

RACHEL MacCLEERY

The Transportation Calculus

Homebuyers and renters these days have a lot of information at their fingertips. Now, transportation cost data are starting to show up alongside traditional house facts and figures. What will the new availability of transportation cost information mean for real estate?

THOUGH LESS CLEAR, TRANSPORTATION costs are second only to housing expenses in a typical family's budget. But efforts to make transportation costs more transparent are underway. The ULI J. Ronald Terwilliger Center for Workforce Housing, working with the Center for Neighborhood Technology (CNT), has developed customizable housing and transportation calculators for three regions: Boston, San Francisco, and Washington D.C. These tools allow homebuyers and renters to enter assumptions about driving and commuting behavior into the calculator and compare transportation costs at different addresses. CNT is also developing a tool that will soon appear on online real estate listing sites in metropolitan areas nationwide, providing information about average transportation expenses for households in a given neighborhood.

These efforts are helping put the spotlight on transportation expenses for buyers, renters, developers, lenders, and the policy community.

For many years, the rule of thumb has been that housing payments should not exceed one-third of household income. Now, the significant expenses associated with getting to and from that house are being acknowledged as well. Housing in neighborhoods that are more "location

expected transportation costs, they could choose to pay more for housing in closer-in and more transit-friendly locations. Or frugal, value-driven households could keep housing budgets the same and realize savings by driving down transportation bills.

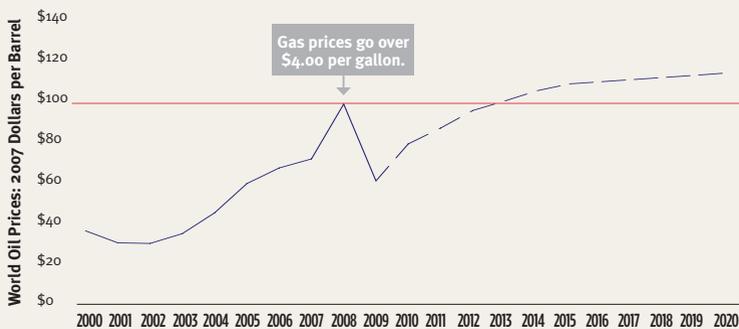
Real estate agents could provide transportation cost data in the same way that they share information about nearby schools and parks. For developers, transportation cost information could help build demand for more accessible, close-in locations. For building owners and managers, this information could be included in marketing campaigns—just as it is for other amenities—in efforts to sell people on a particular development or apartment complex.

Of course, costs—transportation and otherwise—are just one factor in people's complex home buying and renting decision-making matrix. Home size, quality-of-life considerations like schools and crime, proximity to work, and other factors also figure in. But expect transportation expenses to become more and more important.

At the policy level, many are already starting to think about how to integrate transportation cost information into policies and programs. The federal livability partnership, for example, is looking at how federal infrastructure and housing investments can help reduce households' combined housing and transportation burden. Official definitions of affordability could be expanded to include transportation costs—not just mortgage payments. And estimated transportation costs may eventually be required disclosures on housing settlement forms.

Even without major policy shifts, though, the growing availability of consumer-oriented data about the true impact of transportation on household budgets may start informing individual decisions. The real estate industry should get ready. **UL**

WORLD OIL PRICES PREDICTED
World Oil Prices Will Return to 2008 Levels by 2015



Source: U.S. Energy Information Administration, *International Energy Outlook*, 2009.

efficient”—with better transit access, pedestrian- and bicycle-friendly streets, and compact land use patterns—may cost more, but the savings associated with being able to give up the second car (or even the first one) could help offset the extra housing expenditures.

How will the real estate industry be affected by the growing awareness of transportation costs? When individual buyers and renters are able to see what they are likely to spend on transportation, they can adjust their housing budgets. With low

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