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Preserving Opportunities: Saving Affordable Homes Near Transit

Preserving affordable housing near transit means more than simply saving a building—it means preserving opportunities for low-income families and seniors to access jobs and services. Next to housing, transportation is the second highest household cost for most Americans. Affordable housing located near transit allows families and seniors to live an affordable lifestyle and access employment, education, retail, and community opportunities.

Reconnecting America and the National Housing Trust identified federally assisted affordable housing located in close proximity to existing or proposed public transportation in 8 cities: Boston, Chicago, Cleveland, Denver, New York City, Portland, St. Louis, and Seattle (See attached maps). More than 100,000 federally assisted housing units sheltering more than 300,000 individuals in these cities are located in transit rich neighborhoods. Approximately 65,500 of these units- or 63 percent of total units near transit- are covered by federal rental assistance contracts expiring before the end of 2012.

Federally Assisted Housing Near Public Transportation

From 1965 to the mid-1980s, the federal government played an essential role in creating affordable rental housing. The federal government partnered with the private sector by providing financial incentives, including rent subsidies (Section 8), in exchange for a commitment from property owners to keep the housing affordable to low-income households. The largest of these programs, the project-based Section 8 rental assistance program, provides affordable housing for more than 1.3 million families and seniors.

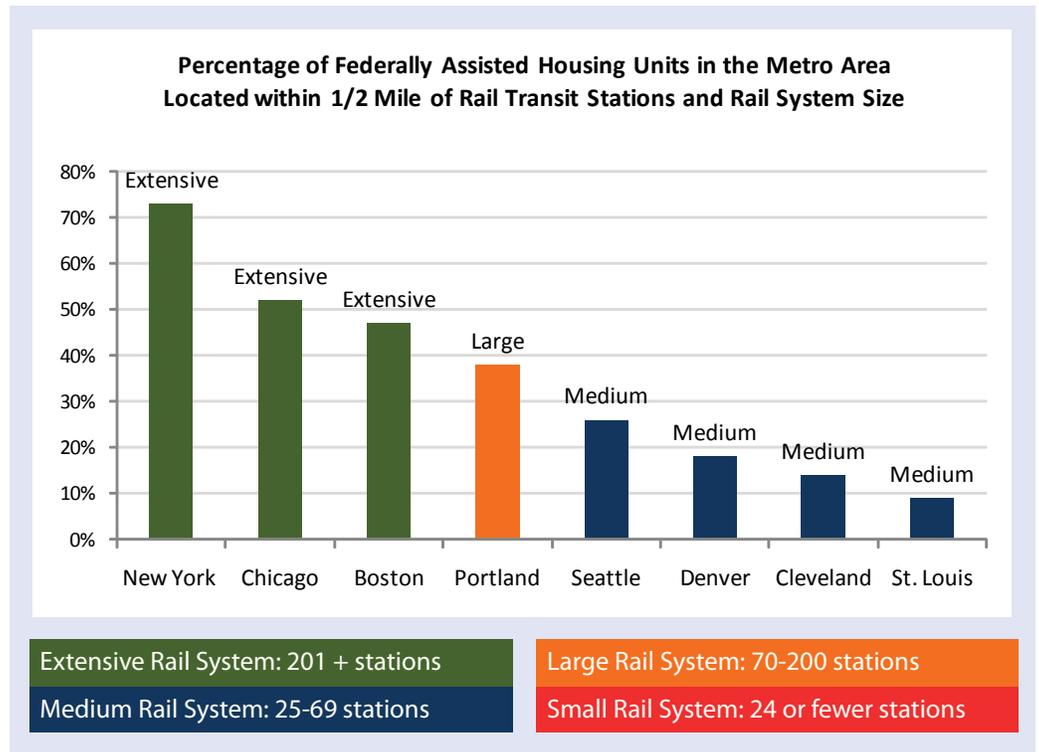
- Preserving affordable housing near transit means more than simply saving a building—it means preserving opportunities for low-income families and seniors to access jobs and services.
- 100,000 federally assisted units in 8 cities examined are within a half mile of rail stations or proposed rail stations. The number of units near public transportation increases dramatically when you include frequent service bus lines.
- A majority of these units have contracts expiring over the next five years. Approximately 65,500 units are covered by government contracts expiring before the end of 2012.
- Nearly a quarter of the housing, approximately 23,000 federally assisted units near transit in these 8 cities, have been developed through the Section 202 program and are designated for seniors.
- Rising housing and energy costs, climate change, increasing traffic congestion, the resurgence of demand to live in urban centers—all of these factors are contributing to increasing calls for better coordination of housing and transportation policy.

These rental assistance programs provide some of the most affordable rental housing in our communities. One-third of renter households have annual incomes of \$16,000 or less, meaning they can afford an apartment that costs approximately \$400 per month. However, the average asking median rent for a newly constructed apartment was estimated to be \$974 in 2004.¹ Through the project-based Section 8 program, families and seniors pay no more than 30 percent of household income on rent, guaranteeing access to quality affordable housing that otherwise would not be available.

Much of the federally assisted housing stock is located in neighborhoods with access to affordable transportation options. Reconnecting America and the National Housing Trust have identified housing with federal project-based rental assistance contracts that are within a half mile of rail stations or proposed rail stations in eight metro areas.²

The study revealed the following characteristics about the proximity of affordable housing near rail stations (See table below for a summary of findings for each metro area):

- More than 100,000 federally assisted units are located in close proximity to rail stations in these 8 cities. This number increases dramatically when you



factor in frequent service bus lines.

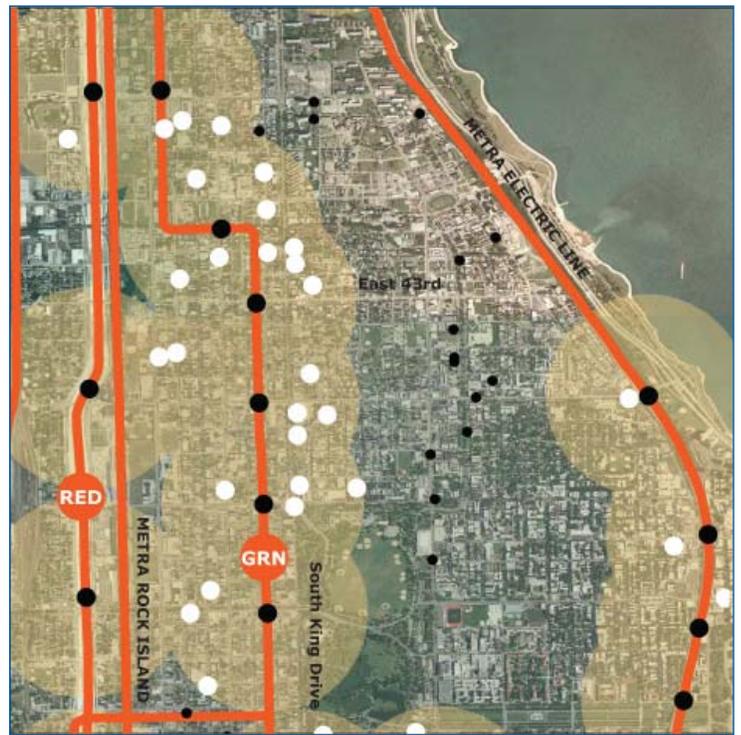
- The prevalence of federally assisted units in close proximity to transit varied considerably by city and was roughly correlated with the size and reach of the rail system (See graph). Thus, 72 percent of federally assisted units in the New York City metro area are located in close proximity to rail stations. New York City has an extensive rail system (201 or more stations). In contrast, only 9 percent of federally assisted units in St. Louis are located within half mile of rail stations, given the smaller reach of its light rail system.
- Approximately 65,500 units- or 63 percent of the total units near transit- are covered by rental assistance contracts expiring before the end of 2012. Housing costs in these cities have risen dramatically over the last five years, and several cities, including Boston, New York City, Chicago, and Denver, have seen a re-

Federally Assisted Housing Units Located within a 1/2 Mile of Existing or Proposed Rail Stations³

	# of units near rail stations based on certain characteristics					
	# of units near rail stations	% of units near rail stations	Units with contracts expiring by 2013	Elderly designated units (Section 202)	For-profit owned units	Units with rents below market
New York	54,094	73%	36,311	12,445	35,046	28,735
Chicago	22,522	52%	15,140	6,424	11,414	6,756
Boston	18,074	47%	7,992	2,521	7,800	7,936
Portland	2,108	38%	1,588	386	1,053	688
Seattle	2,070	26%	1,391	142	564	531
Denver	1,701	18%	1,097	150	1,209	928
Cleveland	2,204	14%	1,256	443	1,761	743
St. Louis	1,019	9%	709	211	602	191

surge in demand for urban living, particularly near new and existing rail lines. These market pressures create the potential for many units covered by expiring contracts to be lost if owners choose to opt out of the program to capitalize on higher demand and market values.

- Nearly a quarter of the housing, approximately 23,000 federally assisted units near transit in these 8 cities, have been developed through the Section 202 program and are designated for seniors. Although this represents the total number of units exclusively reserved for the elderly, approximately 40 percent of all federally assisted affordable units are headed by seniors. Therefore, one can assume that seniors reside in more than 53,000 federally assisted units located near transit in these 8 cities alone.
- At least 59,000 federally assisted units located near transit in these 8 cities are owned by for-profit organizations. In general, for-profit owners are more likely to opt out of federal housing assistance programs than nonprofit owners. States and cities should keep a careful watch on these properties to assure that profit motivated owners are encouraged to stay in federal housing assistance programs. The federal government must commit to full funding of Section 8 contracts to ensure that owners have an incentive to remain in the program.
- More than 45,000 units near transit have subsidies that are below the area’s Fair Market Rents (FMR). A main determinant of an owner’s decision to opt out or remain in the Section 8 program is the level of subsidy in relation to market rate rents; the lower a property’s rent level is in relation to the FMR, the higher the likelihood of leaving the program and converting the apartment to market rate.⁴ State and city governments should consider working with local developers to safeguard these units before they are lost from the affordable housing stock.



More than 22,500 federally assisted affordable units are located within a half mile of frequent transit service in Chicago. White dots indicate properties close to rail stations. See additional maps attached.

Preserving Opportunities: The Case for Saving Affordable Housing Near Transit

As the research presented in this report makes clear, many federally assisted units are located within close proximity to public transportation options. Low cost transportation options allow residents to easily and affordably access job opportunities and services such as health care. Elderly people are able to retain safe and decent housing in their communities while maintaining access to transportation options that allow them to visit friends and family. For low-income elderly and disabled residents who are unable to drive or afford a car, public transportation may be there only viable transportation option.

Rising housing and energy costs, climate change, increas-



Federally Assisted Housing Near Frequent Service Bus Routes

In addition to identifying housing near rail stations, Reconnecting America and the National Housing Trust identified federally assisted units near frequent service bus lines (buses run every 15 minutes or better all day) in three cities: Denver, Portland, and St. Louis. Including bus lines for these cities dramatically increased the number of units located within a half mile of public transportation.

	# of units near rail stations OR frequent service bus lines	% of units near rail stations OR frequent service bus lines
Portland	4,274	76%
Denver	7,287	75%
St. Louis	3,814	35%

ing traffic congestion, the resurgence of demand to live in urban centers—all of these factors are contributing to increasing calls for better coordination of housing and transportation policy. Together, housing and transportation account for roughly 50 percent of household expenditures. Location and energy consumption are related—the typical suburban automobile owner actually spends

more energy driving to and from the home than on heating and cooling the home. It is more energy efficient to preserve existing housing than it is to build new affordable housing where there is not an existing transportation infrastructure. Coordinating future transportation and housing investments is important to leveraging the benefits of each.

Meeting the Challenge: Preserving Affordable Housing Near Transit

The federal government should restore confidence in the Section 8 program by fully funding the program.

The federal government must maintain its commitment to affordable housing and reassure property owners and the affordable housing industry that housing subsidies will continue. However, insufficient funding, chronically late Section 8 payments, and short term Section 8 contracts are taking a toll on confidence in the federal government's commitment.

State housing finance agencies should allocate resources towards preserving affordable housing in transit rich neighborhoods. The main source of resources for affordable housing preservation is the Low Income Housing Tax Credit program. State housing finance agencies should prioritize the allocation of tax credits in order to save affordable housing located in close proximity to transit. For example, in 2006, California's housing finance agency gave extra points when scoring tax credit applications if the housing was located "within 1/4 mile of a transit station, rail station, commuter rail station or bus station, or bus stop with service at least every 30 minutes during the hours of 7-9 a.m. and 4-6 p.m."

Cities and states should do more to develop acquisition funds. Acquisition funds address a major challenge facing preservation-minded buyers: Many nonprofit and mission-driven developers do not have the financial resources to compete in the private market. Buyers need quick access to below-market financing to cover predevelopment and acquisition costs in order to compete in the marketplace with profit motivated developers. This is especially true in high price markets, such as transit rich neighborhoods, where owners can opt out of federal assistance programs to capitalize on the higher demand and market value for their properties.

Cities and transit agencies should work to create frequent service networks to core residential and job centers allowing workers to make more connections to the greater region. Public officials and transit planners should place a priority on extending and maintaining transit service to serve areas with affordable housing. Increasing the size of a transit network and improving the frequency of reliability of service are important to all potential riders. For low-income households, access to transit is critical to accessing employment, educational and community opportunities. Proximity to public transportation is not itself sufficient. Public funding is needed to maintain and improve the level of service and the size of the transit system.

More information about Reconnecting America and the National Housing Trust

Reconnecting America is a national non-profit organization working to integrate transportation systems and the communities they serve, with the goal of generating lasting public and private returns, improving economic and environmental efficiency, and giving consumers more housing and mobility choices. RA manages the national Center for Transit-Oriented Development.

The **National Housing Trust** preserves and revitalizes affordable apartments to better the quality of life for the families and elderly who live there. NHT is the only national non-profit engaged solely in housing preservation through public policy initiatives, real estate development, and lending.

Notes

¹ Joint Center for Housing Studies (2006). *America's Rental Housing: Homes for a Diverse Nation*. Cambridge: Joint Center for Housing Studies of Harvard University, pg. 11.

² Rail stations include designated stops along heavy, commuter, light rail and designated separated guideway BRT lines. The types of federal housing assistance included were project-based Section 8 contracts, Section 202 project rental assistance contracts, Rent Supplement contracts, and Rental Assistance Payment contracts.

³ Federally assisted affordable housing analysis based on data from HUD's Multifamily Assistance and Section 8 Contracts database. Rail data is from Reconnecting America.

⁴ Econometrica, Inc. and Abt Associates, Inc. (2006). *Multifamily Properties: Opting In, Opting Out, and Remaining Affordable*. Washington, D.C.: HUD Office of Policy Development and Research.

Boston Region

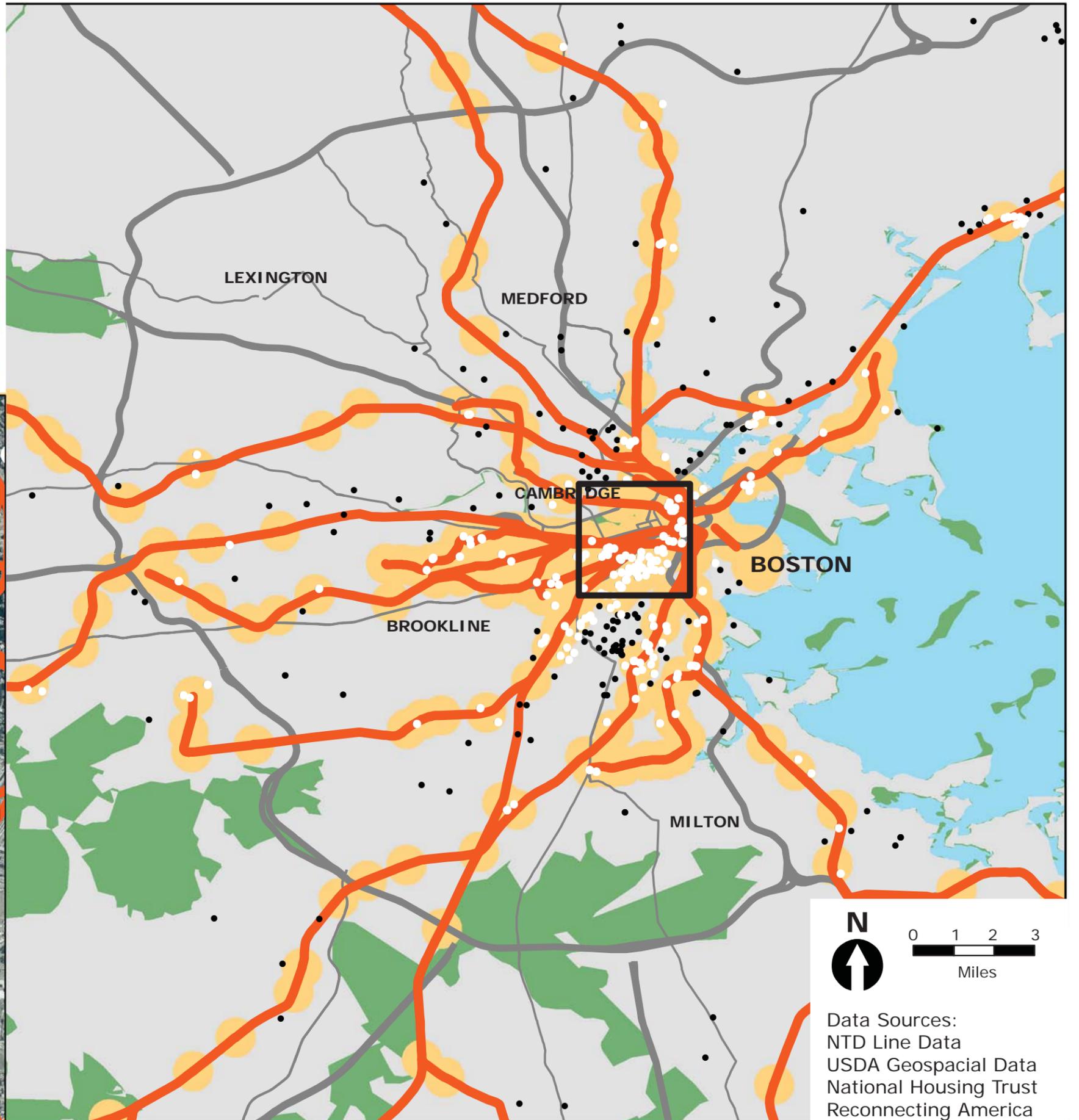
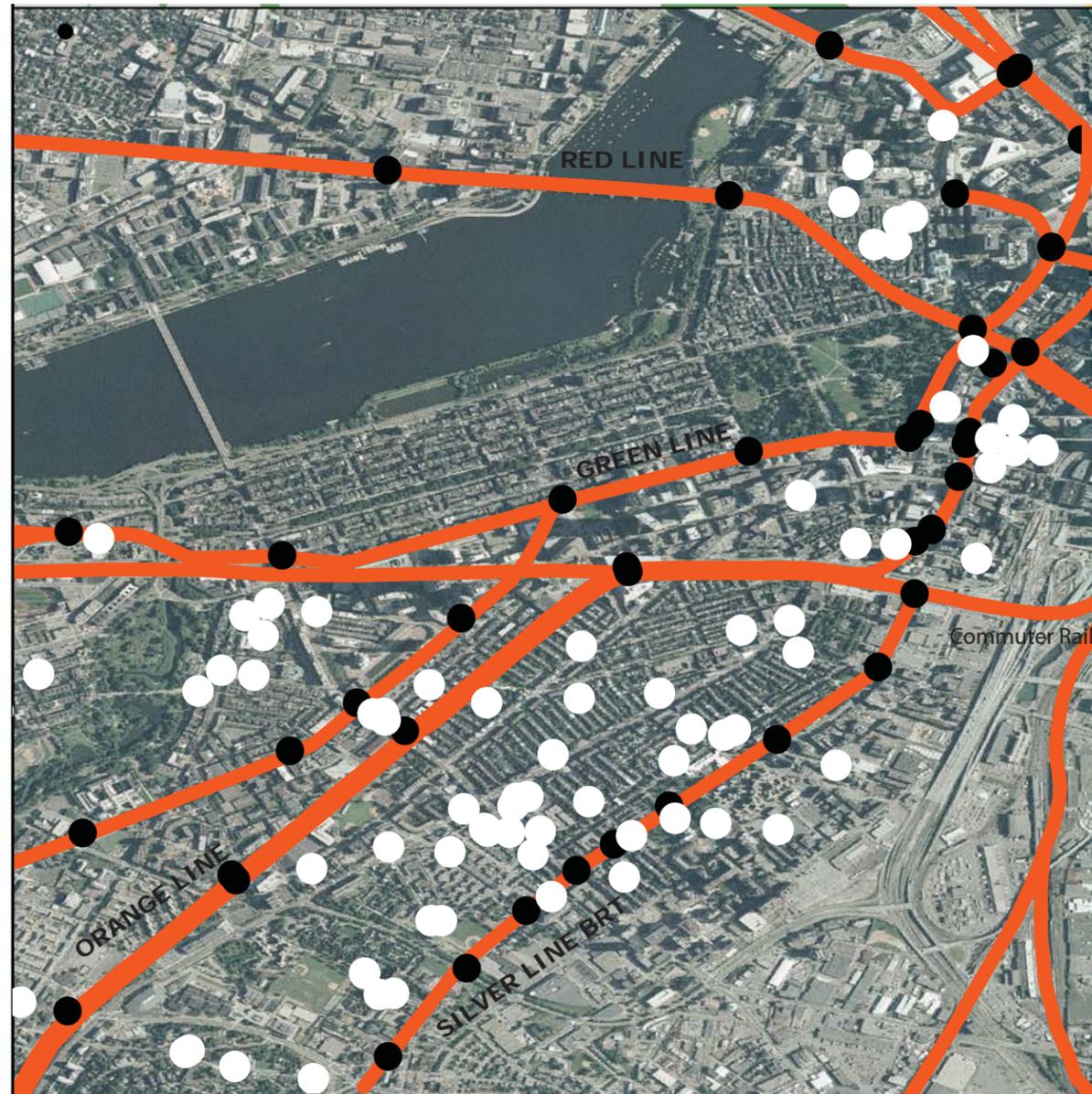
More than 18,000 federally assisted affordable homes are located within half mile of frequent transit service in the Boston region. This represents 47% of all federally assisted homes in the region.

Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- Rail/BRT Line (Current + Proposed)
- Freeway/Highway
- Rail Half Mile Radius
- Urban Area



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Data Sources:
NTD Line Data
USDA Geospatial Data
National Housing Trust
Reconnecting America

Chicago Metro Area

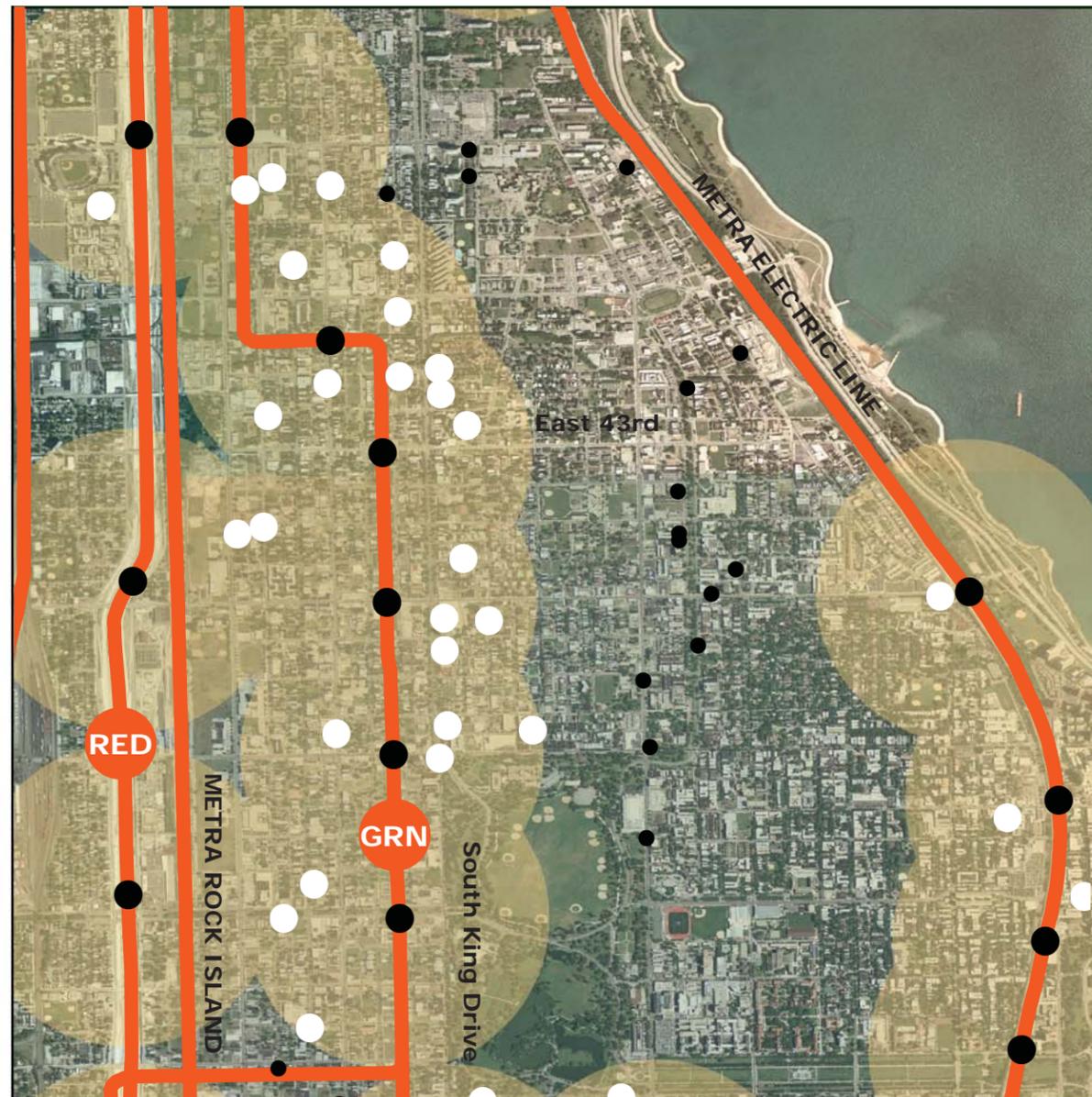
More than 22,500 federally assisted affordable homes are located within half mile of frequent transit service in the Chicago Region. This represents 52% of federally assisted homes in the region.

Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- 72 Rail Line Route
- Rail Line (Current + Proposed)
- Freeway/Highway
- Rail Half Mile Radius
- Urban Area



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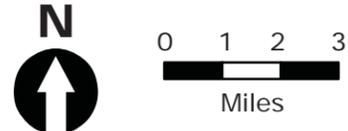
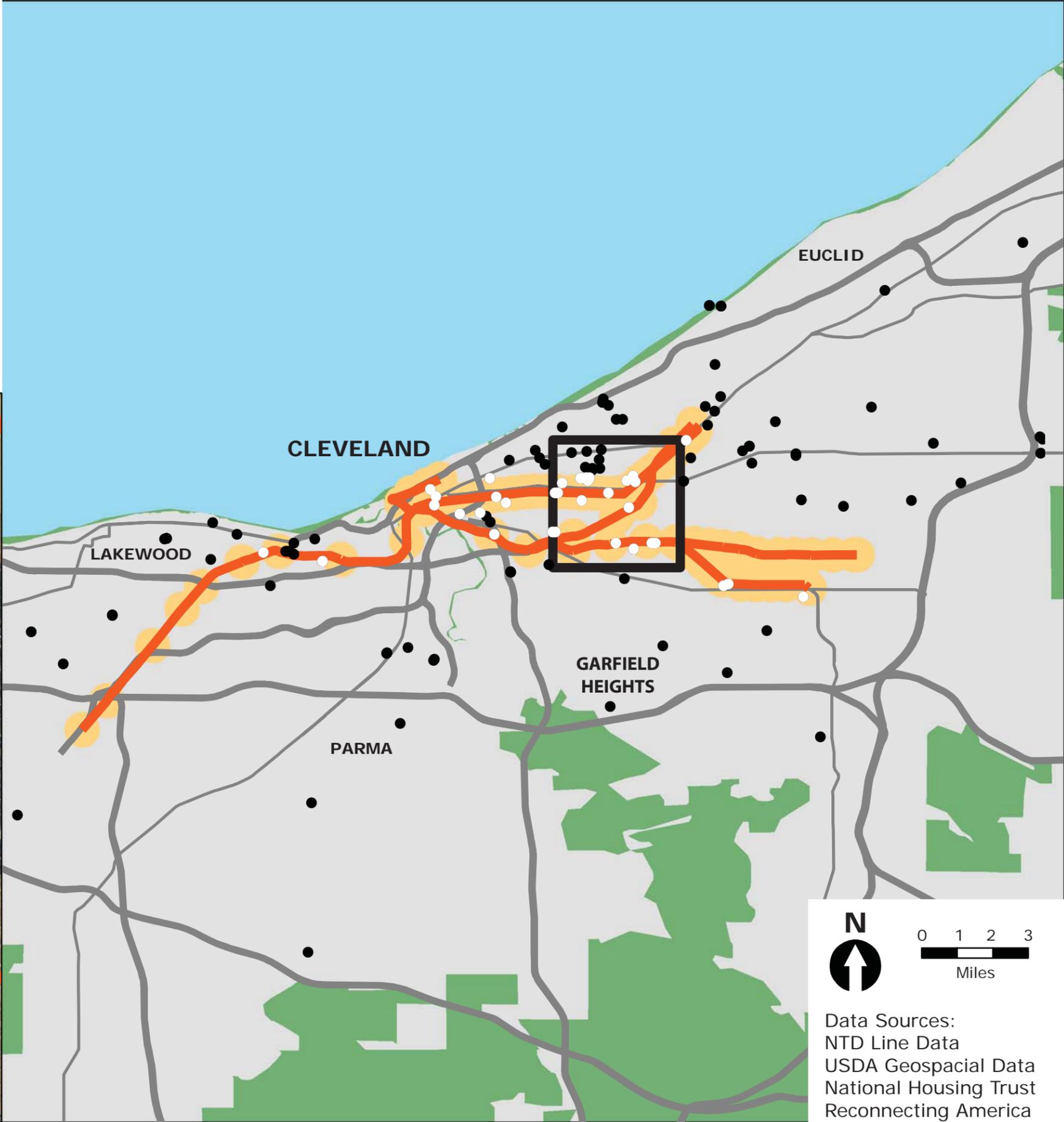
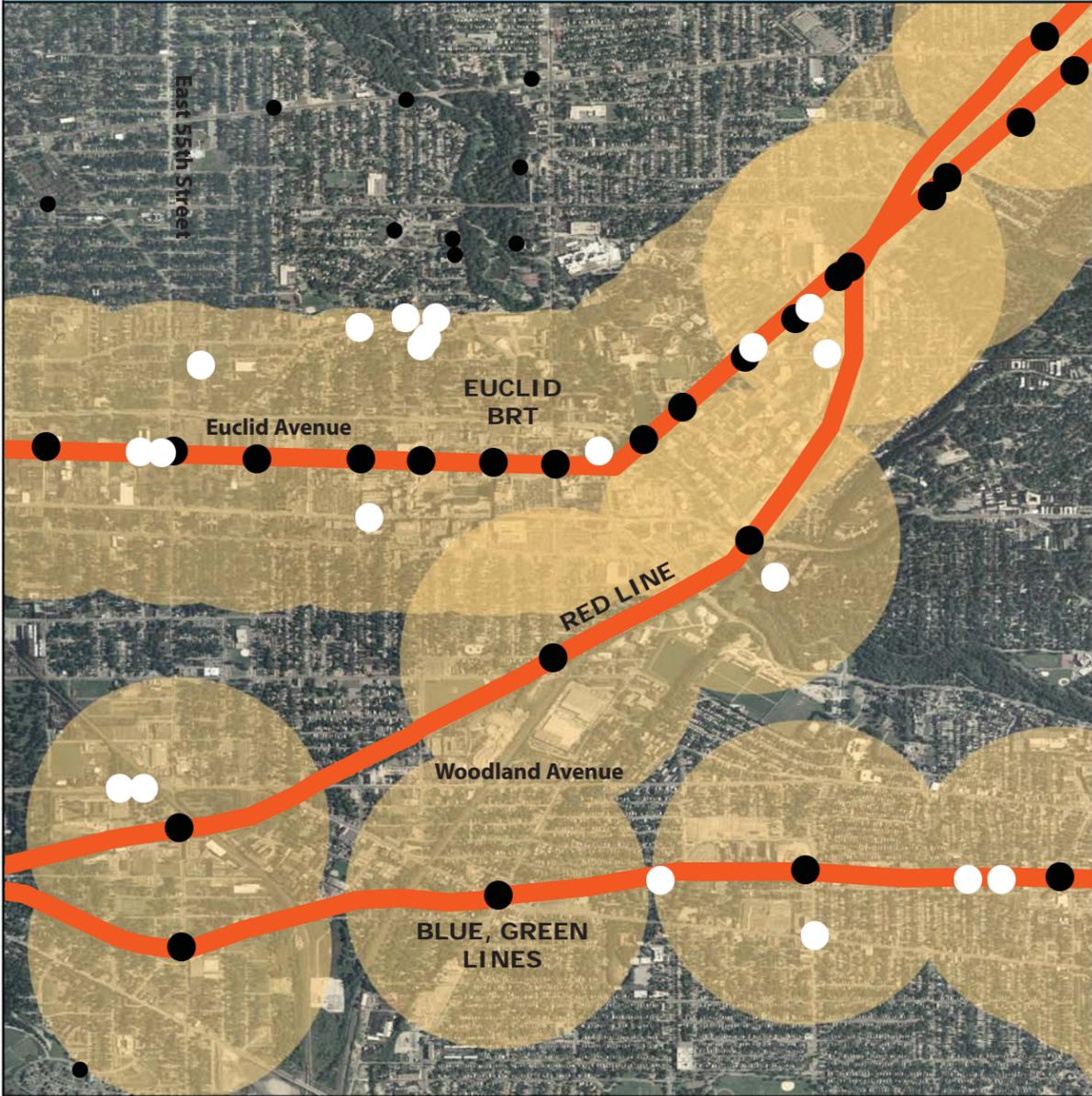
Data Sources:
NTD Line Data
USDA Geospatial Data
National Housing Trust
Reconnecting America

Cleveland Region

More than 2,200 federally assisted affordable homes are located within half mile of frequent transit service in the Cleveland region. This represents 14% of all federally assisted homes in the region.

Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- Transit Line (Current Rail + Under Construction BRT)
- Freeway/Highway
- Rail Half Mile Radius
- Urban Area



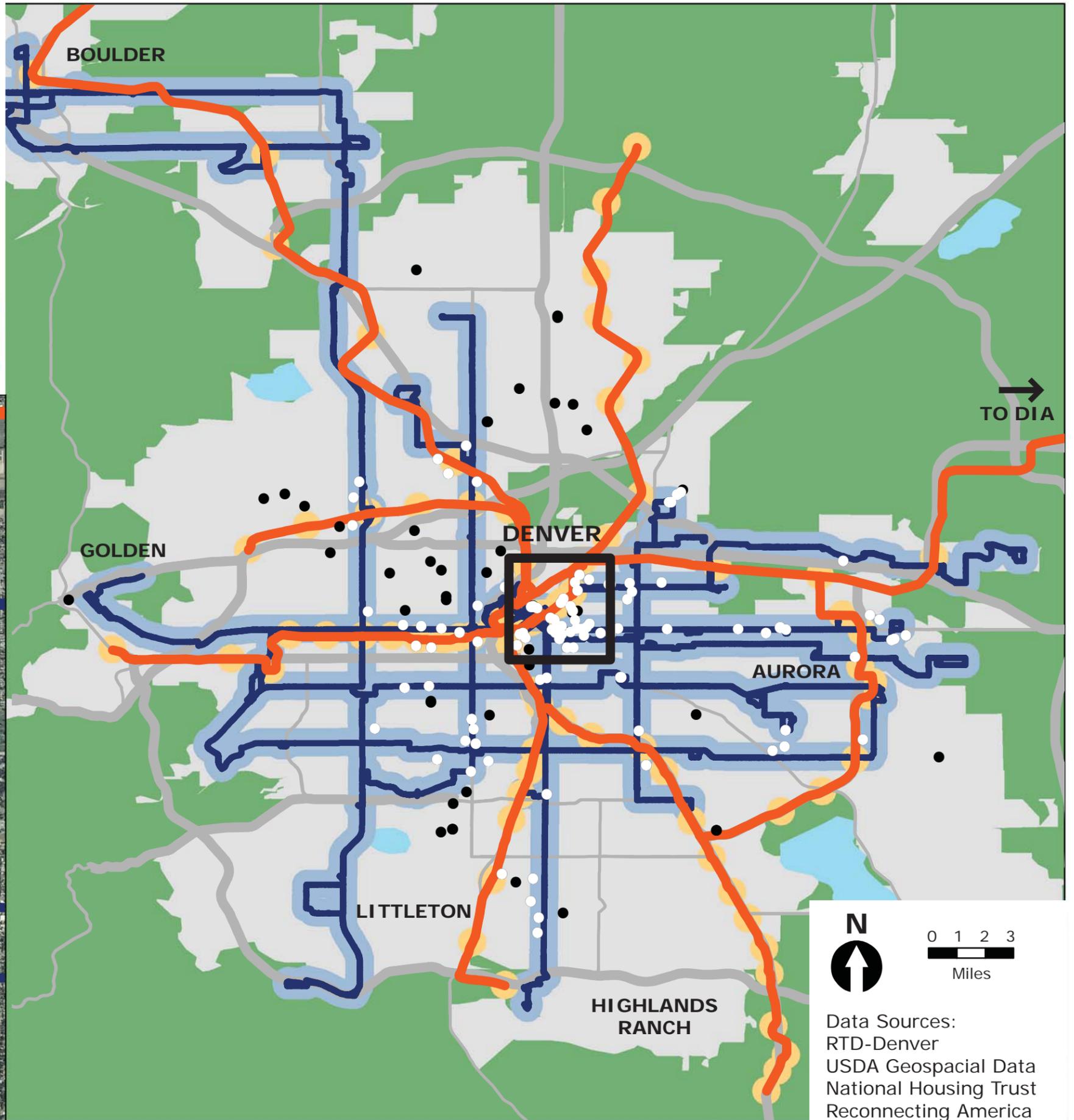
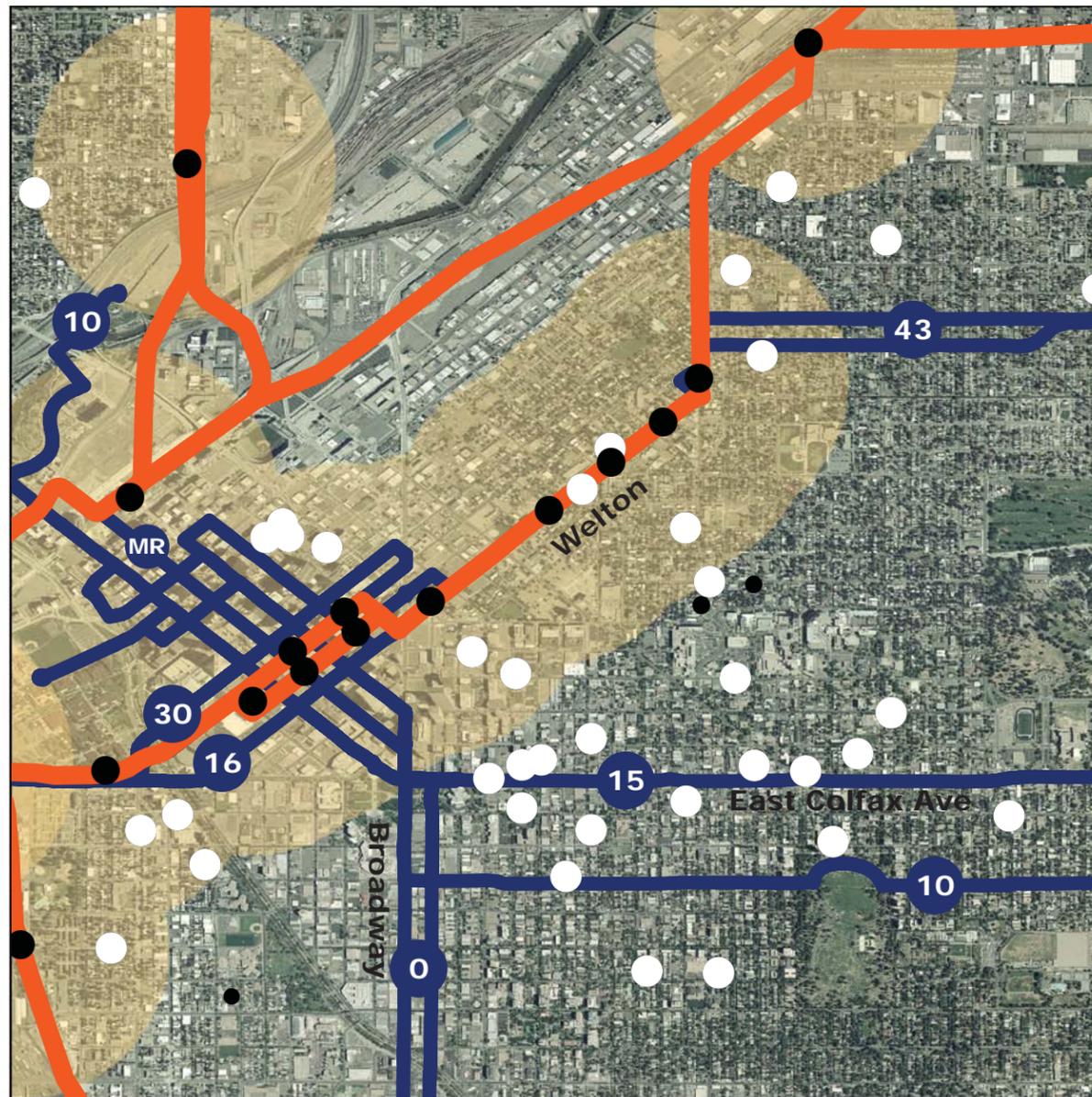
Data Sources:
 NTD Line Data
 USDA Geospatial Data
 National Housing Trust
 Reconnecting America

Denver Region

More than 7,200 federally assisted affordable homes are located within a half mile of frequent transit service in the Denver region. This represents 75% of all federally assisted homes.

Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- 72 Bus Route Number
- Frequent Service Bus Line (15 Minutes All Day)
- Rail Line (Current + Proposed)
- Freeway/Highway
- Bus Half Mile Catchment
- Rail Half Mile Radius
- Urban Area





 0 1 2 3

 Miles

 Data Sources:

 RTD-Denver

 USDA Geospatial Data

 National Housing Trust

 Reconnecting America

New York City Metro Area

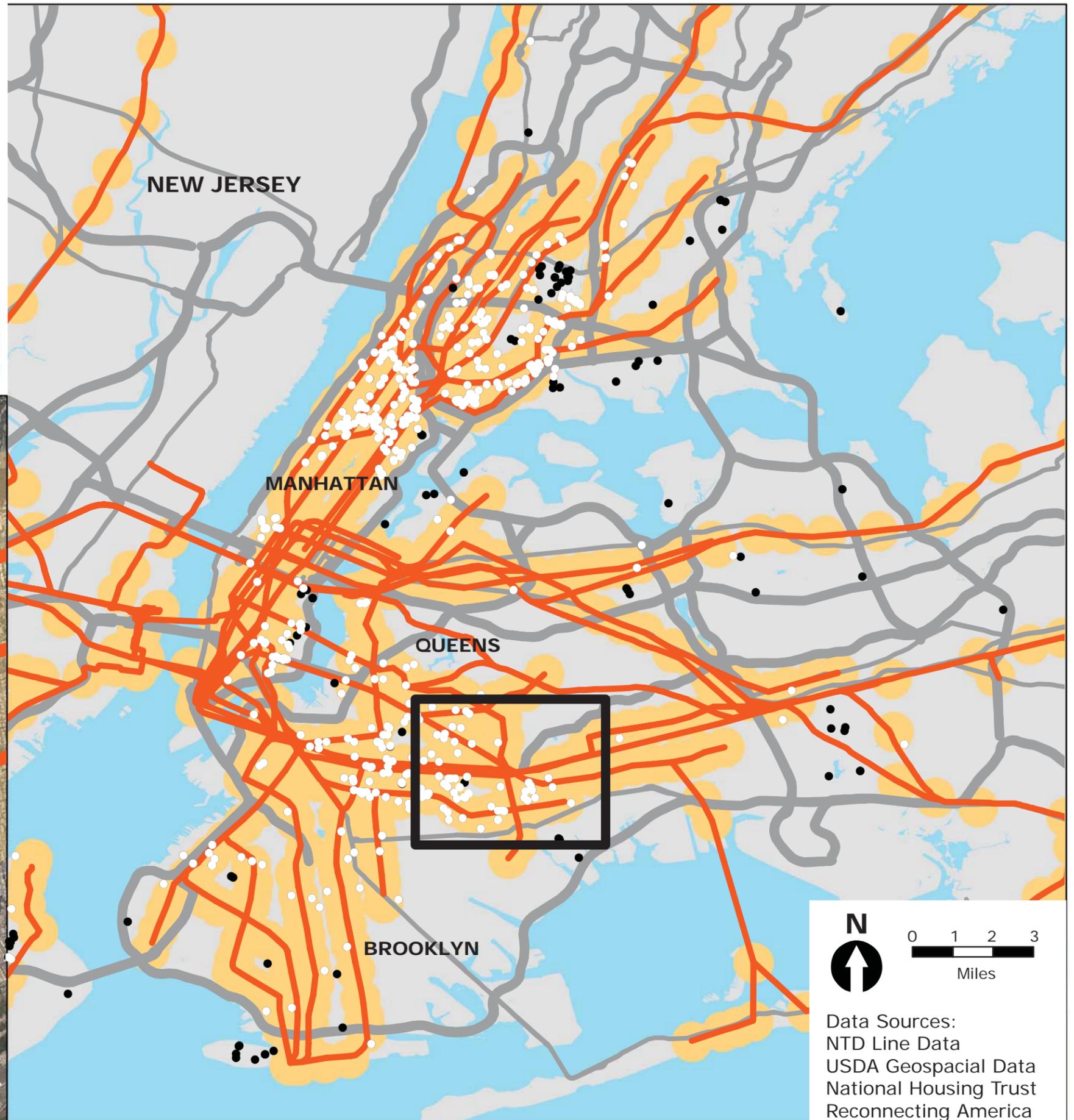
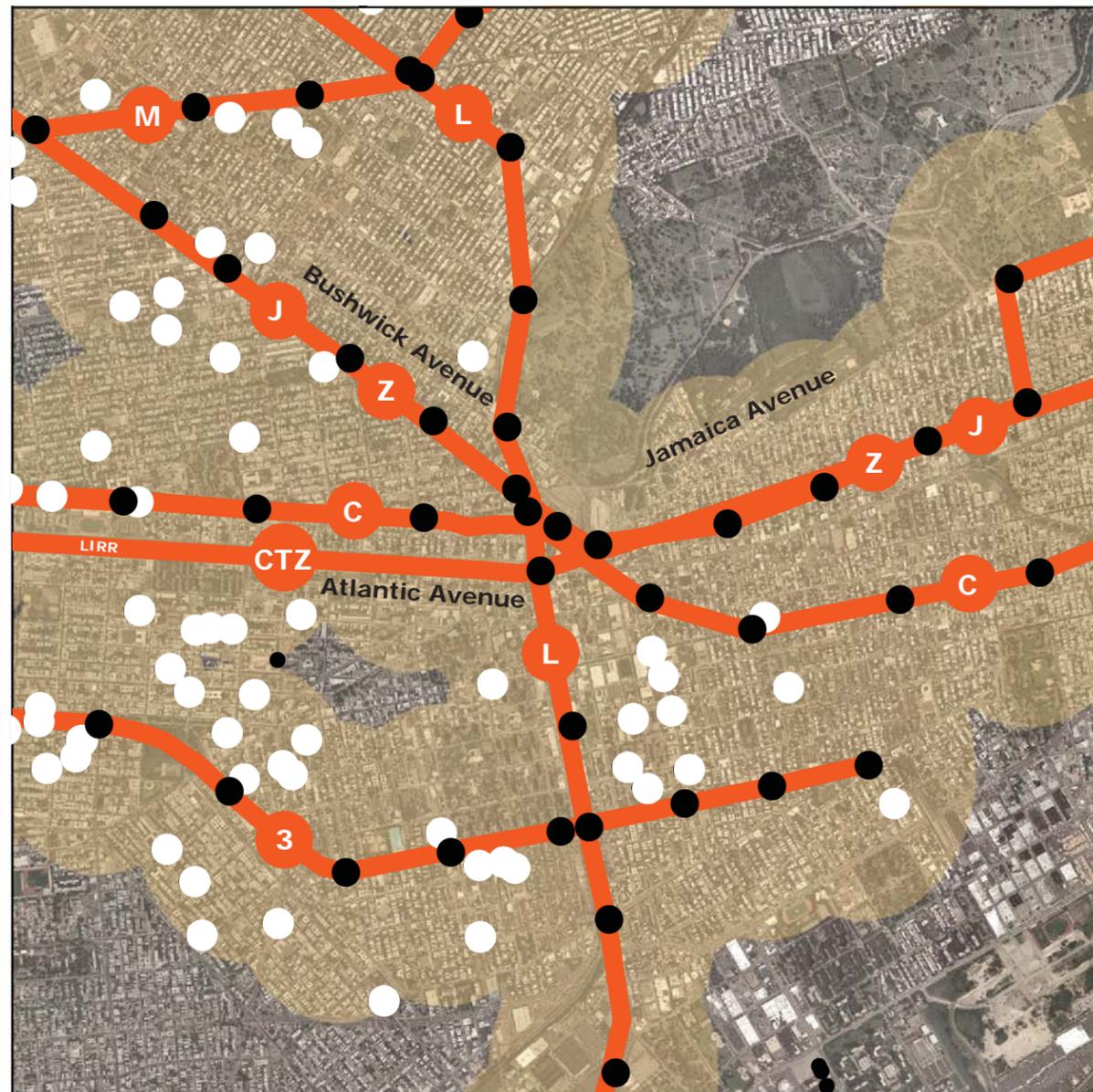
More than 54,000 federally assisted affordable homes are located within half mile of frequent transit service in New York City

Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- 72 Rail Line Route Number
- Rail Line (Current + Proposed)
- Freeway/Highway
- Rail Half Mile Radius
- Urban Area



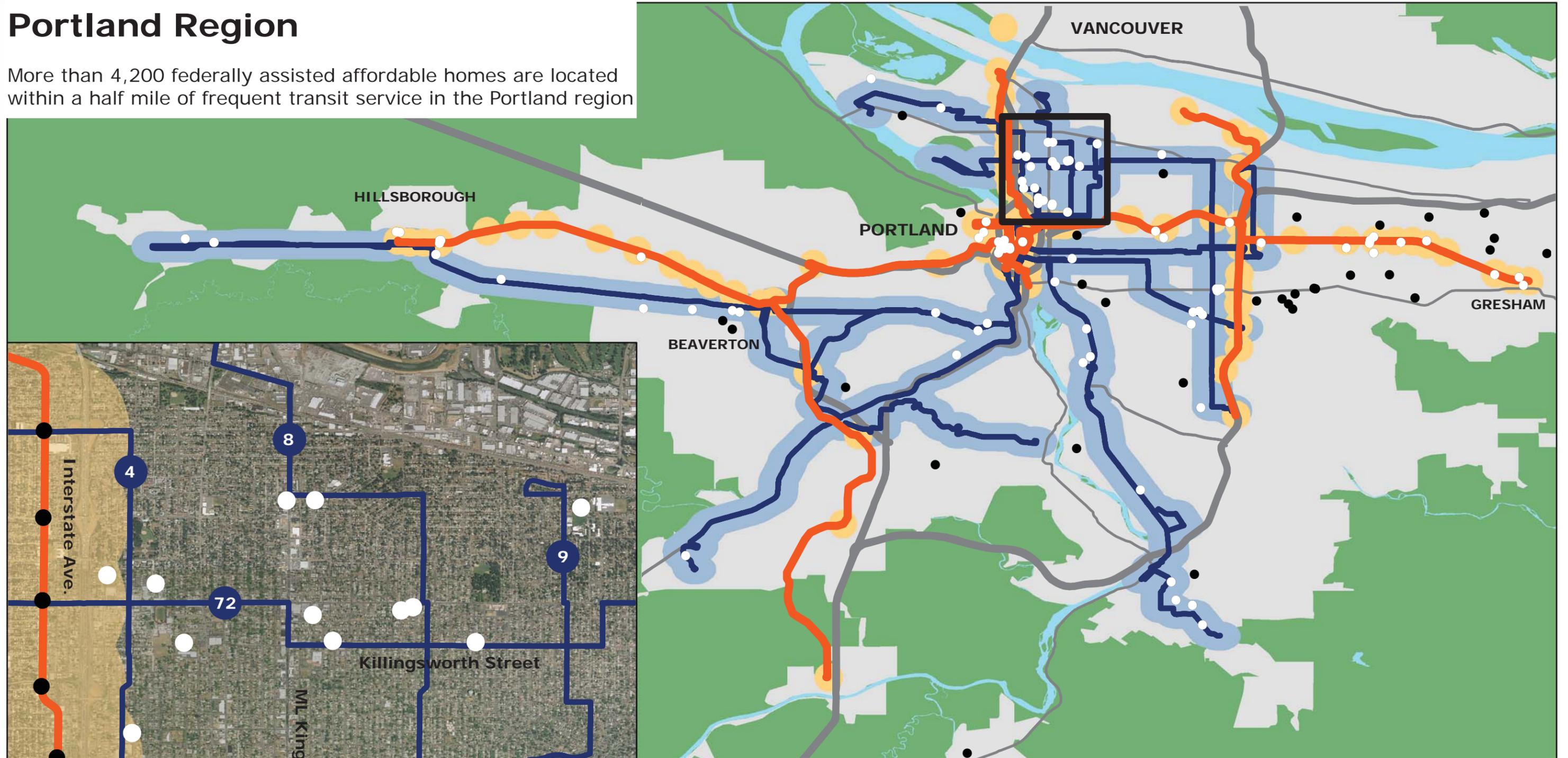
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Data Sources:
NTD Line Data
USDA Geospatial Data
National Housing Trust
Reconnecting America

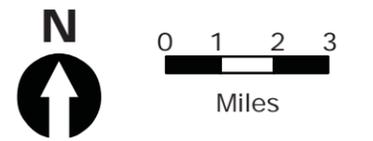
Portland Region

More than 4,200 federally assisted affordable homes are located within a half mile of frequent transit service in the Portland region



Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- 72 Bus Route Number
- Frequent Service Bus Line (15 Minutes All Day)
- Rail Line (Current + Under Construction)
- Freeway/Highway
- Bus Half Mile Catchment
- Rail Half Mile Radius
- Urban Area



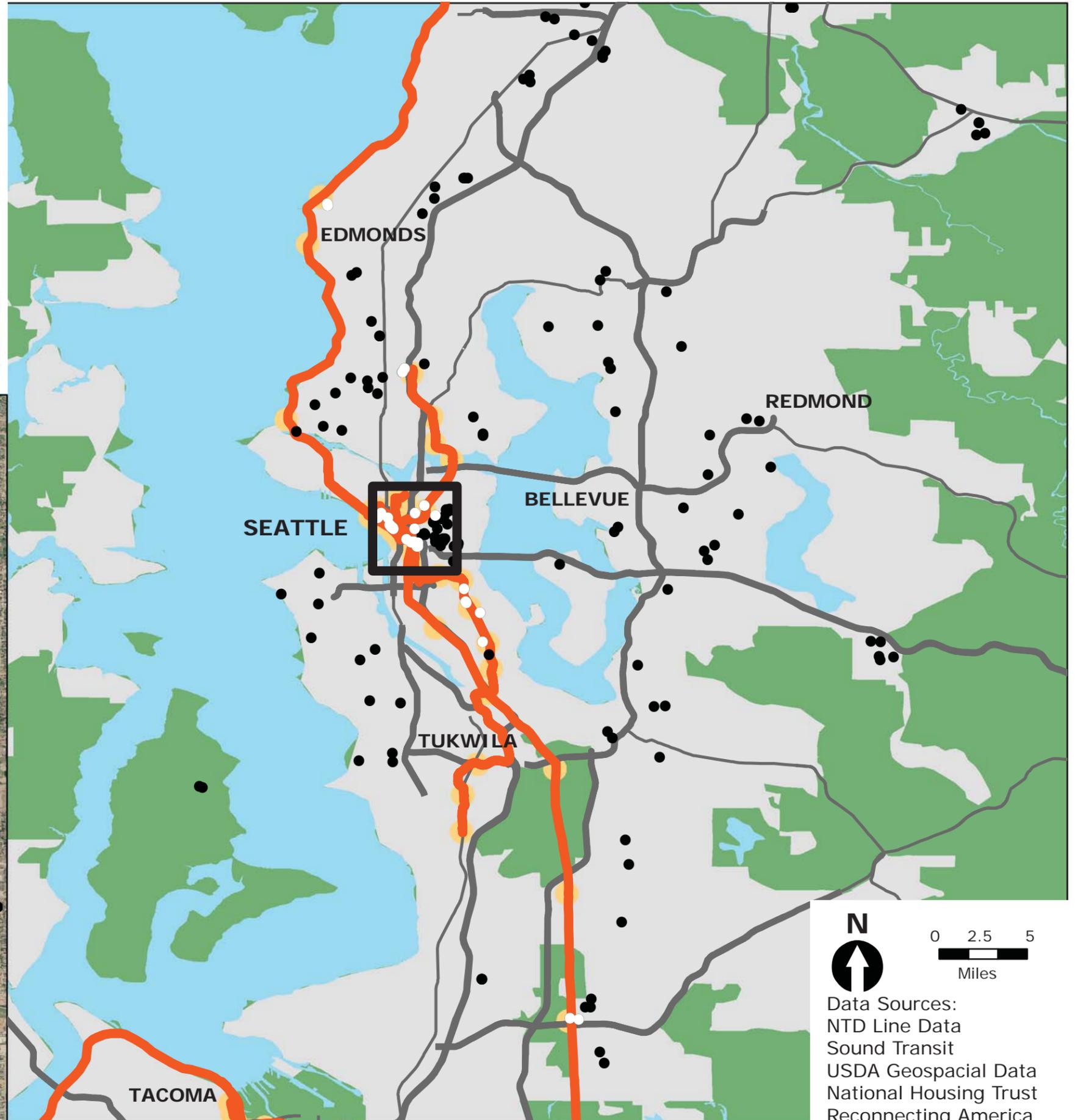
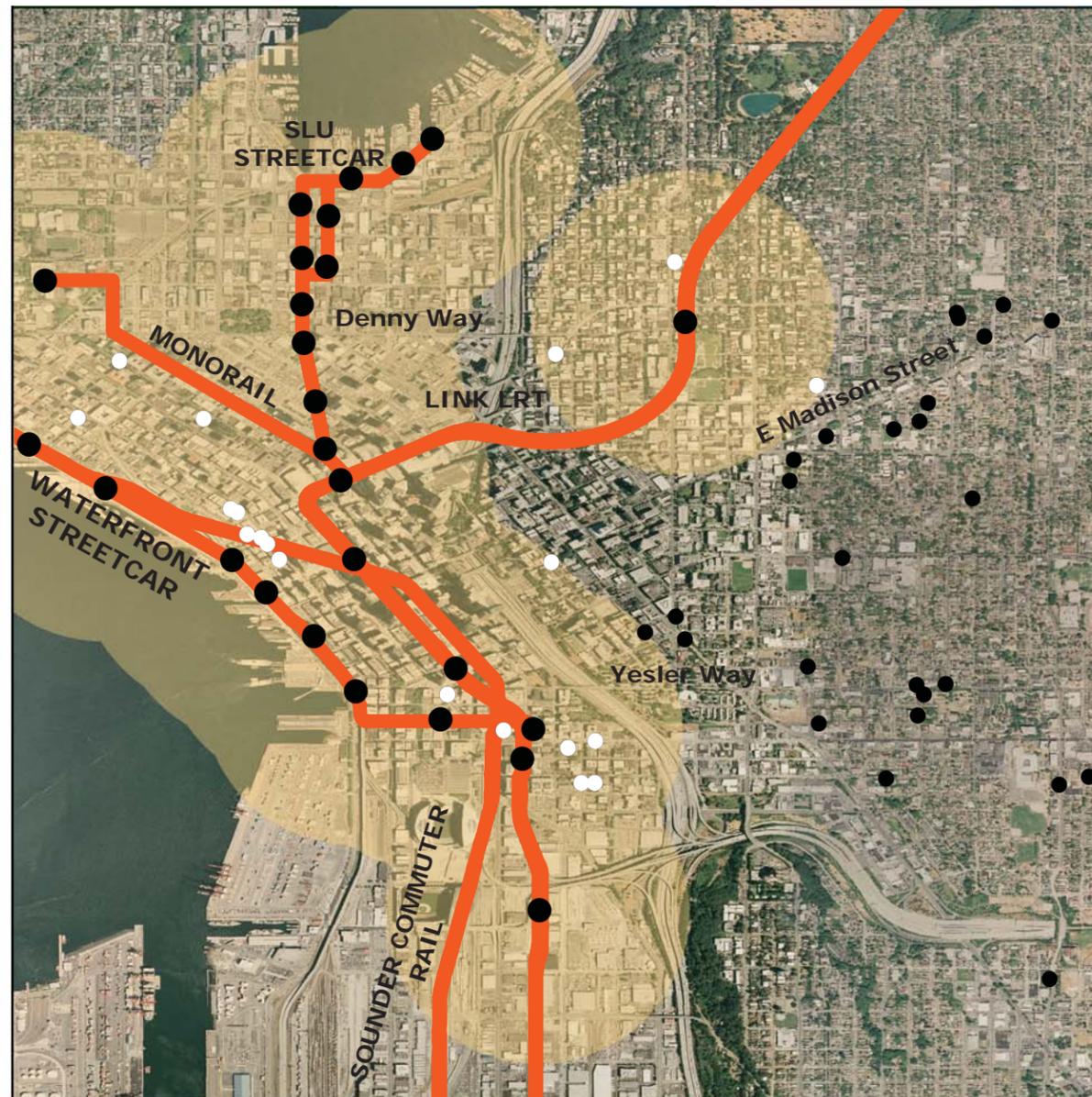
Data Sources:
Tri-Met
Metro RLIS
USDA Geospatial Data
National Housing Trust
Reconnecting America

Seattle Metro Area

More than 2,000 federally assisted affordable homes are located within half mile of fixed transit service in the Seattle Region. This represents 26% of federally assisted homes in the region.

Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- Rail Line (Current + Planned)
- Freeway/Highway
- Rail Half Mile Radius
- Urban Area





 0 2.5 5

 Miles

 Data Sources:

 NTD Line Data

 Sound Transit

 USDA Geospatial Data

 National Housing Trust

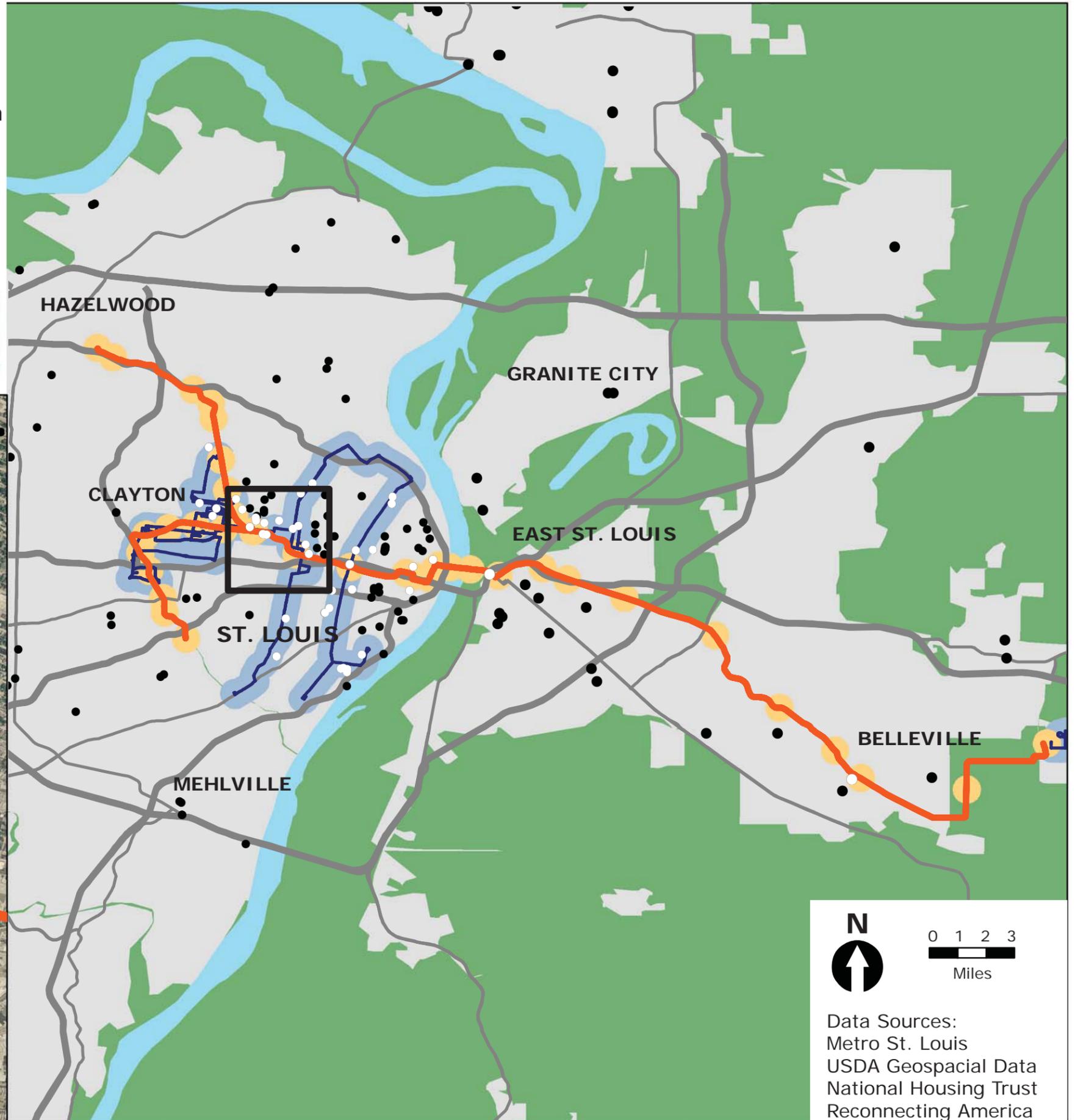
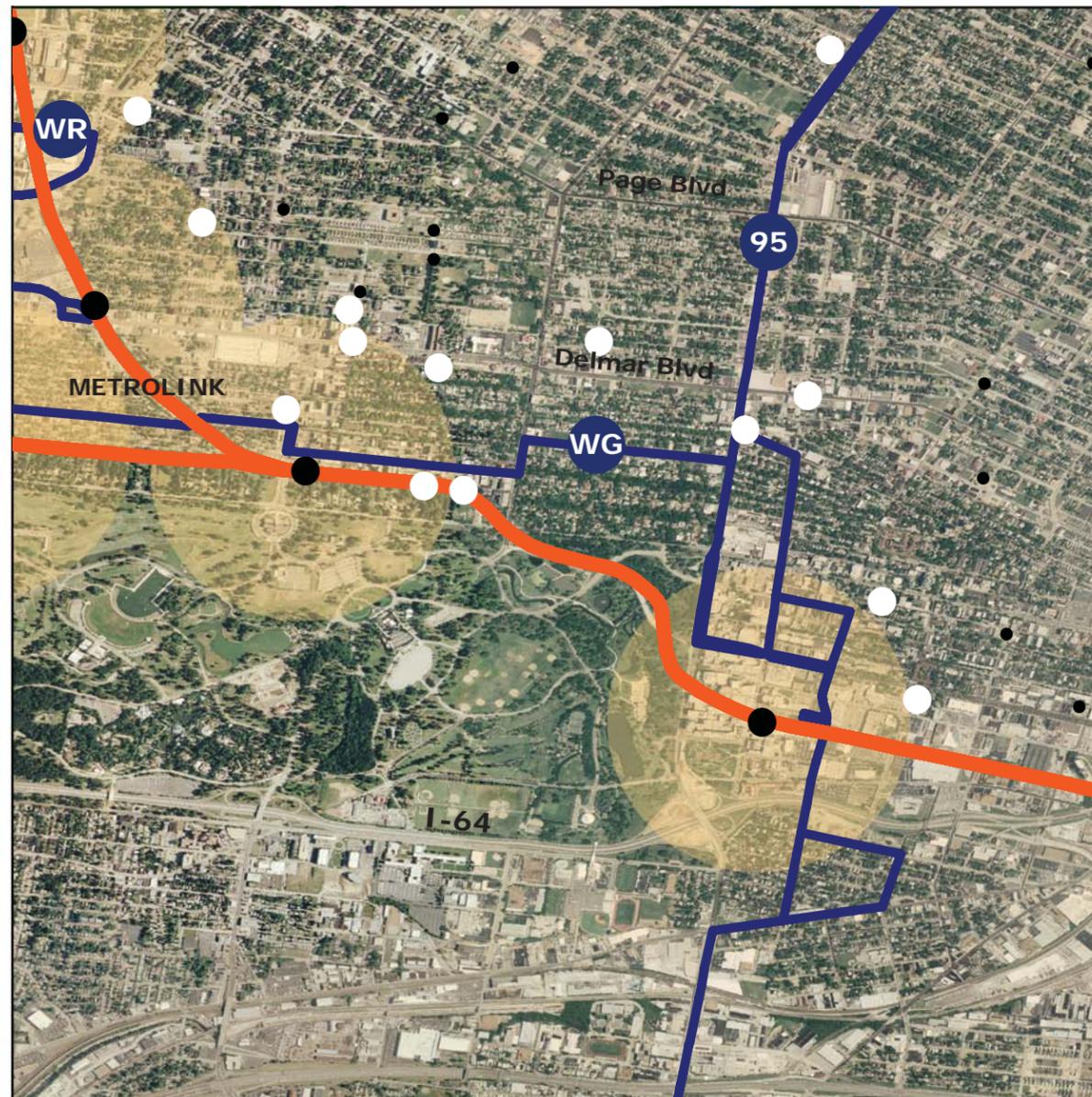
 Reconnecting America

St. Louis Region

More than 3,800 federally assisted affordable homes are located within a half mile of frequent transit service in the St. Louis region

Legend

- Federally Assisted Homes Within Half Mile of Transit
- Federally Assisted Homes Not Near Transit
- Rail Station
- 72 Bus Route Number
- Frequent Service Bus Line (15 Minutes Peak, 20 Midday)
- Rail Line
- Freeway/Highway
- Bus Half Mile Catchment
- Rail Half Mile Radius
- Urban Area





 0 1 2 3

 Miles

 Data Sources:

 Metro St. Louis

 USDA Geospatial Data

 National Housing Trust

 Reconnecting America