

Smart
INVESTMENTSSM
IN TRANSPORTATION FOR MINNESOTA

Better Connections:

*Linking Minnesotans with Low Incomes and Limited
Transportation Options to Jobs and Other Important Destinations*

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GROWTH & JUSTICE

Growth & Justice is a non-profit, non-partisan, public policy research organization and a leading progressive voice on state economic issues. Growth & Justice advocates for fair taxation and smart public sector investment — fiscally responsible, accountable investment that advances prosperity for all Minnesotans. A sustainable economy provides the foundation for a just society.

Executive Summary

Transportation issues for low-income Minnesotans and those with limited transportation options rank high in importance because of their magnitude and impacts. Transportation costs consume a very large share of the budgets of low-income residents across Minnesota. Often low-income travelers face the problematic choice of high-cost car ownership or dependence upon transit service that may be very limited or not available at all. Low-income workers in the state's urban areas face a trend toward job growth in outlying areas at scattered locations hard to reach by transit. Minnesotans with disabilities need access to key destinations, including jobs and health care facilities. [\(More\)](#)

All Minnesotans benefit from better access to important destinations, but better connections are particularly important for Minnesotans with low incomes and limited transportation options. Transportation improvements for these Minnesotans can yield significant benefits, including improved economic potential and prosperity from greater access to jobs. This report explores transportation issues for low-income residents and Minnesotans with limited options as background for the Growth & Justice initiative on *Smart InvestmentsSM in Transportation for Minnesota*.

Transit for Minnesotans with Low Incomes and Limited Transportation Options

Low- and moderate-income Minnesotans depend more on public transit than do higher income residents, and they constitute an important, core ridership for the state's transit systems. Minnesotans with incomes below the poverty level are three times more likely than those with higher incomes to ride transit to work. [\(More\)](#)

Some Key Points about Transit

- *Public transit expands prosperity and improves the quality of life for many Minnesotans.* Transportation is a major barrier to employment for low-income people, and better transit can reduce that barrier. [\(More\)](#)
- *Transit reduces the financial burden of transportation for low-income households.* For all households, not just low-income ones, research shows that transportation's share of the average budget drops from about 20 percent to about 10 percent for households with good access to transit. [\(More\)](#)
- *Transit in much of Greater Minnesota – aside from the larger communities – depends upon options other than fixed-route bus service.* Key transit service in sparsely populated areas – generally targeted to the elderly, individuals with disabilities, and low-income riders – includes dial-a-ride service, rides from volunteer drivers, and bus trips from town to town. [\(More\)](#)
- *Fixed-route transit works best in densely settled urban areas with clusters of important destinations.* The concentration of trip end points is particularly important, allowing transit to deliver riders to centralized stops where they can disembark and walk to their destinations. [\(More\)](#)
- *Practically speaking, fixed-route transit service in the outer suburbs is largely limited to commuter runs from those suburbs to urban job centers and back, as it stand now.* Outlying suburbs, and even some close-in ones, lack the necessary concentrations of trip endpoints to attract transit riders from the city or from other suburbs. [\(More\)](#)
- *When it comes to urban transit service, buses stand out as critical to persons with low incomes and limited transportation options.* Consequently low-income transit riders benefit from improvements in frequent, reliable and easy-to-use bus service on regular routes. [\(More\)](#)

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- *Low-income people often use transit for their commutes to work until they can afford to purchase or lease a car. Transit service has a significant and long-lasting impact on low-income workers by giving them initial access to employment and boosting their incomes. [\(More\)](#)*
- *Transit stands out as one key way to better connect low-income Minnesotans to jobs and other important destinations, but not the only way or even, at present, the main way. For job trips, Census data show that about three-fourths of workers from poor households drive or rideshare to work both statewide and in the Twin Cities. [\(More\)](#)*

Ideas on Policies and Approaches for Transit

- *Rigorously pursue transit service and improvements aimed at transporting Minnesotans with low incomes and limited options. [\(More\)](#)*
- *Ramp up fixed-route transit service in the Twin Cities to better serve low-income riders. [\(More\)](#)*
- *Improve and expand transit service in Greater Minnesota. [\(More\)](#)*
- *Strongly emphasize travel for low-income Twin Cities residents in the planning and development of the metropolitan area's rail transit system and bus rapid transit lines. [\(More\)](#)*
- *Charge affordable fares for transit. [\(More\)](#)*
- *Post route information at transit stops to make buses easier to use. [\(More\)](#)*
- *Continue to improve coordination between public transit and public agencies that provide services to Minnesotans in need of assistance. [\(More\)](#)*
- *Use dial-a-ride transit in places and circumstances where fixed-route transit proves impractical. [\(More\)](#)*

Cars for Minnesotans with Low Incomes and Limited Transportation Options

Cars emit climate-changing greenhouse gases, clog the roads with congestion, and impose heavy financial burdens for ownership and upkeep on households with modest and low incomes. But with transportation policy focused on car travel for the last half century, it's not surprising that people depend primarily on cars. Cars remain an important element of the transportation equation for low-income Minnesotans, even as we strive for increased travel options and decreased reliance on cars. [\(More\)](#)

Some Key Points about Cars

- *Low-income people with cars are more likely to be employed. Research indicates that low-income people with cars are better able to find and keep jobs. [\(More\)](#)*
- *Cars offer a range of advantages for connecting low-income people to important destinations. Cars can reach places not served by transit and provide transportation for workers with irregular hours or off-peak shifts. [\(More\)](#)*
- *The time required for a commute to work matters more than distance traveled. In many cases, travel by car requires less time than travel by transit, given our car-oriented landscape. [\(More\)](#)*

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- *Non-profit car ownership programs help some low-income households secure vehicles, but such programs are small in scale. These programs are only able to serve a small fraction of those seeking help. [\(More\)](#)*
- *Despite the benefits of car ownership, the costs involved create financial hardship for low-income households. Driving a car is the most expensive way to travel to work. [\(More\)](#)*

Ideas on Policies and Approaches for Cars

- *Continue to exempt vehicles from asset limits for state programs that assist low-income families, and consider options for expanding those exemptions. [\(More\)](#)*
- *Improve consumer protections for used car buyers. [\(More\)](#)*
- *Tap into and support the non-profit organizations that help low-income Minnesotans with car ownership. [\(More\)](#)*
- *Consider using government funding to capitalize low- or no-interest car loan programs for low-income Minnesotans. [\(More\)](#)*
- *Capitalize on car sharing programs in the Twin Cities to spur access to vehicles by low-income households. [\(More\)](#)*
- *Pursue policies longer term that increase travel options for low-income households and reduce their dependence on costly cars. [\(More\)](#)*

Shared Rides for Minnesotans with Low Incomes and Limited Transportation Options

When it comes to commuting, a surprisingly large percentage of workers depend upon shared rides. In fact, more Minnesota workers use carpools and vanpools than public transit, according to Census Bureau data. Carpools and vanpools constitute an important transportation mode for Minnesotans with low incomes and limited transportation options. [\(More\)](#)

Some Key Points about Ridesharing

- *Carpools are the most common form of ridesharing but usually are privately organized and therefore difficult to track. They are an important option but more difficult to organize when job sites are spread out, as has increasingly been the case. [\(More\)](#)*
- *Often private companies and social service organizations coordinate and operate vanpools. Vanpools may be particularly useful for workers on the job for shifts that start very early in the morning or run into night hours – times when transit may not be an option. [\(More\)](#)*
- *The Metropolitan Council in the Twin Cities sponsors and partially subsidizes vanpools for workers through its Van-Go! program. The Met Council pays 55 percent of the cost for leasing a van, with riders splitting the remaining lease charges, as well as the costs of fuel and parking. [\(More\)](#)*

Ideas on Policies and Approaches for Shared Rides

- Increase public-sector efforts to promote carpools and vanpools, and match up riders. [\(More\)](#)
- Expand government-supported vanpools to Greater Minnesota to better serve riders with low incomes and limited transportation options. [\(More\)](#)
- Investigate the feasibility of expanded vanpool service in areas of the Twin Cities where traditional transit service proves difficult. [\(More\)](#)
- Seek ways for state and local governments to support and encourage rideshare arrangements by private companies and social service organizations. [\(More\)](#)

Land Use Issues for Minnesotans with Low Incomes and Limited Transportation Options

Why and how people travel relates not only to transportation modes but also to the structure of communities. Car travel works best for most people at present because cars have shaped decisions about land use and destination. To dramatically improve access and travel, Minnesota must now wrestle with how land is used and how communities are designed. [\(More\)](#)

Some Key Points about Land Use Patterns and Their Impacts

- Transit works best for moving people to jobs when those jobs are concentrated, but employment growth in urban areas is increasingly decentralized. This makes access difficult for persons with low incomes and limited transportation options. [\(More\)](#)
- In some cases, state law and government practices designed to protect Minnesota landowners deter the development of affordable housing near key transit hubs. Transit-oriented land development approaches used elsewhere in the country are less likely in Minnesota and the Twin Cities because of the legal and policy parameters here. [\(More\)](#)
- Efforts to locate jobs near low-income Minnesotans might not result in increased employment for them. Research indicates that the proximity of jobs to poor people alone does not lead to employment because the issues are more complex than just location. [\(More\)](#)
- Households that locate in the outlying areas of urban regions to lower their housing costs spend much of what they save on higher transportation expenses. Researchers find that many low- and moderate-income working families in metro areas locate far from work to lower housing costs, but then spend, on average, 77 cents of every dollar saved on transportation. [\(More\)](#)
- Low-income households make up a larger-than-average share of the residents near railway transit stations nationwide but spend a greater-than-average share of their income for housing. As the light rail system and bus rapid transit routes in the Twin Cities expand, this nationwide pattern raises concerns about the affordability of housing in transit zones. [\(More\)](#)

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Ideas on Policies and Approaches for Land Use

- *Encourage concentrated job locations in cities, including downtowns and centralized employment centers in the suburbs. [\(More\)](#)*
- *Recognize the importance of clustered destinations for transportation in Minnesota's smaller cities and towns. [\(More\)](#)*
- *Consider stronger state incentives for low-income housing near transit on development projects that request federal Low Income Housing Tax Credits. [\(More\)](#)*
- *Pursue strategies to encourage and ensure affordable housing by light rail stations, other main transit routes and transit hubs in the Twin Cities area. [\(More\)](#)*
- *Consider ways to increase the flexibility that state and local governments have to shape affordable housing near transit. [\(More\)](#)*
- *Design and build streets that work well not only for cars but for all users, including transit vehicles, pedestrians and bicyclists. [\(More\)](#)*

Summing Up

Transportation and access are critical to the economic outlook and quality of life for Minnesotans with low incomes and limited transportation options. In the face of their transportation challenges, these Minnesotans will benefit from public sector investments, policies and choices that address a range of modes and strategies. More travel options – and more affordable ones – will improve the situation for Minnesotans with low incomes and transportation challenges. [\(More\)](#)

All Minnesotans benefit from better access to destinations. People need to reach jobs, health care, schools and training facilities, retail stores, government offices and social service establishments. Better connections also benefit employers who gain access to a broader pool of labor, and they advance the state's economy in the long term by boosting productivity. Better connections are particularly important for Minnesotans with low incomes and limited transportation options. Statewide, these residents face major transportation challenges. And transportation improvements for these Minnesotans have the potential to yield significant benefits. In terms of access to jobs in particular, better connections greatly improve the economic potential and prosperity of low-income households. As Elizabeth Roberto states in a research report on commuting to work, "Put simply, access to affordable commuting options is a key factor in the economic mobility of the working poor."¹

This research report, done for the Growth & Justice initiative on *Smart InvestmentsSM in Transportation for Minnesota*, presents facts and findings about transportation issues for Minnesotans with low incomes and limited transportation options. It also outlines options for public-sector investments, policies and choices.

Within the broader *Smart InvestmentsSM* transportation initiative, the challenges for low-income Minnesotans and those with limited transportation options rank high in importance because of their magnitude and impacts. Consider the following:

- Transportation costs consume a very large share of the budgets of low-income residents across Minnesota. A 2006 study estimated that Twin Cities area households in the lowest income range spent more than half of their income on transportation, and those with incomes from \$20,000 to \$35,000 spent more than one-third.² Residents of Greater Minnesota, too, face high transportation costs, particularly in rural areas where people drive more than urban dwellers – an estimated 17 percent more, according to national statistics.³
- All too often, low-income travelers face problematic choices when it comes to transportation. They either assume the high price and financial burden of car ownership or depend upon transit service, which is often poor in terms of what locations can be reached and how fast, outside of heavily traveled corridors.⁴ For some Minnesotans, public transit is not available at all.
- In Minnesota's urban areas in recent years, jobs overall and entry-level jobs in particular are increasingly located in outlying areas and scattered suburban sites. These jobs are hard to reach using transit and often located long distances from neighborhoods with concentrations of low-income residents. By way of example, a Metropolitan Council study from earlier this decade found that in the Twin Cities area about seven in 10 entry-level jobs were located in the suburbs, while more than half the people on welfare lived in Minneapolis and St. Paul.⁵

1 Elizabeth Roberto, *Commuting to Opportunity: The Working Poor and Commuting in the United States*, Brookings, February 2008, p. 13.

2 Peter Haas, Carrie Makarewicz, Albert Benedict, Thomas Sanchez and Casey Dawkins, *Housing and Transportation Cost Trade-offs and Burdens of Working Households in 28 Metros*, Center for Neighborhood Technology, July 2006, p 15.

3 *Transportation for America, Transportation, Small Towns, + Rural Communities*, May 2009, p. 2.

4 Piyushimita Thakuriah, P. S. Sriraj, Siim Sööt and Joseph Persky, *Economic Benefits of Employment Transportation Services*, Federal Transit Administration and Community Transportation Association of America, University of Illinois at Chicago, June 30, 2008, pp. 1-3.

5 Metropolitan Council, *Access to Jobs: Transportation Challenges in Welfare to Work*, April 2000, website, <http://www.metrocouncil.org/planning/transportation/jobaccessstudy/jobaccessstudy.htm>.

- Minnesotans with household incomes below the poverty level constitute a significant portion of the state’s population – just less than 10 percent of the state’s 5 million residents, according to the most recent Census Bureau estimates from just before the economic downturn. Slightly more than half of Minnesota’s poor live outside the Twin Cities urbanized area. Two in three of the poor are white, and 55 percent are female. Just less than 60 percent are ages 18 to 65, with just more than 30 percent under the age of 18, and the other 10 percent at 65 years of age or older. Most of Minnesota’s poor, ages 25 or older, have only a high school education or less.⁶
- Persons with disabilities constitute a large and important segment of the population throughout Minnesota, and their quality of life is greatly affected by transportation options and access to destinations. Persons with disabilities make up 15 to 20 percent of the population in most regions of Greater Minnesota.⁷ In the Twin Cities metropolitan area at the time of the 2000 Census, persons with disabilities constituted about 13 percent of the population, and fully two-thirds of them held jobs, making transportation to work a critical issue. The Twin Cities area had the highest rate of employment for persons with disabilities among the nation’s 25 largest metropolitan areas.⁸
- Access to health care facilities stands out as an important challenge for persons with limited transportation options. A study carried out as part of the Transportation Research Board’s examination of non-emergency medical transportation concluded that travel problems in a given year lead to missed medical care for at least 3.6 million people nationwide – people who are disproportionately female, poor and older. The study notes that improved access to health care can lead to better quality of life, longer life expectancies and health care cost savings. For the target research population of people with asthma and heart disease, the study found that even small health improvements justify transportation expenditures from a cost-benefit standpoint.⁹

The pages that follow explore four important subjects regarding transportation for Minnesotans with low incomes and limited transportation options – transit, cars, ridesharing and land use.

6 Data from the Census Bureau’s American Community Survey for 2005-07. Calculations for share of poor in the Twin Cities area are based on data for the Minneapolis-St. Paul urbanized area, which encompasses the developed areas of the seven-county metropolitan region.

7 Minnesota Department of Transportation, Office of Transit, Greater Minnesota Transit Plan 2010-2030: Your Destination... Our Priority, draft version, April 2009, pp. 1-3.

8 Metropolitan Council, Public Transit and Human Services Transportation Coordination Action Plan Twin Cities Metropolitan Area, March 29, 2007, p. 14.

9 P. Hughes-Cromwick, R.R. Wallace and H.J. Mull, “Reducing Disparities in Healthcare Access: The Cost-Effectiveness of Non-Emergency Medical Transportation,” meeting presentation abstract, AcademyHealth Meet, 2005; 22: abstract 3332.

Traditional public transit plays a central role in better connecting Minnesotans with low incomes and limited transportation options to jobs and other important destinations, as well it should. The U.S. Department of Transportation's Federal Transit Administration identifies affordable mobility as "the most fundamental reason for offering transit service."¹⁰

Low- and moderate-income Minnesotans depend more on public transit than do higher-income residents, and they constitute an important, core ridership for the state's transit systems. Census data for 2005-07 show that workers with household incomes below the poverty level are three times more likely than Minnesotans above the poverty line to take transit to their jobs — 13.5 percent compared to 4.4 percent in the developed areas of the seven-county Twin Cities region, and 3.2 percent compared to 1.1 percent in the rest of the state.¹¹

An extensive on-board survey of transit riders in the Twin Cities area in 2005 found that:

- almost one-third (30.8 percent) lived in households without cars,
- more than half (51.6 percent) lived in households with incomes below \$35,000 a year, and
- more than one in five (22.7 percent) had household incomes of under \$15,000 a year.¹²

Results from that transit survey show that the median annual household income for bus and light-rail riders in the Twin Cities metropolitan area stood at \$44,400, compared to an overall median household income in the Twin Cities region of \$60,200, based on 2005 dollars.¹³

Some Key Points about Transit, What It Does and How It Does It

Public transit expands the prosperity and improves the quality of life for many Minnesotans with low incomes and limited transportation options. Disproportionate shares of low-income Minnesotans depend on transit to reach important destinations, and those without cars make up a large share of transit riders, as noted above. Public transit, then, provides access to important destinations — jobs, health care, education and training, retail stores, government offices and social services. This is true for all transit riders, of course, but especially for those facing income and transportation constraints. Transportation is a major barrier to employment for low-income people, and better transit can reduce that barrier. It's worth noting, however, that public transit alone may not solve the employment challenges facing the poorest segments of the population, with some research indicating that access to transit improves the employment prospects of welfare recipients but other studies showing mixed results, probably because of other employment barriers facing this group.¹⁴

10 Federal Transit Administration, Public Transit in the United States, June 2009, website, http://www.fta.dot.gov/publications/reports/other_reports/publications_134.html.

11 Data from the Census Bureau's American Community Survey for 2005-07.

12 Metropolitan Council, Metropolitan Council Transit Rider Survey: Data and Methodology Report, April 2006.

13 The Census Bureau used data from the American Community Survey for 2005 through 2007 to estimate the median household income in the Twin Cities metropolitan area at \$66,866 in 2007 dollars. The \$60,200 level for 2005 is calculated from this 2007 amount, using the Consumer Price Index to account for inflation.

14 Yingling Fan, "Work in Progress: Why Are We Losing the War Against Spatial Mismatch and Will Integrated Land and Transit Development Create a Winning Opportunity?" University of Minnesota, unpublished, May 2009, p. 5.

Transit reduces the financial burden of transportation for low-income households. For all households, not just low-income ones, the Center for Transit Oriented Development reports that transportation's share of the average budget drops 10 percentage points for households with good access to transit – from about 20 percent to about 10.¹⁵ And, of course, reduced transportation costs matter significantly to low-income households. Households that use transit can avoid the very high costs of owning a car or a second car. AAA estimates that in 2009 the annual costs of owning and operating a newer model car, driven 15,000 miles a year, amount to \$8,100 on average.¹⁶

Transit in much of Greater Minnesota – aside from the larger communities – depends upon options other than fixed-route bus service. In Minnesota's many smaller communities and rural areas, fixed-route transit service is very limited or lacking and often problematic at best because these locations don't have concentrations of destinations or riders. Heavily subsidized by the federal and state governments, transit service in sparsely populated areas is wisely targeted to those facing significant transportation challenges, including frail and elderly residents, individuals with disabilities, and low-income riders. Key transit services in much of Greater Minnesota include dial-a-ride service, rides from volunteer drivers, and bus trips from town to town.

Fixed-route transit works best in densely settled urban areas with clusters of jobs or other important destinations.¹⁷ The concentration of trip end points is particularly important, allowing buses or trains to deliver riders to centralized transit stops where they can walk to their final destinations nearby. Transit riders need drop-off points that are walkable – where walking is convenient and safe. And clustered destinations make transit trips faster. Concentrated housing works well for transit, too, allowing buses or rail cars to pick up large numbers of riders at a limited number of stops, although clusters of riders can be created even in areas without dense settlement via park-and-ride lots at transit stations. Fixed-route service works well in Minneapolis and St. Paul and nearby suburbs and in some of the larger cities in Greater Minnesota, as demonstrated by Rochester, St. Cloud, Duluth and others.

Practically speaking, fixed-route transit service in the outer suburbs is largely limited to commuter runs from those suburbs to urban job centers and back, as it stand now. Outlying suburbs, and even some close-in ones, lack the necessary concentrations of trip endpoints to attract transit riders from the city or from other suburbs. Unlike the highly concentrated jobs in downtown locations, for example, jobs in outlying suburban areas are often scattered and not easily accessible from central transit stops. Transit providers cannot run cost-effective routes that stop at many discreet and scattered job sites. Even if such routes were offered, transit-dependent riders would likely find the time required for these trips to be impractical.¹⁸ Plymouth MetroLink in suburban Minneapolis organized bus service designed to bring workers to jobs in Plymouth but discontinued the service in part because the transit system wasn't extensive enough to drop riders off near their specific jobs sites. In the case of light and commuter rail lines and, perhaps, bus rapid transitways, however, transit stations might spur the concentrations of destinations in outlying areas and make transit workable.

When it comes to transit service, buses stand out as critical to persons with low incomes and limited transportation options. National experts note that low-income transit riders are more likely to use bus than rail service.¹⁹ And at present in the Twin Cities area, buses carry far more passengers than do light rail trains. Consequently low-income transit users benefit from improvements in frequent, reliable and easy-to-use bus service on regular routes in urban areas. Metro Transit in particular must be certain that investments in light and commuter rail lines do not come at the expense of vital bus service. Transit history includes tensions along race and income lines regarding the equity of

15 Abigail Thorne-Lyman, Alison Nemirow, Jeff Wood and Robert Hickey, *Realizing the Potential: One Year Later – Housing Opportunities Near Transit in a Changing Market*, Center for Transit Oriented Development, December 2008, p. 7.

16 AAA, *Your Driving Costs: 2009 Edition*, AAA Association Communication, 2009, p. 6. Estimate uses data on top-selling 2008 models and assumes gasoline prices at \$2.30 a gallon and car loans at 6 percent interest.

17 Blumenberg and Manville, p. 183.

18 Carol Becker of the University of Minnesota's Humphrey Institute and formerly with the Metropolitan Council, in correspondence, April, 27, 2009.

19 Margy Waller, *High Cost or High Opportunity Cost? Transportation and Family Economic Success*, Brookings Institution, December 2005, p. 2; and Rosenbloom, Sandra, "The Equity Implications of Financing the Nation's Surface Transportation System," *TR News*, March/April 2009, p. 7; and Evelyn Blumenberg and Michael Manville, "Beyond the Spatial Mismatch: Welfare Recipients and Transportation Policy," *Journal of Planning Literature*, 2004; 19, p. 195.

light rail and bus services. For example, during the early 1990s the Los Angeles transit authority, in focusing on rail for higher income commuters, was spending only 30 percent of its resources on bus service even though 94 percent of its riders rode buses.²⁰ When light rail lines are constructed, transit providers need to connect bus routes to the rail service – as Metro Transit did for the Hiawatha line – in order to better connect the broad population of transit riders.

Low-income people often use transit for their commutes to work until they can afford to purchase or lease a car. Research into the employment impacts of the federal government’s Job Access Reverse Commute program for low-income people finds that program participants switch from transit to cars in about five years time after securing employment and amassing the funds needed to buy a vehicle. While cars remain the preferred way to travel at present, transit service has a significant and long-lasting impact on the economic prosperity of these low-income workers by giving them initial access to employment and boosting their incomes.²¹

Transit stands out as one key way to better connect low-income Minnesotans to jobs and other important destinations, but not the only way or even, at present, the main way. Low-income Minnesotans are much more likely than most to use transit, but at present only a limited share of them do so. When it comes to job trips, for example, recent Census data show that about three-fourths of workers from poor households drive or rideshare to work both statewide and in the Twin Cities.²² That’s not surprising, given current transportation infrastructure and land-use patterns, with their emphasis on cars and car travel. For some low-income workers, trips to work via transit may prove difficult. Buses might not run during the off-peak hours that are common for many entry-level jobs, and working parents may not be able to link their trips to work via transit with stops at other key destinations, including child care locations. Nevertheless with transit ridership trending upward and the growth in car travel now slowing, transit use will likely increase over time for all Minnesotans, low-income residents included.

Ideas on Policies and Approaches for Increasing Transit Service to Low-income Minnesotans

Rigorously pursue transit service and improvements aimed at upgrading transportation for Minnesotans with low incomes and limited options. Economically, low-income Minnesotans benefit tremendously when transit service connects them to job opportunities. Businesses, too, benefit from access to workers. And the broader society benefits both from economic gains that result when Minnesotans join or stay in the productive workforce and from reduced costs for public assistance. An in-depth study of transit services offered just for welfare recipients and low-income riders through the federal government’s Job Access Reverse Commute (JARC) initiative found the benefits to society exceeded program costs. JARC participants themselves realized tremendous gains, with estimated benefits totaling \$15 over an average work life for \$1 spent on JARC in the base year.²³ Transit service to other important destinations – health care locations and education and training facilities, for example – greatly affects the quality of life and economic outlook for low-income Minnesotans, persons with disabilities and the elderly. Minnesota and its public transit agencies should redouble their commitment to serving those most dependent on transit.

Ramp up fixed-route transit service in the Twin Cities to better serve low-income riders. Low- and moderate-income Minnesotans in the Twin Cities will be better able to reach jobs and other important destinations if available transit service is faster, more direct and more frequent. When it comes to employment, much of the growth in new jobs recently has occurred in scattered, outlying suburban locations that are hard to reach via transit, but a sizable share of the existing jobs and some new ones are found in core employment centers within central cities and established suburbs already served by transit. A 2009 report from the Metropolitan Council shows that 30 percent of the region’s jobs are located in Minneapolis and St. Paul and another 41 percent are located in developed suburbs.²⁴ The Met Council in 2000 mapped entry-level jobs throughout the Twin Cities area and found 30 percent of them in

20 Thomas Sanchez, Rich Stolz and Jacinta S. Ma, *Moving to Equity: Addressing Inequitable Effects of Transportation Policies on Minorities*, Harvard College, 2003, p. 15.

21 Thakuriah, Sriraj, Sööt and Persky, pp. 7-46 and 8-1.

22 Growth & Justice calculations based on Census Bureau data from the American Community Survey for 2005 through 2007.

23 Thakuriah, Sriraj, Sööt and Persky, p. 8-2.

24 Metropolitan Council, *MetroStats*, January 2009, p. 3.

Minneapolis or St. Paul alone.²⁵ Some – but by no means most – of the suburban jobs are clustered close-in at, for example, the Mall of America and the airport. And others are located along main roads where buses run. To make transit an option for low-income workers, better transit service is needed from areas with concentrations of low-income Minnesotans, as the Met Council noted in a 2007 action plan that flagged the difficulty that residents of such areas have reaching destinations within an hour’s time. The council’s plan also noted the importance of off-peak transit service to get entry-level workers to jobs that start and end outside the typical work hours.²⁶ In some cases, Metro Transit and other transit operators may need to use smaller vehicles, rather than standard buses, for service where ridership is modest.

Improve and expand transit service in Greater Minnesota, especially for persons with disabilities, the elderly and low-income residents who depend upon it most. Public transportation agencies outside the Twin Cities metropolitan area provided 10.3 million rides in 2007 – a sizeable number, about equal to the rides now delivered annually by the Hiawatha light rail line serving the Minneapolis area. Improving transit for low-income residents in Greater Minnesota’s urban areas involves some of the same issues noted for the Twin Cities, including faster, more direct and more frequent traditional bus service. However transit in much of Greater Minnesota, especially the less-dense areas, often involves service beyond traditional bus routes, depending instead on such services as dial-a-ride transportation and rides from volunteer drivers. When it comes to transit in much of Greater Minnesota, problems exist and need to be addressed. Despite the importance of transit, five of the 80 counties of Greater Minnesota still have no transit service at all.²⁷ And in many Greater Minnesota locations, transit service is county specific, so transit operators won’t take residents across the county line to reach key destination points. In sparsely populated areas of Greater Minnesota, transit should focus first and foremost on serving people who face the greatest transportation challenges – low-income residents, persons with disabilities and the elderly. The Midwestern Governors Association cites the importance of transit to elderly rural residents in particular and calls for transit as a strategy to help keep the elderly in their homes and out of expensive nursing care facilities.²⁸

Strongly emphasize travel for low-income Twin Cities residents in the planning and development of the metropolitan area’s rail transit system, bus rapid transit lines and transit hubs. Light rail lines and other dedicated transitways have the potential to ease congestion, attract new riders and make the bus-and-rail system as a whole more comprehensive and better connected. Transit improvements benefit the broader population of the area, but they are of particular importance to low-income residents who depend more on transit. Too often in recent years, capital investments in transit – especially light rail lines – have focused on commuter service for higher-income riders, bypassing low-income neighborhoods and the residents who depend most on transit. As public agencies here consider the rationale, routes and timing for new bus rapid transit routes, light rail service and commuter rail lines, high priority must be placed on the needs of low-income transit riders so that they gain from these significant public-sector investments.

Charge affordable fares for transit. The 2009 report from Minnesota’s Legislative Commission to End Poverty notes the importance of keeping transit fares affordable, even if doing so would require additional subsidies.²⁹ Not surprisingly, fare charges matter to Minnesotans with limited incomes. Sales taxes from motor vehicles provide a significant share of the state funding for transit operations, but lagging car sales and declining revenues from motor vehicle sales taxes forced a 2008 fare increase for Metro Transit riders in the Twin Cities. Action by the Minnesota legislature averted an additional fare hike for 2009. Metro Transit already depends upon transit fares for a greater share of its operating costs than do all but two of 11 peer cities – 28.8 percent in 2006, compared to a peer-city average of 22.1 percent and a low of 12.4 percent in Dallas.³⁰ In a constrained fiscal environment, the need to keep fares affordable for low-income transit riders becomes a balancing act because low-income Minnesotans also need quality transit services, both in the Twin Cities and statewide.

25 Metropolitan Council, Access to Jobs: Transportation Challenges in Welfare to Work.

26 Metropolitan Council, Public Transit and Human Services Transportation Coordination Action Plan Twin Cities Metropolitan Area, pp. 23 and 30.

27 Minnesota Department of Transportation, Office of Transit, pp. 1-2.

28 Midwestern Governors Association, Surface Transportation Recommendations. March 2009, p. 17.

29 Minnesota Legislature, Legislative Commission to End Poverty in Minnesota by 2020; Final Report, January 2009, p. 45.

30 Metropolitan Council, 2007 Twin Cities Transit System Performance Evaluation, February 2008, p. 40.

Post route information at transit stops to make buses easier to use. Steps that better inform bus riders about routes and schedules can make transit easier and more practical to use.³¹ This is true for all transit riders, of course, but may be particularly important for transit-dependent Minnesotans who must use varied routes to reach a variety of important destinations. Metro Transit offers a fast, easy-to-use and detailed online trip planner. That’s a plus. Still, most Metro Transit bus stops don’t post bus schedules or route maps. More at-the-stop route information would help users of fixed-route service in the Twin Cities and in other urban areas of the state.

Continue to improve coordination between public transit and public agencies that provide services to Minnesotans in need of assistance. In 2005, the federal government added a provision to federal transportation law requiring locally developed and coordinated plans linking public transportation with human services. The federal government’s recently established United We Ride program also has spurred collaboration among transit providers and other public agencies and human services organizations, allowing for one-stop transportation assistance. Early successes with this coordinated approach – including initiatives in the Fargo-Moorhead area aimed at mobility for people with disabilities and job access for low-income residents – show the potential of linked planning and delivery.³² Greater and broader gains are possible.

Use dial-a-ride transit in places and circumstances where fixed-route transit proves impractical. The per-rider cost of providing transit service to users who phone in for rides far exceeds the cost of fixed-route transit service.³³ But dial-a-ride still makes sense in areas that lack the density needed to support cost-effective, fixed-route transit and for service throughout the state to Minnesotans with disabilities, including physically restricted elderly residents. Dial-a-ride is particularly important to transit service in much of Greater Minnesota, but some areas lack dial-a-ride options. In the Twin Cities, the Metropolitan Council has contracted with a patchwork of private dial-a-ride providers to augment service from its own handicap-accessible Metro Mobility vehicles, but this patchwork approach has led to service gaps, service boundary issues, inconsistent policies and fares, and fiscal problems and mismanagement. Met Council is overhauling its dial-a-ride service to improve offerings to those truly in need of customized service and to better integrate that service into the regular transit system.³⁴

31 Blumenberg and Manville, p. 194.

32 Wade Kline, phone interview, June 4, 2009.

33 Blumenberg and Manville, p. 193.

34 Katie Humphrey and David Peterson, “Dial-a-ride Fix Could Strand Metro Riders,” Minneapolis StarTribune, June 14, pp. A1 and A12.

Cars are common and costly. They emit climate-changing greenhouse gases, clog the roads with congestion, and impose heavy financial burdens for ownership and upkeep on households with modest and low incomes. But with federal, state and local transportation policy focused for the last half century on car travel, it's not surprising that people depend primarily on cars to get around. Not surprising either that communities have been shaped by car travel in ways that make transit challenging.³⁵ Under these circumstances, cars remain an important element of the transportation equation for low-income Minnesotans traveling to jobs and other important destinations, even as Minnesota strives for increased travel options and decreased reliance on the automobile. As University of California researchers Evelyn Blumenberg and Michael Manville write, "If the landscape of the United States dictates that a car is necessary for economic success and self-sufficiency, it seems neither fair nor pragmatic to discourage auto ownership among the poor while expecting them to climb beyond poverty."³⁶

At present, cars are the primary mode of transportation for most low-income people. Census data show that among Minnesotans from households below the poverty level, about three in four people drive or carpool to work, while among Minnesotans from households above the poverty level, nine in ten do so. Those levels hold for residents of both the state as a whole and the Twin Cities metropolitan area.³⁷ Minnesota's landscape – and indeed, the nation's – makes cars necessary for many households at all income levels. Car ownership offers time savings and convenience that transit service can't match under most circumstances at present. And in the rural areas of Greater Minnesota, car travel often stands alone as the only practical transportation option available in the here and now. At the same time, cars put significant strains on household budgets, with most low-income households owning older cars that often require extensive repairs and higher maintenance costs while offering less reliability than newer models.³⁸

Some Key Points about Cars, Their Use and Their Impact on Low-income People

Low-income people with cars are more likely to be employed. Researchers have examined the impacts of automobiles on employment and find that low-income people with cars are better able to find and keep jobs.³⁹ The evidence for this, say Blumenberg and Manville, is "diverse and persuasive." Cars are linked to employment for low-income residents of both auto-dependent communities and compact cities with strong transit systems. For welfare recipients, car ownership has been found to be a better predictor than transit of who is most likely to find jobs and move off public assistance. These research findings may be complicated by issues of causality – perhaps car ownership improves employment prospects, or perhaps employment and employment prospects improve the likelihood of car ownership. Several studies that worked to control for this problem still found that car ownership was an important factor for employment.⁴⁰

Cars offer a range of advantages for connecting low-income people to important destinations. Cars can take people to end points not served – or not served well – by transit. When it comes to employment, cars allow users to search for and reach jobs in a wide geographical area. By using cars rather than transit, people are better able to work jobs with irregular hours or take shifts during off-peak hours on weekends and evenings when transit service slows. A car may allow a low-income worker to take two jobs or handle double shifts. For small, rural communities and outlying suburban locations, cars may be the only transportation option available. With cars, people can more easily link trips to a range of important destinations and, for example, drop off children at a child care center on the way to

35 Blumenberg and Manville, p. 197.

36 Blumenberg and Manville, p. 197.

37 Census Bureau American Community Survey 2005-07. Percentages for driving or sharing rides to work are 73.0 percent for Minnesotans below the poverty level in the Twin Cities metropolitan area and 76.0 percent for all Minnesotans below the poverty level, and 89.0 percent for Minnesotans above the poverty level in both the Twin Cities and the state as a whole.

38 Blumenberg and Manville, p. 198.

39 Fan, p. 10.

40 Blumenberg and Manville, pp. 196-7.

work or shop for groceries on the way home. Cars may provide a greater sense of safety for travel after dark, a factor likely to be important for women in particular.⁴¹ And the mobility that cars allow can help low-income workers find new jobs as they seek to increase their incomes through changes in employment.⁴²

For low-income workers – and for workers in general – the time required for a commute to work matters more than distance traveled. A long commute, in terms of distance, is not an obstacle if workers can complete it quickly, but a short commute that requires extended time is problematic, for the poor as well as for all workers. In many cases, travel by car requires less time than travel by transit.⁴³ This again reflects a landscape shaped by automobiles since the first half of the 1900s.

Non-profit car ownership programs help some low-income households secure vehicles that they otherwise couldn't afford, but such programs are small in scale, especially when compared to the regular used-car market. Nonprofits in Minnesota and nationwide offer programs that help low-income households secure cars. These low-income car-ownership programs acquire vehicles and distribute them to low-income people, provide or arrange financing for low-income car purchases, and sometimes supplement household savings for car purchases. Some programs offer support services, such as assistance with car repairs and with the car purchasing process.⁴⁴ While very valuable to a limited number of low-income families, these programs are only able to serve a small fraction of those seeking help.⁴⁵ In fact the Greater Twin Cities United Way in 2009 will end a short-lived low-income car-ownership program because the agency has been unable to reach a scale deemed practical.⁴⁶ A national organization called Opportunity Cars reports that its network of more than 150 non-profit organizations in 33 states helped more than 10,000 families obtain affordable cars in 2005, significantly increasing the mobility and economic opportunity for those households.⁴⁷ For that same year, Global Vehicle Remarketing reports nationwide used vehicle sales of 44.1 million at an average price of just under \$8,000.⁴⁸ Certainly not all used car buyers are low-income, but undoubtedly low-income households account for a sizeable segment of all buyers, making used car sales important for people with limited incomes and in need of mobility.

Despite the benefits of car ownership, the costs involved create financial hardship for low-income households. Cars come at a cost. Low-income households with cars spend a significant share of their limited income on the initial purchase, loans for financing, insurance fees, maintenance and repairs, and gas. Low-income car buyers often face higher-than-average costs for car loans and insurance because of income levels and poor credit ratings.⁴⁹ And affordable used cars come with higher annual outlays for maintenance and repair. Driving a car, it turns out, is the most expensive way to travel to work.⁵⁰ A 2006 study of housing and transportation costs in major U.S. metropolitan areas reported that families in the Twin Cities with low-to-moderate incomes of \$20,000 to \$50,000 a year overwhelmingly used cars for their trips to work and were estimated to spend, on average, \$10,000 annually for transportation.⁵¹ No wonder many of the state's poorest households forego car ownership. A 2000 Metropolitan Council study on transportation found that only 25 percent of the welfare recipients in Minneapolis and St. Paul and only 45 percent of welfare recipients in the Twin Cities area suburbs had access to a car for the commute to work.⁵² The most recent Census Bureau estimates show 6.8 percent of the households in the seven-county metro area and 6.5 percent of the households statewide had no vehicle available, looking at households of all income levels and residents of all ages.⁵³ Increased awareness of the costs of car ownership might prompt more low-income Minnesotans to seek out alternatives, including transit.

41 Blumenberg and Manville, p. 197.

42 Thakuriah, Sriraj, Sööt and Persky, pp. 7-46.

43 Blumenberg and Manville, p. 187.

44 Blumenberg and Manville, p. 187.

45 John W. Alst, *Fueling Fair Practices: A Road Map to Improved Public Policy for Used Car Sales and Financing*, National Consumer Law Center, 2009, p. 10.

46 Marcia Fink, Greater Twin Cities United Way, phone interview, June 4, 2009.

47 Opportunity Cars, "Opportunity Cars helps with low income auto loans," website viewed June 2009, http://www.opportunitycars.com/low_income_auto_loans.htm.

48 Global Vehicle Remarketing, 2005 In Review, no publication date, p. 15.

49 Waller, p. 4.

50 Roberto, p. 8.

51 Lipman, p. 4. The report categorizes low and moderate incomes as family incomes ranging from \$20,000 to \$50,000 a year.

52 Metropolitan Council, *Access to Jobs*

53 Data from the Census Bureau's American Community Survey for 2005-07.

Ideas on Policies and Approaches for Assisting Low-income Minnesotans with Car Ownership

Continue to exempt vehicles from asset limits for state programs that assist low-income families, and consider options for expanding those exemptions. For a long time, federal and state governments imposed eligibility requirements for public assistance programs that strictly limited the value of the cars owned by program participants. These requirements made it difficult for low-income families to keep newer, more reliable cars and, in effect, ignored the importance of cars to their employment prospects and long-term economic success. States now have the flexibility to adjust vehicle asset requirements for federal-state assistance programs, and most have made it easier for participants to keep good cars. Minnesota's welfare program – the Minnesota Family Investment Program – imposes asset limitations on program participation, of course, but the exemptions include a loan value of \$15,000 for the first vehicle and a combined loan value of \$7,500 for any additional vehicles. The program exempts from the asset rule the value of any vehicle used at least 50 percent of the time to produce income.⁵⁴ However some in the state legislature have sought to reduce vehicle asset exemptions. The governor and the Minnesota House in 2009 proposed a cut by half in the allowed loan value for cars, but the measure was not adopted. Even as it stands, Minnesota's approach is more restrictive than that imposed in some other states, including Alabama, Ohio, Kansas, Utah and Maryland, all of which exclude the value of all vehicles when determining eligibility for cash assistance programs.⁵⁵

Improve consumer protections for used car buyers as a way to assist low-income Minnesotans. Most low-income Minnesotans who purchase cars buy them in the regular used car market. Nationwide, U.S. residents bought about 25 million used vehicles from dealers and more than 11.5 million from private individuals during the recession year of 2008, down about 5 million from total used car sales in 2007.⁵⁶ With tens of millions of used cars sold in the United States every year, the buying process is critically important, particularly for economically challenged low-income households. As it stands, Minnesota is one of only a few states that protect used car buyers with a law providing warranties for some sales. However used car sellers can sidestep this warranty law entirely by selling their vehicles “as is.” The National Consumer Law Center urges states to institute consumer protections for used car buyers, particularly in light of high-pressure sales tactics, questionable financing practices and high transaction fees. Buyers could benefit from bans on “as is” used car sales, protections against unreasonable interest rates and financing arrangements involving kick-backs, prohibitions against penalties for paying off car loans early, regulation against high fees for transactions and documents, and requirements for a cooling-off period before a used-car sale is final.⁵⁷

Tap into and support the non-profit organizations that help low-income Minnesotans with car ownership. Minnesota has low-income car-ownership programs operating in urban, suburban and rural locations statewide, including 15 that are part of the Opportunity Cars network.⁵⁸ Although these programs reach a limited number of low-income families, they have a significant impact on those they serve. State and local governments in Minnesota should explore ways to make cars from their fleets available to these programs when those cars are being retired from service. The use of government fleet cars for low-income car-ownership programs has been identified as an important innovation at the national level.⁵⁹

Consider using government funding to capitalize low- or no-interest car loan programs for low-income Minnesotans. Wisconsin's Employment and Transportation Assistance Program has tapped into state and federal dollars to help capitalize a no-interest car loan program now run by one of the state's community action programs (CAP). Southwest CAP makes about 50 car loans a year of up to \$4,000 each to low-income residents in its service area through its Work 'n Wheels program, which began in 2001. The agency uses revenues from the loan repayments to finance new lending. Five other community agencies in Wisconsin have worked with Southwest CAP to set up their similar car loan programs.⁶⁰

54 Minnesota Department of Human Services, Combined Manual, May 2009, pp. 15.39 and 15.54.

55 Center on Budget and Policy Priorities, State Vehicle Asset Policies in the Food Stamp Program, Revised July 1, 2008, p. 2.

56 ADESA Analytical Services, Pulse: Latest Economic Indicators 2008, March 2009, p. 14.

57 Alst, pp. 4 and 12 to 18.

58 For a listing of Minnesota programs in the Opportunity Car network, go to <http://www.opportunitycars.com/locator/index.php>.

59 National Economic Development and Law Center, p. 29.

60 Jeff Segebrecht, Southwest Community Action Program, phone interview, June 19, 2009.

Capitalize on car sharing programs in the Twin Cities to spur access to vehicles by low-income households.

Car sharing programs, which charge annual fees plus hourly and per-mile rates, offer an alternative, low-cost way for people to use a vehicle without incurring the ongoing costs of ownership. HourCar operates in Minneapolis and St. Paul, and Zipcar accepts participation from students at the University of Minnesota in the Twin Cities and from others affiliated with the university. Because rates are based in large part on hours of use, car sharing works better for quick trips to important destinations rather than regular commutes to work.

Pursue policies longer term that increase travel options for low-income households and reduce their need to depend on costly cars. Increased options within the transportation system greatly benefit people with low incomes and limited transportation choices. Low-income Minnesotans are more likely to lack cars altogether, and the costs of car ownership eat into a larger share of their limited budgets. For this reason, travel modes beyond private car ownership – transit, rideshare arrangements, car-sharing programs and bike routes, for example – disproportionately benefit people with low incomes and limited transportation options.⁶¹

61 Todd Litman, *Evaluating Transportation Equity: Guidance For Incorporating Distributional Impacts in Transportation Planning*, Victoria Transport Policy Institute, July 19, 2007, p. 33.

Ridesharing in Carpools and Vanpools

Talk of transportation modes generally focuses on cars and transit, but when it comes to commuting, a surprisingly large percentage of workers in general and low-income workers in particular depends upon shared rides. In fact, more workers use carpools and vanpools than public transit, according to journey-to-work data from the Census Bureau for 2005-07. Among Minnesotans in poverty, 13.3 percent of workers outside the Twin Cities area pool their trips to the job site, compared to 3.2 percent who use public transit. In the seven-county developed area of the Twin Cities, 15.8 percent of area workers in poverty rideshare, compared to 13.5 percent using transit. Not surprisingly, it is more common for poor workers to pool their rides than for workers with incomes above the poverty line.⁶² The often-overlooked carpools and vanpools constitute an important transportation arrangement for Minnesotans with low incomes and limited transportation options.

Some Key Points about Ridesharing

Carpools are the most common form of ridesharing but usually are privately organized and therefore difficult to track and measure. They are an important option for shared rides but more difficult to organize when job sites are spread out, as has increasingly been the case in recent decades. In many cases, carpools consist of persons from the same household who drive into work together, with one worker dropping the other off at a job location before traveling to their own employment site. Transit agencies in the state encourage carpools, with, for example, the Duluth Transit Authority website linking to the eRideshare.com carpool coordination service and MetroTransit in the Twin Cities providing ride match help and offering registered carpools occasional guaranteed rides home and free or reduced parking at some locations. The formalized Twin Cities area carpool program has 3,700 registered carpools.

Often private companies and social service organizations coordinate and operate vanpools. Companies may set up vanpools to help workers reach their job sites, sometimes from communities located some distance from the company location. Vanpools generally work best when organized for a specific worksite, so that all riders are headed for the same destination. Vanpools may be particularly useful for workers on the job for shifts that start very early in the morning or run into night hours – times when transit may not be an option. Many private social service organizations offer vanpools to help their clients reach jobs, health care or social service locations. For example, EMERGE in Minneapolis offers workforce programs and, as part of its employment-oriented mission, providing around 30,000 rides to job sites each year.⁶³ United Way funding often helps support vanpool efforts by social service agencies. In 2004, United Way counted 107 agencies in the metro area with in-house transportation operations – agencies that together had about 1,000 vehicles making runs.⁶⁴

The Metropolitan Council in the Twin Cities sponsors and partially subsidizes vanpools for workers through its Van-Go! program. Under the program, the Met Council pays 55 percent of the cost for leasing a vanpool van, with riders splitting the remaining lease charges, as well as the costs of fuel and parking. Vanpools range in size from five to 15 people. Vanpools routes must not duplicate services offered through regular public transit service. For vanpools that originate outside of the Met Council's seven-county area, the program taps into the federal funding provided to the State of Minnesota for the Job Access Reverse Commute initiative. Participants in the program's registered vanpools also qualify for occasional guaranteed rides home and reduced parking at some locations. And Van-Go! offers ride-matching assistance. Expenses typically total \$100 per vanpool participant per month – not an insignificant amount for workers with low incomes, but far less expensive than owning and operating a car and even cheaper, on average, than transit fare for express bus service. Through the Van-Go! program, the Met Council can

62 Census Bureau American Community Survey 2005-07.

63 Dawn Williams, EMEGE, interview on May 13, 2008.

64 Metropolitan Council, Public Transit and Human Services Transportation Coordination Action Plan Twin Cities Metropolitan Area, p. 38.

offer to pay part of the lease for up to 75 vans and was doing so for 63 as of June 2009. Another 30 privately owned vans were registered with the Van-Go! program, with these private vanpool participants receiving some of the program benefits but not leasing through Van Go! In 2008, the vanpools using the Van-Go! lease subsidy accounted for 209,000 passenger trips.⁶⁵

Ideas on Policies and Approaches for Increasing Shared Rides among Low-income Minnesotans

Increase public-sector efforts to promote carpools and vanpools and match up riders. While many shared rides are arranged among co-workers and others who know each other, other carpool and vanpool arrangements involve matching potential participants. Organized and coordinated public sector ride match services – already offered in some areas of the state – could potentially boost rideshare activities. An increased commitment to vanpools and carpools by public agencies, including expanded marketing efforts, might greatly increase rideshare participation. In the Seattle area, where the metro population is about the same as that of the Twin Cities, the transit service operates a vanpool initiative with 900 vans, helped along by significant resources and by a state government rideshare program.⁶⁶

Expand government-supported vanpools in Greater Minnesota to better serve riders with low incomes and limited transportation options. The Transit Office of Minnesota’s Department of Transportation recognizes the value that vanpool service could hold for many areas of the state. As noted in the state’s draft transit plan for Greater Minnesota, “Setting up formal vanpool or general carpool services in Greater Minnesota beyond the Twin Cities Metropolitan Area holds great potential. A vanpool program increases accessibility and mobility by providing regular transit services in a low-density rural area where other transit services may not be economically feasible.”⁶⁷ Targeting vanpool service to low-income Minnesotans in sparsely populated rural areas could boost their access to employment.

Investigate the feasibility of expanded vanpool service in areas of the Twin Cities where traditional transit service proves difficult and destinations are of interest to low-income workers. Vanpools offer an economically feasible way to better connect low-income Minnesotans to jobs in sparsely developed suburban employment locations, or to move them from outlying suburbs to job opportunities. The vanpools are a practical transportation mode, too, for low-income workers with early or late employment hours. While the 90-some vans registered with the Metropolitan Council’s Van-Go! program help some Twin Cities area workers share rides, many more workers likely could be served if the council or the state invested more in program marketing.

Seek ways for state and local governments to support and encourage rideshare arrangements by private companies and social service organizations. Some companies and agencies find transportation to be a major challenge for their workers and clients. Assistance from government with rideshare information, coordination and perhaps even funding makes sense when the riders are low-income Minnesotans.

65 Information on the Van-Go! program obtained from a phone interview June 22, 2009, with Randy Rosvold, program manager with Metropolitan Transportation Services and from the Van-GO! website at <http://www.metrocouncil.org/planning/transportation/VanGo/vango.htm>.

66 King County Metro Transit, “America’s Leading Public Vanpool Provider – and Getting More Popular All the Time,” website, viewed June 5, 2009, <http://transit.metrokc.gov/tops/van-car/vanpool.html>.

67 Minnesota Department of Transportation, Office of Transit, pp. 3-17.

Why and how people travel relates not only to the transportation modes available but also to the structure of communities – where people live, where important destinations are located, and what routes may be used to move from place to place. Current travel preferences and patterns reflect the decades-long emphasis at the federal, state and local government levels on fast car travel across extended distances. Not surprisingly then, car travel works best for most people in Minnesota and nationwide because cars have shaped decisions about land use and destination locations.⁶⁸ Conversely, cost-effective, fixed-route transit works well in many well-traveled corridors with clustered destinations, but transit provides limited or no access to many locations, making affordable transportation difficult for low-income individuals.

In the short term, better connections to important destinations for low-income Minnesotans must address traditional transportation strategies, including transit improvements, increased access to affordable cars and better rideshare options. But to dramatically improve access and travel in the long term, Minnesota also must now wrestle with transportation policy challenges related to how land is used and how communities are structured. A move to more carefully designed communities could make it far more feasible for low-income Minnesotans – and everyone – to reach destinations via transit, shared rides, bikes and walking.

Some Key Points about Land Use Patterns and Their Impacts

Transit works best for moving people to jobs when those jobs are concentrated in centralized locations, but employment growth patterns for the Twin Cities and other urban areas in Minnesota point to increasingly decentralized employment locations. Data available for the Twin Cities area highlights the trend: Minneapolis and St. Paul accounted for more than half of all jobs in the Twin Cities area in 1970 but less than a third by 2000 and will comprise only about a quarter of the total by 2030 if current patterns don't change and projections hold. Meanwhile the share of jobs in developing areas of the metro region is projected to rise from about 6 percent in 1970 to more than 28 percent in 2030.⁶⁹ Twin Cities metro area employment trends for 2000-08 show job losses in the central cities and developed suburbs of about 44,000, offset by job gains of about 56,000 in developing communities,⁷⁰ meaning that Twin Cities jobs are growing in low-density areas hard to reach by transit. This makes access difficult for persons with low-incomes and limited transportation options. Job growth in other major Minnesota cities seems to follow a similar pattern of decentralization.

In some cases, state law and government policies designed to protect Minnesota landowners deter transit-oriented developments that could spur affordable housing near key transit hubs. Some communities elsewhere in the county tap into Federal Transit Administration (FTA) funding to secure land near transit stations for joint developments with private companies – developments that, as stated by the FTA, “produce the greatest level of social, economic and financial benefit to the transit system and the community it serves.”⁷¹ With this broad latitude, communities elsewhere have used eminent domain to take land close to new transit lines for construction and operations purposes and subsequently used it to encourage the development of low- and moderate-income housing. In Minnesota, however, a 2006 law restricted the broad definition of public use or purpose in ways that often rule out expansive land acquisitions for transit-oriented development and affordable housing. The 2006 restrictions also require that governments using eminent domain must offer to sell back to the private owner any land not used and no longer

68 Blumenberg and Manville, pp. 196-7.

69 Metropolitan Council, 2005 Twin Cities Transit System Performance Evaluation, October 2006, p. 18.

70 Metropolitan Council, Metro Stats, January 2008, p. 2.

71 Federal Transit Administration, U.S. Department of Labor, Capital Program: Grant Application Instructions, Circular 9300, Appendix B: Joint Development Projects, October 1998, p. 3.

needed for public purpose.⁷² In addition, ground rules and guidelines for other government entities, including Metropolitan Council preferences and policies, make transit-related joint developments difficult, sometimes even when land has been acquired through negotiations rather than eminent domain condemnations.

Efforts to locate jobs near low-income Minnesotans might not result in increased employment for them. Job markets extend beyond neighborhoods both for the residents seeking work and the employers who hire them. Access to employment locations matters greatly to low-income workers, but access may mean a simple transit trip or a car ride, even to locations some distance from home.⁷³ Research indicates that the proximity of jobs to poor people alone does not lead to employment because the issues are more complex than just location.⁷⁴ The proximity of jobs to residences more likely leads the low-income workers who hold those jobs to relocate closer to their employers, if affordable housing is available.⁷⁵ Studies of enterprise zones aimed at spurring job growth and employment prospects in distressed neighborhoods similarly show little support for the idea that poor residents in such zones will land nearby jobs by virtue of their location.⁷⁶ Indeed individuals face many employment barriers aside from location, including racism, mismatched skills, and weak connections to the social networks that foster employment opportunities.⁷⁷ While the proximity of jobs alone might not lead to employment for low-income workers, programs that train workers for nearby jobs may boost employment prospects, as demonstrated by the customized jobs training programs offered by the St. Paul Port Authority.⁷⁸

Households that locate in the outlying areas of urban regions in order to take advantage of lower real estate prices or rental costs spend much of what they save on housing to pay for higher transportation expenses. A 2006 study on costs in 28 U.S. metropolitan areas found that families in the Twin Cities with low and moderate incomes spent, on average, 57 percent of that income on housing and transportation combined, with slightly more going toward transportation costs than housing. The study notes that many low- and moderate-income working families in metro areas nationwide locate far from their places of work in order to lower their housing costs, but, as it turns out, for every dollar saved through lower housing costs, families on average spend an added 77 cents on transportation.⁷⁹ Transportation already constitutes a major household expenditure for low-income families. When real estate markets and land use patterns push affordable housing to outlying areas of the metro region, low and moderate income families pay the price in higher transportation costs. Interestingly some mortgage lenders have offered location efficient mortgages in select cities elsewhere in the United States, increasing the lending limits for borrowers locating in areas near transit and walkable destinations in recognition of their lower household costs for car ownership and travel.⁸⁰

Data for metro areas nationwide show low-income households make up a larger-than-average share of the residents near railway transit stations but spend a greater-than-average share of their income there for housing. A 2006 study from the Center for Transit Oriented Development presents these findings, based on data for households located within a half mile of some 3,300 light-rail, subway and other railway transit stations around the country. Low-income households likely locate near transit stations because they depend more on transit services. But the study notes that housing prices are higher near railway transit, so low-income residents face higher costs for housing near stations.⁸¹ As the light rail system and bus rapid transit routes in the Twin Cities expand, these nationwide patterns raise important concerns about the affordability of housing in the transit zones of Minnesota's main metropolitan area.

72 Minnesota Office of the Revisor of Statutes, Minnesota Session Laws 2006 – Chapter 214, Minnesota Legislature, website viewed July 2009, <https://www.revisor.leg.state.mn.us/bin/getpub.php?type=1&year=2006&sn=0&num=214>.

73 Blumenberg and Manville, pp. 183-74 and 194.

74 Blumenberg and Manville, pp. 185-7.

75 Jonathan Levin, "Rethinking Accessibility and Jobs-housing Balance," Journal of the American Planning Association, spring 1998, p. 133.

76 Joel A. Elvery, "The Impact of Enterprise Zones on Resident Employment: An Evaluation of the Enterprise Zone Programs of California and Florida," Economic Development Quarterly, Sage, February 2009, pp. 46 and 57.

77 Fan, p. 1.

78 St. Paul Port Authority, St. Paul Port Authority Helps Grow Family Trees, 2005 annual report.

79 Lipman, introductory page and p. 4. The report categorizes low and moderate incomes as family incomes ranging from \$20,000 to \$50,000 a year.

80 Location Efficient Mortgage, June 2009, website viewed July 3, 2009, <http://www.locationefficiency.com/faq>.

81 Center for Transit Oriented Development, Preserving and Promoting Diverse Transit-Oriented Neighborhoods, October, 2006, pp. viii and ix. The study counted as low-income those households with annual incomes of less than \$35,000.

Ideas on Policies and Approaches for Land Use

Use plans, policies and measures to encourage concentrated job locations in cities, including downtowns and centralized employment centers in the suburbs. The current pattern of employment sprawl in the Twin Cities region and some of Minnesota's other metropolitan areas undercuts the goal of fast transit service to more job locations and makes travel to jobs more difficult for Minnesotans with low incomes and limited transportation options. Useful steps include zoning changes, infill development, and the redevelopment of contaminated and abandoned sites. More concentrated development could increase access to jobs for low-income Minnesotans in the state's urban areas, but it could also save taxpayers money. For the Twin Cities area, the Metropolitan Council in 2004 estimated that hoped-for denser development along planned transit routes would reduce needed spending on water lines, sewers, roads and other infrastructure by more than \$2 billion over a 15-year period.⁸²

Recognize the importance of clustered destinations for transportation in Minnesota's smaller cities and towns. Even in smaller communities, the close location of key destinations increases the likelihood that Minnesotans with low incomes and limited transportation options can get to where they need to go by means other than driving a car. For practical reasons, transportation is easier if the traveler can reach several destinations – the doctor, the post office, the store – in one centralized area rather than requiring separate trips to scattered locations from, say, the dial-a-ride service or a volunteer driver.

Consider stronger state incentives for low-income housing near transit on development projects that request federal Low-Income Housing Tax Credits (LIHTCs). Low-income families benefit from development that preserves or creates affordable housing near transit. The federal government apportions LIHTCs to state governments for allocation among developers, who use them to help raise capital for the rehabilitation, construction and acquisition of affordable housing. Through the LIHTC process, state agencies have the flexibility to encourage certain types of low-income housing development in several ways, including project points awarded for specific criteria as part of the competitive scoring process. Unlike most other states – including Wisconsin, Illinois and Iowa – Minnesota does not award points for LIHTC proposals that put affordable housing near transit. The Minnesota Housing Finance Agency does, however, include transportation as a priority in the consolidated request for proposals that developers of low-income housing use to tap into LIHTCs and other funding and to participate in low- and no-interest loan options. As a rule, LIHTC-eligible projects that preserve existing low-income housing are more likely to involve units near transit, and Minnesota grants project points for affordable housing preservation through several elements of the review process. But the state does not set aside LIHTCs for preservation. Many other states, including all others in Minnesota's five-state area, set aside a share of their LIHTCs for projects that preserve affordable housing.⁸³

Pursue strategies to encourage and ensure affordable housing by light rail stations, other main transit routes and transit hubs in the Twin Cities area. Low-income Minnesotans benefit from affordable housing near transit – bus lines, light rail and other transitways. When it comes to light rail and bus rapid transit developments, officials cite increased transit access for low-income residents as an important benefit, but rising real estate values near transit stops can price these residents out of the housing market along such routes. Proactive measures are needed to secure affordable housing near transit stations. Success will require a mix of government programs, community development strategies and private development parameters. To help developers offer affordable housing, government agencies should dramatically streamline the approval processes for transit-oriented development that includes lower-cost housing. Fortunately the Twin Cities benefit from collaborative initiatives – funded by local, regional and national foundations – aimed at leveraging public-sector investment in the forthcoming Central Corridor light rail line for the benefit of existing businesses and residents, with a major focus on low-income households.⁸⁴ And plans for the area around the 38th St. station on the Hiawatha light rail line involve a community benefits agreement worked out by a neighborhood group and the developer, designed in part to ensure affordable housing.⁸⁵

82 Metropolitan Council, 2005-2008 Transportation Improvement Program for the Twin Cities Metropolitan Area, September 2004, p. 15.

83 Information on Minnesota's LIHTC priorities and process taken from Restoring Prosperity, State Policy Toolkit: Directing Tax Credit Allocations to Preserve Affordable Housing Near Transit, January 2009, pp. 1-2 and 6-7, and from a phone interview with Kasey Kier of the Minnesota Housing Finance Agency on June 29, 2009.

84 For more on the Central Corridor Funders Collaborative and Learning Network, visit the website at <http://www.centralcorridorfunders.org/>.

85 Thorne-Lyman, Nemirow, Wood and Hickey, p.75.

Consider ways to increase the flexibility that state and local governments have to shape transit-oriented development and joint development near transit, especially for affordable housing. To develop new light rail lines and other major transitways, regional governments purchase land and then sell off excess parcels after construction is completed. Metro-wide, regional governments in some states have sold this excess land in ways that encourage transit-oriented development and secure affordable housing near light rail stations. In Minnesota, eminent domain restrictions established in 2006 increase protections for private land owners but also deter some transit-oriented development. And the Metropolitan Council has no formal joint development policy for real estate development on its land, including excess land near transitways. Historically the council has not taken an active role in purchasing land in and around transit stations that is used later for development. Changes to state law and Metropolitan Council policies – changes specifically aimed at transit-related land and development – might boost affordable housing options near transitways, particularly for the light rail lines and bus rapid transit routes now in the planning stages.⁸⁶ Without changes, the Met Council will have difficulty taking advantage of the Federal Transit Administration’s joint development guidelines, which now specifically encourage transit authorities to assemble land and even construct building shells for affordable housing and other development that may then be leased or sold to private developers.

Design and build streets that work well not only for cars but for all users, including transit vehicles, pedestrians and bicyclists. For too long, street design has focused almost exclusively on cars and not enough on the other modes of transportation that offer low-income Minnesotans affordable alternatives for getting from one place to another or for reaching transit stops. Walking and biking in particular stand out as low-cost transportation options, distance permitting. But too often streets in low-income areas are designed for cars alone and are too dangerous for bikers and walkers, especially children.⁸⁷ Better street design could improve the feasibility of travel by means other than the automobile.

⁸⁶ Thorne-Lyman, Nemirow, Wood and Hickey, p. 82.

⁸⁷ Sanchez, Stolz and Ma, p. 26.

Transportation and access are critical to the economic outlook and quality of life for Minnesotans with low incomes and limited transportation options. In the face of their transportation challenges, these Minnesotans will benefit from public sector investments, policies and choices that address a range of modes and strategies. Transit service matters and must improve, with an emphasis on service to the transit-dependent population. Given current land use and transportation patterns, cars matter, too, for travel to jobs, health care, education and training, shopping and other important destinations. And shared rides in carpools and vanpools offer low-income Minnesotans a way to reduce the costs of travel, particularly for commutes to work. In the long term, significant improvements in transportation and access will depend upon changes in land use. The structure of Minnesota's communities shapes the need for travel and the range of travel options. More options – and more affordable options – will improve the situation for Minnesotans with low incomes and transportation challenges.

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