
Getting Home: Transportation Equity and Access to Affordable Housing

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I. Inequitable Transportation Policy Has Made Housing Less Affordable

Throughout our nation’s history, our homes have been leading indicators of whether we have benefitted from society’s opportunities. From the earliest days when settlers sought land ownership that was not possible in caste-driven societies, to President Franklin Roosevelt’s declaration of “freedom from want,” to the G.I. Bill’s promise of single-family homes with yards, we have equated housing with economic security and a strong middle class.

Transportation policy and tax policies that incentivize home ownership have driven communities ever outward, expanding our metropolitan areas. Overwhelmingly, new development in the second half of the 20th century was organized around major roads and highways. While housing stock in urban cores remained high density and mixed use, suburban building was low density, with homes, shops, and jobs in separate areas.

Families with means and access to vehicles flocked to new suburban housing developments while low-income families—predominantly minority—lacking transportation options, or locked out of certain neighborhoods by discriminatory real estate practices such as redlining and racial steering, remained in the under-resourced urban core.

Influenced by past infrastructure and tax policy decisions, our preference for highways and new homeownership created a landscape where truly affordable housing is difficult for many Americans to obtain. Homebuyers in search of affordable housing and renters often are pushed into far-flung areas with higher transportation costs, driving up the overall cost of living. Single-use zoning that separates homes from commerce, jobs, and services renders some housing options unavailable for people with disabilities and older Americans. And paradoxically, attempts to reinvent the metropolitan landscape through mixed-use planning around public transit run the risk of displacing the low-income people who most need alternatives to cars.

As Congress considers a surface transportation reauthorization, which will allocate billions of dollars in federal funds to transportation development, our nation

has an opportunity to increase access to truly affordable housing.

To increase access to affordable housing, however, reauthorization must target transportation investments toward modes and areas that have maximum impact. In addition, this legislation should promote cooperation between housing and transportation agencies in order to stimulate transit-oriented development while preserving affordability in highly sought-after mixed-use developments.

Civil and human rights advocates have an opportunity to promote affordable housing through targeted transportation investments combined with incentives to preserve and increase affordable housing units near transportation.

II. The Auto/Sprawl Problem: the True Cost of Housing

Both housing and transportation costs cause serious strains on household budgets. One in three American households spends more than 30 percent of its income on housing, and one in seven spends more than 50 percent.¹ Transportation costs as a percentage of total household income vary greatly, amounting to less than 9 percent of a high-income household's budget, but 55 percent or more of the budget of very-low-income households.² When combined, the increasing housing and transportation costs yield serious strains on household budgets, making it critical that we build more walkable, transit-oriented neighborhoods where people can reduce their combined housing and transportation costs.

Today, most housing stock is not accessible by public transit or located in pedestrian-friendly, bike-friendly areas close to jobs. Most Americans must therefore rely heavily on cars. Research shows that when families seek more affordable housing in the form of lower rents and mortgages in suburban areas, their transportation costs go up.³ Affordable housing advocates therefore argue that we must include the cost of transportation when assessing the supply of affordable housing.⁴

Research has shown that many people make their housing decisions based upon the cost of housing alone, and that when we factor in transportation, many suburban housing choices are in fact less affordable than they initially appear. For moderate and lower-income families, the combined cost of housing and transportation can occupy 60 percent of total income.⁵ High gas prices drive the percentage up. Should gas prices decrease, more distant locations may appear cheaper and can whipsaw households when gas prices rise again.

In the nation's 28 largest metropolitan areas, working families spend about 57 percent of their incomes on the combined costs of housing and transportation, with roughly 29 percent of income going to transportation.⁶

III. Housing Segregation and its Real Costs

In spite of fair housing laws and decades of efforts toward integration, many Americans live in communities that are segregated by race and income.⁷ While segregation has multiple causes and serious effects for low-income people and people of color, it is clear that transportation policy has played a key role in developing our segregated landscape. Segregation and lack of affordable housing result from several government actions and the private decisions that they motivate.

Investments in highways and corridors out of urban cores have encouraged sprawl. They have not been the only drivers: Several federal housing policies and private sector practices, such as redlining by banks and insurance companies and racial steering by the real estate industry, have also enabled sprawl and explicitly excluded people of color.⁸

White flight reinforced the preference for suburban and exurban building. Relatively cheap land and limited regulation of land use made building on the periphery a sensible choice for developers—and gave home buyers seemingly high value for their investment. And local financing of services and schools cemented the middle-class preference for leaving urban cores: schools in white, middle-class suburbs are financed by property taxes and bond issues from within their jurisdictions. Schools in poorer jurisdictions are penalized by the low tax base that their jurisdictions can generate. As a result, the choice of which home to purchase is more than a housing choice: it is also a choice of schools—a choice that drives many middle-class families' decisions.⁹

In short, the real cost of segregation goes beyond living conditions and access to job opportunity. It also interferes with access to education and drives up non-housing costs for the people whom it affects. Segregated communities result from several policy choices and the private decisions they incentivized. To achieve integrated, affordable communities, strategies are needed that address the multiple causes and effects of our policy choices to date.

IV. Transit-Oriented Development: Bringing Home Within Reach

After decades of increasing sprawl, a variety of stakeholders reevaluated American planning practices. Environmental advocates seeking to reduce traffic-related carbon emissions, disability advocates seeking accessibility, home buyers unwilling to spend two-plus hours each day commuting, and fair housing advocates have all spurred an interest in higher-density, mixed-use, mixed-income, integrated communities planned around public transit. Providing housing for a mix of incomes near transit produces better economic, social, and environmental outcomes for all residents.¹⁰ Transit-oriented development, or TOD, has the potential to create more truly affordable housing—if adopted as part of a broad strategy of cooperation between transportation and housing agencies and metropolitan governments.

As the name suggests, TOD is designed to maximize access to and use of public transportation and other transit options. TOD projects are typically constructed around new or existing subway, light rail, or other public transit stations, and incorporate a variety of uses. They are high-density developments in which housing, commerce, services, and related job opportunities are within walking distance of one another in a cluster around public transit.

At its best, TOD is tailor-made to address the crises of the lack of affordable housing and car dependence, as well as to reverse the tide of middle-class movement to the suburbs—and the movement of tax dollars and services with them. A well-executed TOD plan will reduce car dependence and the high costs it brings. It will provide attractive housing options to those who might otherwise leave an urban core. And because TOD includes not only housing but commerce, it has the potential to open up job opportunities for low-income urban residents.

TOD in practice: Fruitvale Transit Village, Oakland

The Fruitvale BART (Bay Area Rapid Transit) Transit Village is a mixed-use development on 15–24 acres designed to promote transit usage and revitalize a predominantly Hispanic and increasingly Asian low-income community in East Oakland. The project will create local jobs and affordable housing, and will bring health care and other services within a walkable community organized around the BART transit station. In a location originally planned as a 500-car parking garage, the Transit Village will include a state-of-the-art child development and health care facility, a senior center, a library, a community police station, family and senior citizen housing, and new and renovated retail office space.¹¹

V. The Victims of Transit-Oriented Development's Success: Protecting Affordability in the Face of Gentrification

Transit-oriented development serves multiple purposes, one of which is creating a quality of life with broad appeal, including access to services and entertainment, and less time spent in traffic. Not surprisingly, the demand for housing near transportation and other services is high. And where demand is high, prices rise. We need to preserve access to existing housing near transit, but we also need to expand the supply of this housing through greater investment.

New investments in urban neighborhoods, including TOD, can raise rents and real estate prices and raise the income levels of the community's population.¹² This demographic change, often called "gentrification," has mixed consequences. On the positive side, gentrification can be seen as a reversal of "White flight" and disinvestment in urban communities. Higher-income homeowners can reinvigorate devastated urban tax bases, enabling jurisdictions to improve services including schools. The negative side of gentrification is displacement.¹³ Displacement occurs when residents of a community are priced out of the local market, can no longer afford the higher property taxes that come from increases in their homes' assessments, or lose their homes when rental property on valuable land is sold for more lucrative development.

If transportation and housing planners do not take care to preserve affordable housing, low-income people can be the victims of these projects' success—rather than beneficiaries. To ensure that TOD and other transportation investments do not simply displace low-income people in cities to transit-deficient areas where rents remain low, policymakers must build in mechanisms to preserve affordable housing near transit.

A recent study found that properties located within a 5- to 10-minute walk of a transit station sell for 20 to 25 percent more than comparable properties located farther away.¹⁴

VI. How to Get Home – Principles and Proposals for Equitable Transit-Oriented Development in Reauthorization

To produce and preserve truly affordable housing, transportation investments must address the following challenges:

- Provide affordable alternatives to cars;
- Reduce the transportation expenses that often go hand-in-hand with communities that have lower housing and rental prices;
- Spur the development of affordable housing near jobs—and jobs near communities with affordable housing;
- Reduce segregation on a regional or metropolitan scale, not just a local scale;
- Revitalize communities; and
- Prevent displacement of low-income people from transit-rich areas.

Transit-oriented development (TOD)—when combined with the creation of affordable housing units—is a promising strategy for doing so. Although the decision to undertake a TOD project will be made at the local level, we can leverage federal spending to encourage increased transit use, location of transportation resources in transit-deprived communities, and cooperative ventures among state and local housing and transportation decision makers.

The possibility of significant federal funds for transportation development in a reauthorization bill also raises the potential for increased investment in TOD. Investing significant funds on public transit projects in relatively close-in locations, including areas in need of revitalization will set the stage for TOD. However, the authorization cannot simply inject funds into these transit projects and roll the dice that good housing options (as opposed to large commuter garages or no projects at all) will follow.

Federal transportation investments should incentivize cooperation among multiple government agencies. For example, grants could be tied to cooperative agreements among state and local transportation and housing

planning bodies, and special consideration could be given to jurisdictions with current plans to invest in affordable housing near public transportation and job centers.¹⁵ In addition, the Department of Transportation and the Department of Housing and Urban Development should continue to work in partnership to study the benefits of TOD and develop policy recommendations about how to stimulate more of it. Recognizing that the people closest to a community will be most familiar with its housing needs, federal investments should foster cooperation with state and local decisionmakers. State and local governments should fulfill obligations to expend federal housing and community development funding in a manner that affirmatively furthers fair housing by eliminating housing discrimination in the jurisdiction and promoting fair housing choice for all.

Civil and human rights advocates must educate lawmakers on the link between transportation and access to affordable housing and advocate for investments in transportation that make housing more affordable.

Endnotes

1. *Mixed-Income Housing near Transit: Increasing Affordability With Location Efficiency*. Reconnecting America, 2009, http://www.reconnectingamerica.org/public/display_asset/091030ra201mixedhousefinal.pdf.
2. *Id.*
3. See Barbara J. Lipman, *A Heavy Load: The Combined Housing and Transportation Burdens of Working Families*, Chicago, IL: Center for Housing Policy, 2006, http://www.cnt.org/repository/heavy_load_10_06.pdf.
4. *Id.*
5. *Mixed-Income Housing near Transit: Increasing Affordability With Location Efficiency*. Reconnecting America, 2009, http://www.reconnectingamerica.org/public/display_asset/091030ra201mixedhousefinal.pdf.
6. Barbara J. Lipman, *A Heavy Load: The Combined Housing and Transportation Burdens of Working Families*, Center for Housing Policy, October 2006.
7. Although segregation is still prevalent, it has decreased over the past two decades. See U.S. Census Bureau, *Racial and Ethnic Residential Segregation in the United States, 1980-2000*, http://www.census.gov/hhes/www/housing/housing_patterns/papertoc.html.
8. *How We Got Here: The Historical Roots of Housing Segregation, The Future of Fair Housing: Report of the National Commission on Fair Housing and Equal Opportunity*, December 2008, <http://www.nationalfairhousing.org/NationalCommission/FutureofFairHousingHowWeGotHere/tabid/3385/Default.aspx>. “Redlining” refers to the practice by which lenders circled on a map the areas where people of color lived to denote that mortgage lending would not be available. *Id.*
9. According to the National Association of Realtors Profile of Home Buyers and Sellers, 27 percent of home buyers listed quality schools as a factor in their decision to purchase. *Field Guide to Schools and the Home Buying Decision*, <http://www.realtor.org/library/library/fg307>.
10. *Mixed-Income Housing near Transit: Increasing Affordability With Location Efficiency. Reconnecting America*, 2009, http://www.reconnectingamerica.org/public/display_asset/091030ra201mixedhousefinal.pdf.
11. http://www.smartcommunities.ncat.org/success/fruitvale_bart.shtml; <http://www.fhwa.dot.gov/environment/ejustice/case/case6.htm>; <http://www.unitycouncil.org/fruitvale/overview1.htm>; See also http://www.epa.gov/smartgrowth/awards/sg_awards_publication_2006.htm, describing Chicago’s Bethel Center TOD project.
12. See *Moving to Equity: Addressing Inequitable Effects of Transportation Policies on Minorities*, The Civil Rights Project, Harvard University at <http://civilrightsproject.ucla.edu/research/metro-and-regional-inequalities/transportation/moving-to-equity-addressing-inequitable-effects-of-transportation-policies-on-minorities/sanchez-moving-to-equity-transportation-policies.pdf>.
13. *Leveraging the New Starts Program to Build Communities of Opportunity*, PolicyLink, http://equityblog.org/wp-content/uploads/2010/08/Leveraging-the-New-Starts-Program-to-Build-Communities-of-Opportunity_PolicyLink.pdf page 3.
14. Reconnecting America, *Hidden in Plain Site: Capturing the Demand for Housing Near Transit* Oakland, CA: 2004.
15. http://www.fta.dot.gov/planning/planning_environment_5221.html; <http://www.gobrt.org/NewStartsBrochure.htm>.

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