



Preservation Working Paper: *Are Preserved Affordable Housing Properties Located Near Public Transit?*

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*Introduction*

Preserving affordable rental housing involves more than simply focusing on the apartments themselves; it also must recognize that this housing exists in a particular location with specific attributes. Housing and transportation are often cited as the two largest monthly expenses of low-income households.<sup>2</sup> As these costs continue to rise, an unprecedented number of Massachusetts households pay more than 50% of their incomes toward housing expenses, leaving little to pay for other essentials. The costs of owning a car, including insurance and maintenance, combined with volatile fuel prices underscore the importance of public transportation as a reliable, affordable option for families to access jobs, schools, and services. For many families and seniors of modest incomes, living near public transit offers access to opportunities and a more affordable lifestyle. Planners and policymakers are increasingly considering the benefits of transit-efficient housing options.

It is against this backdrop that CEDAC conducted an analysis of the preserved affordable housing stock in Massachusetts. The intent of this study is to analyze the location of recently preserved multifamily rental housing in Massachusetts.<sup>3</sup> The main questions that guide this research are:

- Where are the properties located that were preserved over the four year period, between 2010 and 2013?
- How many preserved properties are located near public transportation?

We found that 84% of units preserved in Massachusetts since 2010 are located within one-half mile of a public transportation node.<sup>4</sup> The report summarizes some additional characteristics of these preserved properties, and offers a brief analysis of the benefits of proximity to transit. This report is not intended to be a comprehensive study of accessibility to transit or opportunity. Rather, the purpose is to identify the nearest public transportation option for residents of these buildings and to generally consider the added benefits of this proximity.

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<sup>1</sup> CEDAC is a public-private, community development finance institution that provides technical assistance, pre-development lending, and consulting services to non-profit organizations involved in housing development, workforce development, neighborhood economic development, and capital improvements to child care facilities. CEDAC works with its partner agencies at the state level - the Department of Housing and Community Development, MassHousing, the Massachusetts Housing Partnership, and MassDevelopment - to focus resources in support of the non-profit development agenda as an important element of Massachusetts' system for production of affordable housing. CEDAC is also active in national housing preservation policy research and development and is recognized as a leader in the non-profit community development industry.

<sup>2</sup> See NHC Report: "Losing Ground," [http://www.nhc.org/media/files/LosingGround\\_10\\_2012.pdf](http://www.nhc.org/media/files/LosingGround_10_2012.pdf). This report describes how the combined costs of housing and transportation in 25 metro areas have risen faster than income and the impact of transportation costs on overall affordability. CNT's Housing+ Transportation Affordability Index provides a comprehensive view of affordability, layering the cost of housing and transportation at the neighborhood level to measure that true affordability of housing based on its location. <http://htaindex.cnt.org/>

<sup>3</sup> "Preservation," for the purposes of this study, describes efforts to retain, renew, or secure subsidies for privately-owned, publicly-assisted affordable housing and to keep those units affordable for future low-income renters.

<sup>4</sup> "Nodes" include all MBTA rail stations, Regional Transit Authority (RTA) bus stops, and commuter rail locations across Massachusetts.

### *The Preservation and Transportation Link*

In recent years, Massachusetts has implemented innovative approaches to ensure the long-term sustainability of affordable rental housing. With the help of legislative and financing tools such as “Chapter 40T,” Massachusetts successfully preserved 12,197 affordable housing across the state over a four year period, between January 2010 and December 2013.<sup>5</sup> In that time, *no sale of affordable housing resulted in a loss of affordability for residents.*

Affordability is also a factor of location, and households located near public transit often enjoy access to a broader range of choices and opportunities. Proximity to public transit widens the opportunities that low-income residents can reach without the use of a car. A growing demand for housing in transit-rich neighborhoods also places pressure on existing affordable housing in these areas. Preservation advocates, planners, and policymakers widely agree about the various benefits of preserving housing near public transit. In light of these known benefits, CEDAC asked, *how do the 12,197 units of preserved housing in Massachusetts compare?*

### *Methodology*

For this study, our approach was to focus on the properties that were preserved between January of 2010 and December 2013. Using CEDAC’s Expiring Use Database, we identified 143 properties successfully preserved during this four year period.<sup>6</sup> The analysis includes 12,197 preserved units, located in 11 counties and 46 cities and towns across Massachusetts. Using various transit data sources, we mapped all MBTA rail stations, Regional Transit Authority (RTA) stops, and commuter rail locations across Massachusetts, which we consider the publicly accessible “nodes” of transportation, where riders enter the public transit systems. We overlaid the property locations with the transit data to calculate the distance from each affordable housing property to the nearest public transportation nodes.

### *Findings*

The 143 projects that have now been preserved feature several characteristics worth noting:

- These 12,197 units of affordable housing were preserved through transactions using a mix of federal, state, local, and private resources.
- These units represent some of the most affordable rental housing in Massachusetts.
- Many of the preserved units are in higher-income neighborhoods and are critical to maintaining a healthy housing mix and diversity in these communities.
- Through public-private investments, many of these preservation transactions resulted in physical revitalization of the units into healthier, more financially stable properties, without any loss of affordability.

**Geographic Distribution:** The preserved properties are located in 11 of 14 counties in Massachusetts, with concentration of units in eastern Massachusetts and the greater Boston area.<sup>7</sup> These properties are located in a range of urban, suburban, and rural locations. There is significant variation among the housing markets: whereas Boston and Cambridge are considered among the tightest rental markets in the country, several properties are located in communities with lower median rents and higher vacancy rates.

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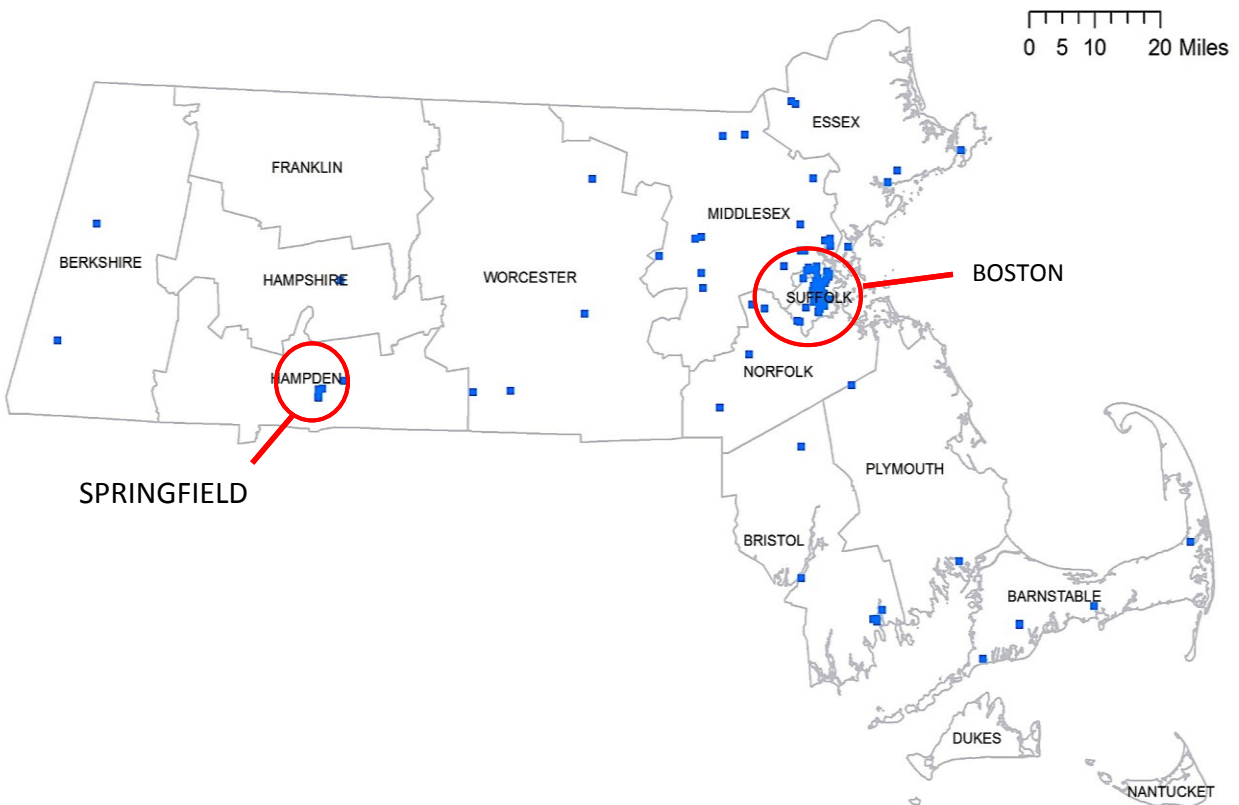
<sup>5</sup> Chapter 40T: “An Act Preserving Publicly Assisted Affordable Housing” was enacted in 2009 to help preserve existing privately-owned, publicly-subsidized, affordable housing in Massachusetts. It establishes notification provisions for tenants, a right of first refusal for DHCD or its designee to purchase publicly assisted housing, and modest tenant protections for projects with affordability restrictions that terminate.

<sup>6</sup> This CEDAC database relies on information obtained from federal, state, and local agencies including HUD, DHCD, and MassHousing. For a complete list, visit <http://cwc.cedac.org/Uploads/Files/April2014DatabaseEndnotes.pdf>.

<sup>7</sup> Between 2010 and 2013, there were no properties preserved in Dukes, Franklin, or Nantucket counties.

Whereas some markets have high costs that are matched by higher local incomes, the burden of high combined housing and transportation costs is also felt in places where these costs and income are out of sync.

Figure 1: A map showing the geographic distribution of the preserved properties across Massachusetts.

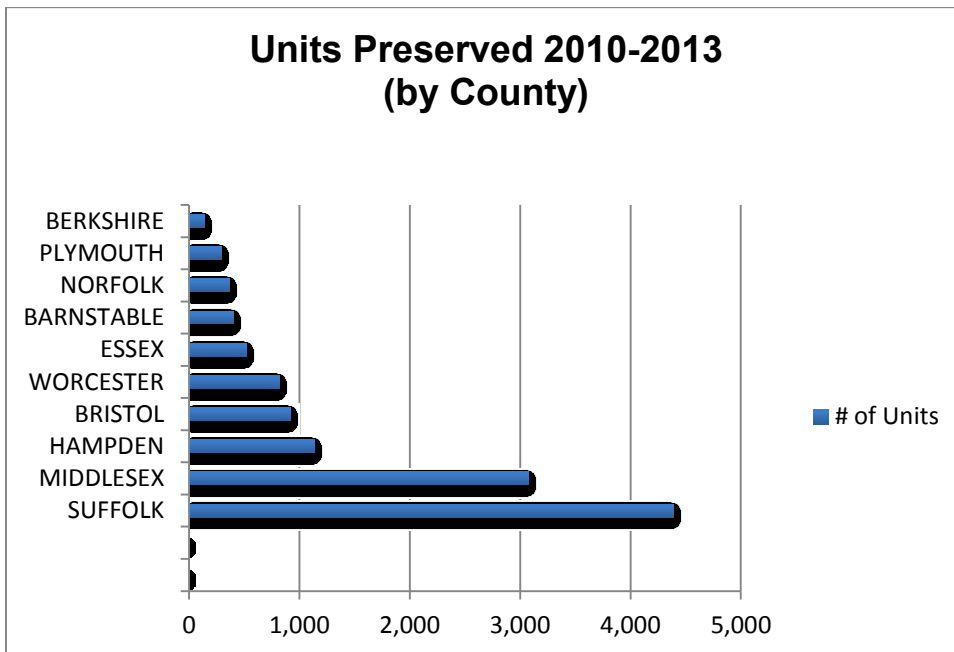


**Proximity to Transit:** This study concludes that of the 12,197 units preserved statewide, **84%** of units preserved statewide (10,187 units) are located within one-half mile of a public transit node, including bus stops, subway stations, and commuter rail stops. In each of the three most-populous cities in Massachusetts—Boston, Worcester, and Springfield—100% of preserved units are located within close proximity—approximately one block (one-tenth mile) of a public transit node. Preservation of these units as affordable housing is particularly important because constructing *new* affordable housing within a block of public transit is financially infeasible. In addition, all of the units preserved in Suffolk, Hampshire, and Hamden counties are located within one-half mile of a public transit node. Statewide, 84% of units preserved (10,999 units) are located within one-half mile of a public transit node.

Figure 2

County	Preserved units within ½ mile of transit node	Total preserved units in County	% within ½ mile of transit node
BARNSTABLE	366	402	91%
BERKSHIRE	101	141	72%
BRISTOL	322	919	35%
ESSEX	412	521	79%
HAMPDEN	1,139	1,139	100%
HAMPSHIRE	110	110	100%
MIDDLESEX	2,578	3,077	84%
NORFOLK	125	369	34%
PLYMOUTH	130	294	44%
SUFFOLK	4,403	4,403	100%
WORCESTER	513	822	62%
<b>TOTAL</b>	<b>10,199</b>	<b>12,197</b>	<b>84%</b>

Figure 3



## *Analyzing Preservation and Transit*

Among the 12,197 units of affordable housing preserved since 2010, many are located in close proximity to public transportation, creating additional affordability and opportunities for residents:

**Access.** Preserving affordable housing near transit is important for connecting families and seniors of modest incomes to opportunities, jobs, and services. Public transit serves the needs of working families by providing low-cost, reliable access to busses and trains. People dependent on public transportation have opportunity to live near transit when the affordability of these units is preserved for the future. Moreover, many of the preserved properties are also located in close proximity to highways and major roads, offering additional options and access and maintaining the benefit for future residents.

**Cost.** Low-income households already pay a disproportionately large share of their income towards housing and transportation. The costs of owning a car, including insurance and maintenance, combined with rising fuel prices is the second largest household expense for many low-income families. Whereas housing is considered affordable if it costs less than 30% of household income, low-income families have fewer choices and often far exceed 45% of their household budget on housing and transportation combined.<sup>8</sup> As demand for housing in transit-rich neighborhoods, preservation of affordable housing units near transit is critical to helping low-income families maintain a more affordable lifestyle.

**Environmental benefits.** Public transit can reduce dependence on cars and the number of car trips low-income households make. Among the many benefits associated with proximity to transit are reduced energy consumption, greenhouse gas emissions, and traffic congestion. In conjunction with Smart Growth principles, preservation of existing affordable housing helps create a range of housing opportunities and choices for different household types, sizes, and incomes. Moreover, preservation of these units does not require new transportation infrastructure and is an effective way to secure long-term affordability near transit.

**Public Resources.** Significant federal, state, and local funding has been invested in these properties since their development. As a result, these properties represent the most affordable housing in communities. Preservation protects the previous taxpayer investments in these properties and ensures that people of all incomes can enjoy the benefits of public transportation investments. Moreover, preservation of these units is more cost effective than new production of affordable housing, as building affordable housing in transit-rich neighborhoods is increasingly difficult and expensive. In Massachusetts, data show that preservation is more cost effective than new construction: over the past five to ten years, preservation projects in Massachusetts have averaged 25-26% less expensive per unit than new construction.<sup>9</sup> There are also land appreciation benefits that accrue from proximity to transit.

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<sup>8</sup> Housing +Transportation Affordability Index, <http://htaindex.cnt.org/#2>

<sup>9</sup> Statistic from Massachusetts Housing Partnership.