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How the city can help save yellow cabs

Taxi owners are declaring bankruptcy as revenue and medallion prices tank. Here's what some experts are proposing to keep yellow cabs in the black

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Many yellow-cab drivers who can no longer make the payments on their medallions accuse the city of letting Uber and other ride-hail purveyors flourish with scant regulation. As those driver-owners see it, they put down their life savings for the exclusive right to pick up street hails across the five boroughs, while Uber operators paid nothing for roughly the same privilege.

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The medallion owners' arguments haven't fallen entirely on deaf ears. The city has changed regulations to aid driver recruitment and medallion sales. And Lucius Riccio, a Columbia University lecturer and a former transportation commissioner, says the city owes the medallion owners money.

"You think people paid billions of dollars for a piece of metal?" Riccio asked. "They were buying into a contract that was for an exclusive service. Either pay the guys back because you violated the contract or charge everybody else for operating in the same space."

At the heart of Riccio's argument is the question of whether hailing a car on a smartphone is the same as raising your hand and flagging one down. The Taxi and Limousine Commission puts Lyft, Uber and other ride-hail services in the category of for-hire vehicles that can provide only prearranged service.

Traditionally those rides were ordered in advance over the phone, while today's customers more often use an app.

Riccio believes such apps fall somewhere between a phone call and a street hail. But they cross a legal line because e-hail drivers do the bulk of their business in places where yellow cabs have long been exclusively authorized to pick up fares. "If you use that app standing on the street in Midtown, is that prearrangement or is that a [street] hail?" he asked. "I say it's a hail." So far the courts have disagreed, ruling that an e-hail is a prearranged ride.

Regardless, Riccio, who has done consulting work for a taxi group, thinks ride-hail services should pay to operate in the central business district. He has suggested an annual charge of \$15,000 per car—roughly on par with a medallion owner’s expenses—which could have the added effect of reducing their numbers and easing congestion.



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Riccio is in the minority, however. “People who bought medallions in the 1980s were able to do very well when they sold them,” said Sutirtha Bagchi, a Villanova University economics professor who has researched medallions. “The city should have no obligation when they lose value.”

But even those who reject the notion of bailouts see a need for aggressive measures to keep taxis competitive. “Two things you can do are allow flexible pricing for yellow cabs and impose growth limitations” for ride-hail services, said Matthew Daus, a former TLC commissioner and a partner at Windels Marx, which has taxi-industry clients. “Everything else is Band-Aids.”

City efforts to introduce a growth cap went down in flames two years ago, and Mayor Bill de Blasio has shown no interest in trying again. But Daus thinks it’s a move the city will eventually have to make to deal with congestion, which he tied to the growth of ride-hail companies in a [report last year](#) for the University Transportation Research Center.

Daus is not the only expert to attribute rising congestion to ride-hail services. A report in February titled *Unsustainable?* found traffic congestion had increased significantly since the de Blasio administration last looked at the issue in 2015. The report, by transportation consultant Bruce Schaller, noted that ride-hail vehicles have been a boon to the taxi-starved outer boroughs but called managing their growth a “critical public-

policy challenge.”

A former Department of Transportation deputy commissioner, Schaller thinks ride-hail vehicles as well as cabs need to pay for the right to operate. But he prefers a road-pricing model that would use technology to gauge how much to charge.

Quote

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And though he thinks taxis will always have a place in Manhattan’s crowded core, he argues that nothing can stop the slide in the medallion market. “People are focused on trying to breathe life into medallion values,” Schaller said. “They should be focused on what the industry looks like three to five years from now and how do we get there.”

All access

There is a public-interest argument for leveling the playing field, however. As the result of a long legal battle, in 2013 the city agreed to require that half of the more than 13,000 yellow cabs be wheelchair-accessible by 2020.

But disability advocates have watched in dismay as ride-hail services have battered the taxi industry while providing little wheelchair-accessible service of their own. In fact, the accessibility mandate is widely seen as having hurt cabs in the competition for drivers. Wheelchair-accessible vehicles are larger and heavier than standard cars, use more gas and require more maintenance. Despite city subsidies to cover those costs, the vehicles are unpopular with many drivers.

Uber has created a program for funding accessible for-hire vehicles and is building its own fleet, which has close to 200 cars. The company says it can provide service without fulfilling the 50% mandate.

Mel Plaut, a program analyst at public-policy group TransitCenter, believes applying that rule equally to ride-hail services would go a long way toward lightening the economic burden on taxis. “As long as the taxi industry is empowered to compete,” she said, “it could still bounce back.”

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