

Understanding the Impacts of Transitways

The Hiawatha Line: Impacts on Land Use and Residential Housing Value

A Transitway Impacts Research Program (TIRP) Research Brief



“Because of the rail line, the average value of a single-family home in a station area has increased more than \$5,000 and the average value of a multi-family home in a station area has increased more than \$15,500.”

—Ed Goetz

Project Background

This study examines the economic impacts of transitways—specifically, the impacts of the Hiawatha Light-Rail Transit Line, which stretches from downtown Minneapolis, Minnesota, to its southern suburbs. Researchers explored how construction of the light-rail line and rail transit stations affects residential property values, land use patterns, and housing investment.

Project Design

The project design addresses three primary research challenges:

- **Classifying stations and defining station area.** Researchers classified the stations based on four different station types: the downtown commercial business district, the neighborhood district, the institutional stations, and the Bloomington commercial district. The study focused mainly on the neighborhood district, because this area had the greatest mix of land use. The station area was defined as a half-mile radius from each transit station.
- **Defining the control area.** Two control areas were defined for this project. One control area was a quarter-mile band outside the defined half-mile impact zone. The second control area was the entire neighborhood of eastern south Minneapolis, one of the city’s distinct housing markets.

Project Fast Facts

After construction of the Hiawatha Line:

- The Hiawatha Line produced an increase of \$47.1 million in residential property value between 2004 and 2007.
- Single-family homes near the line sold for 4.2 percent more than homes in the comparison area.
- Homes located closer to stations experienced higher property values due to increased transit accessibility.
- The negative effect on property values near the light-rail line due to nuisances like noise was much smaller than the positive effect on those properties.
- The average value of each single-family home located near a light-rail station increased more than \$5,000.
- The average value of each multi-family property located near a light-rail station increased more than \$15,500.
- A significant amount of new housing construction occurred—183 percent more than would be expected.

Sponsors:

Anoka County
Center for Transportation Studies, University of Minnesota
Hennepin County
Itasca Group
Metropolitan Council
Minnesota Department of Transportation
Ramsey County
University Metropolitan Consortium, University of Minnesota
Washington County

In cooperation with:

Center for Urban and Regional Affairs, University of Minnesota
City of Minneapolis
City of Saint Paul
Dakota County
Federal Transit Administration
State and Local Policy Program, Humphrey Institute of Public Affairs, University of Minnesota

- **Defining the timeframe.** Researchers considered when impacts of the rail line could be expected to occur. To do this, they charted the number of times “light rail” and “Hiawatha” were mentioned in major local newspapers. Based on this analysis, the year the line opened—2004—was selected as the best time to begin gauging the Hiawatha line’s impacts.

Project Conclusions

Impacts on Land Use

So far, the Hiawatha Line has had little impact on land use. However, researchers only had access to land use data up to 2005. Greater land use changes may occur in the future.

Impacts on Development

There has been a significant amount of new housing construction next to the Hiawatha Line—183 percent more than would be expected based on the control area. Altogether, there were 67 residential properties built within 300 feet of the light-rail tracks after funding for the Hiawatha line was announced in 1997. While the number of building permits issued for the rail-line impact zone mirrors the number issued for the control area, the value and scale of the building activity within the impact zone was far greater than building activity in the control area between 2000 and 2007.

Impacts on Property Values

The Hiawatha Light-Rail Line has positively affected residential property values. The positive accessibility effect of station access outweighed the smaller nuisance effect of the rail line on property values. Positive property value impacts were only realized for properties on the west side of the rail line, which is primarily residential. The industrial land use properties on the line’s east side did not benefit from proximity to the line. The industrial corridor on the line’s east side effectively blunted any positive accessibility effect created by the Hiawatha Line.

Because of the rail line, the average value of a single-family home in a station area has increased more than \$5,000 and the average value of a multi-family home in a station area has increased more than \$15,500. **The Hiawatha Line produced an increase of \$47.1 million in residential property value between 2004 and 2007.**

About the Research

The research was conducted by University of Minnesota Humphrey Institute professor Ed Goetz and funded by the Transitway Impacts Research Program (TIRP), a diverse group of transportation stakeholders. Project sponsors include Anoka County, Dakota County, Hennepin County, Ramsey County, Washington County, the Minnesota Department of Transportation, Metropolitan Council, the University Metropolitan Consortium (University of Minnesota), and the Center for Transportation Studies (University of Minnesota).

More information about the TIRP program:
www.cts.umn.edu/Research/Featured/Transitways

The Hiawatha Line Neighborhood Corridor

This study focused on the neighborhood corridor of the Hiawatha Line, stretching from the Cedar Riverside Station to the north and the V.A. Medical Center Station to the south.

