



**MICHIGAN  
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LAW  
PROGRAM**

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Andrew Martin, Allocations Manager (MartinA4@michigan.gov)

MSHDA

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SENT BY EMAIL AND U.S. MAIL

Re: comments on proposed 2017-18 LIHTC QAP

Dear Mr. Martin,

Thank you for considering the following comments of the Michigan Poverty Law Program on MSHDA's proposed 2017-18 LIHTC QAP. I'm sorry I didn't comment at earlier stages in the process. I'll be happy to discuss these comments with you.

**Incentives for Development of Family Units in High Opportunity Areas**

MSHDA deserves much credit for recognizing the need for and value of siting LIHTC properties in "high opportunity" areas. Providing incentives for locating proposed LIHTC developments near employment and public transportation opportunities, where market rents are particularly out of reach for low income renters, and for creating true mixed income communities is a good step. While this step is significant and encouraging, and recognizing the many barriers to developing low income rental housing in high opportunity areas, this commitment must go further, especially in light of Michigan's history of segregation and the tremendous benefits for low income persons, especially kids, to living in high opportunity areas.

That the number of LIHTC developments north of 8 Mile Road in Metropolitan Detroit is in the low double digits (with a high percentage of them located in Pontiac) speaks to the dearth of LIHTC (and other below market rental) choices in high opportunity areas in the state's largest population center. By comparison, there are well over 100 LIHTC properties in the City of Detroit. Sound LIHTC policy accommodates both supporting revitalization of low income communities and providing housing options for low income families in high opportunity/low poverty areas. The QAP and the LIHTC experience in Michigan show that revitalization is too heavily favored; there must be a better balance between these program objectives.

The most recent data show the significant long-term economic and other benefits for low income families living in high opportunity areas, especially kids. (see, e.g., Chetty et al, *Effect of Exposure to Better Neighborhoods on Children*, August 2015, Equality of Opportunity Project, Harvard University). The data also show that in Michigan, low income kids are deprived of these benefits more so than kids in other parts of the U.S. For example, only 30% of African-American kids in Michigan live in low poverty census tracts



(poverty rate less than 20%), the lowest percentage among the states. (See Population Reference Bureau analysis of data from the U.S. Census Bureau, American Community Survey; updated March 2014). To be a truly effective low income housing programs, MSHDA's LIHTC program must better respond to these realities.

One concrete way to advance the goal of helping low income kids to derive the proven benefits of living in high opportunities areas would be to establish strong incentives for developing LIHTC properties with 3-4 bedroom units in those areas. In pushing for offering more housing choices to low income families in high opportunity areas, MSHDA should also include high quality educational opportunities as a criterion or characteristic of a high opportunity area.

Another way to potentially better target and use MSHDA resources for helping low income families live in high opportunity areas would be to learn from administrators of MSHDA's Section 8 Housing Choice Voucher (HCV) program about those low poverty/high opportunity areas, especially in urban and suburban localities, where HCV holders have difficulty renting up. This information could help to identify potential locations to incent development of LIHTC housing. LIHTC developments in these areas would enable HCV holders to get truly affordable housing in high opportunity areas and fulfill the mobility goals of the HCV program, as well as making the LIHTC program much more effective.

While acknowledging the merits of the Walkscore and the transportation criterion, adjustments to them and their scoring for applications for developments in high opportunity areas, especially suburban ones, would probably have to be made to not undermine the goal of creating LIHTC housing in these areas.

### **Need to Address Fair Housing Concerns**

More generously rewarding proposals that provide choices in high opportunity areas would also improve the QAP's responsiveness to Michigan's fair housing needs. In view of Michigan's longstanding patterns of racial and economic segregation, it's troubling that the QAP treats fair housing issues so casually, and it's not surprising that the data suggests that the LIHTC program has not done well at furthering fair housing, especially in view of MSHDA's general duty to affirmatively further fair housing. Again, looking at the LIHTC map for metropolitan Detroit suggests that the program has perpetuated racial and economic segregation rather than alleviated it. Making it possible for families to use the program to move to higher opportunity areas would both produce better outcomes for them and contribute to the fair housing objective of integration in an area that sorely lacks it.

Sincerely yours,

MICHIGAN POVERTY LAW PROGRAM

/s/

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