Sacramento RT Economic Impacts of Light Rail

Presentation: Rail-Volution Conference
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## Sacramento RT Economic Impact Study Purpose

- Identify the impacts of light rail on property values
- Identify the impacts of light rail on property appreciation rates
- Identify homebuyers’ perceptions of impacts of light rail on property values and appreciation rates
- Identify local brokers’ observations of impacts of light rail on property values and appreciation rates
## Uses of Study

- **Local** Independent Quantitative Analysis to Inform Policy Makers

- Response to Community Concerns Regarding the Negative Impact of Light Rail on Property Values

- Reviewed and Commended by Highly-Regarding Academic in Field (Dr. Robert Cervero) to Further Substantiate the Validity of the Study

- Disbursed to Local Media for Public Information Campaign

- Plan to Use and Update for Future Expansion and Planning Efforts

- May Become a Methodology to Finance Expansion Projects as More Quantitative Analysis Data Becomes Available
<table>
<thead>
<tr>
<th>Factors Affecting Property Values</th>
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<tr>
<td>✓ Local and Regional Perceptions</td>
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<tr>
<td>✓ Surrounding Amenities and Nuisances</td>
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<td>✓ Comparable Sales</td>
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Methodologies

- Property Sales: Multi-Regression Analysis of Property Sales Records near Light Rail Stations
- Perceptions: Survey Based
- Review: Dr. Robert Cervero, Department of City and Regional Planning, University of California, Berkeley.
Midtown Study Area

Figure 4: Midtown Study Area (16th Street and 23rd Street Stations)

- 1/4 mile radius from all stations
- Properties
- Light Rail Station
- Light Rail
### What is Multi-Regression Analysis?

- **Definition:** Statistical Inference Analysis which uses various data points to determine the impacts of a series of independent variables (housing characteristics) on a single dependent variable (price per square foot).

- **Results are given at the 95 percent confidence interval. Means that we expect this result to hold 95 percent of the time.**

- **Data:** Over 1,300 property sales records in areas surrounding 14 different RT light rail stations within a 12 month time frame.
Qualitative: Surveys

- Mail surveyed all homeowners who purchased homes located in the study areas to understand buyers’ perceptions on the impacts of light rail.

- Phone surveyed local real estate brokers to get professional assessment of impacts of light rail on property values and appreciation rates.
Quantitative Analysis Findings

- No relationship between commercial property values and proximity to light rail station or line
- No relationship between residential property values and proximity to light rail station or line
- No relationship between residential appreciation rates and proximity to light rail station or line
Qualitative Survey Findings

- Homebuyer Mail Survey
  - 43 percent of respondents perceive proximity to light rail as having a slight positive economic impacts on residential properties
  - 34 percent of respondents believe there is no impact
  - 23 percent of respondents believe there is a slightly negative impact

- Broker Phone Survey
  - 68 percent of respondents believe there is zero impact on property values
  - 19 percent of respondents believe there is a slightly negative impact
  - 39 percent of respondents stated that properties close to light rail spent a shorter time on the market
  - Approximately 77 percent that in the long run light rail either has no impact or a slightly positive impact on property values
Study Overall Conclusions

- The presence of a nearby light rail station or line does not have a significant measurable impact on the value of nearby properties, on average.
- In the future, as traffic congestion becomes more acute, expanding the light rail system will become a more attractive transportation option.
More Information

For additional information on the methodology and findings, please contact:

Taiwo Jaiyeoba, Director of Planning, 916.557.4536

Alexander Quinn, Senior Associate, 530.750.2195