Combined Principles – Intersection of Community Development and Fair Housing

Revised Draft, November 16*, 2012*

These principles attempt to provide a framework for the ongoing discussion about the relationship between community revitalization in distressed communities, integrating low-income families into high opportunity areas, and the civil rights imperatives of the Fair Housing Act. These principles are particularly important in the context of the Low Income Housing Tax Credit (Housing Credit) program, the nation's most important tool supporting affordable rental housing development.

The Housing Credit often plays a vital role in the economic revitalization of low-income communities by preserving existing affordable housing, creating new affordable homes, and serving as a catalyst for additional capital investment in critical commercial and community facilities. The program also can play an equally vital role in expanding housing choice across metropolitan landscapes by creating affordable housing in high opportunity middle- and high-income communities. In both contexts, the Housing Credit has important uses in both construction of new homes and preservation of existing homes.

The Fair Housing Act was intended to combat residential segregation by prohibiting the denial of housing opportunities on the basis of race, family status, and other protected characteristics, and by requiring affirmative steps to provide integrated housing opportunities. Striking a balance between addressing priority housing and redevelopment needs in low income communities while also providing access to housing opportunities in integrated communities with access to jobs and good schools can produce a tension in how to prioritize investment in an environment of scarce resources for affordable housing.

Qualified Allocation Plans should encourage long-term affordability beyond the statutory minimum of 30 years through both long-term affordability commitments at the property level and by providing resources for the capital needs of properties committed to long-term affordability. Sustainable long-term affordability is important in all areas, but it is particularly so in high-opportunity areas where economic pressure to convert properties is stronger.

Efforts to ensure that allocations of the Housing Credit further the objectives of the Fair Housing Act should be a part of strategies to address fair housing in the broader housing market, including furthering housing choice and revitalizing distressed communities. The Housing Credit is the nation's most important affordable rental housing production resource and thus is one important tool to address fair housing barriers in the broader housing market. Larger private investment flows for housing construction and rehabilitation also have a substantial impact on fair housing choice, and need to be addressed. Affordable housing and civil rights advocates need to work together to improve housing choices for low-income households, including the removal of barriers to housing for low-income people in high-opportunity areas.

We believe that the following principles lay out an approach that all stakeholders can agree to and should inform this ongoing discussion. However, we recognize that these principles necessarily cannot be instituted uniformly across different states and metropolitan areas because housing strategies must be tailored to the varying needs of each community. Furthermore, there are programmatic and competitive differences between allocated Housing Credits subject to state volume caps and those generated by tax-exempt private activity bonds, and such differences should be accommodated when addressing these principles. Additionally, allocations for special needs and vulnerable populations, especially those with service-enriched environments, should be based not only on considerations of geographic balance and fair housing, but also on the needs of the people they are intended to house. Overall, these principles are not intended to be a "one size fits all" blanket policy.

1. Opportunity Means Giving Families a Choice

Federal, state and local resources should be distributed in a manner that allows low-income people and people of color to make housing choices that are best for themselves and their families. This concept means that in order to maximize individual choice about where to live and to ensure the greatest opportunities for low-income families, public policy should support affordable housing investments in ways that both improve the quality of life for existing residents of low-income communities and support mobility to high opportunity neighborhoods.

2. Balancing Housing Investment Priorities

It is important to balance investments in new construction and preservation of affordable housing in different types of communities. In balancing these investments, allocating agencies must be attentive to the programmatic requirements of Section 42, the civil rights imperatives of the Fair Housing Act, and local conditions.

When developing allocation policies for new construction and preservation investment, states should include as funding priorities distressed communities that have meaningful community revitalization plans; gentrifying neighborhoods in which investment prevents displacement of low-income residents; and high opportunity areas in which investment allow low-income families and racial minorities often otherwise excluded from such areas to access resources such as good schools, public transportation, open space, and employment opportunities. Community revitalization plans should include specific plans for strategic partnerships and support from a variety of stakeholders that bring other investments to the area.

It is also appropriate to use the Housing Credit to preserve and improve existing housing in lower-income communities which often serve racial minorities and households living in poverty, even absent a broader community revitalization plan – while also recognizing that other preservation transactions occur as a vital part of comprehensive revitalization plan or to retain critically needed affordable housing in high opportunity areas. The total allocation of Housing Credits to all projects in each state should reflect an appropriate balance of affordable housing in different types of communities. Allocations of Housing Credits in all areas should adhere to basic standards set out in the allocation plan to ensure the appropriateness of sites for affordable housing.

It is also crucial that federal and state governments also understand housing as only one component of effective community stabilization and development, and that they direct available non-housing resources in ways that support increased access to opportunity, both by improving opportunity in areas that do not have access to it now and by increasing lower-income families' access to existing areas of opportunity.

3. Incentives for Affordable Housing Investment in High Opportunity Areas

In order to help foster an appropriate balance as described above, federal agencies and state Housing Credit allocating agencies should develop incentives to overcome barriers and encourage the allocation of Housing Credits for developments serving low income families in high opportunity areas. In addition, policies should include specific measures to make these developments available to and accessible by very low-income families protected by the Fair Housing Act, who often currently reside outside of high opportunity areas. Incentives to increase affordable housing development in opportunity areas could also include the elimination of local veto or other burdensome approval requirements, basis boosts,and/ or responsive cost underwriting guidelines. Important tools to increase access to affordable housing in high opportunity areas include affirmatively marketing Housing Credit developments, incentivizing developments that serve the lowest income families (including those with project-based vouchers or similar assistance), and ensuring that families with housing choice vouchers can actually access Housing Credit developments.