

An Update

Connections AND Choices

*In September 2007 the Southern Environmental Law Center and Virginia Local Initiatives Support Corporation released **Connections and Choices: Affordable Housing and Smarter Growth in the Greater Richmond Area**. The report shows the enormous economic, health, environmental, and social impacts of housing, land development and environmental trends occurring in the area, how these challenges are linked, and how they can be addressed more quickly and effectively. Updates to the report will be provided as new data are available.*

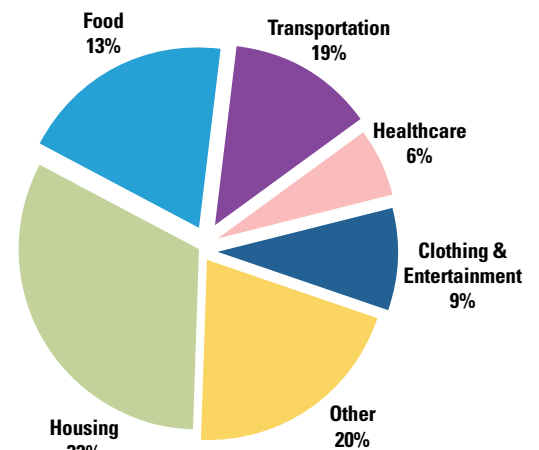


The High Cost of Transportation

Transportation consumes an enormous – and rising – amount of income. The average southern household spends \$7,990 per year on transportation, almost 19 cents out of every dollar spent.¹ This is more than is spent on health care and food combined, and this figure is before recent record high gas prices. Transportation expenses are second only to spending on housing, and when housing and transportation costs are combined, only 50% of income is left for food, clothing, health care, education, and other expenses.

Transportation costs tend to be highest in areas with more scattered development, since increased distances between home, work, school, and other activities increase the amount and the cost of driving. This problem is compounded by the almost exclusive focus of transportation investments in the Richmond region on roads, which further increases the cost to access jobs, stores, and other activities. Households that regularly use transit and have fewer vehicles typically spend far less on transportation.

AVERAGE HOUSEHOLD EXPENDITURES IN THE SOUTH (2005)



Source: US Department of Labor. Bureau of Labor Statistics

The full report can be found at
www.virginialisc.org or
www.SouthernEnvironment.org/publications

Many people decide to drive farther to purchase or rent in an area with cheaper housing. Yet the hidden transportation costs of housing are poorly understood and surprisingly high. A recent study showed that the costs to own and operate vehicles increases dramatically as people move out farther, and that people often end up spending more on transportation costs than they save on mortgage or rent.²

Pain at the Pump

The recent increases and volatility in gas prices exacerbate the hefty price tag of longer commutes and increased driving. Gas prices in the Richmond region have established several records in recent months. According to AAA, for example, the average price for a gallon of regular gas in the region set a new record of \$3.57 on May 3, 2008.³ This price was 25 cents higher than the rate one month ago, and a 66 cent increase from the price one year ago—a 23% increase in one year.

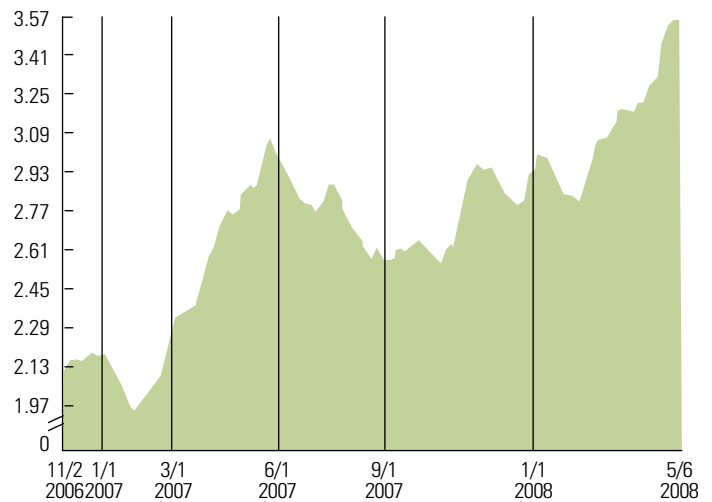
Gas prices are notoriously unpredictable, but the world appears to have entered a new era of higher energy prices, tighter supplies, and more volatile prices and supplies.

What is Affordable?

The tremendous household spending on transportation highlights the fact that the traditional definition of housing affordability is too narrow, and should be expanded to include transportation as well as housing costs. In short, it may be more useful to focus on affordable communities instead of just affordable housing.

Low income households tend to devote a larger percentage of their income to transportation, even though they may spend a fraction of what other households spend. The cost to own and operate a car places a heavy burden on low-income persons, and increasingly on middle-income individuals as well. However, having a car allows less skilled job seekers to overcome their separation from entry level jobs by having the ability to travel greater distances, travel at different times, and travel to areas not accessible by public transit.

RICHMOND AVERAGE RETAIL GAS PRICES (2006-2008)



Source: 2008 GasBuddy.Com

The high cost of transportation may be trapping the working poor in poverty and placing homeownership out of reach for many low and moderate income families – or at least reducing the housing people can afford to buy. Extra money spent on transportation tends to represent a lost opportunity to build wealth and is exacerbating the financial pressures many people face.

A greater range of less energy-intensive transportation choices, incentives for more efficient vehicles, and better connections between transportation and land use are among the key steps needed to promote more affordable communities.

¹U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditures in 2005, Table 11 (Feb. 2007).

²Center for Housing Policy, A Heavy Load: The Combined Housing and Transportation Burdens of Working Families (2006) (available at www.nhc.org/pdf/pub_heavyload_10_06.pdf).

³<http://www.fuelgaugereport.com/VAMetro.asp> (updated: 5/6/2008; data provided by Oil Price Information Service).