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Affordable housing pays off for city

Study finds that lower rents mean more money for residents to spend on everything from health care to groceries, boosting local business and property values; federal tax credits seen playing critical role.

By [Amanda Fung](#)

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Affordable housing built with help from the use of federal low-income housing tax credits has a positive impact on distressed neighborhoods in the city and is crucial to economic development, according to a new study scheduled for release Wednesday.

The study found that the use of federal low-income housing tax credits is crucial to building and rehabilitating affordable housing, and to helping inner city neighborhoods. By paying affordable rent—monthly rents averaging \$500—families were able to more than double their discretionary income, which in turn allowed them to pay for health care, reduce their debt or put money into savings.

Businesses near the developments also benefit from affordable housing, because residents have more money to spend after paying their rent. Additionally, the study found that such developments increase adjacent property values and help generate property tax revenue to the city.

The study was based on an analysis of two affordable housing developments in the Belmont area of the Bronx that were built by using tax credits—Tri-Bel project, a 10-building development with 134 units, and Creston, a three-building development with 80 units. The Furman Center for Real Estate and Urban Policy at New York University and independent consultants analyzed the data. The study was commissioned by two local developers of affordable housing, Local Initiatives Support Corp. and Enterprise Community Partners.

“At a time when many New Yorkers and businesses are struggling to make ends meet, investing in the low-income housing tax credit and developing affordable housing can play a significant role in invigorating the economy and providing greater opportunities for low-income New Yorkers,” said Abby Jo Sigal, vice president and New York City office director at Enterprise, which has been actively using the tax credit program to help build or preserve affordable housing across the city.

According to the study, before the renovation of the Tri-Bel buildings, nearby property prices were 6.5% below those of properties at least 1,000 feet away. After the rehab, home prices were 12.7% higher than the distant properties. Furthermore, the \$2.1 million tax credit investment in 46 units at the Tri-Bel development produced a boost to surrounding property values of as much as \$22 million, the study estimated. This in turn is expected to produce \$1.2 million in new tax revenue annually.

The study emphasizes that to make affordable housing development possible, government funding is required and much of that financing has been provided by the 22-year-old federal low-income housing tax credit program, which has been used by developers and community groups to build or renovate more than 2 million units nationwide. A New York City figure was not provided in the study.

“Quality affordable housing alone cannot solve all a neighborhood's problems, but it anchors so many positive developments within a community,” said Denise Scott, executive director of New York at LISC, which has raised more than \$9.6 billion to build and rehab affordable housing units nationwide. “Affordable housing creates jobs, contributes to safer streets, supports neighborhood retail and encourages economic stability among resident families.”

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