

NEW HUDSON RAIL TUNNEL WOULD BE A BOON

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As New Jersey Transit's Midtown Direct service began operations in June of 1996, real estate professionals said one-seat service into Manhattan would boost home values for properties near stations on the Morris and Essex line.

A Columbia University study confirms the prediction. Analyzing sales prices from 1993 to 2003, researcher Juliette Michaelson has shown property values within a half-mile of a station with Midtown Direct service soared by 113 percent, while homes a half-mile to two miles away jumped by 82 percent. Homes more than two miles away rose by 65 percent, or about normal appreciation for those years.

If a single rail link buttressed home values along just one NJ Transit line, imagine what would happen if passengers at every station in NJ Transit's standard rail network could get a one-seat ride to Manhattan?

For that to happen, however, a new rail tunnel must be built under the Hudson River to facilitate all the trains required. While that would be a hugely expensive undertaking, such a project would also create thousands of construction jobs over several years.

Given the potential, the lure of building a new tunnel is considerable, even at a time when the state's budget has little wiggle room and opposition to increases in gas taxes and toll hikes is high.

The proposed tunnel, slated to be built just south of the existing 100-year-old rail tunnel, would permit twice the number of trains, or 48, to run into midtown Manhattan per hour during peak traffic. Trains would go to a new station below 34th Street, near Penn Station, with access to subways and other commuter rail lines.

With environmental hearings and preliminary engineering complete, what remains for the \$8 billion project -- formally known as the Access to the Regions Core -- is to secure funds so that digging can begin next year.

The Port Authority of New York and New Jersey has pledged \$3 billion. The state of New Jersey has committed \$1.5 billion -- \$500 million from the Transportation Trust Fund and \$1 billion from a federal highway account that NJ Transit must replenish over time.

Finally, Federal Transit Administration chief James Simpson has said his agency may offer up to \$3 billion -- but won't chip in a dime until the state devises a sustainable means of replenishing the nearly depleted Transportation Trust Fund.

NJ Transit is hoping for a funding commitment from the federal government by year's end, but officials at the railroad say getting the full \$3 billion is very optimistic. Some say only \$2.5 billion should be expected.

This means that the state needs to find \$1 billion more to reach the \$8 billion price tag. The only potential source is the Transportation Trust Fund, but it is due to go broke in 2011.

The relationship between the tunnel and rescuing the TTF is real: Without a revenue stream that withstands federal scrutiny, the tunnel project is in jeopardy of serious delay and runaway costs due to inflation.

"The governor is holding steadfast to two principles" with any TTF rescue plan, said Transportation Commissioner Kris Kolluri. "He wants to pay down debt and fund transportation for a very long time."

Last week, Gov. Jon Corzine confirmed he was working with legislators on a new plan to raise funds for transportation infrastructure now that his controversial asset monetization plan had fizzled, forcing him to scrap his idea of raising tolls 800 percent over 14 years.

He said the state desperately needs the money to pay for the widening of the New Jersey Turnpike in particular, but added that the new Hudson tunnel is a priority as well.

Among the ideas under consideration are smaller increases on existing toll roads, and some legislators are arguing that tolls ought to be put on Routes 78 and 80, which are now toll-free. The governor, who has said he is against an increase in the gas tax, is said to want a plan in place well before the end of this year.

In an interview for this story, Corzine termed the tunnel "a major league economic win" for the state. The tunnel project would create 3,000 jobs a year during its nine years of construction and 16,000 permanent jobs here when completed, according to one study.

And then there's the economic benefit of having about 25 percent of all homes in the state within a mile of existing or planned new stations offering one-seat rides into Manhattan, according to figures developed by Tom Marchwinski of NJ Transit.

If you informally toss in homes within two miles of a station, as the Columbia study did, the number of homes whose values would be bolstered would be between 40 and 50 percent -- well over a million residences.

"One of the main questions we're asked is, 'Can I walk to the train?'" said Summit Realtor Hank Gibson. Because Summit has Midtown Direct service, "there's been less of a decrease in property values than homes farther out," he said.

The tunnel also offers other profound economic and lifestyle benefits. It will enable NJ Transit to increase train frequencies on off-peak and weekend service, permitting non-commuters the convenience of riding to New York, Newark's new arena and the Shore.

Economic activity around stations will deepen with improved service, Corzine stressed, and noted that many of the loudest opponents of his former toll hike plan would be among the winners because they own homes and downtown businesses.

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