Allocating Affordable Housing for Opportunity

A Case Study of Tax Credit Housing Projects in Metropolitan Milwaukee

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Foreword

This paper is the fruit of over a year's worth of work and learning. It began from curiosity to take Kurt Paulsen's housing policy class and continued into an internship with the Wisconsin Housing and Economic Development Authority (WHEDA) doing research for their commercial lending group. The internship sustained my intellectual curiosity which led me to continue research of which some I had done for WHEDA.

I owe my thanks to many individuals who have helped me get to where I am. In the LaFollette School I gained skills in improved display of research in an evidence-based policymaking class with Hilary Shager. Kurt Paulsen taught me the basics of housing policy, providing helpful suggestions, and advising on where to collect and organize data. Working for WHEDA, Dave Ginger was patient with my many questions and ever supportive with my internship being an educational opportunity. My advisor, Harvey Jacobs, provided strong editorial input which bolstered the direction and fortitude of my writing.

Lastly, with the GIS mapping and data sorting, I would have been lost were it not for the excellent and generous help I received. Credit for this goes particularly to Ciarra Miller, but also to Matt Miller, Logan Dredski, Tom Pearce, Gillian Cooper, and Jaime Martindale.

With the great help I received I hope I am able to make a small contribution toward bettering society and living the Wisconsin Idea by using the knowledge of the university to benefit the entire state. Forward!

Ken Smith

Madison, Wisconsin
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List of Abbreviations & Glossary:

AMI – Area Median Income, the median household income in a community or metro

CCRP – Concerted Community Revitalization Plan, mandated in Section 42 of the IRC and states LIHTC QAPs must be part of one

CSA – Combined Statistical Area, comparative measure used by the United States Census Bureau, includes multiple MSAs

CT – Census Tract
- A territory designated and used by the United States Census Bureau, ideally following geographic boundaries and containing approximately 4,000 people, to compare groups of people across space. CTs are an important element to the decennial census.

FHA – Fair Housing Act, Title VIII of the federal Civil Rights Act of 1968

HFA – Housing Finance Authority
- State agency which allocates federal low-income housing tax credits, often among other duties

HUD – United States Department of Housing and Urban Development

IRC – Internal Revenue Code, managed by the Internal Revenue Service

LIHTC – Low-Income Housing Tax Credit (federal), some states have their own version

MSA – Metropolitan Statistical Area, comparative measure used by the United States Census Bureau. Typically contains multiple municipalities and counties.

MTO – Moving to Opportunity.
- The idea to essentially fight poverty by dispersing it across a city or metro

QAP – Qualified Allocation Plan
- The terms and standards by which developers may apply to HFAs for tax credits

QCT – Qualified Census Tract
- Defined by Section 42 as HUD-designated census tracts containing at least 50% of households with an income less than 60% of the area median gross income

Section 8 Housing Voucher
- A voucher given to eligible individuals based on funding which allows an individual to live in any rental unit up to a price threshold, assuming landlord approval, and the individual will pay no more than 30% of his/her income with the federal government paying the rest

Section 42 – A section in the federal IRC which authorizes the federal low-income housing tax credit, created in 1986.

WHEDA – Wisconsin Housing and Economic Development Authority.
- Wisconsin's housing finance authority. WHEDA allocates federal low-income and new market tax credits and also helps first time homebuyers acquire loans

Executive Summary

There are two prevailing philosophies in fighting housing-based poverty. One argument suggests policy should deconcentrate poverty, while the other believes more resources should be established in impoverished areas. This paper examines how the issue has played out in the Wisconsin Housing and Economic Development Authority's (WHEDA) allocation of federal low-income housing tax credits in metropolitan Milwaukee.

I compiled data from WHEDA, the federal Department of Housing and Urban Development, and the US Census Bureau using ESRI's ArcMap geographic information system software to map and join data. I analyzed the location of tax credit projects relative to socioeconomic indicators of opportunity like wealth and racial concentrations of census tracts, and project locations relative to quality school districts.

My findings show that to date the vast majority of these projects have clustered in the city of Milwaukee's minority-concentrated and poorest census tracts generally outside of what WHEDA and the Wisconsin Department of Public Instruction consider higher quality school districts. Affordable family projects in the rest of the metropolitan region are relatively scarce, with the suburbs generally only willing to accept low-income elderly projects. While the reasons for the status quo are many, if policymakers wish to deconcentrate poverty, this mapping suggests more policy incentives ought to be put in place at the state and local level to have dispersal come to fruition.

Introduction

In *Evicted*, Matthew Desmond persuasively argues, "Affordable housing is a human-capital investment, just like job programs or education, one that would strengthen and steady the American workforce."[1] In the spirit of Maslow's hierarchy of needs and as demonstrated in Desmond's work, it is difficult for someone to maintain employment or undertake education if where one will sleep in the evening is uncertain.[2] Therefore, one way local and state governments can improve the lives of the working poor and develop their communities is careful consideration on placement of federal low-income housing tax credit (LIHTC) projects. Placement either in opportunity areas with quality schools, jobs, and surroundings; or redeveloping areas which are part of a well-defined redevelopment plan, could place lower-income individuals in quality affordable housing close to work and quality schools. Those of lesser means would then have more time to be with their families or work which may aid income mobility and improve the community as a whole.

In 2015 the US Supreme Court affirmed disparate impact claims under the Fair Housing Act (FHA). State housing finance authorities (HFAs) must balance fair housing concerns of dispersing subsidized housing with community development concerns targeting aid to disinvested areas. Subsidized housing in areas of higher segregation or poverty may otherwise reduce household income-mobility and expose residents to worse crime and health outcomes.

This paper examines two conflicting objectives inherent to LIHTC allocation: placement in 1), impoverished or revitalizing neighborhoods or 2), areas of greater opportunity. The paper focuses on the spatial allocation of LIHTC projects in metropolitan Milwaukee allocated by Wisconsin's HFA, the Wisconsin Housing and Economic Development Authority (WHEDA).

[1] Matthew Desmond, *Evicted: Poverty and Profit in the American City*," (New York: Crown Publishers, 2016) 310.
[2] *Ibid*., 308-313.

My mapping shows that since the LIHTC's 1987 implementation, the allocation of family LIHTC units have predominated in non-high achieving school districts, are clustered in the city of Milwaukee, and are in census tracts higher in poverty and concentration of racial minorities. While the results are clear the reasons for them are numerous.

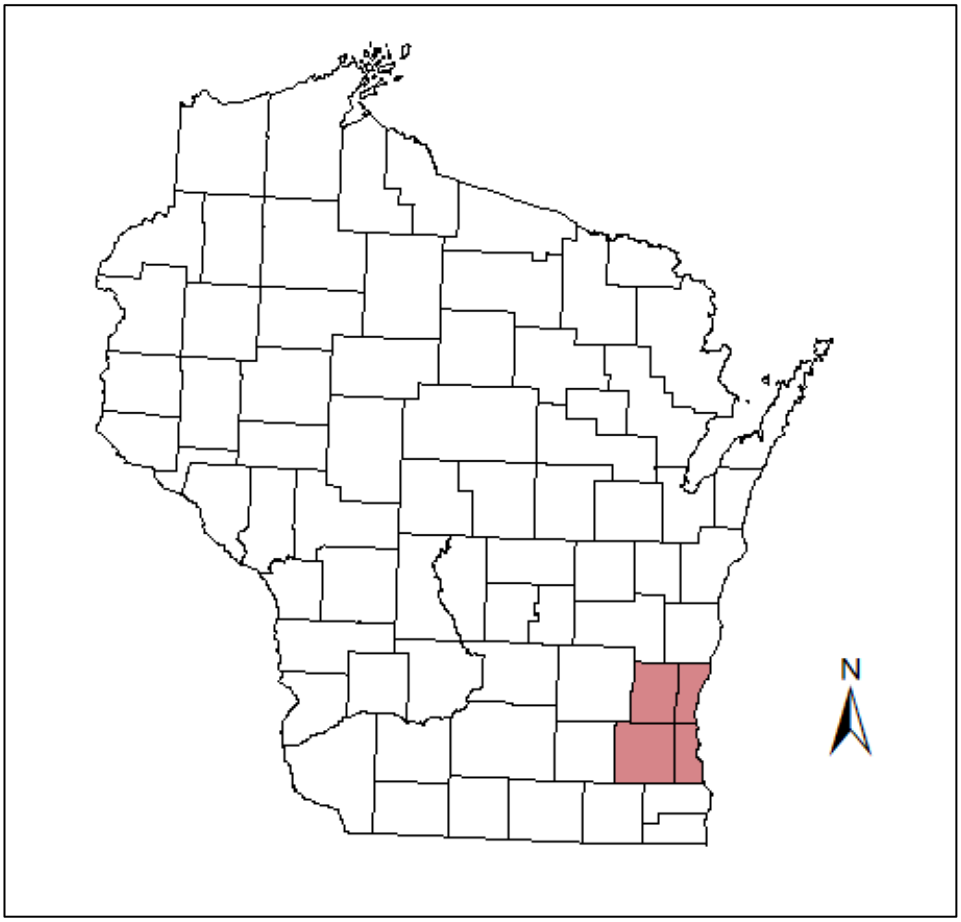

Figure 1: Milwaukee Metropolitan Statistical Area in Wisconsin

LIHTCs

Congress created the LIHTC program in 1986 as a market-based, poverty-reducing strategy dedicated to increasing the supply of quality affordable housing to households making no greater than 30 percent of the area median income. The subsidies provided by the credits allow below-market rents for qualified tenants. Section 42 of the federal Internal Revenue Code authorizes LIHTCs and directs the program's administration to the Internal Revenue Service (IRS). State HFAs competitively allocate the credits annually to developers based on a qualified allocation plan (QAP), unique to every state. Impoverished qualified census tracts (QCTs) have statutory preference for LIHTC allocation.

Section 42 also requires HFAs to have "concerted community revitalization plans"[3] (CCRPs) to reduce poverty but has not defined the term, leaving broad room for HFAs' interpretation. In 2012 most HFAs had merely copied the Section 42 language in their QAPs while few specified definitions and requirements for targeted credit allocation.

The result has often been placement of LIHTCs in areas where market rate rents are comparable to subsidized LIHTC rents and also near properties readily accepting Section 8 vouchers. Where this occurs, it may defeat the intended purpose of subsidized housing by perpetuating concentrations of poverty which often are far from employment opportunity areas and outside of quality school districts. To more effectively allocate LIHTCs, planners, municipalities, and HFAs might consider how they influence project placement. Particularly, it may depend on how HFAs define CCRPs.[4]

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[3] § 42(m)(1)(B)(ii)(III) IRC

[4] Jill Khadduri, "Creating Balance in the Locations of LIHTC Developments: The Role of Qualified Allocation Plans," *Poverty & Race Research Action Council*, February 2013 <http://www.prrac.org/pdf/Balance_in_the_Locations_of_LIHTC_Developments.pdf> 7, 10-14; Jill Khadduri, "Concerted Community Revitalization in Qualified Allocation Plans," Abt Associates, November 28, 2012 <http://www.prrac.org/pdf/Concerted_Community_Revitalization.pdf>.

Figure 2: The Germania Building in Downtown Milwaukee, Rehabilitated in part with LIHTC
Source: WHEDA

Defining 'Concerted Community Revitalization Plans'

To date the IRS has not defined CCRPs. In February 2017 the IRS requested public input on criteria for a CCRP definition. Fair housing advocates argued for a formal IRS definition while the National Council of State Housing Agencies opposed formal definition due to concerns about a 'one size fits all' approach. Yet, the Council adopted as a recommended practice the following language which is functionally similar to housing advocates' definitions:

> • Is geographically specific and provides a clear direction for implementation
> • Includes a strategy for obtaining commitments of public and private investment in non-housing infrastructure, amenities, or services beyond the Credit development;
> • Demonstrates the need for revitalization; and
> • Includes planning document elements such as setting goals for outcomes, identifying barriers to implementation, establishing timelines and benchmarks, and identifying community partners.[5]

[5] NCSHA, "NCHSA Recommended Practices in Housing Credit Administration," December 2017.

While the burden of implementing this definition is on HFAs, municipalities could also influence the LIHTC placement in their territories.[6]

(Racialized) Concentrations of Poverty & Jurisprudence

Midwestern and Northeastern metropolitan areas typically have higher segregation rates of LIHTC projects. This may be a product of these regions' greater municipal fragmentation. Big cities across the US possess the bulk of LIHTC allocations with 46% of all projects and 51% of all units. From 1995 to 2006, 35% were located in high poverty census tracts. By race, in 2006 only 32% of total American rental units were in majority-minority census tracts while 44% of LIHTC units were. LIHTCs generally have higher minority concentrations than all US rental units. However, LIHTC projects are generally less racially concentrated than public housing and other federal housing subsidies. Nonetheless, criticisms remain that LIHTCs sustain racial and economic segregation through placement in poorer and racially-concentrated census tracts.[7]

The argument against allocation in racially concentrated areas is that people there generally have fewer opportunities for upward mobility and lower education quality while being subject to more crime, poorer health outcomes, and costlier food. A 2000 amendment to Section 42 later directed HFAs to favor qualifying census tracts (QCTs), which by definition are impoverished. LIHTC accumulation in an area may concentrate poverty and subsequently minorities which may constitute a civil rights violation by ghettoizing minorities.[8]

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[6] Internal Revenue Service, *Notice 2016-77*, The Service, 2016; Letter from Enterprise Community Partners to IRS, February 10, 2017; Khadduri 2013; National Council of State Housing Agencies, "RE: Notice 2016-77, Satisfying the Required QAP Preference in Section 42 (CCRP Plans), February 10, 2017; NCSHA, "NCSHA Recommended Practices in Housing Credit Administration," the council, December 2017; IRS PRRAC 2017; Philip Tegeler, Poverty & Race Research Action Council et al, Letter to Internal Revenue Service regarding Notice 2016-77, February 10, 2017.

[7] Alex F. Schwartz, *Housing Policy in the United States*, Third Edition, (New York: Routledge, 2015) 146-148.

[8] Myron Orfield, "Racial Integration and Community Revitalization: Applying the Fair Housing Act to the Low Income Housing Tax Credit," *Vanderbilt Law Review* 58:6, November 2005, 1760-1761, 1782-1783; United States Department of Housing and Urban Development, "Qualified Census Tracts and Difficult Development Areas," accessed August 9, 2017 <https://www.huduser.gov/portal/datasets/qct.html>.

A 2004 New Jersey Superior Court case found HFAs must simultaneously invest in economically depressed and non-depressed areas while not to creating a racial disparate impact. And the Supreme Court in 2015 found ‘disparate impacts’ litigable with limits under the FHA, while cautioning, “The FHA is not an instrument to force housing authorities to reorder their priorities. Rather the FHA aims to ensure that those priorities can be achieved without arbitrarily creating discriminatory effects or perpetuating segregation.”[9] However, the decision has essentially not changed the legal landscape.[10]

Optimizing LIHTC Placement for Opportunity

Scholarship regarding LIHTC placement generally focuses on desegregation and access to quality education. However, there is some research on more effectively allocating LIHTCs. This research suggests HFAs ought to analyze their QAPs and placement locations to establish new goals and define CCRPs in a way that LIHTC allocation in QCTs creates opportunity.

Conditions in each state are generally unique. In 2013 interviews with officials from various states found unique conditions per state. Pennsylvania’s low-income preference counteracted its opportunity area preference, while in Massachusetts it was generally cheaper to build affordable housing in the suburbs. Other states found alternative forms of gap financing for areas which may not qualify for other funding.

[9] Superior Court of New Jersey, *In Re Adoption of the 2003 Low Income Housing Tax Credit Qualified Allocation Plan*, A-0109-03T3, April 28, 2004; 576 US, *Texas Department v. Inclusive Communities* (2015) *Et Al*, Certiorari to the United States Court of Appeals for the Fifth Circuit, No. 13-1371, June 25, 2015., 18.

[10] Courtney Lauren Anderson, “Affirmative Action for Affordable Housing,” *Howard Law Journal* 60:1 (2016) 126-131; 576 US, *Texas Department v. Inclusive Communities* (2015), 10-22; Rigel C. Oliveri, “Disparate Impact and Integration: With TDHCA v. Inclusive Communities the Supreme Court Retains an Uneasy Status Quo,” *Journal of Affordable Housing & Community Development Law*, 24:2 (2015) 267-286;

Questions to Consider on LIHTC Allocation

1. How does the QAP predispose placement in the structure of its requirements within the state's political, economic, and regional environment(s)?
2. Does the QAP bias allocation in urban, suburban, or rural areas?

To further goals of dispersing concentrated poverty, scholarship suggests the following:

• Limit priorities for LIHTC developments in low-income neighborhoods to those that have neighborhood revitalization efforts with a real chance of success.

• Limit incentives that lock in the historical geography of affordable housing.

• Create incentives for locating projects in high-opportunity neighborhoods.

• Change QAP provisions that block projects from being developed in high-opportunity neighborhoods.[11]

To achieve these goals the literature argues it is imperative for HFAs to have detailed CCRP definitions for developers and municipalities to follow.

Something to consider is whether LIHTCs should be placed in impoverished areas at all, effective CCRP or not. Are CCRPs effective at combatting poverty? Is the best solution LIHTC dispersal? More research is needed but the courts require balancing both options. Planners and other municipal officials can examine the unique characteristics of their locales and states to determine what may aid better outcomes and accordingly influence developers and their HFA. While this paper is fundamentally oriented around 'moving to opportunity' (MTO), this approach has its critics.[12]

Origin of & Opposition to 'Moving to Opportunity'

The idea of dispersing poverty concentrations goes back to the 1950s, pre-dating LIHTC. In 1965 Congress authorized the Section 23 Scattered Site program to lease private homes and townhouses to public housing recipients. During the 1960s-1970s HUD pressured metropolitan

[11] Khadduri 2013, 10.
[12] Khadduri 2012, 4-7; Khadduri 2013, 8-17.

regions to accept their ‘fair share’ of the poor however suburban opposition led President Richard Nixon and Congress to take no action and even restrict HUD.

Developments occurred from the 1966 Supreme Court case *Dorothy Gautreax v. Chicago Housing Authority*. The case’s focus accused the Chicago Housing Authority of segregating public housing in areas of racial and poverty-concentration. The CHA under court order later allocated federal Section 8 housing vouchers to 7,500 eligible Black families. A 1998 scholarly analysis suggested generally positive results. In 1992 Congress codified MTO in the Housing and Community Development Act based on *Gautreax*. A key difference in the legislation was its focus on poverty and not race.

The federal HOPE VI program bears mentioning as well. Due to distress in many public housing projects from inadequate funding, Congress in 1992 passed the program pushing toward ending public housing towers and deconcentrating poverty by creating mixed use and income projects. However, it essentially became a demolition program vastly reducing the number of affordable units across the country and drastically in many cities. Hartford, Connecticut; Memphis, Tennesee; St. Petersburg, Florida; and Detroit demolished over 50% of their public housing. Chicago leveled over 16,000 units, more than all other housing authorities’ portfolios except New York City. Milwaukee demolished a relatively modest 16% of its units.[13]

Despite an emphasis for around 50 years, MTOs’ results have varied. Xavier de Souza Briggs et al’s *Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty* found mixed results when examining MTO’s first 15 years. They described MTO as a

[13] Edward G. Goetz, *Clearing the Way: Deconcentrating the Poor in Urban America*, (Washington, DC: The Urban Institute Press, 2003) 45-63; Edward G. Goetz, *New Deal Ruins: Race, Economic Justice, and Public Housing Policy*, (Ithaca, NY: Cornell University Press, 2013) 68-72.

“strong idea-weakly implemented”[14] which could be more successful if MTOs include counseling to address issues such as education and jobs. They also argued MTO is ineffective without substantial additions of affordable housing to the rental market.[15]

More recent studies have also examined MTO efficacy. Ludwig et al (2013) found gains for young and adult females in terms of life quality based on speculation that more affluent areas engender less stress. Surprisingly, the researchers found no drop in violent crime arrests and young and adult males showed no improvement and even decline.

More positively, Chetty et al’s longitudinal study (2016) found the neighborhood effects of poverty or lack thereof as critical to child development. MTO had no effect on adult incomes but children aged less than 13 who moved to opportunity showed large gains. Those children averaged income gains of 35% when older, improved attainment of higher education entry and quality, and increased likelihood of marriage before establishing families. The paper also suggested those who moved out of poverty areas passed their gains on to the next generation.[16]

MTO is not without critics from both sides of the political spectrum. Suburbs, usually conservative and dominated almost exclusively by White Americans, have generally resisted any form of low-income housing based on racist, classist, and/or not-in-my-backyard (NIMBY) attitudes. Since most Americans concentrate their wealth in real estate, the latter explanation may often result from homeowners’ risk averseness to perceived threats to home values. This is in spite of a 2002 study of Madison, Wisconsin and Milwaukee which found the effect of

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[14] Michael B. Katz, *The Undeserving Poor: America’s Enduring Confrontation with Poverty*, 2nd Ed, (New York: Oxford University Press, 2013) 249.
[15] *Ibid.*, 248-250.
[16] Jens Ludwig et al “Long-Term Neighborhood Effects on Low-Income Families: Evidence from Moving to Opportunity,” *American Economic Review* 103:3, 2013, p.226-231; Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz, “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment,” *American Economic Review* 2016,106:4, p.855-902.

subsidized properties on surrounding values relied upon the status of the surrounding neighborhood, such as whether the neighborhood was declining.

An example from metropolitan Milwaukee is the suburb of New Berlin. In 2010 that city permitted construction of 80 affordable multifamily and elderly units near its library. However, that July its Plan Commission revoked consent due to popular backlash with overt racial remarks. New Berlin eventually permitted the project under threat of a federal Department of Justice lawsuit.[17]

Meanwhile on the far-left scholars such as Marxian David Imbroscio (2008) have argued that too much of the conversation focuses on removing people from poor areas and not creating options to remain in place if desired. Public housing residents in places such as Chicago, New Orleans, and Atlanta bitterly opposed their involuntary dispersal when their cities razed their homes. However these cases and arguments do not apply to LIHTC as residency in these subsidized units is based on individual desire.[18]

Method & Limitations

I mapped the locations of WHEDA projects using ESRI's ArcMap geographic information system (GIS) software. The locus of analysis is the metropolitan statistical area (MSA) of Milwaukee defined by the Census Bureau to include Milwaukee, Ozaukee, Washington, and Waukesha counties.

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[17] William A. Fischel, *The Homevoter Hypothesis: How Home Values Influence Local Government Taxation, School Finance, and Land-Use Policies*, (Cambridge, MA: Harvard University Press, 2001) 5, 10-11, 14; Goetz 2003, 63-67; Mike Johnson, "New Berlin, feds settle housing suit," *Milwaukee Journal Sentinel*, April 10, 2012 <archive.jsonline.com/news/Waukesha/new-berlin-feds-settle-discrimination-lawsuit0aa4uj98-146923945.html/>; Jill Khadduri, Kimberly Burnett, and David Rodda, "Targeting Housing Production Subsidies: Literature Review," US Department of Housing and Urban Development, December 2003, 59-59.
[18] Goetz 2013, 86-110.

I gathered census data from the 2016 American Community Survey (ACS), and both HUD's and WHEDA's records of LIHTC properties in metropolitan Milwaukee. The records on LIHTC projects are not exact and required cleaning up. The HUD data did not distinguish between senior and multifamily units and did not overlap perfectly with WHEDA's numbers. I discovered some errors or ambiguous records from HUD and WHEDA which required further investigation, such as when a property was designated as low-income but did not specify its type. I classified purely permanent supportive housing projects as 'multifamily' for this analysis. The numbers are not perfect and should be taken as approximations.

For shape files, I downloaded the Census Bureau's file of all American counties, the Wisconsin Legislative Technology Service Bureau's file for all Wisconsin towns and municipalities, and the Wisconsin Department of Public Instruction's (DPI) file for school districts.

I joined the shape files with data from the 2016 ACS and joint HUD/WHEDA data. HUD's data provided the geospatial coordinates. With the joined data I examined the number of WHEDA projects by county, school district, and municipality. I only created tables normalizing by county and school district as the data ArcMap produced for me did not add up for municipalities, this may be from my error. The school district quality was three or five points which WHEDA assigns to applicant-properties within quality school districts from DPI ratings.

Results

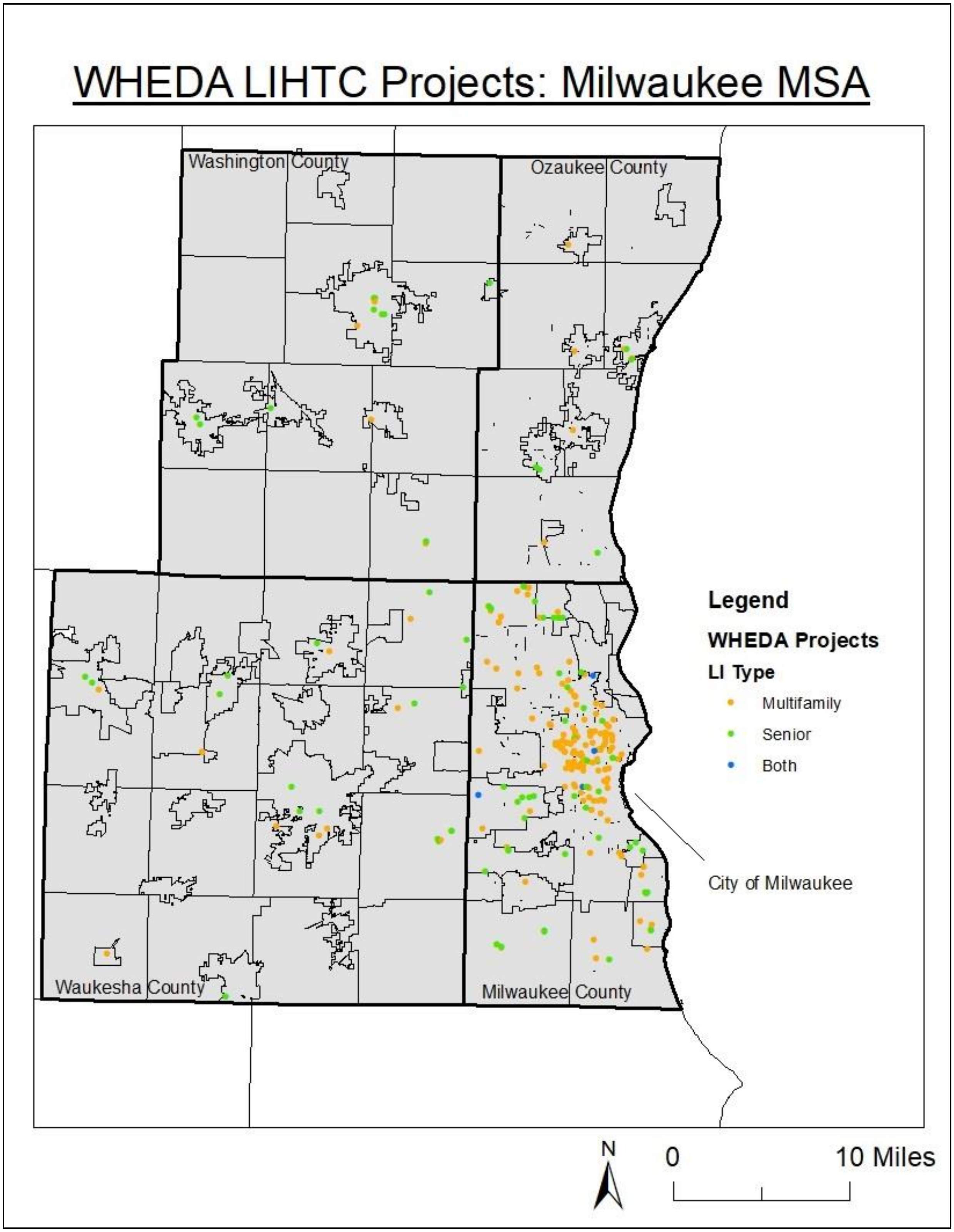

Figure 3: WHEDA LIHTC Projects in Milwaukee MSA by Municipality and County

Table 1: WHEDA LIHTC Projects in Milwaukee MSA by County

County	Total Projects	Projects per 1000	2016 Population
Milwaukee	204	0.21441	951448
Waukesha	28	0.070277	398424
Washington	16	0.11914	134296
Ozaukee	11	0.124556	88314

Sources: HUD, WHEDA, ACS 2016

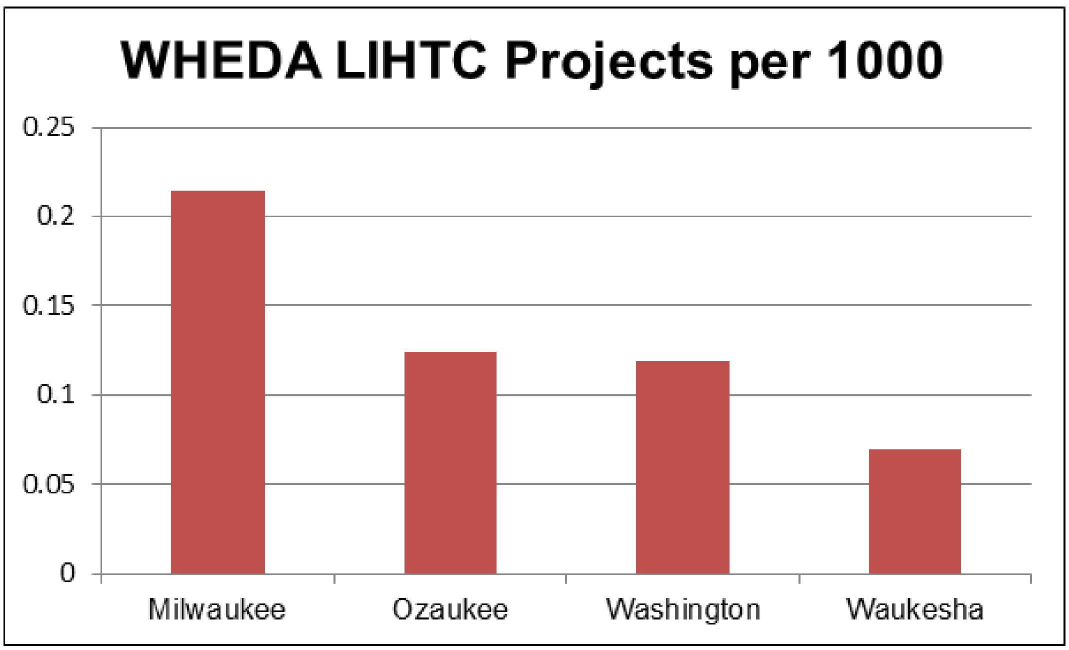

Figure 4: WHEDA LIHTC Projects per 1000 People by County
Sources: HUD, WHEDA, ACS 2016

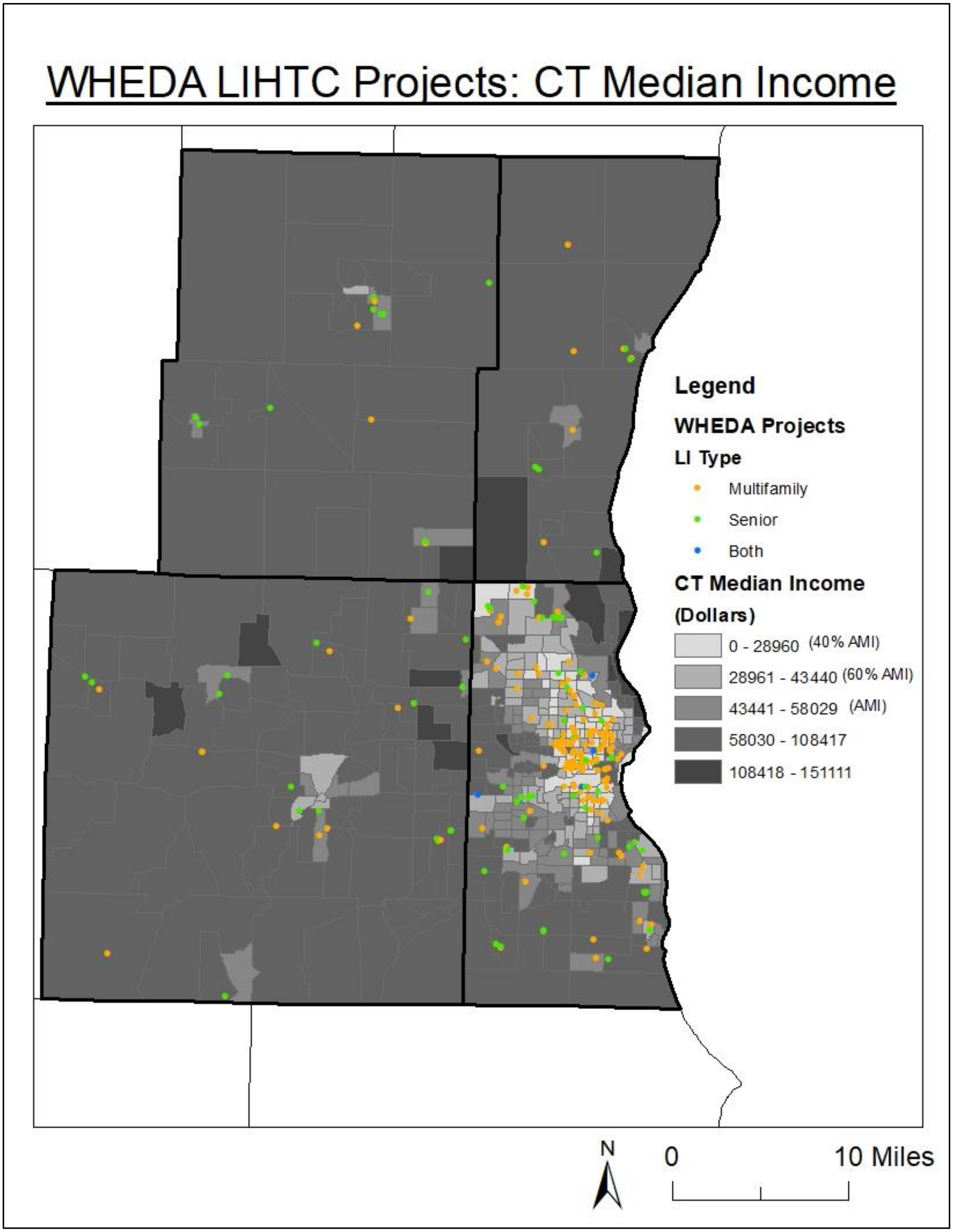

Figure 5: WHEDA LIHTC Projects by Census Tract Median Income

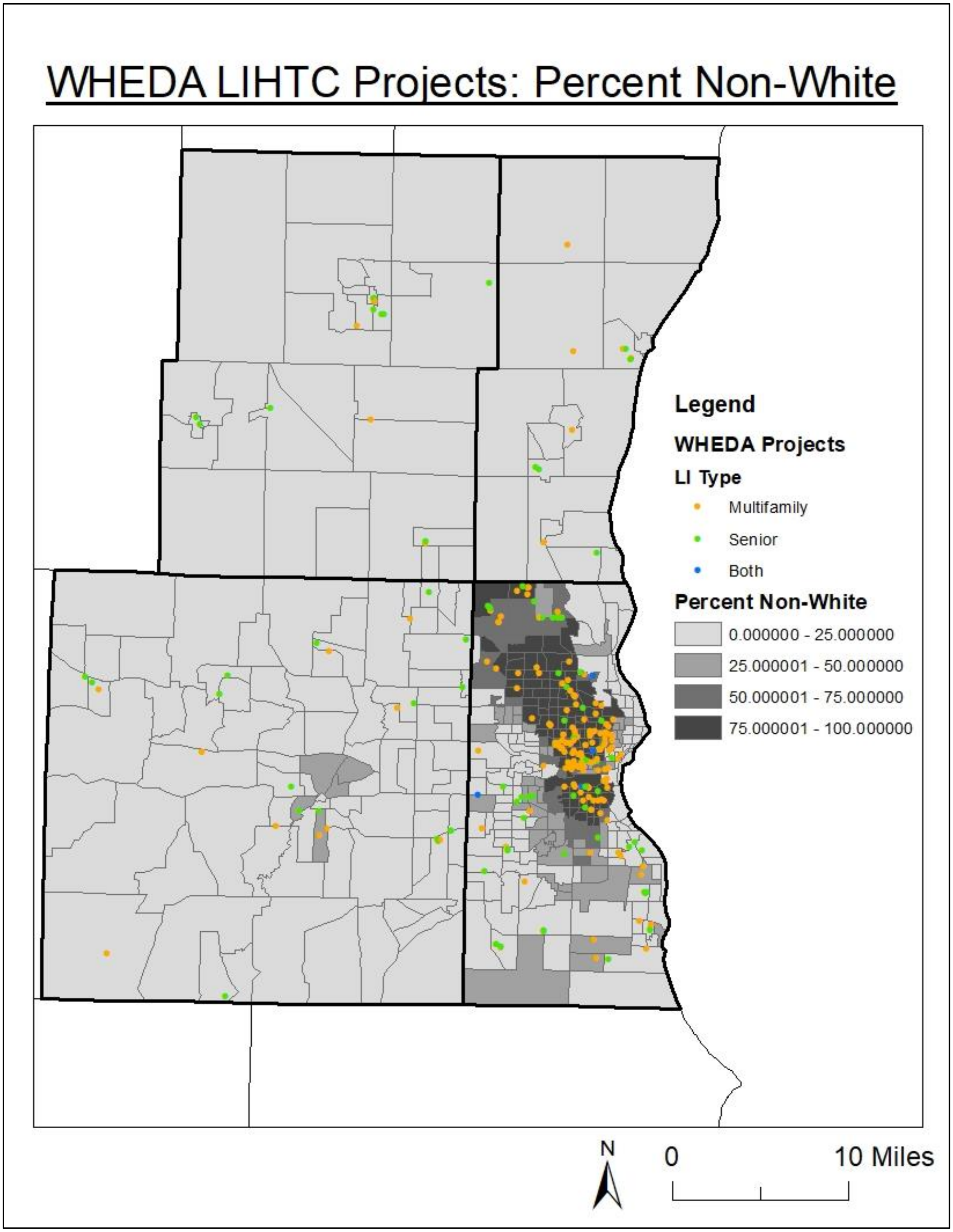

Figure 6: WHEDA LIHTC Projects by Census Tract Percentage Non-White

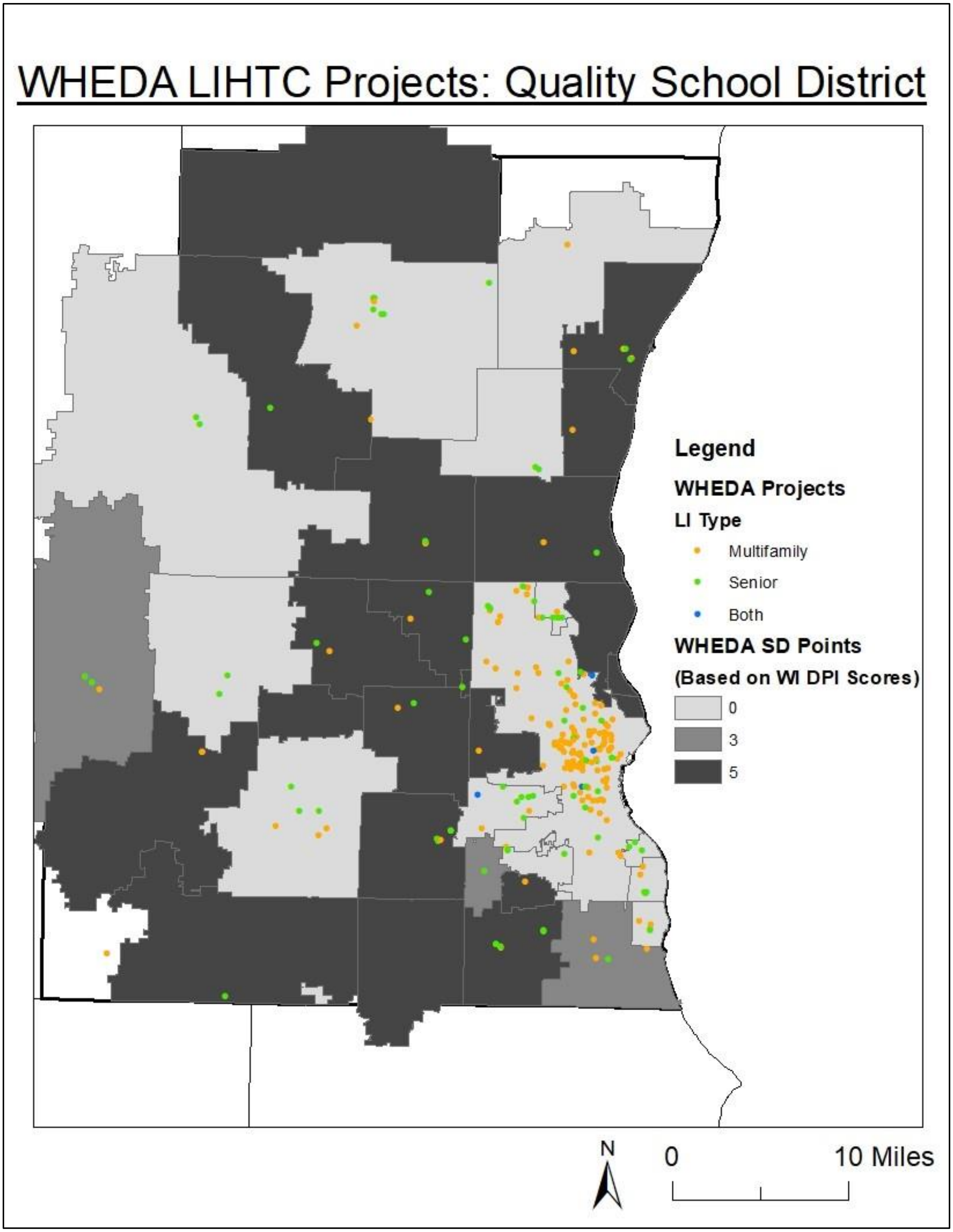

Figure 7: WHEDA LIHTC Projects by Quality of School District, Based on WI DPI Ratings

Table 2: Sum of WHEDA Multifamily LIHTC Projects per School District Ranked by Quality

District	WHEDA Points	Sum Multifamily Projects
Port Washington-Saukville	5	3
Kettle Moraine	5	2
Germantown	5	2
Elmbrook	5	1
Franklin Public	5	1
Grafton	5	1
Greendale	5	1
Hamilton	5	1
Menomonee Falls	5	1
Mequon-Thiensville	5	1
New Berlin	5	1
Wauwatosa	5	1
Oak Creek-Franklin	3	3
Oconomowoc Area	3	1
Milwaukee	**0**	**131**
West Bend	0	4
Waukesha	0	3
West Allis	0	3
Brown Deer	0	2
Cudahy	0	2
Greenfield	0	2
South Milwaukee	0	2
Northern Ozaukee	0	1

Sources: HUD, WHEDA, WI DPI

Discussion

The disparity in allocation of multifamily is evident from Figures 2 to 7 and the two tables. Family projects are concentrated in the city of Milwaukee's areas of greatest minority concentration and poorest census tracts. The suburban counties do not have as many projects per capita as Milwaukee County with Waukesha possessing a quarter per capita of Milwaukee's numbers. That includes *all* projects. Furthermore, the vast majority of projects are placed in school districts WHEDA does not assign point incentives in its QAP.

The placement of projects in poorer census tracts does fulfill the statutory objectives of Section 42. However, if the objective is to create better long-term outcomes through placement in more affluent areas with better schools, allocation could use improvement.

WHEDA incentivizes developers in its QAP to build projects near job centers, in wealthier areas, and in better school districts. However, WHEDA can only allocate its credits based on the developers who apply and the quality of the developers' applications. Likewise, Wisconsin only receives around $13 million annually in LIHTCs and may not have had opportunity incentives since LIHTC's inception.

One must also remember that suburbs, while more tolerant to low-income senior units, generally resist apartments, especially low-income family ones. The New Berlin example is illustrative but not unique except for its federal intervention. Milwaukee County's North Shore suburbs except Brown Deer notably have no projects, nor does urbanized West Milwaukee.

Through incentives and persuasion, municipalities, the region, WHEDA, and the Wisconsin government could sway developers to build projects in opportunity areas along transit corridors and by good schools. Metropolitan unity or minimally cooperation could address the issue. However, many exurbs would not presently be logical for placement of projects as quality public transportation lacks west of Brookfield and north of Milwaukee County. The city of Milwaukee could also encourage LIHTC construction on its south side between its southern inner-ring suburbs.

For example, project locations on or near South 27th Street between West Oklahoma and College Avenues would place tenants near the good Greendale, Franklin, and Oak Creek school districts, and along a major transit corridor linking nearby job centers like St. Luke's Hospital, the businesses on the former Southgate Mall site, and the numerous businesses along 27th Street southward into Franklin.

One potential site is the former Wildenberg's Evergreen Hotel. Assuming proper zoning, a developer could rehabilitate the historic building as a mixed-use or residential project while building affordable housing on the rest of the property. As a city-owned property, it merely requires political will and a willing developer.

Figure 8: Former Wildenberg Hotel at 3447 S. 27th Street
Source: City of Milwaukee

Conclusion

This paper shows the spatial reality of WHEDA's allocation of housing tax credits. LIHTC projects in the Milwaukee MSA have been localized in the city of Milwaukee's poorest and most racially concentrated census tracts. This paper also highlights the importance of where LIHTC projects allocated based on proximity to job centers, transit routes, and good schools. These are really the factors that lead to LIHTC projects affecting poverty reduction beyond reducing rent burdens.

Planners and other municipal officials can use this knowledge to influence municipal support of LIHTC projects based on proposed locations. Planners and their municipalities may also influence their HFAs and state legislatures to push for policies which have better outcomes from LIHTC allocations. More effective workforce housing also stands as an economic development tool serving not only to improve the lives of many families, but to also improve the economy of southeast Wisconsin.

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