



TDD Steering Committee

Quarterly Update to Committee

May 15, 2019

AGENDA

1. Update on the progress of the rail projects
 - a) Rail projects – schedule and deadlines
 - b) Legislative fiscal update

2. Review timeline and process for community engagement
 - a) Data request
 - b) RDA outreach and meeting scheduling
 - c) Integration of community development planning
 - d) Public engagement process

3. Description of project team activities:
 - a) Planning framework and analysis
 - b) Initial market analysis
 - c) Return on investment
 - d) TDD Boundary considerations

4. Next steps and questions

TEAM INTRODUCTIONS

RDA	Policy Analytics	KPMG	MKSK
Bill Hanna	Bill Sheldrake	Vince Dolan	Eric Lucas
Sherri Ziller	Jason O'Neill	Marc Bleyer	Aaron Kowalski
Dave Wellman		Tom Harmening	Luis Huber-Calvo

Rail Projects Update

Double Track Project

- 25 mile project area, 16 miles new 2nd track, 4 new bridges, 3 new hi-level boarding platforms, 7 new hi-speed crossovers, closing 20 grade X-ings in Michigan City, train/car separation in Michigan City.
- Estimated cost: \$416 million
- Completed Environmental reviews
- Completed 30% Engineering
- Seeking federal New Starts funding (50% non-federal share secured)
- RDA will complete financial plan for double tracking and submit it to the RDA board, IFA, NICTD and the State Budget Committee in their June meetings.
- Pending those approvals, RDA and NICTD will submit the double tracking project application to FTA for a rating by the end of June.



2019 Session Impacts

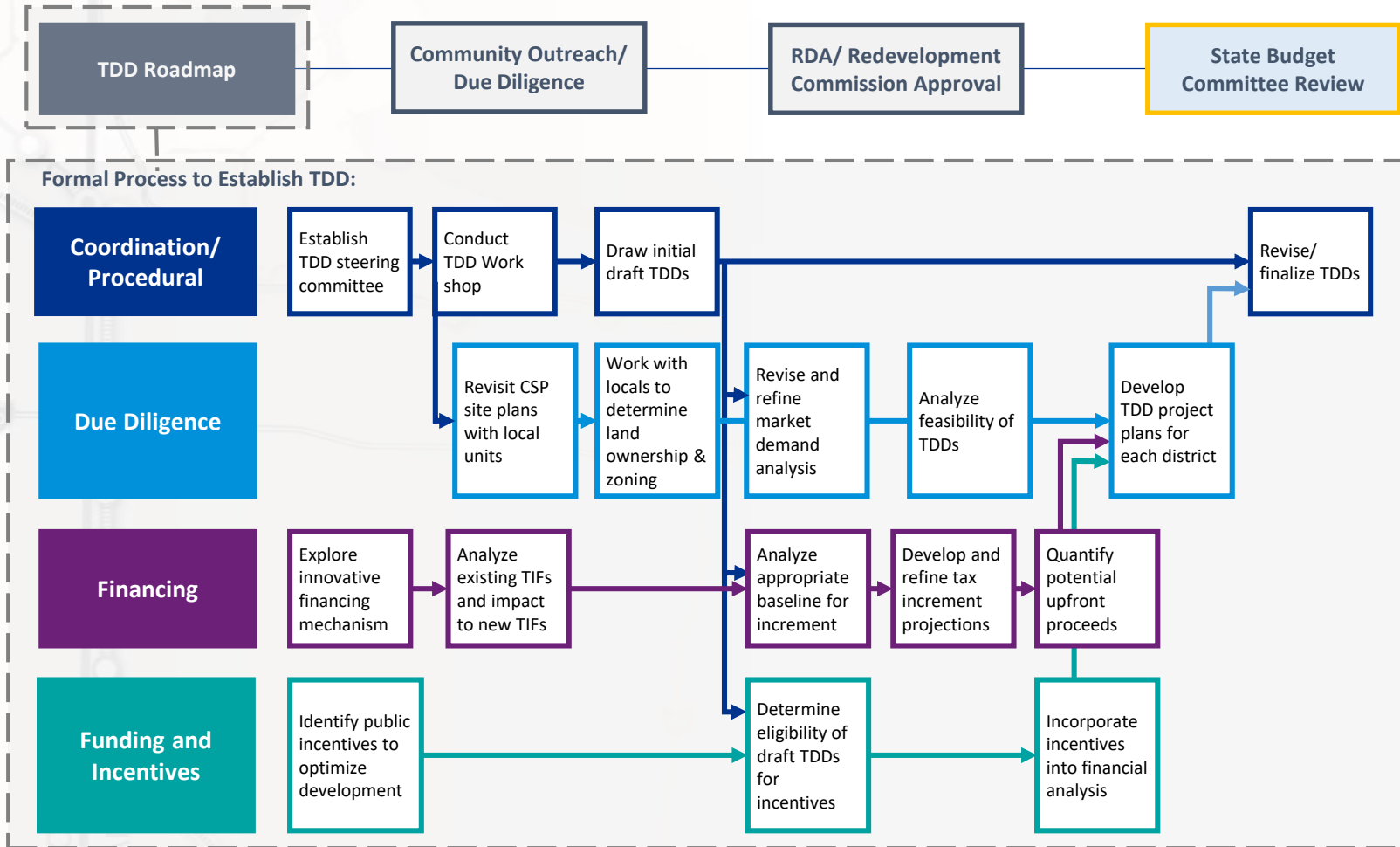
- Appropriated \$205 million in funds for RDA to use on projects as needed
 - To cover potential project cost increases, for both projects
 - To cover possible funding requirements from the FTA
- RDA access to these funds will be via borrowing as needed from the Next Level Connection fund
 - The loan does not create additional cost (or cash requirements) to RDA while it pursues a FFGA
 - If a project receives a FFGA, the project borrowing is forgiven with neither principal nor interest to be repaid
 - RDA will only owe interest on principle used. Interest rates will be the same as U.S. Treasuries with the same term
 - There will be separate loans for each project. Failure on one project will not trigger repayment for the other project.
 - If a project does not receive a FFGA then RDA is required to repay the loan over 25 years. RDA is at risk if NICTD is not successful in getting a FFGA for either project (if the project draws on the loan).

TDD Status Report

- RDA has requested communities to provide GIS and planning data for use in drawing up the Transit Development District boundaries and facilitate development planning within each district.
 - As of today, Munster, Hammond and Ogden Dunes have responded with planning data, and Hammond has provided GIS data.
 - RDA will continue to work with communities to fulfill the data requests.
- RDA will begin meeting with the communities that have provided data in order to begin drafting the districts.
 - Data availability and the complexity of the planning environment will likely affect the schedule of the RDA Team's interaction with communities.
 - The districts will be planned in collaboration with development priorities in each community.
 - By statute, RDA must hold two public meetings for each TDD to allow for public review and comment. We hope to begin holding the first public meetings this summer.

PROCESS AND WORKPLAN

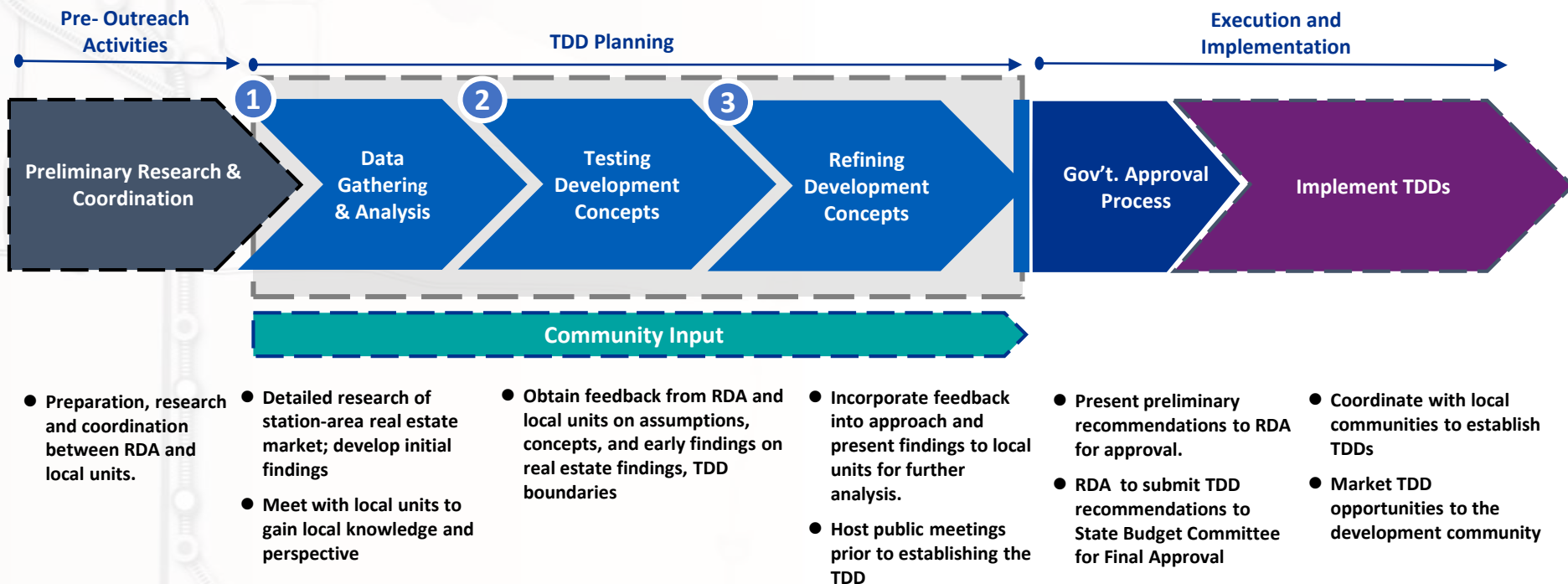
RDA has established a process for planning, analyzing, and drawing TDDs



Process and Workplan

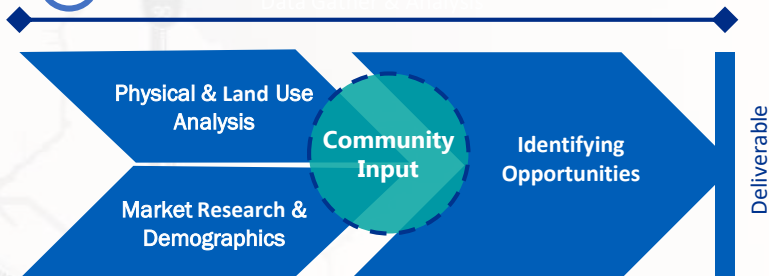
Our interactive approach to creating TDD's will catalyze development along the rail corridor

Our proposed methodology will evolve based on feedback from stakeholders and will be repeated for each station development

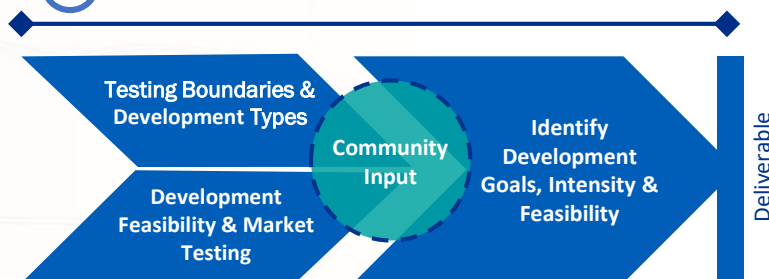


Process and Workplan

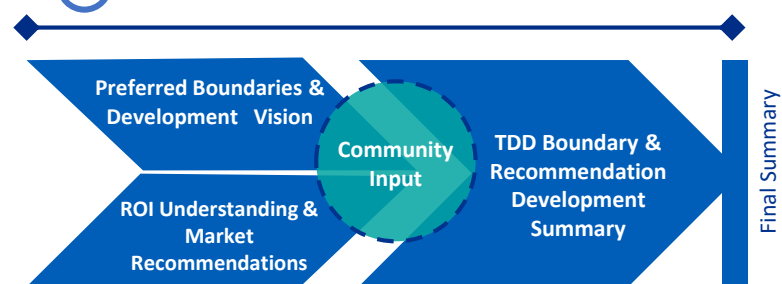
1 Data Gathering and Analysis



2 Testing Development Concepts



3 Refining Development Concepts



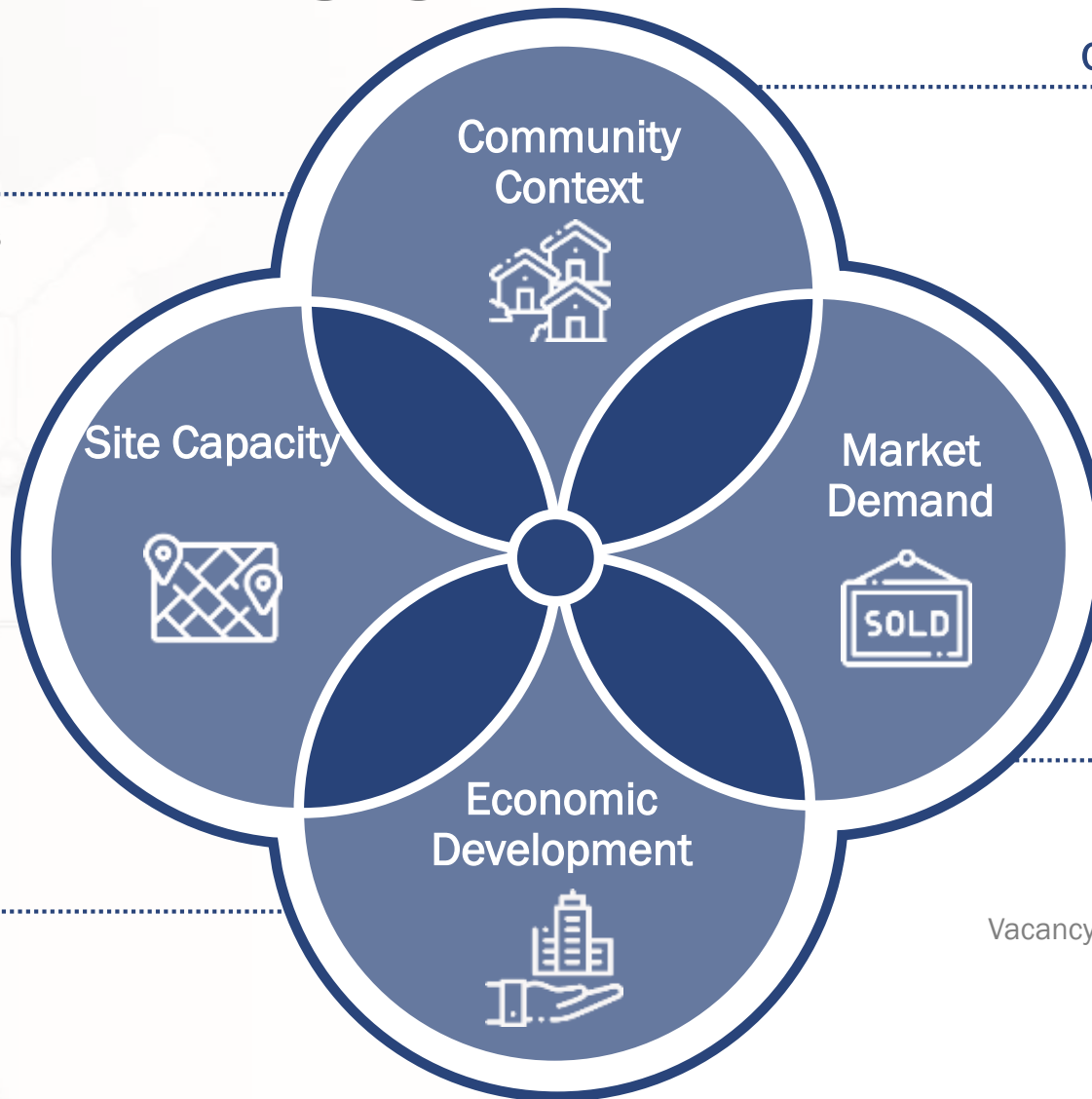
OUR ANALYSIS

Site Capacity

- On-the-ground conditions
- Adjacencies
- Streams, wetlands, and setbacks
- Brownfields, hazardous sites
- Land use and zoning
- Transportation networks and connectivity
- Civic open space

Economic Development

- Projects in the pipeline
- Case studies



Community Context

- History
- Community character and identity
- Past and current planning efforts
- Community goals

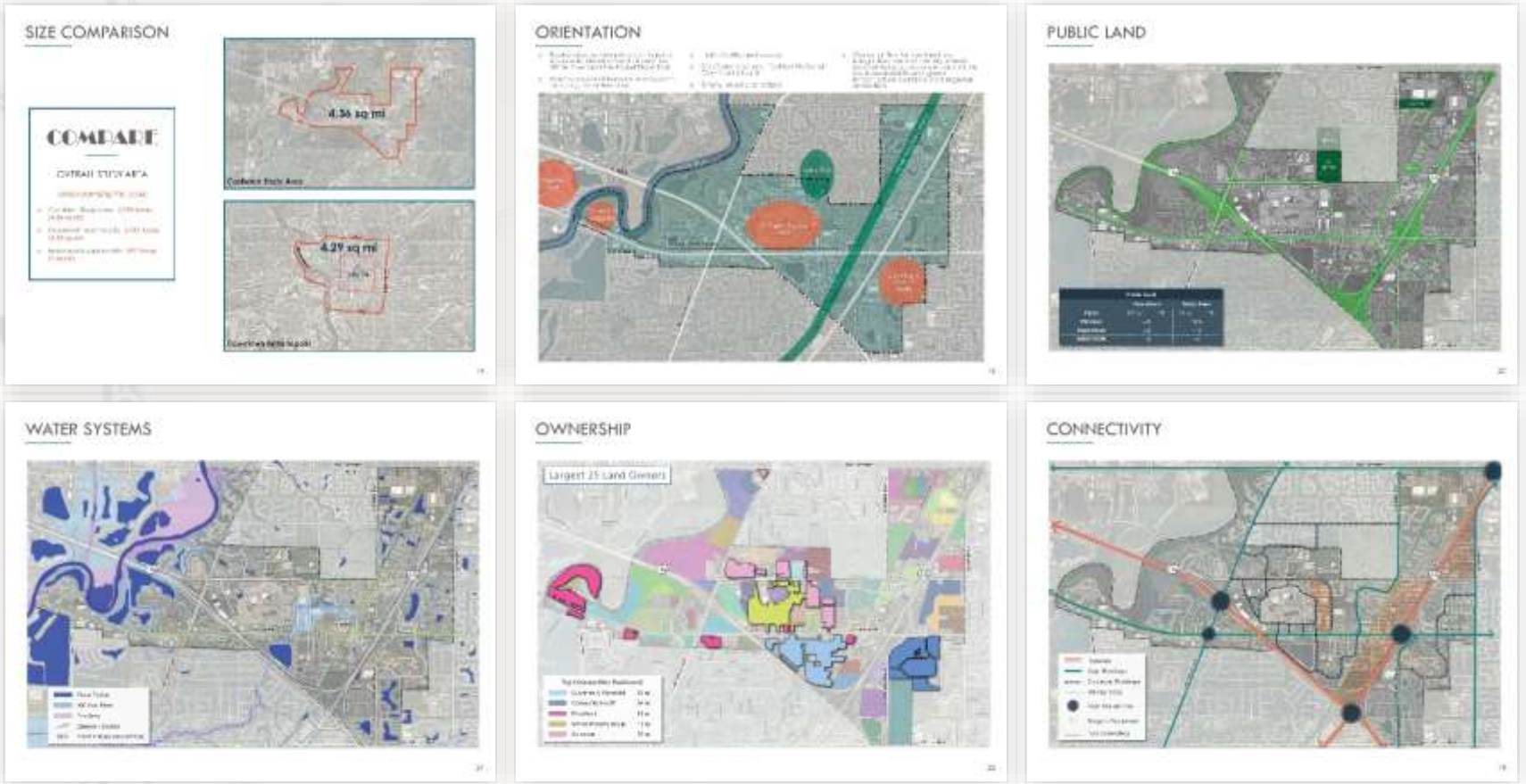
Market Demand

- Demographics
- Development potential
- Vacancy and properties for sale

PLANNING FRAMEWORK & ANALYSIS

Example Project: Castleton Strategic Revitalization Plan

Taking Inventory of Existing Conditions



PLANNING FRAMEWORK & ANALYSIS

Example Project: Castleton Strategic Revitalization Plan

Studying Previous & Current Planning

PLANNING STUDIES

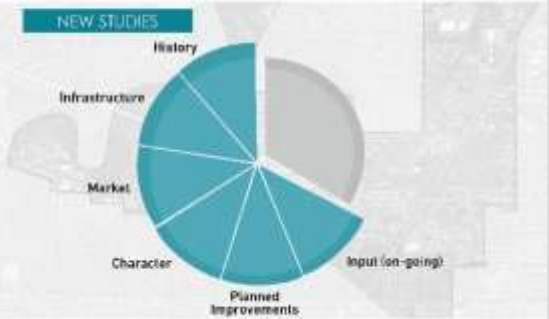


I-69 / 465 PLANNING



IMPRESSIONS

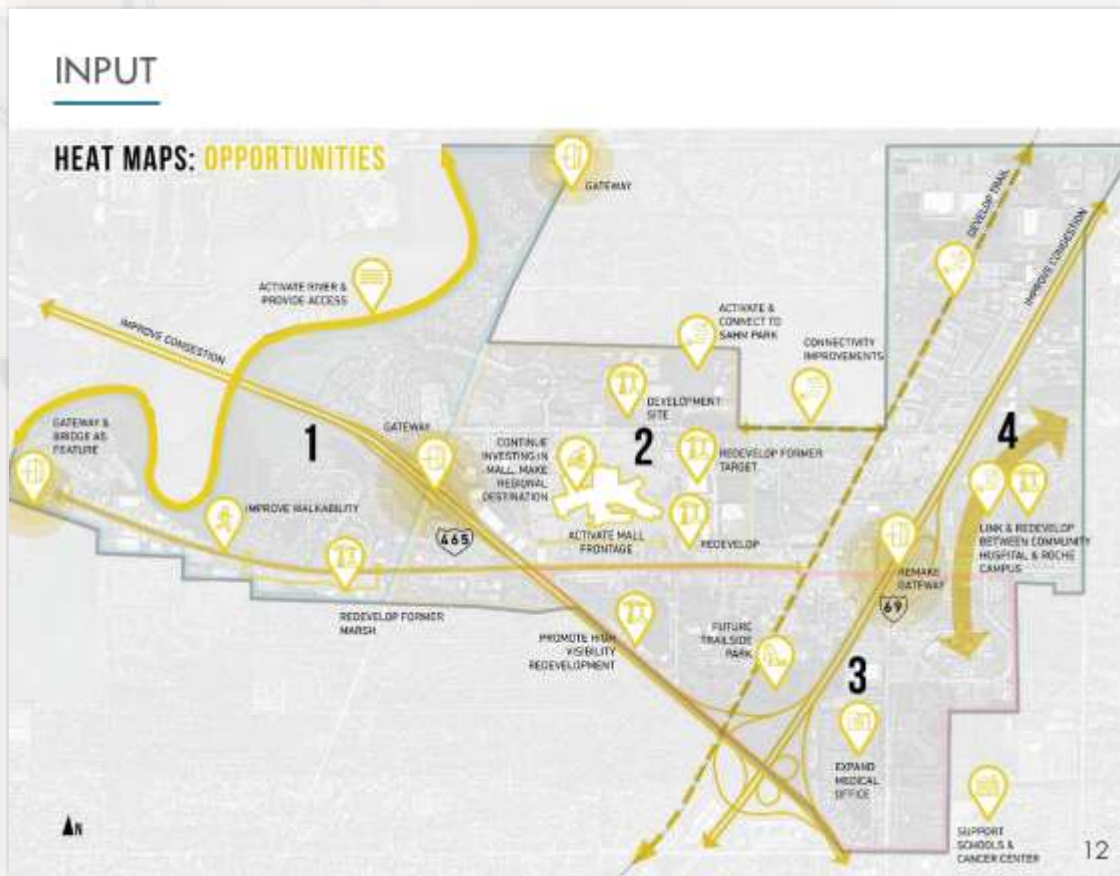
EXISTING SITUATION



PLANNING FRAMEWORK & ANALYSIS

Example Project: Castleton Strategic Revitalization Plan

Gaining Input



INPUT

ASSETS, ISSUES & OPPORTUNITIES

Asset Category	Assets	Issues	Opportunities
Local / Development	●	●	●
Artistic / Cultural / Historical	●	●	●
Industrial / Manufacturing	●	●	●
Small Cultural / Entertainment	●	●	●
Public / Civic / Community	●	●	●
Development	●	●	●
Food	●	●	●
Service	●	●	●
Education	●	●	●
Health / Social	●	●	●
Health / Housing	●	●	●
Public / Park	●	●	●
Green / Park	●	●	●



PLANNING FRAMEWORK & ANALYSIS

Example Project: Castleton Strategic Revitalization Plan

Leveraging Case Studies

CREATE VILLAGES

BUILDINGS



Bridge Park, Dublin



Bridge Park, Dublin



Westside Provisions, Atlanta



Crocker Park



Bridge Park, Dublin



Westside Provisions, Atlanta



Bridge Park, Dublin



Westside Provisions, Atlanta



Crocker Park

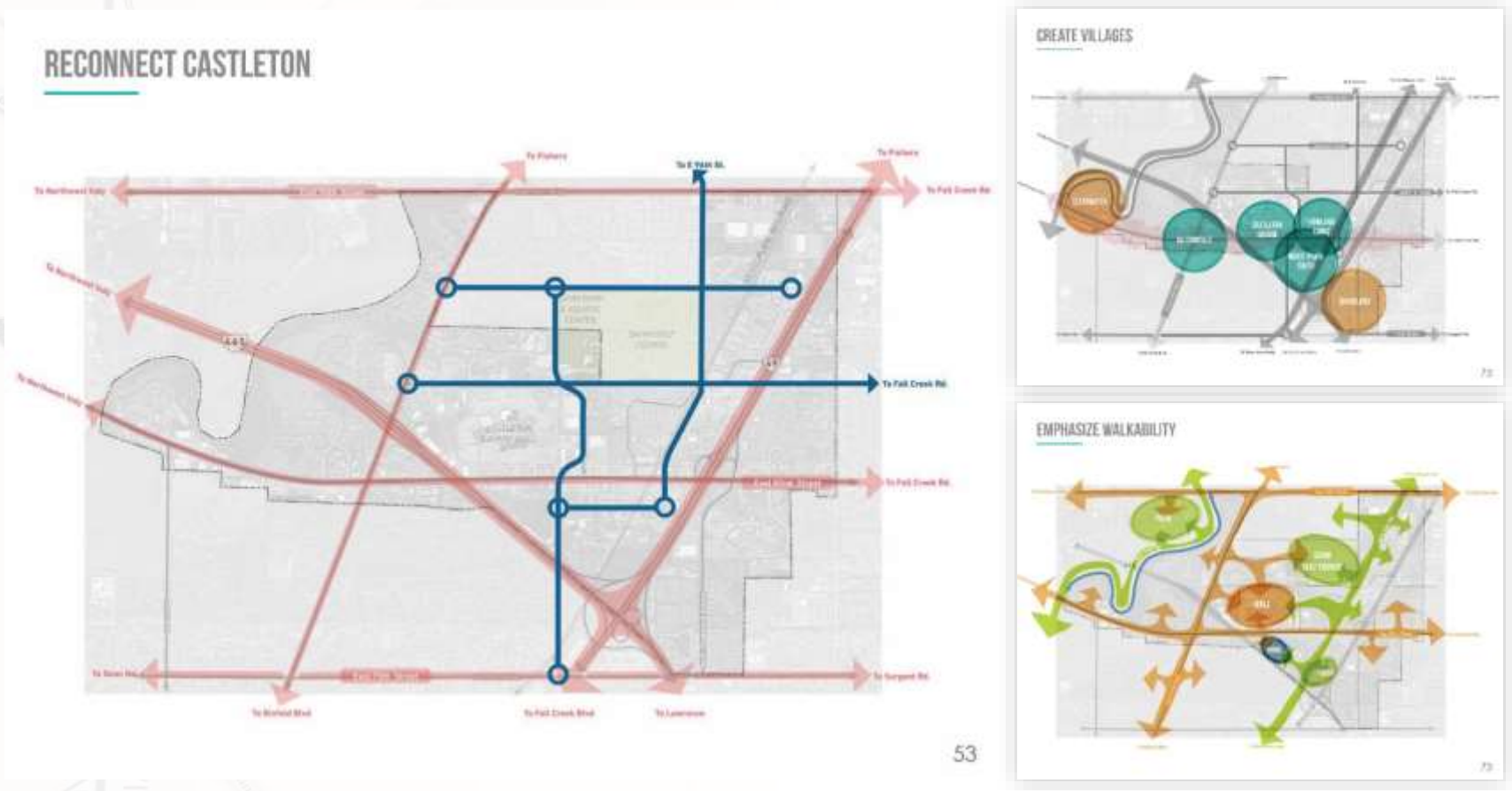


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PLANNING FRAMEWORK & ANALYSIS

Example Project: Castleton Strategic Revitalization Plan

Defining Opportunities



MARKET ENVIRONMENT

Real Estate Analysis

Step 1

- Real Estate Market Analysis

Step 2

- Real Estate Demand and Absorption Analysis

Step 3

- Return on Investment Analysis

Real Estate Market Analysis

- KPMG will complete a Real Estate Market Analysis, in conjunction with a Real Estate Demand and Absorption analysis, for each of the proposed stations.
- To complete these analyses, KPMG will conduct independent research via various real estate databases, as well as demographic data consistent with the Comprehensive Strategic Plan.
- KPMG's independent market research will include the core real estate asset classes, including office, retail, multifamily and industrial space, within a defined area around each of the proposed stations.

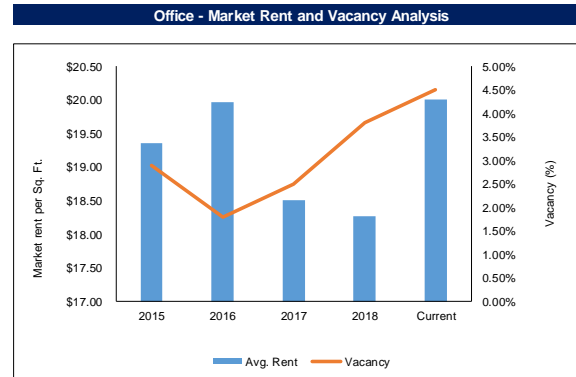
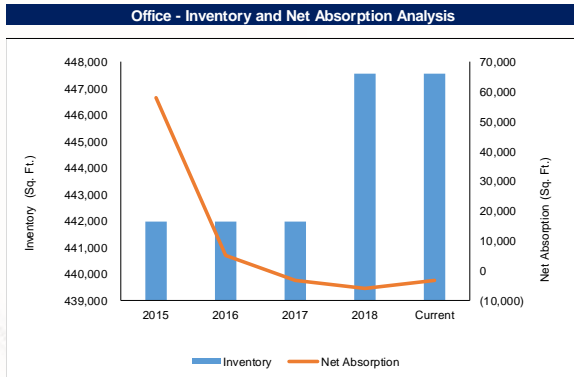
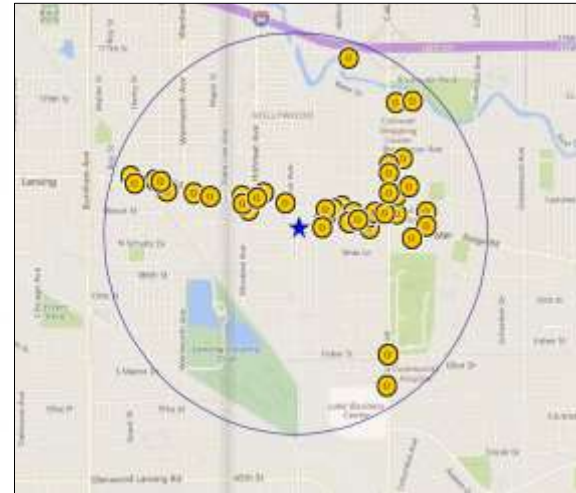
Real Estate Market Analysis – Illustrative Example

Office - Market Analysis

1 mile radius Office - Market Statistics	
Number of Office Properties	47
Available Office Area (Sq. Ft.)	447,565
Occupied Office Area (Sq. Ft.)	424,882
Occupancy (%)	94.9%
Average Gross Market Rent per Sq. ft.	\$20.00

Existing Office supply in 1 mile radius			
Address	City	Built	Area
Example	Example	1961	120,218
Example	Example	1961	31,472
Example	Example	1965	27,250
Example	Example	2005	26,000
Example	Example	1990	24,303
% of Total			51.2%

1 mile radius Office - Population and Employment Statistics	
Total 1 mile population	11,919
Number of employees	10,326
% employed	86.6%
Number of employees occupying office spaces	1,953
% employees occupying office space	18.9%



MARKET ANALYSIS

Real Estate Demand and Absorption Analysis

Real Estate Demand

- Real estate demand for a particular property type bears a significant relationship to employment and population. Identifying and understanding the relationship between demand drivers and real estate use types is the first requirement in demand estimation.
- As a part of real estate demand analysis, we will focus on employment and population forecasts estimated in the Comprehensive Strategic Plan to quantify anticipated increases in demand for the various space types.

Real Estate Supply

- Real estate supply consists of the competitive properties for space users in the market analysis area.
- Two components of most interest include:
 - 1) The stock or inventory of properties of a particular property type, within a defined market area.
 - 2) The new supply of competitive properties that will enter the market during the projection period.

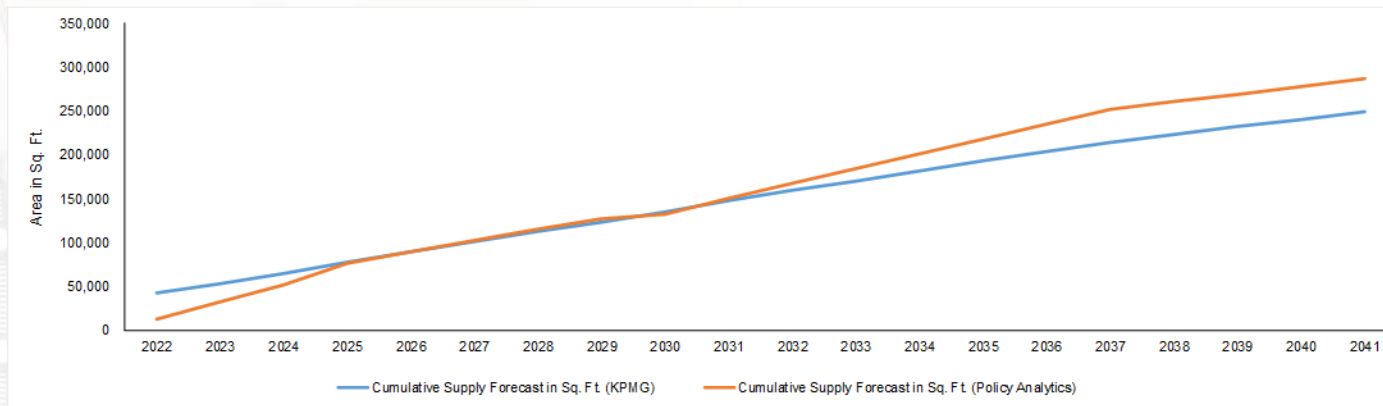
Marginal Supply

- With the market's real estate demand and supply identified, the following can then be determined:
 - *Incremental Demand* – the additional demand that is forecast to develop, based on an inventory of anticipated supply
 - *Excess Demand (Shortage)* – a situation in which the demand for a product exceeds its supply in a market
 - *Excess Supply (Surplus)* – a situation in which the quantity of a good supplied is more than the quantity demanded

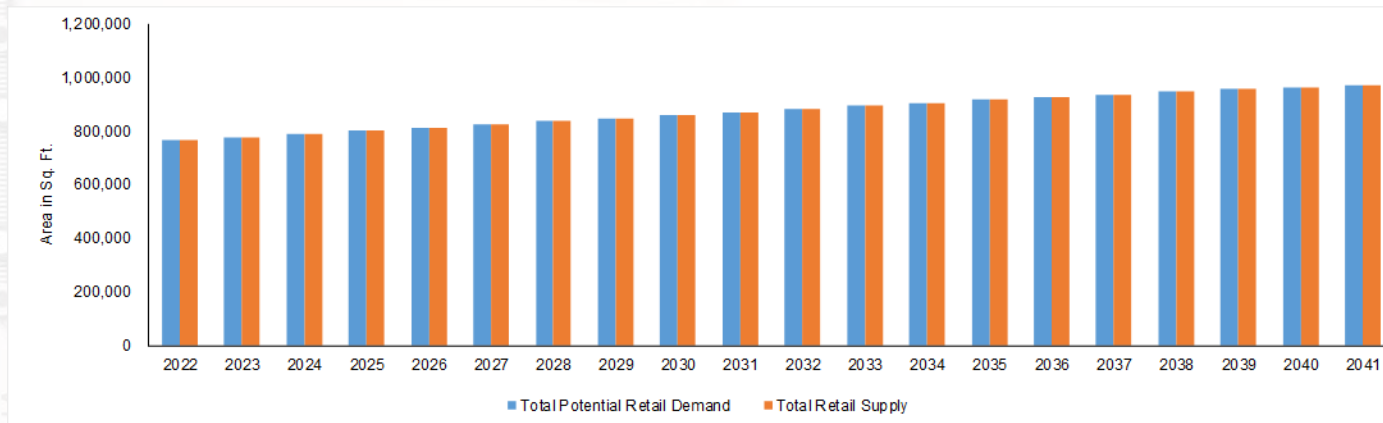
MARKET ANALYSIS

Demand and Absorption Analysis – Illustrative Example

KPMG vs. Policy Analytics Cumulative Supply Forecasts



KPMG Supply and Demand Analysis



MARKET ANALYSIS

Return on Investment (ROI) Analysis



Community Needs

In order to facilitate development there must be a balanced approach that aligns the needs of the community with the market



Market Needs

Community Needs

- Sustainable urban planning
- Transit-oriented streets which encourage alternative modes of transportation
- New housing stock
- Suitable recreational and community amenities (e.g. parks, public libraries)
- Improved “Live-ability”



Market (Private Sector) Needs

- Reduced costs of development
- Maximization of development commercial value
- “Bankability” of development
- Lower cost of capital
- Incentives

Balancing Needs

Key Inputs for ROI Calculation



Current and Future State factors

Incremental tax revenues & public subsidies

Private Investment



Private Market



Market assumptions



Costs of development including construction, financing, soft costs

Community and Economic Aspects



Property Values



Business programs



Job opportunities



Retail activity



Population growth



Transit & Transportation options



Demographics

Public Contributions



Property tax revenue



Sales and use taxes and Income Taxes



Grants and Subsidies

ILLINOIS

INDIANA

Return on Investment Measures

• Direct Measures of ROI

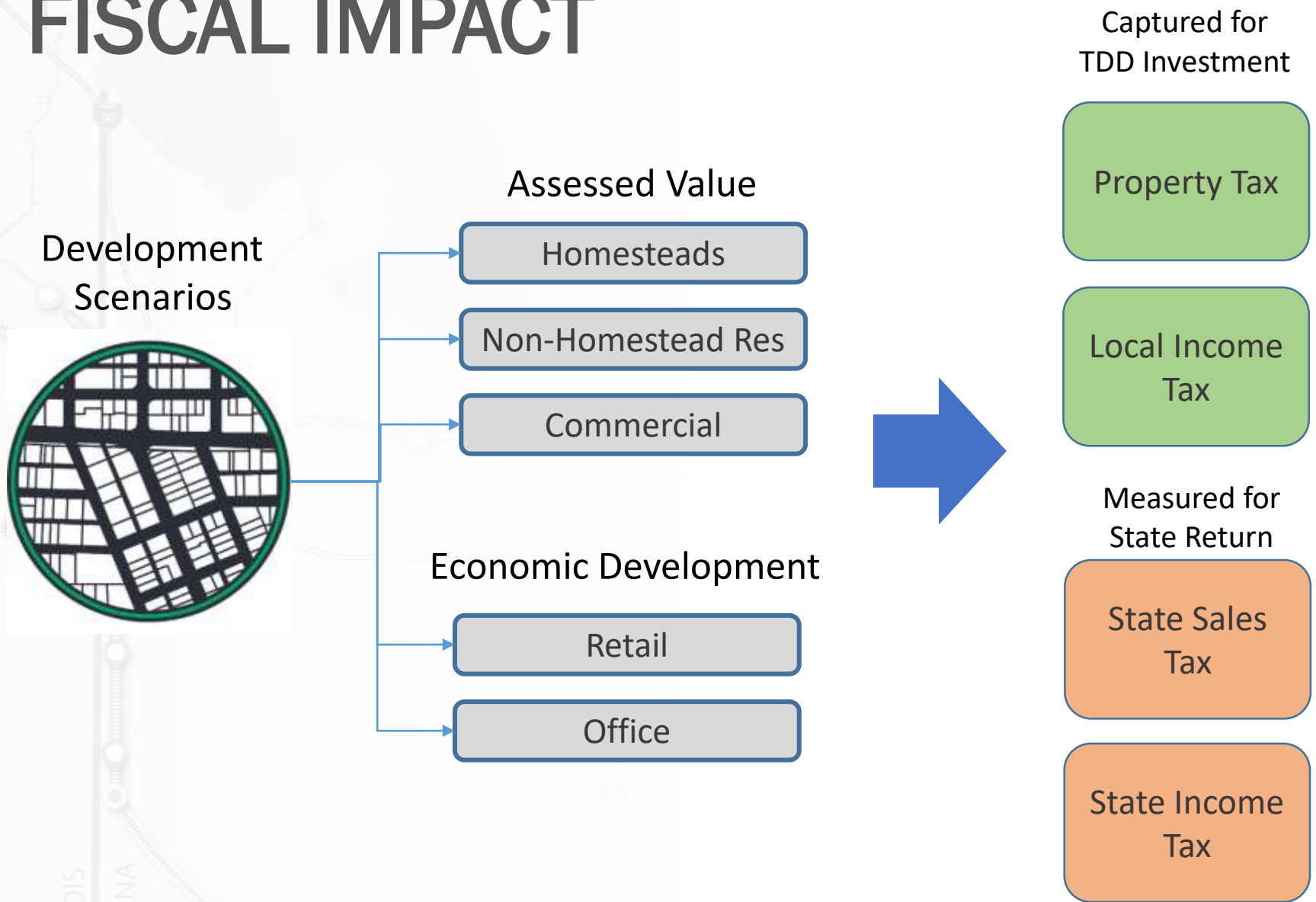
- Tax Revenue
- Incremental property taxes
- Incremental sales and use taxes
- Incremental income taxes

- Jobs
- Construction
- Permanent

• Indirect Measures of ROI

- Regional Growth
- Follow on development
- Retail activity
- Economic activity
- Firm Formation
- Population Growth

FISCAL IMPACT



STATE APPROVAL PROCESS

January 14, 2019 – Spring 2020

RDA + Local Community

Work to achieve a consensus plan and boundary

Summer 2019 – Summer 2020

RDA + Community

Hold required public meetings to vet the plan

Fall 2019 – Fall 2020

RDA

Presents plan and ROI Projections to State for feedback

Fall 2019 – Winter 2020

RDA + Community

Presents plan for approval at State Budget Committee Meeting

NEXT STEPS

- RDA Team is now beginning an assessment of existing conditions around station areas, and analyzing market demand.
- RDA Team is beginning to contact and meet with local communities
- RDA Team when meeting with each community, will require information regarding:
 - Zoning plans
 - Local ordinances
 - Other development related plans
 - Etc.
- As the planning process continues, the RDA Team will collaboratively set up public meetings in each community.



Q & A

Thank you for your feedback and attendance.