Urban Affairs Review
2017, Vol. 53(1) 40–70

DOI: 10.1177/1078087415620053
uar.sagepub.com
SAGE

A Room for One's Own? The Partisan Allocation of Affordable Housing

Claudine Gay[1]

Abstract

Millions of Americans live in communities without an adequate supply of affordable housing. The governmental response to the crisis has focused on subsidies to private developers who build below-market housing, with the Low-Income Housing Tax Credit (LIHTC) at the center of this effort. Although federally funded, the LIHTC program grants states wide latitude in distributing billions of dollars of tax credits annually. Do state officials exploit this discretion to channel housing subsidies to geographic constituencies for political ends? Drawing on 20 years of LIHTC administrative data, I test whether electoral support for the state's governing party predicts the level of tax credit investment directed to an area. The analysis reveals a modest relationship between partisan loyalty and housing investment, conditional on the partisan and institutional contexts. Democratic governors steer tax credits to areas of core support, but only where the governor exercises a high level of control over the state's LIHTC-allocating agency.

Keywords

low-income housing, distributive politics, partisanship, state politics, voting

The United States faces a critical shortage of affordable housing. In 73 of the 100 largest metro areas, more than a quarter of renters are severely cost burdened, spending more than half their incomes on rent and utilities (Joint

[1]Harvard University, Cambridge, MA, USA

Corresponding Author:
Claudine Gay, Harvard University, 1737 Cambridge St., Cambridge, MA 02138, USA.
Email: cgay@gov.harvard.edu

Center for Housing Studies of Harvard University 2011). Although the crisis poses an acute challenge for low-income and urban households, affordability problems increasingly extend up the income scale, and to metro and non-metro areas alike. In addition to the burden on individual households (Heintze et al. 2006; Mueller and Tighe 2007), the lack of affordable housing also impedes state and local efforts to stabilize neighborhoods and maintain a flexible labor force (Dreier, Mollenkopf, and Swanstrom 2004; Lipman 2006). A key component of the governmental response to the affordability crisis has been subsidies for the production of new affordable housing, with the federal Low-Income Housing Tax Credit (LIHTC) program at the center of this effort. The program, which provides tax credits to private developers who build or substantially rehabilitate affordable housing, now accounts for most of the subsidized housing development in the country.

The LIHTC program, while funded through the income tax system, is notable for the limited federal role in its administration. Responsibility for the distribution and monitoring of the tax credits falls entirely to the states, with each state allotted tax credit authority based on population size. State officials, operating through the state's housing finance agency and guided by local housing priorities, enjoy wide latitude in deciding where to invest LIHTC subsidies, and typically receive more requests for subsidies than they have federal allotments (National Council of State Housing Agencies 2010). These conditions enable variation across states in the administration of the LIHTC program, and raise the prospect that LIHTC allocations, an ostensibly nonpolitical instrument of federal housing policy, nonetheless may be shaped by the local political process.

State control over the distribution of tax credits presents an opportunity for the state's governing political party, whose appointees oversee the housing finance agency, to channel affordable housing development to geographic constituencies for political ends. A large literature on distributive politics has repeatedly affirmed the basic truth in the adage "to the victor belong the spoils," documenting the general tendency of the majority party to skew public funds toward areas of core electoral support (Cox 2009). The partisan allocation of resources can be a mechanism for rewarding loyal voters, mobilizing them for future elections, and maximizing opportunities for credit claiming. Although empirical research on the LIHTC program has highlighted the socioeconomic determinants of allocation decisions (Buron et al. 2000; Dawkins 2011; Freeman 2004; Lang 2012), the tax credits, like other forms of discretionary public spending, also may be distributed with partisan politics in mind.

This article examines the relationship between party control of the governor's office, voter preferences, and the distribution of tax credits for

affordable housing development in counties from 1990 to 2010. I test whether electoral support for the governing party predicts the level of tax credit investment directed to an area: Does partisan loyalty beget more investment? Understanding the role of politics in the administration of the LIHTC program is important as it is one way of assessing the efficacy of what has become the primary mechanism for expanding the supply of affordable housing. This study offers the first in-depth examination of the partisan influences on states' administration of the LIHTC program.[1]

The analysis draws on 20 years of administrative data from the LIHTC program, documenting the geographic distribution of tax credits issued since 1990, together with gubernatorial election returns over the same period. The results uncover a relationship between partisan loyalty and the level of LIHTC investment in an area, conditional on which party holds the governor's office. Under Democratic governors, greater electoral support in an area leads to more tax credit allocations during the governor's term, but the effect is modest in size and dependent on a high level of gubernatorial control over the state's LIHTC-allocating agency. Under Republican governors, there is no evidence that voter preferences affect allocation decisions at all; Republicans do not direct more housing subsidies to areas of core electoral support, regardless of how much control the governor exerts over the housing finance agency. The mixed results may speak to differences in the incentives faced by Republican and Democratic governors to engage in distributive politics around the LIHTC program, in part due to differences in how program benefits accrue to their parties' primary supporters. If Republican voters are less likely to benefit from (or support) the construction of affordable housing, then Republican governors may be less willing to use their political influence to steer spending to Republican areas. They instead may steer credits to favored developers, a strategy whose geographic implications are more difficult to trace. In contrast, Democratic governors, because their constituents are more supportive of spending on affordable housing, may perceive greater benefit from directing LIHTC subsidies to localities with large numbers of Democratic voters. Nonetheless, even Democratic governors tinker only at the margins.

This result contributes to our understanding of the governmental response to the nation's affordability crisis, and encourages a sanguine view of the trade-offs involved in a program that devolves power to the states. On one hand, the minimal federal role in the LIHTC program enables state governments to develop housing strategies responsive to local needs. On the other hand, the program's structure is arguably conducive to political manipulation. In reality, strategic targeting is limited. Governors do not use their influence over the state allocation process to dramatically alter the flow of tax

credits to counties based on voter characteristics. A variety of institutional and market constraints, from the diverse membership of states' LIHTC-allocating agencies to the ebb and flow of developer interest in particular areas, limit the exercise of partisan bias. While counties can steer a few more tax credits their way by helping to elect Democratic governors, the main drivers of affordable housing investment remain universalistic criteria such as poverty rates.

Tax Credits and the Devolution of Housing Policy

The struggle to provide affordable housing is decades old and has spawned a range of programs offering subsidies to close the gap between what it costs to supply housing and what individuals can afford to pay (Schwartz 2010). The LIHTC program is an important element in that policy portfolio. Congress established the LIHTC as part of the 1986 Tax Reform Act and, buoyed by its early success and eager to lift uncertainty that depressed investor interest, made the program permanent in 1993. The LIHTC incentivizes private development of affordable housing by allowing investors to reduce their federal income taxes by US$1 for every dollar of tax credit received, with the amount of the tax credit dependent on the cost, location, and projected occupancy (by low-income households) of the housing development. When the program was introduced, it represented a departure from an historical approach that had relied heavily on direct public funding and management of affordable housing inventory. What began as a modest item in the Internal Revenue Code has evolved over time into the nation's single largest subsidy for affordable housing, replacing nearly all previous tax incentives for investing in rental housing of any kind. The LIHTC is widely considered one of the nation's most successful housing programs, and accounts for an estimated one-sixth of all multifamily housing—subsidized or unsubsidized—built in the United States since program inception (Schwartz 2010).

Unlike other tax breaks associated with real estate, the housing tax credits are not awarded automatically. Rather, authority to issue tax credits is allotted to states on an annual basis; the total dollar amount of credits available is determined by state population. Developers must apply to designated state agencies (ordinarily, the state's housing finance agency) for credits, which are then awarded on a competitive basis. Demand for housing tax credits has been strong, with requests typically outnumbering available credits—at times, by as much as four-to-one (National Council of State Housing Agencies 2010; Shelburne 2008).[2] The housing finance agencies who oversee the allocation process evaluate proposed developments on the basis of each state's Qualified Allocation Plan (QAP), an annual policy document setting out the

state's housing priorities and selection criteria. Successful applicants to the LIHTC program receive a 10-year stream of tax credits, which then can be sold to investors (typically, large financial institutions) to raise equity for the approved construction or rehabilitation projects. By using the awarded credits to leverage private capital, developers are able to borrow less than they would have otherwise and to charge lower rents as a result. As of 2011, the LIHTC program had funded the development of over 2.3 million units of affordable housing, contributing significantly to governmental efforts to address the affordability crisis.

The devolution of administrative authority for the LIHTC to the states is not unusual for a program with roots in the Reagan era. In fact, the flexibility afforded to states to tailor the tax credit program to meet evolving local needs contributes to its bipartisan appeal. Yet it is also state authority over LIHTC that provides the potential for political manipulation. In a review of the governance structure of the LIHTC-allocating agency in each state, I find that the agencies are governed by boards of directors composed largely of members appointed by the governor.[3] As documented in Figure 1, in one-third of the states, the governor appoints every member of the board; in all but six states, more than half the members are gubernatorial appointees.[4]

Moreover, Gustafson and Walker (2002, p. 22), in a multiyear study of state QAPs, found that there are "no statistically significant relationships" between a state's actual housing needs, as measured by a variety of census indicators, and the annual QAP preferences and set-asides that guide the state's LIHTC allocation decisions.[5] The implication is that considerations other than statewide housing conditions shape state policy. These considerations include federal program guidelines and incentives such as bonuses directed at investments in areas with very low incomes or very high construction and land costs. But net of these exogenous pressures, Gustafson and Walker also found a general bias for QAPs to incorporate "place-based" preferences, as opposed to "people-based" preferences. They attributeed this bias to politics. As they explained,

> A political system that is based on geographic representation naturally tends to favor distributions of resources on geographic bases. . . . [P]lace-based preferences are more easily designed because local stakeholders can readily determine where tax credit resources are distributed. (Gustafson and Walker 2002, p. 44)[6]

This bias is exacerbated further by the fact that the people with the greatest need for LIHTC projects, namely, low-income adults, often have the weakest political voices (Gilens 2012).[7] In a political system that does not naturally

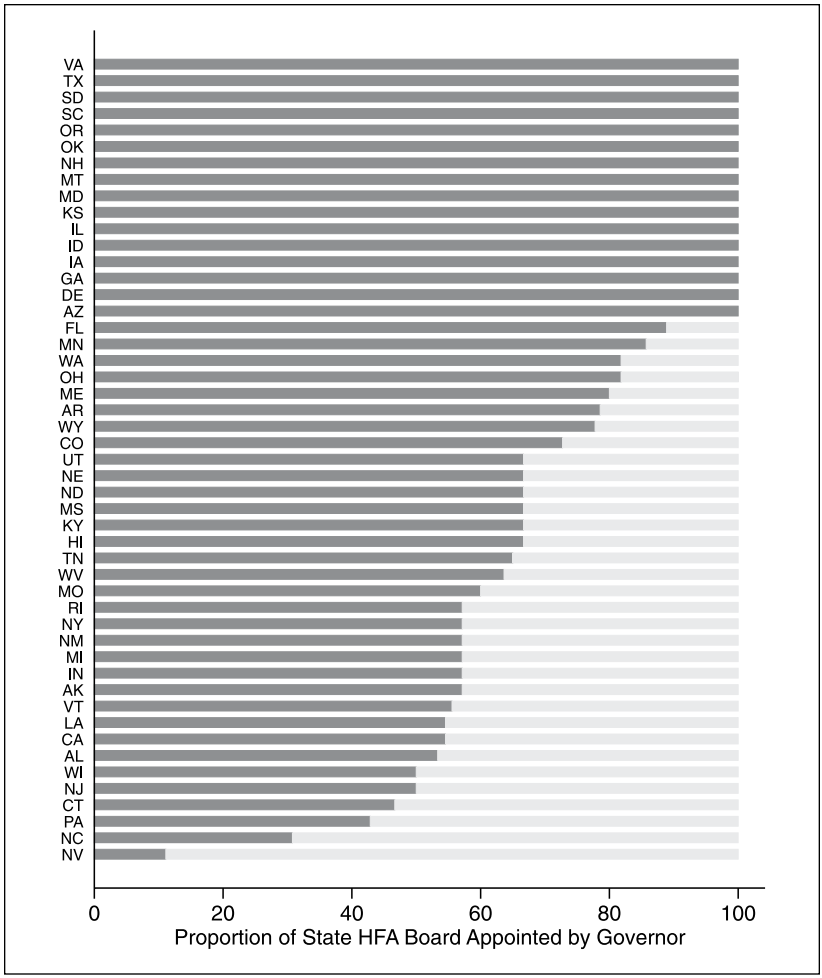

Figure 1. Gubernatorial appointments to state housing finance agency (HFA) boards.

Note. Graph reports the proportion of board seats filled by gubernatorial appointees. Data are assembled from a review of governance structure of the LIHTC-allocating agency in each state, as listed here: http://lihtc.huduser.org/agency_list.htm. Massachusetts is not included due to missing data. LIHTC = Low-Income Housing Tax Credit.

favor the distribution of state resources based on needs assessments targeted at particular population groups, the question arises of how much these distributions instead reflect the political needs of incumbent governors. Given

LIHTC's administrative structure, and the broader political context, both opportunity and motive exist to treat voter characteristics in the receiving area as a factor in the allocation of housing subsidies.

The Political Allocation of Housing Tax Credits

The notion that housing tax credits may be allocated in a manner that serves a governor's political goals finds precedent in the literature on distributive politics. There is substantial, cross-national evidence that policy making within the realm of distributive policy—where political decisions concentrate benefits in specific geographic areas, while spreading costs through generalized taxation (Weingast, Shepsle, and Johnsen 1981)—is often shaped by partisan considerations (Ansolabehere and Snyder 2006; Arulampalam et al. 2009; Berry, Burden, and Howell 2010; Calvo and Murillo 2004; Cox 2009; Dahlberg and Johansson 2002; Golden and Picci 2008; Kramon and Posner 2013; Levitt and Snyder 1995; Owens and Yuen 2012).[8] This pattern may be motivated as much by electoral incentives as it is by policy preferences.

For politicians mainly interested in winning elections, allocating larger shares of distributive goods to geographic areas dominated by copartisans can be rational as a strategy for mobilizing voters and maximizing opportunities for credit claiming. As Larcinese, Snyder, and Testa (2013, p. 850) explained, spending may induce higher turnout "either directly as a form of advertising or retrospective voting, or indirectly by buying the support of local elites or groups who engage in get-out-the-vote efforts." The marginal benefit, in terms of net votes, to spending will be greatest in areas with a high concentration of party supporters. In addition, where there are more party supporters, there will be more politicians of the same party, whose voices will amplify the partisan message about who is responsible for the area's good fortune (Kriner and Reeves 2012). Although the empirical literature on the politics of distributive spending *within* American states is comparatively thin—most studies examine patterns of national spending—Ansolabehere and Snyder (2006), using the case of intergovernmental cash transfers, demonstrated not only that state governing parties channel local aid to counties that provide them with the highest vote shares but also that these counties go on to have higher voter turnout rates. Governors may face strong incentives to exploit the flexibility of the LIHTC program, and the often high demand for tax credits, in the hopes of similar electoral gain. Certainly, there is considerable anecdotal evidence that both Democratic and Republican governors, from Andrew Cuomo to Scott Walker, view the LIHTC program as an opportunity for credit claiming, in some cases trumpeting development plans even before projects are "shovel ready" (Bainer 2015; Ek 2015; Landry-Pitcher 2015; Sheridan and Elliott

2015; Wisconsin Housing and Economic Development Authority 2015). Thus, the first hypothesis is as follows:

> **Hypothesis 1:** As vote share for the incumbent governor increases, the level of LIHTC investment in an area will increase.

A policy-oriented politician may also target distributive spending to core geographic areas, if the benefits tend to flow to party supporters. Bickers and Stein (2000) and others argued that Democratic and Republican politicians differ sharply in their preferences for (and the electoral gains expected from) different types of public spending (Alvarez and Saving 1997; Cann and Sidman 2011; Lazarus and Reilly 2010; Sellers 1997). Specifically, Democratic politicians prefer to spend on programs that tend to benefit (and, thus, are viewed favorably by) Democratic constituencies; Republican politicians prefer to spend on programs that benefit Republican voters. Whether areas with a high density of core voters receive a disproportionate share of distributive benefits may depend on how well those benefits align with constituency interests. As Kramon and Posner (2013) observed, in their cross-national review of the distributive politics literature, politicians rarely use every distributive lever at their disposal; rather, they are selective when deciding which public goods to target at their core supporters.

Since its inception, the LIHTC program has enjoyed considerable bipartisan support. As recently as May 2015, legislation to strengthen the tax credit program had enlisted a long list of cosponsors, including 29 Republicans and 27 Democrats in the House and three Republicans and 18 Democrats in the Senate.[9] Bipartisanship notwithstanding, Democrats and Republicans differ in how they conceptualize LIHTC program benefits (and how those benefits accrue to partisan supporters), with implications for the level of geographic targeting we might observe by policy-oriented politicians. Whereas Republican rhetoric emphasizes the program's role in "job creation," and the benefits flowing to (Republican) investors and developers, Democratic politicians focus on the (Democratic) households that benefit from access to affordable housing (Lane 2014; Lazio 2013). Simply put, for a policy-oriented Republican, the targetable good is the tax credit, which can be channeled to developer beneficiaries wherever they may be; for a policy-oriented Democrat, the targetable good is the housing, which can be channeled to household beneficiaries in heavily Democratic areas. Thus, even if Republicans and Democrats are equally inclined to distribute LIHTC investment for political advantage, it is the strategic behavior of Democratic politicians that is more likely to manifest itself geographically. This intuition leads to the second hypothesis:

Hypothesis 2: As vote share for the incumbent governor increases, the level of LIHTC investment in an area will increase, if the governor is a Democrat. Incumbent vote share will not affect the level of LIHTC investment, if the governor is a Republican.

Models of distributive politics provide compelling logic for the strategic allocation of housing tax credits. Moreover, the administrative structure of the LIHTC program, and the high demand for credits, should facilitate such strategic behavior. Do governors exploit their political influence over the LIHTC program to systematically direct more tax credits to core areas? And, if they do, are Democratic and Republican governors equally likely to engage in this behavior? Or, is it only policy-oriented Democrats, whose core supporters tend to benefit from investments in affordable housing, who steer subsidies to areas where supporters are highly concentrated? By linking geographic data on the allocation of tax credits with electoral data, this article identifies the extent to which partisan politics shapes LIHTC allocation decisions. I turn next to an explanation of the data.

Empirical Approach

Measures

To examine partisan influences on LIHTC allocation decisions, I draw principally on a database maintained by the Department of Housing and Urban Development documenting the geographic distribution of tax credits awarded since 1987.[10] Specifically, the database tracks every affordable housing development approved for construction or rehabilitation using LIHTC subsidies. The database is assembled from program filings submitted annually by state housing finance agencies, and provides rich detail on the allocation history of tax credit–funded projects—when the tax credits were awarded; the identity of the developer; the number of individual housing units included in the project; and, if completed, when the project was placed in service. The database also includes the addresses for the housing developments, which permits me to map the spatial distribution of LIHTC-supported projects in every state. I have usable data on 34,707 of the 36,364 LIHTC projects to which tax credits were allocated between 1987 and 2010. The median length of time between credit allocation and project completion was one year, with a mean of 1.1 years and a standard deviation of one year.[11] The projects house approximately 2.1 million units, spread across 2,686 counties, 50 states, and the District of Columbia.[12]

Using the timing and location information available in the Department of Housing and Urban Development's LIHTC database, I construct a panel

dataset that tracks by county and year the number of tax credit–funded housing developments (and associated housing units) allocated by each state's housing finance agency. I focus on counties as the geographic unit of analysis for several reasons. First, with an average of 64 counties per state, there is sufficient within state variation to permit meaningful analysis. Counties have the additional advantage of being logical units of government that provide natural, and relatively stable, boundaries for understanding the landscape of a state and for tracking changes over time. In fact, state QAPs often use counties to identify priority areas for housing investment (Gustafson and Walker 2002; Shelburne 2008). Moreover, county statistics reflect the kind of information that a statewide office holder can be reasonably expected to possess—and, therefore, to use in decision making (Martin 2003). Governors, for example, are likely to know about variation in partisan support at the county level.[13] The chief limitation of a county-level analysis, however, is that if governors target core voters more narrowly, counties may be too large to identify the relationships of interest.

I measure LIHTC allocations by the number of individual housing units funded, rather than by the dollar value of the awarded tax credits. Department of Housing and Urban Development's (HUD) data on tax credit dollar values are incomplete, with high levels of missingness from most states. Because the size of the tax credit award is based in part on the scale of the proposed development—the more affordable units constructed or rehabilitated, the larger the subsidy—the number of units provides a good indication for the level of tax credit investment targeted to an area (Schwartz 2010).[14] Furthermore, to improve the comparability of the measure across counties, which vary substantially in population size, I calculate the number of tax credit units per 10,000 county residents.

Figure 2 depicts the tax credit data on which this analysis is based. The graph plots, by year, the distribution of the county-level measure of LIHTC investment (shaded bars, left axis), as well as the total number of tax credit units allocated nationally (black line, right axis). By the end of the 1990s, the first full decade of the LIHTC program, counties on average housed 31.9 tax credit units per 10,000 residents. By 2010, when the total number of LIHTC-funded units had reached 2.1 million, counties on average housed 52.3 affordable units per 10,000 residents, a 64% increase over the previous decade. Even when scaled to population, there is considerable geographic variation in the density of LIHTC-funded housing. The between-county standard deviation over the period averaged 31.8 tax credit units per 10,000; the within-county standard deviation in LIHTC investment averaged 23.2. As described more fully below, the empirical analysis will focus on within-county changes in LIHTC density, linking these changes to antecedent changes in support for the governing party.

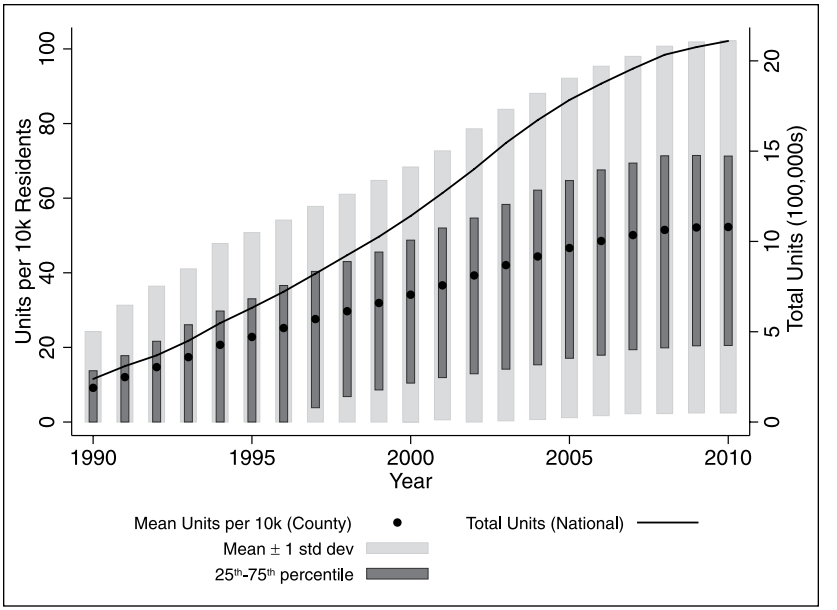

Figure 2. LIHTC units, 1990–2010.
Note. Graph reports the growth in the total stock of tax credit units nationally (black line, right axis), and the annual county-level mean number of tax credit units per 10,000 residents (black dots, left axis). The shaded bars depict the county-level variation in the rate of tax credit development. LIHTC = Low-Income Housing Tax Credit.

I merge the tax credit data to political data measuring county partisanship and party control of the governor's office at the time the tax credits were awarded. The political data are assembled from the *CQ Press Voting and Elections Collections*, and cover the period 1990–2010. I define a state as under Democratic [Republican] control in each year of the four-year term of a Democratic [Republican] governor. I calculate county partisanship as the Democratic share of the two-party gubernatorial vote in the most recent election.

Finally, the analysis draws on demographic data from the 1990, 2000, and 2010 Census, and the 2006–2010 American Community Survey (ACS). The census and ACS data measure county socioeconomic conditions that may influence levels of both Democratic voting and tax credit investment, including county population size and age distribution, poverty rates and household incomes, racial composition, and housing affordability.[15] Appendix Table A1 provides descriptive statistics for the full set of demographic and political variables used in the analysis.

Methodology

Theory predicts an interaction between county partisanship and party control, such that the more Democratic a county, the more LIHTC allocations it should receive when the state is under Democratic control; if the relationship is symmetrical, as Hypothesis 1 predicts, a more Republican county should benefit when the state is under Republican control. Because tax credit allocations may change incrementally, and the influence of county partisanship may not be evident in any single year, I focus on the county's LIHTC-housing density at the end of a four-year gubernatorial term.[16] For each county, the analysis data consist of one observation per term.[17]

I exploit the longitudinal nature of the data to model the relationship between county partisanship, party control, and LIHTC investment using county-level fixed effects. This strategy relies on *within*-county variation over time to estimate the relationship of interest.[18] The virtue of within-county comparisons is that they are not susceptible to bias or unmeasured confounding due to omitted, time-invariant covariates. In effect, each county serves as its own control, which facilitates causal inference (Angrist and Pischke 2008).

The baseline estimation model for LIHTC investment in county i in state s at time t takes the following form:

$$\begin{aligned}\text{LIHTC units}_{ist} &= \alpha_{is} + \lambda_t + \zeta_{st} + \gamma D_{st} + \rho_1 DemVote_{ist} \\ &+ \rho_2 D_{st} DemVote_{ist} + \mathbf{X}'_{ist}\beta + \varepsilon_{ist},\end{aligned}$$

where α_{is} is the county fixed effect, λ_t is the year fixed effect, ζ_{st} is the state-year fixed effect, D_{st} is an indicator variable equal to 1 if the governor is a Democrat, 0 if the governor is a Republican, and $\mathbf{X}'_{ist}$ is a vector of time-varying covariates. The year fixed effects capture short-term variations and trends in tax credit allocations affecting all counties similarly, for example, the weak market for credits during the financial crisis. The state-year fixed effects capture the influence of state policies, for example, the needs outlined in each state's annual qualified allocation plan, on LIHTC allocations, as well as changes in those policies. To measure the direction in which the governing party skews funds, I include the interaction between which party holds the governor's office (D_{st}) and county partisanship ($DemVote_{ist}$); this specification allows for different slopes on Democratic vote share for Republican and Democratic governors. The estimated coefficient ρ_1 represents the average within-county relationship between Democratic vote share (in the most recent election) and LIHTC allocations under a Republican governor. The sum of ρ_1 and ρ_2 represents the effect of Democratic vote share on LIHTC

allocations under a Democratic governor. The baseline model includes county population as a covariate.[19] Although housing demand, and developer capacity, may grow with county population, there can be lags in adjusting LIHTC allocations to population shifts. For example, land pressures due to population growth can limit the availability of suitable sites for development. The density of LIHTC investment (tax credit units per 10,000 residents) may decline as a result.

The fixed-effects approach requires sufficient within-county variability, particularly on the predictor, to obtain reliable estimates; the standard error of a coefficient for a predictor that varies little within county will be large because estimation is based solely on the within-county variability. A variance decomposition reveals that while tax credit density, as measured by LIHTC units per 10,000 county residents, varies more between counties (76% of the total variance) than within counties, nearly half of the variance in Democratic vote share (49%) is within county. This should allow for a reasonably precise coefficient estimate.

Results

The Effect of Party on LIHTC Allocations

The analysis begins with the baseline model predicting LIHTC allocations as a function of county partisanship and party control of the governor's office, controlling only for county population size. The key tests of the partisan allocation argument are whether the coefficient on Democratic vote share is positive and significant for Democratic governors; for Republican governors, the coefficient should be either negative and significant (Hypothesis 1), or indistinguishable from 0 (Hypothesis 2). If governors of both parties face similar strategic incentives to skew LIHTC awards to loyal voters, then the coefficient on Democratic vote share for Republican governors should be negative and significant. If, however, it is only policy-oriented Democrats who channel credits to core areas, as affordable housing investment tends to benefit Democratic constituencies, the coefficient on Democratic vote share for Republican governors may be indistinguishable from 0.

Column 1 in Table 1 reports results from a fixed-effects model estimated with robust standard errors adjusted for heteroscedasticity and clusters at the county level. As predicted by the partisan allocation argument, the coefficient on Democratic vote share under Democratic governors is positive and strongly significant ($.32 \pm .05$). However, the vote share coefficient is also positive and significant for Republican governors ($.19 \pm .06$). Regardless of party control, counties receive more credits as Democratic voting increases.

Table 1. Effect of County Partisanship on LIHTC Allocation.

Dependent Variables: Allocated LIHTC Units per 10,000 County Residents		
	(1)	(2)
Dem governor	−9.35*	−7.77
	(2.60)	(4.02)
Dem vote (*if* Dem governor)	0.32*	0.23*
	(0.05)	(0.05)
Dem vote (*if* Rep governor)	0.19*	0.07
	(0.06)	(0.05)
Ln(population size)	0.07	2.97
	(4.44)	(5.14)
Ln(median HH income)		−18.48*
		(5.00)
Prop. Black		108.42*
		(37.12)
Prop. ≥ 65 years old		−164.53*
		(40.34)
Prop. ≤ 18 years old		148.26*
		(44.27)
Rent share of HH income		−8.02
		(19.40)
Owner share of HH income		−9.93
		(27.62)
Post-CRTRA		9.32*
		(3.59)
Prop. high-poverty tracts		−6.09
		(3.65)
CRTRA × Prop. High-Poverty Tracts		32.03*
		(6.27)
Intercept	13.13	163.59
	(45.86)	(75.95)
County fixed effects	Y	Y
Year fixed effects	Y	Y
State-year fixed effects	Y	Y
N	14248	14244
R^2	0.36	0.39

Note. Robust standard errors are in parentheses. LIHTC = Low-Income Housing Tax Credit; CRTRA = Community Renewal Tax Relief Act; HH = Household.
*$p < .05$.

The distribution of credits to more Democratic counties may occur at a higher rate under Democratic governors than under Republican governors (note the larger regression coefficient). But the baseline model offers little support for the idea that a governor's core voters are systematically favored in LIHTC allocation decisions.

Absent from the baseline model is attention to a variety of demographic and socioeconomic factors that influence tax credit allocations. For example, states' annual QAPs often put a priority on providing affordable housing to special populations, such as the lowest income households, the elderly, and families with children, as well as to areas where the housing crunch is particularly acute (Gustafson and Walker 2002; Shelburne 2008). Such factors may be correlated with Democratic voting in ways that could make the initial analysis misleading. It may not be voters' partisan characteristics per se that determine the level of housing investment, as the baseline results would lead us to believe, but rather the socioeconomic circumstances of voters who also happen to be Democratic.[20]

With that in mind, I add a range of demographic and socioeconomic variables to the baseline model. The expanded model controls for the proportions of the county population over 65 and under 18; the (logged) median household income; and as measures of housing affordability, median rent and median homeowner costs as shares of household income. Prior empirical research on the spatial distribution of LIHTC developments has found that units are located disproportionately in minority areas (Dawkins 2011; Rohe and Freeman 2001); the model, therefore, also includes proportion Black among the covariates.[21]

I also construct a county-level measure that captures the financial incentives developers have to build or rehabilitate affordable housing in the most impoverished places (Hollar and Usowski 2007). Since passage of the Omnibus Reconciliation Act of 1989, LIHTC program guidelines have provided for a 30% tax credit bonus to developments sited in the lowest income areas, termed *Qualified Census Tracts* (QCTs). The purpose of the QCT designation is to promote development in neighborhoods most in need of quality affordable housing. Baum-Snow and Marion (2009) and others have demonstrated that QCT status has a strong influence on the likelihood and scale of tax credit development; the effect is to steer housing toward poorer areas (Dawkins 2011; Ellen, O'Regan, and Voicu 2009; Freeman 2004; Lang 2012; Rohe and Freeman 2001).

HUD issues QCT designations annually, using a formula that initially considered only area income but was later expanded (beginning January 2002) to include a poverty rate criterion.[22] Although QCT designations have been published in the *Federal Register* since 1990, electronic data on QCT status has

only been available since 2000. Rather than limiting the scope of the analysis to post-2000 gubernatorial terms only, I develop a proxy for QCT eligibility: a census tract poverty rate of 25% or higher. To measure the prevalence of QCTs in a county (and, thus, the incentives for development), I use the share of the county population living in high-poverty census tracts.[23] In addition to including QCT coverage as a direct effect in the model, I also interact the measure with an indicator variable for gubernatorial terms that fall after passage of the Community Renewal Tax Relief Act of 2000 (CRTRA), which officially incorporated the poverty criterion into the QCT eligibility formula. It is post-CRTRA that the QCT coverage measure should be most strongly associated with the level of tax credit investment. As QCT coverage increases, so does the ability of developers to take advantage of the larger tax credit by siting new housing in the county.

The estimated coefficients and standard errors from the expanded model with demographic and socioeconomic covariates are reported in Column 2 of Table 1. The addition of these control variables alters the results dramatically. The estimates provide clear support for the argument, formalized in Hypothesis 2, that Democratic governors, whose constituents are likely to benefit from investments in affordable housing, steer tax credits to areas with high concentrations of Democratic voters. First, the coefficient on Democratic vote share for Democratic governors ($.23 \pm .05$), although smaller than in the baseline model, remains positive and statistically significant even after taking into account the confounding effects of factors such as area poverty, minority population, and QCT coverage. Second, the coefficient on Democratic vote share for Republican governors has attenuated substantially and is now statistically indistinguishable from 0. Unlike for their Democratic counterparts, there is no evidence that Republican governors alter the flow of tax credits in response to changes in county partisanship. The earlier vote share coefficient for Republican governors reflected not the influence of partisanship but rather the general tendency to target credits to areas of rising need.

To assess the magnitude of the effect of county partisanship, consider a county in which Democratic voting increases by 10 percentage points (the average within-county standard deviation). Under a Democratic governor, this county could expect the level of LIHTC investment in the area to grow by 2.3 tax credit units per 10,000 residents or 0.12 (within-county) standard deviations. For the modal U.S. county, with a total 2010 population of 25,992, the increased LIHTC investment would amount to six additional tax credit units constructed or rehabilitated. In 2010, counties of this size (20,000–30,000 residents) housed on average 137 LIHTC-subsidized units. Thus, a partisan bonus of six additional units, over a four-year gubernatorial term, would expand the affordable housing stock by 4.4%—a modest effect.

As expected, LIHTC allocations depend substantially on socioeconomic conditions in counties. Many of the control variables are statistically significant. On average, a county receives more tax credit investment per 10,000 residents as household incomes decline, the minority population and the number of children increase, and the senior citizen population declines. Also a significant influence on LIHTC allocations is the share of the county population living in high-poverty (≥25%) census tracts. Since passage of the CRTRA in 2000, which dramatically expanded the number of census tracts eligible for a 30% tax credit bonus under program guidelines (Hollar and Usowski 2007), the number of tax credit units per 10,000 residents has increased with the share of the population in high-poverty tracts. As intended, states prioritize affordable housing development in the most impoverished areas. What has no discernible effect on a county's LIHTC allocations is housing affordability, as indicated by the share of household income going to housing expenses for renters and homeowners. This result is consistent with Gustafson and Walker's (2002) finding that state QAPs, which guide LIHTC decisions, rarely reflect a state's actual housing needs.

The Moderating Effect of Institutions

To extend the analysis, and pinpoint more precisely the institutional contexts in which the strategic targeting of tax credits emerges, I stratified the data based on the extent of gubernatorial control over the state's LIHTC-allocating agency, as indicated by the proportion of agency board members appointed by the governor. Implicit in the expectation that tax credit units will be distributed in a manner that favors a governor's core supporters is the assumption that governors *can* exert control over the LIHTC program. This control may come, at least in part, through the appointment process. The implication is that the relationship between allocations and county partisanship is conditional on the institutional structure of the housing finance agency, stronger in states where governors exercise more control over the composition of the agency's board. As Figure 1 documented earlier, while governors typically select more than half the members who sit on housing finance agency boards, variation exists across states in the proportion of gubernatorial appointees. In a number of states, governors must share appointment power with other officeholders, including the majority and minority leaders of the state house and/or state senate (nine states), and the lieutenant governor (two states).[24]

I segment the national data into three, roughly equal groups: states in which governors appoint all board members, 60% to 90% of members, and fewer than 60% of members. I estimate the fixed-effects model, with the full set of covariates, separately for each group of states. The results are reported

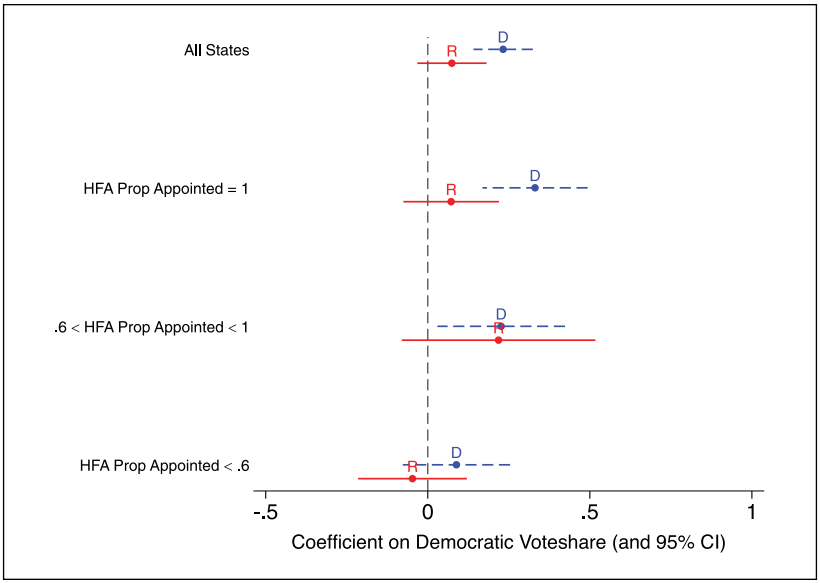

Figure 3. The role of gubernatorial control.
Note. Graph reports the coefficients (and confidence intervals) on Democratic vote share for estimation with the full dataset, and with subsets of states stratified by the proportion of housing agency board members appointed by the governor. Labels indicate coefficients for either Democratic or Republican governors. CI = confidence interval; HFA = housing finance agency board.

in Figure 3, along with the coefficients from the model estimated on the full sample (Table 1, Column 2).

The pattern evident in Figure 3 is consistent with the intuition about the role, and consequences, of gubernatorial control over the LIHTC program: The relationship between county partisanship and the allocation of tax credit units is strongest in those states where governors exert the most influence over the composition of the housing finance agency board and weakest, where governors exert the least influence. Where the board is composed entirely of gubernatorial appointees, the estimated coefficient for Democratic vote share, conditional on a Democratic governor, is .33 ($\pm$ .08). As the level of gubernatorial control declines, the estimated coefficient attenuates (.23 $\pm$ .10) but remains positive and marginally statistically significant. However, for the subset of states where fewer than 60% of agency board members are appointed by the governor, the coefficient (.09 $\pm$ .08) is not only small but also statistically indistinguishable from

zero. In other words, in the absence of substantial institutional control over the LIHTC allocation process, Democratic governors do not steer tax credit units to core areas. Equally important, across all subsets of states, the effect of county partisanship is consistently statistically insignificant for Republican governors. Regardless of board composition and, by extension, political influence over the LIHTC program, there is no evidence that Republicans distribute housing tax credits with an area's partisan composition in mind.

Robustness Checks

The core model results—Democratic governors steer tax credits to core areas, whereas Republicans do not—are robust to a variety of different sampling restrictions. Given a geography in which there are some counties that are more politically homogeneous than others, as well as counties that have unusually high (or low) concentrations of LIHTC-subsidized development, I alternately trim the data of county clusters with extreme values on Democratic vote share or on the number of tax credit units per 10,000 residents.[25] Observations that deviate substantially from the mean may have a disproportionately large effect on the regression results. In addition, I generate jackknife estimates by selectively excluding from the dataset one entire state (and all counties within the state) at a time.

When I exclude potentially high leverage observations, the model results are largely unchanged. Figure 4 plots the coefficients (and 95% confidence intervals) on Democratic vote share, under Republican and Democratic governors, when outlier observations are removed. The coefficients are remarkably stable regardless of whether the data include or exclude counties with extreme values on vote share and/or on the level of tax credit investment. The effect of Democratic vote share under Democratic governors is consistently positive and statistically significant. The coefficient on county partisanship never achieves statistical significance (and is always smaller in magnitude) under Republican governors.

Similar to the results when outliers are excluded, the county partisanship coefficients remain stable, in terms of both magnitude and statistical significance, as individual states are trimmed from the sample. Figure 5 reports the coefficients on Democratic vote share under Democratic governors and indicates that no single state exercises disproportionate influence on the estimates.[26] Virginia ranks as the most influential of the states: When Virginia counties are excluded, the coefficient on Democratic vote share attenuates, though it remains positive and statistically significant ($.19 \pm .04$).[27]

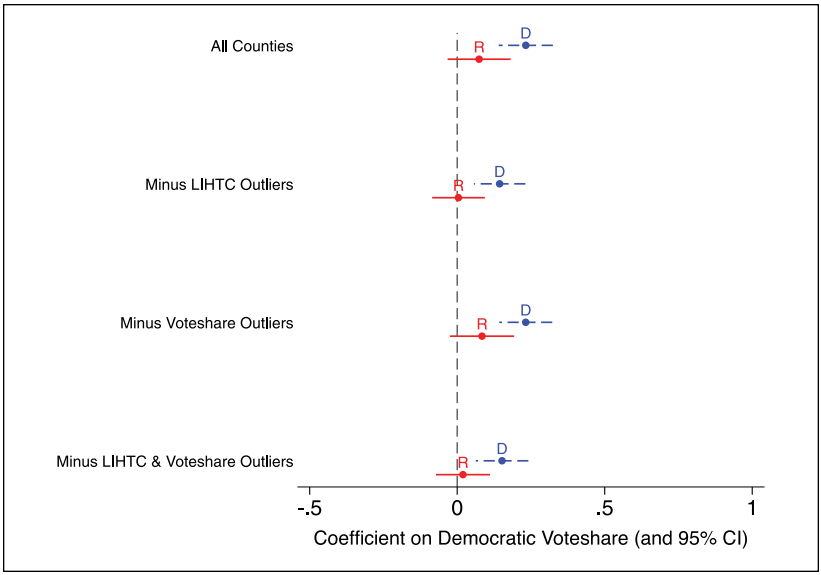

Figure 4. Sensitivity analysis.
Note. Graph reports the coefficients (and confidence intervals) on Democratic vote share for estimation with the full dataset, and with subsets that exclude counties with extreme values on vote share or the number of allocated LIHTC units, under Democratic and Republican governors. LIHTC = Low-Income Housing Tax Credit; CI = confidence interval.

Summary

The empirical analysis, including the robustness checks, confirms that investment in affordable housing depends in part on the county's role in electing a Democratic governor. Under Democratic governors, counties receive relatively more LIHTC allocations as Democratic voting increases, but only in states that allow the governor to control appointments to the housing finance agency board. Notably, even in contexts of substantial control (i.e., all board members appointed by the governor), the bonus to Democratic partisans is modest, amounting to 8.6 tax credit units for every 10-percentage-point increase in Democratic vote share in the modal county.[28] Meanwhile, there is no evidence that under Republican governors, the flow of tax credits to counties similarly shifts in response to changes in county partisanship, regardless of the level of gubernatorial control over the allocating agency. This pattern is broadly consistent with a model of policy-oriented politicians strategically distributing goods whose beneficiaries are likely to be their own partisan supporters. At the same time, the substantively modest effect must temper any

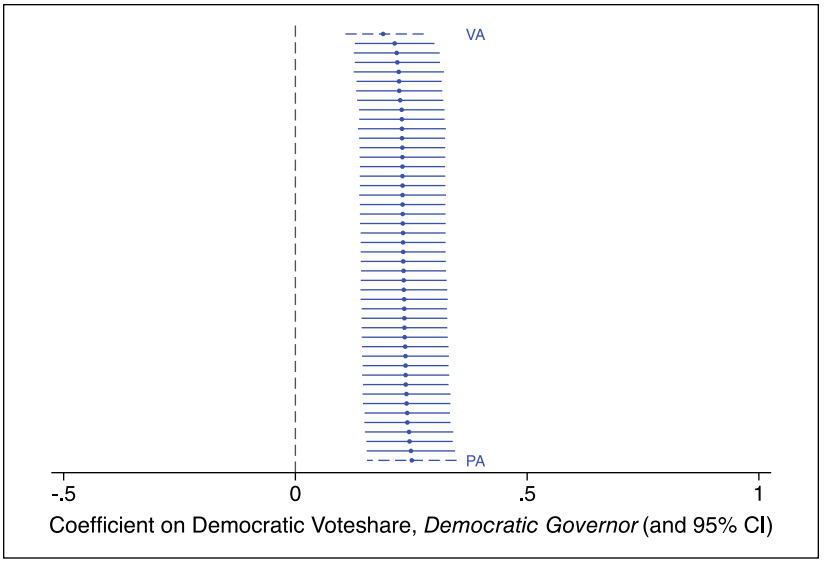

Figure 5. Sensitivity analysis.
Note. Graph plots jackknife estimates of the Democratic vote share coefficient under Democratic governors, generated from selectively eliminating a single state at a time from the sample. Highlighted (with dashed lines) are states with a relatively larger effect on the estimates. CI = confidence interval.

strong claims about the role of patronage politics in the administration of the LIHTC program. Partisanship matters less than theory, or opportunity, would lead us to predict.

Conclusion

The LIHTC program is at the center of governmental efforts to address a housing affordability crisis that affects a broad swath of American households and most metropolitan areas. By providing states with the authority to issue tax credits to subsidize private development, Congress catalyzed the construction and rehabilitation of more than two millions units of affordable housing over the last 25 years. The devolution of tax credit authority to the states enabled a federally financed program to be tailored to local housing needs, which accounts in no small part for its popularity. But devolution also raises the specter of political manipulation, if governors exploit their influence over the program to funnel tax credits to areas dominated by partisan supporters. The question pursued in this research is whether there is evidence

that LIHTC allocations are shaped by the local political process and not simply local housing needs.

The findings from an analysis of tax credit allocations over a 20-year period demonstrate that political considerations play a real, but limited, role in the process. The geographic distribution of housing subsidies is determined primarily by universalistic criteria, such as median income, and programmatic goals such as improving the housing stock in the most impoverished areas. After taking these factors into account, politics enters at the margins. Democratic governors, on average, steer a few additional subsidies to a county as its share of Democratic voters increases. The effect is small, and is limited to only those states where governors are allowed near total control over the composition of the board overseeing the LIHTC program. In those circumstances, the bonus to core supporters amounts to an incremental 3.3 housing units per 10,000 residents for every 10-point gain in vote share or 8.6 units in the modal county. There is no evidence that LIHTC distributions under Republican governors are similarly responsive to voter characteristics in the receiving areas; county partisanship does not predict the amount of tax credit investment in an area, no matter the level of gubernatorial control over appointments to the housing finance board. Thus, despite a program whose administrative structure would seem to invite the kind of strategic behavior predicted by models of distributive politics, governors do not substantially distort geographic allocations to serve their political goals.

Governors confront several institutional and market constraints on the exercise of partisan bias in this policy area. First, housing finance agency board members typically serve staggered terms, with an average term length of 4.4 years.[29] Thus, in any given year, a board may include not only members appointed by the current governor but also hold-over appointees from the previous governor.[30] The board's diverse composition—even in states where governors exercise total control over appointments—may make it less responsive to the incumbent's political needs. Second, and related, Gustafson and Walker's (2002) review found not only that state QAPs "did not change drastically with changes in administration" but also that change occurred primarily through the addition of new preferences and set-asides rather than the removal of old ones. In this way, the state QAPs, which are developed by the housing finance agency board and guide LIHTC allocation decisions, are layered documents reflecting not only the priorities of the current governor but also the legacy of previous governors. This may limit the targeting of credits to areas of core partisan support.

Finally, the exercise of partisan bias is constrained by market forces. Tax credit allocations depend on the willingness of private developers to build housing in a given area. A housing project must be proposed before tax credits

can be allocated, strategically or otherwise. Governors cannot steer credits to counties in which there is insufficient developer demand. This puts a limit on a governor's ability to respond to shifts in the voting behavior of area residents. Perhaps Democratic governors, who may view their constituents as the likely beneficiaries of investment in affordable housing, are more proactive than Republicans in stimulating developer interest in particular regions. Local officials and interest groups in heavily Democratic areas also may serve as recruiters, optimistic that a Democratic governor, and her appointees in the housing finance agency, will look favorably on proposed projects sited in areas of core electoral support. This kind of brokering, whether by the governor or by organized interests, may enable some degree of strategic targeting, but only to a point. What emerges most clearly from this analysis is the relatively marginal role of partisan politics in the administration of the LIHTC program.

Table A1. County Descriptive Statistics.

	Median	*M*	*SD*	Minimum	Maximum
Tax credit measures					
LIHTC units (per 10,000 residents), *as of*					
1990	0	9.2	15.1	0	137.2
2000	28.2	34.1	34.2	0	557.5
2010	44.5	52.3	49.9	0	787.4
1990–2010	24.9	33.8	39.4	0	795.7
Electoral data					
Democratic gubernatorial vote	44.5	44.7	14.6	3.9	89.4
Demographic measures					
Ln(population size)	10.1	10.2	1.4	4.2	16.1
Ln(median HH income)	10.6	10.7	0.25	9.6	11.7
Proportion Black	0.02	0.09	0.14	0	0.86
Proportion 65 and over	0.15	0.15	0.04	0.01	0.43
Proportion 18 and under	0.25	0.25	0.03	0.09	0.45
Median home costs as share of HH income	0.21	0.21	0.03	0.10	0.49
Median rent as share of HH income	0.25	0.25	0.04	0.10	0.50
Proportion in high-poverty tracts	0.02	0.13	0.22	0	1

Note. Numbers are county averages over the years 1990–2010. Housing figures are author's calculations using the LIHTC database from the Department of Housing and Urban Development. Vote share figures are author's calculations using *CQ Press Voting and Elections Collection*. Demographic measures are from the U.S. Census and American Community Survey. LIHTC = Low-Income Housing Tax Credit; HH = Household.

Table A2. Outlier Counties.

State	Counties
Alabama	Perry, *Bullock, Greene, Lowndes, Macon, Perry, Sumter*
Arkansas	Searcy
Colorado	San Miguel
Georgia	Fulton, *Hancock*
Iowa	Dallas, *Sioux*
Kentucky	*Elliott*
Louisiana	Madison, *Orleans*
Massachusetts	Suffolk
Maryland	*Prince Georges, Baltimore City*
Mississippi	Humphreys, Issaquena, Quitman, Tunica, *Claiborne, Homes, Jefferson*
Missouri	***St. Louis***
Montana	Treasure, *Carter, Garfield*
New Mexico	*San Miguel*
North Carolina	*Bertie, Edgecombe, Gates, Hertford, Northampton, Robeson*
New York	***New York***, *Bronx, Hamilton*
North Dakota	Sioux
Oklahoma	Texas
Pennsylvania	*Philadelphia*
South Dakota	Corson, Dewey, *Shannon*
Tennessee	Lake
Texas	*Andrews, Bandera, Borden, Brooks, Duval, Gillespie, Glasscock, Gray, Hansford, Kendall, Kerr, Loving, Mcmullen, Midland, Ochiltree, Parmer, Reagan, Roberts, Sherman, Starr, Sterling, Zavala*
Utah	*Box Elder, Cache, Garfield, Iron, Kane, Piute, Sevier, Utah, Washington*
Virginia	Stafford, Surry, Chesapeake, Colonial Heights, Emporia, Franklin City, Fredericksburg, Galax, Newport News, ***Petersburg***, Portsmouth, Richmond City

Note. The table reports counties with extreme values on the level of LIHTC investment and/or on Democratic vote share. I identify as outliers counties whose average stock of LIHTC units per 10,000 residents or Democratic vote share is above the 99th percentile or below the 1st percentile. Excluded from this list are counties with no LIHTC investment over the entire 1990–2010 period. Vote share outliers are labeled in *italics*. LIHTC outliers are labeled in **bold**. Counties that are both vote share and LIHTC investment outliers are in bold. LIHTC = Low-Income Housing Tax Credit.

Acknowledgments

The author thanks Chris Afendulis and Dan Carpenter for valuable feedback on early drafts; Ariel White, Peter Bucchaneri, and Ola Topczewska for research assistance; and the Radcliffe Institute for Advanced Study for fellowship support.

Author's Note

A previous version of this article was presented at the 2013 Annual Meeting of the American Political Science Association.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

Notes

1. To my knowledge, only one study has paid even cursory attention to the political economy of the Low-Income Housing Tax Credit (LIHTC) program. Eriksen and Rosenthal (2010), in a study whose primary aim is to estimate the impact of LIHTC development on private-sector housing construction, included political variables as instruments (in the first stage of a two-stage least squares model) to control for the endogenous placement of LIHTC units. In the absence of direct observation of each state's allocation procedure, they assume that states allocate credits at least in part through a political process shaped by "cronyism." Using a binary variable to indicate whether the county had voted for the sitting governor (in 1989, the year prior to the start of the study's 1990–2000 analysis period), they find that proincumbent counties receive a greater than average share of state LIHTC subsidies. (Eriksen and Rosenthal 2010 did not report on the magnitude of these effects.) This article differs from Eriksen and Rosenthal's in its core question and, consequently, in its deeper examination of the partisan dimension of LIHTC allocations, with richer data on voter preferences and with close attention to institutional constraints and to the possibility that Democratic and Republican governors face different incentives with respect to investments in affordable housing.
2. Demand for credits declined sharply during the financial crisis, as the most active investors in the tax credits (large financial institutions bound by the requirements of the Community Reinvestment Act) pulled out of the market. Desai, Dharmapala, and Singhal (2010, p. 191) reported that "prior to the crisis, $1 of tax credits traded at an undiscounted price of nearly $0.90; by early 2009, the corresponding price had fallen below $0.70."
3. In addition to the 50 state housing finance agencies, there are also local allocating agencies for the District of Columbia, City of Chicago, and City of New York. My review focused on the 50 state agencies overseeing the LIHTC program.
4. Among the 18 states whose statutes specify explicit occupational criteria for the appointed members of the housing finance agency board, nearly all require that appointees include representatives from various segments of the housing industry such as real estate brokers, private and public lenders, homebuilders,

organized labor in the building trades, public housing tenants, and nonprofits serving low-income and homeless families. Other categories of appointees include local officeholders such as mayors and county commissioners.

5. Gustafson and Walker (2002) did, however, find significant relationships between Qualified Allocation Plan (QAP) preferences and set-asides, on one hand, and the characteristics of the LIHTC properties developed, on the other. They noted that QAPs were particularly effective at promoting "development activities that went against industry trends such as new construction, rehabilitation, QCT [qualified census tract], and DDA [difficult development area] development" (Gustafson and Walker 2002, p. 34).
6. In fact, eight states explicitly stipulate that the housing finance agency boards charged with developing the states' QAPs have diverse geographic representation, requiring that members come from each of the state's Congressional Districts or counties, or from both urban and rural areas.
7. Even when the households with greatest need are geographically clustered, their weak political voices nonetheless may limit how well these needs are represented in state QAPs.
8. Scholars disagree on whether parties and incumbents favor core voters or swing voters. Studies conducted in the (low-turnout) American context more often find support for the "core voter" model, while support for the "swing voter" model comes mainly from studies conducted outside of the United States (Larcinese, Snyder, and Testa 2013).
9. The legislation (H.R. 1142, S.1193), introduced by Representative Pat Tiberi (R-OH) in the House and Senators Maria Cantwell (D-WA) and Pat Roberts (R-KS) in the Senate, would establish permanent minimum credit rates.
10. This analysis uses the July 2012 version of the "HUD National Low Income Housing Tax Credit (LIHTC) Database, 1987-2010," which is downloadable here: http://lihtc.huduser.org/.
11. Only 1% of projects took three years or more between credit allocation and project completion.
12. Excluded are projects in Puerto Rico, Guam, and the U.S. Virgin Islands; projects missing data on the allocation year; and projects missing geographic identifiers. Of the 34,707 projects with usable data, 644 have incomplete data on the number of housing units.
13. The estimation strategy pursued here requires a large sample and stable geographic units. While data on tax credit allocations can be compiled at a variety of geographic levels (e.g., census tract, municipality), the available national data on voter preferences over time are more limited. With the exception of county data, fine-grained electoral statistics are available for only some states and years—thus limiting the generalizability of results derived from such samples—or at the level of political jurisdictions (e.g., polling precinct or legislative district) whose boundaries are either unstable over time or have no straightforward relationship to census geographies.
14. The number of units also is preferable to the number of projects. The size of LIHTC-subsidized housing developments varies substantially. A quarter of the projects funded between 1987 and 2010 had fewer than 20 units; another quarter

included over 80 units, with more than half of those developments housing hundreds of units. The variation in project size makes the number of projects an imprecise measure of the scale of LIHTC investment in an area.

15. I use linear interpolation for population size, racial composition, proportion 65 and proportion under 18 in the intercensus years. I use Census 1990 figures for income for the period 1990–1999; Census 2000, for the period 2000–2005; and the American Community Survey (ACS), for the period 2006–2010.
16. Notably, the typical construction cycle for LIHTC projects—a mean of 1.1 years between credit allocation and project completion—implies that the allocating governor is often still in office when the units are placed-in-service. By focusing on the cumulative density at the end of a four-year term, the dependent variable provides a more complete picture of the tax credit activity during a governor's tenure in office.
17. In total, 65% of counties have data for five gubernatorial terms. Excluded from the sample are New Hampshire and Vermont that hold gubernatorial elections every two years; for the analysis, the periodicity of gubernatorial elections had to be constant at four years.
18. Put another way, counties are not being compared with each other (i.e., cross-sectionally) but with themselves, over time.
19. I take the log of county population to reduce the effect of outlier counties.
20. Of course, if Democratic administrations are using these demographic indicators to target core supporters, then including them may understate the importance of Democratic vote share on LIHTC allocations. The full model with covariates can be viewed as providing the more conservative estimate of the effect of county partisanship.
21. When including the demographic covariates in the model, I use their values at the start of the gubernatorial term, prior to the distribution of new tax credit units.
22. Initially QCT designations were determined using the Department of Housing and Urban Development's (HUD) metro fair market rent area (HMFA)–level area median gross income (AMGI); eligible tracts were those in which at least 50% of the households had incomes below 60% of the HMFA-level AMGI. Beginning in 2002, HUD expanded the QCT eligibility criteria to also include any tracts with poverty rates of 25% or more. The new formula significantly increased the number of tracts eligible for the credit bonus (Hollar and Usowski 2007). I thank Matthew Freedman and Emily Owens for generously sharing their dataset of QCTs for the period 2000–2010, compiled from HUD's annual QCT datasets. The annual HUD datasets are posted here: http://www.huduser.org/portal/datasets/qct.html.
23. I also constructed a QCT proxy based on tract household incomes, initially HUD's sole criteria for determining QCT eligibility. Because HMFA boundaries have no straightforward relationship to county boundaries, and because HUD's eligibility calculations relied on special tabulations of household income data more detailed than the data publicly released by the Census Bureau, the indicator I calculated based on county-level AMGI and publicly available census data proved to be a crude proxy for QCT status. For the period 2000–2010 (years

for which official QCT designation data are available), the bivariate correlation between the income–based proxy and actual QCT status is only .13. However, tract-level poverty rates can be easily determined from available census data. The bivariate correlation between the poverty-based QCT proxy and actual QCT status for the period 2000–2010 is .74. I use the poverty-based QCT proxy in the analysis.

24. In addition, other state officials may sit on the housing finance agency board itself, in most cases as ex officio without voting rights. These officials include constitutional officers (State Treasurer, State Auditor, Attorney General) and cabinet members from select executive agencies such as Transportation and Commerce.
25. I identify as outliers counties whose average stock of LIHTC units per 10,000 residents, or Democratic vote share, is above the 99th percentile or below the 1st percentile. See appendix Table A2 for the list.
26. In the analogous graph of vote share coefficients under Republican governors, the coefficients remain consistently statistically insignificant as individual states are excluded from the analysis. All results are available from author upon request.
27. When the allocation model is fit to Virginia data only, the estimated effect of county partisanship is four times larger ($.78 \pm .38$) than in the full sample. Virginia is among the states where the governor appoints every member on the board of the state's housing finance agency.
28. $(0.33 \times 10) \times (25{,}992/10{,}000) = 8.57$ units
29. The minimum length of service is two years (Alaska) and the maximum is seven years (Alabama, Arizona).
30. In addition, as explained earlier, in 10 states appointment power is shared with other state officeholders, including members of the state legislature, whose priorities may differ from those of the governor.

References

Alvarez, R. Michael, and Jason L. Saving. 1997. "Deficits, Democrats, and Distributive Benefits: Congressional Elections and the Pork Barrel in the 1980s." *Political Research Quarterly* 50 (4): 809–31.

Angrist, Joshua D., and Jörn-Steffen Pischke. 2008. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton: Princeton Univ. Press.

Ansolabehere, Stephen, and James M. Snyder. 2006. "Party Control of State Government and the Distribution of Public Expenditures." *Scandinavian Journal of Economics* 108 (4): 547–69.

Arulampalam, Wiji, Sugato Dasgupta, Amrita Dhillon, and Bhaskar Dutta. 2009. "Electoral Goals and Center-State Transfers: A Theoretical Model and Empirical Evidence from India." *Journal of Development Economics* 88 (1): 103–19.

Bainer, Rebecca. 2015. "Governor Malloy Announced Affordable Housing." *wtnh.com*, March 26. Accessed December 15, 2015. http://wtnh.com/2015/03/26/governor-malloy-announced-affordable-housing/.

Baum-Snow, Nathaniel, and Justin Marion. 2009. "The Effects of Low Income Housing Tax Credit Developments on Neighborhoods." *Journal of Public Economics* 93 (5): 654–66.

Berry, Christopher R., Barry C. Burden, and William G. Howell. 2010. "The President and the Distribution of Federal Spending." *American Political Science Review* 104 (4): 783–99.

Bickers, Kenneth N., and Robert M. Stein. 2000. "The Congressional Pork Barrel in a Republican Era." *The Journal of Politics* 62 (4): 1070–86.

Buron, Larry, Sandra Nolden, Kathleen Heintz, and Julie Stewart. 2000. *Assessment of the Economic and Social Characteristics of LIHTC Residents and Neighborhoods*. Cambridge: Abt Associates.

Calvo, Ernesto, and Maria Victoria Murillo. 2004. "Who Delivers? Partisan Clients in the Argentine Electoral Market." *American Journal of Political Science* 48 (4): 742–57.

Cann, Damon M., and Andrew H. Sidman. 2011. "Exchange Theory, Political Parties, and the Allocation of Federal Distributive Benefits in the House of Representatives." *The Journal of Politics* 73 (4): 1128–41.

Cox, Gary. 2009. "Swing Voters, Core Voters, and Distributive Politics." In *Political Representation*, edited by Ian Shapiro, Susan Stokes, Elisabeth J. Wood, and Alexander S. Kirshner, 342–57. New York: Cambridge Univ. Press.

Dahlberg, Matz, and Eva Johansson. 2002. "On the Vote-Purchasing Behavior of Incumbent Governments." *American Political Science Review* 96 (1): 27–40.

Dawkins, Casey J. 2011. *Exploring the Spatial Distribution of Low Income Housing Tax Credit Properties*. Washington, DC: U.S. Department of Housing and Urban Development.

Desai, Mihir, Dhammika Dharmapala, and Monica Singhal. 2010. "Tax Incentives for Affordable Housing: The Low Income Housing Tax Credit." *Tax Policy and the Economy* 24:181–205.

Dreier, Peter, John Mollenkopf, and Todd Swanstrom. 2004. *Place Matters: Metropolitics for the Twenty-First Century*. Lawrence: University Press of Kansas.

Ek, Derrick. 2015. "New Affordable Housing Complex Eyed in Corning." *The Leader*, May 26. Accessed December 15, 2015. http://www.the-leader.com/article/20150512/NEWS/150519851/.

Ellen, Ingrid Gould, Katherine M. O'Regan, and Ioan Voicu. 2009. "Siting, Spillovers, and Segregation: A Reexamination of the Low Income Housing Tax Credit Program." In *Housing Markets and the Economy: Risk, Regulation, and Policy*, edited by Edward L. Glaeser and John M. Quigley, 233–67. Cambridge: Lincoln Institute of Land Policy.

Eriksen, Michael D., and Stuart S. Rosenthal. 2010. "Crowd Out Effects of Place-Based Subsidized Rental Housing: New Evidence from the LIHTC Program." *Journal of Public Economics* 94 (11): 953–66.

Freeman, Lance. 2004. *Siting Affordable Housing: Location and Neighborhood Trends of Low Income Housing Tax Credit Developments in the 1990s*. Washington, DC: Brookings Institution.

Gilens, Martin. 2012. *Affluence and Influence: Economic Inequality and Political Power in America*. Princeton: Princeton Univ. Press.

Golden, Miriam A., and Lucio Picci. 2008. "Pork-Barrel Politics in Postwar Italy, 1953–94." *American Journal of Political Science* 52 (2): 268–89.

Gustafson, Jeremy, and J. Christopher Walker. 2002. *Analysis of State Qualified Allocation Plans for the Low-Income Housing Tax Credit Program*. Washington, DC: U.S. Department of Housing and Urban Development.

Heintze, Theresa C., Lawrence M. Berger, Wendy B. Naidich, and Marcia K. Meyers. 2006. "Housing Assistance and Employment: How Far-Reaching Are the Effects of Rental Subsidies?" *The Social Science Review* 80 (4): 635–74.

Hollar, Michael, and Kurt Usowski. 2007. "Low-Income Housing Tax Credit Qualified Census Tracts." *Cityscape: A Journal of Policy Development and Research* 9 (3): 153–60.

Joint Center for Housing Studies of Harvard University. 2011. *America's Rental Housing: Meeting Challenges, Building on Opportunities*. Cambridge, MA: President and Fellows of Harvard College.

Kramon, Eric, and Daniel N. Posner. 2013. "Who Benefits from Distributive Politics? How the Outcome One Studies Affects the Answer One Gets." *Perspectives on Politics* 11 (2): 461–74.

Kriner, Douglas L., and Andrew Reeves. 2012. "The Influence of Federal Spending on Presidential Elections." *American Political Science Review* 106 (2): 348–66.

Landry-Pitcher, Christy. 2015. "Governor Cuomo Announces $141.3 Million in Awards to Build and Preserve Affordable Housing." *WKTV.com*, May 12. Accessed December 15, 2015. http://www.wktv.com/news/Governor_Cuomo_announces_1413_million_in_awards_to_build_and_preserve_affordable_housing.html.

Lane, Wendi. 2014. "Low-Income Housing Tax Credit Program Brings Revenue to Wyoming." *KCWY13.com*, November 18. Accessed December 15, 2015. http://www.kcwy13.com/news/headlines/Low-Income-Housing-Tax-Credit-Program-brings-Revenue-to-Wyoming-283137461.html.

Lang, Bree J. 2012. "Location Incentives in the Low-Income Housing Tax Credit: Are Qualified Census Tracts Necessary?" *Journal of Housing Economics* 21 (2): 142–50.

Larcinese, Valentino, James M. Snyder Jr., and Cecilia Testa. 2013. "Testing Models of Distributive Politics Using Exit Polls to Measure Voters' Preferences and Partisanship." *British Journal of Political Science* 43 (4): 845–75.

Lazarus, Jeffrey, and Shauna Reilly. 2010. "The Electoral Benefits of Distributive Spending." *Political Research Quarterly* 63 (2): 343–55.

Lazio, Rick. 2013. "A Tax Credit Both Parties Can Get Behind." *CQ—Roll Call*, September 9. Accessed December 15, 2015. http://www.rollcall.com/news/.

Levitt, Steven D., and James M. Snyder Jr., 1995. "Political Parties and the Distribution of Federal Outlays." *American Journal of Political Science* 39 (4): 958–80.

Lipman, Barbara J. 2006. *A Heavy Load: The Combined Housing and Transportation Burdens of Working Families*. Washington, DC: Center for Housing Policy.

Martin, Paul S. 2003. "Voting's Rewards: Voter Turnout, Attentive Publics, and Congressional Allocation of Federal Money." *American Journal of Political Science* 47 (1): 110–27.

Mueller, Elizabeth J., and J. Rosie Tighe. 2007. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes." *Journal of Planning Literature* 21 (4): 371–85.

National Council of State Housing Agencies. 2010. *State HFA Factbook*. Washington, DC: National Council of State Housing Agencies.

Owens, Michael Leo, and Amy Yuen. 2012. "The Distributive Politics of 'Compassion in Action': Federal Funding, Faith-Based Organizations, and Electoral Advantage." *Political Research Quarterly* 65 (2): 422–42.

Rohe, William, and Lance Freeman. 2001. "Assisted Housing and Residential Segregation: The Role of Race and Ethnicity in the Siting of Assisted Housing Developments." *Journal of the American Planning Association* 67 (3): 279–92.

Schwartz, Alex F. 2010. *Housing Policy in the United States*. New York: Routledge.

Sellers, Patrick J. 1997. "Fiscal Consistency and Federal District Spending in Congressional Elections." *American Journal of Political Science* 41 (3): 1024–41.

Shelburne, Mark H. 2008. "An Analysis of Qualified Allocation Plan Selection Criteria." *Journal of Tax Credit Housing* 1 (1): 1–7.

Sheridan, Jeff, and Scott Elliott. 2015. "Governor Wolf Announces Tax Credits and PennHOMES Funding for Affordable Multifamily Developments in Pennsylvania." *PRNewswire*, May 14. Accessed December 15, 2015. http://www.prnewswire.com/news-releases/governor-wolf-announces-tax-credits-and-pennhomes-funding-for-affordable-multifamily-developments-in-pennsylvania-300083696.html.

Weingast, Barry R., Kenneth A. Shepsle, and Christopher Johnsen. 1981. "The Political Economy of Benefits and Costs: A Neoclassical Approach to Distributive Politics." *Journal of Political Economy* 89 (4): 642–64.

Wisconsin Housing and Economic Development Authority. 2015. "WHEDA Awards $12.6 Million in Affordable Housing Tax Credits Statewide." WHEDA. Accessed May 26, 2015. http://www.wheda.com/AboutWheda/PressRoom/Dynamic.aspx?id=3259.

Author Biography

Claudine Gay is the Wilbur A. Cowett professor of government and professor of African and African-American studies at Harvard University. Her current research investigates the distributive politics and downstream political consequences of federal housing policy. A previous article in *Urban Affairs Review* examined the Moving to Opportunity for Fair Housing Demonstration Program and its effects on the political behavior of program participants.