

POLICY BRIEF
An electronic publication of
The Allegheny Institute for Public Policy

February 19, 2008

Volume 8, Number 12

Another Misadventure at the Port Authority

After launching a series of expensive, underperforming projects and mismanaging itself into one of the least efficient mass transit systems in the country, the Port Authority of Allegheny County has now further expanded its mission to include real estate development. Though its primary—and should be exclusive—function is to provide mass transit services through bus, light rail, and para-transit (ACCESS), the Authority had already stretched its reach by building parking garages, operating automobile-only tunnels, and now plans to sponsor and guide high density development on its properties and adjacent areas, including those near the light rail stations in the South Hills.

Under 2004 legislation that created the Transit Revitalization Investment District, or TRID, the Port Authority—and other transit agencies across Pennsylvania—is able to partner with local government and the private sector to create transit oriented development, which aims to incorporate mixed uses with existing stations.

The TRID statute, much like the TIF law, allows the incremental tax value to be captured by local taxing bodies which can use those dollars to fund improvements within the TRID.

Here's how the TRID works in a nutshell. Property within a maximum radius of one-half of a mile of a stop or station is eligible for inclusion in a Transit Revitalization agreement. The proposed district has to be analyzed in a planning study and designated by the governing bodies for public and private improvements. At that point, approval must be granted by the taxing bodies for diversion of tax revenues from the development's incremental property values.

Transit authority powers are expanded by the act to go beyond their power to “condemn and acquire land for public transportation purposes” and allows “[public transportation agencies] to acquire and improve property located within a designated TRID for real estate development purposes” so long as the improvement follows the guidelines of the study and is coordinated with other governing bodies. Though the statute points out that “the public transportation agency may not be the primary real estate developer”, it is clear that their participation is crucial since transit authorities can acquire and improve land or advertise it as available for development.

TRID planning grants have been given to Beaver County (\$75,000 for Rochester) and to the Allegheny County Redevelopment Authority (\$225,000) for the light rail communities of Castle Shannon, Mt. Lebanon, and Dormont.

Three transit stops in Dormont and Mt. Lebanon were the focus of public meetings and planning sessions in 2007, and a TRID study was produced last September. Here are two of the more interesting findings from that study:

- *Both Mt. Lebanon and Dormont are relatively high volume users of public transit.* When measured as a share of commuters that use public transportation, Dormont (22%) and Mt. Lebanon (14%) exceeded the countywide average (11%) and the U.S. (5%).
- *Both communities are losing population, with the losses more pronounced in the areas around the light rail stations.* From 2000 to 2006, Dormont lost 8 percent of its population and Mt. Lebanon's fell 6 percent (Allegheny County as a whole lost 4%). But when focused on the station area—defined by the study as a one-quarter mile radius (not the half mile allowed by the state) of each station—the Dormont station area lost 8 percent, the Potomac station area (also in Dormont) lost 8.5 percent, and the Mt. Lebanon station area lost 10 percent.

The irony here cannot be missed. The Port Authority is planning real estate developments near its light rail stations with the aim of creating a bigger pool of transit riders. At the same time, the Redevelopment Authority study shows substantial declines in population in the vicinity of the stations under consideration. One is compelled to ask: If living near a transit station carries significant benefits, why are population losses so steep in those areas?

Commuter usage by Dormont and Mt. Lebanon residents could be viewed as success stories for the light rail system, but that success has not prevented population loss in the communities as a whole or near the stations in particular. Perhaps there are important reasons for the decline that more than offset whatever advantages are derived from living near the transit line. The list might include high taxes, retirement, the need to move for employment opportunities, more affordable housing, etc. But whatever the motivation, it must be fairly powerful in that far more people are moving away than are moving in to the station areas.

To put it bluntly, if there was a great attraction to living near transit, developers should already be responding without large subsidies. The market would be working. Indeed, one of the arguments made by supporters of light rail is that it would generate its own demand for ridership as people came to recognize the benefits of being close to transit. Unfortunately, without growth in downtown Pittsburgh jobs, a flattening of attendance at events in the City, a movement of jobs to the suburbs, and an overall drop in population in major commuter areas, the ability to grow ridership continually becomes very problematic.

A Port Authority official noted “we would certainly support any kind of development along any of our transit lines, whether bus or rail, that would improve ridership and add another place for our riders to go in the immediate vicinity of a shop or station”. That is part and parcel of the Port Authority’s faulty logic. Subsidizing new developments near transit does not occur in a vacuum. If folks already living in the municipality or County are enticed to move into the new housing, vacancy rates in other housing will rise, forcing housing prices to weaken.

This is especially true in communities already suffering population losses. Thus, to be successful the plan has to bring in folks who are currently residing outside the County. Even so, it is questionable whether the taxpayers will ever receive a decent return on the subsidy dollars. And for what? So the Port Authority can solve its ridership problem and justify the massive expenditure of funds on the rebuilding of the old trolley line through Overbrook and Castle Shannon? Typical bureaucratic illogic; build it and if they don’t come, spend more tax dollars to get them to come.

The job of the Port Authority is to provide an efficient transit service. It should stick to its primary role until it gets that right. In that regard, what is the holdup in adopting a feeder bus system to increase light rail usage? It appears they believe becoming a real estate developer is easier.

Jake Haulk, Ph.D., President

Eric Montarti, Policy Analyst

Policy Briefs may be reprinted as long as proper attribution is given.

For more information about this and other topics, please visit our website:

www.alleghenyinstitute.org

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
