



True Affordability and Location Efficiency

H+TSM Affordability Index



The Housing + Transportation (H+T) Affordability Index is a new and more comprehensive way of thinking about the cost of housing and its 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 cost 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.

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

The H+T Index is the nation's most comprehensive assessment of household transportation costs by location. It is an innovative tool that analyzes transportation costs at a neighborhood level and allows users to view housing and transportation data through maps, charts and statistics for 337 metro areas, revealing the relative costs of different communities within a region.

69%



percentage of communities in the U.S. considered affordable using the standard measure of 30% of income

39% 

percentage of communities in the U.S. considered affordable using the H+T measure of 45% of income

H+T Index Covers:

- 80% of the U.S. population
- 337 metro areas
- 161,000 neighborhoods

Seven in ten communities (69%) in the 337 metro areas are considered affordable under the traditional definition of housing costs at 30% of income. This shrinks dramatically to four in ten (39%) when housing and transportation costs are combined using the H+T measure of 45% of income. This produces a net loss of 48,000 communities where a typical family can afford the average cost of housing and transportation.

People who think they are saving money by moving to the most recently built development at their region's edge are in for sticker shock: a new home might only cost \$15,000 per year, but if it's a two wage-earner family with a teen, owning three cars and driving 35,000 miles per year, the sum of housing and transportation can take up 77 percent of typical income. In contrast, choosing to live in a location where only one car is needed, with a home that costs \$21,000 a year, can reduce that sum of H+T to 50 percent of income, or less.

111,000 Neighborhoods

considered affordable under the traditional definition of affordability

- 63,000 Neighborhoods

considered affordable when housing and transportation costs are combined

48,000 Neighborhoods

considered unaffordable when transportation costs are factored in

A Tale of Two Communities



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Mt. Washington - Pittsburgh, PA

Located south of downtown Pittsburgh, Mt. Washington is a neighborhood with an active business district, and a wide range of parks, green spaces, and recreational activities. The area is serviced by two rail services, the Duquesne and Monongahela Inclines.

Residents of this compact neighborhood enjoy walkable streets, a central business district, open space and local schools. The area median income for this neighborhood is 10% higher than that of the overall region. Households spend an average of \$474 a month on transportation in this neighborhood with high transit ridership (23% of workers use transit as their primary mode for their daily commute) and low car ownership (0.96 average autos per household). Households' vehicle miles per year average only 6,132. The average combined housing + transportation costs of 39% of income for residents of this neighborhood are significantly lower than the overall region's total of 53%.



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Palmdale, CA

Located in the north-central part of Los Angeles County, Palmdale has experienced tremendous growth over the last decade. In 2009, it was the sixth-largest and fastest-growing city in Los Angeles County.

In this low-density community of just over four households per acre, most daily destinations are a car's drive away. The area median income for this community is 20% higher than that of the overall region. These households are dependent on their cars (with 1.67 autos per household), have average transportation costs of \$871 a month, and drive over 18,978 miles a year. The region has access to several public transit services, though only 4% of workers use transit for their daily commute. The average H+T costs of 54% of income for residents of this area are just below those of the overall region (55%).

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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