

POLICY WEBINAR

Transportation + Housing: A Double Burden or Shared Opportunity?



WITH
Reconnecting America

Urban Land Institute

LOCUS - Responsible Real
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Housing Preservation
Project

MODERATED BY
Transportation for
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Americans spend about 20 percent of their household budgets on transportation – second only to housing as a share of household costs. With millions of families unable to find affordable housing near transit stops and job centers, many are forced to buy homes far from work, shopping, or school, and causing congestion, urban sprawl, and pollution.



While the need for “affordable housing” has received well-deserved attention, a focus on “affordable living” would take into account the combined burden of transportation and housing costs. **For many working households, the goal of affordable living is becoming less attainable as fuel prices and trip lengths increase.**



We need a transportation system that provides affordable choices for all Americans. While the construction of the interstate highway system created suburban communities around the country, it has also created an auto-dependent lifestyle that is contributing significantly to our nation’s oil addiction which threatens our security, environment, and global competitiveness.

There is a need for change.

Housing + Transportation:

The Costs of Sprawl

- The expansion of urban sprawl has taken massive tolls on our environment, public health, and public costs, and is unsustainable as we move to reduce our dependence on oil and lower our emissions.
- Across the U.S., land was consumed for development at three times the rate of population growth between 1982 and 2002.
- More than 60% of the growth in driving and associated energy consumption is due to land use patterns of single uses served by a disconnected road network, as documented in *Growing Cooler: The Evidence on Urban Development and Climate Change*.
- In 2005, congestion (based on wasted time and fuel) cost about \$78.2 billion in the 437 urban areas, compared to \$73.1 billion in 2004.
- The average cost of congestion per traveler in the 437 urban areas was \$707 in 2005, up from \$680 in 2004.

The Housing + Transportation Connection

As a nation, we can no longer afford the cost of building new infrastructure in sprawling locations, but must use our existing infrastructure more wisely. More compact development patterns makes

public transportation more economically feasible, but would also attract retail and other uses that would allow individuals to meet more of their transportation needs by walking or riding a bike.

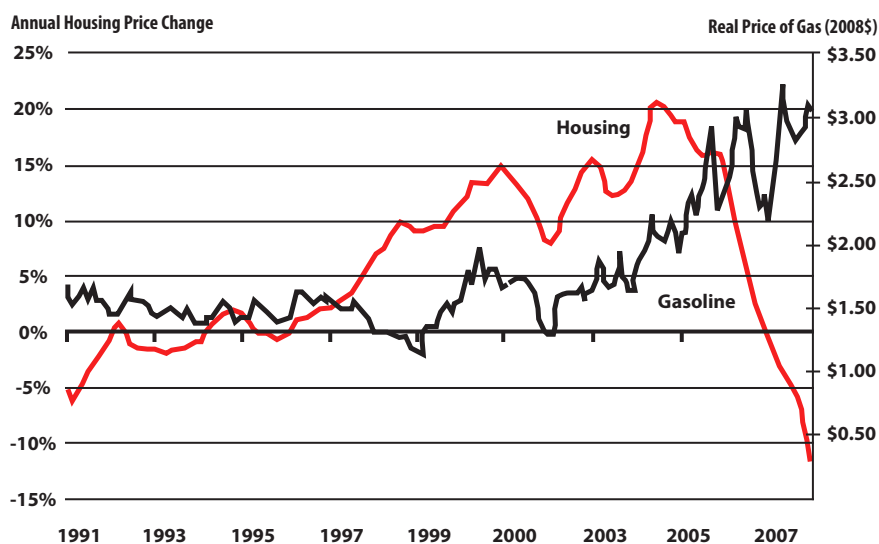
Local, state, and federal policymakers must **increase the proximity of housing to public transit and job centers**. Reducing the number of vehicle miles that an individual needs to travel each day would contribute to energy security, greenhouse gas reduction, and quality of life objectives, while reducing the burdens on the nation's transportation system.

Housing opportunities in close-in locations near transit and job centers should be affordable to families with a wide range of incomes. When housing located near public transit stops and job centers is too expensive for families to afford, they must move further away – often to exurban locations where housing is plentiful and affordable. Unfortunately, by moving to these locations, families pay more for transportation, use more energy, and have longer commute times. With walkable, transit-friendly housing developments becoming increasingly popular, we should adopt policies that create housing options in areas that are affordable to all segments of the market.

How the Price of Gas Contributed to the Mortgage Crisis

The ongoing mortgage crisis is the result of a host of factors, including predatory lending, the securitization of mortgages, lowered lending standards, a lack of government regulations and oversight, and speculation. An additional factor was the skyrocketing prices of gas through much of 2009, which left less disposable income in the pockets of many homeowners with no transportation choice other than driving for every trip

Housing Bubble Meets the Gas Price Spike



CEOs for Cities - "Driven to the Brink" report

- Comparing the data on gas prices with data for home price inflation illustrates the connection between the gas price spike and the deflation of the housing bubble.
- Home price inflation increased steadily from 1990 through 2006, with a brief slowdown during the recession of 2001.
- When gas prices, in 2008 dollars, broke through the \$2 per gallon mark in 2004, the rate of housing price inflation began to decline.
- As gas prices sustained this higher level and then increased in 2006 and 2007, first to \$2.50 and then to \$3, housing price inflation collapsed and turned negative.
- The households most affected by the rise in gas prices were those who had stretched the family budget to buy a house on the suburban fringe, often commuting long distances.
- These families spent a higher fraction of their income on gas than the typical household and had less flexibility to accommodate the higher price of gas than others.



We can make a difference... here's how.

Our Goals

- **Increase access for households of all incomes to decent, affordable housing near public transit, job centers and other locations that facilitate reductions in transportation costs.**

Policy Recommendations:

- **Restructure the allocation of federal transportation and infrastructure funding to ensure the availability of affordable housing near public transit and job centers**

The connection between transportation and affordable housing should be explicit in policy. Funding should be prioritized for projects and communities that best exemplify the national goals of affordable housing and an efficient transportation network that benefits all residents.

- **Local communities should be free to adopt whatever strategy best fits them**

Rather than restrict funding to projects that are directly linked to road or transit buildings, local governments can choose the mechanism to fulfill its affordable housing and transportation goals, such as inclusionary zoning, density bonuses, or reduced parking requirements.

- **Ensure that low-income families also have access to transit**

To ensure that all families have equitable access to housing in such desirable locations, communities will have to layer on additional subsidies, such as Section 8 housing vouchers or low-income housing tax credits. In order to keep some of housing permanently affordable, measures such as deed-restricted rental housing, homeownership units with permanent affordability covenants, and community land trusts can be employed.

- **Make Family Budgets and Regional Economics a priority**

The relationship between transportation and housing costs is best described in Bureau of Labor Statistics (BLS) reports tracking household expenditures. The collection of this data should be increased and expanded so that policy leaders can get a clearer idea of how public investments are affecting households and local economies.



**Transportation
For America**



Transportation for America envisions a U.S. transportation system that supports a wide array of accessible, affordable and interconnected transportation choices that are both healthy for the environment and for people.



Transportation For America is a growing and diverse coalition focused on creating a national transportation program that will take America into the 21st century by building a modernized infrastructure and healthy communities where people can live, work and play.

We have formed a broad coalition of real estate, housing, environmental, public health, equity, urban planning, transportation and other organizations that seek to align our national, state, and local transportation policies with an array of issues: economic opportunity, climate change, energy security, health, housing and community development. We believe a new national vision will play a key role in strengthening the foundation of our nation.

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