

# Rail-Volution Conference - Los Angeles, CA

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## Introduction and Acknowledgments

Thank you, Representative Blumenaur, for that generous introduction. As a fellow Oregonian and transit supporter, it is always a pleasure to share the podium with you. Thank you for your continued advocacy on behalf of good, cost-effective transit for America.

And it's a pleasure to be here once more at Rail-Volution, a conference that has incubated some of the freshest and most innovative ideas in transit. You are great ambassadors for an important idea: that transit is not just about rails and cars — it is about creating thriving communities. And, your vision and leadership have never been more relevant, or vital, than they are today.

I bring greetings to you from Transportation Secretary Mineta. As you know, he is a staunch advocate for wise investments in transit, including rail. We are so fortunate to have a leader with his experience, perspective, and credibility. He uses his passion and experience -- as a former mayor, a former chairman of the House Transportation Committee, former Secretary of Commerce and, now, the Secretary of Transportation -- to help all of us make the case for cost-effective investments in transit that make such a difference in our communities, and to our economy.

## The American Dream: Then and Now...

A century ago, a critic for the *Literary Digest* wrote skeptically about a strange new American invention. "The ordinary 'horseless carriage,'" he wrote, "is at present a luxury for the wealthy, and although its price will probably fall into the future, it will never, of course, come into as common use as the bicycle." ... Well, not quite.

But the author can perhaps be forgiven his short sightedness. Who could have imagined -- in a world of streetcars and the intercontinental railroad, in an America of walking trails and unpaved roads -- that the automobile would fundamentally rewrite the American landscape, in just a matter of decades?

When we think about the American Dream, we tend to think about the post-World War II vision. The American Dream was something that Americans would DRIVE to. In the popular lexicon, the American Dream meant a two-parent family with two children (one

crew-cut boy and one pig-tailed girl, of course), and a dog -- all ensconced in a suburban tract house with a big yard surrounded by a white picket fence... and a roomy automobile parked in the garage to carry Dad to his job in the city each day.

The post-World War II baby boom went hand in hand with the suburban boom. By 1950, the national suburban growth rate was ten times that of central cities. The compact row house of the city was becoming a thing of the past. In-fill development in our cities just wasn't suitable to mass-produced housing, so it didn't happen.

That version of the American Dream responded to the desires of a nation of young families seeking housing, space, privacy, and a homogenous community in which to live. But, in fact, this was only one interpretation of an American Dream that is as OLD AS America itself. The real core – the values inherent in the American Dream – do not simply describe a location, they run much deeper than that. The American Dream really speaks to: ownership, opportunity, security, and community.

The American Dream existed well before the automobile and the suburbs and the postwar baby boom. And it will endure long after the baby boomers, the suburbs, or even the automobiles, fade away. And, as shocking and as radical as the idea of a “horseless carriage” was in the early 1900s, I believe we are on the cusp of an equally dramatic reinterpretation of the American Dream today... as a new generation of Americans puts its own stamp on the American Dream.

### The American Dream: Coming Soon to a Location Near You

In communities across the nation – from Charlotte to Portland to Los Angeles – we have already seen that American homebuyers, investors and developers are crafting a new version of the American Dream. Their version of the American Dream includes the timeless elements of ownership, opportunity, security and community that have been embraced by every of generation of Americans. But their interpretation of the American Dream doesn't involve a car in the suburbs. ... They are building and buying homes near transit.

President Bush understands that homeownership is a cornerstone of America's vibrant communities, and that it helps families build stability and long-term financial security. Indeed, his economic policies have kept both taxes and interest rates low – and, as a result, the overall US homeownership rate hit an all-time high of 69.2 percent in the second quarter of 2004. In June 2002, the President issued America's Homeownership Challenge to the real estate and mortgage finance communities to encourage them to join the effort to close the gap between the homeownership rates of minorities and non-minorities. To help low-income families overcome the hurdle of a down payment, the President proposed the American Dream Downpayment Initiative. And in December 2003, he signed the American Dream Downpayment Act into law. This year, the Department of Housing and Urban Development announced \$160 million in funding for this initiative, so that state and local governments across the country can assist low-income families with down payments. Two years later, minority homeownership has set a new record of 51 percent.

Transit skeptics tend to be fatalistic about Americans' housing preferences. Developments get built in the suburbs, they say, because that's where people want to live. They believe that the American Dream has only one script. But to many Americans today, the good life means not having to get into your car to get to work, BlockBuster Video, or Starbucks. They live in communities where transit – and transit-oriented development – has hung a figurative sign on suburban sprawl. And the sign says: “The American Dream – Visit us at our New Location.”

### The New American Dream: Same Idea, Different Place

Behind these dramatic changes in the American Dream are dramatic changes in the American population. Seismic changes -- a concept Los Angeles can appreciate! -- seismic changes in the demographics of our country are changing our collective preferences for housing and transportation. The population groups that currently have the greatest preference for housing located near transit are precisely the population groups that will grow exponentially in the next twenty years.

The AARP reports that fully 71 percent of older households want to live within walking distance of transit. Imagine that: 71 percent! And, older Americans are one of the fastest-growing population groups in the country. The traditional “pyramid” age distribution, with more young people at the bottom than older people at the top, will be turned on its head within twenty years. Within a single generation, in fact, almost 35 percent of Americans will be over age 65.

Older Americans -- the fathers and mothers of my own generation, whose childhood memories include the Great Depression -- older Americans place a high value on independence and self-sufficiency. They dream of autonomy, and a place to live where they do not have to call one of their children, just to get a prescription filled or to run a simple errand to the grocery store. The last thing that older Americans want is the nightmare of dependency on their children as “chauffeurs” to drive them where they need to go. How many times have you heard from an aging parent, “I just don't want to be a burden”? No wonder the vast majority of people surveyed by the AARP want to live in a transit-rich environment. Their dream includes living in a place where they can maintain an active life without relying on a car, or a child, for transportation.

Our population is becoming increasingly diverse, as well, especially as a consequence of immigration. Barring any dramatic changes in policy or world events, almost one-third of growth in our population by 2025 will come from the immigration to our country of people of Hispanic and Asian origin. Historically, immigrants have settled primarily in cities. While we see some changes in that pattern today, for the most part, it still holds true. Immigrant households tend to rely on transit heavily—and they want to live in denser urban neighborhoods.

Many of these “new” Americans arrive with aspirations to secure their foothold in the American Dream by saving to buy a home. These groups yearn for the security and stability that having new roots, in their own home, can bring. Their version of the American Dream is often a safe, urban community where they can put down roots, and still maintain ties to their country of origin.

Not needing a car is central to achieving the American Dream of many lower income Americans, including many “new” Americans.... Because the Surface Transportation Policy Project finds that the cost of car ownership can put the American dream of home ownership out of reach for families with lower incomes. According to a July 2003 STPP report, American households spent 19 cents of every household dollar on transportation expenses in 2001 – and lower income households are forced to spend an even higher percentage on transportation. In fact, transportation is the second largest household expense, after housing, and is three times the cost of health care. It amounts to, on average, over \$7,600 dollars each year, just to get around....and saving for a home becomes that much more difficult.

The composition of American households is also changing. The traditional nuclear families that made up 40 percent of households in 1970, now comprise less than 25 percent of households. And that percentage is expected to decline even more. In just one generation, the “typical” American household won’t have children living in it. In fact, nearly 70 percent of households will not include children. These households will consist of singles, empty nesters, and couples without children. And these are groups with a proven preference for our cities and the transit options they provide. Young professionals and empty-nesters are seeking connections, not isolation. They are seeking vitality, not necessarily peace and quiet. Their interpretation of the American Dream includes a community where they can enjoy a sense of belonging and safety, but where they can also reap the benefits of a lively, more diverse neighborhood -- and live a “mixed use” life that combines interesting housing options with the amenities of the city.

Reinterpreting the American Dream for New American Realities...

It is not just demographics that are driving these changing desires, however. In a world of instant communication and growing global competition, Americans are working harder and longer hours than ever. And time is becoming an increasingly scarce commodity for all of us. We certainly don’t want to spend any more time than we have to just “getting there.”

Unfortunately, the Texas Transportation Institute’s Annual Urban Mobility Study recently delivered some sobering news. The number of hours that the average peak-time commuter in this country has lost to congestion has tripled over the last 20 years -- from 16 hours in 1982 to 46 hours lost annually in 2002. That’s more than a whole work week – or a whole vacation week! Outside of this room right now, Los Angelinos are waging a losing battle against the commuter time-drain. The TTI study ranks Los Angeles as the worst urban area in the country in terms of time lost to congestion — at a whopping 93 hours per commuter in 2002.

In May, the DOT’s Transportation Statistics Bureau coined a grim new term: the “Stretch Commuter.” These workers—and there are 3.3 million of them—travel 50 miles or more one way, to get to work. And they commute these distances 329 million times a year. While one out of five of the stretch commutes is at least 100 miles, more than one in 20 are “super stretch commutes,” trips to work of 200 miles or more, one-way. That’s a high price to pay -- in energy, money, and time -- to pay for the American Dream.

There are clear signs that people are getting tired of the isolation that the car culture tends to create, and they are growing weary of having to get in the car for even the simplest of errands... The fact is, a gallon of gas for a gallon of milk is a terrible exchange rate.

Fortunately, there are alternatives. Americans are fine-tuning the Dream to suit a new moment, and a new generation. And in this version of the American Dream, time is on public transit's side. Instead of driving, many people think it's time to start riding to the American Dream. The demographic and cultural changes taking place in America point directly to a transit-rich, urban vision of the American Dream for the 21st century.

With funding from FTA and the Fannie Mae Foundation, the Center for Transit Oriented Development just released a national market assessment of demand for housing near transit in the next two decades. Even using a very conservative methodology, they reach what the authors call a "staggering" conclusion. They project that, over the next 20 years, at least a quarter of all American households are likely to seek housing near transit. There is, in fact, the potential to more than double the amount of housing in transit zones in the next twenty years.

Los Angeles, in fact, is one of five regions that our report singles out as holding the greatest potential for transit-oriented housing development. The new GIS database created by the Center for Transit Oriented Development shows that in 2000, a little over a quarter of a million households in the Los Angeles area lived in a transit zone. Within 20 years, the demand for housing near transit could increase a stunning sevenfold to 1.7 million households.

If — and it is a big if — the demand for such housing can be met in Los Angeles and in other communities throughout the country, transit oriented development has the potential to become an unprecedented catalyst for economic growth... and for the realization of this generation's American Dream.

We can all point to wonderful examples of transit-oriented development – in communities where transit has spurred increases in housing and thriving businesses. In Portland, Oregon; Charlotte, North Carolina; Arlington, Virginia; and Dallas, Texas ... transit agencies, local elected officials, developers, and investors have recognized the potential and seized the opportunities that transit creates. But, in most communities, transit-oriented development has not caught fire... it is the exception, not the rule. Something has gotten lost between the paper world, where transit-oriented development makes sense... and the real world, where elected leaders, transit agency officials, developers, investors, and community activists must work together to bring transit-oriented development to life.

I know that, as transit agency officials, we ask you to do a lot of things – the most important of which is running a good transit system! And I'm sure many of you are asking yourselves, "Why should housing development and economic development be MY responsibility? I'm not a development expert!"

I believe that transit's stake in housing and economic development is pretty high – because the more development takes place around transit, the more people will ride transit. But you don't have to be the development expert. You just need to be the community leader -- just as you are in so many other arenas.

In the study we are releasing today, Reconnecting America and the Center for Transit-Oriented Development have given all of us some amazing tools. First, they have produced both national and local estimates of demand – estimates that all of us can use to create interest in the potential of transit-oriented development...interest from beyond its traditional supporters, including real estate developers and institutions. But, perhaps even more importantly, they have created a database that can be accessed and used by the 42 metropolitan regions they studied. The database utilized Geographic Information System (GIS) technology and data from the 2000 U.S. Census to create a snapshot of the population living within ½ mile of the 3,341 existing and 630 proposed rail stations. With this database, city planners, local real estate developers, and others can identify the potential and make plans for transit-oriented development. It is a truly remarkable tool – and I want to acknowledge both Hank Dittmar, of Reconnecting America, and Shelley Poticha, of the Center for Transit-Oriented Development, for their tremendous contribution. Please join me in giving them a hand.

The database is an important tool – one that we have been missing! – but there are, of course, a number of hurdles we must overcome in order to make transit-oriented development the rule, instead of the exception to the rule. We have a terrific panel today – experts in real estate development and finance, representatives of local governments and transit agencies, and, of course, the study's author, Shelley Poticha. They are here today to help us figure out how we can work together, and what we can do to convince communities throughout the nation to embrace and build transit-oriented development.

Our moderator for the panel is someone that many of you know. Brigid Hynes-Cherin is FTA's Deputy Associate Administrator for Budget and Policy. Brigid was personally involved in the study and the report. But she also brings 30 years of transportation experience to the table. Before rejoining FTA last February, she was vice president for transportation planning at the Parson's Group – prior to that served at both the national and regional level of the Department of Transportation, in local transit agencies, and in the private sector. She has been a community planner, regional counsel, and regional administrator, and western area director for the Federal Transit Administration.