New Urban News

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Making up for transit shortfalls

The Great Recession has dealt a fierce blow to America's transit systems. Bus and train service is being cut back in many metropolitan areas. Eighty-four percent of the nation's transit systems have reduced operations, raised fares, or considered one of those measures, according to a recent survey by the American Public Transportation Association. The main reason is a drop in revenue from sales taxes, state subsidies, and other governmental support.

The Denver region, where the Regional Transportation District adopted a 12-year, $6.5 billion plan to establish six rail lines between 2013 and 2017, no longer has the funds to construct the full system. The Charlotte Area Transit System in North Carolina, which surpassed ridership expectations on its initial 10-mile light-rail line, now faces problems in paying to build the next lines.

The difficulties that transit systems are encountering could make it hard for many more Americans to find places to live and work in compact nodes and well-connected corridors. In the June issue of *The Atlantic*, Christopher Leinberger points out that many people want to move to cities and inner suburbs. Demographic trends augur for substantial mixed use development, but unless adequate transit infrastructure is installed, much of the potential will be unrealized, says Leinberger, an urban planning professor at the University of Michigan and a visiting fellow at Brookings Institution.

Where might the money come from?

Leinberger argues that some resources could be supplied by private and nonprofit sources. The city of Detroit — where in February the US Department of Transportation awarded a $25 million TIGER grant for a 3.4-mile light-rail line from downtown to the New Center area — provides an illustration of how this might work. Business leaders in the Detroit area, along with the Kresge Foundation and others, raised tens of millions of dollars needed for an initial segment on Woodward Avenue. They established an organization called M1 Rail — supervised by the nonprofit Downtown Detroit Partnership — to get the line started.

Leinberger notes that in Washington, DC, "property owners paid for a quarter of the cost of a new Metrorail station." They did so because they knew that Metrorail service would make their real estate development more attractive and profitable. Leinberger likens this private-sector involvement to what commonly occurred in the early 20th century: developers paid to construct streetcar lines that would bring homebuyers to the neighborhoods the developers were building.

In some quarters, Leinberger's proposal has met with skepticism. Yonah Freemark, author of the "Grassroutes" column for *Next American City* and producer of *The Transport Politic* blog, sees problems in having businesses raise money that would be combined with funds from transit agencies or governments. "[R]elying on private developers to take the initiative in moving forward with new transportation projects removes the planning process from public hands," he says. It reduces "the possibility of democratic involvement in setting investment priorities." Allocating public money to transit projects favored by developers may benefit "private land speculators more than the people who actually need better public transportation: the poor, people who are unlikely to be buying in the new transit-served developments," Freemark warned in a May 17 *Grassroutes* column. Another pitfall is that if private funders go bankrupt, transit agencies may end up having to complete the projects at public expense.

I’m not sure the threats are as great as Freemark suggests. Certainly, though, Leinberger and Freemark both have arguments worth considering. Clearly there is a need for more streetcar and light-rail lines, to make dense development of metropolitan corridors feasible. Clearly, too, there is a need for additional sources of funds — whether they’re special assessments on the properties closest to the tracks, or other monies. A more all-encompassing approach to paying for transit infrastructure is essential at this point in the slow-moving economic recovery. It would be a shame to see a promising urban era thwarted by a train wreck in governmental finance.