



## Fact Sheet

# The Economic Impact of High-Speed Rail in Los Angeles

Based on *Unlocking the Gridlock in Los Angeles County's Transportation System: The Local Economic Benefits of High-Speed Rail (HSR)*, report by Dr. Philip J. Romero, dean of the College of Business and economics at California State University, Los Angeles, for the California High-Speed Rail Authority

- HSR's benefits to passengers will induce many to move from their cars or from air service to the train, which will provide important ancillary benefits, including:
  - It will reduce traffic on freeways and air traffic lanes already heavily congested—Los Angeles has the worst highway congestion in the nation, and one of the busiest airports--and likely to become more so in coming years because of anticipated continuing population growth.
  - It will reduce air pollution, including greenhouse gas emissions, both because of fewer high-emitting auto and airplane trips, and because of reduced time spent idling in traffic. This is particularly important in Los Angeles, which has the second worst air quality in the nation.
  - HSR will also raise property values near each of its stations, encouraging and facilitating denser development, further reducing automobile traffic.
  - HSR will also help attract companies and industries whose employee time is especially valuable, and so produce considerable value per hour. This is particularly important for Los Angeles, whose economic cycle has historically been substantially more volatile than California as a whole.
  - At least 41% of trips on the HSR system will be for business, and the largest number of trips—more than 18 million—will be within Los Angeles County. The most common passengers will be Los Angeles area commuters.
  - Even those L.A.-area drivers remaining on the freeways will benefit from HSR. Less fuel is burned per mile traveled, so fewer pollutants—including greenhouse gases—are emitted from tailpipes. These savings free up resources that drivers can spend on other consumption or investment. The initial direct savings will “ripple” through the economy several times, leading to the added economic activity shown in the table below.
- The anticipated increase in Los Angeles' aggregate gross domestic product is more than the entire GDP of twenty California counties. These gains will add 2 to 4% to the area's economic growth, equivalent to a moderately strong year, *each year, throughout the operating lifetime of the HSR system.*
- Area household incomes will increase by \$208 per person in 2020, or over \$800 per family of four. By 2035, incomes will rise by \$328 per person, or about \$1,300 per family of four (over \$100 per month). This is roughly equivalent to

one third of a family’s total bill for energy (gasoline, natural gas, and electricity) for one year, or what the average family spends on food over three months.

- L.A. County can expect to see revenue increases of \$136 million per year in 2020 and \$408 million per year in 2035. For all local jurisdictions within L.A. County’s boundaries, their added revenues will be \$348 million and \$626 million in 2020 and 2035 respectively. (All figures are in 2006 dollars.)

*HSR will generate more economic benefits annually to Los Angeles alone from added economic activity than the entire cost of the Prop. 1 bond, whose expense will be borne only partly by Angelenos, and will be spread over many years.*

**Economic and Efficiency Benefits of HSR in Los Angeles County  
(2006 dollars)**

<b><u>2020</u></b>				
Output Added	Employment added	Earnings added	Efficiency gains	Total household benefits
\$6.9 B	54,800 Jobs	\$2.0 B	\$0.4B	\$2.4 B

<b><u>2035</u></b>				
Output Added	Employment added	Earnings added	Efficiency gains	Total household benefits
\$12.1 B	96,300 Jobs	\$3.6 B	\$0.8B	\$4.4 B