



# Siting Affordable Housing: Location and Neighborhood Trends of Low Income Housing Tax Credit Developments in the 1990s

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*“Substantial room exists for the LIHTC program to expand housing choice for lower-income families beyond central-city neighborhoods.”*

## Findings

An analysis of the location and neighborhood characteristics of housing developments funded by the federal Low Income Housing Tax Credit (LIHTC) in the 1990s finds that:

- Approximately 42 percent of all LIHTC units are located in the suburbs, compared to only 24 percent of other project-based federally assisted housing units. Still, a majority of LIHTC units (58 percent) lie in central cities although a minority (38 percent) of all metropolitan residents reside there. Northeastern states have the highest proportion of their LIHTC units in central cities.
- LIHTC neighborhoods contain disproportionate shares of black residents. Blacks represent about one in four residents of LIHTC neighborhoods, compared to about one in seven residents across all metropolitan neighborhoods. LIHTC neighborhoods did become more racially and ethnically diverse during the 1990s, thanks largely to a significant increase in their Hispanic and foreign-born populations.
- Compared to other neighborhoods, LIHTC neighborhoods experienced larger declines in poverty and similar increases in home values during the 1990s. Despite their progress, however, LIHTC neighborhoods still have considerably higher poverty rates, lower median incomes, and lower median home values than typical metropolitan neighborhoods.
- Suburban LIHTC neighborhoods are predominantly white and boast higher median incomes, lower levels of poverty, and higher home values and homeownership rates than LIHTC neighborhoods in central cities. The large socioeconomic gaps that separate central city and suburban LIHTC neighborhoods did narrow during the 1990s, however. For instance, although median household income in central-city LIHTC neighborhoods trails that in suburban LIHTC neighborhoods by \$13,000, incomes grew more than twice as fast in city as suburban LIHTC neighborhoods over the decade.

In sum, substantial room exists for the LIHTC program to expand housing choice for lower-income families beyond the central-city neighborhoods (although neighborhoods with LIHTC developments improve on those containing traditional project-based affordable housing). Lawmakers should therefore review targeting incentives within the LIHTC statute to ensure that they promote family access to economically stable, racially integrated neighborhoods. In addition, collecting and analyzing more data on the age and racial/ethnic characteristics of LIHTC development residents would enhance understanding of program performance.





## Introduction

Federally assisted housing programs are supposed to provide affordable housing, decent shelter, and a suitable living environment for individuals and families of modest means. While these efforts have achieved some success in ensuring affordability and quality housing, they have generally provided a less-than-adequate living environment for the typical assisted housing resident. Indeed, some research suggests that assisted housing residents live in more disadvantaged neighborhoods than equally poor unassisted households.<sup>2</sup>

The location of assisted housing developments today remains one of the program's biggest flaws. Historically, decisionmakers have sited these developments in some of America's most disadvantaged neighborhoods, serving to concentrate poverty and sharpen racial segregation. Moreover, by siting assisted housing developments in impoverished neighborhoods where jobs are scarce, schools are poor, and social resources minimal, developers may have unwittingly limited the opportunities for upward mobility of residents. Assisted housing developments have thus acquired a reputation as "housing of last resort."<sup>3</sup>

This reputation owes in part to problems associated with the public housing program, which until recently was the primary vehicle for producing subsidized housing. There is reason to suspect, however, that the neighborhood environment of newly developed assisted housing may be better than in the past. During the 1990s many urban neighborhoods experienced a renaissance of sorts, with increasing or stabilized population, rising property values, and new commercial activity. Moreover, a new program—the Low Income Housing Tax Credit (LIHTC)—emerged as the primary vehicle for new affordable housing construction as funds for other new development slowed to a trickle.

This survey examines the characteristics of neighborhoods where LIHTC units were built in the 1990s. The next section provides historical background on the siting of federally assisted housing. After describing the research methodology, the survey presents new findings on LIHTC neighborhoods, including their locational characteristics, racial and ethnic makeup, and economic profile. It compares their characteristics to those prevailing in neighborhoods with other types of federally assisted housing, and in metropolitan areas generally, and explores how LIHTC neighborhoods changed during the 1990s. The survey concludes with a discussion of the policy implications that flow from these findings.

## Background

### *History*

The inception of the public housing program in 1937 marked the federal government's first sustained foray into the development of affordable housing. Designed primarily to create jobs for unemployed building-trade workers during the Great Depression, public housing was also viewed as a way of clearing slums and providing housing for the "deserving" poor: hard-working married-couple families who were temporarily down on their luck.<sup>4</sup> Indeed, an early U.S. Housing Authority publication stated the purpose of public housing: "To raise the living standards of typical employed families of very low income who are independent and self-supporting."<sup>5</sup>

Federal housing policy in the post-World War II era changed, touching off a dramatic shift in public housing clientele. The federal government still provided subsidies for the working class by insuring mortgages through the Federal Housing Administration (FHA) and the Veterans Administration (VA), but these subsidies targeted white suburban homeowners. With the Housing Act of 1949, however,

public housing policies gave priority to the very poor and those displaced by urban renewal. The era also witnessed the second wave of the Great Migration of blacks from the South to the cities of the North and West. In response, many cities used public housing as a "safety valve" to house black in-migrants who were barred from white neighborhoods.<sup>6</sup> By the middle of the 20<sup>th</sup> century, public housing served increasingly poor, minority individuals and families. Not surprisingly, these tenant characteristics insured that public housing was typically built in the least desirable sections of town.

The perceived locational failures of the public housing program inspired policymakers to adopt other programs aimed at making affordable housing available in a wider range of neighborhoods. Significant among these were the Section 236 program and Section 8 new construction and rehabilitation program. Section 236, part of the Housing and Urban Development Act of 1968, provided subsidized mortgages to nonprofit and limited-profit developers who developed affordable housing. Section 8, enacted as part of the Housing and Community Development Act of 1974, provides rental subsidies attached to units through new construction or rehabilitation, and to households through vouchers.<sup>7</sup> With a voucher, a household can rent any unit as long as it is willing to pay the difference between the voucher value and the actual rent. Other programs have produced smaller numbers of affordable units over the years, including Section 221(d)(3), under which the FHA provides mortgage insurance for the development of units for low- and moderate-income renters.

Despite the implementation of other programs to produce affordable housing, public housing continued to cast a shadow over all federally assisted housing. Over time, affordable housing became synonymous with "projects," and the negative character-





istics of public housing came to taint the public's perception of all assisted-housing developments.

### *Locational Characteristics*

Numerous studies have demonstrated that the public housing program's discriminatory siting practices effectively concentrated highly segregated developments in poor minority neighborhoods across urban America.<sup>8</sup> And society soon noticed. During the 1960s and 1970s, the Civil Rights movement and associated social unrest gave rise to several lawsuits in which plaintiffs successfully argued that local housing authorities and the U.S. Department of Housing and Urban Development (HUD) practiced racial discrimination in siting low-income housing.<sup>9</sup> During the 1980s and 1990s the writings of several scholars also served to highlight the deleterious consequences of living in neighborhoods of high poverty.<sup>10</sup> Research and social forces thus coalesced to promote a shift in the spatial aim of federal low-income housing policy towards affirmatively promoting neighborhood choice and opportunity for assisted households.

It is not clear, however, that this change in goals translated into real change in the neighborhood characteristics of newly developed low-income housing. Through at least the 1980s, federally subsidized low-income housing was still sited disproportionately in low-income black communities.<sup>11</sup> Moreover, HUD mandates that federally assisted housing be developed outside of minority- or poverty-concentrated areas, combined with Not In My Backyard (NIMBY) protests at the local level, stopped many HUD-sponsored developments cold in their tracks. For example, after the 1969 *Gatreaux v. Chicago Housing Authority* (CHA) decision required the CHA to develop public housing outside of ghetto areas, the authority essentially stopped building public housing.<sup>12</sup> Likewise, the New York City Housing Authority,

stymied by efforts to find sites that were not areas of minority and poverty concentration and where NIMBYism would not inhibit development prospects, ended up using a \$230 million allocation to rehabilitate existing units, rather than to build new ones.<sup>13</sup>

The 1990s, however, may have witnessed a change for the better in low-income housing siting patterns. Many central cities experienced a renaissance of sorts, halting or reversing the dramatic declines in population that defined central cities in the latter half of the 20<sup>th</sup> century.<sup>14</sup> Moreover, financial institutions and retail chains finally began investing in inner-city communities again, spurred by the strengthening of the Community Reinvestment Act (CRA) and the recognition that inner city investing could be profitable. Indeed, in cities that experienced rapid housing price increases in the latter half of the decade, gentrification seemed as much of a concern as disinvestment in many inner-city communities.<sup>15</sup>

The 1990s also marked the tail end of a seismic shift in federal low-income housing policy. Discredited by the example of notorious public housing developments such as Pruitt-Igoe in St. Louis and the Robert Taylor Homes in Chicago, public housing fell out of favor. Tenant-based housing assistance (generally in the form of vouchers) rose to the fore, because it was less costly and provided recipients with more choices. Additionally, renters with tenant-based assistance lived in more economically and racially diverse neighborhoods, consistent with policies that aimed to break up high-poverty communities.<sup>16</sup> The development of new, project-based housing assistance further slowed as congressional restrictions practically banned the development of new project-based housing developments. Voucher proponents thus won the debate over demand-side versus supply-side subsidies.<sup>17</sup> The one notable exception is the HOPE VI

program, although new subsidized HOPE VI units typically replace units that have been demolished, and completed communities often contain a smaller supply of subsidized units than the projects they replace.<sup>18</sup>

### *The Low Income Housing Tax Credit*

HUD's move away from project-based housing assistance did not, in reality, shut down affordable housing production. Instead, the Low Income Housing Tax Credit (LIHTC) emerged as the de facto new construction program for low- and moderate-income housing. The federal government enacted the LIHTC in 1986 to provide ten years of tax credits to investors who back developments in which a portion of units are made affordable for lower-income renters for at least 15 years. The Internal Revenue Service (IRS) administers the program and disburses credits to states on a per-capita basis. Each state has an agency, often the housing finance agency, that manages its LIHTC program. Developers apply to the agency to receive tax credit allocations in exchange for building units that are affordable to low-income households. Developers or property managers are responsible for marketing the units to eligible households.

The LIHTC serves a somewhat different clientele from that of other federal housing programs. At least 20 percent of the units in an LIHTC development must have rents affordable to households with incomes no greater than 50 percent of the local area median; or at least 40 percent of the units must be affordable to families with incomes no greater than 60 percent of the local area median. A unit is considered affordable if its rent is no higher than 30 percent of a household's income. Unlike other federally assisted housing programs which in the past gave preference to especially needy clients, such as the homeless or those living in unsafe units, LIHTC developments typically have no such preferences. For this





reason, the LIHTC serves slightly more affluent families than other federal housing programs.<sup>19</sup>

Each state typically disburses its credits in accordance with an allocation plan that directs credits toward developments that meet the state's housing goals. For example, many states give preference to tax credit applications from non-profit developers, or for developments in underserved rural areas.

The size of the LIHTC program suggests how important it has become as a source of affordable housing production. A database maintained by HUD shows that by 2000, developers had produced over 800,000 low-income units through the LIHTC program. By way of comparison, in 2000 there were 4,838,978 HUD-assisted households, including 1.3 million public housing units and approximately 1.8 million households receiving Section 8 vouchers. The LIHTC has grown to about half the size of the public housing program in part because fewer than 50,000 affordable housing units were developed in the 1990s under other construction programs combined (Public Housing, Section 8 New Construction, Section 236, and FHA-financed development). Table 1 lists the top 10 metropolitan areas by the number of LIHTC units built there during the 1990s.

The LIHTC is further distinguished by the fact that it evolved outside of the major federal agency responsible for providing affordable housing—HUD. This raises several important implications for the siting of LIHTC developments. First, because the IRS exercises much less influence over LIHTC-financed housing developments than HUD does over its housing production programs, the LIHTC is a much more decentralized program. Its units may thus have less of a stigma than public housing “projects” that are sure to inspire NIMBY-ism in almost any neighborhood. Second, because they are

**Table 1. Number of LIHTC Units Built in the 1990s, by Metropolitan Area**

Rank	Metropolitan Area	LIHTC Units Built in 1990s	Total Rental Units*	Percent LIHTC Units
1	Dallas, TX PMSA	21,281	526,662	4.0%
2	Washington, DC-MD-VA-WV PMSA	20,754	666,034	3.1%
3	New York, NY PMSA	19,315	2,275,865	0.8%
4	Chicago, IL PMSA	16,140	1,051,399	1.5%
5	Atlanta, GA MSA	15,359	505,224	3.0%
6	Houston, TX PMSA	13,491	591,910	2.3%
7	Detroit, MI PMSA	13,249	468,211	2.7%
8	Orlando, FL MSA	12,502	210,700	5.9%
9	Los Angeles-Long Beach, CA PMSA	11,140	1,634,080	0.7%
10	Seattle-Bellevue-Everett, WA PMSA	10,604	366,289	2.9%

\* Total rental units reflects occupied units only  
Source: HUD's LIHTC Database; Census 2000

developed and managed by private developers and nonprofit organizations rather than local housing authorities, people may have less of a fear that they will become high-rise slums. Some local housing authorities have notorious reputations for corruption, inefficiency, and waste. Thus, as a decentralized program not associated with these authorities, the LIHTC might have greater success in penetrating “good” neighborhoods than traditional project-based assisted housing.

At the same time, however, the LIHTC is not subject to any of the siting guidelines developed to remedy the public housing program's legacy of discrimination and segregation in siting. These guidelines call for HUD-sponsored developments to be located in neighborhoods outside minority and poverty concentration.<sup>20</sup> In contrast, the LIHTC statute actually gives *preferences* to proposals for development in qualified lower-income neighborhoods, where at least 50 percent of the households have incomes below 60 percent of their metropolitan area's median family income. These tracts are likely to have above-average concentrations of poor minorities—exactly what HUD's siting guidelines

disfavor in most circumstances.

This survey begins to assess how these competing forces shaped the siting of federally assisted housing over the 1990s. The next section describes how the report identifies LIHTC neighborhoods, and the data sources for its analysis.

## Methodology

This analysis uses data from the decennial census, along with data from HUD on the location of federally assisted project-based units, to explore the characteristics of neighborhoods in which LIHTC units were built during the 1990s, and to assess how those neighborhoods changed during the decade.<sup>21</sup> Census tracts, units of geography comprising roughly 4,000 people, serve as proxies for neighborhoods.

The analysis limits its geographic scope to census tracts in metropolitan areas, thus excluding rural LIHTC developments. This seems appropriate: The vast majority of LIHTC-financed development has occurred in metropolitan areas. According to HUD's database, between 1990 and 2000, metropolitan areas garnered 83







percent of all the LIHTC units built in the decade. Similarly, 80 percent of the U.S. population lived in metropolitan areas in 2000.

Data on the location of LIHTC and other federally assisted housing developments come, respectively, from HUD's LIHTC Database and HUD's Picture of Subsidized Housing (PSH). HUD's Office of Policy Development and Research maintains the LIHTC database, which contains information on the location, year allocated, year placed in service, and number of units in each LIHTC development.<sup>22</sup> The year placed in service was used to record the number of LIHTC units built in each census tract between 1990 and 1999, the latest date for which data are available.<sup>23</sup> The PSH identifies the census tract of all federally funded assisted housing developments, including Public Housing, Section 8 New Construction, Section 236, and FHA-financed developments.

As noted in the Introduction, past debates on the siting of federally assisted housing focused on two major neighborhood characteristics: racial composition, because of the long history of racially discriminatory siting policies in housing programs; and income, because of the increasing realization that the socioeconomic status of one's neighbors affect one's life chances. Accordingly, this analysis

focuses on the racial-ethnic composition and socioeconomic status of neighborhoods with LIHTC and other federally assisted units.

The methodology described above sheds considerable light on how neighborhoods where LIHTC units were built fared during the 1990s; however, three caveats are in order. First, because the analysis relies on decennial census data from 1990 and 2000, it may overlook trends that occurred within the decade. Notably, there is some evidence indicating that LIHTC developments penetrated the suburbs at higher rates during the latter half of the decade.<sup>24</sup> This suggests the current trend may differ from the overall trend for the decade. Second, while this survey groups all "other" (non-LIHTC) federally assisted housing developments together, the locational characteristics of these developments vary, especially between developments targeted to families and those targeted to the elderly.<sup>25</sup> Third, the survey compares the locations of two types of project-based units (LIHTC versus all other federally assisted); a separate literature examines the location of renters with federal tenant-based assistance (such as Section 8 vouchers).<sup>26</sup>

A final data note: This study uses the term "LIHTC neighborhoods" to describe the characteristics of neighborhoods nationwide, or in specific

geographies such as central cities, that contain LIHTC-funded developments. These neighborhood characteristics represent weighted averages of census tract-level data based on the number of units in each tract. Weighting each neighborhood based on the number of units therein recognizes that density of units may correlate with certain tract characteristics.<sup>27</sup> In this way, the neighborhood characteristics presented in this analysis represent those for the average LIHTC unit, not the average neighborhood containing LIHTC units.

## Findings

**A. Approximately 42 percent of all LIHTC units are located in the suburbs, compared to only 24 percent of other project-based federally assisted housing units.**

LIHTC developments may suffer from less of the "project" stigma but they are also governed by regulations that favor disadvantaged neighborhoods. This makes it hard to assess whether the program might be more successful than other housing programs in giving residents access to a "suitable living environment." This section looks at one indicator of neighborhood environment—the extent to which LIHTC units are located in suburbs, as opposed to central cities. In a largely suburban nation, where many of the

**Table 2: Central City Location, LIHTC Units Built in 1990s Versus Other Federally Assisted Project-Based Units, by Region, 2000**

Region	LIHTC Units in Central Cities	Proportion of LIHTC Units in Central Cities	Other Assisted Units in Central Cities	Proportion of Other Assisted Units in Central Cities	Proportion of Total Population in Central Cities
Northeast	53,090	67.7%	468,307	77.8%	34.0%
South	119,187	54.4%	378,912	77.6%	36.7%
Midwest	77,754	61.3%	334,396	73.5%	37.3%
West	60,266	54.1%	163,203	70.4%	41.8%
<b>TOTAL</b>	<b>310,297</b>	<b>57.9%</b>	<b>1,344,818</b>	<b>75.7%</b>	<b>37.5%</b>

Source: HUD's LIHTC Database; HUD's Picture of Subsidized Housing





best employment and education opportunities for lower-income families are located outside of central cities, the degree to which the LIHTC provides families with enhanced access to suburban neighborhoods is an important program characteristic.

Table 2 presents mixed evidence on this front. It shows that central cities encompass 58 percent of all metropolitan LIHTC units built during the 1990s—despite the fact that central cities contain only 38 percent of metropolitan residents generally. At the same time, other types of federally assisted developments concentrate in central cities to an even greater degree than LIHTC units—more than three-quarters are located there. Hence the LIHTC, although relatively urban, has been more successful in dispersing units into the suburbs than other federal project-based housing assistance programs.

What accounts for the disproportionate share of LIHTC units in central cities? A perception of greater need in central cities, NIMBY-ism, and exclusionary zoning in the suburbs probably all contribute to this pattern. Likewise, the preferences for lower-income neighborhoods built into the LIHTC regulations undoubtedly fuel this outcome as well, given that

central cities contain most of the nation's poorest neighborhoods. And notably, the central-city locus of the strong network of non-profit community development corporations that focus on the production of LIHTC units probably plays a role; few such organizations exist in the suburbs.

Conversely, the LIHTC's relative success in penetrating the suburbs likely owes to several factors. Earlier assisted-housing developments were for the most part built at a time when the nation was much less suburban than it is today. The movement of households to the suburbs in increasing numbers has likely opened up neighborhoods for development that were closed decades ago. Additionally, if suburban politicians choose to avoid NIMBY debates, they—or the local housing authority they are likely to control—can simply not apply for grants to build HUD-sponsored housing. In contrast, for-profit and non-profit developers who apply for LIHTC allocations may face fewer political constraints, making it more difficult for suburban communities to exclude LIHTC-financed developments.

Table 2, finally, illustrates further that the siting of LIHTC projects varies somewhat across the different regions of the country. Northeastern

states exhibit the highest percentages of LIHTC and other federally assisted units in their central cities, even though total population there is more suburbanized than in other regions. The siting of LIHTC units most closely reflects broader population patterns in the West, where 46 percent of units—and 58 percent of total residents—are located in the suburbs.<sup>28</sup>

***B. LIHTC neighborhoods contain disproportionate shares of black residents.***

Overall, LIHTC units built in the 1990s are more suburban than other assisted-housing developments. Yet as other scholars have shown, suburbs themselves are becoming quite heterogeneous; many older suburbs are as disadvantaged as their central city neighbors.<sup>29</sup> To shed light on whether LIHTC units' greater rate of suburbanization represents a qualitative difference in the type of neighborhoods where LIHTC units are located, the next two sections examine the racial/ethnic and socioeconomic characteristics of LIHTC neighborhoods.

The racial and ethnic profile of neighborhoods with LIHTC-financed units and other federally assisted developments differs significantly from the makeup of metropolitan America

**Table 3. Neighborhood Race-Ethnic Composition, LIHTC Versus Other Federally Assisted Project-Based Units, 1990–2000\***

	LIHTC Neighborhoods (%)			Neighborhoods with Other Federally Assisted Units (%)			All Metropolitan Neighborhoods (%)		
	1990	2000	Percent Change	1990	2000	Percent Change	1990	2000	Percent Change
White	58.0	51.4	-11.4	47.0	39.8	-15.3	72.1	65.0	-9.9
Black	28.1	25.6	-8.9	36.2	37.8	4.3	14.9	14.9	--
Hispanic	10.0	16.0	60.1	12.8	15.8	23.3	9.2	13.2	43.2
Asian	3.1	3.9	25.6	3.3	3.6	10.3	3.1	4.0	30.3
Foreign-born	8.5	13.5	58.6	9.1	11.9	30.4	8.9	12.2	37.1

\* Percent change columns reflect percentage change in the proportion of the population in given racial/ethnic category.

Source: HUD's LIHTC Database; HUD's Picture of Subsidized Housing; 1990 and 2000 decennial censuses





generally (Table 3). The presence of blacks is the most obvious difference. Specifically, blacks are overrepresented in neighborhoods with LIHTC units, and to an even greater degree in neighborhoods with other types of federally assisted housing. While blacks make up 15 percent of metropolitan residents generally, they account for 26 percent of population in LIHTC neighborhoods, and 38 percent of the population in neighborhoods with other federally assisted developments. Conversely, whites are underrepresented in these neighborhoods.

At the same time, the proportion of a neighborhood that is Asian or Hispanic does not relate strongly to the location of LIHTC or other federally assisted units. While Hispanics are somewhat overrepresented in neighborhoods with federally assisted housing, blacks are located there in much more disproportionate numbers. These race-ethnic patterns generally hold across U.S. regions as well, except in the West, where Hispanics account for a noticeably larger share of population than blacks in neighborhoods with LIHTC and other federally assisted project-based units (Appendix Table A).

The over-representation of blacks in LIHTC neighborhoods is pronounced in the South and Midwest, while similar but less stark patterns prevail for Hispanics in Western and Northeastern metropolitan areas. For Asians, blacks, and Hispanics, Table 4 shows the ten metro areas in which each group makes up the most disproportionate share of population. In the Chicago metro area, for example, blacks account for more than half residents of LIHTC neighborhoods, even though they represent just one-fifth of residents metro-wide. These metro-level patterns reinforce the fact that blacks are the most spatially isolated minority group, and suggest—at a minimum—that federal housing programs such as the LIHTC do not mitigate that outcome.

**Table 4. Metropolitan Areas with the Largest Overrepresentation of Minority Population in LIHTC Neighborhoods, 2000**

Metropolitan Area	Population Share—LIHTC Neighborhoods (%)	Population Share—Metro Area (%)	Difference (% points)
<b>Asians</b>			
Stockton-Lodi, CA MSA	26	11	15
Honolulu, HI MSA	55	45	10
Yuba City, CA MSA	19	9	10
Nashua, NH PMSA	8	2	6
State College, PA MSA	8	4	4
Salinas, CA MSA	9	6	3
Wausau, WI MSA	8	5	3
Sacramento, CA PMSA	11	8	3
Boston, MA-NH PMSA	9	6	3
Bryan-College Station, TX MSA	8	5	3
<b>Blacks</b>			
Atlantic-Cape May, NJ PMSA	80	15	65
Jackson, TN MSA	92	33	59
Lakeland-Winter Haven, FL MSA	67	16	51
Goldsboro, NC MSA	89	42	47
Wilmington, NC MSA	67	21	46
Jacksonville, NC MSA	58	21	37
Ocala, FL MSA	49	13	36
Waco, TX MSA	52	16	36
Hattiesburg, MS MSA	67	33	34
Tyler, TX MSA	57	23	34
Chicago, IL PMSA	55	21	34
Greensboro—Winston-Salem—High Point, NC MSA	58	27	31
<b>Hispanics</b>			
Las Cruces, NM MSA	98	63	35
Springfield, MA MSA	48	16	32
Greeley, CO PMSA	57	27	30
Tucson, AZ MSA	56	28	28
Salinas, CA MSA	65	41	24
Santa Barbara-Santa Maria-Lompoc, CA MSA	56	32	24
San Diego, CA MSA	50	26	24
Amarillo, TX MSA	44	20	24
Reading, PA MSA	36	13	23
San Angelo, TX MSA	53	31	22

Source: HUD's Low Income Housing Tax Credit Database; Census 2000

Like the rest of the country, neighborhoods where LIHTC units were built during the 1990s did become more racially and ethnically diverse

over the decade. The proportion of residents who are white declined, and the proportion who are Asian, Hispanic, and foreign-born increased



**Table 5. Neighborhood Economic and Housing Characteristics, LIHTC Versus Other Federally Assisted Project-Based Units, 1990–2000**

	LIHTC Neighborhoods			Neighborhoods with Other Federally Assisted Units			All Metropolitan Neighborhoods		
	1990	2000	Percent Change	1990	2000	Percent Change	1990	2000	Percent Change
Poverty Rate (%)	20.2	19.1	-5.5	28.5	28.9	0.1	13.1	13.1	--
In High-Poverty Neighborhoods (%)*	13.2	8.9	-32.6	18.9	11.5	-39.2	5.4	4.4	-19.0
Median Household Income (\$)	33,666	36,730	9.1	27,260	27,533	1.0	42,860	46,716	9.0
Homeownership Rate (%)	40.3	45.7	13.4	32.8	35.5	8.3	56.9	63.4	11.4
Median Home Value (\$)	84,053	121,312	44.3	81,592	120,163	47.3	106,814	144,496	35.3
Housing Built in Last 10 Years (%)	18.9	20.8	10.1	13.1	7.5	-42.8	18.0	14.6	-18.8

\* Census tract poverty rate of at least 40 percent

Source: HUD's LIHTC Database; HUD's Picture of Subsidized Housing; 1990 and 2000 decennial censuses

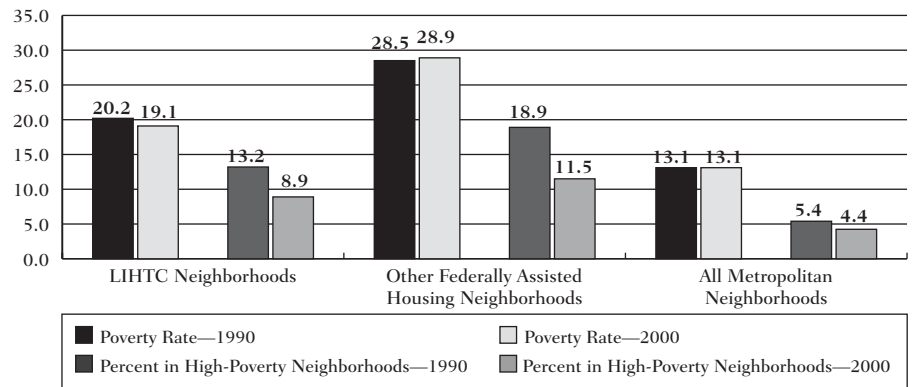
(Table 3). Compared to neighborhoods with other types of federally assisted housing, LIHTC neighborhoods saw a decline in their black proportion of population, and experienced even more significant increases in Hispanic and foreign-born populations.

The siting patterns of LIHTC units reflect overall patterns in the residential segregation of blacks, as well as their lower socioeconomic status.<sup>30</sup> Although Hispanics share characteristics similar to blacks on many socioeconomic indicators, they are less segregated, and thus not located as disproportionately in neighborhoods with LIHTC units or other federally assisted housing developments. Evidently, multiple factors combine to create a situation in which race—particular black race—still matters in the siting of affordable housing.

**C. Compared to other neighborhoods, LIHTC neighborhoods experienced larger declines in poverty and similar increases in home values during the 1990s.**

Given the persistent differences in racial and ethnic makeup between LIHTC neighborhoods and other neighborhoods, it is reasonable to ask whether these differences persist on economic and housing fronts as well.

**Figure 1. Neighborhood Poverty Characteristics, LIHTC Versus Other Federally Assisted Project-Based Units, 1990–2000**



Source: HUD's LIHTC database; HUD's Picture of Subsidized Housing; 1990 and 2000 decennial censuses

Analysis suggests that a gulf exists here, too, but that it narrowed during the 1990s.

Table 5 presents statistics on the changing economic and housing characteristics of neighborhoods with LIHTC and other federally assisted housing units. Economic measures include the poverty rate, the proportion of neighborhoods where the poverty rate is 40 percent or higher,

and median household income. By any of these yardsticks, LIHTC neighborhoods remain disadvantaged compared to other metropolitan neighborhoods. LIHTC units were built in poorer neighborhoods, neighborhoods more likely to contain concentrated levels of poverty, and in neighborhoods with median incomes about \$10,000 lower than the metropolitan average in 2000.



**Table 6. Economic and Housing Characteristics of LIHTC Neighborhoods by Metropolitan Location, 1990–2000**

	Central City LIHTC Neighborhoods			Suburban LIHTC Neighborhoods		
	1990	2000	Percent Change	1990	2000	Percent Change
Poverty Rate (%)	24.9	24.3	-2.4	11.5	12.6	9.6
In High-Poverty Neighborhoods (%)*	18.7	13.9	-25.6	3.2	2.8	-12.5
Median Household Income (\$)	28,759	31,115	8.1	43,051	44,459	3.3
Homeownership Rate (%)	32.2	36.4	13.1	55.9	56.1	3.4
Median Home Value (\$)	75,987	117,588	54.7	99,541	122,063	22.6
Housing Built in Last 10 Years (%)	16.6	13.9	-16.3	22.7	26.3	15.9

\* Census tract poverty rate of at least 40 percent.

Source: HUD's LIHTC Database; 1990 and 2000 decennial censuses

And yet, although neighborhoods with LIHTC units are relatively underprivileged, on average, their economic profile compares favorably to that of neighborhoods with other types of federally assisted housing. Relative to neighborhoods with other types of federally assisted housing, the average LIHTC unit's neighborhood poverty rate is 10 percentage points lower, and its neighborhood median household income is \$9,000 higher. As discussed earlier, these economic advantages may owe in part to the fact that LIHTC developments themselves cater to a somewhat higher-income clientele than other types of federally assisted developments.

Additionally, neighborhoods where LIHTC units were built during the 1990s appear to have profited significantly from the decade's economic boom. As Figure 1 shows, LIHTC neighborhoods experienced more dramatic declines in poverty, and in the incidence of concentrated poverty, than metropolitan neighborhoods generally. Likewise, their increase in median household income matched that across all metropolitan neighborhoods, and far surpassed the anemic income growth posted in neighborhoods with other federally assisted developments (Table 5). While these gains occurred nationwide, the most

dramatic improvements took place in the Midwest (Appendix Tables B and C). In that region's LIHTC neighborhoods, reductions in poverty rates and increases in household income and home values exceeded those in similar neighborhoods in other parts of the U.S. This pattern reflects broader regional economic trends in the 1990s, in which Midwestern metro areas performed strongly.<sup>31</sup>

Comparing housing stock characteristics across neighborhoods, LIHTC neighborhoods exhibit lower homeownership rates and lower housing values than those found in other metropolitan neighborhoods (Table 5). Interestingly, while neighborhoods with other types of project-based units lag LIHTC neighborhoods on homeownership, median home values there roughly equal those in LIHTC neighborhoods. Neighborhoods with LIHTC units did have a newer housing stock compared to all other neighborhoods, signaling that recent LIHTC development often accompanied broader additions to neighborhood housing stock.

Table 5 thus provides some first-order evidence regarding one of the more pressing questions in affordable housing policy: Does locating affordable units in a neighborhood depress property prices in the surrounding area? This analysis indicates that

neighborhoods with some form of project-based affordable housing actually experienced greater increases in home values than other metropolitan neighborhoods. Additionally, the expansion of homeownership in LIHTC neighborhoods surpassed that in other neighborhoods during the 1990s. The bivariate analyses presented here do not necessarily imply causal connections, of course. Nonetheless, these relationships belie the notion that such developments inevitably undercut the surrounding neighborhood, as some critics have claimed.<sup>32</sup>

Taken together, then, the results presented above tell a consistent story. LIHTC neighborhoods are not as economically disadvantaged as those with traditional federally assisted housing developments. Moreover, these neighborhoods enjoyed improvements in poverty, household incomes, and housing values during the 1990s that matched or exceeded those occurring in other metropolitan neighborhoods. Nonetheless, LIHTC units were still built in relatively distressed neighborhoods in the 1990s. As of 2000, these neighborhoods had more blacks, more poor people, fewer homeowners, and less valuable housing than metropolitan neighborhoods generally.

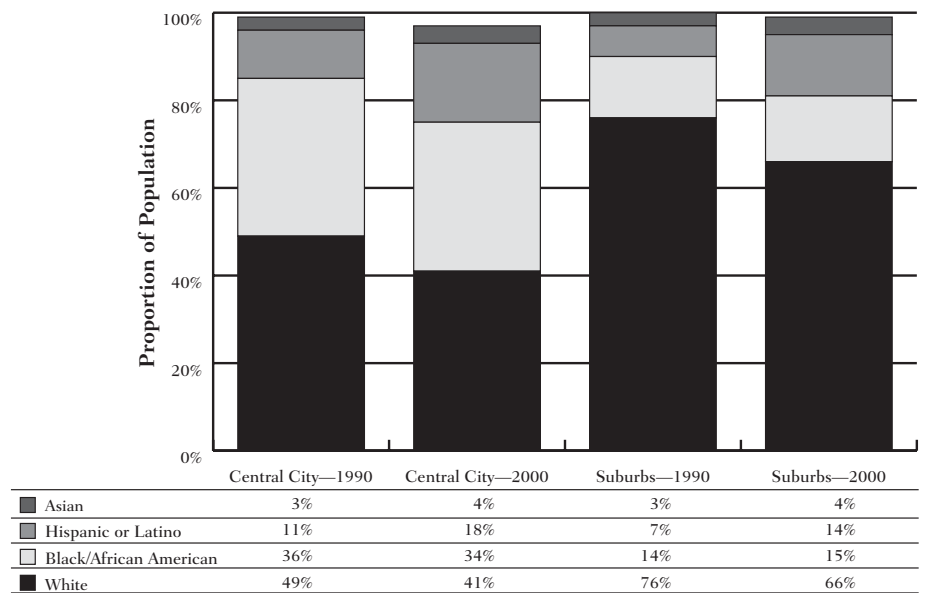
**D. Suburban LIHTC neighborhoods are predominantly white and boast higher median incomes, lower levels of poverty, and higher home values and homeownership rates than LIHTC neighborhoods in central cities.**

Central city neighborhoods with assisted housing developments have traditionally remained among the most distressed in urban America. If LIHTC neighborhoods are relatively healthier than neighborhoods with other types of assisted housing primarily because of their higher suburban presence, we would expect to see significant differences between central city and suburban LIHTC neighborhoods on these demographic and economic measures. This section sharpens geographic distinctions by examining economic, housing, and racial/ethnic characteristics of LIHTC neighborhoods in central cities versus suburbs.

As noted previously, 58 percent of metropolitan area tax-credit units built in the 1990s were located in central cities, with the remainder built in the suburbs. Closer analysis reveals considerable differences between these urban and suburban LIHTC neighborhoods in population, economic, and housing characteristics. In 2000, blacks made up 34 percent of population in central-city LIHTC neighborhoods, more than double their proportion in suburban LIHTC neighborhoods (15 percent) (Figure 2). While blacks and whites make up roughly equal shares of the population in central-city LIHTC neighborhoods, suburban LIHTC neighborhoods have roughly four times as many white residents as black residents, and nearly as many Hispanics as blacks.

At the same time, suburban LIHTC neighborhoods experienced more pronounced racial and ethnic changes in the 1990s. In these neighborhoods, the white proportion of population fell nine percentage points, and the Hispanic proportion doubled. These changes effectively narrowed the racial and ethnic gap between LIHTC neigh-

**Figure 2. Racial/Ethnic Profile of LIHTC Neighborhoods by Metropolitan Location, 1990–2000**



Source: HUD's LIHTC database; 1990 and 2000 decennial censuses

borhoods in cities and suburbs, although the gap remains quite large.

On economic measures, the differences are even more stark, despite trends in the 1990s pointing to a slow convergence (Table 6). The poverty rate in central city LIHTC neighborhoods is 24 percent, twice as high as in suburban LIHTC neighborhoods, and median income is roughly \$13,000 lower. In addition, roughly one in seven central-city LIHTC units is located in a high-poverty neighborhood—five times the proportion of suburban LIHTC units. In each of these areas, central-city neighborhoods made more progress over the decade than their suburban counterparts. The number of central-city LIHTC neighborhoods with poverty rates of 40 percent or higher dropped by one-fourth, median household income grew more than twice as fast (albeit from a far lower base), and the poverty rate dropped, even as it rose slightly in suburban LIHTC neighborhoods. These findings again reflect the extent to which central city LIHTC

neighborhoods shared in the economic prosperity of the 1990s.

This storyline is similar for housing indicators. Central-city LIHTC neighborhoods lag suburban LIHTC neighborhoods on homeownership and housing values, but made greater gains during the 1990s. In particular, median home values rose more than twice as fast in central city neighborhoods, and the homeownership rate increased a full four percentage points. These increases, however, still left suburban LIHTC neighborhoods well ahead of corresponding central city neighborhoods on both housing indicators.

Taken together, the results presented in this section suggest that suburban tax credit neighborhoods contain smaller minority populations, and exhibit far higher incomes and homeownership rates than central city LIHTC neighborhoods. However, these social and economic characteristics may be converging, as economic indicators improved markedly in urban LIHTC neighborhoods during the



1990s, while suburban LIHTC neighborhoods grew more racially and ethnically diverse.

## Policy Implications

Federally assisted housing developments aim to make decent, affordable housing available to low-income households. In subsidizing these units, policymakers have implicit spatial objectives as well. The definition of “decent” housing presumably extends beyond the housing unit to include the surrounding neighborhood, implying that affordable housing policy should promote access to decent neighborhoods where opportunities for upward mobility are not circumscribed by the deleterious effects of concentrated poverty.<sup>33</sup>

These implicit spatial objectives might be two-fold. Affordable housing policy could provide choice and opportunity, perhaps by providing entry to neighborhoods that low-income households could not otherwise afford, or from which they might otherwise be excluded. The federal government’s gradual expansion of Section 8 vouchers is one effort to provide renters with greater neighborhood choice. Alternatively, policymakers might hope that project-based housing assistance stabilizes deteriorating neighborhoods and catalyzes reinvestment. With these objectives in mind, the conclusions of this research are somewhat mixed.

With respect to promoting expanded neighborhood choice, LIHTC units built during the 1990s offer a major improvement on measures of neighborhood quality over project-based housing assistance of the past. LIHTC neighborhoods have lower concentrations of minorities and are less disadvantaged socioeconomically. They exhibit these advantages despite the absence of regulations that would explicitly steer LIHTC units away from deprived neighborhoods.

This outcome may derive most from

changes in attitudes toward housing discrimination and segregation over recent decades.<sup>34</sup> LIHTC units are being built at a time when attitudes toward residential integration are much more open than they were during the heyday of the public housing program in the middle decades of the 20<sup>th</sup> century, when most other federally assisted housing developments were built (and even compared to the 1970s and 1980s, when most privately-owned project-based developments were constructed). Consequently, LIHTC units perhaps face less onerous opposition outside areas of minority and poverty concentration.

Additionally, the LIHTC serves a less disadvantaged clientele than traditional assisted housing developments typically do. Therefore, siting these developments outside disadvantaged neighborhoods might incur less opposition, as they have not acquired the same stigma as public housing or other assisted housing developments, and are generally less obtrusive in their physical form.

The finding that neighborhoods where LIHTC units were built in the 1990s improved on socioeconomic and housing measures absolutely and relative to other neighborhoods is also promising. It is consistent with research that finds LIHTC units (and other project-based housing assistance, for that matter) do not inevitably “drag down” their surrounding neighborhoods.<sup>35</sup> There may be instances where adding LIHTC units to neighborhoods with high concentrations of poverty may not be desirable, but there is nothing in these results that suggest that LIHTC units serve as a detriment to all types of neighborhoods.

On the other hand, although LIHTC units were built in neighborhoods that were better off than those with other types of federally assisted housing, these neighborhoods were still disadvantaged. The poverty rate in LIHTC neighborhoods—particularly

central city neighborhoods—far exceeds the average, and homeownership rates lag substantially. Moreover, these neighborhoods contain highly disproportionate shares of black minorities. No doubt this owes in part to the concentration of blacks in poor neighborhoods. In one sense, the disadvantaged status of LIHTC neighborhoods may reflect governments, developers, and nonprofits using the program to revitalize still-distressed inner-city communities. The data do, however, expose the inevitable tension between that revitalization goal and the goal of providing LIHTC residents with access to a broader set of stable neighborhoods.

Whether the profile of LIHTC residents themselves contributes to these outcomes is unclear. Historically, the public housing program has been segregated not only in terms of its siting but also in terms of its clientele.<sup>36</sup> That is, black residents lived in developments in predominantly black neighborhoods, while white residents lived in developments in predominantly white neighborhoods. Yet current LIHTC program guidelines do not require the collection of ethnic and racial data on occupants of LIHTC units. Although we have no way of knowing how individuals and families are distributed throughout LIHTC units by race and ethnicity, historical patterns suggest that they may not be randomly distributed, or distributed in a way that fosters true choice and opportunity for all groups. The same could be said for elderly versus family housing. Family public housing, for example, has typically been sited in poorer, more segregated neighborhoods than elderly public housing.<sup>37</sup> There is some evidence that this may also occur within the LIHTC program, as family developments tend to be located in poorer minority neighborhoods whereas elderly developments are located in more affluent white neighborhoods.<sup>38</sup>

This paper’s findings suggest that, given the long history of discrimina-





tion and segregation in federal housing programs, researchers and policy-makers need to improve their understanding of the racial/ethnic and elderly-family patterns in LIHTC occupancy. Because developers and property managers must certify the income of LIHTC residents, obtaining information on resident race and ethnicity as part of the same data collection should be straightforward. Before requiring every development to collect these data, the federal government could initiate a pilot inquiry in a number of randomly selected LIHTC developments across the country. If patterns emerged that were inconsistent with fair housing mandates, it could pursue further action. For example, mobility counseling techniques, such as those employed in HUD's Moving to Opportunity program and Chicago's Gautreaux program, can inform tenants about affordable housing options in suburban or predominantly white neighborhoods that they might not normally consider.

Collecting additional information on the elderly status of LIHTC developments should also be straightforward. Such developments are by definition marketed to an age-specific clientele, and consequently should be readily identifiable. Collecting this information in a systematic manner would allow researchers to identify possible discrepancies between the siting of elderly and family LIHTC developments.

Additionally, lawmakers should consider revisiting the LIHTC statute in order to foster the development of more family LIHTC units outside of poor minority neighborhoods. Indeed, the findings presented here indicate that the program could better enhance low- and moderate-income families' access to more economically stable and racially integrated communities. Current law provides an incentive to develop in census tracts where at least

50 percent of households have incomes below 60 percent of the metropolitan area median family income, where the poverty rate is at least 25 percent, or where development costs are high relative to area median income. Lawmakers should review these incentives, keeping in mind the particular need to ensure that families with children benefit from a broader array of neighborhood choices under the LIHTC program.

Of course, fostering choice and opportunity is not the only goal of the LIHTC program. Rebuilding and repopulating distressed neighborhoods represents another key goal. Therefore, policymakers should not so alter the LIHTC that the changes effectively prohibit development in inner-city neighborhoods. Rather, they should aim to better balance this type of development with development outside segregated, high-poverty neighborhoods. The recent increase in the size of the per-capita credit allocation offers federal and state governments the opportunity to achieve both goals.<sup>39</sup> By investigating whether the LIHTC program contributes to patterns of segregation by race and income, and considering new strategies to promote LIHTC development outside areas of minority and poverty concentration, lawmakers could move the program further in the direction of helping to rebuild distressed communities *and* providing greater housing choice and opportunity to lower-income households.

*“Lawmakers should review the program’s incentives to ensure they enhance low-income families’ access to a broader array of neighborhood choices.”*







**Appendix Table A. Racial/Ethnic Characteristics of LIHTC Neighborhoods by Region, 2000**

Region	Percent White	Percent Black	Percent Hispanic	Percent Asian	Percent Foreign Born
Northeast	47.1	27.8	17.6	4.3	15.8
South	45.4	33.3	16.4	2.4	13.2
Midwest	62.7	27.3	5.1	2.2	5.8
West	53.3	6.9	26.4	8.5	21.3
<b>TOTAL</b>	<b>51.4</b>	<b>25.6</b>	<b>16.0</b>	<b>3.9</b>	<b>13.5</b>

**Appendix Table B. Economic Characteristics of LIHTC Neighborhoods by Region, 1990–2000**

Region	Poverty Rate		In High-Poverty Neighborhoods		Median Household Income 2000 (\$)	
	2000 (%)	Change 1990–2000 (%)	2000 (%)	Change 1990–2000 (%)	2000 (\$)	Change 1990–2000 (%)
Northeast	22.8	2.7	13.5	-21.9	36,484	4.6
South	19.2	-3.5	7.6	-30.9	35,607	6.7
Midwest	17.7	-15.3	9.3	-44.0	36,554	13.4
West	18.3	--	7.9	12.8	39,313	12.2
<b>TOTAL</b>	<b>19.1</b>	<b>-5.5</b>	<b>8.9</b>	<b>-32.6</b>	<b>36,730</b>	<b>9.1</b>

**Appendix Table C. Housing Characteristics of LIHTC Neighborhoods by Region, 1990–2000**

Region	Homeownership Rate 2000 (%)		Median Home Value 2000 (\$)		Percent Housing Built in Last 10 Years (%)	
	2000 (%)	Change 1990–2000 (%)	2000 (\$)	Change 1990–2000 (%)	2000 (%)	Change 1990–2000 (%)
Northeast	35.0	13.2	159,590	46.2	11.4	-12.9
South	47.3	8.9	91,473	30.2	22.4	-3.0
Midwest	50.2	12.3	106,906	74.0	19.8	34.6
West	44.9	17.8	168,911	44.3	25.1	14.6
<b>TOTAL</b>	<b>45.7</b>	<b>13.4</b>	<b>121,312</b>	<b>44.3</b>	<b>20.8</b>	<b>10.1</b>



## Appendix D. Characteristics of LIHTC Neighborhoods, 100 Metropolitan Areas with Largest Numbers of LIHTC Units, 2000

Metropolitan Area	Total LIHTC Units	Home-ownership Rate (%)	Percent					Percent in			Median Home Value (\$)	Percent Housing Built in 1990s (%)
			White (%)	Black/African American (%)	Asian or Latino (%)	Hispanic (%)	Foreign-born (%)	Poverty Rate (%)	High-Poverty Neighborhoods (%)	Median Household Income (\$)		
1 Dallas, TX PMSA	21,281	32.4	30.7	25.5	2.6	39.5	29.1	20.0	1.4	35,129	80,069	18.2
2 Washington, DC-MD-VA-WV PMSA	20,754	50.4	47.9	31.8	5.8	11.3	17.7	10.4	0.8	52,947	144,656	26.3
3 New York City, NY PMSA	19,315	17.3	31.0	31.2	6.3	28.6	26.0	25.9	21.0	42,468	291,947	15.7
4 Chicago, IL PMSA	16,140	28.6	25.5	55.9	3.6	13.0	12.5	30.6	30.4	29,187	155,347	12.4
5 Atlanta, GA MSA	15,359	41.9	29.5	60.0	2.1	6.8	8.7	21.7	15.5	34,379	112,119	20.4
6 Houston, TX PMSA	13,491	39.2	28.8	29.5	3.5	36.5	23.7	23.2	5.8	33,298	72,301	14.6
7 Detroit, MI PMSA	13,249	42.8	47.4	44.2	2.6	3.3	6.4	20.8	12.0	34,698	113,626	21.2
8 Orlando, FL MSA	12,502	42.3	44.2	24.4	3.4	24.2	18.1	16.5	1.3	37,045	93,708	42.2
9 Los Angeles-Long Beach, CA PMSA	11,140	27.3	23.6	12.7	13.1	47.2	41.0	28.6	25.6	30,849	181,643	14.1
10 Seattle-Bellevue-Everett, WA PMSA	10,604	38.5	65.3	8.4	12.4	7.3	18.9	16.6	9.8	37,179	183,692	23.5
11 Boston, MA-NH PMSA	10,051	27.1	35.9	32.4	9.1	17.3	24.0	24.5	6.0	34,528	181,651	10.8
12 Portland-Vancouver, OR-WA PMSA	9,142	43.2	75.0	4.7	5.6	9.6	13.6	19.5	16.0	37,120	177,592	28.8
13 Kansas City, MO-KS MSA	8,670	51.6	54.7	34.9	1.4	6.3	4.5	15.8	7.4	36,236	84,172	13.7
14 Philadelphia, PA-NJ PMSA	8,111	49.5	31.2	55.3	2.3	9.6	5.3	28.8	20.5	30,157	65,522	7.7
15 Baltimore, MD PMSA	7,960	43.6	47.1	46.7	2.3	1.9	4.7	19.4	11.9	36,898	104,413	13.7
16 Norfolk-Virginia Beach-Newport News, VA-NC MSA	7,788	52.6	52.9	38.0	2.3	4.0	4.4	13.2	1.3	37,756	99,113	25.9
17 Fort Worth-Arlington, TX PMSA	7,515	38.9	48.3	22.4	3.3	23.2	16.8	20.2	4.0	32,486	81,680	14.7
18 Minneapolis-St. Paul, MN-WI MSA	6,309	62.9	83.0	6.4	3.4	4.4	6.9	8.7	0.2	48,233	127,321	21.2
19 Columbus, OH MSA	6,199	50.2	69.8	22.3	2.0	2.1	5.3	16.4	9.1	38,440	112,592	37.1
20 Miami, FL PMSA	5,980	35.8	12.5	42.5	1.1	41.6	39.7	28.4	23.7	26,023	87,160	21.2
21 Indianapolis, IN MSA	5,761	51.5	59.6	33.5	1.1	3.7	4.1	15.3	0.0	38,296	96,029	21.0
22 Denver, CO PMSA	5,400	43.0	70.4	7.1	3.5	15.8	11.9	12.8	0.0	46,120	207,557	27.0
23 San Jose, CA PMSA	5,350	50.8	40.9	4.9	20.3	29.4	32.6	9.0	0.0	65,135	307,757	30.7
24 Raleigh-Durham-Chapel Hill, NC MSA	5,157	48.4	45.2	40.6	2.1	10.1	12.9	16.0	0.1	39,067	124,594	27.3
25 St. Louis, MO-IL MSA	4,868	50.7	54.2	40.4	1.9	1.7	4.6	22.4	16.3	29,973	78,482	11.4
26 Nashville, TN MSA	4,738	60.2	76.1	17.2	1.5	3.3	4.8	12.6	0.0	40,688	109,197	30.5
27 Las Vegas, NV-AZ MSA	4,735	47.1	52.6	12.8	2.4	28.5	17.9	19.2	0.0	30,773	77,060	36.2
28 Richmond-Petersburg, VA MSA	4,635	51.9	52.9	40.6	1.9	2.6	4.7	13.2	1.3	37,088	100,886	15.0
29 Oakland, CA PMSA	4,556	42.6	36.9	20.5	15.8	21.8	25.1	15.9	11.7	49,362	230,270	21.0
30 Austin-San Marcos, TX MSA	4,504	43.2	39.2	19.0	3.5	36.2	15.6	20.2	11.3	37,165	87,830	29.1
31 Sacramento, CA PMSA	4,487	56.1	60.1	8.6	10.2	15.3	16.1	15.3	1.3	43,394	155,953	30.0
32 Oklahoma City, OK MSA	4,185	46.0	51.6	31.2	1.9	8.1	7.6	25.2	13.2	26,818	64,914	13.3
33 Orange County, CA PMSA	4,106	42.1	31.6	2.3	13.7	49.1	41.8	16.2	0.0	48,054	194,249	17.3
34 Cleveland-Lorain-Elyria, OH PMSA	3,964	49.9	40.9	52.5	0.9	3.9	4.0	22.6	13.2	30,517	86,842	7.4

Metropolitan Area	Total LIHTC Units	Home-ownership Rate (%)	Percent					Percent in					Median Home Value (\$)	Percent Housing Built in 1990s (%)
			White (%)	Black/African American (%)	Asian or Latino (%)	Hispanic or Latino (%)	Foreign-born (%)	Poverty Rate (%)	High-Poverty Neighborhoods (%)	Median Household Income (\$)				
35 Tampa-St. Petersburg-Clearwater, FL MSA	3,926	49.9	60.1	21.0	2.4	13.9	10.5	18.4	4.1	36,834	89,139	28.9		
36 Jacksonville, FL MSA	3,757	50.4	54.5	35.6	2.6	4.8	8.0	17.4	11.7	34,058	77,873	19.9		
37 Memphis, TN-AR-MS MSA	3,681	45.9	35.2	60.8	0.9	1.4	2.6	21.4	6.6	33,103	85,011	16.9		
38 Riverside-San Bernardino, CA PMSA	3,512	52.0	42.9	6.6	4.7	42.0	21.1	19.6	5.4	36,605	120,621	29.2		
39 Milwaukee-Waukesha, WI PMSA	3,507	50.9	65.6	24.7	2.7	4.2	4.4	15.1	13.7	41,592	104,815	16.9		
40 Baton Rouge, LA MSA	3,176	48.5	46.7	48.0	2.0	1.8	3.6	23.3	13.0	31,407	84,111	16.4		
41 Dayton-Springfield, OH MSA	3,107	54.4	63.9	30.5	2.0	1.5	3.0	17.8	3.1	36,554	90,304	18.5		
42 Phoenix-Mesa, AZ MSA	3,046	57.6	47.0	5.2	0.9	43.6	19.7	19.7	0.0	33,307	90,810	32.9		
43 San Francisco, CA PMSA	3,035	20.2	47.8	10.1	22.5	14.1	34.8	18.6	0.0	42,688	376,183	21.2		
44 Grand Rapids-Muskegon-Holland, MI MSA	3,009	59.4	73.1	13.8	3.0	7.2	7.2	13.7	3.7	39,067	114,264	21.5		
45 Charlotte-Gastonia-Rock Hill, NC-SC MSA	2,993	59.3	54.5	36.9	1.8	4.9	6.4	11.4	0.0	40,272	100,606	23.0		
46 Jackson, MS MSA	2,960	54.4	30.2	67.6	0.2	1.1	0.7	24.2	6.4	29,964	61,767	20.6		
47 Cincinnati, OH-KY-IN PMSA	2,945	44.8	63.4	33.2	0.5	1.2	1.5	23.2	19.2	31,729	96,651	14.3		
48 Providence-Fall River-Warwick, RI-MA MSA	2,862	38.0	59.5	9.7	4.7	20.6	19.5	24.3	16.9	30,761	115,848	7.1		
49 Fresno, CA MSA	2,845	38.3	40.5	6.2	8.1	40.6	19.6	29.4	25.5	25,789	84,581	13.5		
50 Des Moines, IA MSA	2,827	66.9	84.9	5.2	2.2	5.6	5.9	9.1	0.0	48,148	111,300	35.0		
51 Salt Lake City-Ogden, UT MSA	2,806	54.7	73.5	2.1	2.4	16.7	11.5	13.8	3.8	40,115	134,637	24.3		
52 San Diego, CA MSA	2,689	41.9	30.6	6.7	8.1	50.5	32.9	19.3	3.6	40,743	181,198	28.2		
53 Flint, MI PMSA	2,531	56.8	64.0	29.4	0.9	2.4	2.5	16.7	7.7	36,528	83,009	15.9		
54 West Palm Beach-Boca Raton, FL MSA	2,519	56.1	42.0	37.2	1.1	16.3	18.3	22.8	23.3	29,982	61,244	19.4		
55 Pittsburgh, PA MSA	2,486	50.4	71.1	25.6	0.8	0.8	2.3	22.4	4.3	27,859	64,289	8.1		
56 Omaha, NE-IA MSA	2,464	49.4	75.5	14.3	1.3	6.6	5.3	15.0	3.0	35,383	87,600	14.1		
57 Greensboro-Winston-Salem-High Point, NC MSA	2,430	51.0	48.8	41.7	1.3	6.3	7.0	17.2	6.5	34,749	93,786	22.0		
58 New Orleans, LA MSA	2,425	41.0	26.4	65.8	2.3	4.1	4.6	32.7	44.0	24,241	82,012	9.0		
59 Louisville, KY-IN MSA	2,422	49.9	49.1	46.8	0.8	1.3	2.2	24.9	21.6	30,559	83,833	24.7		
60 Tucson, AZ MSA	2,398	44.7	34.2	5.5	1.1	55.7	18.6	27.7	18.7	28,060	87,209	33.8		
61 Ann Arbor, MI PMSA	2,189	54.6	76.5	10.6	5.4	4.4	7.7	10.6	5.6	50,360	153,312	37.5		
62 Wichita, KS MSA	2,153	48.8	70.0	12.9	3.7	9.1	9.4	14.1	0.0	36,202	74,325	13.2		
63 Newark, NJ PMSA	2,129	23.6	21.3	60.2	1.2	14.9	14.2	26.2	18.6	30,807	134,216	12.6		
64 Kalamazoo-Battle Creek, MI MSA	2,058	60.9	82.2	9.1	2.0	3.7	4.0	10.9	0.0	40,511	99,715	20.2		
65 Fayetteville-Springdale-Rogers, AR MSA	2,044	52.9	79.4	1.3	2.3	13.9	11.4	15.1	0.0	35,286	89,431	40.9		
66 Hartford, CT MSA	1,977	39.9	56.5	16.0	1.7	23.5	12.9	19.6	5.9	37,570	112,219	7.7		
67 Greenville-Spartanburg-Anderson, SC MSA	1,938	61.6	62.7	32.7	1.3	2.1	3.0	21.6	15.7	31,915	77,154	20.5		
68 Ventura, CA PMSA	1,859	54.4	52.0	1.8	5.0	37.7	21.7	10.8	0.0	56,124	222,557	21.0		
69 Albuquerque, NM MSA	1,856	65.7	45.0	3.1	1.3	44.9	5.1	11.4	0.0	40,713	110,448	44.8		
70 Madison, WI MSA	1,846	42.5	81.5	7.3	4.0	4.9	8.3	15.5	8.7	42,374	166,561	27.0		
71 New Haven-Meriden, CT PMSA	1,843	28.1	40.3	26.5	4.7	24.7	12.9	22.4	0.5	30,101	109,161	5.6		
72 Tulsa, OK MSA	1,841	51.0	65.7	10.8	1.3	10.6	8.8	13.3	0.0	32,057	62,228	14.9		

Metropolitan Area	Total LIHTC Units	Home-ownership Rate (%)	Percent					Percent in				Median Home Value (\$)	Percent Housing Built in 1990s (%)
			White (%)	Black/African American (%)	Asian or Latino (%)	Hispanic or Latino (%)	Foreign-born (%)	Poverty Rate (%)	High-Poverty Neighborhoods (%)	Household Income (\$)			
73 Santa Rosa, CA PMSA	1,747	49.4	61.6	2.1	4.0	27.4	21.0	11.2	0.0	44,810	203,383	22.3	
74 Birmingham, AL MSA	1,709	58.7	37.8	59.2	0.2	2.0	1.8	23.9	11.1	27,553	70,076	11.4	
75 Springfield, MA MSA	1,708	17.5	27.8	19.5	1.9	48.0	8.4	38.3	67.0	20,224	62,655	4.4	
76 Naples, FL MSA	1,657	64.6	63.3	9.1	0.3	25.4	23.5	14.6	9.7	42,584	120,347	47.4	
77 Tacoma, WA PMSA	1,635	44.8	77.3	7.3	4.8	4.2	9.6	15.5	8.0	38,226	167,872	21.7	
78 Springfield, MO MSA	1,623	55.8	92.9	1.9	1.2	1.6	1.9	10.8	0.4	34,716	95,116	33.5	
79 Gary, IN PMSA	1,586	58.4	61.7	28.4	0.7	7.9	3.3	14.3	3.5	37,711	92,362	20.3	
80 San Antonio, TX MSA	1,473	49.1	19.1	10.6	1.4	67.6	14.3	26.8	0.0	25,692	57,490	10.4	
81 Columbia, SC MSA	1,456	53.2	51.4	42.1	1.4	2.7	4.3	16.3	0.3	37,468	91,774	19.6	
82 Toledo, OH MSA	1,436	42.1	63.6	27.5	1.3	5.3	3.8	21.1	11.4	29,129	93,065	8.7	
83 Fort Lauderdale, FL PMSA	1,424	58.2	49.5	18.5	1.3	25.6	31.4	16.7	0.0	35,512	71,385	21.2	
84 Wilmington-Newark, DE-MD PMSA	1,315	59.7	58.1	33.6	1.3	5.3	4.4	14.6	14.4	40,189	103,217	23.3	
85 Boise City, ID MSA	1,308	59.3	83.3	0.5	1.0	11.8	7.7	13.8	0.0	37,233	101,801	26.3	
86 Worcester, MA-CT PMSA	1,302	61.1	84.8	3.3	4.0	6.1	9.1	11.6	6.4	48,749	140,785	18.3	
87 Shreveport-Bossier City, LA MSA	1,300	63.6	54.5	42.0	0.6	1.3	1.3	19.6	9.2	32,454	69,122	14.0	
88 Vallejo-Fairfield-Napa, CA PMSA	1,300	39.9	45.4	16.6	8.2	23.2	21.6	15.2	0.0	38,420	190,403	8.0	
89 Sioux Falls, SD MSA	1,295	60.3	90.0	1.7	1.3	2.6	4.8	9.1	0.0	40,755	85,442	28.7	
90 Stamford-Norwalk, CT PMSA	1,263	30.6	33.3	30.5	2.3	30.2	40.0	14.4	0.0	48,647	213,935	18.7	
91 Little Rock-North Little Rock, AR MSA	1,257	55.9	68.8	25.7	1.7	2.2	4.0	12.5	0.0	39,734	97,820	30.5	
92 Akron, OH PMSA	1,243	47.6	69.1	25.7	0.9	1.1	2.2	24.6	13.0	30,208	87,983	9.9	
93 Harrisburg-Lebanon-Carlisle, PA MSA	1,231	55.5	75.9	13.9	1.5	6.8	4.5	15.6	0.0	35,124	87,358	13.6	
94 Fort Pierce-Port St. Lucie, FL MSA	1,226	48.3	72.9	11.1	1.0	12.6	11.7	16.5	0.0	27,261	59,468	31.6	
95 Buffalo-Niagara Falls, NY MSA	1,191	40.8	55.9	37.5	1.1	3.6	4.5	22.2	0.0	27,781	79,856	8.4	
96 Lansing-East Lansing, MI MSA	1,170	53.9	74.6	13.1	3.3	5.3	5.2	11.9	0.0	39,679	110,128	18.4	
97 Lowell, MA-NH PMSA	1,168	11.8	49.2	5.5	11.0	30.1	22.3	34.3	12.8	22,654	110,611	1.3	
98 Portland, ME MSA	1,163	47.3	93.9	1.0	1.4	1.3	4.9	11.1	0.0	36,849	118,517	8.0	
99 Tallahassee, FL MSA	1,154	45.6	63.6	29.8	1.4	3.1	4.5	16.0	2.4	38,146	90,783	31.0	
100 Allentown-Bethlehem-Easton, PA MSA	1,147	62.1	82.8	3.2	1.5	11.4	5.5	11.1	1.0	39,186	97,606	8.6	

Source: HUD's LIHTC database; Census 2000





## Endnotes

1. Lance Freeman is an assistant professor in the Graduate School of Architecture, Planning, and Preservation at Columbia University.
2. Sandra J. Newman and Ann B. Schnare, "...And a Suitable Living Environment: The Failure of Housing Programs to Deliver on Neighborhood Quality," *Housing Policy Debate* 8 (4) (1997): 703–742.
3. Daphne Spain, "Direct and Default Policies in the Transformation of Public Housing," *Journal of Urban Affairs* 17 (4) (1995): 357–76.
4. John F. Bauman, *Public Housing, Race, and Renewal: Urban Planning in Philadelphia, 1920–1974* (Temple University Press, 1987).
5. Robert M. Fisher, *Twenty Years of Public Housing* (New York: Harper and Brothers, 1959).
6. Arnold Hirsch, *Making the Second Ghetto: Race and Housing in Chicago, 1940–1960* (Cambridge University Press, 1983).
7. Until 2001, the Section 8 program also provided certificates, which households lease units that are within HUD-established "fair market" rents.
8. Bauman, *Public Housing, Race, and Renewal*; Ira Goldstein and William L. Yancey, "Public Housing Projects, Blacks, and Public Policy: The Historical Ecology of Public Housing in Philadelphia." In John M. Goering, ed., *Housing Desegregation and Federal Policy* (University of North Carolina Press, 1986); William Rohe and Lance Freeman, "Assisted Housing and Residential Segregation," *Journal of the American Planning Association* 67 (2001): 279–92; Michael H. Schill and Susan M. Wachter, "The Spatial Bias of Federal Housing Law and Policy: Concentrated Poverty In Urban America," *University of Pennsylvania Law Review* 143 (1995): 1285–1342.
9. Michael J. Vernarelli, "Where Should HUD Locate Assisted Housing? The Evolution of Fair Housing Policy." In Goering, ed., *Housing Desegregation and Federal Policy*.
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15. Elvin K. Wyly and Daniel J. Hammel, "Islands of Decay in Seas of Renewal: Housing Policy and the Resurgence of Gentrification," *Housing Policy Debate* 10 (4) (1999): 711–772.
16. Robert Gray and Steven Tursky, "Locations and Racial/Ethnic Occupancy Patterns for HUD-Subsidized Family Housing in Ten Metropolitan Areas." In Goering, ed., *Housing Desegregation and Federal Policy*; Newman and Schnare, "...And a Suitable Living Environment."
17. Louis Winnick, "The Triumph of Housing Allowance Programs: How a Fundamental Policy Conflict was Resolved," *Cityscape* 1 (3) (1995): 95–121.
18. National Housing Law Project and others., *False Hope: A Critical Reassessment of the Public Housing Redevelopment Program*. (2002).
19. Abt Associates, "Assessment of the Economic and Social Characteristics of LIHTC Residents and Neighborhoods" (U.S. Department of Housing and Urban Development, 2000).
20. Rohe and Freeman, "Assisted Housing and Residential Segregation."
21. This survey uses the term "built" (e.g., "units built during the 1990s") to refer to the range of LIHTC activities that result in units being placed into service; in addition to new construction, the LIHTC subsidizes property acquisition and rehabilitation.
22. Approximately 10 percent of records in HUD's LIHTC database contained missing data; the exclusion of these data could bias the results presented here in unknown ways.
23. This survey analyzes those neighborhoods where LIHTC units were built between 1990 and 1999. Of the 933,000 LIHTC units placed into service between 1987 and 2000, at least 700,000 (75 percent) were placed into service in the 1990s. Abt Associates, "Updating the Low-Income Housing Tax Credit (LIHTC) Database: Projects Placed in Service through 2000" (U.S. Department of Housing and Urban Development, 2002).
24. Ibid.
25. Rohe and Freeman, "Assisted Housing and Residential Segregation."
26. Jill Khadduri, Mark Shroder, and Barry Steffen, "Can Housing Assistance Support Welfare Reform?" In Barbara Sard and Amy S. Bogdon, eds., *A Place to Live, a Means to Work; How Housing Assistance Can Strengthen Welfare Policy* (Washington: Fannie Mae Foundation, 2003).
27. By way of illustration, imagine a universe where all LIHTC units are located in two tracts. One tract has one LIHTC unit and a poverty rate of 5 percent, and the other tract has 100 LIHTC units and a poverty rate of 25 percent. It would be misleading to calculate an average poverty rate for LIHTC neighborhoods of 15 percent without taking into consideration the fact that the overwhelming majority of LIHTC units are in the 25 percent poverty rate tract.





28. The Northeast region includes these states (listed by postal code): ME, NH, VT, MA, RI, CT, NY, NJ, and PA. The Midwest region includes OH, IN, MI, IL, WI, IA, MN, ND, SD, NE, MO, and KS. The South region includes DE, MD, DC, VA, WV, KY, TN, NC, SC, GA, FL, AL, MS, AR, LA, TX, and OK. The West region includes NM, CO, MT, ID, WY, UT, NV, AZ, CA, OR, WA, AK, and HI.
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30. Lewis Mumford Center, "Ethnic Diversity Grows, Neighborhood Integration Lags Behind," available at <http://mumford1.dyndns.org/cen2000/report.html> (March 31, 2003).
31. Alan Berube and William Frey, "A Decade of Mixed Blessings: Urban and Suburban Poverty in Census 2000" (Washington: Brookings Institution, 2002); Paul Jargowsky, "Stunning Progress, Hidden Problems: The Dramatic Decline in Concentrated Poverty in the 1990s" (Washington: Brookings Institution, 2003).
32. Howard Husock, "How Public Housing Harms Cities," *City Journal* 13 (1) (2003): 70–79.
33. Newman and Schnare, "...And a Suitable Living Environment."
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35. Lance Freeman and Hilary Botein, "Subsidized Housing and Neighborhood Impacts: A Theoretical Discussion and Review of the Evidence," *The Journal of Planning Literature* 16 (3) (2002): 359–378.
36. John Goering, Ali Kamely, and Todd Richardson, "Recent Research on Racial Segregation and Poverty Concentration in Public Housing in the United States," *Urban Affairs Review* 32 (5) (1997): 723–745.
37. Rohe and Freeman, "Assisted Housing and Residential Segregation."
38. This pattern is in evidence in the State of Connecticut, according to analyses done by the Connecticut Civil Liberties Union and by students in the Urban Planning Program in the Graduate School of Architecture, Planning and Preservation at Columbia University.
39. In 2000, Congress amended the LIHTC statute to raise the per-capita tax credit allocation to states to \$1.75, from \$1.25, and to index that amount for inflation.





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