Housing Affordability

The Hidden Cost of Housing

When considering housing costs, people often think only of the rent or mortgage payments. In reality, though, that’s only half of the picture. Consideration must also be given to the costs associated with where housing is located.

In 2008, the Center for Neighborhood Technology (CNT) introduced its Housing + Transportation (H+T®) Affordability Index “that measures the true affordability of housing choice by factoring in both housing and transportation costs in a neighborhood.” The formula for determining affordability is:

\[
\text{H+T Affordability Index} = \frac{\text{Housing Costs + Transportation Costs}}{\text{Income}}
\]

Traditionally, households spending more than 30 percent of their income on housing fall into a “cost burdened” category. Using this criteria, 55 percent of US neighborhoods are “affordable”. Applying this classification to Greater Des Moines shows that 85 percent of all areas fall into the “affordable” classification, shown in yellow in the accompanying maps. This categorization doesn’t take into account transportation costs as a result of housing location.

The H+T Affordability Index, in contrast, defines “affordable” as a household that spends less than 45 percent of its income on housing and transportation. Using this approach, the number of affordable neighborhoods in the country drops to 26 percent. In Greater Des Moines, 61 percent of neighborhoods are considered affordable; meaning a large portion of the region has households that are a cost-burden to residents — these areas are shown in blue.

View the H+T Index at: htaindex.cnt.org
### REGIONAL MEASURES

#### TRANSPORTATION COSTS
- **Monthly Transportation Costs**: $1,103
- **Autos Per Household**: 1.81
- **Average Annual Household Vehicle Miles Traveled (VMT)**: 22,489

#### HOUSING COSTS
- **Average Monthly Housing Cost**: $1,240
- **Median Monthly Costs of Owners with a Mortgage**: $1,362
- **Median Gross Monthly Rent**: $744
- **Percent Owner Occupied Housing Unit**: 70%
- **Percent Renter Occupied Housing Unit**: 30%

*Source: H+T Index*
With a large portion of the housing stock in the region being a cost burden to residents, planning for affordable housing has become a critical need. Mobilizing Tomorrow, the region’s Long-Range Transportation Plan, lays out four main goals, three of which relate closely to affordable housing. The first goal compliments the issue of housing and transportation affordability by providing more travel options in new and existing locations, thereby reducing transportation costs in areas where enhancements are being made. Goals 2 and 4 focus on optimizing existing infrastructure and bettering the quality of life for residents, in part through providing more transportation options throughout the region.

**Mobilizing Tomorrow Goals:**
1. Enhance Multimodal Transportation Options
2. Manage and Optimize Transportation Infrastructure + Services
3. Improve the Region’s Environmental Health
4. Further the Health, Safety, + Well-Being of All Residents in the Region

**THE MISSING MIDDLE**
Changing demographics raise a need for communities to provide a variety of housing that supports walking and transit. One way to ensure a variety of housing exists is to build “missing middle” housing types. These housing types include cottages, townhouses, duplexes, triplexes, fourplexes, small apartment buildings, mansion apartments, live-work units, and apartments above shops. These building types have actual densities ranging from 16 to 35 dwelling units per acre, but their perceived density is much lower. The lower perceived density of these buildings makes them generally more acceptable to most people while allowing for the required density to make walking and transit available.

**APPLICATIONS FOR USE**

**Planners**
- Corridor selection analysis for BRT route planning
- Measures of livability for comprehensive planning
- Identification of areas for redevelopment to become more affordable

**Housing Professionals**
- Custom tools to estimate H+T costs and compare household information with neighborhoods
- Helping prospective homeowners evaluate where to live
- Increase awareness to establish an affordable housing fund

**Policy Makers**
- Screening and prioritizing public investments based on housing and transportation affordability
- Establish benchmark affordability costs to adopt standards for city funding and policy decisions

**PLANNING AHEAD**
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