# Using LIHTC to Preserve and Expand Affordable Housing in Your Community

*Without sufficient resources to build an adequate supply of new affordable housing, preserve existing affordable housing, and fully-fund the Housing Choice Voucher (HCV) program to serve all eligible low-income households in need of housing assistance, communities must make difficult trade-offs to best serve their low-income residents. Deciding which mix of strategies are right for your community should be based on local data and conversations with all groups of community stakeholders. Each goal listed below has both strengths and weaknesses. The Locating Neighborhoods by Desirability and Opportunity Tool can be used to identify neighborhood opportunity and desirability in your community.*

## #1. Increase affordable housing in high opportunity, high desirability neighborhoods

***Target new tax credits toward building new units in high desirability and high opportunity neighborhoods.***

### Strengths

- Creates new housing options for voucher holders and other low-income families in neighborhoods with pathways for economic mobility.
- May reduce racial and economic segregation.
- Rents will better cover operating costs and future capital needs.

### Weaknesses

- High development costs.
- Likely requires multiple funding sources.
- Will likely produce fewer affordable housing units.
- Lowest income families may need vouchers to afford the units.
- Properties may be at significant risk of conversion to market rate at the end of affordability period.

### Best In

- Regions and neighborhoods with tight and inelastic housing markets.
- Neighborhoods with limited accessibility for voucher holders.
- Regions with a strong history of segregation.

## #2. Preserve affordable housing in high opportunity, high desirability neighborhoods

***Target new tax credits towards recapitalization of current properties in neighborhoods with high opportunity and high desirability.***

### Strengths

- Preserves housing options for voucher holders and other low-income families in neighborhoods with pathways for economic mobility.
- Retains affordable housing which would be hard to replace if converted to market-rate rents.
- Can be more cost effective than building new affordable housing in these neighborhoods.
- Prevents displacement of low-income families.

### Weaknesses

- High development costs.
- Lowest income families may need vouchers to afford the units.
- Properties may be at significant risk of conversion to market rate at end of affordability period.

### Best In

- Regions and neighborhoods with tight and inelastic housing markets.
- Neighborhoods with limited accessibility for voucher holders.
- Regions with a strong history of segregation.

## #3. Increase and preserve housing in neighborhoods of moderate to high opportunity, low desirability

***Target tax credits to build and preserve affordable housing in neighborhoods that provide higher levels of opportunity, but are less costly.***

### Strengths

- Increases housing options for voucher holders and other low-income families in neighborhoods with pathways for economic mobility.
- Prevents displacement of low-income families if gentrification occurs.
- Can be more cost-effective compared to preserving or building affordable housing in costlier neighborhoods.

### Weaknesses

- Neighborhood opportunity might decline, because of further lack of investment.
- May reinforce current patterns of segregation.
- Lower rents may not support future recapitalization and require multiple future funding sources.
- May crowd out 'naturally occurring' affordable housing.

### Best In

- Neighborhoods bordering higher desirability neighborhoods.
- Neighborhoods projected to gentrify.
- Regions and neighborhoods with tight and inelastic housing markets.

## #4. Preserve affordable housing in low opportunity, low desirability neighborhoods

***Target new tax credits toward recapitalization and repair of current properties at risk of loss in low-cost neighborhoods.***

### Strengths

- Can preserve more affordable housing units.
- Prevents displacement of low-income families from buildings whose owners need recapitalization for capital improvements.
- Lower development costs compared to building or preserving affordable housing in high desirability neighborhoods. Can stop further neighborhood disinvestment.

### Weaknesses

- Neighborhood may not provide pathways for economic mobility.
- May reinforce patterns of racial and economic segregation.

### Best In

- Regions where low-cost neighborhoods account for a large percentage of the affordable housing stock.
- Neighborhoods with an abundance of service providers.
- Neighborhoods with concerted community revitalization plans to bring opportunities to residents.
- Neighborhoods with transit access to neighborhoods of opportunity.

## #5. Increase affordable housing in low opportunity, low desirability neighborhoods

***Target tax credits to build affordable housing in neighborhoods of low opportunity, low desirability neighborhoods that have a concerted plan for community revitalization.***

### Strengths

- Improves housing quality for low-income families who wish to remain in their current community.
- Can be part of a community revitalization effort and stop further neighborhood disinvestment.

### Weaknesses

- Neighborhood may not provide pathways for economic mobility.
- May reinforce patterns of racial and economic segregation.
- Lower rents may not support future recapitalization and require multiple future funding sources.

### Best In

- Neighborhoods with concerted community revitalization plans.
- Neighborhoods with transit access to neighborhoods of opportunity.