Study shows federal housing program helps lowest income tenants

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With 2.2 million units created, the Low-Income Housing Tax Credit (LIHTC) program is the largest federal program for the creation and renovation of affordable housing. But while public funding for private housing can serve a wider range of incomes than are usually served in traditional public housing, does this mean that those with the lowest incomes and the greatest need are being overlooked?

Evidently not, say researchers with NYU's Furman Center for Real Estate and Urban Policy and its Moelis Institute for Affordable Housing Policy. According to a study they conducted, the LIHTC program does indeed serve many tenants with the greatest housing needs.

"While we found that the program does serve a wider range of low-income households than other programs, we were surprised that more than 40 percent of LIHTC rental units are indeed for 'extremely low-income' tenants," says Katherine O'Regan, associate professor of public policy and director of the Public and Nonprofit Management program at the Robert F. Wagner Graduate School of Public Service, who co-authored the research paper on LIHTC tenant incomes. "This estimate is much more than many affordable housing experts anticipated."

The report titled "What Can We Learn About the Low-Income Housing Tax Credit Program by Looking at the Tenants?" also found that additional subsidies in the form of rental assistance are critical to serving the lowest income households in LIHTC properties. Seventy percent of lowest income households receive additional rental subsidies, without which these households could find themselves paying more than half their income toward rent.

In other words, without additional subsidies it is difficult for the LIHTC program to provide housing at rents affordable to those with the greatest need for affordable housing. Policymakers need to consider this funding need when discussing how to provide housing to the lowest income households.

"This research sheds light for the first time on the incomes of households served by the country's largest affordable housing program," says Becky Koepnick, director of the Moelis Institute. "The Housing and Economic Recovery Act of 2008 required for the first time that states report tenant incomes and rents to the federal government. Not much was known about LIHTC tenants because little data has been collected in the past."

In the future, the Furman Center and its Moelis Institute hope to learn more about the LIHTC program and the tenants it serves, such as if families living in LIHTC properties have access to higher quality neighborhoods or if the LIHTC properties contribute to creating segregated pockets of minority or low-income populations.

Provided by New York University

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