LIHTC Properties In Atlanta

Daniel Krasner | URB 8097

Background

What is LIHTC?

A tax incentive program that subsidizes affordable rental housing. Developers usually sell the tax credits to investors and the investors contribute equity to the project. Historically, they are largely financial institutions. Since affordability is based on AMI, some units may save tenants more money in certain localities than others.

What is the discourse around affordable housing?

LIHTC in particular involves localized scoring processes called Qualified Allocation Plans (QAP) that essentially reward more points to programs that are better quality. The process is highly competitive, and part of the QAP is meant to incentivize building affordable housing in amenity-rich areas. However, this can be more expensive.

How long does LIHTC last?

As of 1990, LIHTC properties are intended to preserve affordability for at least 30 years. The first 15 years are fully required, while the second are technically referred to as the extended use period, where owners can leave the LIHTC program. There are some gaps in holistic quantitative scholarship in terms of what happens to LIHTC after this period is over, but apartments are commonly converted to market rate units.

What we know about LIHTC and Affordable Housing Writ-Large

Location Issues

Affordable housing pushed away from transit-served or dense, walkable areas lead tenants to waste extra income on transportation costs.[7]

QAP Process

Has regional ways to incentivize development in more walkable areas (sometimes), costs can still change maximization potential of housing.

Concentrated Poverty

Arguments over whether LIHTC concentrates poverty miss have varying results and assume U.S. housing policy has more teeth than it does.[6]

Mixed Income + Race

Income-mixing assumes affordable housing tenants won't face resistance from neighbors, MTO also shows that race is a greater determinant than space.[11]

What happens to LIHTC?

After 15 years, the tax credits are fully received and it becomes harder to enforce the program. Investors can sell the property to new owners or exit the deal.[9]

What we know about Gentrification

Rent Gap

Most individuals and investors in search of the rent gap which could lead to more distant LIHTC locations.

Central Business Districts

Disinvestment from CBD and suburbanization left downtowns and areas around them susceptible, areas nearby but not directly in are rent gap targets.[10]

Rail vs. BRT

Gentrification occurs near Rail more so than BRT[2], LIHTC can be used to secure otherwise competitive TOD housing.[4]

Construction and Transportation Costs

Strongly associated with race, can steer units into "distressed" areas.[8]

Problem Statement

LIHTC developments are sometimes criticized for lowering property values (though studies have varying results)[1], concentrating poverty, being isolated from job opportunities, or away from amenities such as transit.[5]

In recent years especially, LIHTC development has become more expensive to build in higher-demand areas, leading to higher building costs and higher rents.

Research Questions

State of Play	Intended Impact

What is the spatial distribution of LIHTC units?

What are the tenant demographics of the LIHTC units?

What is the demographic makeup of the census tracts in which LIHTC neighborhoods are located?

How far below market rents are LIHTC properties?

What are the amenities – or lack thereof – of LIHTC neighborhoods?

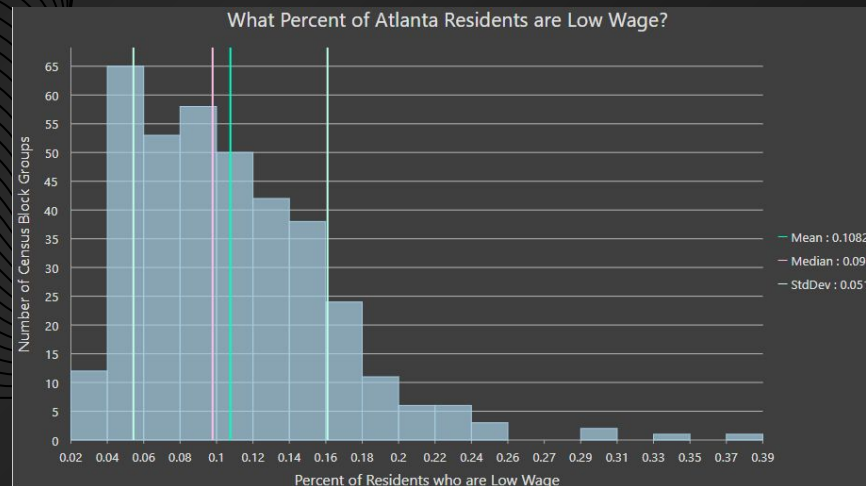When do LIHTC properties expire? How do the properties and/or surrounding neighborhoods change upon expiration?

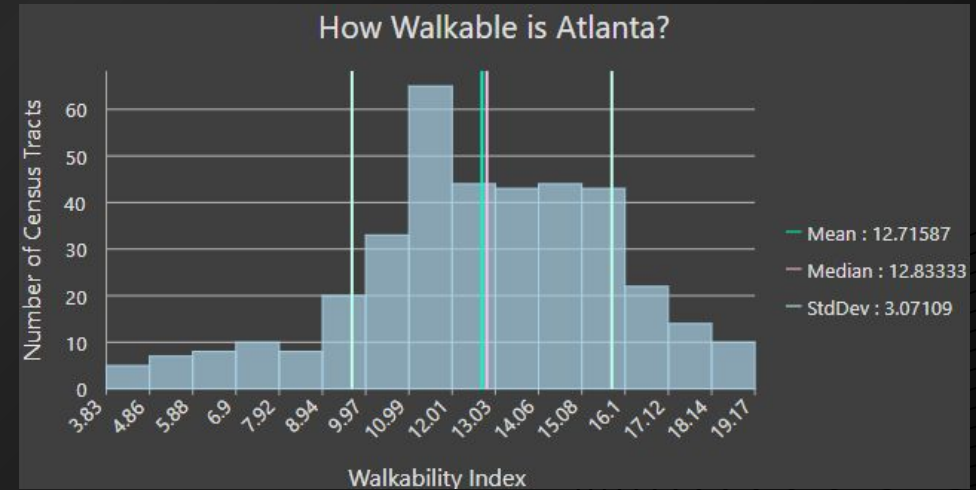# Variables of Interest Across Atlanta

How White is Atlanta?

Mean : 0.38253
Median : 0.32235
StdDev : 0.33679
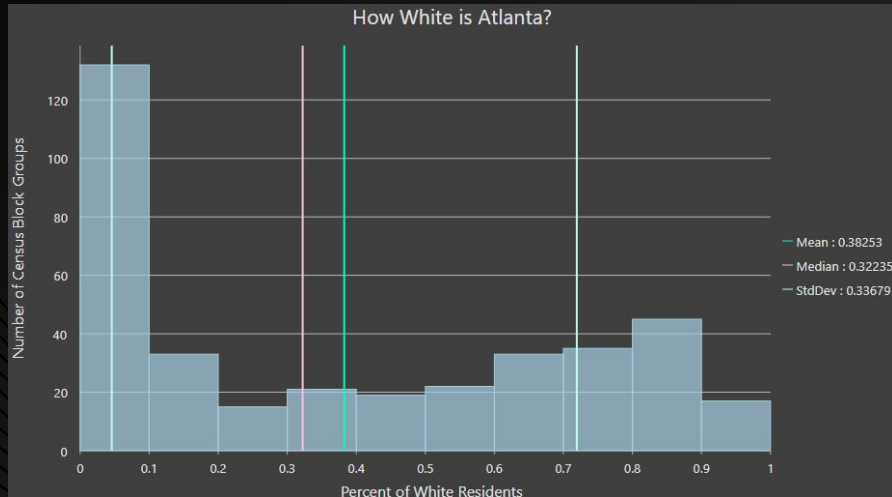
Census Block Group as Unit of Measurement

Right–Skewed
Mean of 11%

How Walkable is Atlanta?

Mean : 12.71587
Median : 12.83333
StdDev : 3.07109

High Variance
Mean of 38%

What Percent of Atlanta Residents are Low Wage?

Mean : 0.10825
Median : 0.0988
StdDev : 0.0514
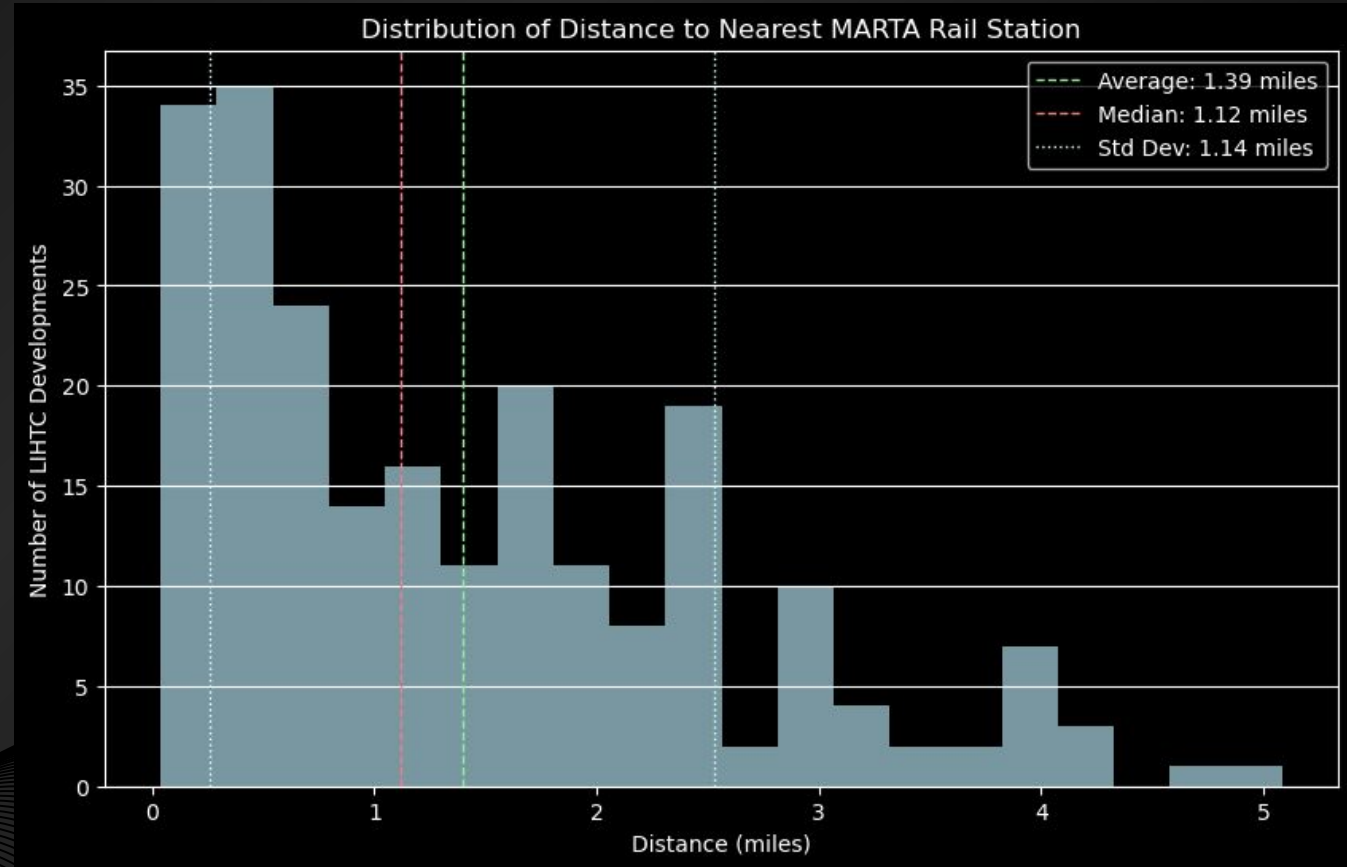
High Variance
Mean of 13%

Proximity to Transit

While it may seem like most properties are close to rail stations, nearly 1.5–2.5 miles in the heat and hills of Atlanta can be challenging. Is the path to the station safe and accessible?

Distribution of Distance to Nearest MARTA Rail Station

Legend:
- Average: 1.39 miles
- Median: 1.12 miles
- Std Dev: 1.14 miles

Y-axis: Number of LIHTC Developments
X-axis: Distance (miles)

When will LIHTC Expire?

Most LIHTC units have either already expired or are slated to expire soon. We haven't built many since the 90s and early 2000s.

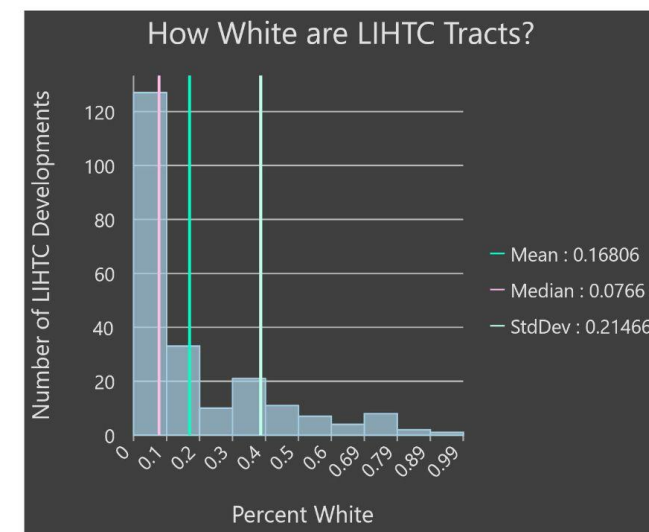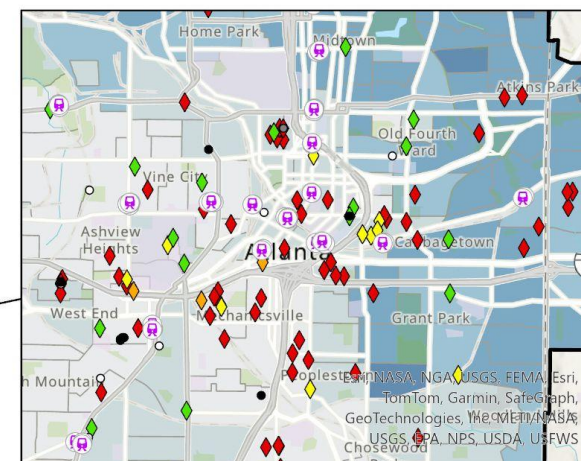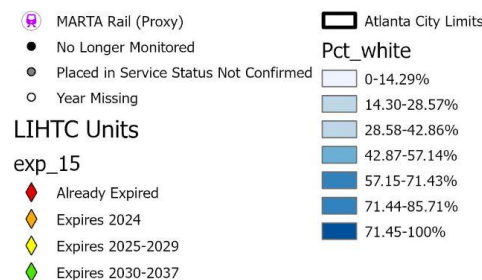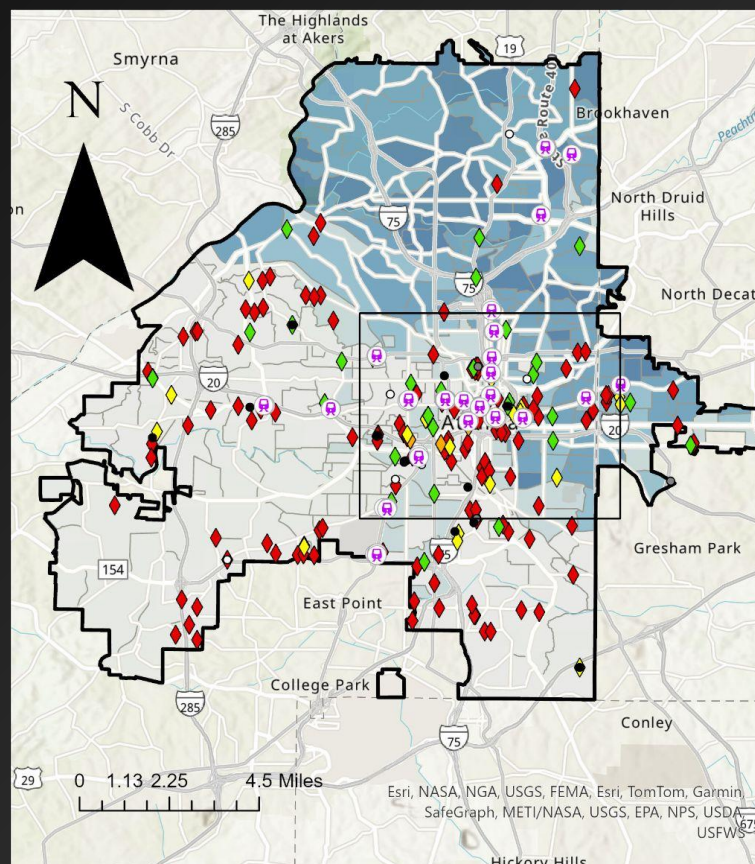LIHTC Units Placed in Service and Expected to Expire
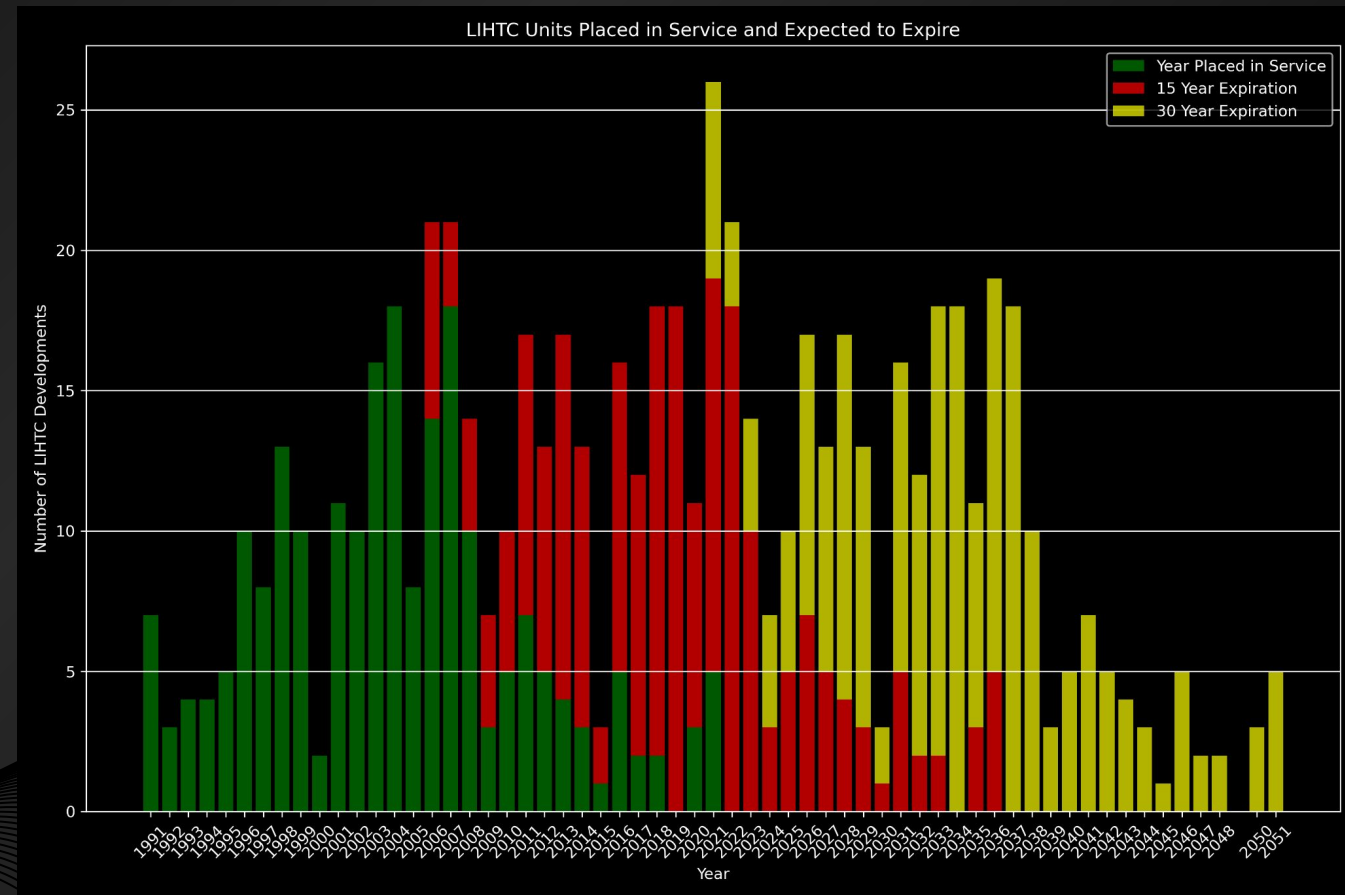
LIHTC and Whiteness

What do we see?

- Expected racial line, clearly little development in whitest areas.
- Skewed average of 16.8% white.
- High standard deviation and lower-than-average median indicate most LIHTC tracts have low white populations.

Compared to ATL at large?

- 2.3x lower mean
- 4.2x lower median
- 1.6x lower standard deviation

Legend

🚇 MARTA Rail (Proxy)
● No Longer Monitored
● Placed in Service Status Not Confirmed
○ Year Missing

LIHTC Units

exp_15
◆ Already Expired
◆ Expires 2024
◆ Expires 2025-2029
◆ Expires 2030-2037

▢ Atlanta City Limits

Pct_white
0-14.29%
14.30-28.57%
28.58-42.86%
42.87-57.14%
57.15-71.43%
71.44-85.71%
71.45-100%

0   1.13 2.25   4.5 Miles

How White are LIHTC Tracts?

— Mean : 0.16806
— Median : 0.0766
— StdDev : 0.21466

LIHTC and Income

What do we see?

- Nearly inverse of % white.
- Highest concentration of low wage per CBG sits at 12–13%.
- 68% of Atlantans are between 7.8–16.9% low wage.

Compared to ATL at large?

- 1.9x higher mean
- 1.2x higher median
- 1.1x lower standard deviation
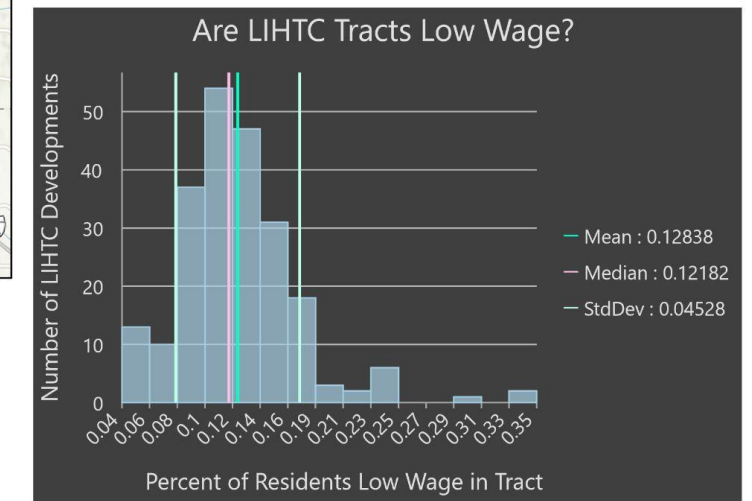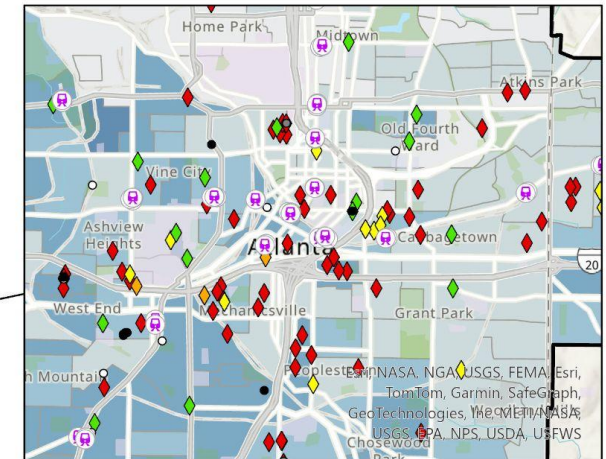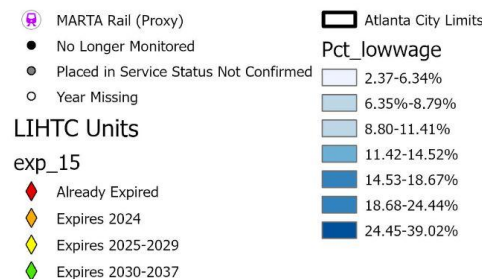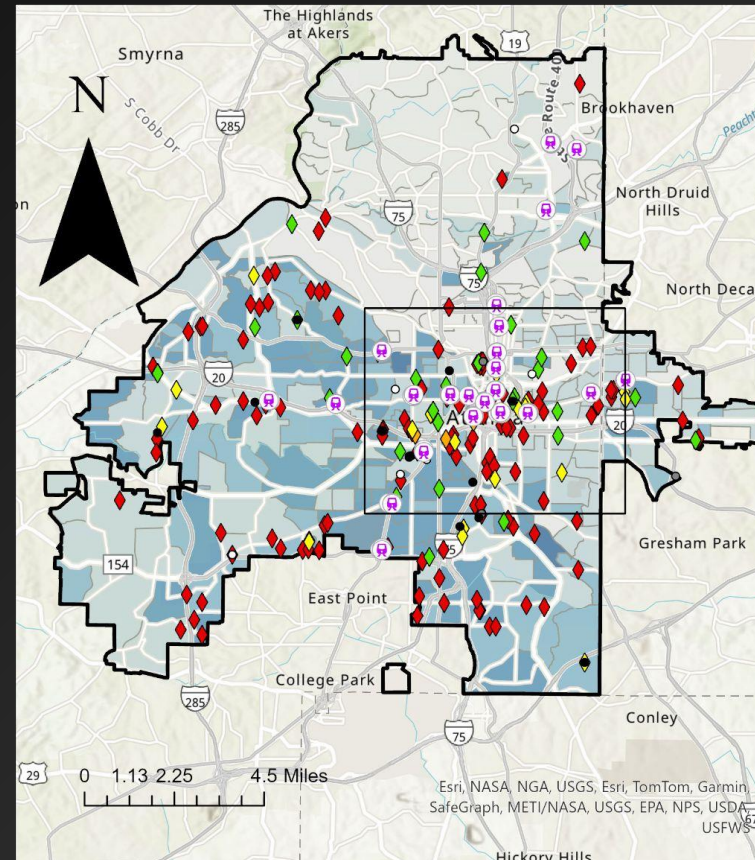
MARTA Rail (Proxy)
No Longer Monitored
Placed in Service Status Not Confirmed
Year Missing

Atlanta City Limits

Pct_lowwage
- 2.37–6.34%
- 6.35%–8.79%
- 8.80–11.41%
- 11.42–14.52%
- 14.53–18.67%
- 18.68–24.44%
- 24.45–39.02%

LIHTC Units

exp_15
- Already Expired
- Expires 2024
- Expires 2025-2029
- Expires 2030-2037

Esri, NASA, NGA, USGS, Esri, TomTom, Garmin, SafeGraph, METI/NASA, USGS, EPA, NPS, USDA, USFWS

Are LIHTC Tracts Low Wage?

Number of LIHTC Developments

Percent of Residents Low Wage in Tract

— Mean : 0.12838
— Median : 0.12182
— StdDev : 0.04528

LIHTC and Walkability

What do we see?

- Mixed results map.
- Average and median fall into "above average walkable".
- 68% of LIHTC developments fall between 11.2–16.8, which is above average to most walkable.

Compared to ATL at large?

- 1.1x higher mean
- 1.1x higher median
- 0.9x lower standard deviation

LIHTC Units

exp_15

- ◆ Already Expired (red)
- ◆ Expires 2024 (orange)
- ◆ Expires 2025-2029 (yellow)
- ◆ Expires 2030-2037 (green)

- Ⓜ MARTA Rail (Proxy)
- ● No Longer Monitored
- ● Placed in Service Status Not Confirmed
- ○ Year Missing

National Walkability Index

Walkability Index

- 3.833333 - 8.000000
- 8.000001 - 10.833333
- 10.833334 - 13.333333
- 13.333334 - 15.833333
- 15.833334 - 19.166667
- Atlanta City Limits
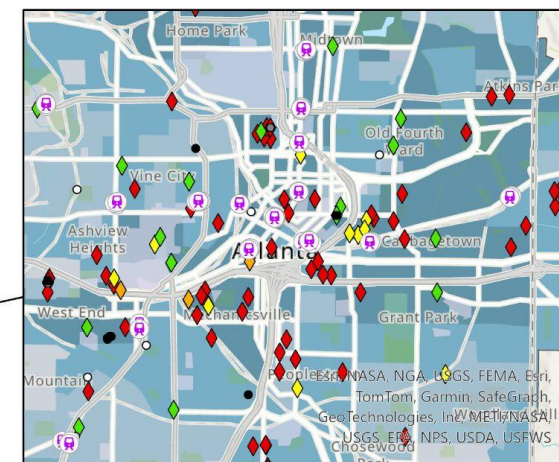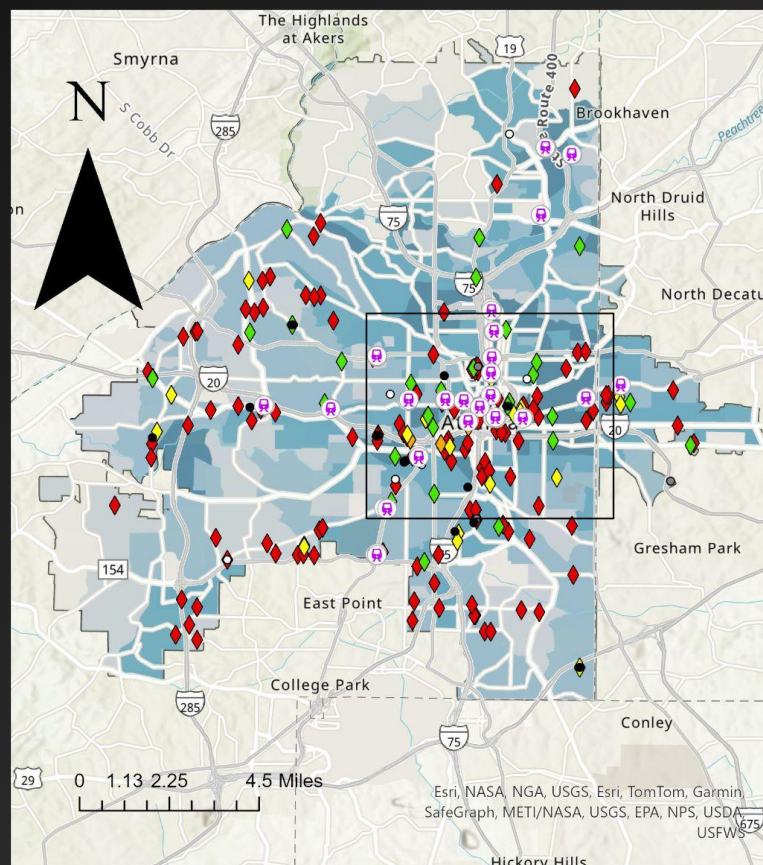
Are LIHTC Units Built in Walkable Areas?

Mean : 13.97991
Median : 13.83333
StdDev : 2.77386

Limitations

1 – Expiration

We don't know when these properties truly expire.

2 – Walkability

Does the methodology create a bias or a rosier picture of certain areas?

3 – QAP

What do our local QAP metrics privilege?

4 – Wages

Low wage workers defined as $1250 or less per month as of 2017.

5 – Monitoring

Did not begin collecting data on when LIHTC compliance wasn't monitored until 2012.

6 – Other

Baseline data is not well-explained, sometimes mix of years, etc.

Further Exploration and Conclusion

What's pushing the Walkability Index?

Denominator for Urban Design is land area, methodology weights pedestrian and bike travel connectivity over other types of street density, multi-modal category includes speed from 21–54 and where pedestrians are "permitted" to be alongside autos, does not include presence or quality of sidewalks.

What's the influence of our QAP?

Since qualified allocation plans to determine are designed to better reward certain things in each city/state, this may be a reflection of where Georgia gives preference and the looseness of their thresholds.

Spatial Regression, More Variables

This map format could be done with a variety of other demographic variables, such as specific racial groups, gender, less broad economic measures, and non demographic data. Assume spatial regression can be done after a spatial join to determine significance or association. Focus on multi-family with their increased demolition in cities like Chicago + wealth-building potential.[3]

Methodologies Used:

X & Y Mapping

Mapping the LIHTC addresses proved easy, as it was already geocoded and included lon/lat.

Select by Location

Creating different selections based on conditions allowed me to create map layers.

Near Table

Near analysis allowed to obtain and analyze LIHTC distance from transit locations.

Calculate Field

Creating new fields and variables such as expiration dates, percentage of population low-wage and white.

Spatial Joins for Stats

Combined LIHTC and census block group data for analysis, clipped to city limits.

Symbology

Tried to keep color scheme consistent, but varied scaling and legend throughout.

Data Sources

1. Atlanta Regional Commission
   a. Shapefile: City Limits and MARTA Stops (https://opendata.atlantaregional.com/)
2. Department of Housing and Urban Development
   a. Table: Low-Income Housing Tax Credit (LIHTC): Property Level Data (https://www.huduser.gov/portal/datasets/lihtc/property.html)
3. Environmental Protection Agency
   a. Shapefile: Smart Location Database (https://www.epa.gov/smartgrowth/smart-location-mapping#SLD)

References

1. An, Brian et. al. 2023. Factors Affecting Spillover Impacts of Low-Income Housing Tax Credit Developments: An Analysis of Los Angeles. Cityscape: A Journal of Policy Development and Research • Volume 25, Number 2. U.S. Department of Housing and Urban Development • Office of Policy Development and Research
2. Baker, D. M., Lee B. (2019) How does light rail transit (LRT) impact gentrification? Evidence from fourteen US urbanized areas. Journal of Planning Education and Research, 39(1), 35-49.
3. Curran, W. (2022). Saying 'yes' to what?: YIMBYism and urban redevelopment in Chicago. International Journal of Urban and Regional Research, 46(2), 296-300.
4. Dawkins, C., & Moeckel, R. (2016). Transit-Induced Gentrification: Who Will Stay, and Who Will Go? Housing Policy Debate, 26(4–5), 801–818. https://doi.org/10.1080/10511482.2016.1138986
5. Edsall, T. 2015. Where Should a Poor Family Live? The New York Times. August 5.
6. Greene, S. and Turner, M. 2015. Disarming the Great Affordable Housing Debate. Urban Institute. August 7.
7. Hamidi, S., Ewing, R., & Renne, J. (2016). How Affordable Is HUD Affordable Housing? Housing Policy Debate, 26(3), 437–455. https://doi.org/10.1080/10511482.2015.1123753
8. Reina, V. J., Wegmann, J., & Guerra, E. (2019). Are Location Affordability and Fair Housing on a Collision Course? Race, Transportation Costs, and the Siting of Subsidized Housing. Cityscape, 21(1), 125–142. https://www.jstor.org/stable/26608014
9. Shelterforce Staff. 2023. LIHTC for Regular People. Shelterforce. November 30. https://shelterforce.org/2023/11/30/lihtc-for-regular-people/
10. Slater, T. (2021). 'Gentrification beyond false choice urbanism' in Shaking Up the City: Ignorance, Inequality, and the Urban Question (pp. 52-83) Berkeley: University of California Press.
11. Tach, L., Pendall, R., and Derian, A. 2014. Income Mixing Across Scales: Rationale, Trends, Policies, Practice, and Research for More Inclusive Neighborhoods and Metropolitan Areas. Washington, DC: The Urban Institute. January.

Thank you!

Do you have any questions?