



**Massachusetts Bay
Transportation Authority**

Own Source Revenue Update

Richard Henderson, Chief Real Estate Officer

A & F Subcommittee

September 12, 2024

Agenda

- MBTA Own Source Revenue Performance
 - Parking
 - Advertising
 - Real Estate
- Comparison to Peer Agencies
- Value Capture Mechanisms
- Summary



MBTA Own Source Revenue Performance



Defining Own Source Revenue

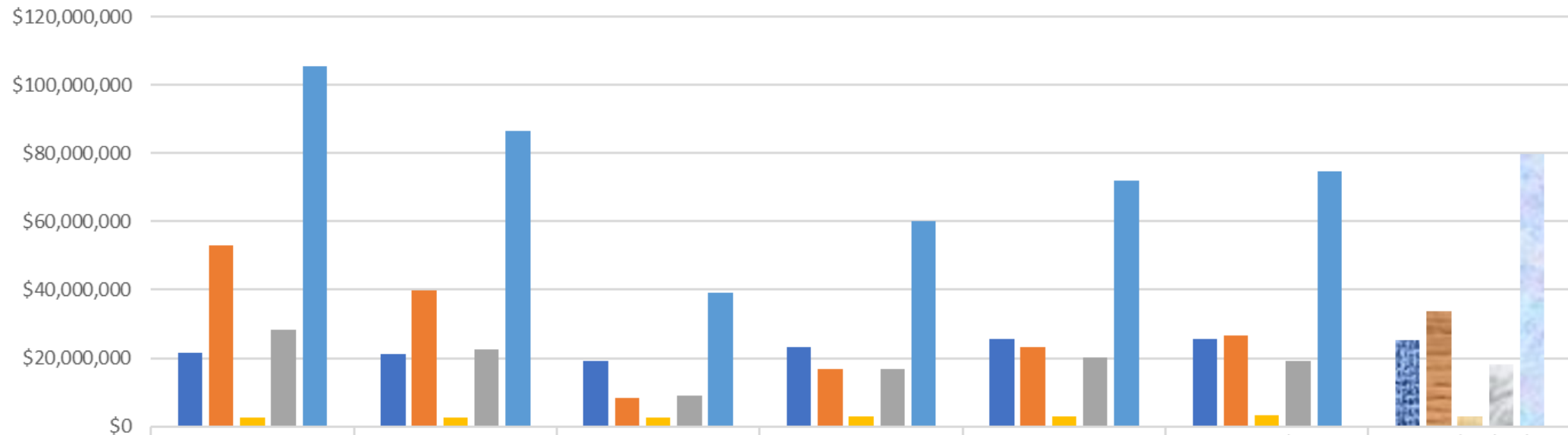
- The MBTA's Operating Budget is supported by:
 - **Non-Operating Revenues** (Subsidy)
 - **Operating Revenues** (Fares, Own Source)
- Own Source Revenue is primarily made up of Real Estate, Parking, and Advertising

FY25 Budget			
Revenue Type	Line Item	% of Total Revenue	Operating vs. Subsidy
Operating Revenues	Fare Revenue	15%	19%
	Own Source Revenue	3%	
	Other	1%	
Non-Operating & Subsidy Revenues	Sales Tax	54%	81%
	State Assistance	13%	
	Federal Assistance	7%	
	Local Assessments	7%	
Total Revenue		100%	100%



Historic Performance of Own Source Revenue

Annual Own Source Revenue (Fiscal Year)



	FY19	FY20	FY21	FY22	FY23	FY24*	FY25 (Budget)
Real Estate	\$21,520,404	\$21,211,318	\$19,109,145	\$23,364,002	\$25,431,960	\$25,626,544	\$25,111,071
Parking	\$53,029,847	\$39,948,432	\$8,334,053	\$16,862,396	\$23,368,633	\$26,685,758	\$33,827,198
Other Operating Revenue	\$2,735,973	\$2,704,131	\$2,687,580	\$2,927,828	\$2,965,060	\$3,274,009	\$2,820,696
Advertising	\$28,281,952	\$22,542,004	\$8,894,878	\$16,937,175	\$20,135,017	\$19,039,636	\$18,077,054
Total	\$105,568,176	\$86,405,885	\$39,025,656	\$60,091,401	\$71,900,670	\$74,625,947	\$79,836,019

■ Real Estate ■ Parking ■ Other Operating Revenue ■ Advertising ■ Total

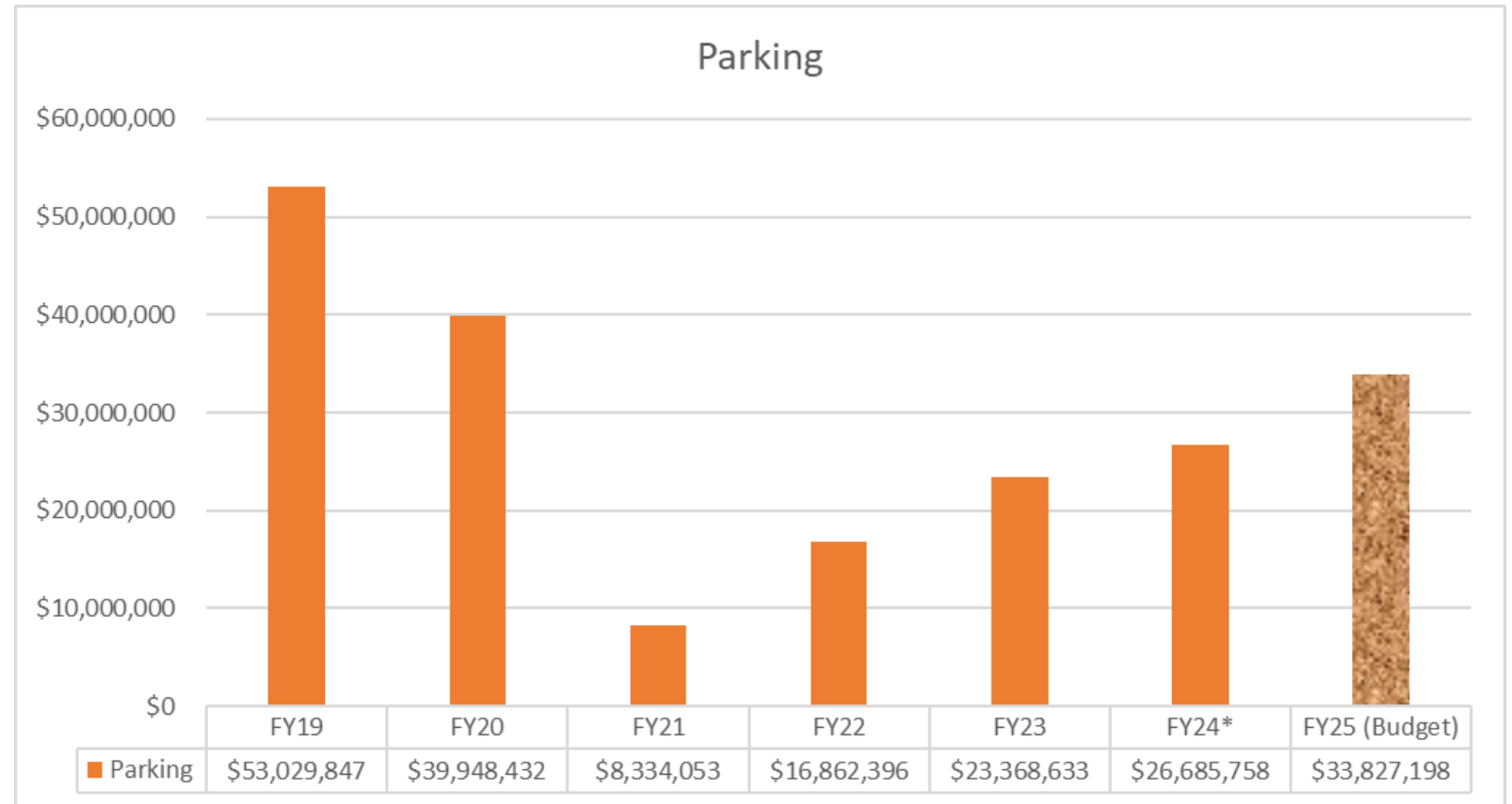
*Pending FY24 Audited Financials



Parking

Initiatives:

- New parking enforcement technology
- Improving state of good repair
- Price adjustments and partnership deals



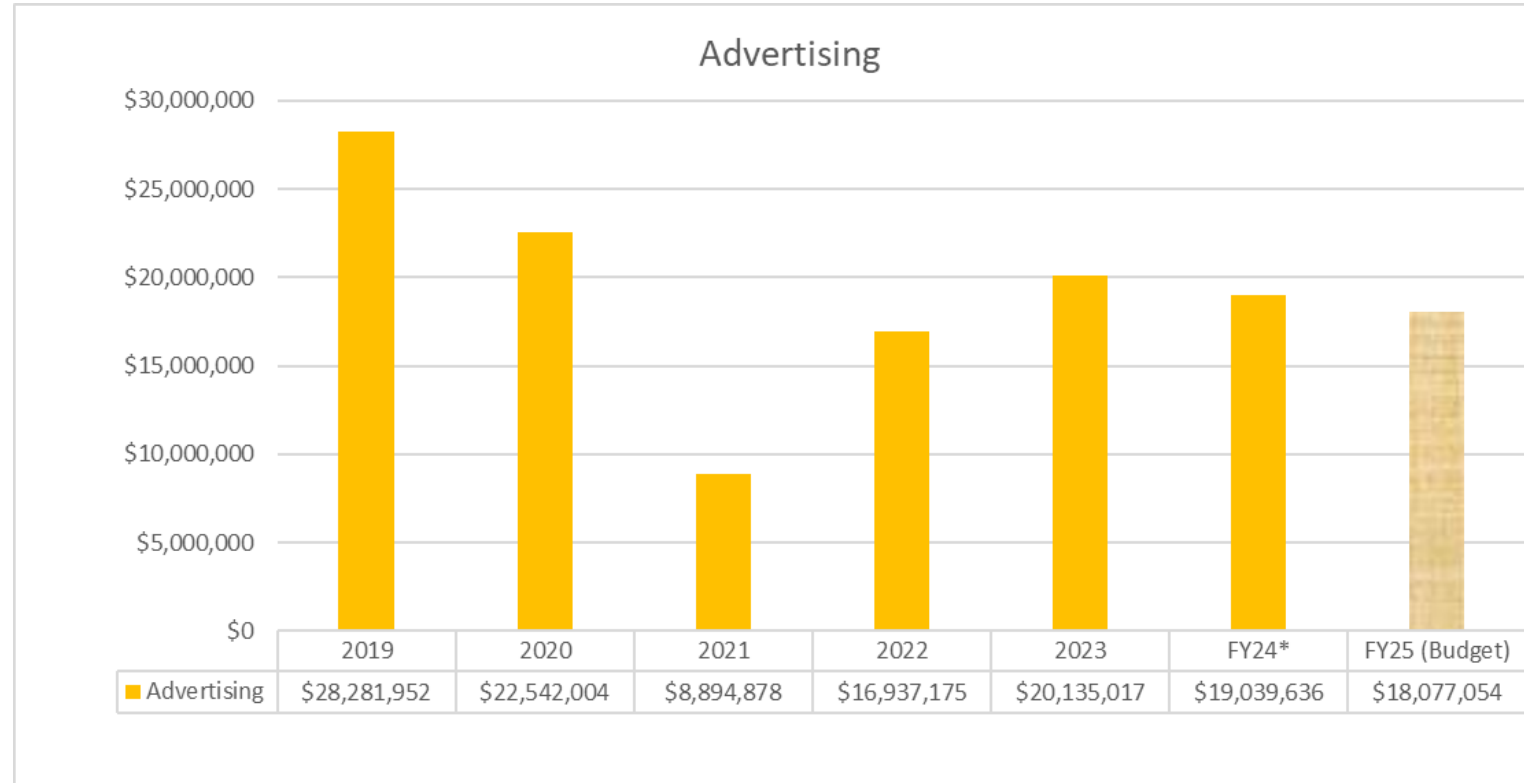
*Pending FY24 Audited Financials



Advertising

Initiatives:

- Converting Billboards to Digital
- Digital Advertising Screens at station entrances
- Street Furniture at Bus Stops
- Process improvements for posting advertising



*Pending FY24 Audited Financials



Real Estate

Initiatives:

- Exploring impact of new technology on telecom/utility
- Assessing owned and leased property for efficiency and best use
- Advancing Transit-Oriented Development (TOD) opportunities
- Advocating for mitigation



*Pending FY24 Audited Financials

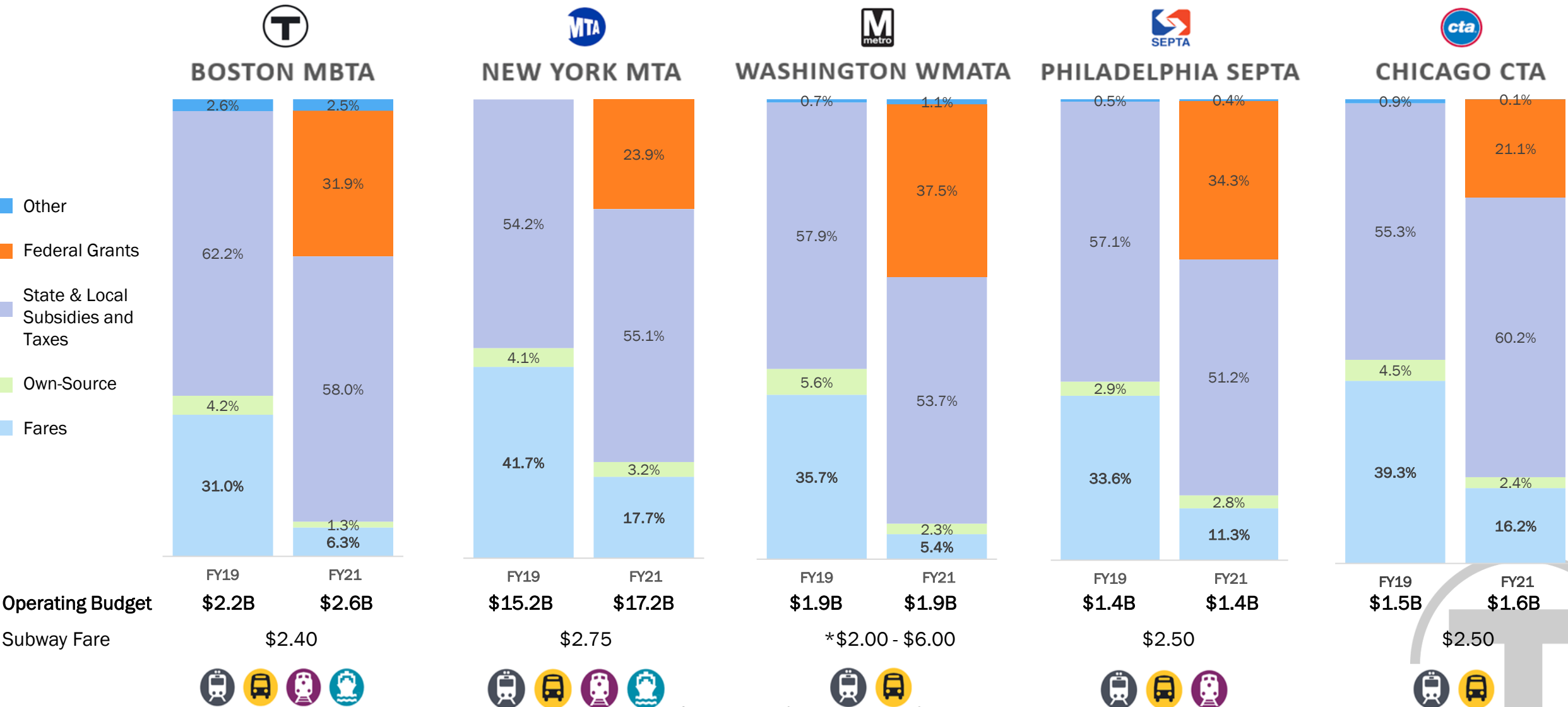
- *Includes South Station Bus Terminal managed by RE*
- *\$26m in one-time transactions not included*



Comparison to Peer Agencies



Peer Revenues for Operations by Category: 2019 and 2021



Operating Budget

FY19 FY21 FY19 FY21 FY19 FY21 FY19 FY21 FY19 FY21

\$2.2B \$2.6B \$15.2B \$17.2B \$1.9B \$1.9B \$1.4B \$1.4B \$1.5B \$1.6B

Subway Fare

\$2.40 \$2.75 *\$2.00 - \$6.00 \$2.50 \$2.50



Chart for Discussion & Policy purposes Only
*depends on distance and time of day

Value Capture Mechanisms



Value Capture for Transit

What is Value Capture?

- Public financing strategy that recovers a portion of the **value created by a public improvement** to help pay for that public improvement
- Typically takes the form of **public-private partnerships**, where revenues generated by private development (e.g. taxes or fees) are used to leverage public investment
- Value capture tools for transit can include Tax Increment Financing, Joint Development, Developer Impact Fees and Special Assessment Districts

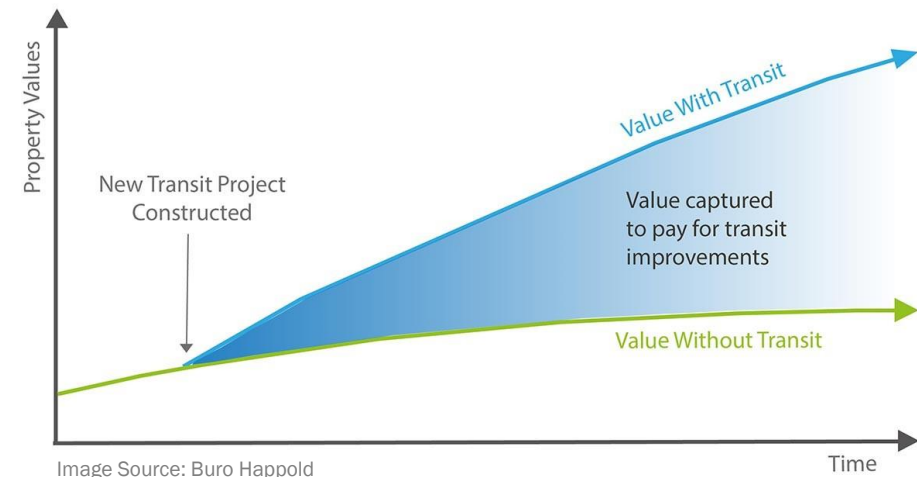


Image Source: Buro Happold

Transit Tax Increment Financing

Overview

- Tax Increment Financing (TIF) is a tool primarily used to leverage future property tax revenues from new development to support infrastructure development in a defined area.
- The typical TIF structure has been adapted for transit-only use by establishing TIF boundary as the area immediately adjacent to the transit improvements to capture all nearby revenue growth for new and existing properties.

Example: CTA Red and Purple Modernization Project, Phase I

- \$1.5B project including rail upgrades, station reconstruction and new junction flyover on a 5.6-mile segment of rail corridor.
- Incremental revenues from Transit TIF boundary a half-mile around entire corridor used both on pay-as-you-go basis and to secure a \$0.6B federal TIFIA loan.



Image Source: Streetsblog Chicago



California Special Assessment Districts

Overview

- California Special Assessment Districts (“Mello-Roos Districts”) are intended to generate value from residential property owners within a specific district to support public improvements.
- Mello-Roos assessments are additional levies on new and existing residential property. Tax amount may be based upon home square footage, frontage area, parcel size or other factors. Assessments typically do not exceed 1.0% - 1.5% of a home’s market value.
- Establishing Mello-Roos District requires two-thirds approval of property owners.

Example: San Francisco Transbay Terminal

- 140-acre Mello-Roos district surrounding the terminal generated approximately \$200M for \$1.6B project

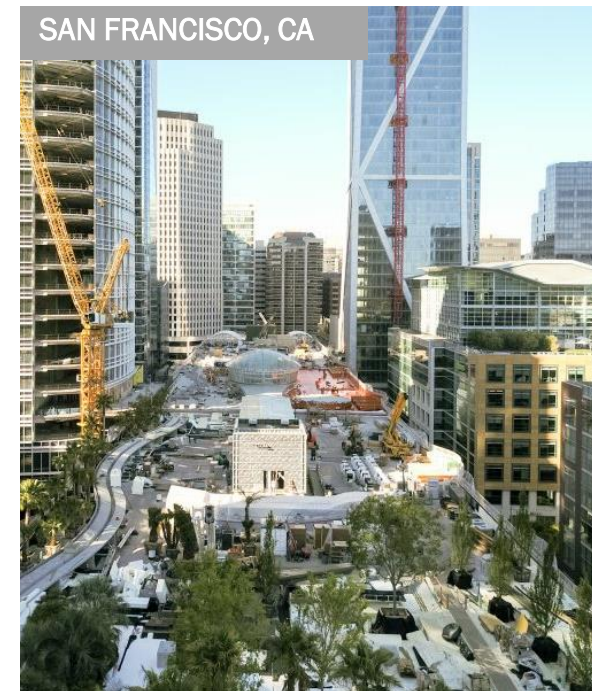


Image Source: SF High-Rises



Summary

- Advertising, Parking and Real Estate are sensitive to ridership trends and there can be tradeoffs between maximizing revenue and priorities of safety, service, and state of good repair.
- We are continually advancing Advertising, Parking, and Real Estate initiatives to grow net revenue.
- Peer agencies' Own Source Revenues are roughly comparable in percentage terms and also took a hit during the pandemic.
- Some peers have begun to use value capture to fund transit projects, although this is not a major cash generator for operations.



MBTA Recent Revenue Presentations

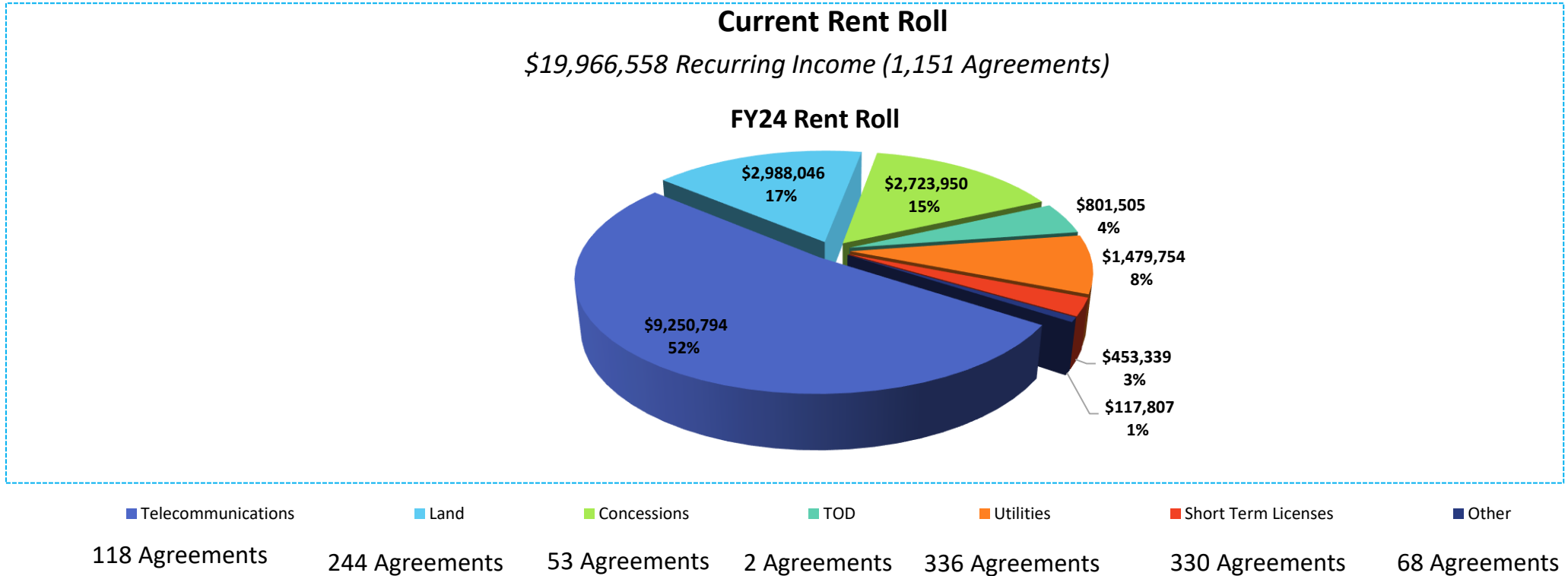
- [Own Source Revenue: May 2024](#)
 - [Revenue Opportunity](#): Converting static billboards into digital billboards
 - Digital billboards generate between \$1M - \$2M in annual revenue, as opposed to \$200K for static billboards
 - [Revenue Opportunity](#): Adjusting parking pricing
 - Last pricing change was in 2018.
- [Transit Oriented Development: May 2024](#)
 - [Presentation Summary](#): MassDOT can engage in Design, Build, Finance, Operate and Maintain (“DBOM”) agreements with developers that can be revenue generating for MassDOT. MBTA does not explicitly have the ability to do this, which forces the MBTA into complex agreements with multiple parties to accomplish what should be done on a single contract.
 - DBOM Agreements are expected to be a limited but positive revenue generator for the MBTA
- [FY25 Final Budget: June 2024](#)
 - [Presentation Summary](#): Board-approved budget for FY 25 outlining the revenue assumptions for the fiscal year
- [Source of Community Value Study: June 2024](#)
 - [Presentation Summary](#): Revenue opportunities available to the State which could support transportation.
- [History of Funding Update: August 2024](#)
 - [Presentation Summary](#): Review of past revenue raising efforts by the Commonwealth



Appendix



Real Estate Rent Roll



Note: above represents in place occupancy agreements, not inclusive of admin and other processing income.



Advertising Initiatives



- Re-procured Systemwide Advertising Concession with Industry-leading terms
- Updated advertising guidelines to allow alcohol advertising in some locations
- Piloted digital advertising panels at select stations

- Started large-scale deployment of digital advertising panels across network
- Launched new formats for outdoor advertising including full bus and train wraps
- Debuted real-time subway arrival information on digital panels inside stations

- Installed first Digital Urban Panels at station entrances
- Re-vamped static advertising inventory at North and South Stations
- Added bus arrival information on Digital Urban Panels at station entrances

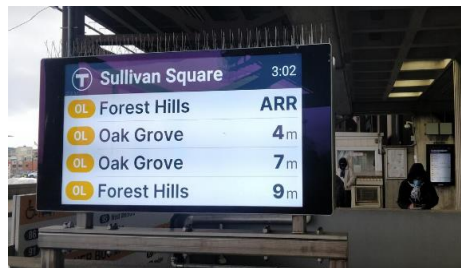
- Completed installation of 650+ digital advertising panels across the rapid transit network
- Procured Outdoor Information Panels to provide roadside customer information

- Re-procured Street Furniture Concession to provide sustainable operations, maintenance, and snow removal for bus shelters across the network
- Secured funding to support Street Furniture deployment
- Installed first Outdoor Information Panel

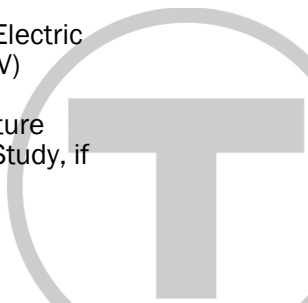
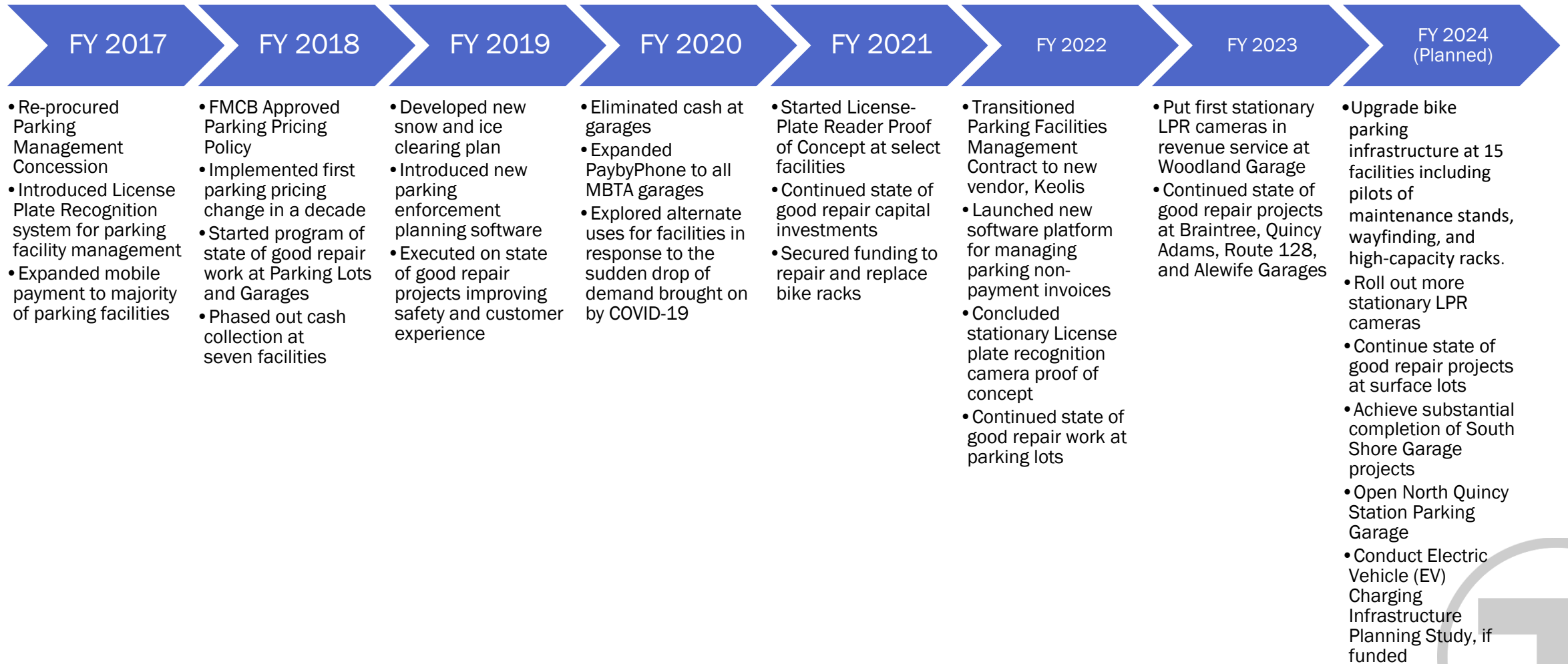
- Installed first Information Kiosk at Maverick Station
- Converted two Outdoor Information Panels from static to digital faces on roadsides
- Installed first Customer Information Displays at seven rapid transit stations

- Installed Information Kiosk at Roxbury Crossing, Nubian, and Kenmore stations
- Deployed new digital customer and advertising panels on rapid transit network

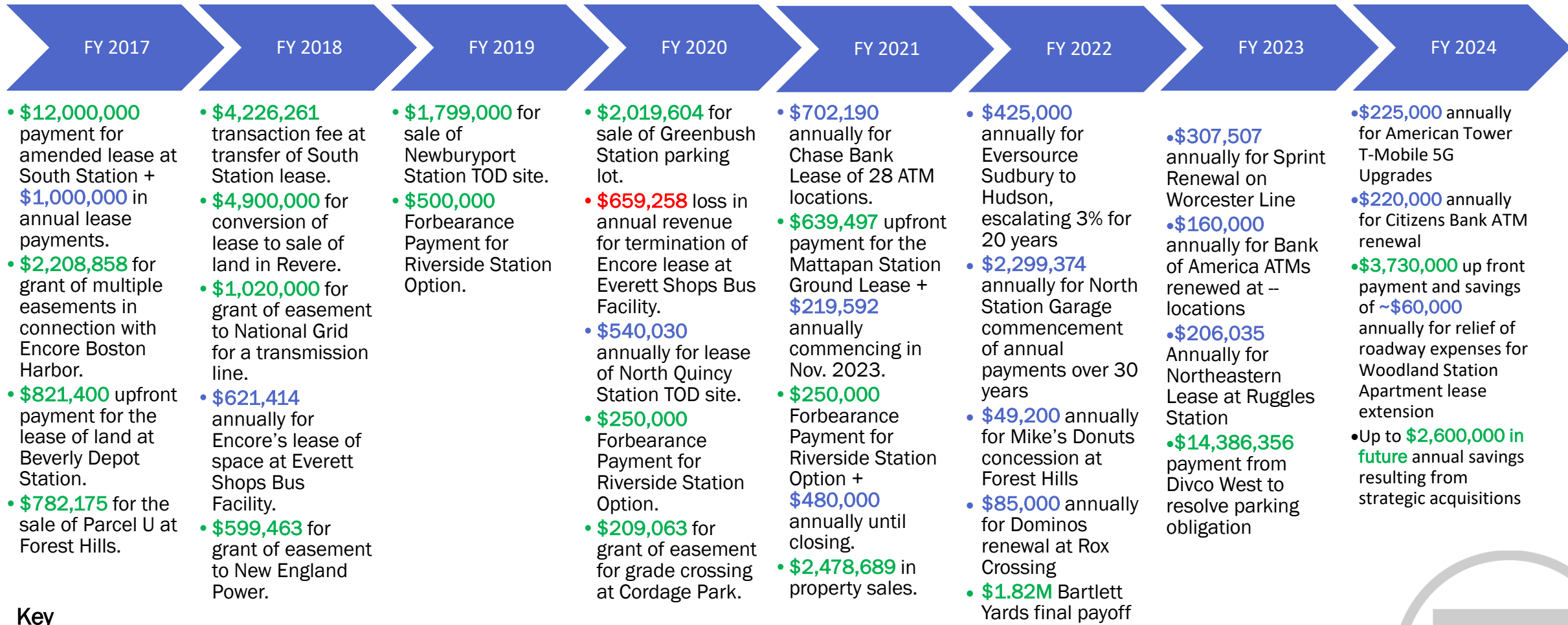
- Deploy additional Digital Urban Panels displaying multi-modal arrival information at more Rapid Transit Stations
- Deploy 250 Customer Information Displays dedicated to MBTA Real-Time Customer Information
- Deploy 24+ Bus Shelters and additional Information Kiosks across the region



Parking and Station Access Initiatives



Real Estate Revenue Highlights



Key

Recurring Revenue

One-Time Revenue



MBTA Transit Oriented Development Projects 2004-24

Project Status	Units	Affordable Units	Commercial SF	Value to MBTA	In Kind	Cash*
COMPLETED: 18 Projects	4,976	1,139	4,885,375	\$ 87,913,548	\$ 39,970,000	\$ 47,943,548
UNDER CONSTRUCTION: 6 Projects	1,466	313	1,648,683	\$185,472,059	\$170,000,000	\$ 15,472,059
IN PERMITTING: 8 Projects	1,715	667	1,777,200	\$ 66,455,000	\$ 47,000,000	\$ 19,455,000
GRAND TOTAL	8,157	2,119	8,311,258	\$339,840,607	\$256,970,000	\$ 82,870,607

* Actual one-time payment or net present value of rent stream



MBTA Transit Oriented Development Projects 2004-24

Project	Lessee/Developer	Units	Affordable	Commercial SF
Completed Projects				
Arborpoint at Woodland Station	National Development	180	45	N/A
The Carruth at Ashmont Station	Trinity Financial	116	74	38,000
Parcel 1A - Avenir at North Station	Trinity Financial	241	17	30,000
Hingham Shipyard	Samuels	479	24	240,000
225 Center Street at Jackson Square	JPNDC	438	291	60,000
Avalon North Station	Avalon Bay	503	54	3,575
Parcel U	Urbanica	102	78	2,660
Beverly Depot	Barnat Development	67	14	4,500
Boston Landing	NB Development Group	295	38	730,000
Assembly Row	Federal Realty	1843	230	3,385,000
Roxbury Crossing (Phase 1)	Mission Hill NHS	88	40	196,000
Newburyport	Minco	76	16	N/A
25 Amory Street - Jackson Square	JPNDC	44	44	N/A
125 Amory Street - Jackson Square	Urban Edge	62	62	N/A
250 Centre Street - Jackson Square	The Community Builders	112	45	2,140
Mattapan Station	POAH/Nuestra	135	70	10,000
Waterfront Square	Eurovest/Redgate	320	N/A	175,000
Scituate - Greenbush Station	Drew Company	77	11	13,000
TOTALS		4,976	1,139	4,889,875
Projects Under Construction				
Roxbury Crossing (Phase 2)	Mission Hill NHS	46	46	N/A
Bartlett Place	Nuestra/Windale	323	194	54,000
Fenway Center	Meredith/IQHQ	312	47	228,000
South Station Air Rights (Phase 1)	Hines	175	26	711,000
North Quincy Station	Bozzuto/Atlantic Development	610	*	55,000
Parcel 12, Boston	Samuels	N/A	N/A	655,683
TOTALS		1466	313	1,648,683
Projects in Permitting/Design				
Roxbury Crossing (Phase 3)	Mission Hill NHS	94	94	N/A
Salem Crescent Parcel	Winn Companies	120	48	N/A
66 Cambridge Street, Boston	Fallon Company	n/a	n/a	812,000
Riverside Station	Mark Development	602	194	10,000
Waterfield Place, Winchester	Civico	60	40	1,200
21 Elm Street, Swampscott	Winn Companies	114	76	N/A
Parcel 13 - Hynes Station Air Rights	Peebles	125	125	300,000
Back Bay Station	Boston Properties	600	90	654,000
TOTALS		1,715	667	1,777,200
GRAND TOTAL		8,157	2,119	8,315,758

*\$5 million contribution to the City's Affordable Housing Fund