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**To: Federal Transit Administration, FTA-2010-0009**

**Re: Comments on FTA's New Starts and Small Starts Project Justification Criteria**

- 1) **Suggested changes to the cost effectiveness Index (CEI).** We suggest weighting projects based on ridership per mile of service. The current CEI gets at this relationship somewhat, since more mileage costs more money. However, the current approach fails to fully account for the fact that many costs, such as right-of-way, utility relocation, and street crossings, tend to be far higher closer to the central business district than further outward on a transit corridor. Over the long-term term, transit investments will perform the best in more densely populated areas (i.e. generally closer to the urban core), but the higher front-end costs to build the transit line in these areas creates a bias toward service further and further out into more sparsely populated areas. Rewarding projects with higher ratios of ridership per mile of the transit line would incent the construction of projects with the best long-term prospects for ridership.

Similarly since virtually every LRT project funded terminates (or passes through) the central business district of the applicant city, new starts criteria should reward regions that are successful in keeping a greater share of jobs close to downtown. Keeping a larger share of jobs downtown (or within close proximity) will both support increased ridership over the life of the project and more access to jobs by the transit-dependent.

New Starts criteria regarding the provision of parking at transit stations should reward priced parking over free parking. It should also require a thorough assessment of the opportunity costs (i.e., the value of land highly suited for transit-oriented-development) of providing parking at stations.

Projects should be weighted based on their trip reduction impacts rather than all projects receiving "20% of the project specific transit time savings" to account for benefits to highway performance. We believe that consistent and professional standards can be set for surveying transit riders after the line is in place to determine how many have left their cars to ride the train. A greater reduction in single occupancy vehicle travel will generally translate into greater benefits for highway performance as well as for most environmental criteria.

- 2) **Economic Development/ Land Use.** A key component of economic development is how benefits are distributed across different income groups. While current planning requires reporting how many low-income individuals live within close proximity to the transit line, this is not explicitly incorporated into cost-effectiveness ratings. We believe it should be.

We believe the FTA should consider the extent to which existing affordable housing and commercial space can be maintained in the corridor after the implementation of a transit project there. Adverse impacts on low-income communities will be lessened to the extent that people are not displaced from their homes (or businesses) as land prices increase based on the accessibility benefits of the transit line. Thus, applicants should be required, and/or rewarded for, putting in place programs such as inclusionary zoning, etc., that maintain the current share (i.e. not absolute amount) of affordable housing and commercial space.

Currently projects are scored higher “on the basis of transit supportive policies and plans in place and the demonstrated performance and impact of those policies.” Yet, the ANPRM states that “these on-the-ground indicators characterize the environment in which a project would be built **and are not intended to predict future development outcomes**” (emphasis ours). Data from across the country reveals that more development typically occurs when there is transit-supportive local zoning. But it is very difficult for localities to up-zone well in advance (i.e. when the New Starts ratings are used) of the transit project.

Thus, we suggest that the FTA add a forgivable loan component to the current New Starts funding. For example, matching grants could be set at 40% of eligible project costs with another 20% of eligible project costs available in FTA administered loans/performance funding. Those regions that put in place aggressive TOD zoning (not just land use plans) by the date of the transit line opening would be eligible for loan forgiveness, while those that don't would be required to pay back the loan in full. This approach would provide a far greater local incentive for increased housing and commercial density proximate to the transit corridor. By adjusting the loan/performance funding level, the New Starts program could continue to fund a similar total number of projects per year.

- 3) **Environmental impacts.** We believe that the FTA should look at “project-specific environmental benefits such as changes in energy use and/or pollutant emissions.” Projects with greater environmental benefits than others can be more precisely determined than does the current practice. Simply rewarding all projects for environmental benefits fails to discriminate based on the extent of environmental benefits. Rewarding regions with worse current air quality (i.e. non-attainment conditions) seems to reward past poor performance. Ridership levels (particularly when those riders were previously car drivers) provide a rough proxy for environmental benefits. We believe that greater precision can be achieved even if environmental benefits remain hard to discern at the regional level. Projects that are powered (partially or in total) by renewable energy sources, projects that encourage compact development and thereby reduced local infrastructure costs, and projects that include improved bicycle and pedestrian connections (and concurrent alignments) should all receive higher scores. Finally, we think it makes sense to provide higher scores for projects operating under an environmental management system (IS) 14001) and/or receiving LEED certification.