

The Providence Streetcar is a Bad Idea

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The proposed Providence streetcar project is a textbook example of how bad projects get support from cities. The streetcar is essentially a \$100.4 million bus, except it goes fewer places and costs more to maintain.

By any rational standard, paying more money for fewer services is a bad idea. Yet, Mayor Elorza and City Council President Aponte support the streetcar anyway. They've been suckered in by unrealistic projections of economic impact, and the easy availability of federal money – two hallmarks of an urban planning blunder.

Federal money is like a department store sale on ugly clothes. It creates the sense of a good deal and gets people to buy things they don't need. Just like an ugly Armani suit that's 50% off, the streetcar is still a waste of money.

Providence is currently getting \$13 million in federal money for the streetcar and could apply for more. But even if the subsidy is doubled, the city would still need to pay \$77.2 million and \$1.5 million in maintenance. That's assuming the project doesn't cost more than the city estimates, as often happens with major construction. \$77.2 million is hardly a bargain; especially since Providence's budget deficit will be between \$10.5 and \$23.1 million in the next fiscal year. Adding more long-term spending to those shortfalls will just lead to more painful cuts in essential services like schools, police, and roads.

Streetcar proponents argue that the spending will pay for itself because of how much economic development it produces. This is a common refrain from salespeople, whether of public sector boondoggles or private get-rich-quick schemes. Late-night infomercials promise real estate riches for only three easy payments of \$29.95. Streetcars and other wasteful projects promise that the next economic boom is only a ribbon-cutting away.

Rather than spark an economic miracle, streetcars have been a disappointment in most cities where they've been built. Portland was touted by Transportation Secretary Ray LaHood as an example of how streetcars improve a city. At first glance, that seems true. The so-called Pearl District that the streetcar line services has seen a building boom since the streetcar line opened in 2001. According to the Portland Streetcar Authority, \$3.5 billion worth of economic investment has taken place within two blocks of the streetcar line.

But correlation is not causation. Just because something happens near a streetcar line doesn't mean it was caused by the project. Portland spent hundreds of millions of dollars in subsidies for development in the Pearl District. In 2011 alone, the city authorized \$325 million in bond-financed development subsidies. According to an analysis by the (admittedly libertarian) Cato Institute, tax subsidies were 75 times more responsible for economic growth than the street car line. That same analysis showed that only one percent of Portland's downtown workers commuted using the streetcar line.

Remember, Portland is the streetcar success story. That "success story" required hundreds of millions in subsidies, along with the multi-million dollar pricetag of the streetcar itself. Providence doesn't have the money to buy that kind of success, and even if it did, there are far more cost-effective places to put tax dollars.

For a lot less than \$77.2 million, the cost of the streetcars if the federal subsidy is doubled, Providence could invest in more reliable buses and more comfortable bus stops. Plus, the city could invest in more reliable plowing for the next harsh winter, fix the crater-sized potholes that plague the roads, and still have plenty of money left over. Alternatively, the money could be used to pay down the city's deficit or attract a tenant to fill the vacant Superman Building.

Infrastructure is one of the best uses of tax dollars, but the streetcar is just a sugarplum delusion that won't deliver any of the benefits its supporters promise. Politicians like new development because the ribbon-cuttings, celebratory press conferences, and ground breaking ceremonies let them get on television. New ideas like a streetcar seem cooler than basic city services like buses, and let politicians take credit for innovating. But long after the mayor has bragged about his innovation, long after all the photo ops, the city will be stuck with an overpriced novelty. That's the last thing Providence needs.