ENERGY FACTS

Less Driving, More Saving:
The Economic Benefits of Cutting Car Travel

The commonly held belief that more driving fosters economic growth is simply a myth. Fortunately, the fact that the two are not linked is good news for our pocketbooks, our commutes, and our environment.

Efforts to cut driving and reduce traffic are most definitely good for the economy. When we look at efforts to both make our transportation system more efficient—using carpool lanes or more transit—and change land use to reduce the need to drive—via transit-friendly development and walkable neighborhoods—we see that the economic benefits are significant. They fall into five general categories:

- **SAVINGS IN DRIVING COSTS:** Clearly, less driving means fewer fill-ups and less automobile wear-and-tear.
- **INCREASED PRODUCTIVITY:** Less time stuck in traffic means quicker commutes and more time to get things done.
- **JOBS:** Transit infrastructure investment yields more jobs than road-building expenditures.
- **INCREASED PROPERTY VALUES:** Walkable and transit-friendly neighborhoods have higher property values.
- **MORE TAX REVENUE AND CHEAPER INFRASTRUCTURE:** Mixed-use compact development provides more tax revenue per acre while saving money on costly infrastructure—a double boon to cities and towns.
- **SAVINGS FROM TRAFFIC SAFETY:** Less driving means fewer collisions, and therefore fewer crash-related injuries, lower medical costs, and public safety expenditures.

Below are some examples of how these savings are realized—demonstrating that reducing traffic is an all around good deal for the American economy.

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SAVINGS IN DRIVING COSTS

By driving less, Americans save on gas, auto repairs, tires, insurance, and more. In fact, the American Automobile Association, Inc. (AAA) estimates that the average cost of driving is about $0.60 per mile. If ditching the car for the day can save a person nearly $15, these savings certainly add up over time.[1]

In 2009, the Urban Land Institute released a report, *Moving Cooler*, which estimated the economy-wide benefits of numerous traffic-reducing strategies.[2] Here are a few:

- Expanding carpool lanes can save drivers $10 billion per year.
- Increasing the reliability of transit can save $47 billion per year.
- Bike and pedestrian improvements can save $111 billion per year.

Also, an added benefit of saving on transportation costs is that *housing* becomes more affordable. While most homebuyers focus simply on the price of the house, savvy buyers are increasingly considering the costs of transportation from their home to their jobs and other frequent destinations. If one relies on a car for most travel, transportation costs can exceed the cost of your home, depending on where you live.[3]

INCREASED PRODUCTIVITY

Making headlines across the country, the Texas Transportation Institute's (TTI) *Annual Urban Mobility Report* delivers the bad news about traffic in cold, hard numbers.[4] The most recent report reveals that the average American loses 34 hours of valuable time each year just commuting—up from 14 hours thirty years ago. This costs the average commuter $750 a year, and the nation as a whole more than $100 billion.

Rush "hour" is now 6 hours long, and almost half of all delay on the road is occurring outside of traditional commute hours. The report projects that by 2015, Americans will waste 2.5 billion gallons of gas just sitting in traffic.

As one of the study's authors says, "Congestion does more than choke our highways, it chokes our economy, making it harder to buy what we need and harder to keep or find a job. That is a bad thing—especially when our economic recovery is so fragile."

Efforts to cut down on traffic and encourage sensible regional planning and walkable neighborhoods can help reverse this trend, taking some of our time back from traffic delays and putting money back in our pockets. Fortunately, the TTI estimates tens of billions of dollars in timesaving from public transportation and other already-on-the-ground transit innovations. Expanding the reach of these approaches could save tens of billions more.

JOBS

Clearly, any spending on infrastructure is going to create jobs, yet infrastructure projects that reduce traffic actually provide the *most* jobs for the money invested.

As Smart Growth America revealed in its report, *What We Learned From the Stimulus*, money invested in public transit produces jobs far more efficiently than money spent on roads—nearly double the job-months, in fact.[5] For every $1 billion invested in public transit, more than 16,400 job-months were realized, while $1 billion in roads spending resulted in slightly less than 8,000 job months.

It is not just the number of jobs—it is their quality, too. According to the American Public Transportation Association, jobs in public transportation are ideally suited to the experience and skill sets of those hardest hit by unemployment in the current recession.[6] Formal education is not required for many transit jobs, and high levels of unionization translate into solid medical benefits and reliable pensions.

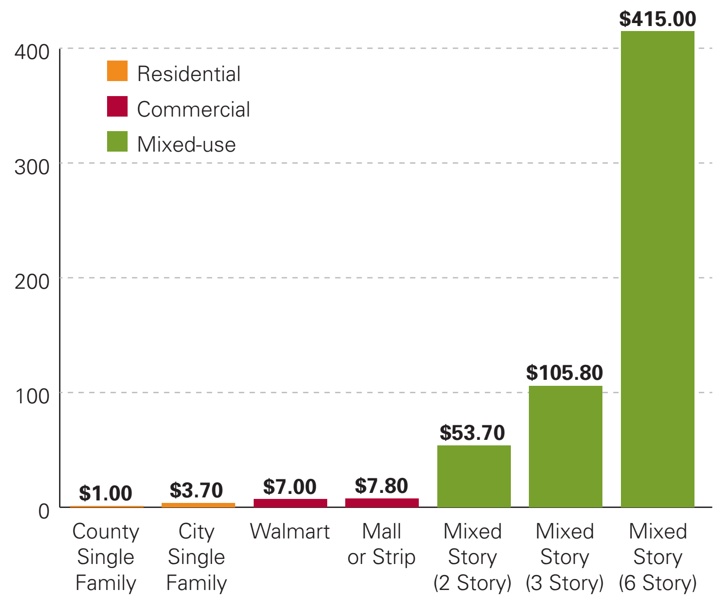
INCREASED PROPERTY VALUES

The Center for Clean Air Policy's recent report, *Growing Wealthier*, outlines many of the economic benefits of transportation and land use strategies that reduce the need to drive.[7] Two strategies in particular are shown to have positive impacts on property values.

- Proximity to light-rail projects has been associated with increased property values. In Denver, home values within a half-mile of stations on the Southeast light-rail line increased an average of 17.6 percent between 2006 and 2008, while home values in the rest of Denver *declined* by an average of 7.5 percent. A University of Buffalo study found a 2 percent to 5 percent premium on homes adjacent to light-rail stations, even with a system with declining ridership.[8]
- A neighborhood's walkability—that is, how many destinations are within walking distance of a person's home—has been associated with higher property values. Using the popular Walk Score website, one study showed that each additional point in Walk Score translated into a property value increase somewhere between $700 and $3,000 dollars.[9]

Figure 1: County Property Taxes/Acre

Ratio Difference of 15 City Sample Set



Source: Joseph Minicozzi and Public Interest Projects

MORE TAX REVENUE AND CHEAPER INFRASTRUCTURE

Planning our communities in a way that reduces the need to drive, and increases walkability and transit access, has tremendous financial benefits for local governments. More compact, convenient communities use land more efficiently, which translates into higher tax revenues (because of more intensive land use) and less infrastructure spending (as more residents are served over a smaller area).

The Sacramento Area Council of Governments went through a multi-year regional blueprint planning process that laid out a variety of development scenarios over the course of the next 48 years. When the business-as-usual projection was compared to a preferred scenario focused on transit, open space preservation, and walkability, savings on infrastructure alone amounted to $9 billion.[10] A similar planning process for Salt Lake City—*Envision Utah*—expected savings of $4.5 billion on infrastructure over 20 years.[11]

Mixed-use urban-style development is also a big boon to tax revenues. Analysis of a sample of fifteen cities by Joseph Minicozzi and Public Interest Projects shows that on a per acre basis, mixed-use projects close to established downtowns produce tax revenues far in excess of both suburban residential development and suburban malls (see figure 1).

SAVINGS FROM IMPROVED TRAFFIC SAFETY

Damage, injury, and death from collisions are the most grave and direct costs of driving for millions of Americans and their families each year. Everything from auto repairs, to hospital visits, lost wages, public expenditures, lost productivity, and ambulance and other medical costs flow from auto collisions. And while cars are getting progressively safer, there is no avoiding the fact that more driving leads to more collisions.

By driving less, we can cut the monetary costs of collisions and save thousands of Americans the pain and suffering that comes with personal injury or the death or injury of a loved one. The Brookings Institution estimates that with an 8 percent reduction in driving (and a proportional reduction in collisions), American drivers could save a total of $3.2 billion in collision-related costs per year.[12] Federal, state, and local governments could save an additional $2 billion.

INVESTMENT IN TRAFFIC REDUCTION WILL REAP REWARDS

These six main types of economic gains from reducing traffic are just the biggest sources of savings. Lessening our dependence on foreign oil or cutting smog and local air pollution are two other benefits of cutting traffic that can have major financial impacts. Yet, the direction is clear: investments that reduce traffic and give us alternatives to driving reap major financial rewards.

1 American Automobile Association (AAA), "Your Driving Costs," AAA Exchange, http://www.aaaexchange.com/main/Default.asp?CategoryID=16&SubCategoryID=76&ContentID=353.

2 Urban Land Institute, "Beltway Burden: The Combined Cost of Housing and Transportation in the Greater Washington DC, Metropolitan Area," 2009, http://www.uli.org/ResearchAndPublications/TerwilligerCenterforWorkforceHousing.aspx.

3 *Ibid*.

4 Texas Transportation Institute, "2011 Urban Mobility Report," 2011, mobility.tamu.edu.

5 Smart Growth America, "What We Learned from the Stimulus," 2010, http://www.smartgrowthamerica.org/resources/what-we-learned-from-the-stimulus/.

6 American Public Transportation Association, "Jobs Impact of Spending on Public Transportation: An Update," 2009, http://www.apta.com/gap/policyresearch/Documents/jobs_impact.pdf.

7 Chuck Kooshian, and Steve Winkelman, "Growing Wealthier: Smart Growth, Climate Change and Prosperity," 2011.

8 Kooshian & Winkelman *Ibid*; Hess, Daniel and Tangerine Almeida, "Impact of Proximity to Light Rail Rapid Transit on Station-area Property Values in Buffalo, New York," *Urban Studies*, V. 44, May 2007.

9 Chuck Kooshian and Steve Winkelman, "Growing Wealthier: Smart Growth, Climate Change and Prosperity," Center for Clean Air Policy, 2011.

10 Sacramento Region Blueprint, "Linking Land Use and Transportation," http://www.sacregionblueprint.org/.

11 Chuck Kooshian and Steve Winkelman, "Growing Wealthier: Smart Growth, Climate Change and Prosperity," Center for Clean Air Policy, 2011.

12 Bordoff, Jason and Pascal Noel, "Pay-As-You-Drive Auto Insurance: A Simple Way to Reduce Driving-Related Harms and Increase Equity," Brookings Institution, 2008.

