

# Maximizing the Benefits of Transitway Investment

“Locating new jobs near transitways is especially important for maximizing the positive impact of current and future Twin Cities transitways.” —Yingling Fan

## Key findings

- Integrating transit planning with land use and economic development maximizes the return on transitway investment.
- Locating future development inside the I-494/I-694 loop will create additional regional accessibility to jobs, while locating development along transitways provides even greater benefits. In both cases, the population with the greatest need receives the greatest benefits.
- Locating new jobs near transitways produces larger increases in accessibility than locating new housing near transitways.

## Why is this research needed?

Transitways in the Twin Cities region continue to expand, and a network of 14 transitways is planned for 2030. How can the region maximize the return on this investment to improve job accessibility and strengthen the region's economic future? University of Minnesota researchers set out to find the answer.

## How does transit relate to economic competitiveness?

Economic competitiveness requires connections and accessibility: for a region to be economically competitive, employees with the right skills need to be able to reach appropriate employers in a reasonable time and at an affordable cost. As a result, understanding how to maximize the benefits of transitways requires looking at them in relation to the homes and jobs they serve.

To determine how well transitways connect workers to job opportunities—and employers to the labor force—researchers first identified where the region's greatest opportunities exist. The first step in this process was mapping competitive clusters—geographic groupings of interconnected businesses and organizations that drive regional employment, pay higher wages, and have faster wage growth.

The largest competitive clusters in the Twin Cities are:

Medical Equipment  
& Supplies  
Manufacturing

Management of  
Companies &  
Enterprises

Finance and  
Insurance

Book Publishers &  
Printing Industries

Lessors of Non-  
Financial Assets

## How was accessibility measured?

Next, researchers examined the current accessibility of competitive cluster jobs by transit. Some clusters are currently much more accessible by transit than others. For example, access to medical manufacturing jobs is low, while access to office-centered employers such as finance and insurance is higher. In general, the access of Twin Cities employers to the labor force by transit is lower than workers' access to jobs; this is reflective of the relatively low density and dispersion of housing in the region.

## Research sponsors

Research sponsors are the McKnight Foundation, the Surdna Foundation, and the Jay and Rose Phillips Family Foundation of Minnesota. The research builds on previous work Fan conducted under the Transitway Impacts Research Program.

From an equity perspective, researchers discovered the current system is largely consistent with the needs of the population, offering the greatest access to those with the greatest need. Areas of weakness include locations outside the downtown areas with some of the region's lowest-income populations.

### **How can the benefit of planned transit investment be maximized?**

To determine how future transitway plans could affect economic growth in the Twin Cities region, the research team developed and analyzed several different scenarios based on the Metropolitan Council's 2030 population and land-use forecasts. Key findings include:

- The planned future transitway network will improve accessibility to jobs in competitive clusters and to all other jobs in many locations.
- Alternate population and land-use scenarios could further improve accessibility gains of planned transitways:
  - Locating future housing and job development within the I-494/I-694 loop will create additional regional accessibility to jobs.
  - An even more targeted concentration of development near transitway stations leads to even greater gains in job accessibility; these gains benefit low-income populations most.
  - Locating jobs near transitway stations leads to larger increases in accessibility than locating housing near transitway stations.

### **Conclusions and policy implications**

This study provides several important insights for integrating economic development and land-use policies with planned transitway investment to increase equity, foster further economic growth, and provide greater overall return on investment:

- *Not all jobs have the same needs for transit access.* Policies that encourage job creation near transitways should take into account the unique location patterns and preferences of each competitive cluster.
- *Disadvantaged groups warrant a closer look.* Though lower-income families and individuals generally enjoy high levels of transit accessibility, this is largely due to residential concentration near downtowns; additional policy efforts are needed to increase transit accessibility for this population.
- *Policies boost impact.* Policies that support jobs and housing in and near the core will increase the return on investment in transitways.
- *Use transitways as a guide for development.* The more development near transitways, the higher the payoff. Development near transitways also produces highest levels of accessibility improvement for the highest-need population.
- *Focus on jobs.* Not all development has the same impact on accessibility—placing new jobs near transitways creates greater accessibility gains than placing new housing near transitways.

### **About the research**

This research was conducted by Yingling Fan, assistant professor in the University of Minnesota's Humphrey School of Public Affairs, and post-doctoral research associate Nebiyou Tilahun (now assistant professor at the University of Illinois at Chicago). The final research report is available at [www.cts.umn.edu/Research/ProjectDetail.html?id=2011082](http://www.cts.umn.edu/Research/ProjectDetail.html?id=2011082).