



Transportation and Housing

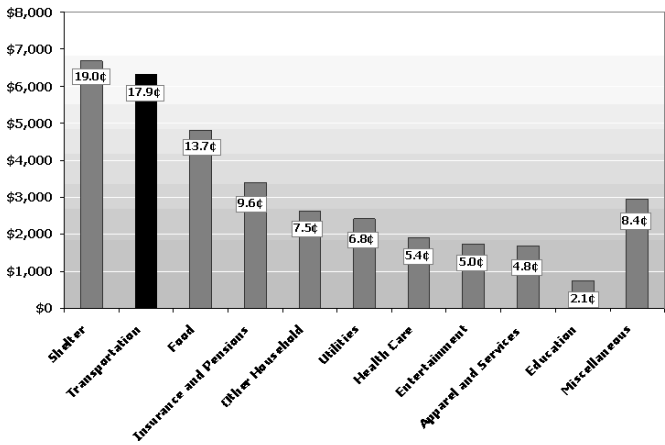
The transportation system should be socially equitable and strengthen civil rights; enabling all people to gain access to good jobs, education and training, and needed services. Where possible, personal transportation expenses should be minimized in ways that support wealth creation. Integrated with land use planning, transportation should also enhance the quality, livability and character of communities and support revitalization without displacement. The transportation system should allow every American to participate fully in society whether or not they own a car and regardless of age, ability, ethnicity, or income.

- New Transportation Charter

The transportation infrastructure in the United States, planned around automobile use, has both fostered a reliance on the automobile and encouraged sprawling development. This, in turn, has made automobile ownership unavoidable for many households, where it becomes an economic burden, standing in the way of wealth creation and home ownership for many low- and middle-income households.

The Often Over-Looked Connection Between Housing and Transportation

Transportation and housing are the two largest household expenses. When the first household expenditure surveys were conducted in 1901, transportation accounted for less than 2 percent of the family budget – now it is 18 percent and rising.ⁱ In some metro areas, households are even spending more on transportation than on shelter. As families spend more on getting around, they have less available to save for a down payment on a house and can also be more susceptible to debt burdens that will destroy their chances for mortgage approval.



Transportation also dictates where housing is built and where people are able to live. People need to locate where they can get from place to place and access jobs and services. Further, public investments in transportation guide developers in where they choose to build housing. An investment in a new road or rail line encourages housing developments along that route, particularly if surrounding land is inexpensive.

The Burden of Transportation Costs is Disproportionate

Although the average American puts 18 cents of every dollar they spend into transportation, the poorest fifth of American families spend more than 36 cents out of every dollar. Of these households, 62 percent own at least one automobile. In fact, the majority of transportation spending – 98 percent – is for the purchase, operation and maintenance of automobiles.

A growing burden on the poor is cost of travel due to the mismatch between employment and housing locations. Affordable housing tends to be located in inner city areas and in far-flung suburbs while jobs are increasingly located in more affluent suburbs. This spatial mismatch, or sprawl, necessitates travel while reducing transportation choices like walking, biking or transit. Sprawling locations usually lack frequent transit service or safe pedestrian and bike routes.

Often, affordable housing is located so far from any public transportation that the families living in such housing, or receiving housing assistance, must purchase one or even two cars to access job markets. This frustrates the very purpose of housing assistance programs, which is to lower the overall cost of living to low-income families.

How High Transportation Costs Erode Wealth Creation

Middle-income families are also hurt by the high costs of commuting to work. In general, the more sprawling the metro area, the higher the personal transportation cost. Households in the one-third of metro areas that are the most sprawling devote about 20 percent more of their expenditures to transportation than do households in the one-third of areas that are the least-sprawling.

Comment [LB1]: this graph doesn't really fit here. what about the one that shows most sprawling & least sprawling? I've attached it.

Spending on vehicles erodes wealth while spending on housing can build wealth. Over a decade, spending \$6000/year on car ownership creates \$5500 in equity. The same amount spent on home ownership creates \$28,000 in equity. With transportation costs eating up a bigger percentage of household budgets, saving for a home becomes increasingly difficult.

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Excessive car ownership is estimated to reduce home ownership by between 5 percent and 10 percent of what it would be if low income households could reduce transportation to average levels and invest the costs thus saved on transportation in home ownership.ⁱⁱ In short, for an increasing number of middle-to-low income households, transportation costs are destroying the American dream of home ownership.

Towards Mixed-Income Communities and Transit Oriented Development

While government investments in road building increase transportation costs, communities that invest in transportation choice and Transit-oriented development (TOD) offer their residents a chance to save by driving less. Creating compact, mixed-use communities can help prevent sprawl and make more efficient use of our

transportation infrastructure, locating jobs proximate to housing and allowing for multiple transportation modes.

Joint projects, coordinating affordable housing and transportation in land use plans, help communities revitalize areas without displacement and help ease some of the transportation cost burden felt by the poor. Incentive programs can be extremely effective tools. The Housing Incentive Program (HIP), for example, provides bonus transportation funds to communities that locate developments near transit, with an additional bonus for affordable housing units.

In California, the Transportation and Livable Communities (TLC) Initiative funds transportation projects in local jurisdictions that are locating compact housing near transit, and in San Mateo County, California, an incentive program gives local land-use agencies incentives for making decisions consistent with smart growth. Incentives to locate near transit can also be directed to individuals, allowing families to qualify for higher mortgages if they locate near transit.

To create truly affordable housing, communities must consider costs that hinge on location, but are not included in rent or mortgage payments. The type of transportation infrastructure a community provides is a crucial piece of the affordable housing puzzle.

More information is available in STPP's report, *Driven to Spend*, available on-line at www.transact.org

ⁱ Bureau Expenditure Survey, 2000.

ⁱ Center for Neighborhood Technology, analysis based on figures from Census 2000 Supplementary Survey of Labor Statistics, Household Expenditure Survey, 2000.

ⁱ Center for Neighborhood Technology, analysis based on figures from Census 2000 Supplementary Survey.