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# THE COLOMBIAN APPROACH TO URBAN MASS TRANSIT INFRASTRUCTURE FINANCING THROUGH VALUE-CAPTURE: PROGRESS TO DATE.

By Lucia Mejia Dorantes and Ramon Munoz-Raskin.

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**THE COLOMBIAN APPROACH TO URBAN MASS TRANSIT  
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PROGRESS TO DATE <sup>1</sup>**

Lucia Mejia: Researcher. TRANSyT (Transport Research Centre) - Universidad Politécnica de Madrid.

Ramon Munoz-Raskin. Junior Professional Associate. The World Bank. Sustainable Development- Transport Cluster. Latin America and the Caribbean Region.

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# **The Colombian approach to Urban Mass Transit infrastructure financing through value-capture: Progress to date**

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## **Corresponding Author:**

**LUCIA MEJIA DORANTES**  
**Researcher**  
**TRANSYT- TRANSIT RESEARCH CENTRE**  
**Universidad Politecnica de Madrid**  
**E.T.S.I. Caminos, Canales y Puertos**  
**Profesor Aranguren s/n**  
**28040 Madrid, Spain**  
**Phone: +34 91 336 6657**  
**Fax: +34 91 336 6656**  
**lmejia@caminos.upm.es**

## **Coauthor:**

**RAMON MUNOZ RASKIN**  
**Consultant**  
**The World Bank**  
**Sustainable Development- Transport Cluster**  
**Latin America and the Caribbean Region**  
**1818 H Street, NW. MSN: I5-506**  
**Washington, DC. 20433. USA**  
**Phone: +1 202 458 8648**  
**Fax: +1 202 676 9594**  
**rmunozraskin@worldbank.org**

**The Colombian approach to Urban Mass Transit infrastructure financing through value-capture: Progress to date**

**ABSTRACT**

Transport infrastructure may produce different benefits to properties around it. Benefits could be captured to fund infrastructure through different mechanisms. However, the government's bargaining power to implement these strategies decreases as the project cycle advances.

The Colombian government has been implementing Bus Rapid Transit systems in different cities, and encourages the cities to seek alternative sources of funding, especially through commercial developments around the stations. Although different proposals have been made, implementation has not taken place yet probably due to the fact that the projects were already advanced which has reduced its opportunities.

This paper reviews the state of the art on value capture mechanisms to finance mass public transport, describes the effort made by the Colombian national and municipal government to implement different value capture mechanisms and discusses relevant progress to date in cities.

## **INTRODUCTION**

Many experiences worldwide demonstrate that mass public transport infrastructure has the potential to produce benefits to a neighborhood and especially to those properties near to stations. There are different mechanisms that intend to capture those benefits in order that the state and the private owner share those revenues.

In the case for Colombia, law #86 from 1989 defines an urban public passenger mass transit system as the group of “buildings, equipment, signalling, stations, stops and road infrastructure used to satisfy transport demand in an urban area through rail or other transport mode”. Seven cities in Colombia have been implementing bus rapid transit (BRT) systems. It is a significant effort made by the Colombian national and municipal government to provide reliable, efficient and safe means of mass public transport in order to improve the quality of the cities.

The government of Colombia provides for the BRT systems technical support and up to 70% of the funding for infrastructure and the remaining is put by the city. The government of Colombia does not provide resources to operate and maintain the system. Therefore, the management of the system, bus acquisitions and infrastructure rehabilitation is paid mostly by the users through the transit fares. In order to maintain the equilibrium between the BRT fare and the financial costs, the government proposes to the municipalities to incorporate alternative funding as value capture mechanisms to optimize the resources.

The problem arises when the budget for a new infrastructure is already approved; therefore the Transport Authority is not concerned anymore about costs and they just concentrate in accomplishing the civil works as scheduled. Nevertheless, value capture strategies, such as the ones proposed by the government of Colombia, should be analyzed as win-win strategies where the final beneficiary is the society due to the fact that their taxes are optimized and future transport improvements can be made with the same public resources or even the transit fare has not to become higher to cover costs. Therefore, fostering these opportunities is an interesting challenge.

The aim of the paper is to describe different strategies worldwide, the effort made by the Colombian government to implement different value capture mechanisms and finally the limitations of the proposals are discussed.

## **VALUE-CAPTURE MECHANISMS**

Public transport stations may generate benefits around them, from which people living or working close to it take special advantage from. This benefit is noticed through different impacts; one of them being on real estate market, especially in the areas closer to the stations. The above is because people will prefer to live close to a mass public transport station that will facilitate their commuting trips and lower their transportation costs. Likewise, retail stores and offices are benefited in its location by the number of people that uses this means of transport and by the facility that means of transport implies to the employees to commute.

There are many definitions of “value capture”. In general it is related to the idea that the public sector has improved or invested in public infrastructure and the locality should recover part of the value added from private parties. Land values may increase in the area surrounding a recent public improvement, such as a sewer line or a new road. The property owner has done nothing to improve the land yet gains a financial benefit. The question is whether the landowner is entitled to all of the increased value that has received but not earned. (1).

If the benefits produced by the new infrastructure exist and can be accounted for, it is necessary to question to whom these benefits belong to. It is true that a new transport line

provide a general benefit to the neighbourhood but especially to the closest buildings. This value capture could be used to fund part of the transport infrastructure construction, operation or maintenance in order to diminish the contribution of public resources (2).

On the other hand, value capture may be a mechanism that could restrict an indiscriminate increase of land value due to a new transport infrastructure that otherwise may simply drive away poorer people, as it is noticed in multiple reports: “Transport investments change the structure of land values. If there is strong competition for the use of land and highly concentrated ownership of land, rents increase and the benefits of transport improvements accrue to rich landowners rather than to poor land occupants.” (3). Therefore, if part of the land value increase is used to fund the transport infrastructure in a benefited area, it is less likely that land prices would excessively increase since the benefit is already captured by the local government and problems such as gentrification, could be avoided.

There are different classifications for value-capture mechanisms and strategies. For example, Walther and Hoel (1) divide the value capture techniques in:

- Negotiated investments
- Special assessment districts
- Donations
- Public and private partnerships

In a more general perspective, it could be proposed to classify the mechanisms as direct and indirect, where the direct mechanisms are those that raise a levy on properties specially benefited by a public infrastructure (for example, the red line metro in Los Angeles, further described), meanwhile the indirect mechanisms obtain a revenue due to the transport infrastructure through alternative mechanisms, such as public and private partnerships, donations, taxes, negotiated investments and other agreements or contributions. In the next paragraphs some examples of different value-capture mechanisms are discussed.

## **STATE OF THE ART**

There are many successful experiences worldwide. In the next paragraphs some experiences are shown as an example of the classification presented above.

### **Hong Kong**

The Mass Transit Railway Corporation was established in 1975 to construct and operate on prudent commercial principles, a mass transit railway (MTR) system, based on the reasonable requirements of the mass public transport system of Hong Kong.

In order to accomplish the railway construction, the Corporation has received the Government approval (jointly with different companies) to develop important commercial and residential properties above, below and around stations or depots. It also manages part of the real estate of the area, retains commercial property for investment and seeks commercial exploitation of available assets. These activities are achieved jointly by agreements with property developers to build at their own costs, taking into account the Corporation’s standards. These costs include a payment of a land premium to the Government. The profits are shared when the property is sold (4).

Around most of the stations were built immense buildings where are located offices, retail stores, hotels, apartments as well as parking lots, transport interchanges for public buses,

taxis, tour buses and even limousines, supermarkets, gardens, etc. In other words, there has been a complete integration of land uses. These development possibilities are especially high when land is not urban consolidated, therefore, the government, along with the Corporation and private partnerships, is able to set a strategic plan to develop a new neighborhood, focused on a transport oriented development (TOD) point of view and taking into account as well, densification factors, to increase the revenues. The opportunities diminish when land is already developed because costs increase due to expropriations, demolition activities, and relocation of public infrastructure, which implies important expenses.

It has to be said that this case is one of the best examples that Transport Oriented Development can lead to important benefits from every point of view, for passengers, workers, people who live close to the station and companies that are located nearby, and finally, that those benefits are easily or better achieved when a new neighborhood is just being planned.

### **France**

This country has established a public transport funding system known as “*Versement Transport (VT)*”. It is a specific tax paid by public or private companies with more than 9 workers, located within a 10 000 habitant’s urban transport perimeter. This tax is used to fund either operational costs or new transport infrastructure. The Urban Transport Authorities (AOTU) are in charge of establishing this tax as well as the rate, with a maximum contemplated by the law (5).

The VT represents around the 33% from all the urban transport’s operational and investment costs without taking into account the Paris region. In this region, the companies also contribute with 50% of the monthly ticket of their employees, therefore, the companies’ final contribution increases to the 43% (6). Hence, this tax is the main permanent funding source that allows vehicle modernization, to have new infrastructures been built and other operational costs.

Although it is not a direct value-capture experience, the value received to fund the transport infrastructure is very important and it is related to the companies’ location. Therefore indirect strategies, such as this one, should not be discarded as a source of funding.

### **Los Angeles MTA**

Los Angeles County Metropolitan Transportation Authority - Metro, has implemented the Joint Development Program (JDP). It is a real property asset development and management program designed to secure the most appropriate private and /or public sector development on Metro-owned property at and adjacent to transit stations and corridors. Joint Development also includes coordination with local jurisdictions in station area land use planning in the interest of establishing development patterns that enhance transit use (7). Among other goals the JDP seeks for developments that generate value to Metro based on market return on public investment.

In order to implement this program, it is followed the next procedure. First, the MTA periodically conducts market feasibility studies of agency-owned properties around stations. Also, if a company wishes to propose a joint development project, they can submit directly to the MTA’s Chief Executive Officer, that will be further analyzed by a panel of experts. If it is approved, the CEO enters into an Exclusive Negotiations Agreement (ENA) with the developer, for almost six months. Upon fulfillment of the requirements, the MTA is ready to enter into a Joint Development Agreement for the implementation of a project. This document describes the rights and responsibilities of both parties. On the other hand, it has to be followed the *Adjacent Construction Design Manual, Volume III, MTA Design Criteria and Standards, 1994*, that establishes the criteria and review process for construction (8).

The California Public Utilities Code contemplates the activities of the MTA, in the section 30600: “The district may take by grant, purchase, gift, devise, or lease, or by condemnation, or otherwise acquire, and hold and enjoy, real and personal property of every kind within or without the district necessary or incidental to the full or convenient exercise of its powers. That property includes, but is not limited to, property necessary for, incidental to, or convenient for joint development and property physically or functionally related to rapid transit service or facilities. The board may lease, sell, jointly develop, or otherwise dispose of any real or personal property within or without the district when, in its judgment, it is for the best interests of the district so to do”.

The MTA has been one of the leaders in the funding area. They have proposed a wide variety of funding mechanisms. Special attention should be paid to the case of first segment of Los Angeles Metro Red Line in 1985. They proposed a benefit-assessment program to fund the metro construction, which was equal to 9% of total construction costs (\$130 million). Assessments received by the commercial or retail properties from the districts improved by the metro are used to pay off bonds issued to pay a portion of the station construction costs, those assessments will terminate in 2008-2009. The annual assessment rate is determined by dividing the annual bond repayment by the assessable square footage and factoring in the last three years' delinquency rates. The annual assessment rate is then levied on the gross square footage of the assessable improvement or parcel area, whichever is greater. (9). Excluded properties are residential, non-profit owned and used, and publicly-owned and used.

### **THE CASE OF COLOMBIA**

While there is a legal framework in Colombia for value capture through contributions, the national government has been focus on developing strategies for indirect capture mechanisms such as negotiated investments and public-private partnerships. The next paragraphs describe their experiences.

Colombia has a relevant experience in partially funding public works using contributions from the owners of properties that are supposed to receive the benefit of a public investment. This contribution is known as *Contribucion de Valorizacion* (appreciation contribution) that is a variety of special assessment mechanism. It is defined as a burden charged on real estate properties, in order to fund the construction of a single, plan or group of works of public interest, which is imposed to the owners of those properties that receive a benefit after the completion of the works. Consequently, the revenues from this contribution are earmarked for the construction of specific public works and only the owners of the properties that receive the benefit of those works are charged (10).

The Colombian law contemplates as well an urban land value increment tax (11), known as *Participacion en plusvalias*. It states that the public sector has the right to participate in the increase of land value generated by different public actions, such as the provision of new public infrastructure (10). This instrument complements the “*Contribucion de valorizacion*” whenever it is not used. The slight difference between them is that the *Contribucion de valorizacion* assesses a property for a percentage of the cost of a new public investment when the infrastructure is built and it is paid once. The other one, compares the value of the property before and after a transaction, and claims part of the benefits, for example, when land use is changed or due to the provision of a new infrastructure.

These mechanisms have been used to fund very particular transport and community infrastructures such as roads, parks and pedestrian bridges. Nevertheless, those contribution



mechanisms are not being used to fund urban mass transit infrastructure. Some of the reasons may be:

- The difficulties to gather real estate price information which are costly and technically demanding
- The difficulties to isolate the value attributable to the transport service improvements in a multiple variable urban economical context
- A lack of knowledge over the law and its implementation in the sector
- Social unacceptability where an increased political costs reduces financial costs

Due to the reasons explained above, Colombia has been trying to use different indirect mechanisms to partially fund BRT projects. The country has worked on the implementation of alternative mechanisms of value-capture for different cities. It started in 1996, through the Law 310 which consolidates a regulatory framework by which the Nation may participate in funding the integrated mass transit systems with contributions from 40% to 70% of the costs of eligible components of the project. Hence, more financial resources are needed from the cities.

Under this regulatory framework, the Government of Colombia issued in 2002 a national policy document CONPES 3167 (12), that establishes a National Urban Transport Policy and a strategy that includes, among other aspects, the involvement of private capital in the financing of integrated mass transit systems.

In 2003, the Colombian government issued the CONPES 3260 (13) document. It states that private sector investments ought to be maximized for the construction of infrastructure which includes depots, workshops, stations and terminals and that this private investment should be equal to at least 10% of the total infrastructure costs. The resources from private investment considered were: public transit fares, real estate developments, advertisements and networks infrastructure rights.

Afterwards, the Colombian Government issued CONPES documents for each eligible city of having an urban public passenger mass transit system, which detailed the specific conditions and arrangements for integrated mass transit system interventions in each particular city. These CONPES documents provided the basis for the subsidiary agreements that were subsequently signed by the Government of Colombia, through the Ministry of Finance, the selected municipality, the pre-constituted Transport Authority in each participating city. The financial contributions from each city depended on specific project characteristics and the fiscal situation. The main fund source from the cities was the gasoline surtax, mostly paid by automobile users. This surtax provided approximately 34% of total National Urban Transport Program (NUTP) cost and most importantly, provides the municipalities with an extra financial aid that may compensate the contributions made by the Colombian government for the projects' implementation. All the municipalities, that include Metropolitan Areas such as Bogota, Pereira, Cartagena, Cali, Medellin-Valle de Aburra, Barranquilla and Bucaramanga, have signed subsidiary agreements with the government of Colombia laying out financial and technical commitments to carry out the NUTP to date (14). All these cities are implementing integrated mass transit systems through bus rapid transit projects (BRT).

These CONPES documents mention that the transit fare is expected to cover the costs for the buses' and the collector system's supplies, operation and maintenance; the transport authority system management, the infrastructure maintenance and future expansion. Special emphasis is paid in order to capture private funds to build depots and workshops and even stations and portals, aiming to maintain a balance between private enterprise interests and the users'

affordability. Thus, it is important to the users' affordability to look for alternative mechanisms for funding the infrastructure through private investments.

Due to the difficulties to apply land value increment tax, in June 2007 the National Department of Planning (DNP) opted for an alternative and innovative approach to provide the necessary elements for the mass transit infrastructure's partial funding through real estate development opportunities. DNP took action under the premise that it is feasible and justifiable that the National government tries to recover part of the property value increases associated with infrastructure and service improvements in a specific catchment area, as it is stated in the legislation. Additionally, DNP aimed at encouraging private sector participation in the development of urban transport infrastructure that would alleviate the national and local public sector funding through other mechanisms in order to complete and/or improve the required infrastructure for the integrated mass transit systems.

For that sake, through a funding provided by the Interamerican Development Bank, DNP launched a consulting service aimed to carry out a research proposal to present opportunities for the integrated mass transit systems through complementary business in terminals and stations, mainly through commercial developments such as shopping malls and retail businesses (15). The consultant would assist the different Bus Rapid Transit Agencies in the identification, management and development of real estate development business adjacent to the system's terminals or stations. The specific objectives for the consultancy included:

- To identify possible value capture operations for the existing integrated mass transit systems under implementation in the participating cities in the NUTP
- To conduct the legal and financial structuring for the operations,
- To assist the cities through the implementation stages until the operation is closed
- To provide methodological guidelines in order to reproduce those proposed public-private models in other cities that are developing integrated mass transit systems.

Among such technical assistance, it was expected that the consultant would assist those cities in the identification of potential private sector investors, the elaboration of the correspondent profile and the correspondent market strategies tailored to the specific local circumstances. Additionally, the firm would elaborate, in collaboration with the Transport Authority, the promotional material describing the real estate development's general characteristics and at least one project promotional "road-show" to attract the private sector interest in the project. The firm was also expected to assist the transport authority through the selection process and through the financial plan of the project.

In order to provide the services, the firms would bid under a quality-cost selection based on a weight of 70% for the technical proposal and a 30% for the cost proposal. For the technical proposal, the work plan would have a 40% weight and the other 60% would be evaluated based on the legal and financial proposal (for public-private partnerships or real estate developments), made by the consultants. In addition, the final amount considers a success fee based on the financial amount of the real estate development private investment agreement. This success fee would be provided by the selected firms that operate the development; the fee is up to a 2% of the private investment. This scheme was very promising in order to look for innovative proposals.

The selected firm was the consortium led by Structure Banca de Inversión with the participation of Bonus and Global Brokers with a proposed success fee of approximately 1%. The firm was expected to kick-off the work with two pilot case studies cities that were

implementing integrated mass transit systems, namely Metrolinea BRT in Bucaramanga and MIO BRT in Cali. Subsequently, other cities like Cartagena and Medellin decided to join the program. In order to a city to join the program, DNP signs a memorandum of understanding with the Transport Authority by which the awarded firm would be allowed to identify and propose real estate developments complementary to the BRT system that would be partially funded by the private sector, thus alleviating the public sector from a part of the expected infrastructure costs. After the proposal from the firm was presented, the city would have up to 30 days to accept the proposal and to include it in its procurement plan. The city would accept to provide one or more responsible persons that would lead the project preparation and implementation. In the next paragraphs, the progress of some of the cities is briefly described.

### **Pereira**

Pereira is a provincial capital from the Colombian department of Risaralda of about 550,000 inhabitants in the coffee growing region of Colombia's western Andes. The metropolitan area of 700,000 inhabitants includes the neighboring cities of Dosquebradas and Cuba. In 2006, these three cities were connected by the BRT system, *Megabus*, which began operations with 17 miles of exclusive lanes now carrying over 100,000 passengers per day. The system is divided in main routes and feeder routes, connected by transfer stations. In the future, La Virginia municipality will be connected by the system. The Cuba transfer station will start operating next august 2008, while the Dosquebradas transfer station is planned to start in 2010.

The system is funded by the National Government and by local funding. The operational costs are paid mainly through fare revenues. The current fare does not contemplate subsidies to operation, in fact, the cost of transfer stations and portals are charged in the final transit fare.

The National Government of Colombia, through the document CONPES 3503 (16) recommends that Dosquebradas transfer station could be built as a commercial development in order to obtain revenues by the commercial activities through a private partnership.

Financial companies proposed different participation schemes for private investors in order to build commercial developments, but the idea has yet not materialized. There is still potential for the creation of a PPP if Dosquebradas terminal station is undertaken with a value capture mechanism such as the development of commercial properties.

### **Cartagena**

Cartagena is a large city seaport in the northern coast of Colombia. The city has a population of around one million inhabitants. Their Bus Rapid Transit system is known as Transcaribe. It began operations in 2005. It is composed by feeder buses with different capacities that take passengers from different points of the city to the main transport corridors, with an integrated fare. It is a public-private partnership; concession period is about ten years.

A financial company was hired to analyze different participation schemes for a public private partnership. One of the Portals has been studied in order to look for alternative funding mechanisms to diminish costs through development of commercial properties that could bring revenues to private investors as well as to Transcaribe. Through agreements with private investors, they could build the portal, taking into account the areas for depots, workshops among other necessary for the system while they may build and use part of the infrastructure for commercial purposes. It contemplates different schemes of concession. Negotiation is still pending.

### **Barranquilla**

Barranquilla is an industrial, port city. It is the capital of the Atlantic Department and the fourth largest city in Colombia. The metropolitan area has around 2 million inhabitants. The Bus Rapid Transit system is known as *Transmetro*, the system is divided in two principal services, one known as *Troncal Murillo* and the other known as *Troncal Olaya Herrera*, all of them with articulated buses. These main services are complemented by feeding services that travel through the city.

The financial resources are given by the National Government, the city and other private sources. The system itself is self sustainable, its main income are the passenger's fares. The current fare does not contemplate subsidies to operation, in fact, the cost of transfer stations and portals are charged in the final transport fare. It is expected to have around 80 thousand passengers per day in Transmetro.

The portals have areas for circulation of feeder routes and main routes, passenger access platforms, management areas, depots and workshops as well as vehicle and pedestrian accesses.

As the costs to finish the infrastructure are higher than the budget, it has been necessary to propose other financial mechanisms. Especially in those places where the amount of passengers arise the opportunity for commercial businesses such as the portals. In the case of Barranquilla, the Soledad portal has the opportunity to be funded through a private consortium by an urban development, for commercial uses. The other one, as it is located in an industrial zone, was charged to the transit fare that increased the passenger final cost.

The study was carried out by a consultant company that has proposed a couple of schemes to get private participation in the portal through a part in the Transmetro income (around 3%-4%) for no more than the first ten years, and the 75% of commercial rents income, meanwhile the company is in charge of building all the Portal's infrastructure following the requirements established and sharing the other 25% of the commercial rents income to Transmetro. The length of the agreement was proposed to be 30 or 35 years. The idea of building commercial developments has yet not materialized. Important savings could be made that would benefit the users and the society.

### **Medellin**

Medellin is the second largest city in Colombia and is located in the Aburrá Valley. It has a population of 2.4 million inhabitants. Medellin also serves as the core of the Metropolitan Area (*Area Metropolitana de Medellín*), the second largest in Colombia in terms of population with more than 3.2 million. The service will be inaugurated in 2008, and it will cover most of the city, the first stage will be the "Troncal Medellín" that will go from the "Universidad de Medellín" in the west, to Aranjuez, in the north east part of the city.

The financial company proposed to build a commercial development around the Terminal station "Universidad de Medellin" where the commercial development would be located at ground level and at in the first floor. It would include retail stores a food court, a transit area and other services. The objective of the analysis was to minimize the Transport Authority investment in the Terminal station and to define a financial structure that allows not to charge the cost of the station to the transit fare and to maximize the level of investment from the private developers.

The income would be divided between a percentage of the rents' value to the Transport Authority and the remaining to the private developer, while the private developer would be in charge of all the station's operational costs. The private developer has as well to invest in

architectural designs, engineering, and construction of entire complex including the entire transport infrastructure, the shopping mall and parking lots.

Their financial studies showed an interesting income for investment. However the agreements with private developers have not been signed.

### **Bucaramanga**

Bucaramanga is the provincial capital from the department of Santander. It is Colombia's seventh largest metropolitan area with around one million inhabitants. Its Bus Rapid Transit System, Metrolinea, will cover different municipalities such as Bucaramanga, Giron, Piedecuesta and Floridablanca.

A financial consultant analyzed the case of Metrolinea in order to capture resources from commercial developments through joint developments. They pointed out that most of the land around the stations belonged to private owners that reduced the opportunities to propose a funding mechanism. However, they proposed that Canaveral transference station could be designed as a commercial development in the basement of the station where retail stores, entertainment and food courts could be located. Their objectives were to minimize the Transport Authority investment for the station and to define a financial structure that allows not to charge the cost of the station to the transit fare and to maximize the level of investment from the private developers.

The income is a percentage of the rents' value to the Transport Authority and to the private developer, while the private developer is in charge of all of the station's operational costs. The private developer has as well to invest in architectural designs, engineering, and construction of entire complex including the entire transport infrastructure, the shopping mall and parking lots.

Their financial studies showed an interesting income for investment. But, again the agreements with private developers have not been signed.

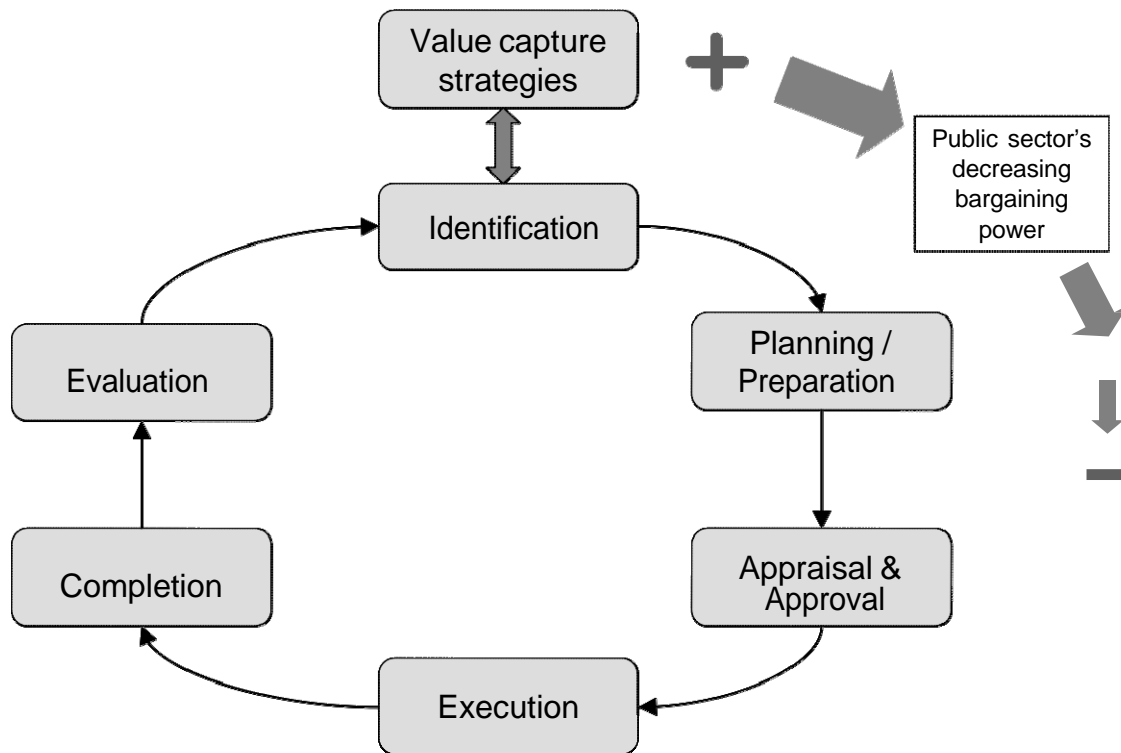
### **POLICY RECOMMENDATIONS AND CONCLUSIONS**

It can be concluded from the previous section that timeline is key to implement these value capture strategies. In general, the strategies are proposed once the project has been identified and the preparation of it has started. In the Colombian cases of negotiated investments with private parties and public private partnerships, the probability to succeed seems to decrease for the reason that private investors are aware about the future benefits of the transport infrastructure and they had already planned the possibilities to take advantage of it by buying land around the transport infrastructure, such as the station. Thus private investors are highly benefited but the provider of the transport infrastructure does not usually capitalize from the opportunity.

As an example its is worth mentioning the case of the Cuba Portal in Pereira and a Portal in Bogota where supermarkets bought land around stations before it was possible to negotiate with them for the benefit they were going to receive due to the stations, although the station was the reason they had bought this land.

Therefore in order to have more potential to succeed with this kind of strategies, it should be identified and planned, from the very beginning of the project, the opportunities that the public investment has to capture funds to diminish the cost of the transport infrastructure. If value capture strategies are presented once the planning/preparation of the project cycle has started, policy strategies to capture these resources take shape late that implies fewer opportunities to succeed (figure 1). Otherwise, private investors will keep on looking for

opportunities and taking advantage of them without benefiting the transport authority and the society. Indeed, these value capture mechanisms are win-win strategies that look for economic, social and environmental benefits for the society. Therefore its implementation should be encouraged and new practices should keep on arising.



**FIGURE 1 Project cycle and value capture opportunities.**

Colombia may be one of the few countries where a National Government promotes value capture initiatives through negotiated investments and public and private partnerships. To date, most cases have been created by local governments or by initiative of the Transport Authority without an explicit support from the national government. Unfortunately, despite the efforts conducted to date, the initiatives proposed by the public sector have not yet come to reality.

Although the capacity and leadership of the Colombian national government has played an instrumental role in the development of value capture opportunities, this support needs to be sustained over time since the local authorities may tend to focus more on immediate results. In fact, the Colombian experience with the national urban transport programs shows that, during the identification and preparation stages of the projects, local responsible agencies tend to focus more on the design and implementation of the works, and subsequently on the implementation of the operation, collection system and control systems than in the financial closure of the public investment.

It is worth noting that even if there is no possibility to negotiate with the private investors to contribute to the transport infrastructure there are still some revenues captured from land taxes paid by those companies. However, those revenues are not earmarked in order to reinvest in transport projects and revenues could be optimized by negotiated investments.

Finally, it is concluded that the more favorable conditions regarding the supporting regulatory frameworks, such as zoning authority and political support from the public entity will strengthen the responsible public entities' bargaining power to negotiate at level playing field, the better potential for balanced agreements between the authority and the developer will occur.

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