OFF THE RAILS

HOW THE MET COUNCIL *MISPLANS* THE TWIN CITIES

Relying on fads, pseudoscientific planning and an enormous budget, the Council has actually increased the cost of housing and created even greater traffic congestion.

by Randal O'Toole

For the same cost as the North Star trains, the Met Council could have given every daily round-trip commuter-train rider a brand-new Toyota Prius every single year for 30 years.

Jane Jacobs could have predicted that the Metropolitan Council's planning of the Twin Cities region would fail. Her 1961 book, *The Death and Life of Great American Cities*, defined a "region" as "an area safely larger than the last one to whose problems we found no solution." Jacobs considered city planning a "pseudoscience" because planners didn't understand how cities work. Rather than admit their ignorance, they take their ignorance about individual cities to a whole new level by trying to plan the regions around those cities.

Jacobs's skeptical view of regional planning has been

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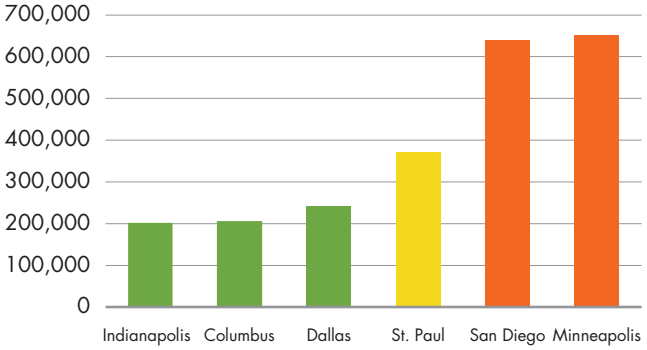
proven correct by the Met Council, which is supposed to plan transportation, water, sewer, land use, housing, and parks for 2.8 million people living on more than a thousand square miles of land. The Met Council's supposedly expert planning has produced unaffordable housing, growing traffic congestion, a misallocation of scarce resources to obsolete transportation systems, and efforts to socially engineer a massive change in lifestyles to fit planners' ideologies.

Historically, the Met Council was created by the federal government to allocate federal housing and transportation funds to various communities in the region. The state legislature greatly expanded the Met Council's work by giving it taxing authority as well as power over sewer, water, parks, and other facilities and by making it the region's transit operator.

Long-range planning for all these resources is simply more than anyone can handle. Planners can't accurately foresee the future needs and desires of millions of people or successfully prescribe the optimal land use for each of hundreds of thousands of acres of land. Therefore, Met Council planners rely, instead, on fads and pseudoscientific planning.

One of those fads is urban-service boundaries that supposedly make housing and land uses more efficient. Yet in fact,

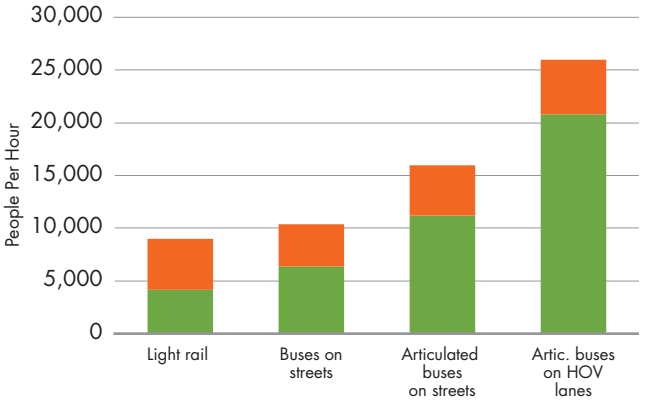
Figure 1: 2016 Price of 2,200-SF Home



Urban-service boundaries, such as those used in California and the Twin Cities, limit the supply of housing and drive up real estate prices. Not surprisingly, urban areas such as Indianapolis, Columbus, and Dallas that don't have such boundaries are growing much faster than the Twin Cities.

Source: Coldwell Banker Home Price Index

Figure 2: Transit Capacities



Buses not only can move more people per hour than light rail, a higher percentage of those people will be comfortably seated rather than standing.

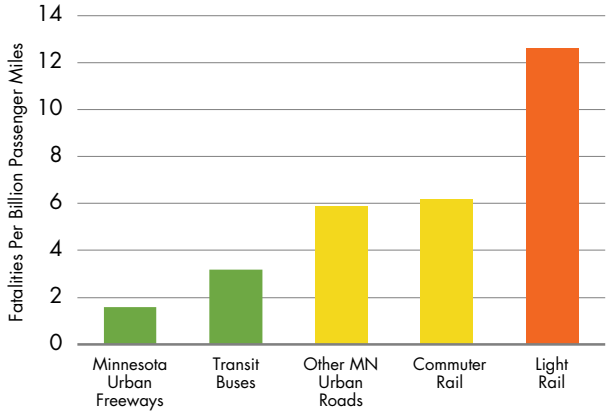
Source: Author calculations based on vehicle capacities in National Transit Database.

by limiting the land available for housing, the Met Council's service boundary makes it more expensive.

According to Coldwell Banker, a four-bedroom, two-bath, 2,200-square-foot home in Indianapolis costs about $202,000. That same home in Minneapolis costs $650,000, while a similar home in St. Paul is $370,000. Prices of commercial, retail, and other forms of real estate are also relatively high and help explain why the Indianapolis urban area is growing twice as fast as the Twin Cities.

Another urban-planning fad is to deal with traffic conges-

Figure 3: Urban Transportation Fatalities



Light rail is one of the most dangerous forms of urban transport, though the danger is mainly to people off the trains. Highway numbers here are for Minnesota while transit numbers are for the nation as a whole.

Source: U.S. DOT

Figure 4: 2015 Average Bus Occupancy Rates

Many transit systems, including Eden Prairie's Southwest Transit, carry far more riders per bus than Metro Transit.

Source: National Transit Database

tion by ignoring it. Planners believe that automobiles are evil and doing things that relieve congestion simply encourages their use. Therefore, they allow congestion to grow in the hope that a few people will stop driving their own vehicles and start riding transit.

Congestion has tripled since 1982

The Met Council has certainly succeeded in increasing congestion. According to the Texas Transportation Institute's annual congestion report, the number of hours the average Twin Cities commuter wastes sitting in traffic has quadrupled since 1982, and Minneapolis-St. Paul has grown from the nation's twenty-first-worst congested region to the fourteenth worst.

More congestion, however, hasn't gotten people out of their cars. From 1980 to 2015, the share of Twin Cities commuters who took transit to work shrank from ten percent to six percent.

The Met Council would like people to believe that light rail, another planning fad, relieves congestion. Yet in fact, it makes congestion worse, both because it occupies more space on city streets than the few cars it replaces and because it disrupts traffic signals whenever it crosses streets.

In 2015, light rail carried less than half a percent of Twin Cities commuters to work. Yet, in their infinite wisdom, Met Council planners want to give light rail priority over cars at traffic signals. The Hiawatha light-rail line never crosses Hiawatha Avenue, but it crosses streets that cross Hiawatha, and because the signals for those crossings are coordinated with the signals for Hiawatha, the light-rail line has added 20 to 40 minutes to people's travel times between Minneapolis and Bloomington.

Metro Transit's light rail is an expensive but obsolete monument to political egos. In 1910, Minneapolis and St. Paul were among the thousand American cities that had streetcars. By 1972, all but eight cities had replaced rail transit with buses that were faster, safer, more flexible, and far less expensive.

In 1973, however, Congress began providing funds for cities to build new rail transit lines. This led to the creation of a rail transit lobby consisting of railcar manufacturers and rail contractors enriching themselves by promoting yesterday's transportation for tomorrow's cities. Were it not for the attraction of "free" federal money, the Twin Cities would almost certainly have no light rail today.

Not many people realize it, but the word "light" in light rail doesn't refer to weight: light-rail cars actually weigh more than heavy-rail cars. Instead, it refers to capacity: light rail is, by definition, low-capacity transit. Although one light-rail car can hold 150 people (most of them standing), and three cars can be run together in trains, light-rail tracks can safely move only about 20 such trains per hour, meaning it has a capacity of 9,000 people per hour.

Bus route capacities can be much higher. A standard bus can hold about 60 people (most of them seated) while articulated and double-decker buses can hold more than 100. Because buses are fast and nimble, a single street can move many more buses per hour than a rail line. Portland, Oregon, has a street that supports 160 buses per hour. Istanbul has a busway that moves more than 250 buses per hour. The math: articulated or double-decker buses can easily move almost twice as many people per hour on city streets and more than three times as many people on busways as light rail.

Despite the false claim that light rail is superior to buses because it is "high-capacity transit," the Twin Cities doesn't even need high-capacity transit. In 2013, during afternoon rush hours, the Hiawatha Line carried fewer than 2,900 people per hour. Morning rush-hour ridership was even lower at under 2,200 people per hour. These numbers could easily be carried by rapid buses at a tiny fraction of the cost of rail.

True high-capacity transit is only necessary when there are

large numbers of jobs concentrated in a central location. Lower Manhattan, for example, has nearly 2 million jobs, or more than 20 percent of all jobs in the New York metropolitan area. In contrast, less than ten percent of jobs in the Twin Cities are in downtown Minneapolis. The vast majority of jobs in the region are so finely spread out that they can be served only by buses, if transit can work for them at all.

Rail advocates argue that buses can get caught in congestion. But it would be better to spend scarce resources trying to relieve congestion for everyone than to build rail-transit lines used by relatively tiny numbers of people that actually make congestion worse for everyone else.

Light rail, not fast rail

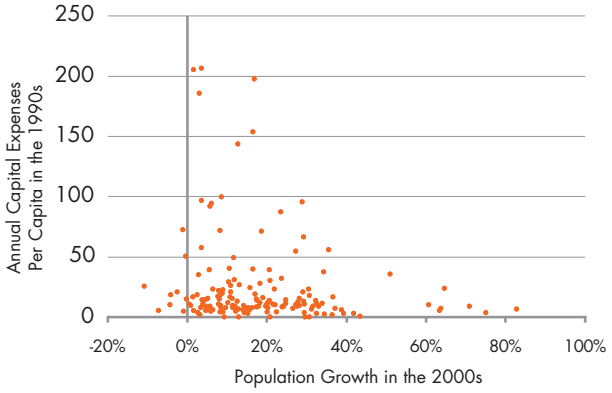
Buses are also much safer than light rail. Over the last decade, light-rail lines around the nation killed an average of 12.6 people for every billion passenger miles they carried, while buses killed just 3.2 people per billion. In the Twin Cities alone, light-rail accidents have killed 16 people.

Nor is light rail particularly fast. According to Metro Transit's timetables, the Hiawatha Line averages 18 miles per hour, while the Green Line averages just 14. Buses that stopped at the same places as the light-rail trains could easily match if not exceed those speeds. Denver recently opened a bus-rapid transit line that averages 41 miles per hour, faster than almost any rail transit line in the country.

If light rail is so inferior, why have so many cities built it? The simple answer is that it costs more, and that high cost has a political value—the handing out of contracts, employment of union workers, and high public visibility at ribbon-cutting ceremonies—that ordinary buses don't have. That political value requires the transfer of billions of dollars from taxpayers to contractors and railcar manufacturers.

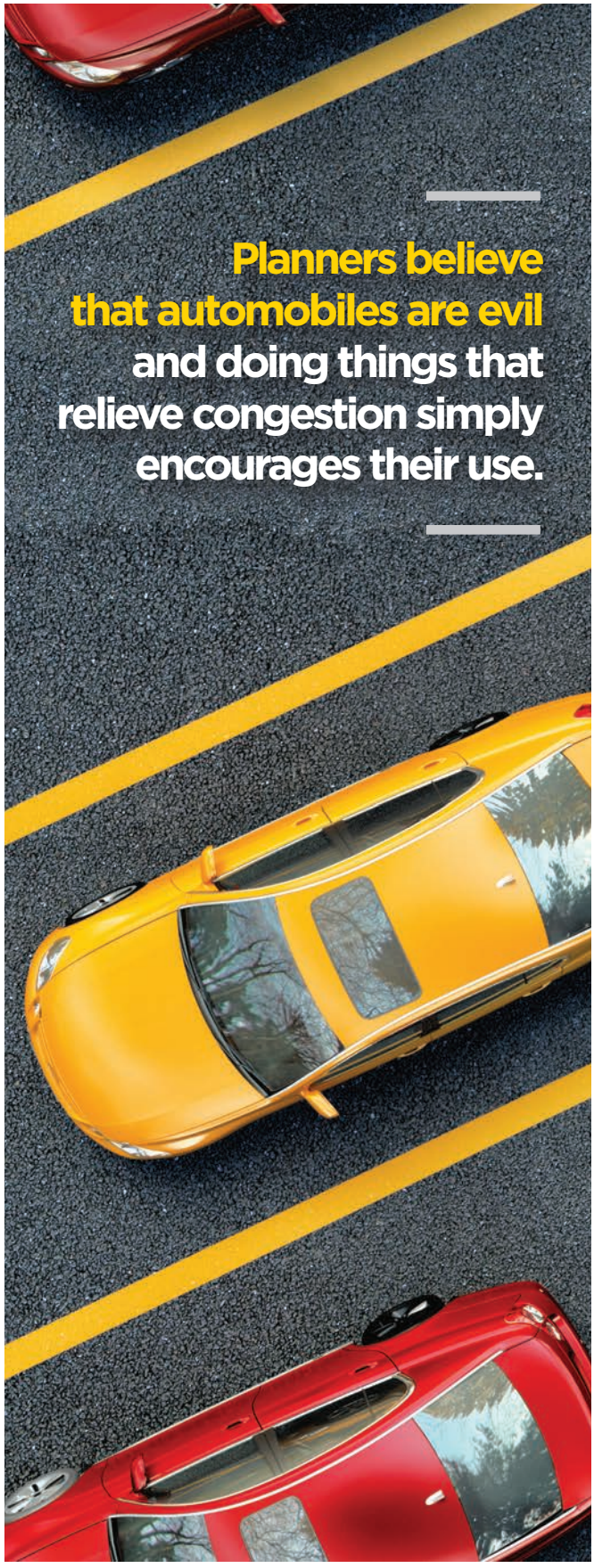
According to a 2008 Federal Transit Administration report

Figure 5: Transit Spending and Urban Growth



Urban areas that spent the most on transit capital improvements—meaning rail—in the 1990s grew slowly in the 2000s, while ones that grew fastest spent the least on transit—meaning they relied on buses.

Source: Coldwell Banker Home Price Index

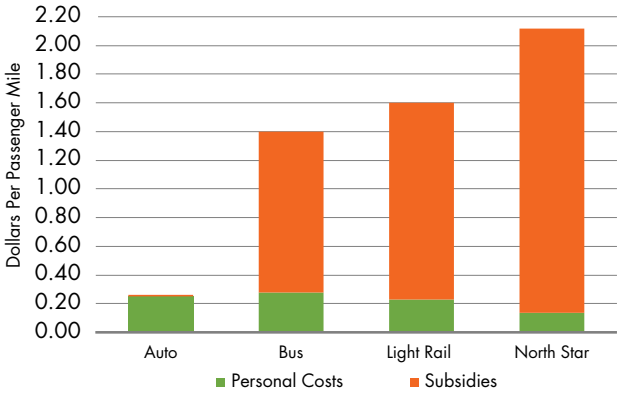


comparing projected costs with actual costs of rail projects, the Hiawatha light-rail line was originally supposed to cost $244 million. After adjusting for inflation, it actually cost $697 million. That's a lot of profit for contractors.

Before it was built, planners also estimated that the Hiawatha Line would cost $12 million a year to operate. In its first year, it cost $16 million. By 2013, the last year before the Green Line opened, operating costs had ballooned to more than $32 million a year, plus another $5 million for maintenance. That's a lot of union jobs.

Metro Transit spends more per passenger mile operating buses than light rail, but that's partly because light rail has taken the premium routes once served by buses. In 2015, light rail in the

Figure 6: 2015 Twin Cities Transport Costs & Subsidies



Per passenger mile, transit fares and average auto costs are about the same, but subsidies to transit are far greater than highway subsidies.

Source: Coldwell Banker Home Price Index

Twin Cities carried an average of 19 people per car, while buses carried just 10.5 people. Many other transit systems have much higher occupancies, starting with Eden Prairie's own Southwest Transit. If Metro Transit were to spend more effort increasing bus occupancy rates rather than building expensive but obsolete rail lines, it could carry more people at far less cost.

The North Star commuter train is even more wasteful than light rail. In 2015, it carried an average of just 1,274 round-trips per weekday, collecting fares averaging less than $3.50 per trip. Operations and maintenance costs alone amounted to more than $27.50 per trip, and if capital costs were amortized over 30 years at three percent interest and added to the total, the subsidy per trip would be nearly $50.

For the same cost as the North Star trains, the Met Council could have given every daily round-trip commuter-train rider a brand-new Toyota Prius every single year for those 30 years. More practically, North Star service could be provided by 16 buses costing about $12 million initially compared with $350 million for the trains. The buses would be faster than the trains and would also cost significantly less to operate.

In 2015, all of the region's transit put together carried a bit more than one percent as many passenger miles of travel each year as the region's automobiles. Yet the Met Council's 2040 transportation plan proposes to spend three times as many dollars on transit capital improvements as on highway improvements. This may partly be because the Met Council has a conflict of interest: Not only is it the region's transportation planner, it is also the region's transit operator; therefore, it gets to include transit dollars but not highway dollars in its budget.

Rather than design a transportation system that works for the Twin Cities, the Met Council's goal is to reshape the Twin Cities to support the system it is building. That means increasing population densities in transit corridors by building four- and five-story housing complexes known as *transit-oriented developments*, which is another urban-planning fad. Many of these are mixed-

use, meaning they have retail on the ground floor and residences above so that people can walk to shops instead of drive and then take light rail or commuter rail to work.

Most Americans don't really want to live that way. Therefore, to entice developers to build such projects, the Met Council has encouraged cities to offer tax-increment financing and other subsidies to transit-oriented developments. In fact, it has provided cities with a nine-page list of possible subsidies. Yet, far from promoting economic development, rail transit and tax-increment financing at best merely influence where development will take place and at worst actually slow growth because of increased tax burdens.

Changed travel habits?

Of course, there's little evidence that people who live in supposedly transit-oriented developments significantly change their travel habits. While people who prefer to take transit rather than drive are attracted to such developments, that doesn't mean that families priced out of single-family homes will suddenly stop driving if the only place they can afford to live is in a subsidized transit development. In fact, studies of travel choices by people living in transit-oriented developments in Portland, Oregon, have found they are no more likely to take transit than anyone else in the region.

Although the Met Council supposedly looks 25 years into the future, so far its plans have ignored the next transportation revolution: the autonomous or self-driving car. Autonomous cars will have at least as big an impact on cities and their residents in the next century as Henry Ford's mass-produced cars had in the last century.

For example, autonomous cars will change the way we view the time spent traveling because people will be able to work, read, or watch entertainment instead of the road while commuting. People who work in the Twin Cities will be as likely to live in Eau Claire, Mankato, Rochester, or St. Cloud as in Eden Prairie or Maple Grove.

Apple, Ford, Google, Nissan, Uber, Volkswagen, and many other companies are developing autonomous cars. Last year, Ford CEO Mark Fields promised that his company would have fleets of fully autonomous cars—cars with no steering wheels or control pedals—on the streets of American cities in a ride-sharing service by 2021. Since automobiles are far more efficient than transit, such cars will take people door-to-door at prices competitive with transit fares, thus rendering transit completely obsolete and thus saving taxpayers the huge subsidies now paid to run transit lines.

Even if Ford is a year or two late on its promise, it makes no sense for the Twin Cities to spend billions on the Southwest light rail and other expensive transit projects when autonomous cars will soon take away most of their riders. Nor does it make sense for the region to subsidize high-density developments when people seeking affordable housing can simply escape outside of the region of the Met Council's influence.

In failing to foresee autonomous cars, Met Council planners have given up all credibility for their work. Rather than plan for the future, they are planning for the past. Few Americans want to live in this past, because it would mean higher housing costs, higher transportation costs, and more inequality as only the affluent have mobility and spacious private homes. Paying for this vision of the past also means higher taxes and slower economic growth.

The legislature should strip the Met Council of much of its power and end its conflict of interest by splitting Metro Transit into a separate entity. Land-use planning should be returned to local municipalities. In fulfilling its federal obligations, the council should cost-effectively provide transportation facilities that people will use and pay for out of user fees, not heavily subsidize facilities it thinks people should use. These changes will help make the Twin Cities more competitive and better able to respond to new technologies and tastes. ★

ABOUT THE AUTHOR

Randal O'Toole is a Cato Institute Senior Fellow working on urban growth, public land, and transportation issues. O'Toole's research on national forest management, culminating in his 1988 book, *Reforming the Forest Service*, has had a major influence on Forest Service policy and on-the-ground management. His analysis of urban land-use and transportation issues, brought together in his 2001 book, *The Vanishing Automobile and Other Urban Myths*, has influenced decisions in cities across the country. In his book *The Best-Laid Plans*, O'Toole calls for repealing federal, state, and local planning laws and proposes reforms that can help solve social and environmental problems without heavy-handed government regulation. O'Toole's latest book is *American Nightmare: How Government Undermines the Dream of Homeownership*. O'Toole is the author of numerous Cato papers. He has also written for *Regulation* magazine as well as op-eds and articles for numerous other national journals and newspapers. O'Toole travels extensively and has spoken about free-market environmental issues in dozens of cities. An Oregon native, O'Toole was educated in forestry at Oregon State University and in economics at the University of Oregon.