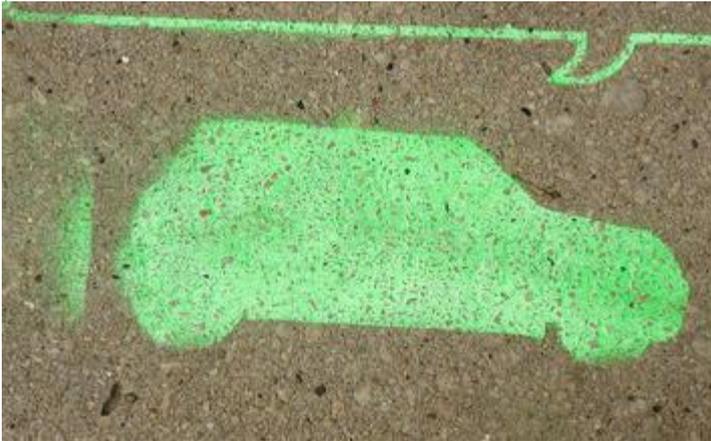


## MOBILITY FOR THE POOR: CAR-SHARING, CAR LOANS, AND THE LIMITS OF PUBLIC TRANSIT

by Jeff Khau 08/22/2013



Public transit systems intend to enhance local economies by linking people to their occupations. This presents problems for many low-income families dependent on transit for commuting. With rising prices at the gas pump, much hope has been placed on an influx of investment into public transit to help low-income households. But does public transit really help the poor? While the effect of transit access on job attainment is murky, several alternatives such as car loans and car-sharing programs have seen real results in closing the income gap. For Christina Hubbert, emancipation from public transit has been a change for the better. [NBC News](#) reports:

*A car means Hubbert no longer spends two hours each way to and from work in suburban Atlanta. It means spending more time with her 3-year-old daughter — and no longer having to wake her up at 5 every morning so she can be in the office by 8. It also means saving hundreds of dollars each week in day care late fees she incurred when she couldn't get to the center before its 6:30 p.m. closing time.*

[Research](#) finds that car-ownership is positively correlated with job opportunities while no such relationship exists with access to transit stations. Furthermore, increased transit mobility has been [proven](#) to have no effect on employment outcomes for welfare recipients. The notion that newer and nearer public transit creates benefits for all is inaccurate; it only creates opportunities for those who live near the transit stations, and those opportunities are limited. A [study](#) by the Brookings Institute finds that, among the ten leading metropolitan areas in the US, less than 10% of jobs in a metropolitan area are within 45 minutes of travel by transit modes. Moreover, [36%](#) of the entry-level jobs are *completely* inaccessible by public transit. This is not surprising given the fact [that suburbia houses two-thirds of all new jobs](#).

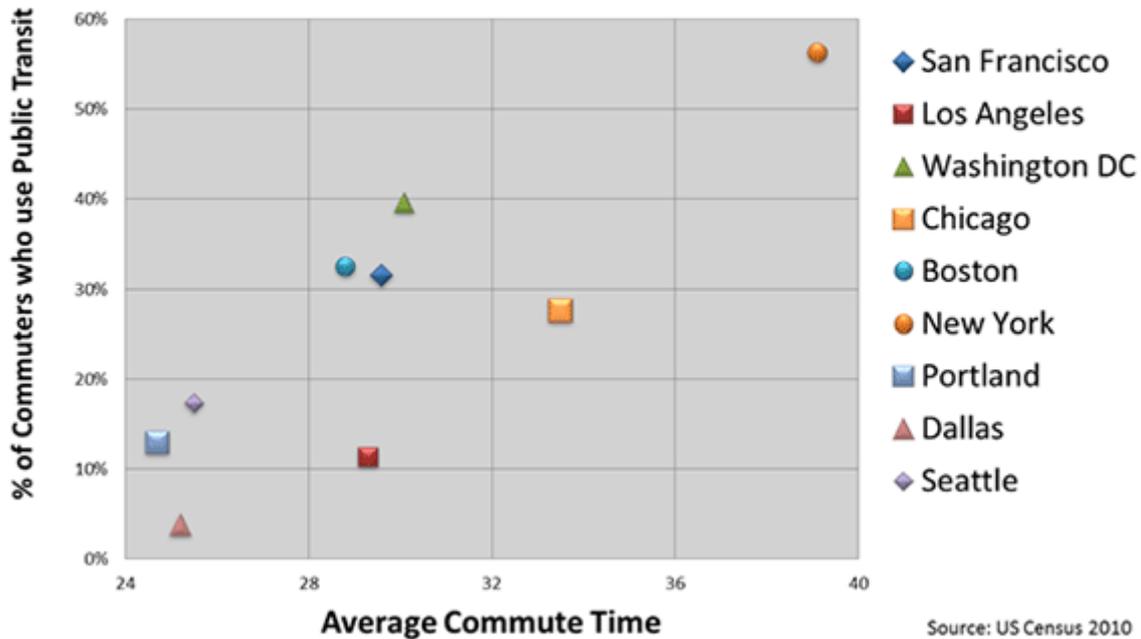
The mismatch between people and jobs can be reconciled in two ways: car loans and car-sharing services. Basic car-sharing involves several people using the same car or a fleet of cars, as with the [ZipCar](#). The concept has branched out to on-demand car sharing services, such as [Lyft](#), mobile apps which link riders with drivers.

Car loans on the other hand have been around for a while and offer affordable financing for a car without a required down payment. [Ways to Work](#), one of the largest loan providers in the U.S., includes courses on personal finance and credit counseling. By making vehicle travel more attractive, these two disruptive innovations threaten the expansion of public transit – and its powerful associated lobbies – in three ways:

### **1. It's more cost-efficient and time-efficient.**

To improve the way we move people, transit developments must save both time and money. Sadly, transit lines are notorious for their extraordinary costs and long delays. Data from the 2010 Census reveals that people living in central cities with a higher proportion of transit riders experience longer commutes. And since transit riders have more cumbersome commutes, they are much more likely to be tardy or absent from work.

## Public Transit & Commute Times for U.S. Central Cities



The hefty price tag of transit projects also triggers concern. For example, the cost per new passenger of the [Washington Metro line](#) to Dulles Airport was estimated at \$15,000 annually. That's about the same as the current poverty threshold for a household of two.

Car-loan programs on the other hand are largely cost-efficient, producing real fiscal benefits to borrowers, employers, and taxpayers. A [survey](#) of 4,771 borrowers and their employers finds that borrowers have greater job security as a result of access to vehicles. With access to credit, borrowers increase their purchasing power by an average of \$2,900 each year and save about \$250 by avoiding payday loans and checks-for-cash outlets. Employers gain as well through cost savings due to increase retention and reduced absenteeism and tardiness, which amount to \$817 and \$1130 per borrower respectively. In large part, providing vehicle financing is a smart investment since it reduces the number of low-income families on social welfare – an annual cost savings of \$2,900 for each borrower coming off public assistance.

Given its clear advantages, car sharing is increasing. Recent reports find that shared-use vehicle organizations have been lucrative. Between August 2012 and July 2013, [car-sharing ridership](#) grew by 112 percent and the number of vehicles increased by 52 percent. And although car-sharing is not typically used to transport the poor, having on-demand car service makes it so that door-to-door access is more available and affordable. If car-sharing continues to grow at its current rate, it's reasonable then to assume that these pseudo-taxi services will be eventually be affordable enough so that people would choose to be chauffeured rather than drive their own vehicles.

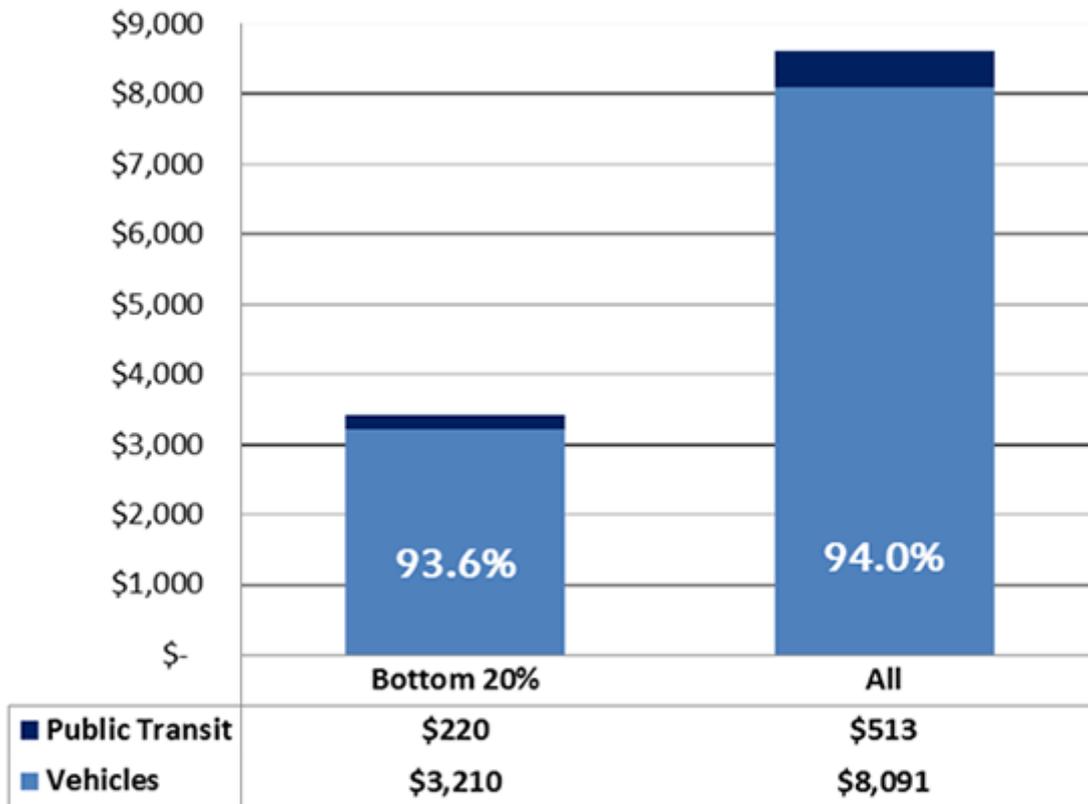
### 2. Vehicle ownership provides greater access to jobs and economic opportunities.

Instead of being limited to a few areas that are transit-oriented, families with cars have access to more jobs and economic opportunities. Public transit lines are limited in their geographical coverage and take time to make often numerous stops. Transfers are inefficient and time-consuming, making much of that coverage impractical. Also regular transit riders have limited employment options since they're only able to consider jobs in the vicinity of transit stops and stations.

### 3. Travel by car is responsive to current travel patterns

A common misperception is that low-income people do not have cars. In reality, [86% of the poor have cars](#), compared to 95% of the entire population. The high percentage of poor families with cars reveals how automobile culture has become fixed into American ideals of economic well-being and prosperity. And contrary to stereotypes, the poor and the rich similarly spend about 94% of their transportation costs on vehicle travel versus public transit, challenging the notion that low-income travel behavior is unlike that of the rest of the population. As such, providing the poor with cars dramatically levels the playing field as they are the ones who would gain the most from increased access to employment destinations and education facilities.

## Transportation Costs for Bottom 20% Versus All Consumers



Sources: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey 2008; U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, Table 1: Quintile of Income Before Taxes, 1988.

A strong argument posited by public transit advocates is that as more cars use the road, congestion and pollution will intensify. And to be sure, public transit is more environmentally friendly than motor vehicles. The Amalgamated Transit Union (ATU), the largest union representing transit workers in North America, [reports](#) that one full bus eases the road of thirty-five cars, and that existing transit usage cuts national gasoline consumption by 1.4 billion gallons annually. Yet, on average, this result can only be achieved if buses were always full, which they are not – authorities from the [Los Angeles Metro](#) estimate that their buses run at an average of 42% capacity.

But is it equitable to ask the poor to forgo mobility and economic gain for the environment? Considering that most Americans experience some degree of social mobility via vehicle ownership, it's far more reasonable to allow low-income families greater access to opportunity. In addition, new fuel efficiency standards for cars set by the Obama administration will decrease overall GHG emissions substantially; according to [forecasts by the Department of Energy](#), carbon emissions from light-duty vehicles will drop 21% between 2010 and 2040 in spite of a 40% increase in driving. This shows that, even with more cars on the road, environmental goals can be accomplished.

Although the eligibility requirements are stricter in some areas than others, [every state](#) in the U.S. has a program for low-income residents to have access to car loans. Car-sharing is also rapidly expanding, but marketing now is geared towards millennials on a budget rather than low-income families. Both innovations, however, respond to new demands faced by future workers, who are likely to find employment in dispersed locations and may make more trips per workday since many may have multiple part-time jobs. With more efficient ways of getting people to work, it's time to challenge the assumption that the expansion of public transit is the best way to meet the needs of America's hard-pressed working class.

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*Photo by Romana Klee, #113 zipcar.*

