

# The Benefits of Public Transportation

## Essential Support for a Strong Economy



**The evidence** is clear: To maintain a sound and vibrant national economy and to enhance Americans' quality of life, the US must increase its investment in public transportation. Providing a broad and sustainable economic stimulus to local communities, metropolitan regions, states and the nation, public transportation:

- Boosts business revenues and profits
- Creates jobs and expands the labor pool
- Stimulates development and redevelopment
- Expands local and state tax revenues and reduces expenditures required for other essential public services
- Reduces household and business costs and enhances worker and business productivity

**Public transportation** contributes to the nation's economic strength in two fundamental ways:

- Direct dollar investment, multiplied throughout the economy
- Improved transportation options, which create economic benefits for individuals, households, businesses and governments

Dollars invested in public transportation flow through all sectors of the economy and a cross section of American communities, large and small, urban and rural. Through increased jobs, income, profit and tax revenue, they provide an economic stimulus far exceeding the original investment—as much as six dollars for every dollar invested.\*<sup>1</sup>

**In addition** to directly stimulating the economy, investment in public transportation enhances mobility for businesses and households, thereby:

- Protecting personal freedom, choice and mobility
- Enhancing access to opportunity
- Enabling economic prosperity
- Protecting our communities and the natural environment

**Every \$10 million capital investment in public transportation can return up to \$30 million in business sales alone.**<sup>1</sup>

*\* Under different scenarios, the overall economic benefits of public transportation investment may be as high as nine to one.*

Figure 1  
*Investments in Public Transportation Expand the Economy*

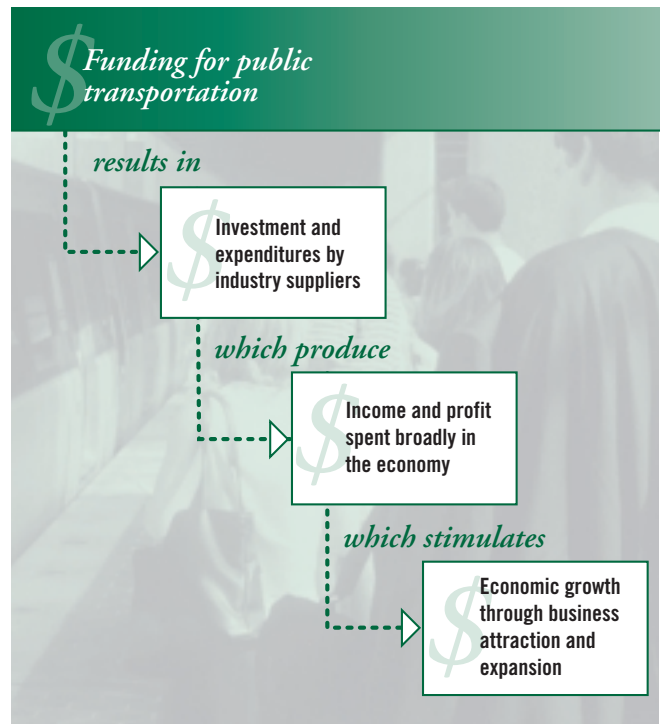
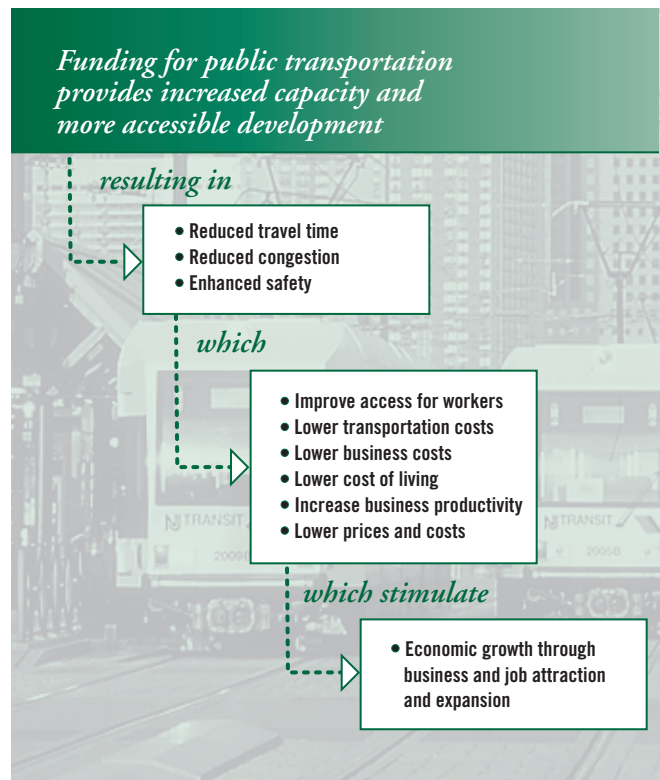


Figure 2  
*Improved Access and Mobility Stimulate Economic Activity*



## An Economic Stimulus

### Benefits Local, Regional and State Economies

An investment in public transportation directly benefits the communities where the transportation improvements are made as well as the economies of entire states.

- In St. Louis, a 25-year modernization and expansion of the public transportation system is expected to bring \$2.3 billion in business sales.<sup>2</sup>
- In Chicago, the Metra commuter rail system's 20-year "good repair" strategy could add an additional \$4.6 billion to business sales.<sup>3</sup>
- Chance Coach, Inc. in Wichita, KS, which has provided American Heritage "Streetcars" to over 100 American cities, has generated \$50 million in revenue and contributed over \$15 million to the Wichita economy.<sup>4</sup>
- Analyses of system expansion for New York City's Metropolitan Transportation Authority and Chicago's Regional Transportation Authority show nearly equivalent statewide economic benefits in relationship to costs: in excess of 2 to 1 for New York State and 1.8 to 1 for Illinois.<sup>5,6</sup>

### Creates and Sustains Jobs, Locally and Nationwide

"Every \$1 billion invested in the nation's transportation infrastructure supports approximately 47,500 jobs—proving that transportation continues to be an economic engine and job creator."<sup>10</sup> These include durable and non-durable manufacturing jobs, as well as jobs in non-manufacturing industries such as construction, finance, insurance and real estate, retail and wholesale trade, and service.

- At plants in Plattsburgh and Hornell, NY, and Sacramento, CA, hundreds of workers assemble orders for rail equipment.

*"Indeed, development atop Los Angeles subway stops already is revitalizing Hollywood Boulevard... from affordable apartments and neighborhood retail at Western Avenue to a 640,000-square-foot entertainment retail complex and a 640-room hotel at Highland Avenue."*

Source: Holt, Nancy D., "Railway Agencies Play Bigger Real-Estate Role," The Wall Street Journal, May 2, 2001

- New York's MTA-LIRR East Side Access project is expected to generate 375,000 jobs and \$26 billion in wages.<sup>8</sup>
- New Orleans expects the economic activity generated by its Canal Line to create over 1,661 new jobs.<sup>3</sup>
- Tri-Rail of South Florida expects its five-year public transportation development plan to spawn 6,300 ongoing system-related jobs.<sup>7</sup>

### Spurs Economic Growth and Development

In communities and regions across the nation, investment in public transportation promotes vital economic growth and development.

Public transportation-oriented development in congested corridors revitalizes neglected and decayed neighborhoods, frequently serving as a catalyst for new business partnerships between public agencies and private businesses. These partnerships are often community-based, involving minority-owned enterprises seeking to establish new economic roots in distressed neighborhoods and communities.

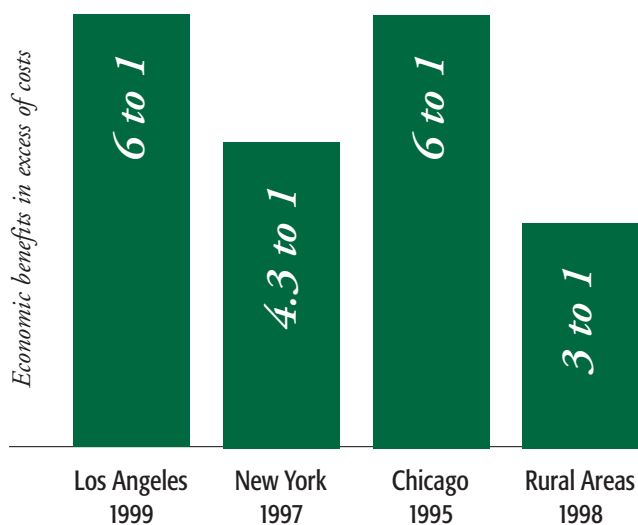
- In Washington, DC, the new \$90 million New York Avenue "in-fill" station on Washington Metro's existing Red Line is being developed through an equal partnership between the federal and DC governments and local business interests. The station will trigger significant new mixed-use development, revitalizing an underdeveloped and underserved part of DC.<sup>11</sup>
  - The 35-mile MetroLink light rail system in St. Louis has sparked construction of a \$266 million Convention Center Hotel, the \$60 million Performing Arts Center and the \$5.8 million Jackie Joyner Kersee Sports Complex. Revitalization of the area around MetroLink's downtown Busch Stadium Station includes a \$160 million renovation of Cupples Station, a 10-building, 12-acre mixed-use development.<sup>12</sup>
- Smaller scale, bus-oriented public transportation investments are also spurring economic redevelopment across the country.
- In Dayton, OH, the Wright Stop Plaza occupies a historic building and provides easy access to and transfers between most routes of the Greater Dayton Regional Transit Authority. Housing an assortment of shops, the plaza has become a popular downtown gathering place.<sup>13</sup>
  - The first phase of Boston's Silver Line Bus Rapid Transit project opened on July 20, 2002. Since the planning process began, over \$450 million has already been invested in commercial and residential development in the corridor.<sup>14</sup>

## Attracts and Concentrates New Development

Public transportation stations attract and concentrate new development, often in livable and attractive arrangements that encourage public transportation use and reduce reliance on private vehicles.

- The Dallas Area Rapid Transit (DART) light rail starter line has generated over \$922 million in development, surpassing the \$860 million cost of the project.<sup>15</sup>
- Washington, DC's Metrorail has generated nearly \$15 billion in surrounding private development. Between 1980 and 1990 alone, 40 percent of the region's retail and office space was built within walking distance of a Metro station.<sup>34</sup>
- Developers in places as diverse as northern Virginia, Portland, San Diego, Denver, Chicago, Baltimore, Los Angeles and New York are investing millions in commercial buildings, sports facilities and entertainment complexes around public transportation stations.<sup>3</sup>

Figure 3  
*Economic Benefits of Public Transportation Investment*



*The return on dollars invested in public transportation is far greater than the costs. This is true in rural and small urban areas as well as in major metropolitan regions, and at state as well as regional levels.<sup>1</sup> Under different scenarios, the overall economic benefits of public transportation may exceed costs by as much as nine to one.<sup>23, 24</sup>*

Source: Cambridge Systematics, Inc., *Public Transportation and the Nation's Economy: A Quantitative Analysis of Public Transportation's Economic Impact*, Washington, DC, October 1999

## Promotes Increased Economic Activity

In many areas, traffic congestion is putting the brakes on economic activity. Business leaders stress that increased access results in more commerce and often encourages business and industry to adopt new, more efficient business practices that improve productivity and profitability and reduce costs.

Enhanced and expanded public transportation substantially increases access to and through established business and community centers.

- In Manassas Park near Washington, DC, the Virginia Railway Express station has jump-started commercial activity, helping revitalize that community.<sup>9</sup>
- The DART system in downtown Dallas sparked a nearly 33 percent jump in retail sales between mid-1997 and mid-1998, as opposed to only a 3 percent rise citywide over the same period.<sup>15</sup>
- In Atlanta and Washington, DC, average office rents near transit stations rose with ridership, and joint development projects added more than three dollars per gross square foot to annual office rents.<sup>16</sup>

The benefits to transportation users of a \$10 million capital investment in public transportation will translate into \$31 million in added business output and \$18 million in added personal income over 20 years.<sup>1</sup>

## Strengthens Fiscal Health of Local and State Governments

Expanded development and economic activity made possible through public transportation help create and sustain the fiscal health of local and state governments and strengthen local economies.

New public transportation-oriented development expands business revenues, leading to new jobs and higher wages and salaries, thus increasing the tax base and revenues flowing to local and state governments. Studies show that, nationwide, residential and commercial property values rise with proximity to rail public transportation systems and stations.<sup>17</sup> Typically, state and local governments realize a 4 percent to 16 percent gain in revenues as a result of increases in business profits and personal income generated by public transportation investment.<sup>1</sup>

- The Washington Metrorail system is expected to generate \$2.1 billion in tax revenues for the Commonwealth of Virginia between 1977, when the first station opened in Virginia, and 2010.<sup>18</sup>

■ Between 1994 and 1998, the increase in taxable value of properties located near Dallas' DART light rail stations was 25 percent higher than elsewhere in the metropolitan area.<sup>2</sup>

■ Riders on Southern Illinois' RIDES program, which serves 11 counties, contribute a combined payroll of over \$1 million per year to the rural areas the program serves.<sup>19</sup>

### **Benefits Individuals, Households and Businesses**

Every day, the economic benefits of public transportation are felt on personal, regional and national levels.

For every dollar earned, the average US household spends 18 cents on transportation, 98 percent of which goes towards buying, maintaining and operating vehicles, the largest source of personal debt after home mortgages.<sup>27</sup> Public transportation can save American households thousands of dollars a year in transportation expenditures.

■ Americans living in public transportation-intensive metropolitan areas save \$22 billion annually in transportation costs.<sup>28</sup>

■ The Altamont Commuter Express, running 77 miles between Sacramento and San Francisco, can cut annual commuting costs in half, from \$5,300 to \$2,700.<sup>26</sup>

■ Fannie Mae's pilot program, which provides "location-efficient" mortgages, recognizes that households' transportation costs are reduced significantly with proximity to transit, enabling families to afford better housing options.

As a fundamental component of our economic safety net for individual Americans, public transportation provides for fuller participation of all Americans in the nation's economy, a wider range of economic opportunities for individuals and businesses, and more avenues for business and industry to increase productivity and reduce costs.

■ In Atlanta, BellSouth is consolidating its suburban offices into three downtown locations convenient to the MARTA rail and bus system in order to increase productivity by making commuting easier.<sup>29</sup>

■ The location of Motorola's new cellular phone factory at the end of the Metra commuter rail system in Harvard, IL, greatly expands the labor pool from which the company draws workers.<sup>7</sup>

■ In Detroit, the Job Express service operated by the Suburban Mobility Authority for Regional Transportation connects 800 employers and 16,000 jobs.<sup>30</sup>

■ Treasure Valley Transit, in Canyon County, ID, provides 91,000 residents spread over 583 square miles with access to jobs, schools and healthcare providers.<sup>30</sup>

## **Public Transportation, Energy and the Economy**

In today's geopolitical climate, the nation's economic security is once again threatened by our continued dependence on foreign sources of oil. Our transportation sector consumes 43 percent of America's overall energy resources; petroleum provides over 97 percent of the energy needed for transportation.<sup>31</sup> Comprehensive strategies are needed to reduce the millions of gallons of fuel wasted each year on our congested streets and highways. Increased investment in and use of public transportation can ease economic pressures on the supply and cost of energy. One study concluded that "public transportation offers the single most effective strategy currently available for achieving significant energy savings."<sup>31</sup>

For every passenger mile traveled, public transportation is twice as efficient as private automobiles. Every year, public transportation saves more than 855 million gallons of gasoline or 45 million barrels of oil—equal to about one month of the oil imports from Saudi Arabia.<sup>31</sup>

Public transportation provides an opportunity to enhance energy efficiency, reduce consumption and lower energy costs throughout the economy, offering important economic benefits as well as support for national security strategies.

■ In Wyoming, the Sweetwater Transit Authority helps residents in a 10,000-square-mile area access work sites.<sup>30</sup>

Public transportation provides wide-ranging and lasting economic benefits at the local, state and national levels. To compete successfully in the global economy, our economic strategy in the years ahead must include a solid commitment to increase investment in and use of public transportation.

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