

# Economic Development

## Reference Links

- EconWorks: Improved Economic Insight, AASHTO(Direct to: <https://planningtools.transportation.org/13/econworks.html>)
- Assessing Economic Impacts from Transportation Projects, NCHRP(Direct to: <http://pubsindex.trb.org/view/1997/m/475244>)
- Transportation Benefit-Cost-Analysis and Economic Impacts Analysis, TRB(Direct to: <http://bca.transportationeconomics.org/home/bca-vs-economic-impact-analysis>)
- Evaluating Transportation Economic Development Impacts, VTPI(Direct to: [http://www.vtpi.org/econ\\_dev.pdf](http://www.vtpi.org/econ_dev.pdf))
- Transportation Capacity, Economic Systems, and Land Use, SHRP2(Direct to: [http://onlinepubs.trb.org/onlinepubs/shrp2/SHRP2\\_S2-C03-RR-1.pdf](http://onlinepubs.trb.org/onlinepubs/shrp2/SHRP2_S2-C03-RR-1.pdf))

## Overview

Transportation connects workers, consumers, businesses and resources - key components of economic activity. But there can be economic winners and losers with changes in transportation facilities and services. Collaboration with economic development stakeholders allows transportation decision making and economic development efforts to align, maximizing investments in both. The information in this application helps transportation practitioners understand when and how to consider economic development impacts of transportation choices.

Three areas of information support this integration:

1. There are various levels of economic data and analysis used in transportation decision making. See Economic Effects of Transportation Investments to learn more.
2. Collaboration with economic development stakeholders enhances transportation decision making. Economic Development and the Decision Guide has more about key economic development inputs in the transportation decision making process.
3. Transportation planning efforts can effectively integrate economic development, in both small and large communities. To learn more go to Examples from Practice

## Economic Effects of Transportation Investments

### Did you know?

The phases of transportation decision making require varying levels of economic data and analysis. In long range planning the impacts on travel costs and job access may be sufficient. Corridor planning and programming use higher levels of analysis about the potential impacts of the project on local industries and trends in economic competitiveness. Environmental review/NEPA merged with permitting requires in-depth analysis that examines the broader economic impacts.

Assessing economic impacts at various stages of transportation decision making ensures that proposed plans and projects serve transportation needs as well as support economic development objectives. The extent of analysis needed is largely dependent on the phase of decision making.

There are typically four levels of analysis used to assess potential economic development impacts- ranging from cost savings for travelers and businesses to measuring the broader economic effects experienced beyond the immediate area. These levels of analysis build on each other, but not all levels are needed for every stage of transportation decision making.

Click on each of the analysis levels to understand which factors are considered.

### Economic Development Levels of Analysis

Measure Impact Factors Estimate Ability to Compete Estimate Growth or Decline Estimate Broader Effects

### Measure Impact Factors

This lowest level of analysis measures the quantitative and qualitative impacts on travel costs, the business market within the study area, job access and quality of life. Some questions to consider are:

- What are the significant changes to travel costs for travelers and businesses, including travel time, safety impacts, and vehicle operating costs?
- How many jobs could be created or lost as a direct result of the transportation investment?
- How might businesses' access to suppliers or customers change?
- How might people's accessibility to jobs and other amenities such as schools, hospitals, and commercial establishments change?
- What impact will the project have on congestion, safety, and the quality of life in general?

## Estimate Ability to Compete

Findings related to the transportation impacts help inform the analysis of the effect on business competitiveness. This level of analysis examines the impact of a transportation improvement on different types of businesses. Some questions to consider are:

- How will the relative costs of doing business change in the study area?
- Will businesses become more or less competitive with businesses in other parts of the state, region or beyond?
- What types of businesses gain and lose from the transportation investment, and why?
- Could the project stimulate new development (residential, commercial, etc.) and attract new businesses to the region?

## Estimate Growth or Decline

Findings related to business competitiveness help inform the analysis of how the transportation improvement will impact the character of business activity in the area. Some questions to consider are:

- Will there be a growth or decline in business activity as a result of the transportation investment?
- How will business sales and income change?
- What types of jobs will be created or lost? At what wages?
- Are the jobs and businesses being lost or created simply a transfer from other locations within the region? How might this transfer be accounted for in deciding the study area?

## Estimate Broader Effects

Findings related to the effects on business growth or decline help inform the analysis of the broader impacts of the transportation improvement, beyond the immediate study area. Some questions to consider are:

- How might sales change for businesses that provide supplies and services to the businesses that are impacted by the transportation project?
- How will changes in jobs and wages affect consumer spending?
- Will the project impact property values in the region?
- Will the project have an effect on tax revenues?
- Will the project make the area more attractive to new businesses and workers in the long term?

For more about analyzing the economic development impacts of transportation decision making read, NCHRP 456: Guidebook for Assessing the Social and Economic Effects of Transportation Projects (see Chapter 8).

# Economic Development and the Decision Guide

Considering economic impacts throughout the transportation decision making process helps ensure that plans and projects meet transportation needs while supporting economic development.

The Transportation Decision Guide is a framework of key decisions required by law or regulation or which have become part of successful practice. These decisions require action by those empowered to make the final decisions about plan adoption, funding priorities or project implementation.

**For a snapshot of economic development influences on each key decision, roll over the Decision Guide graphic below. Click on any individual key decision to access detailed information.** Key decisions that are not highlighted have no specific relevance to economic development but are still accessible from this graphic.

## Long Range Transportation Planning

- LRP-1 - Approve Scope of LRTP Process  
Identify the economic development related resources and stakeholders that should be considered as a part of the LRTP process.
- LRP-2 - Approve Vision and Goals  
Incorporate goals and objectives that are consistent with locally and regionally adopted economic development and land use plans into the LRTP vision and goals.

- LRP-3 - Approve Evaluation Criteria, Methods and Measures  
Identify evaluation criteria and analytical methods related to economic development that can be implemented with existing or reasonably available data.
- LRP-4 - Approve Transportation Deficiencies  
This key decision is not associated with application.
- LRP-5 - Approve Financial Assumptions  
Identify potential non-transportation revenue sources (public or private) that could be available to build transportation infrastructure that supports economic development.
- LRP-6 - Approve Strategies  
Consider how strategies to address transportation deficiencies can be supportive of the identified economic development vision and goals.
- LRP-7 - Approve Plan Scenarios  
Incorporate economic development strategies into scenarios. The identified evaluation criteria and methods related to economic development will be used to compare the full range of potential scenarios.
- LRP-8 - Adopt Preferred Plan Scenario  
Inform the selection of the preferred scenario with respect to potential economic impacts and opportunities, and identify mitigation needs for unavoidable negative impacts on specific populations and/or businesses.
- LRP-9 - Make Conformity Determination by MPO  
This key decision is not associated with application.
- LRP-10 - Adopt LRTP by MPO  
This key decision is not associated with application.
- LRP-11 - Make Conformity Determination  
This key decision is not associated with application.

## Programming

- PRO-1 - Approve Revenue Sources  
Identify potential non-transportation revenue sources (public or private) that could be available.
- PRO-2 - Approve Methodology for Identifying Project Costs and Criteria for Allocating Revenue  
Ensure that the methodology for identifying project costs and allocating revenue can be used to measure and evaluate the project's impact on economic development.
- PRO-3 - Approve Project List Drawn from Adopted Plan Scenario or Solution Set  
This key decision is not associated with application.
- PRO-4 - Approve Project Prioritization  
Compare the economic development impacts and opportunities of individual projects to consider in prioritization process.
- PRO-5 - Reach Consensus on Draft TIP  
This key decision is not associated with application.
- PRO-6 - Adopt TIP by MPO  
This key decision is not associated with application.
- PRO-7 - Approve TIP by Governor and Incorporate into Draft STIP  
This key decision is not associated with application.
- PRO-8 - Reach Consensus on Draft STIP  
This key decision is not associated with application.
- PRO-9 - Approve STIP with respect to Fiscal Constraint  
This key decision is not associated with application.

## Corridor Planning

- COR-1 - Approve Scope of Corridor Planning Process  
Identify the economic development related resources and stakeholders that should be considered as a part of the corridor planning process.
- COR-2 - Approve Problem Statements and Opportunities  
Identify challenges and priorities related to land use and economic development along and in close proximity to the corridor. Define the potential opportunities for economic development arising from the corridor improvement.
- COR-3 - Approve Goals for the Corridor  
Incorporate goals and objectives into corridor planning that are consistent with locally and regionally adopted economic development and land use plans, priorities and goals.
- COR-4 - Reach Consensus on Scope of Environmental Review and Analysis  
Inform the scope of environmental review based on potential economic impacts and opportunities as well as the types of information needed for economic analysis.
- COR-5 - Approve Evaluation Criteria, Methods and Measures  
Identify evaluation criteria, performance measures, and analytical methods related to economic development that can be applied at the corridor level with existing or reasonably available data.
- COR-6 - Approve Range of Solution Sets  
Incorporate economic development strategies into solution sets. The identified evaluation criteria and methods related to economic development will be used to compare the full range of potential solutions.
- COR-7 - Adopt Preferred Solution Set  
Inform the selection of the preferred solution set with respect to potential economic impacts and opportunities. Agree on corridor mitigation strategy for any unavoidable negative economic impacts on specific populations or businesses.
- COR-8 - Approve Evaluation Criteria, Methods and Measures for Prioritization of Projects  
Incorporate economic development criteria and performance measures into the corridor project priorities and sequencing. Establish process for project prioritization which includes expected economic outcomes resulting from improved mobility, connectivity, and access.

- COR-9 - Adopt Priorities for Implementation  
Consider economic development impacts of the various projects or strategies in the corridor plan during prioritization.

### Environmental Review/NEPA Merged with Permitting

- ENV-1 - Reach Consensus on Scope of Environmental Review  
Determine the scope of the analysis of economic development impacts and opportunities for the environmental review process. Identify the economic development related resources and stakeholders that should be considered.
- ENV-2 - Approve Notice of Intent  
This key decision is not associated with application.
- ENV-3 - Approve Purpose and Need/Reach Consensus on Project Purpose  
Identify existing and future economic development challenges and the potential opportunities created by the project to inform the development of purpose and need. Ensure consistency with economic development goals identified during long range planning and corridor planning.
- ENV-4 - Reach Consensus on Study Area  
Include considerations related to local and regional economic development impacts when deciding on the boundaries of the study area.
- ENV-5 - Approve Evaluation Criteria, Methods and Measures  
Identify evaluation criteria and analytical methods related to economic development that can be used to determine the economic impacts and benefits of project alternatives.
- ENV-6 - Approve Full Range of Alternatives  
Identify alternatives that will support economic development objectives consistent with the adopted purpose and need.
- ENV-7 - Approve Alternatives to be Carried Forward  
Use the result of the comparison of the full range of alternatives using economic development criteria and methods to identify fatally flawed alternatives.
- ENV-8 - Approve Draft EIS with Conceptual Mitigation  
Compare the economic development impacts of various alternatives carried forward, and account for mitigation actions that will need to be taken for negative economic impacts.
- ENV-9 - Approve Resource Agency Public Notice  
This key decision is not associated with application.
- ENV-10 - Approve Preferred Alternative / LEDPA  
This key decision is not associated with application.
- ENV-11 - Approve Final Jurisdictional Determination  
This key decision is not associated with application.
- ENV-12 - Reach Consensus on Avoidance and Minimization for the LEDPA  
This key decision is not associated with application.
- ENV-13 - Approve Final EIS  
This key decision is not associated with application.
- ENV-14 - Approve the Record of Decision  
This key decision is not associated with application.
- ENV-15 - Render Permit Decision and Approve Avoidance and Minimization  
This key decision is not associated with application.

## Examples from Practice

### Reference Links

- Land Use and Economic Impacts - Planworks Library
- Transportation Project Impact Case Studies (T-PICS) - SHRP
- Case Studies on Transportation and Economic Development - NADO
- Project Prioritization and Performance-based Planning - NADO

Collaborating with economic development stakeholders by sharing data and information about economic development plans and goals provides mutual support for transportation planning and economic development efforts. These collaborators include local chambers of commerce, economic development agencies and private firms as well as local, regional, and state entities.

Below are examples where economic development stakeholders were involved in the four phases of transportation decision making.

- Long Range Transportation Planning: Binghamton, New York

Economic development was a key focus in Binghamton's long-range transportation plan, Transportation Tomorrow 2030: Placemaking for Prosperity. Having experienced decades of population loss and economic decline, local planners and decision makers vowed that future transportation investments would support economic development goals. Business leaders, representatives from major employers, and economic development professionals were involved in the planning process. The outcome was a long range transportation plan that supports economic revitalization by focusing investments in the region's urban centers. Binghamton Metropolitan Transportation Study - Revitalized Urban Centers

- Programming: North Central Pennsylvania

The 2035 Long Range Transportation Plan for North Central Pennsylvania envisions a transportation system that aligns other regional priorities, one of which is economic development. In 2008, the North Central Pennsylvania Regional Planning and Development Commission convened a group of partners and stakeholders, including members from the Comprehensive Economic Development Strategy Committee. The group developed selection criteria for evaluating transportation projects for inclusion in the TIP and STIP. One of the criteria related to economic development is job creation. North Central Pennsylvania's Project Prioritization Process

- Corridor Planning: Los Angeles, California

Economic development was a critical factor in the corridor study on improvements to I-170, an important thoroughfare in Los Angeles County and the national freight distribution network. The planning process involved representatives from two local ports and business owners. During the planning process, safety and travel time criteria were used to evaluate project alternatives. The outcome was a locally-preferred project alternative that addressed both travel costs and regional economic development. California I-710 Corridor Planning

- Environmental Review/NEPA Permitting: San Antonio, Texas

The Kelly Parkway Project was proposed to catalyze the redevelopment of the former Kelly Air Force Base. The NEPA study and corridor plan were conducted simultaneously - and both engaged local partners and stakeholders to address potential economic opportunities, as well safety and mobility improvements. This ensured that the NEPA study addressed residents' interests in reducing personal travel costs along with economic development objectives for redeveloping the base property. San Antonio Texas Kelly Parkway Corridor Study