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## Transit's Most Reliable Customers:

### Why Considering the Needs of Low-Income Populations Improves Public Transit

BY TAZRA MITCHELL

#### KEY FINDINGS

- The success of new and expanded transit in North Carolina will largely depend on how well the transit system retains and reaches its most reliable customers: low-income North Carolinians. This requires developing transit plans with an eye to where low-income people live and work.
- Sixty-seven percent of North Carolina's workers commuting by public transit had annual incomes below \$25,000 in 2011. The share of low-income workers commuting by transit is also increasing, with this group's ridership up nearly 11 percent from 2010 to 2011.
- Renters, who are disproportionately lower-income, are more likely to use public transit compared to the average North Carolinian. Even though renters only comprised 3 out of 10 working households in the state in 2011, 7 out of 10 workers commuting by transit were renters.
- Housing is becoming increasingly unaffordable in North Carolina's urban cores, where public transit is primarily located and jobs are more plentiful.
- The growing spatial mismatch between public transit, affordable housing, and job growth underscores the need for transit planning to be coordinated with planning in other policy silos before new transit is built.

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#### Overview

From Charlotte to the Triangle, policymakers in North Carolina are moving forward with plans to expand public-transit options, including additional bus services and the development of commuter and light rail. Such investments have the potential to expand the reach of opportunity by connecting North Carolinians to the education, employment, and social networks that can help them improve their economic standing. However, public transit is only helpful to riders if it connects where they live

to where the opportunities are available. The success of transit, in turn, rests on increasing access for those who regularly use and depend on it, primarily low-income North Carolinians.<sup>1</sup>

For these reasons, policymakers should develop transit plans with an eye to where low-income residents live and work. This strategy is increasingly important in light of two recent trends in North Carolina: low-income residents are depending more and more on public transit, and housing is becoming increasingly unaffordable in the urban cores, where public transit is primarily located and jobs are more plentiful—a concept known as the spatial mismatch between housing and transit. Acknowledging these trends and incorporating their implications into the transit plans will improve transit outcomes.

### **A Growing Share of Low-Income North Carolinians Rely on Public Transit**

North Carolinians commuting by means of public transportation are disproportionately people with lower incomes, according to the latest Census Bureau data. Sixty-seven percent of workers commuting by public transit had annual incomes below \$25,000 in 2011, even though only approximately 41 percent of the working population was in this income bracket.<sup>2</sup> The share of low-income workers commuting by transit is also increasing, with this group's ridership up nearly 11 percent from 2010 to 2011.<sup>3</sup>

Renters, who are disproportionately lower-income, are also more likely to use public transit compared to the average North Carolinian. Even though renters only comprised 3 out of 10 working households in the state in 2011, 7 out of 10 workers commuting by transit were renters.<sup>4</sup>

Low-income residents and renters share one characteristic that may signal why they comprise the core ridership base: members of both groups are less likely to own vehicles. Although less than 3 percent of workers in North Carolina do not own a car, nearly 36 percent of workers commuting by public transit live in vehicle-free households.<sup>5</sup> National research shows that both groups are also more likely to live near transit than the average resident, suggesting their transportation needs influence their housing-location decisions.<sup>6</sup>

Expenses related to transportation and housing—such as the cost of a vehicle, insurance premiums, rent, and utilities—consume more than half of all household income, forcing many low- and moderate-income families to make tradeoffs between these expenses and other expenses like food, child care, and health care.<sup>7</sup> These expenses make affordable-transportation options that much more important to households with less disposable income.

### **Affordable Housing is Becoming Increasingly Unaffordable in the State's Urban Cores**

Due to the economic characteristics of the core transit users in North Carolina, it is important that new and expanded transit systems mediate the spatial mismatch between housing and transit by connecting where low-income residents live to where education and employment opportunities are available. This makes preserving affordable-housing options near transit routes a vital component to meeting desired ridership levels. Housing is considered affordable if housing-related costs like rent and utilities are no more than 30 percent of a household's income.

Housing is becoming increasingly unaffordable throughout North Carolina's urban cores, where public transit is primarily located and where new transit will be expanded. In 2011, half of North Carolinians residing in urban areas lived in unaffordable housing, up 11 percent since 2007 when the Great Recession began. Housing affordability rates are even

lower in the state's principal cities, where affordability has decreased over the last several years.<sup>8</sup>

These higher housing costs near urban employment centers are forcing low-income residents to move farther away to locate affordable-housing options. Yet, any housing-related savings from living far from urban centers are often erased by higher transportation expenses due to longer commutes.<sup>9</sup> In part due to where affordable housing is located, more low-income residents are moving to suburbs, where public transit is less robust than in principal cities.<sup>10</sup> As a result, expanding transit services and preserving affordable housing are essential not only in primary cities but also in suburbs.

Ensuring that new transit routes are expanded to where low-income people live is ever more important in light of the fact that, increasingly, North Carolinians must look to the metropolitan region to access jobs. Ninety-eight percent of the state's job growth during the official economic recovery has been in metropolitan areas.<sup>11</sup> The divergence of transit services and job growth in the urban cores from higher rates of housing affordability in more distant areas reinforces the need to address the existing public-transit-coverage gaps in neighborhoods where jobs and opportunity are lacking.

### **New Investments Should Not Worsen Spatial Mismatch between Transit, Affordable Housing, and Jobs**

The growing spatial mismatch between public transit, affordable housing, and job growth underscores the need for transit planning to be coordinated with planning in other policy silos. For instance, policymakers should integrate transit planning with housing plans and efforts to improve employment outcomes. Comprehensive planning, however, will best improve transit outcomes if it takes place early before new transit is developed.<sup>12</sup>

Research shows that new transit investments often lead to neighborhood change that thwarts the transit system's ability to reach preferred levels of ridership. Neighborhoods near new transit stations tend to attract higher-income and vehicle-owning residents who are less likely to use public transit compared to core transit users.<sup>13</sup> Efforts to manage these externalities through comprehensive planning should be a leading priority among policymakers engaged in transit planning. Without early, coordinated planning, the spatial mismatch between transit, affordable housing, and jobs will likely continue to grow.

### **Conclusion**

The success of new and expanded transit in North Carolina will largely depend on how well the transit system retains and reaches its most reliable customers: low-income North Carolinians. This requires developing transit plans with an eye to where low-income people live and where the opportunities for economic and social participation exist. Such planning will ensure that public transit investments deliver an economic benefit not just to families but to the broader economy by ensuring connections to jobs and reducing household costs.

1 In this brief, successful transit is loosely defined as the transit system's ability to 1) meet the desired ridership levels set by the transit officials and 2) meet the needs of every transit-dependent person living in the service area by providing access to affordable and reliable transportation. For a more substantive definition of successful transit and description of the explanatory variables—both within and outside the control of transit officials—that impact ridership levels, see: Mineta Transportation Institute. "Increasing Transit Ridership: Lessons from the Most Successful Transit Systems in the 1990s." San José State University. 2002. Available at: <http://transweb.sjsu.edu/MTIportal/research/publications/documents/01-22.pdf>

2 "Working population" is defined as workers 16 years and over. Author's analysis of United States Census Bureau's American Community Survey, 2011.

3 Author's analysis of United States Census Bureau's American Community Survey, 2010-2011.

4 Author's analysis of United States Census Bureau's American Community Survey, 2011.

5 *Ibid.*

6 Pollack, Stephanie et al. "Maintaining Diversity in America's Transit-Rich Neighborhoods: Tools for Equitable Neighborhood Change." Dukakis Center for Urban and Regional Policy. 2010. Available at: <http://www.dukakiscenter.org/storage/TRNEquityFull.pdf>

- 7 Author's analysis of Bureau of Labor Statistic's Consumer Expenditure Survey, 2011.
- 8 Author's analysis of United States Census Bureau's American Community Survey, 2007-2011.
- 9 The Center for Neighborhood Technology. "Penny Wise Pound Foolish: New Measures of Housing + Transportation Affordability." 2010. Available at: <http://www.cnt.org/repository/pwpf.pdf>
- 10 Mitchell, Tazra. "Is Suburbia the New Frontier of Poverty in North Carolina? Suburban Poverty Rose Sharply over the 2000s." North Carolina Budget and Tax Center. 2012. Available at: <http://www.ncjustice.org/sites/default/files/BTC%20Brief%20-%20Suburban%20Poverty%20%282%29.pdf>
- 11 Freyer, Allan. "August Jobless Numbers: NC Metro Job Growth Spreads Unevenly." North Carolina Budget and Tax Center. 2012. Available at: <http://www.ncjustice.org/?q=august-jobless-numbers-nc-metro-job-growth-spreads-unevenly>
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- 13 *Ibid.*

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