



# Transportation and Economic Development

## Creating Strong Local Economies through Targeted Investments

Livability and economic development are intertwined: livability draws businesses and businesses contribute to community quality of life through investments in the built environment, culture, and philanthropy.<sup>1</sup> Businesses are choosing to locate in more accessible locations that combine transportation and housing choices, good schools, gathering places, and natural amenities. The U.S. Department of the Treasury and individual governors have designated certain economically distressed communities as Opportunity Zones to spur economic development and job creation by encouraging long-term investment in low-income communities nationwide. Targeted transportation investments can improve access to jobs, education, shopping, and goods movement, while providing construction and operations jobs. Benefits include:

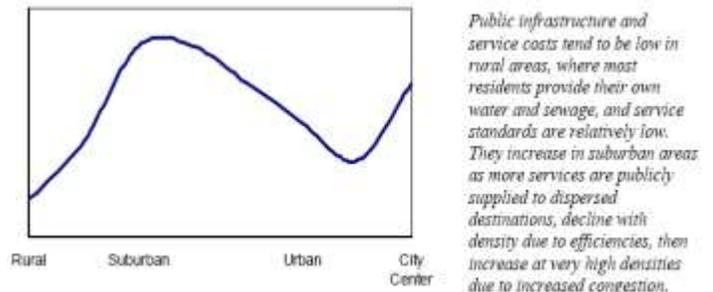
**Attract more businesses and residents to your community.** The desire for businesses to locate in downtowns, surrounding communities, and high-density employment centers continues to grow. Employers such as knowledge-based companies that require highly skilled workers are increasingly locating in walkable areas with access to transit. By investing in transit, communities can better position themselves to attract new businesses to their downtowns.<sup>2</sup> Communities that encourage mixed-use development are better able to compete for jobs and businesses. The pool of potential job applicants is greater, as centrally located employment centers are more accessible and offer more commute options to a larger portion of the population.

**Cost savings for businesses.** A report by the Victoria Transport Policy Institute found that mixed-use development can help businesses save construction and operating costs, because it reduces parking needs, and often results in lower energy and maintenance costs.<sup>3</sup> Businesses located near each other in urban areas can take advantage of specialized labor, share local suppliers, and benefit from interactions that promote new ideas and entrepreneurship.<sup>4</sup>

### Infrastructure and services cost savings.

Compact development requires less money to build and maintain road, water, and sewer infrastructure, and for general public services. It is expensive for communities to support continued expansion of development away from their economic centers (see graph at right). If between now and 2025, just 15 percent of anticipated new U.S. growth is concentrated within a planned, existing developed area, the Country could save \$109 billion in road infrastructure costs, \$4.8 billion in water infrastructure costs, \$7.8 billion in sewer infrastructure costs, and \$4 billion in reduced public services costs.<sup>5</sup>

Linking lower costs of public infrastructure to high density areas



SOURCE: Litman, Todd. "Understanding Smart Growth Savings: What We Know About Public Infrastructure and Service Cost Savings, And How They are Misrepresented By Critics." (Photo used with permission of Victoria Transport Policy Institute. June 2011.)

<sup>1</sup> AARP. "AARP Livability Fact Sheet – Economic Development." 2014.

<sup>2</sup> American Public Transportation Association. "Economic Impact of Public Transportation Investment." May 2014.

<sup>3</sup> Victoria Transport Policy Institute. "Understanding Smart Growth Savings: Evaluating Economic Savings and Benefits of Compact Development." April 2020.

<sup>4</sup> Puga, Diego. *Journal of Regional Science*, February 2010, Vol. 50 Issue 1, pp. 203-219.

<sup>5</sup> C. Kooshian and S. Winkelman. "Growing Wealthier: Smart Growth, Climate Change and Prosperity." Prepared for the Center for Clean Air Policy. January 2011

Creating more livable communities through transportation choices



## Success Stories

**Invest in compact development to attract investors.** The city of Chattanooga, TN conducted a highway rightsizing project along the Riverfront Parkway to enable Chattanooga to become a more connected, livable community that attracts outside investments. The project reduced the number of travel lanes from five to two in certain areas, led to the redevelopment of 129 acres of waterfront property adjacent to the Parkway's right-of-way, and revitalized downtown Chattanooga.<sup>6</sup>

**Spurring growth through relocation decisions.** Quicken Loans moved its headquarters from Farmington Hills, a suburb of Detroit, to the city's downtown in 2010. Quicken Loans moved 1,700 employees, purchased four significant downtown buildings, and is planning to facilitate downtown housing for its employees. The move was the first step in making the surrounding area attractive for retail and high-tech entrepreneurs. Since the move, Dan Gilbert, founder and Chairman of Quicken Loans, has expanded his investment in the city by purchasing additional properties and creating new jobs to stimulate growth. The investment has played a significant role in the rebirth of Detroit's downtown following years of population loss and economic struggles.<sup>7</sup>

**Stimulate investment by increasing connectivity.** The Portland Streetcar in Portland, OR was constructed in 2001 to connect two major downtown redevelopment areas in different parts of the city. The streetcar was funded using value capture techniques, including a local improvement district and a tax increment finance zone.<sup>8</sup> The project spurred tremendous economic development throughout the area with many new residential and commercial projects. Developers have been able to reduce parking ratios in residential buildings to promote growth, and as of July 2015, \$4.5 billion in market value was developed within a ¼ mile of the streetcar line. Additionally, the city of Portland has committed to promoting affordability along the corridor with one quarter of all apartments developed along the corridor from 1998 to 2015 being subsidized affordable housing units.<sup>9</sup>



*Before (above) and after (below) photos of downtown Chattanooga with waterfront improvements (Photo used with permission of Chattanooga Convention & Visitors Bureau)*



*Portland's Streetcar and Mixed-Use Development. (Photo used with permission of Portland TriMet)*

***Good transportation systems connect people to the jobs, education, and community supports that enable them to prosper and advance economically.***

*People-First Transportation Toolkit (Project for Public Spaces and Main Street America).*

## Available Resources

FHWA Economic Development Program

Every Day Counts Community Connections

<sup>6</sup> Federal Highway Administration. "FHWA's Fostering Multimodal Connectivity Newsletter: Resource Highlight – Right-Sizing Transportation Infrastructure to Foster Economic Development." April 2019.

<sup>7</sup> Feloni, Richard. Business Insider. "Billionaire Dan Gilbert has already bet \$5.6 billion on Detroit's future, but money can't solve his biggest challenge." August 18, 2018.

<sup>8</sup> Federal Highway Administration. "Center for Innovative Finance Support – Project Profile: Portland Streetcar."

<sup>9</sup> ECONorthwest. "Streetcar Real Estate Development Effects for Portland Streetcar." July 2015.

Federal Highway Administration: [www.fhwa.dot.gov/livability](http://www.fhwa.dot.gov/livability)

