

Affordable, compact and well-located housing is critical to achieving the nation's transportation policy objectives

Nearly a decade into the 21st century, the United States has come a long way from the days in which our primary transportation need was to build a network of interstate highways to knit a far-flung country together. Certainly, the nation must continue to maintain and improve the existing infrastructure of roads, bridges, tunnels and public transit that help the nation get around. But a forward-looking national transportation policy for 2009 and beyond must also advance other core national values, including (among others):

- Increasing national energy security by reducing oil dependency
- Reducing greenhouse gas emissions and other pollutants while improving mobility
- Accommodating the expected population growth of some 100 million new people in an efficient, equitable and sustainable manner
- Promoting health, safety and quality of life throughout America
- Ensuring that everyone has access to affordable, efficient and convenient transportation options¹

Extending the goals of U.S. transportation policy to encompass these and other core societal values is key to helping the nation maximize the return on its multi-billion dollar investment in transportation infrastructure. Indeed, without this clarification of purpose, the nation's transportation investments could well operate at cross purposes with these objectives – for example, supporting a never-ending series of new highways in remote locations that diminish, rather than advance, the objectives of energy security and greenhouse gas reduction.

The role that affordable, compact and well-located housing plays in implementing the goals of transportation reform

There is much that can and should be done at the local, state and national levels to advance these 21st Century transportation objectives by prioritizing transportation investments that effectively maintain the current system and increase transportation choice by expanding public transit and facilitating walking and bicycling. But even greater progress could be made by marrying these investments with complementary policy changes that reinforce the core objectives of transportation reform – particularly policies that improve the coordination of transportation, land use and housing policy.

For example, while increased investments in public transit would certainly advance energy security and greenhouse gas reduction objectives, even greater progress would be made if these

¹ Adapted from “Platform for the National Transportation Program Authorization,” 2009, developed by Transportation for America, a broad-based coalition working to strengthen the nation's transportation system.

investments were accompanied by *an overall increase in the compactness of residential development in urban, suburban and rural areas*. More compact residential development would generate additional riders to help make public transportation more economically feasible and attract retail and other uses that would allow individuals to meet more of their transportation needs by walking or riding a bike.

Mobility and access could both be further improved by *focusing efforts to preserve and expand compact residential development on locations near public transit stops and essential destinations such as employment and retail centers*. This would help to advance the nation's transportation objectives by reducing the number of vehicle-miles individuals need to travel each day. Other policies that advance the same objective include ensuring that neighborhood streets allow for safe bicycling and walking and that future public transportation investments are well coordinated with planned residential development.

The third component is to ensure that new and existing housing opportunities that are close to public transit, job centers, and other essential services are *affordable to families with a wide range of incomes*. When housing located near public transit stops and employment centers is too expensive for families to afford, they have little choice but to move farther away. While such moves may well decrease families' housing costs (or allow them to afford a bigger home), they also increase families' transportation costs, as well as energy usage, greenhouse gas emissions, traffic congestion, commute times and the burden on our transportation system. While concentrations of poverty are clearly undesirable, the opposite extreme – transit-oriented development geared only to the high-end of the market – is equally untenable. Not only would this be inequitable, but it would also contribute to sprawl and other unsustainable development patterns. The sensible middle-ground is to ensure that housing opportunities near public transit, job centers and other essential destinations provide housing options affordable to families at all income levels.

In short, implementation of these three complementary policy changes – (1) more compact residential development, (2) improved mobility and access by situating housing near employment centers, public transit and other essential services, and (3) the preservation and creation of housing affordable to households with a mix of incomes within walkable neighborhoods with good transportation access – would take a tremendous burden off of the nation's transportation system while also contributing to energy security, greenhouse gas reduction, and quality of life objectives.

Federal transportation policy can provide powerful incentives and tools for achieving these complementary housing and land use objectives

Implementation of these complementary housing and land use objectives would serve core national transportation objectives. But what can the transportation system do to help influence these housing and land use patterns that are critical to improving mobility and access and fostering sustainable communities?

The short answer is quite a bit. The allocation of federal transportation funding to states, metropolitan regions and localities provides the federal government with a powerful opportunity to *create incentives for the adoption of complementary policies* as a condition for receiving (or in order to receive higher priority for) federal transportation funds. Imagine, for example, if the

federal government gave priority in awarding funding for new public transit investments to communities that provided expanded housing opportunities affordable to families with a mix of incomes near planned transit stops. Such a policy would create strong incentives for local communities to take these steps at little or no cost to the federal government. Localities already have a number of tools at their disposal that help them capture a portion of the increased land value created by more compact development to cover the costs involved in providing housing opportunities for families with a mix of incomes.

Increasing the flexibility available to local communities to use public transportation funds in service of the newly clarified policy objectives could also help achieve housing that is more compact, better located and affordable to families with a mix of incomes. For example, an investment in a mixed-income residential development near a public transit stop may do more to reduce vehicle-miles-traveled, traffic congestion and commute times than highway or transit expansion. If such an investment could achieve transportation objectives more efficiently than other investments, and if a locality wishes to make that investment, why not allow a small portion of transportation funds to be spent in this way?

This concept is sometimes referred to as “solution neutrality” – specifying clearly the desired outcomes but letting localities determine best how to use federal transportation funding to achieve them. In the San Francisco Bay Area, the Metropolitan Transportation Commission (MTC) has several funding programs that support "solution neutrality" using a combination of federal, state and local funds.² For example, the Transportation for Livable Communities program uses Federal and local funding to invest in pedestrian, bicycle and transit access projects that support more dense land use patterns. The Housing Incentive Program creates infrastructure funding incentives for local governments to approve housing developments. And the regional Transit-Oriented Development Policy conditions capital funding for transit expansion projects on corridor-wide housing capacity thresholds that provide incentives for local jurisdictions to provide affordable housing. Metropolitan Planning Organizations in other communities, such as Portland, Oregon, and Minneapolis-St. Paul, Minnesota, also invest directly in supporting livable community strategies, such as transit-oriented development and station-area planning. Such programs could be substantially expanded and enhanced to achieve priority transportation policy objectives if communities had greater flexibility to use federal transportation dollars in this manner.

A third potential policy lever is the long-term planning process. There is a long history of regional planning tied to receipt of federal transportation funds. To ensure achievement of the housing and land use goals described above – as well as a more effective transportation system – it would be desirable to *expand this planning process to also include land use and affordable housing planning*. Synchronizing transportation, land use and affordable housing planning will

² Several regions around the country – including the San Francisco Bay Area; Portland, Oregon; Minneapolis-St. Paul; and Dallas-Fort Worth – have created innovative programs to support the full range of accessibility and mobility solutions that create a high functioning transportation system using a combination of federal, state and local dollars. Each region has crafted a program that fits the unique needs of the local real estate market and economic climate and is aimed at achieving a cohesive regional vision for transportation and land use. However, these efforts have been limited by restrictions on the use of federal transportation dollars. As regions seek to improve connections between transportation and land use to create more livable communities, federal funding should encourage these innovative local solutions rather than restrict them.

be no easy task, but it is clearly in the interests of sound transportation policy and is worth working toward given the fundamental importance of coordinating these related policies.

Looking ahead

As Congress considers legislation to renew the federal surface transportation program, it should focus on reforms that will ensure that federal funds are spent efficiently and strategically to advance the nation's 21st Century transportation objectives. As demonstrated above, the use of federal funds to incent the improved coordination of transportation, housing and land use policy would contribute significantly to the achievement of these objectives. Similarly, Congress should focus on increasing the affordable transportation and housing choices for households at a range of incomes living in urban, suburban and rural communities.

The following specific policies would help advance these goals:

1. Restructure the allocation process for distributing federal transportation and infrastructure funding to improve the coordination of transportation investments with complementary housing and land use policies.

- Create tangible financial incentives for recipients of federal transportation funding to preserve and expand the availability of housing affordable to families with a range of incomes near public transit stops, job centers and other essential destinations.

One approach would be to establish, as part of a set of national transportation objectives, an objective related to reducing the combined costs of housing and transportation. Under this approach, communities would be awarded additional funding for achieving this and other core transportation policy objectives.

- Prioritize transportation investments that improve the connectivity of our transportation system and ensure that low- and moderate-income families, seniors and others have good, affordable transportation access to essential destinations.
- Target transportation investments to support convenient, complete and inclusive communities with a mix of housing types and incomes, where necessities and amenities are close by, and people can walk, bike, ride transit and drive to get around.
- Provide direct incentives and support for creation of transit-oriented development districts around corridor transit stations, with bonuses given for preservation and creation of mixed-income housing.
- Establish national minimum guidelines for coordinating state and metropolitan transportation planning with other planning processes to ensure integration of housing, land use and transportation activities resulting in more compact, mixed income communities that are well served by transit.

2. Ensure that low- and moderate-income families have access to housing near transportation options

- In awarding funds for new transit capacity, prioritize applications that demonstrate local or regional measures are in place to preserve and expand the availability of housing in the proposed corridor that is permanently affordable to low- and moderate-income families within a mixed-income context.
- Monitor the cost burdens of direct transportation user fees – including transit fares, toll road tolls, and congestion pricing systems – on low- and moderate-income families to ensure such fee systems are affordable and equitable. When appropriate, require use of toll receipts to fund cross-modal investments to improve equity.
- Increase local flexibility and self-determination by removing barriers to the use of federal transportation funds for investments in land use and local infrastructure that advance core transportation objectives as well or better than alternative investments.