

**Housing and Transportation:
Redefining Affordability Research and Development**

Technical Review Panel

Summary of Proceedings

**First Convening
November 18, 2011**



November 28, 2011

strategic in pursuing data-driven policies that fulfill HUD's goal of redefining and increasing affordability in HUD-assisted communities.

MSG will work with the Center for Neighborhood Technology (CNT) to develop a Housing and Transportation Affordability (HTA) Index that measures the combined cost of housing and transportation as a share of household income and a Housing and Transportation Cost Calculator that allows individuals to create customized transportation cost estimates based on location and household characteristics. These tools are intended to be used by both policymakers and consumers to inform planning and investment decisions.

This Technical Review Panel, composed of expert researchers and practitioners in housing, transportation, community development and related fields, was convened to guide the development and implementation of the HTA Index. It reflects a diverse array of perspectives based on area of expertise, experience and geographic location. Over the course of the project, the Panel will convene for five full-day meetings in Washington, DC to provide insight and feedback in regard to the data and methodology used to build the Index as well as guidance for potential applications of the tool at the federal and local level. Panelists may also participate in conference calls and working groups to supplement the five meetings.

Overview

On November 18, 2011, nine members of the HTA Index Technical Review Panel convened with staff from Manhattan Strategy Group (MSG), the Center for Neighborhood Technology (CNT), representatives from HUD and DOT, and other observers to discuss the HTA Index project: its objective, scope of work, and potential outcomes. The session was kicked off with presentations that provided background on the importance of the combined burden of housing and transportation costs.

At this first convening, MSG focused on orienting the panel to ensure all participants were familiar with housing and transportation cost burden issues and understood the scope of the HTA Index project as well as their role in the project. Because CNT's H+T® Affordability Index will be used as the launching point for the HTA Index, panelists were provided a presentation on its evolution and the variables and data sources it currently uses. Using the H+T® Affordability Index as a proxy, panelists were then provided a presentation on various ways housing and transportation index could be applied to guide policy and planning decisions. Throughout the day, the panel was provided opportunities for discussion. During these discussions, panelists shared priorities and concerns for the project, as well as how their backgrounds would contribute to the successful development and deployment of the Index.

Panel Proceedings

Welcome and Introduction

The meeting began with brief introductions followed by a welcome from Shelley Poticha, Director of OSHC. The Director discussed the value of transportation cost information, explaining that HUD was approaching this research on housing and transportation costs with an open mind and without a predetermined set of policy ideas to pursue. Ms. Poticha requested that the panel and others involved in the project think holistically and broadly about potential applications of the HTA Index.

The Combined Burden of Housing and Transportation

Noreen Beatley, the Project Director, reviewed the burden that housing and transportation costs pose for American households, especially those on the lower end of the income scale. She then introduced two speakers who presented further research on the relationship between housing and transportation and how associated costs impact households.

The first speaker was Rodney Harrell of the AARP Public Policy Institute who discussed research on transit access and use among seniors living in subsidized facilities in the Miami, Boston, Cleveland and Minneapolis regions. AARP's Livable Communities policy is based on the goal of allowing seniors to age in place, and transportation options have an important role in achieving this goal. Surveys conducted by AARP revealed that a variety of factors impact the ability of seniors to use transit, including accessibility, system reliability, safety and neighborhood design. Mobility independence using transit was found to affect the quality of life of seniors in the communities studied. Those who derived the greatest benefit from transit had good access and relatively good health; those who derived minimal benefit tended to have greater physical limitations, which were often exacerbated by poor system design and service, bad information, and fear of crime.

Following Mr. Harrell's presentation, Art Rodgers of the DC Office of Planning presented an analysis of housing and transportation costs in the Washington, DC region that was completed in partnership with CNT. The study employed transportation costs calculated and mapped for the DC metro region using a customized version of the H+T® Affordability Index which incorporated local land-use data. Household characteristics were held constant to reveal the impact of the built environment on transportation costs in different areas. Mr. Rodgers described the goals of the analysis as twofold: first, as a marketing tool to demonstrate the value of central locations in the District; and second, as a planning tool, including looking at transportation costs in scenario building. Data from the study has since been used as a metric in the Region Forward 2050 plan, for a streetcar land-use study in Arlington County, and for a WMATA business case study.

In the questions and discussion that followed the presentations, panelists raised a number of issues. The central themes of the discussion included:

- Conventional measures of transit access based only on distance do not offer a true picture of a population's ability to use transit.
- Affordability standards, including CNT's 45% housing and transportation threshold (which includes the traditional 30% housing cost standard), are arbitrary and fail to account for differences in incomes and costs that exist across regions and populations. A better affordability standard for housing and transportation would calculate the proportion of a given income needed to cover all other necessities, such as healthcare, food and education, and then assign the remainder to housing and transportation costs.
- In discussions of transportation costs, particularly new transportation investments, it is important to address the challenges of displacement and gentrification.
- The real estate bubble and foreclosure crisis has impacted people's preferences, expectations and ultimately behavior with respect to housing. Panelists questioned whether people will be willing to spend more than 30% of their income on housing if they no longer view it as a safe investment and if people will continue to follow the "drive 'til you qualify" pattern of home purchases.

Introduction to the Housing and Transportation (HTA) Index Project

Ms. Beatley provided an overview of the goals and scope of the project with a description and timeline of key tasks. She then introduced María Choca-Urban of CNT who outlined how the H+T® Affordability Index has been applied for regional planning, policy development, performance measurement, and housing counseling. This presentation used the H+T® Affordability Index as a proxy to provide context for how the HTA Index might ultimately be applied by federal and local policymakers and practitioners.

Highlights of the discussion following these presentations:

- The question of the exact role of the panel for the project was raised. They questioned their power to change the trajectory of the research agenda or other tasks. They also requested an explanation of the added value from their participation to justify their donation of time.
- The Project team and HUD clarified that no aspect of the project is predetermined and that the Panel is expected to provide essential guidance and feedback in many areas, including research and methodology, potential policy and program applications and outreach. As HUD explained, an off-the-shelf Index was not purchased because the agency believes this process is necessary to ensure transparency and inclusion of potentially viable alternatives in the form of variables and approaches to applications. It was reiterated that Panelists have the ability to suggest substantive changes to many parts of the project scope and the Index.
- It was agreed that determining the target audiences for the tool and designing it appropriately is of the utmost importance. It was suggested that the tool be potentially accessible as a mobile application. Questions were raised as to how information about the Index and Cost Calculators would be disseminated to voucher holders and other vulnerable populations. The importance of the distinction between the Index – regional level data – and the Cost Calculator – customizable, location-specific data – was raised along with concerns regarding how to understand different users and how best to reach them.

Presentation on the H+T® Affordability Index Model

Peter Haas of CNT provided a presentation on the data and methods used to build the H+T® Affordability Index.

Comments, questions and answers prompted by the presentation:

- A concern was raised that the Index underestimates urban transportation costs by excluding parking, taxis and tolls. It was pointed out that taxi costs, specifically, may pose a substantial burden on low-income urban populations whose use of cabs is not always discretionary. This was acknowledged as a good point, although tolls may cost more to suburban residents. Additionally, it was pointed out that the Index excludes costs related to things like demand response transit systems, which often serve more rural populations and may in some cases be used like taxis.
- The issue of the potential importance of parking costs was raised with a question regarding the availability of data sources for this information at the national (or regional) level. Although CNT is involved in a project collecting data on parking costs in Portland, this type of work is not really feasible at the national level and no good dataset on parking costs currently exists. The National Household Travel Survey asks whether respondents pay for parking but does not include actual cost information. This is a topic for further discussion.
- Concerns regarding how the 45% affordability standard was determined and whether it is an appropriate number to use were raised. Although the exact figure is somewhat arbitrary, it is based on CNT's research on housing and transportation costs across the country and has been found to be attainable in most regions.

- To date, Index cost outputs have not been tested against measured costs in a given location making it difficult to test whether the HTA Index is accurately capturing the reality. This is because there are no good sources for transportation cost data at a fine geographic level, or even a regional level. CNT will check out the National Household Travel Survey as one potential source, but it is self-reported and may be prone to error. They will look into the possibility of collecting data with new technology or crowd-sourcing.
- Panelists raised the issue of costs the Index is missing, citing education in particular, and asked how, or if, other costs and quality of life drivers linked to location could be incorporated into the Index. Unfortunately, some of these components may be beyond the scope of this project.
- The comment was made that what is really valuable would be having the raw number produced for housing and transportation costs. This figure could be used to determine who is truly burdened in a given area. Including the transportation cost side changes both the way people think about this burden and potential policy prescriptions.

Panelist Introductions

The facilitator instructed panelists to provide an in-depth account of their experience and expertise, what they believe they bring to the project, and a description of what they would consider to be an ideal outcome for the HTA Index. Panelists shared a number of different perspectives, but many focused on two major issues. First, panelists emphasized the importance of correctly estimating costs by using appropriate measures and variables, and checking the results against real world measurements. The second takeaway was that many panelists think the non-technical aspects of developing Index will ultimately dictate its real impact on the ground, i.e., the technical work is important, but effective communications and ease of use will ultimately be even more important for the project to be considered a success. Some panelists expressed willingness to directly help with outreach and communications aspects of the project.

Further Clarification on Panel Role and Project Goals

Noreen Beatley and Shelley Poticha each discussed in greater depth the vision for the project and how the panel fits into this vision. Ms. Poticha explained that the project needed the panel to provide their informed understanding of the criticisms of the H+T® Affordability Index as it currently stands, i.e., does it need data improvements, does it take into account all the measures it should, are there additional ways to verify and double-check data, etc. to help create a more robust HTA Index. She further explained that the process of organizing the panel and conducting outreach to stakeholders during the development and implementation of the HTA Index was to ensure both greater certainty in the accuracy of the model, and more consideration of ways to apply the Index so that the tool could be applied as widely as possible. This process, according to Ms. Poticha, would ensure a better set of housing and transportation policy recommendations for Secretary Donovan.

Additional discussion following Ms. Poticha's statement encompassed the following topics:

- HUD is in the process of determining how discussions from HUD and other federal agency working groups or committees focused on the HTA Index will be shared with the panel.
- Because the HTA Index must engage fair housing issues, a question was raised as to whether or not it could be integrated with measures of access to amenities like parks and schools. It was acknowledged that, even if the tool could not capture amenities such as high quality schools, it should be consistent with HUD's mandate to affirmatively further fair housing. A project is currently underway to develop an "affirmatively furthering fair housing" database; this information should be considered as the Index is developed.
- Potentially look at Walkscore or similar tools as a way to capture local amenities.

- The ultimate applications of the tool must be considered as it is being developed: it potentially has dual uses – planning and policy decisions as well as personal housing decisions. This information must benefit underserved populations.
- If a standard using housing and transportation costs is adopted at the federal level, then the Index will directly impact investment decisions at many levels.

Conclusion and Next Steps

The session concluded with panelists submitting their availability for the next two panel meetings. Tentative dates were set for the next two meetings and MSG will follow up with panelists unable to attend this first convening to confirm their availability. A confirmation of the next meeting dates will be sent as soon as possible.

When the issue of confidentiality was raised, Ms. Poticha clarified that no information had been shared that could not be freely disclosed by panelists. She further explained that the panel was not an official federal advisory committee, so certain rules about openness and reporting do not apply.

Action Items

During the course of the convening, a number of actionable ideas and suggestions were generated. Some of these items will be the subject of discussion in future panel sessions; others will be addressed by the MSG team and/or HUD. The following list includes high priority concerns raised by panelists as well as concrete items for further investigation or research.

- **Investigate affordability standards.** Numerous panelists discussed concerns with using the conventionally accepted 30% standard for housing affordability as well as the 45% standard for housing and transportation costs used by CNT.
 - Explore setting standards based on local incomes and costs or based on household spending research to determine the amount of money needed after housing and transportation costs for a reasonable quality of life.
 - Possible research sources: experimental poverty measures and related research as well as the Consumer Expenditure Survey.

- **Focus on outreach, communications and product delivery.** Many panelists stated that the biggest project priority should be ensuring that the Index is designed and marketed so as to have a significant impact on the ground
 - Investigate mobile applications and other potential platforms for putting the Index and/or cost calculator in the hands of practitioners and consumers.
 - Ensure regional differences are considered, that regional events focus on how the HTA Index is relevant to local issues, and that all regions are well covered.
 - Engage interested panelists in marketing and outreach activities by conducting conference calls and potentially organizing a working group.
 - Follow up with Tom Sanchez regarding the potential of publishing articles focused on the HTA Index in *Housing Policy Debate*.
 - Revise technical assistance and outreach and marketing plans to reflect recommendations and feedback from the panel, including comments on regional coverage.

- **Ensure that the HTA Index accurately reflects real costs.** Panelists expressed concern that the current cost model has not been checked against measured data.
 - Explore potential sources and datasets to check against modeled transportation costs, including the National Household Travel Survey.
 - Investigate research and datasets related to parking costs.

- **Research ways to integrate the Index with other important measures of neighborhood quality and fair housing goals.**
 - Examine ways to measure or include amenities such as schools, parks, crime.
 - Ensure that the Index is consistent with HUD’s fair housing mandate; consider using “Affirmatively Furthering Fair Housing” database under development by HUD.
 - See if Walkscore or other sources for local amenities can be helpful.

- **Develop a structure for sharing information.**
 - HUD will determine how to best share the findings of HUD and other federal interagency working groups focused on the HTA Index with the panel.
 - Examine how to best share information with the panel between meetings and in preparation of upcoming meetings to efficiently use panelists' time.

- **Research how/if other modeling tools could be employed within the Index model.**
 - Follow up with Portland Metro to determine if/how their modeling tools may complement the HTA Index.