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Subsidies make streetcars costly

By: Randal O'Toole - December 2, 2012

In 1933, San Antonio became the first major American city to replace all its streetcars with buses because buses were faster, more flexible, and far less expensive. Buses remain superior today: American cities with streetcars spend far more operating and maintaining those cars than their buses.

Rail lines are so costly to build and maintain that most American cities with light rail or streetcars have been forced to cannibalize their bus systems, raising fares and cutting service. The result is dramatic declines in per capita transit ridership in cities such as Atlanta, Dallas, and Houston.

Despite population growth, census data show that transit in both Dallas and Houston urban areas carries fewer commuters to work today than before they built light-rail and streetcar lines. Too many transit agencies have given up on providing quality, low-cost bus service to transit-dependent neighborhoods in an expensive and futile effort to get middle-class people out of their cars.

Nor are streetcars environmentally green, as most American streetcars use more energy per passenger mile than a large SUV with only one occupant. Since fossil fuels generate most of San Antonio's electricity, that energy is just as dirty if not dirtier than the gasoline powering your car.

Despite these problems, some San Antonio officials still want a streetcar line because, they claim, streetcars promote economic development. This is mainly based on Portland, where officials say a new streetcar line generated billions of dollars of development. In fact, that development was attracted by roughly a billion dollars worth of tax breaks, tax-increment financing, and other local subsidies to developers.

In Northwest Portland, for example, the streetcar serves two neighborhoods of roughly equal size, in one of which developers received hundreds of millions of dollars of subsidies and the other of which they received none. According to the city's own tally, the first neighborhood saw more than 75 times as much development as the second. Clearly, it was the subsidies, not the streetcar, that attracted the new development.

At best, streetcars give cities an excuse to subsidize the development after they have subsidized the streetcar. No subsidies; no development. Ironically, San Antonio already provides subsidies to developers along Broadway — without a streetcar — and more than 2,000 living units are under construction. This is more proof that it is the subsidies, not the streetcar, that spur development.

Promoters of downtown revitalization would do better to support basic urban services such as well-maintained streets, safe sidewalks, and adequate sewer and water systems. They should also deregulate new construction rather than dictate particular building types with strict zoning and form-based codes.

Streetcars hinder transit mobility because their high cost takes funds that could otherwise be spent on faster, more frequent buses. Streetcars add to congestion because their slow speeds and frequent stops create obstacles to free-flowing traffic. San Antonio citizens should do all they can to stop construction of a streetcar.