

New Study Looks at the Combined Cost of Housing and Transportation

NLIHC's Memo to Members
March 26, 2010

A comprehensive study of combined housing and transportation costs released this week by the Center for Neighborhood Technology (CNT) reports that only 39% of American communities are affordable for families when both transportation and housing costs are considered together.

The analysis finds that 69% of the analyzed Census Block groups, each of which contains roughly 1,500 people, are affordable to a household earning the Area Median Income under the conventional definition of 30% or less of income spent on housing. However, if the threshold is changed to 45% or less of income spent on housing and transportation, the number of affordable block groups drops to around 40%, an additional 48,000 communities would be considered unaffordable.

The study suggests redefining affordability to include “location efficiency”, which takes into account the “walkability” of a neighborhood, whether or not public transportation is easily accessible, and the availability of stores and services within a neighborhood. Neighborhoods with high “location efficiency” take less time and, money and cause fewer greenhouse gas emissions for residents to meet their daily travel requirements. These savings add up both for individuals and communities. The report concludes that the current sprawling pattern of communities and neighborhoods across the United States today is not economically affordable for many citizens nor is it environmentally sustainable.

The study is based on CNT’s Housing and Transportation Affordability Index, which combines 2000 Census data with a variety of transportation variables to link housing and transportation costs. A number of reports have been published using this index. Its look at 161,000 neighborhoods in 337 metropolitan areas (containing 80% of the population), this is the most comprehensive use of the Index yet. The tools that accompany the report can help families see the true cost of living in a certain area before deciding to relocate.

To read the report, *Penny Wise, Pound Fuelish*, at <http://htaindex.cnt.org/pwpf.php>. Additional maps and community profiles and related information about the Housing and Transportation Index can be found at <http://htaindex.cnt.org/>.