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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION BROCK ADAMS,
TO THE JOINT DEVELOPMENT MARKETPLACE CONFERENCE, WASHINGTON, D.C.,
JUNE 26, 1978.

As Jack Watson said the other day at our news conference
announcing cooperation between DOT and the Environmental Protection Agency on
improved air quality, the theme of the President's urban policy is "partnership."

That is well reflected here today. The mayors and council members are here
from the cities. The private investment and property development industries
are represented, as are the metropolitan planning agencies and regional trans-
portation districts. And I'm delighted that Bob Embry from H.U.D. and Bob Hall
from Commerce could join us for this morning's panel.

The President's urban policy proposal has now been made. The 15th and final
piece of legislation in that package has been sent to Congress. As Vice
President Mondale told the Conference of Mayors last Tuesday, the national
development bank President Carter proposes would generate \$16 billion in private
investment, for the cities most in need. Our purpose today is to examine some
of the prospects for joint development -- to put public and private investment
dollars to work on urban improvement projects.

The solution to a city's transportation problems directly affects the economic
vitality of the city. Transportation and economic problems must be solved together.
That is why we had a meeting, earlier today, of the Interagency Coordinating
Council set up by President Carter under his national urban policy. And it's why
we will be continuing to confer to exchange ideas, pool resources and support common
objectives.

In his urban policy message President Carter said: "The Federal government
doesn't have the resources by itself to do the job. But we are ready to provide
the leadership, the commitment and the incentives which will encourage all sectors
of our country to rebuild and to maintain the quality of America's communities.

That's what brings us here today. We are saying to the private sector: "the momentum is swinging back to the cities; join us in revitalizing urban life." We're saying, as President Carter has said, that "everyone has a stake in the health of our urban places." We're saying: "don't blame your mayor or council member or UMTA for the condition of your city, unless you're prepared to do your part to make it better." We're saying we're all in this together to make it work.

There's no shortage of opportunity either. I am pleased to announce UMTA has a list of 20 cities that are candidates for joint development projects. Five of these -- Miami, Detroit, Baltimore, Denver and New York City -- are either already involved in joint development programs now or are ready to go.

I believe that the Federal government, the cities and the private sector working together, have the means to remake our urban communities for the benefit of all the people who live and work and visit there. We want to do it in a way that makes sense economically and environmentally and conserves energy use.

With that in mind, there are three short messages I want to bring to you.

I. FEDERAL DOLLARS ARE NEEDED FOR SALVATION OF THE CITIES

First, this Administration is dedicated to the salvation of our cities. As was pointed out at last week's Conference of Mayors, the sections of the Federal budget that have been growing most rapidly are those dealing with assistance to states and cities. Under President Carter, Federal aid to state and local governments has increased 25 percent in two years, going from \$68 billion in fiscal 1977 to \$85 billion for fiscal year 1979. In addition, as a part of his national urban policy proposal, the President is budgeting another \$200 million for urban public transportation capital investment projects.

II. FEDERAL DOLLARS ALONE ARE NOT ENOUGH

The second message I have for you is this: Federal dollars alone won't solve our urban problems. That's not the answer. Piling a little more money on top of every existing Federal program will not cure the root problem. And we do not have the funds to do it.

Consider the highway legislation now before the Congress. The House Public Works Committee increased the number of funding categories which we believe should be reduced and simplified. They earmarked funds for more special projects, when what we want to do is make funds more easily available for the real priority projects. There is still the old assortment of matching funds -- 90/10, 80/20, 70/30 and so on -- instead of a simple even formula system so state and local officials won't have to play the great Federal roulette game.

Finally, the present proposal from the Committee is to spend \$66 billion in four years. Forty-five billion dollars is proposed from the highway trust fund that will produce, at best, about \$37 billion in the four years.

This means authorizing the fund to spend in four years what it will not receive until six. I say we shouldn't do that. It's not good government. It's not the way to fight inflation. And yielding to the temptation to spend money we don't have would damage the Trust Fund in the way the Social Security and railroad retirement and other trust accounts have been damaged. I say now as I said two years ago -let's raise the gasoline tax or live within our means, on a pay-as-you-go basis.

Well, you may say, as my friends in Congress say to me: "Brock, we need the money -- we have all these projects. Roads are wearing out. The bridges are falling down. The states need more help."

I agree. There's a struggle going on in Congress -- in the House especially -- and I understand it. I saw it all the time when I was on the Budget Committee. We do have highway and transit needs that are real, and urgent -- and they cost money.

-- We want to finish the Interstate system. And I say let's set dates, and program the money, and get on with it.

-- There are bridges that are in bad shape and in need of repair and replacement. But we budgeted this year all the money the states told us they could match or use.

-- Highways, including some of the oldest Interstate sections, are wearing out and need to be resurfaced. In some cases rehabilitation costs more than the original construction. We've proposed, in our bill, Federal funds for resurfacing, rehabilitation and reconstruction.

-- We have mounting public transportation capital and operating needs, and we must find ways to provide services that by themselves can no longer make a profit. But we won't succeed if we continue to pit transit projects against highway projects as though they were adversaries when they are not. They are all part of a system for moving people. We are trying to say to local officials, "here's the money -- have a plan that fits your community and we can then help you with what benefits you most."

What I'm saying is, we have to change the structure of highway legislation. That's what we're trying to do on the Hill -- and the bill in the Senate, I might add recognizes this -- and what we are trying to do through this Joint Development Marketplace. We want to modernize the way we invest in state and community projects.

First, we want to simplify transportation planning, so that highway and transit developments are planned together and in concert with other community objectives. We want states and localities to be able to make long-range plans, so private development can proceed accordingly.

Second, we want to improve the management of transportation resources, so narrow categorical restrictions do not limit the ways funds can be used and prevent us from using the money available.

Third, we want uniform funding formulas -- 80/20 for everything except Interstates or transfers from them -- so local officials' decision making won't be dominated by the amount of money the community has to put up to get a Federal grant.

Fourth, we want to make better use of the dollars available by managing the long-term commitments so we can cover those commitments without increasing taxes or adding to the deficit.

The highway/transit bill moves in that direction. The President's urban policy moves in that direction. This meeting should move in that direction. Then we will restore vitality to our cities, and promote long-term growth and development at a cost we can all afford.

III. A PARTNERSHIP IS NECESSARY

Now for the third message I have for you today. The "conservation of our communities" and the "coherent long-range urban policy" the President has called for can't be achieved by the public or the private sector alone; and it won't be accomplished by piecemeal programs being pursued independently by a galaxy of Federal agencies. That's why joint efforts like this are so essential. It is also why transportation planning is vital to the future of our urban communities.

Transportation ties a city together, links it with its suburbs, moves its commerce and provides mobility for its people. We can't have an effective urban policy without an effective transportation policy.

Twenty-five years ago department stores began following the highways to the suburbs. As shopping centers became more popular, downtown business districts declined. Public transit, deprived of its bread-and-butter traffic and forced to expand its lines -- at greatly increased costs -- collapsed as a private enterprise industry in the United States.

Today the pendulum is swinging back.

People are rediscovering the city as a desirable place to live. Merchants are returning. Transit is experiencing a rebirth, through a cause-and-effect relationship with urban renewal. Here in Washington Metro is beginning to give people easy access to the downtown and the attraction of downtown shopping has, in turn, created customers for Metro.

The downtown shopping mall is a typical example of urban resurgence. Ten or 12 years ago there were fewer than 4000 "malls" in downtown areas. Today there are more than 18,000 and the number is growing every day.

There are big new malls in Chicago, Boston, Atlanta, Houston, Los Angeles and San Francisco. The Gallery in Philadelphia, the \$100 million complex built through equal shares of public and private funds, illustrates what can be achieved through joint development. It also exemplifies the importance of good transportation both in determining the site for new urban development, and for its success once constructed.

A new transportation project is, in fact, an excellent catalyst for joint development opportunities.

Detroit, for example, has a downtown people mover and pedestrian "skyway" system in the works together with a combination parking facility and commercial development to serve the new Renaissance center.

Baltimore is already working with local planners on the joint development of three transit station sites for the city's new rail system.

Gary, Indiana is preparing a joint development proposal around a relocated terminal of the South Shore rail line on the edge of its downtown district.

In New York, there is a proposal to create commercial space in refurbished passageways connecting Grand Central station, a rebuilt Commodore Hotel and an existing subway station. There are two other immediate prospects in the New York City area, including a transit mall in the South Bronx and the development of Jamaica Center in connection with the Kennedy Airport rail line relocation and extension.

Here in Washington, a joint development venture is being planned around the Columbia Heights station in the 1968 riot corridor.

I am pleased to announce this morning the award of a \$2.6 million UMTA grant to the Denver Regional Transportation District to assist in the design of a pedestrian transit mall, to be served by free, low polluting transit vehicles. A major terminal facility will be tied in to the mall to connect express commuter buses with the mall shuttle buses. This transfer facility offers the opportunity for the construction of a major commercial office building on the land adjacent to and the rights over the terminal.

I would point out, that in this particular example of joint development the only Federal investment is in the transit mall itself. Denver is fortunate in that it generally is experiencing a strong local economy. Other cities may not be as fortunate and we recognize that additional funds may be necessary to stimulate the private investment in their development projects. Our program is designed to be flexible, to provide the necessary catalysts for an entire range of joint development opportunities.

The possibilities nationally are limited not by the size of the city or the type of transportation involved, but by the imagination of urban planners and the resources of the community. To paraphrase Mark Twain, "reports of our cities' death are greatly exaggerated." The signs of revival are everywhere. And this Administration wants to make it clear that help for the nation's cities is of the highest priority.

That's why we're trying to provide cities the means to develop their public transportation potential, and produce alternatives to the private car.

The hardest habit to break is a bad one, and we've gotten into some bad habits with our cars. We put up with traffic jams and high parking costs and rising fuel prices because the nation did not develop acceptable alternatives. Now if we are going to reduce our dependence on foreign oil -if we're going to unclog and de-smog our cities -- and if we're going to make urban land tax-producing, not tax-consuming: then we must shift to better public transportation.

This involves three key decisions by local people.

One: they have to fit the city they serve. New York and Los Angeles, for example, can never have the same kind of system. Cities must build the type of system their people want and will support. Where rail systems are appropriate, they should be built in segments. Private development will be better served by a system planned in total but built in increments.

Two: be certain the system affords new opportunities for the redevelopment of urban properties. As urban highways made land less useful, we must now make urban land more useful. Park-and-ride stations provide natural points for suburban business ventures, and as the downtown areas are gradually liberated from their dependence on the private car, land and facilities now needed to accommodate vehicles can be put to other use.

Three: the recycling of public transportation will help restore civic pride and the city loyalty and spirit that comes from building a community. Certainly the "working alliance" of all levels of government with the private sector and with the citizens of the community will serve, as President Carter has said, to instill a new sense of purpose and mutual interest.

As I said earlier, I am delighted by the response to this meeting. We have the partnership of public and private planners and investors we need. We have the development opportunities. And the President has provided incentive through his urban policy initiatives.

The cities are still our nation's best markets, with the greatest opportunities for development. Passage of President Carter's urban policy -- and I hope Congress will act favorably on the entire package -- and enactment of the Administration's surface transportation proposals will move us toward our urban revitalization and improved transportation goals.

It's time to take America's cities off the sick list, and mayors off the hook. Our urban communities are a valuable national asset. Through a new partnership of commitment and investment, we can preserve, protect and improve those urban assets for the future.