

Bringing Bay Area Affordability Into Sharper Focus

An H+TSM Affordability Analysis

MTC Minority Citizens Advisory Committee
April 14, 2009

Making Ends Meet in the Bay Area

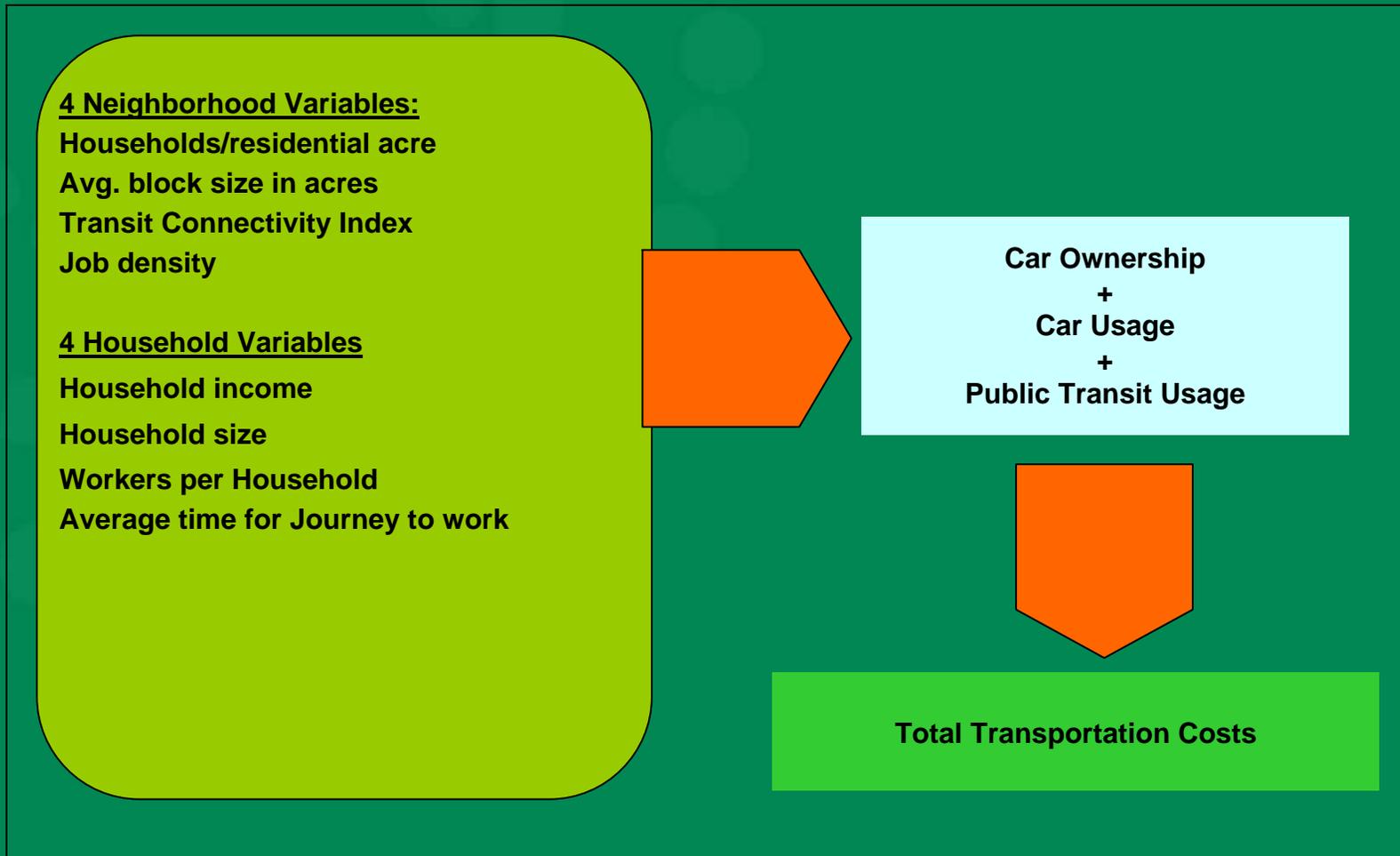
- Bay Area has highest housing costs in nation
- Population to grow by 34% from 6.8 to 9.1 million between 2000 and 2035
- MTC requested H+T analysis to better understand H+T variations by neighborhood, underlying factors

Factoring Transportation into the Affordability Equation

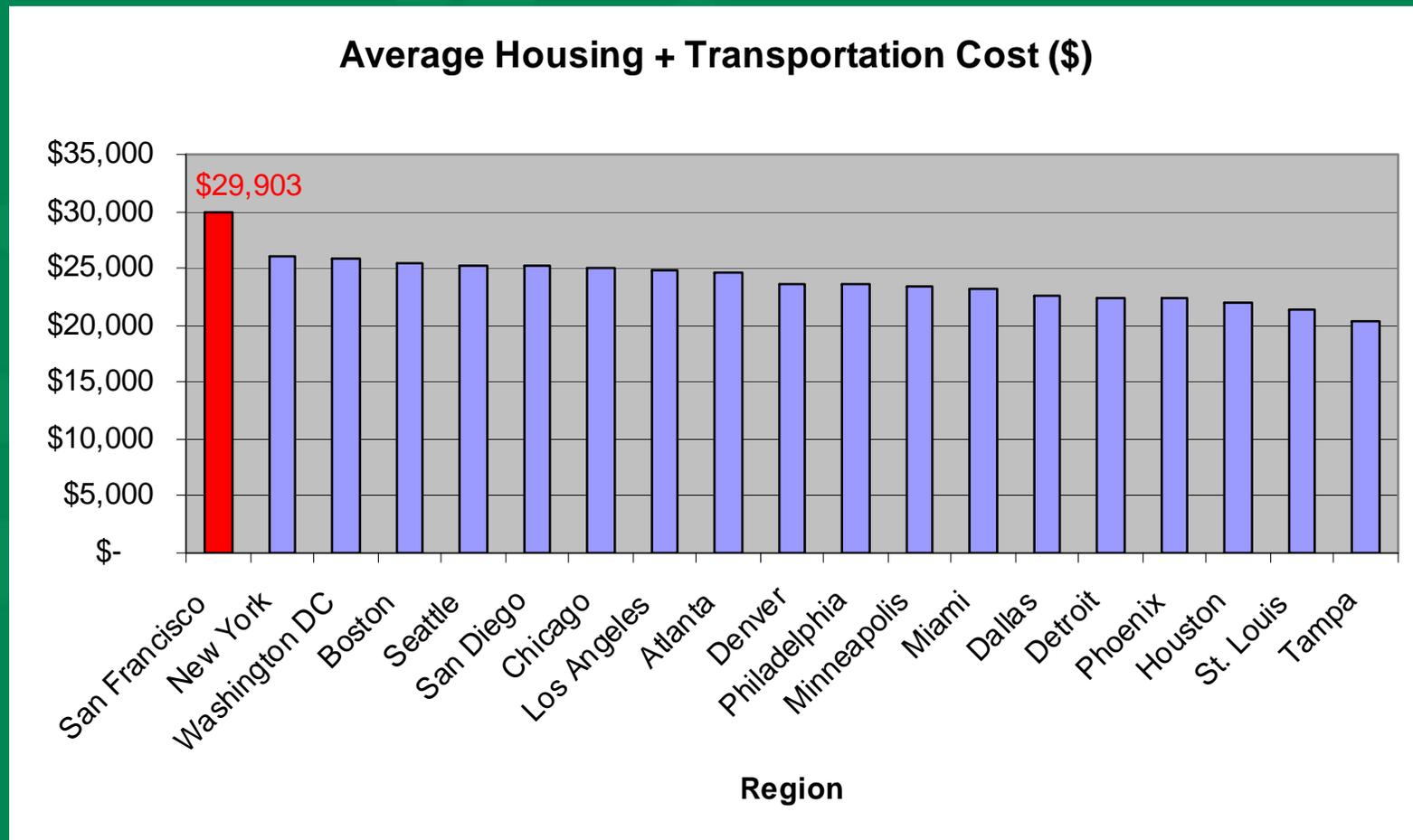
- Conventional definition of affordability focuses only on housing costs relative to income
- Transportation costs second largest expense in a household budget and typically represent 18% of income
- H+T combines these to suggest that housing and transportation costs should consume no more than 48% of income

- Affordability =
$$\frac{\text{Housing Costs} + \text{Transportation Costs}}{\text{Income}}$$

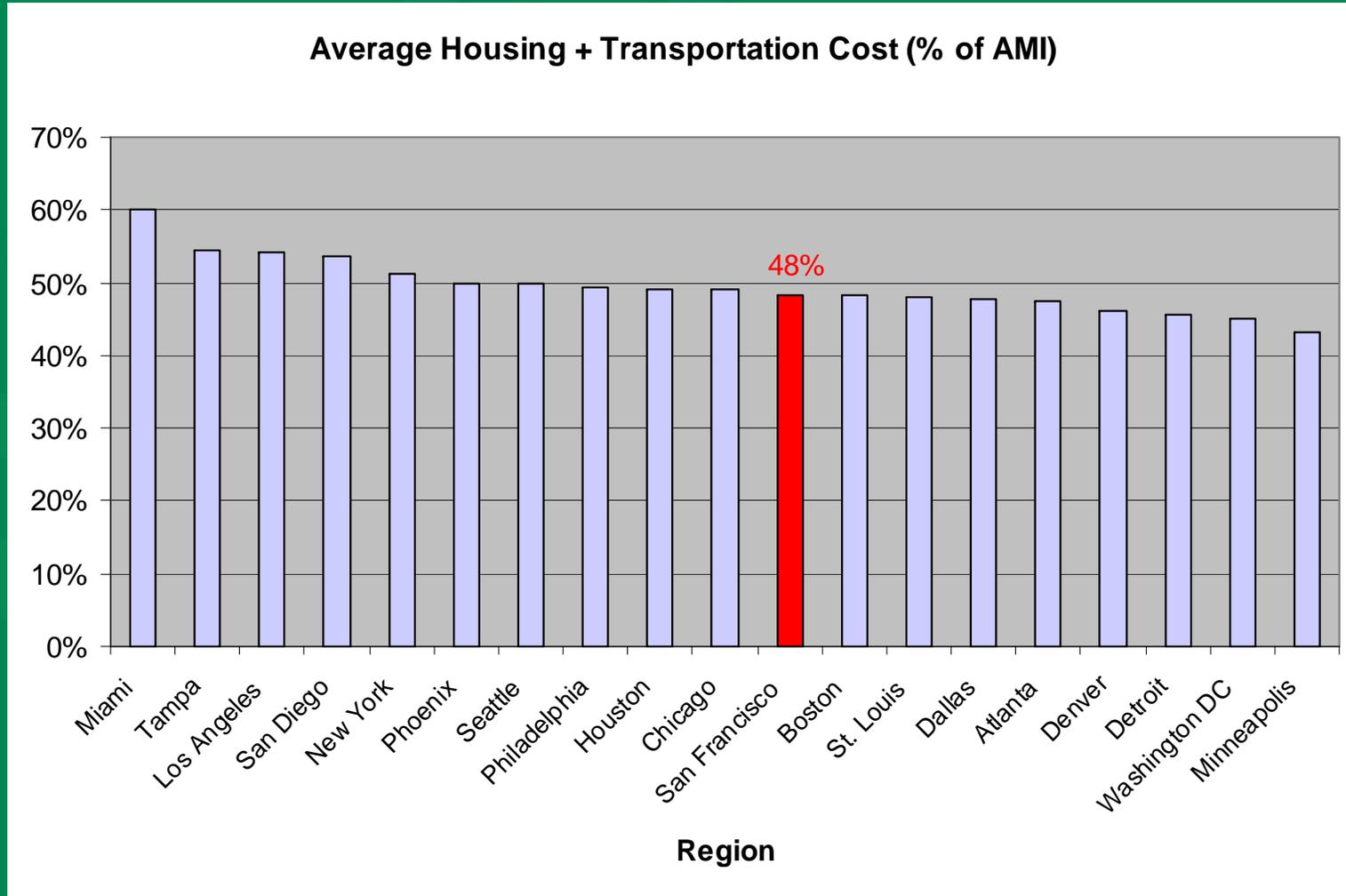
Modeling Transportation Costs



Bay Area Most Expensive Region for Combined H+T Costs

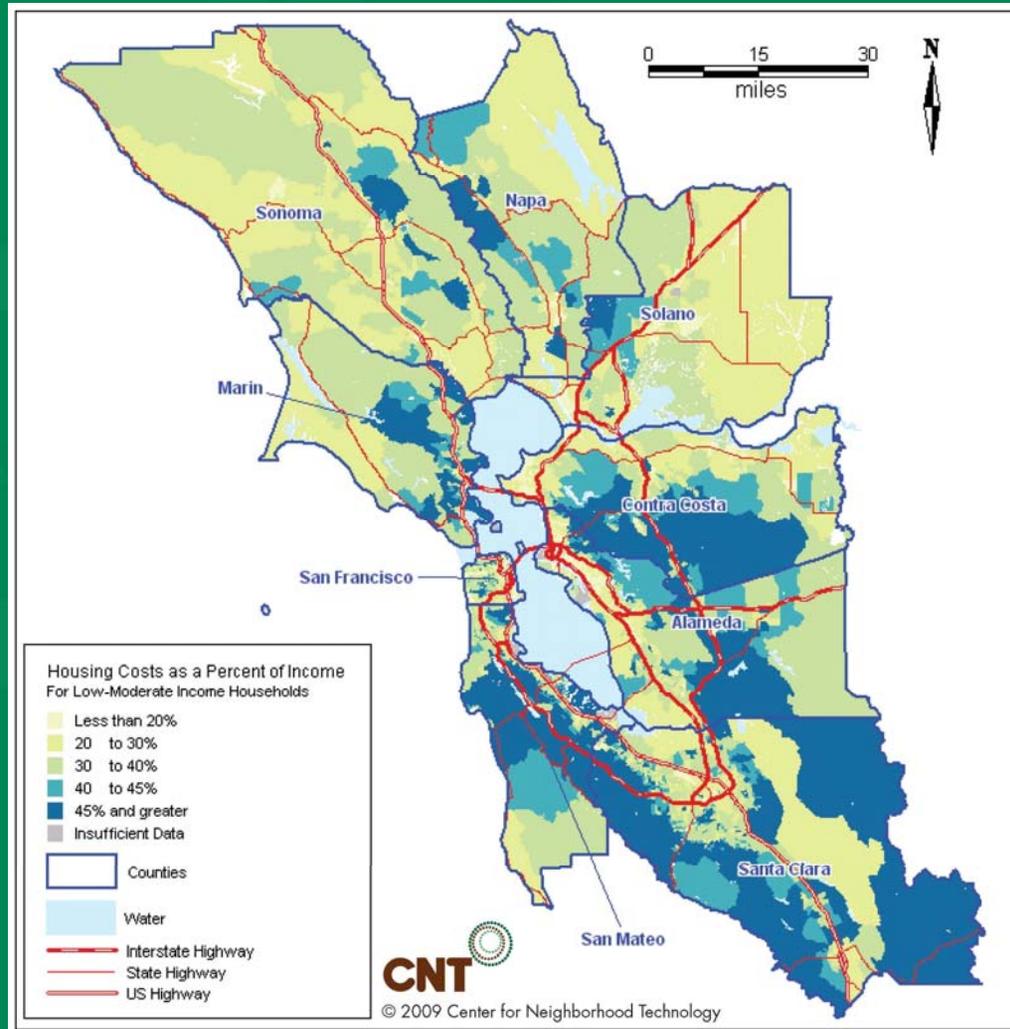


H+T Affordability Offset by High Area Median Income



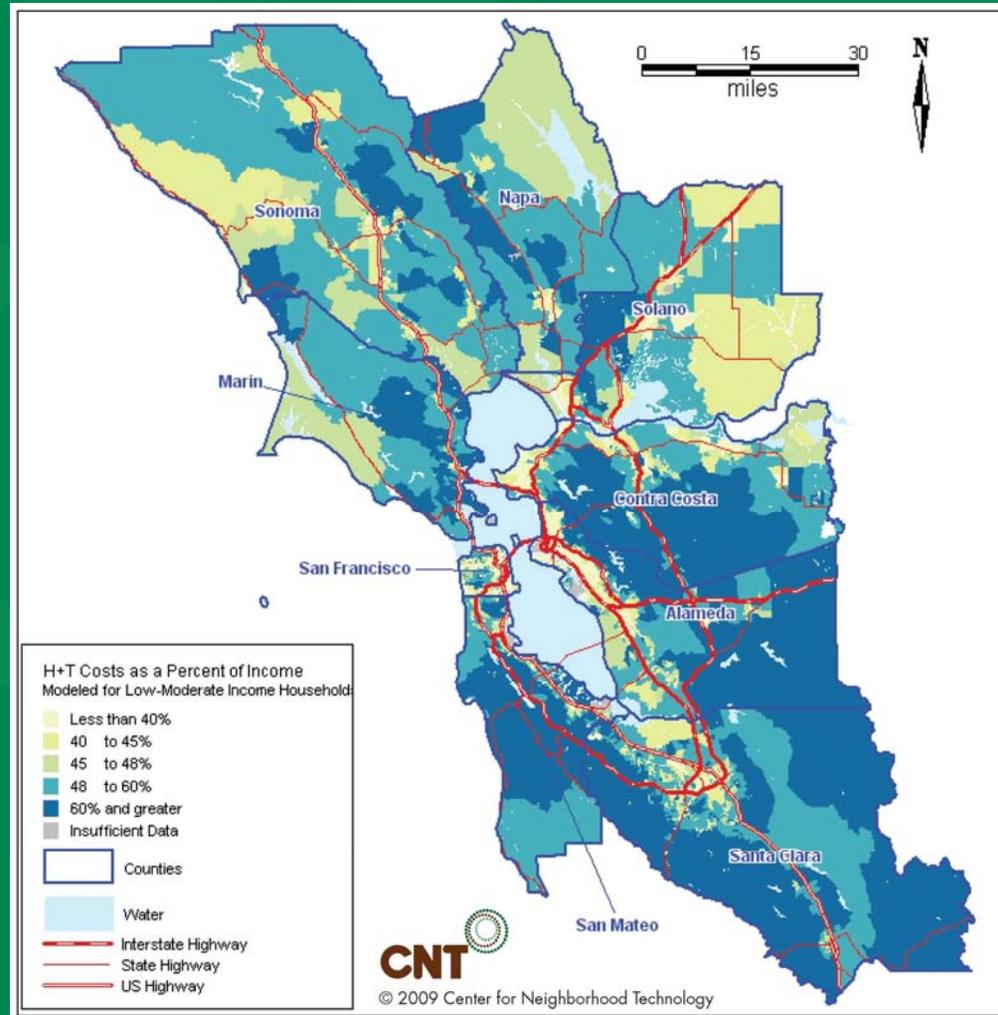
Bay Area looks affordable under the conventional definition

Housing Costs as % of Income for Low-Moderate Income Households



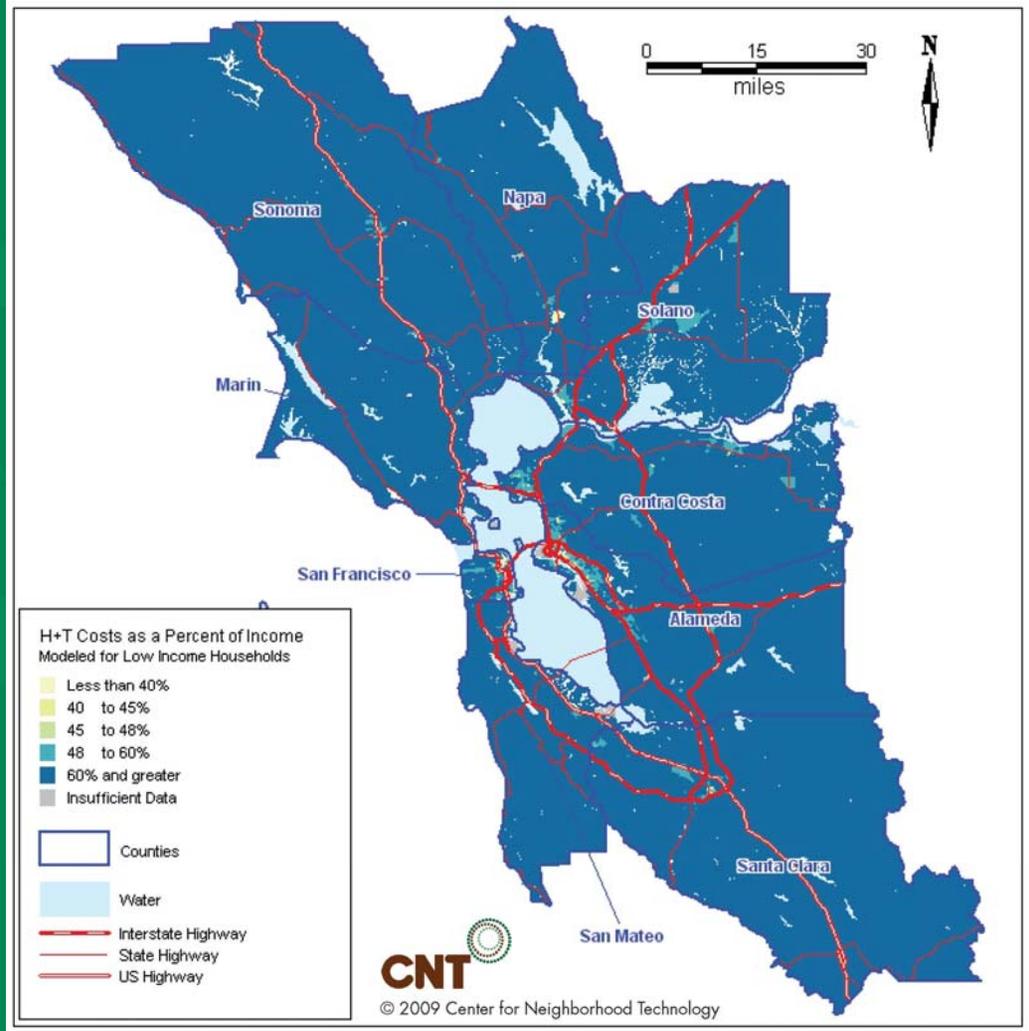
The region looks less affordable through an H+T lens

H+T
Costs as
% of Income
for Low-
Moderate
Income
Households

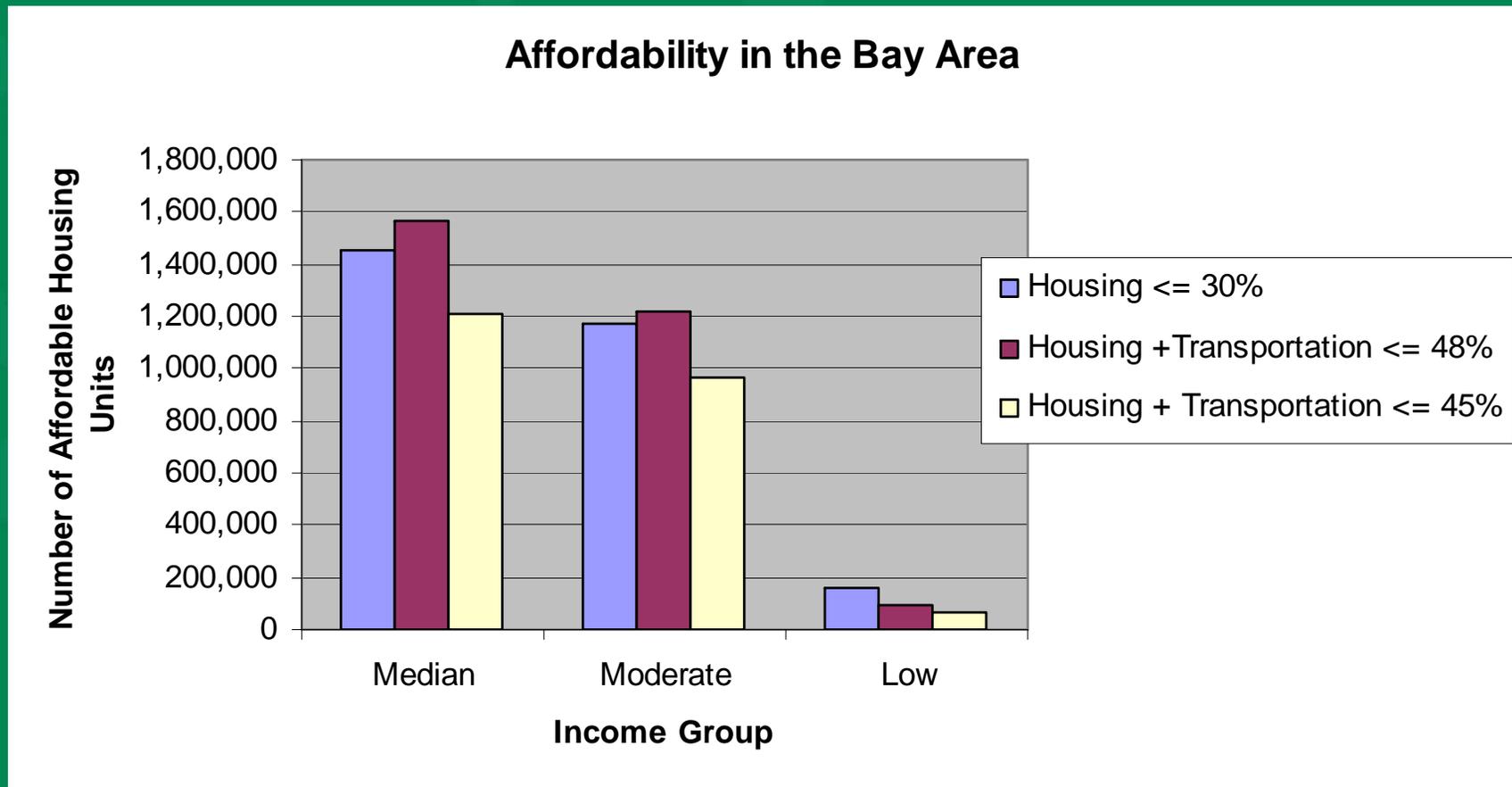


Low income households have few affordable H+T options

**H+T Costs
as % of
Income for
Low-Income
Households**

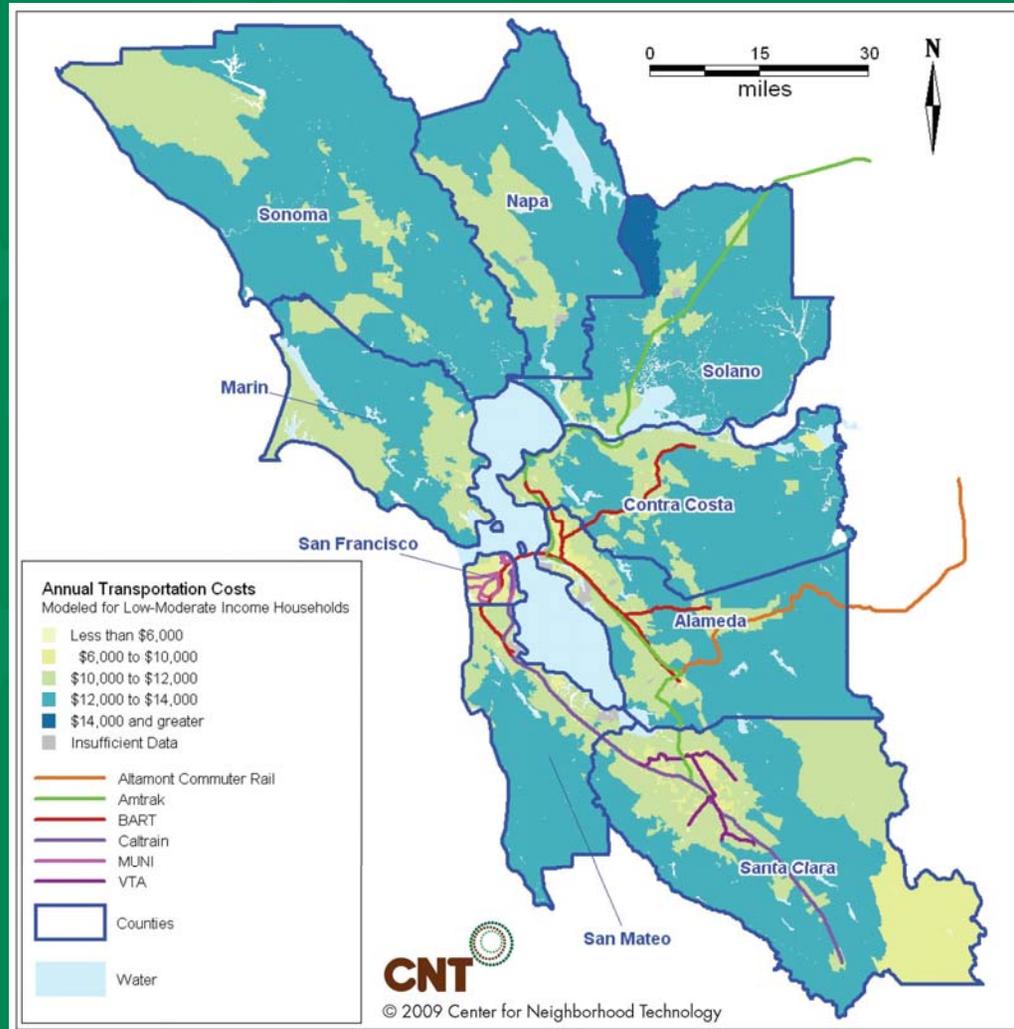


Only 94,000 dwelling units are located where H+T costs are affordable to low-income households



Transit makes the Bay Area more affordable

Transportation Costs for Low-Moderate Income Households



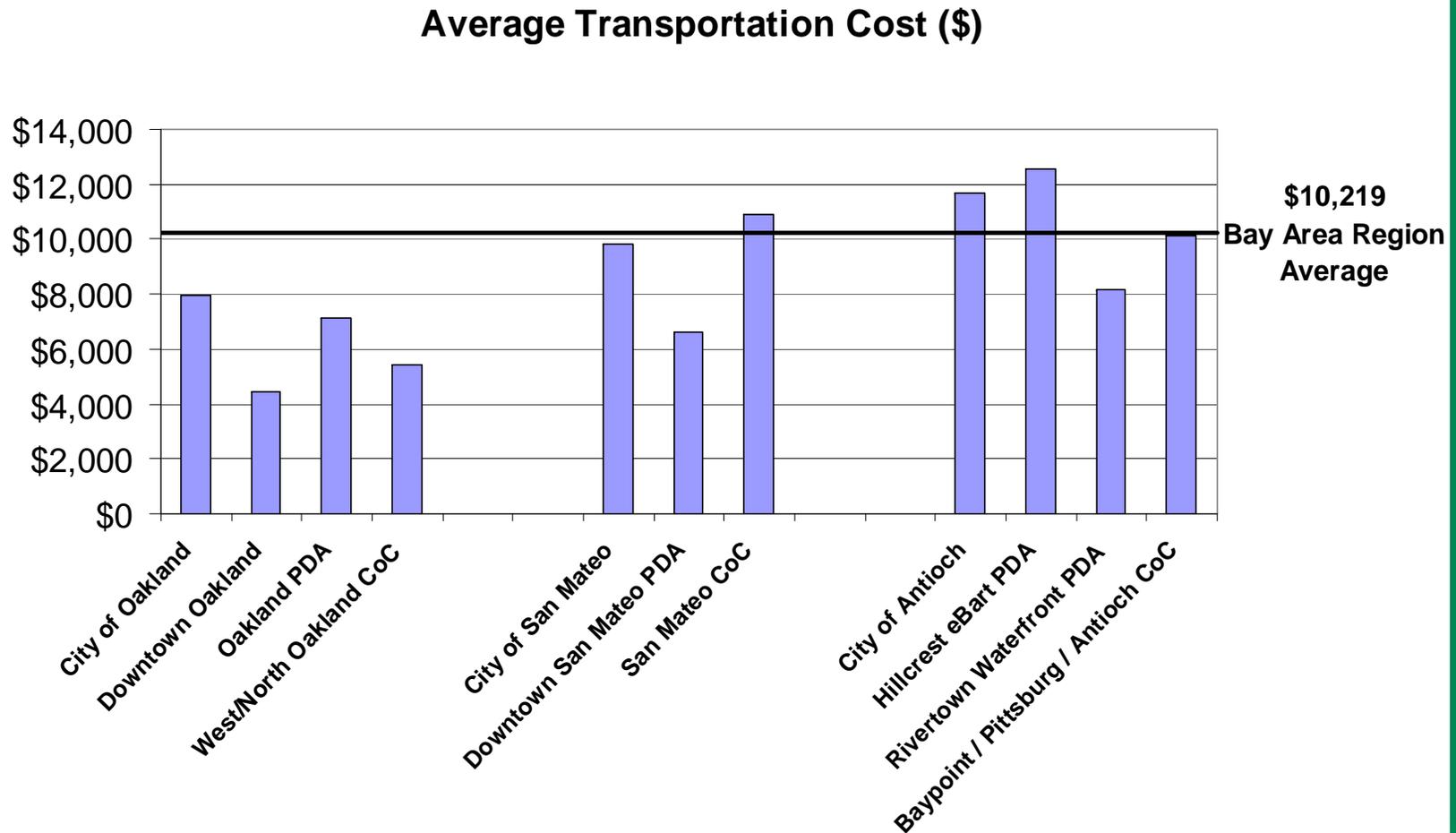
A Tale of Three Cities

- The location, shape and density of a community determine its affordability to a range of incomes
- Compact, mixed use communities with housing at different price points, transit, proximity to employment centers and pedestrian designs are most affordable
- Downtown Oakland, San Mateo and Antioch case studies were chosen to exemplify this
 - Also looked at these areas' communities of concern and Priority Development Areas

All 3 cities have areas with housing costs below the regional average

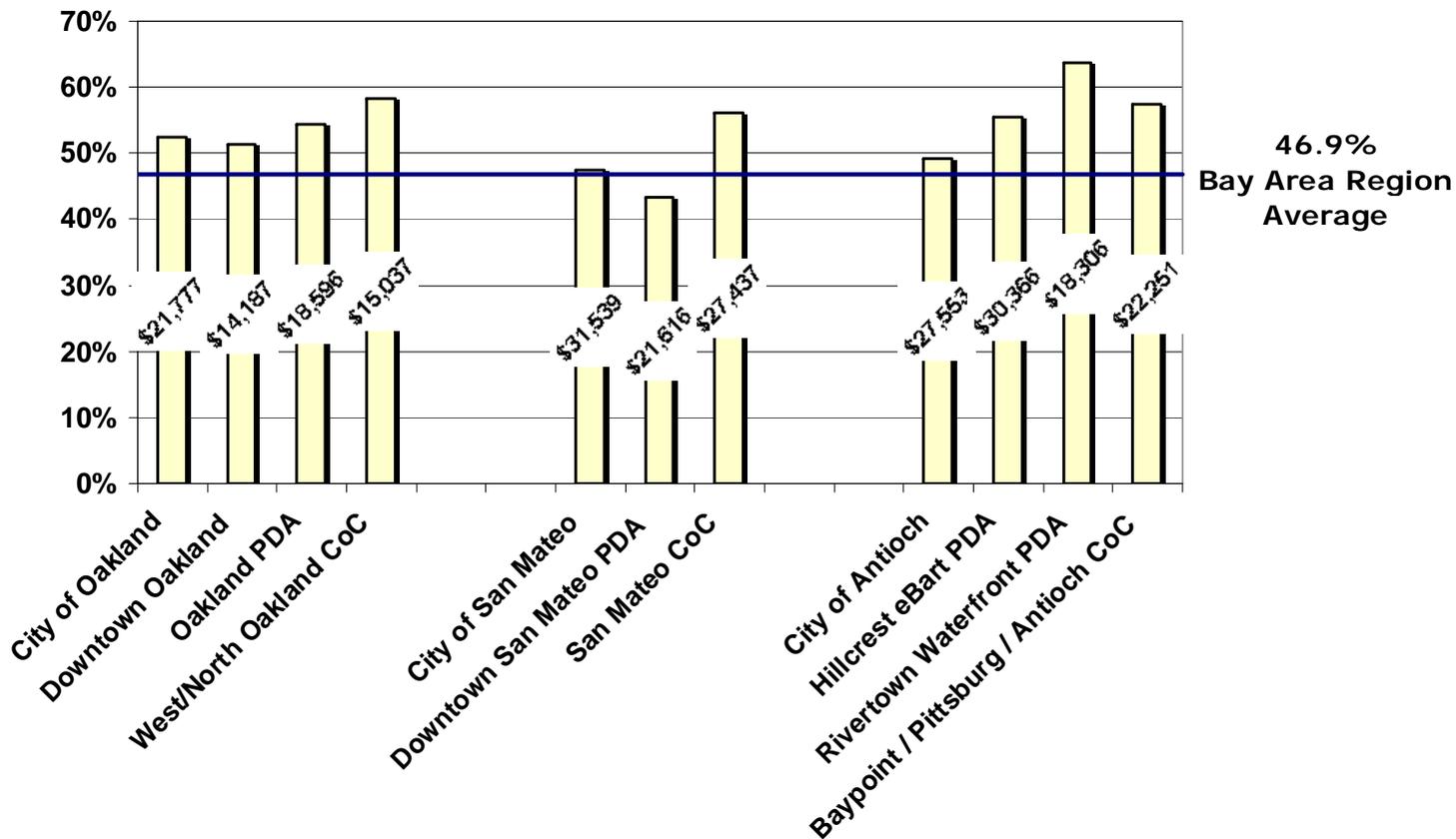


Transportation costs vary considerably by location and form



Oakland & Antioch's H+T are unaffordable to their residents

Average Percent of Income Spent on Housing + Transportation Costs



Examples of Local Opportunities

- Downtown Oakland
 - Preserve affordable housing and create new mixed income, mixed use developments
 - Build on public transit assets
- San Mateo
 - Use CBTP process to shed light on high T costs in North San Mateo community of concern
 - Can transit use be increased?
- Antioch
 - eBART extension: station location matters
 - Affordable housing

Summary

- Bay Area H+T costs most expensive in the nation
- Many outlying communities that appear affordable in terms of housing costs alone are not affordable in terms of H+T
- Low-income households have very few locational options for keeping H+T below 48% of income
- Transportation costs vary widely: lowest in neighborhoods with high densities and rich transit
- Car ownership is biggest transportation expense for most families, averaging \$5,000/year before gas and repairs
 - Reduced car ownership means considerable household savings

Next Steps

- Discussion and feedback on analysis results and key findings
- Develop recommendations for MTC and partner agencies to help preserve and promote affordability
- Build a cross-cutting dialogue on affordability

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