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User Perspectives on Location Efficient Mortgages & Car Sharing



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Final Report

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Executive Summary

Introduction

A burgeoning population seeking relatively affordable housing is placing high demands on outlying, auto-dependent residential markets. Simultaneously, public policies addressing housing, transportation, and land use aim to increase homeownership, decrease drive-alone travel, and harness outlying development. A relatively new mortgage lending procedure aims to address each of these public policy aims synergistically by allowing low- and moderate-income households the opportunity to purchase homes in transit-accessible neighborhoods that would otherwise be unobtainable because of cost. Location Efficient Mortgages and similar mortgage products (e.g., Smart Commute, transit supportive loans) are currently available in more than a half-dozen cities nationwide, including Chicago, San Francisco, Los Angeles, Seattle, and Minneapolis/St. Paul. Transit-supportive loans is a general label used to refer to a variety of programs such as the Location Efficient Mortgage (LEM) or Smart Commute. For purposes of clarity and simplification, the general term Location Efficient Mortgages is used in this report to refer to programs of this nature.

Because homes in transit-accessible neighborhoods require less driving, it is easier for households to lower their rate of automobile ownership and use, thereby lowering their transportation costs. This reduction in costs is then folded into the mortgage calculation. If the household moves to such a neighborhood, the mortgage allows for a lower down payment from the borrower's own funds and a higher mortgage-to-income qualifying ratio. The result is a mortgage several thousand dollars more than a traditional one, just because the household moves to a transit-rich neighborhood. From a public policy standpoint, it is being touted as a unique initiative to increase homeownership while curbing sprawl and the auto-dependent land use patterns that often result.

Given the novelty of the concept (the most mature of these loan programs has been in effect for only a few years), to date there have been only a few dozen closings nationwide. The result is a relatively sparse literature evaluating this initiative, much less positioning it within the broader goals of smart growth, describing its application, and commenting on its prospects.

This report draws on the smart growth, anti-sprawl literature to present the theoretical foundations of Location Efficient Mortgages and how they address goals of growth management programs. After introducing the concept of the LEM, the report describes matter associated with how the loans are administered as well as major players and administrative issues central to their implementation. The prospects for this tool and the fundamental circumstances likely to bedevil its widespread adoption or overall impact are addressed. Together, these components constitute a primer of the current state of knowledge about these unique loan programs.

The newness of both LEM and car-sharing programs has provided little opportunity for empirical analysis; subsequently, there have been few, if any, efforts to measure the efficacy of these unique programs. Nearly four dozen households have now purchased homes using LEMs in five cities nationwide (Chicago, San Francisco, Los Angeles, Seattle, Minneapolis/St. Paul); an overwhelming number of these households are in Chicago and Seattle. The report also sheds light on a closely marketed and in some respects, closely aligned program known as car-sharing. In Seattle, the car-sharing program, Flexcar, has now been underway for over two years, accruing more than 700 members and 42 vehicles; in Chicago, the car-sharing program is still in the planning stages. Only a small fraction of these 700 members are LEM recipients. The relative maturity of the LEM program in each of these locations, together with the maturity of the car-

sharing program in Seattle, provides the ripe opportunity to investigate how each of these programs influence both homeownership and location, household travel expenses, and household travel behavior in each of these cities.

Surveys of LEM recipients in Seattle and Chicago provided an initial description of their characteristics and opinions. These surveys were followed by focus groups with mortgage recipients and participants in car-sharing programs. Interviews with program officials provided a third perspective.

Summary of Survey Results

The survey data are considered essentially two sets of responses/data, one from Chicago and one from Seattle. There are marked differences between the respondents from the two cities. Seattle respondents bought mostly single-family homes, and reported higher purchase prices and higher incomes than the Chicago respondents, who almost all purchased multi-family dwellings.

The travel data gleaned from the survey demonstrated no strong influence of the LEM on the respondents travel behavior. In Seattle, two-thirds of the respondents reported traveling fewer miles and for a lesser amount of time at their current home, compared to their previous home. In Chicago, the respondents were more evenly split in their assessment of the travel behavior before and after their move to the Location Efficient location.

The more detailed travel data attempted to discern any effect their move may have had on mode choice, and proximity to non-automobile transportation options. No overwhelming trend emerged on either one of those fronts in either city. What is apparent is that the LEM homebuyers avail themselves of a variety of transportation alternatives, and the automobile is certainly one of them. In Seattle, the most noteworthy result of the travel data is that in one-third of the LEM households, at least 5 days out of the week, more than one car is driven. Indeed, the rates of car ownership among the Seattle respondent is indicative of the role of the automobile in their lives. Half of the Seattle households we surveyed have one car, and the remaining households have two cars.

Chicago respondents emerged as less reliant on automobiles than Seattle respondents. Chicago respondents reported themselves as using a wider array of transportation options, as might be expected given the greater diversity of transportation choices available to them, as well as the increased density.

The areas in which general trends did emerge among the respondents from both cities related to their neighborhood choices, and their mortgage choices. A large percentage of respondents indicated that a transit friendly neighborhood was an important feature of their housing search. They rated neighborhood characteristics and proximity to work as the primary influences on their decision of house location.

In terms of their mortgage, respondents were evenly split in whether they considered the LEM to be a necessary component of the purchase of their home. Most of them valued the down payment and interest rate as the most appealing features of the LEM (although in Chicago, the debt to income ratio was a noteworthy third mention).

Focus Groups

A complement to the survey component of this project was a series of in-depth and focused interviews to glean more detailed information about why households made their decisions. These interviews focus households from three populations in the two settings, Chicago and Seattle. We

spoke with individuals who were recipients of LEMs, individuals who participated in car-sharing, and a individuals who represented a control group (neither LEM or car-sharing). The interviews provide respondents with the opportunity to freely elaborate on and discuss the tradeoffs they made in selecting (or not selecting) the LEM program. In addition, the interview focuses on the role various decisions had in influencing their choice of neighborhood and travel/activity patterns.

Based on the discussions, members have substantively differing perceptions of the role of car-sharing in their lives. Some members viewed car-sharing as an alternative to mass-transit, and thus somewhat of a luxury. Other members viewed car-sharing as an alternative to owning their own car, and thus viewed car-sharing as somewhat of a sacrifice. The sacrifice might be made for a variety of reasons, including: financial, neighborhood choice, convenience (limited or costly parking), or environmental consciousness. Some of these participants, in particular, appreciated the independence that membership in a car-sharing program provided them.

Much like in the case of the car-sharing program participants, the LEM focus group participants seemed to fall into two distinct groups. One group consisted of those were familiar with, and even proponents of the goals of LEMs. The other group consisted of people who were either unconcerned with anything besides the financial details of the mortgage, or furthermore, unaware of the goals and/or details of location efficiency.

In talking about their home-buying decisions, the LEM homeowners discussed that the high in their priorities was finding the right neighborhood, to a greater degree than finding the particular home. Likewise, participants in the car-sharing programs were searching for the right neighborhood, in particular emphasizing the transportation accessibility of the neighborhood with regard to their work commute.

There was little to no overlap between the car-sharing and the Location Efficient Mortgage groups. We specifically asked focus group participants about their use and/or awareness of the car-sharing and LEM programs. None of the LEM participants were members of the car-sharing programs, and the majority of them were unaware of their existence. Likewise, few participants in the car-sharing focus groups had any awareness of the LEM, though several expressed interest in learning more about the program after learning of its existence during the course of the focus group discussion.

Interviews with Program Officials

Individual households, however, are not the sole party involved in deciding a particular type of mortgage or participation in a car-sharing program. In many respects, the mortgage lending institution, and specifically the mortgage broker, are instrumental in guiding households towards mortgage products and determining qualifying criteria. Recognizing this phenomenon, secondary units of analysis in this research are mortgage lending representatives.

Our conversations with mortgage brokers and other mortgage industry experts helped round out the picture. In Seattle and Chicago, only 61 LEMs were closed between 1998 and 2004. Although the program is still available in these cities, no LEM mortgages have closed since November, 2004. At present, an industry professional characterizes the LEM program as essentially obsolete. The consensus is that when the program was initially developed, the LEM product was a good match for an admittedly small population of first time homebuyers who did not quite qualify using traditional lending structures. But as the mortgage market changed, the terms and structures of the LEM did not evolve, rendering the four-city pilot program unable to compete in the mortgage market.

Summary of Prospects

While the car-sharing programs continue to expand, the LEM program appears to be moribund. Both of these programs attempt to provide rewards to less automobile reliant households in the form of alternatives to traditional car and home ownership structures. The fate of the LEM program relies on a variety of forces over which the originators of the location efficiency model have little control, or even influence. The car-sharing programs, on the other hand, have benefited from an entrepreneurial model that is receiving considerable support and investment from governmental sources.

The report positions such loans as a program aiming to nudge the market in ways compatible with public policy goals related to housing, transportation, and land use planning. These mortgages are unique because they combine both public and private interests in doing so. However, one must recognize that the future of Location Efficient Mortgages may not be quite as bright as many advocates contend. For example, they are likely to offer only marginal respite for problems related to regional growth management. This is consistent with the growing recognition that there is no magic bullet—no single growth management strategy—to remedy the woes of many metropolitan areas (e.g., congestion, development on the urban fringe).

While Location Efficient Mortgages may not significantly contribute to reversing (or mitigating) suburban sprawl, it is important to understand that the impact the program would have on *regional* growth management goals is just one lens to use to evaluate it. A separate lens is the impact it would have on more localized matters and individual households. For example, they may provide a means (one that is otherwise not available) that allows households to forge a closer connection between the type of neighborhood in which they want to live and what they can afford: they may open up a wider array of neighborhoods for lower income households to choose from. Complicated problems such as sprawl deserve complicated solutions, and Location Efficient Mortgages should be relied on as only one weapon in the arsenal for planners and decision makers. They represent a growth management tool that simultaneously pursues public policy objectives while satisfying the profit motives of participating private sector actors.

Chapter 1: Introduction

A burgeoning population seeking relatively affordable housing is placing high demands on outlying, auto-dependent residential markets. Simultaneously, public policies addressing housing, transportation, and land use aim to increase homeownership, decrease drive-alone travel, and harness outlying development. A relatively new mortgage lending procedure aims to address each of these public policy aims synergistically by allowing low- and moderate-income households the opportunity to purchase homes in transit-accessible neighborhoods that would otherwise be unobtainable because of cost. Location Efficient Mortgages and similar mortgage products (e.g., Smart Commute, transit supportive loans) are currently available in more than a half-dozen cities nationwide, including Chicago, San Francisco, Los Angeles, Seattle, and Minneapolis/St. Paul. Transit-supportive loans is a general label used to refer to a variety of programs such as the Location Efficient Mortgage (LEM) or Smart Commute. For purposes of clarity and simplification, the general term Location Efficient Mortgages will be used in this report to refer to programs of this nature.

Because homes in transit-accessible neighborhoods require less driving, it is easier for households to lower their rate of automobile ownership and use, thereby lowering their transportation costs. This reduction in costs is then folded into the mortgage calculation. If the household moves to such a neighborhood, the mortgage allows for a lower down payment from the borrower's own funds and a higher mortgage-to-income qualifying ratio. The result is a mortgage several thousand dollars more than a traditional one, just because the household moves to a transit-rich neighborhood. From a public policy standpoint, it is being touted as a unique initiative to increase homeownership while curbing sprawl and the auto-dependent land use patterns that often result.

Location Efficient Mortgages have been highlighted in the popular press (1,2,3) and in trade journals (4,5,6); they have received attention in the housing, land use, and transportation literature (7,8,9); and they have also been the focus of two recent academic studies (10,11).

Given the novelty of the concept (the most mature of these loan programs has been in effect for only a few years), to date there have been only a few dozen closings nationwide. The result is a relatively sparse literature evaluating this initiative, much less positioning it within the broader goals of smart growth, describing its application, and commenting on its prospects.

To better understand the nature of these loans, this report is divided into three chapters. Chapter 2 draws heavily on the smart growth, anti-sprawl literature to present the theoretical foundations of Location Efficient Mortgages and how they address goals of growth management programs. Chapter 3 describes how the loans are administered: major players and administrative issues central to its implementation. Chapter 4 comments on the prospects for this tool and briefly reviews fundamental circumstances likely to bedevil its widespread adoption or overall impact. Together, these three parts constitute a primer of the current state of knowledge about these unique loan programs.

Current lending, location decisions, and smart growth

Lending institutions traditionally provide mortgage loans up to a maximum amount that depends almost solely on the borrower's income. An upper limit for the ratio of housing expenses to income is set, usually on the order of 28 percent. Only a small degree of flexibility is available in response to particular household conditions, such as a good credit history. The typical formula does not consider either the lifestyle preferences of the borrower or the location attributes of the

house. A given household qualifies for the same mortgage amount regardless of whether the property is in the city where transit service is plentiful or on the urban fringe where the need for driving is typically greater.

Barring polycentric urban forms, housing prices in many metropolitan areas still generally follow traditional bid-rent curves. Property is more costly near the city center than in outer suburban areas. Many homeowners borrow up to the limits of affordability imposed by lenders; discretionary income available to spend on housing utility is therefore limited. The current rules effectively create an environment where many households that want to own are forced to move closer to outlying urban fringe communities to acquire affordable housing. Such location decisions exacerbate many of the environmental, economic, and social problems that planners are trying to address. One need only turn to the abundance of anti-sprawl literature to learn about the myriad consequences of the forces pushing housing development to the urban fringe. Higher-cost housing closer to the city is passed up in favor of lower-cost housing farther away from many services, jobs, and other amenities. Development creeps more rapidly into the countryside.

The often-told tale of inner-city decline relative to suburban sprawl gradually plays out; urban flight leads to decreasing investment in inner-city infrastructure and increasing investment to pave over rich agricultural lands and so on. From a transportation perspective, outlying locations tend not to support transit or pedestrian alternatives, contributing to more drive-alone travel and the associated externalities of the automobile (e.g., air and water pollution, consumption of natural resources). Other consequences are increased discrimination against those with no means of auto travel—that is, people with disabilities, the poor, the elderly, or the young. The central premise is that conventional mortgage lending helps fuel the demand for more suburban, auto-dependent locations—locations where households drive more than they would otherwise, given different lending procedures.

Chapter 2: Theoretical foundation

At the simplest level, the rationale for Location Efficient Mortgages is derived from the basic principles of classic land economics, bid-rent theory, and traditional land use/transportation interactions first introduced by von Thunen in 1826 (12). Almost two centuries ago, a farmer's profit at a given location depended on two factors: how much people in the city were willing to pay for different crops and how much it would cost to produce and transport them to market. The two key variables were the market price of the good and the cost of transport. The core rationale for Location Efficient Mortgages relate to similar matters, except that the cost of the crop is replaced by the price of land. Operating within a set budget and maximizing total utility and minimizing total costs, households are assumed to make trade-offs between less expensive homes that are farther from the city center and higher travel costs. A home with lower travel costs means that more funds could be appropriated for location costs and vice versa. Lower transportation costs can be attained through a variety of strategies. One is living closer to the city center. Another is living close to public transportation.

Residential location decisions, however, are considerably more complex than this. More than 30 years ago, for example, neighborhood considerations and the type of dwelling unit were shown to be more important than accessibility (13). One need only refer to the rich literature on residential location to learn that myriad factors and individual preferences trigger household decisions (for example, access to specific amenities, school quality, racial composition, and so on). Such preferences need to be weighed against constraints (for example, income, availability of housing stock). In response, the degree to which households rely strictly on trade-offs between transportation and land cost has come under scrutiny (14,15).

The important element is that individual households reconcile competing trade-offs—trade-offs that usually internalize transport costs; Location Efficient Mortgages provide an institutional means of recognizing these trade-offs while furthering public policy goals. The recaptured costs (from driving less) would be available to divert to other utilities, such as a bundle of attributes that includes higher-priced housing or owning a house at all. In this respect, these loans take into account the elasticity of transport costs. They allow a dollar a month saved on transportation costs to be applied to higher loan payments.

The basic concept behind these loans originate from work spearheaded by John Holtzclaw of the Sierra Club. Since 1996, the effort has blossomed into a strong partnership between the Center for Neighborhood Technology (CNT), the National Resources Defense Council (NRDC), and the Surface Transportation Policy Project (STPP). Holtzclaw's original work (16) examined travel and residential location patterns for 28 California communities in four metropolitan areas. He concluded that household transportation costs—travel distance and auto ownership—are highly correlated with urban form characteristics such as levels of residential density and transit accessibility. Such findings are consistent with a battery of recent studies concluding that, on average, households that live in neighborhoods with relatively higher density, good transit and pedestrian access, and a mix of uses tend to drive less and use transit more (see, for example, Crane or Ewing and Cervero (17,18)).

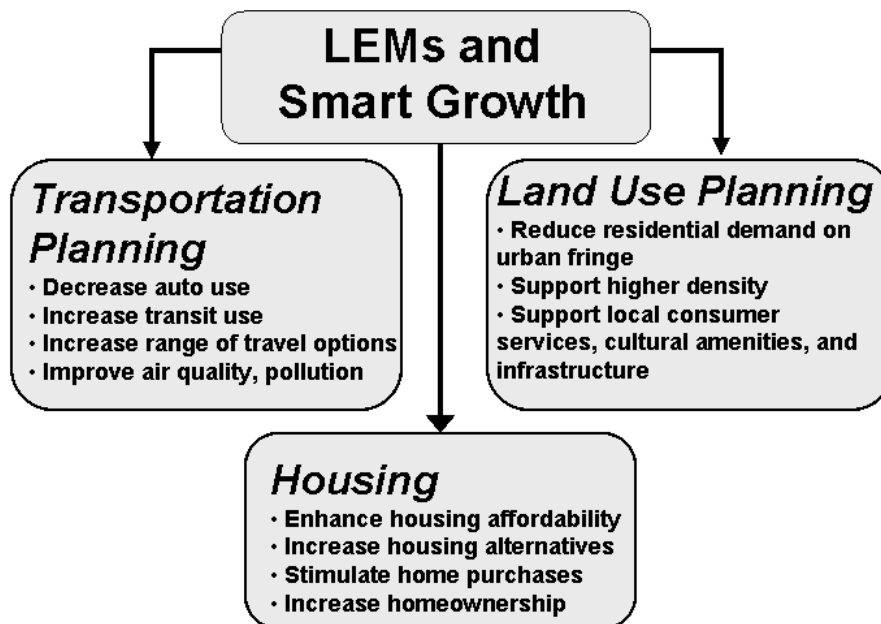
Relation to smart growth

The urban form characteristics of such communities are the cornerstone of planning initiatives developed under the rubric of smart growth, New Urbanism, or sustainable development. These initiatives encourage compact development with a variety of housing types, a finegrain mix of

land uses, and attractive urban design. A primary intent of these land use planning initiatives is that resulting neighborhoods will contain a variety of housing types and be occupied by residents likely to ride public transit, cycle, or walk to common destinations. But providing more transit-accessible neighborhoods is only one piece of the puzzle. The more complex component relates to the manner in which households respond to the supply of such development types. Is there a demand? Housing market analysts quickly point to the elderly, baby boomers, and “urbanites” as populations demanding higher density housing where transit and walking are viable options. But this population represents a much smaller segment of the housing market than the segment demanding homes in outlying parts of urban areas.

Transit supportive home loans are a means to stoke the demand for housing in inner-city neighborhoods by providing a program consistent with growth management and smart growth. One approach is to develop market segmentation models that will help indicate the potential demand of certain demographic groups (19) and to specifically target such groups with public policies (20). Another tactic is to specify guidelines consistent with what has been referred to as the third generation of growth management initiatives (21). The first generation of growth controls, as described by Navarro and Carson (1991), aimed to place restrictions on residential housing construction to rein in growth in a given community. The second generation, an approach steeped in comprehensive planning, aimed to mitigate many of the negative externalities of growth by more thoroughly considering the effects of residential, commercial, and other development jointly. This second generation was still operated largely under the command and control power of the state.

Figure 2.1: Describing how LEMs satisfy growth management goals.



The public sector’s limited capacity to shape growth has prompted many planners to urge market-based strategies that provide “carrots” to foster more sustainable decisions by private sector actors. Transit supportive home loans are valuable because they allow—perhaps facilitate—an economic transaction for desired land use behavior but leave the ultimate decision in the hands of

the private sector (10). If successful, they will help nudge the market in ways consistent with city planning initiatives relating to housing, land use planning, and transportation planning (see Figure 2.1). The following discussion borrows heavily from the arguments of advocates of such loans.

Housing and community development.

From a housing standpoint, Location Efficient Mortgages advance at least two distinguishable planning goals. First, they provide a means by which a greater variety of income groups can afford homes in residential markets that would otherwise be unattainable. In this respect, they open up a range of housing options to a broader market. Specifically, these loans further income diversity in desirable, transit-accessible neighborhoods. Potential homebuyers have greater freedom to choose housing where they *want* to live as enlightened lending policies expand the set of neighborhoods where they can *afford* to live.

Second, by stimulating home purchases, Location Efficient Mortgages help increase homeownership. With higher homeownership rates, they enhance the self-esteem and life satisfaction of lower-income households and a neighborhood's stability and livability. For some households, Location Efficient Mortgages may provide the means that help lower-income households move into previously unavailable neighborhoods. By helping to integrate these populations into such neighborhoods, the loans represent one strategy that enables the housing finance system to better serve low- and moderate-income borrowers. Over the long term, this may serve to better connect these populations to the resources available in a metropolitan area.

Land use planning.

From the perspective of land use policy, the current rules for residential mortgage lending effectively create an environment where households move farther away from urban centers in search of housing stock where they can receive more home for their dollar. Development encroaches on the countryside, leading to increased investment to pave over agricultural lands and decreased investment in inner-city infrastructure. Location Efficient Mortgages indirectly help shape residential location patterns by making urban, infill, and pre-existing properties available (and in some cases attractive or accessible) to potential homebuyers and/or developers. Stimulating investment in infill neighborhoods with existing infrastructure and transit service helps deter development pressures on the urban fringe. Triggering home purchases in higher density neighborhoods also reduces developed land per capita. Such neighborhoods are within walking distance of basic services such as neighborhood retail establishments and require a density threshold on the order of at least eight dwelling units per acre. This helps create urban environments with a higher density than typical suburban environments. By attracting more households to mixed use neighborhoods, Location Efficient Mortgages help support a market for neighborhood retailers, which have had difficulty competing with big-box retailers.

Transportation planning.

Finally, Location Efficient Mortgages allow households to purchase homes in higher-density neighborhoods with access to public transit. These neighborhoods also frequently have a diversity of land use, which promotes pedestrian traffic. They therefore may reduce auto-dependent travel and its associated negative externalities (e.g., air and water pollution, consumption of natural resources). The goal of reducing drive alone travel has been echoed in federal legislation, including the Clean Air Act Amendments of 1990, the Intermodal Surface Transportation Efficiency Act, and its successor, the Transportation Equity Act for the 21st Century. Specific initiatives from the U.S. Department of Transportation (DOT) and the U.S. Environmental Protection Agency (EPA) both aim to enhance multimodal accessibility, reduce mobile source

emissions, and improve air quality. In fact, both the Federal Transit Administration and the EPA provided grant funds to develop, support, and implement the concept of these loans.

The degree to which these mortgages attract current transit users and/or former auto-using households to such neighborhoods remains an open question, however. Increasing evidence suggests that households choose particular neighborhoods because location efficiency allows them to drive less and use transit more (22,23). On the basis of research in the San Francisco area (24), Portland, OR (25), and Seattle (26), some suggest that many residents consciously select residences near rail stops to increase their accessibility to job sites, suggesting residential sorting based on travel preferences.

As previously mentioned, Location Efficient Mortgages help correct for the current discrimination built into conventional mortgage products against households with low transportation costs. Last, they help create a stronger market (i.e., demand) for transit ridership, which in turn serves to better support a community's transit system through better and more reliable service.

Chapter 3: Application of Location Efficient Mortgages

Qualifying properties.

On average, an estimated 28 percent of a household's income is devoted to transportation-related expenses (27). Considered in concert with fixed and variable cost estimates for automobiles, Holtzclaw (16) claims that it is possible to compute average annual automobile costs from such results. Average costs for public transportation in a given community are much smaller but can be determined from the recorded revenue of transit agencies. Location Efficient Mortgages posit that these costs, termed transportation savings, be made available to households that decide to live in transit-accessible neighborhoods. The manner in which this theory would play out is as follows.

Mortgage qualification is guided by calculating two ratios. A front-end (housing debt) ratio divides monthly payments of principal, interest, taxes, and insurance by income. A back end (total debt) ratio includes other debts such as automobile and other loans. As a first cut, lower ratios indicate a greater ability to repay. Higher ratios (beyond thresholds of approximately 30 percent and 38 percent, respectively) suggest more risky borrowers. If the costs from transportation savings were subtracted from each of the debts and payments, both ratios would be lower. Folding the transportation costs into the mortgage calculation would allow a household to purchase a home in a transit-rich neighborhood that would otherwise be unobtainable (28,29). In the original applications the concept (Chicago, San Francisco, Los Angeles, and Seattle) individual neighborhoods were assigned a value based on such factors as neighborhood density, pedestrian friendliness, and access to public transportation.

Table 3.1 Location Efficient Mortgage Scenarios

	Aggressive LEM (Zone 291)	Less aggressive LEM (Zone 86)
Location Efficient Value (LEV)	\$176.00	\$54.00
Additional qualifying amount over a traditional mortgage	\$43,047.00	\$37,672.00

The above scenario is calculated using a single household income of \$50,000 with an interest rate of 6.125%. The Location Efficient Value is the additional qualifying income that can be used to calculate what a borrower's qualifying ratios are. The additional qualifying amount is the increase in what a borrower qualifies for based on adding the Location Efficient Value into the qualifying ratios. Scenarios based on Seattle case study.

Practically speaking, the typical Location Efficient Mortgage (LEM) program is similar to other traditional mortgages Fannie Mae offers (e.g., the Flex 97 program). Both require a three percent down payment and employ the same interest rate. This makes monthly payments the same despite the location of a home.

What makes the LEM program unique is that a borrower who only qualifies for \$250,000 on a conventional (Flex 97) mortgage could qualify for \$280,000 using the LEM program because of the Location Efficient Value (additional qualifying income) that is calculated into the borrower's qualifying ratios. Table XXX above provides an example two different areas in the city where

LEM is available. In a neighborhood with a relatively aggressive LEV in Seattle (zone 291), a household could qualify for an additional \$43,000 mortgage. In a neighborhood with less LEV, this translates to a \$37,672 additional mortgage. A thumbnail sketch of the how the location efficiency value is calculated is presented next.

Determining the degree of transit supportiveness.

First, vehicle miles traveled (VMT) and auto ownership are modeled by independent variables including household income, household size, neighborhood density, transit access, and pedestrian access. The choice of these independent variables closely mirrors the variables used in recent studies examining the relationship between urban form and travel. Data for the first three variables were gleaned from U.S. census data. Transit access was determined for each census tract by a factor for the number of transit seats and was measured by combining the proximity of transit stops, the number of routes, and their frequency. Pedestrian access was operationalized by measuring the nature of the street layout (e.g., gridded versus cul-de-sac) and the pedestrian infrastructure available.

In terms of dependent variables, auto ownership rates were obtained from U.S. census data. A particularly notable contribution of this research lies in the data collected to measure VMT. Most recent work examining the relationship between urban form and travel uses sample data to measure mode split, number of trips, or self-reported travel distance. Using biennial odometer readings from vehicle emission inspections, researchers were able to identify the actual auto travel distance per household for millions of records by ZIP code in Illinois and California. The second step in the analysis uses fixed and variable driving cost information (from DOT Federal Highway Administration estimates) to predict the average amount spent on transportation costs (adjusted for inflation).

On the basis of the three locational variables (density, transit access, and pedestrian access), transportation analysis zones (TAZs) are assigned a value by subtracting the transportation costs for transit-supportive neighborhoods from the transportation costs averaged for the bottom quartile of TAZs (those considered least transit supportive). The difference between the two—the transportation savings—is then folded into mortgage lending qualifications. This detailed analysis took years to come to fruition; the models and analysis are described in depth elsewhere (11).

The above modeling effort yields important and reasonably accurate information about how transportation costs vary across a continuum of neighborhood types. Such information helps analysts better understand the marginal savings of one household over another. The calculation process requires major efforts and substantial expertise for data collection and modeling. In Seattle, the ambitious data and modeling demands were the principal reasons for limiting the program only to properties inside the city limits and not including others in the metropolitan area.

Housing and mortgage officials have responded to the constraints presented by data and modeling complexities by exploring less data intensive strategies that would more simply promote similar objectives.

For example, other programs launched in Pittsburgh, Minneapolis, Salt Lake City, and Philadelphia, allow any household purchasing a home within one-quarter mile of a bus route to qualify for such mortgages. The frequency or intensity of transit service is not taken into consideration, and transportation savings are not assessed on a continuum. A qualifying household is simply allowed a lower down payment, increased qualifying income for reduced auto ownership, and higher qualifying ratios in general. These substantially modified criteria may

accomplish the same end as the more stringent application used in Los Angeles, Seattle, Chicago, and San Francisco, while at the same time simplifying program administration.

Figure 3.1: Interior bus advertisement for the LEM program in Seattle, WA demonstrating the multiple agencies involved.

Improve your commute — buy a house.

Your dream of home ownership can become reality.

Announcing the arrival of the Location Efficient Mortgage in your neighborhood. If you live and work in Seattle, you may qualify for a lower down payment, a discounted annual Metro Transit pass and a free membership to the Flexcar program. You'll look at commuting in a whole new light.

Make a move into your future.

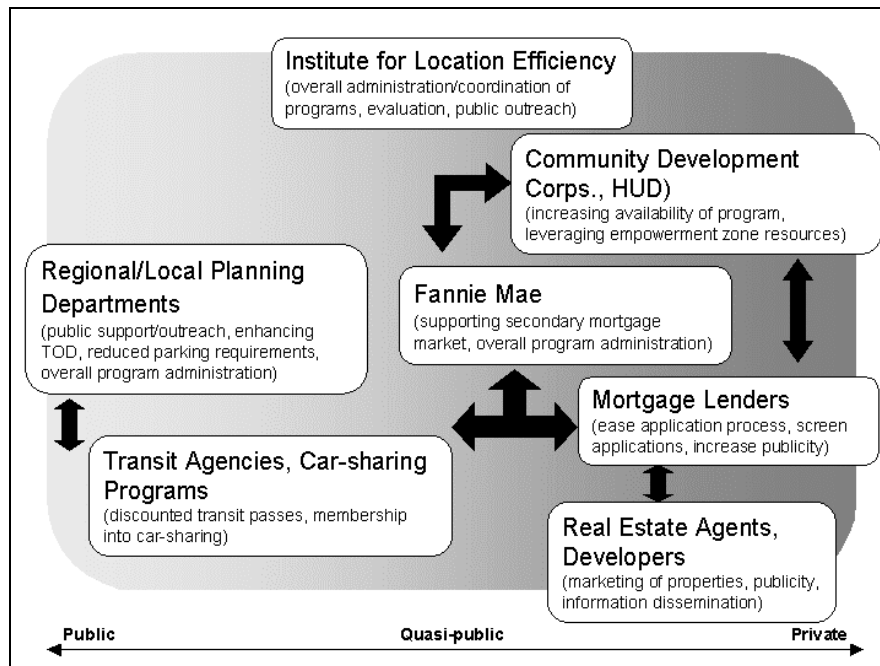
Call (800) 719-8080 today.
www.homestreetbank.com

King County METRO FannieMae Seattle Office of HOUSING HomeStreet Bank

Multiple agencies and combined efforts.

As with any public/private partnership, successful implementation of Location Efficient Mortgages require coordination and support from a variety of organizations. The combined efforts of the CNT, NRDC, and STPP produced the seed that sprouted the idea. In concert with efforts from Fannie Mae and local public/private organizations, these mortgages have become a reality in a handful of cities. Agencies assume different roles in different settings, depending on the manner in which the program is applied. One need only look at the supporting agencies listed on the interior bus advertisement shown in Figure 3.1 (King County Metro, Fannie Mae, Seattle Office of Housing, Home-Street Bank) to understand the multiple entities that take part. Figure 3.2 provides an overview of the different private and public agencies involved, their primary roles, and primary partnerships. While coordination and communication among agencies are needed, the bold arrows are used to represent primary partnerships. The following discussion describes the roles of different organizations in more detail.

Figure 3.2: Multiple parties and agencies responsible for successful implementation of LEMs. Shading indicates degree of public or private agency. Primary relationships and partnerships are highlighted by arrows.



Mortgage lenders and the secondary mortgage market.

Important stakeholders for Location Efficient Mortgages are mortgage lending institutions and supporting agencies. Primary among these stakeholders is Fannie Mae, which has agreed to support many such loans on the secondary mortgage market through an underwriting experiment in excess of \$110 million. Fannie Mae's commitment has enabled these loans to be available through large mortgage lending institutions (e.g., Countrywide Home Loans) and more conventional banks (e.g., HomeStreet Bank). More mortgage lenders have expressed their willingness to write Location Efficient Mortgages to qualified borrowers, contingent on such mortgages being accepted on the secondary mortgage market.

Aligned with the lenders are real estate agents and developers. In many respects, real estate agents are on the front line to bring properties in transit friendly neighborhoods to the attention of potentially interested households. Similarly, real estate developers could potentially tap into additional buyers who might not be able to qualify for given properties without using such loans. For instance, program officials in Seattle are aiming to engage a variety of developers to advertise the loan program as part of their marketing presales efforts.

Transit agencies, car-sharing programs, and the municipal land development process.

The basis for a core motive of Location Efficient Mortgages—providing incentives to drive less and own fewer automobiles—assumes that several transportation choices are available. While such choices include walking or cycling, transit is seen as the primary way to drive less and own fewer automobiles. Transit agencies and car-sharing programs are therefore instrumental in successfully implementing these programs. Each is briefly discussed next.

The transit agency's capacity to support such loan programs is primarily twofold: enhancing routes and facilitating transit passes. Transit agencies are continually looking for strategies to strengthen existing or new routes (e.g., increase ridership): More targeted marketing may lead to stronger demand for services. The second tenet involves providing reduced-cost transit passes for loan recipients. In the Twin Cities (Minnesota) application, the transit provider is an active partner and has agreed to provide a free pass to loan recipients for the first two years and discounted passes thereafter. In the Seattle case, transit passes for any travel on the regional transit system are bundled with other cost items into a single escrow fund, payable at the time of closing and subtracted from the amount of the loan or escrowed from monthly mortgage payments. These funds are then transferred to the public transit provider. In Seattle, it was found that many households already had discounted transit passes from their employer. In these cases, plans are currently under way to use money from the escrow fund to provide vouchers to such households for new bicycles.

Car-sharing, an additional transportation service available in the test market in Seattle, has found its way into the program. Car-sharing allows a group of individuals to share access to vehicles that are parked close to their homes. Households therefore have the benefits of auto use without the high fixed costs of ownership. Users typically pay an initiation fee plus additional costs based on their use of the system. Under recent modifications to program guidelines, Seattle households closing with Location Efficient Mortgages would also receive severely discounted initiation rates for these programs.

Transportation services, however, do not operate in isolation. They require community development to ensure greater viability of both walking or transit. Local land use and zoning departments assume at least an implicit role; they are instrumental in facilitating development types in plans or zoning documents so that developers can more easily respond to the demand for services required in transit-rich neighborhoods. For example, typical guidelines for transit-oriented development specify residential densities between 12 and 25 dwelling units per acre supplemented by a core area to provide convenience retail and local-serving offices (30). Types of commercial centers include convenience shopping; neighborhood centers with a supermarket, drugstore, and supporting uses; specialty retail centers; and community centers with convenience shopping and department stores (31). In Seattle, a city-created office devoted to Station Area Planning coordinates development issues (e.g., zoning, circulation, parking, connections to bus service) in neighborhoods around each of the region's soon-to-be opened light rail stations.

The city of Seattle and the city council have been active supporters of the loan program since its inception. In fact, \$50,000 in municipal funds was appropriated to help initiate the program. The city council has recently discussed using the program as a means of reducing parking requirements in the zoning code. Under a current proposal, new condominiums available for purchase through the loan process would be exempt from complying with standard parking-to-dwelling-unit ratios. While land use and zoning departments and other municipal actions are not involved in negotiating closings, their impact is realized by the nature of zoning and other development factors in transit friendly neighborhoods.

Resources available for lower-income neighborhoods.

In Minneapolis/St. Paul, the program has an explicit component catering to lower-income households. Local Minnesota officials seized a unique opportunity to leverage their version of the program with funds available because the area was designated as 1 of the 15 empowerment zones by the U.S. Department of Housing and Urban Development. By leveraging enterprise zone funds, local officials can provide recipient households purchasing within the 6.7 square miles of the enterprise zone (which includes 19 of Minneapolis' 81 neighborhoods) with \$2,500 toward a

down payment. In return, these households would be responsible for completing 100 hours of community service.

Chapter 4: Understanding the prospects of Location Efficient Mortgages

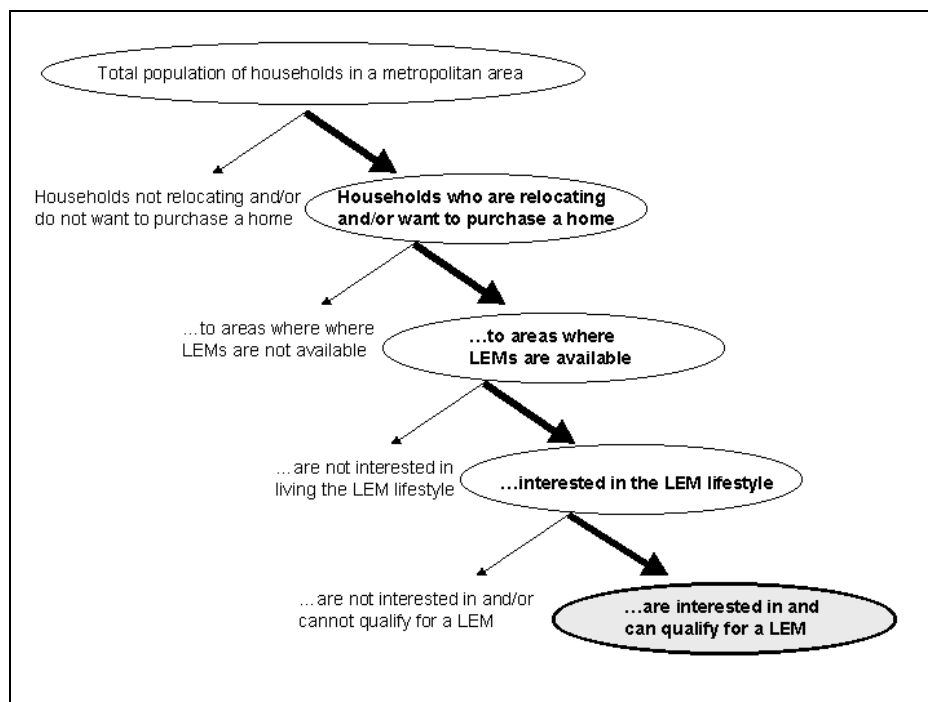
Having reviewed the theoretical foundations of the Location Efficient Mortgages and their application, this chapter will turn to the potential impact of such programs, highlighting major hurdles that need to be overcome and describing factors likely to hamper widespread adoption.

The potential population of borrowers

The most important issue when considering the impact of such loans is the population of households that would likely take advantage of them. The schematic presented in Figure 4.1 depicts the boundaries of this population. Of the total population of households in a metropolitan area, these loans would apply only to those relocating *within* the metropolitan area or migrating *to* the area. This would apply only to metropolitan areas where the Location Efficient Mortgages are currently available.

Additionally, they would also serve only those households interested in purchasing a home. In the fast growing, four-county Puget Sound metropolitan region, for example, a coarse estimate of less than 5 percent of households purchased homes in 1999. According to the Puget Sound Regional Council, there were 52,000 housing transactions in 1999, divided by a household population of 1,269,070. Because Location Efficient Mortgages explicitly increase the home-buying power of participating households, however, it is likely that they will enable some households that would otherwise have remained renters to become homeowners.

Figure 4.1: Criteria used to describe the potential LEM population.



Of the buying households, such loans would apply only to those households interested in purchasing homes where the program is available. In Chicago, Los Angeles, San Francisco, and Minneapolis/St. Paul, this represents most of the metropolitan area. In the Puget Sound area, however, they are currently available only in incorporated Seattle, thereby excluding property in most of the four-county metropolitan area. The third criteria filters for households that are interested in living transit supportive lifestyles; that is, households that (a) would rather live in compact urban neighborhoods, (b) have work commutes accessible by foot, bicycle, or transit, (c) prefer to shop locally in the neighborhood, and (d) mostly prefer to travel to other destinations by foot, bicycle, or transit. Finally, they apply only to households that are interested in them and that can qualify for them. This requires households to be interested in purchasing a particular home in a transit-rich neighborhood, for that particular home to be available, and for households to qualify for the required mortgage to purchase it.

A typical mortgage loan applicant weighs several matters when deciding on the type of mortgage to get, including, but not limited to, variations in the term of the mortgage, the down payment amount, lender fees, and interest rates (and points). Such issues typically supercede decisions of different types of unique or “green” mortgages, should they even be available. After filtering for households that are (1) relocating, (2) interested in buying a home, (3) attracted to the transit lifestyle, (4) qualified, and (5) wanting to pursue a transit supportive home loan, one can see how the potential population narrows to a small segment of the residential housing market.

In addition to understanding the potential population of users, it is important to address the backdrop of other issues against which this program is positioned.

Risks of the mortgage industry

Location Efficient Mortgages are based on the premise that mortgage underwriting guidelines can and should accommodate the distinct consumption patterns of residents in transit supportive neighborhoods. Such a premise makes a number of assumptions that place a greater risk of possible mortgage default on the housing finance industry. The range of these assumptions includes, but is not limited to, the household (1) forsaking a second car, (2) reducing its transportation expenses by using transit more, (3) shopping locally, and (4) having limited assets for a down payment. Given the lack of mortgage loan performance data to test default rates of such loans, a recent study used an indirect test to better understand the possible risks that the housing finance industry might incur (10). The authors tested the rationale that because homeowners in transit-rich areas have below-average transportation expenses and more funds available for a mortgage payment, they should have lower default rates than similar borrowers with similar mortgages in other areas. Finding that no relationship exists (i.e., there is no correlation between transit availability and probability of default), the authors concluded that making low down payment loans available to borrowers in such areas is tantamount to making such loans available to a random sample of borrowers and will have the same impact: It will raise default rates (10). The bottom line is that there are risks involved, as there are with all programs and policies, and in this case, the risk of higher default losses would need to be weighed against the benefits of the program. These costs would be absorbed by lenders, insurers, and the secondary mortgage market—while they also enjoy the benefit of an increased volume of mortgage lending. Loan borrowers benefit from access to affordable homeownership in attractive, transit-accessible communities. Societal benefits include higher homeownership rates and support for income diversity in such communities.

The potential market of non-auto users

An important consideration is the extent to which the mortgage product promotes a change in household travel. Two scenarios help shed light on this point. The first argues that those

interested in Location Efficient Mortgages are likely already living the transit supportive lifestyle (for example, living in urban environments and using transit). This refers to the type of residential sorting alluded to earlier. In this case, a household's travel behavior and residential location decisions are triggered by personal preferences and are not likely to be dramatically affected by moving to a new home.

The second scenario calls for Location Efficient Mortgages to attract low-auto-using residents. That is, former high-auto-using residents would become low-auto-using residents, presumably because of the increased travel opportunities provided by the relationship with urban form. The mortgages would reward this decision by incorporating household transportation savings into home buying power. The degree to which this second scenario plays out depends on one's perspective on the following considerations.

One argument suggests that this scenario is unlikely because, generally speaking, travel and residential location preferences reflect particular lifestyles (23)—lifestyles that may *not* be consistent with program goals. In this respect, it is unlikely that such residents would move to these neighborhoods and change their travel behavior. Those in this camp contend that Location Efficient Mortgages are not likely to generate significant new demand for houses in transit-rich areas (9). A second argument, however, suggests that there may be latent demand consisting of households that wish to live in transit supportive neighborhoods and that may be interested in changing their lifestyle (such as baby boomers and the elderly) (32); indeed, these households may be waiting for an impetus to change their lifestyle.

Tackling sprawl and affordable housing

Finally, sprawling development patterns and affordable housing are more complex issues than any prescription related to mortgage finance can remedy. It is important for advocates and users to understand the relatively marginal role that such mortgages could possibly play in the context of urban dynamics. Directing new development away from suburban fringe areas and increasing affordable housing depend on issues larger than the mortgage industry itself. Borrowing from the logic of Anthony Downs (33), relevant factors include, but are not limited to, (1) deficiencies of the trickle-down housing theory, (2) the continued proliferation of dispersed land use powers, (3) subsequent exclusionary zoning and other planning-related practices that increase the separation between the “haves” and the “have-nots,” (4) the requirement that all new housing meet high quality standards that are difficult for many without subsidies. These larger-scale—and significantly weightier—issues have been identified in the past and are beyond the scope of the present discussion.

Summary of Prospects

This introduction fills a void in the literature on mortgage innovations that the housing finance industry has developed over the past decade to advance homeownership. It provides a primer on Location Efficient Mortgages by describing the motivation of the tool, how they are applied, and likely prospects for widespread adoption. The intent is to position such loans as a program aiming to nudge the market in ways compatible with public policy goals related to housing, transportation, and land use planning. These mortgages are unique because they combine both public and private interests in doing so. However, one must recognize that the future of Location Efficient Mortgages may not be quite as bright as many advocates contend. For example, they are likely to offer only marginal respite for problems related to regional growth management. This is consistent with the growing recognition that there is no magic bullet—no single growth management strategy—to remedy the woes of many metropolitan areas (e.g., congestion, development on the urban fringe). This point echoes previous arguments contending that land use

planning measures are too indirect a tool to leverage changes in individual travel behavior (34) or residential location decisions.

While Location Efficient Mortgages may not significantly contribute to reversing (or mitigating) suburban sprawl, it is important to understand that the impact the program would have on *regional* growth management goals is just one lens to use to evaluate it. A separate lens is the impact it would have on more localized matters and individual households. For example, they may provide a means (one that is otherwise not available) that allows households to forge a closer connection between the type of neighborhood in which they want to live and what they can afford: they may open up a wider array of neighborhoods for lower income households to choose from. Complicated problems such as sprawl deserve complicated solutions, and Location Efficient Mortgages should be relied on as only one weapon in the arsenal for planners and decision makers. They represent a growth management tool that simultaneously pursues public policy objectives while satisfying the profit motives of participating private sector actors.

Chapter 5: Survey of LEM Recipients in Seattle and Chicago

The newness of both LEM and car-sharing programs has provided little opportunity for empirical analysis; subsequently, there have been few, if any, efforts to measure the efficacy of these unique programs. Nearly four dozen households have now purchased homes using LEMs in five cities nationwide (Chicago, San Francisco, Los Angeles, Seattle, Minneapolis/St. Paul); an overwhelming number of these households are in Chicago and Seattle. In Seattle, the car-sharing program, Flexcar, has now been underway for over two years, accruing more than 700 members and 42 vehicles; in Chicago, the car-sharing program is still in the planning stages. Only a small fraction of these 700 members are LEM recipients. The relative maturity of the LEM program in each of these locations, together with the maturity of the car-sharing program in Seattle, provides the ripe opportunity to investigate how each of these programs influence both homeownership and location, household travel expenses, and household travel behavior in each of these cities.

The primary units of analysis in this study are households (head of household and partner, if applicable) who have recently purchased homes. Households will be selected from lists provided by mortgage lending agencies that currently offer the LEM program. Arrangements therefore need to be made between these individual lending agencies to contact mortgage recipients. The test group includes households who recently purchased a home with a LEM mortgage in Seattle or Chicago. An aggressive attempt was made to include two-thirds of all households who have closed using LEMs in Chicago, Seattle, San Francisco, and Los Angeles, comprising approximately 30 households.

Households were surveyed using a procedure that closely follows the steps outlined in Salant and Dillman (1994). Potential households will be initially contacted to solicit their participation in the research study and a modest incentive will be offered for their participation. Interested households will then be asked to complete a mail-back questionnaire surveying household information across four dimensions (Figure 5.1). The survey included questions: (a) pertaining to basic socioeconomic and background characteristics, (b) intended to uncover factors that influenced the choice of homeownership (35, 36), (c) intended to measure factors influencing the decision to locate in the current neighborhood (37, 38), and (d) pertaining to the household's activity and travel patterns (39, 40). The survey instrument will ask the households to rank order different priorities, respond to Likert-scaled statements, and complete basic questions about household demographics. The survey instrument for the Seattle and Chicago households are available in Appendix A and B.

Figure 5.1 Household information to be surveyed

Dimension #1: Socio-economic/demographic, neighborhood characteristics	Dimension #2: Factors influencing decision of homeownership/mortgage type	Dimension #3: Factors influencing decision of current location/neighborhood	Dimension #4: Activity and travel patterns (relative to previous location)
-composition of household -household lifecycle -home price -neighborhood type -ethnic background -education level -household income	-years of homeownership -awareness of LEM -role of LEM availability -household income -disposable income -state of real estate market -interest rates, down payment -advice of mortgage broker -fear of increased debt	-role of LEM availability -role of transit access -role of car-sharing programs -attitudes toward transit -attitudes toward sprawl -attitudes of ideal neighborhood -previous residential location -neighborhood type as a child	-characteristics of work, maintenance, and subsistence travel/activities -type of locations visited -trip frequency/distance -trip mode -trip chaining

Tabulations from Household Survey

A total of 23 surveys were returned; nine from Seattle, and fourteen from Chicago (see Table 5.1). The following summarizes some of the major characteristics of survey respondents thus far.

Table 5.1: Survey response rate to date

	Combined Seattle & Chicago	Seattle	Chicago
<i>LEM Recipients</i>	61	21	40
Response rate to date	38%	43%	35%
Survey Respondents (as of August 26, 2004)	23	9	14

In both Seattle and Chicago, the majority of the respondents were first time homebuyers. Likewise, in both cases, all except one respondent from Seattle lived in the metropolitan immediately prior to purchasing their home (see Table 5.2).

In Seattle, eight of the nine respondents purchased single-family homes. In Chicago, 12 of the 14 respondents purchased multi-family residences (condo or town homes). This is reflected in the reported price of the homes; Seattle's LEM home prices are distributed somewhat evenly between \$200,000 and \$300,000 while Chicago's LEM home prices are concentrated under \$160,000, at least among survey respondents. Also, consistent with this pattern is that in Seattle, seven of the nine respondents had two adults in the household, whereas in Chicago, six of the households only had one resident.

Table 5.2: General characteristics of LEM homebuyers

	Combined Seattle & Chicago	Seattle	Chicago
<i>First time homebuyers</i>	20 (87%)	8	12
<i>Home Type</i>			
Single family, detached	10 (43%)	8	2
Multi family, condo	13 (57%)	1	12
<i>Lived in metro area immediately prior to home purchase</i>	22 (97%)	8	14
<i>Number of adults in household</i>			
1	8 (35%)	2	6
2	14 (61%)	7	7
<i>How did they learn about LEM</i>			
Media	5 (22%)	0	5
Advertising	3 (13%)	3	0
Mortgage Broker	6 (26%)		6
Bank	7 (30%)	6	1
Family member or friend	1 (4%)	0	1
Real Estate agent	1 (4%)	0	1

The annual household income and the cost of the homes bought with LEMs, too, reflected the different lifestyles and/or opportunities of the Seattle and Chicago LEM survey respondents. The incomes and home purchase prices were lower in Chicago than in Seattle, among these sets of respondents (see Table 5.3).

Table 5.3: Financial characteristics of LEM homebuyers

	Combined Seattle & Chicago	Seattle	Chicago
<i>Annual Household Income</i>			
Less than \$50,000	5 (22%)	0	5
\$50,001 to 70,000	6 (26%)	2	4
\$70,001 to 90,000	5 (22%)	3	2
More than \$90,000	7 (30%)	4	3
<i>Home Price</i>			
Less than \$160,000	11 (48%)	0	11
\$160,001 to 200,000	3 (13%)	2	1
\$200,001 to 240,000	3 (13%)	2	1
\$240,001 to 280,000	3 (13%)	3	0
More than \$280,000	3 (13%)	2	1

In Chicago, five respondents indicated the media (i.e., newspaper story as their initial source of information about the LEM) (see Table 5.4). On the other hand, three of the Seattle respondents indicated advertising as their initial source of information. Banks and mortgage brokers were the other sources of knowledge regarding the LEM. One respondent from Chicago cited a real estate agent as a source of information on LEM.

Probably related to the newspaper as the initial source of information regarding LEM, is that Chicago respondents indicated knowing of LEM before actively house hunting. One respondent said, “[w]hen I read the Chicago Tribune article on LEM, I was compelled to start searching for a house in Chicago,” and later in the survey wrote “[w]ithout LEM, I’m not sure I would have moved from the suburbs to Chicago.”

In response to the question of whether they would have purchased a home in a transit accessible neighborhood without a LEM, 19 of the respondents answered, “Yes” and three answered “Maybe,” and one responded “No.”

Respondents varied on the question of the most appealing feature of the LEM. The down payment received the most responses, being selected by eight of the 23 respondents. One of the Chicago respondents indicated that the appliance credit (available only in Chicago, in association with Fannie Mae) was the most appealing feature. This respondent also mentioned that their closing costs were free through a City of Chicago program. Two respondents did not provide any information regarding this feature.

Table 5.4: Relationship between LEM and home-buying decisions

<i>When did they learn about LEM, in relation to their home buying decision?</i>	Combined Seattle & Chicago	Seattle	Chicago
Before	8 (35%)	1	7
During	7 (30%)	4	3
After	7 (30%)	3	4
<i>Could they have purchased without a LEM?</i>			
Yes	11 (48%)	4	7
No	12 (52%)	5	7
<i>Would they have purchased in a transit accessible neighborhood without a LEM?</i>			
Yes	19 (83%)	7	12
Maybe	3 (13%)	2	1
<i>Most Appealing Feature of LEM?</i>			
Interest rate	7 (30%)	3	4
Down payment	8 (35%)	5	3
Debt to income ratio	4 (17%)	0	4
Closing costs	1 (4%)	1	
Other: Appliance credit (available in Chicago only)	1 (4%)	0	1

There was no consistent trend in a change in the number of autos owned before or after the move to a LEM, probably due to various conflicting reasons (combining of households, job change, child chauffeuring duties etc.). However, it was notable that more than half the households had one car. Out of the seven households with two cars, five were in Seattle—where the transit system is less robust than in Chicago (see Table 5.5). More of the respondents claimed to travel fewer miles, and less time now than they did at their previous residence.

Table 5.5: Travel characteristics of LEM homebuyers

	Combined Seattle & Chicago	Seattle	Chicago
<i>Number of Autos per Household Now</i>			
0	2 (9%)	0	2
1	14 (61%)	4	10
2	7 (30%)	5	2
<i>Comparative Travel Now vs. Previous Home</i>			
Travel fewer miles now	12 (52%)	6	6
Travel more miles now	10 (43%)	3	7
Travel less time now	14 (61%)	6	8
Travel more time now	8 (35%)	3	5

None of the respondents used Flexcar/I-Go. In Seattle most respondents indicated that they “had not needed it” as a reason, while in Chicago more respondents indicated that they “had not heard of it.”

Table 5.6: Neighborhood characteristics of LEM homebuyers

	Combined Seattle & Chicago	Seattle	Chicago
<i>Quality of neighborhood for walking</i>			
Poor (1&2)	1 (4%)	1	0
Average (3)	9 (39%)	5	4
Good (4&5)	13 (57%)	3	10
<i>Quality of neighborhood for driving</i>			
Poor (1&2)	5 (22%)	1	4
Average (3)	11(48%)	3	8
Good (4&5)	7 (30%)	5	2
<i>Quality of neighborhood for transit</i>			
Poor (1&2)			
Average (3)	4 (17%)	2	2
Good (4&5)	19 (83%)	7	12
<i>Overall neighborhood quality</i>			
Poor (1&2)	2 (9%)	1	1
Average (3)	3 (13%)	1	2
Good (4&5)	18 (78%)	7	11

More than half of the respondents rated the quality of their neighborhood as good for walking, to a higher degree in Chicago than Seattle. However, two respondents from both cities rated the overall quality of neighborhood as poor. Eleven respondents rated the quality of their neighborhood for driving as average. Nineteen respondents stated that the quality of their neighborhood for transit was good and seven of these nineteen were from Seattle, whose public transit system is not as pervasive as Chicago's. Generally, respondents seemed satisfied with the overall quality of their neighborhood; eighteen respondents rated the overall quality of their neighborhood as good (see Table 5.6).

Finding the right neighborhood was pertinent to LEM homebuyers both in Seattle and Chicago. Nonetheless, more respondents in Chicago stated that finding the right home was important as compared to respondents from Seattle, where only two out of the eight respondents indicated that finding the right home was more important than finding the right neighborhood (see Table 5.7).

Most respondents cited neighborhood characteristics (13) and proximity to work (11) as the primary influences on their selection of home location. However, seven respondents from Chicago indicated that one of the two primary influences on their home location was the proximity to family and friends. Some additional reasons stated were proximity to transit, proximity to retail, and familiarity/sentimental attachment. Two respondents from Chicago wrote in other reasons such as "cost of housing" and "getting the most space for what they could afford" as the other reasons they considered before making a choice.

Table 5.7: Reasons that influenced choice of LEM homebuyers

	Combined Seattle & Chicago	Seattle	Chicago
<i>Which is more important</i>			
Finding the right neighborhood	15 (65%)	7	8
Finding the right home	8 (35%)	2	6
<i>Primary influence on selection of location (2 choices selected)</i>			
Neighborhood characteristics	13	7	6
Proximity to work	11	6	5
Proximity to family and/or friends	9	2	7
Proximity to transit	4	2	2
Familiarity and /or sentimental attachment	3	0	3
Proximity to retail	2	1	1
Recreational amenities	1	0	1
Quality of schools	0	0	0
Other	2	0	2
<i>Is previous neighborhood</i>			
Different	10 (43%)	3	7
Same	7 (30%)	1	6
Similar	5 (22%)	4	1

Looking at the data from both cities, ten respondents bought homes in different neighborhoods from their previous home, seven stayed in the same area, while five moved to similar neighborhoods.

Table 5.8: Travel Characteristics of LEM homebuyers (days)

	Combined Seattle & Chicago	Seattle	Chicago
<i>Current Driving</i>			
Zero	3 (13%)	0	3
Once or twice a month	1 (4%)	1	0
1 or 2 days	6 (26%)	3	3
3 or 4 days	4 (17%)	0	4
5, 6 or 7 days	9 (39%)	5	4
<i>Previous Driving</i>			
Zero	3 (13%)	0	3
Once or twice a month	1 (4%)	1	0
1 or 2 days	7 (30%)	4	3
3 or 4 days	2 (9%)	2	0
5, 6 or 7 days	9 (39%)	4	5
Non Respondents	1 (4%)	0	1

There is a consistent trend in driving before and after respondents move to a LEM location. On average, nine respondents from both cities drive between five to seven days a week both in their previous location and current location. One interesting observation from the survey is that one respondent in Seattle who did not drive previously now drives and one respondent in Chicago who drove previously did not drive in the current location (see Table 5.8).

Table 5.9: How often more than one auto is driven

	Combined Seattle & Chicago	Seattle	Chicago
<i>Current Drive more than 1 car</i>			
1 or 2 days	3 (13%)	3	0
5, 6 or 7 days	5 (22%)	3	2
Non Respondents	15 (65%)	3	12
<i>Previous Drive more than 1 car</i>			
Zero	1 (4%)	1	0
1 or 2 days	3 (13%)	2	1
5, 6 or 7 days	5 (22%)	3	2
Non Respondents	14 (61%)	3	11

The number of respondents who drove more than 1 automobile did not change significantly between their current and previous locations. There was consistency among those who drove between five to seven days a week. Five respondents indicated they drove more than one car in both cities before and after moving to LEM locations (See Table 5.9). One respondent from Seattle who did not drive at all previously, indicated they now drive more than one automobile for two days in a week. In Chicago, one respondent who did not previously drive indicated driving now for between five to seven days a week. On the other hand, two respondents who indicated having both cars driven at their previous location indicated that that did not happen at their current location.

Table 5.10: Bus Ride

	Combined Seattle & Chicago	Seattle	Chicago
<i>Current Bus Riding</i>			
Zero	6 (26%)	4	2
Once or twice a month	4 (17%)	3	1
1 or 2 days	1 (4%)	0	1
3 or 4 days	2 (9%)	0	2
5, 6 or 7 days	9 (39%)	2	7
Non Respondents	1 (4%)	0	1
<i>Previous Bus Riding</i>			
Zero	5 (22%)	3	2
Once or twice a month	4 (17%)	2	2
3 or 4 days	2 (9%)	1	1
5, 6 or 7 days	10 (43%)	3	7
Non Respondents	2 (9%)	0	2

There was little change in bus rides for respondents or members of their households. Currently, nine households in Chicago and Seattle have members riding the bus for five to seven days a week (ten households did so at their previous home) (see Table 5.10). A relatively larger percentage of the Chicago respondents were frequent user of the bus system, than in Seattle. It is noteworthy, perhaps, that seven of the nine Seattle respondents indicated using the bus either not at all, or once or twice a month. This might be less surprising if Seattle residents reported a significant amount of daily pedestrian or bicycling activity. However, the reported levels of pedestrian activity are fairly moderate.

Table 5.11: How often respondents ride the “L”

	Chicago
<i>Current Train Ridership</i>	
Zero	5
Once or twice a month	1
1 or 2 days	2
3 or 4 days	3
5, 6 or 7 days	3
<i>Previous Train Ridership</i>	
Zero	5
Once or twice a month	1
1 or 2 days	2
5, 6 or 7 days	5
Non Respondents	1

We also queried respondents in Chicago on their levels of “L” ridership. There was little change in their ridership between their current and previous locations (Table 5.11). Due to the presence of several forms of transit in Chicago (the bus, elevated trains, and the regional train network Metrax), discerning any trends in Chicago LEM’s travel behavior would be best accomplished by a more detailed travel survey instrument than was applied in our survey.

Table 5.12: Distance to a useful bus stop

	Combined Seattle & Chicago	Seattle	Chicago
<i>Current Bus Distance</i>			
Less than 5 minutes	16 (70%)	6	10
Between 5 & 10 minutes	5 (22%)	1	4
Between 10 & 15 minutes	1 (4%)	1	0
More than 15 minutes	1 (4%)	1	0
<i>Previous Bus Distance</i>			
Less than 5 minutes	14 (61%)	6	8
Between 5 & 10 minutes	4 (17%)	2	2
Between 10 & 15 minutes	2 (9%)	0	2
More than 15 minutes	0	0	0
Non Respondents	3 (13%)	0	3

Most respondents live closer to a useful bus stop currently than they previously did. In Chicago, the eight respondents who lived less than five minutes from the bus stop increased to ten respondents while the six respondents who lived less than five minutes from the stop in Seattle did not change even after moving to new neighborhoods. Those who live between five to ten minutes away from the bus stop increased from four respondents in the old neighborhood to five in their current location but this time four of the respondents were from Chicago and only one from Seattle (see Table 5.12).

More respondents seem to walk and bike more in their current neighborhoods than they did before. Previously in Seattle, five respondents did not walk nor bike at all but currently only two respondents do not. Also, only one respondent in Chicago walked or biked for three or four days in their previous neighborhood but this increased to seven respondents in both cities in their current neighborhood (see Table 5.13).

Table 5.13: Pedestrian characteristics (walks, biking)

	Combined Seattle & Chicago	Seattle	Chicago
<i>Current Pedestrian Activity</i>			
Zero	2 (9%)	2	0
Once or twice a month	4 (17%)	1	3
1 or 2 days	4 (17%)	3	1
3 or 4 days	7 (30%)	1	6
5, 6 or 7 days	5 (22%)	2	3
Non Respondents	1 (4%)	0	1
<i>Previous Pedestrian Activity</i>			
Zero	5 (22%)	5	0
Once or twice a month	4 (17%)	1	3
1 or 2 days	5 (22%)	1	4
3 or 4 days	1 (4%)	0	1
5, 6 or 7 days	6 (26%)	2	4
Non Respondents	2 (9%)	0	2

Summary of Survey Results

In some ways, the survey data must be considered as essentially two sets of data, one from Chicago and one from Seattle. There are marked differences between the respondents from the two cities. Seattle respondents bought mostly single-family homes, and reported higher purchases prices and higher incomes than the Chicago respondents, who almost all purchased multi-family dwellings.

The travel data gleaned from the survey demonstrated no strong influence of the LEM on the respondents travel behavior. In Seattle, two-thirds of the respondents reported traveling fewer miles and for a lesser amount of time at their current home, compared to their previous home. In Chicago, the respondents were more evenly split in their assessment of the travel behavior before and after their move to the Location Efficient location.

The more detailed travel data attempted to discern any effect their move may have had on mode choice, and proximity to non-automobile transportation options. No overwhelming trend emerged on either one of those fronts in either city. What is apparent is that the LEM homebuyers avail themselves of a variety of transportation alternatives, and the automobile is certainly one of them. In Seattle, the most noteworthy result of the travel data is that in one-third of the LEM households, at least 5 days out of the week, more than one car is driven. Indeed, the rates of car ownership among the Seattle respondent is indicative of the role of the automobile in their lives. Four of the nine Seattle households have one car, and the remaining five households have two cars.

Chicago respondents emerged as less reliant on automobiles than Seattle respondents. Chicago respondents reported themselves as using a wider array of transportation options, as might be expected given the greater diversity of transportation choices available to them, as well as the increased density.

The areas in which general trends did emerge among the respondents from both cities related to their neighborhood choices, and their mortgage choices. A large percentage of respondents indicated that a transit friendly neighborhood was an important feature of their housing search. They rated neighborhood characteristics and proximity to work as the primary influences on their decision of house location.

In terms of their mortgage, respondents were evenly split in whether they considered the LEM to be a necessary component of the purchase of their home. Most of them valued the down payment and interest rate as the most appealing features of the LEM (although in Chicago, the debt to income ratio was a noteworthy third mention).

Chapter 6: Focus Groups of LEM participants, Car-sharing participants, and Control Group

The information to be gathered from the surveys is principally intended to understand households' behavior relative to existing conditions and/or preferences (41). We therefore conducted a series of in-depth and focused interviews to glean more detailed information about why households made their decisions (42, 43). These interviews focus households from three populations in the two settings, Chicago and Seattle (see below). The interviews provide respondents with the opportunity to freely elaborate on and discuss the tradeoffs they made in selecting (or not selecting) the LEM program. In addition, the interview focuses on the role various decisions had in influencing their choice of neighborhood and travel/activity patterns.

We held ten focus groups, five each in Seattle and Chicago (see Table 6.1 for a summary). In total, we had 47 participants in our focus groups (17 in Seattle, 30 in Chicago). We spoke with 6 individuals with Location Efficient Mortgages, 12 members of Flexcar, 21 members of I-Go, and 8 participants in control group sessions.

Table 6.1. Focus Group Participation

Focus Group	Date	Participants	Interviewers
<i>Seattle</i>			
LEM	8/30/2004	2	McWaters/Andrew
Flexcar A	8/29/2004	7	McWaters/Andrew
Flexcar B	8/29/2004	1	McWaters/Andrew
Flexcar C	9/01/2004	4	McWaters/Andrew
Control	9/21/2004	3	McWaters
<i>Chicago</i>			
LEM	10/14/2004	4	McWaters/Andrew
I-Go A	10/16/2004	10	McWaters/Andrew
I-Go B	10/18/2004	11	Douma
Control A	10/16/2004	3	McWaters/Andrew
Control B	10/19/2004	2	Douma

Focus Group Protocol and Process

The interview protocols for each of the three focus group types are available in Appendix I. We asked each focus group questions about four topics. The topics were: neighborhood choices, transportation habits, mortgages, and car-sharing. There was a good deal of overlap in the conversations about neighborhood choices and transportation habits, and the conversations about car-sharing and transportation habits. In the car-sharing focus groups and control groups, the conversations about mortgages were held with the members of those groups who were currently or had previously been homeowners.

The focus groups ran from half-hour to two-hours in length, depending on the number of participants. During most of the focus groups, there were two interviewers present. In these cases,

one interviewer would moderate the discussion, while the other took notes. Each of the sessions was recorded, and appendix A provides the transcripts of the focus groups.

The participants were generally eager to speak with us, and each other about their experiences. The level of enthusiasm was particularly high in the car-sharing focus groups.

Analysis

Flexcar and I-Go

The participants in the car-sharing focus groups ranged widely in their levels of participation in the car-sharing programs. Some were newly minted members who had yet to use the vehicles in the weeks they had been part of the program. Others participants had been members of the car-sharing program for several years, who used the cars frequently and regularly, and were active proponents of car-sharing as a transportation solution.

The majority of the participants were not car-owners, though there were some participants whose 2 person families owned 1 car and used Flexcar/I-Go as an alternative to owning a 2nd car. Some participants indicated that they were no longer car-owners due to the availability of Flexcar/I-Go.

Based on the discussions, it seems clear that members have substantively differing perceptions of the role of car-sharing in their lives. Some members viewed car-sharing as an alternative to mass-transit, and thus somewhat of a luxury. Driving a car, in contrast to walking, biking, or various forms of public transportation, was the distinctive feature for some of these participants. Richard a resident of the Capital Hill neighborhood in Seattle, summarized the role of Flexcar in his life this way, “[f]or me (Flexcar) is just an additional expense. I don’t think of it as a car that we don’t have. I don’t use it much, not because it is unreasonably priced – it is just that I’m used to not having a car.” Another Capital Hill resident, Peter, commented that he planned his life “around not having a car.” In his view, Flexcar was just another option in an array of transportation strategies. Several of the carsharing focus group participants mentioned that at heart, they simply preferred any method of transportation to getting behind the wheel of a car.

Other members viewed car-sharing as an alternative to owning their own car, and thus viewed car-sharing as somewhat of a sacrifice. The sacrifice might be made for a variety of reasons, including: financial, neighborhood choice, convenience (limited or costly parking), or environmental consciousness. Several participants highlighted the cost-saving benefits that resulted from using the car-sharing programs. Fran, who lives downtown in Seattle said, “[f]or me it has been a real money saver. I miss being able to just run out and put the key in and turn it without thought, but generally I’m very happy with it.”

Some of these participants, in particular, appreciated the independence that membership in a car-sharing program provided them. They didn’t worry about not having access to a car, and this, in and of itself, was worthwhile. Colleen, of Capital Hill in Seattle said the following, “[k]nowing that the Flexcar is there even if I don’t take advantage of it all the time enables me to live without a car. I don’t have a panic about not having a car.”

The majority of Seattle participants found out about Flexcar through an established relationship such as their employer, school, and/or their building. More of the Chicago participants, on the other hand, reported being introduced to I-Go either via the media or by seeing the cars around town.

The most frequent use for the vehicles seemed to be for grocery trips in which they planned to buy large quantities of items, or go to a discount retailer. In many cases, participants discussed the

lack of affordable stores for groceries and durable goods in their neighborhoods. They adapted by saving up their shopping trips for planned excursions with Flexcar/I-Go to big box retailers located in the suburbs, trips that would be prohibitively long or complicated via public transit. Other frequently mentioned car-sharing trips included using Flexcar to visit family and/or friends who live in the suburbs or neighboring communities.

An interesting theme that emerged in the focus groups was that participants talked about the relationship between Flexcar (and other forms of transportation) on their discretionary spending. For instance, one Chicago resident commented that since the advent of I-Go she had developed a habit of spending several hours with the car on weekends shopping, and had thus increased her spending. Previously, she had not had access to car, and found that she spent less money and time shopping for entertainment purposes. On the other hand, participants who had given up their car since joining the car-sharing program, had the perception that the limited access to a car contributed to a decrease in their impulse-based spending. In general, participants seemed to have existing opinions about the effect of joining the car-sharing program on the “efficiency” of their shopping habits, as well as the amount of money expended.

In a similar vein, a common theme was that participants liked not worrying about maintenance/gas/parking associated with car ownership. Specifically, they mentioned not just enjoying not having to spend money on those issues, but not having to spend time considering them in the first place. But, it is worth noting, that they spent some time comparing notes about how they each plan their use of the program, the different available price plans, and how to get the most benefit from the car-sharing programs. It maybe that they have changed only the object of their thinking regarding plotting transportation habits, but still spend the same amount of time and/or energy making those decisions. It maybe the case, however, that they have found a more likable alternative to their transportation styles.

Location Efficient Mortgages

The small population of Location Efficient Mortgages in Seattle (21) and Chicago (40) at the time of this study made it difficult to recruit participants to the LEM focus groups. The six people that we did meet with, however, provide some insights into the variety of ways mortgages holders perceived LEMs. Much like the Flexcar/I-Go groups, there was a wide range of familiarity with the LEM, and likewise, attachment to the program.

Much like in the case of the car-sharing program participants, the LEM focus group participants seemed to fall into two distinct groups. One group consisted of those were familiar with, and even proponents of the goals of LEMs. The other group consisted of people who were either unconcerned with anything besides the financial details of the mortgage, or furthermore, unaware of the goals and/or details of location efficiency.

The experiences of two holders of LEMs may be helpful in illustrating the range of opinions we encountered. One participant had relied completely on the recommendation of a real estate professional in selecting the LEM, and was uninformed with any of the particular details of the mortgage product aside from the financial benefits. Indeed, the household was composed of a single individual who owned both a car and a motorcycle, and whom commuted daily by motorcycle. The individual had little to no experience with public transportation.

This individual’s experience and choice about their mortgage product had more in common with the non-LEM homeowners whom we spoke. Generally, the non-LEM homeowners chose their mortgages based on familiarity with the banks with whom they had existing relationships, or in the case of first-time homebuyers, at the direction of their realtor or banker. Whereas, most of

the other LEM holders encountered the LEM in the media or in advertising, and sought it out specifically as their mortgage product. In only one case that we discussed was a homebuyer introduced to the LEM concept by a mortgage broker who presented it as a good fit with their particular financial circumstances.

At the other end of the spectrum was a participant who attributed his entrance into the home-buying process to reading an article about the benefits of LEMs in the newspaper. This one-car household was composed of two adults and two children, who had moved from a suburban rental situation to buying a home in a more urban location, as a result of learning about the availability of LEMs. Gerrado, who lives in the West Loop area of Chicago, said the following when asked about why they bought a home when they did, “[w]e hadn’t thought about buying but when I read that article, it caught my curiosity, and that article started the whole process.” He refers to an article in the Chicago Sun-Times, which was referred to several times by Chicago area LEM holders.

In talking about their home-buying decisions, the LEM homeowners discussed that the high in their priorities was finding the right neighborhood, to a greater degree than finding the particular home. Likewise, participants in the car-sharing programs were searching for the right neighborhood, in particular emphasizing the transportation accessibility of the neighborhood with regard to their work commute. Few of the participants in any of the three types of focus groups prioritized a particular home over their choice of neighborhood in their home-buying search. Those that did so spoke of price as a major determinant and/or a particular amenity (i.e., yard, view) that won them over.

In both Chicago and Seattle, LEM homeowners were consistent in that they all mentioned wanted more amenities, in particular grocery shopping and dining, in their neighborhoods. The Flexcar participants in Seattle, who were concentrated in neighborhoods with a wide array of retail and dining options, focused on transportation problems in their neighborhoods. It should be noted, thought, that all of the car-sharing discussions related to their neighborhoods focused on transportation problems, or transportation improvements, almost to the exclusion of other topics. This is not surprising, as transportation was the major subject of these focus groups to begin with. The extent to which transportation was a subject for thought and discussion with these participants maybe a reflection of the extent to which it is a subject of thought and planning in their daily lives. This may be evidence of self-selection.

Flexcar/I-Go and LEM Interaction

There was little to no overlap between the car-sharing and the Location Efficient Mortgage groups. We specifically asked focus group participants about their use and/or awareness of the car-sharing and LEM programs. None of the LEM participants were members of the car-sharing programs, and the majority of them were unaware of their existence. Likewise, few participants in the car-sharing focus groups had any awareness of the LEM, though several expressed interest in learning more about the program after learning of its existence during the course of the focus group discussion.

Please see Appendices C, D, E, F, G and H for transcript information from each of the focus groups.

Chapter 7: Interviews with Program Officials

Individual households, however, are not the sole party involved in deciding a particular type of mortgage or participation in a car-sharing program. In many respects, the mortgage lending institution, and specifically the mortgage broker, are instrumental in guiding households towards mortgage products and determining qualifying criteria. Recognizing this phenomenon, secondary units of analysis in this research are mortgage lending representatives. Focused interviews will therefore be conducted with several agents from each of the LEM programs to understand the conditions under which the LEM program was chosen or the conditions under which the LEM was passed over.

Output from Interviews

The below are transcripts and notes from telephone and in-person interviews with various individuals associated with officials associated with Location Efficient Mortgages and car-sharing programs.

Diane Wasson
Vice President and Manager of Affinity Lending
Home Street Bank
(800) 654-1075
dwasson@homestreet.com
Representative city: Seattle

Who qualifies and what are the current numbers?

Everywhere in the City of Seattle qualifies, but to varying degrees based on the locations' proximity to transit, to services/amenities, and the pedestrian friendliness of the neighborhood (among other factors).

Most people will not be familiar with the loan they have received, although some people specifically ask for LEM. Most people, however, will not know of the LEM program itself.

The last LEM closed in April 2004, and so their total of LEMs still stands at 21 in Seattle since the program started in 1998.

What is the status of the program?

The program is still offered, and Home Street Bank continues to receive calls about the program. They just recently redesigned the Home Street Bank website, and Location Efficient Mortgage was left in the 2nd phase of the redesign, so if it is not there yet, it will be coming soon.

We discussed reasons for the lack of success of the LEM. She mentioned that they are seeing an increasing trend of customers moving towards 100% financing (LTV traditional financing – zero down) or 80/20 financing, with the 80/20 being most popular. The LEM, on the other hand, requires 3% of the borrowers own funds, which is an impediment. For example, in King County the median house price is \$362,000 -- 3% of this \$10,860 which most of the target market (first-time homebuyers) does not have available. The LEM also requires mortgage insurance, which the aforementioned products do not. They are seeing increasing reluctance among homebuyers towards purchasing mortgage insurance. So, the program has become somewhat obsolete for its target market.

What needs to be done to increase its market?

She feels that there is a niche for the LEM, but it will not ever be a product for which they will see huge values. Of the inquiries they get about the LEM program, through talking to the customers they often discern that there are other mortgage products that are better suited to the potential homebuyers.

LEM works well for a very small number of people, who just need a little bit more income in order to qualify. The product was more effective before the advent of automated underwriting. Using automated underwriting results in more generous terms for homebuyers, so the small gain available from the LEM becomes less critical.

Home Street Bank negotiated specifically with Fannie Mae in order to use LEM in Desktop Underwriter (DU) in the Seattle market.

Fannie Mae does not support the program very well in cities other than Seattle. The City of Seattle was going to develop the LEM independently with lenders, and just write portfolio loans but Fannie Mae coerced the city into allowing Fannie Mae to participate. This meant that the city had to wait and work through the process with Fannie Mae. The City of Seattle and Home Street Bank both invested a lot of time and money into the process, and this is one of the reasons Fannie Mae still supports the LEM to a greater degree in Seattle than in other cities.

Fannie Mae thinks the LEM model is antiquated and is more interested in the Smart Commute program, which relies on proximity to transit as value as opposed to the output of a complex model. In her opinion, Fannie Mae has no interest in updating the LEM product. We spoke briefly about how the LEM data model is too expensive to develop, and thus difficult to replicate in other cities, for the number of loans it supports.

Dave Chandler
Program Director, Center for Neighborhood Technology
(773)278-4800, ext. 123
david@cnt.org
Representative city: Chicago

Who qualifies and what are the current numbers?

The Center for Neighborhood Technology (CNT) has the addresses of 39 (as of 1/21/2004) LEM recipients in the Chicago area (a condition of the mortgage seems to be that LEM recipients agree to participate in research).

Approximately half of the recipients obtained the mortgage from Draper & Kramer Mortgage Corp, and the other half through Countrywide Home Loans Inc.

Nothing has happened with the product since August 2004. The product is no longer being marketed or promoted as of the beginning of 2005. The product is antiquated at this point.

What is the status of the program?

CNT is asking Fannie Mae to take some steps to expand the LEM and make it viable.

At this point, the LEM is a pretty marginal mortgage product, to be frank. It was developed 4 years ago, and at that time was very liberal in terms of its qualifying ratios and in terms of the amount of necessary down payment. The mortgage industry has changed at a stunning rate since then. There are many mortgage products on the market now that allow more flexibility than LEM, have lower down payments and/or allow lower credit scores. Furthermore, these other mortgage products are better tied in with Fannie Mae's desktop underwriting system.

The aspects (qualifying ratios, down payments, credit scores) don't really have anything to do with location efficiency however. CNT's position is instead of location efficiency being a characteristic of a single mortgage product; it should be a characteristic of many mortgage products. The idea here is that the location efficiency of the home site would be a further consideration – one more of the several consideration – taken into account in determining mortgage eligibility.

If this is not to be the case (the expansion of location efficiency to be a component of many mortgage products), then Fannie Mae should reconfigure the LEM as a modern mortgage product – meaning integrate into their desktop underwriting system, and allow it similar or equal degrees of flexibility in its terms (down payments, credit scores, qualifying ratios etc.).

At this point time, the mortgage brokers that know about LEM says it's a nice idea but right now there are more flexible options with other products. For example, the credit score necessary for a LEM is 6.60, which is quite high. So, the product needs to be modernized.

How to improve the product?

Fannie Mae has two problems with LEM. The first is the cost of creating and maintaining the computer database that is necessary to assess location efficiency – in particular to the cost to go to new metropolitan systems. CNT estimates that the cost to develop a database for a new metropolitan area is between \$30,000 and \$100,000, depending on how readily available the data sets are, and their quality. He mentioned that several (many?) cities have inquired about being included in an expansion of the LEM project.

The second issue, which may be more important to Fannie Mae, is that of control. D. Chandler thinks that Fannie Mae is reluctant to be reliant on a non-profit, outside group such as the CNT for a database underlying any significant portion of their business. CNT finds this bureaucratic mindset unfortunate. According to D. Chandler there is divided opinion within Fannie Mae, and it is his hope that the desire to accomplish change will prevail.

Another alternative "transit supportive" mortgage product is available in conjunction with the Boston Public Transit Authority. This product is emphasizes behavior – you have to buy (and continue to buy) transit passes to qualify for the mortgage.

While CNT views the attention to behavior (transit passes purchases are certainly a desirable outcome), their perspective is that the key difference between this product and LEM is the actuarial character of the LEM.

If a neighborhood is location efficient there is a probability that residents will drive less (on a grade, based on degree of location efficiency – a high degree of location efficiency will foster a greater reduction in driving).

They attempted to secure transit passes and/or transit pass discount for recipients of LEM in Chicago but were unsuccessful.

If the concept of LEM were used to its full utility, it would encourage development in location efficient areas. CNT would like to see this actuarial potential for change preserved.

They feel that strictly tying mortgage products to transit (passes, or proximity) narrows the concept.

The principal alternative is Smart Commute – which uses proximity to public transit as a substitute for location efficiency (proximity defined as within ½ mile of a rapid transit station or within ¼ mile of a public bus stop. This product is supported by Fannie Mae, as well.

CNT's perspective on the Smart Commute is that it misses the boat. There is no research basis for tying greater mortgage flexibility to merely proximity to public transit. Location efficiency considers not only proximity to transit but also, access to amenities and population density. There is a research basis that says that residents of these areas are highly likely to use public transit and realize savings on auto ownership/usage.

The amount of additional flexibility for the borrower that is available with Smart Commute is considerably smaller (than with LEM) but the benefit (in terms of reduced auto use/increased public transit use) is much riskier. CNT's point of view is that there is no empirical basis and thus no justification for greater flexibility based on just proximity to transit.

CNT would like for Fannie Mae to either update the product or allow CNT to take the product on, and redevelop it with another organization involved with the secondary loan market.

What needs to be done to increase its market?

CNT did some market research about 18 months ago, interested in how to distribute the mortgage product. What they found was that participants were receptive to the product if they understood it. Any perception that the LEM was prescriptive, however, resulted in a negative perception of the product.

If they had their druthers, the Center for Neighborhood Technology (CNT) would make location efficiency a factor to be considered in all mortgage decisions. If they were to do more with the product, to pilot it in a meaningful way, they would want to offer a family of mortgage products, some aimed at the marginal homebuyer, and others aimed a more traditional qualified homebuyer. Offering a family of mortgage products would have more interest for lenders.

The main benefit of the LEM was its leverage – it allowed homebuyers to borrow more money. An important change would be to consider other risk characteristics – and credit score is critical according to Dave Chandler. One of the limitations of the LEM, even as it was originally conceived, was that it encouraged buyers to borrow more money, beyond normal underwriting standards. And that is not necessarily a good thing. Since the product reduces risk, it would make sense that it should allow buyers with a lower credit score to qualify.

Two changes that Chandler would make to the product, would be to (1) offer a family of products perhaps a suite to choose from, and (2) expand the risk factors considered to include credit scores.

What he feels bad about – about the product – was that he feels that in some ways, it was set up to fail – not intentionally, but nonetheless. The original marketing was not effective, and poorly targeted. By the time they had done some research, and could have shifted the marketing, the market itself had considerably changed (2002/2003). But they no longer had a viable product due to changes in the mortgage market.

They would have meetings with condominium developers, where they would work out the numbers and discover that LEM offered no better leverage than other products, and furthermore since it was not available through desktop underwriting, developers would walk away complaining that CNT had wasted their time.

For a proper pilot test of the product, you would need to offer it through a network, as opposed to just a few banks, so you could generate wholesale business. This is key.

In summary, it was offered through too few banks, with a narrow conception, to an admittedly small market. He hopes that location efficiency isn't seen as a failure based on this limited, flawed pilot test. The lack of success, he feels, is not related to location efficiency as a characteristic of the loan product. It is a shame that such a useful concept was given a weak pilot test.

Another point of interest is the difference between the LEM and Smart Commute (which is essentially the reliance on the dataset for LEM). He feels one of the reasons why Fannie Mae didn't support/update LEM was that Fannie Mae didn't want to be dependent on a complicated data gathering process. He felt the LEM database did a good job of capturing real location efficiency properties (density, presence of amenities, availability of public transit). The data is costly, but captures a real benefit. When you only have 70 or 80 mortgages over the course of 3 to 4 years, this is too costly. But with a good test, broadly applied, the cost of the data would not be prohibitive.

He felt that the necessity of using a website to get a location efficiency value was not an impediment, particularly after the interface was improved. The use of that technology wasn't an issue, but the reliance on the manual underwriting application was a problem. "The poor showing wasn't due to a reliance on the dataset for a location efficiency value – the weakness was the lack of automated underwriting."

Matthew Hoffman
Loan Officer
Draper & Kramer Mortgage Corp.
(312) 795-2369 Mobile: (312) 391-8745
Representative city: Chicago

Who qualifies and what are the current numbers?

They have been offering the LEM since it started four years ago (2001). He estimates that they have closed approximately 20 within the company in the last 2 years, probably 10 a year. Most of the people who close with a LEM have very little money to put down – with the LEM you only need 3 percent. Indeed, they generally have very little money altogether. The choices are a 30 or 50 (?) year fixed mortgage.

What is the status of the program?

A normal loan ratio is 39%/49% - with 39 % of income, and 49% of income and housing. The LEM ratios are 35%/45%.

A \$30,000 annual income gets you to a \$200,000 home.

In Chicago with a LEM you get a \$900.00 credit towards appliances (washer/dryer?) at Sears. New construction does not come with a washer and dryer, so this is helpful.

What needs to be done to increase its market?

There is a limited number of people who qualify for LEM. They need to be first-time homebuyers. There is a \$322,000 loan limit. The average price in Chicago is probably \$350,000 – which only gets you about 1 bedroom. So, 20 closings is a quite a lot in his opinion, “it’s a wonderful thing to get a 3% rate at a 30-year fixed loan.

Often, mortgage people will try to refinance after 6 to 12 months in Chicago, because the equity has increased.

Most of LEM recipients could not qualify otherwise, without either (1) saving more money, (2) getting a raise, or (3) using a different leveling factor.

Leveling factors are either 1, 2, or 3 with a worse rate corresponding to each. With low credit scores, you get higher rates.

With automated underwriting a 3 % rate would not be approved.

Spoke more about the difficulty of marketing the program, especially when there are so many competing mortgage products available and the median priced home in Chicago is relatively high.

Susan Latch-Watson
Loan Program Manager
National City Mortgage Co.
Office: (773) 298-4831
Representative city: Chicago

Other programs “are more enticing.” She cited the bungalow program, and the City of Chicago program as examples. No one in her office has used LEM, even though people know about it and the city advertises the LEM. She emphasized that from her perspective, other programs offered a more enticing package.

Sharon Feigon, I-GO CEO
2125 W. North Avenue
773.278.4800 x227
Representative city: Chicago

The following perspective is offered primarily about car-sharing

How do the goals of car-sharing overlap with LEM from an administrative perspective?

Most carsharing operators like to locate their cars in areas with a mix of high-density residential uses and employment. Some of this is due to the low car-ownership needs of individuals in such neighborhoods but also because businesses can use the cars during the middle of the day when there is little demand from individual members. Businesses, typically in Central Business Districts, often sign up with an operation to replace a fleet of vehicles or to offer their employees an additional benefit and encourage them to take transit to work. This works particularly well for downtown businesses that already have a commute trip reduction program in place to encourage alternative transportation for their employees like commuter checks, free bus passes, vanpooling etc. Others simply market the service by becoming non-paying business members. In this case, employees are given information on the carsharing program and their initial membership fees are waived by the carsharing provider because of their association with a business member.

Neighborhood carsharing programs typically locate their cars where they feel a market exists for their service. These are densely populated mixed-use areas well served by public transit. They are usually in areas of predominantly middle-income residents or areas of mixed income with a significant amount of rental housing. As a carsharing business expands its membership, it leases more cars that are placed in areas nearby its existing cars. This practice, known as clustering, allows users to choose from among a number of available cars within reasonable distance thereby increasing the flexibility that the program offers. It also serves to increase the visibility of the program in a particular area. All three of the major carsharing operators in the United States begin by placing their first vehicles in areas where they anticipate that they will find a market instantaneously. These are areas

- with a high number of residents who are in the middle-income range and are well educated,
- where parking is difficult or expensive,
- with excellent transit service,
- and have a high residential density and some mixed uses.

For this reason, then tend to be started from the ground—bottom up.

Future partnerships?

There has been considerable discussion of trying to merge I-GO with LEM opportunities. However, with the disappearing of LEM from the Chicago market, this has been difficult. It is always hard to get one program off the ground and up and running, much less two.

Chapter 8: Conclusions

The opening part of this report provided primer on Location Efficient Mortgages by describing the motivation of the tool, how they applied, and likely prospects for widespread adoption. The intent was to position such loans as a program aiming to nudge the market in ways compatible with public policy goals related to housing, transportation, and land use planning. These mortgages are unique because they combine both public and private interests in doing so. However, one must recognize that the future of Location Efficient Mortgages may not be quite as bright as many advocates contend. The subsequent portions of this report describe user reactions to the product, its relationship to car-sharing programs, and addresses matters of publicity, influence, and impact. The following points are worth highlighting.

Location Efficient Mortgages

What we learned in the focus groups was that a select population used the Location Efficient Mortgage either because they could qualify for more, and thus get into a more desirable location, or because it put them over a threshold and allowed them to get into the neighborhood in which they wanted to buy. In two specific cases, people credited the LEM program explicitly with making the difference in their home-buying decision. In both those cases, transportation decisions were important components of their home buying search, and they spoke about their ability to limit their reliance on automobile usage based the neighborhoods in which they were able to purchase homes. For a Seattle family of four, the LEM “made the difference for [them] to be able to buy in the city,” in a neighborhood close to their employer. Their neighborhood is within four miles of one of their employers, allowing them to arrange their commute so that one of the adults is able to commute to work via a pedestrian trail. This enables them to remain a one-car family without resorting to long, cross-city bus routes. Such households are clearly “poster child” households for the program.

In the Chicago area, another family of four was inspired to transition from renting in the suburbs to buying a home in the city after reading about LEM in the newspaper. With the advice of their mortgage lender, they were able to find a neighborhood that was both child-friendly and with good transit access to work. They, too, own only one car.

The focus groups also enabled us to glean a better understanding of the relatively high incidence of respondents to the survey of LEM households that reported owning more than one car, and furthermore driving more than one car, at least five days a week. Several of the LEM homebuyers that we spoke with were relatively unaware of the goals or premise upon which their Location Efficient Mortgage was based. For these participants, some aspect of the LEM structure matched well with their particular financial circumstances, and that alone was the reason for their mortgage choice. In these cases, their neighborhood choices were based on familiarity, sentimental attachment, and proximity to friends and family. Some of their work commutes were relatively long, and driving (rather than public transit or walking/biking) was their primary means of transportation.

Our conversations with mortgage brokers and other mortgage industry experts helped round out the picture. In Seattle and Chicago, only 61 LEMs were closed between 1998 and 2004. Although the program is still available in these cities, no LEM mortgages have closed the last six months. At present, industry professionals characterize the LEM program as essentially obsolete. The consensus seems to be that when it was initially developed, the LEM product was a good match for an admittedly small population of first time homebuyers who did not quite qualify using

traditional lending structures. But as the mortgage market changed, the terms and structures of the LEM did not evolve, rendering the four-city pilot program unable to compete in the mortgage market.

Carsharing

We looked at car-sharing in one of its major markets, Flexcar in Seattle, and an emerging market, I-Go in Chicago. In contrast to the relatively small number of people engaged in the LEM component of this study, we found a wide range of people eager to speak to us about car-sharing. The enthusiasm of the car-sharing participants was in and of itself, noteworthy. The people we spoke with ranged from newly minted members to committed car-sharing activists. The frequency of their use also ranged from very seldom to regularly scheduled, weekly outings.

The major finding from our conversations dealt with the varying perceptions car-sharing members had of the role of car-sharing in their own lives. One perspective was based on the idea of membership in a car-sharing program as a luxury or an indulgence, and therefore merely a way of augmenting their regular transportation habits. These members often relied on public transportation or walking as their major mode of transportation. In some cases, they were partners in a multi-person household that shared a single car.

A differing perspective was based on car-sharing as an important component of a set of transportation options by which an individual could forgo car ownership. In many cases, these participants saw car-sharing as a critical part of a lifestyle that involved giving up car ownership. Often, these members had made conscious decisions to reside in neighborhoods where cars were unnecessary, and even burdensome (downtown Seattle and Chicago, for instance). A distinguishing characteristic of this viewpoint was that it was the idea of having access to a car via membership in Flexcar or I-Go that allowed them to confidently relinquish car ownership. Women, in particular, emphasized that their car-sharing membership gave them a sense of freedom.

The major limitation to the success and/or expansion of car-sharing programs seems to hinge on the expense associated with them. Members of car-sharing programs often mentioned that based on strictly cost comparison, traditional rental cars often were a less expensive prospect than using a Flexcar or I-Go car. For those on a tight budget, public transportation was clearly a cheaper means of transportation. The details of the various pricing structures provided much fodder for conversation in our focus groups. Indeed, the value obtained from membership in a car-sharing program was a factor in one of the most oft mentioned uses for car-sharing trips: travel to big box and discount retailers at suburban locations, in order to shop for groceries and durable goods. Residents of urban neighborhoods frequently commented on the lack of affordable products in their downtown and inner-ring neighborhoods. They planned semi-regular outings in the car-sharing vehicles to stock up on bulk groceries, and inexpensive house wares.

It is not clear that car-sharing programs will actually take many cars off the road at this point. What it will do in the short-term is provide access to cars to those people who chose to forgo owning them. And, if the car-sharing programs continue to expand, in the long term these programs may in turn expand the numbers of people who consider giving up car ownership due to the presence of a stable, viable alternative.

Crossover

The lack of any crossover between the car-sharing and LEM programs was frankly surprising, particularly given that in Seattle the programs were both heavily marketed by the City of Seattle. The survey respondents (LEM holders all) did not indicate a perceived need for car-sharing, or even a high level of familiarity with the idea. Upon further analysis it became clear that Chicago residents were unfamiliar with a relatively new program, and the relatively high level of car ownership among Seattle LEM homebuyers precluded a need for car-sharing among those respondents. In the focus groups with car-sharing members, it became apparent that the few participants who were aware of LEM had gained this awareness through participation in a public transportation related career, or advocacy setting. The majority of car-sharing program members were unaware of LEM as a product, however.

Prospects for Two Programs

While the car-sharing programs continue to expand, the LEM program appears to be moribund. Both of these programs attempt to provide rewards to less automobile reliant households in the form of alternatives to traditional car and home ownership structures. The fate of the LEM program relies on a variety of forces over which the originators of the location efficiency model have little control, or even influence. The car-sharing programs, on the other hand, have benefited from an entrepreneurial model that is receiving considerable support and investment from governmental sources.

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Appendix A.

Chicago Household Survey

Appendix A: Chicago Household Survey

We are doing a survey of households who have obtained Location Efficient Mortgages. The goal of this research is to provide an early evaluation of this important new program. We hope to learn how to best expand the reach of this program to other potential homeowners, thereby giving more people access to the benefits of homeownership.

Please take a few moments to answer the following questions. Your responses will remain completely confidential.

Your Home

1. What year did you purchase your current home? _____

2. In what year was your home built? _____

3. Is this the first home you have owned?

_____ Yes

_____ No

4. What type of building is your home?

_____ Single-family, detached

_____ Single-family, attached (i.e., townhouse)

_____ Mobile home

_____ Multi-family (e.g., condominium, flat)



4b. If so, how many units are in the building, approximately?

_____ Less than 10

_____ 10 to 39

_____ 40 to 100

_____ More than 100

5. Did you live in the Chicago metropolitan area immediately prior to purchasing your current home?

_____ Yes

_____ No

6. How much did you pay when you bought your current home?

- ☐ Less than \$140,000
- ☐ \$140,000 to \$160,000
- ☐ \$160,001 to \$180,000
- ☐ \$180,001 to \$200,000
- ☐ \$200,001 to \$220,000
- ☐ \$220,001 to \$240,000
- ☐ \$240,001 to \$260,000
- ☐ \$260,001 to \$280,000
- ☐ \$280,001 to \$300,000
- ☐ More than \$300,000

Your Neighborhood

1. How would you describe your neighborhood? Please think of your neighborhood as the area within a half-mile range of your home – where you might be able to walk in 10 minutes or less.

- ☐ Mostly single-family homes
- ☐ Mostly multi-family (apartments and condos)

2. How many retail establishments are within a half-mile of your home (say, a ten minute walk)?

- ☐ None
- ☐ 1 to 3
- ☐ Several

3. How would you rate your neighborhood as a place for people to **walk** to destinations, considering such things as closeness of destinations, safety and inviting street environments? Please rate your neighborhood using a scale of 1 to 5, where 1 is a poor rating and 5 is an excellent rating.

- ☐ 1 Poor
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5 Excellent

4. How would you rate your neighborhood as a place for people to **drive cars**, considering things such as congestion, parking and good access to common destinations? Again, use a 1 to 5 scale for your response with 1 being a poor rating and 5 being an excellent rating.

- _____ 1 Poor
- _____ 2
- _____ 3
- _____ 4
- _____ 5 Excellent

5. How would you rate your neighborhood as a place for people to **take buses or the “L”**, considering things such as access to destinations, frequency and safety? Use a 1 to 5 scale for your response with 1 being a poor rating and 5 being an excellent rating.

- _____ 1 Poor
- _____ 2
- _____ 3
- _____ 4
- _____ 5 Excellent

6. How would you rate the overall quality of your neighborhood for your household, considering such things as the quality of schools, transportation, shopping, safety, environment, or whatever is important to you? Again, use the 1 to 5 scale for your response.

- _____ 1 Poor
- _____ 2
- _____ 3
- _____ 4
- _____ 5 Excellent

7. When you were house hunting, **if you had to pick one**, which would you say was **more** important to you?

- _____ Finding the right home (house or condominium)
- _____ Finding the right neighborhood

8. What was the primary reason that influenced your selection of the **location** of the property you purchased? Please select only **TWO**.

- ☐ proximity to family and/or friends
- ☐ proximity to work
- ☐ proximity to transit
- ☐ proximity to retail
- ☐ recreational amenities
- ☐ quality of schools
- ☐ neighborhood character
- ☐ familiarity and/or sentimental attachment
- ☐ other _____

9. Please compare your current neighborhood to your previous neighborhood.

- ☐ They are similar
- ☐ It is the same neighborhood
- ☐ No, it is quite different 

9b. How is your current neighborhood different from the prior one?

Your Mortgage

1. How did you first learn about Location Efficient Mortgages? Please select only **one**.

- ☐ real estate agent
- ☐ lending institution (bank)
- ☐ mortgage broker
- ☐ advertising
- ☐ media (i.e., newspaper story)
- ☐ family member or friend
- ☐ other _____

2. When did you learn about Location Efficient Mortgages, in relation to your home buying decision?

- ☐ Before actively house hunting
- ☐ During the house hunting process
- ☐ After finding your current home

3. As far as you know, would you have been able to purchase your current home at the time you did **without** a Location Efficient Mortgage (i.e., with a traditional mortgage)?

- ☐ Yes
- ☐ No



3b. If you would not have been able to purchase your home at the time you did, what do you think you would have done?

- ☐ continued living where you were until you could qualify for a mortgage on an equivalent home
- ☐ bought a less expensive home in the **same** neighborhood
- ☐ bought a home in a less expensive neighborhood
- ☐ bought a different **type** of home (townhouse or condo, perhaps)
- ☐ other _____

4. Would you still have purchased a home in a transit accessible neighborhood **without** a Location Efficient Mortgage?

- ☐ Yes
☐ No
☐ Maybe

5. Why did you choose to obtain a Location Efficient Mortgage?

6. What was the most appealing feature of the Location Efficient Mortgage? Please select only **ONE**.

- ☐ interest rate
☐ debt to income ratio
☐ closing costs
☐ free or reduced rate transit passes
☐ down payment
☐ other _____

7. What factors were important in your decision to purchase a home **when** you did?

8. How long had you actively been searching for a home to buy, before you purchased your current home?

- ☐ Less than a month
☐ Between 1 month and 3 months
☐ Between 3 and 6 months
☐ Between 6 months to 1 year
☐ More than 1 year

9. Did the availability of a Location Efficient Mortgage influence your choice of neighborhood?

____ No

____ Yes →

9b. How did the availability of a Location Efficient Mortgage influence your choice of neighborhood (please elaborate)?

Your Travel

1. How many automobiles in running condition does your household have now? _____

2. How many automobiles in running condition did your household have at your previous home?

In the next set of questions we ask you to compare your travel habits at your **current home** and your **previous home**. Please answer each question for both your current home and previous home.

	CURRENT HOME	PREVIOUS HOME
3. How many days each week do/did you drive your car?	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
4. If your household has more than 1 car, how many days a week are/were more than 1 of those cars driven ?	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
5. How many days a week do/did you or a member of your household ride the bus?	☐ Not Applicable ☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ Not Applicable ☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
6. How many days a week do/did you walk or bike to a destination in your neighborhood (i.e., to go shopping, get take-out, rent a video, meet friends)?	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
7. How far do/did have to walk to get to a bus stop which will generally take you somewhere you want to go (e.g., to work, to downtown, to shopping and/or recreation)?	☐ Less than 5 minutes ☐ Between 5 & 10 minutes ☐ Between 10 & 15 minutes ☐ More than 15 minutes ☐ Do not know	☐ Less than 5 minutes ☐ Between 5 & 10 minutes ☐ Between 10 & 15 minutes ☐ More than 15 minutes ☐ Do not know

Please answer each question for both you current home and previous home.

	CURRENT HOME	PREVIOUS HOME
8. How many days a week do/did you or a member of your household ride the "L"?	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
9. How far do/did you have to walk to get to an "L" station which will take you somewhere you want to go?	☐ Less than 5 minutes ☐ Between 5 & 10 minutes ☐ Between 10 & 15 minutes ☐ More than 15 minutes ☐ Do not know	☐ Less than 5 minutes ☐ Between 5 & 10 minutes ☐ Between 10 & 15 minutes ☐ More than 15 minutes ☐ Do not know

10. Compared to how many miles you traveled by both automobile or transit at your previous home, do you think you travel, on average, longer or shorter distances at your current home?

- ☐ I travel **fewer** miles, on average, at the current home
☐ I travel **more** miles, on average, at the current home

11. Compared to how long much of your day was spent traveling (either driving or on transit) at your previous home, do you think you travel, on average, for longer or shorter amounts of time at your current home?

- ☐ I spend **less** time each day traveling, on average, at the current home
☐ I spend **more** time each day traveling, on average, at the current home

12. When you need access to an additional automobile, what do you do? Please check all that apply.

☐ borrow a car from friends or family

☐ rent a car

☐ use I-GO®

☐ use public transit (bus, "L")

☐ not take the trip

☐ reschedule the trip

☐ Other _____

13. In what ways has your travel changed since you have purchased and moved into your current home (in ways other than you have already indicated on prior questions)?

14. Have you ever used I-GO® ?

☐ Yes

☐ No →

14b. Why you have chosen not to use I-GO® ? Please check all that apply. **Then, skip to the next section.**

☐ Have not heard of it

☐ Inconvenient location

☐ Have not needed it

☐ Too expensive

☐ Too complicated

☐ Other _____

15. How many times have you used I-GO® ?

- ☐ Once
- ☐ 2- 5 times
- ☐ 6-9 times
- ☐ 10 or more times

16. What types of trips have you used I-GO® for? Please indicate all that apply.

- ☐ Commuting to work
- ☐ Social visit
- ☐ Shopping trip or running errands
- ☐ Travel and/or vacation
- ☐ Other _____

17. If I-GO® were not available for some reason, what would you do instead? Please indicate all that apply.

- ☐ borrow a car from friends or family
- ☐ rent a car
- ☐ use our second car
- ☐ use public transit (bus, "L")
- ☐ not take the trip
- ☐ reschedule the trip
- ☐ Other _____

18. How important was the availability of I-GO® in your decision on where (what neighborhood) to buy a home?

- ☐ Very important
- ☐ One of many factors
- ☐ Barely relevant
- ☐ Not important at all

Household information

1. Please write in the ages, primary occupation, sex, and highest level of education for each member of your household.

Household Member	Age	Occupation	Sex	Highest Level of Education	Ethnicity
Example A	32	Journalist	Female	Bachelors degree	Asian-American
Person 1					
Person 2					
Person 3					
Person 4					
Person 5					
Person 6					

2. What is your annual household income?

- ☐ Less than \$30,000
- ☐ \$30,000 to \$50,000
- ☐ \$50,001 to \$70,000
- ☐ \$70,001 to \$90,000
- ☐ \$90,001 to \$110,000
- ☐ \$110,001 to \$130,000
- ☐ \$130,001 to \$150,000
- ☐ \$150,001 to \$170,000
- ☐ \$170,001 to \$190,000
- ☐ More than \$190,000

Thank you for participating. Your responses to this survey are very valuable towards better understanding this program!

Appendix B.

Seattle Household Survey

Appendix B: Seattle Household Survey

We are doing a survey of households who have obtained Location Efficient Mortgages. The goal of this research is to provide an early evaluation of this important new program. We hope to learn how to best expand the reach of this program to other potential homeowners, thereby giving more people access to the benefits of homeownership.

Please take a few moments to answer the following questions. Your responses will remain completely confidential.

Your Home

1. What year did you purchase your current home? _____

2. In what year was your home built? _____

3. Is this the first home you have owned?

_____ Yes

_____ No

4. What type of building is your home?

_____ Single-family, detached

_____ Single-family, attached (i.e., townhouse)

_____ Mobile home

_____ Multi-family (e.g., condominium, flat)



4b. If so, how many units are in the building, approximately?

_____ Less than 10

_____ 10 to 39

_____ 40 to 100

_____ More than 100

5. Did you live in the Seattle metropolitan area immediately prior to purchasing your current home?

_____ Yes

_____ No

6. How much did you pay when you bought your current home?

_____ Less than \$140,000

_____ \$140,000 to \$160,000

_____ \$160,001 to \$180,000

_____ \$180,001 to \$200,000

_____ \$200,001 to \$220,000

_____ \$220,001 to \$240,000

_____ \$240,001 to \$260,000

_____ \$260,001 to \$280,000

_____ \$280,001 to \$300,000

_____ More than \$300,000

Your Neighborhood

1. How would you describe your neighborhood? Please think of your neighborhood as the area within a half-mile range of your home – where you might be able to walk in 10 minutes or less.

_____ Mostly single-family homes

_____ Mostly multi-family (apartments and condos)

2. How many retail establishments are within a half-mile of your home (say, a ten minute walk)?

_____ None

_____ 1 to 3

_____ Several

3. How would you rate your neighborhood as a place for people to **walk** to destinations, considering such things as closeness of destinations, safety and inviting street environments? Please rate your neighborhood using a scale of 1 to 5, where 1 is a poor rating and 5 is an excellent rating.

_____ 1 Poor

_____ 2

_____ 3

_____ 4

_____ 5 Excellent

4. How would you rate your neighborhood as a place for people to **drive cars**, considering things such as congestion, parking and good access to common destinations? Again, use a 1 to 5 scale for your response with 1 being a poor rating and 5 being an excellent rating.

_____ 1 Poor

_____ 2

_____ 3

_____ 4

_____ 5 Excellent

5. How would you rate your neighborhood as a place for people to **take buses**, considering things such as access to destinations, frequency and safety? Use a 1 to 5 scale for your response with 1 being a poor rating and 5 being an excellent rating.

_____ 1 Poor

_____ 2

_____ 3

_____ 4

_____ 5 Excellent

6. How would you rate the overall quality of your neighborhood for your household, considering such things as the quality of schools, transportation, shopping, safety, environment, or whatever is important to you? Again, use the 1 to 5 scale for your response.

- ☐ 1 Poor
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5 Excellent

7. When you were house hunting, **if you had to pick one**, which would you say was **more** important to you?

- ☐ Finding the right home (house or condominium)
- ☐ Finding the right neighborhood

8. What was the primary reason that influenced your selection of the **location** of the property you purchased? Please select only **TWO**.

- ☐ Proximity to family and/or friends
- ☐ Proximity to work
- ☐ Proximity to transit
- ☐ Proximity to retail
- ☐ Recreational amenities
- ☐ Quality of schools
- ☐ Neighborhood character
- ☐ Familiarity and/or sentimental attachment
- ☐ Other _____

9. Please compare your current neighborhood to your previous neighborhood.

- ☐ They are similar
- ☐ It is the same neighborhood
- ☐ No, it is quite different 

9b. How is your current neighborhood different from the prior one?

Your Mortgage

1. How did you first learn about Location Efficient Mortgages? Please select only **ONE**.

- ☐ Real estate agent
- ☐ Lending institution (bank)
- ☐ Mortgage broker
- ☐ Advertising
- ☐ Media (i.e., newspaper story)
- ☐ Family member or friend
- ☐ Other _____

2. When did you learn about Location Efficient Mortgages, in relation to your home buying decision?

- ☐ Before actively house hunting
- ☐ During the house hunting process
- ☐ After finding your current home

3. As far as you know, would you have been able to purchase your current home at the time you did **without** a Location Efficient Mortgage (i.e., with a traditional mortgage)?

- ☐ Yes
- ☐ No 

3b. If you would not have been able to purchase your home at the time you did, what do you think you would have done?

- ☐ Continued living where you were until you could qualify for a mortgage on an equivalent home
- ☐ Bought a less expensive home in the **same** neighborhood
- ☐ Bought a home in a less expensive neighborhood
- ☐ Bought a different **type** of home (townhouse or condo, perhaps)
- ☐ Other _____

4. Would you still have purchased a home in a transit accessible neighborhood **without** a Location Efficient Mortgage?

- ☐ Yes
- ☐ No
- ☐ Maybe

5. Why did you choose to obtain a Location Efficient Mortgage?

6. What was the most appealing feature of the Location Efficient Mortgage? Please select only **ONE**.

- ☐ Interest rate
☐ Debt to income ratio
☐ Closing costs
☐ Free or reduced rate transit passes
☐ Down payment
☐ Other _____

7. What factors were important in your decision to purchase a home **when** you did?

8. How long had you actively been searching for a home to buy, before you purchased your current home?

- ☐ Less than a month
☐ Between 1 month and 3 months
☐ Between 3 and 6 months
☐ Between 6 months to 1 year
☐ More than 1 year

9. Did the availability of a Location Efficient Mortgage influence your choice of neighborhood?

- ☐ No
☐ Yes →

9b. How did the availability of a Location Efficient Mortgage influence your choice of neighborhood (please elaborate)?

Your Travel

1. How many automobiles in running condition does your household have now? _____
2. How many automobiles in running condition did your household have at your previous home?

In the next set of questions we ask you to compare your travel habits at your **current home** and your **previous home**. Please answer each question for both your current home and previous home.

	CURRENT HOME	PREVIOUS HOME
3. How many days each week do/did you drive your car?	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
4. If your household has more than 1 car, how many days a week are/were more than 1 of those cars driven?	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
5. How many days a week do/did you or a member of your household ride the bus?	☐ Not Applicable ☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ Not Applicable ☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
6. How many days a week do/did you walk or bike to a destination in your neighborhood (i.e., to go shopping, get take-out, rent a video, meet friends)?	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero	☐ 5, 6 or 7 days ☐ 3 or 4 days ☐ 1 or 2 days ☐ Once or twice a month ☐ Zero
7. How far do/did have to walk to get to a bus stop which will generally take you somewhere you want to go (e.g., to work, to downtown, to shopping and/or recreation)?	☐ Less than 5 minutes ☐ Between 5 & 10 minutes ☐ Between 10 & 15 minutes ☐ More than 15 minutes ☐ Do not know	☐ Less than 5 minutes ☐ Between 5 & 10 minutes ☐ Between 10 & 15 minutes ☐ More than 15 minutes ☐ Do not know

8. Compared to how many miles you traveled by both automobile and transit at your previous home, do you think you travel, on average, longer or shorter distances at your current home?

☐ I travel **fewer** miles, on average, at the current home

☐ I travel **more** miles, on average, at the current home

9. Compared to how long much of your day was spent traveling (either driving or on transit) at your previous home, do you think you travel, on average, for longer or shorter amounts of time at your current home?

☐ I spend **less** time each day traveling, on average, at the current home

☐ I travel **more** time each day traveling, on average, at the current home

10. When you need access to an additional automobile, what do you do? Please check **ALL** that apply.

☐ Borrow a car from friends or family

☐ Rent a car

☐ Use Flexcar®

☐ Use public transit (bus, train)

☐ Not take the trip

☐ Reschedule the trip

☐ Other _____

11. In what ways has your travel changed since you have purchased and moved into your current home (in ways other than you have already indicated on prior questions)?

12. Have you ever used Flexcar®?

☐ Yes

☐ No



12b. Why you have chosen not to use Flexcar®? Please check all that apply. **Then, skip to the next section.**

☐ Have not heard of it

☐ Inconvenient location

☐ Have not needed it

☐ Too expensive

☐ Too complicated

☐ Other _____

13. How many times have you used Flexcar®?

☐ Once

☐ 2- 5 times

☐ 6-9 times

☐ 10 or more times

14. What types of trips have you used Flexcar® for? Please indicate **ALL** that apply.

☐ Commuting to work

☐ Social visit

☐ Shopping trip or running errands

☐ Travel and/or vacation

☐ Other _____

15. If Flexcar® were not available for some reason, what would you do instead? Please indicate **ALL** that apply.

☐ Borrow a car from friends or family

☐ Rent a car

☐ Use our second car

☐ Use public transit (bus, train)

☐ Not take the trip

☐ Reschedule the trip

☐ Other _____

16. How important was the availability of Flexcar® in your decision on where (what neighborhood) to buy a home?

☐ Very important

☐ One of many factors

☐ Barely relevant

☐ Not important at all

Household information

1. Please write in the ages, primary occupation, sex, and highest level of education for each member of your household.

Household Member	Age	Occupation	Sex	Highest Level of Education	Ethnicity
Example A	32	Journalist	Female	Bachelors degree	Asian-American
Person 1					
Person 2					
Person 3					
Person 4					
Person 5					
Person 6					

2. What is your annual household income?

- ☐ Less than \$30,000
- ☐ \$30,000 to \$50,000
- ☐ \$50,001 to \$70,000
- ☐ \$70,001 to \$90,000
- ☐ \$90,001 to \$110,000
- ☐ \$110,001 to \$130,000
- ☐ \$130,001 to \$150,000
- ☐ \$150,001 to \$170,000
- ☐ \$170,001 to \$190,000
- ☐ More than \$190,000

Thank you for participating. Your responses to this survey are very valuable towards better understanding this program!

Appendix C.

Chicago Control Focus Group A and B

Appendix C: Chicago Control Focus Group A and B

Chicago Control Focus Group A

Date: October 16, 2004

Participants: 3

Conducted by Robin McWaters and James Andrew

Participants

Name	Neighborhood	Car Ownership	Residence in Chicago	I-Go Membership
La Ferria	South Loop	1 Car	30+ years	NA
Kathryn	Logans Square	No	2 years	NA
Julie	South Loop	1 Car	38 years in Chicagoland, since 1997 in City of Chicago	NA

Question: Describe your neighborhood...

La Ferria: South Loop area is an area in transition. Originally, it had a lot of manufacturing and company areas. It has changed from industrial to condos and a lot of companies moved out. It is centrally located to all major forms of transportation, the L, the Bus. It is a little bit easier now to catch a cab. Pretty much, you can walk a half a block and catch a bus, or a train and a car for further.

Julie: I agree. I moved to the South loop specifically because, well, when I moved there it was inexpensive, relatively speaking and it's .. I am close to so many, the 3 el lines, and can get anywhere in the city from that Roosevelt stop. I kept my car because my family lives in suburbs.

Kathryn: I chose Logans Square as well because it had relatively low rent. I live right next to a train stop so I usually take the train. It is really convenient to go from there to the loop but as far as where public transportation isn't really convenient is for going anywhere other than the Loop. To go north or south, you have to go downtown first and then take the train so you end up going, like, this way instead of just straight. If you drive it would take maybe 15 minutes, but if you take the train it takes like an hour, or longer. So, sometimes I take the bus, but sometimes it just easier to take a cab. And then especially at night, I, it's even more convenient to take a cab. The neighborhood is a lot more affordable but there are other concerns that you have to be thinking about especially after dark. There is a not a lot to do there. I walk to the grocery.

Julie: We both live in South Park and it is changing so much that everything is so convenient. I mean, I live 2 blocks away from the big grocery store and that's really nice, and starbucks. I can walk to that. And on the way home, almost every night I stop at the Jewel and get something to eat because I am too lazy to go there and buy a whole bunch at the same time.

She is right about the cabs. It used to be desolate and now at least we have some high faluting restaurants that bring the cabs in to drop people off and pick them up. What is also nice is if you take the Metra trains (the commuter transit line that goes out to the suburbs) there are some stops out there, you can pick those up and that is really nice. We are very close to State Street which is

a main bus route and Michigan Avenue. There are probably 4 main bus routes on Michigan Avenue and 2 main ones on State St. that go pretty far north and pretty far south.

La Ferria: The closest grocery store is Jewel .. and then in that area they developed like a mini-shopping mall . We need more affordable restaurants, take-out restaurants. You can find fine dining.

Julie: But we do have a Subway, and another place... Howie's. I think, too, we need a gas station there ... more activity .

Question: what would you change about your neighborhood?

Julie: I would love if the orange line and the green line were underground. You know, they are elevated. My complex abuts up to the trains. The nice thing is that those lines don't run 24 hours so during my sleeping time I am not hearing them but it is sort of pain in the ass... you get so accustomed to it but it would be nice if those were underground and I just wish that there was slightly more space. It just seems that it crowded up so quickly and I have only been there for 4 years and it just crowded up so quickly and it's frightening how fast its going so that's it and probably put in more affordable restaurants.

La Ferria: I would add that parking has become a problem. There is a lot of congestion because you are so close to downtown a lot of people come here and then park and then ride over too.... Another thing that's set the South Loop a little apart - It is not your traditional neighborhood. There is not a lot of grass. So we tend to be very compact. We only have 1 park and I wouldn't ever really call that a park ... so it is more like a kiddie park. More Chicago neighborhoods have larger parks where families can get together.

And to we have a lot of blightiness. We have a lot of companies who have left or abandoned spaces.

Kathryn: Parking is an issue there too. And actually when I moved here 2 years ago I had a car and that's why I got rid of it because it was just such a pain to try to figure out, like I was always having to move it at different times you can park it at different places and then there is street cleaning.

And I heard that, I don't know if this is just a rumor, but I heard that CTA they are going to extend, going to have another train line that connects like, you know how the train goes north and south and east and west – this is going to, like, circle out and connect more easily and if that was happening right now that would be really good. And especially north because a lot of my friends live to the north and a lot of art events are farther north, and lot of things that go on don't happen in the Loop. And if there was like a regular grocery store there too... There is a little grocery on the corner where I live, it's like a small mexican grocery store so it's convenient but it's probably like, a lot of the stuff is like twice as much (as a normal grocery store).

Question: When you were house or apartment hunting what were the factors you considered in deciding where to move?

La Ferria: Affordability is the number one. Take what is best suited for what you can afford, and neighborhood that you would feel relatively comfortable in with whatever safeguards you need to take.

Julie: Well I moved from the suburbs, a suburb called Oak Park and I moved from a very large home to a 2-bedroom town that we were renting in Rivernorth. And when I decided I was ready to buy something and get rid of my husband, in the same month. I needed to buy someplace, and I just didn't want to have a long commute. I could walk to work from where I lived and I did not want to have a long commute so I started, I essentially drew a circle around and I was not going to work in the suburbs and I did not want to move back to the suburbs and I just found a place where I could still get to work in less than 20 minutes, still live in the city, and have a decent size unit and I needed a garage because I had a garage before so it came down to, I got a bedroom with a garage. Because I had to have the car, because I grew up in the suburbs and you get accustomed to that so this whole move fit everything, it fit proximity, [...] and I also bought early enough that I was able to get my bedroom with a garage, and you know a lot of extra square feet and if I could I would have loved to stay in RiverNorth but that was 200 more thousand dollars than I had but that was fine.

Kathryn- Mine was affordability and also proximity to school downtown. I really didn't know anything about the city so my advisor at school just recommended the neighborhood and that was pretty much why I looked at it. I really didn't have any idea what it was - I did all the negotiating from another state but I stayed there.

Question: Have you heard of carsharing?

La Ferria: No.

Julie: I have heard of carsharing but I can't specifically recall I-Go.

Kathryn: I have heard of carsharing but not I-Go.

La Ferria: When you say carsharing do you mean here in Chicago?

James: Yes, I mean here in Chicago. So, you were all chosen because you live in neighborhoods....

Robin: They are parked near transit stops and grocery stores....

James: Would you be ..

Julie: Well, I already have a car, but when I lived downtown initially I considered getting rid of car and then just renting a car when we need one but it, we were both just two creatures of habit, too much accustom to the convenience of having it right there. It was paid for so ... the idea appeals as a good environmental citizen, that type of thing. But I just rely too much on "Oh, I need to go here, and it is just right downstairs," not making plans, that kind of thing. I just doesn't relate to how I work.

La Ferria: For myself, the program that you have described, the term carsharing is a little ridiculous because when I hear the word "carsharing" that is not what I envision. I thought you meant, like carpooling. So, I think I would be reluctant to sign up for (1) initially and (2) finding out if you have more flexible terms -or if you needed the car for more than an hour or two, if you have any option for different makes of cars, I am relatively tall so I don't want to be cramped just because it is more economical to have only compact cars. So for myself, I wouldn't necessarily rule it out .. but you know I have a car here [...].

Kathryn: I would probably be interested primarily for reasons that... one of the main reasons I don't want a car, well two reasons, one is that I take public transportation so often that it (having a car) is too luxurious, so I like, for my budget and my school it is not necessary. Especially if I didn't have to pay for insurance or maintenance or have to worry about any of those things, if I was just paying a flat fee then I am assuming it would be lower than a car payment [...] I'd probably think about. Because I'd only use it once in a while, it seems like that would be, would fit really well into what I need. And actually I have looked at carsharing – In this city, there is actually one close to here that I tried out... I think it's like two blocks away. They have a central garage and you take the car from the garage. I decided not to do it because the location was inconvenient. Anyway. The only concerns I would have is flexibility, like if I needed more time than allotted and also mileage, like how far you can go. I think this may be outside of what is possible, it would also be really nice to go like .. whenever I want to go home I have to like take the bus or something, so it would be nice to be able to drive and its about 200 miles . But if [...]

Question: Where do you work?

(They all work downtown. They all take public transportation.)

Julie: I walk home in the summer, I only live 2 miles away, so if it's (more) than 50 degrees and not raining, I walk home. I don't want to walk to work because you get too sticky but it is a nice walk home in the evening. And it would be a weird place to live if there wasn't public transportation because, you know you can walk like a half mile or a mile but anything over that it takes forever and [...]. Again, I really miss where I was living because of the proximity to the public transportation.

Question: [how do you use your car? Or how would you use Flexcar?]

La Ferria: I use as needs permit, I use it at grocery stores, it's like half a block, you know if you are carrying, if you have large purchases [...] If you are visiting friends and you want to shop, personal shop outside the area. They are bringing a Target in the area.

Julie: It just opened – last Sunday.

La Ferria: [...] As needs 20-30 hours a week.

Julie: I will specifically plan my things, my events around if I can go to drive my car . The car comes out usually twice a week and I go to my family's house or to my gentlemen friend who lives in the Schaumburg (sp.?) which is almost Iowa, I mean you have to pay tolls to get there.

So, it is a 1999 and I only have 32 thousand miles on it, so, it just comes out once or twice a week.

Question: So you pretty much just use it outside of town?

Julie: Yeah, just outside of town. Very rarely – Because you don't like to drive it in the city. It is inconvenient, it is hard to park. Well for four years I also never bought a city sticker so I was always a scofflaw who could get towed. So, now I do buy a city sticker. But it is one of the things... so my employer subsidizes transit. So, why not use it?

Question:

Julie: Well, parking is a pain in the neck once you get in the Loop. I love that there is a parking lot only 2 blocks away from where I work that is only \$8 a day but if you are in the heart of the Loop it can cost you \$20 a day to park and that just shoots everything right there and besides there is really no added benefit to driving to work.

Question:

La Ferria: I just don't know if I would, I am just too stuck in my ways.

I might using it during the day...the costs are too high.

Question: transit?

Julie: I'll take it (transit) practically anywhere in the city, especially if I am not working and it is just so much better than screwing around with parking. It might seem a little longer but I just sort feel a little bit better. I am not wasting all that gas. Besides they play music.

La Ferria: You know those guys, on the red line down in the subway there always (playing music).

Question: You all seem pretty skeptical.... How much would you use I-Go?

La Ferria: [mostly weekends]

Kathryn: If I were talking about doing it today, it would not possible on my budget. But, I think, like right now I have some extra costs that are happening. But a year from now, when those are hopefully gone, but I would probably spend \$150 month. I could see where it would be justifiable to charge more than that [...].

Julie: I think my threshold would be whether it was more than a rental car.

La Ferria: And too, I guess for me, I would say once again that I would be afraid of the rigidity [...].

Question: When you decided to buy a home, what factors?

LaFerria: I liked where I lived in River North. What I liked was that I could walk to a variety of things. I thought that the South Loop mirrored that except that there aren't enough restaurants. South Loop is kind of a family friendly neighborhood you would never have a major food chain in River North, and here there is one. It's affordable, very convenient to work. Parking wasn't a problem there, so I'm not sacrificing a lot.

Julie: Well my intention was when we moved from Oak Park to RiverNorth was, the deal that was set up with my then-husband was we'll move downtown and rent for a year and see what it is like, and it turned into 2 years and then it turned into 3 years and then I get rid of him and said well, there is no reason for me to rent . I can afford my own house, so why should I throw money away, and I had owned before so it was just find a place that, again, fit the criteria of being able to be convenient to my work and the Loop, and also be convenient to the other fun things to do in

the city. There is so much, it so easy to get different places from the South Loop to the rest of the city. On a nice day you can just walk right down Michigan Avenue and everything. So, my decision to move to the South Loop was based on affordability and proximity and if I could have gotten a lower interest rate and I would have bought bigger and bigger was available to me I just couldn't wing it. That works.

Question: How did you decide on the mortgage that you used?

LaFerria: The interest rate was the main factor. And the terms of the mortgage. I didn't do any real comparison shopping, just went to my bank.

Julie: (I just used my bank) I had a good relationship with them. It made life so much easier.

Question: How did you decide to buy at the time you did?

La Ferria: [...]

Julie: I was in a tight spot, and I had one month left on my lease and I did not want to, they wouldn't renew for month by month and so I knew I could afford all these where I was looking and even if I didn't get the interest rate I got and those sort of things, and if I couldn't have found where I did, I would have had to go out to the suburbs, where of course I could have gotten something much bigger, but I wouldn't have been as happy. There was just no way ...

Question: What would you have done?

La Ferria: I would have waited. I wouldn't sacrifice conveniences for comfort. I wanted to be comfortable to stay a long time [...] location environment bottom line....I really felt that my money would have been

Question: Did your choice of mortgage influence your neighborhood at all? Did you decide on your house first or mortgage?

La Ferria: the location [...]. You walk in, you like it, it falls in love with you and you fall in love with it.

I had my own crisis situation. My building was (turning into condos) so I went out of town, and I said I would think about it and when I came back there were a couple of months to go but I didn't realize at the time. It was a big decision.. a buyers market .. The property taxes was a factor, South Loop was lower than River North.

Did you have a mortgage first or a home selected?

Both said, home first, then the mortgage.

Chicago Control Focus Group B

Date: October 19, 2004

Participants: 2

Conducted by: Frank Douma

Participants

Name	Neighborhood	Car Ownership	Residence in Chicago	I-Go Membership
1	North Side	No	25 years	NA
2	Hyde Park	1 car w/husband	1 year	NA

These two participants did not exactly constitute a focus group as one arrived late just as the other was finishing up.

First Respondent

Describe your neighborhood.

Neighborhood I live in, there are plenty of ways to use transportation. I live on the red line, and on many bus routes, the Broadway, the Sheridan, the 147 bus, many bus routes situated in that area. I really don't need a car, because it is easy to take any bus that is near me and ride downtown to go to work, shopping, etc.

Anything you would change about your neighborhood?

I would like more stores for kids, more activities for kids and teens to go to, because right now it's kind of boring. I have one teen and she can't go anywhere in the neighborhood to go to a movie. There are no movie theaters close by in the neighborhood, or other social things for kids. That is why some of these kids are in gangs and selling drugs because there are not enough activities for them.

What were some of the factors that you considered in deciding where to live?

There are two major grocery stores, Jewel and Dominics, I liked that. It was affordable housing for me, I had two children. Transportation-wise, everything was close by, like I said the "L" and bus routes are very convenient.

Home or neighborhood more important?

The neighborhood. The home would be a factor too, but the neighborhood is more important.

Have you heard about I-Go?

No I haven't.

We live near transit routes to work.

How do you get to your place of employment or other routine destinations?

I choose the train because it is the fastest to go downtown, and I live right next to the Red Line so it is quicker.

Would you consider using the car-sharing program I-Go? Frank describes the program.

No, I wouldn't, because the transit works better for me. Always used the train.

Own or rent?

I rent.

Second respondent:

Neighborhood

I live in Hyde Park. I walk most places and if I leave the neighborhood, I can catch an express bus that gets me downtown into class in about fifteen minutes, which means that I don't have to worry about parking, driving short distances, it is very convenient.

Anything you would change?

More stores, like clothing stores, like a Gap or Old Navy would be nice. The only thing we have are grocery stores and bookstores and some higher end boutiques but no like major shopping. I would probably extend the transportation services to go past midnight, it ends at 12:30.

When you chose the place to live, what were the factors that you were considering when you were deciding?

The main factor was that it was convenient for me to be without a car. We had two cars and one had broken down, and we didn't want to buy another car because we didn't want to have to worry about insurance and we were still in school. It was convenient for us to walk everywhere and to catch a bus outside the neighborhood quickly was a major factor, and safety was number two.

Home or neighborhood?

Perfect neighborhood would be more important. You can have the perfect house but have an inconvenient neighborhood.

Have you heard of I-Go?

Yes. There was a car parked a block away from my house and a sign up, and my husband went online to find out what it was.

It seems very convenient especially if you only want to use it for a couple of hours. It sounds really good, sounds like something we would want to try.

Why haven't you tried it yet?

Because we just found out about it two weeks ago.

Right now, I probably won't use the car much right now. When it gets colder and I need to use a car and it is not available I think I would use it.

How do you get to routine destinations now?

Class, by express bus. Shopping, if it is not in the neighborhood we will drive together. We use those modes for convenience. It is inconvenient for him to take a couple of trains or buses to get to work so he drives. For me since I'm home with my son, it is more convenient for me to catch a bus or walk somewhere. If I need to go somewhere that is not downtown it is kind of a hassle with transit.

Are there any other types of activities that you use the car for?

We go to the grocery store, shopping. We take it to the suburbs mostly if we are going somewhere, shopping, or to visit friends who live in the suburbs.

What do you use public transportation for?

Sometimes I will go different places on it, my grandmother lives in a nursing home. But I won't use it to go too far, like I won't go to the suburbs. It is inconvenient, two or three buses, just something outrageous with a little child.

How much would you be willing to pay for a car-sharing program like I-Go?

I did read a little bit about it. I think it sounds like it is convenient, probably wouldn't change anything. I had a question about the gas, I didn't know whether you had to pay for gas.

Frank says that it is included.

Do you own or rent?

We rent. I do have a question about the LEM. If we go to a lender, and we say that we live in a transit friendly neighborhood, are we able to get this kind of mortgage.

It is something that only a few lenders provides, although one is Fannie Mae I think, so it is possible to get, but not all lenders offer it. If you have heard of the Center for Neighborhood Technology here in Chicago, they are kind of the people that first figured out that this would work and started to market it to lenders. So go to their website.

Sounds like it would be a great thing for us because we love our neighborhood and it would be great to get a better mortgage on top of it.

Since you are interested in this, I'll ask some questions related to that?

If you started to look to purchase a home, would the factors you would consider be different than those that you considered when choosing your rental?

No. I chose the neighborhood to live long-term. I wouldn't change any factors.

What would be some factors to lead you to buy instead of rent?

As soon as my husband graduates we will be looking to buy.

Appendix D.

Chicago I-Go Focus Group A

Appendix D: Chicago I-Go Focus Group A

Date: October 16, 2004

Participants: 10

Conducted by: Robin McWaters and James Andrew

Participants

Name	Neighborhood	Car Ownership	Residence in Chicago	I-Go Membership
Lori	Evanston	No	1 year	6 months
JoAnna	Moved from Hyde Park to South Shore	No	Forever	5 years
Ron	Wicker Park (2 years)	Owens 1 Car	10 years	3 weeks
Sharon	Gold Coast	No	17 years	5 months
Elizabeth	Hyde Park	No	Forever	
Pat	Downtown Chicago	Owens 1 Car	4.5 years	4 months
Mark	Wicker Park	No	10 years	7 months
Andrea	Edgewater	No	2 years	1 year
MaryBeth	Rogers Park	No	2.5 years	
Allison	Downtown	No		5 months

Question: how do you travel? How does your neighborhood affect the way you travel?

JoAnna – I live in a high rise. I moved for public transit. The bus stop is right across the street. I take one bus all the way downtown.

Andrea – I agree. It's the exact same thing for me too. The bus stop is right across– the red line is right across from our house. When I moved here, I knew I would sell my car, I didn't right away. I had it for about 3 months and didn't drive it because the mass transit was so good that I sold my car. So, I agree with you, I am glad I moved to the neighborhood I did. Now, I am thinking about moving and that is the first thing I think about – where is the closest bus and will it take me right downtown?

Elizabeth - Transit more important than square footage. Likes lakeview. Neighborhood was scary, but she moved back to east lakeview – yupified – not aggressive.

Sharon – My primary means of transportation is pedestrian. I just walk everywhere. When I had a car I go out more, to see different neighborhoods, different suburbs, to see my friends. One of the reasons I joined was to have the ability to go to different restaurants and stuff like that, which I just don't do. I live right near the bus/el. I love my neighborhood, it is right by the lake, right by Michigan Avenue.

Ron – We moved to our neighborhood primarily for its access to blue line and being able to get the train to O'hare. My wife is a consultant, she frequently has to travel for business so we had to

get a place near the Blue Line. Other than that, we have always used public transportation. We've had a car for about 3 years. But don't use it often in the city. I mean, I'd rather take public transit or just. I just left my job a couple or 2 months ago and for about 5 or 6 years I commuted to work by bike too so we never really (used the car) all that much in the city. Primarily, we can get anywhere we want to go – we've got 2 stops within 2 blocks either way of our house.

Lori – I bought a condo over the summer and just west of Howard I always take public transportation buses and the Red Line. I work at Fullertown – De Pauw so it's a 15-minute commute instead of 45 minute driving or half hour driving. One of the reasons I bought where I bought was because it was very easy to walk to the train, buses that go everywhere. I don't actually take the bus that much but I could have probably lived - I looked in other places. But my decision to buy was based on how close it was to transportation and I didn't want to have a car and to ride a bus at the same time.

Mark – I'll just repeat what Ron said. I wanted access to the Blue Line, and I could take it right down, I work in the Loop so it was always important to be near a train. So, that's me.

Question: travel other than work?

MaryBeth – I'll start. I am lucky enough to live by a Metrax stop, I can take Metrax, I have a bus stop right outside my door, and then I have a Redline stop maybe 5 blocks east of me.

JoAnna – I have a Metrax a block from where I live so it's really convenient. And since I moved from Hyde Park to South Shore there are 3 buses that are on that line, they are all going different directions, one goes to the Red line, one goes straight downtown, and the other goes to the neighborhood. So there is really – it works quite well. But then again, here I have relatives and friends that have cars so if I really really need to get out [...] so someone in the city will come pick up and take me where I need to go, if I really need to [...].

? – 2 blocks from the el. If I need to go the suburbs I can take the bus to metrax. Parking is \$200.00. Traffic doesn't affect as much as parking. My friends don't want to visit me, they would rather I go visit them. I find that I try to do all my errands during the week, because the corridor takes forever if I want to go shop or go somewhere. So traffic impacts me. I try to do everything all at once during the week.

Andrea – I have friends who live close by but I always feel like I am imposing on them, “are you going to the grocery, can I go with?” so that, I do have grocery stores close but when you don't have a car you load up on everything at certain times. You know, I would take 4 buses to get out to Skokie or out to get a Target. Since I grew up in a place where we had them all over, Wal-mart is a big deal to me able to go. Before I-Go, I would take one day and come back with packages and have to make it back. Now, I take that car and go to, like, 7 different places and map my way out all around, you know. Which is helpful for me feeling that can be independent but also know that my friends, if they are going I'd go along with them but I do shop more. I spend a lot more money and buy a lot more things, bigger things like big things of water that I wouldn't want make my arms strain on the bus with.

? – Signing up for I-Go has eliminated the excuse to not attend baby showers. It's nice. I mean, it's just, I think with owning a car you have to either pay for parking or find street parking which is so tight in our area. I'd rather just go with public transit. Just the ability to accept jobs later at night where with I-go (there are no) security weather issues. It just gives me more options for taking my time

Lori – To back to your original question, I think I am the opposite of what other people are saying. I tend not to do things. There isn't I-Go placed real close to me so I tend not to do things unless it is in Lincoln Park or right in Evanston. Just because, I get frustrated trying to find out where it is, and then get there, just to go to some new restaurant. If I don't know exactly where it is, I sort of tend not to do things. That could just be a function of being misanthropic and wanting to stay inside or just not wanting to get out of the house.

Mark – I agree with her. Now, that I have had a car, and I don't I just sort of really focus where I am going more, because when you are driving you are driving all over and making all these trips that in hindsight you're like, "did I really need to drive out to Chaumberg and stuff like that," so I am really more focused, particularly on weekends, with what I do. So, if I am going to use I-Go to go the grocery store it is really something planned rather than So it's much more focused.

Elizabeth – [I used to use the] special services of CTA, because I was caring for my father for 9 years (who was in a wheelchair). That was our transportation of choice. And we ended up having holidays ruined when transportation didn't show up. What I have learned is that I-GO is more dependable. Relies on individuals. Will rely on community.

Question: Describe your neighborhood...

Ron – That was always a consideration, I have lived in 4 neighborhoods in Chicago now and I would say that Wicker Park for me is the least convenient in terms of having everything I need in walking distance, although we can still get to the grocery store by public transportation. We will take the car out, maybe, definitely more often than we used to when we lived in different neighborhoods but we could always try to find, basically, walk to everything we want to do and not that Wicker Park is completely devoid of, you know, what we need, but I just think it is less convenient than say, when I lived in Lake View or Lincoln Square. Most of the grocery stores were much closer, the feel was a bit more residential and it seems that Wicker Park is more boutique-y. I bet we drive out to that North of Clyburn corridor to go grocery shopping or [...]

Mark – The retail mix is still gentrifying so there's lots of boutiques and day spas and forget about hardware...

Andrea – I live in Edgewater which is very devoid of anything. It is very old. If you are living in, I live in a high-rise, so if you live there – I have a little baby grocery store maybe we have these little tiny stores in the basement of the building. Other than that I have to walk or take a bus, I mean there is a grocery close but I still have to take a bus or walk, you know, a few blocks. It is very highly densely populated. I leave to get anything I want and it's pretty far. I also don't rely on the train – I rely on the buses. I get horribly car sick so I have to ... If I see if, if I am driving with other people, I remember, "Oh, it is on this street" and I have to figure out how to get there using the RTA website. But, I usually go west, out by Skokie, that way instead of going into the city, because it is just faster for me to go out that in.

Marybeth – I don't use the I-Go car to grocery shopping. I use the I-Go car to go visit my friends in the suburbs and I actually walk to the grocery store or I take the bus. I find myself running and getting stuff all the time, and it wouldn't be efficient to go get the I-GO car and it is actually a little bit of trouble for me to get the I-Go car right now. I really have to need to use it. So, I just [...].

Sharon – I just walk everywhere to get groceries, hardware, I can walk to WaterTower or I can go to [..].

? – I have a grocery store in my building and a dry cleaners – The first level of my building is like a [...]. There is also another grocery store probably 3 blocks away. I am only limited by what I can carry.

Robin – how many of you have groceries delivered?

? - I did before the I-Go, but I just don't use it...

There are 2 PeaPod users.

3 Participants get groceries delivered.

Question: what would you change

Marybeth – I would like to have an I-Go car right outside my door. Right now I have to take a bus, and then get on the red line (to get to an I-Go car).

Mark – I think in terms of transportation, if Wicker Park just had easier access to the red line and to (?) and sometimes the buses can be difficult, so and to like the North Clyburn area.

Elizabeth – If they do something like eliminates night bus service that would be awful. 24-hour kind of neighborhood.

Pat – I wouldn't change anything about my neighborhood. I live on the other side of river, in what they call the new east side. There is transportation. The I-Go car is at Millennium Park. The one thing I would change about that is ... I picked up the, I have only done it once - the I-GO once and I couldn't figure out how to get out of the parking lot. It's really. I must have wasted 15 minutes but, so either some directions in the car or something. But I have everything I need and I walk like you – I walk a lot. I think the only thing I would like is a big grocery store like a Jewel or a Dominics. There are a lot of these little stores in the high rises there but you have to go a long way. So, that is one reason I use the I-Go car. But, I plan ahead – it is not an impulsive thing. I plan what day, and it's a weekday and I plan my route. I try to do everything that I day I have the car.

Elizabeth – [So many high rise... encouraging the cars at the same time There are consequences. illegal parking. They can't clean the streets. Wants community parking spaces. 2 way.]

Sharon – I would add more parking in my neighborhood. They keep taking parking spaces away. Why is there a whole block that no parking now? I don't know what the alderman is doing but ... there are entire blocks where there are no parking spaces. I am commuting on metrax a couple days a week. I would add bike parking at the station – the Northwestern station or Union Station. Because walking to Northwestern Station takes almost as long as it does to take the train. The bus schedule isn't in sync with when the train leaves so it's just as fast to walk. Also, [wants secure ...]

Elizabeth – I would make sure that the CTA & RTA serve every single college campus in Chicago. And students stay in the area... (I-Pass). You get the situation where the kids irregular transportation the kids to get to school and you get congestion in University areas and you need better transportation.

Joanna – The University of Chicago has really good, they have good buses that is sort of the area.

? – That should be the model, whereas at Northeastern you have to walk 5 blocks from...

Lori – DePaul has its own stop and the students still drive. So, it is no better and they all get the passes and they are all encouraged to commute and they still all drive and part of that is a function of it being commuter students. And you know, you are not going to take the train in, and then go home to get your car to go to work. So, it is not an ideal solution just have mass transit because you people doing things other than just going to and from school.

Question: home or neighborhood?

Marybeth – It was a combination for me. I didn't have a car when I was looking to buy so I wanted something that would be close to public transportation and I told my real estate agent that. I looked for about a year and found the perfect combination of bus, and Metrax, ... it was very important to be close to public transportation.

Andrea – It was neighborhood, and then price. More neighborhood at first. And also transportation. But I would rather live in a neighborhood with ... I live in a very old neighborhood with lots... I am probably one of the youngest, the median age in my building is probably 72. So, as people pass away or go into nursing homes, younger people are moving in. The building was built in the 50's and they are having to rehab it. Edgewater is becoming a trendier place to live, it is still a little cheaper but I would have rather lived in like a Lincoln Park or somewhere very trendy and cool and all my friends would love to come visit me, but I couldn't afford it. So, but now that I know that live in a neighborhood that has great transportation I won't leave until I can find somewhere that is the same, and all the elements come together.

Mark – I think it was the right Home for me, in that ...owner. Good transportation was important.

Lori – I had to have purple line. Evanston. Easy trip to city/mall. Neighborhood could bike, groceries. Hardware.

JoAnna – Moved from the suburbs to city. Re-divorced. Sold house and car. It is affordable with great transportation. Neighborhood.

Elizabeth – It is familiar neighborhood. Safe. Good transportation. Emotional.

Sharon – I grew up in Pennsylvania. Wanted urban. I had a reverse commute initially. Rented for 17 years.

Ron – Our primary consideration was price. The primary consideration to buy in the place we bought was price. I mean, we looked in other neighborhoods. Wicker Park was not our first choice. We did like that it was close to the Blue Line. We got priced out of Lincoln Square. And now we are finding that the homes in Wicker Park are beyond what we could have afforded two and a half years ago. But, we looked at other neighborhoods first because they were more convenient in terms of availability of small businesses that essentials that we needed. It is a little more trend than I think my wife and I are. We have a 4 month old son now. I think we'll look for a new neighborhood in a few years. I think it came down to price, that was most important.

Pat – Well, I am retired. I moved downtown after the end of my marriage. I think I just wanted to do something different. I fell in love with downtown and really lucked out. I got into a building where there are a lot of retired people and I am probably one of the youngest. I think the most existing place to be when you are retired is downtown. It is just packed with [...] I have kids all over the country. When I travel to visit kids I take the Red Line to O'Hare and Orange Line to Midway. I am also an environmental writer. The I-Go car is important to me because sometimes I have to go out, and go on location for interviews. That really gave me freedom.

Question: How did you learn about I-Go?

Sharon – I'd heard that it was a carsharing program, I'd heard about probably 3 or 4 years ago. Checked out the website and everything and at the time there wasn't any [...] and I thought by the time I got to this ... So, I joined after a I-go put a car in my building.

Andrea- I heard about it through the Edgewater community chamber of commerce website. I don't know why I was there or what I was doing but I had actually heard about the carsharing program in D.C. and Seattle first and was mad because I didn't think Chicago had one. And, I think that is how I got into it. I was researching Flexcar and trying to figure out if Chicago had one and it brought me to the Edgewater Chamber of Commerce website, and I had this Eureka moment and was like "how do I do this right now?" and it was immediate that I wanted to join it and I thought it was fantastic. It just happened that there were 2 cars within 5 blocks of my house. So, I immediately signed up, and was happy to tell everyone. "Oh, you don't have a car... you should join I-Go," I even put up flyers in my building so that hopefully that you know rumor mill, and people will rent a car and they'll put one in my building.

So, how did you know about Seattle?

You know, I don't know if I... I am kind of one of those people that somehow get on to a website and don't know how I got there. I think was probably on something else and they said something about a Flexcar and I sort of clicked to find out what it was, and they said "Oh, that's in Seattle," and I think at that point I was trying to figure alternative ways to rent a car if you don't have a car you don't have insurance .. you know might get a car for \$20 a day, but its another \$40 to have insurance. So, that's not cost effective and I don't have a parking space to put it in and if I am only going to use it for three hours or for a while, why rent a car when they are going to charge me for the whole day? My brain kind of couldn't understand why I would spend that much money so I think it was just me putting in "renting a car" and then finding a link...

Mark – I first heard about it through Seattle or DC. Flexcar, or whatever it is called, and then I saw some people ... and it wasn't in my neighborhood at the time so I just crossed my fingers... then I moved to Wicker Park and signed up.

Marybeth – I read it in newspaper, and then I moved and then I joined.

Pat – I got a letter in the spring that it was in my building. But one night, I was up in the middle of the night and I was flipping channels and the Chicago Channel had a feature on 2 cars a millenium park. Oh, and when I got the letter, I looked at it, and like you, I said, " Oh, these cars are too far away from me,". But now, there were within a block of where I live. So, I called the next day, or got online.

Elizabeth – They were leafletting in one of the farmers market. There was a flyer with discount and then I went to the website.

Ron – I believe I read an article about it 3 or 4 years ago. I lived in Edgewater at the time, and it was something my wife and I said was a neat idea, and it's been in the back of our minds. And I am actually at home with my son and going to school. And my wife is either travelling out of town for work or driving down to Neighborville to be in her office, which leaves us without a way to get anywhere outside of the city. We got to some playgroups and things like that and remember to the I-go article. It is about 2 blocks away.

JoAnna – I first read about it in a neighborhood newspaper and they had an introduction at co-op grocery. They had a presentation.

? – I heard from friends in D.C.

What do you generally use the car for?

MaryBeth. – I use it to go out to suburbs, particularly at night.

Mark – Grocery shopping. Ikea too expensive

Pat – Grocery shopping, a hair appointment in the suburbs, or a writing assignment

Lori – I have only used it once. It is too inconvenient and expensive. The closest one is [...] and it is too much trouble to go and get the car. It is too far. I used it on a cold day to get some unweilding things. By the time I got down there, got the stuff, got lost and dropped the stuff off it was \$35.00 for 3 hours. It is too much money.

Mark – I used the I-Go to go to Ikea once and it was so expensive and it's like, I should have rented a car.

Lori – See, that is what I'll do. I'll rent a car for a week, it is \$150 to rent-a-wreck for a week and it \$35 for that one day. It makes sense to save up all your errands, the big things, for a week's worth of car rental.

Ron – Like I said, I only joined a few weeks ago and I actually haven't used it. But, I joined with the intention of being able to get out to the suburbs basically. Regular meetings with some of our friends who have children our son's age and it is something that sort of comes around every few weeks.

Sharon – I had a friend who was visiting in town for a wedding. And we looked at the RTA planner and it was just so inaccessible. I said I'll just get an I-Go and drive her to the wedding and then someone at the wedding then drove her back. I find that most of things that I want to do, it is just on the cusp of being easier to rent a car and then I don't have to worry about what time I bring it back. I am either a freelancer or a job hunter depending on the day, and I thought I would use it more for interviews. But the interviews that I have had have been so far away that the calculation doesn't, and then you know if I rent a car, I can buy groceries on the way back. I also have medical appointments that I had anticipated having but [...] a different form of transportation. It is not as easy to go. I haven't used it yet for errands [...]. I haven't used it as much I thought I would but I have been happy I joined.

Elizabeth – I would use it for late night trips. I am using for first time tomorrow.

? – I have used it a few times, it was helpful during moving. I use it to go to Target, Home Depot. I have a grocery store in my building . Sometimes it is cheaper to rent a car.

Andrea – I always buys the insurance (on rental cars) just to be sure.

Pat – I thought the advantage of the I-Go was that it covered the insurance for enterprise.

Lori – I get a non-owner policy through my insurance company.

Sharon – I would have used it but I look on the website is often the car is reserved.

Andrea – I got lazy, for like 5 months I was using it every Saturday. Or every Friday night, I would plan for my weekly trip and that get on expensive. Closer to Christmas I use it (I-Go) more to run errands – holiday type trips. I mostly go to the same places: fabric store, grocery store, Target, Walmart. Just big places, where I knew I would get a lot of stuff.

Elizabeth – I look forward to driving to visit friends who are visual artists. Being able to drive instead of spending 3 hours on the bus.

How did you accomplish these trips before I-Go?

Andrea – I would just spend 3 hours on a bus or didn't take the trips.

Pat – It depended on friends. Or I knew my son was going to be out of town, I would take his car. But a lot of times, I didn't do things.

Joanna – I relied on friends and family.

Mark – You are a charity case if you don't have a car.

Elizabeth – I thought I'd use it to visit a suburban relative.

Mark – It is really only good for specific trips – like in-city shopping trips.

Sharon – There was a discussion of pricing {...], \$6/hour and 50 cents per mile distance. It replaces a cab more than anything else. The pricing seems to be calculated to replace a cab. But for a longer trip it doesn't replace a car.

? – But also, if you don't have a credit card – you can't rent a car. I-Go is better.

Lori – I thought when I decided to not have a car, that my daily activities would be a lot more of a hassle than they are. The calculus of it is: can I carry it, can I ride my bike to it, or is it too cold, or too wet, how long can I go without it. So I am more likely to not to turn to an I-Go than not doing it. It becomes need it vs. want it. With a kid, you need a car. Not having a car cuts things out. Its only option for limited number of people.

? – You just get used to not having a car.

Sharon – Back to that time, when my friend was visiting for the wedding, it was one of those borderline calculations. It would probably been cheaper to rent a car, but I wasn't going to rent a car just to take her to the airport, it was nice to be able to treat my friend to a ride back to the

airport. I never would have planned to rent a car for that, but it was right there, it was available and it was nice to be able to do that. I can see other occasions like that, where its “ hey, there is a car downstairs, I’ll get the car and do whatever.” Spur of the moment type thing.

MaryBeth – I used it for suburbs trips. During the summer they volunteers at booths at the festivals and volunteers earn credit- so I racked up a lot of credit

Sharon – My 1st option is always going to be walking. I am happy to have it as option. It feels good as environmental citizen to be part of it. If there are places where I need to go, where it is a better option than walking, certainly as it gets closer to winter that is more of an option. I feel really happy to have that as option. So, I guess that has changed. I think things that would have seemed like a chore, are not so much.

Joanna- The access makes her feel secure, it is good to have it as option. Bulk items

Elizabeth – I plan to use it for book publishing. Car availability is good. Doesn’t have to

Sharon – I miss having a car. I can justify having it for a week. I grew up in NYC. Learned to drive. I can’t justify having a car to toodle around.

Elizabeth – Safety is consideration.

Mark – With owning a car, I am amazed at how much time you wasted w/ maintenance etc...

Lori – Having a car doesn’t make as much sense in chicago where people pay a mortgage for parking spaces.

What would you change about I-Go?

Lori – It needs more locations. Rate structure is a little funky. Always watching.

Mark – The will start having multiple packages in November.

Sharon – I worry about time.

Elizabeth – They should specify on the website regarding rates, and insurance.

Andrea – I like the Prius in Edgewater. I think they should reward people who have used it for a while. And add new cars. The car nearest here is 4-year old white civic. They should have better cars and more visibility. I-Go needs to market themselves. For example, there is one place where the sign is facing the wrong way not towards where people come walking down from the train. There should be a banner. It should link to CTA. They should have plastic boxes with information, like realtors’ boxes – and provide information at environmental groups at campuses. My generation goes to the website, just because we are inquisitive and we want to know.

Lori – I was wondering what would happen if ... What if De Paul had several cars that the company subsidized and only people affiliated with that organization could use those cars? With employers and students at different rates. It would get I-GO out there. It would serve everybody’s purposes: save parking spots, save transportation costs, as well as other benefits. I am not sure If De Paul had that I would use it all the time.

[...]

How many of you are homeowners?

Mark --Neighborhood was a big consideration but price was as well. We sort of got priced out of neighborhoods that we would have preferred. So, it was combination of location and price.

Ron – Price was important, but so was transportation. I mean I told the realtor not to even to show us anything 3 miles from the station.

Why did you decide to purchase a home when you did?

Lori – I wanted to buy before the election – I thought interests rates would go up, either way. That was my speculation. And I had been renting a long time.

Ron – When I first purchased the rental market was so insane, it was actually cheaper to purchase... The rental market now is a little softer than in 1999, when it was even hard to find an apartment.

How did you decide on your mortgage?

Mark – I just went to the bank.

MaryBeth – LEM.

Mark/Ron - Basically, when we decided that we were going to investigate buying we called a broker and it just happened the first broker we called, we went online, picked one, and called and she was very helpful, kind of held our hand and we latched on to her and let her take us through the process.

Well, I don't know for us it was sort of odd, we had been married for about a year and my wife and I were walking down the street one day and we saw a flyer for an open house and we hadn't really considered buying. We had a decent rent in Lincoln Square, and thought oh, we can get by on this and do pretty well, and we weren't sure we were going to stay in Chicago so... Anyway, we saw this open house, went to the open house, kind of liked the place, saw the price and said, "boy, how do we actually do that?" and probably the mortgage would be too much more, and it just sort of snowballed from there. But, it wasn't ... it was just sort of something that happened one day. This light bulb went on.

House first or mortgage first?

? -House first.

Mark – We found our place first.

Ron – I had a mortgage lined up [...].

Lori – I thought I had a mortgage, but it turns out I didn't. Well, it turned out the reason I didn't get it was because I was a first time homebuyer, and it was a condo, and I was the first buyer in the condo, and there was no condo association, so it still belonged to the developer. So, the bank wouldn't do that. I had didn't have enough on the other side, enough assets, enough credit history

and that kind of stuff, to outweigh that factor so they said no. So, I had it all lined up I thought, and I had to find another mortgage in 48 hours.

If you hadn't been able to purchase at the time you did, what would you have done?

Mark – We definitely would have continued renting.

Lori – Once I decided I was going to do it, I was going to do it.

Appendix E.

Chicago I-Go Focus Group B

Appendix E: Chicago I-Go Focus Group B

Date: October 18, 2004

Participants: 11 (9 women and 2 men)

Conducted by: Frank Douma

I-Go Members

Introductions: *Name, how long you've lived in Chicago, how long you have been a member of I-Go, and whether or not you own a car.*

Participants had a wide range of time that they have lived in Chicago, ranging from 2 or 3 that had lived there for more than 20 years, to one or two that had just moved to the city.

Membership in I-Go ranged from 2 weeks to 2 years, with the average probably falling closer to 2 years

None of the participants owned a useable car. One indicated that she owned a car, but it no longer worked (leading her to investigate I-Go as an option)

Questions about I-Go

How did you first find out about I-Go and what initially attracted you to join the program?

Several different answers were given. A couple participants had seen I-Go's advertisements on television (cable access channel?), and one mentioned a newspaper ad. Two others noted that they signed up following presentations from I-Go staff in their building, including one who mentioned that she only signed up once the price was discounted: first through an overall lowering of the membership fee, and then a further discount for members of a bike-advocacy group to which she belongs. Most common answers were word-of-mouth from friends / family, or personal experience in other cities: participant had a sister in Boston who told her about car-sharing, while others specifically mentioned familiarity with car-sharing from when they lived in Seattle, Washington DC, San Francisco, and New York.

Most were attracted by the flexibility car-sharing offered over transit, and the ease of parking over owning their own car. One participant mentioned he had gone so far as to place a down-payment on a car just before he heard about I-Go, and was very happy that he was able to recoup that payment and forgo the cost of purchasing a car.

How often do you use the cars? What kinds of activities do you use them for?

Responses to use ranged from "A couple times per month" to "not yet." Most used the cars to increase their variety of trips – being an I-Go member allowed them to access the suburbs and "big-box" retailers (such as IKEA and Target) more easily. In particular, participants appreciated the ability to buy and bring home large items, such as pet supplies and home improvement items (such as things from Home Depot).

Other participants mentioned that they use the cars for social activities – especially to events in the suburbs. Having access to the car allowed them to take a turn driving other friends out for an

activity, and one mentioned that she really appreciated the ability to extend the amount of time she could reserve the car when she wanted to stay at a party longer than she originally planned, although she found she had to find a computer to do so: the phone system didn't work for her. Others seemed to agree with both sentiments (like ability to extend time, don't like the phone interface).

How did you accomplish these trips before you joined I-Go?

Before they joined I-Go, participants said they didn't make the trip, got a ride from friends, or tried to accomplish their trip purpose on foot or on transit.

How do you think participating in the I-Go program has changed the way you travel, as in the number and types of trips you make, the amount of time you spend traveling, and how much money you spend on travel?

Most felt that participating in I-Go had not made a major change in the way they travel, outside of allowing the occasional trip to the suburbs. A couple participants noted that they probably try to accomplish a number of errands on one trip now.

None of the participants felt that cost was a big consideration in making trip decisions. They felt a greater constraint on their decision to use an I-Go car was their confidence (or lack of it) in their ability to accurately estimate whether they will be able to return the car on time.

Questions about neighborhoods

Let's think about the neighborhood you live in, how do you think your neighborhood affects the way you travel on a regular basis?

All but 1 participant stated that they had good shopping within walking distance of their home. However, 2 stated that groceries are a problem – the bus service is not good enough for them to easily do their grocery shopping by bus (and the grocery store is not within easy walking distance).

What would you change about your neighborhood to make it your 'ideal' neighborhood (from a travel and daily life perspective)?

Most stated that they would like better transit, especially subway service. This sentiment was strongest from the two participants that had previously lived in New York. Other participants noted that they felt Chicago's bus service was better than its subway service – in contrast to New York, which they felt was the other way around (subway better than bus).

This conversation was followed by a lengthy discussion about the proposed cuts by the Chicago Transit Authority.

When you were house or apartment hunting, what were the factors you considered in deciding where to live? If you had to pick one, what would you say was more important to you? Finding the right home or finding the right neighborhood?

Participants were unanimous in agreeing that neighborhood was more important than home, and they looked for neighborhoods that were walkable, with good "access" and transit service. A few participants noted that proximity to Lake Michigan was also a factor.

Questions about home ownership (only to those who have purchased a home)

How many people have purchased a home?

5

What were the factors you considered in deciding where to purchase a home, and how were they different or the same from where you decided to live before you purchased a home? How did the home ownership decision influence your neighborhood selection?

4 of the 5 homeowners purchased their home in the same neighborhood where they had been renting, so they felt the factors must have been the same. The fifth stated he looked for a location that had more of a “neighborhood” (i.e. he looked for churches and schools, etc.) feel than his previous location.

Why did you decide to purchase a home when you did?

All felt it was because “the time was right.” They had the money and a property in the neighborhood where they wanted to buy was available at the right price. One had the additional circumstance that their landlord sold the building in which they were renting, so they needed to move at the time.

Mortgage questions:

How did you decide on your mortgage package?

Selected the best conventional package that was available.

As far as you know, would you have been able to purchase your current home at the time you did without the particular mortgage package you received?

All said yes (as they had conventional packages).

How did your choice of mortgage influence your choice of neighborhood?

No influence (as they didn’t have a wide choice of packages), but one participant stated that if he was aware of LEM as an option, he might have considered buying more house (but he didn’t think that was likely). Another participant stated she asked her agent about a LEM, but was told that it would be no help to her.

If you wouldn’t have been able to purchase your home at the time you did, what do you think you would have done (waited until you could afford it?)

All felt that they would have waited until they could afford it.

End with an open-ended question about what they would like to see improved about I-Go

- Would like more cars (greater availability)
- Would like more locations (especially closer to where they live)
- Include an I-Pass transponder and pay for use of the car and the tollway with one bill
- Make bike racks available on the cars
- Provide a variety of car types (small cars vs. those that can haul large items etc)

- Improve the telephone reservation system (make it easier to use)
- Improve maintenance (from one who had a battery run down at IKEA)
- Provide a discounted “weekend” rate for longer rentals. When this was discussed further (how is this different from renting?) participants stated that they think I-GO is more user-friendly than car-rental companies, and the ability to use the I-Go car for longer term rentals would make the car feel more like it is “theirs.”

Appendix F.

Chicago LEM Focus Group

Appendix F: Chicago LEM Focus Group

Date: Saturday, October 14, 2004

Participants: 4

Conducted by: Robin McWaters and James Andrew

Name	Neighborhood	Car Ownership	Residence in Chicago	I-Go Membership
Gerrado	West Loop Midway near orange	1 car	4 years	
Julie	Printers Row (South Loop) (1 year is this place – bought Lem house 2.5 years ago - and sold it)	1 car with partner, trying to sell it		
Robyn	Hyde Park (2.5 years)	No	Forever	
Alice	South Shore (4 years)	No	28 years	

Robin: lived in Chicago for whole life. Lived in her house for two and a half years. Hyde Park.

Julie: lives in Printers Row (S. Loop), owns one car with partner, trying to sell it. 1 year in new place, 2.5 yrs ago bought lem house.

Gerardo: (by midway, westlawn) – owns one car, takes the el to work. Lived in Chicago for four years.

Alice: lived in house for four years, been living in Chicago for 28 years. No cars. House lives in now is what she bought with LEM. South Shore.

What factors did you consider in deciding where to purchase a home, neighborhood, how were those different.

Robyn: Lived in hyde park my whole life, before bought condo lived with parents. Attempted to look in Lincoln park but decided to stay in hyde park. Familiarity, close to my parents.

Julie: Got engaged three years ago, wanted to buy a place, wanted a place close to downtown (work). Transportation was great, husband used olive on south side.

Gerrado: Lived in western suburbs, found a job in west loop, looked in westlawn by mortgage lender. Orange line takes it to work. Bridgeport was first choice

Alice: Not much of a difference in choosing to live in the city. Transportation issue is the most important thing. Doesn't want a car, no plans to have a car. This works.

More important to find the right home, or more important to find right neighborhood?

Gerrado: In retrospect, we have two kids, was looking to be really close to work. The area we were looking at Bridgeport is really congested, now that we have been living in westlawn, it is more kid friendly, it is worth it because of two children.

Julie: Neighborhood was more important, sick of commuting and wanted to live close to work.

Robyn: Neighborhood was a big factor but I work really far from my house. Wanted to be close to downtown, since everything I do outside of work is in the city. Wanted to get a condo because I am single and didn't want responsibility of upkeep.

Alice: Neighborhood. Wanted to live in an urban neighborhood.

Was your decision on where to locate different when you were purchasing than when you were renting.

Robyn: The only place I rented before was when I was in school. Decided to buy right off the bat because it was a better investment.

Julie: Rented on the northwest side because I worked in the northwest suburbs. When I got a job downtown I took the el.

Alice: A renter for much too long. The location is important because my job deals with transportation, travel around the Chicago land area.

Gerrado: After I got married we rented for two years. We hadn't seriously considered purchasing but ran across LEM article, and thought it was interesting. I told the agent where I worked and that is how we ended up in the city.

How does your neighborhood influence your daily travel?

Gerrado: I work on the northside, I always take the orange line coming into downtown and connect to the redline. Sometimes my wife picks me up at midway, that is five minutes from my house. When she doesn't, I take the bus from the stop. Grocery shopping, or other type of purchase, we drive to suburbs, otherwise if it is downtown we take the el.

Julie: Sometimes I take the train and sometimes the bus. Depends on where I am, if I run late I take a cab. Does some groceries online (peapod), we live equidistant from a jewel and dominicks so if I have time I will walk there. Sometimes I drive, but not much. I use the car about twice a month.

Robyn: I drive to the train station, I take the train then from there to northbrook where I work. I drive because it is not a direct shot to union station so I just drive to there. For weekends, I'll hop on the metra and come downtown.

Alice: Have lots of options, going to work. Either direction north or south I can catch a local bus or an express bus. I live in a neighborhood which has great public transit. I take care of groceries when I am outside of my neighborhood, am on the bus, we lost a grocery store recently.

Julie: My husband has parents in a nursing home in south hollow so we drive to that regularly.

What would you do to make your neighborhood better?

Alice: More amenities, grocery stores, restaurants, like other sides of the city, like old restaurant in the northside.

Robyn: I don't feel like I need to leave hyde park for anything except work. But if there was a marshall fields or something in hyde park I wouldn't have to leave at all. We have lots of grocery stores, parks, schools. Parking is bad. I have a parking space in the garage in my building, that was bad. I would love my job to be in my neighborhood. Would love to work in my building.

Julie: Neighborhood is still developing, getting more amenities. Some restaurants, but could use more, some shopping, got a new target, there is a grocery store, would like a trader joes or whole foods. If I really wanted to go to whole foods on north side I can but it is difficult. I think it is a matter of time before we get more amenities.

Gerrado: They closed down a dominicks recently. It was really convenient. It was a blow when it closed down. There are some smaller stores within walking distance, but now we take the car for major chains. Happy where we are, public transit, close to suburbs and city but it really hurt us when the grocery store moved out.

Julie: Where we lived before, near Chinatown (LEM house), there weren't that many amenities.

LEM and how you chose the Location Efficient Mortgage, how you heard about them and why you chose one.

Alice: I found it very interesting, was at work, someone made a copy from Tribune (editorial page), I was in the market, and this relates to what I do. I am not into cars, so this interesting. Investigated it from Time article about Seattle. CNT was handling it, I am in alignment with CNT with my job, work for Center for Independent Living. Was one of the first people to learn about it. Fannie Mae didn't know what it was when I asked them. I was fed up with the rental situation, and didn't shop around much so went after it.

Robyn: My mortgage broker brought the idea to me. I was just getting familiar with types of mortgages, he brought it to me because he was asking questions about where I wanted to be and how I got to work. When they were running my credit, they saw that I had a bunch of credit cards because I was linked on my mothers cards, the Location Efficient Mortgage allowed me to get rid of those. He said I had a great idea about the LEM, they said there was a voucher for a new appliance. But I never used the voucher.

Julie: Read about it in Sun Times in real estate column. Sounded like a good deal, could qualify for bigger mortgage, washer/dryer, good deal.

Gerrado: Read Tribune article, caught my attention. After doing research, the key factor was to qualify for higher mortgage. The appliance didn't hurt. We got a really nice model for a \$1000, and a nice dryer for \$800.

Why did you buy when you bought?

Robyn: It was an investment decision. And ready to move out of my parents' house, and had just graduated and started working.

Julie: Got engaged, when I was single seemed really daunting, and hate moving, so that really gave me a kick to do it.

Gerrado: We hadn't thought about buying, but when I read that article, it caught my curiosity, and that article started the process.

Robyn: I was in one of those articles after I bought it.

Alice: I continuously see things about it in the paper.

As far as you know, without the terms that you got with the LEM, would you have been able to buy the home you did?

Alice: I don't think so.

Robyn: I don't think I would have been approved for as high a mortgage.

Julie: I think we might have but can't remember for sure.

Gerrado: We would have qualified.

If you hadn't been able to purchase that home when you did, what would you have done?

Alice: I would have looked into other options. Where I live, it was a surprise to me wasn't looking at that neighborhood, is very affordable, in the long run could have gotten it. Work for nonprofit so don't make a lot of money. I would have been a little bit below the cusp.

Robyn: I would have waited a little longer. Because I was still on my mother's credit cards. I hadn't been working where I was a full year yet.

Gerrado: There would be no way we could afford a modest home in Chicago now, we probably would have waited a year or two since we were in no rush but now that I think of it, the prices have taken off.

In choosing a Location Efficient Mortgage, how did that affect your choice of neighborhood?

Alice: I fell into this neighborhood because other neighborhoods were too expensive. It's hard to say. The price thing, I was desperate, the city has become unaffordable and I was really happy to find something I could afford and met my requirements. I also love the transportation thing.

Julie: We might have had to live a little further south but it wasn't much of a factor.

Gerrado: I knew people who lived in bridge port (near west loop) since it was then considered somewhat affordable. The houses we could afford were in bad condition and I didn't have money to put in \$30,000 to fix it up. We looked at six properties there, our mortgage lender suggested westlawn because of our daughter.

Carsharing - Any one know about it?

Julie: We want to join I-go after we sell a car, we will once we join. Pay a one-time membership and then it is five or six dollars per hour. Two in millennium park, one in printers row.

Alice: I am involved with my neighborhood, and a new neighborhood action group to introduce the idea to people. There are two spots in hyde park. Convenient, makes a lot of sense. Robin explains I-Go to Gerrado and Robin. Julie and Alice are very familiar with it and want to join.

Alice: I don't have a driver's license, and at this point, public transit suffices, don't need a car.

How do you?

Alice: If I go to Ikea or something, I get it delivered, otherwise I carry things on buses on trains.

Julie: Never had a need for a second car.

Gerrado: Rare occasions where I need to take the car to work. Our neighbors take the kids sometimes when we need help.

Appendix G.

Seattle Flexcar Focus Groups A, B, and C.

Appendix G: Seattle Flexcar Focus Groups A, B, and C.

Seattle Flexcar Focus Group A

Date: Saturday, August 28, 2004

Number of Participants: 6

Conducted by: Robin McWaters and James Andrew

Name	Neighborhood	Car Ownership	Residence in Seattle	Flexcar Membership
Richard	Capital Hill	1 Car owned with partner	8 years	8 months
Fran	Downtown	No car	50 years	3 years (Since 2000)
Cynthia	Downtown	No car		3 years (Since 2000)
Peter	Capital Hill	No car	7 years (Since 1997)	2003
Doddy		2 cars	2 years (Since 2001)	2002
Heather	Downtown	No car	2 years (Since 2002)	2003

Introductions: Name, how long you've lived in Seattle, what part of Seattle you live in, and whether or not you own a car.

Richard: Lived in Seattle for eight years, partner and me own a car, been a member for eight months.

Fran: Lived in Seattle for fifty years. I sold my car live downtown and have such a choice of Flexcars, been a member since 2000.

Cynthia: Live downtown, lots of choices for Flexcar. Been with them since 2000. Don't need a car.

Peter: Lived here since 1997, live in Capital Hill. Joined Flexcar in 2003. No car.

Doddy: Lived since 2001. Has two cars. Been member since 2002.

Heather: Lived in Seattle since 2002. Been a member since 2003. Live downtown, no car.

How did you first find out about Flexcar and what initially attracted to you to the program?

Fran: Saw an article in the PI (Seattle Post-Intelligencer) and I called up and that was it.

Cynthia: I found out about it on the bus on my way to work. I heard some people talking about it on the bus and they were talking about a meeting. I asked where the meeting was and when I got off work I went to the meeting.

Heather: The people who manage my building had a Flexcar in their building. You got a discount for being affiliated with the building. I didn't have a car and had just moved here from Georgia so I just sold my car and joined Flexcar.

Peter: Saw a Flexcar parked down the street. It always seemed like a good idea but it wasn't until I got a job working with the City, they had a deal where you could join for \$10 so I said why not.

Doddy: Flexcar came to the University of Washington and had an informational session. They park in a lot by the student apartments.

Richard: I saw the cars around town and wondered how it worked. About a year ago I started needing to drive for my job in a way I hadn't before. And my partner also needed to use the car more than he used to so we joined because we didn't want to buy another car.

How often do you use the cars and what types of activities do you use them for?

Cynthia: Use 10-15 hours per month. I have the ten-hour plan for \$80 and pay \$8 for each additional hour. I use it to visit family that doesn't live downtown, or I use it for a big grocery run when I don't want to carry all my stuff on the bus.

Richard: I use it for personal trips actually, it turned out that I haven't really needed it for work like I originally thought. I use it about 8-10 hours per month.

Fran: I use it 10 hours, on the prepaid plan. Use it half and half, save up shopping to Costco, grocery store, cleaners, everything and do like a three hour trip or I see friends who are out of town where the buses aren't convenient.

Heather: I budget myself about seven or eight hours per month. I save up for one big errand trip, all I have time for anyway. Or taking people to airport, or I just feel like hanging out, sometimes I use it for more hours like when I'm gonna be out late and its past 11 o'clock then its free.

Doddy: I do 8 hours. But sometimes more than 20 hours. Sometimes they offer freedom five.

Are these generally in town short trips or to the airport?

They limit the free mileage so it gets more expensive for longer.

Cynthia: I took the train to Portland and reserved the Portland car online.

Fran: I've taken advantage of the Enterprise and Dollar rental car benefit. The dollar rate was cheaper than corporate with the Flexcar card. I used it for a weekend to go to the coast.

How did you accomplish these trips before you joined Flexcar?

Fran: I used my car

Cynthia: Bus, friends.

Richard: Car Rental

Peter: In the year that I've been a Flexcar member, I've only used it once. And it was this last Friday night. I was moving and so took a couple of carloads of breakable stuff over to my new house. But I've never seen the economics for myself of using the Flexcar. In the sense that there are times when you want to go out of town, a taxi is cheaper, and more convenient. If I'm gonna go out I'll take a cab.

Fran: your membership you don't pay a monthly fee.

Peter: only when I use it, I pay. I just am a member because I worked for the city. It makes sense if you are a monthly payer to use it as much as you can because otherwise you lose the money that you paid.

Cynthia: You have to pay even if you don't use it? I didn't know that, I'd better start using it, I haven't used it enough this month.

Peter: I hadn't signed up for any of the advantage plans, so if I don't use it it costs me nothing, if I do use it it costs me 9 dollars. Why would I get a Flexcar if I can just get in a cab and it costs less?

Heather: I had a plan with UW where we only pay for what we use, no extra. One of my friends needed a truck so we were able to help her move. I wish they had more vans, because my family came to town and the one van they had for the whole city was booked for the whole weekend.

Are the rates lower? Yes they are lower for students, faculty, and staff.

Fran: My monthly membership is cheaper than my monthly auto insurance when it was just sitting in the garage. No question on the savings.

Doddy: You find out about Flexcar when you buy a U-Pass.

How do you think participating in Flexcar has changed the way that you travel?

Fran: Flexcar has saved me a lot of money on impulse buying. On a rainy day I would go to Northgate or something and of course I'd buy something. Plus if I need a bottle of milk, I'd just go to get a bottle of milk and nothing more, now if I need milk I will think about everything else that I need to get so I've become much more efficient in how I use transportation.

Cynthia: When I had my car it was hard to park downtown. I was really getting frustrated with that. Getting tickets, cause it's sitting too long in the wrong spot. So I sold the car and I haven't regretted a day that I did it. Parking plus car insurance, the car was just sitting most of the time not getting used.

Fran: I live downtown too and you know parking downtown is horrible and so I have a parking space with my condo. And I kept it because when I have out of town guests they can use it, and if I'm not using it I rent it which is really nice extra income.

Heather: It is really economical. I had a vehicle when I moved here but I decided to live downtown and parking downtown is horrendous, I don't have the patience or the money to pay parking tickets, it was just a lot more economical with Flexcar. I could budget out exactly how much I need to spend on transportation and it never changes. If I drive seven hours it's gonna cost me this much plus tax and that is budgeted into my monthly expenses. I don't have to stress about "oh my god the water hose just broke" or "oh my goodness I need new tires or ran out of gas."

Cynthia: I love how if we have to buy gas they pay us back for it.

Heather: Everyone is talking about gas prices, and I'm like "gas prices, how much is gas? what gas prices?"

Cynthia: There were times at the beginning when they didn't have the credit card in there and I had to pay out of pocket but they have gotten a lot better with that recently.

Fran: If you put gas in, they give you a two dollar credit for being a nice guy but if you bring it in with less than a half tank you get fined, which is only fair because it inconveniences the next person.

Cynthia: They also have a program where you can "adopt a car", clean it and get some taken off your bill. Take it to a car wash.

Fran: The rates are going up Sept 1, considering how much gas is skyrocketing, I can understand. And it isn't going up much.

Peter: A significant change for me, that trip I took last week, I wouldn't do next month, because in order to take advantage of that rate you have to be a member of the advantage plan.

Fran: Well you are using it on the nonpaying hours, they can't afford you.

Peter: Its true, but I mean starting next month, the economics will be much more difficult in terms of whether it is justifiable. It makes me wonder, is there any convenient shopping within walking distance of any of your houses? For me, I don't need it to do errands. I can walk to get whatever I need.

Fran: I need to travel to get staples, sugar, toilet paper, etc. There are just convenience stores around me. I love to cook and entertain a lot and schlepping all of those things on the bus is really a pain. I drive out to Costco to go shopping to save money.

Doddy: I would like to compare Flexcar with other car rentals. Flexcar is cheaper for Freedom 5 but not for Freedom 10.

Fran: I always heard the Freedom cars are not convenient to downtown at all.

Doddy: I take the car to get to the Flexcar.

Fran: I understand it's a car that is not getting much use. There is a five plan and a ten plan.

Heather: They had one this month in downtown and somebody booked it for a whole day. That was mean. How can you book a car for the whole weekend? It means that you pay for five for twelve hours, or 10 for 24 hours, meaning you can keep it longer and not pay the extra. And you have to pay for extra mileage if you go out of town.

Fran: I've only driven to Olympia or Everett on the 10-hour plan. It is very generous. If I'm going to use it for any long period, the rental car is far cheaper.

Peter: There seems to be an intangible cost of going with the rental car because you have to go in and wait in line...

Fran: With Dollar rental car, you arrange it by phone and they come and drop the car off. They have the deal with Enterprise or Dollar. You have to ask for the service.

Do you travel more often or less since you joined?

Cynthia: More definitely.

Fran: I think I travel the same but more efficiently.

Richard: Yeah, it's a matter of taking the bus or having to arrange to getting a ride with a friend.

Cynthia: I really enjoy since they put it online, you can see which cars are available at any one time. So much easier.

Fran: I'm a creature of habit just using the phone.

Richard: I didn't hardly use it until they had it online. It was really easy to just look at it.

Fran: They have certainly improved their ease of using it, it used to be when you got in you had to fill out a trip ticket. Now your card that opens the doors is coded so that nobody could get in without your security number.

Cynthia: That was the best thing they could have done. Just lay it on the back window and it unlocks the doors.

Fran: Two years ago I was delivering Christmas gifts, and I was running around like an insane person and I was running late and had to get the car back. I left the motor running but locked it because I had gifts in it. I ran up stairs and then guess what -- you can't unlock the car with the motor running. Merry Christmas you idiot! I went into a tavern and made a call, and they said "gee never had anyone do this before." He said, give me twenty minutes, and then I went outside and the locks were up. Now they are all equipped with that tellstar or whatever they can unlock the car.

Cynthia: I had a similar experience and called, and they told me five minutes, and I went outside and the door was unlocked.

Heather: I got locked out of the car, and I called, and she said where are you, okay, and then just like that the doors unlocked. No need to call Triple A, or anything. It was instant. I had put the key card in my jacket pocket, and I took my jacket off and left it in the car.

Doddy: They changed the system, you cannot lock the door when the car is running.

Neighborhood questions.

How do you think your neighborhood affects your travel for the types of trips you make?

Fran: Well, living downtown with the free bus service, you just don't need the car. Plus so many things are within easy walking distance. Also the parking is difficult, so it makes you want to walk or take the bus.

Cynthia: I think the big issue for Flexcar downtown is businesses. They are really into it now. I go past places now in the daytime when I'm not gonna use the car, and a lot of the cars are gone, and its businesses using them.

Fran: A lot of them are in garages that are not open in the evenings. My sister and brother in law live on the Kitsap peninsula, and they leave their car on the dock and there is a Flexcar on this side. Theoretically they could save a lot of money not putting their car on the ferry.

Doddy: You can get into locked garages can't you?

Cynthia: There are a few you can't ever get in but most you can have access.

Peter: I was under the impression that you could get in after hours.

Heather: You look on the reservation and they give you the details about your reservation, you call security that they give you the number to make sure the garage was going to be open. They have gotten used to the same people. Not a problem

Fran: At Harbor Sails, you do have to go through the concierge to go in.

Heather: I live downtown, and I shop at the market so for me when I want to drive, the economics is easier, I'll go to south center or northgate, anywhere that is convenient because sometimes things are cheaper out there or they don't have the things I need downtown. I think living downtown in a way depending on where you live is conducive to using Flexcar because of the parking issue, and in the summer with tourist season its impossible. If I lived further north, I'd probably purchase a car because I want that convenient access.

Doddy: There are seven flexcars near me, but they are reducing it by three. I got an email from them saying that they are reducing the vehicles. They are moving them to where they get the heaviest use.

Fran: They are adding in my area.

Peter: They are probably moving some of them to Capitol Hill because I know that at least two of them have shown up lately. Maybe they weren't getting used as much as they thought.

Did anyone use a Flexcar to get here?

Cynthia: I started to, I was thinking about it, but I have something to do after this so I didn't want to have it that long. But had I known that I should have been using it to use up my hours, I probably would have done it.

Fran: There is a bus that goes right here for twenty five cents, why would I want to use up my hours for this.

Heather: My job just moved where I can walk to work, and I love to walk so I walk a little everywhere, but I'm also one of those people who actually likes riding the bus, because you meet interesting people on the bus.

Cynthia: Yes, you do.

Heather: Sometimes you don't want to re-meet them but you meet interesting people on the bus. I like public transportation. What is it gonna kill me to support whatever the program is for whatever environmental reasons. I'm not an environmentalist but...

Fran: Well I am, and I wish all of the cars were those hybrids.

Cynthia: Those are nice.

Heather: Hybrids drive nice, I love it. But they moved it.

Cynthia: When I picked up the car in Portland, I didn't know that was what it was, but when I got in it was absolutely fine, it was quiet.

Peter: The one I got was a hybrid and I was like is this the right spot because it looks just like a regular car.

Fran: Tracy Carroll was telling me in one of my conversations when I did something stupid, that although I've been trying to get one in our building and what is strange is that some of the people in the building don't want a Flexcar in the building because they think they don't want strangers in the garage. But it's a pay garage! But he said that two years ago he was just elated that the Honda Motor Corporation put millions of dollars into Flexcar, because it is where they see Honda.

Peter: It seems like it's a nonprofit. There are so many city and government organizations involved with it.

Fran: The City does subsidize your transit passes.

Peter: Capitol Hill is like downtown but it has those neighborhood features that downtown doesn't. So I rarely need a car, all of my needs are within walking distance or a short bus ride away and tons of bus coverage. Plus I used to live in San Francisco where I took the bus everywhere so I'm acculturated to it. I plan my life around not having a car. It's nice to know I have the Flexcar option but you know I have friends who have cars and there is very little need for me to use it. But that may change when I move to Wedgewood.

Fran: I had a car for life. I'm 72 years old. To visit my sister and brother in law, it's a big expense to go for a day.

Richard: I use it pretty occasionally. We live in on 24th, and there isn't really stuff to walk to around there, which is really something I miss. I use it for trips to go over to the East side for something or going to a book group meeting that's in North Seattle or something. Normally I walk to work most of the time or take the bus, or in the evening I'm going out with my partner so in the evening I'm going out with my partner so we share our car.

What would do to change about your neighborhood? What would you do to make it a better fit the way you live and travel?

Fran: I'd like to see them limit the number of cars with only one person in them that come into town. There is such a bottleneck and the city doesn't have out of city parking, the park and ride lots are full so early. Downtown parking is 14 dollars an hour or so.

Cynthia: They should build more high-rise parking lots outside the city limit.

Fran: Or some other way to encourage carpooling. They've tried but...

Peter: When I was working for the City I worked for the Dept. of Transportation, I was part of the project to put out the pay stations. So, parking issues, I'm very familiar with them. All of these new condos and apartment buildings, they have to put in a requisite amount of parking based on the number of people who are going to live there. They are addressing the parking problem a little bit this way. Even if they are stripping away the charm on capitol hill. You can find street parking on a regular basis in this area, but down where I live it's just not worth the trouble.

Fran: My nephews live on Capitol Hill and they both drive SUVs to work downtown and they complain about parking prices downtown. They won't get on a bus, it's not cool. Traffic is a total gridlock at rush hour. Traffic is terrible!

What about besides your commute?

Heather: I go to Broadway to go to the grocery store or I wait for my shopping day.

Fran: I go to Queen Anne, its only 15 minutes on the bus. Nice Safeway. Ten years ago when a major building was built, Albertsons and QFC both wanted to open a limited service grocery store on the lower level. But Pike Place merchants were up in arms. Wedjimaya(?) is a wonderful store.

When you were house or apartment hunting, what were the factors you considered?

Heather: I found the apartment on the internet since I moved here from Georgia and didn't know anyone here. I did one of the apartment search things and did that thing where you can calculate how far you wanted to be from whatever. I wanted to be close to water, wanted to be close to Seattle U. and I wanted to be within reasonable distance of whatever transit because I moved in the winter time so it wasn't going to be feasible to drive my truck all the way out here so I knew I was going to have to go a few months without the truck. Location and proximity to certain things plus cost.

Doddy: The building was most important.

Cynthia: I liked it because of the convenience. I can go and do and see whatever I want, I can go to a show, Pikes Place Market, the waterfront, I can go to shopping. Plus I only work a block from my house. All convenience of the location.

Peter: For me it was very similar. Where I live in Capitol Hill its very convenient for shopping entertainment wherever, I wanted to live in a neighborhood where I didn't have to be stuck in traffic a lot. I moved here from San Francisco so I wanted a similar. Honestly that part of Capitol Hill reminds me of the neighborhood I grew up in in St. Paul, historic.

Richard: We needed a house that was on a big lot and was convenient to public transit. The house itself was less important.

Fran: I was 62 when I moved to downtown. I was thinking about retirement and all of the things that I wanted to do when I didn't have to work anymore. And I volunteer at the library and the art museum and everything that is exciting about a city is right outside my door. It's a terrific place to live.

Doddy: But very expensive.

Fran: Not for me when I bought. I bought when nobody wanted to be downtown, they thought it was unsafe. I feel a lot safer here than in a cul-de-sac in Bellevue. There is no way I could afford it now.

Richard: We also lucked out. We bought our house about twenty minutes before the housing market exploded. Really, if we had tried to buy six months later we wouldn't have been able to afford it at all.

Peter: One of the things that is impacting my decision right now, is I am at the point in my life where I'd like to buy a house but the prices are way too high I can't afford anything in Seattle. My new house, I am looking for a nice bucolic suburban experience after living in city cores for twenty years. We are next to the golf course and country club. It is owned by this couple from Duke University and they come for two months every summer. So we have a ten-month lease. 1600 bucks a month. It's a beautiful place.

I haven't looked into whether there are Flexcars over there. I haven't seen any. There are some bus lines, it's about a ten minute walk from my front door to get downtown. I can't imagine why, it seems like a ritzy area.

Fran: I don't think you would in your neighborhood. I think it's a mindset whether or not you are going to give up your car. In that neighborhood a car is still a status symbol.

Heather: Having Flexcar is a reason I stayed in my neighborhood. Now that I have used it, I would rather stay and not pay for car insurance, maintenance and watch that car. I had a car in Georgia. I had a very quick transition here and only had two weeks to get out here. I got used to riding the bus, and it took me a year before I could afford to get into Flexcar. It has made it more convenient and cheaper with the Flexcar in my neighborhood. If my income was going to go up if I moved out, than maybe but it's not.

Doddy: you can request a Flexcar if you move. And if enough people request one in your neighborhood they might put one there.

How many homeowners?

2.

How did you decide on your mortgage package when you were looking to buy a house?

Richard: The first mortgage that we got, we've refinanced twice, we got through a mortgage broker. We didn't know much about how that worked. We were looking for the lowest rate plus a certain set of parameters, and we went with this fellow who we'd been working with. When we refinanced we went through my credit union because they had a very good deal and because when we contacted the first broker he was too busy so we found it easier to deal with my credit union. We were pretty lucky, when I left the company I'd been working at, I had cashed out my stock ownership program so we could pay twenty percent.

Fran: I had owned several places and so I stayed with the bank I had been pleased with. I had refinanced twice. The bank called me and asked me if I wanted my rate lowered, so I refinanced a second time.

House before mortgage?

Richard: I found the house before the mortgage. We had to be by good public transit, two way bus lines.

Fran: I had some limitations because back then some banks were not eager to finance condos.

When you were looking to buy a home, how was your decision different from when you were renting?

Richard: Absolutely. When I was a renter, I wouldn't have rented some place that was not a great walking neighborhood. I got really spoiled with ready access to anything I wanted as far as shopping and ordinary daily stuff.

Is there anything about Flexcar that you would like to see improved? What are the limitations of Flexcar?

Richard: For me it is just an additional expense. I don't think of it as a car that we don't have. I don't use it much, not because it is unreasonably priced it's just that I'm used to not having a car.

Fran: For me it's been a real money saver. I miss being able to just run out and put the key in and turn it without thought, but generally I'm very happy with it.

Doddy: I wish they had a one-way system, I'd pay more money for it. Now there is this pressure to bring it back.

Fran: I had the car due back at 2:30 the other day and I got it to the garage at 2:27 and I was like (gasp)...the traffic was at a standstill.

Cynthia: I think a grace period would be good too.

Fran: I think it would be taken advantage of though...

Cynthia: Sometimes, though, unexpected things happened. (described being held up by a parade downtown)

Heather: They are pretty lenient though if nobody has the car reserved. If I think it is going to be one of those days, I'll usually try to get one of the cars that are parked in the parking garages because those are the ones that are open on the weekends and nobody is using it. I use my cellphone, and call the emergency number, I tell them I'm stuck in traffic and they will extend the reservation for another 30 minutes.

If I could get a package, as a future homeowner, where if I lived in a transit friendly area and it included a bus pass or discount on flexcar or something like that, it would make a whole lot of difference for me. A combination bus pass, and like five free hours of Flexcar would be ideal if you live in a certain area.

Seattle Flexcar Focus Group B

Date: September 29, 2004

Participants: 1

Conducted by: Robin McWaters and James Andrew

Participants

Name	Neighborhood	Car Ownership	Residence in Seattle	Flexcar Membership
	Capital Hill	No Car	2 years	6 months

Introductions: *Name, how long you've lived in Seattle, how long you have been a member of Flexcar, and whether or not you own a car.*

In Seattle for two years. Been a member for six months. Do not own a car.

Questions about Flexcar

How did you first find out about Flexcar and what initially attracted you to join the program?

I think with any strong marketing campaign you can't tell where you first hear about it, you hear about it over and over again. I've seen it on the buses, I've got friends who use it, I see the cars in my neighborhood on the street. I think it is well integrated into transportation options. It is somehow advertised everywhere.

I was here for a year and a half before I joined. I came to Seattle through an Americorp program, only making eighty dollars a month so couldn't afford it and was just relying on the bus system. I joined because there is a flexcar two blocks from my house. I could afford a trial run of it, and am definitely a big supporter of mass transit access. It will be a life goal of mine to never own a car, I don't see why any one person needs to own a hunk of metal. Wherever I can use mass transportation options, especially green energy, I will support it.

How often do you use the cars? What kinds of activities do you use them for? How did you accomplish these trips before you joined Flexcar?

I've only used it once to get my parents to and from the airport. I'll probably use it once or twice more this year. If I didn't have the Flexcar it would have been less convenient for my parents to take the bus, or I could have asked friends. Flexcar turned out to be more of a hassle than I thought it would.

I got into the car and I had made sure that I had read the information to make sure everything was fine. It said in the manual that if there is anything wrong with the car that you are responsible for it. Immediately I saw a scratch on the windshield and so I got paranoid that I was going to get charged for that. Then I had to have it back at a certain time and you'll get charged if you don't have it back then. The buses are inconvenient like that too but when you have a car it added more stress. It wasn't as stress free as I had hoped it to be. Then again that was just my first time using it.

Questions about neighborhoods: *Let's think about the neighborhood you live in, how do you think your neighborhood affects the way you travel on a regular basis?*

The neighborhood consists of a highly density area, I live in a house but there are apartment buildings on my left and right. We've got small streets and parking passes on the streets, so only two vehicles can be parked on the street. So it sort of forces you to not have a car or go through extra measures to actually use your car and when you have guests in town you have to be aware of where the cars are.

The neighborhood encourages me to walk and is very pedestrian friendly. It is a positive asset of my neighborhood.

What would you change about your neighborhood?

It is a pretty ideal neighborhood. Now we have a roundabout on either side of our street which slows down traffic, I'm pretty happy with it. There could be a little more activity, I don't feel like I have an opportunity to interact with people, so maybe put in street benches. More spaces for people to stop.

What about light rail or monorail?

I think it would be an asset. Anything that could get me to and from this neighborhood would be an asset.

When you were house or apartment hunting, what were the factors you considered in deciding where to live? If you had to pick one, what would you say was more important to you? Finding the right home or finding the right neighborhood?

Location was a big factor. I was living in South Seattle and was working downtown and going to Capitol Hill a lot. I live in a co-op actually now so that was my first priority in finding housing and this one happened to be on Capitol Hill. It actually isn't more expensive. The co-op was more important to me than the location, I would have been in the U-District or Beacon Hill instead if I didn't get into this co-op.

How would Flexcar work better for you?

I was thinking that Flexcar would give me more options, like a truck or something. But it really hasn't given me any more options. If I ever need to move or haul something I have plenty of resources on my side, using friends, or U-Haul or something. I thought it could also be used to go to the mountains. But it would have been cheaper to rent a car. I thought it would also give me a convenient option to go to the airport, but it wasn't so convenient, it was just another option.

I probably will not sustain my membership, I support what they are doing, but for my needs it is not giving me the options that I expected it to give me.

Making rates more reasonable for renting a truck for the day or taking a weekend vacation. It is so time sensitive that longer trips are hard.

I am very impressed with the way that they network with other companies. I got a discount on Amtrak and they have had a Portland trip that they give away. I have used some of the cross promotions.

I was hoping to use Flexcar to get more fun cars like a convertible or something to get a bunch of friends together and get a convertible for the day.

The Flexcar logo is too similar to the Cingular logo that confused me at first. They told me that they had it first. They have a great advertising campaign but they should distinguish themselves more from Cingular.

Seattle Flexcar Focus Group C

Date: Wednesday, September 1, 2004.

Participants: 4

Conducted by: Robin McWaters and James Andrew

Name	Neighborhood	Car Ownership	Residence in Seattle	Flexcar Membership
Elizabeth	Capital Hill	No Car	3 years	January 2003
Carol	Capital Hill	Owens 1 Car	5 years	4 years ago (2000)
Joshlyn		No Car	3 years	2.5 years
Colleen	Capital Hill	No Car		

Introductions: Name, how long you've lived in Seattle, what part of Seattle you live in, and whether or not you own a car.

Elizabeth: lived in Seattle for 3 years. Been a flexcar member since January 2003. gave up my car in January 2003.

Carol: First moved to Seattle in 1990 and then left and came back five years ago. Joined Flexcar four years ago. I have one car.

Joshlyn: Lived in Seattle for 3 years. Been a Flexcar member for two and a half. I don't have a car because I loathe cars. They pollute, and car accidents are horrible.

Colleen: Live on Capitol Hill. Do not own car.

Questions about Flexcar

How did you first find out about Flexcar and what initially attracted you to join the program?

Carol: I was living up in Queen Anne at the time, now I live in Capitol Hill, and I saw some ads for it in the paper about it or some articles, and so I thought it sounded like a great program. I didn't join right away but that is when I first heard about it. I was living with some friends and between the three of us, we had one car, and if one of us needed to go somewhere when someone else had the car, it sounded like a great idea, and not have to pay insurance all the time. Later I bought a car, before I joined Flexcar, I don't drive it that much, so sometimes I wonder why I bought it but still I do have to travel sometimes and going to the airport, Flexcar is not very practical because you can't leave it there for four days.

Elizabeth: I had lived on the east side for a while and had given up my car then and that was tough the buses didn't run that often, so I got another car. When I moved into Seattle I must have read an article about it, but then another woman in my building was a member and she recommended it. Last time I gave up the car for environmental reasons this time for political reasons. The environmental reasons were obvious, in '96 and '97 and didn't have a car for two years. In '99 moved into town, and with all of this stuff going on politically involved with oil, blood for oil, wrote lots of letters and sent rice to the president and whatever, so I felt like I didn't want any part of it. I don't have a car I don't support that.

Joshlyn: When I moved to Seattle I didn't want to have a car and moved right into the center of the city. It was the hub of the bus system. My friend would hassle me about it but I would say I don't pollute everyday, I ride the bus. And I was a little upset about not having the freedom. I saw

one of those ads on the bus and it had a little tear off thing with a phone number. I was thinking that is what I've been waiting for. I tell my friends the rate that you have to pay, and they are like "no way". It is so much cheaper. 5th and Denny is on the north side of downtown. There are like fourteen bus lines right there.

Colleen: I am a charter member. I found out about the concept before anything else. Maybe I read about it in the newspaper. It didn't have a name then. I moved to Seattle in 1998 from the East Coast and didn't bring my car with me and though I'd get one when I got to Seattle. Then I moved downtown and there was no parking and so the longer I lived without a car, the more I understood that I could live without a car. However there were these occasions where I did need a car. So when Flexcar finally started, they got my name from King County Metro.

How often do you use the cars? What kinds of activities do you use them for?

Colleen: I teach ESL on the South Side so I have a regular Tuesday night appointment with Flexcar. I use it for other occasions to get people to and from the airport. If I'm going someplace that is more bus trouble or late at night. But I'm pretty frugal with it, I like to keep my bill down so it is one of my last choices for transportation. I have a Flexcar parked in my parking space, they sort of pay me back for renting my space.

Carol: I hardly ever use it. I joined because they had pickup trucks. I thought this would be great if I ever have to move something big, I could use it. I live here on Capitol Hill, I walk to work, if it is raining I take the bus, I never take my car. I could use it when I'm at work and have a dentist appointment in the middle of the day but that hasn't happened so far.

Colleen: We had one parked in the parking lot where I used to work and I used it a few times to go do an errand in the middle of the day.

Elizabeth: I work in the U-District and there are several there I could use. I can't remember the last time I used it. A year ago I used the pickup truck. I got an email from them not too long ago saying "we miss you". When I first signed up I used it once or twice a month and a few errands this and that, but I really have found that I don't need a car. And sometimes my mother will come up here to fly out of SeaTac and will leave the car for my brother and I but I am in that car for twenty minutes before I'm thinking "I'm so glad I don't have a car!" it's the traffic and the parking, it's so much better without it.

Joshlyn: I pick up my family from the airport. They were really impressed. Brand new car. Everyone who comes, I pick up and take back. Once I scheduled Sunday too tight and didn't allow enough bus time, and so I went from work and hopped on a Flexcar and zoomed up there and zoomed back and went back to work, it was great. I use it for emergencies, or for my friend who might be like "I have to pickup my paycheck and it's all the way at SeaTac" and I can come to the rescue. Just little things that would be impossible otherwise. I use it as a last resort.

Elizabeth: One thing I keep meaning to use it for is to test out those hybrids.

Carol: I want to try that too.

Elizabeth: I thought one of these nice summer days I should get that convertible.

How did you accomplish these trips before you joined Flexcar?

Colleen: I would have asked somebody to take me to the airport or something, or not gone. I would take a cab some places. I take a lot of cabs now still. I would have just not done the trip most of the time.

Carol: I use it just to move big things. I have a friend with a minivan and I used to just borrow their minivan.

Elizabeth: I would just use the airport shuttle, train station or I would take a cab.

Carol: Cab is more convenient for a one-way trip.

Colleen: We always take a cab late at night if we are going to be drinking.

How do you think participating in the Flexcar program has changed the way you travel, as in the number and types of trips you make, the amount of time you spend traveling, and how much money you spend on travel?

Elizabeth: I'm much more economical. I plot my trip, where am I going to go on the bus or if I'm gonna take the Flexcar, I don't take these scattered trips. I plan much more in advance.

Carol: I haven't used it so much. But living up here has changed, so many buses and you can walk places.

Joshlyn: It has made my life way easier. Being the one person in my group of friends who doesn't have a car isn't something to be laughed at anymore. I'm capable of getting myself around. I love it.

Colleen: I probably wouldn't do my ESL volunteer job if I didn't have Flexcar. It would be too much of a pain on the bus and too expensive in a cab. My residence in Capitol Hill has changed more than anything. Most of my time before was behind the wheel of a car and I can't believe that now that I think about it. Knowing that the Flexcar is there even if I don't take advantage of it all the time enables me to live without a car. I don't have a panic about not having a car. I hope for the rest of my life.

Joshlyn: My friends have considered letting their cars go but they are still clinging to it. I hope that when one of my friends gets this new job that is incredibly convenient to the bus they will know that they have Flexcar to back them up and can get rid of it. I hope I never have to buy a car.

Colleen: I have a couple of friends who are like me no car who use the Flexcar. Sometimes on a Saturday one of us will get the car for the whole day and the three of us will do all of our errands. We'll go to lunch, go to Lowes and all of these places to get heavy stuff. I know a ton of people who are members.

Elizabeth: just the one woman in my building.

Carol: I don't know. I haven't asked. I probably know people but don't know it.

Questions about neighborhoods

Let's think about the neighborhood you live in, how do you think your neighborhood affects the way you travel on a regular basis?

Joshlyn: Parking! My goodness. It is such a pain. My friends who do have a car, it is such a huge crisis just to come to my house. Sometimes you have to buy a space in the corporate parking garage it's crazy. Parking is huge.

Elizabeth: Same here in Capitol Hill. When my mother comes to town she has to call me on her cell phone and I have to parallel park the car. She doesn't like to find a spot. There is a charge in the building for parking. There are Flexcar's one block and five blocks away, because of the density I have a lot of options with it.

Carol: Capitol Hill has a tremendous impact. I can walk to restaurants, coffee shops, I try to do stuff that is in the neighborhood. I walk to work, three of four buses I can catch coming home from work, if it is raining. My husband has a job where he is temporarily in Atlanta and he is not from the U.S. and he says now I know why Americans have this love affair with the car.

Joshlyn: Most of the rest of the world lives like, and Americans are obsessed with sprawl.

Carol: It really drives him nuts.

Colleen: Everything I need is up here in Capitol Hill. If I lived any place other than Capitol Hill, I'm not sure I'd be that enthusiastic about Flexcar. It fits with this lifestyle.

What would you change about your neighborhood to make it your ideal neighborhood?

Elizabeth: Car alarms after 10! Everything is really convenient right now though

Colleen: it is too white-bred for me, but it is so convenient I won't leave. Columbia City I think is a cooler place to live but it is too hard to get around. Here I can walk downtown, there I can't. I used to live at Microsoft and getting to the East Side is easy from here.

Joshlyn: The bus system needs tons more money. If it did, we could have a lot more bus service coming closer together, so that you wouldn't have that fear if you miss the bus. We are so much more efficient money wise and energy wise we deserve better transportation. I would like to see better bus service everywhere. I have two jobs, one is at a coffee place and the other is freelance, so I go to appointments from Everett to Federal Way and it can take me all day to do two appointments, but I refuse to get a car.

Colleen: I'm pretty satisfied with my transportation choices on Capitol Hill. All the talk about mass transit, I support it, but more for other people, I don't think it would change my transportation all that much. I think it would be good for the whole area because the bus service here is great. I never have to wait more than a couple of minutes for the bus. I walk, I walk a lot of places. Being up here makes me remember that I can walk. I'm not just hypnotically getting in a car and going someplace.

When you were house or apartment hunting, what were the factors you considered in deciding where to live? If you had to pick one, what would you say was more important to you? Finding the right home or finding the right neighborhood?

Colleen: Neighborhood for sure. At the time I was working at Microsoft and I just knew that there were certain places that it was difficult to get there from. I wanted to live in a place where there is

a lot of stuff going, a lot of activities and commerce but I wanted to be able to get back and forth to work.

Carol: I was living up on Queen Anne, which is similar to Capitol Hill in a lot of ways. What I was looking for when I moved here I was looking for a place that was convenient enough to walk to get coffee or do daily things, and a place that was an easy walk or bus ride to downtown. I talked to the realtor and said this is what I'm looking to do so that narrowed down my search.

Elizabeth: I looked at the price and Capitol Hill and the Central District were cheapest at the time. I was working on the East Side at the time and did a couple of transit searches on the Metro website to see how long it would take from different neighborhoods and Capitol Hill was pretty convenient. But I just lucked into this apartment and it has a lot of problems and I'm thinking about moving but I can only move like a half of a block because the location is so perfect. I work in the U District now and the bus it is just twenty five minutes, it's great. I wouldn't want to go too much farther than I am now.

Questions about home ownership

How many people have purchased a home? 2.

What were the factors you considered in deciding where to purchase a home, and how were they different or the same from where you decided to live before you purchased a home? How did the home ownership decision influence your neighborhood selection?

Colleen: Owned this home since '99. Altogether since '75.

Carol: I bought my condo in May of 2000, so four years now. This is the first time I really owned a home.

Colleen: I'm pretty illiterate when it comes to mortgages, so I just relied on my realtor and financed whatever there was.

Carol: I was primarily concerned that I had two years without any real employment and only had been at my job for six months, so I was worried that I wouldn't get a mortgage.

Why did you purchase when you did?

Carol: I had been living with some friends which had been working out great until their child got to be a real brat. It got to be too much. It was time to find my own place. I might as well had bought a place instead of rent.

Colleen: It was much easier to buy a house in the seventies than it is now. I moved to Seattle in '98 and bought a condo in '99.

Mortgage questions:

Colleen: I didn't shop around at all for a mortgage. My realtor just gave me someone's card and I went with that.

Carol: When I first started looking I didn't anticipate putting down an offer right away and so it happened really quickly altogether.

If you couldn't have gotten that particular condo, what would have done?

Carol: I was concerned that I wouldn't be accepted because I wasn't employed long enough. I probably would have just found an apartment and then waited until I had more employment history.

Colleen: I bought the first one I looked at. And I totally put myself in the hands of my realtor. It seems sort of irresponsible when I say it outloud but it worked because the realtor made it work. She knew what my finances were and what I could afford. So she had done the homework.

Carol: I went out one weekend. Realtor asked me a bunch of questions, went out with her and made an offer on the third or fourth place I looked at.

You said that you hated driving. Is this a feeling that you had before you moved out here and got rid of your car?

Colleen: No, I got my license when I was sixteen, and just got in the car and never stopped driving. It becomes sort of like your clothing, and you forget that there are ways to get around otherwise. When you rediscover that, it became more and more apparent to me that I don't need one. Now I am to this point where I don't want one. I hate the car, I hate the traffic, I hate when things break down, the price of gas, I didn't even pay attention to the price of gas.

Elizabeth: I think it must have been when I borrowed someone's car that I finally noticed that and was like oh geez! It's been months since I bought gas.

Colleen: We go out at night with a bunch of people and everybody has got this thing about not having another beer or something, and we don't even have to think about that because we're not driving. Or call a cab. You can take cabs pretty frequently if you don't own a car and feel no guilt because that is all you are spending.

Anything else about Flexcar that we should know?

Colleen: They screw up my bill all the time. I tell them all the time. Their technology is not keeping pace with their membership anymore I think. It makes me feel like I have to carefully examine it each time which makes me feel like I'm wasting time.

Joshlyn: That makes me feel better. I feel so dumb everytime I get my bill because I can't read it. I do that with other things with instruction books and whatever so I thought it was me.

Colleen: They had this feature where if you wash the car twice a month you can get fifteen dollars off the bill. Every month they forgot the fifteen bucks. You use the Flexcar credit card to pay for it too. You get two dollars off if you fill the tank and they forget that all the time. It's a pain. You have to double check your records and then it is two things you gotta check on your next bill.

Elizabeth: I would like that the phone system was more sophisticated, it would tell you the address that the car was at. It is really hard to tell.

Colleen: They should have a cellphone in each one. Often if you are running late, you have to extend your reservation, and I have to go find a payphone. Some other way that you could easily extend your reservation when you are in the car. Tracy Carroll who is one of the people who runs flexcar, has said that pets are not allowed unless they are contained and we have talked about

putting pet containers in the cars. I think that would be a nice addition. The online reservation is very nice, the phone is a pain.

Joshlyn: They didn't write the directions that well when they started the card program and I always get dead ends in the phone system. They should give the address and the cross street and some specific information about where it is like a landmark. You can waste a lot of time looking for it. The web system is good but if you don't have that the phone system, good luck. It doesn't work all that well.

Where do you work?

Carol: I work downtown.

Elizabeth: I work U-District.

Joshlyn: freelance everywhere, and then at a coffeeplace five blocks from home.

Colleen: I work at home.

How does the card work?

Colleen: There is an image of the card on the back window, and you match it with your card and the doors unlock.

Joshlyn: Sometimes you have to get in and open the glove box and pull out this thing and enter your pin.

Colleen: The cars are different, sometimes the pin thing is on the dash.

Joshlyn: Uniformity would make it easier.

Elizabeth: The pickups were kind of like that, when I reserved the pickup, you have to enter a different number for the specific pickup.

Colleen: They have put Flexcars in a lot of condo buildings. I would love it if our association had a couple of cars. We have the one that is parked in my spot but I think it would be so much easier if an association did it. I think I'm the only one who rents out their space to Flexcar. Like thirty bucks or forty bucks a month discount. Ours is not a secure parking garage but we had to get the association to agree to it because there is a liability risk because there are people from outside using it. But a lot of the people in the association use the car too. A friend of mine is considering approaching Flexcar about putting a car in her driveway. I thought that was a good idea.

Joshlyn: It didn't seem to make sense for me to get into a parking garage in a condo building. I called the emergency line, and they hooked me up with some local guy and he explained it to me. Parking garages have always been a pain, I'm afraid that I won't be able to access it.

Carol: We don't have enough parking spaces in our building for the people who lived here. It would be a problem security-wise because we would need to give people keys to get into the building to get into the garage.

Joshlyn: There is some procedure to do everything on the website. They should have a how-to list of all of this stuff and you could print it out and use it as a reference.

Colleen: People who don't know about Flexcar, unless they have a conversation with an enthusiast, can't figure out how it works. So, Flexcar put two cars out at Microsoft when I was there. People were like that is stupid. Why would you pay this money to rent this car when you could rent one for a whole weekend at enterprise. And Flexcar was out there with banners and people to answer questions, but they couldn't make that leap to connect with people who didn't understand it. And the people who I was talking to were getting off the bus and they couldn't understand it. It is hard to message because it is unlike anything we know. People who are members might be their best marketers.

Joshlyn: I worked at a summer fair for them, talking to people about it. People are really impressed when I talk about the charges and how easy it is. A while ago they started to charge an annual fee, and my boyfriend was this close to joining and that made him change his mind. I think that there is a connection between that, and I noticed that they get new cars all of the time, and then I saw that there was a price increase. I'm afraid it is going to become too expensive for poor people like me, so it is not going to work. And there are lots of poor people in America, we need to keep the costs low, do we really need these fancy cars?

Carol: I wonder what the price of gas is going to do to it. Don't they offer different levels, like you pay \$50 a month and you get so many hours or something like that?

Elizabeth: Every month I use it, I change my plan. Depending how much I use it.

Colleen: I don't ever change it and don't pay attention.

Carol: I wonder if they get their message across through employers. We get a bus pass through our employer, if my employer offered it, I think people would try it out.

Colleen: I used to ride in a van pool and often people who would ride in the van pool would drive in separately because of some errand they needed to do during the day. After the Flexcar came out, I tried to explain it to them, they just didn't get it.

Joshlyn: I think having the annual fee will turn people away. The one time sign up fee is okay but I think the annual fee will make people feel like they are attached to it. We're grandfathered in.

Appendix H.

Seattle LEM Focus Group

Appendix H: Seattle LEM Focus Group

Date: Monday, August 30, 2004

Participants: 2

Conducted by: Robin McWaters and James Andrew

Participants

Name	Neighborhood	Car Ownership	Residence in Seattle	Flexcar Membership
Andrea	West Seattle (SW/ Arbor Heights)	1 Car and 1 Motorcycle	14 years in Seattle, 24 years in Washington, 2 years in West Seattle	NA
Jason	Montlake	1 Car	10 years	NA

Introductions: Name, how long you've lived in Seattle, what part of Seattle you live in, and whether or not you own a car?

Do you both know about Flexcar?

Andrea: From a corporate perspective, but not... I didn't know it was something you could do in a neighborhood.

Jason: I am Jason Martin, I live in Seattle, have lived here for about 10 years, and I live in the Montlake neighborhood.

Andrea: I am Andrea Widdison and I have lived in Washington for 24 years, Seattle for 14 years, and my current house for 2 years. I live in the south part of West Seattle – Arbor Heights.

Could you describe your neighborhood? Is it fairly residential?

It is extremely residential and there are a ton of smaller neighborhoods. West Seattle is actually fairly big and there are tons of neighborhoods within it, but the neighborhood I am in is not as old as some of them, but I think the houses in this part were built around the 1940's.

Do either of you own a car?

Jason: Yes, one car.

Andrea: I one one car, and one motorcycle. I don't know if that counts.

Why did you choose a LEM?

Jason: I sought it out. I saw an advertisement for Location Efficient Mortgage on Metrobus.

Andrea: Oh, wow, that's cool.

Jason: Yeah. My wife and I wanted to stay in the city, we were trying to buy a house. It actually turned out to be the perfect program for us because it offered the lower interest rate and it offered

the lower closing cost and it really made the difference for us to be able to buy in the city, in the neighborhood that we were looking. Well, actually we weren't looking in the neighborhood that we ended buying because we didn't think it would work. And then it ended up working out at the time.

Andrea: I actually didn't pursue a specific type of mortgage. The reason I got the mortgage I did was because I leveraged a friendship through a good friend of an advisor who worked at Home Street Bank. So, he sort of gave me his own personal perspective and then made some recommendations. And through that I got approved. And as soon as I chose a home, (he) just did everything else for me to make it the best, the lowest rate and lowest monthly mortgage payment that I could achieve for the price of the home.

Were you aware of the location efficient component?

Andrea: I honestly wasn't even really aware of that – I wasn't really aware of all the terms with the exception of other cost implications like, mortgage insurance and all other forms of insurance, and things like that. But, this particular person was extremely familiar with the location I was looking in so

Do you have a sense now for what Location Efficient Mortgage means?

Andrea: I am getting the picture.

If you hadn't been able to purchase the homes at the times you did, what do you think you would have done?

Andrea: I wouldn't have bought a house.

So, just waited until you could afford?

Andrea: Yeah, probably. I mean, I bought it on my own, so it is slightly different, or at least more atypical approach to buying a home these days than most.

Jason: We would have had to find something. We lived in an apartment, and have two kids so it was too small. So, we would had to have kept looking to find something.

Something being different neighborhood, or condo?

Jason: Probably a different neighborhood in the city.

Andrea: It's funny. For this home, literally, everything just fell into place, so against every first time buyers experience has been that I have heard of... and I got pre-approved almost three months prior to buying the home and I never looked because I didn't really think I would find anything where I wanted, that suited me and when I actually did, for less money and everything just came together. IF things hadn't come together as well as they had, I would have stayed in my \$700 a month, amazing view apartment

Was that in West Seattle as well?

Andrea: It was.

In your case, was it a matter of home or neighborhood?

Andrea: The requirements were: garage, with a house attached to it, yard but first and foremost, it had to be in a safe neighborhood, being a single woman living alone. It turns out to be in a reasonably safe neighborhood in an area where I know six different people who live in the same neighborhood so that was also a big part of it.

Jason: It was more transit, in terms of being able to walk and not have to drive everywhere. Just so we could save time and traveling to destinations in the city – I work in the city and I don't want to spend a lot of time commuting. Things like having a fenced-in back yard for the kids so it was the type of house more so than the exact neighborhood but we had general ideas of where we wanted to be.

The Location Efficient Mortgage does restrict your neighborhood choices to some degree...

Jason: It didn't really, because of the things that we were looking for. We were looking in those neighborhoods anyway. It actually fit right in...

And you (Andrea) were unaware because of the way it happened for you .. So you weren't aware that...

Andrea: No. If there was a restriction or constraint, that constraint did not affect negatively impact me at all.

Jason: It just seemed that some neighborhoods had a higher location efficient index value than others. So, the fact that LEM expanded our possible debt to income ratio – that didn't help us at all because we didn't have much debt. Our banker said, "Oh that isn't really helping you..." Well, okay the other pieces of it are ...

What was the important component then?

Jason: It was the lower rate, and the no loan fee at closing. Those were huge for us.

Andrea: Regardless, of the fact that I was unaware of the LEM, I don't believe that I had a loan fee either, and my closing costs were reasonable so ...

Different factors between pre ownership and ownership:

Jason: The only criteria that was different was that we needed more space but we wanted the same environment or very similar environment.

Andrea: And I would say just about the same except for honestly the driving factor behind me buying a home was to gain substantial tax benefits, because I was essentially protecting my salary. That was really my motivating factor behind this.

Was this the first house you made an offer on?

Andrea: Yes, I saw four houses and I made an offer on the fourth house. Looked at four in one day and made an offer on the last one and they accepted it the next day so..

Jason: We looked at more than a hundred houses, over almost a year. This was the second offer that we made. The third, sorry.

Were those three house somewhat similar?

Jason: They were somewhat similar. One was way further south than we actually wanted to be, but it was the best house we had seen at the time in our price range. But then interest rates went down so we were able to .. we were approved for more, so we could look in a different price range of homes. And that changed things substantially. Because we didn't have the LEM at first. We had a different banker and that didn't work out. And we saw the LEM and said "Oh, this is great" and the process of that was ... of getting it administered was very smooth so we knew where we were, pretty much, right from the get-go.

How does the neighborhood you live in influence your travel?

Jason: We have two kids so we do a carpool route in the mornings where I get dropped off at work and my wife goes back home with the youngest, and then I walk home. I work in Fremont, so it's about 4 miles. Right along the Burke-Gilman trail, I just go right across the bridge, pick up the trail in the U-district and walk straight across. All year round. It is great exercise. It's well lit, it's safe ... just headphones, and rain gear when it is raining.

Andrea: I have lived in the same overall neighborhood give or take 2 to 4 miles for 14 years almost, 12 years. So, I wanted to stay in the same neighborhood but prior to where I work now, I used to drive 25 miles one way to work and I was in vanpool- and that was down at Federal Way, with Weyerhaeuser but my ... the job that I have been working at for 5 years which is Starbucks which is south of downtown wasn't ... didn't really play a factor in where I was going to decide to live because I knew I was going to be in West Seattle. I just wanted to make sure the specific neighborhood was safe and was comfortable, but I normally ride a motorcycle to work everyday. I drive 7 miles one way, and then back, year round and I have rain gear and all that stuff.

Why a motorcycle?

Andrea: It is a life choice. I actually prefer to ride the motorcycle to work because I can park for free in the garage. Whereas if I drive my car I have to either pay a \$ 150 a month to park where I have to go to work or park a mile / a mile and half away. The times that I don't ride my motorcycle to work I actually do carpool with co-workers who also live very close to me.

So, you were riding a motorcycle before this job downtown then?

Andrea: Yes.

Jason: I take the bus, too, when I can.

Among the various modes how would you say your travel is distributed, beyond your commute?

Andrea: For me, it is mostly motorcycle.

Jason: Mostly walking or the car, to get big stuff. Bulk shopping.

If you were going to change your neighborhood.?

Jason: More shops, more retail. We used to live on Capital Hill, just off Broadway. So, you could walk to grocery store, hardware store, restaurants, everything just right outside the door, pretty much within five minutes. Now, it is more residential.

Andrea: And that is what I would say, too. I don't know which is more practical, but I would say, I would probably in my next home, look for one that is far more of a pedestrian area so that I can... I used to live, for a long time, or a long time ago, on the bottom of Queen Anne, and I could walk or ride my bike to a QFC, or any kind of store that I would need to get anything that I might possibly need.

And so now those are all car trips for you or motorcycle trips?

Andrea: Yes. They would be, for the most part. I mean I can walk to some restaurants but you know if I have to go grocery shopping it is not as convenient for me to just throw a back pack on my bicycle and ride my bicycle down anywhere.

What is within a 10 minute walk of your house -- how many retail, restaurants, shops could you get to ?

Andrea: 2. And it is probably more of a 20-minute walk. And with a 30-minute walk I could get to a massive grocery store, but I am not about to walk 30 minutes to carry a bunch of groceries.

Jason: We're within 5 minutes of a little commercial district in Montlake, Mont's and there is a restaurant there and the Hop-In Market is a little further down, and the gas station.

Would you like your neighborhood to be more like Capital Hill?

Jason: Maybe if there was just a little more activity on the strip, more variety. But it is only a block long so there is only so much they can fit there.

Let's talk about Flexcar....Are either of you members of Flexcar?

Jason: No.

Andrea: No.

When you got your mortgages was there any sort of awareness of partnering with Flexcar?

Jason: Yes. They mentioned it and I was familiar with Flexcar having lived on Capital Hill. I knew people that were Flexcar members. But we didn't seem to need it, because we had – we didn't have a car for the longest time but as soon as we had kids we had to get one. And that was... and if we didn't have kids, we probably still wouldn't have a car. And might do Flexcar in that case because we would know far enough in advance when we are going to need a car. That would actually work really well for us.

Is one car sufficient for you now?

Jason: Yes. We have what we need. We have a mini-van – it is totally versatile – it has room for more than 4 of us if we need to.

If there was a different situation, 2 jobs perhaps, or picking up a child from soccer or some other change, do you think you would resort to another car or use transit or ...

Jason: Probably transit first and then it would depend on the situation.

Andrea: I would say the same thing. I imagine there would be circumstances where I would pursue getting more information about Flexcar or even becoming a member. And I have that information readily available at my fingertips actually, because our company is a ... I don't know if they are a sponsor of it, but they are huge proponents of it. And are always encouraging people to look into it.

Does your company have a plan that employees get a discounted membership?

Andrea: You know, I can't say whether they do or not but they sponsor, they offer Flexcars and I don't know if it's a corporate entity or not. We have the opportunity at work to sign up for Flexcars, if as an example if we have a doctors appointment that is in Northgate and we can't get bus because, you know, it takes an hour and a half or something like. So, they are a huge proponent of it.

Do you know a lot of people who use it?

Andrea: Actually, I do. I know a lot of people who have small children, who have a baby or a child in the daycare downstairs and a lot of them are members.

So, they probably take the bus to work?

Andrea: I would guess, yes.

What do you know about Flexcar? Is there anything about Flexcar that should change?

Andrea: Well, you know I get the gist of it, and what is there for, and I think it is fantastic - I just think I have been raised in era where you have a car, a single mode of transportation, and frankly with the gas prices having increased so much, as they did over the summer, Flexcar wouldn't help me much, I think, because there is still going to be an impact to the cost based on gas prices but if I were to make a lifestyle change and I had to get rid of my car, or my motorcycle I would probably pursue Flexcar sooner than I would becoming intimately familiar with the transit system. Although I live in a neighborhood where it is very easy to get from where I live to where I work. Bus – it would be very simple. I have just never had to rely on it because I have alternate modes of transportation that are also more economical like my bike.

Jason: I am pretty well familiar with how it works. When we lived on Capital Hill, several of our neighbors were Flexcar members. And we got to see it in action – a car, or pick-up truck, or whatever it was that they needed. It seemed very practical because you can the things done you need to get done. Oh, we get to pick up furniture and stuff. Just plan in advance and know what you are doing and it makes a lot of sense. If we lived in a much more dense neighborhood it might make sense, especially without kids. But with kids, it just seems there are so many random variables, like “we need to get them this now... we've got to go.”

Andrea: Actually, that is another thing. One of the reasons I feel I need to have a car is because I have 3 pets. Two are small cats, but one is a very large dog. And you can't really schedule when your dog or your kids are going to need to go somewhere.

Appendix I.

Focus Group Protocols

Appendix I: Focus Group Protocols

General Interview Protocol

The interviews will take place in a neutral location such a conference room/meeting room, convenient to the participants. The interviews will have between four and eight participants and two interviewers present.

The interviews will be taped for the purposes of transcription, and accurate representations of the participants' views, with the tapes being destroyed immediately after the completion of transcription.

Essentially what we are undertaking is a semi-structure (or focused) group interview.

Our main goals for these group interviews include:

- to delve into some of the more complex aspects of the relationship between mortgage choice, residential location, and transportation behavior, and use of car-sharing programs,
- and to elicit the interviewees' perceptions of their behavior (it is important to recognize that we will have no mechanism to investigate their actual behavior).

We will use a semi-structured interview format, comprised mostly of open-ended questions. After introducing the topic, we will guide the discussion with specific questions. We will use open-ended questions to explore the qualitative, in-depth aspects and give the participants a chance to respond in detail.

The interviews will largely be informal, with the following questions used as a guide to focus a question and answer style conversation about the relationship between Location Efficient Mortgages, neighborhood choice, transportation behavior, and car-sharing programs. Some of the questions will be repeated from the survey as a means of expanding upon the constricted answer sets that were available there.

The interviews will be scheduled for 2 hours, with the expectation that 90 minutes of constructive conversation will be obtained. The extra time allows for late arrivals, introductions, summary and conclusions.

The format will consist of main questions (listed below), combined with probing questions (for the sake of clarification and acknowledgement) and follow-up questions (which will pursue the implications of statements made). The main questions will be consistent to the extent possible in all of the interviews. The exceptions will be in cases whether the questions are not relevant (i.e., questions about train service in Seattle).

The number of main questions is limited in order to provide adequate time for discussion of these relatively complex issues. It is expected that the Flexcar questions will only be thoroughly discussed in groups where participants are familiar with Flexcar. It is also expected that questions about home ownership decisions and mortgages will only be discussed with those who are homeowners.

LEM Participants Interview Protocol

Neighborhood Choices

1. What were the factors you considered in deciding where to purchase a home? How were the different and/or the same from where you decided to live before you purchase a home?
2. When you were house hunting, **if you had to pick one**, which would you say was **more** important to you? Finding the right home (house or condominium) or finding the right neighborhood?
3. How did the home ownership decision influence your neighborhood selection?
4. Is the first home you placed an offer to buy on, in this home search? If not, where else did you try to buy a home, and how was it different from this location?
5. What is your 'ideal' neighborhood, given rational income expectations? We don't mean what is your dream home, as in lifestyles of the rich and famous, but what do you think is the ideal neighborhood for you (your family) and other similar households?

Mortgage

6. Why did you choose to obtain a Location Efficient Mortgage?
7. Why did you decide you were ready to purchase a home when you did?
8. As far as you know, would you have been able to purchase your current home at the time you did without a Location Efficient Mortgage (i.e., with a traditional mortgage)?
9. If you would not have been able to purchase your home at the time you did, what do you think you would have done? Some possible choices might have been:
 - a. continued living where you were until you could qualify for a mortgage on an equivalent home
 - b. bought a less expensive home
 - c. bought a home in a less expensive neighborhood
 - d. bought a less expensive type of home (townhouse or condo, perhaps)
10. How did the availability of a Location Efficient Mortgage influence your choice of neighborhood?

Transportation habits

11. How do you think your transportation habits have been influenced by this home location?

Flexcar (These questions may be asked at the end to only those who are members of the car-sharing program, if there are any)

12. Are you a member of the Flexcar program?
13. Did you sign up with Flexcar before or after obtaining a Location Efficient Mortgage?
How did you find out about Flexcar?
14. How often do you use a Flexcar?
15. What types of activities do you use it for?
16. Do you consider Flexcar a substitute for a second car, or more like a convenient alternative to a rental car? What did you do when you needed access to a car (or second car) before you were a member of flexcar?
17. What would make flexcar work better for you?

Control Group Participants Interview Protocol

Neighborhood Choices

1. If you own your own home, what were the factors you considered in deciding where to purchase a home? How were they different and/or the same from where you decided to live before you purchased a home? How did the home ownership decision influence your neighborhood selection?
2. Was this the first home you placed an offer to buy on, in this home search? If not, where else did you try to buy a home, and how was it different from this location?
3. When you were house or apartment hunting, **if you had to pick one**, which would you say was **more** important to you? Finding the right home (house, apartment, or condominium) or finding the right neighborhood?
4. What is your 'ideal' neighborhood, given rational income expectations? We don't mean what is your dream home, as in lifestyles of the rich and famous, but what do you think is the ideal neighborhood for you (your family) and other similar households?

Mortgage (these questions may be asked at the end to only those who own a home)

5. How did you decide on your mortgage package?
6. Why did you decide you were ready to purchase a home when you did?
7. As far as you know, would you have been able to purchase your current home at the time you did without the particular mortgage package you received?
8. If you would not have been able to purchase your home at the time you did, what do you think you would have done? Some possible choices might have been:
 - a. continued living where you were until you could qualify for a mortgage on an equivalent home
 - b. bought a less expensive home
 - c. bought a home in a less expensive neighborhood
 - d. bought a less expensive type of home (townhouse or condo, perhaps)
9. How did your choice of mortgage influence your choice of neighborhood?

Transportation habits

10. How do you think your transportation habits have been influenced by this home location?

Flexcar

11. Have you heard of the car-sharing program Flexcar? How did you hear about it and what do you know about the program?
12. Why are you not a member of Flexcar?

13. Where do you work? How do you get there? Why do you get there with this mode of transportation?
14. Do you own a car? If so, how many cars does your household use? What types of activities do you use them for?
15. Do you take public transportation? Why or why not?
16. If there was a Flexcar car within a five minute walk from your house, would consider joining? If there was a Flexcar car within a five minute walk from your workplace as well would you consider joining?
17. How much would you be willing to pay for a carsharing service like Flexcar?

Flexcar Participants Interview Protocol

Neighborhood Choices

1. If you own your own home, what were the factors you considered in deciding where to purchase a home? How were they different and/or the same from where you decided to live before you purchased a home? How did the home ownership decision influence your neighborhood selection?
2. When you were house or apartment hunting, **if you had to pick one**, which would you say was **more** important to you? Finding the right home (house, apartment, or condominium) or finding the right neighborhood?
3. What is your 'ideal' neighborhood, given rational income expectations? We don't mean what is your dream home, as in lifestyles of the rich and famous, but what do you think is the ideal neighborhood for you (your family) and other similar households?

Transportation habits

4. How do you think your transportation habits have been influenced by this home location?

Mortgage (these questions may be asked at the end to only those who own a home)

5. How did you decide on your mortgage package?
6. Why did you decide you were ready to purchase a home when you did?
7. As far as you know, would you have been able to purchase your current home at the time you did without the particular mortgage package you received?
8. If you would not have been able to purchase your home at the time you did, what do you think you would have done? Some possible choices might have been:
 - a. continued living where you were until you could qualify for a mortgage on an equivalent home
 - b. bought a less expensive home
 - c. bought a home in a less expensive neighborhood
 - d. bought a less expensive type of home (townhouse or condo, perhaps)
9. How did your choice of mortgage influence your choice of neighborhood?

Flexcar

1. When did you join Flexcar and how did you initially find out about it?
2. What initially attracted you to join Flexcar?

3. Where do you work? How do you get there? Why do you get there with this mode of transportation?
4. How often do you use the cars? What types of activities do you use them for?
5. Do you currently own a car? Do you think you will buy one soon?
6. If you still own a car, what types of trips do you use it for?
7. How did you accomplish these trips before you joined Flexcar?
8. How do you think participating in the Flexcar program has changed the way you travel, as in the number of trips you make, the amount of time you spend traveling, how much money you spend on travel?
9. What would make Flexcar work better for you? How would you improve it?
10. Do you think you will continue to be a member for a long time, are you just testing it out, or did you join as a temporary transportation solution?