

**BUILDING WORLD-CLASS
METROPOLITAN REGIONS AROUND TRANSIT**

Testimony before the
House Commerce Committee
Representative Andy Meisner, Chair

and the
House Transportation Committee
Public Transit Subcommittee
Representative Marie Donigan, Chair

October 23, 2007

Prepared by the Michigan Suburbs Alliance
Luke Forrest, Public Policy Director



michigan suburbs alliance

Chairman Meisner, Chairwoman Donigan, members of the Commerce Committee and the Transportation Committee, thank you for the opportunity to testify today on this important aspect of Michigan's future. I am Luke Forrest, the Michigan Suburbs Alliance's Public Policy Director. The Michigan Suburbs Alliance is a 501(c)(3) nonprofit coalition of Detroit's mature suburbs. Our 32 cities, which more than one million Michigianians call home, work together to address problems of regional significance.

Metropolitan regions are the true drivers of any state's economy, a fact that has been sorely underappreciated here in Michigan. The Suburbs Alliance envisions a Michigan with world-class metropolitan regions built around public transit. Each major region will possess

- a coordinated, multimodal transportation system;
- unified and supportive transit governing bodies;
- vibrant urban communities;
- and an engaged public.

Our focus at the Suburbs Alliance has been on the third item in that list, vibrant urban communities, and particularly on the economic redevelopment opportunities offered by transit. Public investments in transit directly infuse regional economies by creating jobs and reducing travel costs. More importantly, transit spending catalyzes additional investment, both public and private. For every dollar the American public invests in transit, we realize an economic benefit of \$2.66.¹ In the Dallas-Fort Worth region, private investment along light rail corridors between 1997 and 2001 was estimated at \$3.3 billion.² While every project is different, case studies show that even by conservative estimates, the average dollar invested in public transit leads to six dollars in local economic activity.³ Development related to transit typically results in significant job increases as well. In small towns and cities like the communities that characterize most of Michigan, a station rehabilitation project that includes transit-oriented development (TOD) can result in hundreds of new jobs and an overall increase in household income.⁴ For example, Tri-Rail of South Florida expects its five-year public transportation development plan to spawn 6,300 ongoing system-related jobs. New York's East Side Access project is expected to generate 375,000 jobs and \$26 billion in wages.⁵

Citizens also realize significant savings from public transit investments. Residents of communities with strong transit often reach out to it to soften the blow of rampant gas price increases. Americans living in public transportation-intensive metro areas save \$22 billion annually in transportation costs. For every \$10 million invested in public transit, more than \$15

¹ Shapiro, Robert J. and Hassett, Kevin A. American Public Transportation Association. *Healthy Returns: The Economic Impact of Public Investments in Surface Transportation*. March 2005.

² Weinstein, Bernard L. and Terry L. Clower. *The Estimated Value Of New Investment Adjacent To Dart LRT Stations: 1999-2005*. September 27, 2005. <http://www.dart.org/about/WeinsteinDARTDevelopment2005.pdf>.

³ Iams, Alex and Kaplan, Pearl, Editors. International Economic Development Council. *Economic Development and Smart Growth*. August 2006.

⁴ Cervero, Robert, Ferrell, Christopher, and Murphy, Steven. "Transit-Oriented Development and Joint Development in the United States: A Literature Review." *Research Results Digest*. October 2002, Number 52.

⁵ American Public Transportation Association. *The Benefits of Public Transportation: Essential Support for a Strong Economy*. March 2003.

million is saved in transportation costs to both highway and transit users, including operating costs, fuel costs and congestion costs.⁶

Changing housing preferences in Michigan reflect an increased interest in urban living and suggest that there is an untapped market in many of our regions. Transit investments will help cities and the private sector tap into this pent-up demand. TOD leads to revitalized neighborhoods and robust growth in property value. Across America, properties that are within a short walk of a train stop are selling for nearly 25 percent more than comparable properties further away.⁷ Residential properties near Dallas light rail stations increased in value 39 percent faster than comparable properties elsewhere in the region during the first five years of transit operations, while transit-adjacent office buildings increased 53 percent faster than the rest of the market.⁸ This type of value enhancement is also possible for Michigan's metropolitan regions, which will spur private developers to invest in our cities.

Of course, many barriers stand in the way of our vision of vibrant, transit-oriented metropolitan areas, including

- regional fragmentation;
- constraints on the establishment of governing bodies;
- funding shortages;
- low-density land use planning;
- anemic public engagement;
- and a lack of appreciation for transit's viability and potential benefits.

Several of these issues can be addressed at the local or regional level. The Suburbs Alliance has been working on two relevant programs with a range of partners, including the Michigan Municipal League, the Michigan Environmental Council, the Detroit Tourism Economic Development Council, Transportation Riders United and the Woodward Avenue Action Association. The first program, Michigan's Golden Spike, has been focused on educating local officials, developers and other stakeholders about the potential for TOD along major southeast Michigan transportation corridors, as well as the need for regional collaboration. We assembled a TOD assessment toolkit to help cities reform their zoning codes and development policies. In the second program, Redevelopment Ready Communities[®], our staff and consultants work with select cities to help them attract private infill development. These programs have leveraged modest federal and state grants into significant funding from foundations and other partners, showing that a small government investment in future planning around TOD can have impressive economic results.

⁶ American Public Transportation Association. *Communities in Motion: The Benefits of Public Transportation*. October 2005.

⁷ Ibid. Cervero et al 2002.

⁸ Ibid. Weinstein et al 2005.

While each of these programs has been a success, there is a limit to what can be accomplished locally. Achieving our vision of world-class metropolitan regions will also require state policy reform in three areas:

- regional governance;
- creation of new economic development tools;
- and consistent, sufficient public financing.

While there are a number of laws that enable the creation of regional transit agencies, the history of such agencies in the Detroit area is fraught with failure. We surely do not need to recount the story of the Detroit Area Regional Transportation Authority (DARTA) to the members of this Subcommittee. Whether it is called DARTA or something different, establishment of a true regional governing body is crucial to the viability of transit in southeast Michigan. Such an agency needs the power to generate its own revenues, as well as public buy-in, through voter-approved taxes. It should also have oversight over existing transit routes and agencies in the region, which could be accomplished by merging existing transit agencies into the fold or by granting the new agency powers over the others.

Creation of this regional agency likely will require legislation, either to directly establish the authority or to amend the Urban Cooperation Act (PA 7 of 1967) and the Intergovernmental Transfers of Functions and Responsibilities Act (PA 8 of 1967) to allow for establishment of an authority by intergovernmental agreement without the legal challenges that derailed DARTA's last incarnation. Many organizations and communities in southeast Michigan have interests in the establishment of such an agency. A neutral convening entity should bring the potential partners together to decide how best to reform state law to achieve this.

The Legislature can provide tools to local governments to help them reap the potential benefits of transit and catalyze economic development. A number of models exist for establishing multi-jurisdictional tax increment financing (TIF) districts around transit nodes to revitalize neighborhoods and attract investment. In Pennsylvania, these districts receive state grants for planning and implementation and also are given priority status by the State and metropolitan planning organization for future grants.

You have heard a great deal about the financing of public transit from previous witnesses before this Subcommittee so I will keep my remarks on that subject short and to the point. There are a number of well-known flaws with Michigan's current system of transit funding that can and should be corrected. Among the reforms the Michigan Suburbs Alliance supports are:

- authorization of alternative regional revenue sources;
- allowing TIF to be used for transit operations;
- and revising the transit funding formula so the expansion of funding in one metropolitan region does not harm transit in another.

More important than any one specific reform is the development of a strategy for funding robust transit systems in multiple metropolitan regions. Making such major investments will be nearly impossible without strong public support. The easiest way to build excitement about transit is to

have some successful projects in place. That is why we recommend focusing on discrete projects that will catalyze systemic change.

This does not mean starting from scratch in the Grand Rapids or Detroit regions. For example, either an Ann Arbor to Detroit or a Woodward Avenue rail line would connect numerous vital economic centers, existing bus systems, Amtrak stations and other transportation hubs in southeast Michigan. Once one or both of those lines are successful, both public and private investments are likely to flow to transit elsewhere in the region. The proposed bus rapid transit and streetcar lines in Grand Rapids would have similar effects. State leaders such as yourselves should work with regional and local leaders, as well as other interested parties, to develop plans for stable, adequate funding of each catalytic project, and form coalitions to implement these plans once the governance structures and local economic development tools are in place. The Michigan Suburbs Alliance and its members stand ready to participate in building such a movement to realize our vision of world-class metropolitan regions.

Thank you again for this opportunity. I am happy to answer any questions.

Luke Forrest
Public Policy Director
luke@suburbsalliance.org

Michigan Suburbs Alliance
300 E. Nine Mile Rd.
Ferndale, MI 48220
www.SuburbsAlliance.org
248-546-2380