

# An agenda for urban transportation

by

C. KENNETH ORSKI

Urban Mass Transportation Administration  
U.S. Department of Transportation

Winston Churchill once said "We shape our buildings; and then the buildings shape us". The same, I think, can be said of transportation. We shape our transportation facilities, but then we allow the transportation facilities to mold us, our lives and our cities. In managing the UMTA program we have been mindful of this pervasive influence of transportation. And we have tried to make our grant decisions and exercise our other authority accordingly.

Having said this, the question remains: what should be the federal role in urban transportation? What precisely should the federal mass transportation program seek to accomplish? These are not easy questions, but they need to be answered. For in these days of growing competition for limited federal resources, we need to understand what special reasons there might be to justify the Federal presence in this field, and what payoffs are to be realized from a continued federal involvement in urban mass transportation.

In my remarks this morning I propose to share with you some thoughts on this subject. I shall argue that the UMTA program has a threefold mission to accomplish. The first is to help preserve the transit option for the millions of people who currently depend on it; the second is to assist in the national efforts to revitalize the Nation's cities; and the third is to help guide urban growth over the long run into more orderly and efficient settlement patterns that will help the Nation to adapt to an era of limited energy resources.

Let me discuss each of these in turn.

## MAINTAINING AND IMPROVING EXISTING TRANSIT SYSTEMS

To begin with, the UMTA program must assist in the job of maintaining and modernizing existing transit systems in cities large and small. We often tend to forget that even today, with transit ridership drastically reduced from its former pre-World War II levels, the transit systems of this country still carry some 16 million daily riders.

These riders are part of our transit dependent public. While most of them are not too poor to own a car or too old to drive, they are nonetheless "captives" of the public transit systems because they have no other effective or economical way of moving about. Clearly, a Federal program devoted to the support of public transportation cannot ignore the needs of these millions of transit users nor their legitimate desire for more convenient, reliable and comfortable service.

Not only are there substantial numbers of transit patrons whose travel conditions deserve to be improved, the maintenance of existing transit systems is also essential to the survival and efficient functioning of our metropolitan areas. This is especially true of the older in-

dustrial cities of the Northeast and Midwest. One can no more imagine cities like Boston, New York or Chicago getting along without their transit systems than one can conceive of them functioning without telephones or electricity. Transit for these cities represents more than long term insurance against an energy constrained future - it is an essential public service without which the cities would quickly collapse.

## USING TRANSIT TO REVITALIZE CITIES

The mission of transit and the UMTA program, however, is not confined to improving mobility. Transit investment, we believe, must also be part of a broader national strategy to revitalize our cities.

The Federal mass transportation assistance program has an enormous impact on the major cities. In those cities which are building or operating rail transit systems, the annual dollar impact of UMTA assistance typically exceeds that of the HUD community development program and general revenue sharing combined. Particularly significant, of course, are the huge rail transit construction grants. These grants usually support the largest single public works projects ever undertaken in the city in question.

These projects can do more than just help to move people faster and more efficiently. They have a massive impact in terms of real estate development, land use, economic activity and job creation. When used creatively, they can help to stem the decline and promote the recovery of our older metropolitan areas.

The Federal transit assistance program, in other words, should have a much broader mission than has been traditionally assigned to it. The UMTA program should be enlisted in the national effort to preserve and strengthen our cities, and its success should be measured not just in terms of increased ridership but in terms of its salutary influence on the urban economy and the quality of the urban environment. Dedicating the Federal transit program to the cause of urban rejuvenation is also a way of broadening public support of mass transportation. And transit needs that broader urban constituency if it intends to claim a secure share of public resources.

## Joint Development and Value Capture

One way for these major transit investments to pay off in broader terms is through joint development projects involving multipurpose activity centers built around and integrated with transit stations. The payoff to the city is obvious. There can be a redevelopment and renewal impact on a deteriorating station site area. Joint development can add significant tax rateables from new office and commercial construction. And it can be a magnet for center city housing which, of course, is high on most of the major cities' agenda.

For transit, too, there is a payoff from joint development activity. New development, new activity centers, higher density around transit stations - all of these generate ridership and rail transit needs high ridership in order to justify and sustain its growing capital and operating costs. We have tried to do whatever we can through our management of the discretionary grant program to reward and stimulate joint development activity. We even have some specific legislative authority - as yet unused - through the so-called Young Amendment to permit UMTA funds to flow into public and quasi-public development entities for joint development activities. The leverage possibilities of this mechanism are enormous.

Another way to exploit the economic development impact of major transit construction is through the technique of value capture. Value capture involves recovering a portion of the increased real estate values created as a result of the transit investment and dedicating them to help support a transit system. It seems eminently reasonable that some of the cost of the system should be met in part out of the appreciation in land value which the system itself has helped to create.

There is another reason why the concept of value capture is particularly appropriate in connection with transit development. Fares will never approach the levels necessary to carry operating costs, let alone to amortize capital investment. But if transit users cannot alone be expected to bear the full burden of supporting the cost of public transportation, perhaps other beneficiaries of the transit system should assume some of the residual cost. As a matter of equity, it is not unreasonable to expect that all who benefit from a public project should help to pay part of its cost.

Value capture financing can support transit in a variety of ways. For example, revenues from air rights leasing, tax increment financing or special tax districts could help finance second stage construction of the system; they could be directed to offset operating deficits; or they could help support some of the capital costs associated with joint development activities or other improvements around transit stations, such as pedestrian malls, skywalks, etc.

One city which has made a creative use of the principle of value capture is Toronto. This city purchased land adjacent to transit stations before construction began and leased lands to real estate developers through 99-year leases. Toronto hopes to pay off the entire capital construction costs of the system in 30 years from this mutually advantageous use of the value capture mechanism.

Although we cannot yet say that value capture will be unfailingly successful in defraying the capital costs of transit development in American cities, it offers a major untapped source of transit revenue which, in these days of fiscal constraints, we can no longer afford to ignore.

### **Leveraging Private Investment**

The major capital grants can be used not only to encourage real estate development at the "micro" level, i.e., around transit station sites, but also to leverage complementary private investment throughout the metropolitan area. The large UMTA grants, in other words, can act as stimuli for private capital commitments to revitalize economically depressed cities and create new jobs in areas of high unemployment.

With this in mind, several of UMTA's recent major grant actions - Detroit, Philadelphia, and Boston, for example - have been conditioned on obtaining commitments to fund private commercial and office development and job training programs. To the extent possible, physical integration or linking of the new development

with the transit system should be encouraged in order to reinforce the viability of the transit investment.

### **Targeting Transit Investment on Central Cities**

Using federal assistance to encourage private investment would be particularly effective if the combined resources could be targeted on areas of particular need, such as the older central cities and inner suburbs. In this way the economic and job creation impact of the transit program would be concentrated where it is most needed.

Targeting transit investment on central cities is also a way of restoring a measure of balance to the federal transportation assistance program. For years our federal transportation investments have facilitated long distance commuting, and thus unwittingly contributed to the outmigration of people and jobs to the suburbs. By focusing new transit investment on improved circulation in the core area we might help the central city to resist more effectively the suburban "pull".

This, in fact, has been the principal rationale behind UMTA's Downtown People Mover Program. Contrary to what one might expect, this program is not designed to test new hardware or to experiment with advanced technology. Rather, the aim of this demonstration program is to assess the economic impact of improved circulation systems on the central city.

The downtown people mover can perform two important transportation functions. In the words of Colin Buchanan, it can help commuters "wiggle in" and "wiggle out" of the congested downtown area with a minimum of delay and inconvenience. And it can facilitate the myriad of trips that make up the internal circulation within the central business district. In either of its two modes the DPM can give a great boost to a central city. It can promote a better economic functioning of the business district, open up declining downtown areas of re-development, and stimulate investor confidence in the future of the corporate city.

### **Transit Improvements to Enhance Urban Neighbourhoods**

So far I have talked about the urban revitalization impact of large capital grants. But much can be accomplished also through more modest efforts. In city after city, downtown merchants, in-town residents, local developers and lending institutions, banded together in a variety of cooperative efforts, have demonstrated that downtown districts and residential neighbourhoods can be revitalized and preserved without a massive expenditure of funds.

Baltimore, Seattle, Minneapolis, Boston, Cincinnati, Philadelphia, Hartford, and New Orleans are just a few examples of cities where neighbourhood groups and local merchants' associations in cooperation with local officials, have embarked on successful programs of housing renovation and rehabilitation, turning incipiently declining areas into thriving inner city residential neighbourhoods.

All these efforts have certain things in common. They are neighbourhood-oriented; they draw heavily on local citizen initiative and private sector resources; they spring from an emerging ethic of urban conservation which stresses the best use of existing urban assets before undertaking massive new construction programs; and they are motivated by a new concern for neighbourhood preservation, which is grounded in the belief that stable and cohesive urban neighbourhoods are the key to the continued vitality of the nation's cities. Low cost transportation improvements should form an integral part of these neighbourhood preservation efforts. Next to housing rehabilitation, they are probably the most effective way of restoring a sense of livability to urban neighbour-

hoods.

These transportation improvements can take a variety of forms. They can curb or discourage the use of automobiles and trucks in heavily congested shopping streets and quiet residential areas; they can improve the pedestrian environment through creation of malls, transitways, skywalks connecting downtown office and commercial buildings, vest pocket parks, etc; and they can provide local transit services in residential neighbourhoods and downtown retail areas. Just changing the nature of the street with planting, gateways at entrances or different pavements can often transform a street into a "place" and enhance immeasurably the quality of the neighbourhood environment.

#### **BUILDING FOR AN ENERGY-SCARCE FUTURE**

The third objective of transport and of the UMTA program should be to prepare the way for a gradual transition from an era of abundant resources to an economy of scarcity.

Our urban transportation systems and the spread patterns of development that have come to characterize our metropolitan areas are a legacy of the old faith that we and endless amounts of land to build on and unlimited energy to burn.

We now realize that our fuel supplies are finite and that the continued outward expansion of our urban areas can be sustained only at a growing financial and environmental cost. Each new subdivision, each "leap frog" development adds to the strain on municipal services, takes away valuable agricultural land, and places an added burden on fiscal and energy resources. Sooner or later we must end our profligate use of resources and start on the road toward more compact, energy conserving forms of settlement and land use patterns that reduce the need for unnecessary movement.

Can transportation help us in this effort? The answer to this question depends on whether you believe that transit can serve to guide the forces of urban growth and stem the trend toward low density dispersion.

#### **Transit as a Tool of Metropolitan Development**

Those who have recently visited Toronto would be inclined to answer in the affirmative. Since 1964 the Yonge Street subway line and its extensions have served as a magnet for nearly 80 percent of all office and residential high rise development in the metropolitan area. A large proportion of this construction has taken place within a five-minute walk of the subway stations.

An especially striking aspect of the Toronto experience is the way in which the incremental extension of the subway system anticipated growth in population and economic activity, and encouraged planned, clustered development of residential areas as well as of the booming central business district.

Can the Toronto experience be replicated in our own cities? The evidence so far is inconclusive. The Bay Area's BART has stimulated a good deal of office construction in the central business districts of San Francisco and Oakland, but as yet there is little sign of high density development elsewhere. Only a few new office buildings have been built near any outlying stations, and even these buildings had difficulty finding tenants. Most suburban stations still stand in virtual isolation from any development activity in their sub-region, seemingly ignored by all except commuters who park their cars in adjoining lots.

One explanation may be that most BART stations are located in established neighbourhoods with strong community pressure to maintain the established single family housing pattern. Another reason may be that the Bay Area is endowed with an excellent freeway network

which renders most locations within the area already highly accessible. The BART system has improved that accessibility only marginally - not sufficiently it has been suggested, to influence location decisions of many households and firms.

Whether this situation will continue into the future is still a matter of conjecture. One likely scenario is that, with the price of gasoline rising, automobile use will become expensive enough to begin influencing location decisions. More and more people will want to live and work within easy distance of public transit. Land in the vicinity of transit stations will increase in value, thus creating an economic incentive for more intensive development. In time, concentrations of office, commercial and residential activity will spring up in compact clusters around many suburban stations.

Such is the classic scenario of the influence of rising fuel prices on metropolitan form. These effects, however, may take a long time to become manifest, because the shift in the comparative economics of metropolitan location - especially in auto-dominated areas - is likely to be gradual. Thus, it may be too early for any firm conclusions about BART's impact on the Bay Area's development. Any definitive judgments about rail transit's ability to restructure a region may have to be deferred for another ten years or more.

#### **Compatible Land Use and Development Policies**

There is, however, a way of accelerating the process I have just described through a deliberate policy of growth management. Such policy would involve the use of various local incentives and controls to reinforce the developmental impact of a rail transit system. These could include incentive zoning, allowance of land write-downs, tax abatements, provision of local feeder bus services to transit stations, and automobile management policies. Their purpose would be to facilitate the process of high density development and to channel the forces of growth into preselected patterns of settlement.

This does not mean that the Federal government should impose a national land use policy favoring high density living patterns and actively discouraging scattered development. Instead, it is a matter of requiring consistency and coordination between the rail transit plan and the local land use and development policies - and according preference to those communities which, at their own volition, are prepared to support such policies and implementing arrangements.

This accounts, in part, for UMTA's willingness to go forward with a rapid transit grant to Miami, where the adopted land use plan is based upon activity centers linked by transit, and where the Dade County government has the institutional and jurisdictional breadth necessary to implement transit and land use plans jointly.

A showing of compatibility between the proposed rail investment and the region's land use and development objectives has also become a condition of the "letters of commitment" that have been addressed to Los Angeles, Detroit, Honolulu and other major grantees. UMTA is saying to those cities that, while land use plans and development objectives remain a matter of local decision, it does not make sense for the Federal government or for local communities to commit hundreds of millions of public dollars for new fixed facilities unless there is a local commitment to actions and policies that will make it possible for the transit investment to be part of some broader regional growth management and energy conservation strategy.

#### **Improved Linkages Among Federal Programs**

The process of restructuring metropolitan areas into

more energy efficient forms of settlement would also be facilitated if our transit policy became part of a broader policy of urban growth within which all our urban-related programs could operate.

This is not the case today. Indeed, many of the current federal programs and policies inadvertently promote dispersal rather than concentration. Our tax code, water and sewer grants, housing mortgage guarantees, highway programs, all have spurred development farther and farther away from the urban core, scattering housing projects thinly through areas in a more or less haphazard fashion.

In these circumstances the transit program can at best be compensatory in character. It can only compensate for the consequences of the spatial organization and living patterns which other federal programs - and our own preferences as to living patterns - have unwittingly encouraged.

If transit investment is to be allowed to realize its full form-giving potential it must be linked with a number of other Federal programs and initiatives to support a comprehensive and coordinated urban growth policy. The opportunities for such linkages are numerous.

For example, HUD mortgages and community development grants could be oriented toward multi-use acti-

vity centers related to rail transit stations. Commerce Department (EDA) and Small Business Administration funds and Department of Labor's manpower training and CEDA grants could finance a wide variety of supportive public works and job creation programs in association with transit construction. HUD's "701" planning grants could be directed toward station impact zone planning to ensure that broader community development goals in those neighbourhoods are served. EPA's water and sewer grants could be coordinated with transit construction grants so that no large developments are allowed to occur in places where no adequate public transportation service is planned to be provided. Finally, HUD's rehabilitation loans and financial support from the National Foundation on the Arts could be joined with DOT's neighbourhood transportation and pedestrian improvement programs to preserve and revitalize city residential neighbourhoods and declining central business districts.

The aim, in other words, would be to link all federal programs that have major developmental impact for the common purpose of promoting the goals of orderly metropolitan growth and urban revitalization.

The UMTA program, I believe, is an essential component of any such comprehensive urban strategy.