



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Minority Citizens Advisory Committee –
Transportation 2035 Equity Analysis Subcommittee

DATE: July 17, 2008

FR: Jennifer Yeamans

W.I.: 1114

RE: Transportation Affordability Measures

Background

In September 2007, MTC's Planning Committee approved an affordability-based performance objective for the Equity goal identified in the Vision phase of the Transportation 2035 Plan. With input from MTC advisors and other stakeholders, the affordability objective identified was a 10 percent reduction in the share of income spent by low- and moderately-low income households¹ on housing and transportation costs relative to today's level. The affordability target as a component of the RTP's Equity goal is also the basis for the Affordability Test Measure proposed for the RTP Equity Analysis.

Last fall, staff conducted an experimental Transportation 2035 Vision Analysis that applied land use and pricing sensitivity tests to various investment concepts to see how and whether such policy measures might enable the region to achieve the desired targets by 2035. Results of the Vision Analysis for the affordability target (see Attachment A) were that the target was achieved under the land use scenario (an aggressive smart-growth approach), and came close to being achieved in the baseline "business-as-usual" scenario with no additional land use or pricing interventions. The different investment concepts (freeway performance, HOT/express bus, and regional rail/ferry) did not have much impact on affordability relative to one another. Thus, the results of the Vision Analysis, though only a rough cut, suggested that the land use factors have greater potential to improve transportation affordability than the other policy and investment scenarios tested, conceivably by reducing the length and number of automobile trips and/or by reducing the need to own additional automobiles.

Land Use, Transportation Affordability, and Communities of Concern

Today, land use factors vary considerably throughout the region, with corresponding variations in auto ownership and accessibility. Thus, there are two important considerations to keep in mind with respect to land use, transportation affordability, and communities of concern: (1) many communities of concern are currently denser, more walkable, and better served by transit than other parts of the region; and (2) nearly half of the region's population below 200% of the federal poverty line lives *outside* communities of concern. Both of these points indicate a

¹ For the purpose of the Vision exercise, "low-income households" were those in the lowest household-income quartile, with income less than \$40,000 per year. "Moderately-low income households" were the second-lowest income quartile, with incomes between \$40,000 and \$70,000 per year. The median household income for the Bay Area in 2006 was approximately \$70,000.

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complex relationship between location choice, land use/accessibility, auto access and use, and transportation affordability.

Another challenge in understanding the nature of transportation affordability is its relation to housing affordability, and in particular the trade-offs which households in different locations and/or different income groups might make between housing and transportation costs. Whether a household's transportation costs might be considered "affordable" depends in part on how much of the household income is dedicated to housing costs. For your reference, Attachment B illustrates relative housing cost burden geographically for all households in 2006.

Input Requested

Currently MTC staff is pursuing analysis of transportation affordability two different ways, both in-house and in consultation with the Center for Neighborhood Technology:

- Estimating average transportation costs as a percentage of average household income for a neighborhood
- Estimating average transportation costs as a percentage of average household income for each of four income groups (low, medium-low, medium-high, and high income households)

Staff will be at your July 22 meeting to present additional information on these research efforts, and obtain your input on applicability of either or both of these approaches to communities of concern and lower-income residents throughout the region.