

The Hidden Cost of Housing

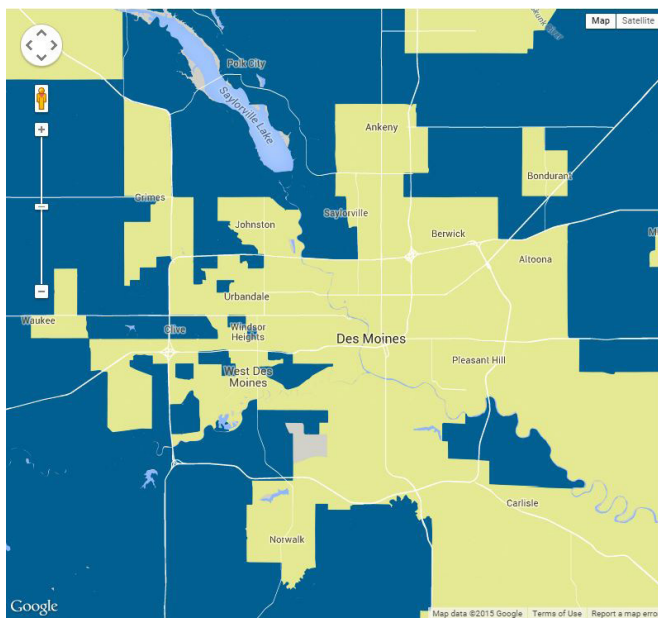
When considering housing costs, people often think only of the rent or mortgage payments. In reality, though, that's only half of the picture. Consideration must also be given to the costs associated with where housing is located.

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:

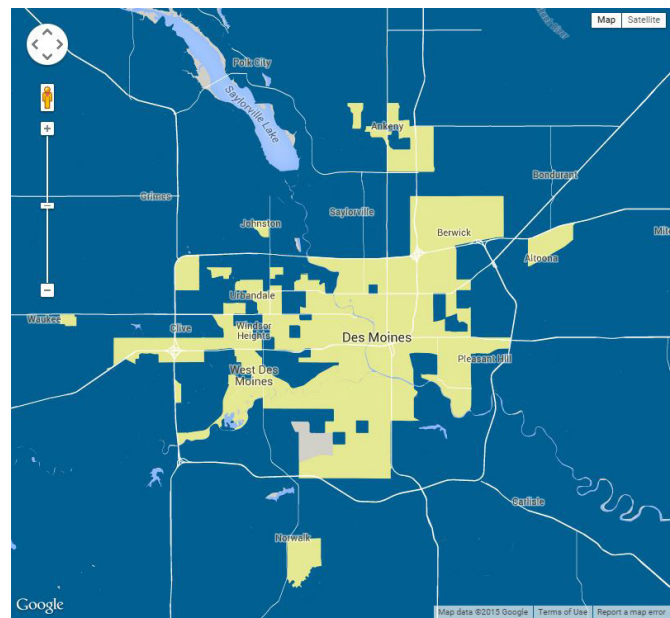
$$\text{H+T Affordability Index} = \frac{\text{Housing Costs} + \text{Transportation Costs}}{\text{Income}}$$

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.

COST OF HOUSING



COST OF HOUSING + TRANSPORTATION

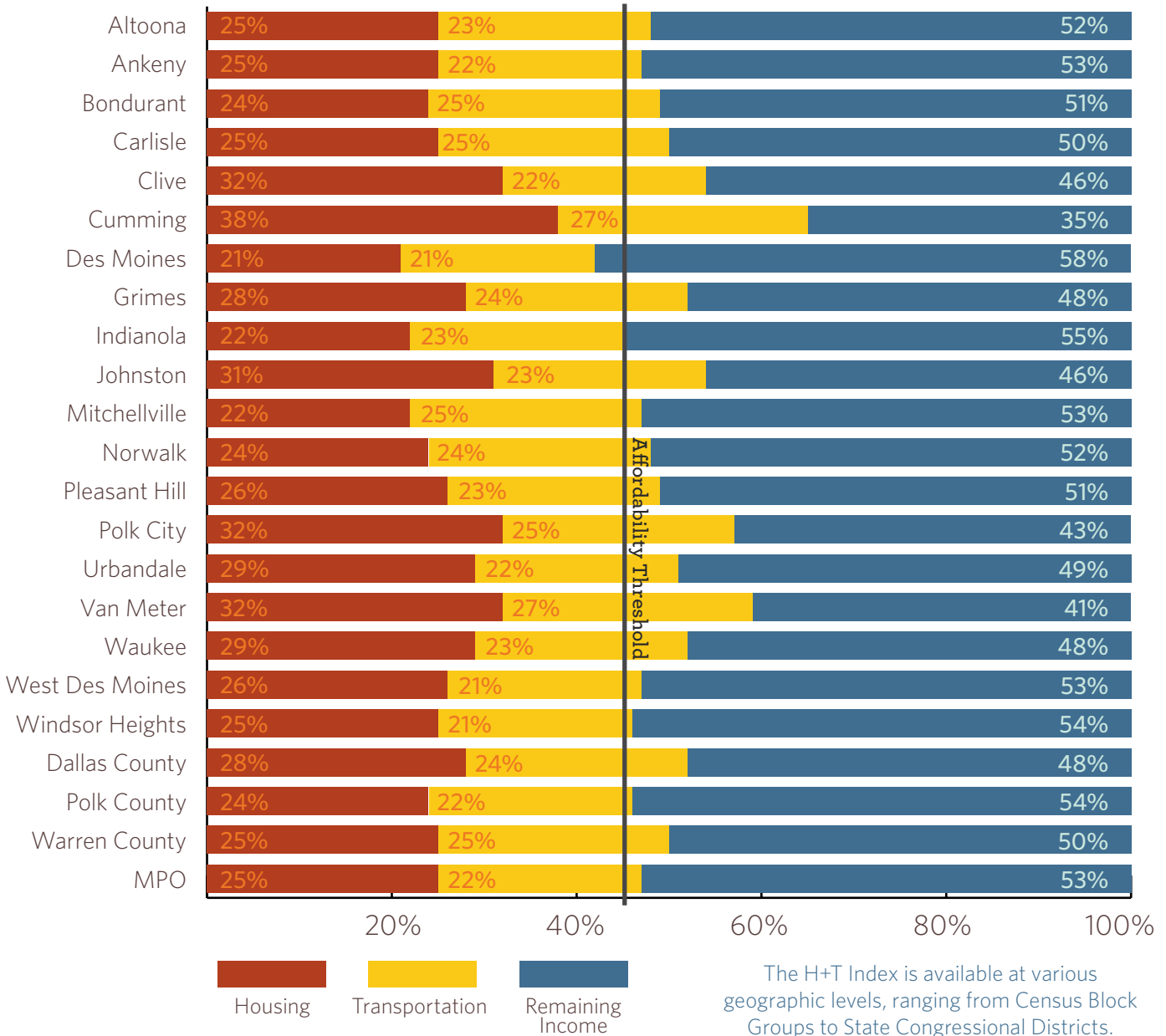


Affordable Unaffordable

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

Average Housing + Transportation Costs (% Income)



REGIONAL MEASURES

TRANSPORTATION COSTS

Transportation costs look at 3 components of travel behavior:

Auto ownership
Auto use
Transit use



\$1,103

Monthly Transportation Costs



1.81

Autos Per Household



22,489

Average Annual Household Vehicle Miles Traveled (VMT)

HOUSING COSTS

\$1,240

Average Monthly Housing Cost

\$1,362

Median Monthly Costs of Owners with a Mortgage

\$744

Median Gross Monthly Rent

70%

Percent Owner Occupied Housing Unit

30%

Percent Renter Occupied Housing Unit

Source: H+T Index

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.



COTTAGE HOUSING



TOWNHOUSE



DUPLEX



TRIPLEX



FOURPLEX



SMALL APARTMENT



MANSION APARTMENT



LIVE-WORK UNIT



MIXED-USE APARTMENT



STACKED TOWNHOUSE

PLANNING AHEAD

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

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