The “Housing + Transportation Index” and fair housing

By Philip Tegeler and Hanna Chouest

With their comprehensive “Housing + Transportation Index,” The Center for Neighborhood Technology (CNT) has developed a useful tool for estimating the combined cost of housing and transportation – the two largest shares of most family budgets – for homebuyers in 337 metro areas. The index can be used to move land use and development decisions away from sprawl, and to inform individual family choices by emphasizing the transportation costs associated with lower priced exurban homes.

However, the index is inappropriate as a tool for siting new low income family housing. To be fair, CNT has indicated that it intends the index to be consistent with fair housing goals, but without a strong fair housing overlay, the index has the potential to (once again) steer low income families into more segregated, higher poverty neighborhoods. Such a use of the index would reinforce separate and unequal development patterns that are the opposite of smart growth.

The H+T Index does not reflect the true cost of housing location for low income families

For purposes of siting new assisted housing units for low income families, we agree that it makes sense to look not just at the cost of the housing, but also the other costs and benefits associated with a proposed location. In order to expand choice and access to opportunity, policymakers should consider all costs – not just transit – in making location decisions. In particular, the overall costs of living in higher poverty vs. lower poverty communities should be considered.

Direct costs: Groceries

Research has shown that families living in poor neighborhoods pay more for the same groceries as those living in wealthier communities due to a lack of large, chain grocery stores in low income neighborhoods, which leaves small stores lacking the range of products or the large economies of scale that help drive down prices at chain stores. Groceries constitute a large

1 Philip Tegeler is PRRAC’s Executive Director, and Hanna Chouest is a PRRAC Law and Policy Fellow. We are also grateful for the research assistance of Caaminee Pandit. A shorter version of this Policy Brief appeared in the July-August 2010 issue of Poverty & Race.
2 Center for Neighborhood Technology, Penny Wise, Pound Fuelish: New Measures of Housing+Transportation Affordability (March 2010).
portion of a household budget for low income families; one study estimates 17\%\(^4\). Thus, when calculating the cost of living in a particular neighborhood, ignoring increased food costs could lead to inaccurate assumptions about affordability.

**Direct costs: Financial Services**

Low-income residents living in disadvantaged neighborhoods pay more for basic financial services such as check cashing, short-term loans, tax preparation and money transfers than higher income households.\(^5\) A low-income family can spend thousands of dollars more in extra costs for these services, depending on the extent to which they use them and the types of services they use.\(^6\) These high-cost options are much more densely concentrated in disadvantaged neighborhoods, while banks remain underrepresented.\(^7\)

**Direct costs: Cars and Car-Related Products**

While the H&T index does account for transportation costs, it does not reflect the fact that many low-income families pay a higher purchase price for a car than higher-income families\(^8\), and often pay higher insurance rates, depending on where they live\(^9\). Low income consumers can pay on average $500 more for the very same car as a higher-income person.\(^10\) Other car costs which are generally higher for low-income consumers living in cities include car loans and car insurance.\(^11\)


\(^{10}\) The Brookings Institution Metropolitan Policy Program, *supra* note 2, at 35.

Indirect costs: access to quality schools, employment, safe and healthy neighborhoods

Indirect costs, while difficult to quantify, are important to take into consideration when evaluating neighborhood costs and benefits. Indirect factors impacting the cost or “value” of a particular neighborhood include: quality of local schools; access to employment; exposure to environmental hazards; exposure to crime; health outcomes; access to different types of social networks; and quality of municipal services. Research indicates that about two thirds of low-skill job openings are located in predominantly white suburbs, with over half of these jobs accessible by public transportation. Additionally, neighborhood poverty has been shown to negatively affect residents’ long term economic mobility. When added up, these factors suggest that new low income family housing be sited in lower poverty, opportunity rich

---


They are also a reminder of the need to dramatically improve services and outcomes for low income families living in neighborhoods where the government has located low income housing in the past.

Overall, the H&T index provides a comprehensive tool that can be used to estimate the cost of housing in a particular neighborhood. However, because it does not take into account fair housing considerations and it misses many of the other costs associated with housing location, it should be used cautiously as a factor in siting low income family housing. A better approach is proposed in a new report from the Urban Institute and the NYU Furman Center, “Building Environmentally Sustainable Communities: A Framework for Inclusivity.” This report combines opportunity metrics with access to transit and walkability to show how low income families can benefit from smart growth policies without being further marginalized.22

21 Jason Reece and Samir Gambhir, supra fn 11.
22 Vicki Been, Mary Cunningham, et al, Building Environmentally Sustainable Communities: A Framework for Inclusivity, Urban Institute and Furman Center for Real Estate and Urban Policy (2010); See also David Rusk, Building Sustainable, Inclusive Communities: How America can pursue smart growth and reunite our metropolitan communities, PRRAC and Building One America, May 2010.
Resources


David Rusk, Building Sustainable, Inclusive Communities: How America can pursue smart growth and reunite our metropolitan communities, PRRAC and Building One America, May 2010.


