OPEN COMMUNITIES ALLIANCE

Embracing Diversity to Strengthen Connecticut

Low Income Housing Tax Credit Balance: Leverage what we have!

Why it makes sense to prioritize high opportunity areas for Low-Income Housing Tax Credit placements

What is the LIHTC program? The Low Income Housing Tax Credit (LIHTC) program supports the development, purchase, and rehabilitation of rental housing developments that include units affordable to low-income individuals and families. It is a program of the federal Department of Treasury administered in Connecticut by the Connecticut Housing Finance Authority (CHFA). The program produces more units of affordable housing than any other federal program in the country. Connecticut currently has approximately 20,000 LIHTC units.

Where are units located? Unfortunately, 73% of LIHTC units are located in high poverty and minority concentrated areas, which make up less than 11% of the land area of the state.

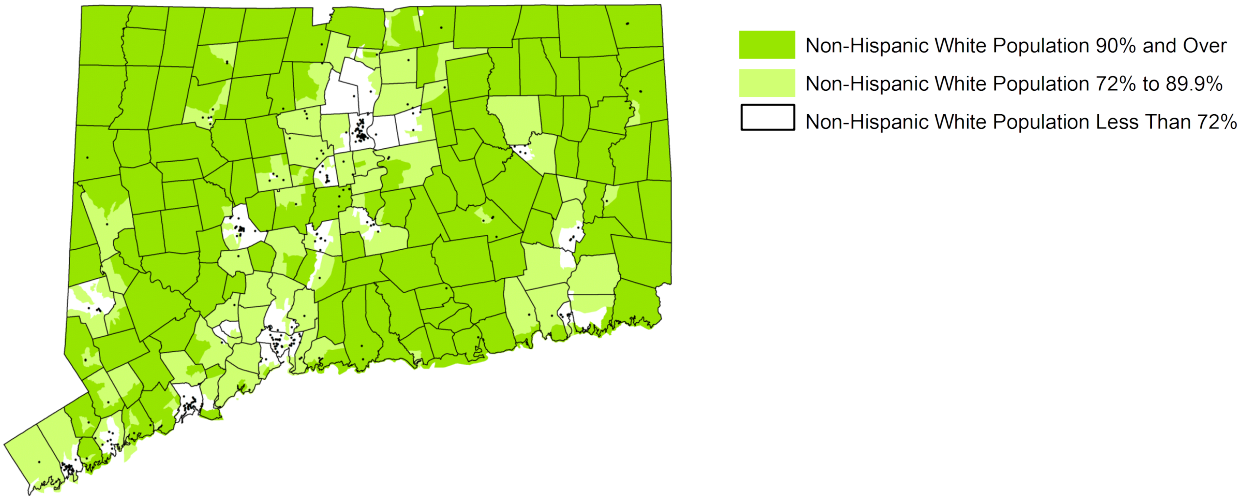


Figure 1: LIHTC Units by Race, Poverty and RCAP (by tract)

Demographic Served	Total Units	Disproportionately Minority Areas *(30% or >)*	High Poverty Areas *(9.2% or >)*	Racially & Ethnically Concentrated Areas of Poverty *(50+% minority + 3x regional poverty)*
% of CT Land Area		*5.8%*	*10.5%*	*<1%*
All	20,018	73%	73%	40%
Open to All	13,560	76%	76%	37%
Elderly	4,740	58%	55%	36%
Supportive	734	96%	96%	63%

Why is this a problem?

- It does not allow the state as whole to leverage resources like thriving schools to give our diverse workforce of the future access to areas of Connecticut that are thriving.

- It denies housing choice to low-income families and individuals interested in living in communities with greater access to opportunity.

- In many cases (with some exceptions), it stymies the efforts of community members trying to revitalize struggling communities by increasing poverty concentration and preventing the evolution of mixed income neighborhoods.

- Because Blacks and Latinos in Connecticut earn, on average, half or less of what Whites earn, subsidized housing developed in a segregating manner will reinforce lines of segregation.

Why is it important to use the LIHTC program to foster access to opportunity?

1. It is good for everyone!

Low-income families experience tremendous benefits when they gain access to opportunity:

- Decreased chances of asthma, obesity, and neurodevelopmental disorders.

- Lower incidences of risky behaviors by adolescents.

- Reduced likelihood of placement in special education, repeating a grade, dropping out, or being suspended or expelled.

- Improved educational performance.

Receiving thriving communities benefit from welcoming new neighbors:

- When poverty rates remain below 20%, research has found no negative outcomes from mixed-income housing with a percentage of affordable units. Crime does not increase. School performance does not decrease. Property values do not go down.

- Students in thriving schools will have the opportunity to experience the kind of diversity that will help make them better employees in the multicultural workplaces of the future.

- Suburban towns will increase the economic diversity of their residents so that a whole variety of local employees, from teachers, to policemen, firemen and store clerks, can live where they work.

2. ***It's the Law!*** State and federal laws, such as the Fair Housing Act, require that housing programs, like the Low Income Housing Tax Credit program, be administered in a manner that affirmatively furthers fair housing and avoids creating a disparate impact on people of color. States that accept federal funding assume the same obligation to affirmatively further fair housing.

So what needs to change?

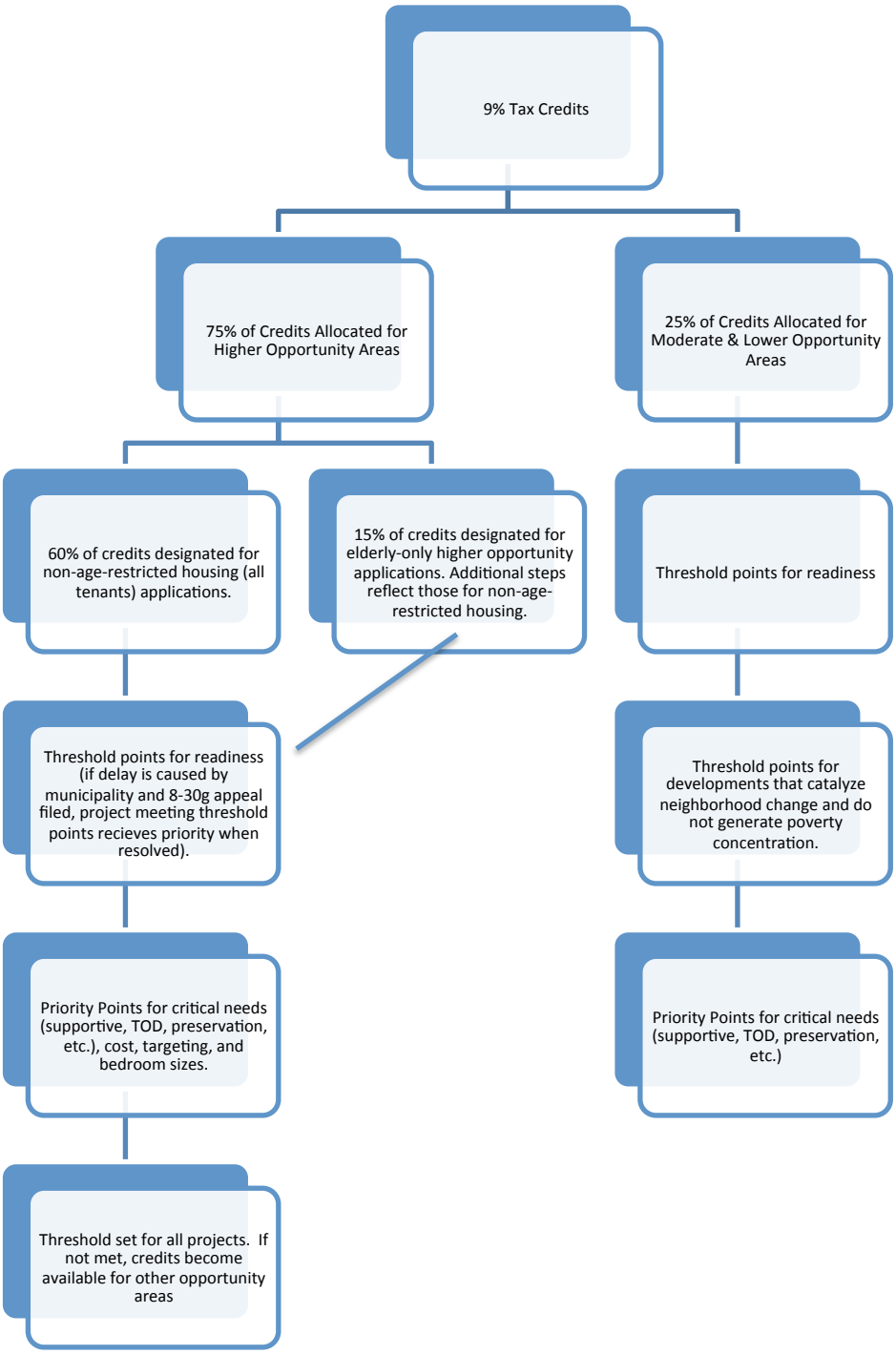
Low Income Housing Tax Credits are handed out according to the priorities set in the *Qualified Allocation Plan* developed by CHFA. Because this allocation is determined at the state level, Connecticut has considerable control over how the program is used. For over 10 years advocates have urged CHFA to change the LIHTC program to bring balance to the allocation of credits. While some modest changes have been made, much more needs to be done to remedy the way the program has been administered since its inception in 1986.

The LIHTC program needs to be reoriented to prioritize higher opportunity developments that create housing choice *and* lower opportunity developments that contribute to neighborhood revitalization or provide other benefits.

We propose an **Opportunity Leveraging Approach**, which prioritizes LIHTC allocations to take advantage of other community and investment resources (see Figure 2, below):

- 60% of credits should be prioritized for non-age-restricted developments in *higher opportunity areas* (see Figure 3).
- 15% of credits should be prioritized for age-restricted projects in higher opportunity areas.
- 25% of LIHTCs should be prioritized for catalytic projects in areas of "moderate" and "lower opportunity."
- If an otherwise qualifying higher opportunity development is not prepared to move forward due to zoning issues and a CGS Sec. 8-30g appeal is pending, the development will receive priority consideration for credits when the case is resolved.
- If an insufficient number of applications obtaining threshold points for either priority area is submitted, the remaining credits would become available largely without regard to opportunity area location.

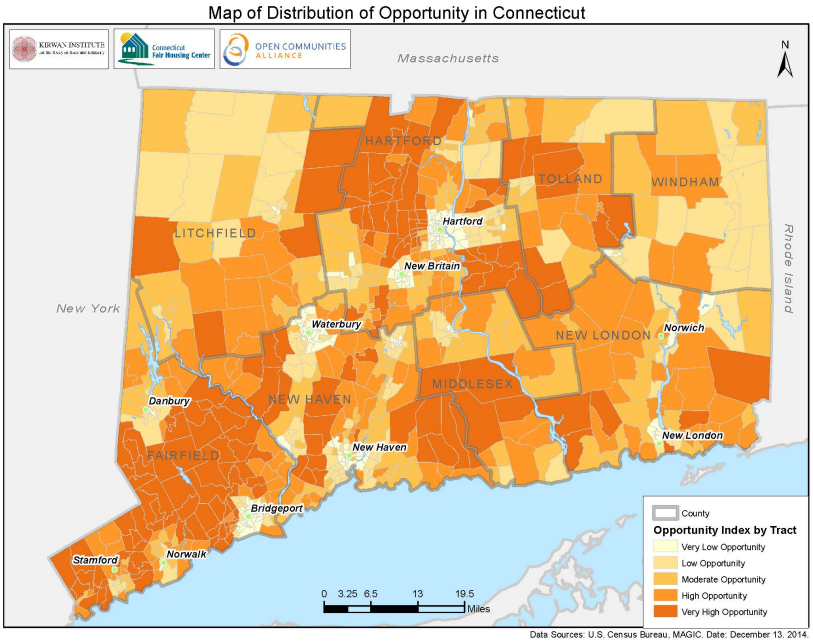
Figure 2: Opportunity Leveraging Approach Flow Chart



Where are higher opportunity areas?

Twelve data points combine to generate the opportunity map of Connecticut. The darker the shading, the greater the access to opportunities such as thriving schools and safe neighborhoods.

Figure 3: Opportunity Rankings and Data Points in Connecticut



Educational Indicators	Economic Indicators	Neighborhood/Housing Quality Indicators
Students Passing Math Test scores	Unemployment Rates	Neighborhood Vacancy
Students Passing Reading Test scores	Population on Public Assistance	Crime Rate
Educational Attainment	Job Growth	Neighborhood Poverty Rate
	Employment Access	Homeownership Rate
	Job Diversity	

Resources

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