

# Transportation and Housing Costs

## Combined Transportation and Housing Decisions Saves Money and Build Wealth

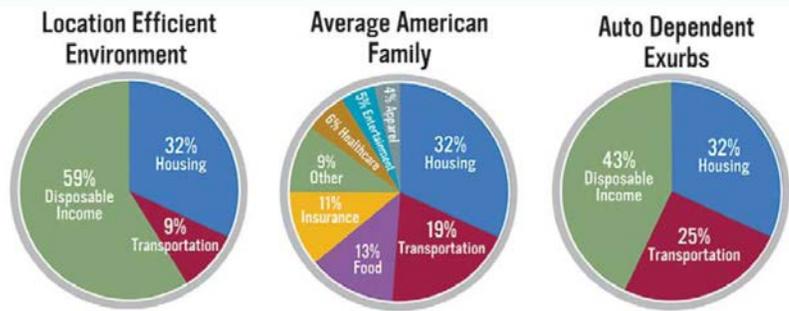
Transportation is the second largest expense for most households after housing. Households living in auto-dependent locations spend 25 percent of its income on transportation costs. Housing that is located closer to employment, shopping, restaurants and other amenities can reduce household transportation costs to 9 percent of household income (see chart below<sup>1</sup>).

Living closer to your workplace allows for greater disposable income to improve your quality of life. In fact, living in a location where only one car per home is needed can **reduce your total housing and transportation costs to 50% of income or less**<sup>2</sup> with the following benefits:

**Transportation Savings.** Compact, connected communities allow residents to use less energy and spend less money to get around – whether by making fewer or shorter car trips, or using other less expensive modes of transportation like bicycling, walking, or transit.<sup>3</sup> Transit users in cities with robust transit systems can save up to \$10,230 per year by taking transit rather than owning a vehicle.<sup>4</sup>

**Combined Transportation and Housing Affordability.** In places with fewer transportation choices, savings on housing costs can be more than offset by increased transportation expenses. While 69 percent of communities are affordable under the conventional definition (housing costs < 30 percent of income), only 39 percent are affordable using a comprehensive definition (combined housing and transportation costs < 45 percent of income).<sup>5</sup>

**Stable or Higher Housing Values.** Houses in mixed-use neighborhoods with access to transit generally retain their value better than those in traditional suburban developments. In a nationwide study comparing 18



A variety of housing choices close to destinations can increase access and reduce transportation costs. (View of Tampa Heights by Todd Clements)

<sup>1</sup> Center for Transit Oriented Development (2008) "The Affordability Index Toolbox" (Oakland, CA: Reconnecting America).

<sup>2</sup> [www.cnt.org/repository/HT2010-Fact-Sheet-National.pdf](http://www.cnt.org/repository/HT2010-Fact-Sheet-National.pdf)

<sup>3</sup> Kooshian, Chuck and Steve Winkelman, "Growing Wealthier: Smart Growth, Climate Change, and Prosperity," The Center for Clean Air Policy, January 2011 pp 49

<sup>4</sup> American Public Transportation Association, "Despite Predictions of Lower Fuel Costs, Gas Prices Remain High as Public Transit Savings Soars," May 10, 2011, [http://www.apta.com/mediacenter/pressreleases/2011/Pages/110510\\_May\\_Transit\\_Savings.aspx](http://www.apta.com/mediacenter/pressreleases/2011/Pages/110510_May_Transit_Savings.aspx)

<sup>5</sup> [www.cnt.org/repository/HT2010-Fact-Sheet-National.pdf](http://www.cnt.org/repository/HT2010-Fact-Sheet-National.pdf)

Creating more livable communities through transportation choices

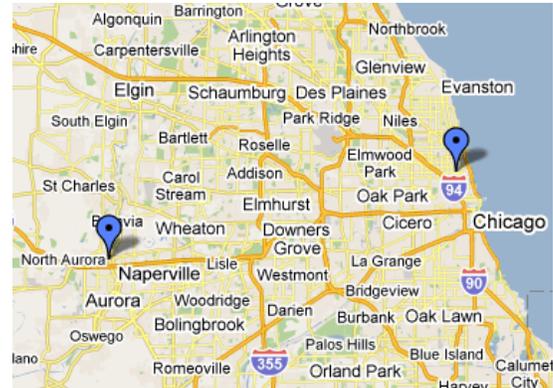


communities, housing in mixed-used neighborhoods performed better than conventional development in resale value comparisons and had a higher price per square foot – indicating a higher value for these homes overall.<sup>6</sup>

## Success Stories

**Factoring transportation options into decisions about housing location can save you money.**

**Saving time and money in Chicago.** While living in a city is often perceived as expensive, living close to transit and being able to walk or take a bike makes up for much of the premium in housing costs. Comparing North Center Chicago with North Aurora, a Chicago exurb, shows that living further from the central city can actually be more expensive. While the average monthly transportation cost in North Center is \$632, that cost jumps to \$905 in Aurora. Although housing does cost more in the downtown area, the combined cost of housing and transportation for the average household income in Aurora is \$2,954 more than the cost for the average household in downtown Chicago.<sup>7</sup>



Map of North Center Chicago (right) and North Aurora (left).

**Housing values rising for Rockville, MD smart growth community.** King Farm, located close to a subway station in the greater Washington, DC metropolitan area, offers single-family, detached homes and townhouses, plus a grocery store and ample green space. A comparable, conventional suburban development, Park Overlook, is slightly further from the same transit station and also features recreational amenities, but without equal access to retail. Homes in the compact, walkable mixed-use community are larger but on smaller lots than those in the conventional development. A study of the two developments comparing single-family detached homes shows that over 3 years, the compound annual growth rate of home values in King Farm was 29% compared with 19% at Park Overlook.<sup>8</sup>



Townhomes, apartments, and single family homes in the King Farm neighborhood share nearby playgrounds and parks, and are close to shopping and transit (EPA).

## Available Resources

Center for Neighborhood Technology (2010) "H+T Affordability Index." Available at <http://htaindex.cnt.org/>

National Association of Home Builders (2005) "Talking Points on Compact Development."

Available at [www.nahb.org/generic.aspx?sectionID=628&genericContentID=17373](http://www.nahb.org/generic.aspx?sectionID=628&genericContentID=17373).

<sup>6</sup> U.S. EPA (2011) *Market Acceptance of Smart Growth* (Washington, DC), report EPA 231-R-10-001.

<sup>7</sup> Center for Neighborhood Technology, *Driving: A Hard Bargain: The Combined Cost of Housing and Transportation in the Chicago Metropolitan Area*, July, 2010. [www.cnt.org/repository/DAHB.pdf](http://www.cnt.org/repository/DAHB.pdf).

<sup>8</sup> EPA 2011

Federal Highway Administration: [www.fhwa.dot.gov/livability](http://www.fhwa.dot.gov/livability)  
Partnership for Sustainable Communities: [www.sustainablecommunities.gov/](http://www.sustainablecommunities.gov/)

