

When the Road Price Is Right

Land Use, Tolls, and Congestion Pricing

Executive Summary

The United States is in the beginning stages of a significant shift in how the country collects revenue from—and pays for—its transportation system. After decades of depending on taxes on motor fuels, federal, state, and metropolitan leaders are expanding the use of tolls. They are looking to tolling to pay for new and revitalized transportation infrastructure. They are also experimenting with tolling's powerful ability to provide a new benefit to road users: the reliable, congestion-free trip.

Compared with other potential revenue sources, such as sales taxes, income taxes, and even taxes on motor fuels, tolling and related schemes to charge a tax or fee for every mile driven have much stronger potential to affect decision making about land use. Tolling that enables congestion-free travel increases the probability that the tolled road will have impacts on land use and development.

New types of tolling also present decision makers with many choices about how to manage new tolled roads and how to coordinate tolled facilities with transit service. The outcome of these decisions will influence how these new facilities interact with land development and whether the opportunities they promise for widespread benefits will be fully realized.

ULI believes it is important to include land use—the impacts, concerns, and opportunities—in discussions about the future of tolling and other changes to how revenue is collected from transportation. The prism of land use should encompass how tolling's impacts on land use will affect societal equity.

To raise awareness of land use and frame the issues for future research and discussion, the ULI Infrastructure Initiative convened a group of experts, including leaders representing transportation and land development, to participate in workshops and interviews conducted in the summer of 2012. Study participants explored scenarios constructed as part of a thought experiment on how land development in metropolitan areas would be affected by the spread of congestion pricing, the expansion of tolled highways, or the adoption of taxes on vehicle-miles traveled (VMT).

The ULI Infrastructure Initiative also developed five brief case studies of tolling in Florida, Texas, California, Colorado, and Maryland. The case studies illustrate the different policy options for managing travel reliability, traffic volume, travel speeds, and revenue targets and for integrating tolling and transit service. They also explore how these new tolled facilities are being coordinated with land use and development.

This report documents the results of the ULI Infrastructure Initiative thought experiment and the case studies. Among the most significant conclusions:

- The potential for tolling and other new transportation revenue mechanisms to influence land use is real, but the magnitude of the impacts is likely to be modest.
- The most dramatic impacts—and opportunities—are likely to be located in the corridors surrounding tolled roads or highways with the option for congestion-free travel.
- The impacts on land use will vary greatly by metropolitan region and will be influenced by the transportation network—including mass transit services—land use patterns, local land use policies, and economic trends.
- Tolling and other transportation revenue mechanisms have the potential to interact with land use in ways that support growing market preferences for development in compact, mixed-use, walkable nodes, but achieving this objective will require careful coordination with land use policies and other transportation services, including transit service.
- Because tolling that manages congestion is permanent and not priced according to the cost of the facility, policy discussions need to include the appropriate uses for “excess” revenue.

Developers, planners, and researchers should work within their respective professional communities to advance and disseminate knowledge about these new uses for tolling and congestion pricing and their impacts on land use. Reaching out across disciplines will strengthen efforts to conceptualize research projects, develop best practices, and set standards. Of equal importance, developers, planners, and researchers offer unique perspectives that will be valuable to policy makers at the federal, state, and local levels. All should strive to ensure that these new transportation services and the land uses that are attracted to them achieve a broad set of policy goals without creating unintended consequences.

By paying attention now—through framing the issues for policy discussions, future research, and the development of best practices—Americans can more fully realize the potential opportunities to tie transportation choices to desired land use outcomes.

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