

SECTION 4.1: ECONOMIC DEVELOPMENT BENEFITS - EXECUTIVE SUMMARY

Gainesville is a city with exceptional community and educational assets, and a track record of public investments designed to improve the quality of life and build a healthy, broad tax base. This Streetcar Conceptual Study Market Analysis is a planning/feasibility study to determine if a streetcar transit system connecting the University of Florida (UF), Innovation Square (IS), Downtown Gainesville, and adjacent areas would be an investment with the potential to generate significant economic returns.

Based on the evaluations of the planning team, in collaboration with a Streetcar Project Technical Advisory Committee (PTAC) composed of Gainesville's leading institutional/economic development stakeholders, city/county planning leaders and city operations managers, a 2.2-mile preferred conceptual alignment (Alignment) was identified. This report section forecasts the economic development benefits measured as the incremental premiums due to the proposed streetcar system, within an area generally encompassed by a ¼-mile radius of the Alignment (Focus Area) as depicted in Figure 4-1. Impacts on the ad valorem tax revenues of existing Community Redevelopment Areas (CRAs), and associated Tax Increment Financing (TIF), a potential future transit Special Service District (SSD), and job creation were explored.

Figure 4-1: Focus Area



Four analysis models (collectively Models) were developed: one based on existing conditions (Base Model) to serve as a benchmark, and three based on the impacts of developing a streetcar system (Streetcar Models – Low, Moderate, and High). The base values and assumptions of all Models are in APPENDIX 4-A. A summary of the new development achieved in the Models through 2048 is depicted in Table 4-1 and a summary of the capital improvements to existing properties achieved in the Models is depicted in Table 4-2.

Table 4-1: New Development Summary (2014 - 2048)

Innovation Square	Total Development Completed (sf)				Total Value of Development (1 st year taxable value)			
	Base Model	Streetcar Model - Low	Streetcar Model - Mod	Streetcar Model - High	Base Model	Streetcar Model - Low	Streetcar Model - Mod	Streetcar Model - High
Lab Space	1,703,365	2,112,365	2,112,365	2,112,365	\$180,894,316	\$266,405,311	\$309,408,171	\$312,587,856
Commercial - Office	697,338	697,338	697,338	697,338	\$40,674,608	\$45,434,969	\$51,129,162	\$51,688,901
Commercial - Retail/Other	216,401	252,401	252,401	252,401	\$12,547,203	\$17,154,335	\$19,410,570	\$18,947,494
Institutional	45,000	340,000	340,000	340,000	\$41,051	\$386,621	\$485,842	\$480,952
Hotel - Conference Center	260,000	260,000	260,000	260,000	\$36,787,818	\$38,944,254	\$39,940,497	\$40,987,036
Residential - Non-Student	421,000	621,000	621,000	621,000	\$24,978,472	\$42,962,709	\$46,940,624	\$48,321,964
Tot Innovation Square	3,343,104	4,283,104	4,283,104	4,283,104	\$295,923,467	\$411,288,199	\$467,314,866	\$473,014,203
Non-Innovation Square								
Commercial - Office	37,598	75,196	140,992	281,984	\$2,231,895	\$5,265,446	\$11,826,466	\$28,812,511
Commercial - Retail/Other	24,324	72,972	145,945	291,889	\$1,481,617	\$5,243,107	\$12,561,377	\$30,602,957
Hotel - General	145,236	217,854	290,472	290,472	\$11,347,526	\$18,574,238	\$31,235,039	\$34,766,017
Residential - Non-Student	337,302	1,382,474	2,293,874	2,909,111	\$20,179,396	\$93,359,722	\$168,157,013	\$221,424,448
Residential - Student	71,300	119,784	153,295	266,662	\$4,399,757	\$8,719,053	\$13,366,481	\$28,323,464
Tot Non-Innovation Square	615,760	1,868,280	3,024,577	4,040,119	\$39,640,192	\$131,161,565	\$237,146,377	\$343,929,397
Total Development	3,958,864	6,151,384	7,307,681	8,323,223	\$335,563,659	\$542,449,764	\$704,461,243	\$816,943,600

Table 4-2: Capital Improvements Summary (2014 - 2048)

	Total Improvements Completed (sf)				Total Value of Improvements (1 st year taxable value)			
	Base Model	Streetcar Model - Low	Streetcar Model - Mod	Streetcar Model - High	Base Model	Streetcar Model - Low	Streetcar Model - Mod	Streetcar Model - High
Residential	115,125	191,875	230,250	268,625	\$355,204	\$1,745,815	\$2,509,563	\$4,279,789
Commercial	107,186	178,644	214,373	271,539	\$340,207	\$1,672,106	\$2,692,041	\$4,895,488
Total	222,311	370,519	444,622	540,164	\$695,412	\$3,417,921	\$5,201,604	\$9,175,277

Figure 4-2 depicts the differences between the Base Model and each of the Streetcar Transit Models over the period 2014 - 2048 (35 years). The incremental taxable values depicted in the graph are cumulative year to year (data points in each Model reflects the cumulative value of all prior year data points) based on the current taxable value of new projects/improvements in their first year of assessment. All Models start at \$0 and a material gap of taxable value develops among the Models over the analysis period – this gap continues to increase beyond the 35th year.

Figure 4-2: Incremental Taxable Values of All Models (Cumulative Year-To-Year)

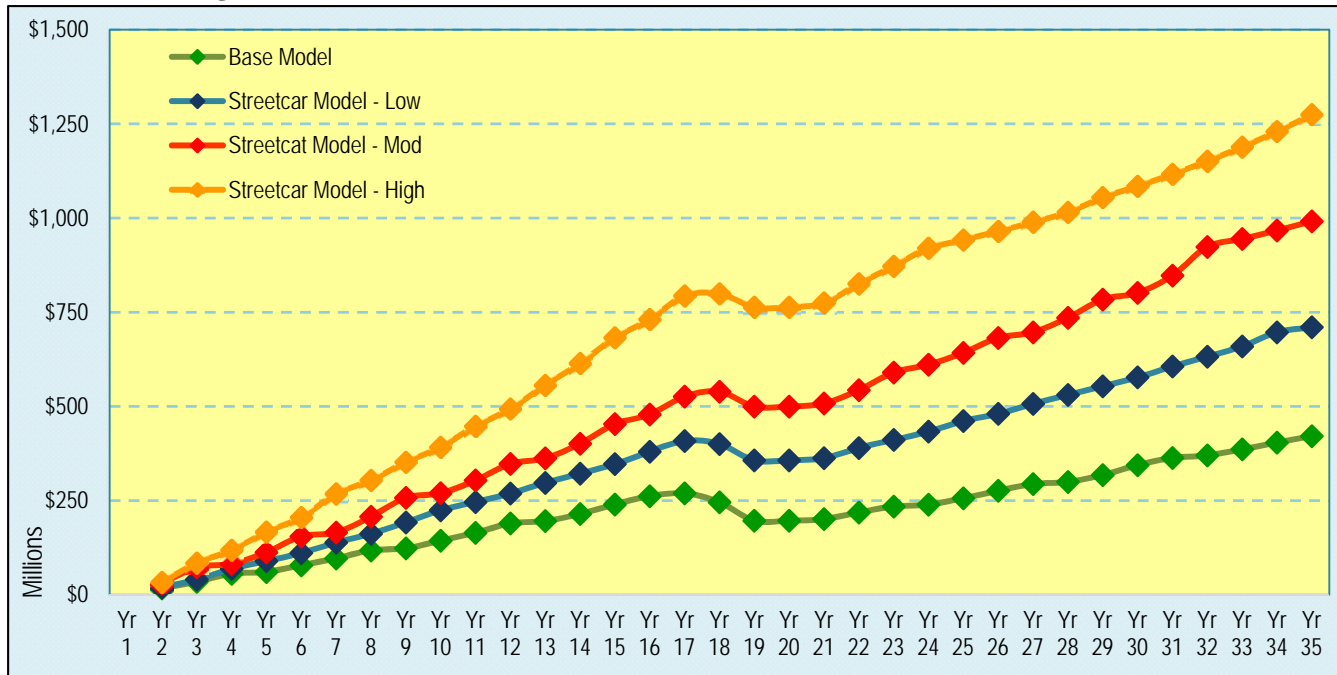


Table 4-3 summarizes the projected total and incremental taxable value in current dollars and net present value (NPV) in the Base Model and the Streetcar Models over the period 2014 - 2048. It should be noted that while most of the Focus Area overlaps the College Park/University Heights (anticipated ending 2034) and Downtown CRAs (anticipated ending 2027), some of the Focus Area stretches beyond the CRA borders. Therefore, some of the taxable value and the resulting ad valorem revenues accrue to the city’s general fund.

Table 4-3: Streetcar System Impacts on the Tax Base (2014 - 2048) – Comparison of Base and Streetcar Models

(\$ millions)	Median / Expected \$ Current	Median / Expected \$ NPV
Total Taxable Value		
Base Model (Expected Value)	\$718.3	\$438.6
Streetcar Models (Median Value)	\$1,289.7	\$652.1
Incremental Taxable Value		
Base Model (Expected Value)	\$421.2	\$172.1
Streetcar Models (Median Value)	\$992.5	\$400.7

The probability distributions of the net present value of incremental taxable value are presented in Figure 4-3. With an 80 percent probability the net present value will range between \$340.1 million and \$468.5 million, with a median value of \$400.7 million.

Figure 4-3: NPV Incremental Taxable Value Probability Distribution

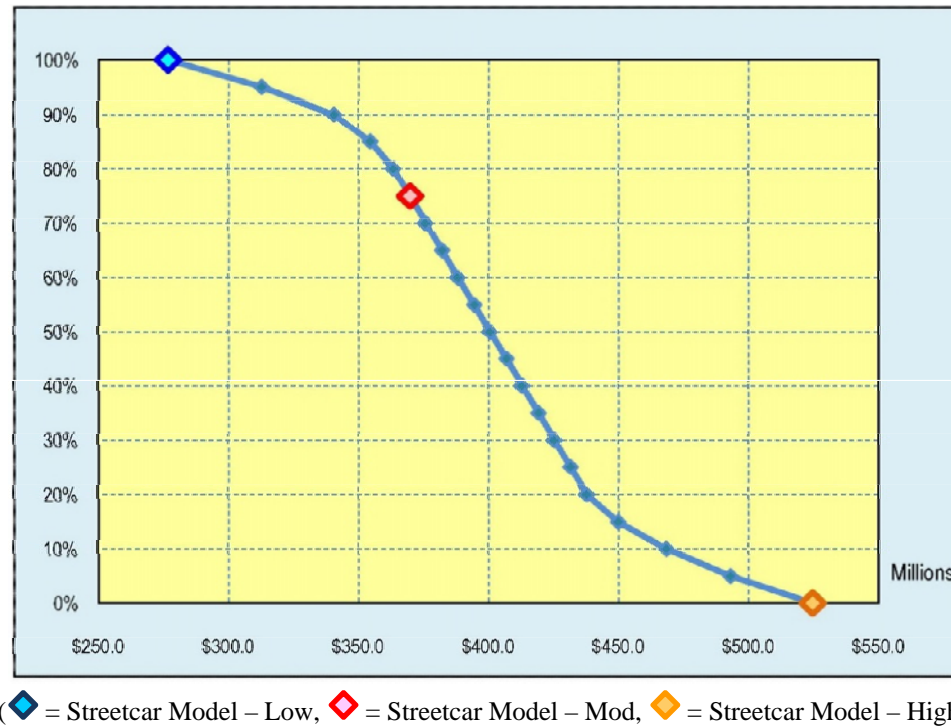


Table 4-4 summarizes the projected total incremental ad valorem tax revenue in current dollars and net present value (NPV) in the Base Model and the Streetcar Models over the period 2014 - 2048.

Table 4-4: Incremental Property Tax Revenue Impact (2014 - 2048)

(\$ millions)	\$ Current	\$ NPV
Base Model (total)	\$53.9	\$18.9
Average / Yr	\$1.54	\$0.54
Streetcar Model – Low (total)	\$89.3	\$29.7
Average / Yr	\$2.55	\$0.85
Streetcar Model – Mod (total)	\$126.1	\$40.4
Average / Yr	\$3.60	\$1.16
Streetcar Model – High (total)	\$198.5	\$62.7
Average / Yr	\$5.67	\$1.79

Table 4-5 summarizes the projected total SSD revenue (calculated as 15.0% of the city millage, or 0.6742) in current dollars and net present value (NPV) in the Base Model and the Streetcar Models over the period 2014 - 2048.

Table 4-5: SSD Revenue (2014 - 2048)

(\$ thousands)	\$ Current	\$ NPV
Base Model (total)	\$11,067.2	\$3,757.4
Average / Yr	\$316.2	\$107.4
Streetcar Model – Low (total)	\$14,697.4	\$4,633.3
Average / Yr	\$419.9	\$132.4
Streetcar Model – Mod (total)	\$18,714.4	\$5,565.8
Average / Yr	\$534.7	\$159.0
Streetcar Model – High (total)	\$25,980.9	\$7,362.1
Average / Yr	\$742.3	\$210.4

Table 4-6 summarizes the projected job creation in the Base Model and the Streetcar Model - Moderate over the period 2014 - 2048.

Table 4-6: Job Creation (2014 - 2048)

Base Model	Yr 5	Yr 10	Yr 15	Yr 20	Yr 25	Yr 30	Yr 35
Total Direct New Jobs	540	3,104	5,060	5,725	6,762	8,437	9,687
Total Indirect New Jobs	296	1,961	3,203	3,596	4,275	5,418	6,229
Total New Jobs	837	5,064	8,263	9,321	11,037	13,855	15,916
Streetcar Model - Mod	Yr 5	Yr 10	Yr 15	Yr 20	Yr 25	Yr 30	Yr 35
Total Direct New Jobs	1,846	4,466	6,522	8,019	9,656	10,856	12,840
Total Indirect New Jobs	1,103	2,906	4,126	5,095	6,228	6,927	8,407
Total New Jobs	2,948	7,372	10,648	13,114	15,885	17,783	21,247

General Observations and Conclusions

- The University of Florida, Shands Healthcare, Innovation Square, and other community assets, the astute governance of the city and community services provided, and the natural charm of the area make Gainesville a highly desirable and economically stable community. This will continue to be the case with, or without, a fixed guideway streetcar system.
- The growth of new development, the increasing tax base, and the creation of jobs will continue beyond the 35-year analysis period. The gap between the incremental taxable values of the Base Model and the Streetcar Models will also continue to increase through the future. With a streetcar system, declines during downturns in the 18-year real estate cycle will be less severe in the Focus Area, generally, than other parts of the City.
- Innovation Square has no direct competition for tenants and/or attracting high-tech corporate start-ups/relocations in Gainesville. However, Gainesville and Innovation Square are competing with other “Brain Hub” cities and research parks across the US and internationally. A streetcar system in Gainesville will not be a primary decision factor for potential tenants/businesses choosing Gainesville and Innovation Square. However, a streetcar system (fixed guideway transit) could be an important amenity, and potentially

a deciding factor, in close competitions. The development of Innovation Square will:

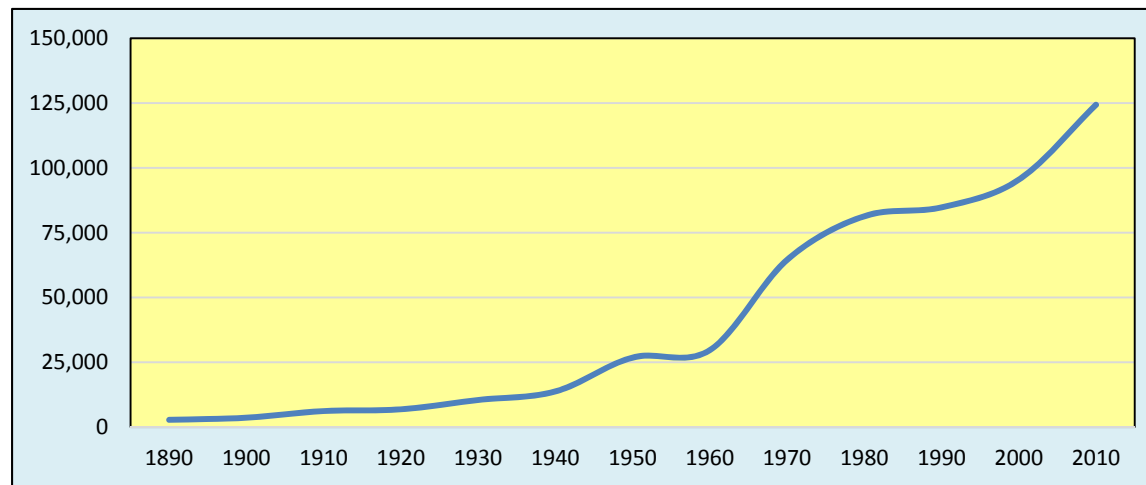
- Create a major economic engine, with or without a streetcar system. A streetcar system will accelerate the IS development time frame and the acceleration will be greater than any non-rail transit system can provide. The acceleration will begin upon the city's commitment to construct a streetcar system.
 - Require improved transit support (streetcar or bus) as it evolves, to avoid significant traffic congestion in and around the area.
 - Require the development of significant parking support (garages) as it evolves. These garages will occupy land that could be used for tax-producing development (lost opportunity cost). With a streetcar system, fewer parking spaces will be required for tenants/residents (the reduction will be greater than a non-rail system can provide) and required garages could potentially be built on less valuable outlying land elsewhere on the streetcar line.
 - Eventually stimulate the demand/development of non-student, multi-family residential in the Focus Area - attractive to high-wage adult professionals and educators. A streetcar system will accelerate the viability of this type of product - the acceleration will be greater than any non-rail transit system can provide. The wider range of housing opportunities has the potential of attracting a workforce with a wider range of skills, ages and income levels, a greater number of companies/tenants for Innovation Square and other projects, and improving the retention of graduates from UF and Santa Fe College.
 - Create a critical mass of new office, retail/restaurant, and residential uses. This will create a new, major activity center between downtown and UF. Absent a permanent streetcar transit connection, over time it may be increasingly difficult to maintain the vitality and viability of downtown's redevelopment efforts. Conversely, a streetcar system linking the two areas will minimize the perceptual differences between the areas, and make them feel as one.
- As shown in the Base Model, economic growth and development is expected to occur throughout the 2014-2048 (35 year) study timeframe in the City of Gainesville. However, it is expected that the implementation of a streetcar system will increase/expedite these positive economic impacts significantly through the study timeframe. Some key differences between the Base Model and Streetcar Moderate Model for the study timeframe include the following:
 - Expected total new development (residential and non-residential) of 3,958,864 sq ft in the Base Model, versus 7,307,681 sq ft in the Streetcar Model - Moderate (an increase of 84.6%).
 - Expected capital improvements (residential and non-residential) to 222,311 sq ft of existing development in the Base Model versus 444,622 in the Streetcar Moderate Model (an increase of 100.0%).
 - A cumulative increase in direct/indirect jobs of 15,916 for the Base Model versus 21,247 in the Streetcar Moderate Model (an increase of 33.5%).
 - An increase in cumulative incremental taxable value (discounted) of \$172.1 million for the Base Model versus \$400.7 million for the median value of the Streetcar Models (an increase of 132.8%).
 - As discussed above, it is expected that the development of a streetcar system within the Focus Area could have significant long term

positive economic impacts. However, these impacts must ultimately be weighed against the long term operating costs of such a system and other local budget priorities, before determining whether it is a good investment. This comparison of costs and benefits will be done at a cursory level in the final Feasibility Study, but more detailed analysis is recommended in future studies.

SECTION 4.2: CITY OF GAINESVILLE: OVERVIEW

Understanding the nature, assets, and role of Gainesville in the region is the foundation of understanding its market potential. Gainesville is the county seat and largest city in Alachua County and the North Central Florida region. Gainesville encompasses an area of 62.4 sq mi. According to estimates¹ for 2013, the median age of residents is estimated to be 26.4 years and the median household income is estimated to be \$31,283. The population of Gainesville in 2010 was 124,354² and is projected to continue growing. It should be noted that most of the $\pm 50,000$ UF students are not reflected in the population figures. The historic trend of the city's population is reflected in Figure 4-4.

Figure 4-4: Gainesville Population Trend



Gainesville is a mix of new development/redevelopment on the outer edges of the urbanized area, interspersed with older neighborhoods of restored Victorian and Queen Anne style residences, and other more conventional neighborhoods. There are several historic areas and a number of noteworthy structures in the community. The areas immediately northeast of UF are seeing active redevelopment. Revitalization of the city's downtown core is actively underway and many parking lots and/or underutilized buildings are being redeveloped with infill development and near-campus housing designed to blend in with existing historic structures. The University of Florida's Campus Historic District has numerous contributing properties, most of which reflect variations of Collegiate Gothic architecture prominent in the late 19th and early 20th centuries.

¹ © 2013 The Nielsen Company

² US Census

In April 2003, Gainesville became known as the "Healthiest Community in America" when it achieved the only "Gold Well City" award given by the Wellness Councils of America. Headed up by Gainesville Health & Fitness Centers, and with the support of Shands HealthCare and the Gainesville Area Chamber of Commerce, 21 businesses (employing 60% of the city's workforce) became involved in the "Gold Well City" effort. The Gainesville Metropolitan Statistical Area (MSA - Alachua and Gilchrist counties) was ranked as the #1 place to live in North America in the 2007 edition of Cities Ranked and Rated. Also in 2007, Gainesville was ranked as one of the "Best Places to Live and Play" in the United States by *National Geographic Adventure Magazine*. A few significant recognitions/rankings Gainesville received in recent years are in the Table 4-7³.

Table 4-7: Significant Gainesville Recognitions/Rankings

2013		2011	
#3	Best Hospitals in Florida, <i>US News & World Report</i>	#7	America's 25 Greenest Cities, <i>The Daily Beast</i>
#3	Top College Towns, <i>Livability.com</i>	#8	Top 10 in Number of Start-ups Created, <i>UFL.edu</i>
Top 25	Best Places to Retire, <i>Forbes</i>	#2	Best City Producing Computer Graduates (Per Capita), <i>Expansion Solutions Magazine</i>
#4	Best Small College City, <i>American Institute for Economic Research</i>	#8	Happiest Cities in U.S., <i>Gallup</i>
2012		Top 5	Top Hot Spots for Research in Florida, <i>Florida Trend</i>
#1	Best Place for Business and Careers in Florida, <i>Forbes</i>	2010	
#6	Best Places for New College Grads, <i>The Atlantic Cities</i>	#1	Highest Projected Growth of Creative Class Jobs in the Nation, <i>Richard Florida</i>
#14	America's Brainiest Cities, <i>The Atlantic Cities</i>	#1	Top College Towns; <i>Livability.com</i>
#10	America's Leading College Towns, <i>The Atlantic Cities</i>	#5	Top 10 Small Cities, <i>USA Today</i>
#8	Most Well Read' Cities, <i>The Atlantic Cities</i>	2009	
#6	Hardest Working Cities in US, <i>Parade Magazine</i>	#1	Hotspots for Young Professionals to Live and Work, <i>Next Generation Consulting</i>

University and College: The area is dominated by the University of Florida (approximately 50,000 students) - the seventh largest campus by enrollment in the US as of fall 2011. In addition to holding a number of NCAA Division I titles for football, basketball, and other men's and women's sports, UF frequently receives recognition for its academics, including Top Public University (14th) and top graduate school program - UF Hough Graduate School of Business (15th) by *US News & World Report*. The UF Sid Martin Biotechnology Incubator was also ranked as the World's Best University Incubator by *National Business Incubation Assn* in the past year.

Gainesville is also home to Santa Fe College (approximately 24,000 students), which has one of only two teaching zoos in the nation. The influence of these institutions are reflected in the educational attainment of the City's residents - 44.5% hold a Bachelor's Degree or higher education versus 25.7% for the State of Florida.

Cultural Environment: The presence of a major university and a large college allows the city to support numerous and diverse cultural and arts venues. Each year, two large art festivals attract artists and visitors from the southeastern United States. Cultural facilities include the Florida Museum of Natural History, Harn Museum of Art, the Hippodrome State Theatre, and the Curtis M. Phillips Center for the Performing Arts.

³ Gainesville Area Chamber of Commerce, Council for Economic Outreach

Smaller theaters include the Acrostown Repertory Theatre and the Gainesville Community Playhouse, the oldest community theater group in Florida.

Gainesville also has a vibrant local music scene which can be traced back to 1984 when a local music video station, TV-69, owned by Cozzin Communications and comedian Bill Cosby, was brought on the air. Gainesville continues to be known for its music scene and has spawned a number of bands and musicians. Gainesville was ranked as the #1 best place to start a band by Blender Magazine in 2008.

Shands at the University of Florida⁴: Shands Healthcare, affiliated with the University of Florida Health Science Center, is one of the premier health systems in the Southeast. It operates two academic medical centers (UF and Jacksonville), four community hospitals, a network of outpatient rehabilitation centers, and two home-health agencies with more than 1,500 UF-affiliated and community physicians and 8,000 skilled nursing and support staff. Shands at UF opened in 1958 to serve as the primary teaching hospital for the UF College of Medicine (est.1956). UF physicians at Shands are also the official medical providers for NASA, serving as the medical support team for every launch and landing at the Kennedy Space Center. Seven medical specialty programs at UF Health Shands Hospital are recognized among the nation's best in the 2011-2012 *US News & World Report* "Best Hospitals" rankings, including urology, pulmonology, and gastroenterology.

Gainesville Regional Utilities (GRU)⁵: GRU, is a multi-service utility owned by the City of Gainesville. GRU is the 5th largest municipal electric utility in Florida, providing electric, water, wastewater, telecommunications and natural gas service to more than 93,000 business and residential customers. In 2007, GRU built the South Energy Center for the new Shands Cancer Hospital, converting natural gas into electricity, chilled water, and steam at double the efficiency of a centralized power plant.

Gainesville Regional Transit Services (RTS)⁶: The City of Gainesville operates the RTS which services most areas of Gainesville and smaller portions of the county. RTS was ranked the No. 1 Florida transit agency in 2008 by the Florida Public Transportation Association (FPTA). Based on fiscal year 2012 ridership, RTS had the 8th most passenger trips in Florida, but the highest overall productivity (36.97 passengers per revenue hour). Moreover, according to demographic data⁷, 6.4% of Gainesville's population use public transportation to commute to work, versus 2.0% statewide.

Innovation Square (IS)⁸: Innovation Square is a research-oriented mixed-use development, envisioned as the leader of a series of interrelated downtown area redevelopment districts within the larger urban community; districts that are anticipated to create symbiotic relationships,

⁴ Paraphrased from University of Florida Health and Innovation Square Development Framework

⁵ Paraphrased from ©2013, Gainesville Regional Utilities

⁶ Gainesville Area Chamber of Commerce

⁷ © 2013 The Nielsen Company, 2010 US Census

⁸ Innovation Square Development Framework

providing reciprocal economic benefits for all. The IS District, an intense zone for research and related activities, will develop and deliver resources and opportunities beyond its boundaries. Conversely, the larger community will contribute resources that benefit the core district. These mutually beneficial relationships are a critical element of a successful community and are the cornerstone of the IS project's conceptualization.

A summary of the anticipated IS development types and amounts, according to the Development Framework report, is reflected in Table 4-8. The Development Framework specifically states that no timeframe is associated with the phases. It should be noted that the planning document encompasses land under a variety of ownership/control. Therefore, the planned development, type and amount, within each phase may vary, which could result in more or less development of any type and the resulting totals. This analysis has made several alternative assumptions regarding the pace of IS project absorption and build-out for the purposes of identifying potential economic impacts of developing a streetcar system. These assumptions are described in more detail later in this report.

Table 4-8: Innovation Square - Development Pro Forma Summary

Development By Phase	Ph 1	Ph 2	Ph 3	Ph 4	Ph 5	Ph 6	Ph 7	Ph 8	Ph 9	Ph 10	TBD	Total
Research Labs	46,000	110,000	285,000	269,000	256,000	156,000	245,000	158,000	199,000	157,000	252,000	2,133,000
Commercial - Office Space	0	0	140,000	212,000	0	80,000	116,000	148,000	0	0	0	696,000
Residential / Hospitality	0	260,000	0	0	48,500	182,000	0	153,000	37,500	200,000	0	881,000
Commercial - Retail	0	35,000	25,700	38,500	41,400	33,300	38,700	0	0	10,000	26,000	248,600
Institutional	0	0	0	0	0	0	0	0	45,000	0	295,000	340,000
Total Development	46,000	405,000	450,700	519,500	345,900	451,300	399,700	459,000	281,500	367,000	573,000	4,298,600

Gainesville Economy: The overall economy of Gainesville and the surrounding area is closely linked to the universities/education, medical care/services, and government, as reflected by the city's largest employers listed in the Table 4-9⁹.

Table 4-9: Largest Gainesville Employers

Rank	Employer	Employees
1	University of Florida	14,723
2	Shands HealthCare	12,588
3	Veterans Health Administration	4,317
4	School Board of Alachua County	4,299
5	City of Gainesville	2,200
6	Publix	2,056
7	North Florida Regional Medical	1,700
8	Nationwide Insurance	1,300
9	Alachua County	1,120
10	Santa Fe College	796

⁹ City of Gainesville, Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2011

Property tax revenue is generated on the taxable value of real and personal property. Total property tax revenue for Gainesville in FY2012/13 was \$23,219,460 (21.6% of City's total revenue¹⁰) generated on \$5.17 billion of taxable value in 2012, of which 9.3% was levied on personal property. Approximately \$21,013,611 of property tax revenue was generated on real property, reflecting \$4.67 billion of taxable value on real property. A categorized breakdown of the city's real property tax base¹¹ is in Table 4-10.

Table 4-10: Gainesville Real Property Tax Base by Property Categories

Property Category	Parcel Count	Dwelling Unit Count	Land Area (acres)	Taxable Value		Building Area (sf)		Avg Tax Val / Parcel	Avg Parcel Area (ac)	Homestead Parcels	
				Total	Percent	Total	Percent			Count	%
Single Family	23,429	23,768	7,817	\$1,692,309,085	36.3%	41,977,715	34.9%	\$72,231	0.33	15,890	66.9%
Multi-Family (incl CAM)	7,389	35,253	32,620	\$1,251,998,076	26.8%	33,102,579	27.5%	\$169,441	4.41	1,536	4.4%
Mobile Home	146	151	75	\$2,556,330	0.1%	201,946	0.2%	\$17,509	0.51	89	58.9%
Residential - Vacant	2,218	0	3,703	\$37,435,880	0.8%	0	0.0%	\$16,878	1.67		
Commercial	2,080	491	4,077	\$1,255,012,062	26.9%	19,796,377	16.5%	\$603,371	1.96	11	2.2%
Commercial - Vacant	477	0	562	\$54,931,760	1.2%	0	0.0%	\$115,161	1.18		
Institutional / Govt	424	819	3,821	\$167,689,340	3.6%	18,126,134	15.1%	\$395,494	9.01	2	0.2%
Institutional / Govt - Vacant	122	0	3,778	\$424,500	0.0%	0	0.0%	\$3,480	30.97		
Industrial	477	4	974	\$181,629,530	3.9%	6,695,829	5.6%	\$380,775	2.04	0	0.0%
Industrial - Vacant	222	0	456	\$14,575,090	0.3%	0	0.0%	\$65,654	2.05		
Other	17	6	249	\$2,843,880	0.1%	435,141	0.4%	\$167,287	14.68		
Other - Vacant	184	0	6,948	\$4,612,840	0.1%	0	0.0%	\$25,070	37.76		
Total	37,185	60,492	65,080	\$4,666,018,373	100.0%	120,335,721	100.0%	\$125,481	4,427.40	17,528	

Gainesville's gross taxable value increased steadily from FY03 through FY10, began to decline in FY11, and continues to decline through FY12/13 as reflected in Figure 4-5¹².

¹⁰ City of Gainesville, FY12 Final Budget in Brief

¹¹ Florida Department of Revenue, City of Gainesville 2012 Certified Tax Roll

¹² City of Gainesville, FY2013 Final Budget in Brief

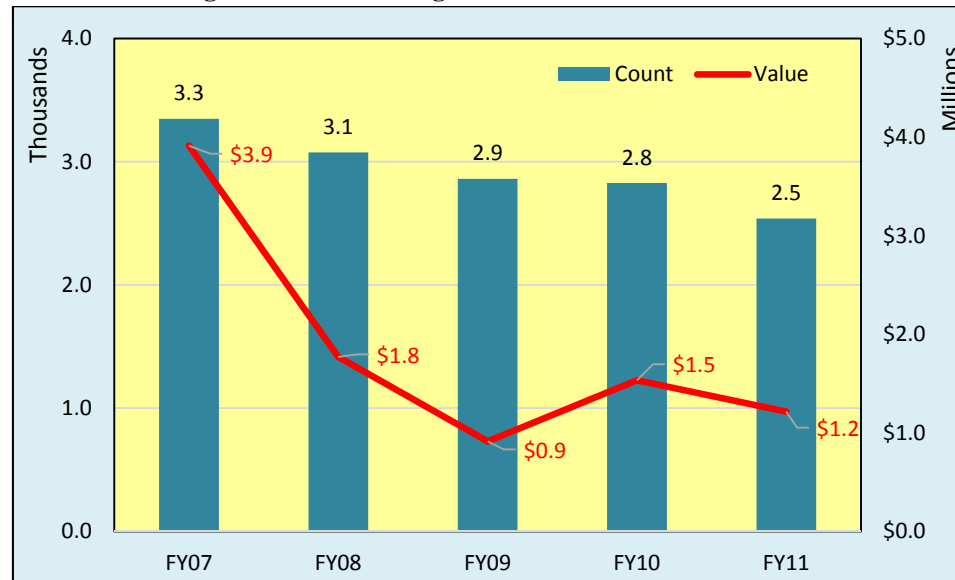
Figure 4-5: Gainesville Trend in Gross Taxable Value

Based on analysis of the “preliminary” FY13 Certified Tax Roll (certified, but subject to adjustment) taxable value on real property will increase in 2013, largely due to a net increase of new construction value in the tax base of approximately \$397 million. Even without the net increase of new construction value, total taxable value reflects an increase of 0.31%. On a square foot basis single-family residential continued to decline by 2.2%, but all other property categories increased with the most material increase occurring in multi-family residential at 4.8%.

In 2007, legislation was enacted that set maximum city/county millage rates for non-voted levies. The legislation created a “Rolled-Back Rate”, a rate that when levied on the current year’s tax roll will provide the same revenue as was raised the previous year (whether taxable value goes up or down), adjusted for growth and other factors. The rolled-back rate allows a “cost of living increase” equal to the increase of per capita income statewide (historically 4.0% to 4.5%). The value of new construction and capital improvements does not affect the calculation of the rolled-back rate. Therefore, *new development and improvements on existing properties are critical* to accelerating the growth of city/county ad valorem revenues. Figure 4-6¹³ reflects the number and value of building permits issued from FY07 to FY11. The values of projects resulting from the building permits take one to four years to appear on the tax roll, depending on construction time and completion date (value is assessed as of January 1). Tax revenues are not generated until the following year.

¹³ City of Gainesville, FY2013 Final Budget in Brief

Figure 4-6: Building Permits Issued – Count / Value



Gainesville is a regional shopping destination with slightly more than \$1.0 billion¹⁴ of local sales attributed to non-local consumers in 2013. In September 2009, the Gainesville CRA engaged Buxton CommunityID to conduct a Retail Site Assessment. The Buxton analysis covered areas within 2-minute and 5-minute drive times from the intersection of University Avenue and SW 13th Street. Buxton used the Nielsen Company as their data source. As part of its market research, Urban Development & Mobility Solutions engaged a citywide Retail Gap Analysis from the Nielsen Company. Nielsen data is derived from two major sources - demand data is from the Consumer Expenditure Survey by the US Bureau of Labor Statistics, supply data is from the Census of Retail Trade by the US Census. Additional data sources are incorporated to create both supply and demand estimates. The difference between demand and supply represents the opportunity gap or surplus available for each retail category. When the demand is greater than the supply, there is an opportunity gap for that retail category. A retail surplus means that the community's trade area is capturing the local market and non-local shoppers.

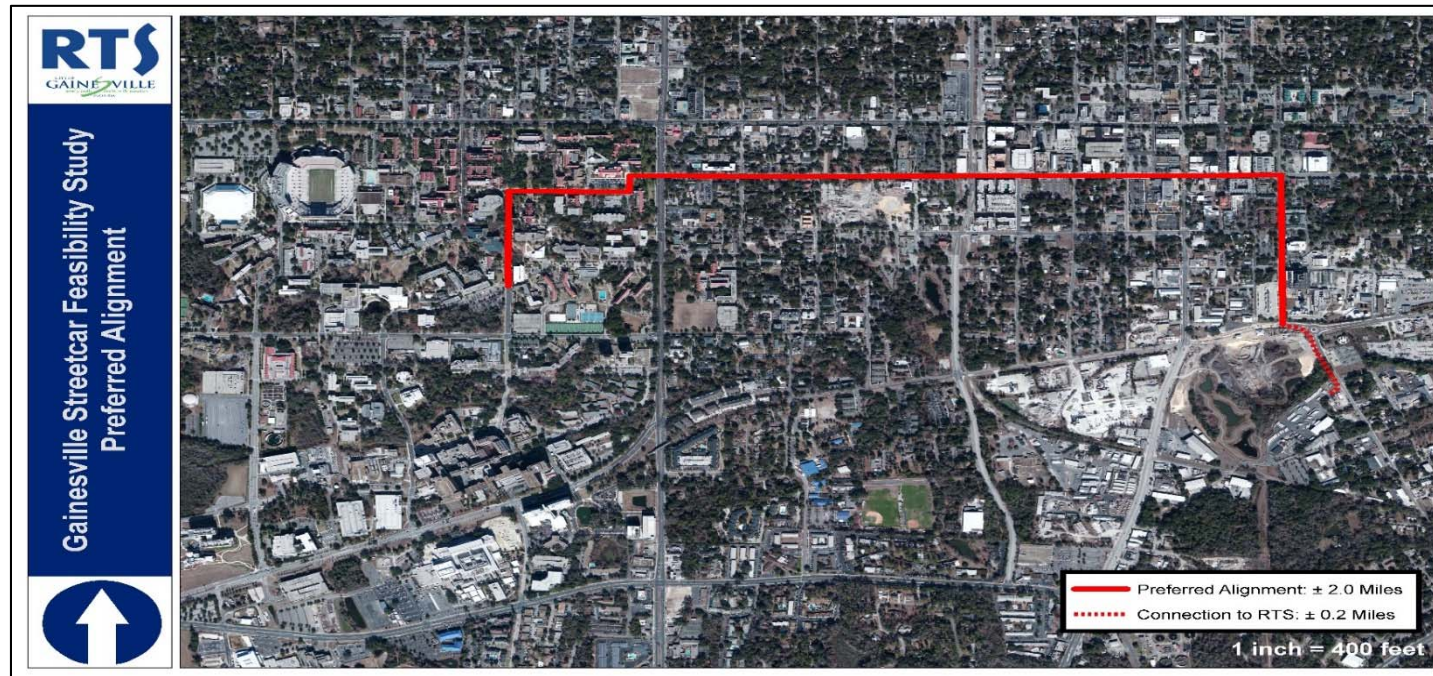
Since both analyses utilized Nielsen data, it is not surprising that several categories of retail opportunities are common to both analyses: Motor Vehicles and Parts dealers; Electronics and Appliances; Sporting Goods, Hobby, Books, Music; Lawn, Garden Equipment, Nursery; Specialty Food; and Miscellaneous Retail. The 2009 Buxton analysis identified opportunities for Clothing and Accessories and Furniture Stores not identified in the 2013 Nielsen analysis, which may be attributed to the growth of retail outlets over the four year gap and/or the broader market area of the citywide analysis. Generally, the findings of both studies suggest that retail outlets for certain goods and services are deficient in Gainesville, and the Focus Area may be a viable location for some of those deficient outlets.

¹⁴ © 2012 The Nielsen Company

SECTION 4.3: ROUTE ALTERNATIVES / PREFERRED CONCEPTUAL ALIGNMENT

Initially there were several potential alignments were under consideration to connect the University of Florida, Innovation Square, downtown Gainesville, and adjacent areas. Preliminary evaluations of the options were conducted, including but not limited to input from the PTAC, known utility and right-of-way issues, community plans and objectives, and demographic and market characteristics of the Focus Area. The Alignment based on this feedback and analysis is depicted in the aerial photo in Figure 4-7.

Figure 4-7: Preferred Conceptual Alignment



A streetcar investment will generate an economic impact “ripple effect” citywide and countywide. Tindale-Oliver GIS technicians placed a ¼ mile overlay along the Alignment, adjusting the borders to capture or eliminate whole properties to create a boundary for the Focus Area. All growth/revenue models are based on this Focus Area, as depicted in Figure 4-8. Note, the substantial extension of the overlay at the southwest corner is due to large land parcels on the UF campus.

Figure 4-8: Focus Area



Table 4-11 provides the current profile of the land parcels and tax base of the Focus Area by use category.

Table 4-11: Focus Area Land Parcels by Use Category

Property Category	Parcel Count	Dwelling Unit Count	Land Area (acres)	Taxable Value		Building Area (sf)		Avg Tax Value / Parcel	Avg Parcel Area (ac)	Homestead Parcels	
				Total	Percent	Total	Percent			Count	%
Single Family	188	209	33.38	\$17,103,820	5.8%	309,298	2.2%	\$90,978	0.18	39	18.7%
Multi-Family (incl CAM)	376	3,026	144.14	\$126,918,760	42.7%	2,475,803	17.8%	\$337,550	0.38	60	2.0%
Mobile Home											
Residential - Vacant	24	0	5.89	\$1,709,600	0.6%	0	0.0%	\$71,233	0.25		
Commercial	276	25	179.54	\$121,560,165	40.9%	2,305,084	16.6%	\$440,435	0.65	0	0.0%
Commercial - Vacant	70	0	30.79	\$16,000,000	5.4%	0	0.0%	\$228,571	0.44		
Institutional / Govt	67	144	537.58	\$5,480,080	1.8%	8,297,630	59.6%	\$81,792	8.02	0	0.0%
Institutional / Govt - Vacant	47	0	30.91	\$2,293,300	0.8%	0	0.0%	\$48,794	0.66		
Industrial	33	4	34.05	\$4,864,900	1.6%	205,328	1.5%	\$147,421	1.03	0	0.0%
Industrial - Vacant	25	0	6.83	\$221,600	0.1%	0	0.0%	\$8,864	0.27		
Other	4	0	23.35	\$992,800	0.3%	332,724	2.4%	\$248,200	5.84		
Other - Vacant	3	0	7.34	\$0	0.0%	0	0.0%	\$0	2.45		
Total	1,113	3,408	1,033.80	\$297,145,025		13,925,867				99	

While Institutional/Government buildings dominate the Focus Area (59.6%), the most prominent development contributing to taxable value in the Focus Area is multi-family residential properties (42.7%), closely followed by commercial properties (40.9%).

The Focus Area encompasses an area of approximately 1,033 acres, of which 82 acres are vacant land. Vacant land is not the only opportunity for market growth. As in most redeveloping urban areas, significant growth is achieved through the renovation/revitalization of existing properties and redevelopment of underutilized and/or functionally obsolete properties. The major segment of the Alignment running along the SW 2nd Avenue corridor is only two blocks from University Avenue and SW 4th Avenue, which are within the ¼ mile radius and represents significant opportunities for revitalization along both corridors. While there are many stable single-family homes in the Focus Area, the most likely residential development will be multi-family properties as infill development on underperforming commercial property. Given the proximity to UF, student residential housing is already in place. As the development of Innovation Square's 4.3 million square feet of research labs, commercial, and institutional space evolves, non-student multi-family residential will become viable in the Focus Area.

SECTION 4.4: EXPERT/INSTITUTIONAL STUDIES INFLUENCING THE STREETCAR MODELS

Key Streetcar Models Assumption

The purpose of the quotes and references in this section is to provide summary information to assist the reader in understanding relevant factors associated with a critical assumption in the Streetcar Models - a streetcar system will accelerate the development of Innovation Square, energize revitalization within the Focus Area (e.g. University Avenue, SW 2nd Avenue, SW 4th Avenue, downtown, and Depot Park), and stimulate more new development faster in the Focus Area than would otherwise occur. This section contains summary information to assist the reader associate relevant factors with the market potential conclusions of this section.

Findings of Transit / Streetcar Experts

- “There is considerable debate over the relative merits of bus and rail transit (Hass-Klau, et al. 2003; Pascall 2001; GAO 2001; Thompson and Matoff 2003; Balaker 2004; Litman 2004a; Henry and Litman 2006; Hidalgo and Carrigan 2010). “Rail transit is considered a prestige service that gains more public support, and provides a catalyst for urban redevelopment and more compact, multi-modal development patterns. Transit-oriented land use patterns can increase property values and economic productivity by improving accessibility, reducing costs, improving livability, and providing economies of agglomeration. In some cases, increased property values offset most or all transit subsidy costs. This does not generally occur with bus service.”¹⁵
- “Real estate developers and lending institutions are not willing to base investments on the location of easily changed bus routes. However, the availability of local bus service does increase the value of at least some urban real estate.”¹⁶

¹⁵ Victoria Transport Policy Institute 2012 - Rail Transit In America: Comprehensive Evaluation of Benefits

¹⁶ William G. Barker (1998), “Bus Service and Real Estate Values”, *68th Annual Meeting of the Institute of Transportation Engineers*

- Regardless of their differences, there are some points transit experts¹⁷ agree upon:
 - Bus and rail transit are complementary - bus is best at serving areas with more dispersed destinations and lower demand, rail is best at serving corridors where destinations are concentrated, such as commercial centers and mixed-use urban villages.
 - Bus and rail transit become more efficient and effective at achieving planning objectives if implemented with supportive policies that improve service quality, create supportive land use patterns, and encourage ridership.
 - Funding is critical to success, especially operating funding.
 - Partnerships are vital in providing political support and are a means to change the perception of transit in the business community.

Streetcars and Economic Development – Summary of Case Study Findings¹⁸

Operating streetcar systems across the United States are proven to stimulate abnormally high economic development activity and increased values of existing real estate proximate to the alignment. The actual impacts realized reflect the size, characteristics, and opportunities available along the selected alignments of each city. Some examples of these streetcar impacts are:

- Tucson, Arizona, complete during 2013, 3.9 mile route: More than \$800 million of private sector investment in new transit-oriented development is already being constructed along the alignment (constructed since the commitment of the streetcar project), including:
 - 50 new restaurants, bars, and cafes
 - 1,500 new student housing apartments
 - 58 retail businesses
 - New headquarter for Unisource Energy (400+ employees)
- Portland, Oregon, 4.8 miles (2001), 0.6 miles (2005), 0.42 miles (2006), 0.46 miles (2007), 3.3 miles (2012): Since 1997 when the original streetcar alignment was identified, the following transformations have occurred along its route:
 - \$3.5 billion has been invested within two blocks of the streetcar alignment.
 - 10,212 new housing units and 5.4 million square feet of office, institutional, retail, and hotel construction have occurred within two blocks of the alignment.
 - 55% of all CBD development since 1997 has occurred within 1-block of the streetcar and properties located closest to the streetcar line more closely approach the zoned density potential than properties situated farther away.
 - Developers are building new residential buildings with significantly lower parking ratios than anywhere else in the region.
 - Since the streetcar alignment was chosen in 1997, new development achieved an average of 90% of the allowed FAR within one block of the alignment, compared to 43% at three or more blocks from the alignment.

¹⁷ Federal Transit Administration, Development and Deployment of Downtown Circulators

¹⁸ For an in-depth review of each location, please see the Case Study Section

- Tampa, Florida, opened in 2001, 2.4 mile route: New development investment started within the streetcar's Special Assessment District before the system opened and has continued to grow:
 - Attracted over \$600 Million prior to construction.
 - Attracted more than \$1.3 Billion by the end of 2006.
 - Vacant and multifamily properties along the alignment saw value increases of 166% and 117%, respectively, from 2001 to 2008.
- Little Rock, Arkansas, 2.5 miles (2004), 0.9 miles (2007): In 2011–2012, CATA compiled data on economic growth and development that has occurred within four blocks (¼–½mile) of the River Rail Streetcar Line. This analysis looked generally at the changes that have occurred within the area immediately surrounding the system for the years from 2000 to 2010. It concluded that there had been substantial investment and development within the area including:
 - 1,084 new residential units
 - \$883 million in new capital investment (new construction & rehabilitations)
 - 56% increase in residential property value
 - 44% increase in retail property value
 - 21% population growth

“An overview of studies indicates, as with the development of Portland, Tampa, and Seattle streetcars, it is not uncommon to find a 400 percent increase in the value of property along adjacent areas of these three cities’ streetcars. In all case studies, underutilized property became attractive to developers.”¹⁹

SECTION 4.5: CALCULATION METHODOLOGIES

This market analysis is based on a balanced perspective of the historic growth rates experienced by other communities implementing streetcar systems, local Gainesville area market trends derived from market data and planning documents, and input collected during interviews with key stakeholders having specialized local knowledge of Gainesville, University of Florida, and the local real estate market/trends. When taken together, the data enables the estimation of development potential and property value premiums along the Alignment. It is an analytical approach that seeks to identify “revealed preference” as a method of estimating demand and value. This approach is heavily influenced by the unique characteristics and environment of Gainesville. The analysis identifies three types of taxable value growth: general changes in community conditions and the economic environment; capital improvements to existing properties; and new residential and commercial development. The growth of two primary categories of properties was explored – Residential and Commercial. The primary categories were split into sub-categories to improve forecasting the timing and value of each development type, resulting in more precise and appropriate growth.

¹⁹ The Brookings Institution May 2009, “Value Capture and Tax-increment Financing Options for Streetcar Construction,” HDR, Reconnecting America, and RCLCO

Analysis of the 2013 certified tax roll for the City of Gainesville (latest certified tax roll) was the starting point. Tax roll parcels within the Focus Area were extracted from the citywide tax roll and were the basis of all growth/revenue models. The data was sorted into major use categories, e.g. single-family residential, multi-family residential, commercial, etc. Some of the data extracted included, but was not limited to land (acreage), improvements (building square footage), market values, exemptions (numbers/amounts), and taxable values. Findings from this analysis were coupled with the evaluation of Gainesville demographics, long-range planning studies of Gainesville, and the impacts of a streetcar investment on other cities derived from case study research to develop assumptions used in the Models. Special characteristics of properties proximate to the Alignment were identified.

A single growth/revenue model for the Focus Area was developed based on existing conditions (Base Model), including Innovation Square, and reasonable, absorption assumptions. This model served as the benchmark comparison for the Models based on the development of a streetcar system (Streetcar Models). Three growth/revenue Streetcar Models for the Focus Area were developed. These models were differentiated by low, moderate (not necessarily median), and high assumptions. All Models spanned a 35-year growth/revenue period.

Net Present Value (NPV) analyses were performed on Total Taxable Value, Incremental Taxable Value, Incremental Ad Valorem Tax Revenue, and Special Service District (SSD) Revenue for all Models. The NPV analyses followed the standards of the Office of Management and Budget (OMB), Circular A-94: Guidelines And Discount Rates For Benefit-Cost Analysis of Federal Programs.

The Streetcar Models were subjected to a probability distribution analysis to identify the range of revenues likely to result from a streetcar investment and particularly to identify the range of values having an eighty (80%) percent probability of achievement. The NPV of the 35-year cumulative incremental taxable values of the three Streetcar Models were the basis of the distribution analysis. The median value of the Streetcar Models was calculated and the values of the distribution spread were calculated from the median value.

The average taxable values of each property category were escalated annually, as appropriate for each model, and served as the basis for the values of forecasted property improvements and new development over the 35-year analysis period – rolled in at their escalated values as they occur. This approach provides a more accurate reflection of the growth of the tax base than estimated construction costs, as tax roll values are based on market values (owner-occupied residential properties) and rent rolls (income producing properties) rather than construction costs.

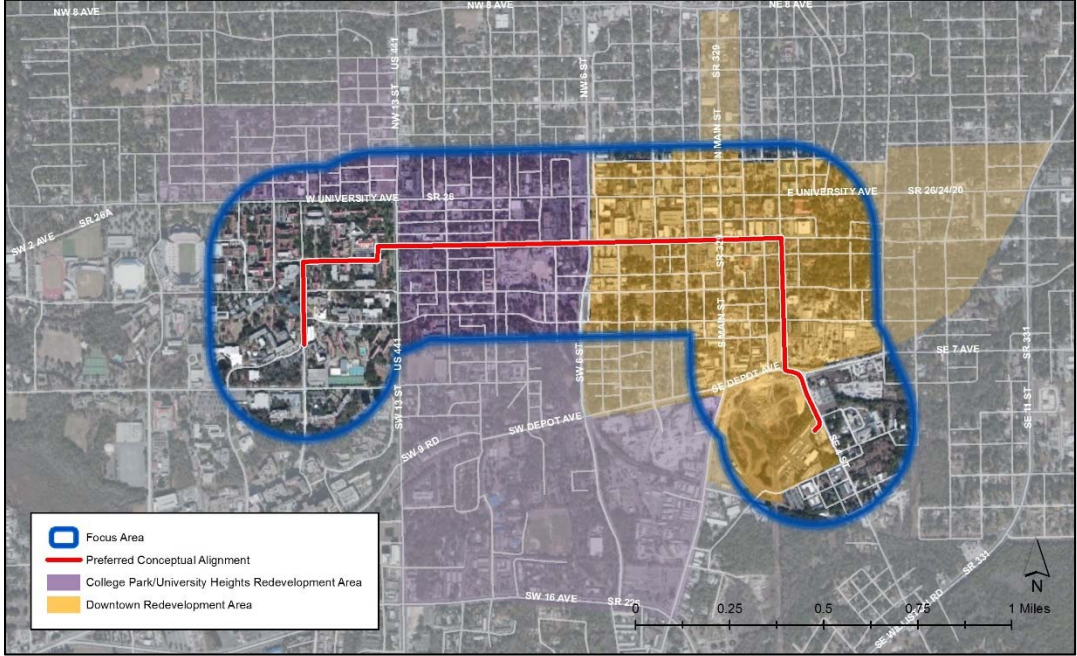
The revenue generated by a potential transit SSD was calculated for each Model. If an SSD is established as a streetcar funding source, a ¼-mile radius from the alignment (the Focus Area) is logical and defensible. The SSD millage would be applied to the entire tax base, not just the incremental increase and the resulting revenue would accrue to the SSD. These revenues could be used to make debt service payments for construction/capital costs and/or operating/maintenance costs, which will be discussed in another section of this study.

Most of the Focus Area overlaps the College Park/University Heights (anticipated ending 2034) and Downtown (anticipated ending 2027) CRAs. However, some of the investments activities in the Focus Area will occur in non-CRA areas. Taxable values and ad valorem revenues based only

on city millage were calculated for the non-CRA areas.

The boundaries of the affected CRAs/non-CRA areas and the Focus Area overlay are reflected in Figure 4-9. Innovation Square is within the College Park/University Heights CRA and the value of its growth will accrue to the College Park/University Heights TIF. The location of other new development and property improvements will be influenced by the property ownership and/or control of land - forecasted revenue from development activity was allocated on a pro rata calculation based on the percent of track segment within each CRA. Incremental CRA/TIF revenues in the Models reflect revenues generated by Gainesville and Alachua County (General Fund) millage captured by the TIFs until they expire. After their expiration, only revenues generated by Gainesville millage were calculated. How, or if TIF funds are used to support the capital costs and/or operating costs, is at the discretion of the City/CRA and must consider any current and/or future planned commitments on the use of those funds. The current CRA budget reflects annual loan repayments of \$91,566 for the College Park/University Heights CRA and \$185,584 for the Downtown CRA.

Figure 4-9: College Park and University Heights CRAs with the Focus Area Overlay



Direct jobs created by the Base Model and Streetcar Model - Moderate were forecasted using the employment standards prescribed in the Fiscal Impact Analysis Model²⁰ (FIAM) created for the former Florida Department of Community Affairs (DCA). The FIAM estimates the number of jobs created by the development of new space by major use categories. These employment standards were applied to the square footage of vertical

²⁰ Fiscal Impact Analysis Model created for the Florida Department of Community Affairs

development as it is forecasted to occur. Indirect jobs are calculated using the Regional Input-Output Modeling System²¹ (RIMS II) multipliers obtained specifically for the Gainesville MSA. Multipliers for major categories of new growth were applied to the vertical development as it occurs. New UF development will be tax exempt, but will generate job growth as forecasted in the 2035 LRTP Update.

1. General / common conditions of the Models:

- The base values and assumptions of all Models are in APPENDIX 4-A.
- All Models consider factors relevant to the three types of assessed value growth: economic climate/local market conditions (escalation of assessed value), capital improvements on existing properties, and new development. The Streetcar Models reflect the data and findings of references and case studies of US cities with streetcar systems herein. The Models were refined to account for the specific conditions of the Focus Area.
- Innovation Square is an emerging economic engine in the Focus Area for all Models. Therefore, it is assumed the Focus Area will capture more than its historical share of the citywide population growth through the analysis time horizon, which is reflected by the forecasted development of non-student, multi-family residential projects. The introduction of a streetcar system will accelerate the development of Innovation Square and stimulate revitalization within the Focus Area. It is assumed all research lab space and only non-student residential will be developed within Innovation Square.
- The timing and pace of development is a variable assumption among the Models, with more aggressive (faster timing) assumptions for the Streetcar Models. The timing of new development and capital improvements reflects anticipation of market demand/absorption of developed projects, which is critical to underwriting the investment of the next project.
- The starting point of all Models was the 2013 certified tax roll for the City of Gainesville (FY2013/14 budget year). Tax roll parcels within the Focus Area were extracted from the citywide tax roll. The Focus Area tax roll parcels are the basis of all Models. Analysis of this data was coupled with evaluation of the market potential of Gainesville to develop assumptions used in all Models.
- The property tax levy is calculated by applying the millage rates of the applicable taxing districts to the previous year's incremental taxable value. All incremental taxable values in the Models are generated in the CRAs, therefore the City of Gainesville (4.4946) and Alachua County (8.5956) millage rates²² were applied during the lifespan of each CRA and only the city millage rate thereafter. The current city/county millage rates were held constant when applied through the 35-year analysis period. In reality these rates may change over time, potentially due to the 2007 "Rolled-Back Rate" legislation. The Florida Department of Revenue calculation of the Rolled-Back Rate is based on citywide/countywide assessed values and any resulting changes are applied citywide/countywide. The taxable value of all improvements/development may take one to three years from the construction start to appear on the tax roll, depending on the construction period and the date of its "certificate of occupancy." Ad valorem revenues are calculated as 95% of the tax levy.

²¹ U.S. Department of Commerce, Bureau of Economic Analysis

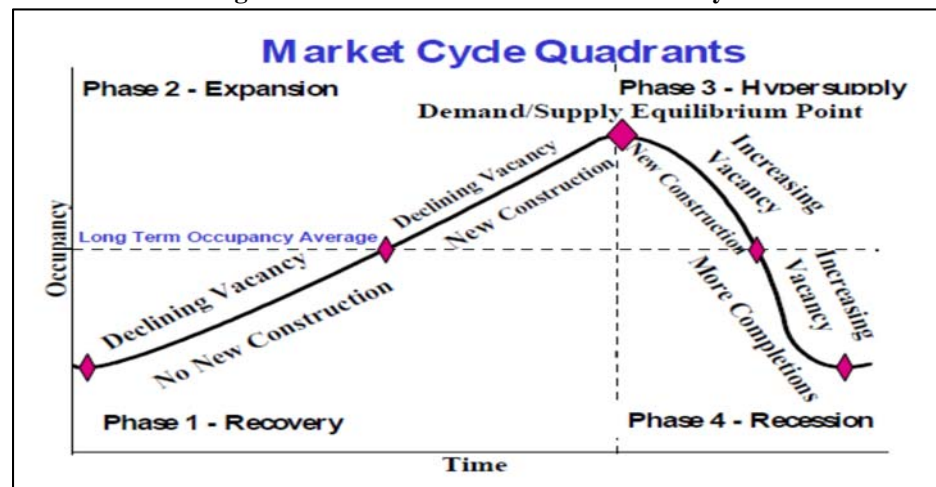
²² Alachua County Property Appraiser, Final 2012 Millages

- The values reflected in new development and capital improvements tables are based on the first year's taxable value as projects/improvements are completed and the City of Gainesville millage rate only. These values are different than values in the revenue tables, which reflect the capture of Alachua County revenues during the existence of the College Park/University Heights and Downtown CRAs/TIFs.
- A forecast of revenue generated by a potential transit SSD was calculated for illustrative purposes. The base for the SSD is the entire taxable value within the Focus Area.

The 18-Year Real Estate Cycle:

According to Steve H. Hanke²³, “Data demonstrates that every 18 years we can expect the culmination of a credit-fueled real estate and ensuing business cycle. Generally, the steps of the cycle are: available, low interest bank credit raises property prices; buyers take on more credit to purchase property; the appreciated property value serves as collateral for more bank loans; property prices eventually peak; construction activity and the general economy peak; property value declines; declining property value reduces owner equity and lender collateral; loans become bad debts; banks adjust lending criteria making it more difficult to qualify for loans to buy property.” A graph depicting the phases in a real estate cycle²⁴ is reflected in Figure 4-10.

Figure 4-10: Phases In The Real Estate Cycle

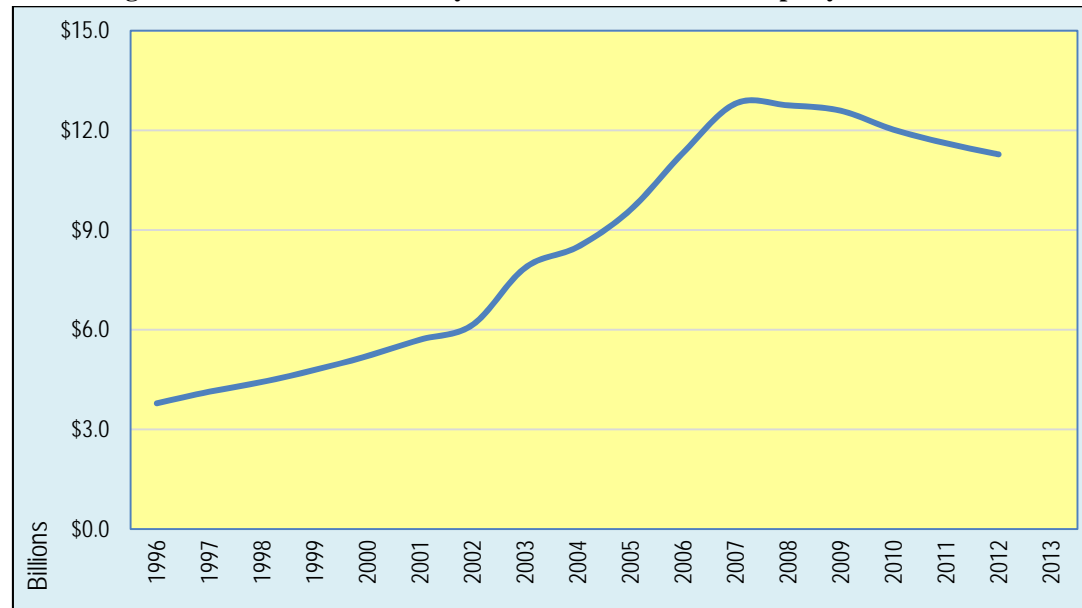


The graph in Figure 4-11 reflects Alachua County real property taxable value²⁵ from 1996 to 2013. The graph bears a strong resemblance to the hypothetical curve in Figure 4-10. The similarity of the two graphs supports the presence of the real estate cycle within Alachua County, and the validity of including it within the analysis.

²³ The Great 18-Year Real Estate Cycle, Steve H. Hanke, professor of applied economics at the Johns Hopkins University and a senior fellow at the Cato Institute

²⁴ Predicting Long-Term Trends & Market Cycles in Commercial Real Estate, Glenn R. Mueller, 2001

²⁵ Tax Roll Summary 2012, Alachua County Property Appraiser

Figure 4-11: Alachua County Historic Trend of Real Property Taxable Value

The 18-year real estate cycle affects all US communities/cities - the timing/duration is the same in all Models. The rate of increase in the growth periods and depth of decline in the recession periods are specific to each community/city. All Models anticipate the 18-year real estate cycle, starting in 2013 (FY2013/14 budget year). The rates of growth/decline vary in each Model. Growth/decline periods affect the timing of construction starts for renovations/development projects – new construction and capital improvement projects do not start during the decline but new projects are added to the tax role during the decline that were started prior to the decline period

2. Unique assumptions between the Base Model and the Streetcar Transit Models:

a. Increases associated with general community conditions and/or economic environment:

- Annual escalation rates to reflect the economic environment were selected for properties by two primary categories: for-sale residential and commercial, including for-rent residential. The escalation rates were applied to the existing taxable values for various categories of use: non-student multi-family residential, student residential, lab space, office space, retail space, hotel - general, hotel - conference, and institutional.
- The Streetcar Transit Models project a more robust, but still conservative, economic escalation for both existing properties and new developments as they enter the market. This increase reflects the rising value of existing properties proximate to transit experienced in many cities across the US.

b. Increases associated with capital improvements to existing properties:

- All models include the expectation of annual capital improvement on existing residential properties (e.g. bath/kitchen updates, or home additions) and commercial properties (e.g. facade improvements, new awnings, renewed storefronts, or building systems). Gainesville's overall market factors and factors specific to each Model influenced the assumptions on the number of properties improved annually and the value of the improvements in each Model. The number of properties improved annually is based on a percentage of properties existing in 2013. The value of the improvements is based on the value of properties as escalated over time.
 - Assumptions in the Streetcar Transit Models are more robust than the Base Model. The larger improvement value in the Transit Case analyses reflect the expectation of more extensive improvements.
- c. Increases associated with new residential development:
- The calculation of new residential development and commercial space is driven by the estimate of Focus Area's share of forecasted citywide population growth, from the Gainesville Urbanized Area Year 2035 Long Range Transportation Plan Update, the Innovation Square Development Framework plan, and other reference sources.
 - Population growth and Focus Area capture rate assumptions in the Streetcar Transit Models are more aggressive than the Base Model. The more aggressive assumptions in the Streetcar Transit Models reflect the expectation of the more/faster growth of UF students and Gainesville overall due to a streetcar system. The additional population growth comes from the growth already anticipated in Gainesville and/or the Focus Area, but may also come from outside the Focus Area, the City, or the County.
 - Growing population represents a demand for housing. The 2013 estimated household size²⁶ for the City of Gainesville is 2.18. New housing demand was calculated using estimated population growth and adjusted (smaller) household size estimates for urban residential properties in the Focus Area. The Focus Area is ideal for the development of multi-family residential properties and creating areas of higher density (transit-oriented development), which is among the objectives of a transit system. All Models assume new housing development will be multi-family units, built as unmet demand accrues.
 - The value of new residential development is calculated on the taxable value specific to the Focus Area and applicable residential type, student and non-student residential, as escalated to the year of its development.
- d. Increases associated with new commercial development:
- The population growth of Gainesville, student growth of UF, and the emerging economic engine of Innovation Square will drive the demand for new commercial space
 - The development assumptions for commercial development are more aggressive in the Streetcar Transit Models than the Base Model. The more aggressive assumptions in the Streetcar Models reflect the expectation of: 1) the greater/faster growth of Gainesville population due to a streetcar system; 2) a higher capture rate of the Gainesville/UF student population growth; and 3) the

²⁶ © 2013 The Nielsen Company

numbers/types of businesses that will benefit from the demands of transit ridership.

- The value of each category of new commercial space is calculated on the taxable value specific to the Focus Area, as escalated to the year of its development.

SECTION 4.6: SUMMARY OF FINDINGS

Base Model Findings

The Base Model reflects significant growth, both in terms of new development in the Focus Area and in the tax base. It should be noted that Innovation Square is not fully developed during the 35-year analysis period, therefore its full potential value is not realized in the Base Model. Table 4-12 is a summary of the new development by category in five year increments resulting from the assumptions of the Base Model.

Table 4-12: Base Model Completed Development

Base Model: Development Completed (sf)										
Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total	Pro Forma	Pro Forma %
Lab Space	135,365	374,667	350,000	137,333	185,667	268,667	251,667	1,703,365	2,133,000	79.9%
Commercial - Office	1,338	210,667	141,333	26,667	92,000	176,000	49,333	697,338	696,000	100.2%
Commercial - Retail/Other	38,801	38,533	53,267	24,900	35,100	25,800	0	216,401	248,600	87.0%
Institutional	0	0	0	0	0	0	45,000	45,000	340,000	13.2%
Hotel - Conference Center	260,000	0	0	0	0	0	0	260,000	260,000	100.0%
Residential - Non-Student	0	0	32,333	76,833	121,333	102,000	88,500	421,000	621,000	67.8%
Tot Innovation Square	435,504	623,867	576,933	265,733	434,100	572,467	434,500	3,343,104	4,298,600	77.8%
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total		
Commercial - Office	4,851	6,064	6,064	3,639	4,851	6,064	6,064	37,598		
Commercial - Office	3,139	3,923	3,923	2,354	3,139	3,923	3,923	24,324		
Hotel - General	0	0	72,618	0	0	72,618	0	145,236		
Residential - Non-Student	60,816	44,058	52,962	33,600	41,328	80,388	24,150	337,302		
Residential - Student	9,200	11,500	11,500	6,900	9,200	11,500	11,500	71,300		
Tot Non-Innovation	78,006	65,545	147,067	46,492	58,518	174,493	45,637	615,760		
Total Development	513,510	689,412	724,001	312,226	492,618	746,960	480,137	3,958,864		

Table 4-13 is a summary of the taxable value of new development, in five year increments, resulting from the assumptions of the Base Model.

Table 4-13: Base Model: Value of Development at Time of Completion

Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Lab Space	\$0	\$39,737,014	\$41,051,408	\$16,713,864	\$19,917,120	\$30,989,363	\$32,485,547	\$180,894,316
Business Space	\$0	\$11,703,692	\$8,380,107	\$1,618,088	\$5,137,851	\$10,677,529	\$3,157,342	\$40,674,608
Commercial - Retail/Other	\$1,829,143	\$2,196,317	\$3,346,382	\$1,612,594	\$2,006,839	\$1,555,928	\$0	\$12,547,203
Institutional	\$0	\$0	\$0	\$0	\$0	\$0	\$41,051	\$41,051
Hotel - Conference Center	\$36,787,818	\$0	\$0	\$0	\$0	\$0	\$0	\$36,787,818
Residential - Non-Student	\$0	\$0	\$2,133,466	\$4,828,480	\$6,549,832	\$6,028,066	\$5,438,629	\$24,978,472
(1st year assessment)	\$38,616,961	\$53,637,023	\$54,911,363	\$24,773,025	\$33,611,641	\$49,250,885	\$41,122,569	\$295,923,467
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Business Space	\$249,172	\$336,804	\$370,788	\$233,213	\$270,660	\$366,589	\$404,669	\$2,231,895
Commercial - Retail/Other	\$165,410	\$223,583	\$246,143	\$154,816	\$179,675	\$243,356	\$268,635	\$1,481,617
Hotel - General	\$0	\$0	\$5,715,710	\$0	\$0	\$5,631,816	\$0	\$11,347,526
Residential - Non-Student	\$3,487,334	\$2,658,193	\$3,372,612	\$2,266,202	\$2,217,264	\$4,657,029	\$1,520,761	\$20,179,396
Residential - Student	\$491,195	\$663,944	\$730,938	\$459,736	\$533,555	\$722,660	\$797,729	\$4,399,757
Tot Non-Innovation	\$4,393,111	\$3,882,524	\$10,436,191	\$3,113,967	\$3,201,154	\$11,621,450	\$2,991,794	\$39,640,192
Total Development	\$43,010,072	\$57,519,547	\$65,347,554	\$27,886,992	\$36,812,795	\$60,872,335	\$44,114,363	\$335,563,659

The model also includes the anticipation of capital improvements on existing (as of 2013) residential and commercial properties. Table 4-14 is a summary of the capital improvements (sf) and their taxable value, in five year increments, resulting from the assumptions of the Base Model.

Table 4-14: Base Model: Capital Improvements Completed and Their Value (1st year assessment)

Improvements (sf)	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	14,855	18,569	18,569	11,141	14,855	18,569	18,569	115,125
Commercial	13,831	17,288	17,288	10,373	13,831	17,288	17,288	107,186
Tot Capital Improvements	28,685	35,857	35,857	21,514	28,685	35,857	35,857	222,311
Value	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	\$39,656	\$53,602	\$59,011	\$37,116	\$43,075	\$58,342	\$64,403	\$355,204
Commercial	\$37,981	\$51,339	\$56,519	\$35,549	\$41,257	\$55,879	\$61,684	\$340,207
Tot Capital Improvements	\$77,637	\$104,941	\$115,530	\$72,664	\$84,332	\$114,221	\$126,087	\$695,412

Considering the total 2013 taxable value of \$297,145,025 in the Focus Area, the total development values in the Base Model represent a 113.2% increase in the Focus Area, 7.2% increase citywide.

Streetcar Models Findings

The Streetcar Models reflect more robust growth and value than the Base Model. Table 4-15 is a summary of the new development (sf) by category in five year increments resulting from the assumptions of the three Streetcar Models.

Table 4-15: Streetcar Models: Completed Development (sf)

Streetcar Model - Low: Development Completed (sf)										
Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total	Pro Forma	Pro Forma %
Lab Space	230,365	459,000	360,000	215,333	239,667	303,667	304,333	2,112,365	2,133,000	99.0%
Commercial - Office	48,005	305,333	53,333	104,000	186,667	0	0	697,338	696,000	100.2%
Commercial - Retail/Other	47,368	55,633	63,600	36,900	12,900	6,667	29,333	252,401	248,600	101.5%
Institutional	0	0	0	0	0	45,000	295,000	340,000	340,000	100.0%
Hotel - Conference Center	260,000	0	0	0	0	0	0	260,000	260,000	100.0%
Residential - Non-Student	0	0	169,833	60,667	153,000	170,833	66,667	621,000	621,000	100.0%
Tot Innovation Square	585,737	819,967	646,767	416,900	592,233	526,167	695,333	4,283,104	4,298,600	99.6%
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total		
Commercial - Office	9,703	12,128	12,128	7,277	9,703	12,128	12,128	75,196		
Commercial - Retail/Other	9,416	11,770	11,770	7,062	9,416	11,770	11,770	72,972		
Hotel - General	0	72,618	0	72,618	0	72,618	0	217,854		
Residential - Non-Student	191,437	284,296	148,396	134,397	233,377	128,146	262,426	1,382,474		
Residential - Student	15,456	19,320	19,320	11,592	15,456	19,320	19,320	119,784		
Tot Non-Innovation	226,011	400,132	191,614	232,946	267,951	243,982	305,644	1,868,280		
Total Development	811,748	1,220,099	838,381	649,846	860,184	770,149	1,000,977	6,151,384		

Streetcar Model - Moderate: Development Completed (sf)										
Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total	Pro Forma	Pro Forma %
Lab Space	277,865	411,500	412,000	245,000	257,500	256,500	252,000	2,112,365	2,133,000	99.0%
Commercial - Office	71,338	282,000	80,000	116,000	148,000	0	0	697,338	696,000	100.2%
Commercial - Retail/Other	51,651	51,350	74,700	38,700	0	10,000	26,000	252,401	248,600	101.5%
Institutional	0	0	0	0	22,500	22,500	295,000	340,000	340,000	100.0%
Hotel - Conference Center	260,000	0	0	0	0	0	0	260,000	260,000	100.0%
Residential - Non-Student	0	0	230,500	0	171,750	218,750	0	621,000	621,000	100.0%
Tot Innovation Square	660,854	744,850	797,200	399,700	599,750	507,750	573,000	4,283,104	4,298,600	99.6%
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total		
Commercial - Office	18,193	22,741	22,741	13,644	18,193	22,741	22,741	140,992		
Commercial - Retail/Other	18,832	23,539	23,539	14,124	18,832	23,539	23,539	145,945		
Hotel - General	0	72,618	0	72,618	72,618	0	72,618	290,472		
Residential - Non-Student	317,739	472,173	393,273	221,354	241,689	316,323	331,323	2,293,874		
Residential - Student	19,780	24,725	24,725	14,835	19,780	24,725	24,725	153,295		
Tot Non-Innovation	374,543	615,796	464,278	336,575	371,111	387,328	474,946	3,024,577		
Total Development	1,035,397	1,360,646	1,261,478	736,275	970,861	895,078	1,047,946	7,307,681		

Streetcar Model - High: Development Completed (sf)										
Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total	Pro Forma	Pro Forma %
Lab Space	420,365	603,000	481,000	277,500	330,500	0	0	2,112,365	2,133,000	99.0%
Commercial - Office	141,338	252,000	304,000	0	0	0	0	697,338	696,000	100.2%
Commercial - Retail/Other	64,501	96,550	55,350	5,000	31,000	0	0	252,401	248,600	101.5%
Institutional	0	0	0	45,000	295,000	0	0	340,000	340,000	100.0%
Hotel - Conference Center	260,000	0	0	0	0	0	0	260,000	260,000	100.0%
Residential - Non-Student	0	139,500	244,000	137,500	100,000	0	0	621,000	621,000	100.0%
Tot Innovation Square	886,204	1,091,050	1,084,350	465,000	756,500	0	0	4,283,104	4,298,600	99.6%
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total		
Commercial - Office	36,385	45,481	45,481	27,289	36,385	45,481	45,481	281,984		
Commercial - Retail/Other	37,663	47,079	47,079	28,247	37,663	47,079	47,079	291,889		
Hotel - General	0	72,618	72,618	0	72,618	72,618	0	290,472		
Residential - Non-Student	655,832	616,221	776,925	242,706	176,408	220,509	220,509	2,909,111		
Residential - Student	34,408	43,010	43,010	25,806	34,408	43,010	43,010	266,662		
Tot Non-Innovation	764,288	824,410	985,114	324,048	357,482	428,698	356,080	4,040,119		
Total Development	1,650,492	1,915,460	2,069,464	789,048	1,113,982	428,698	356,080	8,323,223		

Table 4-16 is a summary of the taxable value of new development, in five year increments, resulting from the assumptions of the Streetcar Models.

Table 4-16: Streetcar Models: Value of Development at Time of Completion (1st year assessment)

Streetcar Model - Low									
Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total	
Lab Space	\$10,251,817	\$53,031,528	\$46,927,163	\$30,663,599	\$31,350,326	\$44,089,801	\$50,091,077	\$266,405,311	
Commercial - Office	\$2,623,897	\$18,497,028	\$3,802,485	\$7,716,942	\$12,794,617	\$0	\$0	\$45,434,969	
Commercial - Retail/Other	\$2,430,608	\$3,457,752	\$4,450,972	\$2,810,204	\$876,825	\$538,490	\$2,589,485	\$17,154,335	
Institutional	\$0	\$0	\$0	\$0	\$0	\$44,617	\$342,004	\$386,621	
Hotel - Conference Center	\$38,944,254	\$0	\$0	\$0	\$0	\$0	\$0	\$38,944,254	
Residential - Non-Student	\$0	\$0	\$12,022,714	\$4,464,760	\$9,833,584	\$11,857,118	\$4,784,533	\$42,962,709	
Tot Innovation Square	\$54,250,576	\$74,986,308	\$67,203,334	\$45,655,505	\$54,855,352	\$56,530,025	\$57,807,099	\$411,288,199	
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total	
Commercial - Office	\$528,746	\$730,703	\$830,136	\$540,203	\$663,841	\$920,643	\$1,051,174	\$5,265,446	
Commercial - Retail/Other	\$526,502	\$727,603	\$826,614	\$537,911	\$661,024	\$916,737	\$1,046,715	\$5,243,107	
Hotel - General	\$0	\$5,531,200	\$0	\$6,401,330	\$0	\$6,641,708	\$0	\$18,574,238	
Residential - Non-Student	\$11,571,603	\$18,434,207	\$10,361,596	\$9,841,060	\$14,889,950	\$8,758,956	\$19,502,351	\$93,359,722	
Residential - Student	\$875,550	\$1,209,971	\$1,374,623	\$894,522	\$1,099,254	\$1,524,493	\$1,740,640	\$8,719,053	
Tot Non-Innovation	\$13,502,400	\$26,633,682	\$13,392,969	\$18,215,026	\$17,314,070	\$18,762,537	\$23,340,880	\$131,161,565	
Total Development	\$67,752,977	\$101,619,990	\$80,596,304	\$63,870,531	\$72,169,422	\$75,292,562	\$81,147,979	\$542,449,764	

Streetcar Model - Moderate								
Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Lab Space	\$16,159,617	\$50,456,509	\$59,894,142	\$41,196,610	\$41,830,908	\$47,001,155	\$52,869,230	\$309,408,171
Commercial - Office	\$4,135,967	\$18,147,651	\$6,492,889	\$10,162,867	\$12,189,788	\$0	\$0	\$51,129,162
Commercial - Retail/Other	\$2,764,959	\$3,390,283	\$5,850,631	\$3,479,030	\$0	\$1,009,398	\$2,916,269	\$19,410,570
Institutional	\$0	\$0	\$0	\$0	\$26,595	\$27,390	\$431,857	\$485,842
Hotel - Conference Center	\$39,940,497	\$0	\$0	\$0	\$0	\$0	\$0	\$39,940,497
Residential - Non-Student	\$0	\$0	\$17,400,084	\$0	\$12,283,770	\$17,256,770	\$0	\$46,940,624
Tot Innovation Square	\$63,001,041	\$71,994,443	\$89,637,745	\$54,838,507	\$66,331,061	\$65,294,713	\$56,217,356	\$467,314,866
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Commercial - Office	\$1,033,226	\$1,469,965	\$1,745,187	\$1,189,835	\$1,540,764	\$2,205,217	\$2,642,272	\$11,826,466
Commercial - Retail/Other	\$1,097,432	\$1,561,310	\$1,853,635	\$1,263,773	\$1,636,509	\$2,342,251	\$2,806,466	\$12,561,377
Hotel - General	\$0	\$5,789,109	\$0	\$7,753,160	\$7,698,874	\$0	\$9,993,897	\$31,235,039
Residential - Non-Student	\$19,648,464	\$31,619,766	\$29,433,238	\$16,951,244	\$17,411,323	\$24,734,121	\$28,358,858	\$168,157,013
Residential - Student	\$1,167,770	\$1,661,380	\$1,972,441	\$1,344,773	\$1,741,399	\$2,492,375	\$2,986,343	\$13,366,481
Tot Non-Innovation	\$22,946,893	\$42,101,530	\$35,004,500	\$28,502,785	\$30,028,870	\$31,773,963	\$46,787,836	\$237,146,377
Total Development	\$85,947,934	\$114,095,973	\$124,642,245	\$83,341,292	\$96,359,930	\$97,068,677	\$103,005,192	\$704,461,243

Streetcar Model - High								
Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Lab Space	\$33,091,130	\$79,005,167	\$78,961,452	\$55,146,979	\$66,383,128	\$0	\$0	\$312,587,856
Commercial - Office	\$8,469,497	\$16,725,590	\$26,493,814	\$0	\$0	\$0	\$0	\$51,688,901
Commercial - Retail/Other	\$3,633,268	\$6,806,002	\$4,642,778	\$524,211	\$3,341,234	\$0	\$0	\$18,947,494
Institutional	\$0	\$0	\$0	\$62,725	\$418,227	\$0	\$0	\$480,952
Hotel - Conference Center	\$40,987,036	\$0	\$0	\$0	\$0	\$0	\$0	\$40,987,036
Residential - Non-Student	\$0	\$10,021,407	\$19,120,172	\$11,364,992	\$7,815,392	\$0	\$0	\$48,321,964
Tot Innovation Square	\$86,180,932	\$112,558,166	\$129,218,216	\$67,098,908	\$77,957,981	\$0	\$0	\$473,014,203
Non-Innovation Square	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Commercial - Office	\$2,132,932	\$3,129,792	\$3,909,949	\$2,822,945	\$3,856,685	\$5,712,170	\$7,248,038	\$28,812,511
Commercial - Retail/Other	\$2,265,475	\$3,324,281	\$4,152,918	\$2,998,367	\$4,096,344	\$6,067,131	\$7,698,440	\$30,602,957
Hotel - General	\$0	\$5,926,191	\$8,080,965	\$0	\$9,044,075	\$11,714,787	\$0	\$34,766,017
Residential - Non-Student	\$41,959,855	\$42,778,100	\$60,544,016	\$20,629,355	\$14,191,712	\$19,458,221	\$21,863,189	\$221,424,448
Residential - Student	\$2,096,729	\$3,076,669	\$3,843,584	\$2,775,030	\$3,791,224	\$5,615,215	\$7,125,013	\$28,323,464
Tot Non-Innovation	\$48,454,991	\$58,235,033	\$80,531,433	\$29,225,697	\$34,980,039	\$48,567,525	\$43,934,679	\$343,929,397
Total Development	\$134,635,924	\$170,793,198	\$209,749,649	\$96,324,605	\$112,938,020	\$48,567,525	\$43,934,679	\$816,943,600

The Streetcar Models include the anticipation of capital improvements on existing (as of 2013) residential and commercial properties. Table 4-17 is a summary of the capital improvements and values in five year increments resulting from the assumptions of the Streetcar Models.

Table 4-17: Streetcar Models: Capital Improvements Completed (sf) and Their Value (1st year assessment)

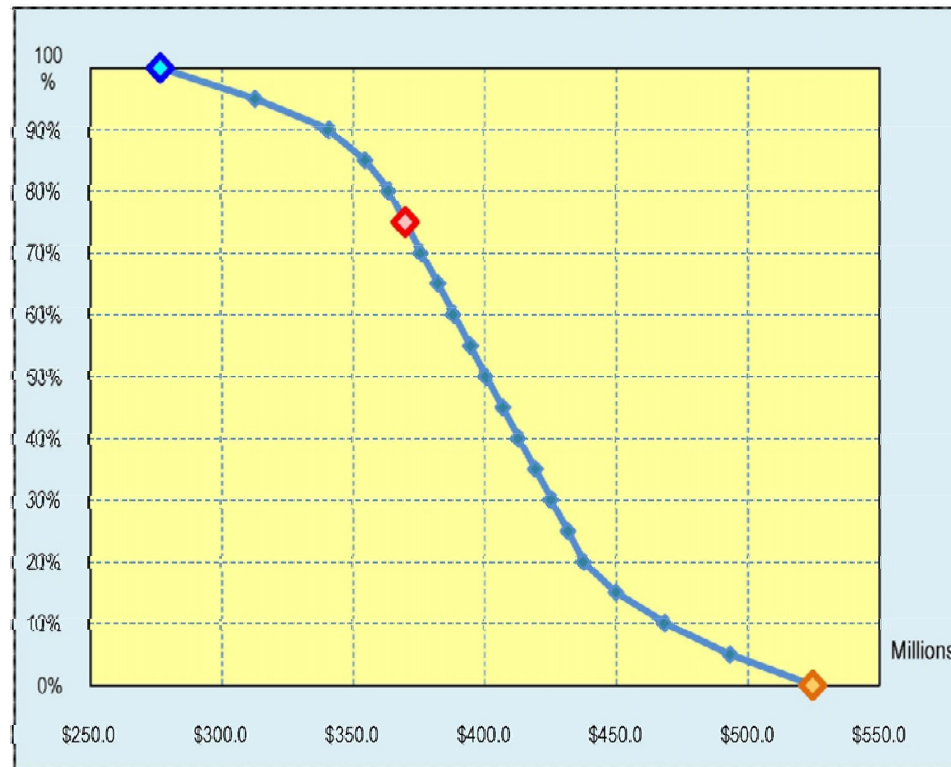
Streetcar Model - Low								
Improvements (sf)	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	24,758	30,948	30,948	18,569	24,758	30,948	30,948	191,875
Commercial	23,051	28,814	28,814	17,288	23,051	28,814	28,814	178,644
Tot Capital Improvements	47,809	59,761	59,761	35,857	47,809	59,761	59,761	370,519
Value	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	\$175,311	\$242,272	\$275,241	\$179,110	\$220,104	\$305,249	\$348,528	\$1,745,815
Commercial	\$167,910	\$232,043	\$263,620	\$171,548	\$210,811	\$292,361	\$333,813	\$1,672,106
Tot Capital Improvements	\$343,221	\$474,316	\$538,860	\$350,658	\$430,914	\$597,610	\$682,341	\$3,417,921
Streetcar Model - Mod								
Improvements (sf)	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	29,710	37,137	37,137	22,282	29,710	37,137	37,137	230,250
Commercial	27,661	34,576	34,576	20,746	27,661	34,576	34,576	214,373
Tot Capital Improvements	57,371	71,713	71,713	43,028	57,371	71,713	71,713	444,622
Value	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	\$219,249	\$311,925	\$370,327	\$252,482	\$326,949	\$467,945	\$560,687	\$2,509,563
Commercial	\$235,192	\$334,606	\$397,254	\$270,840	\$350,722	\$501,970	\$601,456	\$2,692,041
Tot Capital Improvements	\$454,441	\$646,531	\$767,581	\$523,322	\$677,670	\$969,915	\$1,162,144	\$5,201,604
Streetcar Model - High								
Improvements (sf)	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	34,661	43,327	43,327	25,996	34,661	43,327	43,327	268,625
Commercial	35,037	43,797	43,797	26,278	35,037	43,797	43,797	271,539
Tot Capital Improvements	69,699	87,123	87,123	52,274	69,699	87,123	87,123	540,164
Value	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Yrs 31 - 35	Cum Total
Residential	\$316,824	\$464,897	\$580,781	\$419,318	\$572,869	\$848,481	\$1,076,618	\$4,279,789
Commercial	\$362,403	\$531,778	\$664,333	\$479,642	\$655,283	\$970,546	\$1,231,503	\$4,895,488
Tot Capital Improvements	\$679,227	\$996,675	\$1,245,114	\$898,960	\$1,228,152	\$1,819,027	\$2,308,121	\$9,175,277

Probability Distribution

The Streetcar Models were subjected to a probability distribution analysis to identify the range of revenues likely to result from a streetcar investment, particularly the range of values having an eighty (80%) percent probability of achievement. The NPV of the 35-year cumulative incremental taxable values of the three Streetcar Models were the basis of the distribution analysis. The median value was calculated from the resulting values of the Streetcar Models and the values of the distribution spread were calculated from the median value. The NPV analyses followed the standards of the Office of Management and Budget (OMB), Circular A-94: Guidelines And Discount Rates For Benefit-Cost Analysis of Federal Programs. The median taxable value of the Streetcar Models is \$400.7 million, which falls at approximately the 50%

probability distribution.

Figure 4-12: NPV Incremental Taxable Value Probability Distribution



(◆ = Streetcar Model – Low, ◆ = Streetcar Model – Mod, ◆ = Streetcar Model – High)

SECTION 4.7: SUMMARY COMPARISON OF THE BASE MODEL AND STREETCAR TRANSIT MODELS RESULTS

A clear picture of the differences between the Base Model and each of the Streetcar Transit Models is illustrated in Figure 4-13. The incremental taxable values depicted in the graph are cumulative year to year (data points in each Model reflects the cumulative value of all prior year data points) based on the current taxable value of new projects/improvements in their first year of assessment. All Models start at \$0 and a material gap of taxable value develops among the Models over the analysis period – this gap continues to increase beyond the 35th year.

Figure 4-13: Incremental Taxable Values of All Models (Cumulative Year-To-Year)

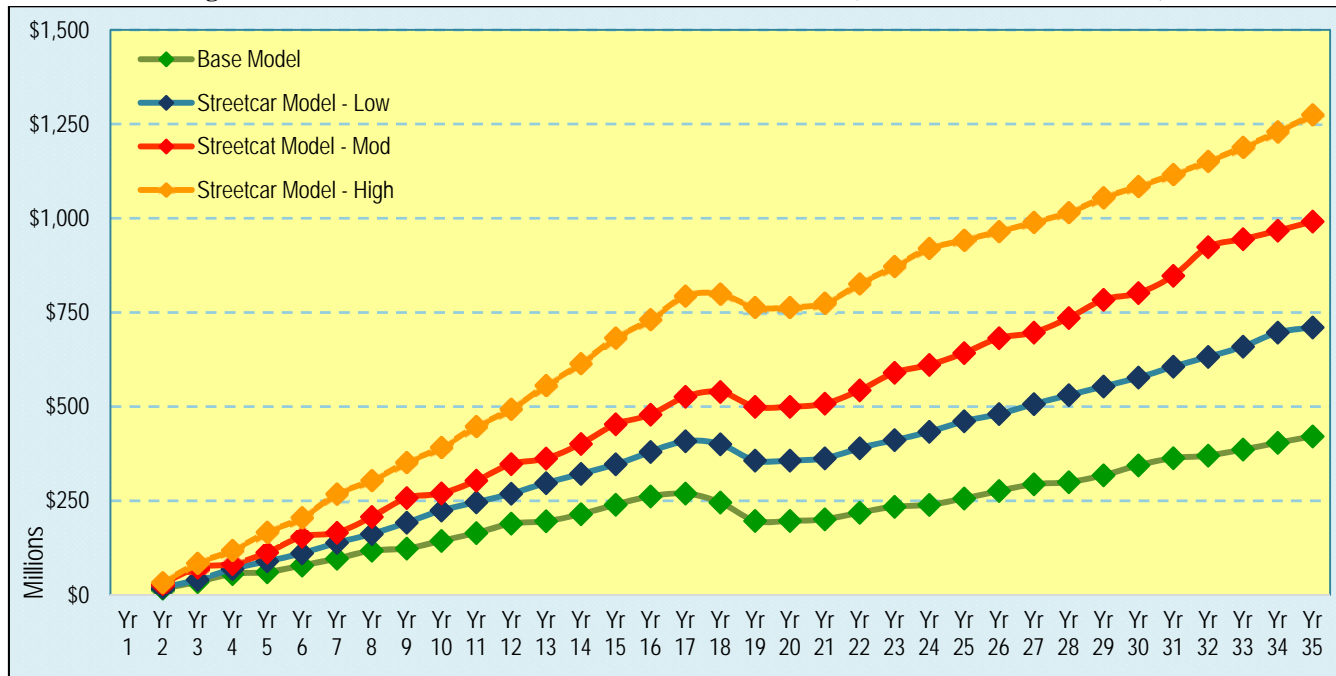


Table 4-18 illustrates the impact of a streetcar system on the tax base by comparing the discounted (NPV) incremental taxable values in the 35-year analyses. The Base Model value is included to highlight the incremental values attributed specifically to a streetcar investment.

Table 4-18: Streetcar System Impacts on the Tax Base (2014 – 2048)

(\$millions)	Net Present Value (Discounted)		
	Mean Expected	90% Probability of Exceeding	10% Probability of Exceeding
Incremental Taxable Value			
Base Model	\$172.1		
Streetcar Models	\$400.7	\$340.7	\$468.5

SECTION 4.8: INCREMENTAL PROPERTY TAX REVENUE / TAX INCREMENT FINANCING

No attempt was made to project future development on the UF campus, which would be tax exempt. The Models assumed all development occurs only along the passenger segments of the Alignments. Most of the Focus Area is within the CRAs with a few parcels outside of the CRAs and the incremental property tax revenue is distributed among the two CRAs and the city general fund. Innovation Square is within the Downtown CRA and the value of its development will accrue to the Downtown TIF. The location of non-Innovation Square development/improvements will be influenced by the property ownership and/or control of land. Revenue from non-Innovation Square development/improvements was allocated

based on the percent of track segment within each CRA. Table 4-19 reflects the calculation of the pro rata impact on the CRAs.

Table 4-19: Alignment Segments – CRA Pro Rata Distribution of Incremental Property Tax Revenue

Alignment Segment	Alignment Length (lf)	% of Total
Service Spur	1,056	9.1%
UF Campus	3,387	29.2%
College Park / University Heights CRA	2,650	22.8%
Downtown CRA	4,519	38.9%
Total Track Length	11,616	
College Park / University Heights CRA	2,650	37.0%
Downtown CRA	4,519	63.0%
Total Track Length In CRAs	7,169	

The non-Innovation Square incremental tax revenue in each Model was split as described above and the incremental property tax revenue impact on the two affected CRAs is reflected in Table 4-20. Again, current dollar and NPV values are included. If any of the incremental property tax revenue is used to support capital and/or operating costs, it will have to be done through a CRA initiative – this has been done in other cities. How, or if TIF funds are used to support the capital costs and/or operating costs is at the discretion of the city/CRA and must consider any current and/or future planned commitments on the use of those funds.

Table 4-20: Incremental Property Tax Revenue Impact (2014 - 2048)

(\$ millions)	Current Dollars				Net Present Value (Discounted)			
	Total	Non-CRA	College Park / Univ Hgts CRA	Downtown CRA	Total	Non-CRA	College Park / Univ Hgts CRA	Downtown CRA
Base Model	\$53.9	\$0.4	\$46.2	\$7.2	\$18.9	\$0.1	\$16.0	\$2.8
Average / Yr	\$1.54	\$0.01	\$1.32	\$0.21	\$0.54	\$0.00	\$0.46	\$0.08
Streetcar Model - Low	\$89.3	\$1.0	\$71.9	\$16.3	\$29.7	\$0.3	\$23.9	\$5.5
Average / Yr	\$2.55	\$0.03	\$2.06	\$0.47	\$0.85	\$0.01	\$0.68	\$0.16
Streetcar Model - Mod	\$126.1	\$1.9	\$96.0	\$28.3	\$40.4	\$0.5	\$30.9	\$9.1
Average / Yr	\$3.60	\$0.05	\$2.74	\$0.81	\$1.16	\$0.01	\$0.88	\$0.26
Streetcar Model - High	\$198.5	\$3.2	\$148.4	\$47.0	\$62.7	\$0.8	\$47.4	\$14.5
Average / Yr	\$5.67	\$0.09	\$4.24	\$1.34	\$1.79	\$0.02	\$1.36	\$0.41

SECTION 4.9: TRANSIT SPECIAL SERVICE DISTRICT REVENUE

The market analysis included an evaluation of *potential* revenue generated in a prospective transit SSD, which is different from TIF revenue in five major ways:

1. SSDs are established by the local jurisdiction (City Council), for a specific purpose, are short term, and must be periodically renewed;
2. Unlike a TIF, SSDs impose an additional millage rate within their borders;
3. SSD revenue is calculated on all properties in the Focus Area and, therefore the word “incremental” is not applicable;
4. SSD revenue is not captured by TIFs; and
5. Revenue generated by county millage is not captured by SSDs.

Establishing an SSD in the Focus Area must be for a special purpose and only makes sense in the case of a “premium” transit service, e.g. a streetcar system. It would be difficult to justify the creation of an SSD simply for a dedicated bus route. Nonetheless, the revenue for a prospective SSD was calculated for the Base Model. A summary of the resulting SSD revenues, both current dollars and NPV, is in Table 4-19.

Table 4-21: SSD Revenue (2014 - 2048)

(\$ thousands)	\$ Current	\$ NPV
Base Model (total)	\$11,067.2	\$3,757.4
Average / Yr	\$316.21	\$107.35
Streetcar Model – Low (total)	\$14,697.4	\$4,633.3
Average / Yr	\$419.92	\$132.38
Streetcar Model – Mod (total)	\$18,714.4	\$5,565.8
Average / Yr	\$534.70	\$159.02
Streetcar Model – High (total)	\$25,980.9	\$7,362.1
Average / Yr	\$742.31	\$210.35

An SSD is an additional tax burden to the property owners. The millage applied to an SSD should be kept low to avoid an excessive burden, which would be undesirable for existing property owners and discourage new capital improvement/development investment. Therefore, transit SSD revenues in smaller cities tend to be highly dependent on significant new capital improvement/development investment. The SSD revenues generated in the Streetcar Models represent approximately 25% to 50% of the total estimated annual operating cost of a streetcar system and provide a material reduction of the contributions needed from the “streetcar partners” providing operational funding support.

SECTION 4.10: JOB CREATION

The market analysis included an evaluation of direct and indirect jobs created by a streetcar investment. This analysis was conducted on the

Streetcar Model – Moderate. (The NPV of incremental taxable value generated by the Streetcar Model - Moderate falls within the 70% to 80% range of the probability distribution.) To facilitate comparison and improve the understanding of the economic benefits derived from a streetcar investment, a job evaluation was also conducted on the Base Model. Only full-time, long-term jobs were calculated in this analysis. All Models will generate direct and indirect construction jobs, which are short-term jobs in the context of a single project.

Direct jobs are specifically associated with new development and renovated existing commercial space. The forecasted new development was broken into major categories and the employment appropriate to each category was calculated. It was assumed new direct jobs would be created by the renovation of existing commercial space due to a higher demand for goods and services and better business performance. The numbers of jobs created by renovated space was discounted from the numbers of jobs created by new development, as these existing businesses are simply adding employees to existing staff. Capital improvements on residential properties generally do not create new jobs.

Indirect jobs are the ripple effect of new direct jobs. This reflects the chain reaction of demand/spending generated by each direct job across all types of jobs in the area, e.g. each research/tech job generates demand/spending for research/tech supplies, personal dining, personal shopping, etc. This ripple effect is already occurring with the existing jobs in Gainesville. Different types of jobs generate different numbers of indirect jobs. Indirect job multipliers specific to the Gainesville MSA were used for these calculations. Direct and indirect jobs created by new development and capital improvements on existing commercial space are reflected in Table 4-20. The numbers of jobs specified in each time period are as of the end of that period and are an accumulation of all previous time periods.

Table 4-22: Job Creation (2014 - 2048)

Base Model	Yr 5	Yr 10	Yr 15	Yr 20	Yr 25	Yr 30	Yr 35
Total Direct New Jobs	540	3,104	5,060	5,725	6,762	8,437	9,687
Total Indirect New Jobs	296	1,961	3,203	3,596	4,275	5,418	6,229
Total New Jobs	837	5,064	8,263	9,321	11,037	13,855	15,916
Streetcar Model - Mod	Yr 5	Yr 10	Yr 15	Yr 20	Yr 25	Yr 30	Yr 35
Total Direct New Jobs	1,846	4,466	6,522	8,019	9,656	10,856	12,840
Total Indirect New Jobs	1,103	2,906	4,126	5,095	6,228	6,927	8,407
Total New Jobs	2,948	7,372	10,648	13,114	15,885	17,783	21,247

It is important to note that not only are more jobs created in the Streetcar Models, but more jobs are created earlier as well. This is consistent with the accelerated overall growth in the Focus Area with the development of a streetcar system as documented throughout this report.

SECTION 4.11: CONCLUSIONS OF THE ECONOMIC DEVELOPMENT IMPACTS ASSESSMENT:

As summarized in the Executive Summary of this report, the economic development potential of Gainesville is significant with or without the development of a fixed-guideway streetcar. Key findings from this report include the following:

- The University of Florida, Shands Healthcare, Innovation Square, and other community assets, the astute governance of the city and community services provided, and the natural charm of the area make Gainesville a highly desirable and economically stable community. This will continue to be the case with, or without, a fixed guideway streetcar system.
- The growth of new development, the increasing tax base, and the creation of jobs will continue beyond the 35-year analysis period. The gap between the incremental taxable values of the Base Model and the Streetcar Models will continue to increase through the future. With a streetcar system, declines during downturns in the 18-year real estate cycle will be less severe in the Focus Area, generally, than other parts of the City.
- Innovation Square has no direct competition for tenants and/or attracting high-tech corporate start-ups/relocations in Gainesville. However, Gainesville and Innovation Square are competing with other “Brain Hub” cities and research parks across the US and internationally. A streetcar system in Gainesville will not be a primary decision factor for potential tenants/businesses choosing Gainesville and Innovation Square. However, a streetcar system (fixed guideway transit) could be an important amenity, and potentially a deciding factor, in close competitions. The development of Innovation Square will:
 - Create a major economic engine, with or without a streetcar system. A streetcar system will accelerate the IS development time frame and the acceleration will be greater than any non-rail transit system can provide. The acceleration will begin upon the city’s commitment to construct a streetcar system.
 - Require improved transit support (streetcar or bus) as it evolves, to avoid significant traffic congestion in and around the area.
 - Require the development of significant parking support (garages) as it evolves. These garages will occupy land that could be used for tax-producing development (lost opportunity cost). With a streetcar system, fewer parking spaces will be required for tenants/residents (the reduction will be greater than a non-rail system can provide) and required garages could potentially be built on less valuable outlying land elsewhere on the streetcar line.
 - Eventually stimulate the demand/development of non-student, multi-family residential in the Focus Area - attractive to high-wage adult professionals and educators. A streetcar system will accelerate the viability of this type of product - the acceleration will be greater than any non-rail transit system can provide. The wider range of housing opportunities has the potential of attracting a workforce with a wider range of skills, ages and income levels, a greater number of companies/tenants for Innovation Square and other projects, and improving the retention of graduates from UF and Santa Fe College.
 - Create a critical mass of new office, retail/restaurant, and residential uses. This will create a new, major activity center between downtown and UF. Absent a permanent streetcar transit connection, over time it may be increasingly difficult to maintain the vitality and viability of downtown’s redevelopment efforts. Conversely, a streetcar system linking the two areas will minimize the perceptual differences between the areas, and make them feel as one.
- As shown in the Base Model, economic growth and development is expected to occur throughout the 2014-2048 (35 year) study timeframe in the City of Gainesville. However, it is expected that the implementation of a streetcar system will increase/expedite these positive economic impacts significantly through the study timeframe. Some key differences between the Base Model and Streetcar Moderate

Model for the study timeframe include the following:

- Expected total new development (residential and non-residential) of 3,958,864 sq ft in the Base Model, versus 7,307,681 sq ft in the Streetcar Model - Moderate (an increase of 84.6%).
 - Expected capital improvements (residential and non-residential) to 222,311 sq ft of existing development in the Base Model versus 444,622 in the Streetcar Moderate Model (an increase of 100.0%).
 - A cumulative increase in direct/indirect jobs of 15,916 for the Base Model versus 21,247 in the Streetcar Moderate Model (an increase of 33.5%).
 - An increase in cumulative incremental taxable value (discounted) of \$172.1 million for the Base Model versus \$400.7 million for the median value of the Streetcar Models (an increase of 132.8%).
- As discussed above, it is expected that the development of a streetcar system within the Focus Area could have significant long term positive economic impacts. However, these impacts must be ultimately be weighed against the long term operating costs of such a system and other local budget priorities, before determining whether it is a good investment. This comparison of costs and benefits will be done at a cursory level in the final Feasibility Study, but more detailed analysis is recommended in future studies.

Ultimately the decision as to whether to move forward with the development of a streetcar system will need to weigh the transit and economic benefits against the short term capital and long term operating costs of the system. Investment in a capital intensive technology such as streetcar will require significantly more money to maintain and operate. While a major contributor to its economic development benefit, a streetcar system requires a significant long-term financial investment from the community. It will be important for the City to understand the full range of costs and benefits to ensure that investment in a streetcar system will not greatly affect the City's abilities to meet other long term liabilities.