

LOCUS



Smart Growth America
Improving lives by improving communities

**Testimony of Christopher A. Coes Vice President, Smart Growth America
to the
U.S. House Budget Committee**

**Hearing on America's Infrastructure: Today's Gap, Tomorrow's Opportunity, and the need for Federal
Investment**

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Introduction

Chairman Yarmuth, Ranking Member Womack and members of the House Budget Committee, thank you for the opportunity to testify today.

I am Christopher Coes, Vice President of Land Use and Development at Smart Growth America and head a number of Smart Growth America's real estate programs, including LOCUS: Responsible Real Estate Developers and Investors, the National Brownfields Coalition, Form-Based Codes Institute, and Transit-Oriented Development (TOD) Finance and Advisors, Inc., a for-profit subsidiary of Smart Growth America which provides infrastructure and development consulting services to transit agencies and real estate companies.

Smart Growth America (SGA) empowers communities through technical assistance, advocacy, and thought leadership to create livable places, healthy people and shared prosperity.

I thank the Committee for holding this hearing to discuss the need for Federal investment in smart transportation and infrastructure to create communities of opportunity prepared for the 21st Century.

Changes in market demand require smart transportation investments

Smart Growth is an approach of land and economic development that encourages a mix of building types and uses, diverse housing and transportation options, development within existing neighborhoods, and inclusive community engagement. As North Dakota Governor Doug Burgum has stated, [smart growth strategies] is about "investing in restoring and rebuilding the neighborhoods, downtowns, and main street communities we already have. When we fully utilize our existing infrastructure, we reduce government spending and help create the environment needed for businesses to compete, grow and prosper."

Developers, transit agencies, and communities understand the enormous economic and fiscal benefits of proper investment in smart growth infrastructure development. According to a recent National Association of Realtors survey, Americans favor walkable, mixed-use neighborhoods, with 56 percent of respondents preferring smart growth neighborhoods over neighborhoods that require more driving between home, work, and recreation.

Quality of life, economic prosperity, and climate resiliency are directly related to investments in smart transportation. Whether in urban, suburban or rural markets, there is pent-up demand for walkable communities with great amenities and a sense of place. In addition, Smart Growth America has produced several reports that identify the importance of infrastructure investment

when it comes to mitigating the effects of climate change or supporting the nation's most rural communities.

When communities prioritize multiple transportation options and align state and local incentives, they become what we call in real estate, *investment-ready communities* and we see examples of this in communities large and small. According to Foot Traffic Ahead, a 2019 Smart Growth America report, in the country's 30 largest metro areas, communities with multiple transportation options including walking and biking have a competitive premium over non-walkable neighborhoods. For instance, the Boston metropolitan area, which ranks in the top 5 metropolitan areas in this report, holds an 83 percent real estate premium due to its development of walkable and transit-oriented infrastructure and a 74 percent GDP per capita "premium" over the lowest-ranked city in the report. The case study of Boston speaks to the economic growth that can be supported should cities achieve federal investment in smart transportation development, as well as the challenges of meeting the pent up demand for walkable, mixed-use development.

In Louisville, KY, the city is investing over \$29 million to transform Dixie Highway—Louisville's busiest commercial corridor that is most dangerous for pedestrians—into a vibrant, pedestrian-friendly corridor. This initiative was made possible due to federal TIGER grants that provided needed dollars for new sidewalks and improved crosswalks as well as new buses and enhanced stops to accommodate bus rapid transit, with lanes designated for buses only. Together, Mayor Greg Fischer believes these improvements will "transform Dixie Highway and make it safer for drivers and pedestrians" while making the commercial corridor more attractive for private investment. The Mayor is right. Already, Louisville has been able to attract millions in new private investments along the corridor and has seen significant improvement in pedestrian and motorist access for the areas surrounding the new BRT.

In West Jefferson, a small town in North Carolina sought to make strategic improvements to the streetscape along three blocks of its historic downtown, with most of the upgrading being done along Jefferson Avenue. To calm traffic and create a safer environment for pedestrians, West Jefferson added signalized intersections, diagonal parking, curb extensions and street furniture. At only \$300,000, these updates changed the feeling of downtown and significantly reduced the number of crashes and injuries reported in an area that was once known to be the state's most dangerous. In addition, local leaders have cited the improvement to aid in bringing new businesses with 55 new jobs and \$500,000 worth of investment to Jefferson Ave.

Similarly, in Grandview, Missouri, the city invested \$5 million to reinvigorate its Main Street by improving the quality of the environment for pedestrians along a corridor of several blocks. After the completion of the first phase of the project, foot traffic in the area increased by 900% and the bicyclist ridership increased by 40 percent, all while the number of crashes decreased by 90 percent. Since the conclusion of the fourth and final phase in 2016, the city has seen remarkable economic and social growth. Grandview's initial \$5 million investment saw a return of more than \$375 million. In addition, Grandview saw a population increase for the first time since 1980.

Hamburg, New York is another community that saw great improvements to the quality of life and movement of its residents through focused investment in its downtown. Route 62 runs through Hamburg's downtown and the city was aiming to make it an attractive place for people to "linger." In collaboration with the New York State Department of Transportation, Hamburg residents were directly involved in the visioning and design process to identify their goals for downtown. With a \$23 million investment, two roundabouts, bicycle lanes, curb extensions, street trees, and marked pedestrian crossings were installed in downtown Hamburg. In the year after the completion of the project, there was a 66 percent decrease in crashes on Route 62. Route 62 can now serve as a gathering place for a variety of activities including music festivals or soapbox derby.

Lastly, the city of Cleveland has invested over \$200 million along seven miles of Euclid Ave to create its first bike lane, repair sidewalks, add streetlights and bus shelters, and plant 1,500 trees. This roadway transformation, in conjunction with the unveiling of the city's bus rapid transit line called the Healthline, has increased ridership by 61 percent while crashes and injuries decreased by 24 and 25 percent. Today, the Regional Transit Authority estimates that the \$200 million invested in its HealthLine has generated over \$9.5 billion in new private investment and has created hundreds of new jobs.

Neighborhood retrofits attract new companies, talent and the jobs of the future

While investment in transportation infrastructure is necessary for communities to capitalize on these opportunities, it is not sufficient. In SGA's *Core Values: Why American Companies are Moving Downtown report*, we learned companies—from Fortune 500 titans to lean startups to independent manufacturers—are moving to communities with great quality of life for their employees. This includes transportation options, but employees are also attracted to places with vibrant neighborhoods that feature affordable housing options, restaurants, nightlife, and other amenities within walking distance.

Attracted to the walkability, talent pool, collaborative opportunities, and downtown corporate culture, major industries (manufacturing, finance, retail and wholesale trade, and educational services) have begun to expand their offices into attractive downtown and Main Street locations. These companies are not just moving to the largest metro areas, but rather to the areas with infrastructure that supports ease of movement through multiple modes of transportation. Communities who invest in affordable transportation options or retrofit their suburban town centers or along their main streets are first in class to attract new jobs and industries and have the long term capacity to support these businesses while they grow their client and employee base.

Unfortunately, there is an increasing gap between American cities and towns that have the right infrastructure and those that don't. This is made evident through Smart Growth America's research on Opportunity Zones (OZs). When identifying areas of potential for business investment, only 2% of OZs contained the type of infrastructure needed to meet the market demand for employment in walkable places with affordable housing and transportation options and easy and reliable access to global markets. This leaves 98% of OZs struggling to attract new

investment due to their inadequate infrastructure and mobility options and run the risk of becoming dead zones now and into the future.

Opportunity Zones highlight the need to think about the revitalization of our neighborhoods holistically. The average Opportunity Zone resident spends between 53 to 65 percent of their household income on housing and transportation thus limiting an individual's ability to either save, invest in themselves or support local small businesses.

Thinking about housing and transportation together reflects how people live and is critical to neighborhood revitalization. Smart Growth America believes that the time is now for federal investment in holistic neighborhood rehabilitation that encourages greater private investment in infrastructure, promotes mixed-use development and encourages mixed-income and affordable housing. To that end, we are developing the Revitalizing Economies, Housing and Businesses (REHAB) Act with several members of the House Ways & Means Committee.

Under the REHAB Act, the historic credit would not change, but a new credit would be created to support non-historic rehabilitation projects. This credit would broaden eligible expenditures to include redevelopment and public infrastructure costs beyond those associated with a specific building (like street improvements and stormwater infrastructure); it would make residential buildings eligible for the credit, and it would reward projects that include attainable housing. Overall, credit would be applied to an entire redevelopment project instead of just an individual building, including adjacent new construction and infrastructure, bringing a more holistic approach to current practice.

To make communities investment-ready, federal investment has to go beyond just roads and bridges and public transportation. It is imperative that the federal investments also include brownfields, water management, and broadband access which are critical infrastructure for communities of opportunity.

Need for federal investment in brownfield remediation

Revitalizing our existing communities also requires addressing brownfield remediation. In the United States, there are more than 500,000 brownfield sites that present ample opportunities for economic growth. Brownfields are regarded as a developmental advantage as it allows developers to build upon existing infrastructure. This is aided by brownfields often being in close proximity to transit or other community services. With property value increases between 5 to 15 percent and an \$18 return for every federal dollar spent, brownfield redevelopment has proven itself to be effective in growing the local economy. Developers see the potential and communities advocate for their repurposing, but efforts are hindered by the upfront costs of remediating the sites.

As the home for the National Brownfields Coalition, we have seen firsthand the transformation that occurs from federal investment in Brownfields. In Little Rock, Arkansas, EPA funding has been leveraged to support a variety of projects including the Heifer International Center and

Global Village education complex in the city's downtown. In this instance, the EPA grant-supported site assessments and the clean-up of a former brownfield site that had been used for various forms of intensive industrial activities for more than a century. Now Heifer International is home to a "green" office building that serves as their headquarters and a wetland ecosystem to increase downtown greenspace.

These federal brownfield grants are critical for revitalization of communities, but without greater federal investments, too many communities will be without needed resources to properly remediate their vacant properties and will likely sit neglected as a symbol of missed opportunity.

Reconnecting rural America through broadband

The construction of a modern infrastructure grid should bear an emphasis on fixed and mobile broadband access. In the United States, rural communities and their economic development opportunities hinge on—and are burdened by—their poor access to broadband internet. As of 2016, 30 percent of rural residents lack access to mobile broadband. For businesses to thrive, they need reliable connection speeds. Without the internet, anchor institutions struggle to manage information and provide public services. Rural communities may be suffering from farmland erosion or the decline of manufacturing industries, but broadband plays a large role in strengthening their economy. We see this in Zanesville, Ohio, which is working to reclaim its roots as gateway city through arts and small business development. We see it in Williamson, West Virginia where broadband provided the foundation for the construction of the Williamson Health and Wellness Center which has helped to attract further investment and create high-paying jobs.

In communities like Thomasville, GA, and its surrounding rural areas, banding together to create regional authority has proven effective in bringing broadband to thousands of residents and businesses. Neglected by private providers and unable to access high-speed internet service, local businesses, schools, hospitals, and eventually residents saw a need for improved broadband access. Together, they initiated Community Network Services (CNS) to provide telecommunications and broadband services for those most in need. CNS's current network now covers seven counties over 100 miles with over 400 miles of fiber optic cable and 850 miles of the coaxial plant to build a regional authority: the South Georgia Governmental Regional Services Authority (SGGSA). These are great examples of initiatives that should be supported nationally as a way to ensure rural communities no longer have digital dirt roads.

Investment in water infrastructure

Similar to brownfield sites and rural broadband, the United States is underperforming when it comes to investing in its existing water infrastructure. Aging sewers and storm drains are putting stress on the nation's ability to supply and treat water. It is in the nation's best interests to increase funding that is set aside to replace and maintain water infrastructure. However, maintenance should not be the only goal. The age of the pipes and sewers are not the only source of stress when it comes to the water supply. Our nation's sprawling land-use pattern has resulted in untold acres of impervious paved surfaces, stormwater management concerns, and a system for water

treatment that forces water long distances from its source of origin. Smart growth development, in the application, can aid in solving these water supply concerns. Walkable communities cause less pollution into bodies of water from rain. Green Infrastructure in the form of green roofs, rain gardens, and tree plantings protects water quality. The current regulatory framework and land use do not support a sustainable system for water treatment and management. The health risk associated with poorly treated water and clogged piping networks should be reason enough to adopt new standards.

Infrastructure should become more climate-resilient

Natural disasters have affected thousands of businesses and communities across the United States causing devastation, displacement, and costing states billions to rebuild. As climate change intensifies, states have a stake in ensuring their infrastructure is effective in mitigating the effects. Investments made to ensure climate resilient infrastructure is a contribution to the long-term economic and social well-being of American communities. The funding and construction of roads, utilities, and water systems is a critical step towards resiliency.

Smart Growth America's report *Building Resilient States: Profiles in Action* showcases the work done by Kinston, North Carolina to strengthen the resiliency of their infrastructure. Having experienced several hurricanes, specifically one in 1999 rendered their drainage basin useless and caused significant damage to more than 75 percent of homes in the floodplain, Kinston is a high-risk zone for natural disasters. In partnership with FEMA, Kinston completed a comprehensive risk assessment to identify how its environment and infrastructure are at risk. The risk assessment led to reforming land-use practices in Kinston. Residents were relocated to entirely within the city limits to exact more oversight over water control, the floodplain was redeveloped into a forested open space, and hurricane panels were manufactured for Kinston's homes using federal funding. In the mid-2000s, Kinston adopted the Kinston-Lenoir Green Infrastructure Plan that supported the creation of community amenities such as recreation and hub areas with connections to greenways that enable varied modes of transportation.

Conclusion

I would like to thank the committee for the opportunity to speak on the topic of the need for smart federal transportation and infrastructure investment to meet the needs and challenges of the 21st century. The investment in smart transportation often serves as a catalyst for community growth. Improved ground transportation infrastructure is transformative as it radically changes communities and the lives of those who operate within them. Smart transportation can give rise to a flourishing local economy that supports multi-modal transportation and new commercial development.