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Is That Suburban House as Affordable as it Seems?

New Website Shows Impact of Transportation on Housing Costs

Chicago – Conventional wisdom is that you can get the most house for the money in outlying suburbs. Housing indeed tends to be lower priced the further it gets from the urban core. But a new interactive mapping website launched today by the Center for Neighborhood Technology, in partnership with The Brookings Institution, shows that once transportation costs are factored in, housing is far less affordable than it seems.

The site, called the Housing + Transportation Affordability Index, (<http://htaindex.cnt.org>), looks at the true affordability of housing based on location and transportation costs in 52 metropolitan areas, from Chicago and Atlanta to San Francisco and St. Paul.

“Understanding transportation costs and having access to good transportation choices can help households significantly lower their cost of living,” said Center for Neighborhood Technology President Scott Bernstein. “Our research shows that average transportation costs vary greatly depending on location, from a low of 14% of household median income in transit-rich, compact communities, to highs of 28% or more in exurban areas where employment, retail, and other amenities are dispersed.

“With rising gas prices and record numbers of home foreclosures, consumers need better information about the transportation costs associated with their housing choices,” said Bernstein. “And with the upcoming federal reauthorization of the National Surface Transportation Law (SAFETEA-LU 2005), it is imperative to understand how transportation costs affect family and community wealth. Greater investment in transit will give people more choices in planning for their travel needs.”

About the Tool

The Housing + Transportation Affordability Index is a two-year project supported by The Brookings Institution’s Urban Market Initiative. The interactive website is the most comprehensive tool of its kind to date, enabling individuals, urban planners, policy-makers, and transportation and housing advocates to calculate neighborhood-level costs of housing and transportation in metropolitan areas across the U.S.

The tool uses block group level U.S. Census data to determine housing costs. It quantifies average household transportation costs by using neighborhood and household variables, like residential density, household income, transit availability, and location of jobs and amenities, to predict car ownership, car usage, transit usage, and ultimately total transportation costs. Users of the tool can examine total housing and transportation costs as percent of income on a neighborhood level in each of 52 metro areas. They can also compare specific variables like travel time to work, transit ridership, vehicle miles traveled by household, and more.

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Historically, one of the limitations to obtaining a truer measure of affordability has been that, while housing costs are visible everywhere—from the real estate pages to realtor.com—and tracked by data providers like the U.S. Census, transportation costs are not. The Housing + Transportation Affordability Index changes that, making it possible to quantify average transportation costs based on information about households and neighborhoods.

Findings

The traditional measure of housing affordability states that a household should spend no more than 30 percent of its income on housing. But when transportation costs are factored in, some housing choices become considerably less affordable. Working families earning 80% of the average median income can be particularly hard-hit. For some of them, transportation costs may consume almost half of their household income—impacting their cost of living and quality of life considerably.

The data show that household size and income play a lesser role in determining affordability than do neighborhood characteristics—such as good and frequent transit service, proximity to jobs, and amenities within walking distance—in determining how much a family will have to spend on transportation annually.

“The index tells an alternative story of affordability than we’ve become accustomed to hearing,” said Bernstein. “The real estate pages may list 2- and 3-bedroom homes for under \$175,000 in suburban communities. That sounds affordable, right? But once you factor in transportation costs, the bargain goes away. Transportation costs can be as much or more than housing costs. The index protects consumers by divulging those costs and helps planners and decision-makers work toward providing truly affordable housing.”

The Center for Neighborhood Technology is a 30-year-old Chicago-based non-profit that carries out research, policy advocacy and economic development projects in pursuit of building more livable and sustainable urban communities. The Brookings Institution is a private nonprofit organization devoted to independent research and innovative policy solutions. For more than 90 years, Brookings has analyzed current and emerging issues and produced new ideas that matter — for the nation and the world.

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