

**Bruce Katz, Director**  
**Brookings Institution Metropolitan Policy Program**  
**Speech before the Kansas City Housing Matters Forum**  
**“The Sticker Shock of Sprawl:**  
**Housing/Transportation Tradeoffs in Metro Kansas City”**  
**April 12, 2007**

**Introduction**

Good morning everyone. It is a real pleasure to be back in Kansas City – one of my favorite communities in the United States. I am particularly looking forward to visiting the new WWI museum.

I also want to commend the Housing Choices Coalition and their partners for organizing and supporting this forum today. I have enormous respect for this coalition because it understands that affordable housing is not just an end, it is a means to multiple ends.

When housing policy expands choices – of housing type, of housing location, of housing product -- it gives families an opportunity to live closer to good schools and quality jobs and, if they are homeowners, grow assets and meet the demands of retirement, college education and medical emergencies. An expansive housing policy also gives communities a vehicle for achieving smart metropolitan growth patterns that are competitively wise, environmentally sustainable and fiscally efficient.

If housing policy is to achieve its full potential, it cannot be crafted and executed in isolation but rather, it must be shaped in tandem with related policies like transportation, land use, economic development, financial services and even education.

Today, I want to talk about the fundamental necessity of joining up transportation, land use and housing policies for the good of families and communities.

First, I want to present some powerful national and regional evidence about the inextricable link between housing and transportation costs. For too long, we have defined housing affordability in limited ways, only measuring the relationship of housing costs to incomes and wages. Yet in today’s distended, exit ramp economy, where 40 percent of our work commutes are from suburb to suburb, we must combine housing and transportation costs together if we are to get a true picture of the burdens placed on working families. A recent study shows that the Kansas City metropolis stands out as a place where transportation costs are, on average, far outstripping the costs of housing -- placing severe demands on working families struggling to make ends meet.

Second, I want to explain why this is happening. Unbalanced, unfocused and unsustainable growth patterns in this region are compelling many working families to live far away from their place of work in neighborhoods that lack the density or connectivity that enable a broader range of transportation choices beyond the car. Many families are

making a brutal tradeoff between buying homes at reasonable prices and the need to purchase and maintain two to three cars to carry out the necessities of daily life. This is what I call the “sticker shock of sprawl.” Unfocused growth also imposes real economic and environmental costs on the region as a whole, threatening long term competitiveness in our changing economy.

Finally, I want to discuss ways that this region, your states and the nation can develop policies that facilitate more balanced growth patterns ... and, by so doing, improve your competitiveness, save public resources, promote energy efficiency ... and lower costs to working families throughout the area.

### **First, the evidence.**

In October 2006, the Center for Housing Policy released a national study entitled “A Heavy Load: The Combined Housing and Transportation Burdens of Working Families.”

The study built on earlier research that had examined the not surprising fact that working families that move further and further out in the search for low-cost housing pay higher and higher transportation costs. The earlier research had found that, nationally, for every dollar a working family saves on housing, it spends 77 cents more on transportation. At some distance, generally 12 to 15 miles away from a center of employment, the increase in transportation costs outweighs the savings on housing – and the share of household income required to meet these combined expenditures rises.

The 2006 study went further than this national picture and examined the combined costs of housing and transportation for working families -- families earning between \$20,000 and \$50,000 -- living in some 28 metropolitan areas, including the Kansas City metropolitan area.

On average, the study found that working families spend about 57 percent of their income on the combined costs of housing and transportation, with roughly 28 percent of income going for housing and 29 percent going for transportation.

As you would expect, the combined costs of transportation and housing varies markedly from metropolis to metropolis, within metropolitan areas and across different kinds of households.

Across metros, the combination of housing and transportation costs ... and the breakdown between these costs ... are affected by a broad range of factors, including the nature of the economy, the health and vitality of the central city and older suburban areas, the extent of employment decentralization, the concentration of poverty, the level of racial and ethnic segregation, the maturity and reach of public transit systems and the price of housing in disparate parts of the region.

The combined costs range from a low of 54 percent in Pittsburgh to a high of 63 percent in San Francisco.

So how does the Kansas City metro stack up??

Kansas City is a study in contrasts.

Working families in the KC metro, on average, pay 56 percent of their total income on housing and transportation costs, just below the metropolitan average for the nation.

Yet the split between housing and transportation costs is wildly uneven.

On one hand, working families in the KC metro spend only 23 percent of their income on housing, second lowest among all the metros studied. Only working families in the Pittsburgh metro spend a lower portion of their income on housing.

On the other hand, working families in KC spend an incredible 33 percent of their income on transportation, which puts KC at the head of the pack, along with Tampa and Pittsburgh.

The average transportation cost for working families in KC is almost \$11,000 per household. That's the highest total cost of all the metros studied.

Yet metropolitan averages only take you so far. Metro areas are aggregates of different kinds of neighborhoods ranging from living downtown communities (where residents may pay a high premium for condo style living but are able to walk to work) to new exurban communities on the periphery (where residents are able to purchase homes at reasonable prices but are compelled to buy two or three cars).

The characteristics of neighborhoods -- density, walkability, the availability and quality of transit service, convenient access to amenities such as grocery stores, dry cleaners and day care and movie theaters and the number of accessible jobs -- also affect the combination of housing and transportation costs.

The areas of the Kansas City metro area where transportation burdens are above average are not surprising: the outlying areas of fast-growing, auto-dependent, low-density counties like Ray, Clinton, Platte, Lafayette, Johnson, Cass and Miami.

Yet there are also specific neighborhoods where both transportation and housing burdens are above average: Excelsior Springs in Clay County, Lone Jack and Grain Valley in Jackson County and Chiles in Miami County.

**Let's now turn to the reasons for this harsh reality. Why are transportation costs outstripping the costs of housing for many working families in the KC metro?**

The answer will be no surprise to many people in this room -- the KC metropolis stands out as one of the most "stretched out" in the nation.

The land area inside the Kansas City freeway loop is almost two times that of the Chicago loop.

The city of KC, MO covers 318 square miles, more than the cities of Boston, Miami, San Francisco, and Washington combined!

At 7,848 square miles, the KC metro is larger than the New York City metro region, which spans four states (New York, New Jersey, Connecticut, and Pennsylvania) and 6,714 square miles.

You have the highest number of freeway lane miles per capita in the nation, including 8 federal highways and 49 state roads.

More workers use a private vehicle to commute to work in Kansas City than in any of the other top 28 metros.

Incredibly, 93 percent use a private vehicle, while just 1 percent use public transportation, 2 percent walk or bike, and 4 percent work from home.

On average each local resident travels around 29 miles per day in a vehicle, 36 percent more than average for the 68 largest metro areas in the country.

Despite the incredible assets of the central cities, the decentralization of economic and residential life dominates the physical landscape.

During the 1990s, the city of Kansas City, Missouri only grew by 1.5 percent (or by 6,400 people); by contrast, the metropolitan area grew by 12 percent and added 193,000 people.

So the population rebound in Kansas City, Missouri represented only 3 percent of the region's total population growth during the 1990s.

By contrast, Johnson County, Kansas grew by 27 percent or 96,000 people ... Clay County grew by 20 percent or 31,000 people ... Cass County grew by almost 29 percent or 18,000 people ... Platte County grew by 27 percent or 16,000 people.

From 2000 to 2005, the metropolitan area grew another 4 percent overall, with Cass County leading the way with a 13.6 percent increase in population. Johnson, Platte, and Clay continue to experience larger than average growth rates, along with outlying Clinton County. Jackson lost 1 percent of its population, while Wyandotte lost 2.4 percent.

Less than 3,500 new residents moved into Kansas City, MO (.8 percent), while over 2,650 moved out of Kansas City, KS (-1.8 percent). The trends are similar in

the area's inner-ring suburbs. Twelve of the metro area's 17 first suburban jurisdictions lost population between 2000 and 2005.

As population goes, so do jobs.

The Kansas City metropolis has emerged as one of the most decentralized employment regions in the United States. In 2002, less than 14 percent of the jobs in this metropolitan area were located within 3 miles of the central business district, ranking the region 73<sup>rd</sup> out of the 88 metros with populations over 500,000. Less than 43 percent of the jobs were located within 10 miles of the CBD, ranking the region 76<sup>th</sup> out of 88.

Not surprisingly, the spreading out of the metro area affects the travel patterns of households throughout the region. With the metro area sprawling, with low density settlement patterns dominating, with suburbs growing in a disjointed way (where residential areas are separate from office areas which are separate from commercial areas), families are completely dependent on the car.

During the 1990s, vehicle miles traveled grew more than twice as fast as population. VMT grew by 26 percent in the region compared to the 12 percent population growth.

As Kansas City's population, jobs and development continue to decentralize, the region's poor and minority residents remain concentrated in the core.

Brookings 2002 report on Missouri was unequivocal in its discussion of KC's growth trajectory.

“Metro KC continues to grow in spatially divided ways, with wealth and opportunity accumulating in its many rings of suburbs while slow growth, minority residents and lower income households accumulate in the center.”

87 percent of the metro areas black residents lived in Jackson and Wyandotte counties in 2000; over 80 percent live in Kansas City, Kansas and Kansas City, Missouri alone.

Kansas City is the 30<sup>th</sup> most racially segregated of the country's 272 metropolitan areas.

Further, 17 percent of KC, KS residents and 14 percent of KC, MO residents live in poverty compared to just over 5 percent in the rest of the metropolitan area.

I raise these realities about racial and economic segregation because they have profound influence on broader metropolitan growth patterns ... and the tradeoff between housing and transportation costs that we were discussing earlier.

One reason that low income families live bunched together in one part of metropolitan areas is that there is almost no affordable housing elsewhere. Subsidized housing tends

to be disproportionately located in distressed inner city and older suburban neighborhoods because wealthier suburbs practice exclusionary zoning and limit affordable housing within their borders.

When the supply of affordable housing is limited in scale and limited in place, several things happen.

First, many working poor get concentrated in particular parts of a metropolis, usually far from educational and employment opportunities.

Second, the housing/jobs imbalance worsens the area's traffic congestion by forcing families to travel long distances to their place of employment.

Third, the housing/jobs imbalance places enormous stresses on the region's employers by limiting the pool of workers who can live within a reasonable commuting distance.

Fourth, affordable housing concentration forces leapfrog development. Moderate income families usually don't want to live in distressed areas of a region where schools are failing and crime is relatively high. And they can't afford to live in high priced areas, many of which tend to be located in the center portion of the region. So these families are forced to move further out in a great game of leapfrog, which unfortunately characterizes most, if not all, American metropolitan areas.

So the location and supply of affordable housing is inextricably linked to the current growth patterns in metropolitan areas and must be part of the policy conversation if alternative growth patterns are to be pursued.

### **So where does Kansas City go from here?**

How does Kansas City grow in more balanced ways that improve the attractiveness of the region, support existing communities, lower costs, and enhance opportunity?

Here are four things to consider.

#### **First, the metropolis should consider making information on the combined costs of transportation and housing available on an annual basis.**

At Brookings, we have worked with several partners – the Center for Transit Oriented Development, the Center for Neighborhood Technology – to create a Housing and Transportation Affordability Index. This tool prices the tradeoffs that households make between housing and transportation costs and the savings that derive from living in communities that are near shopping, schools, and work and that boast a transit rich environment. We believe that it can provide consumers, policymakers, lenders and

investors with the information needed to make better decisions about which neighborhoods are truly affordable.

Updating this Index on an annual basis would provide a transparency to the combined costs of housing and transportation that heretofore have been borne by consumers but absent from public discussion and policymaking.

When supplemented with additional information, it can provide the fine grained information the region needs ... and consumers need ... to make smart, strategic, cost effective decisions:

Where is affordable housing located in the metro area? For very low income renters? For moderate income renters? For first-time homebuyers?

To what extent is market activity meeting demand for new housing and renovated housing?

To what extent is there a jobs/housing imbalance in this area? Are moderate income workers – teachers, nurses, policemen, hospital workers – locked out of growing employment areas?

In the end, information moves markets and sets the context for a host of policy decisions. Current, accurate, meaningful information has not been easily accessible to businesses, consumers, and governments. But given the advances in information technology over the past decade, there is a vastly expanded potential for delivering information on housing and transportation costs at relatively low financial and transaction costs.

**Second, Kansas City needs to plan for both affordable housing and transportation at the regional level, the true geography of housing markets, commuter sheds and the broader economy.**

During the 1990s, federal transportation laws empowered metropolitan planning organizations to plan on a metropolitan scale and set priorities for transportation spending.

By contrast, federal housing laws continue to devolve such power and responsibility to either state governments or parochial local governments or authorities.

The sheer number of plans leads to multiple priorities, redundant efforts and, most importantly, fragmented funding sources for affordable housing development. This fragmentation requires developers to seek multiple funding sources for a single affordable housing development. Our housing programs, in essence, are less than the sum of their parts.

I have long argued that the metropolitan region is the logical level at which to administer many housing programs, particularly programs like vouchers that are geared to the market. That will be tough to achieve.

But what if every city and municipality and county in this region got together and created a regional housing strategy? What if this region created a streamlined system for identifying and accessing resources ... a system that meets the market's need for certainty and predictability and timeliness? Such actions would be a positive step towards resolving the affordable housing challenge on the metro level.

The Mid-America Regional Council serves as a strong example of proactive regional leadership and planning for metropolitan regions around the country. MARC has myriad efforts underway in Kansas City to promote balanced, sustainable, and inclusive growth in the region. The MetroGreen program is one of the region's best examples of how jurisdictions across the area can work together toward common goals. If implemented, MetroGreen's network of 1,144-miles of open spaces and trails linking seven counties will be a significant regional asset.

Imagine if MARC were to apply this cross-jurisdictional coordination to housing policy by conducting a full assessment of where low- and moderate-income housing is currently located in the region, and where it needs to be expanded to enhance independence, choice, and mobility in both housing and transportation for low- and moderate-income residents?

**Third, Missouri, Kansas and jurisdictions in the Kansas City metropolis need to expand transportation and housing choices throughout the region.**

In many respects, transportation and housing policies have restricted choices for tens of millions of Americans.

Transportation policy continues to favor road projects over all other transportation alternatives and even continues to favor the expansion of road capacity at the fringe of metropolitan areas and beyond, extending the size of metropolitan areas and complicating the daily commutes and lives of tens of millions of Americans.

Housing policy continues to favor the concentration of affordable housing in central cities. Until recently, federal public housing catered almost exclusively to the very poor by housing them in special units concentrated in isolated neighborhoods. Even newer federal efforts – for example, the low-income housing tax credit program -- are generally targeted to areas of distress and poverty, not to areas of growing employment. We now know that concentrating poor families in a few square blocks undermines almost every other program designed to aid the poor -- making it harder for the poor to find jobs and placing extraordinary burdens on the schools and teachers that serve poor children.

The effect of all these policies: they lower the costs — to individuals and firms — of living and working outside or on the outer fringes of our metro regions, while increasing



the costs of living and working in the core. They push investment out of high-tax, low-service urban areas and into low-tax, high-service favored suburban quarters, while concentrating poverty in the central city core. And they deny choices to people and firms, whose preferences are changing markedly in this country.

So where should transportation and housing policies head?

A new transportation agenda must be more balanced and flexible, providing metropolitan areas with new transportation choices that reduce the heavy cost burden on working families and create access to opportunity by linking areas of job growth with affordable housing. It is essential, in particular, that city and suburban leaders come together to articulate a sound, region shaping vision for transit and then follow up with the kinds of land use and zoning changes to densify development along transit corridors.

On this issue, Kansas City's problem is not lack of vision, but lack of regional action. Recognizing the importance of an efficient, integrated public transportation system to the region's competitiveness and quality of life, MARC convened leaders from around the region to develop SmartMoves, a regional public transportation plan connecting seven counties with improved transit service. But the implementation of the plan remains uncertain for lack of funding. The Kansas City region must agree to a regional funding mechanism to deliver on the promise of extended regional transit service, a prerequisite for competitiveness in the 21<sup>st</sup> century.

At the same time, a new housing agenda must expand housing opportunities for moderate- and middle-class families in the cities and close-in suburbs while creating more affordable, "workforce" housing near job centers. Ideally, regional elected leaders should balance their housing markets through zoning changes, subsidies and tax incentives so that all families – both middle class and low income – have more choice about where they live and how to be closer to quality jobs and good schools.

This will require some real change.

To make it easier to build housing in older communities, local zoning rules for downtown areas – as well as commercial and even industrial areas in cities and older suburbs -- need to be reexamined and revised.

To make it easier to rehabilitate older buildings, state and local building codes need to be changed.

To make it easier to renovate older homes, particularly in the inner suburban areas of the region, the city and counties and the states need to consider special loan funds – like the ones created in Minnesota, Cuyahoga County and Cook County.

To make it easier to increase densities, states should permit – and localities should adopt – programs that allow the transfer of development rights from greenfields to urban communities.

To make it easier to build new workforce housing in fast-growing employment areas, fast-growing counties should consider adopting inclusionary zoning ordinances that require a portion of all major subdivision developments to be affordable to low and moderate income renters. Excellent examples include ordinances in counties like Montgomery County, Maryland, Fairfax County, Virginia and King County in Washington State.

To make it easier to build subsidized housing in fast growing areas, Kansas and Missouri should also reexamine how and where they allocate federal low income housing tax credits.

**Finally, Kansas, Missouri and Kansas City need to understand that you cannot go it alone. We need to resurrect smart national housing and transportation policies and KC needs to be part of that effort.**

Kansas City and other top metropolitan areas play a critical function in our national economy. With demographic change and economic restructuring, these major metros have become our engines of national and state prosperity.

The top 100 metros in the country occupy only 12 percent of our land mass, but house more than 2/3 of our population, 74 percent of our most educated citizens and 82 percent of our foreign born population. More importantly, they drive and dominate the leading edges of our economy: technology, business, financial, and professional services. They are our immigrant gateways, our ports of trade, our centers of knowledge and innovation.

Here is the bottom line: our nation's ability to compete rests largely on the ability of major metropolitan areas in the country to realize their full economic potential and the ability of metropolitan areas to do that, in turn, depends on the federal government and states giving them the tools and the rules they need to adapt to economic change and prosper.

We need, in short, a *Blueprint for National Prosperity*, a roadmap for unleashing the full economic and fiscal potential of our metropolitan areas. The Blueprint will identify key federal and state reforms and initiatives that are needed to give metropolitan communities the tools to leverage their economic strengths, grow in environmentally sustainable ways and build a strong middle class.

What specific policies are we talking about?

If metros are going to grow a high road economy, we need strategic federal and state investments in science and technology, advanced research, and innovation, as well as support for business growth, particularly small businesses: skills training, health care, capital access, and entrepreneurial support.

If metros are going to grow in sustainable ways, we need smart federal and state investments in transportation, housing, land reclamation, and energy efficiency as well as incentives for effective and efficient local government.

If metros are going to grow a strong middle class, we need a federal and state commitment to inclusive growth around strategies that improve access to quality education at all levels, enhance skills, supplement incomes, reduce the price of being poor, and ultimately grow assets and wealth.

That's a rich and complex agenda but, frankly, that is the agenda (holistic, integrated, sophisticated) that is already being discussed, debated, and acted upon in states and metro areas across the country.

Over the next year, Brookings intends to release a series of papers that (a) demonstrate the nation-shaping roles of our major metropolitan areas; (b) show how federal policies are outmoded and increasingly irrelevant to the realities of American life; and (c) propose a series of specific, systemic reforms in key areas of domestic policy like innovation, infrastructure, immigration, housing and education. As always, we will work closely with metropolitan leaders to ensure that federal policies build on the best of state and local action.

## **Conclusion**

Kansas City has an incredible opportunity to shape its destiny.

This is a great place to live and work and raise children. It is a place with enormous assets.

It can become one of the leading cities and metropolitan areas of the next century.

But you need to deal with some critical issues – housing and transportation affordability and balanced growth among them – if you are going to get there.

If you are going to make progress on these issues, you desperately need to define them in new terms that appeal to a broad-based citizenry.

You also need to build new kinds of coalitions – at the local level where zoning and land use decisions are made – but also at the metropolitan level where the market operates.

You need to build new kinds of coalitions that cross borders (both local and state), that unite constituencies (homebuilders and neighborhood advocates), and transcend racial and ethnic divisions.

These are issues worth fighting for and worth fighting about.

I wish you well.