



Points for Place: Can State Governments Shape Siting Patterns of LIHTC Developments?

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Abstract

There is considerable controversy about the allocation of Low Income Housing Tax Credits (LIHTC). Some charge that credits are disproportionately allocated to developments in poor, minority neighborhoods without additional investments and thereby reinforcing patterns of poverty concentration and racial segregation. We examine whether Qualified Allocation Plans, which outline the selection criteria states use when awarding credits, can serve as an effective tool for directing credits to higher opportunity neighborhoods (or neighborhoods that offer a rich set of resources, such as high performing schools and access to jobs) for states wishing to do so.

To answer this question, we study changes in the location criteria outlined in allocation plans for 20 different states across the country between 2002 and 2010 and observe the degree to which those modifications are associated with changes in the poverty rates and racial composition of the neighborhoods where developments awarded tax credits are located. We find evidence that changes to allocation plans that prioritize higher opportunity neighborhoods are associated with increases in the share of credits allocated to housing units in lower poverty neighborhoods and reductions in the share allocated to those in predominantly minority neighborhoods. This analysis provides the first source of empirical evidence that state allocation plans can shape LIHTC siting patterns.

Keywords: Low-income housing; Tax credit; Location; State

Introduction

People working in the affordable housing field have long debated the optimal neighborhoods for building low-income housing. These arguments often pit community development practitioners, who aim to build and preserve housing in low-income neighborhoods, against fair housing advocates, who argue for targeting more low-income housing investments to low-poverty neighborhoods (Bodaken 2015; Gordon, 2015; Hughes, 2015; Scott, 2015). But even if a new consensus were to emerge about where to build low-income housing, it is unclear how much power state and local governments have to steer those developments to particular types of neighborhoods in a world where private for-profit and nonprofit developers build the housing. State and local governments can release allocation plans that prioritize certain types of neighborhoods, but developers may be constrained in their ability to respond to those priorities, given the limited sites available for multifamily housing, community opposition, and the high cost of land in many areas. Developers may also bring their own locational priorities; for instance, many nonprofits are committed to working in particular catchment areas. Thus, even if developers pay attention to the changes that states make in their allocation plans, it is not clear *a priori* that they will do much to adjust their proposed locations.

Our aim is to examine the degree to which state governments can shape the neighborhood locations of low-income housing subsidized through the Low-Income Housing Tax Credit, which is the largest source of support for private construction of low-income housing in the United States, having supported the construction of almost 3 million housing units since its inception in 1987 through 2015.¹ Specifically, we study whether state governments are able to encourage more development in higher opportunity neighborhoods by changing the official documents governing their Low Income Housing Tax Credit (LIHTC) allocations to prioritize different

¹ <https://www.huduser.gov/portal/datasets/lihtc.html>

locational features. Higher opportunity neighborhoods offer a richer set of resources and opportunities for advancement, typically proxied by low poverty rates, high performing schools, and good access to employment. We specifically examine whether features of state Qualified Allocation Plans (QAPs), or the documents laying out selection criteria that states must issue, shape siting patterns of the low-income housing developments receiving tax credit awards.

To study this question, we examine whether changes states made to the priorities for different neighborhood attributes in their allocation plans between 2002 and 2010 were associated with changes in neighborhood siting patterns of the developments allocated tax credits. We find evidence that changes to allocation plans that prioritize higher opportunity neighborhoods are associated with increases in the share of credits allocated to units in lower poverty neighborhoods and reductions in the share allocated to those in predominantly minority neighborhoods. It appears that tax credit allocation plans can serve as an effective tool for states wishing to change the mix of neighborhoods where low-income housing is located.

The location of privately owned, subsidized housing

Existing literature shows that privately owned subsidized housing developments are fairly concentrated in high-poverty neighborhoods (Newman and Schnare, 1997). That said, studies also show that tax credit units are generally located in lower poverty neighborhoods than other forms of project-based, subsidized rental housing (Cummings and DiPasquale, 1999; Rohe and Freeman, 2001; Freeman 2004; McClure 2006; Ellen O'Regan and Voicu, 2009). McClure (2006) shows that the relatively large proportion of tax credit developments built in the suburbs largely explains the greater share of tax credit developments located in low-poverty neighborhoods as compared to other forms of assisted housing. McClure reports that between

1987 and 2002, roughly half of the tax credit units built in suburban jurisdictions were located in census tracts with poverty rates of less than 10 percent.

Our key interest lies in what drives these siting patterns, and how policies can influence them. When private developers identify and propose sites for building or renovating affordable housing (as is the case with the LIHTC), the ability of policy makers to guide geographic patterns is limited. Developers likely bring their own locational priorities that may differ from those of state policy makers. Lang (2012) argues that economic incentives drive these developments into lower rent communities, as the opportunity cost of foregone rent is lower in such areas, thus making them more appealing places to provide subsidized units.² Many nonprofit developers are also committed to working in high-poverty areas.

Even if they wanted to respond to stated government priorities, developers face considerable constraints in doing so, including local zoning codes or other regulations on building (Pendall, 2000), local opposition to development (Obrinsky and Stein, 2007, Scally and Tighe, 2015), and a paucity of affordable and available sites. These constraints are likely to be highest in hot markets with low vacancy rates.

Balancing locational goals

As noted, there is considerable debate about where subsidized housing projects *should* be located. Fair housing advocates argue that subsidized developments are disproportionately located in high poverty, largely minority neighborhoods, reinforcing existing patterns of poverty concentration and racial segregation. Bolstered by recent research showing the benefits of growing up in low-poverty areas (Chetty et al, 2006), they call for encouraging new development

² Baum-Snow and Marion (2009) show that these incentives are reinforced by the greater generosity of the tax credit in QCTs, or tracts officially designated as economically distressed.

in higher opportunity neighborhoods that offer good schools, safe streets and robust job networks that can help children and families thrive and advance (Gordon, 2015). Community development advocates, by contrast, emphasize that investing in affordable housing in distressed areas often helps to preserve existing, subsidized developments, to revitalize low-income neighborhoods, and to provide some protection from gentrification (Bodaken 2015; Hughes, 2015; Scott, 2015). Further, higher land costs make developing units in low-poverty areas more expensive.

States have taken different approaches to balancing these competing goals in their QAPs. Some allocate additional points to developments built in areas with lower poverty or close to specific amenities (including employment and transportation), others reward developments that are part of HOPE VI public housing redevelopment projects, and many adopt multiple neighborhood priorities. Our point here is not to evaluate the merits of these choices. Rather, we aim to highlight how these allocation priorities vary across states (and over time), and to examine the degree to which they contribute to differences in siting patterns.

Background on the Low Income Housing Tax Credit

Established as part of the Tax Reform Act of 1986, the LIHTC is now the largest source of federal support for place-based, affordable rental housing in the United States. States issue tax credits to developers to support the construction or rehabilitation of low-income rental housing developments in which at least 20 percent of units are occupied by tenants with incomes of less than 50 percent of area median income (AMI) or at least 40 percent are occupied by households with incomes of less than 60 percent of AMI. However, many LIHTC residents have incomes significantly below these statutory AMI targets (O'Regan and Horn, 2013).

The government offers both nine percent credits, which the Treasury Department allocates annually to states on a per capita basis, and four percent credits, which are not capped, and can be used to support low-income rental developments financed through tax-exempt bonds. Our focus here is on the allocation of nine percent credits, which are awarded competitively to developers who apply for tax credits, according to the criteria laid out by state allocation plans.

Once allocated to a developer, the credits provide a dollar-for-dollar offset against federal income tax liability. Most developers monetize the credits by selling them to an investor at less than par and use the money they receive for the credits, along with debt financing, to build the project. In exchange, the investor receives a 10-year stream of tax credits so long as the project remains compliant. Estimates suggest that the LIHTC now reduces revenues to the federal government by approximately \$8 billion annually.³

Qualified Allocation Plans

States are required to issue QAPs, which they typically update every year or two, outlining the criteria they will use to select developments to receive tax credits. These QAPs prioritize certain types of developments through a combination of points, set-asides (which reserve a certain share of credits for a particular purpose, such as preserving affordability), threshold requirements (or minimum criteria that all proposed projects must meet, such as providing some evidence of local community support) and tie-breakers (if two proposed developments receive the same score). As the competition for credits has increased, it seems likely that these criteria play a greater role in shaping where tax credit developments are built. Many of these criteria relate to neighborhood location, either directly or indirectly.

³ For more details on the LIHTC program see <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/lihtc-basics/about-lihtc>.

A few criteria are required by the federal government, such as giving some preference to developments that are located in qualified census tracts (QCTs) - tracts with a poverty rate of at least 25 percent or in which at least half of the households have incomes of less than 60 percent of area median income—and that contribute to a community revitalization plan.⁴ But there is considerable variation across states in the type and degree of preference given and how much attention they pay to the community revitalization plan requirement.

States are also allowed to adopt additional criteria that further the state’s housing policy and other goals. Some of these criteria may counter the qualified tract preference by providing developers with bonus points for projects located in neighborhoods that provide certain amenities (like high-performing schools) or in neighborhoods with low-poverty rates. Some state allocation plans include language that describes opportunity broadly and others specifically mention amenities such as proximity to public transportation and employment centers.⁵

Other features of these state allocation plans, which are not directly tied to specific neighborhood characteristics, could also influence siting decisions. Many plans give a priority to projects that obtain community and/or local government approval. Such local approval incentives, or in some case requirements, may indirectly drive tax credit developments to high-poverty neighborhoods as residents and community leaders in higher income neighborhoods may be more likely to reject LIHTC proposals (Khadduri, 2013). Similarly, preferences for housing preservation tend to steer developments to qualified tracts and other higher poverty areas because of the location of existing developments.⁶

⁴ Statutorily Mandated Designation of difficult development areas and qualified census tracts for 2015, 79 Fed. Reg. 59,855 (Oct. 4, 2014).

⁵ For a full review of opportunity indicators in 2015 QAPs see National Housing Trust (2015). To search for the most up to date opportunity indicators in a state QAP readers can use the following site and search for “opportunity housing.” <http://www.prezcat.org/catalog-search>

⁶ Some developers may propose to use tax credits to preserve affordable developments located in low poverty areas too.

While it seems likely that changes in state allocation plan criteria should be associated with changes in the location of developments, it is not certain that they will. No one has studied the degree to which developers actually respond to changes in the priorities embedded in state allocation plans and adjust the locations where they choose to build and renovate housing. Further, even when the text of QAPs change, the degree to which government officials will change their actual decisions in practice is uncertain.

Data

Our estimates rely on three key sources of data: the text of QAPs to capture changes in state priorities; LIHTC project allocation data from states to illustrate siting patterns; and census data on poverty rates, racial composition, and housing markets to characterize neighborhoods and metropolitan areas.

QAP texts

To capture QAP changes, we review state allocation plans for the years 2002 and 2010, largely available through Novogradac.⁷ We focus on the 2002 and 2010 plans to avoid studying allocations during the middle years of the 2000s, when the market for tax credits contracted sharply as developers were unable to secure the private financing required to take advantage of the program. In many states, we also use “change” documents detailing the changes made to a state’s allocation plan in every year from 2003 to 2010, which are generally posted on both Novogradac’s website and state Housing Finance Agency’s (HFA) websites.

⁷ In a few cases, where QAPs were missing from the Novogradac website, we obtained them from individual state housing finance agencies. Occasionally, we needed to refer to a 2009 QAP if a state did not issue a 2010 QAP. Specifically, we looked at the following URLs: http://www.novoco.com/low_income_housing/lihtc/qap_2002.php and http://www.novoco.com/low_income_housing/lihtc/qap_2010.php. Maryland and Washington did not include many of the siting policies in the QAP itself, but rather in a supplementary document. Washington’s policies are found in “Exhibit D” Policies Tax Credit Application, which can be accessed at this URL: http://www.novoco.com/low_income_housing/resource_files/qap/washington_policies_10.pdf. We received Maryland’s policy documents directly from the Maryland HFA.

Allocation data

To capture siting patterns, we examine the location of developments allocated nine percent credits between 2003 and 2005 (for 2002 allocation plans) and between 2011 and 2013 (for 2010 allocation plans). We rely on HUD's LIHTC database, though in several cases we fill in gaps with data from individual state HFAs.⁸ We track the distribution of projects receiving *allocations* of credits rather than tax credit units developed, or placed in service, as allocations will respond more immediately to changes in allocation plans. We include both newly constructed developments and those undergoing rehabilitation.

Census tract and metropolitan area characteristics

We use 2000 Decennial Census and 5-year, 2006-2010 American Community Survey (ACS) data to describe the poverty rate, racial composition, and housing markets of the neighborhoods (or census tracts) and metropolitan areas with tax credit allocations between 2003 and 2005 and between 2011 and 2013 respectively. By relying on lagged census variables, we are able to capture the baseline neighborhood conditions that existed when these developments were proposed, before they were built and may have changed the neighborhood.

To characterize the neighborhoods where projects are allocated credits, we calculate the poverty rate of the census tract where the *average* unit receiving a tax credit allocation is located. We also examine the share of units receiving tax credit allocations that are located in low-poverty (less than 10 percent poor), moderate-poverty (between 10 and 30 percent poor), and high-poverty (at least 30 percent poor) census tracts. As for racial composition, we describe a

⁸ As the HUD data was not always complete, missing some allocation years, we relied on the state lists to fill in gaps. Specifically, we supplement HUD data on allocations between 2003-2005 in Georgia, Indiana, Mississippi, New Jersey, Massachusetts, and Wisconsin. For more recent years, we had to rely more heavily on state HFA websites.

tract as predominantly minority if less than 10 percent of the population is non-Hispanic white. (We also test if results are similar if we use a 20 or 30 percent threshold instead.)

For each state, we also calculate the census tract distribution of rental housing units across these different neighborhood categories using the 2000 Census and the 2006-2010 ACS to control for broader demographic changes. Finally we use the metropolitan level vacancy rate to capture the strength of the metropolitan area housing market. As noted above, the tightness of the housing market may be an important factor shaping where developers are able to build tax credit units.

Sample

Our sample of states consists of states for which 2002 and 2010 QAPs were available, as well as publicly available award and reservation information for 2013. Among these, we prioritized those states with more units funded by the LIHTC program and those with more QAP change documents available between 2002 and 2010. Our final sample includes 20 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Indiana, Maryland, Massachusetts, Mississippi, Nevada, New Jersey, New Mexico, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Washington, and Wisconsin.

Table 1 includes a description of the units allocated during both our time periods in each of these states. For the most part states allocate a similar volume of tax credits in both time periods. As expected, the two most populous states in our sample, California and Texas, allocated the most tax credits during both time periods.

[Table 1 here]

Methods

As noted above, our key question is the degree to which priorities embedded in state allocation plans actually drive the location of tax credit units in practice. Rather than undertaking a cross-sectional analysis, which might be biased by fixed, underlying state factors shaping both the features of allocation plans and development choices, we consider whether *changes* in plan features are associated with subsequent changes in the geography of tax credit allocations within that state. As we show, many states make changes to their allocation plans over time, and there is considerable variation in the nature and direction of those changes.

We focus on five categories of priorities that we expect would affect the geographic distribution of developments proposed and selected to receive tax credits: (1) location in high-opportunity neighborhoods, (2) proximity to amenities, (3) approval by the community, (4) furthering investment in blighted neighborhoods, and (5) avoiding concentrations of affordable housing. These categories appeared (in some form) in most of the state allocation plans we reviewed. We describe each of these categories in more detail below.⁹

(1) High-opportunity neighborhoods

During our time period, the states in our sample generally increased the priority they gave to neighborhoods deemed to deliver a rich set of opportunities to residents. For example, the Massachusetts 2010 QAP introduced a bonus of 14 points to developments located in an “opportunity area,” defined as a census tract with a poverty rate of less than 15 percent and a subsidized housing share of less than 10 percent.¹⁰ Similarly, the Texas 2010 QAP provides a 30 percent increase in qualified basis (or the amount of project cost used to determine annual tax

⁹ For a complete enumeration of the changes included in each category please reference the on-line appendices to this paper.

¹⁰ Massachusetts QAP 2010, p. 38.

credit award) to developments in high-opportunity areas.¹¹ Neither Massachusetts nor Texas offered such incentives for high-opportunity areas in their 2002 QAPs.

Although each of the states we identify as prioritizing high-opportunity neighborhoods defines these target areas differently, they typically use poverty rates or incomes as part of their definition. Further, the other metrics used (such as local school performance) are often negatively correlated with poverty rates and minority population shares as well. Thus, in states that increase the priority given to high-opportunity neighborhoods, we expect to see a reduction in the share of units allocated credits in high poverty and predominantly minority tracts.

(2) Access to amenities

Instead of defining opportunity broadly, many state QAPs have started to reward projects for being near to particular amenities. Specifically, states give priority to projects built near employment centers, public transportation and away from environmental hazards such as industrial uses. For example, Connecticut's HFA added points for the protection/creation of natural resources including open space/community gardens as well as for locating near a public park or community center.¹² Massachusetts created a new category for proximity to transit.

Because the value of neighborhood amenities should be incorporated into the price of housing, neighborhoods with greater access to amenities should have higher-priced homes and higher income residents (Black and Machin, 2011). Therefore, we expect that a change in a QAP that places a greater priority on proximity to amenities would likely result in units being sited in higher income, or lower poverty neighborhoods. Given the correlation between income and race, we expect that such changes would also lead to fewer units in predominantly minority areas.

¹¹ Texas QAP 2010. P. 6-7. To be clear, a basis boost will not increase the chance that a proposed development receives an allocation of credits from the state. Such a boost may, however, encourage more developers to propose projects in high-opportunity neighborhoods because the basis boost makes the potential tax credits more valuable.

¹² Connecticut QAP 2010, p. 21-22.

We separately examine priority placed on proximity to transit because unlike the other amenities we have enumerated above, access to transit is often correlated with high density development and lower incomes. For example, Been et al (2010) found that in both the Seattle and New York metropolitan areas, the neighborhoods with below median levels of crime and above median quality schools tended to be suburban areas that fell below the average of the metropolitan area with respect to walkability and transit access. Thus, placing a priority on transit access could lead to *fewer* LIHTC developments in low-poverty or low-minority concentration neighborhoods. For this reason we construct an aggregate opportunity index with and without priority for transit included.

(3) Approval by the community

The federal statute requires that agencies provide notice to the local government about planned developments and provide a reasonable opportunity for comment.¹³ Many states go beyond that requirement and incentivize developers to engage with the community. Indeed, some states require engagement rather than simply providing incentives. For example, the Mississippi Home Corporation made community approval as well as a local contribution a threshold requirement as opposed to a point bonus. Once a criterion is identified as a threshold requirement rather than a point bonus, all applications that lack this component are immediately disqualified.

While on its face a community approval requirement is unrelated to location, LIHTC developments are likely to engender far greater opposition in lower-poverty areas, in part because those areas tend to be dominated by homeowners in single-family homes who worry that multifamily structures will clash with the character of their neighborhoods (Schuetz, 2009). Furthermore, the greater political power of higher-income and white residents may enable them to mount an effective defense of their neighborhood (Scally and Tighe, 2015). Of course, some

¹³ 26 U.S.C. § 42(m)(1)(A)(ii).

higher income areas may support increased affordable housing. Overall, however, given what we know about opposition of higher income households to the construction of multifamily rental housing (Obrinsky and Stein, 2007), we expect that an increase in the importance given to community approval is likely to result in developments being sited in high-poverty and predominantly minority neighborhoods.

(4) Furthering investment in blighted neighborhoods

Under the LIHTC statute, states are required to include a “preference” for and offer a basis boost to projects that are located in a qualified census tract and contribute to a “concerted community revitalization plan.”¹⁴ However, states have considerable leeway about how to favor developments in qualified tracts, and many of our states made changes to the preferences given to qualified tracts during our time period. The Tennessee HFA, for example, created a 28 percent set-aside for developments in QCT,¹⁵ while deleting the point category in the selection criteria.¹⁶ The Texas HFA, for example, diminished the importance of the QCT basis boost by allowing certain developments located outside of qualified tracts to receive the same bonus, a shift allowed by the Housing and Economic Recovery Act of 2008.^{17,18} Overall, we expect that placing a higher priority on investing in blighted neighborhoods should invite more development in high poverty and predominantly minority neighborhoods.

(5) Concentrations of affordable housing

Some states have added preferences for projects that are not located near other existing or proposed tax credit projects. For example, the Texas 2010 plan added six points for

¹⁴ 26 U.S.C § 42(m)(B)(ii)(III).

¹⁵ Tennessee QAP 2010, p. 2.

¹⁶ Tennessee QAP 2002, p. 13.

¹⁷ As a part of HERA, Congress amended the LIHTC statute to give states the flexibility to provide a 30 percent “basis boost” for projects where additional subsidy was required in order to make a project “financially feasible.” Prior to HERA, the basis boost had only been available to projects located in qualified census tracts or difficult development areas.

¹⁸ Texas QAP 2010, p. 6-7.

developments located in a census tract in which there were no other tax credit-financed developments serving the same kind of household.¹⁹ As the existing affordable housing stock tends to be located in higher poverty neighborhoods with higher minority concentrations, prioritizing developments further from other affordable units should push developments to neighborhoods with lower poverty rates and minority population shares.

Coding changes in Qualified Allocation Plan priorities

We create an index of changes made between 2002 and 2010 in the priority given to features in any one of these five geographic categories. We code changes in points allocated for a given priority, changes in set-asides, changes in threshold requirements, changes in tie-breakers, the creation of new categories or deletion of categories and changes in basis-boosts.²⁰ Positive numbers indicate changes that should, theoretically, lead to reductions in the share of developments in high-poverty neighborhoods or increases in the share in low-poverty neighborhoods. Conversely, negative numbers indicate changes that we predict would be associated with increases in the poverty rates of the neighborhoods where new LIHTC developments are created.

We deem changes in points as small if they amounted to less than a five percentage point change in the value of the priority.²¹ We give such small changes a value of one. Moderate changes, which we define as a change of between five and ten percentage points, receive a two, while large changes, which involve a change greater than 10 percentage points, receive a value

¹⁹ Texas QAP 2010, p. 55.

²⁰ We also re-ran our analysis without changes in basis-boosts and results remain unchanged.

²¹ As states often changed both the scores given to each of these categories as well as the overall points allocated, we calculated the share of points allocated to a priority in each time period and looked at the percentage point change.

of three.²² If more than one change was made in a given category, we separately code each change and then sum the values together, capping the maximum value in a given category at a +3 and the minimum value at a -3. Changes in set-asides are calculated as a share of the total credits allocated. For other types of changes, where calculations were not possible, such as the creation of a new category or allocation goal, and tiebreakers, we estimate the magnitude of the change through a careful read of the QAP text. We sum all of the category-specific indices, to create two aggregate change indices, one including the transit amenity and one without the transit amenity, given our expectation that neighborhoods with good access to transit may not deliver rich opportunities in other areas.

We present our classification scheme of changes to state QAPs in Table 2. As shown, every state made a change to its QAP in at least one of these categories. Many states reduced their preferences for blighted areas and a few states adopted large increases in their prioritization of opportunity areas. The final column of this table shows the aggregate change index, which is the sum of all five of the presented categories. Massachusetts has the highest score on this aggregate index, with a value of +7, indicating a large shift towards favoring areas of opportunity. At the other end of the spectrum, Mississippi had the lowest score on the aggregate change index of -4. This kind of textual coding necessarily involves some subjectivity. To try to ensure consistency, two separate readers reviewed each classification. Where inconsistencies arose, we conferred and arrived at consensus. Notably, any remaining measurement error should bias our results away from finding statistical significance. We provide detailed documentation on each of the changes listed in an on-line appendix.

²² We have also conducted sensitivity analyses, where we coded changes as only 0/1, and then also only coded large changes with a 1. Results are not significant when we limit our analysis to 0/1 for all changes, but when we include 1 only for large changes (2 or 3) then results are consistent. Thus it seems that the states with dramatic changes to one of these categories are the states driving these results.

[Table 2 here]

Do changes in allocation plans shape outcomes?

Our key interest lies in testing whether these coded QAP changes are associated with changes in the neighborhood locations of developments receiving tax credit allocations between 2003-2005 and 2011-2013. (For ease, we call the units in developments that receive tax credit allocations LIHTC units.) We consider several measures of neighborhood conditions.

First, we calculate the change over our time period in the share of tax credit units that are located in high-poverty neighborhoods (census tracts with poverty rates greater than 30 percent) as well as the change in the share located in low-poverty neighborhoods (census tracts with poverty rates of less than 10 percent). The first two rows of Table 3 show that on average, the allocation of tax credits in our sample states during this period shifted away from high-poverty neighborhoods. During the 2003-2005 period, 35 percent of LIHTC units were located in high-poverty neighborhoods. Eight years later, that share fell to 27 percent. We also calculate the change in the average poverty rate in the neighborhoods where tax credit units are located. The third row of Table 3 shows an overall reduction in exposure to poverty during these years.

Finally, we calculate the share of LIHTC units located in predominantly minority tracts, specifically those with non-Hispanic white shares of less than 10 percent. The final row of Table 3 shows trends in these shares and reveals a decline in the proportion of units allocated tax credits in high minority concentration tracts.

[Table 3 here]

The scatterplots in Figures 1 through 4 show that QAP changes and the changes in the geography of allocations move together as predicted: states with QAPs that increased their

prioritizations for opportunity areas also saw an increase in the share of units allocated credits in low-poverty neighborhoods, a decrease in the share of units allocated credits in high-poverty neighborhoods, a decrease in the overall exposure to poverty of newly allocated units and a decrease in the share of units allocated credits in largely minority tracts.

[Figure 1, 2, 3, 4 here]

To add statistical rigor to these correlations we estimate four basic regressions, which control for changes in the characteristics of the neighborhoods where the overall rental stock is located within each state in addition to the changes in stated QAP priorities. Specifically, we estimate a simple, descriptive regression with each of four dependent variables:

$$\Delta\text{LowPov}_s = \alpha + \beta_1\Delta\text{QAP}_s + \beta_2\Delta\text{Rentals}_s + \varepsilon_s$$

$$\Delta\text{HighPov}_s = \alpha + \beta_1\Delta\text{QAP}_s + \beta_2\Delta\text{Rentals}_s + \varepsilon_s$$

$$\Delta\text{AvgPov}_s = \alpha + \beta_1\Delta\text{QAP}_s + \beta_2\Delta\text{Rentals}_s + \varepsilon_s$$

$$\Delta\text{PredMins}_s = \alpha + \beta_1\Delta\text{QAP}_s + \beta_2\Delta\text{Rentals}_s + \varepsilon_s$$

- ΔLowPov_s , $\Delta\text{HighPov}_s$, ΔAvgPov_s , $\Delta\text{PredMins}_s$ represent the value of four dependent variables in state s : change in the share of tax credit units built in neighborhoods with less than 10 percent poverty, change in the share of tax credit units built in neighborhoods with more than 30 percent poverty, change in exposure to poverty of tax credit units and change in the share of tax credit units built in predominantly minority neighborhoods.
- ΔQAP_s captures our aggregate index of change in prioritization of opportunity areas, measured with and without proximity to transit.

- $\Delta\text{Rentals}_s$ represents a control for the change in the characteristics of the neighborhoods where the overall rental stock is located in state s . We create different measures in each regression, in order to match each of our dependent variables. For example, in the regression of the change in the share of units allocated tax credits in low-poverty neighborhoods, we include a variable capturing the change in the share of rental housing units in the state located in neighborhoods with less than 10 percent poverty.

We present coefficients on the key QAP variable from each of these descriptive regressions in Table 4. (Note that each cell represents a separate regression.) With only 20 states, and only some of them adopting changes in each area, we have limited power, but the coefficients on our aggregate change indices all have the expected signs and many are statistically significant (at least at the 10 percent level). They are also economically meaningful. We find the strongest association, both in terms of magnitude and statistical significance, between changes in the aggregate opportunity index measure (both with and without the transit index) and the change in the share of units sited in low poverty neighborhoods and the change in the share of units sited in high minority concentration neighborhoods.²³ Specifically we find that a one-point increase in the aggregate opportunity index is associated with a 1.7 percentage point increase in the share of units sited in low poverty neighborhoods, and a 1.6 percentage point decrease in the share of units sited in high minority concentration neighborhoods.²⁴ As expected, the coefficients are slightly larger in magnitude when we construct the aggregate opportunity

²³ We ran this same analysis using data from the 2007-2011 5 year ACS estimates and find results that are even stronger, both in terms of magnitude and statistical significance. Given our preference to rely on tract estimates that are not impacted by these new allocations we prefer to rely on the 2006-2010 5 year ACS estimates as our primary data source. Full results are available from the authors upon request.

²⁴ When relying on our alternative measures of neighborhood minority concentration, those with non-Hispanic white shares of less than 20 and 30 percent, we find similar results, though slightly attenuated. For ease of presentation these results are not included, but available from the authors upon request.

index without transit. Further, the coefficient on changes in the aggregate opportunity index without transit is also marginally statistically significant and negative in the regression of changes in the average neighborhood poverty rate of tax credit units: changes in the index favoring opportunity are followed by reductions in the average poverty rate in the neighborhoods where LIHTC units are sited. In the regressions of the share of units built in high poverty neighborhoods, we find that coefficients on the indices have the predicted sign but are not statistically significant at conventional levels.

In the final row of the table we present results for the change in proximity to transit. We highlight them as they bear the opposite sign of what we would expect for amenities. We see that prioritizing transit is correlated with a *decline* in the share of units located in low-poverty neighborhoods as well as an increase in the overall exposure to poverty. It appears that the goal of providing better access to transit may conflict with that of improving access to other measures of neighborhood opportunity.²⁵

It is worth noting that a few states exhibit patterns contrary to expectations. North Carolina's 2010 allocation plan gave greater preference to developments located in opportunity areas and de-emphasized development in blighted areas than its 2002 plan, but the state experienced small *declines* in the share of LIHTC units in low poverty tracts. South Carolina, in contrast, increased the priorities given to projects in blighted areas, but at the same time saw an *increase* in the share of units allocated in low poverty neighborhoods. It is clear that for these states, changes in the allocation plan are not having the intended impact on tax credit siting patterns. More work is necessary to understand why this may be the case.

²⁵ The coefficients on the remainder of the individual indices move in the hypothesized direction, though also rarely reach conventional levels of significance.

Alternative tests of changes in Qualified Allocation Plans

Our state-level model precludes us from controlling for other factors that might shape changes in the neighborhood distribution of tax credit units. Thus, as a robustness test, we also estimate a census tract level regression, in which the dependent variable is the change in the number of units allocated tax credits in the tract between the 2003-2005 period and the 2011-2013 period. We include multiple tract and metropolitan area controls and test whether neighborhoods with lower poverty rates and lower minority shares in 2000 saw relative increases in tax credit development when their state QAPs changed to prioritize developments in higher opportunity areas.

Specifically, our dependent variable is the change in the number of units allocated tax credits in each tract between the 2003-2005 period and the 2011-2013 period. We control for the neighborhood poverty rate and the share minority in 2000, the change in our aggregate opportunity change index for the state (without transportation amenities), and interactions between the poverty rate and the aggregate opportunity change index as well as the interaction between the share minority and the aggregate opportunity change index. We cluster standard errors at the state level.

These results are presented in the first two columns of Table 5. The results are consistent with those presented in our primary specifications, with the consistently negative coefficients on the interaction between change in opportunity index and the poverty rate or minority population share suggesting that an increase in priority given to opportunity neighborhoods in a state was associated with relatively fewer units developed in neighborhoods with high poverty rates and minority population shares. Results are robust to including changes between 2000 and 2010 in metropolitan area vacancy rates, presented in columns 3 and 4 of Table 5, which could also drive

changes in siting patterns. Results are also unchanged when controlling for change in neighborhood poverty and change in metropolitan house price appreciation.²⁶

Limitations and policy implications

We are clearly limited in drawing causal inferences about the impact of changes to QAPs on neighborhood siting patterns given our focus on 20 states over a limited time period, and given the reality that plan changes are not random. Further, while we were careful in our coding of the changes to state allocation plans, any document review involves some subjectivity.

That said, we think our results suggest that allocation plans matter. We find statistically significant relationships between changes in state allocation plans and the locations of privately owned housing developments allocated tax credits, despite our small sample size. In general, states that increased the priority given to developments in higher opportunity areas in their allocation plans saw increases in the share of tax credits allocated for projects in low poverty areas and decreases in the share of tax credits allocated for projects in largely minority areas.

Our findings shed little light on mechanisms underlying these shifts, as we cannot determine whether developers are changing their behavior after plan changes, or whether states are changing the mix of developments that they choose. If developers ‘chase points’ as suggested by Khadduri (2013), then it is possible that these changing priorities are shifting the composition of applications for tax credits. Alternatively, these changing preferences could instead lead to a reordering of a similar set of applications. It is possible that both are happening, and perhaps to a different extent in each state. Future work should try to obtain and analyze changing patterns in the full set of LIHTC applications.

²⁶ For ease of exposition we have left these results out of the paper, but they are available from the authors upon request.

Future research should also explore why state allocation plan changes appear to matter less in some states, such as North Carolina, than they do in others like New Jersey and Texas. An examination of the policy levers used in these allocation plans does not explain these across state differences. It is possible that other policy changes were occurring simultaneously and that changing the allocation plan did not provide a sufficient incentive to increase construction in low (or high) poverty areas given other forces. It is also possible that states need to do more than change their allocation plans to change the types of developments for which they receive applications. For example, states may need to actively recruit developers to build in high opportunity neighborhoods to create the types of changes we observe in New Jersey and Texas.

Another important avenue for research is to identify differences in patterns between preservation and new construction. Because existing affordable housing is concentrated in higher poverty neighborhoods, there may be less room, and less desire, for changes in the geography of preservation. Thus, future research should study how changing QAP priorities differentially shape the location of both preservation and new construction. Finally, additional research studying changes made to QAPs since 2010 would help to shed light on the impact of QAPs in the current political and economic context.

Overall, however, while there are still unanswered questions, our results shed light on a fundamental question for guiding the development of affordable housing – the degree to which official plans can shape the behavior and decision making of private actors. We find evidence that in the case of the tax credit, state allocation plans matter, and can help to steer privately owned and developed housing projects to different kinds of neighborhoods. To be sure, there are limits to the power of these plans, but state and local housing officials should view them as critical planning tools and pay careful attention to the neighborhood priorities they communicate.

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Table 1. Sample of Tax Credits Allocated by State

| State | Total Units Allocated | |
|----------------------|-----------------------|---------------|
| | 2003-2005 | 2011-2013 |
| Arizona | 3,322 | 2,585 |
| California | 13,846 | 17,421 |
| Colorado | 2,788 | 2,571 |
| Connecticut | 1,561 | 1,231 |
| Florida | 10,089 | 7,714 |
| Georgia | 9,287 | 6,679 |
| Indiana | 5,860 | 3,558 |
| Massachusetts | 4,708 | 2,443 |
| Maryland | 4,095 | 2,574 |
| Mississippi | 3,518 | 3,024 |
| North Carolina | 6,018 | 6,798 |
| New Jersey | 3,222 | 4,184 |
| New Mexico | 1,410 | 1,079 |
| Nevada | 1,072 | 1,615 |
| Pennsylvania | 5,875 | 4,258 |
| South Carolina | 3,854 | 2,301 |
| Tennessee | 6,039 | 5,349 |
| Texas | 19,516 | 15,424 |
| Washington | 3,380 | 2,983 |
| Wisconsin | 4,143 | 3,958 |
| All 20 States | 113,603 | 97,749 |

Table 2. Coded Changes in QAPs

| State | High Opportunity Areas | Access to Amenities | Approval by the Community | Investment in Blighted Areas | Avoiding Concentrations of Affordable Housing | Aggregate Change Index |
|----------------|------------------------|---------------------|---------------------------|------------------------------|---|------------------------|
| Arizona | 0 | 2 | 0 | 1 | -2 | 1 |
| California | -2 | 1 | 0 | 3 | 0 | 2 |
| Colorado | 0 | 1 | 0 | -1 | 1 | 1 |
| Connecticut | 0 | 2 | -1 | -3 | 0 | -2 |
| Florida | 0 | 0 | 0 | -2 | 0 | -2 |
| Georgia | 0 | 1 | 1 | -2 | 2 | 2 |
| Indiana | 1 | 0 | 0 | -3 | 0 | -2 |
| Massachusetts | 3 | 1 | 1 | 1 | 1 | 7 |
| Maryland | 1 | 1 | -1 | 1 | 0 | 2 |
| Mississippi | 1 | 0 | -2 | -3 | 0 | -4 |
| North Carolina | 1 | 2 | -1 | 2 | 1 | 5 |
| New Jersey | 2 | 0 | 0 | 3 | -1 | 4 |
| New Mexico | 0 | 0 | 0 | 2 | 0 | 2 |
| Nevada | 0 | 0 | 0 | -1 | 1 | 0 |
| Pennsylvania | 3 | 0 | 0 | -3 | 2 | 2 |
| South Carolina | 0 | 0 | 0 | -2 | -1 | -3 |
| Tennessee | 0 | 0 | 0 | -2 | -1 | -3 |
| Texas | 2 | 2 | -2 | 1 | 2 | 5 |
| Washington | 0 | 0 | 0 | -2 | 0 | -2 |
| Wisconsin | 0 | 0 | 0 | 2 | 0 | 2 |

Table 3. Poverty Rates and Minority Concentration
in Neighborhoods with Allocated Tax Credits

| | 2003-2005 | 2011-2013 | Change |
|--|-----------|-----------|--------|
| Neighborhoods with Poverty Rates ≤10% | 20.0% | 23.5% | 3.5% |
| Neighborhoods with Poverty Rates >30% | 35.0% | 26.5% | -8.5% |
| Average Neighborhood Poverty Rate | 24.3% | 22.0% | -2.3% |
| Neighborhoods with High Minority Concentrations (% White <10%) | 22.4% | 16.2% | -6.2% |

Figure 1 Correlations between:
Aggregate Change Index and Change in Share in Low Poverty Tracts

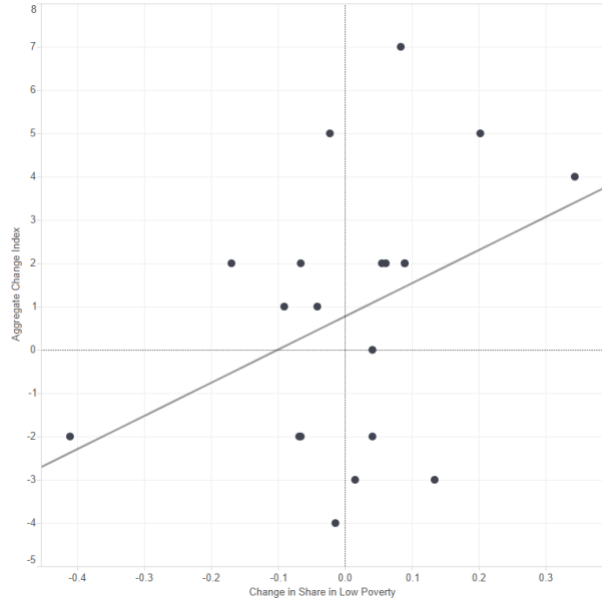


Figure 2 Correlations between:
Aggregate Change Index and Change in Share in High Poverty Tracts

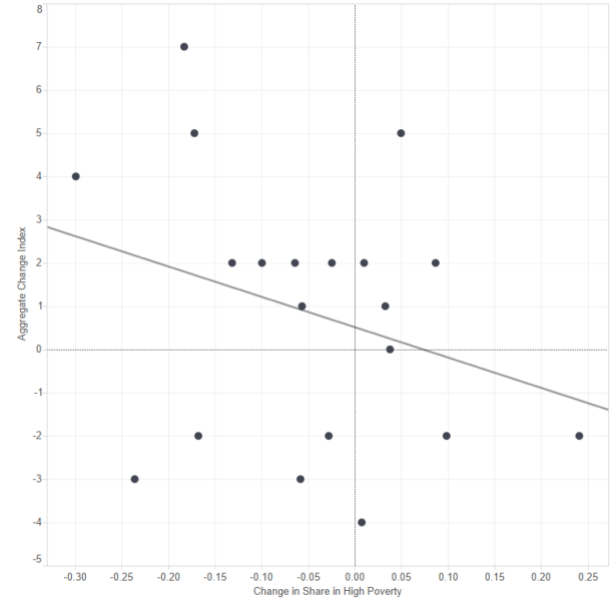


Figure 3 Correlations between:
Aggregate Change Index and Average Neighborhood Poverty Rate

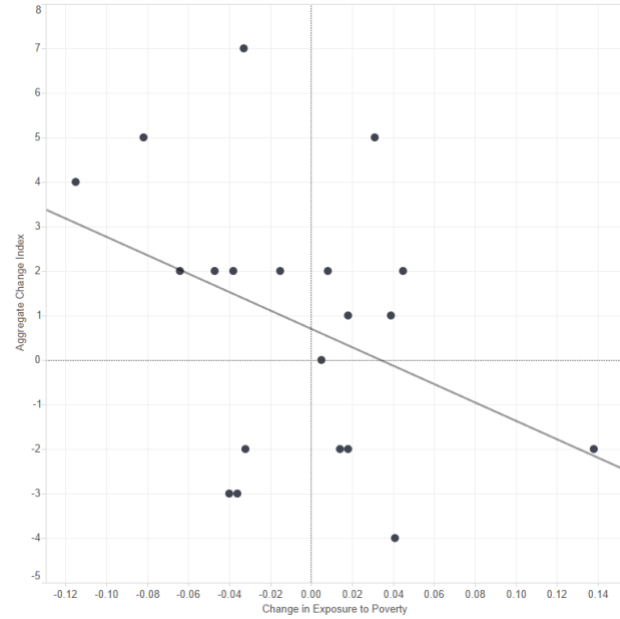


Figure 4 Correlations between:
Aggregate Change Index and Change in Share in High Minority Concentration Tracts

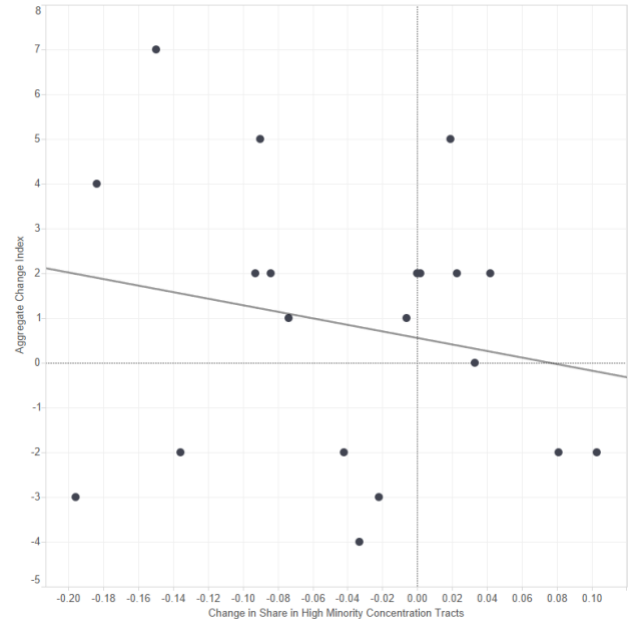


Table 4. Regression Adjusted Means: Neighborhood Poverty Rates, Minority Composition and Changes in QAPs

| | Change in Share of Units Sited in Neighborhoods with <10% Poverty ¹ | Change in Share of Units Sited in Neighborhoods with >30% Poverty ² | Change in Average Neighborhood Poverty Rate ³ | Change in Share of Units Sited in Neighborhoods with <10% White ⁴ |
|---|--|--|--|--|
| Aggregate Opportunity Index Measure (Sum of all changes) | (1) 0.017* (0.009) | (2) -0.012 (0.010) | (3) -0.005 (0.004) | (4) -0.016** (0.007) |
| Aggregate Opportunity Index Measure (Without Proximity to Transit) | (5) 0.021** (0.009) | (6) -0.014 (0.010) | (7) -0.007* (0.004) | (8) -0.019** (0.007) |
| Proximity to Transit | (9) -0.092* (0.048) | (10) 0.026 (0.052) | (11) 0.033~ (0.020) | (12) 0.052 (0.039) |

Note: Each regression includes the aggregate index and a control for the rental housing stock. Each regression includes a sample of 20 states. Standard errors are in parentheses. *** p<0.01, ** p<0.05, * p<0.1, ~ p<0.15

¹ Includes control for change in the share of rental housing stock located in neighborhoods with =<10% poverty.

² Includes control for change in the share of rental housing stock located in neighborhoods with >30% poverty.

³ Includes control for change in the exposure to poverty of the rental housing stock.

⁴ Includes control for change in the share of rental housing stock located in neighborhoods with <10% White population.

Table 5 Change in Number of Tax Credit Units Sited in Neighborhood
(Controlling for Neighborhood and Metropolitan Area Characteristics)

| Dep Var: Δ number of TC units allocated in tract | (1) | (2) | (3) | (4) |
|--|----------------------|----------------------|----------------------|-----------------------|
| Poverty Rate, 2000 | -10.142** (4.521) | -12.435** (4.402) | -10.066** (4.471) | -12.260*** (4.290) |
| %Minority, 2000 | 0.380 (0.794) | 1.281 (0.946) | 0.378 (0.788) | 1.281 (0.913) |
| ΔQAP | 0.244* (0.138) | 0.245*** (0.083) | 0.123 (0.122) | 0.0923 (0.117) |
| Poverty Rate * ΔQAP | -1.966~ (1.238) | | -1.906~ (1.194) | |
| %Minority * ΔQAP | | -0.755** (0.285) | | -0.751** (0.270) |
| Δ Metro Vacancy Rate | | | 1.728 (10.283) | 0.717 (10.333) |
| Δ Metro Vacancy Rate * ΔQAP | | | 3.671 (2.997) | 4.818 (3.483) |
| Constant | 0.762* (0.430) | 0.800* (0.428) | 0.735~ (0.483) | 0.807~ (0.509) |
| Observations | 36,239 | 36,239 | 36,239 | 36,239 |
| R-squared | 0.004 | 0.004 | 0.004 | 0.004 |

Note: Standard errors in parentheses, clustered at state level.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, ~ $p < 0.15$

Appendix Detailed Description of QAP Changes

Appendix Table 1. Description of Changes to 'High Opportunity' Priority

| State | Score | Type | Description |
|----------------|-------|---|---|
| California | -2 | Points | Removed 8 points which were previously allocated for "balanced communities." |
| Indiana | 1 | Basis Boost | Added basis boost for projects located in high cost areas that contain high land costs because of being in a desirable or commercially valuable location. |
| Maryland | 1 | Points | Five additional points can be earned by family housing projects "located in school or election districts or census tracts with... indicators at rates higher than statewide averages." |
| Massachusetts | 3 | Points & New Category | Added a fair housing narrative and allocated 14 points to areas of "opportunity." |
| Mississippi | 1 | Points | Added 4 points towards higher income counties. |
| New Jersey | 2 | Points | Added 10 points for projects that satisfy voluntary COAH (Council on Affordable Housing) obligation, which is a New Jersey government agency responsible for ensuring all NJ municipalities provide their fair share of affordable housing. These points replaced a previous 6 points for suburban locations. |
| North Carolina | 1 | Basis Boost | Added basis boost for projects in areas with high land costs because of being in a desirable or commercially valuable location. |
| Pennsylvania | 3 | Points & Set Aside Change & Basis Boost | Added a 20 percent set-aside and 30 point category for community impact, which includes building in high opportunity areas. Added a basis boost for developments in areas with high homeownership. |
| Texas | 2 | Points & New Category & Basis Boost | Created a new category which includes prioritization and basis boost for high opportunity areas. Applications which meet these criteria are eligible to receive an additional 4 points. |

Appendix Table 2. Description of Changes to Access to Amenities

| State | Score | Type | Description |
|-----------------------|-------|-----------------------|---|
| Arizona | 2 | Points | Added 20 points for Transit-Oriented development. |
| California | 1 | Points | Added 2 additional points for locating near public transportation. |
| Colorado | 1 | Points | Added transit amenities as an additional component to the project location category, which includes a maximum award of 5 points. |
| Connecticut | 2 | Points | Added 2 points for the protection/creation of natural resources including open space/community gardens and 2 points for locating near a public park or community center (no points awarded for transportation). |
| Georgia | 1 | Points | Added 3 points for being 1/2 mile walking distance to rapid rail transit. Added access to public bus transportation as an additional component in the desirable activity category, which includes a maximum award of 8 points. Added 2 points for offsite improvements that will benefit project's residents such as road access, parks, etc. |
| Massachusetts | 1 | Points & New Category | Added new 6 point category for proximity to transit. |
| Maryland | 1 | Points | Added 5 points for Transit-Oriented development. |
| North Carolina | 2 | Points | Added 20 points for good site location, which includes positive amenities, such as parks, and the lack of disamenities like negative environmental factors (no points awarded for transportation). |
| Texas | 2 | Points & New Category | Additional 4 points for developments serving children which are located near high performing schools. Deduct 6 points for developments near disamenities such as highways and manufacturing plants (no points awarded for transportation). |

Appendix Table 3. Description of Changes to Community Approval

| State | Score | Type | Description |
|-----------------------|-------|--|--|
| Connecticut | -1 | Points | Added 10 points for resident participation in the planning and implementation process. |
| Georgia | 1 | Points | Removed 3 points for local government resolution of support. |
| Massachusetts | 1 | Points | Removed 2 points for official local support. |
| Maryland | -1 | Points & Threshold Determination | Added 10 points for family projects and 5 points for elderly projects if a letter of local support is provided. But, removed provision granting 5 points for documentation of significant community support. Threshold determination has added stricter community approval requirements. |
| Mississippi | -2 | Deleted Category & Threshold Determination | Removed 5 point category for community support, and instead added a threshold requirement for community support. |
| North Carolina | -1 | Points | Additional 10 points awarded for projects with funds from the local community. |
| Texas | -2 | New Category | Added category to require prior approval of the development from the local government body and notification of local elected officials and neighborhood organizations, such as school districts and homeowner associations. |

Appendix Table 4. Description of Changes to Removal of Blight/Neighborhood Revitalization

| State | Score | Type | Description |
|--------------------|-------|--|---|
| Arizona | 1 | Points & Set Asides | Removed HOPE VI set aside. Reduced points allocated for historic preservation by 10 points. Reduced priority placed on community revitalization plan by 10 points. Added 3 points for projects in QCTs, DDAs or outside of an MSA. |
| California | 3 | Tie Breaker | Removed QCT from tiebreaker and replaced with funding criteria. |
| Colorado | -1 | Set Aside | Added a 1.25 million set aside for redevelopments that are in an area with high poverty. |
| Connecticut | -3 | Points & Set Aside & New Policy Goal & Basis Boost | Added a goal of serving areas with the highest priority placed on rehabilitation and revitalization. Added higher share of points for preservation and 10 points for brownfields redevelopment. Also added 10 percent set aside for revitalization. Added basis boost for projects in an area of residential adaptive reuse or environmental remediation. |
| Florida | -2 | Set Aside | Added set aside for preservation and development of HOPE VI. |
| Georgia | -2 | Points & Set Asides | Added set aside for preservation of existing affordable housing. Removed 1 point previously awarded for projects in QCTs and DDAs. |
| Indiana | -3 | Points & Set Asides & Basis Boost | Increased set aside for preservation by 10 percent. Added 2 percent more points to preservation and 3 percent more points to community revitalization. Added basis boost for preservation projects or those in areas of chronic economic distress which are not QCTs. |
| Maryland | 1 | Points | Reduced prioritization of projects in QCTs/DDAs with a community revitalization plan by 15 points. Added 5 points for brownfields redevelopments. Added that projects which involve scattered sites must include a revitalization plan. |

| | | | |
|-----------------------|----|-------------------------|---|
| Massachusetts | 1 | Points | Reduced prioritization of projects in a neighborhood revitalization effort by 4 points. |
| Mississippi | -3 | Points | Added 5 points to the preservation of existing affordable housing, 15 points for HOPE VI developments, and 5 points for general preservation. |
| Nevada | -1 | Basis Boost | Added basis boost for projects in targeted high foreclosure areas. |
| New Jersey | 3 | Points & Set Asides | QCT priorities have changed in many components of the New Jersey QAP. Overall fewer points are awarded for QCTs. Also set-asides for preservation and HOPE VI were reduced by 13 percent. |
| New Mexico | 2 | Points | Removed 10 points previously allocated for conversion and rehabilitation. |
| North Carolina | 2 | Points | Removed 10 points previously allocated for community revitalization and removed provisions about extra points awarded for economically distressed counties. |
| Pennsylvania | -3 | New Category & Points | Creation of new 30 point category for revitalizing neighborhoods. |
| South Carolina | -2 | Set Aside & Tie Breaker | Moved preferences for QCTs and community revitalization from preference to tie breaker. Added set asides for developments participating in rehabilitation. Removed preference for developments located in federally designated empowerment zones or enterprise communities. |
| Tennessee | -2 | Points & Set Asides | Added 28 percent set aside for QCTs and removed 10 point category for QCT/DDA. |
| Texas | 1 | Points | Removed points awarded for QCTs. Stated Preference for QCTs removed from the definition of QCT. |

| | | | |
|-------------------|----|--|---|
| Washington | -2 | Points & Set Asides | Added 20 percent set aside for HOPE VI. Removed additional 2 points awarded for projects in targeted areas that also have a community revitalization plan. Lowered points allocated for rehabilitation of affordable housing by 5 points. |
| Wisconsin | 2 | Points & Set Asides & Deleted Category | Deleted 45 point category for rehabilitation of affordable housing. Lowered preservation set aside by 5 percent. Changed a 14 point category which included QCTs and rural developments to only prioritize QCTs. |

Appendix Table 5. Description of Changes to Avoiding Concentrations of Affordable Housing

| State | Score | Type | Description |
|-----------------------|-------|--------------------------|---|
| Arizona | -2 | Deleted Category | Removed 20 points previously allocated towards cities, towns or counties which have not received an allocation in past five years |
| Colorado | 1 | New Policy Goal | Increased priority for developments not near other low income housing projects |
| Georgia | 2 | Points & Language Change | Added language allowing state to limit the number of projects in certain geographical areas, and language explaining that the state will not fund projects unless senior and family projects are placed a sufficient distance apart. Removed 1 point from previous category where developments could earn points for locating in areas with no previous awards. |
| Massachusetts | 1 | Points | Removed 5 points for locating near concentration of affordable housing developments. |
| Nevada | 1 | New Category & Points | Added category (worth 10 points) for developments not near other subsidized housing, but removed previous language about market saturation. |
| New Jersey | -1 | Deleted Category | Deleted 1 point category previously allocated for locating projects in areas with fewer than five subsidized housing projects. |
| North Carolina | 1 | Points | Moved clustering of low-income developments from separate category into the neighborhood characteristics category, essentially increasing the priority placed on not concentrating affordable housing developments by 1 percent. |
| Pennsylvania | 2 | Basis Boost | Added basis boost to places underserved by affordable housing. |

| | | | |
|-----------------------|----|------------------|---|
| South Carolina | -1 | Set-Aside | Removed preference for counties with no tax credit awards in previous two years. |
| Tennessee | -1 | Deleted Category | Deleted 25 point category which prioritized allocating to places with the fewest previous allocations. |
| Texas | 2 | New Category | Added a category awarding 6 points to developments in census tracts with no other existing developments supported by tax credits. |