

Economic Recover

PROMOTING GROWTH



The Benefits of Public Transportation

Public transportation benefits all Americans—whether they use it or not. Crucial to the economic vitality of our nation, investment in public transportation creates jobs and provides access to jobs. It revitalizes business districts and lets employers tap into a larger workforce. It stimulates commerce and increases property values.



AMERICAN
PUBLIC
TRANSPORTATION
ASSOCIATION

PUBLIC TRANSPORTATION
TAKES US THERE
economy ▶ environment ▶ energy ▶ quality of life

Public transportation takes people to work and puts people to work.

Public Transportation Creates and Supports Jobs

Throughout the country, public transportation systems provide jobs with good wages that stay in local communities. When those employees make purchases, they help boost their local economies, providing benefits beyond the value of their wages—they buy goods and services that fund more jobs.

Noted economists have calculated that for every \$1 billion invested in public transportation, more than 36,000 jobs are supported.

Investment in public transportation also flows to private-sector transit industry manufacturers and their suppliers. These firms employ many people, which further multiplies the effects of public transportation dollars when these individuals spend their wages in their communities. Approximately 74 percent of government funding for public transportation goes toward supporting hundreds of thousands of private sector jobs. It is estimated that every \$1 billion of public transportation capital investment creates 24,000 jobs. Every \$1 billion spent on public transportation operations supports or creates more than 41,000 jobs. In 2010, the industry spent \$37.2 billion on operating costs and \$17.9 billion on capital costs, which created and supported nearly 2 million jobs.¹

Estimates of the number of jobs created by public transportation include three levels supported by public transportation spending. The highest level is jobs created directly at public transit systems or by operators and manufacturers of transit equipment, followed by indirect jobs supported by the purchase of products and services by public transportation businesses. The third level takes in other indirect jobs created when public transportation workers spend their earnings in the greater economy. In this way, dollars from public transportation spending effectively travel to many different industries across the country.

Public Transportation Provides Jobs and Access to Them

Research shows that living in a transit-rich area can allow a two-car family to eliminate one of its vehicles, saving more than \$9,900 a year.² Such

significant savings mean spending will shift to more productive uses that in turn stimulate the local economy.

Public transportation provides communities with affordable means of mobility, offering individuals greater opportunity to better themselves and provide for their families. It provides access to job opportunities for millions of Americans. It is also a key link to jobs for service and entry level employees with limited mobility options. For the more than 51 million Americans with disabilities, public transit is a vital link. And, 83 percent of older Americans say public transit provides easy access to things they need in everyday life.

Recent research by the Center for Neighborhood Technology confirms that households with access to high quality public transit spend less on housing and transportation as a portion of their income. The Center's H+T (housing plus transportation) index shows that housing costs may be higher in center cities, but savings to household transportation costs from using public transit balance out, and even exceed, the increase in housing costs.³

These cost savings are a result of what economists call "agglomeration effects": the clustering of economic activity around station stops. This clustering results in a reduction in the travel distance necessary to access job opportunities. In turn, job seekers can expand the geographic area in which they can search for jobs—making many more jobs available to them.⁴

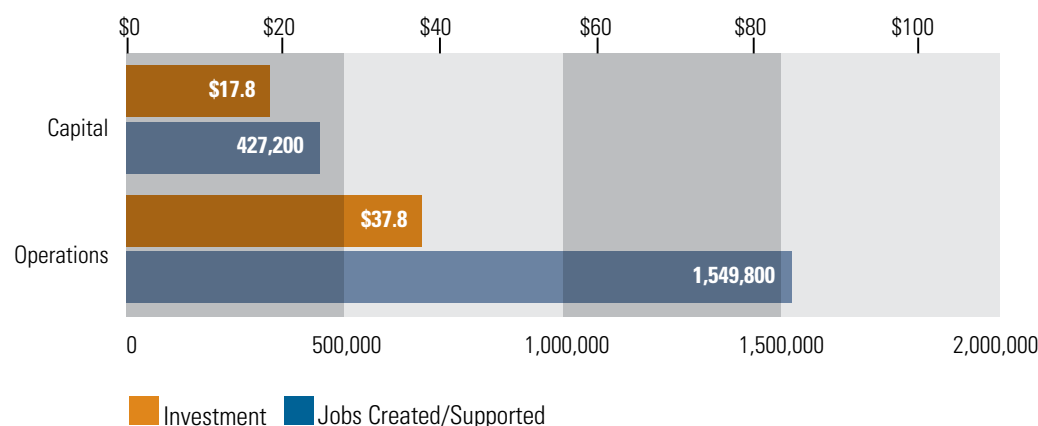
In short, public transportation connects people to jobs, and it connects jobs with people. It can be a deciding factor where a corporate headquarters locates. It can be the difference as to whether or not a restaurant can keep late hours. It can also be the difference in whether or not a person has a job and way to get to that job every day.

Public transportation also creates more stimulating urban environments with entertainment and educational opportunities within walking distance. A study by the National Association of Realtors found that two-thirds of people prefer having amenities within walking distance when deciding where to live.⁵

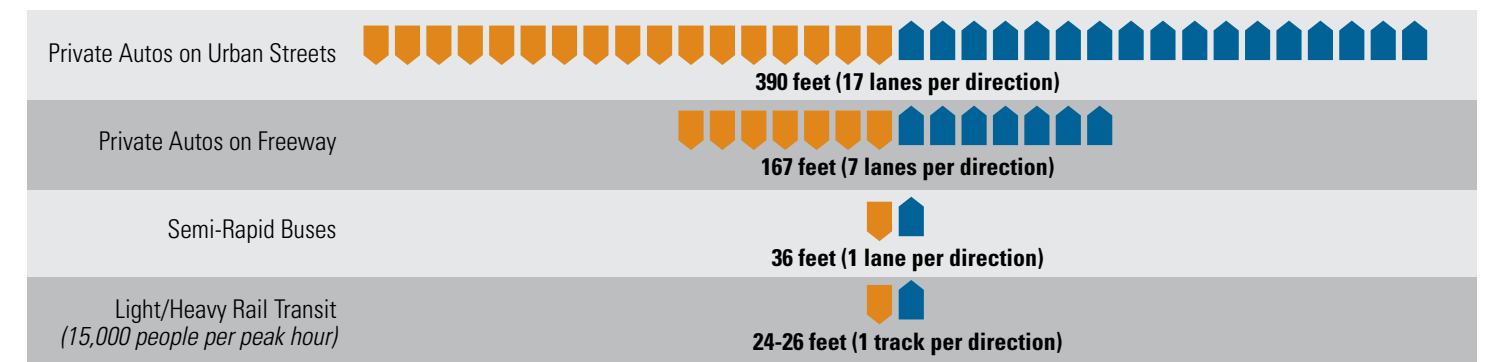
Public Transportation Benefits Businesses

The benefits of these agglomeration effects extend to businesses as well. By locating near public transit, businesses save money because they need to build less parking infrastructure or have to pay for fewer employees to park offsite. A study conducted by the Washington Metropolitan Area Transit Authority estimates that building parking for the federal employees who take Metro instead each day would cost the government \$2.4 billion.⁷

INVESTMENT IN PUBLIC TRANSPORTATION CREATES AND SUPPORTS JOBS



CITIES SAVE ON INFRASTRUCTURE WITH PUBLIC TRANSPORTATION



Furthermore, businesses benefit from an expanded labor pool of specialized workers, which means access to more productive employees. Suppliers and consultants benefit as well from proximity to these client businesses; public transit allows for the density to accommodate them. As a result, both client firms and those that serve them benefit from a potential increase to the bottom line.⁸

Public Transportation Saves Taxpayers Money

Investment in public transportation can reduce traffic congestion by shifting people away from their cars. And it can carry many people in a smaller space on the street or along a corridor.

For example, a single bus can carry 60 people and a full train car can carry more than 1,600. A high quality rail or bus line can carry as many people as seven lanes of highway or 17 lanes of urban street.

By moving more people in a smaller space, public transportation allows cities to increase their economic output while maintaining a smaller footprint at lower cost of transportation infrastructure than would be required without public transit. Cities can, therefore, achieve more growth for less money with high quality public transportation.

As previously discussed, public transit availability and density are interconnected. "The locations of downtown office districts—often focused

on financial services and related business sectors—usually coincide with the location of greatest public transportation availability and usage."⁹

For example, in the Washington, DC, metropolitan service area, 28 percent of the area's tax base is located on 4 percent of the land area that is within one-half mile of a Metrorail station.¹⁰ In Portland, OR, developers built 7,248 housing units and 4.6 million square feet of office space within two blocks of the Portland Streetcar line between 2001 and 2005. As a report on transit-oriented development said of the Portland project: "Properties closest to the streetcar developed at 90 percent of permitted density, compared to 43 percent 3 or 4 blocks away."¹¹

All of this development means an improved tax base for communities that invest in public transportation.

In fact, investment in public transit generates business expansion and economic growth worth more than the monetary value of the initial investment. APTA estimates that every \$1 billion invested in public transportation produces \$3.6 billion in added business sales volume, which in turn generates nearly \$500 million in federal, state, and local tax revenues. For every \$1 invested in public transportation, \$4 in economic returns are generated.

Cities nationwide are realizing the economic benefits that accrue from public transportation investment:

High quality public transportation can increase the bottom line for businesses.

- The Transit Master Plan for The Rapid in Grand Rapids, MI, connects future economic vitality to increased public transportation investments. Public input to the plan emphasized expanded service as a strategy for making Grand Rapids a vibrant, thriving place where their children would want to stay, live, and work.¹²
- The Metropolitan Atlanta Rapid Transit Authority estimates that its system accounts for \$2.1 billion in economic output across Georgia. The system also generates as many jobs statewide as the number of employees in the state working at all gas, water, and electric utility companies combined.¹³
- A study of Minneapolis' Hiawatha Light Rail corridor found that "the LRT had a significant positive impact on property values. . ." and that "residential property values increased by \$47 million along the segment of the corridor studied."¹⁴
- Boston's Silver Line Bus Rapid Transit line has sparked more than \$1.2 billion in construction including more than 2,500 new and refurbished housing units and more than 2 million square feet of office and retail space. The line has opened previously inaccessible areas to new development.¹⁵
- A study of the light rail system in Dallas found that "while there are many factors contributing to development investment decisions, proximity to an LRT station is often an important site location factor. The total value of projects that are attributable to the presence of a DART Rail station since 1999 is \$4.26 billion."¹⁶

Public Transportation Saves Cities Money

Public transportation also allows cities to save on infrastructure, maintenance, and capital costs:

- Compact land use requires less paving, fewer roads, and smaller extensions of utilities such as water, sewer, and electrical lines.
- Cities can build fewer parking garages when people take public transit rather than drive; garage parking in cities costs an average of \$15,000 per space.¹⁷
- Cities can provide the same amount of services to residents and businesses using less infrastructure, because distances between points of interest are smaller with dense development.

Public transportation can help cities grow into regional and international competitors. The dense environments and concentrations of people and



businesses created by public transit are present in cities at the center of mega-regions (areas of influence and commerce centered on major metropolitan areas). Cities like New York, Seattle, San Francisco, and Washington, DC, are the growth centers for these large areas that compete on an international scale.

Other Economic Benefits

Increased investment in public transportation helps reduce the nation's dependency on foreign oil. Per passenger mile, public transportation is twice as energy efficient as cars, meaning every passenger traveling on public transit rather than in a car is using less gas.¹⁸ Public transit also saves even more fuel by reducing traffic congestion, and reduced fuel costs mean less money flowing out of local economies.

The Texas Transportation Institute's 2011 Urban Mobility Report makes clear that without public transportation services, travelers would have suffered an additional 796 million hours of delay and consumed 303 million more gallons of fuel. Without public transportation, congestion costs would have been an additional \$17 billion annually.

Additionally, more than 40 percent of public transit riders travel on vehicles powered by electricity, not imported oil. Reduced oil imports mean more money is available to be spent in other areas that grow the economy.

Public Transportation is Essential

Public transportation facilitates economic growth. A stable mix of funding, including federal funding, is critical to its success. Public transportation generates economic benefits beyond the funding that goes into public transit service and construction.

In summary, public transit is integral to our nation's transportation system and essential to the economic and social quality of life of our citizens. Policymakers need to support continued—and increased—dedicated federal funding of public transportation.

1 Glen Weisbrod and Arlee Reno, "Economic Impact of Public Transportation Investment," APTA, October 2009.

2 "Commuters Who Resolve to Save Money in 2012 Take Note: Transit Riders Save More As Gas Prices Increase," APTA.

3 "Penny Wise, Pound Foolish," Center for Neighborhood Technology, March 2010.

4 Anthony Venables, "Evaluating Urban Transport Improvements: Cost-Benefit Analysis in the Presence of Agglomeration and Income Taxation," September 2004.

5 "The 2011 Community Preference Survey,"

National Association of Realtors, March 2011: 21.

6 Vuchic, Vukan R., "Transportation for Livable Cities," Center for Urban Policy Research, Rutgers University, 1999: 58.

7 "Making the Case for Transit: WMATA Regional Benefits of Transit," WMATA, November 2011: 4.

8 Daniel Graham, "Agglomeration Economies and Transport Investments," Imperial College, December 2007.

9 Weisbrod: 20

10 WMATA: 2

11 "Why Transit-Oriented Development and Why Now?," Reconnecting America and Center for Transit-Oriented Development: 14.

12 "Transit Master Plan Final Report," HDR Engineering: July 2010.

13 "The Economic Impact of the Metropolitan Atlanta Rapid Transit Authority," University of Georgia, May 2007: 3.

14 "Rails to Real Estate," Center for Transit-Oriented Development, March 2011: 14-15

15 Rutgers University "Transit-Friendly Development," January 2008.

16 "Assessment of the Potential Fiscal Impacts of Existing and Proposed Transit-Oriented Development in the Dallas Area Rapid Transit Service Area," Dallas Area Rapid Transit, November 2007, ii.

17 Todd Litman, "Transportation Cost and Benefit Analysis II," Victoria Transport Policy Institute, August 2011: 5.4-2.

18 Robert J. Shapiro, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," APTA, July 2002: 2.