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The Bush School of Government and Public Service

The Low-Income Housing Program
in the Louisiana and Mississippi Gulf Opportunity Zone

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Executive Summary

In December 2005, Congress enacted the Gulf Opportunity Zone Act of 2005 (GO Zone Act) to assist in the recovery process from Hurricanes Katrina and Rita. This legislation allocated extra Low-Income Housing Tax Credits (LIHTC) to Louisiana, Mississippi, Alabama, Florida and Texas.

For this project, researchers assessed LIHTC Program in the GO Zone areas of Louisiana and Mississippi to explore the program's effectiveness and the impact of the extra GO Zone Act allocations. The project consisted of several components: a literature review, analyses of the LIHTC Department of Housing and Urban Development (HUD) database, a series of regression analyses, a GIS analysis, face-to-face interviews of stakeholders, telephone interviews of builder-developers in Louisiana and Mississippi.

Literature Review

A review of journal articles, government and think tank policy reports and news stories allowed researchers to gather information about the LIHTC program, builder-developer decision making and the current housing issue resulting from the hurricanes of 2005. Most importantly, researchers discovered that there were several methods of estimating housing need (involving median income calculations, resident population estimates and housing storm damage estimates). Additionally, varying estimates calculated by a number of reputable research organizations contribute to, rather than alleviate, the uncertainty about the amount of housing need. Further, researchers found that the coastal areas that sustained the most damage from Hurricane Katrina and Rita have historically had substantial low income housing needs.

HUD Database, Regression and GIS Analyses

Utilizing a HUD data base, a series of tabulations revealed 500 developments (consisting of 24,107 units) were built in Louisiana and 451 LIHTC developments (consisting of 13,970 units) were built in Mississippi between 1986 and 2004. Additionally, GIS maps of the same data revealed that, though these developments, are scattered across both states, they are heavily concentrated in a few major urban areas. Further, a series of regression analyses, reveal a multicollinearity of several factors including ethnicity, education, income involved in the decision to place LIHTC development.

Coastal County and Parish Case Studies

Utilizing a HUD data base, an additional series of tabulations revealed that there were substantial gaps between the amount of housing needed and the amount of LIHTC allocated to various parishes and counties, a lack enforcement capability by LIHTC oversight entities, that coastal areas that historically received few or no LIHTC units were protesting the building of LIHTC units, even though, their damage and destruction estimates suggested they had a substantial need for affordable housing. An additional important finding was that a local research firm had calculated the cost of mixed income LIHTC units vs. non-mixed income units and found that mixed income LIHTC units costs more than non-mixed units. And further, that the publication of these findings lead to a reallocation of funding of both types of units and less mixed income units In Orleans counties.

Telephone and Face-to-Face Field Interviews

Researchers telephoned both private and nonprofit builder-developers who received a state contract to build LIHTC developments and those who did not. The team also performed face to face interviews with LIHTC state and community officials. Their narrative responses to questions revealed a number of challenges. First and foremost among these was the need to streamline permit offices and secondly to analyze permit application and certificate of occupancy data to determine market interest. Additional challenges included the need for enhanced enforcement of oversight committees; the need for inclusive zoning policies and procedures and the need to coordinate local and state offices.

Concluding Remarks

The review of the literature, the data base, GIS and regression analyses, the telephone and area face to face interviews suggests:

State housing authorities might consider the following:

1. Using alternatives to census data to estimate amount of housing units, amount of housing need and per capita residency;
2. Creating a data governance entity which would manage LIHTC distribution and interpretation
3. Creating *annual* reports which indicate corrective actions taken in response to audit/oversight entity recommendations;
4. Providing incentives to local officials for streamlining their permit office procedures; and

Federal housing authorities might consider the following:

5. Using permit office archival data (permit applications and certificates of occupancy) to determine whether developers build affordable housing without LIHTCs.
6. Coordinating local, state and federal goals and procedures
7. Providing incentives to both state and local officials which to help them reduce NIMBYism, increase mixed income developments and increase the utilize of inclusive zoning; and;
8. Using the OMB-PART program evaluation methodology to evaluate the LIHTC program

Introduction

Housing is generally considered affordable if a household spends less than 30% of their income on housing-related costs.¹ The federal government enacted the Low-Income Housing Tax Credit (LIHTC) program as an incentive to create affordable housing. Private builders and developers are encouraged to construct affordable housing and the LIHTCs decreases costs of that housing by decreasing tax burdens. State housing finance agencies allocate LIHTCs using criteria that align with state affordable housing goals in accordance with federal guidelines and “Qualified Allocation Plans.”² The LIHTC process is described in further detail in subsequent sections below.

In the wake of the Hurricanes Katrina and Rita in 2005, the federal government increased housing aid to the Gulf Coast by expanding the LIHTC program in the region. Legislation was enacted that created an area called the “Gulf Opportunity Zone” (GO Zone), which includes coastal areas of Louisiana, Mississippi, Texas, Alabama and Florida.³ This report focuses primarily on LIHTC use in the Louisiana and Mississippi portions of the GO Zone, shown in figures the maps on page 35.

This report presents research on the LIHTC program in the GO Zone. Researchers sought to gather information about the net gain of affordable rental housing stock using pre and post-hurricane housing stock data. Also, researchers sought to gather information about LIHTC allocation to projects at the margin. Marginal developments would not occur without the tax credits. Researchers collected, reviewed, and analyzed data gathered from available literature, the Department of Housing and Urban Development (HUD), and stakeholders in the LIHTC process. The project had six main components that included (1) a literature review, (2) a database analysis (including descriptive, regression, and GIS), (3) county case studies, (4) a face-to-face interview analysis, (5) a telephone survey analysis, and (6) a policy option discussion. The literature review, face-to-face interviews and telephone surveys sought to answer portions of each of the research questions, while the database analysis provided insight about the LIHTC housing inventory prior to Katrina. Limitations on data prevent clear, definitive answers to the research questions.

The literature review examined affordable housing information to gain an understanding of the impact of the LIHTC program and GO Zone funding on affordable housing in the region. The most important discovery was that several inconsistent estimates of housing damage based upon varying estimation methods exist. Another important finding was that the coastal localities that sustained the most damage from Hurricane Katrina and Rita historically experienced housing cost burdens. This illuminates a historical need for the LIHTC program in the GO Zone region.

¹ “The Housing and Urban-Rural Recovery Act of 1983.” *Public Law 98-18*.

² Jackson, Pamela J. “The Low-Income Housing Tax Credit: A Framework for Evaluation.” *Congressional Research Service* (Congressional Research Service), 2007b.

³ Jackson, Pamela J. “An Introduction to the Design of the Low-Income Housing Tax Credit.” *Congressional Research Service*, March 2007a

Data analyses built upon the literature review by providing insight about the placement and characteristics of LIHTC developments prior to hurricane Katrina and analyses revealed there were concentrations of LIHTC developments in metropolitan areas and along interstate corridors and multicollinearity of education, income and housing quality suggested that no one variable determines the placement of LIHTC.

A review of selected coastal parishes in Louisiana and coastal counties in Mississippi revealed from 1986 – 2004 revealed that historically, some areas have received substantial amounts of units and others have either receive none or very few, The literature also indicated that areas with relatively small amounts have protested the building of LIHTC units post-Katrina even though they have a considerable need for affordable housing. Further the literature reviewed revealed that mixed income units cost more than non-mixed income units and that though useful in meeting federal goals of segregation, communities had protested their implementation.

Telephone surveys of builders and developers as well as face to face field interviews with housing authorities and community officials suggested that streamlining permit office procedures, financial technicalities “deep” affordability (for the lowest income levels), and code enforcement were challenges faced by the LIHTC program.

The report concludes that the LIHTC program has not been reviewed by the federal Office of Management and Budget and that of the housing programs reviewed, the tenant-based housing voucher program was rated highest in terms of effectiveness.

Prior to discussing research findings, it is important to first understand how the LIHTC program works. The LIHTC program reduces the future tax burden for approved builders and developers, but does not directly provide funds for immediate use. To create operating capital, successful applicants generally sell the tax credits to investors. The transaction may occur directly with investors or indirectly with syndicators. Investors that buy tax credits generally create a limited partnership company with the developer. The builder or developer retains a small ownership percentage in exchange for operating capital. On the other hand, syndicators exist solely to administer tax credit transactions. The role of syndicators in LIHTC deals has decreased in prominence in recent years.⁴ In addition to selling the credits, builders and developers may seek supplemental funding through traditional loans, grants and/or subsidies.⁵

To understand the use of GO Zone LIHTCs, it is helpful to first comprehend the process used to allocate tax credits. First, Congress and the Internal Revenue Service (IRS) set the per capita credit amount and population figures used to calculate state credit authority.⁶ State housing finance agencies draft Qualified Allocation Plans (QAPs) to apportion LIHTCs according to state goals.

⁴ (Jackson 2007b)

⁵ (Jackson 2007a)

⁶ Wilson, Christopher J., and Timothy L. Jones. "Notice 2008-22. 2008 Calendar Year Resident Population Estimates." *Novoco*. February 27, 2008. http://www.novoco.com/low_income_housing/resource_files/irs_rulings/irs_notices/notice_08-22.pdf (accessed 9 2008, March).

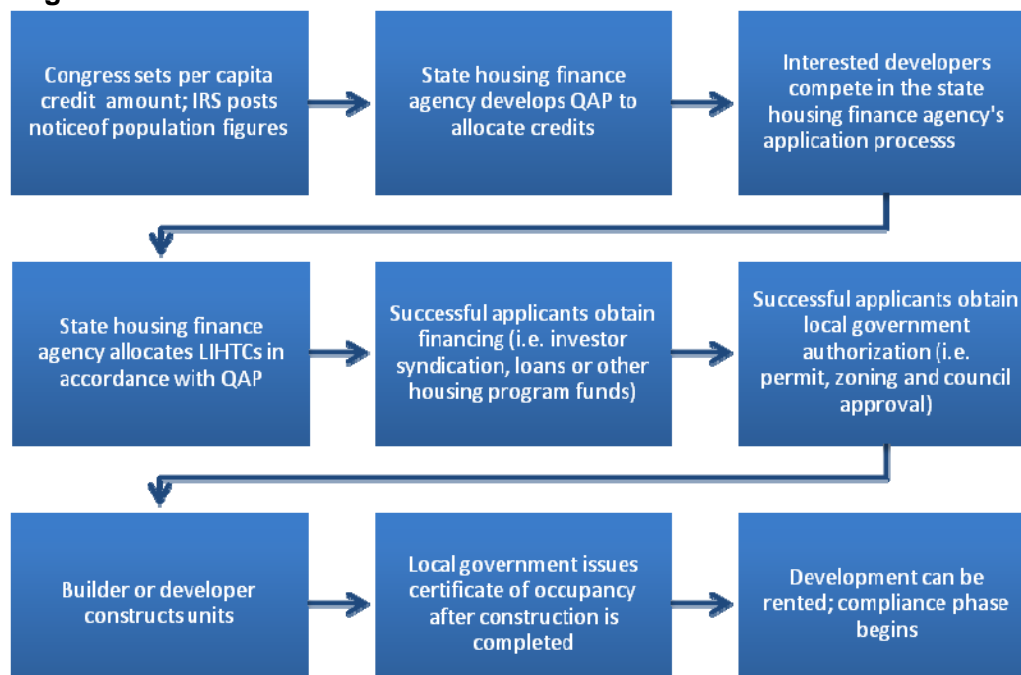
Using a competitive point system, QAPs encourage developments to align with the state's priorities within federally prescribed guidelines (see Figure 1). According to federal law, the QAP must prioritize developments which serve the lowest-income households for the longest period of time.⁷

After the state housing finance agency publishes the QAP, interested builders and developers apply for LIHTCs. Applicants draft a plan based around the state's QAP point system and a required market study prior to submission.⁸

Successful applicants must also contend with local city, county or parish authorities for permitting, zoning, and public comment before breaking ground. Developments then move forward to the construction and compliance phases. Once the local government jurisdiction approves the development for occupancy, the developer must meet basic requirements of the LIHTC program to claim the tax credits. LIHTC basic requirements include:

- a minimum percentage of units "set aside" for low-income tenants,
- a maximum level of rent,
- compliance with the agreed upon time period (up to 30 years, depending on the approved application), and
- compliance with resale requirements that limit the sale of the development to a buyer that will uphold the low rent status of the units for the duration of the agreement.⁹

Figure 1: LIHTC Process



⁷ Ibid.

⁸ Joint Legislative Committee on Performance Evaluation and Expenditure Review. "A Review of the Mississippi Home Corporation's Low-Income Housing Tax Credit Program." Joint Legislative Committee on Performance Evaluation and Expenditure Review, 2006.

⁹ Cunningham, Helena R. *Low-Income Housing Tax Credit Program and HOME Affordable Housing Program. Owners Compliance Manual*. Baton Rouge: Louisiana Housing Finance Agency, 2001.

The Literature Review

Before engaging in field research, the research team conducted a literature review. This review facilitated an understanding of background and context information of the LIHTC program in the GO Zone.

Methodology

Researchers reviewed the LIHTC program literature, hurricane damage and recovery literature and then constructed a spreadsheet of relevant findings and implications and the following section presents these.

Findings

The most important discovery was that several inconsistent estimates of housing damage exist. Another important finding was that the coastal localities that sustained the most damage from Hurricane Katrina and Rita had historically experienced low income housing needs and housing cost burdens.

Builder-Developer Decision-Making

One key aspect of the LIHTC process includes the decision-making criteria used by developers when deciding to enter the LIHTC market. Etter (1995) asserted that companies base such decisions upon four “cornerstones” of real estate investment, which includes analyses of market support, financial feasibility, after tax return to equity and value-to-cost comparisons.¹⁰ Value-to-cost comparisons lead to an economic tradeoff between physical and financial factors. This paradigm ignores socio-political factors, which can substantially affect builder-developer decision-making.

Market support is a function of need and location.¹¹ Sufficient need and available location must exist for a developer to enter the LIHTC market. Need and location are discussed in more detail later in this report.

The next criterion includes financial feasibility analysis, which questions the project’s potential income generation in consideration of its costs.¹² LIHTC projects may not appeal to developers if rental income does not produce a profit. The LIHTC provides equity for

¹⁰ Etter, Wayne E. *Investment by Design: A Primer in Real Estate Analysis*. College Station, TX: Real Estate Center, 1995.

¹¹ Ibid.

¹² Ibid.

developers to leverage against construction costs, which is critical for the project to move forward.

Similar to the concept of financial feasibility, after tax return to equity analyzes the expected cash flow and investment appreciation against property purchase expenses to determine profit.¹³ Predicting cash flow is difficult because real estate investment inherently involves risk. Business, management, financial, political, inflation, liquidity and interest rate risks create unknown hurdles for the project. Table 1 presents descriptions of each of these types of risk, which are re-visited in the telephone and face-to-face studies later in this report.

Table 1: Real Estate Investment Risks

Risk	Description
Business	The property may fail to generate adequate cash flow.
Management	The property managers may fail to respond properly to changes in the business environment and, therefore, fail earn a satisfactory return.
Financial	The property will have inadequate income to meet debt service requirements.
Political	A government action adversely affects the property or the investor.
Inflation	Cash benefits received in the future will have less purchasing power than an equal benefit received today.
Liquidity	A property cannot be sold quickly without loss or large selling expenses.
Interest Rate	The property's value will decrease because of increased interest rate.

Source: Etter (1995)

The final cornerstone in the analysis involves value-to-cost comparisons. Value, or "present value of all the cash benefits expected by the equity investor," should exceed costs for a developer to consider building the project.¹⁴ Projects thus face a trade-off between physical and financial dimensions; attractive physical building characteristics require capital outlay to attract cash flow, but high costs decrease a project's financial attractiveness.¹⁵

This economic tradeoff lacks an important perspective on real estate decision-making: social factors also affect real estate development feasibility. Social factors seek to maximize the community's acceptance.¹⁶ In the GO Zone, an interdisciplinary committee drafted *The People's Plan for Overcoming the Hurricane Katrina Blues*, which indicated that a large percentage of the low-income housing in the Lower 9th Ward would need to be rebuilt.¹⁷ Although this area directly borders St. Bernard Parish, the face-to-face study revealed that local government officials deny the need for affordable housing in the parish. The balance of such tensions creates the social factor in real estate development feasibility. Figure 2 represents the interaction between the social, physical and financial aspects of real estate development feasibility.

¹³ Ibid.

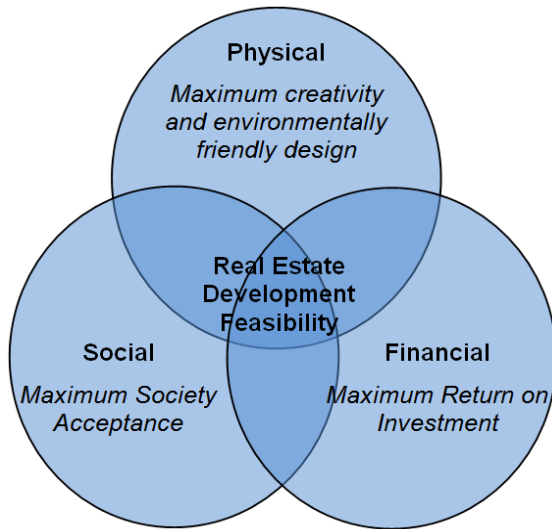
¹⁴ Ibid.

¹⁵ Leelarasamee, Yosaporn. "A Decision Support System for Income-Producing Real Estate Development Feasibility Analysis and Alternative Assessment." May 2005.

¹⁶ Leelarasamee, Yosaporn. "Property Development (Financial) Feasibility Study." Department of Housing, Faculty of Architecture, Chulalongkorn University, 2003.

¹⁷ Acorn Housing University Partnership, Cornell University, and Columbia University. "The People's Plan for Overcoming the Hurricane Katrina Blues." New Orleans, 2007.

Figure 2: Real Estate Development Feasibility



Based upon Leelarasamee (2003)

The builder-developer decision-making model is evident in the LIHTC market response after Hurricane Katrina. Investors from across the country have flocked to Biloxi and Gulfport, Mississippi because of GO Zone act incentives. The economic development has driven a need for rental housing in addition to pre-Katrina levels to support an expanding workforce. Also, insurance costs have pushed affordable housing development inland despite the overwhelming need for rental housing on the coast. Louisiana also faces challenges. Baton Rouge absorbed a remarkable displacement of New Orleans residents, which expanded a pre-existing stable rental market aft the storms. However, other areas in Louisiana (particularly New Orleans) must overcome obstacles to develop; local politics have stifled development.¹⁸

State Housing Finance Agency Decision-Making

State housing finance agency decision-making is another important component of the LIHTC process. Agencies may base GO Zone decisions upon historical successes with the LIHTC program. Historical use of the LIHTC Program was analyzed at the national level and then the Louisiana and Mississippi LIHTC Programs were analyzed. Additional analyses revealed variations in LIHTC allocations at the county and parish levels.

The LIHTC Program accounted for an average of 76,440 affordable housing units placed in service annually from 1987 to 2005. The LIHTC program produced 27,157 developments, consisting of 1,375,927 units during these eighteen years.¹⁹

Louisiana and Mississippi used the LIHTC program to create low-income housing prior to Hurricane Katrina. The LIHTC program accounted for a higher share of the total building

¹⁸ Smith, Elizabeth. *Investing in the GO Zone*. June 1, 2007. <http://www.nuwireinvestor.com/articles/the-go-zone-51084.aspx> (accessed February 21, 2008).

¹⁹ U.S. Department of Housing and Urban Development Policy Development and Research. *LIHTC Database Access*. 2005. <http://lihtc.huduser.org/> (accessed March 9, 2008).

permits in Louisiana and Mississippi than in other states between 1987 and 2001.²⁰ The LIHTC program accounted for 21% of the total building permits in Louisiana and 15% of the permits in Mississippi for this time period (see Table 2). Most states tended to rely less on the program, as the national average was estimated to be 7%.²¹

Table 2 presents the number of LIHTC units placed in service for Louisiana and Mississippi. Developments Louisiana and Mississippi accounted for 1.79% and 1.09% (respectively) of the total LIHTC units placed in service across the nation until 2005. These states had a smaller concentration of LIHTC units in comparison with other Gulf Coast states, but the concentrations in Louisiana and Mississippi were close to the national average.²² Since 2005, Louisiana and Mississippi have increased involvement in the LIHTC program because of the increased GO Zone LIHTC provisions.

Table 2: LIHTC Share of Total Permits (1987-2001) and LIHTC Units Placed in Service (1987-2005) by Selected States

State	LIHTC Share of Total Permits	Total LIHTC Units in the State	Percentage of National LIHTC Units
Louisiana	21%	24,685	1.79%
Mississippi	15%	14,957	1.09%
Alabama	9%	25,633	1.86%
Texas	10%	126,013	9.16%
Florida	3%	114,262	8.30%
National Average	7%	26,460	1.92%

Source: U.S. Department of Housing and Urban Development Policy Development and Research 2008; Malpezzi and Vandell (2002).

Due to Louisiana and Mississippi's involvement in the LIHTC program, it is important to examine how the program serves low-income constituents in Louisiana and Mississippi. The LIHTC program serves households living within 50% and 60% of the area median income (AMI).²³ Figure 3 depicts the households in Louisiana and Mississippi with 0-50% AMI that experienced a housing cost burden according to the 2000 Census by county or parish.²⁴ A household experiences cost burden if housing costs exceed 35% of the household's income.²⁵ Households at this income level in coastal counties and parishes that sustained the highest levels of damage from Hurricanes Katrina and Rita experienced cost burdens prior to the storms (see tables 3 and 4).

²⁰ This information is based upon a 2002 study, so this was the most up-to-date data available to the research team at the time that the report was written. Future research regarding permitting processes is discussed below. This study could update the permit figures presented in Table 2.

²¹ Malpezzi, Stephen, and Kerry Vandell. *Does the Low-Income Housing Tax Credit Increase the Supply of Housing?* Madison: Center for Urban Land Economics Research, School of Business, The University of Wisconsin - Madison, 2002.

²² This is the most recent information according to the HUDUSER database. The numbers presented in the next section were the most recent information at the time that the database analysis was performed. The database analysis contains information up to 2004.

²³ (Jackson 2007a)

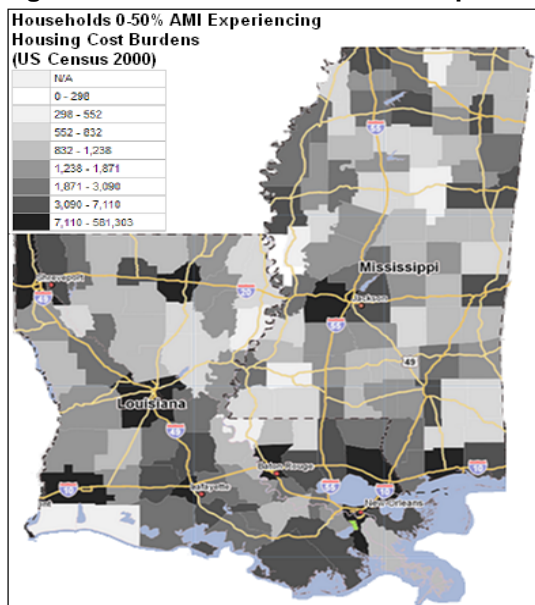
²⁴ Data for 0-60% AMI was not readily available.

²⁵ The Housing and Urban-Rural Recovery Act of 1983

Pre-Katrina LIHTCs tended to be located the GO Zone counties with the highest percentages of residents experiencing cost burdens. Orleans Parish and Hinds County had the highest percentage of households at 50% AMI experiencing housing cost burdens in 2000 and also had the largest number of LIHTC units in the coastal area. It is important to note that although households with 0-50% AMI in St. Bernard Parish, Plaquemines Parish and Hancock County experienced housing cost burdens, these localities did not historically have many LIHTC units.

Post-Katrina and Rita, GO Zone LIHTC credit allocations generally followed historical trends in terms of emphasis by parish. Hinds and Harrison counties deviated from this trend, as the Mississippi Home Corporation allocated more GO Zone credits to Harrison than Hinds. Finally, if the funded developments are placed in service, the GO Zone Act will have tripled LIHTC units in some areas.

Figure 3: Households 0-50% AMI Experiencing Housing Cost Burdens (U.S. Census 2000)²⁶



²⁶ DataPlace. Map of Hhlds. with Income 0 to 50% of area median with hsg. cost burden in 2000. <http://www.dataplace.org/map/index.html?cid=22852¢erX=-9873076.267467¢erY=3752695.573137&zoomlevel=11> (accessed April 24, 2008)

Table 3: Households 0-50% AMI Experiencing Housing Cost Burden and Number of LIHTC Units for Select Louisiana Parishes²⁷

Parish	Cost-Burdened Households in 1999 (number, percentage of parish)	Number of LIHTC Units Pre-Katrina	Number of LIHTC Units Post-Katrina
Orleans	44,905 (23.84%)	3,091	9,157
Jefferson	25,184 (14.27%)	1,442	1,227
St. Tammany	7,382 (10.66%)	282	802
St. Bernard	3,159 (12.60%)	32	0
Plaquemines	1,072 (11.91%)	0	0

Table 4: Households 0-50% AMI Experiencing Housing Cost Burden and Number of LIHTC Units for Select Mississippi Counties²⁸

County	Cost-Burdened Households in 1999 (number, percentage of parish)	Number of LIHTC Units Pre-Katrina	Number of LIHTC Units Post-Katrina
Hinds	16,980 (18.64%)	4,418	1,552
Harrison	10,579 (14.77%)	866	3,380
Jackson	5,901 (12.36%)	370	1,039
Hancock	2,293 (13.57%)	48	937

Estimates of Need

Census Bureau information suggests that nation-wide housing affordability gap has grown as more families have become burdened by housing costs. Rental housing costs burdened 38.3% of America's households in 2000 and 45.8% in 2005.²⁹

Census data indicate that the Gulf Regions of Louisiana and Mississippi had smaller, but nonetheless noteworthy percentage of rental cost-burdened families prior to Hurricane Katrina in 2005. An estimated 41-42% of the families living in these states were burdened by rental costs prior to the hurricane (see Table 5).³⁰ Potentially more households experienced a need for affordable housing, as the Census Bureau figures do not include the portion of the population that spends 30-34% of their household income on rent.

²⁷ KnowledgePlex. *DataPlace: Chart of Total Households and Hhlds. with Income 0 to 50% of area median with hsg cost burden in 2000 in various places*. 2008. http://www.dataplace.org/charttable/?rm_cid=21729 (accessed April 24, 2008); HUD Database provided by CRS; Bureau of Government Research. *Public Investment, Private Development. How Louisiana Employed Its GO Zone Housing Tax Credits*. New Orleans: Bureau of Government Research, 2007.

²⁸ DataPlace. *Map of Hhlds. with Income 0 to 50% of area median with hsg. cost burden in 2000*. <http://www.dataplace.org/map/index.html?cid=22852¢erX=-9873076.267467¢erY=3752695.573137&zoomlevel=11> (accessed April 24, 2008) (Mississippi Home Corporation 2008); HUD Database provided by CRS

²⁹ (U.S. Census Bureau 2005b); U.S. Census Bureau ACS: 2000 C2SS Tabular Profile for United States -- Table 4. 2000a.

³⁰ <http://www.census.gov/acs/www/Products/Profiles/Single/2000/C2SS/Tabular/010/01000US4.htm> (accessed February 21, 2008). (U.S. Census Bureau 2005a)

Table 5: The Pre-Katrina Rent Burden

	Rent-Burdened Households	
	Number	Percentage
Nation	16,841,409	45.8%
Louisiana	216,833	41.3%
Mississippi	127,122	41.8%

Source: (U.S. Census Bureau 2005a); (U.S. Census Bureau 2005b)

Affordable housing need skyrocketed in the areas affected by hurricanes Katrina and Rita; the storms reduced the number of available affordable housing units. Need created by a loss of available housing units may be partially offset by concomitant population reductions. Several sources provide a range of inconsistent damage and population change estimates, which complicate quantification of need.

Population Change Estimates

The storms displaced many people in addition to affecting the housing stock. It is difficult, however, to determine and track the exact population change. Census Bureau data is the primary instrument used for measuring state population data, but the public information does not typically cover intrastate migration. The Brookings Institution Metropolitan Policy Program studied the Census findings and was able to obtain data to provide insight about the immediate effects on the area's population (see Table 6). Orleans and St. Bernard parishes lost the most residents immediately after the storm. Harrison and Hancock counties also lost the residents immediately after the storm. Houston and Baton Rouge absorbed a portion of these evacuees.

Table 6: Hurricane Katrina and Rita's Immediate Affect on the Gulf Area Population Change

Parish or County	Metropolitan Area	Numeric Change	Percent Change
Orleans Parish	New Orleans, LA	-278,833	-63.8%
St. Bernard Parish	New Orleans, LA	-61,215	-94.8%
Jefferson Parish	New Orleans, LA	-37,273	-8.3%
Harrison County	Gulfport-Biloxi, MS	-30,713	-16.5%
Hancock County	Gulfport-Biloxi, MS	-11,111	-24.0%
Plaquemines Parish	New Orleans, LA	-8,118	-28.7%
Jackson County	Pascagoula, MS	-7,938	-5.9%
Calcasieu Parish	Lake Charles, LA	-6,070	-3.4%
Mobile Parish	Mobile, LA	-2,334	-0.6%
Cameron Parish	Lake Charles, LA	-1,961	-20.7%
	Houston, TX	130,029	2.5%
	Baton Rouge, LA	26,727	3.8%

The Greater New Orleans Community Data Center uses postal statistics to track population changes (see Table 7). The postal statistics indicate that the population change in the New Orleans area varies by parish, and about 14% of the population did not permanently

return by August 2007. The population level in St. Bernard and Orleans parishes remain a fraction of the pre-hurricane count. Populations in St. Charles, St. John and St. Tammany parishes have grown since the hurricanes. Generally these studies focus on local patterns and do not provide much insight to the changes in and around the state. Without a clear determination of the population changes, developers may be hesitant to rebuild and state housing financing agencies may struggle with generating a rationale for allocating tax credits.

Table 7: New Orleans Area Residences Actively Receiving Mail

Parish	July 2005		August 2006		August 2007	
	Numeric	Percent	Numeric	Percent	Numeric	Percent
Orleans	198,232	100%	98,141	49.50%	137,082	69.20%
Jefferson	187,612	100%	183,308	97.70%	184,165	98.20%
St. Bernard	25,604	100%	--	--	10,098	39.40%
St. Charles	14,847	100%	15,160	102.10%	15,501	104.40%
St. John	14,555	100%	14,979	102.90%	15,408	105.90%
St. Tammany	83,467	100%	84,226	100.90%	86,614	103.80%
6-Parish Area	524,317	100%	406,690	77.60%	448,868	85.60%

Source: (Plyer 2008)

Housing Damage Estimates

Existing literature presents a range of estimates for housing units impacted by the hurricanes (see Table 8). Ranges differ on several aspects. First, the estimates use different terminology to quantify the effect of the hurricanes on the housing stock. Some studies used “damaged” and “destroyed,” while others used “affected.” Each of these terms means different things. “Damaged” means that a structure sustained partial, potentially repairable destruction. On the other hand, “destroyed” means that a structure sustained irreparable damage. “Affected” could encompass both “damaged” and “destroyed” in addition to mere contact with the storms. Second, the data estimates range in geographical scope by including information specific to New Orleans, the Mississippi Coast or combinations of the states impacted with the hurricanes. Third, the authors also differed by including one or both of the hurricanes.

Finally, some sources estimated numbers using first-hand information, while others referred to existing sources. Table 9 presents four secondhand estimates based upon the FEMA et al. (2006) estimate. As shown, the estimates range from 82,000 to 204,737 housing units impacted by the storms. The estimates vary because the sources excluded information based upon the scope of their research.

The varied nature of the estimates presents a challenge to the LIHTC program. Without consensus on how much the rental stock was impacted by the storms, state housing financing agencies likely struggle with generating a rationale for allocating tax credits.

Table 8: Selected Post-Hurricane Housing Damage Estimates

Author/Source	Storm	Location	Firsthand?	Assessment
RAND - Bernstein et al.(2006)	Katrina	Mississippi	Yes.	134,000 homes damaged 65,000 homes destroyed
The Urban Institute - Austin Turner and Zedlewski (2006)	Katrina	New Orleans	Yes.	A majority of the housing destroyed
FEMA - Federal Emergency Management Agency (2007)	Rita	Texas and Louisiana	Yes.	16,246 households lived in were in temporary housing after the storm
CRS - Gabe, Falk, McCarty and Mason (2005)	Katrina	Louisiana, Mississippi and Alabama	No. Source: American Red Cross.	278,000 home owners affected 885,791 structures affected 68,729 dwellings destroyed in Mississippi
Brookings – Liu, Fellows and Mabanta (2006)	Katrina	New Orleans	No. Source: DHS. ³¹	160,000 homes and apartments destroyed or majorly damaged
RAND - McCarty and Hanson (2007)	Katrina	Mississippi Coast	No. Source: FEMA.	81,000 units exposed to flooding and/or storm surge
GAO - Czerwinski (2007)	Katrina	Louisiana, Mississippi and Alabama	No. Source: DHS. ³²	Over 300,000 homes destroyed and 300,000 homes damaged (Source: DHS)
FEMA - Federal Emergency Management Agency et al. (2006)	Katrina and Rita	Louisiana and Mississippi	Yes.	735,593 units damaged or destroyed

³¹ Department of Homeland Security

³² Department of Homeland Security

Table 9: Post-Hurricane Housing Damage Estimates Based on FEMA et al. (2006)

Author/Source	Location	Assessment
BGR - Bureau of Government Research (2007)	Louisiana	82,000 units “destroyed or badly damaged”
PolicyLink – Clark and Rose (2007)	Louisiana	82,145 rental units lost in the hurricanes (including major or severely damaged units)
Brookings - Liu (2006)	New Orleans	204,700 homes and rental units majorly or severely damaged
GCR & Associates, Inc. (2008)	Louisiana	204,737 homes received major or severe damage

The Federal Emergency Management Agency et al. (FEMA 2006) estimate addresses both storms in Louisiana and Mississippi, which corresponds with the scope of this report. Therefore, the FEMA estimate has been chosen to represent the level of damage and destruction that the Louisiana and Mississippi *rental housing stock* sustained in subsequent analyses.

The FEMA et. al (2006) estimate indicates that Hurricanes Katrina and Rita substantially affected the rental stock in Louisiana and Mississippi (see Table 10). An estimated 41% of the total rental stock in the Gulf Region was damaged or destroyed. Louisiana sustained a greater impact than Mississippi; Katrina and Rita damaged or destroyed approximately 14% more units in Louisiana than in Mississippi. While these figures account for all of the rental stock (i.e. all rental units, not solely affordable units), a substantial portion of the damaged or destroyed units likely affected the affordable housing market. The lack of rental housing increased rental prices in both states after the storm,³³ creating an even deeper affordable housing need.

Table 10: Post Hurricane Louisiana and Mississippi Rental Damage and Destruction

	Rental Units		
	Prior to the Storm*	Units Damaged or Destroyed	Percentage Lost
Louisiana	398,288	184,179	46.24%
Mississippi	197,188	62,470	31.68%
Total	595,476	246,649	41.42%

* Pre-storm rental unit estimates include only the areas designated as eligible for Federal Emergency Management Agency assistance. Source: (Federal Emergency Management Agency, Small Business Association, The Office of the Federal Coordinator for Gulf Coast Rebuilding, U.S. Department of Housing and Urban Development 2006); (U.S. Census Bureau 2005a)

³³ Liu, Amy, and Allison Plyer. *The New Orleans Index: Second Anniversary Special Edition*. The Brookings Institution Metropolitan Policy Program and the Greater New Orleans Community Data Center, 2007.

Summary

The literature review highlighted the importance of community acceptance for calculating developer interest in the LIHTC market. It also revealed that state housing finance agencies tended to allocate LIHTCs to coastal parishes with households experiencing housing cost burdens before and after the storms. GO Zone allocations also considered hurricane damage. Finally, the most important finding was that multiple inconsistent population and housing damage statistics could create a challenge for both federal and state housing agencies which allocate LIHTC credits.

State housing authorities can use one of three estimates to arrive at statistics on the amount of their resident populations and their associated housing.

1. Estimates based of the number of residents who spend 30% of their income on housing (provided by the 2000 census data);
2. Estimates based of the number of people that reside in the state (provided by the 2000 census data);
3. Estimates of the number of residents that have returned and currently reside in the area (provided by the post office and utility statistics);
4. Estimates of the amount of housing need based on the amounts of damage/destruction of affordable housing (provided by research entities e.g., Rand);
5. Estimates of the amount of housing need provided by non-governmental research entities).

The first two methods that housing authorities can use to estimate a respective states' population and housing inventory rely on census data. The U.S. Census is performed every ten years through the use of both long and short questionnaire forms and the American Home Survey. One criticism of the U.S. Census is that it has never been able to count every individual or home structure, leading to concerns about data accuracy.

Continuous census measurements such as the American Community Survey could improve upon the Census data. The survey is performed annually using sampling techniques that contain a calculated amount of error. The recognized amount of error grows substantially in areas where the population fluctuates significantly such as in college towns, border towns and locations that sustain catastrophes.

Because of the increased error in sampling due to the population fluctuation in Louisiana and Mississippi after Hurricanes Katrina and Rita, alternatives to the ACS have been used. Some entities have used monthly statistical samples of post office delivery to residents and block by block counts of housing units.³⁴ However, comparisons of the amount of error associated with these methods was not located.

³⁴ (Edmonston 2001)

HUD Database Analyses

The literature review provided partial information about the amount of rental housing. The database analysis provided information specific to the LIHTC program, which can be used as a baseline of measurement for the research project. According to the Department of Housing and Urban Development (HUD) database used for the project, the Louisiana GO Zone contained 500 LIHTC developments containing 24,107 LIHTC units by 2004. The Mississippi GO Zone contained 451 LIHTC developments containing 13,970 LIHTC units for the same time period.

The database analyses provided further information about LIHTC development characteristics, which may be useful for housing authorities when determining affordable housing goals.

Methodology

The HUD database consisted of Louisiana and Mississippi LIHTC development characteristics for units constructed between 1984 and 2004. The database included developer information, physical characteristics, and financial characteristics. Analysts on this project summarized and examined the database, beginning with a separation of data by state. Researchers supplemented the data by adding variables. Next, calculations and charts were generated and a geographic information systems (GIS) study created maps for analysis.

For all tables and graphs in this section, unless otherwise noted, data is derived from the HUD database.

Findings

While the database analyses helped researchers better understand the LIHTC program in Louisiana and Mississippi, it also served to create a baseline from which to make assessments. Research centered upon determining the level of involvement of both states in the LIHTC program and physical and other selected characteristics of pre-Katrina GO Zone LIHTC developments were also analyzed.

One important finding through the GIS and regression analysis included the location of LIHTC developments. GIS analysis showed that developers tend to locate LIHTC projects in metropolitan areas. Specific indicators of placement include community education, income and housing quality. The table below shows the answer to four major research questions. Data indicates that the LIHTC housing stock in Louisiana and Mississippi shrunk after Hurricanes Katrina and Rita.

Table 11: Data Summary of LIHTC Housing Units

Units Before Hurricanes		Units Damaged by Hurricanes		Units After Hurricanes		Net Unit Change	
LA	MS	LA	MS	LA	MS	LA	MS
24,107	13,907			12,378	2,448	11,729	11,459
*	*			**	***	^	^

* HUD database provided to Capstone by CRS (program inception to 2004)

** BGR report (NEED BETTER CITATION)

*** Database provided to Capstone by CRS (2006 LIHTC allocations)

^ Calculated by subtracting "units before" from "units after"

^^ FEMA et al. (2006) damage estimates for rental housing stock

LIHTC Program Level of Involvement

The database analysis provided information about the level of program involvement in Louisiana and Mississippi. Neither state was involved during the first year of the LIHTC program (see Figure 4 and Table 12). Louisiana became involved during the second year, while Mississippi became involved during the fourth year.

Louisiana tended to place more developments in service than Mississippi. Developers averaged about 11 more projects placed in service annually in Louisiana than in Mississippi. However, the number of projects placed in service each year varied on a downward trend. One notable exception to this trend occurred in Louisiana in 2001, where the number of LIHTC developments spiked to 52.

Figure 4: LIHTC Developments by Year

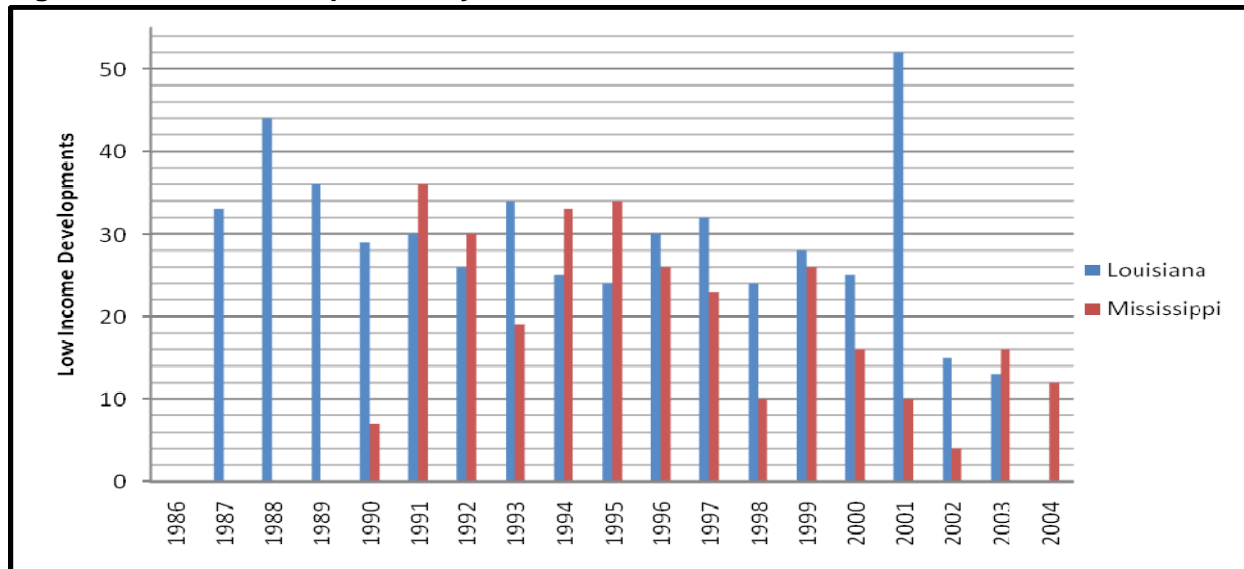


Table 12: LIHTC Developments by Year

	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	Avg	Total
LA	0	33	44	36	29	30	26	34	25	24	30	32	24	28	25	52	15	13	0	26.32	500
MS	0	0	0	0	7	36	30	19	33	34	26	23	10	26	16	10	4	16	12	15.89	302
US	0	0	0	0	0	0	0	0	0	1374	1303	1335	1290	1462	1303	1346	1175	0	0	557.26	10588

Table 13: LIHTC Units by Year

Year	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	Avg	Total
LA	0	890	1353	2514	1901	853	1138	1676	839	1753	1955	1752	1177	1624	1208	2187	724	563	0	1291.7	12917
MS	0	0	0	0	226	1123	757	80	1936	1303	879	1027	257	1076	1267	751	195	1375	918	542.5	5425

LIHTC program requirements require developers to place units in service prior to filing a claim for allocated tax credits. Developers typically sell tax credits to investors, who can claim the credits over a 10 year period. In exchange for the tax credits, investors provide equity to finance the project.³⁵ Figure 6 shows the credits claimed annually. The year the credits were claimed is essentially analogous to approval, whereas year “placed in service” occurs when the project is ready to house residents. Figure 5 indicates that the number of credits claimed has decreased since the late 1980s, on average.

Figure 5: Credits Claimed by Year

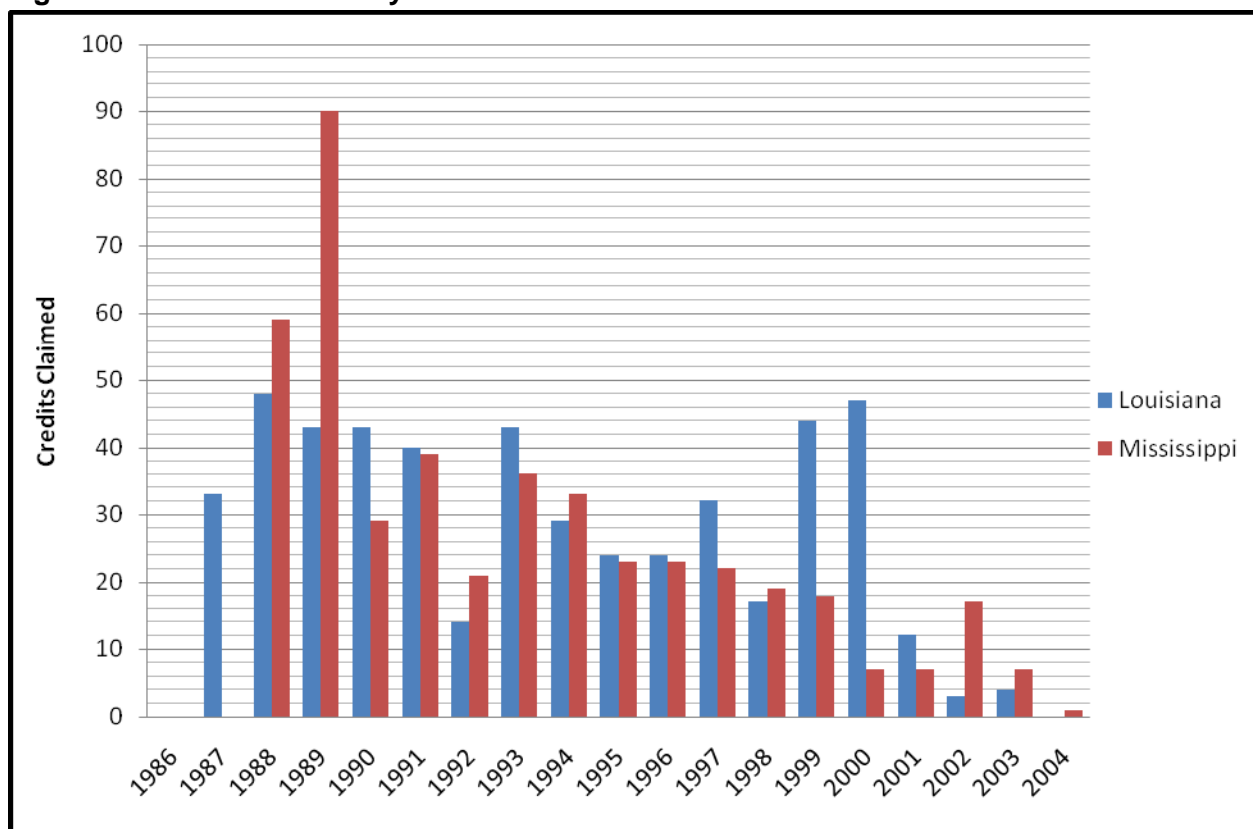


Table 14: Credits Claimed by Year

Year	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	Avg	Total
LA	0	33	48	43	43	40	14	43	29	24	24	32	17	44	47	12	3	4	0	26.3	500
MS	0	0	59	90	29	39	21	36	33	23	23	22	19	18	7	7	17	7	1	23.7	451

³⁵ (Jackson 2007b)

Developers responsible for the LIHTC projects in Louisiana and Mississippi consisted of a relatively small pool before and after Hurricanes Katrina and Rita. Prior to 2005, 26 contractors built LIHTC developments in Mississippi and 37 contractors built LIHTC developments in Louisiana (see Table 15). The number of contractors in Mississippi expanded by 8 after Hurricanes Katrina and Rita. Conversely, the number of contractors in Louisiana shrunk by 2 after the storms.

Also, a small number of developers continued building after the storm, indicating a high level of turnover. These are builders who have both built units before the storm, and after the storm. The percentage of contractors who continued building after the storm was higher in Mississippi than in Louisiana. Five (5) developers in Mississippi and 3 developers in Louisiana continued building after the storm.

Table 15: Contractors Before and After the Hurricanes³⁶

Characteristic	Mississippi	Louisiana
Contractors: 2000-2004	26	37
Contractors After Hurricanes*	34	35
Pre-Hurricane Contractors Present After the Hurricanes	5 (19.23%)	3 (8.11%)

LIHTC Development Physical Characteristics

Of the developments built from 1986 to 2004, both Louisiana and Mississippi relied more heavily upon new construction than rehabilitative construction in the LIHTC program (see Figures 6 and 7 and Table 16). New construction accounted for 60% of the developments in Louisiana and 63% in Mississippi. This finding is similar to the national trend.

Figure 6: Louisiana Construction Type

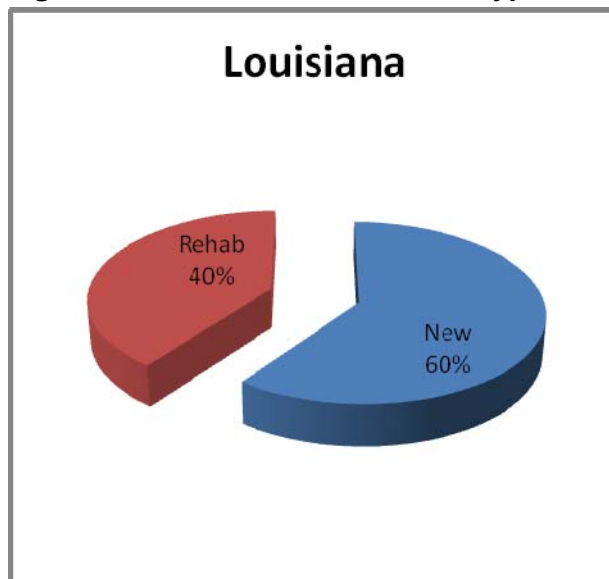
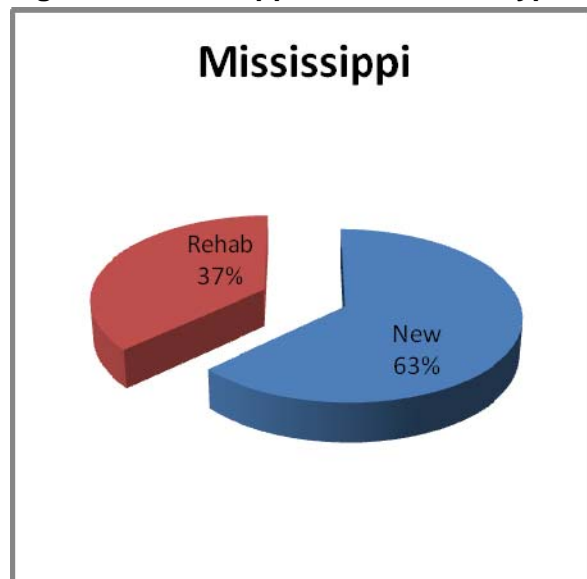


Figure 7: Mississippi Construction Type



³⁶ Numbers derived from the HUD database, LHFA and MHC allocation reports.

Table 16: LIHTC Development Construction Type³⁷

Location	Construction Type	Developments	Percentage
Louisiana	New	295	60%
	Rehab	205	40%
Mississippi	New	176	63%
	Rehab	103	37%
Nation	New	6,660	63%
	Rehab	3,759	36%

Louisiana and Mississippi differed on the average number of bedrooms included in LIHTC units. Louisiana tended to cater to smaller families than Mississippi. LIHTC units in Louisiana consisted of 1.83 bedrooms on average, which compares to 2.10 in Mississippi and 1.93 nationwide (see Figure 8, Figure 9 and Table 17). Seventy-eight percent (78%) of the LIHTC units in Louisiana had one or two bedrooms in comparison to 71% in Mississippi. Mississippi built more two and three bedroom units than Louisiana, proportionately.

Figure 8: Number of Bedrooms in Louisiana LIHTC Units

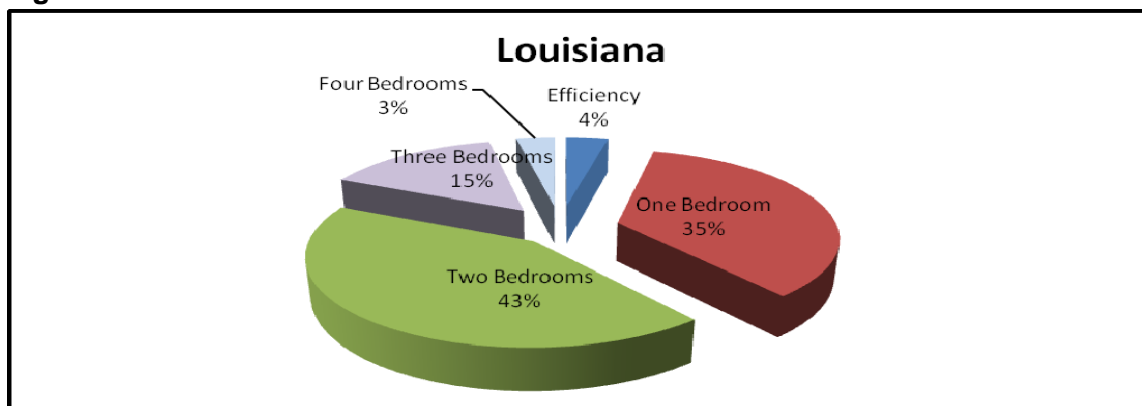
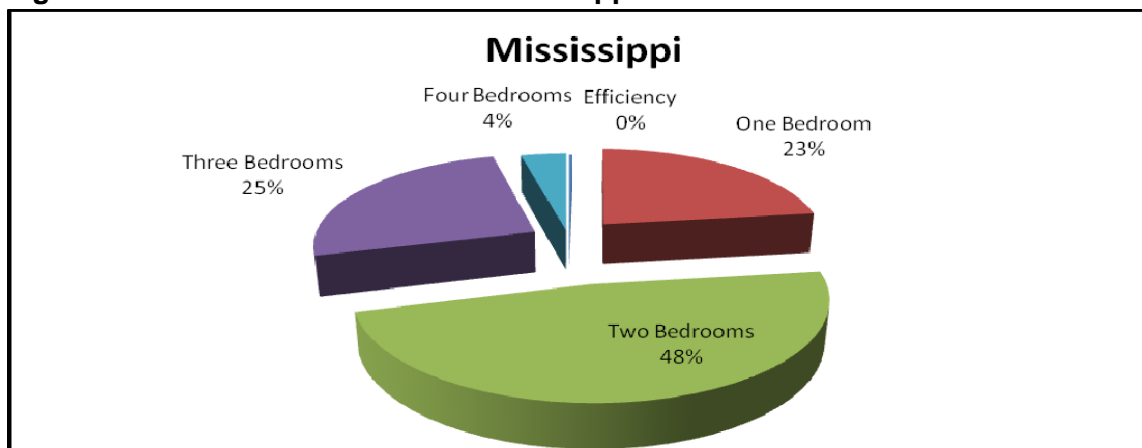


Figure 9: Number of Bedrooms in Mississippi LIHTC Units



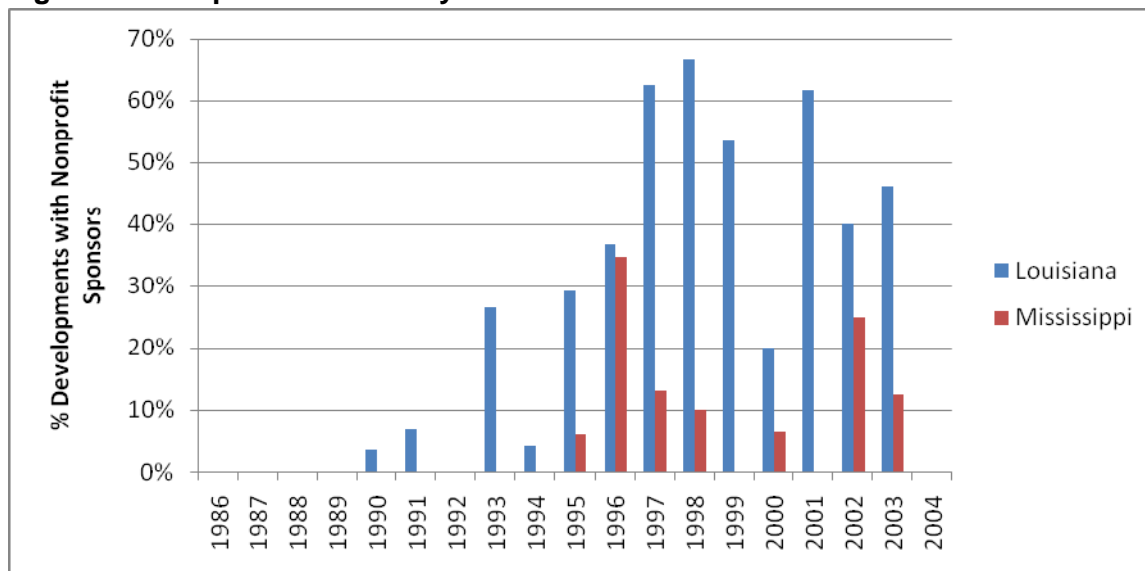
³⁷ National data from U.S. Department of Housing and Urban Development. *1st Quarter 2005. U.S. Housing Market Conditions*. U.S. Department of Housing and Urban Development, 2005.

Table 17: Number of Bedrooms³⁸

	Efficiency	One	Two	Three	Four	Average ³⁹
Louisiana	896	8,601	10,386	3,664	817	1.83
Mississippi	33	2,750	5,805	3,087	460	2.10
Nation	-	-	-	-	-	1.93

Other Selected LIHTC Development Characteristics

Louisiana and Mississippi LIHTC developments also differed on other selected characteristics. Furthermore, a number of nonprofit builders engaged in LIHTC development in the area between 1990 and 2003. As indicated by Figure 10, fewer nonprofit builders sponsored LIHTC projects in Mississippi than in Louisiana. Also, the number of nonprofit builders in Louisiana spiked between 1997 and 2001 before falling after the turn of the century. The number of nonprofit builders in Mississippi generally remained below three between 1995 and 2003. However, 9 projects were sponsored by Mississippi nonprofit builders in 1996. With the exceptions of a few years, very few nonprofit builders sponsor developments in comparison with for profit entities (see Table 18).

Figure 10: Nonprofit Builders by Year**Table 18: Nonprofit Builders by Year (Percentage of Total Developers)**

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
LA	0%	0%	0%	0%	3%	7%	0%	26%	4%	29%	37%	63%	67%	54%	20%	62%	40%	46%	0%
MS	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	35%	13%	10%	0%	6%	0%	25%	13%	0%

³⁸ National data from U.S. Department of Housing and Urban Development. *1st Quarter 2005. U.S. Housing Market Conditions*. U.S. Department of Housing and Urban Development, 2005.

³⁹ Weighted average

GIS Analysis - Findings

The literature review found that Louisiana and Mississippi LIHTC developments vary by location; developments tended to be located in areas with concentrations of populations burdened by housing costs. GIS analysis findings indicated that the concentration of tax credit units varies by location (see Figure 11). Developers tend to build units near large cities. Groups of units exist in Shreveport, Lafayette, Baton Rouge, New Orleans and Jackson prior to the storms.

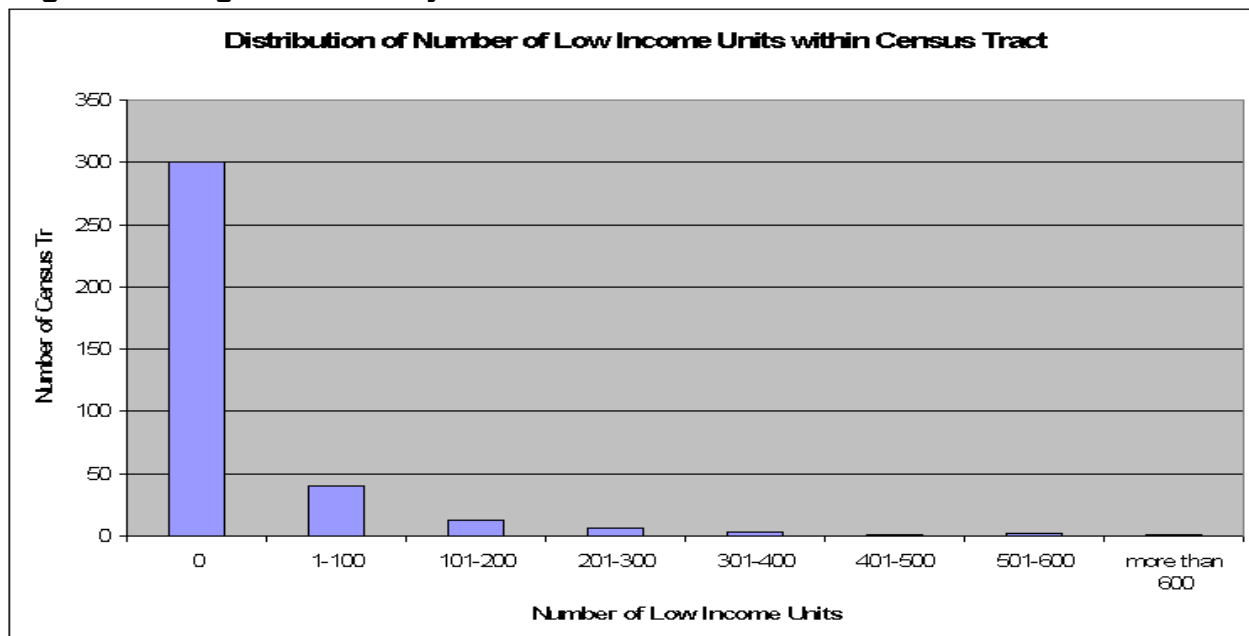
Figure 11: LIHTC Units



Regression Analyses - Findings

To further examine the development location in metropolitan areas, researchers performed a regression analysis of developments within census tracts of the six cities with the highest LIHTC concentrations. The areas of analysis included Jackson, Gulfport-Biloxi, and Hattiesburg in Mississippi. It also included New Orleans, Baton Rouge, and Lake Charles in Louisiana. Three hundred and sixty-six (366) census tracts lie within the cities of interest. LIHTC developments exist in only 66 of the census tracts; 300 census tracts have no LIHTC developments (see Figure 12). This made statistical regression analysis difficult. Not enough non-zero observations (census tracts with LIHTC units) existed to produce a sufficiently robust analysis.

Figure 12: Regression Analyses



Regression Analyses

In addition to determining the number of LIHTC developments and units in the GO-Zone, CAPSTONE conducted a series of analyses examining the placement and distribution of the LIHTC units. CAPSTONE used regression analyses to attempt to predict the placement and distribution of LIHTC developments. The dependent variable in this investigation is the number of LIHTC units in a census tract observation. Twenty-two independent variables were included in this analysis; they are explained in Table 28 below. The cities included in this analysis are New Orleans, Lake Charles, Baton Rouge, Louisiana, and Jackson, Gulfport-Biloxi, and Hattiesburg, Mississippi. These six cities were chosen because they have the highest concentrations of LIHTC units in the GO-Zone areas of their respective states. Data from all six cities were combined for the analyses. This was necessary in order to achieve a sufficient number of observations to obtain interpretable results from the analyses.

Table 32 presents the Pearson Correlation coefficients for the dependent variable (the number of low income housing tax credit units in a census tract) and the 22 independent variables. The magnitude of the first order correlation coefficients is modest at best. Even given the sizeable sample size of 366 census tracts, only XX of the independent variables are significantly correlated at the .05 level with the number of housing units in the census tracts.

An OLS regression analysis based on all 22 independent variables for the collapsed data set across all six areas yielded a multiple r value of .36 (R -squared = .13, adjusted R -squared = .07; see Table 29). The regression coefficients for seven independent variables were statistically significant at the .05 level – percentage white; percentage African American; percentage Asian; percentage holding a Bachelor's degree; percentage unemployed; and percentage of female-headed households.

The results of this analysis with respect to the significance of individual variables should be interpreted with considerable caution, because of the high levels of multi-collinearity among the independent variables. (The same holds true for the other regression analyses described below). As can be seen in Table 30; the correlation coefficients between many independent variables are quite high, in a number of cases exceeding .7 or .8 and in at least one case approaching unity (i.e. the correlation between percent white and percent African-American is -.99). More accurate estimates of the strength of the influence of independent variables on the dependent variable would require reducing the dimensionality of the set of independent variables through factor analysis or similar means. Because predictive analysis was modest, we did not elect to take this extra step although this might be a useful future exercise.

Because the distribution of the dependent variable is clearly non-normal, results of OLS regression analyses may be quite misleading. Out of the 366 census tract observations from the six cities included in the analysis, only 66 (18.03%) contain any LIHTC units. The distribution of the LIHTC variable is displayed in Figure 21.

In light of the highly positively skewed distribution of the independent variable, we performed two further forms of regression analysis.

The first was probit analysis attempts to categorize census tracts into two groups – those with LIHTC units and those that do not contain any such housing. The results of the probit analysis appear in Table 31. The analysis yields a pseudo r-squared value of .19. In this analysis, the regression coefficients for two independent variables were statistically significant at the .05 level – percentage holding a Bachelor's degree and percentage unemployed.

The second additional analysis we performed was zero inflated negative binomial regression which is well-suited for the case in which the dependent variable consists of count data with many zero observations and a distinct positive skew. This analysis added little additional insight but it is noteworthy that in this analytical approach a housing quality index (i.e. whether there is a kitchen) emerges as a significant predictor of the presence of LIHTC units.

In conclusion, the predictive power of the analyses was modest but still statistically significant. The various analyses suggested that a number of variables offer some degree of predictive power. These are in the categories of Education, Ethnicity, Income, and Housing Quality, all of which are variables commonly assumed to be contributing factors to low-income housing development. An additional complication in interpreting the results is that education; ethnicity, income and housing quality are all correlated with one another. This multicollinearity makes it difficult to tease out causal pathways.

Summary

Both states became involved with the LIHTC program after its first year of existence, relying on the program in the late 1980s and early 1990s. Data also indicates that Louisiana had more LIHTC units in the GO Zone than Mississippi. Similarly, both states indicated a decreasing trend in the number of tax credits claimed annually and although more credits were claimed in Louisiana than in Mississippi. The last measure of involvement included a study of the number of contractors, which indicated that 34 developers built LIHTC units in the Louisiana GO Zone and 26 developers built LIHTC units in the Mississippi GO Zone prior to Hurricane Katrina.

Physical characteristics included new and rehabilitative construction in addition to the number of bedrooms per unit. About 60% of the units in Mississippi and Louisiana consisted of newly constructed units. Also, Mississippi developments tended to cater to larger households than Louisiana LIHTC developments, but the projects generally consisted of one or two bedroom units.

GIS analyses indicated that developments tend to be located near metropolitan areas. However, a series of regression analyses revealed the multicollinearity of several variables including education, income and housing quality as indicators of LIHTC development. This means that the placement of LIHTC developments may not solely rely upon low-income factors.

Both Louisiana and Mississippi have either built or rehabilitated thousands of affordable housing units since the LIHTC Program's inception but a reduction in the need for affordable housing is the ultimate measure of the success of their building efforts and as was indicated in the first section, there are varying estimates of the amount of need. Hence it important to resolve the issue created by varying estimates of the amount of need so that the national HUD data base can be interpreted and so that the federal government can assess the success of the program.

Selected GO Zone Parish and County Case Studies

The GO Zone is depicted in the blue shaded areas of the maps below. GO Zone parishes included in the study New Orleans. Those areas were Jefferson, Orleans, St. Bernard and St. Tammany parishes. The coastal Mississippi areas of Hancock, Harrison and Jackson counties were also analyzed.

Figure 13: Louisiana GO Zone



Figure 14: Mississippi GO Zone



The regression analysis attempted to determine the underlying reason for the placement of LIHTC developments but the multicollinearity of several variables prevented researchers from creating a clear causal model. Thus, researchers chose a different methodological approach to discover the determinants for the placement of LIHTC developments. This methodology involved a closer examination of the GO Zone areas that were the hardest hit by Hurricanes Katrina and Rita and thus most in need of LIHTC developments.

Researchers used three methodologies to examine the areas more closely: 1) additional HUD data base analyses; 2) an analysis of pre-Katrina census data on coastal areas 3) a review of research reports about coastal areas. Specifically, researchers reviewed Rand (2006, 2007), Policy Link (2007) Bureau of Government Relations or BGR (2007) and GRC (2007).

Selected Coastal Louisiana GO Zone Parishes

HUD Data Base Findings on Coastal Go-Zone Areas

A review of the HUD data base indicated that historically, St. Bernard, St. Tammany and Plaquemines Parishes have received substantially fewer LIHTC units than Jefferson and Orleans parishes (see Figure 15 and Table 19).

Figure 15: LIHTC Units by Year in Selected Louisiana GO Zone Parishes (Pre-Katrina)

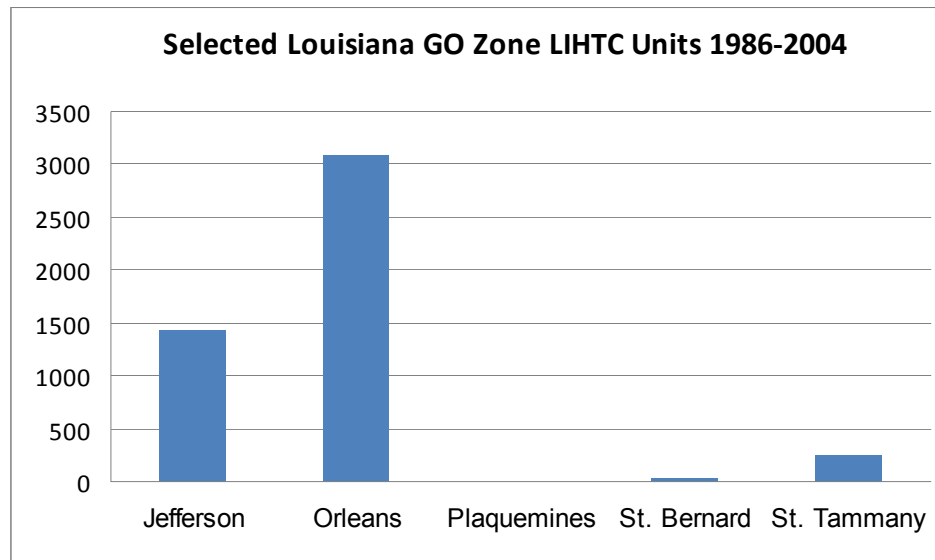


Table 19: LIHTC Units by Year in Selected Louisiana GO Zone Parishes (Pre-Katrina)

Louisiana	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Jefferson	0	0	437	168	204	0	201	31	0	140	0	48	0	0	73	92	48	0	1442
Orleans	205	205	684	126	32	0	37	16	177	574	313	144	228	316	0	30	0	0	3087
Plaquemines	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St Bernard	0	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32
St Tammany	96	12	0	0	0	48	0	0	0	86	0	0	0	0	0	0	0	0	242

Census Demographic Data of Coastal Go- Zone Areas

Census data revealed that pre-Katrina, St. Bernard and St. Tammany residents were predominately white, homeowners with substantially less poverty than Jefferson and Orleans parish residents (see Table 20). The connection between these demographic characteristics and protests against the implementation of LIHTC developments will be discussed more fully below.

Table 20: Selected Louisiana GO Zone Parish Demographics⁴⁰

Demographic Variables	Parish			
	Jefferson	Orleans	St. Bernard	St. Tammany
Population	455,466	484,764	67,229	191,268
Ethnic Composition (% white)	69.81%	28.05%	88.29%	87.03%
Home Ownership	63.86%	46.53%	74.64%	80.46%
Income	\$30,052	\$27,133	\$27,841	\$35,624
Families Below Poverty	22%	23.70%	13.60%	11.60%
Policy Link Estimate of Housing Need	13,972	51,681	5,936	3,931
LIHTC Building Replacement	1,227	9,157	0	802

Research Report Findings

LIHTC Protests or Expressions of NIMBY Attitudes

Policy Link (2007) reported that post-Katrina, St. Bernard and St. Tammany (predominantly white homeowners who received substantial housing damage), protested against LIHTC developments⁴¹ and the impact of NIMBY attitudes will be discussed more fully in the next section.

Allocation Gaps

At the parish level, there are substantial and gaps in housing.⁴² Specifically, Table 21 and Figure 16 indicate that Orleans Parish received the brunt of the damage as well as the majority of the LIHTC credits, according to Policy Link and the Bureau of Governmental Research (BGR). Even so, a substantial need for housing units remains in the parish.

Table 21: Selected Louisiana Parish GO Zone LIHTC Allocation Gaps

Parish	Percentage of Units with Severe Damage	Percentage of Units in Parish that are LIHTC	Total Rental Units Lost	LIHTC Units Needed Post Katrina (Policy Link Estimate)	Percent Rebuilt	Gap	LIHTC Units Needed Post-Katrina BGR Estimate
Calcasieu	2.40%	9.40%	1,953	1,408	72.10%	(550)	1,020
Cameron	0.70%	0.20%	551	30	5.40%	(521)	
Jefferson	17.00%	8.20%	13,972	1,227	8.80%	(12,745)	460
Orleans	62.90%	61.20%	51,681	9,157	17.70%	(42,524)	3,786
Plaquemines	1.80%	0.00%	1,457	0	0.00%	(1,457)	
St. Bernard	7.20%	0.00%	5,936	0	0.00%	(5,936)	
St. Tammany	4.80%	5.40%	3,931	802	20.40%	(3,129)	552
Vermillion	0.60%	2.10%	468	310	66.20%	(158)	
Rest of GO Zone	2.70%	13.90%	2,196	2,083	95.00%	(118)	60
State Total			82,145	14,957	18.20%	(67,188)	

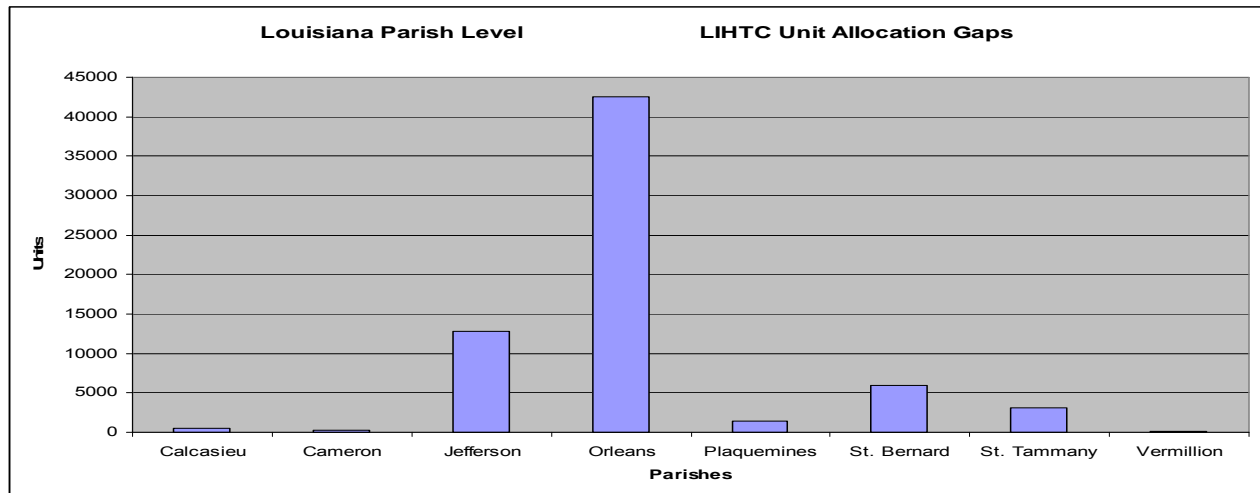
Source: (Clark and Rose June 2007) / (BGR 2007)

⁴⁰ U.S. Census Bureau. *United States - Data Sets - American FactFinder*. 2000. http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_submenuId=datasets_1&_lang=en (accessed April 10, 2008); Bureau of Government Research. *Public Investment, Private Development. How Louisiana Employed Its GO Zone Housing Tax Credits*. New Orleans: Bureau of Government Research, 2007.

⁴¹ (Clark and Rose 2007)

⁴² Ibid.

Figure 16: Selected Louisiana Parish GO Zone LIHTC Allocation Gaps



The Cost of Mixed Income LIHTC Units vs. Non-Mixed Income LIHTC Units

BGR (2007) calculated that mixed income housing was more expensive than developments with 100% LIHTC units at all area median incomes (see Table 22).

Table 22: Non-Mixed vs. Mixed LIHTC Unit Costs

	Unit Affordable to 3-Person Household in New Orleans Area (2006)							
	20% AMI		40% AMI		60% AMI		80% AMI	
	100% TC**	Mixed Income	100% TC	Mixed Income	100% TC	Mixed Income	100% TC	Mixed Income
Affordable Rent	\$109	\$109	\$344	\$344	\$580	\$580	\$815	\$815
Less: Vacancy (7%)	-8	-8	-24	-24	-41	-41	-57	-57
Other Income	20	20	20	20	20	20	20	20
Less: Operating Expenses	-334	-354	-334	-334	-334	-334	-334	-354
Less: Revenue	-25	-25	-25	-25	-25	-25	-25	-25
Net Operating Income	-238	-258	-19	-19	200	180	419	399
Present Value of NOI*	-34,645	-38,645	-2,862	-5,862	30,060	27,060	62,850	59,843
Total Development Costs	99,000	135,000	99,000	135,000	99,000	135,000	99,000	135,000
\$ Gap	\$63,859	\$99,859	\$96,100	\$129,100	\$129,460	\$162,440	\$162,688	\$195,641

**TC=Tax Credit

Source: (Bureau of Government Research 2007)

Scholars and policy makers e.g., PolicyLink (2007) have expressed preference for mixed-income developments. Mixed income housing gained prominence in housing law and policy during the 1990s. Such developments sound attracting because of the potential to serve a variety of purposes, including de-concentrating low income developments, integrating poor households into the economic mainstream, and revitalizing neighborhoods. In New Orleans the Bureau of Government Relations published information in the table below which indicated that mixed income housing was more expensive than developments with 100% LIHTC units (see Table 23 and Figure 20). This cost caused a political debate following a redistribution of the LIHTC towards mixed housing allocations. Although mixed housing would assist the nation in obtaining a larger goal of desegregated housing and increased job placement for certain marginalized ethnic groups, it would initially cost more than non-mixed income units. This cost could decrease the number of units available to low-income households.

Policy Link (2007) reviewed the efforts of the Louisiana Recovery Authority, the Louisiana Housing Finance Agency (LHFA), and the Louisiana Office of Community Development in their first year of recovery. The report found:

- The New Orleans metro region—made up of Orleans, Jefferson, St. Tammany, St. Bernard, and Plaquemines parishes suffered huge housing losses in the aftermath of the storms;
- The LHFA apportioned the Low Income Housing Tax Credits through three competitive rounds in 2006 and 2007;
- The first two rounds of allocations in 2006 did not prioritize the deeper affordability goals or target areas with the heaviest damage in their scoring criteria;
- LIHTC units are being placed in urban areas where they can be more easily approved instead of where they are more needed. This illuminates a significant issue with the reliance of the LIHTC program since non-urban areas have a need for affordable housing, yet they are not using the program. Because of the per project overhead costs of legal and financial underwriting, only larger projects (40+ units) can efficiently use the tax credit;
- The LHFA received no applications for developments in St. Bernard and Plaquemines, so these parishes were not allocated funds. In the rest of the region, both Orleans and St. Tammany received a proportional share of developments in relation to their damage, while Jefferson Parish is lagging behind and even the developments that were financed are facing opposition from the parish. Overall, the region looks to only rebuild 14 percent of rental housing damaged and destroyed.

Selected Coastal Mississippi GO Zone Counties

A review of the HUD data base indicated that Hancock, and Jefferson counties have had substantially less LIHTC than Harrison and Jackson (see Figure 17 and Table 23).

Figure 17: LIHTC Units by Year in Selected Mississippi GO Zone Counties (Pre-Katrina)

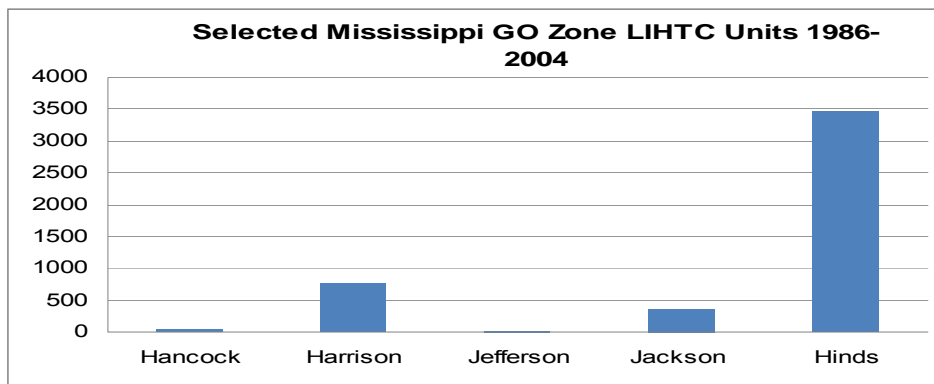


Table 23: LIHTC Units by Year in Selected Mississippi GO Zone Counties (Pre-Katrina)

r

Mississippi																			
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Hancock	0	0	0	0	0	48	0	0	0	0	0	0	0	0	0	0	0	0	48
Harrison*	0	0	0	0	92	0	118	136	40	0	144	0	0	56	183	0	0	0	769
Jefferson	0	0	0	0	0	0	24	0	0	0	0	0	0	0	0	0	0	0	24
Jackson	0	0	0	0	0	38	0	0	0	31	0	0	0	0	46	0	198	52	365
Hinds**	0	0	0	0	25	90	364	957	209	244	351	0	146	472	0	114	269	228	3469

Census Demographic Data of Coastal Go- Zone Areas

Hancock County has substantially more Caucasian homeowners than does Harrison or Jackson and less poverty Jackson (Table 24). The literature reported that Hancock protested the implementation of LIHTC developments. However, the impact of NIMBY attitudes will be discussed in the next section.

Table 24: Mississippi County Level Demographics

Demographic Variables	County		
	Hancock	Harrison	Jackson
Population	42,967	189,601	131,420
Ethnic Composition (% white)	90.19%	73.15%	75.35%
Home Ownership	79.58%	62.66%	74.57%
Income	\$33,353	\$47,883	\$34,004
Families Below Poverty	13.60%	7.60%	19.05%
Post-Katrina Housing Loss/Need	1672	3508	529
LIHTC Building Replacement	937	3,380	1,039

Source: (McCarthy and Hanson 2007); (Mississippi Home Corporation 2008)
Units determined as moderately or severely damaged

Research Report Findings

The Mississippi legislature established the Mississippi Home Corporation (MHC) in 1989 to construct and rehabilitate single and multifamily housing for low to moderate income people. In 1990, MHC began to administer the LIHTC program.

MHC develops an annual Qualified Allocation Plan (QAP) which designates housing priorities throughout the state and indicates the application process for potential developers. The QAP also indicates the nature of compliance monitoring. Specifically, during the fifteen-year compliance period, MHC monitors developments by reviewing tenant files, auditing and physically inspecting units. MHC reports major noncompliance issues to the IRS.

The Mississippi legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) in 1973. PEER is composed of fourteen members from the House of Representatives and the Senate.

In 1998, PEER found that MHC had allowed developers to exceed maximum cost per unit guidelines; provided an advantage to developers who have a record of noncompliance; and,

failed to monitor developers' compliance with debt service ratio requirements. Explanations for why each had happened were provided.

In 2006, PEER attempted to determine whether MHC informed citizens of proposed tax credit projects in their neighborhoods; physically inspected the suitability of proposed sites for prior to project approval; repeatedly approved the same developers; held developers accountable for maintaining their tax credit developments; and obtained feedback from the target population.

PEER suggested several improvements of the program to the Mississippi legislature in their final report. Specifically, they suggested:

- Requests to exceed the maximum cost per unit should be the rare exception rather than common practice.
- That there be documentation of each requested increase and why each requested increase was necessary to the viability of the development.
- Modification of the automated spreadsheet used to calculate financial feasibility and the addition of a field to indicate whether MHC approved a requested increase.
- That unit be distributed by annually monitoring the need for low-income housing throughout the state based on the annual assessments of the location of low-income developments constructed and in comparison to the number of substandard housing units per county (rather than solely relying on the market studies to determine the number of low-income units an area can absorb);
- That MHC contact city entities at the fifty-percent building development completion. Such notification would ensure compliance with local codes and permits earlier in the process, reducing the issues to arise between the local government and the developer.

Summary

Research agencies reported that parishes and counties in both Louisiana and Mississippi protested the implementation of LIHTC, that non-urban areas have a need for affordable housing, yet they are not using the program, that there were substantial gaps in housing created by a lack of rental units after the storm, that mixed income LIHTC units were more expensive than non-mixed LIHTC units at all area median incomes.

State LIHTC Program Oversight

A legislative oversight committee found that MHC has allowed developers to exceed maximum cost per unit guidelines; provided an advantage to developers who have a record of noncompliance; failed to monitor developers' compliance with debt service ratio requirements. The commission felt requests to exceed the maximum cost per unit should be the rare exception rather than common practice, that MHC should automate its spreadsheet, distribute low-income housing units by annually, monitoring the need for low-income housing throughout the state based on annual assessments of the location of low-income developments constructed in comparison to the number of substandard housing units per county, rather than solely relying on the market studies to determine the number of low-income units an area can absorb. Studies by the oversight committee were eight years apart and it is unclear what transpired in the interim.

State housing authorities receive information regarding national program amendments and new legislation from the National Council of State Housing Agencies, which serves as the liaison between Congress and the states, and other industry leaders. Required reports are submitted to NCSHA, the Internal Revenue Service and a number of other monitoring agencies, upon their request (e.g. GAO). Annual reports are submitted using IRS Form 8610 and Form 8610 Schedule A. A copy of all information is also provided to NCSHA as oversight agency for all states administering the LIHTC program.

Though housing authorities maintain and provide data required by Federal agencies, they do not have the research capacity to assess the amount of damage to LIHTC units. Further, historically, housing agencies in both states have relied extensively on builder-developer market studies to determine the amount of housing need in various parishes and counties. However, such market studies could be biased i.e., builders might report a need in a area in order to receive a state contract. Hence it might be useful for housing authorities to assess the amount of housing need in each county or parish in some other fashion

Housing Authority LIHTC Program Data Management

Though LHFA and MHC have data analyst who create regular excel spreadsheets indicating amounts LIHTC developments and units allocated, when the data bases are released to other agencies, the amounts developments and units calculated vary substantially. Tables 25 and 26 below reveal that different sources provided different estimates for both number of LIHTC projects and number of units allocated.

Table 25: Variance in Estimates - LIHTC Projects in Louisiana

Source	Projects (State Total)	Units (State Total)	Year
BGR (2007)	178	12,345	2007
Policy Link (2007)		14,957	2007
GCR (2008)	258	17,348	2008

Table 26: Variance in Estimates - LIHTC Units in Selected Parishes

Source	Jefferson	Orleans	St. Bernard
BGR (2007)	1027	9357	0
Policy Link (2007)	1227	9157	0
GCR (2008)	3068	17515	954

Louisiana or Mississippi lack data governance capability i.e., a specified set of procedures to make sure LIHTC data are both accurate and available. A data governance entity could regularly communicate and reanalyzed data for various users of the information. The entity might also integrate and synchronize data from different data systems, reconcile inconsistent and provide a data dictionary with agreed upon definitions for each data element as well as produce reports in a standard formats utilizing standardized interpretations. A data governance entity could codify ways of coding, inserting, updating, deleting, validating and editing data accuracy and the entity should appoint an individual to be responsible for communicating data for the entity. A data governance entity could avoid duplicated effort. Jeanne Ross and Peter Weil of the Massachusetts Institute of Technology (MIT) say that data governance should ensure decisions match objectives by establishing mechanisms for linking

objectives to measurable goals⁴³. Members of a data governance entity could develop generate a data dictionary and standardize an approved data format and would implement quality check procedures, develop an issue log on which they record challenges to the accuracy and quality of the data and they should log their means of resolving the data issues.

Census data are used to calculate the population estimates used to allocate LIHTC. A recent article by United Nations Expert Group Meeting to review critical issues relevant to the planning of the 2010 Census generated several alternatives to the census. Alternatives included the use of register/administrative records including local registers on social security, water and electricity supply, information on foreign population and old age pension fund system or alternately a sample surveys approach with annual collection of data.⁴⁴ A final alternative is a periodic Internet census, wherein GIS experts query all accessible Internet addresses every few months. The internet census taker must count an entire address space and its correspondence to adjacent addresses.

“Census blocks, the smallest geographic area for which the Bureau of the Census collects and tabulates decennial census data, are formed by streets, roads, railroads, streams and other bodies of water, other visible physical and cultural features, and the legal boundaries shown on Census Bureau maps. Census data for these areas serve as a valuable source for small-area geographic studies.”⁴⁵ Mandatory annual block counting is one of the alternatives to the American Housing Survey. Table 27 presents an example of LIHTC block counting at the district level. Detailed data like those reveal housing needs that are hidden by county, state and federal unit counts, hence providing local legislators with a better picture of residents’ housing needs

⁴³ Excellence in Application & Data Governance, http://www.dbq.or.kr/conference/2006/pdf/Keynotespeech_ITPLUS.pdf

⁴⁴ Social and Housing Statistics Section. Demographic and Social Statistics Branch. United Nations Statistics Division. *Alternative Census Designs: An Overview of Issues*. United Nations Expert Group Meeting to Review Critical Issues Relevant to the Planning of the 2010 Round of Population and Housing Censuses, New York: United Nations Department of Economic and Social Affairs, 2004.

⁴⁵ <http://www.census.gov/geo/www/GARM/Ch11GARM.pdf>

Table 27: Proposed Block Counting (e.g. District Level counting)

Parish and District	Total Number of LIHTCs Allocated (units)	Percent of Units within the Parish
<i>Orleans</i>	<i>9,157</i>	<i>100.0%</i>
District A	959	10.5%
District B	2,876	31.4%
District C	2,484	27.1%
District D	1,127	12.3%
District E	1,655	18.1%
Undetermined	56	6.1%
<i>Jefferson</i>	<i>1,227</i>	<i>100.0%</i>
District 1	538	43.8%
District 2	25	2.0%
District 3	664	54.1%
District 4	0	0.0%
District 5	0	0.0%
<i>St. Tammany</i>	<i>802</i>	<i>100.0%</i>
District 3	3	21.4%
District 5	2	7.5%
District 12	1	15.0%
District 13	3	49.6%
District 14	1	6.5%
Other Districts	0	0.0%

Based on (Clark and Rose June 2007)

Face-to-Face Field Interviews

Face-to-face interviews provided rich narratives in regards to builder-developer decision-making. The responses were used to form the telephone survey.

Methodology

Researchers traveled to the GO Zone to conduct field interviews. While in the region, researchers interviewed housing authority officials, developers, nonprofit staff and state and local government officials. Researchers logged responses and gathered data in the form of notes and tape recorded conversations. All interviews were conducted at agency headquarters, private firms, or other designated locations in coastal Louisiana and Mississippi.

Findings

This section summarizes the information gathered during the face-to-face study component of the project. This summary of responses allows the reader to see LIHTC program positives, challenges and insights using three lenses; government agency perspectives, nonprofit agency perspectives and private builder-developer perspectives.

Housing authorities lauded the LIHTC program for producing housing for citizens with the highest need, producing large numbers of affordable housing (8,000 units in Mississippi), increasing cooperation in Louisiana parishes, encouraging better building codes, and potentially increasing development quality through improved funding for amenities. Challenges mentioned by the housing authorities included frustrations with the Stafford Act; housing taking a backseat to infrastructure repairs; slow rebuilding due to permitting, public notice, NIMBYism and the surveyor/engineer approval process; and strained intergovernmental relations. Other concerns include implications of a lack of deep affordability for single parents, pressure to rebuild moderate and high income homes, and immovable placed in service dates. Housing authorities suggested that developer interest could be increased by use of 9% credits and subsidized insurance costs, local governments can help developers in the pre-application process, and local administration of the LIHTC program.

Nonprofit agencies suggested that LIHTC program advantages include increased unity among nonprofit organizations and Louisiana organizations have been able to recover and mitigate future disasters. Challenges included NIMBYism, workforce housing, costly market studies, disparity in wages and rent costs, lack of education for developers, and high insurance costs. Interviews with nonprofit agencies revealed changed definition discrepancy for “affordable,” “allocation versus placed in service,” and “workforce housing versus low-income housing.” Increased focus on workforce housing decreases available housing for destitute households, increasing homeless populations. Nonprofit agencies provided several solutions. The private sector should build workforce housing, developers should use litigation to ensure progress, the permit process should be streamlined, and fair housing and housing rights should be enforced. Other solutions include creating community buy-in through nonprofit organizations, targeting of geographical areas for mixed-income development, lowering the break-even point, amending scoring criteria, including wind-damaged properties in rejuvenation efforts, improving code enforcement, pushing back placed in service dates to account for delays, encouraging

permanent supportive housing through vouchers, and decrease the area median income level to meet community development needs.

Private sector builders and developers did not provide as many suggestions for program positives. Mississippi developers suggested that the LIHTC program is normally a fair process if the builder/developer understands the application process. Program challenges included NIMBYism, lack of incentives, real-time market delays, lack of publicizing the LIHTC program in Louisiana, lack of transparency and communication of changes in the application/allocation process, and lack of rehabilitating existing structures. Other program challenges included stigma attached to “low-income” or “affordable” in program titles, the use of out-of-state staff in application scoring which may have been the reason for lack of uniformity in evaluations, the gap in the number of LIHTC credits and damaged housing, a discrepancy in credit allocation and placed in service, and a lack of adjustment for changes in the market. Private sector builders suggested that affordability could be increased by LIHTCs and Section 8 vouchers, by pairing LIHTCs with CDBG funds in Mississippi, and by raising the level of credits allocated. To overcome NIMBYism, the developers suggested avoiding politics and maintaining community relationships.

Summary

The survey and field study reveal several major themes and concerns of builders, housing officials and nonprofit agencies. Foremost among the findings is the importance of the permit office and its various forms for determining the impact of the market and the impact of the public private partnership involved in the LIHTC Program. Other findings include the need for increased oversight committee enforcement capacity; streamlined permit office procedures; use of anti-NIMBY, mixed income housing and inclusive zoning strategies; coordinated local, state and federal guidelines; re-examined financial technicalities; reviewed area median income requirements; and an understanding of the ties impact of the housing market collapse on GO Zone LIHTCs. These same items surfaced in the Telephone Survey Section below and are discussed in depth in the concluding pages of that section.

Telephone Survey

The telephone survey aimed to inform CRS on the use of LIHTCs in Mississippi and Louisiana. Researchers constructed survey instruments for both Credit Award Winners and Non Credit Award Winners (see Appendix B). From the responses, it was determined that the builders and developers that did not receive LIHTC awards did not build affordable housing.

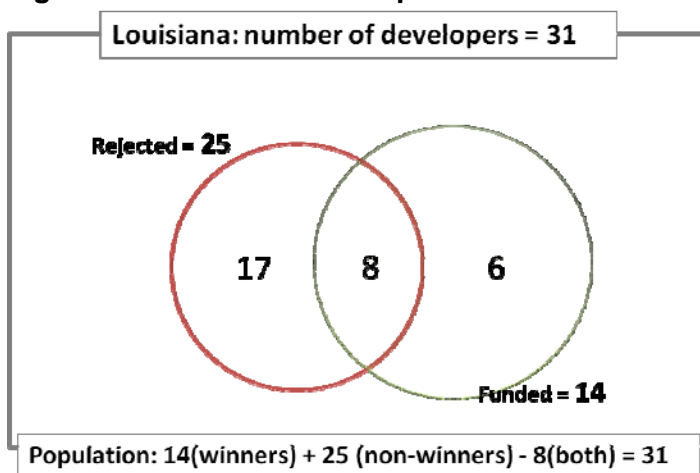
A small sample size allows for limited quantitative analysis. However, Mississippi builder-developers provided rich narratives for researchers. This information was obtained from Louisiana builders and developers because of a low response rate.

Methodology

Sample

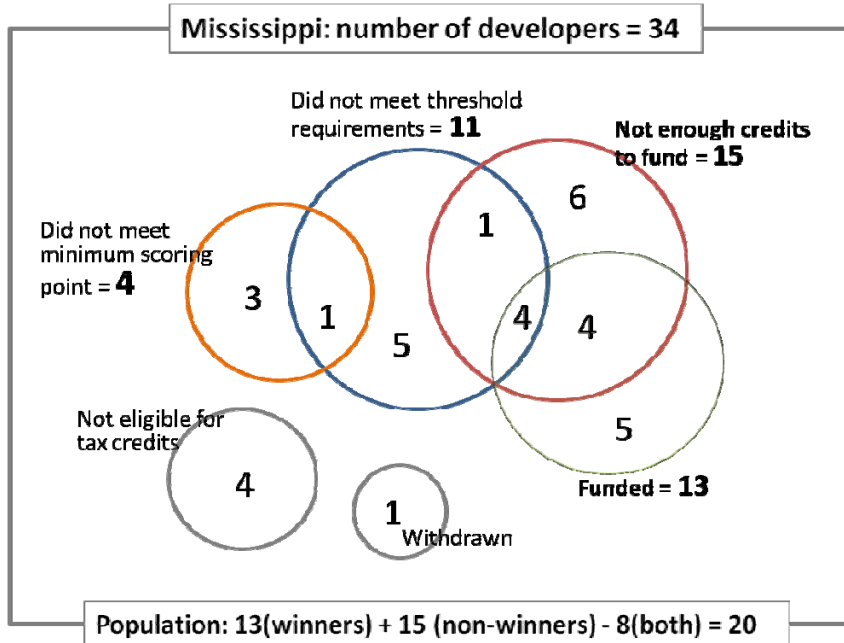
A number of developers applied for LIHTCs in Louisiana and Mississippi in 2006.. The research team interviewed both the successful and unsuccessful applicants. Thirty-one (31) developers applied for 99 projects in Louisiana. Fourteen (14) of the Louisiana applicants received LIHTCs. Twenty-five (25) of the Louisiana applicants did not receive LIHTCs. Some overlap existed: 8 developers had projects that were both approved and rejected. The following diagram indicates the number of developers and the results of their applications. The research team attempted to contact a total of 31 developers, reflecting the total number of developers that applied for LIHTCs in Louisiana in 2006.

Figure 18: Louisiana Developers



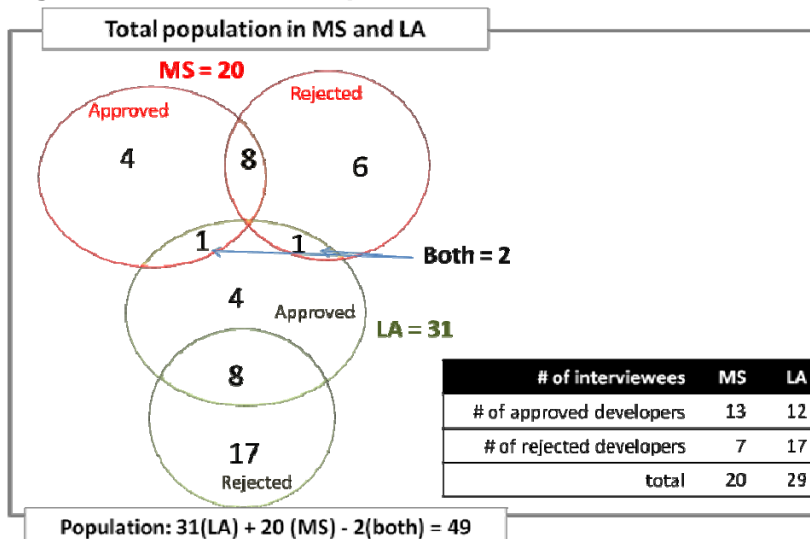
Thirty-four (34) developers applied for 115 projects in Mississippi. Thirteen (13) of the applicants received LIHTCs. Twenty-nine (29) of the applicants did not receive LIHTCs. As with Louisiana, some overlap existed: 8 developers had projects that were both approved and rejected. The following diagram indicates the number of developers and the results of their applications. The research team attempted to contact a total of 20 developers, reflecting the total number of developers that applied for LIHTCs in Mississippi in 2006.

Figure 19: Mississippi Developers



Finally, 2 developers had projects both in Mississippi pool and in Louisiana pool: 1 developer had both 1 approved application in Mississippi and 1 approved one in Louisiana; 1 developer had both 1 rejected application in Mississippi and 1 approved one in Louisiana. Therefore, the total population in Mississippi and Louisiana was 49. The following diagram means each number of developers in both states and the table indicates the number of developers with whom we had conducted the survey.

Figure 20: LIHTC Developers



Participants in the survey included 16 developers who had applied the LIHTC in 2006 in both Louisiana and Mississippi. The response rate was 32.65%. The sample was predominantly developers in Mississippi (93.75%) and 75% of sample were credit award winners.

Procedure

The following steps delineate the telephone survey procedure. Step One: Develop the survey instruments for both credit award winners and non-credit award winners. Step Two: Create or establish the pool of interviewees based on the application pool. Step Three: Draft an interview schedule for four researchers to make calls. Step Five: Conduct the interviews and report the results. Step Six: Compile the results of survey and develop a tool for analyzing the results. Step Seven: Analyze the narrative and numeric data.

Researchers asked respondents to complete the survey instruments by phone. The survey took about 20 minutes to complete. Interviewees created a unique identification code that did not reveal the interviewees' identities, which were used to match the narrative results.

Survey Instrument

The research team constructed a survey instrument (See Appendix B). The instrument contained 36 items for credit award winners and 31 items for non-credit award winners. The items requested information regarding the LIHTC program in addition to satisfaction with the application and allocation process.

Survey items were measured on interval, ordinal, nominal measures. For the items regarding the application and allocation process, the survey items were scored on a 10-point scale. Some items requested additional narrative answers. Some nominal items consist of 'yes or no' questions and others used multiple choice formatting.

Findings

Narrative responses provided several suggestions for improvements, some of which applied to the LIHTC program. Responses suggested streamlining permit office procedures; addressing 'not in my back yard' attitude (NIMBYism) and inclusive zoning; coordinating local, state and federal guidelines; allocating credits according to need; re-examining financial aspects of the program; and re-evaluating area median income requirements. Each of these suggestions could mitigate threats to developer decisions to enter the LIHTC market.

The following information consists of quotes from the respondents to the telephone survey. These quotes were chosen because they were the most common responses or because they provided with specific guidance to the state or federal government. Finally, the section arrives at the suggestion that a study of permitting data may provide an answer to the question regarding non-credit award winners' decisions to enter the affordable housing market.

Survey Answers Relevant To State Housing Administrators

Builder-Developers (That Received a State Contracts) Responses

Question: What made this process to obtain building permits difficult?

Answers:

- It depended on the location. Some locations use the building permit process as a way of keeping out tax credit housing that they do not want in their community. Further, before you can apply for the permits, you have to clear the Corps of Engineers wetlands gauntlet.
- The building permit process is slowed by planning commissions and NIMBY issues. There are also usually issues of engineering. It is a very arduous process.
- In New Orleans, the infrastructure isn't in place to return the process to pre-hurricane standards. FEMA Guidelines are very difficult to abide by.

Question: Why do you think the community was not receptive to LIHTC units being placed in their neighborhoods?

Answers:

- We really only had one problem: in Gulfport, the local government (County Board of Supervisors) gave out letters to developers saying that their developments did not fit into the Consolidated Housing Plan for the area. They said there was no more need for LIHTC. In reality, they just didn't want LIHTC developments built in their area. They view the hurricane as an opportunity to build back for tourism, not low-income housing.
- They are not receptive because of socioeconomic and discrimination issues.
- Don't know the reason, but it's a lesson in human nature. If they were receptive before the storm were receptive after. If they were unreceptive before the storm they were unreceptive after.

Question: What reasons would you cite as the cause of any delays you may have experienced in the building process?

Answers:

- Largest single problem has been the Corps of Engineers drastically increasing their involvement in Wetlands determinations across the State. We now have high and dry hill sides being declared wetlands, which we have to spend more money on to pay the extortion like prices from the former Corps employees who for the most part as I understand own the mitigation banks that you have to buy credits from. The cost is one problem, but even more deadly is the extended process and time consumed in trying to get through the Corps, the Department of Marine Resources and the Miss. Dept. of Environmental Quality.

Next would be the communities who did not want LIHTC housing and knowing that there are really sensitive time deadlines on completing same, have delayed allowing the developments to get started, waiting for them to die against the hard deadlines in the program.

- The low-income housing development process is very time-consuming. And there are zoning issues, NIMBY issues and annexation issues that make it even more difficult and the process more."

Builder Developers (Who Did Not Receive a Contract) Responses

Question: Which parts of the allocation and application process were more difficult?

Answer: LA was a problem because of scoring inconsistencies and [a lack of coordination] between LHFA, LRA and Office of Community Development (who administers the CDBG funds). The organizations had different goals and succeeded in pushing urbanized incentives, neglecting the small, rural towns. LRA didn't know much about LIHTC scoring and didn't have authority, so they had to advise LHFA on the QAP. Institutional jealousy resulted in a garbled and inconsistent QAP. Institutional differences also resulted in a staffing problem. LRA and OCD paid higher salaries than LHFA, so the 2 organizations would ""cherry-pick"" qualified staff. This left LHFA understaffed and ill-equipped to walk through the scoring process. The agency was used to dealing with an \$8 million dollar credit authority, but received a \$100-200 million credit authority after the storm. LHFA simply did not have the human resources to administer the program effectively.

Survey Answers Relevant To Federal Legislators⁴⁶

Builder Developers (Who Received a State Contract) Responses

Question: What would be another possible way to allocate the credits to states?

Answers:

- Same method, but weighted for need, rural, DDA, etc.
- Yes, this is the most effective way. Any other way may be way too political, but maybe if there was some way to allocate the credits by percent of poverty.
- The process should depend on the need for low-income housing in each state, but I am not sure how that would be measurable.

Question: Is there anything you would like to tell me to help me better understand the benefits and challenges associated with contracting with LIHTC program or the GO-ZONE Act?

Answer: The price for tax credits is falling which will endanger the progress of these developments and their ability to move forward. There needs to be a decrease in tax credit prices.

Question: If you could make any suggestions to Congress on how to make this program better, what would you propose?

⁴⁶ This section simply reports the comments we received. We are unable to confirm or validate those with government agencies.

Answers:

- In Rural States like Miss. We should be: (1) Provided more credits to fit some horrendous housing needs that our per capita allotment will never catch up with. If the credits had been properly allocated in the Go Zone, much of this pent up housing need for almost a century could have been addressed, rather than overbuilding in areas to political impact/correctness; (2) Allowed to use the National Non-Metro Income levels in all non-metro areas of the state, have about 60% of our counties permanently declared a Difficult to Develop Area (thereby allowing the 30% increase in credits which is essential in the world of low rents our State is stuck in) all; (3) The 9% and the 4% credits should be fixed at those rates rather than floating each month based on some formula. This causes all kinds of financial and technical problems. (4) Simplify the determination of utility allowances.
- Need to expand or carve out at 80% of median baseline income, but without removing resources from what is being done at the 60% level.

Question: Is there anything else you would like to tell me?**Answers:**

- In small rural states like Mississippi, if we had not had Fannie Mae investing in credits over the last several years, our tax credit development activity, as small as it was anyway, would have been severely limited.
- Some of this Investor withdrawal is driven by losses they are incurring. However, all of these Investors are still incurring Alternative Minimum Tax (AMT), which they do not have the right to offset with LIHTC dollars.
- There is presently a push of legislation to allow for tax credits to be used against AMT, but it has not moved through Congress yet⁴⁷. If this law is not changed quickly, we may have a dead tax credit capital market into late 2009 or even 2010. This will stop the completion of all Go Zone credit developments that have not completed their syndication agreements.
- This tax credit capital market collapse will seriously impede, if not stop, the completion of the Go Zone tax credit developments. Developments do not financially pencil out if the capital from credits is reduced from 15-20% below the dollars counted on when the credits were applied for and awarded. I understand that LA and AL are considering adding more credits (can only be done if basis justifies additional credits); HOME or CDBG funds to cover some of their development shortfalls. MS is not in a position to do that, meaning no safety net to keep the developments alive.
- Fannie Mae and Freddie Mac need to be encouraged to get back into the market. CRA needs to more encourage expansion minded banks to support affordable housing. FHLB affordable housing program participation should be required of expansion minded banks. State bond caps should be allocated to multifamily and used in the suburbs, w/ non-competitive LIHTC.

⁴⁷ Comments were solicited from builders in February 2008. At the time this report was written, the bill that the developer referred to (HR 5720) had passes the ways and means committee.

Single family bond programs can be done outside the cap. Lenders should be encouraged to make smaller loans, perhaps through participation. Lenders with large minimums should be excluded from participation in affordable housing programs.

Builder Developers (Who Did Not Receive a Contract) Responses

Question: If you could make any suggestions to Congress on how to make this program better, what would you propose?

Answers:

- Lock in 9% tax rate instead of letting it float. This adds a variable to our programs. Change name to "Affordable Housing Tax Credits" The Affordable Housing Tax Credit Coalition has many more good ideas.
- Increase the percentage of the credits; fix the interest rates at 4 and 9%. The floating interest rate system makes it difficult for the developer to determine when to "lock in" the rates. When they're low like they are right now, developers are hurt. The credits are determined by multiplying the 4-9% level by the qualified basis. The current interest level is at 7% for the 9% credits, which costs his business 50,000 a development (times 10 developments, equaling 500,000). The rates have never reached 4 or 9% and that impacts the amount of tax credits that they can claim. Increase the per capita allocation. Reinforce that not everyone needs to own a home, as evidenced by the recent housing market crashes.
 - Create set-asides for elderly populations.
 - Streamline the QAP process (see LA example)
 - Maintain operating subsidies (i.e. Section 8)
 - Increase the qualified basis by allowing agency fees and site work costs to be included.
 - Keep the program run by the states. Centralizing the program at the federal level would be bad -- state-to-state differences indicate that the program should be state-run.
- They should eliminate the AMT (alternative minimum tax) preference item for corporations and individuals.
- Congress should think of re-implementing short-term waiver of income restrictions, like they did immediately following the storms. For those people who have been displaced by the storm and now by the removal of the FEMA trailers, they need assistance in finding affordable housing. For this reason, they should waive the income restrictions.

Summary

Several methodological limitations of this work should be considered when interpreting these results. First, the sample size is small and it does not fully represent the population – at best, the sample represents only 25% of the applicants after the storms. Furthermore, the survey was designed to compare Louisiana to Mississippi as well as to compare the results of credit and non-credit award winners. The inequitable data distribution for almost all of the reported variables may skew results.

A number of suggestions for improving the LIHTC program emerged from the open response data. Those suggestions included streamlining permit office procedures, assistance with addressing NIMBYism and inclusive zoning, coordinating local and federal guidelines, a re-examination of financial technicalities and a re-evaluation of area median income requirements. Each of these suggestions will reduce threats to builder-developer decisions to enter the LIHTC market and will be explored more thoroughly following the face-to-face telephone survey.

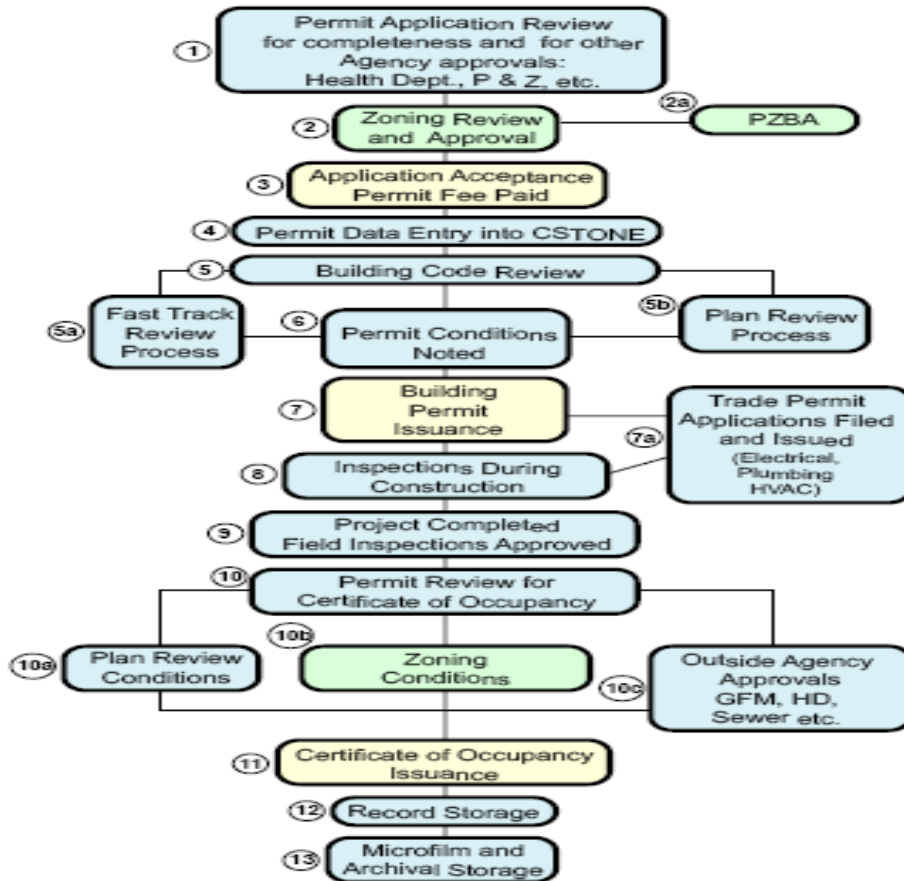
Permit Office Process and Procedures

Permit office processes can delay or prevent low-income housing from proceeding after the state housing finance agencies allocated LIHTCs. Projects that are allocated LIHTCs and do not proceed in a timely manner risk the revocation of those credits. Some localities constructed more barriers than others, but most localities experienced frustrations with the Army Corps of Engineers wetlands requirements. Additionally, the National Association of Home Builders (NAHB 2007) national survey indicated that building permit issues was the top issue in the construction process.⁴⁸

The permit process is extensive and complex. Figure 22 presents the permit process for one city because a permit process diagram for Louisiana and Mississippi could not be located and building permitting processes are generally across localities. Several steps in the building permit process are of particular interest. Specifically an examination of the data associated with step 7 and step 10, (building permit issuance and certificate of occupancy issuance - see Figure 21) could be useful in determining whether or not builder-developers build after they fail to obtain a contract to build LIHTC developments. Credits and (Zoning Review and Approval) and (Building Code Review) could also reveal community receptivity to LIHTC building.

⁴⁸ NEED NAHB REPORT CITATION INFO

Figure 21: Permitting Process



Source: (The City of Greenwich 2008)

NIMBY-ism, Mixed Income Housing and Inclusive Zoning

Hancock and Harrison protested against LIHTC building Rand (2006). Not in my back yard or NIMBYism is such an obstacle for developers of multi-family housing that the National Multi Housing Council (NMHC) has issued a white paper for its members entitled "Overcoming Opposition to Multifamily Rental Housing." The paper indicates that more than a century ago, the notoriously poor living conditions associated with tenement houses led not only to a movement to reform and improve such dwellings and eventually to a movement to prevent further apartment construction.

Picketing outside of a construction site or protesting at a city planning meeting create barriers and zoning regulations prohibit high density and high rise developments. A significant amount of resistance to multifamily rental housing is based on lack of information i.e., many citizens have misperceptions or stereotypical expectations about the kinds of people who live in rental housing. Other perceptions are that multifamily dwellings increase traffic and parking problems, attract criminal activity.

The most common regulations involve zoning and/or comprehensive land use planning. Opponents used restrictive building codes have made multifamily construction uneconomic; and zoning in particular, to secure single-family-only districts. Reducing or eliminating regulatory impediments may hold the greatest promise for increasing the acceptance of multifamily rental housing. More recently, policies to restrict, manage, or even prevent further growth from impact fees to “urban containment” to moratoriums. Waivers or exemptions for certain kinds of developments result in *de facto* regulation against multifamily dwellings.

Jefferson, Orleans, and St. Tammany parish residents have either threatened or enacted moratoriums, or as in the case of Jefferson Parish, threatened a zoning change and introduced state legislation threatening developers with financial losses and causing them to move to less oppositional parishes, which usually already had a high concentration of subsidized housing. Moreover, HB 223, required approval of the parish governing authority before LHFA could take action to approve tax credits (PolicyLink p. 17). Similar local actions triggered an investigation by the U.S. Department of Justice in 2005 for possible fair housing violations (PolicyLink P.16, 17).

Inclusionary zoning refers to ordinances that require that a given share of new construction be people with low to moderate incomes and counters exclusionary zoning practices. The implementation of inclusionary zoning, which comes into play in the second step of the permitting process, should be conceptualized as a process or a cycle with phases or stages.

The inclusive zoning lifecycle model has six stages that consist of: “project approval, marketing requirement, selecting tenants, income certification, compliance with affordability requirements, enforcement and penalties, sale or transfer of inclusionary property. The monitoring phase and timelines assist jurisdictions with identifying areas where oversight is both challenging and advantageous. Chapin-Rienzo & Gómez (2004) state:

“As a beginning-to-end model, this approach provides jurisdictions the opportunity to proactively engage residential property developers at each stage of developing inclusionary housing. It also allows cities and counties the opportunity to oversee the production of affordable housing and subsequently monitor the compliance efforts of building owners. The strategic use of a regulatory agreement and an administrative manual a city can provide an opportunity to proactively monitor each stage of inclusionary housing lifecycle while also encouraging affordable and market rate development.”⁴⁹

Implementation of a system to address inclusionary zoning may improve social feasibility. Leelarasamee (2003) defined social feasibility as maximized social acceptance. Communities’ NIMBY resistance threatens LIHTC development social feasibility. Builders and developers may be deterred from entering the LIHTC market because of the lack of social feasibility associated with the program in general and within acute local areas. Furthermore, exclusionary zoning creates a political risk that could deter LIHTC development.

⁴⁹ Chapin-Rienzo, Demetrius, and Monica Gomez. *Improving Implementation of Inclusionary Housing*. Student Report, Los Angeles: The Ralph and Goldy Lewis Center for Regional Policy Studies, 2004.

Local, State and Federal Goals and Procedures

Developers mentioned that cumbersome FEMA and Army Corps of Engineers guidelines have prevented the replacement of necessary infrastructure. Without infrastructure, the city does not have resources to sustain redevelopment and thus, builder-developers cannot proceed with LIHTC construction. Burdensome government restrictions and regulations create political risk by adversely affecting the development market. Therefore, builder-developers may be deterred from entering the residential housing construction market because of the lack of coordination between local and federal guidelines.

Credit Rate Structure and Area Median Income Requirements

Most of the developers argued that the federal government should consider locking in the tax credit rates at 4% and 9%. The current floating system can significantly impact financial decision-making and costs the developer thousands of dollars per project. Furthermore, some developers have argued that the price of tax credits could be increased to stimulate developer interest in the LIHTC program and to stabilize the financial feasibility of the developments. Leelarasamee (2003) defined financial feasibility as receiving maximum return on investment (ROI). Stabilized financial aspects with the LIHTC program could enhance builder-developer ROI, thus encouraging the affordable housing market.

The LIHTC program currently serves households that make less than 60% of the area median income. Respondents indicated a desire to serve households at the 80% mark without cutting services for the poorer households.⁵⁰ There tends to be a positive association with individuals at this income level. Multiple respondents discussed that this income bracket includes blue-collar, hard-working Americans that serve communities through their livelihood (i.e. teachers, firemen, policemen and nurses). One suggestion was that the federal government could consider re-evaluating the area median income requirements of the LIHTC program.

⁵⁰ Developers have presented this perspective. Another point of view may consider that services to poorer households may be cut if the income requirements are increased to include 80% AMI.

Final Concluding Remarks

According to studies completed by government agencies and outside researchers, the LIHTC program is much more costly than traditional voucher programs. LIHTC, a basic production program, appears to have a per unit cost between 19 percent and 44 percent higher than standard voucher per unit costs, dependent upon location and items like the number of bedrooms in a unit. One study confirmed this finding: “subsidies that result in the construction of additional housing will inevitably produce dwellings whose construction costs exceed their market values”. The average total per-unit cost of the LIHTC program far exceeds the costs of providing a voucher for a similar-sized unit. This difference is based on production costs.⁵¹

Smith (2002) studied efficiency aspects of the program. He suggested that efficiency could be measured using any of the following: price per dollar of credit, intermediary costs per dollar of equity, soft costs per apartment, total development cost per apartment, number of financing sources, credit per apartment, rent “buy-down” relative to market and mature, deep delivery infrastructure.⁵²

Several metrics also have been suggested by program stakeholders to best measure indicators of effectiveness. Suggestions included: longevity, cumulative apartments financed, percentage national utilizations, range of property types used, combinability with many programs, market share of properties financed, correlation with housing needs, evolution since inception, flexibility, compliance performance stakeholder consensus and support and successor program imitation.⁵³

Focus on performance has been reinforced by the President’s Management Agenda and the Government Performance and Results Act of 1993. As part of the initiatives, the Office of Management and Budget uses the Program Assessment and Rating Tool (PART) to evaluate program design, implementation, results and areas needing improvement. Overall ratings include “results not demonstrated”, “ineffective,” “adequate,” “moderately effective” and “effective.”⁵⁴

The PART method does not officially evaluate the keystone policy of this report, the LIHTC program. It is not evident that there are mutually agreed upon indicators for the LIHTC program. Programs without mutually agreed upon performance measures with the OMB are given overall ratings of “results not demonstrated.” Future policy analyses could encourage the OMB to evaluate the LIHTC program with the PART tool.

⁵¹ Smith, David A. *The Low Income Housing Tax Credit Effectiveness and Efficiency: A Presentation of the Issues*. Recapitalization Advisors, INC, 2002.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Strategysis LLC. *OMB’s Program Assessment Rating Tool (PART)*. http://www.john-mercier.com/omb_part.htm (accessed March 28, 2008).

The review of the literature, the data base, GIS and regression analyses, the telephone and area face to face interviews suggests:

State housing authorities might consider the following:

1. Using alternatives to census data to estimate amount of housing units, amount of housing need and per capita residency;
2. Creating a data governance entity which would manage LIHTC distribution and interpretation
3. Creating *annual* reports which indicate corrective actions taken in response to audit/oversight entity recommendations;
4. Providing incentives to local officials for streamlining their permit office procedures;
and

Federal housing authorities might consider the following:

5. Using permit office archival data (permit applications and certificates of occupancy) to determine whether developers build affordable housing without LIHTCs.
6. Coordinating local, state and federal goals and procedures
7. Providing incentives to both state and local officials which to help them reduce NIMBYism, increase mixed income developments and increase the utilize of inclusive zoning; and;
8. Using the OMB-PART program evaluation methodology to evaluate the LIHTC program

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Appendix A

Face to Face Field Responses

Agency	Program Positives	Program Challenges	Interesting Point of View	Solutions
Respondent 4 New Orleans, LA	It is easy for developers to obtain LIHTCs in this area. LIHTC is the greatest tool to encourage the development of affordable housing. The pros of LIHTC is that market can push inventors to buy it.	LIHTC approved for Orleans Parish not related to what they lost. Harder for nonprofit developers to score high on the QAP. Agencies were understaffed when GO Zone applications came in so they called in people from across the country to score the apps - resulted in identical apps receiving different scores. Allocation of tax credits is not equal to the destruction. -The problem is how long inventors can have interest in LIHTC QAP is hard in cases of difficult projects and existing building renovations. -Voices of public housing have difficulties in reaching the government. -Allocation and approval process is not as clear as hoped. -Constant checking for the most recent version of the QAP on website. It is up to developers to find out the newest version; if they do not check website on time, changes can be missed, invalidating the application. -The self-score checking and its accuracy	The market is poor right now and that is why investors are involved right now. Could Federal Flood Insurance legislation be enacted? Non-Profit developers really only active risk-takers in removing old buildings, schools, etc.; No adaptive reuse of buildings; National credit allocation by population may not be the best method; The "public hearing" was prohibitive - one workshop per application, changed from one year to the next, receive 10 points for attending the workshop; Developers cannot create the affordable housing without the tax credits from the government in this area because of high insurance rates and high cost of construction.	What about the land the city has reclaimed... can that be used? 7000 units on the government rolls pre-storm. There really is no comprehensive strategy to redevelop those properties purchased through the road home program. Need a real strategy for federal resources; Need to consider the poverty rate and number of poverty households in LA
Respondent 5 Chalmerte, LA	Low percentage of renters in the parish. Most residents are homeowners; Rebuilding proceeding without credits; Repopulation ahead of schedule;	The parish prides themselves on being a non-racially divisive and safe community; The parish population associates drugs and crime with low-income housing. Priority is to rebuild infrastructure; Developers were seen as con-artists; HUD/FEMA Funding came after people began themselves. Won't use credits because they would be forced to FEMA elevation guidelines; Infrastructure cannot support population.	"Don't need LIHTCs because we're a very close-knit community." (Geography (large percentage of wetlands) limits economic development meaning most residents work for the parish government, in local industry or in NO. Parish needs infrastructure; Parish has low percentage of renters and does not have a large affordable housing need. There should be no targeted areas - all areas are in need: -There were no rentals here before the storm.	Can extrapolate they they would take aid not tied to FEMA elevation guidelines
Respondent 6 New Orleans, LA	Might be more successful if there was less lobbying/social engineering. LIHTC is most effective; private sector can involve the system	LIHTC Program was not well publicized Residents were told to use local agencies as a last resort. Costly insurance; NIMBY-ism. Mixed income units are impossible to complete. Two problems with the market: -Increasing credit pool drives down price for investors -Perceptions from investors - comfort level; Costs approximately \$30,000 to do an application. It takes significant cost and time for applying	5000 units of those destroyed, already scheduled for demolition prior to the storm. All of the properties purchased by the Road Home program are costing more money than originally thought because the grass has to be cut, etc.; -Would be cheaper to sell off the properties to be rehabbed; No one wants to build affordable housing without credit. Government need to consider that the market reality is not normal Government need to consider market reaction time	"There needs to be a commercial incentive along with the credits to encourage infrastructure;"

Face to Face Field Responses

Agency	Program Positives	Program Challenges	Interesting Point of View	Solutions
Respondent 7 Jefferson Parish, LA	Rebuilding is happening, but slowly; Benefits from Katrina; -Better communication between parishes; -Better cooperation between parishes; -Better school systems; -Clean-up of political arena; -Better law enforcement; -Better building codes; -Better communication channel between parishes. Needs assessment was part of the recovery.	Insurance costs are too high (ins. companies left the state); Lack of Education; Lack of Health & Mental Health Care; Lack of key commerce for quite some time (e.g. stocked grocery stores); Hard to cope with evacuees from New Orleans; No public knowledge of LIHTC programs; no communication about tax credit awards; GO Zone initiatives were not highly publicized; Lack of education for builders and applicants; Lack of collaboration; Lack of skilled workforce; Lack of health care system.	The parish was overcrowded after the hurricane and thus interested in recovery first, not development; Hard to incent development because permit fees already low; Had to cope with evacuees - most areas had to deal with low, not high populations; HUD funds were ordered to be the "last resort," Hurricanes were unprecedented, overwhelmed planning and recovery resources and regional mental health; People had to exhaust their SBA funds before the agency could assist with recovery efforts. There is competition between low-income housing and housing for the general public. -Housing policy appears to be "unfolding" in the area.	Zoning/housing/planning needs to be worked at the local level; Need "inclusive zoning" like Florida. Before the storm, there was no regional planning - now there is. More residents need to consider homeownership. -Should be encouraged by the federal government for express disaster concerns.
Respondent 8 Bay St. Louis, MS	Recently constructed first grocery store; previously just had Walgreens.	NIMBYism preventing any units from being constructed; Cannot house workforce so even wealthy people having rebuilding trouble; "NO TAX CREDIT PROJECT HAS GOTTEN OFF DEAD CENTER" All tax credit allocations seem to disappear after a public notice is issued; NIMBYism to resist the development of low income housing in their neighborhood.	Provided diagram of LIHTCs being prevented. Community would rather have marina than house workforce even though there is a need for the "backbone of the workforce;" People want grocery stores, but store owners want to build near more people, and not in locations where permit denial is taking place; After Katrina, crime is undesirable and density of city was increased	<No Responses Given>
Respondent 9 Biloxi, MS	People being priced-out and stereotyped out of returning to the area. Wages no longer commensurate with rents in area. Workers can't find an affordable place to live. Allocation ≠ availability; Workforce ≠ affordable; Workforce ≠ disabled;	Disconnect between LIHTC credit allocation and unit production; Insurance costs are an issue; Lack of reliable data; Casinos are an issue (i.e. where do employees live?); NIMBYism stereotype has prevented any LIHTC units in southern MS; FEMA deadlines looming but no low-income housing ready to move into; Zero ADA accessible units - zero certificates of occupancy have been issued; Environmental Protectionism (wetland maintenance is an issue); Workforce housing during construction is real barrier for development; Lack of combined data in FEMA; Disabled, retired people cannot have a chance to have a house; Missing the big picture of the federal government (i.e. disconnect); Media presents negative image of low-income housing.	Terminology no longer means what it used to: -"Workforce housing" in not "low-income housing"; -"Workforce housing" is not "affordable housing"; -"Allocation" does not equal "availability" - there are no units available; -Wages are not commensurate with rents; -The term workforce housing reduces the number of people in need of housing. -It does not include the elderly or homeless. The business sector (i.e. casinos) must work with the LIHTC program; -Casinos were online first after the storm - some negative sentiment about this. -Casinos/Gulf Coast businesses should support the building of these units so their workers can have a place to live; -There are no living wages here.	Hired a PR expert to combat NIMBYism; Trust is essential for dealing with local governments; Cross-sector collaboration (public-private-nonprofit) partnerships will be important to move forward; Doing a public awareness campaign; Public awareness campaign using PR or Media would be needed.

Face to Face Field Responses

Agency	Program Positives	Program Challenges	Interesting Point of View	Solutions
Respondent 10 Biloxi, MS	MS Government was concerned about releasing funds to local housing authorities. Money would've been better served if it had come straight from HUD. Too many strings attached to CDBG funds.	Tax credit syndicators have been very supportive. NIMBYism Sometimes, the federal level policies did not consider the regional characteristics. Biloxi has diverse income and small population so that mixed demographic characteristics is considered.	225 units will be done by 12/31/2007. 76 units already done. Social security recipients are raising the AMI, but one couple together do not qualify for affordable housing. Social security concern is raising there are some misconceptions; - Everybody affected by storm; it is misconception that only low-income people were affected by storm; - Middle and high class also are affected; - Katrina had affected on totally the market situation Huge demand for worker housing- statistics cannot reflect the reality because of lack of reliable data	"This city was created by a factory owner and his fisherman all living together in harmony. Why can't it be like that again?" mixed income development is more sustainable
Respondent 11 Gulfport, MS	The elevation certificates added 4ft. To the base level. Builders have to get a surveyor and an engineer before they can start. FEMA generated federal maps that indicate how much elevation builders have to abide by.	Data is not computerized and no distinction between regular housing and low income housing. Do not track Certificates of Occupancy (CO) whatsoever	Increases on permit issuance have leveled off;	<No Responses Given>
Respondent 12 Biloxi, MS	Homelessness is not a part of the conversation. There are no emergency shelters and the Seaside Mission is gone. Local people need to overcome fear before anything can actually change/start/continue. There is fear about government	Problems include: -Insurance costs; -Neglect for lowest income residents; -Need to improve the quality of housing. -"The plan is: there is no plan" -Lack of data to reflect these issues.	Even minorities do not want to support poor people's housing efforts. Classism not racism; Economists not racism. Coastal elitism is the main problem. Homelessness will burgeon because of the housing issue. The focus has been on the working class (80-120% of AMI) not the destitute groups. Need should be primary concern of the welfare system.	Good idea to lower the % of AMI? Is it illegal to lobby for affordable housing? FEMA trailers should be replaced by seaside cottages (e.g. Katrina cottages) - a more long-term solution.
Respondent 13 LA & MS	<No Responses Given>	The Best Program is one in which both vouchers and credits are provided but only a little of each so folks don't become too lazy.	Not implemented for the lowest income folks. Application process is far too cumbersome.	<No Responses Given>
Respondent 14 Jackson, MS	Is it a fair process? Number of permits issued not correlary to number of units that will eventually be occupied. LIHTC can be incentive for letting developers involve	Short time to prepare response to QAP. Standards are vague. This developer able to reply and be approved for LIHTCs. Prohibitive aspects of LIHTC application: tough number of tasks, short time to prepare the application, some vague standards	On some occasions, the lowest bidding/highest scoring contractor not awarded the contract. Regional conditions need to be considered.	HUD needs to check and increase the AMI more frequently. The numbers just don't work for mixed-income and the Mississippi Home Corporation does not see that. Nobody wants to build without significant money Mixed income neighborhoods are not realistic
Respondent 15 Biloxi, MS	Have been successful in some cases in suing for some low-income renters who were "illegally" evicted	NIMBY-ism rampant; Insurance costs high; Elevation requirements not reasonable nor are they being followed. Biloxi has been successful because of "special characteristics of the community and staff." there is a deep frustration with Jim Crowism and historical community disinvestment. Mississippi made a "poor policy choice" to not have a CDBG-LIHTC Piggyback program;	FEMA numbers are most reliable. Affordable housing needs include the population with between 60-80% of AMI.	Fast-tracking building permits by easing zoning restrictions may circumvent NIMBY. Need to piggyback LIHTC with CDBG. Implement state fair housing legislation.

Face to Face Field Responses

Agency	Program Positives	Program Challenges	Interesting Point of View	Solutions
<p>Respondent 16 Biloxi, MS</p>	<p>NIMBYism – no authority to tell local communities how to approach units. Not enough credits to go around. LIHTC has created the most production of any other program: 8000 units; in Hancock county, state fund program was useful. FEMA deadlines loom, but no low-income housing units are ready to move into. Zero ADA accessible units - zero certificates of occupancy have been issued. LIHTC has distinguished results to improve the quality -For better service, application has: 1) score criteria, and 2) owner criteria</p>	<p>LIHTC requirements have positive impacts on neighborhoods. LIHTC developers are attracting quality investors in MS. Concerns for delays: -City building sites; -Wetlands; -Building permits; -NIMBYism and fear; -Local conflicts among entities and interests; -Location issues being resolved; -LIHTC allocation delayed in Go-Zone. -Lack of federal funding - not enough credits; -Long-term issue - fees for change; -Federalism, relations with federal government; -Lack of provision for carryover of return credits.</p>	<p>Non-zoned counties need proof of available utilities; Lack of provision on carryover/returned credits; For accurate allocation, we require the accurate and detail evidences on each self-score Through pre-application, we can help applicants to fill out the application materials</p>	<p>Mississippi has the lowest average income of any state; The supply of housing stock does not keep up with the need. Education takes up 2/3 of the state's budget, so not much left for anything else;</p>
<p>Respondent 17 Jackson, MS</p>	<p>LIHTC funds create about 90% of the affordable housing market; LIHTC is the best program he's worked with.</p>	<p>NIMBY-ism; Lengthy and costly application process; Combination of LIHTC and Section 8 vouchers is one way to make units more affordable; -The voucher program is good, but the vouchers pay too much when paired with a LIHTC development; -There should be a minimum rent to encourage people to move up the ladder.</p>	<p>It is not cost-feasible to have rents below construction costs (~\$200/month) The application process through the Mississippi Home Corporation (MHC) is cumbersome, but necessary;</p>	<p>Need to piggyback LIHTC with CDBG; Raise level of LIHTC; He focuses completing development by avoiding the politics and maintaining positive community relationships;</p>

Appendix B

Builder-Developer Telephone Survey (Non-Credit Award Winner Survey = P1.1)

Hello! My name is _____ and I am a graduate student at The Bush School of Government and Public Service at Texas A&M University and I am currently working on a project for the Congressional Research Service at the Library of Congress. Specifically, I am conducting a survey of developers in the Gulf Region and their experiences with the Low-Income Housing Tax Credit (LIHTC) Program.

The responses we collect will be used to inform the U.S. Congress about the extra LIHTC allocations included in the Gulf Opportunity Zone Act of 2005. Because of this, your participation is valuable and important. The information you provide will be kept strictly confidential and no personal information will be revealed. This interview should not take more than thirty minutes to complete.

I am contacting you specifically because you are listed as the contact person for Builder-Developer Name _____.

P1.2 Builder-Developer ID# _____ Name _____
P1.3 State Where Development Located (___ 1 = LA and ___ 2 = MS)
P1.4 Parish / County Where Development Located (Consult Research Code) # _____
P1.5 Builder-Developer Type ___ 1 = For Profit ___ 2 = Non-Profit
P1.6 Interviewer ID: 1=Eric, 2=Casey, 3=David, 4=Beth (Interviewer circle one number)

PART II: BUILDER-DEVELOPER INVOLVEMENT WITH THE LIHTC PROGRAM

First, I am going to ask you some questions about your involvement in the Program.

P2.1. What was the number one reason you chose to apply for LIHTCs ? (Interviewer, please summarize for builder and then insert into Excel Software Program)

P2.2. Prior to the Hurricanes of 2005 did you have any LIHTC developments in LA/MS?

1. = Yes 2= No (Interviewer, please circle number)

P2.2a How many? _____

P2.3. Were any of your developments severely damaged by the storm?

1. = Yes 2= No (Interviewer, please circle number)

P2.3a How many? _____

P2.4. How many of the units in your development(s) are back in service after the storm?

_____ (Interviewer, please fill in the blank)

PART III: BUILDER DEVELOPER INVOLVEMENT WITH THE GO ZONE AREA

P3.1. How many LIHTC GO-Zone applications did you submit in 2006?

_____ (Interviewer, please insert a number)

P3.2. How many of your LIHTC Go-Zone applications were awarded a contract in 2006?

_____ (Interviewer, please fill in the blank)

P3.3. Please provide the reason you believe your application(s) were not awarded a contract (Interviewer please insert an X next to the reason indicated by Developer).

P3.3a__ Did not meet threshold requirements

P3.3b__ Did not meet minimum scoring point threshold

P3.3c__ Not enough credits to fund

P3.3d__ Not eligible for tax credits due to non-compliance

P3.3e__ Other _____

P3.4. For developments denied in 2006, did you reapply?

1. = Yes

2. = No (Interviewer, please circle number)

P3.5. Did you win a contract after you were denied in 2006?

1. = Yes

2. = No (Interviewer, please circle number)

P3.6. Please provide the reason why you believe your application(s) were not awarded a contract (Interviewer, please insert brief summary of narrative here).

P3.7. Did you build any other type of *low income rental* housing in 2006?

1. = Yes

2. = No (Interviewer, please circle number)

P3.8. Did you build any *private market rate rental* housing at the market rate instead?

1. =Yes -

2. = No (Interviewer, please circle number)

P3.9. Have there been delays in building this low income housing development?

1. = Yes

2. = No (Interviewer, please circle number)

P3.10. Why? Please Explain (Interviewer, please summarize for builder and then insert into Excel Software Program)

PART IV: BUILDER-DEVELOPER APPLICATION AND ALLOCATION PROCESS

This fall, we traveled to the region and conducted interviews with several key players in the program. From the information we received, we saw several reoccurring themes and would like to get your opinion on those now.

P4.1. The state Qualified Application Process and corresponding point system used to allocate the additional LIHTCs given to states in the 2005 GO Zone Act was easy to understand.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

P4.2. If Disagree (≤ 5): Which parts of the process were more difficult?

P4.3. The LIHTC QAP workshop for the additional LIHTCs given to states in the 2005 GO Zone Act was helpful in completing the application.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

P4.4. If Disagree (≤ 5): How could the workshop have been more useful?

P4.5. The required market study for the LIHTC QAP is hard to obtain.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

P4.6. If Disagree (≤ 5): Why was the market study difficult to obtain?

P4.7. The normal federal process of allocating LIHTCs to states on a per capita basis is the most effective option for this issue.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

P4.8. If Disagree (≤ 5): What would be another possible way to allocate the credits to states? (Interviewer, please insert brief summary of narrative here)

P4.9. The additional allocation of needs-based LIHTCs to states in the 2005 GO Zone Act was well distributed.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

P4.10. If Disagree (≤ 5): How could they have been distributed differently? (Interviewer, please summarize for builder and then insert into Excel Software Program)

P4.11. Have you had trouble renting your units?

1. = Yes 2. = No (Interviewer, please circle number)

P4.12. Did you have a problem finding a good insurance rate?

1. =Yes 2. = No (Interviewer, please circle number)

P4.13. If yes, please explain (Interviewer, please insert brief summary of narrative here)

P4.14. What type of financing did you seek to build the developments?
(Interviewer please insert an X next to the type of funding indicated by Developer).

P4.14a __ Section 515 Loan

P4.14b __ CDBG Funding

P4.14c __ HOME Funds

P4.14d __ FHA Loan

P4.14e __ HOPE VI Funds

P4.14f __ Other _____

PART V FINAL BUILDER-DEVELOPER THOUGHTS AND SUGGESTIONS

In closing we would appreciate it if you would add any important dimensions that we have overlooked or expand upon anything you have previously touched upon by answering these last few questions.

P5.1. Is there anything you would like to tell me to help me better understand the benefits and challenges associated with contracting with LIHTC program or the GO-ZONE Act? (Interviewer, please summarize for Developer then insert summary in Excel Software Program).

P5.2. If you could make any suggestions to Congress on how to make this program better, what would you propose? (Interviewer, please summarize for Developer then insert summary in Excel Software Program).

P5.3. In closing, is there anything else you would like to tell me? (Interviewer, please summarize for Developer then insert summary in Excel Software Program)

We sincerely appreciate the time you took to complete the survey.

Thank you!

Builder-Developer Telephone Survey (Credit Award Winner Survey = Q1.1)

Hello! My name is _____ and I am a graduate student at The Bush School of Government and Public Service at Texas A&M University and I am currently working on a project for the Congressional Research Service at the Library of Congress. Specifically, I am conducting a survey of developers in the Gulf Region and their experiences with the Low-Income Housing Tax Credit (LIHTC) Program.

The responses we collect will be used to inform the U.S. Congress about the extra LIHTC allocations included in the Gulf Opportunity Zone Act of 2005. Because of this, your participation is valuable and important. The information you provide will be kept strictly confidential and no personal information will be revealed. This interview should not take more than thirty minutes to complete.

I am contacting you specifically because you are listed as the contact person for Builder-Developer Name _____.

Q1.2 Builder-Developer ID# : _____ Name _____
Q1.3 State Where Development Located: ____ 1 = LA and ____ 2 = MS)
Q1.4 Parish / County Where Development Located: Consult Research Code # : _____
Q1.5 Builder-Developer Type: ____ 1 = For Profit ____ 2 = Non-Profit
Q1.6 Interviewer ID : (1=Eric, 2=Casey, 3=David, 4=Beth (Interviewer circle one number)

PART II: BUILDER-DEVELOPER INVOLVEMENT WITH THE LIHTC PROGRAM

First, I am going to ask you some questions about your involvement in the Program.

Q2.1. What was the number one reason you chose to enter the LIHTC development market?
(Interviewer, please summarize for builder and then insert into Excel Software Program)

Q2.2. Prior to the Hurricanes of 2005 did you have any LIHTC developments in LA/MS?

1. = Yes 2= No (Interviewer, please circle number)

Q2.2a How many? _____

Q2.3. Were any of your developments severely damaged by the storm?

1. = Yes 2= No (Interviewer, please circle number)

Q2.3a How many? _____

Q2.4. Of those developments, how many are placed in service today?
_____ (Interviewer, please insert a number)

Q2.5. Also, in those developments how many units are currently placed in service?
_____ (Interviewer, please insert a number)

Q2.6. What type of financing do you obtain in order to pay for your developments?

(Interviewer please insert an X next to the type of funding indicated by Developer).

Q2.6a__ Section 515 Loan

Q2.6b__ CDBG Funding

Q2.6c__ HOME Funds

Q2.6d__ FHA Loan

Q2.6e__ HOPE VI Funds

Q2.6f__ Other _____

PART III: BUILDER DEVELOPER INVOLVEMENT WITH THE LIHTC-GO ZONE AREA

Q3.1. Prior to the storm, how many units were placed in service within your developments located in the area now called the GO Zone?

_____ (Interviewer, please insert a number)

Q3.2. How many LIHTC Go-Zone applications did you submit in 2006 under the GO Zone Act?

_____ (Interviewer, please insert a number)

Q3.3. How many of these LIHTC Go-Zone applications received a contract in 2006?

_____ (Interviewer, please insert a number)

Q3.4. Of those not awarded a contract, specify the reason below by inserting an 'X':

3.4a__ Did not meet threshold requirements

3.4b__ Did not meet minimum scoring point threshold

3.4c__ Not enough credits to fund

3.4d__ Not eligible for tax credits due to non-compliance

3.4e__ Other _____

Q3.5. For development(s) that were initially denied, did you reapply in the next cycle?

1. Yes 2. No (Interviewer, please circle number)

Q3.6. And how many of these reapplications were subsequently awarded a contract?

_____ (Interviewer, please insert a number)

Q3.7. Why was your re-application awarded a contract but your original was not?

(Interviewer, please summarize for builder and then insert into Excel Software Program)

Q3.8. Of the developments awarded a contract in 2006, how many were subsequently awarded Certificates of Occupancy?

_____ (Interviewer, please insert a number)

Q3.9. Of the developments awarded Certificates of Occupancy, what percentage of renters are less than 60% of the area median income?

_____ % (Interviewer, please a number here)

Q3.10. What reasons would you cite as the cause of any delays you may have experienced in the building process? (Interviewer, please summarize for Developer then insert summary in Excel Software Program)

Q3.11. Why did chose the parish/county that you did? (Interviewer, please summarize for Developer then insert summary in Excel Software Program)

PART IV: BUILDER-DEVELOPER APPLICATION AND ALLOCATION PROCESS

Now I would like to ask you some questions regarding your level of satisfaction with the LIHTC program in general. This fall, we traveled to the region and conducted interviews with several key players in the program. From the information we received, we saw several reoccurring themes and would like to get your opinion on those now.

Q4.1. The required market study for the LIHTC QAP is hard to obtain.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.2. If Disagree (≤ 5): Why was the market study hard to obtain?

Q4.3. The LIHTC QAP workshop for the additional LIHTCs given to states in the 2005 GO Zone Act was helpful in completing the application.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.4. If Disagree (≤ 5): How could the workshop have been more useful?

Q4.5. The permits required to start building were obtained easily.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.6. If Disagree (≤ 5): What made this process more difficult?

Q4.7. The state Qualified Allocation Plan and corresponding point system used to allocate the additional LIHTCs given to states in the 2005 GO Zone Act was easy to understand.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.8. If Disagree (≤ 5): Which parts of the plan were more difficult?

Q4.9. The normal federal process of allocating LIHTCs to states on a per capita basis is the most effective option for this issue.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.10. If Disagree (≤ 5): What would be another possible way to allocate the credits to states?

Q4.11. The additional allocation of needs-based LIHTCs to states in the 2005 GO Zone Act was well distributed.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.12 If you disagree (indicated ≤ 5): How could they have been distributed differently?

Q4.13. A public notice and meeting were held in the communities where my proposed developments are located at which I was fairly represented.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.14. If Disagree (≤ 5): Why do you feel you were not fairly represented?

Q4.15. The communities where my developments are located were receptive to LIHTC units being placed in their neighborhoods.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree					Strongly Agree				

Q4.16. If Disagree (≤ 5): Why do you think they are not receptive?

PART V BUILDER-DEVELOPER FINAL THOUGHTS AND SUGGESTIONS

In closing we would appreciate it if you would add any important dimensions that we have overlooked or expand upon anything you have previously touched upon by answering these last few questions.

Q5.1. Is there anything you would like to tell me to help me better understand the benefits and challenges associated with contracting with LIHTC program or the GO-ZONE Act? (Interviewer, please summarize for builder and then insert into Excel Software Program)

Q5.2. If you could make any suggestions to Congress on how to make this program better, what would you propose? (Interviewer, please summarize for builder and then insert into Excel Software Program)

Q5.3. In closing, is there anything else you would like to tell me? (Interviewer, please summarize for builder and then insert into Excel Software Program)

***We sincerely appreciate the time you took to complete the survey.
Thank you!***

Appendix C

Telephone Survey Data

Number of Damaged Units in Service Today

Builders and developers in the Gulf Region have begun reconstructing damaged LIHTC units. Mississippi recipients of LIHTC credits appear to have made more progress than Louisiana recipients, but this finding may be misleading because the respondents from Mississippi outnumber respondents from Louisiana (see Table C1). It also appears that non-credit award winners have repaired more damaged units than credit award winners. This finding may also be misleading because of the small non-credit award winner sample size; a more complete sample may reveal a different finding.

Table C1: Number of Damaged Units in Service Today

	Louisiana	Mississippi	Total	Mean	Respondents
Credit Award Winner	300	557	5313	531.3	10
Non-LIHTC Award winner	-	3004	6008	3004	2

P2.4. How many of the units in your development(s) are back in service after the storm?

Q2.5. Also, in those developments how many units are currently placed in service?

Type of Financing Used in Construction

Builders and developers in the Gulf Region have used a variety of financing for construction either in addition to or in lieu of the LIHTC credit. LIHTC contractors appear to have used more types of financing than non-credit award winners, ranging from Section 515 loans, CDBG funding, HOME funds, FHA loans, and HOPE VI funds. The prevailing type of financing for both credit award winners and non-credit award winners falls in the “other” category. The most common type of “other” financing included conventional bank loans or mortgages.

Table C2: Type of Financing Used in Construction

	515 Loan	CDBG Funding	Home Funds	FHA Loan	Hope VI Funds	Other
Credit Award Winner						
Count	5	4	5	3	3	11
Percentage	16.10%	12.90%	16.10%	9.70%	9.70%	35.50%

Non-Credit Award Winner						
Count	0	0	0	0	0	4
Percentage	0%	0%	0%	0%	0%	100%

P4.14. What type of financing did you seek to build the developments?

- a. Section 515 Loan
- b. CDBG Funding
- c. HOME Funds
- d. FHA Loan
- e. HOPE VI Funds
- f. Other

Q2.6. What type of financing do you obtain in order to pay for your developments?

- a. Section 515 Loan
- b. CDBG Funding
- c. HOME Funds
- d. FHA Loan
- e. HOPE VI Funds
- f. Other

Number of Applications Submitted

The total number of applications submitted differed between credit award winners and non-credit award winners in Mississippi. Two respondents reported they have '0' application submitted for 2006 LIHTC: one is a credit award winner in Mississippi and another is a credit award winner in Louisiana. However, it should be interpreted as '1' because they had applications in the 2006 application pools. Including these adjusted numbers, the total number of application in Mississippi was 70 among 15 respondents. Respondent in Louisiana was only one person who is a credit award winner. The total number of applications submitted by credit award winner was 55. Data for non-credit award winner is unavailable for Louisiana.

Table C3: Total Number of Applications Submitted

	Louisiana	Mississippi	Respondents
Credit Award Winner	1	54	12
Non-Credit Award Winner	-	16	4

P3.1. How many LIHTC GO-Zone applications did you submit in 2006?

Q3.2. How many LIHTC Go-Zone applications did you submit in 2006 under the GO Zone Act?

Opinions About the LIHTC Application Process

Several survey questions sought opinions regarding the LIHTC application process. Credit award winners and non-credit award winners in Mississippi rated the application process similar (see Table C4). These builders and developers felt moderately strong (8-8.18 rating out of 10) that the QAP was easy to understand and moderate (6.5-7.33 rating out of 10) that the QAP workshop was helpful. Mississippi credit award winners rated the market study as more difficult to obtain than non-credit award winners in the state (3.83 versus 1.5 rating out of 10).

Additionally, Mississippi credit award winners rated the application process higher than Louisiana credit award winners. The largest difference in ratings concerned the helpfulness of the QAP workshops. Mississippi credit award winners looked upon the helpfulness of the workshops more favorably than Louisiana credit award winners (7.33 versus 3 rating out of 10). Likewise, Mississippi credit award winners felt more strong that the QAP was easy to understand than Louisiana credit award winners (8.18 versus 4 rating out of 10). Credit award winners in both states rated the ease of obtaining the market study similarly (3-3.9 rating out of 10).

Table C4: Opinions About the LIHTC Application Process**QAP was Easy to Understand**

	Louisiana	Mississippi	Total	Respondents
Credit Award Winner	4	8.18	7.83	12
Non-Credit Award Winner	-	8	8	4

P4.1. / Q4.7. The state Qualified Allocation Plan and corresponding point system used to allocate the additional LIHTCs given to states in the 2005 GO Zone Act was easy to understand. (1- Strongly disagree / 10- Strongly agree)

QAP Workshop was Helpful

	Louisiana	Mississippi	Total	Respondents
Credit Award Winner	3	7.72	7.33	12
Non-Credit Award Winner	-	6.5	6.5	4

P4.3. / Q4.3. The LIHTC QAP workshop for the additional LIHTCs given to states in the 2005 GO Zone Act was helpful in completing the application. (1- Strongly disagree / 10- Strongly agree)

Market Study was Hard to Obtain

	Louisiana	Mississippi	Total	Respondents
Credit Award Winner	3	3.9	3.83	12
Non-Credit Award Winner	-	1.5	1.5	4

P4.5. / Q4.1. The required market study for the LIHTC QAP is hard to obtain. (1- Strongly disagree / 10- Strongly agree)

Opinions About the LIHTC Allocation Process

Several survey questions sought opinions regarding the LIHTC allocation process. Similar to the ratings associated with the application process, Mississippi credit award winners and non-credit award winners felt similarly about the LIHTC allocation process (see Table C5). Mississippi credit award winners and non-credit award winners felt moderately strong that the per-capita allocations are the most effective option for affordable housing policy (7.09-8 rating out of 10) and moderately agreed that the GO-Zone LIHTC credits were well-distributed (6.63-6.67 rating out of 10). Additionally, Louisiana credit award winners felt more strongly that the per-capita basis is the most effective policy option and that the GO Zone credits were well-distributed than Mississippi credit award winners.

Table C5: Opinions About the LIHTC Allocation Process**Allocating on Per Capita Basis is Most Effective Option**

	Louisiana	Mississippi	Total	Respondents
Credit Award Winner	10	7.09	7.33	12
Non-Credit Award Winner	-	8	8	4

P4.7. / Q4.9. The normal federal process of allocating LIHTCs to states on a per capita basis is the most effective option for this issue. (1- Strongly disagree / 10- Strongly agree)

GO Zone Credits were Well-Distributed

	Louisiana	Mississippi	Total	Respondents
Credit Award Winner	9	6.63	6.83	12
Non-Credit Award Winner	-	6.67	6.67	3

P4.9. / Q4.11. The additional allocation of needs-based LIHTCs to states in the 2005 GO Zone Act was well distributed. (1- Strongly disagree / 10- Strongly agree)

Reasons For Not Receiving a Contract

Non-credit award winners were asked why they were not awarded LIHTC credits. Three responses were collected, which were split between not meeting the minimum scoring point threshold, the housing finance agency not having enough credits and “other.”

Table C6: Reasons for Not Receiving a Contract

Reasons Not Awarded	Number	Percentage
Did not meet threshold requirements	0	0%
Did not meet minimum scoring point threshold	1	33.30%
Not enough credits to fund	1	33.30%
Not eligible for tax credits due to non-compliance	0	0%
Other	1	33.30%
<i>Total</i>	3	100%

P3.3. Please provide the reason you believe your application(s) were not awarded a contract (Interviewer please insert an X next to the reason indicated by Developer).

- Did not meet threshold requirements
- Did not meet minimum scoring point threshold
- Not enough credits to fund
- Not eligible for tax credits due to non-compliance
- Other

Community Relations

Two survey questions solicited input about community relations from LIHTC recipients (see Table C7). First, respondents were asked if a public notice and meeting were held at which they were fairly represented. Louisiana credit award winners felt more strongly than Mississippi credit award winners that they were fairly represented if a public notice and meeting were held (7.82 versus 10 rating out of 10). Second, credit award winners were asked if the community was receptive to the LIHTC developments. Louisiana credit award winners felt less strong than Mississippi credit award winners that the communities were receptive. This information may have limited generalized applicability because of the small number of Louisiana respondents.

Table C7: Community Relations

	Louisiana	Mississippi	Total	Respondents
Fair Representation in Public Notice and Meeting	10	7.82	8	12
Community was Receptive	5	7.64	7.42	12

Q4.13. A public notice and meeting were held in the communities where my proposed developments are located at which I was fairly represented. (1- Strongly disagree / 10- Strongly agree)

Q4.15. The communities where my developments are located were receptive to LIHTC units being placed in their neighborhoods. (1- Strongly disagree / 10- Strongly agree)

Permitting Process

Credit award winners were asked if requisite permits were easy to obtain. Mississippi credit award winners moderately agreed that the permits were easy to obtain (6.5 rating out of 10), while the Louisiana respondent felt moderately strong that permits were not easy to obtain (2 rating out of 10). The difference in ratings between the states may signify that the processes differed significantly, but it may also be a result of the low response rate for Louisiana.

Table C8: Permits were Easy to Obtain

	Louisiana	Mississippi	Total	Respondents
Permits were easy to obtain	2	6.5	6.09	11

Q4.5. The permits required to start building were obtained easily. (1- Strongly disagree / 10- Strongly agree)

Non-Credit Award Winner Actions

From the limited non-credit award winner data, the telephone survey indicated that builders and developers that did not receive LIHTCs did not tend to build other low-income housing or market rate housing.

Table C9: Non-Credit Award Winner Actions

Did Non-Credit Award Winner Build Other Low Income Housing Anyway?				
	Louisiana	Mississippi	Total	Respondents
Yes	-	1	1	1
No	-	3	3	3

P3.7. Did you build any other type of low income rental housing in 2006?

Did Non-Credit Award Winner Build Market Rate Housing?				
	Louisiana	Mississippi	Total	Respondents
Yes	-	0	0	0
No	-	4	4	4

P3.8. Did you build any private market rate rental housing at the market rate instead?

Delays in Construction

From the limited non-credit award winner data, the telephone survey indicated that builders experienced delays in construction.

Table C10: Number of Builder-Developers Citing Construction Delays

	Louisiana	Mississippi	Total	Respondents
Yes	-	3	3	3
No	-	1	1	1

P3.9. Have there been delays in building this low income housing developments?

Narrative Answers (Q: Credit Award Winner)

Code

- **CB#:** Beth #
- **CC#:** Credit award winner Casey #
- **CE#:** Credit award winner Eric #
- **CD#:** Credit award winner David #

Q2.1. What was the number one reason you chose to enter the LIHTC development market?

Important Points

(CB2) They have been developing LIHTC housing **since 1989**. This is their main business.

(CB4) They wanted to make money and he owned his own property, so they had the means to do it.

(CB5) The deal looked **lucrative** and it was the only way to rebuild low-income housing on the Gulf Coast, considering insurance and construction costs.

(CB6) To provide affordable housing to **rural** Mississippi

(CC1) They are involved in the program to make a **profit**.

"Which works well for everyone; [the developers] make **money** and [low-income populations] get housing."

(CC2) "LIHTCs offer a great opportunity for **profit** and a great way to help the community by building much-needed housing."

(CC3) "The LIHTC program helps to provide housing to the community. It is an avenue to do a **community service** while possibly making money."

(CC4) Bottom line, [the developer] entered the market to make a **profit**.

(CC6) [The developer has] "only been involved for one year." They "got into this because [their] **grant writer** found out about the program through research. [They] mainly [renovate] existing houses, but [they] hope to move into the new unit market soon"

(CC7) The developer has been involved in the LIHTC program **since 1997**.

"It was a success, so [they] have continued. [They] have exclusively developed single family detached homes. [They] use this avenue to help [their] clients in the **community action** agency."

(CD5) It is an opportunity to advance the creation and expansion of affordable housing. Also, it's the **least governmental** government program.

Q2.6. What type of financing do you obtain in order to pay for your developments?

Q2.6f __ Other _____

Important Points

(CB1) tax credits and bonds

(CB2) **Conventional** construction and permanent financing

(CB5) The developer took out a secured loan from the bank. There were problems because the bank did not understand the process. The developer probably wouldn't have gotten a **loan** if he wouldn't have gone the secured route. Now, his personal life is in jeopardy because the financing partner (Alliance) has delayed funds over 4 months. He might lose his home because of the delay.

(CC1) The developer primarily uses commercial **bank loans**.

(CC2) The developer mostly uses conventional **bank loans** to fund their projects.

(CC3) The developer uses all of the funds listed above in addition to "loan guarantees through the USDA and **538 money**. **HOME funds** are the hardest to get."

(CC4) The developer "also utilize[s] **conventional** financing for [their] developments."

(CC6) The developer receives "**grants** to fund [their] projects."

(CC7) All of their developments "use **conventional** mortgage loans from a local bank. One development received an **AHP grant** from **Home Loan** bank."

(CD5) The developer "uses each, not simultaneously, but in conjunction with LIHTCs."

Q3.4. Of those not awarded a contract, specify the reason below by inserting an 'X':

3.4e __ Other _____

Important Points

(CB2) The state housing finance agency deviated from the QAP and selected where the governor wanted to **fund regardless of need and balance in market**.

(CB4) Didn't score high enough (scored 85 out of 102)

(CB6) Outscored by other apps

(CC1) Both of [their] "applications received enough points to be rewarded credits, but [their] second development was named as a winner then the credits were revoked and given to a development closer to the coast."

Q3.7. Why was your re-application awarded a contract but your original was not?

Important Points

(CB4) Scored higher (97 instead of 85)

(CB6) Not enough lead time on the original, also revitalization was given priority

(CC1) "The QAP gives the Housing Corporation the right to reward and revoke credits when and however they please. For that reason, they reward credits closer to the coast, rather than those further away."

(CC2) "Probably for the reason [the state housing finance agency] gave: not enough credits to fund."

(CC4) The LIHTC process is "very competitive and [the developer] play[s] the game well."

Q3.10. What reasons would you cite as the cause of any delays you may have experienced in the building process?

Important Points

- (CB1) Wetlands – “getting through the Corps of Engineers and Mississippi Department of Environmental Quality and receiving a wetland permit to build on the property lender - (no elaboration after follow -up)”
- (CB2) "Largest single problem has been the Corps of Engineers drastically increasing their involvement in Wetlands determinations across the state. [The state] now have high and dry hill sides being declared wetlands, which we have to spend more money on to pay the extortion like prices from the former Corps employees who for the most part as [the developer] understand[s] own the mitigation banks that you have to buy credits from. The cost is one problem, but even more deadly is the extended process and time consumed in trying to get through the Corps, the Department of Marine Resources and the Mississippi Department of Environmental Quality. Next would be the communities who did not what LIHTC housing and knowing that there are really sensitive time deadlines on completing same, have delayed allowing the developments to get started, waiting for them to die against the hard deadlines in the program.
- (CB5) The tax credit financing partner delayed funds. "Insurance rates are a killer" because of the "huge variables." It was also a challenge to find qualified labor for reasonable prices.
- (CB6) Fluctuations in equity pricing uncertainties in insurance and taxes
- (CC1) The developer said that the exact cause of their delays was "the Army Corps of Engineers and the Wetland restrictions in Mississippi. All of the developable land has been developed and there is no more available land, yet they are still approving new projects for the area."
- (CC2) The developer's “biggest problem has been dealing with the Army Corps of Engineers and getting approval to build on wetlands areas. That adds between 6 and 8 months to any deal."
- (CC3) "The price of asphalt and wood on the Gulf Coast has really held [the developer] back. The building material costs are really slowing [the developer] down."
- (CC4) "The low-incoming housing development process is very time-consuming. And there are zoning issues, NIMBY issues and annexation issues that make it even more difficult."
- (CC6) "[The developer] hasn't really had any delays."
- (CC7) "[The developer] had city issues. Since [their] development was approved, the requirements to receive permits are now much more extensive."

Q3.11. Why did chose the parish/county that you did?

Important Points

- (CB1) Waveland – The developer “already had a presence there that was hit.” A rural development property -- also the need and the waiting list. The developer has “ tenants that were moving back in to [their] complex that was destroyed and people hearing and calling about the new complex, there is now a waiting list for when the project is complete.”
- (CB2) “The point process for competition as set out in the QAP determines where [the developer] appl[ies]. Points drive the lives of LIHTC developers, or at least have in the past when the State Housing Finance Agency adhered to the plan rather than be directed by the Governor. In the past when the system was honored, if [the developer] couldn’t score high enough to be successful, [the developer was] wasting [their] time applying. Now with the new mystical Carnac the Magnificent (Johnny Carson character) process implemented by the Governor [the developer has] no idea of what will be funded and what will not. It would be simpler if the Governor would just tell [the developers] where he wants developments and then [the developers] could save time by applying there. He is going to have the Agency do it that way anyway, even though they publish some type explanation of their actions, it boils down to doing what they want. Appealing is of no use, as once the credits are awarded they cannot take them back and do it correctly, leaving developers in a very trying situation. [Developers] understood that the money in the LIHTC program is to produce housing and not be used as some type empowerment program for incompetents, or as a political arm of the Governor’s office. This plan is supposed to be operated per the regulations in Section 42 of the IRC. The current program does not award a higher quality development and operator (critical to success in housing development, regardless of the real estate product delivered). Developers who build true low income developments with the same money quality developers develop quality market rate housing to be rented at low income levels are not awarded for doing more with the funding. Nor is there any recognition for quality operators, the backbone of success in affordable housing.”
- (CB5) The developer was in the market before the storm. He owned about 200 apartment units and 7 shopping centers.
- (CB6) The developer built there because of the damage and because encouragement from local officials
- (CC1) "The QAP offered extra points for planning ... development[s] in the GO Zone and especially, the coastal counties, so [the developer] chose to build in that area for the extra points."
- (CC2) The developer tends “to choose the more populated areas that will be best served by low-

income housing."

(CC3) The developer "chose those areas because they were the **hardest hit** and most in **need** of housing. As well, [developers] received extra point on your application if [they] were in that region."

(CC4) The developer "built in those counties because Mississippi was focused on the Gulf counties and offered **additional points** for developments placed there."

(CC6) "This is the county [the developer] work[s] from so [they] felt it was important to **support [their] community**."

(CC7) The developer "actually chose to build in the county [they] did because **they asked [them] to**. Prior to the storm, the mayor of Wiggins had asked [the developer] to build some low-income housing there. After the storm, [the developer] wanted to build there because of the **proximity to the Gulf Coast** and that would be good for evacuees."

Q4.2. If Disagree (≤ 5): Why was the market study hard to obtain?

Important Points

(CB2) The market study was not hard to obtain, just hire a **competent market study consultant**.

(CB6) The market study was **expensive**, The developer had to use an out-of-state firm

(CC1) The developer was not sure who told the research team that the market study was "hard to obtain... they are expensive, but [the developer has] to put money in to make money. One **application costs us about \$40,000**. [The developer] wouldn't expect to pay any less."

(CC2) The developer has "not had any issues with obtaining the market studies."

(CC3) The developer has "not really struggled with the cost of the market study. More or less, [the developer has] had issues with finding **third parties** that [the developers] and the housing agencies can trust."

(CC4) "The market study is **easy** for [the developer]."

(CC6) "The market study was actually fairly **easy** to obtain."

Q4.4. If Disagree (≤5): How could the workshop have been more useful?

Important Points

- (CB4) They're not useful to the developer because they've been developing for a long time. They attend the workshop only to see what has changed from the last QAP. They "reckoned" that it was helpful for new builders. It could be more helpful if the lady who runs the meetings was less monotone. The workshops tend to drag on and on.
- (CC1) "The workshop was helpful. However, in Mississippi, it was obvious that this was a learning process for Home Corporation. They were not prepared to answer all of the questions from attendees."
- (CC3) "You could learn as much about the application from reading it as [the developers] do at the workshop, but it is required, so [they] went."
- (CD5) "It wasn't helpful, but it couldn't have been. The process is so complicated, if [the developer doesn't] know the process by that time, the workshop is too little too late."

Q4.6. If Disagree (≤ 5): What made this process more difficult?

Important Points

- (CB2) The difficulty "depended on the location. Some locations use the building permit process as a way of keeping out tax credit housing that they do not want in their community. Further, before [developers] can apply for the permits, [they] have to clear the Corps of Engineers wetlands gauntlet."
- (CC1) The developer "had no issues getting approval from the county... [they] have had issues with the Army Corp of Engineers."
- (CC4) "The building permit process is slowed by planning commissions and NIMBY issues. There are also usually issues of engineering. It is a very arduous process."
- (CC7) "The permit process in the city where [the developer was] building has become much more extensive."
- (CD5) 1. In New Orleans, the infrastructure isn't in place to return the process to pre-hurricane standards. 2. FEMA Guidelines are very difficult to abide by.

Q4.8. If Disagree (≤ 5): Which parts of the plan were more difficult?

Important Points

(CC1) "It was **easy** for [the developer] to complete, but [the developer thinks that] it would be practically impossible for a first-time applicant. It gets easier with practice."

(CC3) "The application is always very **tedious** and time-consuming. But [the developer is] very detail-oriented and always get it done right."

(CD5) The plan is so **complex** and it isn't tested over time.

Q4.10. If Disagree (≤ 5): What would be another possible way to allocate the credits to states?

Important Points

(CB2) The housing finance agency could consider the dollar amounts and degree of housing needs. Louisiana and Mississippi are the poorest states with low populations, and it is **almost impossible to get enough funding** to make any significant difference in the housing needs.

(CB6) Same method, but weighted for **need, rural**, DDA, etc.

(CC1) "Yes, this is the most effective way. Any other way may be way too political, but maybe if there was some way to allocate the credits by **percent of poverty**."

(CC7) "The process **should depend on the need** for low-income housing in each state, but [the developer was] not sure how that would be measurable."

(CD5) The per capita method is very **fair**

Q4.12 If you disagree (indicated ≤ 5): How could they have been distributed differently?

Important Points

(CB2) "The first round of Go Zone awards in early 2006 were distributed in a sensible and balanced manner. After that politics took over **and massive amounts of credits were forced into given areas much in excess of their ability to provide qualified residents. This is going to result in as much as 20% or better of the total credits not producing housing that is needed in the state.**"

(CB4) "The first year, it was a 10. Later years, it was a 2 or 3 because the QAP forced developments into the Gulf Coast. This is going to cause a lot of the tax credits to expire because of the conflicts in the region. There was not much affordable housing before the storm and the land prices have shot up. The EPA and city governments are blocking the

process with zoning and permitting. Other communities need the housing just as bad.”

(CB5) Some areas received too many credits. If the funding was supposed to help rebuild the coast, why were funds being allocated so far north? There should have been more for Pass Christian.

(CB6) The additional credits should have been strung out over 5 to 6 years, with heavier weighting in the earlier years

(CD5) Yes, they are distributed based on areas receiving greatest amount of damage having more LIHTCs

Q4.14.If Disagree (≤ 5): Why do you feel you were you not fairly represented?

Important Points

(CB2) The current public notice process amounts to nothing more than throwing the developers under the bus. They are required to incite everyone in the community and take their attacks, insults and near assaults. If the developer can survive this without too much pressure being directed at the State Agency then their applications will be considered, assuming they are in the geographic location preferred by the States leaders.

(CB6) The developer’s proposals were well accepted

(CC1) "The issues were nothing more than NIMBYism issues."

(CC7) "They heard [the developer, they were] represented. There was no opposition to [their] 2006 build, however, the[ir] 2007 build has had a lot of opposition. In fact, [they] have had to hold three public hearings."

Q4.16. If Disagree (≤ 5): Why do you think they are not receptive?

Important Points

(CB2) The developer has “been able to convince several communities that [their] proposed developments would be valuable assets for their communities. [The developer] accomplished this through many meetings with local churches and concerned citizens groups and with the dissemination of considerable information on what [their] development consisted of. This included plane trips with officials and housing opponents from the communities to let them see and touch [their] housing product that [the developer] wanted to deliver to their community. [The developer] also had to prove that [their] ongoing management of those homes would be a positive for their community. If the State Agency would require a higher standard of housing be produced, as [the developer has] been able to consistently do over the years, and to remove operators who

do not stand behind their housing developments for the required 15 years, tax credits would not have such a bad name and [they] would not have to go to such great lengths to prove that what [the developer does] is good for the community and not the thrash that they have heard all too much about."

(CC1) The developer "really only had one problem: in Gulfport, the local government (County Board of Supervisors) gave out letters to developers saying that their developments did not fit into the Consolidated Housing Plan for the area. They said there was no more need for LIHTC. In reality, they just didn't want LIHTC developments built in their area. They view the hurricane as an opportunity to build back for tourism, not low-income housing."

(CC4) "They are not receptive because of socioeconomic and discrimination issues."

(CD5) Don't know the reason, but it's a lesson in human nature. "If they were receptive before the storm they were receptive after. If they were unreceptive before the storm they were unreceptive after."

Q5.1. Is there anything you would like to tell me to help me better understand the benefits and challenges associated with contracting with LIHTC program or the GO-ZONE Act?

Important Points

(CB2) Require the State Agency to fairly administer the plan rather than having it altered to reflect the sole directions of the Governor, which is not in the best interest of putting the dollars into housing in the areas needed in the Go Zone without over building in areas and causing problems. These dollars and the large area of the Go Zone presented an opportunity to make significant progress in catching up on centuries old housing needs. Only a portion of the good will is realized, due to not letting the housing needs be met, rather than a directed awarding for other purposes.

(CB4) Benefit - It began in 1986 when the real estate advantage taxes were done away with. The government needed the LIHTCs to build affordable housing, especially because the population kept growing. It's also one of the few bi-partisan policies that receive so much support. Challenge - The program is too income restrictive. It caters to the section 8 market (who don't have jobs), not to the low-moderate income households that need it (i.e. schoolteachers and policemen). "

(CB5) It is critical to make sure that developers get a good bonding company. This can be accomplished only through checking into them deeply before you become involved -- ask for referrals. Make sure to know the contractor's work before hiring them. Otherwise, the developer will run into problems and have to come out of pocket to pay for them.

(CB6) The construction start date of 12/31/07 needs to be extended historic credit 30% boost needs to be extended past 12/31/08

- (CC1) The developer has "had only one problem, **the Army Corps of Engineers**. They need to relax the rules a bit if any developments are going to get built on the coast. They need to decide if they want to preserve what they are calling wetlands or create much-needed housing."
- (CC2) [The developer's] only issues have been with the **Corps of Engineers** and the wetlands requirements.
- (CC3) "It has been hard to build a good **product in the Gulfport area. There are too many developments planned in that area and no permits are being issued because the people are not receptive to the idea of low-income housing in their area.** As well, the price of building materials makes it difficult to build a quality development."
- (CC4) "The price for tax credits is falling which will endanger the progress of these developments and their ability to move forward. There needs to be a decrease in tax credit prices."
- (CC6) "This is a very well-run and successful program. We work only with renovation so our developments are easier to handle."
- (CC7) "The GO Zone Act is wonderful. **I like that Congress approved the consideration of the National Non-metropolitan Income guidelines as a possibility.** [The developer] praise[s] the act and the IRS for their efforts in hurricane relief. Congress and the IRS looked forward and set a policy in case of an emergency event."

Q5.2. If you could make any suggestions to Congress on how to make this program better, what would you propose?

Important Points

- (CB2) Rural States like Mississippi should be:
1. Provided more credits to fit some horrendous housing needs that our per capita allotment will never catch up with. If the credits had been properly allocated in the Go Zone, much of this pent up housing need for almost a century could have been addressed, rather than overbuilding in areas to political impact/correctness;
 2. Allowed to use the National Non-Metro Income levels in all non-metro areas of the state, have about 60% of our counties permanently declared a Difficult to Develop Area (thereby allowing the 30% increase in credits which is essential in the world of low rents our State is stuck in) all;
 3. The 9% and the 4% credits should be fixed at those rates rather than floating each month based on some formula. This causes all kinds of financial and technical problems.
 4. Simplify the determination of utility allowances. See this site for more details:
<http://www.nahbmonday.com/affhou/issues/2007-06-19.html>
 5. Before publishing your report you should inquire with the:

- a. **National Association of Home Builders, Housing Credit Group** for details on many other areas of improvement that the industry has been working for years on. The Director of the **Housing Credit Group in DC** is Carmel McGuire cmcguire@nahb.com. Web site is: www.nahb.org . and
- b. **Affordable Housing Tax Credit Coalition** <http://www.taxcreditcoalition.org>, in DC. Contact person is Victoria Spielman vspielman@hutton.com
- c. **National Council of State Housing Agencies in DC** is the lead organization for all state housing finance agencies. They have a very studied and detailed position on LIHTC changes needed. Web Site is: www.ncsha.org.

___ These organizations represent large groups of builders, developers, syndicators, State Agencies, Investors, Lenders, Attorneys and other LIHTC professionals, are very well organized with tremendous resources, details and extensive research on the specific problems within the tax credit program. **They all have detail legislative agendas they are pursuing** on behalf of their members specific problems within the LIHTC program and regulations. Reviewing input from these organizations is a must before any report to Congress on the LIHTC program."

- (CB4) "Change the income restriction from 60% AMI to 80% or 100% AMI. Cater to the lower-middle class. The problem with the lowest income, Section 8 clientele is that 90% don't have 'pride in what they do.' They don't have to 'work for it,' so they don't value or take care of their home. They tear things up and move out, taking their rent subsidy with them. The government housing evaluators come in and find the place torn up and expect the place to be fixed immediately, even though the residents were responsible for the damage. It's for that reason that he'll never do Section 8 housing ever again. The government needs to make prevent 'working the system' -- when Section 8 clientele have babies to get bigger welfare checks, etc. Elderly clientele take care of their property and are good tenants. "
- (CB5) There should have been a higher weighted average to areas that were hardest hit and have the most need. Pass Christian should have had more focus.
- (CB6) **The needs are rural and urban. Their suburban deals will generally work without as much LIHTC, but the developers will go there because it's easier.**
- (CC1) "Well, in Alabama, all of the HOPE VI credits are given out of the LIHTC pool. It would be better if there was two different pools, so there are more LIHTCs and less HOPE VI."
- (CC2) "Recently, they decided to limit the amount of credits that one developer can receive. One developer cannot get anymore than 25% of the credits in any one cycle. Although this makes sense, they are rejecting perfectly good applications and rewarding some that may not be as good just to make the process more equal. Those developments worth funding should be funded and those that may need some work should not be funded. There seems to be no rhyme or reason to which projects they do select in the end."
- (CC4) "They should award additional credits or offer more soft money through HOME loans or CDBG funds in order to help cover the funding gaps."

- (CC6) "They should increase the income guidelines for renters. It is very hard to find residents under the current guidelines."
- (CC7) "Currently, this program is servicing mainly people in the 60% AMI or less and they need to be servicing the 80% or less people. Because currently, the program skims off those people by only a few dollars."
- (CD5) Need to expand or carve out at 80% of median baseline income, but without removing resources from what is being done at the 60% level.

Q5.3. In closing, is there anything else you would like to tell me?

Important Points

- (CB2) The developer "did not re-apply for denied developments because the QAP changed, and more importantly Governors influence on where developments would be award totally changed the process. [This] resulted in way more tax credit developments being jammed onto the coast than there are residents in the allowable income band to rent them. This turned into a political mess and the bad results will be on the coast from overbuilding for years. Also, many of the developments awarded credits in late 06 and 07 will likely not be built, with the credits being wasted, as they cannot be recaptured by the State and reallocated. This potential waste of credits is further exaggerated by the collapse of the credit capital markets."
- "The developments may not have received COs yet, but they expect to obtain them soon. Less than 60% residents at low income levels cannot afford rents that will even pay operating expenses. To house lower income levels [developers] have to have some form of rental assistance to be able to pay [their] operating expenses. This assumes that [developers] will have not debt as [they] cannot make debt payments from rents this income segment can afford to pay on its own without rental assistance."
- "Since early winter [developers] have experienced a collapse in the tax credit capital market. [They] now have Fannie Mae, Freddie Mac, Citicorp, GE and Argon out of the investing market completely. This represents 45% of the entire US tax credit capital market.
- Without the incentive to buy tax credits, the credits are worthless. This has caused a drop in syndication capital prices of between 15 and 20%. Further complicating this is the fact that the
- In small rural states like Mississippi, if [they] had not had Fannie Mae investing in credits over the last several years, [their] tax credit development activity, as small as it was anyway, would have been severely limited.
- Some of this Investor withdrawal is driven by losses they are incurring. However, all of these Investors are still incurring Alternative Minimum Tax (AMT), which they do not have the right to offset with LIHTC dollars.
- There is presently a push of legislation to allow for tax credits to be used against AMT,

but it has not moved through Congress yet. IF this law is not changed quickly, we may have a dead tax credit capital market into late 2009 or even 2010. This will stop the completion of all Go Zone credit developments that have not completed their syndication agreements.

This tax credit capital market collapse will seriously impede, if not stop, the completion of the Go Zone tax credit developments. Developments do not financially pencil out if the capital from credits is reduced from 15-20% below the dollars counted on when the credits were applied for and awarded. I understand that LA and AL are considering adding more credits (can only be done if basis justifies additional credits), HOME or CDBG funds to cover some of their development shortfalls. MS is not in a position to do that, meaning no safety net to keep the developments alive.

(CB4) "The LIHTC program is the best government program and it needs to be expanded. It is the best deal for people in the income range. Fannie Mae has endorsed his model as being the best project design." The developer provides large lots (min 80' wide), large square footage (min 1450, when other developments average 1320), garage, 8 floor plans, 9' ceilings, ceramic tile, beautiful street design (curves, not straight lines), beautiful subdivision, yard care, landscaping, rolled curb, underground utilities, and appraised at 151,000... all for \$600 a month. The business model is sustained by the owner's investments of his own money in the program (about \$3 million) because he views it as a long-term cash flow investment. His drive is that he has pride in his own town and he wants to help hard-working people. He basically encourages residents to stay in the units and at the end of 15 years (the amount of time required for the LIHTC program), the residents can buy the house at a substantially reduced price. 130% of their rent goes towards the P&I of the mortgage. Basically, renters can purchase the home for 60,000 when it will be worth 150,000 (in today's \$\$). It will help them to get the biggest investment of their lives.

(CB5) The developer's experience was so awful that they will never do a LIHTC development ever again. This results mainly from his dealings with Alliance Capital, who was the financial investor for the development. They delayed funds 5 months, knocking the development off of the time schedule and increasing project costs. The developer has been short-changed about \$100k and is seeking legal recourse. It got to the point that their partner was no longer returning phone calls and has employed young, hot-shot lawyers. It is truly a "David and Goliath situation." The developer knows of about 7-8 other deals that have had the same sort of problem. It's a class-action lawsuit waiting to happen. It's hard to know these sort of things when the developer hasn't done it before, so it's a real barrier to entry.

(CB6) Fannie Mae and Freddie Mac need to be encouraged to get back into the market. CRA needs to more encourage expansion minded banks to support affordable housing. FHLB affordable housing program participation should be required of expansion minded banks. State bond caps should be allocated to multifamily and used in the suburbs, w/ non-competitive LIHTC. Single family bond programs can be done outside the cap. Lenders should be encouraged to make smaller loans, perhaps through participation. Lenders with

large minimums should be excluded from participation in affordable housing programs.

(CC1) "Help the Army Corp of Engineers to better understand why [developers] need to build these developments so they will be more loose on the Wetland rules,"

(CC4) "The LIHTC program is well organized and focused at the federal level, but it gets all 'boogered-up' at the state level because of attempted social engineering."

Narrative Answers (P: Non-Credit Award Winner)

Code

- **NCB#:** Non Credit award winner Beth #
- **NCC#:** Non Credit award winner Casey #
- **NCE#:** Non Credit award winner Eric #
- **NCD#:** Non Credit award winner David #

P2.1. What was the number one reason you chose to apply for LIHTCs?

Important Points

(NCB1) The developer believes in the mission and it is less risky than market-rate development.
 (NCB3) The developer has been in the business a long time. The incentive is that the credits provide funding for construction costs.
 (NCC2) The developer "entered the LIHTC market after the introduction of the 20 GO Zone legislation."
 (NCC3) The developer has "been building affordable housing since the 1970's. [They] entered the LIHTC market when the legislation was first introduced. "

P3.3. Please provide the reason you believe your application(s) were not awarded a contract
 P3.3e Other

Important Points

(NCB1) Did not score high enough per MHC

P3.6. Please provide the reason why you believe your application(s) were not awarded a contract

Important Points

(NCC3) The developer "entered three reapplications and all of them were approved."

P3.10. Why? Please Explain (**P3.9.** Have there been delays in building this low income housing developments?)

Important Points

(NCB3) It took longer to start up because of:

- Labor shortages
- Material shortages
- Expensive labor (trade workers such as plumbers, electricians, carpenters)
- Insurance availability and cost due to uncertain conditions
- Surveyor availability (state took all of the surveyors)
- Flood elevation uncertainty
- Permit offices (government response was overwhelmed and the offices were short-handed; many of their staff members were dealing with the flood elevation advisory issues)

(NCC3) "The majority of [the developer's] issues come from municipalities. Some local governments have infrastructure problems (for example, water and sewer) ... Also, there seems to be NIMBY issues from neighborhood members."

P4.2. If Disagree (≤ 5): Which parts of the process were more difficult?

Important Points

(NCB3) "He'd give LA a 4 and MS a 7. LA was a problem because of scoring inconsistencies and [a lack of coordination] between LHFA, LRA and Office of Community Development, who administers the CDBG funds. The organizations had different goals and succeeded in pushing urbanized incentives, neglecting the small, rural towns. LRA didn't know much about LIHTC scoring and didn't have authority, so they had to advise LHFA on the QAP. Institutional jealousy resulted in a garbled and inconsistent QAP. Institutional differences also resulted in a staffing problem. LRA and OCD paid higher salaries than LHFA, so the 2 organizations would 'cherry-pick' qualified staff. This left LHFA understaffed and ill-equipped to walk through the scoring process. The agency was used to dealing with an \$8 million dollar credit authority, but received a \$100-200 million credit authority after the storm. LHFA simply did not have the human resources to administer the program effectively."

P4.4. If Disagree (≤ 5): How could the workshop have been more useful?

Important Points

(NCB3) The QAP workshops are "laughable." They exist for the housing finance agency to tell developers what the rules are once they're in place. Developers don't have a say in the process. The workshops could be improved if they had a "comprehensive comment period" to address how the rules work in practice.

P4.6. If Disagree (≤ 5): Why was the market study difficult to obtain?

Important Points

(NCB1) The developer is used to LIHTC market study requirements, so it was relatively easy to obtain.
(NCB3) It's as simple as paying a consultant \$3200-3500 and waiting for the advice.
(NCC2) "The required market study is actually easy to obtain."
(NCC3) "The market study is actually easy to obtain."

P4.8. If Disagree (≤ 5): What would be another possible way to allocate the credits to states?

Important Points

(NCB1) I can't think of a better approach.
(NCB3) There needs to be more credits per capita, but the normal process is great otherwise.
(NCC3) "I think it is working, but ... the credits could be allocated on a need-basis rather than on a per capita basis. Mississippi is on the losing end of this process because they have a smaller population, but a higher need."

P4.10. If Disagree (≤ 5): How could they have been distributed differently?

Important Points

(NCB3) The developer didn't know, but said that they should be allocated using Congressional Districts. Part of the problem is the point-system, not the allocation.

P4.13. If yes, please explain (**P4.12.** Did you have a problem finding a good insurance rate?)

Important Points

(NCB1) For the developer's Mobile, AL project, they paid a premium for builder's risk insurance. Since 2006, they've seen rates drop somewhat.

(NCB3) There was a tremendous initial spike, but the rates have generally settled at about 50% higher than the pre-hurricane level.

(NCC3) "Initially, [builders] begin with Builders Risk insurance, but that becomes Permanent Hazard insurance. Builder Risk insurance is much more expensive after the storms than before the storms. [The developer is] expecting similar effects on Permanent Hazard insurance."

P4.14. What type of financing did you seek to build the developments?

Q2.6f Other _____

Important Points

(NCB1) Alabama Multifamily Loan Consortium (debt)

(NCB3) Private loans

(NCC2) The developer has "used conventional loans to build [their] developments in Illinois."

(NCC3) The developer uses "insurance company loans that Fannie Mae underwrites."

P5.1. Is there anything you would like to tell me to help me better understand the benefits and challenges associated with contracting with LIHTC program or the GO-ZONE Act?

Important Points

(NCC2) "The only issues right now are the changes in the credit market and alternative minimum tax issues."

P5.2. If you could make any suggestions to Congress on how to make this program better, what would you propose?

Important Points

(NCB1) Lock in the 9% tax rate instead of letting it float. This adds a variable to the developer's pro formats.

Change the name to ""Affordable Housing Tax Credits" The Affordable Housing Tax Credit Coalition has many more good ideas.

(NCB3) "Increase the percentage of the credits; fix the interest rates at 4 and 9%. The floating interest rate system makes it difficult for the developer to determine when to 'lock in' the rates. When they're low like they are right now, developers are hurt. The credits are determined by multiplying the 4-9% level by the qualified basis. The current interest level is at 7% for the 9% credits, which costs his business 50,000 a development (times 10 developments, equaling 500,000). The rates have never reached 4 or 9% and that impacts the amount of tax credits that they can claim. Increase the per capita allocation. Reinforce that not everyone needs to own a home, as evidenced by the recent housing market crashes.

- Create set-asides for elderly populations.
- Streamline the QAP process (see LA example)
- Maintain operating subsidies (i.e. Section 8)
- Increase the qualified basis by allowing agency fees and site work costs to be included.
- Keep the program run by the states. Centralizing the program at the federal level would be bad -- state-to-state differences indicate that the program should be state-run."

(NCC2) "[Congress] should eliminate the AMT (alternative minimum tax) preference item for corporations and individuals."

(NCC3) "Congress should think of re-implementing short-term waiver of income restrictions, like they did immediately following the storms. For those people who have been displaced by the storm and now by the removal of the FEMA trailers, they need assistance in finding affordable housing. For this reason, they should waive the income restrictions."

P5.3. In closing, is there anything else you would like to tell me?

Important Points

(NCB1) LIHTC is an outstanding program. Poor families and the elderly receive beautiful housing that endures for many years. The developments endure because owners/developers remain accountable for many years.

(NCB3) Developers "can get through NIMBY by talking to the local government officials before [they] apply. Race, class and politics factor into the decisions and you can all be saved heartache by talking about things before they go too far. [The developer] used to think that he could litigate the problem and he won a discrimination suit against St. Bernard Parish about 10 years ago, but it's better to try to work with the officials first. St. Bernard parish still resists affordable housing developments. A lot of the post-storm resistance has been centered in Jefferson Parish and New Orleans east. He won't get involved in New Orleans east because it is a 'rotten market' -- there was no levee protection before the storm and there's none now. Historic 'bad management and bad residents' make the market unattractive and invaluable. In all, the biggest problem is bad management, bad government and complicated policy-making. Katrina unearthed the problems for the world to see."

Appendix D

Spring Field Trip Survey Questionnaire

Interview Prompts

Exploring Issues Related to the Low-Income Housing Tax Credit in the Gulf Opportunity Zone

For these interviews, we would like to start with several general opening questions about the agencies and participants we are interviewing. From there, we would like to move to interview prompts, rather than questions. This will be general questions that will serve as conversation guidelines during our interviews. Finally, we would like to wrap-up with general closing questions.

General Opening Questions

1. What are your roles and responsibilities as related to the LIHTC program?
2. What type of procedures and forms do you use for the program?

Local Government Officials

1. How do you communicate with builders/developers planning to create affordable housing in your area?
2. What processes and procedure are involved in creating affordable housing in your area?
3. How do you communicate with citizens about developments in your area?
4. How do you communicate with the state agencies in charge of the LIHTC program?
5. Has the LIHTC been successful in regenerating affordable housing after Hurricanes Katrina and Rita? Please explain.
6. Have you had a positive experience with the LIHTC program? Please explain.

State Monitoring Agencies

1. Where do you gather you data about the LIHTC program in your state?
2. What processes and procedures are involved in gathering data about the LIHTC program?
3. What type of forms do you use?
4. How do you respond to “snags” in these processes?
5. How often does your organization meet?
6. Would you say the LIHTC has been successful in regenerating affordable housing after Hurricanes Katrina and Rita? Please explain.
7. Has your state had a positive experience with the LIHTC program? Please explain.

Data Collection Agencies

1. How do you collect data about the LIHTC program from local entities?
2. Where do you gather you data about the LIHTC program in your state?
3. What processes and procedures are involved in gathering data about the LIHTC program?
4. What type of forms do you use?
5. How do you respond to “snags” in these processes?
6. What type of process do you use to interpret that data?
7. How do you report it to the federal authorities?
8. Would you say the LIHTC has been successful in regenerating affordable housing after Hurricanes Katrina and Rita? Please explain.
9. Has your state had a positive experience with the LIHTC program? Please explain.

General Closing Questions

1. If you could communicate one thing about this program to Congress, what would it be?
2. Is there anything else you would to discuss?

Appendix E

Table 28

Correlation	lihtcunits
lihtcunits	1.0000
totalpop	0.1139
hispanic	-0.1173
male	-0.0985
medianage	-0.1585
white	-0.1462
africanamerican	0.1502
asian	-0.0273
highschooldegree	0.0578
associatesdegree	0.0125
bachelorsdegree	-0.0946
medianhou~me	-0.1074
belowpoverty	0.0852
inlaborforce	0.0107
unemployed	0.0329
vacanthous~g	-0.0401
owneroccup~d	-0.0956
femalehoh	0.0696
noheat	0.0066
noplumbing	-0.0463
nokitchen	-0.0921
medianhou_ue	-0.1149
averagehou~e	0.0488
housingindex	-0.0636

Table 29

OLS Regression					
				# of obs = 364	
				F (22,341) = 2.24	
				Prob > F = 0.0013	
				R-squared = 0.1262	
				Adj R-squared = 0.0698	
				Root MSE = 80.144	
Source	SS	df	MS		
Model	316259.529	22	14375.4331		
Residual	2190239.15	341	6422.98872		
Total	2506498.68	363	6904.95504		
lihtcunits	Coeff.	Std. Err.	t	P > t	95% CI
totalpop	0.005123	0.0026705	1.92	0.056	-0.0001296 0.0103757
hispanic	2.9619	3.943823	0.75	0.453	-4.795383 10.71918
male	-1.757618	1.148114	-1.53	0.127	-4.015894 0.5006593
medianage	-1.7947	1.454327	-1.23	0.218	-4.655281 1.065881
white	13.10692	5.875989	2.23	0.026	1.549176 24.66467
africaname~n	13.81459	5.889271	2.35	0.02	2.230719 25.39846
asian	13.24408	6.167183	2.15	0.032	1.113574 25.37459
highschool~d	-1.224993	0.9700892	-1.26	0.208	-3.133105 0.6831192
associates~e	0.1072767	2.155302	0.05	0.96	-4.132084 4.346637
bachelorsd~e	-2.349586	1.154089	-2.04	0.043	-4.619615 -0.0795559
medianhou~me	0.0000878	0.0004241	0.21	0.836	-0.0007465 0.000922
belowpoverty	0.0776393	0.7543474	0.1	0.918	-1.406121 1.561399
inlaborforce	0.7070042	0.7285105	0.97	0.332	-0.7259361 2.139944
unemployed	-3.924135	1.760889	-2.23	0.026	-7.387707 -0.4605635
vacanthous~g	0.2261307	0.7260102	0.31	0.756	-1.201891 1.654153
owneroccup~d	-0.6024811	0.4321716	-1.39	0.164	-1.452539 0.2475768
femalehoh	-2.007528	0.7940036	-2.53	0.012	-3.569289 -0.4457662
noheat	-2.328274	4.759705	-0.49	0.625	-11.69035 7.033805
noplumbing	-6.350794	4.809194	-1.32	0.188	-15.81022 3.108627
nokitchen	-5.145039	4.860098	-1.06	0.291	-14.70458 4.414507
medianhou~ue	-0.0000173	0.0001064	-0.16	0.871	-0.0002265 0.000192
averagehou~e	-24.24746	20.4705	-1.18	0.237	-64.51181 16.01689
_cons	-1001.628	576.6623	-1.74	0.083	-2135.891 132.6349

Table 30

	lihtcunits	totalpop	hispanic	male	medianage	white	africanamerican	asian	highschooldegree	associatesdegree	bachelorsdegree	medianhou*me	belowpoverty	inlaborforce	unemployed	vacanthous*g	oweneroccup*d	femalehoh	noheat	noplumbing	nokitchen	media
lihtcunits	1.0000																					
totalpop	0.1139	1.0000																				
hispanic	-0.1173	-0.1435	1.0000																			
male	-0.0985	-0.0471	0.2044	1.0000																		
medianage	-0.1585	-0.0760	0.1034	0.2233	1.0000																	
white	-0.1462	0.1719	0.2678	0.2860	0.4861	1.0000																
africanamerican	0.1502	-0.1723	-0.3080	-0.2995	-0.4674	-0.9918	1.0000															
asian	-0.0273	0.0886	0.0946	0.0920	-0.0432	0.0984	-0.2173	1.0000														
highschooldegree	0.0578	0.0546	-0.1844	-0.1527	-0.2706	-0.4773	0.4756	-0.0702	1.0000													
associatesdegree	0.0125	0.3699	0.1123	0.1376	0.0478	0.3305	-0.3356	0.0285	-0.0404	1.0000												
bachelorsdegree	-0.0946	0.0490	0.2240	0.0890	0.4245	0.6991	-0.6899	0.0704	-0.7751	0.1254	1.0000											
medianhou*me	-0.1074	0.1243	0.0621	0.1014	0.4358	0.6197	-0.6153	0.0779	-0.5071	0.1225	0.5692	1.0000										
belowpoverty	0.0852	-0.3015	-0.1525	-0.1641	-0.5982	-0.6380	0.6794	0.0953	0.3358	-0.4147	-0.6255	-0.6475	1.0000									
inlaborforce	0.0107	0.2430	0.2255	0.0084	0.0961	0.4562	-0.4607	0.0873	-0.1935	0.4314	0.5074	0.2559	-0.6376	1.0000								
unemployed	0.0329	-0.1503	-0.1691	-0.2949	-0.4518	-0.5223	0.5228	-0.0757	0.2973	-0.2324	-0.4750	-0.5089	0.6444	-0.2251	1.0000							
vacanthous*g	-0.0401	-0.4111	-0.0247	0.1972	-0.1271	-0.2463	0.2459	-0.0642	0.1389	-0.2525	-0.3334	-0.3347	0.4862	-0.3988	0.3069	1.0000						
oweneroccup*d	-0.0956	0.3758	-0.1895	-0.0781	0.4935	0.3638	-0.3448	0.0188	-0.0789	0.2355	0.2859	0.5316	-0.6627	0.2594	-0.4268	-0.5078	1.0000					
femalehoh	0.0696	-0.1869	-0.2915	-0.2680	-0.4710	-0.8143	0.8254	-0.1854	0.4124	-0.3273	-0.6422	-0.5636	0.6524	-0.5075	0.4345	0.3439	-0.3488	1.0000				
noheat	0.0066	-0.0888	-0.0619	-0.0722	-0.2404	-0.1910	0.1956	-0.0619	0.1256	-0.0496	-0.1803	-0.2235	0.3255	-0.1402	0.2334	0.2453	-0.2844	0.1983	1.0000			
noplumbing	-0.0463	-0.1963	-0.1113	-0.0854	-0.2778	-0.3798	0.3839	-0.0767	0.1744	-0.2812	-0.3246	-0.3299	0.4665	-0.3284	0.2653	0.3472	-0.2537	0.3622	0.2337	1.0000		
nokitchen	-0.0921	-0.2247	0.0344	-0.0256	-0.0770	-0.2459	0.2479	-0.0862	0.1092	-0.2128	-0.2444	-0.3135	0.3570	-0.2205	0.4106	0.3396	-0.2789	0.1862	0.1446	-0.4869	1.0000	
medianhou*us	-0.1149	-0.0403	0.2437	0.1404	0.4413	0.5935	-0.5881	0.0679	-0.6058	0.0070	0.6935	0.5637	-0.4794	0.3097	-0.3526	-0.1547	0.2250	-0.5383	-0.1635	-0.2461	-0.0596	1.0000
averagehou*e	0.0488	0.2400	-0.2790	-0.2232	-0.5114	-0.5271	0.5169	0.0430	0.4850	-0.0404	-0.5584	-0.1777	0.3011	-0.2010	0.2158	-0.0307	0.1714	0.4988	0.1322	0.2500	-0.0090	-0.0000
housingindex	-0.0636	-0.2383	-0.0627	-0.0829	-0.2691	-0.3788	0.3836	-0.1034	0.1876	-0.2572	-0.3470	-0.4001	0.5285	-0.3211	0.4191	0.4297	-0.3715	0.3448	0.5890	0.8110	0.7709	-0.0000

Table 31

Probit Regression						
Iteration 0:	log likelihood = -172.31294					
Iteration 1:	log likelihood = -143.10386					
Iteration 2:	log likelihood = -139.65413					
Iteration 3:	log likelihood = -139.01674					
Iteration 4:	log likelihood = -138.99042					
Iteration 5:	log likelihood = -138.99021					
Iteration 6:	log likelihood = -138.99021					
				Number of obs = 364		
				LR chi2(22) = 66.65		
Probit regression				Prob > chi2 = 0.0000		
log likelihood = -138.99021				Pseudo R2 = 0.1934		
lihtcunits	Coeff.	Std. Err.	z	P > z	95% CI	
totalpop	0.0001997	0.000056	3.56	0	0.0000899	0.0003095
hispanic	0.0593546	0.0983333	0.6	0.546	-0.1333751	0.2520843
male	-0.0313979	0.0257737	-1.22	0.223	-0.0819134	0.0191176
medianage	-0.0129707	0.0354646	-0.37	0.715	-0.08248	0.0565385
white	0.1743805	0.1418545	1.23	0.219	-0.1036492	0.4524103
africaname~n	0.1877315	0.1416778	1.33	0.185	-0.0899519	0.465415
asian	0.1569977	0.1466906	1.07	0.285	-0.1305106	0.4445061
highschool~d	-0.0245191	0.0201908	-1.21	0.225	-0.0640924	0.0150541
associates~e	-0.0022054	0.0464104	-0.05	0.962	-0.093168	0.0887573
bachelorsd~e	-0.0637103	0.0273171	-2.33	0.02	-0.1172509	-0.0101698
medianhou~me	-9.68E-06	0.0000189	-0.51	0.608	-0.0000467	0.0000273
belowpoverty	0.0070281	0.0167849	0.42	0.675	-0.0258696	0.0399258
inlaborforce	0.0203099	0.0164708	1.23	0.218	-0.0119723	0.0525921
unemployed	-0.1308296	0.0508319	-2.57	0.01	-0.2304583	-0.031201
vacanthous~g	0.0101117	0.0164992	0.61	0.54	-0.0222261	0.0424495
owneroccup~d	-0.0069759	0.0099767	-0.7	0.484	-0.0265298	0.012578
femalehoh	-0.0233012	0.0172839	-1.35	0.178	-0.0571771	0.0105747
noheat	0.0922522	0.0848695	1.09	0.277	-0.0740889	0.2585933
noplumbing	-0.0726398	0.1010784	-0.72	0.472	-0.2707498	0.1254701
nokitchen	-0.1446486	0.1085392	-1.33	0.183	-0.3573815	0.0680843
medianhou~uc	-5.66E-06	4.69E-06	-1.21	0.227	-0.0000148	3.52E-06
averagehou~e	-0.6763626	0.515869	-1.31	0.19	-1.687447	0.334722
_cons	-13.76061	14.26601	-0.96	0.335	-41.72148	14.20026

Table 32

Zero-inflated Negative Binomial Regression						# of obs = 364
						Nonzero obs = 66
						Zero obs = 298
Inflation model = logit						LR chi2(22) = 39.90
Log likelihood = -368.9487						Prob > chi2 = 0.011
	Coefficient	Std. Err.	z	P > z	(95% CI)	
lihtcunits	-0.0074022	0.032942	-0.22	0.822	-0.0719674	0.057163
totalpop	0.0001359	0.000086	1.58	0.114	-0.0000327	0.0003045
hispanic	-0.1163632	0.2045869	-0.57	0.57	-0.5173461	0.2846197
male	-0.0188282	0.0365836	-0.51	0.607	-0.0905308	0.0528744
medianage	-0.0418417	0.0553785	-0.76	0.45	-0.1503816	0.0666982
africaname~n	0.1177549	0.2866774	0.41	0.681	-0.4441226	0.6796323
white	0.0976745	0.2873889	0.34	0.734	-0.4655973	0.6609463
asian	0.1224587	0.2898853	0.42	0.673	-0.445706	0.6906234
highschool~d	-0.0038425	0.0292725	-0.13	0.896	-0.0612156	0.0535306
associates~e	0.0418509	0.0753354	0.56	0.579	-0.1058037	0.1895055
bachelorsd~e	0.0308594	0.0422406	0.73	0.465	-0.0519306	0.1136495
belowpoverty	-0.0074022	0.032942	-0.22	0.822	-0.0719674	0.057163
medianhou~me	-0.0000358	0.0000506	-0.71	0.478	-0.0001349	0.0000632
inlaborforce	0.0070211	0.0313007	0.22	0.823	-0.0543272	0.0683694
unemployed	-0.0398603	0.0878374	-0.45	0.65	-0.2120184	0.1322977
vacanthous~g	-0.0047545	0.0251167	-0.19	0.85	-0.0539823	0.0444734
owneroccup~d	-0.0133505	0.0169613	-0.79	0.431	-0.0465941	0.019893
femalehoh	-0.0450243	0.0328419	-1.37	0.17	-0.1093933	0.0193446
noheat	-0.0401768	0.1063651	-0.38	0.706	-0.2486487	0.168295
noplumbing	-0.1152913	0.1606396	-0.72	0.473	-0.4301391	0.1995566
nokitchen	-0.4533218	0.1777497	-2.55	0.011	-0.8017049	-0.1049388
medianhou~ue	3.80E-06	0.0000114	0.33	0.739	-0.0000186	0.0000262
averagehou~e	-0.4955995	1.009693	-0.49	0.624	-2.474561	1.483362
_cons	-0.8480037	30.71641	-0.03	0.978	-61.05105	59.35505
inflate						
lihtcunits	-42.81798	13176.91	0	0.997	-25869.09	25783.46
_cons	23.55836	7611.544	0	0.998	-14894.79	14941.91
lnalpha	-0.43928	0.1680431	-2.61	0.009	-0.7686384	-0.1099216
alpha	0.6445003	0.1083038			0.4636439	0.8959043

Figure 21

