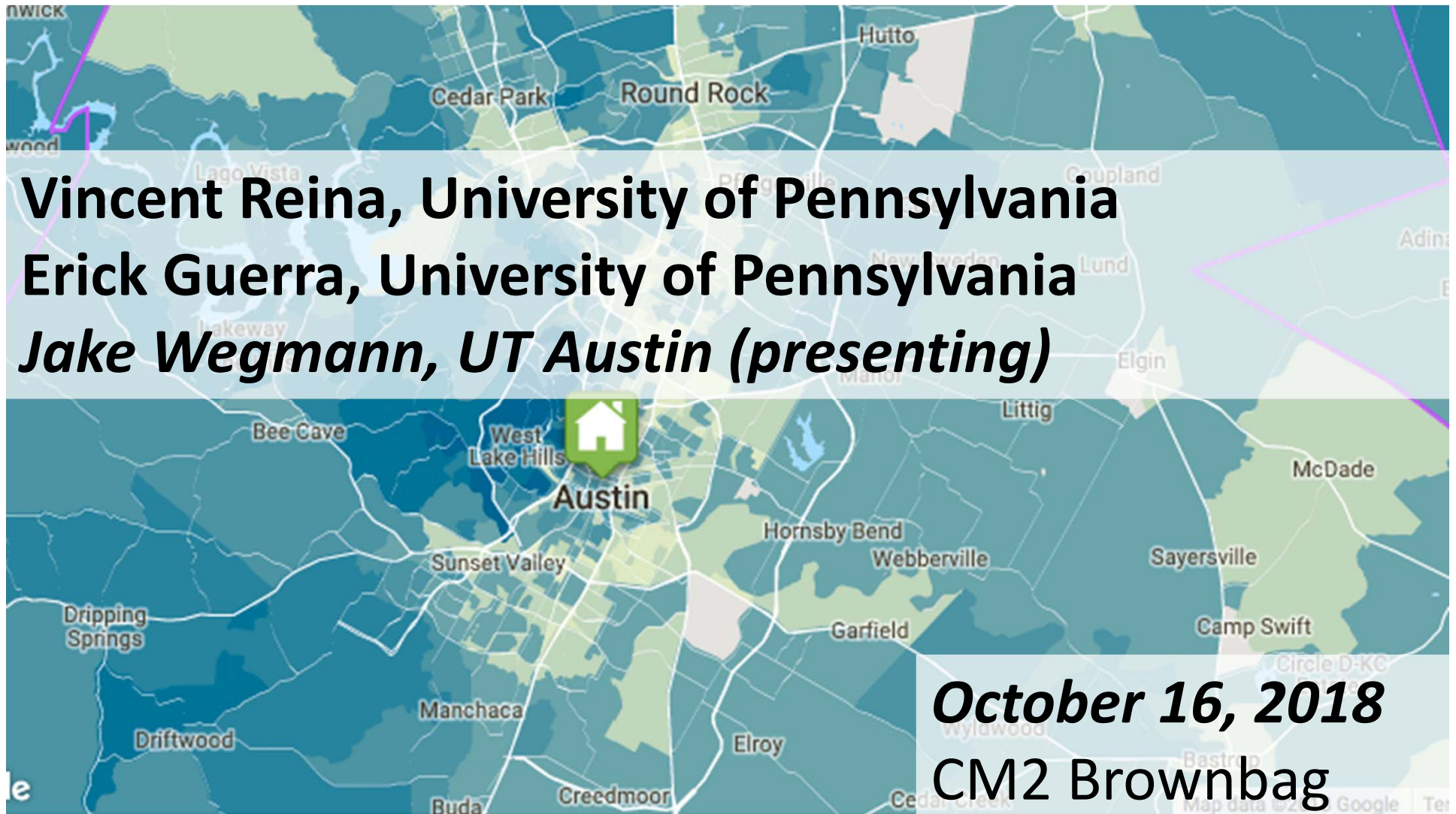# Location Affordability and Fair Housing on a Collision Course?

Vincent Reina, University of Pennsylvania
Erick Guerra, University of Pennsylvania
Jake Wegmann, UT Austin (presenting)

October 16, 2018
CM2 Brownbag

Location Affordability and Fair Housing on a Collision Course?

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Making a case for considering **location affordability** in awarding scarce rental housing subsidies:

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- **Tegeler, Philip** and **Hanna Chouest**. 2010. "The 'Housing + Transportation Index' and Fair Housing." *Poverty & Race*, 19(4), 13–14.

- **Tegeler, Philip** and Scott Bernstein. 2013. "Counterpoint: the 'Housing + Transportation Index' and Fair Housing." In Tighe, J. Rosie and Elizabeth Mueller, (Eds.), *The Affordable Housing Reader*. New York: Routledge.

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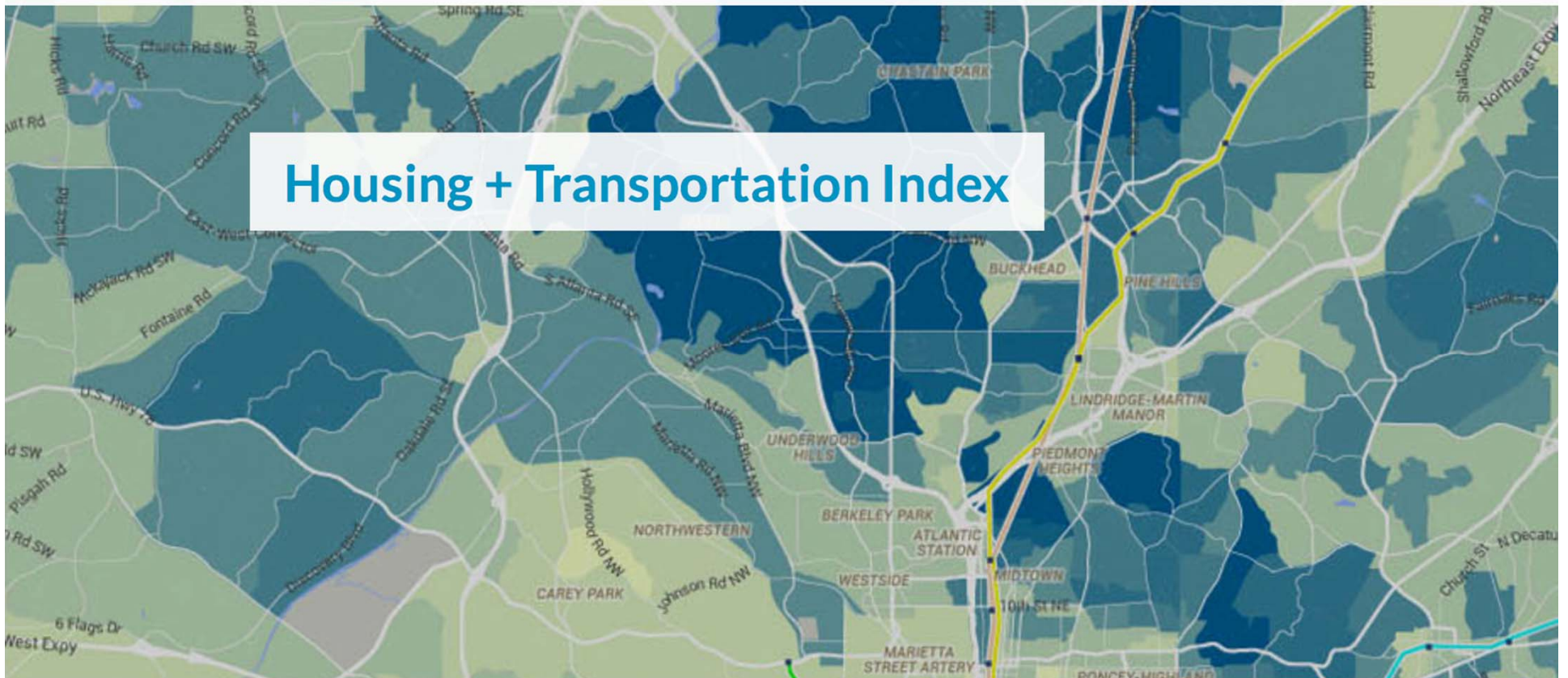
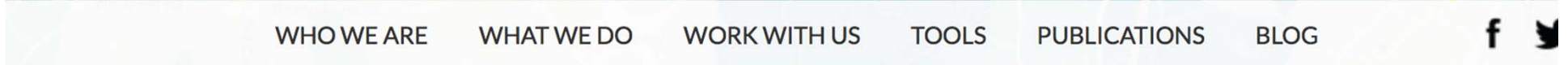*"A week's wages for a month's rent"*

"A week's wages for a month's rent" *(rent < 25% of income)*

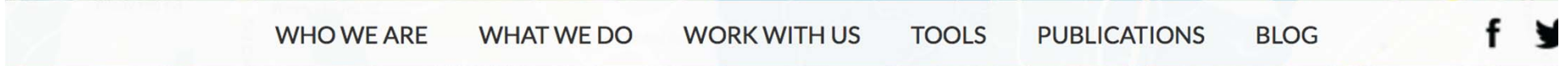*"A week's wages for a month's rent" (rent < 25% of income)*

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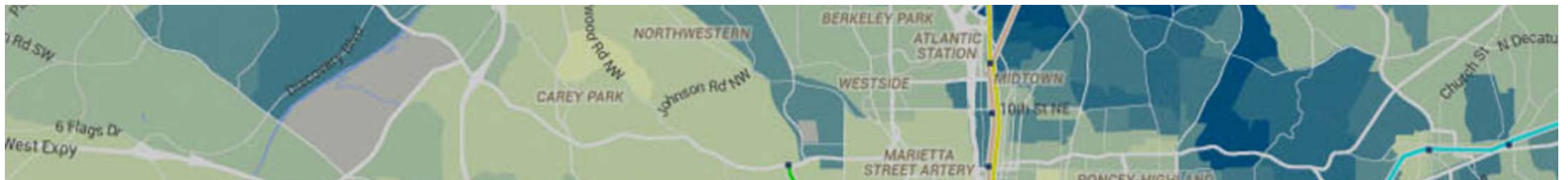
… formalized by HUD in 1969 …
Then revised to **30%** in 1983.

2006

$$H + T\ Index = \frac{Housing\ Costs + Transportation\ Costs}{Income}$$

2006
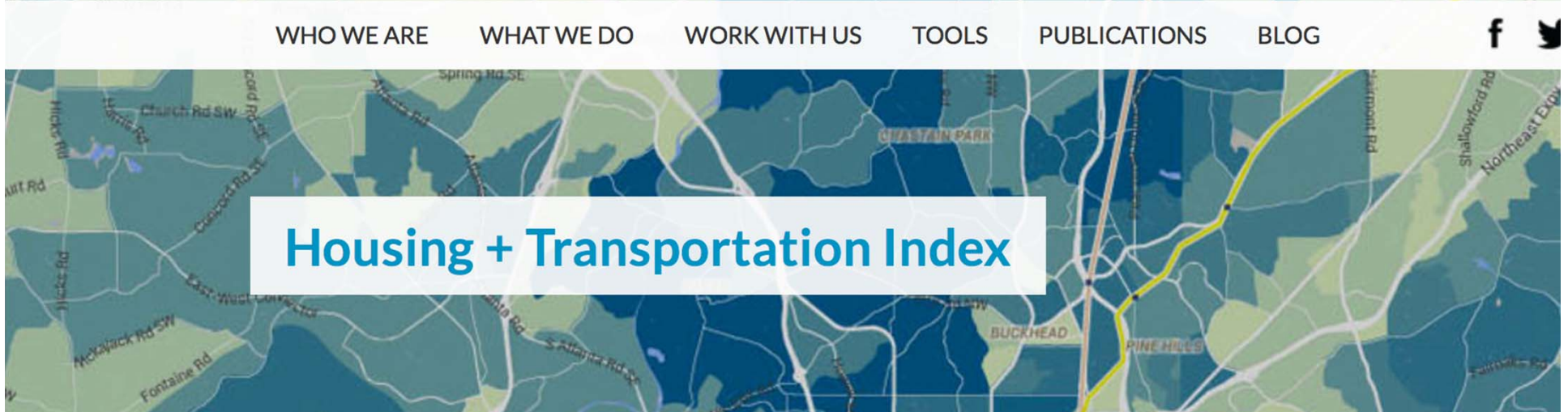
$$H + T\ Index = \frac{Housing\ Costs + Transportation\ Costs}{Income}$$ **< 45%**
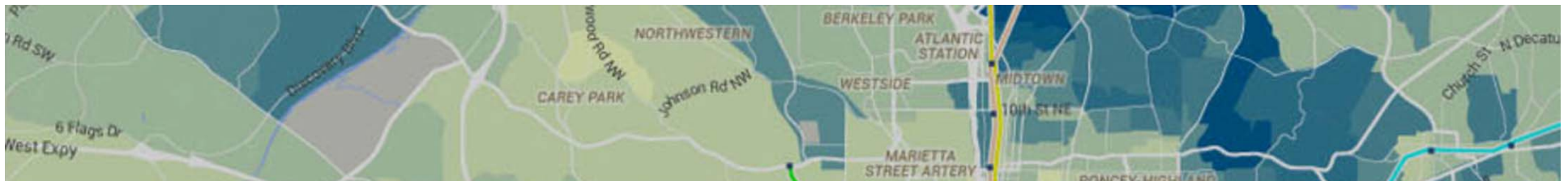
2006

Location Affordability Index (LAI)

Location Affordability Index (LAI)
adopted by HUD in 2014
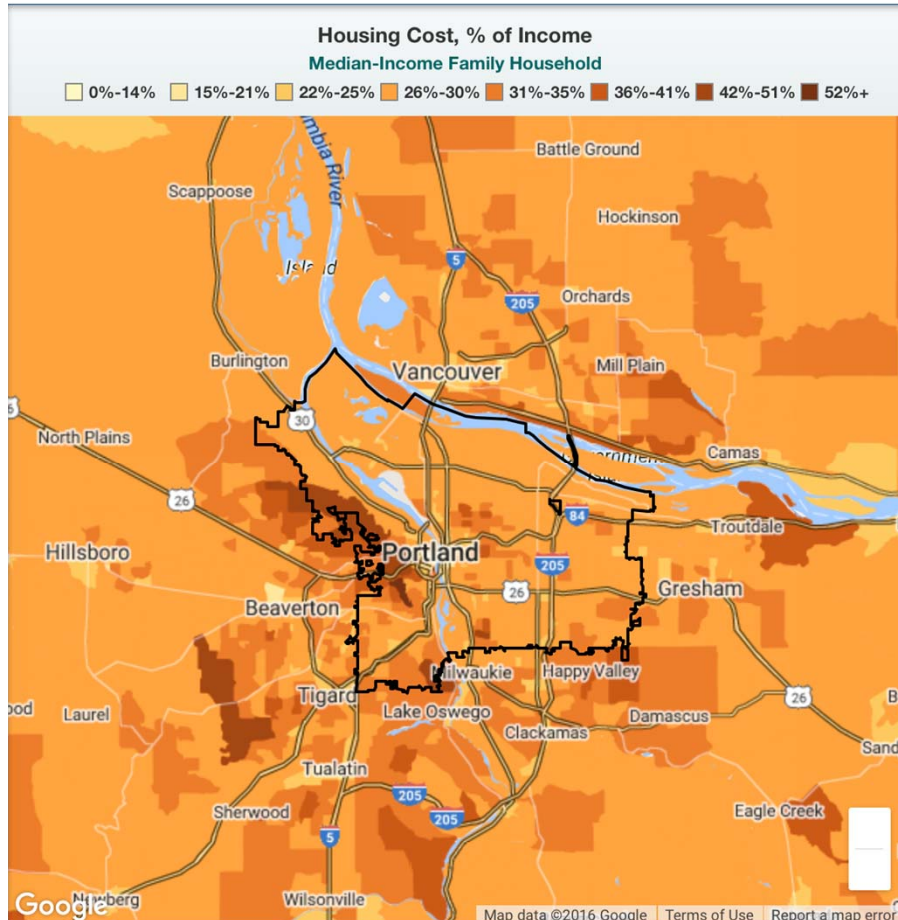
"H"

Housing Cost, % of Income
Median-Income Family Household
0%-14% · 15%-21% · 22%-25% · 26%-30% · 31%-35% · 36%-41% · 42%-51% · 52%+

Location Affordability Index (LAI)
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"H"

"T"

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"H" + "T"

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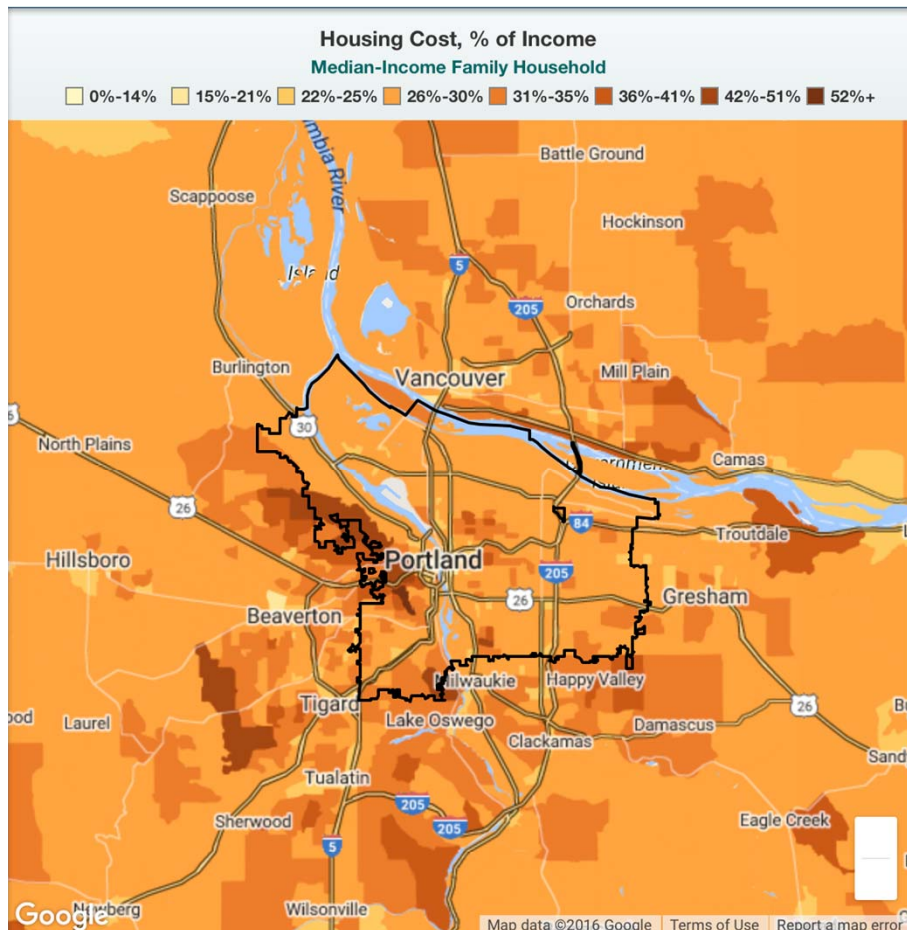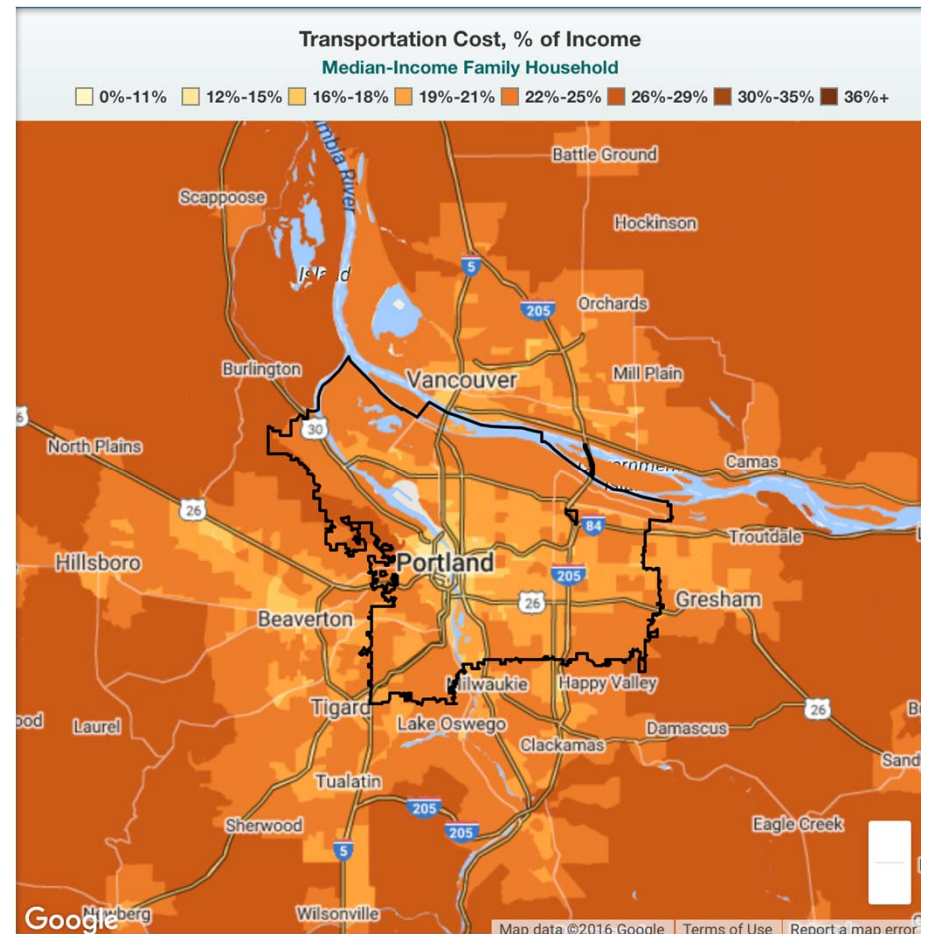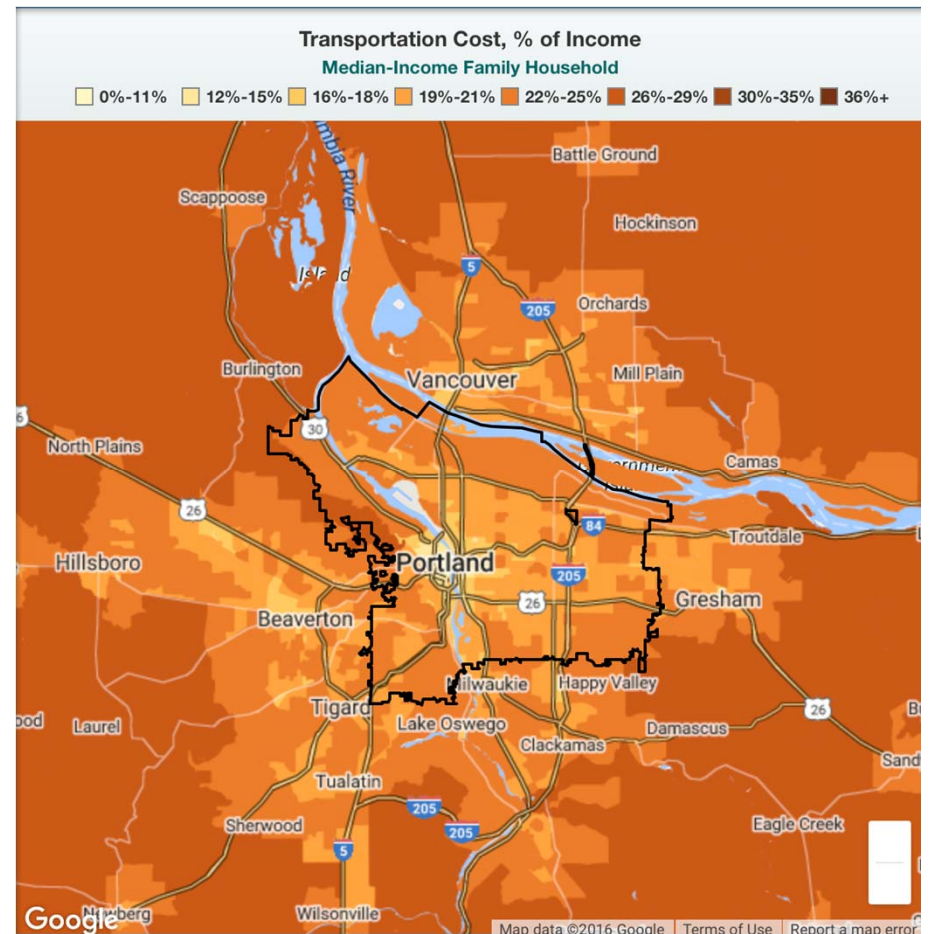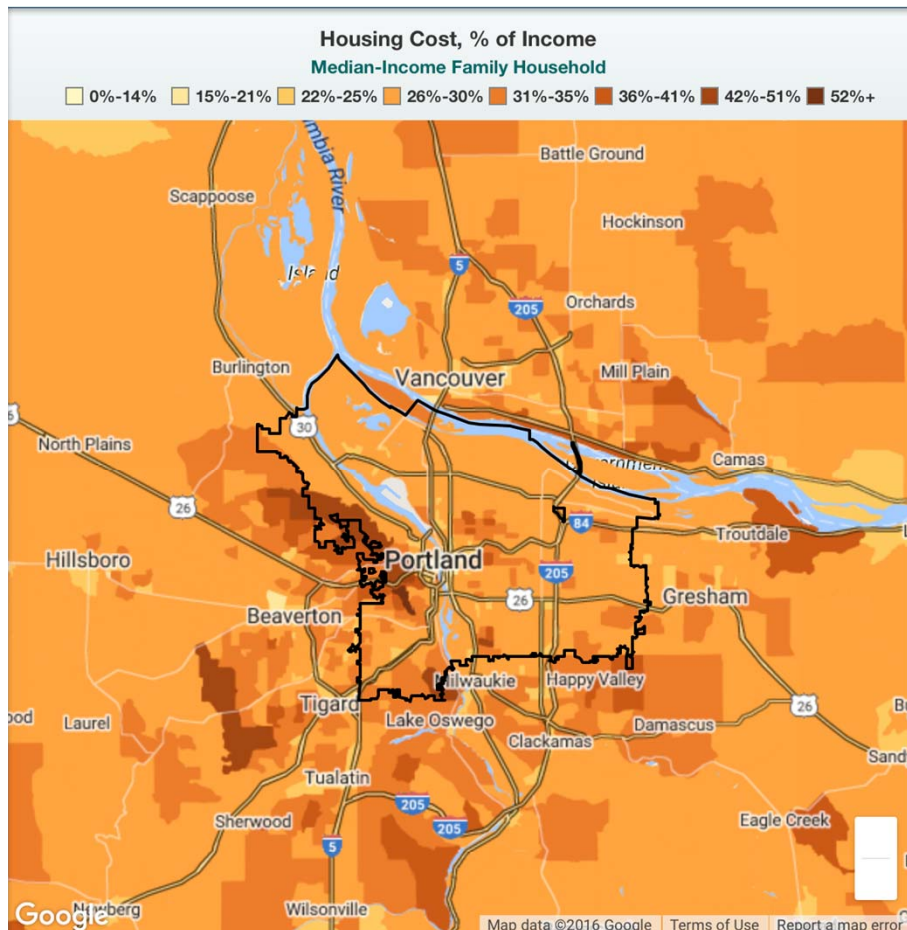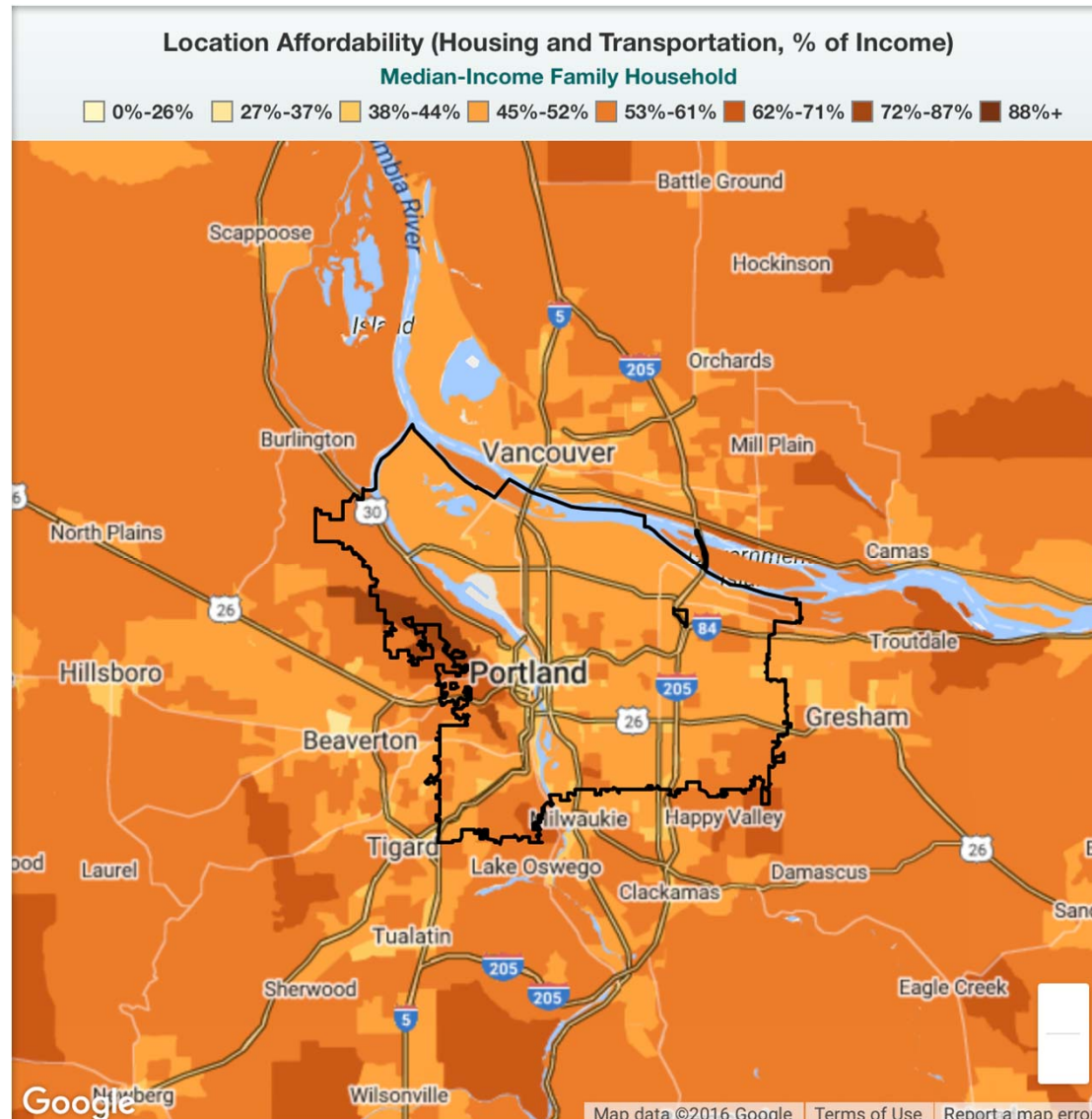
Housing
Policy
Debate

Thomas W. Sanchez, Editor

An early false start with policy

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The Location Efficient Mortgage (LEM)

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Unveiled in 2006 …

An early false start with policy

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Unveiled in 2006 … but ended in 2008.

Now ready for prime time in affordable rental housing policy

Fireside Apartments, Marin County, Calif.

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The Fair Housing Movement

Goetz, Edward G. 2015. "From Breaking Down Barriers to Breaking Up Communities: The Expanding Spatial Strategies of Fair Housing Advocacy." *Urban Affairs Review* 51(6), 820-842.

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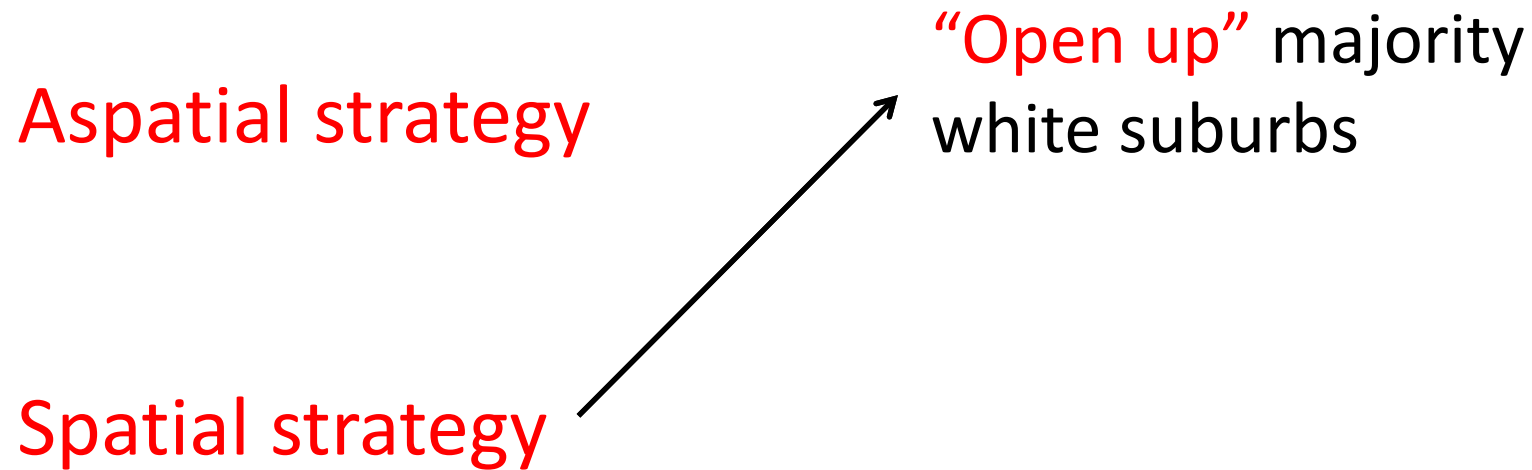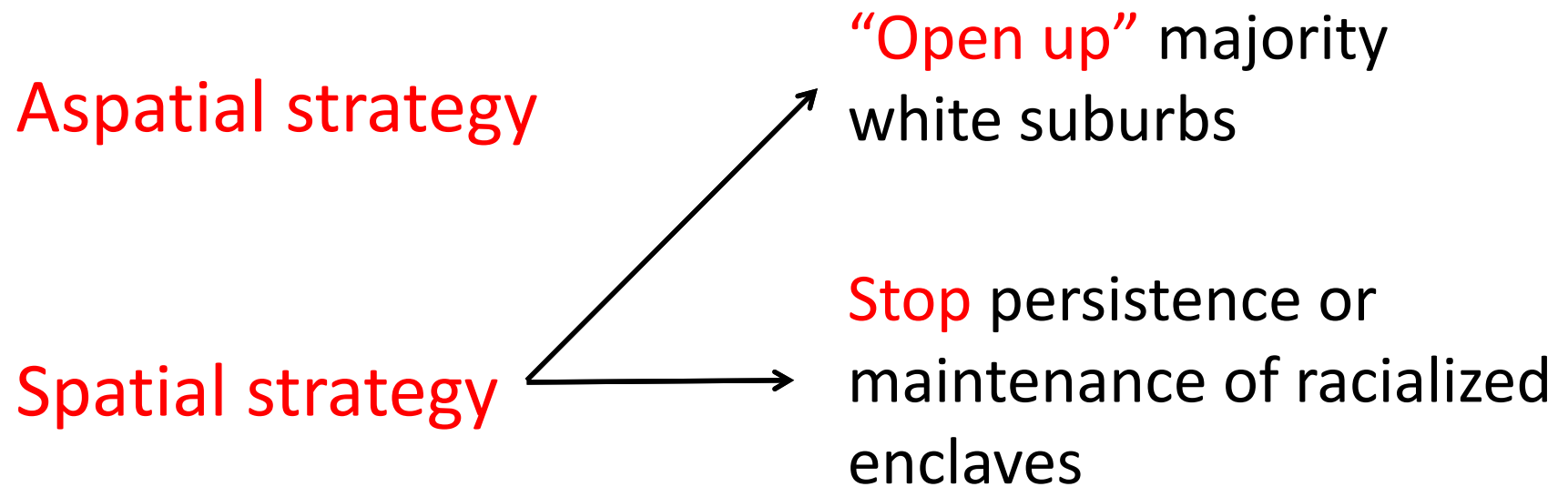
"T" and subsidized housing
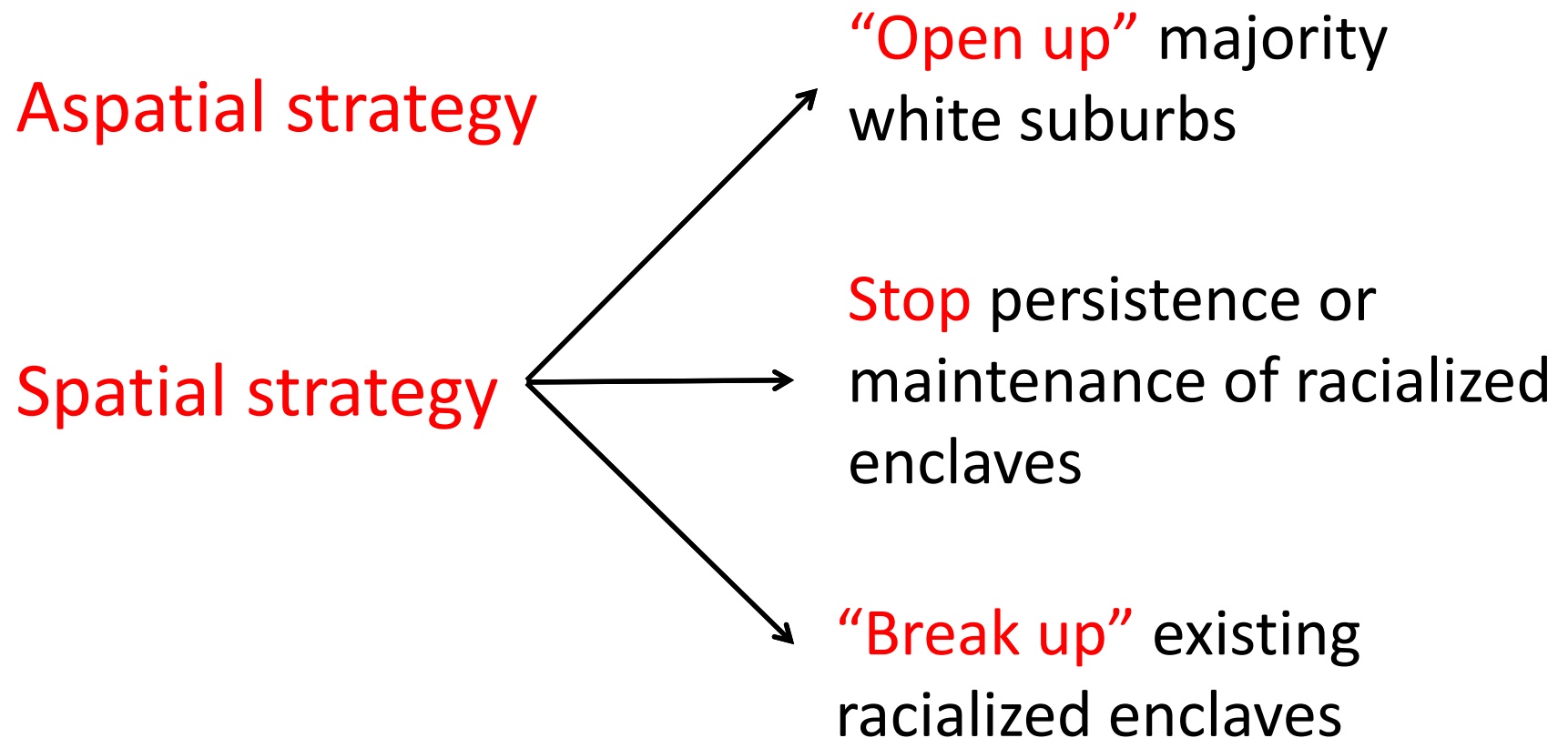
"The [H+T] index is inappropriate as a tool for siting new low income family housing.

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"T" in Philadelphia
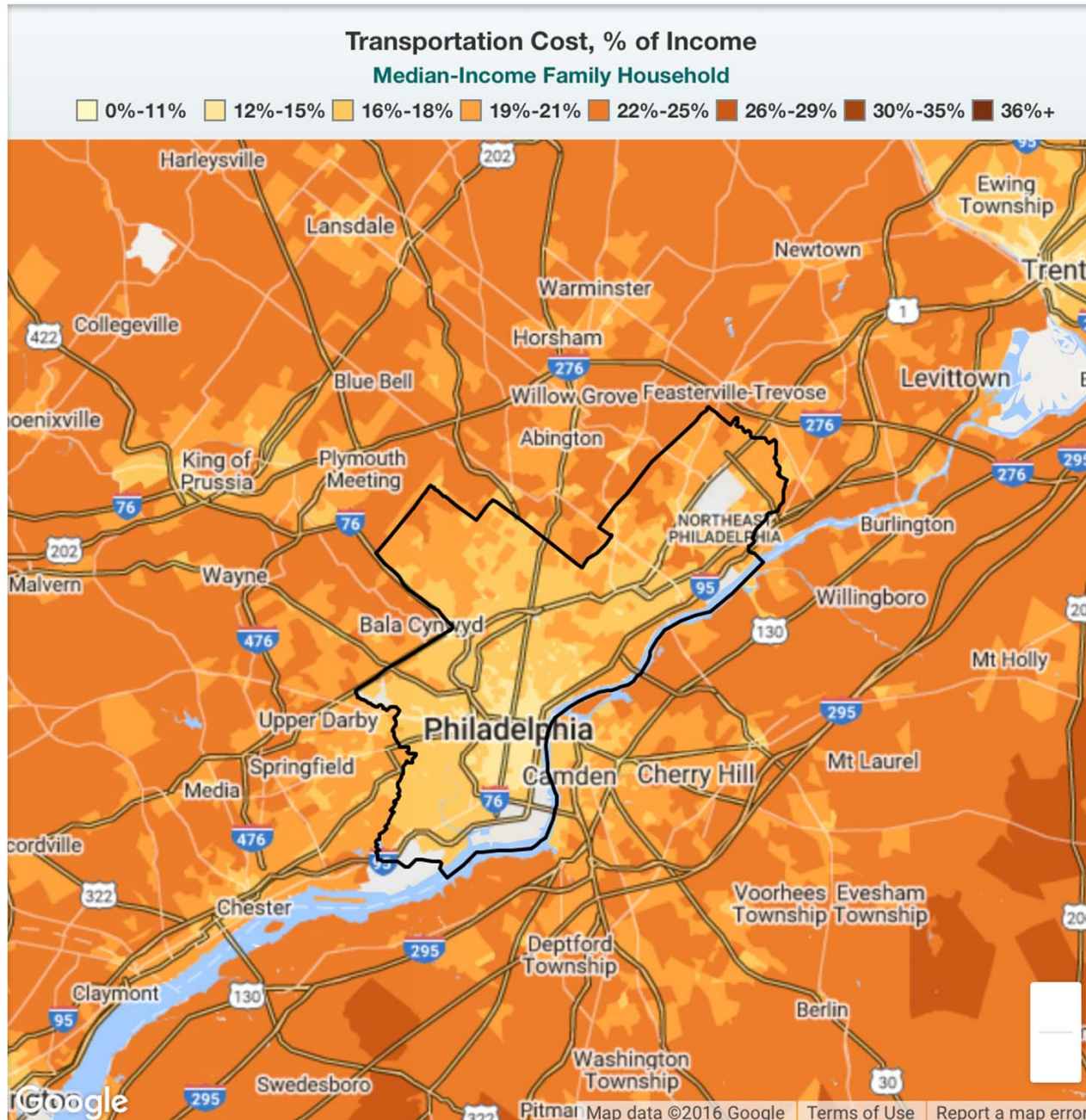
Fair Housing on the upswing in 2015

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A drastic shift in Texas' QAP as a result

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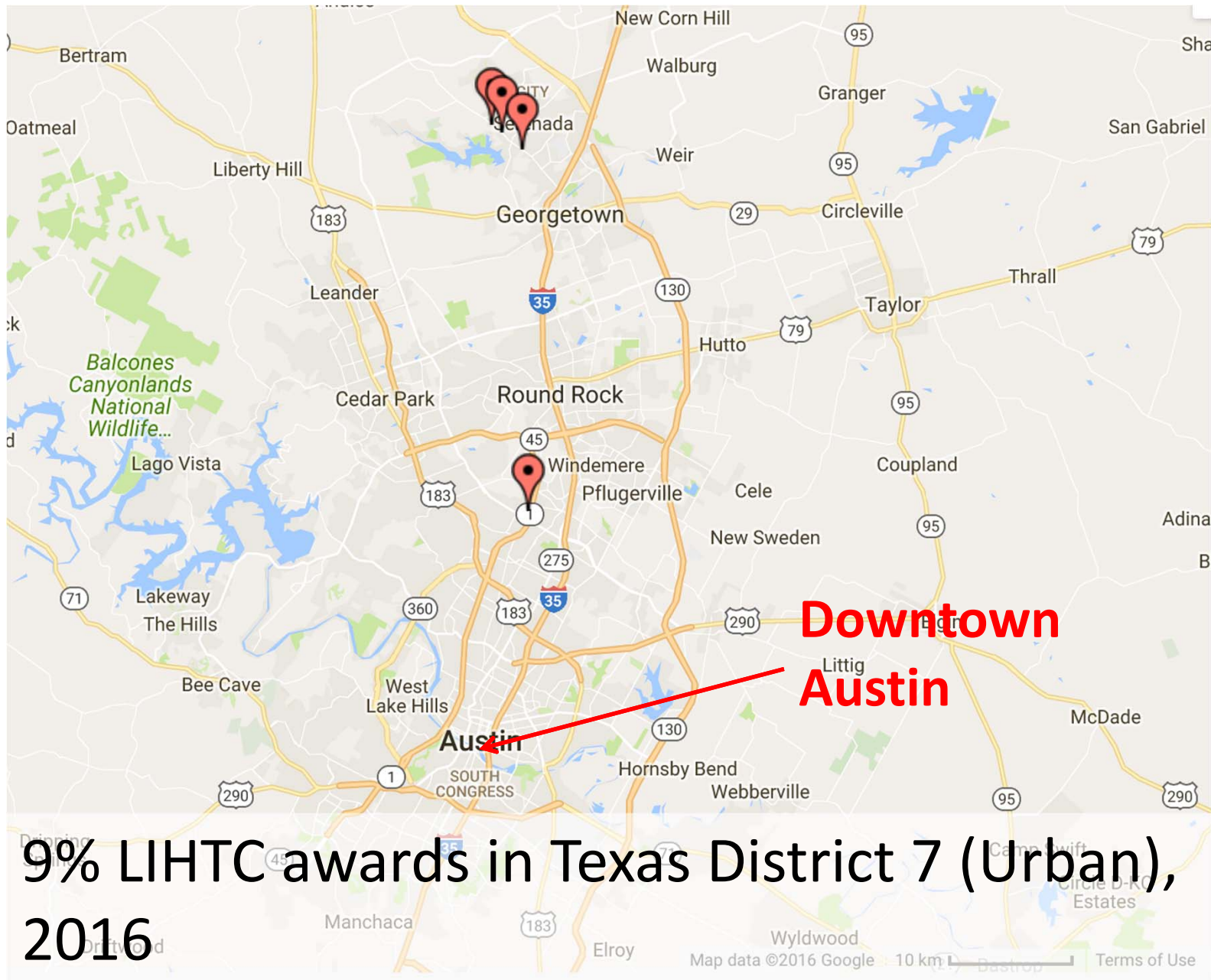
9% LIHTC awards in Texas District 7 (Urban), 2016

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Downtown Austin

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Our research question

Is incorporating location affordability into the siting of new subsidized housing projects likely to steer such developments into predominantly Black and Hispanic neighborhoods?

Three data sets

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- H+T Affordability Index dataset (from Center for Neighborhood Technology)

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n = 66,256 (census tracts)

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Race	Transportation Cost Quintile	Region	
		USA (overall sample)	Top 25 MSAs
Share White	1	13%	13%
	2	18%	14.%
	3	21%	18%
	4	24%	25%
	5	24%	30%
	Total for Whites	**100%**	**100%**
Share Black	1	27%	27%
	2	20%	25%
	3	21%	23%
	4	17%	15%
	5	14%	10%
	Total for Blacks	**100%**	**100%**
Share Latino	1	27%	22%
	2	23%	24%
	3	21%	22%
	4	16%	18%
	5	14%	13%
	Total for Hispanics	**100%**	**100%**

Race	Housing Cost Quintile	Location	
		USA (overall sample)	Top 25 MSAs
Share non-Hispanic White	1	11%	9%
	2	18%	15%
	3	22%	20%
	4	24%	25%
	5	24%	30%
Share Black	1	33%	34%
	2	24%	24%
	3	18%	19%
	4	15%	15%
	5	10%	8%
Share Hispanic	1	23%	29%
	2	22%	25%
	3	20%	21%
	4	18%	16%
	5	17%	10%

	Transportation Cost Quintile	Region	
		USA (overall sample)	Top 25 MSAs
Share of LIHTC Units	1	34%	46%
	2	23%	23%
	3	18%	15%
	4	14%	10%
	5	11%	6%

DV: Transportation Costs (Tract-Level)

		Base Model	With MSA fixed effect	Top 25 MSAs w/ MSA fixed effect
Intercept	Estimate	25.423***	32.592***	25.328***
	Standard Error	0.034	0.043	0.113
Percent NH Black	Estimate	-5.544***	-4.499***	-5.079***
	Standard Error	0.107	0.067	0.095
Percent Hispanic	Estimate	-5.874***	-4.667***	-4.662***
	Standard Error	0.109	0.082	0.102
	Sample Size	66,256	66,256	27,517
	R2	0.070	0.714	0.597
*** p<0.01, **p<0.05, *p<0.1				

DV: # of LIHTC Units in a Tract

		Base Model	With MSA fixed effect	Top 25 MSAs w/ MSA fixed effect
Intercept	Estimate	13.288***	11.482***	23.316***
	Standard Error	0.538	1.201	4.059
Percent Black	Estimate	87.380***	97.332***	105.928***
	Standard Error	1.683	1.868	3.397
Percent Hispanic	Estimate	44.845***	60.471***	61.988***
	Standard Error	1.716	2.287	3.665
	Sample Size	66,256	66,256	27,517
	R2	0.045	0.065	0.054
*** p<0.01, ** p<0.05, *p<0.1				

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- **Do state-level FH analysis before adding LA to QAPs**

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- Do state-level FH analysis before adding LA to QAPs
- Require incentives/TDMs for projects in high-opp (and high "T") areas