



Elgin Station Initiative And Related Growth Trends

Phase I Analysis 2007



Table of Contents

Elgin City Council & EDC Board Members 1

Executive Summary 2

Elgin Study Area Map 4

Overview 5

Growth: Marching Eastward 5

Austin's Desired Development Zone: East Toward Elgin 6

Highway Transportation 6

Growth is Here: The Role is Commuter Rail 7

Elgin's Efforts 7

Downtown Elgin: Preserving Heritage 9

Capital Metro & the Rail Through Elgin-The Circle is Unbroken 10

Capital Metro: Connecting Manor & Elgin 11

Bulletin: Growth Will Roll Into Elgin: Passenger Rail to Follow Soon? 12

Infrastructure: Utilities & Transportation 13

Utilities 13

Water 13

Wastewater 14

Transportation 14

Electric & Telecom 15

Natural Gas 15

Environmental: Parks, Recreation, Greenspace, Drainage, Water Quality 16

Context for Walkable Mixed Use Development 17

Urbanism 17

Public Sector Benefits 20

FEMA Map 24

Feasibility & Final Projections 25

Conclusion 27

ELGIN TEX.

Elgin City Council Members:

Gladys Markert, Mayor (At-Large)

Sylvia Ramirez, Mayer Pro-Tem., Ward 2

Stephen Kylberg, Deputy Mayor Pro-Tem, Ward 4

Theresa McShan, Ward 1

Theresa Scott, Ward 1

Anthony Ramirez, Ward 2

W.C. Estes, Ward 3

Pat Frenzel, Ward 3

Joey Miller, Ward 4

Elgin Economic Development Corporation Members:

Sylvia Ramirez, President

Janet Masek, Vice President

S.H. McShan, Secretary

Molly Alexander

Jeff Carter

Lynn Cottle

Stephen Kylberg

Economic Development Corporation Director

Amy Miller

City Manager

Jeff Coffee

Executive Summary

The area east of Austin is one of the last areas to see Austin's long-sustained growth. While development trends ebb and flow, Elgin is straight in the path of Austin's growth pattern. Leadership in the City of Elgin has seen this growth trend and has commissioned this study to look at a specific method of how to handle that trend. That method would be to utilize the concept of walkable, mixed-use (residential and retail intermixed) neighborhoods.



Two areas of Elgin are the subject of this study. A portion of the northwest quadrant of the City, which the marketplace should find most attractive because of its proximity to Austin, is primary. Additionally, the downtown is the other component of the study area. Downtown Elgin is a jewel that awaits discovery by retailers, potential residents, and artists. It has the added benefit of a cluster of existing infrastructure, and features two restored 19th century rail depots. The northwest quadrant, rural in nature now, is called 'West Elgin Station' in this study; downtown Elgin is simply 'Elgin Station'.



Elgin is a city that owes its existence to the railroad. It is no secret that the potential for commuter rail service by Capital Metro, the Austin transit authority, has provided an impetus for this study. However, this document is, in essence, a study for determining the feasibility of clustered development that is walkable and mixed use. This study does not rely on commuter rail to make that type of development in Elgin possible.



Capital Metro leadership has intensified their efforts to study use of existing rail lines to

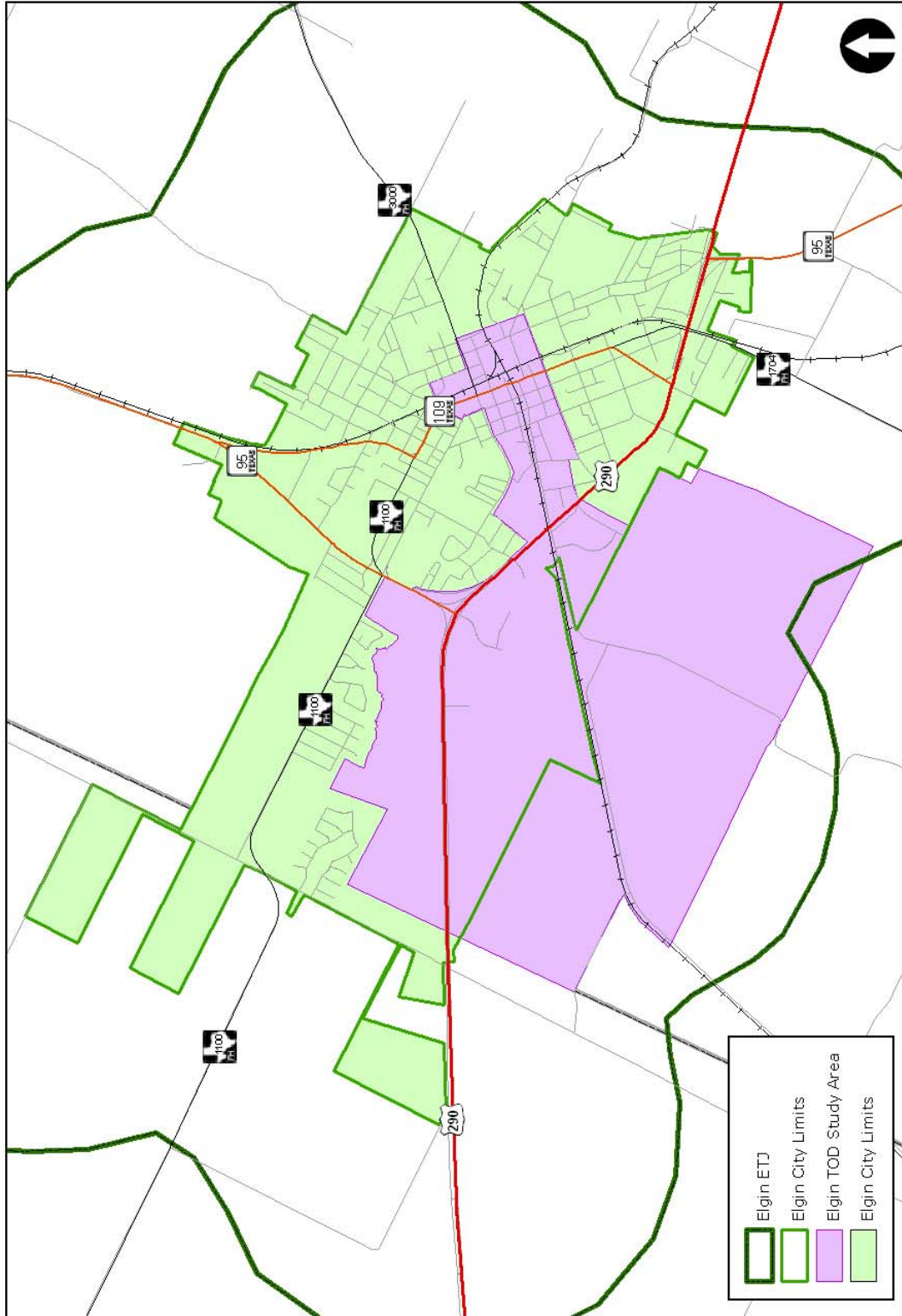
provide commuter rail service to Manor and Elgin, after the opening of the Red Line in late 2008. That line, authorized by voters in 2004 from Leander to downtown Austin, takes advantage of century-old existing rail that CMTA already owns, which also connects Elgin to Austin.

With this in mind, the city Economic Development Corporation has optioned 80 acres in the northwest quadrant of the city for a potential rail station and mixed-use development. A key question the City wanted to answer with this study is the value to Elgin of the mixed use model of development, versus the conventional method of development, which is often defined as tract home and strip mall development. Our conclusions, based on economic data and infrastructure information are detailed in the last section of this report.

It is our conservative conclusion that under a 50-year build-out of the two different scenarios, the mixed-use scenario will yield a total property value (and additional tax base) of \$1.486 Billion dollars, with the conventional build-out totaling \$821 million, a difference of \$665 million over a 50-year period. Mixed-use property value build-out is projected to accelerate with commuter rail, especially in the West Elgin Station Area. However, this increase is not dependent on commuter rail.

The \$665 million advantage of mixed-use development delivers an additional \$13.3 million per year in property value over conventional development. This scenario contributes significantly more dollars to City revenue over the life of the Initiative. Seen in this light, public policy that facilitates this approach promises to pay substantial dividends.









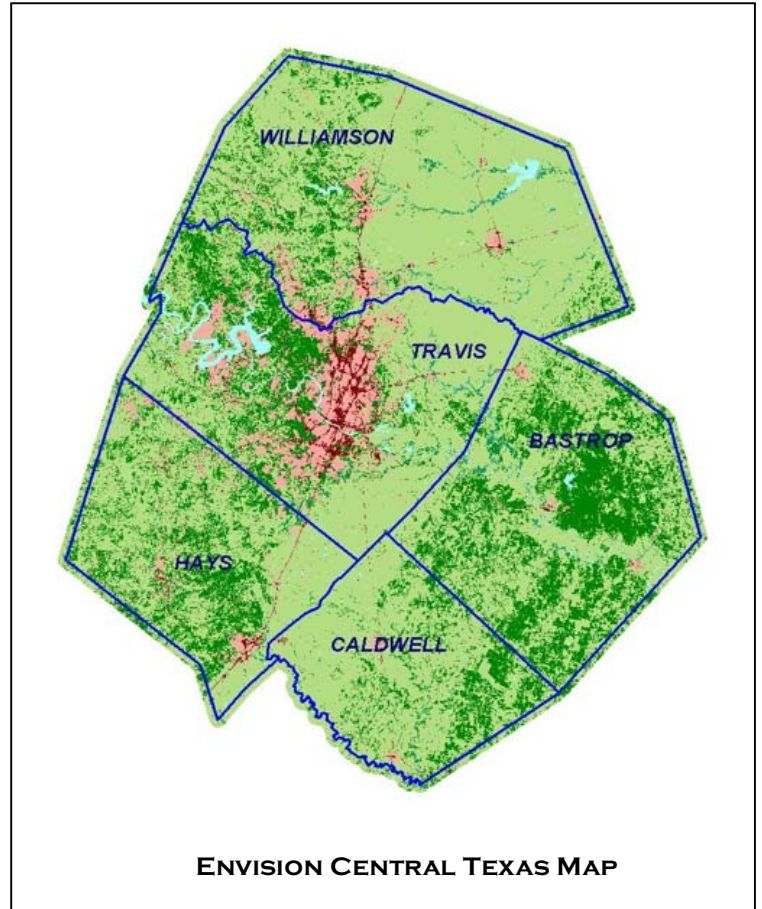
Elgin Station Initiative Study Area

OVERVIEW

Growth: Marching Eastward

Explosive growth in Central Texas is well documented, perhaps even over-documented. There is no doubt, however, that several factors are driving that growth east of the Austin area, steadily into the Manor and Elgin jurisdictions. It is typical that real estate and development slows and speeds according to economic pressures, but there is no doubt, in 2007, that Elgin is straight in the path of Central Texas growth.

While increased development of conventional residential subdivisions continues to move forward in this part of the Austin Metropolitan Area, there is still a period of time to study and implement patterns of walkable, mixed-use development. This type of growth can build property values and help provide the needed infrastructure investments by the city of Elgin in specific zones or neighborhoods, minimizing the costs of design and construction, and the cost of infrastructure to taxpayers.



Austin's Desired Development Zone: East toward Elgin

The struggles over development in the fragile hills and limestone caves of west Austin and Travis county in the 1980's led the City of Austin (COA), in the 1990's, to develop policies that guided growth towards the eastern portion of the city and the county. Those policies are still in place, and slowly, with the initiation and completion of the first phase of the State Highway (SH) 130 toll road project, residential development has begun to take root in Manor, but also east toward Elgin.



STATE HIGHWAY 130

Highway Transportation

The major east-west U.S. highway through Austin is U.S. Route 290, which connects Austin to Houston, through towns such as Manor, Elgin,

Giddings and Brenham, among others. As with many highways in major urban stretches in Texas, U.S. 290 on the east side of Austin is choked at both daily rush hours, and can suffer critical and fatal accidents at any time of the day. The large majority of the subdivisions that have sprung up east of Austin are immediately adjacent to U.S. 290

Annoying on a daily basis for automobile commuters is the number of stoplights on 290 from Elgin into Austin. The chances for an improvement of 290 (widening and elevating certain stretches) are casualty to another modern Texas fact of life: the state highway department, TXDOT, claims few resources from their current revenues to help with the problem.

A recently created tool for transportation planning and implementation is Regional Mobility Authorities. With the encouragement of the Texas Legislature and TXDOT, the Central Texas Regional Mobility Authority, has proposed a toll road solution for U.S.290 expansion as recently as 2006.

Residential growth east of Austin is not just coming, it is here. An indisputable result of that growth is people, and the need to move them to and from Austin, for jobs, shopping and entertainment. How can that be accomplished if highway construction is slowed?

Growth is Here: The Role of Commuter Rail

For reasons discussed above, and later in this report, it is a foregone conclusion that residential and commercial growth is a fact of life for the future of Elgin. A key part of this Phase 1 study is to help project when, how, and where this growth occurs, so that the tax base growth is maximized, and city investment in infrastructure is leveraged. The result of that form of planning is that in the future there will hopefully be more tax dollars available for ball fields, parks, police, and infrastructure improvements.

Without a crystal ball, this is a difficult process, but the elements of walkable, mixed-use neighborhoods have proven to be a useful strategy for many towns and cities in similar growth patterns. That type of growth is a philosophy of city planning that advocates for concentrated growth in central parts of a city, or new development, to limit the need for expensive infrastructure (sewer, water, electricity) investments by the city. Direct results of this type of development are easy to walk to neighborhood centers, and the concentration of people (density) to make public transit effective.

A major component of planning for this pattern of growth for the City of Elgin is the potential of commuter rail for the city. Existing rail lines

crisscross in the center of Elgin, both currently carry freight. Capital Metro, a Metropolitan Transit Authority (CMTA), owns the line that runs east-west while the north-south line is a heavily-utilized freight line owned by the Union Pacific railroad.

Capital Metro's initial foray into commuter rail will be initiated in the latter part of 2008, from Leander to downtown Austin, along another segment of the CMTA owned tracks. Discussion began late in 2006 about future expansion of commuter rail along existing track, elsewhere.



COMMUTER RAIL CAR

Elgin's Efforts

Given the existence of the Capital Metro rail line through Elgin, and the refurbishment of the line for freight traffic use east toward Giddings over the past few years, the potential for passenger rail has never been far from the minds of city leadership

In 2005, the Economic Development Corporation invited Mayor John Cowman of Leander to Elgin. Cowman, a leading advocate for commuter rail in the Austin region, described the process Leander took leading up to the successful vote in the CMTA service area in 2004.

While Mayor Cowman and other rail advocates have been well received, Elgin faces a fundamental hurdle immediately 'out of the blocks' that Leander did not face, and that is: Elgin is not within the CMTA service area. The CMTA boundary reaches out east and takes in Manor, but stops there.



FUTURE LEANDER COMMUTER RAIL STATION

With the need to have attractive alternatives, for CMTA to examine in providing Elgin with rail service, and the need to undertake good planning for future growth, the Economic Development Corporation (EDC) has pursued a 'win-win' strategy, by optioning an 80-acre parcel of land between Littig Road and the CMTA rail.

Not Rail Dependent

Regardless of commuter rail and the CMTA, should the EDC exercise their option to buy the land, the property could be one of the two centers of business and residential development built around the concept of concentrated growth. The other center would be the downtown area, but growth planning there should only be encouraged if it is compatible with the current downtown and Main Street goals.

While there is no doubt should CMTA institute rail service to Elgin, that downtown will have a primary rail stop. However, no effort has been made to forecast the growth of downtown's underlying tax base under this mixed-use approach to planning, since the specific range and mix of land use has yet to be determined.

For the purposes of this study, the Littig Road property will be called the 'greenfield' development, or West Elgin Station.



LAND ADJACENT TO LITTIG ROAD

Downtown Elgin: Preserving Heritage

In general, there are two types of Texas 19th century downtowns that thrive in the 21st century—those with a County Courthouse, and those without the county seat of government. The latter is much harder to sustain, because it is without the center of government that fosters visitors to downtown, who will also shop and eat while getting their auto tags renewed, or while checking plats in the county clerks office.



MAIN STREET ELGIN, 1916

Elgin, even minus the courthouse that is sited in Bastrop City, has the best maintained and restored downtown in the Central Texas region. That is indisputable, and it is to the significant credit to the city leadership since downtown misses almost entirely any of the tourist visits that it is entitled to. This is due to the fact that U.S. 290 flows that traffic past downtown Elgin, west to Austin, and east to Giddings, Brenham, and Houston.

While Georgetown, Llano, Lockhart, and Bastrop all have charming 19th century-era downtowns, none have the ability to bring commuters and visitors directly into the downtown via

rail. Even Burnet, some 20 miles north of Leander on the Capital Metro line, has no stated ambitions for commuter rail, and their Austin Steam Train service stops several blocks from the downtown.

The rural and agricultural heritage is the fabric and texture of Elgin. The elements that make downtown Elgin

attractive now are the type of decision points for professionals that make it enticing for downtown living and a potentially vital shopping district. However, it cannot be forgotten by planners and developers that keeping the

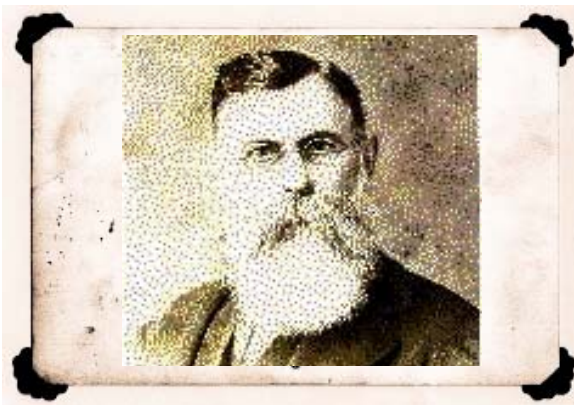
characteristics of the Elgin Station of today, such as incorporating current architectural features, and sustaining pedestrian-friendly streetscapes, are vital.

The unique combination of factors in downtown Elgin suggest that the potential to add regular commuter rail service makes Elgin a great candidate for a future type of Texas Heritage site, one that would blend active day-to-day commerce, a state-recognized status that would foster increased tourism via train and auto, along with suggested code changes that would guide rebuilding,

revitalization, and restoration of downtown structures. Elgin citizens would of course, be the 'deciders' in whether to pursue such a goal.

Capital Metro and The Rail Through Elgin; The Circle is Unbroken

Today's CMTA rail line is, in itself, a remnant of the 19th century, and is in fact, the reason for the City of Elgin's existence. In 1871, a rail connection between Houston and Austin was completed, and the future site of Elgin was a flagstop, a spot where the train would stop on the sight of a flag, put up by the locals, signifying that there were freight or passengers to be picked up.



**RAILROAD SURVEYOR,
ROBERT MORRIS ELGIN**

By 1872, the town had evolved into a full-fledged stop, and the railroad was so important to the town that it changed its name to Elgin, the last name of the railroad's land surveyor, Robert Morris Elgin. The railroad, the Houston & Central Texas

(HC&T), in 1891 bought the rail west of Austin to Llano, which completed what would later become the CMTA-owned line of the 21st century, stretching from Giddings to Llano



UNION DEPOT, EARLY 1900's

The H&CT operated until 1934, when the Texas & New Orleans Railroad, a subsidiary of the Southern Pacific (SP), purchased the line. In the 1980's the Southern Pacific, in an effort to achieve further profitability, chose to abandon the entire 163 miles of rail from Giddings to Llano. The City of Austin, then the operator of the city's bus company, purchased the line from SP, and eventually conveyed the line to Capital Metro, which was created by legislative action in 1985, and authorized by voters of the City of Austin and neighboring jurisdictions.

Capital Metro: Connecting Manor & Elgin

Implementation of passenger rail extension anywhere in the CMTA service area requires a vote of approval in a public referendum, essentially an issue election among the voters in the existing service area.

The referendum of 2004, in the CMTA service area, authorized the organization to enter into commuter rail service in the corridor extending from downtown Austin to the City of Leander, in Williamson County. The significant electoral margin in favor of this type of rail convinced many in the service area (primarily Travis County), that there was a mandate for commuter rail service. This is a reversal of the 2000 repudiation of 'light rail', wherein the CMTA proposed, in referendum, that the organization embark on several hundred million dollars and constructing tracks across the city of Austin, (most tracks down City of Austin streets), similar to the system in Dallas, operated by the Dallas Area Rapid Transit Authority (DART).

The 2004 vote, with a margin of 62% to 38%, endorsed the idea of using existing CMTA tracks to carry passenger rail cars. With the initiation in 2005 of 'real world' planning for the authorized commuter rail, CMTA leadership began entertaining the concept of

similar service on other sections of their existing rail.

The City of Manor, located along the line, 8 miles to the west of Elgin, has had a number of advocates for the extension of commuter rail eastward since 2004.



DART'S ADDISON TRANSIT CENTER

Manor has several advantages in terms of extending commuter rail, and primary among those is the fact that it is already within the CMTA service area.

Regardless of the fact that Manor is within the service area, a referendum to extend rail to Manor will have to take place within the service area, in accordance with Texas statute. Policymakers, inside and outside of Capital Metro, are weighing the merits of holding the necessary referendum on adding the city of Elgin to the vote. A great unknown is what year the referendum will be held; another issue would be how Elgin and the CMTA negotiate a

contract for transit service, and what the cost of that service would be.

Currently, under the cap imposed by the state of Texas, Elgin has no available room to increase their sales tax to fund their involvement with the CMTA.

Bulletin: Growth Will Roll Into Elgin; Passenger Rail To Follow Soon?

Regardless of the near-term implementation of passenger rail, growth and change is a reality that cannot be denied in western Bastrop County. Just as sure as a CMTA rail runs through the middle of Elgin, growth will continue.

The planning and development of mixed-use growth in areas such as the Elgin Station (Downtown) and the Western Elgin Station on and around Littig Road will have long-term benefits for current and future Elgin residents and taxpayers.



ELGIN 1960



ELGIN TODAY

Infrastructure: Utilities & Transportation

Utilities

Master planning a greenfield (previously raw land) offers an opportunity to provide new service that both serves the demand and provides for efficiencies not realized by retrofitted system improvements, as is common in more established neighborhoods and developments. The quickly changing landscape of technology and its importance to the business community requires care in the determination of how service will be provided. The capability to bundle both wet and dry utilities can create an environment both attractive to economic development, but also conducive to profitable utilities and their franchisors. This is beneficial to both municipalities and their taxpayers.

Water

The planning area (Elgin Station and West Elgin Station) represents a potential demand of approximately 3.0 Million Gallons per Day (MGD). Transmission and storage facilities will have to be phased accordingly, based on Elgin's most current utility plan and demand model. It will be important to anticipate some

manufacturing that would be water intensive and therefore size area transmission (and wastewater) accordingly. The City's current water demand is approximately 1.05 MGD and is provided by four wells, totaling 3.7 MGD. The water treatment plant has recently undergone an expansion to provide a maximum treatment capacity of 3.6 MGD.



ELEVATED WATER STORAGE TANK

Due to the more urban character of development anticipated within the West Elgin Station, service will be more efficient than typical suburban models. Unlike typical development requirements to build major transmission first, a more urban plan allows early development with a reduced infrastructure expense. A greater frequency of city blocks and

a grid of roadways create a more efficient system for expansion, making phased service much simpler. The more urban nature of development would also concentrate landscaping and reduce demand for irrigation and its associated system network and maintenance.

Long-term commitments need to be developed to provide adequate raw/treated water capacity for the next fifty years, with provision for expansion of raw water commitment. There are major well field developments in the Carrizo Aquifer east of Elgin. These water sources have volumes of water available to more than adequately serve Elgin's needs for the next 50 years. Aqua Water Supply Corporation (AWSC) south of Elgin also has an extensive well field, storage, treatment, and pumping system, which serves most of Bastrop County, and some of surrounding counties.

Wastewater

Existing treatment capacity is adequate for initial growth. The City of Elgin has recently increased the wastewater treatment capacity to 1.0 MGD. The current wastewater flow to the wastewater treatment plant is approximately 0.51 MGD. Through phasing, the Lower Colorado River Authority (LCRA) can probably increase the capacity by another 0.5 MGD. Any capacity beyond that (10 to 15 years ahead) would require acquisition of additional lands or a

new sub-regional plant. Elgin and the LCRA will have the capability to supply "reuse" water through its existing treatment facility. This can mean significant savings for irrigation and processed water if dual piping is instituted as a utility strategy.

Transportation

Capital Metro

There have been discussions with Capital Metropolitan Transit Authority (CMTA) regarding service to Elgin. The possibility of this service creates a significant multi-modal service opportunity to Elgin. The addition of rail to the transportation options in Elgin lends an opportunity for urban style development and design adjacent to a rail stop.

Capital Metro has a policy regarding rail crossings by local roads. The standard policy is abandonment of two existing crossings (driveways, roads, etc.) for each new roadway crossing proposed. It will be necessary to identify and formalize the crossings to be abandoned for any new proposed roadways.

Texas Department of Transportation

TxDOT will require signalization at major intersections with SH 290 and new TxDOT policy will require that a traffic impact analysis be performed for any new intersections with a

State Highway. Any new intersections will have to be negotiated in terms of cost-share with TxDOT.



ROAD CONSTRUCTION

Central Texas Regional Mobility Authority (CTRMA)

Currently the CTRMA is considering the construction of toll lanes through Manor, stopping several miles west of Elgin. Even though the exact terminus has not been determined or approved by the local Metropolitan Planning Organization (Capital Area Metropolitan Planning Organization – CAMPO), any extension east of Manor will have a significant effect on access to and from Elgin. This process with CAMPO and CTRMA must be monitored closely by the City.

Intersection spacing and driveway spacing will have to be established for access to any potential

connection to a toll facility between Elgin and Manor.

Electric and Telecommunication

Bluebonnet Electric Coop and Texas Utilities, dually, furnish power to the West Elgin Station planning area. Both utilities have the overall capacity to serve the planning area, ultimately. However, the location of new substations and transmission lines will be an important goal in more detailed planning for the West Elgin Station area. The need for redundancy (backup electrical supply for power outages) to the planning area and the overall Elgin area will be necessary to satisfy any new manufacturing and high tech employers.

Presently, Time Warner and AT&T are primary telecommunication providers in the planning area. Both have the capability to bundle services such as broadband, telephone (either hard wired or voice-over-internet-protocol) and other related communications services.

Natural Gas

Currently the brick plants east of Elgin are served by a gas transmission line operated by Enterprise Products Operating, LP. This is a high pressure natural gas line. Any other service from this line

would have to go through a pressure reduction facility for typical business or residential use.

There is also an empty Chevron Pipeline Company pipeline northwest of the City. This may be an option for service to new industry or development with the planning area or the City of Elgin if it were brought back into service.

Environmental: Parks, Recreation, Greenspace, Drainage, Water Quality

Typically, planning and development efforts locate Greenspace and Trails along the drainage ways through the planning area. Given the more urban style development proposed, numerous pocket parks and more defined greenspaces will be part of

the mixed use character of the planning area. Also, plazas and more defined public spaces will be necessary to meet the needs of the more densely developed areas.

As recent heavy rains have proven, FEMA flood plains in and around the West Elgin Station planning area need to be maintained and enhanced to afford water quality mitigation for storm runoff from proposed urban impervious cover. These water velocity/quality strategies can also incorporate retention requirements to assure equivalent undeveloped-condition impacts to downstream property owners.

With recent emphasis on the techniques of “green building”, consideration should be given of a vision that includes encouragement to institute such innovations within the planning area.

Context for Walkable Mixed-Use Development

A vital urban center, typically “downtown,” is both a symbol and focal point for the community as it seeks to compete for economic growth. This is especially true for smaller communities located within major metropolitan areas, as cities such as Elgin, once located on the periphery of Austin, are now integral parts of the regional economy. As a result, these communities now face the challenge of crafting a set of development policies and procedures that responds to this new environment, seeking to retain their unique identities and heritage while maximizing the opportunities afforded by growth.

As part of this effort, many communities are focused on a way to leverage their historic downtowns by integrating increased density with a mixed-use development pattern that relies in part on the town’s heritage and traditional aesthetic to set the tone for its physical context. The first part of this report outlines the basic elements of the community of Elgin as it exists now. The analysis that follows provides a quantitative illustration of this point by providing an assessment of the potential fiscal impact of an alternative mixed-use redevelopment scenario for both the West Elgin Station and downtown

Elgin Station sites. Specifically, this scenario is contrasted with a baseline residential approach that reflects conventional single-family land use patterns.



**WALKABLE MIXED-USE
DEVELOPMENT**

Urbanism

Urbanism (also referred to as “new urbanism”) is a dynamic urban design movement that is seen as part of a broader trend toward the restoration of community and concern for a more sustainable environment. Charles Bohl, in his seminal book *Place Making*, defines urbanism as an innovative design concept that applies “the best urban design practices from the ‘traditional urbanism’ found in historic town

centers and main streets, while pragmatically adapting them to modern lifestyles, business practices, and technologies.”ⁱⁱ

Quest for Community

Urbanism has been characterized by New York Times architecture critic Herbert Muschamp as the “most important phenomenon to emerge in American architecture in the post-Cold War era.”ⁱⁱⁱ Underlying urban ideals is a belief that the physical design of many communities and thinking about public space in new ways that encourages sociability among residents and creates a sense of community is a key component of urban design. Numerous studies have pointed to Americans’ growing dissatisfaction with the feeling of “separateness” that comes from living and working in conventional suburbs and have identified a “quest for community” that is felt across society. Urban developments fulfill this need and, if properly designed, have become magnets for residents and visitors alike. As Charles Bohl notes:

“...today’s town center projects typically revolve around a central plaza or park that establishes a public atmosphere and provides an ideal setting for the cafes, taverns, and bistros celebrated by Oldenburg. In fact, it is the space between buildings – the public realm of plazas,

greens, squares, and walkable streets – that enables a town center or a main street to act as the third place for nearby neighborhoods and communities.”ⁱⁱⁱ



A SENSE OF COMMUNITY

“A Sense of Place”

Physical places that promote sociability have become critical for building strong communities and creating a unique sense of “place.” Booth, Leonard & Pawlukiewicz from the Urban Land Institute note that place making is the essence of real estate development, and “establishing a live-work-shop environment with a sense of place is a community need as well as an aspiration.” Places that are desirable appeal to all the senses - sight, sound, smell, taste, and touch. Rather than relying on formulaic real estate products, urban developments are a rich mix of local activities, aesthetic design, quality, and price.

Whereas many conventional developments, such as shopping malls or retail strip centers, are focused exclusively on trade, Bohl notes that urban market and town squares are designed to be not only “consumer space,” but are clearly recognized and experienced as “public space,” with a civic character that transcends the commercial activities that take place there.

Land Use Implications

A critical component of achieving better places to live is an integration of mixed land uses. Mixed uses create a critical mass and a sense of place by affording the community a wider range of goods, services, and experiences at one location, thereby increasing connectivity and choice.

By putting uses in close proximity to one another, alternatives to driving, such as walking or biking, become viable.

Providing a mix of land uses generally refers to offering residential, retail, and office space within close proximity to one another. Booth, notes the economic synergy that happens from mixed uses in an urban development:

“Office uses feed retail operations by supplying customers for stores and restaurants both during the day and after work. Retail uses within walking distance of employment or residences –

restaurants, bookstores, clothing stores, gift shops, and coffee bars – reinforce amenities that allow and encourage employees and residents to go out to lunch or run errands without relying on their cars. The addition of theaters, museums, art galleries, libraries, post offices, and town halls that are properly integrated...attracts significant pedestrian traffic, which supports a range of other uses.”^{iv}



**WALKABLE MIXED-USE
DEVELOPMENT**

Pedestrian Orientation

At the heart of urban design is the concept of walkable neighborhoods; walkable communities are desirable places to live, work, learn, worship, and play. These neighborhoods respect the human scale by providing pedestrian-friendly spaces that ensure that users feel at home and can navigate easily by foot within an area. As Bohl notes, “the way that streets and pathways

weave through the town center, connecting its buildings and public spaces, can provide pedestrians with a sense of discovery and delight that is seldom experienced in the suburban landscape, and that is essential to the town center experience.”

Parks and Natural Areas

Greenspace or “open space” is broadly referred to in urban design to mean natural areas both in and surrounding developments that provide important community space, habitat for plants and animals, recreational opportunities, places of natural beauty, and critical environmental areas (e.g., wetlands). Increasing numbers of people are concerned about the natural environment and value access to open space in both their private life and in their workspace. A healthy environment, rather than viewed as an added bonus, is now seen as one of an area’s prime economic assets. Urban developments are designed to protect and preserve open spaces, thereby providing environmental quality and health benefits that are significant.

Urbanism in many ways reflects the changing nature of the American economy and in turn the values of the American people. Urban developments provide numerous benefits to residents in the form of a higher quality of life, better places to live, work, and play, higher and more

stable property values, and a healthier lifestyle with more walking and better access to the natural environment. Businesses and municipalities also benefit from urbanism; the economic development and public sector benefits of urban neighborhoods will be discussed below.



VETERAN MEMORIAL PARK, ELGIN

Public Sector Benefits

Tax Base Enhancement

In order to properly assess the fiscal benefits of urban developments to the public sector, it is important to understand how these developments operate financially and how they are different from conventional suburban developments. According to Christopher Leinberger in a paper for The Brookings Institution^v,

“the investment cycle for many income-oriented conventional developments peaks around

year seven. When comparing urban and conventional developments on a short-term basis, therefore, conventional developments often project better cash flows as evaluated by internal rates of return. New income peaks can be achieved in subsequent years, but this often requires a major investment of additional capital. If a suburban development is no longer “cutting-edge,” i.e., maintained its viability, the influx of capital does not occur, and the development begins to decline. This has become a common occurrence in suburbia, and has created a “throwaway built environment” that has largely contributed to urban sprawl. The area formerly known as the “Miracle Mile” in 1980’s Atlanta is an example of such a decline; it is now filled with over 15 dead or dying strip malls because the market has moved and developers are not inclined to reinvest.”

Urban developments, on the other hand, generally create and sustain value in excess of conventional developments, though their short-term performance may not be as attractive. This can be due, in part, to the quality (and thus cost) of architecture and construction intrinsic to urban design, the amount of open space provided in the overall development, or the higher cost of financing. However, what may be lost in the short-term is made up for



DYING STRIP MALL, DALLAS TX



PLANO TRANSIT ORIENTED DEVELOPMENT (TOD)

in the mid- and long-term. Leinberger notes that:

“The major reason progressive development seems to yield higher mid- and long-term returns and has a longer life is the pedestrian nature of its design. In stark contrast to conventional development with its car-dominated character, progressive developments create special places that are rather rare in this country.”^{vi}

The desirable nature of urban designed developments, including the mix of land uses and physical context, translates into increased property values in the shorter run; in the longer run, Muro and Puentes note that these developments

“...may enhance regions’ tax bases, create wealth through housing appreciation, and boost property tax collections. In that sense, smart growth may well create substantial value by enhancing the real estate market.”^{vii}

Increased real estate values in turn can make a tremendous difference in the overall value of the local tax base, and it is possible to develop some indication of the impact of an urban development approach through evaluation of residential values. Researchers at George Washington University developed estimates of the incremental gain per unit attributable to traditional neighborhood design at the Kentlands, an urban project in Maryland.^{viii} The researchers estimated the price that homeowners were willing to pay for houses in Kentlands and comparable homes in surrounding conventional subdivisions. Based on their analysis, housing units in the urban development commanded an 11.7 percent market premium, all other factors held constant. This premium existed in both new and resale markets.

While the Kentlands analysis focuses primarily on housing stock, a study published by the Massachusetts Institute of Technology^{ix} estimated the direct linkage between open space and property values. As discussed in a previous section, one of the main tenets of urban developments is the protection of open space and preservation of parks. According to the Massachusetts Institute of Technology study, homes located within 100 feet of a park had a 22.3 percent value premium.



KENTLANDS, MARYLAND

Cost of Service Reduction

Muro and Puentes reviewed the best academic empirical literature on fiscal effects of growth and development for the Brookings Institution and reported that overall, the cost of providing public infrastructure and delivering services can be reduced through thoughtful

design and planning.ⁱ The logic is straightforward; compact, less sprawling development patterns can reduce the capital and operations costs governments incur from new growth. The authors identify two related ways urban form can decrease costs:

- Economies of scale – because the marginal cost of serving additional population decreases as more residents cluster within a small geographic area. Also referred to as “density efficiencies.”
- Economies of geographic scope – because the marginal cost of serving each additional person decrease as each person locates more closely to existing major public facilities.

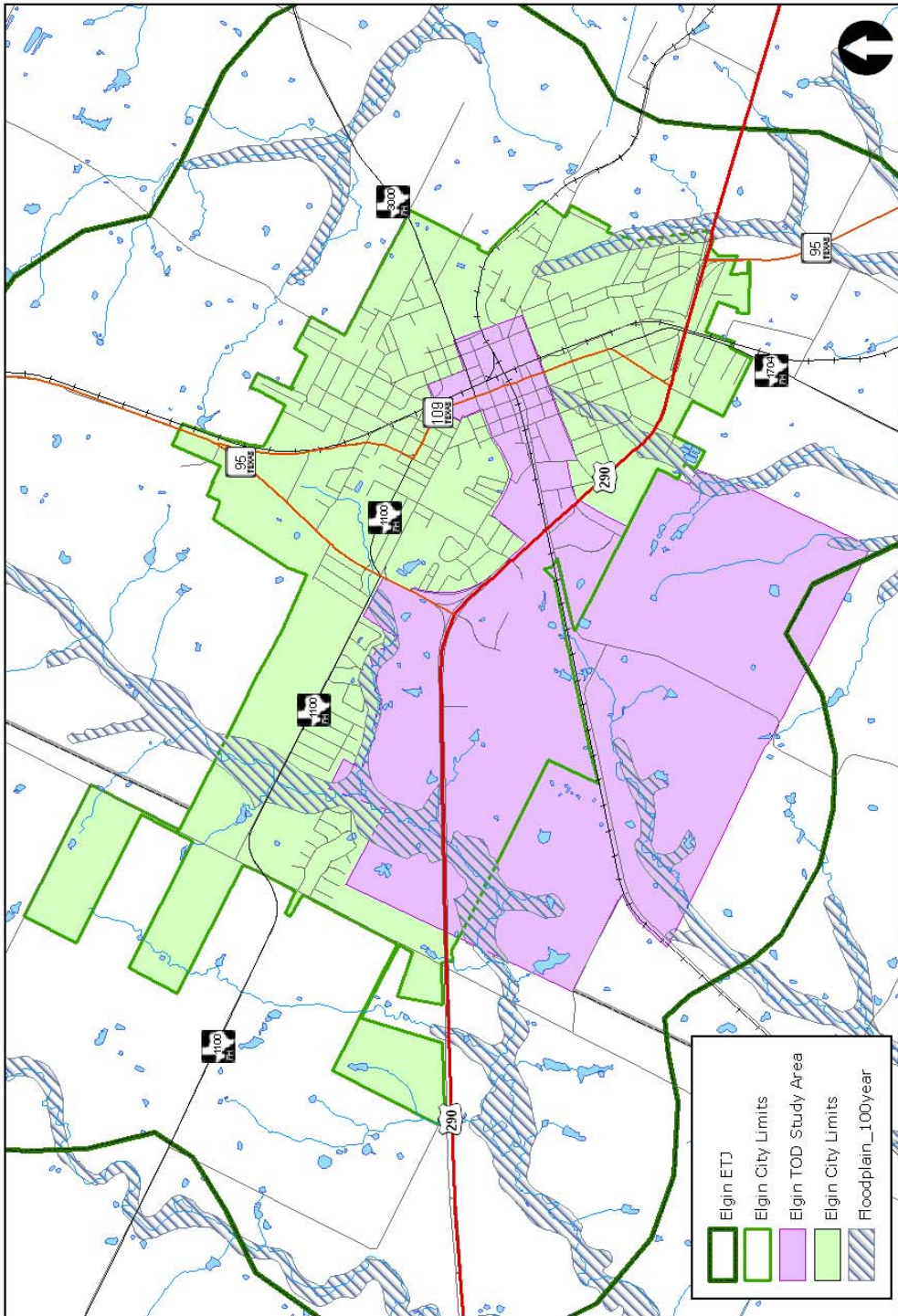
Several studies reported by the authors predict that rational use of more compact development patterns from 2000 to 2025 promise the following sorts of savings for governments nationwide: 11 percent, or \$110 billion, from 25-year road-building costs; 6 percent, or \$12.6 billion, from 25-year water and sewer costs; and roughly 3 percent, or \$4 billion, for annual operations and service delivery.



**TRANSIT ORIENTED DEVELOPMENT
DALLAS, TX**



DART'S MOCKINGBIRD STATION



Feasibility & Final Projections

The following analysis is designed as a “what-if” exercise for Elgin, and contrasts two scenarios based on current zoning and conventional development patterns and land-use with a mixed-use alternative that incorporates many of the best practices of place making and urban planning described earlier in the report. The first scenario (Conventional), is based on current trends for comparable apartments and single-family owner-occupied housing. The assumptions for the mixed-use alternative (Alternative) were developed as part of an interactive planning process between project team members that was based on knowledge of the local market and experience elsewhere in Texas with similar projects. The Alternative scenario includes various housing options, enhanced parks and open space, and a range of office and retail configurations. Estimates on retail sales per square foot were based on a combination of local market knowledge and information and data provided by the Urban Land Institute.ⁱⁱ

On the cost side, budget and revenue data from the City of Elgin was combined with population estimates to create a per capita fiscal 2006-07 City general operations spending estimate of \$488.91. Data on the increase in

household size from 2000 to 2005 in Bastrop and Round Rock was used to estimate an average household size in Elgin of 3.24.ⁱⁱⁱ Using this estimated household size figure translates into a per household City expenditure of \$1,586.44, which was multiplied by the estimated 5,085 housing units in the Conventional scenario to get an annual City cost figure of just under \$8.1 million.^{iv} By contrast, land use patterns in the Alternative scenario (and the demographics of the user group) are similar to what currently exists in McKinney, where the 2005 average household size was 2.87 (as a further reference, Austin was at 2.34, while Texas was at 2.79 for the same period). Using the same approach outlined above, this translates into a per household annual City expenditure of \$1,403.18, which in turn (based on 7,103 housing units) leads to annual City operating costs of \$10 million under the Alternative scenario.

As the figures that follow demonstrate, the Alternative scenario represents a more positive net fiscal impact for Elgin, if fully built out at the present time, than the conventional scenario. An emphasis on greater density, expanded retail opportunities, and significant office space are the main contributors to the net gain.

Development under the Alternative vs. Conventional scenario, yields a tax base increase of build out of \$664,308,112 (\$1,486,228,112 - \$821,920,000).

Alternative Assumptions	Units/Sq. Ft.	Unit Value	Total Value
Single Family	5,421	\$225,000	\$1,219,712,625
Apartment	1,243	\$85,000	\$105,635,209
Condo/Townhome	439	\$195,000	\$85,580,279
Office Space (sq ft)	120,000	\$140	\$16,800,000
Retail (sq ft)	450,000	\$130	\$58,500,000
Alternative Scenario Total			\$1,486,228,112
Conventional Assumptions	Units/Sq. Ft.	Unit Value	Total Value
Single Family	4,365	\$160,000	\$698,320,000
Apartment	720	\$85,000	\$61,200,000
Office Space (sq ft)	80,000	\$130	\$52,000,000
Retail	400,000	\$130	\$10,400,000
Conventional Scenario Total			\$821,920,000

Sources: Gateway Planning Group & TXP

In the planning area, under the Alternative scenario, the improved tax base yields a positive net tax revenue return to the city.

Alternative Scenario	Units/Sq. Ft.	Sales/Sq. Ft	Total Value
Total Property Value			\$1,486,228,112
Total Retail Sales	450,000	\$265	\$119,250,000
City Property Tax Revenue			\$10,623,559
City Sales Tax Revenue			\$1,788,750
Total City Revenue			\$12,412,309
Estimated City Operating Costs			(\$9,966,228)
Net City Revenue			\$2,446,081
Conventional Scenario			Total Value
Total Property Value			\$821,920,000
Total Retail Sales	400,000	\$275	\$110,000,000
City Property Tax Revenue			\$5,875,084
City Sales Tax Revenue			\$1,165,000
Total City Revenue			\$7,040,084
Estimated City Operating Costs			(\$8,066,268)
Net City Revenue			(\$1,026,184)

Source: TXP

Conclusion

Growth is coming to Elgin; the question is “what form will it take”? The mix of land uses and physical design context of a community such as Elgin can have a significant impact on underlying real estate values, which in turn can make a tremendous difference in overall value of the local tax base. The fiscal analysis in this report reinforces this point.

Capital Metro leadership is dedicated to using their existing resources such as the rails themselves, to advance the vision of region-wide transit. CMTA Chairman Lee Walker has visited

Elgin, and is an enthusiastic backer of commuter rail to Manor and Elgin. Board members Margaret Gomez, John Trevino, and John Cowman are all advocates of the expansion of commuter rail along existing tracks, with municipalities that will partner with CMTA.

Top CMTA staff meet regularly with Elgin and Manor city management to

craft a method for paying for commuter rail service in the future that is equitable to the municipalities.

With or without commuter rail service, the Elgin Station Initiative promises to enhance the long-term value of Elgin’s tax base well beyond the scenario likely under conventional development, patterns, even without the inclusion of the development of Downtown in the growth forecast.



Assuming market values are a reasonable measure of overall prosperity, it appears that the walkable, mixed-

use approach offers a level of economic development that reaches almost twice the baseline forecast under conventional development. This scenario contributes significantly more dollars to City revenue over the life of the Initiative. Seen in this light, public policy that facilitates this approach promises to pay substantial dividends.

NOTES

¹ Bohl, Charles C. (2002). *Place Making: Developing Town Centers, Main Streets, and Urban Villages*. Washington, DC: ULI – the Urban Land Institute.

¹ Muschamp, Herbert (1996). *Can New Urbanism Find Room for the Old?* New York Times, June 2, 1996.

¹ Bohl, Charles C. (2002). *Place Making: Developing Town Centers, Main Streets, and Urban Villages*. Washington, DC: ULI – the Urban Land Institute.

¹ Booth, Geoffrey, Bruce Leonard, & Michael Pawlukiewicz (2002). *Ten Principals for Reinventing Suburban Business Districts*. Washington, DC: ULI – the Urban Land Institute.

¹ Leinberger, Christopher B. (2001, May). *Financing Progressive Development*. The Brookings Institution. Retrieved June 16, 2005 from <http://www.brook.edu/es/urban/capitalxchange>.

¹ Leinberger, Christopher B. (2001, May). *Financing Progressive Development*. The Brookings Institution. Retrieved June 16, 2005 from <http://www.brook.edu/es/urban/capitalxchange>.

¹ Muro, Mark & Robert Puentes (2004, March). *Investing in a Better Future: A Review of the Fiscal and Competitive Advantages of Smarter Growth Development Patterns*. The Brookings Institution. Retrieved June 16, 2005 from <http://www.brook.edu/rios/data/sources/report>.

¹ Tu, Charles C. & Mark J. Eppli (August, 1997). *Valuing the New Urbanism: The Case of Kentlands*. Department of Finance, The George Washington University, Washington, D.C.

¹ Miller, Andrew Ross (February, 2001). *Valuing Open Space: Land Economics and Neighborhood Parks*. Department of Architecture, Massachusetts Institute of Technology, Cambridge, Massachusetts.

¹ Muro, Mark & Robert Puentes (2004, March). *Investing in a Better Future: A Review of the Fiscal and Competitive Advantages of Smarter Growth Development Patterns*. The Brookings Institution. Retrieved June 16, 2005 from <http://www.brook.edu/rios/data/sources/report>

ⁱⁱ Note: An analysis of the impact on the downtown segment of Elgin is pending.

ⁱⁱⁱ Elgin-specific data was available for 2000, but not 2005

^{iv} City expenditures for these purposes include all general fund spending