

# **Put it in the Bank, Not the Tank:** *Counseling Prospective and At-Risk Homeowners about Controlling Transportation Costs*

March 15, 2012

Housing and Transportation Affordability Index  
U.S. Department of Housing and Urban Development  
Office of Sustainable Housing and Communities



**Manhattan Strategy Group**

5151 Wisconsin Avenue, Suite 501 | Washington, DC 20016 | 202-536-2749

[www.manhattanstrategy.com](http://www.manhattanstrategy.com)

# Today's Presenters



Noreen Beatley  
Project Director - HUD HTA Index  
Manhattan Strategy Group (MSG)



Stefanie Shull  
Policy Analyst  
Center for Neighborhood Technology (CNT)



Ron Chavez  
Housing, HECM and Post-Purchase Counselor  
The Housing Trust, Santa Fe, NM

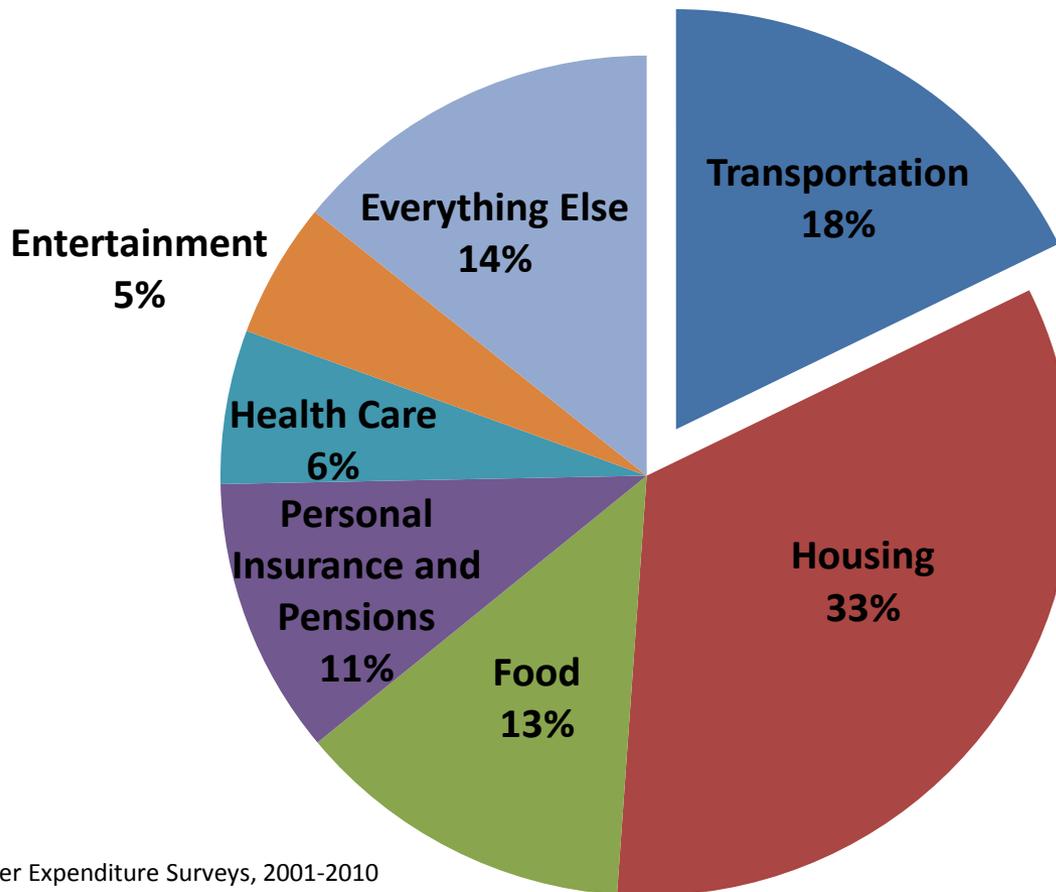


# Put it in the Bank, Not the Tank

- ✓ Why Housing and Transportation, *combined*, matter
- ✓ Introduce HUD Housing and Transportation Affordability Initiative
- ✓ CNT's H+T<sup>®</sup> Affordability Index
- ✓ Highlight applications of H+T tools for housing counseling



# Household Expenditures, 2001-2010

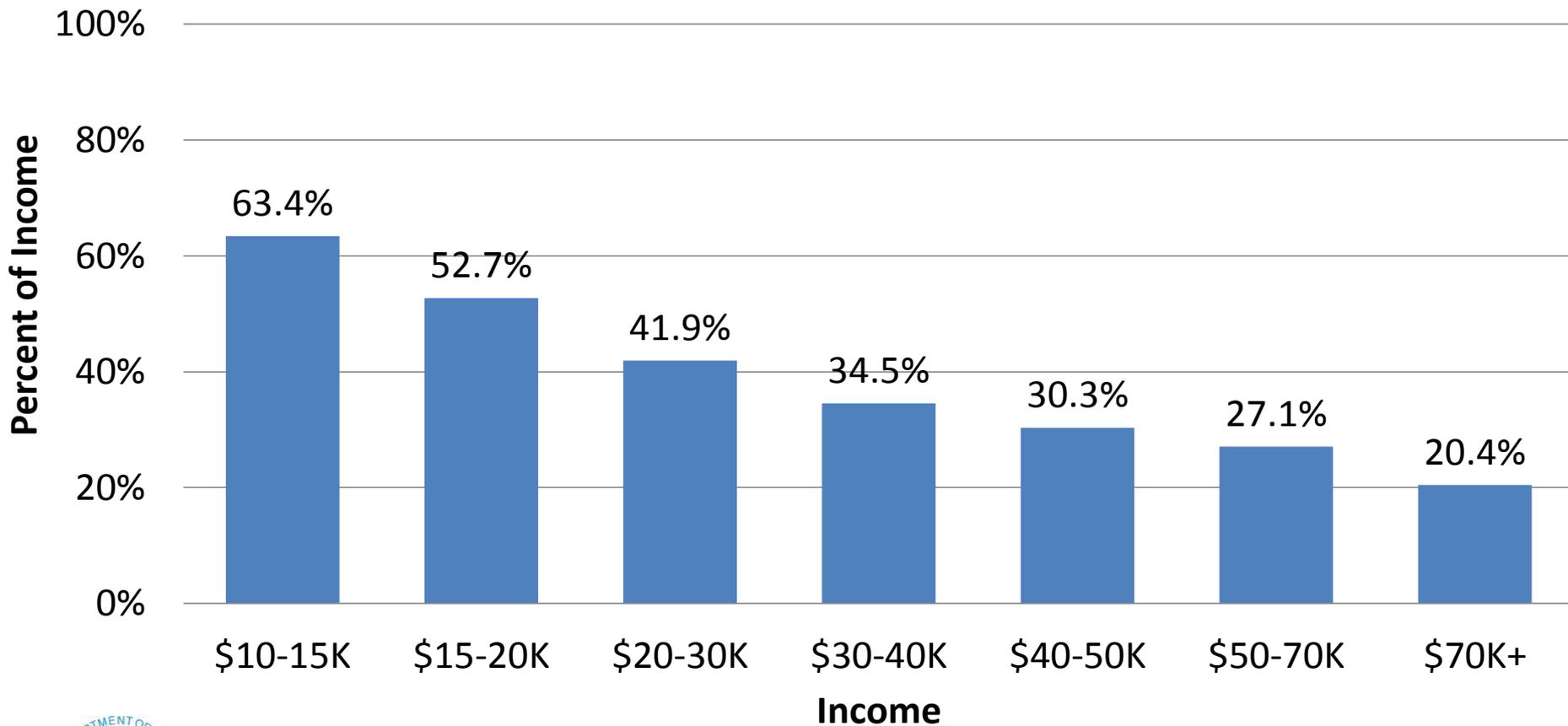


Source: BLS Consumer Expenditure Surveys, 2001-2010



# Housing Cost Burden

## Spending by Income Group



Source: BLS Consumer Expenditure Survey, 2001-2010



# Housing Costs



Personal Photo – Peter Haas, CNT



<http://rentrodger.com/rentals/equinoxapartments.htm>



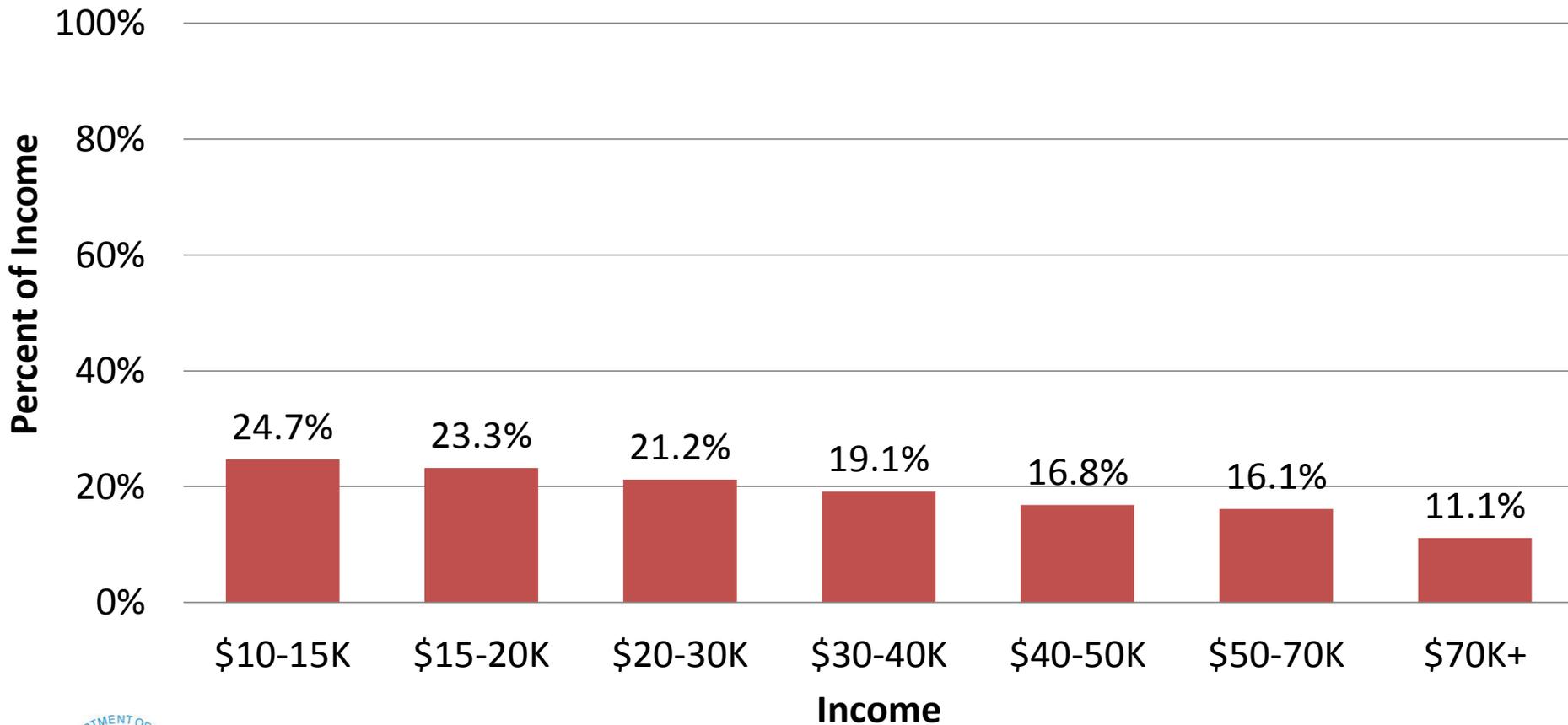
[http://wjfradio.org/gallery/MakingWaves/Suburban\\_sprawl\\_in\\_Chester\\_Co\\_PA\\_Image\\_82686](http://wjfradio.org/gallery/MakingWaves/Suburban_sprawl_in_Chester_Co_PA_Image_82686)



<http://twochatelainesfarm.com/default.aspx>

# Transportation Cost Burden

## Spending by Income Group



Source: BLS Consumer Expenditure Survey, 2001-2010

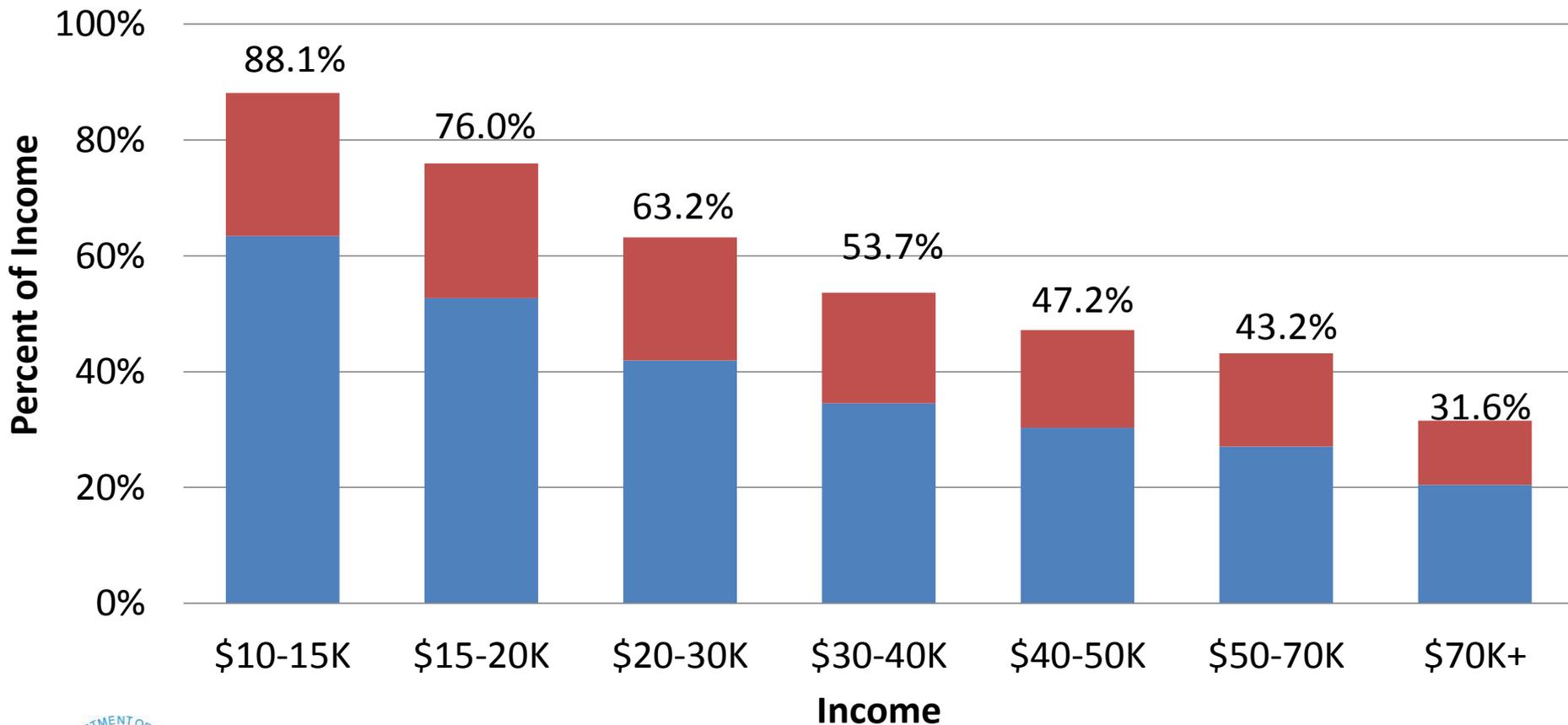


# Transportation Costs



# Why Do Transportation Costs Matter?

## Housing and Transportation Spending, *Combined*



Source: BLS Consumer Expenditure Survey, 2001-2010



# HUD Housing and Transportation Affordability Initiative

- Establish a baseline for combined housing and transportation costs
- Develop a Housing and Transportation Affordability (HTA) Index *and* Housing and Transportation Cost Calculator
- Disseminate current information about housing and transportation costs
- Analyze HUD Programs' impact on combined housing and transportation costs
- Assess if the HTA Index is a viable measure of affordability



# Key Elements of the HTA Index Project

- Technical Review Panel
- Third Party Review
- Website
- Outreach and Feedback via Webinars/Workshops
- Marketing Housing and Transportation Issues
- Field Tests: Charlottesville, VA; Olympia, WA; and Twin Cities, MN
- HUD Program Analysis
- Policy Recommendations



# HUD HTA Initiative: Multi-Phase Effort

## Phase I:

Develop a Housing and Transportation Affordability Index and a Housing and Transportation Cost Calculator

## Phase II:

Assess Potential Applications to Reduce Housing and Transportation Cost Burdens

## Phase III:

Assist HUD with Implementation for Planning and Investments

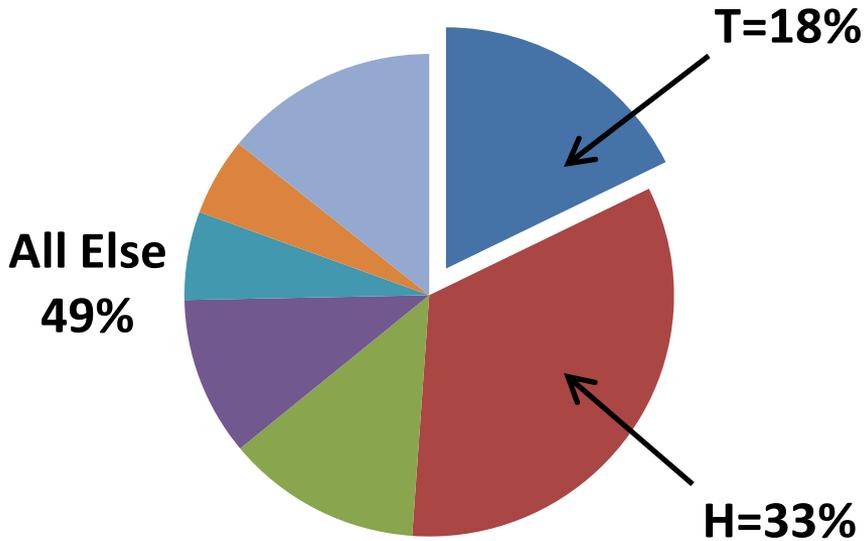
**Project activities overlap and are mutually reinforcing**



# Current Housing and Transportation Tools: CNT's H+T<sup>®</sup> Affordability Index



# Factoring Transportation into the Affordability Equation



Source: BLS Consumer Expenditure Surveys, 2001-2010

**H+T**<sup>®</sup>



- Two Largest Expenditures: Housing + Transportation
- Location drives both costs
- Seemingly *affordable* housing : Often **unaffordable** when transportation costs are added
- CNT's H+T<sup>®</sup> Affordability Index calculates *combined* costs at the neighborhood level

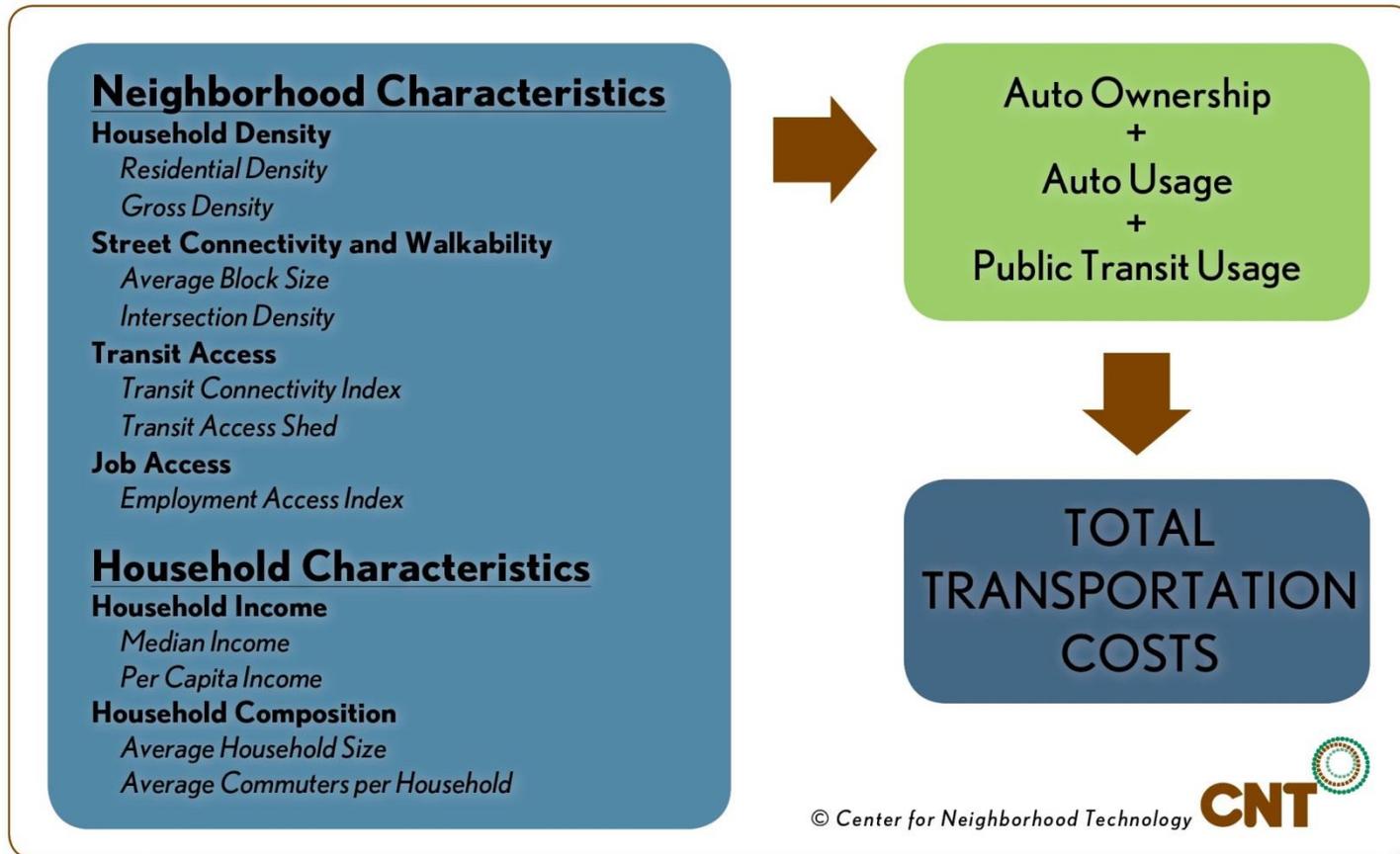
# H+T Affordability Index

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

H+T Index sets new affordability benchmark:  
30% housing + 15% transportation  
= 45% H+T affordability  
(but many combinations possible, e.g. 25% and 20%)



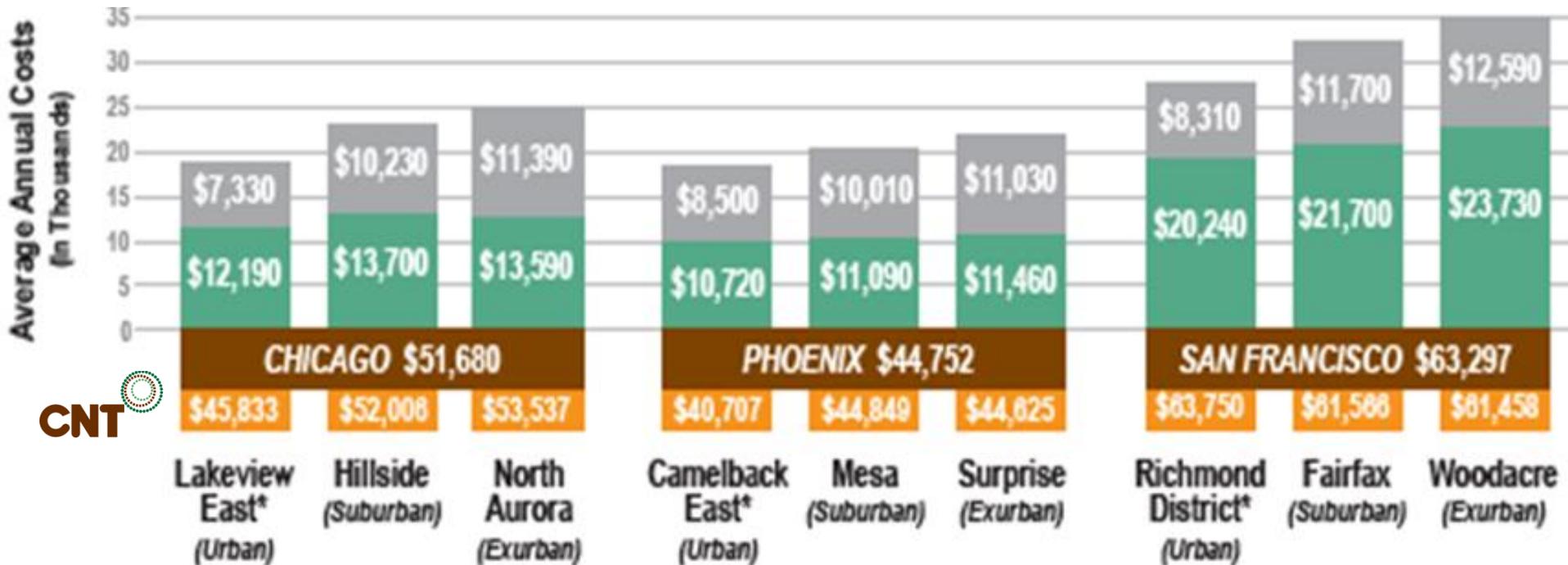
# CNT's Transportation Cost Model



# It's Where You Live, Not What You Earn

■ Annual Transportation Costs ■ Annual Housing Costs

■ Area Median Income ■ Community Average Median Income



# CNT's H+T Affordability Index

▼ MORE ABOUT CNT

[VIEW THE INDEX](#) [USER GUIDE](#) [ABOUT THE INDEX](#) [FAQ](#) [NEWS](#) [APPLICATIONS](#)



TRUE AFFORDABILITY AND LOCATION EFFICIENCY  
**H+T<sup>®</sup> Affordability Index**

Share this Map

Enter a city, county or region...

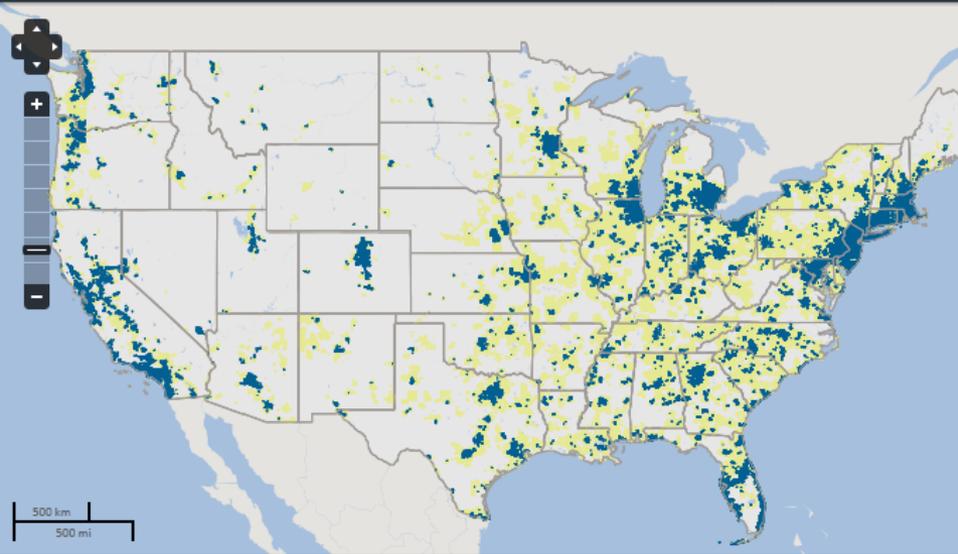
MAP VIEW

## Housing Costs % Income

Regional Typical Household in the U.S.

Income: HH Size: Commuters:

Insufficient Data  < 30 %  30 + %

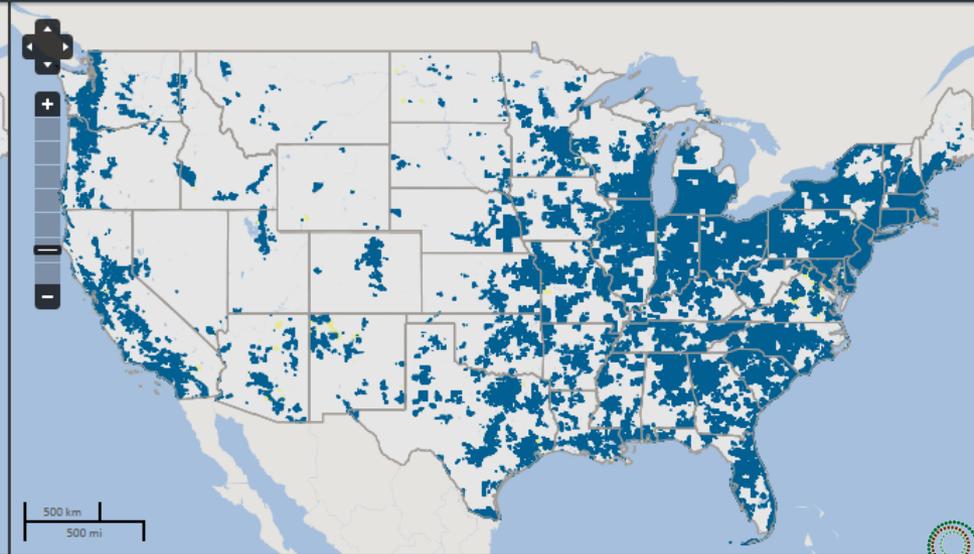


## Housing + Transportation Costs % Income

Regional Typical Household in the U.S.

Income: HH Size: Commuters:

Insufficient Data  < 45 %  45 + %



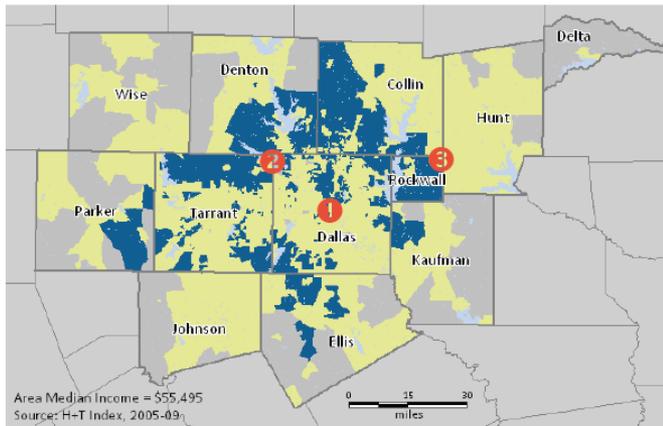
© Copyright 2003-11 Center for Neighborhood Technology. Contact us.



# Dallas, TX

## AFFORDABILITY: HOUSING COSTS AS PERCENT OF AREA MEDIAN INCOME

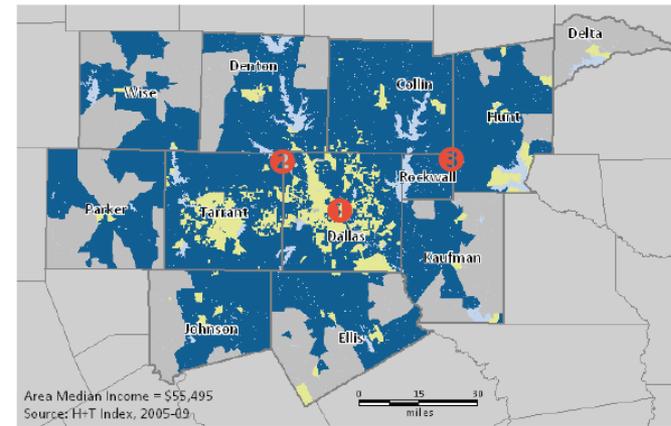
- 0 to 30%
- Greater than or equal to 30%
- Data not available



**78%** of neighborhoods in the Dallas metro area are considered affordable **using the conventional measure of affordability.**

## AFFORDABILITY: HOUSING AND TRANSPORTATION COSTS AS PERCENT OF AREA MEDIAN INCOME

- 0 to 45%
- Greater than or equal to 45%
- Data not available



**39%** of neighborhoods in the Dallas metro area are considered affordable **using the H+T Index's expanded measure**, which includes housing and transportation costs.



| Neighborhood  | Housing Costs <span style="display: inline-block; width: 15px; height: 15px; background-color: #d9ead3; border: 1px solid #ccc; margin-right: 5px;"></span> | Transportation Costs <span style="display: inline-block; width: 15px; height: 15px; background-color: #4f81bd; border: 1px solid #ccc; margin-right: 5px;"></span> | H+T Costs |
|---|---|--|-----------|
| <b>1 Akard DART station in Main Street District</b> | 28.42%  | 14.82%   | 43.25%    |
| <b>2 Northeast Hwy. and Main St. in Grapevine</b>   | 27.47%  | 25.83%   | 53.30%    |
| <b>3 Main St. and Elm St. in Royse City</b>         | 28.48%  | 29.82%   | 58.30%    |



# Costs in Three Dallas Neighborhoods



## Neighborhood Average

**Autos per Household**

**Household VMT**

**Commuters Using Transit**

**Residential Density**

**Monthly Transportation Costs**

## Main Street District

1.03

11,438

42.03%

33.32 HH/Res Acre

\$685

## Grapevine

1.87

20,341

2.92%

2.81 HH/Res Acre

\$1,194

## Royse City

2.08

26,076

0.66%

1.49 HH/Res Acre

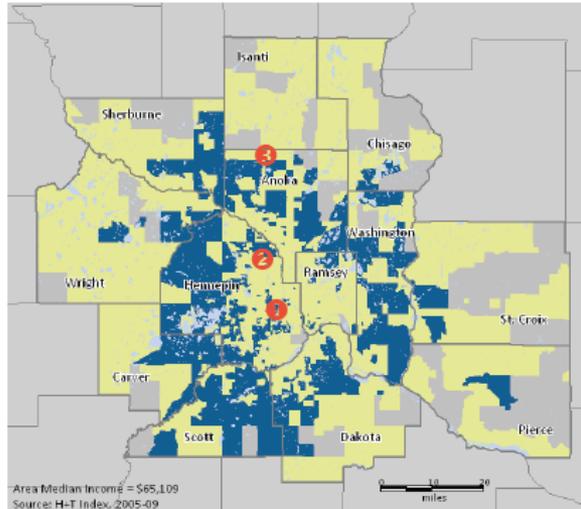
\$1,378



# Twin Cities

## AFFORDABILITY: HOUSING COSTS AS PERCENT OF AREA MEDIAN INCOME

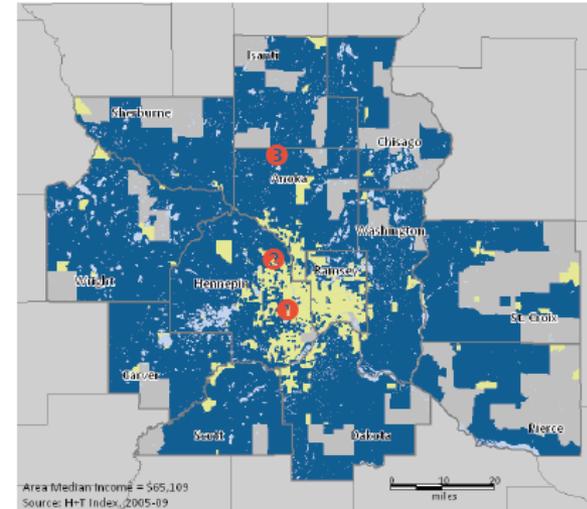
- 0 to 30%
- Greater than or equal to 30%
- Data not available



**79%** of neighborhoods in the Twin Cities metro area are considered affordable using the conventional measure of affordability.

## AFFORDABILITY: HOUSING AND TRANSPORTATION COSTS AS PERCENT OF AREA MEDIAN INCOME

- 0 to 45%
- Greater than or equal to 45%
- Data not available



**48%** of neighborhoods in the Twin Cities metro area are considered affordable using the H+T Index's expanded measure, which includes housing and transportation costs.



| Neighborhood  | Housing Costs | Transportation Costs | H+T Costs |
|---|---------------|----------------------|-----------|
| ① Hennepin Ave. and 26 <sup>th</sup> in the East Isles neighborhood | 28.85%        | 16.27%               | 45.12%    |
| ② 93 <sup>rd</sup> Ave. and Zane Ave. in Brooklyn Park              | 29.07%        | 22.49%               | 51.57%    |
| ③ 229 <sup>th</sup> Ave. NW and County Rd. 72 in St. Francis        | 27.80%        | 25.80%               | 53.60%    |



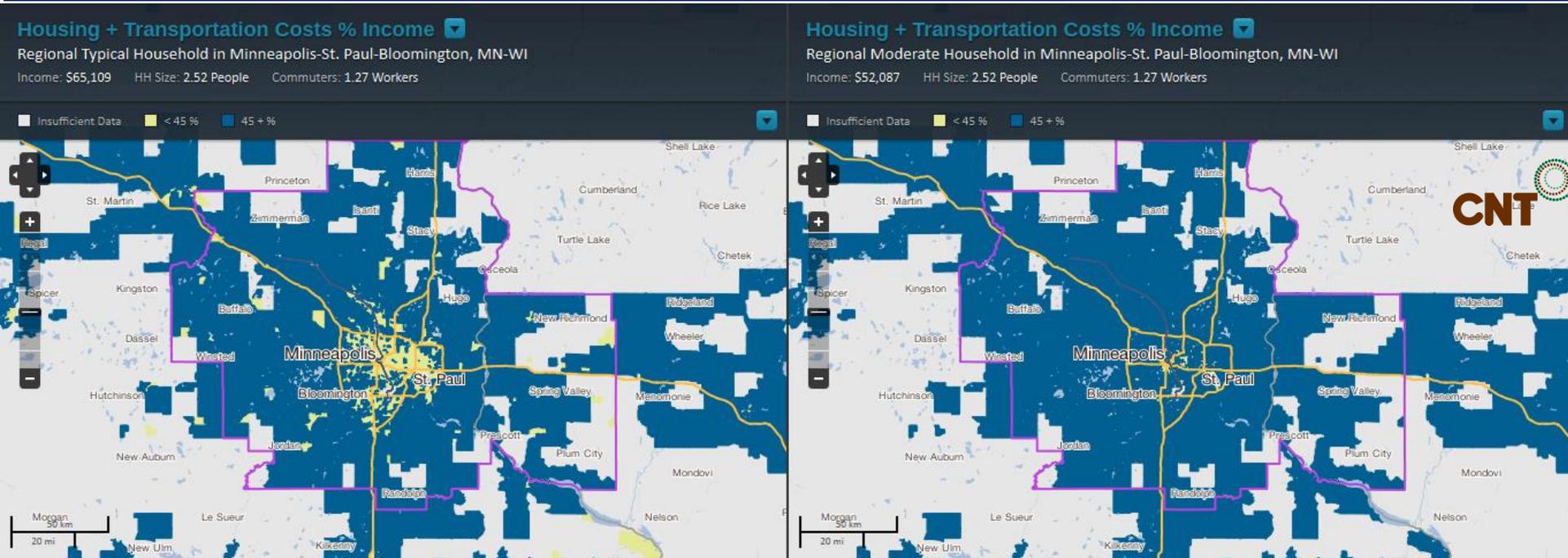
# Costs in Three Twin Cities Neighborhoods



| Neighborhood Average                | East Isles        | Brooklyn Park     | St. Francis       |
|-------------------------------------|-------------------|-------------------|-------------------|
| <b>Autos per Household</b>          | 1.37              | 1.90              | 2.12              |
| <b>Household VMT</b>                | 13,603            | 20,641            | 25,662            |
| <b>Commuters Using Transit</b>      | 30.80%            | 1.91%             | 0.43%             |
| <b>Residential Density</b>          | 8.90 HH/Res. Acre | 2.29 HH/Res. Acre | 2.36 HH/Res. Acre |
| <b>Monthly Transportation Costs</b> | \$883             | \$1,220           | \$1,400           |

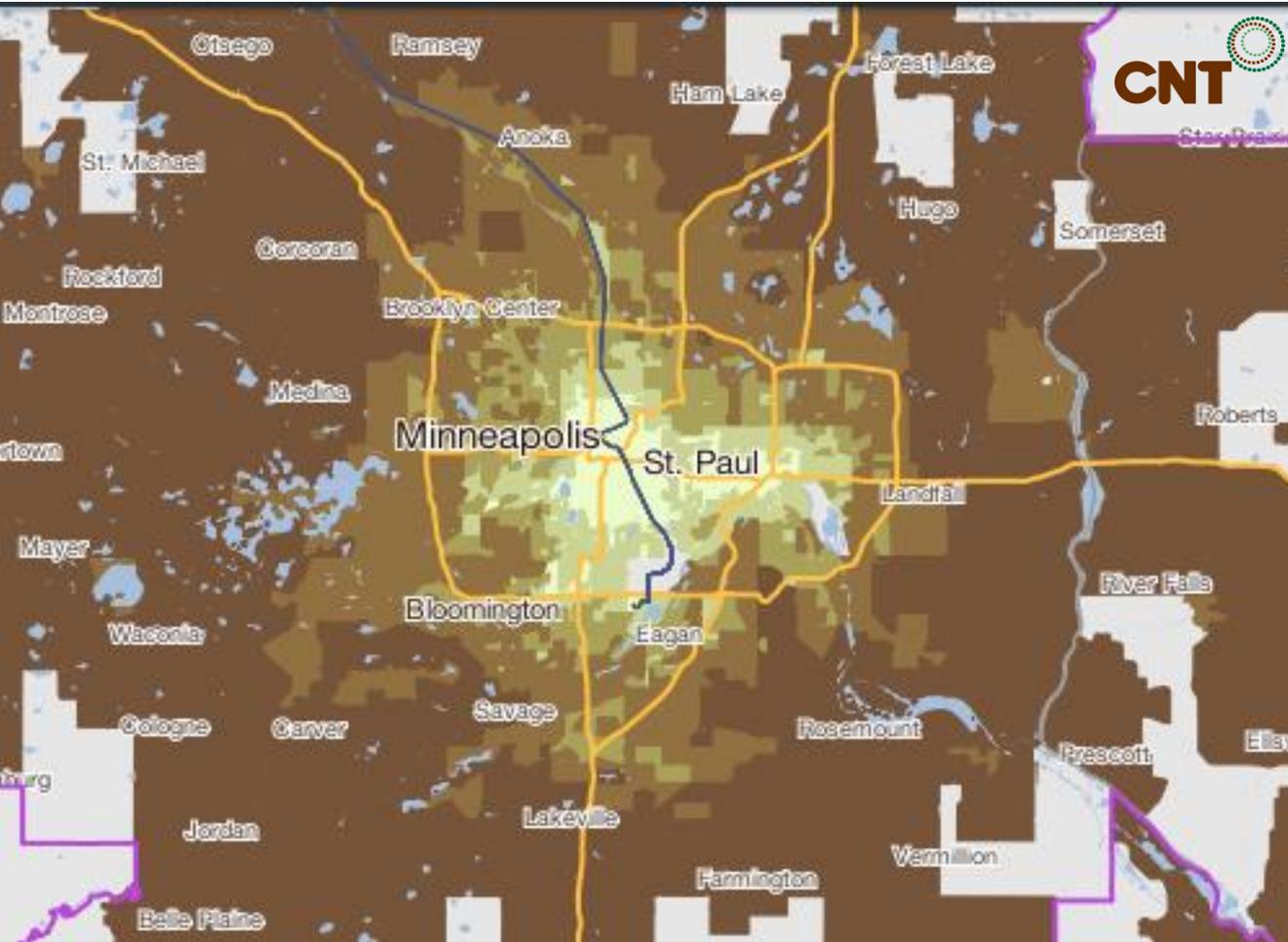


# Fewer Options for Lower Income Households



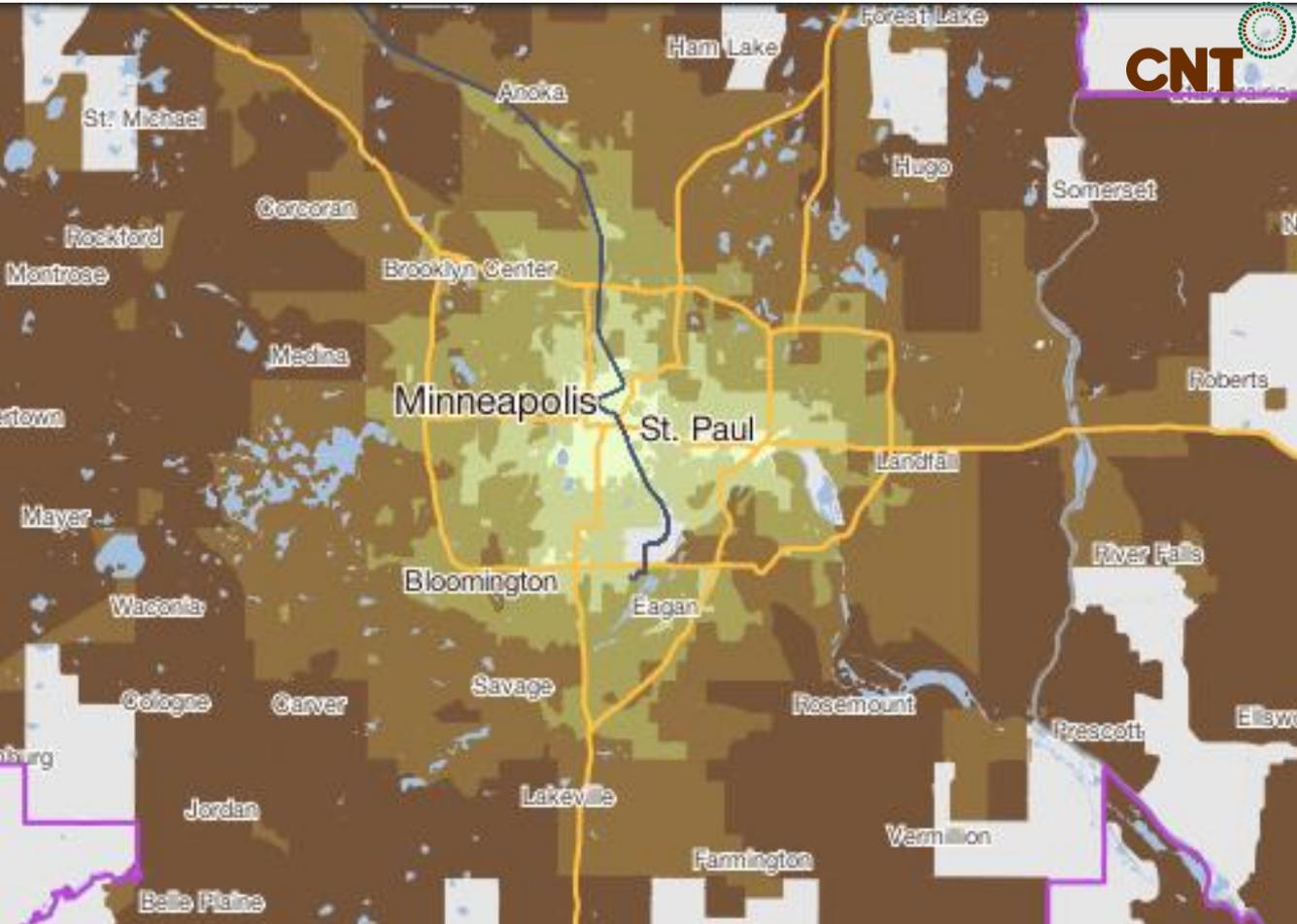
- For moderate income households in the Twin Cities, there are very few neighborhoods where housing and transportation costs are less than 45% of income.

# What Drives Transportation Costs?



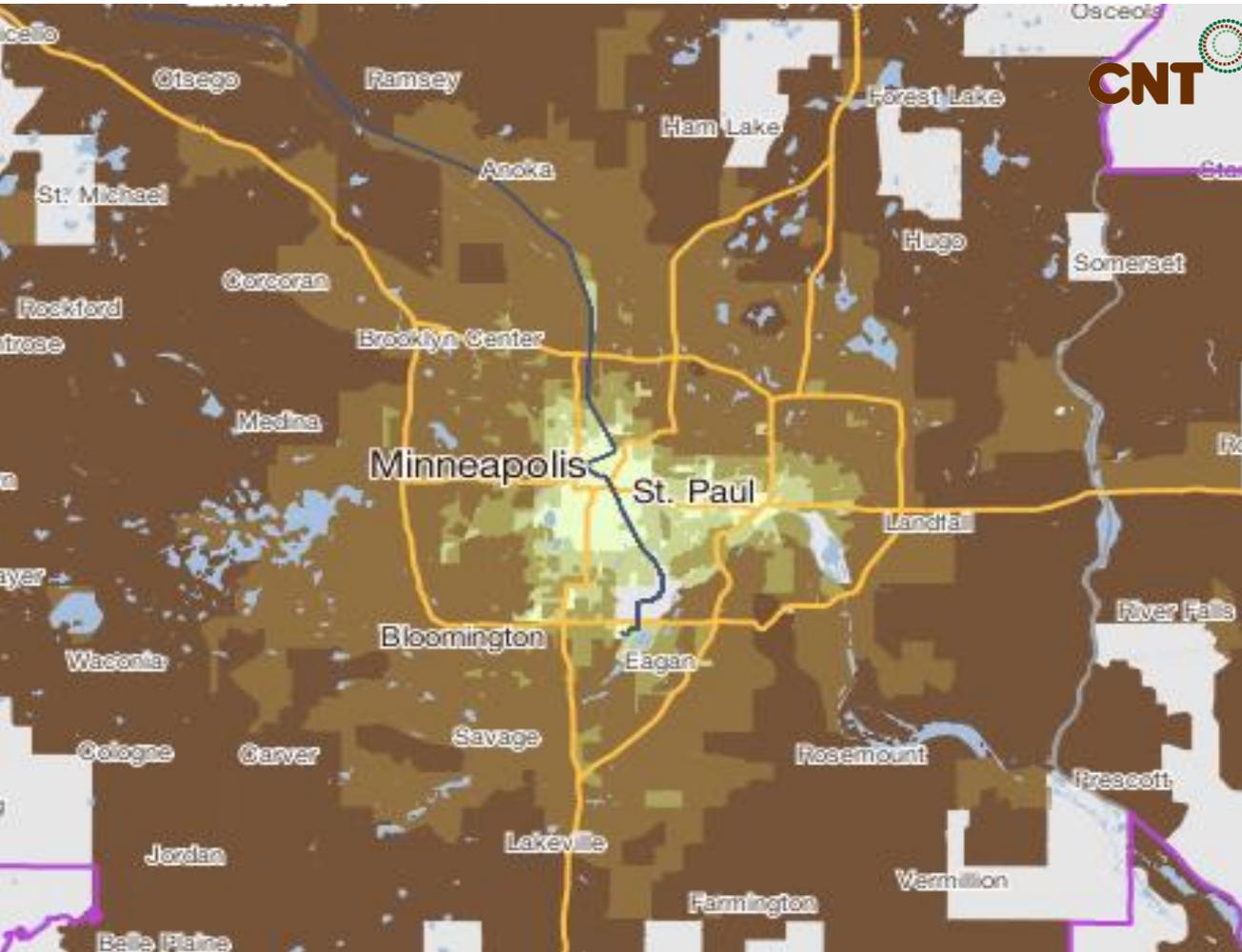
East Isles:  
\$883/month  
vs.  
St. Francis:  
\$1,400/month

# Auto Ownership Rates



East Isles:  
1.37/HH  
vs.  
St. Francis:  
2.12/HH

# Rates of Driving (VMT)



East Isles:  
13,600  
miles/year  
vs.  
St. Francis:  
25,600  
miles/year

# What Do Low Transportation Cost Neighborhoods Have in Common?



- Compact
- Mix of housing, stores and schools
- Walkable
- Jobs nearby
- Transit links the places you want to go

# Where Are the Units?



**Casa Morelos Ogden Manor**

**Westline**

|  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| <b>Avg. Transportation Cost per Year (80% AMI)</b> | <b>\$7,094</b>  | <b>\$8,846</b>  | <b>\$10,233</b> |
| <b>Median Income</b>                               | <b>\$27,361</b> | <b>\$49,798</b> | <b>\$48,625</b> |
| <b>Transit Commute Share</b>                       | <b>23%</b>      | <b>11%</b>      | <b>6%</b>       |
| <b>Average Car Ownership</b>                       | <b>1</b>        | <b>1.5</b>      | <b>2</b>        |
| <b>Miles Driven (VMT)</b>                          | <b>9,786</b>    | <b>13,389</b>   | <b>17,686</b>   |
| <b>Transit Connectivity Score</b>                  | <b>4,468</b>    | <b>180</b>      | <b>106</b>      |
| <b>Jobs w/in 10 miles (&lt;\$40K/yr)</b>           | <b>495,894</b>  | <b>107,446</b>  | <b>95,861</b>   |
| <b>Jobs w/in 5 miles (&lt;\$40K/yr)</b>            | <b>318,563</b>  | <b>47,607</b>   | <b>25,062</b>   |



# Tools for Housing Counseling

- Calculators
- Guide
- Talking points
- Handouts
- Workshop slides

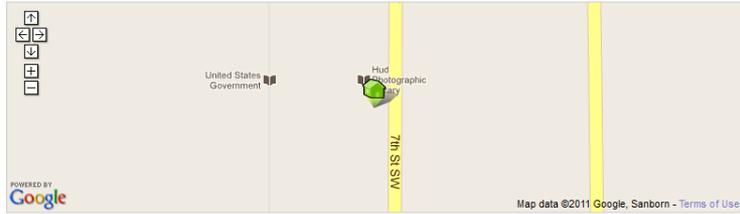


# Calculators for Consumers

## Housing + Transportation Calculator



Introduction | Calculator | Help



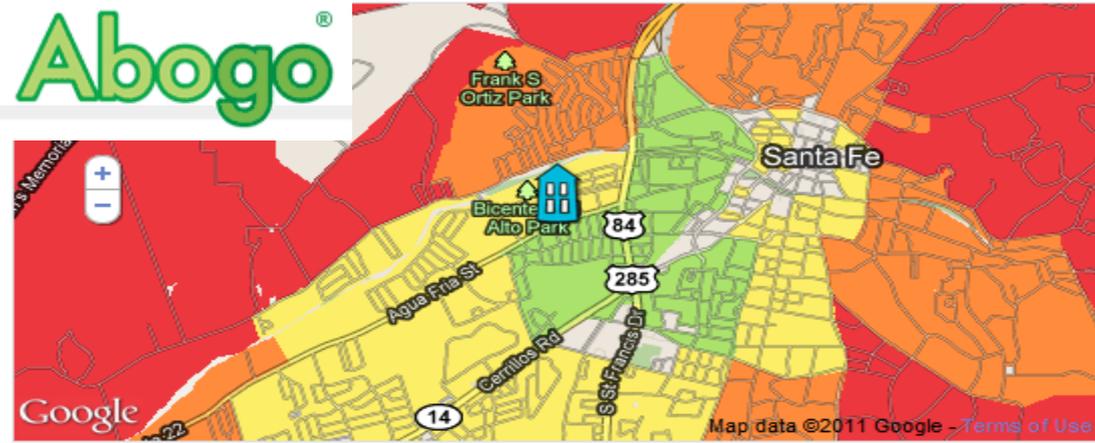
+ Add a new location  
 Comparing Your Locations Show Comparison Columns

| 451 7th St SW, Washington, DC 20410, USA              | Your Household         |
|---|------------------------|
| Default Profile <span>Copy</span> <span>Delete</span> | SHOW LESS ▲            |
| Household Size  | 1                      |
| Annual Household Income                               | \$31,184               |
| Tenure  | Not Specified          |
| Number of Workers                                     | 1                      |
| Commute to Workplace:                                 | 25 Min.                |
| Number of Cars  | 1                      |
| Total Annual Miles Driven                             | 10,152                 |
| Gas Price   | \$2.41/gal             |
| Miles per Gallon                                      | 29 mpg                 |
| Monthly Parking and Tolls                             | \$0                    |
| Transit Cost per Month                                | \$164                  |
| Transit Trips per Day                                 | 2                      |
| Annual Transportation Costs:                          | \$10,067               |
| Annual Housing Costs: (For Mix of Owners and Renters) | \$16,632               |
| Annual Housing and Transportation Costs:              | (29% of Inc.) \$26,699 |

Build your own profile here for individualized cost profile

Enter an address to find out what a typical household would spend on transportation.

Current Address:



**\$ per month:** N/A < \$730 \$730 - \$800 \$800 - \$860 \$860 - \$930 > \$930

Transportation Cost ?  
 for an average household  
**\$810/month**  
 Regional average: \$954 ?

Transportation CO<sub>2</sub> Impact ?  
 for an average household  
**0.49 metric tons/month** ?  
 Regional average: 0.81 metric tons ?

Transportation costs are based on 2000 gas prices ?

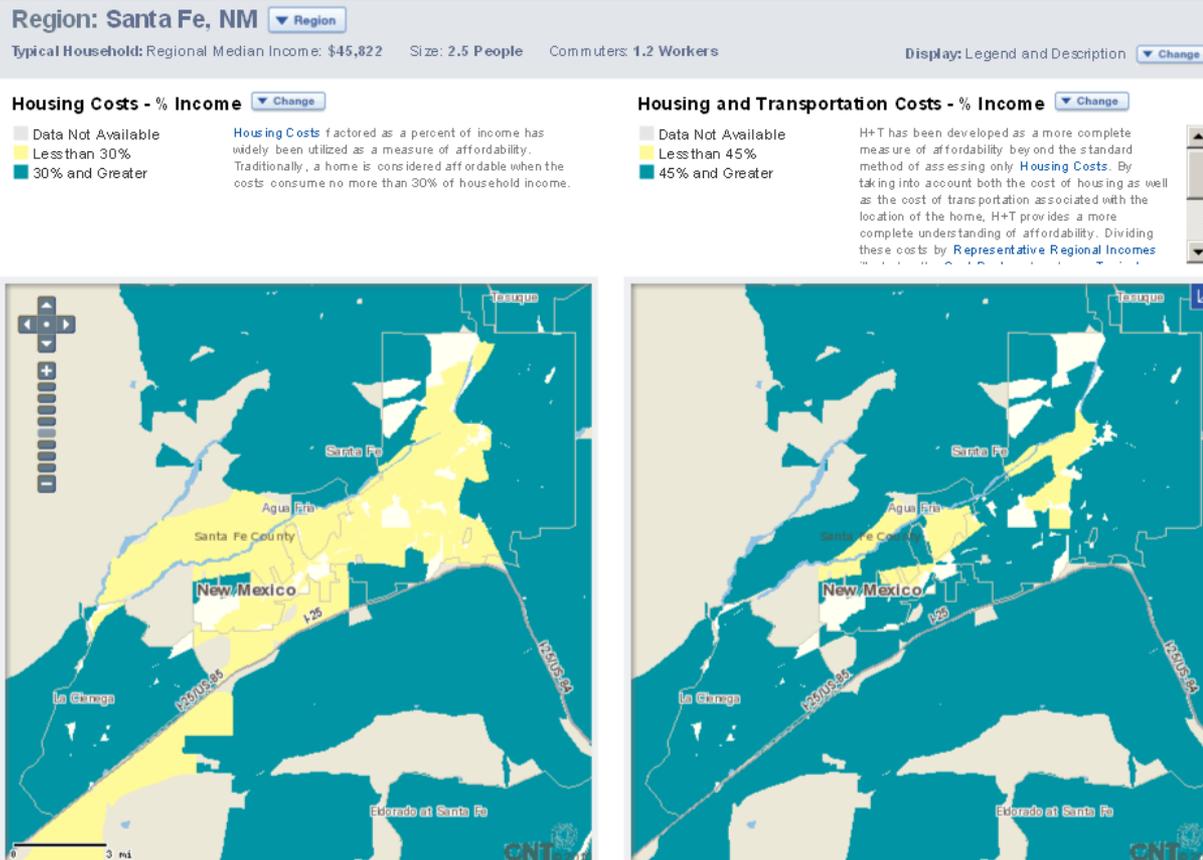


# H+T<sup>®</sup> Index and Housing Counseling in Practice

## Employing the H+T<sup>®</sup> Affordability Index as a Housing Counseling Tool Santa Fe, New Mexico

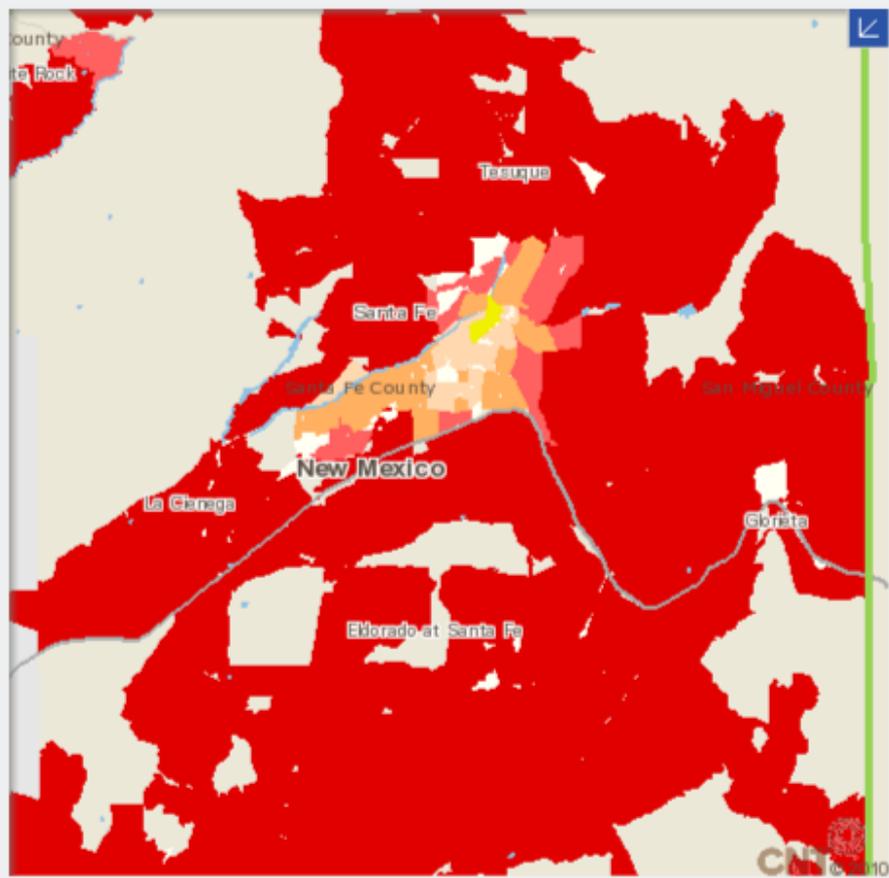


# Affordability Shrinks with Transportation Costs



Adding transportation costs shrinks affordability from half of Santa Fe's neighborhoods to just 20%

# Costs Might be Higher than You'd Think...



Nava Ade:  
\$935 / month

Triangle District  
\$730-790/month

Check average  
costs in your  
neighborhood with  
[Abogo.CNT.org](http://Abogo.CNT.org)

Monthly Transportation Expenses (\$) - 2000 gas

- Data Not Available
- Less than 730 \$/Month
- 730 to 800 \$/Month
- 800 to 860 \$/Month
- 860 to 930 \$/Month
- 930 \$/Month and Greater

Household Monthly [Transportation Costs](#) are calculated as the sum of [Auto Ownership Costs](#), [Auto Use Costs](#) and [Public Transit Costs](#). All values utilized for this calculation are based on 2000 data, including an [Average Regional Gas Price](#).

# Questions and Answers

## Questions for Presenters

## Questions for Participants

- Stage of homeseeking process
- Regional characteristics
- Client types
- Targeted tools
- Training
- Practical suggestions



# Thanks!

For more information about the HUD Housing and Transportation Affordability Initiative *or* to Provide input into the Index Project or Guide Manual, Please contact:

Noreen Beatley

[nbeatley@manhattanstrategy.com](mailto:nbeatley@manhattanstrategy.com)

For more information about CNT's H+T<sup>®</sup> Affordability Index, Please contact:

Stefanie Shull

[sshull@cnt.org](mailto:sshull@cnt.org)

