

## **The Second Avenue Subway and Regional Prosperity**

### **The Argument for a Critical Investment in New York City and the Region's Economy**

#### **Economic Goals for New Transportation Benefits**

There is wide consensus on the need for new transportation capacity to support the next generation of economic growth in New York City and the region. Most of the region's transit and highway system is well over capacity, and both business leaders and economists cite chronic congestion as a major impediment to growth. The challenge now is to set priorities among many competing projects. In assessing projects, it is important to evaluate their contribution to several economic goals:

- 1) Improve regional competitiveness by making the region more attractive to a talented workforce.
- 2) Improving the productivity of that workforce.
- 3) Create the capacity for economic expansion in both new and existing business districts.
- 4) Provide flexibility and redundancy to allow the transit network to evolve with changing economic and development patterns, and new economic opportunities.
- 5) Support sustainable and equitable growth in a mature region with wide economic disparities.

By all these measures, a full-length Second Avenue Subway, which can serve as the backbone for transit improvements in the four boroughs and for suburban commuters, must be a leading transportation priority for New York City and the region. Its construction will produce huge productivity benefits in time savings and transit service reliability for over one-half million commuters each day. This will solve a problem that would otherwise ultimately cause thousands of productive members of the labor force to choose to work and live elsewhere, and the businesses that need their services will choose cities and regions that provide more attractive and efficient commuting options. The Second Avenue Subway will add capacity for more than 100,000 new jobs, and will facilitate future economic development throughout the City – in Manhattan, Brooklyn, Queens and the Bronx. No other single transportation initiative will deliver benefits of this magnitude, provide the transit system with as much flexibility, or do as much to anchor a sustainable pattern of growth.

#### **Attracting a Competitive and Productive Workforce**

The primary economic driver for high-value regions is its ability to attract and retain a diverse, talented workforce. No other theme has so dominated economic development theory in the last two decades, and the 21<sup>st</sup> Century is already reinforcing this conclusion. The first test of a transportation investment's economic value is its relevance to this imperative. By transforming work travel in the most heavily congested, highest-value commercial corridor in the nation, the Second Avenue Subway will greatly enhance New York City's ability to compete for talent with

other regions that may offer better climate, lower stress or other quality of life advantages. The transportation benefits of the service, the size of the workforce affected, and the high value of the businesses served combine to produce numbers that overshadow any other transit project the region could build:

- ***600,000 riders, including about one out of eight New York City jobholders, would directly benefit from shorter commutes, improved reliability or reduced crowding.*** Nearly 300,000 commuters who switch to Second Avenue Subway service would experience shorter commutes. Time savings would average 20 minutes per day per person, but many would experience much larger time savings. Another 300,000 commuters on the Lexington Avenue line would have substantial relief from severely overcrowded conditions and see a marked improvement in on-time performance.
- ***The monetary value of these time savings, reliability improvements and overcrowding avoided, estimated conservatively, amounts to just over \$1 billion per year.*** These benefits improve the economy by giving workers more time for productive activity and reducing the amount that employers need to compensate for difficult commutes. Each year that the line goes without being built, the more of these “savings” and productivity are lost.
- ***Service would improve for city residents and suburban commuters, and for Midtown, Downtown and East and West Side destinations.*** Upwards of 10,000 Metro North commuters would benefit from the construction of the Second Avenue Subway by the improved Lexington Avenue service, about 15 percent of all Metro North commuters to Manhattan. In addition to service to Midtown and Downtown on the East Side, the Second Avenue Subway would provide a service to West Midtown, making it possible to avoid unnecessary and complicated transfers at crowded stations on the east side at 59<sup>th</sup>, 51<sup>st</sup> or 42<sup>nd</sup> Streets. An estimated 125,000 daily riders would avoid these transfers, while those subway riders who continue to use these transfer locations would find them less crowded.
- ***Auto trips will be reduced by about 30,000 trips per day, resulting in significant benefits for pedestrians and auto, bus and taxi riders.*** The diversion of more auto users to the subway will reduce above ground congestion and improve travel times for non-subway riders. Even small reductions in traffic can result in substantial time savings. The Second Avenue Subway will remove about 20 percent of peak period auto and taxi traffic, resulting in substantially faster speeds for the traffic that remains.
- While it is difficult to estimate how many people or businesses will choose to locate elsewhere if conditions on the subways remain unimproved, even losing a very small fraction of potential beneficiaries would have a substantial impact on the economy of the city and region. Over time, this erosion could seriously impair New York’s ability to compete with regions that are investing to improve quality of life and transportation efficiency.

### **Creating Capacity for Economic Expansion**

Over the long term, New York City’s ability to develop new Class A office space will be a key to its economic growth. The amount of space and pace of development needed is open to debate, but without additions to the city’s office stock, employment growth will be unable to expand much beyond its 2000 peak. With development increasingly difficult and expensive in the Midtown

core and the Downtown financial district, new areas for development will eventually be needed. New transit capacity is a key to several of these markets, including the Far West Side of Manhattan and centers in outer boroughs. However, new transit capacity is also critical to the revitalization of Lower Manhattan, and can facilitate additional infill and density in Midtown.

New transit links, including the extension of the Number 7 line to the Far West Side and direct airport access to Lower Manhattan, have been proposed to facilitate office development and economic revitalization. These are important objectives, but the Second Avenue Subway also plays an important but largely unrecognized role in meeting these objectives, and also creates the potential for growth in several markets throughout the city.

- ***The Second Avenue Subway will increase peak period capacity by 90,000 people daily, raising Manhattan's job growth capacity by an equivalent amount.*** This equates to about 23 million square feet of additional office space. In theory, the development potential of the Central Business District is extremely elastic, limited only by regulations that are subject to change. In practice, however, both economics and politics limit what is likely to be built. Using existing estimates of this practical development potential, the areas served by the Second Avenue Subway, either directly or indirectly, have more than sufficient development capacity to accommodate this increase.
- ***The Second Avenue Subway will greatly improve Lower Manhattan's revitalization and development potential by improving access from both city and suburban labor markets and facilitating links to the region's airports.*** Current plans call for up to 10 million square feet of space on the World Trade Center site and there is as much as 10 million square feet of space that could be developed elsewhere in Lower Manhattan. Realistically, approximately 10-15 million square feet of new space is a more likely prospect for Lower Manhattan as a whole. The Second Avenue Subway will result in two new services to Lower Manhattan, one on its east side under Water Street and the other on the Broadway line, and by opening up the overcrowded Lexington Avenue express, in essence providing a third "new" service.
- ***Development of the Far West Side will create a greater need for the Second Avenue Subway.*** Up to 30 million square feet of office development is projected in the city's plans for the Far West Side. The extension of the #7 Flushing Line to serve this market would add many more riders to the Lexington Avenue line. Without the Second Avenue subway this would further exacerbate an already intolerable crowding condition. Rough estimates suggest that as many as 15,000 riders could be added on the Lexington Avenue line in the peak period, if the Far West Side fully develops, swelling the crush loads by 20 percent or more. This argues that the #7 Flushing Line extension should not be advanced without concurrent completion of the Second Avenue Subway.
- ***Midtown and Midtown South will be able to support greater office density with the Second Avenue Subway.*** It is difficult to ascertain the remaining development capacity in Midtown, but greater density could be achieved through infill and redevelopment. Historically, Midtown added about 3 million square feet per year from 1960-1990. After a hiatus in the 1990s when almost no new office space was built anywhere in New York City, new construction and project planning began picking up again in the late 1990s before the onset of the recession. Midtown South emerged as a more active office market in the 1990s, and could support

additional employment through conversions as well as for new construction. The corridor of medical care and research institutions east of Second Avenue also represents an opportunity for expanded institutional facilities, biotechnology and other health-related businesses.

- ***A full-length Second Avenue Subway creates the opportunity for new services that would support new and expanded office centers in Brooklyn, Queens, upper Manhattan and the Bronx.*** In 2000, the Group of 35 called for an additional 12 million square feet of office in Downtown Brooklyn, 15 million in Long Island City, 3 million in Jamaica and additional development in the Bronx Hub, Flushing, Harlem and Staten Island. Improved transit service is a key factor to develop these locations. New services extended from Second Avenue could support development in many of these centers, particularly Downtown Brooklyn, Jamaica, Harlem, and the Bronx Hub.

### **Providing Flexibility and Redundancy in the Transit Network**

While the need for expanded commercial development must be assumed for the long run, the timing, amount, location and type of development needed cannot be predicted over a period of several decades. Three years ago, there was an urgency to create new office space to replenish an office market with vacancies below 5%. Now, the need for any new space has been deferred for years, and terrorist attacks have created new priorities—a heightened need for security and a focus on reducing business risks by dispersing business operations. The region's transportation system needs to allow the region's economy to respond to changing economic needs and consumer preferences. This is not to imply that anticipating change and influencing the location and density of development are not central to transportation planning. However, sound planning also provides the market with room to respond to changing conditions, particularly for projects that will last for 50 year or more. The scope of the Second Avenue Subway, the diversity of the markets it serves, and its potential to support additional services and connections will provide the economy with the flexibility it needs in a century of rapidly changing global trade patterns, technology and demographics.

- ***The Second Avenue Subway will bolster the economy in both "slow growth" and rapid development periods.*** Existing long-term forecasts cover a wide range of predicted outcomes. The NYMTC employment forecasts, used by the region's transportation agencies, imply that it may take a decade or more before the city needs any new office space, and that the city may need as little as 15 million square feet of new space by 2025. A private forecast by economy.com, by contrast, implies the need for as much as 35 million square feet of development over the same period. Because the Second Avenue Subway would improve conditions in the already congested heart of the central business district, it will help the city to remain competitive if the NYMTC forecast is closer to reality. Because it also provides new capacity for expansion, it will be vital if economy expands at or beyond the level predicted in the economy.com forecast.
- ***The subway will improve the security of the transit network by providing redundant service on the East Side of Manhattan and improving connections between business centers.*** Both normal, temporary service disruptions and extraordinary damage to either the Lexington or Second Avenue line would be less damaging with an alternative service available. Adding

new services to the other boroughs would also facilitate the development of a network of business centers in which dispersed facilities would be linked by improved transit.

- ***The potential to support development in Lower Manhattan, the Far West Side and the outer boroughs provides the flexibility to adapt to, as well as influence, changing development patterns.*** With employment growth shifting away from financial services to industries with a greater variety of space needs, it is difficult to determine how much need there will be for development in locations catering to traditional Class A office space, and how much will gravitate toward up-and-coming, mixed-use areas. The pattern of residential development will also help determine which business centers will have most access to the largest labor pool. One of the major advantages of the Second Avenue subway is that it expands access to a variety of residential areas as well as business centers.

### **Supporting Sustainable and Equitable Growth**

In addition to facilitating economic growth, transit service needs to also serve long-term development and social goals. In a mature region that is rapidly running out of land for continued sprawl, encouraging development in the region's core is an imperative for sustainable, long-term growth. And in a region with widening economic inequities, improving the economic prospects for low-income workers and communities is a legitimate goal of transportation investments. The Second Avenue Subway can make several claims for advancing these objectives.

- ***The new service would add to our capacity to attract development to the region's core.*** It would not only make Manhattan a more attractive work location. A vibrant Manhattan CBD with improved transit connections will also facilitate expansion in other districts in the core, including Jersey City, Downtown Brooklyn and Long Island City.
- ***In addition to supporting high-income industries and commuters, the service will also provide a major boost to the economy and career opportunities in low-income communities such as East Harlem and the Lower East Side.*** Expanded service into Brooklyn, Queens and the Bronx, would bring even greater benefits to the city's low-income and working class neighborhoods.
- ***The expanded, four-borough service that the subway could support could also facilitate development around a network of transit hubs.*** The benefits of the expanded service would extend beyond places like Jamaica and the Bronx Hub. By facilitating growth around a network of transit-friendly centers, it would also relieve pressure for increased sprawl throughout the region.