

Housing Incentives Stimulate the Private Sector



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Federal incentives encourage private sector housing construction for rental and ownership.

This paper discusses efforts to create incentives for privately built housing in American cities. It addresses both affordable housing and market-rate housing; the income range runs from “low- and moderate-income” to “middle-income.” The low end of this range overlaps with some housing assistance programs.

The paper focuses on four categories of incentives: (1) the low-income housing tax credit (LIHTC), the most important rental-housing production incentive; (2) federal homeownership incentives; (3) mixed-income housing, which can be either rental or owner-occupied; and (4) the two major federal block grant programs to promote housing and community development, the Community Development Block Grant (CDBG) and HOME Investment Partnerships. The paper describes these programs, both how they work and how they relate to community development in cities. It concludes with some observations about the role of housing production and preservation more generally in the community development context.

Cities benefit from federal incentive programs that create market-rate and affordable housing.

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Living Cities: The National Community Development Initiative is a consortium of major financial institutions, philanthropic foundations, and federal agencies investing collaboratively in the vitality of cities to increase opportunity and improve the lives of people in urban neighborhoods.

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The Low Income Housing Tax Credit has a 20-year track record with the private sector.

The LIHTC was created in 1986 to encourage production and rehabilitation of rental housing for families with low or moderate incomes. It was intended to replace the tax incentives for private production of such housing that were eliminated in the Tax Reform Act of 1986. The credits are allocated to the states by formula; the states administer the program, and select projects competitively.

The LIHTC is designed to serve lower-income households primarily, but not exclusively. Incomplete program data indicate that perhaps 90 percent of units are classified as “low-income.”¹ Research on the program’s early years finds that units were on average within reach of households at 50 percent of area median income (the definition of “very low income”), but could not serve poor people without substantial additional subsidy.² Data on recipient incomes indicate that most probably are receiving vouchers.³

The development cost per unit averaged about \$105,000 (in today’s dollars) during the LIHTC’s first 10 years (excluding Section 515 Rural Housing Service projects). This implies that about half of all LIHTC units were affordable only to families whose incomes were “low but not very low” (51 to 80 percent of area median income), or “moderate” (above 80 percent, but probably below 120 percent). Thus, LIHTC projects can provide affordable or even market-rate rental housing, though this is not their main purpose.

The LIHTC is not directed specifically to cities, but it does include incentives that effectively encourage development in cities. The credit is 30 percent greater in certain locations, defined in terms of resident income and housing costs: Qualified Census Tracts (where 50 percent of residents have incomes below 60 percent of the area median income) and Difficult To Develop areas, with high housing costs relative to resident incomes. Almost half of all LIHTC units are located in central cities.

Nearly all the central city projects are in low- and moderate-income areas. Thus, the LIHTC has been used largely to provide better housing in poor neighborhoods, rather than affordable housing in higher-income communities. It may therefore contribute to the revitalization of poor neighborhoods, but the income limits place an upper bound on its impact. In some neighborhoods, LIHTC projects are the only new housing; in most, however, there has been other construction.⁴ The LIHTC can be part of a revitalization strategy, but not the only housing component, if the intention is to appeal to moderate- and middle-income households.

Homeownership strategies promote revitalization in older cities.

The stereotype of cities as the home of low-income renters is increasingly out of date. The dramatic increase in homeownership nationally has been paralleled in central cities. As the national rate increased from 63.3 percent of all households in 1965 to a record 69.0 percent in 2004, so also the central city homeownership rate increased from 48.0 percent to a record 53.1

percent over the same period. More than half of all central-city residents own their own home, and their number is increasing.

Even in the cities of the Northeast and Midwest homeownership is increasingly important. A convenient grouping is the “old big league cities,” the 18 cities in the area bounded by Boston, Washington, D.C., St. Louis, and the Twin Cities that have a team in one of the major sports; this classification turns out to have a minimum size threshold for the metropolitan area of 1.25 million people.⁵ In the 1990s the combined population of these cities increased by 2.5 percent, while the number of homeowners grew twice as fast, by 5.1 percent. As a result the share of all households in these cities owning their own home increased from 40.6 percent to 41.6 percent. The share rose in all cities except Philadelphia and Pittsburgh. In Washington, D.C., the population declined by 5.7 percent, but the number of homeowners rose by 4.1 percent.

Given that urban homeownership is growing in importance, homeownership strategies may be an effective vehicle to promote revitalization in even the largest and oldest cities. Homeownership strategies are likely to complement and draw strength from basic economic and demographic changes in cities.

This section discusses several current and proposed federal incentives. In addition, a number of states have created various tax incentives for homeownership. (One such incentive – the District of Columbia first-time homebuyer tax credit – is discussed in Appendix A.)

Single-Family Tax Credit. During the 2000 presidential campaign, then-Governor George W. Bush proposed a tax credit to encourage production of owner-occupied housing. The tax credit was to be modeled on the LIHTC. It was designed with central cities in mind, particularly distressed neighborhoods with a lack of affordable housing, where construction does not occur because the cost of building or repairing units would exceed their market value.⁶ The credit was proposed at \$2.4 billion over five years, and was projected to generate 200,000 new homeownership units over that period. Tax credit legislation was introduced in both the 108th and 109th Congress. In the current Congress, it has been introduced as HR 1549, the Renewing the Dream Tax Credit Act, by Rep. Thomas M. Reynolds (R-NY) and 36 cosponsors, and as S 859, the Community Development Homeownership Tax Credit, by Sen. Rick Santorum (R-PA) and five cosponsors. Sponsorship in both houses is bipartisan.

To be eligible for the credit, a house must be located in a census tract where the median income is below 80 percent of the area median income (or the state median income, if higher). This requirement results in some targeting toward city neighborhoods in need of revitalization. But the credit would also be available in rural areas. As with the LIHTC, the single-family credit would be allocated to the states on a per capita basis and awarded competitively.

The American Dream Downpayment Initiative. During the 2000 presidential campaign Bush also advocated a new program to provide down payment assistance to families on the verge of homeownership. His proposal was modeled after a program of the Federal Home Loan Bank of Dallas, whereby banks provide matching funds to families whose financial assets are just short of the amount needed to buy a home. As enacted in 2003, the American Dream Downpayment Initiative (ADDI) provides \$5,000 on average to first-time homebuyers to help with the down

payment and closing costs. Funds are allocated to states and localities on the same basis as the HOME block grant. Eligibility is limited to first-time homebuyers with incomes no more than 80 percent of area median income. This does not restrict eligibility to the cities, but is likely to be particularly helpful to families wanting to buy homes in middle-income city neighborhoods.

FHA Mortgage Insurance. Federal Housing Administration (FHA) home mortgage insurance is the oldest federal incentive to promote homeownership. Its basic public purpose is to serve young families buying their first home, but it is not limited to them. Eligibility depends on the mortgage amount, and loans to refinance mortgages as well as to purchase homes are insurable. About 80 percent of FHA buyers are first-time buyers, some 35 percent of whom are members of minority groups. FHA does not target insurance geographically, but it is certainly more concentrated in cities than is the activity of conventional lenders.⁷

FHA continually balances public purpose against safety and soundness. FHA insurance is backed by the full faith and credit of the United States, so lenders are willing to make loans to higher-risk borrowers. At the same time, FHA is required by law to cover its costs and to have a substantial positive net worth, which limits the amount of risk it can take. In the president's last two budgets, FHA proposed to insure a new type of home mortgage, one with no down payment. For most families hoping to buy their first home, upfront costs are a more serious obstacle than the monthly mortgage payment; they have the income to afford the monthly payment, but not the assets for the down payment and closing costs.

Zero Down Payment Mortgage. The Zero Down Payment Mortgage would serve these families. The standard FHA mortgage, with a 3 percent down payment, brings the monthly payment on a \$100,000 home within reach of a family with an annual income of about \$26,000 and financial assets of about \$5,000. The Zero Down Payment Mortgage would require an income of about \$28,000, but no minimum level of assets. It would serve families who can afford to buy a home without any subsidy (unlike ADDI), but who cannot immediately meet the upfront cash requirements. They can roll the upfront cash requirements into a mortgage they can afford.

The Zero Down Payment Mortgage would serve 250,000 homebuyers each year, 200,000 of whom would not otherwise be able to buy. Like the traditional FHA mortgage, it would not be limited to families in cities, but it would serve them disproportionately, and thereby contribute to neighborhood revitalization.

The Zero Down Payment Mortgage does balance public purpose against safety and soundness. The Congressional Budget Office scored the FY 2006 proposal as having no net impact on the budget; outlays for losses on claims would be covered by the higher premiums charged.⁸

Mixed-income housing serves diverse housing markets.

Subsidized projects have traditionally been limited to lower-income residents. Encouraging a mix of incomes within subsidized housing has been a federal housing policy objective since at least the Housing and Urban Development Act of 1974; it became a particularly important objective in the HOPE VI public housing program, enacted in 1992. It is most commonly

discussed with regard to HOPE VI, but in fact a number of projects in older rental subsidy programs can be classified as mixed-income. This paper discusses the older programs. (HOPE VI is discussed in detail in another paper in this series, but not particularly as a mixed-income program.⁹ Appendix B discusses HOPE VI in that context.)

The most extensive review of mixed-income subsidized housing in earlier programs found about 1,100 subsidized projects, serving 85,000 families.¹⁰ The authors consider this a “small” number,¹¹ but it is quite close to the total in all HOPE VI projects (63,000 to date have been razed, with another 20,000 projected). The total includes both partly subsidized projects and fully subsidized projects that have retained significant numbers of working families with incomes above about \$25,000 in today’s dollars.

These older projects are located predominantly in low-poverty neighborhoods, but not exclusively: about one-third are in high-poverty neighborhoods (with a poverty rate of at least 30 percent). These are certainly neighborhoods that need revitalization. For mixed-income projects to be successful in such neighborhoods, special housing market conditions appear to be necessary. Either there is a tight housing market for low- and moderate-income renters in the metropolitan area, or there is a large concentration of recent immigrants in the metropolitan market. Special rent incentives may also be needed, but they are not sufficient to make a mixed-income project work in a high-poverty neighborhood. (In addition, strong project management is necessary to make mixed-income housing work in any kind of market.)

There is very little evidence about the efficacy of mixed-income housing as a tool for city neighborhood revitalization. The research question is simply not asked in this way. The closest question to it concerns the extent of improvements in the lives of the lower-income residents within the mixed-income projects. Even on this issue, the evidence is limited, and inconclusive.¹² Researchers have focused on other policy questions: the circumstances under which mixed-income projects are viable, the quality of housing they provide, and the change in the characteristics of the neighborhood for lower-income residents who move into mixed-income projects. Project developers and owners have focused primarily on financial viability.

Two major federal block grant programs, HOME and CDBG, can help revitalize neighborhoods.

These programs were created at different times for different purposes; it is convenient to group them here.

HOME Investment Partnerships. The HOME program was enacted in 1990. Its stated purposes are housing-oriented, to expand the supply of low-income housing, both rental and owner-occupied. There is no statutory requirement limiting HOME expenditures by location. Nonetheless, decisions by local governments on where to spend HOME funds can have an impact on neighborhoods, and can be a revitalization tool.

Program evaluations suggest that it has been, in some instances, but not by design. There has always been some geographic targeting.¹³ Local program managers indicate that they generally

do not target HOME toward improving poor neighborhoods or reducing the concentration of the poor. HOME is not explicitly used to promote either neighborhood revitalization or mixed-income housing.

To the extent that HOME does serve these goals, it works in combination with the local housing stock, developers' plans, and residents' preferences. Housing built by developers for sale tends to be located in high-poverty areas, probably much in need of revitalization,¹⁴ while individual families buying homes in the private market with HOME assistance prefer to live in better communities than they previously lived in – areas with higher incomes, higher homeownership rates, and higher home values.¹⁵ As they move, therefore, these families create more of a mixed-income neighborhood. By contrast, the developer-built housing is more likely to revive a poverty area, replacing poor housing or vacant lots with new affordable housing for homebuyers, and perhaps raise the neighborhood income level and alter the income mix.

HOME-assisted rental housing is less often located in high-poverty areas than is public housing, but more often than units occupied by Section 8 voucher holders. Rental rehabilitation is more concentrated in poor neighborhoods than either new construction projects or existing rental housing acquired by the local government. The rental rehab pattern should complement neighborhood revitalization efforts.

Community Development Block Grants. The Community Development Block Grant (CDBG) program, enacted in 1974 as the successor to urban renewal and half a dozen other categorical grants to local government, does have a neighborhood focus. Community revitalization figures explicitly in four of its nine objectives, and implicitly in several others. Better housing for low-income families is also an objective. CDBG contains low- and moderate-income targeting requirements, and expenditures have generally exceeded these requirements.¹⁶

Because it is a broad block grant, CDBG is hard to evaluate. Its impact is not easily measured, either by city or by neighborhood.¹⁷ During its 30-year existence, CDBG has been combined with many other funding sources for community revitalization purposes. Nonetheless, it is possible to describe patterns of funding that are relevant. Cities have tended to concentrate some categories of expenditure in particular neighborhoods. This is particularly true of infrastructure spending; it is most concentrated in particular neighborhoods by those cities where poverty is most concentrated by neighborhood. That is, cities that most need community revitalization are using CDBG for that purpose. Concentration also occurs to a lesser extent for housing expenditures, although most cities pursue multiple housing strategies, some focused on particular neighborhoods, others citywide in scope.¹⁸ Poor cities, and cities where poverty is concentrated by neighborhood (which are not the same thing), have been prone to use CDBG to engage in activities intended to revitalize some neighborhoods.

The Government Performance and Results Act has provided impetus for efforts to obtain better data on CDBG's neighborhood impacts. A recent study of 17 cities found that "larger CDBG investments are linked to improvements in neighborhood quality."¹⁹ Improvements are measured in terms of residential mortgage lending and the number of businesses in the community, readily available information which correlates with other dimensions of

neighborhood quality. This finding suggests that CDBG has been useful as a neighborhood revitalization tool.

Housing creation can strengthen city neighborhoods, but not alone; revitalization also needs better education, safety, and services.

This paper has discussed several current and possible initiatives to encourage privately owned market-rate housing in American cities. Some have been proven effective in promoting housing; some may prove effective if adopted. But rather than reviewing these initiatives, it is worthwhile putting them in the wider context of strengthening the cities, in line with the basic purpose of the Living Cities initiative.

This is important because market-rate housing is different from subsidized housing. Market-rate buyers and renters have choices, by definition. This is true even for moderate-income renters; they are able to find affordable rental housing that meets their needs. Well over 90 percent of moderate-income renters live in good-quality housing at rents they can afford.²⁰ Housing alone is therefore not enough to attract these families. They need additional reasons to choose to live in a particular neighborhood.

People choose neighborhoods for a myriad of reasons, but most are likely to have some basic desires. These include adequate shopping, public services, and perhaps cultural amenities. Housing initiatives are likely to fail if these preferences are neglected.

Shopping. For instance, many city neighborhoods, including those with perfectly good housing that should appeal to middle-income families, have weak, deteriorating commercial areas. The quality of the shopping is not up to the quality of the housing. Middle-income residents find it necessary to go outside the community. Some initiatives attempt to address this concern by providing for commercial facilities as part of the development; this is true for some HOPE VI projects. Commercial redevelopment was also a standard component of urban renewal; the generally acknowledged failure of that program illustrates the difficulty of successful revitalization even with efforts to combine commercial and residential redevelopment.

Education and safety. Few people want to live in neighborhoods with serious crime problems, and few families with children want to live in neighborhoods with unsatisfactory schools. Public safety and education are primarily the province of local government, though both can be and are provided privately to some extent. Many gentrifying neighborhoods have good private school options, or at least good preschools; in the latter situation they may attract young families, but not hold them. The strong desire for quality schools in cities provides much of the momentum for tuition vouchers. Its importance has been recognized by many local officials, perhaps most notably Chicago's current mayor Richard M. Daley, who has made strenuous efforts to improve the city's public schools, and former Milwaukee mayor John Norquist, an outspoken advocate of tuition vouchers. "Public services," whether provided publicly or privately, are essential to create living cities. The same is true for cultural attractions, to a lesser extent.

The importance of neighborhood facilities and amenities is a major part of the rationale for CDBG, though CDBG does not provide operating funds for police or education, but rather for infrastructure.

This is not to advocate any particular policy in any particular city. The point is that, while there are many strategies to provide affordable and market-rate housing in urban communities, decent housing alone is not likely to be enough for city revitalization.

APPENDIX A: THE DISTRICT OF COLUMBIA FIRST-TIME HOMEBUYER INDIVIDUAL INCOME TAX CREDIT

In 1997 Congress enacted a federal income tax credit for first-time homebuyers, applicable only in Washington, D.C. The tax credit originally was set to expire on January 1, 2004, but was extended in 2004 as part of the Working Families Tax Relief Act of 2004, and now expires on January 1, 2006. It is the only federal tax provision providing help to first-time homebuyers in a particular city. Some states have enacted somewhat similar tax credits; a full review of state activity is beyond the scope of this paper, and the D.C. credit may be of particular interest because it is a federal program, as well as serving as an example.

The tax credit provides for a federal income tax saving up to \$5,000 for low- and moderate-income families who have not owned a home within one year of purchasing the home for which they receive the tax credit. This is an unusually broad definition of “first-time homebuyer.” More typical is at least a three-year nonownership requirement, or the common-sense concept of never having owned a home before. The income limit is \$130,000 of Adjusted Gross Income for married couples filing jointly, and \$90,000 for single individuals; the credit begins phasing out at \$110,000 and \$70,000, respectively. This also is a generous definition of low and moderate income. The national median household income has been between \$40,000 and \$45,000 over the period of the tax credit; the median income in the city of Washington was \$40,100 in 1999 (the latest census data).

The most detailed published evaluation of the tax credit found that the credit was extensively used, with almost 22,000 households benefiting from it when they bought homes between 1997 and 2001. These households constituted about 77 percent of all District of Columbia homebuyers during the period. The average credit amounted to about \$3,500. The generous targeting may not have been necessary to encourage homeownership; about 67 percent had never owned a home, while about 40 percent were in the middle-income range (between \$30,000 and \$50,000) and another 30 percent were somewhat above middle-income (between \$50,000 and \$75,000). This latter income category represents about the middle-income range for the entire metropolitan area; about 15 percent all D.C. homebuyers were families who received the credit and moved from the suburbs into the city. Unfortunately, the evaluation does not directly address the question of neighborhood impact; it does not report tax credit transactions by neighborhood. It does, however, conclude that the tax credit had a greater impact on house prices in low-income and high-minority neighborhoods (prices rose more in such neighborhoods from 1997 to 2001), which may imply that it was more widely used in these neighborhoods.²¹ If this is a valid inference, then the tax credit may be helpful in revitalizing city neighborhoods.

The tax credit certainly may have contributed to the increase in homeownership within Washington mentioned above, but it was only available during the last two and a half years of the 1990s (between August 1997 and April 2000, the date of the decennial census), and some other large older cities experienced roughly similar increases during those 10 years without benefit of the credit.²²

APPENDIX B: HOPE VI

The HOPE VI program differs from the earlier projects discussed in the text in that it explicitly attempts to revitalize distressed neighborhoods – very distressed neighborhoods. HOPE VI is discussed in detail in another paper in this series;²³ the following discussion is concerned only with HOPE VI as a mixed-income housing program. In that context, it differs significantly from the earlier programs.

Projects are designed to raze the worst public housing projects and replace them with mixed-income housing; in the process, they certainly change the neighborhood. In some cases, they entirely replace the neighborhood, because the original public housing project was large enough to constitute the entire neighborhood.

It is important to note that the rationale for HOPE VI as a mixed-income program rests on two criteria: the extent to which it improves the housing and neighborhood conditions for the original low-income residents of the project, who are displaced at least during the demolition and reconstruction, and perhaps permanently; and its efficacy in revitalizing the neighborhood. There is no shortage of decent affordable rental housing for middle-income households in most American cities; creating more of it does not per se serve any particular public policy purpose.

There was originally very little effort to track the original residents when they were displaced for the first HOPE VI projects. More recently research has been undertaken to track residents, for projects undertaken after 2001. The research finds that most received housing vouchers or moved into other public housing. Their housing quality improved dramatically, but their new housing was still below the quality of poor renters in general – a vivid sidelight on the poor quality of the public housing project they originally lived in. The same is true of the neighborhood – the original residents are living in much better neighborhoods. They have not, however, been able to improve their employment situation or increase their income.²⁴

The research also finds that a majority of displaced residents want to return to the new project, which is unrealistic because a much smaller number of low-income units will be built in the new project than were razed in the original one.

The probable permanent displacement of most of the original poor residents brings the fundamental issue in neighborhood revitalization into stark relief. If a particular neighborhood is already a residential area, then revitalizing the neighborhood *in toto* requires moving a large number of low-income residents out of the neighborhood, whether that is their own preference or not. (This concern does not apply in neighborhoods consisting wholly or largely of vacant land, and the dislocation is less drastic with less drastic revitalization in the neighborhood.)

Endnotes:

- ¹ U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 1996. “Development and Analysis of the National Low-Income Housing Tax Credit Database.”
- ² Cummings, Jean L., and Denise DiPasquale. 1999. “The Low-Income Housing Tax Credit: An Analysis of the First Ten Years.” *Housing Policy Debate*, Vol. 10, No. 2, pp. 251-287, especially pp. 278-282.
- ³ U.S. General Accounting Office. 1997. “Tax Credits: Opportunities to Improve Oversight of the Low Income Housing Program.”
- ⁴ Cummings and DiPasquale (1999) report that 10 percent of the projects in their database were built in census tracts with no new residential construction in the five years preceding, and 27 percent were in tracts with no new rental housing construction in the last five years. This of course implies that about two-thirds of projects were built in areas where other construction was occurring.
- ⁵ The full list of “old big league cities” is: Boston, New York, Buffalo, Philadelphia, Pittsburgh, Baltimore, and Washington, D.C., in the Northeast; and Cleveland, Columbus, Cincinnati, Detroit, Indianapolis, Chicago, Milwaukee, St. Louis, Minneapolis, and St. Paul in the Midwest. Green Bay is excluded because of size.
- ⁶ The Single-Family Affordable Housing Tax Credit is described at <http://www.whitehouse.gov/infocus/homeownership.homeownership-policy-book-ch1.html>.
- ⁷ FHA does not track mortgages by municipality; I base this statement on a number of internal tabulations and analyses conducted while I served as FHA Commissioner during 2001-2005.
- ⁸ CBO scored the FY 2005 proposal as having a negative impact.
- ⁹ Turner, Margery Austin and Martin Abravanel. 2005. “The Future of Public Housing.” Living Cities Policy Series.
- ¹⁰ Khadduri, Jill and Marge Martin. 1997. “Mixed-Income Housing in the HUD Multifamily Stock.” *Cityscape*, Vol. 3, No. 2, pp. 33-69. About half of these are Section 8 projects; another third are either Section 236 or BMIR (below-market interest rate) projects built between 1961 and 1974. The mixed-income projects constitute about 12 percent of all projects in these programs. The term “families” is particularly relevant; the review excludes projects for the elderly and the disabled. The authors give reasons why the actual number may be either larger or smaller than 1,100.
- ¹¹ *Ibid.*, p. 63.
- ¹² Schwartz, Alex and Kian Tajbakhsh. 1997. “Mixed-Income Housing: Unanswered Questions.” *Cityscape*, Vol. 3, No. 2, pp. 71-92; Alastair Smith, 2002, “Mixed-Income Housing Developments: Promise and Reality,” Joint Center for Housing Studies of Harvard University and Neighborhood Reinvestment Corporation.
- ¹³ U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 1995. “Implementing Block Grants for Housing: An Evaluation of the First Year of HOME,” pp. 77-78.
- ¹⁴ Urban Institute. 1998. “Expanding the Nation’s Supply of Affordable Housing: An Evaluation of the HOME Investment Partnerships Program.”
- ¹⁵ Abt Associates. 2004. “Study of Homebuyer Activity through the HOME Investment Partnerships Program.”

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- ¹⁶ U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 1995. "Federal Funds, Local Choices: An Evaluation of the Community Development Block Grant Program." Prepared by the Urban Institute. This is somewhat old but thorough, covering most of the history of CDBG. It finds that about two-thirds of program expenditures benefited low- and moderate-income families (Ch. 5, pp. 5-43 to 5-47), using more stringent measures of targeting than required by the statute.
- ¹⁷ Evaluation is further complicated by the fact that local government signs typically do not mention CDBG as a funding source at projects where CDBG funds are in fact being used. Although not publicly acknowledged, CDBG often turns out to be the key funding source for a particular project. This is unlike signs for street improvement projects, which specify funds by source.
- ¹⁸ U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 1995. "Federal Funds, Local Choices," chapter 4, pp. 4-30 to 4-40.
- ¹⁹ U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 2002. "The Impact of CDBG Spending on Urban Neighborhoods." Prepared by the Urban Institute. The quotation is on p. iii of the Executive Summary.
- ²⁰ See U.S. Department of Housing and Urban Development, "Trends in Worst-Case Needs for Housing, 1978-1999," 2003, Table A-3.
- ²¹ Zhong Yi Tong. 2005. "Washington, D.C.'s First-Time Home-Buyer Tax Credit: An Assessment of the Program." Fannie Mae Foundation Special Report.
- ²² These include Boston, Chicago, St. Louis, Minneapolis, and St. Paul. St. Louis was the only one of these cities which, like Washington, D.C., experienced an overall decline in population concurrently with the increase in the number of homeowners.
- ²³ Turner, Margery Austin, and Martin Abravanel, "The Future of Public Housing." Living Cities Policy Series.
- ²⁴ This research is being undertaken by the Urban Institute. For a convenient summary, see the remarks of Susan J. Popkin in, "How are Families from America's Worst Public Housing Faring?" 2004. A First Tuesday transcript available from the Urban Institute at www.urban.org/url.cfm?ID-900750.

Additional Readings and Expert Contacts

Low-Income Housing Tax Credit

Cummings, Jean L. and Denise DiPasquale. 1999. "The Low-Income Housing Tax Credit: An Analysis of the First Ten Years." *Housing Policy Debate*, Vol. 10, No. 2, pp. 251-287. The most extensive study of the LIHTC.

Roberts, Benson F. and F. Barton Harvey III. 1999. "Comment on Jean L. Cummings and Denise DiPasquale's 'The Low-Income Housing Tax Credit: An Analysis of the First Ten Years,'" *Housing Policy Debate*, Vol. 10, No. 2, pp. 309-320. A developer's point of view.

Stegman, Michael A. 1999. "Comment on Jean L. Cummings and Denise DiPasquale's 'The Low-Income Housing Tax Credit: An Analysis of the First Ten Years.'" *Housing Policy Debate*, Vol. 10, No. 2, pp. 321-332. By an academic analyst and policymaker.

U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 1996. "Development and Analysis of the National Low-Income Housing Tax Credit Database." A useful description of the database and the detailed workings of the credit.

D.C. First-Time Homebuyer Tax Credit

Zhong Yi Tong. 2005. "Washington, D.C.'s First-Time Home-Buyer Tax Credit: An Assessment of the Program." Fannie Mae Foundation Special Report. The only substantial study of this unique federal incentive.

Mixed-Income Housing

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Schwartz, Alex and Kian Tajbakhsh. 1997. "Mixed-Income Housing: Unanswered Questions," *Cityscape*, Vol. 3, No. 2, pp. 71-92. A critical look at the conventional wisdom on mixed-income housing, and a review of the limited literature on its neighborhood impact.

HOME

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Urban Institute. 1998. "Expanding the Nation's Supply of Affordable Housing: An Evaluation of the HOME Investment Partnerships Program." Still the most extensive evaluation of HOME.

Abt Associates. 2004. "Study of Homebuyer Activity through the HOME Investment Partnerships Program." A recent specialized report.

CDBG

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U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 2002. "The Impact of CDBG Spending on Urban Neighborhoods." Prepared by the Urban Institute. A recent study of the CDBG activity directly relevant to city revitalization; limited in coverage but informative and suggestive.

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