

LONG ISLAND INDEX

How 9.8 miles of new train track on Long Island can generate more than 14,000 jobs

The Economic Benefits of a Third Track on the LIRR Main Line

Overview

Job growth on Long Island has been sluggish for two decades, and a primary obstacle to growth is the lack of capacity for reverse-commuting on the Long Island Rail Road (LIRR). Regular commuting (into New York City in the morning and back home in the evening) has been a major economic driver on Long Island for generations, contributing \$26 billion in personal income to Long Island's economy in 2011 alone. Reverse-commuting¹ (as well as regular commuting), however, is driving the economies of Northern New Jersey, Westchester, and Southern Connecticut, but not Long Island. That's in part why a recent separate report by the *Long Island Index* revealed that Long Island has only 195,328 sq. ft. of retail space under construction, compared to 3,764,932 sq. ft. in Northern New Jersey and 1,979,972 sq. ft. in Westchester/Southern Connecticut.

The latest *Long Island Index* report (summarized below) explores the economic impact of a new Third Track on the Long Island Rail Road – an additional track to a 9.8-mile segment of the LIRR Main Line between Floral Park and Hicksville. That short stretch of additional track, and the transit-oriented development (TOD) that it could generate across Long Island, will yield 2,250 annual construction jobs during the build phase plus 14,000 permanent jobs by 2035, as well as an estimated \$3 billion in personal income in 2035. That's an extraordinary return, and the summary below explains how it's possible.

Summary of Report

In 2013, the Long Island Index, a project of the Rauch Foundation, commissioned a study to quantify the economic benefits of a new third track or Third Track on the LIRR main line. From previous studies conducted by the Regional Plan Association² for the Index, significant potential benefits had been defined including increased reliability and service options, greater operational efficiencies, expanded supply of labor force and increased home values. Now our goal was to quantify the full sweep of benefits that just 9.8 miles of new track could bring to the region as a whole. Working with RPA, the

¹ Reverse commuting refers to those traveling from New York City to Long Island as well as those commuting intra-island to Long Island job locations.

² *How the Long Island Rail Road Could Shape The Next Economy*, Regional Plan Association for the Long Island Index, January 2013.

Index hired HR&A Advisors, Inc. (“HR&A”), a leading economic development consulting firm that specializes in conducting economic and fiscal impact studies, and Parsons Brinkerhoff, Inc. (“PB”), a global planning and engineering firm with a leading practice in transportation forecasting, nationally and in the New York metropolitan region. Together a new report was completed in March 2014 entitled, “The Economic and Fiscal Impacts of the Long Island Rail Road Main Line Third Track.” Below is a summary of the key findings.

For much of the 20th century, investments in transportation infrastructure created the conditions for Long Island’s rapid growth and development. However, over the last three decades, growth on Long Island has slowed significantly, and, over the last two decades, job growth on Long Island has been sluggish, in stark contrast to the revival experienced by New York City. Reduced defense spending at the end of the Cold War eliminated 60% of defense industry jobs on Long Island; service jobs have filled the gap. These jobs tend to pay lower salaries and offer fewer opportunities for career advancement to Long Island residents.

As a result of land use policies that favor construction of single-family homes, Long Island lacks multifamily housing options. Over the past decade, multifamily housing unit permits have made up a much smaller percentage of total housing permits issued on Long Island than in Northern New Jersey or the Hudson Valley. The acute loss of productive young workers and their families is among the most concerning aspects of Long Island’s slow growth.

Long Island’s economy critically depends on continued investment in the LIRR. In 2011, 25% of personal income for Long Island residents was earned at jobs in New York City, a total of \$26 billion. One-third of Long Islanders who work in New York City commute daily on the LIRR. It would require 10 new highway lanes to carry the equivalent number of daily riders to Penn Station.

Deferred capacity investments on the Long Island Rail Road limit Long Island’s growth. Due to constraints in track capacity, city-bound peak-hour service on several branch lines is at maximum capacity; service is less reliable due to limited operational flexibility, and there are gaps of up to 70 minutes in daily reverse-commute service to many Long Island employment centers. The absence of reliable eastbound train service to Long Island during peak commute times greatly reduces the feasibility of reverse-commuting to Long Island. The gap in service is a barrier to many New York metro area workers who rely on transit from working on Long Island, even though their skills may be well-aligned with the needs of Long Island businesses.

Third Track would position Long Island for sustained economic growth by making it a more attractive place to live and do business. By increasing regional mobility, Third Track would revitalize Long Island’s job market by attracting high-quality professional services and tech jobs, stem the outflow of young workers, generate new tax revenues, and encourage the provision of new transit-oriented housing that contributes to the revitalization of Long Island’s station areas. These changes would position Long Island to succeed in the knowledge economy. For example, investments in Metro-North Railroad capacity have enabled Westchester County employment centers to benefit from high levels of reverse peak service.

On Long Island, the Third Track project would add an additional track to a 9.8-mile segment of the LIRR Main Line between Floral Park and Hicksville and would:

- Improve reliability throughout the entire LIRR network.
- Allow significant levels of reverse peak and intra-Island service to Main Line stations. The Third Track increases capacity for the Port Jefferson Branch, Montauk Branch, Ronkonkoma Branch, and Oyster Bay Branch.
- Achieve the full benefits of East Side Access.
- Expand and improve the Long Island workforce by providing a viable reverse-commute service. Third Track would also enhance the suitability of station areas for TOD, creating live/work nodes that meet the needs of new-economy firms and workers.

Based on the higher level of service enabled by Third Track, Parsons Brinkerhoff quantified transportation impacts³, which were translated into economic impacts by HR&A⁴. HR&A considered only the net new economic and fiscal impacts of the construction and operation of Third Track, meaning **but for** the existence of Third Track, these impacts would not have occurred on Long Island.

Third Track would generate both one-time construction impacts and ongoing impacts from operation. Both of these impacts were measured separately.

One-time construction impacts

The economic impacts of Third Track's construction would accrue from 2020 to 2024. The construction of Third Track would represent a **\$1.2 Billion investment** in the Long Island economy over a five-year period. The investment would result in:

- 2,250 Average Annual Jobs
- \$910 Million Cumulative Personal Income
- \$910 Million Cumulative GRP⁵

Ongoing impacts

The economic impacts of Third Track's operations would begin to accrue in 2025 when the track is assumed to be operational. In estimating the ongoing economic impact of Third Track, HR&A included the amplifying effect of transit-oriented development policies. The analysis assumed that six station

³ The transportation outputs included time savings accruing to existing passengers, increases in ridership, and improvements in the accessibility of workers to Long Island employers. PB constructed three scenarios: a current scenario (2010), a 2035 scenario without Third Track, and a 2035 scenario with Third Track. Third Track would significantly increase eastbound (reverse-commute) train frequencies at Main Line stations during the peak period of 6-10 AM.

⁴ HR&A used the REMI Policy Insight Model to estimate the impacts of Third Track on all aspects of the Long Island economy between 2020 and 2050. Developed by **Regional Economic Models, Inc.**, the Policy Insight Model is frequently employed by Federal, State, and local governments, economic development and transportation authorities, and private clients to measure the impacts of regional economic changes. Clients include the New York City Economic Development Corporation (NYCEDC), Empire State Development Corporation (ESDC), New York State Energy Research and Development Authority (NYSERDA), and the departments of transportation of 10 states.

⁵ GRP refers to Gross Regional Product the dollar value of all final demand in the Long Island regional economy. GRP excludes intermediate inputs, but includes value of compensation and profits.

areas in Nassau County and four in Suffolk County could accommodate TOD, facilitating additional economic growth by locating more residents and workers precisely where they can most benefit from increased service.

The total ongoing benefits of Third Track for Long Island derive from improved workforce access, better LIRR service, and the amplifying effect of TOD. Third Track would effectively increase the workforce available to Long Island businesses by making reverse-commuting viable. The increased density of employment on Long Island encouraged by TOD would enhance the productivity of Long Island firms. Travel time savings and increased ridership stimulate Long Island's economy by improving quality of life, reducing business costs, and promoting spending. The availability of more frequent reverse-commuter trains will attract more tourist dollars to Long Island. By 2035, 10 years after Third Track completion, the impacts over forecasted baseline conditions are projected to be:

- **Employment impacts: 14,000 new jobs** by 2035
- **GRP impacts: \$5.6 Billion GRP** in 2035
- **Personal income impacts: \$3.0 Billion personal income** in 2035
- **Population impacts:** The economic growth and improved quality of life catalyzed by Third Track would attract 35,400 new residents to Long Island by 2035, of whom 39% are forecasted to be in the 25-44 year old age cohort, compared to only 20% of Long Island's total forecasted 2035 population.

Without policies that facilitate transit-oriented development in station areas, the total economic benefits of Third Track would be reduced by nearly half.

Fiscal impacts: Third Track would generate substantial additional local tax revenues for Long Island. Measured in 2035, 10 years after Third Track completion,

- **\$40 million in** annual sales tax revenue in 2035
- **\$103 million in** annual property tax revenue in 2035

In summary, the long-term benefits derived from the Third Track investment would generate a significant payoff for Long Island. An initial capital investment of \$1.1 Billion produces benefits of⁶:

- \$7.7 Billion GRP and 4,000 Jobs by 2030
- \$36.3 Billion GRP and 20,000 Jobs by 2040
- \$67.9 Billion GRP and 25,000 Jobs by 2050

The positive growth potential for Long Island would, therefore, be enormous. There is no other single project on the drawing boards that has the potential to increase Long Island's economy more than this. It is an opportunity that needs to be fully understood by all Long Islanders.

⁶ The investment and GRP figures presented are the net present values (NPVs) of the stream of investment payments and GRP generated. The NPV calculations assume a 3% discount rate. All dollar amounts are in 2013 dollars.