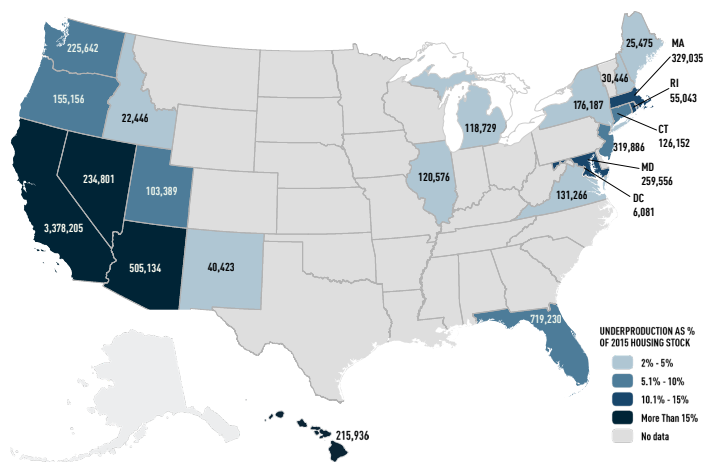


## ISSUE BACKGROUND

- Americans are facing a housing affordability crisis. This is driven by a severe underproduction of housing. According to Up for Growth's *Housing Underproduction in the U.S.* report, the U.S. fell 7.3 million homes short of meeting housing need from 2000-2015.<sup>1</sup>
- This undersupply of housing and the resulting affordability crisis are particularly acute in walkable, transit-served locations. Demand for these walkable, transit-oriented urban spaces has increased, but housing production has not followed, due in large part to artificial barriers.<sup>2</sup>
- 47% of renter households are cost-burdened,<sup>3</sup> paying more than 30% of their income to housing costs, in part because of housing underproduction. For many households, transportation costs represent the second largest expenditure, which can be lowered when these households gain access to high-quality transit services.



Source: ECONorthwest estimates, Census Bureau ACS 1-year Estimates of Housing Stock

## PROBLEM STATEMENT

- The U.S. DOT Federal Transit Administration (FTA) allocates around \$2.3 billion each year to fixed-guideway transit projects, which include light, rapid, and commuter rail and street cars.<sup>4</sup>
- These transit areas are often underdeveloped and consequently sub-optimize ridership potential. This underdevelopment means that transit areas are unable to fulfill the promise of affordability benefits, particularly to low-income households.
- Why is this? One reason for the underproduction of housing near transit is the way that federal dollars are currently allocated. Evaluations for transit projects do not accurately consider how various factors contribute to or stymie development. Without holistic evaluations,

the HR 4307, Build More Housing Near Transit Act door is open for ineffective or inefficient projects to receive funding while projects that support better housing solutions lose out.

## SOLUTION

- In order to ensure that FTA transit investments fulfill the original promise of a federal transit capital program that would "help shape as well as serve urban growth,"<sup>5</sup> the Build More Housing Near Transit Act would change Title 49 U.S. Code § 5309 to direct the Secretary of the Department of Transportation to:
  - Establish a warrant in the CIG grant application that applies to the economic development project justification criteria for applicants who provide housing feasibility assessments.
  - More heavily weigh the Economic Development subfactor in the CIG application if the applicant can demonstrate substantial efforts to encourage more housing near the project.
  - Allow HUD funds to be counted as part of the local share of funding, provided that the funds are used in conjunction with an affordable housing development and the affordable housing is located within one-half mile of a new station.

## BENEFITS

- Improved quantitative analysis of FTA projects will optimize the efficiency of projects and increase the supply of housing in walkable, transit-served areas. Revisions to the project evaluations will help to ensure that federal dollars are used effectively.
- Transit is critical for connecting people to economic opportunities, but the benefits of transit are not fully realized when its stops are not located close to a high concentration of housing. Land use policies that allow an adequate supply of housing near transit-served areas will increase ridership and allow more people to access jobs and amenities.
- Transit has a positive environmental impact through reduced greenhouse gas emissions, more compact land use, and a reduction of cars on the road. The increased ridership that comes from easier access to transit centers will help maximize the environmental benefits of public transit.
- Public transit is critical in connecting employees to jobs and allowing communities to thrive. Increasing accessibility to transit by improving the housing supply in transit-served areas will increase economic output and productivity.<sup>6</sup>
- Revising transit project evaluations creates a race to the top that drives communities to align land use and housing policies with transportation investments while maximizing the utility of precious federal transit dollars.

<sup>1</sup> Up for Growth (2019) "Housing Production in the U.S." Retrieved from: <https://www.upforgrowth.org/new-report-indicates-housing-shortage-more-severe-once-thought>

<sup>2</sup> Hadden Loh, Tracy, Christopher Leinberger, and Jordan Chafetz (2019). "Foot Traffic Ahead: Ranking Walkable Urbanism." The George Washington University School of Business and Smart Growth America.

<sup>3</sup> Joint Center for Housing Studies of Harvard University (2019). "The State of the Nation's Housing Crisis 2019." Retrieved from: [https://www.jchs.harvard.edu/sites/default/files/Harvard\\_JCHS\\_State\\_of\\_the\\_Nations\\_Housing\\_2019.pdf](https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_State_of_the_Nations_Housing_2019.pdf)

<sup>4</sup> United States Department of Transportation "Federal Transit Administration Fact Sheet." Retrieved from: [https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309\\_Capital\\_Investment\\_Grant\\_Fact\\_Sheet.pdf](https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf)

<sup>5</sup> Federal Transit Authority (2017). "A Brief History of Mass Transit." President John F. Kennedy, 1962. Retrieved from: <https://www.transit.dot.gov/about/brief-history-mass-transit>

<sup>6</sup> Chatman, Daniel & Robert Noland (2013). "Transit Service, Physical Agglomeration and Productivity in U.S. Metropolitan Areas." Urban Studies. Retrieved from: <https://journals.sagepub.com/doi/abs/10.1177/0042098013494426?papetoc=>

<sup>7</sup> Zhao, Fran & Thomas Gustafson (2013). "Transportation Needs of Disadvantaged Populations: Where, When, and How?" Federal Transportation Administration Research. Retrieved from: [https://www.transit.dot.gov/sites/fta.dot.gov/files/FTA\\_Report\\_No\\_0030.pdf](https://www.transit.dot.gov/sites/fta.dot.gov/files/FTA_Report_No_0030.pdf)

<sup>8</sup> Cervero, Robert (2007). "Transit Oriented Development's Ridership Bonus: A Product of Self-Selection and Public Policies." Environment and Planning A: Economy and Space. Retrieved from: <https://journals.sagepub.com/doi/10.1068/a38377>