

Agenda

8:30 Welcome

Dawn Stockmo, Fannie Mae Foundation

Kevin Jackson, Chicago Rehab Network

Kathryn Tholin, CNT

8:40 Introduction

Scott Bernstein, CNT

8:45 Research Findings & Opportunities

Peter M. Haas, Ph.D., CNT

Carrie Makarewicz, CNT

9:20 Respondents

Hon. Julie Hamos, Illinois State Representative

John McCarron, Urban Affairs Expert and Adjunct Lecturer at the Medill School of Journalism, Northwestern University

Wanda White-Gills, Executive Director of Teamwork Englewood

9:40 Policy Discussion Jacky Grimshaw, CNT

10:30 Adjourn



Housing + Transportation

Moving the Region Toward Greater Affordability

Fannie Mae Foundation

June 29, 2006

Our Region Today and Tomorrow

- **Today**
 - Households squeezed by housing, energy and transportation costs
 - 2nd largest transit system in the country
- **By 2030 there will be 720,000 more households in region. We'll need:**
 - Sustainable and affordable transportation
 - Access to jobs throughout the region
 - Adequate supply of rental units
 - Varied housing stock
 - Integration, not segregation
 - Affordability

Possible Futures

- Lower-cost housing continues to be pushed only to the outer fringes with high transportation costs; transit-rich areas become magnets for upper-income relocation
- Many underutilized transit areas remain the way they are, are, reducing opportunities for more households to have lower transportation costs

OR

- Transit service is both maintained, expanded and enhanced,
- Affordable housing near transit is preserved and expanded,
- Transit-rich neighborhoods are further developed with a mix of of housing products, businesses and services,
- Convenience improves, travel costs drop, community affordability and economic security improve for everyone

Overview

- **Preliminary Research Findings**

- *Housing & Transportation Affordability Index Pilot*

- CNT & Center for Transit-Oriented Development
 - Brookings Institution Urban Markets Initiative

- *Housing/Transportation Burden on Working Households*

- CNT & Virginia Tech
 - MacArthur Foundation and Center for Housing Policy

- *Strategies for Diverse Transit-Oriented Neighborhoods*

- CNT & Center for Transit-Oriented Development
 - Ford Foundation

- **Introducing this Research for Use in Region**

Key Findings

- Housing and transportation gives more ***complete picture of affordability*** than just housing alone
- Transportation costs are driven more by ***neighborhood characteristics*** than by household or income
- Housing ***and*** transportation affordability requires multiple and targeted strategies and coordination
- ***Underutilized transit stations*** present an opportunity for more affordable and diverse neighborhoods

Housing & Transportation Affordability Index

Peter Haas, Ph.D.

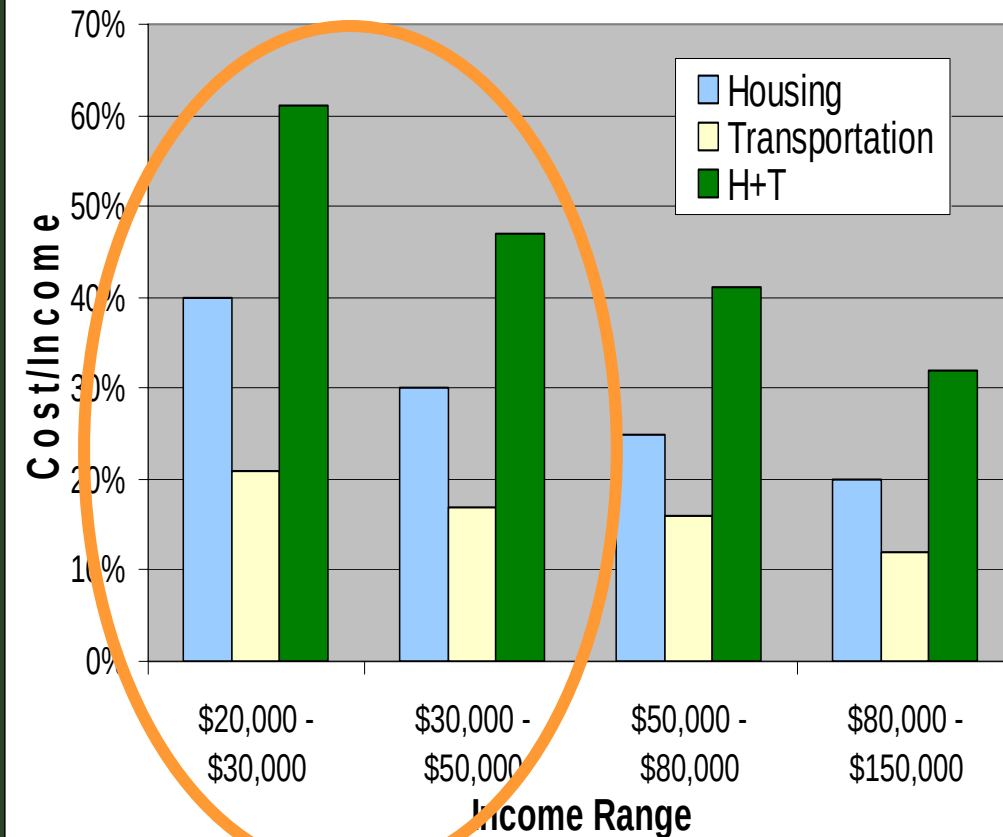
**Director of Geographic Research & Information Division
Center for Neighborhood Technology**

Rethinking Affordability

- Standard measure of affordability is % of income spent on on housing ALONE
 - e.g., Should be no more than 30%
- What about transportation expenditures?
 - Second highest after housing
 - Critical to determining true affordability
- Combined housing and transportation expenditure target?
 - Based on average expenditures for median income households in Chicago 2004: Maximum 45% on H+T

Transportation Costs Vary by Income

Cost Burden - (Cost/Income) by Income



- Median U.S. household spent 18% of its budget on transportation
- Lower-income households are more burdened than higher income by transportation costs
 - \$5,005/yr - 6,827/yr T
 - \$9,506/yr - \$12,144/yr H
- **This is the traditional view but income does not most of the variation in household transportation costs.**



Transportation Costs Vary by Place

Transportation costs vary by place, from neighborhood to neighborhood depending on:

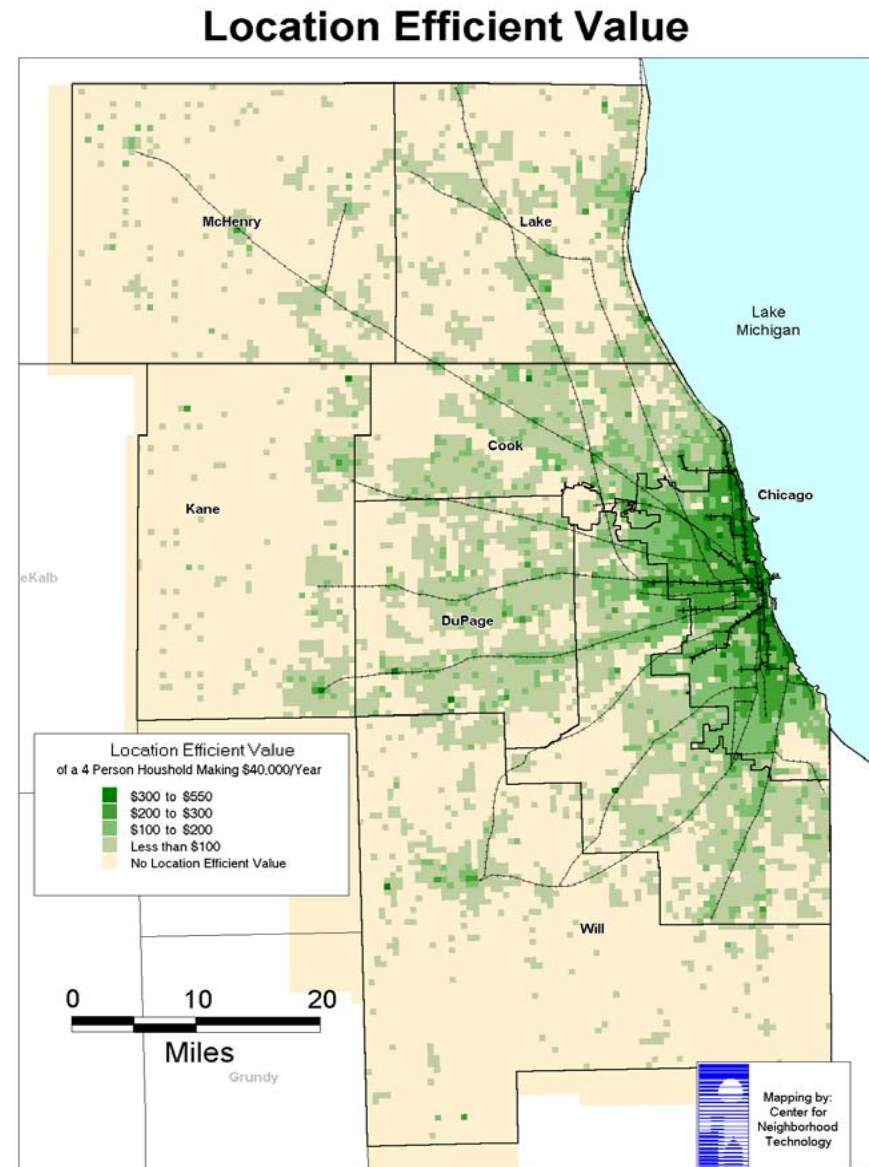
- Access to services
- Walkable destinations
- Extent and frequency of transit
- Access to jobs
- Density

Places with these qualities have lower household transportation costs



Neighborhood Characteristics Determine

- Households in location-efficient neighborhoods, regardless of household and income:
 - Own fewer vehicles,
 - Drive fewer miles, and therefore:
 - **Have lower transportation expenditures**
- Location-efficiency can contribute to affordability by keeping transportation costs down



New Housing + Transportation Affordability Index

- Premised on idea that affordability is about housing AND transportation
- Tool for measuring affordability of a neighborhood neighborhood (at census tract level)
- Utilizes our new model for calculating household transportation costs

H+T Affordability Index Equation

$$\text{H+T Index} = \frac{(\text{Housing Costs} + \text{Transportation Costs})}{\text{Income}}$$

Modelling Transportation Costs

7 Neighborhood Variables:

Households/residential acre

Household/total acre

Avg. block size in acres

Transit Connectivity Index

Distance to employment centers

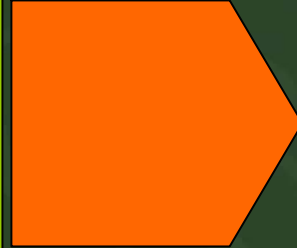
Job density

Access to amenities

2 Household Variables

Household income

Household size



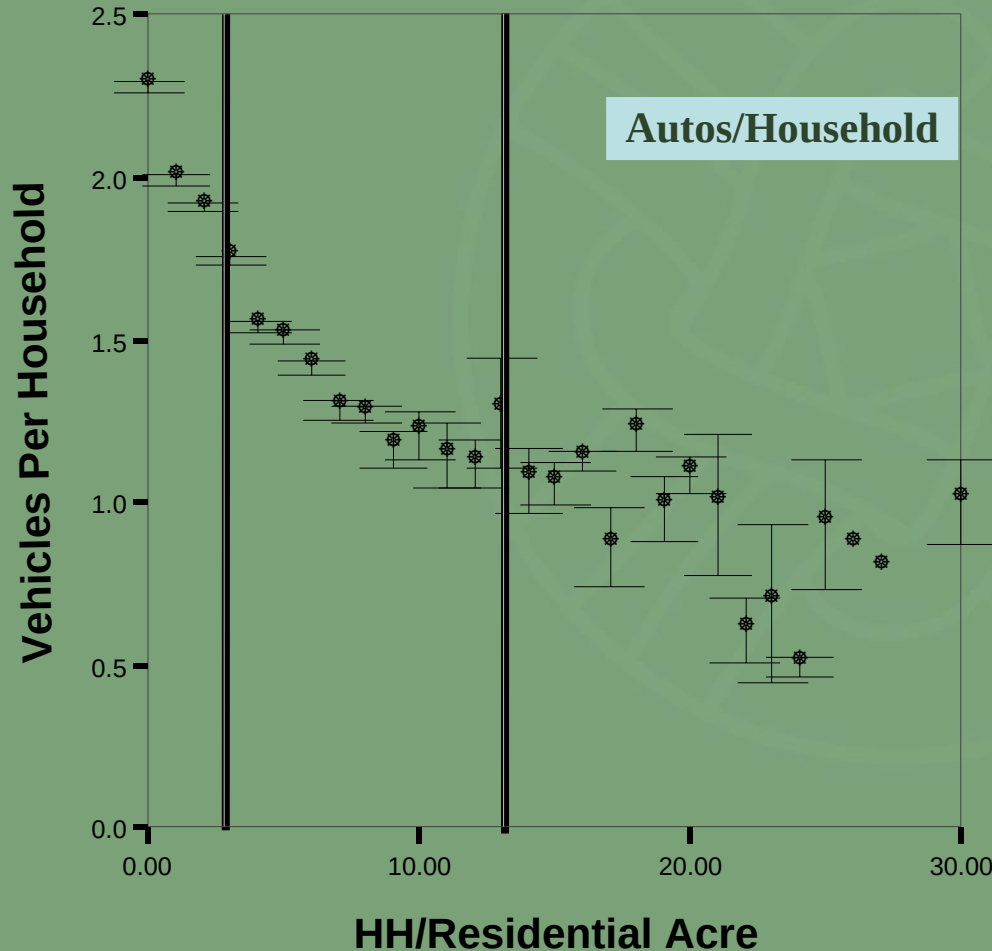
Car Ownership
+
Car Usage
+
Public Transit Usage



Total Transportation Costs



One Neighborhood Variable: Density



Suburbs: Average Density = 2.8 hh/Residential Acre

Chicago: Average Density = 13.1 hh/Residential Acre

This is equivalent to similar households having about less car and driving 9,000 less miles per year.

Monthly Savings:
Auto Ownership - \$300
Driving - \$100

Or \$4,800 Per Year!



Culmination of Research

- Funded, peer reviewed and published by Brookings Institution Urban Markets Initiative
- Collaboration with for Transit-Oriented Development
- Recalibrate pilot model for 40-50 places (Summer 2006)
- Online for 40+ regions (Winter 2007)



Urban Markets Initiative



METROPOLITAN POLICY PROGRAM

The Affordability Index: A New Tool for Measuring the True Affordability of a Housing Choice

By Center for Transit-Oriented Development and Center for Neighborhood Technology

This brief describes a new information tool developed by the Urban Markets Initiative to quantify for the first time, the impact of transportation costs on the affordability of housing choices. This brief explains the background, creation, and purpose of this new tool. The first section provides a project overview and a short summary of the method used to create the Affordability Index. The next section highlights the results from testing the index in a seven-county area in and around Minneapolis-St. Paul, MN. To demonstrate the usefulness of this tool at a neighborhood level, the third section projects the effect of transportation and housing choices on three hypothetical low- and moderate-income families in each of four different neighborhoods in the Twin Cities. The brief concludes with suggested policy recommendations and applications of the new tool for various actors in the housing market, and for regulators, planners, and funders in the transportation and land use arenas at all levels of government.

The Housing and Transportation Affordability Index is a groundbreaking innovation because it prices the trade-offs that households make between housing and transportation costs and the savings that derive from living in communities that are near shopping, schools, and work, and that boast a transit-rich environment. Built using data sets that are available for every transit-served community in the nation, the tool can be applied in neighborhoods in more than 42 cities in the United States. It provides consumers, policymakers, leaders, and investors with the information needed to make better decisions about which neighborhoods are truly affordable, and illuminate the implications of their policy and investment choices.

I. Housing and Transportation: Key Elements of the Cost of Living

The cost of living for an American family consists of many components. The two largest are housing and transportation. Housing affordability is most commonly understood as the extent to which a household's income can cover the purchase price of a home. However, the traditional definition of housing affordability may be too limited. The cost of transportation, while not currently factored in to the affordability equation, has become increasingly central to family budgets, given their choices to live

JANUARY 2006 • THE BROOKINGS INSTITUTION • URBAN MARKETS INITIATIVE • MARKET INNOVATION BRIEF 1



H+T Affordability Index In Action

- **Philadelphia, PA**
 - Metro Philadelphia Indicators Project
- **Minneapolis-St. Paul, MN**
 - Planning new light rail lines and TOD
- **Champaign-Urbana, IL**
 - Mobility Implementation Study
- **King County, WA**
 - Housing & Community Development Dept.
- **Atlanta, GA**
 - Making the Case for Mixed-Income TOD

Implications of Housing & Transportation Affordability Index

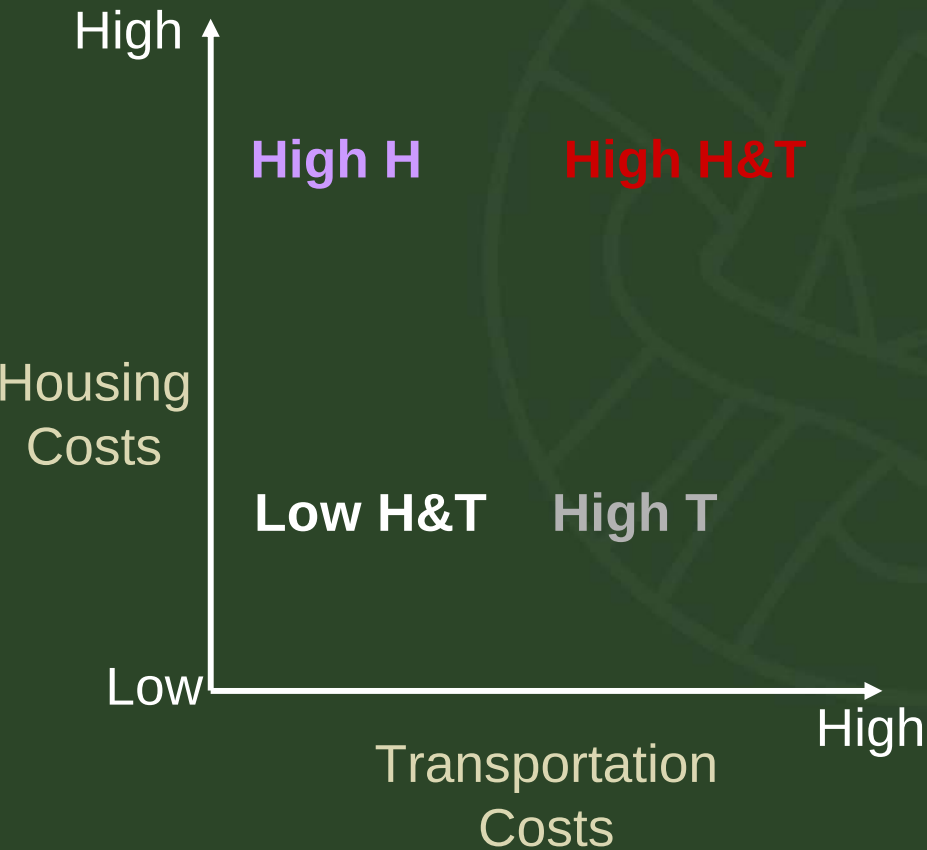
**Carrie Makarewicz
Research Manager
Center for Neighborhood Technology**

New H+T Affordability Index in Chicago

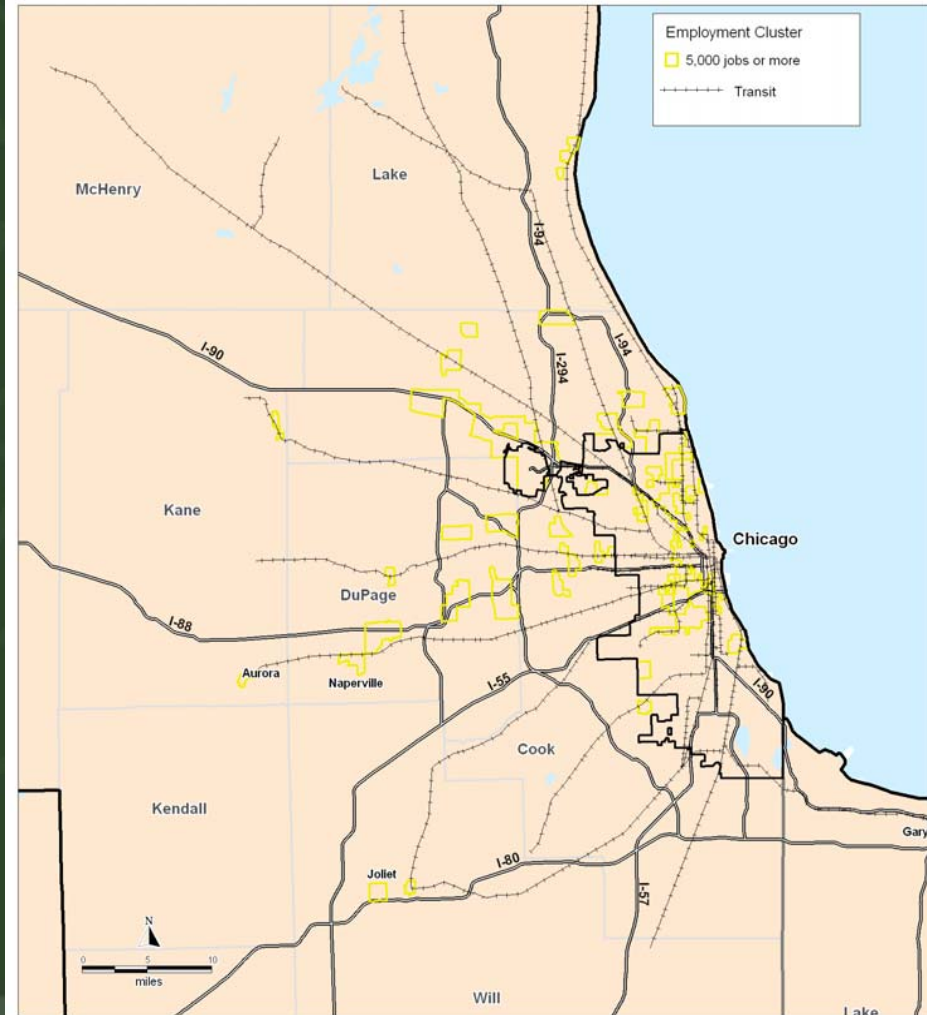
- **Purpose:**

- Identify the extent and location of housing and transportation cost burdens for households of different incomes throughout the region
- Use results to recommend changes to current and future policies and practices:
 - How we build
 - Where we build
 - What we build
 - Who benefits and who is excluded

Can Households Afford Where They Live?

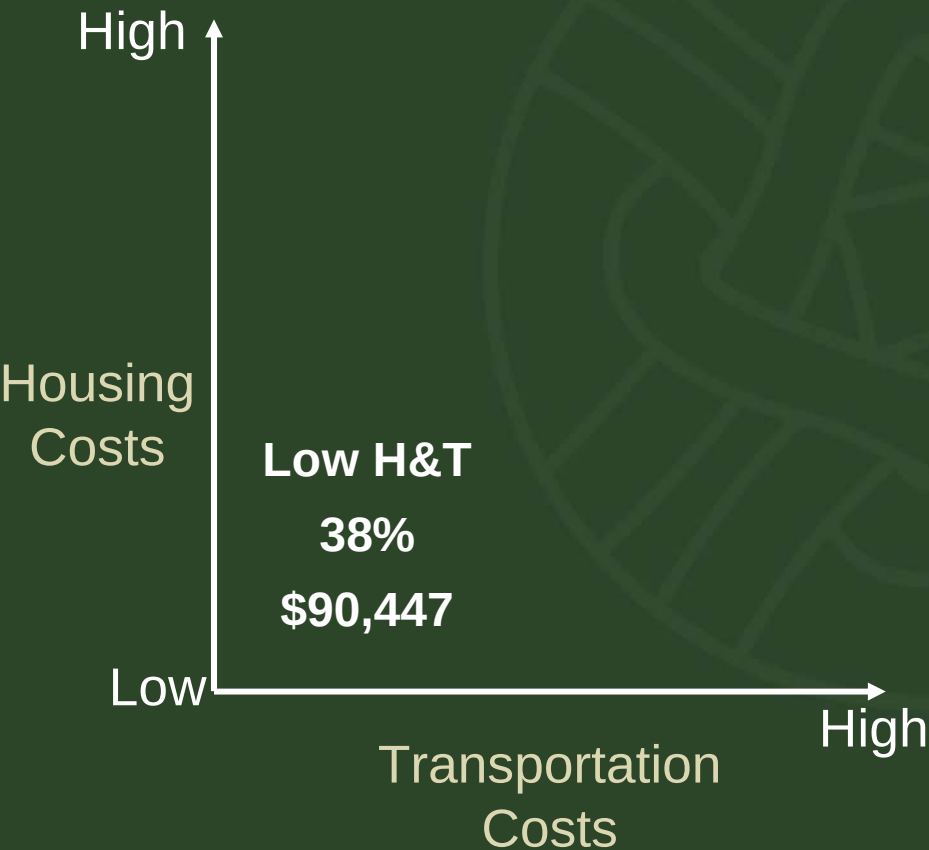


Chicago: Average Household Expenditures on Housing and Transportation as a Percentage of Average Tract Income, 2000

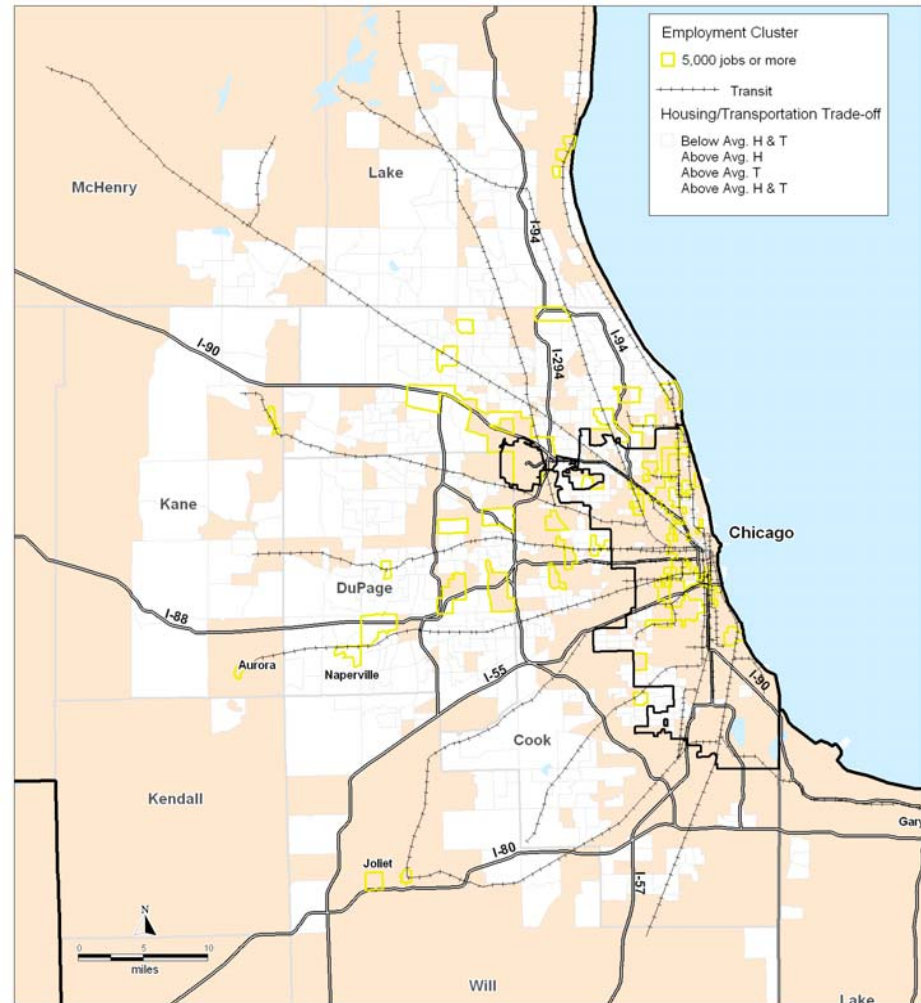


Source: Income and housing costs from 2000 Census of Population and Housing, Summary File 3 and PUMS 5%, P76 and P97. Retrieved 2006, from <http://www.census.gov>, <http://factfinder.census.gov/servlet/BasicFactsServlet>. PUMS 5% from PDQ Software, from <http://www.pdq.com>. Transportation costs based on 2000 data from a variety of national public sources and modeled by Center for Neighborhood Technology. Cities over 100,000 persons labeled.

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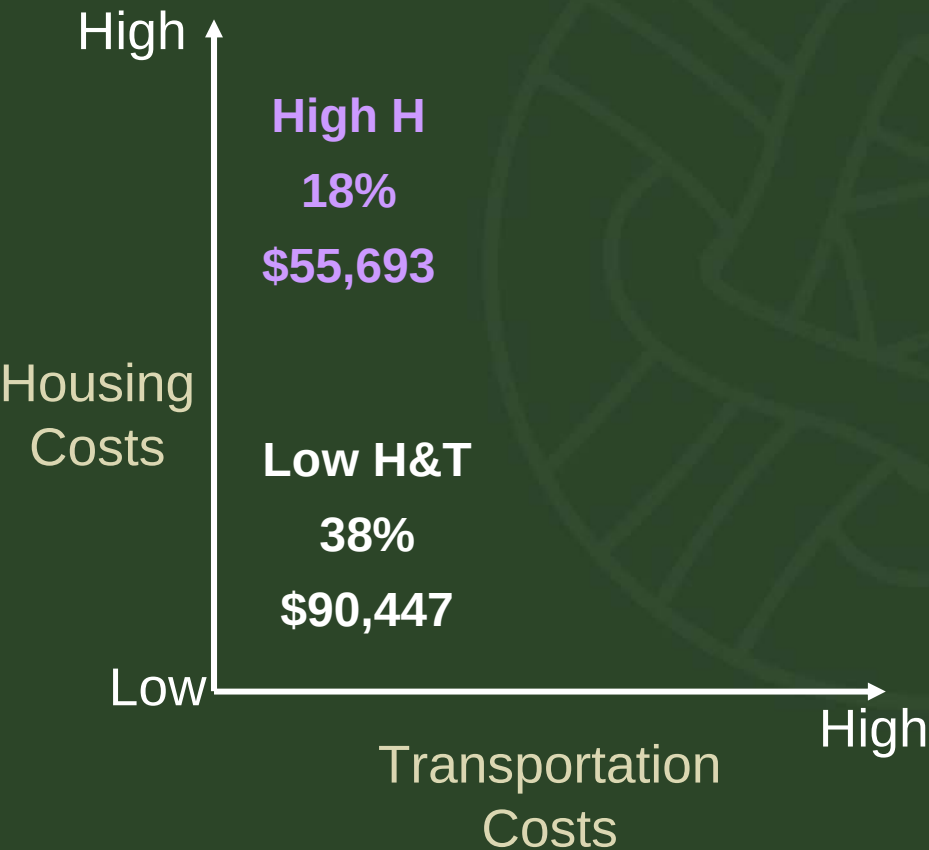


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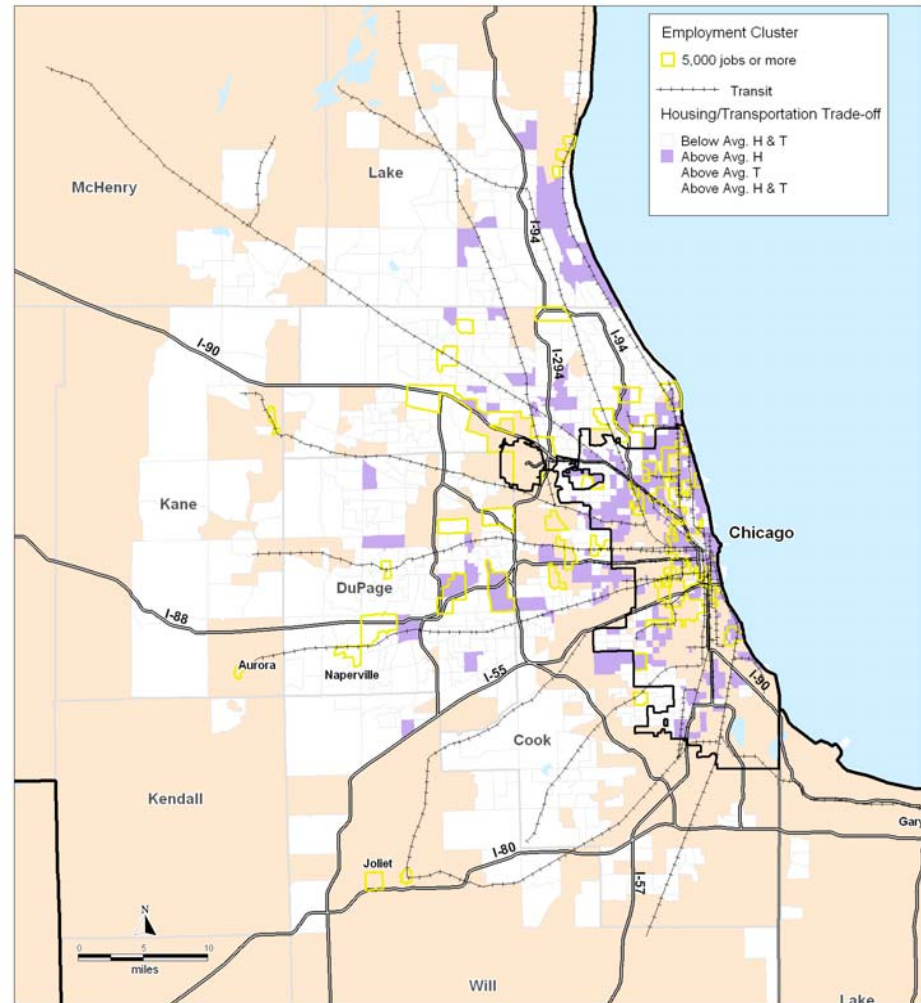


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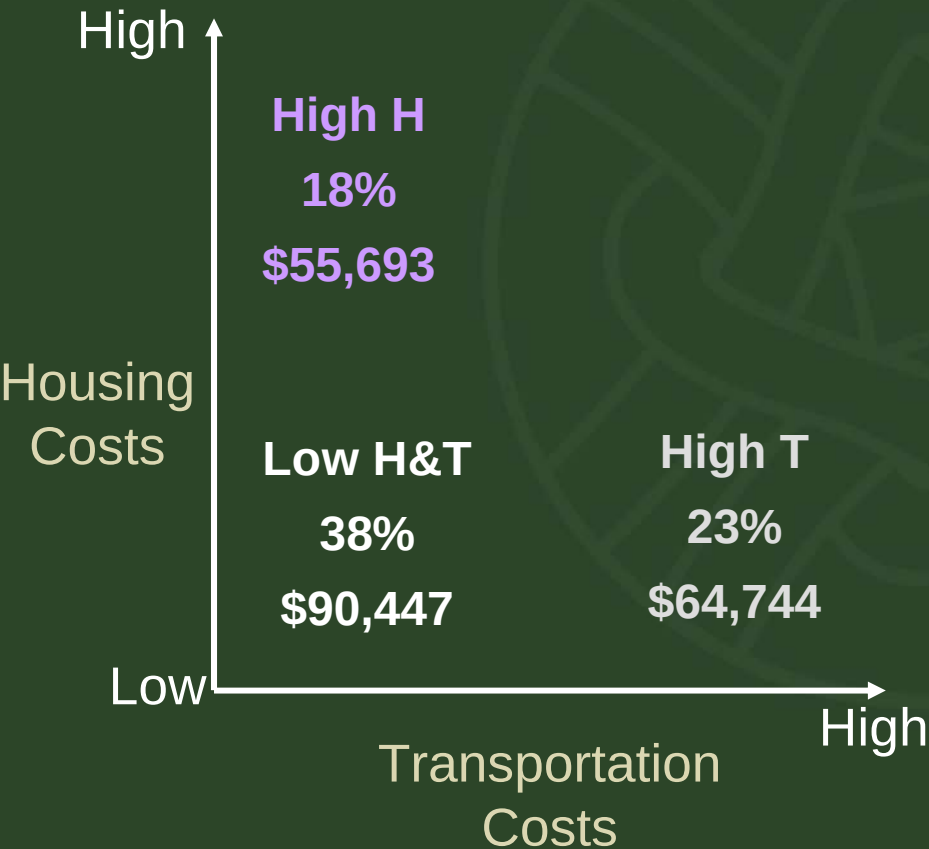


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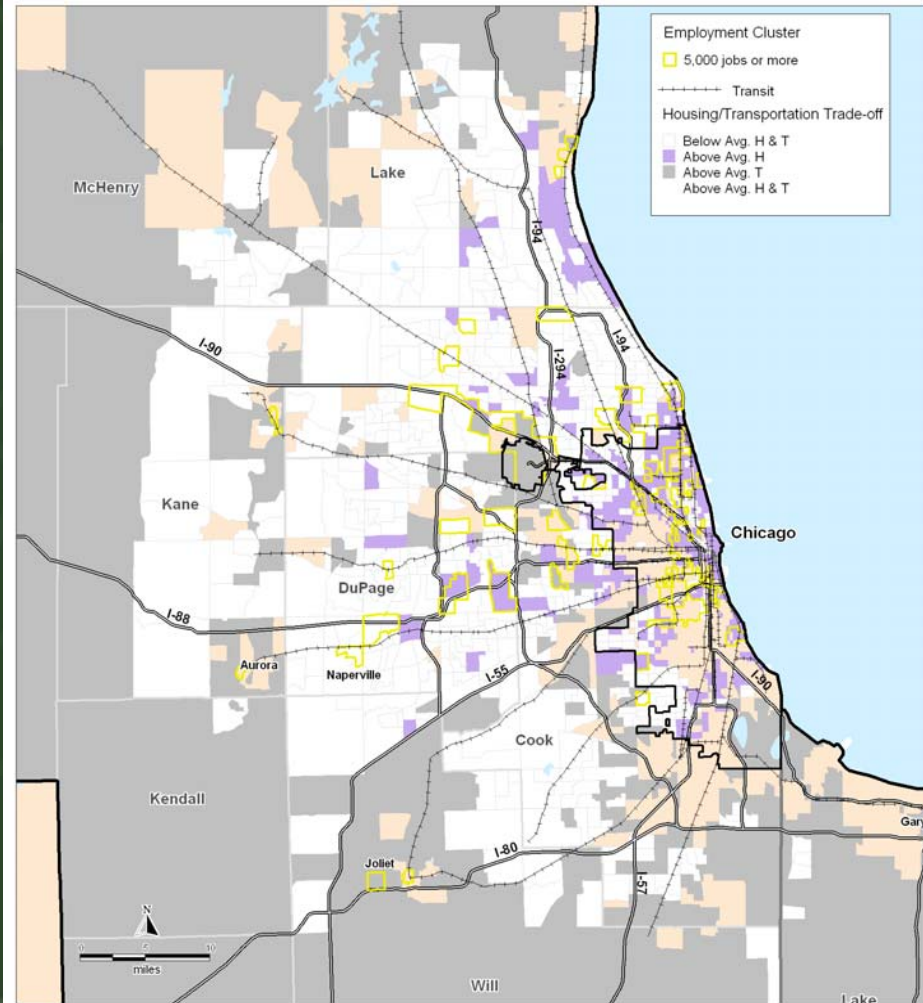


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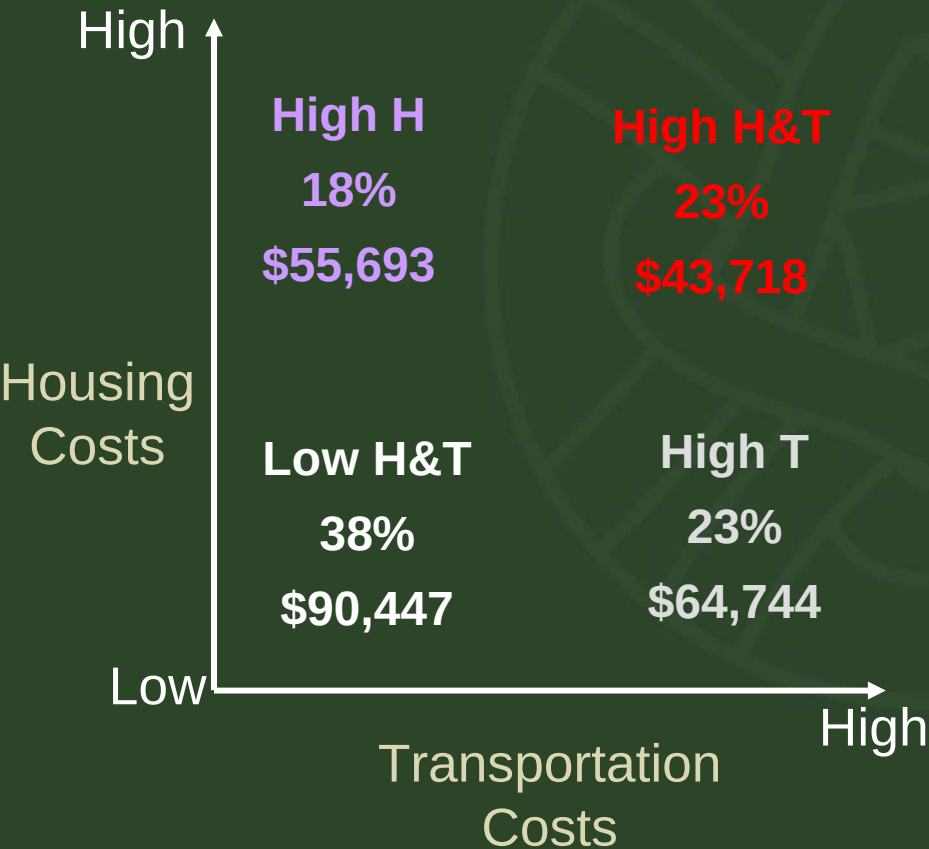


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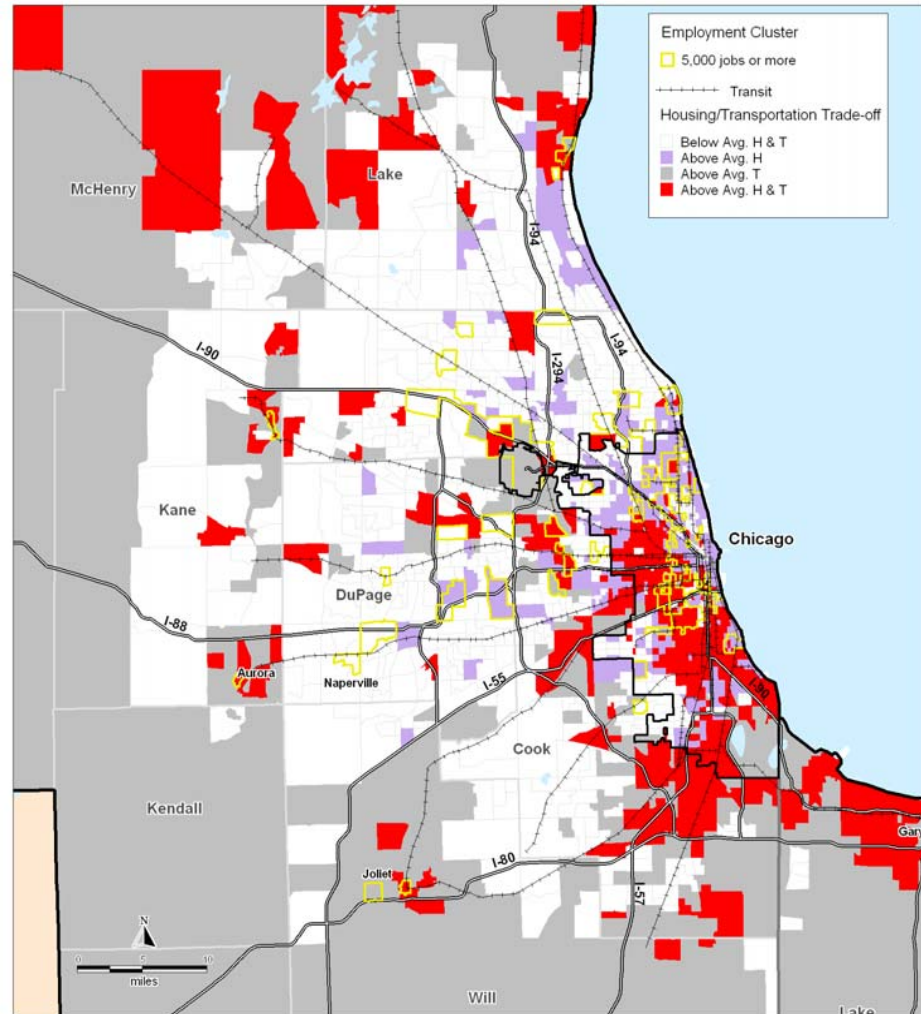


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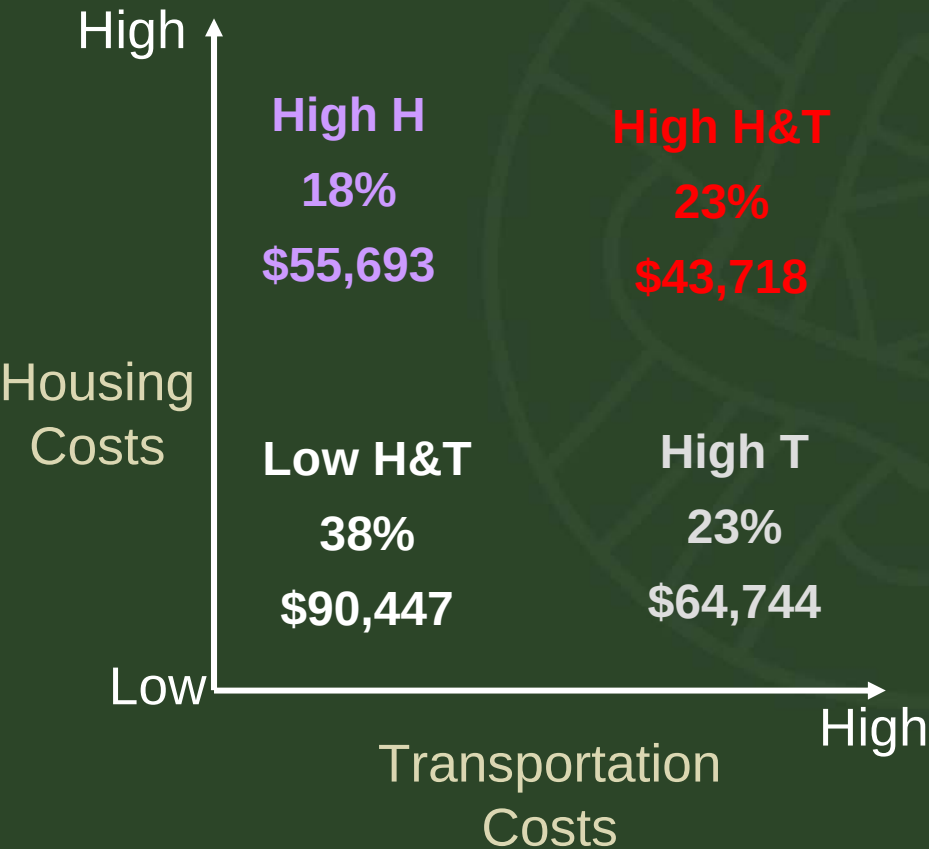


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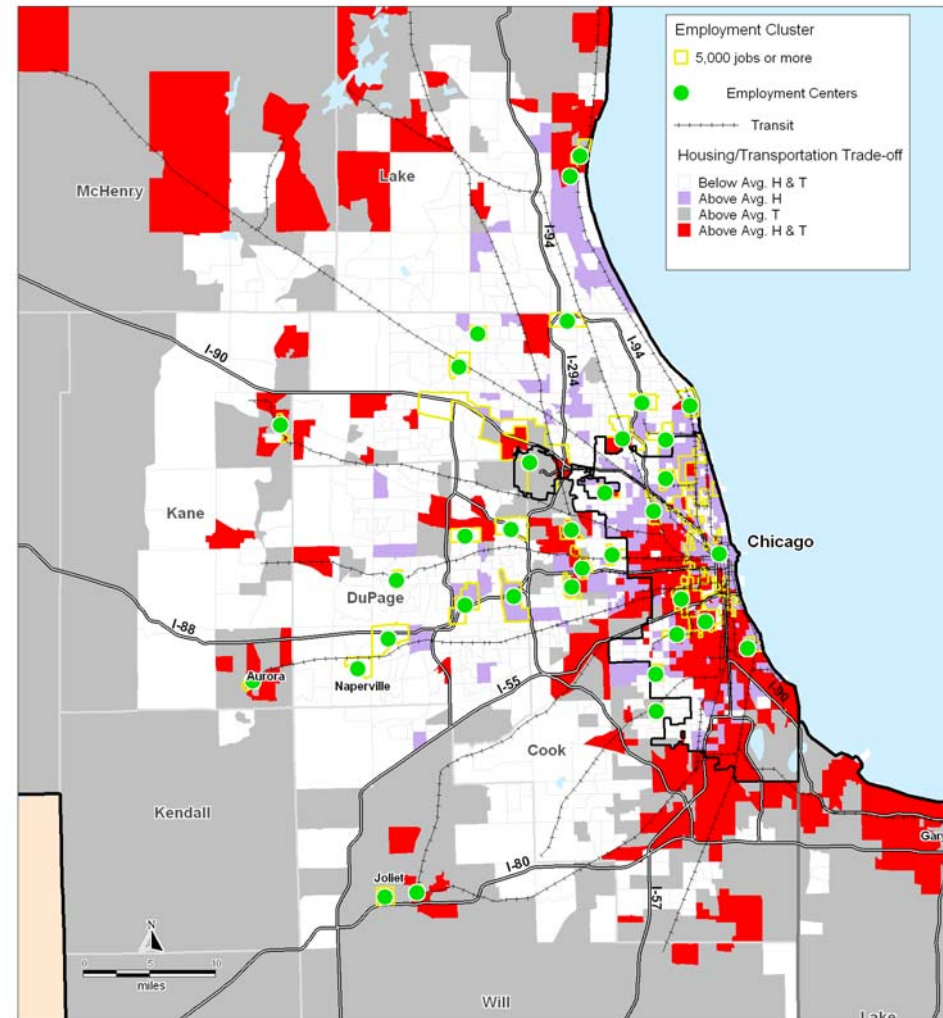


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Working Households: (\$20,000 to <\$50,000)

Pushed, Pulled, Stretched and Left Behind

High H: Pushed (22% of Working HHS)

- high housing costs, overcrowding to live near jobs and transit
- 48% on H+T

High T: Pulled (25% of Working HHS)

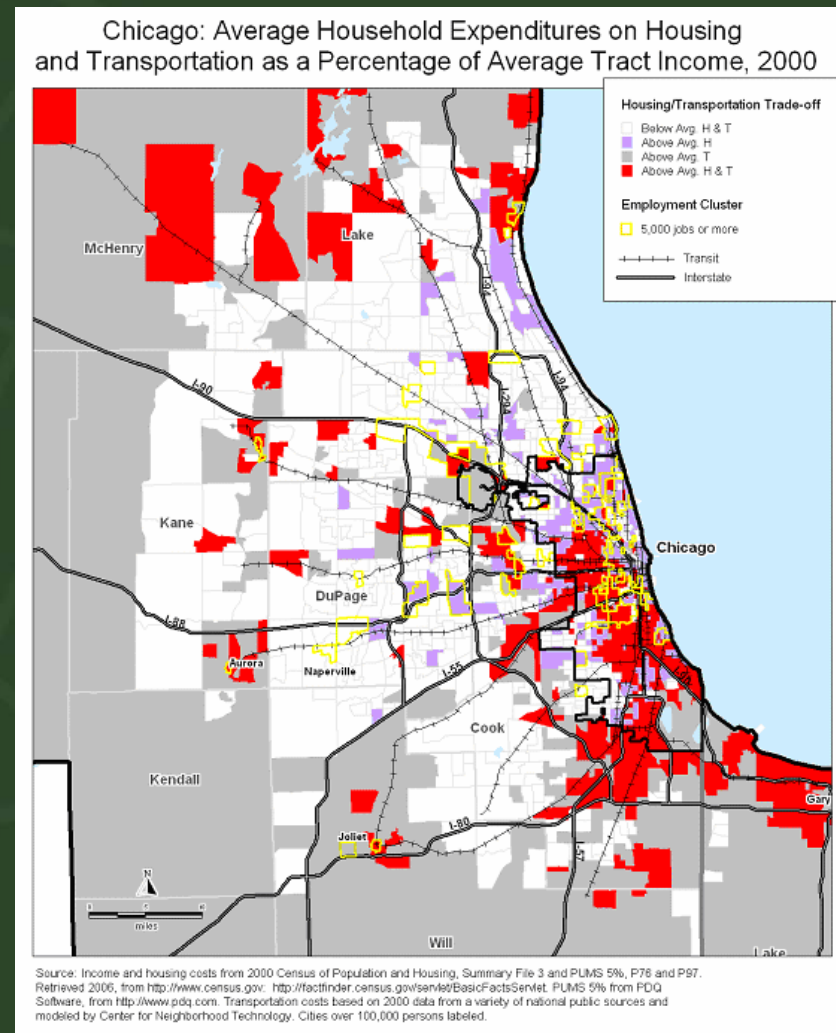
- pulled toward low housing, away from jobs and best transportation
- 60% on H+T

Low H&T: Stretched (28% of Working HHS)

- near higher incomes, employment centers, little affordable housing
- 59% on H+T

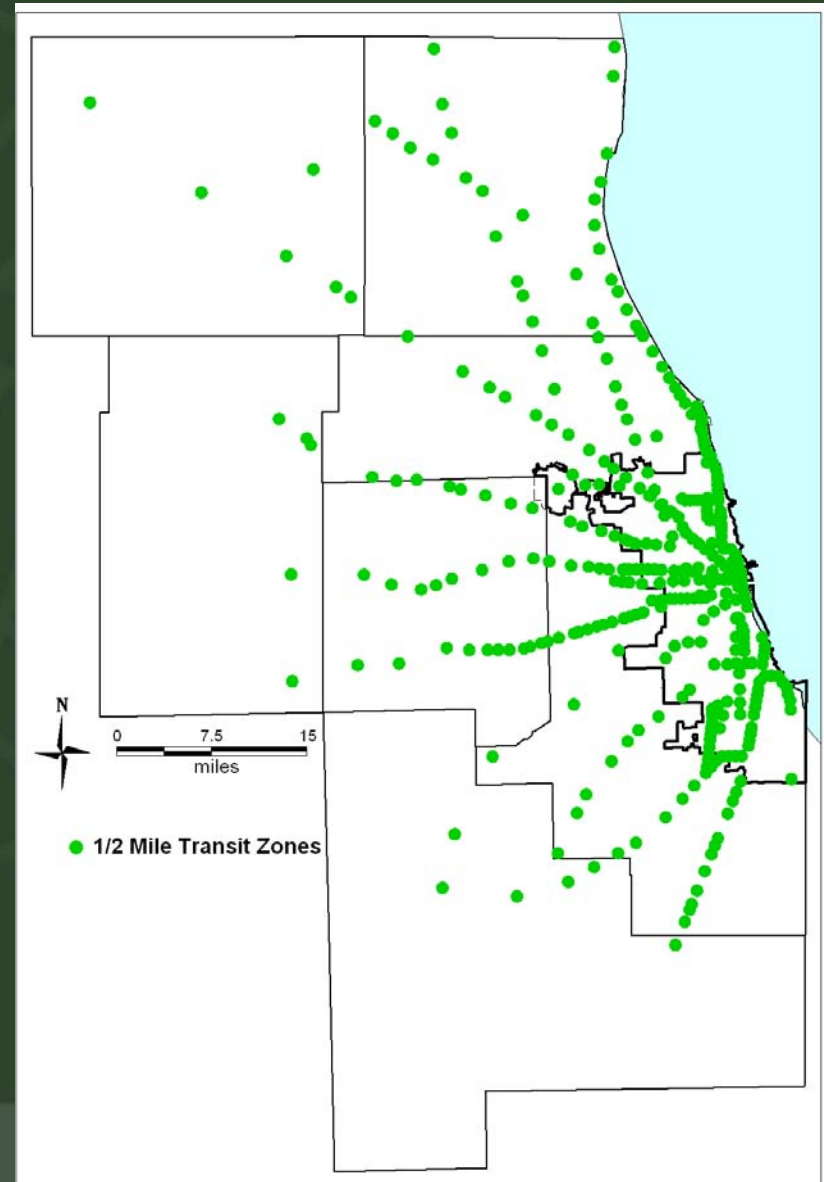
High H&T: Left Behind (25% of Working HHS)

- fewer jobs, fewer amenities and services
- 53% on H+T



Fixed-Rail Transit Zones

- 402 of 3252 stations in U.S.
 - 2nd Largest system in U.S.
- 371 stops in the 6 counties
 - 198 city, 173 in suburbs
- Transit Zones (1/2 Mile Areas)
 - 26% of region's households
 - 58% <\$50,000, compared to 48% 48%
 - 41% are white, compared to 58% 58%
 - 1.1 vehicles, compared to 1.5
 - 32% commute without auto, compared to 16%



Transit Zone Findings

High use (8% of Zones)

- 32 stations, all city
- 87% 0 or 1 vehicle
- 38% non-auto commute
- 32 households/acre

Medium use (44% of Zones)

- 162 stations, 137 city
- 78% 0 or 1 vehicle
- 28% non-auto commute
- 12 households/acre

Low use (48% of Zones)

- 178 stations, 30 city
- 54% 0 or 1 vehicle
- 11% non-auto commute
- 4 households/acre



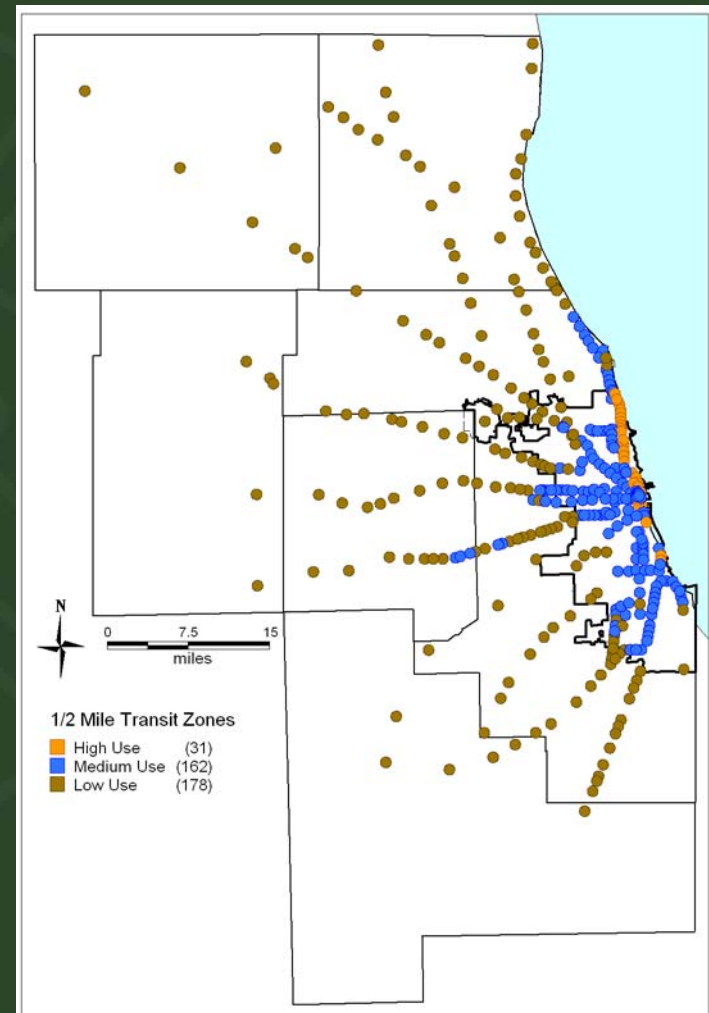
Defined “Zone use” as household density and mode to work, not station



Transit Zones & Affordability Index

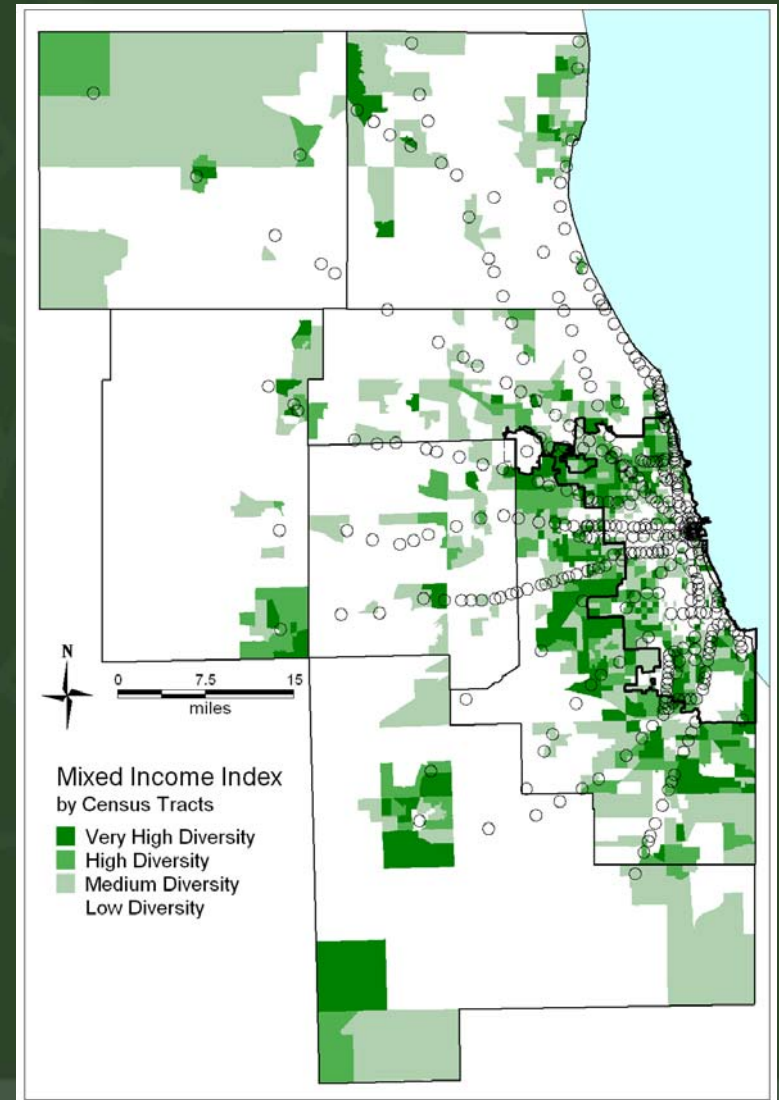
Income & Expenditures	High Use	Medium Use	Low Use
\$20-\$35K			
% T	16%	22%	30%
% H+T	47%	52%	62%
\$35-\$50K			
% T	12%	16%	22%
% H+T	36%	39%	47%

- Proximity to transit without density, services jobs, and walkability will not not alone lower transportation costs



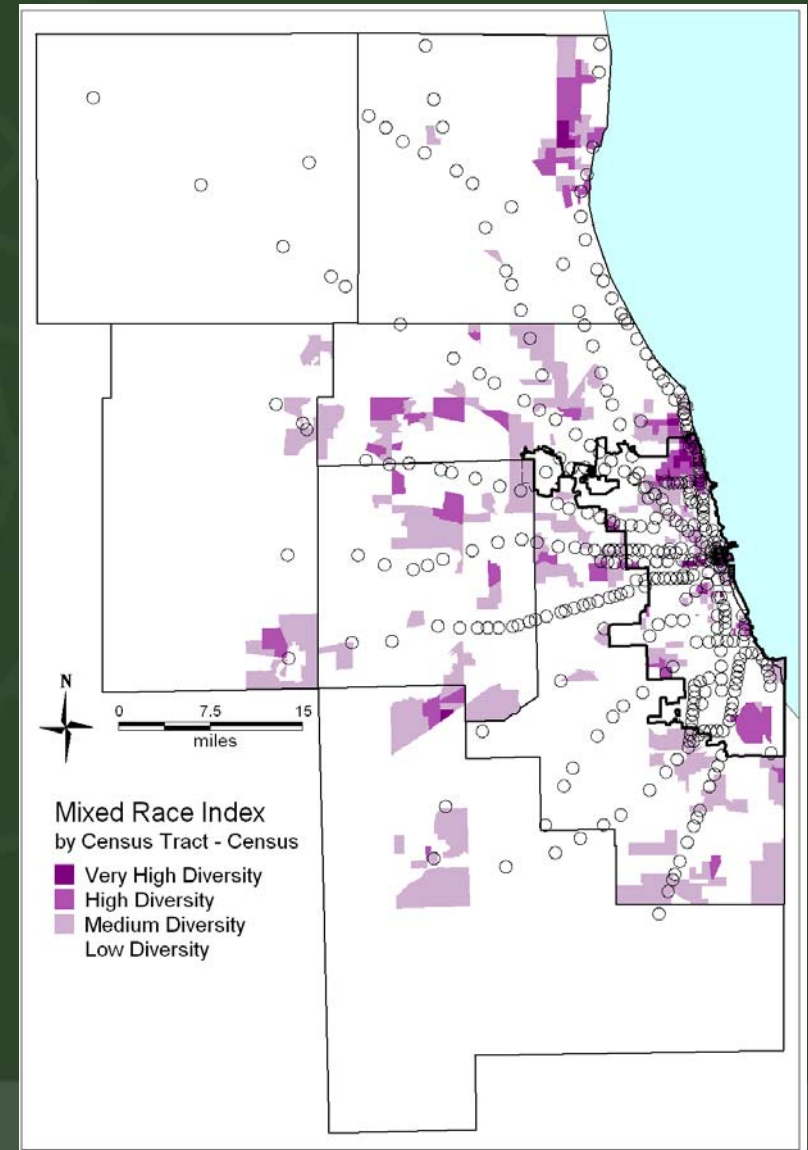
Transit Zones & Income Diversity

- In the suburbs, transit zones are more income diverse than typical suburban neighborhoods (50% higher)
- In the city, transit zones are less income diverse
 - High income zones on the north side and Loop
 - Low income zones on the south and west sides



Transit Zones and Racial Diversity

- In the suburbs, transit zones are as racially diverse as typical suburban neighborhoods
- In the city, transit zones are more racially diverse than typical city neighborhoods (3 times)
 - Blue Line to O'Hare
 - Upper North Red & Brown Lines
 - Metra Rock Island



Transit Zone Summary

- Medium- and high-use zones enhance affordability
 - Primarily through transportation cost savings
- In many places, zones provide important racial and/or and/or income diversity
 - Preserve existing
 - Building blocks for future mixed-income and mixed-mixed-race communities
- Low-use zones are an underutilized resource

Demand for Housing Near Transit

National Market Study

- 2004 “Hidden in Plain Sight”
 - 6 million households lived near transit in 2000
 - By 2025 the demand for housing near transit will double
 - In Chicago, potentially 1,447,012 households
- 2006 Report:
 - Update to 2004 demand with income

HIDDEN IN PLAIN SIGHT

*Capturing The Demand For
Housing Near Transit*



*Reconnecting America's
Center For Transit-Oriented Development*

*April 2006
Reconnecting America
Center for Transit-Oriented Development*

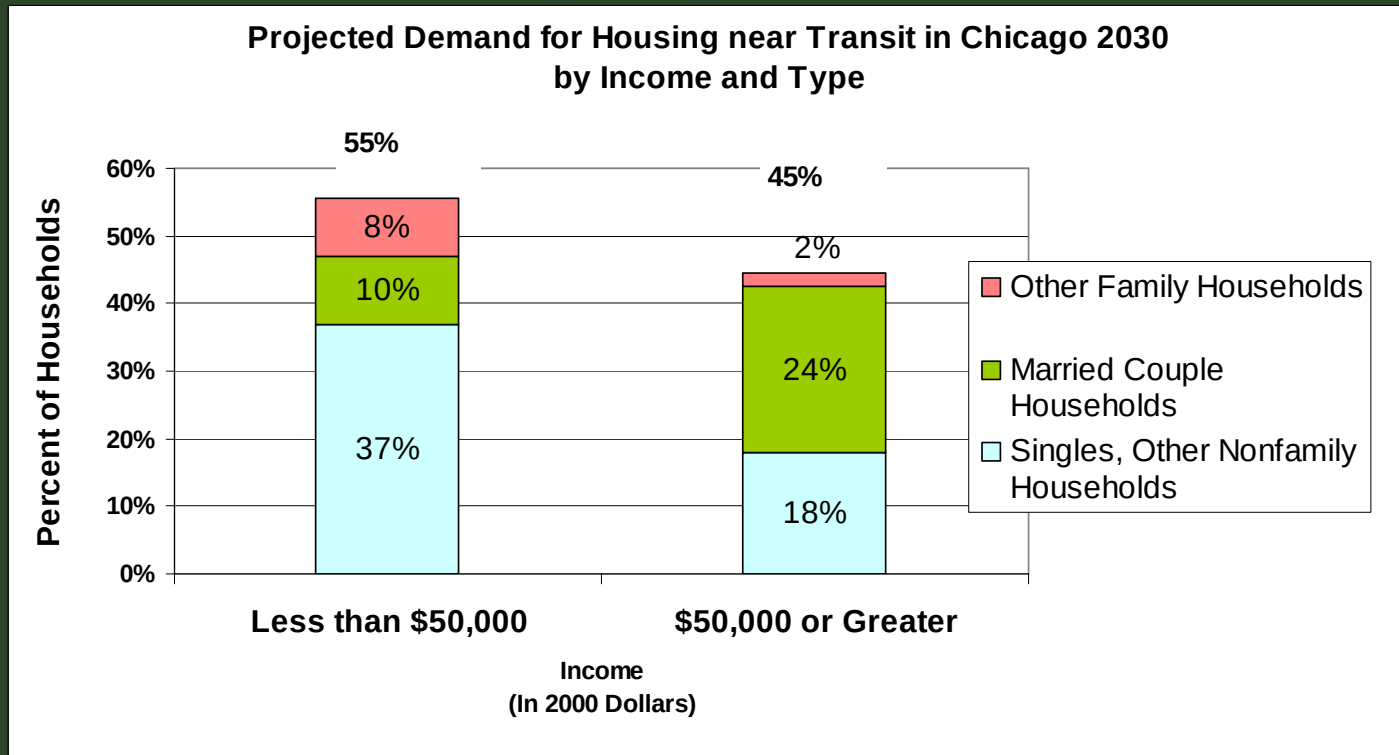


Demographics Influencing Demand for Housing Near Transit

- Singles will soon be the new majority
- Old people will outnumber young people by mid-century
- By 2010 Echo Boomers will total 34% of the population
- Married couples with children are 24% of households



Chicago Household Types in 2030 by Income



- Without intervention, market will:
 - Cater to 45% of demand and build housing near transit for high-income smaller households
 - Not accommodate 55% of demand--households that need transit an economic necessity



Regional Policy Challenge

- Absent intervention, housing near transit will be:
 - Homeowner
 - Small units
 - Single-family **and** condo
 - Luxury and market-rate
- Policy needs to focus on:
 - Rental **and** affordable ownership
 - Small units **and** large ones
 - Single-family, multi-family **and** multi-generational
 - Affordable **and** subsidized

Where Might We Start?

- Joint advocacy by environmental, housing, transit and smart growth groups
- The NIPC Common Ground framework
- Places with transit and in violation of fair share (17 of 49)
- Places with underutilized transit stations (178 zones)
- Places where affordable housing near transit is threatened by gentrification
- Places that have transit and need jobs
- Planning agency use of H+T Index for decision-making
- Inclusionary Zoning and/or developer incentives for affordable housing near transit and jobs

More Information

www.cnt.org

www.chicagorehab.org

www.brookings.edu

www.reconnectingamerica.org

