



True Affordability and Location Efficiency

H+TSM Affordability Index



Los Angeles--Long Beach, CA

The Housing + Transportation (H+T) Affordability Index is a new and more comprehensive way of thinking about the cost of housing and true affordability by exploring the impact that transportation costs associated with location have on a household's economic bottom line. The H+T Index is an innovative tool that measures the true affordability of housing. The traditional measure of affordability used by planners, lenders, and most consumers recommends that housing should be less than 30% of income. The H+T Index, in contrast, takes into account not just the cost of housing, but the costs of housing and transportation.

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

The Index has received much attention from policy makers for its benefits to planners and TOD advocates and is already being used for additional research. This work represents the development the H+T Index for 337 metropolitan areas.

46%



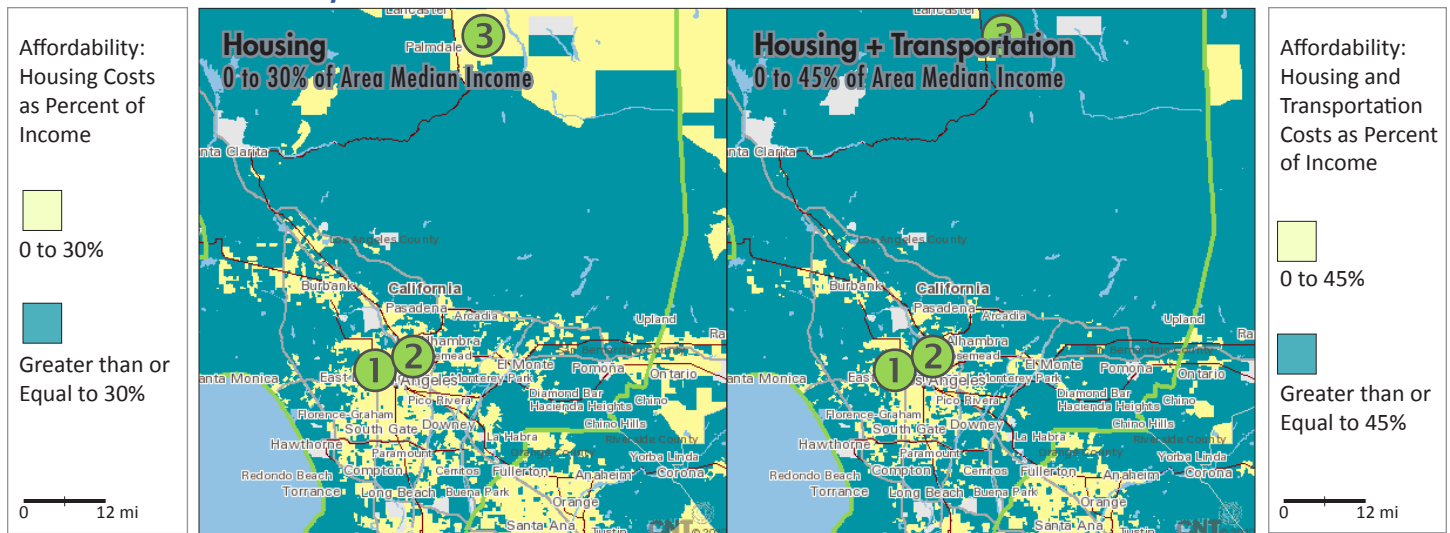
percentage of communities in the Los Angeles metro area considered affordable using the standard measure of 30% of income

29%



percentage of communities in the Los Angeles metro area considered affordable using the H+T measure of 45% of income

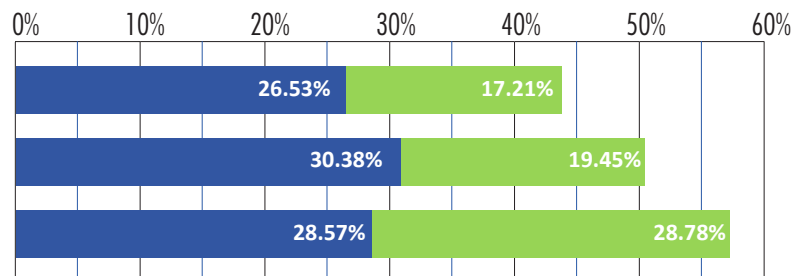
Two Views of Affordability



Neighborhood Profiles

- Housing Costs as a Percent of AMI
- Transportation Costs as a Percent of AMI

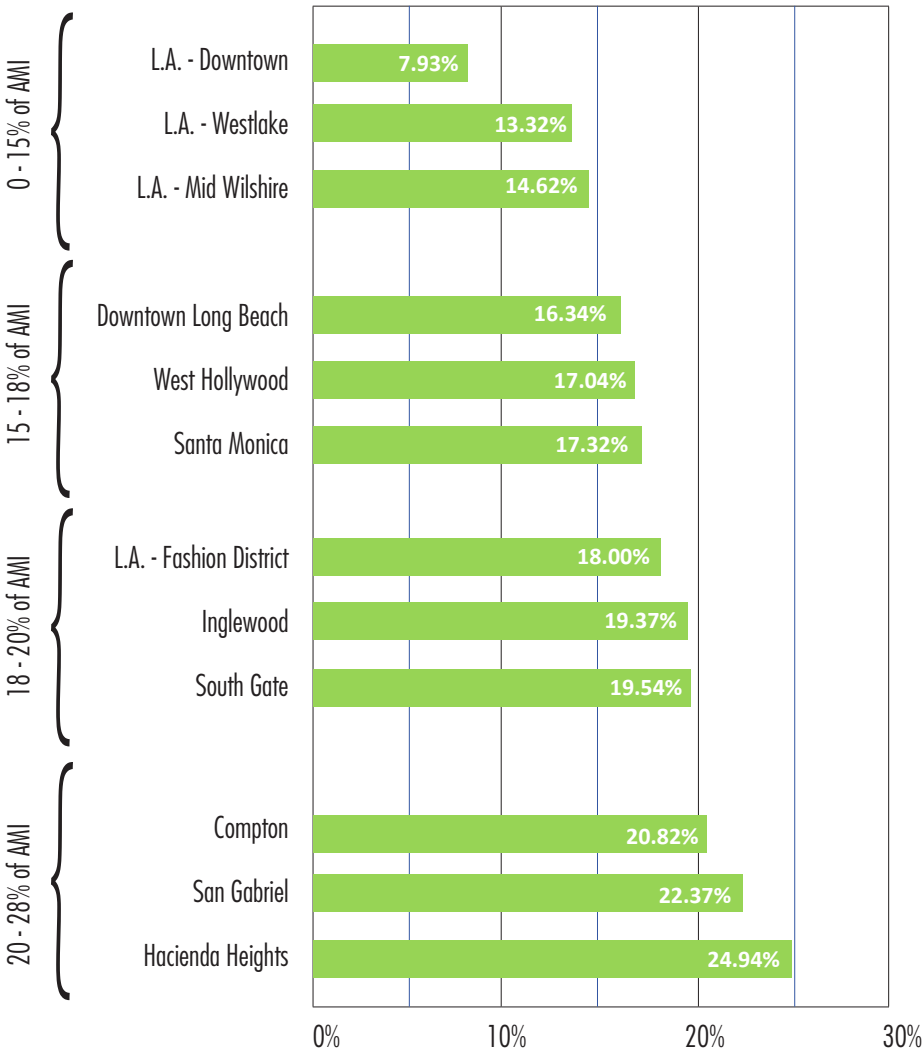
- Mid-Wilshire/Koreatown, L.A.
- Silver Lake, L.A.
- Palmdale, Los Angeles County



Neighborhood Profiles

	Mid-Wilshire/ Koreatown, L.A.	Silver Lake, L.A.	Palmdale, Los Angeles County
Autos per Household	1.21	1.38	1.80
Transit Ridership	16.46 %	10.38 %	14.28 %
Households per Acre	8.69	7.25	1.63
Monthly Transportation Cost in \$	\$ 605	\$684	\$ 1,012
Household VMT	9,523	10,882	28,191

Los Angeles Metropolitan Area Representative Transportation Costs



AFFORDABILITY
IS ABOUT MORE THAN HOME PRICE

- Housing and transportation costs give a more complete picture of affordability than the cost of housing alone.
- Household transportation costs are directly linked to a household’s location and the characteristics of the neighborhood where it is situated.
- Places with access to services, walkable destinations, extensive and frequent transit, access to jobs, and density have lower household transportation costs.
- Creating neighborhoods with housing and transportation affordability requires multiple and targeted strategies and coordination within and across government agencies and the private sector.
- Underutilized transit station areas present an opportunity to create additional affordable and diverse neighborhoods.

PUBLIC POLICY ACTIONS

- 1) Adopt a new definition of affordability that includes transportation costs and a way to measure them.
- 2) Broaden incentives for regions to locate new growth in more compact, mixed-use communities near transit.

The H+T Index is available for 337 metropolitan areas at htaindex.cnt.org

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