



INDIANAPOLIS BUSINESS JOURNAL presents:

Health Care HEROES

This Year's Categories Are:

- Advancements in Health Care
- Non-Physician
- Volunteer
- Community Achievement in Health Care
- Physician

Comcast SPOTLIGHT
FIFTH THIRD BANK

IBJNEWS

Transit plan may boost real estate investment

Chris O'Malley December 17, 2011 KEYWORDS [BUS. COMMUTING, DEVELOPMENT/REDEVELOPMENT, GOVERNMENT, GOVERNMENT & ECONOMIC DEVELOPMENT, HAMILTON COUNTY, MASS TRANSIT, PUBLIC TRANSPORTATION, REAL ESTATE & RETAIL, REGIONAL NEWS, SUBURBAN ISSUES, SUBURBAN GROWTH, TRANSPORTATION, DISTRIBUTION & LOGISTICS, URBAN DEVELOPMENT](#)

SEARCH IBJ.com

ADVANCED SEARCH

CLICK HERE to see the latest legal news

ADVERTISEMENT

COMMENTS E-MAIL PRINT BOOKMARK

RELATED NEWS AND OPINION

[Study recommends upgrades for public transportation in counties surrounding Indianapolis](#)

[Linking Indianapolis-area bus systems becoming priority for planners](#)

[Mayors back transit tax hike in Marion, Hamilton counties](#)

[Civic leaders urge Ballard to tackle woes facing urban core](#)

[Funding about to expire for IndyGo's north-suburban routes](#)

IN DEPTH

[Warnings about broker's tactics went unheeded](#)

[Critics: City's effort to help ex-offenders ineffective](#)

[New laws hang teacher pay on performance](#)

ADVERTISEMENT

For decades, the metro area saw a frenzy of commercial and residential development in far-flung suburbs. A proposed \$1.3 billion transit system could bring some of the action back to urban neighborhoods.

Yet, despite a slow economy, transit proponents have surprisingly little to say about how much the system could generate in new real estate investment.

That investment would do more than lift battered developers and construction firms. It's also necessary for the transit system itself. Growing the population density around transit corridors can boost ridership. The more riders, the less dependent a system is on taxpayer subsidies.

The closest the Central Indiana Transit Task Force gets to quantifying development potential is the "transit oriented development benefits" category in a report it cites by Omaha, Neb.-based consulting firm HDR Inc.

HDR quantified the development benefits of a rail line to Noblesville, a first-ever bus rapid transit line and expanded bus system over the next 10 years at a mere \$80.3 million.

Ron Gifford, head of the transit task force, explained that the \$80.3 million is limited to the expected increase in property values around future stations, attributed to increased access and mobility.

"The guys at HDR said [a broader economic development estimate] becomes a meaningless number because it's very speculative on what new business is going to come" around the line, Gifford added.

On the plus side

A study for the Indianapolis Metropolitan Planning Organization attempted to assess potential benefits over 10 years from a \$1.3 billion Marion County-Hamilton County transit system.

\$1 billion	time savings, including value of improved traffic flow
\$388.6 million	value of providing affordable transportation for low-income residents
\$367 million	value of access to public services such as health care
\$268.8 million	vehicle-operation savings for travelers
\$141 million	value of reduced pollution, including tailpipe emissions
\$80.3 million	potential increase in property values near transit stations
\$1 million	value from reduction in accidents
\$2.3 billion TOTAL	

Note: Estimates include costs to build and maintain the system's first segment for 25 years. Sources: HDR Decision Economics, Central Indiana Transit Task Force

IBJnewslet

Preview & Register

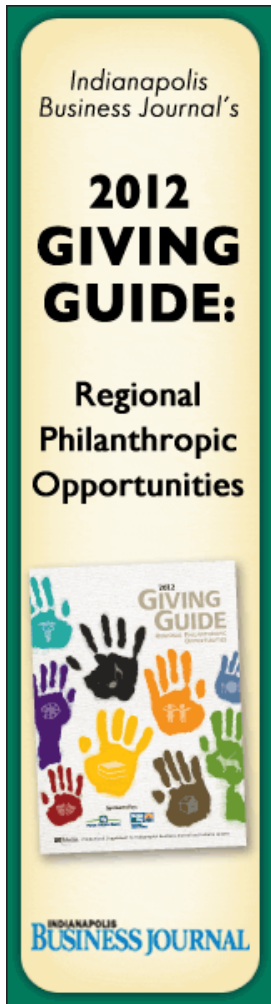
- GO IBJ Daily
- GO IBJ A&E
- GO IBJ Real Estate Wee
- GO IBJ Health Care & Refo
- GO IBJ Top 25 Lists
- GO This Week in IBJ

Follow IBJ on Facebook:

Like 4,181 people like this. Be the first friends.

Follow IBJ's Tweets on these top

- @IBJNews
- @Propertylines
- @IBJArts
- @IBJHealthcare
- @II
- @II



Other cities made the mistake of overestimating economic development projections for transit, said Chuck Cagann, president of Mansur Real Estate Services and a member of the task force.

So the less speculative Indianapolis can be in its economic development projections, the lower the odds of being rejected for federal New Starts grants, Cagann said. He noted that competition among cities for such funding is intense. The task force hopes to get \$295 million from New Starts.

“I think this [\$80.3 million] is a remarkably low number in comparison with what could happen,” Cagann said.

“You don’t want to over-promise something,” said Victoria Perk, senior research associate at the National Bus Rapid Transit Institute at the University of South Florida, in Tampa.

Perk, who has studied effects of property values of land near bus rapid transit lines in Pittsburgh and Boston, said just injecting a BRT or rail line into a neighborhood isn’t the ultimate determinant of value, anyway.

Other issues such as a community’s land-use policies and beautification programs around transit stations also will affect land values and development.

Certainly, there’s plenty of anecdotal evidence of transit’s economic development potential that local leaders could tout.

Portland, Ore., for example, said that, since 2007, more than \$2.3 billion has been invested within two blocks of its streetcar system tracks. That includes 7,200 housing units and 4.6 million square feet of office, retail and hotel construction.

Transit task force members say tossing out those kinds of economic development numbers could be fodder for transit system opponents to shred. Those opponents already have ammunition in the form of a planned tax increase for the transit system.

The task force proposes a 0.3-percent increase in county option income tax in Marion and Hamilton counties. A single taxpayer in either county earning \$50,000 a year would pay about \$12.25 more a month, or about \$147 a year.

That could be a tough sell in a period of high unemployment, runaway federal debt and questions about whether the region has the population density to justify moving ahead.

The transit plan, whose supporters include Indianapolis Mayor Greg Ballard and Carmel Mayor Jim Brainard, first needs the Indiana General Assembly to authorize a ballot referendum in the two counties for next November.

The pitch to the public avoids economic development potential but rather has been framed in the context of improving the region’s competitiveness.

“This is an opportunity to be more competitive. ... We’re one of the largest metro areas without competitive mass transit today,” Brainard said at the task force’s announcement Dec. 13 at the Indiana State Fairgrounds.

Ballard said if the region wants to be competitive in the years ahead, “a robust rapid transit system is one of those [needed] amenities.”

Quality-of-life improvements, less traffic congestion and better access to education, employment and health care were among a long list of benefits from the system leaders touted.

HDR has big numbers to support those benefits.

@IBJLists

@IBJSmallbiz



Warnings about broker’s unheeded

NFL’s new TV deals are bi Colts

Independent doctors fear referrals

SUBSCRIBE NOW

Most Read Most E-mailed Recent Co

1. L.A. Fitness buying Bally clubs, including Ind...
2. Grand jury indicts local real estate broker Ba
3. Snooty Fox restaurant closes after 29 years
4. Ex-Speedway boss plans 4-lot subdivision o
5. City announces street closures for Super Bow

Video Photo Gallery IBJ Event Video:



Launch sends uFlav or founders packing



Leading Questions: Ryan Vaughn



Marti Kitch

Fox59: Breaking local news, morning news, India news

ADVERTISEMENT

Know A HERO

Here’s your chance to have them recognized

Nominate them for Indianapolis’ two HEALTH CARE HEROES

Of a total \$2.3 billion in benefits it projected for the transit system, just over \$1 billion was attributed to travel-time savings. Second on the list was \$388.6 million in “low-income mobility benefits” by proving affordable transportation.

Near the bottom was the \$80.3 million estimate of higher property values along the proposed lines.

Numerous studies have shown that rail stations do tend to boost nearby property values. One reason is that households potentially save money in auto-related commuting costs, but also, residents are able to walk to a wider range of destinations that pop up along the way, according to HDR.

Although the transit plan includes a 22-mile rail line from downtown to Noblesville, the system will have more miles of bus rapid transit lines, or BRTs.

There likely will be four BRT lines, running on Washington Street, College and Keystone avenues, and East 38th Street.

Unlike traditional bus service, BRT buses travel farther between stops at stations that resemble those used by rail lines. Some run on dedicated lanes, although it’s likely the local system will give BRT buses priority at traffic signals to keep them moving.

Research by the University of Florida’s Perk shows that in Pittsburgh, property 1,000 feet from a station was valued about \$9,745 less than property 100 feet from a station.

Whether BRT draws as much interest from developers as rail stations is another question. One turnoff to developers is that bus lines are viewed as being impermanent.

BRT proponents counter that the lines are intended to be permanent, what with their own stations and traffic control signal infrastructure that isn’t just picked up and moved.

At least one of the region’s real estate executives likes the potential of BRT.

Mike Wells, president of REI Real Estate Services, said he thinks the public will warm to BRT fairly quickly, especially when gasoline prices start to rise. Also, BRT can be scaled up faster and less expensively than rail to meet demand.

“I think any forward-thinking developer out there is interested in transit-oriented development,” Wells said.

0

ADVERTISEMENT



POST A COMMENT TO THIS STORY

COMMENTS POLICY

We reserve the right to remove any post that we feel is obscene, profane, vulgar, racist, sexually explicit, abusive, or hateful.

You are legally responsible for what you post and your anonymity is not guaranteed.

Posts that insult, defame, threaten, harass or abuse other readers or people mentioned in IBJ editorial content are also subject to removal. Please respect the privacy of individuals and refrain from posting personal information.

No solicitations, spamming or advertisements are allowed. Readers may post links to other informational websites that are relevant to the topic at hand, but please do not link to objectionable material.

We may remove messages that are unrelated to the topic, encourage illegal activity, use all capital letters or are unreadable.

Messages that are flagged by readers as objectionable will be reviewed and may or may not be removed. Please do not flag a post simply because you disagree with it.

NAME*

EMAIL* (will not be displayed)

COMMENT TITLE*

COMMENTS*

inistat

would,

TYPE THE TWO WORDS:



SUBMIT

Indianapolis Business Journal's **2012 GIVING GUIDE:**
Regional Philanthropic Opportunities

INDIANAPOLIS BUSINESS JOURNAL

[BACK TO TOP](#)

[SEARCH](#)

SUBSCRIPTIONS

[Online & Print Subscriptions](#)

[FREE eNews & eAlerts](#)

EVENTS

[Upcoming IBJ Events](#)

[Event Sponsorship](#)

[Award Nominations](#)

ADVERTISING

[Print Advertising](#)

[Online Advertising](#)

[Contacts](#)

IE

[Book](#)

[Ir](#)

[Sr](#)

SUBMIT TO EDIT		Classifieds	Editorial Co
News Tip/Story Idea	SUPPORT & INFORMATION	Submit Advertising	AI
Submit People	Customer Service	Career Opportunities	IBJ Digital New
Submit Records	Contact Us		Past Print
Correction to Story	Privacy Policy	MULTIMEDIA	Magazines/Suppl
Top 25 List info	Career Opportunities	Mobile Phone App	
Award Nominations	Newsstand Locations	Mobile Website	OTHER IBJ MEDIA WEI
Award Recipients	Reprints	Photo Gallery	The Indiana I
Letter to the Editor		Video	Court & Commercial I
Press Release	ONLINE PRODUCTS	IBJ on Facebook	IBJ Custom Puk
FTP to IBJ	Bookstore	IBJ on Twitter	IBJ Book Puk
IBJ.COM ACCOUNT		Get IBJ Widgets	
My Account		OTHER PRODUCTS	
FREE IBJ.com Registrations		NewsBank	

Copyright © 2011 All Rights Reserved. [Privacy Policy](#) | [Terms of Use](#).
Design, CMS, Hosting & Web Development :: [ePublishing](#).



Additional Hosting & Delivery by

