

# Housing Matters! ...and so does Transportation!

Sustainability and the H+T Affordability Index

Center for Neighborhood Technology  
Housing Action Illinois 2010 Conference  
November 4, 2010

CENTER FOR  
NEIGHBORHOOD TECHNOLOGY  
STRATEGIES FOR LIVABLE COMMUNITIES

## Center for Neighborhood Technology – CNT



- 30+ year old Chicago-based non-profit
- Promotes economic development that is environmentally sustainable through:
  - Research
  - Advocacy
  - Demonstration projects
- Co-developer of the Location Efficient Mortgage <sup>SM</sup>
- Partner in the CTOD
- <http://www.cnt.org>

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## Making Ends Meet in Illinois

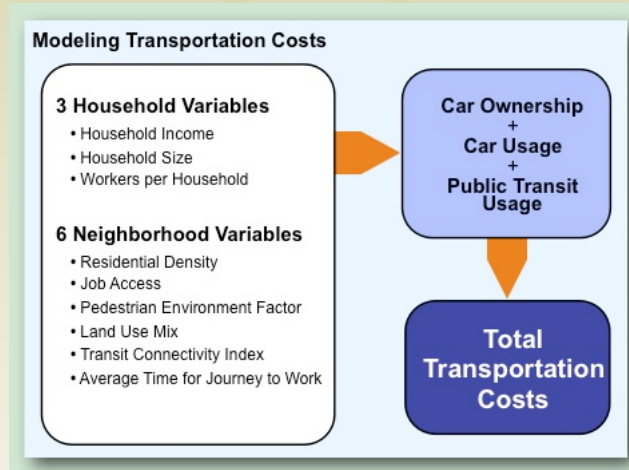
- Illinois is known as an affordable market when compared to other large U.S. states
- Population to grow by 21% from 12.4 to 15.1 million between 2000 and 2030 – how will we accommodate that growth and still remain affordable?
- H+T data now available for ten Illinois metros
- Expansion to micropolitan areas is NEXT!

## H and T Affordability Index

- Conventional definition of affordability focuses only on housing costs relative to income
- Transportation costs second largest expense in a household budget and typically represent 18% of income
- H+T combines these to suggest that housing and transportation costs should consume no more than 48% of income (CNT recommends 45%)

$$\text{Affordability} = \frac{\text{Housing Costs} + \text{Transportation Costs}}{\text{Income}}$$

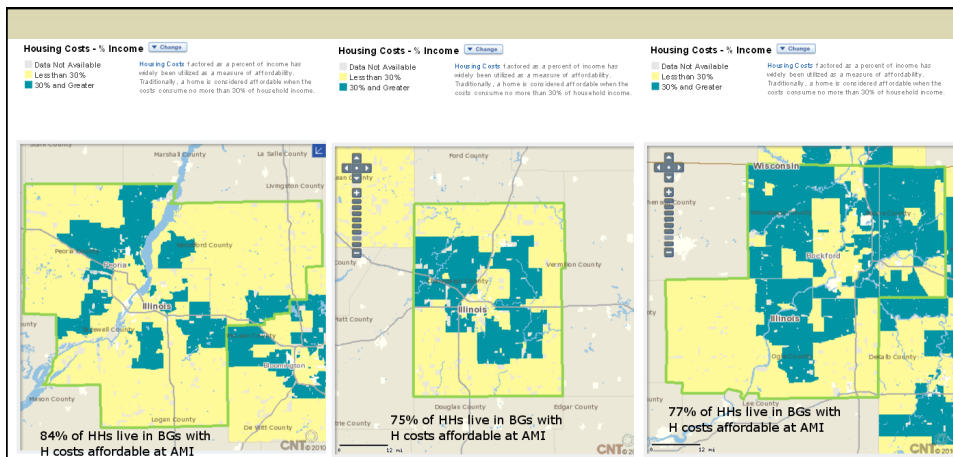
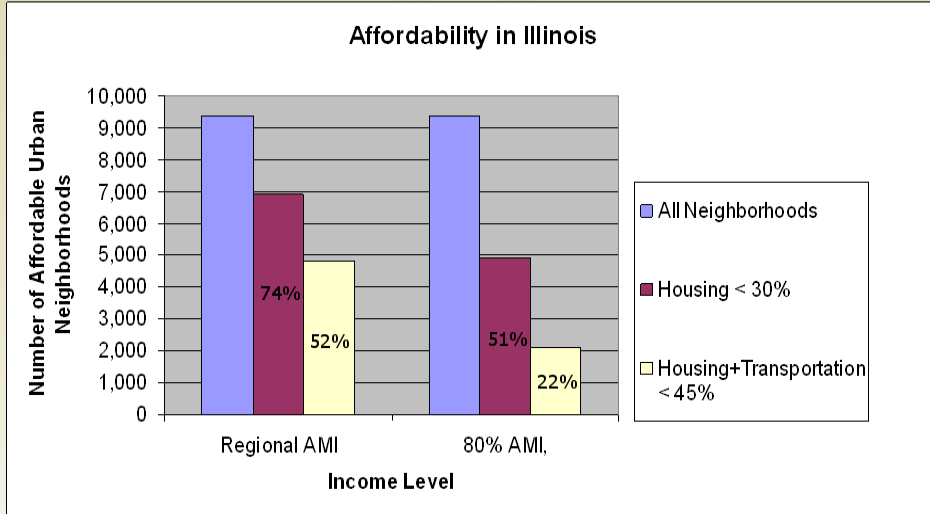
# Modeling Transportation Costs



# Location Efficiency in Illinois

- Traditional definition of affordability: 7 of 10 neighborhoods in IL urban areas affordable for AMI households
- 45% H+T affordability benchmark: only 5 of 10 neighborhoods are affordable to AMI families
- Holds as true in Springfield, East St. Louis and Peoria as it does in Rockford, Bloomington, Champaign and Chicago.
- Neighborhoods with affordable H+T costs are location efficient: more compactly developed with a mix of uses and proximity to jobs and transit

# Illinois urban neighborhoods: ½ affordable

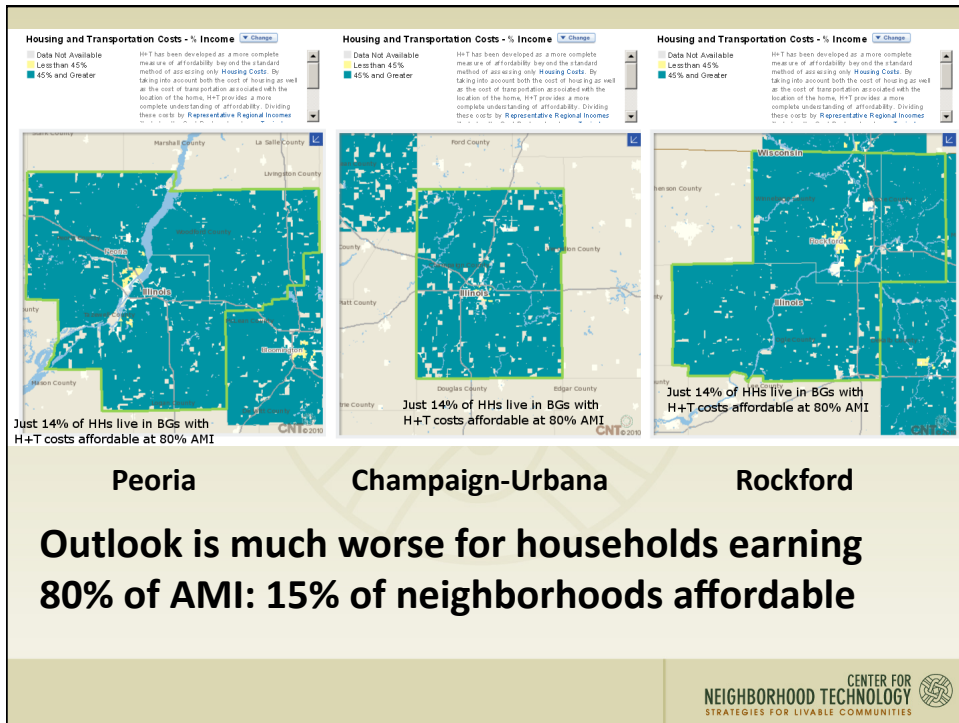
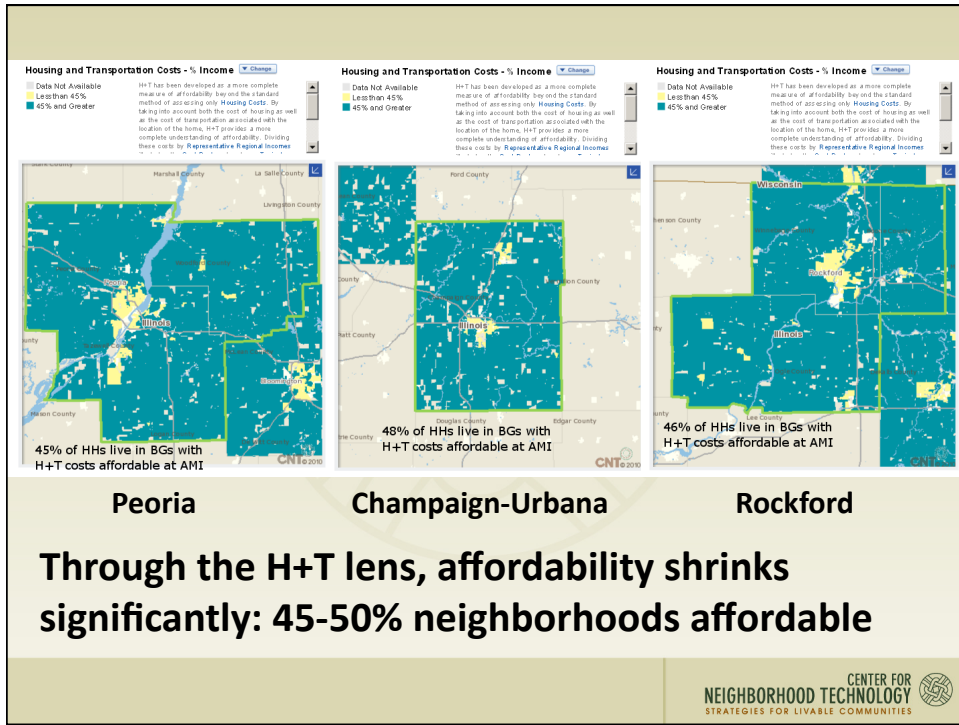


Peoria

Champaign-Urbana

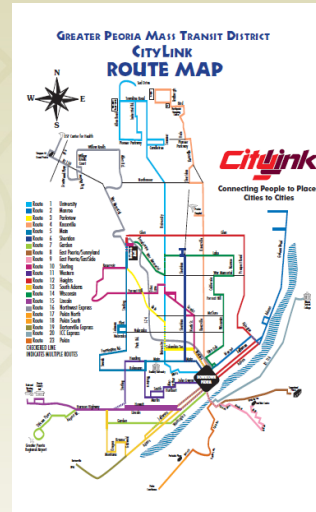
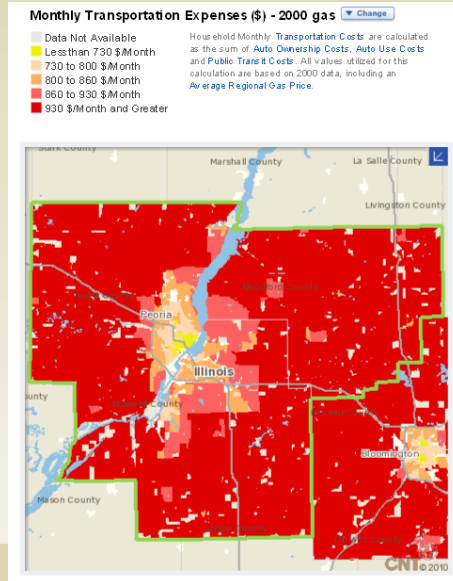
Rockford

**When only H is considered, 75-85% of regional neighborhoods have affordable average costs**



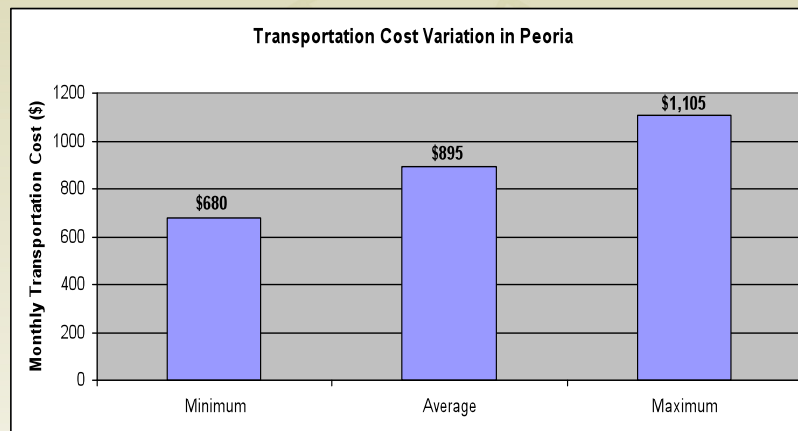
## Transit and compact development make downtown Peoria more affordable

T Costs  
for  
Regional  
Average  
HH



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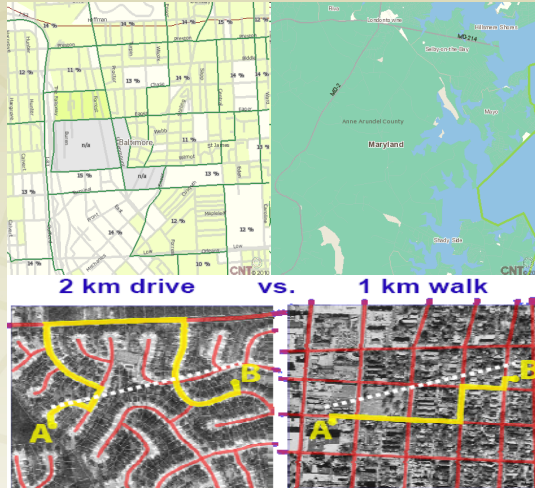
## Peoria T costs vary significantly



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## What Drives These Differences?

- Access to services
- Walkable destinations
- Availability and frequency of transit
- Access to jobs (1/5 of trips)
- Access to amenities
- Density



Courtesy of L Frank

## Now Available for 337 Metros

True Affordability and Location Efficiency

Maps About Press Method Mailing List

**H+T<sup>TM</sup> Affordability Index**

For more information about CNT, please visit the CNT website. **CNT**

**The Housing + Transportation Affordability Index is an innovative tool that measures the true affordability of housing based on its location.**

Americans traditionally consider housing affordable if it costs 30 percent or less of their income. The Housing + Transportation Affordability Index, in contrast, offers the true cost of housing based on its location by measuring the transportation costs associated with place.

Click on a region of the map to zoom in or select a Region below.

Legend:

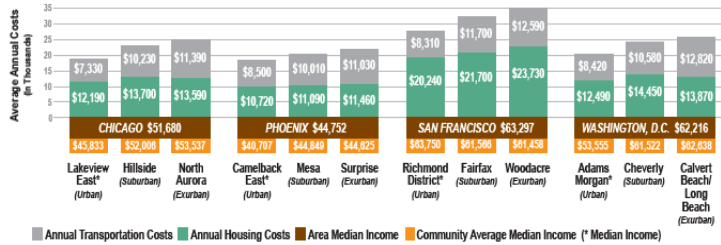
- Penny Wise, Pound Foolish
- H+T community profiles
- H+T metro reports

Alaska

Hawaii

Puerto Rico

# Location Efficiency = Lower Costs

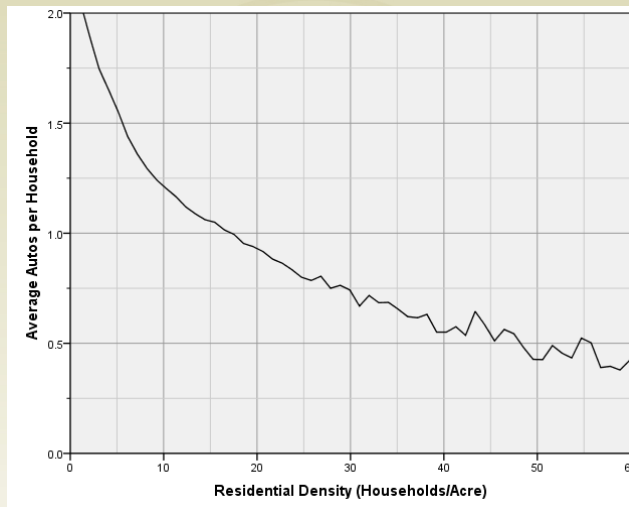


## AVERAGE ANNUAL HOUSING + TRANSPORTATION COSTS

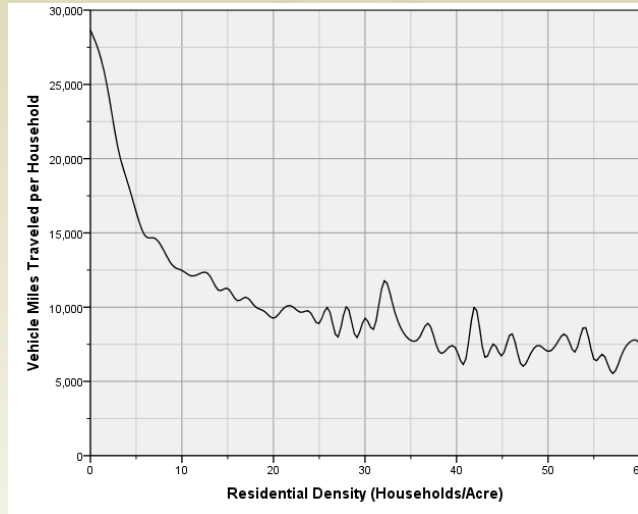
Transportation costs vary significantly by community even where housing costs and income are similar. Location efficient communities in the city and inner suburbs consistently register lower combined housing and transportation costs than communities on the urban fringe.

Data Source: CNT H+T Index

# Location Efficiency = Fewer Cars

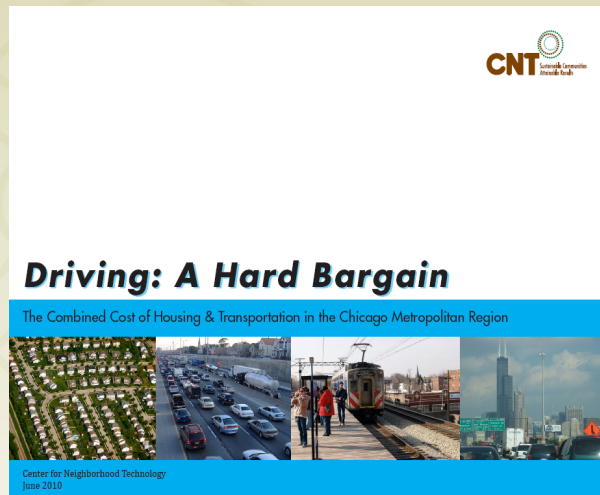


## Location Efficiency = Lower GHGs



## H+T analysis can inform regional planning

CMAP's recently released GOTO 2040 plan aims to increase H+T affordability, among other goals

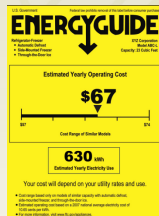


## H+T Summary

- Illinois' urban H+T costs more affordable when compared to average across U.S. urban areas
- Many outlying communities that appear affordable in terms of H costs alone are not affordable in terms of H+T
- Working households have very few options for keeping H+T below 45% of income
- Car ownership is biggest transportation expense for most families, averaging \$5,000/year per car before gas and repairs. Reduced car ownership translates into considerable household savings.
- Transportation costs vary widely: lowest in neighborhoods with high densities, rich transit and a mix of amenities – dining, shopping, entertainment, etc.

## H+T Index and Housing Programs

- Full cost labeling
- Improve financial literacy
- Consumer's guide to transportation costs & benefits



**Abogo** beta™ transportation costs made transparent

What is Abogo?  
Abogo is a tool that lets you discover how transportation impacts the affordability and sustainability of where you live.

Sign up for Updates  
Blog

What does a car cost you?  
In our model, we predict the number of cars the average family would own at a location, and multiply that by an average cost of \$5,058 (gpr), which includes depreciation, insurance, financing, and fees. We then add the cost of using those cars, based on what we predict the average vehicle miles traveled of is.

Those numbers are a bit high!  
Abogo has been getting a lot of attention lately, and it's been great getting feedback from users. Many of the comments come from people writing in to say that our numbers are high, and that they are sure they spend less than that on transportation.

Enter an address to find out what a typical household would spend on transportation.  
Current Address: **700 E Adams St, Springfield, IL 62701, USA**

Transportation Cost for an average household: **\$640/month**  
Regional average: \$867

Transportation CO<sub>2</sub> Impact for an average household: **0.25 metric tons/month**  
Regional average: 0.73 metric tons

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## H+T Index and Housing Programs

### Project-based rental assistance

- Add incentives, outreach, TA
- Target preservation efforts

### Tenant-based rental assistance

- Add H+T Index training and standards for housing counselors and social service providers

## Other Ideas

- Analyze trends & compare across HH types
- Define housing needs for public policy purposes
- Encourage coordination of housing and transportation policies
- Inform sub-Federal planning efforts
- Predict the ability of a HH to pay rent/mortgage
- Redefine poverty
- Target opportunity to denser areas w/in MPO
- Encourage public investments that reduce H+T costs

## Housing & Transportation Affordability Act

- Passed April 2010, signed into law in May
- Pertains to IHDA, DCEO, IDOT, CDB and IFA, and only to MPO areas
- Agencies will take H+T costs into consideration as they screen projects
- Agencies have a lot of flexibility in the implementation
- Presents an opportunity – we just have to take it

## The Challenge Ahead:

### Regional Readiness



- Inter-Agency Partnership for Sustainable Communities
- HUD: New Office Of Sustainable Communities
- USDOT: Livable Communities
- Congress Needs to Pass:
  - ✓ Livable Communities Act (LCA - S1619)
  - ✓ THAT Act (codify new affordability index)
- New Funds Will Be Regionally Focused and Competitive

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