



MEMORANDUM

Project: RMRTD Visioning (Long-Term Strategic Vision and Implementation Services)

Contract: 2014-01

Date: March 4, 2015

To: Tony Sylvester, Rio Metro Regional Transit District

From: Nadine Fogarty, Strategic Economics

Subject: Opportunities for RMRTD to Foster Regional Economic Development Benefits from Transit in the Albuquerque Region

Purpose of this White Paper

As part of the Rio Metro Regional Transit District (RMRTD) Strategic Vision Planning and Implementation effort, Strategic Economics was commissioned to assess the current and future potential for RMRTD operations and initiatives – whether existing or new recommendations – to influence regional economic development. This white paper provides a general “framework-level” assessment for understanding the economic benefits associated with transit investments, considers the current and potential future role of transit in generating those benefits in the Albuquerque region, and describes key economic benefits that might be realized or expanded.

What this White Paper Contains

The remainder of this white paper contains the following sections:

- **Section 1: Overview of the Potential Economic Development Benefits of Transit.** This section describes the various types of direct and indirect economic benefits that transit can *potentially* provide. It also includes examples of studies that find that transit investments can deliver a high “return on investment” in terms of economic benefits.
- **Section 2: Key Regional Trends and Initiatives to Leverage to Achieve Expanded Economic Development Benefits from Transit.** This section summarizes key trends and initiatives already underway in the Albuquerque region that should be leveraged to generate enhanced economic development benefits from transit.
- **Section 3: Specific Opportunities for Expanded Economic Development Benefits from Transit Investment in the Albuquerque Region.** The section highlights the specific economic development benefits from transit that are likely to be achieved in the Albuquerque region.

Next Steps

The findings and conclusions of this white paper will be summarized in the Briefing Book “Values, Vision, Challenges, Opportunities” delivered at the RMRTD Board Visioning Workshop on March 11th, 2015. This white paper may be revised further based on feedback at that Visioning Workshop or potential subsequent input from partner agencies and external stakeholders. Ultimately, the white paper will be used to identify recommendations in the RMRTD Strategic Vision Plan for: a) action items to address the identified key issues and opportunities related to transit and economic development and b) resources needed to implement those action items to achieve the long-term vision.

Section 1. Overview of the Potential Economic Development Benefits of Transit

Transit can play an important role in generating a host of economic benefits, including job growth, increased disposable income for households, improved productivity, business and household attraction, expanded employment opportunities for low- and moderate-income households, and higher property values and tax revenues. These benefits are summarized in Figure 1 and described below. They include direct investment impacts as well as broader indirect impacts on the economy.

1.1 Direct Economic Impacts

Spending on transit supports economic growth in the local and regional economy. Direct economic impacts include a) creation of jobs in construction and operations and b) purchases of equipment and other supplies.

These direct economic impacts can be substantial. A 2009 study of public transit spending found that every \$1 billion in spending on transit capital (e.g. building infrastructure, purchasing vehicles and equipment) and operations (e.g., paying drivers and other workers) supports an estimated 36,000 jobs for a year. In addition, each dollar of transit investment is estimated to support a \$1.80 increase in gross domestic product, which in turn generates \$0.48 in federal, state, and local tax revenues.¹ Furthermore, a 2010 review of data on the job creation impacts of the American Recovery and Reinvestment Act (ARRA) found that investing in public transportation produced twice as many jobs per dollar as investing in highways.² The primary focus of this white paper in the indirect economic impacts discussed below.

1.2 Indirect Economic Impacts

In addition to direct economic impacts described in Section 1.1, transit can contribute indirectly to regional economic development. Key benefits are summarized below, and discussed in greater detail in the context of the Albuquerque region later in this report.

- **Household Savings.** Transit can help to reduce the amount spent by households on transportation, freeing up income for households to spend on education, job training, and other goods and services that may have a major impact on quality of life. The cost of owning and operating a car is

¹ Glen Weisbrod and Arlee Reno, *Economic Impact of Public Transportation Investment* (American Public Transportation Association, October 2009), http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdf.

² Jobs months are calculated by dividing total hours worked by 173. Because transportation projects are of different durations, a job month is considered a more accurate way to compare employment creation from different projects than job years. Center for Neighborhood Technology, Smart Growth America, and U.S. PIRG, *What We Learned from the Stimulus*, January 5, 2010, http://www.smartgrowthamerica.org/documents/010510_whatwelearned_stimulus.pdf.

substantial, ranging from \$6,000 to \$12,000 a year on average in the US.³ Households who can reduce their reliance on automobiles can achieve substantial savings. On average, households living in auto-dependent neighborhoods spend 25 percent of their income on transportation, while households living in neighborhoods where they can easily walk, bicycle, or take transit to access jobs and other daily needs spend just 9 percent.⁴ These savings are particularly important for low- and moderate-income households, who tend to spend a higher share of their household income on transportation. For example, transportation accounts for 55 percent of household expenditures for an average very-low-income household, compared with less than 9 percent for an average high-income household.⁵ Low-income households that can spend less on transportation will have more money to invest in education or job training, to build wealth, and to save for homeownership, creating long-term benefits for both individual households and the region as a whole.

- **Access to Economic Opportunity.** Transit contributes to the economy in a fundamental way by providing residents with access to education and jobs. This goal was one of the purposes cited in the 2003 enabling legislation that created RMRTD. Transit accessibility of jobs is a significant factor in determining the educational and employment opportunities available to low-income households in particular. For instance, studies have shown that access to a vehicle can help households find and maintain employment, and is associated with more hours worked and higher earnings.⁶ For households without a car available for each worker, transit access is critical. A recent study of housing choice voucher recipients found that improved transit access was statistically related to the ability of the recipients to maintain employment and had a positive effect on earnings.⁷ University of Minnesota researchers found that the introduction of the Hiawatha light rail line in the Twin Cities region led to significant increases in the number of jobs that low-wage workers in the region could reach within a 30-minute travel time. The completion of the Hiawatha Line was also associated with increases in the number of low-wage workers commuting to transit-served areas, suggesting that construction of the light rail line generated real economic benefits for low-wage workers.⁸
- **Increased Economic Competitiveness, Productivity, and Innovation.** A high-quality transit system can make a region more competitive in attracting new workers and businesses. Frequent, convenient, and reliable public transit is increasingly seen as a critical component of a high quality of life, and is one of the factors that many households and firms consider in determining where to locate. For example, a 2014 survey found that 81 percent of Millennials and 77 percent of Baby Boomers polled agreed with the statement that “affordable and convenient transportation alternatives to the car are at least somewhat important when deciding where to live and work.”⁹

³ AAA, *Your Driving Costs*, 2013. <http://newsroom.aaa.com/wp-content/uploads/2013/04/YourDrivingCosts2013.pdf>.

⁴ Center for Transit-Oriented Development, *Realizing the Potential: Expanded Housing Opportunities Near Transit*, May 2007, <http://www.reconnectingamerica.org/resource-center/books-and-reports/2007/realizing-the-potential-expanding-housing-opportunities-near-transit-2/>.

⁵ Center for Neighborhood Technology and Virginia Tech, *Housing & Transportation Cost Trade-Offs and Burdens of Working Households in 28 Metros*, July 2006, <http://www.nhc.org/media/documents/chp-pub-hl06-ct-report.pdf?phpMyAdmin=d3a4afe4e37aae985c684e22d8f65929>.

⁶ Rolf Pendall et al., *Driving to Opportunity: Understanding the Links among Transportation Access, Residential Outcomes, and Economic Opportunity for Housing Voucher Recipients* (Urban Institute, March 2014), <http://www.urban.org/UploadedPDF/413078-Driving-to-Opportunity.pdf>.

⁷ Ibid.

⁸ Yingling Fan, Andrew Guthrie, and Rose Teng, *Impact of Twin Cities Transitways on Regional Labor Market Accessibility: A Transportation Equity Perspective* (University of Minnesota Center for Transportation Studies, June 2010), <http://www.cts.umn.edu/Publications/ResearchReports/reportdetail.html?id=1940>.

⁹ American Planning Association, *Investing in Place: Two Generations' View on the Future of Communities*, May 2014, <http://www.planning.org/policy/polls/investing/pdf/pollinvestingreport.pdf>.

Like workers, businesses are also increasingly choosing locations based on factors such as local quality of life and the productivity and education levels of the local workforce.¹⁰ In particular, firms in the high-tech industry and other sectors that require skilled labor are especially likely to locate in places with high-quality transit, because they are more likely to choose locations based on quality of life.¹¹ National research has found that “knowledge-based” industries – including professional, scientific and technical services, information, and financial and real estate services – are most likely to locate near transit, and their workers are more likely to use transit to get to work.¹² These businesses can also benefit from a reduced need to provide parking for their workers. Transit is also associated with a number of other benefits for employers:

- Studies show that employees and students with access to transit have lower rates of absenteeism and tardiness.¹³
- Transit access can reduce employee turnover rates. One study of six states in the Upper Midwest found that employee turnover rates were lower in counties with access to BRT, and that this resulted in savings of \$5.3 to \$6.1 million a year for the manufacturing industry and \$1.7 to \$1.9 million for the retail industry.¹⁴
- Because transit access enables more clustered land use patterns, it has the potential to contribute to “agglomeration economies”, which are benefits that result from a greater critical mass of economic activity. Firms that cluster can take advantage of shared access to a higher-quality, regional labor pool or “knowledge spillovers” that occur when workers share ideas and innovations. Employers benefit from improved access to the workforce, and businesses benefit from improved access to customers.

- **Public Savings on Infrastructure and Services.** Improved transit can result in direct cost savings to local and regional governments on other transportation infrastructure, such as highways, roads, and parking lots/garages. These cost savings reduce the overall cost burden on the groups that would otherwise pay for these improvements, including taxpayers, property owners, and real estate

Transit Generates Higher Returns than Spending on Autos

- Every \$1 million of spending shifted away from fuel expenditures to other consumer goods adds 4.5 new jobs to the U.S. economy
- Every \$1 million of spending shifted away from auto vehicle costs adds 3.6 jobs to the economy.

Source: Todd Litman, *Evaluating Transportation Economic Development Impacts* (Victoria Transport Policy Institute, August 18, 2010)
http://www.vtpi.org/econ_dev.pdf.

¹⁰ David Salvesen and Henry Renski, *The Importance of Quality of Life in the Location Decisions of New Economy Firms* (Center for Urban and Regional Studies, January 2003), <http://www.unc.edu/depts/curs/curs-pdf-downloads/recentlyreleased/neweconomyreport.pdf>.

¹¹ Ibid.; Karen Chapple and Carrie Makarewicz, “Restricting New Infrastructure: Bad for Business in California?,” 2010, <http://escholarship.org/uc/item/5rx2z17b.pdf>.

¹² Center for Transit-Oriented Development, *Trends in Transit-Oriented Development, 2000-2010* (Federal Transit Administration, May 2014).

¹³ See, for example, Thomas W. Sanchez, “The Connection Between Public Transit and Employment,” *Journal of the American Planning Association*, Vol. 65, No. 3, Summer 1999, pp. 284-296.

¹⁴ Dagny Faulk and Michael Hicks, “The Impact of Bus Transit on Employee Turnover: Evidence from Quasi-Experimental Samples” (presented at the Resilience and Rebuilding for Low- Income Communities: Research to Inform Policy and Practice, Washington, D.C., 2013), http://www.frbatlanta.org/documents/news/conferences/13resilience_rebuilding_paper_Faulk.pdf.

developers. Furthermore, In addition, transit expansion combined with supportive land use policies and development regulations can reduce the cost of providing infrastructure that serves new development. For example, a study found that on average, up front capital costs for new infrastructure systems (e.g., roads, sewer, water) were 38 percent lower for "smart growth" development than for traditional suburban development. Providing ongoing police, ambulance, and fire services cost an average of 10 percent less in smart growth developments than in conventional suburban developments. And, the more compact development scenarios generate 10 times more tax revenue per acre than suburban development.¹⁵

- **Fostering Reinvestment in Neighborhoods.** Investment in high-quality transit service, combined with supportive land use policies and zoning, can attract local reinvestment in neighborhoods. A large body of research has shown that homebuyers and renters are willing to pay a premium to locate in neighborhoods where they can take advantage of the improved accessibility and other benefits provided by transit.¹⁶ For example, a recent series of studies on property values around San Diego's rail transit stations found that all else being equal, a single-family home located within a quarter-mile of a rail station was worth 6 percent more than one located a mile away.¹⁷ Another survey of studies of commercial property value impacts of transit found an average premium of 16.4% for properties located within ¼ mile of transit.¹⁸ In addition, real estate developers nationally see transit as key priority for future investment. In a recent ULI survey, 71 percent of private developers ranked improved public transit services (bus and rail) in the region where they work as "one of the very top priorities" or "high priority" for infrastructure improvements over the next ten years.¹⁹ In general, transit improvements appear to have the greatest impact on property values and new development when the corridor or system significantly improves residents' access to employment and other destinations; provides frequent, high-quality, regional service; and is combined with local zoning and land use regulations that facilitate transit-oriented development (TOD), especially in walkable, mixed-use neighborhoods.²⁰ Lastly, the presence of high-quality transit can improve the viability of higher-density development, which costs more per square foot than lower density development to construct. Where it is possible to reduce on-site parking requirements due to transit access, this can also have a big impact on development feasibility, given that the cost to build structured parking is typically around \$25,000 per space.²¹
- **Reduced Congestion and Improved Road Safety.** Studies have shown that households living near transit travel fewer vehicle miles per day.²² This reduced dependence on automobiles also

¹⁶ Wardrip, *Public Transit's Impact on Housing Costs: A Review of the Literature*.

¹⁷ Duncan, "Comparing Rail Transit Capitalization Benefits for Single-Family and Condominium Units in San Diego, California."

¹⁸ Debrezion, Ghebreegziabihier, Eric Pels, and Piet Rietveld, "The Impact of Railway Stations on Residential and Commercial Property Value: A Meta-Analysis." *Journal of Real Estate Finance and Economics* 35, no. 2 (June 2007): 161–80

¹⁹ Galloway and MacCleery, *Infrastructure 2014*, 201.

²⁰ Wardrip, *Public Transit's Impact on Housing Costs: A Review of the Literature*; Nadine Fogarty and Mason Austin, *Rails to Real Estate: Development Patterns along Three New Transit Lines* (Center for Transit-Oriented Development, March 2011), <http://www.ctod.org/portal/node/2302>; Nadine Fogarty et al., *Downtowns, Greenfields, and Places in Between: Promoting Development Near Transit* (Center for Transit-Oriented Development, May 2013), http://ctod.org/pdfs/20130528_DntnsGreenfieldsEtc.FINAL.pdf.

²¹ Nadine Fogarty et al., *Capturing the Value of Transit* (Center for Transit-Oriented Development, November 2008), <http://reconnectingamerica.org/resource-center/books-and-reports/2008/capturing-the-value-of-transit-3/>.

²² See for example: TransForm and California Housing Partnership Corporation, *Why Creating and Preserving Affordable Homes Near Transit Is a Highly Effective Climate Protection Strategy*, May 2014, <http://www.chpc.net/dnld/AffordableTODResearch051514.pdf>.

increases public safety. For example, the American Public Transportation Association (APTA) estimated that between 2002 and 2006, the rate of fatal accidents per transit passenger mile was 1/25th the rate of fatal accidents per highway passenger mile.²³ Improved road safety directly benefits drivers and results in local government savings on police, health, and emergency services.

- **Efficient Land Use Patterns.** An effective transit system can help to reduce sprawl by encouraging development in locations that can easily access the transit network. Reduced sprawl can result in public savings on the cost of providing infrastructure and services to accommodate future development.
- **Environmental Quality.** Reduced driving has a positive impact on air pollution and greenhouse gas emissions, and can also assist in preserving natural habitats.²⁴ This can result in reduced public health costs due to poor air quality (asthma, etc.) and improved quality of life that increases regional attractiveness for new households and businesses.

²³ Weisbrod and Reno, *Economic Impact of Public Transportation Investment*.

²⁴ Mark A. Delucchi and Donald R. McCubbin, "External Costs of Transport in the U.S.," *Institute of Transportation Studies*, January 1, 2010, <http://escholarship.org/uc/item/13n8v8gq>.

Figure 1: Summary of Potential Economic Development Benefits of Transit

Type of Benefit	Description	Key Beneficiaries	Economic Outcomes
DIRECT IMPACTS			
Direct spending impacts: increased employment, higher wages, and business gross receipts	Job and income growth from spending on transit capital improvements	Workers, businesses, local and regional government	Increased spending on transit impacts regional jobs, household incomes and tax revenues (including gross receipts tax)
	Job and income growth from ongoing spending on transit operations and maintenance		
INDIRECT IMPACTS			
Household savings	Reduced consumer transportation costs, including vehicle operation/ownership costs	Transit Riders	Frees up household spending for non-transportation goods and services
Access to economic opportunity	Improved access to jobs, education, health care, and other destinations	Transit Riders	More educated and productive work force; increased regional attractiveness for new households and businesses
Improved economic competitiveness and productivity	Productivity gains from improved access for employers to workforce and customers and positive spillovers from more concentrated land use patterns; reduced employee turnover, increased ability to retain and attract jobs	Businesses, workers	New jobs and higher wages; increased regional attractiveness for new households and businesses
Savings on roads and other public infrastructure	Reduced costs and greater life-span of other transportation facilities, such as roads and parking	Public agencies	Frees up funding for other uses or reduced tax rates
Local economic development and reinvestment in neighborhoods	Increased property values and new, higher-intensity development, reflecting the accessibility benefits of transportation investments	Property owners, developers	Stronger neighborhoods, higher tax revenues
Reduced traffic congestion and improved road safety	Reduced traffic on roadways; savings from reduced per capita traffic crash rates, reduced need for emergency services	Everyone	Improved quality of life; increased productivity, increased regional attractiveness for new households and businesses
Efficient land use	More compact development, reduced sprawl; potential savings on the cost of providing infrastructure and services	Everyone, public agencies	Stronger neighborhoods, higher tax revenues
Environmental quality	Reduced pollution emissions and habitat degradation. Fewer inversions and brown clouds in the Rio Grande Valley.	Everyone	Improved quality of life reduced public health costs due to poor air quality; increased regional attractiveness for new households and businesses

Source: Strategic Economics. Adapted from Todd Litman, Evaluating Public Transit Benefits and Costs, Victoria Transport Policy Institute, August 2014.

Section 2. Key Regional Trends and Initiatives to Leverage to Achieve Expanded Economic Development Benefits from Transit

RMRTD and ABQ RIDE already contribute many local and regional economic development benefits described in the section above. However, there is significant potential for expansion of these benefits, including serving a greater number of transit riders, attracting more “choice” riders who currently find it more convenient to drive, connecting to more jobs, assisting in shifting land use patterns to discourage sprawl, and generally promoting the economic competitiveness of the region. Several trends and initiatives already underway in the Albuquerque region that RMRTD and ABQ RIDE can leverage to further enhance the economic development benefits generated by transit. Five key trends and initiatives are summarized below.

- **Growing transit ridership.** Albuquerque area residents are driving less on average; in fact, per capita driving has been falling since 2004. Meanwhile, transit ridership has increased 82 percent, in part due to the opening of Rail Runner service and the expansion of the service area to Santa Fe.²⁵ At the same time, passenger miles travelled has also increased. The success of the Rail Runner and growing transit usage suggests that there is likely additional pent-up demand for additional transit in the region.
- **Planned expansion of existing transit services.** For some key existing transit routes, planned investments that increase frequency and / or hours of service may help to attract more riders, generating economic benefits through increased transit investment and household savings. An example is the RMRTD service expansions in Valencia County planned for 2015, in which dial-a-ride service will be upgraded to fixed-route corridors with no need to schedule in advance.
- **Planned new and/or premium transit services.** Additional premium transit service can help to attract more riders, including riders who are not currently choosing to take the bus. Planned BRT, beginning with Central Avenue, will continue to expand the amount of fixed-guideway service, which can have a big impact on the ability to generate economic value. In the future, the regional premium transit network being advanced by the ABQ RIDE, RMRTD, and MRCOG has the potential to generate substantial benefits in the regional economy.
- **Changing demographics and consumer preferences.** National trends in demographics, family types, and lifestyle preferences indicate an increasing demand for housing in compact, “walkable” neighborhoods near transit. A recent national survey found that 57 percent of respondents would choose a smaller home if it meant a shorter commute time, and 55 percent said that being within an easy walk of shops and services was an important factor in deciding where to live.²⁶ This trend is also occurring in the Albuquerque region: an analysis by the New Mexico Apartment Association found a 24 percent premium for locations that scored high on walkability, and a 26 percent premium for transit-served locations. As the nation’s two largest generations, the preferences of Baby Boomers and their children (“Echo Boomers” or “Millenials,” born in the 1980s and 1990s and now in their 20’s and 30’s) are expected to drive trends in housing development over the coming decades. Research has found that these groups are especially interested in access to transit and in “walkable”, mixed-use neighborhoods.²⁷ The Albuquerque region currently has a limited number of walkable urban neighborhoods that can meet this changing demand.

²⁵Damon Scott, “A car-loving city hits the breaks”, Albuquerque Business First, April 11 2014.

²⁶ National Association of Realtors 2013 Community Preference survey, <http://www.realtor.org/articles/nar-2013-community-preference-survey>

²⁷ Center for Housing Studies, The State of the Nation’s Housing, Harvard Graduate School of Design and the Harvard Kennedy School, 2011; National Association of Realtors 2013 Community Preference Survey.

- **Coordination with regional planning efforts.** Research suggests that transit investments that facilitate efficient, higher-intensity land use patterns and improved connections to employment centers are most likely to contribute to economic growth. RMRTD has an important opportunity to coordinate with the Mid-Region Metropolitan Planning Organization (MRMPO) on land use scenarios, demographic modeling, and recommendations for the 2040 Metropolitan Transportation Plan, *Futures 2040*, currently underway. Preliminary modeling of preferred and alternative scenarios suggest that significant investment in increased transit service will be required to avoid capital costs for roadway and bridge expansion that would be needed to meet future travel demand. RMRTD also has a stake in local planning efforts that influence development potential within its service area, and can play a role in advocating for land use policies that support transit-oriented development.

Section 3. Specific Opportunities for Expanded Economic Development Benefits from Transit Investment in the Albuquerque Region

The consultant team undertook a qualitative assessment of the specific economic development benefits that can likely be expected in the Albuquerque region. This assessment assumes that RMRTD and ABQ RIDE are in a position to take advantage of the trends and implement the initiatives described in Section 2.

3.1 Increased Access to Employment and Educational Opportunities

Currently, only 26 percent of residents of the Albuquerque Metropolitan Planning Area (as defined by MRMPO and extending beyond Albuquerque city limits into rural areas) live within a quarter mile of transit service, and only 2 percent live within a half-mile of fixed-guideway transit (Rail Runner Express stations), limiting their ability to use transit for commuting and other purposes.²⁸ Meanwhile, only approximately 10% of jobs in the region are within one-half mile of fixed-guideway transit service. This is a similar proportion to Phoenix (11%) but low compared to regions like Denver (17%), Las Vegas (18%) and Salt Lake City (20%) (see Figure 2).²⁹

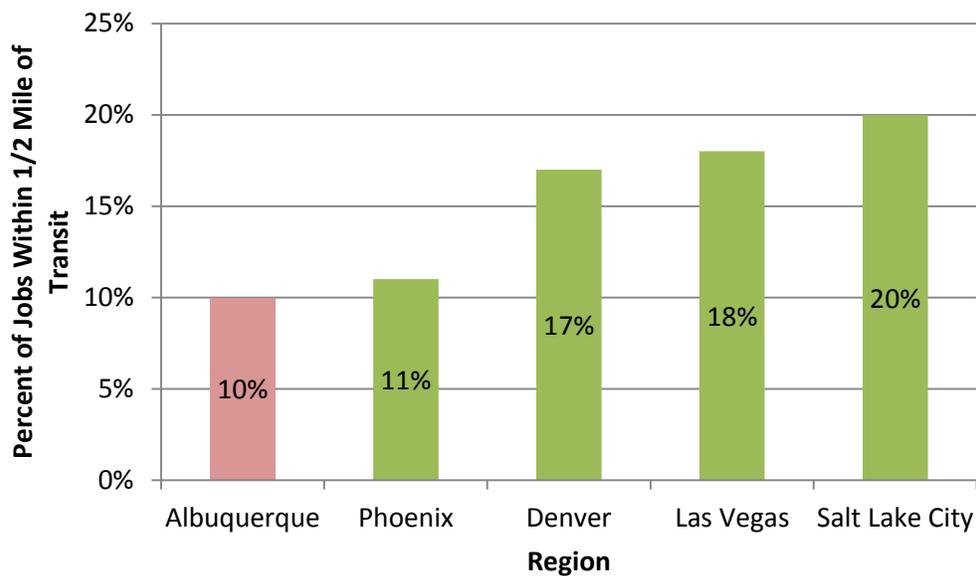
Planned expansions of existing service and new “premium” / BRT services in the RMRTD service area have the potential to dramatically expand transit access in the region for both “transit dependent” and choice riders. As discussed in Section 1, expanding transit to increase access to educational and employment opportunities disproportionately accrues to lower-income households, helping those who need the most help. But expanded transit can also play an important role in attracting additional “choice” riders, including:

- Additional fixed-guideway transit (e.g. heavy-rail, light rail, streetcar, or “true” Bus Rapid Transit with its own dedicated travelways); and
- Premium bus services (e.g. rapid/express services that shorten travel times by limiting stops, higher frequency services that reduce wait times especially at off-peak times, services with reduced travel time variability through pre-paid, all-door boarding and signal pre-empts, and services with improved in-vehicle and curbside amenities for riders).

²⁸ Mid-Region Metropolitan Planning Organization, “2035 Metropolitan Transportation Plan for the Albuquerque Metropolitan Planning Area Summary Report”, April 2011.

²⁹Center for Transit Oriented Development, Trends in TOD, 2000-2010, Federal Transit Administration, May 2014. http://www.fta.dot.gov/documents/FTA_Report_No._0050.pdf

Figure 2: Comparison of Regional Employment Connected by Fixed-Guideway Transit



Source: Center for Neighborhood Technology and Virginia Tech, Housing & Transportation Cost Trade-Offs and Burdens of Working Households in 28 Metros, July 2006, <http://www.nhc.org/media/documents/chp-pub-hl06-cnt-report.pdf?phpMyAdmin=d3a4afe4e37aae985c684e22d8f65929>.

3.2 Increased Household Disposable Income, Savings, and Wealth

As discussed in Section 1, transit can help to reduce the amount spent by households on transportation, freeing up disposable income to spend on other goods and services, to invest in education or job training for themselves or their families, to save for homeownership in order to build wealth, and thereby create long-term economic benefits for both individual households and the region as a whole. While this benefit of transit helps all households, it is of particular importance to lower-income households that spend a higher percentage of their incomes on transportation.

The potential impact of transit on household budgets is even more significant when the cost of housing and transportation are combined. **The conventional definition of housing affordability is when household costs are at or below 30 percent of area median income (AMI). By this definition, 84% of the Albuquerque region’s neighborhoods would be considered affordable. However, only 24% of the region’s neighborhoods are affordable when you expand the definition to include transportation costs (defined as a combined cost of less than 45% of AMI).³⁰ Expansion of regional transit can reduce households’ combined “housing+transportation” costs.**

A recent study of more than 300 metropolitan areas in the U.S. estimated that a **10 percent increase in transit service** (measured as the number of bus and rail seats or rail miles per capita) **corresponds with increased wages totaling \$1.5 to \$1.8 million a year** in an average region.

Source: D. G. Chatman and R. B. Noland, “Transit Service, Physical Agglomeration, and Productivity in US Metropolitan Areas,” *Urban Studies*, August 1, 2013

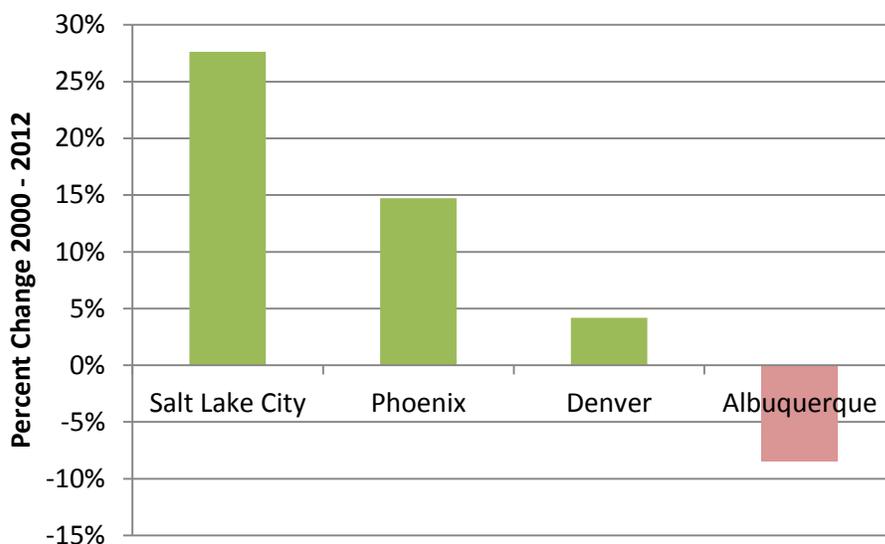
³⁰ Center for Neighborhood Technology, H+T Affordability Index.

3.3 Attracting and Retaining Educated & Skilled Workers

As discussed in Section 1, frequent, convenient, and reliable public transit is increasingly seen as a critical component of a high quality of life, and is one of the factors that many workers – and especially more educated and highly skilled workers – consider in determining where to locate. In recent years concerns have been expressed that the Albuquerque region might be experiencing a “brain drain”, with young educated people leaving the region instead of staying and contributing to the economy.

While research actually shows that the state continues to attract more college-educated workers than it is losing (likely reflecting the presence of Los Alamos National Laboratory and other federal research facilities), Figure 4 clearly shows that **overall employment growth is not occurring at the same pace in the greater Albuquerque region as other regions in the Intermountain West, including Salt Lake City, Las Vegas, Phoenix and Denver; this likely reflects in part the changing location preferences of educated workers.**³¹ To put it simply: it may be challenging for the region to create the conditions necessary for sustainable economic growth without investing in the kinds of amenities that educated, skilled workers demand, and transit is typically included on that list of amenities.

Figure 4: Regional Change in Employment in Knowledge-Based Industries, 2000 - 2012



Source: US Census County Business Patterns.

*Knowledge-based industries include information; finance and insurance; real estate; professional, technical and scientific services; and management of companies and enterprises.

3.4 Increased Economic Competitiveness, Productivity, and Innovation

As discussed in Section 1, transit can increase economic competitiveness (by helping to attract and retain workers and firms), can increase regional economic productivity (by reducing employee tardiness, absenteeism, and turnover), and potentially increase regional economic innovation (by increasing firms access to employees and customers through agglomeration benefits). **Planned expansion of premium bus rapid transit (BRT) in the Albuquerque region should be an integrated part of the region’s economic development strategy to take advantage of these documented economic benefits of transit access.** For example, Innovate ABQ, a collaborative

³¹ Jim Peach and David Saucedo de la Fuente, “Is there a New Mexico Brain Drain?”, New Mexico State University Business Outlook, December 2013.

initiative among UNM, STC, government, and the business community, is focused on fostering these kinds of conditions in downtown Albuquerque, and transit will play an important role in the initiative's success.

3.5 Encouraging More Efficient Land Use Patterns

Based on data from the *Futures 2040* regional transportation plan as well as other regional planning efforts, **recent land use patterns in the Albuquerque region are leading to longer commutes and greater traffic congestion, with residents increasingly locating west of the Rio Grande and employment continuing to cluster on the east side of the river.** Without changes to land use patterns and an increase in travel options, regional congestion and commute time are project to worsen significantly. As discussed in Section 2, the preliminary modeling of preferred and alternative scenarios in the *Futures 2040* plan suggests that significant investment in increased transit service will be required to avoid capital costs for roadway and bridge expansions that the region can't afford. **Investing in significant expansion of regional transit will clearly be an important part of any strategy to reduce congestion and accommodate future growth in the Albuquerque region, and likely will be more practicable and cost-effective than expanding highway lanes and bridges.**

3.6 Increasing Reinvestment in Neighborhoods

As discussed in Section 1, investment in high-quality transit services, when combined with supportive land use and zoning policies, can help to focus new development and redevelopment of existing buildings along transit corridors. Although most studies have focused on light rail and commuter rail investments, recent research has found that BRT can also promote higher property values and new development. For example, recent studies of Pittsburgh and Boston's BRT systems found that all else being equal, a single-family home located 100 feet away from a Pittsburgh East Busway station is worth approximately \$9,745 more than a property located 1,000 feet away.³² As mentioned in Section 2.1, an analysis by the New Mexico Apartment Association found a 24 percent premium for locations that scored high on walkability, and a 26 percent premium for transit-served locations.

The planned expansion of Bus Rapid Transit (BRT) in the RMRTD service area should also produce a property value premium, as some commercial activity has been drawn to Rail Runner Express stations and developers are already showing interest in locations along the planned Central Avenue BRT. It should be noted that the effects of transit on property values and development potential are more likely to occur *if* coupled with transit-supportive land use policies (which might include incentives as well as regulations). The current update to the City of Albuquerque's Comprehensive Plan and the Unified Development Ordinance may help to create land use policies and development standards that incentivize transit-supportive development projects near major transit nodes and along high-capacity transit corridors.

3.7 Cost Savings for Local Governments

As discussed in Section 1, transit can facilitate reduced infrastructure and service costs for local governments, since more compact development patterns are typically more cost-effective to serve than sprawling development patterns. **Planned expansion of premium bus rapid transit (BRT) in the Albuquerque region provides the potential for downstream savings to local and regional governments on public infrastructure and services, thereby freeing up constrained municipal budgets for other unmet needs, potentially without the need to increase taxes.** In other words, increased tax investment in expanded transit services can reduce taxpayer burden in other areas,

³² Victoria A. Perk, Martin Catalá, *Land Use Impacts of Bus Rapid Transit: Effects of BRT Station Proximity on Property Values along the Pittsburgh Martin Luther King, Jr. East Busway* (U.S. Department of Transportation Federal Transit Administration, Office of Research, Demonstration and Innovation (TRI), December 2009).

to the extent that the transit investment is coupled with supportive land use policies and development patterns to facilitate more efficient land use patterns.