PROSPERING IN PLACE
Redefining Economic Progress for Northeast Ohio’s Communities

Scott Bernstein  |  President, Center for Neighborhood Technology
NOACA Annual Meeting |  September 12, 2014
ABOUT CNT

- CNT is a national hub for research, strategies, and solutions to help cities use resources more efficiently and equitably.

- We believe solving problems like poverty, climate change and urban sprawl starts with making neighborhoods, cities and regions work better.
OUTLINE

- Help think about the urgency of taking action that results in a better performing region of neighborhoods and communities

- Review how well NE Ohio has performed in the face of changing economic and social conditions

- The importance of redefining affordability to success

- Examining how location-efficient communities result from making better infrastructure choices

- Innovative options for financing a successful future

- Bringing it all home: LIVABILITY
WHEN COFFEE CAME TO LONDON...
RESILIENCE

- Resilience as a process: positive trajectory of adaptation after a disturbance, stress, or adversity...
- Community resilience emerges from four primary sets of adaptive capacities:
  - Economic Development
  - Social Capital
  - Information + Communication
  - Community Competence
- Community Competence: collective action and skills for solving problems and making decisions, which stem from collective efficacy and empowerment
Source: Bureau of Economic Analysis, Annual Real GDP/Capita 2001-2012

METRO ECONOMY SINCE THE CRASH
Source: Federal Housing Finance Agency, Repeat Sales Housing Price Index, All Transactions 1976q2 – 2014q2
Gas prices in NE Ohio spiked as home values crashed.
Gas prices in NE Ohio spiked as home values crashed
“As governments, we’re on the hook to maintain core legacy infrastructure including roads, bridges, water, and sewers... But then there’s the infrastructure we’re turned on about... Mass transit, more complete streets, clean energy economy, broadband, smart grid and green infrastructure...”

- Oregon Governor John Kitzhaber, June 2012
## REAL-WORLD CHOICES

<table>
<thead>
<tr>
<th>Bottling Rainstorms and “Treating” Them</th>
<th>OR</th>
<th>Catching Raindrops Where They Fall</th>
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<tbody>
<tr>
<td>Streets to Maximize Traffic + Speed</td>
<td>OR</td>
<td>Streets to Connect People and What They Do Routinely</td>
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<tr>
<td>Bypass Communities with Long-Distance Highways + Aviation</td>
<td>OR</td>
<td>Reconnect Communities with Inter-City Rail</td>
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<tr>
<td>Expand Electric Utility Capacity</td>
<td>OR</td>
<td>Increase Buildings + Community Efficiency</td>
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<td>Expand Car Ownership</td>
<td>OR</td>
<td>Prioritize Local Amenities + Shared Vehicles</td>
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<tr>
<td>Invest to Promote Consumption</td>
<td>OR</td>
<td>Invest to Increase Productivity + Resilience, Reduce Cost of Living</td>
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CHANGING STATUS QUO MEANS...

- Shifting from centralized to distributed systems
- Investing in a larger number of smaller systems instead of a small number of large systems
- Saving anywhere from 20% to 80% against BAU on a life-cycle basis
- Turning full-time consumers into at least part-time producers
- Increasing specialized social capital and community competence
- Convincing incumbent institutions that change is good...

Response to the Great Flood of Dayton 1913
WHAT A NOURISHING ECONOMY DOES:
REDUCES RISK, INCREASES GAIN
**WE HAD IT RIGHT**

- Ohio communities once had the largest interurban electric network in America.

- 4000 miles of service interconnected with intercity rail, bus, and local street railway.
WE HAD IT RIGHT

- Transportation only 3-5% of HH expenditures
- Every city of 5000+ had streetcars and interurban, more had steam RR service
- High household savings rate
- Penn-Ohio Electric Co: Penn-Ohio Power & Light; Youngstown Municipal Railway; all sub of Republic Railway & Light Co; Youngstown & Suburban
- 231 pass cars, 61 interurban buses, 16 freight
- 102 miles of Youngstown Service, plus 119 miles of interurban connecting Multiple connections to Pittsburgh at New Castle
- Thousands of miles of scheduled service each on fixed guideway and eventually by motor coach
- Provided economy of scope – unit costs were lowered the more the number of network routes connected
COMPETITION FOR PUBLIC SPACE

Hey Bill! Take care of this traffic, will you?

Clang! Clang! Honk! Honk!

How can I keep all traffic moving when it gets here from all four directions at once?
MOST PLACES ABANDONED THEIR TRANSIT SYSTEMS AND PUBLIC POLICY FAVORED A DIFFERENT VISION

Opening of I-94 Between Illinois and Wisconsin
REDEFINING AFFORDABILITY TO INCLUDE TRANSPORTATION
CONVENTIONAL WISDOM:
30% OF INCOME ON HOUSING
Source: BLS Consumer Expenditure Surveys, 2001-2010
GOAL:

30% housing
+ 15% transportation
= 45% H+T

Affordability = \frac{\text{Housing Costs} + \text{Transportation Costs}}{\text{Income}}
TWO VIEWS OF AFFORDABILITY

Cleveland, OH

CBSA: Cleveland-Elyria-Mentor, OH

- Household Income: $49,024
- Commuters: 1,09 workers
- Household Size: 2.41 People
- Block Groups: 1,687
- Households: 346,344

Area Median Income Household 2007-2011
TWO VIEWS OF AFFORDABILITY

HOUSEHOLD EARNING 80% OF AMI 2007-2011
WHAT DOES THIS MEAN?

- By counting both H and T costs, the number of cost-burdened households in the NE Ohio region rises from 558,000 to 867,000

- This is an increase from 36% to 56% of total households financially stressed

- The goal adopted by NEOSSC of 65% of the region’s households spending less than 45% on H+T would cut the number of financially stressed households in half
"DRIVE ‘TIL YOU QUALIFY"

Transportation Costs Can Exceed Housing Costs for Households Earning $20-$50,000

Source: CNT Calculations

Average Commuting Distance (Miles) vs % Income

- Combined Housing and Transportation
- Transportation
- Housing

10-15 miles out

Source: CNT Calculations
H+T COSTS VARY BY PLACE

Metro Cincinnati  24% H + 32% T = 56%
Metro Cleveland  24% H + 30% T = 54%

Percentages for working families with incomes between $20k - $50k
Increase in monthly median income of $721 was offset by $644 in H+T Cost Increases leaving Just $77/month to pay for all other increased costs of food, medical, and mortgage.
WE CAN USE THIS KNOWLEDGE TO:

- Protect consumers against “hidden” costs
- Analyze trends + compare across HH types
- Define housing needs for public policy purposes
- Encourage coordination of housing and transportation policies
- Inform state planning for housing, e.g. workforce
- Improve financial/housing counseling
- Help make the case for and package alternative financing for accelerated transit system build-out
- Predict the ability of a household to pay rent/mortgage
CAN FUEL PRICE SPIKES PREDICT FORECLOSURES?

Gasoline prices
26-week moving averages

Foreclosure filings
Spikes follow gas price spikes with 6-9 month lag
H+T INDEX IS USED NATIONWIDE

- **HUD and DOT** are using to screen sustainable communities and TIGER grant applications

- **Metropolitan Planning Organizations** in Bay Area, Chicago, DC and elsewhere using to re-screen, prioritize Long Range Transportation Plan investments

- **Experimental counseling tools** (Phoenix, East Bay, Chicago) link users with locally available resources – called Equity Express

- Metropolitan Transportation Commission in Bay Area used to justify helping capitalize **Transit-Oriented Development investment fund**

- State of Illinois **new act** requires five agencies to screen investments

- City of El Paso, TX now uses to **direct affordable housing** to areas of low transportation costs

- Portland, others using to help **create a typology of TODs** that takes affordability and equity into account
LOCATION EFFICIENCY + TRANSIT FREQUENCY IMPACT TRAVEL CHOICES
LOCATION EFFICIENCY

- A fancy way to consistently measure local convenience and regional accessibility.
- Buildings can be energy efficient. Places can be location efficient.
- Compact neighborhoods, interconnected street networks, access to transit, mixed land uses, concentration of retail and services.
- Location Efficiency = savings for households + communities.
This curve has been shown to work for 363 U.S. metropolitan + 514 micropolitan regions, plus London, Paris + 37 Japanese cities.
And it works for metro Cleveland and all Ohio MSAs, too.
Residential Density

Annual Vehicle Miles Traveled per Household

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RESIDENTIAL DENSITY + VMT
SCHEDULED SERVICE AREAS

SOURCE: ALL TRANSIT DATABASE
FREQUENCY OF SERVICE

SOURCE: ALL TRANSIT DATABASE
Ohio DOT spends $0.94 per capita on public transportation. Compared to:

- $45 per capita in Illinois
- $96 per capita in Pennsylvania
- $20 per capita in Michigan
- $9 per capita in Indiana
- $51 per capita in Minnesota

65% of Ohio residents live in urbanized areas.
BUT WHAT ABOUT HB 59?

- Authorizes Ohio Turnpike Authority to issue $1.5 billion in new debt over 6 years to finance (roads-only) projects
- Other states (including PA) don’t limit funding to road-building
USING LOCATION EFFICIENCY TO ACHIEVE ECONOMIC PROSPERITY
TOD: DEFINED

A mix of residential, commercial, civic and/or recreational spaces within a convenient walk or bicycle ride of public transit
TOD: A RESILIENT APPROACH TO GROWTH
TOD IS...

- **Location efficiency:** Dense, transit-accessible + pedestrian-friendly
- **Rich Mix of Choices:** Wide range of mobility, housing and shopping options
- **Value Capture:** Local amenities support placemaking, scorekeeping + attention to financial returns
- **Placemaking:** places for people, enriches existing qualities, makes new connections, works with landscape, builds reputation
- **Resolution of Tension between TODs as “Nodes” and “Places”:** Works to support travel networks and communities
TOD IS NOT...

- **Just for commuters:** Work-related trips just 18 percent of total travel
- **Auto-oriented transit:** Way too much land devoted to parking
- **Just a place to sleep at night:** People need to shop, eat, visit without getting in a car
- **Only the transit property:** All successful TODs are joint developments between cities, transit operators, private investor/owners, and communities
TOD STABILIZES THE HOUSING MARKET

Residential Sales Price Change Relative to Region, 2006-2011

- CTA Station Areas
- Metra Station Areas
- All Other Areas
TOD GROWS LOCAL TAX BASES

<table>
<thead>
<tr>
<th></th>
<th>Super Walmart</th>
<th>Outlet Mall</th>
<th>New Main Street</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Consumed (acres)</td>
<td>30</td>
<td>49</td>
<td>.065</td>
</tr>
<tr>
<td>Property Tax /Acre</td>
<td>$5,706</td>
<td>$8,886</td>
<td>$223,575</td>
</tr>
<tr>
<td>Residents/Acre</td>
<td>-</td>
<td>-</td>
<td>103</td>
</tr>
<tr>
<td>Jobs/Acre</td>
<td>10</td>
<td>20</td>
<td>40</td>
</tr>
</tbody>
</table>

17% increase in tax revenue during recession
BUILDING EFFECTIVE WORKING PARTNERSHIPS CAN DELIVER TOD BENEFITS MORE QUICKLY
LOCATION EFFICIENCY STRATEGIES

- Location Efficient Mortgages
- Low-Income Housing Tax Credit
- Carsharing
- Accelerated permitting for neighborhoods near transit
STRUCTURED TOD FUNDS

- SF Bay Area: Land purchase is expensive and new development takes time for revenue to meet yield expectations
- Local planning agency, puts up $10 million challenge grant for solution
- Nonprofit Community Development Financial Institution, LIIF, organizes $40 million matching from foundations and two investing banks (Morgan Stanley and Citibank)
- $50 million used as revolving fund for land acquisition and “off-balance-sheet” holding fund
- Similar funds under development in Denver, Twin Cities, Cook County IL
VALUE CREATION + CAPTURE

Results in measured increase of 18-167% within walking distance of stations

Source: Strategic Economics.
NOT ALL CORRIDORS WILL SUPPORT SIGNIFICANT INCREMENTS OF NEW DEVELOPMENT

Corridors Serve Different **Roles** Based on Defining Characteristics

- **Congestion Relief**
  - Complements existing commute flows
  - Limited emphasis on development

- **Future Growth and Development**
  - Addresses future congestion
  - High development opportunities on corridor

- **Equity**
  - Connects low-income neighborhoods to job centers
  - Provides low-cost access relative to automobiles

- **Economic Development**
  - Placed along older arterial corridors
  - Transit investment intended to spur re-development

Value Capture Corridor

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Image credits: CNT, CTOD
CLEVELAND HEALTH LINE/EUCLID AVENUE BRT
SIGNIFICANT DEVELOPMENT DOWNTOWN + U. CIRCLE

$3 billion in new investment
Concentrated near Public Square and University Circle

Good traffic mover
Supports expansion
TOD + COD

- How smarter use of underutilized freight yard land could revitalize older communities using transit- and cargo-oriented development (COD): Blue Island, IL
- Traditional “main street” downtown land-locked between Cal-Sag Channel and short-line freight yard, prevents expansion
- Develops and executes plan to trade a 90-acre brownfield along same train line for the 30-acre yard, enabling industrial expansion and dedicated truck highway to remove cargo traffic from residential and downtown area
- Waterfront area opened, enabled mixed-use development
- Opening downtown and waterfront enables both COD + TOD
INNOVATIVE FINANCING FOR TRANSIT + TOD
DENVER

Economic + Environmental Benefits

**Economic**
- Fewer cars owned per household
- Lower VMT per HH per year
- 2/3 less exposure to gas price spikes and their effects
- 5-10% reduction in the cost of living at this income level, and higher amounts for lower income
- $2.5 - $5.0 billion annual regional savings, $75 - $150 billion by 2035; up to $500 million annually available for debt service
- Reduced congestion = travel time savings

**Environmental**
- Less automotive travel leads to less fuel consumption + lower emissions
- Accelerates attainment of National Ambient Air Quality Standards
- Contributes to Greenprint Denver goals
- Similar analyses can produce equivalent benefits for VOCs and Nox
MOVE LA

- Coalition of civic institutions and businesses built widespread support
- 2008: LA County voters pass half-cent sales tax
- Now taking advantage of federal loan program
- Investing 30 years’ of revenue over 10 years – to see results faster
- $$ goes only to regions that help themselves
A campaign to improve and expand transit in Cook County

A local, matching revenue stream can unlock billions in federal and other funding

Cook County Board can create matching stream

$20 billion in potential expansion and improvement projects
12 of 17 county commissioners support transit expansion
BRINGING IT ALL TOGETHER: LIVABILITY
MEMPHIS

- Goal: Reduce poverty 10% within 10 years (27% to 17%)
- 180,741 people in poverty today ($23,550 for a family of four)
- Goal = 64,000 people out of poverty (48% children)
BLUEPRINT FOR PROSPERITY

- Transit Access
- Resource Efficiency
- Household Expense Reduction
- Regional Growth Capture
- Green Jobs

Inequality in Memphis: Wharton proposes a roadmap out of poverty, into prosperity

BY: Wendi C. Thomas
POSTED: 8:00 PM, May 3, 2014
TAG: paid | local news | wendi c. thomas
## Portfolio of Solutions to Meet the Goal

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Share of $200 million Income Gap Filled</th>
<th>Jobs Created</th>
<th>Annual Anti-Poverty Benefit (Millions)</th>
<th>Average Hourly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Energy Efficiency Jobs</td>
<td>8%</td>
<td>304</td>
<td>$17</td>
<td>$26.24</td>
</tr>
<tr>
<td>2. Green Infrastructure Jobs</td>
<td>1%</td>
<td>76</td>
<td>$3</td>
<td>$18.47</td>
</tr>
<tr>
<td>3. Job Access and Placement</td>
<td>36%</td>
<td>2,263</td>
<td>$73</td>
<td>$15.47</td>
</tr>
<tr>
<td>4. Regional Growth Capture</td>
<td>41%</td>
<td>2,600</td>
<td>$81</td>
<td>$15.00</td>
</tr>
<tr>
<td>5. Zero Waste Jobs</td>
<td>3%</td>
<td>188</td>
<td>$6</td>
<td>$15.00</td>
</tr>
<tr>
<td>6. Childcare Jobs</td>
<td>2%</td>
<td>250</td>
<td>$5</td>
<td>$9.00</td>
</tr>
<tr>
<td>7. Household Expense Reduction</td>
<td>16%</td>
<td></td>
<td>$32</td>
<td></td>
</tr>
<tr>
<td>8. Prosperity Fund</td>
<td>1%</td>
<td></td>
<td>$2</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>109%</td>
<td><strong>5,680</strong></td>
<td><strong>$218</strong></td>
<td><strong>$15.57</strong></td>
</tr>
</tbody>
</table>
IN NORTHEAST OHIO...
ANNUAL HOUSEHOLD EXPENDITURES FOR TRANSPORTATION IN EACH NORTHEAST OHIO COUNTY
30-YEAR COUNTYWIDE TOTAL (IN BILLIONS OF DOLLARS)
A SIGNIFICANT ECONOMIC PROPOSITION

- At least $410 billion over 30 years (doesn’t include business and government spending)
- A 20% reduction amounts to $82 billion in gross household savings
- If re-spent in the local economy:
  - $6 billion in sales taxes
  - Increased property value
  - Increased personal wealth and job creation (reduce unemployment by 35,000 jobs/year or one-quarter of current total and a similar poverty reduction benefit)

- Is there a willingness to invest to come out ahead? A half-cent region-wide retail sales tax such as LA’s would be a break-even on sales tax yield, reduce the cost of living by 14%
MEASURING PERFORMANCE AT MULTIPLE LEVELS
BUILDING LIVABLE REGIONS

- Environment
- Health
- Land + Resource Use
- Community Accessibility + Walkability

- Employment + Employment Shifts
- Induced Development
- Fiscal Impacts
- Value Capture
- Cost of Living Reduction
- Equity Impact

- Travel Time + Costs
- System Accessibility
- Short-term Jobs
- Operational Costs

- System (Modal) Conditions
- Modal Connectivity
- Safety
THANK YOU

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