

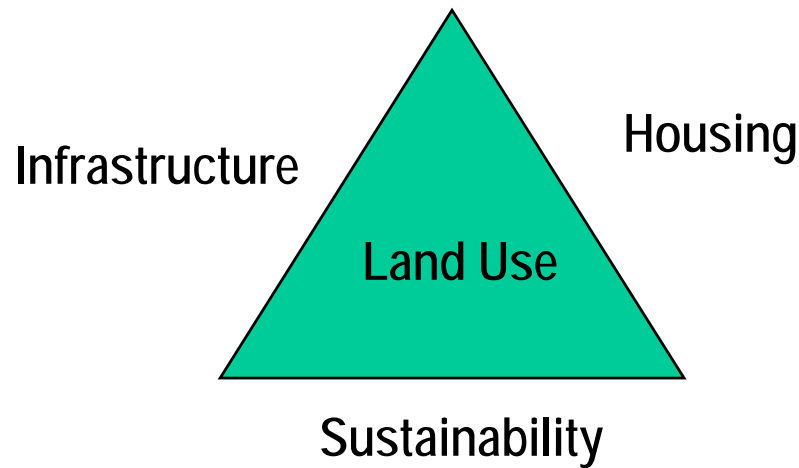
# Follow The Money: *Stimulating Better Communities*

**Maureen McAvey**

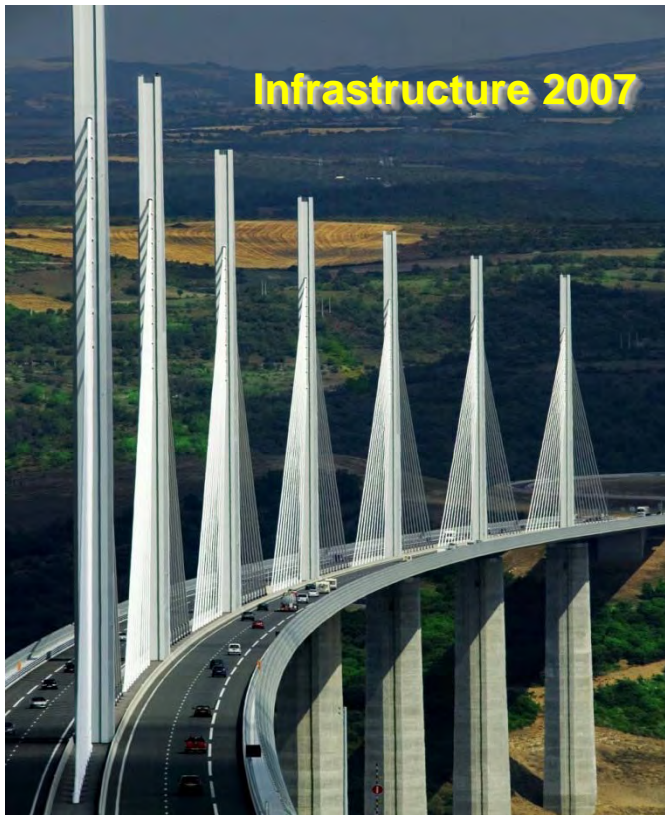
**March 4, 2009**

# ULI and Infrastructure

- ULI has worked on infrastructure for some 30 years
- ULI Core Priority Areas:



# Recent Work



**ULI** Urban Land  
Institute

**ERNST & YOUNG**  
Quality In Everything We Do

- **Emerging Crisis**
- **World Competition**
- **United States:**
  - **Deterioration**
  - **Congestion**
  - **Unreliability**
- **Global Warming**
- **Seeking New Models**
- **Who Pays?**

# Recent Work



- **Ante Up or Fall Behind**
- **Land Use Connections**
- **Increase Planning**
- **Cost of Living: Housing + Transport**
- **Moving Ahead: New Models**
- **Funding/PPPs**
- **8 Principles**

# An Action Agenda for Infrastructure

1. Build a vision for the community
2. Invest strategically
3. Fix and maintain first
4. Reduce driving
5. Couple land use decisions with water availability
6. Break down government “silos”
7. Pay up
8. Keep Score

# On the Agenda



- American Recovery and Reinvestment Act (Stimulus Bill)
  - Just signed
  - \$92 +/- billion for transportation, energy and water
- Surface Transportation Reauthorization Bill
  - Currently in drafting, possible passage this Fall

# Transportation in the Stimulus Bill

Surface Transportation, Highway/bridge	\$27.5B
Transit Capital and New Starts	\$ 8.4B
High Speed Rail Corridors	\$ 8.0B
Amtrak and Intercity Passenger Rail	\$ 1.3B
Aviation	\$ 1.3B
New Multimodal Grant Program	\$ 1.5B

*Oregon's Share of Apportioned and Formula Grant Programs: \$409.6M*

# Transportation Policies Reflected

## Flexibility for Multimodal Surface Transportation

- “Highway” projects: roads, bridges, ferries, pedestrian and bicycle projects, and some transit, freight rail projects and ports.
- New Discretionary Supplemental Grants

## Economic Impacts

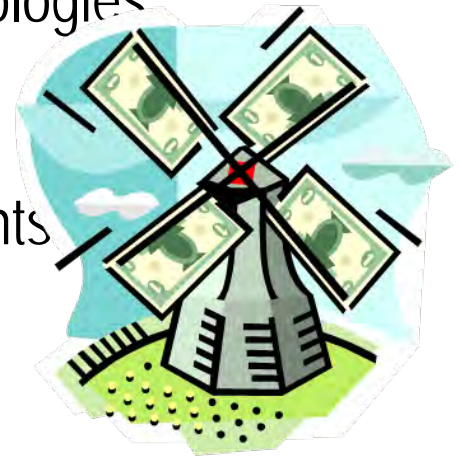
- Use it or lose it
- Maintenance of effort

## “Shovel-Ready”

- No surprises or R&D, all about JOBS
- Environmental and USDOT planning regulations are still in effect

# Energy in the Stimulus Bill

- Mix of tax and borrowing incentives and direct spending
- Over \$25B on renewable energy and clean technologies
- Almost \$25B for energy efficiency,
  - Targeted at federal, state and local governments
  - Residential buildings
- Priority to modernize electric grid (\$11B)
- Support for alternative vehicles (~\$5B)



# Why so little for transportation in the Stimulus?



President Obama:

Well, number one, we've got the transportation reauthorization bill that's going to be coming up. ...

I would like to see some long-term reforms in how transportation dollars flow.

Washington Post, February 17, 2009

# Reauthorization

# Reauthorization of Highway Trust Fund



- Funds:
- 2005-2009: \$244 billion
- Past: Mostly 80/20 roads/transit
- Money flowed through the State DOTs
- Expected Fall '09?

# Reauthorization Issues/New Ideas

- Reform/overhaul the system
- Set national agenda/goals
- Alter modal splits--transit
- Incorporate land use
- Change pricing messages
- Push economic competitiveness
- Relate to carbon/global warming

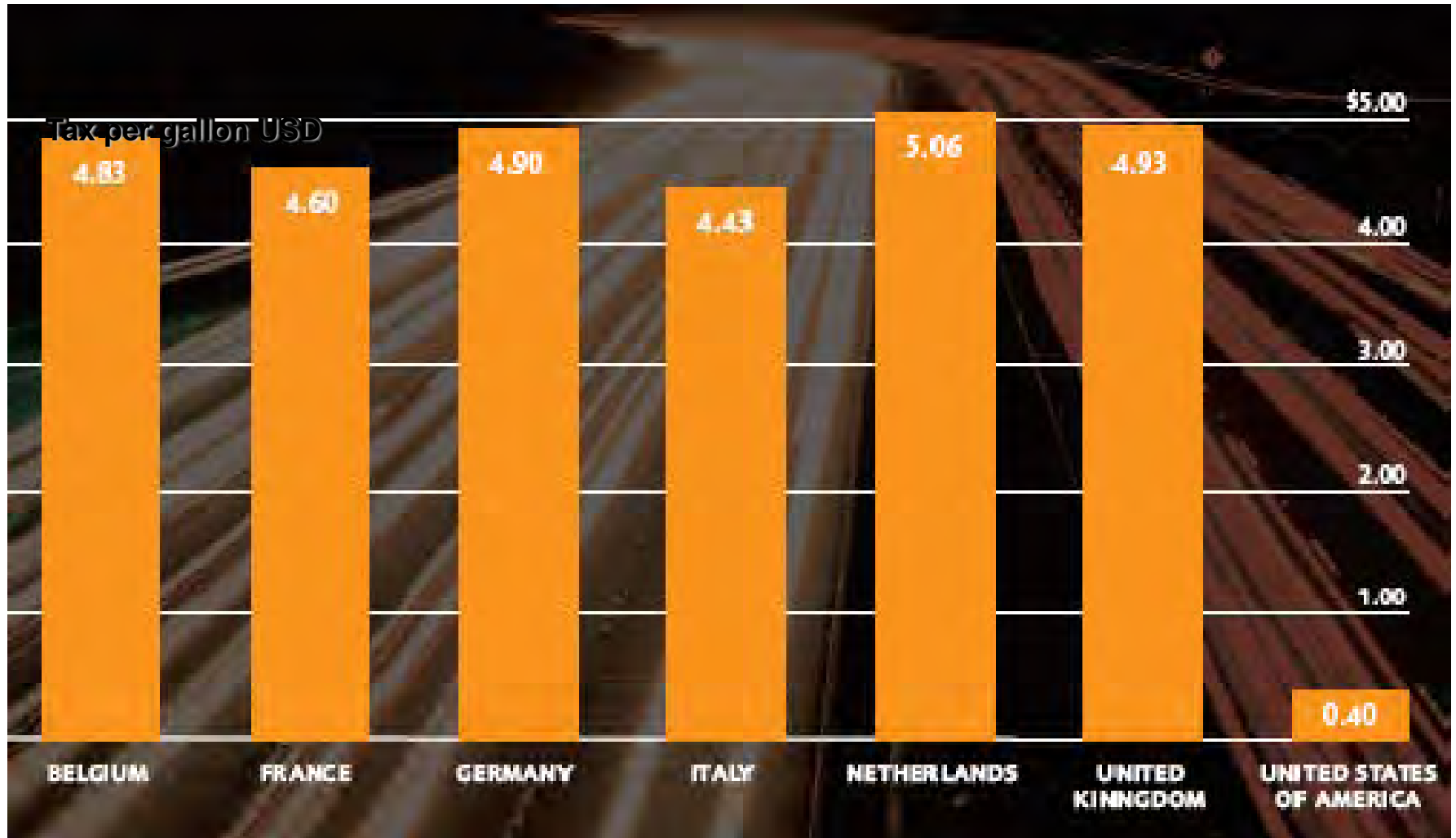


# Changing How We Pay

- *Smart charges:*
  - Develop “smart charges” and smart pricing for infrastructure
  - Congestion charging
- *Gas Tax:* Replace or supplement with funding sources that make link between driving and prices more explicit
  - Distance/VMT pricing
  - Tolls, PPP
  - Transit use credits
- **American Infrastructure Bank**



# US Gas Tax Substantially Below Europe



Source: Energy Information Agency; February 4, 2008.

# Funding Challenges

- Gas tax is lynchpin of existing funding program, but it is falling apart
- Federal gas tax: 18.4 cents, not indexed to inflation. Federal gas tax deposited into Highway Trust Fund (HTF).
- States also levy own taxes.
- Gas Tax Challenges:
  - Contradictory goals: Driving less undermines health of funding system
  - Revenues are falling and HTF ran out of money in 2008
  - Reimbursements to states based on deposits, rewarding more driving with more money
  - Minimal impact on behavior

# Infrastructure Bank

- Introduced last year
- Gaining support
- Focus on national, cross-border projects
- International competition/GDP engines
- Gateway Cities
- Capitalized over 5 years
- Self-funding
- Modeled after European Investment Bank
- Now invests over \$50 billion/year
- More than World Bank, IMF, most country development bank
- Strong underwriting

# Reauthorization Bets

- More \$\$ for metros, not all to states
- Relate to carbon—cap and trade
- Heavier emphasis on car efficiency/transit
- Try to remove earmark/pork
- American Infrastructure Bank



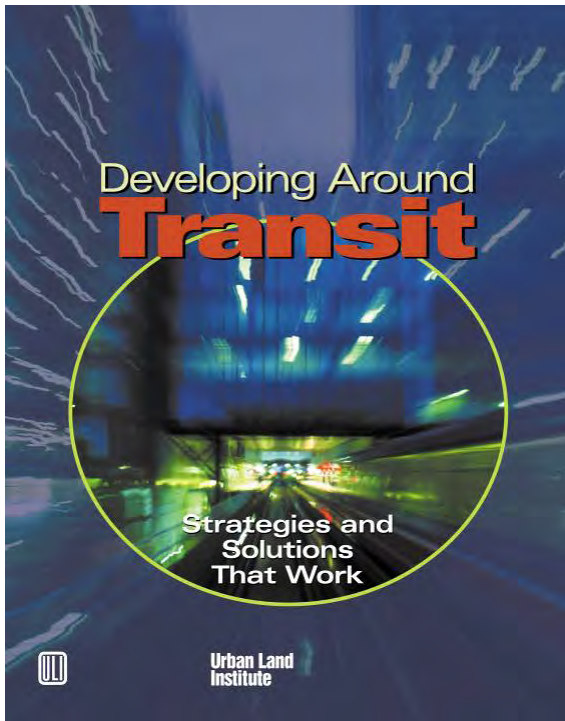
# What Does All this Mean for Real Estate?

- Crisis often accelerates change, doesn't change the basic direction
- Changes already underway
  - Compact/creative land uses
  - Demographics
  - Travel patterns
  - Economics—housing and transportation

# Land Use Trends

- “Drive ‘til you qualify” may be at an end
- Move to more compact, mixed-use, closer-in communities
- New EPA study marked increase in urban market share 2002-2007
  - Atlanta went from 4-13%
  - Portland: 9-22%
  - Chicago: 7-23%
- Move toward more infrastructure CHOICES
- Mixed Use top choice among development trends

# Land Use as Part of Solution



- 75% of All trips NOT work/home commute trips
- More compact development allows for shorter trips, reducing VMT
- Walking/biking options
- Shared parking
- TOD/DAT

# Land Use as a Solution

- Land use and better transportation outcomes
  - As density doubles, daily VMT is 15-30 % lower
  - Compact land use reduces VMT by 10-20 % relative to sprawl
  - Mixed uses—even in low density places without transit— encourage walking



# Local Readiness

- Compact/appropriate density development
- Mix of uses
- Transit/Transit ready
- Shared parking
- Flexible zoning
- Community education

