



Housing Policy Debate >

Volume 23, 2013 - [Issue 3](#)

2,254 50

Views | CrossRef citations to date | Altmetric

240

Original Articles

# What Can We Learn About the Low-Income Housing Tax Credit Program by Looking at the Tenants?

Katherine M. O'Regan  & Keren M. Horn

Pages 597-613 | Received 03 Jul 2012, Accepted 31 Jan 2013, Published online: 16 May 2013

 Cite this article  <https://doi.org/10.1080/10511482.2013.772909>

Sample our  
Social Sciences  
Journals



>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

 Share

## Abstract

Using tenant-level data from 18 states that represent almost 40% of all Low-Income Housing Tax Credit units, this article examines tenant incomes, rental assistance, and rent burdens to shed light on key questions about our largest federal supply-side affordable housing program. Specifically, what are the incomes of the tenants, and does this program reach those with extremely low incomes? What rent burdens are experienced, and is economic diversity within developments achieved? We find that approximately 45% of tenants have extremely low incomes, and the overwhelming majority of such tenants also receive some form of rental assistance. Rent burdens are lower than that for renters with similar incomes nationally but generally higher than that presumed for housing programs of the U.S. Department of Housing and Urban Development. Rent burdens vary greatly by income level and are lowered by the

sizable share of owners who charge below federal maximum rents. Finally, we find evidence of both economically diverse developments and those with concentrations of households with extremely low incomes.

Keywords:

low-income housing   tax credit   policy   affordability

---

## Acknowledgments

We thank Rachel Brooks for her invaluable research assistance. We also thank the members of the state housing authorities who generously shared their data with us, which made this project possible. In addition, we thank the Furman Center for Real Estate and Urban Policy and the Robert F. Wagner Graduate School of Public Service for their support to this project, and Ingrid Gould Ellen, Jill Khadduri, and Kirk McClure for their helpful comments.

---

## Notes

- <sup>1</sup>. See <http://www.housingfinance.com/news/ahf/021411-ahf-New-Income-Option-Proposed-for-LIHTCs.htm>.
- <sup>2</sup>. The agenda also includes minimum set-asides for serving ELI households. See [http://nlihc.org/sites/default/files/2012\\_NLIHC\\_Policy\\_Agenda.pdf](http://nlihc.org/sites/default/files/2012_NLIHC_Policy_Agenda.pdf).
- <sup>3</sup>. For a more detailed discussion of the program, see Turner and Kingsley ([2008](#)).
- <sup>4</sup>. This was increased from 15 years of affordability for tax credit allocations made since 1990, although in limited circumstances, owners can still opt out at year 15.
- <sup>5</sup>. Utility allowances are based on estimates, not on actual consumption.
- <sup>6</sup>. Specifically, this references the extent to which ELI households reside in developments that also house tenants with incomes at 50% or 60% of AMI.
- <sup>7</sup>. See HUD ([2002](#)) and Shelburne ([2008](#)) for a discussion of QAPs and state priorities.

8. Two studies examine subgroups or limited characteristics. Horn and O'Regan ([2011](#)) collected data on the racial composition of tenants in three states, which include more than 1,500 developments. Beard and Carnahan ([2011](#)) used 2008 compliance data in Ohio for heads of households in 96 elderly developments.
9. Note that these maximum rents apply only to LIHTC limits. To the extent that developments receive other subsidies that impose rent restrictions, or that states themselves impose restrictions during the allocation process, these federal maximums overstate what landlords can charge.
10. See a summary of the issues and comments by HUD's Michael Hollar at <http://www.novoco.com/podcast/transcripts/090611.pdf>.
11. Our analysis is limited to states where we have data on the majority of developments likely actively serving LIHTC tenants.
12. We use income distinctions used by HUD: income at or below 30% of AMI are extremely low, incomes between 30% and 50% of AMI are very low, and incomes up to 80% of AMI are low.
13. The primary reason our sample declines from 26 states to 18 is coverage of units in the state.
14. It is worth noting that there is overlap within these samples, as many LIHTC developments contain rental assistance programs, either tenant-based vouchers or project-based Section 8.
15. Significant refers to the 1% confidence level, throughout the article.
16. When broken out separately by states, the same relative pattern holds for each state.
17. For one state, we were able to get complete data on which developments have and do not have place-based rental assistance, permitting some estimate of the prevalence of tenant-based assistance. While overall 54% of LIHTC households (units) in that state have some form of rental assistance, we estimate that about half of that is due to vouchers.
18. In addition, Ben Metcalf at HUD pointed out that tenants with vouchers face no marginal cost of LIHTC certification, whereas those without vouchers are undertaking

an annual cost for a much lower benefit.

- 19. Research on rent burdens typically does not calculate rent burdens for those with zero (or negative) income (Joint Center for Housing Studies of Harvard University, [2011](#); McClure, [2005](#)), although such households may be presumed to have severe housing burden. Only 2% of households in our data report zero income.
- 20. Variation in rent burden by region appears to be driven by regional differences in the share of tenants also receiving rental assistance. There were only small regional differences in rent burdens for households without rental assistance.
- 21. Nationally, households with incomes at or below 30% of AMI are approximately below the poverty line (HUD, [2011](#), footnote 3).
- 22. Data for this analysis rely strictly on tenant-level data, aggregated through development names or occasionally good data on project identification numbers.

---

## Related research

People also read

Recommended articles

Cited by  
50

## Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

## Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

## Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

## Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

## Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2025 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)

 Taylor and Francis Group

Registered in England & Wales No. 01072954  
5 Howick Place | London | SW1P 1WG