

Can Minnesotans afford to go where they need to go?

A financial perspective on transportation equity

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Senate Transportation Committee

February 1, 2023

East Metro
STRONG

In 2022:



Used cars have become unaffordable



By Chris Isidore, CNN Business

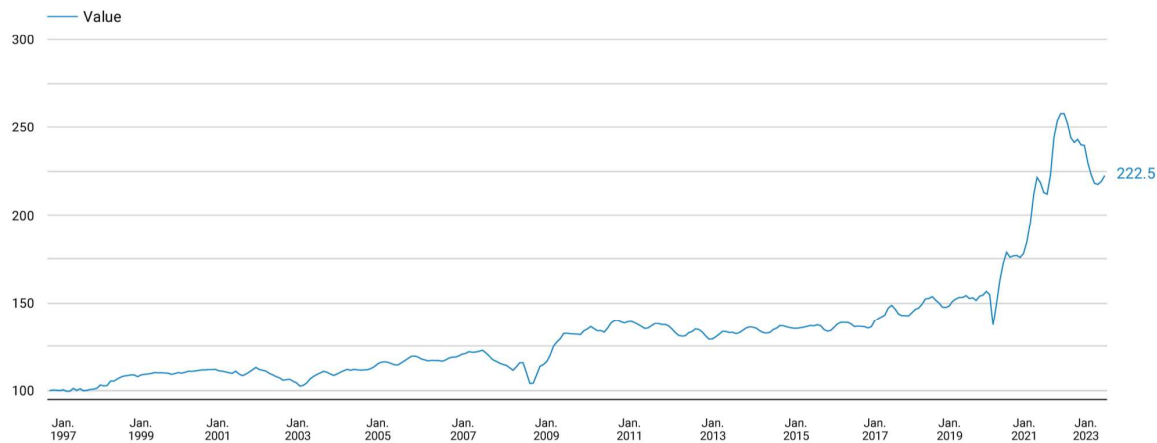
Updated 2:23 PM EDT, Thu September 29, 2022

“Americans needed to work five weeks more on average to afford a used car in 2021”

www.cnn.com/2022/01/20/economy/used-car-prices/index.html

How about today?

Mid-January 2023



COX
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Manheim: "Wholesale Used-Vehicle Prices See Another Increase in First Half of January"

Source: <https://publish.manheim.com/content/dam/consulting/ManheimUsedVehicleValueIndex-LineGraph.png>

Can Minnesotans afford a car now?

Annual Cost of New Car Ownership Crosses \$10K Mark



Used-Car Prices Are Falling, but Buying Is Still a Challenge

As prices ease from all-time highs, higher interest rates are ramping up monthly payments

Average car payments in the U.S. increased year-over-year by double-digit percentages.

- 13.3% for new vehicles,
- 11.2% for used vehicles

Average monthly car payments at \$700 & \$525, respectively.
(No gas, no insurance, no maintenance.)

(Lending Tree: "Auto loan statistics 2023")

Can't spend \$6,000 - \$10,000 a year? Have better uses for that money? Do Minnesotans have options?

▪ In the metro region

- The region's economic development lead, GreaterMSP, identifies "Percent of population living within 30 minutes of 100,000 jobs by transit or walking" as a critical indicator of economic and social health.



- Since 2016: GreaterMSP's critical transportation indicator has fallen from 6.0% to 4.9%.

▪ In Greater Minnesota

"MnDOT projects that transit need will grow from approximately 15 million to 20 million passenger trips per year between 2021 and 2030. To meet this need, Greater Minnesota public transit systems would need to provide approximately 2 million hours of service hours of service in 2030."

Table 7: Projected Operating & Capital Needs vs. Projected Revenues for Greater Minnesota Transit: 2021 to 2026



Unfunded need: \$349.8 million

Impacts

"We thought we were set up for retirement, but we cannot afford \$75-100 each way, every time we need a ride to the doctor." *Hugo Resident*

"I really wish there was a way for me to get to the city to see my family." *GoWashington Caller*

"What's a person supposed to do? My family has passed. I can't get anywhere." *Event Participant*

"What happens if we get stranded [at the clinic]? If you don't have 100 bucks, you sleep in the street." *Stillwater Resident*

≡ GoWashington |

Impacts /2

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Americans Fall Behind on Car Payments at Higher Rate Than in 2009

Automobile repossessions are climbing as inflation forces struggling consumers to make tough choices.



Photographer: David Paul Morris/Bloomberg

By Claire Ballentine
January 27, 2023, 7:00 AM CST

Can Minnesotans get where they need to go?

For many Minnesotans, the answer is “No”. So:

They spend more on cars, or on taxis, than they can afford.

Or, they can't get to work, to the doctor, to school

That inequity exists across Minnesota

Thank you

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