

Proposed Light Rail Transit Mall for 42nd Street Potential Economic Impacts — Key Findings

— *Fiscal benefits from increased tax revenues will fund construction in less than two years*—

Urbanomics, in association with Georges Jacquemart of BFJ Planning and, Amos Ilan Consulting, studied the likely economic impacts of introducing light rail services to New York City within an auto-free 42nd Street. Urbanomics is a well regarded firm led by Regina Armstrong, who served as Chief Economist for the Regional Plan Association. The firm has undertaken numerous assignments for the business and public sectors. Urbanomics made a detailed estimate of the travel time savings resulting from **vision42** for each parcel in the study area. The firm used an established analytic technique developed for the Federal Transit Administration that translates improved access to increases in property values. Major findings of this study are as follows:

- ❖ **Major gains of \$1.0 billion in commercial property values due to improved access are anticipated.** This one-time increase in asset value of real properties in the study area represents the largest single economic benefit. This gain is substantial because light rail transit significantly quickens the last leg or the journey from transportation terminals and subway stations to some of the most valuable real estate in the nation — worth some \$23.6 billion. An increase of \$13.7 million is anticipated in all other properties along the corridor.
- ❖ **The gains in property values will result in annual fiscal benefits of increased City and State tax revenues of \$175.4 million annually.** These include an anticipated \$55.1 million gain in NYC property tax increases because of increased property values, as well as \$54.0 million in other NYC taxes and \$66.3 million in NYS taxes.
- ❖ **An additional annual net gain of \$250.3 million is projected in other benefits.** These will include travel time savings, resulting in office rent and occupancy increases, savings from a reduction in accidents, and light rail operational savings, amounting to a total of some \$334.4 million. These benefits are balanced against transportation costs of \$84.1 million, including the increased costs of traffic diversion and a modest increase in the costs of deliveries.
- ❖ **Over and above the fiscal benefits to the City and State, the proposed light rail system will confer amenity and monetary benefits on individuals and businesses** in the study area that more than outweigh the disbenefits of increased traffic and delivery costs. Given these considerations, the vision42 plan will be financially and economically feasible as an investment if all related financial issues, such as project timing and discount rate, are also favorable.

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