JUMPSTARTING THE TRANSIT SPACE RACE

How the New Administration Could Make America Energy-Independent, Create Jobs and Keep the Economy Strong
The demand for transit in the U.S. has never been greater, with ridership at its highest levels in 50 years and almost 400 new rail, streetcar and bus rapid transit projects proposed in large and small regions from Massachusetts to Hawaii. Americans took 10.1 billion trips on transit in 2007, saving 1.4 billion gallons of gasoline – the equivalent of a supertanker leaving the Middle East every 11 days.\(^1\) This spike of interest in transit offers huge opportunity for the U.S. to reduce our dependence on foreign oil as well as household transportation expenditures — which would increase both national and economic security.

The enormous interest in bus and rail transit is prompted, of course, by rising gas prices as well as the fact that building more roads hasn’t solved the problem of traffic congestion — the result of 60 years of sprawling growth that have made driving a necessity. Ridership figures are up 32 percent over 1995, more than double the rate of population growth, and greater than the 24 percent increase in miles traveled by automobile. Auto use actually declined by 3 percent in the second quarter of 2008, while transit ridership increased 5.2 percent.\(^2\)

Meantime, the number of transit projects that have been authorized to begin the federal funding process increased from 220 in 1998 to 331 in 2004.\(^3\) At least 64 new projects have been proposed in the past four years, with regions from Cleveland to Tampa to Baltimore joining the “transit space race” and proposing construction of entire rail and bus rapid transit systems consisting of several lines. So many projects have been proposed that the total investment required would be at least $248 billion – roughly the same amount allocated for both highways and transit in the last federal transportation reauthorization, a six-year funding bill named SAFETEA-LU.

Billions more are needed to modernize existing transit lines in cities with older systems — including New York, Chicago, Boston, Washington D.C. and Atlanta.

“This is going to be the public transportation century in America,” Congressman James Oberstar (D-MN), chair of the House Committee on Transportation and Infrastructure, announced earlier this year. “We’re loving our transit systems to death today,”\(^4\) Congressman Peter DeFazio (D-OR) told the U.S. House in a debate early this summer, noting that the increased ridership and higher fuel costs are straining the budgets of

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transit agencies. Congress is considering providing $1.7 billion to help transit agencies cover these increased costs, and is discussing providing an additional $10 billion to expand transit service.\(^5\)

SAFETEA-LU allocated $248 billion for highways and transit for the six-year period from 2004 to 2010. But the federal government spends about 80 percent of federal transportation funding on highways and just 20 percent on transit. A relatively small portion of transit’s 20 percent is spent on the construction of new fixed-guideway systems — about $1.6 billion a year over the last half-dozen years\(^6\) — while the rest is spent on maintenance and on buses. The federal government typically pays for half of total project costs. At the current rate of federal investment, it would take 77 years to construct all of the projects that have been proposed.

The relatively low level of transit investment in this country stands in sharp contrast to expenditures on transit in countries such as India, England, China and Canada. And it has caused local governments to turn to local voters for support by putting sales tax and other funding measures on the ballot in order to find a way to build new transit lines and systems. Both Denver and Houston, for example, recently won support from voters to build entire transit systems, and there are more than a dozen measures on the November 2008 ballot across the country.

Voters approved 70 percent of transportation-funding ballot measures between 2000 and 2005,\(^7\) indicating huge public support for transit construction. Public opinion polls, too, have found overwhelming support for transit. A recent poll commissioned by the National Association of Realtors, for example, found that only 23 percent of Americans believed building more roads is a good way to combat traffic congestion, while 75 percent believed that improving public transportation and being smarter about development was a better idea.\(^8\) An August 2008 AARP poll found that while many Americans over the age of 50 want to drive less because of gas prices, they cannot because of inadequate public transit, sidewalks and bike lanes.\(^9\)

Personal economic security is at the very top of the list of concerns of

**SPOTLIGHT ON UTAH:**

**Growing Demand For Transit In The Mountain West**

**SALT LAKE CITY** – The Utah Transit Authority signed a letter of intent with the federal government to fund 20 percent of the cost of four new light rail lines in the metro region as well as a commuter rail line to Provo. UTA General Manager John Inglish says such an agreement with the Federal Transit Administration is unprecedented. Transit agencies have in the past approached the agency to fund just one rail line at a time. Inglish says this will save Utah years of waiting in the lengthy federal process. The FTA will fund $500 million of the more than $2 billion it will cost to build the five lines. Local sales tax dollars will fund the rest. Discussions are also under way to build a streetcar network and bus rapid transit.

![Figure 2: The High Cost of Automobile Dependence](image-url)

A household in a transit-rich neighborhood can expect to spend 16 percent less on transportation costs than a family in an auto-dependent suburb.
all Americans today, and recent studies have documented the importance of transit in reducing personal and household expenditures. Transportation is the second-highest household expense after the rent or mortgage. In auto-dependent regions such as Atlanta and Detroit working families who make less than $50,000 a year now spend more on transportation than they do on housing.\(^{(10)}\)

The American Public Transportation Association tracks how much people can save by using public transit instead of driving. The most recent analysis, released Oct. 6, 2008, showed an average savings of $9,499 a year.\(^{(11)}\) A 2007 study by the Center for Transit-Oriented Development shows that households living in neighborhoods near transit spend 16 percent less on transportation than families who live in auto-oriented communities.\(^{(12)}\) Other studies show that people who live near transit are five times more likely to use it — and to walk and bike to work.\(^{(12)}\) The fact that people who live in communities near transit drive less makes these neighborhoods much more environmentally sustainable. New research by the Center for Transit-Oriented Development finds that walkable transit-oriented communities produce 43 percent less greenhouse gas emissions than conventional suburban development.\(^{(13)}\)

All of this evidence suggests that building more transit lines and stations and developing or redeveloping the neighborhoods around them could help make this country energy independent, help Americans save money, and address climate change. Moreover, the real estate market has made billions of dollars of private investment available to help build these new neighborhoods because the housing market is changing in response to the changing demographics of America – boosting interest in neighborhoods near transit. Anecdotal evidence during the past year also suggests that despite the market downturn neighborhoods near transit are holding their value better than conventional development in suburban neighborhoods.

“Americans are running on empty. This surge of interest in transit has opened a window of opportunity for the federal government to make an investment in transit that would also address the major challenges facing this country,” says Shelley Poticha, CEO of the national nonprofit Reconnecting America. “If the U.S. were to embark on a transit-building program not unlike the Interstate Highway building program after World War II it could bol-

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**Consider This . . .**

*The American Public Transportation Association estimates the 2008 savings from taking transit instead of driving to be $9,499 per household per year. That money could instead be used to:*

- Buy food for a family for a year
- Pay off a 30-year $150,000 mortgage 20 years early
- Pay for 75 percent of a health care policy
- Pay for community college tuition for two kids
- Pay for child care for one year
- Buy 3,168 mocha frappuccinos at Starbucks

ster national security and help restore economic stability by reducing dependence on foreign oil. At the same time it would create jobs and increase personal economic security by helping Americans reduce transportation expenditures.”

**A 21st Century Transportation System for a 21st Century America**

Federal transportation policy remains essentially unchanged since the 1950s, when gas was a nickel a gallon and Congress appropriated $25 billion to construct 41,000 miles of interstate highways over 20 years. The Federal-Aid Highway Act of 1956 was also called the National Interstate and Defense Highways Act, and it was the largest public works project in America. The nuclear family was the dominant demographic group in the U.S., which fueled interest in single family homes in the suburbs. This trend was buoyed by federal policies such as the home mortgage tax deduction and transportation investments that opened up new suburban land for development.

Today, however, American households are older, smaller and more diverse, and singles are becoming the new majority. This trend, combined with the fact that Americans are tired of long commutes on traffic-choked highways, has dramatically increased demand for housing in walkable neighborhoods near transit. A demand estimate by the nonprofit Center for Transit-Oriented Development projects that 15 million households will be looking to rent or to buy near transit in 2030 – up from 6 million in

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Changing demographics and economics are driving up demand for housing near transit. The market for renting or buying near transit will more than double by 2030, according to a study by the Center for Transit-Oriented Development.

Projects were listed on a spreadsheet by region and compiled using various sources. Primary sources included MPO long range plan documents, transit agency plans and project documents, information obtained from local officials, and information gathered from local newspapers. As this is a snapshot in time, cost estimates can change for projects daily, weekly, and monthly.
2005 and totaling a quarter of all renters and buyers who will be in the market for housing.\(^{(14)}\)

“The era of cheap gas is over, and today’s new reality demands a reassessment of federal transportation policy and priorities that sets a new course of action,” says Mariia Zimmerman of Transportation for America, a national coalition that is calling on the next president and on Congress to get the economy moving by making wiser transportation investments. “With high gas prices, decreasing household budgets and a lagging economy on Wall Street and main Street, we can’t afford to squander this window of opportunity to invest in public transit and neighborhood development.”

Cities and regions understand these market trends and believe that transit will enhance livability and help attract jobs and the “creative class” of young, college-educated workers — which is why they have joined the transit space race. Ironically, the increased demand for transit has made it more difficult to win federal funding for projects. Congress has provided more money for transit during the past decade, but available funding has been outstripped by the increased demand. The Federal Transit Administration, in response, has made the federal funding process ever more competitive in order to ensure that only the best projects get funded. The result, however, is a longer and more difficult process that drives up the cost of projects, with the result that there are fewer projects in the funding “pipeline.”

The lengthy and cumbersome federal process creates a great deal of uncertainty for regions that want to build transit, and acts as a disincentive for building transit – making the increased number of proposed projects all that much more significant. Complaints about the process prompted a congressional investigation last year, and Los Angeles County Metro CEO Roger Snoble was among those to testify. “In its efforts to exercise due diligence over federal funds, the Federal Transit Administration has developed a system so complex, so replete with reports and analyses and so fraught with delays and schedule uncertainties that it now obstructs one of the agency’s fundamental goals to assist urban areas in building critically needed transit systems in a cost-effective manner,” Snoble told the House Subcommittee on Highways and Transit.

The number of projects in the funding pipeline grew from about 20 projects in 1991 to more than 80 in 2004. However, since 2004 there has been a steady decline to just 40 projects in 2007 – reflecting the more difficult and expensive federal process.\(^{(15)}\) Meantime the number of

**FIGURE 5: The Squeeze On New Starts**

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**SPOTLIGHT ON NORTH CAROLINA:**

**Growing Demand For Transit In The Southeast**

**CHARLOTTE** – Last fall Charlotte voters defeated a measure to repeal a half-cent sales tax for transit by a 70-30 margin, with four ex-mayors and business leaders among those arguing against the repeal. The new 10-mile LYNX Blue Line has surpassed first-year ridership projections by 76 percent, and 7,000 housing units are planned and in construction around 15 stations. The city has begun surveying an 11-mile extension.

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The increased demand for transit has made it more difficult to win federal funding. The Federal Transit Administration has made the funding process more competitive, resulting in a longer, more difficult process that drives up cost and drives down the number of projects in the funding pipeline.
projects lining up to get into the federal funding queue has dramatically increased. The federal government authorized 331 proposed projects for consideration under the 6-year federal transportation reauthorization called SAFETEA-LU in 2004, up from the 221 projects included for consideration under the previous 6-year bill, TEA-21, in 1998 – a 50 percent increase.\(^\text{(16)}\)

The increased interest in transit on the part of cities and regions has been accompanied by consistent public support for local funding initiatives, as noted earlier. Many more initiatives will be on the ballot in November 2008, including:

- a half-cent sales tax increase in Los Angeles County for rail and bus projects
- a half-cent sales tax in Seattle to build light rail and increase bus service
- a half-cent sales tax increase in St. Louis to expand light rail and help provide operating expenses for bus service
- a four-tenths-cent sales tax for bus rapid transit in Aspen, CO
- two separate parcel tax increases to pay for transit operations and a new bus rapid transit line in Oakland and Berkeley
- a three-eighths-cent sales tax for a starter light rail line in Kansas City
- a quarter-cent sales tax to build a commuter rail line in Sonoma and Marin Counties in Northern California
- a one-eighths-cent sales tax in Santa Fe to extend a commuter rail line from Albuquerque.

**Leveling the Playing Field Between Highways and Transit**

The federal funding process for highways is much quicker and easier than the process for transit, and the amount of money that the federal government provides for each road project – called “the federal match” – is typically much greater. Federal statute requires local governments to put up 20 percent of the funding for most road and transit projects – called “the local match.” But road projects receive a much larger federal match – sometimes more than 80 percent – while the federal match for transit was decreased from 80 percent to 60 percent in 2004,\(^\text{(18)}\) and now averages about 50 percent.\(^\text{(19)}\)

A study for the American Public Transportation Association found that the time required to make it through the more competitive federal funding process increased from 5 years in 1991 to 10 years in 2004.\(^\text{(20)}\) To cite one example, both the Seattle streetcar, which did not go through

**SPOTLIGHT ON NEW YORK:**

**Growing Demand For Transit In The Northeast**

**NEW YORK CITY** – Construction is under way on the Second Avenue Subway, first proposed in 1929, which will improve travel for both city and suburban commuters, and provide better access to mass transit for residents of the far East Side of Manhattan. In 2005, state voters passed the Transportation Bond Act, which will pay for some of the $4 billion cost. The federal government has agreed to contribute $1.3 billion over seven years for the first phase, which is expected to carry more than 200,000 weekday riders. This is the second-largest federal expenditure ever for a single transit project. The federal government is also spending $2.6 billion to link Long Island Rail Road to the Grand Central Terminal.

**SPOTLIGHT ON OREGON:**

**Growing Demand For Transit In The Northwest**

**EUGENE, OR** – A new bus rapid transit (BRT) line completed with federal funding in Eugene has met with such success that the city wants to build three more BRT lines. Ridership doubled to 4,800 passengers during the first year, and an extension will open in 2010. Eugene had considered building light rail, but decided it lacked the population density needed to make light rail work. The line has been described as “a service that is demonstrating how BRT can be used to deliver premium transit in a small-city environment.” The population of the Eugene-Springfield region is about 200,000.
the federal funding process (though it did use other federal funds as well as state, local and private-sector funding), and Charlotte’s South Corridor light rail line, which did go through the federal funding process, opened at the end of 2007. But the Seattle streetcar was proposed 5 years after the Charlotte project.

Comparing a transit project to a road project is even more interesting: In Baltimore, two major transportation projects costing $1 billion each were begun in 2003 – the widening of a 10-mile section of I-95 and a 20-mile-long fixed-guideway transit line. Five years later, the road-widening project is fully funded and well under construction, while the transit project is in an early planning phase and funding is still uncertain. Moreover, the most optimistic scenario schedules ground-breaking for 2009, which means the line would open in 2015 or 2016 – 12 or 13 years after planning began.

For years transportation advocates have argued that it’s important to “level the playing field” between highways and transit, and that it’s especially important now because transit can help address many of this country’s greatest challenges – including rising gas prices, dependence on foreign oil and climate change – while road building exacerbates these problems. “Half of the country doesn’t have any mass transit,” transit expert and political conservative Paul Weyrich told a hearing last January on a report by the National Surface Transportation Policy and Revenue Study Commission, which was created in 2005 to examine the condition and future needs of the nation’s surface transportation system. “And of the cities that have transit,” he added, “many don’t operate a system worthy of getting people out of their automobiles.”

A 2005 survey conducted by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau found that only 54 percent of American households have access to bus and rail transit, and only 25 percent have what they consider to be a “good option.”

The relatively low level of transit investment in the U.S. stands in sharp contrast to funding in other parts of the world. China, for example, is dedicating $88 billion for the construction of 1,062 miles of rail from 2001 through 2015. India has announced it will spend $56 billion to expand its rail system over the next five years. The region is also considering five radial commuter rail lines that would connect to the light rail network in various spots radically changing the regions transit network.

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222 miles in New York City and a total of 1,300 miles of heavy rail (including above-ground heavy rail systems like the El in Chicago) across the entire U.S. In Canada, the transit agency in Toronto has proposed spending $50 billion to construct new transit lines by 2025 — more than the U.S. has dedicated for the entire country in a similar time period. Vancouver plans to spend $14 billion by 2020. 

**Conclusion**

The next president and Congress could enact a public works project similar to the National Interstate and Defense Highways Act of 1956 in order to build the transit projects lined up and waiting in the federal funding queue. A public works project of this magnitude would help make this country energy independent and more financially secure and create jobs. At the same time it would help Americans avoid high gas prices and find places to live where commutes are shorter and less expensive. Given today’s economic crisis, these investments are warranted.

The path to a sustainable transportation system fit for the 21st Century requires immediate action for change. In order to reverse the current course, individuals, elected officials and business and community leaders must share a commitment to getting America moving again. It’s time for a bold plan that shifts our transportation investments to ensure we are getting the best returns for our economy, our pocketbooks, and our communities. No one community can solve this challenge alone. Building America’s 21st Century transportation vision will require a renewed federal commitment, partnerships between private and public sectors, and a national transportation policy that prioritizes transit.

**SPOTLIGHT ON FLORIDA:**

**Growing Demand For Transit In The South**

**ORLANDO** – A planned 61-mile commuter rail line through four fast-growing traffic-choked counties is on hold again after the Florida Legislature took issue with the high cost of liability insurance. The commuter trains would run along an active freight corridor, though freight trains would be re-routed during the day to make room. The $1.2 billion project is being jointly planned and funded by four counties and the Florida Department of Transportation, with local governments paying 25 percent, the state government paying 25 percent, and the Federal Transit Administration paying 50 percent. The project is now in its seventh year of planning and analysis. Proponents still hope it can open in 2011, pending resolution of the liability issue.