

Wednesday, March 24, 2010

8 Comments

## Feds Begin Redefining 'Affordable Housing' to Include Transport Costs

by Elana Schor on March 24, 2010

MPO Region	Sample Dispersed Neighborhood*	Sample Compact Neighborhood*	Difference in Annual Household Transportation Costs**	Difference in Annual Regional Transportation Costs (millions)***
Austin, TX ▶	Round Rock	Old West Austin	\$2,310	\$716.0
Boston, MA ▶	Braintree	Somerville	\$3,850	\$613.5
Charlotte, NC ▶	Sterling	Dilworth	\$1,700	\$239.8
Chicago, IL ▶	Schaumburg	Oak Park	\$3,110	\$1,110.2
Cincinnati, OH ▶	Milford	CUF Neighborhood	\$3,050	\$236.3
Denver, CO ▶	Arvada	Washington Park	\$2,240	\$661.3
Little Rock, AR ▶	Sherwood	Pulaski Heights	\$1,580	\$79.9
Minneapolis, MN ▶	Orono	Seward	\$1,830	\$345.1
Newark, NJ ▶	Butler	Montclair	\$2,300	\$550.8
Phoenix, AZ ▶	Gilbert	Encanto	\$3,610	\$2,144.3
Portland, OR ▶	Troutdale	Roseway	\$2,230	\$492.2
San Francisco, CA ▶	Antioch	Rockridge	\$2,780	\$1,126.8

Comparing the transportation savings in dense versus dispersed neighborhoods for a dozen U.S. metro areas. (Chart: CNT)

The process of expanding the federal government's definition of "affordable housing," a stated goal of the Obama administration's [sustainable communities effort](#), began in earnest yesterday with the introduction of [a new index](#) that integrates transportation prices into the cost of living for hundreds of metro areas.

The Housing and Transportation Affordability Index, assembled by the Chicago-based Center for Neighborhood Technology ([CNT](#)), offers details on housing and transport bills for prospective residents of more than 300 metro areas.

But the index also aims to give an updated look at the scarcity of affordable housing. Almost seven out of 10 American neighborhoods are considered affordable using the current federal metric -- that housing should cost no more than 30 percent of income. When the CNT added transportation to the mix, however, for a combined metric of 45 percent of income, the number of affordable neighborhoods dropped by 30 percent (see graphic at right).

"By only focusing on" the 30-percent metric, CNT President Scott Bernstein told reporters, the government "has created an incentive for people to seek out locations where they can meet that goal without taking into account the almost equal cost of transportation."

The index, he added, "show[s] that as people move further out seeking cheaper and cheaper housing, the costs of transportation increase."

The new data is also aimed at encouraging the Obama administration to update its measurement of affordability, a goal embraced by the heads of the three agencies [participating in](#) the inter-agency sustainability work.

Ron Sims, the deputy secretary of Housing and Urban Development who leads that sustainability office, has said that \$10 million of his initial grant funding would go towards expanding the market for location-efficient mortgages that include transportation costs in their estimates of borrowers' income.

Sims, who joined Bernstein yesterday to discuss the CNT report, observed that the number of mortgage defaults during the current housing crisis was exacerbated because homeowners "did not realize they had a transportation cost burden and a mortgage."

The CNT also pinpointed another legislative goal for its index: enacting legislation requiring real estate agents, landlords, and other housing brokers to publicly disclose neighborhood transportation costs when marketing a property. Bernstein told reporters that Rep. Earl Blumenauer (D-OR) would introduce a bill proposing that change in the coming days.

Measuring the combined local burden of transportation and housing costs could influence more than just the mortgage market and government housing policy. Randy Blankenhorn, executive director of the Chicago Metropolitan Agency for Planning, said the CNT index helped planners in his area make difficult decisions on how to use their available funding for new transportation projects -- which totaled just 2.7 percent of this year's revenue. (The remainder of revenue went to maintenance of existing infrastructure, he added.)

Blankenhorn predicted that the CNT index could help urban officials focus on a transportation agenda that's "not just about [fighting] congestion, but about bringing people closer to jobs."

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– Froggie

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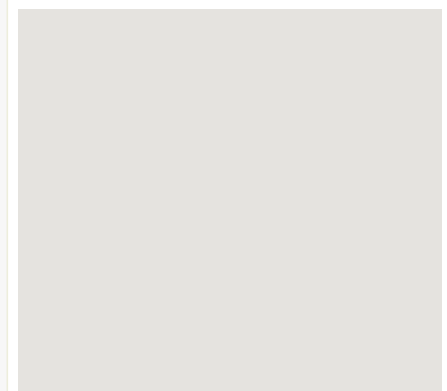
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Kenney

Elana-

There's an errant incomplete sentence just to the left of the graphic (in the middle). This is great stuff by CNT!

March 24, 2010 at 9:47 am [Link](#) # 1



Elana Schor

Kenney - Not sure what you're talking about...

March 24, 2010 at 10:41 am [Link](#) # 2



Cap'n Transit

This is huge. Just look at [the Hudson Valley](#) on their map, and see how many "affordable" places drop out if you include transportation costs.

March 24, 2010 at 11:22 am [Link](#) # 3



Mister Bad Example

What's interesting is that parts of Brooklyn shake out as 'affordable' with a car thrown in. Brooklyn has the highest insurance costs of any of the boroughs--friends pay more for their car insurance than the car payments (and they didn't put much down).

March 24, 2010 at 12:28 pm [Link](#) # 4



rlb

Maybe the next factor to include is utility costs - heat, electricity, water, communications. I imagine that varies tremendously from mcmansion + yard desert invasion to prewar, heat-and-water-included industrial era urban.

March 24, 2010 at 5:13 pm [Link](#) # 5



yentu

Perhaps I'm being paranoid, but as a core City dweller this suggests to me that transportation funding will (continue to) privilege suburban areas, in an effort to decrease the transportation/housing burden. Not to get apocalyptic or anything, but if suburban transport is funded and functions and urban transport isn't and doesn't, it re-encourages urban out-migration. Which I thought we were trying to discourage as part of smart growth public policy.

March 24, 2010 at 7:57 pm [Link](#) # 6



Cap'n Transit

If by "suburban transportation" you mean cars, yes that's bad. If suburban transportation means commuter rail, light rail and local and express bus service, then that's smart growth.

March 24, 2010 at 11:07 pm [Link](#) # 7



Alon Levy

Cap'n, sometimes suburban rail transportation is bad, too. For example, the Metro to the exurbs extensions are going to enable further exurban development, creating subdivisions where people live in gigantic houses and drive everywhere except to DC and Tysons.

The ideal public transit project is one that encourages further growth in denser, more walkable places, not one that's a loss leader for suburbanization.

March 25, 2010 at 12:11 am [Link](#) # 8

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