

# Fair Housing and Balanced Choices: Did Texas Reduce Government- Funded Segregation?

**An Analysis of 9% LIHTC Siting in Texas, 2006-2015**



**Texas Low Income Housing  
Information Service**

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## Executive Summary

In 2013, in the immediate wake of a federal fair housing suit that would ultimately make its way to the Supreme Court, the State of Texas changed its rules for awarding Low Income Housing Tax Credits (LIHTC). The goal was to better comply with the Fair Housing Act by reducing the number of affordable housing developments built in racially segregated, disinvested neighborhoods with low-performing schools, a lack of public services and few economic opportunities – the areas where subsidized housing is far too concentrated, in Texas and around the country.

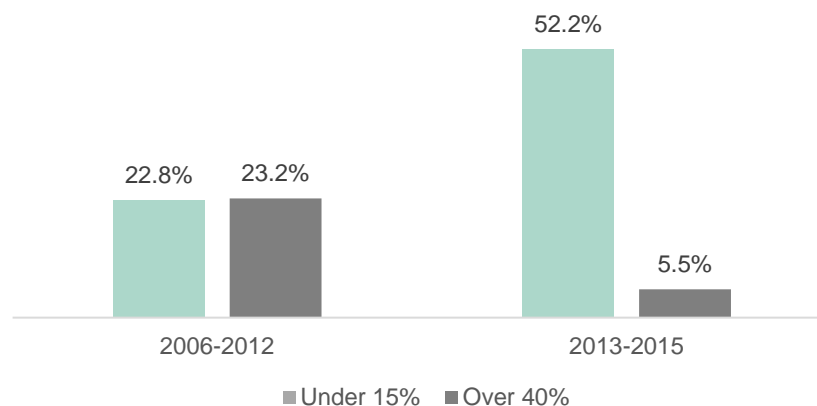
Why is this important? Because nine out of 10 tenants of LIHTC housing are people of color, so policies which concentrate these units in neighborhoods of color ultimately promote segregation.

Texas Low Income Housing Information Service analyzed the siting of developments built with 9 percent Low Income Housing Tax Credits (LIHTC) in the 10-year period from 2006-2015, comparing those built before the rule changes to the tax credit award system with those built since. The analysis shows that since the race-neutral Opportunity Index and Educational Excellence points were added to the State of Texas scoring system for tax credit applications, to incentivize developments in areas with low poverty and high-performing schools, more affordable housing choices have been built in areas with less poverty and racial concentration.

From 2006 to 2012, almost a quarter of the 9% tax credit development that serves Texas' general population – often families with children – was built in Census tracts with poverty rates of more than 40 percent. In the five major metropolitan areas examined in this report, a disproportionate number of elderly-only developments received tax credit awards compared to the elderly population, as development intended for elderly people can at times be more politically feasible, and receive less neighborhood opposition, than developments accessible to families with children.

But following the rule changes, from 2013 to 2015 the LIHTC inventory showed higher percentage of units located in low-poverty areas and an award of elderly units that more closely reflected the percentage of elderly renters in four out of five major metropolitan areas.

### Exhibit ES 1.1. Percentage of General Units in Low- and High-Poverty Areas by Census Tract Poverty Level



Source: ACS 2014 5 Yr Estimate Tables S1701, TDHCA HTC Property Inventory as of 09/08/16

Additionally, the race-neutral changes resulted in a significant shift in the racial and ethnic makeup of the Census tracts where LIHTC awards were made. From 2006 to 2012, 68 percent of awards went toward units in tracts with black or Hispanic populations above the state average. Since 2013, about half of awards have been in tracts with above-average white populations.

Below are the results from 2013 to 2015 in the five major metropolitan areas analyzed:

- Austin area (page 11)
  - 75% of awards were located in Census tracts with less than 15% poverty
  - 13% of awards targeted the elderly population (over-55 renter population is 15%)
  - Fewer units were awarded in areas of racial and ethnic concentration
- Dallas area (page 14)
  - 70% of awards were located in Census tracts with less than 15% poverty
  - Awards targeting the elderly population more closely aligned with area population with a decrease from 50% in 2006-2012 to 14% in 2013-2015 (over-55 renter population for region is 19%)
  - Fewer units were awarded in areas of racial and ethnic concentration
- Ft. Worth area (page 16)
  - 86% of awards were located in Census tracts with less than 15% poverty
  - Fewer units were awarded in areas of racial and ethnic concentration
- Houston area (page 19)
  - 59% of awards were located in Census tracts with less than 15% poverty
  - Awards targeting the elderly population more closely aligned with area population with a decrease from 56% in 2006-2012 to 32% in 2013-2015 (over-55 renter population is 20%)
  - Fewer units were awarded in areas of racial and ethnic concentration
- San Antonio area (page 21)
  - 82% of awards were located in Census tracts with less than 15% poverty
  - Fewer units were awarded in areas of ethnic concentration

The analysis demonstrates a clear improvement in the promotion of integration and the State's compliance with its obligations under the Fair Housing Act. Texas families now have more options to live in areas which had always lacked affordable housing, and more choice to live in racially integrated, low-poverty neighborhoods near good schools, good services and good jobs.

However, some claimed that these changes went too far, and successfully argued for adjustments to the 2017 scoring criteria that reward development near the urban core and award fewer points for educational excellence. These changes may reverse the progress of fair housing, returning to a system where, for decades, the vast majority of tax credit housing was built in high poverty areas. It will take far more than four years of emphasis on high opportunity neighborhoods to truly balance Texas' tax credit housing stock and provide real choice.

## 1. Introduction

Texas Low Income Housing Information Service analyzed the location characteristics of the 9% LIHTC awards allocated by the Texas Department of Housing and Community Affairs (TDHCA) between 2006 and 2015, in order to illustrate the influence of the State's Qualified Allocation Plan (QAP) on the placement of subsidized housing and determine if choice for low income families was expanded after changes were made to the QAP in 2013. The report also examines the impact of state policies on encouraging elderly development over general development.

The Low Income Housing Tax Credit program is currently the largest producer of new affordable housing units in the United States, funding almost 3 million units since its inception in 1986. In the time period covered by this report, from 2006 to 2015, LIHTCs produced more than 57,000 units of affordable housing in Texas. The beneficiaries of this program are primarily African American and Hispanic/Latino households who, on average, make up 30 percent and 62 percent of the tenant populations for LIHTC developments, respectively.<sup>1</sup>

The characteristics of the locations of tax credit developments vary based on the priorities set in the QAP, which is revised annually based on input from housing providers, local governmental entities and fair housing advocates. Awards are allocated based on a point system, so applicants tend to prioritize those items worth the most points, including features of the structure, rent levels and tenant services, local support for the development and characteristics of the area in which the development is located. This report focuses on how the QAP's location criteria impact opportunity and housing choice for residents.

### 1.1 LIHTC Allocations for All Target Populations, 2006-2015

Tax credit applications designate which population their units will serve or "target." Elderly developments will only permit those over the age of 55 to apply for residency, and developments that serve the general population are open to everyone<sup>2</sup>. Between 2006 and 2015, 98 percent of Texas' tax credit units served either the elderly or general population. While only 20 percent of the Texas renter population is over the age of 55, over 30 percent of the awards allocated were for Elderly units. Conversely, approximately 11.6 percent of the Texas renter population has a disability while less than 2 percent of developments awarded were for Integrative and Supportive Housing:

**Exhibit 1.1. Total Units and Developments Awarded Between 2006 and 2015**

Population Served	Number of Units	Percentage	Number of Developments	Percentage	State of Texas
Elderly	17,929	31.4%	183	30.8%	20.4%*
General	38,508	67.4%	402	67.5%	79.6%*
Integrative	252	0.4%	4	0.7%	11.6%**
Supportive Housing	478	0.8%	6	1.0%	11.6%**
<b>Total</b>	<b>57,167</b>	<b>100%</b>	<b>595</b>	<b>100%</b>	

\*Based on renters over 55 \*\*Based on those with a disability

Source: ACS 2014 5 Yr Estimate Tables B25007 & B18101, TDHCA HTC Property Inventory as of 09/08/16

<sup>1</sup>2015 Housing Sponsor Report, Texas Department of Housing and Community Affairs

<sup>2</sup> QAP FAQ "Classification as Elderly Limitation or Elderly Preference is a function of the funding that is or may be received by the development." <https://www.tdhca.state.tx.us/multifamily/docs/16-Competitive-HTC-AppFAQ.pdf>

The time periods discussed in this report, 2006-2012 and 2013-2015, come before and after a remedial plan<sup>3</sup> ordered by a federal district court to address the overconcentration of tax credit housing in segregated, low opportunity areas. The ruling initiated a substantial shift in the point allocation in the QAP toward high opportunity areas and ensuring that residents had access to opportunity. It did so by:

1. Rewarding project sites located outside harmful concentrations of poverty, which substantial academic research has shown to significantly affect the outcomes of people's lives.<sup>4</sup> The remedial plan required that a development site be in a Census tract with a poverty rate of 15 percent or less;
2. Rewarding project sites located in Census tracts with a median household income (MHI) that was in the top two quartiles for the metro area or county;
3. Rewarding project sites located within the attendance zones of public schools which met certain state education agency standards;
4. Providing certain scoring advantages for general developments over elderly developments; and
5. Enumerating and requiring the reporting of specific Undesirable Site Features which disqualified potential project sites, and Undesirable Neighborhood Characteristics which can disqualify potential project sites without sufficient supplemental information and actions to overcome said characteristics.

The 2012 remedial plan and the changes it spurred in the 2013 QAP represent an important policy shift for the LIHTC program in Texas. The term “high opportunity” did not appear in the QAP until 2009<sup>5</sup>. From 2009 to 2012, QAPs allowed developments to propose to qualify for a 30% increase in Eligible Basis<sup>6</sup> if located in a “high opportunity area” – defined by its proximity to transportation, the poverty rate and area median gross income (AMGI) of the Census tract, nearby school performance and, in some cases, eligibility for disaster recovery funding.

The 2013 QAP introduced the Opportunity Index and Educational Excellence point structures,<sup>7</sup> along with a revised, more rigorous definition for Community Revitalization Plans (CRP), the city proposals for reinvestment in high-poverty areas. An application should not score points in both the Opportunity Index and Community Revitalization Plan categories, so the CRP provision was created to allow for some development in high-poverty Census tracts if there is evidence of other city investment into the area. Since 2013, TDHCA staff must independently evaluate a

<sup>3</sup> <https://www.tdhca.state.tx.us/multifamily/docs/icp-docs/ICP-Judgement.pdf>

<sup>4</sup> Chetty, Raj. *The Equality of Opportunity Project*, Sharkey, Patrick. *Stuck in Place: Urban Neighborhoods and the End of Progress toward Racial Equality*. 1st Edition. University of Chicago Press. 2013.

<sup>5</sup> <https://www.tdhca.state.tx.us/multifamily/housing-tax-credits-9pct/archive.htm>, go to link for 2009 QAP.

<sup>6</sup> <https://www.tdhca.state.tx.us/multifamily/htc/docs/10-QAP.pdf>, page 18-19

<sup>7</sup> <https://www.tdhca.state.tx.us/multifamily/htc/docs/13-QAP.pdf>

city's claim to reinvestment<sup>8</sup>. A study of applications between 2012 and 2015 found that as more awards went to developments in low-poverty areas, fewer developers applied for CRP points<sup>9</sup>.

The changes to the QAP resulted in a significant drop in elderly-only units from 2013-2015 as compared to the seven previous years. The shift can be attributed to the Opportunity Index, which set the highest two point categories for developments serving general populations and supportive housing, but not those restricted to elderly populations. The scoring items as adopted from the plan resulted in awards to developments that better serve the state's affordable housing needs by providing housing proportional to the renter population (20.4 percent of renter householders are over the age of 55<sup>10</sup>).

### Exhibit 1.2. Total Unit Breakdown by Population Served for 2006-2012 and 2013-2015

Population	2006-2012		2013-2015	
	Number of Units	Percentage of Units	Number of Units	Percentage of Units
General	26,125	63.9%	12,383	79.8%
Elderly	14,790	36.1%	3,139	20.2%
<b>Total</b>	<b>40,915</b>	<b>100.0%</b>	<b>15,522</b>	<b>100.0%</b>

Source: TDHCA HTC Property Inventory as of 09/08/16

To determine whether the changes also improved the racial and economic integration of tax credit housing, this report analyzes the location of LIHTC developments by the race and poverty of their Census tracts, first at a statewide level, then in the five largest metropolitan areas in Texas and finally in the five largest counties.

<sup>8</sup> Randall, Megan. Redefining Revitalization: An Analysis of Community Revitalization in Texas' Low Income Housing Tax Credit Program. Page 15. University of Texas, 2016.

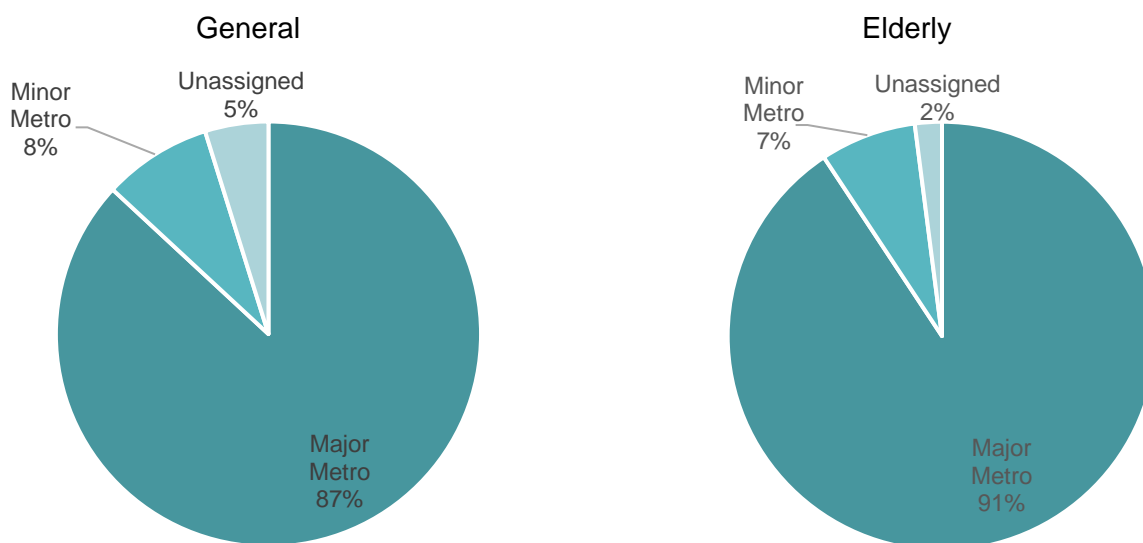
<sup>9</sup> Ibid. page 17.

<sup>10</sup> American Community Survey Table 25007 for State of Texas, 2010-2014 5-Year Estimate.

## 2. LIHTC Housing in Areas of Opportunity in Metropolitan Texas

Our statewide analysis focuses on LIHTC units in metropolitan areas of Texas using the Core-Based Statistical Areas (CBSA) as defined by the U.S. Census<sup>11</sup>. As shown in Exhibit 2.1, most of the LIHTC awards between 2006-2015 were located in major metropolitan areas, reflecting the 89 percent of the total Texas population that lives in major metropolitan areas, as shown in Exhibit 2.2.

**Exhibit 2.1. 2006-2015 LIHTC General and Elderly Units by Metropolitan Designation**



Source: TDHCA HTC Property Inventory as of 09/08/16, U.S. Census CBSA designations

**Exhibit 2.2. Total State of Texas Population by CBSA Metropolitan Designation**

CBSA Designation	Number of People	Percent
Major Metropolitan	23,324,345	89.4%
Minor Metropolitan	2,020,412	7.7%
Unassigned	747,276	2.9%
<b>Total Texas Population</b>	<b>26,092,033</b>	<b>100.0%</b>

Source: ACS 2014 5 Yr Estimate Table B03002: Hispanic or Latino Origin by Race, U.S. Census Tiger Files

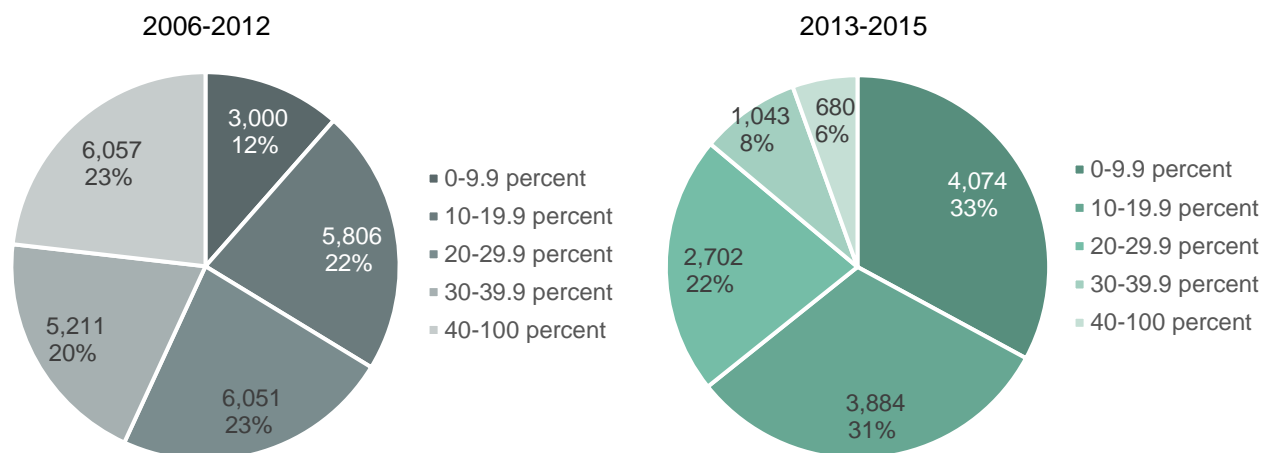
<sup>11</sup> The CBSA metric is roughly equivalent to the Metropolitan Statistical Area (MSA). Each CBSA includes the counties that surround the major metropolitan areas.



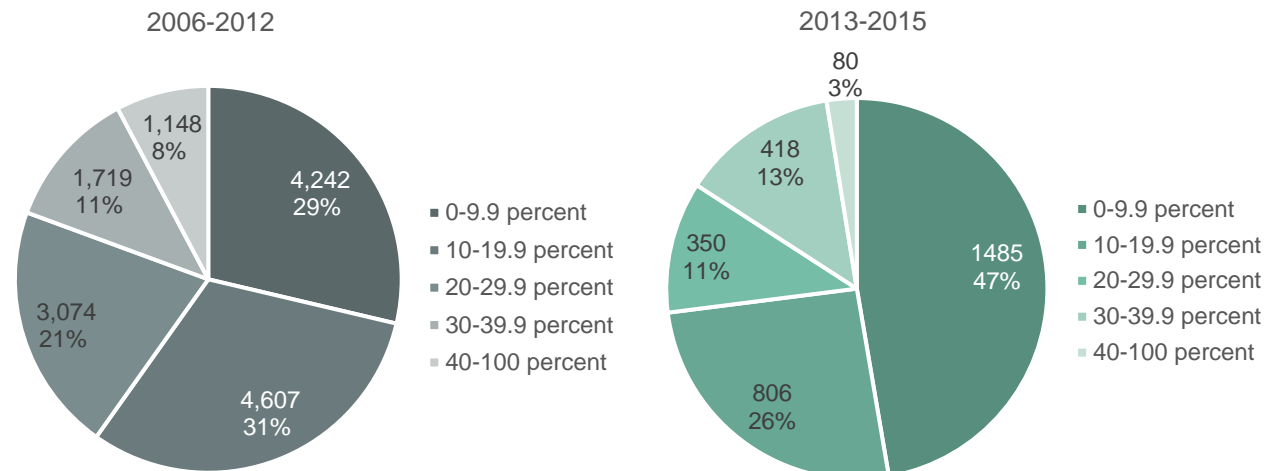
## 2.1 Effects of QAP Changes on LIHTC locations

Examining the location of LIHTC developments by Census tract poverty rate shows a 19 percent increase, from 12 percent to 33 percent, of general units in tracts with less than 10 percent poverty since 2013. Exhibit 2.1.2 shows an 18 percent increase, from 29 percent to 47 percent, of elderly units in tracts with poverty below 10 percent.

**Exhibit 2.1.1. General Units by Census Tract Poverty Rate, 2006-2012 & 2013-2015**



**Exhibit 2.1.2. Elderly Units by Census Tract Poverty Rate, 2006-2012 & 2013-2015**

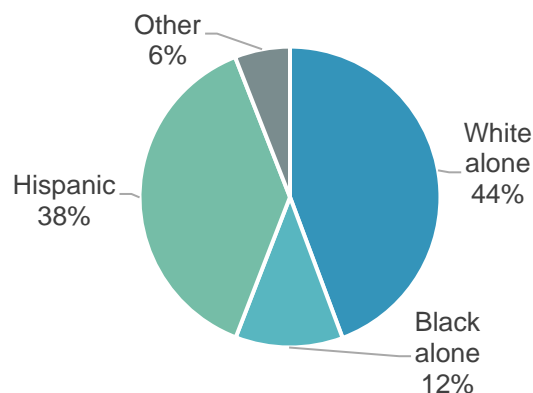


Source: ACS 2014 5 Yr Estimate: Table S1701: Poverty Status in the Past 12 months, TDHCA HTC Property Inventory as of 09/08/16

In examining the racial makeup of the Census tracts with LIHTC awards between 2006 and 2015, our thresholds are based on the state population racial breakdown shown in Exhibit 2.1.3.

**Exhibit 2.1.3. State of Texas Population by Race and Ethnicity**

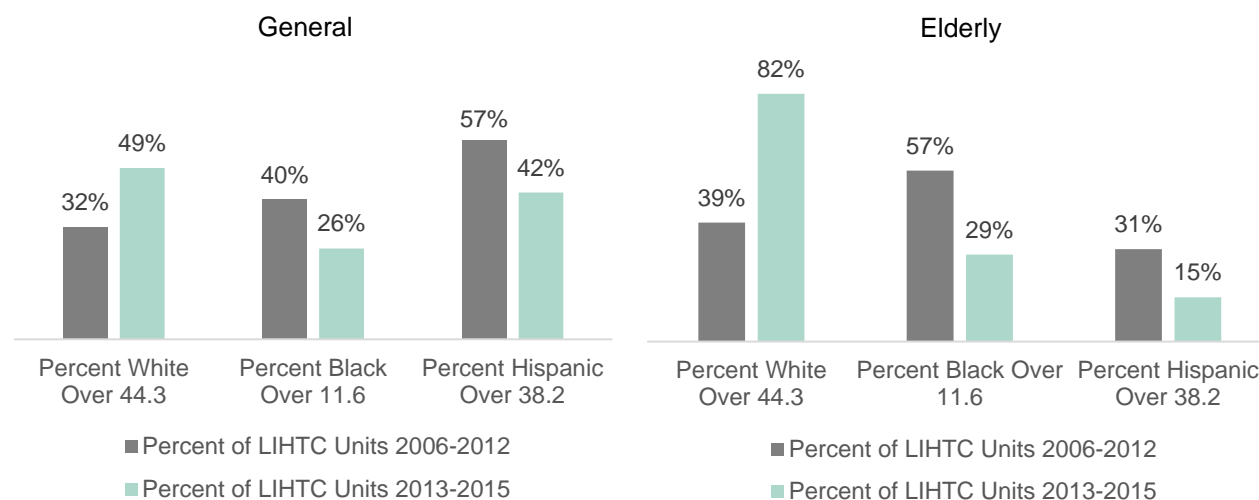
Race & Ethnicity	Number of People	Percentage
White alone	11,562,453	44.3%
Black alone	3,015,767	11.6%
Hispanic	9,962,643	38.2%
Other	1,551,170	5.9%
<b>Total</b>	<b>26,092,033</b>	<b>100%</b>



Source: ACS 5-year 2010-2014: Table B03002, Hispanic or Latino Origin by Race

Exhibit 2.1.4 shows the percentages of awards for general units during the 2006-2012 and 2013-2015 timeframes located in Census tracts with racial and ethnic percentages higher than the state average. Note that these are not mutually exclusive categories, hence the sum of percentages for the three categories adding up to more than 100 percent.

After the remedial plan and resulting changes in the QAP, a higher percentage of units were allocated in Census tracts with a white population above the state average, and fewer were awarded in areas with a higher-than-average black or Hispanic populations. Exhibit 2.1.4 shows even more dramatic trends for the percentages of elderly development awards in Census tracts with above-average rates for each race and ethnicity before and after 2013.

**Exhibit 2.1.4. LIHTC Units by Race, 2006-2012 & 2013-2015**

Source: ACS 5-year 2010-2014: Table B03002, Hispanic or Latino Origin by Race, TDHCA HTC Property Inventory as of 09/08/16

### 3. LIHTC Housing in Texas' Five Largest Metropolitan Areas

For each of the five largest CBSAs in Texas – Austin, Dallas, Fort Worth, Houston and San Antonio – the report presents the allocations of tax credits from 2006-2012 and from 2013-2015 by:

#### Proportion

Each region is broken down by target population to compare awarded developments against the corresponding populations in the metropolitan area. Awards from 2006 to 2012 disproportionately went to developments reserved for elderly populations, exceeding the local percentages of eligible renters over 55 years old, in four out of five large metros.

#### Poverty

The state's remedial plan developed in response to the court's order required that developments be located in a tract with a poverty rate of 15 percent or less (or 35 percent or less for border regions) in order to be eligible for any Opportunity Index points. This requirement has resulted in a significant decrease in average tract poverty for developments of all types. With more emphasis on siting LIHTC developments in low-poverty areas, there was a corresponding drop in awards going to areas of extreme poverty, or those with poverty rates of 40 percent or higher.

#### Race and Ethnicity

While the policies adopted in the 2013 QAP were race-neutral, the high correlation between poverty and race meant the allocation of fewer awards in areas of racial isolation, and more housing choice for low income people.

#### 3.1 Austin (Region 7)

The Austin CBSA includes Bastrop, Caldwell, Hays, Travis and Williamson Counties. Per the Census Bureau's July 2015 estimate, the total population of the area is more than 1.8 million.

##### Exhibit 3.1.1: LIHTC Development Types 2006-2015 and Austin CBSA Populations

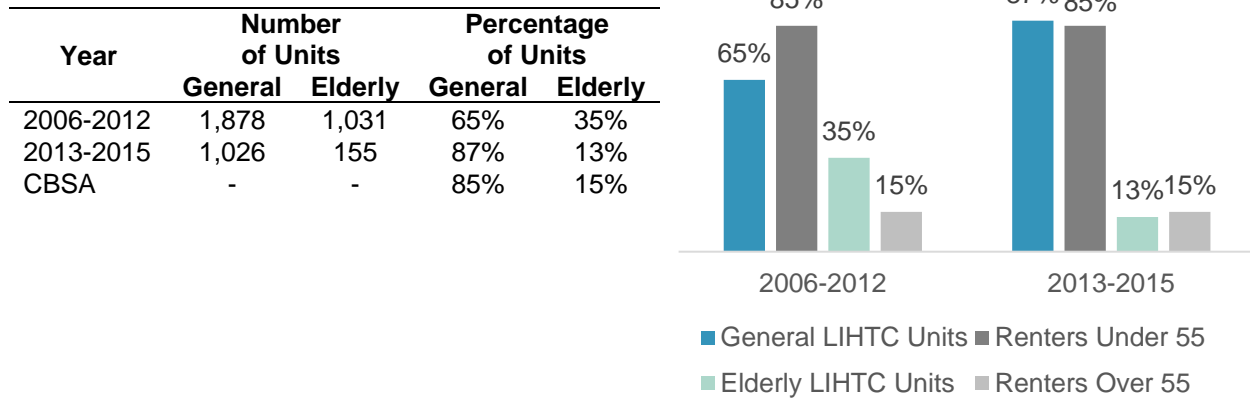
Population Served	Number of Units	Percentage	Number of Developments	Percentage	Austin CBSA
Elderly	1,181	27%	11	29%	15%*
General	2,909	66%	24	63%	85%*
Integrative	0	n/a	0	n/a	9%**
Supportive Hsg.	300	7%	3	8%	9%**
<b>Total</b>	<b>4,390</b>	<b>100%</b>	<b>38</b>	<b>100%</b>	

\*Based on renters over 55 \*\*Based on those with a disability

Source: ACS 2014 5 Yr Estimate Tables B25007 & B18101, TDHCA HTC Property Inventory as of 09/08/16

After the implementation of the remedial plan in 2013, the allocation of awards more closely aligned with the renter populations of the metropolitan area:

### Exhibit 3.1.2: Overserving Elderly vs. General Units in Austin CBSA

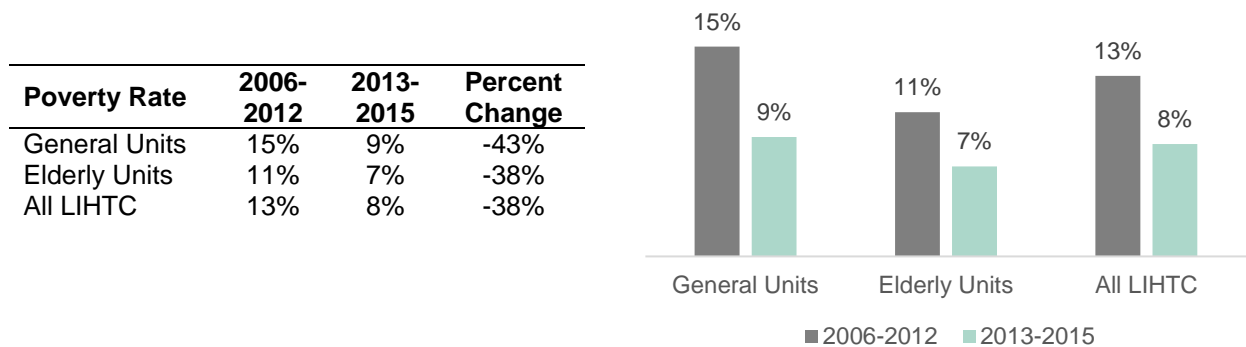


Source: ACS 2014 5 Yr Estimate Table B25007, TDHCA HTC Property Inventory as of 09/08/16

### POVERTY

The average poverty rate for Census tracts where general units were awarded went from 15 percent in 2006 to 2012 down to 9 percent in the years between 2013 and 2015. The average poverty rate for the location where elderly units were awarded also decreased.

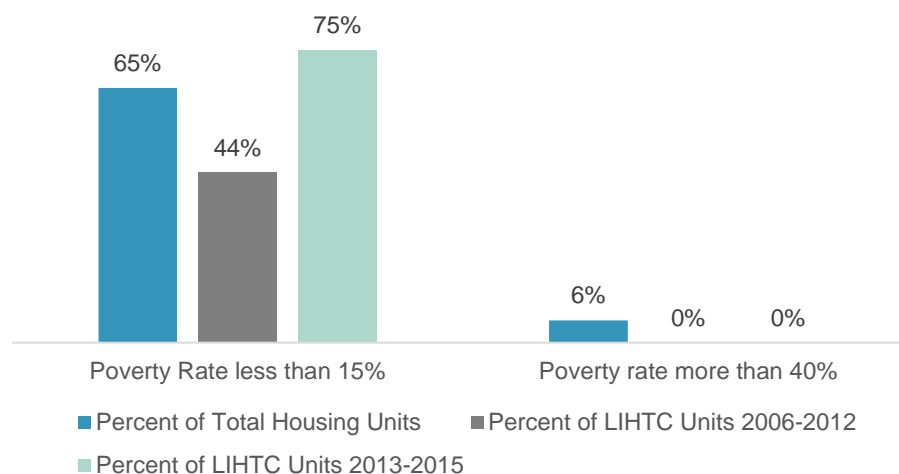
### Exhibit 3.1.3: Moving Out of Poverty: LIHTC Awards Going to Areas with Lower Poverty Rates



Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

In the Austin Metro, three out of four units targeting the general population from 2013 to 2015 were located in a low-poverty Census tract compared with less than half of developments built between 2006 and 2012.

#### Exhibit 3.1.4: Percentage of LIHTC General Units in Low- and High-Poverty Census Tracts

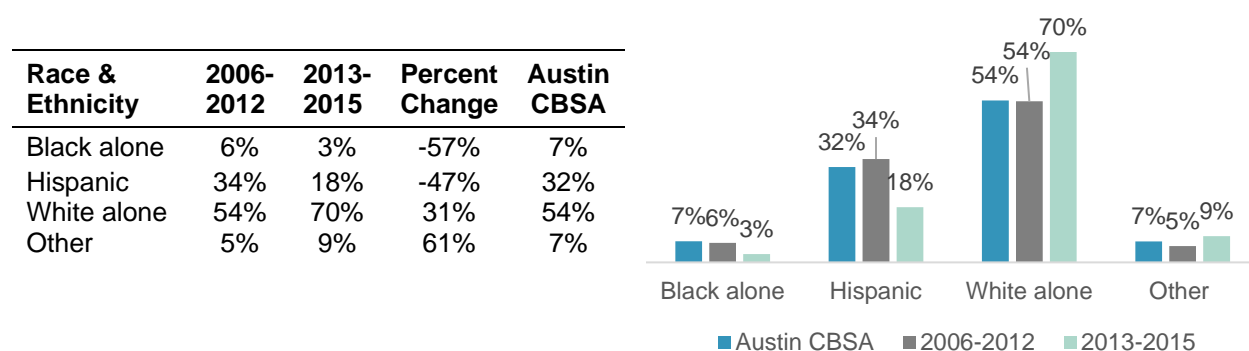


Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

#### RACE & ETHNICITY

After the changes to the QAP, LIHTC development in the Austin metropolitan area was built in Census tracts with lower percentages of black and Hispanic residents and a higher percentage of white residents:

#### Exhibit 3.1.5: Promoting Integration: Demographic Characteristics of LIHTC Award Locations



Source: ACS 2014 5 Yr Estimate Table B03002, TDHCA HTC Property Inventory as of 09/08/16

### 3.2 Dallas (Region 3 – East)

The Dallas-Fort Worth-Arlington CBSA region has a total population of more than 6.8 million people according to the Census Bureau's July 2015 estimate, making it the largest metro area in Texas. The region is divided into two areas to reflect the unique demographic conditions in Dallas and Fort Worth. The Dallas region, which includes Dallas, Collin, Kaufman, Ellis, Rockwall and Hunt Counties, has a population of more than 3.7 million people.

**Exhibit 3.2.1: LIHTC Development Types 2006-2015 and Dallas CBSA Populations**

Population Served	Number of Units	Percentage	Number of Developments	Percentage	Dallas CBSA
Elderly	2,125	43	18	44	19%*
General	2,816	56	22	54	81%*
Integrative	n/a	n/a	n/a	n/a	10%**
Supportive Hsg.	45	1	1	2	10%**
<b>Total</b>	<b>4,986</b>	<b>100</b>	<b>41</b>	<b>100</b>	

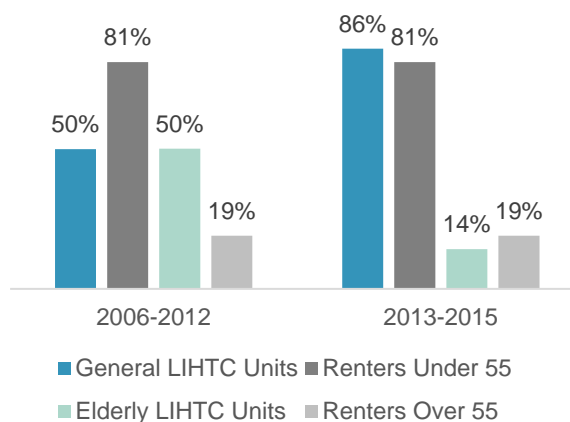
\*Based on renters over 55 \*\*Based on those with a disability

Source: ACS 2014 5 Yr Estimate Table B25007 & B18101, TDHCA HTC Property Inventory as of 09/08/16

Since 2013, the allocation of awards has more closely aligned with the renter populations of the age profile of the metropolitan area:

**Exhibit 3.2.2: Overserving Elderly vs. General Units in Dallas CBSA**

Year	Number of Units		Percentage of Units	
	General	Elderly	General	Elderly
2006-2012	1,980	1,987	50%	50%
2013-2015	836	138	86%	14%
CBSA	-	-	81%	19%

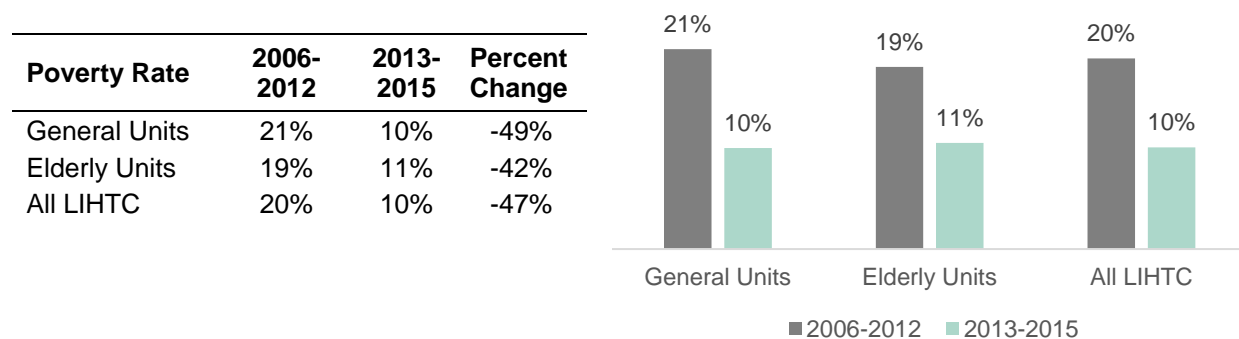


Source: ACS 2014 5 Yr Estimate Table B25007, TDHCA HTC Property Inventory as of 09/08/16

## POVERTY

The average Census tract poverty rate for LIHTC awards in the Dallas Metro dropped by more than half for general awards, and almost half for elderly awards, from 2006-2012 versus 2006-2012:

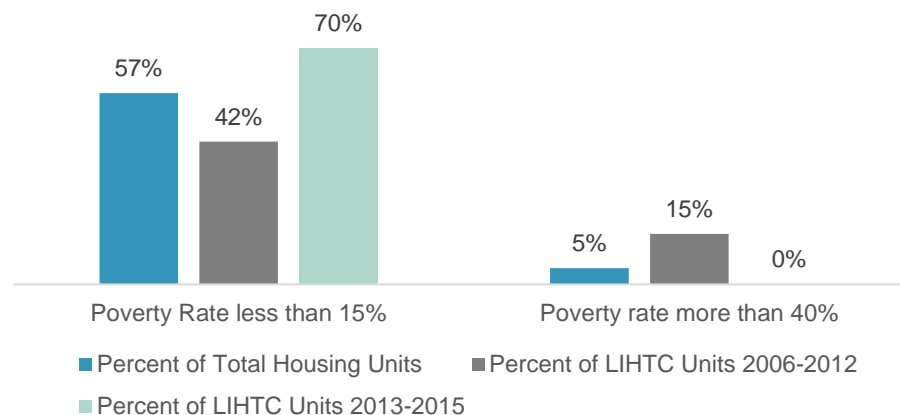
### Exhibit 3.2.3: Moving Out of Poverty: LIHTC Awards Going to Areas with Lower Poverty Rates



Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

Since the initial inception of government-subsidized housing programs more than 50 years ago, subsidized housing has been developed almost exclusively in high poverty neighborhoods composed overwhelmingly of people of color. Changes in the QAP have, for the first time, reversed this practice. Between 2006 and 2012, 15 percent of tax credit developments targeting the general population went into high-poverty Census tracts. But from 2013 to 2015, no developments in the Dallas Metro were located in a high-poverty tract.

### Exhibit 3.2.4: Percentage of LIHTC General Units in Low- and High-Poverty Census Tracts

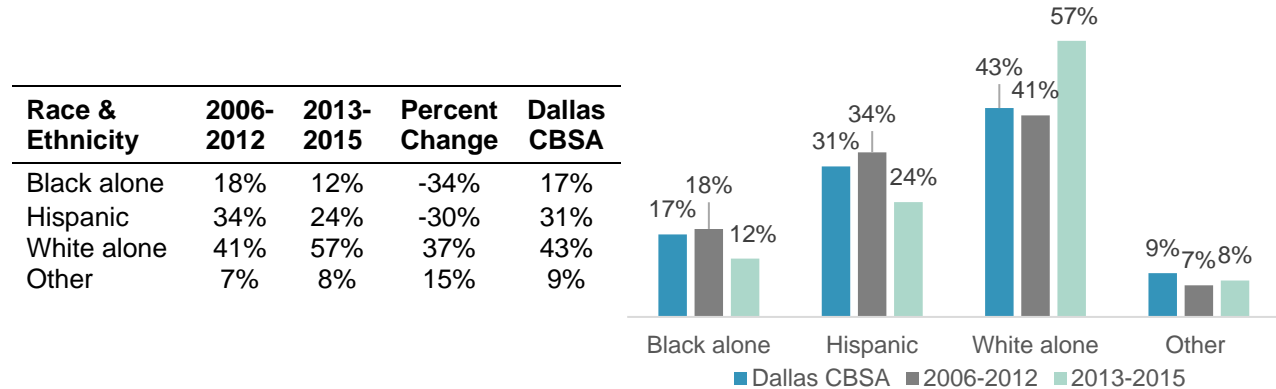


Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

## RACE & ETHNICITY

As in other Texas regions, after the changes in the QAP in 2013, LIHTC development in Dallas was developed in census tracts with lower percentages of black and Hispanic residents and higher percentages of white residents.

### Exhibit 3.2.5: Promoting Integration: Demographic Characteristics of LIHTC Award Locations



Source: ACS 2014 5 Yr Estimate Table B03002, TDHCA HTC Property Inventory as of 09/08/16

## 3.3 Fort Worth (Region 3 – West)

The Fort Worth CBSA, which includes Tarrant, Denton, Johnson, Parker, Hood, Somervell and Wise Counties, has a population of more than 3 million people<sup>12</sup>.

### Exhibit 3.3.1: LIHTC Development Types 2006-2015 and Ft. Worth CBSA Populations

Population Served	Number of Units	Percentage	Number of Developments	Percentage	Ft. Worth CBSA
Elderly	1,881	43%	15	36%	19%*
General	3,003	56%	27	64%	80%*
Integrative	0	n/a	0	n/a	10%**
Supportive Hsg.	0	n/a	0	n/a	10%**
<b>Total</b>	<b>4,884</b>	<b>100%</b>	<b>42</b>	<b>100%</b>	

\*Based on renters over 55 \*\*Based on those with a disability

Source: ACS 2014 5 Yr Estimate Table B25007 & B18101, TDHCA HTC Property Inventory as of 09/08/16

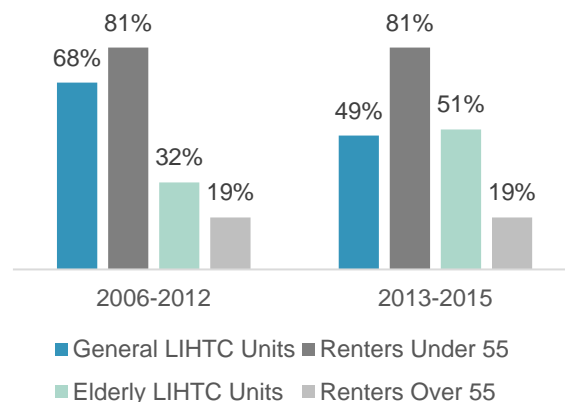
<sup>12</sup> ACS B01003: TOTAL POPULATION 5 Year 2011-2015



After the implementation of the remedial plan in 2013, Fort Worth was the one region where the allocation of awards became more disproportionate to the profile of the renter population. The percentage of elderly awards increased in the 2013-2015 award period compared to 2006-2012:

### Exhibit 3.3.2: Overserving Elderly vs. General Units in Ft. Worth

Year	Number of Units		Percentage of Units	
	General	Elderly	General	Elderly
2006-2012	2,173	830	50%	50%
2013-2015	1,013	868	86%	14%
CBSA	-	-	81%	19%



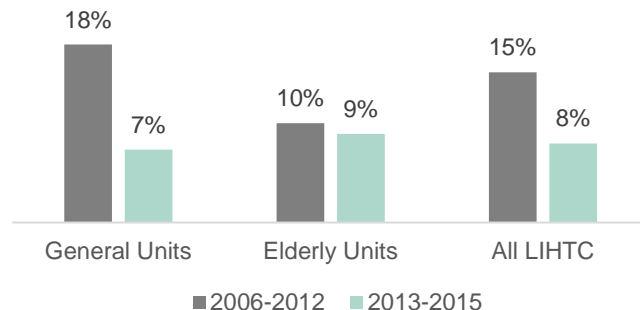
Source: ACS 2014 5 Yr Estimate Table B25007, TDHCA HTC Property Inventory as of 09/08/16

## POVERTY

The average Census tract poverty rate for LIHTC awards between 2013-2015 dropped by more than half for general awards compared to 2006-2012, and almost half for elderly awards.

### Exhibit 3.3.3: Moving Out of Poverty: LIHTC Awards Going to Areas with Lower Poverty Rates

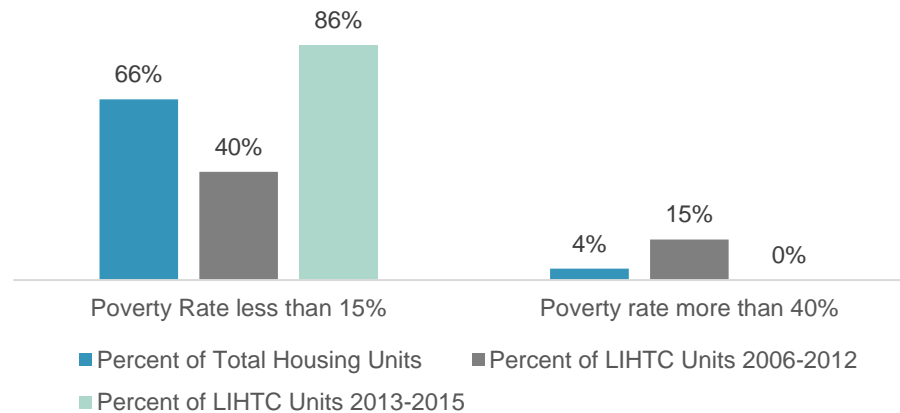
Poverty Rate	2006-2012	2013-2015	Percent Change
General Units	18%	7%	-59%
Elderly Units	10%	9%	-11%
All LIHTC	15%	8%	-47%



Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

From 2013-2015, the number of general population units awarded in Census tracts with poverty rates below 15 percent more than doubled from 2006-2012. No developments in the Fort Worth metro area since 2013 were located in a high-poverty tract.

### Exhibit 3.3.4: Percentage of LIHTC General Units in Low- and High-Poverty Census Tracts



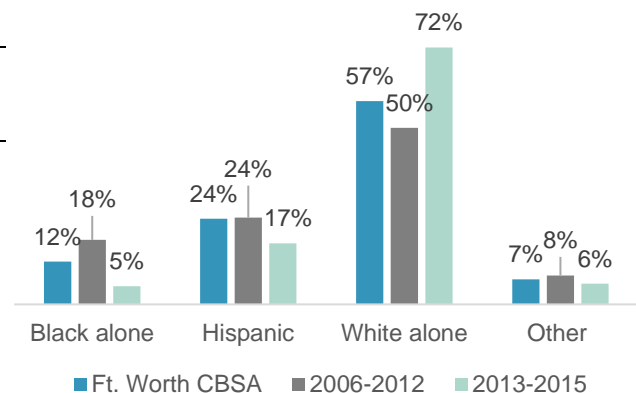
Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

### RACE & ETHNICITY

As in other Texas regions, after the changes in the QAP, LIHTC development in Fort Worth went into Census tracts with lower percentages of black and Hispanic residents and higher percentages of white residents.

### 3.3.5: Promoting Integration: Demographic Characteristics of LIHTC Award Locations

Race & Ethnicity	2006-2012	2013-2015	Percent Change	Ft. Worth CBSA
Black alone	18%	5%	-72%	12%
Hispanic	24%	17%	-30%	24%
White alone	50%	72%	45%	57%
Other	8%	6%	-28%	7%



Source: ACS 2014 5 Yr Estimate Table B03002, TDHCA HTC Property Inventory as of 09/08/16

### 3.4 Houston Metro (Region 6)

The Houston CBSA is a nine-county area that includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller Counties. The total population of this area is more than 6.5 million, making it the second-largest in Texas<sup>13</sup>. Its state service region, Region 6, has generally been the second-largest recipient of 9% LIHTC awards in Texas in recent years.

**Exhibit 3.4.1: LIHTC Development Types 2006-2015 and Houston CBSA Populations**

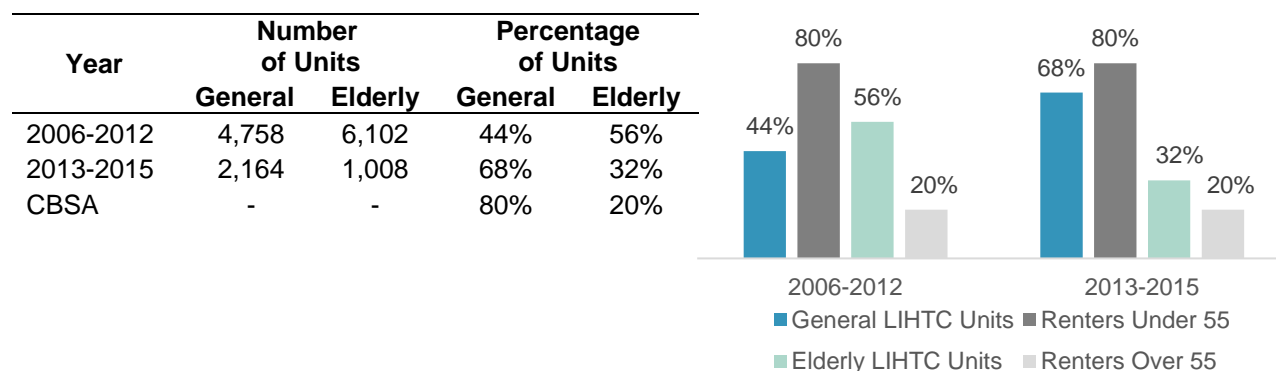
Population Served	Number of Units	Percentage	Number of Developments	Percentage	CBSA
Elderly	6,794	50.5%	59	51.3%	20%*
General	6,504	48.4%	54	46.9%	80%*
Integrative	60	0.5%	1	0.9%	10%**
Supportive Hsg.	84	0.6%	1	0.9%	10%**
<b>Total</b>	<b>13,442</b>	<b>100%</b>	<b>115</b>	<b>100%</b>	

\*Based on renters over 55 \*\*Based on those with a disability

Source: ACS 2014 5 Yr Estimate Table B25007 & B18101, TDHCA HTC Property Inventory as of 09/08/16

The implementation of the remedial plan in 2013 greatly reduced the Houston Metro's disproportionate provision of housing reserved for elderly populations from 56 percent of units in the years between 2006 and 2012 to 32 percent from 2013 to 2015, bringing it closer to the 20 percent of Houston CBSA renters over 55:

**Exhibit 3.4.2: Overserving Elderly vs. General Units in Houston CBSA**



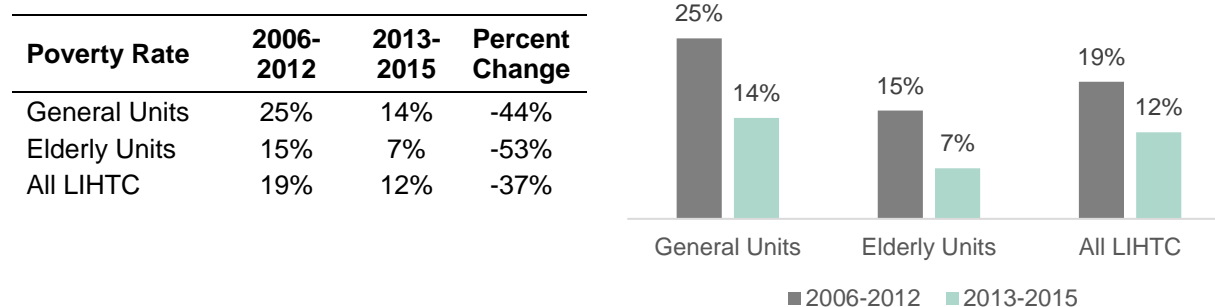
Source: ACS 2014 5 Yr Estimate Table B25007, TDHCA HTC Property Inventory as of 09/08/16

<sup>13</sup> ACS 2010-2014 5 Yr estimate Total Population

## POVERTY

The average Census tract poverty rate for LIHTC sites in the Houston Metro dropped significantly after 2013:

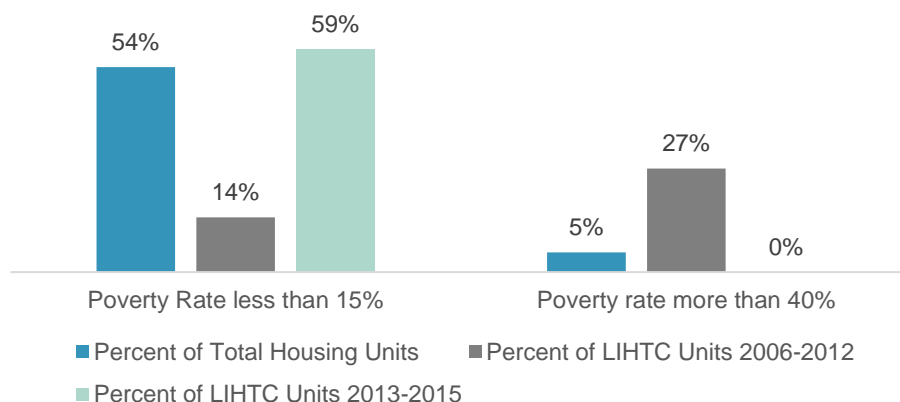
**Exhibit 3.4.3: Moving Out of Poverty: LIHTC Awards Going to Areas with Lower Poverty Rates**



Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

Between 2006 and 2012, one in four general LIHTC awards in the Houston area went into Census tracts in extreme poverty, but from 2013-2015 there were no developments awarded in tracts with poverty rates above 40 percent.

**Exhibit 3.4.4: Percentage of LIHTC General Units in Low- and High-Poverty Census Tracts**

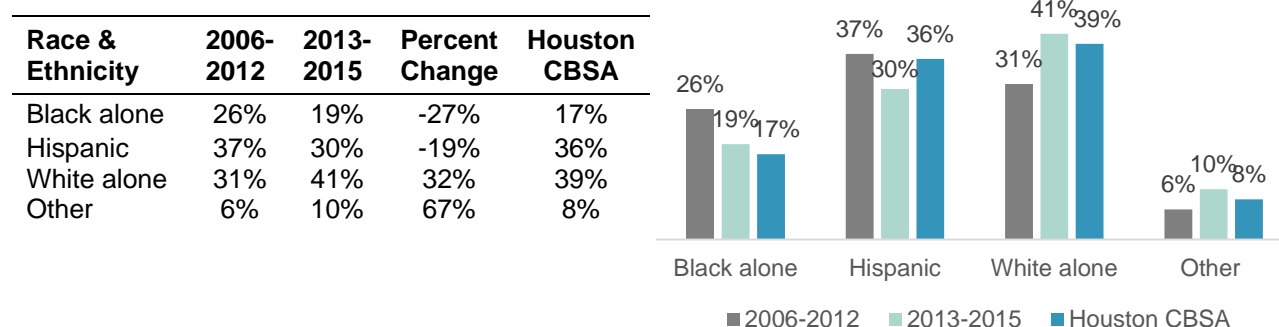


Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

## RACE & ETHNICITY

The Houston Metro has seen a 32 percent increase in tax credit units in majority white Census tracts since 2013, and comparative drops in concentration of units in black and Hispanic areas:

### 3.4.5: Promoting Integration: Demographic Characteristics of LIHTC Award Census Tracts



Source: ACS 2014 5 Yr Estimate Table B03002, TDHCA HTC Property Inventory as of 09/08/16

## 3.5 San Antonio (Region 9)

The San Antonio region includes Atascosa, Bandera, Bexar, Comal, Guadalupe, Medina, Kendall and Wilson Counties. According to the Census Bureau's July 2015 estimate, the total population of this area is more than 2.2 million, making it the third-largest metro area in Texas.

### Exhibit 3.5.1: LIHTC Development Types 2006-2015 and San Antonio CBSA Populations

Population Served	Number of Units	Percentage	Number of Developments	Percentage	San Antonio CBSA
Elderly	404	10%	4	11%	21%*
General	3,745	90%	32	89%	79%*
Integrative	n/a	n/a	n/a	n/a	14%**
Supportive Hsg.	n/a	n/a	n/a	n/a	14%**
<b>Total</b>	<b>4,149</b>	<b>100</b>	<b>36</b>	<b>100</b>	

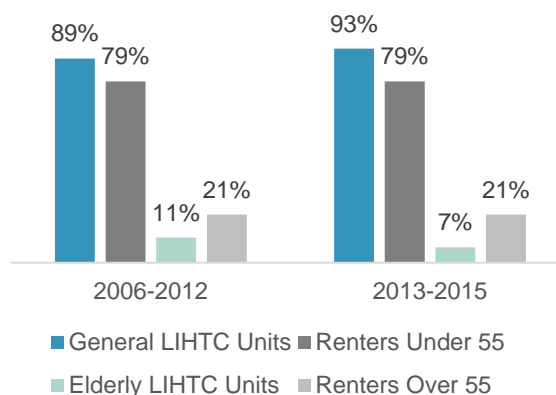
\*Based on renters over 55 \*\*Based on those with a disability

Source: ACS 2014 5 Yr Estimate Table B25007 & B18101, TDHCA HTC Property Inventory as of 09/08/16

Awards in the San Antonio Metro differ from the other regions because general awards were given at a higher rate than the renter population under 55, and elderly awards were awarded at a lower rate. This pattern was maintained before and after the 2013 changes to the QAP.

**Exhibit 3.5.2: Elderly vs. General Units in San Antonio CBSA**

Year	Number of Units		Percentage of Units	
	General	Elderly	General	Elderly
2006-2012	2,627	1,118	89%	11%
2013-2015	324	80	93%	7%
CBSA	-	-	79%	21%



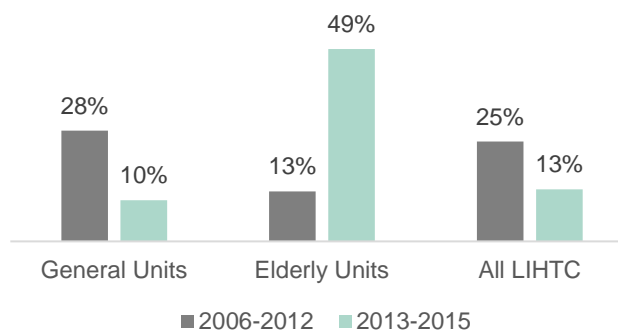
Source: ACS 2014 5 Yr Estimate Table B25007, TDHCA HTC Property Inventory as of 09/08/16

**POVERTY**

While the average Census tract poverty rate for LIHTC awards in the San Antonio area awarded dropped significantly between the two time periods of 2006-2012 and 2013-2015, the poverty rate of tracts with elderly awards was significantly higher. However, this is because there was only one elderly development awarded in the San Antonio Region from 2013-2015 and it was in a Census tract with an extremely high poverty rate:

**Exhibit 3.5.3: Moving Out of Poverty: LIHTC Awards Going to Areas with Lower Poverty Rates**

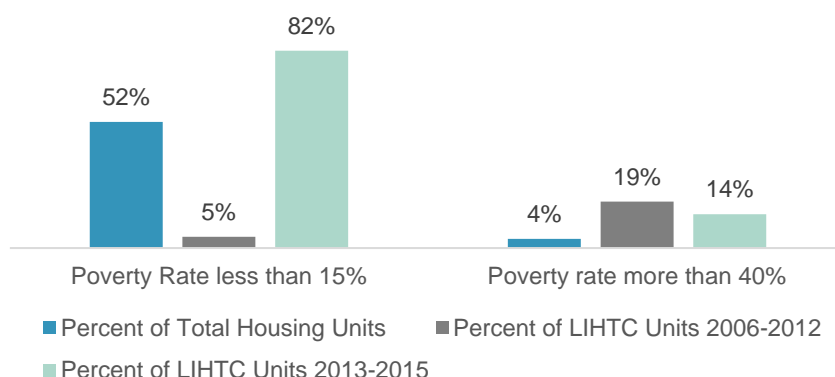
Poverty Rate	2006-2012	2013-2015	Percent Change
General Units	28%	10%	-63%
Elderly Units	13%	49%	286%
All LIHTC	25%	13%	-48%



Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

There has been a significant decrease in average tract poverty for general unit developments in the San Antonio region and a corresponding surge in developments awarded in low-poverty Census tracts. General population units awarded in tracts with poverty below 15 percent went from 5 percent of the region's total in 2006-2012 to 82 percent in 2013-2015.

### Exhibit 3.5.4: Percentage of LIHTC General Units in Low- and High-Poverty Census Tracts

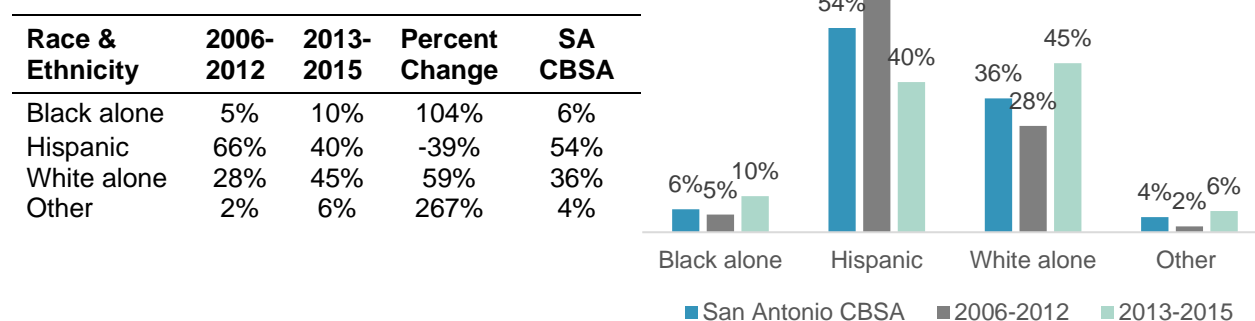


Source: ACS 2014 5 Yr Estimate Table S1701, TDHCA HTC Property Inventory as of 09/08/16

### RACE & ETHNICITY

San Antonio has a much larger Hispanic population than the other four large metro regions considered. After the changes to the QAP, more housing choices were made available in less racially concentrated Census tracts.

### 3.5.5: Promoting Integration: Demographic Characteristics of LIHTC Award Locations



Source: ACS 2014 5 Yr Estimate Table B03002, TDHCA HTC Property Inventory as of 09/08/16

## 4. LIHTC Family Housing in Texas' Five Largest Counties

In the decade between 2006 and 2015, almost 40 percent of LIHTC units were awarded to the state's five largest counties, which each host one of the state's largest cities: Bexar (San Antonio), Dallas (Dallas), Harris (Houston), Tarrant (Fort Worth) and Travis (Austin). Bexar County was awarded mostly general units, Tarrant and Travis Counties received about 70 percent general and Dallas and Harris Counties were closer to half general and half elderly.

**Exhibit 4.1. LIHTC Awards and TDHCA Target Population, 2006-2015 Largest Counties in Texas**

Number of Developments										
	Bexar County		Dallas County		Harris County		Tarrant County		Travis County	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
General	24	96%	14	56%	38	49%	20	69%	12	71%
Elderly	1	4%	10	40%	39	50%	9	31%	2	12%
Supp. Hsg.			1	4%	1	1%			3	18%
Total	25	100%	25	100%	78	100%	29	100%	17	100%

Number of Units										
	Bexar County		Dallas County		Harris County		Tarrant County		Travis County	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
General	3,215	98%	1,937	58%	4,709	48%	2,316	67%	1,793	74%
Elderly	80	2%	1,350	41%	5,030	51%	1,156	33%	338	14%
Supp. Hsg.			45	1%	84	1%			300	12%
Total	3,295	100%	3,332	100%	9,823	100%	3,472	100%	2,431	100%

Source: TDHCA Inventory 2006-2015

In each of Texas' five largest counties, approximately 80 percent of the population is under the age of 55. In Tarrant and Travis Counties, the percentage of units for the general population is close to that 80 percent average of non-elderly people. But in Dallas and Harris Counties, closer to half of all units are targeted to renters over 55, which far exceeds the less than 20 percent of renters who are elderly in those counties.

**Exhibit 4.2. Age of Population in Texas' 5 Largest Counties**

<b>County</b>	<b>Total Population</b>	<b>Percent of Texas Population</b>	<b>Percent Under 55</b>	<b>Percent over 55</b>
Bexar	1,789,088	6.9	78.8	21.0
Dallas	2,448,943	9.4	80.6	19.3
Harris	4,269,608	16.4	81.2	18.9
Tarrant	1,881,469	7.2	80.0	20.1
Travis	1,092,810	4.2	82.4	17.9

Source: S0101 Age and Sex 2014 ACS 5 YR



The percentages of developments in low-poverty areas increased in all five counties in 2013-2015:

**Exhibit 4.3: LIHTC Awards for TDHCA General Developments in the Largest Counties in Texas, 2006-2012, by Census Tract Poverty Rate**

<b>Number of Developments 2006-2012</b>										
	<b>Bexar County</b>		<b>Dallas County</b>		<b>Harris County</b>		<b>Tarrant County</b>		<b>Travis County</b>	
	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>
0-9.9 Percent	0	0%	2	20%	1	4%	5	29%	0	0%
10-19.9 Percent	2	13%	2	20%	7	27%	2	12%	2	33%
20-29.9 Percent	4	25%	4	40%	7	27%	3	18%	1	17%
30-39.9 Percent	7	44%	1	10%	4	15%	4	24%	3	50%
40-100 Percent	3	19%	1	10%	7	27%	3	18%	0	0%
<b>Total</b>	<b>16</b>	<b>100%</b>	<b>10</b>	<b>100%</b>	<b>26</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>6</b>	<b>100%</b>

**Exhibit 4.4: LIHTC Awards for TDHCA General Developments in the Largest Counties in Texas, 2013-2015, by Census Tract Poverty Rate**

<b>Number of Developments 2013-2015</b>										
	<b>Bexar County</b>		<b>Dallas County</b>		<b>Harris County</b>		<b>Tarrant County</b>		<b>Travis County</b>	
	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>
0-9.9 Percent	5	63%	1	25%	4	33%	2	67%	5	83%
10-19.9 Percent	1	13%	1	25%	5	42%	0	0%	0	0%
20-29.9 Percent	1	13%	1	25%	1	8%	0	0%	1	17%
30-39.9 Percent	0	0%	1	25%	2	17%	1	33%	0	0%
40-100 Percent	1	13%	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>8</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>12</b>	<b>100%</b>	<b>3</b>	<b>100%</b>	<b>6</b>	<b>100%</b>

Source: TDHCA Inventory 2006-2015, ACS 2014 5 Yr. Estimate Table S1701.

The percentages of units in low-poverty areas also increased in all five counties in 2013-2015:

**Exhibit 4.5: LIHTC Awards for TDHCA General Units in the Largest Counties in Texas, 2006-2012, by Census Tract Poverty Rate**

<b>Number of Units 2006-2012</b>										
	<b>Bexar County</b>		<b>Dallas County</b>		<b>Harris County</b>		<b>Tarrant County</b>		<b>Travis County</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
0-9.9 Percent	0	0%	203	14%	30	1%	609	32%	0	0%
10-19.9 Percent	258	11%	372	25%	675	20%	216	11%	315	29%
20-29.9 Percent	814	35%	485	32%	835	25%	344	18%	22	2%
30-39.9 Percent	753	32%	144	10%	524	16%	432	22%	766	69%
40-100 Percent	505	22%	297	20%	1,272	38%	322	17%	0	0%
<b>Total</b>	<b>2,330</b>	<b>100%</b>	<b>1,501</b>	<b>100%</b>	<b>3,336</b>	<b>100%</b>	<b>1,923</b>	<b>100%</b>	<b>1,103</b>	<b>100%</b>

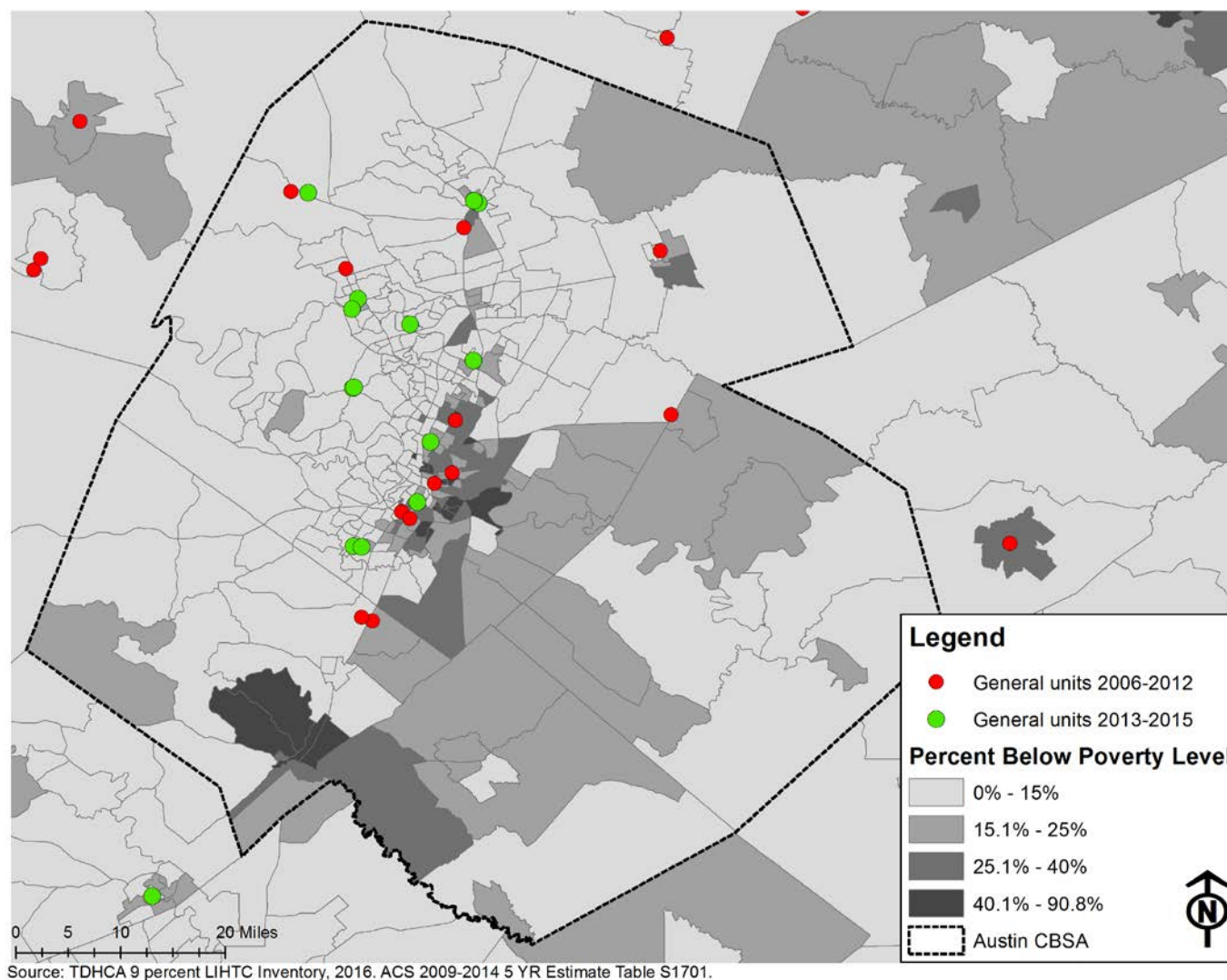
**Exhibit 4.6: LIHTC Awards for TDHCA General Units in the Largest Counties in Texas, 2013-2015, by Census Tract Poverty Rate**

<b>Number of Units 2013-2015</b>										
	<b>Bexar County</b>		<b>Dallas County</b>		<b>Harris County</b>		<b>Tarrant County</b>		<b>Travis County</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
0-9.9 Percent	599	68%	75	17%	375	27%	274	70%	517	75%
10-19.9 Percent	80	9%	113	26%	529	39%	0	0%	0	0%
20-29.9 Percent	50	6%	88	20%	142	10%	0	0%	173	25%
30-39.9 Percent	0	0%	160	37%	327	24%	119	30%	0	0%
40-100 Percent	156	18%	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>885</b>	<b>100%</b>	<b>436</b>	<b>100%</b>	<b>1,373</b>	<b>100%</b>	<b>393</b>	<b>100%</b>	<b>690</b>	<b>100%</b>

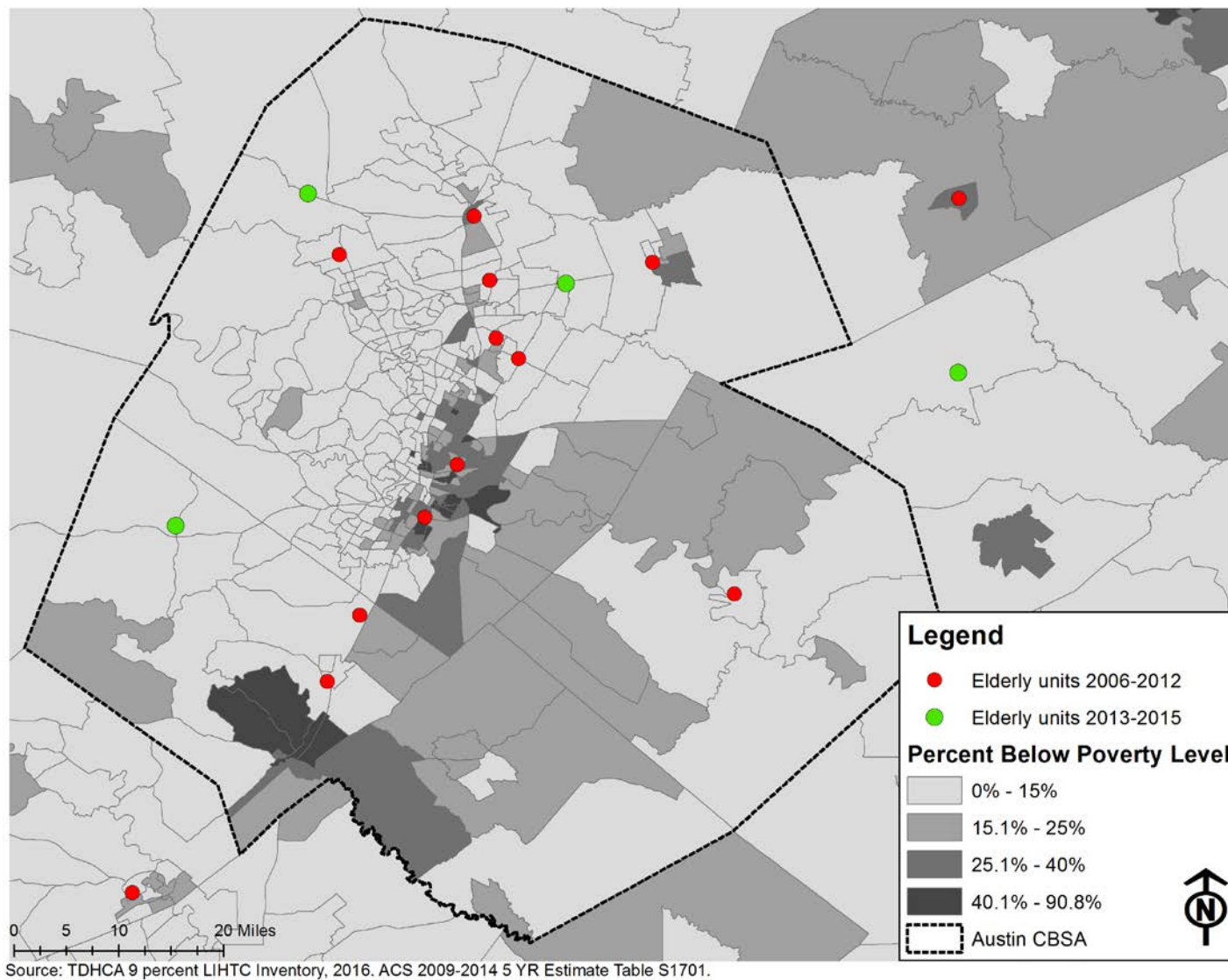
Source: TDHCA Inventory 2006-2015, ACS 2014 5 Yr. Estimate Table S1701.

## 5. Maps

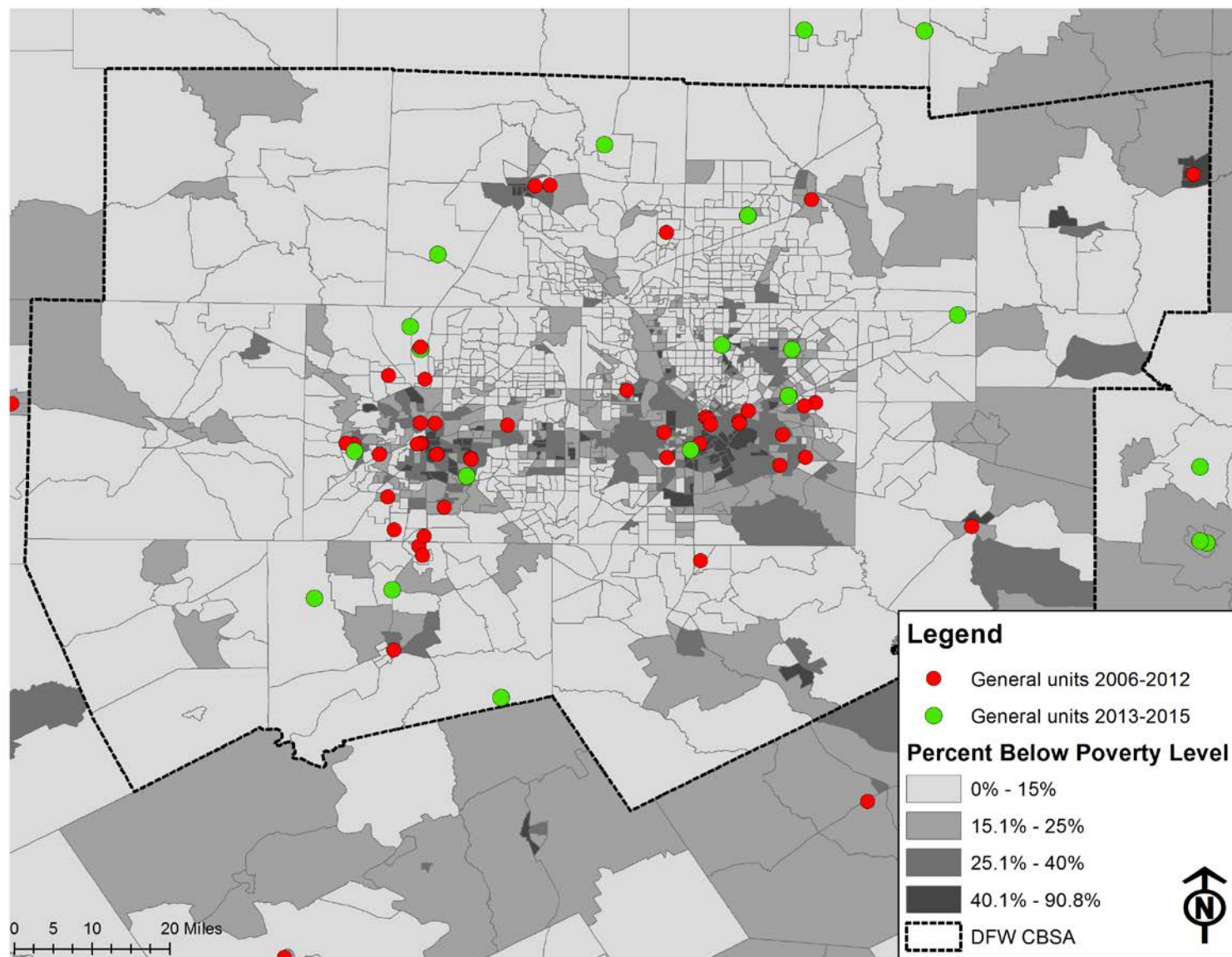
Map 1. 9% LIHTC Awards for General Units in Austin CBSA from 2006-2015 by Census Tract Poverty Level



**Map 2. 9% LIHTC Awards for Elderly Units in Austin CBSA from 2006-2015 by Census Tract Poverty Level**

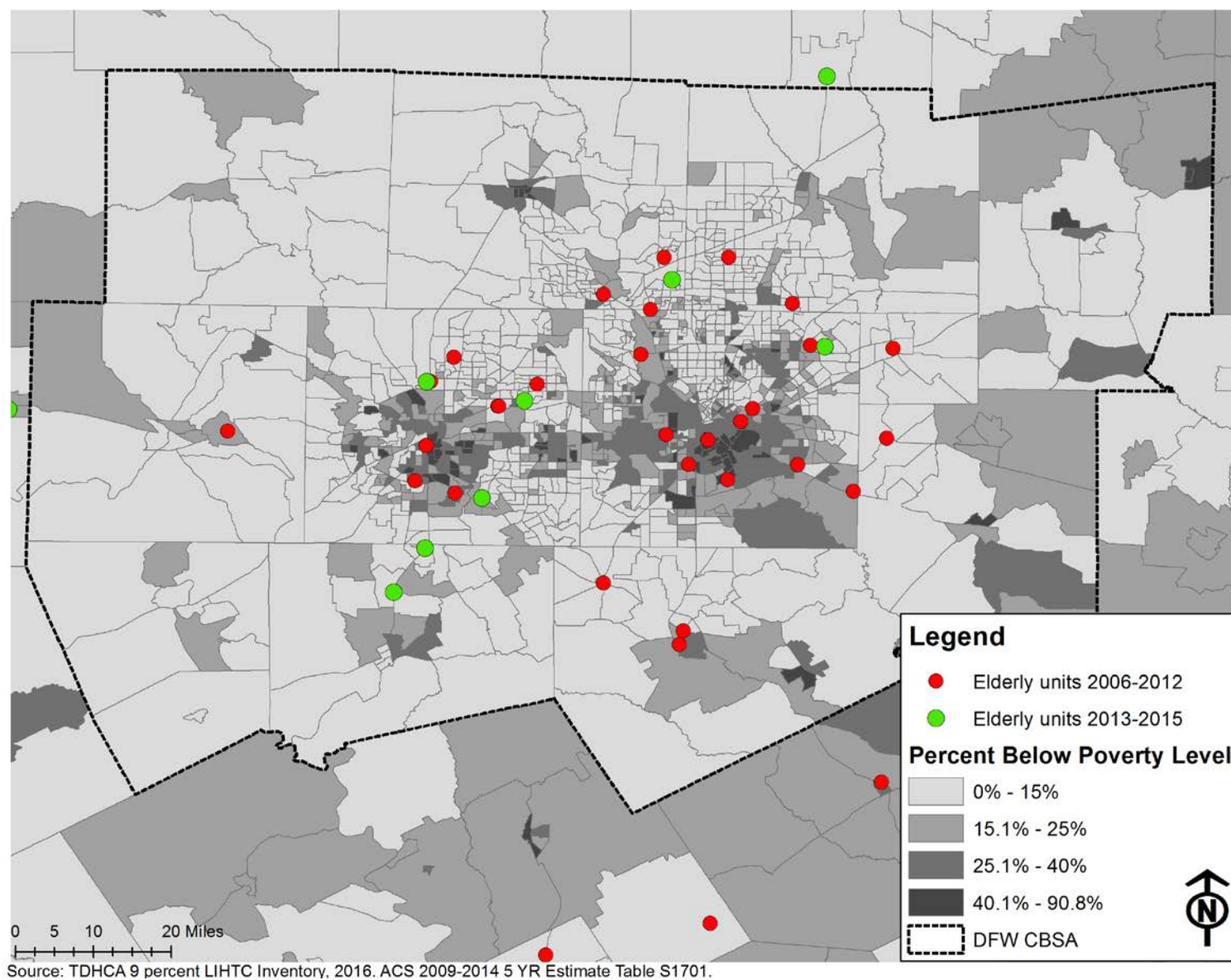


**Map 3. 9% LIHTC Awards for General units in Dallas-Ft. Worth CBSA from 2006-2015 by Census Tract Poverty Level**

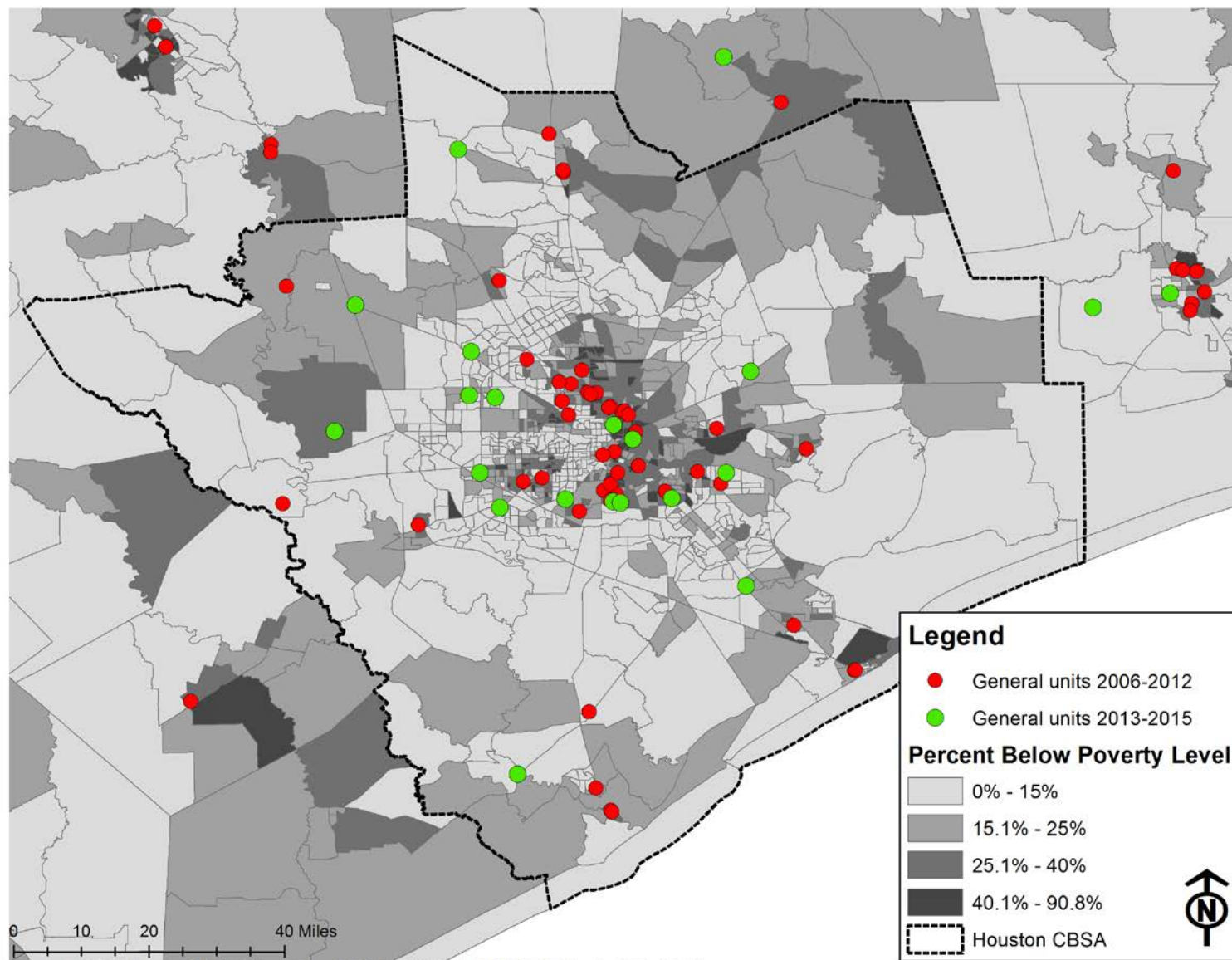




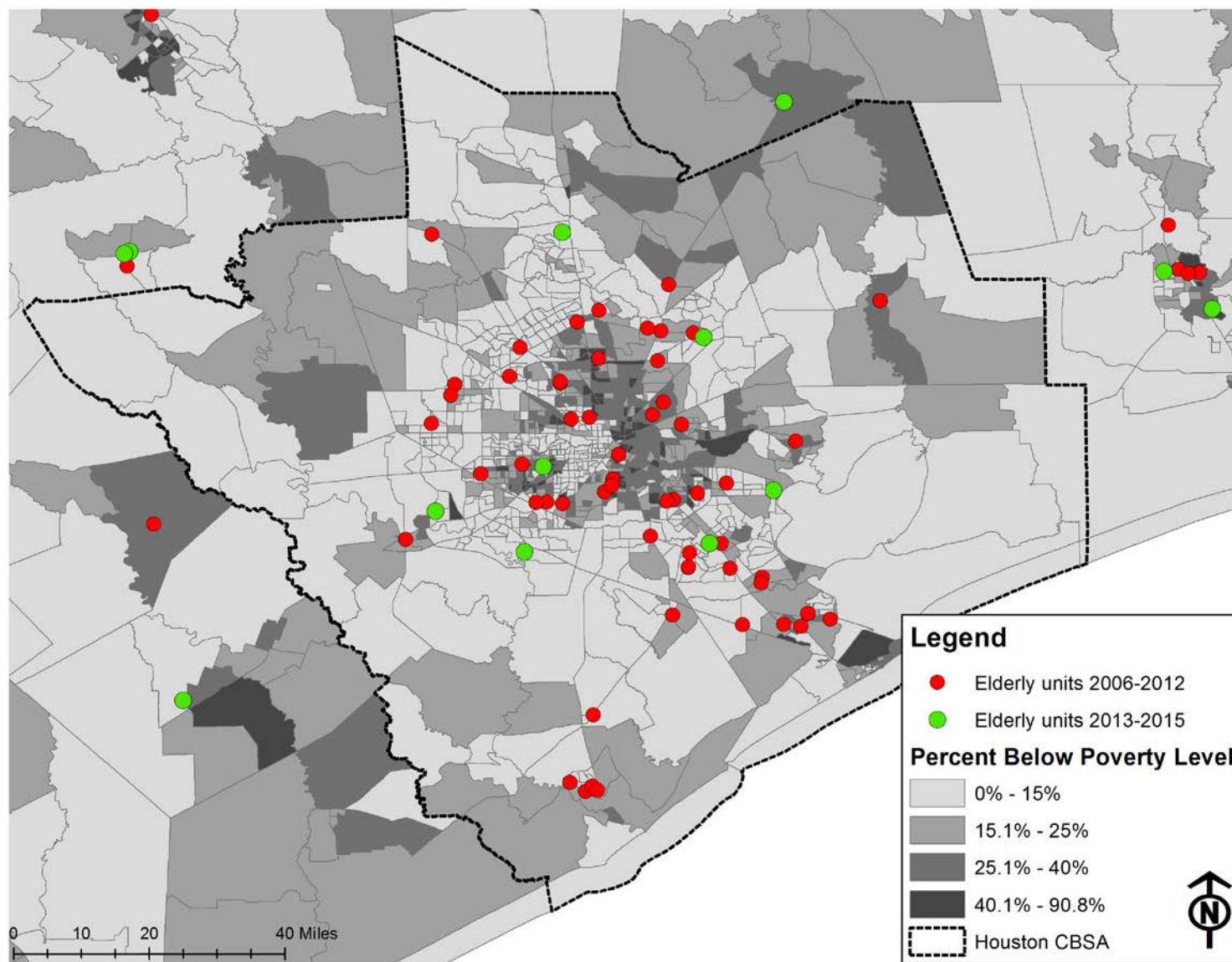
**Map 4. 9% LIHTC Awards for Elderly units in Dallas-Ft. Worth CBSA from 2006-2015 by Census Tract Poverty Level**



**Map 5. 9% LIHTC Awards for General units in Houston CBSA from 2006-2015 by Census Tract Poverty Level**

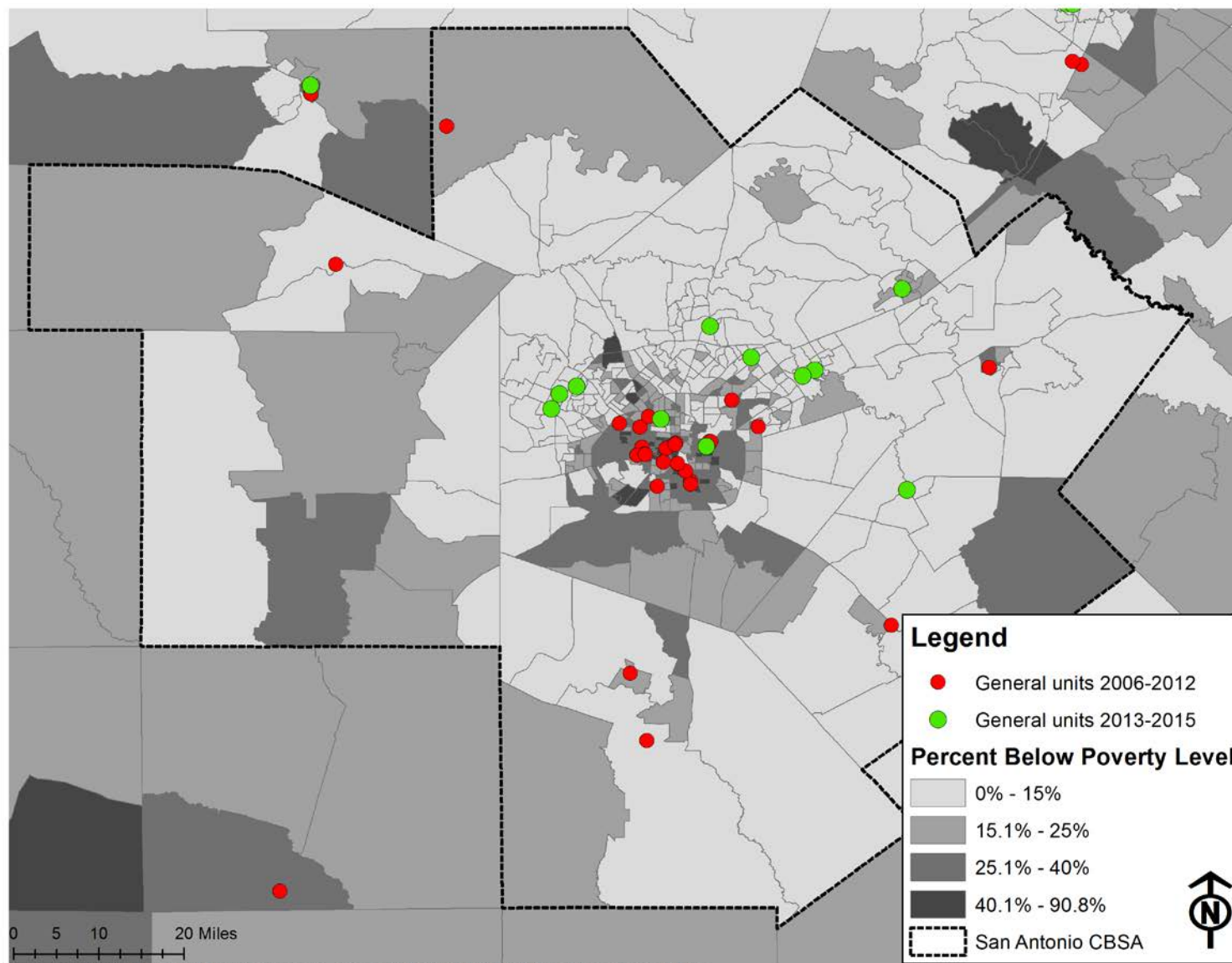


**Map 6. 9% LIHTC Awards for Elderly units in Houston CBSA from 2006-2015 by Census Tract Poverty Level**



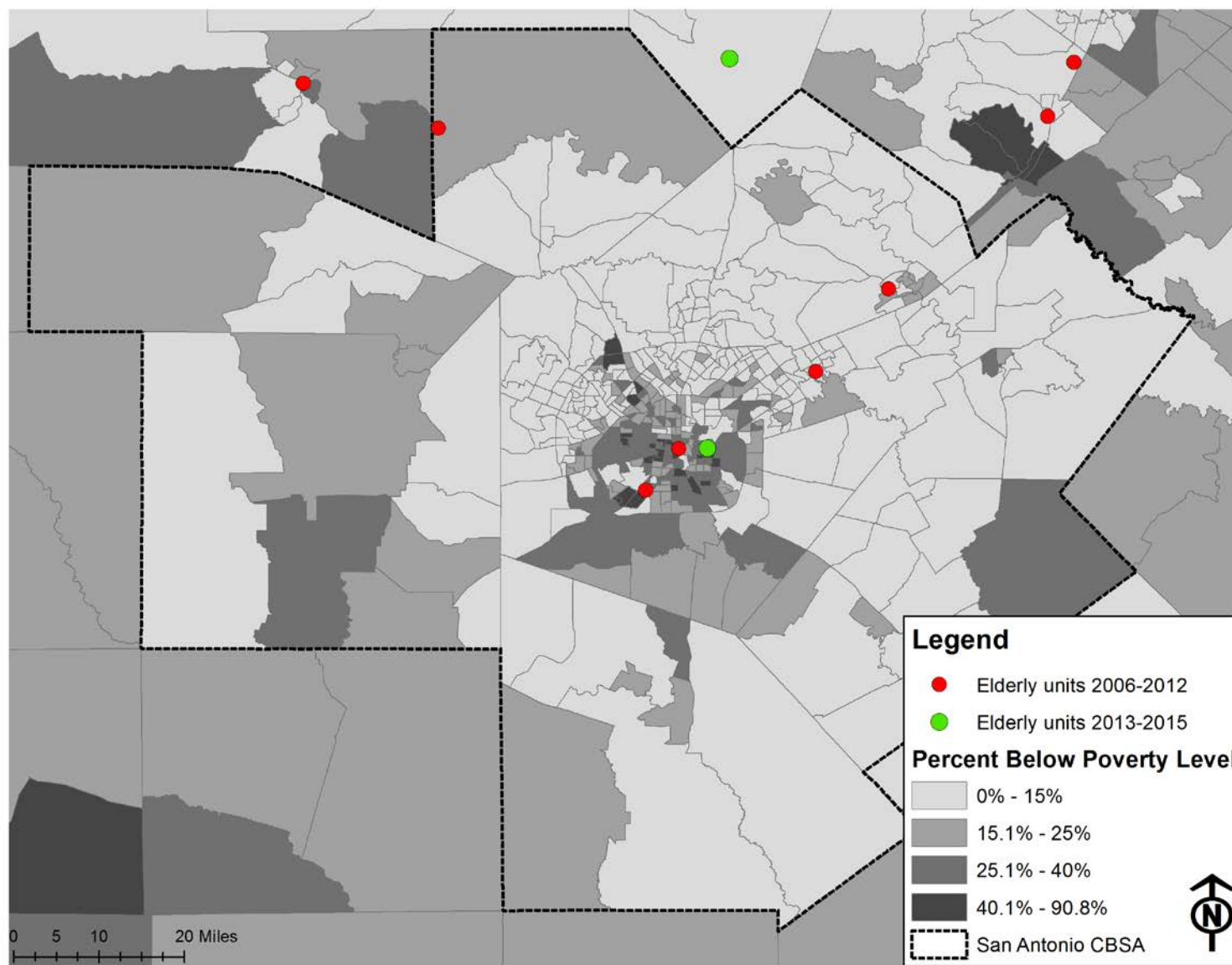


**Map 7. 9% LIHTC Awards for General units in San Antonio CBSA from 2006-2015 by Census Tract Poverty Level**

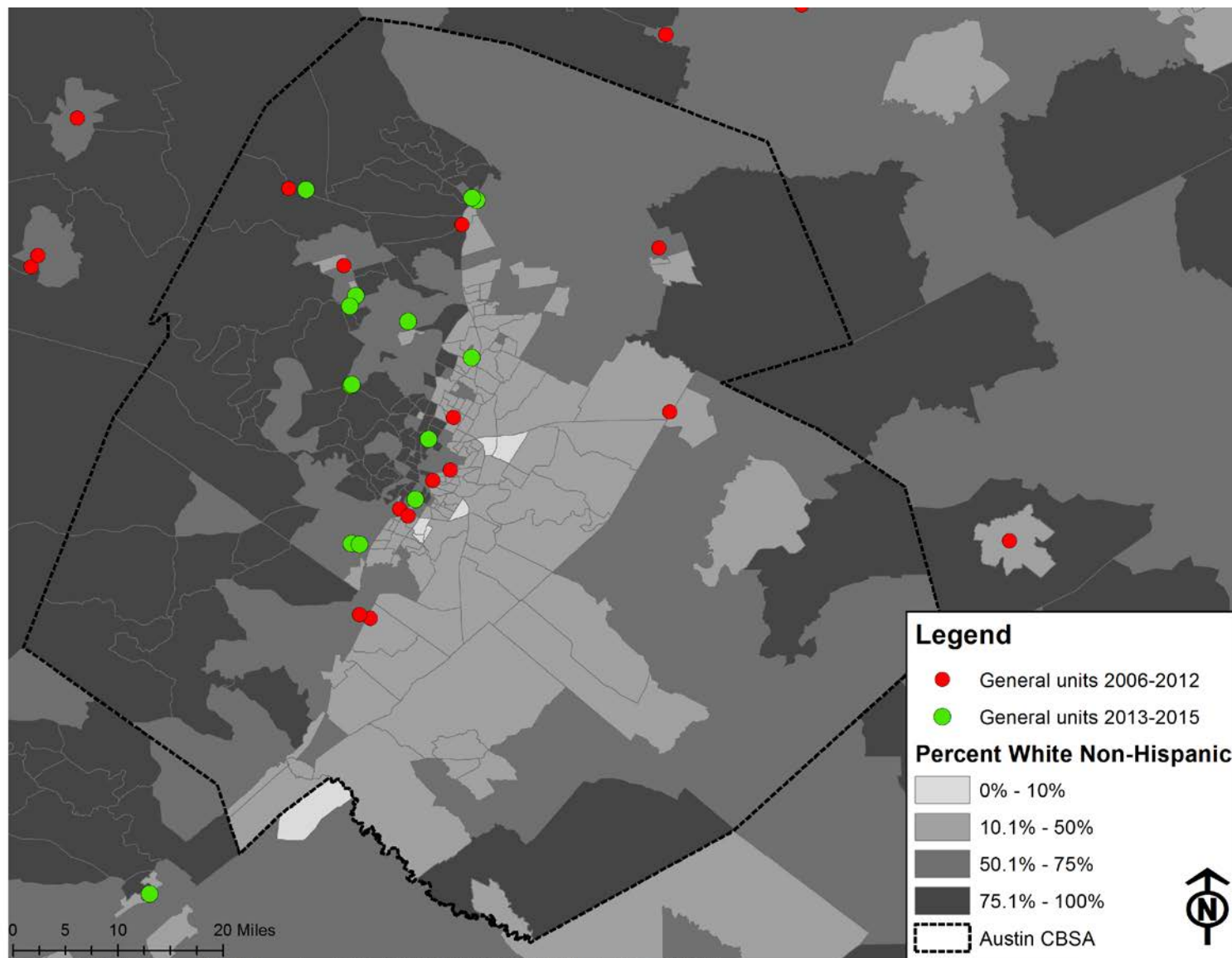


Source: TDHCA 9 percent LIHTC Inventory, 2016. ACS 2009-2014 5 YR Estimate Table S1701.

**Map 8. 9% LIHTC Awards for Elderly units in San Antonio CBSA from 2006-2015 by Census Tract Poverty Level**



**Map 9. 9% LIHTC Awards for General units in Austin CBSA from 2006-2015 by Percent White Non-Hispanic**



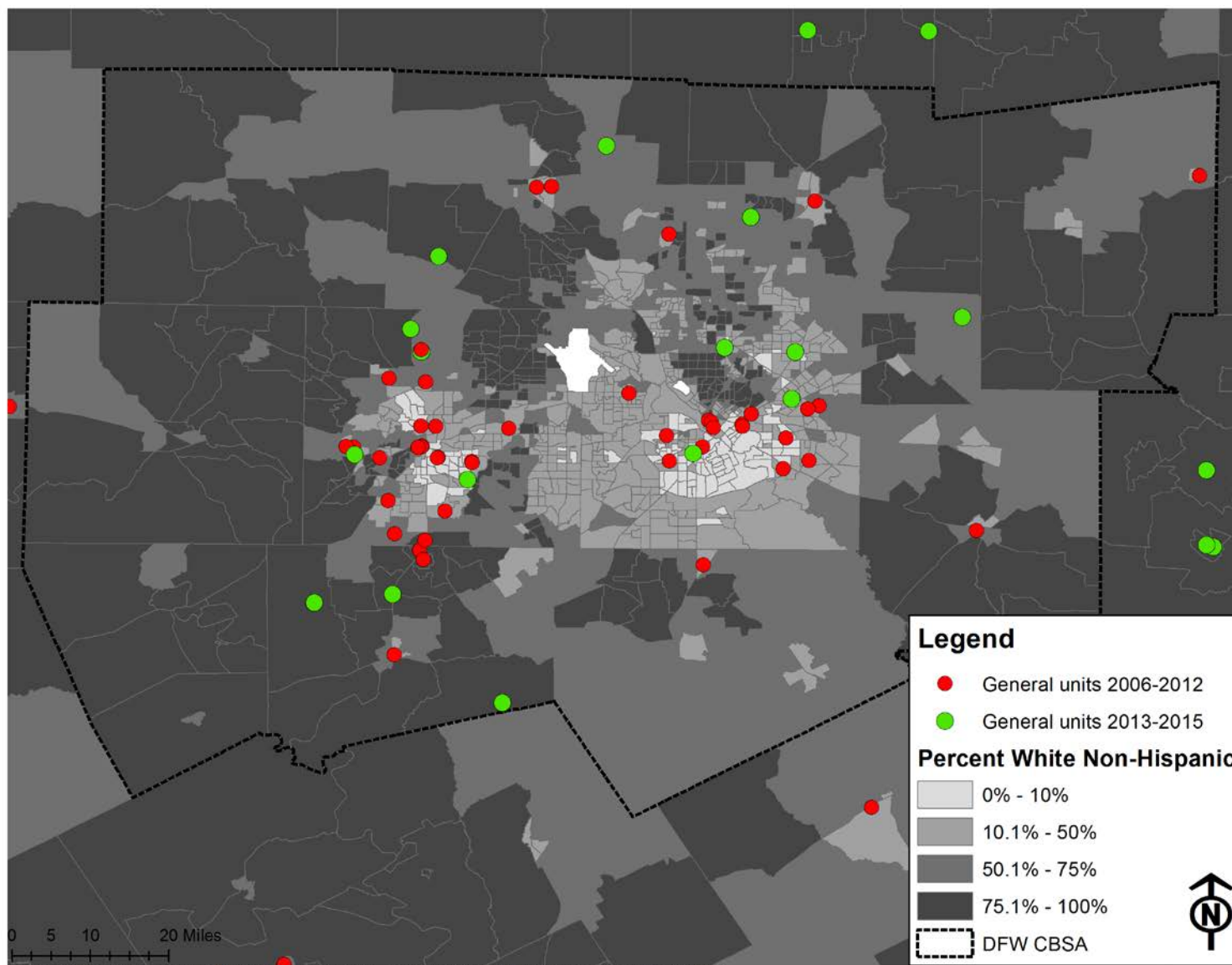
Source: TDHCA 9 percent LIHTC Inventory, 2016. ACS 2009-2014 5 YR Estimate Table B03002.

**Map 10. 9% LIHTC Awards for Elderly units in Austin CBSA from 2006-2015 by Percent White Non-Hispanic**

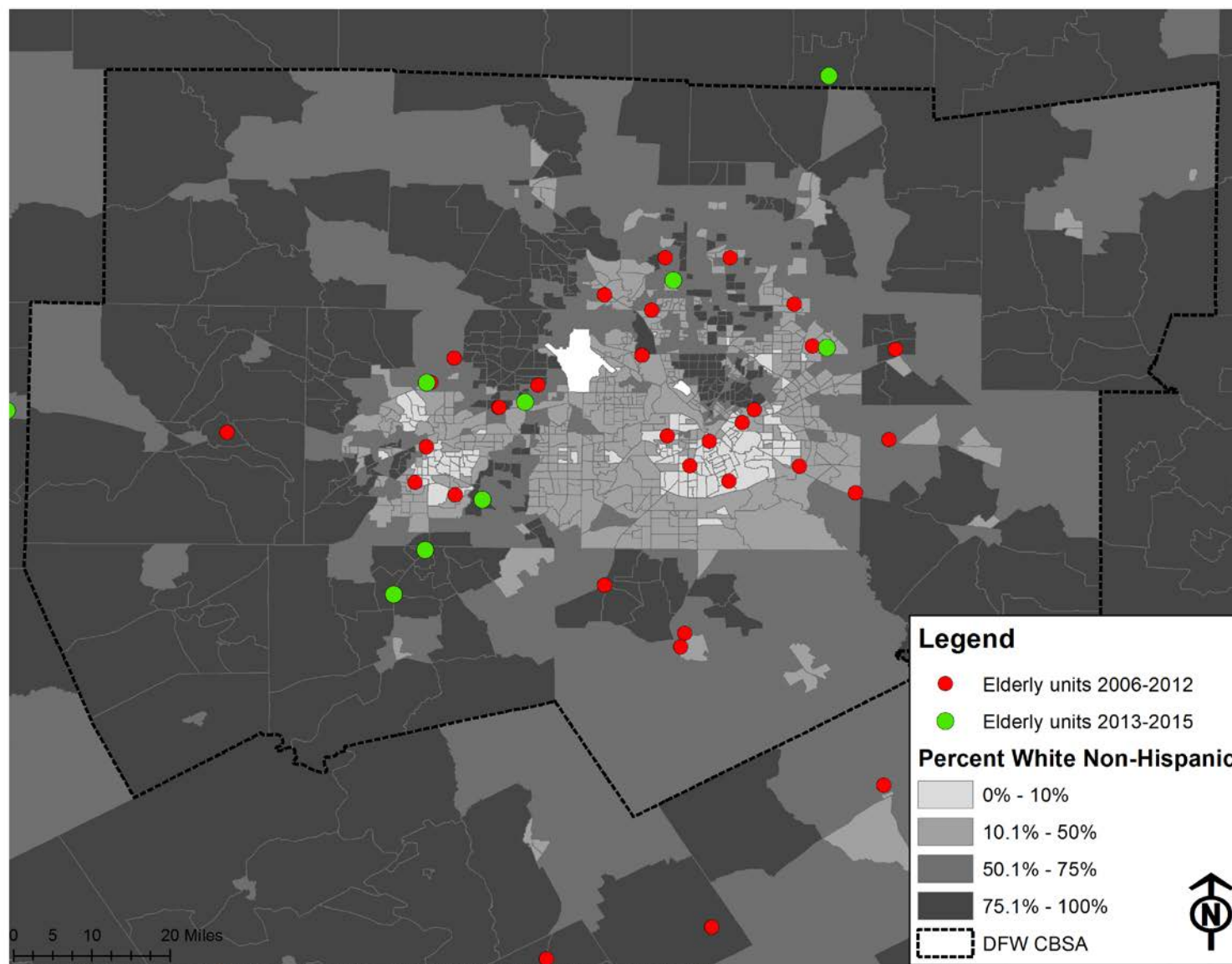




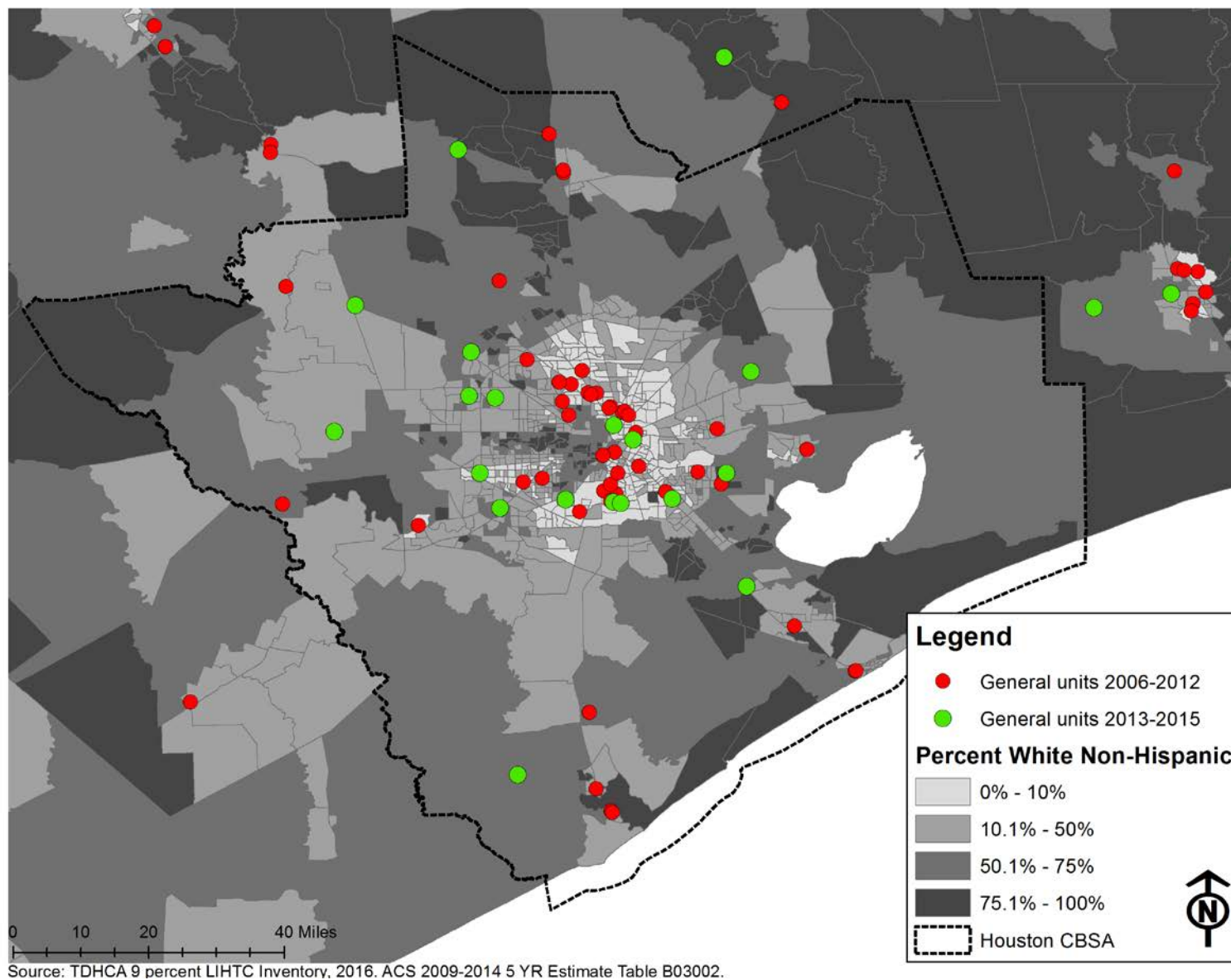
Map 11. 9% LIHTC Awards for General units in Dallas-Ft.Worth CBSA from 2006-2015 by Percent White Non-Hispanic



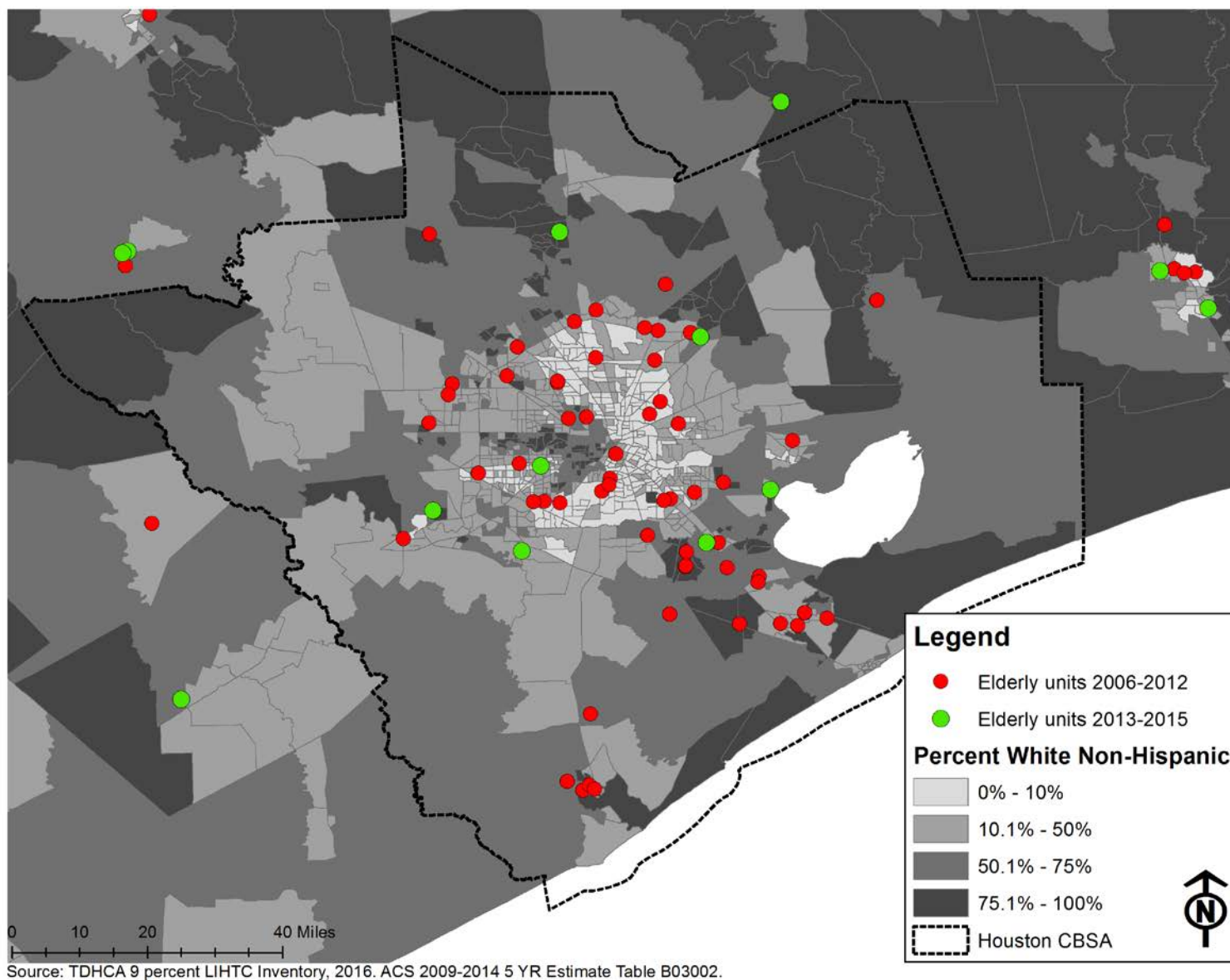
**Map 12. 9% LIHTC Awards for Elderly units in Dallas-Ft.Worth CBSA from 2006-2015 by Percent White Non-Hispanic**



Map 13. 9% LIHTC Awards for General units in Houston CBSA from 2006-2015 by Percent White Non-Hispanic

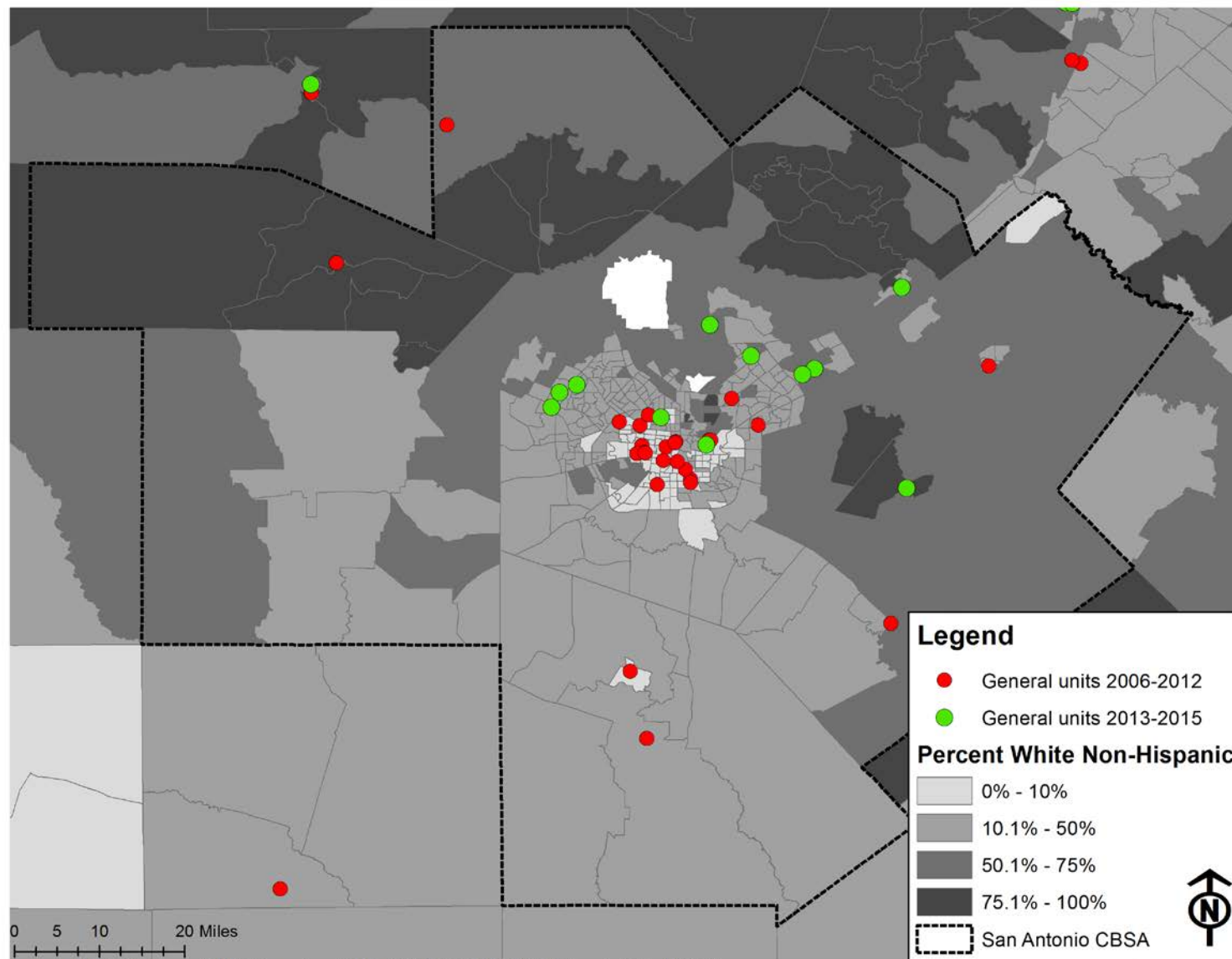


Map 14. 9% LIHTC Awards for Elderly units in Houston CBSA from 2006-2015 by Percent White Non-Hispanic

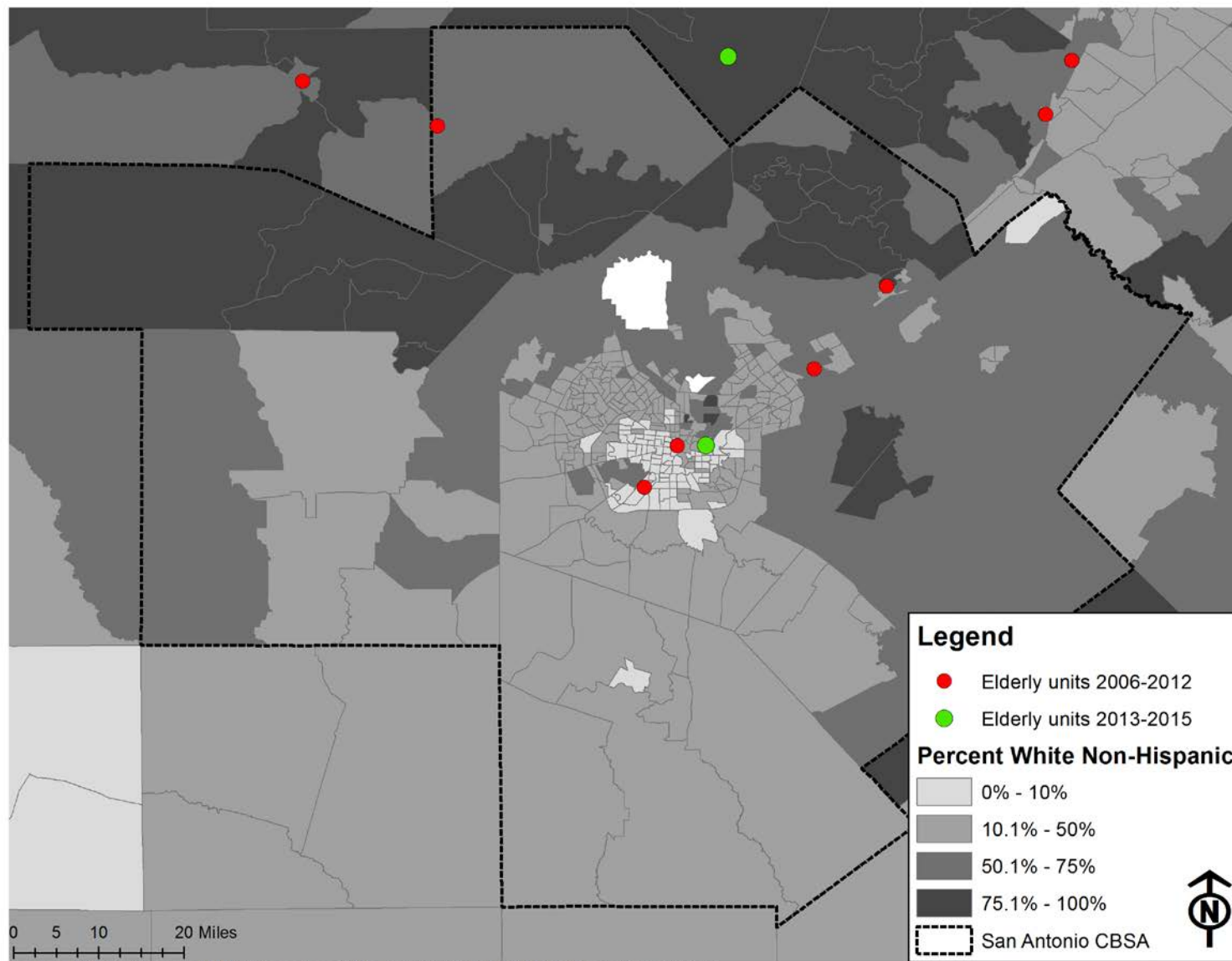




**Map 15. 9% LIHTC Awards for General units in San Antonio CBSA from 2006-2015 by Percent White Non-Hispanic**



**Map 16. 9% LIHTC Awards for Elderly units in San Antonio CBSA from 2006-2015 by Percent White Non-Hispanic**



## 6. Takeaways

The race neutral changes made in the 2013 QAP and the years following produced more housing choice for low income families with children in low poverty, less racially and economically concentrated neighborhoods with access to high performing schools.

The November 2016 Senate Committee on Intergovernmental Report report stated:

The legislature should work with the Texas Department of Housing and Community Affairs to ensure the Qualified Allocation Plan is considerate of the uniqueness and diversity of the different regions of the state and of the different types of developments, and does not solely respond to the circumstances of the five county area covered in the initial Inclusive Communities Project, Inc. lawsuit.

The five major Texas regions analyzed in this report were locating disproportionate numbers of LIHTC developments in racially isolated, high poverty census tracts prior to the changes incorporated into the 2013 QAP. Improvements were seen in all regions:

- Austin area (page 11)
  - 75% of awards were located in Census tracts with less than 15% poverty
  - 13% of awards targeted the elderly population (over 55 renter population is 15%)
  - Fewer units were awarded in areas of racial and ethnic concentration
- Dallas area (page 14)
  - 70% of awards were located in Census tracts with less than 15% poverty
  - Awards targeting the elderly population more closely aligned with area population with a decrease from 50% in 2006 to 2012 to 14% in 2013 to 2015 (over 55 renter population for region is 19%)
  - Fewer units were awarded in areas of racial and ethnic concentration
- Ft. Worth area (page 16)
  - 86% of awards were located in Census tracts with less than 15% poverty
  - Fewer units were awarded in areas of racial and ethnic concentration
- Houston area (page 19)
  - 59% of awards were located in Census tracts with less than 15% poverty
  - Awards targeting the elderly population more closely aligned with area population with a decrease from 56% in 2006 to 2012 to 32% (over 55 renter population is 20%)
  - Fewer units were awarded in areas of racial and ethnic concentration
- San Antonio area (page 21)
  - 82% of awards were located in Census tracts with less than 15% poverty
  - Fewer units were awarded in areas of ethnic concentration

Some critics of the incorporation and outcomes of the inclusion of the Opportunity Index into the QAP have claimed that the “pendulum has swung too far” and that “balance” between developing in low poverty and high poverty neighborhoods should be maintained. However, even with the positive outcomes and new units produced since 2013, low income families still have limited housing choice in low poverty, safe neighborhoods with access to high performing schools. The majority of the LIHTC inventory is located in high poverty neighborhoods with low performing schools. It would take many more QAP cycles before “balance” in housing choice was reached.

## References

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