Annotated bibliography on the Low Income Housing Tax Credit 2009-2014 (updating annotated bibliography in 2008 “Building Opportunity” report)¹

Published Articles & Book Chapters


Abstract: U.S. housing law is finally receiving its due attention. Scholars and practitioners are focused primarily on the subprime mortgage and foreclosure crises. Yet the current recession has also resurrected the debate about the efficacy of place-based lawmaking. Place-based laws direct economic resources to low-income neighborhoods to help existing residents remain in place and to improve those areas. Law-and-economists and staunch integrationists attack place-based lawmaking on economic and social grounds. This Article examines the efficacy of place-based lawmaking through the underutilized prism of culture. Using a sociolegal approach, it develops a theory of cultural collective efficacy as a justification for place-based lawmaking. Cultural collective efficacy describes positive social networks that inner-city residents develop through participation in musical, artistic, and other neighborhood-based cultural endeavors. This Article analyzes two examples of cultural collective efficacy: the early development of hip-hop in the Bronx and community murals developed by Mexican immigrants in Chicago's Pilsen neighborhood. These examples show that cultural collective efficacy can help inner-city residents mitigate the negative effects of living in a poor and segregated community and obtain more concrete benefits from urban revitalization in their communities. Cultural collective efficacy also provides a framework to examine important microdynamics in the inner-city that scholars and policymakers have ignored. Lastly, this Article devises new combinations of place-based laws that might protect cultural collective efficacy, such as: (1) historic districts with affordable housing protections secured through transferable development rights, (2) foreclosure prevention strategies, (3) techniques to mitigate eminent domain abuse, and (4) reinterpretations of the Fair Housing Act's "affirmatively furthering" fair housing mandate. These examples of place-based lawmaking may more effectively promote equitable development and advance distributive justice in U.S. housing law and policy.

Gregory S. Burge, “Do Tenants Capture the Benefits from the Low-Income Housing Tax Credit Program?,” 39 Real Est. Econ. 71 (Spring 2011).

Abstract: This article compares the rent savings accrued by recipient households over the life cycle of Low-Income Housing Tax Credit (LIHTC) projects to their allocated tax credits. A simple

¹ See www.prrac.org/pdf/2008-Best-Practices-final.pdf - Appendix D. “Abstracts” of articles presented in this bibliography are copied verbatim from the published article. “Summaries” of articles were drafted by PRRAC staff.
two-stage empirical procedure is developed and implemented for a selected medium-sized metropolitan statistical area. Using hedonic pricing parameters estimated in the first stage, LIHTC ceiling rents are compared to predicted market rents. The findings indicate rent savings constitute a relatively small fraction of the programs costs, suggesting developers and investors may capture some of the program’s benefits. As this finding characterizes only one potential source of benefits of the LIHTC program, a brief discussion of other potential benefits to low-income households supplements the analysis.


Abstract: This Article, which blends educational policy, housing policy, and tax policy, argues that one path down the precipice of racial inequality is to reverse a path that led us to where this problem began; namely, the racial segregation of the places where we live. This Article examines the country’s most important subsidy for creating affordable housing, the Federal Low-Income Housing Tax Credit (“LIHTC”), and considers whether the tax credit program has served as a tool for desegregating metropolitan neighborhoods. After concluding that the LIHTC program has not been an effective tool for reducing or eliminating continuing patterns of racial segregation and poverty concentration, this Article proposes numerous programmatic changes that could allow the tax credit program to promote greater geographic desegregation. Others have considered the impact of fair-housing laws on the LIHTC program. This Article contributes to that literature by going beyond fair housing to examine both the “cooperative federalism” concepts embedded in the program and the economic structure of tax credits, and by making practical suggestions on how the program can be improved to obtain racial integration. It takes a two-prong approach: First, this Article encourages more robust national guidance in order to encourage states to use credits to foster desegregation. Second, this Article considers changes to the economic structure of the program to provide incentives to developers and investors who undertake to provide affordable housing that results in desegregation.


Abstract: Problem, research strategy, and findings: Housing policies of the U.S. Department of Housing and Urban Development (HUD) emphasize the spatial dispersal of housing assistance to promote fair housing objectives. The Low Income Housing Tax Credit (LIHTC) program, the nation’s largest affordable housing subsidy program, is not administered by HUD and therefore is not closely monitored for compliance with dispersal objectives. Using spatial point pattern analyses, I identify the geographic extent of LIHTC property clustering, characterize the local clustering of individual properties and explore the determinants of local clustering within the nation’s largest metropolitan areas. In most metropolitan areas, LIHTC properties are more highly clustered than multifamily housing units, although the extent of clustering differs by metropolitan area. Clustered LIHTC properties tend to be located in more densely developed central-city locations that have higher poverty rates and higher minority concentrations.

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Takeaway for practice: To encourage more affordable housing construction within areas that offer greater economic and social opportunities to LIHTC residents, policymakers should 1) provide incentives to locate LIHTC properties within high-opportunity areas, 2) eliminate current incentives to cluster housing in areas with inherently higher poverty and minority concentrations (Qualified Census Tracts and Difficult Development Areas), and 3) enhance coordination between HUD and the Department of the Treasury to implement federal fair housing goals.


Abstract: This study examines the external neighborhood effects of Low-Income Housing Tax Credit (LIHTC) Projects built in Santa Clara County, California from 1987 to 2000. Three types of developers have built LIHTC projects in this area: nonprofit, for-profit, and a county public housing authority. Using a difference-in-difference hedonic regression approach, this study finds that almost all the LIHTC projects examined have generated significantly positive impacts on nearby property value. In particular, the study also finds that most nonprofit projects have delivered benefits similar to those of for-profit projects. Yet projects built by some of the largest nonprofits and the county housing authority have generated the greatest neighborhood impacts. Low-income neighborhoods have also benefited more from LIHTC developments than other types of neighborhoods.


Abstract: This study examines the changes in neighborhoods hosting the Low-Income Housing Tax Credit (LIHTC) projects in Miami-Dade County between the 1990 and 2000 censuses. The study applies a cluster analysis to identify neighborhoods that are similar to LIHTC neighborhoods. It then compares changes in LIHTC neighborhoods with the median changes experienced by similar neighborhoods without the LIHTC in eight selected indicators. The study finds that over half of the LIHTC neighborhoods have experienced more positive changes than their control groups; however, the effects vary by neighborhood context. Black high-poverty neighborhoods receiving the LIHTC investment have experienced the most positive changes, while changes in middle-class neighborhoods have been the most negative. Further case studies show that LIHTC is successful at promoting neighborhood revitalization when it is strategically concentrated and part of cumulative efforts. These case studies, however, also raise concerns about the over-concentration of LIHTC units in vulnerable suburban neighborhoods.


Abstract: The low-income housing tax credit (LIHTC) program has developed over two million rental homes for low-income households since 1986. The perception of deterioration in school quality has been a main reason for community opposition to LIHTC projects in middle- and upper-income areas. In this paper, we examine the impact of LIHTC projects on the nearby
school performance using data on all LIHTC projects and elementary schools in Texas from the 2003–04 through 2008–09 academic years. We employ the longitudinal structure of the data to control for school fixed effects and estimate the relationship between the opening of nearby LIHTC on campus-level standardized test scores and performance ratings. We address the potential selection biases by controlling for preexisting trends in school performance prior to the study period. We find no robust evidence that the opening of LIHTC units negatively impacts the performance of nearby elementary schools.


Abstract: This paper addresses a critical but almost unexamined aspect of the Low Income Housing Tax Credit (LIHTC) program – whether its use (and in particular, the siting of developments in high-poverty/high-minority neighborhoods), is associated with increased racial segregation in the metropolitan area. Using data from the Department of Housing and Urban Development (HUD) and the Census, supplemented with data on the racial composition of LIHTC tenants in three states, we examine three potential channels through which the LIHTC could affect segregation: where LIHTC units are built relative to where other low income households live, who lives in these tax credit developments, and changes in neighborhood racial composition in neighborhoods that receive tax credit projects. The evidence on each of these channels suggests that LIHTC projects do not contribute to increased segregation, even those in high poverty neighborhoods. We find that increases in the use of tax credits are associated with declines in racial segregation at the metropolitan level.


Abstract: Although rental housing has historically maintained a peripheral position within the community-building sphere, the current economic volatility is evidence of how imbalanced housing policy can impact overall stability, particularly among low-income people within low-income communities. Economic and other macro-environmental shifts will have lasting and poignant impacts on low-income geographies; therefore, the state of rental housing within the context of urban neighborhoods will continue to be a critical policy matter. This research explores whether the low-income housing tax credit (LIHTC) program encourages the development of housing with the physical and operational attributes that strengthen low-income neighborhoods. Given the program’s growing dominance, this study analyzes whether specific characteristics associated with neighborhood revitalization are prevalent in LIHTC properties located within qualified census tracts. Also examined are the methodologies among nonprofit developers and for-profit developers relative to these development characteristics. The findings indicate that properties under 50 units are more likely to be located within suburban qualified census tracts. Within the urban core, the results reveal that qualified census tract LIHTC developments are more often serving extremely low and low-income families. The

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research outcomes also show that nonprofit developers are more likely to serve lower incomes and utilize certified property management agents for these properties. Given the unique needs of urban and suburban low-income neighborhoods and a national environment that portents a growing dependence upon the LIHTC, the findings suggest that both enhanced coordination between state, regional, and local interests and innovation in resource allocation policy are critical to erasing the neighborhood divide that marginalizes low-income people in low-income communities.


Excerpt from Author’s Introduction: This Article’s examination proceeds in three Parts. Part I considers the contested nature of disparate impact in recent Supreme Court jurisprudence, with attention to Title VI and Title VII. Part II recounts the longstanding agency role in developing and implementing disparate impact standards in the context of Title VI and Title VII. Though the implementing agencies at issue differ in their strength and capacity — the Equal Employment Opportunity Commission (“EEOC”) has limited regulatory authority to enforce Title VII — this Part reframes disparate impact as an implementation choice of long vintage and one that both the statutory and regulatory structure of civil rights statutes allow. Part III introduces Title VIII’s disparate impact regulations. This Part argues that HUD’s promulgation of a disparate impact rule requires us to take seriously the notion that agencies have the capacity to determine whether civil rights statutes reach disparate impact and to develop the standards for implementing disparate impact rules. Next, this Part considers the formal regulatory context that supports HUD’s action — specifically, its rulemaking power, and its adjudicatory power born of the 1988 Amendments that fundamentally reshaped HUD’s authority under the FHA. This Part considers, finally, HUD’s function and competence to define disparate impact, showing how a disparate impact rule has the potential to provide clarity and predictability to regulated actors.


Abstract: The Low Income Housing Tax Credit Program is the latest federal low income housing production program to be challenged by civil rights advocates for perpetuation of racial segregation by failing to expand housing opportunity outside of low income, distressed, minority concentrated areas. This article presents original calculations based on existing data as applied to measures of community opportunity and distress utilized by two federal agencies. This research raises questions about the efficacy of LIHTC investment as a revitalizing tool in highly distressed census tracts, even if approved as part of a concerted community revitalization plan. The article argues for national standards and guidance for state agencies which ensure that the benefits of revitalization are indeed afforded to the residents of distressed communities, who will otherwise continue to suffer the dual harms of racial segregation: separate and unequal.
Excerpt from Author’s Introduction: This Article begins in Parts I and II by setting out the contexts of the births of the fair housing and community development movements, respectively. Part III looks at the efforts toward and attitudes about the creation of an open, inclusive society that impacts racial housing patterns. The tensions between the fair housing/civil rights advocates and community development advocates are examined in Part IV in the context of Public Housing/HOPE VI Program, the Low Income Housing Tax Credit Program, and local zoning and land use policies. Finally, Part V calls for a “coming together” of all low-income housing advocates in a way that provides for true housing choice regardless of race and income.


Author’s Introduction: We have long recognized that government can and should act to ensure that all people have a decent place to live. And we know that "place" means not only the housing structure but where it is located. The Low Income Housing Tax Credit (LIHTC) program is the latest in a line of programs through which we have chosen to address this worthy goal. Unfortunately, from public housing to Federal Housing Administration (FHA) single-family mortgage insurance, we have too often chosen to undermine the effectiveness of this worthy goal by ignoring the civil rights of a significant segment of the population. Volumes have been written in the past twenty-five years about this issue, and it continues to be a challenge for those who would seek to ensure that both fair and affordable housing becomes a reality. For the LIHTC program to avoid following in the footsteps of its predecessors by agreeing to trade off the civil rights of low-income people of color in order to "get the housing," it must provide effective fair housing and civil rights protections in the warp and woof of its structure. It cannot continue to operate outside the framework of the Fair Housing Act and the other laws guaranteeing that people of color shall have the same right as white people to lease, sell, hold and otherwise contract for property. This commentary reports on the efforts of one nonprofit organization on the front lines of that battle in its community and seeks to encourage similar advocacy elsewhere.


Abstract: In a small but significant portion of urban public housing, the dual legacies of segregation and concentrated poverty have long plagued residents. Over the course of decades, these legacies have contributed to chronic systemic failures, the burden of which has disproportionately fallen on members of minority groups. The federal government has responded through two strands of policies, each aimed at a different legacy. First, Congress enacted the Fair Housing Act to root out the last vestiges of state-sanctioned segregation by affirmatively promoting racial integration. Second, and more recently, Congress created a program known as HOPE VI to combat the concentration of very poor residents in urban public housing by replacing dilapidated projects with mixed-income developments, which bring in
moderate-income working families to serve as role models. But success in overcoming historical failures remains elusive--largely because housing policies that promote income mixing seem bound to come into conflict with housing policies that promote racial integration. Persistent patterns of residential segregation in HOPE VI communities attest to the problem. The use of restrictive income-based admissions policies has put once-distressed neighborhoods on track to become as segregated as before, though the racial pendulum has swung in the opposite direction. I thus argue that programs advancing racial integration should trump income-mixing considerations when the compasses point in different directions. Reaffirming racial integration as a primary policy goal would ultimately remedy the related harms of racial isolation and displacement that have continued to mar HOPE VI projects. Just as importantly, adopting an integrative norm comports with both the express obligations and underlying spirit of the Fair Housing Act.


Abstract: The low-income housing tax credit (LIHTC) is the largest project-based housing subsidy in the United States. Within the program, private developers receive a subsidy in exchange for constructing apartment units that rent for a predetermined affordable rate. Because the subsidy requires apartment buildings to charge a lower rental rate, the opportunity cost of developing subsidized housing in a location is the market rent that a developer could have charged if he had not received the subsidy. This study characterizes how profit incentives motivate location decisions within the LIHTC program by showing that opportunity cost causes more LIHTC development in locations with low market rent. This result implies that additional financial incentives, like the qualified census tract, may not be necessary to promote construction of subsidized housing in low-rent areas.


Excerpt from Author’s Introduction: Part I of this Note will provide an explanation of how the LIHTC is administered and some of the potential problems that can result. Part II examines the fair housing literature and argues that class integration is one of the most important ways to create viable paths for intergenerational social mobility. Part III focuses on the LIHTC litigation that took place in New Jersey, then makes the case that Fair Share’s argument—that the state had failed to meet its duty to affirmatively further fair housing—should be looked upon more favorably given the court’s reliance on state policy that has since changed and a high-priced market that is now significantly weaker. Part IV offers suggestions for how the HMFA and other state agencies could overcome some of the current obstacles to fair housing in the LIHTC program.

Excerpt from Author’s Introduction: The new fair housing rule expands this race-conscious bar to any practice that creates, reinforces, perpetuates, or increases segregated housing patterns without exception. The rule is applicable to affordable housing programs not administered by HUD, including the Low-Income Housing Tax Credit program. What remains the same, however, is the focus on a single development’s neighborhood as a violation, potentially ignoring the full picture of segregation in all developments funded within a particular housing program in a city or state.

This article reviews these recent fair housing developments and proposes a desegregation safe harbor for federal, state, and local government housing programs. The safe harbor proposal tracks remedies in reported desegregation cases and assesses the racial and socioeconomic balance of all sites in a program rather than assessing a single isolated project. This safe harbor could replace the traditional neighborhood standards regulation and clarify that a segregated housing pattern applies to a program rather than to a single project’s neighborhood.


Abstract: Using tenant-level data from 18 states that represent almost 40% of all Low-Income Housing Tax Credit units, this article examines tenant incomes, rental assistance, and rent burdens to shed light on key questions about our largest federal supply-side affordable housing program. Specifically, what are the incomes of the tenants, and does this program reach those with extremely low incomes? What rent burdens are experienced, and is economic diversity within developments achieved? We find that approximately 45% of tenants have extremely low incomes, and the overwhelming majority of such tenants also receive some form of rental assistance. Rent burdens are lower than that for renters with similar incomes nationally but generally higher than that presumed for housing programs of the U.S. Department of Housing and Urban Development. Rent burdens vary greatly by income level and are lowered by the sizable share of owners who charge below federal maximum rents. Finally, we find evidence of both economically diverse developments and those with concentrations of households with extremely low incomes.


Abstract: Policies and research around affordable rental housing remain stuck between the “rock” of not-in-my-backyard (NIMBY) fears and the “hard place” of deconcentrating poverty goals, leading to fragmented outcome measurement in contemporary project-based affordable

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rental housing programs. This article compares the motivations and results of existing research focused on NIMBY concerns around place to that of programs that promote the deconcentration of poor people. We suggest reframing the argument for project-based affordable rental housing by bolstering outcome measurement on neighborhoods and developments and expanding it to include tenants. Building upon current evaluation practices of mobility studies and the Low Income Housing Tax Credit program, we present a comprehensive framework for evaluating outcomes of project-based rental housing developments within their local context at three relevant scales: project, household, and community. We present an array of indicators and examine data collection needs and limitations, acknowledging the political and financial obstacles to comprehensive evaluation but arguing for the need to justify expenditures and prove results to the public. We recommend that government agencies stretch beyond NIMBY arguments and deconcentration of poverty goals to be proactive in targeting, measuring, publicizing, and redressing an expanded set of outcomes through better comprehensive planning for affordable housing. Through more rigorous and comprehensive evaluation of outcomes at all scales, it may be shown that affordable housing development yields a broad range of benefits for the people housed, projects financed, and the communities where it is built.


Author’s Introduction: A key goal of the 1968 Fair Housing Act (“FHA”), which was passed as an immediate response to Dr. Martin Luther King, Jr.’s assassination, was to replace the ghettos with “truly integrated and balanced living patterns.” It hasn’t happened. Today, more than four decades after the FHA’s passage, “residential segregation remains a key feature of America’s urban landscape,” continuing to condemn new generations of minorities to a second-class set of opportunities and undercutting a variety of national goals for all citizens.

But recent developments dealing with an underutilized provision of the FHA – § 3608’s mandate that federal housing funds be used “affirmatively to further the [FHA’s] policies” — hold out new hope that this law may yet prove effective in dismantling segregated housing patterns. These patterns, however, are deeply entrenched, and their powerful defenders are already mounting a counter-attack. Thus, the ultimate fate of the new § 3608–based effort to advance residential integration remains to be determined—as does resolution of the larger question of whether Americans will ever truly embrace the FHA’s goal of an integrated society.

Part I of this Article provides some background, first on the FHA’s integration goal, then on the particular mandate of § 3608, and finally on the data showing that, despite the FHA, high levels of segregation continue to plague the Nation’s housing markets. Part II examines the forty–year history of § 3608 from the FHA’s inception through modern times. Part III describes a recent § 3608–based lawsuit involving Westchester County, New York, the resolution of which in 2009 may start a new era of more aggressive enforcement of § 3608. Finally, Part IV reviews post–Westchester developments, which have not only produced a number of specific ideas for pro–integration initiatives, but also raise the possibility that § 3608’s new promise might yet be undermined.

Excerpt from Author’s Introduction: This Article describes a perennial dynamic of two impulses pulling in opposite directions - the anywhere-ist and nowhere-ist impulses, which conspire to perpetuate segregation. The anywhere-ists are primarily focused on securing as much federally assisted housing as possible; the nowhere-ists are primarily focused on keeping it out of their communities. This dynamic has created a “path of least resistance,” whereby government-assisted housing continues to be provided in places where it already exists or in places that are already open and affordable.

Ultimately, federal intervention in the housing market must encompass more than providing a subsidy. It must open neighborhoods not already open, make affordable what is not already affordable, enable housing subsidies to act as gateways to educational and employment opportunity, and inform families historically excluded from housing markets about their choices. Any federal housing interventions that are not so designed will almost certainly exacerbate existing racial segregation and poverty concentration, as they have done for decades, and - as post-Katrina New Orleans illustrates - as they will continue to do, again and again and again.


Abstract: Poverty deconcentration has gained prominence as a federal housing policy goal during the past decade. The authors address the issue of whether the interaction between the two dominant programs aimed at housing for low-income persons in the United States—the Housing Choice Voucher and the Low-Income Housing Tax Credit (LIHTC)—tends to support this goal by examining three questions: How extensively are vouchers used in LIHTC developments? Does the pattern of usage vary across counties and metropolitan areas? Does the use of vouchers in LIHTC units result in concentrations of voucher holders in poverty areas, contrary to poverty deconcentration goals? The authors find that LIHTC units are important sources of housing opportunity for voucher holders in some areas. However, they also find evidence that LIHTC location patterns in economically distressed areas known as Qualified Census Tracts may reinforce existing poverty concentrations.

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6 Abstract available at http://uar.sagepub.com/content/45/1/119.abstract.
Reports


Abstract: This report offers a framework for the strengthening of community capital through geographic dispersion of affordable housing. Particular attention is devoted to operationally defining apportionment, the participatory process, funding resources, and the social and economic benefits of promoting strong communities.


Author’s Introduction: The Low Income Housing Tax Credit (LIHTC) is a federal program administered by the Treasury Department that subsidizes the development of rental housing projects for low-income households. LIHTC is the predominant “supply-side” or “project-based” component of U.S. rental housing policy, while the “demand-side” or “tenant-based” component is the Housing Choice Voucher program, providing subsidies that households can use to rent housing units they find in the private market. Since its creation by the Tax Reform Act of 1986, LIHTC has developed about 2.4 million units; since the early 1990s, LIHTC has been the only program that has added substantial numbers of subsidized projects to the U.S. rental housing stock. The housing voucher program currently assists about 2.5 million households—with some overlap, since vouchers frequently are used to rent units in LIHTC projects [Furman Center for Real Estate and Urban Policy 2012].

This paper is based on the premise that an effort is needed to create a better balance between locating LIHTC projects in “high-opportunity” communities and locating them in neighborhoods where substantial numbers of poor people and minorities currently live. After examining the basis of that premise, the paper then focuses on the way in which the administrators of LIHTC—agencies of state governments—can use the systems through which they allocate tax credit authority to change the balance of LIHTC locations so that the program does a better job of helping low-income families and racial minorities live in areas with good schools, superior public services and health care, and access to jobs.


Summary:7 The Massachusetts 2014 Analysis of Impediments presents a well-developed inquiry into the progress that a state, Massachusetts, has made in its pursuit of fair housing as well as the difficulties it has yet to overcome. DHCD examines the current situation of each of the state’s seven regions, including race and ethnicity, income levels, and accessibility to jobs and

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7 Prepared by PRRAC staff.
transportation. The report then broadens the scope to review housing at the state level; it particularly hones in on zoning and development, segregation and immigration, and obstacles to resources and accessibility. The DCHD sets forth steps to be taken to more effectively attain fair housing in the state.


Excerpt from Author’s Executive Summary: Four changes to LIHTC law are needed to enable the social mobility of children served. First, the IRS should affirmatively further racial integration in LIHTC siting policy or transfer its management to HUD, which operates under this mandate. Second, federal LIHTC law should give a tax credit boost to developers who site family units in high cost (rather than high poverty) neighborhoods. Third, state allocation committees should consider the quality of public schools assigned to proposed LIHTC family projects in awarding tax credits. Finally, the IRS and state allocation committees should enforce H.R. 3211, which requires reporting of tenants’ race and ethnicity in LIHTC buildings (National Commission on Fair Housing and Equal Opportunity 2008). This would enable monitoring by local fair housing organizations and ensure equal access to buildings located in the highest quality communities.


Abstract: In July 2013 the U.S. Department of Housing and Urban Development (HUD) issued a draft rule in order to improve implementation of the 1968 Fair Housing Act’s mandate to address segregated housing patterns. HUD’s 2013 proposed rule replaces its 1995 regulation under Section 3608(e) of the Fair Housing Act, which requires HUD and its grantees to act "affirmatively to further fair housing" (AFFH). This obligation has been in place for over forty-five years and it extends to other federal agencies that administer housing programs. Yet segregated communities persist in cities all across America, leaving large segments of FHA protected classes in high-poverty, low-opportunity neighborhoods.

Under HUD’s 2013 AFFH rule, HUD will provide each jurisdiction with national data on racial segregation, poverty concentration, and access to community assets such as education, transportation, and jobs. The expectation is that HUD grantees (states, local governments and public housing agencies) will use this data in their assessment of fair housing—a new planning process also required under the 2013 rule. Depending on how it is implemented, the 2013 rule stands to improve regional fair housing planning, clarify state and local AFFH obligations and provide for closer HUD oversight of fair housing planning.

However, HUD’s 2013 proposed AFFH rule, as initially written, may not be able to integrate America’s cities on its own. The 2013 rule fails to require segregated jurisdictions to set integration benchmarks that are necessary to hold jurisdictions accountable. Additionally, the
2013 rule may not influence planning under the Low-Income Housing Tax Credit program, which is responsible for developing more affordable housing than all of HUD’s programs combined. The Treasury Department administers the Low-Income Housing Tax Credit program yet it has neglected to promulgate rules to meet its own AFFH obligation. This stands to prevent HUD’s 2013 rule from creating diverse, inclusive communities of opportunity. This article begins by explaining the history of the AFFH mandate, including its adoption as part of the Fair Housing Act of 1968 and cases interpreting the mandate. Next, this article discusses HUD’s 1995 AFFH rule, compliance reviews and actions brought pursuant to the 1995 rule, and HUD’s 2013 rule that alters how HUD program participants carryout their AFFH obligation. Next, this article analyzes and critiques HUD’s 2013 rule, focusing on how it fails to hold cities accountable for ineffective integration efforts and how it may not prevent new residential racial segregation created by the Low-Income Housing Tax Credit program. This article concludes with suggestions, for HUD’s 2013 proposed rule and other federal actors, which would improve efforts to integrate America’s segregated cities and provide opportunities for marginalized members of FHA protected classes. To this end, the Treasury Department should use the framework set out in HUD’s 2013 AFFH rule in the Treasury’s administration of the Low-Income Housing Tax Credit program.


Abstract: The Qualified Census Tract (QCT) provision of the federal Low-Income Housing Tax Credit (LIHTC) program awards developers for projects built in high poverty neighborhoods. Researchers and advocates believe this provision may contribute to the concentration of poverty and socioeconomic disadvantages. Much of the existing research yielded mixed results and did not separate composite indices and individual variables in socioeconomic characteristics and change in urbanized areas across the U.S. To fill the research gap, this study examines the relationship between the concentration of LIHTC projects, particularly LIHTC low-income units, and socioeconomic variables (poverty, income, unemployment, and education) in QCTs, controlling for housing and population density. A socioeconomic index was developed by comparing the changes in socioeconomic variables using U.S. Census (1990) and American Community Survey (2005-2009) data for the twenty most populated MSAs (Metropolitan Statistical Areas). Bivariate correlation and regression models were used to measure the relationships. Results indicate disparities of the relationship across the twenty MSAs. In some MSAs, the relationship between the concentration of LIHTC projects, density, and socioeconomic index/variables is not significant. In other MSAs, the results are mixed. Therefore, the association between LIHTC and concentrated socioeconomic disadvantages differs spatially. Thus, policy responses should be tailored to each place.