Part two of a three-part series on how expanded transportation choices can strengthen communities and increase opportunity for the people and businesses of greater Baton Rouge and New Orleans.
This report is the second installment in a three-part series of policy briefs that explore the opportunity for the New Orleans and Baton Rouge regions to develop an integrated, regional transportation network that supports strong communities and improves opportunity for the region’s residents and businesses. The first brief, “One Great Region: Working Together to Build a Sustainable ‘Super-Region’ Connecting New Orleans and Baton Rouge,” is available at connect.cpex.org.

This project was commissioned by CONNECT, a coalition that works across the New Orleans and Baton Rouge regions to advocate for expanded mobility choices that offer improved access to affordable homes, job centers and equitable economic opportunity. The CONNECT Coalition is made up of a diverse group of public and private sector organizations from Baton Rouge, New Orleans and the communities in between.

CONNECT is a project of the Center for Planning Excellence (CPEX). CPEX helps create highly functional, equitable communities throughout Louisiana that capitalize on their unique qualities through community-driven planning and implementation. We provide best-practice planning models, innovative policy ideas, and technical assistance to individual communities that wish to create and enact master plans dealing with transportation and infrastructure needs, equitable housing opportunities, environmental issues, and quality design for the built environment. CPEX brings community members and leaders together and provides guidance as they work toward a shared vision for future growth and development.

For more information on this report or the CONNECT Coalition, contact CPEX at connect@cpex.org or visit connect.cpex.org

This project was made possible by generous support from the Surdna Foundation. The CONNECT Coalition is supported by the Greater New Orleans Foundation.

This report was prepared by Reconnecting America, a national nonprofit that is helping to transform promising ideas into thriving communities – where transportation choices make it easy to get from place to place, where businesses flourish, and where people from all walks of life can afford to live, work and visit.

www.reconnectingamerica.org
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**Background**

When it comes to being competitive in the national and global economies, the stakes for cities and regions are as high as ever. With governments facing unprecedented fiscal constraints and businesses struggling to stay afloat despite the recession, the investments and decisions that cities and regions make now will determine whether they thrive or decline in the coming decades. Recognizing both the urgency and the opportunity created by today’s economy, many regions are taking steps to become known as innovative, efficient and dynamic hubs of economic activity.

A series of significant opportunities and looming challenges place the New Orleans and Baton Rouge metropolitan areas at an important crossroads. Congestion threatens to put a ceiling on the economic growth of the region, existing infrastructure is insufficient to support significant economic growth and neighborhoods are calling out for reinvestment and revitalization. At the same time, many sectors of the economy in the region are growing, as recognized in the March 2011 issue of Site Selection magazine which ranked Baton Rouge metro area first in the nation amongst mid-sized regions for new and expanded corporate facilities. The magazine also ranked Louisiana third in the country for corporate growth, behind Texas and Ohio.1

This series of policy briefs explores the opportunity for New Orleans and Baton Rouge to mutually strengthen their regional economies and support strong local communities through strategic transportation investments and improved coordination between cities, parishes and the private sector on issues of transportation, housing, growth and economic development. There are many benefits related to strategic transportation investments and coordinated planning, including the potential to reduce regional congestion, lower greenhouse gas emissions, improve regional equity, increase access to affordable housing, increase walking and improve public health. These benefits are discussed in the first brief in this series, “One Great Region: Working Together to Build a Sustainable ‘Super Region’ Connecting New Orleans and Baton Rouge,” available at connect.cpmex.org. This second brief, however, focuses specifically on the potential economic advantages that transportation investments and coordinated planning could bring to the businesses, communities and individuals of the BR/NO super region.

In order to strengthen their economies and support strong local communities, greater New Orleans and Baton Rouge need to focus on three areas of investment and coordinated planning:

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2. Improved Transit within Cities and Parishes

In addition to the need to connect the two largest cities in the state, Baton Rouge and New Orleans need improved transit connectivity within each city. A quality transit network typically includes an integrated system of rapid transit (i.e. streetcars, light rail, bus rapid transit or high-frequency bus service) on key corridors and a network of local buses serving neighborhoods and lower-density places. By creating a low stress and low cost way to travel through the region, transit can serve as the organizing framework around which new development and investment occurs. Transit also makes it easier for everyone—from commuters to tourists to residents of all ages and incomes—to access jobs, shops, services and opportunity.

It is important to note that both New Orleans and Baton Rouge are currently working to strengthen their transit systems. For example, New Orleans has been aggressively pursuing improvements to its transit network and recently received $45 million in federal funds to build a streetcar loop on Loyola Avenue. As part of the FutureEBR comprehensive planning process, the City of Baton Rouge and Parish of East Baton Rouge are exploring the need for improved transit service in the region and, in March 2011, Mayor Melvin “Kip” Holden launched a Blue Ribbon Commission charged with researching the cost, feasibility and prioritization of future transit improvements in Baton Rouge. These initiatives represent the type of progress that must continue and expand throughout the super region.

Building and improving affordable, walkable transit-oriented communities is not a new concept in the BR/NO super region. In a recent example, the U.S. Department of Housing and Urban Development (HUD) announced in March 2011 that the Housing Authority of New Orleans (HANO) is one of six national finalists for a Choice Neighborhood Implementation Grant that, if successful, could provide up to $31 million to support the implementation of a neighborhood revitalization plan in Iberville/Tremé. This mixed-income neighborhood project, which is located near the Canal Street streetcar line, has the potential to be a model for the super region.

When neighboring cities and parishes compete with one another for jobs and development, or plan transportation systems that are not complementary, they perpetuate a cycle of wasteful spending and regional traffic congestion. To reduce congestion and create economic opportunity for the businesses and individuals of Baton Rouge and New Orleans, it is essential for cities, parishes, metropolitan planning organizations and other agencies, as well as leaders and representatives from the private sector, to partner on transportation investments and community planning. On some issues, such as the proposed commuter rail link, coordination between these many stakeholders will be required at the super regional scale, which includes the combined metropolitan areas surrounding Baton Rouge and New Orleans.

3. Affordable, Walkable Transit Oriented Communities

Affordable, walkable communities with access to high-quality public transit allow residents and workers to drive less and reduce transportation costs while still accessing jobs, education, services and economic opportunity. Realizing the potential for affordable, walkable transit oriented communities will require: improving transit connections to existing areas of concentrated housing, especially those with affordable housing; improving the walkability and “sense of place” in existing neighborhoods; and, planning new development that is walkable, close to transit, mixed income and mixed use.

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2 Dr. Karen DeSalvo, Phone Interview, March 25, 2011.

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For more background on this topic, read the first brief in the series, “One Great Region: Working Together to Build a Sustainable ‘Super Region’ Connecting New Orleans and Baton Rouge” available at connect.cplex.org

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The New Orleans and Baton Rouge metropolitan areas are the economic engines of Louisiana. According to a 2011 report by the Brookings Institution, the New Orleans and Baton Rouge metropolitan areas comprise forty-four percent (44%) of the state’s population, forty-six percent (46%) of state jobs, and forty-seven percent (47%) of the economic output (gross domestic product, 2009).³

In today’s economy, however, regions that have or are developing an integrated transportation system that includes high-quality transit have a competitive advantage. According to 2011 research by real estate advisors RCLCO, thirty to forty percent (30-40%) of all regional employment typically exists within “job cores,” or places where a high concentration of employees are clustered.⁴ Furthermore, the RCLCO study found a statistically significant correlation between the number of regional job cores and the region’s total employment, suggesting that one of the most reliable ways of fostering regional economic growth is to expand existing and add new employment centers.

Congestion and access are often major obstacles to sustained, long-term growth in job clusters. A regional transit network that connects major employment centers can support the growth of existing job clusters without significantly adding to the number of cars on the road. Quality transit also creates opportunities for new job clusters to develop and integrate with employment sites that already exist. Through this process, investment in transit supports increases in regional employment and economic development.

Linking transit to employment centers is also key to securing high transit ridership, which will be necessary to address regional traffic congestion. Regions with new transit lines that connect job clusters have experienced higher-than-expected ridership, creating a win for transit agencies, as well as for the regional economy. This is because the more connected the transit network is to regional jobs, the more workers will choose to walk, bike or take transit to work.⁵ In regions with fixed-guideway transit systems (transit that runs in its own right-of-way like streetcars or bus rapid transit) an average of twenty-five percent (25%) of all jobs are located near transit. But, in regions with extensive fixed-guideway transit systems that connect all major employment centers, as many as forty-five percent (45%) of jobs can be near transit. (By contrast, in the New Orleans region, nineteen percent [19%] of jobs are located near existing streetcar stops.)⁶ An understanding of the types of jobs that tend to locate near transit can help regions target transit investments in the places that are most likely to generate riders. Industry sectors with a high propensity to “cluster” near transit include those tied to critical regional innovation, such as major medical research institutions, large universities, and research and development firms from many industries.⁷

Many mid-sized regions such as Raleigh-Durham, Cincinnati, and Nashville are gaining momentum around plans to bolster existing transit networks or to seek federal funding to build new systems. The BR/NO super region has an opportunity to position itself among the emerging national leaders and to secure its reputation as a forward-thinking and creative destination for businesses and investment.

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⁴ RCLCO: Creating and Sustaining the Places Where Jobs Grow, January 2011.
⁶ Center for Transit-Oriented Development. TOD Database. www.toddata.cnt.org
Employment
This map shows concentrations of jobs in the BR/NO super region. Forty-six percent (46%) of the state’s jobs are located in the Baton Rouge and New Orleans metropolitan areas that would be connected by the proposed commuter rail corridor. Within the seven parishes that are intersected by the proposed rail line, forty percent (40%) of jobs are located in East Baton Rouge Parish, twenty-seven percent (27%) are in Jefferson Parish and twenty-three percent (23%) are located in Orleans Parish. (Source: U.S. Census Bureau, 2008 Local Employment Dynamics Data)

Travel
According to U.S. Census Bureau Data, in 2009 approximately 10,663 people living in Jefferson or Orleans Parishes commuted to jobs in East Baton Rouge Parish. That same year, approximately 9,659 people lived in East Baton Rouge Parish and worked in either Jefferson or Orleans Parishes. (Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, Beginning of Quarter Employment, 2nd Quarter of 2002-2009)

Population
The mass relocation of people and households following Hurricanes Katrina and Rita in 2005 has significantly altered settlement and travel patterns in the super region. While the populations of both the New Orleans and Baton Rouge metropolitan areas have increased since the storms, most of the significant resettling has been in suburban parishes such as St. Tammany, St. John the Baptist, St. Charles, Ascension and Livingston. (Source: American Community Survey 1-Year Estimates, 2009 and 2006.)
Job Clusters & Major Employers
As discussed above, connecting job clusters and other key regional destinations with high-quality transit service can support a strong regional economy and lead to higher transit ridership. In Orleans and Jefferson Parishes, the primary job cluster is the central business district downtown and additional job clusters include greater Elmwood and the Veterans/Causeway/I-10 area. The largest employers in Orleans and Jefferson Parishes are:

- Ochsner Health System: 7,517 employees
- Jefferson Parish School Board: 7,000 employees
- Northrop Grumman: 5,400 employees
- LSU Health Sciences Center New Orleans: 5,000 employees

In East Baton Rouge Parish, job clusters exist downtown, in the Mid City area east of downtown, and in the South Medical District between Perkins Road and I-10. The largest employers in East Baton Rouge Parish are:

- Louisiana State Government: 31,427 employees
- Turner Industries: 9,670 employees
- East Baton Rouge School System: 6,406 employees
- Louisiana State University: 5,600 employees

Other Key Destinations
In addition to job clusters, high-quality transit could improve access to other major destinations in the super region, including:

- LSU Tiger Stadium: up to 92,400 fans per game
- Louisiana Superdome: up to 72,968 guests per event
- New Orleans Convention Center: up to 10,500 people per day
- New Orleans International Airport: ~12,600 passengers per day
- Baton Rouge Regional Airport: ~2,900 passengers per day

Five Ways Businesses and Employers Win With Transit Investment and Coordinated Planning

Increasingly, regions view efforts to improve transportation choices and increase the number of regional jobs and households located near transit as essential strategies for promoting and maintaining a vibrant economic climate. This section will explore five ways that businesses and employers in many sectors of the economy can benefit from investments in improved transit and coordinated planning at the regional and super regional scale.

1. Improved Productivity and Reduced Travel Costs for Businesses

The Urban Mobility Report by the Texas Transportation Institute estimates that congestion cost the Baton Rouge and New Orleans metropolitan areas a combined $898 million in wasted time, productivity and fuel in 2009. At the same time, studies have shown that employees who take transit are more productive and are less affected by the grind of daily traffic. Regional transit and commuter rail would not only improve the quality of employees’ commute, it would allow workers to quickly and easily travel through cities, parishes and the region for meetings and other regular work trips. The government sector and other industries that have offices in both Baton Rouge and New Orleans, such as the legal and finance sectors, could reduce their travel budget if employees were able to travel to meetings by transit or commuter rail. (Based on current travel reimbursement rates, many companies reimburse employees approximately $80 for a round-trip journey between Baton Rouge and New Orleans.) This economic benefit to firms will be magnified as gas prices increase.

The business community in BR/NO would also benefit from improved transit access to Baton Rouge Regional Airport and New Orleans International Airport. Around fifteen airports in the United States currently have high-capacity transit connections and a number of U.S. regions, including Dallas, Denver and Washington D.C., are building new transit connections to their airports as part of their regional economic development strategy. All air travelers in Baton Rouge and New Orleans (and perhaps especially frequent business travelers) would save time and money if the region’s airports were served by frequent, reliable public transit.

By helping to curb regional congestion, expanding transportation choices in the BR/NO super region could also lead to efficiencies in the freight industry. The Texas Transportation Institute estimates that congestion cost the freight trucking industry in the Baton Rouge and New Orleans regions a total of $350 million in 2009. Since a significant share of those costs were passed on to consumers, these economic impacts extend beyond the direct losses to the freight industry.

2. Increased Innovation

Innovation is one of the engines of economic vitality. Due to the agglomeration of industries, urban areas promote synergy between businesses and foster innovation. Because transit supports the clustering of businesses, it can support agglomeration and thus increase innovation in a regional economy. The BR/NO super region is already the center of innovation in Louisiana, as evidenced by the fact that it is home to forty-four percent (44%) of the state’s population, but fifty-seven percent (57%) of Louisiana’s scientists and engineers. This ratio will improve with the completion of BioDistrict New Orleans, the medical and science corridor underway in Lower Mid-City New Orleans, and with the plans in East Baton Rouge to expand the Our Lady of the Lake campus and create a major medical district positioning Baton Rouge as a regional healthcare destination. Serving the region’s existing and emerging economic hubs with quality transit service and developing transit-supportive land use policies will enhance the innovative and entrepreneurial nature of the BR/NO super region.

The region’s ability to attract and retain a community of innovative thinkers, workers and leaders will be essential to the region’s ability to thrive. Young, educated thinkers, or the “creative class,” are often viewed as the drivers of the innovation economy and this group increasingly wants to live in walkable, transit-accessible neighborhoods. According to Kurt Weigle, President & CEO of the New Orleans Downtown Development District, “what matter(s) most to ‘creative workers’ are lifestyle, the whole package of diversity, convenience and environmental quality, and fun places where creative people could meet and get inspired.” By expanding the number and quality of these types of places in the region, BR/NO can attract and retain the types of workers who will fuel the economy for years to come.

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8 Texas Transportation Institute, 2010 Urban Mobility Report.
11 Texas Transportation Institute, 2010 Urban Mobility Report.
14 Patricia Matson, Wilmington Downtown Hopes to Emulate Big Easy’s Success, Lumina News, February 17, 2011.
3. Access to an Expanded and Diversified Labor Pool

In order to grow and succeed, employers depend on predictable access to a broad pool of well-trained workers. When jobs are located far from transit, or when only a small portion of regional residents have access to quality transit service, businesses have a harder time accessing skilled employees at all wage levels. Also, as regional congestion worsens, long commutes become more of a strain on employees. Job locations with poor access may lose their competitive edge compared to those in more accessible locations. Especially as gas prices rise, the cost of commuting becomes increasingly burdensome and workers may seek jobs closer to home, resulting in costly turnover for employers. Moreover, a region’s economic potential relies upon providing connections to jobs for workers of all income levels. Even industry sectors such as technology or finance that employ primarily highly trained and often higher-income workers rely on a range of supporting industries that employ workers who earn lower wages and who are quite vulnerable to the increasing cost of commuting.15

Recognizing these facts, employers around the country are exploring ways to take advantage of the expanded labor pool access that transit provides. For example, by locating at the end of Chicago’s Metra line, a Motorola cellular phone plant has been able to draw upon a much larger labor pool than they would in a place with only auto access.16 Similarly in Atlanta, BellSouth consolidated a number of scattered suburban offices into three locations near MARTA rail stations, and partnered with MARTA in the development of a 47-acre live, work, play development at Lindbergh station. When phase one of the multi-use project opened in 2002, the Atlanta Business Chronicle named it “Best Mixed-Use Real Estate Deal of the Year.”19

4. Opportunity for Real Estate Development

Nationwide, demand for housing in walkable, transit-oriented locations is expected to double by 2025 based in large part on the growing population of senior households and on the children of the baby boomers, known as “Generation Y.”20 Recognizing the impact that this national demographic phenomenon is having on demand for different types of housing and community development, the national report Emerging Trends in Real Estate has identified walkable, transit-oriented development as a top real estate opportunity for four years running.21 In describing the real estate opportunity presented by transit-oriented development, the 2010 Emerging Trends in Real Estate report stated, “Next-generation projects will orient to infill, urbanizing suburbs, and transit-oriented development. Smaller housing units – close to mass transit, work, and 24-hour amenities – gain favor over large houses on big lots at the suburban edge.”22

“I think that the public transit network within the region could be strengthened and if it were, it would likely have a positive economic benefit.”

- Michael Hecht
President and CEO
Greater New Orleans Inc.18

“I don’t think there is any question that better transit would help LSU’s reputation nationally. The word spreads if you’re a more accessible and affordable community. People want to get around easily and enjoy the cultural life downtown - these things enhance the reputation of the university. We have to recruit students and faculty to this community as much as we have to recruit them to the campus.”

- Mike Martin
Chancellor
Louisiana State University17

17 Chancellor Mike Martin. Phone Interview, March 25, 2011.
18 Michael Hecht. Phone Interview, March 30, 2011.
21 Urban Land Institute, Emerging Trends in Real Estate, 2007 - 2010.
22 Urban Land Institute, Emerging Trends in Real Estate, 2010.
In New Orleans, the prevalence of senior households, empty nesters and young professionals has been credited for making neighborhoods like the Warehouse District among the fastest-growing neighborhoods in the region.\textsuperscript{23} By expanding and improving the regional and super regional transit network, and simultaneously advancing land use policies that support compact, walkable community development, Baton Rouge and New Orleans have the opportunity to capture more of this growing national market. At the same time, the real estate community has the opportunity to take advantage of the price premium that can come with building both housing and commercial development in sites located near high-quality transit. With this great opportunity comes the responsibility to ensure that new development helps meet the housing needs of people of all incomes, a goal that will require participation and partnership between the private sector, public agencies and the nonprofit community.

\begin{quote}
“Not only the connection between New Orleans and Baton Rouge, but a connection to the Gulf Coast of Mississippi, would support economic growth in each area and the region. The best future for smaller metropolitan areas such as Baton Rouge, New Orleans and the Gulf Coast of Mississippi, is to combine their economic strengths into a regional center for business and in-migration. Since the distance is too great for this to happen organically, a rail connection would likely provide the same effective geographic and economic concentration which would otherwise be impossible.”

- Joseph C. Canizaro  
President and CEO  
Corporate Capital, LLC\textsuperscript{24}
\end{quote}

5. Improved Mobility for Tourists Between and Within Cities

Tourism is an essential part of Louisiana’s economy, contributing an estimated $10 billion to local economies and supporting 144,000 jobs throughout the state in 2010.\textsuperscript{25} The University of New Orleans Research Center estimates that New Orleans welcomed over 7.6 million tourists in 2008.\textsuperscript{26} Giving visitors the option to move through the region without a car could expand the tourism base and could potentially attract more international tourists who may be accustomed to traveling without a car. Specifically, the proposed commuter rail link would allow tourists to travel with ease between New Orleans and Baton Rouge, encouraging visitors to Louisiana to explore both of the state’s largest cultural centers. Tourists would similarly benefit from improved transportation options connecting Baton Rouge Metropolitan Airport and New Orleans International Airport. Last, it is likely that a portion of the money that tourists save due to lower transportation costs would be reinvested into some other segments of the regional economy.

Tourists are not the only ones who would benefit from improved access to the region’s recreational and entertainment destinations; the residents of BR/NO could also save time and money if they could reach more restaurants, arenas, theaters and other cultural destinations on transit. In particular, there is a significant opportunity to provide alternative transportation to bring fans to events at the Superdome and LSU’s Tiger Stadium.

\textsuperscript{23} GCR & Associates, Analysis of 2010 Census data, as reported by Katy Reckdahl in The Times-Picayune, “While Florida development emptied, Warehouse District has been booming.” February 2011.  
\textsuperscript{24} Joseph C. Canizaro. Email Interview. April 5, 2011.  
\textsuperscript{26} University of New Orleans Hospitality Research Center, “New Orleans 2008 Visitor Survey,” April 2009.
Spotlight: In Many Places, the Private Sector is Leading the Way

Recognizing these benefits, the private sector is playing an active role around the nation in supporting transit and regional planning efforts. In BR/NO, Greater New Orleans Inc. (GNO Inc.) and the Baton Rouge Area Chamber (BRAC) have formed a super regional commission, which provides a forum for business leaders to coordinate on issues that impact both metro areas. The proposed commuter rail line and other transportation issues are among the topics the super regional commission has tackled. Other examples of where the private sector has led the effort include:

Denver Eagle P3
In the Denver region, the Eagle P3 Project consists of 36 miles of commuter rail connecting downtown Denver to the airport and to the outlying residential communities of Arvada and Westminster. The project is being financed and implemented through a public-private partnership where the private partner has just invested $1 billion to “jump start” the project. Given the unique nature of this type of partnership, Project Finance Magazine recently ranked the Eagle P3 Project “The Deal of the Year.” The project is part of FasTracks, a voter-approved initiative that includes 122 miles of new commuter and light rail, 18 miles of bus rapid transit service, and improved local bus service in the Denver Region.

Cleveland Healthline
The Cleveland Clinic and University Hospitals championed the city’s new bus rapid transit line along historic Euclid Avenue and paid to name the transit route “The Healthline.” In addition to its dedicated bus lanes and large, prominent stations, the Healthline brought about a major facelift to Euclid Avenue, including new sidewalks, crosswalks, street lights and over 1,500 new trees. Despite the challenging financial climate, the renovation of Euclid Avenue has become an economic development engine for the city. To date, more than $4.3 million has been invested in neighborhoods along the line.

Detroit Woodward Avenue Corridor
The proposed Woodward Avenue Corridor in Detroit will be served by a light rail line that connects major activity and employment centers – including the downtown, Comerica Park, Detroit Medical Center, Henry Ford Hospital, and Wayne State University – with cultural and retail destinations all along the corridor. The transit proposal is being advanced by M-1 Rail, a business coalition that includes entrepreneurs, foundations and private investors, as well as the City of Detroit. M-1 Rail has promised $125 million to help pay for the first phase of construction.
Three Economic Benefits to Local Governments and Communities

Of course, the economic benefits of transit and coordinated regional planning are not limited to companies and major employers — local governments and communities reap significant long-term benefits of transit investments and coordinated planning at the regional and super regional scale. Some of the private sector benefits discussed above also serve local governments and communities, such as transit providing people better access to job opportunities. This section will discuss three additional economic benefits that can be particularly important to local governments, communities and individuals.

1. Reduced Household Transportation Costs Reinvested into Local Economy

Transportation costs are often a hidden factor in defining affordable living in the United States. For the average household, transportation is the second greatest expense after housing, and collectively housing and transportation can make up more than half of annual expenses. As the maps below show, the cost burden that transportation places on households only becomes more problematic as gas prices rise. Places with high-quality transit access provide lower transportation costs and affordable living options for local households. Furthermore, several studies have shown that when households reduce their transportation expenses they are likely to increase spending on other goods and services in the local economy.

2. Efficient Public Investments

With supportive land use policies in place, a quality transit network provides a backbone around which future regional development can occur. Promoting concentrated regional development over sprawling growth in decentralized locations can lead to long-term savings in transportation, water and sewer infrastructure. Put simply, sprawling development means that more miles of roadway and utility pipes must be built and maintained. National research from 2005 compared the cost of infrastructure under different growth scenarios: one scenario that concentrated new growth closer to job centers and another scenario that involved unchecked sprawling growth. The study found that water and sewer costs were ten percent (10%) less and road building costs were seven percent (7%) less in the concentrated growth scenario compared to the sprawl scenario.

Building a quality transit network also ensures that public infrastructure investments create as many jobs as possible. According to a 2009 study by the University of Utah’s Metropolitan Research Center, public transportation investments generate 31 percent (31%) more jobs per dollar than new construction of roads and bridges.

These maps show that the average household in greater New Orleans spent $1,099 per year on gas in 2000 when gas cost about $1.50 per gallon, and that household gas expenses grew to an average of $3,090 per year in 2008 when gas cost about $3.97 per gallon. (from the Housing + Transportation Affordability Index, www.htaindex.org, Center for Neighborhood Technology)

Annual Household Gasoline Costs, New Orleans

<table>
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<th>2000 Gas Prices</th>
<th>2008 Gas Prices</th>
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<tr>
<td>Data Not Available</td>
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<td>$3,000/Year and Greater</td>
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29 Smart Growth America, “Economic Prosperity Sourcebook” (available to SGA Coalition members), 2010.
31 The Best Stimulus for the Money, Metropolitan Research Center, University of Utah, 2009.
3. Higher Property Values and Increased Public Revenue

Not only does sprawling development require higher infrastructure expenditures over time, but the cost of providing municipal services (i.e. water, sewer, schools, emergency services) in sprawling locations has been found to exceed the revenues created by this type of growth over time. For example, suburban communities in Rhode Island spent on average $1.17 for every $1.00 collected in taxes from residential properties. Similarly, Prince William County, Virginia found that providing municipal services to a house on a large lot far from existing infrastructure costs the county $1,600 more than is returned in taxes and other revenues.

On the other hand, cities and homeowners across the United States are reaping economic rewards from investments in high quality transit and walkable, transit-served neighborhoods. It is important to note that because concentrated development creates more activity on less land, it leads to higher tax revenue per acre. Furthermore, homes in walkable, compact neighborhoods tend to have higher values and appear to maintain their value better over time. For example, a 2009 study found that a one point increase in Walk Score, a ranking of how walkable a place is on a one hundred point scale, was associated with an increase in home value ranging from $500 to $3,000. Improving walkability in BR/NO could support the long-term vitality of neighborhoods, encourage increased transit use especially as transit service improves, and meet the needs of the region’s residents, seventy-eight percent (78%) of whom say it is important to live in walkable neighborhoods.

One of the greatest economic benefits that cities can reap from transit investments is the intensified private investment that can occur along new transit corridors. For example, from 2005-2009, Charlotte, North Carolina experienced nearly 10 million square feet of new commercial and residential development along the 9.6 mile Blue Line, the first line in the region’s LYNX light rail network. Most of the development along the corridor has occurred in or near Charlotte’s job-rich central business district, with a few residential or mixed-use projects occurring near the more suburban stations on the southern end of the line. Similarly in St. Louis, the MetroLink system is credited with bringing $2 billion in development to the areas that surround stations, including the Jackie Joyner Kersee Sports Complex, a major convention center complex, the $60 million Touhill Performing Arts Center and a new student center at the University of Missouri-St. Louis.

Spotlight: Public Policy that Seeks to Connect Transit, Jobs and Economic Development

Recognizing the potential economic benefits that communities can realize from concentrating growth near transit, agencies at the local, regional and state level are developing policies that improve connections between transit and jobs, as well as encouraging companies to locate near transit.

New Jersey Urban Transit Hub Tax Credit
Offered by the New Jersey Economic Development Authority, this program offers a tax credit to developers, landowners or tenants to encourage private capital investment around rail transit stations. To qualify for the tax credit, the capital investment must be at least $50 million in a single business facility that employs at least 250 people onsite.

Illinois Business Location Efficiency Act
The Illinois Department of Commerce and Economic Opportunity provides ten percent (10%) tax credits to businesses selecting sites within one mile of affordable housing and public transportation. The incentives are part of a larger economic development program that provides tax incentives for businesses to locate in Illinois when they are actively considering a competing location in another state.

34 Public Interest Projects, Inc., “Smart Growth: Making the Financial Case” (presentation to the Sarasota County Board of Commissioners), 2009.
37 Louisiana Realtors Association and Center for Planning Excellence, Poll of Residents in Parishes Intersected by the Proposed BR/NO Commuter Rail Corridor, December 2010.
Discussion on Value Capture

Many of the benefits of transit and concentrated, transit-oriented growth depend on the range of public “placemaking” investments necessary to create a walkable neighborhood. This includes good sidewalks, street trees, public plazas and parks, and, to the extent possible, a retail district offering goods and services that meet people’s daily needs. In looking at station area improvements along a variety of transit lines, research shows that for every $1 invested in transit, local communities need to invest an additional $0.50 to support pedestrian connections and other station area improvements. While these costs can vary depending on the condition of the area and the need for utilities and other infrastructure that might be necessary to support higher density development, communities should be prepared to make their own investments in station areas beyond what a regional or even local transit provider is already contributing.

Financing the public improvements associated with concentrated development along a transit corridor can be challenging and some communities use value capture, which leverages anticipated increases in property taxes or other revenues, to pay for the needed infrastructure. Value capture mechanisms allow the public sector to recoup some of the benefits to private sector that result from public infrastructure investments. Two examples of value capture mechanisms that have been used to finance transit or station area improvements include: tax-increment financing, where future increases in tax revenue are used to finance debt issued to pay for infrastructure projects; and benefit assessment districts, where property owners within a specified area approve and pay a special fee or assessment that will be used to fund improvements in the area. In strong real estate markets where the transit is adding significant value, these value capture mechanisms can be very effective. However, in places where the market is not as strong and the public sector is interested in securing more private sector investment, other strategies may need to be deployed to finance the desired public improvements. Strong or hot real estate markets that can generate enough value to support significant public improvements are often in downtown or downtown-adjacent neighborhoods near employment concentrations and/or near arts and cultural centers.

An emerging and exciting example of how value capture can be used to pay for transit and transit-supportive public improvements is being led by the North Central Texas Council of Governments (NCTCOG), the metropolitan planning organization in the Dallas/Fort Worth region. The region plans to build a 62 mile rail corridor connecting downtown Fort Worth to the existing light rail system in Dallas, by way of the Fort Worth Medical Center, Texas Christian University, several suburbs and the campus of the University of Texas at Dallas. Recognizing that federal funds will not cover the entire $1.5 billion cost of the line, NCTCOG has engaged a firm called the Partnership for Livable Communities, LLC to develop an “Innovative Financing Initiative” that will layer up to ten potential funding mechanisms in order to finance the line.

One of the central financing mechanisms under consideration by the Partnership for Livable Communities and NCTCOG is tax-increment financing, which will capture a portion of future property value increases near rail stations and use this anticipated revenue to help finance transit construction. Other financing strategies under consideration include selling the naming rights for stations and leasing fiber optic access along the transit right-of-way.

Learn more about value capture at www.reconnectingamerica.org/resource-center/value-capture/
Conclusion

Making targeted investments that improve regional connectivity can serve to connect key activity nodes in Baton Rouge and New Orleans and can catalyze economic development at the local, regional and super regional scale. At the same time, syncing those transportation investments with plans for housing, other transportation infrastructure, growth and economic development will allow the region to compete for employers and young talent who want to locate in a forward thinking, innovative region. Accomplishing the benefits discussed in this brief will require an unprecedented level of intergovernmental and cross-issue coordination. Many types of stakeholders have an important role to play, including the public and private sector, governmental agencies, community and elected leaders, and citizens of many backgrounds.

To assure that such diverse parties are coming together at the beginning of future planning efforts, the CONNECT Coalition came to fruition in 2010. By bringing together a cross-sector representation of public and private entities, CONNECT seeks to break down the organizational silos which have often planned, invested and practiced in isolation from one another. Already, CONNECT has had extraordinary success sparking and informing the conversation around transportation investments and land use planning in southeast Louisiana. Shortly after organizing, CONNECT worked with legislative champion, Rep. Michael Jackson, and others to pass a formative piece of legislation allowing municipalities across Louisiana to come together to create a Rail Compact, an entity that could pursue passenger rail service. Additionally, CONNECT worked with the mayors of Baton Rouge and New Orleans in applying for a grant from the HUD Sustainable Communities program. Although the funding was not awarded, the application for this federal planning opportunity marked an unprecedented joint effort between the cities in pursuing federal funding.

CONNECT will continue to facilitate discussion, move public policy and bridge relationships between New Orleans and Baton Rouge entities to capitalize on opportunities at all scales and leverage the metro areas’ unique assets. One thing is certain: in response to the challenging financial climate created by the recession, cities and regions across the U.S. are taking bold steps to re-brand themselves as leaders in today’s economy. Baton Rouge and New Orleans have a distinct opportunity to move this conversation forward and to solidify the competitive position of the super region in the national and global economy.

The CONNECT Coalition Steering Committee is currently finalizing its policy priorities and work plan for the coming years. More discussion on the next steps in this super regional campaign to advance a regional transportation and community development vision will be explored in the final policy brief of this series, to be released in summer 2011.

If these issues resonate with you, please join our membership at: connect.cpx.org

CONNECT Coalition Steering Committee

Transport for NOLA | Providence Community Housing | Greater New Orleans Housing Alliance

New Orleans Neighborhood Development Collaborative | Louisiana Association of Nonprofit Organizations

Greater New Orleans Community Data Center | Louisiana Realtors Association

Baton Rouge Area Chamber | Baton Rouge Area Foundation | AARP | Greater New Orleans Foundation

University of New Orleans | Louisiana Housing Alliance | Louisiana Disaster Recovery Foundation

PICO/WIN/MICAH Project | Urban League of Greater New Orleans | Norman Francis, Xavier University

Raymond Jetson, Star Hill Church | Center for Community Progress