level • Additional public sector investment to increase the attractiveness of the private development
School District of Philadelphia	<ul style="list-style-type: none"> • Increased tax revenues during and after TRID period¹¹ • Improved mobility and commuting experience for students, teachers, and administration
SEPTA	<ul style="list-style-type: none"> • Increased ridership • Enhanced infrastructure around transit stops • Greater freedom to enter into joint development projects with developers
Any special services districts whose jurisdictions overlap a TRID	<ul style="list-style-type: none"> • Enhanced infrastructure within district boundaries
Any neighborhood groups whose areas of interest overlap a TRID	<ul style="list-style-type: none"> • Enhanced infrastructure at the neighborhood level • Localized use of taxes
Private developer	<ul style="list-style-type: none"> • Gap financing • Enhanced infrastructure adjacent to development

Source: Econsult Corporation (2008)

¹⁰ The City will enjoy immediate revenue increases in any tax categories that are not part of the value capture agreement, as well as increases in any tax categories that are part of the value capture agreement once the value capture period has ended.

¹¹ The School District will enjoy immediate revenue increases in any tax categories that are not part of the value capture agreement, as well as increases in any tax categories that are part of the value capture agreement once the value capture period has ended.

5.0 TRID AGREEMENT PRINCIPLES

The best way to provide guidance on how to produce a Transit Revitalization Investment District (TRID) agreement for Philadelphia is to draft and annotate copies for the first two sites: the 46th and Market Market Frankford Line station in West Philadelphia and the Temple University Regional Rail station in North Philadelphia.¹ To be sure, additional legal review will have to take place in order to ensure that all interested parties are appropriately engaged and protected, and thus the specific wording of various clauses may need to be amended. Nevertheless, the intention of the draft agreement is to uphold the following general principles, which are widely shared among stakeholders and which are therefore accounted for in the text of the agreement:

- *There is an increasing necessity for transit-oriented development (TOD).* TOD is increasingly becoming a necessity from a land development and public policy standpoint, to the extent that it is a strategic way to balance growth objectives with environmental considerations.
- *The City of Philadelphia and the Southeastern Pennsylvania Transportation Authority (SEPTA) are both seeking early successes.* Recent leadership changes at both the City and SEPTA make for a “moment” in which an early success can set an important tone for subsequent years. The City wants to demonstrate its commitment to sustainable growth and neighborhood investment, SEPTA’s relative funding stability provides the opportunity and desire to think more strategically, and both the City and SEPTA want to be seen as working in concert with and not at cross purposes with one another.
- *SEPTA needs more flexibility to participate in development.* One of the main reasons, if not the only reason, TOD has been so successful in Washington DC is the greater authority accorded to the Washington Metropolitan Area Transit Authority (WMATA), particularly in terms of entering into joint development agreements with private developers. One of the key premises of the TRID legislation is that transit authorities like SEPTA, if given similar flexibilities, can also capitalize on land and other resources at their disposal, to the end that development efforts near transit stations are more robust, more coordinated, and in fact more transit-oriented; and to the extent that SEPTA can more fully participate in development, whether through assistance in land assembly or coordination with infrastructure investments, this added flexibility can also result in expedited development processes.
- *A neighborhood-level perspective is needed.* The Commonwealth of Pennsylvania and the City of Philadelphia have already come together on two notable, transit-oriented projects within the City: the Cira Centre, built on top of 30th Street Station in University City, was given Keystone Opportunity Incentive Zone status, exempting it from some state and local taxes; and the Comcast Center, connected to Suburban Station in Center City, received state funds for infrastructure

¹ See Appendix AA for the 46th and Market TRID draft agreement, and Appendix AB for the Temple University TRID draft agreement.

enhancements as well as state and local tax credits. These regional TODs have been a significant and positive addition to the City; additional TODs, at the neighborhood level and with major benefits to neighborhood residents and businesses, should be pursued as well.

- *A TRID is simply a Tax Increment Financing (TIF) district oriented to transit.* Philadelphia has executed 14 TIF agreements to stimulate various developments; a TRID would take that existing form and principle and apply it to a transit-anchored location and set of developments.² Importantly, the thrust behind a TIF district is to capture value that has been generated by new development; a transit-oriented TIF would accomplish this as well, plus capture the value that is unlocked by making fuller use of the transit station itself and the mobility it affords. Said another way, if the intention of a community concerning a particular development or set of developments does not include the figurative and literal centrality of a transit station as a value-enhancing amenity, creating a TRID is not necessarily the preferred mechanism with which to move forward.
- *A district-wide approach is the way to go.* A second enhancement to the current way TIFs are done in Philadelphia is to employ a district-wide approach, whereby boundaries are drawn and tax revenues captured in a manner that is consistent with the extent to which value is enhanced by new development. The current, single-site approach only captures incremental revenues at the location or locations in which the new development takes place, whereas a district-wide approach draws from adjacent properties that benefit from the new development.
- *If everyone invests, everyone's investment gets multiplied.* No one entity involved in a TRID should bear the full cost of implementing the TRID. SEPTA, the City, the Commonwealth, any other taxing or special service jurisdictions, neighborhood associations, and private developers all have a stake in the success of a TRID. All can and should make upfront investments and incur ongoing expenditures, which together help make the TRID work and which therefore leverage each entity's investment. It is this general principle at work that makes special services districts such as Business Improvement Districts (BIDs) and Neighborhood Improvement Districts (NIDs), which are similar in concept to TRIDs, so successful.³

This last point deserves extra attention. Notably, our draft agreement gives no formal guidance on how value capture funds should be spent. This accepts the reality that funds spent in the TRID go well beyond the dollars generated by value capture. It rather provides a mechanism and a decision-making body for determining how funds should be spent; that same body is also empowered to hold individual members to account for each participating institution's own investment in the TRID. Importantly, that body includes local entities in addition to SEPTA and the City, making *TRIDs a mechanism for pushing decision-making authority to the neighborhood level.*

With so many parties involved and so much at stake, there is the possibility of progress stalling as different stakeholders hold out for different, self-serving reasons. As the TRID legislation was written broadly, to

² See Appendix AD for a copy of the TIF-enabling legislation, and Appendix AE for the sample TIF agreement from which our TRID agreement is based.

³ See Appendix AF for a copy of an illustrative BID agreement.

allow for flexibility, so the agreement should be written broadly, moved ahead based on a shared sense of success in which all institutions seek the same outcomes: an early “win,” a multiplication of each entity’s investment, and a commitment to the principles of TOD.

6.0 RECOMMENDATIONS

While inking the first Transit Revitalization Investment District (TRID) agreements are an important next step towards the establishment of significant transit-oriented developments (TODs) within the City of Philadelphia that is not by itself the only action item for the City of Philadelphia, the Southeastern Pennsylvania Transportation Authority (SEPTA), and other stakeholders. TRID agreements are but one part of what should be a broader effort to encourage TOD within the City, particularly as it accrues meaningful benefits to Philadelphia's neighborhoods.

To that end, this section delineates seven key action items that should be undertaken in parallel with progress on the TRID agreement:

- Establishment of a TRID management entity at each station (Section 6.1).
- Greater collaboration between the City and SEPTA (Section 6.2).
- Agreement on a project list for each TRID (Section 6.3).
- Continued engagement with local constituents (Section 6.4).
- Streamlining of the development review process (Section 6.5).
- Creation of a TOD ordinance (Section 6.6).
- Creation of an interim TOD zoning overlay (Section 6.7).
- Inclusion of TOD principles in the zoning code rewrite (Section 6.8).

6.1 Establishment of a Management Entity for Each TRID

Being involved at such an early stage offers the City the opportunity to help shape the *management entities that will be charged with implementing TRIDs within the City*. With that in mind, the City should legally establish the TRID management entity for both the 46th and Market and Temple University sites. The entity should be established as a Pennsylvania non-profit corporation and be comprised of at least one member from or appointed by the following entities:

- The City (and, if relevant, the School District),
- SEPTA,
- The appropriate community development corporation, and/or other major institutions, for-profit or non-profit, located within the TRID boundaries.¹

The model for this composition is the City's various special service districts, which represent a localized form of financial and strategic control: revenues generated locally are spent locally, under the purview of a locally composed board. Thus, while the City and SEPTA are of course key members of the management entity, local perspectives are also represented.²

The management entity will be responsible for implementing the recommendations contained in the TRID planning study. To ensure accountability and oversight, the ordinance establishing the TRID management entity should also include requirements for community involvement, as well as a required annual progress report to the taxing bodies involved in the agreement as well as to SEPTA. Inclusive and ongoing public outreach will not only help to fend off possible community backlash, but it also gives those who live and work in a TRID a vested stake in ensuring that what is built is consistent with neighborhood goals and has a human-scale feel.

¹ Thus, in addition to The Enterprise Center – Community Development Corporation, the 46th and Market TRID management entity might also have a representative from the University City District; while, in addition to the Asociación de Puertorriqueños en Marcha, the Temple University TRID management entity might also have a representative from Temple University.

² While not directly serving on the management entity's board, it will be important to have regular correspondence with key entities representing a citywide, region-wide, and statewide perspective:

- To the extent that TOD cuts across several City functions, having multiple contact points within the City would demonstrate a commitment to TOD and to the respective projects.
- Furthermore, to the extent that these first two TRIDs represent the vanguard of other TOD initiatives with the City as well as in the Commonwealth of Pennsylvania, it is recommended that the Delaware Valley Regional Planning Commission (DVRPC) and the Commonwealth's Department of Community and Economic Development (DCED) have regular contact to facilitate coordination of plans and resources at the regional and state level.
- Finally, there may be need to more closely coordinate communication with the School District of Philadelphia, to the extent that the School District's portion of property taxes are partially or fully included in the value capture district.

6.2 Greater Collaboration Between the City and SEPTA

Mayor Michael Nutter's re-opening of a Cabinet-level Deputy Mayor for Transportation and Public Utilities and his fusion of planning and economic development functions under Commerce Director Andrew Altman represent two important steps towards a better working relationship between the City and SEPTA. With the establishment of TRIDs in Philadelphia, it will be important to continue to *encourage the intersection of the City and SEPTA not only on specific projects but also on overall strategic planning.*

A useful inter-agency undertaking between the City and SEPTA could be the formation of a TOD team within the City administration, staffed by employees on loan from SEPTA as well as members of various City agencies that have a role to play in TOD projects. Similar inter-agency efforts have been attempted in a number of very successful TOD cities, including Baltimore, San Francisco, Oakland, Portland, and Denver, and have been found to facilitate greater cooperation between municipalities and transit authorities.³

Such an initiative could help eliminate the red tape, institutional bickering, and multiple levels of review that can sometimes frighten away the most experienced of developers. It would also better ensure that the City's and SEPTA's respective plans are inclusive of each others' perspectives and plans. A successful TOD program begins with a shared vision by all parties involved that helps guide planning and implementation for years into the future.

Between the establishment of a management entity for each TRID and the intermingling of TOD staff within key City agencies, the importance of the efficacy of a working partnership between the City and SEPTA cannot be overstated. Having essentially concluded the planning elements of the TRID process, both TRID sites in Philadelphia must now navigate the program management phase, which entails close collaboration between the City and SEPTA (see Figure 6.1). Infrastructure improvement punch-lists must be created, a financial plan formulated, and community members engaged – all jointly by the City and SEPTA.⁴

³ "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

⁴ "Implementing Transit-Oriented Development in Pennsylvania: A Summary of Act 238 of 2004," Delaware Valley Regional Planning Commission (2005).

Figure 6.1 – TRID Implementation Steps to Take During Program Management Phase

- Step 6 – *Municipality* forms Management Entity (e.g., an Authority) to administer TRID implementation
- Step 7 – *Municipality* and *Transit Agency* prepare project lists of Public Sector Infrastructure Improvements, including costs, phasing and maintenance
- Step 8 – *Municipality* and *Transit Agency* coordinate with School District and County on Value Capture shares, schedule and TRID Financial Plan
- Step 9 – *Municipality* and *Transit Agency* hold public meeting on TRID Implementation Program improvements
- Step 10 – *Municipality* and *Transit Agency* execute Agreement on roles, responsibilities, financial commitments, management entity and defined improvements

Source: Delaware Valley Regional Planning Commission (2005)

An inter-agency initiative such as the one proposed here could help ensure that both the City and SEPTA stayed focused on this shared vision. It could also help better coordinate City and SEPTA programs and expenditures. Finally, it could also help ensure that specific projects are well planned and properly implemented: projects that mutually reinforce each entity's investments, strengthen the value proposition that TOD produces for a district, and provide an even more enhanced environment and experience for Philadelphia's neighborhoods.

6.3 Agreement on a Project List for Each TRID

As noted above, the first order of business for the TRID management entities at each site will be to agree upon a project list. The City and SEPTA are obviously important actors in such an effort, since they represent the biggest potential investors in the TRID and have the most to gain from success. *Their mutual investment of additional dollars over and above what is generated by the TRID itself* will set the tone for future mutually reinforcing investments by other stakeholders. TRID funds therefore must be perceived not as replacing previously earmarked funds but enhancing additional investments that can now be made to make good on the promise of TOD in Philadelphia, investments that are in a sense matched by the investment of others who have prioritized these particular locations and/or these types of projects.

Importantly, local representation on the TRID management entity ensures that the collaboration between the City and SEPTA has the best possible chance of resulting in projects that are of local interest. In other words, TRIDs, as we have envisioned structuring them, are a way to push decision-making authority down to the neighborhood level. The net effect is that *locally generated revenues, as well as additional resources by major stakeholders such as the City and SEPTA, are spent at the neighborhood level and for neighborhood-serving uses*. The suggestions generated by local residents and businesses at various TRID planning study community meetings are therefore an important starting point from which to produce these project lists (see Figure 6.2).

Figure 6.2 – Recommended Priority Projects Suggesting at TRID Planning Study Community Meetings

<i>46th and Market</i>	<i>Temple University</i>
<ul style="list-style-type: none"> • Lobby for a new police mini-station at the 46th Street Station; • Lobby University City District for twice weekly street cleaning on designated streets around the station; • Improve the railing and stairs from Westpark Apartments to the station; • Install new solar pedestrian lighting around the station and encourage new porch lights along Farragut Street; • Improve pedestrian safety and create an attractive gateway at the intersection of 44th and Market Streets; • Create a new permit parking zone around the station; • Improve the sidewalks and plant trees along key north-south streets; • Improve the park at 47th and Sansom Streets; • Explore the potential of a running track around the superblock; and • Support the Enterprise Heights development. 	<ul style="list-style-type: none"> • Coordinate police beats of Temple University and the 26th District; • Install new solar pedestrian lighting around the station; • Improve the plaza at the main station entry on Berks Street; • Improve the sidewalks, plant new trees and work with the City to install painted bike lanes on key east-west streets; • Install new station signage at neighborhood intersections; • Improve key bus stops starting at 8th and Berks as a mini-TOD; • Create a permit parking zone around the station; • Improve Berks Street as a boulevard; • Explore the potential of reusing the vacant viaduct as a tree nursery; • Redevelop the parking lots east of the station; and • Begin land acquisition and planning for redevelopment along 9th Street and on the “Darien” block.

Source: Interface Studio (2008), Econsult Corporation (2008)

6.4 Continued Engagement with Local Constituents

A TRID agreement is simply the legal and geographic intersection between the City and SEPTA. Another important intersection is the extent to which TOD initiatives are brought to the general public, and to potentially affected local residents in particular. Accordingly, the planning study efforts at both sites have been characterized by frequent interactions with local residents, businesses, and community groups.

To the extent that the City and SEPTA are literally investing in these TRID sites, it will be important for representatives from both institutions to be involved ongoing at such gatherings, to explain future plans and to seek input. In fact, the TRID legislation explicitly calls for at least one public meeting per new TRID to discuss purpose, components, and implementation; such a requirement is on top of any other, locally mandated requirement.

Importantly, we are recommending local representation on the TRID management entity board. Coupled with the authority given to the TRID management entity by the TRID legislation as a mechanism through which SEPTA can enter into joint development agreement with private developers, there is a very real opportunity for current and future developments within TRID boundaries to derive all of the advantages of SEPTA's increased flexibility in participation in real estate development. To the extent that community representatives have been engaged along the way, these development plans and initiatives will be all the more coordinated with local sentiments, citywide neighborhood-level initiatives, and SEPTA's long-range transit objectives.

6.5 Streamlining of the Development Review Process

The implementation of the City's first two TRIDs, and the greater attention given to TOD, provide an opportunity to reform development in general. Accordingly, PCPC, the Zoning Board of Adjustment (ZBA), and all other relevant agencies should work together to *streamline the development review process for TOD projects in general and TRID projects specifically*. An expedited review process for TOD and TRID projects can be an effective incentive to encourage TOD.

Many private developers cite length of time and uncertainty in the permit process as primary barriers to development projects in general and TOD projects specifically. The permit review process plays a large role in both the time and level of certainty in getting development approval. Facilitating the permit process can provide a powerful incentive for transit-oriented development.

Ultimately, TOD is just one type of development. It is, simultaneously, a preferred type as well as one that is usually more complicated than most. Streamlining the development review process should, therefore, be an action item that is simultaneously undertaken for all types of development, as well as for TOD projects in particular. The goal, after all, is to encourage more TOD, as well as make the overall development process easier and more transparent than it currently is.

6.6 Creation of a TOD Ordinance

The current environment also offers a perfect opportunity to solidify the City's commitment to public transit in general and TODs in particular. One of the most important things that needs to be done on that front is the passage of a TOD ordinance by City Council. Like similar documents produced by other municipalities, *such an ordinance will provide an overall working definition of what TOD is in Philadelphia, and also lay the groundwork for other, site-specific TOD required regulations*, including the creation of zoning overlays and the streamlining of development review process.

The TOD regulations must provide adequate authority to deny uses deemed inconsistent with the character of TOD and the ridership objectives of the ordinance. Absent such authority, the integrity of the TOD program could be undermined by development that does not functionally relate to the transit facilities that support it. The ordinances must also be drafted with precision in order to avoid challenges on the grounds of indefiniteness and uncertainty and a comprehensive TOD ordinance and TOD strategic plan can avoid regulations being thrown out on the grounds of being arbitrary and irrational.⁵ The definition that the ordinance would provide should help alleviate any disagreements about what constitutes good TOD development in the City.

The ordinance should cover the following points:

- The ordinance should cover the amount and type of development, and the spatial and relational character of the development. It should encourage and require more intensive development patterns by establishing minimum densities and offering density bonuses near transit facilities.
- The ordinance should also set explicit standards and policies for incorporating mixed-income housing in TOD projects.
- The ordinance should help guide development and redevelopment of areas around transit stations.
- The ordinance should emphasize that all station areas have a comprehensive station area plan before any major development projects can be undertaken. This will help ensure that new development adheres to TOD principles.
- The ordinance should include provisions that specify for the appropriate City agencies what land assembly and land banking programs can be undertaken.

The success of TOD depends in part on the degree to which the principles are embedded within the larger land-use planning and regulatory framework. Absent such plans and regulations, TOD is likely to occur piecemeal or not at all.

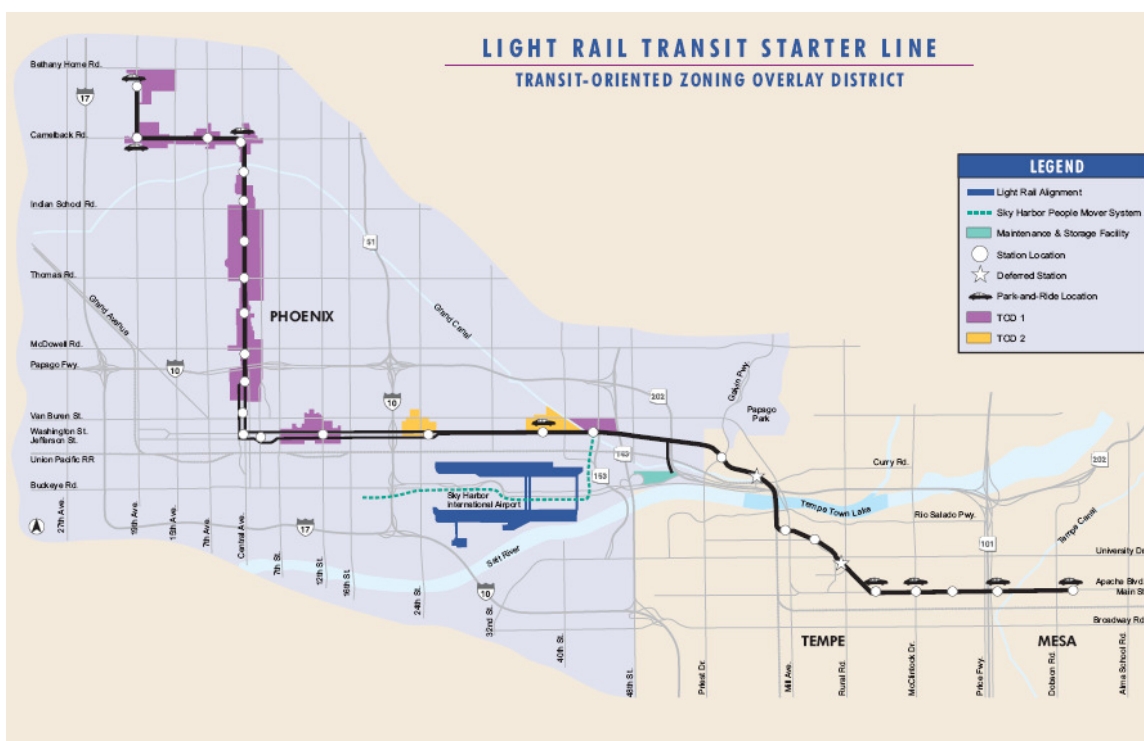
⁵ "The Zoning and Real Estate Implications of Transit Oriented Development," Transit Cooperative Research Program (January 1999).

6.7 Creation of an Interim TOD Zoning Overlay

Most cities, Philadelphia included, are not currently zoned for the type of high-density mixed-use residential and commercial development that is the hallmark of successful TOD. Related to the passage of an overall, citywide TOD ordinance, the Philadelphia City Planning Commission (PCPC) and City Council need to *adopt a TOD zoning overlay template that can be applied at all major transit stops located in the City*. Overlay zones can be an effective interim tool until a new TOD zoning classification can be created. A floating TOD overlay zone allows a city to apply a TOD zoning overlay when the opportunity arises, and specific language can begin to be crafted for the City’s first two TRID sites.

An overlay zone applies supplemental provisions to a specific area within a basic zoning district, without disturbing the requirements of the basic use district. If the overlay requirements conflict with the basic use requirements of the base zone, the stricter requirements apply. The provisions of the overlay should aim to encourage mixed-use and mixed-income development and discourage automobile oriented development near transit stations. Interim zoning overlays have been successfully used in several cities around the country, including Seattle, Portland, and Phoenix, as interim solutions until more comprehensive zoning rewrites could be undertaken (see Figure 6.3).

Figure 6.3 – Phoenix, AZ Transit Oriented Zoning Overlay Map



Source: City of Phoenix (2007)

6.8 Inclusion of TOD Principles in the Zoning Code Rewrite

The last Philadelphia zoning rewrite was in the 1960's. The current Philadelphia zoning code is an amalgam of over fifty years of revisions, patches, and narrowly focused fixes and in all of its complexity it is inadequate to meet Philadelphia's current needs. PCPC and City Council *should embed TOD principles in the comprehensive zoning code rewrite planned for the City.*

New zoning districts have the advantage of being able to "wipe the slate clean" of earlier regulation. Importantly, an approach that is more form-based in nature can be more amenable to the mixing of uses and to location-sensitive aesthetics that are the hallmark of good TOD, and will allow for more flexibility as the local and national marketplace demand different functional uses over time.

TOD invites and requires bold new policies that push the conventional boundaries and acknowledge the unique markets that are being served. Standard designs and building code templates may need to be reconfigured for each and every TOD project in large part because the TOD market is not "standard"; what works in one neighborhood might not necessarily work in another. TOD must be able to respond to the characteristics of a particular site, rather than adhering to a rigid formula. Philadelphia's zoning code rewrite needs to reflect this reality and be flexible to the unique needs and characteristics of each transit station.

Two particular challenges warrant further discussion:

- *Mixing of uses* is a hallmark of TOD, but arriving at a workable mix poses particular planning and design challenges. Mixed-use projects are sometimes trickier to design, finance, and lease than traditional single use projects. Planners have the tendency to impose a design template of ground-floor retail and upper-level housing or offices (otherwise known as vertical mixing) on any and all development proposals within a TOD. However, ground-floor retail is doomed to fail unless it opens onto a street with a high volume of foot traffic and convenient automobile access, and ground-floor restaurants may be unappealing to upper-level residents seeking peace and quiet in the evening. The City needs to be sensitive to such challenges and adjust accordingly.
- *Parking* can be a herculean obstacle to TOD if it is not dealt with properly. It separates a station from the neighboring community and diminishes the quality of the pedestrian environment. The issue of parking can provoke visceral reactions, often pitting constituencies against one another. Where housing is being built near transit stops, reduced parking quotas should be considered to reflect the tendency of many transit-adjacent households to own fewer automobiles. Shared parking can economize on costs and land consumption, particularly if uses are complementary in terms of having differing peak hours, and should therefore be encouraged in the new zoning regulations. There is no easy formula for contending with the conflicts between parking and TOD. The zoning code rewrite needs to include enough flexibility into the process to allow the City and TOD developers to find an appropriate and workable parking strategy and change course if and when circumstances warrant it. The zoning code rewrite needs to acknowledge the fact that TOD is drastically different than transit anemic development (TAD) in terms of the parking and parking standards that apply to TOD should not be the same ones that apply to TAD.

As Philadelphia's experience with TOD increases, new insights will be gained and lessons learned. Seeing that it has been almost fifty years since the last rewrite of Philadelphia's zoning regulations, it is essential that the TOD regulations included in the zoning rewrite be flexible to easily adjust to these new insights and any changing market conditions.

7.0 CONCLUSION

Ultimately, Transit Revitalization Investment Districts (TRIDs) are simply a tool for cooperation towards the establishment of transit-oriented developments (TODs). Nevertheless, that mechanism for cooperation is an important potential catalyst for “a new day” in development in Philadelphia, to borrow a phrase from Mayor Michael Nutter:

- *With new leadership at the helm of both the City and SEPTA*, we have a unique window in which to steer these respective institutions towards a shared agenda for neighborhood serving, environmentally sustainable, transit-oriented development.
- *Local and national trends* point to increased transit use, which, with the right projects, can make transit-adjacent sites attractive for development.
- Unprecedented *reform activities in zoning and land use* present hope for changes needed to clear the way for TOD to happen.
- Finally, *two attractive sites*, spearheaded by two impressive sets of community leaders, have emerged as high-potential locations for the first two TRIDs in Philadelphia, the first two big-city TRIDs in the entire Commonwealth.

In short, the time is right, and the mechanisms are now in place, to make these visions reality. The potential payoff is an increasing number of TRIDs, which exemplify the synergistic intersection between multiple entities and their mutually reinforcing investments towards a dynamic built environment, aesthetic experience, and mixed uses that serve Philadelphia’s neighborhoods and the region as a whole.

APPENDIX A – WORKING DEFINITION OF TRANSIT-ORIENTED DEVELOPMENT

Reconnecting America's Center for Transit-Oriented Development provides the following definition of transit-oriented development:

“Transit-oriented development is often defined as higher-density mixed-use development within walking distance – or a half mile – of transit stations. We use a performance-based definition, and believe that projects should also:

- *Increase ‘location efficiency’ so people can walk and bike and take transit*
- *Boost transit ridership and minimize traffic*
- *Provide a rich mix of housing, shopping and transportation choices*
- *Generate revenue for the public and private sectors and provide value for both new and existing residents*
- *Create a sense of place*

We believe that TOD is really about creating attractive, walkable, sustainable communities that allow residents to have housing and transportation choices and to live convenient, affordable, pleasant lives – with places for our kids to play and for our parents to grow old comfortably.”¹

¹ From Reconnecting America's Center for Transit-Oriented Development's website.

APPENDIX B – THE BENEFITS OF TRANSIT-ORIENTED DEVELOPMENT

If done well, TOD can confer a variety of benefits to residents and to a region:²

- *A sense of place.* In contrast to the sameness or blandness of many suburban developments, TOD values the physical form, and its designs seek to be visually appealing and authentic to a particular community.
- *Economic development.* Retail and other commercial development catalyzed by TOD can result in job creation, commercial growth, and tax revenues.
- *Economic equity.* By making available housing at different price points, all within walking distance to public transportation, TOD can truly create mixed-income communities and address affordable housing concerns.
- *Environmental stewardship.* The high-density approach of TOD means greater recapture of brownfields, increased preservation of open spaces, and fewer resources wasted in providing infrastructure to far-flung developments.
- *Greater mobility across all generations.* Proximity to transit means more social and vocational options for teens, boomers, and the elderly, in comparison to more car-oriented suburban developments.
- *Healthier citizens.* TOD encourages residents to get out of their cars and make at least part of the trip from point A to point B by walking or biking.
- *Increased transit ridership.* Co-locating residential, retail, and office uses near transit gets more people out of their cars and onto public transportation, spreading out the fixed costs of transit infrastructure over more users.
- *Public cost savings.* Aggregating development in a compact fashion means governments need not stretch out their sewer, water, and other infrastructures in costly ways.
- *Public/private partnerships.* Because it promises profits for developers, quality-of-life gains for residents, and property tax revenue increases for municipalities, TOD can be a meeting point for dynamic alliances between the public and private sectors.
- *Public safety.* The re-orienting of transit stops to facilitate pedestrian access can achieve great gains in the perception of safety, both for users of the stop and for residents and workers near it.

² “Transit-Oriented Development in Philadelphia: Using a Proven Strategy to Create More Vibrant, Livable Neighborhoods,” Econsult Corporation (October 2007).

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- *Quality of life.* Residents, now given central locations to congregate and interact, can build a richer sense of connectedness that is not often found in isolated, car-centric suburbs.
 - *Reduced congestion.* Moving people towards greater public transit use takes cars off the road, reducing pollution costs, highway wear and tear, and time lost while stuck in traffic.

APPENDIX C – THE TRANSIT REVITALIZATION INVESTMENT DISTRICT ACT OF 2004

See attached.

APPENDIX D –TRANSIT REVITALIZATION INVESTMENT DISTRICT IMPLEMENTATION PROCESS³

Planning Phase

- Step 1 – Municipality and Transit Agency agree to work cooperatively to create TRID
- Step 2 – Municipality undertakes TRID Planning Study to determine location, boundaries and rationale
- Step 3 – Municipality and Transit Agency conduct community public meeting(s) on planning study
- Step 4 – Planning Study is revised and completed
- Step 5 – Municipality and Transit Agency accept Planning Study's findings and recommendations

Program Management Phase

- Step 6 – Municipality forms Management Entity (e.g., an Authority) to administer TRID implementation
- Step 7 – Municipality and Transit Agency prepare project lists of Public Sector Infrastructure Improvements, including costs, phasing and maintenance
- Step 8 – Municipality and Transit Agency coordinate with School District and County on Value Capture shares, schedule and TRID Financial Plan
- Step 9 – Municipality and Transit Agency hold public meeting on TRID Implementation Program improvements
- Step 10 – Municipality and Transit Agency execute Agreement on roles, responsibilities, financial commitments, management entity and defined improvements

Implementation Phase

- Step 11 – TRID Management Entity solicits Developer interest

³ "Implementing Transit-Oriented Development in Pennsylvania: A Summary of Act 238 of 2004," Delaware Valley Regional Planning Commission (2005).

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- Step 12 – Development proposal accepted by TRID Management Entity and municipality
 - Step 13 – TRID Management Entity executes Development Agreement with successful Developer, including Public Sector Improvements and Private Sector Financial or Project Commitments
 - Step 14 – Project construction and completion
 - Step 15 – TRID Management Entity administers Value Capture revenues and expenditures in accordance with approved Implementation Program
 - Step 16 – Amendments to Agreement or TRID Plan, as required

APPENDIX E - COMPARISON OF TRANSIT SYSTEMS

	Philadelphia, PA	New Jersey	Atlanta	Charlotte, NC	Chicago	San Francisco	Portland, OR	Washington, DC
Agency Name	SEPTA	New Jersey Transit	Metropolitan Atlanta Rapid Transit Agency (MARTA)	Charlotte Area Transit Systems (CATS)	Chicago Transit Authority (CTA)	Bay Area Rapid Transit District (BART)	Tri-county Metropolitan Transportation District of Oregon (TriMet)	Washington Metropolitan Area Transit Authority (WMATA)
Multi-jurisdictional	yes	yes	yes	Yes	Yes	Yes	Yes	Yes
Governing Board	Yes, 17 Members	Yes, 7 member board (4 are appointed by the Governor, 3 are state officials)	Yes, 18 Member appointed board, plus 4 ex-officio members	No (part of the transit department, not an independent agency)	Yes, 7 member appointed board	Yes, 9 member elected board	Yes, 7 member appointed board	Yes, 12 member appointed board (6 voting members, 6 alternates)
Service Area Population (millions)	3.9	8.7	4.1	1.5	3.8	7.1	2.3	3.5 million
Annual Budget	Operating: \$1.1 Billion, Capital: \$426 million, Total: \$1.4 Billion	Operating: \$1.64 billion, Capital: \$1.29 billion, Total: \$2.93 billion	Operating: \$329 million, Capital: \$341 million, Total: \$670 million	Operating: \$89 million, Capital: \$184 million, Total: \$173 million	Operating: \$1.08 billion, Capital:	Operating: \$594 million, Capital: 108 million, Total: \$7.02 million	Operating: \$361 million, Capital: \$27 million, Light Rail: \$258 million, Total: \$646 million	Operating \$1.2 Billion, Capital: \$0.7 Billion, , Total: \$2.2 Billion
Operating Funding Sources	Fare Revenue: 41.6%, State Assistance: 48.5%, Federal Assistance: 3.1%, Local Assistance: 6.4%	Fare Revenue: 46.2%, State Assistance: 18.2%, Capital Transfer: 21.7%, State/Federal Gov't Reimbursement: 7.3%, Other: 6.6%	Sales and Use Tax: 67%, Fare Revenue: 20%, Other 13%#	Passenger Fares: 12.5%, Sales Tax: 58.5%, Operating Assistance: 10.9%, Maintenance of Effort: 15.7%, Other: 2.4%	Passenger Fares: 44.5%, RTA: 45.6%, Transfer from Capital: 5.3%, Local Government: <0.5%, Other: 4.1%###	Passenger Fares: 42%, Transaction and Use Tax: 27%, Property Tax: 7%, State and Federal Gov't: 8%, Capital Contributions: 10%, Other: 6%	Payroll and other taxes: 57%, Passenger Fares: 21%, State/Federal Operating Grants: 14%, Other: 8%	Fare Revenue 57.6%, state and local governments contribution 42.4%*
State Funding	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Number of Riders (millioj)	307	Rail: 73, Bus: 159.1, Light Rail: 18.8, Combined: 250.9	Rail: 77.7, Bus: 69.8, Combined: 147.5	21	Rail: 189.5, Bus: 304.1, Combined: 493.6	97	Rail: 34, Bus: 63, Combined: 97	Rail: 207.9, Bus 131.5, Combined 339.4
Active TOD Program		Yes	Yes	Yes	Yes	Yes	Yes	Yes
Joint Development	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Full-time staff assigned to TOD projects?	No	Yes	Yes	No	No	Yes	Yes	Yes
Number of Rail/Subway Stations	316	222	38	18	144	104	64	86

	Philadelphia, PA	New Jersey	Atlanta	Charlotte, NC	Chicago	San Francisco	Portland, OR	Washington, DC
Miles of Track	450	647	48	9.6	242	43	44	106.3
Services Offered	Bus, Rail, Light Rail, Trolley,	Bus, Rail, and Light Rail	Bus and Rail	Bus, Light Rail, and Trolley	Rail and Bus	Rail	Bus, Light Rail, Commuter Rail, Street Car	Subway and Bus
Year Service Began	1964	1979	1979	1991	1952	1972	1969	1976

Source: various

APPENDIX F – BRIEF WRITE-UPS OF COMPARABLE TRANSIT SYSTEMS

New Jersey Transit receives funding from the State of New Jersey to help offset operating costs. These funds come from the New Jersey Transportation Trust Fund, New Jersey Casino Revenue Fund, as well as appropriations from the New Jersey general fund. This represents eighteen percent of New Jersey Transit's operating budget.⁴

The Metropolitan Atlanta Rapid Transit Agency (MARTA) is a multi-modal system of bus and rail that serves a population of just over four million people. MARTA operates forty-eight miles of track, thirty-eight stations and served a combined 147.5 million riders (both bus and rail) in FY2007. It has an annual operating budget of 329 million dollars and has never received any operating revenue from the State of Georgia, thereby making it the largest public transportation agency in the United States not to receive state funding for operating expenses⁵. Sixty-seven percent of MARTA's operating budget comes from sales and use tax, twenty percent from fare revenue and thirteen percent from other miscellaneous sources. Atlanta levies a sales and use tax on all purchases in DeKalb and Fulton Counties. The tax is levied at a rate of 1.0 percent until 2047 and 0.5 percent through 2048. Up to fifty percent of the sales and use tax revenue can be used to subsidize the operating expenses of the system with the remainder used to issue revenue bonds to fund capital projects. During fiscal year 2007, the sales and use tax generated approximately \$351 million in revenue and 67 percent of MARTA's operating budget.⁶ MARTA is governed by an eighteen member appointed board plus four ex-officio members.

Atlanta stands in contrast to *the Washington Metropolitan Area Transit Authority (WMATA)* in Washington, DC, where state and local governments contribute approximately forty-three percent of its operating revenue. WMATA is a multi-state multi-model transit agency serving Maryland, Virginia, and Washington, DC with bus and subway service. WMATA serves a population of approximately 3.5 million people spread over an area of 1500 square miles. In FY 2007, WMATA served 339.4 million riders, making it the second largest system in our sample in terms of number of riders behind only Chicago. It has an annual operating budget of 1.2 billion dollars. Fare revenue covers approximately fifty-eight percent of the operating budget with the remainder coming from contributions from state and local governments served by WMATA. WMATA does not have to rely on the annual appropriation process of each jurisdiction for funding; rather the contribution from each jurisdiction is calculated using a formula based on the density weighted population of each jurisdiction, the number of stations located in each jurisdiction, and average weekday ridership of each jurisdiction.⁷ WMATA is governed by a twelve member appointed board comprised of six voting members and six alternates. The membership is equally split among the three jurisdictions that are served by WMATA.

Compared to the other transit systems in our analysis, *the Charlotte Area Transit System (CATS)*, is relatively young, having been in existence since only 1991. It is a multi-jurisdictional, multi-modal system of

⁴ "New Jersey Transit 2007 Annual Report," New Jersey Transit (2008).

⁵ "MARTA Fiscal Year 2007 Annual Report," Metropolitan Atlanta Rapid Transit Agency (2008).

⁶ "Comprehensive Annual Report:: Year Ending June 30, 2007," Metropolitan Atlanta Rapid Transit Agency (October, 2007).

⁷ "WMATA Subsidy Allocation Methodology," Washington Metropolitan Area Transit Authority (2007).

bus, light rail, and trolley. It, along with the City of Calgary, are the only transit systems that are operated as a Department, rather than an independent agency governed by an appointed board of directors. It is currently comprised of approximately ten miles of track and eighteen stations, with large expansion in both station numbers and track length planned. CATS has a current operating budget of 89 million dollars and a capital budget of 184 million dollars. Approximately fifty-nine percent of CATS operating budget is derived from a sales tax, twelve percent passenger fares, eleven percent from operating assistance from the State of North Carolina as well as the Federal Government and eighteen percent from other sources. The sales tax is a 0.5 percent tax on all purchase with the exception of groceries, prescription drugs, gasoline and liquor and during the 2007, the tax raised \$69.2 million.⁸

The Chicago Transit Authority (CTA) is a multi-modal system of bus and rail that serves 3.8 million residents over an area of two hundred and twenty square miles. CTA operates two hundred forty-two miles of tracks and one hundred and forty-four stations with an operating budget of 1.08 billion dollars. The operating budget is funded from a number of sources, approximately forty-five percent from passenger fares, and forty-six percent from contributions from Illinois' Regional Transit Agency. In FY2007, the CTA served a combined 493.6 million customers. The Regional Transit Agency receives funding from two sources appropriations from the Illinois Legislature and a transit sales tax levied by the Agency. Just like the situation that SEPTA recently faced, the Chicago Transit Agency faces significant uncertainty from year to year in the level of funding that they will receive from the state of Illinois, the level of service that they can provide to their customers and the fares that the customers will face. Several transit funding bills were introduced in the Illinois State Legislature, but despite significant bi-partisan support final legislation has not been passed which has necessitated large cuts in transit services.⁹ In the City of Chicago, the transit sales tax is levied by the Regional Transit Agency and is authorized by state statute and collected by the state in the six county region of northern Illinois. The sales tax is the equivalent of 1.0 percent on sales in Cook County and 0.5 percent in the other five counties. In Cook County the tax is comprised of a 1.0 percent tax on food and drugs and 0.75 percent tax on all other purchases, with the state providing a "replacement" amount to the RTA equal to 0.25 percent of all other sales. The RTA retains fifteen percent of the tax revenue and passes one hundred percent of the remaining tax revenue collected from within the City of Chicago and thirty percent of the remaining tax revenue collected from suburban Cook County to the CTA. In 2007, the RTA sales tax contributed approximately \$303 million to CTA, representing 45.6 percent of CTA's operating budget.¹⁰ CTA is governed by a seven member appointed board of directors.

The Bay Area Rapid Transit (BART) District is the only single model, rail-only, system in our analysis. In FY2007 BART served 97 million riders using forty-three miles of tracks and one hundred and four stations. It has an operating budget of over 594 million dollars. Forty-two percent of the budget is derived from passenger fares, twenty-seven percent from a transaction and use tax, seven percent from property taxes, eight percent from the State of California and the Federal Government, and sixteen percent from miscellaneous sources. The Bay Area Rapid Transit District levies a transaction and use tax, as well as a property tax to fund its operating budget. In 2007, the transaction and use tax accounted for twenty-seven percent of BART's operating budget and the property tax contributed another seven percent. The transaction and use tax receipts were equal to \$192 million and the property tax receipts were equal to \$43

⁸"Funding," Charlotte Area Transit System (June 2008).

⁹"Back to Basics," Chicago Transit Agency, (2007) <http://www.transitchicago.com/downloads/budget/2008sum.pdf>

¹⁰ "Back to Basics," Chicago Transit Agency, (2007) <http://www.transitchicago.com/downloads/budget/2008sum.pdf>

million. The transaction and use tax is levied on all purchases that occur within District boundaries by the State Board of Equalization. It is equivalent to 0.5 percent. Seventy-five percent of the tax proceeds are allocated to BART to cover operating expenses and debt service on revenue bonds used to fund capital projects. The remaining twenty-five percent is allocated by the Metropolitan Transportation Commission (MTC) to BART, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. BART also receives an allocation of the property tax revenue levied by the jurisdictions within its boundaries. The counties assess and collect the property tax on behalf of BART at the same time and on the same tax rolls as county, school district and other special district taxes.¹¹

The Tri-county Metropolitan Transportation District of Oregon (TriMet) is a multi-modal transit system of bus, light rail, commuter rail and street car that serves an area of 575 square miles. In FY 2007 it served a combined 97 million passengers with an operating budget of 361 million dollars and a light rail budget of 258 million dollars. TriMet receives the majority of its operating revenue from both payroll and property taxes. Payroll and property tax revenue was equal to \$207 million and \$10 million respectively in 2007 compared to fare revenue of only \$76 million. The payroll tax contributes 55.25 percent of TriMet's operating budget. The payroll tax is imposed on employers with respect to wages earned within the TriMet Service District. An employer is not permitted to deduct any portion of the tax from the wages of an employee. The self-employment tax is imposed on self-employed individuals with respect to their net earnings generated within the TriMet Service district. These taxes are currently imposed at a rate of 0.6518 percent of the wages paid to individuals (for the payroll tax) and the net earnings from self-employed individuals (for the self-employment tax). The rate will increase from .006218 to .007218 over the ten-year phase-in period. The rate will increase by .0001 each January 1 until the rate reaches .007218 on January 1, 2014. The taxes are collected on TriMet's behalf by the Department of Revenue of the State of Oregon. Annually, TriMet levies an *ad valorem* property tax on all the taxable property within the boundaries of the District in an amount sufficient to pay the yearly principal and interest on all voter-approved general obligation bonds.¹² TriMet is governed by a seven member appointed board.

¹¹ "San Francisco Bay Area Rapid Transit:: 2006 Annual Report," BART (2007) <http://www.bart.gov/docs/AR2006.pdf>

¹² "Fiscal Statements and Supplementary Information," Tri-county Metropolitan Transportation District of Oregon (2007).

APPENDIX G – TOD PROGRAM DEFINITIONS FOR SELECTED TRANSIT AGENCIES¹³

<i>Transit Agency</i>	<i>Program Definition</i>	<i>Description of an Illustrative Project</i>
MARTA	A broad concept that includes any development that benefits from its proximity to a transit facility and that generates significant transit ridership	Lindbergh Station is a large-scale, mixed-use redevelopment of an 11 acre surface parking lot that includes 1.3 million square feet of office space, retail shops, and a hotel, as well as residential condominiums.
CTA	Higher density development is concentrated near the station to make transit convenient for more people and encourage ridership. This form of development utilizes existing infrastructure, optimizes use of the transit network and creates mobility options for transit riders and the local community. Successful TOD provides a mix of land uses and densities that create a convenient, interesting and vibrant community for local residents and visitors alike.	La Grange is located 14 miles west of Chicago. The downtown TOD redevelopment project included 2 condominium projects, 50,000 square feet of retail, as well as façade and streetscape improvements.
BART	Moderate- to higher-density development, located within an easy walk of a major transit stop, generally with a mix of residential, employment, and shopping opportunities designed for pedestrians without excluding the automobile. TOD can be new construction or redevelopment of one or more buildings whose design and orientation facilitate transit use.	Pleasant Hill provides an example of a suburban locale where a TOD has been taking shape incrementally. The second phase involves replacing an 18 acre surface parking lot with a walkable “urban village” containing 456,000 square feet of office space, 450 apartments and town homes, and 42,000 square feet of retail space.

¹³ All program definitions and project descriptions are from “Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102),” Transit Cooperative Research Programs (2004).

<i>Transit Agency</i>	<i>Program Definition</i>	<i>Description of an Illustrative Project</i>
TriMet	<p>Transit supportive development is a land use planning, urban design, and development strategy for insuring future mobility and livability by supporting increasing transit use, walking and bicycling. The fundamental principles are: place moderate and high density housing and employment within walking distance of transit; mix residential and employment uses with shopping opportunities and public facilities; provide multiple and direct street connection to transit stops and shopping; and design for pedestrians without excluding the auto.</p>	<p>The Round is a mixed-use, community located 5 miles east of downtown Portland. On completion it will include 240 market-rate housing units, upscale restaurants, 125,000 square feet of Class A office space, an 860 space parking garage, and extensive public open space.</p>
WMATA	<p>Projects near transit stops which incorporate the following smart-growth principles: reduce automobile dependence; encourage high shares of pedestrian and bicycle access trips to transit; help to foster safe station environments; enhance physical connections to transit stations from surrounding; and provide a vibrant mix of land-use activities</p>	<p>Bethesda Row is a large-scale, mixed-use redevelopment project that encompasses seven contiguous blocks and 13.5 acres of land. It features 110,000 square feet of office space, 190,000 of retail space, and 40,000 square feet of restaurants. The final phase of the project will include art facilities, a movie theater and possibly a residential component.</p>

APPENDIX H – MUNICIPALITY AND TRANSIT AGENCY COLLABORATION BY BAY AREA RAPID TRANSIT (BART) STATION¹⁴

<i>Project</i>	<i>Description</i>
Pittsburg /Bay Point	A Technical Working Group was created among three entities – BART, Contra Costa County, the city of Pittsburg – to prepare a TOD-oriented Specific Plan for the Pittsburg / Bay Point Station. Each entity contributed fund for this effort
Pleasant Hill	The Pleasant Hill BART Station Area Steering Committee was created in the mid-1980s, composed of representatives from the cities of Walnut Creek, Pleasant Hill, and Concord. Represented as well were BART, Contra Costa County, private land owners, and home-owner associations.
MacArthur	BART and the City of Oakland formed a Citizens Planning Committee consisting of merchants, home-owner associations, and residents to guide TOD planning.
West Oakland, Ashby, Coliseum, Union City, Hayward, Balboa Park	BART has entered into memorandums of understanding (MOUs) with cities to conduct station area planning. Co-participants (in addition to BART and the Cities) have included the Oakland Housing Authority (at West Oakland), Muni and Caltrans (at Balboa Park), and the Pacific Gas and Electric Company (at Union City). All involved entities have provided funds for TOD planning efforts.
Richmond	BART and the City of Richmond joined forces to conduct a feasibility study for the station area, which led to the issuance of an RFP, the selection of a developer, and the approval of a TOD project
Fruitvale	MOUs were executed between BART and the Spanish-Speaking Unity Council to create the Fruitvale Transit Village.

¹⁴ All descriptions are from “Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102),” Transit Cooperative Research Programs (2004).

APPENDIX I - THE ROLE OF THE STATES IN ENCOURAGING TOD

There is a wide range of approaches that jurisdictions take in actually implementing TOD initiatives. Given the collaborative and somewhat non-traditional approach of TOD projects, the mechanics of if and how multiple jurisdictions work together become very important. In other words, while typical development may intersect with various governments as part of the approval process, TODs seek to engage those same governments to the extent that broader objectives than simply building a building are sought.

Fundamentally, TODs intersect with local jurisdictions, since state laws grant zoning and other land use powers to counties and municipalities. However, *states can influence those local decisions* in the way that land-related enabling legislation is written. Importantly, transit agencies are, by and large, also creatures of the state, their authorities defined and circumscribed by state legislation.

For example, *the State of California* has used redevelopment agencies to breathe life into TOD projects in marginal and depressed urban areas, by granting them greater land development power than such agencies typically have. For example, in San Francisco, redevelopment agencies have donated or underwritten the costs of land, in the hopes of enticing private investment near transit stations; redevelopment agencies have also assisted with land assembly and provided direct financial assistance in the form of tax increment financing, tax-exempt bonds, low-interest loans, loan guarantees, and grants. In addition, the California Transit Village Act encourages local jurisdictions to plan more intensive development around rail station, and allows them to adopt transit village plans and apply various tools in promoting TOD, like density bonuses and expedited permitting processes.¹⁵

The State of New Jersey uses a similar approach; its Transit Village program is a cooperative effort of New Jersey Transit and several state agencies.¹⁶ It was created to acknowledge the existence of transit-friendly, smart growth land use practices in designated municipalities that allow for mixed-use development (with a strong residential component) to occur within a quarter-mile to half-mile radius around rail or bus passenger facilities. A municipality is designated a Transit Village only after much of the visioning, planning and background work have already been completed on the municipal level, and only when it is poised for redevelopment to begin. To date, the program has provided technical assistance to nineteen communities to facilitate transit station redevelopment efforts. The program also provides prioritized consideration for allocation of grant monies from existing state programs.¹⁷

Another role that states can play in assisting TOD development at the local level is to act as a conduit to local governments for federal funding. *The State of Massachusetts* recognized early on the importance of

¹⁵ "Transit Oriented Development and Joint Development in the United States: A Literature Review," Transportation Research Board (October 2002).

¹⁶ State agencies include New Jersey Department of Transportation, New Jersey Department of Environmental Protection, New Jersey Department of Community Affairs, Office of Smart Growth, Council on Affordable Housing, Housing and Mortgage Finance Agency, Main Street New Jersey, New Jersey Economic Development Authority, New Jersey Redevelopment Authority, and New Jersey State Council on the Art.

¹⁷ "Transit Village Initiative Overview," New Jersey Department of Transportation (June 2008); "Transit Oriented Development," Voorhees Transportation Center (June 2008).

having a modern, clean, and efficient transit system, and accordingly lobbied the federal government for permission to use Interstate highway funds for transit. They became the first state to allow the use of federal highway funds for mass transit improvements and acquisitions. The City of Boston focused these transit dollars on its urban core, rather than on suburban commuter rail. This allowed Boston to maintain high-quality transit service and a semblance of a dense urban grid in its downtown area.¹⁸

¹⁸ "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

APPENDIX J – TOD PLANNING POLICIES IN SELECTED CITIES AND REGIONS¹⁹

<i>Entity</i>	<i>Concept</i>	<i>Description</i>
Arlington County (Virginia)	Regular review of the Comprehensive Plan	Each revision allows the opportunity to increase density near stations and decrease it elsewhere, and provides a marker for evaluating progress at each station area relative to previous goals and projections
BART	Station-area TOD plans	15 have been prepared already.
Washington DC	Zoning and land use planning rewrite	The District is considering requiring transportation impact analysis for all development projects
State of New Jersey	Planning requirements	In order to qualify for “Transit Village” status, a potential TOD must have a master plan, zoning ordinance, or redevelopment plan that embraces TOD principles

Source: various

¹⁹ All programs and descriptions are taken from the respective governments' websites.

APPENDIX K – TOD ZONING OVERLAY DISTRICTS IN SELECTED CITIES AND REGIONS²⁰

<i>Entity</i>	<i>Overlay</i>	<i>Purpose(s)</i>
City of Seattle	Station Area Overlay	Discourage auto-oriented development near transit stops
City of Portland (Oregon)	Light Rail Transit Zone	Encourage pedestrian-friendly development in light rail station areas, such as outdoor cafes and kiosks
City of San Diego	Urban Village Overlay Zones	Floating overlay zones that allow developers added flexibility to pursue TODs adjacent to new or existing transit stations
City of Mountain View (California)	Transit Districts	Floating zoning overlay that can be applied to any properties within 2000 feet of a transit station
City of Charlotte	TOD Districts	
	Transit Supportive Districts	Disallow auto-intensive uses near transit stations, such as auto dealerships, car washes, auto service centers, and drive-thru windows ²¹
	Pedestrian Overlay Districts	

Source: various

²⁰ Unless otherwise noted, the source for this information was: "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

²¹ "Transit Station Area Principles," City of Charlotte (November 2001)

APPENDIX L – ZONING CODE REWRITES OR PROPOSED REWRITES IN SELECTED CITIES AND REGIONS²²

<i>Entity</i>	<i>Year</i>	<i>Comments</i>
City of Philadelphia	2008	Philadelphia's zoning rewrite is in the beginning stages.
City of Austin	2005	Decided on a rewrite rather than an overlay.
City of Charlotte	2006	Includes six specific TOD districts, each with their own set of regulations and requirements, as well as Transit Supportive Districts, and a Pedestrian Overlay.
City of Denver	Ongoing ²³	Proposed new transit-mixed designation, which would allow a higher floor area ratio and reduced parking requirements
Washington, DC	Ongoing ²⁴	Density bonuses, parking reductions. Considering stream lining the development review process for TOD projects.

Source: various

²² All programs and descriptions are taken from the respective governments' websites.

²³ Denver's zoning code rewrite began in January 2005 and is expected to be fully completed and implemented by late 2009 or early 2010.

²⁴ Washington, DC's zoning code rewrite began in early 2008.

APPENDIX M – FINANCIAL INCENTIVE PROGRAMS IN SELECTED CITIES AND REGIONS²⁵

<i>Entity</i>	<i>Incentive</i>	<i>Description</i>
State of Oregon	Property tax abatement	Ten-year exemption on new multiple-unit housing and mixed use development located within walking distance of a transit station. ²⁶
City of Seattle	Property tax abatement	Twenty-five percent of the units must be reserved for households at or below 60 percent of median income.
Redevelopment agencies in the San Francisco Bay Area	Site assembly assistance	Assemble and deliver land to developers for major mixed use projects.
City of Portland	Site assembly assistance	Give land to developers in exchange for various TOD standards and covenants.
State of Colorado	Urban Renewal Authorities	Use of eminent domain and tax increment financing on property taxes and sales taxes to seed TOD initiatives.

²⁵ Unless otherwise noted all program descriptions are from “Building Transit Oriented Development in Established Communities,” Center for Urban Transportation Research (November 2002).

²⁶ “Transit Oriented Development and Joint Development in the United States: A Literature Review,” Transportation Research Board (October 2002).

<i>Entity</i>	<i>Incentive</i>	<i>Description</i>
Metro (Portland OR)	Planning grants	Channel TEA-21 and local funds to TOD projects for strategic planning, site enhancements, and direct financial participation. ²⁷
Illinois Department of Transportation	Corridor planning grants	Fund planning activities that promote the integration of land use, transportation, and infrastructure planning in major transportation corridors.
Metropolitan Transportation Commission (San Francisco Bay Area)	Housing Incentive Program	Financial subsidies for higher-density residential TODs. ²⁸
State of California	Federal housing tax credits	TOD-friendly scoring criteria to evaluate projects for eligibility for tax credits.
City of Los Angeles	Streamlining the development review process	Fast-track developments that are within walking distance of transit stations. ²⁹

²⁷ "Transit Oriented Development and Joint Development in the United States: A Literature Review," Transportation Research Board (October 2002).

²⁸ "Transit Oriented Development and Joint Development in the United States: A Literature Review," Transportation Research Board (October 2002).

²⁹ "Transit Oriented Development and Joint Development in the United States: A Literature Review," Transportation Research Board (October 2002).

APPENDIX N – TRANSIT-ORIENTED VALUE CAPTURE INITIATIVES IN SELECTED CITIES AND REGIONS

<i>Entity</i>	<i>Station</i>	<i>Tax Revenues Captured</i>	<i>Uses</i>
City of Portland	Pearl District	Property	Site remediation assistance, transit infrastructure, construction of affordable housing, ³⁰ development of parks and other amenities.
Bay Area Rapid Transit (San Francisco Bay Area)	Pleasant Hills	Property, sales	Streetscape improvements, road widening, undergrounding utilities, land assembly. ³¹
City of Chicago	Arlington Heights Village	Property, sales	Underground parking garage, project gap financing, land costs. ³²
City of LaGrange (Illinois)	All	Property, sales	Zero-interest façade loan program, land acquisition, and environmental remediation. ³³

³⁰ The State of Portland's TIF program includes a requirement in which the Portland Development Commission is required to spend 30 percent of all TIF funds collected on affordable housing. Between 2007 and 2011, that set-aside is estimated to generate approximately \$120 million for affordable housing. "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

³¹ Increases in property values and commercial activities have meant that new property tax and sales revenues have far exceeded the initial public subsidies. "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

³² The neighborhood now generates \$1.5 million per year in property taxes and sales taxes, up from \$65,000 prior to the project. "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

³³ "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

<i>Entity</i>	<i>Station</i>	<i>Tax Revenues Captured</i>	<i>Uses</i>
City of St. Louis	All	Property (100 percent), Economic Activity (i.e. sales + earnings + utility taxes) (50 percent) ³⁴	Gap financing.

Source: various

³⁴ “The Public Finance Toolbox: How to Bridge the Funding Gap with Public Finance Tools,” Young Leaders Group (April 2006).

APPENDIX O – TAX INCREMENT FINANCING EFFORTS IN CHICAGO

The City of Chicago and Cook County merit additional attention, as they have been aggressive users of TIF. In 2006, there were 373 TIF districts in Cook County earning over \$686 million in property tax revenue, and 136 in Chicago collecting \$386 million in tax revenue. TIFs in Chicago consume nearly ten cents of every property tax dollar collected and twenty-six percent of the total acreage of the City.³⁵ TIF boundaries are generally drawn as broadly as possible, to include not only new developments but adjacent parcels whose locations are enhanced by the new developments and related amenities. Importantly, properties in Cook County are reassessed every three years; this frequent resetting of property values allows TIFs to capture more incremental tax revenues. Chicago has also captured incremental sales tax revenues and real estate transfer tax revenues.³⁶

In order to ensure that effect of a TIF on overlapping taxing jurisdictions is taken into consideration, Illinois state statute calls for the creation of a Joint Review Board (JRB) to vote on proposed TIFs. The JRB consists of a member from each of the overlapping taxing jurisdictions, including county, school district, township, municipality, and/or park district; it also includes a public member elected by the board's government representatives. In theory, the JRB process gives all members the opportunity to ask questions about how any proposed TIF will affect them, to consider the effects in light of the potential benefits of economic development, and to approve or reject the TIF accordingly.³⁷

However, some opponents dispute the assertion that there is adequate participation by all involved parties. Local residents and businesses that are directly affected by a TIF often feel they have little or no direct say in either the upfront process or in ongoing decisions about how TIF funds are spent. Others complain that other units of government cannot decline to participate in the program, that not all taxing jurisdictions are represented on the JRB, and that taxing jurisdictions have different levels of influence as to how TIF funds are spent.³⁸ Still others feel the TIF program is marked largely by ad hoc implementation, weak oversight, scant documentation, and vague and confusing financial reporting.³⁹

More broadly, another criticism of the widespread use of TIF districts in Chicago is that they have the effect of raising everyone's property tax rate. By freezing the assessments that contribute to funding the budget of the city, the large number of TIF districts have the effect of necessitating a higher property tax rate than would be required if the increment that was dedicated to TIF district was included in the assessments used to fund the budget. For example, it has been estimated that the tax rate in Chicago was 3.95 percent higher due to the large number of TIFs. For the median property owner this translates into an additional

³⁵ "A Tale of Two Cities," Hon. Mike Quigley (April 2007).

³⁶ In Chicago, the taxes that are "TIFed" depend on the particular project. For most projects, the TIF only involves property taxes, but in a few instances, the constructions of commercial shopping centers were supported by a city real estate increment, a city sales tax increment, and a state sales tax increment. "Urban Revitalization and Tax Increment Financing in Chicago," Government Finance Review (December 1999).

³⁷ "A Tale of Two Cities," Hon. Mike Quigley (April 2007).

³⁸ "Research and Commentary on Tax Incremental Finance," The Heartland Institute (November 2006).

³⁹ "A Tale of Two Cities," Hon. Mike Quigley (April 2007).

\$92 in property taxes than if the city could have been able to tax the portion of incremental value captured by the TIF districts.⁴⁰

⁴⁰ "A Tale of Two Cities," Hon. Mike Quigley (April 2007).

APPENDIX P – ADDITIONAL DETAIL ON TAX INCREMENT FINANCING POLICIES AT THE STATE LEVEL

The State of Missouri has a supplemental TIF program by which a municipality can apply for a portion of the new state tax revenues created by the project to be disbursed to cover the financing gap for eligible redevelopment costs on the project. It is uncommon to combine both a local and supplemental TIF in one deal. In order to be eligible for the supplemental TIF program, the underlying local TIF must dedicate at least 50% of the amount of the new local sales tax and earnings tax revenue and 100% of the amount of the new real property tax revenue created by the project each year for which state TIF is sought. The applicant must choose the state increment (up to 50%) sought - a state sales tax increment or a state income tax increment to be captured. This revenue is then used in a redevelopment area – along with the local increment – to pay for the infrastructure improvements.⁴¹

The *State of New Jersey's* TIF legislation allows for the development bonds to be secured by all eligible revenues, which includes property taxes on the incremental increase in assessed property values, payments in lieu of taxes (“PILOTS”), incremental revenues from payroll or wage taxes, incremental revenue from lease payments, parking taxes or revenue from parking facilities. While incremental property taxes have been the most common source of security for TIF bonds, the Act’s broad definition of “Eligible Revenues” provides a municipality with flexibility in designing its TIF financing plan.⁴²

In *the State of Wisconsin*, TIFs may be created for three types of projects: blight or environmental remediation, industrial development, and mixed-use development. TIF’s scope in Wisconsin stretches across the entire state, with 757 active TIFs in 69 out of 72 Wisconsin counties that comprise 4.24 percent of Wisconsin’s total property value.⁴³

In *the State of Texas*, TIF districts capture all incremental tax revenues (local, county, and school) for all years that the TIF district is in existence. The local school districts were not impacted financially due to the formation of a TIF district because the state would reimburse them for incremental that they lost as a result of the TIF district. A recent Texas policy change has ended the reimbursement program and this change has resulted in much more local opposition from the school districts to the formation of additional TIF districts.

The State of Utah has an affordable housing requirement for all TIF districts that generate a tax increment of more than \$100,000 at least twenty percent of the funds have to be spent for affordable housing development. The State of California has a similar requirement, whereby 20 percent of revenues from tax increment districts are set aside for low- and moderate-income affordable housing. In 2004-2005, California redevelopment agencies deposited more than \$1.2 billion into low- and moderate-income housing funds and helped some 20,493 households secure affordable homes.⁴⁴

⁴¹ “The Public Finance Toolbox: How to Bridge the Funding Gap with Public Finance Tools,” Young Leaders Group (April 2006).

⁴² “New Jersey’s Version of Tax Incremental Financing,” New Jersey’s Conference of Mayors (June 2008).

⁴³ “Refocusing Wisconsin’s TIF System on Urban Redevelopment,” Center on Wisconsin Strategy (March 2005).

⁴⁴ “Minimum Requirements for TIF Revenue to be Spent on Affordable Homes,” Center for Housing Policy (June 2008).

APPENDIX Q – NEIGHBORHOOD-SERVING TODS IN SELECTED CITIES AND REGIONS

<i>Project</i>	<i>Location</i>	<i>Description</i>
Bethel New Life Center ⁴⁵	Chicago, IL	The Bethel New Life Center includes many community services, including a child care center. It was the last step in a neighborhood-wide revitalization program that involves affordable housing and community services. The project was developed by a community-based non-profit organization and included participation by the Chicago Transit Agency.
Harold Washington Cultural Center ⁴⁶	Chicago, IL	The Harold Washington Cultural Center, in the Bronzeville neighborhood of Chicago, provides arts space as the centerpiece of the neighborhood's revitalization. The center was developed by a non-profit community organization and was the result of a community-based planning effort that identified the types of uses for City-owned land that would help revitalize the neighborhood.
Fairmont/Indigo Line Collaborative ⁴⁷	Boston, MA	Four CDCs in Boston joined together to create the Fairmont/Indigo Line collaborative that jointly produced a vision plan for community revitalization and transit investment. The planning effort, couple with the difficulty of implementing individual projects led the CDCs to engage in visioning exercise around potential transit stations that identify the full range of improvements necessary to create transit supportive communities.

⁴⁵ "TOD Case Studies" Implementation in Low-Income, Ethnically Diverse Neighborhoods," Center for Transit Oriented Development (2007).

⁴⁶ "TOD Case Studies" Implementation in Low-Income, Ethnically Diverse Neighborhoods," Center for Transit Oriented Development (2007).

⁴⁷ "TOD Case Studies" Implementation in Low-Income, Ethnically Diverse Neighborhoods," Center for Transit Oriented Development (2007).

<i>Project</i>	<i>Location</i>	<i>Description</i>
Castro Valley ⁴⁸	Castro Valley (Alameda County), CA	Bridge Housing Corporation, a non-profit affordable housing developer, worked with Alameda County and BART to build 96 affordable units with 66 set aside for seniors. This was BART's first joint development project. The \$13 million project was financed with low-income housing tax-credits, grants from MTC and the S. H. Cowell Foundation and Alameda County Preddevelopment funding.
MetroWalk (Richmond Transit Village) ⁴⁹	Richmond, CA	MetroWalk is a mixed-use transit village development that combined 231 modestly-priced for-sale housing units with retail and cultural space. It exemplifies some of the extraordinary hurdles of encouraging TOD in an area that has seen little market-rate investment in decades. In order to jump start the project, BART and the City of Richmond selected a mater developer to oversee the project, the Olson Company. In addition, the non-profit Bridge Housing completed a mixed-income project. Housing Incentive Program funds were used to improve pedestrian access and build a new intermodal station that brings together BART, Amtrak, and the AC Transit.

⁴⁸ "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

⁴⁹ "Tools for Mixed-Income TOD," Center for Transit Oriented Development (2006).

APPENDIX R – PRIVATE SECTOR PARTICIPATION EXAMPLES IN SELECTED CITIES AND REGIONS

<i>Project</i>	<i>Location</i>	<i>Developer</i>	<i>Description</i>
Lindbergh Station ⁵⁰	Atlanta, GA	Carter and Associates	1.3 million square feet of office space, retail shops, and a hotel joint development project of a MARTA Parking Lot. Bell South is the project's anchor tenant. The consolidation of Bell South's scattered suburban offices at Lindbergh Station will mean that 80% of company's employees will work near a MARTA station.
Columbia Heights ⁵¹	Washington, DC	Grid Properties and Gotham Construction	The DC USA and Tivoli Square projects located at the Columbia Heights METRO Stop is a public private partnership that was funded using a mix of subsidies, equity/debt financing and TIF. DC USA includes 500,000 square feet of local-serving retail and 1000 space parking garage while Tivoli Square include 40 condominium units and 80,000 square feet of local-serving retail. Because the project was within a redevelopment area, TIF could be used as a financing mechanism to fund street and plaza improvements.

⁵⁰ "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

⁵¹ "Best Tax Increment Financing Project: DC USA," Washington, DC Office of Planning and Economic Development (2007).

<i>Project</i>	<i>Location</i>	<i>Developer</i>	<i>Description</i>
The Ellington / U Street District ⁵²	Washington, DC	Donatelli Development	The Ellington / U Street Corridor is a market-rate mixed use rental housing development and include ground floor local-serving retail. The project was joint development project between the developer and WMATA. WMATA owns the land and the developer was selected based on qualifications and a cost proposal.
Mission Bay ⁵³	San Francisco, CA	Catellus Corporation	Mission Bay provides an example of how a station area plan was combined with TIF and a novel inclusionary housing strategy to create value for the developer and broader community. The development is a 303 acre redevelopment project along the waterfront. When completed, the project will include over 6,000 housing units, 5 million square feet of office and biotech space, hotel and conference center, as well as new campus for the University of California-San Francisco. As part of their agreement, the developer agreed to dedicate 14 parcels to the San Francisco Redevelopment Agency for the purpose of affordable housing. SFRA then competitively selected developers and provided both land and TIF funds to build mixed-use affordable housing complexes throughout the 303 acre site. This unique land dedication and funding strategy will enable 28 percent of the housing to be affordable to very low-, low-, and moderate-income households.

⁵² "TOD Case Studies" Implementation in Low-Income, Ethnically Diverse Neighborhoods," Center for Transit Oriented Development (2007).

⁵³ "Tools for Mixed-Income TOD," Center for Transit Oriented Development (2006).

APPENDIX S – COMMUNITY ENGAGEMENT APPROACHES IN SELECTED CITIES AND REGIONS

<i>Entity</i>	<i>Description</i>
Metro (Portland OR)	Actively engaged citizens in its long-range planning process via neighborhood meetings, public gatherings, and multiple media channels. ⁵⁴
Bay Area Rapid Transit (San Francisco Bay Area)	Joint development projects begin with a community visioning process, where by nearby residents are asked to identify what they would like to see, what services and amenities are lacking, and what unique community assets should be stressed. ⁵⁵
City of Seattle	Station Area Advisory Committees were established for each new station, and design workshops became a forum for taking recommendations and hearing neighborhood goals. ⁵⁶
City of Orlando	The Naval Training Center Redevelopment began with citizen input. A visual preference survey was administered at three public meetings to find out what type of development the citizens preferred, and an all-day workshop was held for citizens to brainstorm and put their ideas for the redevelopment down on paper. ⁵⁷
Calgary	Calgary's TOD guidelines call for all communities within the catchment area of a transit station to have the opportunity to provide input into the station area planning process. Developers are encouraged to consult with local communities early in the process to ensure a common understanding of important community issues. ⁵⁸

⁵⁴ "Transit Oriented Development and Joint Development in the United States: A Literature Review," Transportation Research Board (October 2002).

⁵⁵ "Transit Oriented Development and Joint Development in the United States: A Literature Review," Transportation Research Board (October 2002).

⁵⁶ "Building Transit Oriented Development in Established Communities," Center for Urban Transportation Research (November 2002).

⁵⁷ "Building Transit Oriented Development in Established Communities," Center for Urban Transportation Research (November 2002).

⁵⁸ "Transit Oriented Development Policy Guidelines," City of Calgary (December 2005).

<i>Entity</i>	<i>Description</i>
Arlington County, Virginia	Community groups are involved in the reviewing and updating of station area plans every five years. ⁵⁹

⁵⁹ "Transit Oriented Development in the United States: Experiences, Challenges, and Prospects (TCRP Report 102)," Transit Cooperative Research Programs (2004).

APPENDIX T – OTHER MUNICIPALITIES IN PENNSYLVANIA THAT ARE CONTEMPLATING TRANSIT REVITALIZATION INVESTMENT DISTRICTS

Municipality(ies) **Ambler (Montgomery County)**
Transit Authority(ies) SEPTA
Station(s) Ambler (R5)

Ambler issued an RFP for their TRID study in June 2007 and the study has yet to be completed. Carter van Dyke Associates Inc., a planning and landscape architectural firm based in Doylestown, was selected to undertake the TRID study. The goal of the Ambler study is to learn how TRID will impact the Ambler community specifically and neighboring communities in Montgomery County.⁶⁰

Municipality(ies) **Bryn Mawr (Montgomery County)**
Transit Authority(ies) SEPTA / AMTRAK
Station(s) Bryn Mawr (R5)

Bryn Mawr is the process of completing the required TRID planning study. As a result of the planning study several amendments have been proposed for Bryn Mawr's current zoning ordinances. An Ad Hoc Committee of community members and elected officials has also been established to guide the TRID planning process.⁶¹

Municipality(ies) **Croydon (Bucks County)**
Transit Authority(ies) SEPTA / AMTRAK
Station(s) Croydon (R7)

Croydon received a \$75,000 TRID planning grant in 2006. The study is currently underway and has yet to be completed. In addition to the planning study there has been a proposal put forth to for a TOD project including residential lofts, retail spaces, and public open space.⁶²

Municipality(ies) **Greensburg (Westmoreland County)**
Transit Authority(ies) Westmoreland County Transit Authority / AMTRAK
Station(s) Greensburg Train AMTRAK Station/ Westmoreland County Transit Center

⁶⁰ "Looking Ahead to Ambler in 2008," The Ambler Gazette (December 2007).

⁶¹ From Lower Merion Township's Planning Department website.

⁶² "Croydon Considers \$2Billion Transit Design," Philadelphia Business News (February 2008).

The City of Greensburg has recently began the planning study for a TRID centered around the Greensburg Train Station, one of the most heavily used stops on the AMTRAK route between Pittsburgh and Philadelphia, and the Westmoreland County Transit Center. Several public meetings have been held to facilitate citizen participation in the process in order to address concerns about pedestrian access, vehicular transportation; commercial and industrial development; and historic preservation.⁶³

Municipality(ies) **Lancaster City and Manheim Township (Lancaster County)**
Transit Authority(ies) AMTRAK
Station(s) Lancaster AMTRAK Station

In cooperation with the City of Lancaster and Manheim Township, the Lancaster County Planning Commission has prepared a revitalization strategy for the transit hub and redevelopment area that exists around the Lancaster City AMTRAK Station, known as the Gateways Area. Lancaster County Planning Commission has issued an RFP to solicit bids for the required TRID Planning Study for the Gateways Strategy Area. They envision that the study will be completed no later than July 2009. In addition to the TRID Planning Study, the project is also to include a draft development agreement.

Municipality(ies) **Marcus Hook (Delaware County)**
Transit Authority(ies) SEPTA / AMTRAK
Station(s) Marcus Hook (R2)

The Borough is the process of building upon an initial 2003 TOD Study. With the assistance of the Pennsylvania Environmental Council, the Borough recently issued an RFP for the required TRID planning study. Marcus Hook is already evaluating a developer's proposal to build a mixed-use facility at a vacant site located less than 100 yards from the SEPTA rail station. The proposal includes at least 120 residential units with a mix of rental and for-sale units.⁶⁴

Municipality(ies) **Mt. Lebanon and Dormont (South Hills) (Allegheny County)**
Transit Authority(ies) Port Authority of Allegheny County
Station(s) Potomac, Dormont Junction, and Mt. Lebanon

Allegheny County received a \$225,000 TRID planning grant to investigate potential development opportunities in the vicinity three light rail stations. The report was completed in May 2008. The three transit stations are in such close proximity that the respective half-mile TRID boundaries of each overlap thereby forming on big TRID district. This represents the first multi-transit stop TRID district proposed and

⁶³ From Westmoreland County's Planning Department website.

⁶⁴ "The Pennsylvania Legislature Fosters TOD," Voorhees Transportation Center (November 2006).

may offer a template for a TRID district encompassing all stops on Market-Frankford Line in West Philadelphia.⁶⁵

<i>Municipality(ies)</i>	Rochester (Beaver County)
<i>Transit Authority(ies)</i>	Beaver County Transit Authority
<i>Station(s)</i>	Beaver County Transit Authority Transit Center

Rochester was the first community to receive a TRID planning grant for a TRID centered around the Beaver County Transit Authority's transit center, which includes a bus terminal, a park-n-ride facility, and a consumer information center. The planning study was focused on creating redevelopment opportunities around the transit center. TRID revenue would be used to for improvements in bus circulation, passenger and waiting areas at the transit center, as well as pedestrian improvements in the area surrounding the center.⁶⁶

⁶⁵ From Mt Lebanon's Planning Department website.

⁶⁶ "Beaver County Transit Authority TRID Presentation," PPA (October 2005).

APPENDIX U – TIF SITES IN PHILADELPHIA

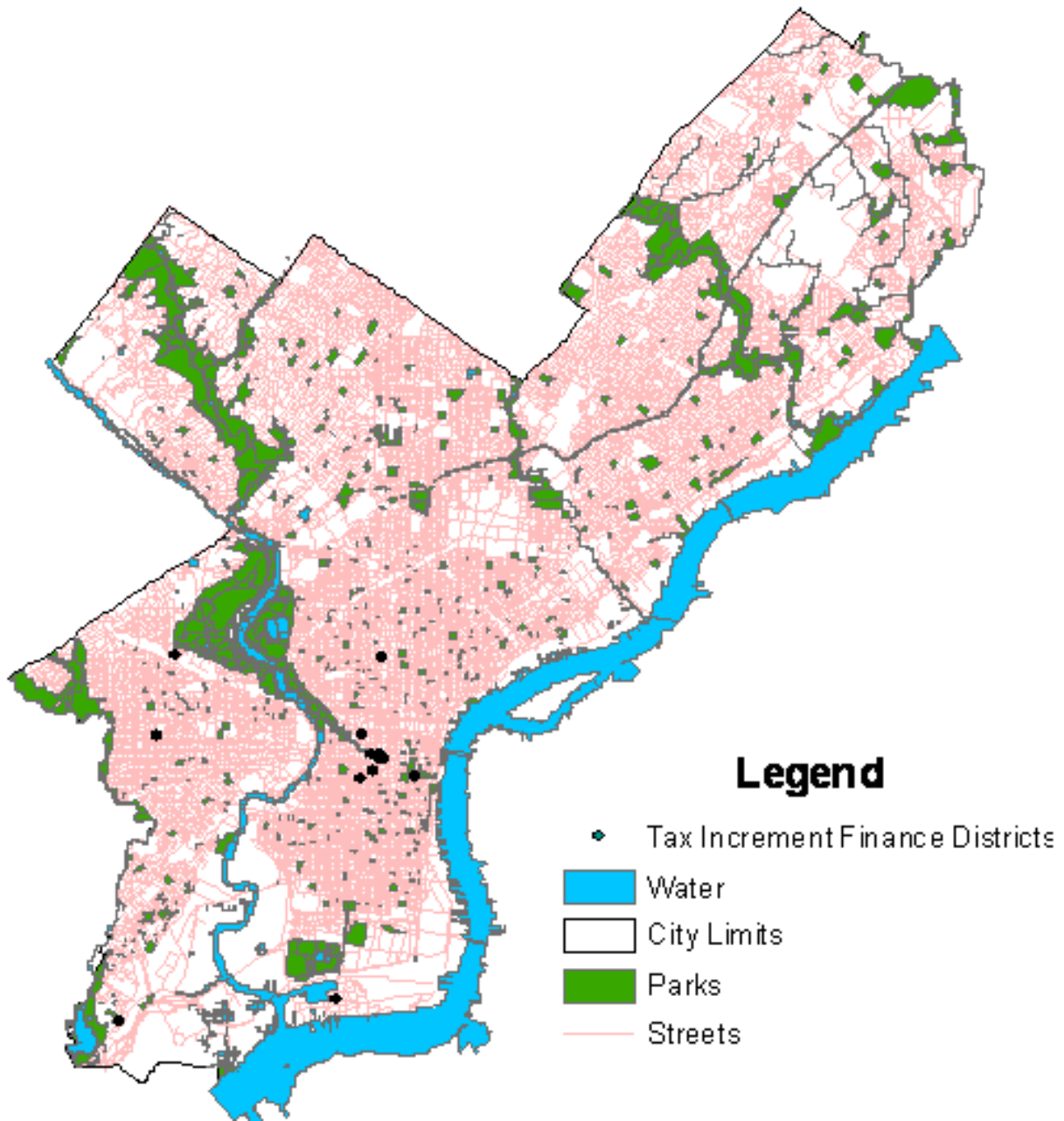
<i>TIF Project</i>	<i>Year (sort by year)</i>	<i>Total Project Cost</i>	<i>TIF Proceeds</i>	<i>Taxes Used</i>
Reading Terminal Headhouse	1998	\$30.4 M	\$3.65 M	Real Estate Sales U & O ⁶⁷
Loews Hotel	1998	\$115 M	\$16 M	Real Estate Sales U & O
Reading Terminal Headhouse	1999	\$44.5 M	\$8.5 M	Real Estate Sales U & O
Bartram Avenue	1999	\$72.3 M	\$5.6 M	Real Estate
The Navy Yard	1999	488.6 M	\$30.9 M	Real Estate U & O
City Hall Annex	2000	\$76.8 M	\$10 M	Real Estate
Franklin Plaza	2000	\$79.1 M	\$12.4 M	Real Estate
Convention Center Garage	2000	\$28.9 M	\$6.6 M	Real Estate Sales U & O
Avenue of the Arts Garage	2001	\$31.4 M	\$6.25 M	Real Estate BPT ⁶⁸ Sales U & O
13th Street Passage	2002	\$42.1 M	\$8 M	Real Estate Sales U & O
West Chestnut Retail	2004	\$11.3 M	\$1.5 M	Real Estate BPT Sales U & O

⁶⁷ Use and Occupancy Tax.

⁶⁸ Business Privilege Tax.

<i>TIF Project</i>	<i>Year (sort by year)</i>	<i>Total Project Cost</i>	<i>TIF Proceeds</i>	<i>Taxes Used</i>
436 Walnut Street	2006	\$75.2 M	\$8.5 M	Real Estate
1600 N. Broad Street	2007	\$62.5 M	\$23 M	Real Estate BPT Sales U & O
Park West Town Center	2007	\$50.6 M	\$6 M	Real Estate BPT Sales U & O

Source: Philadelphia Industrial Development Corporation (2008)



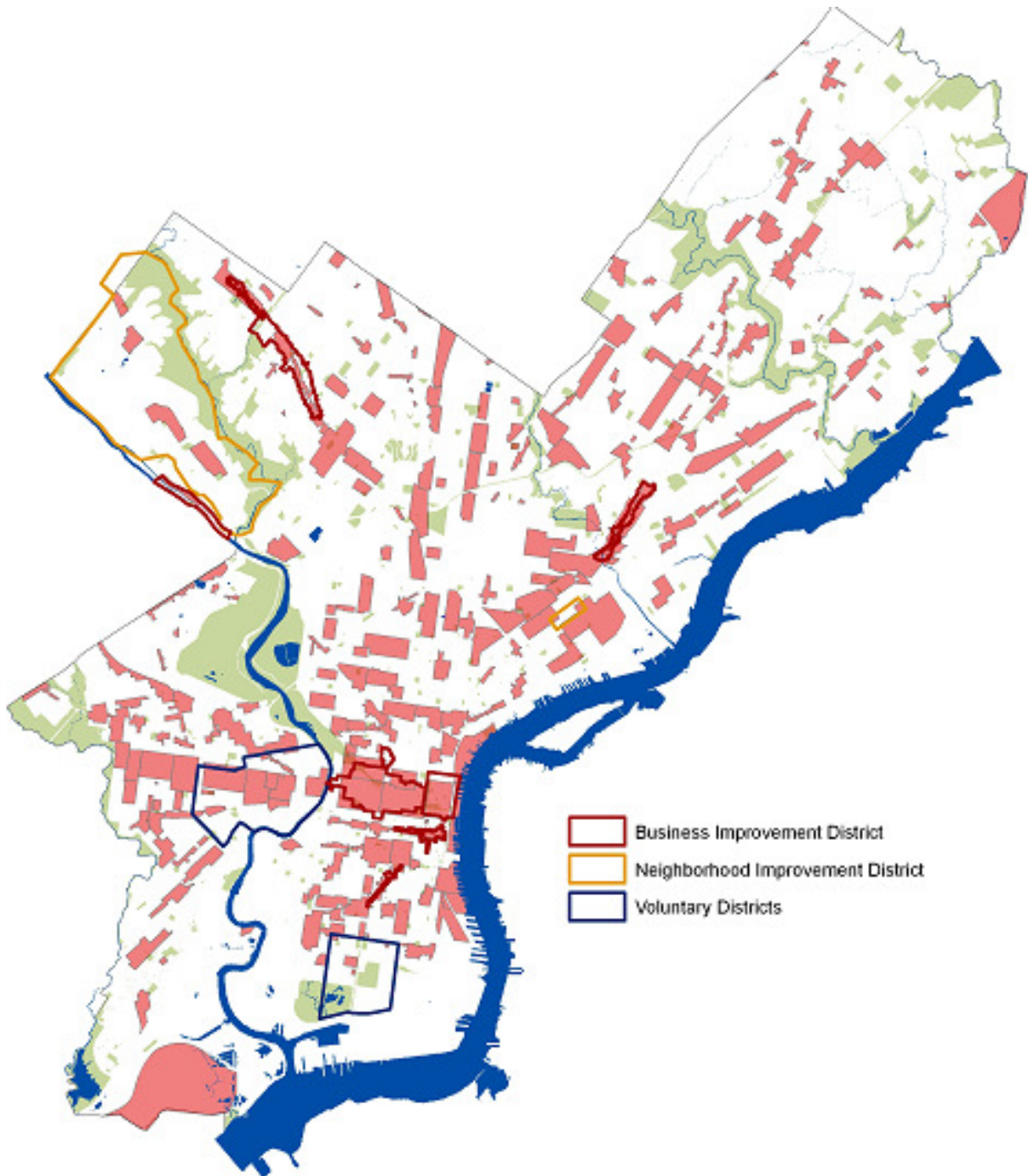
Source: Philadelphia Industrial Development Corporation (2008), Econsult Corporation (2008)

APPENDIX V – SPECIAL SERVICE DISTRICTS IN PHILADELPHIA

<i>Special Service District</i>	<i>Year Established</i>
Center City District	1990
South Street Headhouse District	1992
Main Street Manayunk	1996
University City District	1997
City Avenue Special Services District ⁶⁹	1997
Old City Special Services District	1998
East Passyunk Business Improvement District	2002
Port Richmond Industrial Development Enterprise	2002
Sports Complex	2003
Ridge Avenue Roxborough	2003
Chestnut Hill District	2004
Frankford Special Services District	2007
Mount Airy	2007

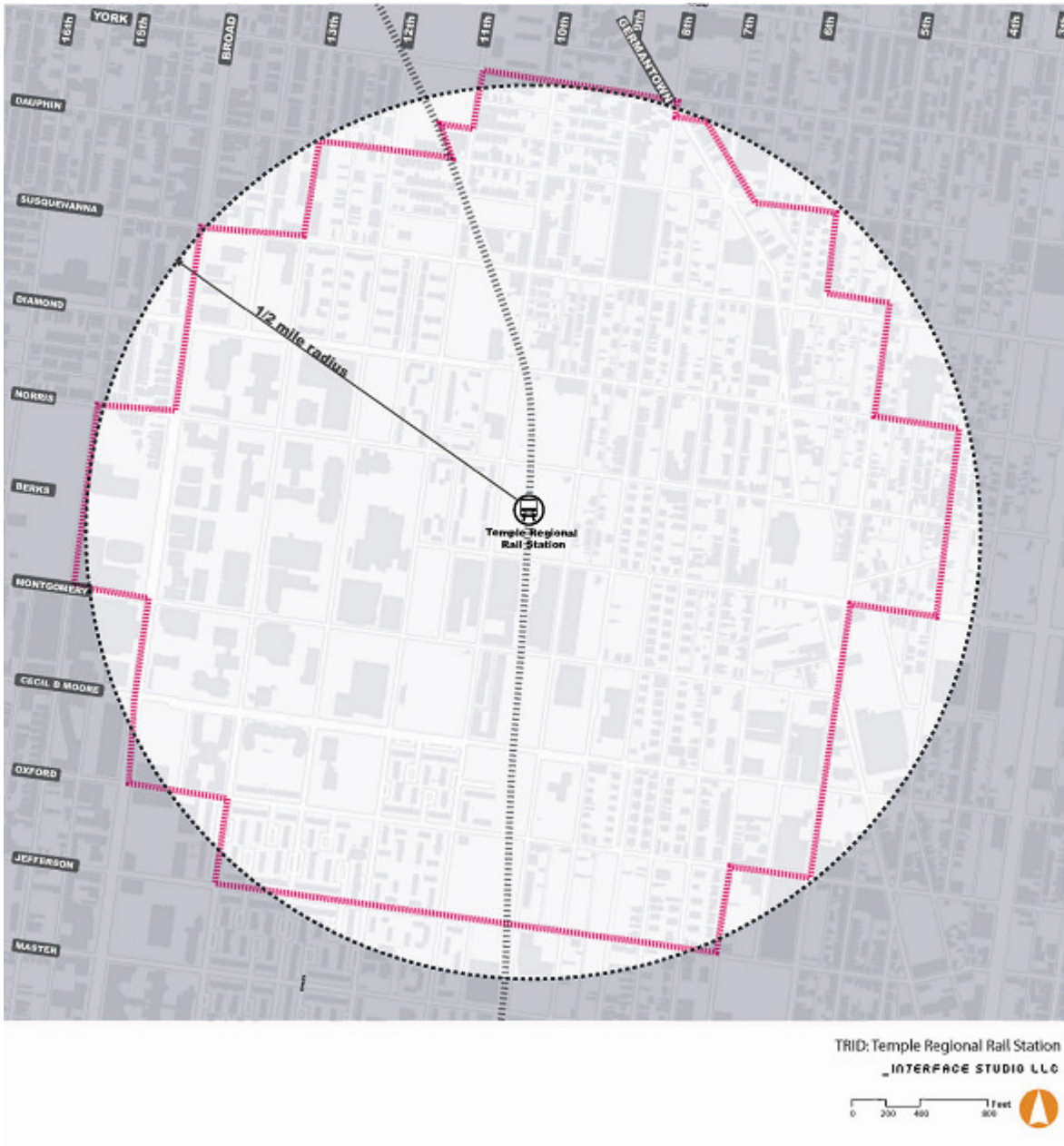
Source: City of Philadelphia (2008)

⁶⁹ The City Avenue Special Services District is actually a bi-municipality, bi-county entity, encompassing parts of the City of Philadelphia (Philadelphia County) and Lower Merion Township (Montgomery County).



Source: City of Philadelphia (2008), Econsult (2008)

APPENDIX W – TEMPLE UNIVERSITY TRID BOUNDARIES



Source: Interface Studio (2008)

APPENDIX X – TEMPLE UNIVERSITY TRID 20-YEAR DEVELOPMENT POTENTIAL⁷⁰**Next 5 years:**

- Developments: 9th and Berks, 10th and Diamond, 8th and Berks school + APM headquarters at 6th and Susquehanna
- 23,000 sf retail
- 200 units of housing
- 42,000 sf office (APM headquarters on Germantown)
- 30,000 sf school

Next 10 years:

- Developments: “Darien” Block between 9th and 8th, Berks and Norris; 9th Street rehab / infill; east of 5th between Berks and Norris; Cecil B. Moore infill; and Berks and 6th / 5th
- 340 units of new housing
- 65 units of renovated housing
- 9,000 sf retail
- 13,500 of warehousing

Next 15 years:

- Developments: PGW lot at 9th and Norris; and Diamond Street infill
- 280 units
- 20,000 sq. ft. retail

Next 20 years:

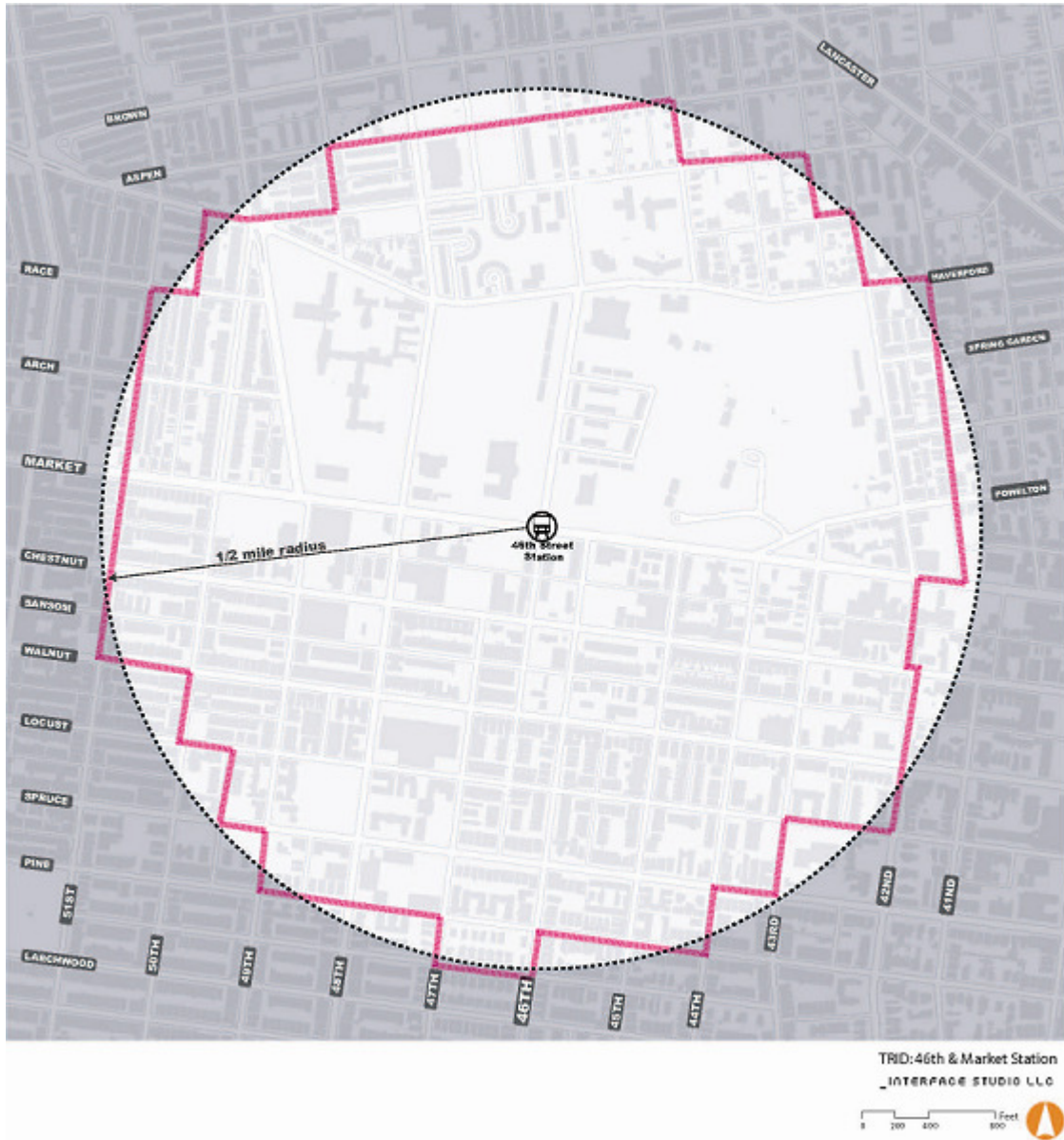
⁷⁰ Interface Studios (2008).

- Developments: Germantown Ave mixed-use; north of Susquehanna; Susquehanna infill; and new student housing along rail corridor north of Diamond
- 375 units
- 40,000 sf retail
- 121,000 sf manufacturing (?) or office

Total:

- Housing 1,155 units
- Retail 92,000 sf
- Manufacturing 135,000 sf
- Office 42,000 sf

APPENDIX Y – 46TH AND MARKET TRID BOUNDARIES



Source: Interface Studio (2008)

APPENDIX Z – 46TH AND MARKET TRID 20-YEAR DEVELOPMENT POTENTIAL⁷¹**Within 5 years:**

- Enterprise Heights phase 1: 28,000 sf retail; 52,000 sf office (4 stories as designed)

Within 10 years:

- 210 housing units between Walnut and Ludlow, Farragut and 46th
- 30,000 sf retail
- Renovated 4601 – 250,000 (approx.) of renovated office space
- Youth Study Center (?)
- New West Philadelphia High School at 49th and Market – 200,000 sq. ft. (?)

Within 15 years:

- Enterprise Heights phase 2: 47,000 sf retail + 140 units of housing (assuming 6 stories)
- 120 renovated units in Croydon Building + 130 new units on adjacent site
- West Philly High School Reuse – 200 housing units

Within 20 years:

- 85 housing units plus 34,000 sf Trader Joes at station
- + rest of buildout as shown:
- 180 housing units
- 90,000 sf retail

⁷¹ Interface Studios (2008).

- 24,000 sf office

Total:

- Housing: 885 units
- Retail: 195,000 sf
- Office: 76,000 sf + renovated 4601
- Plus the Youth Study Center and new high school

APPENDIX AA – 46TH AND MARKET STREET MARKET FRANKFORD TRID DRAFT AGREEMENT, ANNOTATED

Transit Revitalization Investment District Agreement 46th and Market Street Market-Frankford Line TRID

THIS AGREEMENT ("**Agreement**") is made as of <<insert date>>⁷² by and among **THE CITY OF PHILADELPHIA, PENNSYLVANIA**, an incorporated municipality of the Commonwealth of Pennsylvania ("**City**"), **THE SCHOOL DISTRICT OF PHILADELPHIA**, a political subdivision of the Commonwealth of Pennsylvania (the "**School District**")-(the City and the School District being sometimes collectively referred to as the "**Taxing Bodies**"), **SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY**, a body corporate and politic existing under the laws of the Commonwealth of Pennsylvania ("**SEPTA**"), **PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT**, a body corporate and politic existing under the laws of the Commonwealth of Pennsylvania ("**PAID**")⁷³, <<insert lender name>> ("**Lender**"), **46th AND MARKET STREET MARKET FRANKFORD LINE TRID, INC**, a Pennsylvania non-profit corporation ("**Management Entity.**")⁷⁴.

BACKGROUND:

WHEREAS, the Transit Revitalization Investment District Act, Act of December 8, 2004, P.L. 1801, No. 238 (collectively, the "**Act**")⁷⁵ empowers municipalities, counties, and public transportation agencies to work cooperatively to establish Transit Revitalization Investment Districts ("**TRID**") and the appropriate mechanisms to capture the real estate taxation and other values added by development activities for reinvestment in the transit system and local communities

WHEREAS, **the Management Entity** shall prepare a detailed project plan (the "**Project Plan**") which will be based on and informed by the findings of the TRID Planning Study; attached hereto as **Exhibit A**, for the redevelopment of the area around the 46th and Market Street Stop on SEPTA's Market Frankford Line (the "**Station**"), and the TRID Planning Study was formally presented to the City for its review and approval in accordance with the Act;

⁷² All relevant dates throughout the agreement will be filled in once they are finalized.

⁷³ The use of PAID as the financing mechanism is consistent with Section 303 of the TRID Act. PAID was left in the agreement because they could handle the logistics of issuing the bonds.

⁷⁴ The TRID board that has to be established per the TRID Act will act as the management entity of the project. The lender's name will be filled in once known.

⁷⁵ Establishing the statutory authority for this agreement.

WHEREAS, the City believes that it is necessary to establish the TRID according to accepted transit oriented development principles, and to promote transit oriented development in the City;

WHEREAS, the TRID Act provides the City and SEPTA to work collaboratively towards specific development projects that adhere to those principles⁷⁶;

WHEREAS, to support the TRID, the City, the School District, and SEPTA, are willing to provide the Management Entity with the resources set forth in this agreement;

WHEREAS, without the assistance of the parties as set forth in this agreement, the Management Entity would not be able to undertake this TRID;

WHEREAS, after public hearing held on <<insert date>>, as required by the Act, the City approved Bill No. <<insert number>> signed by the Mayor of the City on <<insert date>> (the "**Ordinance**") attached hereto as **Exhibit B**⁷⁷, authorizing the creation of the TRID and Management Entity in accordance with the Act, adopting the TRID Planning Study as required by the Act;

WHEREAS, Lender desires to lend to PAID and PAID desires to borrow from Lender the sum of <<insert amount>>-pursuant to that certain Note from PAID to the order of Lender of even date herewith (the "**TRID Note**")⁷⁸, which shall be secured by the pledge of the TRID Fund (as defined below) pursuant to a pledge agreement as the same may be modified and amended from time to time (the "**Pledge Agreement**") as set forth herein as **Exhibit C**, attached hereto;

WHEREAS, PAID intends to lend the proceeds of the TRID Note to the Management Entity to be used in the TRID pursuant to the Project Plan.

WHEREAS, the Taxing Bodies, Management Entity, PAID and Lender desire to set forth the terms by which the TRID Note will be issued and repaid, and other mutually acceptable terms and conditions with respect to such matters, all in accordance with the Act.

NOW, THEREFORE, for and in consideration of the foregoing and the respective rights and obligations of the parties herein set forth and incorporating the Background set forth above, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1). **TRID.**

⁷⁶ Embedding into the agreement the spirit of collaboration between the City and SEPTA.

⁷⁷ This information and the ordinance itself can be inserted once known.

⁷⁸ All relevant amounts and the note itself can be inserted once known.

1.1 The **TRID** shall mean the land and improvements located within a half-mile radius of the “**Station**”, as more particularly described in **Exhibit D**, attached hereto, which contains said properties (as hereinafter defined) and nothing else.⁷⁹

1.2 The TRID shall exist for a term of twenty years (the “**Term**”) commencing <<insert date>>, (the “**TRID Effective Date**”) and terminating <<insert date>> (the “**Termination Date**”).

1.3 TRID Management Entity. The Management Entity responsible for implementing the Project Plan within the TRID will be established as a Pennsylvania non-profit corporation and shall be known as **46th AND MARKET STREET MARKET FRANKFORD LINE TRID, INC.**

1.3.1 TRID Management Entity Composition. Management Entity responsible for implementing the TRID Plan shall be comprised of at least one member from or appointed by the following:

- The City of Philadelphia
- SEPTA
- Major for-profit or non-profit institutions located within the TRID boundaries

2). Activities and Commitments of Each Party⁸⁰

2.1 The City. In addition to the requirements explicitly enumerated in this agreement, the City also agrees to maintain within the TRID the same level of municipal programs and services that were provided within the TRID before its establishment.⁸¹ The City will not use TRID funds to substitute for municipal spending on capital improvements or ongoing maintenance.

2.2 The School District. In addition to the requirements explicitly enumerated in the agreement, the School District also agrees to work with the TRID Management Entity to encourage transit and related infrastructure investments that are consistent with its own capital and programmatic goals.

2.3 SEPTA. In addition to the requirements explicitly enumerated herein, SEPTA also agrees to maintain within the TRID the same level of transit programs and services that were provided within the TRID before its establishment.⁸² SEPTA also agrees to maintain all improvements made to any SEPTA transit stop using TRID Funds. SEPTA also will not use

⁷⁹ Another point of departure from typical Philadelphia TIFs, which are site-specific and therefore the “district” is merely a list of the site or sites in question, TRIDs will be more expansive in size, and therefore defining the district entails describing its boundaries.

⁸⁰ This section is required as per Section 301(b) of the TRID Act.

⁸¹ This language here is taken directly from the East Passyunk BID ordinance.

⁸² This language is fashioned after the City’s responsibilities in the BID ordinance; in the same way that a BID does not relieve the City from its municipal responsibilities, a TRID does not relieve SEPTA from its maintenance responsibilities.

TRID funds to substitute for spending from their capital budget that was included in SEPTA long-range capital budget before the establishment of the TRID.

2.4 PAID PAID shall execute and deliver to Lender the ~~TIF~~ TRID Note in the original principal amount of <<insert amount>>. The TIF Note shall be substantially in the form attached hereto as **Exhibit E** and secured by the Pledge Agreement. PAID shall lend the proceeds of the TIF TRID Note (the "**Project Loan**") to the Management Entity to be used solely in payment of Project Costs (as defined in the Project Plan), which Project Loan shall be evidenced by Management Entity's Note to PAID substantially in the form of **Exhibit E** (the "**Project Note**").

2.5 TRID Management Entity. In addition to the requirements explicitly enumerated herein this agreement, as well as the requirements of the TRID Act and the Ordinance establishing the TRID Management Entity, the Management Entity agrees to file the necessary legal documents to form a Pennsylvania non-profit corporation and adopt the necessary by-laws.

2.5.1 Management Entity shall construct and, at all times, maintain and operate the Project as contemplated by the Project Plan and the Ordinance. The TRID Management Entity shall also be responsible for deciding which aspects of the project plan are implemented and when.⁸³

2.5.2 Management Entity shall apply funds received in connection with the Project solely in partial payment of Initial Project Costs (as defined in the Project Plan) associated with the Project.

2.5.3 Management Entity shall serve as a conduit through which SEPTA can enter into joint development agreements with private developers to facilitate land assembly for large-scale projects and other actions that expedite the development process and ensure greater coordination between land use and transportation planning.⁸⁴

2.5.4 Progress Reports. Management Entity shall report to the Taxing Bodies and SEPTA on the progress of its implementation of the TRID Planning Study at the first-regularly scheduled meeting of the taxing-bodies following the first anniversary of the execution of this Agreement and each anniversary of said execution thereafter until the termination date, the. Such report shall include at least the following information and may contain other such information with regard to the plan as the management entity wishes to present of the Taxing Bodies and SEPTA may reasonably require:

⁸³ The big difference between a TRID and a TIF is the fact that since funds are generated on a district wide basis there needs to be some decision-making body that decides how the money is spent. It is the Management Entity that makes the spending decision and also enables cooperation between the City and SEPTA. It also ensures the mutual accountability of the City and SEPTA to the general public, neighborhood groups, and other stakeholders.

⁸⁴ A key tenet of the TRID legislation. Nothing specific can be imposed here, although clearly WMATA's track record serves as a guide; rather, simply an explicit statement affirming SEPTA's new flexibilities, and the Management Entity's role in coordinating them.

- 1). Status of construction of the Project Improvements;
- 2). Actual Project Improvement costs compared to Plan estimates;
- 3). Actual start and completion dates of Project Improvements in the TRID District compared to Plan estimates; and
- 4). Estimated start date of Project Improvements not yet commenced at the date of report.

The Management Entity shall from time to time furnish such other reports on specific matters not addressed by the foregoing as the Taxing Bodies and SEPTA may reasonably require.

Upon completion of the Project Plan, the Management Entity shall submit a report certifying that the Project Improvements have been completed in accordance with the Plan and that it is in compliance with all other provisions of this agreement to the Taxing Bodies and SEPTA.

2.5.5 The Management Entity shall provide PAID and Lender with reasonable access to the TRID and TRID-related records upon reasonable notice for purposes of verifying compliance with the Project Plan and this Agreement.

2.5.6 The Management Entity shall continue to meet with civic, associations, business associations, community/neighborhood groups, and in other public forums to receive input from the public and to provide the public with information about the progress of the project.

2.5.7 Management Entity shall comply with Philadelphia City Council Ordinance 030125 and Executive Order No. 01-03 by requiring its construction manager and other contractors involved in the construction of the Project to make good faith efforts to utilize M/W/DS-DBE firms and shall report compliance per attached Exhibit E, the Annual Employment Reporting Form.

3). **Project.** The Management Entity shall undertake such projects as included in the Project Plan and as inferred by the TRID Planning Study, and that conforms to the transit oriented development principles laid out in the City's TOD Ordinance.⁸⁵

4). **The Loan.**

⁸⁵ Here is where the City and SEPTA would come together, with the participation of other, local members of the Management Entity around a preliminary list of infrastructure improvements that it would like to see in and around each station. This "punch list" could be included as an attachment to each agreement.

4.1 PAID shall execute and deliver to Lender the TRID Note in the original principal amount of <<insert amount>> The TRID Note shall be substantially in the form attached hereto as **Exhibit C** and secured by the Pledge Agreement.

4.2 PAID shall lend the proceeds of the TRID Note (the "**Project Loan**") to the Management Entity to be used solely in payment of Project Costs (as defined in the Project Plan), which Project Loan shall be evidenced by Management Entity's Note to PAID substantially in the form of **Exhibit E** (the "**Project Note**").

4.3 Management Entity may arrange for refunding of the Project Loan, up to the outstanding principal balance of the Project Loan at the time of such refunding, from time-to-time ("**Substitute Loan**"), in which case the Substitute Loan maybe secured by the pledge of TRID Revenues so long as the terms of the Substitute Loan do not require payments by PAID in excess of the debt service paid by Real Estate Tax Increments ~~and Business Privilege Tax Increments~~⁸⁶ for the initial TRID Note and so long as the term of the Loan does not extend beyond the Termination Date. The Substitute Loan shall be evidenced by a substitute TRID Note and such other documentation as is reasonably satisfactory to the parties hereto. The lender under the Substitute Loan shall be deemed to be Lender for all purposes of this Agreement. Whenever herein there is a reference to the TRID Note, any Substitute TRID Note shall be included therein.

4.4 Payments on the TRID Note shall be made from amounts in the TRID Fund. "**TRID Fund**" shall mean the sum of the Real Estate Property Tax Increment (as hereinafter defined) ~~and (ii) the Business Privilege Tax Increment (as hereinafter defined)~~⁸⁷ as have accumulated as a result of the payment of TRID Revenues (as hereinafter defined) by the Taxing Bodies to PAID. To the extent that, after payment of scheduled principal and interest (including any financing fees or penalties) on the TRID Note, there remain monies in the TRID Fund, such monies shall be paid and applied as set forth in Section 6.

4.5 PAID⁸⁸ shall assign the Project Note to Lender and deliver the Pledge Agreement to Lender.

4.6 To the extent that at any time there is a deficiency in the TRID Fund necessary to pay the TRID Note, Lender shall utilize payments due under the Project Note (to the extent available under the terms of the Project Note) in satisfaction of the TRID Note.

⁸⁶ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

⁸⁷ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

⁸⁸ PAID is used here because they are the organization that issues the bonds for the other TIFs in City and since TRID is essentially a TIF with a TOD focus we felt it appropriate to use PAID as well.

5). **TRID Revenues.** "TRID Revenues" shall mean the sum of the Real Estate Property Tax Increment ~~and the Business Privilege Tax Increment~~⁸⁹ (each as defined below) which are collected by the Taxing Bodies from the Project during the term of the TRID District.

5.1 Definitions.

5.1.1 For purposes of this Agreement, references to "**tax revenue**" or "**tax revenues**" shall not include penalties and interest collected by the City as a result of any late payments thereof.

5.2 Real Estate Taxes.

5.2.1 The "**Real Estate Tax Base**" shall mean an amount on account of real estate taxes determined by the Philadelphia Board of Revision of Taxes based on the assessed value of all land and improvements in the TRID as of the TRID Effective Date. Real Estate Tax Revenues collected each year for the appropriate tax year during the Term of the TRID up to the Real Estate Tax Base shall inure to the benefit of the City and School District in accordance with the Act.

5.2.2 The "**Real Estate Tax Increment**" shall mean all incremental amounts in real estate tax revenue over the Real Estate Tax Base collected each year until termination of the TRID. The Real Estate Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act. Such Real Estate Tax Increment may result either from an increased assessment of the Project or increased millage rate.

5.2.3 New Construction Subject to Abatement. In accordance with City Council Ordinance No. 961, 1456, 970274, 1130, and 175⁹⁰, property taxes on all new construction and major modifications will be abated for ten years and no increment from these properties will be deposited into the TRID Fund during said abatement period. The Taxing Bodies hereby agree that at the conclusion of the abatement period until the Termination Date of the TRID all incremental tax revenues from the abated properties shall be eligible and hereby authorized to fund Eligible Project Costs in Accordance with the Act. The Real Estate Tax Base for the qualifying abated properties shall be an amount on account of real estate taxes determined by the Philadelphia Board of Revision of Taxes based on the assessed value of all land and improvements as of the TRID Effective Date. The Increment shall mean the shall mean all incremental amounts in real estate tax revenue over the Real Estate Tax Base collected each year until termination of the TRID.

⁸⁹ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

⁹⁰ Taxes cannot be both abated and captured. Thus, any new developments will not add to the value capture total until Year 11.

~~**5.2.4 Strategic Opportunity Sites**⁹¹. The TRID contains specific parcels (listed in **EXHIBIT F**) (“**Strategic Opportunity Sites**”) that are either vacant or significantly under-utilized, they have low current tax yields and thus offer significant net value capture opportunities. Each of the Strategic Opportunity Sites, when ready for development, would be custom-fitted with a 20-year tax increment finance schedule of its own, commencing on a project-specific effective date. During years one through ten of the project property taxes will be abated in accordance with City Council Ordinance No. 961, 1456, 970274, 1130, and 175 and no increment from these properties will be deposited into the TRID Fund during said abatement period. After the conclusion of the abatement period, all incremental tax revenues from the abated properties shall be eligible and hereby authorized to fund Eligible Project Costs in Accordance with the Act. The Real Estate Tax Base for the qualifying abated properties shall be an amount on account of real estate taxes determined by the Philadelphia Board of Revision of Taxes based on the assessed value of all land and improvements as of the date that development of each Strategic Opportunity Site begins.. The Increment shall mean the shall mean all incremental amounts in real estate tax revenue over the Real Estate Tax Base collected each year until termination of the Strategic Opportunity Sites.~~

~~The Taxing Bodies hereby agree to exempt each Strategic Opportunity Site listed in **EXHIBIT F** from the original TRID District and to establish a separate TRID District for each Strategic Opportunity Site at the appropriate time. Each site separate TRID site would be granted its own twenty year time frame and function as describe above.~~

~~**5.3 Business Privilege Taxes.**~~⁹²

~~**5.3.1** The "**Business Privilege Tax Base**" shall mean an amount on account of Business Privilege taxes determined by the Philadelphia Finance Director based on taxable business revenue in the TIF District as of the TIF District Effective Date. Business privilege tax revenues collected each year during the Term of the TIF District~~

⁹¹ We would not actually include this clause in the 46th/Market or Temple U agreement, but we keep it here so you can see what it might look like. This section would only be contained in the agreement if we feel there are certain sites that might not be developed until later in the 20 year TRID period. The principles of this approach appear fully consistent with Sections 701 through 703 of the TRID Act, as long as the incremental revenue streams from any given property is used only once and not double-counted. This could be achieved by technically amending the TRID boundaries to “carve out” a Strategic Opportunity from the TRID when it is ripe for development. The original TRID Plan would explicitly anticipate this process as part of its implementation strategy. The carved-out site could simultaneously be reconstituted as a TIF—consistent with Section 703 of the Act, which states that TRID jurisdictions “are encouraged and may make maximum use of existing laws to advance and further implement TRID purposes. Without limitation, application of the following acts [including the TIF Act]...[is] consistent with the intent of TRID implementation.” Alternatively, the carved-out site could be technically reconstituted as a “TRID within a TRID”. It should also be noted that if a Strategic Opportunity Site is ready for development early in the 20-year life of the TRID (such that most of the 20 years would be available to it), the “carve-out” might not be necessary at all.

⁹² We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

~~up to the Business Privilege Tax Base shall inure to the benefit of the City in accordance with the Act.~~

~~**5.3.2** The "**Business Privilege Tax Increment**" shall mean all incremental amounts of business privilege tax revenue over the Business Privilege Tax Base collected each year until the Termination Date. The Business Privilege Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act.~~

5.4 Payment in Lieu of Taxes

The Management Entity shall allow for and encourage tax-exempt property owners located within the District to provide in-kind services or a financial contribution to the TRID Fund, if not assessed, in lieu of a property tax increment.

6). Collection of TRID Revenues.

6.1 The Taxing Bodies hereby agree that all TRID Revenues received by the Taxing Bodies shall be paid over to PAID for deposit into the TRID Fund in accordance with the Act and in accordance with the time-frames described below. The School District hereby irrevocably authorizes and appoints the City as its agent to pay over to PAID in accordance with this Agreement any and all TRID Revenues which are received by the City and derived from tax revenues payable to the School District, and the City hereby accepts the appointment and agrees to pay over such TRID Revenues in accordance with this Agreement.

6.1.1 The Taxing Bodies shall pay the Real Estate Property Tax Increment to PAID within forty-five (45) days after receipt thereof by the Taxing-Bodies (except as to the first installment payment pursuant to this Agreement which shall be paid to PAID within ninety (90) days after receipt thereof). Within thirty (30) days of PAID's receipt of the Real Estate Property Tax Increment from the Taxing Bodies, PAID shall transfer all such sums to Lender.

~~**6.1.2** The Taxing Bodies shall pay the Business Privilege Tax Increment to PAID within forty five (45) days after receipt thereof by the Taxing Bodies (except as to the first installment payment pursuant to this Agreement which shall be paid to PAID within ninety (90) days after receipt thereof). Within thirty (30) days of PAID's receipt of the Business Privilege Tax Increment from the Taxing Bodies, PAID shall transfer all such sums to Lender⁹³~~

6.2 The Real Estate Property Tax Base ~~and the Business Privilege Tax Base~~ shall inure each year to the benefit of the City in accordance with their current respective millage rates and governing law.

⁹³ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

6.3 With respect to the collection of delinquent taxes levied within the TRID, the Taxing Bodies shall enforce their rights in the same manner as with respect to the collection of delinquent taxes and/or liened real estate property taxes applied to general municipal and/or school district purposes. The City agrees to direct the appropriate assessment officers and employees to identify upon the assessment roll those parcels of property or portions thereof which are located within the TRID. The City shall direct its officers and employees to make the appropriate notation on their tax rolls for such identification of parcels of real property or portions thereof located within the TRID. The Taxing Bodies shall authorize and direct their respective officers or agents to cooperate with PAID and to tender the TRID Revenues which are collected as delinquent taxes to PAID at the times and in the manner required by the terms of this Agreement.

6.4 All monies in the TRID Fund shall be deposited in such interest bearing investments as may be selected by PAID and the Management Entity and approved by Lender with all such interest to accrue to the benefit of and become part of the TRID Fund. The TRID Fund shall be maintained in an account in a financial institution designated by Lender, reasonably acceptable to PAID, and Lender shall have a security interest in the TRID Fund evidenced by appropriate security documents satisfactory to Lender and PAID. Lender hereby agrees to indemnify, defend, pay, protect and hold harmless PAID for any loss or damage suffered by PAID arising out of the maintenance of the account previously designated and arising out of the grant of the security interest in the account to Lender.

7). **TRID Fund.**

7.1 Pledge. In accordance with the Act, PAID has pledged to the Lender, as security for the payment of the TRID Note, all rights of PAID to the TRID Revenues and the TRID Fund. PAID agrees for the benefit of Lender and Management Entity that it shall not grant any other liens or interests in or to the TRID Revenues or the TRID Fund or take any other actions that would impair the rights of the Lender hereunder; the pledge is evidenced by the Pledge Agreement. The Pledge Agreement may be assigned by Lender at any time prior to the Termination Date without the consent of PAID; provided, however, the assignee shall give notice of such assignment to PAID in accordance with Section 12.11 hereof. Thereafter, PAID agrees to follow the directions of such assignee with respect to Section 7.2 of this Agreement.

7.2 Disbursal. PAID shall disburse sums from the TRID Fund from time to time as follows and in the following order of priority:

7.2.1 After payment of the one percent (1%) processing fee due to PAID from each repayment amount, in payment of principal, interest thereon and any financing fees, penalties or other amounts due in respect of the TRID Note (and such payment shall be credited under the Project Note), as such payments are due.

7.2.2 Any balance remaining in the TRID Fund after disbursements as set forth above shall be paid to Lender on account of the Project Note and applied to the prepayment of principal of the TRID Note.

7.3 On the Termination Date, after payment of principal and accrued and unpaid interest (including financing fees and penalties) on the TRID Note, PAID shall pay all amounts remaining in the TRID Fund which are not required for payment under Paragraphs 7.2.1 or 7.2.2 to the Management Entity to be used to fund maintenance and upkeep of the improvements made.⁹⁴

8). Private Sector Development Agreements. In furtherance of this agreement the Management Entity can enter into development agreements with pertinent private sector development organization or organizations to implement the proposed TRID. The development agreement shall stipulate the final project scope as well as the partners' roles, responsibilities, financing arrangements, schedule of improvements and exactions or contributions to the project.⁹⁵

9). Limitation of Liability. Notwithstanding anything to the contrary contained in the TRID Note or this Agreement, neither the Taxing Bodies nor PAID shall have any liability hereunder or under the TRID Note or otherwise in connection with the transactions contemplated by the TRID Note or this Agreement, except to the extent TRID Revenues are actually received by the Taxing Bodies or PAID. Under no circumstances shall the TRID Note or the covenants hereunder constitute a general obligation of the Taxing Bodies or PAID. Neither the officials of the Taxing Bodies nor the members of PAID, nor any person executing the TRID Note shall be liable personally on any such notes by reason of the issuance thereof. The TRID Note, and any replacement notes or bonds, shall expressly state, and the parties hereby acknowledge, that such notes or bonds have been issued to accomplish the public purposes of the Act and shall be conclusively deemed, to the fullest extent permitted by the Act (including without limitation Section 9(f) thereof), in any suit, action or proceeding involving the validity or enforceability of such note, bond or security therefor, to have been issued for such purpose. The Taxing Bodies shall have no obligations in connection with the transactions contemplated by this Agreement except for those expressly stated herein and in the Act.

10). Defaults. The occurrence of any of the following events or conditions shall constitute an "Event of Default" hereunder:

10.1 Default of any of the Management Entity's covenants set forth herein; or

⁹⁴ Typical TIF agreements return excess funds to PAID. Since we have conservatively estimated bondable amounts generated by value capture, and since the spirit of value capture is to have dollars captured locally spent locally, we instead make excess funds available to the Management Entity. Note that the TRID Act sets a limit on the amount of time the tax increment can be captured. It does not require that all of the money be spent during that 20 year period. Expenditures can continue beyond the 20 year value capture time period.

⁹⁵ As per the TRID Act Section 504.

10.2 Any other default in the payment or performance by the Management Entity or its affiliates under this Agreement, the TRID Note, or the Project Note when such payment or performance is due; or

10.3 Use by the Management Entity of the proceeds of the TRID Loan for other than Initial Project Costs (as defined in the Project Plan).

11). **Remedies.** Upon the occurrence of any Event of Default, then the entire unpaid principal under the Project Note plus all interest accrued thereon plus all other sums due and payable to PAID hereunder shall, at the option of PAID, become due and payable immediately, without presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, all of which are hereby expressly waived by the Management Entity. In addition to the foregoing, upon the occurrence of any Event of Default, PAID may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to PAID by law, equity, statute or otherwise.

12). **Miscellaneous.**

12.1 Acknowledgment. The City and the School District acknowledges that in accordance with the Act they have been afforded a full opportunity to participate and comment in the public hearing process for the development and creation of the TRID by receipt of the statutorily required written and public notice thereof.

12.2 Issuing Authority. The Taxing Bodies hereby appoint PAID as the authority charged with preparing and implementing the approved Project Plan and hereby designate PAID as the issuing authority under the provisions of the Act, for the issuance of the TRID Note.

12.3 Amendments to Project Plan. Proposed real estate development or redevelopment may trigger additional needs for transit improvements and community facility improvements or support facilities. The Taxing Bodies acknowledge that the Management Entity, after consultation with PAID, may propose amendments to the Project Plan as are deemed advisable. No such amendment shall be effective until approved by the appropriate official action of the governing boards of each of the Taxing Bodies in accordance with the Act. No amendment to the Project Plan shall result in the reduction of TRID Revenues, unless approved by the Lender and PAID.⁹⁶

12.4 Amendments to this Agreement. The parties to this Agreement may by written amendment to this Agreement, executed by the party or parties to be charged, modify any clauses or provisions of the within Agreement to further the purposes of the Project Plan or any amendments thereto.

12.5 Severability. In the event any provision, section, sentence, clause or part of this Agreement is determined by a court of competent jurisdiction to be invalid and unenforceable,

⁹⁶ Similar language is included in Section 306 of the TRID Act.

such determination shall not affect the validity or effect of the remaining provisions which shall remain in full force and effect and shall be liberally construed in favor of Lender in order to effectuate the provisions of this Agreement. In addition, in no event shall the rate of interest on the TRID Note exceed the maximum rate of interest permitted to be charged by applicable law.

12.6 Successors and Assigns. Any and all covenants, promises and agreements set forth in this Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, including, without limitation, any subsequent owner of the land and improvements in the District and any assignee, whether absolutely or collaterally, of the TRID Note.

12.7 Captions. The captions preceding the various Articles and Sections of the Agreement have been inserted solely for convenience of reference and shall not be used in construing this Agreement.

12.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

12.9 Governing Law. This Agreement and the TRID Note, and the instruments and documents being delivered pursuant hereto, shall be construed by, and enforced in accordance with, the laws of the Commonwealth of Pennsylvania without giving effect to the principles of conflicts of law.

12.10 Reference to Documents. All references to any document referred to or described herein shall be deemed to refer to such documents as they may be substituted, replaced, amended, modified or recast from time to time whether or not in connection with any Substitute Loan.

12.11 Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be sent by hand delivery or by registered or certified mail, postage prepaid, return receipt requested, or by recognized overnight courier service, addressed to the appropriate party at the following addresses (or at such other address as the respective party may hereafter designate by notice in writing in the manner specified above):

To Management Entity: 46th and Market Street Market Frankford Line TRID, Inc.
Attention:, Chariman⁹⁷

with a copy to: The Management Entity's Counsel⁹⁸

To Lender: ⁹⁹

⁹⁷ The address and name of the TRID Board chairman will be filled in once know.

⁹⁸ The name and contact information of the Management entity's Counsel will be filled in once known.

with a copy to: Lender's Counsel¹⁰⁰

To PAID: Philadelphia Authority for Industrial Development
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102
Attn.: James F. McManus, Chairman

with a copy to: Duane Morris, LLP
30 South 17th Street
Philadelphia, PA 19103
Attn: Robert L. Archie, Jr., Esq.

To the City: Rob Dubow
Director of Finance
Room 1330
Municipal Services Building
1401 JFK Boulevard
Philadelphia, PA 19102

Andrew Altman
Director of Commerce
12th Floor
One Parkway
1515 Arch Street
Philadelphia, PA 19102

Keith Richardson
Revenue Commissioner
Municipal Services Building
1401 JFK Boulevard
Room 630
Philadelphia, PA 19102

with a copy to: Shelley Smith
City Solicitor
One Parkway
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

Philadelphia Authority for Industrial Development

⁹⁹ The name and contact information of the Lender will be filled in once known.

¹⁰⁰ The name and contact information of the Lender's Counsel will be filled in once known.

2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102
Attn: James F. McManus, Chairman

To the School District: Managing Director
School District of Philadelphia
440 N. Broad Street
School Administration Building
Philadelphia, PA 19130

with a copy to: Office of General Counsel
School District of Philadelphia
440 N. Broad Street
Philadelphia PA 19130
Attention: Diane Perkolup, Esq.

All such notices, requests and other communications shall be deemed to have been sufficiently given on the date delivered or refused. Any notice, request or other communication may be given on behalf of any party by its respective counsel.

12.12 Indemnification. Management Entity will indemnify and hold harmless PAID and each member, director, officer, employee, attorney and agent of PAID for and against any and all claims, losses, damages or liabilities (including the reasonable costs and expenses of defending against any such claims) to which PAID or any member, director, officer, employee or agent of PAID may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise directly or indirectly out of and which are not the result of gross negligence or bad faith on the part of any of the foregoing, any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the Project or this Agreement or the TRID Note or the transactions contemplated thereby.

In case any action or proceeding is brought against PAID in respect of which indemnity may be sought hereunder, PAID shall give written notice of that action or proceeding to the Management Entity, and the Management Entity upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided that failure of PAID to give that notice shall not relieve the Management Entity from any of its obligations under this Section 12.12 unless (and then only to the extent) that failure prejudices the defense of the action or proceeding by the Management Entity.

The indemnification set forth above is intended to and shall (i) include the indemnification of all affected directors, officers, agents and employees of PAID, and (ii) be enforceable by PAID to the fullest extent permitted by law. This Section 12.12 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, each party to this Agreement has caused this Agreement to be duly executed on its behalf by its duly authorized representatives as document under seal, all as of the day and year first above written.

THE CITY OF PHILADELPHIA,
PENNSYLVANIA

By:
Name: Rob Dubow
Title: Director of Finance

THE SOUTHEASTERN PENNSYLVANIA
TRANSPORTATION AUTHORITY

By:
Name: Rich Burnfield
Title: Chief Financial Officer

THE SCHOOL DISTRICT OF PHILADELPHIA

By:
Name: Folasade Olanipekun
Title: Chief Financial Officer

PHILADELPHIA AUTHORITY FOR
INDUSTRIAL DEVELOPMENT

By:
Name: James McManus
Title: Chairman

Lender¹⁰¹

By:
Name:
Title:

46TH AND MARKET STREET MARKET
FRANKFORD LINE TRID, INC.¹⁰²

By:
Name:
Title: Chairman

¹⁰¹ Information will be filled in once known.

¹⁰² Information will be filled in once known.

EXHIBIT A

TRID Planning Study

EXHIBIT B

Copy of City Ordinance Establishing TRID Management Entity

EXHIBIT C

TRID Fund Pledge Agreement

EXHIBIT D

TRID District Boundary Description, List of Parcels, and Map

EXHIBIT E

TRID Note

EXHIBIT F

List of Strategic Opportunity Sites (if applicable)

APPENDIX AB – TEMPLE UNIVERSITY REGIONAL RAIL TRID DRAFT AGREEMENT, ANNOTATED

Transit Revitalization Investment District Agreement Temple University Regional Rail Line TRID

THIS AGREEMENT ("**Agreement**") is made as of <<insert date>>¹⁰³ by and among **THE CITY OF PHILADELPHIA, PENNSYLVANIA**, an incorporated municipality of the Commonwealth of Pennsylvania ("**City**"), **THE SCHOOL DISTRICT OF PHILADELPHIA**, a political subdivision of the Commonwealth of Pennsylvania (the "**School District**")-(the City and the School District being sometimes collectively referred to as the "**Taxing Bodies**"), **SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY**, a body corporate and politic existing under the laws of the Commonwealth of Pennsylvania ("**SEPTA**"), **PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT**, a body corporate and politic existing under the laws of the Commonwealth of Pennsylvania ("**PAID**")¹⁰⁴, <<insert lender name>> ("**Lender**"), **TEMPLE UNIVERSITY REGIONAL RAIL LINE TRID, INC**, a Pennsylvania non-profit corporation ("**Management Entity.**")¹⁰⁵.

BACKGROUND:

WHEREAS, the Transit Revitalization Investment District Act, Act of December 8, 2004, P.L. 1801, No. 238 (collectively, the "**Act**")¹⁰⁶ empowers municipalities, counties, and public transportation agencies to work cooperatively to establish Transit Revitalization Investment Districts ("**TRID**") and the appropriate mechanisms to capture the real estate taxation and other values added by development activities for reinvestment in the transit system and local communities

WHEREAS, **the Management Entity** shall prepare a detailed project plan (the "**Project Plan**") which will be based on and informed by the findings of the TRID Planning Study; attached hereto as **Exhibit A**, for the redevelopment of the area around the Temple University Stop on SEPTA's Regional Rail Line (the "**Station**"), and the TRID Planning Study was formally presented to the City for its review and approval in accordance with the Act;

¹⁰³ All relevant dates throughout the agreement will be filled in once they are finalized.

¹⁰⁴ The use of PAID as the financing mechanism is consistent with Section 303 of the TRID Act. PAID was left in the agreement because they could handle the logistics of issuing the bonds.

¹⁰⁵ The TRID board that has to be established per the TRID Act will act as the management entity of the project. The lender's name will be filled in once known.

¹⁰⁶ Establishing the statutory authority for this agreement.

WHEREAS, the City believes that it is necessary to establish the TRID according to accepted transit oriented development principles, and to promote transit oriented development in the City;

WHEREAS, the TRID Act provides the City and SEPTA to work collaboratively towards specific development projects that adhere to those principles¹⁰⁷;

WHEREAS, to support the TRID, the City, the School District, and SEPTA, are willing to provide the Management Entity with the resources set forth in this agreement;

WHEREAS, without the assistance of the parties as set forth in this agreement, the Management Entity would not be able to undertake this TRID;

WHEREAS, after public hearing held on <<insert date>>, as required by the Act, the City approved Bill No. <<insert number>> signed by the Mayor of the City on <<insert date>> (the "**Ordinance**") attached hereto as **Exhibit B**¹⁰⁸, authorizing the creation of the TRID and Management Entity in accordance with the Act, adopting the TRID Planning Study as required by the Act;

WHEREAS, Lender desires to lend to PAID and PAID desires to borrow from Lender the sum of <<insert amount>>-pursuant to that certain Note from PAID to the order of Lender of even date herewith (the "**TRID Note**")¹⁰⁹, which shall be secured by the pledge of the TRID Fund (as defined below) pursuant to a pledge agreement as the same may be modified and amended from time to time (the "**Pledge Agreement**") as set forth herein as **Exhibit C**, attached hereto;

WHEREAS, PAID intends to lend the proceeds of the TRID Note to the Management Entity to be used in the TRID pursuant to the Project Plan.

WHEREAS, the Taxing Bodies, Management Entity, PAID and Lender desire to set forth the terms by which the TRID Note will be issued and repaid, and other mutually acceptable terms and conditions with respect to such matters, all in accordance with the Act.

NOW, THEREFORE, for and in consideration of the foregoing and the respective rights and obligations of the parties herein set forth and incorporating the Background set forth above, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1). **TRID.**

¹⁰⁷ Embedding into the agreement the spirit of collaboration between the City and SEPTA.

¹⁰⁸ This information and the ordinance itself can be inserted once known.

¹⁰⁹ All relevant amounts and the note itself can be inserted once known.

1.1 The **TRID** shall mean the land and improvements located within a half-mile radius of the “**Station**”, as more particularly described in **Exhibit D**, attached hereto, which contains said properties (as hereinafter defined) and nothing else.¹¹⁰

1.2 The TRID shall exist for a term of twenty years (the “**Term**”) commencing <<insert date>>, (the “**TRID Effective Date**”) and terminating <<insert date>> (the “**Termination Date**”).

1.3 TRID Management Entity. The Management Entity responsible for implementing the Project Plan within the TRID will be established as a Pennsylvania non-profit corporation and shall be known as **TEMPLE UNIVERSITY REGIONAL RAIL LINE TRID, INC.**

1.3.1 TRID Management Entity Composition. Management Entity responsible for implementing the TRID Plan shall be comprised of at least one member from or appointed by the following:

- The City of Philadelphia
- SEPTA
- Major for-profit or non-profit institutions located within the TRID boundaries

2). Activities and Commitments of Each Party¹¹¹

2.1 The City. In addition to the requirements explicitly enumerated in this agreement, the City also agrees to maintain within the TRID the same level of municipal programs and services that were provided within the TRID before its establishment.¹¹² The City will not use TRID funds to substitute for municipal spending on capital improvements or ongoing maintenance.

2.2 The School District. In addition to the requirements explicitly enumerated in the agreement, the School District also agrees to work with the TRID Management Entity to encourage transit and related infrastructure investments that are consistent with its own capital and programmatic goals.

2.3 SEPTA. In addition to the requirements explicitly enumerated herein, SEPTA also agrees to maintain within the TRID the same level of transit programs and services that were provided within the TRID before its establishment.¹¹³ SEPTA also agrees to maintain all improvements made to any SEPTA transit stop using TRID Funds. SEPTA also will not use

¹¹⁰ Another point of departure from typical Philadelphia TIFs, which are site-specific and therefore the “district” is merely a list of the site or sites in question, TRIDs will be more expansive in size, and therefore defining the district entails describing its boundaries.

¹¹¹ This section is required as per Section 301(b) of the TRID Act.

¹¹² This language here is taken directly from the East Passyunk BID ordinance.

¹¹³ This language is fashioned after the City’s responsibilities in the BID ordinance; in the same way that a BID does not relieve the City from its municipal responsibilities, a TRID does not relieve SEPTA from its maintenance responsibilities.

TRID funds to substitute for spending from their capital budget that was included in SEPTA long-range capital budget before the establishment of the TRID.

2.4 PAID. PAID shall execute and deliver to Lender the ~~TIF~~ TRID Note in the original principal amount of <<insert amount>>. The TIF Note shall be substantially in the form attached hereto as **Exhibit E** and secured by the Pledge Agreement. PAID shall lend the proceeds of the TIF TRID Note (the "**Project Loan**") to the Management Entity to be used solely in payment of Project Costs (as defined in the Project Plan), which Project Loan shall be evidenced by Management Entity's Note to PAID substantially in the form of **Exhibit E** (the "**Project Note**").

2.5 TRID Management Entity. In addition to the requirements explicitly enumerated herein this agreement, as well as the requirements of the TRID Act and the Ordinance establishing the TRID Management Entity, the Management Entity agrees to file the necessary legal documents to form a Pennsylvania non-profit corporation and adopt the necessary by-laws.

2.5.1 Management Entity shall construct and, at all times, maintain and operate the Project as contemplated by the Project Plan and the Ordinance. The TRID Management Entity shall also be responsible for deciding which aspects of the project plan are implemented and when.¹¹⁴

2.5.2 Management Entity shall apply funds received in connection with the Project solely in partial payment of Initial Project Costs (as defined in the Project Plan) associated with the Project.

2.5.3 Management Entity shall serve as a conduit through which SEPTA can enter into joint development agreements with private developers to facilitate land assembly for large-scale projects and other actions that expedite the development process and ensure greater coordination between land use and transportation planning.¹¹⁵

2.5.4 Progress Reports. Management Entity shall report to the Taxing Bodies and SEPTA on the progress of its implementation of the TRID Planning Study at the first-regularly scheduled meeting of the taxing-bodies following the first anniversary of the execution of this Agreement and each anniversary of said execution thereafter until the termination date, the. Such report shall include at least the following information and may contain other such information with regard to the plan as the management entity wishes to present of the Taxing Bodies and SEPTA may reasonably require:

¹¹⁴ The big difference between a TRID and a TIF is the fact that since funds are generated on a district wide basis there needs to be some decision-making body that decides how the money is spent. It is the Management Entity that makes the spending decision and also enables cooperation between the City and SEPTA. It also ensures the mutual accountability of the City and SEPTA to the general public, neighborhood groups, and other stakeholders.

¹¹⁵ A key tenet of the TRID legislation. Nothing specific can be imposed here, although clearly WMATA's track record serves as a guide; rather, simply an explicit statement affirming SEPTA's new flexibilities, and the Management Entity's role in coordinating them.

- 1). Status of construction of the Project Improvements;
- 2). Actual Project Improvement costs compared to Plan estimates;
- 3). Actual start and completion dates of Project Improvements in the TRID District compared to Plan estimates; and
- 4). Estimated start date of Project Improvements not yet commenced at the date of report.

The Management Entity shall from time to time furnish such other reports on specific matters not addressed by the foregoing as the Taxing Bodies and SEPTA may reasonably require.

Upon completion of the Project Plan, the Management Entity shall submit a report certifying that the Project Improvements have been completed in accordance with the Plan and that it is in compliance with all other provisions of this agreement to the Taxing Bodies and SEPTA.

2.5.5 The Management Entity shall provide PAID and Lender with reasonable access to the TRID and TRID-related records upon reasonable notice for purposes of verifying compliance with the Project Plan and this Agreement.

2.5.6 The Management Entity shall continue to meet with civic, associations, business associations, community/neighborhood groups, and in other public forums to receive input from the public and to provide the public with information about the progress of the project.

2.5.7 Management Entity shall comply with Philadelphia City Council Ordinance 030125 and Executive Order No. 01-03 by requiring its construction manager and other contractors involved in the construction of the Project to make good faith efforts to utilize M/W/DS-DBE firms and shall report compliance per attached Exhibit E, the Annual Employment Reporting Form.

3). **Project.** The Management Entity shall undertake such projects as included in the Project Plan and as inferred by the TRID Planning Study, and that conforms to the transit oriented development principles laid out in the City's TOD Ordinance.¹¹⁶

4). **The Loan.**

¹¹⁶ Here is where the City and SEPTA would come together, with the participation of other, local members of the Management Entity around a preliminary list of infrastructure improvements that it would like to see in and around each station. This "punch list" could be included as an attachment to each agreement.

4.1 PAID shall execute and deliver to Lender the TRID Note in the original principal amount of <<insert amount>> The TRID Note shall be substantially in the form attached hereto as **Exhibit C** and secured by the Pledge Agreement.

4.2 PAID shall lend the proceeds of the TRID Note (the "**Project Loan**") to the Management Entity to be used solely in payment of Project Costs (as defined in the Project Plan), which Project Loan shall be evidenced by Management Entity's Note to PAID substantially in the form of **Exhibit E** (the "**Project Note**").

4.3 Management Entity may arrange for refunding of the Project Loan, up to the outstanding principal balance of the Project Loan at the time of such refunding, from time-to-time ("**Substitute Loan**"), in which case the Substitute Loan maybe secured by the pledge of TRID Revenues so long as the terms of the Substitute Loan do not require payments by PAID in excess of the debt service paid by Real Estate Tax Increments ~~and Business Privilege Tax Increments~~¹¹⁷ for the initial TRID Note and so long as the term of the Loan does not extend beyond the Termination Date. The Substitute Loan shall be evidenced by a substitute TRID Note and such other documentation as is reasonably satisfactory to the parties hereto. The lender under the Substitute Loan shall be deemed to be Lender for all purposes of this Agreement. Whenever herein there is a reference to the TRID Note, any Substitute TRID Note shall be included therein.

4.4 Payments on the TRID Note shall be made from amounts in the TRID Fund. "**TRID Fund**" shall mean the sum of the Real Estate Property Tax Increment (as hereinafter defined) ~~and (ii) the Business Privilege Tax Increment (as hereinafter defined)~~¹¹⁸ as have accumulated as a result of the payment of TRID Revenues (as hereinafter defined) by the Taxing Bodies to PAID. To the extent that, after payment of scheduled principal and interest (including any financing fees or penalties) on the TRID Note, there remain monies in the TRID Fund, such monies shall be paid and applied as set forth in Section 6.

4.5 PAID¹¹⁹ shall assign the Project Note to Lender and deliver the Pledge Agreement to Lender.

4.6 To the extent that at any time there is a deficiency in the TRID Fund necessary to pay the TRID Note, Lender shall utilize payments due under the Project Note (to the extent available under the terms of the Project Note) in satisfaction of the TRID Note.

¹¹⁷ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

¹¹⁸ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

¹¹⁹ PAID is used here because they are the organization that issues the bonds for the other TIFs in City and since TRID is essentially a TIF with a TOD focus we felt it appropriate to use PAID as well.

5). **TRID Revenues.** "TRID Revenues" shall mean the sum of the Real Estate Property Tax Increment and the Business Privilege Tax Increment¹²⁰ (each as defined below) which are collected by the Taxing Bodies from the Project during the term of the TRID District.

5.1 Definitions.

5.1.1 For purposes of this Agreement, references to "**tax revenue**" or "**tax revenues**" shall not include penalties and interest collected by the City as a result of any late payments thereof.

5.2 Real Estate Taxes.

5.2.1 The "**Real Estate Tax Base**" shall mean an amount on account of real estate taxes determined by the Philadelphia Board of Revision of Taxes based on the assessed value of all land and improvements in the TRID as of the TRID Effective Date. Real Estate Tax Revenues collected each year for the appropriate tax year during the Term of the TRID up to the Real Estate Tax Base shall inure to the benefit of the City and School District in accordance with the Act.

5.2.2 The "**Real Estate Tax Increment**" shall mean all incremental amounts in real estate tax revenue over the Real Estate Tax Base collected each year until termination of the TRID. The Real Estate Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act. Such Real Estate Tax Increment may result either from an increased assessment of the Project or increased millage rate.

5.2.3 New Construction Subject to Abatement. In accordance with City Council Ordinance No. 961, 1456, 970274, 1130, and 175¹²¹, property taxes on all new construction and major modifications will be abated for ten years and no increment from these properties will be deposited into the TRID Fund during said abatement period. The Taxing Bodies hereby agree that at the conclusion of the abatement period until the Termination Date of the TRID all incremental tax revenues from the abated properties shall be eligible and hereby authorized to fund Eligible Project Costs in Accordance with the Act. The Real Estate Tax Base for the qualifying abated properties shall be an amount on account of real estate taxes determined by the Philadelphia Board of Revision of Taxes based on the assessed value of all land and improvements as of the TRID Effective Date. The Increment shall mean the shall mean all incremental amounts in real estate tax revenue over the Real Estate Tax Base collected each year until termination of the TRID.

¹²⁰ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

¹²¹ Taxes cannot be both abated and captured. Thus, any new developments will not add to the value capture total until Year 11.

~~**5.2.5 Strategic Opportunity Sites**¹²². The TRID contains specific parcels (listed in **EXHIBIT F**) (“**Strategic Opportunity Sites**”) that are either vacant or significantly under-utilized, they have low current tax yields and thus offer significant net value capture opportunities. Each of the Strategic Opportunity Sites, when ready for development, would be custom-fitted with a 20-year tax increment finance schedule of its own, commencing on a project-specific effective date. During years one through ten of the project property taxes will be abated in accordance with City Council Ordinance No. 961, 1456, 970274, 1130, and 175 and no increment from these properties will be deposited into the TRID Fund during said abatement period. After the conclusion of the abatement period, all incremental tax revenues from the abated properties shall be eligible and hereby authorized to fund Eligible Project Costs in Accordance with the Act. The Real Estate Tax Base for the qualifying abated properties shall be an amount on account of real estate taxes determined by the Philadelphia Board of Revision of Taxes based on the assessed value of all land and improvements as of the date that development of each Strategic Opportunity Site begins.. The Increment shall mean the shall mean all incremental amounts in real estate tax revenue over the Real Estate Tax Base collected each year until termination of the Strategic Opportunity Sites.~~

~~The Taxing Bodies hereby agree to exempt each Strategic Opportunity Site listed in **EXHIBIT F** from the original TRID District and to establish a separate TRID District for each Strategic Opportunity Site at the appropriate time. Each site separate TRID site would be granted its own twenty year time frame and function as describe above.~~

~~**5.3 Business Privilege Taxes.**¹²³~~

~~**5.3.1** The “**Business Privilege Tax Base**” shall mean an amount on account of Business Privilege taxes determined by the Philadelphia Finance Director based on taxable business revenue in the TIF District as of the TIF District Effective Date.~~

¹²² We would not actually include this clause in the 46th/Market or Temple U agreement, but we keep it here so you can see what it might look like. This section would only be contained in the agreement if we feel there are certain sites that might not be developed until later in the 20 year TRID period. The principles of this approach appear fully consistent with Sections 701 through 703 of the TRID Act, as long as the incremental revenue streams from any given property is used only once and not double-counted. This could be achieved by technically amending the TRID boundaries to “carve out” a Strategic Opportunity from the TRID when it is ripe for development. The original TRID Plan would explicitly anticipate this process as part of its implementation strategy. The carved-out site could simultaneously be reconstituted as a TIF—consistent with Section 703 of the Act, which states that TRID jurisdictions “are encouraged and may make maximum use of existing laws to advance and further implement TRID purposes. Without limitation, application of the following acts [including the TIF Act]...[is] consistent with the intent of TRID implementation.” Alternatively, the carved-out site could be technically reconstituted as a “TRID within a TRID”. It should also be noted that if a Strategic Opportunity Site is ready for development early in the 20-year life of the TRID (such that most of the 20 years would be available to it), the “carve-out” might not be necessary at all.

¹²³ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

~~Business privilege tax revenues collected each year during the Term of the TIF District up to the Business Privilege Tax Base shall inure to the benefit of the City in accordance with the Act.~~

~~**5.3.2** The "**Business Privilege Tax Increment**" shall mean all incremental amounts of business privilege tax revenue over the Business Privilege Tax Base collected each year until the Termination Date. The Business Privilege Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act.~~

5.4 Payment in Lieu of Taxes

The Management Entity shall allow for and encourage tax-exempt property owners located within the District to provide in-kind services or a financial contribution to the TRID Fund, if not assessed, in lieu of a property tax increment.

6). Collection of TRID Revenues.

6.1 The Taxing Bodies hereby agree that all TRID Revenues received by the Taxing Bodies shall be paid over to PAID for deposit into the TRID Fund in accordance with the Act and in accordance with the time-frames described below. The School District hereby irrevocably authorizes and appoints the City as its agent to pay over to PAID in accordance with this Agreement any and all TRID Revenues which are received by the City and derived from tax revenues payable to the School District, and the City hereby accepts the appointment and agrees to pay over such TRID Revenues in accordance with this Agreement.

6.1.1 The Taxing Bodies shall pay the Real Estate Property Tax Increment to PAID within forty-five (45) days after receipt thereof by the Taxing-Bodies (except as to the first installment payment pursuant to this Agreement which shall be paid to PAID within ninety (90) days after receipt thereof). Within thirty (30) days of PAID's receipt of the Real Estate Property Tax Increment from the Taxing Bodies, PAID shall transfer all such sums to Lender.

~~**6.1.2** The Taxing Bodies shall pay the Business Privilege Tax Increment to PAID within forty five (45) days after receipt thereof by the Taxing Bodies (except as to the first installment payment pursuant to this Agreement which shall be paid to PAID within ninety (90) days after receipt thereof). Within thirty (30) days of PAID's receipt of the Business Privilege Tax Increment from the Taxing Bodies, PAID shall transfer all such sums to Lender¹²⁴~~

¹²⁴ We conservatively assume that only the Property Tax Increment will be used to fund the TRID. Please note that the TRID legislation allows other taxes beside property taxes to be captured. Also, TIF agreements typically also add BPT and sometimes sales tax.

6.2 The Real Estate Property Tax Base ~~and the Business Privilege Tax Base~~ shall inure each year to the benefit of the City in accordance with their current respective millage rates and governing law.

6.3 With respect to the collection of delinquent taxes levied within the TRID, the Taxing Bodies shall enforce their rights in the same manner as with respect to the collection of delinquent taxes and/or liened real estate property taxes applied to general municipal and/or school district purposes. The City agrees to direct the appropriate assessment officers and employees to identify upon the assessment roll those parcels of property or portions thereof which are located within the TRID. The City shall direct its officers and employees to make the appropriate notation on their tax rolls for such identification of parcels of real property or portions thereof located within the TRID. The Taxing Bodies shall authorize and direct their respective officers or agents to cooperate with PAID and to tender the TRID Revenues which are collected as delinquent taxes to PAID at the times and in the manner required by the terms of this Agreement.

6.4 All monies in the TRID Fund shall be deposited in such interest bearing investments as may be selected by PAID and the Management Entity and approved by Lender with all such interest to accrue to the benefit of and become part of the TRID Fund. The TRID Fund shall be maintained in an account in a financial institution designated by Lender, reasonably acceptable to PAID, and Lender shall have a security interest in the TRID Fund evidenced by appropriate security documents satisfactory to Lender and PAID. Lender hereby agrees to indemnify, defend, pay, protect and hold harmless PAID for any loss or damage suffered by PAID arising out of the maintenance of the account previously designated and arising out of the grant of the security interest in the account to Lender.

7). TRID Fund.

7.1 Pledge. In accordance with the Act, PAID has pledged to the Lender, as security for the payment of the TRID Note, all rights of PAID to the TRID Revenues and the TRID Fund. PAID agrees for the benefit of Lender and Management Entity that it shall not grant any other liens or interests in or to the TRID Revenues or the TRID Fund or take any other actions that would impair the rights of the Lender hereunder; the pledge is evidenced by the Pledge Agreement. The Pledge Agreement may be assigned by Lender at any time prior to the Termination Date without the consent of PAID; provided, however, the assignee shall give notice of such assignment to PAID in accordance with Section 12.11 hereof. Thereafter, PAID agrees to follow the directions of such assignee with respect to Section 7.2 of this Agreement.

7.2 Disbursal. PAID shall disburse sums from the TRID Fund from time to time as follows and in the following order of priority:

7.2.1 After payment of the one percent (1%) processing fee due to PAID from each repayment amount, in payment of principal, interest thereon and any financing fees, penalties or other amounts due in respect of the TRID Note (and such payment shall be credited under the Project Note), as such payments are due.

7.2.2 Any balance remaining in the TRID Fund after disbursements as set forth above shall be paid to Lender on account of the Project Note and applied to the prepayment of principal of the TRID Note.

7.3 On the Termination Date, after payment of principal and accrued and unpaid interest (including financing fees and penalties) on the TRID Note, PAID shall pay all amounts remaining in the TRID Fund which are not required for payment under Paragraphs 7.2.1 or 7.2.2 to the Management Entity to be used to fund maintenance and upkeep of the improvements made.¹²⁵

8). Private Sector Development Agreements. In furtherance of this agreement the Management Entity can enter into development agreements with pertinent private sector development organization or organizations to implement the proposed TRID. The development agreement shall stipulate the final project scope as well as the partners' roles, responsibilities, financing arrangements, schedule of improvements and exactions or contributions to the project.¹²⁶

9). Limitation of Liability. Notwithstanding anything to the contrary contained in the TRID Note or this Agreement, neither the Taxing Bodies nor PAID shall have any liability hereunder or under the TRID Note or otherwise in connection with the transactions contemplated by the TRID Note or this Agreement, except to the extent TRID Revenues are actually received by the Taxing Bodies or PAID. Under no circumstances shall the TRID Note or the covenants hereunder constitute a general obligation of the Taxing Bodies or PAID. Neither the officials of the Taxing Bodies nor the members of PAID, nor any person executing the TRID Note shall be liable personally on any such notes by reason of the issuance thereof. The TRID Note, and any replacement notes or bonds, shall expressly state, and the parties hereby acknowledge, that such notes or bonds have been issued to accomplish the public purposes of the Act and shall be conclusively deemed, to the fullest extent permitted by the Act (including without limitation Section 9(f) thereof), in any suit, action or proceeding involving the validity or enforceability of such note, bond or security therefore, to have been issued for such purpose. The Taxing Bodies shall have no obligations in connection with the transactions contemplated by this Agreement except for those expressly stated herein and in the Act.

10). Defaults. The occurrence of any of the following events or conditions shall constitute an "Event of Default" hereunder:

10.1 Default of any of the Management Entity's covenants set forth herein; or

¹²⁵ Typical TIF agreements return excess funds to PAID. Since we have conservatively estimated bondable amounts generated by value capture, and since the spirit of value capture is to have dollars captured locally spent locally, we instead make excess funds available to the Management Entity. Note that the TRID Act sets a limit on the amount of time the tax increment can be captured. It does not require that all of the money be spent during that 20 year period. Expenditures can continue beyond the 20 year value capture time period.

¹²⁶ As per the TRID Act Section 504.

10.2 Any other default in the payment or performance by the Management Entity or its affiliates under this Agreement, the TRID Note, or the Project Note when such payment or performance is due; or

10.3 Use by the Management Entity of the proceeds of the TRID Loan for other than Initial Project Costs (as defined in the Project Plan).

11). **Remedies.** Upon the occurrence of any Event of Default, then the entire unpaid principal under the Project Note plus all interest accrued thereon plus all other sums due and payable to PAID hereunder shall, at the option of PAID, become due and payable immediately, without presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor, all of which are hereby expressly waived by the Management Entity. In addition to the foregoing, upon the occurrence of any Event of Default, PAID may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to PAID by law, equity, statute or otherwise.

12). **Miscellaneous.**

12.1 Acknowledgment. The City and the School District acknowledges that in accordance with the Act they have been afforded a full opportunity to participate and comment in the public hearing process for the development and creation of the TRID by receipt of the statutorily required written and public notice thereof.

12.2 Issuing Authority. The Taxing Bodies hereby appoint PAID as the authority charged with preparing and implementing the approved Project Plan and hereby designate PAID as the issuing authority under the provisions of the Act, for the issuance of the TRID Note.

12.3 Amendments to Project Plan. Proposed real estate development or redevelopment may trigger additional needs for transit improvements and community facility improvements or support facilities. The Taxing Bodies acknowledge that the Management Entity, after consultation with PAID, may propose amendments to the Project Plan as are deemed advisable. No such amendment shall be effective until approved by the appropriate official action of the governing boards of each of the Taxing Bodies in accordance with the Act. No amendment to the Project Plan shall result in the reduction of TRID Revenues, unless approved by the Lender and PAID.¹²⁷

12.4 Amendments to this Agreement. The parties to this Agreement may by written amendment to this Agreement, executed by the party or parties to be charged, modify any clauses or provisions of the within Agreement to further the purposes of the Project Plan or any amendments thereto.

¹²⁷ Similar language is included in Section 306 of the TRID Act.

12.5 Severability. In the event any provision, section, sentence, clause or part of this Agreement is determined by a court of competent jurisdiction to be invalid and unenforceable, such determination shall not affect the validity or effect of the remaining provisions which shall remain in full force and effect and shall be liberally construed in favor of Lender in order to effectuate the provisions of this Agreement. In addition, in no event shall the rate of interest on the TRID Note exceed the maximum rate of interest permitted to be charged by applicable law.

12.6 Successors and Assigns. Any and all covenants, promises and agreements set forth in this Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, including, without limitation, any subsequent owner of the land and improvements in the District and any assignee, whether absolutely or collaterally, of the TRID Note.

12.7 Captions. The captions preceding the various Articles and Sections of the Agreement have been inserted solely for convenience of reference and shall not be used in construing this Agreement.

12.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

12.9 Governing Law. This Agreement and the TRID Note, and the instruments and documents being delivered pursuant hereto, shall be construed by, and enforced in accordance with, the laws of the Commonwealth of Pennsylvania without giving effect to the principles of conflicts of law.

12.10 Reference to Documents. All references to any document referred to or described herein shall be deemed to refer to such documents as they may be substituted, replaced, amended, modified or recast from time to time whether or not in connection with any Substitute Loan.

12.11 Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be sent by hand delivery or by registered or certified mail, postage prepaid, return receipt requested, or by recognized overnight courier service, addressed to the appropriate party at the following addresses (or at such other address as the respective party may hereafter designate by notice in writing in the manner specified above):

To Management Entity: Temple University Regional Rail Line TRID, Inc.
Attention:, Chariman¹²⁸

with a copy to: The Management Entity's Counsel¹²⁹

¹²⁸ The address and name of the TRID Board chairman will be filled in once know.

¹²⁹ The name and contact information of the Management entity's Counsel will be filled in once known.

To Lender:¹³⁰

with a copy to: Lender's Counsel¹³¹

To PAID: Philadelphia Authority for Industrial Development
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102
Attn.: James F. McManus, Chairman

with a copy to: Duane Morris, LLP
30 South 17th Street
Philadelphia, PA 19103
Attn: Robert L. Archie, Jr., Esq.

To the City: Rob Dubow
Director of Finance
Room 1330
Municipal Services Building
1401 JFK Boulevard
Philadelphia, PA 19102

Andrew Altman
Director of Commerce
12th Floor
One Parkway
1515 Arch Street
Philadelphia, PA 19102

Keith Richardson
Revenue Commissioner
Municipal Services Building
1401 JFK Boulevard
Room 630
Philadelphia, PA 19102

with a copy to: Shelley Smith
City Solicitor
One Parkway
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

¹³⁰ The name and contact information of the Lender will be filled in once known.

¹³¹ The name and contact information of the Lender's Counsel will be filled in once known.

Philadelphia Authority for Industrial Development
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102
Attn: James F. McManus, Chairman

To the School District: Managing Director
School District of Philadelphia
440 N. Broad Street
School Administration Building
Philadelphia, PA 19130

with a copy to: Office of General Counsel
School District of Philadelphia
440 N. Broad Street
Philadelphia PA 19130
Attention: Diane Perkolup, Esq.

All such notices, requests and other communications shall be deemed to have been sufficiently given on the date delivered or refused. Any notice, request or other communication may be given on behalf of any party by its respective counsel.

12.12 Indemnification. Management Entity will indemnify and hold harmless PAID and each member, director, officer, employee, attorney and agent of PAID for and against any and all claims, losses, damages or liabilities (including the reasonable costs and expenses of defending against any such claims) to which PAID or any member, director, officer, employee or agent of PAID may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise directly or indirectly out of and which are not the result of gross negligence or bad faith on the part of any of the foregoing, any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the Project or this Agreement or the TRID Note or the transactions contemplated thereby.

In case any action or proceeding is brought against PAID in respect of which indemnity may be sought hereunder, PAID shall give written notice of that action or proceeding to the Management Entity, and the Management Entity upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided that failure of PAID to give that notice shall not relieve the Management Entity from any of its obligations under this Section 13.12 unless (and then only to the extent) that failure prejudices the defense of the action or proceeding by the Management Entity.

The indemnification set forth above is intended to and shall (i) include the indemnification of all affected directors, officers, agents and employees of PAID, and (ii) be

enforceable by PAID to the fullest extent permitted by law. This Section 12.12 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, each party to this Agreement has caused this Agreement to be duly executed on its behalf by its duly authorized representatives as document under seal, all as of the day and year first above written.

THE CITY OF PHILADELPHIA,
PENNSYLVANIA

By:
Name: Rob Dubow
Title: Director of Finance

THE SOUTHEASTERN PENNSYLVANIA
TRANSPORTATION AUTHORITY

By:
Name: Rich Burnfield
Title: Chief Financial Officer

THE SCHOOL DISTRICT OF PHILADELPHIA

By:
Name: Folasade Olanipekun
Title: Chief Financial Officer

PHILADELPHIA AUTHORITY FOR
INDUSTRIAL DEVELOPMENT

By:
Name: James McManus
Title: Chairman

Lender¹³²

By:
Name:
Title:

TEMPLE UNIVERSITY REGIONAL RAIL LINE
TRID, INC.¹³³

By:

¹³² Information will be filled in once known.

¹³³ Information will be filled in once known.

Name:
Title: Chairman

EXHIBIT A

TRID Planning Study

EXHIBIT B

Copy of City Ordinance Establishing TRID Management Entity

EXHIBIT C

TRID Fund Pledge Agreement

EXHIBIT D

TRID District Boundary Description, List of Parcels, and Map

EXHIBIT E

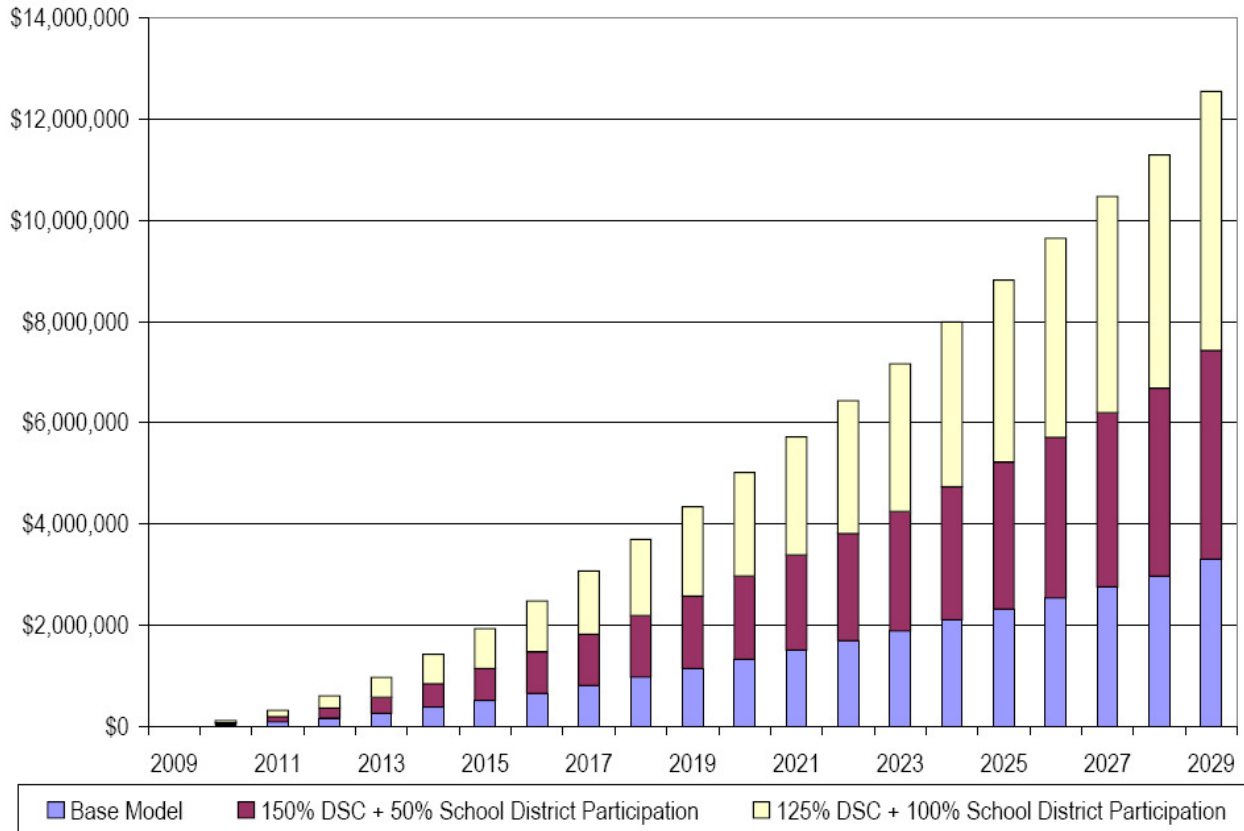
TRID Note

EXHIBIT F

List of Strategic Opportunity Sites (if applicable)

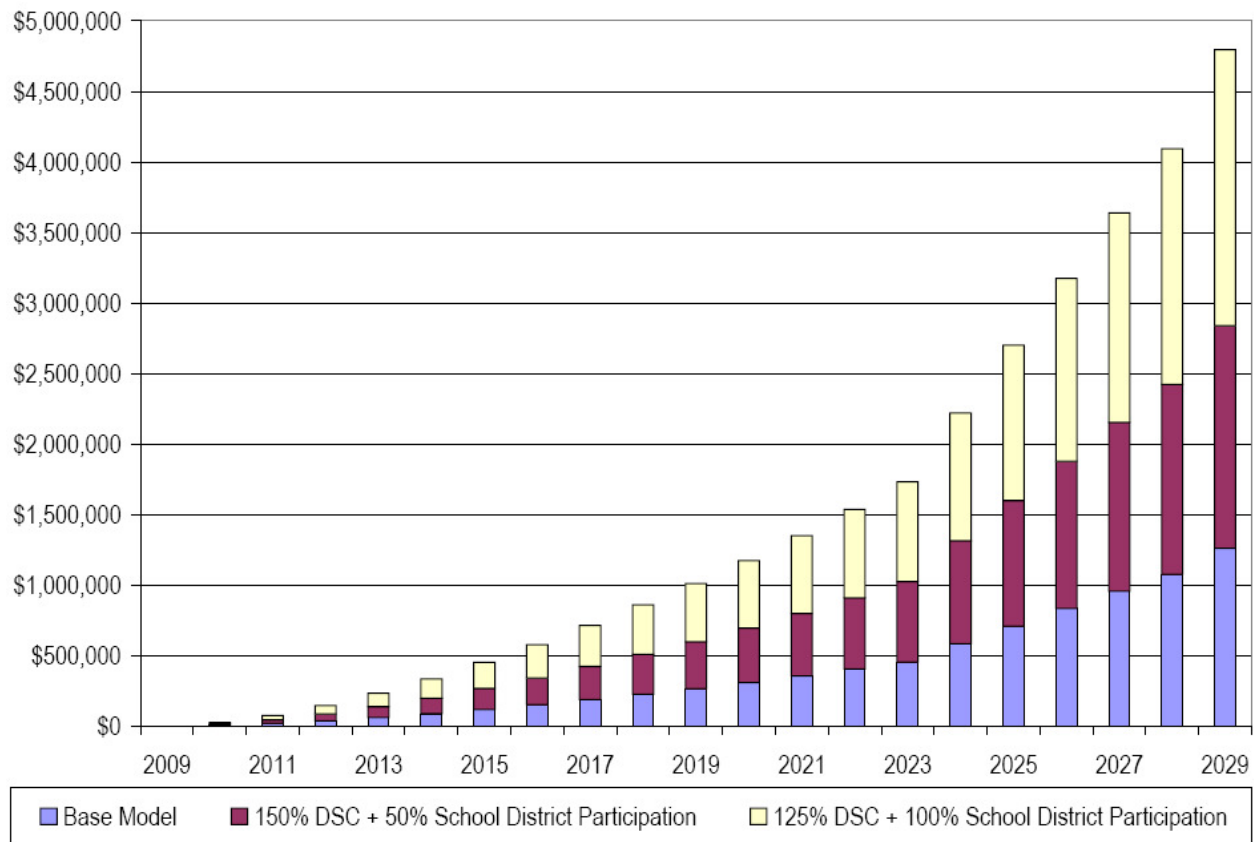
APPENDIX AC – ADDITIONAL VALUE CAPTURE CHARTS

46th and Market TRID – Value Capture Analysis (District-Wide Approach)



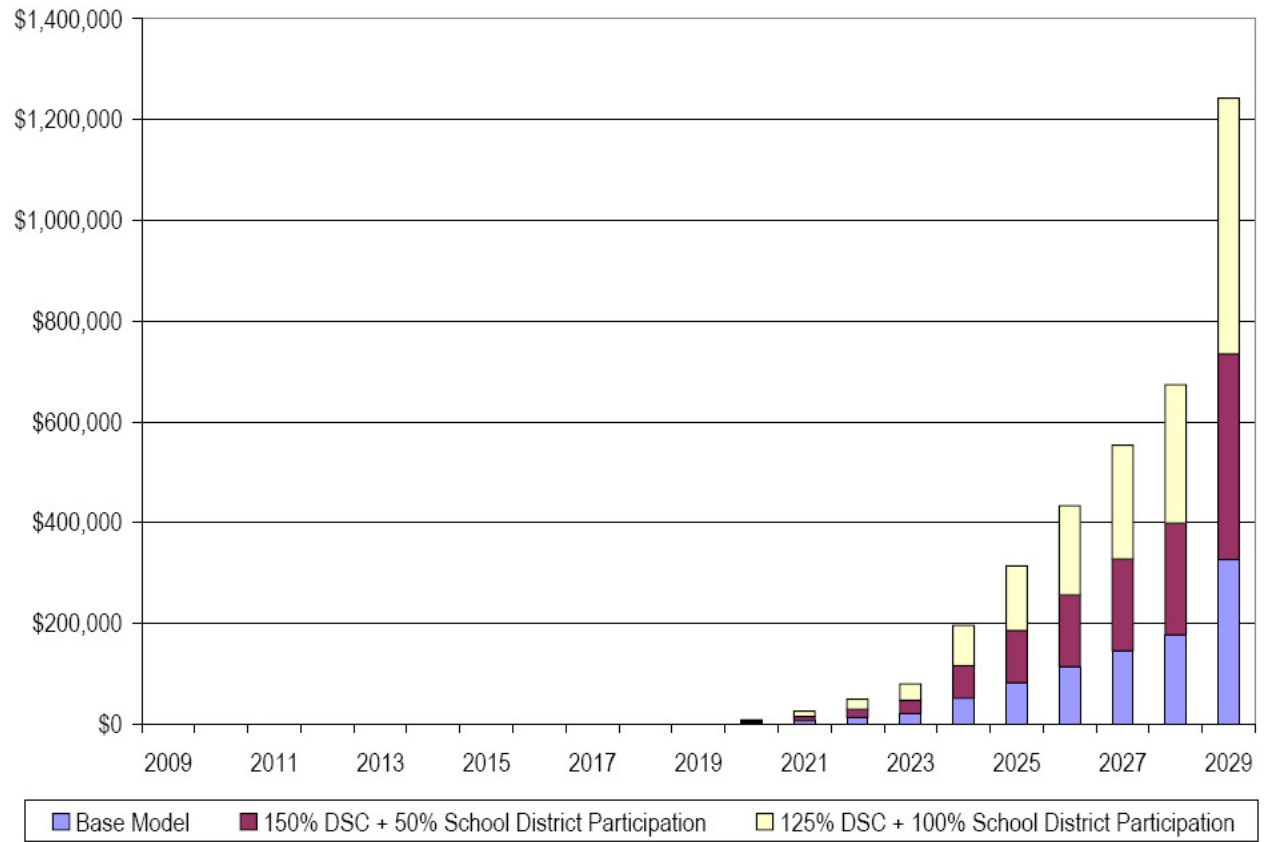
Source: Econsult Corporation (2008)

Temple University – Value Capture Analysis (District-Wide Approach)



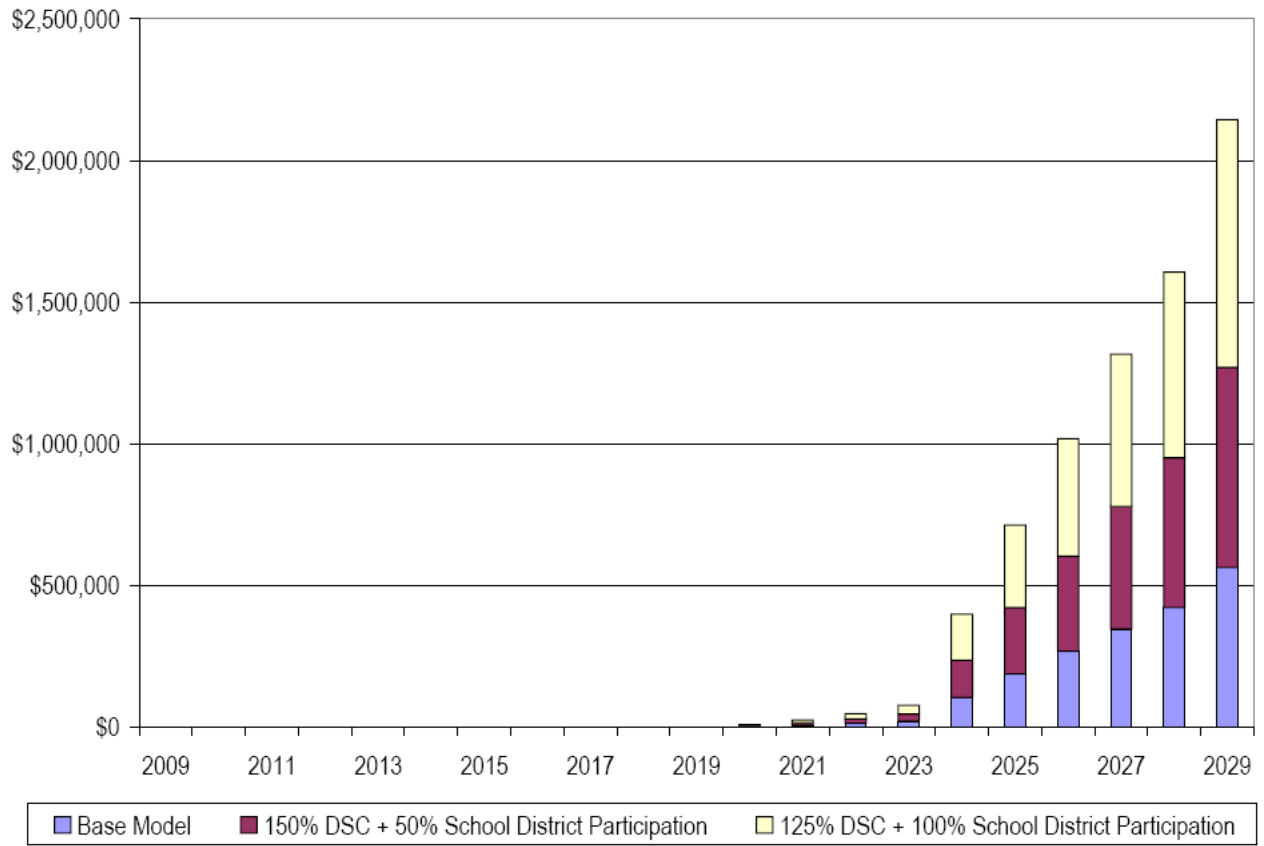
Source: Econsult Corporation (2008)

46th and Market TRID – Value Capture Analysis (Single-Site Approach)



Source: Econsult Corporation (2008)

Temple University – Value Capture Analysis (Single-Site Approach)



Source: Econsult Corporation (2008)

APPENDIX AD – TAX INCREMENT FINANCING ENABLING LEGISLATION

See attached.

APPENDIX AE – ILLUSTRATIVE TAX INCREMENT FINANCING AGREEMENT

See attached.

APPENDIX AF – ILLUSTRATIVE BUSINESS IMPROVEMENT DISTRICT AGREEMENT

See attached.

APPENDIX AG – BIBLIOGRAPHY

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Interview with Rich Bickel, Delaware Valley Regional Planning Commission (June 27, 2008).

Interview with Rich Burnfield, Southeastern Pennsylvania Transportation Authority (July 25, 2008).