

Investing in MARC Rail Service to Boost Baltimore's Economy

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Introduction and Premise

- Baltimore and Washington, D.C. are 41 miles apart
- Washington's economy is booming, while Baltimore's lags behind
- The only commute alternative to driving is one hour on MARC
- The job market in Washington is strong with relatively high salaries
 - *DC jobs pay \$30k more than Baltimore jobs*
- The housing market in Baltimore is significantly less costly including the presence of abandoned units that could be rehabbed
 - *DC houses sell for four times more than in Baltimore. Rent in DC is double that of Baltimore*
- **If there was faster train service, could there be a match?**

MARC Train Service – Pre-COVID

- About 30 daily trains on MARC's Penn Line
- Majority make all/most stops between Baltimore Penn and Washington Union
- Daily boardings (February 2020) was about 26,000
- A six-car train can carry nearly 900 people with some standees
- Running times vary

Service Type	Running time between Baltimore and Washington in minutes
MARC Locals Southbound– Morning Peak	60-63
MARC – Expresses Southbound– Morning Peak	54-55
MARC Locals Northbound – Evening Peak	60-65
MARC Expresses Northbound– Evening Peak	48-56
MARC Northbound Non-Stop Morning Peak	41
Amtrak Regional	40-46
Amtrak Acela	28-38

Providing Express Service

- Converting local trains to express trains
- Adding additional trains

Issues

- Eliminating service to certain stations with conversion option
- Fleet is stretched today
- Expense of adding rolling stock, people
- Platform and storage space
- Northeast Corridor congestion/lack of slots

Making the Commute

Start	Interim/Finish	Drive – Minutes	MARC, Current Schedule – Minutes	MARC – Express - Minutes	Comment
27 th Street/North Calvert Street	Penn Station		10	10	Walk to 27 th and St. Paul and take MTA Silver Link bus
Penn Station	Penn Station		8	8	Enter station, move to platform
Baltimore Penn Station	Washington Union Station		59	35	Existing 7.22 departure, theoretical new express
Washington Union Station	Washington Union Station		12	12	Alight train, walk to Red Line metro station, wait 2 minutes for train
Washington Union Station	Connecticut Avenue, NW and K Street, NW		10	10	Red Line and exit to street
<u>TOTAL</u>		<u>83</u>	<u>99</u>	<u>75</u>	Auto based on Google directions Tuesday, January 14 leaving at 7 am

Potential Positive Developments

- Current Corridor improvement plan
- Potential Infrastructure legislation and increased support for Amtrak
- Station improvement plans
 - Baltimore Penn
 - West Baltimore
 - BWI Marshall
 - Odenton
 - New Carrollton
 - Washington Union
- State contribution to B&P Tunnels
- Negotiation with Amtrak to allow commuters

Paying for the Commute

Expense	Cost	Comment
MARC	\$10.29	Monthly pass with 21 working day round-trips
Bus – home/Penn Station	\$3.80	Two trips per day.
Metro – Union Station/Farragut North	\$4.50	Two trips per day
Total	\$18.59	

Driving

- \$64 – 2019 Federal mileage rate
- \$12/day – monthly parking permit in Washington

Issues to Consider

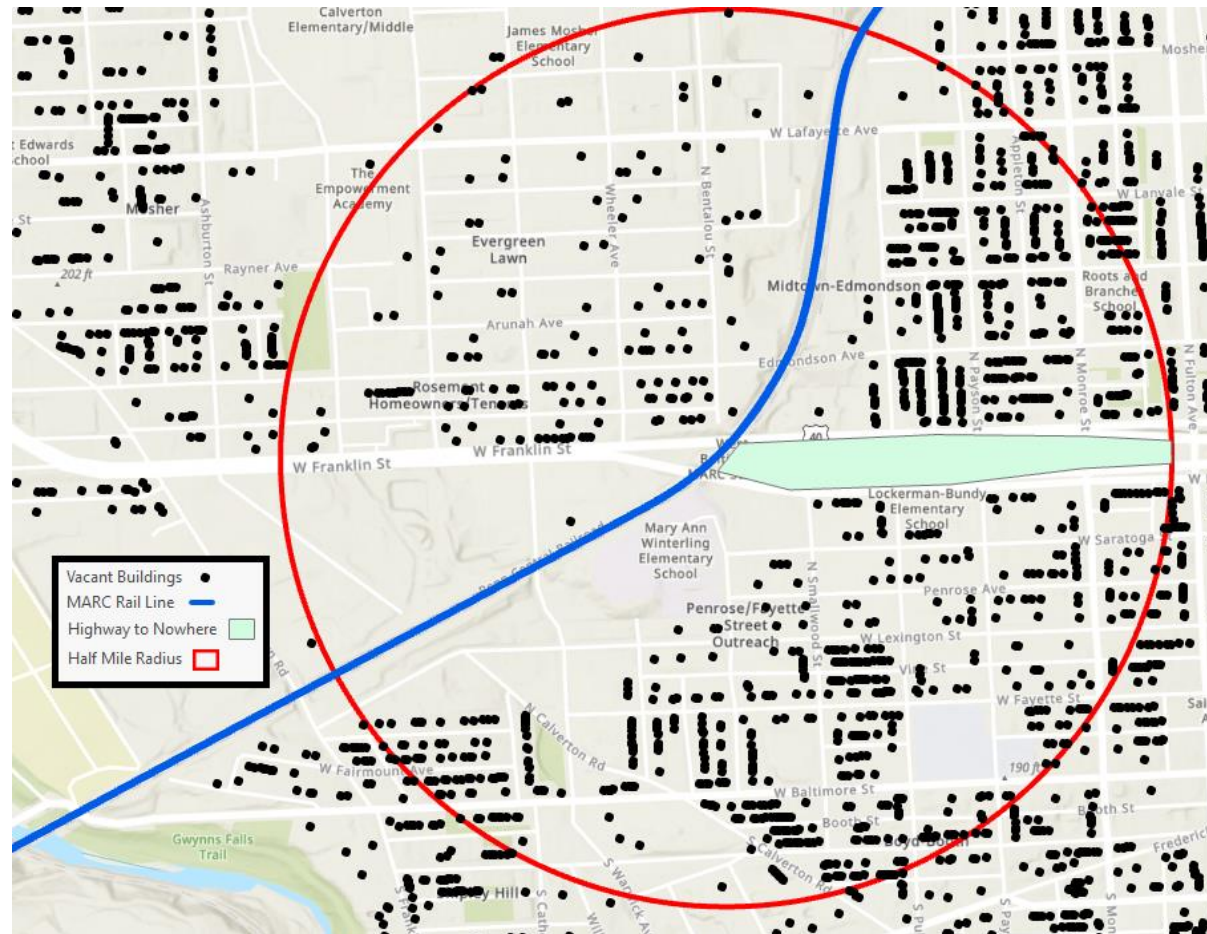
- The relative importance of commute times in making housing decisions
- The image and unknowns of Baltimore to DC workers
- Future investment scenarios for MARC
- Attractiveness of the Baltimore housing stock
- Will this aggravate gentrification in Baltimore?
- Commute acceptability based on housing and job distance from Baltimore Penn and Washington Union
- The future of public transportation, post-COVID

Housing Affordability and Stock

- In Feb. 2021, typical home value in DC was \$672,910, in Baltimore it was \$169,327
- Avg rent in DC ~\$2,700/month, in Baltimore ~\$1,300/month
- Average annual savings of renters around \$16K offsetting \$5.5K cost of commuting every day
- In 2018, vacancy rate in DC was 1.4% compared to 4% in Baltimore, for rentals was 7.5% compared to 13.5%

Vacant Housing Redevelopment Opportunity

In 2020, ~1,000 of 16K vacant homes in Baltimore within ½ mile of W. Baltimore MARC Station



Opportunity

- Biden team preparing \$3 trillion infrastructure stimulus package, much of which will go to transit.
- Buttigieg focus on dismantling freeways – opportunity for Highway to Nowhere as an asset near station
- Howard Street Tunnel expansion
- Zoning allowing for denser mixed-used buildings. Could follow pattern of development around Penn Station if improvements made to W. Baltimore Station.

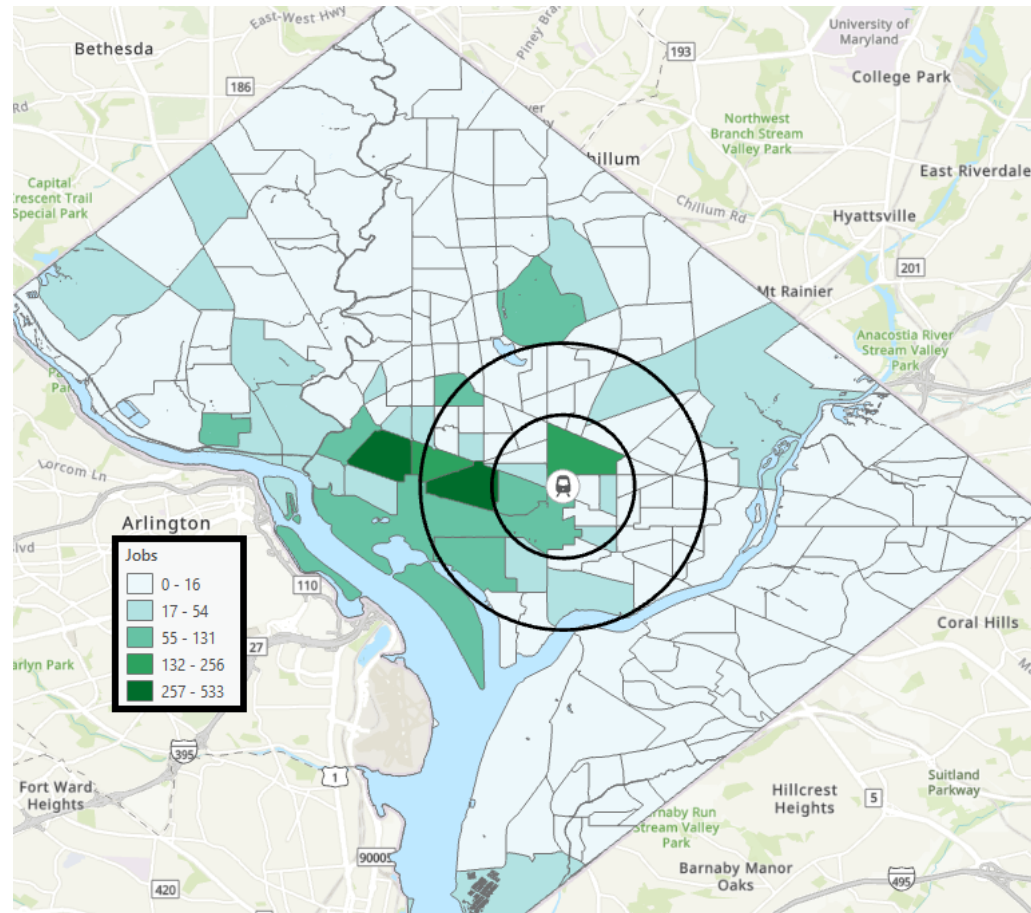
Gentrification without displacement?

- City-owned vacant land and buildings as a REIT. Equity investing in REIT. Pitfalls of inclusionary zoning.
- Targeted outreach to increase utilization Renters and Homeowners Tax Credit Programs, Homestead Tax Credit
- Highway to Nowhere development opportunity lease
- Zoning allowing for denser mixed-used buildings. Could follow pattern of development around Penn Station if improvements made to W. Baltimore Station.

Occupations and wage premiums

- ~3,000 people lived in Baltimore and commuted to DC for primary jobs (2017), additional 300 for secondary jobs (unknown: how many drive vs take train)
- ~87,500 jobs within one mile of Union Station and just over 304,000 jobs within two miles of Union Station (2017)
- If 2 mile radius is used, this doubles Baltimore City's job market

Jobs by census tract for Baltimore to D.C. commuters, 2017



Wage Premiums

- Avg. DC job pays \$30K more
- Big opportunities for workers in certain growth industries (e.g. businesses in the computer systems design industry in Washington, D.C., employed 24,633 workers in 2019, compared to just 2,876 in Baltimore City. The average salary for those employees was over \$12,500 higher in D.C. than in Baltimore.)
- Increased opportunity for federal gov. consultants in Baltimore.
- While the D.C. wage premium is highest for occupations requiring high degrees of education, there are some service occupations, such as security guards and bartenders, where the premium is significantly higher than the cost of commuting.

Industry	DC Pay Premium	DC Job # Differential *
All industries	\$29,498	431,600
Management of companies and enterprises	\$140,406	-2,707
Wholesale trade	\$67,337	-1,129
Public administration	\$50,987	154,021
Other services	\$50,122	63,212
Real estate and rental and leasing	\$44,616	7,589
Arts, entertainment, and recreation	\$40,316	9,352
Manufacturing	\$38,352	-6,930
Transportation and warehousing	\$35,164	-6,150
Information	\$33,986	18,681
Professional and technical services	\$33,139	103,023
Administrative and waste services	\$19,274	23,958
Accommodation and food services	\$10,212	48,882
Retail trade	\$8,229	8,770
Health care and social assistance	\$4,490	-6,558
Construction	\$4,211	3,998
Educational services	-\$11,719	-1,585
Finance and insurance	-\$22,000	7,005
Utilities	-\$40,018	-1,139

Post-COVID Uncertainty and Work From Home

- In 2018, 25% of employees worked from home at least some amount a week. 37% of jobs can be performed entirely from home (Dingel & Neiman)
- Average employee wants to WFH 2 days a week (Bloom). Makes commute more feasible
- Known unknowns:
 - Who is the marginal Baltimore commuter?
 - Who is the marginal capitol resident?
 - Return to post-COVID ridership #s. 72% of people say they will still be wary of activities such as riding subway, 12% say no return to pre-COVID activities (Bloom)
 - 40% of mayors did not expect a "return to normal" for mass transit until after 2021 and 40% expected less transit use in the future (Menino Mayor's Survey)
 - Long-term transit budgets. MD Transit Safety and Investment Act.

Questions?

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