

Data Driven Development Policy

HFA Institute 2020 - Housing Credit Module

Mark Shelburne

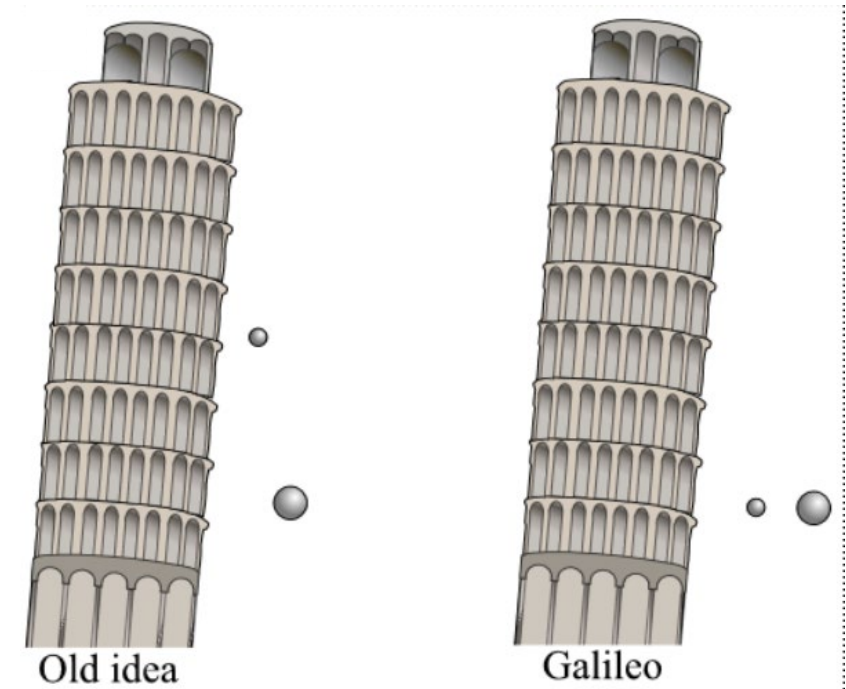
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Assumptions Make An...

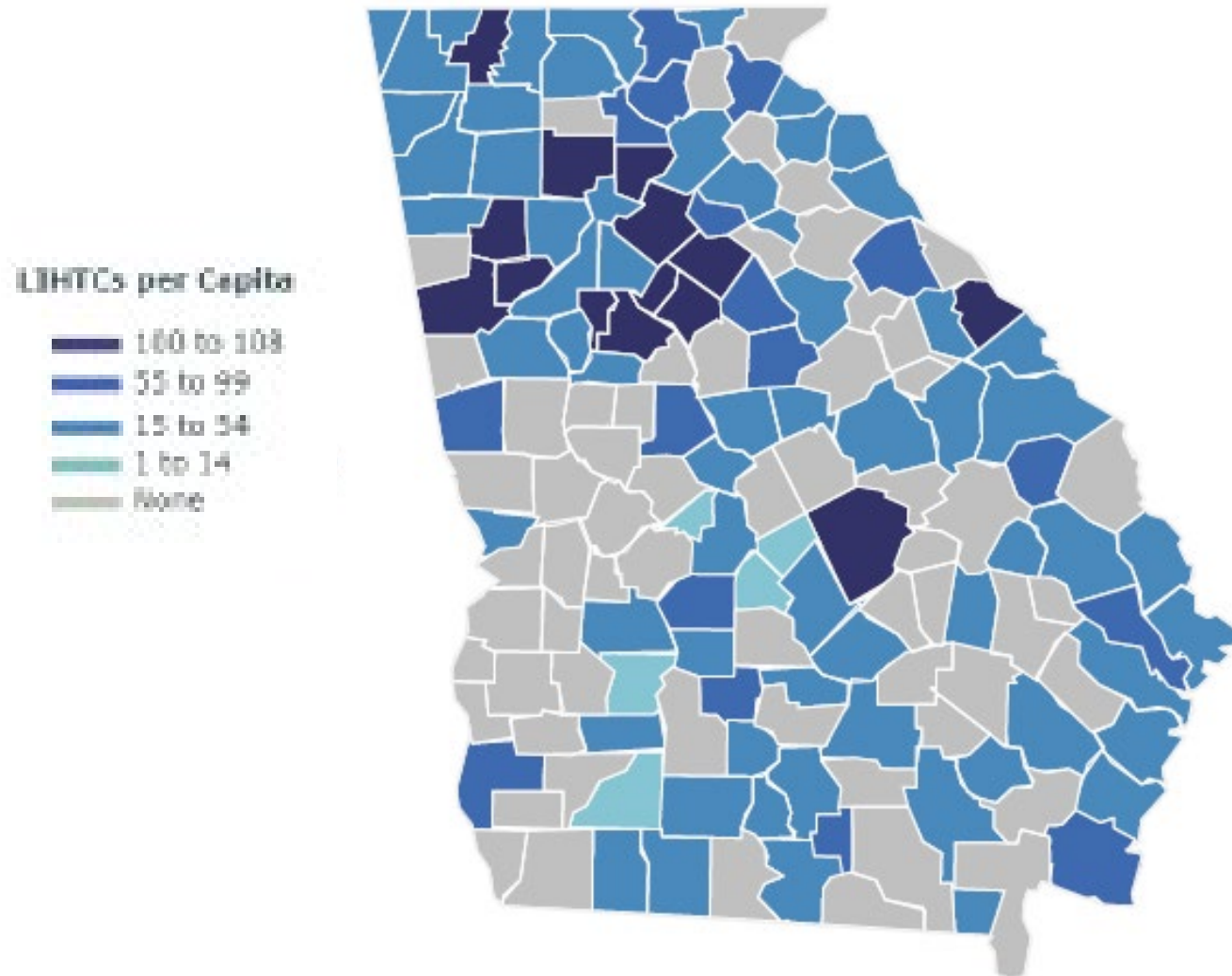
- In 1590 people thought heavier objects fell faster (Aristotle).
- Then Galileo dropped several items from the Leaning Tower and they all landed at the same time.
- The same may apply to your agency.
- Is what “everyone knows” actually true?
- What if your policies are based on
 - old information, or
 - worse, inaccuracies?



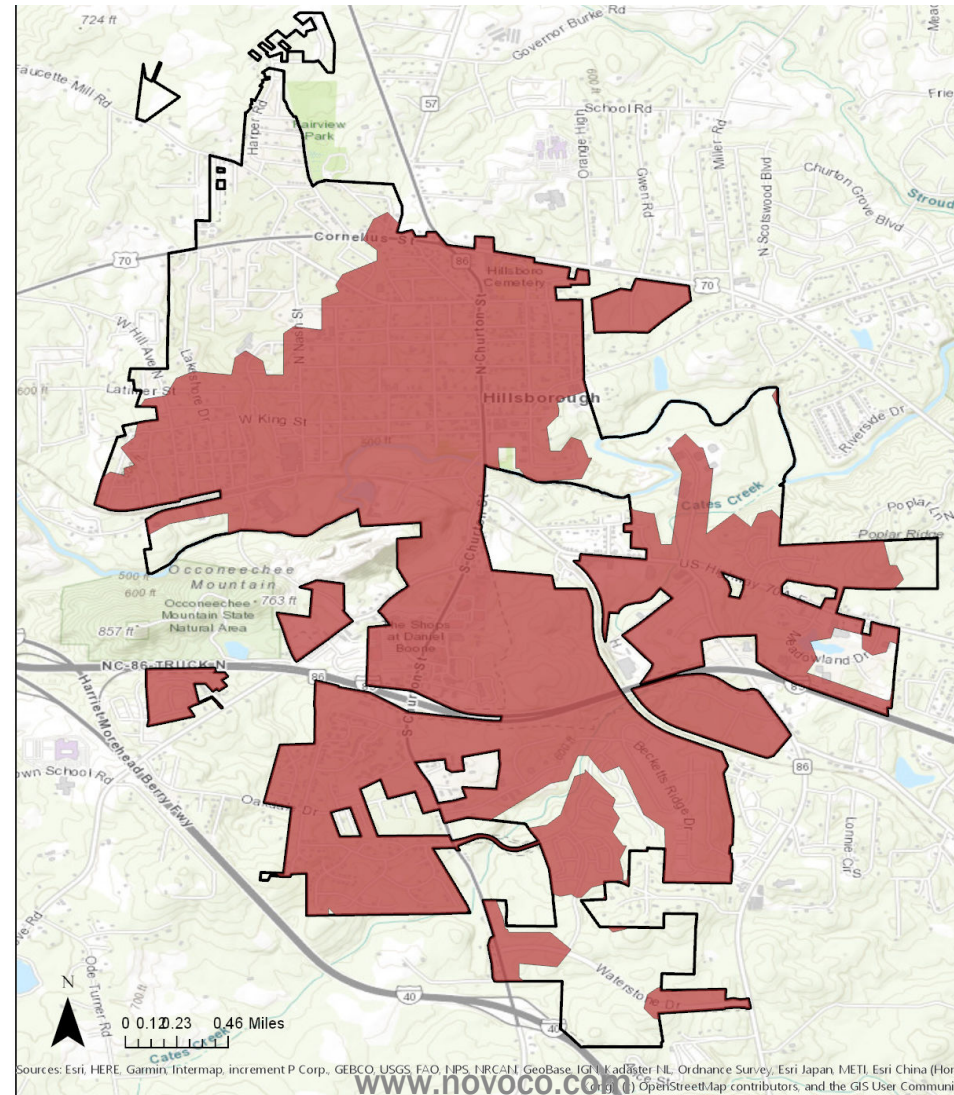
Minimum Aspects to Analyze

- LIHTC allocations and units by county
- Geography of QAP scores
 - distance to amenities
 - “opportunity” areas
- Costs per unit

Georgia LIHTCs by County, 2010-19



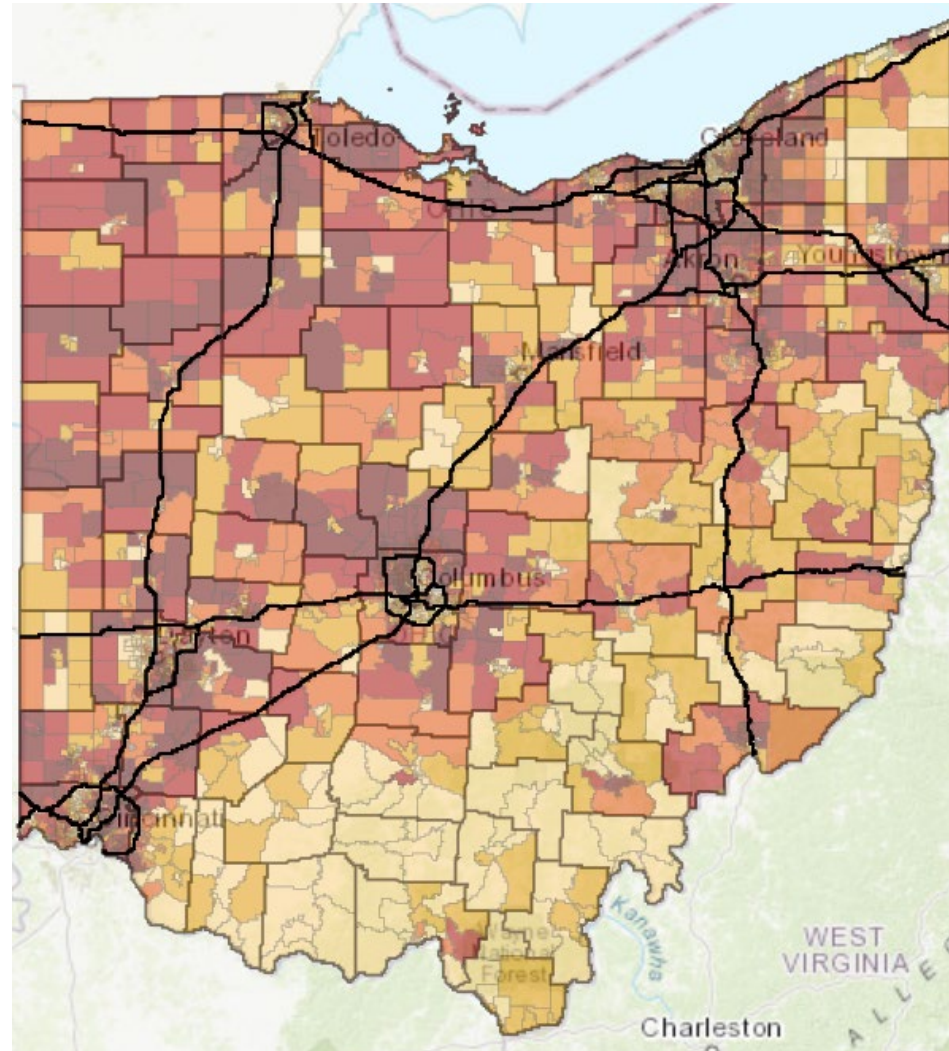
Maximum Site Score, Hillsborough N.C.



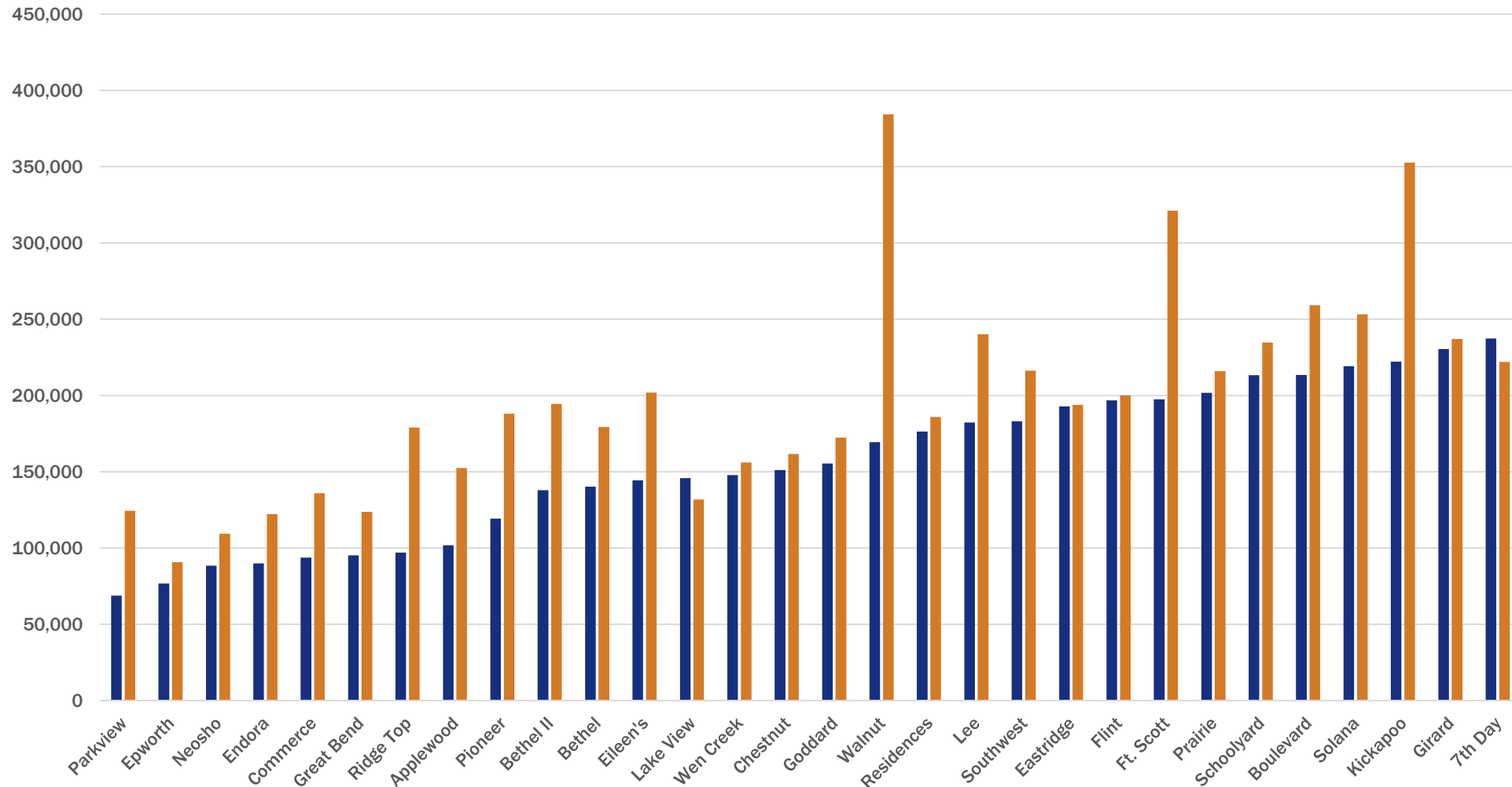
Ohio (Kirwan) Opportunity Index Map

Legend

Opportunity Index



Kansas LIHTCs & Costs /Unit, 2019-21



Realities of Cost Policies

- QAPs do not cap eventual costs, just indirectly limit sources
- Agencies must accept their role in the outcomes:
 - true effect of incentives/requirements
 - how to actually reduce eventual costs
- Developers will show the highest amount that earns maximum points
 - reality is irrelevant compared to an award
 - want the largest possible cushion

Setting Cost Policies

- Use distinct criteria for new and rehabilitation
- For new construction:
 - adopt a per-unit developer fee
 - consider amenities, design features, green, unit sizes
 - separate line-items for vertical; all-in/unit is problematic:
 - land and sitework are extremely variable
 - expands or constricts rest of the budget

Implementing Cost Policies

- Analyze data from recently PIS projects
- Compare applications, look for outliers
- Unannounced limits on certain line-items
- Copy Minnesota's predictive model
- Directly hire third-party estimators
- Require general contractor cost certs

Other Aspects to Analyze

- Awards per developer
- Actual household incomes
- Effectiveness of services
 - what is the true motivation
 - extent of resident participation
- Existing portfolio
 - operating expenses
 - need for preservation

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