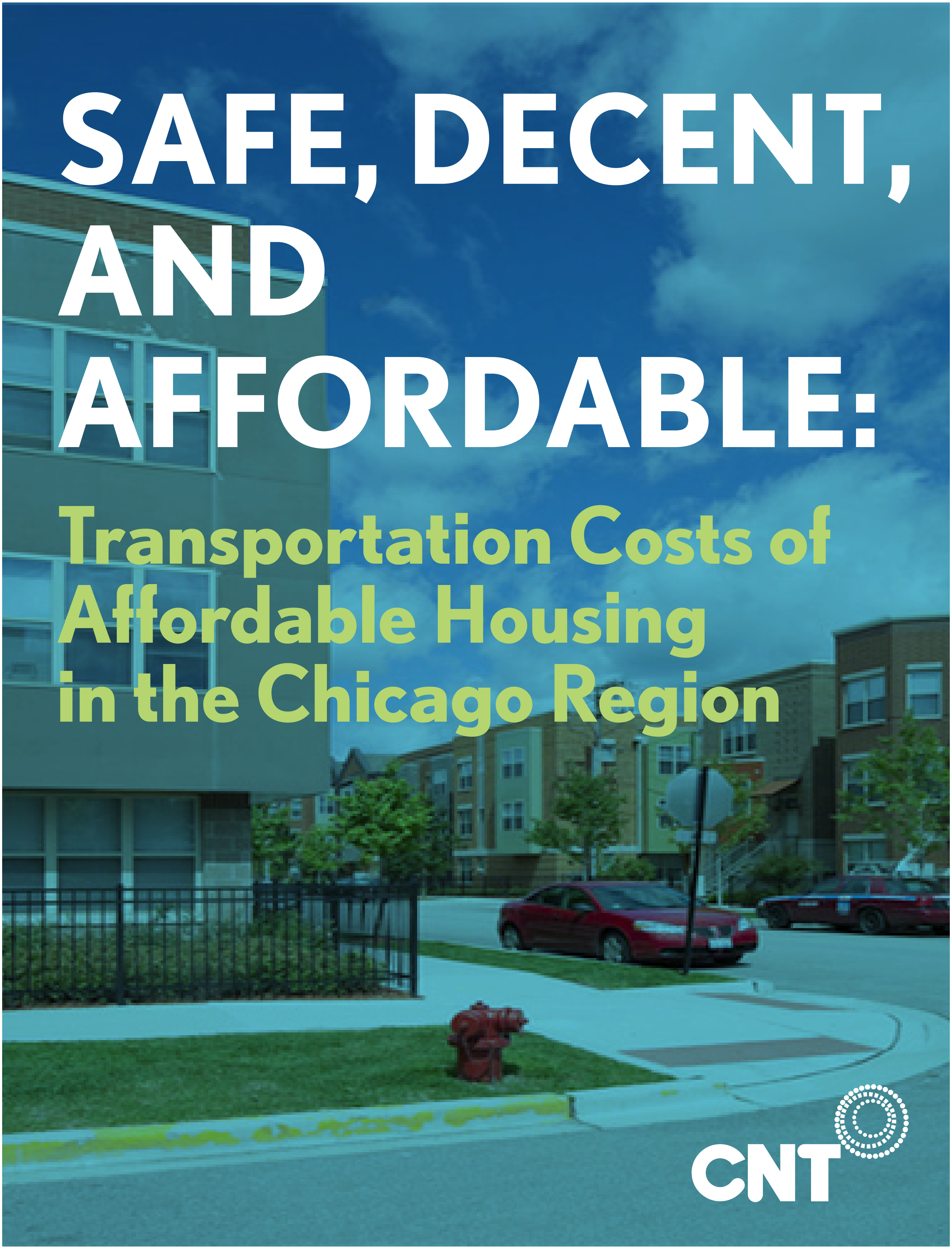
SAFE, DECENT, AND AFFORDABLE:

Transportation Costs of Affordable Housing in the Chicago Region



CNT

Cover Letter

Safe, decent, and affordable. The phrase has roots in the Depression era, when delivering a proper roof and basic sanitation to millions of Americans living in tents, shacks, and slums was an urgent matter of public health and safety. Faced again with a nationwide housing crisis, these words remain the mantra of affordable housing advocates and providers across the country. But as housing conditions have improved over the intervening decades, the words have come to embody a much larger set of expectations and aspirations.

In particular, experience has taught us that safe, decent, and affordable housing is inextricably linked to a more famous three-word mantra: location, location, location. The role that a neighborhood plays in making housing safe and decent is easy enough to grasp. A shiny apartment complex in a crime-ridden, blighted neighborhood is not a safe place to live. A new townhome in an isolated area with poor schools and few job opportunities is not a decent place to live.

Less intuitive is the fact that location can undermine affordability itself. In low-density neighborhoods that require residents to drive for groceries, work, and other necessities, transportation can cost nearly as much as owning or renting a home. Across America, transportation spending averages about 18 percent of household income, placing it second only to housing among all items in the household budget. For nearly a decade, the Center for Neighborhood Technology (CNT) has studied how these costs vary by location depending on neighborhood characteristics, ultimately creating the Housing + Transportation (H+T®) Affordability Index to make them transparent.

In the wake of a foreclosure crisis and housing market collapse where gas price spikes accompanied increased foreclosure activity in deceptively expensive “drive ‘til you qualify” communities in the Chicago area, the importance of the relationship between affordability and housing location has come into sharp focus. A number of states and regions are developing policies to link housing and transportation options, but this report represents the first in-depth analysis of the transportation costs and location efficiency associated with affordable housing developments. Only by understanding the full impact of location on low-income residents’ quality of life and household costs can we provide safe and decent housing that is truly affordable.

Scott Bernstein
President

Kathryn Tholin
CEO

Safe, Decent, and Affordable: The Transportation Costs of Affordable Housing in the Chicago Region

PREPARED BY
THE CENTER FOR NEIGHBORHOOD TECHNOLOGY

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COVER: LEGENDS SOUTH 2009 Photo by David Schalliol

Contents

Reining In the Combined Cost of Housing and Transportation

For 337 US metropolitan areas, the Center for Neighborhood Technology's Housing + Transportation (H+T®) Affordability Index has demonstrated that the cost of transportation is largely determined by the efficiency of a location. Low transportation cost, location-efficient neighborhoods are compact, mixed-use, transit-rich places, with homes located near shopping, schools, and jobs. In these neighborhoods, public transportation is an attractive option and streets are designed with pedestrians in mind, with smaller blocks, stores, and community destinations located within walking distance. In contrast, less efficient communities feature lower residential densities and homes that are separated from commercial and institutional uses. Most households in these communities own multiple cars and must drive longer distances to complete daily routines, adding substantially to their transportation expenditures. Comprehensive analysis of H+T Index data has shown that location efficiency can be as significant as housing cost in determining overall affordability, often making more location-efficient neighborhoods less expensive than relatively inefficient areas despite higher housing costs.

Because high transportation costs are especially burdensome for low-income households, CNT's research has special implications for affordable housing policy. Although residents of income-restricted housing are spared the burden of excessive housing costs, they may still face a transportation cost burden that limits their ability to pay for nutritious food, medical needs, and other necessities. To account for the impact transportation costs have on affordability, CNT suggests that the traditional measure of housing affordability as 30 percent or less of income be revised to include transportation costs, with the combined cost of housing and transportation consuming no more than 45 percent of income.

CNT applied the H+T Index to 248 multifamily properties financed by the Illinois Housing Development Authority (IHDA) from 2001–2008 in the Chicago region, defined in IHDA's Qualified Action Plan as Cook, DuPage, Kane, Lake, McHenry, and Will Counties. The study reveals the average transportation costs in these locations and measures the degree to which residents enjoyed access to local amenities, regional jobs, public transit, and other opportunities—all major factors in the affordability equation. Illinois has been particularly aggressive in linking affordable housing to desirable community characteristics with policies and programs designed to coordinate state housing resources, promote smart growth, and enhance livability. The Illinois Housing Task Force, including more than a dozen state agencies, was formed to coordinate housing activities and policies and produce a statewide Comprehensive Housing Plan. Since the first plan was published in 2005, Illinois and IHDA have officially pursued a policy of connecting affordable housing to transportation and jobs. The time period chosen for this study allows for a "before" and "after" analysis to assess the impacts of the new policies. In 2010, Illinois went a step further, becoming the first state to legislatively establish housing and transportation affordability as a planning standard. IHDA has embraced the principle that "safe, decent, and affordable" encompasses "location, location, location," by prioritizing access to neighborhood amenities, jobs, and transit. This study gauges the effectiveness of Illinois's policy efforts since 2005, identifies areas for further improvement, and recommends specific measures that would more effectively encourage housing development in high quality locations with low transportation costs.

Key findings from CNT's analysis of IHDA's Chicago-area investments include the following:

- Residents of IHDA-financed developments live in neighborhoods with slightly lower average transportation costs than those of the typical regional household.
- Almost nine out of 10 (85 percent) of IHDA-financed units are within a half mile of a train station or a quarter mile of a bus route.
- For neighborhoods where IHDA financed a development, the average annual transportation cost for all households in neighborhoods with both bus and rail transit is $3,000 lower than the cost in communities with no access to transit.
- Average transportation costs in neighborhoods with developments financed by IHDA from 2005—2008 were largely unchanged from average costs for neighborhoods with development financed between 2001 and 2004.
- The frequency of transit service dropped by 24 percent for IHDA developments financed between 2001—2004 and 2005—2008.
- Despite IHDA's commitment to connecting housing and jobs, few development proposals have been funded in high-employment areas. This is partly a function of the fact that suburban Cook County communities near job centers have not contributed their fair share of affordable housing, particularly for families.
- IHDA's preference for developments with access to local amenities is ineffective in distinguishing quality locations because of the large radius within which amenities may be located and the wide array of amenities that receive points.

Affordable Housing and Changing Demographics in the Chicago Region

Affordable housing in the Chicago metropolitan area is undergoing a transformation as the region grows and diversifies, public housing is redeveloped, city neighborhoods gentrify, and the population ages. Like many metropolitan areas, Chicago has experienced tremendous growth on its periphery in recent years. With nearly half a million new residents since 2000, the collar counties are now home to more than three million people—more than one-third of the regional population. These new residents are changing the face of suburbia, making it more economically and ethnically diverse. According to the 2010 Census, nearly 30 percent of Kane County residents, 20 percent of Lake County residents, and 15 percent of Will County residents identify as Hispanic. More than 40 percent of the region's poor now reside outside of Chicago, up from just 24 percent in 1980. And as people moved outward, jobs followed. Even though the region added 114,124 jobs between 1998 and 2006, the Brookings Institution found that the number of jobs within 10 miles of the Loop actually declined in its publication *Who Sprawls Most?*

The movement of jobs away from the urban core and the aggressive development of farmland have led to residential subdivisions that are isolated from retail amenities, job centers, social services, and public transportation. These growth patterns have resulted in a jobs–housing–transportation imbalance that imposes huge costs on our economy and the quality of our lives. The price paid includes the loss of open space at twice the rate of population growth; the

SPRAWL IMPACTS HOUSEHOLD AFFORDABILITY
High housing costs pushed many moderate income households into exurban communities, where it is impossible to walk to transit, school, or the corner store.
Photo by Scorpions and Centaurs

need to drive longer distances to work and stores, which further pollutes the air we breathe; and growing congestion, which takes time away from family and costs residents and businesses more than $7 billion a year. Its victims range from workers in Chicago neighborhoods like Roseland and Englewood who commute hours each day to jobs in the northwest suburbs to exurban homeowners who are driven into foreclosure by a combination of ill-advised mortgages, payments on an extra car, and the volatile cost of gasoline.

Ignoring demographic and development trends by discouraging affordable housing in growing parts of the region is neither practical nor desirable. Indeed, the lack of housing to accommodate new workers in communities with expanding job markets only exacerbates the problems described above. But IHDA and other regional stakeholders should strive to address emerging needs while prioritizing investments that take advantage of existing community assets and ensure residents affordable and convenient access to local jobs, amenities, and services.

An Uneven Distribution of IHDA-Financed Housing

Between 2001 and 2008, IHDA's board approved financing for the construction, rehabilitation, or preservation of almost 25,000 income-restricted units in 248 developments in the Chicago metropolitan region. These affordable units served both low-income families and low-income seniors and were spread throughout every county in the region, with 9,323 or almost 40 percent of all units located in the collar counties and 11,710 or 45 percent within the city of Chicago. Suburban Cook County, on the other hand, contributed a very small proportion of affordable housing (3,812 or 15 percent) relative to its share of regional population. When family housing developments are considered alone, suburban Cook's share fell to just eight percent, with only 1,157 units developed over eight years, mainly in the south suburbs where economic development has lagged the regional average.

CNT's analysis focuses on average transportation costs, public transportation service, and employment access in the neighborhoods surrounding 248 multifamily housing developments in the six-county Chicago metropolitan region. The developments represent all approved IHDA multifamily investments in the region between the years 2001 and 2008, excluding scattered-site properties. The transportation costs cited throughout this report date to the year 2000. Comparisons were made between the average transportation costs of the portfolio of housing developments approved by IHDA between 2001-2004 and those approved between 2005-2008 to see if policies adopted in 2005 had made a measurable difference in the average costs associated with each. Developments were included if any of their financing came from IHDA. Projects in the region without IHDA support are not included in the study.

The H+T Affordability Index attempts to answer the question: what would the cost difference be for a given household living in location A compared to location B? Thus, average transportation costs were calculated for the neighborhoods

MISSED OPPORTUNITY
Glenview is one of several towns in suburban Cook County that added high quality housing over the decade—without a single affordable unit financed by IHDA.

Photo by CNT

around IHDA developments and do not represent actual transportation costs borne by residents. For purposes of comparability, all costs in the H+T Index are modeled for the typical regional household in the nine county Metropolitan Statistical Area, defined by the US Census as Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, and Will Counties. The Chicago Primary Metropolitan Statistical Areas (PMSA) included 2.6 people and 1.3 workers in 2000. The Index also holds household income constant. Households of different sizes and incomes will naturally spend varying amounts on transportation, but holding these variables constant reveals how transportation costs are affected by neighborhood characteristics. CNT analyzed transportation costs in this study using the US Department of Housing and Urban Development (HUD) definition of moderate income households—those earning 80 percent of Area Median Income (AMI), which was $41,344 in 2000 in the Chicago PMSA. Low Income Housing Tax Credits (LIHTC) were designed to finance and deliver affordable units for low income households earning 60 percent of AMI. Although this analysis does not directly consider costs for those households, their transportation cost burden is likely to be even higher than the one identified in this report.

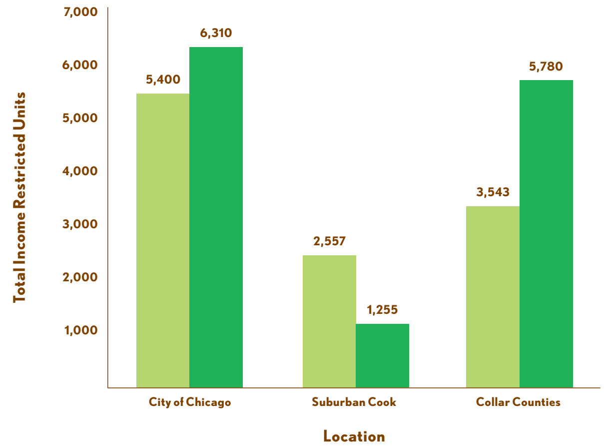


FIGURE 1
IHDA housing production, 2001–2004 and 2005–2008

- 2001–2004
- 2005–2008

Suburban Cook County contributed far less affordable housing than the rest of the region, even though it contains nearly a third of the population and jobs in the region.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*

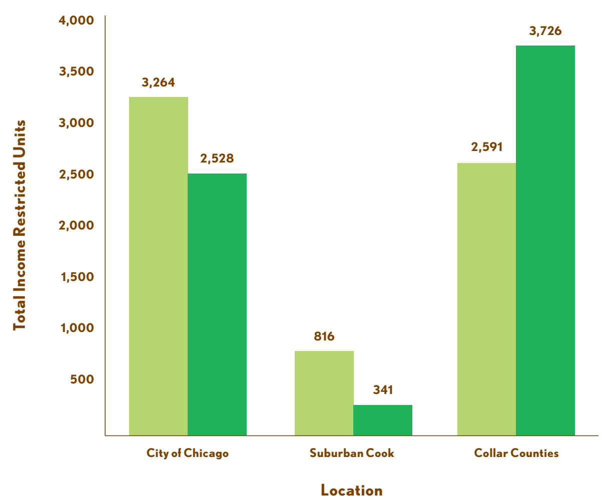


FIGURE 2
IHDA family housing production, 2001–2004 and 2005–2008

- 2001–2004
- 2005–2008

When only family housing is counted, the suburbs of Cook County contributed a negligible share of affordable production.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*

FIGURE 3
Distribution of IHDA housing production, 2001–2004 and 2005–2008

IHDA Funded Development 2001–2004

- 500 units
- 250 units
- 50 units

IHDA Funded Development 2005–2008

- 500 units
- 250 units
- 50 units

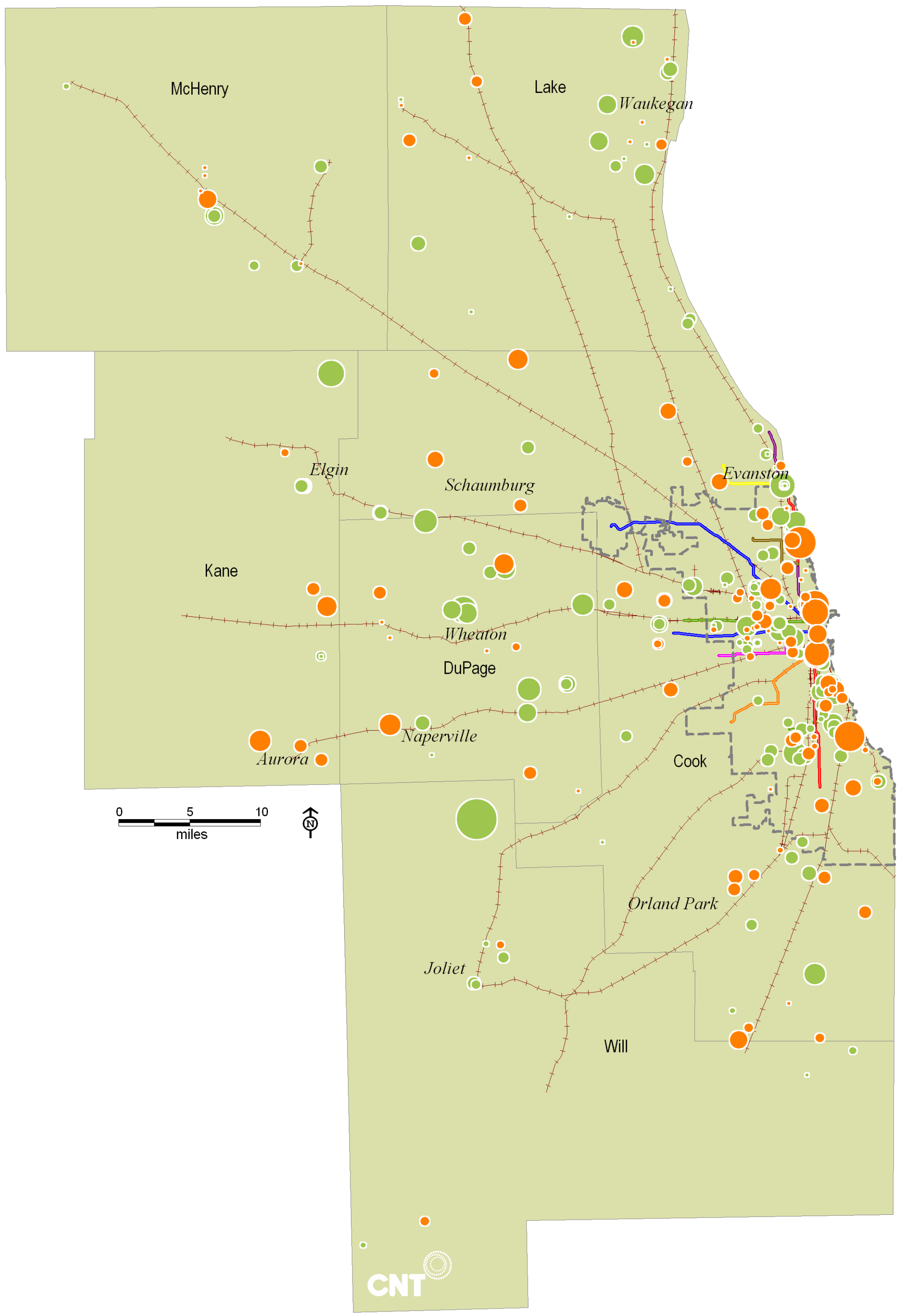
CTA Lines

- Blue Line
- Pink Line
- Green Line
- Brown Line
- Red Line
- Purple Line
- Yellow Line
- Orange Line

+++ Metra Lines

Despite efforts to target areas lacking affordable housing, development in suburban Cook County dropped by half between the two periods. In contrast, the collar counties saw increased production.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*



ABOUT THE H+T INDEX

The H+T Index offers detailed information on transportation costs at the neighborhood level for 337 metropolitan regions in the United States, providing the only comprehensive look at how location efficiency impacts household transportation choices and expenses. As a planning tool and performance metric, the Index can be used to promote equitable, sustainable development that leverages existing infrastructure to deliver stronger communities and increased affordability. In the context of affordable housing, the H+T Index can help direct investment to developments that offer tenants additional household savings and convenient access to local amenities and employment.

The household transportation model is based on a multidimensional regression analysis, in which a formula describes the relationship between nine main independent household and local-environment variables and three dependent variables (auto ownership, auto use, and transit use). Neighborhood level (2000 Census block group) data on household income (both average and median), household size, commuters per household, journey to work time (for all commuters, transit commuters, and non-transit commuters), household density (both residential and gross), block size, transit access, and job access were utilized as the independent, or predictor, variables. For more information on the Index please refer to: http://htaindex.org/method.php.

The H+T Affordability Index estimates average transportation costs at the neighborhood level based on six neighborhood and three household variables. Currently, costs are estimated using 2000 Census data, but an update to 2005–2009 American Community Survey data will be released in 2012.

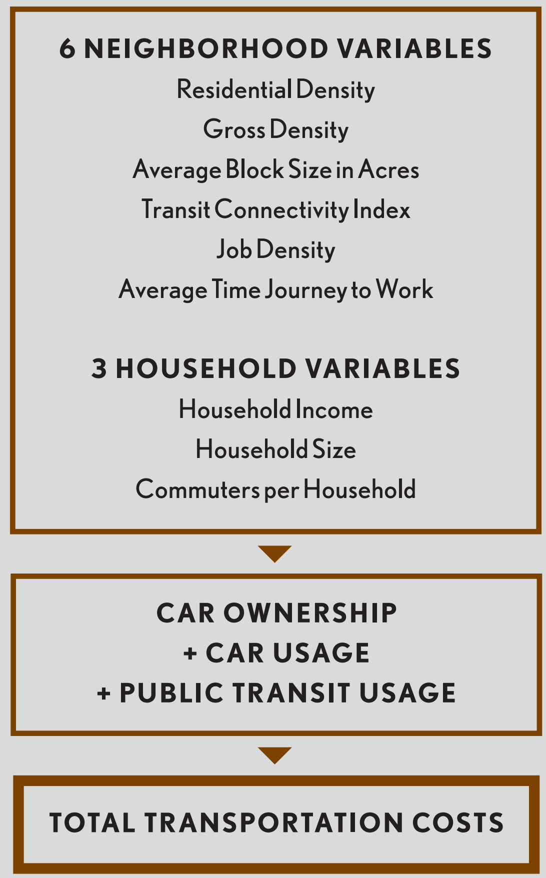


FIGURE 3
The H+T Index transportation cost model

Transportation Costs Can Make Housing Unaffordable

The residents of income-restricted units supported by IHDA financing are guaranteed housing that will consume no more than 30 percent of their household income. But unaffordable rents are not the only burden faced by low-income families. In the last century, the proportion of income spent on transportation in the United States ballooned to an average of 18 percent, according to the 2007 Consumer Expenditure Survey, making it the second largest household expense after housing. For some lower-income households, transportation expenditures now rival the cost of housing. And for a working family juggling housing and transportation with other needs like health care and education, those increases can leave less for savings, retirement, or a college fund. While costs have increased across the board, transportation burdens, just like rent burdens, vary significantly depending on location.

Transportation costs are largely determined by community characteristics like residential density, walkability, proximity to jobs, and transit access. For households in the nine county PMSA earning the AMI, typical transportation costs range from as low as 12 percent of income in compact urban communities to as much as 30 percent in low-density towns located at the outermost edges of urban regions. On average, the typical regional household spends about 19 percent of its income on transportation needs. Lower-income households, however, tend to face a higher transportation cost burden. For households earning 80 percent of AMI ($41,344) almost 22 cents of every dollar of income goes towards transportation. The Chicago Metropolitan Agency for Planning (CMAP) has adopted a target for the combined burden of housing and transportation of 45 percent of income for low- and moderate-income families in GO TO 2040, its comprehensive transportation and land use plan for the region.

URBAN FORM AFFECTS TRANSPORTATION COSTS
Differences in density and urban form affect how easy it is to get around without a car. The H+T Index quantifies the average cost of transportation for places as different as Laraway Road in New Lenox and downtown Oak Park.

Photo (left) by Contemplative Imaging
Photo (right) by CNT

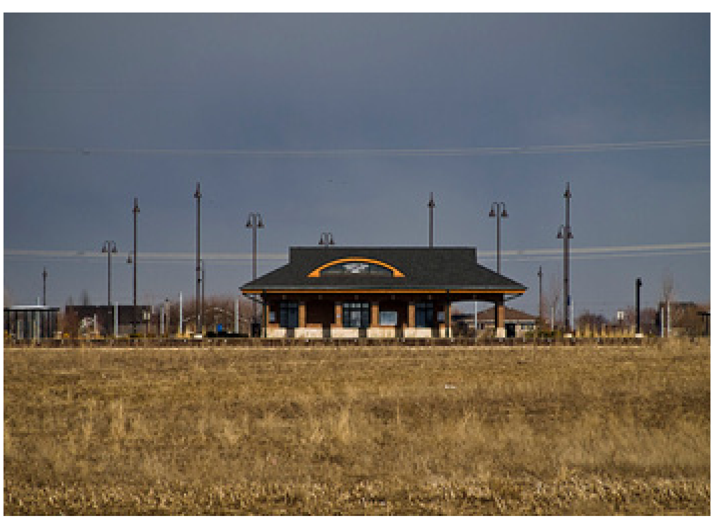


FIGURE 4
Average monthly transportation costs modeled for households earning 80 percent of AMI

- < $750
- $750 to $800
- $800 to $900
- $900 to $1,000
- > $1,000
- Insufficient Data

● IHDA Funded Development

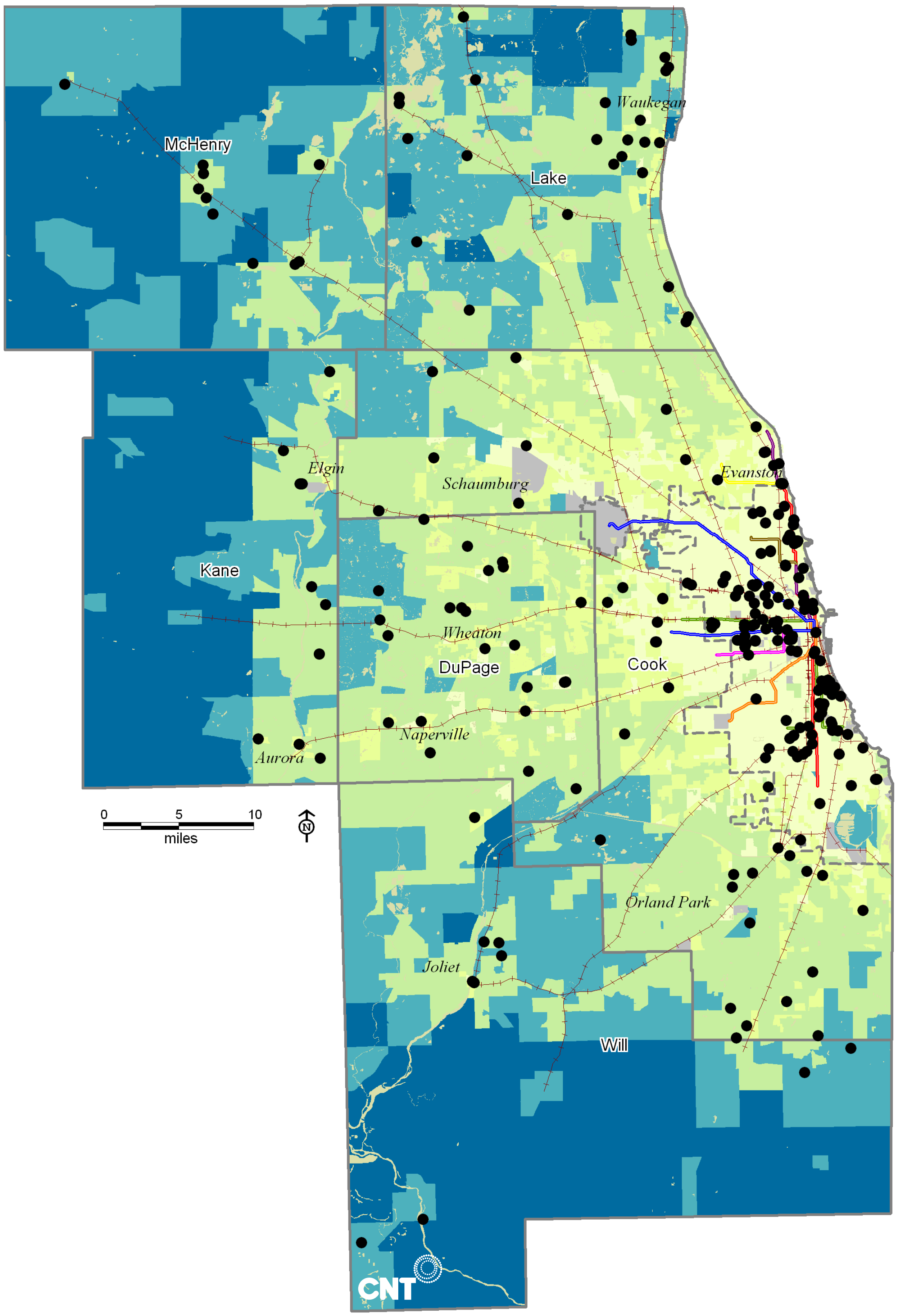
CTA Lines

- Blue Line
- Pink Line
- Green Line
- Brown Line
- Red Line
- Purple Line
- Yellow Line
- Orange Line

+++ Metra Lines

Average transportation costs for moderate income households range from less than $750 per month in much of the city of Chicago to over $1,000 per month in distant suburbs and exurbs, a difference of thousands of dollars a year.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*



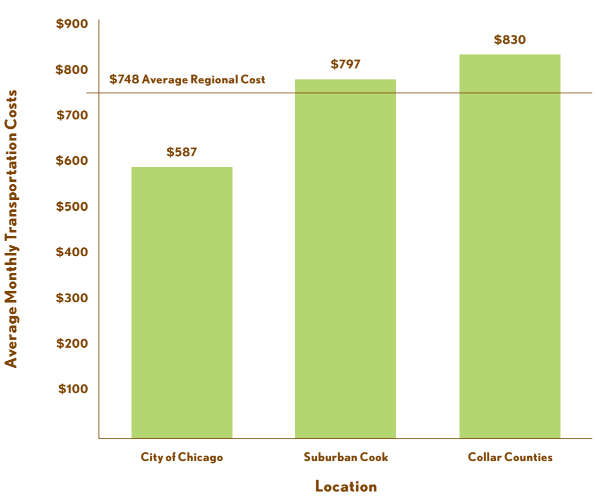
In neighborhoods with IHDA-financed affordable housing units, monthly transportation costs average $707, or 20.5 percent of income, based on a household earning 80 percent of AMI. This figure is slightly lower than the regional average of $748 per month or 21.7 percent at that income level. While IHDA neighborhoods overall had lower costs than the regional average, costs varied substantially across communities with affordable housing developments. Locations in the city of Chicago had significantly lower average costs, while locations in suburban Cook and the collar counties both had costs that exceeded the regional average.

Although the high densities and levels of transit service that keep costs down in the city of Chicago are less common in the suburbs, the location efficiency of suburban communities varies widely. The cost difference between the most costly and least costly suburban locations in the study adds up to more than $300 per month—an average savings of almost $4,000 annually for the household in the more efficient location. Even smaller transportation savings can be significant for families whose limited disposable income forces them to make tough choices to balance mobility needs with other necessities like food and health care.

FIGURE 5
Average monthly transportation costs in IHDA locations in different parts of the region

Transportation costs in IHDA neighborhoods ranged from well below the regional average for developments in Chicago to slightly above the average in suburban developments.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*



Lower Transportation Costs at Transit-Served Developments

Transportation cost variation among developments correlates closely with levels of transit access. The average annual cost difference between locations near a bus route and those without bus or train access is more than $1,000 for a monthly savings of $89. Locations near both bus routes and rail stations save nearly $3,000 a year, or $244 a month, when compared to places with neither of these options. Even in suburban developments, transit access translates to significant savings on transportation costs. Suburban units located near bus routes offer typical transportation costs that are on average nearly $1,000 lower annually than suburban units without transit access.

TRANSIT-SERVED DEVELOPMENTS
It takes about five minutes to walk from Westhaven Park to the CTA Green Linestation at Ashland Avenue.
Photo by CNT

As Figure 6 illustrates, public transit options are associated with lower household transportation costs on average. But for low-income families, these options often provide more than costs savings: They may be the only practical link to jobs, shopping, services, and other necessary destinations in the region. Over the last five years, more and more housing finance agencies have recognized the value of transit proximity for affordable housing sites, and a majority of states now include access to transit in their tax credit allocation plans. For years, IHDA has awarded points for transit-oriented development (TOD) in its Qualified Allocation Plan (QAP), the document that directs the distribution of federal tax credits, and IHDA now awards six points for transit proximity, more than most agencies in the country.

Possibly as a result of this policy, IHDA's investments tend to be located near public transportation nodes. Nearly 60 percent of units funded between 2001 and 2008 are located within a mile of a Metra or CTA train station, and about 40 percent are within a half mile. While rates of access to rail transit are much higher within the city of Chicago, many suburban locations also have train access. Over 40 percent of units in suburban Cook County and a quarter of those in the collar counties are within a mile of Metra or CTA stations.

When CTA and Pace bus routes are included, the vast majority of IHDA units fall within range of public transportation. Because of the extensive bus network operated by the CTA, all but one development within the city limits enjoyed walkable transit access. Even outside of the city, about three-quarters of units were located within walking distance of some form of transit, that is, less than one-quarter mile from a bus route or one-half mile from a train station. Overall, 85 percent of IHDA units financed between 2001 and 2008 were located in places with walkable transit access.

FIGURE 6
Average transportation costs and transit access in neighborhoods with IHDA developments (80 percent AMI household)

Access to public transportation in IHDA developments is associated with significantly lower transportation costs.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*

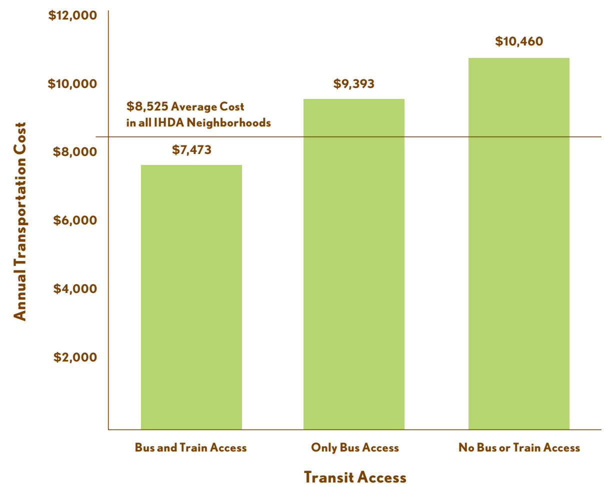


FIGURE 7
Walkable transit access for IHDA units

- Train Station within 1/2 Mile
- Bus Route within 1/4 Mile
- No Walkable Transit Access

Almost nine out of 10 IHDA units offer walkable access to some form of public transit.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*

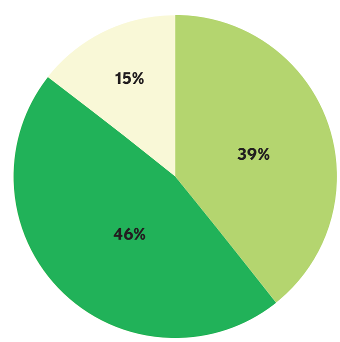


FIGURE 8
Rail transit access and IHDA developments

- No Walkable Transit Access
- Train Station within 1/2 Mile
- Bus Route within 1/4 Mile

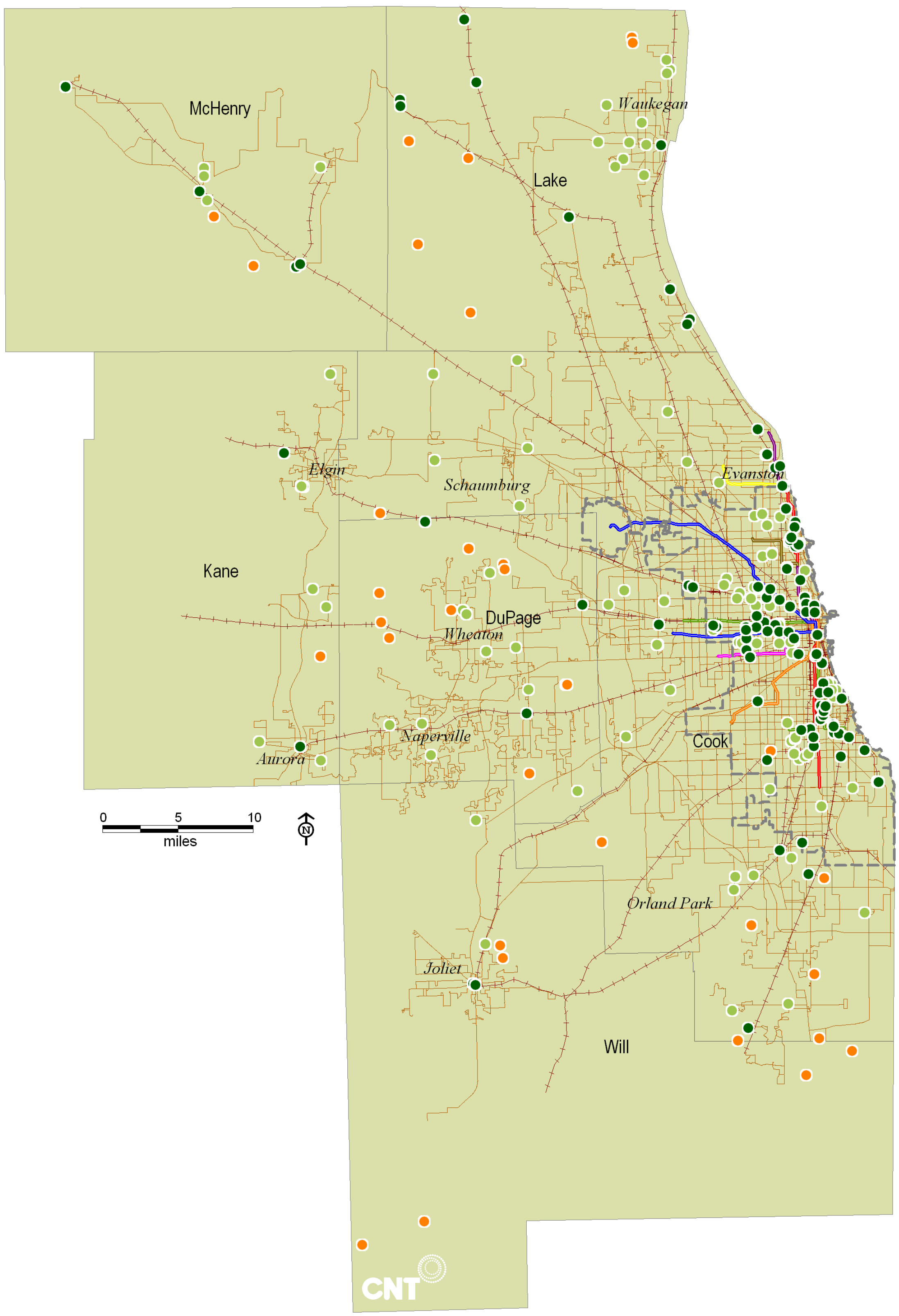
CTA Lines

- Blue Line
- Pink Line
- Green Line
- Brown Line
- Red Line
- Purple Line
- Yellow Line
- Orange Line

- Metra Lines
- Bus Routes

Nearly 60 percent of IHDA units were located within one mile of a Metra or CTA station; about 40 percent were located within a half mile. Over 80 percent of them were located near a bus route.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*



ABOUT THE TRANSIT CONNECTIVITY INDEX

To measure the frequency of transit service at a given location, CNT developed the Transit Connectivity Index (TCI). In this index, transit service levels are calculated as the number of bus routes and train stations within walking distance (one-quarter mile and one-half mile respectively) for households in a given block group scaled by the frequency of service. The index value therefore represents the Average Rides per Week available to households in a given block group.

TCI in the Chicago region varies considerably from one transit station to the next. For example, the Roosevelt El station, with three train lines and multiple bus routes, scores over 20,000, while the Elburn station on the Metra Union Pacific/West line registers only 176 rides per week.

FREQUENCY OF SERVICE MATTERS

Although the Metra Electric and Rock Island District both connect south suburban Cook County with the Loop, the Metra Electric runs about one hundred more trains each week—and offers more chances to go shopping or visit family without a car.

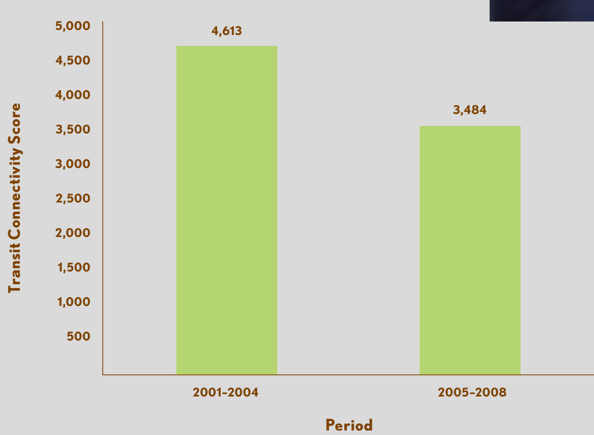
Photo by CNT

FIGURE 9

Transit connectivity of IHDA locations in 2001–2004 and 2005–2008

Even as emphasis on transit access increased, transit connectivity, a more robust measure of service that captures the number of weekly trips offered, declined in the second half of the study period.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*



Growing Job Centers Lack Workforce Housing

Like access to quality transit and neighborhood amenities, good access to regional jobs is crucial for the working families targeted by state housing finance agencies. It is also a feature too often lacking in locations where low-income populations live. In the Chicago region, the jobs-housing mismatch is particularly acute. Extensive job growth in Chicago's suburbs, particularly to the northwest and west of the city, has not been accompanied by a comparable increase in the production of affordable housing to accommodate new workers. As CMAP highlights in its 2009 report on the regional jobs–housing balance, much of the region's market-rate affordable housing and subsidized housing stock is located in areas with extremely poor access to employment centers, lower quality schools, and poorer public safety.

Since the adoption of the first state Comprehensive Housing Plan in 2005, the state has prioritized housing for low- and moderate-income families unable to find affordable housing near employment. IHDA has pursued this priority by supporting Employer Assisted Housing (EAH) programs and adding a Live Near Work scoring category to its QAP. While the EAH programs, which focus primarily on home ownership, have enjoyed limited success, the Live Near Work incentive has been largely ineffective in directing multifamily housing investments to locations with strong job markets.

FIGURE 10
Job access for IHDA locations in 2001–2004 and 2005–2008

The Live Near Work initiative has not increased access to employment for IHDA residents. Job gravity was determined by considering both the quantity and number of all jobs relative to the US Census Block Group that contains any given IHDA development. Gravity is calculated by summing the total number of jobs divided by the square of the distance to those jobs.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*

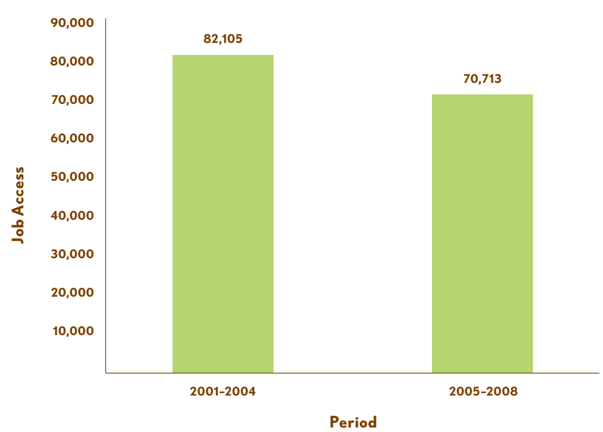


FIGURE 11
Regional employment centers and IHDA family housing developments

● IHDA Family Housing Development

■ Employment Center

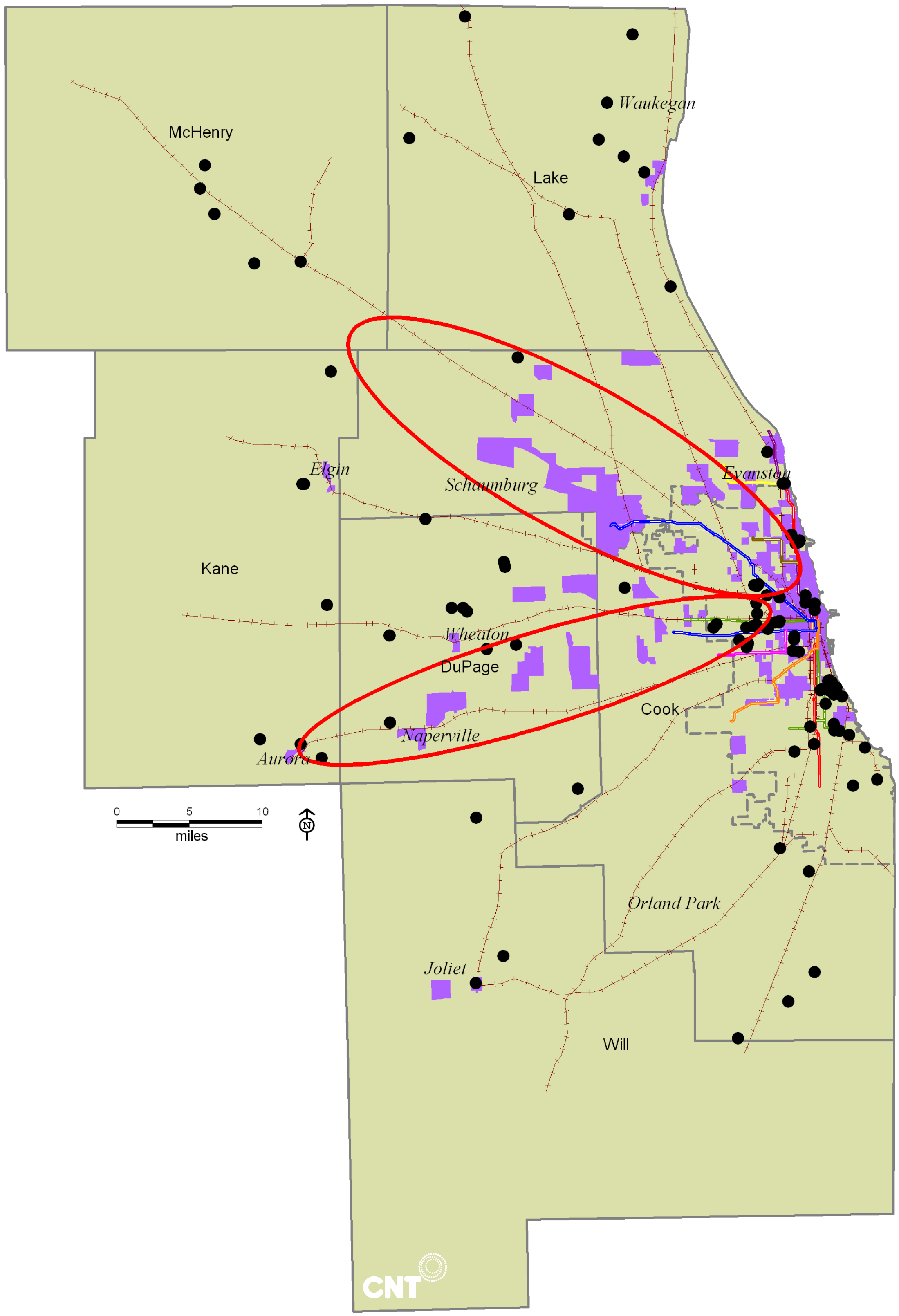
CTA Lines

- Blue Line
- Pink Line
- Green Line
- Brown Line
- Red Line
- Purple Line
- Yellow Line
- Orange Line

+++ Metra Lines

IHDA-financed development has largely failed to penetrate fast-growing job corridors to the northwest and west of the city. These job centers represented contiguous US Census Block Groups with more than seven jobs per acre and 10,000 jobs total in 2008.

Sources: *Illinois Housing Development Authority, Local Employment Dynamic, Center for Neighborhood Technology*



Because the Live Near Work category has been changed several times since it was introduced, it is difficult to make comparisons across program years. In the 2010 QAP, developments located in counties with sufficient low-wage jobs were awarded points, but jobs are not evenly concentrated within county borders and workers often commute across political lines anyway. In earlier years, developers were asked to provide letters of support from local employers indicating their difficulty in attracting a quality workforce due to the lack of affordable housing. Developers interviewed by CNT state that these earlier approaches consistently failed to distinguish locations with better access to employment opportunities from those with poor access.

MISSED OPPORTUNITY
The only development in the study located in northwest Cook County was miles from transit and jobs—none were located in vibrant TODs like downtown Palatine.

Photo by CNT

Balancing Affordability and Opportunity

Providing residents with opportunities for employment, education, and enhanced quality of life are central goals of affordable housing providers. But in the past, subsidized housing has too often accomplished just the opposite, concentrating low-income households in poorly served neighborhoods and isolating them from regional opportunities. Some fair housing advocates fear that encouraging development in locations with low transportation costs could have the same tendency.

The location of IHDA-financed housing does indeed raise concerns about where subsidized housing is developed in the Chicago region. On average, developments included in this study were located in neighborhoods with an average poverty rate of 21 percent, compared to 12 percent for the region, and an average non-minority population share of 39 percent, compared to 55 percent for the region, according to the 2005–2009 American Community Survey (ACS) estimates. Comparing these figures for elderly versus family housing is striking. While the poverty rate is 15 percent and the non-minority population share 49 percent in neighborhoods with senior housing development, in family housing locations, the average poverty rate rises to 25 percent and the non-minority share falls to 33 percent.

A variety of factors can contribute to lagging production in areas that already lack affordable housing, ranging from NIMBYism and weak support from local officials to a lack of the local resources that are often necessary to make a development financially viable. To encourage development in communities with an insufficient supply of affordable housing, Illinois passed the Affordable Housing Planning and Appeal Act (AHPAA) in 2003, requiring municipalities with less than 10 percent of housing units at an affordable level to develop plans to increase affordability. Although IHDA prioritizes development in AHPAA communities, unit production in these communities did not increase between the two time periods (2001-2004 and 2005-2008).

CHA OPPORTUNITY COMMUNITY AREAS
Neighborhoods like Portage Park are known for safe blocks and quiet neighborhoods. It did not see a single unit of affordable housing financed by IHDA between 2001 and 2008.

Photo by CNT

Affordable production, particularly of family housing, also lags in higher income neighborhoods within the city of Chicago. Out of 40 opportunity community areas identified by the Chicago Housing Authority (CHA), just five contain family housing developments covered in this study. As in the suburbs, city neighborhoods with senior housing also tend to be less segregated and have lower poverty rates than neighborhoods with affordable family housing.

The equitable distribution of affordable housing is an ongoing challenge in the Chicago region, but would valuing location efficiency undermine efforts to further fair-housing goals? To a large extent, the perceived association of location efficiency with areas of low opportunity is tied to differences between central cities and suburbs. While contrasts are beginning to blur as the suburbs evolve, mature urban areas still tend to be poorer, more prone to crime, and less likely to have high-achieving schools than the suburban communities that surround them. As a result, the fair-housing movement has focused much of its effort over the years on winning access to the suburbs for low-income families. But because cities are denser, better served by transit, and home to higher concentrations of jobs than outlying areas, they typically have lower transportation costs. Seemingly, then, location efficiency metrics are at cross purposes with fair housing standards.

Indeed, applying a uniform transportation cost standard for affordable-housing development in a state or region might direct investment away from suburban communities, potentially reducing low-income households' access to safe neighborhoods and good schools. To avoid this outcome, it is important that housing providers balance transportation cost criteria with traditional fair-housing goals and continue to focus on expanding housing options in communities that lack affordability. But it is equally important that policy-makers recognize the full cost of development in remote areas where the burden of driving long distances to work, child care, and other essential services strains families and household budgets.

Moreover, fair housing concerns should also be balanced with the need for decent housing in communities where housing costs are low but the quality of available units is lacking. Adjustments to IHDA policies should not come at the expense of these communities, which typically lack consistent private investment to rehabilitate dilapidated units on a regular basis and where public assistance can ensure the viability of a neighborhood revitalization project.

TRANSIT MAKES COMMUNITIES AFFORDABLE
Transit service and job access make neighborhoods like Uptown affordable ones for transportation. IHDA investments in these communities will help them stay that way for residents of all incomes.

Photo by CNT

The key to balancing these two priorities lies in distinguishing between suburban and central-city locations, a step that IHDA has already taken with geographic set-asides that allow projects from different areas to compete for separate pools of federal tax credits. Charting average transportation costs against poverty and race for IHDA development locations across the entire Chicago region shows that lower transportation costs are associated with higher poverty rates and higher minority concentrations. However, separate examinations of urban and suburban locations portray a much more nuanced picture.

In fact, out of all of the IHDA development neighborhoods in Chicago, the ones with low transportation costs had higher levels of wealth, education, and racial diversity than those with moderate or high costs. Many location-efficient developments that IHDA financed are located in gentrifying neighborhoods along the Red, Pink, and Blue Lines. Development locations in the lowest transportation-cost quintile in the city saw sharp increases in income, education levels, and non-Hispanic white population in the last decade. By contrast, the non-minority population for the entire city stayed stable. The percentage of households with incomes greater than twice the poverty level (about $45,000 for a family of four) actually declined.

In the suburbs, the same analysis reveals that in terms of income and educational attainment, the most location-efficient areas with IHDA development fell within a few percentage points of the least efficient areas and the regional averages. However, the lower transportation cost areas had larger minority populations, with a minority population share of 55 percent, compared to 32 percent in the least efficient locations and 45 percent for the region. IHDA must balance location efficiency with the need to encourage housing development in AHPAA communities as it allocates its investments across the region.

FIGURE 14
Demographic trends for low transportation-cost IHDA neighborhoods and the average IHDA neighborhood located in the city of Chicago

Sources: *Illinois Housing Development Authority, Chicago Housing Authority, Center for Neighborhood Technology*

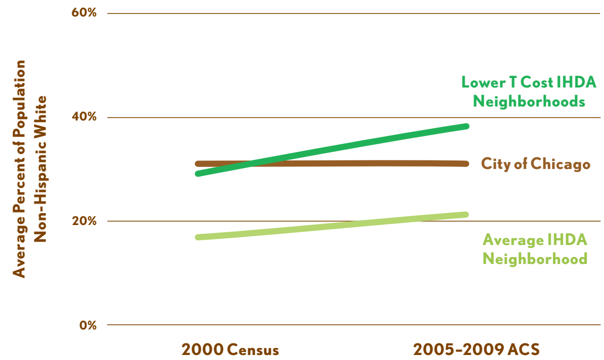


FIGURE 14.1
Racial Diversity

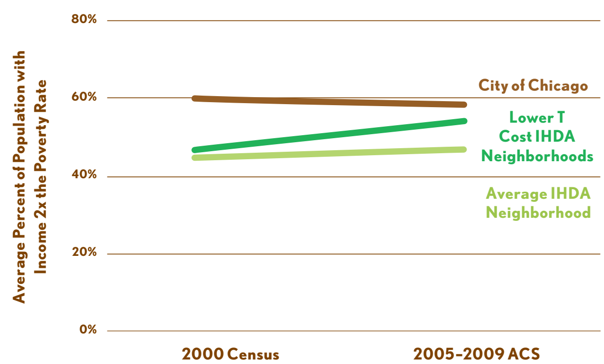


FIGURE 14.2
Income Diversity

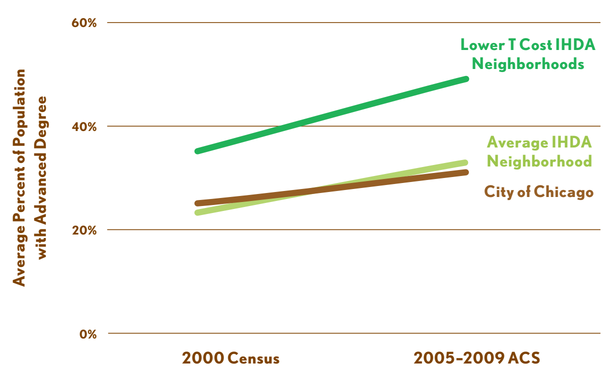


FIGURE 14.3
Educational Diversity

Some housing advocates express concern that adding affordable housing in neighborhoods with the lowest average transportation costs may have the effect of concentrating and segregating poor, minority populations. In Chicago the reverse appears to be true: IHDA development neighborhoods in the quintile with the lowest transportation costs are more diverse racially than Chicago as a whole and significantly more diverse than the average for all IHDA locations in the city. These low-cost places have similar proportions of middle class residents as the city and have significantly higher levels of educational attainment when compared to the city or to other IHDA development neighborhoods.

FIGURE 12
IHDA developments in AHPAA at-risk and non-exempt communities

IHDA Family Housing Development

IHDA Senior Housing Development

Other IHDA Development

AHPAA at-risk or non-exempt municipality

CTA Lines

Blue Line
Pink Line
Green Line
Brown Line
Red Line
Purple Line
Yellow Line
Orange Line

Metra Lines

Of 29 developments approved for IHDA financing in 2001–2008 in AHPAA at-risk or non-exempt communities, only seven included units for families and just one of these was a new construction project. From 2005–2008, 85 units of family housing were approved for IHDA financing in these towns. None were located in Cook County.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*

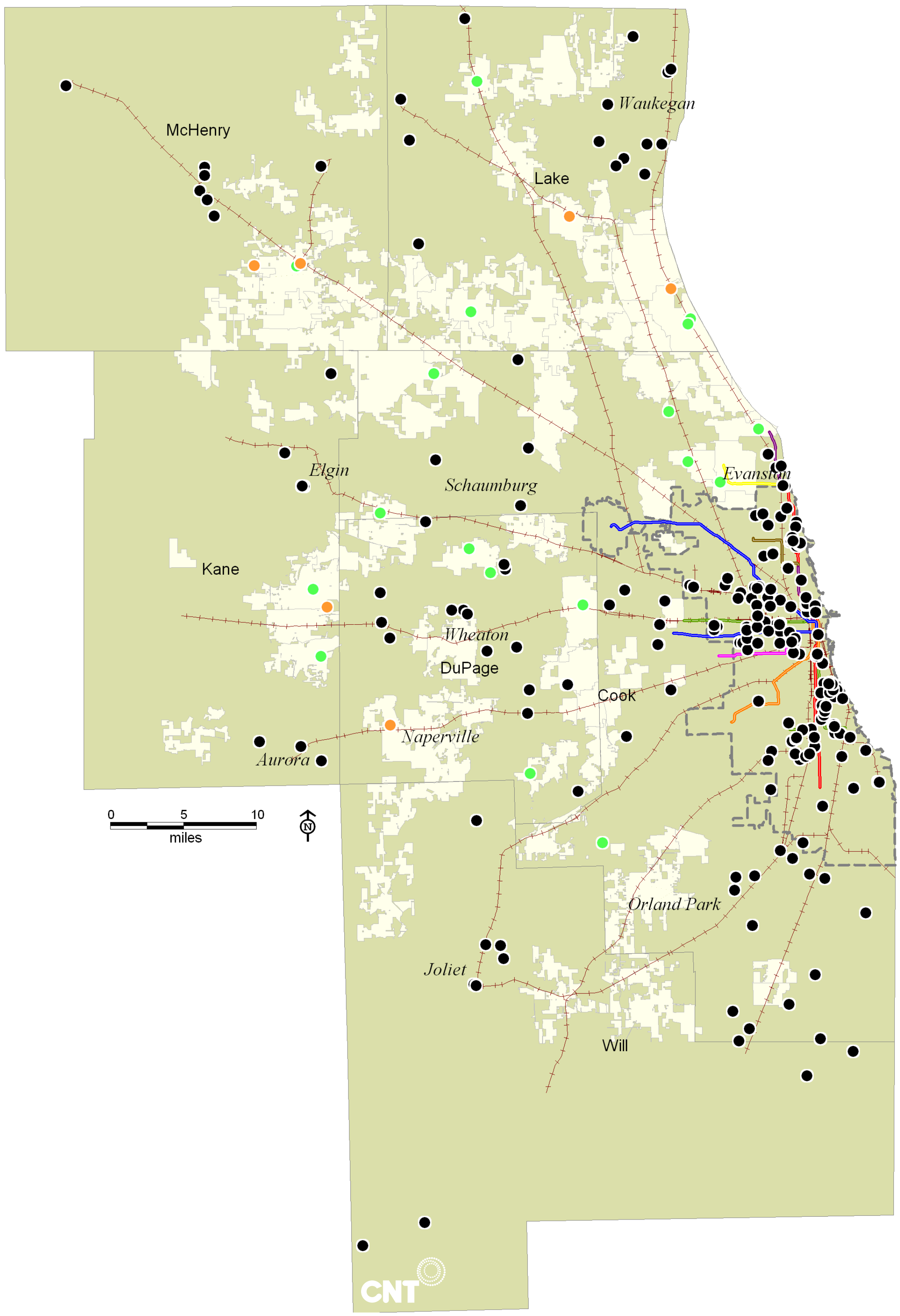


FIGURE 13
IHDA developments in CHA opportunity community areas

IHDA Family Housing Development

IHDA Senior Housing Development

Opportunity Community Area with Family Housing Development

Opportunity Community Area

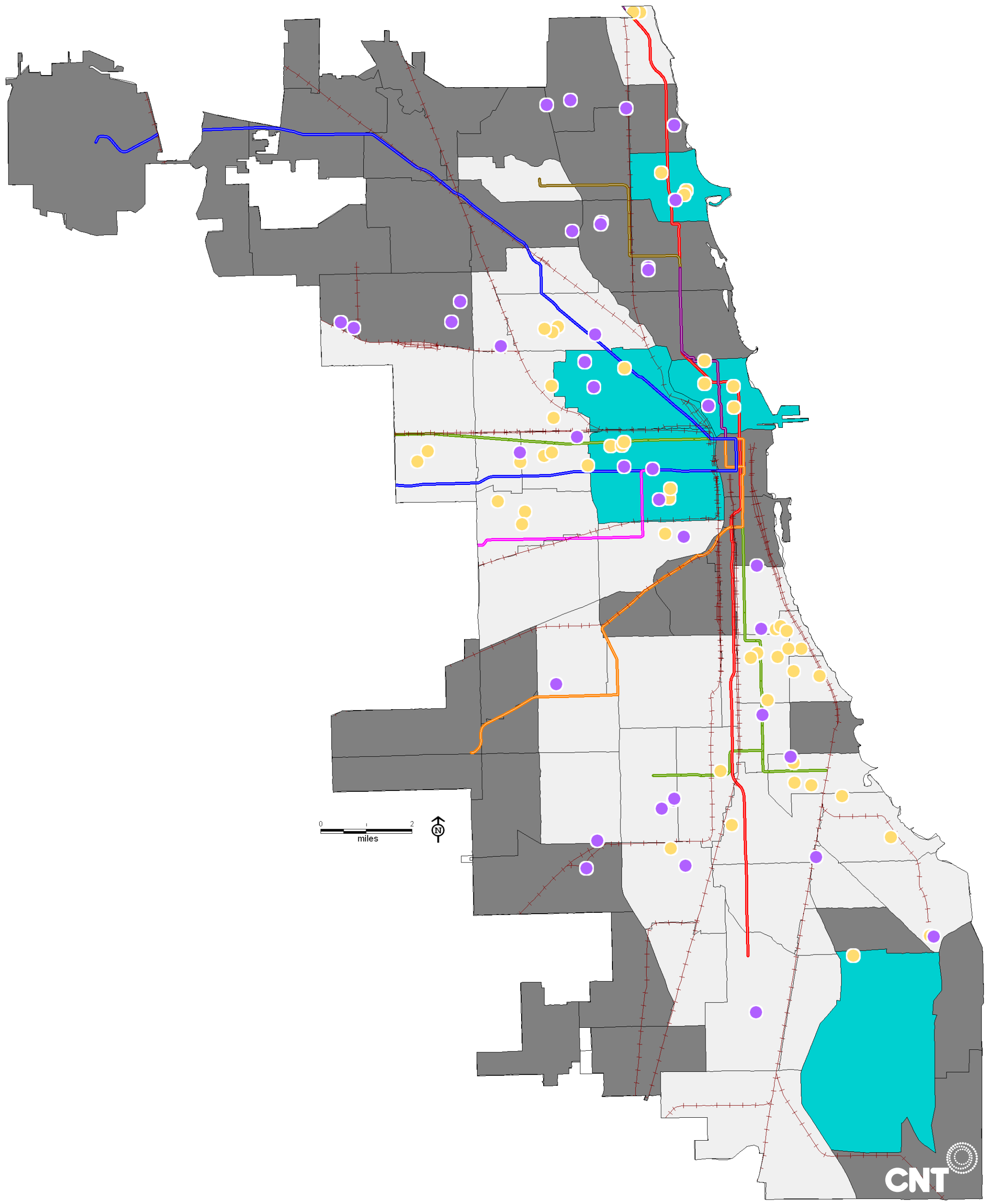
CTA Lines

- Blue Line
- Pink Line
- Green Line
- Brown Line
- Red Line
- Purple Line
- Yellow Line
- Orange Line

Metra Lines

Out of 40 opportunity community areas identified by the Chicago Housing Authority, just five contain affordable family housing developments that were approved for financing by the IHDA board in the period 2001–2008. These community areas are highlighted in blue. Senior housing developments were more frequently located in opportunity communities.

Sources: *Illinois Housing Development Authority, Chicago Housing Authority, Center for Neighborhood Technology*



How Neighborhood Form Impacts Transportation Costs

Transit and employment access are highly correlated with lower average transportation costs in the Chicago region, but access is only part of the story. Neighborhood form—things like residential density, mix of amenities, and good pedestrian design—and the quality of local transit have even larger impacts on household mobility and affordability. Living within walking distance of a commuter train station with rush-hour service expands a household's access to regional jobs and destinations, but if local amenities like grocery stores, daycare, and restaurants are accessible only by car, that household will still face a large transportation burden.

An overview of three IHDA developments with access to transit illustrates how neighborhood form and transit quality affect transportation choice and associated costs. While all of the projects selected have potential to offer residents affordable housing and transportation options, a closer look reveals that proximity to a train station is an insufficient marker of true location efficiency.

Casa Morelos in Pilsen

The Resurrection Project received federal nine percent tax credits and housing trust funds from IHDA for this $14.6 million new construction project in 2007. The development contains 41 units of housing for very low- and extremely low-income residents (50 percent and 30 percent of AMI). Located in Chicago's Pilsen neighborhood, it offers access to CTA and Metra trains, numerous shopping and entertainment destinations, and the Pilsen Industrial Corridor. Over 350,000 jobs with wages of $3,333 per month or less are located within 5 miles of the site, and nearly 496,000 jobs can be found within 10 miles. Great access to jobs, quality local transit connections, and the walkable street network surround-

CASA MORELOS
Residents here have access to a wide range of amenities, including this community garden.

Photo by CNT

ing Casa Morelos provide residents with convenient alternatives to automobiles. They also keep average neighborhood transportation costs low—at $7,094 a year for a household earning 80 percent of AMI and more than $3,000 in savings over costs in the least efficient IHDA developments.

The community in which Casa Morelos is located has experienced significant demographic changes in recent years. Between the 2000 Census and 2005–2009 ACS estimates, the non-minority portion of the local population nearly doubled from 21 percent to 38 percent, while the portion of the population living in poverty declined sharply from 17 percent to 5 percent. While some of this change could be attributed to additional housing units constructed in the neighborhood, developments like Casa Morelos ensure that lower income residents can continue to find housing in the neighborhood as it evolves. Preserving or developing new affordable housing in communities like Pilsen will be essential to help stabilize their population and preserve low-income residents' access to safe, well-connected neighborhoods.

Ogden Manor in Naperville

Naperville is a non-exempt community identified by the AHPAA. The DuPage Housing Authority received tax-exempt bonds, housing trust funds, and state donation tax credits from IHDA in 2006 for this $14 million preservation project. The development contains 80 units for very low-income seniors, 24 units for very low-income families, and 4 units of housing for the homeless. It is located in central Naperville, less than one mile from the Naperville Metra station. Ogden Manor is served by Pace buses, faces Naperville North High School, and is only a quarter mile from a local shopping center anchored by a Jewel-Osco. Even though it is nearly a mile from the closest Metra station, it features relatively low average transportation costs of $8,846 due to a high concentration of jobs in the area and the convenience of local destinations, such as the grocery store, restaurants, shopping, and schools.

NAPERVILLE NORTH HIGH SCHOOL
Although Ogden Manor lacks easy access to Metra, residents can walk to a few places, like Naperville North High School.

Photo by CNT

Westline Apartments in Hanover Park

Jackson Square Properties, the developer of this $25 million acquisition and rehabilitation project, received four percent federal tax credits and conduit bond financing from IHDA in 2007. The 265-unit family development includes studios, one-, two-, and three-bedroom apartments and is reserved for households that make less than 60 percent of the regional median income. Proximity to the Hanover Park Metra station gives residents good access to jobs in the northwest suburbs and downtown Chicago. But despite being described as a transit-oriented development, which implies not just proximity to transit but also relatively dense, mixed-use development built at a pedestrian scale, the apartments lack amenities within walking distance and are surrounded by large parking lots and streets that are not friendly to pedestrians. As a result, an average household earning 80 percent of AMI owns two cars and spends $10,233 a year on transportation costs, placing the neighborhood at the high end of the spectrum for IHDA's investments.

On the other hand, the Village of Hanover Park has received funding from the Regional Transportation Authority to create a transit-oriented development plan for the station area, which was designated in the 2010 Hanover Park comprehensive plan as the location of a new Village Center. The

HANOVER PARK METRA STATION
The station is surrounded by parking lots and corn fields rather than amenities for residents, such as a pharmacy or daycare.

Photo by CNT

study "will build upon this vision by planning for increased residential density, mixed-use retail, and freestanding retail and office space. Zoning and design standards and development goals will also be prepared." In addition, the DuPage County 2002 transit plan and 2010 update recommend a new bus route that would run through the development. Other than the apartment complex, the station area is largely undeveloped or dedicated to surface parking, offering considerable opportunity for development. As these plans are implemented, the Westline Apartments may emerge as a key opportunity for residential affordability in the midst of a vibrant downtown.

Although the projects examined above are located in very different neighborhoods, they embody some of the location priorities that IHDA should continue to embrace: infill development both in high-opportunity urban neighborhoods at risk of gentrification as well as in established suburbs with existing transit connections but lacking an adequate supply of affordable housing; and preservation or new construction in underdeveloped station areas with high potential for TOD.

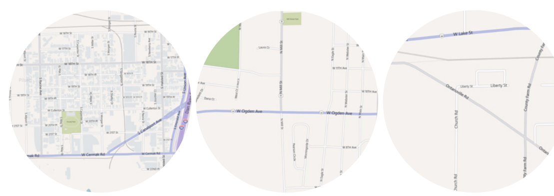


TABLE 15
A closer look at the neighborhood characteristics that drive transportation behavior reveals how three communities that all have convenient access to public transportation can display a wide range of household transportation costs.

	Casa Morelos	Ogden Manor	Westline Apartments
Location	**Pilsen Neighborhood**	**Naperville**	**Hanover Park**
Year Board Approved	**2007**	**2006**	**2007**
Family Units	**41**	**24**	**265**
Average Annual Transportation Cost at 80% AMI	**$7,094**	**$8,846**	**$10,233**
Neighborhood Median Income	**$27,361**	**$49,798**	**$48,625**
Percentage of Residents Who Commute by Transit	**23%**	**11%**	**6%**
Average Block Size (Acres)	**1.9**	**5.3**	**8.2**
Average Car Ownership per Household	**1.0**	**1.5**	**2.0**
Average VMT	**9,786**	**13,389**	**17,686**
Transit Connectivity Score	**4,468**	**180**	**106**
Jobs Earning <$3,333 per Month within 10 Miles	**495,894**	**107,446**	**95,861**
Jobs Earning <$3,333 per Month within 5 Miles	**318,563**	**47,607**	**25,062**

LEADING THE WAY
California leads the nation in encouraging affordable housing near transit, such as in Fruitvale Village in Oakland.
Photo by Reconnecting America

Best Practices from Across the Country Can Inform IHDA Policy

A number of states have adopted policies that represent advances over current IHDA policy and practice that should be considered for implementation in Illinois. These best practices were culled from a review of 2010 and 2011 QAPs from every state whose documents were electronically available during the study period. The QAP is typically the most important expression of a state's housing policy priorities; it establishes selection criteria for the distribution of federal low-income housing tax credits (LIHTCs), the principal funding source for affordable housing, and is typically drafted annually or biannually to meet specific state housing objectives. Because LIHTC allocations are very competitive in most states, development proposals must score favorably on QAP criteria in order to be awarded an allocation of tax credits. In addition, agencies may award developers with a "basis boost" that qualifies them for up to 30 percent more LIHTC for priority development types or at specified locations, where land and acquisition costs may be more expensive. The following tables compare Illinois policy on TOD, basis boosts, and incentives for sustainable site selection to best practices in other states.

BEST PRACTICE
Portland, Oregon's Pearl District integrates housing for low- and moderate-income residents with mass transit, shopping, and high-quality open space.
Photo by Clint Bautz

TABLE 16
Scaled scoring for transit-oriented development

State	Description
Arizona	The Transit Oriented Design category awards five points for quality bus transit within a quarter mile of the project site with minimum headways of 30 minutes from 6 a.m. to 6 p.m. and at least 15 hours of service per weekday; plus 20 points for high capacity transit (light rail transit, commuter rail, intercity rail and streetcar) within a half mile; and five additional points for a mixed-use center within a half mile. The QAP offers fewer than 250 total points, so this 30-point category accounts for more than 10 percent of all QAP points.
California	Out of 148 total, seven points are offered to projects that are part of a transit-oriented development strategy with sites within one-quarter mile from a transit, rail, commuter rail or bus station, or bus stop with service at least every 30 minutes during peak periods (7-9 a.m. and 4-6 p.m.); and where project density exceeds 25 units per acre. Projects with lower levels of transit service score fewer points.
Illinois 2011 QAP	Awards six points for projects located in proximity to fixed-route public transportation, defined as six blocks (about three-quarters of a mile) in Chicago, one mile in the Chicago region, 1.5 miles in other metro regions and two miles outside of metro regions. No language dealing with service frequency is included. This category accounts for about two percent out of the roughly 250 total points in the QAP.

TABLE 17
Basis boost for TOD and smart growth

State	Description
Missouri	Considers proposed projects for a basis boost if they are part of a "TOD plan centered around and integrated with a transit stop. The plan must be mixed-use, mixed-income, pedestrian friendly and of appropriate density for a TOD."
Michigan	Considers projects for a basis boost if they achieve a score of 10 points or greater in the Green Community/ New Urbanism Criteria.
Oregon	Considers the following for a basis boost: projects that are located in Transit Oriented Districts (TODs), Economic Development Regions (EDRs) as designated by local governments, or projects in designated state or federal empowerment/enterprise zones or Public Improvement District (PIDs), or other area or zone where a city or county has, through a local government initiative, encouraged or channeled growth, neighborhood preservation, redevelopment, or encouraged the development and use of public transportation.
Illinois 2011 QAP	Does not offer a basis boost for TOD or related priorities.

TABLE 18
Enhanced incentives for sustainable site selection

State	Description
Pennsylvania	Awards up to 20 points to projects that deliver "affordable housing in areas with job opportunities; in areas near strong and stable communities and in areas which demonstrate the capacity for community revitalization opportunities." The QAP awards an additional five points to developments located on a grayfield, brownfield, urban infill, or adaptive reuse site and up to 10 additional points for quality site selection based on a separate scoring process. The QAP offers 150 total points, so these categories account for more than 20 percent of all points.
Iowa	Awards up to 20 points for access to services and walkability. Proximity (within 1 mile) to public transportation and a grocery store earn five points each; a score of 70-89 on Walkscore.com earns five additional points while a score above 90 earns 10 points.
Maryland	All projects involving any new construction must be located in a Priority Funding Area under Maryland's Smart Growth Initiative. The QAP also offers up to 33 points to projects that satisfy sustainable development goals.
Illinois 2011 QAP	Awards up to 10 points for a wide range of neighborhood amenities located up to a mile away from the project site. Offers four additional points to projects within the boundaries of a local revitalization or redevelopment plan or Governor's Team Illinois Program targeted area and six points for projects located in a "Live Near Work" area.

Reducing Household Transportation Costs

CNT believes the following changes would help IHDA fulfill the goals set out by the state comprehensive housing plan and follow the principles of the Partnership for Sustainable Communities between the US Departments of Housing and Urban Development (HUD) and Transportation (DOT) and the Environmental Protection Agency (EPA).

Neighborhood Characteristics and Amenities

Add transportation costs as a new category under this section of the QAP and establish graduated transportation cost thresholds that could vary by geographic set-aside but which in all instances would reward projects with lower average transportation costs with more points. This addition represents an opportunity to begin injecting greater sensitivity to the fact that a project's location and the characteristics of its community have transportation cost implications that also affect affordability. This change also begins to concretely implement the 2010 Illinois Housing and Transportation Affordability Act (PA 96-1255), under which IHDA shall take housing and transportation costs into consideration as it screens projects for receipt of public financing and tax credits.

Under this recommendation, transportation cost standards would be set for the city of Chicago, metropolitan Chicago, and other metropolitan areas as part of a graduated scale that awards increasing points for achieving greater transportation cost affordability. Applicants would be required to report average transportation costs associated with the specific block group where a project is located, using data from the Abogo website (http://abogo.cnt.org/), which calculates average transportation costs for specific addresses. Non-metro areas would not be subject to this reporting requirement until transportation cost data becomes available for them in 2012.

Federal agencies have already adopted this recommendation in their strategic plans and funding programs. In 2010 HUD and DOT began requiring applicants to include data from CNT's H+T Index when submitting funding applications. HUD's Policy Requirements and General Section references H+T Index indicators and strategies for lowering combined housing and transportation costs. By mentioning these metrics, HUD essentially required their applicants to consider H+T costs as a metric for the $3 billion in funding that the agency released in 2010. Several other federal programs have also adopted H+T Index measures to set priorities and screen proposals, including DOT's TIGER, Urban Circulators, Bus Facilities, and TIGER II capital and planning grant funding programs and HUD's Sustainable Communities Regional Planning and Community Challenge grants.

Enhance the existing Desirable Amenities scoring category by targeting fewer amenities and tightening the distance restrictions. Incorporating transportation cost data will improve IHDA's ability to reward development in connected neighborhoods, but tightening the list of desirable activities and shortening their distance from the project will give it even more power to target quality locations. The current QAP awards up to 10 points for desirable amenities within one mile of a proposed development site. Access to neighborhood amenities is an important priority, but as numerous developers have pointed out, this category is virtually meaningless for urban projects given the allowable distance and long list of amenities that score points, and not particularly useful in distinguishing projects in even moderately dense areas.

California's QAP, in contrast, awards full points for a much narrower set of amenities—supermarkets, parks, libraries, healthcare services, pharmacies, schools (for family housing only), and senior centers (for elderly housing)—located within a quarter mile of the development site in urban areas or a half mile in rural areas. A reduced number of points are awarded for amenities within a half mile of metro projects or one mile in the rural set-aside. This practice more effectively promotes development in walkable areas with quality amenities. California also distinguishes between amenities that are appropriate for family, senior, and special-needs projects, limiting those types of projects to the points relevant to them. IHDA should consider a shorter list of amenities and a smaller allowable radius in its amenities section.

Live Near Work

Refine the Live Near Work scoring category by requiring applicants to use job data for areas smaller than a county and by introducing distance standards for job access. IHDA already seeks to mitigate the jobs–housing mismatch by favoring affordable housing development in job-rich locations. However, previous measures used to designate Live Near Work projects have not been effective in targeting those areas.

DESIRABLE AMENITIES CLUSTER IN DOWNTOWNS
Tighter criteria would favor projects closer to traditional business districts and suburban downtowns.
Photo by CNT

The US Census Bureau, in conjunction with the US Department of Labor, has a new tool that can be more useful than the county-level designation in determining job proximity. Working with state departments of employment security, the federal agencies have aggregated and made publicly available quarterly unemployment insurance filings by companies around the country. This database, known as Local Employment Dynamics (LED), is available online through 2008 for the entire state of Illinois (http://lehdmap.did.census.gov/) and can serve as the basis for reporting on distance to employment centers and the prevalence of low-wage occupations therein.

In December 2010 CNT recommended that IHDA require applicants to report job accessibility using LED data and different geographic set-asides to account for varying patterns in job location statewide. In its 2011 QAP, IHDA rewrote the Live Near Work category to include LED data. IHDA now asks developers to submit information regarding the total number of low-wage jobs and the proportion of low-wage jobs to total jobs within three miles for the city of Chicago, five miles in the Chicago metro area and other metros and 10 miles in rural areas. IHDA awards up to four points based on the total number of low-income jobs and an additional four points based on the proportion of low and moderate wage jobs in the area.

Although CNT applauds this step, the screening criteria set by IHDA may not best capture local employment opportunity. A high ratio of lower wage jobs to all jobs does not necessarily suggest better job prospects and in some neighborhoods may signify concentrated poverty. For example, Chicago's far South Side has a much higher concentration of low wage jobs than most of the region, but the weak local job market translates into very few actual jobs in the neighborhood.

CNT recommends that IHDA instead require developers to report the total number of low income jobs and the ratio between low income jobs and low income workers. The latter metric favors communities that are net importers of low-wage workers. In line with its finding that transportation costs can exceed housing costs for working families when commutes exceed 10 miles, CNT recommends that IHDA increase the radius to five miles in Chicago and eight miles in other urbanized locations.

Transit-Oriented Development

Strengthen the TOD scoring category by awarding more overall points; tracking graduated distances from transit, service frequency, and residential density; and offering the basis boost to TOD projects. As outlined in CNT's analysis, an increasing number of states have incorporated smart growth principles into their QAPs in an effort to achieve greater sustainability through public investments. Illinois has been in the vanguard but risks losing its competitive edge if it does not continue to evolve. With targeted refinements to the TOD section of the QAP, our significant public investments in transit and affordable housing can reinforce one another, provide affordable transportation, and create greater household cost savings.

Specific changes recommended to the draft QAP are as follows:

Name TOD plans as an eligible type of plan for the four points awarded in Section VIII.B.3.a. for projects located within the boundaries of a local revitalization or redevelopment plan area. This section lists several examples of plans that would qualify a project for points under this category; adding TOD redevelopment districts to the list would bolster this strategic objective. These plans include but are not limited to those funded by the Regional Transportation Authority Community Planning Program.

Award a maximum of 15 points for TOD using a scale that includes project density (units/acre), transit proximity, and service frequencies to encourage the selection of more sustainable sites. As currently constructed, the distance to transit in Illinois' QAP is too generous. Just as important, it disregards the frequency of transit service and the number of units planned for the location as considerations. Under this proposal, IHDA could continue to distinguish between developments in the different geographic set-asides, but could shorten distances to transit since the scale would include more than one definition of proximity. By incorporating measures of residential density and the quality of transit service, the agency would be acknowledging the importance of these community characteristics to reducing the household cost of living and improving sustainability.

Allow TOD projects to qualify for a basis boost. The federal Housing and Economic Recovery Act legislation gives housing finance agencies more discretion in designating developments for a 30 percent boost on low-income housing tax credit allocations. Developers frequently cite the high cost and low supply of land near transit stops as barriers to affordable housing in TOD areas. They also indicate that they consider whether a location qualifies for a basis boost during site selection and planning. Offering higher value tax credits will help make TOD projects feasible and will focus developers on TOD sites. Michigan, Missouri, and Oregon offer basis boosts to projects that demonstrate characteristics of TOD and smart growth.

Regional Leadership and Local Technical Assistance

IHDA should encourage development in location-efficient places at the state level, but ultimately, reducing the typical transportation costs associated with affordable housing requires regional leadership and local support. As the land use and transportation planning agency for the Chicago region, CMAP is uniquely positioned to provide both by identifying priorities for affordable housing, coordinating regional housing and transportation investments, and working directly with communities on planning and implementation. CMAP has embraced this role, partnering in the Homes for a Changing Region program, supporting interjurisdictional housing collaboratives, and providing technical assistance in communities for housing and transportation planning.

Affordable housing and transportation will only be achieved, however, if comprehensive plans include affordable housing elements and if transportation funds are directed to projects that will improve regional affordability. Moreover, approved transit enhancements and extensions need to be connected to existing housing and jobs, and zoning must be in place that will support public transportation improvements. Finally, CMAP should coordinate with the Regional Transportation Authority and the transit service boards to connect transit expansions to local land use policy and development plans. Similarly, transportation and Energy Efficiency and Conservation Block Grant dollars and other resources under CMAP's control should be tied to the delivery of affordable housing in communities where it is lacking.

Moving Toward Safe, Decent, and Affordable

In the wake of the Great Recession, the need for affordable housing in Illinois and across the country is greater than ever. At the same time, a weak housing market and fiscal problems at all levels of government have undermined the ability of housing providers to meet rising demand. In the face of growing need and shrinking capacity, it is imperative that limited resources be allocated strategically. This means leveraging support from the private sector and the federal government and getting as much value as possible out of every dollar invested. But as IHDA has recognized, strategic investment also means supporting development in locations that deliver the greatest value to affordable housing residents by providing them with opportunities for employment, education, and cost savings in the form of reduced transportation spending.

In recent years, IHDA has done an admirable job of prioritizing housing that improves existing communities and links people to jobs and affordable transportation. But as this analysis demonstrates, the traditional definition of affordability, which considers only housing costs, is outmoded in a world where urban regions have grown so far outward that the costs associated with carrying out the most mundane household errands and trips have increased exponentially. Moreover, significant obstacles remain to the construction of affordable housing in areas of the Chicago region where it is most needed. The recommendations outlined above will help to better target IHDA resources to quality locations, but because IHDA is not directly involved in site selection and has limited leverage over developer decisions, agency policy alone will not be enough to ensure that housing is developed in safe, decent, and affordable locations.

Improving the location of affordable housing development requires the combined effort and coordination of institutions and stakeholders at every level of involvement, from local governments to federal agencies. The HUD-DOT-EPA Partnership for Sustainable Communities has helped focus housing policy on the importance of location with its commitment to affordability measures that include housing, transportation costs, and other costs that affect location choices. But ultimately, development hinges on local policy and market dynamics. Because resources available for affordable housing generally do not cover acquisition costs, securing suitable sites in desirable locations frequently involves land donations or other direct support from local governments. Even when this level of support is not necessary, local resistance can prevent a worthy project from moving forward.

In the Chicago region, CMAP and a number of nonprofits have taken the lead in advocating for an equitable distribution of affordable housing and building planning capacity at the local level. Programs like the Cook and Lake County Preservation Compacts and the Regional Housing Initiative marshal additional resources to preserve and expand the affordable housing stock in areas of need, while interjurisdictional housing collaborations in the south, west, north, and northwest suburbs help member municipalities share resources and cooperatively meet the need for affordable housing.

All of these efforts are crucial pieces in the development of a regional affordable housing stock that can accommodate growing demand while connecting residents to jobs and robust transportation options. But building adequate housing in low transportation-cost, high-opportunity locations will require encouragement from a range of actors and innovative strategies or incentives to capture local support.

Appendix: Live Near Work Revisited

In January 2011, IHDA staff responded to CNT's recommendations by overhauling its Live Near Work category to measure job access for projects using LED data. The QAP asked developers to submit information regarding the total number of low-wage jobs and the proportion of low-wage jobs to total jobs within a given radius of a development site using the Census Bureau's OnTheMap website. IHDA set the radius at three miles for the city of Chicago, five miles in the Chicago metro area and other metros and 10 miles outside of metro areas. IHDA awarded up to four points based on the total number of low-income jobs within this radius and up to an additional four points based on the proportion of total jobs within the radius that were low and moderate wage jobs. Tax credit applicants have praised the new approach for its clarity, objectivity, and ease of use.

By making this change, IHDA became the first state housing finance agency in the United States to make use of the LED data to address the jobs housing mismatch for working families. In April 2011 Deputy Under Secretary of Commerce Nancy Potok lauded the new criteria as one of three innovative new uses for OnTheMap. While IHDA's use of LED data is to be lauded, it would yield better results if it were modified in three ways.

First, the distances used by IHDA to approximate an employment shed are too small. According to the LED database, about half of workers in the Chicago region lived at least 10 miles from their jobs in 2009. Even within the city of Chicago, one third of commuters traveled 10 miles or more to work. The H+T Index reveals that when the commutes of working families reach a distance of 10 miles, increased transportation costs exceed housing cost savings and leave families more strapped financially.

CNT scored IHDA developments from 2005-2008 using the new criteria and found that in most cases, proposals cannot reach the highest point threshold set by IHDA (66,000 low income jobs within a three-mile radius) unless they are located in the immediate vicinity of downtown Chicago. Even in the densest employment clusters in Chicago's suburbs, five miles is not a large enough radius to reach 66,666 low income jobs. And because the Peoria and Bloomington-Normal metropolitan areas contained only 39,879 and 17,088 low wage jobs in 2009, these breakpoints are ineffective in steering development in smaller regions.

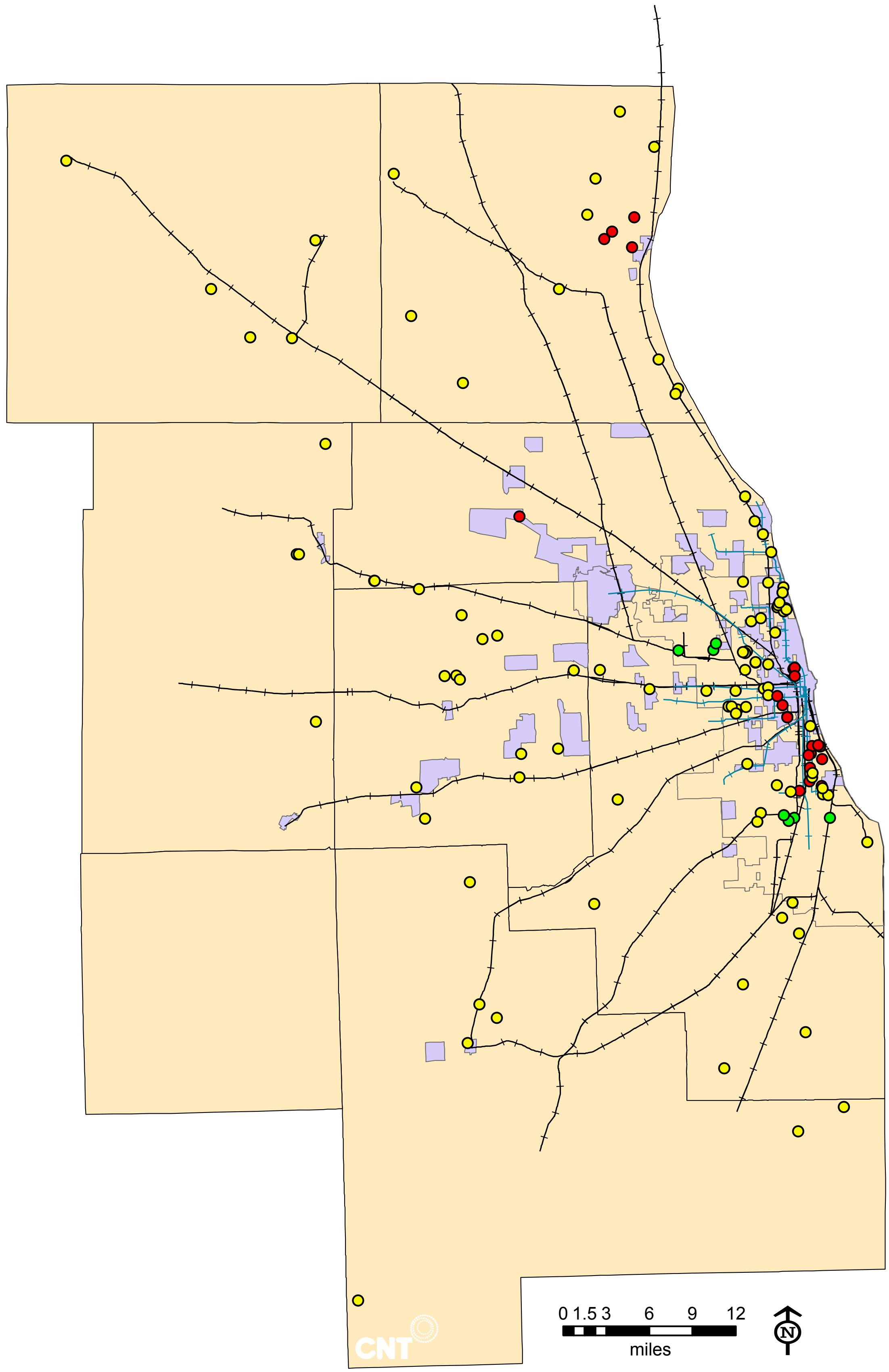
Based on this research, IHDA should expand the employment shed radius to five miles in Chicago and eight miles elsewhere in the region and in other metros. This radius better reflects the reality of commuting patterns while still keeping the distance within an affordable range.

FIGURE A1
Ratio of Low Income Jobs to Total Jobs for IHDA Developments, 2005–2008

- < 50% (0 points)
- 50 to 75% (2 points)
- > 75% (4 points)
- Chicago Boundary
- Regional Employment Centers
- Metra Lines
- CTA Lines

Using IHDA's criteria for proximity to low wage jobs, just seven of the 129 or 5 percent of developments financed from 2005-2008 were in locations with enough jobs to earn the full four points for share of total jobs that are low wage.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*



Second, IHDA should replace the ratio of lower wage jobs to all jobs with the ratio of low income jobs to low income workers. The ratio of lower wage jobs to all jobs contained in the current QAP awards more points to a location on Chicago's far South Side than to one in or near the Loop because low wage jobs represent a much higher percentage of all jobs on the South Side even though in absolute terms employment opportunities there are limited. By comparison, employers in the Loop offer such a wide range of positions that the 33,574 low wage jobs there accounted for less than 10 percent of all jobs. Housing developments near the second largest business district in the United States would receive zero points using the current metric. The ratio of low income jobs to low income workers more accurately measures the imbalance between workers and jobs in a particular community.

Figure A2.1 of the 2011 criteria and Figure A2.2 of CNT's proposed revisions illustrate this point. Figure A2.1 shows that the highest scoring locations were situated in the south suburbs and exurban locations. Figure A2.2, however, shows that the ratio of low income workers to low income jobs shifts points to Chicago's Loop and North Side, the O'Hare International Airport area, and southern Lake County—three employment centers commonly acknowledged to suffer from a jobs-housing mismatch.

Third, the criteria established in the 2012 QAP award automatically award developments two points even if the number of low-income jobs is zero. This dilutes the impact of the Live Near Work category on overall project scoring and should be revised. CNT recommends that IHDA eliminate the lowest break points in the current criteria, which award 2 points to sites in Chicago, metropolitan Chicago, and other metropolitan projects with 33,333 low wage jobs or fewer. The category should award two points to projects with a low wage job count between 15,000 and 30,000 jobs within the new radius and four points to projects with greater than 30,000 jobs.

CNT applauds IHDA for pioneering the use of OnTheMap in testing for job access. These new metrics will tighten the message of the data for applications.

FIGURE A2.1

2012 QAP Ratio of Low Income Jobs to Total Jobs within an 8 Mile Radius

- < 50%
- 50 to 60%
- 60 to 65%
- > 65%
- Chicago Boundary

- Metra Lines
- CTA Lines

Mapping the ratio of low income jobs to total jobs in 2009 within eight miles of a Census Tract reveals that IHDA's 2011 criteria favors locations far from major job concentrations.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*

FIGURE A2.2

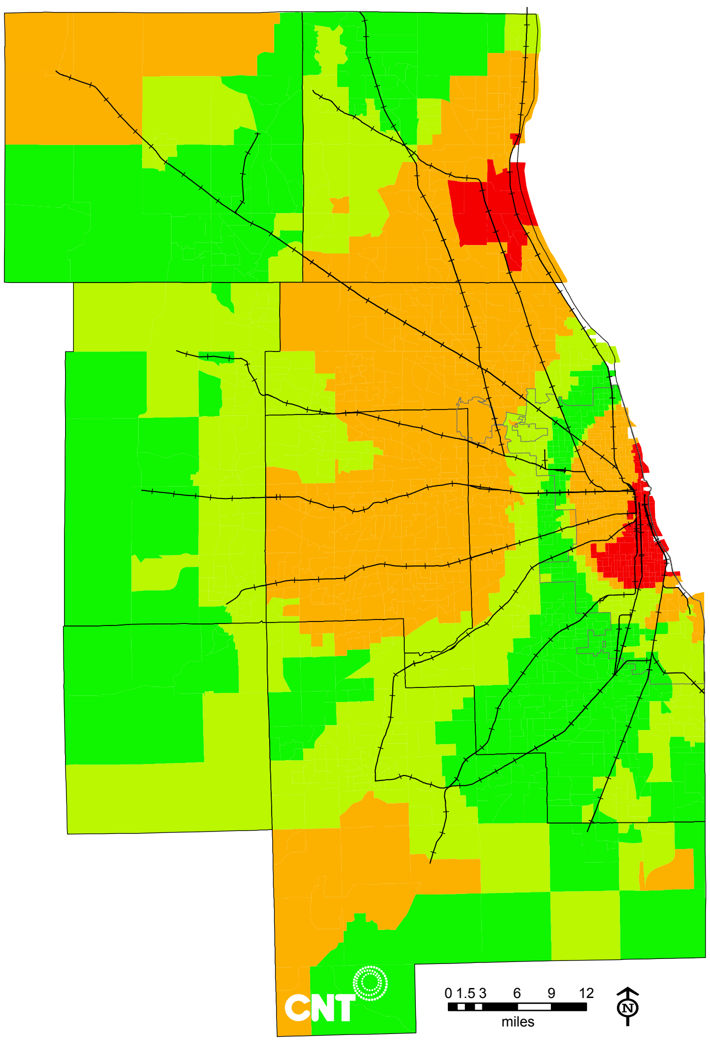
Proposed Ratio of Low Income Jobs to Low Income Workers within an 8 Mile Radius

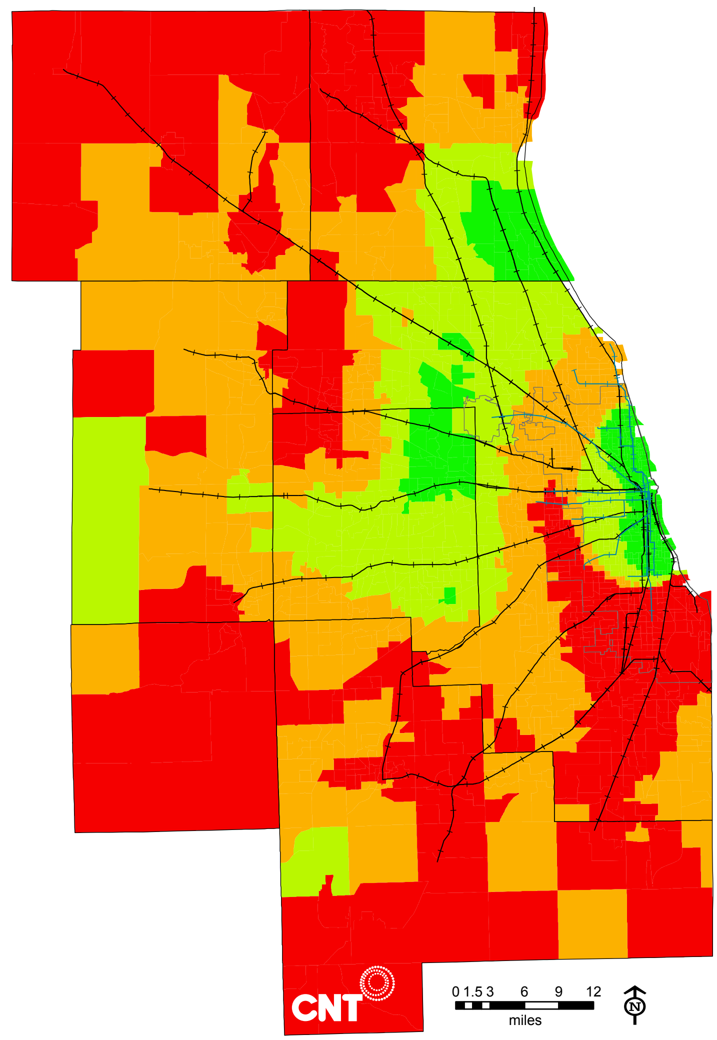
- < .8 Jobs/Worker
- .8 to 1.1 Jobs/Worker
- 1.1 to 1.5 Jobs/Worker
- > 1.5 Jobs/Worker
- Chicago Boundary

- Metra Lines
- CTA Lines

Mapping the ratio of low income jobs to low income workers, meanwhile, shows that employment opportunity is concentrated in Chicago's Loop, Northside, and northern and western suburbs.

Sources: *Illinois Housing Development Authority, Center for Neighborhood Technology*





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About The Center For Neighborhood Technology

CNT's mission is to promote more livable and sustainable urban communities. For over 30 years, the Center for Neighborhood Technology (CNT) has taken a holistic, solution-oriented approach that reflects a commitment to both cities and nature. CNT is a creative think-and-do tank that combines rigorous research and analysis with effective actions that offer paths to scale. We have tackled a wide range of issues, always with an eye toward simultaneously improving the environment, strengthening the economy, and advancing equity. We work across disciplines and issues, including transportation and community development, energy, water, and climate.

CNT has a strong reputation as a leader in promoting urban sustainability—the more effective use of existing resources and community assets to improve the health of natural systems and the wealth of people, today and in the future. CNT was a recipient of the 2009 MacArthur Award for Creative and Effective Institutions.

CNT has pioneered map-based tools that enable citizens, communities, service providers, and policymakers to communicate issues, understand needs, and create more effective implementation plans for urban sustainability.

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