Light rail in Charlotte, rapid buses in Cleveland, streetcars in St. Louis, commuter rail between Albuquerque and Santa Fe. Communities across the nation are responding to citizens’ demands for more transportation choices. In 2013 alone, more than 700 rail, streetcar and “bus rapid transit” projects are being planned or are already under construction, according to Reconnecting America, a national transit advocacy group.

All levels of government have invested hundreds of billions of taxpayers’ dollars into these projects nationwide, stirring skeptics to question whether transit is a wise public investment. Given the high initial costs of some of these transit options, ensuring there will be enough riders is essential. In most instances, careful studies are conducted before any track is laid or lane is designated. New transit is much more likely to be used, however, if the area has been developed to encourage the use of public transportation—a strategy known as transit-oriented development.

Lawmakers, developers, residents and business owners are anxious to capitalize on transit investments to bolster economic development, lessen traffic congestion and meet the increased market demand for transit- and walker-friendly communities, especially popular among young workers and empty-nesters.

Transit on the Incline

Public transportation is in. People are choosing mass transit at levels unseen since the late 1950s, before many cities began to dismantle their systems. In 2012, people took 10.5 billion trips on transit systems, the second-highest number since 1957—surpassed only by 2008, a year with record high gas prices. Young people ages 16 to 34 especially are choosing transit, hopping

BY DOUGLAS SHINKLE

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on buses or light-rail trains a whopping 40 percent more than in 2001.

The effect of the recession on household budgets may be playing a role. Taking transit instead of driving a car can save a person more than $10,000 a year in gas, insurance, maintenance and other costs, according to the American Public Transportation Association.

More and more, state legislatures are considering the value and economic benefits of funding and supporting transit-oriented developments.

In Utah, new tracks have been laid at a blistering pace, from zero miles in 1998 to 80 miles in 2013 to a projected 150 miles of light and commuter rail by 2015. These new transportation choices are proving popular with Utahans; ridership on commuter and light rail both increased almost 15 percent from 2011 to 2012.

In 2010, to encourage economic investments and increase tax

What’s TOD?

“Transit-oriented developments” provide moderate- to high-density housing, shopping, services and businesses where people can easily walk, bike and take transit. These communities generate revenue for the public and private sectors, offer more transportation choices and boost transit ridership.

What’s BRT?

“Bus rapid transit” is increasingly common across the globe but is relatively new in the United States. It refers to a bus system with limited stops that uses dedicated lanes and has a quick, easy way to collect fares. These bus systems are more reliable and faster than regular buses.

They usually use existing roads and stations, making them a cheaper option than rail systems that require new construction. An analysis by the Government Accountability Office found the bus systems averaged a capital cost of $13.5 million per-mile compared to $34.8 million for light-rail. Business owners and transit riders, however, sometimes prefer the permanency and perceived economic development opportunities of rail lines.

Ridership’s Up

Source: American Public Transportation Association.
**TRANSIT**

**By the Numbers**

1827

The year the first transit service was offered in New York City—via horse-drawn buggy.

10.5 billion

Transit trips taken by Americans in 2012.

40%

Increase in transit miles ridden by Americans ages 16 to 34 from 2001 to 2009.

79%

Local ballot measures on transit funding approved by voters in 2012.

3.4 million (1%)

Americans who met the daily recommended 30 minutes of physical activity by walking to and from transit stops.

$10.578 billion

Federal money dedicated to transit for 2013.

$1.9 billion

Federal money in New Starts program for new and expanded rail, bus rapid transit and ferry systems for 2013.

**Sources:** The American Public Transportation Association, Frontier Group, the Center for Transportation Excellence, American Journal of Public Health, Budget and Tax Center/North Carolina Justice Center, Federal Transit Administration.
use of government funds by targeting investments in existing communities. “Chances are pretty good that new mixed-use transit development is going into areas that already have services and streets, making use of existing, expensive public infrastructure that is already paid for.”

**Location, Location, Location**

Housing in walkable communities near transit services is a hot commodity. A recent study in Denver found property within a quarter-mile of light-rail stops was fetching about 25 percent more from developers, and renters were willing to pay about 4 percent more to live near a light-rail stop.

This trend, however, can hurt those who need affordable, close-by transit options. Although all workers use public transit more when they live near it, another Denver study found that low-income workers within a half-mile of a stop commuted by transit twice as often as any other group. With these dynamics in mind, most state laws require a mix of housing options in transit-oriented developments. “Locating homes and workplaces near transit stations relieves some of the burden on family budgets by increasing access to more affordable transportation options,” says Massachusetts Representative Joseph Wagner (D), chairman of the Joint Committee on Economic Development and Emerging Technologies. In Boston, for example, housing and transportation costs eat up nearly half of an average family’s income because affordable housing is difficult to find.

Wagner hopes new transit-oriented development may help the venerable city provide more options for its families. In 2012, the legislature made this kind of development the centerpiece of MassWorks, a comprehensive infrastructure grant program intended to be a one-stop resource for municipalities and other public entities. Lawmakers allocated almost $96 million to it in FY 2012 and FY 2013. At least 67 percent of the funds must support infrastructure developments within a half-mile of a transit stop where two or more routes converge.

MassWorks also supports affordable housing development within a quarter-mile of a transit station or ferry terminal. This supplements the $50 million the legislature allocated in the past decade for a Transit-Oriented Development Bond Program, which also helped provide affordable housing near transit services for lower-income families.

Massachusetts’ efforts, combined with market forces and demand, appear to be making a significant dent in the housing scarcity. Between 2000 and 2010, the Boston region added more than 15,000 housing units near transit. Wagner believes transit-oriented development can be a key to improving the state’s overall economic competitiveness and promoting efficient use of limited infrastructure funds.

**Moving Ahead**

Expanding transit systems in response to the demand may be an important element in moving the country forward, literally.

Transportation revenues continue to fall short of infrastructure needs. State transportation budgets rely heavily on federal and state gas taxes, which have steadily declined in light of the growing use of alternative-fuel and fuel-efficient vehicles, making it difficult to meet ever-rising construction costs.

Traditionally, the federal government and local governing bodies have shared responsibility for building new transit projects, while states took the lead on roads. In recent years, however, states have played a greater role in providing affordable, accessible transit options—to the tune of around $13.6 billion in 2010, more than the federal government contributed, according to the most recent Survey of State Funding for Public Transportation.

Transit projects have been an important part of many ongoing transportation funding debates in state legislatures. The Missouri General Assembly, for example, is looking at imposing a 10-year sales tax for transportation projects (including transit). The Minnesota Legislature is considering sales and use tax for transit projects in the Twin Cities area, while Maryland is proposing to pay for transit by raising fares and tying them to inflation. And the Virginia General Assembly enacted a high-profile transportation funding overhaul that is expected to increase funding for highways, transit and rail. An idea to raise more money for transit and rail by hiking vehicle registration fees, however, did not make it into the final bill.

Local governments, however, still provide the lion’s share of funds for transit, and some state legislatures are considering giving them more flexibility in their transit funding options. Lawmakers in Maryland, Michigan and Washington, for example, are considering whether to allow regional or local entities to collect additional fees or taxes to benefit transit, while Colorado legislators debate whether localities should be allowed to spend their portion of gas tax revenues on transit projects.

—Jaime Rall

Transit’s future will depend in part on developing communities where hopping on the light-rail or jumping on rapid transit bus is an easy, safe and inexpensive choice.

“It would be a shame if we don’t take advantage of opportunities to develop these transit systems,” says Utah Representative Hughes. “They have the potential to serve a large part of the population in a very cost-effective and easy way.”

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**STATE LEGISLATURES**